WESTERN ALLIANCE BANCORPORATION
Form S-4/A
March 06, 2006

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As filed with the Securities and Exchange Commission on March 6, 2006
Registration No. 333-131867

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 2
to

Form S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

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

Nevada	**6022**	**88-0365922**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification No.)*

Western Alliance Bancorporation
2700 West Sahara Avenue
Las Vegas, Nevada 89102
Telephone: (702) 248-4200
(Name, address and telephone of principal executive offices)

Robert Sarver
President, Chief Executive Officer
2700 West Sahara Avenue
Las Vegas, Nevada 89102
Telephone: (702) 248-4200
(Name, address, including zip code and telephone number, including area code, of agent for service)

with copies to:

Stuart G. Stein, Esq.	**Kenneth J. Baronsky, Esq.**
R. Daniel Keating, Esq.	**Milbank Tweed Hadley & McCloy LLP**
Hogan & Hartson L.L.P.	**601 S. Figueroa Street, 30th Floor**
555 13th Street, N.W.	**Los Angeles, CA 90017**
Washington, DC 20004	**Telephone: (213) 892-4333**
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Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this Registration Statement becomes effective and all other conditions to the consummation of the transaction described herein have been satisfied or waived.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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Western Alliance Bancorporation
2700 West Sahara Avenue
Las Vegas, Nevada 89102
Telephone: (702) 248-4200

Intermountain First Bancorp
777 N. Rainbow Boulevard
Las Vegas, Nevada 89107
Telephone: (702) 310-4000

PROSPECTUS **PROXY STATEMENT**

The Boards of Directors of Western Alliance Bancorporation (Western Alliance) and Intermountain First Bancorp (Intermountain) have approved an agreement and plan of merger, pursuant to which Intermountain will merge with and into Western Alliance, with Western Alliance surviving (referred to herein as the merger).

If the merger takes place, you may elect to receive either 2.44 shares of Western Alliance common stock or $71.30 in cash, or some combination thereof, for each share of Intermountain common stock you own, unless you exercise your dissenter s rights. Each outstanding Intermountain stock option will be converted into an option to purchase 2.44 shares of Western Alliance common stock. You will have the opportunity to elect the form of consideration to be received for your shares, subject to proration and allocation procedures set forth in the merger agreement which are intended to ensure that at least 60% of the outstanding shares of Intermountain common stock on a fully diluted basis will be converted into shares of Western Alliance common stock. Therefore, your ability to receive all cash may depend on the elections of other Intermountain shareholders.

We expect that the merger will generally be tax-free with respect to any Western Alliance common stock that you receive and will generally be taxable with respect to any cash that you receive. Western Alliance s common stock is traded on the New York Stock Exchange under the symbol WAL .

This is a prospectus of Western Alliance relating to its offering of up to 3,764,120 shares of Western Alliance common stock to Intermountain shareholders in the proposed merger and a proxy statement of Intermountain. This document contains important information about Western Alliance, Intermountain, the merger and the conditions that must be satisfied before the merger can occur. Please give all the information your careful attention.

Important Message for Holders of Intermountain Voting Common Stock

Your vote is very important. The merger agreement and the merger must be approved by the holders of at least a majority of the outstanding shares of Intermountain s common stock entitled to vote. To vote your shares, you may use the enclosed proxy card or attend the special shareholders meeting we will hold to allow you to consider and vote on the merger. ***To approve the merger agreement, you must vote for the proposal by following the instructions on the enclosed proxy card. If you do not vote at all, that will, in effect, count as a vote against the proposal. We urge you to vote FOR this proposal.***

William Bullard
Vice President
Intermountain First Bancorp

Western Alliance s common stock has not been approved or disapproved by the Securities and Exchange Commission, any state securities commission, or the Federal Deposit Insurance Corporation, nor have any of these institutions passed upon the accuracy or adequacy of this proxy statement/ prospectus. Any representation to the contrary is a criminal offense. The shares of Western Alliance common stock are not savings deposit accounts or other obligations of any bank or savings association, and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

Please see Risk Factors beginning on page 7 for a discussion of risks associated with the merger and in owning Western Alliance stock.

The date of this proxy statement/ prospectus is March 3, 2006
and is first being mailed to shareholders on March 7, 2006

THIS PROSPECTUS INCORPORATES IMPORTANT BUSINESS AND FINANCIAL INFORMATION ABOUT WESTERN ALLIANCE THAT IS NOT INCLUDED IN OR DELIVERED WITH THIS DOCUMENT. THIS INFORMATION IS AVAILABLE WITHOUT CHARGE TO YOU IF YOU CALL OR WRITE TO DALE GIBBONS, WESTERN ALLIANCE BANCORPORATION, 2700 WEST SAHARA AVENUE, LAS VEGAS, NV 89102, TELEPHONE: (702) 248-4200, OR WILLIAM BULLARD, INTERMOUNTAIN FIRST BANCORP, 777 N. RAINBOW BOULEVARD, LAS VEGAS, NEVADA 89107, TELEPHONE: (702) 310-4000, IN ORDER TO OBTAIN TIMELY DELIVERY OF DOCUMENTS YOU SHOULD REQUEST INFORMATION AS SOON AS POSSIBLE, BUT NO LATER THAN MARCH 23, 2006

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INTERMOUNTAIN FIRST BANCORP
777 N. Rainbow Boulevard
Las Vegas, Nevada 89107

NOTICE OF SPECIAL MEETING OF
SHAREHOLDERS TO BE HELD ON
March 28, 2006

A special meeting of shareholders of Intermountain First Bancorp (Intermountain) will be held at 10:00 a.m. local time on March 28, 2006, at its principal executive offices at 777 N. Rainbow Boulevard, Las Vegas, Nevada 89107, for the following purposes:

1. To adopt and approve an agreement and plan of merger, pursuant to which Intermountain will merge with and into Western Alliance Bancorporation (Western Alliance) with Western Alliance surviving (referred to herein as the merger).

2. To transact any other business that properly comes before the special meeting, or any adjournments or postponements of the meeting, including, without limitation, a motion to adjourn the special meeting to another time and/or place for the purpose of soliciting additional proxies in order to approve the merger agreement and the merger or otherwise.

You are entitled to notice of and to vote at the special meeting or any adjournments or postponements thereof only if you were a holder of record of Intermountain s voting common stock at the close of business on March 3, 2006.

Intermountain s Board of Directors has determined that the merger is advisable and is fair to and in the best interest of Intermountain s shareholders, has approved the merger agreement and the merger, and recommends that the holders of Intermountain s voting common stock vote to approve the merger agreement and the merger.

The affirmative vote of a majority of the shares of Intermountain s voting common stock outstanding on March 3, 2006 is required to approve the merger agreement and the merger. The required vote of Intermountain s shareholders is based on the total number of shares of Intermountain s voting common stock outstanding and not on the number of shares which are actually voted. Not returning a proxy card, or not voting in person at the special meeting or abstaining from voting will have the same effect as voting AGAINST the merger agreement and the merger.

If you hold Intermountain common stock on the record date, you are entitled to dissent from the merger under Sections 92.A-300 through 92.A-500 of the Nevada Revised Statutes (NRS). A copy of these sections is attached to the proxy statement/ prospectus at Appendix B.

It is very important all shares of Intermountain voting common stock be represented at the special meeting. Whether or not you plan to attend the special meeting, please complete, date and sign the enclosed proxy card and return it as soon as possible in the enclosed postage-paid envelope. A shareholder who executes a proxy may revoke it at any time before it is exercised by giving written notice to the Secretary of Intermountain at the address set forth above, by subsequently filing another proxy or by attending the special meeting and voting in person.

By order of the Board of Directors

/s/ William Bullard

William Bullard
Vice President

Las Vegas, Nevada
March 3, 2006

If you hold Intermountain voting common stock, your vote is important. Please complete, sign, date and return your proxy card.

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QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: Why are Western Alliance and Intermountain proposing the transaction?

A: Western Alliance and Intermountain have a shared commitment to play integral roles in the growth and expansion of Nevada s banking industry. The proposed merger provides an opportunity for Western Alliance to substantially expand its presence in the Las Vegas and Henderson markets, and extend its operations into Reno. Intermountain believes that the proposed merger will enable Intermountain to align with a partner who will enhance the banking services available to its customers without sacrificing the personal attention and dedication that Intermountain has always offered.

Q: What will I receive in the merger?

A: If the merger agreement is approved and the merger is subsequently completed, you may elect to receive either 2.44 shares of Western Alliance common stock or $71.30 in cash, or some combination thereof, for each share of Intermountain common stock you own, unless you exercise your dissenter s rights. You will have the opportunity to elect the form of consideration to be received for your shares, subject to allocation procedures set forth in the merger agreement which are intended to ensure that at least 60% of the outstanding shares of Intermountain common stock will be converted into shares of Western Alliance common stock. Therefore, your ability to receive all cash will depend on the elections of other Intermountain shareholders. Western Alliance will pay cash instead of issuing fractional shares.

Q: How do I make an election?

A: Each Intermountain shareholder will receive an election form, which you should complete and return, along with your Intermountain stock certificate(s), according to the instructions printed on the form. The election deadline will be 5:00 p.m., New York City time, on March 27, 2006, the date prior to the date of the special meeting (the election deadline). A copy of the election form is being mailed under separate cover on or about the date of this proxy statement/ prospectus. If you do not send in the election form with your stock certificates by the deadline, you will be deemed not to have made an election and you may be paid in cash, Western Alliance common stock or a combination of cash and stock depending on, and after giving effect to, the number of valid cash elections and stock elections that have been made by other Intermountain shareholders. See The Merger Election Procedures; Surrender of Stock Certificates .

Q: Can I change my election?

A: You may change your election at any time prior to the election deadline by submitting to American Stock Transfer & Trust Company written notice accompanied by a properly completed and signed, revised election form. You may revoke your election by submitting written notice to American Stock Transfer & Trust Company prior to the election deadline or by withdrawing your stock certificates prior to the election deadline. Shareholders will not be entitled to change or revoke their elections following the election deadline.

Q: Will I receive any dividends?

A: Before the merger takes place, Intermountain has agreed not to pay any dividends to its shareholders. After the merger, any dividends will be based on what Western Alliance pays. Western Alliance has not paid dividends in the past and does not presently intend to pay dividends.

Q: How many votes are needed to approve the merger?

A: A majority of the outstanding shares of Intermountain s common stock entitled to vote must vote in favor of the merger agreement in order for it to be adopted and for the merger to be approved. Accordingly, the failure of any holder of Intermountain voting common stock to vote on this proposal will have the same effect as a vote against the proposal. Each of the executive officers and directors as well as certain other shareholders of Intermountain individually have entered into an agreement with Western Alliance to vote their shares of Intermountain voting common stock in favor of the merger agreement and against any competing proposal. These shareholders held approximately 67.8% of Intermountain s outstanding voting common stock as of December 31, 2005.

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Q: What do I need to do now?

A: You should first carefully read this proxy statement/ prospectus.

If you hold shares of Intermountain voting common stock:

After you have decided how to vote your shares, please indicate on the enclosed proxy card how you want to vote, and sign, date and return it as soon as possible in the enclosed envelope. If you sign and send in your proxy card and do not indicate how you want to vote, your proxy card will be voted FOR approval of the merger agreement and the merger. Not returning a proxy card, or not voting in person at the special meeting or abstaining from voting, will have the same effect as voting AGAINST the merger agreement and the merger.

You can choose to attend the special meeting and vote your shares in person instead of completing and returning a proxy card. If you do complete and return a proxy card, you may change your vote at any time up to and including the time of the vote on the day of the special meeting by following the directions in the section Revocability of Proxies .

Whether you hold shares of Intermountain voting or nonvoting common stock:

You should complete and return the election form, together with your stock certificate(s), to American Stock Transfer & Trust Company according to the instructions printed on the form. Do not send your Intermountain stock certificates and/or your election form with your proxy card.

Q: Who can vote?

A: Intermountain has four series of common stock, two of which are non-voting. Therefore, if you hold non-voting common stock or Series A non-voting common stock, you are not entitled to vote at the Intermountain special meeting. If you hold voting common stock or Series A voting common stock (together, Intermountain voting common stock), you are entitled to vote at the Intermountain special meeting if you owned such stock at the close of business on March 3, 2006. You will have one vote for each share of Intermountain voting common stock that you owned at that time.

Q: Can I change my vote after I have mailed my signed proxy card?

A: Yes. There are three ways for you to revoke your proxy and change your vote. First, you may send a written notice to the Secretary of Intermountain at 777 N. Rainbow Boulevard in Las Vegas, Nevada 89107, stating that you would like to revoke your proxy. Second, you may complete and submit a new proxy card. Third, you may vote in person at the special meeting.

Q: When will the merger close?

A: The merger is expected to close as soon as possible after the receipt of Intermountain shareholder and regulatory approvals, which is expected in the second quarter of 2006. However, we cannot assure you when or if the merger will occur.

Q: What do I do with my stock certificates?

A: You should send your Intermountain common stock certificates to the exchange agent, American Stock Transfer & Trust Company, with your completed, signed election form prior to the election deadline. If you do not send in the election form with your stock certificates by the election deadline, you will be deemed not to have made an election and you may receive cash, Western Alliance common stock or a mixture of cash and stock, for

each share of your Intermountain common stock in the merger. Please DO NOT send your stock certificates with your proxy card.

Q: What needs to be done to complete the merger?

A: Completion of the merger depends on a number of conditions being met. In addition to compliance with the merger agreement, these include:

1. Approval of the merger agreement and merger by Intermountain shareholders.

2. Approval of the merger by federal and state regulatory authorities.

3. Approval by the New York Stock Exchange of listing of Western Alliance s common stock to be issued in the merger.

4. The absence of any injunction or legal restraint blocking the merger or government proceedings trying to block the merger.

5. Receipt by Intermountain of a satisfactory legal opinion regarding certain tax matters.

When the law permits, Western Alliance or Intermountain could decide to complete the merger even though one or more of these conditions has not been met. We cannot be certain when, or if, the conditions to the merger will be satisfied or waived, or that the merger will be completed.

Q: Who can I call with questions or to obtain copies of this proxy statement/ prospectus and other documents?

A: William Bullard, Vice President of Intermountain, at (702) 310-4000.

A copy of the merger agreement including each of its exhibits and the other documents described in this proxy statement/ prospectus will be provided to you promptly without charge if you call or write to Dale Gibbons, Chief Financial Officer, Western Alliance Bancorporation, 2700 West Sahara Avenue, Las Vegas, Nevada 89102, Telephone: 702-248-4200. Such documents were also filed as exhibits to the registration statement filed with the SEC to register the shares of Western Alliance s common stock to be issued in the merger. See Where You Can Find More Information.

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SUMMARY

The following is a summary of information located elsewhere in this document. It does not contain all of the information that is important to you. Before you vote, you should give careful consideration to all of the information contained in this document to fully understand the merger. See Where You Can Find More Information on page 138. Each item in this summary refers to the page where that subject is discussed in more detail.

General

Western Alliance and Intermountain have entered into an agreement and plan of merger. Under the agreement, Intermountain will merge with and into Western Alliance, with Western Alliance surviving (referred to herein as the merger). Following the merger, Nevada First Bank, a Nevada-chartered bank and a wholly owned subsidiary of Intermountain, will merge with and into BankWest of Nevada, a Nevada-chartered bank and a wholly owned subsidiary of Western Alliance, with BankWest of Nevada being the surviving bank; this transaction is referred to as the bank merger . Western Alliance may decide, at its discretion, to delay the bank merger indefinitely.

The Companies Involved in the Merger (page 106)

Western Alliance Bancorporation is a Nevada corporation and is the parent company of BankWest of Nevada, Alliance Bank of Arizona, Torrey Pines Bank, Miller/ Russell & Associates, and Premier Trust. Western Alliance is headquartered in Las Vegas, Nevada with its principal executive office at 2700 West Sahara Avenue, Las Vegas, Nevada 89102, Tel: (702) 248-4200. Western Alliance provides a full range of banking and related services to locally owned businesses, professional firms, real estate developers and investors, local non-profit organizations, high net worth individuals and other consumers through subsidiary banks and financial services companies located in Nevada, Arizona and California. On a consolidated basis, as of September 30, 2005, Western Alliance had approximately $2.7 billion in assets, $1.6 billion in total loans, $2.3 billion in deposits and $238.3 million in stockholders equity. For a description of the business of Western Alliance, please see Information about Western Alliance .

Intermountain First Bancorp is a Nevada corporation. Intermountain is headquartered in Las Vegas, Nevada with its principal executive office at 777 N. Rainbow Boulevard, Las Vegas, Nevada 89107, Tel: (702) 310-4000. Intermountain is the parent company of Nevada First Bank, a Nevada-chartered bank. Nevada First provides a full range of traditional banking services, with special emphasis on serving the banking needs of the greater Las Vegas, Nevada area s business community. On a consolidated basis, as of December 31, 2005, Intermountain had approximately $459.4 million in assets, $374.2 million in total loans, $395.5 million in deposits and $31.7 million in stockholders equity. For a description of the business of Intermountain, please see Information about Intermountain .

Merger Consideration (page 110)

If the merger takes place, you may elect to receive either 2.44 shares of Western Alliance common stock or $71.30 in cash, or some combination thereof, for each share of Intermountain common stock you own, unless you exercise your dissenter s rights. Each outstanding Intermountain stock option will be converted into an option to purchase 2.44 shares of Western Alliance common stock. You will have the opportunity to elect the form of consideration to be received for your shares, subject to proration and allocation procedures set forth in the merger agreement which are intended to ensure that at least 60% of the outstanding shares of Intermountain common stock will be converted into shares of Western Alliance common stock.

Intermountain Shareholders Election of Cash or Stock Consideration (page 111)

If you own Intermountain common stock, you will soon receive under separate cover an election form that you may use to indicate whether your preference is to receive cash or shares of new Western Alliance common stock. The election deadline will be 5:00 p.m., New York time, on March 27, 2006, the day prior to the date of the special meeting (the election deadline). To make an election, a holder of Intermountain

common stock must submit a properly completed election form and return it, together with all stock certificates, so that the form and certificates are actually received by the exchange agent at or before the election deadline in accordance with the instructions on the election form. Intermountain shareholders will be unable to sell their Intermountain stock from the time when the election is made until the merger is completed.

Non-Electing Shares (page 112)

Intermountain shareholders who make no election to receive cash or Western Alliance common stock in the merger, and Intermountain shareholders who do not make a valid election, will be deemed not to have made an election. Shareholders not making an election may be paid in cash, Western Alliance common stock or a mix of cash and shares of Western Alliance common stock depending on, and after giving effect to, the number of valid cash elections and stock elections that have been made by other Intermountain stockholders.

Material Federal Income Tax Consequences (page 125)

Those Intermountain shareholders who receive both Western Alliance common stock and cash for their Intermountain common stock will generally recognize gain equal to the lesser of (1) the amount of cash received and (2) the excess of the amount realized in the transaction (*i.e.*, the fair market value of the Western Alliance common stock at the effective time of the merger plus the amount of cash received), over their tax basis in their Intermountain common stock. We expect the transaction to be tax-free to holders of Intermountain common stock for United States federal income tax purposes to the extent that they receive solely shares of Western Alliance common stock pursuant to the merger. Those holders receiving solely cash for their Intermountain common stock will generally recognize gain or loss equal to the difference between the amount of cash received and their tax basis in their shares of Intermountain common stock. Different tax consequences may apply to you because of your individual circumstances or because special tax rules apply to you, for example, if you:

- are a tax-exempt organization;
- are a mutual fund;
- are a dealer in securities or foreign currencies;
- are a bank or other financial institution;
- are an insurance company;
- are a non-United States person;
- are subject to the alternative minimum tax;
- are a trader in securities who elects to apply a mark-to-market method of accounting;
- acquired your shares of Intermountain s common stock from the exercise of options or otherwise as compensation or through a qualified retirement plan;
- hold shares of Intermountain s common stock as part of a straddle, hedge, constructive sale or conversion transaction; or
- do not hold shares of Intermountain s common stock as capital assets.

Tax matters are very complicated. You should consult your tax advisor for a full explanation of the tax consequences of the merger to you.

Intermountain Board of Directors Recommends Approval (page 107)

The Intermountain Board of Directors unanimously approved the merger agreement and the merger and unanimously recommends that all holders of Intermountain voting common stock vote FOR approval of these matters.

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Dissenters Appraisal Rights in the Merger (page 121)

Under Nevada law, you are entitled to dissenters rights of appraisal in connection with the merger. If you want to assert your appraisal rights, you must follow carefully the procedures described at Appendix B, and summarized beginning on page 121 of this document.

Differences in the Rights of Shareholders (page 135)

The rights of Intermountain shareholders who continue as Western Alliance shareholders after the merger will be governed by the articles of incorporation and bylaws of Western Alliance rather than the articles of incorporation and bylaws of Intermountain. These rights will continue to be governed by the laws of Nevada, as the state of both Western Alliance s and Intermountain s incorporation.

Intermountain s Officers and Directors Have Interests in the Merger Which May Be Different From Yours (page 123)

At the close of business on December 31, 2005, excluding all options to purchase Intermountain common stock, Intermountain s directors and executive officers and their affiliates owned a total of 860,587 shares of Intermountain s common stock, which was approximately 66% of the total number of shares of Intermountain s common stock that were outstanding on that date. Each of Intermountain s directors, executive officers and certain of its stockholders, representing approximately 67.8% of Intermountain s common stock, has agreed to vote his or her shares in favor of the merger agreement and merger.

Additionally, some of Intermountain s directors and executive officers may have interests in the merger as directors and employees that may be different from yours as an Intermountain shareholder. These interests include rights of executive officers under change of control and severance agreements with Intermountain, rights under stock-based benefit programs and awards of Intermountain, and rights to continued indemnification and insurance coverage by Western Alliance after the merger for acts or omissions occurring before the merger. Following the completion of the merger, the board of directors of Western Alliance will appoint to its board of directors a representative of Intermountain who shall have been, immediately prior to the effective time, either a member of Intermountain s board of directors or a holder of at least 5% of the capital stock of Intermountain. Also, following the bank merger, BankWest of Nevada will invite all of the members of Nevada First s board of directors to join the board of directors of BankWest of Nevada. The Intermountain board of directors was aware of these interests and considered them in approving the merger agreement and the merger.

Regulatory Approvals We Must Obtain to Complete the Merger (page 112)

For the merger to take place, we need to receive the regulatory approvals of the Board of Governors of the Federal Reserve System, the Nevada Financial Institutions Division and the Federal Deposit Insurance Corporation. We have filed applications with these regulators.

As of the date of this document, we have not yet received the required approvals. We cannot be certain when or if we will obtain them.

Termination of the Merger Agreement (page 119)

The merger agreement specifies a number of situations when Western Alliance and Intermountain may terminate the merger agreement. For example, the merger agreement may be terminated at any time prior to the effective time by our mutual consent and by either of us under specified circumstances, including if the merger is not consummated by July 31, 2006, if we do not receive the necessary shareholder or regulatory approvals or if the other party breaches its agreements.

Information About the Special Meeting (page 16)

A special meeting of Intermountain shareholders will be held at 10:00 a.m. local time on March 28, 2006, at its principal executive offices at 777 N. Rainbow Boulevard, Las Vegas, Nevada 89107 for the following purposes:

to vote on the merger agreement, the merger and the other transactions contemplated by the merger agreement; and

to address any other matters that properly come before the special meeting, or any adjournments or postponements of the meeting, including a motion to adjourn the special meeting to another time and/or place to solicit additional proxies in favor of the merger agreement and the merger or otherwise.

Share Information and Market Prices (page 137)

Western Alliance s common stock is traded on the New York Stock Exchange under the trading symbol WAL . The table below presents the per share closing prices of Western Alliance s common stock as of December 29, 2005, the last trading date before execution of the merger agreement and March 1, 2006, the last practicable day before the date of this proxy statement/ prospectus. The table also shows the implied value per share of Intermountain common stock which is calculated by valuing the Western Alliance common stock at the relevant date below per share and multiplying this value by the exchange ratio of 2.44. For more information about the exchange ratio, see The Merger Merger Consideration, and for more information about the stock prices and dividends of Western Alliance and Intermountain, see Market Prices and Dividends.

Date	Last Reported Sale Price of Western Alliance s Common Stock	Implied Value per Share
December 29, 2005	$29.40	$71.74
March 1, 2006	$36.01	$87.86

The market price of Western Alliance s common stock will fluctuate between the date of this proxy statement/ prospectus and the date on which the merger takes place. Intermountain s shareholders are advised to obtain current market quotations for Western Alliance s common stock. The total dollar value of the Western Alliance common stock that an Intermountain stockholder will be entitled to receive as a result of the merger may be significantly higher or lower than its current value. No assurance can be given as to the market price of Western Alliance s common stock at the time of the merger.

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Comparative Unaudited Per Share Data

The following table shows information, at and for the period indicated, about Western Alliance s and Intermountain s historical book value per share, tangible book value per share and earnings per share. The table also contains pro forma information that reflects the merger of Western Alliance and Intermountain using the purchase method of accounting. The unaudited pro forma equivalent information was obtained by multiplying the combined company pro forma information by the exchange ratio for each share of Intermountain common stock, which is 2.44. The combined company and pro forma equivalent information has been provided assuming that, on an aggregate basis, the Intermountain stockholders elect to receive Western Alliance common stock in the merger with respect to 60% and 100% of the Intermountain shares they hold. Neither Western Alliance nor Intermountain has ever paid a cash dividend on its common stock and neither company anticipates paying any cash dividends in the foreseeable future.

You should read the information in the following table in conjunction with Western Alliance s consolidated financial statements and related notes for the years ended December 31, 2002 through 2004 and for the nine months ended September 30, 2005 and 2004 that are included in this joint proxy statement/ prospectus and from which this information is derived. You should not rely on the pro forma information as being indicative of the results that Western Alliance will achieve in the transaction. See also Where You Can Find More Information on page 138.

	At December 31, 2005
Book value per share:	
Western Alliance historical	$ 10.71
Intermountain historical	21.32
Combined 60% stock election	12.35
Combined 100% stock election	13.30
Intermountain pro forma equivalent 60% stock election	30.15
Intermountain pro forma equivalent 100% stock election	32.45
Tangible book value per share:	
Western Alliance historical	$ 10.48
Intermountain historical	21.32
Combined 60% stock election	9.06
Combined 100% stock election	10.19
Intermountain pro forma equivalent 60% stock election	22.10
Intermountain pro forma equivalent 100% stock election	24.86

	Year ended December 31, 2005
Basic earnings per share:	
Western Alliance historical	$ 1.36
Intermountain historical	3.30
Combined 60% stock election	1.37
Combined 100% stock election	1.32
Intermountain pro forma equivalent 60% stock election	3.34

Intermountain pro forma equivalent 100% stock election		3.21
Diluted earnings per share:		
Western Alliance historical	$	1.24
Intermountain historical		3.18
Combined 60% stock election		1.25
Combined 100% stock election		1.20
Intermountain pro forma equivalent 60% stock election		3.05
Intermountain pro forma equivalent 100% stock election		2.94

CAUTIONARY NOTE CONCERNING FORWARD-LOOKING STATEMENTS

Some of the statements contained in Summary, Risk Factors, Management s Discussion and Analysis of Financial Condition and Results of Operations, Business and elsewhere in this proxy statement/ prospectus constitute forward-looking statements. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. In some cases, you can identify forward looking statements by terms such as may, will, should, expect, intend, plan, believe, estimate, predict, potential or the negative of these terms or other comparable terminology.

The forward-looking statements contained in this proxy statement/ prospectus reflect our current views about future events and financial performance and are subject to risks, uncertainties, assumptions and changes in circumstances that may cause our actual results to differ significantly from historical results and those expressed in any forward-looking statement, including those risks discussed under the heading Risk Factors in this proxy statement/ prospectus. Some factors that could cause actual results to differ materially from historical or expected results include:

- changes in general economic conditions, either nationally or locally in the areas in which we conduct or will conduct our business;
- inflation, interest rate, market and monetary fluctuations;
- the inability to obtain the regulatory approvals for the merger on acceptable terms, on the anticipated schedule or at all;
- lower revenues following the merger than we expect;
- changes in gaming or tourism in our primary market area;
- risks associated with our growth and expansion strategy and related costs;
- increased lending risks associated with our high concentration of commercial real estate, construction and land development and commercial, industrial loans;
- increases in competitive pressures among financial institutions and businesses offering similar products and services;
- higher defaults on our loan portfolio than we expect;
- changes in management s estimate of the adequacy of the allowance for loan losses;
- legislative or regulatory changes or changes in accounting principles, policies or guidelines;
- management s estimates and projections of interest rates and interest rate policy;
- the execution of our business plan; and
- other factors affecting the financial services industry generally or the banking industry in particular.

For more information regarding risks that may cause our actual results to differ materially from any forward-looking statements, see Risk Factors . We do not intend and disclaim any duty or obligation to update or revise any industry information or forward-looking statements set forth in this proxy statement/ prospectus to reflect new information, future events or otherwise, except as may be required by the securities laws.

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RISK FACTORS

In addition to the other information included in this proxy statement/ prospectus (including the matters addressed in Cautionary Note Concerning Forward-Looking Statements), you should carefully consider the matters described below in determining whether to approve the merger agreement and whether to make a cash or stock election. Any of these risks could have an adverse effect on Western Alliance s business, financial condition, results of operations or prospects, which could in turn affect the price of its shares.

Risks Related to the Merger

The integration of the companies will present significant challenges that may result in the combined business not operating as effectively as expected or in the failure to achieve some or all of the anticipated benefits of the transaction.

The benefits and synergies expected to result from the proposed transaction will depend in part on whether the operations of Intermountain can be integrated in a timely and efficient manner with those of Western Alliance. Western Alliance will face challenges in consolidating its functions with those of Intermountain, and integrating the organizations, procedures and operations of the two businesses. The integration of Western Alliance and Intermountain will be complex and time-consuming, and the management of both companies will have to dedicate substantial time and resources to it. These efforts could divert management s focus and resources from other strategic opportunities and from day-to-day operational matters during the integration process. Failure to successfully integrate the operations of Western Alliance and Intermountain could result in the failure to achieve some of the anticipated benefits from the transaction, including cost savings and other operating efficiencies, and could have an adverse effect on the business, results of operations, financial condition or prospects of Western Alliance after the transaction.

The price of Western Alliance common stock will fluctuate before and after the merger, which could increase or decrease the value of the merger consideration received by Intermountain shareholders receiving Western Alliance common stock.

On December 29, 2005, the day before the merger agreement was executed, the closing price of a share of Western Alliance common stock was $29.40. On March 1, 2006, the most recent practicable date before the mailing of this proxy statement/ prospectus, the closing price was $36.01. Based on these closing prices and the 2.44 exchange ratio, the implied value of the merger consideration consisting of Western Alliance common stock was $71.74 on December 29, 2005 and $87.86 on March 1, 2006. The price of Western Alliance common stock may increase or decrease before and after completion of the merger. Therefore, the market value of Western Alliance common stock received by an Intermountain shareholder in connection with the merger could be lower than the market value of Western Alliance stock on December 29, 2005, March 1, 2006 or the closing date of the merger, and the market value of the stock consideration could be less than the $71.30 cash consideration received by shareholders receiving the cash consideration. The market value of Western Alliance common stock received by an Intermountain shareholder in connection with the merger could also be higher than those trading prices, and shareholders receiving the cash consideration could receive cash worth less than the market value of the stock consideration. The market price of Western Alliance stock fluctuates based upon general market economic conditions, Western Alliance s business and prospects and other factors.

Shareholders may receive a form of consideration different from what they elect.

While each Intermountain shareholder may elect to receive cash or Western Alliance common stock in the merger, at least 60% of the Intermountain common stock outstanding at the completion of the merger will be converted into Western Alliance common stock. Therefore, if Intermountain shareholders elect more cash than is available under the merger agreement, their elections will be prorated to permit at least 60% of the Intermountain common stock outstanding at the completion of the merger to be converted into Western Alliance

common stock. As a result, if a cash election proves to be more popular among Intermountain shareholders, and you choose the cash election, you might receive a portion of your consideration in the form of stock.

If you tender shares of Intermountain common stock to make an election, you will not be able to transfer those shares until after the merger, unless you revoke your election prior to the election deadline.

To make a cash or stock election, you must deliver your stock certificate(s) to the exchange agent. The deadline for doing this is 5:00 p.m. New York City time, on March 27, 2006, the day before the special meeting of shareholders. You will not be able to sell any shares of Intermountain common stock that you have delivered, unless you revoke your election before the deadline by providing written notice to the exchange agent. If you do not revoke your election, you will not be able to liquidate your investment in Intermountain common stock for any reason until you receive cash or Western Alliance common stock, or both, in the merger. During the period between delivery of your shares and the closing of the merger, the trading price of Western Alliance common stock may decrease.

The date that you will receive your merger consideration depends on the completion date of the merger, which is expected to occur in the second quarter of 2006. The completion date of the merger might be later than expected due to unforeseen events, such as delays in obtaining regulatory approvals.

The merger agreement limits Intermountain s ability to pursue alternatives to the merger.

The merger agreement contains terms and conditions that make it more difficult for Intermountain to sell its business to a party other than Western Alliance. These no shop provisions impose restrictions on Intermountain that, subject to certain exceptions, limit Intermountain s ability to discuss or facilitate competing third-party proposals to acquire all or a significant part of Intermountain.

In addition, the board of directors of Intermountain has agreed that it will not, directly or indirectly, facilitate or recommend a competing acquisition proposal, subject to limited exceptions. While the board of directors could take such actions if it determined that the failure to do so would violate its fiduciary duties, doing so would entitle Western Alliance to terminate the merger agreement and may entitle it to receive a termination fee. Intermountain will also be required to pay the termination fee if a competing acquisition proposal has been made known to Intermountain or its shareholders and the merger agreement is subsequently terminated for a variety of reasons (including because Intermountain shareholders fail to approve the merger or because Intermountain willfully breaches the merger agreement), and Intermountain completes, or enters into an agreement for, an alternative acquisition transaction during the 12 months after the termination of the merger agreement.

Western Alliance required Intermountain to agree to these provisions as a condition to Western Alliance s willingness to enter into the merger agreement. However, these provisions might discourage a third party that might have an interest in acquiring all or a significant part of Intermountain from considering or proposing that acquisition even if it were prepared to pay consideration with a higher per share market price than the current proposed merger consideration, and the termination fee might result in a potential competing acquirer proposing to pay a lower per share price to acquire Intermountain than it might otherwise have proposed to pay.

Intermountain s executive officers and directors have interests in the merger that are different from your interest as an Intermountain shareholder.

Intermountain executive officers negotiated the merger agreement with Western Alliance, and the board of directors approved the agreement and is recommending that Intermountain shareholders who are entitled to vote, vote for the agreement. In considering these facts and the other information contained in this proxy statement/ prospectus, you should be aware that Intermountain s executive officers and directors have interests in the merger in addition to the interests that they share with you as an Intermountain shareholder. As described in detail under the heading Interests of Intermountain Directors and Executive Officers in the Merger That are Different Than Yours, there are substantial interests to be conveyed to each director and executive officer of Intermountain as a result of the accelerated vesting or additional issuance of stock options, as well as other considerations. Following the completion of the merger, the board of directors of Western

Alliance will appoint to its board of directors a representative of Intermountain who shall have been, immediately prior to the effective time, either a member of Intermountain s board of directors or a holder of at least 5% of the capital stock of Intermountain. Also, following the bank merger, BankWest of Nevada will invite all of the members of Nevada First s board of directors to join the board of directors of BankWest of Nevada.

Risk Factors Related to an Investment in Western Alliance

Our current primary market area is substantially dependent on gaming and tourism revenue, and a downturn in gaming or tourism could hurt our business and our prospects.

Our business is currently concentrated in the Las Vegas metropolitan area. The economy of the Las Vegas metropolitan area is unique in the United States for its level of dependence on services and industries related to gaming and tourism. Any event that negatively impacts the gaming or tourism industry will adversely impact the Las Vegas economy.

Gaming and tourism revenue (whether or not such tourism is directly related to gaming) is vulnerable to fluctuations in the national economy. A prolonged downturn in the national economy could have a significant adverse effect on the economy of the Las Vegas area. Virtually any development or event that could dissuade travel or spending related to gaming and tourism, whether inside or outside of Las Vegas, could adversely affect the Las Vegas economy. In this regard, the Las Vegas economy is more susceptible than the economies of other cities to issues such as higher gasoline and other fuel prices, increased airfares, unemployment levels, recession, rising interest rates, and other economic conditions, whether domestic or foreign. Gaming and tourism are also susceptible to certain political conditions or events, such as military hostilities and acts of terrorism, whether domestic or foreign. A terrorist act, or the mere threat of a terrorist act, may adversely affect gaming and tourism and the Las Vegas economy and may cause substantial harm to our business.

In addition, Las Vegas competes with other areas of the country for gaming revenue, and it is possible that the expansion of gaming operations in other states, such as California, as a result of changes in laws or otherwise, could significantly reduce gaming revenue in the Las Vegas area.

Although we have no substantial customer relationships in the gaming and tourism industries, a downturn in the Las Vegas economy, generally, could have an adverse effect on our customers and result in an increase in loan delinquencies and foreclosures, a reduction in the demand for our products and services and a reduction of the value of our collateral for loans which could result in the reduction of a customer s borrowing power, any of which could adversely affect our business, financial condition, results of operations and prospects.

We may not be able to continue our growth at the rate we have in the past several years.

We have grown substantially, from having one chartered bank with $443.7 million in total assets and $410.2 million in total deposits as of December 31, 2000, to three chartered banks with $2.7 billion in total assets and $2.3 billion in total deposits as of September 30, 2005. If we are unable to effectively execute on our strategy, we may not be able to continue to grow at our historical rates. In particular, Alliance Bank of Arizona and Torrey Pines Bank have achieved unusually high annual rates of growth as compared to other recently opened *de novo* banks. We do not expect this high level of growth at Alliance Bank of Arizona and Torrey Pines Bank to continue in the future.

Our growth and expansion strategy may not prove to be successful and our market value and profitability may suffer.

Growth through acquisitions of banks or the organization of new banks in high-growth markets, especially in markets outside of our current markets, represents an important component of our business strategy. In addition to our agreement to acquire Intermountain, we recently entered into an agreement to acquire Bank of Nevada. For more information regarding this acquisition, see Recent Developments . Both of these

acquisitions, as well as any future acquisitions, will be accompanied by the risks commonly encountered in acquisitions. These risks include, among other things:

- difficulty of integrating the operations and personnel;
- potential disruption of our ongoing business; and
- inability of our management to maximize our financial and strategic position by the successful implementation of uniform product offerings and the incorporation of uniform technology into our product offerings and control systems.

We expect that competition for suitable acquisition candidates may be significant. We may compete with other banks or financial service companies with similar acquisition strategies, many of which are larger and have greater financial and other resources. We cannot assure you that we will be able to successfully identify and acquire suitable acquisition targets on acceptable terms and conditions.

In addition to the acquisition of existing financial institutions, we may consider the organization of new banks in new market areas. We do not have any current plan to organize a new bank. Any acquisition or organization of a new bank carries with it numerous risks, including the following:

- the inability to obtain all required regulatory approvals;
- significant costs and anticipated operating losses during the application and organizational phases, and the first years of operation of the new bank;
- the inability to secure the services of qualified senior management;
- the local market may not accept the services of a new bank owned and managed by a bank holding company headquartered outside of the market area of the new bank;
- the inability to obtain attractive locations within a new market at a reasonable cost; and
- the additional strain on management resources and internal systems and controls.

We cannot assure you that we will be successful in overcoming these risks or any other problems encountered in connection with acquisitions and the organization of new banks. Our inability to overcome these risks could have an adverse effect on our ability to achieve our business strategy and maintain our market value and profitability growth.

The combined company s status as a holding company makes it dependent on dividends from its subsidiaries to meet its obligations.

After the merger, Western Alliance will continue to be a holding company that conducts almost all of its operations through its subsidiaries. The combined company will not have significant assets other than the stock of its subsidiaries. Accordingly, the combined company will depend on dividends from its subsidiaries to meet its obligations. The combined company s right to participate in any distribution of earnings or assets of its subsidiaries is subject to the prior claims of creditors of such subsidiaries. Under federal and state law, a subsidiary is limited in the amount of dividends it may pay to its parent without prior regulatory approval. Also, bank regulators have the authority to prohibit a subsidiary from paying dividends if the bank regulators determine that such subsidiary is in an unsafe or unsound condition or that the payment would be an unsafe and unsound bank practice.

If we continue to grow rapidly as planned, we may not be able to control costs and maintain our asset quality.

We expect to continue to grow our assets and deposits, the products and services which we offer and the scale of our operations, generally, both internally and through acquisitions. Our ability to manage our growth successfully will depend on our ability to maintain cost controls and asset quality while attracting additional loans and deposits on favorable terms. If we grow too quickly and are not able to control costs and maintain asset quality, this rapid growth could materially adversely affect our financial performance.

We may have difficulty managing our growth, which may divert resources and limit our ability to successfully expand our operations.

Our rapid growth has placed, and it may continue to place, significant demands on our operations and management. Our future success will depend on the ability of our officers and other key employees to continue to implement and improve our operational, credit, financial, management and other internal risk controls and processes and our reporting systems and procedures, and to manage a growing number of client relationships. We may not successfully implement improvements to our management information and control systems and control procedures and processes in an efficient or timely manner and may discover deficiencies in existing systems and controls. In particular, our controls and procedures must be able to accommodate an increase in expected loan volume and the infrastructure that comes with new branches and banks. Thus, our growth strategy may divert management from our existing businesses and may require us to incur additional expenditures to expand our administrative and operational infrastructure. If we are unable to manage future expansion in our operations, we may experience compliance and operational problems, have to slow the pace of growth, or have to incur additional expenditures beyond current projections to support such growth, any one of which could adversely affect our business.

Our future growth is dependent upon our ability to recruit additional, qualified employees, especially seasoned relationship bankers.

Our market areas are experiencing a period of rapid growth, placing a premium on highly qualified employees in a number of industries, including the financial services industry. Our business plan includes, and is dependent upon, hiring and retaining highly qualified and motivated executives and employees at every level. In particular, our success has been partly the result of our management s ability to seek and retain highly qualified relationship bankers that have long-standing relationships in their communities. These professionals bring with them valuable customer relationships, and have been an integral part of our ability to attract deposits and to expand rapidly in our market areas. We expect to experience substantial competition in our endeavor to identify, hire and retain the top-quality employees that we believe are key to our future success. If we are unable to hire and retain qualified employees, we may not be able to grow our franchise and successfully execute our business strategy.

We are highly dependent on real estate and events that negatively impact the real estate market could hurt our business.

A significant portion of our loan portfolio is dependent on real estate. As of September 30, 2005, real estate related loans accounted for approximately 80% of total loans. Our financial condition may be adversely affected by a decline in the value of the real estate securing our loans. In addition, acts of nature, including earthquakes, fires and floods, which may cause uninsured damage and other loss of value to real estate that secures these loans, may also negatively impact our financial condition.

In addition, as of September 30, 2005, 18.2% of our total deposits consisted of non-interest bearing demand deposits maintained by title insurance companies. A slowdown in real estate activity, particularly commercial real estate activity, in the markets we serve may cause a decline in our deposit growth and may negatively impact our financial condition.

Our high concentration of commercial real estate, construction and land development and commercial, industrial loans expose us to increased lending risks.

As of September 30, 2005, the composition of our loan portfolio was as follows:

- commercial real estate loans of $655.0 million, or 40.4% of total loans,
- construction and land development loans of $397.0 million, or 24.5% of total loans,
- commercial and industrial loans of 307.0 million, or 19.0% of total loans,
- residential real estate loans of $239.5 million, or 14.8% of total loans, and
- consumer loans of $21.0 million, or 1.3% of total loans.

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Commercial real estate, construction and land development and commercial and industrial loans, which comprised 83.9% of our total loan portfolio as of September 30, 2005, expose us to a greater risk of loss than our residential real estate and consumer loans, which comprised 16.1% of our total loan portfolio as of September 30, 2005. Commercial real estate and land development loans typically involve larger loan balances to single borrowers or groups of related borrowers compared to residential loans. Consequently, an adverse development with respect to one commercial loan or one credit relationship may expose us to a significantly greater risk of loss compared to an adverse development with respect to one residential mortgage loan.

If we lost a significant portion of our low-cost deposits, it would negatively impact our profitability.

Our profitability depends in part on our success in attracting and retaining a stable base of low-cost deposits. As of September 30, 2005, our deposit base was comprised of 44.7% non-interest bearing deposits, of which 40.7% consisted of title company deposits, 54.5% consisted of other business deposits and 4.8% consisted of consumer deposits. If we lost a significant portion of these low-cost deposits, it would negatively impact our profitability. We consider these deposits to be core deposits. While we generally do not believe these deposits are sensitive to interest-rate fluctuations, the competition for these deposits in our markets is strong and if we lost a significant portion of these low-cost deposits, it would negatively affect our profitability.

Many of our loans have been made recently, and in certain circumstances there is limited repayment history against which we can fully assess the adequacy of our allowance for loan losses. If our allowance for loan losses is not adequate to cover actual loan losses, our earnings will decrease.

The risk of nonpayment of loans is inherent in all lending activities, and nonpayment, if it occurs, may negatively impact our earnings and overall financial condition, as well as the value of our common stock. Also, many of our loans have been made over the last three years and in certain circumstances there is limited repayment history against which we can fully assess the adequacy of our allowance for loan losses. We make various assumptions and judgments about the collectibility of our loan portfolio and provide an allowance for probable losses based on several factors. If our assumptions are wrong, our allowance for loan losses may not be sufficient to cover our losses, which would have an adverse effect on our operating results. Additions to our allowance for loan losses decrease our net income. While we have not experienced any significant charge-offs or had large numbers of nonperforming loans, due to the significant increase in loans originated during this period, we cannot assure you that we will not experience an increase in delinquencies and losses as these loans continue to mature. The actual amount of future provisions for loan losses cannot be determined at this time and may exceed the amounts of past provisions.

Our future success will depend on our ability to compete effectively in a highly competitive market.

We face substantial competition in all phases of our operations from a variety of different competitors. Our competitors, including commercial banks, community banks, savings and loan associations, mutual savings banks, credit unions, consumer finance companies, insurance companies, securities dealers, brokers, mortgage bankers, investment advisors, money market mutual funds and other financial institutions, compete with lending and deposit-gathering services offered by us. Increased competition in our markets may result in reduced loans and deposits.

There is very strong competition for financial services in the market areas in which we conduct our businesses from many local commercial banks as well as numerous regionally based commercial banks. Many of these competing institutions have much greater financial and marketing resources than we have. Due to their size, many competitors can achieve larger economies of scale and may offer a broader range of products and services than us. If we are unable to offer competitive products and services, our earnings may be negatively affected.

Some of the financial services organizations with which we compete are not subject to the same degree of regulation as is imposed on bank holding companies and federally insured financial institutions. As a result, these nonbank competitors have certain advantages over us in accessing funding and in providing various services. The banking business in our primary market areas is very competitive, and the level of competition

facing us may increase further, which may limit our asset growth and profitability. For more information on the competition we have in our markets, see Information About Western Alliance Business Strategy.

Our business would be harmed if we lost the services of any of our senior management team or senior relationship bankers.

We believe that our success to date has been substantially dependent on our senior management team, which includes Robert Sarver, our Chairman, President and Chief Executive Officer and Chief Executive Officer of Torrey Pines Bank, Dale Gibbons, our Chief Financial Officer, Larry Woodrum, President and Chief Executive Officer of BankWest of Nevada and James Lundy, President and Chief Executive Officer of Alliance Bank of Arizona, and certain of our senior relationship bankers. We also believe that our prospects for success in the future are dependent on retaining our senior management team and senior relationship bankers. In addition to their skills and experience as bankers, these persons provide us with extensive community ties upon which our competitive strategy is based. Our ability to retain these persons may be hindered by the fact that we have not entered into employment agreements with any of them. The loss of the services of any of these persons, particularly Mr. Sarver, could have an adverse effect on our business if we can t replace them with equally qualified persons who are also familiar with our market areas.

Mr. Sarver s involvement in outside business interests requires substantial time and attention and may adversely affect our ability to achieve our strategic plan and maintain our current growth.

Mr. Sarver joined us in December of 2002 and has been an integral part of our recent growth. He has substantial business interests that are unrelated to us, including his ownership interest in the Phoenix Suns NBA franchise. Mr. Sarver s other business interests demand substantial time commitments, and may reduce the amount of time he has available to devote to our business. A significant reduction in the amount of time Mr. Sarver devotes to our business may adversely affect our ability to achieve our strategic plan and maintain our current growth.

Adverse publicity or circumstances similar to that experienced following the arrest and subsequent acquittal of our Chief Financial Officer could generate negative publicity for us, cause reputational harm and cause our stock price to decline.

In June 2002, after a jury trial, Dale Gibbons was acquitted of charges of possession of a controlled substance, dealing in harmful material to a minor and endangerment of a child. Following his acquittal, Mr. Gibbons filed a civil rights lawsuit against numerous parties. In early 2005, the defendants were granted summary judgment on substantially all of Mr. Gibbons claims, and, subsequently, the parties resolved the lawsuit and an order of dismissal was entered by the U.S. District Court. There was extensive media coverage of all of the events surrounding Mr. Gibbons arrest and his subsequent resignation as the Chief Financial Officer of his then employer, Zions Bancorporation. Before hiring Mr. Gibbons as our Chief Financial Officer, our Audit Committee engaged special legal counsel and an investigator to assist in considering Mr. Gibbons prospective employment with Western Alliance. We evaluated Mr. Gibbons extensive banking background, reviewed the legal and investigatory descriptions of the facts and circumstances surrounding his arrest and consulted with the Federal Deposit Insurance Corporation and the Federal Reserve Bank of San Francisco. Our Board of Directors determined that Mr. Gibbons was suitable to serve as our Chief Financial Officer. Subsequent to his hiring, our Board was updated on the claims and information alleged against Mr. Gibbons in the civil rights lawsuit. Also, in July 2005, we completed our initial public offering and listed our common stock on the NYSE. Mr. Gibbons was an integral part of that effort. Our Board continues to believe Mr. Gibbons is suitable to serve as our Chief Financial Officer. However, adverse publicity or circumstances, similar to that which surrounded Mr. Gibbons arrest and trial in 2001 and 2002, could materially damage the public s perception of us, and impair the reputations of Mr. Gibbons and Western Alliance, and adverse public sentiment could affect the market price of our common stock and our business.

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A deterioration in economic conditions generally could adversely affect our business, financial condition, results of operations and prospects.

A deterioration in economic conditions generally could adversely affect our business, financial condition, results of operations and prospects. Such a deterioration could result in a variety of adverse consequences to us, including a reduction in net income and the following:

- Loan delinquencies, non-performing assets and foreclosures may increase, which could result in higher operating costs, as well as increases in our loan loss provisions;
- Demand for our products and services may decline, including the demand for loans, which would adversely affect our revenues; and
- Collateral for loans made by us may decline in value, reducing a customer s borrowing power, and reducing the value of assets and collateral associated with our loans which would cause decreases in net interest income and increasing loan loss provisions.

Economic conditions either nationally or locally in areas in which our operations are concentrated may be less favorable than expected.

Deterioration in local, regional, national or global economic conditions could result in, among other things, an increase in loan delinquencies, a decrease in property values, a change in housing turnover rate or a reduction in the level of bank deposits. Particularly, a weakening of the real estate or employment market in our primary market areas of Las Vegas, San Diego, Tucson and Phoenix could result in an increase in the number of borrowers who default on their loans and a reduction in the value of the collateral securing their loans, which in turn could have an adverse effect on our profitability and asset quality.

Terrorist attacks and threats of war or actual war may impact all aspects of our operations, revenues, costs and stock price in unpredictable ways.

Terrorist attacks in the United States, as well as future events occurring in response or in connection to them including, without limitation, future terrorist attacks against United States targets, rumors or threats of war, actual conflicts involving the United States or its allies or military or trade disruptions, may impact our operations. Any of these events could cause consumer confidence and savings to decrease or result in increased volatility in the United States and worldwide financial markets and economy. Any of these occurrences could have an adverse impact on our operating results, revenues and costs and may result in the volatility of the market price for our common stock and impair its future price.

We do not anticipate paying any dividends on our common stock. As a result, capital appreciation, if any, of our common stock may be your sole source of gains in the future.

We have never paid a cash dividend, and do not anticipate paying a cash dividend in the foreseeable future. As a result, you may only receive a return on your investment in the common stock if the market price of the common stock increases.

We may underestimate the impact of new reporting company requirements.

We recently became a reporting company as a result of our initial public offering in June, 2005. As a public company, we have and will continue to incur significant accounting, legal and other expenses that we did not incur as a private company. In addition, the Sarbanes Oxley Act of 2002, as well as new rules implemented by the SEC and the NYSE, have required changes to corporate governance practices of public companies. For example, Section 404 of Sarbanes Oxley will require us to evaluate and report on our internal controls over financial reporting and have our independent auditors attest to our evaluation, beginning with our annual report on Form 10-K for the fiscal year ending December 31, 2005. If we underestimate the expense and resources spent by management involved in complying with these regulations, our financial performance may be adversely affected.

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We have limited rights to use the BankWest of Nevada mark.

Pursuant to a previous settlement agreement, we have agreed to use the word BankWest only within the name and service mark BankWest of Nevada. The settlement agreement only covers our use of the mark in Clark and Nye counties, Nevada. Our use of the mark BankWest of Nevada outside of Clark or Nye counties could result in:

- further claims of infringement, including costly litigation;
- an injunction prohibiting our proposed use of the mark; and
- the need to enter into licensing agreements, which may not be available on terms acceptable to us, if at all.

Nevada First Bank, a wholly owned subsidiary of Intermountain, has a branch located in Reno, which is outside of Clark and Nye counties. Following consummation of the Bank of Nevada transaction, we intend to change the name of BankWest of Nevada to Bank of Nevada. See Recent Developments of Western Alliance for more information about the Bank of Nevada transaction. If our use of the BankWest of Nevada mark or any other similar mark is limited or prohibited, or we are required to pay an additional license fee for such use, our business, financial condition and results of operations could be materially and adversely affected.

Risks Related to the Banking Industry

We operate in a highly regulated environment; changes in laws and regulations and accounting principles may adversely affect us.

We are subject to extensive regulation, supervision, and legislation which govern almost all aspects of our operations. See Supervision and Regulation. The laws and regulations applicable to the banking industry could change at any time and are primarily intended for the protection of customers, depositors and the deposit insurance funds. Any changes to these laws or any applicable accounting principles could make it more difficult and expensive for us to comply and could affect the way that we conduct business, which may negatively impact our results of operations and financial condition. While we cannot predict what effect any presently contemplated or future changes in the laws or regulations or their interpretations would have on us, these changes could be materially adverse to our investors and stockholders.

Changes in interest rates could adversely affect our profitability, business and prospects.

Increases or decreases in prevailing interest rates could have an adverse effect on our business, asset quality and prospects. Our operating income and net income depend to a great extent on our net interest margin. Net interest margin is the difference between the interest yields we receive on loans, securities and other interest earning assets and the interest rates we pay on interest bearing deposits and other liabilities. These rates are highly sensitive to many factors beyond our control, including competition, general economic conditions and monetary and fiscal policies of various governmental and regulatory authorities, including the Board of Governors of the Federal Reserve System, referred to as the FRB. If the rate of interest we pay on our interest bearing deposits and other liabilities increases more than the rate of interest we receive on loans, securities and other interest earning assets, our net interest income, and therefore our earnings, could be adversely affected. Our earnings could also be adversely affected if the rates on our loans and other investments fall more quickly than those on our deposits and other liabilities.

In addition, loan volumes are affected by market interest rates on loans; rising interest rates generally are associated with a lower volume of loan originations while lower interest rates are usually associated with higher loan originations. Conversely, in rising interest rate environments, loan repayment rates will decline and in falling interest rate environments, loan repayment rates will increase. We cannot assure you that we will be able to minimize our interest rate risk. In addition, an increase in the general level of interest rates may adversely affect the ability of certain borrowers to pay the interest on and principal of their obligations.

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Interest rates also affect how much money we can lend. When interest rates rise, the cost of borrowing increases. Accordingly, changes in market interest rates could materially and adversely affect our net interest spread, asset quality, loan origination volume, business, financial condition, results of operations and cash flows.

We are required to maintain an allowance for loan losses. This allowance for loan losses may have to be adjusted in the future. Any adjustment to the allowance for loan losses, whether due to regulatory changes, economic changes or other factors, may affect our financial condition and earnings.

We maintain an allowance for loan losses. The allowance is established through a provision for loan losses based on our management s evaluation of the risks inherent in our loan portfolio and the general economy. The allowance is based upon a number of factors, including the size of the loan portfolio, asset classifications, economic trends, industry experience and trends, industry and geographic concentrations, estimated collateral values, management s assessment of the credit risk inherent in the portfolio, historical loan loss experience and loan underwriting policies. In addition, we evaluate all loans identified as problem loans and augment the allowance based upon the perceived risks associated with those problem loans.

The federal regulators, in reviewing our loan portfolio as part of a regulatory examination, may request us to increase our allowance for loan losses, thereby negatively affecting our financial condition and earnings at that time. Moreover, additions to the allowance may be necessary based on changes in economic and real estate market conditions, new information regarding existing loans, identification of additional problem loans and other factors, both within and outside of our management s control.

We are exposed to risk of environmental liabilities with respect to properties to which we take title.

About 80% of our outstanding loan portfolio as of September 30, 2005 was secured by real estate. In the course of our business, we may foreclose and take title to real estate, and could be subject to environmental liabilities with respect to these properties. We may be held liable to a governmental entity or to third parties for property damage, personal injury, investigation and clean-up costs incurred by these parties in connection with environmental contamination, or may be required to investigate or clean up hazardous or toxic substances, or chemical releases at a property. The costs associated with investigation or remediation activities could be substantial. In addition, if we are the owner or former owner of a contaminated site, we may be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from the property. These costs and claims could adversely affect our business and prospects.

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SHAREHOLDER MEETING

Matters to be Considered at the Special Meeting

We are first mailing this document to the holders of Intermountain s common stock on or about March 7, 2006. It is accompanied by a proxy card furnished in connection with the solicitation of proxies by the Intermountain Board of Directors for use at the special meeting of Intermountain s shareholders at 10.00 a.m. local time on Tuesday, March 28, 2006, at its principal executive offices at 777 N. Rainbow Boulevard, Las Vegas, Nevada 89107. At the special meeting, the holders of Intermountain s voting common stock will consider and vote on:

1. To adopt and approve an agreement and plan of merger, pursuant to which Intermountain will merge with and into Western Alliance Bancorporation (Western Alliance) with Western Alliance surviving (referred to herein as the merger).

2. To transact any other business that properly comes before the special meeting, or any adjournments or postponements of the meeting, including, without limitation, a motion to adjourn the special meeting to another time and/or place for the purpose of soliciting additional proxies in order to approve the merger agreement and the merger or otherwise.

Eligible Votes

Intermountain has four series of common stock:

voting common stock;

non-voting common stock;.

Series A voting common stock; and

Series A non-voting common stock.

The voting common stock and the Series A voting common stock comprise Intermountain s voting common stock. Therefore, if you hold shares of either non-voting common stock or Series A non-voting common stock, you are not entitled to vote those shares at the special meeting of shareholders.

Record Date and Voting

The Intermountain Board of Directors has fixed the close of business on March 3, 2006 as the record date for determining the Intermountain shareholders entitled to receive notice of and to vote at the special meeting. Only holders of record of Intermountain s voting common stock at the close of business on that day will be entitled to vote at the special meeting or at any adjournment or postponement of the meeting. At the close of business on March 3, 2006, there were 1,304,761 shares of Intermountain s common stock outstanding and entitled to vote at the special meeting, held by approximately 98 shareholders of record.

Each holder of Intermountain s voting common stock on March 3, 2006 will be entitled to one vote for each share held of record on each matter that is properly submitted at the special meeting or any adjournment or postponement of the meeting. The presence, in person or by proxy, of the holders of a majority of Intermountain s common stock issued and outstanding and entitled to vote at the special meeting is necessary to constitute a quorum. Abstentions with respect to shares of Intermountain voting common stock will be included in the calculation of the number of shares represented at the special meeting in order to determine whether a quorum has been achieved. Since approval of the merger agreement requires the affirmative vote of the holders of at least a majority of the shares of Intermountain s voting common stock issued and outstanding, abstentions with respect to shares of Intermountain voting common stock will have the same effect as a vote against the merger agreement.

If a quorum is not obtained, or if fewer shares of Intermountain s voting common stock are voted in favor of the proposal for approval of the merger agreement than the number required for approval, it is expected that the special meeting will be adjourned to allow additional time for obtaining additional proxies. In that event,

proxies will be voted to approve an adjournment, except for proxies as to which instructions have been given to vote against the merger agreement.

If you hold shares of Intermountain voting common stock and your proxy card is properly executed and received by Intermountain in time to be voted at the special meeting, the shares represented by the proxy card will be voted in accordance with the instructions marked on the proxy card. **Executed proxies with respect to shares of Intermountain voting common stock with no instructions indicated on the proxy card will be voted FOR the merger agreement and the merger.**

The Intermountain board of directors is not aware of any other matters that may properly come before the special meeting. If any other matters properly come before the special meeting, the persons named in the accompanying proxy will vote the shares represented by all properly executed proxies on those matters as determined by a majority of the Intermountain board of directors.

If you hold shares of Intermountain voting common stock, you are requested to complete, date and sign the accompanying proxy form and to return it promptly in the enclosed postage-paid envelope. The enclosed proxy card is different from the election form that you can use to elect to receive cash or stock in the merger. Do not return your proxy card with the election form. For information about the election form, see The Merger-Election Procedures; Surrender of Stock Certificates . To vote on the merger agreement, you need to hold shares of Intermountain voting common stock and complete the proxy card properly and return it in the enclosed envelope or attend the special meeting and vote in person.

You should not forward any stock certificates with your proxy card. If you complete an election form, you should forward your Intermountain stock certificates to the exchange agent with the election form. If you do not complete an election form, if the merger takes place, Intermountain stock certificates should be delivered in accordance with instructions that will be sent to you by Western Alliance s exchange agent promptly after the effective time of the merger.

Required Vote; Revocability of Proxies

In order to approve and adopt the merger agreement, the merger of Intermountain and Western Alliance and the other transactions contemplated by the merger agreement, the holders of at least a majority of the shares of Intermountain s voting common stock issued and outstanding on March 3, 2006, must affirmatively vote FOR the merger agreement and the merger.

The required vote of Intermountain s shareholders is based on the total number of outstanding shares of Intermountain s common stock entitled to vote and not on the number of shares which are actually voted. Not returning a proxy card, not voting in person at the special meeting or abstaining from voting all will have the same effect as voting AGAINST the merger agreement and the merger.

The directors and executive officers and certain major shareholders of Intermountain beneficially owned as of December 31, 2005, a total of 885,132 shares of Intermountain s voting common stock (excluding all options to purchase shares of Intermountain s common stock), which was approximately 67.8% of the outstanding shares of Intermountain s voting common stock on that date. The directors and executive officers and certain major shareholders have agreed to vote their shares in favor of the merger agreement and the merger and against competing proposals.

If you submit a proxy card, attending the special meeting will not automatically revoke your proxy. However, you may revoke a proxy at any time before it is voted by:

- delivering to the Secretary of Intermountain First Bancorp, 777 N. Rainbow Boulevard in Las Vegas, Nevada 89107, a written notice of revocation before the special meeting,
- delivering to Intermountain a duly executed proxy bearing a later date before the special meeting, or
- attending the special meeting and voting in person.

RECENT DEVELOPMENTS OF WESTERN ALLIANCE

Unaudited Consolidated Financial Results for 2005 and the Fourth Quarter of 2005

On January 17, 2006, Western Alliance announced its unaudited consolidated financial results for 2005 and the fourth quarter of 2005.

Total assets were $2.86 billion at December 31, 2005, an increase of 31.3% from $2.18 billion at December 31, 2004. Loans were $1.79 billion at December 31, 2005, an increase of $605 million from December 31, 2004. Deposits were $2.39 billion at December 31, 2005, an increase of $638 million from December 31, 2004. Stockholders equity increased $111 million from December 31, 2004 to $244 million at December 31, 2005, due primarily to Western Alliance s initial public offering in July 2005. Western Alliance had 537 full-time equivalent employees and 16 full-service banking offices on December 31, 2005, compared to 424 full-time equivalent employees and 13 offices on December 31, 2004.

Net Income. Net income was $28.1 million, or $1.24 per diluted share, for 2005, compared with $20.1 million, or $1.09 per diluted share, for 2004. For the fourth quarter of 2005, net income was $8.4 million, up 31.3% from $6.4 million for the fourth quarter of 2004. Diluted earnings per share were $0.34 for the fourth quarter of 2005, compared to $0.33 for the same period in 2004. Western Alliance closed its initial public offering of 4.2 million shares on July 6, 2005, which increased average shares outstanding in 2005 and resulted in net proceeds of $85.1 million.

Net Interest Income. Net interest income increased 35.4% to $28.6 million in the fourth quarter of 2005 from $21.1 million in the fourth quarter of 2004. The interest margin was 4.43% in the fourth quarter of 2005, compared to 4.20% in the fourth quarter of 2004.

Provision for Loan Losses. The provision for loan losses was $2.0 million for the fourth quarter of 2005, compared to $0.8 million for the fourth quarter of 2004.

Non-interest income. Non-interest income was $3.4 million for the fourth quarter of 2005, up 33.3% from $2.6 million for the same period in 2004.

Non-interest expense. Non-interest expense was $17.1 million for the fourth quarter of 2005, up 32.4% from $12.9 million for the same period in 2004.

The following tables contain selected consolidated financial and other data of Western Alliance at the dates and for the periods indicated. You should read this information in conjunction with the consolidated financial statements included in this document. The information at and for the three months and year ended December 31, 2005 is unaudited. However, in the opinion of management, all adjustments (consisting only of normal recurring adjustments) which are necessary to fairly present the results for the periods included have been made.

	For the Year Ended December 31,	
	2005	2004
	($ in millions)	
Selected Balance Sheet Data:		
Total assets	$ 2,857.3	$ 2,176.8
Gross loans, including net deferred fees	1,793.4	1,188.5
Securities	680.5	788.6
Federal funds sold	131.1	23.1
Deposits	2,393.9	1,756.0
Borrowings	80.5	223.6
Junior subordinated debt	30.9	30.9
Stockholders equity	244.2	133.6

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	At or for the Three Months Ended December 31,		For the Year Ended December 31,	
	2005	2004	2005	2004
	($ in thousands)			
Selected Income Statement Data:				
Interest income	$ 38,975	$ 27,075	$ 134,910	$ 90,855
Interest expense	10,360	5,936	32,568	19,720
Net interest income	28,615	21,139	102,342	71,135
Provision for loan losses	1,962	751	6,179	3,914
Net interest income after provision for loan losses	26,653	20,388	96,163	67,221
Non-interest income	3,403	2,552	12,138	8,726
Non-interest expense	17,050	12,873	64,864	44,929
Income before income taxes	13,006	10,067	43,437	31,018
Income tax expense	4,564	3,638	15,372	10,961
Net Income	$ 8,442	$ 6,429	$ 28,065	$ 20,057
Common Share Data:				
Net income per share:				
Basic	$ 0.37	$ 0.35	$ 1.36	$ 1.17
Diluted	0.34	0.33	1.24	1.09
Book value per share	10.71	7.32		
Tangible book value per share	10.48	7.02		

	At or for the Three Months Ended December 31,		For the Year Ended December 31,	
	2005	2004	2005	2004
Selected Performance Ratios:				
Return on average assets(1)	1.22%	1.20%	1.13%	1.05%
Return on average stockholders equity(1)	13.42	19.00	14.37	17.48
Net interest margin(1)	4.43	4.20	4.40	4.00
Net interest spread	3.43	3.57	3.54	3.44
Efficiency ratio	53.25	54.34	56.66	56.26
Loan to deposit ratio	74.92	67.68		

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	At or for the Three Months Ended December 31,	
	2005	2004
Capital Ratios:		
Tangible Common Equity	8.4%	5.9%
Leverage ratio	10.2	7.7
Tier 1 Risk Based Capital	12.8	10.9
Total Risk Based Capital	13.8	12.0
Asset Quality Ratios:		
Net charge-offs to average loans outstanding(1)	0.01%	0.00%
Non-accrual loans to gross loans	0.01	0.13
Non-accrual loans to total assets	0.00	0.07
Loans past due 90 days and still accruing to total loans	0.00	0.00
Allowance for loan losses to gross loans	1.18	1.28

(1) Annualized for the three-month periods ended December 31, 2005 and 2004.

Acquisition of Bank of Nevada

On January 16, 2006, Western Alliance and Bank of Nevada, a Nevada-chartered bank, entered into a definitive merger agreement, pursuant to which Bank of Nevada will merge with and into BankWest of Nevada, a wholly owned subsidiary of Western Alliance. Under the terms of the agreement, Bank of Nevada shareholders will receive $80.187 in cash for each share of Bank of Nevada common stock. Following completion of the merger, BankWest of Nevada will be renamed Bank of Nevada. The transaction is valued at approximately $74 million. As of September 30, 2005, Bank of Nevada had total assets of approximately $281 million, total loans of approximately $214 million, total deposits of approximately $253 million and stockholders equity was approximately $24 million. The transaction, which is subject to customary closing conditions, including approval from the shareholders of Bank of Nevada and banking regulators, is expected to be completed in the second quarter of 2006.

Acquisition of Office Building

On December 30, 2005, BankWest of Nevada acquired an office building located at 2700 West Sahara Avenue, Las Vegas, Nevada, for a purchase price of $16,300,000. The property, which had previously been leased by BankWest of Nevada, serves as the corporate headquarters for Western Alliance and BankWest of Nevada.

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RECENT DEVELOPMENTS OF INTERMOUNTAIN

Unaudited Consolidated Financial Results for 2005 (Compared to 2004)

Total assets were $459.4 million at December 31, 2005, an increase of 31.1% from $350.4 million at December 31, 2004. Loans were $374.2 million at December 31, 2005, an increase of $87 million from December 31, 2004. Deposits were $395.5 million at December 31, 2005, an increase of $90 million from December 31, 2004. Stockholders equity increased $7.1 million from December 31, 2004 to $31.7 million at December 31, 2005, due primarily to the earnings of Nevada First Bank, a wholly owned subsidiary. Intermountain had 96 full-time equivalent employees and five full-service banking offices on December 31, 2005, compared to 75 full-time equivalent employees and four offices on December 31, 2004.

Net Income. Net income was $4.9 million, or $3.18 per diluted share, for 2005, compared with $3.7 million, or $2.54 per diluted share, for 2004. The increase in net income is primarily attributed to an increase in interest earning assets in 2005.

The following tables contain selected consolidated financial and other data of Intermountain at the dates and for the periods indicated. The information at and for the year ended December 31, 2005 is unaudited. However, in the opinion of management, all adjustments (consisting only of normal recurring adjustments) which are necessary to fairly present the results for the periods included have been made.

	For the Year Ended December 31,	
	2005	2004
	($ in millions)	
Selected Balance Sheet Data:		
Total assets	$459.4	$350.4
Gross loans, including net deferred fees	374.2	287.2
Securities	19.1	19.0
Federal funds sold	29.1	25.9
Deposits	395.5	305.0
Borrowings	19.0	9.0
Junior subordinated debt	10.3	10.3
Stockholders equity	31.7	24.6

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	For the Year Ended December 31,	
	2005	2004
	($ in thousands)	
Selected Income Statement Data:		
Interest income	$27,866	$18,647
Interest expense	8,294	3,952
Net interest income	19,572	14,695
Provision for loan losses	456	1,239
Net interest income after provision for loan losses	19,116	13,456
Non-interest income	1,474	1,001
Non-interest expense(1)	12,695	8,818
Income before income taxes	7,895	5,639
Income tax expense	2,991	1,934
Net Income	$ 4,904	$ 3,705
Common Share Data:		
Net income per share:		
Basic	$ 3.30	$ 2.68
Diluted	3.18	2.54
Book value per share	21.32	17.77
Tangible book value per share	21.32	17.77

	For the Year Ended December 31,	
	2005	2004
Selected Performance Ratios:		
Return on average assets	1.21%	1.05%
Return on average stockholders equity	17.42	17.48
Net interest margin	5.18	5.16
Net interest spread	4.18	4.47
Efficiency ratio	43.08	44.74
Loan to deposit ratio	94.60	94.16

	For the Year Ended December 31,	
	2005	2004

Capital Ratios:		
Tangible Common Equity	6.89%	7.02%
Leverage ratio	9.07	9.53
Tier 1 Risk Based Capital	9.39	9.38
Total Risk Based Capital	10.42	11.18
Asset Quality Ratios:		
Net charge-offs to average loans outstanding	(0.03)%	0.04%
Non-accrual loans to gross loans	0.00	0.10
Non-accrual loans to total assets	0.00	0.08
Loans past due 90 days and still accruing to total loans	0.00	0.70
Allowance for loan losses to gross loans	1.11	1.25

(1) Intermountain has agreed to pay a bonus to all individuals who exercised options in 2005 that were originally issued as incentive stock options (ISOs) but were subsequently disqualified. This bonus of approximately $167,000 is intended to compensate these individuals for certain tax-related costs of exercising non-incentive stock options.

Corrective Bonus Payments and Option Rescission

Intermountain has agreed to pay a bonus to certain individuals who exercised options in 2005, which options were originally issued as incentive stock options but were subsequently disqualified. This bonus is intended to compensate these individuals for certain tax-related costs of exercising non-incentive stock options. Intermountain will also pay interest and penalties as a result of not making these tax payments at the time these options were exercised. Intermountain has also rescinded all unexercised stock option agreements entered into in 2005 between Intermountain and its option holders which were disqualified from being treated as incentive stock options. The total amount of expense accrued in 2005 as a result of these modifications and bonus payments was approximately $656,000.

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

Set forth below are highlights from Western Alliance s consolidated financial data of and for the years ended December 31, 2000 through 2004 and Western Alliance s unaudited consolidated financial data as of and for the nine months ended September 30, 2004 and 2005. The results of operations for the nine months ended September 30, 2005 are not necessarily indicative of the results of operations of Western Alliance for the full year. Western Alliance s management prepared the unaudited information on the same basis as it prepared Western Alliance audited consolidated financial statements. In the opinion of Western Alliance s management, this information reflects all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of this data for these periods. You should read this information in conjunction with Western Alliance s consolidated financial statements and related notes for the years ended December 31, 2002 through 2004 and for the nine months ended September 30, 2005 and 2004 that are included in this joint proxy statement/ prospectus and from which this information is derived. See also Where You Can Find More Information on page 138.

	At or for the Nine Months Ended September 30,		At or for the Years Ended December 31,				
	2005	2004	2004	2003	2002	2001	2000
	(Unaudited)		($ in thousands, except per share data)				
Selected Balance Sheet Data:							
Total assets	$ 2,745,014	$ 2,126,252	$ 2,176,849	$ 1,576,773	$ 872,074	$ 602,703	$ 443,665
Loans receivable (net)	1,598,253	1,070,914	1,173,264	721,700	457,906	400,647	319,604
Securities available for sale	595,959	727,772	659,073	583,684	227,238	73,399	
Securities held to maturity	117,116	125,606	129,549	132,294	5,610	6,055	7,604
Federal funds sold	203,999	22,800	23,115	4,015	113,789	73,099	62,100
Deposits	2,347,498	1,689,940	1,756,036	1,094,646	720,304	549,354	410,177
Short-term borrowings and long-term debt	119,510	263,300	249,194	338,661	50,000		
Junior subordinated debt	30,928	30,928	30,928	30,928	30,928	15,464	
Stockholders equity	238,253	128,022	133,571	97,451	67,442	35,862	32,297

Selected Income Statement Data:							
Interest income	95,935	63,780	$ 90,855	$ 53,823	$ 39,117	$ 35,713	$ 34,032
Interest expense	22,208	13,784	19,720	12,798	9,771	9,140	8,633
Net interest income	73,727	49,996	71,135	41,025	29,346	26,573	25,399
Provision for loan losses	4,217	3,163	3,914	5,145	1,587	2,800	4,299
Net interest income after provision for loan losses	69,510	46,833	67,221	35,880	27,759	23,773	21,100
Noninterest income	8,735	6,175	8,726	4,270	3,935	3,437	2,948
Noninterest operating expenses	47,814	32,056	44,929	27,290	19,050	18,256	16,323
Income before income taxes	30,431	20,952	31,018	12,860	12,644	8,954	7,725
Income taxes	10,808	7,324	10,961	4,171	4,235	3,001	2,664
Net income	$ 19,623	$ 13,628	$ 20,057	$ 8,689	$ 8,409	$ 5,953	$ 5,061
Common Share Data:							
Net income per share:							
Basic	$ 0.99	$ 0.81	$ 1.17	$ 0.61	$ 0.79	$ 0.55	$ 0.47
Diluted	0.90	0.76	1.09	0.59	0.78	0.54	0.46
Book value per share	10.45	7.02	7.32	5.84	4.98	3.42	3.00

Average shares outstanding:							
Basic	19,841,670	16,838,882	17,189,687	14,313,611	10,677,736	10,730,738	10,765,985
Diluted	21,856,613	18,034,097	18,405,120	14,613,173	10,715,448	11,038,275	11,023,491
Common shares outstanding	22,793,241	18,236,454	18,249,554	16,681,273	13,908,279	10,850,787	10,779,381

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	At or for the Nine Months Ended September 30,		At or for the Years Ended December 31,				
	2005	2004	2004	2003	2002	2001	2000
	(Unaudited)		($ in thousands, except per share data)				
Selected Performance Ratios:							
Return on average assets(1)	1.09%	1.00%	1.05%	0.76%	1.22%	1.11%	1.21%
Return on average stockholders equity(1)	14.82	16.84	17.48	12.19	19.39	15.04	16.95
Net interest margin(1)	4.39	3.93	4.00	3.83	4.57	5.50	7.93
Net interest spread(1)	3.58	3.38	3.43	3.27	3.72	4.39	5.53
Efficiency ratio	57.98	57.07	56.26	60.25	57.24	60.83	57.58
Selected Liquidity and Capital Ratios:							
Loan to deposit ratio	68.90%	64.23%	67.68%	66.97%	64.47%	74.13%	79.08%
Average earning assets to interest-bearing liabilities	161.50	150.41	151.29	147.37	155.98	163.14	156.73
Risk based capital:							
Leverage capital	10.3	7.8	7.7	8.9	11.2	8.5	7.2
Tier 1	13.6	11.3	10.9	13.3	15.4	10.4	9.1
Total	14.6	12.4	12.0	14.4	18.1	12.3	10.4
Asset Quality Ratios:							
Net charge-offs (recoveries) to average loans outstanding	0.02%	0.00%	0.00%	0.17%	0.19%	0.27%	1.24%
Non-performing loans to gross loans	0.01	0.02	0.13	0.04	0.76	0.23	1.37
Non-performing assets to total assets	0.01	0.01	0.07	0.02	0.41	0.17	1.00
Allowance for loan losses to gross loans	1.19	1.34	1.28	1.55	1.39	1.61	1.46

Allowance for loan losses to non-performing loans	720.24	4,247.08	958.63	4,137.45	181.71	711.82	106.96
Growth Ratios and Other Data:(2)							
Percentage change in net income	44.0%	115.6%	130.8%	3.3%	41.3%	17.6%	15.5%
Percentage change in diluted net income per share	18.4	72.7	84.7	(24.4)	44.4	17.4	4.5
Percentage change in assets	29.1	52.0	38.1	81.0	44.7	35.7	20.4
Percentage change in gross loans, including deferred fees	49.1	75.4	62.1	57.9	14.0	25.5	22.1
Percentage change in deposits	38.9	61.0	60.4	52.0	31.1	33.9	20.7
Percentage change in equity	86.2	44.4	37.1	44.5	88.1	11.0	18.8
Number of branches	15	13	13	10	5	5	4

(1) Annualized for the nine-month periods ended September 30, 2005 and 2004.

(2) Ratios of changes in income are computed based upon the growth over the comparable prior period. Ratios of changes in balance sheet data compare period-end data against the same data from the comparable period-end for the prior year.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF WESTERN ALLIANCE

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with Selected Consolidated Financial and Other Data and our consolidated financial statements and related notes included elsewhere in this prospectus. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Certain risks, uncertainties and other factors, including but not limited to those set forth under Cautionary Note Concerning Forward-Looking Statements, Risk Factors and elsewhere in this proxy statement/ prospectus, may cause actual results to differ materially from those projected in the forward-looking statements.

Overview and History

We are a bank holding company headquartered in Las Vegas, Nevada. We provide a full range of banking and related services to locally owned businesses, professional firms, real estate developers and investors, local nonprofit organizations, high net worth individuals and consumers through our subsidiary banks and financial services companies located in Nevada, Arizona and California. In addition to traditional lending and deposit gathering capabilities, we also offer a broad array of financial products and services aimed at satisfying the needs of small to mid-sized businesses and their proprietors, including cash management, trust administration and estate planning, custody and investments and equipment leasing.

We generate the majority of our revenue from interest on loans, service charges on customer accounts and income from investment securities. This revenue is offset by interest expense paid on deposits and other borrowings and non-interest expense such as administrative and occupancy expenses. Net interest income is the difference between interest income on interest-earning assets such as loans and securities and interest expense on interest-bearing liabilities such as customer deposits and other borrowings which are used to fund those assets. Net interest income is our largest source of net income. Interest rate fluctuations, as well as changes in the amount and type of earning assets and liabilities, combine to affect net interest income.

We provide a variety of loans to our customers, including commercial and residential real estate loans, construction and land development loans, commercial and industrial loans, and to a lesser extent, consumer loans. We rely primarily on locally generated deposits to provide us with funds for making loans. We intend to continue expanding our lending activities and have recently begun offering Small Business Administration, or SBA, loans.

In addition to these traditional commercial banking capabilities, we also provide our customers with cash management, trust administration and estate planning, equipment leasing, and custody and investment services, resulting in revenue generated from non-interest income. We receive fees from our deposit customers in the form of service fees, checking fees and other fees. Other services such as safe deposit and wire transfers provide additional fee income. We may also generate income from time to time from the sale of investment securities. The fees collected by us and any gains on sales of securities are found in our Consolidated Statements of Income under non-interest income. Offsetting these earnings are operating expenses referred to as non-interest expense. Because banking is a very people intensive industry, our largest operating expense is employee compensation and related expenses.

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Key Financial Measures

	At or for the Nine Months Ended September 30,		At or for the Years Ended December 31,		
	2005	2004	2004	2003	2002
	($ in thousands, except per share data)				
Net Income	$ 19,623	$ 13,628	$ 20,057	$ 8,689	$ 8,409
Basic earnings per share	0.99	0.81	1.17	0.61	0.79
Diluted earnings per share	0.90	0.76	1.09	0.59	0.78
Total Assets	2,745,014	2,126,252	2,176,849	1,576,773	872,074
Gross Loans	1,617,541	1,085,439	1,188,535	733,078	464,355
Total Deposits	2,347,498	1,689,940	1,756,036	1,094,646	720,304
Net interest margin(1)	4.39%	3.93%	4.00%	3.83%	4.57%
Efficiency Ratio	57.98	57.07	56.26	60.25	57.24
Return on average assets(1)	1.09	1.00	1.05	0.76	1.22
Return on average equity(1)	14.82	16.84	17.48	12.19	19.39

(1) Annualized for the nine-month periods ended September 30, 2005 and 2004.

Primary Factors in Evaluating Financial Condition and Results of Operations

As a bank holding company, we focus on several factors in evaluating our financial condition and results of operations, including:

Return on Average Equity, or ROE;

Return on Average Assets, or ROA;

Asset Quality;

Asset and Deposit Growth; and

Operating Efficiency.

Return on Average Equity. For the nine months ended September 30, 2005, net income increased 44.0% to $19.6 million compared to $13.6 million for the same period on 2004. The increase in net income was due primarily to an increase in net interest income of $23.7 million and an increase in non-interest income of $2.6 million, offset by an increase of $1.1 million to the provision for loan losses, and an increase of $15.8 million in other expenses. Basic earnings per share increased to $0.99 per share for the nine months ended September 30, 2005 compared to $0.81 per share for the same period in 2004. Diluted earnings per share increased to $0.90 per share for the nine months ended September 30, 2005 compared to $0.76 per share for the same period last year. The increase in net income offset by the increase in equity resulted in an ROE of 14.82% for the nine months ended September 30, 2005 compared to 16.84% for the nine months ended September 30, 2004.

Our net income for the year ended December 31, 2004 increased 130.8% to $20.1 million compared to $8.7 million for the year ended December 31, 2003. The increase in net income was due primarily to an increase in net interest income of $30.1 million and a decrease of $1.2 million to the provision for loan losses, partially offset by an increase of $17.6 million in other expenses. Basic earnings per share increased to $1.17 per share for the year ended December 31, 2004, compared to $0.61 per share for the same period in 2003. Diluted earnings per share increased to $1.09 per share for the year ended December 31, 2004, compared to $0.59 per share for the same period last year. The increase in net income resulted in an ROE of 17.5% for the year ended December 31, 2004, compared to 12.2% for the year ended December 31, 2003.

Return on Average Assets. Our ROA for the nine months ended September 30, 2005 increased to 1.09% compared to 1.00% for the same period in 2004. The increases in ROA are primarily due to the increases in net income as discussed above.

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Asset Quality. For all banks and bank holding companies, asset quality plays a significant role in the overall financial condition of the institution and results of operations. We measure asset quality in terms of nonperforming loans and assets as a percentage of gross loans and assets, and net charge-offs as a percentage of average loans. Nonperforming loans include loans past due 90 days or more and still accruing, non-accrual loans and restructured loans. Net charge-offs are calculated as the difference between charged-off loans and recovery payments received on previously charged-off loans. As of September 30, 2005, non-accrual loans were $175,000 compared to $1.6 million at December 31, 2004 and $275,000 at December 31, 2003. Nonperforming loans as a percentage of gross loans were 0.01% as of September 30, 2005, compared to 0.13% as of December 31, 2004 and 0.04% as of December 31, 2003. At September 30, 2005 and December 31, 2004 and 2003, our nonperforming assets were exclusively comprised of nonperforming loans. For the nine months ended September 30, 2005, net charge-offs as a percentage of average loans were 0.02%, compared to net charge-offs of less than 0.01% and 0.17% for the years ended December 31, 2004 and 2003.

Asset Growth. The ability to produce loans and generate deposits is fundamental to our asset growth. Our assets and liabilities are comprised primarily of loans and deposits, respectively. Total assets increased 29.1% to $2.7 billion as of September 30, 2005 from $2.2 billion as of December 31, 2004 and $1.6 billion as of December 31, 2003. Gross loans grew 49.0% to $1.6 billion as of September 30, 2005 from $1.2 billion as of December 31, 2004 and $733.1 million as of December 31, 2003. Total deposits increased 38.9% to $2.3 billion as of September 30, 2005 from $1.8 billion as of December 31, 2004 and $1.1 billion as of December 31, 2003.

Operating Efficiency. Operating efficiency is measured in terms of how efficiently income before income taxes is generated as a percentage of revenue. Our efficiency ratio (non-interest expenses divided by the sum of net interest income and non interest income) was 58.0% for the nine months ended September 30, 2005 from 57.1% for the same period in 2004. Our efficiency ratios for the years ended December 31, 2004 and 2003 were 56.3% and 60.3%, respectively.

Critical Accounting Policies

The Notes to Consolidated Financial Statements contain a summary of our significant accounting policies, including discussions on recently issued accounting pronouncements, our adoption of them and the related impact of their adoption. We believe that certain of these policies, along with various estimates that we are required to make in recording our financial transactions, are important to have a complete picture of our financial position. In addition, these estimates require us to make complex and subjective judgments, many of which include matters with a high degree of uncertainty. The following is a discussion of these critical accounting policies and significant estimates. Additional information about these policies can be found in Note 1 of the Consolidated Financial Statements.

Allowance for Loan Losses. The allowance for loan losses is a valuation allowance for probable losses incurred in the loan portfolio. Our allowance for loan loss methodology incorporates a variety of risk considerations in establishing an allowance for loan loss that we believe is adequate to absorb losses in the existing portfolio. Such analysis addresses our historical loss experience, delinquency and charge-off trends, collateral values, changes in nonperforming loans, economic conditions, peer group experience and other considerations. This information is then analyzed to determine estimated loss factors which, in turn, is assigned to each loan category. These factors also incorporate known information about individual loans, including the borrowers sensitivity to interest rate movements. Changes in the factors themselves are driven by perceived risk in pools of homogenous loans classified by collateral type, purpose and term. Management monitors local trends to anticipate future delinquency potential on a quarterly basis. In addition to ongoing internal loan reviews and risk assessment, management utilizes an independent loan review firm to provide advice on the appropriateness of the allowance for loan losses.

The allowance for loan losses is increased by the provision for loan losses charged to expense and reduced by loans charged off, net of recoveries. Provisions for loan losses are provided on both a specific and general basis. Specific allowances are provided for watch, criticized, and impaired credits for which the expected/anticipated loss may be measurable. General valuation allowances are based on a portfolio segmentation based on collateral type, purpose and risk grading, with a further evaluation of various factors noted above.

We incorporate our internal loss history to establish potential risk based on collateral type securing each loan. As an additional comparison, we examine peer group banks to determine the nature and scope of their losses. Finally, we closely examine each credit graded Watch List/ Special Mention and below to individually assess the appropriate specific loan loss reserve for such credit.

At least annually, we review the assumptions and formulae by which additions are made to the specific and general valuation allowances for loan losses in an effort to refine such allowance in light of the current status of the factors described above. The total loan portfolio is thoroughly reviewed at least quarterly for satisfactory levels of general and specific reserves together with impaired loans to determine if write downs are necessary.

Although we believe the levels of the allowance as of September 30, 2005 and December 31, 2004 and 2003 were adequate to absorb probable losses in the loan portfolio, a decline in local economic or other factors could result in increasing losses that cannot be reasonably estimated at this time.

Available-for-Sale Securities. Statement of Financial Accounting Standards No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, requires that available-for-sale securities be carried at fair value. Management utilizes the services of a third party vendor to assist with the determination of estimated fair values. Adjustments to the available-for-sale securities fair value impact the consolidated financial statements by increasing or decreasing assets and stockholders equity.

Stock-Based Compensation. We account for stock-based employee compensation arrangements in accordance with provision of Accounting Principles Board, or APB, Opinion No. 25, Accounting for Stock Issued to Employees and comply with the disclosure provisions of Statement of Financial Accounting Standards, or SFAS, No. 123 Accounting for Stock-Based Compensation. Therefore, we do not record any compensation expense for stock options we grant to our employees where the exercise price equals the fair market value of the stock on the date of grant and the exercise price, number of shares eligible for issuance under the options and vesting period are fixed. We comply with the disclosure requirements of SFAS No. 123 and SFAS No. 148, which require that we disclose our pro forma net income or loss and net income or loss per common share as if we had expensed the fair value of the options.

In December 2004, the Financial Accounting Standards Board published FASB Statement No. 123 (revised 2004), *Share-Based Payment*, or FAS 123(R). FAS 123(R) requires that the compensation cost relating to share-based payment transactions, including grants of employee stock options, be recognized in financial statements. That cost will be measured based on the fair value of the equity or liability instruments issued. FAS 123(R) permits entities to use any option-pricing model that meets the fair value objective in the Statement. Modifications of share-based payments will be treated as replacement awards with the cost of the incremental value recorded in the financial statements.

The Statement became effective at the beginning of the first quarter of 2006. As of the effective date, we now apply the Statement using a modified version of prospective application. Under that transition method, compensation cost is recognized for (1) all awards granted after the required effective date and to awards modified, cancelled, or repurchased after that date and (2) the portion of awards granted subsequent to completion of an IPO and prior to the effective date for which the requisite service has not yet been rendered, based on the grant-date fair value of those awards calculated for pro forma disclosures under SFAS 123.

The impact of this Statement on us in 2006 and beyond will depend on various factors including our future compensation strategy.

Trends and Developments Impacting Our Recent Results

Certain trends emerged and developments have occurred that are important in understanding our recent results and that are potentially significant in assessing future performance.

Growth in our market areas. Our growth has been fueled in particular by the significant population and economic growth of the greater Las Vegas area where we conduct the majority of our operations. The growth in this area has coincided with significant investments in the gaming and tourism industry. The significant

population increase has resulted in an increase in the acquisition of raw land for residential and commercial development, the construction of residential communities, shopping centers and office buildings, and the development and expansion of the businesses and professions that provide essential goods and services to this expanded population. Similarly, growth in the Phoenix, Tucson and San Diego markets has contributed to our growth.

Asset sensitivity. Management uses various modeling strategies to manage the repricing characteristics of our assets and liabilities. These models contain a number of assumptions and can not take into account all the various factors that influence the sensitivities of our assets and liabilities. Despite these limitations, most of our models at September 30, 2005 indicated that our balance sheet was asset sensitive. A company is considered to be asset sensitive if the amount of its interest earning assets maturing or repricing within a certain time period exceed the amount of its interest-bearing liabilities also maturing or repricing within the same period. Being asset sensitive means generally that in times of rising interest rates, a company s net interest income will increase, and in times of falling interest rates, net interest income will decrease.

Because many of our assets are floating rate loans, which are funded by our relatively large non-interest bearing deposit base, we are asset sensitive. During 2003 and 2004, we mitigated this asset sensitivity and increased earnings by investing in mortgage-backed securities funded by short-term FHLB borrowings. This strategy had the effect of leveraging our excess capital to produce incremental returns without incurring additional credit risk. In light of the rising interest rate environment, beginning in the third quarter of 2004, we discontinued this strategy.

We expect that if market interest rates continue to rise, our net interest margin and our net interest income will be favorably impacted. See Quantitative and Qualitative Disclosure about Market Risk.

Impact of expansion on non-interest expense. We anticipate that the expansion will result in a significant increase in occupancy and equipment expense. The cost to construct and furnish a new branch is approximately $2.5 million, excluding the cost to lease or purchase the land on which the branch is located. Consistent with our historical growth strategy, as we open new offices and expand both within and outside our current markets, we plan to recruit seasoned relationship bankers, thereby increasing our salary expenses. Initially, this increase in salary expense is expected to be higher than the revenues to be received from the customer relationships brought to us by the new relationship bankers.

Prior to 2005, Robert Sarver s management company received an annual fee of $60,000 pursuant to a consulting agreement. The consulting agreement was terminated in 2005 and Mr. Sarver received an annual base salary of $500,000 in 2005. In addition, Mr. Sarver received a discretionary bonus determined by our Compensation Committee, which amount was 100% of his 2005 base salary.

Impact of service center on non-interest income. We have a service center facility currently under development in the Las Vegas metropolitan area, which we anticipate will become operational in the third quarter of 2006. The anticipated cost to construct and furnish our service center will be between $13.0 and $15.0 million. We expect that this facility, once completed, will increase our capacity to provide courier, cash management and other business services. We anticipate this will have a favorable impact on our non-interest income.

Results of Operations

Our results of operations depend substantially on net interest income, which is the difference between interest income on interest-earning assets, consisting primarily of loans receivable, securities and other short-term investments, and interest expense on interest-bearing liabilities, consisting primarily of deposits and borrowings. Our results of operations are also dependent upon our generation of non-interest income, consisting of income from trust and investment advisory services and banking service fees. Other factors contributing to our results of operations include our provisions for loan losses, gains or losses on sales of securities and income taxes, as well as the level of our non-interest expenses, such as compensation and benefits, occupancy and equipment and other miscellaneous operating expenses.

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Nine Months Ended September 30, 2005 Compared to Nine Months Ended September 30, 2004

The following table sets forth a summary financial overview for the nine months ended September 30, 2005 and 2004.

	Nine Months Ended September 30,		
	2005	**2004**	**Increase**
	($ in thousands, except per share data)		
Consolidated Statement of Earnings Data:			
Interest income	$ 95,935	$ 63,780	$ 32,155
Interest expense	22,208	13,784	8,424
Net interest income	73,727	49,996	23,731
Provision for loan losses	4,217	3,163	1,054
Net interest income after provision for loan losses	69,510	46,833	22,677
Other income	8,735	6,175	2,560
Other expense	47,814	32,056	15,758
Net income before income taxes	30,431	20,952	9,479
Income tax expense	10,808	7,324	3,484
Net income	$ 19,623	$ 13,628	$ 5,995
Earnings per share basic	$ 0.99	$ 0.81	$ 0.18
Earnings per share diluted	$ 0.90	$ 0.76	$ 0.14

Net income for the nine months ended September 30, 2005 increased 44.0% over the same period in the 2004, which is due to an increase in net interest income of $23.7 million and an increase in non-interest income of $2.6 million, offset by an increase of $1.1 million to the provision for loan losses and $15.8 million in other expenses. The increase in net interest income for the nine month period ended September 30, 2005 over the same period in September 30, 2004 was the result of an increase in the volume of and yield earned on interest-earning assets, primarily loans.

Net Interest Income and Net Interest Margin. Net interest income for the nine months ended September 30, 2005 increased 47.5% over the same period in 2004. This was due to an increase in interest income of $32.2 million, reflecting the effect of an increase of $543.8 million in average interest-bearing assets which was funded with an increase of $624.8 million in average deposits, of which $252.1 million were non-interest bearing.

The average yield on our interest-earning assets was 5.71% for the nine months ended September 30, 2005, compared to 5.01% for the same period in 2004. The increase in the yield on our interest-earning assets is a result of an increase in market rates, repricing on our adjustable rate loans, and new loans originated with higher interest rates because of the higher interest rate environment. Also, loans, which typically yield more than our other interest-bearing assets, increased as a percent of total interest-bearing assets from 52.0% for the nine months ended September 30, 2004, to 62.5% for the same period in 2005.

The cost of our average interest-bearing liabilities increased to 2.14% in the nine months ended September 30, 2005, from 1.63% in the nine months ended September 30, 2004, which is a result of higher rates paid on deposit accounts, borrowings and junior subordinated debt. The increase in the cost of our interest-bearing liabilities was partially offset by lower average balances on our borrowings, which typically carry higher rates than our deposits.

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Average Balances and Average Interest Rates. The table below sets forth balance sheet items on a daily average basis for the nine months ended September 30, 2005 and 2004 and presents the daily average interest rates earned on assets and the daily average interest rates paid on liabilities for such periods. Non-accrual loans have been included in the average loan balances. Securities include securities available for sale and securities held to maturity. Securities available for sale are carried at amortized cost for purposes of calculating the average rate received on taxable securities above. Yields on tax-exempt securities and loans are not computed on a tax equivalent basis.

	Nine Months Ended September 30,					
	2005			2004		
	Average Balance	Interest	Average Yield/Cost(6)	Average Balance	Interest	Average Yield/Cost(6)
	($ in thousands)					
Earning Assets						
Securities:						
Taxable	$ 739,072	$ 22,053	3.99%	$ 765,629	$ 22,097	3.86%
Tax-exempt(1)	7,064	256	4.85	7,241	256	4.72
Total securities	746,136	22,309	4.00	772,870	22,353	3.86
Federal funds sold	82,124	1,919	3.12	29,190	224	1.03
Loans(1)(2)(3)	1,403,124	71,266	6.79	884,730	40,819	6.16
Federal Home Loan Bank stock	13,242	441	4.45	14,046	384	3.65
Total earnings assets	2,244,626	95,935	5.71	1,700,836	63,780	5.01
Non-earning Assets						
Cash and due from banks	76,331			66,513		
Allowance for loan losses	(17,255)			(12,859)		
Bank-owned life insurance	31,064			25,395		
Other assets	66,436			44,434		
Total assets	$ 2,401,202			$ 1,824,319		
Interest Bearing Liabilities						
Interest-bearing deposits:						
Interest checking	$ 107,359	$ 407	0.51%	$ 67,778	$ 76	0.15%
Savings and money market	791,664	11,279	1.90	527,711	5,143	1.30
Time deposits	276,385	5,438	2.63	207,254	3,125	2.01
Total interest-bearing deposits	1,175,408	17,124	1.95	802,743	8,344	1.39
Short-term borrowings	72,219	1,305	2.42	186,620	1,961	1.40
Long-term debt	111,314	2,259	2.71	110,487	2,376	2.87
Junior subordinated debt	30,928	1,520	6.57	30,928	1,103	4.76
	1,389,869	22,208	2.14	1,130,778	13,784	1.63

Total interest-bearing liabilities						
Non-interest Bearing Liabilities						
Noninterest-bearing deposits	823,867			571,745		
Other liabilities	10,482			13,679		
Stockholders equity	176,984			108,117		
Total liabilities and stockholders equity	$ 2,401,202			$ 1,824,319		
Net interest income and margin(4)		$ 73,727	4.39%		$ 49,996	3.93%
Net interest spread(5)			3.57%			3.38%

(1) Yields on loans and securities have not been adjusted to a tax equivalent basis.

(2) Net loan fees of $915,000 and $635,000 are included in the yield computation for September 30, 2005 and 2004, respectively.

(3) Includes average non-accrual loans of $454,000 in 2005 and $347,000 in 2004.

(4) Net interest margin is computed by dividing net interest income by total average earning assets.

(5) Net interest spread represents average yield earned on interest-earning assets less the average rate paid on interest-bearing liabilities.

(6) Annualized.

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Net Interest Income. The table below demonstrates the relative impact on net interest income of changes in the volume of earning assets and interest-bearing liabilities and changes in rates earned and paid by us on such assets and liabilities. For purposes of this table, non-accrual loans have been included in the average loan balances.

	Nine Months Ended September 30, 2005 v. 2004 Increase (Decrease) Due to Changes in(1)		
	Volume	**Rate**	**Total**
		(In thousands)	
Interest on securities:			
Taxable	$ (792)	$ 748	$ (44)
Tax-exempt	(6)	6	
Federal funds sold	1,237	458	1,695
Loans	26,330	4,117	30,447
Other investment	(27)	84	57
Total interest income	26,742	5,413	32,155
Interest expense:			
Interest checking	150	181	331
Savings and Money market	3,761	2,375	6,136
Time deposits	1,360	953	2,313
Short-term borrowings	(2,067)	1,411	(656)
Long-term debt	17	(134)	(117)
Junior subordinated debt		417	417
Total interest expense	3,221	5,203	8,424
Net increase	$ 23,521	$ 210	$ 23,731

(1) Changes due to both volume and rate have been allocated to volume changes.

Provision for Loan Losses. The provision for loan losses in each period is reflected as a charge against earnings in that period. The provision is equal to the amount required to maintain the allowance for loan losses at a level that, in our judgment, is adequate to absorb probable loan losses inherent in the loan portfolio.

Our provision for loan losses was $4.2 million for the nine months ended September 30, 2005, compared to $3.2 million for the same period in 2004. The provision increased primarily due to the growth of the loan portfolio. Loan growth for the nine months ended September 30, 2005 was $429.0 million, compared to $352.4 million for the nine months ended September 30, 2004, an increase of $76.6 million.

Non-Interest Income. We earn non-interest income primarily through fees related to:

Trust and investment advisory services,

Services provided to deposit customers, and

Services provided to current and potential loan customers.

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The following tables present, for the periods indicated, the major categories of non-interest income:

	Nine Months Ended September 30,		
	2005	2004	Increase (Decrease)
		(In thousands)	
Trust and investment advisory services	$ 4,108	$ 1,801	$ 2,307
Service charges	1,858	1,884	(26)
Income from bank owned life insurance	1,045	908	137
Investment securities gains, net	69	14	55
Other	1,655	1,568	87
Total non-interest income	$ 8,735	$ 6,175	$ 2,560

The $2.6 million, or 41.5%, increase in non-interest income from the nine months ended September 30, 2004 to the nine months ended September 30, 2005 was due to an increase in Miller/ Russell investment advisory revenues.

Non-Interest Expense. The following table presents, for the periods indicated, the major categories of non-interest expense:

	Nine Months Ended September 30,		
	2005	2004	Increase (Decrease)
		(In thousands)	
Salaries and employee benefits	$ 27,049	$ 17,934	$ 9,115
Occupancy	7,314	5,271	2,043
Customer service	2,930	1,473	1,457
Advertising, public relations and business development	2,023	1,234	789
Legal, professional and director fees	1,523	1,057	466
Correspondent banking service charges and wire transfer costs	1,220	888	332
Audits and exams	1,128	822	306
Data processing	715	467	248
Supplies	804	616	188
Travel and automobile	487	307	180
Insurance	540	383	157
Telephone	558	419	139
Other	1,523	1,185	338
Total non-interest expense	$ 47,814	$ 32,056	$ 15,758

Non-interest expense grew $15.8 million from the nine months ended September 30, 2004 to the same period in 2005. This increase is attributable to our overall growth, and specifically to the opening of new branches and hiring of new relationship officers and other employees. At September 30, 2005, we had 522 full-time equivalent employees compared to 399 at September 30, 2004. Miller/ Russell was acquired in May 2004, three banking branches were

opened during calendar year 2004, and two banking branches were opened during the nine months ended September 30, 2005. The increase in salaries and occupancy expenses related to the above for the nine month period ended September 30, 2005 totaled $11.2 million, which is 71% of the total increase in non-interest expenses. Customer service expense increased $1.5 million from the nine month period ended September 30, 2004 to the same period in 2005, due to an increase in the analysis earnings credit rate used to calculate earnings credits accrued for the benefit of certain title company deposit accounts. Other non-interest expense increased, in general, as a result of the growth in assets and operations of Alliance Bank of Arizona and Torrey Pines Bank and overall growth of BankWest of Nevada.

Provision for Income Taxes. Our effective federal income tax rate was 35.5%, for the nine months ended September 30, 2005, compared to 35.0%, for the nine months ended September 30, 2004.

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Year Ended December 31, 2004 Compared to Year Ended December 31, 2003

The following table sets forth a summary financial overview for the years ended December 31, 2004 and 2003.

	Years Ended December 31,		
	2004	**2003**	**Increase (Decrease)**
	($ in thousands, except per share data)		
Consolidated Statement of Earnings Data:			
Interest income	$ 90,855	$ 53,823	$ 37,032
Interest expense	19,720	12,798	6,922
Net interest income	71,135	41,025	30,110
Provision for loan losses	3,914	5,145	(1,231)
Net interest income after provision for loan losses	67,221	35,880	31,341
Other income	8,726	4,270	4,456
Other expense	44,929	27,290	17,639
Net income before income taxes	31,018	12,860	18,158
Income tax expense	10,961	4,171	6,790
Net income	$ 20,057	$ 8,689	$ 11,368
Earnings per share basic	$ 1.17	$ 0.61	$ 0.56
Earnings per share diluted	$ 1.09	$ 0.59	$ 0.50

The 130.8% increase in net income in the year ended December 31, 2004 compared to the year ended December 31, 2003 was attributable primarily to an increase in net interest income of $30.1 million and a $1.2 million decrease to the provision for loan losses, partially offset by a $17.6 million increase to other expenses. The increase in net interest income was the result of an increase in the volume of interest-earning assets, primarily loans, and a decrease in our cost of funds, due principally to an increase in non-interest bearing deposits.

Net Interest Income and Net Interest Margin. The 73.4% increase in net interest income for the year ended December 31, 2004 compared to the year ended December 31, 2003 was due to an increase in interest income of $37.0 million, reflecting the effect of an increase of $706.4 million in average interest-bearing assets which was funded with an increase of $558.7 million in average deposits, of which $255.5 million were non-interest bearing.

The average yield on our interest-earning assets was 5.11% for the year ended December 31, 2004, compared to 5.03% for the year ended December 31, 2003, an increase of 1.6%. The slight increase in the yield on our interest-earning assets is a result of an increase in the yield earned on our securities portfolio and a shift of federal funds sold into higher-yielding securities, offset by a decline in the yield on our loan portfolio as fixed rate loans repriced at lower interest rate levels. The increase in the yield on our securities portfolio from 3.70% in 2003 to 3.89% in 2004 was due to two factors: (1) most of the growth of our securities portfolio was in mortgage-backed securities, which typically yield more than our other securities classes; and (2) premium amortization on our mortgage-backed securities portfolio decreased from 2003 to 2004 due to less prepayment activity on the underlying mortgages.

The cost of our average interest-bearing liabilities decreased to 1.68% in the year ended December 31, 2004, from 1.76% in the year ended December 31, 2003, which is a result of lower rates paid on deposit accounts, offset by higher average balances and rates paid on borrowings.

Our average rate on our interest-bearing deposits decreased 4.0% from 1.49% for the year ended December 31, 2003, to 1.43% for the year ended December 31, 2004, reflecting reductions in general market rates. Our average rate on total deposits (including non-interest bearing deposits) decreased 8.7% from 0.92% for the year ended December 31, 2003, to 0.84% for the year ended December 31, 2004.

Our interest margin of 4.00% for the year ended December 31, 2004 was higher than our margin for the previous year of 3.83% due to an increase in our yield on interest-bearing assets and a decrease in our overall cost of funds.

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Average Balances and Average Interest Rates. The table below sets forth balance sheet items on a daily average basis for the years ended December 31, 2004 and 2003 and presents the daily average interest rates earned on assets and the daily average interest rates paid on liabilities for such periods. Non-accrual loans have been included in the average loan balances. Securities include securities available for sale and securities held to maturity. Securities available for sale are carried at amortized cost for purposes of calculating the average rate received on taxable securities below.

	Years Ended December 31,					
	2004			2003		
	Average Balance	Interest	Average Yield/Cost	Average Balance	Interest	Average Yield/Cost
	($ in thousands)					
Earning Assets						
Securities:						
Taxable	$ 781,407	$ 30,373	3.89%	$ 432,425	$ 15,938	3.69%
Tax-exempt(1)	7,198	341	4.74	7,266	346	4.76
Total securities	788,605	30,714	3.89	439,691	16,284	3.70
Federal funds sold	25,589	293	1.15	52,735	578	1.10
Loans(1)(2)(3)	947,848	59,311	6.26	571,501	36,792	6.44
Federal Home Loan Bank stock	14,320	537	3.75	6,063	169	2.79
Total earnings assets	1,776,362	90,855	5.11	1,069,990	53,823	5.03
Non-earning Assets						
Cash and due from banks	67,334			41,415		
Allowance for loan losses	(13,370)			(8,783)		
Bank-owned life insurance	25,544			17,934		
Other assets	47,077			28,264		
Total assets	$ 1,902,947			$ 1,148,820		
Interest Bearing Liabilities						
Interest-bearing deposits:						
Interest checking	$ 73,029	$ 142	0.19%	$ 51,723	$ 93	0.18%
Savings and money market	561,744	7,585	1.35	336,012	4,358	1.30
Time deposits	214,515	4,396	2.05	158,418	3,707	2.34
Total interest-bearing deposits	849,288	12,123	1.43	546,153	8,158	1.49
Short-term borrowings	239,175	4,472	1.87	111,258	1,671	1.50
Long-term debt	54,733	1,586	2.90	37,701	1,475	3.91
Junior subordinated debt	30,928	1,539	4.98	30,928	1,494	4.83
Total interest-bearing liabilities	1,174,124	19,720	1.68	726,040	12,798	1.76

Non-interest Bearing Liabilities						
Noninterest-bearing deposits	600,790			345,274		
Other liabilities	13,268			6,230		
Stockholders equity	114,765			71,276		
Total liabilities and stockholders equity	$ 1,902,947			$ 1,148,820		
Net interest income and margin(4)		$ 71,135	4.00%		$ 41,025	3.83%
Net interest spread(5)			3.43%			3.27%

(1) Yields on loans and securities have not been adjusted to a tax equivalent basis.

(2) Net loan fees of $872,000 and $810,000 are included in the yield computation for 2004 and 2003, respectively.

(3) Includes average non-accrual loans of $426,000 in 2004 and $393,000 in 2003.

(4) Net interest margin is computed by dividing net interest income by total average earning assets.

(5) Net interest spread represents average yield earned on interest-earning assets less the average rate paid on interest-bearing liabilities.

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Net Interest Income. The table below sets forth the relative impact on net interest income of changes in the volume of earning assets and interest-bearing liabilities and changes in rates earned and paid by us on such assets and liabilities. For purposes of this table, non-accrual loans have been included in the average loan balances.

	Years Ended December 31, 2004 v. 2003 Increase (Decrease) Due to Changes in(1)		
	Volume	Rate	Total
	(In thousands)		
Interest on securities:			
Taxable	$ 13,565	$ 870	$ 14,435
Tax-exempt	(3)	(2)	(5)
Federal funds sold	(311)	26	(285)
Loans	23,550	(1,031)	22,519
Other investment	310	58	368
Total interest income	37,111	(79)	37,032
Interest expense:			
Interest checking	41	8	49
Savings and Money market	3,048	179	3,227
Time deposits	1,150	(461)	689
Short-term borrowings	2,392	409	2,801
Long-term debt	494	(383)	111
Junior subordinated debt		45	45
Total interest expense	7,125	(203)	6,922
Net increase (decrease)	$ 29,986	$ 124	$ 30,110

(1) Changes due to both volume and rate have been allocated to volume changes.

Provision for Loan Losses. The provision for loan losses in each period is reflected as a charge against earnings in that period. The provision is equal to the amount required to maintain the allowance for loan losses at a level that, in our judgment, is adequate to absorb probable loan losses inherent in the loan portfolio.

Our provision for loan losses declined to $3.9 million for the year ended December 31, 2004, from $5.1 million for the year ended December 31, 2003. The provision declined because (1) net charge-offs decreased from $953,000 in 2003 to $21,000 in 2004; (2) our asset quality has remained high, with nonperforming loans as a percentage of total loans at 0.13% at December 31, 2004 and 0.04% at December 31, 2003; and (3) we have maintained a relatively low level of charge-offs over the last five years, which yielded lower loss experience factors in our required reserve calculations. These factors are adjusted periodically to reflect this historical experience and were most recently adjusted in December 2004.

Non-Interest Income. We earn non-interest income primarily through fees related to:

Trust and investment advisory services,

Services provided to deposit customers, and

Services provided to current and potential loan customers.

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The following tables present, for the periods indicated, the major categories of non-interest income:

	Years Ended December 31,		
	2004	2003	Increase (Decrease)
	(In thousands)		
Trust and investment advisory services	$ 2,896	$	$ 2,896
Service charges	2,333	1,998	335
Income from bank owned life insurance	1,203	967	236
Mortgage loan pre-underwriting fees	435	792	(357)
Investment securities gains (losses), net	19	(265)	284
Other	1,840	778	1,062
Total non-interest income	$ 8,726	$ 4,270	$ 4,456

The $4.5 million, or 104.4%, increase in non-interest income was influenced by several factors. Premier Trust, Inc. was purchased on December 30, 2003, and Miller/ Russell & Associates, Inc. was purchased on May 17, 2004. Collectively, these subsidiaries produced $2.9 million in trust and investment advisory fees in the year ended December 31, 2004. We had no such income in 2003.

Service charges increased $335,000 from 2003 to 2004 due to higher deposit balances and the growth in our customer base.

Income from bank owned life insurance, or BOLI, increased $236,000. We purchased the BOLI products in 2003 to help offset employee benefit costs. The first year for which we earned twelve months income from BOLI was 2004.

Mortgage loan pre-underwriting fees decreased $357,000 due to a lower volume of refinance activity in 2004 as compared to 2003, and a shift in strategy whereby we began originating certain mortgages for our own portfolio rather than acting as a broker for mortgages.

Other income increased $1.1 million, due in part, to the sale and servicing of SBA loans by Alliance Bank of Arizona, which resulted in other income of $341,000, and the increase in ATM fees, income from wire transfer activity and debit card income.

Non-Interest Expense. The following table presents, for the periods indicated, the major categories of non-interest expense:

	Years Ended December 31,		
	2004	2003	Increase (Decrease)
		(In thousands)	
Salaries and employee benefits	$ 25,590	$ 15,615	$ 9,975
Occupancy	7,309	4,820	2,489
Customer service	1,998	752	1,246
Advertising, public relations and business development	1,672	989	683
Legal, professional and director fees	1,405	1,111	294
Correspondent banking service charges and wire transfer costs	1,260	512	748
Audits and exams	935	435	500
Supplies	838	619	219
Data Processing	641	466	175
Telephone	578	424	154
Insurance	540	305	235
Travel and automobile	467	261	206
Organizational costs		604	(604)
Other	1,696	377	1,319
Total non-interest expense	$ 44,929	$ 27,290	$ 17,639

Non-interest expense grew $17.6 million, or 64.6%. This growth is attributable to our overall growth, and specifically to the opening of new branches and the hiring of new relationship officers and other employees, particularly at Alliance Bank of Arizona and Torrey Pines Bank, both of which opened during the year ended December 31, 2003. At December 31, 2004, we had 454 full-time equivalent employees compared to 317 at December 31, 2003. Miller/ Russell was acquired in 2004, Premier Trust was acquired on December 30, 2003, and three banking branches were opened during 2004. Two bank branches were opened at the end of 2003, causing a minimal impact on 2003 expenses. The increase in salaries and occupancy expenses related to the above totaled $12.5 million, which is 71% of the total increase in non-interest expenses.

Also affecting non-interest expenses was the increase in our customer service costs. This line item grew $1.2 million, or 166%, due primarily to an increase in analysis earnings credits paid to certain title company depositors of $606,000, due to higher balances maintained by the title companies and higher earnings credit rates at the end of 2004. We provide an analysis earnings credit for certain title company depositors, which is calculated by applying a variable crediting rate to such customers average monthly deposit balances, less any deposit service charges incurred. We then purchase external services on their behalf based on the amount of the earnings credit. These external services, which are commonly offered in the banking industry, include courier, bookkeeping and data processing services. The costs associated with these earnings credits will increase or decrease based on movements in crediting rates and fluctuations in the average monthly deposit balances. The remaining increase is attributable to growth in our customer base and branch locations.

Our correspondent banking service charges and wire transfer costs increased $748,000, or 146.1%. At the end of 2003, we converted to a new wire transfer system which allowed for a much more efficient wire transfer process. This effectively allowed us to handle a much higher volume of wire transfers at current staffing levels, although we incurred additional software and data processing costs in 2004 that are reflected in this line item.

We incurred $604,000 of organizational costs in 2003 related to the opening of Alliance Bank of Arizona and Torrey Pines Bank the same year. No new banks were opened in 2004, and thus no organizational costs were incurred.

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Other non-interest expense increased $1.3 million from December 31, 2003 to December 31, 2004. Other non-interest expense increased, in general, as a result of the growth in assets and operations of the two *de novo* banks and overall growth of BankWest of Nevada. The first full year of operations for the two *de novo* banks was 2004.

Provision for Income Taxes. We recorded tax provisions of $11.0 million and $4.2 million for the years ended December 31, 2004 and 2003, respectively. Our effective tax rates were 35.3% and 32.4% for 2004 and 2003, respectively. The increase of the effective tax rates from 2003 to 2004 was primarily due to state income taxes, as 2004 was the first full year of operations in Arizona and California.

Year Ended December 31, 2003 Compared to Year Ended December 31, 2002

The following table sets forth a summary financial overview for the years ended December 31, 2003 and 2002:

	Years Ended December 31,		
	2003	2002	Increase (Decrease)
	($ in thousands, except per share data)		
Consolidated Statement of Earnings Data:			
Interest income	$ 53,823	$ 39,117	$ 14,706
Interest expense	12,798	9,771	3,027
Net interest income	41,025	29,346	11,679
Provision for loan losses	5,145	1,587	3,558
Net interest income after provision for loan losses	35,880	27,759	8,121
Other income	4,270	3,935	335
Other expense	27,290	19,050	8,240
Net income before income taxes	12,860	12,644	216
Income tax expense	4,171	4,235	(64)
Net income	$ 8,689	$ 8,409	$ 280
Earnings per share basic	$ 0.61	$ 0.79	$ (0.18)
Earnings per share diluted	$ 0.59	$ 0.78	$ (0.19)

Our net income grew by 3.3% to $8.7 million for the year ended December 31, 2003, as compared to $8.4 million for the year ended December 31, 2002. The increase is attributable to an increase of net interest income of $11.7 million, offset by an increased provision for loan losses of $3.6 million and an increase in non-interest expenses of $8.2 million. The increase in net interest income was a result of an increase in the volume of interest-earning assets, both investments and loans, and a decrease in our cost of funds due principally to lower rates paid on deposit accounts.

Net Interest Income and Net Interest Margin. The 39.8% increase in net interest income for the year was due to an increase in interest income of $14.7 million, reflecting the effect of an increase of $427.3 million in average interest-earning assets, funded by an increase of $307.1 million in average deposits and an increase of $122.9 million in average borrowings.

The average yield on our interest-earning assets was 5.03% for the year ended December 31, 2003, compared to 6.09% for the year ended December 31, 2002, a decrease of 17.4%. The decrease in our yield on interest-earning assets is a result of a general decline in interest rates. Thus, interest-bearing assets acquired in 2003 yielded lower rates than the respective portfolios earned in 2002. Further, certain variable rate instruments that were on the books in 2002 re-priced in 2003 at lower rates.

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The cost of our average interest-bearing liabilities decreased to 1.76% in the year ended December 31, 2003, compared to 2.37% in 2002, which is a result of lower rates paid on deposits and borrowings.

The average rate on our interest-bearing deposits decreased 28.7% from 2.09% for the year ended December 31, 2002, to 1.49% for the year ended December 31, 2003, reflecting reductions in general market rates. However, the reduction in general market rates was offset by higher interest-bearing deposit rates at Alliance Bank of Arizona.

Our interest margin of 3.83% for the year ended December 31, 2003 was lower than our margin of 4.57% for the previous year due to a decrease in our yield on interest-bearing assets. We also experienced a decrease in our cost of funding, but, due partially to the higher rates paid at Alliance Bank of Arizona, it was not enough to offset the decrease in asset yield.

Average Balances and Average Interest Rates. The table below sets forth balance sheet items on a daily average basis for the years ended December 31, 2003 and 2002, and presents the daily average interest rates earned on assets and the daily average interest rates paid on liabilities for such periods. Non-accrual loans have been included in the average loan balances. Securities include securities available for sale and securities held to maturity. Securities available for sale are carried at amortized cost for purposes of calculating the average rate received on taxable securities above. Yields on tax-exempt securities and loans are not computed on a tax equivalent basis.

	Years Ended December 31,					
	2003			2002		
	Average Balance	Interest	Average Yield/Cost	Average Balance	Interest	Average Yield/Cost
	($ in thousands)					
Earning Assets						
Securities:						
Taxable	$ 432,425	$ 15,938	3.69%	$ 143,202	$ 6,616	4.62%
Tax-exempt(1)	7,266	346	4.76	7,419	354	4.77
Total securities	439,691	16,284	3.70	150,621	6,970	4.63
Federal funds sold	52,735	578	1.10	51,358	794	1.55
Loans(1)(2)(3)	571,501	36,792	6.44	439,391	31,290	7.12
Federal Home Loan Bank stock	6,063	169	2.79	1,364	63	4.62
Total earnings assets	1,069,990	53,823	5.03	642,734	39,117	6.09
Non-earning Assets						
Cash and due from banks	41,415			33,324		
Allowance for loan losses	(8,783)			(7,110)		
Bank-owned life insurance	17,934					
Other assets	28,264			18,979		
Total assets	$ 1,148,820			$ 687,927		

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	Years Ended December 31,					
	2003			2002		
	Average Balance	Interest	Average Yield/Cost	Average Balance	Interest	Average Yield/Cost
	($ in thousands)					
Interest Bearing Liabilities						
Interest-bearing deposits:						
Interest checking	$ 51,723	$ 93	0.18%	$ 43,139	$ 102	0.24%
Savings and money market	336,012	4,358	1.30	198,613	3,823	1.92
Time deposits	158,418	3,707	2.34	112,782	3,469	3.08
Total interest-bearing deposits	546,153	8,158	1.49	354,534	7,394	2.09
Short-term borrowings	111,258	1,671	1.50	14,332	354	2.47
Long-term debt	37,701	1,475	3.91	27,098	1,085	4.00
Junior subordinated debt	30,928	1,494	4.83	16,108	938	5.82
Total interest-bearing liabilities	726,040	12,798	1.76	412,072	9,771	2.37
Non-interest Bearing Liabilities						
Noninterest-bearing demand deposits	345,274			229,843		
Other liabilities	6,230			2,642		
Stockholders equity	71,276			43,370		
Total liabilities and stockholders equity	$ 1,148,820			$ 687,927		
Net interest income and margin(4)		$ 41,025	3.83%		$ 29,346	4.57%
Net interest spread(5)			3.27%			3.72%

(1) Yields on loans and securities have not been adjusted to a tax equivalent basis.

(2) Net loan fees of $810,000 and $674,000 are included in the yield computation for 2003 and 2002, respectively.

(3) Includes average non-accrual loans of $393,000 in 2003 and $1.3 million in 2002.

(4) Net interest margin is computed by dividing net interest income by total average earning assets.

(5) Net interest spread represents average yield earned on interest earning assets less the average rate paid on interest bearing liabilities.

Net Interest Income. The table below demonstrates the relative impact on net interest income of changes in the volume of earning assets and interest-bearing liabilities and changes in rates earned and paid by us on such assets and liabilities. For purposes of this table, non-accrual loans have been included in the average loan balances.

	Years Ended December 31,		
	2003 v. 2002 Increase (Decrease) Due to Changes in(1)		
	Volume	Rate	Total
	(In thousands)		
Interest on securities:			
Taxable	$ 10,660	$ (1,338)	$ 9,322
Tax-exempt	(7)	(1)	(8)
Federal funds sold	15	(231)	(216)
Loans	8,505	(3,003)	5,502
Other investment	131	(25)	106
Total interest income	19,304	(4,598)	14,706
Interest expense:			
Interest checking	15	(24)	(9)
Savings and Money market	1,782	(1,247)	535
Time deposits	1,068	(830)	238
Short-term borrowings	1,532	(215)	1,317
Long-term debt	217	173	390
Junior subordinated debt	716	(160)	556
Total interest expense	5,330	(2,303)	3,027
Net increase (decrease)	$ 13,974	$ (2,295)	$ 11,679

(1) Changes due to both volume and rate have been allocated to volume changes.

Provision for Loan Losses. The provision for loan losses in each period is reflected as a charge against earnings in that period. The provision is equal to the amount required to maintain the allowance for loan losses at a level that, in our judgment, is adequate to absorb probable loan losses inherent in the loan portfolio.

Our provision for loan losses increased $3.6 million for the year ended December 31, 2003, compared to December 31, 2002. The provision increased primarily because of a growth in loans of $268.7 million in 2004, as compared to the previous year s loan growth of $57.1 million. Our provision also increased due to the significant growth seen at our two *de novo* banks in 2003.

Non-Interest Income. The following table presents, for the periods indicated, the major categories of non-interest income.

	Nine Months Ended December 31,		
	2003	2002	Increase (Decrease)
	(In thousands)		
Service charges	$ 1,998	$ 1,644	$ 354
Income from bank owned life insurance	967		967
Mortgage loan pre-underwriting fees	792	719	73
Investment securities gains (losses), net	(265)	609	(874)
Other	778	963	(185)
Total non-interest income	$ 4,270	$ 3,935	$ 335

The $354,000, or 21.5%, increase in service charges was due to higher deposit balances and the growth in our customer base.

BOLI was purchased in March 2003, and thus there was no income from bank owned life insurance in the year ended December 31, 2002. We purchased BOLI to help offset employee benefit costs.

Mortgage loan pre-underwriting fees increased $73,000, or 10.2%, due to an increase in mortgage activity in the year ended December 31, 2003 over the year ended December 31, 2002, caused by lower interest rates and a strong real estate market.

Non-Interest Expense. The following table presents, for the periods indicated, the major categories of non-interest expense.

	Nine Months Ended December 31,		
	2003	2002	Increase (Decrease)
	(In thousands)		
Salaries and employee benefits	$ 15,615	$ 9,921	$ 5,694
Occupancy	4,820	3,794	1,026
Legal, professional and director fees	1,111	775	336
Advertising, public relations and business development	989	687	302
Customer service	752	831	(79)
Supplies	619	350	269
Organizational costs	604	461	143
Correspondent banking service charges and wire transfer costs	512	291	221
Data processing	466	324	142
Audit and exams	435	330	105
Telephone	424	191	233
Insurance	305	209	96
Travel and automobile	261	131	130

Other	377	755	(378)
Total non-interest expense	$ 27,290	$ 19,050	$ 8,240

The $8.2 million, or 43.3%, increase in total non-interest expense was principally the result of the opening of two *de novo* banks in the year ended December 31, 2003, and to a lesser extent the overall growth of BankWest of Nevada. The salaries and employee benefits expense increased $5.7 million, or 57.4%, which is directly attributable to the opening of two new banks and the hiring of additional staff at BankWest of Nevada

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to service the growing customer base. We had 317 full-time equivalent employees at December 31, 2003, as compared to 207 at December 31, 2002.

The $1.0 million, or 27.0%, growth in occupancy expense is also a result of the opening of the *de novo* banks. Alliance Bank of Arizona and Torrey Pines Bank opened a total of five branch locations in Phoenix and Tucson, Arizona and San Diego, California, respectively, during the year ended December 31, 2003.

The increases in salaries and employee benefits and occupancy expenses noted above totaled $6.7 million, or 81.6% of the total increase in non-interest expenses.

Most other individual line items comprising total non-interest expenses were also affected by the opening of Alliance Bank of Arizona and Torrey Pines Bank, including advertising, supplies, correspondent banking service charges, data processing, audits and exams, telephone, insurance and travel and automobile. Accordingly, each of these line items increased in 2003 as compared to 2002.

Customer service is one of the few non-interest expense items to experience a decrease from the year ended December 31, 2002 to the year ended December 31, 2003. Customer service expense decreased $79,000, or 9.5%. This is primarily due to a decrease in the analysis earnings credit paid to certain title company depositors of $230,000, due to lower balances maintained by the title companies and a lower earnings credit rate during the year ended December 31, 2003. This decrease was offset by an increase to other components of this expense line-item, due to growth in our customer base and the new banking institutions.

We incurred $604,000 and $461,000 in organizational costs in the years ended December 31, 2003 and 2002, respectively, related to the organization and opening of Alliance Bank of Arizona and Torrey Pines Bank.

Provision for Income Taxes. We recorded tax provisions of $4.2 million in 2003 and 2002. Our effective tax rates for 2003 and 2002 were comparable at 32.4% and 33.5%, respectively.

Financial Condition

Total Assets

On a consolidated basis, our total assets as of September 30, 2005, December 31, 2004 and December 31, 2003 were $2.7 billion, $2.2 billion and $1.6 billion, respectively. The overall increase from December 31, 2004 to September 30, 2005 was primarily due to a $429.0 million, or 36.1%, increase in gross loans and a $179.2 million, or 155.3% increase in cash and cash equivalents. Likewise, the growth in assets from December 31, 2003 to December 31, 2004 was primarily due to a $455.5 million, or 62.1%, increase in gross loans and a $49.5 million, or 75.1% increase in cash and cash equivalents.

Loans

Our gross loans, including deferred loan fees, on a consolidated basis as of September 30, 2005, December 31, 2004, and December 31, 2003 were $1.6 billion, $1.2 billion and $733.1 million, respectively. Since December 31, 2000, construction and land development loans experienced the highest growth within the portfolio, growing from $37.3 million to $397.0 million as of September 30, 2005. Residential real estate experienced the second highest amount of growth, growing from $20.0 million as of December 31, 2000 to $239.5 million as of September 30, 2005. Our overall growth in loans from December 31, 2000 to September 30, 2005 is consistent with our focus and strategy to grow our loan portfolio by focusing on markets which we believe have attractive growth prospects. See Business Business Strategy.

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The following table shows the amounts of loans outstanding by type of loan at the end of each of the periods indicated.

	September 30, 2005	December 31, 2004	2003	2002	2001	2000
	(In thousands)					
Construction and land development	$ 396,970	$ 323,176	$ 195,182	$ 127,974	$ 82,604	$ 37,283
Commercial real estate	655,004	491,949	324,702	209,834	208,683	168,314
Residential real estate	239,538	116,360	42,773	21,893	18,067	20,043
Commercial and industrial	307,045	241,292	159,889	94,411	85,050	84,200
Consumer	21,046	17,682	11,802	10,281	13,156	14,561
Net deferred loan fees	(2,062)	(1,924)	(1,270)	(38)	(350)	(51)
Gross loans, net of deferred fees	1,617,541	1,188,535	733,078	464,355	407,210	324,350
Less: Allowance for loan losses	(19,288)	(15,271)	(11,378)	(6,449)	(6,563)	(4,746)
	$ 1,598,253	$ 1,173,264	$ 721,700	$ 457,906	$ 400,647	$ 319,604

The following table sets forth the amount of loans outstanding by type of loan as of December 31, 2004 which were contractually due in one year or less, more than one year and less than five years, and more than five years based on remaining scheduled repayments of principal. Lines of credit or other loans having no stated final maturity and no stated schedule of repayments are reported as due in one year or less.

The table also presents an analysis of the rate structure for loans within the same maturity time periods.

	December 31, 2004			
	Due Within One Year	Due 1-5 Years	Due Over Five Years	Total
	(In thousands)			
Construction and land development	$ 249,878	$ 63,175	$ 10,123	$ 323,176
Commercial real estate	54,357	153,067	284,525	491,949
Residential real estate	16,101	15,834	84,425	116,360
Commercial and industrial	138,993	90,290	12,009	241,292
Consumer	13,256	4,283	143	17,682
Net deferred loan fees				(1,924)
Gross loans, net of deferred fees	472,585	326,649	391,225	1,188,535
Less: Allowance for loan losses				(15,271)

	$ 472,585	$ 326,649	$ 391,225	$ 1,173,264
Interest rates:				
Fixed	$ 44,341	$ 163,644	$ 291,742	$ 499,727
Variable	428,244	163,005	99,483	690,732
Net deferred loan fees				(1,924)
Gross loans, net of deferred fees	$ 472,585	$ 326,649	$ 391,225	$ 1,188,535

Concentrations. Our loan portfolio has a concentration of loans in real-estate related loans and includes significant credit exposure to the commercial real estate industry. As of September 30, 2005, December 31, 2004 and December 31, 2003, real estate-related loans comprised 79.7%, 78.3% and 76.6% of total gross loans, respectively. Substantially all of these loans are secured by first liens with an initial loan to value ratio of generally no more than 80%. Approximately one-half of these real estate loans are owner occupied.

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One-to-four family residential real estate loans have a lower risk than commercial real estate and construction and land development loans due to lower loan balances to single borrowers. Our policy for requiring collateral is to obtain collateral whenever it is available or desirable, depending upon the degree of risk we are willing to accept. Repayment of loans is expected from the sale proceeds of the collateral or from the borrower s cash flows. Deterioration in the performance of the economy or real estate values in our primary market areas, in particular, could have an adverse impact on collectibility, and consequently have an adverse effect on our profitability. See Risk Factors.

Non-Performing Assets. Non-performing loans include loans past due 90 days or more and still accruing interest, non-accrual loans, restructured loans, and other real estate owned, or OREO. In general, loans are placed on non-accrual status when we determine timely recognition of interest to be in doubt due to the borrower s financial condition and collection efforts. Restructured loans have modified terms to reduce either principal or interest due to deterioration in the borrower s financial condition. OREO results from loans where we have received physical possession of the borrower s assets. The following table summarizes the loans for which the accrual of interest has been discontinued, loans past due 90 days or more and still accruing interest, restructured loans, and OREO.

	At or for the Nine Months Ended September 30, 2005	At or for the Years Ended December 31,				
		2004	2003	2002	2001	2000
	($ in thousands)					
Total nonaccrual loans	$ 175	$ 1,591	$ 210	$ 1,039	$ 686	$ 3,251
Loans past due 90 days or more and still accruing	2,503	2	65	317	236	1,186
Restructured loans				2,193		
Total non-performing loans	2,678	1,593	275	3,549	922	4,437
Other real estate owned (OREO)					79	
Total non-performing assets	2,678	1,593	275	3,549	1,001	4,437
Non-performing loans to gross loans	0.17%	0.13%	0.04%	0.76%	0.23%	1.37%
Non-performing assets to gross loans and OREO	0.17	0.13	0.04	0.76	0.25	1.37
Non-performing assets to total assets	0.09	0.07	0.02	0.41	0.17	1.00
Interest income received on nonaccrual loans	$ 3	$ 61	$ 6	$ 158	$ 49	$ 430
Interest income that would have been recorded under the original terms of the loans	18	96	29	242	108	669

As of September 30, 2005 and December 31, 2004, non-accrual loans totaled $175,000 and $1.6 million, respectively. The decrease is due to a pay-off of a non-accrual credit with a balance of $1.2 million. Non-accrual loans at September 30, 2005 consisted of six loans, none larger than $77,000. Loans past due 90 days or more and still accruing consist almost entirely of credits with one borrower.

OREO Properties. As of September 30, 2005 and December 31, 2004, we did not have any OREO properties.

Impaired Loans. A loan is impaired when it is probable we will be unable to collect all contractual principal and interest payments due in accordance with the terms of the loan agreement. Impaired loans are measured based on the

present value of expected future cash flows discounted at the loan s effective interest rate or, as a practical expedient, at the loan s observable market price or the fair value of the collateral if the loan is collateral dependent. The categories of non-accrual loans and impaired loans overlap, although they are not coextensive. A loan can be placed on non-accrual status due to payment delinquency or uncertain collectibility but is not considered impaired, if it is probable that we will collect all amounts due in accordance with the original contractual terms of the loan. We consider all circumstances regarding the loan and borrower

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on an individual basis when determining whether a loan is impaired such as the collateral value, reasons for the delay, payment record, the amount past due, and number of days past due.

As of September 30, 2005, December 31, 2004 and December 31, 2003, the aggregate total amount of loans classified as impaired was $175,000, $1.7 million and $333,000, respectively. The total specific allowance for loan losses related to these loans was $60,000, $498,000 and $130,000 for September 30, 2005 and December 31, 2004 and 2003, respectively.

Allowance for Loan Losses

Like all financial institutions, we must maintain an adequate allowance for loan losses. The allowance for loan losses is established through a provision for loan losses charged to expense. Loans are charged against the allowance for loan losses when we believe that collectibility of the principal is unlikely. Subsequent recoveries, if any, are credited to the allowance. The allowance is an amount that we believe will be adequate to absorb probable losses on existing loans that may become uncollectible, based on evaluation of the collectibility of loans and prior credit loss experience, together with the other factors noted earlier.

Our allowance for loan loss methodology incorporates several quantitative and qualitative risk factors used to establish the appropriate allowance for loan loss at each reporting date. Quantitative factors include our historical loss experience, peer group experience, delinquency and charge-off trends, collateral values, changes in non-performing loans, other factors, and information about individual loans including the borrower s sensitivity to interest rate movements. Qualitative factors include the economic condition of our operating markets and the state of certain industries. Specific changes in the risk factors are based on perceived risk of similar groups of loans classified by collateral type, purpose and terms. Statistics on local trends, peers, and an internal five-year loss history are also incorporated into the allowance. Due to the credit concentration of our loan portfolio in real estate secured loans, the value of collateral is heavily dependent on real estate values in Southern Nevada, Arizona and Southern California. While management uses the best information available to make its evaluation, future adjustments to the allowance may be necessary if there are significant changes in economic or other conditions. In addition, the Federal Deposit Insurance Corporation, or FDIC, and state banking regulatory agencies, as an integral part of their examination processes, periodically review the Banks allowance for loan losses, and may require us to make additions to the allowance based on their judgment about information available to them at the time of their examinations. Management periodically reviews the assumptions and formulae used in determining the allowance and makes adjustments if required to reflect the current risk profile of the portfolio.

The allowance consists of specific and general components. The specific allowance relates to watch credits, criticized loans, and impaired loans. For such loans that are also classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan are lower than the carrying value of that loan, pursuant to Financial Accounting Standards Board, or FASB, Statement No. 114, *Accounting by Creditors for Impairment of a Loan.* The general allowance covers non-classified loans and is based on historical loss experience adjusted for the various qualitative and quantitative factors listed above, pursuant to FASB Statement No. 5, or FASB 5, *Accounting for Contingencies.* Loans graded Watch List/ Special Mention and below are individually examined closely to determine the appropriate loan loss reserve.

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The table below presents information regarding our provision and allowance for loan losses for the periods and years indicated.

	At or for the Nine Months Ended September 30,		At or for the Years Ended December 31,				
	2005	2004	2004	2003	2002	2001	2000
	($ in thousands)						
Allowance for loan losses:							
Balance at beginning of period	$ 15,271	$ 11,378	$ 11,378	$ 6,449	$ 6,563	$ 4,746	$ 4,166
Provisions charged to operating expenses	4,217	3,163	3,914	5,145	1,587	2,800	4,299
Adjustments(1)				737	(850)		
Recoveries of loans previously charged-off:							
Construction and land development							
Commercial real estate				140			
Residential real estate	3	9	15	1			
Commercial and industrial	156	111	132	272	464	921	87
Consumer	12	10	10	7	7	32	
Total recoveries	171	130	157	420	471	953	87
Loans charged-off:							
Construction and land development							
Commercial real estate				140		132	
Residential real estate		9	9	20	60		
Commercial and industrial	125	104	115	1,090	1,201	1,601	3,516
Consumer	246	33	54	123	61	203	290
Total charged-off	371	146	178	1,373	1,322	1,936	3,806
Net charge-offs	200	16	21	953	851	983	3,719
Balance at end of period	$ 19,288	$ 14,525	$ 15,271	$ 11,378	$ 6,449	$ 6,563	$ 4,746
Net charge-offs to average loans outstanding	0.02%	0.00%	0.00%	0.17%	0.19%	0.27%	1.24%
Allowance for loan losses to gross loans	1.19	1.34	1.28	1.55	1.39	1.61	1.46

(1) In accordance with regulatory reporting requirements and American Institute of Certified Public Accountants Statement of Position 01-06, Accounting by Certain Entities that Lend to or Finance the Activities of Others, the Company has reclassified the portion of its allowance for loan losses that relates to undisbursed commitments during the year ended December 31, 2002. During the year ended December 31, 2003, management reevaluated its methodology for calculating this amount and reclassified an amount from other liabilities to the allowance for loan losses. The liability amount was approximately $507,000, $307,000 and $68,000 as of September 30, 2005 and December 31, 2004 and 2003, respectively.

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The following table details the allocation of the allowance for loan losses to the various categories. The allocation is made for analytical purposes and it is not necessarily indicative of the categories in which future credit losses may occur. The total allowance is available to absorb losses from any segment of loans. The allocations in the table below were determined by a combination of the following factors: specific allocations made on loans considered impaired as determined by management and the loan review committee, a general allocation on certain other impaired loans, and historical losses in each loan type category combined with a weighting of the current loan composition.

	September 30, 2005		December 31, 2004		2003		2002		2001		2000	
	Amount	% of Loans in Each Category to Gross Loans	Amount	% of Loans in Each Category to Gross Loans	Amount	% of Loans in Each Category to Gross Loans	Amount	% of Loans in Each Category to Gross Loans	Amount	% of Loans in Each Category to Gross Loans	Amount	% of Loans in Each Category to Gross Loans
Construction and land development	$ 5,905	24.5%	$ 4,920	27.1%	$ 3,252	26.6%	$ 1,050	27.6%	$ 1,462	20.3%	$ 493	11.4%
Commercial real estate	2,432	40.4	2,095	41.3	1,446	44.2	2,531	45.2	1,566	51.2	1,645	51.9
Residential real estate	530	14.8	327	9.8	179	5.8	282	4.7	100	4.4	89	6.2
Commercial and industrial	9,942	19.0	7,502	20.3	6,192	21.8	2,340	20.3	3,110	20.9	2,228	26.0
Consumer	479	1.3	427	1.5	309	1.6	246	2.2	325	3.2	291	4.5
Total	$ 19,288	100.0%	$ 15,271	100.0%	$ 11,378	100.0%	$ 6,449	100.0%	$ 6,563	100.0%	$ 4,746	100.0%

In general, the Commercial and Industrial Loans category represents the highest risk category for commercial banks. Historically, our largest source of losses has been in this category. As a result, we utilize a larger estimated loss factor for this category than we do for real estate secured loans. Our commercial loan portfolio as of September 30, 2005 was $307.0 million, or 19.0% of total loans. Other categories, such as stock and bond secured or assignment of cash collateral loans are provided a nominal loss factor based upon a history of comparatively lower losses. While the majority of our historical charge-offs have occurred in the commercial portfolio, we believe that the allowance allocation is adequate when considering the current composition of commercial loans and related loss factors.

Our Construction and Land Development category reflects some borrower concentration risk and carries the enhanced risk encountered with construction loans in general. Currently, construction activity within our primary markets is very competitive, presenting challenges in the timely completion of projects. A construction project can be delayed for an extended period as unanticipated problems arise. Unscheduled work can be difficult to accomplish due to the high demand for construction workers and delays associated with permitting issues. As a result, a higher loan loss allocation is devoted to this loan category than to other loan categories except commercial and industrial loans as noted earlier, and consumer loans.

Our Commercial Real Estate loan category contains a mixture of new and seasoned properties, retail, office, warehouse, and some special purpose. Loans on properties are generally underwritten at a loan to value ratio of less than 80% with a minimum debt coverage ratio of 1.20. Historically, our losses on this product have been minimal and the portfolio continues to exhibit exceptionally high credit quality. Moreover, a large percentage of the Commercial Real Estate loan portfolio is comprised of owner-occupied relationships, which usually reflect a relatively low risk profile. Consequently, the estimated loan loss factor applied to this sub-category is comparatively low.

Investments

Securities are identified as either held-to-maturity or available-for-sale based upon various factors, including asset/liability management strategies, liquidity and profitability objectives, and regulatory requirements. Held-to-maturity securities are carried at cost, adjusted for amortization of premiums or accretion of

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discounts. Available-for-sale securities are securities that may be sold prior to maturity based upon asset/liability management decisions. Securities identified as available-for-sale are carried at fair value. Unrealized gains or losses on available-for-sale securities are recorded as accumulated other comprehensive income in stockholders equity. Amortization of premiums or accretion of discounts on mortgage-backed securities is periodically adjusted for estimated prepayments.

We use our investment securities portfolio to ensure liquidity for cash requirements, manage interest rate risk, provide a source of income and to manage asset quality. The carrying value of our investment securities as of September 30, 2005 totaled $713.1 million, compared to $788.6 million at December 31, 2004, $716.0 million as of December 31, 2003, and $232.8 million as of December 31, 2002. The decrease experienced from December 31, 2004 to September 30, 2005 was a result of called U.S. Government-sponsored agency obligations and principal received from mortgage-backed obligations. The increase experienced from 2002 to 2003 was a result of growth in deposits and growth in other borrowings. In 2002, we executed short and long term advances with FHLB, which were used to purchase investment securities, and sold securities under agreement to repurchase. These FHLB advances and other borrowings will mature by December 31, 2007. The increase experienced from 2003 to 2004 was a result of growth in deposits, as well as a strategy whereby we increased earnings by investing in mortgage-backed securities funded by short-term FHLB borrowings. This strategy had the effect of leveraging our excess capital to produce incremental returns without incurring additional credit risk. In light of the rising interest rate environment, beginning in the third quarter of 2004, we discontinued this strategy, contributing to the decline in our investment balances and increase in our federal funds sold from December 31, 2004 to September 30, 2005.

Our portfolio of investment securities during 2004, 2003, and 2002 consisted primarily of mortgage-backed obligations and U.S. Government agency obligations. From December 31, 2002 to September 30, 2005, the majority of our growth in investment securities was in mortgage-backed obligations, which typically yield more than other investment securities classes.

The carrying value of our portfolio of investment securities at September 30, 2005 and December 31, 2004, 2003 and 2002 was as follows:

	Carrying Value			
		December 31,		
	September 30, 2005	2004	2003	2002
	(In thousands)			
U.S. Treasury securities	$ 3,496	$ 3,501	$ 3,014	$ 3,040
U.S. Government-sponsored agencies	137,464	118,348	112,537	59,651
Mortgage-backed obligations	552,456	648,100	581,446	156,982
SBA Loan Pools	507	625	1,142	1,779
State and Municipal obligations	7,153	7,290	7,563	8,109
Other	11,999	10,758	10,276	3,287
Total investment securities	$ 713,075	$ 788,622	$ 715,978	$ 232,848

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The contractual maturity distribution and weighted average yield of our available for sale and held to maturity portfolios at September 30, 2005 and December 31, 2004 are summarized in the table below. Weighted average yield is calculated by dividing income within each maturity range by the outstanding amount of the related investment and has not been tax affected on tax-exempt obligations. Securities available for sale are carried at amortized cost in the table below for purposes of calculating the weighted average yield received on such securities.

	September 30, 2005									
	Due Under 1 Year		Due 1-5 Years		Due 5-10 Years		Due Over 10 Years		Total	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	($ in thousands)									
Available for Sale:										
U.S. Government-sponsored Agency obligations	$ 61,537	3.43%	$ 39,800	3.31%	$ 28,937	3.81%	$ 8,059	4.47%	$ 138,333	3.54%
Mortgage-backed obligations			6,703	3.35			449,973	4.11	456,676	4.10
State and Municipal obligations										
Other	12,144	4.03							12,144	4.03
Total available for sale	$ 73,681	3.53%	$ 46,503	3.32%	$ 28,937	3.81%	$ 458,032	4.11%	$ 607,153	3.97%
Held to Maturity:										
U.S. Treasury securities	$ 2,996	2.71%	$ 500	2.56%	$	%	$	%	$ 3,496	2.69%
State and Municipal obligations					1,687	4.67	5,466	4.94	7,153	4.88
Mortgage-backed obligations							105,960	4.38	105,960	4.38
SBA Loan Pools					226	3.36	281	3.97	507	3.71
Other										
Total held to maturity	$ 2,996	2.71%	$ 500	2.56%	$ 1,913	4.52%	$ 111,707	4.41%	$ 117,116	4.36%

	December 31, 2004									
	Due Under 1 Year		Due 1-5 Years		Due 5-10 Years		Due Over 10 Years		Total	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	($ in thousands)									
Available for Sale:										
U.S. Government-sponsored Agency obligations	$		$ 66,800	2.40%	$ 24,289	3.51%	$ 27,709	3.59%	$ 118,798	2.91%
Mortgage-backed obligations					7,981	3.41	529,401	4.23	537,382	4.21
Other	10,781	3.71							10,781	3.71
Total available for sale	$ 10,781	3.71%	$ 66,800	2.40%	$ 32,270	3.49%	$ 557,110	4.19%	$ 666,961	3.97%
Held to Maturity:										
U.S. Treasury securities	$ 1,000	1.37%	$ 2,501	2.47%	$	%	$	%	$ 3,501	2.16%
State and Municipal obligations			100	5.04	680	4.66	6,510	4.86	7,290	4.85
Mortgage-backed obligations							118,133	4.36	118,133	4.36
SBA Loan Pools							625	2.43	625	2.43
Total held to maturity	$ 1,000	1.37%	$ 2,601	2.57%	$ 680	4.66%	$ 125,268	4.38%	$ 129,549	4.32%

We had a concentration of U.S. Government sponsored agencies and mortgage-backed securities during the nine months ended September 30, 2005 and each of the years 2004, 2003 and 2002. The aggregate carrying value and aggregate fair value of these securities at September 30, 2005 and December 31, 2004, 2003 and 2002 are as follows.

	September 30, 2005	December 31, 2004	December 31, 2003	December 31, 2002
	(In thousands)			
Aggregate carrying value	$689,920	$766,448	$693,983	$216,633
Aggregate fair value	$688,191	$765,453	$693,044	$216,633

Other Assets

During the nine months ended September 30, 2005, we purchased $24.0 million of bank owned life insurance.

Deposits

Deposits have historically been the primary source for funding our asset growth. As of September 30, 2005, total deposits were $2.3 billion, compared to $1.8 billion as of December 31, 2004. The increase in total deposits is attributable to our ability to attract a stable base of low-cost deposits. As of September 30, 2005, non-interest bearing deposits were $1.0 billion, compared to $749.6 million as of December 31, 2004. Approximately $426.2 million of total deposits, or 18.2%, as of September 30, 2005 consisted of non-interest bearing demand accounts maintained by title insurance companies. Interest-bearing accounts have also experienced growth. As of September 30, 2005, interest-bearing deposits were $1.3 billion, compared to $1.0 billion as of December 31, 2004. Interest-bearing deposits are comprised of NOW accounts, savings and money market accounts, certificates of deposit under $100,000, and certificates of deposit over $100,000.

The average balances and weighted average rates paid on deposits for the nine months ended September 30, 2005 and years ended December 31, 2004, 2003 and 2002:

	Nine Months Ended September 30, 2005		Years Ended December 31, 2004		2003		2002	
	Balance	Rate	Balance	Rate	Balance	Rate	Balance	Rate
	($ in thousands)							
Interest checking (NOW)	$ 107,359	0.51%	$ 73,029	0.19%	$ 51,723	0.18%	$ 43,139	0.24%
Savings and money market	791,664	1.90	561,744	1.35	336,012	1.30	198,613	1.92
Time	276,385	2.63	214,515	2.05	158,418	2.34	112,782	3.08
Total interest-bearing deposits	1,175,408	1.95	849,288	1.43	546,153	1.49	354,534	2.09
Non-interest bearing demand deposits	823,867		600,790		345,274		229,843	
Total deposits	$1,999,275	1.15%	$1,450,078	0.84%	$891,427	0.92%	$584,377	1.27%

The remaining maturity for certificates of deposit of $100,000 or more as of September 30, 2005 is presented in the following table.

	September 30, 2005
	(In thousands)
3 months or less	$146,334
3 to 6 months	63,493
6 to 12 months	54,963
Over 12 months	10,535
Total	$275,325

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Capital Resources

Current risk-based regulatory capital standards generally require banks and bank holding companies to maintain three minimum capital ratios. Tier 1 risk-based capital ratio compares Tier 1 or core capital, which consists principally of common equity, and risk-weighted assets for a minimum ratio of at least 4%. Tier 1 capital ratio compares Tier 1 capital to adjusted total assets for a minimum ratio of at least 4%. Total risk-based capital ratio compares total capital, which consists of Tier 1 capital, certain forms of subordinated debt, a portion of the allowance for loan losses, and preferred stock, to risk-weighted assets for a minimum ratio of at least 8%. Risk-weighted assets are calculated by multiplying the balance in each category of assets by a risk factor, which ranges from zero for cash assets and certain government obligations to 100% for some types of loans, and adding the products together.

The following table provides a comparison of our risk-based capital ratios and leverage ratios to the minimum regulatory requirements for the periods indicated.

	September 30, 2005					
	Actual		Adequately Capitalized(1)		Well-Capitalized	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	($ in thousands)					
Leverage ratio (to Average Assets)						
BankWest of Nevada	$ 128,451	7.2%	$ 71,796	4.0%	$ 89,745	5.0%
Alliance Bank of Arizona(1)	43,910	9.5	18,571	4.0	23,214	5.0
Torrey Pines Bank(1)	33,171	9.7	13,684	4.0	17,105	5.0
Company	270,020	10.3	104,659	4.0	130,824	5.0
Tier I Capital (to Risk Weighted Assets)						
BankWest of Nevada	$ 128,451	10.5%	$ 48,934	4.0%	$ 73,401	6.0%
Alliance Bank of Arizona	43,910	10.1	17,373	4.0	26,059	6.0
Torrey Pines Bank	33,171	10.8	12,291	4.0	18,436	6.0
Company	270,020	13.6	79,342	4.0	119,013	6.0
Total Capital (to Risk Weighted Assets)						
BankWest of Nevada	$ 140,207	11.5%	$ 97,868	8.0%	$ 122,335	10.0%
Alliance Bank of Arizona	48,894	11.3	13,745	8.0	43,431	10.0
Torrey Pines Bank	36,228	11.8	24,581	8.0	30,727	10.0
Company	289,817	14.6	158,684	8.0	198,355	10.0

	December 31, 2004					
	Actual		Adequately Capitalized(1)		Well-Capitalized	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	($ in thousands)					
Leverage ratio (to Average Assets)						
BankWest of Nevada	$ 95,449	6.1%	$ 62,970	4.0%	$ 78,713	5.0%
Alliance Bank of Arizona	31,810	10.3	12,394	4.0	15,492	5.0
Torrey Pines Bank	26,774	10.9	9,830	4.0	12,288	5.0
Company	163,205	7.7	85,321	4.0	106,651	5.0
Tier I Capital (to Risk Weighted Assets)						
BankWest of Nevada	$ 95,449	9.4%	$ 40,484	4.0%	$ 60,726	6.0%
Alliance Bank of Arizona(1)	31,810	11.3	11,214	4.0	16,821	6.0
Torrey Pines Bank(1)	26,774	13.4	8,006	4.0	12,010	6.0
Company	163,205	10.9	59,816	4.0	89,724	6.0
Total Capital (to Risk Weighted Assets)						
BankWest of Nevada	$105,544	10.4%	$ 80,968	8.0%	$101,210	10.0%
Alliance Bank of Arizona	35,258	12.6	22,428	8.0	28,035	10.0
Torrey Pines Bank	28,809	14.4	16,013	8.0	20,016	10.0
Company	178,784	12.0	119,632	8.0	149,540	10.0

(1) Alliance Bank of Arizona and Torrey Pines Bank have agreed to maintain a Tier 1 capital ratio of at least 8% for the first three years of their existence.

We were well capitalized at all the banks and the holding company as of September 30, 2005 and December 31, 2004.

Subordinated Debt

In order to manage our capital position more efficiently, we formed BankWest Nevada Capital Trust I and BankWest Nevada Capital Trust II, both Delaware statutory trusts, for the sole purpose of issuing trust preferred securities.

BankWest Nevada Capital Trust I. During the third quarter of 2001, BankWest Nevada Capital Trust I was formed with $464,000 in capital and issued 15,000 Floating Rate Cumulative Trust Preferred Securities, or trust preferred securities, with a liquidation value of $1,000 per security, for gross proceeds of $15.0 million. The entire proceeds of the issuance were invested by BankWest Nevada Capital Trust I in $15.5 million of Floating Rate Junior Subordinated Debentures issued by us, with identical maturity, repricing, and payment terms as the trust preferred securities. The subordinated debentures represent the sole assets of BankWest Nevada Capital Trust I and mature on July 25, 2031. The interest rate as of December 31, 2004 was 6.53% based on 6-month LIBOR plus 3.75% with repricing occurring and interest payments due semiannually. Proceeds of $10 million was invested in BankWest of Nevada. The remaining proceeds were retained by Western Alliance for general corporate purposes.

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The subordinated debentures are redeemable by us, subject to our receipt of prior approval from the Federal Reserve of San Francisco, on any January 25th or July 25th on or after July 25, 2006, at the redemption price. The redemption price is at a premium