



First Citizens BancShares, Inc.
PILLAR 3 REGULATORY CAPITAL DISCLOSURES

For the period ended December 31, 2024

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DISCLOSURE MAP

		2024
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OVERVIEW

ORGANIZATION

First Citizens BancShares, Inc. (the “Parent Company” and, when including all its subsidiaries on a consolidated basis, “BancShares,” “we,” “us,” or “our”) is a financial holding company organized under the laws of Delaware that conducts operations through its banking subsidiary, First-Citizens Bank & Trust Company (“FCB”), which is headquartered in Raleigh, North Carolina. BancShares and its subsidiaries operate a network of branches and offices, predominantly located in the Southeast, Mid-Atlantic, Midwest and Western United States. BancShares provides various types of commercial and consumer banking services, including lending, leasing, and wealth management services. Deposit services include checking, savings, money market, and time deposit accounts.

Business Combinations

BancShares accounts for business combinations using the acquisition method of accounting. Under this method, acquired assets and assumed liabilities are included with the acquirer’s accounts at their estimated fair value as of the date of acquisition, with any excess of purchase price over the fair values of the net assets acquired and any finite-lived intangible assets established in connection with the business combination recognized as goodwill. To the extent the fair value of identifiable net assets acquired exceeds the purchase price, a gain on acquisition is recognized. Acquisition-related costs are recognized as period expenses as incurred.

On March 27, 2023 (the “SVBB Acquisition Date”), FCB acquired substantially all loans and certain other assets and assumed all customer deposits and certain other liabilities of Silicon Valley Bridge Bank, N.A. (“SVBB”) from the Federal Deposit Insurance Corporation (the “FDIC”) pursuant to the terms of a purchase and assumption agreement (the “SVBB Purchase Agreement”) by and among FCB, the FDIC, and the FDIC, as receiver of SVBB (the “SVBB Acquisition”).

The SVB Acquisition is further discussed in *Note 2 — Business Combinations* of the 2024 Annual Report on Form 10-K.

General Business

BancShares provides financial services for a wide range of consumer and commercial clients. This includes retail and mortgage banking, wealth management, small and middle market banking, factoring, and leasing. BancShares provides commercial factoring, receivables management and secured financing services to businesses (generally manufacturers or importers of goods) that operate in various industries, including apparel, textile, furniture, home furnishings and consumer electronics. BancShares also provides deposit, cash management and lending to homeowner associations and property management companies. In addition, BancShares owns a fleet of railcars and locomotives that are leased to railroads and shippers.

BancShares delivers banking products and services to its customers through an extensive branch network and additionally operates a nationwide digital banking platform that delivers deposit products to consumers (the “Direct Bank”). Services offered at most branches include accepting deposits, cashing checks, and providing for consumer and commercial cash needs. Consumer and business customers may also conduct banking transactions through various digital channels.

In addition to our banking operations, we provide various investment products and services through FCB’s wholly owned subsidiaries, including First Citizens Investor Services, Inc. (“FCIS”) and First Citizens Asset Management, Inc. (“FCAM”), and a non-bank subsidiary First Citizens Capital Securities, LLC (“FCCS”). As a registered broker-dealer, FCIS provides a full range of investment products, including annuities, brokerage services and third-party mutual funds. As registered investment advisors, FCIS and FCAM provide investment management services and advice. FCCS is a broker dealer that also provides underwriting and private placement services. We also have other wholly owned subsidiaries, including SVB Wealth LLC, SVB Asset Management, and First Citizens Institutional Asset Management, LLC, which are active investment advisers.

CAPITAL REQUIREMENTS

The Federal Reserve imposes certain capital requirements on bank holding companies under the Bank Holding Company Act (“BHCA”), including a minimum leverage ratio and minimum ratios of “qualifying” capital to risk-weighted assets. The metrics utilized to measure regulatory capital include the Tier 1 leverage-based Capital (“Leverage Ratio”), the total risk-based capital (“Total Capital”), Tier 1 risk-based capital (“Tier 1 Capital Ratio”), and common equity Tier 1 capital (“CET1” or “Common Equity Tier 1”) risk-based capital ratios (collectively, the “Regulatory Capital Ratios”). Federal banking agencies approved regulatory capital guidelines (“Basel III”) aimed at strengthening previous capital requirements for banking organizations. Basel III became effective for BancShares on January 1, 2015, and the associated capital conservation buffers of 2.5% were fully phased in by January 1, 2019. The capital conservation buffer is designed to absorb losses during periods of economic stress. Additionally, federal banking agencies have developed Prompt Corrective Action (“PCA”) well-capitalized thresholds for Regulatory Capital Ratios. The Basel III framework requires enhancements for capital and liquidity, impacts to calculated risk-weighted assets (“RWA”), and risk-based capital using the standardized approach. Failure of a banking organization to meet regulatory capital guidelines may subject it to a variety of enforcement remedies, including constraints on capital distributions and discretionary executive compensation, restrictions on its operations and activities, termination of deposit insurance by the FDIC and, under certain conditions, the appointment of a conservator or receiver.

As a Category IV banking organization, the Parent Company is also subject to the stress capital buffer (“SCB”) requirements for the Risk-Based Capital Ratios, subject to the applicable transition provisions. The SCB is calculated by the Federal Reserve for each large banking organization and reflects losses under the severely adverse scenario in the supervisory stress tests. The SCB is calculated as the greater of (i) the difference between the organization’s starting and minimum projected Risk-Based Capital Ratios under the severely adverse scenario in the supervisory stress test, plus the sum of the dollar amount of the firm’s planned common stock dividends for each of the fourth through seventh quarters of the planning horizon as a percentage of risk-weighted assets, or (ii) 2.5%, which is equal to the minimum capital conservation buffer under Basel III. The Parent Company will participate in the 2026 supervisory stress test which will determine the SCB applicable to the Parent Company. Additionally, federal banking agencies have developed PCA thresholds (described below) for Regulatory Capital Ratios to determine whether an institution is well capitalized. Failure of a banking organization to meet regulatory capital guidelines may subject it to a variety of enforcement remedies, including constraints on capital distributions and discretionary executive compensation, restrictions on its operations and activities, termination of deposit insurance by the FDIC and, under certain conditions, the appointment of a conservator or receiver.

For further information on capital requirements, refer to *First Citizens BancShares, Inc.: Capital Requirements in Item 1. Business – Regulatory Considerations* and *Note 18 – “Regulatory Capital”* in the Notes to the Consolidated Financial Statements in our 2024 Annual Report on Form 10-K.

PILLAR 3 REPORTING

This document presents the Pillar 3 Disclosures in compliance with Basel III as described in Subpart D – Risk-weighted Assets – Standardized Approach of the Basel III Rule. These Pillar 3 Disclosures should be read in conjunction with the Form 10K of the Company’s 2024 Annual Report as of December 31, 2024.

SCOPE OF APPLICATION

PRINCIPLES OF CONSOLIDATION

The accounting and reporting policies of BancShares are in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and general practices within the banking industry.

The consolidated financial statements of BancShares include the accounts of BancShares and its subsidiaries, certain partnership interests and variable interest entities (“VIEs”) where BancShares is the primary beneficiary (“PB”), if applicable. All significant intercompany accounts and transactions are eliminated upon consolidation. Assets held in agency or fiduciary capacity are not included in the consolidated financial statements.

VIEs are legal entities that either do not have sufficient equity to finance their activities without the support from other parties or whose equity investors lack a controlling financial interest. BancShares has investments in certain partnerships and limited liability entities that have been evaluated and determined to be VIEs. Consolidation of a VIE is appropriate if a reporting entity holds a controlling financial interest in the VIE and is the primary beneficiary. BancShares is not the primary beneficiary and does not hold a controlling interest in the VIEs as it does not have the power to direct the activities that most significantly impact the VIEs’ economic performance. As such, assets and liabilities of these entities are not consolidated into the financial statements of BancShares. The recorded investment in these entities is reported within other assets.

See Note 9 — Variable Interest Entities and Note 10 — Other Assets in the Notes to the Consolidated Financial Statements in our 2024 Annual Report on Form 10-K as of December 31, 2024, for additional information.

TRANSFER OF FUNDS OR CAPITAL RESTRICTIONS

The Parent Company is a legal entity, separate and distinct from its subsidiaries. Revenues of the Parent Company primarily result from dividends received from FCB. There are various legal limitations applicable to the payment of dividends by FCB to the Parent Company and to the payment of dividends by the Parent Company to its shareholders. The payment of dividends by FCB or the Parent Company may be limited by certain factors, such as requirements to maintain capital above regulatory guidelines. Bank regulatory agencies have the authority to prohibit FCB or the Parent Company from engaging in an unsafe or unsound practice in conducting their business. The payment of dividends, depending on the financial condition of FCB or the Parent Company, could be deemed to constitute such an unsafe or unsound practice. BancShares’ supervisory stress testing results under CCAR (“Comprehensive capital analysis and review”) could impact the ability of the Parent Company to declare dividends or make other capital distributions, including common share repurchases.

Additionally, under The Federal Deposit Insurance Act (“The FDI Act”), insured depository institutions, such as FCB, are prohibited from making capital distributions, including the payment of dividends, if, after making such distributions, the institution would become “undercapitalized” as such term is used in the statute. Additionally, under Basel III capital guidelines, banking institutions with a Regulatory Capital Ratio above the Basel III minimum, but below the Basel III requirement will face constraints on dividends, equity repurchases, and compensation based on the amount of the shortfall. Based on FCB’s current financial condition, the Parent Company currently does not expect these provisions to have any material impact on its ability to receive dividends from FCB. The Parent Company’s non-bank subsidiaries pay dividends to the Parent Company periodically on a non-regulated basis.

FCB may be limited in its ability to accept deposits made to it with the assistance of a third-party deposit broker if it is not well capitalized. Section 29 of the FDI Act and the FDIC’s implementing regulations limit the ability of an IDI to accept brokered deposits unless the institution is well capitalized, or the IDI is adequately capitalized and obtains a waiver from the FDIC. IDIs that are less than well capitalized generally cannot accept brokered deposits and are subject to restrictions on the interest rates paid on deposits. IDIs that are well capitalized or adequately capitalized and meet certain other criteria can exempt from treatment as “brokered” deposits up to \$5 billion or 20% of the institution’s total liabilities in reciprocal deposits (defined generally as deposits received by a depository institution through a deposit placement network with the same maturity and in the same aggregate amount as deposits placed by the depository institution in other network institutions).

FCB receives management fees from its subsidiaries and the Parent Company for expenses incurred for performing various functions on their behalf. These fees are charged to each company based upon the estimated cost for usage of services by that company. The fees are eliminated from the consolidated financial statements.

For further information, see *Note 1 — Business* under *Regulatory Considerations; Limitations on Dividends and Other Payments* in the Notes to the Consolidated Financial Statements in our 2024 Annual Report on Form 10-K as of December 31, 2024, for additional information.

REGULATED SUBSIDIARIES' CAPITAL

The Company's regulated subsidiaries as of December 31, 2024, include the regulated banking subsidiary, the Edge and Agreement Corporation, a regulated insurance entity, two broker-dealer subsidiaries and two registered investment advisors. All these entities were in compliance with their respective minimum total capital requirements as of December 31, 2024.

CAPITAL STRUCTURE

CAPITAL INSTRUMENTS

The Company's qualifying common equity tier 1 capital instruments consists of common stock. The Parent Company has Class A Common Stock and Class B Common Stock.

As of December 31, 2024, Bancshares's qualifying additional Tier 1 capital instrument is non-cumulative perpetual preferred stock of \$881 million, and its qualifying Tier 2 capital instrument is subordinated notes of \$618 million including a phase out of \$177 million. For additional information on the Tier 1 and Tier 2 capital instruments refer to Note 12 – Borrowings and Note 16 – Stockholders' Equity, respectively, in the Notes to the Consolidated Financial Statements in our 2024 Annual Report on Form 10-K as of December 31, 2024.

We should say something like From inception of the Share Repurchase Program through December 31, 2024, we have repurchased 814,641 shares of our Class A common stock for \$1.66 billion, representing 6.02% of Class A common shares and 5.61% of total Class A and Class B common shares outstanding as of June 30, 2024. For additional information regarding BancShares common stock, refer to Item 5. Market for Registrant's Common Equity and Related Stockholder Matters and Issuer Purchases of Equity Securities in the Notes to the Consolidated Financial Statements in our 2024 Annual Report on Form 10-K as of December 31, 2024.

REGULATORY CAPITAL TIERS

The components of capital including Common Equity Tier 1, Tier 1 and Total Capital are as follows:

Regulatory Capital Tiers (dollars in millions)	
	December 31, 2024
Common Equity Tier 1 ("CET1") Capital	
Common stock	\$ 14
Paid in capital	2,417
Retained earnings	19,361
Accumulated other comprehensive loss ("AOCI")	(444)
Total common stockholders' equity	21,347
Effect of certain items in AOCI excluded from CET1 Capital	444
Adjusted total equity	21,791
Less: Goodwill, net of associated deferred tax liabilities ("DTLs")	(346)
Less: Intangible assets, net of associated DTLs	-
Total CET1 Capital	21,256
Preferred stock	881
Total Additional Tier 1 Capital	881
Total Tier 1 Capital	22,137
Qualifying Tier 2 Capital instruments	618
Qualifying adjusted allowance for credit losses ("AACL") ⁽¹⁾	1,855
Total Tier 2 Capital	2,473
Total Capital	\$ 24,610

⁽¹⁾ AACL includes credit loss allowances related to loans, except for allowances for purchased credit deteriorated ("PCD") assets. AACL also includes the allowance for off-balance sheet credit exposures (i.e., unfunded lending commitments and Deferred Purchase Agreements) recorded in other liabilities.

CAPITAL ADEQUACY

CAPITAL MANAGEMENT

BancShares maintains a comprehensive capital adequacy process. BancShares establishes internal capital risk limits and warning thresholds, which utilize Risk-Based and Leverage-Based Capital calculations, internal and external early warning indicators, its capital planning process, and stress testing to evaluate BancShares' capital adequacy for multiple types of risk in both normal and stressed environments. The capital management framework requires contingency plans be defined and that may be employed at management's discretion

We are committed to effectively managing our capital to protect our depositors, creditors, and stockholders. We continually monitor the capital levels and ratios for BancShares and FCB to ensure they exceed the minimum requirements imposed by regulatory authorities and to ensure they are appropriate given growth projections, risk profile and potential changes in the regulatory or external environment. Failure to meet certain capital requirements may result in actions by regulatory agencies that could have a material impact on our consolidated financial statements.

For additional information regarding capital management, refer to the Item 1. Business – Regulatory Considerations: Capital Planning & Stress Testing, and Capital Requirements sections and Note 16 – Stockholders' Equity in the Notes to the Consolidated Financial Statements in our 2024 Annual Report on Form 10-K as of December 31, 2024.

RISK-BASED CAPITAL RATIOS

The following tables present information on the Company's Standardized Approach for Risk Weighted Assets ("RWA") components included within the regulatory capital ratios on December 31, 2024. The regulatory capital rules applicable to the Company were the Basel III Rule and the Simplification Final Rule.

Standardized Approach Risk-Weighted Assets (dollars in millions)			
	December 31, 2024		
	Exposure Amount	Risk-Weighted Asset Amount	
Loans and Leases:			
Residential mortgages exposures	\$ 25,392	\$	14,462
HVCRE loans	1,023		1,534
Past due and non-accrual loans	1,121		1,669
All other loans and leases ⁽³⁾	112,184		104,567
Total loans and leases	139,720		122,232
Less: Allowance for credit losses	(1,676)		-
Operating lease equipment	9,326		9,326
Sovereign/Supranational exposures	42,523		-
Securitization exposures	582		116
Other assets	33,245		13,126
Total on-balance sheet assets	223,720		144,800
Rail purchase commitments	178		178
Loan commitments with original maturity within 1 year ^{(1) (3)}	14,082		2,433
Loan commitments with original maturity over 1 year ^{(1) (3)}	27,855		12,365
Unconditionally cancellable commitments	17,254		-
Letters of credit	4,241		3,246
Other off-balance sheet items ⁽²⁾	1,959		590
Total off-balance sheet items	65,569		18,812
Total	\$ 289,289	\$	163,612

⁽¹⁾ For regulatory reporting purpose, asset-based lending unused commitments should be measured as the contractual borrowing base less outstanding loans and letters of credit under the commitment.

⁽²⁾ The exposure amount includes notional amount for reverse repos and other off-balance sheet items, as well as the credit equivalent amount for derivative transactions.

⁽³⁾ For covered exposures RWA includes benefit from FDIC loss sharing agreement.

Regulatory Capital Ratios (dollars in millions)			
	December 31, 2024		
	BancShares	Bank	
Total risk-based capital	15.04%	14.66%	
Tier 1 risk-based capital	13.53%	13.37%	
Common equity Tier 1	12.99%	13.37%	
Tier 1 Leverage	9.90%	9.78%	
Risk-Weighted Assets	\$ 163,612	\$	163,493

CAPITAL REQUIREMENTS

REQUIRED RATIOS & CAPITAL CONSERVATION BUFFER

Federal banking agencies approved regulatory capital guidelines (“Basel III”) aimed at strengthening previous capital requirements for banking organizations.

BancShares is required to maintain risk-based capital ratios as follows:

	Basel III Minimum	Basel III Conservation Buffers	Basel III Requirements
Total Risk-based capital	8.00%	2.50%	10.50%
Tier 1 risk-based capital	6.00%	2.50%	8.50%
Common equity Tier 1	4.50%	2.50%	7.00%
Tier 1 Leverage	4.00%	---	4.00%

As of December 31, 2024, BancShares has met the effective minimum ratios, with CET1 Capital, Tier 1 Capital and Total Capital ratios of 12.99%, 13.53% and 15.04%, respectively.

On December 31, 2024, BancShares had a Tier 1 risk-based capital ratio conservation buffer of 7.04%, which is more than the fully phased in Basel III conservation buffer of 2.50%. The capital ratio conservation buffers represent the excess of the regulatory capital ratio as of December 31, 2024, over the Basel III minimum.

CREDIT RISK

RISK MANAGEMENT

Risk is inherent in any business. BancShares has defined a moderate risk appetite and a balanced approach to risk taking with a philosophy that does not preclude higher risk business activities commensurate with acceptable returns while meeting regulatory objectives. Through the comprehensive Risk Management Framework and Risk Appetite Framework and Statement, senior management has primary responsibility for day-to-day management of the risks we face with accountability of and support from all associates. Senior management applies various strategies to reduce the risks to which BancShares may be exposed, with effective challenge and oversight by management committees. Our Board strives to ensure that risk management is a part of our business culture and that our policies and procedures for identifying, assessing, monitoring, and managing risk are part of the decision-making process. The Board's role in risk oversight is an integral part of our overall Risk Management Framework and Risk Appetite Framework. The Board administers its risk oversight function primarily through its Risk Committee.

The Risk Committee structure is designed to allow for information flow, effective challenge, and timely escalation of risk-related issues. The Risk Committee is directed to monitor and advise the full Board regarding risk exposures, including credit, market, capital, liquidity, operational, compliance, asset, strategic, and reputational risks; review, approve and monitor adherence to the Risk Appetite Statement and supporting risk tolerance levels via a series of established metrics; and evaluate, monitor and oversee the adequacy and effectiveness of the Risk Management Framework and Risk Appetite Framework and Statement. The Risk Committee also reviews reports of examination by and communications from regulatory agencies, the results of internal and third-party testing and qualitative and quantitative assessments related to risk management, and any other matters within the scope of the Risk Committee's oversight responsibilities. The Risk Committee monitors management's response to certain risk-related regulatory and audit issues. In addition, the Risk Committee may coordinate with the Audit Committee and the Compensation, Nominations and Governance Committee for the review of financial statements and related risks, compensation risk management and other areas of joint responsibility.

In combination with other risk management and monitoring practices, enterprise-wide stress testing activities are conducted within a defined framework. Stress tests are performed for various risks to ensure the financial institution can support continued operations during stressed periods.

BancShares monitors and stress tests its capital and liquidity consistent with the safety and soundness expectations of the federal regulators. Refer to the "Regulatory Considerations" section of *Item 1. Business* included in our 2024 Annual Report on Form 10-K as of December 31, 2024 for further discussion.

BancShares has been assessing the emerging impacts of the international tensions that could impact the economy and exacerbate headwinds of elevated market volatility, global supply chain disruptions, and recessionary pressures as well as operational risks such as those associated with potential cyberattacks for FCB and third parties upon whom it relies. Assessments have not identified material impacts to date, but those assessments will remain ongoing as the conditions continue to exist. BancShares is also assessing the potential risk of an economic slowdown or recession that could create increased credit and market risk having downstream impacts on earnings, capital, and/or liquidity. While economic data continues to be mixed, baseline economic forecasts reflect a decline in Commercial Real Estate ("CRE") property values due to current interest rate levels that impacted the ALLL forecasts. Key indicators will continue to be monitored, and impacts assessed as part of our ongoing risk management framework.

CREDIT RISK

If we fail to effectively manage credit risk, our business and financial condition will suffer. Effectively managing credit risks is essential for the operation of our business. There are credit risks inherent in making any loan, including risks of repayment, risks with respect to the period over which the loan may be repaid, risks relating to proper loan underwriting and guidelines, risks resulting from changes in economic and industry conditions, risks in dealing with individual borrowers and risks resulting from uncertainties as to the future value of collateral. Our loan approval procedures and our credit risk monitoring may be or become inadequate to

appropriately manage the inherent credit risks associated with lending. Our credit administration personnel, policies and procedures may not adequately adapt to changes in economic or other conditions affecting customers and the quality of our loan portfolio. Any failure to manage such credit risks may materially adversely affect our business, consolidated results of operations and financial condition because it may lead to loans that we make not being paid back in part or in full on a timely basis or at all. We maintain an allowance for loan and lease losses (“ALLL”) that is designed to cover expected credit losses on loans and leases that borrowers may not repay in their entirety. A reserve is also maintained in other liabilities to cover expected losses for off-balance sheet credit exposures.

For further information refer to the Item 1.A. Risk Factors – Strategic Risk, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Credit Risk, and Item 7A. Quantitative and Qualitative Disclosure about Market Risk – Credit Risk Management sections in our 2024 Annual Report on Form 10-K.

The general policies for Lending and Leasing Risk conform to U.S. GAAP, as well as bank regulatory authorities where applicable. Below is a summary of four of the additional credit risk related policies.

Past Due and Non-Accrual Loans

Loans and leases are classified as past due when the payment of principal and interest based upon contractual terms is 30 days or greater delinquent. Loans and leases are generally placed on nonaccrual when principal or interest becomes 90 days past due or when it is probable the principal or interest is not fully collectible. When loans are placed on nonaccrual, previously uncollected accrued interest is reversed from interest income and the ongoing accrual of interest is discontinued. All payments received thereafter are applied as a reduction of the outstanding balance until the account is collected, charged-off or returned to accrual status. Loans and leases are generally removed from nonaccrual status when they become current for a sustained period and there is no longer concern as to the collectability of principal and interest.

Allowance for Loan and Lease Losses (“ALLL”)

The ALLL represents management’s best estimate of credit losses expected over the life of the loan or lease, adjusted for expected contractual payments and the impact of prepayment expectations. Estimates for loan and lease losses are determined by analyzing quantitative and qualitative components present as of the evaluation date using the current expected credit loss (“CECL”) methodology in accordance with the Financial Accounting Standards Board’s (“FASB”) Accounting Standard Codification (“ASC”) 326 Financial Instruments - Credit Losses. Adjustments to the ALLL are recorded with a corresponding entry to the provision or benefit for credit losses. When loans do not share risk characteristics, like others in the pool, the ALLL is evaluated on an individual basis. Given that BancShares’ CECL models are loan level models, the number of loans individually evaluated is not significant and consists primarily of loans greater than \$500 thousand. A specific ALLL is established (or charge-off recorded) for the shortfall, if any, between the present value of future cash flows (or fair value of the collateral, less estimated costs to sell) and the amortized cost of the loan.

For more information, please refer to *Note 1 – Significant Accounting Policies and Basis of Presentation* in the Notes to the Consolidated Financial Statements in our 2024 Annual Report on Form 10-K as of December 31, 2024.

Loan Charge-Offs and Recoveries

Loan charge-offs are recorded after considering such factors as the borrower’s financial condition, the value of underlying collateral, guarantees, and the status of collection activities. Loan balances considered uncollectible are charged-off against the ALLL and deducted from the carrying value of the related loans. Consumer loans are subject to mandatory charge-off at specified delinquency dates in accordance with regulatory guidelines. The value of the underlying collateral for consumer loans is considered when determining the charge-off amount if repossession is reasonably assured and in process.

See *Note 4 — Loans* and *Note 6 – Leases* in the Notes to the Consolidated Financial Statements in our 2024 Annual Report on Form 10-K as of December 31, 2024, for additional information. Realized recoveries of amounts previously charged-off are credited to the ALLL.

CREDIT RISK EXPOSURES

In the following tables, loans include loans and leases held for investment. Loans held for sale of \$82 million are not included in the tables below unless otherwise noted.

Loans Composition (dollars in millions)	
	December 31, 2024
Commercial:	
Commercial construction	\$ 5,109
Owner occupied commercial mortgage	16,842
Non-owner-occupied commercial mortgage	16,194
Commercial and industrial	31,640
Leases	2,014
Total commercial	71,799
Consumer:	
Residential mortgage	23,152
Revolving mortgage	2,567
Consumer auto	1,523
Consumer other	986
Total consumer	28,228
SVB:	
Global fund banking	27,904
Investor dependent - early stage	997
Investor dependent - growth stage	2,196
Innovation C&I and cash flow dependent	9,097
Total SVB	40,194
Total loans and leases	\$ 140,221

Loans by Obligor - Geographic Region (dollars in millions) ⁽¹⁾	
	December 31, 2024
United States	\$ 138,442
Asia / Pacific	59
Europe	819
Canada	540
Latin America	302
All other countries	60
Total	\$ 140,221

⁽¹⁾ This table reflects the country of domicile.

Loans by Obligor - Industry (dollars in millions)

	December 31, 2024
Corporate	\$ 77,669
Non-bank financial institution	33,421
Bank	1
Public ⁽¹⁾	664
Household ⁽²⁾	28,465
Total	\$ 140,221

⁽¹⁾ Includes governments, their departments, and their agencies.

⁽²⁾ Includes individuals and families.

Loans on Non-Accrual Status - Geographic Region (dollars in millions)

	December 31, 2024
United States	\$ 1,180
Europe	2
Asia / Pacific	0
Canada	0
Latin America	1
Total	\$ 1,183

Loans on Non-Accrual Status - Industry (dollars in millions)

	December 31, 2024
Corporate	\$ 801
Non-bank financial institution	15
Bank	—
Public ⁽¹⁾	3
Household ⁽²⁾	174
SVB	
Global Fund Banking	—
Investor Dependent - Early Stage	41
Investor Dependent - Growth Stage	46
Innovation C&I and Cash Flow Dependent	104
Total	\$ 1,183

⁽¹⁾ Includes governments, their departments, and their agencies.

⁽²⁾ Includes individuals and families.

Loans Delinquency Status ⁽¹⁾ - Geographic Region (dollars in millions)

	December 31, 2024		
	30-89 Days Past Due	90 Days or Greater	Total Past Due
United States	\$ 642	\$ 109	\$ 751
Asia / Pacific	—	—	—
Canada	1	—	1
Latin America	—	—	—
Europe	—	—	—
Total	\$ 643	\$ 109	\$ 752

⁽¹⁾ Includes past due loans held for sale but excludes past due loans that are in nonaccrual status.

Loans Delinquency Status ⁽¹⁾ - Industry (dollars in millions)

	December 31, 2024		
	30-89 Days Past Due	90 Days or Greater	Total Past Due
Corporate	\$ 303	\$ 98	\$ 401
Non-bank financial institution	32	1	33
Bank	—	—	—
Public ⁽²⁾	4	—	5
Household ⁽³⁾	240	9	249
SVB			
Global Fund Banking	—	—	—
Investor Dependent - Early Stage	9	—	9
Investor Dependent - Growth Stage	3	—	3
Innovation C&I and Cash Flow Dependent	52	—	52
Total	\$ 643	\$ 109	\$ 752

⁽¹⁾ Includes past due loans held for sale but excludes past due loans that are in nonaccrual status.

⁽²⁾ Includes governments, their departments, and their agencies.

⁽³⁾ Includes individuals and families.

Charge-Offs (dollars in millions)

	Twelve Months Ended December 31, 2024		
	Gross Charge-offs	Recoveries	Net Charge-offs
Corporate	\$ 628	\$ 104	\$ 524
Other ⁽¹⁾	—	—	—
Household ⁽²⁾	30	14	16
Total	\$ 658	\$ 118	\$ 540

⁽¹⁾ Includes governments, their departments, and their agencies, banks, and non-bank financial institutions

⁽²⁾ Includes individuals and families

Changes in Allowance for Loan and Lease Losses (dollars in millions)

	Twelve Months Ended December 31, 2024			
	Commercial	Consumer	SVB	Total
Balance at beginning of period ⁽¹⁾	\$ 1,126	\$ 166	\$ 455	\$ 1,747
Provision (benefit) for loan and lease losses	298	8	163	469
Gross Charge-offs	(407)	(30)	(220)	(657)
Recoveries	46	14	57	117
Balance on December 31, 2024	<u>\$ 1,063</u>	<u>\$ 158</u>	<u>\$ 455</u>	<u>\$ 1,676</u>

(1) Loan and lease and ALLL disclosures for 2024 periods included in the Form 10-K were recast to reflect the changes in loan classes summarized in the Note 1 — Significant Accounting Policies and Basis of Presentation in our Quarterly Report on Form 10-K as of December 31, 2024.

Loan Maturity Distribution (dollars in millions)

	December 31, 2024				
	Within 1 Year	1 to 5 Years	5 to 15 Years	After 15 Years	Total
Commercial					
Commercial construction	\$ 1,589	\$ 2,736	\$ 759	\$ 25	\$ 5,109
Owner occupied commercial mortgage	2,037	7,615	6,768	422	16,842
Non-owner-occupied commercial mortgage	3,745	9,478	2,185	786	16,194
Commercial and industrial	9,932	17,136	3,492	1,080	31,640
Leases	651	1,272	91	-	2,014
Total commercial	<u>17,954</u>	<u>38,237</u>	<u>13,295</u>	<u>2,313</u>	<u>71,799</u>
Consumer					
Residential mortgage	949	2,834	7,543	11,826	23,152
Revolving mortgage	73	193	929	1,372	2,567
Consumer auto	340	1,044	139	-	1,523
Consumer other	229	619	129	9	986
Total consumer	<u>1,591</u>	<u>4,690</u>	<u>8,740</u>	<u>13,207</u>	<u>28,228</u>
SVB					
Global fund banking	25,781	1,971	152	-	27,904
Investor dependent - early stage	117	880	-	-	997
Investor dependent - growth stage	203	1,993	-	-	2,196
Innovation and cash flow dependent	1,533	7,236	328	-	9,097
Total SVB	<u>27,634</u>	<u>12,080</u>	<u>480</u>	<u>-</u>	<u>40,194</u>
Total loans and leases	<u>\$ 47,179</u>	<u>\$ 55,007</u>	<u>\$ 22,515</u>	<u>\$ 15,520</u>	<u>\$ 140,221</u>

COUNTERPARTY CREDIT RISK

COUNTERPARTY RISK MANAGEMENT

We enter in interest rate derivatives and foreign exchange forward contracts as part of our overall risk management practices and on behalf of our clients. We establish risk metrics and evaluate and manage the counterparty risk associated with these derivative instruments in accordance with the comprehensive Risk Management Framework and Risk Appetite Framework.

Counterparty credit exposure or counterparty risk is a primary risk of derivative instruments, relating to the ability of a counterparty to perform its financial obligations under the derivative contract. We seek to control credit risk of derivative agreements through counterparty credit approvals, pre-established exposure limits and monitoring procedures, which are integrated with our cash and issuer related credit processes.

The Chief Credit Officer, or delegate, approves each counterparty and establishes exposure limits based on credit analysis of each counterparty. Derivative agreements for BancShares' risk management purposes and for the hedging of client transactions are executed with major financial institutions and are settled through the major clearing exchanges, which are rated investment grade by nationally recognized statistical rating agencies. Credit exposure is mitigated via the exchange of collateral between the counterparties covering mark-to-market valuations. Client related derivative transactions, which are primarily related to lending activities, are incorporated into our loan underwriting, and reporting processes.

CREDIT DERIVATIVES

BancShares is exposed to credit risk to the extent that the counterparty fails to perform under the terms of a derivative agreement. Losses related to credit risk are reflected in other noninterest income. BancShares manages this credit risk by requiring that all derivative transactions entered as hedges be conducted with counterparties rated investment grade at the initial transaction by nationally recognized rating agencies, and by setting limits on the exposure with any individual counterparty. In addition, pursuant to the terms of the Credit Support Annexes between BancShares and its counterparties, BancShares may be required to post collateral or may be entitled to receive collateral in the form of cash or highly liquid securities depending on the valuation of the derivative instruments as measured daily.

For further information on credit derivatives, refer to Note 12 – Derivative Financial Instruments in the Notes to the Consolidated Financial Statements in our 2024 Annual Report Form 10-K December 31, 2024.

COLLATERAL

In conjunction with the International Swaps and Derivatives Association (“ISDA”) agreements described above, BancShares has entered in collateral arrangements with its counterparties, which provide for the exchange of cash depending on the change in the market valuation of the derivative contracts outstanding. Such collateral is available to be applied in settlement of the net balances upon an event of default of one of the counterparties. Collateral pledged or received is included in other assets or deposits, respectively.

The following table presents notional amount and fair value of derivative financial instruments on a gross basis.

Derivative Financial Instruments (dollars in millions)			
	December 31, 2024		
	Notional Amount	Asset Fair Value	Liability Fair Value
Derivatives designated as hedging instruments (Qualifying hedges)			
Fair Value Hedges			
Interest rate contracts hedging time deposits	334	—	—
Interest rate contracts hedging long-term borrowings	750	—	—
Total fair value hedges ^{(1) (4)}	1,084	—	—
Cash Flow Hedges			
Interest rate contracts hedging loans ^{(1) (4)}	3,500	1	—
Total derivatives designated as hedging instruments	4,584	1	—
Derivatives not designated as hedging instruments (non-qualifying hedges)			
Interest rate contracts ^{(1) (4)}	26,235	491	(516)
Foreign exchange contracts ⁽²⁾	7,843	152	(108)
Other contracts ⁽³⁾	1,316	16	(1)
Total derivatives not designated as hedging instruments	\$ 35,394	659	(625)
Gross derivatives fair values presented in the Consolidated Balance Sheets		660	(625)
Less: gross amounts offset in the Consolidated Balance Sheets		—	—
Net amount presented in other assets and other liabilities in the Consolidated Balance Sheets		660	(625)
Less: amounts subject to master netting agreements ⁽⁵⁾		(48)	48
Less: cash collateral pledged (received) subject to master netting agreements ⁽⁶⁾		(539)	2
Total net derivative fair value		\$ 73	\$ (575)

(1) Fair value balances include accrued interest.

(2) The foreign exchange contracts exclude foreign exchange spot contracts. The notional and net fair value amounts of these contracts were \$177 million and \$0 million, respectively, as of December 31, 2024, and \$179 million and \$0 million, respectively, as of December 31, 2023.

(3) Other derivative contracts not designated as hedging instruments include risk participation agreements and equity warrants.

(4) BancShares accounts for swap contracts cleared by the Chicago Mercantile Exchange and LCH Clearnet as "settled-to-market." As a result, the derivative asset and liability fair values in the table above are presented net of the variation margin payments. Therefore, the gross derivative assets and liabilities were "netted down" by \$83 million and \$22 million, respectively, at December 31, 2024, which includes \$14 million and \$0 million relating to qualifying hedges, respectively. Gross derivative assets and liabilities were "netted down" by \$66 million and \$37 million, respectively, at December 31, 2023, which includes \$4 million and \$0 million, respectively, relating to qualifying hedges.

(5) BancShares' derivative transactions are governed by International Swaps and Derivatives Association ("ISDA") agreements that allow for net settlements of certain payments as well as offsetting of all contracts with a given counterparty in the event of bankruptcy or default of one of the two parties to the transaction. BancShares believes its ISDA agreements meet the definition of a master netting arrangement or similar agreement for purposes of the above disclosure.

(6) In conjunction with the ISDA agreements described above, BancShares has entered collateral arrangements with its counterparties, which provide for the exchange of cash depending on the change in the market valuation of the derivative contracts outstanding. Such collateral is available to be applied in settlement of the net balances upon an event of default of one of the counterparties. Collateral pledged or received is included in other assets or deposits, respectively.

CREDIT RISK MITIGATION

CREDIT PHILOSOPHY

Credit risk is the risk of not collecting payments pursuant to the contractual terms of loans, leases, and certain investment securities. Loans and leases we originate are underwritten in accordance with our credit policies and procedures and are subject to periodic ongoing reviews. Acquired loans, regardless of whether PCD or Non-PCD, are recorded at fair value as of the acquisition date and are subject to periodic reviews to identify any further credit deterioration. Our independent credit review function conducts risk reviews and analyses of both originated and acquired loans to ensure compliance with credit policies and to monitor asset quality trends and borrower financial strength. These reviews include portfolio analysis by geographic location, industry, collateral type, and product. We strive to identify potential problem loans as early as possible, to record charge-offs or write-downs as appropriate and to maintain an appropriate ALLL that accounts for expected losses over the life of the loan and lease portfolios.

Commercial Lending and Leasing

BancShares employs a credit ratings system where each commercial loan is assigned a probability of default, loss given default, and/or overall credit rating using scorecards developed to rate each type of transaction incorporating assessments of both quantitative and qualitative factors. When commercial loans and leases are graded during underwriting, or when updated periodically thereafter, a model is run to generate a preliminary risk rating. These models incorporate both internal and external historical default and loss data, as well as other borrower and loan characteristics, to assign a risk rating. The preliminary risk rating assigned by the model can be adjusted because of borrower specific facts and circumstances, that in management's judgment, warrant a modification of the modeled risk rating to arrive at the final approved risk ratings.

Consumer Lending

Consumer lending begins with an evaluation of a consumer borrower's credit profile against published standards. Credit decisions are made after analyzing quantitative and qualitative factors, including borrower's ability to repay the loan, collateral values, and considering the transaction from a judgmental perspective.

Consumer products use traditional and measurable standards to document and assess the creditworthiness of a loan applicant. Credit standards follow industry standard documentation requirements. Performance is largely evaluated based on an acceptable pay history along with a quarterly assessment which incorporates current market conditions. Loans may also be monitored during quarterly reviews of the borrower's refreshed credit score. When warranted, an additional review of the loan-to-value of the underlying collateral may be conducted.

Our ALLL estimate as of December 31, 2024, included extensive reviews of the changes in credit risk associated with the uncertainties around macroeconomic forecasts. These loss estimates consider industry risk and the actual net losses incurred during prior periods of economic stress as well as recent credit trends.

Our ALLL methodology is discussed further in the section entitled "Critical Accounting Estimates" of this MD&A and *Note 1—Significant Accounting Policies and Basis of Presentation* in our 2024 Annual Report form 10-K.

SECURITIZATION

SECURITIZATION EXPOSURES

Securitization exposure is an on- or off-balance sheet credit exposure (including credit-enhancing representations and warranties) that arises from a traditional or synthetic securitization (including a re-securitization), or an exposure that directly or indirectly references a securitization exposure.

The Company reports credit-enhancing representations for mortgage assets sold, which is subject to 1250% risk weighting. For On Balance sheet – Loans and Off-Balance – Unfunded commitments SSFA (“Simple Supervisory Formula Approach”) is followed.

Securitization Risk-Weighted Assets (dollars in millions)

Exposure Type:	December 31, 2024		
	Exposure Amount	Effective Risk-Weight %	Risk-Weighted Asset Amount
On Balance sheet - Loans	582	20%	116
Off Balance sheet - Unfunded Commitments	329	20%	66
Credit Enhancement	2	1250%	30

EQUITY EXPOSURES

EVALUATION OF INVESTMENTS

Investments in equity securities having readily determinable fair values are stated at fair value. Realized and unrealized gains and losses on these securities are included in noninterest income. Non-marketable equity securities are securities with no readily determinable fair values and are measured at cost. BancShares evaluates its equity securities for impairment and recoverability of the recorded investment by considering positive and negative evidence, including the profitability and asset quality of the issuer, dividend payment history and recent redemption experience. Impairment is assessed at each reporting period and if identified, is recognized in other noninterest expense.

TYPE OF INVESTMENTS

Certain investments held by BancShares are reported in other assets, including FHLB stock and nonmarketable securities without readily determinable fair values that are recorded at cost, and investments in qualified affordable housing projects, all of which are accounted for under the proportional amortization method (“PAM”).

The Company applies the Simple Risk-Weight Approach for its individual equity securities, under which the RWA is calculated by multiplying the carrying value of the equity exposures by the applicable risk weight.

GAINS (LOSSES)

There was no net realized investment gains or losses for the quarter end on December 31, 2024, to exclude losses from other than temporary impairment.

For further information on investment securities, refer to *Note 3 – Investment Securities* in the Notes to the Consolidated Financial Statements in our 2024 Annual Report on Form 10-K as of December 31, 2024.

Risk Weighting Approaches of Equity Exposures (dollars in millions)			
	December 31, 2024		
	Risk Weight Category	Exposure Amount	Risk-Weighted Asset Amount
Federal Home Loan Bank Stock	20%	20	4
Investments in Unconsolidated Subsidiaries ⁽¹⁾⁽²⁾	100%	136	136
Marketable Equity Securities ⁽²⁾	300%	101	101
Non-Marketable Equity Securities ⁽²⁾⁽³⁾⁽⁴⁾	400%	2,507	2,507
Total		\$ 2,763	\$ 2,748

⁽¹⁾ Excludes investment that is risk-weighted as a securitization exposure.

⁽²⁾ Risk-Weighted at 100% as the aggregate carrying value of all equity investments does not exceed 10% of Total Capital.

⁽³⁾ Excludes Volcker covered funds as they are fully deducted from capital.

⁽⁴⁾ BancShares has investments in qualified affordable housing projects primarily for the purposes of fulfilling CRA requirements and obtaining tax credits

INTEREST RATE RISK

RISK MANAGEMENT

BancShares is exposed to the risk that changes in market conditions may affect interest rates and negatively impact earnings. The risk arises from the nature of BancShares' business activities, the composition of BancShares' balance sheet, and changes in the level or shape of the yield curve. BancShares manages this inherent risk strategically based on prescribed guidelines and approved limits.

Interest rate risk can arise from many of the BancShares' business activities, such as lending, leasing, investing, deposit taking, derivatives, and funding activities. We evaluate and monitor interest rate risk primarily through two metrics.

- *Net Interest Income* ("NII Sensitivity") measures the net impact of hypothetical changes in interest rates on forecasted NII; and
- *Economic Value of Equity Sensitivity* ("EVE Sensitivity") measures the net impact of these hypothetical changes on the value of equity by assessing the economic value of assets, liabilities, and off-balance sheet instruments.

BancShares uses a holistic process to measure and monitor both short term and long-term risks which includes, but is not limited to, gradual and immediate parallel rate shocks, changes in the shape of the yield curve, and changes in the relationship of various yield curves. NII Sensitivity generally focuses on shorter term earnings risk, while EVE Sensitivity assesses the longer-term risk of the existing balance sheet.

Our exposure to NII Sensitivity is guided by the Risk Appetite Framework and Statement and a range of risk metrics and BancShares may utilize tools across the balance sheet to adjust its interest rate risk exposures, including through business line actions and actions within the investment, funding, and derivative portfolios.

The composition of our interest rate sensitive assets and liabilities generally results in a net asset-sensitive position for NII Sensitivity, whereby our assets will reprice faster than our liabilities, which is generally concentrated at the short end of the yield curve.

Our funding sources are primarily from customer deposits. In addition to customer deposits, we support our funding needs with various wholesale sources, including unsecured and secured borrowings.

The deposit rates we offer are influenced by market conditions and competitive factors. Market rates are the key drivers of deposit costs, and we continue to optimize deposit costs by improving our deposit mix. Changes in interest rates, expected funding needs, as well as actions by competitors, can affect our deposit taking activities and deposit pricing. We believe our targeted non-maturity deposit customer retention is strong, and we remain focused on optimizing our mix of deposits. We regularly assess the effect of deposit rate changes on our balances and seek to achieve optimal alignment between assets and liabilities.

	December 31, 2024			
	-200bps	-100 bps	+100 bps	+200 bps
NII Sensitivity	(10.6)%	(6.1)%	6.9 %	11.1%
EVE Sensitivity	5.4%	3.1%	(3.2)%	(7.0)%

NII Sensitivity metrics on December 31, 2024, compared to December 31, 2023, were primarily affected by cash deployment into investment securities, and execution of interest rate hedges, as well as higher market rates.

As of December 31, 2024, BancShares continues to have an asset sensitive interest rate risk profile and the potential exposure to forecasted earnings was largely driven by the composition of the balance sheet (primarily due to floating rate commercial loans and cash), as well as estimates of modest future deposit

betas. Approximately 60%-65% of our loans have floating contractual reference rates, indexed primarily to Prime, Secured Overnight Financing Rate ("SOFR") and LIBOR. Deposit betas are modeled to have a portfolio average of approximately 30%-40% over the forecast horizon. Deposit beta is the portion of a change in the fed funds rate that is passed on to the deposit rate. Actual deposit betas may be different than modeled, depending on various factors, including liquidity requirements, deposit mix and competitive pressures. Impacts to NII Sensitivity may change due to actual results differing from modeled expectations.

As noted above, EVE Sensitivity supplements NII simulations as it estimates risk exposures beyond a twelve-month horizon. EVE Sensitivity measures the change in the economic value of equity driven by changes in assets, liabilities, and off-balance sheet instruments in response to a change in interest rates. EVE Sensitivity was calculated by estimating the change in the net present value of assets, liabilities, and off-balance sheet items under various rate movements.

In addition to the above reported sensitivities, a wide variety of potential interest rate scenarios are simulated within our asset/liability management system. Scenarios that impact management volumes, specific risk events, or the sensitivity to key assumptions are also evaluated.

We use results of our various interest rate risk analyses to formulate and implement asset and liability management strategies, in coordination with the Asset Liability Committee, to achieve the desired risk profile, while managing our objectives for market risk and other strategic objectives. Specifically, we may manage our interest rate risk position through certain pricing strategies and product design for loans and deposits, our investment portfolio, funding portfolio, or by using off-balance sheet derivatives to mitigate earnings volatility.

The above sensitivities provide an estimate of our interest rate sensitivity; however, they do not account for potential changes in credit quality, size, mix, or changes in the competition for business in the industries we serve. They also do not account for other business developments and other actions. Accordingly, we can give no assurance that actual results would not differ materially from the estimated outcomes of our simulations.