

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(Dollars in thousands, unaudited)

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Assets		
Cash and due from banks	\$ 337,814	\$ 362,048
Overnight investments	9,114,660	4,347,336
Investment in marketable equity securities (cost of \$72,894 at December 31, 2021 and \$84,837 at December 31, 2020)	97,528	91,680
Investment securities available for sale (cost of \$9,215,219 at December 31, 2021 and \$6,911,965 at December 31, 2020)	9,203,427	7,014,243
Investment securities held to maturity (fair value of \$3,759,650 at December 31, 2021 and \$2,838,499 at December 31, 2020)	3,809,453	2,816,982
Loans held for sale	98,741	124,837
Loans and leases	32,371,522	32,791,975
Allowance for credit losses	(178,493)	(224,314)
Net loans and leases	32,193,029	32,567,661
Premises and equipment	1,233,418	1,251,283
Other real estate owned	39,328	50,890
Income earned not collected	134,237	145,694
Goodwill	346,064	350,298
Other intangible assets	43,085	50,775
Other assets	1,657,356	783,953
Total assets	<u>\$ 58,308,140</u>	<u>\$ 49,957,680</u>
Liabilities		
Deposits:		
Noninterest-bearing	\$ 21,404,808	\$ 18,014,029
Interest-bearing	30,001,286	25,417,580
Total deposits	51,406,094	43,431,609
Securities sold under customer repurchase agreements	589,101	641,487
Federal Home Loan Bank borrowings	644,659	655,175
Subordinated debt	477,564	504,518
Other borrowings	72,155	88,470
FDIC shared-loss payable	—	15,601
Other liabilities	381,326	391,552
Total liabilities	53,570,899	45,728,412
Shareholders' equity		
Common stock:		
Class A - \$1 par value (16,000,000 shares authorized; 8,811,220 shares issued and outstanding at December 31, 2021 and December 31, 2020)	8,811	8,811
Class B - \$1 par value (2,000,000 shares authorized; 1,005,185 shares issued and outstanding at December 31, 2021 and December 31, 2020)	1,005	1,005
Preferred stock - \$0.01 par value (10,000,000 shares authorized; 345,000 shares issued and outstanding at December 31, 2021 and December 31, 2020; \$1,000 per share liquidity preference)	339,937	339,937
Retained earnings	4,377,712	3,867,252
Accumulated other comprehensive income	9,776	12,263
Total shareholders' equity	4,737,241	4,229,268
Total liabilities and shareholders' equity	<u>\$ 58,308,140</u>	<u>\$ 49,957,680</u>

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	Three months ended			Twelve months ended	
	December 31,	September 30,	December 31,	December 31,	December 31,
	2021	2021	2020	2021	2020
(Dollars in thousands, except per share data, unaudited)					
Interest income					
Loans and leases	\$ 328,288	\$ 319,214	\$ 344,691	\$ 1,294,813	\$ 1,332,720
Investment securities interest and dividend	39,670	39,246	31,166	145,200	144,459
Overnight investments	4,049	3,395	1,019	10,997	6,847
Total interest income	372,007	361,855	376,876	1,451,010	1,484,026
Interest expense					
Deposits	7,832	8,073	11,057	33,240	66,635
Securities sold under customer repurchase	260	358	374	1,312	1,610
Federal Home Loan Bank borrowings	2,110	2,114	2,151	8,410	9,763
Subordinated debt	4,166	4,174	4,291	16,709	16,074
Other borrowings	237	249	287	1,005	1,775
Total interest expense	14,605	14,968	18,160	60,676	95,857
Net interest income	357,402	346,887	358,716	1,390,334	1,388,169
Provision (credit) for credit losses	(5,138)	(1,120)	5,403	(36,835)	58,352
Net interest income after provision for credit losses	362,540	348,007	353,313	1,427,169	1,329,817
Noninterest income					
Wealth management services	32,902	31,935	27,624	128,788	102,776
Service charges on deposit accounts	26,479	24,858	22,886	94,756	87,662
Cardholder services, net	21,374	22,879	18,788	86,684	74,291
Other service charges and fees	9,270	9,205	8,082	35,923	30,911
Merchant services, net	7,282	8,409	6,108	33,140	24,122
Mortgage income	5,482	6,106	11,451	30,508	39,592
Insurance commissions	3,854	4,000	4,091	15,556	14,544
ATM income	1,468	1,481	1,404	6,002	5,758
Marketable equity securities gains, net	3,066	8,082	18,934	34,081	29,395
Realized gains on investment securities available for sale, net	—	3,350	5,281	33,119	60,253
Other	3,082	2,639	2,116	9,445	7,446
Total noninterest income	114,259	122,944	126,765	508,002	476,750
Noninterest expense					
Salaries and wages	160,774	160,947	150,835	623,194	590,020
Employee benefits	32,490	32,146	31,581	135,659	132,244
Occupancy expense	29,897	29,101	32,143	117,180	117,169
Equipment expense	30,237	30,229	29,481	119,171	115,535
Processing fees paid to third parties	16,041	15,602	12,306	59,743	44,791
FDIC insurance expense	3,871	3,661	3,337	14,132	12,701
Collection and foreclosure-related expenses	2,235	836	3,487	5,442	13,658
Merger-related expenses	9,862	7,013	5,342	29,463	17,450
Other	37,781	33,283	36,861	129,526	145,117
Total noninterest expense	323,188	312,818	305,373	1,233,510	1,188,685
Income before income taxes	153,611	158,133	174,705	701,661	617,882
Income taxes	30,329	34,060	36,621	154,202	126,159
Net income	\$ 123,282	\$ 124,073	\$ 138,084	\$ 547,459	\$ 491,723
Preferred stock dividends	4,636	4,636	4,636	18,544	14,062
Net income available to common shareholders	\$ 118,646	\$ 119,437	\$ 133,448	\$ 528,915	\$ 477,661
Weighted average common shares	9,816,405	9,816,405	9,816,405	9,816,405	10,056,654
Earnings per common share	\$ 12.09	\$ 12.17	\$ 13.59	\$ 53.88	\$ 47.50
Dividends declared per common share	0.47	0.47	0.47	1.88	1.67

SELECTED QUARTERLY RATIOS

	Three months ended		
	December 31, 2021	September 30, 2021	December 31, 2020
SELECTED RATIOS ⁽¹⁾			
Book value per share at period-end	\$ 447.95	\$ 432.07	\$ 396.21
Annualized return on average assets	0.84 %	0.88 %	1.11 %
Annualized return on average equity	10.96	11.29	14.02
Total risk-based capital ratio	14.35	14.30	13.81
Tier 1 risk-based capital ratio	12.47	12.32	11.63
Common equity Tier 1 ratio	11.50	11.34	10.61
Tier 1 leverage capital ratio	7.59	7.68	7.86

⁽¹⁾ Capital ratios are preliminary

ALLOWANCE FOR CREDIT LOSSES AND ASSET QUALITY DISCLOSURES

	Three months ended		
	December 31, 2021	September 30, 2021	December 31, 2020
(Dollars in thousands, unaudited)			
ALLOWANCE FOR CREDIT LOSSES ⁽¹⁾			
ACL at beginning of period	\$ 183,194	\$ 189,094	\$ 223,936
Provision for credit losses	(5,138)	(1,120)	5,403
Net charge-offs of loans and leases:			
Charge-offs	(8,258)	(11,074)	(9,848)
Recoveries	8,695	6,293	4,823
Net charge-offs of loans and leases	437	(4,781)	(5,025)
ACL at end of period	\$ 178,493	\$ 183,193	\$ 224,314
ACL at end of period allocated to:			
PCD	\$ 14,802	\$ 18,438	\$ 23,987
Non-PCD	163,691	164,756	200,327
ACL at end of period	\$ 178,493	\$ 183,194	\$ 224,314
Reserve for unfunded commitments	\$ 11,815	\$ 11,472	\$ 12,814
SELECTED LOAN DATA			
Average loans and leases:			
PCD	\$ 356,997	\$ 384,673	\$ 479,302
Non-PCD	32,030,717	32,222,960	32,374,204
Loans and leases at period-end:			
PCD	337,624	373,255	462,882
Non-PCD	32,033,898	32,142,934	32,329,093
RISK ELEMENTS			
Nonaccrual loans and leases	\$ 120,306	\$ 163,775	\$ 191,483
Other real estate owned	39,328	40,649	50,890
Total nonperforming assets	\$ 159,634	\$ 204,424	\$ 242,373
Accruing loans and leases 90 days or more past due	\$ 6,925	\$ 5,614	\$ 5,862
RATIOS			
Net charge-offs (annualized) to average loans and leases	(0.01)%	0.06 %	0.06 %
ACL to total loans and leases ⁽²⁾ :			
PCD	4.38	4.94	5.18
Non-PCD	0.51	0.51	0.62
Total	0.55	0.56	0.68
Ratio of total nonperforming assets to total loans, leases and other real estate owned	0.49	0.63	0.74

⁽¹⁾ BancShares recorded no ACL on investment securities as of December 31, 2021, September 30, 2021, or December 31, 2020.

⁽²⁾ Loans originated in relation to the SBA-PPP do not have a recorded ACL. As of December 31, 2021, the ratio of ACL to total Non-PCD loans excluding SBA-PPP loans was 0.52% while the ratio of ACL to total loans excluding SBA-PPP loans was 0.56%. As of December 31, 2020, the ratio of ACL to total Non-PCD loans excluding SBA-PPP loans was 0.67% while the ratio of ACL to total loans excluding SBA-PPP loans was 0.74%.

AVERAGE BALANCE SHEETS AND NET INTEREST MARGIN

	Three months ended								
	December 31, 2021			September 30, 2021			December 31, 2020		
	Average Balance	Interest	Yield/ Rate ⁽²⁾	Average Balance	Interest	Yield/ Rate ⁽²⁾	Average Balance	Interest	Yield/ Rate ⁽²⁾
(Dollars in thousands, unaudited)									
INTEREST-EARNING ASSETS									
Loans and leases ⁽¹⁾	\$ 32,488,033	\$ 328,781	3.98 %	\$ 32,707,591	\$ 319,738	3.85 %	\$ 32,964,390	\$ 345,300	4.12 %
Investment securities:									
U.S. Treasury	560,737	1,401	0.99	—	—	—	526,072	250	0.19
Government agency	832,821	1,381	0.66	824,499	2,076	1.01	695,757	1,574	0.90
Mortgage-backed securities	9,300,971	28,597	1.23	9,164,180	29,056	1.27	7,981,834	21,130	1.06
Corporate bonds	620,341	7,782	5.02	597,386	7,610	5.10	591,780	7,657	5.18
Other investments	109,233	563	2.04	121,454	544	1.78	93,681	600	2.55
Total investment securities	11,424,103	39,724	1.39	10,707,519	39,286	1.47	9,889,124	31,211	1.26
Overnight investments	10,689,674	4,050	0.15	8,956,055	3,395	0.15	4,069,309	1,019	0.10
Total interest-earning assets	\$ 54,601,810	\$ 372,555	2.69	\$ 52,371,165	\$ 362,419	2.73	\$ 46,922,823	\$ 377,530	3.17
Cash and due from banks	336,715			364,593			325,890		
Premises and equipment	1,239,037			1,239,111			1,262,831		
Allowance for credit losses	(183,810)			(189,885)			(225,339)		
Other real estate owned	41,673			40,786			50,949		
Other assets	2,080,518			2,096,588			1,220,649		
Total assets	<u>\$ 58,115,943</u>			<u>\$ 55,922,358</u>			<u>\$ 49,557,803</u>		
INTEREST-BEARING LIABILITIES									
Interest-bearing deposits:									
Checking with interest	\$ 11,993,935	\$ 1,382	0.05 %	\$ 11,323,503	\$ 1,350	0.05 %	\$ 9,688,744	\$ 1,533	0.06 %
Savings	4,140,161	324	0.03	3,979,389	342	0.03	3,230,625	306	0.04
Money market accounts	10,357,923	2,223	0.09	9,866,327	2,357	0.09	8,529,816	3,242	0.15
Time deposits	2,517,265	3,903	0.62	2,599,006	4,024	0.61	3,017,044	5,976	0.79
Total interest-bearing deposits	29,009,284	7,832	0.11	27,768,225	8,073	0.12	24,466,229	11,057	0.18
Securities sold under customer repurchase agreements	650,123	260	0.16	672,114	358	0.21	684,311	374	0.22
Other short-term borrowings	—	—	—	—	—	—	—	—	—
Long-term borrowings	1,217,099	6,513	2.12	1,222,452	6,537	2.12	1,250,682	6,729	2.13
Total interest-bearing liabilities	30,876,506	\$ 14,605	0.19	29,662,791	\$ 14,968	0.20	26,401,222	\$ 18,160	0.27
Demand deposits	22,229,233			21,338,862			18,657,083		
Other liabilities	377,286			384,113			373,403		
Shareholders' equity	4,632,918			4,536,592			4,126,095		
Total liabilities and shareholders' equity	<u>\$ 58,115,943</u>			<u>\$ 55,922,358</u>			<u>\$ 49,557,803</u>		
Interest rate spread			<u>2.50 %</u>			<u>2.53 %</u>			<u>2.90 %</u>
Net interest income and net yield on interest-earning assets		<u>\$ 357,950</u>	<u>2.58 %</u>		<u>\$ 347,451</u>	<u>2.61 %</u>		<u>\$ 359,370</u>	<u>3.02 %</u>

⁽¹⁾ Loans and leases include PCD and non-PCD loans, nonaccrual loans and loans held for sale.

⁽²⁾ Yields related to loans, leases and securities exempt from both federal and state income taxes, federal income taxes only, or state income taxes only are stated on a taxable-equivalent basis assuming statutory federal income tax rates of 21.0% for all periods presented, as well as state income tax rates of 3.3% for the three months ended December 31, 2021 and September 30, 2021, and 3.4% for the three months ended December 31, 2020. The taxable-equivalent adjustment was \$548 thousand, \$564 thousand, and \$654 thousand for the three months ended December 31, 2021, September 30, 2021, and December 31, 2020, respectively.