

CONSOLIDATED FINANCIAL HIGHLIGHTS

(Dollars in thousands, except share data; unaudited)	Three months ended		
	March 31, 2021	December 31, 2020	March 31, 2020
SUMMARY OF OPERATIONS			
Interest income	\$ 355,323	\$ 376,876	\$ 369,559
Interest expense	15,671	18,160	31,159
Net interest income	339,652	358,716	338,400
Provision for credit losses	(10,974)	5,403	28,355
Net interest income after provision for credit losses	350,626	353,313	310,045
Noninterest income	136,649	126,765	64,011
Noninterest expense	295,926	305,373	299,971
Income before income taxes	191,349	174,705	74,085
Income taxes	44,033	36,621	16,916
Net income	\$ 147,316	\$ 138,084	\$ 57,169
Preferred stock dividends	4,636	4,636	—
Net income available to common shareholders	\$ 142,680	\$ 133,448	\$ 57,169
Net interest income, taxable equivalent	\$ 340,271	\$ 359,370	\$ 339,174
PER COMMON SHARE DATA			
Net income	\$ 14.53	\$ 13.59	\$ 5.46
Cash dividends on common shares	0.47	0.47	0.40
Book value at period-end	405.59	396.21	351.90
CONDENSED BALANCE SHEET			
Cash and due from banks	\$ 410,495	\$ 362,048	\$ 454,220
Overnight investments	7,588,757	4,347,336	688,518
Investment securities	10,222,107	9,922,905	8,845,197
Loans and leases	33,180,851	32,791,975	29,240,959
Allowance for credit losses	(210,651)	(224,314)	(209,259)
Other assets	2,717,047	2,757,730	2,574,818
Total assets	\$ 53,908,606	\$ 49,957,680	\$ 41,594,453
Deposits	\$ 47,330,997	\$ 43,431,609	\$ 35,346,711
Other liabilities	2,256,209	2,296,803	2,290,222
Shareholders' equity	4,321,400	4,229,268	3,957,520
Total liabilities and shareholders' equity	\$ 53,908,606	\$ 49,957,680	\$ 41,594,453
SELECTED PERIOD AVERAGE BALANCES			
Total assets	\$ 51,409,634	\$ 49,557,803	\$ 40,648,806
Investment securities	9,757,650	9,889,124	7,453,159
Loans and leases	33,086,656	32,964,390	29,098,101
Interest-earning assets	48,715,279	46,922,823	38,004,341
Deposits	44,858,198	43,123,312	34,750,061
Interest-bearing liabilities	27,898,525	26,401,222	23,153,777
Common shareholders' equity	3,935,267	3,786,158	3,625,975
Shareholders' equity	\$ 4,275,204	\$ 4,126,095	\$ 3,682,634
Common shares outstanding	9,816,405	9,816,405	10,473,119
SELECTED RATIOS			
Annualized return on average assets	1.16 %	1.11 %	0.57 %
Annualized return on average equity	14.70	14.02	6.34
Net yield on interest-earning assets (taxable equivalent)	2.80	3.02	3.55
Total risk-based capital ratio	14.2	13.8	13.7
Tier 1 risk-based capital ratio	12.0	11.6	11.4
Common equity Tier 1 ratio	11.0	10.6	10.4
Tier 1 leverage capital ratio	7.8	7.9	9.0

ALLOWANCE FOR CREDIT LOSSES AND ASSET QUALITY DISCLOSURES

(Dollars in thousands, unaudited)	Three months ended		
	March 31, 2021	December 31, 2020	March 31, 2020
ALLOWANCE FOR CREDIT LOSSES ⁽¹⁾			
ACL at beginning of period	\$ 224,314	\$ 223,936	\$ 225,141
Adoption of ASC 326	—	—	(37,924)
Initial PCD allowance on new acquisitions	—	—	1,193
Provision for credit losses	(10,974)	5,403	28,355
Net charge-offs of loans and leases:			
Charge-offs	(8,563)	(9,848)	(14,261)
Recoveries	5,874	4,823	6,755
Net charge-offs of loans and leases	(2,689)	(5,025)	(7,506)
ACL at end of period	\$ 210,651	\$ 224,314	\$ 209,259
ACL at end of period allocated to:			
PCD	\$ 22,935	\$ 23,987	\$ 26,916
Non-PCD	187,716	200,327	182,343
ACL at end of period	\$ 210,651	\$ 224,314	\$ 209,259
Reserve for unfunded commitments	\$ 11,571	\$ 12,814	\$ 10,512
SELECTED LOAN DATA			
Average loans and leases:			
PCD	\$ 454,521	\$ 479,302	\$ 530,087
Non-PCD	32,515,793	32,374,204	28,502,231
Loans and leases at period-end:			
PCD	432,773	462,882	560,352
Non-PCD	32,748,078	32,329,093	28,680,607
RISK ELEMENTS			
Nonaccrual loans and leases	\$ 194,534	\$ 191,483	\$ 174,571
Other real estate owned	48,512	50,890	55,707
Total nonperforming assets	\$ 243,046	\$ 242,373	\$ 230,278
Accruing loans and leases 90 days or more past due	\$ 7,377	\$ 5,862	\$ 2,970
RATIOS			
Net charge-offs (annualized) to average loans and leases	0.03 %	0.06 %	0.10 %
ACL to total loans and leases ⁽²⁾ :			
PCD	5.30	5.18	4.80
Non-PCD	0.57	0.62	0.64
Total	0.63	0.68	0.72
Ratio of total nonperforming assets to total loans, leases and other real estate owned	0.73	0.74	0.79

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

⁽²⁾ Loans originated in relation to the SBA-PPP do not have a recorded ACL. As of March 31, 2021, the ratio of ACL to total Non-PCD loans excluding SBA-PPP loans was 0.63% while the ratio of ACL to total loans excluding SBA-PPP loans was 0.69%. As of December 31, 2020, the ratio of ACL to total Non-PCD loans excluding SBA-PPP loans was 0.67% while the ratio of ACL to total loans excluding SBA-PPP loans was 0.74%.

AVERAGE BALANCE AND NET INTEREST MARGIN SUMMARY

	Three months ended								
	March 31, 2021			December 31, 2020			March 31, 2020		
	Average Balance	Interest	Yield/ Rate ⁽²⁾	Average Balance	Interest	Yield/ Rate ⁽²⁾	Average Balance	Interest	Yield/ Rate ⁽²⁾
(Dollars in thousands, unaudited)									
INTEREST-EARNING ASSETS									
Loans and leases ⁽¹⁾	\$ 33,086,656	\$ 323,602	3.92 %	\$ 32,964,390	\$ 345,300	4.12 %	\$ 29,098,101	\$ 326,155	4.46 %
Investment securities:									
U.S. Treasury	383,300	171	0.18	526,072	250	0.19	299,777	1,677	2.25
Government agency	791,293	1,900	0.96	695,757	1,574	0.90	721,254	4,121	2.29
Mortgage-backed securities	7,882,679	20,607	1.05	7,981,834	21,130	1.06	6,060,434	30,707	2.03
Corporate bonds	602,883	7,742	5.14	591,780	7,657	5.18	205,504	2,477	4.82
Other investments	97,495	472	1.96	93,681	600	2.55	166,190	678	1.64
Total investment securities	9,757,650	30,892	1.27	9,889,124	31,211	1.26	7,453,159	39,660	2.13
Overnight investments	5,870,973	1,448	0.10	4,069,309	1,019	0.10	1,453,081	4,518	1.25
Total interest-earning assets	\$ 48,715,279	\$ 355,942	2.93	\$ 46,922,823	\$ 377,530	3.17	\$ 38,004,341	\$ 370,333	3.88
INTEREST-BEARING LIABILITIES									
Interest-bearing deposits:									
Checking with interest	\$ 10,746,225	\$ 1,409	0.05 %	\$ 9,688,744	\$ 1,533	0.06 %	\$ 8,188,983	\$ 1,701	0.08 %
Savings	3,461,780	299	0.04	3,230,625	306	0.04	2,593,869	285	0.04
Money market accounts	9,008,391	2,508	0.11	8,529,816	3,242	0.15	7,016,587	9,109	0.52
Time deposits	2,805,317	4,577	0.66	3,017,044	5,976	0.79	3,761,216	13,099	1.40
Total interest-bearing deposits	26,021,713	8,793	0.14	24,466,229	11,057	0.18	21,560,655	24,194	0.45
Securities sold under customer repurchase agreements	641,236	338	0.21	684,311	374	0.22	474,231	442	0.38
Other short-term borrowings	—	—	—	—	—	—	157,759	804	2.02
Long-term borrowings	1,235,576	6,540	2.12	1,250,682	6,729	2.13	961,132	5,719	2.35
Total interest-bearing liabilities	\$ 27,898,525	\$ 15,671	0.23	\$ 26,401,222	\$ 18,160	0.27	\$ 23,153,777	\$ 31,159	0.54
Interest rate spread			2.70 %			2.90 %			3.34 %
Net interest income and net yield on interest-earning assets		\$ 340,271	2.80 %		\$ 359,370	3.02 %		\$ 339,174	3.55 %

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

⁽²⁾ Yields related to loans, leases and securities exempt from both federal and state income taxes, federal income taxes only, or state income taxes only are stated on a taxable-equivalent basis assuming statutory federal income tax rates of 21.0% for all periods presented, as well as state income tax rates of 3.3% for the three months ended March 31, 2021, and 3.4% for the three months ended December 31, 2020 and March 31, 2020. The taxable-equivalent adjustment was \$619 thousand, \$654 thousand and \$774 thousand for the three months ended March 31, 2021, December 31, 2020 and March 31, 2020, respectively.