

requirements associated with growth, especially organic growth and cash- funded acquisitions; and • our ability to manage effectively and efficiently the changes and adaptations necessitated by a complex, burdensome, and evolving regulatory environment. We have in place strategies designed to achieve those elements that we believe are significant to us at present. Our challenge is to execute those strategies and adjust them, or adopt new strategies, as conditions change. Failure to achieve one or more key elements needed for successful business acquisitions would adversely affect our business and earnings. To the extent we engage in future bank or non- bank business acquisitions, we face various additional risks, including: • our ability to realize planned strategic and tactical objectives, including operating efficiencies and revenue synergies, within a reasonable time period after closing the transaction; • our ability to identify, analyze, and correctly assess the execution, credit, contingency, and other risks in the acquisition and to price the transaction appropriately; • our ability to properly evaluate loss inherent in the target business' loan portfolios; • our ability to integrate the acquired business' operations, clients, and properties quickly and cost-effectively; • our ability to manage cultural assimilation risks associated with growth through acquisitions, which can be an often- overlooked and often- critical failure point in mergers; • our ability to combine the franchise values of the two companies without significant loss from re- branding and other similar changes; and • our ability to retain core clients and key associates. A type of strategic acquisition — a so- called “ merger of equals ” where the company we nominally acquire has similar size, operating contribution, or value — presents unique opportunities but also unique risks. Those special risks include: • the potential for elevated and duplicative operating expenses if we are unable to integrate the two **322024 FORM 10- K ANNUAL REPORT** companies efficiently in a reasonable amount of time; and • the potential for a significant increase in the time horizon that may be needed before substantial economies of scale can be realized or substantial revenue synergies can be developed effectively. ~~302023 FORM 10- K ANNUAL REPORT~~ The IBKC merger in 2020 presented those risks. In fact, the completion of systems integration was delayed several months, resulting in increased integration expense. Although the proximate reason for the delay was a 2021 hurricane event impacting key markets, the overall length of the integration period likely would have been significantly less if we had merely been integrating a small bank' s systems with ours. Through technological innovations and changes in client habits, the manner in which clients use financial services continues to change at a rapid pace. We provide a large number of services remotely (online and mobile), and physical banking center utilization has been in long- term decline throughout the industry for many years. Technology has helped us reduce costs and improve service, but also has weakened traditional geographic and relationship ties — and has allowed disruptors to enter traditional banking areas. Through digital marketing and service platforms, many banks are making client inroads unrelated to physical presence. This competitive risk is especially pronounced from the largest U. S. banks, and from online- only banks, due in part to the investments they are able to sustain in their digital platforms. Companies as disparate as PayPal (an online payment clearinghouse) and Starbucks (a large chain of cafes) provide payment and exchange services which compete directly with banks in ways not possible traditionally. **We seek to meet these competitive challenges through increased investments in our own digital platforms, and through strategic equity investments, but there can be no assurance that these efforts will be successful.** The nature of technology- driven disruption to our industry is changing, in some cases seeking to displace traditional financial service providers rather than merely enhance traditional services or their delivery. A number of recent technologies have worked with the existing financial system and traditional banks, such as the evolution of ATM cards into debit / credit cards and the evolution of debit / credit cards into smart phones. These sorts of technologies often have expanded the market for banking services overall while siphoning a portion of the revenues from those services away from banks and disrupting prior methods of delivering those services. But some recent innovations may tend to replace traditional banks as financial service providers rather than merely augment those services. For example, companies which claim to offer applications and services based on artificial intelligence compete much more directly with traditional financial services companies in areas involving personal advice, including high- margin services such as financial planning and wealth management. The low- cost, high- speed nature of these “ robo- advisor ” services can be especially attractive to younger, less- affluent clients and potential clients, as well as persons interested in “ self- service ” investment management. Other industry changes, such as zero- commission securities trading offered by certain large firms, may amplify this trend. Other technologies, services, and systems based wholly or in part on artificial intelligence **and machine learning** are proliferating within our industry and among many of our commercial clients, resulting in an environment which is changing rapidly. **These technologies are subject to risks that algorithms and datasets may be flawed or insufficient or contain biased information, risks that are exacerbated because models and processes related to artificial intelligence and machine learning are not always transparent.** Our challenge is to maintain critical stability and security while also being nimble enough to adapt quickly to changing circumstances and client demands. We believe that, over the course of the technology- driven evolution of our industry which is well underway, the “ winners ” will be those institutions which can know their clients and make those clients feel they are known, even when many clients increasingly do not visit banking centers or have face- to- face live interaction. Two keys to achieving a psychological connection with such clients are (1) data management and analytics, using artificial intelligence processes, which allow an institution to provide a differentiated, personalized experience for the client at the point of interaction, and (2) seamless integration of real- time client contact with a human being through voice, chat, or other means. A critical factor in successful data analytics, allowing real- time differentiated interaction with clients, is how traditionally uncaptured, unstructured, or siloed data is acquired, managed, and accessed. While many banks are attempting to address this business need in various ways, it remains unclear which approaches will be successful in the long run. In addition, external vendors are developing processes to provide solutions. A basic challenge for all these efforts is how to integrate analysis of extremely disparate forms of data and utilize that analysis in each client contact in a manner which most clients not only **332024 FORM 10- K ANNUAL REPORT** accept, but value, **and which aligns with regulatory and compliance expectations.** Developing workable proprietary solutions to the data analytics challenges ahead of competitors requires substantial investment in information technology systems and innovation. Even with a substantial IT budget, we cannot outspend, or even come close to matching, the largest U. S. banking institutions. Therefore, like most U. S. banks, our strategy

must be focused on leveraging products and solutions which are within our means, including those developed by external vendors. Our goal must be to keep pace with industry developments with a focus on improving the client's differentiated experience with us by recognizing and responding to client needs. Technological innovation has tended to reduce barriers to entry based on cost. Put another way, once someone finds a new, better method to accomplish a task in our industry, ~~312023 FORM 10-K ANNUAL REPORT~~ often others are able to replicate or improve on that method, sometimes quite rapidly. Key risks for us, therefore, are whether we will be able: to catch up to breakthroughs quickly enough to avoid client attrition; to adopt and enhance breakthroughs frequently enough, and without significant technical failures, to attract clients from competitors; and, if we are able to truly innovate, to press our advantage quickly before competitors adopt it. To thrive as our industry is disrupted, we will need to continue to embrace some of the attitudes of a technology company ~~7~~ and shed some of the traditional attitudes often associated with banking. This has required, and will continue to require, an evolution in our corporate culture which, in turn, creates implementation risk. In this evolutionary process it is critical that we not lose sight of how our clients experience working with us and our systems, including those clients who still want traditionally-delivered services, those who seek and embrace the latest innovations, and those who mainly want services to be convenient, personalized, and understandable. Just as disruptive business changes driven by new technologies and new client preferences can adversely impact us and our entire industry, similar events can adversely impact our commercial clients. In time, a major business disruption can cause dominant businesses to fail ~~7~~ and can shrink or even end entire lines of business. An example of this is the business failure of the Blockbuster video distribution chain and most other video distribution stores, and the rise of Netflix and similar services. Many other examples of this kind of process are ongoing today in many industries, including publishing, retail sales, news, and the creation as well as distribution of audio and video entertainment. To the extent disruptions impact our clients, we may experience elevated loan losses and loss of ongoing business which we may not be able to recapture with new clients. Fraud is a major, and increasing, operational risk for us and all banks. Two traditional areas — deposit fraud (check forging, check kiting, wire fraud, etc.) and loan fraud — continue to be major sources of fraud attempts and actual loss. Fraud directed against clients — generally using deception to persuade clients to transfer funds — has emerged as a third large source of fraud loss. The methods used to perpetrate and combat fraud continue to evolve as technology changes. In addition to cybersecurity risk (discussed below), new technologies — including the use of artificial intelligence — have made it easier for bad actors to obtain and use client personal information, mimic communications to or from clients, mimic signatures, and otherwise create false instructions and documents that appear genuine. Our anti-fraud actions are both preventive (anticipating lines of attack, educating associates and clients, etc.) and responsive (detecting, halting, and remediating actual attacks). Our regulators require us to report actual and suspected fraud promptly, and regulators often advise banks of new schemes so that the entire industry can adapt as quickly as possible. However, some level of fraud loss is unavoidable, and the risk of a major loss cannot be eliminated. Our ability to conduct and grow our businesses is dependent in part upon our ability to create, maintain, expand, and evolve an appropriate operational and organizational infrastructure, manage expenses, and recruit and retain personnel with the ability to manage a complex business. Operational risk can arise in many ways, including: errors related to failed or inadequate physical, operational, information technology, or other processes; faulty or disabled computer or other technology systems; fraud, theft, physical security breaches, electronic data and related security breaches (see Cybersecurity Risks below), or other criminal conduct by associates or third parties; and exposure to other external events. Inadequacies may present themselves in myriad ways. Actions taken to manage one risk may be ineffective against others. For example, information technology systems may be insufficiently redundant to withstand a fire, incursion, malware, or other major casualty, and they may be insufficiently adaptable to new business conditions or opportunities. Efforts to make systems more robust may make them less adaptable, and vice-versa. Also, our efforts to control expenses, which is a significant priority for us, ~~increases~~ **increase** our operational challenges as we strive to maintain client service and compliance at high quality and low cost. ~~342024 FORM 10-K ANNUAL REPORT~~ We expect to make significant investments over the next several years in operational systems that are unlikely to result in significant immediate returns. In 2021 we started to invest significantly in new platforms and processes to modernize operations, provide a better client experience, reduce ongoing operating costs or otherwise improve efficiencies, and support future growth. We expect significant investments of that sort to grow over the next several years as we prepare for business growth and increased regulatory demands. Investments of that sort are expensive. Although we believe they are necessary for our future and are appropriate for our company at this time, the financial returns on these investments will be highly uncertain and, at best, likely to occur only over a long time horizon. In addition, investments of this sort lay the foundation for growth; if growth does not materialize, many of these investments may have little practical value. ~~322023 FORM 10-K ANNUAL REPORT~~ Failure to build and maintain, or outsource, the necessary operational infrastructure, failure of that infrastructure to perform its functions, or failure of our disaster preparedness plans if primary infrastructure components suffer damage, can lead to risk of loss of service to clients, legal actions, and noncompliance with applicable regulatory requirements. Additional information concerning operational risks and our management of them, all of which is incorporated into this Item 1A by this reference, appears under the caption Operational Risk Management beginning on page ~~85-90~~ of our ~~2023~~ **2024** MD & A (Item 7). The delivery of financial services to clients and others increasingly depends upon technologies, systems, and multi-party infrastructures which are new, creating or ~~enhancing~~ **exacerbating** several risks discussed elsewhere. Examples of the risks created or ~~enhanced~~ **compounded** by the widespread and rapid adoption of relatively untested technologies include: security incursions; operational malfunctions or other disruptions; and legal claims of patent or other intellectual property infringement. **A prominent illustration, the distribution of a faulty update by a major security software provider in 2024 triggered internet outages across industries (including in banking and financial services) and around the world, rendering websites and mobile applications inaccessible for extended periods.** Competition for talent is substantial and increasing. Moreover, revenue retention and growth in some business lines depends substantially upon top talent. In recent years the cost to us of hiring and retaining top revenue-producing talent, **especially in specialty areas,** has increased, and that trend

is likely to continue. The primary tools we use to attract and retain talent are: salaries; commission, incentive, and retention compensation programs; retirement benefits; change in control severance benefits; health and other welfare benefits; and our corporate culture. To the extent we are unable to use these tools effectively, we face the risk that, over time, our best talent will leave us and we will be unable to replace those persons effectively. Incentives might operate poorly or have unintended adverse effects. Incentive programs are difficult to design well, and even if well- designed, often they must be updated to address changes in our business. A poorly designed incentive program — where goals are too difficult, too easy, or not well related to desired outcomes — could provide little useful motivation to key associates, could increase turnover, and could impact client retention. Moreover, even where those pitfalls are avoided, incentive programs may create unintended adverse consequences. For example, a program focused entirely on revenue production, without proper controls, may result in costs growing faster than revenues. An information technology security (cybersecurity) breach or other similar incident is a major type of operational risk. A cybersecurity incident can cause significant damage, and can be difficult to detect even after it occurs. Among other things, that damage can occur due to outright theft, loss or extortion of our funds or our clients' funds, fraud or identity theft perpetrated on clients, loss of confidential or proprietary information, business disruption, or adverse publicity associated with a breach or incident and its potential effects. Perpetrators potentially can be associates, clients, **third parties**, and certain vendors, all of whom legitimately have access to some portion of our systems, as well as outsiders with no legitimate access. Cybersecurity incidents happen frequently; they are an unavoidable part of doing business. Often, but not always, we detect and block the attempt. Often, but not always, the number of clients impacted is modest and our loss is minimal or none. However, even with significant loss prevention and mitigation systems, the risk of a financially or reputationally significant incursion cannot be eliminated. Given the high volume of daily transactions in modern banking, the question is not whether we will experience a significant and costly incursion, but when. For that reason, the key goals of our processes are: block or prevent as many incursions as is practical, and detect and mitigate rapidly those that get through. The difference between a minor and a major incursion often comes down to how quickly it is detected and countered. Common categories of cybersecurity incidents relevant to us, as a bank, include: account takeover, client spoofing, and payment fraud; ransomware and other malware; client interface attacks (attempts to shut down or slow down our website or mobile app); and cloud (remote **352024 FORM 10- K ANNUAL REPORT** server) incursions. Common vulnerabilities include: clients and associates that fall victim to malicious "**phishing**" emails or other communications and inappropriately share credentials allowing access to accounts or systems; older software or systems that do not have up- to- date security and are not sufficiently isolated from other systems; third- party software vulnerabilities; and third- party systems vulnerabilities. We believe the bad actors have a range of motivations, including: illegal profit; politically or geopolitically motivated disruption; and vandalism. Bad actors can range from amateurs to criminal organizations to nation- states. **Cybersecurity risks for banks and other financial institutions have increased significantly in recent years in part because of the proliferation of technology- based products and services and the increased sophistication and activities of organized crime, hackers, terrorists, nation- states, nation state- supported actors, activists and other external parties. This increase is expected to continue and further intensify. The techniques used by cyber criminals change frequently, may not be recognized until launched (or may evade detection for considerable time), can be initiated from a variety of sources, including terrorist organizations and hostile foreign governments, and may see their frequency increased, and effectiveness enhanced, by the use of artificial intelligence.** Because of the potential for very serious consequences associated with ~~these~~ **cybersecurity** risks, our electronic systems and their upgrades need to address internal and external security concerns to a high degree, and our systems must comply with applicable banking and other regulations pertaining to bank safety and client protection. Although many of our defenses are systemic and highly technical, others are much older and more basic. For example, periodically we train all our associates to recognize red flags associated with fraud, theft, "**phishing**," and other electronic crimes. **In addition**, and we educate our clients as well through regular and episodic security- oriented communications. We ~~332023 FORM 10- K ANNUAL REPORT~~ expect our systems and regulatory requirements will continue to evolve as technology and criminal techniques also continue to evolve. Additional information concerning cybersecurity risks and our management of them, all of which is incorporated into this Item 1A by this reference, appears under the caption Cybersecurity Risk Management beginning on page ~~86-91~~ **86-91** of our ~~2023~~ **2024** MD & A (Item 7). The operational functions we outsource to third parties may experience similar disruptions that could adversely impact us and over which we may have limited control and, in some cases, limited ability to obtain an alternate vendor quickly. To the extent we rely on third party vendors to perform or assist operational functions, the challenge of managing the associated risks may become more difficult. We manage this risk by assessing the adequacy of cybersecurity prevention and detection systems and programs of critical vendors. The operational functions of business counterparties, or businesses with which we have no relationship, may experience disruptions that could adversely impact us and over which we may have limited or no control. Although these events cannot be predicted individually, over time and in the aggregate they happen as surely as loan losses. For example, when a major U. S. consumer- oriented firm experiences a data systems incursion resulting in the theft of credit and debit card information, online account information, and other data, it impacts thousands or sometimes millions of people. Frequently, many of those affected are our clients. Although our systems are not breached by these third- party incursions, they can increase fraud impacting accounts at our Bank and can cause us to take costly steps to avoid significant theft loss to our Bank and to our clients. Our ability to recoup our losses may be limited legally or practically in many situations. Possible points of incursion or disruption not within our control include retailers, utilities, insurers, health care service providers, internet service and electronic mail providers, social media portals, distant- server (" cloud ") service providers, electronic data security providers, telecommunications companies, and smart phone manufacturers. Generally, in an economic downturn, our realized credit losses increase, demand for our products and services declines, and the credit quality of our loan portfolio declines. Delinquencies and realized credit losses generally increase during economic downturns due to an increase in liquidity problems for clients and downward pressure on collateral values. Likewise, demand for loans (at a given level of

creditworthiness), deposit and other products, and financial services may decline during an economic downturn, and may be adversely affected by other national, regional, or local economic factors that impact demand for loans and other financial products and services. Such factors include, for example, changes in employment rates, interest rates, real estate prices, or expectations concerning rates or prices **and changes in government policy or the regulatory environment**. Accordingly, an economic downturn or other adverse economic change (local, regional, national, or global) can hurt our financial performance in the form of higher loan losses, lower loan production levels, lower deposit levels, compression of our net interest margin, and lower fees from transactions and services. Those effects can continue for many years after the downturn technically ends.

362024 FORM 10- K ANNUAL REPORT Because all banks are sensitive to the risk of downturns, the stock prices of all banks typically decline, sometimes substantially, if the market believes that a downturn has become more likely or is imminent. This effect can and often does occur indiscriminately, initially without much regard to different risk postures of different banks. In recent years, the Federal Reserve has implemented, reversed, and reversed again significant economic strategies that have impacted interest rates, inflation, asset values, and the shape of the yield curve. These strategies have had, and will continue to have, a significant impact on our business and on many of our clients. To illustrate: in response to the recession in 2008- 09 and the following uneven recovery, the Federal Reserve implemented a series of domestic monetary initiatives designed to lower rates and make credit easier to obtain. The Federal Reserve changed course in 2015, raising rates several times through 2018. The last raise in 2018 was accompanied by a substantial and broad stock market decline. In 2019, the Federal Reserve began to lower rates. In 2020, in response to economic disruption associated with the COVID- 19 pandemic, the Federal Reserve quickly reduced short- term rates to extremely low levels and acted to influence the markets to reduce long- term rates as well. During 2021, the Federal Reserve significantly reduced its " easing" actions that held down long- term rates. During 2022, the Federal Reserve switched to a tightening policy. It raised short term rates significantly and rapidly over most of the year. Those actions triggered a significant decline in the values of most categories of U. S. stocks and bonds; significantly raised recessionary expectations for the U. S.; and inverted the ~~342023 FORM 10- K ANNUAL REPORT~~ yield curve in the U. S. Short- term rate rises in 2023 were few and modest ~~and ended mid- year~~. Long- term rates rose during 2023 but slowly and unevenly. The 2022 yield curve inversion continued **until September throughout 2023 and continues in 2024 , when Federal Reserve began reducing short- term rates and yield curve flattened. Although the yield curve has returned to a gradual upward slope in early 2025, there can be no assurance that this trend will continue or that the yield curve' s upward slope will increase .**

Additional information concerning monetary policy risks is presented: under the caption Cyclicalities within the Other Business Information section of Item 1, which starts on page ~~16-19~~ ; within the Effect of Governmental Policies and Proposals section of Item 1 beginning on page ~~27-30~~ ; in Interest Rate and Yield Curve Risks beginning on page ~~44-46~~ ; and under the caption Inflation, Recession, and Federal Reserve Policy within the Market Uncertainties and Prospective Trends section of our ~~2023~~ **2024** MD & A (Item 7), beginning on page ~~92-97~~ . Federal Reserve strategies can, and often are intended to, affect the domestic money supply, inflation, interest rates, and the shape of the yield curve. Effects on the yield curve often are most pronounced at the short end of the curve, which is of particular importance to us and other banks. Among other things, easing strategies are intended to lower interest rates, encourage borrowing, expand the money supply, and stimulate economic activity, while tightening strategies are intended to increase interest rates, discourage borrowing, tighten the money supply, and restrain economic activity. However, as noted above, in 2022 short term rates rose faster than long term rates to the point that the yield curve inverted for much of the final two quarters of the year; that inversion continued **through September for all of 2023-2024** , ~~It is not clear when the inversion~~ **Federal Reserve began reducing interest rates and the yield curve began to return to its likely to end more typical upward slope .** Many external factors may interfere with the effects of the Federal Reserve' s

plans or cause them to be changed, perhaps quickly. Such factors include significant economic trends or events as well as significant international monetary policies and events. Such strategies also can affect the U. S. and world- wide financial systems in ways that may be difficult to predict. Risks associated with interest rates and the yield curve are discussed in this Item 1A under the caption Interest Rate and Yield Curve Risks beginning on page ~~44-46~~ . We may be adversely affected by economic and political situations outside the U. S. The U. S. economy, and the businesses of many of our clients, are linked significantly to economic and market conditions outside the U. S., especially in North and Central America, Europe, and Asia, and increasingly in South America. Although our direct exposure to non- US- dollar- denominated assets or non- US sovereign debt is insignificant, in the future major adverse events outside the U. S. could have a substantial indirect adverse impact upon us. Key potential events which could have such an impact include (1) sovereign debt default (default by one or more governments in their borrowings), (2) bank and / or corporate debt default, (3) market and other liquidity disruptions, and, if stresses become especially severe, (4) the collapse of governments, alliances, or currencies, and (5) military conflicts. The methods by which such events could adversely affect us are highly varied but broadly include the following: an increase in our cost of borrowed funds or, in a worst case, the unavailability of borrowed funds through conventional markets; impacts upon our hedging and other counterparties; impacts upon our clients; impacts upon the U. S. economy, especially in the areas of employment rates, real estate values, interest rates, and inflation / ~~deflation~~ rates; and impacts upon us from **substantial and unpredictable shifts in** our regulatory environment ~~, which can change substantially and unpredictably~~ **response-responses** to major financial disruptions. **372024 FORM 10- K ANNUAL REPORT**

We may be unable to successfully implement a disposition or wind- down of businesses or units which no longer fit our strategic plans. We consider possible closures and divestitures as we continue to adapt to a changing business and regulatory environment. Actions of this sort typically are elevated in the first few years after a significant merger. For example, in 2021 we closed ~~for~~ consolidated several dozen banking locations in the wake of the 2020 IBKC merger, and we divested our title insurance business in 2022. Other dispositions have occurred in recent years and likely will continue in the future. Key risks associated with exiting a business include: • our ability to price a sale transaction appropriately and otherwise negotiate acceptable terms; • our ability to identify and implement key client, personnel, technology systems, and other transition actions to avoid or minimize negative

effects on retained businesses; • our ability to mitigate the loss of any pre- tax income that the exited business produced; • our ability to assess and manage any loss of synergies that the exited business had with our retained businesses; and • our ability to manage capital, liquidity, and other challenges that may arise if an exit results in significant legacy cash expenditures or financial loss. ~~352023 FORM 10- K ANNUAL REPORT~~ Our ability to conduct and grow our businesses, and to obtain and retain clients, is highly dependent upon external perceptions of our business practices and financial stability. Our reputation is, therefore, a key asset for us. Our reputation is affected principally by our business practices and how those practices are perceived and understood by others. Adverse perceptions regarding the practices of our competitors, or our industry as a whole, also may adversely impact our reputation. In addition, negative perceptions relating to parties with whom we have important relationships may adversely impact our reputation. Senior management oversees processes for reputation risk monitoring, assessment, and management. Damage to our reputation could hinder our ability to access the capital markets or otherwise impact our liquidity, could hamper our ability to attract new clients and retain existing ones, could impact the market value of our stock, could create or aggravate regulatory difficulties, and could undermine our ability to attract and retain talented associates, among other things. Adverse impacts on our reputation, or the reputation of our industry, also may result in greater regulatory and / or legislative scrutiny, which may lead to laws or regulations that change or constrain our business or operations. Events that result in damage to our reputation also may increase our litigation risk. Political and social fragmentation in the U. S., combined with access to social media platforms, can increase reputation risk in ways that might not be easily avoided by traditional means. The predominant culture within the banking industry remains traditional: in order to preserve their business reputations, banks generally ~~prefer~~ **tend** to avoid direct, public involvement in political or social controversy. Increasingly, though, certain groups — having highly specific political or social agendas and with the ability to communicate their views effectively using social media platforms — have made it more difficult to maintain a traditional approach. ~~One group, for example, may publicly criticize a bank for having, as a client, a business which “exploits” persons of limited financial means, while another group may criticize a bank for failing to have, as a client, the same business which “serves” such persons in neighborhoods that many businesses avoid. As another example, a group may demand that a bank cease doing business with a specific business client based on the client’s industry or a specific business practice because that industry or practice, though legal, is objectionable to that group.~~ While the potential for such demands **interest group pressure** has always existed, special interest groups today **, using social media platforms,** are more able and willing to publicize their criticisms ; ~~and some are willing to use factual exaggerations and inflammatory language in stating their views to the public.~~ Those criticisms, in turn, ultimately may be acted upon by legislators or regulators. We face the risk that our clients may not repay their loans **or make payments on their leases** and that the realizable value of collateral and other credit support may be insufficient to avoid a charge- off. We also face risks that other counterparties, in a wide range of situations, may fail to honor their obligations to pay us. In our business some level of credit charge- offs is unavoidable and overall levels of credit charge- offs can vary substantially over time. For example, net charge- offs were \$ 13 million in 2017 and remained historically very low through 2019. In 2020, net charge- offs unexpectedly rose to \$ 120 million, driven strongly by the COVID- induced recession starting in March. Net charge- offs in 2021 fell sharply to \$ 2 million, a very low level historically. We believe this favorable outcome was substantially affected by our client selection and underwriting processes, along with our willingness to work with borrowers throughout the pandemic. Net charge- offs rose in 2022 to a more normal, but still low, \$ 59 million. In 2023 they rose again to \$ 170 million, driven partly by continuing normalization but also, significantly, by a single commercial credit loss **, before falling back to \$ 112 million in 2024.** ~~If the U. S. experiences~~ **It is extremely** ~~382024 FORM 10- K ANNUAL REPORT~~ **difficult for banks, and for investors, to know when** an economic recession **upturn or downturn** in **credit loss** the future, net charge- offs generally could increase substantially. Even absent a recession, **upward- trending normalization is likely to continue** ~~merely idiosyncratic or instead portends a major credit cycle change~~. Our ability to manage credit risks depends primarily upon our ability to assess the creditworthiness of loan **and lease** clients and other counterparties and the value of any collateral, including real estate, among other things. We further manage credit risk by diversifying our loan **and lease** portfolio, by managing its granularity, by following per- relationship lending limits, and by recording and managing an allowance for loan and lease losses based on the factors mentioned above and in accordance with applicable accounting rules. We further manage other counterparty credit risk in a variety of ways, some of which are discussed in other parts of this Item 1A and all of which have as a primary goal the avoidance of having too much risk concentrated with any single counterparty. We record loan **and lease** charge- offs in accordance with accounting and regulatory guidelines and rules. As indicated in this Item 1A under the caption Accounting Risks beginning on page ~~46-49~~, these guidelines and rules could change and cause provision expense or charge- offs to be more volatile, or to be recognized on an accelerated basis, for reasons not always related to the underlying performance of our portfolio. In fact, starting in 2020, such an accounting change was made and, when the COVID recession ~~oe~~ ~~362023 FORM 10- K ANNUAL REPORT~~ **occurred** starting in March, provision for credit losses significantly increased. Moreover, the SEC or PCAOB could take accounting positions applicable to our holding company that may be inconsistent with those taken by the Federal Reserve or other banking regulators. Our credit and other loan- management models could be wrong, or could become wrong if external factors change. A significant challenge for us is to keep the credit and other models and approaches we use to originate and manage loans updated to take into account changes in the competitive environment, in real estate prices and other collateral values, in the economy, and in the regulatory environment, among other things, based on our experience originating loans and servicing loan portfolios. Changes in modeling could have significant impacts upon our reported financial results and condition. In addition, we use those models and approaches to manage our loan portfolios and lending businesses. To the extent our models and approaches are not consistent with underlying real- world conditions, our management decisions could be misguided or otherwise affected with substantial adverse consequences to us. **We must** ~~A recent example of challenges we face in modeling stems from the COVID- 19 pandemic and its related impacts on clients, the economy, and governmental interventions and accommodations. The recent low- interest rate environment (which ended in~~

2022) elevated the traditional challenge for lenders and investors to balance taking on higher risk against the desire for higher income or yield **with taking on greater risk**. This challenge ~~applied~~ **applies** not only to credit risk in lending activities but also to default and **interest** rate risks regarding investments. Even ~~though if less acute today because~~ short term rates are higher currently, long term rates continue to lag driven in part by market expectations that short rates may soon be cut again. In any case, even if less acute today, that traditional risk- versus- yield challenge remains in place. As interest rates rise, default risk generally also rises. As borrowers' obligations to pay interest increases, financial weaknesses generally become more evident. Initially this results in lower consumer credit scores and **lower deteriorating** commercial loan grading, and later results in higher default rates. **Although interest** This effect can be amplified or hastened if the rate **rates began to decline in last half of 2024** hikes are accompanied by recession. Even if no recession results, the full effects of the 2022- 23 rate hikes may not yet be fully reflected in loan default rates. **In addition** Realized credit losses tend to increase and decrease in a cyclical manner, although the duration and timing of any given credit cycle is impossible to predict accurately. Through 2019 we and other **there be no assurance** U. S. banks experienced an extended period of very low credit losses. That **that** trend reversed starting in 2022, which may signal the **recent decline in interest rates** start of a new multi- year cycle. If a new cycle has started, we cannot predict how long the new cycle will **persist** run or how high credit losses will reach. The credit cycle was disrupted by COVID- 19. Our expectation for loan losses in 2020 rose sharply with the COVID- 19 pandemic and its recession, though in many cases actual losses, reflected in net charge offs, did not later materialize. Our expectations for credit loss abated dramatically in 2021, and significant amounts of the 2020 loss reserves were released, resulting in provision credits (negative expenses). We do not know what the new " normal " level of provision for credit loss will be once the impacts of the pandemic have fully ended, or what long- term impact the pandemic will have on the credit cycle. The low provision and net charge- off levels experienced before 2020, and in 2021, were historically unusual and might not be repeated. It is extremely difficult for banks, and for investors, to know when an upturn in credit loss is merely idiosyncratic or instead portends a major credit cycle change. The composition of our loans inherently increases our sensitivity to certain credit risks. At December 31, **2023-2024**, approximately 53 % of total loans and leases consisted of the commercial, financial, and industrial (C & I) portfolio, approximately 23 % of total loans and leases consisted of the commercial real estate (CRE) portfolio, and approximately 23 % consisted of the consumer real estate portfolio. Two large components of the C & I portfolio at year end were loans to finance and insurance companies and loans to mortgage companies. Taken together, approximately **18-21** % of the C & I portfolio was sensitive to impacts on the financial services industry. As discussed elsewhere in this Item 1A with respect to our company, the financial services industry is more sensitive to interest rate and yield curve changes, monetary policy, regulatory policy, changes in real estate and other asset values, and changes in general economic conditions, than many other industries. Negative impacts on the industry could dampen new lending in these lines of business and could create credit impacts for the loans in our portfolio. The stability and value of the CRE portfolio depends substantially upon the financial health of the underlying real estate assets and upon commercial real estate market values generally. Many CRE assets are rental properties, and for those occupancy and vacancy rates are critical factors along with business trends that impact tenants. Most of the remainder are owner- occupied, significantly dependent on the financial health of the borrower. Part of our rental CRE consists of traditional office space. The COVID pandemic disrupted traditional office space demand and utilization. It is highly uncertain what demand and utilization ~~likely~~ will be once that disruption fully ends. The consumer real estate portfolio contains a number of concentrations which affect credit risk assessment of the portfolio. **372023 FORM 10- K ANNUAL REPORT** • Product concentration. The consumer real estate portfolio consists primarily of consumer installment loans, and much of the remainder consists of home equity lines of credit. • Collateral concentration. This entire category is secured by residential real estate. Approximately 89 % of the consumer real estate portfolio consists of loans secured on a first- lien basis. **392024 FORM 10- K ANNUAL REPORT** • Geographic concentration. At year end, about **62-63** % of the consumer real estate portfolio related to clients in three states: Florida, Tennessee, and Texas. The consumer real estate category is highly sensitive to economic impacts on consumer clients and on residential real estate values. Job loss or downward job migration, as well as significant life events such as divorce, death, or disability, can significantly impact credit evaluations of the portfolio. Also, regulatory changes, discussed above and elsewhere in this Item 1A, are more likely to affect the consumer category and our accounting estimates of credit loss than other loan types. Volatility in the oil and gas industry can impact us. At year- end, approximately 2 % of our total loans were directly related to the oil and gas industry. In addition to general credit and other risks mentioned elsewhere in this Item 1A, these businesses and their related assets are sensitive to a number of factors specific to that industry. Key among those is global demand for energy and other products from oil and gas in relation to supply. The shifting balance between demand and supply is expressed most simply in prices. Significant oil- price volatility, such as that experienced in 2020- 22, can and often does impact our overall business in this industry by increasing provisioning and charge- offs, and by reducing demand for loans. Another set of risks specific to that industry relate to environmental concerns, including the risks of increased regulation or other governmental intervention, and the risks of adverse changes in consumption habits or public perceptions generally. Additional information concerning credit risks and our management of them is set forth under the caption Asset Quality beginning on page **65-70** of our **2023-2024** MD & A (Item 7). We provide a wide range of services to clients, and the provision of these services may create claims against us that we provided them in a manner that harmed the client or a third party, or was not compliant with applicable laws or rules. Our services include lending, loan servicing, fiduciary, custodial, depositary, funds management, insurance, and advisory services, among others. We manage these risks primarily through training programs, compliance programs, and supervision processes. Additional information concerning these risks and our management of them, all of which is incorporated into this Item 1A by this reference, appears under the captions Operational Risk Management and Compliance Risk Management, beginning on page **85-90** of our **2023-2024** MD & A (Item 7). Regulatory, Legislative, & Legal Risks The regulatory environment continues to be challenging. We operate in a heavily regulated industry. Our regulatory burdens, including both operating restrictions and ongoing compliance costs, are substantial.

We are subject to many banking, deposit, insurance, securities brokerage and underwriting, investment management, and consumer lending regulations in addition to the rules applicable to all companies publicly traded in the U. S. securities markets and, in particular, on the New York Stock Exchange. Failure to comply with applicable regulations could result in financial, structural, and operational penalties. In addition, efforts to comply with applicable regulations may increase our costs and / or limit our ability to pursue certain business opportunities. See Supervision and Regulation within Item 1 of this report, beginning on page 19-21, for additional information concerning financial industry regulations. Federal and state regulations significantly limit the types of activities in which we, as a financial institution, may engage. In addition, we are subject to a wide array of other regulations that govern other aspects of how we conduct our business, such as in the areas of employment and intellectual property. **In addition, changes in Federal federal and state legislative laws and regulatory authorities increasingly consider changing these regulations are always possible or adopting new ones. Such actions New laws and regulations** could further limit the amount of interest or fees we can charge, could further restrict our ability to collect loans or realize on collateral, could affect the terms or profitability of the products and services we offer, **or and** could materially affect us in other ways. The following paragraphs highlight certain specific important risk areas related to regulatory matters currently. These paragraphs do not describe these risks exhaustively, and they do not describe all such risks that we face currently. Moreover, the importance of specific risks will grow or diminish as circumstances change. We and our Bank both are required to maintain certain regulatory capital levels and ratios. U. S. capital standards are discussed in Item 1 of this report, in tabular and narrative form, under the caption Capital Adequacy within the Supervision & Regulation section of Item 1 which ~~382023 FORM 10-K ANNUAL REPORT~~ starts on page 19-21. Pressures to maintain appropriate capital levels and address business needs in a changing economy may lead to actions that could be dilutive or otherwise adverse to our shareholders. Such actions could include: reduction or elimination of dividends; the issuance of common or preferred stock, or securities convertible into stock; or the issuance of any class of stock having ~~rights~~ **right 402024 FORM 10-K ANNUAL REPORT s** that are adverse to those of the holders of our existing classes of common or preferred stock. Additional information concerning these risks and our management of them, all of which is incorporated into this Item 1A by this reference, appears: under the captions Capital Adequacy and Prompt Corrective Action (PCA) within the Supervision & Regulation section of Item 1 which starts on page 19-21; under the captions Capital, Capital Risk Management and Adequacy, and Market Uncertainties and Prospective Trends beginning on pages ~~77-82, 85-90, and 92-97~~, respectively, of our ~~2023-2024~~ MD & A (Item); and under the caption Regulatory Capital in Note 12 — Regulatory Capital and Restrictions, beginning on page ~~154-157~~ of our ~~2023-2024~~ Financial Statements (Item 8). Regulation of banks is tiered based on asset size; we are close to reaching \$ 100 billion, which is the next tier above us. Regulatory restrictions and costs tend to increase based on asset tier. **The two most For us,** significant impacts ~~on us~~ of crossing the \$ 100 billion threshold **include are:** becoming subject to Category IV enhanced prudential standards; ~~and becoming at-risk for being subject to a liquidity coverage ratio requirement.~~ Compliance costs associated with those and other over- \$ 100- billion regulations are expected to be significant. New regulations proposed in 2023 would substantially increase capital and other requirements, various restrictions, and costs, **but whether those regulations will be adopted, or their final form if adopted, remains uncertain.** Moreover **With or without new regulations,** we expect that a significant portion of those compliance costs ~~, with or without the new regulations,~~ will need to be borne as we approach the \$ 100 billion tier, rather than commence abruptly when we enter the tier. **Indeed, we are already incurring a portion of these costs** as we **proceed with upgrade upgrading** compliance systems, processes, and staffing before ~~they these steps are required fully needed~~. Additional information concerning these risks, which is incorporated into this Item 1A by this reference, appears in: the Supervision & Regulation section of Item 1 which starts on page 19-21; and under the caption Other Regulatory Proposals within the section captioned Market Uncertainties and Prospective Trends beginning on page 92-97 of our ~~2023-2024~~ MD & A (Item 7). Legal disputes are an unavoidable part of business, and the outcome of pending or threatened litigation cannot be predicted with any certainty. We face the risk of litigation from clients, associates, vendors, contractual parties, and other persons, either singly or in class actions, and from federal or state regulators. Matters of that sort are pending currently. It is unlikely we will ever experience a time when no litigation matter is outstanding. We manage litigation risks through internal controls, personnel training, insurance, litigation management, our compliance and ethics processes, and other means. However, the commencement, outcome, and magnitude of litigation cannot be predicted or controlled with any certainty. Typically, we are unable to estimate our loss exposure from legal claims until relatively late in the litigation process, which can make our financial recognition of loss from litigation unpredictable and highly uneven from one period to the next. ~~For most of our pending legal matters we have established either no accrual (reserve) or no significant reserve.~~ Financial accounting guidance requires that litigation loss be both estimable and probable before a reserve may be established (recorded as a liability on our balance sheet). Under that guidance, reserves typically are not established for most litigation matters until after preliminary motions to dismiss or to narrow the case are resolved, after discovery is substantially in process, and (in many cases) after preliminary overtures regarding settlement have occurred. Potentially significant cases often are pending for years before any loss is recognized and a reserve is established. Moreover, many cases experience relatively little progress toward resolution for a long period followed by a brief period of rapid development. Lastly, although most cases are resolved with little or no loss to us, for the others our loss typically is recognized either all at once (near the time of resolution) or very unevenly over the life of the case. Additional information concerning litigation risks and our management of them, all of which is incorporated into this Item 1A by this reference, appears: under the caption Pre- 2009 Mortgage Business Risks beginning on page 46-48; under the captions Repurchase Obligations, Market Uncertainties and Prospective Trends, and Contingent Liabilities beginning on pages 91-96, 92-97, and 98-102, respectively, of our ~~2023-2024~~ MD & A (Item 7); and under the caption Contingencies in Note 16 — Contingencies and Other Disclosures, beginning on page ~~162-165~~ of our ~~2023-2024~~ Financial Statements (Item 8). Political ~~dysfunction and~~ volatility within the federal government, both at the regulatory and Congressional levels, creates significant potential for major and abrupt shifts in federal policy regarding bank regulation, taxes, and the economy, any of which could

have significant impacts on our business and financial performance, as well as that of our commercial clients. Moreover, political conflict within and among branches of government, and within and among government agencies, can rise to a level where day- to- day functions could be interrupted or impaired, **including as a result of government shutdowns**. Data privacy is becoming a major political concern. The laws governing it are new, and are likely to evolve and expand. Many non-regulated, non- banking companies have gathered large amounts of personal details about millions of people, and have the ability to analyze that ~~392023 FORM 10- K ANNUAL REPORT~~ data and act on that analysis very quickly. This situation has prompted governmental responses. Two prominent responses are the European Union General Data Protection Regulation and the California Consumer Privacy Act. Neither is a banking industry regulation, but both apply to banks in relation to certain clients. Further general regulation to protect data privacy appears likely. **412024 FORM 10- K ANNUAL REPORT** Banks in the U. S. already operate under privacy- protection laws and rules, but banking industry regulations in this area might be enlarged in response to this concern. Public expectations concerning corporate controls on emissions of carbon dioxide, methane, and other greenhouse gases could increase our operating costs in the future without a corresponding increase in revenue, could curtail some aspects of our business, or both. At present, federal environmental regulations do not require us to monitor the direct or indirect greenhouse gas emissions associated with building, operating, or maintaining our physical facilities, nor are we taxed or fined in relation to those emissions, because such gases generally are not considered to be pollutants under U. S. federal law. Changing expectations could pressure us to physically measure, monitor, and curtail direct emissions and to estimate indirect emissions or impacts, and eventually could result in legal requirements to take those actions or to pay for measured or estimated emissions. For example, we engage a third party to estimate our Scope 1 and 2 location-based emissions, even though not legally required. Whether or not legally required, any such actions that we take increase our operating costs. In addition, such expectations could pressure us to re- evaluate business relationships with certain clients, or groups of clients, that have suboptimal reputations for emissions. Recent state laws and federal disclosure ~~proposals~~ **rules** concerning greenhouse gas (GHG) emissions could impose significant additional costs upon us. In 2023 the state of California enacted two laws which, taken together, will require most larger companies doing business in California to report annually their greenhouse gas (" GHG") emissions, with an external assurance requirement, and to report biennially their climate- related financial risks and risk- mitigation measures. The **California laws include multi- year phase in periods and encompass Scope 1, Scope 2, and Scope 3 GHG emissions. As currently enacted, the laws require implementing regulations to be adopted by July 1, 2025 and reporting for Scopes 1 and 2 to begin in 2026 for the 2025 fiscal year. The California laws, especially the application of those laws to companies outside of California, have been challenged in court. These challenges could take many years to resolve. In March 2024, the** U. S. Securities and Exchange Commission (" SEC") ~~has proposed, but not yet adopted~~ **final rules that, " The Enhancement and Standardization of Climate- Related Disclosures for Investors" (the" SEC Climate Disclosures Rules"). These rules** would require all U. S. companies with publicly- traded securities to report annually their **Scope 1 and 2 GHG emissions and related risk- management processes, and would include a related financial statement and audit requirement, among other things. There is considerable uncertainty as to whether the SEC' s climate- Climate Disclosure Rules will be implemented as adopted** ~~oriented information. If applicable to us, both because the SEC has suspended effectiveness of those rules while legal challenges are pending and because shifts in executive and legislative branches of government could lead the SEC to withdraw or significantly alter those rules.~~ **direct** ~~Direct~~ compliance costs **related to these state and federal requirements, should they become effective,** will include creating systems to measure or estimate and capture relevant data, staffing, and engagement of vendors, including a firm to provide required assurances (somewhat analogous to a financial statement auditor). ~~Potentially of more significance: In addition, if we are required by California law to support Scope 3 reporting by~~ **obtaining data could, depending upon how the new regimes are implemented, require us to obtain** GHG- related information from **customers** ~~clients, including clients that are not public companies and that do no business in California. If so, effectively we could~~ **would** be required to impose costs and / or inconveniences on ~~clients~~ **our customers**. Other banks in our markets, particularly those that are both private and not doing business in California, could provide financial services without those requirements, putting us at a competitive disadvantage. Additional information concerning these risks, which is incorporated into this Item 1A by this reference, appears under the caption Greenhouse Gas (GHG) Reporting Regimes within the section captioned Market Uncertainties and Prospective Trends beginning on page ~~92-97~~ **92-97** of our ~~2023-2024~~ **2023-2024** MD & A (Item 7). ~~Although currently no bank regulatory proposal applicable to us has been published, future regulations could discourage us from lending to or serving clients in certain industries judged to be environmentally high- risk, even if those elevated risk factors have a long time horizon or are speculative for other reasons. Changes of that sort could curtail our ability to pursue profitable business opportunities.~~ General regulation of greenhouse gas emissions, carbon taxation schemes, government subsidies for " green" industries over carbon- intensive ones, and other such political / governmental actions could substantially and directly impact us or our clients. Even if we are not directly impacted in any significant manner by such actions, impacts on clients could have a significant impact on us. Our ability to successfully manage expenses is important to our long- term success, but in part is subject to risks beyond our control. Many factors can influence the amount of our expenses, as well as how quickly they grow. As our businesses change — whether by acquisition, expansion, or contraction — additional expenses can arise from asset purchases, structural reorganization, evolving business strategies, and changing regulations, among other things. We manage controllable expenses and risk through a variety of means, including selectively outsourcing or multi- sourcing various functions and procurement coordination and processes. In recent years we have actively sought to make strategic businesses more efficient primarily by investing in technology, re- thinking and right- sizing our physical facilities, and re- thinking and right- sizing our workforce and incentive programs. These efforts usually entail additional near- term expenses in the **422024 FORM 10- K ANNUAL REPORT** form of technology purchases and implementation, facility closure or renovation costs, and severance costs, while expected benefits typically are realized with some uncertainty in the future. ~~402023 FORM 10- K ANNUAL REPORT~~ We have also focused on the economic

profit generated by our business activities and prospects. Economic profit analysis attempts to relate ordinary profit to the capital employed to create that profit with the goal of achieving higher risk- adjusted (more efficient) returns on capital employed overall. Activities with higher capital usage bear a greater burden in economic profit analysis. The process is intended to allow us to more efficiently manage investment and utilization of resources. Economic profit analysis involves judgment regarding capital allocation and risk. ~~Mistakes~~ **Errors** in those judgments could result in **less efficient a mis- allocation allocations** of resources and ~~diminished~~ **could impact long- term** profitability ~~over the long run~~. Despite our efforts, our costs could rise due to adverse structural changes, market shifts, or inflationary pressures. For example: in 2021 and 2022, compensation costs rose markedly due to high- demand / low- supply circumstances beyond our control. Regulatory compliance expense will increase substantially when we reach \$ 100 billion in assets, which is the next regulatory tier above us now. Moreover, we expect such costs to increase significantly as we approach that size. Additional information concerning these expenses appears in Regulatory, Legislative, and Legal Risks within this Item 1A beginning on page ~~38-40~~. We are subject to risks of operating in various jurisdictions. To a significant degree our banking business is exposed to economic, regulatory, natural disaster, and other risks that primarily impact the **southeastern south- eastern** and south- central U. S. states where we do most of our ~~regional~~ **traditional lending and deposit banking- taking** business. If those regions of the U. S. were to experience adversity not shared by other parts of the country, we ~~are~~ **would be** likely to experience adversity to a degree not shared by those competitors which have a broader or different regional footprint. Examples of these kinds of risks include: earthquakes in Memphis; hurricanes in Florida, Louisiana, the Carolina coasts, ~~or the Texas coast~~, **and other parts of our geographic footprint, including the inland areas of Georgia and North Carolina impacted by Hurricane Helene**; a major change in national health insurance laws impacting our healthcare- industry clients in middle Tennessee; and automotive industry plant closures. Significant cost increases and uncertainties impacting clients and communities in our coastal markets may jeopardize the substantial growth trends of those markets. A significant part of our growth prospects are concentrated in the major gulf coast markets and several markets on the southern Atlantic seacoast of the U. S. Many of our fastest growing markets, including most significantly those in Florida, can be impacted significantly by hurricanes and other severe coastal weather events. As those markets grow, our economic commitment to them grows, as does our financial exposure to those events. In 2023 and ~~2024 this year~~ it has been widely reported that the economic costs of hurricane events in the U. S. gulf and southern Atlantic coastal areas have been rising significantly. We believe that rising costs are directly related to growth in those areas. For example, much of the growth in Florida has been along the coasts moving out from older cities. A gulf coast hurricane 50 or 60 years ago had a fair chance of making landfall in a relatively unpopulated area. Now, the chances of directly hitting a population center are much higher, the average population in that center is much higher, and the average value per building is much higher. The reported significant increase in casualty risks and costs is being reflected in property insurance practices which currently are in significant flux. The insurance industry is being forced to revise its risk assessment and premium pricing practices in coastal areas as loss experience has deviated from earlier predictions, sometimes badly. In Florida, for example, some smaller carriers have failed, some larger carriers have left markets, and remaining carriers have significantly increased the premiums of hurricane- related insurance, narrowed coverage, or both. Coastal states such as Florida and Louisiana have created last- resort insurance pools for residents who cannot obtain or afford private property insurance. However, as the costs borne by those pools increase, either the premiums will have to rise or general taxation will have to cover the difference. In addition, those programs generally do not help business clients. State and local building and water- control codes are being revised, but often unevenly and often not retroactive to pre- existing structures and developments. The current transition period could be lengthy. The availability, reliability, and cost of adequate property insurance is a significant concern for us as well as our clients in affected markets. Instability in property insurance has made, and will continue to make, our business decisions more difficult. That instability increases our risks of loan loss and business downturn. More fundamentally, elevated insurance and casualty costs blunt a key factor driving growth in many of these high- growth markets: lower costs of living. If market growth slows, our business will be impacted. ~~432024 FORM 10- K ANNUAL REPORT~~ Additional information concerning these risks, which is incorporated into this Item 1A by this reference, appears under the caption Coastal Market Growth and Rising Costs within the section captioned Market Uncertainties and Prospective Trends beginning on page ~~92-97~~ of our ~~2023~~ **2024** MD & A (Item 7). ~~412023 FORM 10- K ANNUAL REPORT~~ We have international assets, mainly in the form of loans and letters of credit. Holding non- U. S. assets creates a number of risks: the risk that taxes, fees, prohibitions, and other barriers and constraints may be created or increased by the U. S. or other countries that would impact our holdings; the risk that currency exchange rates could move unfavorably so as to diminish the U. S. dollar value of assets, or to enlarge the U. S. dollar value of liabilities; and the risk that legal recourse against foreign counterparties may be limited in unexpected ways. Our ability to manage those and other risks depends upon a number of factors, including: our ability to recognize and anticipate differences in legal, cultural, and other expectations applicable to clients, regulators, vendors, and other business partners and counterparties; and our ability to recognize and manage any exchange rate risks to which we are exposed. Our property and casualty insurance may not cover, or may be inadequate to fully cover, the risks that we face, and we may be adversely affected by a default by insurers. We use insurance to manage a number of risks, including damage or destruction of property as well as legal and other liability. Not all such risks are insured, in any given insured situation our insurance may be inadequate to cover all loss, and many risks we face are uninsurable. For those risks that are insured, we also face the risks that the insurer may default on its obligations or that the insurer may refuse to honor them. We treat the risk of default as a type of credit risk, which we manage by reviewing the insurers that we use and by striving to use more than one insurer when practical. The risk of refusal, whether due to honest disagreement or bad faith, is inherent in any contractual situation. A portion of our consumer loan portfolio involves mortgage default insurance. If a default insurer were to experience a significant credit downgrade or were to become insolvent, that could adversely affect the carrying value of loans insured by that company, which could result in an immediate increase in our loan loss provision or write- down of the carrying value of those loans on our balance sheet and, in

either case, a corresponding impact on our financial results. If many default insurers were to experience downgrades or insolvency at the same time, the risk of a financial impact would be amplified. We own certain bank- owned life insurance policies as assets on our balance sheet. Some of those policies are “ general account ” and others are “ separate account. ” The general account policies are subject to the risk that the carrier might experience a significant downgrade or become insolvent. The separate account policies are less susceptible to carrier risk, but do carry a higher risk of value fluctuations in securities which underlie those policies. Both risks are managed through periodic reviews of the carriers and the underlying security values. However, particularly for the general account policies, our ability to liquidate a policy in anticipation of an adverse carrier event is significantly limited by applicable insurance contracts and regulations as well as by a substantial tax penalty which could be levied upon early policy termination. When we self- insure certain exposures, our estimates of future expenditures may be inadequate for the actual expenditures that occur. For example, we self- insure our associate health- insurance benefit program. We estimate future expenditures and establish accruals (reserves) based on the estimates. If actual expenditures were to exceed our estimates in a future period, our future expenses could be adversely and unexpectedly increased. Liquidity is essential to our business model and a lack of liquidity, or an increase in the cost of liquidity, may materially and adversely affect our businesses, results of operations, financial condition, and cash flows. In general, the costs of our funding directly impact our costs of doing business and, therefore, can positively or negatively affect our financial results. Our funding requirements in ~~2023-2024~~ were met principally by deposits, by financing from other financial institutions, and by funds obtained from the capital markets. Deposits traditionally have provided our most affordable funds and deposits by far are the largest portion of our funding. However, deposit trends can shift with economic conditions and with public perception of risk in the banking industry or of risk in our Bank in particular. That shift can be sudden and extreme. If public confidence fails, deposit levels in our Bank could fall, perhaps fairly quickly if a tipping point is reached, as depositors seek safety and are able to move their funds rapidly. In the mildest version of this scenario, we could be ~~442024 FORM 10- K ANNUAL REPORT~~ forced to raise interest we pay on our deposits, raising costs appreciably. In a severe case, deposit flight could render the Bank insolvent. In the first half of 2023, actual events resulted in many of these impacts. Three large U. S. regional banks failed, largely as a result of massive deposit run- off. Along with ~~422023 FORM 10- K ANNUAL REPORT~~ most other regional banks, we experienced significant but much more modest levels of run- off **, which we successfully countered with a significant deposit campaign**. We believe significant portions of the outgoing deposits transferred either to a few of the very largest U. S. banks or to money market funds which, though not FDIC insured, are supported by U. S. Treasury debt ~~. We countered our 2023 outflows with a significant deposit campaign. Our 2023 campaign was successful, but at the cost of significant increases in deposit rates. Fortunately, our new deposits were substantial enough to allow us to reduce borrowings. Also, the campaign's " promotional" rates for accounts started to revert to more typical rate levels late in 2023 which, though higher than in 2022, should reduce overall deposit costs in 2024.~~ In the aftermath of the 2023 bank failures, the following factors appear to have been key to institutional risk: deposits not insured by FDIC insurance were much more likely to depart rapidly when risk perceptions changed suddenly; deposit clients who were not traditional clients with primary banking relationships were much more likely to depart rapidly; and deposits concentrated in fewer, high- balance accounts (with FDIC insurance coverage on only a small portion of the balances) were much more likely to depart rapidly than deposits spread among many more- typical clients and accounts. All **but the very largest** banks, including our Bank, faced all three of these factors to an extent. Banks with higher- than- usual levels of one or more of these factors tended to be more strongly impacted by the banking crisis events in the first half of 2023. Deposit levels may be affected, fairly quickly, by changes in monetary policy. The Federal Reserve **began reducing** ~~currently has paused its 2022- 23 tightening policy. The Federal Reserve has indicated it intends to consider whether and when to cut short- term rates in the last half of 2024 based on economic events during the year, including reduced~~ inflationary pressures, employment data, and overall economic activity **. Whether, and to what extent, economic conditions will support continued short- term rate reductions in 2025 remains uncertain**. Additional information concerning monetary policy changes appears under the caption Risks Associated with Monetary Events beginning on page ~~34-37~~ within this Item 1A, and under the caption **Inflation, Recession, and** Federal Reserve Policy ~~in Transition~~ within the Market Uncertainties and Prospective Trends section of ~~2023-2024 MD & A (Item 7), which begins on page 92-97.~~ **Loss of deposits or a change in deposit mix could increase our funding costs. Deposits generally are a low cost and stable source of funding. We compete with banks and other financial institutions for deposits and as a result, we could lose deposits in the future, clients may shift their deposits into high cost products, or we may need to raise interest rates to avoid deposit attrition. Funding costs may also increase if deposits lost are replaced with wholesale funding. Higher funding costs reduce our net interest margin, net interest income, and net income**. The market among banks for deposits may be impacted by regulatory funding and liquidity requirements. Regulatory rules generally provide favorable treatment for core deposits. Institutions with less than \$ 100 billion of assets are not required to maintain a minimum Liquidity Coverage ratio. At or above \$ 100 billion, the requirement increases with size and certain activities. The largest banks, which must maintain the highest minimum ratio, may be incented to compete for core deposits vigorously. Although mid- sized banks, like ours, are only lightly impacted by this rule, if some large banks in our markets take aggressive actions we could lose deposit share or be compelled to adjust our deposit pricing and practices in ways that could increase our costs. Continued availability of **funding from the** Federal Home Loan Bank ~~funding and discount window at the Federal Reserve~~ depends on policies set by **federal agencies,** the federal government and, ultimately, by the U. S. Congress; for that reason, long- term continuation of current programs is beyond our control. We have and use credit facilities with one of the Federal Home Loan Banks. Those facilities provide funding quickly when we need it, up to program limits. ~~The curtailment or elimination~~ **Program limits are based, in part, on the fair value of our potential collateral we can provide, which fluctuates with market conditions. We also have and use access to the discount window at the Federal Reserve. Although we do not view borrowing at the** Federal Home Loan Bank ~~programs or~~ **at the discount window at the Federal Reserve as a primary source of liquidity, the curtailment or elimination of our**

access to these funding sources would significantly alter how we plan for and manage routine and contingency funding situations. We also depend upon financing from private institutional or other investors by means of the capital markets. In 2020 we issued and sold \$ 150 million of preferred stock, along with a total of \$ 1.3 billion of senior and subordinated notes. In 2021, we issued and sold another \$ 150 million of preferred stock. We believe we could access the capital markets again if we desired to do so. Risk remains, however, that capital markets may become unavailable to us for reasons beyond our control. A number of more general factors could make funding more difficult, more expensive, or unavailable on affordable terms. These include, but are not limited to, our financial results, organizational or political changes, adverse impacts on our reputation, changes in the activities of our business partners, disruptions in the capital markets, specific events that adversely impact the financial services industry, counterparty availability, changes affecting our loan portfolio or other assets, changes affecting our corporate and regulatory structure, interest rate fluctuations, ratings agency actions, general economic conditions, and the legal, regulatory, accounting, and tax environments governing our funding transactions. In addition, our ability to raise funds is strongly affected by the general state of the U. S. and **452024 FORM 10- K ANNUAL REPORT** world economies and financial markets as well as the policies and capabilities of the U. S. government and its agencies, and may remain or become increasingly difficult due to economic and other factors beyond our control. For additional information concerning these risks, see Interest Rate and Yield Curve Risks beginning on page **44-46**. Events affecting interest rates, markets, and other factors may adversely affect the demand for our products and services in our fixed income business. As a result, disruptions in those areas may adversely impact our earnings in that business unit. **432023 FORM 10- K ANNUAL REPORT** Our credit ratings directly affect the availability and cost of our unsecured funding. Our holding company (the Corporation) and our Bank currently receive ratings from rating agencies for unsecured borrowings. A rating below investment grade typically reduces availability and increases the cost of market- based funding. A debt rating of Baa3 or higher by Moody's Investors Service, or BBB- or higher by Fitch Ratings, is considered investment grade for many purposes. At December 31, **2023-2024**, both rating agencies rated the unsecured senior debt of the Corporation and of the Bank as investment grade. To the extent that in the future we depend on institutional borrowing and the capital markets for funding and capital, we could experience reduced liquidity and increased cost of unsecured funding if our debt ratings were lowered, particularly if lowered below investment grade. In addition, other actions by ratings agencies can create uncertainty about our ratings in the future and thus can adversely affect the cost and availability of funding, including placing us on negative outlook or on watchlist. Please note that a credit rating is not a recommendation to buy, sell, or hold securities, is subject to revision or withdrawal at any time, and should be evaluated independently of any other rating. Reductions in our credit ratings could result in counterparties reducing or terminating their relationships with us. Some parties with whom we do business have internal policies restricting the business that can be done with financial institutions, such as the Bank, that have credit ratings lower than a certain threshold. Reductions in our credit ratings could allow some counterparties to terminate and immediately force us to settle certain derivatives agreements, and could force us to provide additional collateral with respect to certain derivatives agreements. Under our margin agreements, we are required to post collateral in the amount of our derivative liability positions with derivative counterparties. FHN could be asked to post collateral of an undetermined amount based on changes in credit ratings and derivative value. We are subject to interest rate risk because a significant portion of our business involves borrowing and lending money ; and investing in financial instruments. A considerable portion of our funding comes from short- term and demand deposits, while a sizeable portion of our lending and investing is in medium- term and long- term instruments. Changes in interest rates directly impact our revenues and expenses ; and could expand or compress our net interest margin. We actively manage our balance sheet to control the risks of a reduction in net interest margin brought about by ordinary fluctuations in rates. In addition, our fixed income business tends to perform better when rates decline or markets are **moderately** volatile, which tends to partially offset net interest margin compression. A flat or inverted yield curve may reduce our net interest margin and adversely affect our lending and fixed income businesses. The yield curve is a reflection of interest rates, at various maturities, applicable to assets and liabilities. The yield curve is steep when short- term rates are much lower than long- term rates; it is flat when short- term rates and long- term rates are nearly the same; and it is inverted when short- term rates exceed long- term rates. Historically, the yield curve is usually upward sloping (higher rates for longer terms). However, the yield curve can be relatively flat or inverted (downward sloping). Inversion normally is rare, but has happened several times in the past few years. In fact, **inversion was has been continuous since from the second half of 2022 through early-September 2024, when the Federal Reserve began to reduce short- term interest rates and the yield curve flattened.** A flat or inverted yield curve tends to decrease net interest margin, which would adversely impact our lending businesses, and it tends to reduce demand for long- term debt securities, which would adversely impact the revenues of our fixed income business. During late 2022 our net interest margin overall did not compress, but actually expanded, as we were able to increase average loan rates faster than average funding rates. In 2023, our net interest margin compressed throughout much of the year as funding costs accelerated, but still expanded on a full year basis compared to 2022. Although compression eased late in 2023 **and in ; margins are likely to continue below late 2022-2024 levels as long short- term interest rate increases ended and reductions began, net interest margin for 2024 declined from 2023** as the yield curve **remains remained** inverted **for much of 2024. Compression continued to ease in the fourth quarter of 2024, with net interest margin 462024 FORM 10- K ANNUAL REPORT expanding as compared with both the third quarter of 2024 and the fourth quarter of 2023.** Market- indexed deposit products are very sensitive to changes in short- term rates, and our use of them increases our exposure to such changes. If market rates rise, an increase in those deposit rates may be necessary before we are able to effect similar increases in loan rates. Generally, we try to moderate our use of these products when rates are rising. Expectations by the market regarding the direction of future interest rate movements can impact the demand for and value of our fixed income investments ; and can impact the revenues of our fixed income business. This risk is most apparent during times when strong expectations have not yet been reflected in market rates, or when expectations are especially weak or uncertain. Over a business cycle period of many years, **substantial there are typically " up" parts of the cycle in which**

revenue revenues reduction in fixed income is unavoidable during increase and "down" parts of the cycle in which revenues decrease, with each being driven principally by changes in the operating environment. The most recent "down" part of the cycle started in 2022 and continued through 2023. The most recent improvement in the shape of the yield curve in the second half of 2024 and the resulting increase in fixed income revenue revenues from reduction started in 2022, and we cannot predict when it will end. 442023-- 2023 FORM 10-K ANNUAL REPORT to 2024 could signal a shift toward the "up" part of the cycle. The trading securities inventories and loans held for sale in our fixed income business are subject to market and credit risks. In the course of that business we hold trading securities inventory and loan positions for purposes of distribution to clients, and we are exposed to certain market risks attributable principally to interest rate risk and credit risk associated with those assets. We manage the risks of holding inventories of securities and loans through certain market risk management policies and procedures, including, for example, hedging activities and Value-at-Risk ("VaR") limits, trading policies, modeling, and stress analyses. Average fixed income trading securities (long positions) were \$ 1. 4 billion for 2024 and \$ 1. 2 billion for 2023 and \$ 1. 4 billion for 2022. Average fixed income trading liabilities (short positions) were \$ 555 million and \$ 301 million and \$ 480 million for 2024 and 2023 and 2022, respectively. Average loans held for sale in our fixed income business were \$ 347 million and \$ 552 million and \$ 693 million for 2024 and 2023 and 2022, respectively. Additional information concerning these risks and our management of them, all of which is incorporated into this Item 1A by this reference, appears under the caption Market Risk Management beginning on page 82-87 of our 2023-2024 MD & A (Item 7). Declines, disruptions, or precipitous changes in markets or market prices can adversely affect our fees and other income sources. We earn fees and other income related to our brokerage business and our management of assets for clients. Declines, disruptions, or precipitous changes in markets or market prices can adversely affect those revenue sources. Significant changes to the securities market's performance can have a material impact upon our assets, liabilities, and financial results. We have a number of assets and obligations that are linked, directly or indirectly, to major securities markets. Significant changes in market performance can have a material impact upon our assets, liabilities, and financial results. An example of that linkage is our obligation to fund our pension plan so that it may satisfy benefit claims in the future. Our pension funding obligations generally depend upon actuarial estimates of benefits claims, the discount rate used to estimate the present values of those claims, and estimates of plan asset values. Our obligations to fund the plan can be affected by changes in any of those three factors. Accordingly, our obligations diminish if the plan's investments perform better than expectations or if estimates are changed anticipating better performance, and can grow if those investments perform poorly or if expectations worsen. A rise in interest rates is likely to negatively impact the values of fixed income assets held in the plan, but would also result in an increase in the discount rate used to measure the present value of future benefit payments. Similarly, our obligations can be impacted by changes in mortality tables or other actuarial inputs. We manage the risk of rate changes by investing plan assets in fixed income securities having maturities aligned with the expected timing of payouts. Because there are no new participants, the actuarial- input risk should slowly diminish over time. Changes in our funding obligation generally translate into positive or negative changes in our pension expense over time, which in turn affects our financial performance. Our obligations and expenses relative to the plan can be affected by many other things, including changes in our participating associate population and changes to the plan itself. Although we have taken actions intended to moderate future volatility in this area, risk of some level of volatility is unavoidable. Our hedging activities may be ineffective, may not adequately hedge our risks, and are subject to credit risk. In the normal course of our businesses we attempt to create partial or full economic hedges of various, though not all, financial risks. For example: our fixed income unit manages interest rate risk on a portion of its trading portfolio with short positions, futures, and options contracts; we hedge the risk of interest rate movements related to the gap between the time we originate mortgage loans and the time we sell them; and we use derivatives, including swaps, swaptions, caps, forward contracts, options, and collars, that are designed to moderate the impact on earnings as interest rates change. 472024 FORM 10-K ANNUAL REPORT Generally, in the last example these hedged items include certain term borrowings and certain held-to- maturity loans. Hedging creates certain risks for us, including the risk that the other party to the hedge transaction will fail to perform (counterparty risk, which is a type of credit risk), and the risk that the hedge will not fully protect us from loss as intended (hedge failure risk). Unexpected counterparty failure or hedge failure could have a significant adverse effect on our liquidity and earnings. Two of our mortgage- related businesses — mortgage origination and lending to mortgage companies — are highly sensitive to interest rates and rate cycles. When rates are higher, client activity (and our related income) tends to be muted. Lower rates tend to foster higher activity. The U. S. experienced extremely low interest rates for several years, ending in early 2022. Rising rates in 2022 substantially curtailed our income from these businesses. 452023 FORM 10-K ANNUAL REPORT For example, by late 2022 consumer mortgage refinancings fell to extremely low levels. These impacts largely continued throughout 2023 and 2024, but modestly abated in the second half of 2024 as the Federal Reserve began reducing short- term rates. Although lower mortgage rates in the future, if and when they occur, should moderate these impacts, it is very unlikely that the low rate environment of 2020- 21 will return. Additional information concerning rates and their impacts upon us is presented: under the caption Cyclicity within the Other Business Information section of Item 1, which starts on page 16-19; in Risks Associated with Monetary Events beginning on page 34-37; in Interest Rate and Yield Curve Risks beginning on page 44-46; and under the caption Inflation, Recession, and Federal Reserve Policy within the Market Uncertainties and Prospective Trends section of our 2023-2024 MD & A (Item 7), beginning on page 92-97. We have contractual risks from our mortgage business. Our traditional mortgage business primarily consists of helping clients obtain home mortgages which we sell, rather than hold, or which qualify for a government- guarantee program. The mortgage terms conform to the requirements of the mortgage buyers or government agencies, and we make representations to those buyers or agencies concerning conformity of each mortgage at origination. Although the buyers and agencies generally take the risk that a mortgage defaults, we retain the risk that our representations were materially incorrect. In such a case, the buyer or agency generally has the power to force us to take the loan back for its face value, or to make the buyer or agency whole for its loss. Some government mortgage programs could impose penalties on

us for misrepresentations at the time of obtaining benefits under the program. Penalties can be severe, up to three times the agency's loss. As a result, mortgage origination processes need to emphasize being thorough and correct, in compliance with all agency standards. Those processes tend to slow the mortgage lending process for clients, and increase the complexity of the paperwork. The mortgage servicing business creates regulatory risks. Servicing requires continual interaction with consumer clients. Federal, state, and sometimes local laws regulate when and how we interact with consumer clients. The requirements can be complex and difficult for us to administer, especially if a client experiences difficulty with the mortgage loan. Failure to follow the applicable rules can result in significant penalties or other loss for us. We have risks from the mortgage-related businesses that legacy First Horizon exited in 2008, including mortgage loan repurchase and loss-reimbursement risk, and claims of non-compliance with contractual and regulatory requirements. In 2008 we exited our national mortgage and related lending businesses. We retain the risk of liability to clients and contractual parties with whom we dealt in the course of operating those businesses. Additional information concerning risks related to our former mortgage businesses and our management of them, all of which is incorporated into this Item 1A by this reference, is set forth: under the captions Repurchase Obligations beginning on page 91-96, and Contingent Liabilities beginning on page 98-102, of our 2023-2024 MD & A (Item 7); and under the captions—caption Exposures from pre-2009 Mortgage Business and Mortgage Loan Repurchase and Foreclosure Liability, both within Note 16 — Contingencies and Other Disclosures of our 2023-2024 Financial Statements (Item 8), which Note begins on page 162-165. **482024 FORM 10- K ANNUAL REPORT** The preparation of our consolidated financial statements in conformity with U. S. generally accepted accounting principles requires management to make significant estimates that affect the financial statements. The estimate that is consistently one of our most critical is the level of the allowance for credit losses. However, other estimates can be highly significant at discrete times or during periods of varying length, for example the valuation (or impairment) of our deferred tax assets. Estimates are made at specific points in time. As actual events unfold, estimates are adjusted accordingly. Due to the inherently uncertain nature of these estimates, it is possible that, at some time in the future, we may significantly increase the allowance for credit losses and / or sustain credit losses that are significantly higher than the provided allowance, or we may recognize a significant provision for impairment of assets, or we may make some other adjustment that will differ materially from the estimates that we make today. Moreover, in some cases, especially concerning litigation and other contingency matters where critical information is inadequate, often we are unable to make estimates until fairly late in a lengthy process. A significant merger or acquisition requires us to make many estimates, including the fair values of acquired assets and liabilities. With larger transactions, fair value and other estimations can take up to four quarters to finalize. These estimates, and their revisions, can have a substantial effect on the presentation of our financial condition and operating results after the transaction closes. In addition, the excess of the value “ paid ” by us in ~~462023 FORM 10- K ANNUAL REPORT~~ the merger or acquisition over the fair value of the assets acquired, net of liabilities assumed, is recorded as goodwill. Goodwill is subject to periodic impairment assessment, a process that can result in impairment expense which may be significant and sudden. Changes in accounting rules can significantly affect how we record and report assets, liabilities, revenues, expenses, and earnings. Although such changes generally affect all companies in a given industry, in practice changes sometimes have a disparate impact due to differences in the circumstances or business operations of companies within the same industry. One such accounting change, ASU 2016- 13, “ Measurement of Credit Losses on Financial Instruments, ” substantially impacts the measurement and recognition of credit losses for certain assets, including most loans. Under ASU 2016- 13, when we make or acquire a new loan, we are required to recognize immediately the “ current expected credit loss, ” or “ CECL, ” of that loan. We will also re- evaluate CECL each quarter that the loan is outstanding. CECL is the difference between our cost and the net amount we expect to collect over the life of the loan using certain estimation methods that incorporate macroeconomic forecasts and our experience with other, similar loans. In contrast, the pre- 2020 accounting standard delayed recognition until loss was “ probable ” (very likely). We adopted ASU 2016- 13 and CECL accounting starting in 2020, with the impact on regulatory capital having a phase- in period. Starting in 2020, recognition of estimated credit loss was significantly accelerated compared to pre- CECL practice, which was aggravated by the actual and projected effects of the pandemic. That acceleration could happen again, especially if a recession occurs or is expected to occur. Additional information concerning ASU 2016- 13 appears in ~~Note 1 — Significant Accounting Policies within our 2023 Financial Statements (Item 8)~~ **beginning on page 115, and in** Item 1 under the caption CECL Accounting and COVID- 19 within the section entitled Significant Business Developments Over Past Five Years, which begins on page ~~10-12~~, all of which information is incorporated into this Item 1A by reference. In comparison with former (pre- 2020) standards, CECL accounting tends to: result in a significant increase in our provision for credit losses (expense) and allowance (reserve) during any period of loan growth, including organic growth and growth created by acquisition or merger; through increased provision, adversely impact our earnings and, correspondingly, our regulatory capital levels; and enhance volatility in loan loss provision and allowance levels from quarter to quarter and year to year, especially during times when the economy is in transition or experiencing significant volatility. Moreover, CECL creates an incentive for banks to reduce new lending in the “ down ” part of the economic cycle in order to reduce loss recognition and conserve regulatory capital. That perverse incentive could, nationwide, prolong a down cycle in the economy and delay a recovery. Changes in regulatory rules can create significant accounting impacts for us. Because we operate in a regulated industry, we prepare regulatory financial reports based on regulatory accounting standards. Changes in those standards can have significant impacts upon us in terms of regulatory compliance. In addition, such changes can impact our ordinary financial reporting, and uncertainties related to regulatory changes can create uncertainties in our financial reporting. Our controls and procedures may fail or be circumvented. Internal controls, disclosure controls and procedures, and corporate governance policies and procedures (“ controls and procedures ”) must be effective in order to provide assurance that financial reports are materially accurate. A failure or circumvention of our controls and procedures or failure to comply with regulations related to controls and procedures could have a material adverse effect on our business, financial condition and results of operations. **492024 FORM 10- K ANNUAL REPORT** The principal source of cash flow to pay

dividends on our stock, as well as service our debt, is dividends and distributions from the Bank, and the Bank may become unable to pay dividends to us without regulatory approval. First Horizon Corporation primarily depends upon common dividends from the Bank for cash to fund dividends we pay to our common and preferred shareholders, and to service our outstanding debt. Regulatory constraints might constrain or prevent the Bank from declaring and paying dividends to us in future years without regulatory approval. Applying the dividend restrictions imposed under applicable federal and state rules, the Bank's total amount available for dividends, without obtaining regulatory approval, was \$ ~~374.2 billion~~ ~~million~~ at January 1, ~~2024~~ ~~2025~~. Also, we are required to provide financial support to the Bank. Accordingly, at any given time a portion of our funds may need to be used for that purpose and therefore would be unavailable for dividends. Furthermore, the Federal Reserve has issued policy statements generally requiring insured banks and bank holding companies only to pay dividends out of current operating earnings. The Federal Reserve has released a supervisory letter advising bank holding companies, among other things, that as a general matter a bank holding company should inform the Federal Reserve and ~~472023 FORM 10-K~~ ~~ANNUAL REPORT~~ should eliminate, defer or significantly reduce its dividends if (i) the bank holding company's net income available to shareholders for the past four quarters, net of dividends previously paid during that period, is not sufficient to fully fund the dividends; (ii) the bank holding company's prospective rate of earnings is not consistent with the bank holding company's capital needs and overall current and prospective financial condition; or (iii) the bank holding company will not meet, or is in danger of not meeting, its minimum regulatory capital adequacy ratios. Our shareholders may suffer dilution if we raise capital through public or private equity financings to fund our operations, to increase our capital, or to expand. If we raise funds by issuing equity securities or instruments that are convertible into equity securities, the percentage ownership of our current common shareholders will be reduced, the new equity securities may have rights and preferences superior to those of our common or outstanding preferred stock, and ~~any~~ additional issuances could be at a sales price which is dilutive to current shareholders. We may also issue equity securities directly as consideration for acquisitions we may make that would be dilutive to shareholders in terms of voting power and share-ownership, and could be dilutive financially or economically. The IBKC merger, for example, resulted in a significant increase in our outstanding shares. In 2020, we issued to former IBKC shareholders common shares representing about 44 % of our post-closing outstanding shares. Our issuance of ordinary preferred stock raises regulatory capital without issuing or diluting common shares, but creates or expands our general obligation to pay all preferred dividends ahead of any common dividends. Currently we have ~~six~~ ~~five~~ series of preferred stock outstanding, one issued by the Bank and ~~five~~ ~~four~~ by First Horizon Corporation. Subject to capital needs and market conditions, additional series may be issued in the future. Provisions of Tennessee law, and certain provisions of our charter and bylaws, could make it more difficult for a third party to acquire control of us or could have the effect of discouraging a third party from attempting to acquire control of us. These provisions could make it more difficult for a third party to acquire us even if an acquisition might be at a price attractive to many of our shareholders. In addition, federal banking laws prohibit non-financial-industry companies from owning a bank, and require regulatory approval of any change in control of a bank. Certain legal rights of holders of our common stock and of depositary shares related to our preferred stock to pursue claims against us or the depositary, as applicable, are limited by our bylaws and by the terms of the deposit agreements. Our bylaws provide that, unless we consent in writing to an alternative forum, a state or federal court located within Shelby County in the State of Tennessee will be the sole and exclusive forum for (i) any derivative action or proceeding brought in our right or name, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other associate of ours to us or our shareholders, (iii) any action asserting a claim against us or any director, officer or other associate of ours arising pursuant to any provision of the Tennessee Business Corporation Act ~~or~~ ~~of~~ our charter or bylaws or (iv) any action asserting a claim against us or any director, officer or other associate of ours that is governed by the internal affairs doctrine. In addition, each deposit agreement between us and the depositary, which governs the rights of the depositary shares related to our Series B, ~~and~~ ~~C~~, ~~and~~ ~~D~~ preferred stock (respectively), provides that any action or proceeding arising out of or relating in any way to the deposit agreement may only be brought in a state court located in the State of New York or in the United States District Court for the Southern District of New York. The foregoing exclusive forum clauses may have the effect of discouraging lawsuits against us or our directors, officers or other associates, or against the depositary, as applicable. Exclusive forum clauses may also lead to increased costs to bring a claim, ~~or~~ may limit the ability of holders of our common stock or depositary shares to bring a claim in a judicial forum they find favorable. ~~502024 FORM 10-K ANNUAL REPORT~~ In addition, the exclusive forum clauses in our bylaws and deposit agreements could apply to actions or proceedings that may arise under the federal securities laws, depending on the nature of the claim alleged. To the extent these exclusive forum clauses restrict the courts in which holders of our common stock or depositary shares may bring claims arising under the federal securities laws, there is uncertainty as to whether a court would enforce such provisions. These exclusive forum provisions do not mean that holders of our common stock or depositary shares have waived our obligations to comply with the federal securities laws and the rules and regulations thereunder. ~~482023~~ ~~512024~~

FORM 10-K ANNUAL REPORT