

Risk Factors Comparison 2025-02-21 to 2024-03-04 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text Section**

An investment in our common stock is subject to risks inherent in our business. The following discussion highlights the risks that management believes are material for our Company, but do not necessarily include all the risks that we may face. You should carefully consider the risk factors and uncertainties described below and elsewhere in this Annual Report on Form 10-K (“ Report ”) in evaluating an investment in our common stock. Risks relating to our Business and Business Strategy **We face risks and uncertainties related to our Merger with IBTX. The Company and IBTX entered into the IBTX Merger Agreement with the expectation that the Merger would result in various synergies including, among other things, benefits relating to enhanced revenues, a strengthened and expanded market position for the combined organization in Texas, entry into the Colorado market, technology efficiencies, cost savings and operating efficiencies. Achieving the anticipated benefits of the Merger is subject to a number of uncertainties, including whether the Company integrates the institutions in an efficient and effective manner, as well as general competitive factors in the marketplace. Failure to achieve or delays in achieving these anticipated benefits could result in a share price reduction as well as increased costs, decreases in the amount of expected revenues, and diversion of management’ s time and energy could materially and adversely affect the Company’ s financial condition, results of operations, business and prospects. Furthermore, while the IBTX Merger closed January 1, 2025, there is no assurance that the businesses of the Company and IBTX can be integrated successfully. The success of the Merger will depend on, among other things, the ability of the Company and IBTX to combine their businesses in a manner that facilitates growth and business opportunities and realizes cost savings. If the combined company is not able to successfully achieve these objectives, the anticipated benefits of the Merger may not be realized fully, or at all, or may take longer to realize than expected. The Company may not be able to integrate successfully the companies or to realize the anticipated benefits of the Merger. On January 1, 2025, the Company and IBTX combined in a merger, but the systems and operational conversion will occur in the second quarter of 2025. The successful integration of systems and operations will depend substantially on the Company’ s ability to consolidate successfully corporate cultures, management teams, operations, systems, processes and procedures and to eliminate redundancies and costs. While we have substantial experience in successfully integrating institutions we have acquired, we may encounter difficulties during integration, such as: • the loss of key employees and clients; • the disruption of operations and businesses; • inability to maintain and increase competitive presence in the Texas and Colorado markets in which IBTX operated; • loan, deposit, and revenue attrition; • inconsistencies in standards, control procedures and policies; • unexpected issues with costs, operations, personnel, technology; and • problems with the assimilation of new operations, sites or personnel. Integration activities could divert resources from regular operations. General market and economic conditions or governmental actions affecting the financial industry generally also may inhibit the Company’ s successful integration of these entities. The Company will continue to incur substantial expenses related to the IBTX Merger and the integration. The Company must integrate IBTX’ s processes, policies, procedures, operations, technologies and systems. In addition, the IBTX Merger may increase the Company’ s compliance and legal risks, including increased litigation or regulatory actions such as fines or restrictions related to the business practices or operations of the combined business, including its expanded presence in Texas and Colorado. While the Company has assumed that a certain level of expenses would be incurred in connection with the merger and integration of IBTX, many factors beyond the Company’ s control could affect the total amount or the timing of these merger and integration expenses. Moreover, many of the expenses that the Company will incur are, by their nature, difficult to estimate accurately. These expenses could, particularly in the near term, exceed the expected savings from the elimination of duplicative expenses and the realization of economies of scale. The amount and timing of future charges to earnings as a result of merger or integration expenses are uncertain. We may not realize the benefits we anticipate from the pending sale- leaseback transaction with Blue Owl Real Estate Capital. The Bank entered into an agreement with entities affiliated Blue Owl Real Estate Capital LLC (collectively, “ Blue Owl ”) to sell over 170 bank branch properties owned and operated by the Bank in Alabama, Florida, Georgia, North Carolina, South Carolina and Virginia (the “ Branches ”) and lease those branches from Blue Owl back to the Bank. While the Company expects the Sale- leaseback Transaction to close in the first quarter of 2025, closing remains subject to satisfying certain conditions precedent, including Blue Owl’ s due diligence and the Bank’ s ability or willingness to remediate any defects found. Thus, the number of Branches sold, the aggregate purchase price, and the resultant financial impact may be different than what the Company anticipates, resulting in less pre- tax gain, greater expense, lower depreciation expense, and less income. In addition, the Sale- leaseback Transaction could result in higher costs, including higher property taxes, and other unforeseen costs and expenses and other unforeseen risks. There is no assurance that the transaction will close or will generate proceeds sufficient to fund anticipated corporate purposes.** ~~Our 26~~Our business strategy includes continued growth, and our financial condition and results of operations could be negatively affected if we fail to grow or fail to manage our growth effectively. We intend to continue to pursue a growth strategy for our business. Our prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in pursuing such growth strategies. Our ability to continue to grow successfully will depend on a variety of factors, including economic conditions in the markets in which we operate as well as in the U. S. and globally ; **geopolitical factors resulting in tariffs or other trade disruptions**, continued availability of desirable business opportunities ; ; the competitive responses from other financial and non- financial institution

competitors in our market areas; **the regulatory environment in which we operate, including supervisory and capital and liquidity expectations and our compliance with heightened standards;** our ability to continue to implement and improve our operational, credit, financial, management and other risk controls and processes and our reporting systems and procedures to manage a growing number of client relationships; and our ability to integrate any acquisitions and develop consistent policies throughout our various businesses. While we believe our market areas are among the highest growth areas in the country, and that we have the management, **internal systems,** and other resources ~~and internal systems~~ in place to successfully manage our future growth, there can be no assurance growth opportunities will be available, or growth will be successfully managed. In addition, if we are unable to manage future expansion in our operations, we may experience **regulatory, compliance and or** operational problems, have to slow the pace of growth, or have to incur additional expenditures beyond current projections to support such growth, any of which could adversely affect our business. Particularly in light of prevailing economic and competitive conditions, ~~we cannot~~ **there can be no assure- assurance you that** we will be able to expand our market presence in our existing markets or successfully enter new markets, or that any such expansion will not adversely affect our results of operations. Failure to manage our growth effectively could have a material adverse effect on our business, future prospects, financial condition or results of operations, and could adversely affect our ability to successfully implement our business strategy. Also, if our growth occurs more slowly than anticipated or declines, our operating results could be materially adversely affected. We may not Furthermore,our strategic initiatives may result in an increase in ~~expenses-~~ **expense,** divert management attention,take away from other opportunities,negatively impact operational effectiveness or impact employee morale.In addition,management expects to continue to make strategic investments in technology and talent that are expected to improve our client experience and support future growth -which will require an increase in our expenditures.There can be no assurance that we will ultimately realize the anticipated benefits of these strategic initiatives,or that these strategic initiatives will not negatively impact our organization.These initiatives may fail to meet our own or our clients' expectations and may fail to keep pace with bank and non- bank competition and we may realize significant losses as a result .be able to adequately anticipate and respond to changes in market interest rates. We may be unable to anticipate changes in market interest rates, which are affected by many factors beyond our control including but not limited to inflation, monetary **and fiscal** policy, money supply, recessionary pressures, unemployment -and other changes that affect domestic and foreign financial markets. **27**~~We Our net~~ **Our net interest income is affected not only by the level and direction of interest rates but also by the shape of the yield curve and relationships between interest sensitive instruments and key driver rates, as well as balance sheet growth, customer loan and deposit preferences, and the timing of changes in these variables. In the event rates increase, our interest costs on liabilities may increase more rapidly than our income on interest earning assets, thus resulting in a deterioration of net interest margins. As such, fluctuations in interest rates could have significant adverse effects on our financial condition and results of operations. Our net interest income may decline based on the interest rate environment. We** depend on our net interest income to drive our profitability. Net interest income is the difference between the interest income we receive from interest -earning assets (e. g., loans and investment securities) and the interest expense we pay on interest- bearing liabilities (e. g., deposits and borrowings).

Our net interest income is affected by the level and pace of interest rate changes and other developments such as the shape of the yield curve and relationships between interest sensitive instruments and key driver rates, as well as balance sheet growth, customer loan and deposit preferences, competitive dynamics and the timing of changes in these variables. We are exposed to changes in general interest rate levels and other economic factors beyond our control, and an increase in our cost of funds could negatively impact our net interest income. Net interest income will decline in a particular period if: • in a rising **or heightened** interest rate environment, more interest- bearing liabilities than interest earning assets re -price or mature, •-in a declining interest rate environment, more interest earning assets than interest bearing liabilities re -price or mature, or • for acquired loans, expected total cash flows decline as our loan balances decline. Our net interest income may **also** decline based on our exposure to a difference in short- term and long- term interest rates. If the difference between the interest rates shrinks or disappears, the difference between rates paid on deposits and received on loans could narrow significantly resulting in a decrease in net interest income. In addition to these factors, if market interest rates rise rapidly, interest rate adjustment caps may limit increases in the interest rates on adjustable rate loans, thus reducing our net interest income. In addition, certain adjustable rate loans re-price-reprice based on lagging interest rate indices. This lagging effect may also negatively impact our net interest income when general interest rates continue to rise periodically. The Federal Reserve' s interest rate **changes (whether increases or decreases)** have impacted the rates we charge borrowers and depositors and our net interest margin. We cannot predict the nature or timing of future changes in monetary policies or the precise effects that they may have on our activities and financial results. In addition, our net interest income may be adversely affected by resurgent inflationary pressures and new global supply chain challenges, **fiscal policies,** geopolitical matters, **including as a result of changes in U. S. presidential administrations or Congress, the implementation of tariffs and other protectionist trade policies,** weather events or other developments. While the rate of inflation for **2023-2024** was lower than that experienced in either 2021 **and,** 2022 **or 2023** , it continued to exceed the Federal Reserve' s two percent (2 %) annual target. There is a risk that inflation may become higher or persist for longer periods of time and not decrease. We ~~have~~ increased rates in response to the Federal Reserve' s interest rate increases, and **decreased rates in response to Federal Reserve' s interest rate decreases and** loan demand has ~~subsequently decreased~~ **been muted while the longer- term rate environment becomes clearer** . As interest rates ~~have risen-~~ **rise** , competition for deposits ~~has~~ increased, leading to higher deposit costs and reduced liquidity , **and as rates have fallen, deposit costs have been moderating, and liquidity has increased** . Any ~~further-~~ **new** increase in interest rates to address inflationary pressures **or otherwise** could result in declines in demand for our banking products and services and could negatively impact, among other things, our liquidity, regulatory capital, goodwill and our growth strategy. Inflation could negatively impact our business ; ~~and~~ our profitability ~~and our stock price~~ . Continued inflation may impact our profitability by negatively impacting our fixed costs and expenses, including increasing funding costs and expense related to talent acquisition

and retention, and negatively impacting the demand for our products and services. Additionally, inflation may lead to a decrease in consumer and clients purchasing power and negatively affect the need or demand for our products and services. If significant inflation continues, our business could be negatively affected by, among other things, increased default rates leading to credit losses which could decrease our appetite for new credit extensions. These inflationary pressures could **also** result in missed earnings and budgetary projections ~~causing our stock price to suffer.~~ **Our 28** Our cost of funds may increase as a result of general economic conditions, FDIC insurance assessments, interest rates and competitive pressures. Our cost of funds may increase as a result of increases in interest rates, competitive pressures, general economic conditions and FDIC insurance assessments. We have traditionally obtained funds principally through local deposits and we have a base of lower cost transaction deposits. Generally, we believe local deposits are a less expensive and more stable source of funds than other borrowings because interest rates paid for local deposits are typically lower than interest rates charged for borrowings from other institutional lenders and reflect a mix of transaction and time deposits, whereas brokered deposits typically are higher cost time deposits. Our costs of funds and our profitability and liquidity are likely to be adversely affected, if and to the extent we have to rely upon higher cost borrowings from other institutional lenders or brokers to fund loan demand or liquidity needs, and changes in our deposit mix and growth could adversely affect our profitability and the ability to expand our loan portfolio. In addition, ~~recent~~ events impacting the banking industry, ~~including the bank failures in early 2023,~~ have resulted in significant disruption and volatility in the capital markets, reduced current valuations of securities portfolios and bank stocks, and decreased confidence in banks among depositors and other counterparties as well as investors. **While These these** events occurred in the context of rapidly rising interest rates ~~which, among~~ **and such rate increases and disruption and volatility has since abated,** ~~other~~ **there remain** things, have resulted in unrealized losses in longer duration debt securities and loans held by banks, increased competition for deposits, and potentially **an** increased the risk of a recession. A decrease in the supply of deposits or significant increase in competition for deposits could result in substantial increases in costs to retain and service deposits. **In addition, Increased-increased** adoption of consumer banking technology can result in reduced deposit stickiness due to the relative ease with which depositors may transfer deposits to a different depository institution in the event that confidence is lost in the Bank. The cost of resolving the bank failures in early 2023 ~~has also~~ prompted the FDIC to issue a special assessment to recover costs to the Deposit Insurance Fund, and such special assessments may continue to be imposed. Please see Item I – Part I – “Supervision and Regulation – FDIC Insurance Assessments and Depositor Preference” for further information. ~~26~~ **The** implementation of new lines of business or new products and services may subject us to additional risk. We continuously evaluate our service offerings and may implement new lines of business or offer new products and services within existing lines of business in new sales channels such as online and mobile banking in the future. There are substantial risks and uncertainties associated with these efforts. In developing and marketing new lines of business and / or new products and services, we undergo a new product process to assess the risks of, and resources needed for, the initiative and invest significant time and resources to build internal controls, policies and procedures to mitigate those risks, including hiring experienced management to oversee the implementation of the initiative. Initial timetables for the introduction and development of new lines of business and / or new products or services and / or new sales channels may not be achieved, and price and profitability targets may not prove feasible. External factors, such as compliance with regulations, competitive alternatives, and shifting market preferences, may also impact the successful implementation of a new line of business and / or a new product or service and / or sales channels. Furthermore, any new line of business and / or new product or service could require the establishment of new key and other controls and have a significant impact on our existing system of internal controls. Failure to successfully manage these risks in the development and implementation of new lines of business and / or new products or services could have a material adverse effect on our business and, in turn, our financial condition and results of operations. **We may not realize the expected benefits..... and revenue enhancements that we anticipate. Furthermore, our strategic initiatives may result..... realize significant losses as a result.** Technological changes, including artificial intelligence and online and mobile banking, have the potential of disrupting our business model, and we may have fewer resources than many competitors to invest in technological improvements. The financial services industry continues to undergo rapid technological changes with frequent introductions of new technology- driven products and services, including artificial intelligence tools to enhance efficiencies, as well as mobile and online banking services. Changes in customer behaviors have increased the need to offer these options to our customers. The past several years accelerated technological change as our employees and the customers and communities to which we provide products and services converted to remote work, shopping and banking as we experienced supply chain interruptions. **In 29** In addition to serving clients better, investments in, and the effective use of, technology, including artificial intelligence, may increase efficiency and may enable financial institutions to reduce costs. Although we are making focused investments in automation and other technology solutions to improve both our customer facing and back- office services and have strategically introduced artificial intelligence tools for internal efficiencies, investments may not be sufficient or provide the anticipated benefits or desired return. We can make no assurance that investments will be sufficient to increase efficiencies, retain existing customers or attract new customers in the future. ~~27~~ **Our** Our future success will depend, in part, upon our ability to invest in and use technology to provide products and services that provide convenience to customers and to create additional efficiencies in operations. One of our strategic goals is to continue to focus on technological change and digital transformation of our product and service channels, which will impact how we deliver our products and services in the future as well as make our internal processes more efficient. We need to make significant additional capital investments in technology in the future to achieve this strategic goal, and we may not be able to implement effectively new technology- driven products and services in a timely manner in response to changes in customer behaviors, thus adversely impacting our operations. Many competitors have substantially greater resources to invest in technological improvements than the Company. A significant portion of our loan portfolio is secured by real estate, and events that negatively impact the real estate market could hurt our business. A significant portion of our loan portfolios are secured by real estate. As of December 31, ~~2023~~ **2024**, approximately

79-78. 2-5 % of such loans had real estate as a primary or secondary component of collateral. The real estate collateral in each case provides an alternate source of repayment in the event of default by the borrower and may deteriorate in value during the time the credit is extended. There can be no assurance that our local markets will not experience another economic decline. A decline in local economic conditions may have a greater effect on our earnings and capital than on the earnings and capital of other financial institutions whose real estate loan portfolios are more geographically diverse. Any weakening of the real estate market may increase the likelihood of default of these loans, which could negatively impact our loan portfolio's performance and asset quality. Such a determination may lead to an additional increase in our allowance for credit losses, which could also adversely affect our business, financial condition, and results of operations. Our loan portfolio includes commercial and commercial real estate loans that may have higher risks. Our commercial industrial, construction and land development and commercial real estate loans at December 31, 2024 and 2023 and 2022 were \$ 24.1 billion and \$ 23.2 billion and \$ 22.4 billion, respectively, or 71 % and 74-71 %, respectively, of total loans. Commercial and commercial real estate loans generally carry larger loan balances and can involve a greater degree of financial and credit risk than other loans. The increased financial and credit risk associated with these types of loans are a result of several factors, including the concentration of principal in a limited number of loans and borrowers, the size of loan balances, the effects of general economic conditions on income-producing properties and the increased difficulty of evaluating and monitoring these types of loans. Any formal or informal action by our supervisors may require us to take increased reserves on these loans and could affect our share price. As a result, banking regulators give greater scrutiny to lenders with a high concentration of commercial real estate loans in their portfolios, and such lenders are expected to implement stricter underwriting, internal controls, risk management policies and portfolio stress testing, as well as maintain higher capital levels and loss allowances. Concentrations in commercial real estate are monitored by regulatory agencies and subject to especially heightened scrutiny both on a public and confidential basis. The Guidance states that the following metrics may indicate a concentration of commercial real estate loans, but that these metrics are neither limits nor a safe harbor: 1) total reported loans for construction, land development, and other land equal 100 % or more of total risk-based capital (as of December 31, 2023-2024, our bank ratio was 60-40.9 %); and 2) total reported loans secured by multifamily and non-farm nonresidential properties and loans for construction, land development, and other land equal 300 % or more of total risk-based capital (as of December 31, 2023-2024, our bank ratio was 237-219.6 %). Regulators may require banks to maintain elevated levels of capital or liquidity due to commercial real estate loan concentrations, and could do so, especially if there is a downturn in our local real estate markets. See Part I Item 1 "Supervision and Regulation – Lending Standards and Guidance" for further details on the Guidance. Furthermore, the repayment of loans secured by commercial real estate is typically dependent upon the successful operation of the related real estate or commercial project. If the cash flows from the project are reduced, a borrower's ability to repay the loan may be impaired. This cash flow shortage may result in the failure to make loan payments. In such cases, we may be compelled to modify the terms of the loan. In addition, the nature of these loans is such that they are generally less predictable and more difficult to evaluate and monitor. As a result, repayment of these loans may, to a greater extent than residential loans, be subject to adverse conditions in the real estate market or economy.

28 If We are subject to the risk of default by our clients and counterparties. Many of our transactions expose us to credit risk if counterparties or clients default on their obligations. This risk increases if the collateral cannot be liquidated or is sold at a price insufficient to cover the full loan. When engaging in credit transactions, we rely on representations and information provided by counterparties and clients, such as financial statements, credit reports, and other disclosures. If the information or representations are inaccurate, our ability to assess default risk effectively may be compromised, potentially leading to unfavorable transactions that could impact our financial condition and results of operations. If we fail to effectively manage credit risk and interest rate risk, our business and financial condition will suffer. We must effectively manage credit risk. There are risks inherent in making any loan, including risks with respect to the period of time over which the loan may be repaid, risks relating to proper loan underwriting and guidelines, risks resulting from changes in economic and industry conditions, risks inherent in dealing with individual borrowers and risks resulting from uncertainties as to the future value of collateral. There is no assurance that our credit risk monitoring and loan approval procedures are or will be adequate or will reduce the inherent risks associated with lending. Our credit administration personnel, policies and procedures may not adequately adapt to changes in economic or any other conditions affecting customers and the quality of our loan portfolio. Any failure to manage such credit risks may adversely affect our business, financial condition, and results of operations. We must also effectively manage interest rate risk. Because mortgage loans typically have much longer maturities than deposits or other types of funding, rising interest rates can raise the cost of funding relative to the value of the mortgage loan. We manage this risk in part by holding adjustable rate mortgages in portfolios and through other means. Conversely, the value of our mortgage servicing assets may fall when interest rates fall, as borrowers refinance into lower rate loans. Given current rates, material reductions in rates may not be probable, but as rates rise, this risk increases, as evidenced by the March 2023 bank failures. There can be no assurance that we will successfully manage the lending and servicing businesses through all future interest rate environments. A lack of liquidity and / or ineffective liquidity management practices could affect our operations and jeopardize our financial condition. Liquidity is essential to our business. An inability to raise funds through deposits, borrowings, the sale of loans and other sources could have a substantial negative effect on our liquidity. Our funding sources include core deposits, federal funds purchased, securities sold under repurchase agreements, non-core deposits, and short- and long- term debt. Other sources of liquidity are available to us should they be needed, including our ability to acquire additional non-core deposits, the issuance and sale of debt securities, a secured line of credit we have with U. S. Bank, advances from the Federal Home Loan Bank of Atlanta and the Federal Reserve Discount Window, and the issuance and sale of preferred or common securities in public or private transactions. Our access to funding sources in amounts adequate to finance or capitalize our activities or on terms that are acceptable to us could be impaired by factors that affect us specifically or the financial services industry or economy in general, as evidenced by the

March 2023 bank failures. Our ability to borrow could be impaired by factors that are not specific to us, such as further disruption in the financial markets or negative views and expectations about the prospects for the financial services industry in light of the recent turmoil faced by banking organizations and the continued deterioration in credit markets. **31****In connection with the IBTX Merger, we are integrating a larger balance sheet and funding structure, which may introduce complexities in liquidity management. If deposit growth does not meet expectations or funding costs rise unexpectedly, our ability to maintain adequate liquidity could be impacted.** Further, effective management of liquidity risk includes, among other practices, establishing liquidity key risk indicators and related risk tolerances, maintaining a portfolio of high-quality liquid assets, building and maintaining loan collateral at the Federal Home Loan Bank of Atlanta and Federal Reserve Discount Window, cash flow forecasting, diversifying funding sources, designing and using stress testing scenarios, and implementing an operational contingency funding plan. Our failure to effectively manage our liquidity risk through one or more of these practices could lead to operational disruptions, financial losses, and reputational damage, resulting in an adverse effect on our business, financial condition, and results of operations. The results of our most recent stress tests may not accurately predict the impact on our financial condition if the economy were to deteriorate. We perform capital stress testing on an annual basis using the stress testing assumptions provided by the regulators for the CCAR stress tests. We perform liquidity stress testing and credit stress testing on a quarterly basis. Under the capital stress test, we estimate our loan losses (loan charge-offs), resources available to absorb those losses and any necessary additions to capital that would be required under the “severely adverse” stress test scenario. The results of these stress tests involve many assumptions about the economy and future loan losses and default rates and may not accurately reflect the impact on our financial condition if the economy were to deteriorate. Any deterioration of the economy could result in credit losses significantly higher, with a corresponding impact on our financial condition and capital, than those predicted by our internal stress test. ~~29~~**The** Current Expected Credit Loss (“CECL”) standard **and merger activity** may result in increased volatility and further increases in our allowance for credit losses (“ACL”). The measure of our ACL is dependent on the interpretation of applicable accounting standards, as well as external events, including the ~~amount and pace~~ **IBTX Merger, the path** of interest rate ~~rates~~ **increases and inflation**, market conditions, including recession risk and the possible impact on the unemployment rate and the performance of our loan portfolio, and other factors including the conflict in Ukraine, the ~~escalating conflict~~ **conflicts between Israel in the middle east and Hamas** ~~other geopolitical tensions~~, ~~supply chain disruptions~~ **performance of the commercial real estate markets**, and ~~natural disasters such as hurricanes and flooding or~~ **panemics such as the COVID- 19 pandemic, among others**. We adopted the Financial Accounting Standards Board’s Current Expected Credit Loss, or CECL standard, in the first quarter of 2020. Under the CECL model, we are required to present certain financial assets carried at amortized cost, such as loans held for investment and held to maturity debt securities, at the net amount expected to be collected. The measurement of expected credit losses is based on information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount and certain management judgments over the life of the loan. This initial measurement took place as of January 1, 2020, at the time of our adoption of CECL. ~~The CECL model has resulted in and may continue to result in~~ **differences** ~~more volatility~~ **in the level** **impact of forward-looking information and timing of reserve builds and releases from** our ACL, as compared to the “incurred loss” standard that we previously applied in determining our ACL. The CECL model requires us to estimate the lifetime “expected credit loss” with respect to loans and other applicable financial assets, which may **produce change** ~~changes~~ **more rapidly of a greater magnitude** than the level of “incurred losses” that would have been used to determine our allowance for loan losses under the prior incurred loss standard. The ~~potentially material effects~~ **challenges associated with estimated lifetime credit losses in view** of the ~~continuation~~ **economic aftermath** of the COVID- 19 pandemic ~~on lifetime expected credit loss~~, and **government fiscal and monetary intervention have the challenges associated with estimating lifetime credit losses in view of the uncertain ultimate impacts of the pandemic, has resulted in and may continue** **continued to result in increased volatility** **forecasting uncertainties that impact the timing** and **significant additions to** **magnitude of changes in** our ACL in the future, which could have a material and adverse effect on our business, financial condition and results of operations. The Company’s estimate of its ACL involves a high degree of judgment; therefore, the Company’s process for determining expected credit losses may result in a range of expected credit losses. It is possible that others, given the same information, may at any point in time reach a different reasonable conclusion. Further, if management’s assumptions and judgments prove to be incorrect and the allowance for credit losses is inadequate to absorb losses going forward, or if bank regulatory authorities require us to increase the allowance for credit losses as a part of their examination process, our earnings and capital could be significantly and adversely affected. ~~Our~~ **32****Our** size and continued pace of growth may require us to raise additional capital in the future, but that capital may not be available when it is needed. We are required by federal and state regulatory authorities to maintain adequate levels of capital to support our operations. **The Company also may be compelled to raise capital if regulatory or supervisory requirements change and as a result of the acquisition of IBTX may face further government scrutiny due to the increased size of the Company’s business.** Our ability to raise capital, if needed, in the future to meet capital requirements or otherwise will depend on conditions in the capital markets at that time, which are outside our control, and on our financial performance. Accordingly, there is no assurance as to our ability to raise additional capital if needed on terms acceptable to us. If we cannot raise additional capital when needed, our ability to further expand our operations through internal growth and acquisitions could be materially impaired. Our ability to access the capital markets, if needed, will depend on a number of factors, including the state of the financial markets. Rising interest rates, disruptions in financial markets, negative perceptions of our business or our financial strength, or other factors may impact our ability to raise additional capital, if needed, on terms acceptable to us. For example, in the event of future turmoil in the banking industry or other idiosyncratic events, there is no guarantee that the U. S. government will invoke the systemic risk exception, create additional liquidity programs, or take any other action to stabilize the banking industry or provide liquidity. Any diminished ability to access short- term funding or capital markets to raise additional capital, if needed, could

subject us to liability, restrict our ability to grow, require us to take actions that would affect our earnings negatively or otherwise affect our business and our ability to implement our business plan, capital plan and strategic goals adversely. ~~30Our~~ **Our** processes for managing risk may not be effective in mitigating risk or losses to us. The objectives of our risk management program and processes are to mitigate risk and loss to our organization. We have established an enterprise risk framework and program that are intended to identify, measure, monitor, report and analyze the types of risks to which we are subject across the organization and business lines, including liquidity risk, credit risk, strategic risk, market risk, interest rate risk, operational risk (including payments risk, BSA / AML risk, and model risk), cybersecurity risk, corporate governance and legal risk, compliance risk, strategic risk, and reputational risk (including environmental and social risks), among others. We also assess new and emerging risks on our existing programs. However, this framework will evolve as we expect to become subject to heightened expectations from the OCC as we grow above \$ 50 billion in assets. In addition, as with any risk management process, there are inherent limitations to our risk management strategies as there may exist, or develop in the future, risks that we have not appropriately anticipated or identified. The ongoing developments in the financial ~~institutions services~~ industry continue to highlight both the importance and some of the limitations of managing unanticipated risks. Any potential new regulations or modifications to existing regulations would also likely necessitate changes to our existing regulatory compliance and risk management infrastructure. If our risk management processes prove ineffective, we could suffer unexpected losses and could be materially adversely affected. Rising mortgage rates and adverse changes in mortgage market conditions could adversely impact our mortgage line of business. Our mortgage line of business contributes significantly to our results of operations. The residential real estate mortgage lending business is sensitive to changes in interest rates, especially long- term interest rates. As interest rates increased during 2022 and 2023, the demand for mortgages has decreased materially, and our mortgage volume has substantially decreased as well. While we have adjusted our business model to sell a larger percentage of our originations into the secondary market, the gain on sale opportunities have been smaller than in previous years. Further, the portion of our mortgage loans that are originated for our portfolio subjects the Company to increased interest rate risk. Additionally, the fair value of our mortgage servicing rights is sensitive to changes in interest rates and interest rate volatility. Any change in the fair value of our mortgage servicing rights may negatively impact earnings. As a result of these and other factors, our price and profitability targets for this business may not be met, reducing our results of operations in the line of business and our net income. Further, risk in the mortgage business is heightened due to external factors, such as compliance with regulations, historically low housing inventories restraining home sales, competitive alternatives, changing tax rates and strategies, economic conditions, and shifting market preferences, which could impact the profitability of these lines of business and have a material adverse effect on our businesses, and, in turn, our financial condition and results of operations. ~~Our 33Our~~ recent results may not be indicative of our future results. We may not be able to sustain our historical rate of growth or may not even be able to grow our business at all. In addition, our recent growth may distort some of our historical financial ratios and statistics. Various factors, such as economic conditions, regulatory and legislative considerations and competition, may also impede or prohibit our ability to expand our market presence. If we experience a significant decrease in our historical rate of growth, our results of operations and financial condition may be adversely affected due to a high percentage of our operating costs being fixed expenses. ~~We 31We~~ are subject to environmental risks in our lending activities. Because a significant portion of our loan portfolio is secured by real property, we may foreclose upon and take title to such property in the ordinary course of business. If hazardous substances were discovered on any of these properties, we may be liable to governmental agencies or third parties for the full costs of **investigation**, remediation, as well as for related personal injury and property damage. Environmental laws might require us to incur substantial expenses, materially reduce the property' s value, or limit our ability to use or sell the property. Although our management has policies requiring environmental reviews before loans secured by real property are made and before foreclosure is commenced, it is still possible that environmental risks might not be detected and that the associated costs might have a material adverse effect on our financial condition and results of operations. Many environmental laws impose **strict** liability regardless of whether the Company knew of, or was responsible for, the contamination. In addition, banks' credit and underwriting policies that result in funding fossil fuel projects may impact climate change and lead to increased greenhouse gas emissions. Banks have very limited control over the actions of their clients, and while banks can monitor ~~client emissions and~~ environmental profiles, information currently available is insufficient to assess both **climate environmental** risk and the financial risk inherent in making lending decisions. Accordingly, the Bank may be unable to assess how our lending decisions affect both our risk profile and our profitability ~~as well as our clients' efforts to address climate change~~. While we use appraisals in deciding whether to make a loan that is secured by real estate, they do not ensure the value of the real property collateral. In deciding whether to make a loan secured by real property, we generally require an appraisal. However, an appraisal is only an estimate of the value of the property at the time the appraisal is made. If the appraisal amount does not reflect the amount that may be obtained upon a sale or foreclosure of the property, we may not realize an amount equal to the indebtedness secured by the property. We are subject to losses due to errors, omissions or fraudulent behavior by our employees, clients, counterparties or other third parties. We are exposed to many types of operational risk, including the risk of fraud by third parties, customers and employees, clerical recordkeeping errors and transactional errors. Like the financial services industry overall, we have seen an increase in fraudulent attempts on accounts, online transactions, and debit cards during **2023-2024**, and these attempts may continue to accelerate with the increased use of artificial intelligence to produce sophisticated malware, phishing schemes, and other fraudulent activities. While (i) our procedures are designed to follow customary, industry- specific security precautions, (ii) **we use software to monitor check and online and digital transaction**, (iii) we provide employees with ongoing training, table- top exercises and regular communications and guidance to combat fraud, and (~~iii-iv~~) we have adopted additional cybersecurity tools and solutions designed to identify fraudulent attempts, our efforts might not be successful in mitigating or reducing fraudulent attempts resulting in financial losses, increased litigation risk and reputational harm. Our business also is dependent on our employees as well as third- party service providers to process a

large number of increasingly larger and more complex transactions. These risks will increase as we implement a real time payments platform. We could be materially and adversely affected if employees, clients, counterparties or other third parties caused an operational breakdown or failure, either as a result of human error, fraudulent manipulation or purposeful damage to any of our operations or systems. ~~In 34~~**In** deciding whether to extend credit or enter into other transactions with clients and counterparties, we may rely on information furnished to us by or on behalf of clients and counterparties, including financial statements and other financial information. We also may rely on representations of clients and counterparties as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors. For example, in deciding whether to extend credit to clients, we may assume that a customer's audited financial statements conform to GAAP and present fairly, in all material respects, the financial condition, results of operations and cash flows of the customer. Our earnings are significantly affected by our ability to properly originate, underwrite and service loans. Our financial condition and results of operations could be negatively impacted to the extent we incorrectly assess the creditworthiness of our borrowers, fail to detect or respond to deterioration in asset quality in a timely manner, or rely on financial statements that do not comply with GAAP or are materially misleading. ~~32The~~**The** adoption **and use** of artificial intelligence tools by us and our third- party vendors and service providers may increase the risk of errors, omissions, unfair treatment or fraudulent behavior by our employees, clients, or counterparties, or other third parties. Our adoption **and use** of artificial intelligence, including generative artificial intelligence, machine learning, and similar tools and technologies that collect, aggregate, analyze or generate data or other materials or content (collectively, "AI"), for limited internal use has increased our efficiency, and we expect to continue to adopt such tools as appropriate. In addition, we expect our third- party vendors and service providers to increasingly develop and incorporate AI into their product offerings faster than we are able to do so independently. There are significant **and evolving** risks involved in utilizing AI, and no assurance can be provided that our or our third -party vendors' or service providers' use of AI will enhance our or our third -party vendors' or service providers' products or services or produce the intended results. The adoption and incorporation of such **AI** tools can lead to concerns around safety and soundness, fair access to financial services, fair treatment of consumers, and compliance with applicable laws and regulations. Such risk can result from models being **poorly-incorrectly or inadequately** designed or **trained faulty data being used**, inadequate model testing or validation, narrow or limited human oversight, inadequate planning or due diligence, inappropriate or controversial data practices by developers or end- users, and other factors adversely affecting public opinion of AI and the acceptance of AI solutions. **Further, generative AI has been known to, and may continue to, create biased, incomplete, inaccurate, misleading or poor- quality output or produce other discriminatory or unexpected results, errors, or inadequacies, any of which may not be easily detectable. AI solutions may also be adversely impacted by unforeseen defects, technical challenges, cyber- attacks, cybersecurity breaches, service outages or other similar incidents, or material performance issues.** We have implemented an AI governance function and risk management framework that includes a risk assessment of internal and vendor AI solutions, due diligence, model validation, and controls. However, given the pace of rapid adoption of such tools by vendors and service providers, we may not be aware of the addition of AI solutions prior to such tools being introduced into our environment. Failure to adequately manage AI risks can result in erroneous results and decisions made by misinformation, unwanted forms of bias, unauthorized access to sensitive, confidential, proprietary or personal information, and violations of applicable laws and regulations, leading to operational inefficiencies, competitive harm, reputational harm, ethical challenges, legal liability, losses, fines, and other adverse impacts on our business and financial results. If we do not have sufficient rights to use the data or other material or content on which the AI tools we use rely, or to use the output of such AI tools, we also may incur liability through the violation of applicable laws and regulations, third- party intellectual property, privacy or other rights, or contracts to which we are a party. **Further, our competitors or other third parties may incorporate AI into their business or operations more quickly or more successfully than us, which could impair our ability to compete effectively.** ~~In 35~~**In** addition, regulation of AI is rapidly evolving as ~~legislators-legislatures~~**legislators-legislatures** and regulators are increasingly focused on these powerful emerging technologies. The technologies underlying AI and its uses are subject to a variety of laws and regulations, including intellectual property, data privacy and cybersecurity, consumer protection, competition, equal opportunity, and fair lending laws, and are expected to be subject to increased regulation and new laws or new applications of existing laws and regulations. AI is the subject of ongoing review by various U. S. governmental and regulatory agencies, and various U. S. states are applying, or are considering applying, existing laws and regulations to AI or are considering general legal frameworks for AI. We may not be able to anticipate how to respond to these rapidly evolving frameworks, and we may need to expend resources to adjust our operations or offerings in certain jurisdictions if the legal frameworks are inconsistent across jurisdictions. Furthermore, because AI technology itself is highly complex and rapidly developing, it is not possible to predict all of the legal, operational or technological risks that may arise relating to the use of AI. **We expect our use of AI will require additional resources, including the incurrence of additional costs, to develop and maintain our products and services to minimize potentially harmful or unintended consequences, to comply with applicable and emerging laws and regulations, to maintain or extend our competitive position, and to address any ethical, reputational, technical, operational, legal, competitive or regulatory issues which may arise as a result of any of the foregoing.** We are subject to ~~environmental-sustainability~~**environmental-sustainability**, ~~social-stewardship~~**social-stewardship** and governance ("ESG") risks that could adversely affect our reputation, ~~the trading price of our common stock~~ and / or our business, operations, and earnings. Governments, investors, customers, and the general public ~~are increasingly~~**have been** focused on **ESG sustainability, stewardship and governance** practices and disclosures. For us and others in the financial services industry, this focus extends to the practices and disclosures of ~~the~~**the** customers, counterparties, and service providers with whom we choose to do business. In addition, certain organizations that provide corporate governance and other corporate risk information to investors and shareholders have developed scores and ratings to evaluate companies based upon **ESG sustainability, stewardship and governance** metrics, **and certain investors integrate these factors into their analysis of the expected risk and return of**

potential investments. Currently, there are no universal standards for such scores or ratings or analyses, and views about ESG are diverse, dynamic, and rapidly changing. **Further, because we have multiple stakeholders, often those stakeholders have differing and sometimes conflicting priorities and expectations regarding these issues that must be considered.** If we were to fail or are perceived to maintain an appropriate ESG program fail in meeting our stakeholders' expectations, or if practices and disclosures, we take actions in conflict with these expectations, this could face potential lead to loss of business, negative ESG-related publicity in traditional and social media, including based or an adverse impact on the identity of those we choose to do business with and the public's view of those customers. In addition, certain states, including Florida, have enacted laws that would impair our ability to conduct certain business in the state if the Bank's policies were to result in account closures due to factors that could be seen as promoting an ESG framework. If we or our relationships with customers, vendors and suppliers were to become the subject of negative publicity due to a perception of our ESG program, our ability to attract and retain customers and employees may be negatively impacted and our stock..... not adequately considered or addressed ESG matters. Our business could suffer if we fail to maintain our culture and attract and retain experienced people. Our success depends, in large part, on our ability to attract and retain competent, experienced people. Our strategic goals in particular require that we be able to attract qualified and experienced retail, commercial and corporate banking officers, mortgage loan officers, and SBA lenders in our existing markets as well as those markets in which we may want to expand who share our relationship banking philosophy and have those customer relationships that will allow us to grow successfully. We also need to attract and retain qualified and experienced technology, risk and back-office personnel to operate our business. Many of our competitors are pursuing the same relationship banking strategy in our markets and are looking to hire and retain qualified technology, risk and back-office personnel, which increases the competition to identify, hire and retain talented employees. The Company's recent mergers and the continued integration of the Company's operations and employees into one bank creates an additional risk to the Company's culture. If we fail to consider and account for corporate cultural differences across the companies due to various mergers, we will face increased difficulty in creating a cohesive culture. We have focused, and will continue to focus, our strategic attention on our employees and our corporate culture, including enhancing our employee orientation, ongoing general credit and management training, leadership training and mentoring, and employee work environment as well as diversity and employee advancement. Our failure to maintain our culture and attractive working environment, through competitive compensation packages that reward initiative, as well as mentoring, training, and advancement opportunities in order to successfully compete for experienced, qualified employees may have an adverse effect on our ability to meet our financial goals and thus adversely affect our future results of operations. **If 361f** we are unable to offer our key management personnel long term incentive compensation, including restricted stock units and performance share units, as part of their total compensation package, we may have difficulty retaining such personnel, which would adversely affect our operations and financial performance. We have a management team that has substantial experience in banking and financial services in the markets we serve. We rely on our management team to achieve and sustain our profitability. Our future success and profitability are substantially dependent upon this management and banking abilities of our senior executives. Although we currently have employment agreements in place with our executive management team and our regional presidents, we cannot guarantee that our executives will remain with us. Changes in key personnel and their responsibilities may be disruptive to our business because of their skills, customer relationship and / or the potential difficulty of promptly replacing them with successors. We have historically granted equity awards under an equity compensation plan, which includes granting performance share units and restricted stock awards or restricted stock units, to key management personnel as part of a competitive compensation package. Our ability to grant these awards has been vital to attracting, retaining and aligning shareholder interest with a talented management team in a highly competitive marketplace. ~~34 Shareholder~~ **Shareholder** advisory groups have implemented guidelines and issued voting recommendations related to how much equity companies should be able to grant to employees. The factors used to formulate these guidelines and voting recommendations include the volatility of a company's share price and are influenced by broader macroeconomic conditions that can change year to year. The variables used by shareholder advisory groups to formulate equity plan recommendations may limit our ability to adopt new equity plans in the future. In addition, the federal banking regulators have issued guidance on executive compensation and have also, along with the SEC, proposed rules that would prohibit certain incentive compensation arrangements. We do not believe that the guidance or proposal will impact our current compensation arrangements. If we are limited in our ability to grant equity compensation awards, we would need to explore offering other compelling alternatives to supplement our compensation, including long-term cash compensation plans or significantly increased short-term cash compensation, in order to continue to attract and retain key management personnel. If we used these alternatives to long-term equity awards, our compensation costs could increase, and our financial performance could be adversely affected. If we are unable to offer key management personnel long-term incentive compensation, including stock options, restricted stock or restricted stock units, or performance share units, as part of their total compensation package, we may have difficulty attracting and retaining such personnel, which would adversely affect our operations and financial performance. We rely on the performance of highly skilled personnel and if we are unable to attract, retain, develop and motivate our human capital in the form of well-qualified employees, our business and results of operations could be harmed. We believe our success has depended, continues to and in the future will depend, on the efforts and talents of our management team and our highly skilled employees and workers. Our future success depends on our continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. The loss of any of our senior management or key employees could materially and adversely affect our ability to build on the efforts that they have undertaken and to execute our business plan, and we may not be able to find adequate replacements. Despite our current efforts, we cannot ensure that we will be able to retain the services of any members of our senior management or other key employees. If we do not succeed in attracting well-qualified employees or developing, retaining, and motivating our employees, our business and results of operations could be harmed. **We 37We** may not be able to successfully implement current or future information technology

and cybersecurity system enhancements and operational initiatives, which could adversely affect our business operations and profitability. We continue to invest significant resources in our information technology and cybersecurity systems, including by deepening and expanding our use of cloud- based applications, in order to provide enhanced functionality and security at an appropriate level, improve our operating efficiency, and streamline our client experience. These initiatives significantly increase the complexity of our relationships with third- party service providers, and such relationships may be difficult to unwind. We may not be able to successfully implement and integrate such system enhancements and initiatives, which could adversely impact our ability to enhance our product and service offerings and meet the expectations of our customers. In addition, these projects could have higher than expected costs and / or result in operating inefficiencies, which could increase the costs associated with the implementation as well as ongoing operations. Failure to properly adopt system enhancements could result in impairment charges that adversely impact our financial condition and results of operations, could result in significant costs to remediate or replace the defective components and could impact our ability to compete. In addition, we may incur significant training, licensing, maintenance, consulting and amortization expense during and after implementation, and any such costs may continue for an extended period of time. As such, we cannot guarantee that the anticipated long- term benefits of these system enhancements and operational initiatives will be realized. **A-35A** failure of or disruption to our operational or security systems or infrastructure, or those of our third- party service providers, could disrupt our business, damage our reputation, increase our costs and cause losses. The potential for operational risk exposure exists throughout our business and, as a result of our interactions with, and reliance on, third parties, is not limited to our own internal operational functions. We depend on our ability to process, record and monitor a large number of client transactions on a continuous basis. Further, third parties provide key components of our business infrastructure, such as our core processing, underwriting and servicing software, data collection and analysis, loan and deposit documents, compliance and risk software, product and service offerings, and internet connections and network access. As client, public and regulatory expectations regarding operational **and**, information **,** and cyber security have increased, we and our third- party service providers must continue to safeguard and monitor our operational and security systems and infrastructure for potential failures, **threats**, disruptions and breakdowns. Our business, financial, accounting, data processing, or other operating systems and facilities, or those of our third- party service providers, may stop operating properly or become disabled or damaged as a result of a number of factors, including events that are wholly or partially beyond our control. Although we have information and cybersecurity policies and procedures, business continuity plans and other safeguards in place, our business operations may be adversely affected by significant and widespread failure of or disruption to our operational and security systems and infrastructure that support our businesses and clients. Any disruption or failure in our operational or security systems or infrastructure or the services provided by third parties, or any failure by us or these third parties to handle current or higher volumes of use, could adversely affect our ability to deliver products and services to our clients, process transactions and otherwise to conduct business. **For 38For** example, our financial, accounting, data processing, backup or other operational or security systems or infrastructure, or those of our third- party service providers, may fail to operate properly or become disabled or damaged as a result of a number of factors, including: sudden increases in customer transaction volume; electrical, telecommunications or other major physical infrastructure outages; cyber- attacks, information security breaches or other similar incidents; natural disasters such as earthquakes, tornadoes, hurricanes and floods; pandemics; and events arising from local or larger scale political or social matters, including wars and terrorist acts. In addition, we rely on our employees and third parties in our day- to- day and ongoing operations, who may, as a result of human error, misconduct, malfeasance or failure, expose us to risk. Moreover, technological or financial difficulties of one of our third- party service providers or their sub- contractors could adversely affect our business to the extent those difficulties result in the interruption or discontinuation of services provided by that party. In the event that backup systems are utilized, they may not process data as quickly as our primary systems and some data might not have been saved to backup systems, potentially resulting in a temporary or permanent loss of such data. Further, our ability to implement backup systems and other safeguards with respect to third- party systems is more limited than with respect to our own systems. Our business recovery plan may not be adequate and may not prevent significant interruptions of our operations or substantial losses. While we have policies and procedures designed to prevent or limit the effect of a disruption to or failure of the operation of our operational and security systems and infrastructure, there could be no assurance that any such disruptions or failures will not occur or, if they do, that they will be adequately addressed. Any failure or interruption in the operation of our communications and information systems and networks could impair or prevent the effective operation of our customer relationship management, general ledger, deposit, lending or other functions. We frequently update our systems to support our operations and growth and to remain compliant with all applicable laws, rules and regulations. This updating entails significant costs and creates risks associated with implementing new systems and integrating them with existing ones, including business interruptions. Implementation and testing of controls related to our computer systems, security monitoring and retaining and training personnel required to operate our systems also entail significant costs. We may not be insured against all types of losses as a result of disruptions to or failures of our operational and security systems and infrastructure or those of our third- party service providers, and our insurance coverage may not be available on reasonable terms, or at all, or may be inadequate to cover all losses resulting from such disruptions or failures. Disruptions or failures in our business structure or in the structure of one or more of our third- party service providers could interrupt the operations or increase the cost of doing business. The occurrence of any disruptions or failures impacting our or our third- party service providers' operational or security systems or infrastructure could damage our reputation, result in a loss of customer business, and expose us to additional regulatory scrutiny, civil litigation, and possible financial liability, any of which could have a material adverse effect on our liquidity, financial condition and results of operations. **We 36We** face cybersecurity risks from cyber- attacks, information security breaches and other similar incidents that could result in the disclosure of confidential and other information (including personal information), adversely affect our business or reputation, and create significant legal and financial exposure. Our computer systems and network infrastructure and those of third parties, on which

we are highly dependent, are subject to cybersecurity risks and could be susceptible to cyber- attacks, information security breaches and other similar incidents. Our business relies on the secure processing, transmission, storage, retrieval and other processing of confidential, proprietary, personal and other information in our computer and data management systems and networks, and in the computer and data management systems and networks of third parties. In addition, to access our network, products and services, our customers and other third parties may use personal mobile devices or computing devices that are outside of our network environment and are subject to their own cybersecurity risks. **We**, our customers, regulators and other third parties, including other financial services institutions and companies engaged in data processing, have been subject to, and are likely to continue to be the target of, cyber- attacks, information security breaches, and other similar incidents. These may include hacking, terrorist activities, identity theft, computer viruses, malicious or destructive code, phishing attacks, denial of service attacks, ransomware, improper access by employees or third parties, social engineering, attacks on personal email of employees, or other information security breaches or similar incidents that could result in the unauthorized release, gathering, monitoring, misuse, misappropriation, loss, disclosure or destruction of confidential, proprietary, personal and other information of ours, our employees, our customers or of third parties, damage our systems or otherwise materially disrupt our or our customers' or other third parties' network access or business operations. As cyber threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any cyber- attacks, information security breaches, **or vulnerabilities** or other similar incidents. Despite efforts to ensure the integrity of our systems and implement controls, processes, policies and other protective measures, we may not be able to anticipate or detect all cyber- attacks, information security breaches, **or other similar incidents**. Cyber threats are increasing and rapidly evolving, and we may not be able to anticipate or prevent all such attacks and could be held liable for any security breach or loss. Cybersecurity risks for banking organizations have significantly increased in recent years, in part because of the proliferation of new technologies and the use of the internet and telecommunications technologies to conduct financial transactions. For example, cybersecurity risks may increase in the future as we continue to increase our mobile payment and other internet- based product offerings and expand our internal usage of web- based products and applications and as **AI artificial intelligence** tools are increasingly used for purposes of cyber- attacks, information security breaches, and other similar incidents, including for targeted social engineering attacks. In addition, cybersecurity risks have significantly increased in recent years in part due to the increased sophistication and activities of organized crime affiliates, terrorist organizations, hostile foreign governments, disgruntled employees, service providers, activists and other external parties, including those involved in corporate espionage. Even the most advanced internal control environment may be vulnerable to compromise. For example, targeted social engineering attacks and " spear phishing " attacks are becoming more sophisticated and are extremely difficult to prevent. In such an attack, an attacker will attempt to fraudulently induce colleagues, customers or other users of our systems to disclose sensitive information **in order** to gain access to its data or that of its clients. Persistent attackers may succeed in penetrating defenses given enough resources, time, and motive. The techniques used by cyber criminals change frequently and may not be recognized until launched or until well after a breach has occurred. The risk of a security breach caused by a cyber- attack at a service provider or by unauthorized service provider access has also increased in recent years. Additionally, the existence of cyber- attacks, information security breaches, or other similar incidents at third- party service providers with access to our confidential, proprietary, personal and other information may not be disclosed to us in a timely manner, **and we cannot guarantee that we can obtain adequate or any reimbursement from such third- party service providers in the event we should suffer any disruption, compromise, failure, liability, reputational harm or other cost or expense**. While we have processes in place to monitor our third- party service providers' data and information security safeguards, we do not control such service providers' day to day operations and a successful cyber- attack, information security breach, or other similar incident at one or more of such third- party service providers is not within our control. The occurrence of any such cyber- attacks, information security breaches, or other incidents could damage our reputation, result in a loss of customer business, and expose us to additional regulatory scrutiny, civil litigation, and possible financial liability, any of which could have a material adverse effect on our financial condition and results of operations. Further, **in some instances due to applicable laws and regulations or contractual obligations**, we may be **held responsible for the system failure failures of, interruptions, or cyber- attacks attributed to such third parties- party service providers as they relate to comply the information we share with them government regulations**. **37We 40We** also face indirect technology, cybersecurity and operational risks relating to the customers, clients and other third parties with whom we do business or upon whom we rely to facilitate or enable our business activities, including, for example, financial counterparties, regulators, and providers of critical infrastructure such as internet access and electrical power. As a result of increasing consolidation, interdependence and complexity of financial entities and technology systems, a technology failure, cyber- attack, information security breach or other similar incident that significantly degrades, deletes or compromises the systems or data of one or more financial entities could have a material impact on counterparties or other market participants, including us. This consolidation, interconnectivity and complexity increases the risk of operational failure, on both individual and industry- wide bases, as disparate systems need to be integrated, often on an accelerated basis. Any third- party technology failure, cyber- attack, information security breach, or other similar incident could, among other things, adversely affect our ability to effect transactions, service our clients, manage our exposure to risk or expand our business. In addition, we, our employees, and our customers are increasingly transitioning our and their computing infrastructure to cloud- based computing, storage, data processing, networking and other services, which may increase our cybersecurity risk. Cyber- attacks, information security breaches, and other similar incidents, whether directed at us or third parties, may result in a material loss or have material consequences. Furthermore, the public perception that a cyber- attack on our systems has been successful, whether or not this perception is correct, may damage our reputation with customers and third parties with whom we do business. Hacking

or other unauthorized disclosure of personal information and identity theft risks, in particular, could cause serious reputational harm. A successful penetration or circumvention of system security could cause us serious negative consequences, including our loss of customers and business opportunities, significant business disruption to our operations and business, misappropriation or destruction of our confidential, proprietary, personal or other information and / or that of our customers or other third parties, or damage to our or our customers' and / or third parties' computers or systems, and could result in a violation of applicable data privacy and cybersecurity laws and other laws, litigation exposure, regulatory fines, penalties or intervention, loss of confidence in our security measures, reputational damage, reimbursement or other compensatory costs, additional compliance costs, and could adversely impact our results of operations, liquidity and financial condition. We may not be insured against all types of losses as a result of cyber- attacks, information security breaches, and other similar incidents, and our insurer may deny coverage as to any future claim or insurance coverage may not be available on reasonable terms, or at all, or may be inadequate to cover all losses resulting from such incidents. **We experienced a cybersecurity incident in February 2024 involving unauthorized activity in the Company's systems, which was investigated using a cybersecurity firm and as a result of which we mailed notices to individuals that may have been impacted. A consolidated putative class action is pending against us in Circuit Court in Polk County Florida related to the incident.** Although we enhanced our cybersecurity defenses since the incident and to date, and we have not experienced any material losses related to ~~this event cyber-attacks, information security breaches, or other similar incidents~~, there ~~is~~ **can be** no assurance that we will not ~~experience cyber-attacks, information security breaches, or other similar incidents in the future or that we will not~~ suffer **material losses from** such ~~losses incidents~~ in the future. We may face risks with respect to future expansion. Our business growth, profitability and market share has been enhanced by us engaging in strategic mergers and acquisitions and de novo branching either within or contiguous to our existing footprint. We may acquire other financial institutions or parts of financial institutions in the future and engage in lift outs of our banking teams or de novo branching. We may also consider and enter into or acquire new lines of business or offer new products or services, which may also use new sales channels, such as online and mobile banking. As part of our acquisition strategy, we seek companies that are culturally similar to us, have experienced management, and are in markets in which we operate or close to those markets so we can achieve economies of scale. We expect to continue to evaluate merger and acquisition opportunities that are presented to us in our current and expected markets and conduct due diligence related to those opportunities, as well as negotiate to acquire or merge with other institutions. ~~We~~ **If we announce a transaction,** we may issue equity securities, including common stock and securities convertible into shares of our common stock in connection with future acquisitions. We also may issue debt to finance one or more transactions, including subordinated debt issuances. Generally, acquisitions of financial institutions involve the payment of a premium over book and market values, resulting in dilution of our tangible book value and fully diluted earnings per share, as well as dilution to our existing shareholders. We also face litigation risks with respect to potential mergers and acquisitions, and such litigation is common. We may incur substantial costs to expand, and we can give no assurance such expansion will result in the levels of profits we seek. ~~38~~ **Given 41** ~~Moreover, the standards by which bank and financial institution acquisitions will be evaluated may be subject to change. For example, the OCC adopted a final rule in September 2024 amending its procedures for reviewing applications under the BMA and adding a policy statement on~~ the OCC's recent proposed substantive approach to evaluating bank mergers under the BMA. ~~The policy statement outlines the general principles the OCC will apply when reviewing bank merger applications and clarifies how the OCC would consider the statutory factors under the BMA. The policy statement identifies certain indicators that are more likely to withstand scrutiny and be approved expeditiously and those that would raise supervisory or regulatory concerns. Indicators generally consistent with timely approval, include, among others, appropriate capital and supervisory ratings, lack of enforcement or fair lending actions, lack of significant CRA or consumer compliance concerns or significant adverse effect on bank competition, and that the resulting institution would have total assets less than \$ 50 billion, which the Company already exceeds as a result of the IBTX mergers- Merger . Further,~~ and continued uncertainty around the regulatory approval process generally **Company's ability to complete future acquisitions may depend on factors outside its control, including changes in the presidential administration or in one or both houses of Congress. Nevertheless,** there is no assurance that ~~bank regulators will consider applications along historic timelines or will affirmatively act on an acquisition proposal, increasing the risk that market conditions will adversely affect favor mergers or~~ the financial feasibility of completing an acquisition, obtaining cost savings and operational efficiencies, or realizing merger synergies upon integration. Failure to achieve or delays in achieving anticipated benefits could result in a share price reduction as well as increased costs, decreases in the amount of expected revenues, and diversion of management's time and energy and could materially and adversely affect the Company's financial condition, results of operations, business and prospects. Further, there is no assurance that, following any future mergers or acquisitions, our integration efforts will be successful or our Company, after giving effect to the acquisition, will achieve increased revenues comparable to or better than our historical experience, and failure to realize such expected revenue increases, cost savings, increases in market presence or other benefits could have a material adverse effect on our financial conditions and results of operations. Attractive acquisition opportunities may not be available to us in the future. While we seek continued organic growth, we anticipate continuing to evaluate merger and acquisition opportunities presented to us in our core markets, contiguous markets, and beyond. The number of financial institutions headquartered in our market areas in the Southeastern United States and across the country continues to decline through merger and other activity. We expect that other banking and financial **services** companies, many of which have significantly greater resources, will compete with us to acquire financial services businesses. This competition, as the number of appropriate merger targets decreases, could increase prices for potential acquisitions which could reduce our potential returns, and reduce the attractiveness of these opportunities to us. In addition, acquisitions are subject to various regulatory approvals, and if we fail to receive the appropriate regulatory approvals, we will not be able to consummate an acquisition that we believe is in our best interests. Among other things, our regulators consider our

capital, liquidity, profitability, risk management, regulatory and fair lending compliance, including with respect to BSA and AML obligations, consumer protection laws, CRA obligations, and levels of goodwill and intangibles when considering acquisition and expansion proposals. The standards by which bank and financial institution acquisitions will be evaluated are currently in flux ~~as and some banking organizations, including us, are experiencing delays in the~~ **Trump administration is expected to reduce regulatory burdens** processing of applications. In July 2021, President Biden issued an executive order on competition that requires the banking agencies to review the standards for bank mergers ~~merger proposals~~. **While** This review is still ongoing for bank mergers and may change how the financial stability factor and community convenience and needs factor are evaluated. The OCC **finalized** has proposed a policy statement on bank mergers **in 2024** designed to clarify the agency's consideration of the statutory factors in the Bank Merger Act for approval of a bank merger, listing the indicators the OCC finds to be consistent with approval. ~~See (see Part I Item 1 "Supervision and Regulation- Regulation of the Bank" for further details on-), it is uncertain how the these~~ **OCC's proposed standards and other policies may be interpreted and implemented in the Trump administration. As merger policy remains uncertain** statement. In addition, ~~there~~ **some** in Congress have called for a moratorium of any bank merger and acquisition of greater than \$ 100 billion in assets. These proposals imply that we may be subject to higher antitrust standards, enhanced scrutiny under the Bank Merger Act guidelines, potentially delaying regulatory processing of applications. Any delay ~~delays~~ **increases**, **increasing** costs and uncertainties in the ability to successfully merge and integrate ~~the a~~ target. Any acquisition could be dilutive to our earnings and shareholders' equity per share of our common stock. Our disclosure controls and procedures may not prevent or detect all errors or acts of fraud. Our disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by us in reports we file or submit with the SEC is accurately accumulated and communicated to management, and recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. We believe that any disclosure controls and procedures or controls and procedures, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the controls systems are met. ~~39~~**These** ~~42~~**These** inherent limitations include the reality that judgments and decision making can be faulty, that alternative reasoned judgments can be drawn, and that breakdowns can occur because of a simple error or mistake. Controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by an authorized override of the controls. In addition, properly integrating our acquisitions into our disclosure controls and procedures in a timely manner presents challenges. Accordingly, because of the inherent limitations in our controls systems, misstatements due to error or fraud may occur and not be detected, which could result in a material weakness in our internal controls over financial reporting and the restatement of previously filed financial statements. Our accounting policies and processes are critical to how we report our financial condition and results of operations and require our management to make estimates about matters that are uncertain. Accounting policies and processes are fundamental to how we record and report our financial condition and results of operations. Some of these policies require the use of estimates and assumptions that may affect the value of our assets or liabilities and financial results. Several of our accounting policies are critical because they require management to make difficult, subjective and complex judgments about matters that are inherently uncertain and because it is likely that materially different amounts would be reported under different conditions or using different assumptions. Pursuant to generally accepted accounting principles, we are required to make certain assumptions and estimates in preparing our financial statements, including determining credit loss reserves, reserves related to litigation and the fair value of certain assets and liabilities, among other items. If the assumptions or estimates underlying our financial statements are incorrect, we may experience material losses. Certain of our financial instruments, including trading assets and liabilities, derivatives, securities, and certain loans, among other items, require a determination of their fair value in order to prepare our financial statements. Where quoted market prices are not available, we may make fair value determinations based on internally developed models or other means which ultimately rely to some degree on management judgment. Some of these and other assets and liabilities may have no direct observable price levels, making their valuation particularly subjective, being based on significant estimation and judgment. In addition, some illiquidity in markets and declines in prices of certain loans and securities may make it more difficult to value certain balance sheet items, which may lead to the possibility that such valuations will be subject to further change or adjustment, it could lead to declines in our earnings. The value of securities in our investment portfolio may decline in the future. As of December 31, ~~2023-2024~~, we owned \$ ~~7-6~~ **5-8** billion of investment securities, which included \$ ~~2.5-3~~ billion in held- to- maturity securities, \$ ~~4.8-3~~ billion in available for sale securities and \$ ~~192-223~~ **0-6** million in other investments. The fair value of our investment securities may be adversely affected by market conditions, including changes in interest rates, and the occurrence of any events adversely affecting the issuer of particular securities in our investments portfolio. For available- for- sale securities, the unrealized gains and losses are recorded in equity, net of tax, in accumulated other comprehensive income (" AOCI "). The Company has elected to exclude AOCI from its regulatory capital calculations, however, after the failure of a few financial institutions in the first quarter of 2023, many investors are taking into consideration losses in available for sale securities included in AOCI along with losses in held to maturity securities, which are not included in our financial statements, in looking at the valuations of financial institutions. ~~If we experience further declines in the fair value of our available for sale and held to maturity securities, our stock price could be negatively impacted.~~ ~~40~~With adoption of Accounting Standards Codification (" ASC ") 326 effective January 1, 2020, we no longer evaluate securities for other than temporary impairments as the new accounting guidance changes the accounting for recognizing impairment on available for sale and held to maturity securities. We analyze each available for sale security on a quarterly on an individual basis to determine if there has been a decline in fair value below the amortized cost basis of the security to determine whether there is a credit loss associated with the decline in fair value. We consider the nature of the collateral, potential future changes in collateral values, default rates, delinquency rates, third- party guarantees, credit ratings, interest rate changes since purchase, volatility of the security's fair value and historical loss information for financial assets secured with similar collateral among other factors. We use a systematic methodology to determine the ACL for investment

securities held to maturity. The ACL is a valuation account that is deducted from the amortized cost basis to present the net amount expected to be collected on the held to maturity portfolio. We consider the effects of past events, current conditions, and reasonable and supportable forecasts on the collectability of the loan portfolio. Our estimate of the ACL involves a high degree of judgment; therefore, our process for determining expected credit losses may result in a range of expected credit losses. We monitor the held to maturity portfolio on a quarterly basis to determine whether a valuation account needs to be recorded. Because of changing economic and market conditions affecting issuers, we may be required to recognize expected credit losses on securities in future periods, which could have a material adverse effect on our business, financial condition or results of operations. **Consumers** ~~43~~**Consumers** may decide not to use banks to complete their financial transactions. Technology and other changes are allowing parties to complete financial transactions that historically have involved banks through alternative methods. For example, consumers can now maintain funds that would have historically been held as bank deposits in brokerage accounts, mutual funds or general purpose reloadable prepaid cards. Consumers can also complete transactions such as paying bills and / or transferring funds directly without the assistance of banks. The process of eliminating banks as intermediaries, known as “ disintermediation, ” could result in the loss of fee income, as well as the loss of customer deposits and the related income generated from those deposits. The loss of these revenue streams and the lower cost of deposits as a source of funds could have a material adverse effect on our financial condition and results of operations. Our ability to maintain our reputation is critical to the success of our business, and the failure to do so may materially adversely affect our performance. Our reputation is one of the most valuable components of our business. As such, we strive to conduct our business in a manner that enhances our reputation. This is done, in part, by recruiting, hiring, and retaining and providing growth opportunities for employees who share our core values of being an integral part of the communities we serve, delivering superior service to our customers, and caring about our customers and employees. If our reputation is negatively affected by the actions of our employees or otherwise, including as a result of a successful cyber- attack, information security breach or other similar incident we experience or any other unauthorized release or loss of customer information (including personal information), our business and, therefore, our operating results, may be materially adversely affected. Actions by the financial service industry generally or by institutions or individuals in the industry can adversely affect our reputation indirectly by association. The proliferation of social media may increase the likelihood that negative public opinion from any of the real or perceived events in the financial services industry could impact our reputation and business. Negative public opinion could adversely affect the Company’ s ability to attract and retain clients and teammates and can result in litigation and regulatory actions. All of these could adversely affect our growth, results of operation, and financial conditions. **42****As the Company grows, the heightened expectations of regulatory agencies may expose us to additional regulatory risk.** ~~As a result the Company grows above \$ 50 billion in assets , it must the~~ **Company will be expected to** bolster its risk management and governance framework to support a larger company ~~consistent with the OCC’ s heightened standards for larger institutions~~. These ~~standards~~ **expectations** include established minimum standards for the design and implementation of the risk management framework and increased oversight and credible challenge by the ~~Board~~ **board** of ~~Directors~~ **directors** over the Company’ s risk profile and risk management practices. **Our** ~~While we have been working to meet these heightened standards over the past two years, which will not apply until September 2026, our~~ existing enterprise risk framework and program may not be easily scalable to meet such heightened ~~standards~~ **expectations**, thereby requiring lengthy or costly modifications to meet such ~~standards~~ **expectations**. Further, the Company’ s existing workforce may not be sufficient or have the requisite skillset to design, operate and manage the bolstered framework, thereby requiring the Company to expend financial resources to hire and / or train the necessary staff. The Company’ s failure to meet such heightened ~~standards~~ **expectations** may expose it to regulatory enforcement actions and civil penalties which could have an adverse material impact on the Company’ s business, financial condition, operations and reputation and could jeopardize the Company’ s ability to **pursue acquisition opportunities.** ~~We~~ **44**~~We~~ **41**~~Risks relating to the Regulatory Environment~~ ~~We~~ are subject to extensive regulation that could limit or restrict our activities. We operate in a highly regulated industry and are subject to examination, supervision, and comprehensive regulation by various agencies, including the Federal Reserve, the OCC, CFPB, and the FDIC. These laws, regulations, and rules are imposed primarily to protect depositors, the FDIC Deposit Insurance Fund, consumers, and the banking system as a whole. We also are regulated by the SEC and the Financial Industry Regulatory Authority, or FINRA, whose regulations are designed to protect investors. Our compliance with these regulations is costly and potentially restricts certain of our activities, including payment of dividends, mergers and acquisitions, investments, loans and interest rates charged, interest rates paid and deposits and locations of our offices. We are also subject to capital guidelines established by our regulators, which require us to maintain sufficient capital to support our growth. Regulation of the financial services industry has increased significantly since the global financial crisis. The laws and regulations applicable to the banking industry could change at any time. The extent and timing of any regulatory reform as well as any effect on our business and financial results, are uncertain. Additionally, legislation or regulation may impose unexpected or unintended consequences, the impact of which is difficult to predict. Because government regulation greatly affects the business and financial results of all commercial banks and bank holding companies, our cost of compliance could adversely affect our ability to operate profitably. In addition, ~~we expect the Biden- Trump Administration~~ **administration** ~~has sought~~ **will seek** to implement a ~~more stringent~~ **reform** agenda that is ~~focused on fair lending issues~~ **significantly different than that of the Biden Administration** , ~~including bank fees, and climate change~~ **for example, potentially freezing new regulations or hiring for federal agencies** . ~~This~~ **The Trump Administration’ s** agenda also ~~has included~~ **includes** a heightened focus on **immigration reform and the use of sanctions and export controls to encourage U. S. economic growth.** ~~We cannot predict future changes in the applicable laws, regulation~~ **regulations** of loan portfolios and **regulatory agency policies, including any credit concentrations to borrowers impacted by climate change** ~~changes resulting from changes in the U. S. presidential administration or U. S. Congress~~ , ~~heightened scrutiny~~ **such as with respect to proposed regulations on capital** ~~Bank Secrecy Act and anti-long term debt~~ **money laundering requirements, or the interpretation or implementation of** topics related to social equity,

executive compensation, and increased capital and liquidity, as well as limits on share buybacks and dividends. In addition, mergers—merger policies and acquisitions have been dampened by increased antitrust and regulatory scrutiny. Nevertheless, The issuance of proposed rules and guidance in these areas—such changes may particularly around debit card fees and other consumer fees, if implemented as proposed, would have a material impact on our business, financial condition and results of operations. Regulatory responses in connection with severe market downturns or unforeseen stress events may alter or disrupt our planned future strategies and actions. Adverse developments affecting the overall strength and soundness of other financial institutions, the financial services industry as a whole and the general economic climate and the U. S. Treasury market could have a negative impact on perceptions about the strength and soundness of our business even if we are not subject to the same adverse developments. For example, during 2023, the FDIC took control and was appointed receiver of Silicon Valley Bank, Signature Bank, and First Republic Bank, respectively. The failure of other banks and financial institutions and the measures taken by governments and regulators in response to these events, including increased regulatory scrutiny and heightened supervisory expectations, could adversely impact our business, financial condition and results of operations. Recent regulatory proposals may increase capital and liquidity risks. If we face the risk of becoming subject to new or more stringent requirements in connection with the introduction of new regulations or modifications of existing regulations, which could require us to hold more capital or liquidity or have the other adverse effects on our businesses or profitability. For example, the banking regulators proposed changes to the capital rules issued by the banking regulators intended to bring the U. S. capital rules into conformance with the Basel Framework are adopted as proposed, which would require banking organizations with assets of \$ 100 billion or more may to face significantly increased capital requirements. While the proposed rule does not affect the Company directly because it applies only to banking organizations with \$ 100 billion or more in assets, it may adversely impact the Company due to general regulatory and investor expectations for the Company and the Bank to hold additional capital or as a result of larger banking organizations making changes in response to the increased capital requirements, which could have a material impact on the Company’s financial results and business mix. Please see Item I – Part 1 – “ Supervision and Regulation – Capital Requirements ” for further information regarding the capital rule proposal. 45We 42As the Company grows, the heightened..... ability to pursue acquisition opportunities. We are required to maintain capital to meet regulatory requirements, and if we fail to maintain sufficient capital, whether due to losses, an inability to raise additional capital or otherwise, our financial condition, liquidity and results of operations, as well as our ability to maintain regulatory compliance, would be adversely affected. The Company and the Bank each must meet regulatory capital requirements and maintain sufficient liquidity. Banking organizations experiencing growth, especially those making acquisitions, are expected to hold additional capital above regulatory minimums. From time to time, the regulators implement changes to these regulatory capital adequacy guidelines. In recent years, these market and regulatory expectations have increased substantially and have resulted in higher and more stringent capital requirements for us and the Bank. Actions (if necessary) to increase capital, may adversely affect us. Our ability to raise additional capital, when and if needed, will depend on conditions in the capital markets, economic conditions and a number of other factors, including investor perceptions regarding the banking industry and market condition, and governmental activities, many of which are outside our control, and on our financial condition and performance. Accordingly, we cannot assure you that we will be able to raise additional capital if needed or on terms acceptable to us. If we fail to meet these capital and other regulatory requirements, our financial condition, liquidity and results of operations would be materially and adversely affected. Our failure to remain “ well capitalized ” for bank regulatory purposes could affect customer confidence, our ability to grow, our costs of funds, and FDIC insurance costs, our ability to pay dividends on common stock and make distributions on our trust preferred securities, our ability to make acquisitions, and our business, results of operations and financial condition. Under FDIC rules, if our subsidiary bank ceases to be a “ well capitalized ” institution for bank regulatory purposes, the interest rates that it pays and its ability to accept brokered deposits may be restricted. At December 31, 2023-2024, we had approximately \$ 719-614. 7-5 million in wholesale brokered deposits, \$ 29-23. 1-6 million of in- market CDARs deposits, \$ 2. 1-5 billion of ICS deposits and approximately \$ 59-53. 5-4 million of deposits related to our prepaid card business, which are considered brokered deposits for regulatory purposes. We are subject to examination and scrutiny by a number of banking agencies and, depending upon the findings and determinations of these agencies, we may be required to make adjustments to our business that could adversely affect us. The banking agencies regularly conduct examinations of our business, including compliance with applicable laws and regulations. If, as a result of an examination, a banking agency were to determine that the financial condition, capital resources, asset quality, asset concentration, earning prospects, management, liquidity, sensitivity to market risk, consumer compliance, or other aspects of any of our operations has become unsatisfactory, or that we or our management is in violation of any law or regulation, it could take a number or different remedial actions as it deems appropriate. These actions include the power to enjoin “ unsafe or unsound ” practices, to require affirmative actions to correct any conditions resulting from any violation or practice, to issue an administrative order that can be judicially enforced, to direct an increase in our capital, to restrict our growth, to change the asset composition of our portfolio or balance sheet, to assess civil money penalties against our officers or directors, to remove officers and directors and, if it is concluded that such conditions cannot be corrected or there is an imminent risk of loss to depositors, to terminate our deposit insurance. If we become subject to such regulatory actions, our business, results of operations and reputation may be negatively impacted. 43The-- The Company and other large banking organizations are becoming subject to increased scrutiny, more intense supervision and regulation, and a higher risk of enforcement action, with increased fines and penalties, which we expect to continue. We expect that our businesses will remain subject to extensive regulation and supervision. The 46The Bank is subject to the Bank Secrecy Act and other anti- money laundering statutes and regulations, and any deemed deficiency by the Bank with respect to these laws could result in significant liability and have material impact on our business strategy. The BSA and its implementing regulations require financial institutions to, among other duties, implement and maintain an effective AML compliance program and file suspicious activity and currency transaction reports when appropriate. The Bank is also subject to increased scrutiny from

OFAC with respect to its compliance with the U. S. economic sanctions laws and regulations, which include, among other things, the prohibition against dealing with, and the need to block or freeze assets of, persons that are the subject of U. S. economic sanctions. Please see Item I – Part 1 – “ Supervision and Regulation- Anti- Money Laundering Rules ” and Item I – Part 1 – “ Supervision and Regulation- OFAC Regulation ” for further information regarding the Bank’ s obligations under the BSA and its implementing regulations and U. S. economic sanctions laws and regulations, respectively. If the Bank’ s policies, procedures, and systems are deemed deficient, or the policies, procedures and systems of the financial institutions that we have already acquired or may acquire in the future are deficient, the Bank could be subject to liability, including fines and regulatory actions, which may include restrictions on its ability to pay dividends and the necessity and ability to obtain regulatory approvals to proceed with certain aspects of its business plan, including acquisition plans. Failure to maintain and implement an effective AML compliance program could also have serious reputational consequences for the Bank. Any of these results could have a material adverse effect on the Bank’ s business, financial condition, results of operations, and future prospects. The Bank is subject to numerous laws designed to protect consumers, including the Community Reinvestment Act and fair lending laws, and failure to comply with these laws could lead to material penalties and other sanctions. The CRA, the Equal Credit Opportunity Act, the Fair Housing Act, and other fair lending laws and regulations impose nondiscriminatory lending requirements on financial institutions. The U. S. ~~DOJ Department of Justice~~ and other federal agencies are responsible for enforcing these laws and regulations. A successful regulatory challenge to an institution’ s performance under the CRA or fair lending laws and regulations could result in a wide variety of sanctions, including damages and civil money penalties, injunctive relief, restrictions on mergers and acquisitions activity, restrictions on expansion, and restrictions on entering new business lines. Private parties may also have the ability to challenge an institution’ s performance under fair lending laws in private class action litigation. Such actions could have a material adverse effect on the Bank’ s business, financial condition, results of operations, and future prospects. Higher FDIC deposit insurance premiums and assessments could adversely affect our financial condition. The FDIC insures deposits at FDIC- insured depository institutions, such as our subsidiary Bank, up to applicable limits. The amount of a particular institution’ s deposit insurance assessment is based on that institution’ s risk classification under an FDIC risk- based assessment system. The assessment base on which the Bank’ s deposit insurance premiums is paid to the FDIC has been calculated based on its average consolidated total assets less its average equity. However, effective January 1, 2019, which was following the fourth consecutive quarter where the Bank’ s total consolidated assets exceeded \$ 10 billion, the FDIC started to use a performance score and loss- severity score to calculate the Bank’ s initial FDIC assessment rate. An institution’ s risk classification is assigned based on its capital levels and the level of supervisory concern the institution poses to its regulators. While our risk management processes are designed to reduce risk by maintaining capital levels and mitigating any supervisory concerns, we may be unable to control the amount of premiums that we are required to pay for FDIC insurance in the event of a new economic downturn and an increase in financial institution failures. For example, we incurred a special assessment of ~~approximately \$ 26-30~~ million by the FDIC to help recoup losses to the Deposit Insurance Fund resulting from ~~the bank failures in~~ 2023. Any future increases in assessments or required prepayments in FDIC insurance premiums may materially adversely affect results of operations, including by reducing our profitability or limiting our ability to pursue business opportunities. ~~44The 47The~~ Federal Reserve may require us to commit capital resources to support the Bank. Applicable law and the Federal Reserve require a bank holding company to act as a source of financial and managerial strength to a subsidiary bank and to commit resources to support such subsidiary bank. Under the “ source of strength ” doctrine, the Federal Reserve may require a bank holding company to make capital injections into a troubled subsidiary bank and may charge the bank holding company with engaging in unsafe and unsound practices for failure to commit resources to such a subsidiary bank. Under these requirements, in the future, we could be required to provide financial assistance to our Bank if it experiences financial distress. A capital injection may be required at times when we do not have the resources to provide it, and therefore we may be required to borrow the funds. In the event of a bank holding company’ s bankruptcy, the bankruptcy trustee will assume any commitment by the holding company to a federal bank regulatory agency to maintain the capital of a subsidiary bank. Moreover, bankruptcy law provides that claims based on any such commitment will be entitled to a priority of payment over the claims of the holding company’ s general unsecured creditors, including the holders of its note obligations. Thus, any borrowing that must be done by any holding company in order to make the required capital injection into a bank is difficult and expensive and will adversely impact the holding company’ s cash flows, financial condition, results of operations and prospects. We could be subject to changes in tax laws, regulations and interpretations or challenges to our income tax provision. We compute our income tax provision based on enacted tax rates in the jurisdictions in which we operate. Any change in enacted tax laws, rules or regulatory or judicial interpretations, or any change in the pronouncements relating to accounting for income taxes could adversely affect our effective tax rate, tax payments and results of operations. The taxing authorities in the jurisdictions in which we operate may challenge our tax positions, which could increase our effective tax rate and harm our financial position and results of operations. We are subject to audit and review by U. S. federal and state tax authorities. Any adverse outcome of such a review or audit could have a negative effect on our financial position and results of operations. In addition, changes in enacted tax laws, such as adoption of a lower income tax rate in any of the jurisdictions in which we operate, could impact our ability to obtain the future tax benefits represented by our deferred tax assets. In addition, the determination of our provision for income taxes and other liabilities requires significant judgment by management. Although we believe that our estimates are reasonable, the ultimate tax outcome may differ from the amounts recorded in our financial statements and could have a material adverse effect on our financial results in the period or periods for which such determination is made. We are subject to complex and evolving laws, regulations, rules, standards and contractual obligations regarding data privacy and cybersecurity, which could increase the cost of doing business, compliance risks and potential liability. We are subject to complex and evolving laws, regulations, rules, standards and contractual obligations relating to the data privacy and cybersecurity of the personal information of customers, employees or others, and any failure to comply with these laws, regulations, rules, standards and

contractual obligations could expose us to liability and reputational damage. As new data privacy and cybersecurity-related laws, regulations, rules and standards are implemented, the time and resources needed for us to comply with such laws, regulations, rules and standards as well as our potential liability for non-compliance and reporting obligations in the case of cyber-attacks, information security breaches, or other similar incidents, may significantly increase. Compliance with these laws, regulations, rules and standards may require us to change our policies, procedures and technology for information security and segregation of data, which could, among other things, make us more vulnerable to operational failures and to monetary penalties for breach of such laws, regulations, rules and standards. ~~45For 48For~~ example, we are subject to federal ~~law-laws,~~ **rules, regulations and standards**, including the Gramm-Leach-Bliley Act (the “GLBA”), which ~~requires~~ **require** financial institutions to, among other things, periodically disclose their privacy policies and practices relating to sharing ~~such~~ **personal** information and ~~enables~~ **enable** retail customers to opt out of our ability to share ~~such personal~~ information with unaffiliated third parties under certain circumstances. **Such laws and regulations also require financial institutions to implement a comprehensive cybersecurity program that includes administrative, technical and physical safeguards to ensure the security and confidentiality of customer records and information. An amendment to Regulation S-P, an implementing regulation promulgated under the GLBA, was adopted by the SEC on May 16, 2024 and requires broker-dealers and registered investment advisers to, among other things, adopt and implement an incident response program as part of their formal cybersecurity policies and procedures and report data breaches to affected individuals whose sensitive customer information was, or is reasonably likely to have been, accessed or used without authorization within 30 days of becoming aware of such breach. The Bank is also subject to rules and regulations issued by the Federal Trade Commission, which regulates unfair or deceptive acts or practices, including with respect to data privacy and cybersecurity. Additionally, like other lenders, the Bank uses credit bureau data in its underwriting activities. Use of such data is regulated under the Fair Credit Reporting Act, which also regulates reporting information to credit bureaus, prescreening individuals for credit offers, sharing of information between affiliates, and using affiliate data for marketing purposes. Similar state laws may impose additional requirements on us and our subsidiaries. The federal government also is considering, and may pass, additional data privacy and cybersecurity legislation, to which we may become subject if passed.** We also are subject to federal regulations that, among other things, require a banking organization to notify its primary federal regulators as soon as possible and within 36 hours after identifying a “computer-security incident” that **has materially disrupted or degraded, or** the banking organization believes in good faith is reasonably likely to materially disrupt or degrade its business or operations in a manner that would, among other things, jeopardize the viability of its operations, result in customers being unable to access their deposit and other accounts, result in a material loss of revenue, profit or franchise value, or pose a threat to the financial stability of the U. S. ~~The financial sector. Additionally, the~~ federal ~~government also banking regulators, as well as the SEC and related self-regulatory organizations, regularly issue~~ **guidance regarding cybersecurity that is intended considering, and may pass, data privacy and cybersecurity legislation, to enhance cyber risk management among financial institutions** which we may become subject if passed. The Bank is also subject to rules and regulations issued by the Federal Trade Commission, which regulates unfair or deceptive acts or practices, including with respect to data privacy and cybersecurity. Additionally, like other lenders, the Bank uses credit bureau data in its underwriting activities. Use of such data is regulated under the Fair Credit Reporting Act, which also regulates reporting information to credit bureaus, prescreening individuals for credit offers, sharing of information between affiliates, and using affiliate data for marketing purposes. Data privacy and cybersecurity are also areas of increasing state legislative focus. For example, the CCPA, among other things, gives California residents certain rights with respect to their personal information. Similar laws have been or may be adopted by other states where we do business or from which we collect personal information. In addition, laws in all 50 U. S. states generally require businesses to provide notice under certain circumstances to individuals whose personal information has been disclosed as a result of a data breach. Certain state laws and regulations may be more stringent, broader in scope, or offer greater individual rights, with respect to personal information than federal or other state laws and regulations, and such laws and regulations may differ from each other, which may complicate compliance efforts and increase compliance costs. Aspects of the CCPA and other federal and state laws and regulations relating to data privacy and cybersecurity, as well as their enforcement, remain unclear, and we may be required to modify our practices in an effort to comply with them. Further, while we strive to publish and prominently display privacy policies that are accurate, comprehensive, and compliant with applicable laws, regulations, rules and industry standards, we cannot ensure that our privacy policies and other statements regarding our practices will be sufficient to protect us from claims, proceedings, liability or adverse publicity relating to data privacy or cybersecurity. Although we endeavor to comply with our privacy policies, we may at times fail to do so or be alleged to have failed to do so. The publication of our privacy policies and other documentation that provide promises and assurances about data privacy and cybersecurity can subject us to potential federal or state action if they are found to be deceptive, unfair, or misrepresentative of our actual practices. Additional risks could arise in connection with any failure or perceived failure by us, our service providers or other third parties with which we do business to provide adequate disclosure or transparency to our customers about the personal information collected from them and its use, to receive, document or honor the privacy preferences expressed by our customers, to protect personal information from unauthorized disclosure, or to maintain proper training on privacy practices for all employees or third parties who have access to personal information in our possession or control. ~~Any 49Any~~ failure or perceived failure by us to comply with our privacy policies, or applicable data privacy and cybersecurity laws, regulations, rules, standards or contractual obligations, or any compromise of security that results in unauthorized access to, or unauthorized loss, destruction, use, modification, acquisition, disclosure, release or transfer of personal information, may result in requirements to modify or cease certain operations or practices, the expenditure of substantial costs, time and other resources, proceedings or actions against us, legal liability, governmental investigations, enforcement actions, claims, fines, judgments, awards, penalties, sanctions and costly litigation (including class actions). Any of

the foregoing could harm our reputation, distract our management and technical personnel, increase our costs of doing business, adversely affect the demand for our products and services, and ultimately result in the imposition of liability, any of which could have a material adverse effect on our business, financial condition and results of operations. For further discussion of the data privacy and cybersecurity laws, regulations, rules and standards we are, or may in the future become, subject to, see Part I – Item 1 – “ Supervision and Regulation – Data Privacy and Cybersecurity. ” ~~46Risks~~ **Risks** relating to our Common Stock State law and provisions in our articles of incorporation or bylaws could make it more difficult for another company to purchase us, even though such a purchase may increase shareholder value. In many cases, shareholders may receive a premium for their shares if we are purchased by another company. State law and our articles of incorporation and bylaws could make it difficult for anyone to purchase us without the approval of our ~~board Board~~ **Board of directors Directors**. Our articles of incorporation provide that a merger, exchange or consolidation of the Company with, or the sale, exchange or lease of all or substantially all of our assets to, any person or entity (referred to herein as a “ Fundamental Change ”), must be approved by the holders of at least 80 % of our outstanding voting stock if the ~~board Board~~ **Board of directors Directors** does not recommend a vote in favor of the Fundamental Change. The articles of incorporation further provide that a Fundamental Change involving a shareholder that owns or controls 20 % or more of our voting stock at the time of the proposed transaction (a “ Controlling Party ”) must be approved by the holders of at least (i) 80 % of our outstanding voting stock, and (ii) 67 % of our outstanding voting stock held by shareholders other than the Controlling Party, unless (a) the transaction has been recommended to the shareholders by a majority of the entire ~~board Board~~ **Board of directors Directors** or (b) the consideration per share to be received by our shareholders generally is not less than the highest price per share paid by the Controlling Party in the acquisition of its holdings of our common stock during the preceding three years. The approval by the holders of at least 80 % of our outstanding voting stock is required to amend or repeal these provisions contained in our articles of incorporation. Finally, in the event that any such Fundamental Change is not recommended by the ~~board Board~~ **Board of directors Directors**, the holders of at least 80 % of our outstanding voting stock must attend a meeting called to address such transaction, in person or by proxy, in order for a quorum for the conduct of business to exist. If the 80 % and 67 % vote requirements described above do not apply because the ~~board Board~~ **Board of directors Directors** recommends the transaction or the consideration is deemed fair, as applicable, then pursuant to the provisions of the South Carolina Business Corporation Act, the Fundamental Change generally must be approved by two thirds of the votes entitled to be cast with respect thereto. Consequently, a takeover attempt may prove difficult, and shareholders may not realize the highest possible price for their securities. **As part of its shareholder proposals to be considered at its 2025 Annual Shareholder Meeting, the Company is proposing to change its state of domicile from South Carolina to Florida and to follow Florida law with respect to approvals required for approval of a Fundamental Change. Florida law requires that shareholders holding a majority of the outstanding common stock of the Company approve a Fundamental Change, as opposed to South Carolina’s more onerous statute requiring shareholders of two- thirds of the outstanding common stock approve a Fundamental Change. While this change will make it easier for the Company to undertake a Fundamental Change, we can give no assurance the shareholders will approve the proposal or that the proposed reincorporation will take place. If the proposal is rejected, the Company may face challenges in executing mergers, acquisitions, or restructurings due to stricter approval requirements. If approved, differences in Florida law could impact shareholder rights, governance structures, and regulatory compliance. Additionally, the transition may involve legal, tax, or administrative costs, and the anticipated benefits may not materialize. Any delays or legal challenges could create uncertainty, impacting the Company’s strategic initiatives and stock performance** ~~Shares 50Shares~~ of our Common Stock are not insured deposits and may lose value. Shares of our common stock are not savings or deposit accounts and are not insured by the FDIC, or any other agency or private entity. Such shares are subject to investment risk, including the possible loss of some or all of the value of your investment. Future capital needs could result in dilution of shareholder investment. Our ~~board Board~~ **Board of directors Directors** may determine from time to time that there is a need to obtain additional capital through the issuance of additional shares of our common stock or other securities. These issuances would dilute the ownership interest of our shareholders and may dilute the per share book value of our common stock. New investors also may have rights, preferences and privileges senior to our shareholders which may adversely impact our shareholders. The trading volume in our common stock and the sale of substantial amounts of our common stock in the public market could depress the price of our common stock. We cannot predict the effect, if any, that future sales of our common stock in the market, or availability of shares of our common stock for sale in the market, will have on the market price of our common stock. Our stock price can fluctuate widely in response to a variety of factors. General market fluctuations, industry factors, and general economic and political conditions and events, such as terrorist attacks, economic slowdowns or recessions, interest rate changes, tax rate changes, credit loss trends, or currency fluctuations, also could cause our stock price to decrease regardless of operating results. We therefore can give no assurance that sales of substantial amounts of our common stock in the market, or the potential for large amounts of sales in the market, or any of the other factors discussed above, would not cause the price of our common stock to decline or impair our ability to raise capital through sales of our common stock. ~~47Our~~ **Our** ability to pay dividends is limited and we may be unable to pay future dividends. Our ability to pay dividends is limited by regulatory restrictions and the need to maintain sufficient consolidated capital. The ability of the Bank to pay dividends to us is limited by its obligations to maintain sufficient capital and by other general restrictions on its dividends that are applicable to national banks that are regulated by the OCC. For information on these regulatory restrictions on the right of the Bank to pay dividends to us and on the right of the Company to pay dividends to its shareholders, see Part I- Item 1 – “ Supervision and Regulation- Dividend Restrictions. ” If we do not satisfy these regulatory requirements, or if the Bank does not have sufficient earnings to make payments to us while maintaining adequate capital levels, we will be unable to pay dividends on our common stock. Holders of our junior subordinated debentures have rights that are senior to those of our common shareholders. We have helped support our continued growth through the issuance of, and the acquisition of, through prior mergers, trust preferred securities from special purpose trusts and accompanying junior

subordinated debentures. As of December 31, ~~2023~~ 2024, we had outstanding trust preferred securities and accompanying junior subordinated debentures totaling \$ 117.6 million, net of fair value adjustments. Payments of the principal and interest on these debt instruments are conditionally guaranteed by us. Further, the accompanying junior subordinated debentures we issued to the special purpose trusts are senior to our shares of common stock. As a result, we must make payments on the junior subordinated debentures before any dividends can be paid on our common stock and, in the event of our bankruptcy, dissolution or liquidation, the holders of the junior subordinated debentures must be satisfied before any distributions can be made on our common stock. We have the right to defer distributions on our junior subordinated debentures (and the related trust preferred securities) for up to five years, during which time no dividends may be paid on our common stock. ~~Our~~ 51 Our stock price may be volatile, which could result in losses to our investors and litigation against us. Our stock price has been volatile in the past and several factors could cause the price to fluctuate substantially in the future. These factors include but are not limited to: actual or anticipated variations in earnings; changes in analysts' recommendations or projections; our announcement of developments related to our businesses, operations and stock performance of other companies deemed to be peers; new technology used or services offered by traditional and non-traditional competitors; news reports of trends, concerns, irrational exuberance on the part of investors, and other issues related to the financial services industry. Our stock price may fluctuate significantly in the future, and these fluctuations may be unrelated to our performance. General market declines or market volatility in the future, especially in the financial institutions sector, could adversely affect the price of the Company's common stock, and the current market price may not be indicative of future market prices. Stock price volatility may make it more difficult for our investors to resell their common stock when they desire and at prices they find attractive. Moreover, in the past, securities class action lawsuits have been instituted against some companies following periods of volatility in the market price of its securities. We could in the future be the target of similar litigation. Securities litigation could result in substantial costs and divert management's attention and resources from our normal business. At December 31, ~~2023~~ 2024, our shareholders included three funds owning approximately 29 % of our common stock and they may exercise significant influence over us and their interests may be different from our other shareholders. Based on their 13G forms filed for the year end December 31, ~~2023~~ 2024, our shareholders include three funds that collectively own approximately 29 % of the outstanding shares of our common stock. The top ten institutional owners collectively own approximately 50 % of our outstanding shares of common stock, as reported by S & P Global. While the federal banking laws require prior bank regulatory approval if shareholders owning in excess of 9.9 % of a financial holding company's outstanding voting shares desire to act in concert, these institutional owners nonetheless could vote the same way on matters submitted to our shareholders without being deemed to be acting in concert and, if so, could exercise significant influence over us and actions taken by our shareholders. Interests of institutional funds may be different from our other shareholders. Accordingly, given their collective ownership, the funds could have significant influence over whether or not a proposal submitted to our shareholders receives required shareholder approval. ~~48Risks~~ Risks relating to Economic Conditions and other Outside Forces The political and economic environment could materially impact our business operations and financial performance, and uncertainty surrounding the potential legal, regulatory and policy changes by a possible new U. S. presidential administration may directly affect financial institutions and the global economy The political and economic environment in the United States and elsewhere has resulted in and will continue to result in some uncertainty. Changing regulatory policies because of the changing political environment, could impact our regulatory and compliance costs and expected revenues, all of which could materially and adversely affect our business, financial condition and operating results. Additionally, financial markets may be adversely affected by fiscal or monetary policies established by central banks and financial regulators, uncertainty concerning government shutdowns, debt ceilings or funding for the government, actual or perceived instability in the U. S. banking system, and the current or anticipated impact of geopolitical instability of conflict, including in the Middle East, Ukraine, and Taiwan, as well as terrorism and other geopolitical events. Further, ~~the a possible~~ change in the U. S. presidential administration and congressional seat turnover following the 2024 election cycle may result in increased regulatory uncertainty. Changes in federal policy by the executive branch and regulatory agencies may occur over time through the new presidential administration's and / or Congress's policy and personnel changes, which could lead to changes involving the level of oversight and focus on the financial services industry; however, the nature, timing and economic and political effects of such potential changes remain highly uncertain. At this time, it is unclear what laws, regulations and policies may change and whether future changes or uncertainty surrounding future changes will adversely affect our operating environment and therefore our business, financial condition and results of operations. ~~Changes~~ 52 Changes and instability in global economic conditions and geopolitical matters could have a material adverse effect on our business, financial condition and results of operations. Our business, financial condition and results of operations have been in the past and may, in the future, be materially affected by global economic conditions and geopolitical matters, including, both directly and indirectly, through the impact on client activity levels. The macroeconomic environment in the United States is susceptible to global events and volatility in the financial markets. Global economic and political developments, such as the ~~conflicts in~~ Ukraine ~~conflict, the~~ ~~Hamas attack on Israel~~ and related events in the Middle East, increased global trade and other multinational tensions, ~~including~~ **possible tariffs or other trade disruptions;** and other global events, have adverse consequences that impact the macroeconomic environment, and these impacts may persist for some time, including disruptions of global supply chains, cross-border migration trends, labor gluts or shortages, increased energy prices, inflationary pressures and higher interest rates. Changes in the global economic and geopolitical environment have resulted in significant adverse effects for many different types of businesses nationwide and in the regions in which we operate, which could adversely impact economic and market conditions for the Company and its clients and counterparties. The impacts of the Federal Reserve's interest rate increases have dampened loan demand, and global events and geopolitical tensions could cause economic disruption which may result in further declines in demand for our banking products and services, and could negatively impact, among other things, our liquidity, regulatory capital, goodwill and our growth strategy. Developments related to the U. S. federal debt ceiling, including

the possibility of a government shutdown, default by the U. S. government on its debt obligations, or related credit- rating downgrades, could have adverse effects on the broader economy, disrupt access to capital markets, and contribute to, or worsen, an economic recession. In addition, our net interest margin has been flat to decreasing in 2023-2024 in response to competitive pressure to increase interest rates on deposits in order to retain our funding base faster than increasing the interest rate on our loans, thereby increasing our costs and reducing our revenues. In addition, increases in our loan pricing impacts our borrowers' ability to repay existing loans or refinance loans as they become due, which could influence the recognition of credit losses on loans and securities and increase the allowance for credit losses, result in additional lost revenue, cause additional increases in expenses, result in goodwill impairment charges, result in the impairment of other financial and nonfinancial assets, and increase the Company' s cost of capital. Any one or more of these developments could have a material adverse effect on our business, financial condition and results of operations. ~~A-49A~~ slowdown in economic growth or a resumption of recessionary economic conditions could have an adverse effect on our business in the future. The economy is subject to worldwide events, such as the COVID- 19 pandemic and geopolitical tensions in the Middle East and Europe, as well as domestic events, any or all of which could impact inflationary pressures and interest rates to dampen demand, and these and other political and market developments are affecting and could continue to affect consumer confidence levels and cause adverse changes in loan payment patterns, causing increases in delinquencies and default rates, which may impact our charge- offs and the provision for credit losses. Changes in the financial services industry and the effects of current and future law and regulations that may be imposed in response to future market developments also could negatively affect us by restricting our business operations, including our ability to originate or sell loans, and adversely impact our financial performance. The soundness of other financial institutions could adversely affect us. Our ability to engage in routine funding and other transactions could be adversely affected by the actions and commercial soundness of other financial institutions. Financial services institutions are interrelated as a result of trading, clearing, counterparty or other relationships. Defaults by, or even rumors or questions about, one or more financial services institutions, or the financial services industry generally, have led to market- wide liquidity problems and losses of depositor, creditor and counterparty confidence and could lead to losses or defaults by us or by other institutions. We could experience increases in deposits and assets as a result of other banks' difficulties or failure, which would increase the capital we need to support our growth. ~~We-53~~ We may be impacted by actual or perceived soundness of other financial institutions, including as a result of the financial or operational failure of a major financial institution, or concerns about the creditworthiness of such a financial institution or its ability to fulfill its obligations, which can cause substantial and cascading disruption within the financial markets and increased expenses, including FDIC insurance premiums, and could affect our ability to attract and retain depositors and to borrow or raise capital. For example, during 2023 the FDIC took control and was appointed receiver of Silicon Valley Bank, Signature Bank, and First Republic Bank. In addition, adverse developments with respect to third parties with whom we have important relationships could also negatively impact perceptions about us. These perceptions about us could cause our business to be negatively affected and exacerbate the other risks that we face. The failure of other banks and financial institutions and the measures taken by governments, businesses and other organizations in response to these events could adversely impact the Company' s business, financial condition and results of operations. Our business is subject to the success of the local economies where we operate. Our success significantly depends upon the growth in population, income levels, deposits and housing starts in our primary and secondary markets. If the communities in which we operate do not grow or if prevailing economic conditions locally or nationally become challenging, our business may be adversely affected. We are less able than a larger institution to spread the risks of unfavorable local economic conditions across a large number of diversified economies. We cannot give any assurance we will continue to benefit from market growth or favorable economic conditions in our primary market areas if they do occur. ~~Natural disasters, 50Adverse adverse~~ weather or manmade events could negatively affect our local economies or disrupt our operations, which would have an adverse effect on our business or results of operations. Our ~~current~~ market areas ~~are~~ in Florida, South Carolina, North Carolina, Georgia, Virginia, ~~and~~ Alabama, ~~and following the IBTX Merger, Texas and Colorado. These regions~~ are susceptible to hurricanes, tropical storms, ~~severe thunderstorms and hail,~~ and related flooding and wind damage as well as ~~blizzards, snowstorms,~~ tornados and other types of strong storms. While ~~three only one storm storms~~ in 2023-2024 impacted a branch in our market area with little disruption in business, these ~~type types~~ of weather events storms may do so in the future and may increase in frequency or intensity because of changes in weather patterns and other factors including climate change. ~~In addition~~ Such weather events and manmade events can disrupt operations, result in damage to properties and negatively affect the local economies in the markets where they operate. We cannot predict whether or to what extent damage that may ~~many~~ be caused by future natural disasters or..... damage, or manmade events. Many of our customers have incurred ~~, or may in the future incur,~~ significantly higher property and casualty insurance premiums on their properties located in our markets, which may adversely affect real estate sales and values in those markets. ~~We cannot predict whether or to what extent damage that may~~ be caused by future natural disasters, ~~adverse weather events~~ or manmade events will affect our operations or the economies in our current or future market areas. Such events could result in a decline in loan originations, a decline in the value or destruction of properties securing our loans, as well as our own properties, and an increase in delinquencies, bankruptcies, foreclosures or loan losses that could result in a higher level of non- performing assets, net charge- offs, and provision for loan losses. Our business or results of operations may be adversely affected by these and other negative effects of future ~~hurricanes natural disasters, adverse tropical storms, tornados or other extreme~~ weather events, including flooding and wind damage, or manmade ~~events.~~ Many We are subject to physical and financial risks associated with climate change and other weather and natural disaster impacts. ~~The~~ There continues to be concern over the current and anticipated effects of climate change. ~~These~~ are creating an increasing level of concern ~~concerns~~ for over the anticipated state of the global environment. As a result, political and ~~unanticipated impacts~~ social attention to the issue of climate change has increased (including physical risk and transition risk) have led to, and will continue to lead to, governmental efforts to mitigate those impacts. In recent years, governments across the world have

entered into international agreements to attempt to reduce global temperatures, in part by limiting greenhouse gas emissions. Although the U. S. ~~rejoined~~ **is taking steps to withdraw from** the Paris Agreement, ~~effective as of February 19, 2021, and the U. S. Congress,~~ state legislatures and federal and state regulatory agencies have continued to propose and advance numerous legislative and regulatory initiatives seeking to mitigate the effects of climate change, each of which may result in the imposition of taxes and fees, the required purchase of emission credits, and the implementation of significant operational changes, which may require us to expend significant capital and incur compliance, operating, maintenance and remediation costs. **Given In addition,** the **methodologies and lack of empirical data on the credit used to manage and monitor other financial risks posed by climate change risk continue to evolve. Climate-related data, particularly greenhouse gas emissions for clients and counterparties, remains limited in availability and varies in quality. As a result**, it is ~~impossible~~ **difficult** to predict how climate change may impact our financial condition and operations; however, as a banking organization, the physical effects of climate change on the Bank may present certain unique risks. ~~The~~ **54** ~~The~~ physical risks of climate change include ~~discrete events, such as flooding, hurricanes, tornadoes, and wildfires, and longer-term shifts in climate patterns, such as extreme heat, sea level rise, and more frequent and prolonged drought.~~ **Weather events such as flooding, hurricanes and wildfires may increase from longer term climate change.** Physical risks may alter the Company's strategic direction ~~in order~~ to mitigate certain financial risks. A significant portion of our operations is located in the areas bordering the Gulf of Mexico and the Atlantic Ocean, regions that are susceptible to hurricanes, or in areas of the ~~Southeastern~~ **Southern** U. S. that are susceptible to tornadoes and other severe weather events including severe droughts, floods, and sea level rise. Any of these, or any other severe weather event, could cause disruption to our operations and could have a material adverse effect on our overall business, results of operations or financial condition. We have taken certain preemptive measures that we believe will mitigate these adverse effects; however, such measures cannot prevent **or mitigate** the disruption that a catastrophic earthquake, fire, hurricane, tornado or other severe weather event could cause to the markets that we serve and any resulting adverse impact on our customers, such as hindering our borrowers' ability to timely repay their loans, diminishing the value of any collateral held by us, interrupting supply chains, causing significant property damage, causing us to incur additional expense or resulting in a loss of revenue, and affecting the stability of our deposit base. The severity and impact of future earthquakes, fires, hurricanes, tornadoes, droughts, sea level rise, floods, **hail and snowstorms,** and other weather-related events are difficult to predict and may be exacerbated by global climate change. ~~Man-made disasters and other events connected with the Gulf of Mexico or Atlantic Ocean, such as oil spills, could have similar effects.~~ Such events may also cause reductions in regional and local economic activity that may have an adverse effect on our customers, which could limit our ability to raise and invest capital in these areas and communities, each of which could have a material adverse effect on our financial condition and results of operations. ~~51~~ ~~Climate~~ **Climate** change may worsen the frequency and severity of ~~future earthquakes, weather events~~ **natural disasters such as** fires, hurricanes, tornadoes, droughts, sea level rise, floods, **hail and snowstorms** and other extreme weather-related events that could cause disruption to our business and operations. Chronic results of climate change such as shifting weather patterns could also cause disruption to our business and operations. Climate change may also result in new and / or more stringent regulatory requirements for the Company, which could materially affect the Company's results of operations by requiring the Company to take costly measures to comply with any new laws or regulations related to climate change that may be forthcoming. **New Transition risks of climate change include policy, legal, technology and market changes. Examples of these transition risks include new** regulations, ~~shift~~ **shifts** in customer behaviors, supply chain ~~collapse~~ **disruptions** or ~~breakthrough~~ **breakthroughs in** technologies that accelerate the transition to a lower carbon economy. **Any of these risks** may negatively affect certain sectors and borrowers in our loan portfolio, impacting their ability to timely repay their loans or decreasing the value of any collateral held by us. Transition risk resulting from our customers retooling their businesses to transition from reliance on fossil fuels to cleaner energy also may impact the Bank. While loan demand to facilitate that transition may increase, some businesses may not have the financial capacity to make those changes, impacting their ability to timely repay their loans or decreasing the value of any collateral held by us, which may adversely impact our results of operations. ~~The~~ ~~In addition,~~ the Company faces potential reputational risks as a result of its practices related to climate change, including as a result of the Company's direct or indirect involvement in certain industries, as well as any decisions management makes in response to managing climate risk, especially as views on climate-related matters become subject to increased polarization. Further, there is increased scrutiny of climate change-related policies, goals, and disclosures, which could result in litigation and regulatory investigations and actions. We may incur additional costs and require additional resources as we evolve our strategy, practices and related disclosures with respect to these matters. **In addition** and ~~3~~ ~~emissions,~~ **as well as transition risk,** which ~~proposal is still pending.~~ California has passed **climate** a similar disclosure ~~law~~ **laws that are** applicable to companies (such as the Company) that have more than \$ 1 billion in annual revenues and operations in California. While the Company has established ~~an ESG~~ **a corporate stewardship** program and a climate risk steering committee and is in the process of determining its Scope 1 and 2 emissions **to comply with these laws,** these ~~rules~~ **laws** will require material investment by the Company to fully implement. ~~Any negative publicity~~ **Legislative or regulatory change** regarding ~~ESG~~ **sustainability, stewardship and governance** or ~~shifts in investing priorities~~ **climate-related risks** or ~~in required disclosures~~ **may, including inconsistent requirements and uncertainties, could** result in ~~loss~~ **adverse effects on the trading price of** ~~revenue~~ ~~our~~ ~~or~~ ~~common~~ ~~stock~~ **increased credit, compliance, reputational and other risks** / or our business, operations and earnings ~~if costs.~~ Market volatility could adversely affect our operations or ability to access capital. The capital and credit markets have experienced volatility and disruption from time to time during the past several years. In some cases, the markets have produced downward pressure on stock prices and credit availability for certain issuers without regard to those issuers' underlying financial condition or performance. If these periodic market disruptions and volatility continue or worsen, we may experience adverse effects, which may be material, on our ability to maintain or access capital and on our business, financial condition and results of operations. **55** ~~Competition from financial institutions and other financial service providers may~~

adversely affect our profitability. The banking business is highly competitive and we experience competition in our markets from many other financial institutions. We compete with commercial banks, credit unions, mortgage banking firms, consumer finance companies, securities brokerage firms, insurance companies, money market funds, and other mutual funds, as well as other super-regional, national and international financial institutions and fintech or e-commerce companies that operate in our primary market areas and elsewhere. Some of these competitors may have a long history of successful operation in our markets, greater ties to local businesses and more expansive banking relationships, as well as better established depositor bases. Competitors with greater resources or more advanced technology may possess an advantage by being capable of maintaining numerous and more convenient banking locations, easy to use and available mobile and computer apps or Internet platforms, operating more ATMs and conducting extensive promotional and advertising campaigns. We compete with these institutions both in attracting deposits and in making loans. In addition, we have to attract our customer base from other existing financial institutions and from new residents. Many of our competitors are well-established, larger financial institutions and credit unions. While we believe we can and do successfully compete with these other financial institutions in our primary markets, we may face a competitive disadvantage as a result of our smaller size, lack of geographic diversification, sophisticated online or mobile applications, and inability to spread our marketing costs across a broader market. Although we compete by concentrating our marketing efforts in our primary markets with local advertisements, personal contacts, and greater flexibility and responsiveness in working with local customers, we can give no assurance this strategy will be successful. -52