

WASHINGTON MUTUAL BANK
HENDERSON, NV
Fund Number: 10015
Failure Date: 09/25/2008
Statement of Assets & Liabilities in Liquidation (unaudited)
For Period Ending: December 31, 2025
(Rounded in Dollars)

	<u>Current Balance</u>
Assets (Note 3)	
Cash and Investments	\$ 25,819,179
Receivables due from FDIC and Others (Note 4)	\$ 0
Assets in Liquidation	
Securities	\$ 0
Loans & Other Assets	\$ 0
Net Investments in Subsidiaries (Note 5)	\$ 0
Structured and Securitized Assets (Note 6)	\$ 0
Subtotal - Assets in Liquidation	\$ 0
Less: Estimated Loss on Assets in Liquidation (Note 3)	\$ 0
Total Assets	\$ 25,819,179
Liabilities (Note 7)	
Administrative Liabilities	
Accounts/Notes Payable/Suspense	\$ 922,730
Due to FDIC for Billed Expenses/Borrowed Funds (Note 9)	\$ 0
Estimated Litigation, Shared-Loss, and Other Reserves (Note 8)	\$ 0
Subtotal - Administrative Liabilities	\$ 922,730
Depositor/Creditor Claims (Note 10)	
Due to FDIC for Subrogated Deposit Claims	\$ 0
Uninsured Deposit Claims Due Others	\$ 0
Other Creditor Claims	\$ 6,925,618,715
Other Subordinated Obligations	\$ 7,723,052,333
Pending Claims	\$ 0
Estimated Interest on Claims	\$ 0
Subtotal - Depositor/Creditor Claims	\$ 14,648,671,048
Total Liabilities	\$ 14,649,593,778
Total Net Equity - (Loss)/Income	(\$14,623,774,599)
Total Liabilities and Net Equity	\$ 25,819,179

The accompanying notes are an integral part of these financial statements.

**WASHINGTON MUTUAL BANK
HENDERSON, NV
Fund Number: 10015
Inception Date: 09/25/2008
Statement of Operations (unaudited)
For Period Ending: December 31, 2025
(Rounded in Dollars)**

	<u>Year-to-Date</u>
Liquidation Revenues (Note 12)	
Interest on Cash and Investments	\$ 7,310,985
Asset-related Interest and Other Income	\$ 0
Professional Liability / Litigation Recoveries	\$ 6,865,061
Other Miscellaneous Income	\$ 28,035
Total - Liquidation Revenues	\$ 14,204,082
Liquidation Expenses (Note 13)	
FDIC Billed Expenses	\$ 1,258,169
Asset-related Expenses	\$ 113,925
Legal and Other Professional Fees	\$ 822,149
Administrative Expenses	\$ 15,666
Other Non-recurring Liquidation Expenses	\$ 0
Total Liquidation Expenses	\$ 2,209,909
Net Income/(Loss) from Liquidation Operations	\$ 11,994,173
Net Asset-related Recoveries (Losses) (Note 14)	\$ 0
Net Income/(Loss) of the Liquidation	\$ 11,994,173

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

1. Overview

The Federal Deposit Insurance (FDI) Act authorizes the Federal Deposit Insurance Corporation (FDIC), as receiver for a failed insured depository institution ("receivership"), to administer and wind up the affairs of such institution. The FDIC has unique statutory authority and obligations in fulfilling its dual roles as both the receiver of failed financial institutions and as the insurer of the deposits at these institutions. For the purposes of these statements, FDIC-R refers to the FDIC acting in its receivership capacity and FDIC-C refers to the FDIC acting in its capacity as deposit insurer.

The FDIC-R is responsible for managing and disposing of the assets of failed institutions in an orderly and efficient manner. The notes that follow describe the treatment of receivership assets and liabilities.

2. Summary of Significant Accounting Policies

Basis of Accounting

The FDIC-R uses a modified cash basis of accounting as applied to a liquidating entity. This method uses the cash basis of accounting, as its foundation, modified to account for specifically defined transactions, contingencies, and business events unique to FDIC receiverships. The FDIC developed the modified cash basis of accounting to meet the objectives of a receivership, which are to liquidate the assets of the receivership and distribute the proceeds to the institution's creditors over time as provided by applicable laws and regulations. The lifespan of a receivership depends on a variety of factors, such as the types of assets retained, agreements such as shared-loss arrangements, current economic conditions, and litigation matters. These impediments to terminating a receivership may take years to resolve.

Valuation and Measurement

After failure, the FDIC-R's liquidation valuation and measurement practices, as described more fully in the paragraphs that follow, are adopted for all failed institution assets and liabilities. The assets and liabilities of the failed institution are adjusted to remove all estimated losses, accruals, and deferrals. These adjustments generally include loss allowances, partial write-downs, prepaid, deferred or accrued expenses having no recovery value, and accrued or deferred income. In general, transactions are recorded when cash is received or disbursed. Accruals may be used in certain limited circumstances when the amounts can be reasonably estimated.

Contingent Recoveries

Assets of a receivership generally exclude potential collections from activities such as professional liability or other types of pending legal actions. Significant uncertainties prevent reasonable estimation of the amounts ultimately collectible. Instead, these recoveries are generally recognized when cash is received, or when the collection is probable and the amount collectible can be reasonably estimated.

Use of Estimates

As appropriate, estimates of asset values and liabilities are reflected in the financial statements. These amounts are updated over the life of the receivership to compensate for uncertainties inherent in the estimation process. As with the use of all estimates, actual results may vary.

These financials statements are rounded and as a result certain amounts may not foot in the financial reports.

3. Valuation of Assets/Loss Allowances

Assets of the receivership are shown, as of the report date, at values comprising 1) cash on hand/invested; 2) receivables due from the FDIC and Others; and 3) Assets in Liquidation. Cash and receivables are generally not considered part of Assets in Liquidation.

Assets in Liquidation are generally recorded at book values, including: (i) the principal balance of loans (note that interest on these assets is generally recognized upon receipt) (ii) the foreclosed value of real and/or personal property (cost less depreciation or amortization through date of the institution's failure); (iii) the initial cost of the net investment in subsidiaries, partnerships and joint ventures under the equity method of accounting (adjusted where appropriate to reflect the receivership's portion of the underlying net earnings or losses); and (iv) the fair market value of the receivership interest in securitizations (adjusted periodically).

Although most receivership assets are identified and recorded at the time a financial institution fails, certain receivership assets without a readily determinable value at the date of failure may be initially recorded at a nominal value for notational purposes and adjusted to their respective fair values as soon as those values can be reasonably ascertained.

An estimated loss on assets is provided when anticipated future asset disposition proceeds, including associated expenses, are less than recorded amounts. Estimated

cash recoveries from the management and disposition of assets in liquidation for similar receivership asset categories are based on asset recovery rates from several sources, which may include the following: actual or pending institution-specific asset disposition data, failed institution-specific asset valuation data, aggregate asset valuation data on several recently failed or troubled institutions, sampled asset valuation data, and empirical asset recovery data based on failures since 2007. Methodologies for determining the asset recovery rates incorporate estimating future cash recoveries, net of applicable liquidation cost estimates, and discounting based on market-based risk factors applicable to a given asset's type and quality. The resulting estimated asset recoveries are then used to derive the estimated loss on assets.

Estimated asset recoveries are regularly evaluated during the year but may differ according to the quality and type of individual assets and remain subject to uncertainties because of potential changes in economic and market conditions. Accordingly, the gains or losses ultimately realized may vary from current estimates.

4. Receivables

"Receivables due from FDIC and Others" generally reflects the amounts owed to the receivership resulting from:

- * Due from FDIC: Amounts owed from FDIC-C to a receivership reflect the net effect of the initial resolution transaction where the amount of deposits transferred exceeds the amount of assets sold to an acquiring institution. This receivable is satisfied when a receivership receives cash from FDIC-C or when a receivership declares a dividend and offsets the receivable against the FDIC-C's subrogated deposit claim.

- * Due from Others: Amounts owed to a receivership resulting from the net effect of post-closing adjustments between the receivership and the acquiring institution in accordance with the settlement and shared-loss arrangement provisions within the purchase and assumption agreement, accompanying shared-loss agreements or other related agreements.

5. Net Investments in Subsidiaries

Through the financial institution closing process, the FDIC-R may retain subsidiaries (and partnerships) for which it has a responsibility to operate and maintain until the entity is sold or dissolved. As a policy, the equity method of accounting is applied to each investment in subsidiary (and partnership) until the investment is sold or dissolved. In the event the investment in subsidiary reduces to a net deficit position (negative equity), the investment in subsidiary is reflected at a value of one dollar. If the investment in the subsidiary subsequently increases to a net worth greater than one dollar (positive equity), the FDIC-R resumes the equity method for accounting for that investment.

6. Structured and Securitized Assets

The FDIC, as receiver, may use securitization transactions to dispose of assets retained from financial institution failures. In these transactions, assets are pooled into trusts or other special purpose entities and debt issued by the trust or other entity is then sold. Effective December 31, 2024, the FDIC-R adopted the Fair Market Value (FMV) method, whereby the residual interest in securitizations is valued by a financial advisor and as appropriate adjusted on a periodic basis.

7. Liabilities

Actual and Estimated Liabilities

The FDIC, as receiver, determines (allows/disallows) claims and distributes proceeds derived from the disposition of the failed institution's assets according to applicable law governing the payment of creditor claims. Recorded liabilities consist of (1) approved or pending claims against a receivership estate, (2) various operating liabilities, and (3) estimates of other probable losses such as pending defensive litigation as described in Footnote 8.

Administrative Liabilities

Administrative liabilities in a receivership primarily involve expenses the receiver incurs to manage and resolve the failed institution that are considered necessary for preserving assets and facilitating an orderly liquidation. Most receivership expenses are considered administrative expenses within the meaning of the depositor preference statute and have the highest payment priority. Administrative expenses may include professional fees or services, failed institution payroll, or critical contracts and leases.

8. Estimated Litigation and Shared-Loss

Probable Litigation Losses

Litigation losses that are "probable" are those that have been determined to likely occur and can be reasonably estimated are reflected in the financial statements. In addition to the amounts recorded for probable litigation liabilities, a receivership may be subject to reasonably possible losses from unresolved litigation. Reasonably possible losses differ from those which are probable in that there is a lesser likelihood of loss and payment of such losses by a receivership. As such, reasonably possible losses are not accrued until the periodic review reflects that the likelihood of loss has become probable. A receivership may be subject to significant losses from cases where uncertainties prevent a reasonable assessment of the ultimate outcome and/or an estimate of the amount of loss which could result.

Shared-Loss

The FDIC, as receiver, has used shared-loss agreements as a method for resolving significant financial institution failures to keep assets in the private sector and minimize disruptions to loan customers. In a shared-loss agreement, the FDIC-R agrees to share in all eligible future losses and recoveries experienced by the acquirer on those assets covered under the agreement. A receivership records an estimated liability for shared-loss payments relative to assets purchased under a shared-loss agreement with an acquiring institution, which may span a period up to eight years. This estimated shared-loss liability is adjusted monthly for actual loss payments made and recoveries obtained, as well as periodic valuation updates. The shared-loss cost projections are based on the covered assets' intrinsic value, which is determined using financial models that consider the quality, condition and type of covered assets, current and future market conditions, risk factors and estimated asset holding periods. The shared-loss cost projections are primarily based on third-party valuations estimating the cumulative loss of covered assets.

9. Due to the FDIC for Billed Expenses

FDIC personnel, who are employed by the FDIC in its Corporate capacity, are responsible for conducting all liquidation-related activities for FDIC receiverships. The FDIC-C bills the receiverships for liquidation services provided on their behalf. FDIC-billed expenses represent a receivership's proportional share of aggregate liquidation costs based on allocation factors, such as receivership-specific direct expenses, assets in liquidation, and administrative liability balances.

10. Depositor/Creditor Claims

General

Claims against a receivership that have been approved to the satisfaction of the receiver are recorded as liabilities on the receivership's balance sheet. As receivership assets are liquidated, litigation is resolved, and other resolution activities are concluded, and if there are sufficient proceeds from the liquidation of assets, claimants with approved claims will receive a distribution in accordance with the FDIC's receivership payment priority statute and applicable regulations.

Due to FDIC for Subrogated Deposit Claims

The FDIC's Subrogated Claim is a claim against the receivership for amounts paid by the FDIC to satisfy the insured-deposit claims of a failed bank. When the FDIC pays these insured deposits on behalf of the failed financial institution, the FDIC is substituted as the claimant for the insured deposits. The FDIC has a subrogated claim against the receiver for the insured deposit claims paid, i.e., the FDIC now "stands in the shoes" of the insured depositor. The total subrogated deposit claim is reflected as a liability on the books of the receivership and, likewise, as a receivable on the FDIC Corporate's books. The subrogated claim is paid through recoveries on receivership assets that exceed the projected expenses and estimated losses. The subrogated deposit claim must be paid before other creditor claims (general trade creditors, subordinated debt holders and shareholders claims) can be paid.

Other Creditor Claims

Other Creditor Claims include the unpaid non-deposit claims liabilities that were recorded on the accounting records of the insured depository institution as of the date of failure that have been approved to the satisfaction of the receiver in accordance with applicable law. This includes general trade creditors and senior debt holders.

Pending Claims

Pending Claims include those estimated and unpaid liabilities that were recorded on the accounting records of the insured depository institution as of the date of failure but have not yet been approved to the satisfaction of the receiver in accordance with applicable law and/or the FDIC-R's regulations regarding the determination of claims. If approved, the claim amount will be reclassified on the balance sheet as an administrative, deposit, or other creditor claims. Note that the "Pending Claims" amount does not include pending administrative claims, pending litigation claims, or residual shareholder interests.

Estimated Interest on Claims

Applicable law governs the payment of post-insolvency interest to creditors holding claims against the receivership estate, including the claim(s) held by the FDIC-C. Post-insolvency interest (PII) is the interest calculated and paid on approved creditor claims, under certain circumstances. Uncertainties exist as to the total amount of allowed claims, the potential amount available for distribution, and whether creditors will receive any post-insolvency interest. No distribution can be made to holders of equity interests until all allowed creditor claims have been fully paid, including any post-insolvency interest. Generally, the estimated liability for the total amount of post-insolvency interest payable on allowed claims is recognized in these financial statements when at least 95 percent of the proven claims have been paid, and the estimated value of the remaining receivership assets exceeds the remaining amount of proven claims. In certain circumstances, the receiver may elect to recognize post-insolvency interest in its financial results even though the stated threshold has not been met to prevent distorting the solvency or distribution status portrayed in the receivership's financial statements issued to the public.

Priority of Payment:

The National Depositor Preference Amendment, 12 U.S.C. §1821(d)(11)(A), provides for the following order of priority for the payment of unsecured claims against receiverships established after August 10, 1993:

1. Administrative expenses;
2. Deposit liabilities (both insured and uninsured);
3. General liabilities;
4. Subordinated debt; and
5. Shareholders or members (including holding companies and their creditors).

11. Other Considerations

Income Taxes

Federal tax law requires that receivers of corporations, including depository institutions for which the FDIC serves as receiver, continue to file federal income tax returns for the receiverships they manage. A receivership may therefore incur a federal income tax liability from activities that occur during the life of the receivership, as well as during pre-receivership periods. Payment of federal income taxes is generally deferred until higher priority claims are satisfied, but prior to any payment made to equity holders of the failed institution. Because of the contingent nature of these tax claims, federal income tax liabilities are generally not recognized in these financial statements.

12. Liquidation Revenues

Receivership revenues are inflows from liquidation activities. Examples of receivership revenues include interest income on invested funds and assets in liquidation, and recoveries from legal settlements and bond and professional liability claims. Revenues are generally not recognized until cash is received.

13. Liquidation Expenses

Receivership expenses are outflows from liquidation activities. Examples of liquidation expenses are legal and professional fees, administrative expenses and other operating expenses. Receivership expenses are generally not recognized until cash is paid.

14. Net Asset-related Recoveries (Losses)

The net impact of gains and losses are reported inclusive of the gains as increases to equity and losses as decreases to equity from disposition of Assets in Liquidation and the net change in the equity investments, shared-loss and structured and securitized assets.