

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d)
of The Securities Exchange Act of 1934
Date of Report (Date of earliest event reported) January 23, 2026



Huntington Bancshares Incorporated
(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

1-34073
(Commission
File Number)

31-0724920
(I.R.S. Employer
Identification No.)

Registrant's address: 41 South High Street, Columbus, Ohio 43287

Registrant's telephone number, including area code: (614) 480-2265

Not Applicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of class	Trading Symbol(s)	Name of exchange on which registered
Depository Shares (each representing a 1/40th interest in a share of 4.500% Series H Non-Cumulative, perpetual preferred stock)	HBANP	NASDAQ
Depository Shares (each representing a 1/1000th interest in a share of 5.70% Series I Non-Cumulative, perpetual preferred stock)	HBANM	NASDAQ
Depository Shares (each representing a 1/40th interest in a share of 6.875% Series J Non-Cumulative, perpetual preferred stock)	HBANL	NASDAQ
Common Stock-Par Value \$0.01 per Share	HBAN	NASDAQ

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2).

Emerging growth company

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

Item 8.01. Other Events

As previously announced, on October 26, 2025, Huntington Bancshares Incorporated (“Huntington”) and Cadence Bank, a Mississippi-chartered bank (“Cadence”), issued a joint press release announcing the execution of the Agreement and Plan of Merger (the “Merger Agreement”), dated as of October 26, 2025, by and among Huntington, The Huntington National Bank, a national bank and a wholly-owned subsidiary of Huntington (“Huntington National Bank” and, together with Huntington, the “Huntington Parties”), and Cadence, pursuant to which, upon the terms and subject to the conditions set forth therein, Cadence will merge with and into Huntington National Bank (the “Merger”), with Huntington National Bank continuing as the surviving bank in the Merger. On January 6, 2026, Huntington and Cadence each held a special meeting of stockholders to consider certain proposals related to the Merger Agreement, each of which were approved by Huntington’s and Cadence’s respective stockholders. All required regulatory approvals to complete the Merger have now been received. The closing of the Merger is expected to occur on or about February 1, 2026, subject to the satisfaction or waiver of the remaining closing conditions set forth in the Merger Agreement.

On January 23, 2026, Huntington announced its offering of debt securities. In connection with such offering, Huntington is filing: (i) as Exhibit 99.1 to this Current Report on Form 8-K, Cadence’s audited consolidated financial statements as of December 31, 2024 and 2023 and for the fiscal years ended December 31, 2024, 2023 and 2022; (ii) as Exhibit 99.2, Cadence’s interim unaudited consolidated financial statements as of September 30, 2025 and for the three and nine months ended September 30, 2025 and 2024; (iii) as Exhibit 99.3, the unaudited pro forma condensed combined financial statements of Huntington and Cadence, including (a) the unaudited pro forma condensed combined balance sheet of Huntington and Cadence as of September 30, 2025, giving effect to the Merger as if it had been completed on September 30, 2025, and the unaudited pro forma condensed combined income statement of Huntington and Cadence for the nine months ended September 30, 2025, giving effect to the Merger as if it had been completed on January 1, 2024, and (b) for the year ended December 31, 2024, the unaudited pro forma condensed combined statement of income of Huntington and Cadence for the year ended December 31, 2024, giving effect to the Merger as if it had been completed on January 1, 2024; and (iv) as Exhibit 23.1, the consent of Forvis Mazars, LLP, independent registered public accounting firm of Cadence. This Current Report on Form 8-K does not modify or update these financial statements, which were included in Huntington’s Current Report on Form 8-K filed on December 1, 2025.

This Current Report on Form 8-K does not modify or update the consolidated financial statements of Huntington included in Huntington’s Annual Report on Form 10-K for the year ended December 31, 2024, or in its Quarterly Report on Form 10-Q for the quarter ended September 30, 2025, nor does it reflect any subsequent information or events. The information referenced in items (i)–(ii) above was previously disclosed by Cadence in its reports filed with the Board of Governors of the Federal Reserve System (the “Federal Reserve”), including its Annual Report on Form 10-K for the fiscal year ended December 31, 2024 and its Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2025.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This filing contains certain forward-looking statements, including, but not limited to, certain plans, expectations, goals, projections, and statements, which are not historical facts and are subject to numerous assumptions, risks, estimates, and uncertainties that are beyond the control of Huntington. Statements that do not describe historical or current facts, including statements about beliefs and expectations, are forward-looking statements. Forward-looking statements may be identified by words such as expect, anticipate, continue, believe, intend, estimate, plan, trend, objective, target, goal, or similar expressions, or future or conditional verbs such as will, may, might, should, would, could, or similar variations. The forward-looking statements are intended to be subject to the safe harbor provided by Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995.

While there is no assurance that any list of risks and uncertainties or risk factors is complete, below are certain factors which could cause actual results to differ materially from those contained or implied in the forward-looking statements or historical performance: changes in general economic, political, regulatory or industry conditions; deterioration in business and economic conditions, including persistent inflation, supply chain issues or labor shortages, instability in global economic conditions and geopolitical matters, as well as volatility in financial markets; changes in U.S. trade policies, including the imposition of tariffs and retaliatory tariffs; the impact of pandemics and other catastrophic events or disasters on the global economy and financial market conditions and our business, results of operations, and financial condition; the impacts related to or resulting from bank failures and other volatility, including potential increased regulatory requirements and costs, such as Federal Deposit Insurance Corporation (the “FDIC”) special assessments, long-term debt requirements and heightened capital requirements; potential impacts to macroeconomic conditions, which could affect the ability of depository institutions, including us, to attract and retain depositors and to borrow or raise capital; unexpected outflows of uninsured deposits which may require us to sell investment securities at a loss; changing interest rates which could negatively impact the value of our portfolio of investment securities; the loss of value of our investment portfolio which could negatively impact market perceptions of us and could lead to deposit withdrawals; the effects of social media on market perceptions of us and banks generally; cybersecurity risks; uncertainty in U.S. fiscal and monetary policy, including the interest rate policies of the Board of Governors of the Federal Reserve System (the “Federal Reserve”); volatility and disruptions in global capital, foreign exchange and credit markets; movements in interest rates; competitive pressures on product pricing and services; success, impact and timing of our business strategies, including market acceptance of any new products or services, including those implementing our “Fair Play” banking philosophy; introduction of new competitive products, such as stablecoins, and new competitors such as financial technology companies and other “nontraditional” bank competitors; changes in policies and standards for regulatory review of bank mergers; the nature, extent, timing, and results of governmental actions, examinations, reviews, reforms, regulations, and interpretations, including those related to the Dodd-Frank Wall Street Reform and Consumer Protection Act and the Basel III regulatory capital reforms, as well as those involving the Securities and Exchange Commission (the “SEC”), the Office of the Comptroller of the Currency, the Federal Reserve, the FDIC, the Consumer Financial Protection Bureau and state-level regulators; the occurrence of any event, change or other circumstances that could give rise to the right of one or both of the parties to terminate the Merger Agreement; the outcome of any legal proceedings that may be instituted against Huntington or Cadence; delays in completing the proposed transaction involving Huntington and Cadence; the failure to satisfy any of the conditions to the Merger on a timely basis or at all; the possibility that the anticipated benefits of recent or proposed acquisitions are not realized when expected or at all, including as a result of the impact of, or problems arising from, the integration of Huntington and Cadence or as a result of the strength of the economy and competitive factors in the areas where Huntington and Cadence do business; the possibility that the Merger may be more expensive to complete than anticipated, including as a result of unexpected factors or events; the ability of Huntington and Cadence to meet expectations regarding the timing, completion and accounting and tax treatment of the Merger; diversion of management’s attention from ongoing business operations and opportunities; potential adverse reactions or changes to business, customer or employee relationships, including those resulting from the announcement or completion of the Merger; the ability to complete the Merger and integration of Huntington and Cadence successfully; the dilution caused by Huntington’s issuance of additional shares of its capital stock in connection with the transaction; and other factors that may affect the future results of Huntington.

All forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth above. Forward-looking statements speak only as of the date they are made and are based on information available at that time. Huntington does not assume any obligation to update forward-looking statements to reflect actual results, new information or future events, changes in assumptions or changes in circumstances or other factors affecting forward-looking statements that occur after the date the forward-looking statements were made or to reflect the occurrence of unanticipated events except as required by federal securities laws. If Huntington updates one or more forward-looking statements, no inference should be drawn that Huntington will make additional updates with respect to those or other forward-looking statements. As forward-looking statements involve significant risks and uncertainties, caution should be exercised against placing undue reliance on such statements.

Additional factors that could cause results to differ materially from those described above can be found in our Annual Report on Form 10-K for the year ended December 31, 2024 and in our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2025, June 30, 2025, and September 30, 2025 and the documents subsequently filed by us with the SEC. We assume no obligation to update any forward-looking statements. The foregoing list of factors is not exhaustive. For discussion of these and other factors that may cause actual results to differ from expectations, look under the captions "Forward-Looking Statements" and "Risk Factors" of Huntington's Annual Report on Form 10-K for the year ended December 31, 2024 and Quarterly Reports on Form 10-Q for the quarters ended March 31, 2025, June 30, 2025 and September 30, 2025, as filed with the SEC and available on its website at www.sec.gov.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit

<u>No.</u>	<u>Description</u>
<u>23.1</u>	Consent of Forvis Mazars, LLP, independent registered public accounting firm (with respect to Cadence Bank).
<u>99.1</u>	Audited consolidated financial statements of Cadence Bank as of December 31, 2024 and 2023, and for each of the fiscal years ended December 31, 2024, 2023 and 2022.
<u>99.2</u>	Interim unaudited consolidated financial statements of Cadence Bank as of September 30, 2025 and for the three and nine months ended September 30, 2025 and 2024.
<u>99.3</u>	Unaudited pro forma condensed combined financial statements of Huntington Bancshares Incorporated and Cadence Bank (a) as of and for the nine months ended September 30, 2025 and (b) for the year ended December 31, 2024.
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline

SIGNATURE

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

HUNTINGTON BANCSHARES INCORPORATED

By: /s/ Marcy C. Hingst

Marcy C. Hingst
General Counsel and Corporate Secretary

Date: January 23, 2026

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-285441) and Form S-8 (Nos. 33-10546, 33-41774, 33-44208, 333-136692, 333-144403, 333-153573, 333-158335, 333-161779, 333-161780, 333-168824, 333-173831, 333-183325, 333-187725, 333-202349, 333-206720, 333-224665, 333-224666, 333-255677, and 333-279026) of Huntington Bancshares Incorporated of our report dated February 21, 2025, with respect to the consolidated financial statements of Cadence Bank as of December 31, 2024, which report is included in this Form 8-K of Huntington Bancshares Incorporated which is incorporated by reference in the prospectus supplement to be dated as of the date hereof, and to the reference to our firm under the heading "Experts" in such prospectus supplement.

/s/ Forvis Mazars, LLP

Fort Worth, Texas
January 23, 2026

Report of Independent Registered Public Accounting Firm

To the Shareholders, Board of Directors and Audit Committee
 Cadence Bank
 Tupelo, Mississippi

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Cadence Bank and Subsidiaries (the “Company”) as of December 31, 2024 and 2023, the related consolidated statements of income, comprehensive income (loss), shareholders’ equity, and cash flows for each of the years in the three-year period ended December 31, 2024, and the related notes (collectively referred to as the “financial statements”). In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company’s internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework: (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 21, 2025, expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits.

We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below arises from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

Allowance for Credit Losses

As described in Notes 1, 5 and 6, the Company’s loan portfolio totaled \$33.7 billion as of December 31, 2024, and the allowance for credit losses on loans (“ACL”) was \$460.8 million. This represents an estimate of expected losses inherent within the Company’s loan portfolio.

The Company bases its estimates of credit losses on three primary components: (1) estimates of expected losses that exist in various segments of performing loans and leases over the remaining life of the loan portfolio using a reasonable and supportable economic forecast; (2) specifically identified losses in individually analyzed credits which are collateral dependent; and (3) qualitative factors related to economic conditions, portfolio concentrations, regulatory policy updates, and other relevant factors that address estimates of expected losses not fully addressed based upon management’s judgment of portfolio conditions. The Company utilizes credit risk models to estimate the probability of default and loss given default of loans over their remaining life. The product of the probability of default and loss given default derives a base expected loss rate for each loan. The base expected loss rate is adjusted by way of econometric models that measure the direction and magnitude of change in expected loss rates given a change in forecasted economic variables.

We identified the valuation of the ACL as a critical audit matter. The principal considerations for our determination of the ACL as a critical audit matter includes the subjectivity and complexity involved in management's determination of credit loss estimates and assumptions, specifically the determination of weightings applied to the reasonable and supportable forecasts and management's adjustment in determining the economic conditions qualitative factor. This required an increased auditor effort, including specialized skill and knowledge, and a high degree of auditor subjectivity in evaluating the estimated credit losses for the loan portfolio.

The primary procedures we performed to address this critical audit matter included:

- Evaluated and tested the design and operating effectiveness of controls, including those related to technology, over the ACL, including:
 - The completeness and accuracy of inputs into the model used to determine the allowance for credit losses,
 - Management's review of a reasonable and supportable forecast,
 - Management's review of the qualitative adjustments to the modeled output, including management's review of the determination of the economic conditions qualitative adjustment,
- Evaluated management's application of qualitative adjustments to the ACL, including testing the accuracy of the supporting calculation and evaluating whether the qualitative factors, including the economic conditions qualitative adjustment, appropriately addressed the risks that were not fully accounted for in the quantitative component of the methodology;
- Evaluated management's determination of reasonable and supportable forecast, including testing the application of the forecast and the related scenario weighting, in both the quantitative and qualitative calculation.

/s/ Forvis Mazars, LLP

We have served as the Company's auditor since 2019.

Charlotte, North Carolina
February 21, 2025

Consolidated Balance Sheets
Cadence Bank and Subsidiaries

(In thousands, except share and per share amounts)

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
ASSETS		
Cash and due from banks	\$ 624,884	\$ 798,177
Interest bearing deposits with other banks and Federal funds sold	1,106,692	3,434,088
Total cash and cash equivalents	1,731,576	4,232,265
Available for sale securities, at fair value	7,293,988	8,075,476
Loans and leases, net of unearned income	33,741,755	32,497,022
Allowance for credit losses	460,793	468,034
Net loans and leases	33,280,962	32,028,988
Loans held for sale, at fair value	244,192	186,301
Premises and equipment, net	783,456	802,133
Goodwill	1,366,923	1,367,785
Other intangible assets, net	83,190	100,191
Bank-owned life insurance	651,838	642,840
Other assets	1,583,065	1,498,531
TOTAL ASSETS	<u>\$ 47,019,190</u>	<u>\$ 48,934,510</u>
LIABILITIES		
Noninterest bearing demand deposits	\$ 8,591,805	\$ 9,232,068
Interest bearing demand and money market deposits	19,345,114	19,276,596
Savings	2,588,406	2,720,913
Time deposits	9,970,876	7,267,560
Total deposits	40,496,201	38,497,137
Securities sold under agreement to repurchase	23,616	451,516
Short-term BTFP borrowings	—	3,500,000
Subordinated and long-term borrowings	10,706	438,460
Other liabilities	918,984	879,554
TOTAL LIABILITIES	<u>41,449,507</u>	<u>43,766,667</u>
SHAREHOLDERS' EQUITY		
Series A Non-Cumulative Perpetual Preferred stock, \$0.01 par value per share; authorized - 500,000,000 shares; issued and outstanding - 6,900,000 shares for both periods presented	166,993	166,993
Common stock, \$2.50 par value per share; authorized - 500,000,000 shares; issued and outstanding - 183,527,575 and 182,871,775 shares, respectively	458,819	457,179
Capital surplus	2,742,913	2,743,066
Accumulated other comprehensive loss	(694,495)	(761,829)
Retained earnings	2,895,453	2,562,434
TOTAL SHAREHOLDERS' EQUITY	<u>5,569,683</u>	<u>5,167,843</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 47,019,190</u>	<u>\$ 48,934,510</u>

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Income
Cadence Bank and Subsidiaries

(In thousands, except per share amounts)	Year Ended December 31,		
	2024	2023	2022
INTEREST REVENUE:			
Loans and leases	\$ 2,164,633	\$ 2,004,812	\$ 1,342,662
Available for sale securities:			
Taxable	243,466	208,122	183,915
Tax-exempt	2,598	9,206	10,079
Loans held for sale	6,161	4,450	7,554
Short-term investments	130,499	83,577	16,371
Total interest revenue	2,547,357	2,310,167	1,560,581
INTEREST EXPENSE:			
Interest bearing demand deposits and money market accounts	573,826	472,723	109,893
Savings	14,922	14,955	5,519
Time deposits	368,572	246,476	24,253
Federal funds purchased and securities sold under agreement to repurchase	4,101	32,581	13,432
Short-term debt	136,434	172,940	36,863
Subordinated and long-term debt	13,287	19,136	19,330
Total interest expense	1,111,142	958,811	209,290
Net interest revenue	1,436,215	1,351,356	1,351,291
Provision for credit losses	71,000	80,000	7,000
Net interest revenue, after provision for credit losses	1,365,215	1,271,356	1,344,291
NONINTEREST REVENUE:			
Wealth management	94,922	86,928	80,486
Deposit service charges	73,497	61,718	73,478
Credit card, debit card and merchant fees	50,245	49,784	58,160
Mortgage banking	17,303	18,978	44,860
Security losses, net	(2,962)	(435,652)	(384)
Other	123,505	101,901	85,885
Total noninterest revenue	356,510	(116,343)	342,485
NONINTEREST EXPENSE:			
Salaries and employee benefits	609,307	634,722	634,843
Occupancy and equipment	114,175	110,972	114,460
Data processing and software	121,884	120,443	111,107
Deposit insurance assessments	39,922	72,224	18,712
Amortization of intangibles	15,902	19,388	18,432
Pension settlement expense	—	11,826	9,023
Merger expense	—	5,192	50,845
Other	144,338	181,156	152,332
Total noninterest expense	1,045,528	1,155,923	1,109,754
Income (loss) from continuing operations before income taxes	676,197	(910)	577,022
Income tax expense (benefit)	152,593	(4,594)	129,705
Income from continuing operations	\$ 523,604	\$ 3,684	\$ 447,317
Income from discontinued operations before income taxes	—	727,591	22,353
Income tax expense from discontinued operations	—	188,971	6,433
Income from discontinued operations, net of income taxes	—	538,620	15,920
Net income	523,604	542,304	463,237
Less: preferred dividends	9,488	9,488	9,488
Net income available to common shareholders	\$ 514,116	\$ 532,816	\$ 453,749
Basic earnings (loss) per common share from continuing operations	\$ 2.81	\$ (0.03)	\$ 2.39
Basic earnings per common share	\$ 2.81	\$ 2.92	\$ 2.47
Diluted earnings (loss) per common share from continuing operations	\$ 2.77	\$ (0.03)	\$ 2.37
Diluted earnings per common share	\$ 2.77	\$ 2.92	\$ 2.46

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Comprehensive Income (Loss)
Cadence Bank and Subsidiaries

(In thousands)	Year Ended December 31,		
	2024	2023	2022
Net income	\$ 523,604	\$ 542,304	\$ 463,237
Other comprehensive income (loss), net of tax:			
Unrealized gains (losses) on AFS securities:			
Net unrealized gains (losses), net of income taxes of \$(21,118), \$(243,832), and \$337,781	68,286	788,474	(1,096,614)
Reclassification adjustment for net losses realized in net income, net of income taxes of \$700, \$102,901, and \$91	(2,262)	(332,751)	(293)
Net change in unrealized gains (losses) on AFS securities, net of tax	66,024	455,723	(1,096,907)
Recognized employee benefit plan net periodic benefit cost, net of income taxes of \$(405), \$(1,542), and \$(4,248)	1,310	4,986	13,738
Other comprehensive income (loss), net of tax	67,334	460,709	(1,083,169)
Comprehensive income (loss)	<u><u>\$ 590,938</u></u>	<u><u>\$ 1,003,013</u></u>	<u><u>\$ (619,932)</u></u>

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Shareholders' Equity
Cadence Bank and Subsidiaries

(In thousands, except share and per share amounts)	Preferred Stock		Common Stock		Capital Surplus	Accumulated Other Comprehensive (Loss) Income	Retained Earnings	Total Shareholders' Equity
	Shares	Amount	Shares	Amount				
Balance at December 31, 2021	6,900,000	\$ 166,993	188,337,658	\$ 470,844	\$ 2,841,998	\$ (139,369)	\$ 1,907,521	\$ 5,247,987
Net income	—	—	—	—	—	—	463,237	463,237
Other comprehensive loss, net of tax	—	—	—	—	—	(1,083,169)	—	(1,083,169)
Equity based compensation, net of forfeitures and shares withheld to cover taxes	—	—	242,313	606	35,620	—	—	36,226
Repurchase of stock	—	—	(6,142,706)	(15,357)	(168,227)	—	—	(183,584)
Preferred dividends declared, \$1.38 per share	—	—	—	—	—	—	(9,488)	(9,488)
Cash dividends declared, \$0.88 per share	—	—	—	—	—	—	(159,835)	(159,835)
Balance at December 31, 2022	6,900,000	\$ 166,993	182,437,265	\$ 456,093	\$ 2,709,391	\$ (1,222,538)	\$ 2,201,435	\$ 4,311,374
Net income	—	—	—	—	—	—	542,304	542,304
Other comprehensive income, net of tax	—	—	—	—	—	460,709	—	460,709
Equity based compensation, net of forfeitures and shares withheld to cover taxes	—	—	334,910	837	30,188	—	—	31,025
Exercise of stock options	—	—	226,705	567	5,579	—	—	6,146
Repurchase of stock, net of excise tax	—	—	(127,105)	(318)	(2,092)	—	—	(2,410)
Preferred dividends declared, \$1.38 per share	—	—	—	—	—	—	(9,488)	(9,488)
Cash dividends declared, \$0.94 per share	—	—	—	—	—	—	(171,622)	(171,622)
Cumulative effect of change in accounting principle, net of tax, for ASU 2022-02	—	—	—	—	—	—	(195)	(195)
Balance at December 31, 2023	6,900,000	\$ 166,993	182,871,775	\$ 457,179	\$ 2,743,066	\$ (761,829)	\$ 2,562,434	\$ 5,167,843
Net income	—	—	—	—	—	—	523,604	523,604
Other comprehensive income, net of tax	—	—	—	—	—	67,334	—	67,334
Equity based compensation, net of forfeitures and shares withheld to cover taxes	—	—	1,076,811	2,693	9,646	—	—	12,339
Exercise of stock options	—	—	895,289	2,238	22,353	—	—	24,591
Repurchase of stock, net of excise tax	—	—	(1,316,300)	(3,291)	(32,152)	—	—	(35,443)
Preferred dividends declared, \$1.38 per share	—	—	—	—	—	—	(9,488)	(9,488)
Cash dividends declared, \$1.00 per share	—	—	—	—	—	—	(182,637)	(182,637)
Cumulative effect of change in accounting principle, net of tax, for ASU 2023-02	—	—	—	—	—	—	1,540	1,540
Balance at December 31, 2024	6,900,000	\$ 166,993	183,527,575	\$ 458,819	\$ 2,742,913	\$ (694,495)	\$ 2,895,453	\$ 5,569,683

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows
Cadence Bank and Subsidiaries

(In thousands)	Year Ended December 31,		
	2024	2023	2022
Operating Activities:			
Net income	\$ 523,604	\$ 542,304	\$ 463,237
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation, amortization, and accretion	202,566	238,607	255,821
Deferred income tax expense	8,219	892	7,822
Provision for credit losses	71,000	80,000	7,000
Gain on sale of loans, net	(21,351)	(17,033)	(46,083)
Gain on disposition of businesses	(14,980)	(706,588)	—
Loss on sales of available for sale securities, net	2,962	435,652	384
Unrealized gain on limited partnerships, net	(11,003)	(8,024)	(8,169)
Share-based compensation expense	32,710	39,983	36,877
Proceeds from payments and sales of loans held for sale	1,234,521	1,292,365	2,093,204
Origination of loans held for sale	(1,224,983)	(1,333,522)	(1,965,956)
Decrease (increase) in accrued interest receivable	2,010	(15,247)	(41,193)
Increase in accrued interest payable	10,171	73,149	19,050
Net (increase) decrease in prepaid pension asset	(4,619)	5,073	(5,037)
Decrease (increase) in other assets	39,145	(56,172)	20,567
Increase in other liabilities	22,016	4,394	75,360
Other, net	(15,326)	(12,327)	15,031
Net cash provided by operating activities	856,662	563,506	927,915
Investing Activities:			
Proceeds from disposition of business, net of cash transferred	15,308	861,364	—
Purchases of available for sale securities	(751,846)	(2,333,245)	(787,318)
Proceeds from sales of available for sale securities	15,059	4,294,947	369,614
Proceeds from maturities, calls, and payments of available for sale securities	1,576,542	2,021,799	2,569,336
(Purchases) sales of FRB and FHLB stock, net	(97,864)	121,243	(131,055)
Increase in loans, net	(1,486,004)	(2,333,391)	(3,630,970)
Purchases of premises and equipment	(80,074)	(98,283)	(94,499)
Proceeds from sales of premises and equipment	35,680	17,078	9,887
Proceeds from disposition of foreclosed and repossessed property	8,092	8,269	23,392
Acquisition of businesses, net of cash paid	—	—	(11,511)
Proceeds from sales of loans transferred to held for sale	60,578	26,153	64,580
Net death benefits received on (purchases of) bank owned life insurance	6,016	33	(17,564)
Purchases of tax credit investments	(71,703)	(83,813)	(66,637)
Purchases of limited partnership interests	(28,102)	(26,980)	(30,298)
Other, net	16,160	(79,126)	19,967
Net cash (used in) provided by investing activities	(782,158)	2,396,048	(1,713,076)

Consolidated Statements of Cash Flows (continued)
Cadence Bank and Subsidiaries

(In thousands)	Year Ended December 31,		
	2024	2023	2022
Financing Activities:			
Increase (decrease) in deposits, net	1,999,373	(459,654)	(863,976)
Net change in securities sold under agreement to repurchase and federal funds purchased	(427,900)	(457,220)	(373,452)
Net change in BTFP borrowings and short-term FHLB advances	(3,500,000)	399,769	3,100,231
Long-term borrowings called, repurchased, and repaid	(422,560)	(22,536)	(17,844)
Exercise of stock options	24,591	6,146	—
Repurchase of common stock	(35,443)	(2,410)	(183,584)
Cash dividends paid on common stock	(182,639)	(171,791)	(160,777)
Cash dividends paid on preferred stock	(9,488)	(9,488)	(9,488)
Cash paid for tax withholding on vested share-based compensation and other	(21,127)	(7,608)	(4,869)
Other, net	—	1,744	—
Net cash (used in) provided by financing activities	(2,575,193)	(723,048)	1,486,241
Net (decrease) increase in cash and cash equivalents	(2,500,689)	2,236,506	701,080
Cash and cash equivalents at beginning of period	4,232,265	1,995,759	1,294,679
Cash and cash equivalents at end of period	\$ 1,731,576	\$ 4,232,265	\$ 1,995,759

Supplemental Cash Flow Disclosures
Cadence Bank and Subsidiaries

(In thousands)	Year Ended December 31,		
	2024	2023	2022
Supplemental Disclosures			
Cash paid during the period for:			
Interest	\$ 1,100,972	\$ 885,661	\$ 190,241
Income taxes, net of refunds	115,078	163,452	72,445
Cash paid for amounts included in lease liabilities	17,812	20,262	22,221
Non-cash investing activities, at fair value:			
Acquisition of real estate and other assets in settlement of loans	7,917	7,531	4,337
Transfers of loans held for sale to loans	8,123	45,307	1,624
Transfers of loans to loans held for sale	102,202	26,083	23,533
Right of use assets obtained (reduced) in exchange for new operating lease liabilities	7,433	(657)	28,663
Increase in funding obligations for certain tax credit investments	60,093	152,222	83,765

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements
Cadence Bank and Subsidiaries

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Consolidation

The Company is a regional bank with dual headquarters in Houston, Texas and Tupelo, Mississippi with \$47.0 billion in total assets at December 31, 2024. The Company has commercial banking operations in Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, Missouri, Tennessee, and Texas. The Company and its subsidiaries provide commercial banking, leasing, mortgage origination and servicing, brokerage, trust, and investment advisory services to corporate customers, local governments, individuals, and other financial institutions through an extensive network of branches and offices.

The Company and its subsidiaries follow GAAP, including, where applicable, general practices within the banking industry. The consolidated financial statements include the accounts of the Company and its subsidiaries. Significant intercompany accounts and transactions have been eliminated in consolidation. The assessment of whether or not the Company has a controlling interest (i.e., the primary beneficiary) in a VIE is performed on an on-going basis. All equity investments in non-consolidated VIEs are included in “other assets” in the Company’s consolidated balance sheets (see Note 23 for more information).

Effective May 17, 2024, the Company completed the sale of Cadence Business Solutions, LLC, its payroll processing business unit, resulting in a net gain on sale of approximately \$12.0 million. The gain on sale was included in Other noninterest revenue within the accompanying consolidated statements of income.

Certain amounts reported in prior years have been reclassified to conform to the 2024 presentation. These reclassifications did not materially impact the Company’s consolidated financial statements.

In accordance with GAAP, the Company’s management evaluated subsequent events for potential recognition or disclosure in the consolidated financial statements through the date of the issuance of the consolidated financial statements.

Discontinued Operations

On October 24, 2023, the Company entered into the Stock Purchase Agreement regarding the sale of Cadence Insurance to Arthur J. Gallagher Risk Management Services, LLC and Arthur J. Gallagher & Co pursuant to which the Company agreed to sell all of the issued and outstanding shares of capital stock of Cadence Insurance to Gallagher for a purchase price of \$904.0 million in cash, subject to customary purchase price adjustments. The transaction closed on November 30, 2023. Cadence Insurance’s operating results have been presented as “discontinued operations” within the accompanying consolidated statements of income. Cash flows from both continuing and discontinued operations are included in the consolidated statements of cash flows. There was no activity from these discontinued operations in 2024. See Note 2 and Note 19 for further discussion.

Nature of Operations

The Company operates under a state bank charter and is subject to regulation by the Federal Reserve Bank of St. Louis. The Company is a regional banking franchise with more than 350 branch locations across the South, Midwest and Texas. Services and products include consumer banking, consumer loans, mortgages, home equity lines and loans, credit cards, commercial and business banking, treasury management, specialized lending, asset-based lending, commercial real estate, equipment financing, correspondent banking, SBA lending, foreign exchange, wealth management, investment and trust services, financial planning, and retirement plan management.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are susceptible to significant change in the near term are the ACL, valuation of goodwill, intangible assets, and deferred income taxes.

Securities

AFS Securities

Securities classified as AFS are those debt securities that are intended to be held for an indefinite period of time, but not necessarily to maturity. Any decision to sell a security classified as AFS would be based on various factors, including movements in interest rates, liquidity needs, security risk assessments, changes in the mix of assets and liabilities and other similar factors. These securities are carried at their estimated fair value, and the net unrealized gain or loss is reported as AOCI, net of tax, until realized upon sale. Premiums and discounts are recognized in interest income using the effective interest method.

Realized gains and losses on the sale of securities AFS are determined by specific identification using the cost on a trade date basis and are included in securities (losses) gains, net in the Company's consolidated statements of income.

The Company evaluates available for sale securities in an unrealized loss position to determine whether the decline in the fair value below the amortized cost basis (impairment) is due to credit-related factors or noncredit-related factors. Any impairment that is not credit related is recognized in other comprehensive income, net of applicable taxes. Credit-related impairment is recognized as an ACL on the balance sheet, limited to the amount by which the amortized cost basis exceeds the fair value with a charge to earnings. In evaluating available for sale securities in unrealized loss positions for impairment, management considers the magnitude and duration of the decline, as well as the reasons for the decline, whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred, whether the Company would be required to sell the securities before a full recovery of costs and the results of reviews of the issuers' financial condition, among other facts. See Note 3 for additional information on AFS securities.

Held-to-Maturity Securities

Securities classified as held-to-maturity are those debt securities for which there is a positive intent and ability to hold to maturity. These securities are carried at cost, adjusted for amortization of premium and accretion of discount, computed by the effective interest method. At December 31, 2024 and 2023, the Company did not have any held-to-maturity securities.

Trading Account Securities

Trading account securities are securities that are held for the purpose of selling them at a profit. The Company had no trading account securities at December 31, 2024 and 2023.

Securities Purchased and Sold Under Agreements to Resell or Repurchase

Securities purchased under agreements to resell are accounted for as short-term investments and securities sold under agreements to repurchase are accounted for as collateralized financing transactions and are recorded at the amounts at which the securities were acquired or sold plus accrued interest. The securities pledged as collateral are generally U.S. government and federal agency securities.

FHLB Stock

The Company has ownership in FHLB of Dallas stock which does not have readily determinable fair value and no quoted market value, as ownership is restricted to member institutions, and all transactions take place at par value with the FHLB as the only purchaser. Therefore, the Company accounts for this investment as a long-term asset and carries it at cost. Management's determination as to whether this investment is impaired is based on management's assessment of the ultimate recoverability of the par value (cost) rather than recognizing temporary declines in fair value. Investment in FHLB stock is required for membership in the FHLB system and in relation to the level of FHLB advances. FHLB stock is included in other assets in the accompanying consolidated balance sheets.

FRB Stock

In November 2024, the Company became a member of the Federal Reserve System. As a member bank, Cadence is required to purchase and hold shares of capital stock in the Federal Reserve Bank of St. Louis. The capital stock has no readily determinable fair value and no quoted market value since ownership is restricted to member institutions. Therefore, the capital stock is carried at cost. Impairment is based on management's assessment on the recoverability of the cost rather than recognizing temporary declines in fair value. FRB stock is included in other assets in the accompanying consolidated balance sheets.

Derivative Financial Instruments and Hedging Activities

Derivative instruments are accounted for under the requirements of ASC Topic 815, *Derivatives and Hedging*. ASC 815 requires companies to recognize derivative instruments as either assets or liabilities in the consolidated balance sheets at fair value. The fair value of derivative positions outstanding is included in other assets and other liabilities in the accompanying consolidated balance sheets and in the net change in each of these financial statement line items in the accompanying consolidated statements of cash flows. The Company does not speculate using derivative instruments. See Note 20 for further discussion and details of derivative financial instruments and hedging activities.

Interest Rate Lock Commitments

In the ordinary course of business, the Company enters into certain commitments with customers in connection with residential mortgage loan applications for loans the Company intends to sell. Such commitments are considered derivatives under current accounting guidance and are required to be recorded at fair value. The change in fair value of these instruments is reflected currently in the mortgage banking revenue of the consolidated statements of income. The fair value of these derivatives is recorded on the consolidated balance sheets in other assets and other liabilities.

Forward Sales Commitments

The Company enters into forward sales commitments of MBS with investors to mitigate the effect of the interest rate risk inherent in providing interest rate lock commitments to customers. During the period from commitment date to closing date, the Company is subject to the risk that market rates of interest may change. In an effort to mitigate such risk, forward delivery sales commitments, under which the Company agrees to deliver certain MBS, are established. These commitments are non-hedging derivatives in accordance with current accounting guidance and recorded at fair value, with changes in fair value reflected currently in the mortgage banking revenue of the consolidated statements of income. The fair value of these derivatives is recorded on the consolidated balance sheets in other assets and other liabilities.

Agreements Not Designated as Hedging Derivatives

The Company enters into interest rate swap, floor, cap and collar agreements on commercial loans with customers to meet the financing needs and interest rate risk management needs of its customers. At the same time, the Company enters into offsetting interest rate swap agreements with a financial institution in order to minimize the Company's interest rate risk. These interest rate agreements are non-hedging derivatives and are recorded at fair value with changes in fair value reflected in noninterest income. The fair value of these derivatives is recorded on the consolidated balance sheets in other assets and other liabilities.

Foreign Currency Contracts

The Company enters into certain foreign currency exchange contracts on behalf of its clients to facilitate their risk management strategies, while at the same time entering into offsetting foreign currency exchange contracts with another counterparty in order to minimize the Company's foreign currency exchange risk. The contracts are short term in nature, and any gain or loss incurred at settlement is recorded as other noninterest income. The fair value of these contracts is reported in other assets and other liabilities. The Company does not apply hedge accounting to these contracts.

Risk Participation Agreements

Cadence has both bought and sold credit protection in the form of participations on interest rate swaps (swap participations). These swap participations, which meet the definition of credit derivatives, were entered into in the ordinary course of business to serve the credit needs of customers. Swap participations, whereby Cadence has purchased credit protection, entitle Cadence to receive a payment from the counterparty if the customer fails to make payment on any amounts due to Cadence upon early termination of the swap transaction. For contracts where Cadence sold credit protection, Cadence would be required to make payment to the counterparty if the customer fails to make payment on any amounts due to the counterparty upon early termination of the swap transaction.

Mortgage Servicing Right Hedges

The value of our MSR is dependent on changes in market interest rates. In order to mitigate the effects of changes in rate on the value of our MSR, the Company has used various instruments as an economic hedge. See Notes 17 and 20 for further information.

Derivative contracts involve the risk of dealing with both bank customers and institutional derivative counterparties and their ability to meet contractual terms. Under Company policy, institutional counterparties must be approved by the Company's Asset/Liability Management Committee. The Company's credit exposure on derivatives is limited to the net fair value for each counterparty.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales when control over the transferred assets is surrendered. Control is generally considered to have been surrendered when 1) the transferred assets are legally isolated from the Company or its consolidated affiliates, even in bankruptcy or other receivership, 2) the transferee has the right to pledge or exchange the assets with no conditions that constrain the transferee and provide more than a trivial benefit to the Company, and 3) the Company does not maintain the obligation or unilateral ability to reclaim or repurchase the assets. If these sale criteria are met, the transferred assets are removed from the Company's balance sheet and a gain or loss on sale is recognized. If not met, the transfer is recorded as a secured borrowing, and the assets remain on the Company's balance sheet, the proceeds from the transaction are recognized as a liability, and gain or loss on sale is deferred until the sale criterion are achieved.

Loans Held-for-Sale

Mortgage Loans Held-for-Sale

The Company has elected to carry loans held-for-sale at fair value. The fair value of loans held-for-sale is based on commitments outstanding from investors as well as what secondary markets are currently offering for portfolios with similar characteristics. Loans held-for-sale are subjected to recurring fair value adjustments. Loan sales are recognized when the transaction closes, the proceeds are collected, ownership is transferred and, through the sales agreement, continuing involvement consists of the right to service the loan for a fee for the life of the loan, if applicable. Gains and losses on the sale of loans held-for-sale are recorded as part of mortgage banking revenue on the consolidated statements of income. Fees on mortgage loans sold individually in the secondary market, including origination fees, service release premiums, processing and administrative fees, and application fees, are recognized as mortgage banking revenue in the period in which the loans are sold.

Buyers generally have recourse to return a purchased loan to the Company under limited circumstances. Recourse conditions may include early payment default, breach of representations or warranties, and documentation deficiencies. During 2024, 2023, and 2022, an insignificant number of loans were returned to the Company. At December 31, 2024 and 2023, the Company had reserved \$1.8 million and \$2.3 million, respectively, for probable losses from representation and warranty obligations.

GNMA optional repurchase programs allow financial institutions to buy back individual delinquent mortgage loans that meet certain criteria from the securitized loan pool for which the institution provides servicing. At the servicer's option and without GNMA's prior authorization, the servicer may repurchase such a delinquent loan for an amount equal to 100% of the remaining principal balance of the loan. Under ASC 860, this buyback option is considered a conditional option until the delinquency criteria are met, at which time the option becomes unconditional. When the Company is deemed to have regained effective control over these loans under the unconditional buyback option, the loans can no longer be reported as sold and must be brought back onto the consolidated balance sheet as loans held-for-sale, regardless of whether the Company intends to exercise the buy-back option. These loans are reported as held-for-sale in accordance with GAAP with the offsetting liability being reported as other liabilities. Refer to Note 13 for additional information.

Commercial Loans Held-for-Sale

The Company originates certain commercial loans for which a portion is intended for sale. The Company also transfers certain commercial loans to held-for-sale when management has the intent to sell the loan or a portion of the loan in the near term. These held-for-sale loans are recorded at fair value. At the time of transfer, write-downs on the loans are recorded as charge-offs and a new cost basis is established. Any subsequent fair value adjustment is determined on an individual loan basis and is recognized as a valuation allowance with any charges included in other noninterest expense. Gains and losses on the sale of these loans are included in other noninterest income when realized.

Loans and Leases and Related Provision and ACL

Loans and leases are presented in the consolidated financial statements at amortized cost. The components of amortized cost include unpaid principal balance, unamortized discounts and premiums, and unamortized deferred fees and costs. Interest income is recognized based on the principal balance outstanding and the stated rate of the loan. Loan origination fees and certain direct origination costs are capitalized and recognized as an adjustment of the yield on the related loan. Loans acquired through acquisition are initially recorded at fair value. Discounts and premiums created when the loans were recorded at their estimated fair values at acquisition are accreted over the remaining term of the loan as an adjustment to the related loan's yield. In the event of a loan pay-off, the remaining net deferred origination fees, and unamortized discounts and premiums are automatically recognized into income. Where doubt exists as to the collectability of the loans and leases, interest income is recorded as payment is received.

The Company's policy provides that loans and leases are generally placed in nonaccrual status if, in management's opinion, payment in full of principal or interest is not expected or payment of principal or interest is more than 90 days past due for commercial loans and 120 days past due for consumer loans, unless the loan or lease is both well-secured and in the process of collection. Once placed in nonaccrual status, all accrued but uncollected interest related to the current fiscal year is reversed against the appropriate interest and fee income on loans and leases account with any accrued but uncollected interest related to prior fiscal years is charged off against the ACL.

The ACL is maintained through charges to income in the form of a provision for credit losses at a level management believes is adequate to absorb an estimate of expected credit losses over the contractual life of the loan portfolio as of the reporting date. Events that are not within the Company's control, such as changes in economic conditions, could change subsequent to the reporting date and could cause the ACL to be overstated or understated. The amount of the ACL is affected by loan charge-offs, which decreases the ACL; recoveries on loans previously charged off, which increases the ACL; the provision for credit losses charged to income, which increases the ACL; and the release of provision for credit losses charged to income, which decreases the ACL.

PCD (Loss) is an internal grade for loans with evidence of deterioration of credit quality since origination that are acquired, and for which it is probable, at acquisition, that the bank will be unable to collect all contractually required payments. Specific provisions related to PCD (Loss) loans found in ASC 326 include:

- ASC 326 provides special initial recognition and measurement for the Day One accounting for PCD assets.
- ASC 326 requires entities that purchase certain financial assets (or portfolios of financial assets) with the intention of holding them for investment to determine whether the assets have experienced more-than-insignificant deterioration in credit quality since origination.
- More-than-insignificant deterioration will generally be determined by the asset's delinquency status, credit risk rating, accruing status or other indicators of credit deterioration since origination.
- An entity initially measures the amortized cost of a PCD asset by adding the acquisition date estimate of expected credit losses to the asset's purchase price. Because the initial estimate for expected credit losses is added to the purchase price to establish the Day One amortized cost, PCD accounting is commonly referred to as a "gross-up" approach. There is no credit loss expense recognized upon acquisition of a PCD asset; rather the "gross-up" is offset by establishment of the initial allowance.
- After initial recognition, the accounting for a PCD asset will generally follow the credit loss model.
- Interest income for a PCD asset is recognized using the EIR calculated at initial measurement. This EIR is determined by comparing the amortized cost basis of the instrument to its contractual cash flows, consistent with ASC 310-20. Accordingly, since the PCD gross-up is included in the amortized cost, the purchase discount related to estimated credit losses on acquisition is not accreted into interest income. Only the noncredit-related discount or premium is accreted or amortized, using the EIR that was calculated at the time the asset was acquired.

Loans of \$1.0 million or more that are identified as collateral-dependent, which generally include loans internally graded as impaired or PCD Loss loans, are reviewed by the Impairment Working Group which approves the amount of specific reserve, if any, and/or charge-off amounts. For loans which are determined to be collateral dependent, the value assigned for collateral support is influenced by current appraisals, foreclosure bid estimates, market conditions, aging of accounts receivable or inventory, equipment documentation, observable market prices, estimates of enterprise or economic value, legal issues, appraisal assumptions and property condition among other factors. For real estate secured loans, collateral support will be determined by the current appraisals ordered and reviewed by the Appraisal Department, less discounts including foreclosure/bank ownership, taxes and cost to sell. Generally, an individual reserve of the difference between the Bank's amortized cost and the collateral support is recorded. A reserve of zero is appropriate when the collateral support equals or exceeds the amortized cost of the loan. The Impairment Working Group reviews the results of each evaluation and approves the final specific provision amounts, which are then included in the analysis of the adequacy of the ACL in accordance with ASC 326.

New collateral valuations are generally ordered for loans \$1.0 million or greater that have characteristics of potential specific provision, such as delinquency or other loan-specific factors identified by management, when current collateral support (dated within the prior 12 months) is not available or when the current collateral support uses assumptions that are not consistent with the expected disposition of the loan collateral. In order to measure a specific provision properly at the time that a loan is reviewed, a bank officer may estimate the collateral support based upon earlier collateral valuations received from outside appraisers, sales contracts, approved foreclosure bids, comparable sales, officer estimates or current market conditions until a new collateral valuation is received. This estimate can be used to determine the extent of the specific provision on the loan. Management performs a review of the pertinent facts and circumstances of each collateral-dependent loan, such as changes in outstanding balances, information received from loan officers and receipt of re-appraisals, at least quarterly. As of each review date, management considers whether additional provision and/or charge-offs should be recorded based on recent activity related to the loan-specific collateral as well as other relevant comparable assets. Any adjustment to reflect further exposure, either because management's periodic review or as a result of updated collateral support, is made through recording additional ACL provisions and/or charge-offs.

When a guarantor is relied upon as a source of repayment, the Company analyzes the strength of the guaranty. This analysis varies based on circumstances but may include a review of the guarantor's personal and business financial statements and credit history, a review of the guarantor's tax returns, and the preparation of a cash flow analysis of the guarantor. Management will continue to update its analysis on individual guarantors as circumstances change.

In the normal course of business, management may grant modifications to borrowers that are experiencing financial difficulty. Loans identified as meeting the criteria under ASC 310 are identified as an FDM. Any modification, renewal or forbearance on loans assigned a rating of "Special Mention" or worse, and loans of any rating which show evidence of financial difficulty is reviewed to determine whether the borrower is experiencing financial difficulty and if so, which terms of the loan were modified.

If the borrower is experiencing financial difficulty and the loan is modified via forgiveness of principal, reduction in interest rate to a rate below current market rates for issuance, payment extension or deferral for greater than 6 months (including extensions granted in the past 12 months), term or maturity date extension, or combination of these specific modification terms, the modification requires disclosure. See Note 4 for the Company's reportable modifications.

In the normal course of business, the Company assumes risks in extending credit. The Company manages these risks through underwriting in accordance with its lending policies, loan review procedures and the diversification of its loan and lease portfolio. Although it is not possible to predict credit losses with certainty, management regularly reviews the characteristics of the loan and lease portfolio to determine its overall risk profile and quality.

The provision for credit losses is the periodic cost (or credit) of providing an allowance or reserve for expected losses on loans and leases. The Board of Directors has appointed a Credit Committee, composed of senior management and lending administration staff which meets on a quarterly basis, or more frequently if required, to review the recommendations of several internal working groups developed for specific purposes including the ACL, specific provision amounts, and charge-offs. The ACL Working Group bases its estimates of credit losses on three primary components: (1) estimates of expected losses that exist in various segments of performing loans and leases over the remaining life of the loan portfolio using a reasonable and supportable economic forecast; (2) specifically identified losses in individually analyzed credits which are collateral dependent; and (3) qualitative factors related to economic conditions, portfolio concentrations, regulatory policy updates, and other relevant factors that address estimates of expected losses not fully addressed based upon management's judgment of portfolio conditions.

For modeling purposes, loans with similar loan characteristics (including but not limited to underwriting factors, borrower financial conditions, credit history, collateral type, market conditions, etc.) are run individually through one of several credit risk models to determine a one year probability of default and loss given default. These two figures are then multiplied to create a one-year expected loss. All loans are then further segmented by portfolio for inclusion in one of several ACL models to estimate the loan's lifetime losses based on its one-year loss estimate. The lifetime loss estimate generated by the model component includes a macroeconomic forecast that includes several factors over a reasonable and supportable period, which the Company has determined is an eight quarter time period. After the reasonable and supportable period, all loans revert to their historic one year expected loss estimates. The group may also consider the results of alternate models and calculations to ensure that the reserve includes all appropriate risk components.

The Company's reasonable and supportable eight quarter economic forecast is utilized to estimate credit losses before reverting to longer term historical loss experience. The Company subscribes to various economic services and publications to assist with the development of inputs used in the modeling and qualitative framework for the ACL calculation. The economic forecast considers changes in real gross domestic product, nominal disposable income, unemployment rate, equity valuations and related volatility, valuations for residential and commercial real estate, and other indicators that may be correlated with the Company's expected credit losses.

The Company excludes accrued interest from interest income when it is determined that it is probable that all contractual principal and interest will not be collected for loans. For loans with available commitments that are not unconditionally cancellable, expected losses are calculated by applying comparable loss rates on funded loans to the unfunded commitment balances. In addition, the loan type and expected line utilization are considered when estimating losses on unfunded commitments.

Attention is paid to the quality of the loan and lease portfolio through a formal loan review process. An independent loan review department of the Company is responsible for reviewing the credit rating and classification of individual credits and assessing trends in the portfolio, adherence to internal credit policies and procedures and other factors that may affect the overall adequacy of the ACL. The ACL Working Group is responsible for ensuring that the ACL provides adequate coverage of expected losses. The ACL Working Group meets at least quarterly to determine the amount of adjustments to the ACL. The ACL Working Group is composed of senior management from the Company's credit administration, risk, and finance departments. The Impairment Working Group is responsible for evaluating individual loans that have been specifically identified through various channels, including examination of the Company's watch list, past due listings, and loan officer assessments. For all loans identified, an analysis is prepared to determine if the loan is collateral dependent and the extent of any loss exposure to be reviewed by the Impairment Working Group. The Impairment Working Group reviews all loans restructured in an FDM if the loan is \$1.0 million or greater to determine if it is probable that the Company will be unable to collect the contractual principal and interest on the loan. An evaluation of the circumstances surrounding the loan is performed to determine whether the loan was collateral-dependent. The fair value of the underlying collateral is considered if the loan is collateral-dependent. The Impairment Working Group meets at least quarterly. The Impairment Working Group is made up of senior management from the Company's lending administration, risk, and finance departments.

If a loan to a borrower experiencing financial difficulty is modified, regardless of the modification type, the loan is individually evaluated and reserved for as needed. Should the borrower's financial condition, collateral protection or performance deteriorate, warranting reassessment of the loan rating or specific provision, additional reserves and/or charge-offs may be required.

Any loan or portion thereof which is classified as "loss" or which is determined by management to be uncollectible, because of factors such as the borrower's failure to pay interest or principal, the borrower's financial condition, economic conditions in the borrower's industry or the inadequacy of underlying collateral, is charged off. See Note 4 for additional information on loans and leases and Note 5 for additional information on the ACL.

Premises and Equipment

Premises and equipment are stated at cost, less accumulated depreciation and amortization. Provisions for depreciation and amortization, computed using straight-line methods, are charged to expense over the estimated useful lives of the assets. Costs of major additions and improvements are capitalized. Expenditures for routine maintenance and repairs are charged to expense as incurred. Upon retirement, sale, or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts, and any gains or losses are included in income. See Note 6 for additional information.

Leases

The Company leases various premises and equipment. At the inception of the contract, the Company determines if an arrangement is or contains a lease and will recognize on the balance sheet a lease asset for its right to use the underlying asset and a lease liability for the corresponding lease obligation for contracts longer than a year. Both the asset and liability are initially measured at the present value of the future minimum lease payments over the lease term. In determining the present value of lease payments, the Company uses our incremental borrowing rate as the discount rate for the leases.

The Company has elected the practical expedient to not separate non-lease components from lease components and instead to account for both as a single lease component. The Company's leases do not contain residual value guarantees or material variable lease payments. The Company does not have any material restrictions or covenants imposed by leases that would impact the Company's ability to pay dividends or cause the Company to incur additional financial obligations.

The Company elected to apply the short-term lease exception to existing leases that meet the definition of a short-term lease (less than 12 months), considering the lease term from the commencement date, not the remaining term at the date of adoption. Certain of the Company's leases contain options to renew the lease therefore these renewal options are included in the determination of the capitalization period and calculation of the lease liability and ROU asset as they are reasonably certain to be exercised.

Leases for which the Company is the lessor are substantially all accounted for as operating leases and the lease components and non-lease components are accounted for separately. The remaining lease periods vary from one month to five years and the contractual maturities of gross lease receivables were not material to the financial position of our Company. See Note 7 for additional required disclosures under ASC 842.

OREO and Repossessed Assets

OREO consists of properties acquired through foreclosure. Repossessed assets consists of non-real estate assets acquired in partial or full settlement of loans. OREO and repossessed assets totaled \$5.8 million and \$6.2 million at December 31, 2024 and 2023, respectively, and included in other assets in the accompanying consolidated balance sheets. These assets are recorded at fair value, less estimated costs to sell, on the date of foreclosure or repossession, establishing a new cost basis for the asset. Subsequent to the foreclosure or repossession date the asset is maintained at the lower of cost or fair value. Any write-down to fair value required at the time of foreclosure or repossession is charged to the ACL. Subsequent gains or losses resulting from the sale of the property or additional valuation allowances required due to further declines in fair value are reported in other noninterest expense.

Goodwill and Other Intangible Assets

Goodwill is not amortized but is evaluated for impairment at least annually in the fourth quarter, or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. As part of its testing, the Company may elect to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the results of the qualitative assessment indicate that more likely than not a reporting unit's fair value is less than its carrying amount, the Company determines the fair value of the respective reporting unit (through the application of various quantitative valuation methodologies) relative to its carrying amount to determine whether quantitative indicators of potential impairment are present (i.e., Step 1). The Company may also elect to bypass the qualitative assessment and begin with Step 1. If the results of Step 1 indicate that the fair value of the reporting unit is below its carrying amount, the Company will recognize an impairment loss for the amount that the reporting unit's carrying amount exceeds its fair value (up to the amount of goodwill recorded). A reporting unit is defined as an operating segment or a component of that operating segment. Reporting units may vary, depending on the level at which performance of the segment is reviewed. If impaired, the asset is written down to its estimated fair value. No impairment charges were recognized in any reporting unit through December 31, 2024. See Note 8 for additional information.

Other identifiable intangible assets consist primarily of core deposit premiums and customer relationships arising from acquisitions. These intangibles were established using the discounted cash flow approach and are being amortized using an accelerated method over the estimated remaining life of each intangible recorded at acquisition. Additionally, trademarks and trade names, considered finite-lived intangible assets, are reviewed for impairment when events or changes in circumstances indicate that the asset's carrying amount may not be recoverable from undiscounted future cash flows or that it may exceed its fair value. No impairment to these intangible assets has been identified in any period presented.

Servicing Rights Assets

The Company recognizes as assets the rights to service mortgage loans for others, known as MSR. The Company records MSR at fair value for all loans sold on a servicing retained basis with subsequent adjustments to fair value of MSR in accordance with ASC 860. An estimate of the fair value of the Company's MSR is determined utilizing assumptions about factors such as mortgage interest rates, discount rates, mortgage loan prepayment speeds, market trends and industry demand. Because the valuation is determined by using discounted cash flow models, the primary risk inherent in valuing the MSR is the impact of fluctuating interest rates on the estimated life of the servicing revenue stream. The use of different estimates or assumptions could also produce different fair values. The Company is susceptible to fluctuations in MSR value in changing interest rate environments. MSR are included in the other assets category of the consolidated balance sheet. Changes in the fair value of MSR are recorded as part of mortgage banking revenue on the consolidated statements of income. See Note 17 for additional information.

Cash Surrender Value of Life Insurance

The Company invests in BOLI, which involves the purchasing of life insurance on selected employees. The Company is the owner of the policies and, accordingly, the cash surrender value of the policies is included in total assets and increases in cash surrender values are reported as income in the consolidated statements of income. The cash value accumulation on BOLI is permanently tax deferred if the policy is held to the insured person's death and certain other conditions are met.

VIE and Other Investments

The Company is deemed to be the primary beneficiary and required to consolidate a VIE if it has a variable interest in the VIE that provides it with a controlling financial interest. For such purposes, the determination of whether a controlling financial interest exists is based on whether a single party has both the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and the obligation to absorb the losses of the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. Conclusions reached regarding which interest holder is a VIE's primary beneficiary must be continuously evaluated. The Company has determined that certain of its investments meet the definition of VIE.

The Company invests in certain affordable housing projects as a limited partner and accounts for these investments and the related tax credits using either the effective yield method or the proportional amortization method, depending upon the date of the investment. Under the effective yield method, the Company recognizes the tax credits as they are allocated and amortizes the initial costs of the investments to provide a constant effective yield over the period that the tax credits are allocated. Under the proportional amortization method, the Company amortizes the cost of the investment in proportion to the tax credits and other tax benefits received and recognizes the net investment performance in the income statement as a component of income tax expense.

Equity securities with readily determinable fair values not held for trading consist of marketable equity securities which are carried at fair value with changes in fair value reported in net income.

For other investments in limited partnerships without readily determinable fair values, the Company has elected to account for these investments using the practical expedient of the fair value of underlying net asset value. For investments in other limited partnerships without readily determinable fair values that do not qualify for the practical expedient, these investments are accounted for at their cost minus impairment, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. Any changes in fair value are reported in net income. See Note 23 for additional information about our variable interest entities and other investments.

Pension and Postretirement Benefits

The Company accounts for its defined benefit pension plans using an actuarial model that uses an approach which allocates pension costs over the service period of employees in the plan. The Company also accounts for its other postretirement benefits by recognizing net periodic postretirement benefit costs as employees render the services necessary to earn their postretirement benefits. The principle underlying the accounting is that employees render service ratably over the service period and, therefore, the income statement effects of the Company's defined benefit pension and postretirement benefit plans should follow the same pattern. The Company accounts for the over-funded or under-funded status of its defined benefit and other postretirement plans as an asset or liability in its consolidated balance sheets.

The discount rate is the rate used to determine the present value of the Company's future benefit obligations for its pension and other postretirement benefit plans. The Company determines the discount rate with the assistance of its actuary using the actuary's proprietary model. The Company determined the discount rate by developing a level equivalent yield using its actuary's model at December 31, 2024 and incorporating the expected cash flows from the Cadence Bank Retirement Plan (the "Basic Plan"), the Cadence Bank Restoration Plan (the "Restoration Plan") and the Cadence Bank Supplemental Executive Retirement Plan (the "Supplemental Plan"). See Note 12 for additional information.

The Company offers a 401(k) defined contribution benefit plan to its employees. The plan provides for a 100% match of employee contributions up to five percent of employee compensation. All contributions and related earnings are 100% vested.

As a result of the prior acquisitions, the Company has various legacy unqualified supplemental retirement plans. The plans allow for fixed payment amounts to begin on a monthly or annual basis at a specified age. The annual cost charged to expense and the estimated present value of the projected payments was determined in accordance with the provisions of ASC 710 and ASC 715. The present value of projected payments is recorded as a liability in the Company's consolidated balance sheets. The Company provided a voluntary deferred compensation plan for certain of its executive and senior officers. Under this plan, the participants were allowed to defer up to 25% of their base compensation and 100% of certain incentive compensation. The Company could, but was not obligated to, contribute to the plan. Amounts contributed to this plan were credited to a separate account for each participant and are subject to a risk of loss in the event of the Company's insolvency. The Company made no contributions to this plan in 2024, 2023, or 2022.

Share-Based Compensation

The Company administers several long-term incentive compensation plans that provide for the granting of various forms of incentive share-based compensation. The Company values these units at the grant date fair value and recognizes expense over the requisite service period. The Company's share-based compensation costs are recorded as a component of salaries and employee benefits in the consolidated statements of income. The Company has elected to account for forfeitures of share-based compensation awards as they occur, and compensation cost is recorded assuming all recipients will complete the requisite service period. If an employee forfeits an award because they do not complete the requisite service period, the Company will reverse compensation cost previously recognized in the period the award is forfeited. Upon the exercise of stock options, the granting of restricted stock awards, or the vesting of share-based awards, the Company would fulfill these events by issuing new common shares. At December 31, 2024, the Company believes there are adequate authorized common shares to satisfy anticipated share-based award vesting in 2025. See Note 14 for additional information.

Income Taxes

The Company and its significant subsidiaries are subject to income taxes in federal, state and local jurisdictions, and such corporations account for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and net operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The recognition of a deferred tax asset is dependent upon a "more likely than not" expectation of realization of the deferred tax asset, based upon the analysis of available evidence. The deferred tax asset recoverability is calculated using a consistent approach, which considers the relative impact of negative and positive evidence, including review of historical financial performance, and all sources of future taxable income, such as projections of future taxable income exclusive of future reversals of temporary differences and carryforwards, tax planning strategies, and any carryback availability. A valuation allowance is required to sufficiently reduce the deferred tax asset to the amount that is expected to be realized on a "more likely than not" basis. Changes in the valuation allowance are generally recorded through income. See Note 11 for more information about the Company's income taxes.

Common Stock Repurchases

The Company purchases shares of its common stock pursuant to share repurchase programs authorized by its Board of Directors. Repurchased shares are available for use in the Company's share-based compensation programs and other transactions or for other corporate purposes as determined by the Company's Board of Directors. At the date of repurchase, shareholders' equity is reduced by the repurchase price. See Note 18 for additional information.

Revenue Recognition

Service Charges on Deposit Accounts

Service charges on deposit accounts consist of non-sufficient funds fees, account analysis fees, and other service charges on deposits which consist primarily of monthly account fees. Non-sufficient funds fees are recognized at the time the account overdraft occurs in accordance with regulatory guidelines. Account analysis fees consist of fees charged to certain commercial demand deposit accounts based upon account activity (and reduced by a credit which is based upon cash levels in the account). The Company's performance obligation for these fees is satisfied and related revenue recognized, when the service is rendered.

Fees and Other Service Charges

Fees and other service charges primarily consist of debit and credit card income, merchant services and other service fees. These fees are earned at a point in time as the Company's performance obligation for service charges are satisfied, and related revenue recognized, when the services are rendered.

Assets Under Administration and Asset Management Fees

The Company does not include assets held in fiduciary or agency capacities in the consolidated balance sheets, as such items are not assets of the Company. Fees from asset management activities are recorded on an accrual basis, over the period in which the service is provided. Fees are a function of the market value of assets administered and managed, the volume of transactions, and fees for other services rendered, as set forth in the underlying client agreement. This revenue recognition involves the use of estimates and assumptions, including components that are calculated based on estimated asset valuations and transaction volumes. The Company does not earn performance-based incentives. The Company's performance obligation for these fees is satisfied, and related revenue recognized, when services are rendered.

Advisory Fees for Brokerage Services

Advisory fees for brokerage services are collected monthly through a third-party vendor at a predetermined rate in the contract. Revenue for such performance obligations are recognized at the time the performance obligations are satisfied and is reflected in the Wealth Management line in the consolidated statements of income.

Credit Related Fees

Credit related fees primarily include fees assessed on the unused portion of commercial lines of credit ("unused commitment fees") and syndication agent fees. Unused commitment fees are recognized over the period of the related commitment. Syndication agent fees are earned to act as an agent for a period of time, usually one year. Arranger fees are earned to arrange a syndicate of lenders and are generally recognized when the transaction is closed.

Bankcard Fees

Bankcard fees include primarily bankcard interchange revenue, which is recorded when services are provided.

Payroll Processing Revenue

Payroll processing revenue consists principally of payroll processing fees, property and casualty brokerage and employee benefits brokerage. Payroll processing fees are charged as the services are provided and the Company satisfied its performance obligation simultaneously. Property and casualty brokerage include the brokerage of both personal and commercial coverages. The placement of the policy is completion of the Company's performance obligation and revenue is recognized at that time. The Company's commission is a percentage of the premium. Employee benefits brokerage consists of assisting companies in designing and managing comprehensive employee benefit programs. The services provided by the Company are collectively benefit management services which are considered a bundle of services that are highly interrelated. Each of the underlying services are activities to fulfill the benefit management service and are not distinct and separate performance obligations. Revenue is recognized over the contract term as services are rendered on a monthly basis. Customer payments are usually received on a monthly basis. This revenue is reflected in Other Income in the consolidated statements of income. During 2024, the Company completed the sale of Cadence Business Solutions, LLC, its payroll processing business unit, which discontinued this revenue stream.

SBA Income

SBA income consists of gains on sales of SBA loans, servicing fees, changes in the fair value of servicing rights, and other miscellaneous fees. Servicing fee income is recorded for fees earned for servicing SBA loans. The fees are based on a contractual percentage of the outstanding principal or a fixed amount per loan and are recorded as income when earned. This revenue is reflected in Other Income in the consolidated statements of income.

Advertising Costs

Advertising costs are expensed when the service is provided. See Note 22 for additional information.

Basic and Diluted EPS

Basic and diluted EPS are calculated in accordance with ASC 260, *Earnings Per Share*. Basic EPS is computed by dividing income available to common shareholders by the weighted-average number of common shares outstanding for the period. Diluted EPS is computed using the weighted-average number of shares determined for the basic EPS computation plus the shares resulting from the assumed exercise of all outstanding share-based awards using the treasury stock method. See Note 15 for additional information.

Comprehensive Income

Accounting principles generally require that recognized revenue, expenses, gains, and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available for sale securities, pension liability and cash flow hedges, are reported as a separate component of the shareholders' equity section of the consolidated balance sheets, such items, along with net income, are components of comprehensive income. See Note 16 for additional information.

Cash Flows

For purposes of reporting cash flows, cash and cash equivalents include cash on hand and amounts due from banks, interest bearing deposits with banks, and federal funds sold. Generally, federal funds are sold for one to seven day periods.

Cash flows from loans, either originated or acquired, are classified at the time according to management's intent to either sell or hold the loan for the foreseeable future. When management's intent is to hold the loan for the foreseeable future, the cash flows of that loan are presented as investing cash flows.

Off-Balance Sheet Financial Instruments

In the ordinary course of business, the Company enters into off-balance sheet financial instruments consisting of commitments to extend credit, credit card lines, standby letters of credit and commitments to purchase securities. Such financial instruments are recorded in the consolidated financial statements when they are exercised.

Fair Value of Financial Instruments

Fair value estimates are made at a specific point in time, based on relevant market information and other information about the Company's financial instruments. These estimates do not reflect any premium or discount that could result from offering for sale, at one time, the entire holdings of a particular financial instrument. Because no market exists for a portion of the financial instruments, fair value estimates are also based on judgments regarding estimated cash flows, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Management employs independent third-party pricing services to provide fair value estimates for the Company's financial instruments. Management uses various procedures to validate that the prices received from pricing services and quotations received from dealers are reasonable for each relevant financial instrument, including reference to relevant broker/ dealer quotes or other market quotes and a review of valuations and trade activity of comparable securities. Consideration is given to the nature of the quotes (e.g., indicative or firm) and the relationship of recently evidenced market activity to the prices provided by the third-party pricing service.

Understanding the third-party pricing service's valuation methods, assumptions and inputs used by the firm is an important part of the process of determining that reasonable and reliable fair values are being obtained. Management evaluates quantitative and qualitative information provided by the third-party pricing services to assess whether they continue to exhibit the high level of expertise that management relies upon.

Fair value estimates are based on existing financial instruments on the consolidated balance sheets, without attempting to estimate the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments. Significant assets and liabilities that are not considered financial instruments include deferred income taxes, premises and equipment, goodwill and other intangible assets. In addition, the income tax ramifications related to the realization of the unrealized gains and losses on financial instruments can have a significant effect on fair value estimates and have not been considered in any of the estimates. For further information about fair value measurements, see Note 13.

Related Party Transactions

In the normal course of business, loans are made to directors and executive officers and to companies in which they have a significant ownership interest. In the opinion of management, these loans are made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other parties, are consistent with sound banking practices, and are within applicable regulatory and lending limitations. The aggregate balances of related party loans and deposits are insignificant at December 31, 2024 and 2023.

Recently Adopted Accounting Pronouncements

ASU No. 2022-03

In June 2022, the FASB issued ASU No. 2022-03, *Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*. The amendments in the ASU clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The ASU introduces new disclosure requirements to provide investors with information about the restriction including the nature and remaining duration of the restriction.

The guidance became effective for Cadence beginning January 1, 2024. Cadence does not include contractual sale restrictions as adjustments to the measured fair value of our equity securities. The adoption of this guidance had no immediate impact to our consolidated financial statements.

ASU No. 2023-01

In March 2023, the FASB issued ASU No. 2023-01, *Leases (Topic 842): Common Control Arrangements* which amends the accounting for common control leasing arrangements. The ASU requires all entities to amortize leasehold improvements associated with common control leases over the useful life to the common control group.

The guidance became effective for Cadence beginning January 1, 2024. Cadence adopted this guidance on a prospective basis. The adoption of this guidance had no immediate impact to our consolidated financial statements.

ASU No. 2023-02

In March 2023, the FASB issued ASU No. 2023-02, *Investments—Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method*. The ASU allows entities to elect the proportional amortization method, on a tax-credit-program-by-tax-credit-program basis, for all equity investments in tax credit programs meeting the eligibility criteria in ASC 323-740-25-1. The ASU further prescribes specific information reporting entities must disclose about tax credit investments each period.

This guidance became effective for Cadence beginning January 1, 2024. Cadence adopted this guidance on a modified- retrospective basis. Cadence evaluated all investments for which it still expects to receive income tax credits or other income tax benefits as of January 1, 2024, to determine which investments qualified for the proportional amortization method as of the date the investment was entered into. Based on Cadence's assessment of investments' eligibility for proportional amortization as of January 1, 2024, Cadence had NMTC and HTC investments with investment balances of approximately \$36 million that were eligible for the proportional amortization method and for which Cadence still expects to receive income tax credits and other income tax benefits of approximately \$51 million in future periods.

The Company recorded a cumulative-effect adjustment to retained earnings for the difference between (1) the cumulative amortization recognized for the eligible investments from investment inception through January 1, 2024, under the equity method of accounting, and (2) the cumulative amortization that would be recognized for the same period under the proportional amortization method. The Company's cumulative adoption adjustment of \$1.5 million was recorded to retained earnings and represents the excess amortization expense under the equity method of accounting and removal of the remaining deferred tax liabilities associated with the eligible investments as of January 1, 2024.

ASU No. 2023-07

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. The amendments in the ASU improve reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses. The amendments in the ASU are effective for annual periods beginning after December 15, 2023. As this guidance is solely disclosure related, there was no quantitative impact to the Company's consolidated financial statements. See Note 19 for additional information.

Pending Accounting Pronouncements

ASU No. 2023-05

In August 2023, the FASB issued ASU No. 2023-05, *Business Combinations—Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement*. The ASU applies to the formation of entities that meet the definition of a joint venture (or a corporate joint venture) as defined in the FASB ASC Master Glossary. The amendments in the ASU require that a newly formed joint venture, upon formation, would initially measure its assets and liabilities at fair value (with exceptions to fair value measurement that are consistent with the business combinations guidance). The ASU allows a joint venture to apply measurement period guidance in accordance with ASC 805-10, allowing the amounts recognized upon formation to be adjusted for provisional items during the measurement period not to exceed one year from the formation date.

The ASU does not amend the definition of a joint venture, the existing guidance for the accounting by an equity method investor for its investment in a joint venture, or the accounting by a joint venture for contributions received subsequent to formation.

The amendments are effective prospectively for all joint ventures with a formation date on or after January 1, 2025, and early adoption is permitted. A joint venture that was formed before the effective date of the ASU may elect to apply the amendments retrospectively if it has sufficient information. The Company does not anticipate any significant impact from this guidance on its consolidated financial statements.

ASU No. 2023-06

In October 2023, the FASB issued ASU No. 2023-06, *Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative*, that incorporates certain SEC disclosure requirements into the FASB Accounting Standards Codification. The amendments in the ASU are expected to clarify or improve disclosure and presentation requirements of a variety of Codification Topics, allow users to more easily compare entities subject to the SEC's existing disclosures with those entities that were not previously subject to the requirements, and align the requirements in the Codification with the SEC's regulations.

The ASU modifies the disclosure or presentation requirements of a variety of Topics in the Codification. The requirements are relatively narrow in nature. Some of the amendments represent clarifications to, or technical corrections of, the current requirements.

The effective date for each amendment will be the date on which the SEC removes that related disclosure from its rules. If by June 30, 2027, the SEC has not removed the related disclosure from its regulations, the amendments will be removed from the Codification and not become effective for any entity. As this guidance is solely disclosure related, there will be no quantitative impact to the Company's consolidated financial statements.

ASU No. 2023-08

In December 2023, the FASB issued ASU No. 2023-08, *Intangibles—Goodwill and Other—Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets*. The amendments are intended to improve the accounting for certain crypto assets by requiring an entity to measure those crypto assets at fair value each reporting period with changes in fair value recognized in net income. The amendments also improve the information provided to investors about an entity's crypto asset holdings by requiring disclosure about significant holdings, contractual sale restrictions, and changes during the reporting period.

The amendments in the ASU are effective for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years. Early adoption is permitted for both interim and annual financial statements that have not yet been issued (or made available for issuance). If amendments are adopted in an interim period, they must be adopted as of the beginning of the fiscal year that includes that interim period. The Company currently does not have and does not anticipate to have exposure to crypto assets and does not expect the adoption of this guidance to have any significant impact on its consolidated financial statements.

ASU No. 2023-09

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The ASU is intended to improve the transparency of income tax disclosures by requiring (1) consistent categories and greater disaggregation of information in the rate reconciliation and (2) income taxes paid disaggregated by jurisdiction. It also includes certain other amendments intended to improve the effectiveness of income tax disclosures.

The amendments in the ASU are effective for annual periods beginning after December 15, 2024. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. As this guidance is solely disclosure related, there will be no quantitative impact to the Company's consolidated financial statements.

ASU No. 2024-01

In March 2024, the FASB issued ASU No. 2024-01, *Compensation-Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards*, which provides four cases illustrating the scope application of Topic 718 for profits interest awards. Determining whether a profits interest award should be accounted for as a share-based payment arrangement or other compensation requires judgement based on the facts and circumstances of the specific transaction. The illustrative example includes four fact patterns to demonstrate how an entity would apply the scope guidance in Topic 718 to determine whether profits interest awards should be accounted for in accordance with Topic 718.

The amendments in the ASU are effective for annual periods beginning after December 15, 2024, and interim periods within those annual periods. Early adoption is permitted for both interim and annual financial statements that have not yet been issued or made available for issuance. The amendments should be applied either (1) retrospectively to all prior periods presented in the financial statements or (2) prospectively to profits, interest, and similar awards granted or modified on or after the date at which the entity first applies the amendments. The Company does not believe the adoption of this guidance will have an immediate impact on its consolidated financial statements.

ASU No. 2024-02

In March 2024, the FASB issued ASU No. 2024-02, *Codification Improvements--Amendments to Remove References to the Concepts Statements*, which contains amendments that remove references to various Concepts Statements. In most instances, the references are extraneous and not required to understand or apply the guidance. In other instances, the references were used in prior Statements to provide guidance in certain topical areas. Generally, the amendments are not intended to result in significant accounting change for most entities. However, the FASB recognized that changes to that guidance may result in accounting change for some entities. Therefore, the FASB provided transition guidance for all the amendments in this Update.

These amendments are effective for public business entities for fiscal years beginning after December 15, 2024. Early application of the amendments is permitted for all entities, for any fiscal year or interim period for which financial statements have not yet been issued (or made available for issuance). If an entity adopts the amendments in an interim period, it must adopt them as of the beginning of the fiscal year that includes that interim period. The Company does not anticipate any impact from guidance on its consolidated financial statements.

ASU No. 2024-03

In November 2024, The FASB issued ASU No. 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, which requires disclosures in the note to the financial statements regarding specific expenses. The amendments do not change or remove existing disclosure requirements. The amendments improve disclosure requirements through enhanced expense disaggregation.

The amendments require disclosures in each interim and annual reporting periods. The amendments are effective for fiscal year beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Prospective adoption is required, however an entity may choose to adopt retrospectively. Early adoption is permitted. As this guidance is solely disclosure related, there will be no quantitative impact to the Company's consolidated financial statements.

ASU No. 2024-04

In November 2024, The FASB issued ASU No. 2024-04, *Debt—Debt with Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments*, which clarifies requirements for determining whether certain settlements of convertible debt instruments, including convertible debt instruments with cash conversion features or convertible debt instruments that are not currently convertible, should be accounted for as an induced conversion.

The amendments are effective for all entities for fiscal years beginning after December 15, 2025. Early adoption is permitted as of the beginning of the annual reporting period for all entities that have adopted ASU 2020-06. If an entity adopts ASU No. 2024-04 in an interim reporting period, it should adopt it as of the beginning of the annual reporting period that includes that interim reporting period. The Company does not anticipate any impact from guidance on its consolidated financial statements.

NOTE 2. DISCONTINUED OPERATIONS

On November 30, 2023, the Company completed the sale of its insurance subsidiary, Cadence Insurance, via a stock purchase agreement with Arthur J. Gallagher Risk Management Services, LLC and Arthur J. Gallagher & Co. for \$904 million, subject to customary purchase price adjustments. The transaction resulted in a pre-tax gain of \$706.6 million, reported in the fourth quarter of 2023. The gain, along with Cadence Insurance's historical financial results for periods prior to the sale, is reflected in the Company's consolidated financial statements as discontinued operations. Cadence Insurance's operating results have been presented as "Discontinued operations" within the accompanying consolidated financial statements and prior period amounts have been reclassified to conform with the discontinued operations presentation. There was no activity from these discontinued operations in 2024.

The following summarized financial information related to Cadence Insurance has been segregated from continuing operations and reported as discontinued operations for the periods presented.

(In thousands)	Year Ended December 31,	
	2023	2022
Discontinued operations:		
Net interest revenue	\$ 128	\$ 12
Noninterest revenue		
Insurance commissions	156,501	150,275
Gain on sale of discontinued operations	706,588	—
Other	52	272
Total noninterest revenue	<u>863,141</u>	<u>150,547</u>
Noninterest expense		
Salaries and employee benefits	117,129	110,180
Occupancy and equipment	4,919	5,088
Data processing and software	2,906	2,825
Amortization of intangibles	1,972	2,058
Other	8,752	8,055
Total noninterest expense	<u>135,678</u>	<u>128,206</u>
Income from discontinued operations before income tax expense	727,591	22,353
Income tax expense	188,971	6,433
Income from discontinued operations, net of tax	<u>\$ 538,620</u>	<u>\$ 15,920</u>

NOTE 3. AVAILABLE FOR SALE SECURITIES AND EQUITY SECURITIES

The amortized cost, unrealized gains and losses, and estimated fair value of available for sale securities are presented in the following tables:

(In thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
December 31, 2024				
U.S. government agency securities	\$ 321,454	\$ 20	\$ 40,243	\$ 281,231
MBS issued or guaranteed by U.S. agencies				
Residential pass-through:				
Guaranteed by GNMA	78,279	—	11,698	66,581
Issued by FNMA and FHLMC	4,604,954	16	639,414	3,965,556
Other residential MBS	958,911	6,110	30,300	934,721
Commercial MBS	1,645,065	1,605	97,029	1,549,641
Total MBS	7,287,209	7,731	778,441	6,516,499
Obligations of states and political subdivisions	167,743	10	35,684	132,069
Corporate debt securities	52,751	—	5,349	47,402
Foreign debt securities	318,539	443	2,195	316,787
Total available for sale securities	<u>\$ 8,147,696</u>	<u>\$ 8,204</u>	<u>\$ 861,912</u>	<u>\$ 7,293,988</u>
December 31, 2023				
U.S Treasury securities	\$ 464,793	\$ 225	\$ —	\$ 465,018
U.S. government agency securities	370,891	218	39,098	332,011
MBS issued or guaranteed by U.S. agencies				
Residential pass-through:				
Guaranteed by GNMA	85,806	1	10,145	75,662
Issued by FNMA and FHLMC	5,097,172	95	710,166	4,387,101
Other residential MBS	756,244	2,440	31,250	727,434
Commercial MBS	1,850,447	1,413	109,023	1,742,837
Total MBS	7,789,669	3,949	860,584	6,933,034
Obligations of states and political subdivisions	172,252	13	34,641	137,624
Corporate debt securities	73,941	—	6,744	67,197
Foreign debt securities	144,080	6	3,494	140,592
Total available for sale securities	<u>\$ 9,015,626</u>	<u>\$ 4,411</u>	<u>\$ 944,561</u>	<u>\$ 8,075,476</u>

For available for sale securities, gross gains of \$7 thousand and gross losses of \$3.0 million were recognized in 2024, gross gains of \$817 thousand and gross losses of \$436.5 million in 2023, and gross gains of \$317 thousand and gross losses of \$835 thousand were recognized in 2022. There were no impairment charges related to credit losses included in gross realized losses for the years ended December 31, 2024 2023, or 2022.

Available for sale securities with a carrying value of \$4.0 billion and \$6.6 billion at December 31, 2024 and December 31, 2023, respectively, were pledged to secure public and trust funds on deposit and for other purposes.

Proceeds from the sales of securities available for sale totaled \$15.1 million in 2024, \$4.3 billion in 2023, and \$369.6 million in 2022.

The amortized cost and estimated fair value of available for sale securities at December 31, 2024 by contractual maturity are shown below. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

(In thousands)	Amortized Cost	Estimated Fair Value
Maturing in one year or less	\$ —	\$ —
Maturing after one year through five years	108,300	105,514
Maturing after five years through ten years	520,442	494,821
Maturing after ten years	231,745	177,154
Mortgage-backed securities	7,287,209	6,516,499
Total available for sale securities	<u>\$ 8,147,696</u>	<u>\$ 7,293,988</u>

At December 31, 2024 and December 31, 2023, approximately 80.4% and 82.5% of securities were in an unrealized loss position, respectively. At December 31, 2024, there were 871 securities in a loss position for more than twelve months, and 33 securities in a loss position for less than twelve months. At December 31, 2023, there were 827 securities in a loss position for more than twelve months, and 91 securities in a loss position for less than twelve months. A summary of available for sale investments with continuous unrealized loss positions for which an allowance for credit losses has not been recorded is as follows:

(In thousands)	Less Than 12 Months		12 Months or Longer	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2024				
U.S. government agency securities	\$ 74,795	\$ 221	\$ 200,798	\$ 40,022
MBS	249,197	2,314	5,123,218	776,127
Obligations of states and political subdivisions	303	7	121,117	35,677
Corporate debt securities	7,474	2,527	37,928	2,822
Foreign debt securities	—	—	52,806	2,195
Total	<u>\$ 331,769</u>	<u>\$ 5,069</u>	<u>\$ 5,535,867</u>	<u>\$ 856,843</u>

(In thousands)	Less Than 12 Months		12 Months or Longer	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2023				
U.S. government agency securities	\$ 103,099	\$ 563	\$ 187,683	\$ 38,535
MBS	730,925	9,644	5,347,365	850,940
Obligations of states and political subdivisions	—	—	127,291	34,641
Corporate debt securities	—	—	46,197	6,744
Foreign debt securities	69,288	1	51,507	3,493
Total	<u>\$ 903,312</u>	<u>\$ 10,208</u>	<u>\$ 5,760,043</u>	<u>\$ 934,353</u>

Management evaluates available for sale securities in unrealized loss positions to determine whether the impairment is due to credit-related factors or noncredit-related factors. Credit loss is defined as the difference between the present value of the cash flows expected to be collected and the amortized cost basis. Management believes that the unrealized losses detailed in the previous tables are due to noncredit-related factors, such as changes in interest rates and other market conditions. Therefore, no allowance for credit losses was recorded related to these securities at December 31, 2024 or December 31, 2023. Additionally, as of December 31, 2024 management had no intent to sell these securities until the full recovery of unrealized losses, which may not be until maturity, and it is more likely than not that the Company would not be required to sell the securities prior to recovery of costs. The fair value is expected to recover as the securities approach their maturity date or repricing date or if market yields for such investments decline.

In 2023, the Company executed a securities portfolio restructuring as a part of a balance sheet optimization initiative. During the first quarter of 2023 approximately \$1.5 billion in U.S. Treasury available for sale securities were sold generating an after-tax realized loss of approximately \$39.5 million. Additionally, in the fourth quarter of 2023, available for sale securities totaling approximately \$3.1 billion in par value were sold for an after-tax realized loss of approximately \$294.1 million. Proceeds from the sale were redeployed in accretive activities including reinvestment in higher-yielding securities, funding loans, and reducing brokered deposits.

Reported in other assets in the accompanying consolidated balance sheets, equity investments with readily determinable fair values not held for trading are recorded at fair value, with changes in fair value reported in net income. Additionally, the Company reports equity investments without readily determinable fair values in other assets in the accompanying consolidated balance sheets. These investments include investments in the common stock of the FHLB of Dallas and the Federal Reserve Bank of St. Louis. The Company is required to own stock in the FHLB of Dallas for membership in the FHLB system and in relation to the level of FHLB advances. The company is also required to purchase and hold shares of capital stock in the Federal Reserve Bank of St. Louis for membership in the Federal Reserve System. The Company accounts for these investments as long-term assets and carries them at cost. During the years ended December 31, 2024 and 2023, there were no downward or upward adjustments to these investments for impairments or price changes from observable transactions.

(In thousands)	Cost	Gross Unrealized Gains		Gross Unrealized Losses		Carrying Value
December 31, 2024						
Equity securities held at cost:						
Federal Reserve Bank stock	\$ 100,567	\$ —	\$ —	\$ —	\$ 100,567	
Federal Home Loan Bank stock	10,410	—	—	—	—	10,410
Other equity securities	20,582	—	—	—	—	20,582
Total equity securities, held at cost	<u>\$ 131,559</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 131,559</u>
Equity securities held at fair value:						
Farmer Mac stock	\$ 49	\$ 543	\$ —	\$ —	\$ —	592
Affordable Housing MBS Exchange Traded Fund	24,994	—	—	3,908	—	21,086
Total equity securities, held at fair value	<u>\$ 25,043</u>	<u>\$ 543</u>	<u>\$ —</u>	<u>\$ 3,908</u>	<u>\$ —</u>	<u>\$ 21,678</u>
 (In thousands)						
December 31, 2023						
Equity securities held at cost:						
Federal Home Loan Bank stock	\$ 13,113	\$ —	\$ —	\$ —	\$ —	13,113
Other equity securities	20,582	—	—	—	—	20,582
Total equity securities, held at cost	<u>\$ 33,695</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 33,695</u>
Equity securities held at fair value:						
Farmer Mac stock	\$ 49	\$ 536	\$ —	\$ —	\$ —	585
Affordable Housing MBS Exchange Traded Fund	24,994	—	—	3,471	—	21,523
Total equity securities, held at fair value	<u>\$ 25,043</u>	<u>\$ 536</u>	<u>\$ —</u>	<u>\$ 3,471</u>	<u>\$ —</u>	<u>\$ 22,108</u>

NOTE 4. LOANS AND LEASES

The following table is a summary of our loan and lease portfolio aggregated by segment and class at the periods indicated:

(In thousands)	December 31, 2024	December 31, 2023
Commercial and industrial		
Non-real estate	\$ 8,670,529	\$ 8,935,598
Owner occupied	4,665,015	4,349,060
Total commercial and industrial	13,335,544	13,284,658
Commercial real estate		
Construction, acquisition and development	3,909,184	3,910,962
Income producing	6,015,773	5,736,871
Total commercial real estate	9,924,957	9,647,833
Consumer		
Residential mortgages	10,267,883	9,329,692
Other consumer	213,371	234,839
Total consumer	10,481,254	9,564,531
Total loans and leases, net of unearned income ⁽¹⁾	\$ 33,741,755	\$ 32,497,022

(1) Total loans and leases are net of \$21.4 million and \$38.4 million of unearned income at December 31, 2024 and December 31, 2023, respectively.

The Company engages in lending to consumers, small and medium-sized business enterprises, and government entities through its community banking locations and to regional and national business enterprises through its corporate banking division. The bank acts as agent or participant in SNC and other financing arrangements with other financial institutions. Loans are issued generally to finance home purchases and improvements, personal expenditures, business investment and operations, construction and development, and income producing properties. Loans are underwritten to be repaid primarily by available cash flow from personal income, investment income, business operations, rental income, or the sale of developed or constructed properties. Collateral and personal guaranties of business owners are generally required as a condition of the financing arrangements and provide additional cash flow and proceeds from asset sales of guarantors in the event primary sources of repayment are no longer sufficient.

While loans are structured to provide protection to the Company if borrowers are unable to repay as agreed, the Company recognizes there are numerous risks that may result in deterioration of the repayment ability of borrowers and guarantors. These risks include failure of business operations due to economic, legal, market, logistical, weather, health, governmental and *force majeure* events. Concentrations in the Company's loan and lease portfolio also present credit risks. The impact of a slowing economy, inflation, higher interest rates, and labor and supply chain shortages, poses additional risk to borrowers and financial institutions. As a result of these factors, there is risk for businesses to experience difficulty in meeting repayment obligations, and the Company may experience losses or deterioration in performance in its loan portfolio. For information regarding nonaccrual policies, past-dues or delinquency status, and recognizing write-offs within ACL, refer to "Note 1 - Summary of Significant Accounting Policies" included in Part II., Item 8 for additional information.

The Company has identified the following segments and classes of loans and leases with similar risk characteristics for measuring expected credit losses:

Commercial and Industrial

Non-Real Estate – Commercial and industrial loans are loans and leases to finance business operations, equipment and owner-occupied facilities for small and medium-sized enterprises, as well as larger corporate borrowers. These include both lines of credit and term loans which are amortized over the useful life of the assets financed. Personal and/or corporate guarantees are generally obtained where available and prudent. This category also includes loans to finance agricultural production. The Company recognizes risk from economic cycles, commodity prices, pandemics, government regulation, supply-chain disruptions, product innovations or obsolescence, operational errors, lawsuits, natural disasters, losses due to fraud, theft or embezzlement, loss of sponsor support, health or loss of key personnel or competitive situations may adversely affect the scheduled repayment of business loans. In addition, risks in the agricultural sector including crop failures due to weather, insects and other blights, commodity prices, governmental intervention, lawsuits, labor or logistical disruptions.

Owner Occupied – Owner occupied loans include loans secured by business facilities to finance business operations, equipment and owner-occupied facilities primarily for small and medium-sized enterprises. These include both lines of credit and term loans which are amortized over the useful life of the assets financed. Personal guarantees, if applicable, are generally required for these loans. The Company recognizes that risk from economic cycles, pandemics, government regulation, supply-chain disruptions, product innovations or obsolescence, operational errors, lawsuits, natural disasters, losses due to theft or embezzlement, health or loss of key personnel, or competitive situations may adversely affect the scheduled repayment of business loans.

Commercial Real Estate

Construction, Acquisition and Development – CAD loans include both loans and credit lines for the purpose of purchasing, carrying, and developing land into residential subdivisions or various types of commercial developments, such as industrial, warehouse, retail, office, and multi-family. This category also includes loans and credit lines for construction of residential, multi-family and commercial buildings. The Company generally engages in CAD lending primarily in local markets served by its branches. The Company recognizes that risks are inherent in the financing of real estate development and construction. These risks include location, market conditions and price volatility, change in interest rates, demand for developed land, lots and buildings, desirability of features and styling of completed developments and buildings, competition from other developments and builders, traffic patterns, remote work patterns, governmental jurisdiction, tax structure, availability of utilities, roads, public transportation and schools, availability of permanent financing for homebuyers, zoning, environmental restrictions, lawsuits, economic and business cycle, labor, and reputation of the builder or developer.

Each CAD loan is underwritten to address: (i) the desirability of the project, its market viability and projected absorption period; (ii) the creditworthiness of the borrower and the guarantor as to liquidity, cash flow and assets available to ensure performance of the loan; (iii) equity contribution to the project; (iv) the developer's experience and success with similar projects; and (v) the value of the collateral.

A substantial portion of CAD loans are secured by real estate in markets in which the Company is located. The Company's loan policy generally prohibits loans for the sole purpose of carrying interest reserves. Certain of the construction, acquisition and development loans were structured with interest-only terms. A portion of the residential mortgage and CRE portfolios were originated through the permanent financing of construction, acquisition and development loans. Higher interest rates and the potential for slowing economic conditions could negatively impact borrowers' and guarantors' ability to repay their debt which would make more of the Company's loans collateral-dependent.

Income Producing – CRE loans include loans to finance income-producing commercial and multi-family properties. Lending in this category is generally limited to properties located in the Company's market area with only limited exposure to properties located elsewhere but owned by in-market borrowers. Loans in this category include loans for neighborhood retail centers, medical and professional offices, single retail stores, industrials and apartments leased generally to local businesses and residents. The underwriting of these loans takes into consideration the occupancy and rental rates as well as the financial health of the borrower. The Company's exposure to national retail tenants is limited. The Company recognizes that risk from economic cycles, pandemics, government restrictions, delayed or missed rent payments, supply-chain disruptions, operational errors, lawsuits, natural disasters, losses due to theft or embezzlement, health or loss of key personnel or competitive situations may adversely affect the scheduled repayment of business loans.

Consumer

Residential Mortgages – Residential mortgages are first or second-lien loans to consumers secured by a primary residence or second home. This category includes traditional mortgages, home equity loans and revolving lines of credit. The loans are generally secured by properties located within the local market area of the community bank which originates and services the loan. These loans are underwritten in accordance with the Company's general loan policies and procedures which require, among other things, proper documentation of each borrower's financial condition, satisfactory credit history, and property value. In addition to loans originated through the Company's branches, the Company originates and services residential mortgages sold in the secondary market which are underwritten and closed pursuant to investor and agency guidelines. At December 31, 2024 and December 31, 2023, residential mortgage loans in process of foreclosure totaled \$19.7 million and \$10.9 million, respectively. Additionally, the Company held \$4.4 million in foreclosed residential properties at both December 31, 2024 and December 31, 2023, respectively.

Other Consumer – Other consumer lending includes consumer credit cards as well as personal revolving lines of credit and installment loans. The Company offers credit cards, primarily to its deposit and loan customers. Consumer installment loans generally includes term loans secured by automobiles, boats and recreational vehicles.

The Company recognizes there are risks in consumer lending which include interruptions in the borrower's personal and investment income due to loss of employment, market conditions, and general economic conditions, deterioration in the health and well-being of the borrower and family members, natural disasters, pandemics, lawsuits, losses, or inability to generate income due to injury, accidents, theft, vandalism, or incarceration.

Credit Quality

The following tables provide details regarding the aging of the Company's loan and lease portfolio, net of unearned income, at the periods indicated:

(In thousands)	December 31, 2024						
	30-59 Days Past Due	60-89 Days Past Due	90+ Days Past Due	Total Past Due	Current	Total Amortized Cost	90+ Days Past Due still Accruing
Commercial and industrial							
Non-real estate	\$ 13,443	\$ 28,379	\$ 101,873	\$ 143,695	\$ 8,526,834	\$ 8,670,529	\$ 8,115
Owner occupied	10,375	3,836	16,280	30,491	4,634,524	4,665,015	—
Total commercial and industrial	23,818	32,215	118,153	174,186	13,161,358	13,335,544	8,115
Commercial real estate							
Construction, acquisition and development	4,254	663	8,579	13,496	3,895,688	3,909,184	—
Income producing	3,971	1,226	12,193	17,390	5,998,383	6,015,773	—
Total commercial real estate	8,225	1,889	20,772	30,886	9,894,071	9,924,957	—
Consumer							
Residential mortgages	60,009	28,937	61,578	150,524	10,117,359	10,267,883	4,750
Other consumer	1,587	455	413	2,455	210,916	213,371	261
Total consumer	61,596	29,392	61,991	152,979	10,328,275	10,481,254	5,011
Total	\$ 93,639	\$ 63,496	\$ 200,916	\$ 358,051	\$ 33,383,704	\$ 33,741,755	\$ 13,126

(In thousands)	December 31, 2023						
	30-59 Days Past Due	60-89 Days Past Due	90+ Days Past Due	Total Past Due	Current	Total Amortized Cost	90+ Days Past Due still Accruing
Commercial and industrial							
Non-real estate	\$ 22,750	\$ 14,574	\$ 113,607	\$ 150,931	\$ 8,784,667	\$ 8,935,598	\$ 19,941
Owner occupied	4,818	1,193	5,882	11,893	4,337,167	4,349,060	—
Total commercial and industrial	27,568	15,767	119,489	162,824	13,121,834	13,284,658	19,941
Commercial real estate							
Construction, acquisition and development	1,394	1,191	1,878	4,463	3,906,499	3,910,962	18
Income producing	11,179	4,702	6,390	22,271	5,714,600	5,736,871	29
Total commercial real estate	12,573	5,893	8,268	26,734	9,621,099	9,647,833	47
Consumer							
Residential mortgages	48,244	23,934	45,520	117,698	9,211,994	9,329,692	2,265
Other consumer	1,569	511	340	2,420	232,419	234,839	213
Total consumer	49,813	24,445	45,860	120,118	9,444,413	9,564,531	2,478
Total	\$ 89,954	\$ 46,105	\$ 173,617	\$ 309,676	\$ 32,187,346	\$ 32,497,022	\$ 22,466

The Company utilizes an internal loan classification system that is continually updated to grade loans according to certain credit quality indicators. These credit quality indicators include, but are not limited to, recent credit performance, delinquency, liquidity, cash flows, debt coverage ratios, collateral type and loan-to-value ratio. The Company's internal loan classification system is compatible with classifications used by regulatory agencies. Loans may be classified as follows:

Pass: Loans which are performing as agreed with few or no signs of weakness. These loans show sufficient cash flow, capital and collateral to repay the loan as agreed.

Special Mention: Loans where potential weaknesses have developed which could cause a more serious problem if not corrected.

Substandard: Loans where well-defined weaknesses exist that require corrective action to prevent further deterioration. Loans are further characterized by the possibility that the Company will sustain some loss if the deficiencies are not corrected.

Doubtful: Loans having all the characteristics of Substandard and which have deteriorated to a point where collection and liquidation in full is highly questionable.

Loss: Loans that are considered uncollectible or with limited possible recovery.

Impaired: An internal grade for individually analyzed collateral-dependent loans for which a specific provision has been considered to address the unsupported exposure.

PCD (Loss): An internal grade for loans with evidence of deterioration of credit quality since origination that are acquired, and for which it is probable, at acquisition, that the bank will be unable to collect all contractually required payments.

The following tables provide details of the Company's loan and lease portfolio, net of unearned income, by segment, class and internally assigned grade at the periods indicated:

(In thousands)	December 31, 2024						
	Pass	Special Mention	Substandard ⁽¹⁾	Doubtful	Impaired ⁽¹⁾	PCD (Loss)	Total
Commercial and industrial							
Non-real estate	\$ 8,208,176	\$ 106,996	\$ 311,096	\$ 8,743	\$ 31,996	\$ 3,522	\$ 8,670,529
Owner occupied	4,610,775	815	41,363	—	10,968	1,094	4,665,015
Total commercial and industrial	12,818,951	107,811	352,459	8,743	42,964	4,616	13,335,544
Commercial real estate							
Construction, acquisition and development	3,896,856	—	12,262	—	66	—	3,909,184
Income producing	5,850,702	5,094	144,084	—	15,893	—	6,015,773
Total commercial real estate	9,747,558	5,094	156,346	—	15,959	—	9,924,957
Consumer							
Residential mortgages	10,167,830	891	89,597	—	8,154	1,411	10,267,883
Other consumer	212,865	—	506	—	—	—	213,371
Total consumer	10,380,695	891	90,103	—	8,154	1,411	10,481,254
Total	\$ 32,947,204	\$ 113,796	\$ 598,908	\$ 8,743	\$ 67,077	\$ 6,027	\$ 33,741,755

(1) In the loan classifications above, \$99.0 million of the substandard balance and \$11.1 million of the impaired balance is covered by government guarantees from the SBA, FHA, VA and USDA.

December 31, 2023

(In thousands)	Pass	Special Mention	Substandard ⁽¹⁾	Loss	Impaired ⁽¹⁾	PCD (Loss)	Total
Commercial and industrial							
Non-real estate	\$ 8,450,809	\$ 101,607	\$ 294,895	\$ 13	\$ 84,457	\$ 3,817	\$ 8,935,598
Owner occupied	4,287,190	32,409	27,070	—	1,275	1,116	4,349,060
Total commercial and industrial	12,737,999	134,016	321,965	13	85,732	4,933	13,284,658
Commercial real estate							
Construction, acquisition and development	3,894,551	3,364	13,047	—	—	—	3,910,962
Income producing	5,527,388	23,727	170,217	—	15,539	—	5,736,871
Total commercial real estate	9,421,939	27,091	183,264	—	15,539	—	9,647,833
Consumer							
Residential mortgages	9,258,002	4,066	66,050	—	—	1,574	9,329,692
Other consumer	234,367	—	472	—	—	—	234,839
Total consumer	9,492,369	4,066	66,522	—	—	1,574	9,564,531
Total	\$ 31,652,307	\$ 165,173	\$ 571,751	\$ 13	\$ 101,271	\$ 6,507	\$ 32,497,022

(1) In the loan classifications above, \$61.1 million of the substandard balance and \$8.4 million of the impaired balance is covered by government guarantees from the SBA, FHA, VA and USDA.

The following tables provide credit quality indicators, including gross charge-offs, by class and period of origination (vintage) at December 31, 2024:

	Commercial and Industrial - Non-Real Estate									
	Period Originated:						Revolving Loans Converted to Term			
(Dollars in thousands)	2024	2023	2022	2021	2020	Prior	Revolving Loans	Converted to Term	Total	
Pass	\$ 1,361,684	\$ 926,422	\$ 1,036,579	\$ 695,625	\$ 209,100	\$ 563,337	\$ 3,397,031	\$ 18,398	\$ 8,208,176	
Special Mention	13,242	10,942	—	23,158	18,337	—	41,317	—	106,996	
Substandard	8,855	49,842	70,136	43,832	12,370	27,648	75,638	22,775	311,096	
Doubtful	—	—	—	8,743	—	—	—	—	8,743	
Impaired	—	1,485	2,773	9,013	—	—	18,725	—	31,996	
PCD (Loss)	—	—	—	—	—	3,522	—	—	3,522	
Total	\$ 1,383,781	\$ 988,691	\$ 1,109,488	\$ 780,371	\$ 239,807	\$ 594,507	\$ 3,532,711	\$ 41,173	\$ 8,670,529	
% Criticized	1.6%	6.3%	6.6%	10.9%	12.8%	5.2%	3.8%	55.3%	5.3%	
Gross charge-offs	\$ 1,892	\$ 7,811	\$ 22,112	\$ 15,703	\$ 956	\$ 16,786	\$ 7,416	\$ 4,018	\$ 76,694	

	Commercial and Industrial - Owner Occupied									
	Period Originated:						Revolving Loans Converted to Term			
(Dollars in thousands)	2024	2023	2022	2021	2020	Prior	Revolving Loans	Converted to Term	Total	
Pass	\$ 704,999	\$ 607,548	\$ 893,114	\$ 756,156	\$ 402,671	\$ 1,122,908	\$ 123,149	\$ 230	\$ 4,610,775	
Special Mention	—	—	—	—	815	—	—	—	815	
Substandard	2,249	5,616	6,638	5,204	2,057	18,889	710	—	41,363	
Impaired	394	2,335	5,911	1,053	—	1,275	—	—	10,968	
PCD (Loss)	—	—	—	—	—	1,094	—	—	1,094	
Total	\$ 707,642	\$ 615,499	\$ 905,663	\$ 762,413	\$ 405,543	\$ 1,144,166	\$ 123,859	\$ 230	\$ 4,665,015	
% Criticized	0.4%	1.3%	1.4%	0.8%	0.7%	1.9%	0.6%	—%	1.2%	
Gross charge-offs	\$ —	\$ 1	\$ 263	\$ 6	\$ 41	\$ 67	\$ 1	\$ —	\$ 379	

Construction, Acquisition, & Development

Period Originated:

(Dollars in thousands)	2024	2023	2022	2021	2020	Prior	Revolving Loans	Converted to Term	Total
Pass	\$ 1,058,203	\$ 790,695	\$ 1,261,256	\$ 592,454	\$ 50,123	\$ 76,347	\$ 64,061	\$ 3,717	\$ 3,896,856
Substandard	264	2,032	3,514	5,889	304	259	—	—	12,262
Impaired	—	—	—	—	66	—	—	—	66
Total	\$ 1,058,467	\$ 792,727	\$ 1,264,770	\$ 598,343	\$ 50,493	\$ 76,606	\$ 64,061	\$ 3,717	\$ 3,909,184
% Criticized	—%	0.3%	0.3%	1.0%	0.7%	0.3%	—%	—%	0.3%
Gross charge-offs	\$ —	\$ 19	\$ 101	\$ 537	\$ 35	\$ 2	\$ 85	\$ —	\$ 779

Commercial Real Estate - Income Producing

Period Originated:

(Dollars in thousands)	2024	2023	2022	2021	2020	Prior	Revolving Loans	Converted to Term	Total
Pass	\$ 497,633	\$ 540,956	\$ 1,595,416	\$ 1,192,329	\$ 511,254	\$ 1,404,264	\$ 108,850	\$ —	\$ 5,850,702
Special Mention	—	—	2,881	—	—	—	2,213	—	5,094
Substandard	—	459	468	7,690	70,889	64,084	494	—	144,084
Impaired	—	—	4,885	1,114	—	9,894	—	—	15,893
Total	\$ 497,633	\$ 541,415	\$ 1,603,650	\$ 1,201,133	\$ 582,143	\$ 1,478,242	\$ 111,557	\$ —	\$ 6,015,773
% Criticized	—%	0.1%	0.5%	0.7%	12.2%	5.0%	2.4%	—%	2.7%
Gross charge-offs	\$ —	\$ —	\$ 3	\$ 21	\$ —	\$ 2,479	\$ —	\$ —	\$ 2,503

Consumer - Residential Mortgages

Period Originated:

(Dollars in thousands)	2024	2023	2022	2021	2020	Prior	Revolving Loans	Converted to Term	Total
Pass	\$ 1,356,015	\$ 1,477,090	\$ 1,991,600	\$ 1,545,259	\$ 992,426	\$ 1,734,512	\$ 1,069,608	\$ 1,320	\$ 10,167,830
Special Mention	101	790	—	—	—	—	—	—	891
Substandard	1,549	12,696	18,477	14,661	9,145	28,774	4,295	—	89,597
Impaired	—	—	—	3,979	1,675	—	2,500	—	8,154
PCD (Loss)	—	—	—	—	—	1,411	—	—	1,411
Total	\$ 1,357,665	\$ 1,490,576	\$ 2,010,077	\$ 1,563,899	\$ 1,003,246	\$ 1,764,697	\$ 1,076,403	\$ 1,320	\$ 10,267,883
% Criticized	0.1%	0.9%	0.9%	0.9%	1.2%	1.1%	1.7%	0.6%	1.0%
Gross charge-offs	\$ 10	\$ 325	\$ 559	\$ 430	\$ 81	\$ 749	\$ 1,007	\$ —	\$ 3,161

Consumer - Other Consumer

Period Originated:

(Dollars in thousands)	2024	2023	2022	2021	2020	Prior	Revolving Loans	Converted to Term	Total
Pass	\$ 45,997	\$ 29,538	\$ 11,471	\$ 6,150	\$ 3,263	\$ 2,105	\$ 114,341	\$ —	\$ 212,865
Substandard	—	97	48	6	—	17	338	—	506
Total	\$ 45,997	\$ 29,635	\$ 11,519	\$ 6,156	\$ 3,263	\$ 2,122	\$ 114,679	\$ —	\$ 213,371
% Criticized	—%	0.3%	0.4%	0.1%	—%	0.8%	0.3%	—%	0.2%
Gross charge-offs	\$ 3,067	\$ 395	\$ 303	\$ 145	\$ 14	\$ 47	\$ 2,917	\$ —	\$ 6,888

The following tables provide credit quality indicators, including gross charge-offs, by class and period of origination (vintage) at December 31, 2023.

Commercial and Industrial - Non-Real Estate

Period Originated:

(Dollars in thousands)	2023	2022	2021	2020	2019	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
Pass	\$ 1,211,573	\$ 1,425,415	\$ 1,069,614	\$ 279,689	\$ 228,086	\$ 610,891	\$ 3,583,696	\$ 41,845	\$ 8,450,809
Special Mention	—	10,155	30,042	11,599	2,220	16,096	31,495	—	101,607
Substandard	22,458	88,307	69,226	7,381	27,439	40,071	39,995	18	294,895
Loss	—	—	—	—	—	13	—	—	13
Impaired	635	14,187	22,057	—	—	20,475	5,904	21,199	84,457
PCD (Loss)	—	—	—	—	—	3,817	—	—	3,817
Total	\$ 1,234,666	\$ 1,538,064	\$ 1,190,939	\$ 298,669	\$ 257,745	\$ 691,363	\$ 3,661,090	\$ 63,062	\$ 8,935,598
% Criticized	1.9%	7.3%	10.2%	6.4%	11.5%	11.6%	2.1%	33.6%	5.4%
Gross charge-offs	\$ 6,064	\$ 539	\$ 21,038	\$ 6,103	\$ 980	\$ 9,746	\$ 27,931	\$ —	\$ 72,401

Commercial and Industrial - Owner Occupied

Period Originated:

(Dollars in thousands)	2023	2022	2021	2020	2019	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
Pass	\$ 535,962	\$ 974,614	\$ 844,507	\$ 472,226	\$ 309,595	\$ 1,041,764	\$ 108,522	\$ —	\$ 4,287,190
Special Mention	6,066	5,637	—	—	845	17,036	2,825	—	32,409
Substandard	747	1,893	3,584	2,647	5,431	12,686	82	—	27,070
Impaired	—	—	—	—	—	1,275	—	—	1,275
PCD (Loss)	—	—	—	—	1,116	—	—	—	1,116
Total	\$ 542,775	\$ 982,144	\$ 848,091	\$ 474,873	\$ 316,987	\$ 1,072,761	\$ 111,429	\$ —	\$ 4,349,060
% Criticized	1.3%	0.8%	0.4%	0.6%	2.3%	2.9%	2.6%	—%	1.4%
Gross charge-offs	\$ —	\$ 169	\$ 109	\$ 1	\$ 5	\$ 110	\$ —	\$ —	\$ 394

Construction, Acquisition & Development

Period Originated:

(Dollars in thousands)	2023	2022	2021	2020	2019	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
Pass	\$ 984,843	\$ 1,644,676	\$ 906,293	\$ 147,645	\$ 65,953	\$ 47,211	\$ 97,930	\$ —	\$ 3,894,551
Special Mention	824	1,552	—	—	988	—	—	—	3,364
Substandard	52	1,785	9,674	340	902	158	136	—	13,047
Total	\$ 985,719	\$ 1,648,013	\$ 915,967	\$ 147,985	\$ 67,843	\$ 47,369	\$ 98,066	\$ —	\$ 3,910,962
% Criticized	0.1%	0.2%	1.1%	0.2%	2.8%	0.3%	0.1%	—%	0.4%
Gross charge-offs	\$ —	\$ 28	\$ 600	\$ 2	\$ —	\$ 178	\$ —	\$ —	\$ 808

Commercial Real Estate - Income Producing

Period Originated:

(Dollars in thousands)	2023	2022	2021	2020	2019	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
Pass	\$ 490,336	\$ 1,358,612	\$ 1,235,035	\$ 574,173	\$ 518,213	\$ 1,260,960	\$ 90,059	\$ —	\$ 5,527,388
Special Mention	—	3,221	10,349	—	6,051	4,106	—	—	23,727
Substandard	—	24,989	6,400	35,063	34,158	69,607	—	—	170,217
Impaired	—	—	—	—	—	15,539	—	—	15,539
Total	\$ 490,336	\$ 1,386,822	\$ 1,251,784	\$ 609,236	\$ 558,422	\$ 1,350,212	\$ 90,059	\$ —	\$ 5,736,871
% Criticized	—%	2.0%	1.3%	5.8%	7.2%	6.6%	—%	—%	3.7%
Gross charge-offs	\$ —	\$ —	\$ 1	\$ —	\$ —	\$ 4,526	\$ —	\$ —	\$ 4,527

Consumer - Residential Mortgages

Period Originated:

(Dollars in thousands)	2023	2022	2021	2020	2019	Prior	Revolving Loans	Converted to Term	Total
Pass	\$ 1,486,784	\$ 2,011,519	\$ 1,686,270	\$ 1,099,734	\$ 544,597	\$ 1,462,355	\$ 965,626	\$ 1,117	\$ 9,258,002
Special Mention	—	—	4,066	—	—	—	—	—	4,066
Substandard	1,423	6,525	10,951	9,437	8,313	25,864	3,537	—	66,050
PCD (Loss)	—	—	—	—	—	1,574	—	—	1,574
Total	\$ 1,488,207	\$ 2,018,044	\$ 1,701,287	\$ 1,109,171	\$ 552,910	\$ 1,489,793	\$ 969,163	\$ 1,117	\$ 9,329,692
% Criticized	0.1%	0.3%	0.9%	0.9%	1.5%	1.8%	0.4%	—%	0.8%
Gross charge-offs	\$ 8	\$ 380	\$ 483	\$ 168	\$ 83	\$ 591	\$ 551	\$ —	\$ 2,264

Consumer - Other Consumer

Period Originated:

(Dollars in thousands)	2023	2022	2021	2020	2019	Prior	Revolving Loans	Converted to Term	Total
Pass	\$ 57,877	\$ 25,060	\$ 14,080	\$ 8,026	\$ 3,667	\$ 2,050	\$ 123,607	\$ —	\$ 234,367
Substandard	—	67	9	—	38	—	358	—	472
Total	\$ 57,877	\$ 25,127	\$ 14,089	\$ 8,026	\$ 3,705	\$ 2,050	\$ 123,965	\$ —	\$ 234,839
% Criticized	—%	0.3%	0.1%	—%	1.0%	—%	0.3%	—%	0.2%
Gross charge-offs	\$ 2,780	\$ 584	\$ 277	\$ 210	\$ 89	\$ 58	\$ 2,680	\$ —	\$ 6,678

The Company's collateral-dependent loans totaled \$81.8 million and \$107.8 million at December 31, 2024 and December 31, 2023, respectively. Typically these loans are internally classified as Impaired and PCD Loss. At December 31, 2024, \$8.7 million of the total were rated as doubtful. At December 31, 2023, none of these loans were classified as doubtful. At December 31, 2024, most of these loans are within the non-real estate and income producing classes. Additionally, there were a smaller amount of these loans in the owner occupied, CAD, and residential mortgages classes. C&I loans are typically supported by collateral such as real estate, receivables, equipment, inventory, or by an enterprise valuation. Loans within the CRE and Consumer segments are generally secured by commercial and residential real estate.

Loans of \$1.0 million or greater are considered for specific provision when management has determined based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the note and that the loan is collateral-dependent. At December 31, 2024 and December 31, 2023, \$59.1 million and \$85.3 million, respectively, of collateral-dependent loans had a valuation allowance of \$17.3 million and \$41.7 million, respectively. The remaining balance of collateral-dependent loans of \$22.7 million and \$22.5 million at December 31, 2024 and December 31, 2023, respectively, have sufficient collateral supporting the collection of all contractual principal and interest or were charged down to the underlying collateral's fair value, less estimated selling costs. Therefore, such loans did not have an associated valuation allowance.

NPLs consist of nonaccrual loans and leases. At December 31, 2024 and December 31, 2023, NPLs totaled \$264.7 million and \$216.1 million, respectively. Within the NPL balance, \$89.9 million of the December 31, 2024 balance and \$49.6 million of the December 31, 2023 balance is covered by government guarantees from the SBA, FHA, VA or USDA.

The Company's policy for all loan classifications provides that loans and leases are generally placed in nonaccrual status if, in management's opinion, payment in full of principal or interest is not expected, unless such loan or lease is both well-secured and in the process of collection.

The following table presents the amortized cost basis of loans on nonaccrual status by segment and class at the periods indicated:

(In thousands)	December 31, 2024		December 31, 2023	
	Nonaccrual Loans with No Related Allowance		Nonaccrual Loans with No Related Allowance	
	Nonaccrual Loans	Allowance	Nonaccrual Loans	Allowance
Commercial and industrial				
Non-real estate	\$ 145,115	\$ 2,944	\$ 131,559	\$ 11,267
Owner occupied	16,904	5,128	7,097	1,275
Total commercial and industrial	162,019	8,072	138,656	12,542
Commercial real estate				
Construction, acquisition and development	8,600	66	1,859	—
Income producing	18,542	6,569	17,485	4,416
Total commercial real estate	27,142	6,635	19,344	4,416
Consumer				
Residential mortgages	75,287	3,979	57,881	—
Other consumer	244	—	260	—
Total consumer	75,531	3,979	58,141	—
Total	\$ 264,692	\$ 18,686	\$ 216,141	\$ 16,958

The following table presents the interest income recognized on loans on nonaccrual status by segment and class for the periods indicated:

(In thousands)	Year Ended December 31,		
	2024	2023	2022
	Nonaccrual Loans	Allowance	Nonaccrual Loans
Commercial and industrial			
Non-real estate	\$ 2,828	\$ 863	\$ 710
Owner occupied	255	178	683
Total commercial and industrial	3,083	1,041	1,393
Commercial real estate			
Construction, acquisition and development	100	53	133
Income producing	431	748	90
Total commercial real estate	531	801	223
Consumer			
Residential mortgages	2,090	1,880	1,925
Other consumer	3	5	90
Total consumer	2,093	1,885	2,015
Total	\$ 5,707	\$ 3,727	\$ 3,631

In the normal course of business, management may grant concessions, which would not otherwise be considered, to borrowers that are experiencing financial difficulty. Loans identified as meeting the criteria under ASC 310 are identified as financial difficulty modifications (FDM). Any modification, renewal or forbearance on loans assigned a rating of "Special Mention" or worse, and loans of any rating which show evidence of financial difficulty is reviewed to determine whether the borrower is experiencing financial difficulty and if so, which terms of the loan were modified. If the borrower is experiencing financial difficulty and the loan is modified via forgiveness of principal, reduction in interest rate to a rate below current market rates for issuance, payment extension or deferral for greater than six months (including extensions granted in the past 12 months), term or maturity date extension, or combination of these specific modification terms, the modification requires disclosure.

Under the general loan modification guidance, a modification is treated as a new loan only if both of the following conditions are met: 1) the terms of the new loan are at least as favorable to the lender as the terms for comparable loans to other customers with similar collection risks, and 2) modifications to the terms of the original loan are more than minor. If either condition is not met, the modification is accounted for as the continuation of the old loan with any effect of the modification treated as a prospective adjustment to the loan's effective interest rate. Modifications in scope for borrowers experiencing financial difficulty may include principal forgiveness, other-than-insignificant payment delay, interest rate reduction, or a combination of modifications. During the year ended December 31, 2024, the most common concession related to term extensions. Other concessions included principal forgiveness, payment deferrals, and interest rate reductions. At December 31, 2024, the Company has an outstanding unfunded commitment balance of \$21.1 million to lend to five borrowers experiencing financial difficulty.

Upon determination by the Company that a modified loan (or portion of a loan) has subsequently been deemed uncollectible, the loan (or portion of the loan) is charged off. The amortized cost basis of the loan is reduced by the uncollectible amount and the ACL is adjusted by this amount.

The following tables presents loans that were modified within the past twelve months for borrowers experiencing financial difficulty by segment and class, as well as the percentage of these modified loans compared to overall loans in each segment and class, for the years ended December 31, 2024 and December 31, 2023:

		Year Ended December 31, 2024									
		Principal Forgiveness	Payment Deferral	Combination Payment Deferral and Term Extension	Term Extension	Interest Rate Reduction	Combination Interest Rate Reduction and Payment Deferral	Combination Term Extension and Interest Rate Reduction	Combination Term Extension, Payment Deferral and Interest Rate Reduction	Percent of Total Loan Class	
(Dollars in thousands)											
Commercial and industrial											
Non-real estate	\$ 12,865	\$ 13,100	\$ 6,463	\$ 66,110	\$ —	\$ 113	\$ 10,519	\$ —	\$ —	1.26%	
Owner occupied	—	—	—	1,591	—	—	1,370	—	—	0.06%	
Total commercial and industrial	12,865	13,100	6,463	67,701	—	113	11,889	—	—	0.84%	
Commercial real estate											
Construction, acquisition and development	—	—	—	—	7	—	—	—	—	—%	
Income producing	—	—	30,670	45,206	—	—	—	—	13,373	1.48%	
Total commercial real estate	—	—	30,670	45,206	7	—	—	—	13,373	0.90%	
Consumer											
Residential mortgages	—	22	—	202	178	100	400	—	—	0.01%	
Other consumer	—	—	19	—	—	—	—	—	—	0.01%	
Total consumer	—	22	19	202	178	100	400	—	—	0.01%	
Total loans and leases, net of unearned income	\$ 12,865	\$ 13,122	\$ 37,152	\$ 113,109	\$ 185	\$ 213	\$ 12,289	\$ 13,373	\$ 13,373	0.60%	

Year Ended December 31, 2023

(Dollars in thousands)	Payment Deferral		Term Extension		Interest Rate Reduction		Combination Interest Rate Reduction and Payment Deferral	Combination Term Extension and Interest Rate Reduction	Combination Term Extension and Payment Deferral	Percent of Total Loan Class
Commercial and industrial										
Non-real estate	\$ 32,121		\$ 70,009		\$ —		\$ —	\$ 6,583	\$ 262	1.22%
Owner occupied	—		40		—		—	—	—	—
Total commercial and industrial	32,121		70,049		—		—	6,583	262	0.82
Commercial real estate										
Income producing	1,520		27,774		—		—	769	—	0.52
Total commercial real estate	1,520		27,774		—		—	769	—	0.31
Consumer										
Residential mortgages	42		139		299		37	331	—	0.01
Other consumer	—		11		—		—	—	—	—
Total consumer	42		150		299		37	331	—	0.01
Total loans and leases, net of unearned income	\$ 33,683		\$ 97,973		\$ 299		\$ 37	\$ 7,683	\$ 262	0.43%

The following table presents the financial effect of the loan modifications presented above for borrowers experiencing financial difficulty for the following periods:

(Dollars in thousands)	Year Ended December 31, 2024			Year Ended December 31, 2023		
	Principal Forgiveness	Weighted-Average Interest Rate Reduction	Weighted-Average Term Extension (in years)	Weighted-Average Interest Rate Reduction	Weighted-Average Term Extension (in years)	
Commercial and industrial						
Non-real estate	\$ 5,835	1.42%	1.23	0.92%	0.84	
Owner occupied	—	3.91	14.04	—	5.04	
Commercial real estate						
Construction, acquisition and development	—	2.00	—	—	—	
Income producing	—	0.54	1.72	0.30	1.09	
Consumer						
Residential mortgages	—	2.49	7.60	0.24	11.17	
Other consumer	—	3.69	2.18	3.25	1.42	

The following table provides the amortized cost basis of loans that experienced a payment default during the period and were modified in the 12 months before default to borrowers experiencing financial difficulty:

(In thousands)	Year Ended December 31, 2024		
	Payment Deferral	Term Extension	Combination Term Extension and Interest Rate Reduction
Commercial and industrial			
Non-real estate	\$ 164	\$ —	\$ 1,929
Commercial real estate			
Income producing	—	9,113	—
Consumer			
Residential mortgages	—	—	362
Total modified	\$ 164	\$ 9,113	\$ 2,291

The Company closely monitors the performance of the loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. Loans are considered to be in payment default at 90 or more days past due. The following table depicts the performance of loans that have been modified in the last 12 months:

(In thousands)	Payment Status (Amortized Cost Basis) at December 31, 2024		
	Current	30-89 Days Past Due	90+ Days Past Due
Commercial and industrial			
Non-real estate	\$ 80,424	\$ 26,653	\$ 2,093
Owner occupied	2,961	—	—
Commercial real estate			
Construction, acquisition and development	7	—	—
Income producing	89,249	—	—
Consumer			
Residential mortgages	495	45	362
Other consumer	19	—	—
Total	\$ 173,155	\$ 26,698	\$ 2,455

NOTE 5. ALLOWANCE FOR CREDIT LOSSES

The following table summarizes the changes in the ACL for the periods indicated:

(In thousands)	Year Ended December 31,		
	2024	2023	2022
Balance at beginning of year	\$ 468,034	\$ 440,347	\$ 446,415
Charge-offs	(90,404)	(87,072)	(29,864)
Recoveries	12,163	14,504	29,913
Initial allowance on PCD loans	—	—	(8,117)
Adoption of new ASU related to modified loans ⁽¹⁾	—	255	—
Provision for loan losses	71,000	100,000	2,000
Balance at end of year	\$ 460,793	\$ 468,034	\$ 440,347

⁽¹⁾ Cadence adopted the new accounting guidance effective January 1, 2023, which eliminates the TDR recognition and measurement guidance via the modified retrospective transition method (ASU 2022-02). See Note 4 for additional information.

The following tables summarize the changes in the ACL by segment and class for the periods indicated:

(In thousands)	Year Ended December 31, 2024				
	Beginning Balance	Charge-offs	Recoveries	Provision (Release)	Ending Balance
Commercial and industrial					
Non-real estate	\$ 194,577	\$ (76,694)	\$ 8,004	\$ 57,856	\$ 183,743
Owner occupied	31,445	(379)	511	3,600	35,177
Total commercial and industrial	226,022	(77,073)	8,515	61,456	218,920
Commercial real estate					
Construction, acquisition and development	42,118	(779)	418	2,946	44,703
Income producing	69,209	(2,503)	447	(2,196)	64,957
Total commercial real estate	111,327	(3,282)	865	750	109,660
Consumer					
Residential mortgages	124,851	(3,161)	1,234	2,540	125,464
Other consumer	5,834	(6,888)	1,549	6,254	6,749
Total consumer	130,685	(10,049)	2,783	8,794	132,213
Total	\$ 468,034	\$ (90,404)	\$ 12,163	\$ 71,000	\$ 460,793

(In thousands)	Year Ended December 31, 2023					
	Beginning Balance	Charge-offs	Recoveries	Adoption of new ASU for modified loans	Provision (Release)	Ending Balance
Commercial and industrial						
Non-real estate	\$ 147,669	\$ (72,401)	\$ 7,541	\$ 256	\$ 111,512	\$ 194,577
Owner occupied	35,548	(394)	1,582	2	(5,293)	31,445
Total commercial and industrial	183,217	(72,795)	9,123	258	106,219	226,022
Commercial real estate						
Construction, acquisition and development	68,902	(808)	622	—	(26,598)	42,118
Income producing	74,727	(4,527)	1,071	(3)	(2,059)	69,209
Total commercial real estate	143,629	(5,335)	1,693	(3)	(28,657)	111,327
Consumer						
Residential mortgages	106,142	(2,264)	2,000	—	18,973	124,851
Other consumer	7,359	(6,678)	1,688	—	3,465	5,834
Total consumer	113,501	(8,942)	3,688	—	22,438	130,685
Total	\$ 440,347	\$ (87,072)	\$ 14,504	\$ 255	\$ 100,000	\$ 468,034

(In thousands)	Year Ended December 31, 2022					
	Beginning Balance	Charge-offs	Recoveries	Initial ACL on PCD Loans	Provision	Ending Balance
Commercial and industrial						
Non-real estate	\$ 138,696	\$ (17,874)	\$ 14,165	\$ —	\$ 12,682	\$ 147,669
Owner occupied	59,254	(824)	2,292	(551)	(24,623)	35,548
Total commercial and industrial	197,950	(18,698)	16,457	(551)	(11,941)	183,217
Commercial real estate						
Construction, acquisition and development	52,530	(298)	4,352	—	12,318	68,902
Income producing	98,327	(1,832)	3,521	(2,012)	(23,277)	74,727
Total commercial real estate	150,857	(2,130)	7,873	(2,012)	(10,959)	143,629
Consumer						
Residential mortgages	85,734	(1,430)	3,017	(5,554)	24,375	106,142
Other consumer	11,874	(7,606)	2,566	—	525	7,359
Total consumer	97,608	(9,036)	5,583	(5,554)	24,900	113,501
Ending Balance	\$ 446,415	\$ (29,864)	\$ 29,913	\$ (8,117)	\$ 2,000	\$ 440,347

The following table represents a roll forward of the reserve for unfunded commitments for the periods shown. The reserve for unfunded commitments is classified in other liabilities in the consolidated balance sheets.

(In thousands)	Year Ended December 31,		
	2024	2023	2022
Balance at beginning of period	\$ 8,551	\$ 28,551	\$ 23,551
(Reversal) provision for credit losses for unfunded commitments	—	(20,000)	5,000
Balance at end of period	\$ 8,551	\$ 8,551	\$ 28,551

The economic impact of inflation, higher interest rates, volatility in the financial markets, and the potential for a slowing economy poses additional risk to borrowers and financial institutions. These factors add to the risk borrowers may experience difficulty in meeting repayment obligations, and the Company may experience losses or deterioration in performance in its loan portfolio.

The ACL estimate is impacted by both portfolio changes and changes in economic conditions experienced during the period. The unemployment rate has the highest weighting within the Company's credit risk modeling framework. Economic forecasts, which are obtained from multiple sources, provide upside, downside, and base case scenarios over an eight-quarter forecast horizon to establish a forecast range. Management considers the scenarios and selects a blended scenario which, in management's opinion, reflects likely economic conditions within that range. The Company recognizes that inflation, higher interest rates and a slowing economy may have short-term, long-term, and regional impacts to the economy. In addition, qualitative factors such as changes in economic conditions, concentrations of risk, and changes in portfolio risk resulting from regulatory changes are considered in determining the adequacy of the level of the ACL.

NOTE 6. PREMISES AND EQUIPMENT

A summary by asset classification at the periods indicated:

(In thousands)	Estimated Useful Life (Years)	December 31, 2024	December 31, 2023
Land	N/A	\$ 140,792	\$ 140,771
Buildings and improvements	5-40	557,916	541,966
Leasehold improvements	5-39	46,608	39,875
Equipment, furniture and fixtures	3-20	363,985	342,362
Computer software	3-5	111,973	100,040
Construction in progress	N/A	26,316	47,015
Right of use - lease	N/A	204,071	199,973
Subtotal		1,451,661	1,412,002
Accumulated depreciation and amortization		668,205	609,869
Premises and equipment, net		\$ 783,456	\$ 802,133

Depreciation expense was \$45.1 million, \$44.4 million, and \$42.8 million for the years ended December 31, 2024, 2023, and 2022, respectively.

Software amortization expense was \$9.5 million, \$9.8 million, and \$9.5 million for the years ended December 31, 2024, 2023, and 2022, respectively.

The Company leases various premises and equipment. At the inception of the contract, the Company determines if an arrangement is or contains a lease and will recognize on the balance sheet a lease asset for its right to use the underlying asset and a lease liability for the corresponding lease obligation for contracts longer than a year. See Note 7 for additional disclosures related to our lease obligations.

NOTE 7. LEASES

The Company leases various premises and equipment. At the inception of the contract, the Company determines if an arrangement is or contains a lease and will recognize on the balance sheet a lease asset for its right to use the underlying asset and a lease liability for the corresponding lease obligation for contracts longer than a year. The Company does not have any commitments that would meet the definition of a finance lease.

At December 31, 2024 and 2023, the weighted average remaining lease term for operating leases was 16.0 years and 16.2 years, respectively, and the weighted average discount rate used in the measurement of operating lease liabilities was 3.7% and 3.5% at December 31, 2024 and 2023, respectively. Lease costs were as follows for the periods presented:

(In thousands)	Year Ended December 31,		
	2024	2023	2022
Operating lease costs	\$ 18,166	\$ 20,298	\$ 22,158
Short-term lease costs	139	108	39
Variable lease costs	—	4	623
Sublease income	(741)	(1,011)	(1,123)
Total operating lease costs	\$ 17,564	\$ 19,399	\$ 21,697

There were no leveraged leases or lease transactions with related parties during the years ended December 31, 2024 and 2023. At December 31, 2024 and 2023, the Company had no leases that had not yet commenced.

For leases that may contain renewal options or options to extend the lease term, the Company is reasonably certain to do so, therefore, these extended terms are included in our lease liability calculation. A maturity analysis of operating lease liabilities is included in the table below at December 31, 2024:

(In thousands)	Amount
2025	\$ 17,740
2026	17,867
2027	17,071
2028	16,703
2029	16,462
Thereafter	165,367
Total future minimum lease payments	251,210
Discount effect of cash flows	63,412
Present value of net future minimum lease payments	\$ 187,798

At December 31, 2024 and 2023, the Company's operating lease ROU assets were \$167.4 million and \$171.3 million, respectively, and ROU liabilities were \$188.0 million and \$192.2 million, respectively.

NOTE 8. GOODWILL AND OTHER INTANGIBLE ASSETS

The following tables present the carrying amounts of goodwill assigned to each of the Company's reporting units at December 31, 2024 and December 31, 2023. Refer to Note 19 for additional information on segments.

(In thousands)	December 31,	December 31,
	2024	2023
Corporate Banking	\$ 401,742	\$ 401,742
Community Banking	918,354	918,354
Mortgage	19,652	19,652
Banking Services	27,175	28,037
Total	\$ 1,366,923	\$ 1,367,785

The Company's policy is to assess goodwill for impairment at the reporting unit level on an annual basis or sooner if an event occurs or circumstances change which indicate that the fair value of a reporting unit is below its carrying amount. Impairment is the condition that exists when the carrying amount of the reporting unit exceeds the fair value of that reporting unit. The Company's annual assessment date is during the Company's fourth quarter. The Company's annual goodwill impairment evaluation for 2024 was based on a qualitative assessment and indicated no events or circumstances that would have resulted in an impairment of goodwill for its reporting units.

On May 17, 2024, the Company completed the sale of Cadence Business Solutions, its payroll processing business unit. The payroll processing unit had previously been part of Cadence Insurance, Inc., prior to its sale in November 2023. The sale of the payroll processing business resulted in a \$0.9 million decrease in goodwill for the Banking Services unit and a \$1.1 million decrease in customer relationship intangibles.

In the current economic environment, forecasting cash flows, credit losses and growth in addition to valuing the Company's assets with any degree of assurance is very difficult and subject to significant changes over very short periods of time. The Company's policy is to update its analysis as circumstances change. As market conditions continue to be volatile and unpredictable, impairment of goodwill related to the Company's reporting units may be necessary in future periods.

The carrying value of other intangible assets was \$83.2 million and \$100.2 million at December 31, 2024 and December 31, 2023, respectively. The core deposit intangible assets and the customer relationship intangibles are both amortized over an estimated useful life of ten years utilizing an accelerated method. The trade name is considered indefinite- lived and is not subject to amortization.

The following table, which excludes fully amortized intangibles, shows the gross carrying amount and accumulated amortization of the Company's other intangible assets at December 31, 2024 and December 31, 2023.

(In thousands)	December 31, 2024			December 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Core deposit intangibles	\$ 112,379	\$ 76,429	\$ 35,950	\$ 112,379	\$ 67,501	\$ 44,878
Customer relationship intangibles	48,250	26,518	21,732	49,349	19,544	29,805
Trade names	<u>25,508</u>	<u>—</u>	<u>25,508</u>	<u>25,508</u>	<u>—</u>	<u>25,508</u>
Total other intangible assets	<u><u>\$ 186,137</u></u>	<u><u>\$ 102,947</u></u>	<u><u>\$ 83,190</u></u>	<u><u>\$ 187,236</u></u>	<u><u>\$ 87,045</u></u>	<u><u>\$ 100,191</u></u>

The following table presents intangible asset amortization expense for the periods indicated.

(In thousands)	Year Ended December 31,		
	2024	2023	2022
Core deposit intangibles	\$ 8,928	\$ 10,812	\$ 9,408
Customer relationship intangibles	6,974	8,576	8,374
Non-solicitation intangibles	<u>—</u>	<u>—</u>	<u>650</u>
Total intangible asset amortization expense	<u><u>\$ 15,902</u></u>	<u><u>\$ 19,388</u></u>	<u><u>\$ 18,432</u></u>

The following table presents the estimated intangible asset amortization expense for the next five years.

(In thousands)	Core Deposit Intangibles	Customer Relationship Intangibles	Total		
	2025	2026	2027	2028	2029
2025	\$ 8,582	\$ 5,921	\$ 14,503		
2026	8,005	4,981	12,986		
2027	7,574	4,042	11,616		
2028	5,231	3,102	8,333		
2029	3,249	2,162	5,411		

NOTE 9. TIME DEPOSITS AND BORROWINGS

Time deposits with a balance of \$250,000 or more totaled \$3.2 billion and \$2.4 billion at December 31, 2024 and December 31, 2023, respectively.

At December 31, 2024, time deposits that will mature in under one year totaled \$9.6 billion. For time deposits with a remaining maturity of more than one year at December 31, 2024, the aggregate amount maturing in each of the following five years and thereafter is presented in the following table:

(Dollars in thousands)	Amount
2026	\$ 308,487
2027	39,429
2028	32,507
2029	27,556
2030	69
Thereafter	114
Total	\$ 408,162

Borrowings with original maturities of one year or less are classified as short-term. The following tables present information relating to short-term debt for the periods presented:

(Dollars in thousands)	December 31, 2024				
	End of Period		Year to Date Daily Average		Maximum Outstanding at any Month End
	Balance	Interest Rate	Balance	Interest Rate	
Federal funds purchased	\$ —	—%	\$ 5,077	5.28%	\$ —
Securities sold under agreement to repurchase and other	23,616	4.10	81,092	4.76	267,792
Bank Term Funding Program	—	—	2,845,902	4.79	3,500,000
Short-term FHLB advances	—	—	2	5.74	—
Total	\$ 23,616		\$ 2,932,073		\$ 3,767,792

(Dollars in thousands)	December 31, 2023				
	End of Period		Year to Date Daily Average		Maximum Outstanding at any Month End
	Balance	Interest Rate	Balance	Interest Rate	
Federal funds purchased	\$ —	—%	\$ 29,361	4.91%	\$ 375,000
Securities sold under agreement to repurchase and other	451,516	4.29	770,777	4.04	862,589
Bank Term Funding Program	3,500,000	4.84	2,052,088	5.10	3,500,000
Short-term FHLB advances	—	—	1,389,759	4.91	5,700,228
Total	\$ 3,951,516		\$ 4,241,985		\$ 10,437,817

Federal funds purchased generally mature the day following the date of purchase. At December 31, 2024 and December 31, 2023, the Company had established non-binding federal funds borrowing lines of credit with other banks aggregating \$2.1 billion, for both periods. Additionally, the Company maintains access to the FRB discount window borrowings which generally mature within 90 days and are collateralized by \$2.1 billion in commercial, agriculture, and consumer loans pledged under a borrower-in-custody agreement at December 31, 2024. At December 31, 2024 and December 31, 2023, there were no borrowings from the FRB discount window.

Securities sold under repurchase agreements generally mature within one day from the date of sale. The Company monitors collateral levels on a continuous basis and may be required to provide additional collateral based on the fair value of the underlying securities. Collateral pledged pursuant to these repurchase agreements can include MBS issued or guaranteed by U.S. agencies, U.S. Treasury securities and U.S. government agency securities.

The BTFP was created by the Federal Reserve to support businesses and households by making additional funding available to eligible financial institutions to help assure they have the ability to meet the needs of their depositors. The BTFP offered loans of up to one year in length to banks and other qualifying institutions pledging any collateral eligible for purchase by the FRB. The collateral was valued at its par amount and consisted primarily of MBS and U.S. government agency securities. Cadence's BTFP borrowing was paid off during the fourth quarter of 2024. The BTFP ceased making new loans in March 2024.

All borrowings from the FHLB are collateralized by commercial, construction, and real estate loans pledged under a blanket floating lien security agreement with the FHLB of Dallas at December 31, 2024 and December 31, 2023. Under the terms of this agreement, the Company is required to maintain sufficient collateral to secure borrowings in an aggregate amount of the lesser of the book value (i.e., unpaid principal balance), after applicable FHLB discounts, of the Company's eligible commercial and residential loans pledged as collateral, or 35% of the Company's assets. Loans totaling \$24.4 billion and \$22.9 billion at December 31, 2024 and December 31, 2023, respectively, were pledged to the FHLB of Dallas. At December 31, 2024, the remaining borrowing availability totaled \$13.0 billion. At December 31, 2024, there were no call features on long-term FHLB borrowings. Short-term FHLB borrowings mature within one year following the date of the advance.

The FHLB of Dallas has also issued irrevocable letters of credit totaling \$47.5 million at December 31, 2024 on behalf of our customers. Of the total amount, \$26.7 million expires on December 17, 2025 and \$20.8 million expires on January 30, 2025.

The following table presents the details of the long-term and subordinated debt the Company has outstanding:

(Dollars in thousands)	December 31, 2024	December 31, 2023
4.850% advances from FHLB Dallas, due August 2, 2027	\$ 706	\$ 771
4.125% fixed to floating rate, subordinated notes, due November 20, 2029, callable on November 20, 2024	—	283,159
7.250% subordinated notes, due June 28, 2029, callable on June 28, 2024	—	35,000
4.750% subordinated notes, due June 30, 2029, callable on June 30, 2024	—	79,352
6.250% subordinated notes, due June 28, 2029, callable on June 28, 2024	—	25,000
5.000% fixed to floating rate, subordinated notes, due June 30, 2030, callable on June 30, 2025	10,000	10,000
Purchase accounting adjustment, net of amortization	—	5,786
Debt issue costs	—	(608)
Total long-term borrowings	\$ 10,706	\$ 438,460

During 2024, the Company repurchased \$68.0 million of the \$300 million Subordinated Notes due November 20, 2029, resulting in a \$1.8 million gain on the extinguishment of debt, and called the remaining \$215.2 million of these Subordinated Notes. Also during 2024, the Company repurchased \$0.5 million of our Subordinated Notes due June 2029 and called the remaining \$138.9 million of each of the Subordinated Notes due June 2029, resulting in a net gain on the extinguishment of debt of \$4.7 million which was reported in other noninterest revenue in the consolidated statements of income.

Contractual annual principal payments on long-term debt for the next five years and thereafter are shown in the following table. These maturities are based upon the amounts owed at December 31, 2024.

(Dollars in thousands)	FHLB Advances	Subordinated Notes	Total
2025	\$ 61	—	\$ 61
2026	40	—	40
2027	605	—	605
2028	—	—	—
2029	—	—	—
Thereafter	—	10,000	10,000
Total	\$ 706	\$ 10,000	\$ 10,706

NOTE 10. PREFERRED STOCK

In November 2019, the Company completed its public offering of 6,900,000 shares of 5.50% Series A Non- Cumulative Perpetual Preferred Stock, par value \$0.01 per share, with a liquidation preference of \$25 per share of Series A Preferred Stock (the “Series A Preferred Stock”), which represents \$172.5 million in aggregate liquidation preference (the “Series A Preferred Stock Offering”). The Company received net proceeds from the Series A Preferred Stock Offering, after deducting the underwriting discount and estimated expenses, of \$167.5 million. Holders of the Series A Preferred Stock are entitled to receive, only when, as, and if declared by the Company’s board of directors, non-cumulative cash dividends based upon the liquidation preference of \$25 per share of Series A Preferred Stock, and no more, at a rate equal to 5.50% per annum, payable quarterly, in arrears, on February 20, May 20, August 20 and November 20 of each year. The Board of Directors declared total cash dividends of \$1.375 per share of Series A Preferred Stock for a total of \$9.5 million during years 2024, 2023, and 2022.

Series A Preferred Stock is not subject to any mandatory redemption, sinking fund or other similar provision. The Company may redeem shares of Series A Preferred Stock at its option, subject to regulatory requirements, at a redemption price equal to \$25 per share, plus any declared and unpaid dividends. In the event Series A Preferred Stock is redeemed at the liquidation amount, \$5.5 million in excess of the liquidation amount over the carrying amount will be recorded as a reduction to net income available to common shareholders.

NOTE 11. INCOME TAXES

The components of income tax expense (benefit) attributable to continuing operations were as follows for the years ended December 31, 2024, 2023 and 2022:

(In thousands)	2024	2023	2022
Current:			
Federal	\$ 126,226	\$ (2,355)	\$ 106,628
State	18,148	(3,131)	13,972
Deferred:			
Federal	10,521	1,208	7,245
State	(2,302)	(316)	1,860
Total	\$ 152,593	\$ (4,594)	\$ 129,705

The Company had income tax receivable (payable) of \$18.5 million, \$(10.0) million and \$(0.5) million at December 31, 2024, 2023 and 2022, respectively.

Income tax expense (benefit) on continuing operations differed from the amounts computed by applying the U.S. federal income tax rate of 21% to income (loss) from continuing operations before income taxes resulting from the following:

(In thousands)	2024	2023	2022
Tax expense (benefit) at statutory rates	\$ 142,001	\$ (191)	\$ 121,175
Increase (decrease) in taxes resulting from:			
State income taxes, net of federal tax benefit	12,519	(2,723)	12,508
Tax-exempt interest revenue	(1,542)	(1,730)	(2,877)
Tax-exempt earnings on life insurance	(3,422)	(3,135)	(2,640)
Deductible dividends paid on 401(k) plan	(16)	(529)	(537)
Goodwill writeoff	181	—	—
Tax rate change revaluation of deferreds	—	—	2,470
Excess salary disallowance	5,544	4,855	3,672
Tax credits	(4,225)	(12,926)	(9,728)
FDIC disallowance	6,876	7,332	3,797
Nondeductible merger costs	—	—	129
Meals and entertainment	565	628	441
Other, net	(5,888)	3,825	1,295
Total	<u>\$ 152,593</u>	<u>\$ (4,594)</u>	<u>\$ 129,705</u>

The tax effects of temporary differences that gave rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2024 and 2023 were as follows:

(In thousands)	2024	2023
Deferred tax assets:		
Loans, principally due to allowance for credit losses	\$ 112,244	\$ 114,341
Other real estate owned	267	2,217
Loans, fair value adjustment	3,130	5,953
Securities, fair value adjustment	4,720	5,137
Accrued liabilities	34,708	34,724
Net operating loss carryforwards	5,598	6,593
Lease liability	43,939	44,916
Other	5,001	3,007
Unrealized net losses on available for sale-securities	201,646	222,063
Unrecognized pension expense	13,886	14,291
Total gross deferred tax assets	425,139	453,242
Less: valuation allowance	564	615
Deferred tax assets	424,575	452,627
Deferred tax liabilities:		
Lease transactions	\$ 1,313	\$ 1,511
Employment benefits	17,231	12,690
Premises and equipment, principally due to differences in depreciation	18,748	24,588
Mortgage servicing rights	26,917	25,134
Intangible assets	29,221	29,936
Investments	6,216	7,093
Deferred net loan fees	25,360	24,106
Right of use asset	39,170	40,200
Other	4,099	3,669
Total gross deferred tax liabilities	168,275	168,927
Net deferred tax assets	\$ 256,300	\$ 283,700

At December 31, 2024, the Company had a net deferred tax asset of \$256.3 million, compared to \$283.7 million at December 31, 2023. The changes to gross deferred tax assets and liabilities during 2024 was primarily due to deferred tax adjustments related to the change in market value of available for sale securities.

Based upon the level of historical taxable income and projections for future taxable income over the periods in which deferred tax assets are deductible, management believes it is more likely than not that the Company will realize the benefits of these deductible differences existing at December 31, 2024 with the exception of a state net operating loss carryforward that will not be realized which resulted in a \$0.6 million valuation allowance.

At December 31, 2024, the Company has federal net operating loss carryforwards of \$23.7 million which will begin to expire in 2030. The Company has state net operating loss carryforwards of \$1.4 million which will begin to expire in 2030. The Company believes it is more likely than not the benefit from certain state net operating loss carryforwards will not be realized, and accordingly, has established a pre-tax valuation allowance of \$13.2 million, \$0.6 million after tax, associated with those net operating losses at December 31, 2024.

The Company recognizes accrued interest related to unrecognized tax benefits and penalties as a component of other noninterest expense. The Company accrued interest of \$64 thousand in 2024, \$143 thousand in 2023 and \$214 thousand in 2022. The Company's accrued interest and penalties on unrecognized tax benefits was \$0.8 million and \$0.7 million at December 31, 2024 and 2023, respectively. Accrued interest and penalties are included in other liabilities.

At December 31, 2024 and 2023, the balance of unrecognized tax benefits, if recognized that would reduce the effective tax rate was \$1.0 million and \$1.2 million, respectively. The Company does not anticipate a significant change to the total amount of unrecognized tax benefits within the next 12 months. The following table presents a summary of the beginning and ending amounts of unrecognized income tax benefits:

(In thousands)	Years ended December 31,		
	2024	2023	2022
Balance at January 1	\$ 1,242	\$ 3,077	\$ 1,441
Additions based on income tax positions related to current year	—	—	154
Additions for income tax positions for prior years	—	—	—
Additions from acquisition	—	—	1,482
Reductions for income tax positions of prior years	(244)	—	—
Statute of limitation expirations	—	—	—
Settlements	—	(1,835)	—
Balance at December 31	<u>\$ 998</u>	<u>\$ 1,242</u>	<u>\$ 3,077</u>

Unrecognized state income tax benefits are not adjusted for the federal income tax impact.

The Company is subject to taxation in the United States and various states and local jurisdictions. The Company files a consolidated United States federal return. Based on the laws of the applicable state where the Company conducts business operations, the Company and its applicable subsidiaries either file a consolidated, combined or separate return. The tax years that remain open for examination for the Company's major jurisdictions of the United States—Federal, Mississippi, Arkansas, Tennessee, Alabama, Louisiana, Texas, Georgia and Missouri—are 2021, 2022 and 2023.

In August 2022, the IRA of 2022 was signed into law to address inflation, healthcare costs, climate change and renewal energy incentives, among other things. Included in the IRA of 2022 are provisions for the creation of a 15% CAMT that is effective for tax years beginning January 1, 2023 for corporations with an average annual adjusted financial statement income in excess of \$1 billion. In 2024 and 2023, the Company was not subject to the 15% CAMT.

NOTE 12. PENSION AND OTHER POST RETIREMENT BENEFIT PLANS

The Basic Plan is a non-contributory defined benefit pension plan managed by a trustee covering substantially all full-time employees who have at least one year of service, worked at least 1,000 hours and have attained the age of 18. For such employees hired prior to January 1, 2006, benefits were based on years of service and the employee's compensation until January 1, 2017, at which time benefits were based on a 2.5% cash balance formula. For such employees hired on or after January 1, 2006, benefits accrue based on a cash balance formula, effective January 1, 2012. The Company's funding policy is to contribute to the Basic Plan the amount that meets the minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974, plus such additional amounts as the Company determines to be appropriate. The difference between the plan assets and projected benefit obligation is included in other assets or other liabilities, as appropriate. Actuarial assumptions are evaluated periodically.

The Restoration Plan provides for the payment of retirement benefits to certain participants in the Basic Plan. The Restoration Plan is a non-qualified plan that covers any employee whose benefit under the Basic Plan is limited by the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and any employee who elects to participate in the Cadence Frozen Deferred Compensation Plan, which reduces the employee's benefit under the Basic Plan. For employees hired prior to January 1, 2006, benefits were based on years of service and the employee's compensation until January 1, 2017, at which time benefits were based on a 2.5% cash balance formula. For such employees hired on or after January 1, 2006, benefits accrue based on a cash balance formula, effective January 1, 2012. The Supplemental Plan is a non-qualified defined benefit supplemental retirement plan for certain key employees. Benefits commence when the employee retires and are payable over a period of ten years.

The Company measured benefit obligations using the most recent Pri-2012 mortality tables and MP-2021 mortality improvement scale in selecting mortality assumptions at December 31, 2024. The Company uses a December 31 measurement date for its pension and other benefit plans.

In 2023, an amendment was made to the Basic Plan in conjunction with a special voluntary retirement offer specifically designed for long-term participants in the Basic Plan. This amendment to provide enhanced pension benefit protection increased the Basic Plan's liability by \$5.1 million, which the Company recognized immediately as a one-time charge to expense during 2023.

A summary of the three defined benefit retirement plans at and for the years ended December 31, 2024, 2023 and 2022 follows:

(In thousands)	Pension Benefits		
	2024	2023	2022
Change in benefit obligations:			
Projected benefit obligations at beginning of year	\$ 241,606	\$ 238,878	\$ 323,274
Service cost	7,627	9,840	10,439
Interest cost	11,765	12,191	7,278
Actuarial (gain) loss	6,026	15,387	(61,610)
Benefits paid	(10,612)	(11,691)	(10,510)
Administrative expenses paid	(2,058)	(1,319)	(1,033)
Plan amendments	—	5,088	—
Settlements ⁽¹⁾	(15,640)	(26,768)	(28,960)
Projected benefit obligations at end of year	<u>\$ 238,714</u>	<u>\$ 241,606</u>	<u>\$ 238,878</u>
Change in plans' assets:			
Fair value of plans' assets at beginning of year	\$ 337,803	\$ 341,629	\$ 414,067
Actual return on assets	27,764	33,397	(34,384)
Employer contributions	4,170	2,555	2,449
Benefits paid	(10,612)	(11,691)	(10,510)
Administrative expenses paid	(2,058)	(1,319)	(1,033)
Settlements ⁽¹⁾	(15,640)	(26,768)	(28,960)
Fair value of plans' assets at end of year	<u>\$ 341,427</u>	<u>\$ 337,803</u>	<u>\$ 341,629</u>
Funded status:			
Projected benefit obligations	\$ (238,714)	\$ (241,606)	\$ (238,878)
Fair value of plans' assets	341,427	337,803	341,629
Net amount recognized	<u>\$ 102,713</u>	<u>\$ 96,197</u>	<u>\$ 102,751</u>

(1) The total lump sums paid during 2024, 2023, and 2022 were \$15.6 million, \$26.8 million, and \$29.0 million, respectively, compared to a settlement threshold of \$17.2 million, \$19.6 million, and \$14.8 million. As a result, there was no charge recognized for 2024 and a charge of \$11.8 million and \$9.0 million were recognized for 2023 and 2022, respectively.

The overall funded status of the plans improved slightly during 2024. The slight increase was the result of an increase in the fair value of the plans' assets as the actual returns on plan assets exceeded payments and settlements coupled with a decrease in the projected benefit obligation due to decreased interest cost and plan amendments.

The weighted-average interest crediting rates for both the Basic Plan and the Restoration Plan were 3.79% in 2024. The Supplemental Plan does not have a minimum interest crediting rate.

Amounts recognized in the consolidated balance sheets consisted of:

(In thousands)	Pension Benefits		
	2024	2023	2022
Prepaid benefit cost	\$ 191,464	\$ 188,325	\$ 201,581
Accrued benefit liability	(29,963)	(31,625)	(31,800)
Accumulated other comprehensive loss adjustment	(58,788)	(60,503)	(67,030)
Net amount recognized	<u>\$ 102,713</u>	<u>\$ 96,197</u>	<u>\$ 102,751</u>

Pre-tax amounts recognized in accumulated other comprehensive loss consisted of:

(In thousands)	December 31,	
	2024	2023
Net prior service benefit	\$ 178	\$ 191
Net actuarial loss	58,610	60,312
Total accumulated other comprehensive loss	<u>\$ 58,788</u>	<u>\$ 60,503</u>

The components of net periodic benefit cost for the periods indicated were as follows:

(In thousands)	Year Ended December 31,		
	2024	2023	2022
Service cost	\$ 7,627	\$ 9,840	\$ 10,439
Interest cost	11,765	12,191	7,278
Expected return on plan assets	(22,966)	(21,969)	(23,003)
Recognized prior service cost	13	13	14
Recognized net loss	2,931	3,734	4,726
Settlement loss	—	11,826	9,023
Net periodic benefit (credit) cost ⁽¹⁾	<u>\$ (630)</u>	<u>\$ 15,635</u>	<u>\$ 8,477</u>

(1) While service cost is included in salaries and employee benefits, the other components of net periodic pension costs are included in other noninterest expense in the consolidated statements of income for the years ended December 31, 2024, 2023, and 2022.

The weighted-average assumptions used to determine benefit obligations at December 31, 2024 and 2023 were as follows:

	Basic Plan		Restoration Plan		Supplemental Plan	
	2024	2023	2024	2023	2024	2023
Discount rate	5.60%	5.29%	5.50%	5.22%	5.31%	5.05%
Rate of compensation increase	4.00%	4.00%	4.00%	4.00%	3.50%	3.00%

The weighted-average assumptions used to determine net periodic benefit cost for 2024, 2023 and 2022 were as follows:

	Basic Plan		
	2024	2023	2022
Discount rate-service cost	5.35%	5.65%	2.92%
Discount rate-interest cost	5.13%	5.13%	1.95%
Rate of compensation increase	4.00%	4.00%	4.00%
Expected rate of return on plan assets	7.00%	6.50%	6.00%

	Restoration Plan		
	2024	2023	2022
Discount rate-service cost	5.71%	5.53%	2.61%
Discount rate-interest cost	5.31%	5.30%	2.26%
Rate of compensation increase	4.00%	4.00%	4.00%
Expected rate of return on plan assets	N/A	N/A	N/A

	Supplemental Plan		
	2024	2023	2022
Discount rate-service cost	5.75%	5.49%	2.24%
Discount rate-interest cost	5.02%	5.28%	1.62%
Rate of compensation increase	3.00%	3.00%	3.00%
Expected rate of return on plan assets	N/A	N/A	N/A

The following table presents information related to the Restoration and Supplemental Plans that had accumulated benefit obligations in excess of plan assets at December 31, 2024 and 2023:

(In thousands)	2024	2023
Projected benefit obligation	\$ 35,534	\$ 37,431
Accumulated benefit obligation	34,376	34,861
Fair value of assets	—	—

In selecting the expected long-term rate of return on assets used for the Basic Plan, the Company considered the average rate of earnings expected on the funds invested or to be invested to provide for the benefits of the plan. This included considering the trust asset allocation and the expected returns likely to be earned over the life of the plan. This basis is consistent with the prior year. The discount rate is the rate used to determine the present value of the Company's future benefit obligations for its pension and other postretirement benefit plans.

Plan assets are managed on a total return basis to meet future obligations. Risk is managed through asset allocation, diversification, asset valuation analysis and maintaining a long-term focus. Assets are invested in multiple asset classes including, but not limited to, domestic equities, international equities and fixed income securities. Factors considered for the Plan's asset allocation include, but are not limited to, the Plan's funding status, long-term expected liabilities and expected long-term investment performance. To meet the Plan's obligation, long-term returns take priority over short term market volatility and uncertainty. The Plan asset allocation, diversification and long-term performance are evaluated by the Retirement Committee multiple times throughout each calendar year.

The Company's pension plan weighted-average asset allocations at December 31, 2024 and 2023 and the Company's target allocations for 2025, by asset category, were as follows:

Asset category:	Plan assets at December 31,			Target for
	2024	2023	2025	
Equity securities	49%	49%	33-60%	
Debt securities	47%	47%	40-67%	
Cash and equivalents	5%	4%		
Total	100%	100%		

Equity securities held in the Basic Plan included shares of the Company's common stock with a fair value of \$2.8 million (0.83% of total plan assets) and \$2.4 million (0.72% of total plan assets) at December 31, 2024 and 2023, respectively. An analysis by management is performed annually to determine whether the Company will make a contribution to the Basic Plan.

The following table presents information regarding expected future benefit payments, which reflect expected service, as appropriate:

(In thousands)	Pension Benefits
Expected future benefit payments:	
2025	\$ 25,061
2026	25,577
2027	26,032
2028	25,515
2029	25,693
2030-2034	119,808

The following table presents the fair value of each major category of plan assets held in the Basic Plan at December 31, 2024 and 2023:

(In thousands)	Plan Assets	
	2024	2023
Investments, at fair value:		
Cash and cash equivalents	\$ 11,459	\$ 7,822
U.S. agency debt obligations	20,549	13,679
Mutual funds	272,349	272,589
U. S. government debt obligations	6,880	5,895
Common stock of Cadence Bank	2,834	2,434
Brokered certificates of deposit	26,711	34,703
Total investments, at fair value	340,782	337,122
Accrued interest and dividends	645	681
Fair value of plan assets	\$ 341,427	\$ 337,803

Fair values are determined based on valuation techniques categorized as follows: Level 1 means the use of quoted prices for identical instruments in active markets; Level 2 means the use of quoted prices for identical or similar instruments in markets that are not active or are directly or indirectly observable; Level 3 means the use of unobservable inputs. Quoted market prices, when available, are used to value investments. Pension plan investments include funds which invest in various types of investment securities and in various companies within various markets. Investment securities are exposed to several risks, such as interest rate, market and credit risks. Because of the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported.

The following tables set forth the plan investments at fair value at December 31, 2024 and 2023:

(In thousands)	2024				Total
	Level 1	Level 2	Level 3		
Cash and cash equivalents	\$ 11,459	\$ —	\$ —	\$ —	\$ 11,459
U.S. agency debt obligations	—	20,549	—	—	20,549
U.S. government debt obligations	—	6,880	—	—	6,880
Mutual funds	272,349	—	—	—	272,349
Company common stock	2,834	—	—	—	2,834
Brokered certificates of deposit	—	26,711	—	—	26,711
Total	\$ 286,642	\$ 54,140	\$ —	\$ —	\$ 340,782

(In thousands)	2023				Total
	Level 1	Level 2	Level 3		
Cash and cash equivalents	\$ 7,822	\$ —	\$ —	\$ —	\$ 7,822
U.S. agency debt obligations	—	13,679	—	—	13,679
U.S. government debt obligations	—	5,895	—	—	5,895
Mutual funds	272,589	—	—	—	272,589
Company common stock	2,434	—	—	—	2,434
Brokered certificates of deposit	—	34,703	—	—	34,703
Total	\$ 282,845	\$ 54,277	\$ —	\$ —	\$ 337,122

The following investments represented 5% or more of the total plan asset value at December 31, 2024:

(In thousands)	2024
John Hancock Discip Value Fund	\$ 20,713
John Hancock Discip Value Mid Cap Fund	19,756
Curasset Capital Management Core Bond Fund	30,536
Curasset Capital Management Limited Term Inc Fund	38,021
Pioneer Multi-Asset Ultrashort Inc Fund	20,572
First Eagle Global Fund Class R6	23,111
JP Morgan Equity Income R6	24,873
JP Morgan Strategic Income Opp Fund	20,057

The Company has a defined contribution plan (commonly referred to as a “401(k) Plan”). Employees may contribute a portion of their compensation, as set forth in the 401(k) Plan, subject to the limitations as established by the Code. Employee contributions (up to 5% of defined compensation) are matched dollar-for-dollar by the Company. Employer contributions were \$21.2 million, \$22.6 million, and \$21.4 million for 2024, 2023, and 2022, respectively.

NOTE 13. FAIR VALUE DISCLOSURES

Fair value is defined by U.S. GAAP as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy requires the Company to maximize the use of observable market data, when available, and to minimize the use of unobservable inputs when determining fair value. Each fair value measurement is placed into the proper level based on the lowest level of significant input. These levels are:

- **Level 1:** Valuation is based upon quoted prices for identical instruments traded in active markets.
- **Level 2:** Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
- **Level 3:** Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models, and similar techniques.

Transfers between fair value levels are recognized at the end of the fiscal quarter in which the associated change in inputs occurs.

Determination of Fair Value

Fair values are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following describes the assumptions and methodologies used to estimate the fair value of financial instruments recorded at fair value in the consolidated balance sheets and for estimating the fair value of financial instruments for which fair value is disclosed.

Available for sale securities and equity investments. AFS securities and equity investments (with readily determinable fair values) are recorded at fair value on a recurring basis. AFS securities and equity investments that are traded on an active exchange are classified as Level 1. If quoted prices are not available, the Company obtains fair value measurements from an independent pricing service. These fair value measurements consider observable market data that may include benchmark yield curves, reported trades, broker/dealer quotes, issuer spreads and credit information, among other inputs. These securities are classified as Level 2.

Mortgage servicing rights. The Company records MSR at fair value on a recurring basis with subsequent remeasurement of MSR based on change in fair value. An estimate of the fair value of the Company's MSR is determined by utilizing assumptions about factors such as mortgage interest rates, discount rates, mortgage loan prepayment speeds, market trends and industry demand. All of the Company's MSR are classified as Level 3.

Derivative instruments. The Company's derivatives that are traded on an active exchange are classified as Level 1. The majority of the Company's derivative instruments are measured at fair value based on modeling that utilizes observable market inputs for various interest rates published by leading third-party financial news and data providers. This is observable data that represents the rates used by market participants for instruments entered into at that date; however, they are not based on actual transactions, so they are classified as Level 2. Derivative instruments that are measured at fair value based on either an unobservable market price or a discounted cash flow valuation using the terms of a derivative agreement are classified as Level 3.

Loans held for sale. Loans held for sale are carried at fair value which is based on commitments outstanding from investors as well as what secondary markets are currently offering for portfolios with similar characteristics. Therefore, loans held for sale are subjected to recurring fair value adjustments and are classified as Level 2. The Company obtains quotes, bids, or pricing indications on all or part of these loans directly from the buyers. Premiums and discounts received or to be received on the quotes, bids or pricing indications are indicative of the fact that the cost is lower or higher than fair value.

Investments in limited partnerships. The fair value of certain investments in limited partnerships is estimated using the practical expedient of net asset value. For other investments in limited partnerships that do not qualify for the practical expedient, we use a measurement alternative which measures these investments at cost, less any impairment, plus or minus any changes resulting from observable price changes in orderly transactions for identical or similar investments of the same issuer. The Company classifies these investments in limited partnerships as Level 3.

SBA servicing assets. The fair value of the SBA servicing assets is estimated using the gross coupon less an assumed CSC. The Company classifies SBA servicing assets as Level 3.

Other real estate owned and repossessed assets. OREO is carried at the lower of cost or fair value less estimated selling costs on an ongoing basis and is subjected to nonrecurring fair value adjustments. Estimated fair value is determined on the basis of independent appraisals and other relevant factors. Appraisals that are not based on observable inputs or that require significant adjustments or fair value measurements that are not based on third-party appraisals are considered to be based on significant unobservable inputs. The fair value of repossessed assets is determined using net orderly liquidation valuation on a nonrecurring basis. The Company's OREO and repossessed assets are classified as Level 3.

Collateral-dependent loans (impaired and purchase credit deteriorated (loss)). Collateral-dependent loans considered for specific reserve are loans for which, based on current information and events, it is probable that the creditor will be unable to collect all amounts due according to the contractual terms of the loan agreement. Collateral-dependent loans include impaired loans and classified purchased credit deteriorated (loss) loans (as defined by management). When a loan is collateral-dependent, the fair value of the loan is determined based on the fair value of the underlying collateral. All of the Company's collateral-dependent loans are classified as Level 3.

Assets and Liabilities Recorded at Fair Value on a Recurring Basis

The following tables present the balances of the assets and liabilities measured at fair value on a recurring basis:

(In thousands)	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Available for sale securities				
Equity investments	\$ 21,678	\$ —	\$ —	\$ 21,678
Mortgage servicing rights	—	—	114,594	114,594
Derivative instruments	—	32,021	1,310	33,331
Loans held for sale	—	244,192	—	244,192
Investments in limited partnerships	—	—	118,710	118,710
SBA servicing rights	—	—	5,785	5,785
Total	\$ 21,678	\$ 7,570,201	\$ 240,399	\$ 7,832,278
Liabilities:				
Derivative instruments	\$ 3,085	\$ 45,573	\$ 15	\$ 48,673

(In thousands)	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets:				
Available for sale securities				
Equity investments	\$ 22,108	\$ —	\$ —	\$ 22,108
Mortgage servicing rights	—	—	106,824	106,824
Derivative instruments	1,809	25,836	1,858	29,503
Loans held for sale	—	186,301	—	186,301
Investments in limited partnerships	—	—	94,998	94,998
SBA servicing rights	—	—	6,124	6,124
Total	\$ 23,917	\$ 8,287,613	\$ 209,804	\$ 8,521,334
Liabilities:				
Derivative instruments	\$ —	\$ 44,294	\$ 10	\$ 44,304

Level 3 financial instruments typically include unobservable components but may also include some observable components that may be validated to external sources. The table below includes a roll forward of the consolidated balance sheet amounts for the years ended December 31, 2024 and 2023, for changes in the fair value of financial instruments within Level 3 of the valuation hierarchy that are recorded on a recurring basis. The gains or (losses) in the following table (which are reported in Other noninterest income in the consolidated statements of income) may include changes to fair value due in part to observable factors that may be part of the valuation methodology.

	Year Ended December 31, 2024				
	Mortgage Servicing Rights	Investments in Limited Partnerships	SBA Servicing Rights	Mortgage Loan Held-For-Sale	Interest Rate Lock Commitments (Assets and Liabilities)
(In thousands)					
Balance at December 31, 2023	\$ 106,824	\$ 94,998	\$ 6,124	\$ 1,848	
Net (losses) gains	(6,241)	11,822	(1,664)	(553)	
Additions	14,011	—	1,325	—	
Contributions paid	—	27,079	—	—	
Distributions received	—	(15,189)	—	—	
Balance at December 31, 2024	<u>\$ 114,594</u>	<u>\$ 118,710</u>	<u>\$ 5,785</u>	<u>\$ 1,295</u>	
Net unrealized gains (losses) included in net income for the period related to assets and liabilities held at December 31, 2024	\$ 6,669	\$ 11,822	\$ (1,664)	\$ (553)	
Year Ended December 31, 2023					
(In thousands)					
Balance at December 31, 2022	\$ 109,744	\$ 67,533	\$ 5,585	\$ 425	
Net (losses) gains	(12,996)	8,224	(1,227)	1,423	
Additions	10,076	—	1,766	—	
Reclassifications	—	(1,120)	—	—	
Contributions paid	—	26,750	—	—	
Distributions received	—	(6,411)	—	—	
Other	—	22	—	—	
Balance at December 31, 2023	<u>\$ 106,824</u>	<u>\$ 94,998</u>	<u>\$ 6,124</u>	<u>\$ 1,848</u>	
Net unrealized (losses) gains included in net income for the period related to assets and liabilities held at December 31, 2023	\$ (4,158)	\$ 8,224	\$ (1,227)	\$ 1,423	

Fair Value Option

The Company elected to measure commercial real estate loans held for sale and commercial and industrial loans held for sale under the fair value option. Included in these loans are loans guaranteed by the SBA and loans related to syndications. The Company assumed the cost of these loans approximates their fair value due to the short term these instruments remain on the Company's balance sheet.

The Company also elected to measure residential mortgage loans held for sale at fair value. The election allows for effective offset of the changes in fair values of the loans and the derivative instruments used to hedge them. Included in the residential mortgage loans held for sale portfolio are certain previously sold GNMA loans. Under ASC 860-10-40, certain GNMA loans will not meet sale criteria due to the conditional buyback option becoming unconditional once the delinquency criteria is met when they reach 90 or more days past due. The Company records these loans at fair value on the consolidated balance sheets with an offsetting liability. The Company assumed the cost approximates the fair value. At December 31, 2024 and December 31, 2023, the fair value of the GNMA loans totaled \$69.0 million and \$56.5 million, respectively.

The following table summarizes the difference between the aggregate fair value and the aggregate unpaid principal balance of loans held for sale:

(In thousands)	December 31, 2024			December 31, 2023			Aggregate Fair Value Less Aggregate Unpaid Principal
	Aggregate Fair Value	Aggregate Unpaid Principal	Aggregate Unpaid Principal	Aggregate Fair Value	Aggregate Unpaid Principal	Aggregate Unpaid Principal	
	—	—	—	\$ 157,631	\$ 156,175	\$ 1,456	
Residential mortgage loans	\$ 181,622	\$ 181,622	\$ —	\$ 157,631	\$ 156,175	\$ 1,456	
Commercial and industrial loans	59,343	59,343	—	28,464	25,807	2,657	
Commercial real estate loans	3,227	3,227	—	206	206	—	
Total	<u>\$ 244,192</u>	<u>\$ 244,192</u>	<u>\$ —</u>	<u>\$ 186,301</u>	<u>\$ 182,188</u>	<u>\$ 4,113</u>	

Net gains and losses resulting from changes in fair value for residential mortgage loans held for sale are recorded in mortgage banking revenue in the consolidated statements of income. For the years ended December 31, 2024 and 2023, the Company had net gains totaling \$0.9 million and \$2.1 million, respectively.

Net gains and losses resulting from changes in fair value for commercial and industrial loans and commercial real estate loans held for sale are recorded in other noninterest revenue in the consolidated statements of income. For the years ended December 31, 2024 and 2023, the Company had net gains from the sale of these loans totaling \$6.4 million and \$4.8 million, respectively.

Assets and Liabilities Recorded at Fair Value on a Nonrecurring Basis

From time to time, the Company may be required to measure certain other financial assets at fair value on a nonrecurring basis in accordance with GAAP. These adjustments to fair value usually result from the application of lower of cost or fair value accounting or write-downs of individual assets. The following tables present the balances of assets measured at fair value on a nonrecurring basis:

(In thousands)	December 31, 2024				Total
	Level 1	Level 2	Level 3	Level 1	
Assets:					
Impaired loans, collateral-dependent ⁽¹⁾	\$ —	\$ —	\$ 75,820	\$ —	\$ 75,820
Purchased credit deteriorated (loss) loans	—	—	6,027	—	6,027
Other real estate and repossessed assets	—	—	5,754	—	5,754

(1) At December 31, 2024, impaired loans, collateral-dependent includes \$8.7 million which were classified as doubtful.

(In thousands)	December 31, 2023				Total
	Level 1	Level 2	Level 3	Level 1	
Assets:					
Impaired loans, collateral-dependent	\$ —	\$ —	\$ 101,271	\$ —	\$ 101,271
Purchased credit deteriorated (loss) loans	—	—	6,507	—	6,507
Other real estate and repossessed assets	—	—	6,247	—	6,247

Unobservable Inputs

The following table presents the significant unobservable inputs used in Level 3 fair value measurements for financial assets measured at fair value on a recurring and nonrecurring basis:

(In thousands)	Quantitative Information about Level 3 Fair Value Measurements				
	Carrying Value	Valuation Methods	Unobservable Inputs	Range	Weighted Average
December 31, 2024					
Measured at fair value on a recurring basis:					
Mortgage servicing rights ⁽¹⁾	\$ 114,594	Discounted cash flow	Discount rate	9.7% - 11.3%	10.1%
			Repayment speed (CPR)	6.8 - 12.6	8.3
			Coupon interest rate	3.2% - 7.9%	4.2%
			Remaining maturity (months)	119 - 480	342
			Servicing fee (bps)	19.0 bps-50.0 bps	28.7 bps
Investments in limited partnerships	118,710	Practical expedient	Net asset value	NM	NM
SBA servicing rights ⁽¹⁾	5,785	Coupon less contractual servicing cost	Contractual servicing cost (bps)	12.5 bps-40.0 bps	26.3 bps
Mortgage loan held-for-sale interest rate lock commitments (assets and liabilities)	1,295	Discounted cash flow	Closing ratio	10.0% - 100%	46.8%
Measured at fair value on a nonrecurring basis:					
Impaired loans, collateral-dependent ⁽¹⁾	\$ 75,820	Appraised value, as adjusted	Discount to fair value	10% - 41%	30.5%
Purchased credit deteriorated (loss) loans ⁽¹⁾	6,027	Appraised value, as adjusted	Discount to fair value	10% - 30%	24.7%
Other real estate and repossessed assets	5,754	Appraised value, as adjusted	Estimated closing costs	7.0%	7.0%

Quantitative Information about Level 3 Fair Value Measurements					
(In thousands)	Carrying Value	Valuation Methods	Unobservable Inputs	Range	Weighted Average
December 31, 2023					
Measured at fair value on a recurring basis:					
Mortgage servicing rights ⁽¹⁾	\$ 106,824	Discounted cash flow	Discount rate	9.8% - 16.0%	10.3%
			Repayment speed (CPR)	6.4 - 100.0	8.1
			Coupon interest rate	2.8% - 6.8%	3.9%
			Remaining maturity (months)	119 - 480	338.8
			Servicing fee (bps)	19.0 bps-50.0 bps	28.6 bps
Investments in limited partnerships	94,998	Practical expedient	Net asset value	NM	NM
SBA servicing rights ⁽¹⁾	6,124	Coupon less contractual servicing cost	Contractual servicing cost (bps)	12.5 bps-40.0 bps	26.3 bps
Mortgage loan held-for-sale interest rate lock commitments (assets and liabilities)	1,848	Discounted cash flow	Closing ratio	10.0% - 100%	55.9%
Measured at fair value on a nonrecurring basis:					
Impaired loans, collateral- dependent ⁽¹⁾	\$ 101,271	Appraised value, as adjusted	Discount to fair value	0% - 90%	29.2%
Purchased credit deteriorated (loss) loans ⁽¹⁾	6,507	Appraised value, as adjusted	Discount to fair value	10% - 30%	24.6%
Other real estate and repossessed assets	6,247	Appraised value, as adjusted	Estimated closing costs	7.0%	7.0%

(1) Weighted averages were calculated using the input attributed and the outstanding balance of the loan.

Certain assets and liabilities subject to fair value disclosure requirements are not actively traded, requiring management to estimate the fair value. These estimations necessarily require judgement to be applied to the reasonableness and relevancy of comparable market prices, expected future cash flows, and appropriate discount rates.

The short-term nature of certain assets and liabilities result in their carrying value approximating fair value. They include cash and due from banks, interest bearing deposits with other banks and Federal funds sold, accrued interest receivable, non-time deposits, federal funds purchased, securities sold under agreement to repurchase, short-term BTFP borrowings and accrued interest payable.

The following tables present carrying and fair value information of financial instruments for the periods presented:

(In thousands)	December 31, 2024				
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Assets:					
Cash and due from banks	\$ 624,884	\$ 624,884	\$ 624,884	\$ —	\$ —
Interest bearing deposits with other banks and Federal funds sold	1,106,692	1,106,692	1,106,692	—	—
Available for sale securities and equity securities with readily determinable fair values	7,315,666	7,315,666	21,678	7,293,988	—
Net loans and leases	33,280,962	32,440,220	—	—	32,440,220
Loans held for sale	244,192	244,192	—	244,192	—
Accrued interest receivable	196,670	196,670	—	26,239	170,431
Mortgage servicing rights	114,594	114,594	—	—	114,594
Investments in limited partnerships	118,710	118,710	—	—	118,710
Other assets	11,539	11,539	—	—	11,539
Liabilities:					
Deposits	\$ 40,496,201	\$ 40,495,193	\$ —	\$ 40,495,193	\$ —
Federal funds purchased and securities sold under agreement to repurchase and other short-term borrowings	23,616	23,616	23,616	—	—
Accrued interest payable	110,853	110,853	3	110,850	—
Subordinated and long-term borrowings	10,706	10,570	—	10,570	—
Derivative instruments:					
Assets:					
Commercial loan interest rate contracts	\$ 30,555	\$ 30,555	\$ —	\$ 30,555	\$ —
Mortgage loan held-for-sale interest rate lock commitments	1,310	1,310	—	—	1,310
Mortgage loan forward sale commitments	816	816	—	816	—
Foreign exchange contracts	650	650	—	650	—
Liabilities:					
Commercial loan interest rate contracts	\$ 45,070	\$ 45,070	\$ —	\$ 45,070	\$ —
Mortgage loan held-for-sale interest rate lock commitments	15	15	—	—	15
Futures, forwards and options	3,085	3,085	3,085	—	—
Mortgage loan forward sale commitments	34	34	—	34	—
Foreign exchange contracts	469	469	—	469	—

	December 31, 2023				
(In thousands)	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Assets:					
Cash and due from banks	\$ 798,177	\$ 798,177	\$ 798,177	\$ —	\$ —
Interest bearing deposits with other banks and Federal funds sold	3,434,088	3,434,088	3,434,088	—	—
Available for sale securities and equity securities with readily determinable fair values	8,097,584	8,097,584	22,108	8,075,476	—
Net loans and leases	32,028,988	30,933,473	—	—	30,933,473
Loans held for sale	186,301	186,301	—	186,301	—
Accrued interest receivable	198,680	198,680	—	28,565	170,115
Mortgage servicing rights	106,824	106,824	—	—	106,824
Investments in limited partnerships	94,998	94,998	—	—	94,998
Other assets	12,371	12,371	—	—	12,371
Liabilities:					
Deposits	\$ 38,497,137	\$ 38,487,472	\$ —	\$ 38,487,472	\$ —
Federal funds purchased and securities sold under agreement to repurchase and other short-term borrowings	451,516	451,516	451,516	—	—
Short-term BTFP borrowings	3,500,000	3,500,000	3,500,000	—	—
Accrued interest payable	100,682	100,682	2,324	98,358	—
Subordinated and long-term borrowings	438,460	411,651	—	411,651	—
Derivative instruments:					
Assets:					
Commercial loan interest rate contracts	\$ 25,264	\$ 25,264	\$ —	\$ 25,264	\$ —
Mortgage loan held-for-sale interest rate lock commitments	1,858	1,858	—	—	1,858
Futures, forwards and options	1,809	1,809	1,809	—	—
Mortgage loan forward sale commitments	246	246	—	246	—
Foreign exchange contracts	326	326	—	326	—
Liabilities:					
Commercial loan interest rate contracts	\$ 41,459	\$ 41,459	\$ —	\$ 41,459	\$ —
Mortgage loan held-for-sale interest rate lock commitments	10	10	—	—	10
Mortgage loan forward sale commitments	2,567	2,567	—	2,567	—
Foreign exchange contracts	268	268	—	268	—

Fair Value of Financial Instruments

GAAP requires that the Company disclose estimated fair values for its financial instruments. Fair value estimates, methods, and assumptions that are used by the Company in estimating fair values of financial instruments that are not disclosed above are set forth below.

Cash and Cash Equivalents. The carrying amounts for cash and cash equivalents approximate fair values due to their immediate and shorter-term maturities. Cash and equivalents include cash and amounts due from banks, including interest-bearing deposits with other banks.

Net Loans. Loans are valued on an individual basis, with consideration given to the loans' underlying characteristics, including account types, remaining terms, annual interest rates or coupons, interest types, accrual basis, timing of principal and interest payments, current market rates, and remaining balances. A discounted cash flow model is used to estimate the fair value of the loans using assumptions for prepayments speeds, projected default probabilities by risk grade, and estimates of prevailing discount rates. The discounted cash flow approach models the projected cash flows, applying various assumptions regarding interest and payment risks for the loans based on the loan types, payment types and fixed or variable interest rate classifications. Estimated fair values are disclosed through the application of the exit price notion. The assumptions used to estimate fair value are intended to approximate those that a market participant would use in an orderly transaction on the measurement date. All of the Company's loans and leases are classified as Level 3.

Accrued Interest Receivable and Payable. The carrying amounts for accrued interest receivable and accrued interest payable approximate fair values due to their nature and are classified in the Level hierarchy according to their corresponding asset or liability.

Deposits. The fair values disclosed for demand deposits are, by definition, equal to the amount payable on demand at the reporting date (that is, their carrying amounts). Fair values for time deposits are estimated using a discounted cash flow calculation that uses recent issuance rates over the prior three months and a market rate analysis of recent offering rates for retail products. For wholesale products, brokered pricing offering rates were used. The Company's deposits are classified as Level 2.

Borrowings. The carrying amounts for federal funds purchased and repurchase agreements approximate fair value because of their short-term maturity and are classified as Level 1. Similarly, the carrying amounts for the Company's fixed-term BTFP approximate fair value and were classified as Level 1. The fair value of the subordinated debentures was estimated using a discounted cash flow calculation that uses recent issuance rates for similar notes offerings for similar sized issuers. FHLB borrowings and the subordinate notes are classified as Level 2.

Lending Commitments. The Company's lending commitments are negotiated at prevailing market rates and are relatively short-term in nature. As a matter of policy, the Company generally makes commitments for fixed-rate loans for relatively short periods of time. Therefore, the estimated value of the Company's lending commitments approximates the carrying amount and is immaterial to the financial statements. The Company's lending commitments are classified as Level 2. The Company's off-balance sheet commitments, which include letters of credit totaling \$448.9 million and \$450.7 million at December 31, 2024 and 2023, respectively, are funded at current market rates at the date they are drawn upon. It is management's opinion that the fair value of these commitments would approximate their carrying value, if drawn upon. See Note 21 for additional information regarding lending commitments.

Limitations. The fair value estimates are determined as of a specific point in time utilizing various assumptions and estimates. The use of assumptions and various valuation techniques, as well as the absence of secondary markets for certain financial instruments, will likely reduce the comparability of fair value disclosures between financial institutions. The fair values for loans involve the use of various assumptions due to illiquidity in the market as of December 31, 2024 and 2023. These assumptions are considered to reflect inputs that market participants would use in transactions involving these instruments as of the measurement date. The tables above only includes financial instruments of the Company, and, accordingly, the total of the fair value amounts does not represent, and should not be construed to represent, the underlying value of the Company.

NOTE 14. SHARE-BASED COMPENSATION

The Company's Long-Term Equity Incentive Plan ("Incentive Plan"), Cadence Bank Equity Incentive Plan for Non-Employee Directors, 2021 Long-Term Equity Incentive Plan and the Amended and Restated 2015 Omnibus Incentive Plan (the "2015 Plan" assumed from Legacy Cadence) permit the Company to grant to employees and directors various forms of share-based incentive compensation and were effective during the years ended December 31, 2024, 2023, and 2022. On December 30, 2024, the Cadence Bank 2025 Long-Term Incentive Plan ("the 2025 Plan") was approved by the shareholders. The 2025 Plan supersedes all four of the incentive plans previously mentioned and is effective starting in fiscal year 2025. At December 31, 2024, 4.5 million shares were available for future grants of share-based compensation under the 2025 Plan.

The Company has primarily granted PSUs, RSUs and RSAs under the Incentive Plan. PSUs entitle the recipient to receive shares of the Company's common stock upon the achievement of performance goals that are specified in the award over a performance period. The recipient of PSUs is not treated as a shareholder of the Company and is not entitled to vote or receive dividends until the performance conditions stated in the award are satisfied and the shares of stock are issued to the recipient. All PSUs vest over a three-year period and are valued at the fair value of the Company's stock at the grant date based upon the estimated number of shares expected to vest. In 2022, the Company incorporated a lattice model into the PSU valuation methodology to estimate the fair value of the portion of the award related to market conditions. RSUs entitle the recipient to receive the shares once they are vested but with no voting rights until the shares are received. RSUs generally vest over three- to five-year periods and are eligible to receive dividend equivalents, which accrue and are paid upon vesting. RSAs entitle the recipient to vote the shares of stock but the recipient does not receive the shares until they are fully vested. RSA grants vest over five- to seven-year periods and are entitled to receive dividends.

The following table summarizes the Company's total share-based compensation expense and related estimated tax benefit for the periods indicated:

(In thousands)	Year Ended December 31,		
	2024	2023	2022
Share-based compensation expense	\$ 32,710	\$ 39,983	\$ 37,608
Tax benefit	8,651	9,198	7,755

Performance Stock Units

The following table summarizes the Company's PSU activity for the periods indicated:

	Year Ended December 31,			
	2024		2023	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Nonvested at beginning of period	1,967,631	\$ 26.17	1,485,603	\$ 28.54
Granted during the period	323,293	30.26	597,979	20.39
Vested during the period	(807,684)	28.76	(41,453)	30.55
Forfeited during the period	(271,634)	27.04	(74,498)	24.51
Nonvested at end of period	1,211,606	\$ 25.34	1,967,631	\$ 26.17

The Company recorded \$11.9 million, \$13.6 million, and \$10.6 million of compensation expense from continuing operations related to the PSUs in 2024, 2023, and 2022, respectively. At December 31, 2024, there was \$10.9 million of unrecognized compensation cost related to PSUs that is expected to be recognized over a weighted average period of 1.70 years.

Restricted Stock Units

The following table summarizes the Company's RSU activity for the periods indicated:

	Year Ended December 31,			
	2024		2023	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Nonvested at beginning of period	3,055,824	\$ 25.19	2,435,802	\$ 28.53
Granted during the period	1,064,936	28.76	1,386,005	20.46
Vested during the period	(810,160)	28.12	(528,702)	28.06
Forfeited during the period	(246,709)	25.83	(237,281)	25.38
Nonvested at end of period	3,063,891	\$ 25.61	3,055,824	\$ 25.20

The Company recorded \$19.9 million, \$23.4 million, and \$21.3 million of compensation expense from continuing operations related to the RSUs in 2024, 2023, and 2022, respectively. These amounts included \$1.0 million, \$1.2 million, and \$1.5 million related to RSUs issued to the Company's directors during 2024, 2023, and 2022, respectively. At December 31, 2024, there was \$42.3 million of unrecognized compensation cost related to RSUs that is expected to be recognized over a weighted average period of 2.48 years.

Restricted Stock Awards

The following table summarizes the Company's RSA activity for the periods indicated:

	Year Ended December 31,			
	2024		2023	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Nonvested at beginning of period	526,868	\$ 28.14	1,055,307	\$ 29.47
Vested during the period	(248,213)	27.51	(441,765)	31.24
Forfeited during the period	(31,118)	29.01	(86,674)	28.49
Nonvested at end of period	<u>247,537</u>	<u>\$ 28.67</u>	<u>526,868</u>	<u>\$ 28.14</u>

The Company recorded \$945 thousand, \$2.4 million, and \$5.1 million of compensation expense from continuing operations related to the RSAs in 2024, 2023, and 2022, respectively. At December 31, 2024, there was \$682 thousand of unrecognized compensation cost related to RSAs that is expected to be recognized over a weighted average period of 1.09 years.

The following table presents information regarding the vesting of the Company's nonvested share-based compensation grants outstanding at December 31, 2024:

Period Ending	Number of Shares		
	PSU	RSU	RSA
December 31, 2025	447,929	378,818	211,037
December 31, 2026	510,306	1,611,263	—
December 31, 2027	253,371	695,920	36,500
December 31, 2028	—	361,701	—
December 31, 2029 and later	—	16,189	—
Total nonvested shares	<u>1,211,606</u>	<u>3,063,891</u>	<u>247,537</u>

Stock Options

Key employees and directors of the Company may be granted stock options. Compensation expense is measured using estimates of fair value of all share-based awards. No stock options were granted during 2024, 2023, and 2022. During 2024, 895,289 stock options were exercised with a weighted average exercise price of \$27.47. The Company recorded no compensation expense related to the stock options for 2024, 2023, and 2022. At December 31, 2024, there were no vested or unexpired options outstanding.

NOTE 15. EARNINGS PER SHARE AND DIVIDEND DATA

Basic and diluted EPS are calculated in accordance with ASC 260, *Earnings Per Share*. Basic EPS is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period. Diluted EPS is computed using the weighted-average number of shares determined for the basic EPS computation plus the shares resulting from the assumed exercise of all outstanding share-based awards using the treasury stock method. There were 62 thousand, 2.6 million, and 119 thousand antidilutive equity awards excluded from dilutive shares for the years ended December 31, 2024, 2023, and 2022, respectively. The antidilutive equity awards are based on the impact to continuing operations available to common shareholders and dictates whether the dilutive effect is considered for the remaining diluted calculations (diluted earnings per common share from discontinued operations and diluted earnings per share).

The following table provides a reconciliation of the numerators and denominators of the basic and diluted EPS computations for the periods indicated:

(In thousands, except per share amounts)	Year Ended December 31,		
	2024	2023	2022
Income from continuing operations	\$ 523,604	\$ 3,684	\$ 447,317
Income from discontinued operations, net of income taxes	—	538,620	15,920
Net income	523,604	542,304	463,237
Less: preferred dividends	9,488	9,488	9,488
Net income available to common shareholders	\$ 514,116	\$ 532,816	\$ 453,749
Net income (loss) from continuing operations available to common shareholders	\$ 514,116	\$ (5,804)	\$ 437,829
Weighted average common shares outstanding	182,682	182,609	183,510
Dilutive effect of stock compensation ⁽¹⁾	2,910	—	988
Weighted average diluted common shares	185,592	182,609	184,498
Basic earnings (loss) per common share from continuing operations	\$ 2.81	\$ (0.03)	\$ 2.39
Basic earnings per common share from discontinued operations	—	2.95	0.09
Basic earnings per common share	2.81	2.92	2.47
Diluted earnings (loss) per common share from continuing operations ⁽¹⁾	\$ 2.77	\$ (0.03)	\$ 2.37
Diluted earnings per common share from discontinued operations ⁽¹⁾	—	2.95	0.09
Diluted earnings per common share ⁽¹⁾	2.77	2.92	2.46

(1) 1.7 million outstanding equity awards are excluded from consideration for the year ended December 31, 2023 due to a net loss from continuing operations attributable to common shareholders because the inclusion of such awards would be antidilutive to net loss from continuing operations available to common shareholders.

Dividends to shareholders are subject to approval by the applicable regulatory authorities.

NOTE 16. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) ("AOCI")

Activity within the balances in accumulated other comprehensive income (loss) is shown in the following tables for the periods indicated:

(In thousands)	Unrealized loss on AFS securities	Pension and other postretirement benefits	Accumulated other comprehensive loss
Balance at December 31, 2021	\$ (75,565)	\$ (63,804)	\$ (139,369)
Net change	\$ (1,096,907)	\$ 13,738	\$ (1,083,169)
Balance at December 31, 2022	\$ (1,172,472)	\$ (50,066)	\$ (1,222,538)
Net change	\$ 455,723	\$ 4,986	\$ 460,709
Balance at December 31, 2023	\$ (716,749)	\$ (45,080)	\$ (761,829)
Net change	\$ 66,024	\$ 1,310	\$ 67,334
Balance at December 31, 2024	\$ (650,725)	\$ (43,770)	\$ (694,495)

NOTE 17. MORTGAGE SERVICING RIGHTS

The MSR, which are recognized as a separate asset on the date the corresponding mortgage loan is sold on a servicing retained basis, is recorded at fair value as determined at each accounting period end. An estimate of the fair value of the Company's MSR is determined utilizing assumptions such as mortgage interest rates, discount rates, mortgage loan prepayment speeds, market trends and industry demand. Data and assumptions used in the fair value calculation related to the MSR were as follows:

(Dollars in thousands)	December 31, 2024	December 31, 2023	December 31, 2022
Unpaid principal balance	\$ 8,043,306	\$ 7,702,592	\$ 7,682,074
Weighted-average prepayment speed (CPR)	8.3	8.1	7.2
Average discount rate (annual percentage)	10.1	10.3	10.0
Weighted-average coupon interest rate (percentage)	4.2	3.9	3.6
Weighted-average remaining maturity (months)	342.3	338.8	335.0
Weighted-average servicing fee (basis points)	28.7	28.6	28.4

Because the valuation is determined by using discounted cash flow models, the primary risk inherent in valuing the MSR is the impact of fluctuating interest rates on the estimated life of the servicing revenue stream. The use of different estimates or assumptions could produce different fair values. At December 31, 2024, 2023, and 2022, the Company had an economic hedge in place designed to cover 75.1%, 73.1%, and 47.9% of the MSR interest rate risk, respectively (see Note 20 for additional information). The Company is susceptible to fluctuations in the fair value of its MSR in changing interest rate environments.

The following table summarizes activity relating to residential mortgage loans sold with servicing retained for the periods indicated:

(In thousands)	Year Ended December 31,		
	2024	2023	2022
Residential mortgage loans sold with servicing retained	\$ 1,093,169	\$ 746,144	\$ 1,141,053
Pretax gains resulting from above loan sales	14,991	12,184	30,845

The Company services a class of residential mortgages that are first lien loans secured by a primary residence or second home. The following table presents changes in the fair value of the MSR related to the activity in this class for the periods indicated:

(In thousands)	Year Ended December 31,		
	2024	2023	2022
Fair value, beginning of period	\$ 106,824	\$ 109,744	\$ 69,552
Originations of servicing assets	14,011	10,076	16,289
Changes in fair value:			
Due to change in valuation inputs or assumptions ⁽¹⁾	6,669	(4,158)	35,695
Other changes in fair value ⁽²⁾	(12,910)	(8,838)	(11,792)
Fair value, end of period	<u>\$ 114,594</u>	<u>\$ 106,824</u>	<u>\$ 109,744</u>

(1) Primarily reflects changes in prepayment speeds and discount rate assumptions which are updated based on market interest rates.

(2) Primarily reflects changes due to realized cash flows.

All of the changes to the fair value of the MSR and the related economic hedge are recorded as part of mortgage banking revenue in the consolidated statements of income. As part of mortgage banking revenue, the Company recorded contractual servicing fees of \$21.3 million, \$21.8 million, and \$21.7 million, and late and other ancillary fees of \$3.1 million, \$2.8 million, and \$2.4 million for the years ended December 31, 2024, 2023, and 2022 respectively.

NOTE 18. CAPITAL AND REGULATORY MATTERS

The Company is subject to various regulatory capital requirements administered by the federal and state banking agencies. Regulatory capital ratios at December 31, 2024 and 2023 were calculated in accordance with the Basel III capital framework as well as the interagency final rule published on September 30, 2020 entitled “Revised Transition of the Current Expected Credit Losses Methodology for Allowances.” Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material adverse effect on the Company’s consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company must meet specific capital guidelines that involve quantitative measures of the Company’s assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. The Company’s capital amounts and classification are also subject to qualitative judgments by regulators about components, risk weightings and other factors. Quantitative measures are established by regulation to ensure capital adequacy and require the Company to maintain minimum capital amounts and ratios.

Additionally, regulatory capital rules include a capital conservation buffer which the Company must maintain in addition to its minimum risk-based capital requirements. This buffer applies to all three risk-based capital measurements (CET1, Tier 1 and total capital to risk-weighted assets). A financial institution with a conservation buffer of less than the required amount is subject to limitations on capital distributions, including dividend payments, stock repurchases, and certain discretionary bonus payments to executive officers.

The actual capital amounts and ratios for the Company are presented in the following tables and as shown, exceed the thresholds necessary to be considered “well capitalized.” Management believes that no events or changes have occurred subsequent to the indicated dates that would change this designation.

(Dollars in thousands)	December 31, 2024		December 31, 2023	
	Amount	Ratio	Amount	Ratio
Actual:				
Common equity Tier 1 capital (to risk-weighted assets)	\$ 4,693,487	12.35%	\$ 4,363,020	11.62%
Tier 1 capital (to risk-weighted assets)	4,860,480	12.79	4,530,013	12.06
Total capital (to risk-weighted assets)	5,306,647	13.97	5,377,324	14.32
Tier 1 leverage capital (to average assets)	4,860,480	10.41	4,530,013	9.30
Minimum requirement⁽¹⁾:				
Common equity Tier 1 capital (to risk-weighted assets)	1,709,652	4.50	1,690,158	4.50
Tier 1 capital (to risk-weighted assets)	2,279,536	6.00	2,253,544	6.00
Total capital (to risk-weighted assets)	3,039,382	8.00	3,004,726	8.00
Tier 1 leverage capital (to average assets)	1,867,273	4.00	1,949,381	4.00
Well capitalized requirement under prompt corrective action provisions:				
Common equity Tier 1 capital (to risk-weighted assets)	2,469,498	6.50	2,441,340	6.50
Tier 1 capital (to risk-weighted assets)	3,039,382	8.00	3,004,726	8.00
Total capital (to risk-weighted assets)	3,799,227	10.00	3,755,907	10.00
Tier 1 leverage capital (to average assets)	2,334,092	5.00	2,436,727	5.00

(1) The additional capital conservation buffer in effect was 2.5%.

On December 13, 2023, the Company announced a share repurchase program whereby the Company may acquire up to an aggregate of 10,000,000 shares of its common stock in the open market at prevailing market prices or in privately negotiated transactions during the period January 2, 2024 through December 31, 2024. At the time of expiration on December 31, 2024, 1,237,021 shares had been repurchased under this program.

The extent and timing of any repurchases depends on market conditions and other corporate, legal and regulatory considerations. Repurchased shares are held as authorized and unissued shares. These authorized but unissued shares are available for use in the Company’s stock compensation programs, other transactions, or for other corporate purposes as determined by the Company’s Board of Directors.

Federal and state banking laws and regulations and state corporate laws restrict the amount of dividends that the Company may declare and pay. Under Mississippi law, the Company cannot pay any dividend on its common stock unless it has received written approval of the Commissioner of the MDBC. The federal banking agencies have indicated that paying dividends that deplete a depository institution’s capital base to an inadequate level would be an unsafe and unsound banking practice. The Federal Reserve must approve any dividend that exceeds the Company’s current year’s net income plus its retained net income from the prior two calendar years.

NOTE 19. SEGMENT REPORTING

The Company determines operating segments based upon the services offered, the significance of those services to the Company's financial condition and operating results, and management's regular review of the operating results of those services. The Company's CODM is the Company's CEO. The application and development of management reporting methodologies is a robust process and is subject to periodic enhancements. As these enhancements are made, financial results presented by each reportable segment may be periodically revised. Cadence makes operating decisions based on the following operating segments, as described below.

- Corporate Banking segment focuses on C&I, business banking, and commercial real estate lending to clients in the geographic footprint.
- Community Banking segment provides a broad range of banking services through the branch network to serve the needs of community businesses and individual consumers in the geographic footprint.
- Mortgage segment includes mortgage banking activities of originating mortgage loans, selling mortgage loans in the secondary market and servicing the mortgage loans that are sold on a servicing retained basis.
- Banking Services segment offers individuals, businesses, governmental institutions, and non-profit entities a wide range of solutions to help protect, grow, and transfer wealth. Offerings include credit-related products, trust and investment management, asset management, retirement and savings solutions, estate planning and annuity products.
- General Corporate and Other segment includes other activities not allocated to other aforementioned operating segments. Additionally, intercompany eliminations are included as they do not reflect normal operations of the other segments. The disaggregation of General Corporate and Other better defines the results from the individual segments due to the direct relationship of the internal support provided by the strategic business units within the Bank.

The Insurance Agencies segment is included in discontinued operations for all periods presented in the consolidated statements of income and consolidated balance sheets, where applicable. The Insurance Agencies segment provided service as agents in the sale of commercial lines of insurance and full lines of property and casualty, life, health, and employee benefit products and services. See Note 2 for additional information about discontinued operations.

Results of continuing operations and selected financial information by operating segment for periods indicated are presented in the following tables. The tables show total noninterest income segregated between contracts with customers within the scope of ASC 606, Revenue from Contracts with Customers, and those within the scope of other GAAP Topics. Additionally, with the adoption of ASU 2023-07, the tables show significant segment expenses within total noninterest expense used by the CODM to assess the performance of each segment.

(In thousands)	Corporate Banking	Community Banking	Mortgage	Banking Services	General Corporate and Other	Total Continuing Operations
Results of Continuing Operations						
Year Ended December 31, 2024						
Net interest revenue	\$ 458,411	\$ 1,101,546	\$ 96,039	\$ 41,157	\$ (260,938)	\$ 1,436,215
Provision (release) for credit losses	35,928	10,580	12,058	(2,136)	14,570	71,000
Net interest revenue after provision (release) for credit losses	422,483	1,090,966	83,981	43,293	(275,508)	1,365,215
Noninterest revenue						
<i>In Scope of Topic 606</i>						
Trust and asset management income	1,587	24	—	49,826	(2,930)	48,507
Investment advisory fees	—	—	—	33,852	(192)	33,660
Other brokerage fees	—	—	—	6,251	—	6,251
Deposit service charges	14,033	54,693	—	4,047	724	73,497
Credit card, debit card and merchant fees	259	37,268	—	7	12,711	50,245
Total noninterest revenue (in-scope of Topic 606)	15,879	91,985	—	93,983	10,313	212,160
Total noninterest revenue (out-of-scope of Topic 606)	41,078	39,349	22,037	9,777	32,109	144,350
Total noninterest revenue	56,957	131,334	22,037	103,760	42,422	356,510
Noninterest expense						
Salaries and employee benefits	84,589	232,446	23,932	54,029	214,311	609,307
Occupancy and equipment	4,256	72,939	4,285	3,249	29,446	114,175
Data processing and software	4,306	2,811	4,176	5,399	105,192	121,884
Allocated overhead expenses	98,168	250,727	30,523	15,774	(395,192)	—
Other segment items ⁽¹⁾	32,489	47,126	13,399	19,201	87,947	200,162
Total noninterest expense	223,808	606,049	76,315	97,652	41,704	1,045,528
Income (loss) from continuing operations before income taxes	255,632	616,251	29,703	49,401	(274,790)	676,197
Income tax expense (benefit)	60,073	144,819	6,980	11,525	(70,804)	152,593
Income (loss) from continuing operations	\$ 195,559	\$ 471,432	\$ 22,723	\$ 37,876	\$ (203,986)	\$ 523,604
Selected Financial Information						
Total assets at end of period	\$ 11,701,718	\$ 17,422,937	\$ 5,825,080	\$ 1,104,128	\$ 10,965,327	\$ 47,019,190

(1) Other segment items for each reportable segment includes:

- **Corporate Banking**—legal expenses, travel expenses and certain overhead expenses.
- **Community Banking**—advertising, office supplies, ATM expenses, delivery expenses, professional and consulting fees, legal expenses, telecommunication and postage expenses, travel expenses, and certain overhead expenses.
- **Mortgage**—mortgage loan quality control and repurchase expenses, legal expenses, and certain overhead expenses.
- **Banking Services**—amortization of intangibles, professional and consulting fees, legal expenses, and certain overhead expenses.
- **General, Corporate and Other**—advertising, supplies, regulatory expenses, and certain other overhead expenses.

(In thousands)	Corporate Banking	Community Banking	Mortgage	Banking Services	General Corporate and Other	Total Continuing Operations
Results of Continuing Operations						
Year Ended December 31, 2023						
Net interest revenue	\$ 493,091	\$ 1,276,606	\$ 82,549	\$ 47,482	\$ (548,372)	\$ 1,351,356
Provision (release) for credit losses	63,735	9,949	7,325	719	(1,728)	80,000
Net interest revenue after provision (release) for credit losses	429,356	1,266,657	75,224	46,763	(546,644)	1,271,356
Noninterest revenue						
<i>In Scope of Topic 606</i>						
Trust and asset management income	282	21	—	45,077	(2,867)	42,513
Investment advisory fees	—	—	—	31,713	(310)	31,403
Other brokerage fees	—	—	—	5,397	—	5,397
Deposit service charges	12,993	55,199	—	1,529	(8,003)	61,718
Credit card, debit card and merchant fees	626	37,314	—	18	11,826	49,784
Total noninterest revenue (in-scope of Topic 606)	13,901	92,534	—	83,734	646	190,815
Total noninterest revenue (out-of-scope of Topic 606)	39,179	16,303	23,023	9,240	(394,903)	(307,158)
Total noninterest revenue	53,080	108,837	23,023	92,974	(394,257)	(116,343)
Noninterest expense						
Salaries and employee benefits	87,453	246,474	26,299	53,147	221,349	634,722
Occupancy and equipment	4,313	71,754	4,392	3,307	27,206	110,972
Data processing and software	7,806	8,184	4,339	6,292	93,822	120,443
Allocated overhead expenses	91,190	237,153	27,513	10,950	(366,806)	—
Other segment items ⁽¹⁾	32,586	42,223	15,252	18,969	180,756	289,786
Total noninterest expense	223,348	605,788	77,795	92,665	156,327	1,155,923
Income (loss) from continuing operations						
before income taxes	259,088	769,706	20,452	47,072	(1,097,228)	(910)
Income tax expense (benefit)	60,886	180,881	4,806	11,041	(262,208)	(4,594)
Income (loss) from continuing operations	\$ 198,202	\$ 588,825	\$ 15,646	\$ 36,031	\$ (835,020)	\$ 3,684
Selected Financial Information						
Total assets at end of period	\$ 11,580,613	\$ 17,106,224	\$ 5,032,139	\$ 1,116,347	\$ 14,099,187	\$ 48,934,510

(1) Other segment items for each reportable segment includes:

- **Corporate Banking**—legal expenses, travel expenses and certain overhead expenses.
- **Community Banking**—advertising, office supplies, ATM expenses, delivery expenses, professional and consulting fees, legal expenses, telecommunication and postage expenses, travel expenses, and certain overhead expenses.
- **Mortgage**—mortgage loan quality control and repurchase expenses, legal expenses, and certain overhead expenses.
- **Banking Services**—amortization of intangibles, professional and consulting fees, legal expenses, and certain overhead expenses.
- **General, Corporate, and Other**—pension settlement expense, advertising, supplies, regulatory expenses, and certain other overhead expenses.

(In thousands)	Corporate Banking	Community Banking	Mortgage	Banking Services	General Corporate and Other	Total Continuing Operations
Results of Continuing Operations						
Year Ended December 31, 2022						
Net interest revenue	\$ 411,695	\$ 755,056	\$ 61,036	\$ 31,074	\$ 92,430	\$ 1,351,291
Provision (release) for credit losses	47,981	(71,911)	26,582	(179)	4,527	7,000
Net interest revenue after provision (release) for credit losses	363,714	826,967	34,454	31,253	87,903	1,344,291
Noninterest revenue						
<i>In Scope of Topic 606</i>						
Trust and asset management income	720	1	—	40,619	(3,142)	38,198
Investment advisory fees	—	—	—	28,830	(250)	28,580
Other brokerage fees	—	—	—	10,800	—	10,800
Deposit service charges	15,008	58,232	—	1,661	(1,423)	73,478
Credit card, debit card and merchant fees	522	40,855	—	18	16,765	58,160
Total noninterest revenue (in-scope of Topic 606)	16,250	99,088	—	81,928	11,950	209,216
Total noninterest revenue (out-of-scope of Topic 606)	37,370	11,873	44,725	3,003	36,298	133,269
Total noninterest revenue	53,620	110,961	44,725	84,931	48,248	342,485
Noninterest expense						
Salaries and employee benefits	77,468	249,372	31,091	50,704	226,208	634,843
Occupancy and equipment	4,077	73,179	4,190	3,613	29,401	114,460
Data processing and software	2,613	12,175	4,647	5,357	86,315	111,107
Allocated overhead expenses	100,668	221,592	24,068	11,447	(357,775)	—
Other segment items ⁽¹⁾	16,618	30,117	11,853	16,117	174,639	249,344
Total noninterest expense	201,444	586,435	75,849	87,238	158,788	1,109,754
Income (loss) from continuing operations before income taxes	215,890	351,493	3,330	28,946	(22,637)	577,022
Income tax expense (benefit)	50,736	82,601	783	6,770	(11,185)	129,705
Income (loss) from continuing operations	\$ 165,154	\$ 268,892	\$ 2,547	\$ 22,176	\$ (11,452)	\$ 447,317
Selected Financial Information						
Total assets at end of period	\$ 10,392,175	\$ 16,972,114	\$ 4,249,490	\$ 1,001,097	\$ 16,038,538	\$ 48,653,414

(1) Other segment items for each reportable segment includes:

- **Corporate Banking**—legal expenses, travel expenses and certain overhead expenses.
- **Community Banking**—advertising, office supplies, ATM expenses, delivery expenses, professional and consulting fees, legal expenses, telecommunication and postage expenses, travel expenses, and certain overhead expenses.
- **Mortgage**—mortgage loan quality control and repurchase expenses, legal expenses, and certain overhead expenses.
- **Banking Services**—amortization of intangibles, professional and consulting fees, legal expenses, and certain overhead expenses.
- **General, Corporate, and Other**—pension settlement expense, advertising, supplies, regulatory expenses, and certain other overhead expenses.

NOTE 20. DERIVATIVE INSTRUMENTS

The Company primarily uses derivatives to manage exposure to market risk, including interest rate risk, credit risk and foreign currency risk, and to assist customers with their risk management objectives. Management may designate certain derivatives as hedging instruments in a qualifying hedge accounting relationship. The Company's derivative instruments consist of economic hedges for which the Company has elected not to apply hedge accounting and derivatives held for customer accommodation, or other purposes.

The fair value of derivative positions outstanding is included in other assets and other liabilities in the accompanying consolidated balance sheets and in the net change in each of these financial statement line items in the operating section of the accompanying consolidated statements of cash flows. For derivatives not designated as hedging instruments or determined to be an ineffective hedge under applicable accounting guidance, gains and losses due to changes in fair value are included in noninterest income and the operating section of the consolidated statements of cash flows. For derivatives designated as cash flow hedging instruments, the entire change in the fair value related to the derivative instrument is recognized as a component of other comprehensive income and subsequently reclassified into interest income when the forecasted transaction affects income. At December 31, 2024 and December 31, 2023, there were no derivatives designated under hedge accounting. The notional amounts and estimated fair values for the periods indicated were as follows:

(In thousands)	December 31, 2024				December 31, 2023			
	Fair Value				Fair Value			
	Notional Amount	Other Assets	Other Liabilities	Weighted Average Maturity (years)	Notional Amount	Other Assets	Other Liabilities	Weighted Average Maturity (years)
Commercial loan interest rate contracts	\$ 3,781,868	\$ 30,555	\$ 45,070	4.2	\$ 2,682,401	\$ 25,264	\$ 41,459	4.5
Mortgage loan held-for-sale interest rate lock commitments	151,231	1,310	15	0.1	125,339	1,858	10	0.1
Futures, forwards and options (used to hedge MSR, see Note 17)	230,000	—	3,085	0.2	147,000	1,809	—	0.2
Mortgage loan forward sale commitments	179,000	816	34	0.1	235,323	246	2,567	0.1
Foreign exchange contracts	55,542	650	469	0.5	48,846	326	268	0.3
Total derivatives	<u><u>\$ 4,397,641</u></u>	<u><u>\$ 33,331</u></u>	<u><u>\$ 48,673</u></u>		<u><u>\$ 3,238,909</u></u>	<u><u>\$ 29,503</u></u>	<u><u>\$ 44,304</u></u>	

The Company is party to collateral support agreements with certain derivative counterparties. Such agreements require that the Company maintain collateral based on the fair values of derivative transactions. In the event of default by the Company, the counterparty would be entitled to the collateral. At December 31, 2024, and 2023, the Company was required to post \$60.9 million and \$56.8 million, respectively, in cash or qualifying securities as collateral for its derivative transactions. Of this, \$60.9 million was included in interest bearing deposits with other banks at December 31, 2024. At December 31, 2023, \$50.0 million was included in interest bearing deposits with other banks and \$6.8 million was included in other assets. In addition, the Company had recorded the obligation to return cash collateral provided by counterparties of \$23.1 million and \$16.3 million at December 31, 2024, and 2023, respectively, within deposits on the Company's consolidated balance sheet. Certain financial instruments, such as derivatives, may be eligible for offset in the consolidated balance sheet and/or subject to master netting arrangements or similar agreements. The Company's derivative transactions with upstream financial institution counterparties are generally executed under International Swaps and Derivative Association master agreements which include "right of set-off" provisions. In such cases, there is generally a legally enforceable right to offset recognized amounts and there may be an intention to settle such amounts on a net basis. Nonetheless, the Company does not generally offset such financial instruments for financial reporting purposes.

The Company enters into certain interest rate contracts on commercial loans, which include swaps, floors, caps and collars that are not designated as hedging instruments. These derivative contracts relate to transactions in which the Company enters into an interest rate contract with a loan customer while at the same time entering into an offsetting interest rate contract with another financial institution. In connection with each swap transaction, the Company agrees to pay interest to the customer on a notional amount at a variable interest rate and receive interest from the customer on a similar notional amount at a fixed interest rate. At the same time, the Company agrees to pay another financial institution the same fixed interest rate on the same notional amount and receive the same variable interest rate on the same notional amount. The interest rate swap, floor, cap and collar transactions allow the Company to manage its interest rate risk. Because the Company acts as an intermediary for its customers, changes in the fair value of the underlying derivative contracts generally offset and do not significantly impact the Company's consolidated statements of income. The Company is exposed to credit loss in the event of nonperformance by the parties to the interest rate contracts. However, the Company does not anticipate nonperformance by the counterparties. The estimated fair value has been recorded as an asset and a corresponding liability in the accompanying consolidated balance sheets at December 31, 2024 and 2023.

The Company has both bought and sold credit protection in the form of participations on interest rate swaps (swap participations). These swap participations, which meet the definition of credit derivatives, were entered into in the ordinary course of business to serve the credit needs of customers. Swap participations, whereby the Company has purchased credit protection, entitle the Company to receive a payment from the counterparty if the customer fails to make payment on any amounts due to the Company upon early termination of the swap transaction. For contracts where the Company sold credit protection, the Company would be required to make payment to the counterparty if the customer fails to make payment on any amounts due to the counterparty upon early termination of the swap transaction. Swap participation agreements where the Company is the beneficiary had notional values totaling \$205.1 million and \$137.2 million at December 31, 2024 and 2023, respectively. Swap participation agreements where the Company is the guarantor had notional values totaling \$443.0 million and \$425.8 million at December 31, 2024 and 2023, respectively.

The Company enters into interest rate lock commitments with customers in connection with residential mortgage loan applications for loans the Company intends to sell. Additionally, the Company enters into mortgage loan forward sales commitments of MBS with investors to mitigate the effect of interest rate risk inherent in providing interest rate lock commitments to customers. Both the interest rate lock commitments and mortgage loan forward sales commitments are considered derivatives under current accounting guidance and are required to be recorded at fair value. The fair value of these derivatives is recorded on the consolidated balance sheets in other assets and other liabilities. The change in fair value of these instruments is recorded within mortgage banking revenue in the consolidated statements of income. For the years ended December 31, 2024, and 2023, mortgage loans held for sale interest rate lock commitment and mortgage loan forward sales commitment gains totaled \$0.9 million, \$1.5 million, respectively, compared to losses incurred of \$8.0 million during the year ended December 31, 2022.

The Company has an economic hedge in place on its MSR and uses various instruments (including but not limited to Treasury options, SOFR and TBA futures and forwards) to mitigate the interest rate risk associated with the MSR. These hedging instruments are reported at fair value, with adjustments included as part of mortgage banking revenue in the consolidated statements of income. The market value adjustment on MSR hedge totaled net losses of \$9.9 million, \$1.8 million and \$15.5 million for the years ended December 31, 2024, 2023 and 2022, respectively. See Note 17 for additional information.

The Company enters into certain foreign currency exchange contracts on behalf of its clients to facilitate their risk management strategies, while at the same time entering into offsetting foreign currency exchange contracts with another counterparty in order to minimize the Company's foreign currency exchange risk. The contracts are short term in nature, and any gain or loss incurred at settlement is recorded as other noninterest income. The fair value of these contracts is reported in other assets and other liabilities. Foreign exchange contract net gains totaled \$3.9 million, \$5.2 million and \$4.7 million for the years ended December 31, 2024, 2023 and 2022, respectively.

NOTE 21. COMMITMENTS AND CONTINGENT LIABILITIES

Mortgage Loans Serviced for Others

The Company services mortgage loans for other financial institutions that are not included as assets in the Company's accompanying consolidated financial statements. Included in the \$8.0 billion and \$7.7 billion of mortgage loans serviced for investors at December 31, 2024 and December 31, 2023, respectively, was \$0.6 million and \$1.0 million, respectively, of primary recourse servicing pursuant to which the Company is responsible for any losses incurred in the event of nonperformance by the mortgagor. The Company's exposure to credit loss in the event of such nonperformance is the unpaid principal balance at the time of default. This exposure is limited by the underlying collateral, which consists of single family residences and either federal or private mortgage insurance.

Lending Commitments

The consolidated financial statements do not reflect various commitments and contingent liabilities which arise in the normal course of banking business and involve elements of credit risk, interest rate risk, and liquidity risk. Such financial instruments are recorded when they are funded. At December 31, 2024 and December 31, 2023, these included \$448.9 million and \$450.7 million, respectively, in letters of credit and \$8.6 billion and \$9.7 billion, respectively, in unfunded extensions of credit such as interim mortgage financing, construction credit, credit card, and revolving line of credit arrangements.

Commitments to extend credit and letters of credit include some exposure to credit loss in the event of nonperformance of the customer. Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. In addition, the Company has entered into certain contingent commitments to grant loans. Standby letters of credit are conditional commitments issued to guarantee the performance of a customer to a third party. The credit policies and procedures for such commitments are the same as those used for lending activities. Because these instruments have fixed maturity dates and because a number expire without being drawn upon, they generally do not present any significant liquidity risk. The Company did not realize significant credit losses from these commitments and arrangements during the years ended December 31, 2024, 2023, and 2022.

Other Commitments

The Company makes investments in limited partnerships, including certain affordable housing partnerships for which it receives tax credits. At December 31, 2024 and December 31, 2023, unfunded capital commitments totaled \$277.4 million and \$275.2 million, respectively. See Note 23 for more information.

Litigation

The nature of the Company's business ordinarily results in certain types of claims, litigation, investigations, and other legal or administrative cases and proceedings. Although the Company and its subsidiaries have policies and procedures to minimize legal noncompliance and the impact of claims and other proceedings, and endeavored to procure reasonable amounts of insurance coverage, litigation and regulatory actions present an ongoing risk.

The Company and its subsidiaries engage in lines of business that are heavily regulated and involve a large volume of actual or potential financial transactions with customers or applicants, and the Company is a public company with a large number of shareholders. From time to time, applicants, borrowers, customers, shareholders, former employees, service providers, and other third parties have brought actions against the Company or its subsidiaries, in cases claiming substantial damages. Financial services companies are subject to risks arising from changing regulatory frameworks or expectations, regulatory investigations, class action litigation, and, from time to time, the Company and its subsidiaries have such actions brought against them. The Company and its subsidiaries are also subject to enforcement actions by federal or state regulators, including the CFPB, the DOJ, state attorneys general, and the Federal Reserve or MDBCF, which may be adversely impacted by ongoing litigation in which the Company is involved. Additionally, the Company is, and management expects it to be, engaged in a number of foreclosure proceedings and other collection actions as part of its lending and leasing collections activities, which, from time to time, have resulted in counterclaims against the Company and its subsidiaries. Various legal proceedings have and may arise in the future out of claims against entities to which the Company is a successor as a result of business combinations.

When and as the Company determines it has meritorious defenses to the claims asserted, it vigorously defends against such claims. The Company will consider settlement of claims when, in management's judgment and in consultation with counsel, it is in the best interests of the Company to do so.

The Company cannot predict with certainty the cost of defense, the cost of prosecution, or the ultimate outcome of litigation or other proceedings filed by or against it, its subsidiaries and its directors, management or employees, including remedies or damage awards. On at least a quarterly basis, the Company assesses its liabilities and contingencies in connection with outstanding legal proceedings as well as certain threatened claims (which are not considered incidental to the ordinary conduct of the Company's business) utilizing the latest and most reliable information available. For matters where a loss is not probable or the amount of the loss cannot be estimated, the Company will not make an accrual. For matters where it is probable the Company will incur a loss and the amount can be reasonably estimated, the Company will accrue for the loss. Once established, the accrual is adjusted periodically to reflect any relevant developments. The actual cost of any such matters, however, may turn out to be substantially higher than the amount accrued. Further, the Company's insurance policies have deductibles and coverage limits, and such policies are unlikely to cover all costs and expenses related to the defense or prosecution of such legal proceedings or any losses arising therefrom.

Although the final outcome of any legal proceedings is inherently uncertain, based on the information available, advice of counsel and available insurance coverage, if applicable, management believes that the litigation-related liability of \$12.0 million accrued at December 31, 2024 is adequate and that any incremental change in potential liability arising from the Company's legal proceedings and threatened claims, including the matters described herein and those otherwise arising in the ordinary course of business, will not have a material adverse effect on the Company's business or consolidated results of operations or financial condition. It is possible, however, that future developments could result in an unfavorable outcome for or resolution of any one or more of the legal proceedings in which the Company or its subsidiaries are defendants, which may be material to the Company's business or consolidated results of operations or financial condition for a particular fiscal period or periods.

On August 30, 2021, Legacy Cadence Bank and the DOJ agreed to a settlement set forth in the consent order related to the investigation by the DOJ of Legacy Cadence Bank's fair lending program in Harris, Fort Bend, and Montgomery Counties located in Houston, Texas during the period between 2014 and 2016 (the "Consent Order"). The Consent Order was signed by the United States District Court for the Northern District of Georgia, Atlanta Division, on August 31, 2021. Pursuant to Section 5.2(g) of the Agreement and Plan of Merger and Paragraph 50 of the Consent Order, Legacy BancorpSouth Bank approved the negotiated settlement, and subsequently, the Company agreed to accept the obligations of the Consent Order. The Consent Order is in effect for five years. For additional information regarding the terms of this settlement and the Consent Order, see Legacy Cadence's Current Report on Form 8-K that was filed with the SEC on August 30, 2021.

NOTE 22. OTHER NONINTEREST INCOME AND EXPENSE

The following table details other noninterest income for the periods indicated:

(In thousands)	Year Ended December 31,		
	2024	2023	2022
Credit related fees	\$ 27,352	\$ 26,830	\$ 26,768
Bank-owned life insurance	17,716	16,294	15,594
SBA income	12,083	9,839	15,341
Other miscellaneous income	66,354	48,938	28,182
Total other noninterest income	\$ 123,505	\$ 101,901	\$ 85,885

The following table details other noninterest expense for the periods indicated:

(In thousands)	Year Ended December 31,		
	2024	2023	2022
Advertising and public relations	\$ 22,112	\$ 28,162	\$ 41,055
Foreclosed property expense	1,891	2,488	832
Telecommunications	5,857	5,775	6,617
Travel and entertainment	10,015	11,004	11,407
Professional, consulting, and outsourcing	16,124	19,892	13,424
Legal expense	12,279	20,093	5,350
Postage and shipping	7,128	8,443	7,868
Other miscellaneous expense	68,932	85,299	65,779
Total other noninterest expense	\$ 144,338	\$ 181,156	\$ 152,332

NOTE 23. VARIABLE INTEREST ENTITIES AND OTHER INVESTMENTS

Certain NMTC meet the qualifications for consolidation under ASC 810. Consolidation is applicable to this type of investment structure when the entities owned by the tax credit investment fund, managing member, and limited partner of the sub-CDE, are under common control and the limited partner's related party group has both the power and the obligation to absorb the significant benefits and losses of the sub-CDE. Based on this, the limited partner, which is the Company, is the primary beneficiary of the sub-CDE (VIE) and therefore subject to consolidation. NMTC investment structures which include a managing member not affiliated with the Company are not subject to consolidation.

At December 31, 2024 and December 31, 2023, the Company's assets of the consolidated VIE that can be used only to settle obligations of the consolidated VIE totaled \$5.4 million and \$6.5 million, respectively.

The Company is invested in several tax credit projects solely as a limited partner. At December 31, 2024 and December 31, 2023, the Company's maximum exposure to loss associated with these limited partnerships was limited to its investment. Most of the investments are in affordable housing projects. The partnerships have qualified to receive annual affordable housing federal tax credits that are recognized as a reduction of current tax expense. The Company accounts for these investments and the related tax credits using either the effective yield method or the proportional amortization method, depending upon the date of the investment. Under the effective yield method, the Company recognizes the tax credits as they are allocated and amortizes the initial costs of the investments to provide a constant effective yield over the period the tax credits are allocated. Under the proportional amortization method, the Company amortizes the cost of the investment in proportion to the tax credits and other tax benefits received and recognizes the net investment performance in the income statement as a component of income tax expense. The Company also has, to a lesser degree, investments in NMTC and historic tax credit projects. The Company has elected to account for the NMTC not subject to consolidation and historic tax credits using the flow-through method, which reduces federal income taxes in the year in which the credit arises. At December 31, 2024 and December 31, 2023, the Company recorded total tax credit investments in other assets on its consolidated balance sheets of \$387.3 million and \$362.0 million, respectively.

Through December 31, 2023, the amortization of the NMTC investments and historic tax credit investments was recorded in other noninterest income on the Company's consolidated statements of income. The Company adopted the provisions of ASU 2023-02 (see Note 1) as of January 1, 2024 and determined each investments' eligibility for proportional amortization. For certain NMTC and HTC investments that do not qualify for the proportional amortization method under ASU 2023-02, amortization related to these investments are recorded in other noninterest income in the Company's consolidated statements of income. The Company recorded amortization of \$1.1 million for both the years ended December 31, 2024 and 2023, respectively. The cash flow activity related to these investments are presented in the net income (loss) line in the operating activities section of the consolidated statements of cash flows.

For the investments that qualify for proportional amortization under ASU 2023-02, the Company recognized income tax credits and other income tax benefits for the year ended December 31, 2024 of \$37.7 million and \$4.6 million, respectively. The total income tax benefits of \$42.3 million are partially offset by \$33.4 million of investment amortization recognized for the year ended December 31, 2024, for a net income tax benefit of \$8.9 million. The Company recorded amortization for these income tax credits of \$23.6 million for year ended December 31, 2023, which \$5.9 million was reported in noninterest income in the consolidated statements of income and \$17.7 million was reported in income tax expense.

The cash flows related to the total income tax benefits are presented in the consolidated statements of cash flows. The net income tax benefit of \$8.9 million for the year ended December 31, 2024, was included in the net income (loss) line within operating activities. Investment amortization of \$33.4 million for the year ended December 31, 2024, was included in the depreciation and amortization line item, which was an adjustment to reconcile net income (loss) to cash provided by (used for) operating activities. The income tax credits and other income tax benefits of \$42.3 million for the year ended December 31, 2024, was included in the net change to other assets or liabilities line item, which was also an adjustment to reconcile net income (loss) to cash provided by (used for) operating activities.

Additionally, the Company has investments in other certain limited partnerships accounted for under the fair value practical expedient of NAV totaling \$118.7 million and \$95.0 million at December 31, 2024 and December 31, 2023, respectively. Related to these assets recorded at fair value through net income, the Company recognized net gains of \$11.9 million and \$8.2 million for the years ended December 31, 2024 and 2023, respectively. These investments are made primarily through various SBIC funds as a strategy to provide expansion and growth opportunities to small businesses and community development funds to help serve the credit needs of the low- and moderate-income and underserved within our footprint. Of the total fair value of these limited partnerships, \$15.8 million and \$11.7 million related to real-estate funds at December 31, 2024 and December 31, 2023, respectively. The remaining \$102.9 million and \$83.3 million are related to SBIC funds that concentrate in a variety of industries at December 31, 2024 and December 31, 2023, respectively. At December 31, 2024, unfunded commitments related to these investments were \$4.6 million and \$97.3 million related to the real-estate funds and other SBIC funds, respectively. SBIC funds are generally structured to operate for approximately 10 years. During the life of each SBIC fund, partners can request to withdraw from the fund, and subsequently receive the balance of their investment as the underlying assets are liquidated over the remaining life of the fund. The Company has no current plans to withdraw from any of its SBIC funds.

For other limited partnerships without readily determinable fair values that do not qualify for the practical expedient, Cadence elected the measurement alternative to account for these investments at their cost minus impairment, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. These investments totaled \$2.6 million and \$2.4 million at December 31, 2024 and December 31, 2023, respectively. Other limited partnerships accounted for under the equity method totaled \$8.7 million and \$9.8 million at December 31, 2024 and December 31, 2023, respectively.

A summary of the Company's investments in limited partnerships is presented as of the following periods:

(In thousands)	December 31, 2024	December 31, 2023
Tax credit investments (amortized cost)	\$ 387,339	\$ 361,990
Limited partnerships accounted for under the fair value practical expedient of NAV	118,710	94,998
Limited partnerships without readily determinable fair values that do not qualify for the practical expedient of NAV accounted for under the cost method	2,586	2,417
Limited partnerships required to be accounted for under the equity method	8,664	9,785
Total investments in limited partnerships	\$ 517,299	\$ 469,190

For equity investments carried at cost using the measurement alternative, during the year ended and as of December 31, 2024, there were two write-downs for impairment totaling \$119 thousand. During the year ended and as of December 31, 2023, there were no downward or upward adjustments to these investments for impairments or price changes from observable transactions. The carrying amount of these equity investments in limited partnerships measured under this measurement alternative for the specified periods are as follows:

(In thousands)	Year Ended December 31,	
	2024	2023
Carrying value at the beginning of the year	\$ 2,417	\$ 1,968
Impairments	(119)	—
Reclassifications	272	1,800
Distributions	(1,007)	(1,559)
Contributions	1,023	208
Carrying value at the end of the year	\$ 2,586	\$ 2,417

Consolidated Balance Sheets
Cadence Bank and Subsidiaries
(Unaudited)

(In thousands, except share and per share amounts)	<u>September 30, 2025</u>	<u>December 31, 2024</u>
ASSETS		
Cash and due from banks	\$ 839,841	\$ 624,884
Interest bearing deposits with other banks and Federal funds sold	1,049,332	1,106,692
Total cash and cash equivalents	1,889,173	1,731,576
Available for sale securities, at fair value	9,616,389	7,293,988
Loans and leases, net of unearned income	36,801,836	33,741,755
Allowance for credit losses	496,199	460,793
Net loans and leases	36,305,637	33,280,962
Loans held for sale, at fair value	261,680	244,192
Premises and equipment, net	855,275	783,456
Goodwill	1,515,771	1,366,923
Other intangible assets, net	149,039	83,190
Bank-owned life insurance	768,887	651,838
Other assets	1,920,501	1,583,065
TOTAL ASSETS	<u>\$ 53,282,352</u>	<u>\$ 47,019,190</u>
LIABILITIES		
Noninterest bearing demand deposits	\$ 9,036,907	\$ 8,591,805
Interest bearing demand and money market deposits	20,518,436	19,345,114
Savings	3,095,622	2,588,406
Time deposits	11,270,491	9,970,876
Total deposits	43,921,456	40,496,201
Securities sold under agreement to repurchase	29,532	23,616
Short-term FHLB borrowings	925,000	—
Subordinated and long-term borrowings	1,330,657	10,706
Other liabilities	992,611	918,984
TOTAL LIABILITIES	<u>47,199,256</u>	<u>41,449,507</u>
SHAREHOLDERS' EQUITY		
Series A Non-Cumulative Perpetual Preferred stock, \$0.01 par value per share; authorized - 500,000,000 shares; issued and outstanding - 6,900,000 shares for both periods presented	166,993	166,993
Common stock, \$2.50 par value per share; authorized - 500,000,000 shares; issued and outstanding - 186,307,016 and 183,527,575 shares, respectively	465,768	458,819
Capital surplus	2,813,356	2,742,913
Accumulated other comprehensive loss	(493,782)	(694,495)
Retained earnings	3,130,761	2,895,453
TOTAL SHAREHOLDERS' EQUITY	<u>6,083,096</u>	<u>5,569,683</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 53,282,352</u>	<u>\$ 47,019,190</u>

See accompanying notes to the unaudited consolidated financial statements.

Consolidated Statements of Income
Cadence Bank and Subsidiaries
(Unaudited)

(In thousands, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
INTEREST REVENUE:				
Loans and leases	\$ 588,570	\$ 555,862	\$ 1,668,311	\$ 1,624,487
Available for sale securities:				
Taxable	86,144	59,732	211,731	185,989
Tax-exempt	5,952	638	7,215	1,963
Loans held for sale	1,758	1,630	4,943	4,467
Short-term investments	22,219	29,851	47,299	110,130
Total interest revenue	704,643	647,713	1,939,499	1,927,036
INTEREST EXPENSE:				
Interest bearing demand deposits and money market accounts	136,105	142,179	390,810	437,861
Savings	5,378	3,695	12,769	11,238
Time deposits	112,720	94,944	312,341	264,786
Federal funds purchased and securities sold under agreement to repurchase	818	561	4,881	3,808
Short-term borrowings	11,807	42,003	24,718	125,656
Subordinated and long-term borrowings	14,088	2,873	28,961	12,003
Total interest expense	280,916	286,255	774,480	855,352
Net interest revenue	423,727	361,458	1,165,019	1,071,684
Provision for credit losses	32,000	12,000	83,000	56,000
Net interest revenue, after provision for credit losses	391,727	349,458	1,082,019	1,015,684
NONINTEREST REVENUE:				
Wealth management	24,515	24,110	73,092	70,949
Deposit service charges	19,047	18,814	54,844	54,803
Credit card, debit card and merchant fees	13,484	12,649	38,445	37,581
Mortgage banking	4,469	1,133	19,818	13,749
Security gains (losses), net	4,311	(2,947)	4,302	(2,960)
Other	27,652	32,142	86,545	96,223
Total noninterest revenue	93,478	85,901	277,046	270,345
NONINTEREST EXPENSE:				
Salaries and employee benefits	173,485	152,237	483,797	456,926
Occupancy and equipment	31,892	28,894	90,408	86,901
Data processing and software	36,120	29,164	93,953	88,658
Deposit insurance assessments	10,037	7,481	27,251	31,637
Amortization of intangibles	7,539	3,933	15,253	11,998
Merger expense	19,789	—	22,283	—
Other	41,384	37,729	119,513	103,223
Total noninterest expense	320,246	259,438	852,458	779,343
Income before income taxes	164,959	175,921	506,607	506,686
Income tax expense	35,110	39,482	108,891	115,797
Net income	\$ 129,849	\$ 136,439	\$ 397,716	\$ 390,889
Less: preferred dividends	2,372	2,372	9,488	7,116
Net income available to common shareholders	\$ 127,477	\$ 134,067	\$ 388,228	\$ 383,773
Basic earnings per common share	\$ 0.68	\$ 0.74	\$ 2.10	\$ 2.10
Diluted earnings per common share	\$ 0.67	\$ 0.72	\$ 2.07	\$ 2.07

See accompanying notes to the unaudited consolidated financial statements.

Consolidated Statements of Comprehensive Income
Cadence Bank and Subsidiaries
(Unaudited)

(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net income	\$ 129,849	\$ 136,439	\$ 397,716	\$ 390,889
Other comprehensive income, net of tax:				
Unrealized gains on AFS securities:				
Net unrealized gains, net of income taxes of \$(24,284), \$(59,934), \$(60,538), and \$(53,209), respectively	78,526	193,808	195,760	172,061
Reclassification adjustment for net gains (losses) realized in net income, net of income taxes of \$(1,018), \$696, \$(1,016), and \$699, respectively	3,293	(2,251)	3,286	(2,261)
Net change in unrealized gains on AFS securities, net of tax	81,819	191,557	199,046	169,800
Recognized employee benefit plan net periodic benefit cost, net of income taxes of \$(171), \$(173), \$(515), and \$(521), respectively	556	563	1,667	1,687
Other comprehensive income, net of tax	82,375	192,120	200,713	171,487
Comprehensive income	\$ 212,224	\$ 328,559	\$ 598,429	\$ 562,376

See accompanying notes to the unaudited consolidated financial statements.

Consolidated Statements of Shareholders' Equity

Cadence Bank and Subsidiaries

(Unaudited)

(In thousands, except share and per share amounts)	Preferred Stock		Common Stock		Capital Surplus	Accumulated Other Comprehensive (Loss) Income	Retained Earnings	Total Shareholders' Equity
	Shares	Amount	Shares	Amount				
Balance at December 31, 2024	6,900,000	\$ 166,993	183,527,575	\$ 458,819	\$ 2,742,913	\$ (694,495)	\$ 2,895,453	\$ 5,569,683
Net income	—	—	—	—	—	73,292	133,222	133,222
Other comprehensive income, net of tax	—	—	—	—	—	—	—	73,292
Equity based compensation, net of forfeitures and shares withheld to cover taxes	—	—	519,724	1,299	(6,087)	—	—	(4,788)
Repurchase of stock, net of excise tax	—	—	(879)	(2)	(27)	—	—	(29)
Preferred dividends declared, \$0.34 per share	—	—	—	—	—	—	(2,372)	(2,372)
Cash dividends declared, \$0.275 per share	—	—	—	—	—	(50,467)	(50,467)	(50,467)
Balance at March 31, 2025	6,900,000	\$ 166,993	184,046,420	\$ 460,116	\$ 2,736,799	\$ (621,203)	\$ 2,975,836	\$ 5,718,541
Net income	—	—	—	—	—	—	134,645	134,645
Other comprehensive income, net of tax	—	—	—	—	—	45,046	—	45,046
Equity based compensation, net of forfeitures and shares withheld to cover taxes	—	—	32,255	82	8,937	—	—	9,019
Repurchase of stock, net of excise tax	—	—	(71,409)	(179)	(2,107)	—	—	(2,286)
Issuance of stock in conjunction with acquisitions	—	—	2,299,750	5,749	61,542	—	—	67,291
Preferred dividends declared, \$0.69 per share	—	—	—	—	—	—	(4,744)	(4,744)
Cash dividends declared, \$0.275 per share	—	—	—	—	—	—	(51,229)	(51,229)
Balance at June 30, 2025	6,900,000	\$ 166,993	186,307,016	\$ 465,768	\$ 2,805,171	\$ (576,157)	\$ 3,054,508	\$ 5,916,283
Net income	—	—	—	—	—	—	129,849	129,849
Other comprehensive income, net of tax	—	—	—	—	—	82,375	—	82,375
Equity based compensation, net of forfeitures and shares withheld to cover taxes	—	—	—	—	8,185	—	—	8,185
Preferred dividends declared, \$0.34 per share	—	—	—	—	—	—	(2,372)	(2,372)
Cash dividends declared, \$0.275 per share	—	—	—	—	—	—	(51,224)	(51,224)
Balance at September 30, 2025	6,900,000	\$ 166,993	186,307,016	\$ 465,768	\$ 2,813,356	\$ (493,782)	\$ 3,130,761	\$ 6,083,096

Consolidated Statements of Shareholders' Equity (continued)

Cadence Bank and Subsidiaries

(Unaudited)

(In thousands, except share and per share amounts)	Preferred Stock		Common Stock		Capital Surplus	Accumulated Other Comprehensive (Loss) Income	Retained Earnings	Total Shareholders' Equity
	Shares	Amount	Shares	Amount				
Balance at December 31, 2023	6,900,000	\$ 166,993	182,871,775	\$ 457,179	\$ 2,743,066	\$ (761,829)	\$ 2,562,434	\$ 5,167,843
Net income	—	—	—	—	—	—	116,978	116,978
Other comprehensive loss, net of tax	—	—	—	—	—	(29,504)	—	(29,504)
Equity based compensation, net of forfeitures and shares withheld to cover taxes	—	—	467,143	1,168	(3,231)	—	—	(2,063)
Repurchase of stock, net of excise tax	—	—	(657,593)	(1,644)	(15,248)	—	—	(16,892)
Preferred dividends declared, \$0.34 per share	—	—	—	—	—	—	(2,372)	(2,372)
Cash dividends declared, \$0.25 per share	—	—	—	—	—	—	(45,598)	(45,598)
Cumulative effect of change in accounting principle, net of tax, for ASU 2023-02	—	—	—	—	—	—	1,540	1,540
Balance at March 31, 2024	6,900,000	\$ 166,993	182,681,325	\$ 456,703	\$ 2,724,587	\$ (791,333)	\$ 2,632,982	\$ 5,189,932
Net income	—	—	—	—	—	—	137,472	137,472
Other comprehensive income, net of tax	—	—	—	—	—	8,871	—	8,871
Equity based compensation, net of forfeitures and shares withheld to cover taxes	—	—	84,153	211	8,486	—	—	8,697
Repurchase of stock, net of excise tax	—	—	(335,051)	(838)	(8,417)	—	—	(9,255)
Preferred dividends declared, \$0.34 per share	—	—	—	—	—	—	(2,372)	(2,372)
Cash dividends declared, \$0.25 per share	—	—	—	—	—	—	(45,587)	(45,587)
Balance at June 30, 2024	6,900,000	\$ 166,993	182,430,427	\$ 456,076	\$ 2,724,656	\$ (782,462)	\$ 2,722,495	\$ 5,287,758
Net income	—	—	—	—	—	—	136,439	136,439
Other comprehensive income, net of tax	—	—	—	—	—	192,120	—	192,120
Equity based compensation, net of forfeitures and shares withheld to cover taxes	—	—	1,281	3	8,075	—	—	8,078
Exercise of stock options	—	—	206,829	517	5,210	—	—	5,727
Repurchase of stock, net of excise tax	—	—	(323,395)	(808)	(8,501)	—	—	(9,309)
Preferred dividends declared, \$0.34 per share	—	—	—	—	—	—	(2,372)	(2,372)
Cash dividends declared, \$0.25 per share	—	—	—	—	—	—	(45,578)	(45,578)
Balance at September 30, 2024	6,900,000	\$ 166,993	182,315,142	\$ 455,788	\$ 2,729,440	\$ (590,342)	\$ 2,810,984	\$ 5,572,863

See accompanying notes to the unaudited consolidated financial statements.

Consolidated Statements of Cash Flows
Cadence Bank and Subsidiaries
(Unaudited)

(In thousands)	Nine Months Ended September 30,	
	2025	2024
Operating Activities:		
Net income	\$ 397,716	\$ 390,889
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation, amortization, and accretion	69,288	157,180
Deferred income tax expense	130,746	13,859
Provision for credit losses	83,000	56,000
Gain on sale of loans, net	(21,276)	(16,262)
Gain on disposition of businesses	—	(14,980)
(Gain) loss on sales of available for sale securities, net	(4,302)	2,960
Unrealized gain on limited partnerships, net	(8,026)	(8,664)
Gain on trading securities	(45)	(10)
Share-based compensation expense	23,192	25,490
Proceeds from payments and sales of loans held for sale	1,075,381	899,810
Origination of loans held for sale	(1,036,194)	(893,394)
Increase in accrued interest receivable	(19,721)	(10,389)
Increase in accrued interest payable	36,343	140,839
Purchases of trading securities	(18,000)	(4,000)
Proceeds from sales of trading securities	18,045	4,010
Net increase in prepaid pension asset	(3,655)	(4,337)
(Increase) decrease in other assets	(131,300)	43,950
(Decrease) increase in other liabilities	(45,897)	29,938
Other, net	(18,976)	(14,365)
Net cash provided by operating activities	<u>526,319</u>	<u>798,524</u>
Investing Activities:		
Net cash received from business acquisitions	503,838	—
Proceeds from disposition of business, net of cash transferred	—	15,308
Purchases of available for sale securities	(3,627,434)	(751,846)
Proceeds from sales of available for sale securities	3,070,117	15,059
Proceeds from maturities, calls, and payments of available for sale securities	1,002,993	1,168,339
Loss on fair value hedge termination	4,290	—
(Purchases of) proceeds from sales of FRB and FHLB stock, net	(118,831)	3,078
Increase in loans, net	(1,728,241)	(979,536)
Purchases of premises and equipment	(54,904)	(58,253)
Proceeds from sales of premises and equipment	4,524	16,995
Proceeds from disposition of foreclosed and repossessed property	10,180	6,626
Proceeds from sales of loans transferred to held for sale	—	58,253
Net death benefits received on bank owned life insurance	13,603	3,014
Purchases of tax credit investments	(92,237)	(50,156)
Purchases of limited partnership interests	(22,839)	(22,236)
Other, net	8,795	10,850
Net cash used in investing activities	<u>(1,026,146)</u>	<u>(564,505)</u>

Consolidated Statements of Cash Flows (continued)
Cadence Bank and Subsidiaries
(Unaudited)

(In thousands)

	Nine Months Ended September 30,	
	2025	2024
Financing Activities:		
(Decrease) increase in deposits, net	(1,406,796)	347,455
Net change in securities sold under agreement to repurchase and federal funds purchased	5,916	(434,552)
Net change in short-term FHLB advances	825,000	—
Long-term borrowings called, repurchased, or repaid	(22,330)	(207,364)
Repayment of long-term FHLB advances	(39)	—
Proceeds from long-term FHLB advances	1,430,000	—
Exercise of stock options	—	5,727
Repurchase of common stock	(2,315)	(35,456)
Cash dividends paid on common stock	(152,972)	(136,764)
Cash dividends paid on preferred stock	(9,488)	(7,116)
Cash paid for tax withholding on vested share-based compensation and other	(9,552)	(10,088)
Net cash provided by (used in) financing activities	657,424	(478,158)
Net increase (decrease) in cash and cash equivalents	157,597	(244,139)
Cash and cash equivalents at beginning of period	1,731,576	4,232,265
Cash and cash equivalents at end of period	\$ 1,889,173	\$ 3,988,126

Supplemental Disclosures

Cash paid during the period for:

Interest	\$ 715,146	\$ 714,514
Income tax payments, net	28,155	112,425
Cash paid for amounts included in lease liabilities	13,679	13,345
Non-cash investing and financing activities, at fair value:		
Acquisition of real estate and other assets in settlement of loans	20,135	5,813
Transfers of loans held for sale to loans	7,590	5,802
Transfers of loans to loans held for sale	38,038	60,974
Right of use assets obtained in exchange for new operating lease liabilities	8,845	6,542
Increase in funding obligations for certain tax credit investments	96,784	26,455

See accompanying notes to unaudited consolidated financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Consolidation

The accompanying unaudited consolidated financial statements for the Company have been prepared in accordance with instructions to the SEC Form 10-Q and Article 10 of Regulation S-X; therefore, they do not include all information and notes necessary for a fair presentation of financial position, results of operations, comprehensive income, and cash flows in conformity with GAAP. All adjustments consisting of normally recurring accruals that, in the opinion of management, are necessary for a fair presentation of the consolidated financial position and results of operations for the periods covered by this report have been included. These interim financial statements should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2024. Operating results for the period ended September 30, 2025, are not necessarily indicative of the results that may be expected for the year ending December 31, 2025. The consolidated balance sheet at December 31, 2024 has been derived from the audited financial statements included in our Form 10-K for the year ended December 31, 2024.

The Company and its subsidiaries follow GAAP, including, where applicable, general practices within the banking industry. The consolidated financial statements include the accounts of the Company and its subsidiaries. Significant intercompany accounts and transactions have been eliminated in consolidation. The assessment of whether or not the Company has a controlling interest (i.e., the primary beneficiary) in a VIE is performed on an on-going basis. All equity investments in non-consolidated VIEs are included in “other assets” in the Company’s consolidated balance sheets (see Note 17 for more information).

Certain amounts reported in prior years have been reclassified to conform to the 2025 presentation. These reclassifications did not materially impact the Company’s consolidated financial statements.

In accordance with GAAP, the Company’s management evaluated subsequent events for potential recognition or disclosure in the consolidated financial statements through the date of the issuance of the consolidated financial statements (See Note 18 for more information).

Recent Accounting Pronouncements

ASU No. 2023-05

In August 2023, the FASB issued ASU No. 2023-05, *Business Combinations—Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement*. The ASU applies to the formation of entities that meet the definition of a joint venture (or a corporate joint venture) as defined in the FASB ASC Master Glossary. The amendments in the ASU require that a newly formed joint venture, upon formation, would initially measure its assets and liabilities at fair value (with exceptions to fair value measurement that are consistent with the business combinations guidance). The ASU allows a joint venture to apply measurement period guidance in accordance with ASC 805-10, allowing the amounts recognized upon formation to be adjusted for provisional items during the measurement period not to exceed one year from the formation date.

The ASU does not amend the definition of a joint venture, the existing guidance for the accounting by an equity method investor for its investment in a joint venture, or the accounting by a joint venture for contributions received subsequent to formation.

The amendments are effective prospectively for all joint ventures with a formation date on or after January 1, 2025, and early adoption is permitted. A joint venture that was formed before the effective date of the ASU may elect to apply the amendments retrospectively if it has sufficient information. There was no impact from this guidance on the Company’s consolidated financial statements.

ASU No. 2023-08

In December 2023, the FASB issued ASU No. 2023-08, *Intangibles—Goodwill and Other—Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets*. The amendments are intended to improve the accounting for certain crypto assets by requiring an entity to measure those crypto assets at fair value each reporting period with changes in fair value recognized in net income. The amendments also improve the information provided to investors about an entity’s crypto asset holdings by requiring disclosure about significant holdings, contractual sale restrictions, and changes during the reporting period.

The amendments in the ASU are effective for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years. Early adoption is permitted for both interim and annual financial statements that have not yet been issued (or made available for issuance). If amendments are adopted in an interim period, they must be adopted as of the beginning of the fiscal year that includes that interim period. There was no impact from this guidance on the Company's consolidated financial statements.

ASU No. 2023-09

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The ASU is intended to improve the transparency of income tax disclosures by requiring (1) consistent categories and greater disaggregation of information in the rate reconciliation and (2) income taxes paid disaggregated by jurisdiction. It also includes certain other amendments intended to improve the effectiveness of income tax disclosures.

The amendments in the ASU are effective for annual periods beginning after December 15, 2024. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. As this guidance is solely disclosure related, there will be no quantitative impact to the Company's consolidated financial statements.

ASU No. 2024-01

In March 2024, the FASB issued ASU No. 2024-01, *Compensation—Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards*, which provides four cases illustrating the scope application of Topic 718 for profits interest awards. Determining whether a profits interest award should be accounted for as a share-based payment arrangement or other compensation requires judgment based on the facts and circumstances of the specific transaction. The illustrative example includes four fact patterns to demonstrate how an entity would apply the scope guidance in Topic 718 to determine whether profits interest awards should be accounted for in accordance with Topic 718.

The amendments in the ASU are effective for annual periods beginning after December 15, 2024, and interim periods within those annual periods. Early adoption is permitted for both interim and annual financial statements that have not yet been issued or made available for issuance. The amendments should be applied either (1) retrospectively to all prior periods presented in the financial statements or (2) prospectively to profits, interest, and similar awards granted or modified on or after the date at which the entity first applies the amendments. There was no impact from this guidance on the Company's consolidated financial statements.

ASU No. 2024-02

In March 2024, the FASB issued ASU No. 2024-02, *Codification Improvements—Amendments to Remove References to the Concepts Statements*, which contains amendments that remove references to various Concepts Statements. In most instances, the references are extraneous and not required to understand or apply the guidance. In other instances, the references were used in prior Statements to provide guidance in certain topical areas. Generally, the amendments are not intended to result in significant accounting change for most entities. However, the FASB recognized that changes to that guidance may result in accounting change for some entities. Therefore, the FASB provided transition guidance for all the amendments in this Update.

These amendments are effective for public business entities for fiscal years beginning after December 15, 2024. Early application of the amendments is permitted for all entities, for any fiscal year or interim period for which financial statements have not yet been issued (or made available for issuance). If an entity adopts the amendments in an interim period, it must adopt them as of the beginning of the fiscal year that includes that interim period. There was no significant impact from this guidance on the Company's consolidated financial statements.

ASU No. 2025-02

In March 2025, the FASB issued ASU No. 2025-02, *Liabilities (Topic 405): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 122* to remove SEC paragraphs pursuant to the issuance of the SEC Staff Accounting Bulletin No. 122, Accounting for Obligations To Safeguard Crypto-Assets an Entity Holds for Its Platform Users. The amendments are effective immediately. There was no impact from this guidance on the Company's consolidated financial statements.

Pending Accounting Pronouncements

ASU No. 2023-06

In October 2023, the FASB issued ASU No. 2023-06, *Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative*, that incorporates certain SEC disclosure requirements into the FASB ASC. The amendments in the ASU are expected to clarify or improve disclosure and presentation requirements of a variety of Codification Topics, allow users to more easily compare entities subject to the SEC's existing disclosures with those entities that were not previously subject to the requirements, and align the requirements in the Codification with the SEC's regulations.

The ASU modifies the disclosure or presentation requirements of a variety of Topics in the Codification. The requirements are relatively narrow in nature. Some of the amendments represent clarifications to, or technical corrections of, the current requirements.

The effective date for each amendment will be the date on which the SEC removes that related disclosure from its rules. If by June 30, 2027, the SEC has not removed the related disclosure from its regulations, the amendments will be removed from the Codification and not become effective for any entity. As this guidance is solely disclosure related, the Company does not anticipate any quantitative impact to the Company's consolidated financial statements.

ASU No. 2024-03

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, which requires disclosures in the note to the financial statements regarding specific expenses. The amendments do not change or remove existing disclosure requirements. The amendments improve disclosure requirements through enhanced expense disaggregation.

The amendments require disclosures in each interim and annual reporting periods. The amendments are effective for fiscal year beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Prospective adoption is required, however an entity may choose to adopt retrospectively. Early adoption is permitted. As this guidance is solely disclosure related, the Company does not anticipate any quantitative impact to the Company's consolidated financial statements.

ASU No. 2024-04

In November 2024, the FASB issued ASU No. 2024-04, *Debt—Debt with Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments*, which clarifies requirements for determining whether certain settlements of convertible debt instruments, including convertible debt instruments with cash conversion features or convertible debt instruments that are not currently convertible, should be accounted for as an induced conversion.

The amendments are effective for all entities for fiscal years beginning after December 15, 2025. Early adoption is permitted as of the beginning of the annual reporting period for all entities that have adopted ASU 2020-06. If an entity adopts ASU No. 2024-04 in an interim reporting period, it should adopt it as of the beginning of the annual reporting period that includes that interim reporting period. The Company does not anticipate any impact from this guidance on its consolidated financial statements.

ASU No. 2025-01

In January 2025, the FASB issued ASU No. 2025-01, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date* to clarify the interim effective date for ASU 2024-03 for entities that do not have an annual reporting period that ends on December 31. The amendments are effective for fiscal year beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Since Company's fiscal year-end and the calendar year-end are the same, the Company does not anticipate that these amendments will have any effect on Company's consolidated financial statements.

ASU No. 2025-03

In May, the FASB issued ASU No. 2025-03, *Business Combinations (Topic 805) and Consolidation (Topic 810): Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity* to clarify the guidance to determine the accounting acquirer for transactions in which the legal acquiree is a VIE that meets the definition of a business. The amendments are effective for fiscal years beginning after December 15, 2026. Early adoption is permitted in reporting periods in which financial statements have not been issued. If the amendment are adopted in an interim period, they should be adopted as of the beginning the interim period or annual period. The amendments should be applied on a prospective basis to transactions whose closing dates occurs after adoption of the amendments. The Company does not anticipate that these amendments will have any effect on Company's consolidated financial statements.

In May, the FASB issued ASU No. 2025-04, *Compensation—Stock Compensation (Topic 718) and Revenue from Contracts with Customers (Topic 606): Clarifications to Share-Based Consideration Payable to a Customer* to clarify the timing to recognize revenue for entities that offer share-based consideration to customers to incentivize the customers to purchase its goods or services. The amendments are effective for the fiscal period beginning after December 15, 2026, and interim reporting periods within those annual periods. Early adoption is permitted in an interim or annual period in which financial statements have not yet been issued. If an entity adopts the amendments in an interim reporting period, it should adopt it as of the beginning of the annual period that includes that interim reporting period. The Company does not anticipate that these amendments will have any effect on Company's consolidated financial statements.

In July, FASB issued ASU No. 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets* which provides a practical expedient for estimating credit losses on certain assets and a policy election for entities other than public entities who adopt the practical expedient. The practical expedient allows all entities to assume that current conditions as of the balance sheet date will persist through the reasonable and supportable forecast period for eligible assets. The amendments are effective for the fiscal period beginning after December 15, 2025, and interim reporting periods within those annual periods. Early adoption is permitted. An entity should apply the amendments prospectively to estimates of expected credit losses on asset balances after the date of adoption. The Company does not anticipate that these amendments will have a material effect on Company's consolidated financial statements.

In September, FASB issued ASU No. 2025-06, *Intangibles—Goodwill and Other— Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software* to improve the usefulness of the guidance by removing references to project stages so that the guidance is neutral to various software development methods. The ASU requires that an entity should capitalize software costs when both: Management has authorized and committed to funding the software project; and it is probable that the project will be completed and the software will be used to perform the function intended (referred to as the “probable-to-complete recognition threshold”). In evaluating the probable-to-complete recognition threshold, an entity is required to consider whether there is significant uncertainty associated with the development activities of the software.

The amendments are effective for all entities for fiscal periods beginning after December 15, 2027. Early adoption is permitted as of the beginning of an annual fiscal period. Transition can be done using the prospective method, the modified transition approach or retrospectively. The Company is still evaluating the effects on the Company's consolidated financial statements.

In September, FASB issued ASU No. 2025-07, *Derivatives and Hedging (Topic 815) and Revenue from Contracts with Customers (Topic 606): Derivatives Scope Refinements and Scope Clarification for Share-Based Noncash Consideration from a Customer in a Revenue Contract* to clarify two issues in ASC 815 and ASC 606. In the first issue clarified, the ASU provides a scope exception for certain contracts with underlyings that are based on the operations or activities of one of the parties to the contract. The second issue clarified is the applicability of ASC Topic 606 and its interaction with other ASC Topics in the accounting for share-based noncash consideration received from a customer for the transfer of goods or services.

This amendments are effective for fiscal beginning after December 15, 2026. Early adoption is permitted. The Company does not anticipate that these amendments will have any effect on Company's consolidated financial statements.

NOTE 2. BUSINESS COMBINATIONS**FCB Financial Corp.**

On May 1, 2025, the Company completed its acquisition of FCB Financial Corp. ("FCB Financial"), the bank holding company for FCB (collectively referred to as "First Chatham"), pursuant to an Agreement and Plan of Merger dated January 22, 2025 by and between the Company and FCB Financial (the "FCB Merger Agreement"). Upon the completion of the merger of FCB Financial with and into the Company, FCB, FCB Financial's wholly-owned banking subsidiary, was merged with and into the Company. First Chatham was a Savannah, Georgia-based community bank operating eight branches across the Greater Savannah Area. Under the terms of the FCB Merger Agreement, the Company issued 2.3 million shares of common stock and paid \$23.1 million in cash for all outstanding shares of First Chatham. The purchase price allocation and certain fair value measurements, as well as the evaluation of the tax positions of the merger, are currently under management's review and are subject to potential changes.

The following table presents the amounts recorded on the consolidated balance sheet on the acquisition date of May 1, 2025 for First Chatham, showing the estimated fair value as adjusted during the measurement period (in thousands):

Fair Value of Assets Acquired:

Cash and cash equivalents	\$ 142,506
Available for sale securities	45,603
Loans and leases	382,608
Allowance for credit losses	(8,075)
Premises and equipment	13,741
Other intangible assets, net	12,338
Other assets	24,068

Total Fair Value of Assets Acquired

\$ 612,789

Fair Value of Liabilities Assumed:

Deposits	\$ 523,595
Junior subordinated debt	12,330
Other liabilities	9,165

Total Fair Value of Liabilities Assumed

\$ 545,090

Fair Value of Net Assets Acquired

\$ 67,699

Consideration Paid:

Market value of common stock	67,291
Total cash paid	23,109

Total Consideration Paid

\$ 90,400

Goodwill

\$ 22,701

Industry Bancshares, Inc.

On July 1, 2025, the Company completed its acquisition of IBS, the bank holding company for Bank of Brenham, Citizens State Bank, Fayetteville Bank, Industry State Bank, The First National Bank of Bellville and The First National Bank of Shiner (collectively, the “Industry Banks”), pursuant to an Agreement and Plan of Merger (the “IBS Merger Agreement”) dated April 25, 2025. Under the terms of the IBS Merger Agreement, IBS and the Industry Banks were merged with and into the Company with the Company being the surviving entity. The Company paid \$20 million in cash for all outstanding shares of IBS. The purchase price allocation and certain fair value measurements, as well as the evaluation of the tax positions of the merger, are under management’s review due to the timing of the closing of the mergers.

During the third quarter of 2025, the \$2.5 billion of securities acquired in the IBS transaction were sold, with the proceeds redeployed to purchase securities with higher average earning yields and the remainder deployed to paydown wholesale funding. The Company incurred losses of \$4.3 million on the termination of fair value hedges related to the IBS securities portfolio, which was reported in other noninterest revenue in the consolidated statements of income. This loss was offset by the \$4.3 million related net gain on securities sales, which is shown separately in the consolidated statements of income.

The following table presents the amounts recorded on the consolidated balance sheet on the acquisition date of July 1, 2025 for IBS, showing the estimated fair value as adjusted during the measurement period (in thousands):

Fair Value of Assets Acquired:

Cash and cash equivalents	\$ 404,441
Available for sale securities	2,467,885
Loans and leases	1,025,783
Allowance for credit losses	(15,149)
Premises and equipment	52,038
Other intangible assets, net	68,764
Other assets	251,571
Total Fair Value of Assets Acquired	\$ 4,255,333

Fair Value of Liabilities Assumed:	
Deposits	\$ 4,307,490
Other liabilities	53,990
Total Fair Value of Liabilities Assumed	\$ 4,361,480
Fair Value of Net Liabilities Assumed	(106,147)
Cash Consideration Paid	20,000
Goodwill	\$ 126,147

The following is a description of the methods used to estimate the fair values of significant assets acquired and liabilities assumed above.

Cash and cash equivalents: The carrying amount of these assets is a reasonable estimate of fair value based on the short-term nature of these assets.

Securities available for sale: Fair values for securities were based on sales prices of the securities shortly after the merger’s close date.

Loans: Fair values for loans were estimated based on a discounted cash flow methodology (income approach) that considered factors including loan type and related collateral, classification status, remaining term of the loan (in months), fixed or variable interest rate, past delinquencies, timing of principal and interest payments, current market rates, LTV, and current discount rates. The discount rate did not include an explicit factor for credit losses, as it was included as a reduction to the estimated cash flows. Large loans were specifically reviewed to evaluate credit risk. Additionally, PCD loans that were determined to have more-than-insignificant deterioration were generally identified by the delinquency status, risk rating changes, credit rating, accruing status or other indicators of credit deterioration since origination. Loans were valued individually although multiple inputs and assumptions were applied to loans with similar characteristics as appropriate. These factors resulted in an \$8.9 million and \$27.6 million fair value net discount to loans for First Chatham and IBS, respectively, which will be accreted over the remaining life of each loan. The book value of the acquired loans was \$387.3 million and \$1.1 billion for First Chatham and IBS, respectively.

Allowance for Credit Losses: ACL of \$8.1 million and \$15.1 million was recorded on the identified PCD loans in accordance with ASC 326 for First Chatham and IBS, respectively. An ACL of \$4.2 million was recorded on non-PCD loans and reported as provision expense during the three months ended June 30, 2025 for First Chatham. An ACL of \$5.5 million was recorded on non-PCD loans and reported as provision expense during the three months ended September 30, 2025 for IBS.

While there were significant similarities in the application of ASC 326 by the Company, First Chatham and IBS, steps were taken by management to align the First Chatham and IBS processes to ensure that the ACL reported at the time of the First Chatham and IBS mergers in the tables above and in all subsequent reporting periods is consistent with the ACL policies as outlined in Note 1 – Summary of Significant Accounting Policies to the consolidated financial statements of the Annual Report on Form 10-K for the year ended December 31, 2024, and Note 5 – Allowance for Credit Losses. These steps included conforming certain First Chatham and IBS assumptions (e.g., the reasonable and supportable forecast of future economic conditions and the reasonable and supportable forecast period, among others) to that of the Company.

Intangible assets: Core deposit intangible asset represents the value of the relationships with deposit clients. The fair value for the core deposit intangible asset was estimated based on a discounted cash flow methodology that gave appropriate consideration to expected client attrition rates, net maintenance cost of the deposit base, alternative costs of funds, and the interest costs associated with the client deposits. The core deposit intangible asset is being amortized over its estimated useful life of approximately ten years utilizing an accelerated method.

ROU Assets and Lease Liabilities: ROU assets and lease liabilities were measured using a methodology that involved estimating the future rental payments over the remaining lease term with discounting using a fully-collateralized discount rate. The lease term was determined for individual leases based on management's assessment of the probability of exercising existing renewal options. Adjustments for any off-market terms in a lease were also discounted and applied to the balance of the lease asset.

Premises: Land and buildings held for use were valued at appraised values, which reflect considerations of recent disposition values for similar property types with adjustments for characteristics of individual properties.

Deposits: The fair values used for the demand and savings deposits by definition equal the amount payable on demand at the acquisition date. Fair values for time deposits were estimated using a discounted cash flow analysis applying the prevailing market interest rates currently offered to the contractual interest rates on such time deposits.

Borrowings: The fair value of the junior subordinated debentures acquired from First Chatham were estimated using a discounted cash flow calculation. The valuation took into consideration comparable market rates and management's execution of the call option in the first available period. The finalization of these analyses through the measurement period is not expected to significantly impact the income statement.

The following table presents certain unaudited pro forma information for the results of operations for the nine months ended September 30, 2024 and 2025, as if First Chatham and IBS had been acquired on January 1, 2024. The pro forma results combine the historical results of First Chatham and IBS into the Company's consolidated income statements including the impact of certain acquisition accounting adjustments including loan discount accretion, investment securities discount and premium accretion, intangible assets amortization and deposit premium accretion. The pro forma results have been prepared for comparative purposes only and are not necessarily indicative of what would have occurred had the acquisition taken place on January 1, 2024. No assumptions have been applied to the pro forma results of operations regarding possible revenue enhancements, provision for credit losses, expense efficiencies or asset dispositions.

(In thousands)	Nine Months Ended September 30,	
	2025	2024
	Pro Forma	Pro Forma
Total revenues (net interest income and noninterest income)	\$ 1,495,283	\$ 1,434,552
Net income	\$ 384,615	\$ 385,938

Revenues and earnings of the acquired companies since the acquisition date have not been disclosed as it is not practicable since First Chatham and IBS were merged into the Company and separate financial information is not available nor considered material.

FCB and IBS merger-related expenses of \$8.9 million and \$22.3 million, respectively, incurred during 2025 are recorded in the consolidated income statement and include costs incurred to complete the acquisitions, as well as incremental costs related to the closing of the transactions, including legal, accounting and auditing, investment banker fees, certain employment related costs, travel, printing, supplies, and other costs.

NOTE 3. AVAILABLE FOR SALE SECURITIES AND EQUITY SECURITIES

The amortized cost, unrealized gains and losses, and estimated fair value of AFS securities are presented in the following tables:

(In thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
September 30, 2025				
U.S. government agency securities	\$ 285,438	\$ 14	\$ 30,774	\$ 254,678
MBS issued or guaranteed by U.S. agencies				
Residential pass-through:				
Guaranteed by GNMA	72,784	19	9,047	63,756
Issued by FNMA and FHLMC	5,321,884	8,398	467,146	4,863,136
Other residential MBS	2,746,343	21,281	24,925	2,742,699
Commercial MBS	1,523,630	3,062	59,814	1,466,878
Total MBS	9,664,641	32,760	560,932	9,136,469
Obligations of states and political subdivisions	156,387	11	30,920	125,478
Corporate debt securities	33,000	—	3,297	29,703
Foreign debt securities	70,031	44	14	70,061
Total available for sale securities	<u>\$ 10,209,497</u>	<u>\$ 32,829</u>	<u>\$ 625,937</u>	<u>\$ 9,616,389</u>

(In thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
December 31, 2024				
U.S. government agency securities	\$ 321,454	\$ 20	\$ 40,243	\$ 281,231
MBS issued or guaranteed by U.S. agencies				
Residential pass-through:				
Guaranteed by GNMA	78,279	—	11,698	66,581
Issued by FNMA and FHLMC	4,604,954	16	639,414	3,965,556
Other residential MBS	958,911	6,110	30,300	934,721
Commercial MBS	1,645,065	1,605	97,029	1,549,641
Total MBS	7,287,209	7,731	778,441	6,516,499
Obligations of states and political subdivisions	167,743	10	35,684	132,069
Corporate debt securities	52,751	—	5,349	47,402
Foreign debt securities	318,539	443	2,195	316,787
Total available for sale securities	<u>\$ 8,147,696</u>	<u>\$ 8,204</u>	<u>\$ 861,912</u>	<u>\$ 7,293,988</u>

For the three months ended September 30, 2025, gross gains of \$17.5 million and gross losses of \$13.2 million were recognized for AFS securities, compared to gross gains of \$2 thousand and gross losses of \$2.9 million for the same period in 2024. There were no impairment charges related to credit losses included in gross realized losses for the three months ended September 30, 2025 and 2024.

For the nine months ended September 30, 2025, gross gains of \$17.5 million and gross losses of \$13.2 million were recognized for AFS securities, compared to gross gains of \$5 thousand and gross losses of \$3.0 million for the same period in 2024. There were no impairment charges related to credit losses included in gross realized losses for the nine months ended September 30, 2025 and 2024.

During the three and nine months ended September 30, 2025, the Company incurred losses of \$4.3 million on the termination of fair value hedges related to the IBS securities portfolio, which was reported in other noninterest revenue in the consolidated statements of income. This loss was offset by the \$4.3 million related net gain on securities sales, which is shown separately in the consolidated statements of income.

AFS securities with a carrying value of \$5.2 billion and \$4.0 billion at September 30, 2025 and December 31, 2024, respectively, were pledged to secure public and trust funds on deposit and for other purposes.

There were no securities held for trading or held-to-maturity at September 30, 2025 or December 31, 2024.

The amortized cost and estimated fair value of AFS securities at September 30, 2025 by contractual maturity are shown below. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

(In thousands)	Amortized Cost	Estimated Fair Value
Maturing in one year or less	\$ —	\$ —
Maturing after one year through five years	14,964	14,634
Maturing after five years through ten years	306,659	288,915
Maturing after ten years	223,233	176,371
Mortgage-backed securities	9,664,641	9,136,469
Total available for sale securities	<u>\$ 10,209,497</u>	<u>\$ 9,616,389</u>

At September 30, 2025 and December 31, 2024, approximately 61.1% and 80.4% of the fair value of securities were in an unrealized loss position, respectively. At September 30, 2025, there were 836 securities in a loss position for more than twelve months, and 33 securities in a loss position for less than twelve months. At December 31, 2024, there were 871 securities in a loss position for more than twelve months, and 33 securities in a loss position for less than twelve months. A summary of AFS investments with continuous unrealized loss positions for which an ACL has not been recorded is as follows:

(In thousands)	Less Than 12 Months		12 Months or Longer	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
September 30, 2025				
U.S. government agency securities	\$ 30,780	\$ 159	\$ 198,933	\$ 30,615
MBS	777,782	3,155	4,705,194	557,777
Obligations of states and political subdivisions	—	—	121,939	30,920
Corporate debt securities	—	—	24,703	3,297
Foreign debt securities	20,017	14	—	—
Total	<u>\$ 828,579</u>	<u>\$ 3,328</u>	<u>\$ 5,050,769</u>	<u>\$ 622,609</u>

(In thousands)	Less Than 12 Months		12 Months or Longer	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2024				
U.S. government agency securities	\$ 74,795	\$ 221	\$ 200,798	\$ 40,022
MBS	249,197	2,314	5,123,218	776,127
Obligations of states and political subdivisions	303	7	121,117	35,677
Corporate debt securities	7,474	2,527	37,928	2,822
Foreign debt securities	—	—	52,806	2,195
Total	<u>\$ 331,769</u>	<u>\$ 5,069</u>	<u>\$ 5,535,867</u>	<u>\$ 856,843</u>

Management evaluates AFS securities in unrealized loss positions to determine whether the impairment is attributable to credit-related factors or noncredit-related factors. Credit loss is defined as the difference between the present value of the cash flows expected to be collected and the amortized cost basis. Management believes that the unrealized losses detailed in the previous tables are due to noncredit-related factors, such as changes in interest rates and other market conditions. Therefore, no ACL was recorded related to these securities at September 30, 2025 or December 31, 2024. Additionally, as of September 30, 2025 management had no intent to sell these securities, and it is more likely than not that the Company would not be required to sell the securities prior to recovery of costs. The fair value of these securities is expected to recover as they approach their maturity date or repricing date or if market yields for such investments decline.

Reported in other assets in the accompanying consolidated balance sheets, equity investments with readily determinable fair values not held for trading are recorded at fair value, with changes in fair value reported in net income. Additionally, the Company reports equity investments without readily determinable fair values in other assets in the accompanying consolidated balance sheets. These investments include investments in the common stock of the FHLB of Dallas and the FRB of St. Louis. The Company is required to own stock in the FHLB of Dallas for membership in the FHLB system and in relation to the level of FHLB advances. The Company is also required to purchase and hold shares of capital stock in the FRB of St. Louis for membership in the Federal Reserve System. The Company accounts for these investments as long-term assets and carries them at cost. During the periods ended September 30, 2025 and December 31, 2024, there were no downward or upward adjustments to these investments for impairments or price changes from observable transactions.

(In thousands)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Carrying Value
September 30, 2025				
Equity securities held at cost:				
FRB stock	\$ 106,619	\$ —	\$ —	\$ 106,619
FHLB stock	123,189	—	—	123,189
Other equity securities	20,818	—	—	20,818
Total equity securities, held at cost	<u>\$ 250,626</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 250,626</u>
Equity securities held at fair value:				
Farmer Mac stock	\$ 49	\$ 572	\$ —	\$ 621
Community Development Fund	20,000	—	66	19,934
Total equity securities, held at fair value	<u>\$ 20,049</u>	<u>\$ 572</u>	<u>\$ 66</u>	<u>\$ 20,555</u>
 (In thousands)				
December 31, 2024				
Equity securities held at cost:				
FRB stock	\$ 100,567	\$ —	\$ —	\$ 100,567
FHLB stock	10,410	—	—	10,410
Other equity securities	20,582	—	—	20,582
Total equity securities, held at cost	<u>\$ 131,559</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 131,559</u>
Equity securities held at fair value:				
Farmer Mac stock	\$ 49	\$ 543	\$ —	\$ 592
Affordable Housing MBS Exchange Traded Fund	24,994	—	3,908	21,086
Total equity securities, held at fair value	<u>\$ 25,043</u>	<u>\$ 543</u>	<u>\$ 3,908</u>	<u>\$ 21,678</u>

NOTE 4. LOANS AND LEASES

The following table is a summary of our loan and lease portfolio aggregated by segment and class at the periods indicated:

(In thousands)	September 30, 2025	December 31, 2024
Commercial and industrial		
Non-real estate	\$ 9,239,690	\$ 8,670,529
Owner occupied	5,291,566	4,665,015
Total commercial and industrial	14,531,256	13,335,544
Commercial real estate		
Construction, acquisition and development	3,338,413	3,909,184
Income producing	7,071,911	6,015,773
Total commercial real estate	10,410,324	9,924,957
Consumer		
Residential mortgages	11,604,742	10,267,883
Other consumer	255,514	213,371
Total consumer	11,860,256	10,481,254
Total loans and leases, net of unearned income ^{(1) (2)}	\$ 36,801,836	\$ 33,741,755

(1) Total loans and leases are net of \$49.4 million and \$21.4 million of unearned income at September 30, 2025 and December 31, 2024, respectively.

(2) Total loans and leases include \$382.6 million of FCB loans acquired on May 1, 2025 and \$1.0 billion of IBS loans acquired on July 1, 2025. See Note 2 for additional details.

The Company engages in lending to consumers, small and medium-sized business enterprises, and government entities through its community banking locations and to regional and national business enterprises through its corporate banking division. The bank acts as agent or participant in SNC and other financing arrangements with other financial institutions. Loans are issued generally to finance home purchases and improvements, personal expenditures, business investment and operations, construction and development, and income producing properties. Loans are underwritten to be repaid primarily by available cash flow from personal income, investment income, business operations, rental income, or the sale of developed or constructed properties. Collateral and personal guaranties of business owners are generally required as a condition of the financing arrangements and provide additional cash flow and proceeds from asset sales of guarantors in the event primary sources of repayment are no longer sufficient.

While loans are structured to provide protection to the Company if borrowers are unable to repay as agreed, the Company recognizes there are numerous risks that may result in deterioration of the repayment ability of borrowers and guarantors. These risks include failure of business operations due to economic, legal, market, logistical, weather, health, governmental and *force majeure* events. Concentrations in the Company's loan and lease portfolio also present credit risks. The impact of a slowing economy, persistent inflation, changes in interest rates, and labor and supply chain shortages, poses additional risk to borrowers and financial institutions. As a result of these factors, there is risk for businesses to experience difficulty in meeting repayment obligations, and the Company may experience losses or deterioration in performance in its loan portfolio. For information regarding nonaccrual policies, past-dues or delinquency status, and recognizing write-offs within ACL, refer to "Note 1 - Summary of Significant Accounting Policies" included in Part II., Item 8 of the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

The Company has identified the following segments and classes of loans and leases with similar risk characteristics for measuring expected credit losses:

Commercial and Industrial

Non-Real Estate – C&I loans are loans and leases to finance business operations, equipment and owner-occupied facilities for small and medium-sized enterprises, as well as larger corporate borrowers. These include both lines of credit and term loans which are amortized over the useful life of the assets financed. Personal and/or corporate guarantees are generally obtained where available and prudent. This category also includes loans to finance agricultural production. The Company recognizes risk from economic cycles, commodity prices, government regulation, supply-chain disruptions, product innovations or obsolescence, operational errors, lawsuits, natural disasters, losses due to fraud, theft or embezzlement, loss of sponsor support, health or loss of key personnel or competitive situations may adversely affect the scheduled repayment of business loans. In addition, risks in the agricultural sector including crop failures due to weather, insects and other blights, commodity prices, governmental intervention, lawsuits, labor or logistical disruptions.

Owner Occupied – Owner occupied loans include loans secured by business facilities to finance business operations, equipment and owner-occupied facilities primarily for small and medium-sized enterprises. These include both lines of credit and term loans which are amortized over the useful life of the assets financed. Personal guarantees, if applicable, are generally required for these loans. The Company recognizes that risk from economic cycles, government regulation, supply-chain disruptions, product innovations or obsolescence, operational errors, lawsuits, natural disasters, losses due to theft or embezzlement, health or loss of key personnel, or competitive situations may adversely affect the scheduled repayment of business loans.

Commercial Real Estate

Construction, Acquisition and Development – CAD loans include both loans and credit lines for the purpose of purchasing, carrying, and developing land into residential subdivisions or various types of commercial developments, such as industrial, warehouse, retail, office, and multi-family. This category also includes loans and credit lines for construction of residential, multi-family and commercial buildings. The Company generally engages in CAD lending primarily in local markets served by its branches. The Company recognizes that risks are inherent in the financing of real estate development and construction. These risks include location, market conditions and price volatility, change in interest rates, demand for developed land, lots and buildings, desirability of features and styling of completed developments and buildings, competition from other developments and builders, traffic patterns, remote work patterns, governmental jurisdiction, tax structure, availability of utilities, roads, public transportation and schools, availability of permanent financing for homebuyers, zoning, environmental restrictions, lawsuits, economic and business cycle, labor, and reputation of the builder or developer.

Each CAD loan is underwritten to address: (i) the desirability of the project, its market viability and projected absorption period; (ii) the creditworthiness of the borrower and the guarantor as to liquidity, cash flow and assets available to ensure performance of the loan; (iii) equity contribution to the project; (iv) the developer's experience and success with similar projects; and (v) the value of the collateral.

A substantial portion of CAD loans are secured by real estate in markets in which the Company is located. The Company's loan policy generally prohibits loans for the sole purpose of carrying interest reserves. Certain of the construction, acquisition and development loans were structured with interest-only terms. A portion of the residential mortgage and CRE portfolios were originated through the permanent financing of construction, acquisition and development loans. Changes in interest rates and the potential for slowing economic conditions could negatively impact borrowers' and guarantors' ability to repay their debt, which would make more of the Company's loans collateral-dependent.

Income Producing – CRE loans include loans to finance income-producing commercial and multi-family properties. Lending in this category is generally limited to properties located in the Company's market area with only limited exposure to properties located elsewhere but owned by in-market borrowers. Loans in this category include loans for neighborhood retail centers, medical and professional offices, single retail stores, industrials and apartments leased generally to local businesses and residents. The underwriting of these loans takes into consideration the occupancy and rental rates as well as the financial health of the borrower. The Company's exposure to national retail tenants is limited. The Company recognizes that risk from economic cycles, government restrictions, delayed or missed rent payments, supply-chain disruptions, operational errors, lawsuits, natural disasters, losses due to theft or embezzlement, health or loss of key personnel or competitive situations may adversely affect the scheduled repayment of business loans.

Consumer

Residential Mortgages – Residential mortgages are first or second-lien loans to consumers secured by a primary residence or second home. This category includes traditional mortgages, home equity loans and revolving lines of credit. The loans are generally secured by properties located within the local market area of the community bank which originates and services the loan. These loans are underwritten in accordance with the Company's general loan policies and procedures which require, among other things, proper documentation of each borrower's financial condition, satisfactory credit history, and property value. In addition to loans originated through the Company's branches, the Company originates and services residential mortgages sold in the secondary market which are underwritten and closed pursuant to investor and agency guidelines. At September 30, 2025 and December 31, 2024, residential mortgage loans in process of foreclosure totaled \$20.2 million and \$19.7 million, respectively. Additionally, the Company held \$8.4 million and \$4.4 million in foreclosed residential properties at September 30, 2025 and December 31, 2024, respectively.

Other Consumer – Other consumer lending includes consumer credit cards as well as personal revolving lines of credit and installment loans. The Company offers credit cards, primarily to its deposit and loan customers. Consumer installment loans generally includes term loans secured by automobiles, boats and recreational vehicles.

The Company recognizes there are risks in consumer lending which include interruptions in the borrower's personal and investment income due to loss of employment, market conditions, and general economic conditions, deterioration in the health and well-being of the borrower and family members, natural disasters, lawsuits, losses, or inability to generate income due to injury, accidents, theft, vandalism, or incarceration.

Credit Quality

The following tables provide details regarding the aging of the Company's loan and lease portfolio, net of unearned income, at the periods indicated:

(In thousands)	September 30, 2025							90+ Days Past Due still Accruing
	30-59 Days Past Due	60-89 Days Past Due	90+ Days Past Due	Total Past Due	Current	Total Amortized Cost		
Commercial and industrial								
Non-real estate	\$ 13,256	\$ 26,104	\$ 83,604	\$ 122,964	\$ 9,116,726	\$ 9,239,690	\$ 39,667	
Owner occupied	3,684	4,054	17,748	25,486	5,266,080	5,291,566	129	
Total commercial and industrial	16,940	30,158	101,352	148,450	14,382,806	14,531,256	39,796	
Commercial real estate								
Construction, acquisition and development	3,104	708	1,462	5,274	3,333,139	3,338,413	—	
Income producing	2,466	3,004	4,905	10,375	7,061,536	7,071,911	—	
Total commercial real estate	5,570	3,712	6,367	15,649	10,394,675	10,410,324	—	
Consumer								
Residential mortgages	78,183	37,268	57,672	173,123	11,431,619	11,604,742	2,568	
Other consumer	1,855	569	445	2,869	252,645	255,514	234	
Total consumer	80,038	37,837	58,117	175,992	11,684,264	11,860,256	2,802	
Total	\$ 102,548	\$ 71,707	\$ 165,836	\$ 340,091	\$ 36,461,745	\$ 36,801,836	\$ 42,598	

(In thousands)	30-59 Days Past Due	60-89 Days Past Due	90+ Days Past Due	Total Past Due	Current	Total Amortized Cost	90+ Days Past Due still Accruing
Commercial and industrial							
Non-real estate	\$ 13,443	\$ 28,379	\$ 101,873	\$ 143,695	\$ 8,526,834	\$ 8,670,529	\$ 8,115
Owner occupied	10,375	3,836	16,280	30,491	4,634,524	4,665,015	—
Total commercial and industrial	23,818	32,215	118,153	174,186	13,161,358	13,335,544	8,115
Commercial real estate							
Construction, acquisition and development	4,254	663	8,579	13,496	3,895,688	3,909,184	—
Income producing	3,971	1,226	12,193	17,390	5,998,383	6,015,773	—
Total commercial real estate	8,225	1,889	20,772	30,886	9,894,071	9,924,957	—
Consumer							
Residential mortgages	60,009	28,937	61,578	150,524	10,117,359	10,267,883	4,750
Other consumer	1,587	455	413	2,455	210,916	213,371	261
Total consumer	61,596	29,392	61,991	152,979	10,328,275	10,481,254	5,011
Total	\$ 93,639	\$ 63,496	\$ 200,916	\$ 358,051	\$ 33,383,704	\$ 33,741,755	\$ 13,126

The Company utilizes an internal loan classification system that is continually updated to grade loans according to certain credit quality indicators. These credit quality indicators include, but are not limited to, recent credit performance, delinquency, liquidity, cash flows, debt coverage ratios, collateral type and loan-to-value ratio. The Company's internal loan classification system is compatible with classifications used by regulatory agencies. Loans may be classified as follows:

Pass: Loans which are performing as agreed with few or no signs of weakness. These loans show sufficient cash flow, capital and collateral to repay the loan as agreed.

Special Mention: Loans where potential weaknesses have developed which could cause a more serious problem if not corrected.

Substandard: Loans where well-defined weaknesses exist that require corrective action to prevent further deterioration. Loans are further characterized by the possibility that the Company will sustain some loss if the deficiencies are not corrected.

Doubtful: Loans having all the characteristics of Substandard and which have deteriorated to a point where collection and liquidation in full is highly questionable.

Loss: Loans that are considered uncollectible or with limited possible recovery.

Impaired: An internal grade for individually analyzed collateral-dependent loans for which a specific provision has been considered to address the unsupported exposure.

PCD (Loss): An internal grade for loans with evidence of deterioration of credit quality since origination that are acquired, and for which it is probable, at acquisition, that the bank will be unable to collect all contractually required payments.

The following tables provide details of the Company's loan and lease portfolio, net of unearned income, by segment, class and internally assigned grade at the periods indicated:

(In thousands)	September 30, 2025							Total
	Pass	Special Mention ⁽¹⁾	Substandard ⁽¹⁾	Doubtful	Impaired ⁽¹⁾	PCD (Loss)		
Commercial and industrial								
Non-real estate	\$ 8,733,898	\$ 154,131	\$ 296,848	\$ 8,183	\$ 31,373	\$ 15,257	\$ 9,239,690	
Owner occupied	5,217,614	15,251	53,587	—	4,641	473	5,291,566	
Total commercial and industrial	13,951,512	169,382	350,435	8,183	36,014	15,730	14,531,256	
Commercial real estate								
Construction, acquisition and development	3,307,750	27,265	3,332	—	66	—	3,338,413	
Income producing	6,802,210	98,974	169,090	—	862	775	7,071,911	
Total commercial real estate	10,109,960	126,239	172,422	—	928	775	10,410,324	
Consumer								
Residential mortgages	11,486,319	9,167	105,076	—	2,836	1,344	11,604,742	
Other consumer	254,917	—	597	—	—	—	255,514	
Total consumer	11,741,236	9,167	105,673	—	2,836	1,344	11,860,256	
Total	\$ 35,802,708	\$ 304,788	\$ 628,530	\$ 8,183	\$ 39,778	\$ 17,849	\$ 36,801,836	

(1) In the loan classifications above, \$8.7 million of the special mention balance, \$64.8 million of the substandard balance, and \$3.4 million of the impaired balance are covered by government guarantees from either the SBA, FHA, VA or USDA.

(In thousands)	December 31, 2024							Total
	Pass	Special Mention	Substandard ⁽¹⁾	Doubtful	Impaired ⁽¹⁾	PCD (Loss)		
Commercial and industrial								
Non-real estate	\$ 8,208,176	\$ 106,996	\$ 311,096	\$ 8,743	\$ 31,996	\$ 3,522	\$ 8,670,529	
Owner occupied	4,610,775	815	41,363	—	10,968	1,094	4,665,015	
Total commercial and industrial	12,818,951	107,811	352,459	8,743	42,964	4,616	13,335,544	
Commercial real estate								
Construction, acquisition and development	3,896,856	—	12,262	—	66	—	3,909,184	
Income producing	5,850,702	5,094	144,084	—	15,893	—	6,015,773	
Total commercial real estate	9,747,558	5,094	156,346	—	15,959	—	9,924,957	
Consumer								
Residential mortgages	10,167,830	891	89,597	—	8,154	1,411	10,267,883	
Other consumer	212,865	—	506	—	—	—	213,371	
Total consumer	10,380,695	891	90,103	—	8,154	1,411	10,481,254	
Total	\$ 32,947,204	\$ 113,796	\$ 598,908	\$ 8,743	\$ 67,077	\$ 6,027	\$ 33,741,755	

(1) In the loan classifications above, \$99.0 million of the substandard balance and \$11.1 million of the impaired balance is covered by government guarantees from the SBA, FHA, VA or USDA.

The following tables provide credit quality indicators, including gross charge-offs, by class and period of origination (vintage) at September 30, 2025:

Commercial and Industrial - Non-Real Estate										
Period Originated:							Revolving Loans Converted to Term			
(Dollars in thousands)	2025	2024	2023	2022	2021	Prior	Revolving Loans	Revolving Loans Converted to Term	Total	
Pass	\$ 1,235,733	\$ 1,453,603	\$ 788,762	\$ 793,754	\$ 481,694	\$ 692,483	\$ 3,274,635	\$ 13,234	\$ 8,733,898	
Special Mention	1,369	3,994	18,662	19,847	43,489	31,184	35,586	—	154,131	
Substandard	3,221	17,234	66,832	33,513	32,637	41,001	102,410	—	296,848	
Doubtful	—	—	—	—	8,183	—	—	—	8,183	
Impaired	—	—	—	493	13,579	—	17,301	—	31,373	
PCD (Loss)	4,925	7,006	—	—	—	3,326	—	—	15,257	
Total	\$ 1,245,248	\$ 1,481,837	\$ 874,256	\$ 847,607	\$ 579,582	\$ 767,994	\$ 3,429,932	\$ 13,234	\$ 9,239,690	
% Criticized	0.8%	1.9%	9.8%	6.4%	16.9%	9.8%	4.5%	—%	5.5%	
Gross charge-offs										
YTD	\$ 940	\$ 1,928	\$ 7,467	\$ 11,580	\$ 1,703	\$ 2,679	\$ 33,224	\$ —	\$ 59,521	
Commercial and Industrial - Owner Occupied										
Period Originated:							Revolving Loans Converted to Term			
(Dollars in thousands)	2025	2024	2023	2022	2021	Prior	Revolving Loans	Revolving Loans Converted to Term	Total	
Pass	\$ 643,891	\$ 662,982	\$ 673,004	\$ 958,530	\$ 738,202	\$ 1,408,328	\$ 132,380	\$ 297	\$ 5,217,614	
Special Mention	1,826	1,172	1,076	4,116	3,088	3,973	—	—	15,251	
Substandard	315	4,174	20,664	8,104	3,566	15,753	1,011	—	53,587	
Impaired	—	—	1,282	3,359	—	—	—	—	4,641	
PCD (Loss)	—	473	—	—	—	—	—	—	473	
Total	\$ 646,032	\$ 668,801	\$ 696,026	\$ 974,109	\$ 744,856	\$ 1,428,054	\$ 133,391	\$ 297	\$ 5,291,566	
% Criticized	0.3%	0.9%	3.3%	1.6%	0.9%	1.4%	0.8%	—%	1.4%	
Gross charge-offs										
YTD	\$ —	\$ 394	\$ 799	\$ 99	\$ 260	\$ 593	\$ 89	\$ —	\$ 2,234	
Commercial Real Estate - Construction, Acquisition, & Development										
Period Originated:							Revolving Loans Converted to Term			
(Dollars in thousands)	2025	2024	2023	2022	2021	Prior	Revolving Loans	Revolving Loans Converted to Term	Total	
Pass	\$ 972,021	\$ 972,003	\$ 358,250	\$ 588,997	\$ 285,037	\$ 96,610	\$ 34,832	\$ —	\$ 3,307,750	
Special Mention	—	—	—	216	26,849	200	—	—	27,265	
Substandard	—	1,300	882	120	532	431	67	—	3,332	
Impaired	—	—	—	—	—	66	—	—	66	
Total	\$ 972,021	\$ 973,303	\$ 359,132	\$ 589,333	\$ 312,418	\$ 97,307	\$ 34,899	\$ —	\$ 3,338,413	
% Criticized	—%	0.1%	0.2%	0.1%	8.8%	0.7%	0.2%	—%	0.9%	
Gross charge-offs										
YTD	\$ —	\$ —	\$ 205	\$ 225	\$ 124	\$ —	\$ 174	\$ —	\$ 728	

Commercial Real Estate - Income Producing

Period Originated:

(Dollars in thousands)	2025	2024	2023	2022	2021	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
Pass	\$ 728,433	\$ 696,699	\$ 612,327	\$ 1,886,337	\$ 1,149,951	\$ 1,626,367	\$ 102,096	\$ —	\$ 6,802,210
Special Mention	177	479	1,938	34,561	35,454	26,365	—	—	98,974
Substandard	—	451	1,564	3,934	18,719	144,133	289	—	169,090
Impaired	—	—	—	—	—	862	—	—	862
PCD (Loss)	—	—	—	775	—	—	—	—	775
Total	\$ 728,610	\$ 697,629	\$ 615,829	\$ 1,925,607	\$ 1,204,124	\$ 1,797,727	\$ 102,385	\$ —	\$ 7,071,911
% Criticized	—%	0.1%	0.6%	2.0%	4.5%	9.5%	0.3%	—%	3.8%
Gross charge-offs									
YTD	\$ —	\$ —	\$ 252	\$ 662	\$ 240	\$ 3,631	\$ —	\$ —	\$ 4,785

Consumer - Residential Mortgages

Period Originated:

(Dollars in thousands)	2025	2024	2023	2022	2021	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
Pass	\$ 1,418,780	\$ 1,400,945	\$ 1,481,580	\$ 1,950,449	\$ 1,468,374	\$ 2,540,330	\$ 1,223,810	\$ 2,051	\$ 11,486,319
Special Mention	1,149	1,680	1,091	1,167	466	2,968	646	—	9,167
Substandard	1,407	4,142	11,874	19,552	17,448	47,138	3,515	—	105,076
Impaired	—	—	—	—	174	2,662	—	—	2,836
PCD (Loss)	—	—	—	—	—	1,344	—	—	1,344
Total	\$ 1,421,336	\$ 1,406,767	\$ 1,494,545	\$ 1,971,168	\$ 1,486,462	\$ 2,594,442	\$ 1,227,971	\$ 2,051	\$ 11,604,742
% Criticized	0.2%	0.4%	0.9%	1.1%	1.2%	2.1%	0.3%	—%	1.0%
Gross charge-offs									
YTD	\$ 3	\$ 140	\$ 374	\$ 1,788	\$ 840	\$ 617	\$ 1,412	\$ —	\$ 5,174

Consumer - Other Consumer

Period Originated:

(Dollars in thousands)	2025	2024	2023	2022	2021	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
Pass	\$ 59,730	\$ 37,784	\$ 24,079	\$ 9,704	\$ 5,103	\$ 5,794	\$ 112,723	\$ —	\$ 254,917
Substandard	—	153	83	12	40	3	306	—	597
Total	\$ 59,730	\$ 37,937	\$ 24,162	\$ 9,716	\$ 5,143	\$ 5,797	\$ 113,029	\$ —	\$ 255,514
% Criticized	—%	0.4%	0.3%	0.1%	0.8%	0.1%	0.3%	—%	0.2%
Gross charge-offs									
YTD	\$ 2,001	\$ 385	\$ 182	\$ 77	\$ 14	\$ 59	\$ 2,261	\$ —	\$ 4,979

The following tables provide credit quality indicators, including gross charge-offs, by class and period of origination (vintage) at December 31, 2024.

Commercial and Industrial - Non-Real Estate											
Period Originated:											
(Dollars in thousands)	2024	2023	2022	2021	2020	Prior	Revolving Loans	Revolving Loans Converted to Term	Total		
Pass	\$ 1,361,684	\$ 926,422	\$ 1,036,579	\$ 695,625	\$ 209,100	\$ 563,337	\$ 3,397,031	\$ 18,398	\$ 8,208,176		
Special Mention	13,242	10,942	—	23,158	18,337	—	41,317	—	106,996		
Substandard	8,855	49,842	70,136	43,832	12,370	27,648	75,638	22,775	311,096		
Doubtful	—	—	—	8,743	—	—	—	—	8,743		
Impaired	—	1,485	2,773	9,013	—	—	18,725	—	31,996		
PCD (Loss)	—	—	—	—	3,522	—	—	—	3,522		
Total	\$ 1,383,781	\$ 988,691	\$ 1,109,488	\$ 780,371	\$ 239,807	\$ 594,507	\$ 3,532,711	\$ 41,173	\$ 8,670,529		
% Criticized	1.6%	6.3%	6.6%	10.9%	12.8%	5.2%	3.8%	55.3%	5.3%		
Gross charge-offs											
YTD	\$ 1,892	\$ 7,811	\$ 22,112	\$ 15,703	\$ 956	\$ 16,786	\$ 7,416	\$ 4,018	\$ 76,694		
Commercial and Industrial - Owner Occupied											
Period Originated:											
(Dollars in thousands)	2024	2023	2022	2021	2020	Prior	Revolving Loans	Revolving Loans Converted to Term	Total		
Pass	\$ 704,999	\$ 607,548	\$ 893,114	\$ 756,156	\$ 402,671	\$ 1,122,908	\$ 123,149	\$ 230	\$ 4,610,775		
Special Mention	—	—	—	815	—	—	—	—	815		
Substandard	2,249	5,616	6,638	5,204	2,057	18,889	710	—	41,363		
Impaired	394	2,335	5,911	1,053	—	1,275	—	—	10,968		
PCD (Loss)	—	—	—	—	1,094	—	—	—	1,094		
Total	\$ 707,642	\$ 615,499	\$ 905,663	\$ 762,413	\$ 405,543	\$ 1,144,166	\$ 123,859	\$ 230	\$ 4,665,015		
% Criticized	0.4%	1.3%	1.4%	0.8%	0.7%	1.9%	0.6%	—%	1.2%		
Gross charge-offs											
YTD	\$ —	\$ 1	\$ 263	\$ 6	\$ 41	\$ 67	\$ 1	\$ —	\$ 379		
Commercial Real Estate - Construction, Acquisition & Development											
Period Originated:											
(Dollars in thousands)	2024	2023	2022	2021	2020	Prior	Revolving Loans	Revolving Loans Converted to Term	Total		
Pass	\$ 1,058,203	\$ 790,695	\$ 1,261,256	\$ 592,454	\$ 50,123	\$ 76,347	\$ 64,061	\$ 3,717	\$ 3,896,856		
Substandard	264	2,032	3,514	5,889	304	259	—	—	12,262		
Impaired	—	—	—	66	—	—	—	—	66		
Total	\$ 1,058,467	\$ 792,727	\$ 1,264,770	\$ 598,343	\$ 50,493	\$ 76,606	\$ 64,061	\$ 3,717	\$ 3,909,184		
% Criticized	—%	0.3%	0.3%	1.0%	0.7%	0.3%	—%	—%	0.3%		
Gross charge-offs											
YTD	\$ —	\$ 19	\$ 101	\$ 537	\$ 35	\$ 2	\$ 85	\$ —	\$ 779		

Commercial Real Estate - Income Producing

Period Originated:

(Dollars in thousands)	2024	2023	2022	2021	2020	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
Pass	\$ 497,633	\$ 540,956	\$ 1,595,416	\$ 1,192,329	\$ 511,254	\$ 1,404,264	\$ 108,850	\$ 2,213	\$ 5,850,702
Special Mention	—	—	2,881	—	—	—	—	—	5,094
Substandard	—	459	468	7,690	70,889	64,084	494	—	144,084
Impaired	—	—	4,885	1,114	—	9,894	—	—	15,893
Total	\$ 497,633	\$ 541,415	\$ 1,603,650	\$ 1,201,133	\$ 582,143	\$ 1,478,242	\$ 111,557	\$ —	\$ 6,015,773
% Criticized	—%	0.1%	0.5%	0.7%	12.2%	5.0%	2.4%	—%	2.7%
Gross charge-offs	\$ —	\$ —	\$ 3	\$ 21	\$ —	\$ 2,479	\$ —	\$ —	\$ 2,503
YTD	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

Consumer - Residential Mortgages

Period Originated:

(Dollars in thousands)	2024	2023	2022	2021	2020	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
Pass	\$ 1,356,015	\$ 1,477,090	\$ 1,991,600	\$ 1,545,259	\$ 992,426	\$ 1,734,512	\$ 1,069,608	\$ 1,320	\$ 10,167,830
Special Mention	101	790	—	—	—	—	—	—	891
Substandard	1,549	12,696	18,477	14,661	9,145	28,774	4,295	—	89,597
Impaired	—	—	—	3,979	1,675	—	2,500	—	8,154
PCD (Loss)	—	—	—	—	—	1,411	—	—	1,411
Total	\$ 1,357,665	\$ 1,490,576	\$ 2,010,077	\$ 1,563,899	\$ 1,003,246	\$ 1,764,697	\$ 1,076,403	\$ 1,320	\$ 10,267,883
% Criticized	0.1%	0.9%	0.9%	1.2%	1.1%	1.7%	0.6%	—%	1.0%
Gross charge-offs	\$ 10	\$ 325	\$ 559	\$ 430	\$ 81	\$ 749	\$ 1,007	\$ —	\$ 3,161
YTD	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

Consumer - Other Consumer

Period Originated:

(Dollars in thousands)	2024	2023	2022	2021	2020	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
Pass	\$ 45,997	\$ 29,538	\$ 11,471	\$ 6,150	\$ 3,263	\$ 2,105	\$ 114,341	\$ —	\$ 212,865
Substandard	—	97	48	6	—	17	338	—	506
Total	\$ 45,997	\$ 29,635	\$ 11,519	\$ 6,156	\$ 3,263	\$ 2,122	\$ 114,679	\$ —	\$ 213,371
% Criticized	—%	0.3%	0.4%	0.1%	—%	0.8%	0.3%	—%	0.2%
Gross charge-offs	\$ 3,067	\$ 395	\$ 303	\$ 145	\$ 14	\$ 47	\$ 2,917	\$ —	\$ 6,888
YTD	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

The Company's collateral-dependent loans totaled \$65.8 million and \$81.8 million at September 30, 2025 and December 31, 2024, respectively. Typically these loans are internally classified as "Impaired" and "PCD Loss." At September 30, 2025 and December 31, 2024, \$8.2 million and \$8.7 million, respectively, of these loans were classified as doubtful. At September 30, 2025, most of these loans are within the non-real estate class. Additionally, there were smaller amounts of these loans in the owner occupied, income producing, CAD, and residential mortgages classes. C&I loans are typically supported by collateral such as real estate, receivables, equipment, inventory, or by an enterprise valuation. Loans within the CRE and Consumer segments are generally secured by commercial and residential real estate.

Loans of \$1.5 million or greater are considered for specific provision when management has determined based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the note and that the loan is collateral-dependent. At September 30, 2025 and December 31, 2024, \$58.5 million and \$59.1 million, respectively, of collateral-dependent loans had a valuation allowance of \$30.0 million and \$17.3 million, respectively. The remaining balance of collateral-dependent loans of \$7.3 million and \$22.7 million at September 30, 2025 and December 31, 2024, respectively, have sufficient collateral supporting the collection of all contractual principal and interest or were charged down to the underlying collateral's fair value, less estimated selling costs. Therefore, such loans did not have an associated valuation allowance.

NPLs consist of nonaccrual loans and leases. At September 30, 2025 and December 31, 2024, NPLs totaled \$249.8 million and \$264.7 million, respectively. Within the NPL balance, \$45.4 million of the September 30, 2025 balance and \$89.9 million of the December 31, 2024 balance is covered by government guarantees from the SBA, FHA, VA or USDA.

The Company's policy for all loan classifications provides that loans and leases are generally placed in nonaccrual status if, in management's opinion, payment in full of principal or interest is not expected, unless such loan or lease is both well-secured and in the process of collection.

The following table presents the amortized cost basis of loans on nonaccrual status by segment and class at the periods indicated:

(In thousands)	September 30, 2025		December 31, 2024	
	Nonaccrual Loans with No Related Allowance		Nonaccrual Loans with No Related Allowance	
	Nonaccrual Loans (1)	Nonaccrual Loans	Nonaccrual Loans	Nonaccrual Loans with No Related Allowance
Commercial and industrial				
Non-real estate	\$ 83,090	\$ 1,256	\$ 145,115	\$ 2,944
Owner occupied	20,067	—	16,904	5,128
Total commercial and industrial	103,157	1,256	162,019	8,072
Commercial real estate				
Construction, acquisition and development	2,099	66	8,600	66
Income producing	50,595	862	18,542	6,569
Total commercial real estate	52,694	928	27,142	6,635
Consumer				
Residential mortgages	93,608	174	75,287	3,979
Other consumer	363	—	244	—
Total consumer	93,971	174	75,531	3,979
Total	\$ 249,822	\$ 2,358	\$ 264,692	\$ 18,686

(1) At September 30, 2025, NPL does not include NPL held for sale of \$0.3 million.

The following table presents the interest income recognized on loans on nonaccrual status by segment and class for the periods indicated:

(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025		2024	
	2025	2024	2025	2024
Commercial and industrial				
Non-real estate	\$ 413	\$ 765	\$ 1,605	\$ 1,945
Owner occupied	323	67	676	204
Total commercial and industrial	736	832	2,281	2,149
Commercial real estate				
Construction, acquisition and development	44	17	76	63
Income producing	755	258	1,052	323
Total commercial real estate	799	275	1,128	386
Consumer				
Residential mortgages	823	525	1,982	1,466
Other consumer	8	1	20	2
Total consumer	831	526	2,002	1,468
Total	\$ 2,366	\$ 1,633	\$ 5,411	\$ 4,003

In the ordinary course of business, management may grant concessions, which would not otherwise be considered, to borrowers that are experiencing financial difficulty. Loans identified as meeting the criteria under ASC 310 are identified as FDM. Any modification, renewal or forbearance on loans assigned a rating of "Special Mention" or worse, and loans of any rating which show evidence of financial difficulty is reviewed to determine whether the borrower is experiencing financial difficulty and if so, which terms of the loan were modified. If the borrower is experiencing financial difficulty and the loan is modified via forgiveness of principal, reduction in interest rate to a rate below current market rates for issuance, payment extension or deferral for greater than six months (including extensions granted in the past 12 months), term or maturity date extension, or combination of these specific modification terms, the modification requires disclosure.

Under general loan modification guidance, a modification is treated as a new loan only if both of the following conditions are met: 1) the terms of the new loan are at least as favorable to the lender as the terms for comparable loans to other customers with similar collection risks, and 2) modifications to the terms of the original loan are more than minor. If either condition is not met, the modification is accounted for as the continuation of the old loan with any effect of the modification treated as a prospective adjustment to the loan's EIR. Modifications in scope for borrowers experiencing financial difficulty may include principal forgiveness, other-than-insignificant payment delay, interest rate reduction, or a combination of modifications. During the nine months ended September 30, 2025, the most common individual concessions were related to term extensions and payment deferrals. Other concessions included interest rate reductions. At September 30, 2025, the Company has an outstanding unfunded commitment balance of \$5.8 million to lend to four borrowers experiencing financial difficulty.

Upon determination by the Company that a modified loan (or portion of a loan) has subsequently been deemed uncollectible, the loan (or portion of the loan) is charged off. The amortized cost basis of the loan is reduced by the uncollectible amount and the ACL is adjusted by this amount.

The following tables presents loans that were modified within the past three and nine months for borrowers experiencing financial difficulty by segment and class, as well as the percentage of these modified loans compared to overall loans in each segment and class, for the three and nine months ended September 30, 2025 and September 30, 2024:

(Dollars in thousands)	Three Months Ended September 30, 2025						Percent of Total Loan Class	
	Payment Deferral	Combination Payment Deferral and Term Extension		Term Extension	Combination Interest Rate Reduction and Payment Deferral	Combination Term Extension and Interest Rate Reduction		
		Payment Deferral	Term Extension					
Commercial and industrial								
Non-real estate	\$ 3,601	\$ 20,795	\$ 22,890	\$ 189	\$ 726	\$ 2,114	0.52%	
Owner occupied	—	—	—	—	—	2,840	0.04%	
Total commercial and industrial	3,601	20,795	22,890	189	726	2,840	0.35%	
Commercial real estate								
Income producing	40,383	—	—	—	—	—	0.57%	
Total commercial real estate	40,383	—	—	—	—	—	0.39%	
Consumer								
Residential mortgages	71	—	760	—	—	—	0.01%	
Total consumer	71	—	760	—	—	—	0.01%	
Total loans and leases, net of unearned income	\$ 44,055	\$ 20,795	\$ 23,650	\$ 189	\$ 2,840	\$ 2,840	0.25%	

Three Months Ended September 30, 2024

(Dollars in thousands)	Payment Deferral	Combination Payment Deferral and Term Extension	Term Extension	Interest Rate Reduction	Combination Term Extension and Interest Rate Reduction	Percent of Total Loan Class
Commercial and industrial						
Non-real estate	\$ 450	\$ —	\$ 32,860	\$ 15,043	\$ 6,044	0.63%
Total commercial and industrial	450	—	32,860	15,043	6,044	0.41%
Commercial real estate						
Income producing	—	30,654	36,288	—	—	1.12%
Total commercial real estate	—	30,654	36,288	—	—	0.68%
Consumer						
Residential mortgages	—	—	—	—	25	—%
Total consumer	—	—	—	—	25	—%
Total loans and leases, net of unearned income	\$ 450	\$ 30,654	\$ 69,148	\$ 15,043	\$ 6,069	0.36%

Nine Months Ended September 30, 2025

(Dollars in thousands)	Payment Deferral	Combination Payment Deferral and Term Extension	Term Extension	Interest Rate Reduction	Combination Interest Rate Reduction and Payment Deferral	Combination Term Extension and Interest Rate Reduction	Percent of Total Loan Class
Commercial and industrial							
Non-real estate	\$ 11,889	\$ 20,795	\$ 48,356	\$ 260	\$ 357	\$ 41,250	1.33%
Owner occupied	—	—	—	—	—	2,114	0.04%
Total commercial and industrial	11,889	20,795	48,356	260	357	43,364	0.86%
Commercial real estate							
Income producing	40,383	—	—	—	—	—	0.57%
Total commercial real estate	40,383	—	—	—	—	—	0.39%
Consumer							
Residential mortgages	353	—	760	—	467	—	0.01%
Total consumer	353	—	760	—	467	—	0.01%
Total loans and leases, net of unearned income	\$ 52,625	\$ 20,795	\$ 49,116	\$ 260	\$ 824	\$ 43,364	0.45%

Nine Months Ended September 30, 2024

(Dollars in thousands)	Nine Months Ended September 30, 2024						Combination Term Extension, Payment Deferral and Interest Rate Reduction			Combination Term Extension, Payment Deferral and Interest Rate Reduction	
	Principal Forgiveness	Payment Deferral	Combination Payment Deferral and Term Extension	Term Extension	Interest Rate Reduction	Combination Interest Rate Reduction and Payment Deferral	Combination Term Extension and Interest Rate Reduction	Combination Term Extension, Payment Deferral and Interest Rate Reduction	Percent of Total Loan Class		
Commercial and industrial											
Non-real estate	\$ 13,163	\$ 450	\$ 6,686	\$ 56,932	\$ 15,043	\$ 115	\$ 13,878	\$ —	1.22%		
Owner occupied	—	—	—	1,582	—	—	1,370	—	0.06%		
Total commercial and industrial	13,163	450	6,686	58,514	15,043	115	15,248	—	0.82%		
Commercial real estate											
Income producing	—	—	30,654	45,512	—	—	—	12,786	1.49%		
Total commercial real estate	—	—	30,654	45,512	—	—	—	12,786	0.90%		
Consumer											
Residential mortgages	—	—	—	208	179	100	636	—	0.01%		
Other consumer	—	—	20	—	—	—	—	—	0.01%		
Total consumer	—	—	20	208	179	100	636	—	0.01%		
Total loans and leases, net of unearned income	\$ 13,163	\$ 450	\$ 37,360	\$ 104,234	\$ 15,222	\$ 215	\$ 15,884	\$ 12,786	0.60%		

The following table presents the financial effect of the loan modifications presented above for borrowers experiencing financial difficulty for the following periods:

	Three Months Ended September 30, 2025		Three Months Ended September 30, 2024	
	Weighted-Average Interest Rate Reduction	Weighted-Average Term Extension (in years)	Weighted-Average Interest Rate Reduction	Weighted-Average Term Extension (in years)
Commercial and industrial				
Non-real estate	2.76%	0.79	1.12%	1.32
Owner occupied	4.43	6.00	—	—
Commercial real estate				
Income producing	—	—	—	1.73
Consumer				
Residential mortgages	—	3.95	2.00	5.00

(Dollars in thousands)	Nine Months Ended September 30, 2025		Nine Months Ended September 30, 2024		
	Weighted-Average Interest Rate Reduction	Weighted-Average Term Extension (in years)	Principal Forgiveness	Weighted-Average Interest Rate Reduction	Weighted-Average Term Extension (in years)
Commercial and industrial					
Non-real estate	2.26%	1.58	\$ 5,835	1.14%	1.24
Owner occupied	4.43	6.00	—	3.91	14.11
Commercial real estate					
Income producing	—	—	—	0.54	1.72
Consumer					
Residential mortgages	2.50	3.95	—	3.01	8.40
Other consumer	—	—	—	3.69	2.18

During the three and nine months ended September 30, 2025, ten C&I non-real estate loans totaling \$34.9 million had a payment default that was previously modified in the prior 12 months. Of the \$34.9 million, \$34.7 million was by receiving a combination term extension and interest rate reduction and \$0.2 million was by an interest rate reduction.

The Company closely monitors the performance of the loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. Loans are considered to be in payment default at 90 or more days past due. The following table depicts the performance of loans that have been modified in the last 12 months:

(In thousands)	Payment Status (Amortized Cost Basis) at September 30, 2025		
	Current	30-89 Days Past Due	90+ Days Past Due
Commercial and industrial			
Non-real estate	\$ 87,109	\$ 14,050	\$ 34,938
Owner occupied	2,113	—	—
Commercial real estate			
Income producing	40,383	—	—
Consumer			
Residential mortgages	1,581	—	—
Total	\$ 131,186	\$ 14,050	\$ 34,938

NOTE 5. ALLOWANCE FOR CREDIT LOSSES

The following table summarizes the changes in the ACL for the periods indicated:

(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Balance at beginning of period	\$ 474,651	\$ 470,022	\$ 460,793	\$ 468,034
Charge-offs	(26,368)	(24,523)	(77,421)	(72,442)
Recoveries	2,767	2,360	9,603	8,267
Initial allowance on PCD loans	15,149	—	23,224	—
Provision for loan losses	30,000	13,000	80,000	57,000
Balance at end of period	\$ 496,199	\$ 460,859	\$ 496,199	\$ 460,859

The following tables summarize the changes in the ACL by segment and class for the periods indicated:

(In thousands)	Three Months Ended September 30, 2025					
	Initial					
	Beginning Balance	Allowance on PCD loans	Charge-offs	Recoveries	Provision (Release)	Ending Balance
Commercial and industrial						
Non-real estate	\$ 162,371	\$ 10,995	\$ (21,790)	\$ 1,748	\$ 41,187	\$ 194,511
Owner occupied	42,399	3,281	(534)	64	5,966	51,176
Total commercial and industrial	204,770	14,276	(22,324)	1,812	47,153	245,687
Commercial real estate						
Construction, acquisition and development	49,080	111	(391)	56	(9,466)	39,390
Income producing	84,366	192	—	73	(17,378)	67,253
Total commercial real estate	133,446	303	(391)	129	(26,844)	106,643
Consumer						
Residential mortgages	128,826	480	(1,934)	344	8,231	135,947
Other consumer	7,609	90	(1,719)	482	1,460	7,922
Total consumer	136,435	570	(3,653)	826	9,691	143,869
Total	\$ 474,651	\$ 15,149	\$ (26,368)	\$ 2,767	\$ 30,000	\$ 496,199
Nine Months Ended September 30, 2025						
(In thousands)	Initial					
	Beginning Balance	Allowance on PCD loans	Charge-offs	Recoveries	Provision (Release)	Ending Balance
Commercial and industrial						
Non-real estate	\$ 183,743	\$ 12,204	\$ (59,521)	\$ 6,386	\$ 51,699	\$ 194,511
Owner occupied	35,177	5,558	(2,234)	439	12,236	51,176
Total commercial and industrial	218,920	17,762	(61,755)	6,825	63,935	245,687
Commercial real estate						
Construction, acquisition and development	44,703	378	(728)	161	(5,124)	39,390
Income producing	64,957	4,259	(4,785)	161	2,661	67,253
Total commercial real estate	109,660	4,637	(5,513)	322	(2,463)	106,643
Consumer						
Residential mortgages	125,464	726	(5,174)	1,125	13,806	135,947
Other consumer	6,749	99	(4,979)	1,331	4,722	7,922
Total consumer	132,213	825	(10,153)	2,456	18,528	143,869
Total	\$ 460,793	\$ 23,224	\$ (77,421)	\$ 9,603	\$ 80,000	\$ 496,199

Three Months Ended September 30, 2024

(In thousands)	Beginning Balance	Charge-offs	Recoveries	Provision (Release)	Ending Balance
Commercial and industrial					
Non-real estate	\$ 198,796	\$ (21,544)	\$ 1,382	\$ 10,894	\$ 189,528
Owner occupied	34,225	(76)	265	(1,926)	32,488
Total commercial and industrial	233,021	(21,620)	1,647	8,968	222,016
Commercial real estate					
Construction, acquisition and development	34,644	(222)	36	\$ 2,107	36,565
Income producing	63,279	—	29	(1,146)	62,162
Total commercial real estate	97,923	(222)	65	961	98,727
Consumer					
Residential mortgages	133,093	(880)	288	\$ 1,361	133,862
Other consumer	5,985	(1,801)	360	\$ 1,710	6,254
Total consumer	139,078	(2,681)	648	3,071	140,116
Total	\$ 470,022	\$ (24,523)	\$ 2,360	\$ 13,000	\$ 460,859

Nine Months Ended September 30, 2024

(In thousands)	Beginning Balance	Charge-offs	Recoveries	Provision (Release)	Ending Balance
Commercial and industrial					
Non-real estate	\$ 194,577	\$ (61,580)	\$ 5,484	\$ 51,047	\$ 189,528
Owner occupied	31,445	(377)	418	\$ 1,002	32,488
Total commercial and industrial	226,022	(61,957)	5,902	52,049	222,016
Commercial real estate					
Construction, acquisition and development	42,118	(759)	218	\$ (5,012)	36,565
Income producing	69,209	(2,356)	98	\$ (4,789)	62,162
Total commercial real estate	111,327	(3,115)	316	(9,801)	98,727
Consumer					
Residential mortgages	124,851	(2,183)	850	\$ 10,344	133,862
Other consumer	5,834	(5,187)	1,199	\$ 4,408	6,254
Total consumer	130,685	(7,370)	2,049	14,752	140,116
Total	\$ 468,034	\$ (72,442)	\$ 8,267	\$ 57,000	\$ 460,859

The following table represents a roll forward of the reserve for unfunded commitments for the periods shown. The reserve for unfunded commitments is classified in other liabilities in the consolidated balance sheets.

(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Balance at beginning of period	\$ 9,551	\$ 8,551	\$ 8,551	\$ 8,551
Provision (reversal) for credit losses for unfunded commitments	2,000	(1,000)	3,000	(1,000)
Balance at end of period	\$ 11,551	\$ 7,551	\$ 11,551	\$ 7,551

The economic impact of persistent inflation, higher interest rates, volatility in the financial markets, and the potential for a slowing economy poses additional risk to borrowers and financial institutions. These factors add to the risk borrowers may experience difficulty in meeting repayment obligations, and the Company may experience losses or deterioration in the performance of its loan portfolio.

The ACL estimate is impacted by both loan portfolio changes and prevailing economic conditions during the reporting period. The unemployment rate has the highest weighting within the Company's credit risk modeling framework. Economic forecasts, which are obtained from multiple sources, provide upside, downside, and base case scenarios over an eight-quarter forecast horizon to establish a forecast range. Management considers the scenarios and selects a blended scenario which, in management's opinion, reflects likely economic conditions within that range. The Company recognizes that persistent inflation, changes in interest rates and a slowing economy may have short-term, long-term, and regional impacts to the economy. In addition, qualitative factors such as changes in economic conditions, concentrations of risk, and changes in portfolio risk resulting from regulatory changes are considered in determining the adequacy of the level of the ACL.

NOTE 6. BORROWINGS

Borrowings with original maturities of one year or less are classified as short-term. The following tables present information relating to short-term debt for the periods presented:

(Dollars in thousands)	September 30, 2025					Maximum Outstanding at any Month End	
	End of Period		Year to Date Daily Average		Interest Rate (1)		
	Balance	Interest Rate	Balance	Interest Rate			
Federal funds purchased	\$ —	—%	\$ 124,872	4.49%	\$ 375,000		
Securities sold under agreement to repurchase and other	29,532	4.15	21,887	4.20	29,532		
Short-term FHLB advances	925,000	4.16	762,238	4.33	1,575,000		
Total	\$ 954,532		\$ 908,997			\$ 1,979,532	

(Dollars in thousands)	December 31, 2024					Maximum Outstanding at any Month End	
	End of Period		Year to Date Daily Average		Interest Rate		
	Balance	Interest Rate	Balance	Interest Rate			
Federal funds purchased	\$ —	—%	\$ 5,077	5.28%	\$ —		
Securities sold under agreement to repurchase and other	23,616	4.10	81,092	4.76	267,792		
Bank Term Funding Program	—	—	2,845,902	4.79	3,500,000		
Short-term FHLB advances	—	—	2	5.74	—		
Total	\$ 23,616		\$ 2,932,073			\$ 3,767,792	

(1) Annualized

Federal funds purchased generally mature the business day following the date of purchase. At September 30, 2025 and December 31, 2024, the Company had established non-binding federal funds borrowing lines of credit with other banks aggregating \$2.1 billion, for both periods. Additionally, the Company maintains access to the FRB discount window borrowings which generally mature within 90 days and are collateralized by \$2.1 billion in commercial, agriculture, and consumer loans pledged under a borrower-in-custody agreement as of September 30, 2025. At September 30, 2025 and December 31, 2024, there were no borrowings from the FRB discount window.

Securities sold under repurchase agreements generally mature within one day from the date of sale. The Company monitors collateral levels on a continuous basis and may be required to provide additional collateral based on the fair value of the underlying securities. Collateral pledged pursuant to these repurchase agreements can include MBS issued or guaranteed by U.S. agencies, U.S. Treasury securities and U.S. government agency securities.

The BTFP was created by the Federal Reserve to support businesses and households by making additional funding available to eligible financial institutions to help assure they have the ability to meet the needs of their depositors. The BTFP offered loans of up to one year in length to banks and other qualifying institutions pledging any collateral eligible for purchase by the FRB. The collateral was valued at its par amount and consisted primarily of MBS and U.S. government agency securities. Cadence's BTFP borrowing was paid off during the fourth quarter of 2024. The BTFP ceased making new loans in March 2024.

As of September 30, 2025 and December 31, 2024, the Company had a balance of \$1.3 billion and \$706 thousand, respectively, of long-term advances from the FHLB of Dallas. During the nine months ended September 30, 2025, the Company entered into \$1.3 billion of long-term advances from the FHLB of Dallas with various interest rates ranging from 3.897% to 4.219% with maturities beginning in October 2026 through April 2027. In addition, the Company obtained \$12.4 million of junior subordinated debt in the First Chatham acquisition. This FCB subordinated debt as well as \$10.0 million of 5.000% fixed to floating rate subordinated notes were paid off in June 2025.

All borrowings from the FHLB are collateralized by commercial and residential real estate loans pledged under a blanket floating lien security agreement with the FHLB of Dallas. Under the terms of this agreement, the Company is required to maintain sufficient collateral to secure borrowings in an aggregate amount of the lesser of the book value (i.e., unpaid principal balance), after applicable FHLB discounts, of the Company's eligible commercial and residential real estate loans pledged as collateral, or 35% of the Company's assets. Loans totaling \$26.8 billion and \$24.4 billion at September 30, 2025 and December 31, 2024, respectively, were pledged to the FHLB of Dallas. At September 30, 2025, the remaining borrowing availability totaled \$11.5 billion. At September 30, 2025, there were no call features on long-term FHLB borrowings. Shortterm FHLB borrowings mature within one year following the date of the advance.

The FHLB of Dallas has also issued irrevocable letters of credit totaling \$47.5 million at September 30, 2025 on behalf of our customers. Of the total amount, \$26.7 million expires on December 17, 2025 and \$20.8 million expires on January 30, 2026.

NOTE 7. PENSION

The components of net periodic benefit cost (credit) for the periods indicated were as follows:

(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Service cost	\$ 2,330	\$ 1,907	\$ 6,990	\$ 5,721
Interest cost	2,963	2,941	8,889	8,823
Expected return on plan assets	(5,999)	(5,741)	(17,997)	(17,223)
Recognized prior service cost	3	3	10	9
Recognized net loss	724	733	2,172	2,199
Net periodic benefit cost (credit) ⁽¹⁾	<u>\$ 21</u>	<u>\$ (157)</u>	<u>\$ 64</u>	<u>\$ (471)</u>

⁽¹⁾ While service cost is included in salaries and employee benefits, the other components of net periodic pension costs (credit) are included in other noninterest expense in the unaudited consolidated statements of income for the three and nine months ended September 30, 2025 and 2024.

NOTE 8. MORTGAGE SERVICING RIGHTS

The MSR, which are recognized as a separate asset on the date the corresponding mortgage loan is sold on a servicing retained basis, is recorded at fair value as determined at each accounting period end and reported in other assets in the consolidated balance sheets. An estimate of the fair value of the Company's MSR is determined utilizing assumptions such as mortgage interest rates, discount rates, mortgage loan prepayment speeds, market trends and industry demand. Data and assumptions used in the fair value calculation related to the MSR were as follows:

(Dollars in thousands)	September 30, 2025	December 31, 2024
Unpaid principal balance	\$ 8,346,802	\$ 8,043,306
Weighted-average prepayment speed (CPR)	9.8	8.3
Average discount rate (annual percentage)	9.8	10.1
Weighted-average coupon interest rate (percentage)	4.5	4.2
Weighted-average remaining maturity (months)	285.8	285.7
Weighted-average servicing fee (basis points)	28.7	28.7

Because the valuation is determined by using discounted cash flow models, the primary risk inherent in valuing the MSR is the impact of fluctuating interest rates on the estimated life of the servicing revenue stream. The use of different estimates or assumptions could produce different fair values. At September 30, 2025 and 2024, the Company had an economic hedge in place designed to cover 75.6% and 75.0% of the MSR IRR, respectively. At December 31, 2024, the hedge covered 75.1% of the MSR IRR (see Note 15 for additional information). The Company is susceptible to fluctuations in the fair value of its MSR in changing interest rate environments.

The following table summarizes activity relating to residential mortgage loans sold with servicing retained for the periods indicated:

(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Residential mortgage loans sold with servicing retained	\$ 351,235	\$ 296,894	\$ 918,692	\$ 787,180
Pretax gains resulting from above loan sales	6,545	3,962	14,835	11,936

The Company services a class of residential mortgages that are first lien loans secured by a primary residence or second home. The following table presents changes in the fair value of the MSR related to the activity in this class for the periods indicated:

(In thousands)	Nine Months Ended September 30,	
	2025	2024
Fair value, beginning of period	\$ 114,594	\$ 106,824
Originations of servicing assets	10,372	9,784
Changes in fair value:		
Due to change in valuation inputs or assumptions ⁽¹⁾	(8,169)	(2,524)
Other changes in fair value ⁽²⁾	(6,302)	(9,193)
Fair value, end of period	\$ 110,495	\$ 104,891

(1) Primarily reflects changes in prepayment speeds and discount rate assumptions which are updated based on market interest rates.

(2) Primarily reflects changes due to realized cash flows.

All of the changes to the fair value of the MSR and the related economic hedge are recorded as part of mortgage banking revenue in the consolidated statements of income. As part of mortgage banking revenue, the Company recorded contractual servicing fees of \$5.7 million and \$5.4 million, and late and other ancillary fees of \$1.2 million and \$785 thousand for the three months ended September 30, 2025 and 2024, respectively. Additionally, the Company recorded contractual servicing fees of \$17.0 million and \$16.0 million, and late and other ancillary fees of \$3.2 million and \$2.3 million for the nine months ended September 30, 2025 and 2024, respectively.

NOTE 9. FAIR VALUE DISCLOSURES

See Note 13 to the consolidated financial statements of the Annual Report on Form 10-K for the year ended December 31, 2024 for a description of valuation methodologies for assets and liabilities measured at fair value on a recurring and non-recurring basis.

Assets and Liabilities Recorded at Fair Value on a Recurring Basis

The following tables present the balances of the assets and liabilities measured at fair value on a recurring basis:

(In thousands)	September 30, 2025				Total
	Level 1	Level 2	Level 3		
Assets:					
Available for sale securities	\$ —	\$ 9,616,389	\$ —	\$ 9,616,389	
Equity investments	20,555	—	—	—	20,555
Mortgage servicing rights	—	—	110,495	110,495	
Derivative instruments	134	31,728	2,285	34,147	
Loans held for sale	—	261,680	—	261,680	
Investments in limited partnerships	—	—	158,092	158,092	
SBA/USDA servicing rights	—	—	9,254	9,254	
Total	\$ 20,689	\$ 9,909,797	\$ 280,126	\$ 10,210,612	
Liabilities:					
Derivative instruments	\$ 1,758	\$ 40,778	\$ —	\$ 42,536	
December 31, 2024					
(In thousands)	Level 1	Level 2	Level 3		Total
Assets:					
Available for sale securities	\$ —	\$ 7,293,988	\$ —	\$ 7,293,988	
Equity investments	21,678	—	—	—	21,678
Mortgage servicing rights	—	—	114,594	114,594	
Derivative instruments	—	32,021	1,310	33,331	
Loans held for sale	—	244,192	—	244,192	
Investments in limited partnerships	—	—	118,710	118,710	
SBA servicing rights	—	—	5,785	5,785	
Total	\$ 21,678	\$ 7,570,201	\$ 240,399	\$ 7,832,278	
Liabilities:					
Derivative instruments	\$ 3,085	\$ 45,573	\$ 15	\$ 48,673	

Level 3 financial instruments typically include unobservable components but may also include some observable components that may be validated against external sources. The table below includes a roll forward of the consolidated balance sheet amounts for the three and nine months ended September 30, 2025 and 2024, for changes in the fair value of financial instruments classified within Level 3 of the valuation hierarchy that are recorded on a recurring basis. The gains or (losses) in the following table (which are reported in Other noninterest income in the consolidated statements of income) may include changes to fair value due, in part, to observable factors that may be part of the valuation methodology.

Three Months Ended September 30, 2025

	Mortgage Servicing Rights	Investments in Limited Partnerships	SBA/ USDA Servicing Rights	Mortgage Loan Held-For-Sale Interest Rate Lock Commitments (Assets and Liabilities)
(In thousands)				
Balance at June 30, 2025	\$ 111,624	\$ 133,197	\$ 10,214	\$ 3,890
Acquired in a business combination	—	16,516	—	—
Net (losses) gains	(4,973)	3,212	(1,377)	(1,605)
Additions	3,844	—	417	—
Contributions paid	—	6,964	—	—
Distributions received	—	(1,797)	—	—
Balance at September 30, 2025	\$ 110,495	\$ 158,092	\$ 9,254	\$ 2,285
Net unrealized (losses) gains included in net income for the quarter relating to assets and liabilities held at September 30, 2025	\$ (1,254)	\$ 3,212	\$ (1,377)	\$ (1,605)

Three Months Ended September 30, 2024

	Mortgage Servicing Rights	Investments in Limited Partnerships	SBA Servicing Rights	Mortgage Loan Held-For-Sale Interest Rate Lock Commitments (Assets and Liabilities)
(In thousands)				
Balance at June 30, 2024	\$ 113,595	\$ 109,539	\$ 5,930	\$ 2,389
Net (losses) gains	(12,065)	3,637	(425)	292
Additions	3,361	—	312	—
Contributions paid	—	6,228	—	—
Distributions received	—	(3,756)	—	—
Balance at September 30, 2024	\$ 104,891	\$ 115,648	\$ 5,817	\$ 2,681
Net unrealized (losses) gains included in net income for the quarter relating to assets and liabilities held at September 30, 2024	\$ (8,232)	\$ 3,637	\$ (425)	\$ 292

Nine Months Ended September 30, 2025

	Mortgage Servicing Rights	Investments in Limited Partnerships	SBA/ USDA Servicing Rights	Mortgage Loan Held-For-Sale Interest Rate Lock Commitments (Assets and Liabilities)
(In thousands)				
Balance at December 31, 2024	\$ 114,594	\$ 118,710	\$ 5,785	\$ 1,295
Acquired in a business combination	—	16,516	4,783	—
Net (losses) gains	(14,471)	7,698	(2,678)	990
Additions	10,372	—	1,364	—
Contributions paid	—	22,136	—	—
Distributions received	—	(6,968)	—	—
Balance at September 30, 2025	\$ 110,495	\$ 158,092	\$ 9,254	\$ 2,285
Net unrealized (losses) gains included in net income for the period related to assets and liabilities held at September 30, 2025	\$ (8,169)	\$ 7,698	\$ (2,678)	\$ 990

Nine Months Ended September 30, 2024

(In thousands)	Mortgage Servicing Rights	Investments in Limited Partnerships	SBA Servicing Rights	Mortgage Loan Held-For-Sale Interest Rate Lock Commitments (Assets and Liabilities)
Balance at December 31, 2023	\$ 106,824	\$ 94,998	\$ 6,124	\$ 1,848
Net (losses) gains	(11,717)	9,612	(1,216)	833
Additions	9,784	—	909	—
Contributions paid	—	21,465	—	—
Distributions received	—	(10,427)	—	—
Balance at September 30, 2024	\$ 104,891	\$ 115,648	\$ 5,817	\$ 2,681
Net unrealized (losses) gains included in net income for the period related to assets and liabilities held at September 30, 2024	\$ (2,524)	\$ 9,612	\$ (1,216)	\$ 833

Fair Value Option

The Company elected to measure commercial real estate loans held for sale and C&I loans held for sale under the fair value option. Included in these loans are loans guaranteed by the SBA and loans related to syndications. Due to the short duration that these instruments remain on the balance sheet, the Company assumes that cost approximates fair value.

The Company also elected to measure residential mortgage loans held for sale at fair value. The election allows for effective offset of the changes in fair values of the loans and the derivative instruments used to hedge them. Included in the residential mortgage loans held for sale portfolio are certain previously sold GNMA loans. Under ASC 860-10-40, certain GNMA loans will not meet sale criteria due to the conditional buyback option becoming unconditional - typically when loans become 90 or more days delinquent. The Company records these loans at fair value on the consolidated balance sheets with an offsetting liability. The Company assumed the cost approximates the fair value. At September 30, 2025 and December 31, 2024, the fair value of the GNMA loans totaled \$73.7 million and \$69.0 million, respectively.

The following table summarizes the difference between the aggregate fair value and the aggregate unpaid principal balance of loans held for sale:

(In thousands)	September 30, 2025			December 31, 2024		
	Aggregate Fair Value	Aggregate Unpaid Principal	Aggregate Fair Value	Aggregate Unpaid Principal	Aggregate Fair Value	Aggregate Unpaid Principal
			Less Aggregate Unpaid Principal			
Residential mortgage loans	\$ 194,858	\$ 194,858	\$ —	\$ 181,622	\$ 181,622	\$ —
Commercial and industrial loans	61,472	61,475	(3)	59,343	59,343	—
Commercial real estate loans	5,350	5,350	—	3,227	3,227	—
Total	\$ 261,680	\$ 261,683	\$ (3)	\$ 244,192	\$ 244,192	\$ —

Net gains and losses resulting from changes in fair value for residential mortgage loans held for sale are recorded in mortgage banking revenue in the consolidated statements of income. For the three months ended September 30, 2025 and 2024, the Company had net losses totaling \$1.7 million and \$11 thousand, respectively. For the nine months ended September 30, 2025 and 2024, the Company had net gains totaling \$1.0 million and \$1.6 million, respectively.

Net gains and losses resulting from changes in fair value for C&I loans and CRE loans held for sale are recorded in other noninterest revenue in the consolidated statements of income. For the three months ended September 30, 2025 and 2024, the Company had net gains from the sale of these loans totaling \$2.6 million and \$1.6 million, respectively. For the nine months ended September 30, 2025 and 2024, the Company had net gains from the sale of these loans totaling \$7.4 million and \$4.3 million, respectively.

Assets and Liabilities Recorded at Fair Value on a Nonrecurring Basis

From time to time, the Company may be required to measure certain financial assets at fair value on a nonrecurring basis in accordance with GAAP. These adjustments to fair value usually result from the application of lower of cost or fair value accounting or from write-downs of individual assets. The following tables present the balances of assets measured at fair value on a nonrecurring basis:

(In thousands)	September 30, 2025				Total
	Level 1	Level 2	Level 3		
Assets:					
Impaired loans, collateral-dependent ⁽¹⁾	\$ —	\$ —	\$ 47,961	\$ 47,961	
PCD (loss) loans	—	—	17,849	17,849	
Other real estate and repossessed assets	—	—	16,250	16,250	

(1) At September 30, 2025, impaired loans, collateral-dependent includes \$8.2 million which were classified as doubtful.

(In thousands)	December 31, 2024				Total
	Level 1	Level 2	Level 3		
Assets:					
Impaired loans, collateral-dependent ⁽¹⁾	\$ —	\$ —	\$ 75,820	\$ 75,820	
PCD (loss) loans	—	—	6,027	6,027	
Other real estate and repossessed assets	—	—	5,754	5,754	

(1) At December 31, 2024, impaired loans, collateral-dependent includes \$8.7 million which were classified as doubtful.

Unobservable Inputs

The following table presents the significant unobservable inputs used in Level 3 fair value measurements for financial assets measured at fair value on a recurring and nonrecurring basis:

Quantitative Information about Level 3 Fair Value Measurements					
(Dollars in thousands)	Carrying Value	Valuation Methods	Unobservable Inputs	Range	Weighted Average
September 30, 2025					
Measured at fair value on a recurring basis:					
Mortgage servicing rights ⁽¹⁾	\$ 110,495	Discounted cash flow	Discount rate	9.3% - 10.9%	9.8%
			Repayment speed (CPR)	7.0 - 20.3	9.7
			Coupon interest rate	3.4% - 6.3%	4.5%
			Remaining maturity (months)	75 - 310	286
			Servicing fee (bps)	19.0 bps-39.2 bps	28.7 bps
Investments in limited partnerships	158,092	Practical expedient	Net asset value	NM	NM
SBA/USDA servicing rights ⁽¹⁾	9,254	Coupon less contractual servicing cost	Contractual servicing cost (bps)	12.5 bps-40.0 bps	26.3 bps
Mortgage loan held-for-sale interest rate lock commitments (assets and liabilities)	2,285	Discounted cash flow	Closing ratio	10.0% - 100%	61.1%
Measured at fair value on a nonrecurring basis:					
Impaired loans, collateral-dependent ⁽¹⁾	\$ 47,961	Appraised value, as adjusted	Discount to fair value	10% - 78%	51.2%
PCD (loss) loans ⁽¹⁾	17,849	Appraised value, as adjusted	Discount to fair value	10% - 30%	27.0%
Other real estate and repossessed assets	16,250	Appraised value, as adjusted	Estimated closing costs	7.0%	7.0%

(Dollars in thousands) December 31, 2024 Measured at fair value on a recurring basis:	Quantitative Information about Level 3 Fair Value Measurements				
	Carrying Value	Valuation Methods	Unobservable Inputs	Range	Weighted Average
Mortgage servicing rights ⁽¹⁾	\$ 114,594	Discounted cash flow	Discount rate	9.7% - 11.3%	10.1%
		Repayment speed (CPR)	6.8 - 12.6	8.3	
		Coupon interest rate	3.2% - 7.9%	4.2%	
		Remaining maturity (months)	70 - 404	286	
Investments in limited partnerships	118,710	Practical expedient	Servicing fee (bps)	19.0 bps-50.0 bps	28.7 bps
		Net asset value	NM	NM	
SBA servicing rights ⁽¹⁾	5,785	Coupon less contractual servicing cost	Contractual servicing cost (bps)	12.5 bps-40.0 bps	26.3 bps
Mortgage loan held-for-sale interest rate lock commitments (assets and liabilities)	1,295	Discounted cash flow	Closing ratio	10.0% - 100%	46.8%
Measured at fair value on a nonrecurring basis:					
Impaired loans, collateral-dependent ⁽¹⁾	\$ 75,820	Appraised value, as adjusted	Discount to fair value	10% - 41%	30.5%
PCD (loss) loans ⁽¹⁾	6,027	Appraised value, as adjusted	Discount to fair value	10% - 30%	24.7%
Other real estate and repossessed assets	5,754	Appraised value, as adjusted	Estimated closing costs	7.0%	7.0%

(1) Weighted averages were calculated using the input attributed and the outstanding balance of the loan.

Certain assets and liabilities subject to fair value disclosure requirements are not actively traded, requiring management to estimate the fair value. These estimations necessarily require judgment to be applied to the reasonableness and relevancy of comparable market prices, expected future cash flows, and appropriate discount rates.

The short-term nature of certain assets and liabilities result in their carrying value approximating fair value. They include cash and due from banks, interest bearing deposits with other banks and Federal funds sold, accrued interest receivable, non-time deposits, federal funds purchased, securities sold under agreement to repurchase, short-term and long-term FHLB borrowings and accrued interest payable.

The following tables present carrying and fair value information of financial instruments for the periods presented:

(In thousands)	September 30, 2025				
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Assets:					
Cash and due from banks	\$ 839,841	\$ 839,841	\$ 839,841	\$ —	\$ —
Interest bearing deposits with other banks and Federal funds sold	1,049,332	1,049,332	1,049,332	—	—
Available for sale securities and equity securities with readily determinable fair values	9,636,944	9,636,944	20,555	9,616,389	—
Net loans and leases	36,305,637	35,747,929	—	—	35,747,929
Loans held for sale	261,680	261,680	—	261,680	—
Accrued interest receivable	216,391	216,391	—	33,931	182,460
Mortgage servicing rights	110,495	110,495	—	—	110,495
Investments in limited partnerships	158,092	158,092	—	—	158,092
Other assets	25,504	25,504	—	—	25,504
Liabilities:					
Deposits	\$ 43,921,456	\$ 43,923,824	\$ —	\$ 43,923,824	\$ —
Federal funds purchased and securities sold under agreement to repurchase and other short-term borrowings	29,532	29,532	29,532	—	—
Short-term FHLB borrowings	925,000	925,000	925,000	—	—
Accrued interest payable	170,188	170,188	7,680	162,508	—
Subordinated and long-term borrowings	1,330,657	1,330,657	1,330,657	—	—
Derivative instruments:					
Assets:					
Commercial loan interest rate contracts	\$ 30,707	\$ 30,707	\$ —	\$ 30,707	\$ —
Mortgage loan held-for-sale interest rate lock commitments	2,285	2,285	—	—	2,285
Futures, forwards and options	134	134	134	—	—
Mortgage loan forward sale commitments	214	214	—	214	—
Foreign exchange contracts	807	807	—	807	—
Liabilities:					
Commercial loan interest rate contracts	\$ 39,188	\$ 39,188	\$ —	\$ 39,188	\$ —
Futures, forwards and options	1,758	1,758	1,758	—	—
Mortgage loan forward sale commitments	954	954	—	954	—
Foreign exchange contracts	636	636	—	636	—

	December 31, 2024				
(In thousands)	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Assets:					
Cash and due from banks	\$ 624,884	\$ 624,884	\$ 624,884	\$ —	\$ —
Interest bearing deposits with other banks and Federal funds sold	1,106,692	1,106,692	1,106,692	—	—
Available for sale securities and equity securities with readily determinable fair values	7,315,666	7,315,666	21,678	7,293,988	—
Net loans and leases	33,280,962	32,440,220	—	—	32,440,220
Loans held for sale	244,192	244,192	—	244,192	—
Accrued interest receivable	196,670	196,670	—	26,239	170,431
Mortgage servicing rights	114,594	114,594	—	—	114,594
Investments in limited partnerships	118,710	118,710	—	—	118,710
Other assets	11,539	11,539	—	—	11,539
Liabilities:					
Deposits	\$ 40,496,201	\$ 40,495,193	\$ —	\$ 40,495,193	\$ —
Federal funds purchased and securities sold under agreement to repurchase and other short-term borrowings	23,616	23,616	23,616	—	—
Accrued interest payable	110,853	110,853	3	110,850	—
Subordinated and long-term borrowings	10,706	10,570	—	10,570	—
Derivative instruments:					
Assets:					
Commercial loan interest rate contracts	\$ 30,555	\$ 30,555	\$ —	\$ 30,555	\$ —
Mortgage loan held-for-sale interest rate lock commitments	1,310	1,310	—	—	1,310
Mortgage loan forward sale commitments	816	816	—	816	—
Foreign exchange contracts	650	650	—	650	—
Liabilities:					
Commercial loan interest rate contracts	\$ 45,070	\$ 45,070	\$ —	\$ 45,070	\$ —
Mortgage loan held-for-sale interest rate lock commitments	15	15	—	—	15
Futures, forwards and options	3,085	3,085	3,085	—	—
Mortgage loan forward sale commitments	34	34	—	34	—
Foreign exchange contracts	469	469	—	469	—

NOTE 10. SHARE-BASED COMPENSATION

The Company's Long-Term Equity Incentive Plan ("Incentive Plan"), Cadence Bank Equity Incentive Plan for NonEmployee Directors, 2021 Long-Term Equity Incentive Plan and the Amended and Restated 2015 Omnibus Incentive Plan (the "2015 Plan" assumed from Legacy Cadence) were effective during the year ended December 31, 2024, and allowed the Company to grant to employees and directors various forms of share-based incentive compensation. On December 30, 2024, the Cadence Bank 2025 Long-Term Incentive Plan ("the 2025 Plan") was approved by the Company's shareholders. The 2025 Plan took effect as of December 30, 2024 and supersedes all four of the incentive plans previously mentioned.

The Company has primarily granted PSUs, RSUs and RSAs under its equity incentive plans. PSUs entitle the recipient to receive shares of the Company's common stock upon the achievement of performance goals that are specified in the award over a performance period. The recipient of PSUs is not treated as a shareholder of the Company and is not entitled to vote or receive dividends until the performance conditions stated in the award are satisfied and the shares of stock are issued to the recipient. Dividend equivalents on the shares vested according to the performance conditions are paid upon issuance of the stock. All PSUs vest over a three-year period and are valued at the fair value of the Company's stock at the grant date based upon the estimated number of shares expected to vest through the application of a lattice model. RSUs entitle the recipient to receive the shares once they are vested but with no voting rights until the shares are received. RSUs generally vest over four- to five-year periods and are eligible to receive dividend equivalents, which accrue and are paid upon vesting. RSAs entitle the recipient to vote the shares of stock but the recipient does not receive the shares until they are fully vested. RSA grants vest over five- to seven-year periods and are entitled to receive dividends.

Performance Stock Units

The following table summarizes the Company's PSU activity for the periods indicated:

	Nine Months Ended September 30,			
	2025		2024	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Nonvested at beginning of period	1,211,606	\$ 25.34	1,967,631	\$ 26.17
Granted during the period	264,729	30.64	323,293	30.26
Vested during the period	(425,767)	27.98	(444,448)	28.76
Forfeited during the period	(35,793)	26.48	(103,826)	24.42
Nonvested at end of period	1,014,775	\$ 25.58	1,742,650	\$ 26.37

The Company recorded \$2.9 million and \$5.9 million of compensation expense related to the PSUs for the three and nine months ended September 30, 2025, respectively, compared to \$3.6 million and \$10.0 million for the three and nine months ended September 30, 2024, respectively. At September 30, 2025, there was \$13.9 million of unrecognized compensation cost related to PSUs that is expected to be recognized over a weighted average period of 1.86 years.

Restricted Stock Units

The following table summarizes the Company's RSU activity for the periods indicated:

	Nine Months Ended September 30,			
	2025		2024	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Nonvested at beginning of period	3,063,891	\$ 25.61	3,055,824	\$ 25.19
Granted during the period	1,021,299	30.47	1,031,231	28.70
Vested during the period	(375,761)	21.24	(387,558)	27.43
Forfeited during the period	(114,923)	27.01	(225,737)	25.87
Nonvested at end of period	3,594,506	\$ 27.40	3,473,760	\$ 25.94

The Company recorded \$6.5 million and \$16.8 million of compensation expense related to the RSUs for the three and nine months ended September 30, 2025, respectively, compared to \$5.5 million and \$14.9 million for the three and nine months ended September 30, 2024, respectively. These amounts included \$294 thousand and \$794 thousand related to RSUs issued to the Company's directors during the three and nine months ended September 30, 2025, respectively, compared to \$250 thousand and \$783 thousand for the three and nine months ended September 30, 2024, respectively. At September 30, 2025, there was \$53.6 million of unrecognized compensation cost related to RSUs that is expected to be recognized over a weighted average period of 2.74 years.

Restricted Stock Awards

The following table summarizes the Company's RSA activity for the periods indicated:

	Nine Months Ended September 30,			
	2025		2024	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Nonvested at beginning of period	247,537	\$ 28.67	526,868	\$ 28.14
Vested during the period	(209,170)	30.36	(247,336)	27.49
Forfeited during the period	(1,867)	31.48	(29,371)	28.86
Nonvested at end of period	<u>36,500</u>	<u>\$ 18.79</u>	<u>250,161</u>	<u>\$ 28.70</u>

The Company recorded \$26 thousand and \$457 thousand of compensation expense related to the RSAs for the three and nine months ended September 30, 2025, respectively, compared to \$332 thousand and \$663 thousand for the three and nine months ended September 30, 2024, respectively. At September 30, 2025, there was \$167 thousand of unrecognized compensation cost related to RSAs that is expected to be recognized over a weighted average period of 1.67 years.

The following table presents information regarding the vesting of the Company's nonvested share-based compensation grants outstanding at September 30, 2025:

Period Ending	Number of Shares		
	PSU	RSU	RSA
December 31, 2026	501,514	1,606,833	—
December 31, 2027	249,768	990,335	36,500
December 31, 2028	263,493	664,329	—
December 31, 2029 and later	—	333,009	—
Total nonvested shares	<u>1,014,775</u>	<u>3,594,506</u>	<u>36,500</u>

NOTE 11. EARNINGS PER SHARE AND DIVIDEND DATA

Basic and diluted EPS are calculated in accordance with ASC 260, *Earnings Per Share*. Basic EPS is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period. Diluted EPS is computed using the weighted-average number of shares determined for the basic EPS computation plus the shares resulting from the assumed exercise of all outstanding share-based awards using the treasury stock method. For both the three months ended September 30, 2025 and 2024, no antidilutive equity awards were excluded from diluted shares. For the nine months ended September 30, 2025, 148 antidilutive equity awards were excluded from diluted shares, compared to 83 thousand for the nine months ended September 30, 2024.

The following table provides a reconciliation of the numerators and denominators of the basic and diluted EPS computations for the periods indicated:

(In thousands, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net income	\$ 129,849	\$ 136,439	397,716	390,889
Less: preferred dividends	2,372	2,372	9,488	7,116
Net income available to common shareholders	\$ 127,477	\$ 134,067	\$ 388,228	\$ 383,773
Weighted average common shares outstanding	186,307	182,390	185,148	182,536
Dilutive effect of stock compensation	2,746	3,106	2,468	2,907
Weighted average diluted common shares	<u>189,053</u>	<u>185,496</u>	<u>187,616</u>	<u>185,443</u>
Basic earnings per common share	\$ 0.68	\$ 0.74	2.10	2.10
Diluted earnings per common share	\$ 0.67	\$ 0.72	2.07	2.07

Dividends to shareholders are subject to approval by the applicable regulatory authorities.

NOTE 12. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) ("AOCI")

Activity within the balances in AOCI (loss) is shown in the following tables for the periods indicated:

(In thousands)	Unrealized loss on AFS securities	Pension and other postretirement benefits	Accumulated other comprehensive loss
Balance at June 30, 2025	\$ (533,498)	\$ (42,659)	\$ (576,157)
Net change	81,819	556	82,375
Balance at September 30, 2025	<u>\$ (451,679)</u>	<u>\$ (42,103)</u>	<u>\$ (493,782)</u>
Balance at June 30, 2024	\$ (738,506)	\$ (43,956)	\$ (782,462)
Net change	191,557	563	192,120
Balance at September 30, 2024	<u>\$ (546,949)</u>	<u>\$ (43,393)</u>	<u>\$ (590,342)</u>
Balance at December 31, 2024	\$ (650,725)	\$ (43,770)	\$ (694,495)
Net change	199,046	1,667	200,713
Balance at September 30, 2025	<u>\$ (451,679)</u>	<u>\$ (42,103)</u>	<u>\$ (493,782)</u>
Balance at December 31, 2023	\$ (716,749)	\$ (45,080)	\$ (761,829)
Net change	169,800	1,687	171,487
Balance at September 30, 2024	<u>\$ (546,949)</u>	<u>\$ (43,393)</u>	<u>\$ (590,342)</u>

NOTE 13. CAPITAL AND REGULATORY MATTERS

The Company is subject to various regulatory capital requirements administered by the federal and state banking agencies. Regulatory capital ratios at September 30, 2025 and December 31, 2024 were calculated in accordance with the Basel III capital framework as well as the interagency final rule published on September 30, 2020 entitled "Revised Transition of the Current Expected Credit Losses Methodology for Allowances." Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material adverse effect on the Company's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company must meet specific capital guidelines that involve quantitative measures of the Company's assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. The Company's capital amounts and classification are also subject to qualitative judgments by regulators about components, risk weightings and other factors. Quantitative measures are established by regulation to ensure capital adequacy and require the Company to maintain minimum capital amounts and ratios.

Additionally, regulatory capital rules include a capital conservation buffer which the Company must maintain in addition to its minimum risk-based capital requirements. This buffer applies to all three risk-based capital measurements (CET1, Tier 1 and total capital to risk-weighted assets). A financial institution with a conservation buffer of less than the required amount is subject to limitations on capital distributions, including dividend payments, stock repurchases, and certain discretionary bonus payments to executive officers.

The actual capital amounts and ratios for the Company are presented in the following tables and as shown, exceed the thresholds necessary to be considered "well capitalized." Management believes that no events or changes have occurred subsequent to the indicated dates that would change this designation.

(Dollars in thousands)	September 30, 2025		December 31, 2024	
	Amount	Ratio	Amount	Ratio
Actual:				
Common equity Tier 1 capital (to risk-weighted assets)	\$ 4,772,204	11.51%	\$ 4,693,487	12.35%
Tier 1 capital (to risk-weighted assets)	4,939,197	11.91	4,860,480	12.79
Total capital (to risk-weighted assets)	5,429,072	13.09	5,306,647	13.97
Tier 1 leverage capital (to average assets)	4,939,197	9.24	4,860,480	10.41
Minimum requirement⁽¹⁾:				
Common equity Tier 1 capital (to risk-weighted assets)	1,865,811	4.50	1,709,652	4.50
Tier 1 capital (to risk-weighted assets)	2,487,748	6.00	2,279,536	6.00
Total capital (to risk-weighted assets)	3,316,998	8.00	3,039,382	8.00
Tier 1 leverage capital (to average assets)	2,137,927	4.00	1,867,273	4.00
Well capitalized requirement under prompt corrective action provisions:				
Common equity Tier 1 capital (to risk-weighted assets)	2,695,061	6.50	2,469,498	6.50
Tier 1 capital (to risk-weighted assets)	3,316,998	8.00	3,039,382	8.00
Total capital (to risk-weighted assets)	4,146,247	10.00	3,799,227	10.00
Tier 1 leverage capital (to average assets)	2,672,408	5.00	2,334,092	5.00

(1) The additional capital conservation buffer in effect was 2.5%.

On April 25, 2025, the Company announced a share repurchase program whereby the Company may acquire up to an aggregate of 10,000,000 shares of its common stock in the open market at prevailing market prices or in privately negotiated transactions. No shares had been purchased by the Company under this repurchase program as of September 30, 2025.

The extent and timing of any repurchases depends on market conditions and other corporate, legal and regulatory considerations. Repurchased shares are held as authorized and unissued shares. These authorized but unissued shares are available for use in the Company's stock compensation programs, other transactions, or for other corporate purposes as determined by the Company's Board of Directors.

Federal and state banking laws and regulations and state corporate laws restrict the amount of dividends that the Company may declare and pay. Under Mississippi law, the Company cannot pay any dividend on its common stock unless it has received written approval of the Commissioner of the MDBC. The federal banking agencies have indicated that paying dividends that deplete a depository institution's capital base to an inadequate level would be an unsafe and unsound banking practice. The Federal Reserve must approve any dividend that exceeds the Company's current year's net income plus its retained net income from the prior two calendar years.

NOTE 14. SEGMENT REPORTING

The Company determines operating segments based upon the services offered, the significance of those services to the Company's financial condition and operating results, and management's regular review of the operating results of those services. The Company's CODM is the Company's CEO. The application and development of management reporting methodologies is a robust process and is subject to periodic enhancements. As these enhancements are made, financial results presented by each reportable segment may be periodically revised. Cadence makes operating decisions based on the following operating segments, as described below.

- Corporate Banking segment focuses on C&I, business banking, and CRE lending to clients in the geographic footprint.
- Community Banking segment provides a broad range of banking services through the branch network to serve the needs of community businesses and individual consumers in the geographic footprint.
- Mortgage segment includes mortgage banking activities of originating mortgage loans, selling mortgage loans in the secondary market and servicing the mortgage loans that are sold on a servicing retained basis.
- Banking Services segment offers individuals, businesses, governmental institutions, and non-profit entities a wide range of solutions to help protect, grow, and transfer wealth. Offerings include credit-related products via Private Banking services, trust and investment management, asset management, retirement and savings solutions, estate planning and annuity products.
- General Corporate and Other segment includes other activities not allocated to other aforementioned operating segments. Additionally, intercompany eliminations are included as they do not reflect normal operations of the other segments. The disaggregation of General Corporate and Other better defines the results from the individual segments due to the direct relationship of the internal support provided by the strategic business units within the Bank.

Results of operations and selected financial information by operating segment for periods indicated are presented in the following tables. The tables show total noninterest income segregated between contracts with customers within the scope of ASC 606, *Revenue from Contracts with Customers*, and those within the scope of other GAAP Topics. Additionally, with the adoption of ASU 2023-07, the tables show significant segment expenses within total noninterest expense used by the CODM to assess the performance of each segment.

Results of operations and selected financial information by operating segment for periods indicated are presented in the following tables. Also, the tables show total noninterest income segregated between contracts with customers within the scope of ASC 606, *Revenue from Contracts with Customers*, and those within the scope of other GAAP Topics.

(In thousands)	Corporate Banking	Community Banking	Mortgage	Banking Services	General Corporate and Other	Total
Results of Operations						
Three Months Ended September 30, 2025						
Net interest revenue	\$ 115,255	\$ 292,175	\$ 31,998	\$ 12,026	\$ (27,727)	\$ 423,727
Provision (release) for credit losses	26,385	16,501	829	155	(11,870)	32,000
Net interest revenue after provision (release) for credit losses	88,870	275,674	31,169	11,871	(15,857)	391,727
Noninterest revenue						
<i>In Scope of Topic 606</i>						
Trust and asset management income	89	19	—	12,582	(742)	11,948
Investment advisory fees	—	—	—	9,393	(79)	9,314
Other brokerage fees	—	22	—	1,607	—	1,629
Deposit service charges	3,700	14,970	—	214	163	19,047
Credit card, debit card and merchant fees	1	217	—	—	13,266	13,484
Total noninterest revenue (in-scope of Topic 606)	3,790	15,228	—	23,796	12,608	55,422
Total noninterest revenue (out-of-scope of Topic 606)	12,563	21,694	5,597	1,73	(3,591)	38,056
Total noninterest revenue	16,353	36,922	5,597	25,589	9,017	93,478
Noninterest expense						
Salaries and employee benefits	23,427	63,950	6,324	13,548	66,236	173,485
Occupancy and equipment	304	21,892	368	187	9,141	31,892
Data processing and software	970	1,418	1,168	1,101	31,463	36,120
Allocated overhead expenses	22,021	82,823	7,286	4,601	(116,731)	—
Other segment items ⁽¹⁾	9,435	11,850	4,498	4,601	48,365	78,749
Total noninterest expense	56,157	181,933	19,644	24,038	38,474	320,246
Income (loss) before income taxes	49,066	130,663	17,122	13,422	(45,314)	164,959
Income tax expense (benefit)	11,540	30,739	4,027	3,145	(14,341)	35,110
Net income (loss)	\$ 37,526	\$ 99,924	\$ 13,095	\$ 10,277	\$ (30,973)	\$ 129,849
Selected Financial Information						
Total assets at end of period	\$ 12,084,856	\$ 19,507,088	\$ 6,647,025	\$ 1,267,426	\$ 13,775,957	\$ 53,282,352

(In thousands)	Corporate Banking	Community Banking	Mortgage	Banking Services	General Corporate and Other	Total
Results of Operations						
Three Months Ended September 30, 2024						
Net interest revenue	\$ 117,902	\$ 274,871	\$ 23,938	\$ 9,426	\$ (64,679)	\$ 361,458
Provision (release) for credit losses	1,537	3,642	2,884	(867)	4,804	12,000
Net interest revenue after provision (release) for credit losses	116,365	271,229	21,054	10,293	(69,483)	349,458
Noninterest revenue						
<i>In Scope of Topic 606</i>						
Trust and asset management income	588	7	—	12,197	(737)	12,055
Investment advisory fees	—	—	—	8,679	(38)	8,641
Other brokerage fees	—	—	—	1,567	—	1,567
Deposit service charges	3,560	13,873	—	1,131	250	18,814
Credit card, debit card and merchant fees	—	9,331	—	—	3,318	12,649
Total noninterest revenue (in-scope of Topic 606)	4,148	23,211	—	23,574	2,793	53,726
Total noninterest revenue (out-of-scope of Topic 606)	10,120	10,499	2,339	1,993	7,224	32,175
Total noninterest revenue	14,268	33,710	2,339	25,567	10,017	85,901
Noninterest expense						
Salaries and employee benefits	20,945	58,403	6,283	12,706	53,900	152,237
Occupancy and equipment	1,154	18,848	1,044	784	7,064	28,894
Data processing and software	1,291	1,135	1,080	1,300	24,358	29,164
Allocated overhead expenses	24,378	63,141	7,577	3,899	(98,995)	—
Other segment items ⁽¹⁾	7,201	12,313	3,329	4,550	21,750	49,143
Total noninterest expense	54,969	153,840	19,313	23,239	8,077	259,438
Income (loss) before income taxes	75,664	151,099	4,080	12,621	(67,543)	175,921
Income tax expense (benefit)	17,770	35,520	959	2,953	(17,720)	39,482
Net income (loss)	\$ 57,894	\$ 115,579	\$ 3,121	\$ 9,668	\$ (49,823)	\$ 136,439
Selected Financial Information						
Total assets at end of period	\$ 11,615,930	\$ 17,292,396	\$ 5,504,256	\$ 1,099,441	\$ 13,692,910	\$ 49,204,933

(In thousands)	Corporate Banking	Community Banking	Mortgage	Banking Services	General Corporate and Other	Total
Results of Operations						
Nine Months Ended September 30, 2025						
Net interest revenue	\$ 333,641	\$ 817,266	\$ 87,585	\$ 32,895	\$ (106,368)	\$ 1,165,019
Provision (release) for credit losses	45,097	47,010	11,547	1,866	(22,520)	83,000
Net interest revenue after provision (release) for credit losses	288,544	770,256	76,038	31,029	(83,848)	1,082,019
Noninterest revenue						
<i>In Scope of Topic 606</i>						
Trust and asset management income	573	27	—	38,672	(2,274)	36,998
Investment advisory fees	—	—	—	26,939	(201)	26,738
Other brokerage fees	—	22	—	4,910	—	4,932
Deposit service charges	11,800	42,490	—	691	(137)	54,844
Credit card, debit card and merchant fees	3	8,840	—	—	29,602	38,445
Total noninterest revenue (in-scope of Topic 606)	12,376	51,379	—	71,212	26,990	161,957
Total noninterest revenue (out-of-scope of Topic 606)	37,282	52,092	23,390	5,095	(2,770)	115,089
Total noninterest revenue	49,658	103,471	23,390	76,307	24,220	277,046
Noninterest expense						
Salaries and employee benefits	67,784	186,492	17,935	40,115	171,471	483,797
Occupancy and equipment	959	61,113	1,193	810	26,333	90,408
Data processing and software	2,882	2,589	3,617	3,877	80,988	93,953
Allocated overhead expenses	62,799	221,893	20,155	12,945	(317,792)	—
Other segment items ⁽¹⁾	26,810	30,800	13,539	13,436	99,715	184,300
Total noninterest expense	161,234	502,887	56,439	71,183	60,715	852,458
Income (loss) before income taxes	176,968	370,840	42,989	36,153	(120,343)	506,607
Income tax expense (benefit)	41,597	87,180	10,106	8,461	(38,453)	108,891
Net income (loss)	\$ 135,371	\$ 283,660	\$ 32,883	\$ 27,692	\$ (81,890)	\$ 397,716
Selected Financial Information						
Total assets at end of period	\$ 12,084,856	\$ 19,507,088	\$ 6,647,025	\$ 1,267,426	\$ 13,775,957	\$ 53,282,352

(In thousands)	Corporate Banking	Community Banking	Mortgage	Banking Services	General Corporate and Other	Total
Results of Operations						
Nine Months Ended September 30, 2024						
Net interest revenue	\$ 342,312	\$ 832,804	\$ 68,962	\$ 29,477	\$ (201,871)	\$ 1,071,684
Provision (release) for credit losses	38,466	(801)	11,561	(1,620)	8,394	56,000
Net interest revenue after provision (release) for credit losses	303,846	833,605	57,401	31,097	(210,265)	1,015,684
Noninterest revenue						
<i>In Scope of Topic 606</i>						
Trust and asset management income	1,233	14	—	36,958	(2,182)	36,023
Investment advisory fees	—	—	—	25,290	(133)	25,157
Other brokerage fees	—	—	—	4,551	—	4,551
Deposit service charges	10,262	40,763	—	3,011	767	54,803
Credit card, debit card and merchant fees	259	27,885	—	7	9,430	37,581
Total noninterest revenue (in-scope of Topic 606)	11,754	68,662	—	69,817	7,882	158,115
Total noninterest revenue (out-of-scope of Topic 606)	27,489	29,112	17,271	8,460	29,898	112,230
Total noninterest revenue	39,243	97,774	17,271	78,277	37,780	270,345
Noninterest expense						
Salaries and employee benefits	62,561	173,434	18,660	40,451	161,820	456,926
Occupancy and equipment	3,196	55,746	3,236	2,471	22,252	86,901
Data processing and software	2,968	2,017	3,045	4,431	76,197	88,658
Allocated overhead expenses	72,364	185,795	22,076	11,548	(291,783)	—
Other segment items ⁽¹⁾	24,290	35,206	9,661	14,291	63,410	146,858
Total noninterest expense	165,379	452,198	56,678	73,192	31,896	779,343
Income (loss) before income taxes	177,710	479,181	17,994	36,182	(204,381)	506,686
Income tax expense (benefit)	41,762	112,607	4,229	8,472	(51,273)	115,797
Net income (loss)	\$ 135,948	\$ 366,574	\$ 13,765	\$ 27,710	\$ (153,108)	\$ 390,889
Selected Financial Information						
Total assets at end of period	\$ 11,615,930	\$ 17,292,396	\$ 5,504,256	\$ 1,099,441	\$ 13,692,910	\$ 49,204,933

(1) Other segment items for each reportable segment includes:

- Corporate Banking:** legal expenses, travel expenses and certain overhead expenses.
- Community Banking:** advertising, office supplies, ATM expenses, delivery expenses, professional and consulting fees, legal expenses, telecommunication and postage expenses, travel expenses, and certain overhead expenses.
- Mortgage:** loan quality control and loan repurchase expenses, legal expenses, and certain overhead expenses.
- Banking Services:** amortization of intangibles, professional and consulting fees, legal expenses, and certain overhead expenses.
- General, Corporate, and Other:** advertising, supplies, regulatory expenses, and certain other overhead expenses.

NOTE 15. DERIVATIVE INSTRUMENTS

The Company primarily uses derivatives to manage exposure to market risk, including IRR, credit risk and foreign currency risk, and to assist customers with their risk management objectives. During the third quarter of 2025, management designated certain derivatives as hedging instruments in a qualifying fair value hedge relationship to modify the repricing characteristics of certain portions of the Company's AFS securities portfolio. The Company's other derivative instruments consist of economic hedges for which the Company has elected not to apply hedge accounting and derivatives held for customer accommodation, or other purposes. Based on adherence to the Company's credit standards and the presence of the netting, collateral or settlement provisions, the Company believes that the credit risk inherent in these contracts was not material as of September 30, 2025.

The fair value of outstanding derivative positions is included in other assets and other liabilities in the accompanying consolidated balance sheets and in the net change in each of these financial statement line items in the operating section of the accompanying consolidated statements of cash flows. For derivatives not designated as hedging instruments or determined to be an ineffective hedge under applicable accounting guidance, gains and losses due to changes in fair value are included in noninterest income and the operating section of the consolidated statements of cash flows. For derivatives designated as fair value hedging instruments, the entire change in the fair value related to the derivative instrument is recognized as a component of interest income. At September 30, 2025 and December 31, 2024, there were no derivatives designated under hedge accounting. The notional amounts and estimated fair values for the periods indicated were as follows:

(Dollars in thousands)	September 30, 2025				December 31, 2024			
	Notional Amount	Fair Value		Weighted Average Maturity (years)	Notional Amount	Fair Value		Weighted Average Maturity (years)
		Other Assets	Other Liabilities			Other Assets	Other Liabilities	
Derivatives not designated as hedges:								
Commercial loan interest rate contracts	4,491,479	30,707	39,188	4.3	3,781,868	30,555	45,070	4.2
Mortgage loan held-for-sale interest rate lock commitments	176,425	2,285	—	0.1	151,231	1,310	15	0.1
Futures, forwards and options (used to hedge MSR, see Note 8)	293,000	134	1,758	0.2	230,000	—	3,085	0.2
Mortgage loan forward sale commitments	238,834	214	954	0.1	179,000	816	34	0.1
Foreign exchange contracts	67,478	807	636	0.2	55,542	650	469	0.5
Total derivatives	\$ 5,267,216	\$ 34,147	\$ 42,536		\$ 4,397,641	\$ 33,331	\$ 48,673	

The Company engages in balance sheet hedging activity, principally for asset and liability management purposes. Balance sheet hedging activity is sometimes arranged to qualify for hedge accounting treatment that is accounted for as either fair value hedges or cash flow hedges. The Company did not record any cash flow hedging activity for any period presented.

In the third quarter of 2025, the Company executed interest rate swaps totaling \$553 million in notional value, designating the contracts in fair values hedges to hedge changes in the fair value of the acquired AFS securities portfolio from IBS (see Note 2) attributable to fluctuations in the SOFR OIS swap rate. The swaps were designated in accordance with the portfolio layer method described in ASU 2022-01, *Derivatives and Hedging (Topic 815): Fair Value Hedging—Portfolio Layer Method*. The portfolio layer method allows the Company to designate as the hedged item a stated amount of assets that are not expected to be affected by prepayments, defaults, or other factors affecting the timing and amount of cash flows. All hedged AFS securities were sold and the Company terminated the interest rate swaps and unwound the hedging relationship in the third quarter of 2025.

For a fair value hedge, the gain or loss on the derivative, as well as the offsetting loss or gain on the hedged item attributable to the hedged risk, are recognized in current earnings as fair values change. Net losses on interest rate swap agreements accounted for under fair value hedging designations totaled \$4.3 million for the three and nine months ended September 30, 2025. There were no interest rate swap agreements designated as a fair value hedge in 2024.

Adjustments to interest income were recorded for the amounts related to terminated hedges reclassified from AOCI. The net amounts resulted in an increase to interest income of \$0.3 million for the three and nine months ended September 30, 2025, respectively. There were no such adjustments recorded for the three or the nine months ended September 30, 2024.

The following table summarizes the impact on interest income related to the fair value hedges:

(Dollars in thousands)	For the three and nine months ended September 30, 2025	
	Amounts related to interest settlements	\$ 507
Recognized on hedged items		\$ (226)
Net income recognized ⁽¹⁾		\$ 281

(1) Reported as an adjustment to interest income on AFS securities in the Consolidated Statements of Income

The Company is party to collateral support agreements with certain derivative counterparties. Such agreements require that the Company maintain collateral based on the fair values of derivative transactions. In the event of default by the Company, the counterparty would be entitled to the collateral. At September 30, 2025, and December 31, 2024, the Company was required to post \$27.1 million and \$60.9 million, respectively, in cash or qualifying securities as collateral for its derivative transactions, and these amounts were included in interest bearing deposits with other banks for the periods indicated. In addition, the Company had recorded the obligation to return cash collateral provided by counterparties of \$1.2 million and \$23.1 million at September 30, 2025 and December 31, 2024, respectively, within deposits on the Company's consolidated balance sheet. Certain financial instruments, such as derivatives, may be eligible for offset in the consolidated balance sheet and/or subject to master netting arrangements or similar agreements. The Company's derivative transactions with upstream financial institution counterparties are generally executed under International Swaps and Derivative Association master agreements which include "right of set-off" provisions. In such cases, there is generally a legally enforceable right to offset recognized amounts and there may be an intention to settle such amounts on a net basis. Nonetheless, the Company does not generally offset such financial instruments for financial reporting purposes.

The Company enters into certain interest rate contracts on commercial loans, which include swaps, floors, caps and collars that are not designated as hedging instruments. These derivative contracts relate to transactions in which the Company enters into an interest rate contract with a loan customer while at the same time entering into an offsetting interest rate contract with another financial institution. In connection with each swap transaction, the Company agrees to pay interest to the customer on a notional amount at a variable interest rate and receive interest from the customer on a similar notional amount at a fixed interest rate. At the same time, the Company agrees to pay another financial institution the same fixed interest rate on the same notional amount and receive the same variable interest rate on the same notional amount. The interest rate swap, floor, cap and collar transactions allow the Company to manage its IRR. Because the Company acts as an intermediary for its customers, changes in the fair value of the underlying derivative contracts generally offset and do not significantly impact the Company's consolidated statements of income. The Company is exposed to credit loss in the event of nonperformance by the parties to the interest rate contracts. However, the Company does not anticipate nonperformance by the counterparties. At September 30, 2025 and December 31, 2024, the estimated fair value recorded in other assets on the consolidated balance sheets totaled \$30.7 million and \$30.6 million, respectively. The corresponding fair value recorded in other liabilities in the accompanying consolidated balance sheets totaled \$39.2 million and \$45.1 million at September 30, 2025 and December 31, 2024.

The Company has both bought and sold credit protection in the form of participations on interest rate swaps (swap participations). These swap participations, which meet the definition of credit derivatives, were entered into in the ordinary course of business to serve the credit needs of customers. Swap participations, whereby the Company has purchased credit protection, entitle the Company to receive a payment from the counterparty if the customer fails to make payment on any amounts due to the Company upon early termination of the swap transaction. For contracts where the Company sold credit protection, the Company would be required to make payment to the counterparty if the customer fails to make payment on any amounts due to the counterparty upon early termination of the swap transaction. Swap participation agreements where the Company is the beneficiary had notional values totaling \$210.7 million and \$205.1 million at September 30, 2025 and December 31, 2024, respectively. Swap participation agreements where the Company is the guarantor had notional values totaling \$472.9 million and \$443.0 million at September 30, 2025 and December 31, 2024, respectively.

The Company enters into interest rate lock commitments with customers in connection with residential mortgage loan applications for loans the Company intends to sell. Additionally, the Company enters into mortgage loan forward sales commitments of MBS with investors to mitigate the effect of IRR inherent in providing interest rate lock commitments to customers. Both the interest rate lock commitments and mortgage loan forward sales commitments are considered derivatives under current accounting guidance and are required to be recorded at fair value. The fair value of these derivatives is recorded on the consolidated balance sheets in other assets and other liabilities. The change in fair value of these instruments is recorded within mortgage banking revenue in the consolidated statements of income. For the three months ended September 30, 2025 and 2024, mortgage loans held for sale interest rate lock commitments and mortgage loan forward sales commitment losses totaled \$1.7 million and \$11 thousand, respectively. For the nine months ended September 30, 2025, and 2024, mortgage loans held for sale interest rate lock commitments and mortgage loan forward sales commitment gains totaled \$1.0 million and \$1.6 million, respectively.

The Company has an economic hedge in place on its MSR and uses various instruments (including but not limited to Treasury options, SOFR and TBA futures and forwards) to mitigate the IRR associated with the MSR. These hedging instruments are reported at fair value, with adjustments included as part of mortgage banking revenue in the consolidated statements of income. For the three months ended September 30, 2025 and 2024, the market value adjustment on MSR hedge totaled net gains of \$0.2 million and \$5.0 million, respectively. For the nine months ended September 30, 2025 and 2024, the market value adjustment on MSR hedge totaled net gains of \$4.6 million and net losses of \$1.7 million, respectively. See Note 8 for additional information.

The Company enters into certain foreign currency exchange contracts on behalf of its clients to facilitate their risk management strategies, while at the same time entering into offsetting foreign currency exchange contracts with another counterparty in order to minimize the Company's foreign currency exchange risk. The contracts are short term in nature, and any gain or loss incurred at settlement is recorded as other noninterest income. The fair value of these contracts is reported in other assets and other liabilities. Foreign exchange contract net gains totaled \$1.1 million for the three months ended September 30, 2025 and 2024, respectively, and net gains totaled \$3.4 million and \$2.9 million for the nine months ended September 30, 2025 and 2024, respectively.

NOTE 16. COMMITMENTS AND CONTINGENT LIABILITIES

Mortgage Loans Serviced for Others

The Company services mortgage loans for other financial institutions that are not included as assets in the Company's accompanying consolidated financial statements. Included in the \$8.3 billion and \$8.0 billion of mortgage loans serviced for investors at September 30, 2025 and December 31, 2024, respectively, was \$0.5 million and \$0.6 million, respectively, of primary recourse servicing pursuant to which the Company is responsible for any losses incurred in the event of nonperformance by the mortgagor. The Company's exposure to credit loss in the event of such nonperformance is the unpaid principal balance at the time of default. This exposure is limited by the underlying collateral, which consists of single family residences and either federal or private mortgage insurance.

Lending Commitments

The consolidated financial statements do not reflect various commitments and contingent liabilities which arise in the ordinary course of business in the banking industry and involve elements of credit risk, IRR, and liquidity risk. Such financial instruments are recorded when they are funded. At September 30, 2025 and December 31, 2024, these included \$423.5 million and \$448.9 million, respectively, in letters of credit and \$9.2 billion and \$8.6 billion, respectively, in unfunded extensions of credit such as interim mortgage financing, construction credit, credit card, and revolving line of credit arrangements.

Commitments to extend credit and letters of credit include some exposure to credit loss in the event of nonperformance of the customer. Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. In addition, the Company has entered into certain contingent commitments to grant loans. Standby letters of credit are conditional commitments issued to guarantee the performance of a customer to a third party. The credit policies and procedures for such commitments are the same as those used for lending activities. Because these instruments have fixed maturity dates and because a number expire without being drawn upon, they generally do not present any significant liquidity risk. The Company did not realize significant credit losses from these commitments and arrangements during the three and nine months ended September 30, 2025 and 2024.

Other Commitments

The Company makes investments in limited partnerships, including certain affordable housing partnerships for which it receives tax credits. At September 30, 2025 and December 31, 2024, unfunded capital commitments totaled \$322.4 million and \$277.4 million, respectively. See Note 17 for more information.

Litigation

The nature of the Company's business ordinarily results in certain types of claims, litigation, investigations, and other legal or administrative cases and proceedings. Although the Company and its subsidiaries have policies and procedures to minimize legal noncompliance and the impact of claims and other proceedings, and endeavored to procure reasonable insurance coverage, litigation and regulatory actions remain an ongoing risk.

The Company and its subsidiaries engage in lines of business that are heavily regulated and involve a large volume of actual or potential financial transactions with customers or applicants, and the Company is a public company with a large number of shareholders. From time to time, applicants, borrowers, customers, shareholders, former employees, service providers, and other third parties have brought actions against the Company or its subsidiaries, in certain cases claiming substantial damages. Financial services companies are subject to risks arising from changing regulatory frameworks or expectations, regulatory investigations, class action litigation, and, from time to time, the Company and its subsidiaries have such actions brought against them. The Company and its subsidiaries are also subject to enforcement actions by federal or state regulators, including the Federal Reserve, the CFPB, the DOJ, state attorneys general, and the MDBCF, which may be adversely impacted by ongoing litigation in which the Company is involved. Additionally, the Company is, and management expects it to be, engaged in a number of foreclosure proceedings and other collection actions as part of its lending and leasing collections activities, which, from time to time, have resulted in counterclaims against the Company and its subsidiaries. Various legal proceedings have and may arise in the future out of claims against entities to which the Company is a successor as a result of business combinations.

When and as the Company determines it has meritorious defenses to the claims asserted, it vigorously defends against such claims. The Company will consider settlement of claims when, in management's judgment and in consultation with counsel, it is in the best interests of the Company to do so.

The Company cannot predict with certainty the cost of defense, the cost of prosecution, or the ultimate outcome of litigation or other proceedings filed by or against it, its subsidiaries and its directors, management or employees, including remedies or damage awards. On at least a quarterly basis, the Company assesses its liabilities and contingencies in connection with outstanding legal proceedings as well as certain threatened claims (which are not considered incidental to the ordinary conduct of the Company's business) utilizing the latest and most reliable information available. For matters where a loss is not probable or the amount of the loss cannot be estimated, the Company will not make an accrual. For matters where it is probable the Company will incur a loss and the amount can be reasonably estimated, the Company will accrue for the loss. Once established, the accrual is adjusted periodically to reflect any relevant developments. The actual cost of any such matters, however, may turn out to be substantially higher than the amount accrued. Further, the Company's insurance policies have deductibles and coverage limits, and such policies are unlikely to cover all costs and expenses related to the defense or prosecution of such legal proceedings or any losses arising therefrom.

Although the final outcome of any legal proceedings is inherently uncertain, based on the information available, advice of counsel and available insurance coverage, if applicable, management believes that the litigation-related liability of \$0.3 million accrued at September 30, 2025 is adequate and that any incremental change in potential liability arising from the Company's legal proceedings and threatened claims, including the matters described herein and those otherwise arising in the ordinary course of business, will not have a material adverse effect on the Company's business or consolidated results of operations or financial condition. It is possible, however, that future developments could result in an unfavorable outcome for or resolution of any one or more of the legal proceedings in which the Company or its subsidiaries are defendants, which may be material to the Company's business or consolidated results of operations or financial condition for a particular fiscal period or periods.

NOTE 17. VARIABLE INTEREST ENTITIES AND OTHER INVESTMENTS

Under ASC 810-10-65, a company is deemed to be the primary beneficiary and required to consolidate a VIE if it has a variable interest in the VIE that provides a controlling financial interest. The determination of whether a controlling financial interest exists is based on whether a single party has both the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and the obligation to absorb the losses of the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. ASC 810-10-65 requires continual reconsideration of conclusions reached regarding which interest holder is a VIE's primary beneficiary.

Certain NMTC meet the qualifications for consolidation under ASC 810. Consolidation is applicable to this type of investment structure when the entities owned by the tax credit investment fund, managing member, and limited partner of the sub-CDE are under common control, and the limited partner's related party group has both the power and the obligation to absorb the significant benefits and losses of the sub-CDE. Based on this, the limited partner, which is the Company, is the primary beneficiary of the sub-CDE (VIE) and therefore subject to consolidation. NMTC investment structures which include a managing member not affiliated with the Company are not subject to consolidation.

At September 30, 2025 and December 31, 2024, the Company's assets of the consolidated VIE that can be used only to settle obligations of the consolidated VIE totaled \$4.4 million and \$5.4 million, respectively.

The Company is invested in several tax credit projects solely as a limited partner. At September 30, 2025 and December 31, 2024, the Company's maximum exposure to loss associated with these limited partnerships was limited to its investment. Most of the investments are in affordable housing projects. The partnerships have qualified to receive annual affordable housing federal tax credits that are recognized as a reduction of current tax expense. The Company accounts for these investments and the related tax credits using either the effective yield method or the proportional amortization method, depending upon the date of the investment. Under the effective yield method, the Company recognizes the tax credits as they are allocated and amortizes the initial costs of the investments to provide a constant effective yield over the period the tax credits are allocated. Under the proportional amortization method, the Company amortizes the cost of the investment in proportion to the tax credits and other tax benefits received and recognizes the net investment performance in the income statement as a component of income tax expense. The Company also has, to a lesser degree, investments in NMTC and historic tax credit projects. The Company has elected to account for the NMTC not subject to consolidation and HTC using the flowthrough method, which reduces federal income taxes in the year in which the credit arises. At September 30, 2025 and December 31, 2024, the Company recorded total tax credit investments in other assets on its consolidated balance sheets of \$452.7 million and \$387.3 million, respectively.

The Company adopted the provisions of ASU 2023-02 as of January 1, 2024 and determined each investments' eligibility for proportional amortization. For certain NMTC and HTC investments that do not qualify for the proportional amortization method under ASU 2023-02, amortization related to these investments are recorded in other noninterest income in the Company's consolidated statements of income. The Company recorded amortization of \$0.3 million for both the three months ended September 30, 2025 and 2024, and recorded amortization of \$1.0 million and \$0.8 million for the nine months ended September 30, 2025 and 2024, respectively. The cash flow activity related to these investments are presented in the net income (loss) line in the operating activities section of the consolidated statements of cash flows.

For the investments that qualify for proportional amortization under ASU 2023-02, the Company recognized income tax credits and other income tax benefits for the three months ended September 30, 2025 of \$13.7 million and \$1.4 million, respectively. The total income tax benefits of \$15.1 million are partially offset by \$12.0 million of investment amortization recognized for the three months ended September 30, 2025, for a net income tax benefit of \$3.1 million. For the three months ended September 30, 2024, the Company recognized income tax credits and other income tax benefits of \$10.1 million and \$1.2 million, respectively. The total income tax benefits of \$11.3 million are partially offset by \$8.9 million of investment amortization recognized for the three months ended September 30, 2024, for a net income tax benefit of \$2.4 million.

For the investments that qualify for proportional amortization under ASU 2023-02, the Company recognized income tax credits and other income tax benefits for the nine months ended September 30, 2025 of \$36.9 million and \$4.2 million, respectively. The total income tax benefits of \$41.1 million are partially offset by \$32.6 million of investment amortization recognized for the nine months ended September 30, 2025, for a net income tax benefit of \$8.5 million. For the nine months ended September 30, 2024, the Company recognized income tax credits and other income tax benefits of \$29.7 million and \$3.6 million, respectively. The total income tax benefits of \$33.3 million are partially offset by \$26.5 million of investment amortization recognized for the nine months ended September 30, 2024, for a net income tax benefit of \$6.8 million.

The cash flows related to the total income tax benefits are presented in the consolidated statements of cash flows. The net income tax benefit of \$8.5 million for the nine months ended September 30, 2025 was included in the net income (loss) line within operating activities. Investment amortization of \$32.6 million for the nine months ended September 30, 2025, was included in the depreciation and amortization line item, which was an adjustment to reconcile net income (loss) to cash provided by (used for) operating activities. The income tax credits and other income tax benefits of \$41.1 million for the nine months ended September 30, 2025 was included in the net change to other assets or liabilities line item, which was also an adjustment to reconcile net income (loss) to cash provided by (used for) operating activities.

Additionally, the Company has investments in other certain limited partnerships accounted for under the fair value practical expedient of NAV totaling \$158.1 million and \$118.7 million at September 30, 2025 and December 31, 2024, respectively. Related to assets recorded at fair value through net income, the Company recognized net gains of \$3.2 million and \$3.6 million for the three months ended September 30, 2025 and 2024, respectively. The Company recognized net gains of \$7.7 million and \$9.6 million for the nine months ended September 30, 2025 and 2024 respectively. These investments are made primarily through various SBIC funds as a strategy to provide expansion and growth opportunities to small businesses and community development funds to help serve the credit needs of the low- and moderate-income and underserved communities within our footprint. Of the total fair value of these limited partnerships, \$21.0 million and \$15.8 million are related to real-estate funds at September 30, 2025 and December 31, 2024, respectively. The remaining \$137.1 million and \$102.9 million are related to SBIC funds that concentrate in a variety of industries at September 30, 2025 and December 31, 2024, respectively. At September 30, 2025, unfunded commitments related to these investments were \$10.3 million and \$134.5 million related to the real-estate funds and other SBIC funds, respectively. SBIC funds are generally structured to operate for approximately 10 years. During the life of each SBIC fund, partners can request to withdraw from the fund, and subsequently receive the balance of their investment as the underlying assets are liquidated over the remaining life of the fund. As of September 30, 2025, the Company identified approximately \$39.7 million of funds in which it plans to sell all of its position, or a portion thereof, at the carrying value of the investment and, therefore, does not anticipate recognizing a gain or loss on the sale. The Company intends to complete the sale by December 31, 2025.

For other limited partnerships without readily determinable fair values that do not qualify for the practical expedient, Cadence elected the measurement alternative to account for these investments at their cost minus impairment, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. These investments totaled \$2.9 million and \$2.6 million at September 30, 2025 and December 31, 2024, respectively. Other limited partnerships accounted for under the equity method totaled \$8.7 million at both September 30, 2025 and December 31, 2024.

A summary of the Company's investments in limited partnerships is presented as of the following periods:

(In thousands)	September 30, 2025	December 31, 2024
Tax credit investments (amortized cost)	\$ 452,673	\$ 387,339
Limited partnerships accounted for under the fair value practical expedient of NAV	158,092	118,710
Limited partnerships without readily determinable fair values that do not qualify for the practical expedient of NAV accounted for under the cost method	2,913	2,586
Limited partnerships required to be accounted for under the equity method	8,729	8,664
Total investments in limited partnerships	\$ 622,407	\$ 517,299

For equity investments carried at cost using the measurement alternative, during the three months ended September 30, 2025, there was a write-down for impairment of \$2 thousand. During the nine months ended and as of September 30, 2025, the write-downs for impairment totaled \$50 thousand. During the three months ended September 30, 2024, there were no downward or upward adjustments to these investments for impairments or price changes from observable transactions. During the nine months ended September 30, 2024, there was one write-down for impairment of \$83 thousand. The carrying amount of these equity investments in limited partnerships measured under this measurement alternative for the specified periods are as follows:

(In thousands)	Nine Months Ended September 30,	
	2025	2024
Carrying value at the beginning of the period	\$ 2,586	\$ 2,417
Impairments	(50)	(83)
Reclassifications	165	264
Distributions	(492)	(521)
Contributions	704	770
Carrying value at the end of the period	\$ 2,913	\$ 2,847

NOTE 18. SUBSEQUENT EVENTS

On October 26, 2025, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with Huntington Bancshares Incorporated, a Maryland corporation ("Huntington"), and The Huntington National Bank, a national bank and a wholly owned subsidiary of Huntington ("Huntington National Bank"), pursuant to which, upon the terms and subject to the conditions set forth therein, the Company will merge with and into Huntington National Bank, with Huntington National Bank continuing as the surviving bank. Under the terms of the Merger Agreement, Huntington will issue 2.475 shares of Huntington common stock for each outstanding share of Company common stock in a 100% stock transaction. Based on the closing price of Huntington's common stock of \$16.07 and the Company's common stock of \$36.49, each as of October 24, 2025, the consideration implies \$39.77 per Company common share and an aggregate transaction value of \$7.4 billion. The transaction is expected to close in the first quarter of 2026, subject to regulatory and shareholder approvals and other customary closing conditions.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma condensed combined financial information and notes thereto have been prepared in accordance with Article 11 of Regulation S-X in order to give effect to the merger and related transaction accounting adjustments (pro forma adjustments) described in the accompanying notes.

On October 26, 2025, Huntington entered into an Agreement and Plan of Merger (the “Merger Agreement”) with The Huntington National Bank (“Huntington National Bank”), Huntington’s wholly owned subsidiary bank, and Cadence Bank (“Cadence”), a regional bank headquartered in Houston, Texas and Tupelo, Mississippi, whereby Cadence will merge with and into Huntington National Bank, with Huntington National Bank as the surviving bank. Under the terms of the Merger Agreement, Huntington will issue 2,475 shares for each outstanding share of Cadence in a 100% stock transaction. Holders of Cadence common stock will receive cash in lieu of fractional shares. In addition, each outstanding share of 5.50% Series A Non-Cumulative Perpetual Preferred Stock of Cadence (“Cadence preferred stock”) will be converted into the right to receive 1 depositary share representing 1/1000 of a share of a newly created series of preferred stock of Huntington having such powers, preferences or special rights that are not materially less favorable to the holders thereof than the powers, preferences or special rights of the Cadence preferred stock.

The accompanying unaudited pro forma condensed combined balance sheet as of September 30, 2025 combines the historical consolidated balance sheets of Huntington and Cadence, giving effect to the merger as if it had been completed on September 30, 2025. The accompanying unaudited pro forma condensed combined income statements for the nine-month period ended September 30, 2025 and for the year ended December 31, 2024 combine the historical consolidated income statements of Huntington and Cadence, giving effect to the merger as if it had been completed on January 1, 2024.

The historical consolidated financial statements of Huntington and Cadence have been adjusted in the accompanying unaudited pro forma condensed combined financial information to give effect to the pro forma events that are necessary to account for the merger in accordance with U.S. GAAP. The unaudited pro forma adjustments are based on information and certain assumptions that Huntington believes are reasonable. The following unaudited pro forma condensed combined financial information does not reflect the costs of any integration activities or benefits that may result from the realization of future cost savings from operating efficiencies. Certain reclassifications have also been made to align Cadence’s historical financial statement presentation to Huntington’s.

The following unaudited pro forma condensed combined financial information and related accompanying notes should be read in conjunction with (i) the separate historical unaudited consolidated financial statements of Huntington as of and for the nine-month period ended September 30, 2025, and the related notes, included in Huntington’s Quarterly Report on Form 10-Q for the period ended September 30, 2025, (ii) the separate historical unaudited consolidated financial statements of Cadence as of and for the nine-month period ended September 30, 2025, and the related notes, (iii) the separate historical audited consolidated financial statements of Huntington as of and for the year ended December 31, 2024, and the related notes, included in Huntington’s Annual Report on Form 10-K for the year ended December 31, 2024, and (iv) the separate historical audited consolidated financial statements of Cadence as of and for the year ended December 31, 2024, and the related notes.

The unaudited pro forma condensed combined financial information is provided for illustrative information purposes only. The unaudited pro forma condensed combined financial information is not necessarily, and should not be assumed to be, an indication of the actual results that would have been achieved had the merger been completed as of the dates indicated or that may be achieved in the future.

The merger is being accounted for as a business combination using the acquisition method, with Huntington as the accounting acquirer in accordance with Accounting Standards Codification (“ASC”) Topic 805, Business Combinations (“ASC 805”). Under this method of accounting, the aggregate purchase consideration will be allocated to Cadence’s assets acquired and liabilities assumed based upon their estimated fair values at the date

of completion of the merger. The process of valuing the net assets of Cadence immediately prior to the merger, as well as evaluating accounting policies for conformity, is preliminary. Any differences between the estimated fair value of the purchase consideration and the estimated fair value of the assets acquired and liabilities assumed will be recorded as goodwill.

The unaudited pro forma condensed combined financial information also does not consider any potential effects of changes in market conditions on revenues, expense efficiencies, severance and retention expenses, asset dispositions, and share repurchases, among other factors. In addition, as explained in more detail in the accompanying notes, the preliminary allocation of the pro forma purchase price reflected in the unaudited pro forma condensed combined financial information is subject to adjustment and may vary significantly from the actual purchase price allocation that will be recorded upon completion of the merger.

As of the date of this Current Report on Form 8-K, Huntington has not completed the valuation analysis and calculations in sufficient detail necessary to arrive at the required estimates of the fair market value of the Cadence assets to be acquired or liabilities to be assumed, other than a preliminary estimate for intangible assets and certain financial assets and financial liabilities. Accordingly, apart from the aforementioned, certain assets and liabilities of Cadence are presented at their respective carrying amounts and should be treated as preliminary values. A final determination of the fair value of Cadence's assets and liabilities will be based on Cadence's actual assets and liabilities as of the closing date of the merger and, therefore, cannot be made prior to the completion of the merger. In addition, the value of the merger consideration to be paid by Huntington in shares of Huntington common stock upon the completion of the merger will be determined based on the closing price of Huntington common stock on the closing date and the number of issued and outstanding shares of Cadence common stock immediately prior to the closing. Actual adjustments may differ from the amounts reflected in the unaudited pro forma condensed combined financial information, and the differences may be material.

Further, Huntington has not identified all adjustments necessary to conform Cadence's accounting policies to Huntington's accounting policies. Upon completion of the merger, or as more information becomes available, Huntington will perform a more detailed review of Cadence's accounting policies. As a result of that review, differences could be identified between the accounting policies of the two companies that, when conformed, could have a material impact on the combined company's financial information.

As a result of the foregoing, the pro forma adjustments are preliminary and are subject to change as additional information becomes available and as additional analysis is performed. The preliminary pro forma adjustments have been made solely for the purpose of providing the unaudited pro forma condensed combined financial information. Huntington estimated the fair value of certain Cadence assets and liabilities based on a preliminary valuation analysis, due diligence information, information presented in Cadence's filings with the Federal Reserve, and other publicly available information. Until the merger is completed, both companies are limited in their ability to share certain information.

Upon completion of the merger, a final determination of the fair value of Cadence's assets acquired and liabilities assumed will be performed. Any changes in the fair values of the net assets or total purchase consideration as compared with the information shown in the unaudited pro forma condensed combined financial information may change the amount of the total purchase consideration allocated to goodwill and other assets and liabilities and may impact the combined company's statement of income. The final purchase consideration allocation may be materially different than the preliminary purchase consideration allocation presented in the unaudited pro forma condensed combined financial information.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
As of September 30, 2025

(dollars in millions)	Transaction Accounting Adjustments					Pro forma Condensed Combined
	Historical Huntington	Historical Cadence	Reclassifications Note 2	Pro forma Adjustments	Note 4	
Assets						
Cash and due from banks	\$ 1,696	\$ 840	\$ —	\$ (103)	A	\$ 2,433
Interest-bearing deposits with banks	11,536	1,049	—	—		12,585
Trading account securities	81	—	—	—		81
Available-for-sale securities	26,085	9,616	—	—		35,701
Held-to-maturity securities	15,597	—	—	—		15,597
Other securities	870	—	271	—		1,141
Loans held for sale	823	262	—	—		1,085
Loans and Leases	137,956	36,802	—	(1,308)	B	173,450
Allowance for loan and lease losses	(2,374)	(496)	—	(78)	C	(2,948)
Net loans and leases	135,582	36,306	—	(1,386)		170,502
Bank-owned life insurance	2,810	769	—	—		3,579
Accrued income and other receivables	1,819	—	301	—		2,120
Premises and equipment	1,112	855	(243)	20	D	1,744
Goodwill	5,547	1,516	—	2,009	E	9,072
Servicing rights and other intangible assets	644	149	120	651	F	1,564
Other assets	6,026	1,920	(449)	191	G	7,688
Total Assets	<u>\$210,228</u>	<u>\$53,282</u>	<u>\$ —</u>	<u>\$ 1,382</u>		<u>\$264,892</u>
Liabilities and Shareholders' Equity						
Liabilities						
Deposits:						
Demand deposits - noninterest-bearing	\$ 28,596	\$ 9,037	\$ —	\$ —		\$ 37,633
Interest-bearing	136,616	34,884	—	7	H	171,507
Total deposits	165,212	43,921	—	7		209,140
Short-term borrowings	252	955	—	—		1,207
Long-term debt	17,315	1,331	—	2	I	18,648
Other liabilities	5,163	992	—	—		6,155
Total Liabilities	<u>187,942</u>	<u>47,199</u>	<u>—</u>	<u>9</u>		<u>235,150</u>
Shareholders' Equity						
Preferred stock	2,731	167	—	(16)	J	2,882
Common stock	15	466	—	(462)	J	19
Capital surplus	15,537	2,813	—	4,760	J	23,110
Less treasury shares, at cost	(87)	—	—	—		(87)
Accumulated other comprehensive income (loss)	(2,071)	(494)	—	494	J	(2,071)
Retained earnings	6,123	3,131	—	(3,403)	J	5,851
Total Shareholders' Equity	<u>22,248</u>	<u>6,083</u>	<u>—</u>	<u>1,373</u>		<u>29,704</u>
Non-controlling interest	38	—	—	—		38
Total Equity	<u>22,286</u>	<u>6,083</u>	<u>—</u>	<u>1,373</u>		<u>29,742</u>
Total Liabilities and Equity	<u>\$210,228</u>	<u>\$53,282</u>	<u>\$ —</u>	<u>\$ 1,382</u>		<u>\$264,892</u>

See accompanying Notes to the Unaudited Pro Forma Condensed Combined Financial Information

UNAUDITED PRO FORMA CONDENSED COMBINED INCOME STATEMENT
 For the Nine Months Ended September 30, 2025

(dollars in millions, except per share data)	Historical Huntington	Historical Cadence	Reclassifications Note 2	Pro forma Adjustments	Transaction Accounting Adjustments	Pro forma Condensed Combined
Interest and fee income:						
Loans and leases	\$ 5,926	\$ 1,668	\$ —	\$ 320	A	\$ 7,914
Investment securities	1,265	219	—	—		1,484
Other	454	52	7	—		513
Total interest income	<u>7,645</u>	<u>1,939</u>	<u>7</u>	<u>320</u>		<u>9,911</u>
Interest expense:						
Deposits	2,462	716	—	(1)	B	3,177
Short-term borrowings	40	29	—	—		69
Long-term debt	744	29	—	—	C	773
Total interest expense	<u>3,246</u>	<u>774</u>	<u>—</u>	<u>(1)</u>		<u>4,019</u>
Net interest income	4,399	1,165	7	321		5,892
Provision for credit losses	340	83	—	—	D	423
Net interest income after provision for credit losses	4,059	1,082	7	321		5,469
Noninterest income:						
Payments and cash management revenue	494	38	—	—		532
Wealth and asset management revenue	307	73	—	—		380
Customer deposit and loan fees	283	55	30	—		368
Capital markets and advisory fees	245	—	—	—		245
Mortgage banking income	102	20	—	—		122
Leasing revenue	47	—	—	—		47
Insurance income	59	—	—	—		59
Net gains (losses) on sales of securities	(58)	4	—	—		(54)
Other noninterest income	114	87	(37)	—		164
Total noninterest income	<u>1,593</u>	<u>277</u>	<u>(7)</u>	<u>—</u>		<u>1,863</u>
Noninterest expense:						
Personnel costs	2,150	484	(6)	—	E	2,628
Outside data processing and other services	550	94	(31)	—		613
Equipment	201	90	(24)	—		267
Net occupancy	176	—	60	1	F	237
Marketing	91	—	13	—		104
Deposit and other insurance expense	66	27	6	—		99
Professional services	75	—	44	—	E	119
Amortization of intangibles	33	15	—	83	G	131
Lease financing equipment depreciation	10	—	—	—		10
Merger-related expenses	—	22	(22)	—		—
Other noninterest expense	243	120	(40)	—		323
Total noninterest expense	<u>3,595</u>	<u>852</u>	<u>—</u>	<u>84</u>		<u>4,531</u>
Income before income taxes	2,057	507	—	237		2,801
Provision for income taxes	351	109	—	56	H	516
Income after income taxes	<u>1,706</u>	<u>398</u>	<u>—</u>	<u>181</u>		<u>2,285</u>
Income attributable to non-controlling interest	14	—	—	—		14
Net income	1,692	398	—	181		2,271
Dividends on preferred shares	81	10	—	—		91
Net income applicable to common shares	\$ 1,611	\$ 388	\$ —	\$ 181		\$ 2,180
Basic earnings per common share	\$ 1.11	\$ 2.10				\$ 1.14
Diluted earnings per common share	\$ 1.09	\$ 2.07				\$ 1.12
Weighted average common shares (in thousands)	1,456,979	185,148		273,093	I	1,915,220
Diluted average common shares (in thousands)	1,482,677	187,616		276,734	I	1,947,027

See accompanying Notes to the Unaudited Pro Forma Condensed Combined Financial Information

UNAUDITED PRO FORMA CONDENSED COMBINED INCOME STATEMENT
For the Year Ended December 31, 2024

(dollars in millions, except per share data)	Historical Huntington	Historical Cadence	Reclassifications Note 2	Pro forma Adjustments	Transaction Accounting Adjustments	Note 5	Pro forma Condensed Combined
Interest and fee income:							
Loans and leases	\$ 7,481	\$ 2,165	\$ —	\$ 655	A	\$ 10,301	
Investment securities	1,790	246	—	—		2,036	
Other	650	136	1	—		787	
Total interest income	<u>9,921</u>	<u>2,547</u>	<u>1</u>	<u>655</u>		<u>13,124</u>	
Interest expense:							
Deposits	3,572	957	—	(7)	B	4,522	
Short-term borrowings	69	141	—	—		210	
Long-term debt	935	13	—	(2)	C	946	
Total interest expense	<u>4,576</u>	<u>1,111</u>	<u>—</u>	<u>(9)</u>		<u>5,678</u>	
Net interest income	5,345	1,436	1	664		7,446	
Provision for credit losses	420	71	—	252	D	743	
Net interest income after provision for credit losses	4,925	1,365	1	412		6,703	
Noninterest income:							
Payments and cash management revenue	620	50	—	—		670	
Wealth and asset management revenue	364	95	—	—		459	
Customer deposit and loan fees	334	73	38	—		445	
Capital markets and advisory fees	327	—	—	—		327	
Mortgage banking income	130	17	—	—		147	
Leasing revenue	79	—	—	—		79	
Insurance income	77	—	—	—		77	
Net gains (losses) on sales of securities	(21)	(3)	—	—		(24)	
Other noninterest income	130	125	(39)	—		216	
Total noninterest income	<u>2,040</u>	<u>357</u>	<u>(1)</u>	<u>—</u>		<u>2,396</u>	
Noninterest expense:							
Personnel costs	2,701	609	(8)	38	E	3,340	
Outside data processing and other services	665	122	(40)	—		747	
Equipment	267	114	(31)	—		350	
Net occupancy	221	—	78	1	F	300	
Marketing	116	—	14	—		130	
Deposit and other insurance expense	114	40	8	—		162	
Professional services	99	—	26	65	E	190	
Amortization of intangibles	47	16	—	129	G	192	
Lease financing equipment depreciation	15	—	—	—		15	
Other noninterest expense	317	145	(47)	—		415	
Total noninterest expense	<u>4,562</u>	<u>1,046</u>	<u>—</u>	<u>233</u>		<u>5,841</u>	
Income before income taxes	<u>2,403</u>	<u>676</u>	<u>—</u>	<u>179</u>		<u>3,258</u>	
Provision for income taxes	<u>443</u>	<u>152</u>	<u>—</u>	<u>42</u>	H	<u>637</u>	
Income after income taxes	<u>1,960</u>	<u>524</u>	<u>—</u>	<u>137</u>		<u>2,621</u>	
Income attributable to non-controlling interest	20	—	—	—		20	
Net income	1,940	524	—	137		2,601	
Dividends on preferred shares	134	10	—	—		144	
Impact of preferred stock redemptions and repurchases	5	—	—	—		5	
Net income applicable to common shares	\$ 1,801	\$ 514	\$ —	\$ 137		\$ 2,452	
Basic earnings per common share	\$ 1.24	\$ 2.81				\$ 1.29	
Diluted earnings per common share	\$ 1.22	\$ 2.77				\$ 1.27	
Weighted average common shares (in thousands)	1,451,421	182,682		269,456	I	1,903,559	
Diluted average common shares (in thousands)	1,476,442	185,592		273,748	I	1,935,782	

See accompanying Notes to the Unaudited Pro Forma Condensed Combined Financial Information

NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Note 1. Basis of Presentation

The accompanying unaudited pro forma condensed combined financial information and related notes were prepared in accordance with Article 11 of Regulation S-X. As discussed in Note 2, certain reclassifications were made to align Cadence's historical financial statement presentation with that of Huntington's. The accounting policies of Cadence are in the process of being reviewed in detail. Upon completion of such review, additional conforming adjustments or financial statement reclassification may be necessary.

The unaudited pro forma condensed combined financial information was prepared using the acquisition method of accounting, in accordance with ASC 805, with Huntington as the accounting acquirer, using the fair value concepts defined in ASC Topic 820, Fair Value Measurement, and based on historical financial statements. Under ASC 805, assets acquired and liabilities assumed in a business combination are generally recognized and measured at their fair values as of the acquisition date, while transaction costs associated with the business combination are expensed as incurred. The excess of purchase consideration over the estimated fair value assets acquired and liabilities assumed, if any, is allocated to goodwill.

The allocation of the aggregate purchase consideration depends upon certain estimates and assumptions, all of which are preliminary. As of the date of this Current Report on Form 8-K, Huntington has not completed the valuation analysis and calculations in sufficient detail necessary to arrive at the required estimates of the fair market value of the Cadence assets to be acquired or liabilities to be assumed, other than a preliminary estimate for intangible assets and certain financial assets and financial liabilities. Accordingly, apart from the aforementioned, the value of certain Cadence assets and liabilities are presented at their respective carrying amounts and should be treated as preliminary. A final determination of the fair value of Cadence's assets and liabilities will be based on Cadence's actual assets and liabilities as of the merger closing date and, therefore, cannot be made prior to the completion of the merger. The allocation of the aggregate purchase consideration has been made for the purpose of developing the unaudited pro forma condensed combined financial information. The final determination of the fair values of the Cadence assets acquired and liabilities assumed could differ materially from the preliminary aggregate purchase consideration allocation.

The accompanying unaudited pro forma condensed combined balance sheet as of September 30, 2025 combines the historical consolidated balance sheets of Huntington and Cadence, giving effect to the merger as if it had been completed on September 30, 2025. The unaudited pro forma condensed combined income statement for the nine-month period ended September 30, 2025 and for the year ended December 31, 2024 combine the historical consolidated income statements of Huntington and Cadence, giving effect to the merger as if it had been completed on January 1, 2024.

The unaudited pro forma condensed combined financial information does not reflect any anticipated synergies, operating efficiencies, or cost savings that may result from the merger, nor any acquisition and integration costs that may be incurred. The pro forma adjustments represent management's best estimates and are based upon currently available information and certain assumptions that Huntington believes are reasonable under the circumstances.

Note 2. Reclassification Adjustments

During the preparation of the unaudited pro forma condensed combined financial information, Huntington management performed a preliminary analysis of Cadence's financial information to identify differences in accounting policies and differences in balance sheet and income statement presentation as compared to the presentation of Huntington. At the time of preparing the unaudited pro forma condensed combined financial information, Huntington had not identified all adjustments necessary to conform Cadence's accounting policies to Huntington's accounting policies. Huntington had also not identified all adjustments necessary to conform Cadence's financial statement presentation with that of Huntington's. The adjustments represent Huntington's best estimates based upon the information currently available to Huntington and could be materially different from the amounts set forth in the unaudited pro forma condensed combined financial information once more detailed information is available.

Note 3. Preliminary Purchase Price Allocation

Estimated preliminary purchase consideration

The merger provides for Cadence common shareholders to receive 2.475 shares of Huntington common stock (the “Exchange Ratio”) for each share of Cadence common stock they hold immediately prior to closing of the merger. The value of the purchase price consideration to be paid by Huntington in shares of common stock upon the consummation of the merger will be determined based on the closing price of Huntington common stock and the number of issued and outstanding shares of Cadence common stock as of the closing date. Actual adjustments may differ from the amounts reflected in the unaudited pro forma condensed combined financial information, and the difference may be material.

The following table summarizes the determination of the preliminary estimated purchase price consideration, along with a sensitivity analysis of the impact a hypothetical 10% change (increase or decrease) in the price per share of Huntington common stock as of October 24, 2025 would have on the preliminary aggregate purchase consideration and its impact on the preliminary goodwill as of the closing date.

(dollars in millions, except per share data, shares in thousands)	October 24, 2025	10% Increase	10% Decrease
Shares of Cadence ^(a)	186,307	186,307	186,307
Exchange ratio	2.475	2.475	2.475
Huntington shares to be issued	461,110	461,110	461,110
Price per share of Huntington common stock ^(b)	\$ 16.07	\$ 17.68	\$ 14.46
Estimated consideration for common stock	\$ 7,410	\$ 8,152	\$ 6,668
Estimated consideration for equity awards	183	202	165
Estimated preferred stock fair value adjustment	(16)	(16)	(16)
Estimated fair value of preliminary purchase price consideration	\$ 7,577	\$ 8,338	\$ 6,817
Preliminary goodwill	\$ 3,525	\$ 4,286	\$ 2,765

a. As of October 24, 2025.

b. Based on the closing price of Huntington common stock on October 24, 2025.

Preliminary purchase consideration allocation

The assumed accounting for the merger, including the preliminary purchase price consideration, is based on provisional amounts, as the associated purchase accounting will not be finalized until after the merger has occurred. The preliminary allocation of the purchase price to the assets acquired and liabilities assumed was based upon preliminary estimates of fair value. The final determination of the estimated fair values, the assets’ useful lives, and the amortization methods are dependent upon certain valuations and other analyses that have not yet been completed. Actual results may differ materially from the assumptions within the accompanying unaudited pro forma condensed combined financial information. The unaudited pro forma adjustments are based upon available information and certain assumptions that Huntington believes are reasonable under the circumstances. The purchase price adjustments relating to the unaudited pro forma condensed combined financial information are preliminary and subject to change as additional information becomes available and as additional analyses are performed.

The following table summarizes the allocation of the preliminary purchase consideration to the fair value of the identifiable tangible and intangible assets acquired and liabilities assumed of Cadence as if the merger had been completed on September 30, 2025, with the excess recorded to goodwill.

(dollars in millions)

Cadence Net Assets at Fair Value	
Assets acquired:	
Cash and due from banks and interest-bearing deposits with banks	\$ 1,889
Investment and other securities	9,887
Loans held for sale	262
Net loans and leases	35,172
Core deposit and other intangible assets	800
Other assets	3,401
Total assets acquired	51,411
Liabilities and equity assumed:	
Deposits	43,928
Short-term borrowings	955
Long-term debt	1,333
Other liabilities	992
Total liabilities assumed	47,208
Preferred stock	151
Total liabilities and equity assumed	47,359
Preliminary fair value of net assets acquired	4,052
Preliminary goodwill	3,525
Estimated preliminary purchase price consideration	\$ 7,577

Note 4. Pro Forma Adjustments to the Unaudited Condensed Combined Balance Sheets

The following pro forma adjustments have been reflected in the unaudited pro forma condensed combined balance sheet as of September 30, 2025. All adjustments are based on preliminary assumptions and valuations, which are subject to change as further analysis is performed and additional information becomes available.

All taxable adjustments were calculated using a blended 23.6% statutory tax rate, to arrive at deferred tax asset or liability adjustments. The total effective tax rate of the combined company following the merger could be significantly different depending on the post-acquisition geographical mix of income and other factors. Because the tax rate used for the unaudited pro forma condensed combined financial information is an estimate, the actual rate in periods following the completion of the merger could differ by a material amount.

A. Adjustment to cash and cash equivalents to recognize estimated costs directly attributable to the merger, including legal and advisory fees and change in control costs associated with the transaction.

B. Adjustment to loans and leases to reflect estimated fair value adjustments, which include lifetime credit loss expectations for loans and leases, current interest rates, and liquidity. The adjustment includes the following:

(dollars in millions)	September 30, 2025
Estimate of lifetime credit losses on acquired loans and leases	\$ (574)
Estimate of fair value related to current interest rates and liquidity	(1,056)
Net fair value pro forma adjustments	(1,630)
Gross up of Purchase Credit Deteriorated (“PCD”) loans and leases for credit mark	322
Cumulative pro forma adjustments to loans and leases	<u>\$ (1,308)</u>

C. Adjustment to the allowance for loan and lease losses includes the following:

<i>(dollars in millions)</i>	September 30, 2025
Reversal of historical Cadence allowance for loan and lease losses	\$ 496
Estimate of lifetime credit losses for PCD loans and leases	(322)
Estimate of lifetime credit losses for non-PCD loans and leases	(252)
Net change in allowance for loan and lease losses	<u><u>\$ (78)</u></u>

D. Adjustment to property and equipment to reflect the estimated fair value of acquired premises and equipment.

E. Eliminate historical Cadence goodwill of \$1.5 billion at the closing date and record estimated goodwill associated with the merger of \$3.5 billion.

F. Eliminate historical Cadence core deposit and other intangible assets of \$149 million and record an estimated core deposit intangible asset of \$800 million related to the merger.

G. Adjustment to deferred taxes associated with the estimated pro forma transaction accounting adjustments. Adjustment also includes a \$2 million write-down of Cadence pension plan assets.

H. Adjustment to deposits to reflect the estimated fair value of interest-bearing time deposits.

I. Adjustment to long-term debt to reflect the estimated fair value of Cadence long-term debt.

J. Adjustments to shareholders' equity consisting of the following:

<i>(dollars in millions)</i>	Preferred Stock	Common Stock	Capital Surplus	Accumulated Other Comprehensive Income (Loss)	Retained Earnings
Elimination of Cadence historical equity balances	\$ (167)	\$ (466)	\$ (2,813)	\$ 494	\$ (3,131)
Issuance of shares of Huntington common stock		4	7,573		
Issuance of shares of Huntington preferred stock		151			
Establishment of allowance for loans and leases for non-PCD loans, net of tax					(193)
Merger-related transaction fees and expenses, net of tax	—	—	—	—	(79)
Net equity-related pro forma transaction accounting adjustments	<u><u>\$ (16)</u></u>	<u><u>\$ (462)</u></u>	<u><u>\$ 4,760</u></u>	<u><u>\$ 494</u></u>	<u><u>\$ (3,403)</u></u>

Note 5. Pro Forma Adjustments to the Unaudited Condensed Combined Income Statements

The following pro forma adjustments have been reflected in the unaudited pro forma condensed combined income statements for the nine-month period ended September 30, 2025 and for the year ended December 31, 2024 to give effect as if the merger had been completed on January 1, 2024. All adjustments are based on preliminary assumptions and valuations, which are subject to change as further analysis is performed and additional information becomes available.

A. Net adjustments to interest income of \$320 million and \$655 million for the nine-month period ended September 30, 2025 and the year ended December 31, 2024, respectively, to eliminate Cadence accretion of discounts on previously acquired loans and leases and recognize the estimated accretion of the net discount on acquired loans and leases. Pro forma accretion is being recognized over a weighted average period of approximately 2 years for commercial loans and 4 years for consumer loans.

B. Net adjustment to reduce interest expense on deposits of \$1 million and \$7 million for the nine-month period ended September 30, 2025 and year ended December 31, 2024, respectively, to eliminate Cadence

amortization of the deposit discount and recognize the estimated amortization of the deposit premium on acquired interest-bearing deposits. Pro forma amortization is based on use of straight-line methodology over an estimated life of one year.

C. Net adjustment to reduce interest expense on long-term debt of \$2 million for the year ended December 31, 2024 associated with recognizing the estimated amortization of the premium on acquired long-term debt. Pro forma amortization is based on use of straight-line methodology over an estimated life of one year.

D. Adjustment to recognize provision expense of \$252 million for the year ended December 31, 2024 associated with establishing an allowance for credit losses on Cadence's non-PCD loans following completion of the merger.

E. Adjustment to reflect estimated transaction costs of \$103 million directly attributable to the merger, including change in control costs included in personnel costs and legal and advisory fees included in professional services.

F. Adjustment to occupancy expense of \$1 million for both the nine-month period ended September 30, 2025 and the year ended December 31, 2024 to reflect an increase of depreciation expense associated with recognizing acquired property at estimated fair value and using straight-line methodology over an average life of the depreciable assets of approximately 30 years.

G. Net adjustments to intangible amortization of \$83 million and \$129 million for the nine-month period ended September 30, 2025 and the year ended December 31, 2024, respectively, to eliminate Cadence historical amortization on core deposit and other intangible assets and record estimated amortization of acquired core deposit intangible assets related to the merger. Core deposit intangibles will be amortized using the sum-of-the-years-digits method over 10 years.

(dollars in millions)	Amortization Expense			
	Estimated Fair Value	Estimated Useful Life (years)	Year ended December 31, 2024	Nine-month period ended September 30, 2025
Core deposit intangible	\$800	10	\$145	\$ 98
Cadence historical amortization expense			(16)	(15)
Pro forma net adjustment to amortization expense			<u>\$129</u>	<u>\$ 83</u>
Estimated amortization for the next five years:				
Remainder of 2025				\$ 33
2026				116
2027				102
2028				87
2029				73

H. Adjustment to income tax expense to record the income tax effects of pro forma adjustments at the estimated combined statutory federal and state rate at 23.6%. The total effective tax rate of the combined company following the merger could be significantly different depending on the post-acquisition geographical mix of income and other factors. Because the tax rate used for the unaudited pro forma condensed combined financial information is an estimate, the actual rate in periods following the completion of the merger could differ by a material amount.

I. Adjustments to weighted-average shares of Huntington common stock outstanding to eliminate weighted-average shares of Cadence common stock outstanding and record shares of Huntington common stock outstanding, calculated using an exchange ratio of 2.475 per share for all shares.