FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, DC 20429

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2022

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ________________ to ________________

FDIC Certificate No. 11813

CADENCE BANK

(Exact name of registrant as specified in its charter)

Mississippi **(State or other jurisdiction of incorporation or organization)**	**64-0117230** **(I.R.S. Employer Identification No.)**
One Mississippi Plaza, 201 South Spring Street **Tupelo, Mississippi** **(Address of principal executive offices)**	**38804** **(Zip Code)**

Registrant's telephone number, including area code: (662) 680-2000

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $2.50 par value per share	CADE	New York Stock Exchange
5.50% Series A Non-Cumulative Perpetual Preferred Stock, par value $0.01 per share	CADE PR A	New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☒	Accelerated Filer	☐
Non-Accelerated Filer	☐	Smaller Reporting Company	☐
		Emerging Growth Company	☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 6, 2022, the registrant had outstanding 183,515,090 shares of common stock, par value $2.50 per share, and 6,900,000 shares of its 5.50% Series A Non-Cumulative Perpetual Preferred Stock, par value $0.01 per share.

CADENCE BANK

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CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain statements made in this quarterly report on Form 10-Q (this "Report") are not statements of historical fact and constitute "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and are subject to the safe harbor created thereby under the Private Securities Litigation Reform Act of 1995. These statements are often, but not always, made through the use of words or phrases such as "anticipate," "aspire," "assume," "believe," "budget," "contemplate," "continue," "could," "estimate," "expect," "forecast," "foresee," "goal," "hope," "indicate," "intend," "may," "might," "outlook," "plan," "project," "projection," "predict," "prospect," "potential," "roadmap," "seek," "should," "target," "will," and "would," or the negative versions of those words or other comparable words of a future or forward-looking nature. These forward-looking statements may include, without limitation, discussions regarding general economic, interest rate, real estate market, competitive, employment, and credit market conditions, including the economic impact of COVID-19 and related variants on our business; our assets; business; cash flows; financial condition; liquidity; prospects; results of operations; deposit growth interest and fee-based revenue; capital resources; capital metrics; efficiency ratio; valuation of mortgage servicing rights; mortgage production volume; net income; net interest revenue; non-interest revenue; net interest margin; interest expense; non-interest expense; earnings per share; interest rate sensitivity; interest rate risk; balance sheet and liquidity management; off-balance sheet arrangements; fair value determinations; asset quality; credit quality; credit losses; provision and allowance for credit losses, impairments, charge-offs, recoveries and changes in volume; investment securities portfolio yields and values; ability to manage the impact of pandemics and natural disasters; adoption and use of critical accounting policies; adoption and implementation of new accounting standards and their effect on our financial results and our financial reporting; utilization of non-GAAP financial metrics; declaration and payment of dividends; ability to pay dividends or coupons on our 5.5% Series A Non-Cumulative Perpetual Preferred Stock, par value $0.01 per share, or the 4.125% Fixed-to-Floating Rate Subordinated Notes due November 20, 2029; mortgage and insurance business and commission revenue growth; implementation and execution of cost savings initiatives; ability to successfully litigate; resolve or otherwise dispense with threatened, ongoing and future litigation and administrative and investigatory matters; ability to successfully complete pending or future acquisitions; dispositions and other strategic growth opportunities and initiatives; ability to successfully obtain regulatory approval for acquisitions and other growth initiatives; ability to successfully integrate and manage acquisitions; opportunities and efforts to grow market share; reputation; ability to compete with other financial institutions; ability to recruit and retain key employees and personnel; access to capital markets; investment in other financial institutions; and ability to operate our regulatory compliance programs in accordance with applicable law.

Forward-looking statements are based upon management's expectations as well as certain assumptions and estimates made by, and information available to, management at the time such statements were made. Forward-looking statements are not historical facts, are not guarantees of future results or performance and are subject to certain known and unknown risks, uncertainties and other factors that are beyond our control and that may cause actual results to differ materially from those expressed in, or implied by, such forward-looking statements. These risks, uncertainties and other factors include, without limitation, potential delays or other problems in implementing and executing our growth, expansion and acquisition strategies, including delays in obtaining regulatory or other necessary approvals or the failure to realize any anticipated benefits or synergies from any acquisitions or growth strategies; the risks of changes in interest rates and their effects on the level and composition of deposits, loan demand and the values of loan collateral, securities and interest sensitive assets and liabilities; the impact of inflation, the failure of assumptions underlying the establishment of reserves for possible credit losses, fair value for loans and other real estate owned; changes in real estate values; the availability of and access to capital; possible downgrades in our credit ratings or outlook which could increase the costs or availability of funding from capital markets; the ability to attract new or retain existing deposits or to retain or grow loans; the ability to grow additional interest and fee income or to control noninterest expense; the potential impact of the phase-out of the London Interbank Offered Rate ("LIBOR") or other changes involving LIBOR; competitive factors and pricing pressures, including their effect on our net interest margin; general economic, unemployment, credit market and real estate market conditions, and the effect of such conditions on the creditworthiness of borrowers, collateral values, the value of investment securities and asset recovery values; changes in legal, financial and/or regulatory requirements; recently enacted and potential legislation and regulatory actions and the costs and expenses to comply with new and/or existing legislation and regulatory actions, including those actions in response to the COVID-19 pandemic such as the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (the "Economic Aid Act") and any related rules and regulations; changes in U.S. Government monetary and fiscal policy, including any changes that may result from U.S. elections; Federal Deposit Insurance Corporation ("FDIC") special assessments or changes to regular assessments; possible adverse rulings, judgments, settlements and other outcomes of pending or future litigation or government actions (including litigation or actions arising from our participation in and administration of programs related to the COVID-19 pandemic (including, among other things, the PPP loan programs authorized by the CARES Act and the Economic Aid Act); the ability to keep pace with technological changes, including changes regarding maintaining cybersecurity; the impact of failure in, or breach of, our operational or security systems or infrastructure, or those of third parties with whom we do business, including as a result of cyber-attacks or an increase in the incidence or severity of fraud, illegal payments, security breaches or other illegal acts impacting us or our customers; natural disasters or acts of war or terrorism; the adverse effects of the ongoing global COVID-19 pandemic, including the magnitude and duration of the pandemic, and the impact of actions taken to contain or treat

COVID-19 on us, our employees, our customers, the global economy and the financial markets; international or political instability (including the impacts related to or resulting from Russia's military action in Ukraine, including the imposition of additional sanctions and export controls, as well as the broader impacts to financial markets and the global macroeconomic and geopolitical environments); impairment of our goodwill or other intangible assets; adoption of new accounting standards or changes in existing standards; and other factors described in "Part I, Item 1A. Risk Factors" in this Report or as detailed from time to time in the Company's press and news releases, reports and other filings we file with the FDIC.

Although the Company believes that the expectations reflected in these forward-looking statements are reasonable as of the date of this Report, if one or more events related to these or other risks or uncertainties materialize, or if the Company's underlying assumptions prove to be incorrect, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements. Accordingly, undue reliance should not be placed on any forward-looking statements. The forward-looking statements speak only as of the date of this Report, and the Company does not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by applicable law. New risks and uncertainties may emerge from time to time, and it is not possible for the Company to predict their occurrence or how they will affect the Company. All written or oral forward-looking statements attributable to us are expressly qualified in their entirety by this section.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

Consolidated Balance Sheets
Cadence Bank and Subsidiaries

(In thousands, except share and per share amounts)	March 31, 2022	December 31, 2021
	(Unaudited)	
ASSETS		
Cash and due from banks	$ 781,310	$ 656,132
Interest bearing deposits with other banks and Federal funds sold	880,742	638,547
Total cash and cash equivalents	1,662,052	1,294,679
Available-for-sale securities, at fair value	14,371,606	15,606,470
Loans and leases, net of unearned income	27,189,666	26,882,988
Allowance for credit losses	438,738	446,415
Net loans and leases	26,750,928	26,436,573
Loans held for sale, at fair value	302,211	340,175
Premises and equipment, net	781,209	786,426
Goodwill	1,409,038	1,407,948
Other intangible assets, net	191,642	198,271
Bank-owned life insurance	599,346	597,953
Other assets	1,136,029	1,001,256
TOTAL ASSETS	$ 47,204,061	$ 47,669,751
LIABILITIES		
Noninterest bearing demand deposits	$ 14,458,563	$ 13,634,505
Interest bearing demand deposits	18,854,543	18,727,588
Savings	3,713,629	3,556,079
Time deposits	3,541,320	3,899,501
Total deposits	40,568,055	39,817,673
Securities sold under agreement to repurchase	703,560	687,188
Federal funds purchased	—	595,000
Subordinated debt	463,181	478,669
Long-term debt	2,514	3,742
Other liabilities	822,994	839,492
TOTAL LIABILITIES	42,560,304	42,421,764
SHAREHOLDERS' EQUITY		
Preferred stock, \$0.01 par value per share; authorized and issued - 6,900,000 shares for both periods presented	166,993	166,993
Common stock, \$2.50 par value per share; authorized - 500,000,000 shares; issued and outstanding - 183,488,844 and 188,337,658 shares, respectively	458,722	470,844
Capital surplus	2,701,371	2,841,998
Accumulated other comprehensive loss	(664,000)	(139,369)
Retained earnings	1,980,671	1,907,521
TOTAL SHAREHOLDERS' EQUITY	4,643,757	5,247,987
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 47,204,061	$ 47,669,751

See accompanying notes to unaudited consolidated financial statements.

Consolidated Statements of Income
Cadence Bank and Subsidiaries
(Unaudited)

	Three Months Ended March 31,	
(In thousands, except per share amounts)	2022	2021
INTEREST REVENUE:		
Loans and leases	$ 282,266	$ 169,195
Available-for-sale securities:		
Taxable	45,155	21,192
Tax-exempt	2,414	687
Loans held for sale	1,407	1,595
Other	688	114
Total interest revenue	331,930	192,783
INTEREST EXPENSE:		
Interest bearing demand deposits and money market accounts	9,742	8,796
Savings	568	700
Time deposits	4,764	6,966
Federal funds purchased and securities sold under agreement to repurchase	216	203
Long-term debt	54	45
Subordinated debt	4,764	3,269
Other	—	15
Total interest expense	20,108	19,994
Net interest revenue	311,822	172,789
Provision for credit losses	—	—
Net interest revenue, after provision for credit losses	311,822	172,789
NONINTEREST REVENUE:		
Mortgage banking	21,763	25,310
Credit card, debit card and merchant fees	11,321	9,053
Deposit service charges	19,898	9,586
Security (losses) gains, net	(1,097)	82
Insurance commissions	35,727	30,667
Wealth management	21,737	8,465
Other	19,086	4,773
Total noninterest revenue	128,435	87,936
NONINTEREST EXPENSE:		
Salaries and employee benefits	187,819	101,060
Occupancy and equipment	28,270	17,378
Data processing and software	27,483	15,537
Merger expense	3,974	1,649
Deposit insurance assessments	3,336	1,455
Other	40,785	18,744
Total noninterest expense	291,667	155,823
Income before income taxes	148,590	104,902
Income tax expense	33,643	23,347
Net income	$ 114,947	$ 81,555
Less: Preferred dividends	2,372	2,372
Net income available to common shareholders	$ 112,575	$ 79,183
Basic earnings per common share	$ 0.60	$ 0.77
Diluted earnings per common share	$ 0.60	$ 0.77

See accompanying notes to unaudited consolidated financial statements.

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

	Three Months Ended March 31,	
(In thousands)	2022	2021
Net income	$ 114,947	$ 81,555
Other comprehensive loss, net of tax:		
Unrealized losses on available-for-sale securities	(525,551)	(56,227)
Pension and other postretirement benefits	920	845
Other comprehensive loss, net of tax	(524,631)	(55,382)
Comprehensive (loss) income	$ (409,684)	$ 26,173

See accompanying notes to unaudited consolidated financial statements.

Consolidated Statements of Shareholders' Equity
Cadence Bank and Subsidiaries
Three Months Ended March 31, 2022 and 2021
(Unaudited)

(In thousands, except share and per share amounts)	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Capital Surplus	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Shareholders' Equity
Balance at December 31, 2020	6,900,000	$ 166,993	102,561,480	$ 256,404	$ 565,187	$ 11,923	$ 1,821,970	$ 2,822,477
Net income	—	—	—	—	—	—	81,555	81,555
Other comprehensive loss	—	—	—	—	—	(55,382)	—	(55,382)
Recognition of stock compensation	—	—	126,665	316	45	—	—	361
Repurchase of stock	—	—	(63,327)	(158)	(1,751)	—	—	(1,909)
Preferred dividends declared, $0.34 per share	—	—	—	—	—	—	(2,372)	(2,372)
Cash dividends declared, $0.19 per share	—	—	—	—	—	—	(19,532)	(19,532)
Balance at March 31, 2021	6,900,000	$ 166,993	102,624,818	$ 256,562	$ 563,481	$ (43,459)	$ 1,881,621	$ 2,825,198

(In thousands, except share and per share amounts)	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Capital Surplus	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Shareholders' Equity
Balance at December 31, 2021	6,900,000	$ 166,993	188,337,658	$ 470,844	$ 2,841,998	$ (139,369)	$ 1,907,521	$ 5,247,987
Net income	—	—	—	—	—	—	114,947	114,947
Other comprehensive loss	—	—	—	—	—	(524,631)	—	(524,631)
Recognition of stock compensation	—	—	233,305	583	3,474	—	—	4,057
Repurchase of stock	—	—	(5,082,119)	(12,705)	(144,101)	—	—	(156,806)
Preferred dividends declared, $0.34 per share	—	—	—	—	—	—	(2,372)	(2,372)
Cash dividends declared, $0.22 per share	—	—	—	—	—	—	(39,425)	(39,425)
Balance at March 31, 2022	6,900,000	$ 166,993	183,488,844	$ 458,722	$ 2,701,371	$ (664,000)	$ 1,980,671	$ 4,643,757

See accompanying notes to unaudited consolidated financial statements.

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

(In thousands)	Three Months Ended March 31, 2022	2021
Operating Activities:		
Net income	$ 114,947	$ 81,555
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization	59,732	30,947
Share-based compensation expense	4,057	361
Gain on sale of loans, net	(15,510)	(19,214)
Proceeds from paydowns and sales of loans held for sale	641,634	690,336
Origination of loans held for sale	(603,460)	(789,791)
Decrease (increase) in interest receivable	2,025	(37)
Net increase in prepaid pension asset	(2,066)	(3,201)
Decrease in other assets	31,416	12,805
(Decrease) increase in other liabilities	(5,227)	1,128
Other, net	5,910	(868)
Net cash provided by operating activities	233,458	4,021
Investing Activities:		
Purchases of available-for-sale securities	(435,073)	(1,534,021)
Proceeds from sales of available-for-sale securities	328,120	—
Proceeds from maturities, calls, and paydowns of available-for-sale securities	638,388	424,079
Increase in loans, net	(336,422)	(29,301)
Purchases of premises and equipment	(21,421)	(10,192)
Proceeds from sales of premises and equipment	6,114	614
Proceeds from disposition of foreclosed property	998	2,006
Purchases of bank-owned life insurance, net of proceeds from death benefits	(2)	(664)
Other, net	(2,831)	—
Net cash provided (used) by investing activities	177,871	(1,147,479)
Financing Activities:		
Increase in deposits, net	750,382	1,326,745
Net change in short-term borrowings	(578,628)	22,770
Repayment of long-term FHLB advances	(1,221)	(98)
Repayment of long-term debt	(15,000)	—
Repurchase of common stock	(156,806)	(1,909)
Cash dividends paid on common stock	(40,311)	(19,504)
Cash dividends paid on preferred stock	(2,372)	(2,372)
Net cash (used) provided by financing activities	(43,956)	1,325,632
Net increase in cash and cash equivalents	367,373	182,174
Cash and cash equivalents at beginning of period	1,294,679	417,368
Cash and cash equivalents at end of period	$ 1,662,052	$ 599,542

See accompanying notes to unaudited consolidated financial statements.

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

	Three Months Ended March 31,	
(In thousands)	**2022**	**2021**
Supplemental Disclosures		
Cash paid during the period for:		
Interest	$ 16,207	$ 20,988
Income taxes	761	1,500
Amounts included in the measurement of lease liabilities	7,197	—
Non-cash investing activities (at fair value):		
Acquisition of real estate and other assets in settlement of loans	1,388	601
Transfers of loans held for sale to loans	—	5,367
ROU assets obtained in exchange for new operating lease liabilities	3,515	(644)
Securities purchased with settlement after quarter end	6,210	—

See accompanying notes to unaudited consolidated financial statements.

Notes to Unaudited Consolidated Financial Statements
Cadence Bank and Subsidiaries

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Consolidation

The accompanying unaudited consolidated financial statements for Cadence Bank (the "Company") have been prepared in accordance with instructions to the SEC Form 10-Q and Article 10 of Regulation S-X; therefore, they do not include all information and footnotes necessary for a fair presentation of financial position, results of operations, comprehensive income, and cash flows in conformity with accounting principles generally accepted in the United States of America ("GAAP"). All adjustments consisting of normally recurring accruals that, in the opinion of management, are necessary for a fair presentation of the consolidated financial position and results of operations for the periods covered by this report have been included. These interim financial statements should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2021. Operating results for the period ended March 31, 2022 are not necessarily indicative of the results that may be expected for the year ending December 31, 2022. The consolidated balance sheet at December 31, 2021 has been derived from the audited financial statements included in our Form 10-K for the year ended December 31, 2021.

The Company and its subsidiaries follow GAAP, including, where applicable, general practices within the banking industry. The unaudited consolidated financial statements include the accounts of the Company and its subsidiaries. Significant intercompany accounts and transactions have been eliminated in consolidation. The assessment of whether or not the Company has a controlling interest (i.e., the primary beneficiary) in a variable-interest entity ("VIE") is performed on an on-going basis. All equity investments in non-consolidated VIEs are included in "other assets" in the Company's consolidated balance sheets (see Note 21 for more information).

Certain amounts reported in prior years have been reclassified to conform to the 2022 presentation. These reclassifications did not materially impact the Company's consolidated financial statements.

In accordance with GAAP, the Company's management has evaluated subsequent events for potential recognition or disclosure in the consolidated financial statements through the date of the issuance of the consolidated financial statements. No subsequent events were identified that would have required a change to the consolidated financial statements or disclosure herein.

Recently Adopted Accounting Pronouncements

ASU No. 2020-06

In August 2020, the FASB issued ASU No. 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*. The ASU simplifies an issuer's (i) accounting for convertible instruments by eliminating two of the three models in ASC 470-20 that require separate accounting for embedded conversion features and (ii) application of the derivatives scope exception in ASC 815-40 for contracts in its own equity. The new guidance also requires enhanced disclosures. Further, for the diluted earnings-per-share calculation, the guidance requires entities to use the if-converted method for all convertible instruments and generally requires entities to include the effect of share settlement for instruments that may be settled in cash or shares, among other things.

The guidance was effective for annual periods beginning after December 15, 2021, and interim periods within those fiscal years. The FASB specified that an entity should adopt the guidance as of the beginning of its annual fiscal year. As the Company does not currently have any convertible debt or hedging contracts in our own equity, the adoption of this guidance had no immediate impact on our consolidated financial statements.

ASU No. 2021-04

In May 2021, the FASB issued ASU No. 2021-04, *Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options (a consensus of the FASB Emerging Issues Task Force).* The ASU clarifies the accounting for certain modifications or exchanges of freestanding equity-classified written call options (e.g., warrants) that remain equity classified after modification or exchange. The amendments do not apply to modifications or exchanges of financial instruments that are within the scope of another Topic and do not affect a holder's accounting for freestanding call options.

The guidance was effective for annual periods beginning after December 15, 2021, and interim periods within those fiscal years. The amendments should be applied prospectively to modifications or exchanges occurring on or after the effective date of the amendments. As the Company does not currently hold any freestanding equity-classified written call options, the adoption of this guidance had no immediate impact on our consolidated financial statements.

ASU No. 2021-06

This ASU incorporates recent SEC rule changes into the FASB Codification, including SEC Final Rule Releases No. 33-10786, Amendments to Financial Disclosures about Acquired and Disposed Businesses, and No. 33-10835, Update of Statistical Disclosures for Bank and Savings and Loan Registrants. These incorporations do not change the accounting rules as issued by the FASB. The SEC guidance that is included in the Codification does not originate with the FASB—it is provided on a "pass through" basis merely as a convenience to Codification users. The SEC Sections do not contain the entire population of SEC rules, regulations, interpretive releases, and staff guidance. For example, the Codification does not include all content related to matters outside the basic financial statements, such as Management's Discussion and Analysis, or to auditing or independence matters.

Pending Accounting Pronouncements

ASU No. 2021-08

In October 2021, the FASB issued ASU No. 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*. The guidance primarily addresses the accounting for contract assets and contract liabilities from revenue contracts with customers in a business combination. However, the guidance also applies to contract assets and contract liabilities from other contracts to which the provisions of Topic 606 apply, such as contract liabilities from the sale of nonfinancial assets within the scope of Subtopic 610-20, *Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets*.

The guidance does not affect the accounting for other assets or liabilities that may arise from revenue contracts with customers in accordance with ASC 606, such as refund liabilities, or in a business combination, such as customer-related intangible assets and contract-based intangible assets.

The guidance is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption of the amendments is permitted, including adoption in an interim period. As this guidance is to be applied prospectively to business combinations occurring on or after the effective date, this guidance will have no immediate impact to our consolidated financial statements.

ASU No. 2022-01

In March 2022, the FASB issued ASU No. 2022-01, *Derivatives and Hedging (Topic 815): Fair Value Hedging—Portfolio Layer Method*. The ASU expands and clarifies the portfolio layer method for fair value hedges of interest rate risk. The amendments allow entities to employ a multiple-layer hedging strategy.

The FASB issued final guidance that allows entities to expand their use of what it now calls the portfolio layer method (previously the last-of-layer method) for fair value hedges of interest rate risk. The guidance allows entities to hedge nonprepayable financial assets under the portfolio layer method rather than just prepayable financial assets. It also allows entities to hedge multiple layers rather than just a single layer of a closed portfolio of financial assets or one or more beneficial interests secured by a portfolio of financial instruments. The amendments provide additional guidance on accounting for fair value hedge basis adjustments associated with portfolio layer hedges, generally requiring these adjustments to be maintained at the closed portfolio level and clarifying how these amounts should be disclosed.

The guidance is effective for public business entities for fiscal years beginning after December 15, 2022, and for all other entities for fiscal years beginning after December 15, 2023. Early adoption is permitted for any entity that has adopted ASU 2017-12.

The guidance on hedging multiple layers in a closed portfolio is applied prospectively. The guidance on the accounting for fair value basis adjustments is applied on a modified retrospective basis. That is, if an entity had allocated the fair value basis adjustment in a last-of-layer hedge to the individual assets in the closed portfolio before adopting the guidance, it would reverse the effect of this allocation through a cumulative-effect adjustment to the opening balance of retained earnings as of the date of adoption. Entities have the option to adopt the disclosure guidance prospectively or retrospectively.

In addition, an entity may reclassify debt securities from held to maturity to available for sale if it includes them in a closed portfolio that is hedged under the portfolio layer method. The entity has 30 days after the date of adoption to reclassify securities and include them in a hedged closed portfolio.

The Company is currently evaluating the impact this guidance may have on its consolidated financial statements.

ASU No. 2022-02

In March 2022, the FASB issued ASU No. 2022-02, *Financial Instruments—Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures*. The ASU eliminates troubled debt restructuring guidance for creditors and requires enhanced vintage disclosures. The guidance was issued as part of the Board's post-implementation review of its credit losses standard.

The FASB issued this ASU to eliminate the recognition and measurement guidance on troubled debt restructurings for creditors that have adopted ASC 326 and require them to make enhanced disclosures about loan modifications for borrowers experiencing financial difficulty. The new guidance also requires public business entities to present current-period gross write-offs (on a current year-to-date basis for interim-period disclosures) by year of origination in their vintage disclosures.

For entities that have not yet adopted the guidance in ASC 326, the amendments have the same effective dates and transition requirements as that guidance. For entities that have adopted the guidance in ASC 326, the amendments are effective for fiscal years beginning after December 15, 2022, and interim periods therein. Early adoption of the amendments is permitted for entities that have adopted ASC 326, including adoption in an interim period. If an entity elects to early adopt in an interim period, the guidance should be applied as of the beginning of the fiscal year that includes the interim period. An entity may elect to early adopt the amendments related to TDRs separately from the amendments related to vintage disclosures.

Entities will apply the amendments related to disclosures for loan modifications and the presentation of gross write-offs in the vintage disclosures starting in the period of adoption (i.e., prospectively). Information about modifications made in periods before adoption are not required to be provided.

Entities can elect to adopt the guidance on TDRs using either a prospective or modified retrospective transition. If an entity elects to apply a modified retrospective transition, it will record a cumulative effect adjustment to retained earnings in the period of adoption, representing any change in the allowance for credit losses for loans modified in TDRs under ASC 310-40.

The Company is currently evaluating the impact this guidance may have on its consolidated financial statements.

NOTE 2. BUSINESS COMBINATIONS

National United Merger

On May 1, 2021, the Company completed the merger with National United Bancshares Inc., the parent company of National United (collectively referred to as "National United"), pursuant to which National United was merged with and into the Company. National United operated six full-service banking offices in the Killeen-Temple, Texas; Waco, Texas; and Austin-Round Rock-Georgetown, Texas metropolitan statistical areas. Under the terms of the definitive merger agreement, the Company issued approximately 3.1 million shares of the Company's common stock, plus $33.3 million in cash for all outstanding shares of National United's capital stock. As of March 31, 2022, total goodwill related to the National United acquisition was $48.2 million. Goodwill is calculated as the excess of both the consideration exchanged and liabilities assumed as compared to the fair value of identifiable assets acquired, none of which is expected to be deductible for tax purposes. Additionally, the Company recognized $2.5 million of core deposit intangibles in conjunction with this acquisition.

Due to the Company's evaluation of post-merger activity and the extensive information gathering and management review processes required to properly record acquired assets and liabilities, the Company considers its valuations of National United's assets and liabilities, primarily deferred taxes, to be provisional estimates as management continues to identify and assess information.

The following table presents the amounts recorded on the consolidated balance sheets on the acquisition date of May 1, 2021 for National United, showing the fair value as adjusted during the measurement period (in thousands):

Assets acquired:		
Cash and due from banks	$	198,315
Interest bearing deposits with other banks		3,963
Available-for-sale securities and other equity investments		132,046
Federal fund sold		30,300
Loans and leases		431,910
Premises and equipment		9,802
Accrued interest receivable		1,932
Other identifiable intangibles		2,541
Other real estate owned		663
Bank-owned life insurance		6,651
Other assets		5,468
Total assets acquired	$	823,591
Liabilities assumed:		
Deposits	$	744,602
Accrued interest payable		138
Other liabilities		1,730
Total liabilities assumed	$	746,470
Net assets acquired	$	77,121
Consideration paid:		
Market value of common stock		92,018
Total cash paid		33,256
Total fair value of consideration paid	$	125,274
Goodwill	$	48,153

FNS Merger

On May 1, 2021, the Company completed the merger with FNS Bancshares Inc., the parent company of FNB Bank, (collectively referred to as “FNS”), pursuant to which FNS was merged with and into the Company. FNS operated 17 full-service banking offices in Alabama, Georgia, and Tennessee. Under the terms of the definitive merger agreement, the Company issued approximately 3.0 million shares of the Company’s common stock, plus $18.0 million in cash for all outstanding shares of FNS’s capital stock. As of March 31, 2022, total goodwill related to the FNS acquisition was $55.4 million. Goodwill is calculated as the excess of both the consideration exchanged and liabilities assumed as compared to the fair value of identifiable assets acquired, none of which is expected to be deductible for tax purposes. Additionally, the Company recognized approximately $0.9 million of core deposit intangibles in conjunction with this acquisition.

Due to the Company’s evaluation of post-merger activity and the extensive information gathering and management review processes required to properly record acquired assets and liabilities, the Company considers its valuations of FNS’s assets and liabilities, primarily deferred taxes, to be provisional estimates as management continues to identify and assess information.

The following table presents the amounts recorded on the consolidated balance sheet on the acquisition date of May 1, 2021 for FNS, showing the fair value as adjusted during the measurement period (in thousands):

Assets acquired:		
Cash and due from banks	$	139,337
Interest bearing deposits with other banks		3,842
Available-for-sale securities and other equity investments		170,158
Loans and leases		453,035
Premises and equipment		14,671
Accrued interest receivable		2,531
Other identifiable intangibles		938
Other real estate owned		1,023
Bank-owned life insurance		12,064
Other assets		12,079
Total assets acquired	$	809,678
Liabilities assumed:		
Deposits	$	721,462
Accrued interest payable		174
Junior subordinated debt		10,000
Long-term debt		20,206
Other liabilities		7,161
Total liabilities assumed	$	759,003
Net assets acquired	$	50,675
Consideration paid:		
Market value of common stock issued		88,028
Cash paid in lieu of fractional shares		18,003
Total fair value of consideration paid	$	106,031
Goodwill	$	55,356

Legacy Cadence Merger

On October 29, 2021, the Company completed its merger with Cadence Bancorporation, the parent company of Cadence Bank, N.A., (collectively referred to as “Legacy Cadence”), pursuant to which Legacy Cadence merged with and into the Company, with the Company continuing as the surviving entity. Legacy Cadence operated 99 full-service banking offices in the southeast. Each Legacy Cadence shareholder, other than Legacy Cadence and the Company, received 0.70 shares of the Company’s common stock for each share of Legacy Cadence Class A common stock. In addition, Legacy Cadence paid a one-time, special cash dividend of $1.25 per share of Legacy Cadence Class A common stock on October 28, 2021. The merger is anticipated to build a stronger banking franchise with relationship-focused financial services and better opportunities for employees, customers, communities and shareholders. As of March 31, 2022, total goodwill related to the Legacy Cadence acquisition was $453.7 million. Goodwill is calculated as the excess of both the consideration exchanged and liabilities assumed as compared to the fair value of identifiable assets acquired, none of which is expected to be deductible for tax purposes. Additionally, the Company recognized $25.0 million of core deposit intangibles in conjunction with this merger. The Company also recorded $78.6 million of customer relationship intangibles and $48.7 million for the Cadence trade name.

Due to the Company’s evaluation of post-merger activity and the extensive information gathering and management review processes required to properly record acquired assets and liabilities, the Company considers its valuations of Legacy Cadence’s assets and liabilities to be provisional estimates as management continues to identify and assess information regarding the nature of these assets and liabilities for the associated valuation assumptions and methodologies used.

The following table details the preliminary allocation of merger consideration to the valuations of the assets acquired and liabilities assumed from Legacy Cadence as of October 29, 2021, showing the fair value as adjusted during the measurement period (in thousands):

Assets acquired:	
Cash and cash equivalents	$ 2,340,995
Available-for-sale securities	4,172,285
Loans held for sale	83,475
Loans and leases	11,527,741
Allowance for credit losses	(56,459)
Premises and equipment	198,578
Other identifiable intangible assets	152,341
Other assets	575,981
Total assets acquired	$ 18,994,937
Liabilities assumed:	
Deposits	$ 16,350,287
Borrowings	206,805
Other liabilities	412,752
Total liabilities assumed	$ 16,969,844
Net assets acquired	$ 2,025,093
Consideration paid:	
Market value of common stock	2,464,546
Fair value of equity awards	14,236
Total cash paid	8
Total fair value of consideration paid	$ 2,478,790
Goodwill	$ 453,697

In relation to the Legacy Cadence merger, the Company recorded $451.7 million provisional estimate of goodwill in 2021 and an additional $2.0 million during the first quarter of 2022, representing the excess of the purchase price over the acquisition accounting value of net assets acquired, net of deferred taxes. Due to the fact that back office functions (including loan and deposit processing) still have not been integrated, the evaluation of post-merger activity, and the extensive information gathering and management review processes required to properly record acquired assets and liabilities, the Company considers its valuations of Legacy Cadence's assets acquired and liabilities assumed to be provisional as management continues to identify and assess information regarding the nature of these assets and liabilities and reviews the associated valuation assumptions and methodologies. Accordingly, the amounts recorded for current and deferred tax assets and liabilities are also considered provisional as the Company continues to evaluate the nature and extent of permanent and temporary (timing) differences between the book and tax bases of the assets acquired and liabilities assumed. Additionally, the accounting policies of both the Company and Legacy Cadence are in the process of being reviewed in detail. Upon completion of such review, conforming adjustments or financial statement reclassification may be determined.

During the first quarter of 2022, we continued to analyze the valuations assigned to the acquired assets and assumed liabilities and received updated information resulting in the revised fair values displayed below. We updated our estimated fair values of these items within our Consolidated Balance Sheet with a corresponding adjustment to goodwill. These changes are gross of taxes and reflected in the following table:

(In thousands)

Acquired Asset or Liability	Balance Sheet Line Item	Provisional Estimate	Revised Estimate	Increase (Decrease)
Available-for-sale securities	Available-for-sale securities	$ 4,172,313	$ 4,172,285	$ (28)
Loans and leases	Loans and leases	11,534,035	11,527,741	(6,294)
Allowance for credit losses	Allowance for credit losses	(64,576)	(56,459)	8,117
Premises and equipment	Premises and equipment	197,214	198,578	1,364
Investments in limited partnerships	Other assets	580,332	575,981	(4,351)
Goodwill	Goodwill	451,722	453,697	1,975
Other liabilities	Other liabilities	411,969	412,752	783

All measurement period adjustments made during the first three months of 2022 have been deemed insignificant individually and in the aggregate. The Company will finalize its valuation of the Legacy Cadence merger transaction within the measurement period (i.e., no later than October 28, 2022). See Note 2, Business Combinations, in the Annual Report on Form 10-K for the year ended December 31, 2021, for a description of the methods used to determine the fair values of significant assets acquired and liabilities assumed presented above.

The impact on the income statement resulting from the changes to the estimated fair values was insignificant. We continue to analyze the assumptions and related valuation results associated with the acquired loans and leases, available-for-sale securities, intangible assets, deferred income taxes and unfunded commitments, and accordingly, the valuations of these assets are not final as of March 31, 2022, but will be finalized no later than October 28, 2022. As the valuations remain provisional and subject to updates, the purchase accounting accretion/amortization amounts are also subject to adjustments.

NOTE 3. AVAILABLE-FOR-SALE SECURITIES AND EQUITY SECURITIES

A comparison of amortized cost and estimated fair values of available-for-sale securities follows:

(In thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
March 31, 2022				
U.S. Treasury securities	$ 1,497,531	$ —	$ 37,686	$ 1,459,845
Obligations of U.S. government agencies	2,400,156	2,194	51,540	2,350,810
Mortgage-backed securities issued or guaranteed by U.S. agencies (MBS)				
Residential pass-through:				
Guaranteed by GNMA	110,308	178	4,586	105,900
Issued by FNMA and FHLMC	8,101,750	158	497,079	7,604,829
Other residential mortgage-backed securities	225,321	—	13,105	212,216
Commercial mortgage-backed securities	2,094,159	393	143,185	1,951,367
Total MBS	10,531,538	729	657,955	9,874,312
Obligations of states and political subdivisions	578,909	291	48,959	530,241
Other domestic debt securities	103,936	357	1,176	103,117
Foreign debt securities	54,873	—	1,592	53,281
Total available-for-sale securities	$ 15,166,943	$ 3,571	$ 798,908	$ 14,371,606

(In thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
December 31, 2021				
U.S Treasury securities	$ 1,497,169	$ 124	$ 828	$ 1,496,465
Obligations of U.S. government agencies	2,623,356	22,618	7,532	2,638,442
Mortgage-backed securities issued or guaranteed by U.S. agencies (MBS)				
Residential pass-through:				
Guaranteed by GNMA	113,028	1,073	674	113,427
Issued by FNMA and FHLMC	8,233,875	1,556	106,240	8,129,191
Other residential mortgage-backed securities	244,440	155	1,238	243,357
Commercial mortgage-backed securities	2,076,494	12,979	28,340	2,061,133
Total MBS	10,667,837	15,763	136,492	10,547,108
Obligations of states and political subdivisions	560,458	5,948	886	565,520
Other domestic debt securities	62,693	971	19	63,645
Foreign debt securities	295,643	63	416	295,290
Total available-for-sale securities	$ 15,707,156	$ 45,487	$ 146,173	$ 15,606,470

For available-for-sale securities, gross gains of approximately $266 thousand and gross losses of approximately $64 thousand were recognized for the three months ended March 31, 2022. No gross gains and losses were recognized for the three months ended March 31, 2021. There were no impairment charges related to credit losses included in gross realized losses for the three months ended March 31, 2022 and 2021.

Available-for-sale securities with a carrying value of $6.0 billion and $5.1 billion at March 31, 2022 and December 31, 2021, respectively, were pledged to secure public and trust funds on deposit and for other purposes.

The amortized cost and estimated fair value of available-for-sale securities at March 31, 2022 by contractual maturity are shown below. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

(In thousands)	Amortized Cost	Estimated Fair Value
Maturing in one year or less	$ 1,026,070	$ 1,027,926
Maturing after one year through five years	2,714,900	2,641,922
Maturing after five years through ten years	158,519	155,636
Maturing after ten years	735,916	671,810
Mortgage-backed securities	10,531,538	9,874,312
Total available-for-sale securities	$ 15,166,943	$ 14,371,606

As of March 31, 2022 and December 31, 2021, approximately 92% and 74% of securities were in an unrealized loss position, respectively. At March 31, 2022, there were 2 securities that have been in a loss position for more than twelve months, and 1,142 securities that have been in a loss position for less than 12 months. A summary of available-for-sale investments with continuous unrealized loss positions for which an allowance for credit losses has not been recorded follows:

	Less Than 12 Months		12 Months or Longer	
(In thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
March 31, 2022				
U.S. Treasury securities	$ 1,459,845	$ 37,686	$ —	$ —
U.S. government agency securities	1,393,467	51,540	—	—
Mortgage-backed securities	9,793,341	657,191	7,467	764
Obligations of states and political subdivisions	458,961	48,959	—	—
Other domestic debt securities	59,260	1,176	—	—
Foreign debt securities	53,281	1,592	—	—
Total available-for-sale securities at a loss	$ 13,218,155	$ 798,144	$ 7,467	$ 764

	Less Than 12 Months		12 Months or Longer	
(In thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2021				
U.S Treasury securities	$ 996,290	$ 828	$ —	$ —
U.S. government agency securities	574,877	7,532	—	—
Mortgage-backed securities	9,614,551	136,320	5,815	172
Obligations of states and political subdivisions	74,629	886	—	—
Other domestic debt securities	24,616	19	—	—
Foreign debt securities	205,227	416	—	—
Total available-for-sale securities at a loss	$ 11,490,190	$ 146,001	$ 5,815	$ 172

Management evaluates available-for-sale securities in unrealized loss positions to determine whether the impairment is due to credit-related factors or noncredit-related factors. Credit loss is defined as the difference between the present value of the cash flows expected to be collected and the amortized cost basis. Based upon a review of the credit quality of these securities, management has no intent to sell these securities until the full recovery of unrealized losses, which may not be until maturity, and it is more likely than not that the Company would not be required to sell the securities prior to recovery of costs. The fair value is expected to recover as the securities approach their maturity date or repricing date or if market yields for such investments decline. Management believes that the unrealized losses detailed in the previous tables are due to noncredit-related factors, such as changes in interest rates and other market conditions. Therefore, no allowance for credit losses was recorded related to these securities as of March 31, 2022 and December 31, 2021.

Held in other assets, equity investments with readily determinable fair values not held for trading are recorded at fair value, with changes in fair value reported in net income. Additionally, the Company holds equity investments without readily determinable fair values in other assets. These investments include an investment in common stock of the FHLB of Dallas. The

Company is required to own stock in the FHLB of Dallas for membership in the FHLB system and in relation to the level of FHLB advances. The Company accounts for this investment as a long-term asset and carries it at cost. There are several investments held at cost in other financial service providers that qualify under the Community Reinvestment Act and to obtain correspondent services.

(In thousands)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
March 31, 2022				
Equity securities held at cost:				
Equity securities	$ 18,102	$ —	$ —	$ 18,102
Federal Home Loan Bank stock	8,926	—	—	8,926
Total equity securities, held at cost	27,028	—	—	27,028
Equity securities held at fair value:				
Farmer Mac stock	49	301	—	350
Affordable Housing MBS ETF	24,994	—	1,767	23,227
Total equity securities, held at fair value	$ 25,043	$ 301	$ 1,767	$ 23,577

(In thousands)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2021				
Equity securities held at cost:				
Equity securities	$ 13,102	$ —	$ —	$ 13,102
Federal Home Loan Bank stock	8,301	—	—	8,301
Total equity securities, held at cost	21,403	—	—	21,403
Equity securities held at fair value:				
Farmer Mac stock	49	343	—	392
Affordable Housing MBS ETF	24,994	—	462	24,532
Total equity securities, held at fair value	$ 25,043	$ 343	$ 462	$ 24,924

NOTE 4. LOANS AND LEASES

The Company's loan and lease portfolio is disaggregated into the following three segments: commercial and industrial, commercial real estate, and consumer. The commercial and industrial segment is further disaggregated into two classes: non-real estate and owner occupied. The commercial real estate segment is further disaggregated into two classes: construction, acquisition and development and income producing. The consumer segment is further disaggregated into two classes: residential mortgages and other consumer. The following table is a summary of our loan and lease portfolio by segment and class at March 31, 2022 and December 31, 2021.

(In thousands)	March 31, 2022	December 31, 2021
Commercial and industrial		
Non-real estate	$ 8,017,958	$ 7,847,473
Owner occupied	3,703,914	3,567,746
Total commercial and industrial	11,721,872	11,415,219
Commercial real estate		
Construction, acquisition and development	3,028,514	2,924,343
Income producing	4,795,486	4,924,369
Total commercial real estate	7,824,000	7,848,712
Consumer		
Residential mortgages	7,355,995	7,311,306
Other consumer	287,799	307,751
Total consumer	7,643,794	7,619,057
Total loans and leases, net of unearned [1]	$ 27,189,666	$ 26,882,988

(1) Total loans and leases are net of $103.4 million and $103.2 million of unearned income at March 31, 2022 and December 31, 2021, respectively.

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

While loans are structured to provide protection to the Company if borrowers are unable to repay as agreed, the Company recognizes that there are numerous risks that may result in deterioration of the repayment ability of borrowers and guarantors. These risks include failure of business operations due to economic, legal, market, logistical, weather, health, governmental and *force majeure* events. Concentrations in the Company's loan and lease portfolio also present credit risks. The economic impact of rising inflation, rising interest rates, labor and supply chain shortages, and the potential for a slowing economy poses additional risk to borrowers and financial institutions alike. The economic disruption resulting from the coronavirus ("COVID-19") pandemic had a substantial impact on the risk that businesses may experience difficulty in meeting repayment obligations and that the Company may experience losses or deterioration in performance in its loan portfolio. Despite significant government intervention and improvement in economic conditions, the economic disruption continued to impact business operations which placed borrowers at additional risk due to reduced capacity.

The Company actively participated in assisting its customers with applications for resources through the Paycheck Protection Program ("PPP"), which is administered by the Small Business Administration ("SBA") with the intent to help businesses keep their workforce employed during the COVID-19 pandemic. A significant portion of the Company's PPP loan portfolio was sold during the second quarter of 2021 and the Company believes that the remaining loans will ultimately be forgiven by the SBA in accordance with the terms of the program. The PPP loans are designed to be fully guaranteed by the U.S. government and as such should not present a credit risk. During the second quarter of 2021, the Company sold PPP loans totaling $725.4 million which generated a gain on sale of $21.6 million. The remaining balance of PPP loans of $27.0 million is included in the non-real estate loan class.

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

Commercial and Industrial ("C&I")

Non-Real Estate – Commercial and industrial loans are loans and leases to finance business operations, equipment and owner-occupied facilities primarily for small and medium-sized enterprises. These include both lines of credit for terms of one year or less and term loans which are amortized over the useful life of the assets financed. Personal and/or corporate guarantees are generally obtained where available and prudent. This category also includes loans to finance agricultural production. The Company recognizes that risk from economic cycles, commodity prices, pandemics, including COVID-19, government regulation, supply-chain disruptions, product innovations or obsolescence, operational errors, lawsuits, natural disasters, losses due to theft or embezzlement, health or loss of key personnel or competitive situations may adversely affect the scheduled repayment of business loans. In addition, risks in the agricultural sector including crop failures due to weather, insects and other blights, commodity prices, governmental intervention, lawsuits, labor or logistical disruptions.

Owner Occupied – Owner occupied loans include loans secured by business facilities to finance business operations, equipment and owner-occupied facilities primarily for small and medium-sized enterprises. These include both lines of credit for terms of one year or less and term loans which are amortized over the useful life of the assets financed. Personal guarantees, if applicable, are generally required for these loans. The Company recognizes that risk from economic cycles, pandemics, including COVID-19, government regulation, supply-chain disruptions, product innovations or obsolescence, operational errors, lawsuits, natural disasters, losses due to theft or embezzlement, health or loss of key personnel or competitive situations may adversely affect the scheduled repayment of business loans.

Commercial Real Estate ("CRE")

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

The underwriting process for construction, acquisition and development loans with interest reserves is essentially the same as that for a loan without interest reserves and may include analysis of borrower and guarantor financial strength, market demand for the proposed project, experience and success with similar projects, property values, time horizon for project completion and the availability of permanent financing once the project is completed. Construction, acquisition and development loans, with or without interest reserves, are inspected periodically to ensure that the project is on schedule and eligible for requested draws. Inspections may be performed by construction inspectors hired by the Company or by appropriate loan officers and are conducted periodically to monitor the progress of a particular project. These inspections may also include discussions with project managers and engineers.

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

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

Income Producing – Commercial real estate loans include loans to finance income-producing commercial and multi-family properties. Lending in this category is generally limited to properties located in the Company's market area with only limited exposure to properties located elsewhere but owned by in-market borrowers. Loans in this category include loans for neighborhood retail centers, medical and professional offices, single retail stores, warehouses and apartments leased generally to local businesses and residents. The underwriting of these loans takes into consideration the occupancy and rental rates as well as the financial health of the borrower. The Company's exposure to national retail tenants is limited. The Company has not purchased commercial real estate loans from brokers or third-party originators. The Company recognizes that risk from economic cycles, pandemics, including COVID-19, government restrictions, delayed or missed rent payments, supply-chain disruptions, product innovations or obsolescence, operational errors, lawsuits, natural disasters, losses due to theft or embezzlement, health or loss of key personnel or competitive situations may adversely affect the scheduled repayment of business loans.

Consumer

Residential Mortgages – Residential mortgages are first or second-lien loans to consumers secured by a primary residence or second home. This category includes traditional mortgages, home equity loans and revolving lines of credit. The loans are generally secured by properties located within the local market area of the community bank which originates and services the loan. These loans are underwritten in accordance with the Company’s general loan policies and procedures which require, among other things, proper documentation of each borrower’s financial condition, satisfactory credit history and property value. In addition to loans originated through the Company’s branches, the Company originates and services residential mortgages sold in the secondary market which are underwritten and closed pursuant to investor and agency guidelines.

Other Consumer – Other consumer lending includes consumer credit cards and installment loans. The Company offers credit cards, primarily to its deposit and loan customers. Consumer installment loans and leases include term loans secured by automobiles, boats and recreational vehicles.

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

The following tables provide details regarding the aging of the Company's loan and lease portfolio, net of unearned income, at March 31, 2022 and December 31, 2021:

	March 31, 2022						
(In thousands)	30-59 Days Past Due	60-89 Days Past Due	90+ Days Past Due	Total Past Due	Current	Total Outstanding	90+ Days Past Due still Accruing
Commercial and industrial							
Non-real estate	$ 4,594	$ 1,370	$ 16,816	$ 22,780	$ 7,995,178	$ 8,017,958	$ 692
Owner occupied	1,458	409	5,247	7,114	3,696,800	3,703,914	117
Total commercial and industrial	6,052	1,779	22,063	29,894	11,691,978	11,721,872	809
Commercial real estate							
Construction, acquisition and development	825	129	1,618	2,572	3,025,942	3,028,514	—
Income producing	12,537	45	8,724	21,306	4,774,180	4,795,486	—
Total commercial real estate	13,362	174	10,342	23,878	7,800,122	7,824,000	—
Consumer							
Residential mortgages	60,311	5,248	45,576	111,135	7,244,860	7,355,995	20,020
Other consumer	1,351	338	365	2,054	285,745	287,799	128
Total consumer	61,662	5,586	45,941	113,189	7,530,605	7,643,794	20,148
Total loans and leases, net of unearned	$ 81,076	$ 7,539	$ 78,346	$ 166,961	$27,022,705	$27,189,666	$ 20,957

	December 31, 2021						
(In thousands)	30-59 Days Past Due	60-89 Days Past Due	90+ Days Past Due	Total Past Due	Current	Total Outstanding	90+ Days Past Due still Accruing
Commercial and industrial							
Non-real estate	$ 4,930	$ 3,652	$ 18,293	$ 26,875	$ 7,820,598	$ 7,847,473	$ 2,966
Owner occupied	1,375	123	9,489	10,987	3,556,759	3,567,746	—
Total commercial and industrial	6,305	3,775	27,782	37,862	11,377,357	11,415,219	2,966
Commercial real estate							
Construction, acquisition and development	1,628	5,109	6,039	12,776	2,911,567	2,924,343	535
Income producing	188	904	10,370	11,462	4,912,907	4,924,369	—
Total commercial real estate	1,816	6,013	16,409	24,238	7,824,474	7,848,712	535
Consumer							
Residential mortgages	53,914	12,896	52,857	119,667	7,191,639	7,311,306	21,099
Other consumer	1,458	575	449	2,482	305,269	307,751	184
Total consumer	55,372	13,471	53,306	122,149	7,496,908	7,619,057	21,283
Total loans and leases, net of unearned	$ 63,493	$ 23,259	$ 97,497	$ 184,249	$26,698,739	$26,882,988	$ 24,784

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

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

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

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

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

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

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

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

The following tables provide details of the Company's loan and lease portfolio, net of unearned income, by segment, class and internally assigned grade at March 31, 2022 and December 31, 2021:

	March 31, 2022						
(In thousands)	Pass	Special Mention	Substandard	Doubtful	Impaired [(1)]	PCD (Loss)	Total
Commercial and industrial							
Non-real estate	$ 7,854,480	$ 39,116	$ 98,308	$ —	$ 4,771	$ 21,283	$ 8,017,958
Owner occupied	3,647,785	3,304	43,866	—	4,064	4,895	3,703,914
Total commercial and industrial	11,502,265	42,420	142,174	—	8,835	26,178	11,721,872
Commercial real estate							
Construction, acquisition and development	2,995,751	245	27,980	—	—	4,538	3,028,514
Income producing	4,642,592	11,416	114,805	—	703	25,970	4,795,486
Total commercial real estate	7,638,343	11,661	142,785	—	703	30,508	7,824,000
Consumer							
Residential mortgages	7,237,022	703	116,098	—	598	1,574	7,355,995
Other consumer	281,580	—	6,219	—	—	—	287,799
Total consumer	7,518,602	703	122,317	—	598	1,574	7,643,794
Total loans and leases, net of unearned	$ 26,659,210	$ 54,784	$ 407,276	$ —	$ 10,136	$ 58,260	$ 27,189,666

(1) Impaired loans are shown exclusive of $7.3 million of accruing TDRs and $0.5 million of non-accruing TDRs.

	December 31, 2021						
(In thousands)	Pass	Special Mention	Substandard	Doubtful	Impaired [(1)]	PCD (Loss)	Total
Commercial and industrial							
Non-real estate	$ 7,655,502	$ 43,009	$ 103,134	$ 153	$ 5,350	$ 40,325	$ 7,847,473
Owner occupied	3,484,116	3,440	55,247	—	11,229	13,714	3,567,746
Total commercial and industrial	11,139,618	46,449	158,381	153	16,579	54,039	11,415,219
Commercial real estate							
Construction, acquisition and development	2,884,673	441	31,263	—	3,765	4,201	2,924,343
Income producing	4,686,699	28,964	174,936	—	3,810	29,960	4,924,369
Total commercial real estate	7,571,372	29,405	206,199	—	7,575	34,161	7,848,712
Consumer							
Residential mortgages	7,196,106	990	110,429	2,560	1,047	174	7,311,306
Other consumer	300,175	—	7,381	137	—	58	307,751
Total consumer	7,496,281	990	117,810	2,697	1,047	232	7,619,057
Total loans and leases, net of unearned	$ 26,207,271	$ 76,844	$ 482,390	$ 2,850	$ 25,201	$ 88,432	$ 26,882,988

(1) Impaired loans are shown exclusive of $6.9 million of accruing TDRs, $1.8 million of non-accruing TDRs, and approximately $11 thousand of accruing TDRs that are 90 or more days past due.

The following tables provide credit quality indicators by class and period of origination (vintage) at March 31, 2022:

	Commercial - Non-Real Estate								
	Period Originated:								
(In thousands)	2022	2021	2020	2019	2018	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
Pass	$ 382,842	$1,920,919	$ 696,678	$ 496,566	$ 455,869	$ 784,072	$3,072,950	$ 44,584	$7,854,480
Special Mention	—	120	9,409	16,864	4,908	218	7,515	82	39,116
Substandard	506	6,005	8,887	7,963	17,053	23,875	32,487	1,532	98,308
Impaired	—	—	72	727	7	112	3,853	—	4,771
PCD (Loss)	—	8,095	—	39	8,447	4,702	—	—	21,283
Total	$ 383,348	$1,935,139	$ 715,046	$ 522,159	$ 486,284	$ 812,979	$3,116,805	$ 46,198	$8,017,958
% Criticized	0.1%	0.7%	2.6%	4.9%	6.3%	3.6%	1.4%	3.5%	2.0%

(In thousands)	Commercial - Owner Occupied Period Originated: 2022	2021	2020	2019	2018	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
Pass	$ 279,565	$ 784,185	$ 536,949	$ 420,922	$ 411,114	$ 954,000	$ 239,967	$ 21,083	$ 3,647,785
Special Mention	—	193	1,406	367	—	1,338	—	—	3,304
Substandard	—	3,215	1,641	7,597	10,732	19,679	957	45	43,866
Impaired	—	—	—	1,841	—	2,223	—	—	4,064
PCD (Loss)	—	—	—	1,150	1,207	2,538	—	—	4,895
Total	$ 279,565	$ 787,593	$ 539,996	$ 431,877	$ 423,053	$ 979,778	$ 240,924	$ 21,128	$ 3,703,914
% Criticized	—%	0.4%	0.6%	2.5%	2.8%	2.6%	0.4%	0.2%	1.5%

(In thousands)	Commercial Real Estate - Construction, Acquisition, and Development Period Originated: 2022	2021	2020	2019	2018	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
Pass	$ 221,116	$ 683,424	$ 547,088	$ 206,233	$ 98,441	$ 121,567	$1,098,871	$ 19,011	$ 2,995,751
Special Mention	—	—	245	—	—	—	—	—	245
Substandard	—	5,423	1,549	4,715	9,742	1,009	5,417	125	27,980
PCD (Loss)	—	—	—	—	—	—	4,538	—	4,538
Total	$ 221,116	$ 688,847	$ 548,882	$ 210,948	$ 108,183	$ 122,576	$1,108,826	$ 19,136	$ 3,028,514
% Criticized	—%	0.8%	0.3%	2.2%	9.0%	0.8%	0.9%	0.7%	1.1%

(In thousands)	Commercial Real Estate - Income Producing Period Originated: 2022	2021	2020	2019	2018	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
Pass	$ 238,791	$ 939,679	$ 534,875	$ 621,334	$ 594,944	$1,210,466	$ 397,628	$ 104,875	$ 4,642,592
Special Mention	—	185	—	—	5,026	6,205	—	—	11,416
Substandard	—	5,173	2,534	7,874	6,377	80,403	12,444	—	114,805
Impaired	—	—	—	—	—	—	703	—	703
PCD (Loss)	—	—	—	14,089	—	11,881	—	—	25,970
Total	$ 238,791	$ 945,037	$ 537,409	$ 643,297	$ 606,347	$1,308,955	$ 410,775	$ 104,875	$ 4,795,486
% Criticized	—%	0.6%	0.5%	3.4%	1.9%	7.5%	3.2%	—%	3.2%

(In thousands)	Consumer - Residential Mortgages Period Originated: 2022	2021	2020	2019	2018	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
Pass	$ 385,447	$1,876,804	$1,323,290	$ 698,214	$ 654,916	$1,370,131	$ 919,097	$ 9,123	$ 7,237,022
Special Mention	—	—	54	334	—	312	3	—	703
Substandard	—	4,858	13,794	20,932	20,409	52,120	3,361	624	116,098
Impaired	—	—	—	—	—	598	—	—	598
PCD (Loss)	—	—	—	—	—	1,574	—	—	1,574
Total	$ 385,447	$1,881,662	$1,337,138	$ 719,480	$ 675,325	$1,424,735	$ 922,461	$ 9,747	$ 7,355,995
% Criticized	—%	0.3%	1.0%	3.0%	3.0%	3.8%	0.4%	6.4%	1.6%

(In thousands)	Consumer - Other Consumer Period Originated: 2022	2021	2020	2019	2018	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
Pass	$ 82,714	$ 45,601	$ 29,705	$ 15,499	$ 7,344	$ 11,445	$ 88,373	$ 899	$ 281,580
Substandard	28	652	805	3,331	625	589	184	5	6,219
Total	$ 82,742	$ 46,253	$ 30,510	$ 18,830	$ 7,969	$ 12,034	$ 88,557	$ 904	$ 287,799
% Criticized	— %	1.4 %	2.6 %	17.7 %	7.8 %	4.9 %	0.2 %	0.6 %	2.2 %

In connection with the acquisitions discussed in Note 2, the Company acquired loans both with and without evidence of credit quality deterioration since origination. Acquired loans are recorded at their fair value at the time of acquisition with no carryover from the acquired institution’s previously recorded allowance for credit losses. Acquired loans are accounted for under ASC 326, *Financial Instruments—Credit Losses*.

The fair value for acquired loans recorded at the time of acquisition is based upon several factors including the timing and payment of expected cash flows, as adjusted for estimated credit losses and prepayments, and then discounting these cash flows using comparable market rates. The resulting fair value adjustment is recorded in the form of premium or discount to the unpaid principal balance of each acquired loan. As it relates to acquired loans that, as of the date of acquisition, have experienced a more-than-insignificant deterioration in credit quality since origination (“PCD”), the net premium or net discount is adjusted to reflect the Company’s allowance for credit losses (“ACL”) recorded for PCD loans at the time of acquisition, and the remaining fair value adjustment is accreted or amortized into interest income over the remaining life of the loan. As it relates to acquired loans not classified as PCD (“non-PCD”) loans, the credit loss and yield components of the fair value adjustment are aggregated, and the resulting net premium or net discount is accreted or amortized into interest income over the remaining life of the loan. The Company records an ACL for non-PCD loans at the time of acquisition through provision expense, and therefore, no further adjustments are made to the net premium or net discount for non-PCD loans.

In addition, a grade is assigned to each loan during the valuation process. For acquired loans that are not individually reviewed during the valuation process, such loans are assumed to have characteristics similar to the assigned rating of the acquired institution’s risk rating, adjusted for any estimated differences between the Company’s rating methodology and the acquired institution’s rating methodology.

In the acquisition of Legacy Cadence on October 29, 2021, the Company acquired additional loans (see Note 2 for additional information). The following table represents the acquisition date fair value of loans purchased through the acquisition of Legacy Cadence by portfolio segment, including measurement period adjustments recorded through March 31, 2022:

(In thousands)	Fair Value
Commercial and industrial	
Non-real estate	$ 5,554,007
Owner occupied	817,556
Total commercial and industrial	6,371,563
Commercial real estate	
Construction, acquisition and development	1,067,155
Income producing	1,590,144
Total commercial real estate	2,657,299
Consumer	
Residential mortgages	2,495,541
Other consumer	86,813
Total consumer	2,582,354
Total loans and leases, net of unearned	$ 11,611,216

The Company’s collateral-dependent loans totaling $68.4 million at March 31, 2022 are generally considered impaired and include loans internally classified as impaired and PCD Loss. The majority of these loans are within the C&I non-real estate and CRE income producing classes and are typically supported by collateral such as real estate, receivables, equipment or inventory, or by an enterprise valuation. Loans within the CRE and consumer segments are generally secured by commercial and residential real estate.

Loans of $1.0 million or greater are considered for specific provision when management has determined based on current information and events, it is probable that the creditor will be unable to collect all amounts due according to the contractual terms of the note and that the loan is collateral dependent. The Company's amortized cost in collateral-dependent loans at March 31, 2022 and December 31, 2021 was $68.4 million and $113.6 million, respectively. At March 31, 2022 and December 31, 2021, $59.0 million and $92.5 million, respectively, of those loans had a valuation allowance of $16.8 million and $24.8 million, respectively. The remaining balance of collateral-dependent loans of $9.4 million and $21.2 million at March 31, 2022 and December 31, 2021, respectively, have sufficient collateral supporting the collection of all contractual principal and interest or were charged down to the underlying collateral's fair value, less estimated selling costs. Therefore, such loans did not have an associated valuation allowance.

Nonperforming loans ("NPLs") consist of nonaccrual loans and leases, loans and leases 90 days or more past due and still accruing, and loans and leases that have been restructured because of the borrower's weakened financial condition. The following table presents information concerning NPLs at March 31, 2022 and December 31, 2021:

(In thousands)	March 31, 2022	December 31, 2021
Nonaccrual loans and leases	$ 91,031	$ 122,104
Loans and leases 90 days or more past due, still accruing	20,957	24,784
Restructured loans and leases, still accruing	7,292	6,903
Total nonperforming loans and leases	$ 119,280	$ 153,791

The Company's policy for all loan classifications provides that loans and leases are generally placed in nonaccrual status if, in management's opinion, payment in full of principal or interest is not expected or payment of principal or interest is more than 90 days past due, unless such loan or lease is both well-secured and in the process of collection.

The following table presents the amortized cost basis of loans on nonaccrual status and loans 90 days or more past due by segment and class at March 31, 2022 and December 31, 2021:

	March 31, 2022			December 31, 2021		
(In thousands)	Nonaccrual Loans	Nonaccrual Loans with No Related Allowance	Loans 90+ Days Past Due, still Accruing	Nonaccrual Loans	Nonaccrual Loans with No Related Allowance	Loans 90+ Days Past Due, still Accruing
Commercial and industrial						
Non-real estate	$ 33,086	$ 1,166	$ 692	$ 33,690	$ 1,171	$ 2,966
Owner occupied	11,787	2,510	117	22,058	4,110	—
Total commercial and industrial	44,873	3,676	809	55,748	5,281	2,966
Commercial real estate						
Construction, acquisition and development	1,618	—	—	5,568	—	535
Income producing	9,688	703	—	16,086	5,397	—
Total commercial real estate	11,306	703	—	21,654	5,397	535
Consumer						
Residential mortgages	34,278	598	20,020	44,180	1,047	21,099
Other consumer	574	—	128	522	—	184
Total consumer	34,852	598	20,148	44,702	1,047	21,283
Total loans and leases, net of unearned	$ 91,031	$ 4,977	$ 20,957	$ 122,104	$ 11,725	$ 24,784

The following table presents the interest income recognized on loans on nonaccrual status by segment and class for the three months ended March 31, 2022 and 2021:

	Three Months Ended March 31,	
(In thousands)	2022	2021
Commercial and industrial		
Non-real estate	$ 260	$ 28
Owner occupied	326	486
Total commercial and industrial	586	514
Commercial real estate		
Construction, acquisition and development	8	114
Income producing	32	275
Total commercial real estate	40	389
Consumer		
Residential mortgages	264	120
Other consumer	33	4
Total consumer	297	124
Total loans and leases, net of unearned	$ 923	$ 1,027

In the normal course of business, management may grant concessions, which would not otherwise be considered, to borrowers that are experiencing financial difficulty. Loans identified as meeting the criteria set out in FASB ASC 310 are identified as TDRs. In most cases, the conditions of the credit also warrant nonaccrual status, even after the restructure occurs. Other conditions that warrant a loan being considered a TDR include reductions in interest rates to below market rates due to bankruptcy plans or by the bank in an attempt to assist the borrower in working through liquidity problems. As part of the credit approval process, the restructured loans are evaluated for adequate collateral protection in determining the appropriate accrual status at the time of restructure. TDRs recorded as nonaccrual loans may generally be returned to accrual status in years after the restructure if the loan is paid current in accordance with the terms of the restructured loan. The most common concessions that were granted involved rescheduling payments of principal and interest over a longer amortization period, granting a period of reduced principal payment or interest only payment for a limited time period, or the rescheduling of payments in accordance with a bankruptcy plan or a reduction in interest rates.

The following tables summarize the financial effect of TDRs for the three months ended March 31, 2022 and 2021:

	Three Months Ended March 31, 2022		
(Dollars in thousands)	Number of Contracts	Pre-Modification Outstanding Amortized Cost	Post-Modification Outstanding Amortized Cost
Commercial and industrial			
Non-real estate	2	$ 43	$ 42
Owner occupied	1	1,280	1,274
Total commercial and industrial	3	1,323	1,316
Commercial real estate			
Construction, acquisition and development	1	65	64
Income producing	—	—	—
Total commercial real estate	1	65	64
Consumer			
Residential mortgages	2	142	142
Other consumer	3	24	24
Total consumer	5	166	166
Total loans and leases, net of unearned	9	$ 1,554	$ 1,546

(Dollars in thousands)	Three Months Ended March 31, 2021 Number of Contracts	Pre-Modification Outstanding Amortized Cost	Post-Modification Outstanding Amortized Cost
Commercial and industrial			
Non-real estate	—	$ —	$ —
Owner occupied	1	65	65
Total commercial and industrial	1	65	65
Commercial real estate			
Construction, acquisition and development	—	—	—
Income producing	—	—	—
Total commercial real estate	—	—	—
Consumer			
Residential mortgages	8	689	686
Other consumer	—	—	—
Total consumer	8	689	686
Total loans and leases, net of unearned	9	$ 754	$ 751

The following tables summarize TDRs restructured within the past twelve months for which there was a payment default during the three months ended March 31, 2022 and 2021 (i.e., 30 days or more past due at any given time during the prior year):

(Dollars in thousands)	Three Months Ended March 31, 2022 Number of Contracts	Amortized Cost
Commercial and industrial		
Non-real estate	1	$ 42
Owner occupied	1	11
Total commercial and industrial	2	53
Commercial real estate		
Construction, acquisition and development	—	—
Income producing	—	—
Total commercial real estate	—	—
Consumer		
Residential mortgages	1	90
Other consumer	1	9
Total consumer	2	99
Total loans and leases, net of unearned	4	$ 152

(Dollars in thousands)	Three Months Ended March 31, 2021 Number of Contracts	Amortized Cost
Commercial and industrial		
Non-real estate	—	$ —
Owner occupied	—	—
Total commercial and industrial	—	—
Commercial real estate		
Construction, acquisition and development	—	—
Income producing	—	—
Total commercial real estate	—	—
Consumer		
Residential mortgages	1	78
Other consumer	1	1
Total consumer	2	79
Total loans and leases, net of unearned	2	$ 79

During the three months ended March 31, 2022 and 2021, the most common concessions involved rescheduling payments of principal and interest over a longer amortization period, granting a period of reduced principal payment or interest only payment for a limited time period, or the rescheduling of payments in accordance with a bankruptcy plan or a reduction in interest rates.

NOTE 5. ALLOWANCE FOR CREDIT LOSSES

The following table summarizes the changes in the allowance for credit losses ("ACL") for the three months ended March 31, 2022 and 2021:

(In thousands)	Three Months Ended March 31, 2022	2021
Balance at beginning of period	$ 446,415	$ 244,422
Charge-offs	(4,787)	(5,906)
Recoveries	5,227	2,601
Initial allowance on PCD loans (See Note 2)	(8,117)	—
Provision for credit losses	—	—
Balance at end of period	$ 438,738	$ 241,117

The following tables summarize the changes in the ACL by segment and class for the three months ended March 31, 2022 and 2021:

	Three Months Ended March 31, 2022					
(In thousands)	Beginning Balance	Charge-offs	Recoveries	Initial ACL on PCD Loans	Provision	Ending Balance
Commercial and industrial						
Non-real estate	$ 138,696	$ (2,171)	$ 2,912	$ —	$ (764)	$ 138,673
Owner occupied	59,254	(511)	266	(551)	(2,066)	56,392
Total commercial and industrial	197,950	(2,682)	3,178	(551)	(2,830)	195,065
Commercial real estate						
Construction, acquisition and development	52,530	(6)	155	—	3,679	56,358
Income producing	98,327	(307)	282	(2,012)	(5,916)	90,374
Total commercial real estate	150,857	(313)	437	(2,012)	(2,237)	146,732
Consumer						
Residential mortgages	85,734	(397)	1,097	(5,554)	7,169	88,049
Other consumer	11,874	(1,395)	515	—	(2,102)	8,892
Total consumer	97,608	(1,792)	1,612	(5,554)	5,067	96,941
Total loans and leases, net of unearned	$ 446,415	$ (4,787)	$ 5,227	$ (8,117)	$ —	$ 438,738

	Three Months Ended March 31, 2021				
(In thousands)	Beginning Balance	Charge-offs	Recoveries	Provision	Ending Balance
Commercial and industrial					
Non-real estate	$ 31,906	$ (2,268)	$ 1,063	$ (3,742)	$ 26,959
Owner occupied	35,488	(775)	148	6,483	41,344
Total commercial and industrial	67,394	(3,043)	1,211	2,741	68,303
Commercial real estate					
Construction, acquisition and development	28,891	(807)	53	(1,584)	26,553
Income producing	64,291	(478)	56	20,462	84,331
Total commercial real estate	93,182	(1,285)	109	18,878	110,884
Consumer					
Residential mortgages	70,493	(344)	623	(16,997)	53,775
Other consumer	13,353	(1,234)	658	(4,622)	8,155
Total consumer	83,846	(1,578)	1,281	(21,619)	61,930
Total loans and leases, net of unearned	$ 244,422	$ (5,906)	$ 2,601	$ —	$ 241,117

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

	Three Months Ended March 31,	
(In thousands)	2022	2021
Balance at beginning of period	$ 23,551	$ 7,044
Provision for unfunded commitments for loans acquired during the period	—	—
Provision for credit losses for unfunded commitments	—	—
Balance at end of period	$ 23,551	$ 7,044

The economic impact of rising inflation, rising interest rates, labor and supply chain shortages, and the potential for a slowing economy poses additional risk to borrowers and financial institutions alike. The economic disruption resulting from the coronavirus ("COVID-19") pandemic had a substantial impact on the risk that businesses may experience difficulty in meeting repayment obligations and the Company may experience losses or deterioration in performance in its loan portfolio. Despite significant government intervention and improvement in economic conditions, the economic disruption continued to impact business operations which placed borrowers at additional risk due to reduced capacity.

The ACL estimate includes both portfolio changes and changes in economic conditions experienced during the period. The unemployment rate has the highest weighting within the Company's credit modeling framework. The Company's forecast for unemployment includes a range between 3.90% and 5.53% through the first quarter of 2024. The Company considers several forecasts from external sources with management utilizing an equal weighting of a base case and severe scenario. The Company recognizes that inflation, rising interest rates and a slowing economy may have short-term, long-term and regional impacts to the economic recovery. In addition, qualitative factors such as changes in economic conditions, concentrations of risk, and changes in portfolio risk resulting from regulatory changes are considered in determining the adequacy of the level of the allowance for credit losses.

NOTE 6. GOODWILL AND OTHER INTANGIBLE ASSETS

As further discussed in Note 17, the Company reorganized its management reporting structure during the fourth quarter of 2021 and, accordingly, its segment reporting structure and reporting units used for goodwill impairment evaluation. In connection with the reorganization, management reallocated goodwill to the new reporting units using a relative fair value approach.

Subsequent to the merger of Legacy Cadence into BancorpSouth Bank ("BancorpSouth") to form the new Cadence Bank, the Company made significant changes to the structure of our internal organization that resulted in the composition of our reporting units and operating segments to change. As such, prior period segment information has not been restated to conform to the current period presentation as required by GAAP because it would be impracticable to do so. In addition, prior year segment information has not been disclosed under the new basis of segmentation as required by GAAP because such information is not available and impracticable to maintain.

The following tables present the carrying amounts of goodwill assigned to each of the Company's reporting units as of March 31, 2022 and December 31, 2021. Due to the timing of the Legacy Cadence merger, the allocation of goodwill to the reporting units is considered a provisional estimate and is expected to be finalized during the remaining measurement period in 2022. Refer to Note 2 for additional information on the mergers and acquisitions, and Note 17 for additional information on segments, including the redetermination of both the operating segments and the reporting units as a result of the Legacy Cadence acquisition in the fourth quarter of 2021.

(In thousands)	March 31, 2022	December 31, 2021
Corporate Banking	$ 262,149	$ 259,101
Community Banking	938,912	940,089
Mortgage	40,699	40,716
Insurance Agencies	90,965	90,745
Banking Services	76,313	77,297
Total	$ 1,409,038	$ 1,407,948

The Company's policy is to assess goodwill for impairment at the reporting unit level on an annual basis or sooner if an event occurs or circumstances change which indicate that the fair value of a reporting unit is below its carrying amount. Impairment is the condition that exists when the carrying amount of the reporting unit exceeds the fair value of that reporting unit. The Company's annual assessment date is during the Company's fourth quarter. No events occurred during the three months ended March 31, 2022 or 2021 that indicated the necessity of an earlier goodwill impairment assessment.

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

The carrying value of other intangible assets was $191.6 million and $198.3 million as of March 31, 2022 and December 31, 2021, respectively. In connection with the mergers and acquisitions detailed in Note 2, the Company recorded core deposit intangible assets of $28.5 million during the year ended December 31, 2021. The core deposit intangible assets are being amortized over an estimated useful life of ten years utilizing an accelerated method. In connection with the Legacy Cadence merger, the Company also recorded $78.6 million of customer relationship intangibles and $48.7 million for the

Cadence trade name. The customer relationship intangibles are being amortized over an estimated useful life of ten years utilizing an accelerated method. The trade name is considered indefinite-lived and is not subject to amortization.

The following table, which excludes fully amortized intangibles, shows the gross carrying amount and accumulated amortization of the Company's other intangible assets as of March 31, 2022 and December 31, 2021.

	March 31, 2022			December 31, 2021		
(In thousands)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Core deposit intangibles	$ 112,378	$ 49,664	$ 62,714	$ 112,378	$ 47,281	$ 65,097
Customer relationship intangibles	126,521	47,417	79,104	126,371	43,238	83,133
Non-solicitation intangibles	3,462	3,026	436	3,461	2,808	653
Trade names	49,388	—	49,388	49,388	—	49,388
Total other intangible assets	$ 291,749	$ 100,107	$ 191,642	$ 291,598	$ 93,327	$ 198,271

The following table presents intangible asset amortization expense for the three months ended March 31, 2022 and 2021.

	Three Months Ended March 31,	
(In thousands)	2022	2021
Core deposit intangibles	$ 2,383	$ 1,637
Customer relationship intangibles	4,179	463
Non-solicitation intangibles	218	218
Total intangible asset amortization expense	$ 6,780	$ 2,318

NOTE 7. TIME DEPOSITS AND SHORT-TERM DEBT

Time deposits with a balance of $250,000 or more amounting to $0.9 billion and $1.1 billion were outstanding at March 31, 2022 and December 31, 2021, respectively.

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

	March 31, 2022				
	End of Period		Daily Average		Maximum Outstanding at any Month End
(Dollars in thousands)	Balance	Interest Rate	Balance	Interest Rate [1]	
Federal funds purchased	$ —	—%	$ 117,389	0.11%	$ —
Securities sold under agreement to repurchase	703,560	0.14	694,033	0.11	703,560
Short-term FHLB advances	—	—	14,167	0.15	—
Total	$ 703,560		$ 825,589		$ 703,560

	December 31, 2021				
	End of Period		Daily Average		Maximum Outstanding at any Month End
(Dollars in thousands)	Balance	Interest Rate	Balance	Interest Rate	
Federal funds purchased	$ 595,000	0.12%	$ 5,438	0.11%	$ 1,595,000
Securities sold under agreement to repurchase	687,188	0.10	708,169	0.11	926,764
Short-term FHLB advances	—	—	3	0.13	—
Total	$ 1,282,188		$ 713,610		$ 2,521,764

(1) Annualized.

Federal funds purchased generally mature the day following the date of purchase. Federal Reserve Bank ("FRB") discount window borrowings generally mature within 90 days following the date of purchase. Borrowings from the FRB will be collateralized by $2.7 billion in commercial, agriculture, and consumer loans pledged under a borrower-in-custody agreement. At March 31, 2022 and December 31, 2021, the Company had established non-binding federal funds borrowing lines of credit with other banks aggregating $1.7 billion and $1.6 billion, respectively.

Short-term FHLB borrowings generally mature within 30 days following the date of purchase. All borrowings from the FHLB are collateralized by commercial, construction, and real estate loans pledged under a blanket lien arrangement as of March 31, 2022 (see Note 8).

Additionally, the Company utilizes securities sold under agreements to repurchase to facilitate the needs of our customers and to facilitate secured short-term funding needs. Securities sold under repurchase agreements generally mature within 30 days from the date of sale. Securities sold under agreements to repurchase are stated at the amount of cash received in connection with the transaction. The Company monitors collateral levels on a continuous basis and may be required to provide additional collateral based on the fair value of the underlying securities.

NOTE 8. LONG-TERM AND SUBORDINATED DEBT

The Company has entered into a blanket floating lien security agreement with the FHLB of Dallas. Under the terms of this agreement, the Company is required to maintain sufficient collateral to secure borrowings in an aggregate amount of the lesser the book value (i.e., unpaid principal balance), after applicable FHLB discounts, of the Company's eligible mortgage loans pledged as collateral or 35% of the Company's assets. Loans totaling $18.9 billion and $12.8 billion at March 31, 2022 and December 31, 2021, respectively, were pledged to the FHLB of Dallas. At March 31, 2022, the remaining borrowing availability totaled $11.1 billion. At March 31, 2022, there were no call features on long-term FHLB borrowings. The FHLB of Dallas issued irrevocable letters of credit totaling $96.4 million at March 31, 2022 on behalf of our customers. Of the $96.4 million, $30.0 million expires on December 17, 2023 and $66.4 million expires on December 31, 2029.

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

(In thousands)	March 31, 2022	December 31, 2021
Advances from FHLB of Dallas	$ 1,163	$ 2,305
5.75% fixed rate, long-term promissory notes	1,351	1,437
4.125% fixed to floating rate, subordinated notes, due November 20, 2029, callable in 2024	300,000	300,000
7.250% subordinated notes, due June 28, 2029, callable in 2024	35,000	35,000
4.750% subordinated notes, due June 30, 2029, callable in 2024	85,000	85,000
6.250% subordinated notes, due June 28, 2029, callable in 2024	25,000	25,000
5.000% fixed to floating rate, subordinated notes, due June 30, 2030, callable in 2025	10,000	10,000
Junior subordinated debentures, 3 month LIBOR plus 1.75%, due 2037	—	15,000
Purchase accounting adjustment, net of amortization	10,054	10,717
Debt issue costs	(1,873)	(2,048)
Total advances and subordinated debt	$ 465,695	$ 482,411

NOTE 9. INCOME TAXES

Income tax expense for the three months ended March 31, 2022 was $33.6 million, compared to $23.3 million for the same period in 2021. The effective tax rate was 22.6% for the three months ended March 31, 2022, compared to 22.3% for the same period in 2021. The increase in the effective tax rate for the three months ended March 31, 2022, primarily resulted from higher pre-tax income in the current period.

The effective tax rate is primarily affected by the amount of pre-tax income, and to a lesser extent, tax-exempt interest income, the increase in cash surrender value of bank-owned life insurance, and nondeductible expenses. The effective tax rate is also affected by discrete items that may occur in any given period but are not consistent from period-to-period, which may impact the comparability of the effective tax rate between periods.

At March 31, 2022, the Company had a net deferred tax asset of $256.0 million, compared to $86.6 million at December 31, 2021. The increase in the deferred asset was primarily due to the increase in unrealized losses on available-for-sale securities.

NOTE 10. PENSION, OTHER POST RETIREMENT BENEFIT AND PROFIT SHARING PLANS

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

	Three Months Ended March 31,	
(In thousands)	2022	2021
Service cost	$ 2,766	$ 1,808
Interest cost	1,506	1,038
Expected return on plan assets	(6,024)	(5,716)
Recognized prior service cost (benefit)	4	(66)
Recognized net loss	1,213	1,192
Net periodic benefit cost [(1)]	$ (535)	$ (1,744)

(1) While service cost is included in salaries and employee benefits, the other components of net periodic pension costs are included in other noninterest expense in the unaudited consolidated statements of income for the three months ended March 31, 2022 and 2021.

NOTE 11. FAIR VALUE DISCLOSURES

See Note 13 to the consolidated financial statements of the Annual Report on Form 10-K for the year ended December 31, 2021 for a description of valuation methodologies for assets and liabilities measured at fair value on a recurring and non-recurring basis.

Assets and Liabilities Recorded at Fair Value on a Recurring Basis

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

	March 31, 2022			
(In thousands)	Level 1	Level 2	Level 3	Total
Assets:				
Available-for-sale securities	$ —	$ 14,371,606	$ —	$ 14,371,606
Equity investments	23,577	—	—	23,577
Mortgage servicing rights	—	—	92,859	92,859
Derivative instruments	—	9,323	7,381	16,704
Loans held for sale	—	302,211	—	302,211
Investments in limited partnerships	—	—	45,806	45,806
SBA servicing rights	—	—	6,158	6,158
Total	$ 23,577	$ 14,683,140	$ 152,204	$ 14,858,921
Liabilities:				
Derivative instruments	$ 2,636	$ 8,486	$ 1,300	$ 12,422

(In thousands)	December 31, 2021 Level 1	Level 2	Level 3	Total
Assets:				
Available-for-sale securities	$ —	$ 15,606,470	$ —	$ 15,606,470
Equity investments	24,924	—	—	24,924
Mortgage servicing rights	—	—	69,552	69,552
Derivative instruments	—	16,598	6,749	23,347
Loans held for sale	—	340,175	—	340,175
Investments in limited partnerships	—	—	46,750	46,750
SBA servicing rights	—	—	5,358	5,358
Net profits interests	—	—	2,000	2,000
Total	$ 24,924	$ 15,963,243	$ 130,409	$ 16,118,576
Liabilities:				
Derivative instruments	$ —	$ 7,279	$ 1,787	$ 9,066

Level 3 financial instruments typically include unobservable components but may also include some observable components that may be validated to external sources. The table below includes a rollforward of the consolidated balance sheet amounts for each of the three months ended March 31, 2022 and 2021 for changes in the fair value of financial instruments within Level 3 of the valuation hierarchy that are recorded on a recurring basis. The gains or (losses) in the following table (which are reported in Other Noninterest Income in the consolidated statements of income) may include changes to fair value due in part to observable factors that may be part of the valuation methodology.

(In thousands)	Three Months Ended March 31, 2022 Mortgage Servicing Rights	Net Profits Interests	Investments in Limited Partnerships	SBA Servicing Rights	Derivative Instruments
Balance at December 31, 2021	$ 69,552	$ 2,000	$ 46,750	$ 5,358	$ 4,962
Total net gains for the year included in:					
Net gain (loss)	18,152	—	1,341	(34)	(1,517)
Transfers out of Level 3	—	—	—	—	2,636
Sales	—	(2,000)	—	—	—
Purchase accounting adjustment	—	—	(2,722)	—	—
Additions	5,155	—	—	834	—
Reclassifications	—	—	(340)	—	—
Contributions paid	—	—	1,746	—	—
Distributions received	—	—	(969)	—	—
Balance at March 31, 2022	$ 92,859	$ —	$ 45,806	$ 6,158	$ 6,081
Net unrealized gains (losses) included in net income for the year relating to assets and liabilities held at March 31, 2022	$ 21,299	$ —	$ 1,341	$ (34)	$ (1,517)

(In thousands)	Three Months Ended March 31, 2021 Mortgage Servicing Rights	Net Profits Interests	Investments in Limited Partnerships	SBA Servicing Rights	Derivative Instruments
Balance at December 31, 2020	$ 47,571	$ —	$ 3,497	$ —	$ 16,842
Total net gains for the year included in:					
Net gain (loss)	7,173	—	477	—	439
Acquired in settlement of loans	5,588	—	—	—	—
Contributions paid	—	—	45	—	—
Distributions received	—	—	(465)	—	—
Balance at March 31, 2021	$ 60,332	$ —	$ 3,554	$ —	$ 17,281
Net unrealized gains included in net income for the year relating to assets and liabilities held at March 31, 2021	$ 10,446	$ —	$ 477	$ —	$ 439

During the three months ended March 31, 2022, the Company transferred $2.6 million in derivative instruments out of Level 3. The transfer was primarily related to the integration of systems after the Legacy Cadence merger.

Assets and Liabilities Recorded at Fair Value on a Nonrecurring Basis

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

(In thousands)	March 31, 2022 Level 1	Level 2	Level 3	Total
Assets:				
Impaired loans, collateral dependent	$ —	$ —	$ 10,136	$ 10,136
Purchased credit deteriorated (loss) loans	—	—	58,260	58,260
Other real estate and repossessed assets	—	—	18,037	18,037

(In thousands)	December 31, 2021 Level 1	Level 2	Level 3	Total
Assets:				
Impaired loans, collateral dependent	$ —	$ —	$ 25,201	$ 25,201
Purchased credit deteriorated (loss) loans	—	—	88,432	88,432
Other real estate and repossessed assets	—	—	17,788	17,788

Unobservable Inputs

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

	Quantitative Information about Level 3 Fair Value Measurements				
(In thousands)	Carrying Value	Valuation Methods	Unobservable Inputs	Range	Weighted Average [(1)]
March 31, 2022					
Measured at fair value on a recurring basis:					
Mortgage servicing rights	$ 92,859	Discounted cash flow	Discount rate	0.0%-23.0%	9.4%
			Repayment speed (CPR)	0.0-100.0	8.0
			Coupon interest rate	2.7%-4.8%	3.5%
			Remaining maturity (months)	119.1-480.0	332.0
			Servicing fee (bps)	0.0 bps-50.0 bps	27.9 bps
Investments in limited partnerships	45,806	Practical expedient	Net asset value	NM	NM
SBA servicing rights	6,158	Coupon less contractual servicing cost	Contractual servicing cost (bps)	12.5 bps-40.0 bps	26.3 bps
Derivative instruments	6,081	Discounted cash flow	Discount rate	NM	NM
Measured at fair value on a nonrecurring basis:					
Impaired loans, collateral dependent	10,136	Appraised value, as adjusted	Discount to fair value	10%-75%	54.0%
Purchased credit deteriorated (loss) loans	58,260	Appraised value, as adjusted	Discount to fair value	0%-82%	25.0%
		Enterprise value	EBITDA multiples times sale multiples	5.00x-7.00x	6.44x
		Discounted cash flow	Discount rate	10.5%	10.5%
Other real estate and repossessed assets	18,037	Appraised value, as adjusted	Estimated closing costs	7%	7%

(In thousands)	Carrying Value	Valuation Methods	Unobservable Inputs	Range	Weighted Average [1]
	Quantitative Information about Level 3 Fair Value Measurements				
December 31, 2021					
Measured at fair value on a recurring basis:					
Mortgage servicing rights	$ 69,552	Discounted cash flow	Discount rate	7.7%-11.1%	9.4%
			Repayment speed (CPR)	7.4-30.5	11.6
			Coupon interest rate	2.6%-9.2%	3.5%
			Remaining maturity (months)	117.0-445.9	332.0
			Servicing fee (bps)	21.0 bps-81.5 bps	27.8 bps
Investments in limited partnerships	46,750	Practical expedient	Net asset value	NM	NM
SBA servicing rights	5,358	Coupon less contractual servicing cost	Contractual servicing cost (bps)	12.5 bps-40.0 bps	26.3 bps
Derivative instruments	4,962	Discounted cash flow	Discount rate	NM	NM
Net profits interests	2,000	Discounted cash flow	Discount rate	10%	10%
Measured at fair value on a nonrecurring basis:					
Impaired loans, collateral dependent	25,201	Appraised value, as adjusted	Discount to fair value	0%-76%	45.0%
Purchased credit deteriorated (loss) loans	88,432	Collateral value	Discount to fair value	0%-100%	43.0%
		Enterprise value	EBITDA multiples times sale multiples	5.00x-7.00x	6.44x
		Discounted cash flow	Discount rate	10%-11%	10.0%
Other real estate owned	17,788	Appraised value, as adjusted	Estimated closing costs	7%	7%

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

The following table presents carrying and fair value information of financial instruments for the periods presented:

	March 31, 2022		December 31, 2021	
(In thousands)	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets:				
Cash and due from banks	$ 781,310	$ 781,310	$ 656,132	$ 656,132
Interest bearing deposits with other banks	880,742	880,742	638,547	638,547
Available for sale securities, FHLB and equity investments	14,422,211	14,422,211	15,652,797	15,652,797
Net loans and leases	26,750,928	26,830,119	26,436,573	26,587,853
Loans held for sale	302,211	302,211	340,175	340,175
Accrued interest receivable	140,214	140,214	142,340	142,340
Mortgage servicing rights	92,859	92,859	69,552	69,552
Investments in limited partnerships	229,211	229,211	215,554	215,554
Other assets	24,195	24,195	25,145	25,145
Liabilities:				
Noninterest bearing deposits	14,458,563	14,458,563	13,634,505	13,634,505
Savings and interest bearing deposits	22,568,172	22,568,172	22,283,667	22,283,667
Time deposits	3,541,320	3,555,809	3,899,501	3,915,733
Federal funds purchased and securities sold under agreement to repurchase and other short-term borrowings	703,560	703,560	1,282,188	1,282,188
Accrued interest payable	12,385	12,385	8,483	8,483
Subordinated debt and other borrowings	465,695	464,074	482,411	475,614
Derivative instruments:				
Assets:				
Commercial interest rate swaps, caps, and floors	8,802	8,802	17,567	17,567
Held-for-sale interest rate lock commitments	2,415	2,415	4,675	4,675
US Treasury futures	—	—	732	732
Forward commitments to sell mortgage loans	4,966	4,966	218	218
Foreign exchange contracts	521	521	155	155
Liabilities:				
Commercial interest rate swaps, caps, and floors	7,914	7,914	8,487	8,487
Held-for-sale interest rate lock commitments	1,024	1,024	21	21
US Treasury futures	2,508	2,508	6	6
Forward commitments to sell mortgage loans	404	404	371	371
Foreign exchange contracts	572	572	181	181

NOTE 12. STOCK-BASED COMPENSATION

The Company's Long-Term Equity Incentive Plan ("Incentive Plan"), 1995 Non-Qualified Stock Option Plan for Non-Employees (the "1995 Plan"), 2021 Long-Term Equity Incentive Plan and the Amended and Restated 2015 Omnibus Incentive Plan (the "2015 Plan" assumed from Legacy Cadence) permits the Company to grant to employees and directors various forms of stock-based incentive compensation. Performance stock units ("PSU") entitle the recipient to receive shares of the Company's common stock upon the achievement of performance goals that are specified in the award over a performance period. The recipient of performance stock units is not treated as a shareholder of the Company and is not entitled to vote or receive dividends until the performance conditions stated in the award are satisfied and the shares of stock are actually issued to the recipient. All of the performance stock units vest over a three-year period and are valued at the fair value of the Company's stock at the grant date based upon the estimated number of shares expected to vest. Restricted stock units ("RSU") enable the recipient to receive the shares once they are vested but with no voting rights until the shares are received. Restricted stock awards ("RSA") entitle the recipient to vote the shares of stock but the recipient does not actually receive the shares until they are fully vested. RSA grants are entitled to receive dividends.

For more information, see Note 14 to the consolidated financial statements to the Annual Report on Form 10-K for the year ended December 31, 2021.

Performance Stock Units

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

	Three Months Ended March 31,			
	2022		2021	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Nonvested at beginning of period	1,215,576	$ 28.86	343,503	$ 30.16
Granted during the period	—	—	394,508	28.72
Vested during the period	(26,252)	27.22	(153,830)	30.15
Forfeited during the period	(201,177)	29.17	(4,514)	28.97
Nonvested at end of period	988,147	$ 28.83	579,667	$ 29.19

The Company recorded $0.3 million reversal of compensation expense related to the PSUs for the three months ended March 31, 2022, compared to $1.7 million reversal for the three months ended March 31, 2021. As of March 31, 2022, there was $21.0 million of unrecognized compensation cost related to PSUs that is expected to be recognized over a weighted average period of 2.31 years.

Restricted Stock Units

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

	Three Months Ended March 31,			
	2022		2021	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Nonvested at beginning of period	2,288,759	$ 28.76	—	$ —
Granted during the period	5,802	28.76	439,337	28.47
Vested during the period	(322,166)	28.76	—	—
Forfeited during the period	(28,113)	28.57	(328)	27.59
Nonvested at end of period	1,944,282	$ 28.76	439,009	$ 28.47

The Company recorded $5.7 million of compensation expense related to the RSUs for the three months ended March 31, 2022, compared to $0.6 million for the three months ended March 31, 2021. These amounts included approximately $0.4 million and $0.1 million related to RSUs issued to the Company's directors during the three months ended March 31, 2022 and

2021, respectively. As of March 31, 2022, there was $39.4 million of unrecognized compensation cost related to RSUs that is expected to be recognized over a weighted average period of 2.78 years.

Restricted Stock Awards

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

	Three Months Ended March 31,			
	2022		2021	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Nonvested at beginning of period	1,323,069	$ 29.64	1,647,282	$ 29.00
Granted during the period	—	—	—	—
Vested during the period	—	—	(709)	30.25
Forfeited during the period	(20,731)	30.14	(27,165)	30.90
Nonvested at end of period	1,302,338	$ 29.63	1,619,408	$ 28.97

The Company recorded $1.5 million of compensation expense related to the RSAs for the three months ended March 31, 2022, compared to $1.8 million for the three months ended March 31, 2021. As of March 31, 2022, there was $13.0 million of unrecognized compensation cost related to RSAs that is expected to be recognized over a weighted average period of 2.42 years.

The following table presents information regarding the vesting of the Company's nonvested stock-based compensation grants outstanding at March 31, 2022:

	Number of Shares		
Year Ending	PSU	RSU	RSA
December 31, 2022	—	41,097	166,540
December 31, 2023	407,079	375,074	422,315
December 31, 2024	581,068	1,021,774	379,331
December 31, 2025	—	—	297,652
December 31, 2026 and later	—	506,337	36,500
Total nonvested shares	988,147	1,944,282	1,302,338

Stock Options

Key employees and directors of the Company may be granted stock options. Compensation expense is measured using estimates of fair value of all stock-based awards. No stock options were granted during the three months ended March 31, 2022 or 2021. However, the Company assumed outstanding stock options from its acquisition of Legacy Cadence in October 2021. The outstanding options were converted according to the exchange rate used in the acquisition and became fully vested at that time. The options have a seven year life and will expire in four years. At the acquisition date, options outstanding totaled 1,121,994 and had a weighted average exercise price of $27.40. The Company recorded $0.1 million of compensation expense related to the stock options for the three months ended March 31, 2022. As of March 31, 2022, there were 1,121,994 unexpired options outstanding which are set to expire in the first quarter of 2026.

NOTE 13. EARNINGS PER SHARE AND DIVIDEND DATA

Basic and diluted earnings per share ("EPS") are calculated in accordance with ASC 260, *Earnings Per Share*. Basic EPS is computed by dividing income available to common shareholders by the weighted-average number of common shares outstanding for the period. Diluted EPS is computed using the weighted-average number of shares determined for the basic EPS computation plus the shares resulting from the assumed exercise of all outstanding share-based awards using the treasury stock method. There were no antidilutive equity awards excluded from dilutive shares for the three months ended March 31, 2022 and approximately 900 thousand shares considered antidilutive for the three months ended March 31, 2021.

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

	Three Months Ended March 31, 2022		
(In thousands, except per share amounts)	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic EPS:			
Net income	$ 114,947		
Preferred stock dividends	2,372		
Income available to common shareholders	112,575	186,141	$ 0.60
Dilutive effect of stock compensation	—	1,124	
Diluted EPS:			
Net income available to common shareholders plus assumed exercise	$ 112,575	187,265	$ 0.60

	Three Months Ended March 31, 2021		
(In thousands, except per share amounts)	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic EPS:			
Net income	$ 81,555		
Preferred stock dividends	2,372		
Income available to common shareholders	$ 79,183	102,622	$ 0.77
Dilutive effect of stock compensation	—	90	
Diluted EPS:			
Net income available to common shareholders plus assumed exercise	$ 79,183	102,712	$ 0.77

Dividends to shareholders are subject to approval by the applicable state regulatory authority.

NOTE 14. ACCUMULATED OTHER COMPREHENSIVE INCOME

The following tables present the components of other comprehensive income (loss) and the related tax effects allocated to each component for the three months ended March 31, 2022 and 2021:

	Three Months Ended March 31, 2022		
(In thousands)	Before Tax Amount	Tax Effect	Net of Tax Amount
Unrealized losses on available-for-sale securities:			
Unrealized losses arising during holding period	$ (694,450)	$ 169,051	$ (525,399)
Reclassification adjustment for net losses realized in net income [(1)]	(201)	49	(152)
Net change in unrealized losses on available-for-sale securities	(694,651)	169,100	(525,551)
Recognized employee benefit plan net periodic benefit cost [(2)]	1,217	(297)	920
Other comprehensive loss	$ (693,434)	$ 168,803	$ (524,631)

(In thousands)	Three Months Ended March 31, 2021 Before Tax Amount	Tax Effect	Net of Tax Amount
Unrealized losses on available-for-sale securities:			
Unrealized losses arising during holding period	$ (74,558)	$ 18,331	$ (56,227)
Reclassification adjustment for net losses realized in net income (1)	—	—	—
Net change in unrealized losses on available-for-sale securities	(74,558)	18,331	(56,227)
Recognized employee benefit plan net periodic benefit cost (2)	1,126	(281)	845
Other comprehensive loss	$ (73,432)	$ 18,050	$ (55,382)

(1) Reclassification adjustments for net losses on available-for-sale securities are reported as security losses, net on the consolidated statements of income.

(2) Recognized employee benefit plan net periodic benefit cost includes recognized prior service cost and recognized net loss. For more information, see Note 12 "Pension, Other Post Retirement Benefit and Profit Sharing Plans" to the consolidated financial statements to the Annual Report on Form 10-K for the year ended December 31, 2021.

Activity within the balances in accumulated other comprehensive income (loss) is shown in the following tables for the three months ended March 31, 2022 and 2021:

(In thousands)	Three Months Ended March 31, 2022 Unrealized gain (loss) on AFS securities	Pension and other postretirement benefits	Accumulated other comprehensive income (loss)
Balance at December 31, 2021	$ (75,565)	$ (63,804)	$ (139,369)
Net change	(525,551)	920	(524,631)
Balance at March 31, 2022	$ (601,116)	$ (62,884)	$ (664,000)

(In thousands)	Three Months Ended March 31, 2021 Unrealized gain (loss) on AFS securities	Pension and other postretirement benefits	Accumulated other comprehensive income (loss)
Balance at December 31, 2020	$ 75,817	$ (63,894)	$ 11,923
Net change	(56,227)	845	(55,382)
Balance at March 31, 2021	$ 19,590	$ (63,049)	$ (43,459)

NOTE 15. MORTGAGE SERVICING RIGHTS ("MSR")

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

(Dollars in thousands)	March 31, 2022	December 31, 2021
Unpaid principal balance	$ 7,629,119	$ 7,553,917
Weighted-average prepayment speed (CPR)	8.0	11.6
Discount rate (annual percentage)	9.4	9.4
Weighted-average coupon interest rate (percentage)	3.5	3.5
Weighted-average remaining maturity (months)	332.0	332.0
Weighted-average servicing fee (basis points)	27.9	27.8

Because the valuation is determined by using discounted cash flow models, the primary risk inherent in valuing the MSR is the impact of fluctuating interest rates on the estimated life of the servicing revenue stream. The use of different estimates or assumptions could also produce different fair values. As of March 31, 2022 and December 31, 2021, the Company had an economic hedge in place designed to cover approximately 32.0% and 33.1%, respectively, of the MSR (see Note 18 for additional information). The Company is susceptible to fluctuations in the fair value of its MSR in changing interest rate environments.

The Company has one class of mortgage servicing asset comprised of closed end loans for one-to-four family residences, secured by first liens. The following table presents the activity in this class for the periods indicated:

	Three Months Ended March 31,	
(In thousands)	2022	2021
Fair value at beginning of period	$ 69,552	$ 47,571
Additions:		
Origination of servicing assets	5,155	5,588
Changes in fair value:		
Due to payoffs/paydowns	(3,147)	(3,273)
Due to change in valuation inputs or assumptions used in the valuation model	21,299	10,446
Fair value at end of period	$ 92,859	$ 60,332

All of the changes to the fair value of the MSR are recorded as part of mortgage banking revenue in the consolidated statements of income. As part of mortgage banking revenue, the Company recorded contractual servicing fees of $5.3 million and $5.0 million for the three months ended March 31, 2022 and 2021, respectively, and late and other ancillary fees of $537 thousand and $197 thousand for the three months ended March 31, 2022 and 2021, respectively.

NOTE 16. CAPITAL AND REGULATORY MATTERS

The Company is subject to various regulatory capital requirements administered by the federal and state banking agencies. Regulatory capital ratios at March 31, 2022 and December 31, 2021 were calculated in accordance with the Basel III capital framework as well as the interagency final rule published on September 30, 2020 entitled "Revised Transition of the Current Expected Credit Losses Methodology for Allowances." Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material adverse effect on the Company's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company must meet specific capital guidelines that involve quantitative measures of the Company's assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. The Company's capital amounts and classification are also subject to qualitative judgments by regulators about components, risk weightings and other factors. Quantitative measures established by the FDIC to ensure capital adequacy require the Company to maintain minimum capital amounts and ratios.

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

	March 31, 2022		December 31, 2021	
(Dollars in thousands)	Amount	Ratio	Amount	Ratio
Actual:				
Common equity Tier 1 capital (to risk-weighted assets)	$ 3,658,782	10.57 %	$ 3,754,848	11.11 %
Tier 1 capital (to risk-weighted assets)	3,825,775	11.05	3,921,841	11.61
Total capital (to risk-weighted assets)	4,596,667	13.27	4,683,361	13.86
Tier 1 leverage capital (to average assets)	3,825,775	8.24	3,921,841	9.90
Minimum requirement:				
Common equity Tier 1 capital (to risk-weighted assets)	1,558,272	4.50	1,520,353	4.50
Tier 1 capital (to risk-weighted assets)	2,077,696	6.00	2,027,138	6.00
Total capital (to risk-weighted assets)	2,770,261	8.00	2,702,850	8.00
Tier 1 leverage capital (to average assets)	1,857,549	4.00	1,584,531	4.00
Well capitalized requirement under prompt corrective action provisions:				
Common equity Tier 1 capital (to risk-weighted assets)	2,250,837	6.50	2,196,066	6.50
Tier 1 capital (to risk-weighted assets)	2,770,261	8.00	2,702,850	8.00
Total capital (to risk-weighted assets)	3,462,826	10.00	3,378,563	10.00
Tier 1 leverage capital (to average assets)	2,321,936	5.00	1,980,664	5.00

On December 8, 2021, the Company announced a new share repurchase program whereby the Company may acquire up to an aggregate of 10,000,000 shares of its common stock in the open market at prevailing market prices or in privately negotiated transactions during the period January 3, 2022 through December 30, 2022. At March 31, 2022, the Company had repurchased 5,071,525 shares under the this repurchase program.

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

Federal and state banking laws and regulations and state corporate laws restrict the amount of dividends that the Company may declare and pay. Under Mississippi law, the Company cannot pay any dividend on its common stock unless it has received written approval of the Commissioner of the Mississippi Department of Banking and Consumer Finance ("MDBCF"). The federal banking agencies have indicated that paying dividends that deplete a depository institution's capital base to an inadequate level would be an unsafe and unsound banking practice. Moreover, the federal agencies have issued policy statements providing that insured banks should generally only pay dividends out of current operating earnings.

The Company is required to maintain average reserve balances in the form of cash or deposits with the Federal Reserve Bank. The reserve balance varies depending upon the types and amounts of deposits. Effective March 26, 2020, the Federal Reserve Board reduced reserve requirement ratios to zero percent in response to the COVID-19 pandemic in order to help support lending. This action eliminated the reserve requirements for many depository institutions, such as Cadence.

NOTE 17. SEGMENT REPORTING

The Company determines operating segments based upon the services offered, the significance of those services to the Company's financial condition and operating results, and management's regular review of the operating results of those services. During the fourth quarter of 2021, the Company reorganized its internal management structure and, accordingly, its operating segment reporting structure. On October 29, 2021, Cadence Bank closed its previously announced merger in which Legacy Cadence merged into BancorpSouth, with BancorpSouth as the surviving company. Upon the completion of the merger, BancorpSouth was renamed Cadence Bank. This transaction prompted organizational changes to better integrate and execute the combined Company's strategic priorities across all lines of business. As a result, the Company revised its operating segments as described below.

Historically, BancorpSouth had five operating segments: Banking Services, Mortgage, Wealth Management, Insurance Agencies, and General Corporate and Other.

- Banking Services segment provided all traditional banking products and services, including commercial or consumer loans, and deposits.
- Mortgage segment included mortgage banking activities of originating mortgage loans, selling mortgage loans in the secondary market and servicing the mortgage loans that were sold on a servicing-retained basis.
- Wealth Management segment offered individuals, businesses, governmental institutions and non-profit entities a wide range of solutions to help protect, grow and transfer wealth. Offerings included credit-related products, trust and investment management, asset management, retirement and savings solutions, estate planning and annuity products.
- Insurance Agencies segment provided service as agents in the sale of commercial lines of insurance and full lines of property and casualty, life, health and employee benefit products and services.
- General Corporate and Other segment included other activities not allocated to other aforementioned operating segments.

During the finalization of the merger between BancorpSouth and Cadence Bancorporation, the new Cadence Bank's management reviewed the existing operating segment reporting formats for each legacy entity to determine how Cadence's business would be managed. After review and discussion including key members of senior management, it was determined effective October 29, 2021, Cadence will make operating decisions based on the following six operating segments as described below.

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

Subsequent to the merger of Cadence Bancorporation and BancorpSouth to form the new Cadence Bank, the Company made significant changes to the structure of our internal organization that caused the composition of our operating segments to change. As such, prior period segment information has not been restated to conform to the current period presentation as required by GAAP because it would be impracticable to do so. In addition, current year segment information has not been disclosed under the old basis of segmentation as required by GAAP because such information is not available and impracticable to maintain.

Results of operations and selected financial information by operating segment for periods indicated are presented in the following tables:

(In thousands)	Corporate Banking	Community Banking	Mortgage	Insurance Agencies	Banking Services	General Corporate and Other	Total
Results of Operations							
Three months ended March 31, 2022							
Net interest revenue	$ 85,242	$ 145,887	$ 28,334	$ 4	$ 5,707	$ 46,648	$ 311,822
Provision for credit losses	3,271	(11,902)	5,064	—	3,567	—	—
Net interest revenue after provision for credit losses	81,971	157,789	23,270	4	2,140	46,648	311,822
Noninterest revenue	11,197	27,129	21,634	38,477	22,740	7,258	128,435
Noninterest expense	21,868	83,629	13,803	32,422	19,876	120,069	291,667
Income (loss) before income taxes	71,300	101,289	31,101	6,059	5,004	(66,163)	148,590
Income tax expense (benefit)	16,146	22,951	7,028	1,398	1,135	(15,015)	33,643
Net income (loss)	$ 55,154	$ 78,338	$ 24,073	$ 4,661	$ 3,869	$ (51,148)	$ 114,947
Selected Financial Information							
Total assets at end of period	$ 8,596,551	$15,615,666	$ 3,673,185	$ 339,423	$ 1,108,417	$17,870,819	$47,204,061

(In thousands)	Banking Services Group	Mortgage	Insurance Agencies	Wealth Management	General Corporate and Other	Total
Results of Operations						
Three months ended March 31, 2021						
Net interest revenue	$ 165,231	$ 10,517	$ 8	$ 1	$ (2,968)	$ 172,789
Provision for credit losses	—	—	—	—	—	—
Net interest revenue after provision for credit losses	165,231	10,517	8	1	(2,968)	172,789
Noninterest revenue	20,113	25,311	30,674	9,103	2,735	87,936
Noninterest expense	94,532	7,097	27,014	5,249	21,931	155,823
Income (loss) before income taxes	90,812	28,731	3,668	3,855	(22,164)	104,902
Income tax expense (benefit)	20,359	6,519	967	875	(5,373)	23,347
Net income (loss)	$ 70,453	$ 22,212	$ 2,701	$ 2,980	$ (16,791)	$ 81,555
Selected Financial Information						
Total assets at end of period	$ 21,962,483	$ 1,741,844	$ 296,913	$ 54,748	$ 1,746,509	$ 25,802,497

The following table shows revenue disaggregated by operating segment for non-interest revenue type for the following periods indicated:

(In thousands)	Corporate Banking	Community Banking	Mortgage	Insurance Agencies	Banking Services	General Corporate and Other	Total
Three months ended March 31, 2022							
Noninterest Income							
In Scope of Topic 606							
Credit card, debit card and merchant fees	$ 133	$ 9,490	$ —	$ —	$ 4	$ 1,694	$ 11,321
Deposit service charges	3,852	14,571	—	—	205	1,270	19,898
Insurance commissions	—	—	—	35,727	—	—	35,727
Trust income	—	—	—	—	10,061	—	10,061
Brokerage commissions and fees	—	—	—	—	11,072	—	11,072
Total noninterest income (in-scope of Topic 606)	3,985	24,061	—	35,727	21,342	2,964	88,079
Total noninterest income (out-of-scope of Topic 606)	7,212	3,068	21,634	2,750	1,398	4,294	40,356
Total noninterest income	$ 11,197	$ 27,129	$ 21,634	$ 38,477	$ 22,740	$ 7,258	$ 128,435

(In thousands)	Banking Services Group	Mortgage	Insurance Agencies	Wealth Management	General Corporate and Other	Total
Three months ended March 31, 2021						
Noninterest Income						
In Scope of Topic 606						
Credit card, debit card and merchant fees	$ 9,659	$ —	$ —	$ —	$ —	$ 9,659
Deposit service charges	8,477	—	—	—	—	8,477
Insurance commissions	—	—	30,667	—	—	30,667
Trust income	—	—	—	5,129	—	5,129
Brokerage commissions and fees	—	—	—	3,285	—	3,285
Total noninterest income (in-scope of Topic 606)	18,136	—	30,667	8,414	—	57,217
Total noninterest income (out-of-scope of Topic 606)	1,977	25,311	7	689	2,735	30,719
Total noninterest income	$ 20,113	$ 25,311	$ 30,674	$ 9,103	$ 2,735	$ 87,936

NOTE 18. DERIVATIVE INSTRUMENTS

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

The fair value of derivative positions outstanding is included in other assets and other liabilities in the accompanying consolidated balance sheets and in the net change in each of these financial statement line items in the accompanying consolidated statements of cash flows. For derivatives not designated as hedging instruments or determined to be an ineffective hedge under the accounting guidance, gains and losses due to changes in fair value are included in noninterest income and the operating section of the consolidated statements of cash flows. For derivatives designated as cash flow hedging instruments, the entire change in the fair value related to the derivative instrument is recognized as a component of other comprehensive income and subsequently reclassified into interest income when the forecasted transaction affects income. At March 31, 2022, there were no derivatives designated under hedge accounting. The notional amounts and estimated fair values as of March 31, 2022 and December 31, 2021 were as follows:

	March 31, 2022			December 31, 2021		
		Fair Value			Fair Value	
(In thousands)	Notional Amount	Other Assets	Other Liabilities	Notional Amount	Other Assets	Other Liabilities
Commercial loan interest rate swaps	$1,174,055	$ 5,318	$ 4,430	$1,039,260	$ 12,725	$ 3,645
Commercial loan interest rate caps	72,445	293	293	106,042	44	44
Commercial loan interest rate floors	484,394	3,191	3,191	336,200	4,798	4,798
Mortgage loan held-for-sale interest rate lock commitments	224,857	2,415	1,024	189,765	4,675	21
U.S. Treasury futures (used to hedge MSR, see Note 15)	78,000	—	2,508	78,000	732	6
Mortgage loan forward sale commitments	272,664	4,966	404	298,398	218	371
Mortgage loan held-for-sale floating commitments	—	—	—	337	—	—
Foreign exchange contracts	72,678	521	572	70,491	155	181
Total derivatives	$2,379,093	$ 16,704	$ 12,422	$2,118,493	$ 23,347	$ 9,066

The Company is party to collateral support agreements with certain derivative counterparties. Such agreements require that the Company maintain collateral based on the fair values of derivative transactions. In the event of default by the Company, the counterparty would be entitled to the collateral. As of March 31, 2022 and December 31, 2021, the Company was required to post $26.6 million and $22.2 million, respectively, in cash or securities as collateral for its derivative transactions, which are included in “interest-bearing deposits in banks” on the Company’s consolidated balance sheets. In addition, the Company had recorded the obligation to return cash collateral provided by counterparties of $2.3 million as of March 31, 2022 within deposits on the Company’s consolidated balance sheet. Certain financial instruments, such as derivatives, may be eligible for offset in the consolidated balance sheet and/or subject to master netting arrangements or similar agreements. The Company’s derivative transactions with upstream financial institution counterparties are generally executed under International Swaps and Derivative Association master agreements which include “right of set-off” provisions. In such cases, there is generally a legally enforceable right to offset recognized amounts and there may be an intention to settle such amounts on a net basis. Nonetheless, the Company does not generally offset such financial instruments for financial reporting purposes.

The Company records gains and losses for derivatives not designated as hedging instruments in noninterest income on the consolidated statements of income. For the three months ended March 31, 2022 and 2021, mortgage loans held for sale interest rate lock commitments incurred losses of $2.6 million and $2.4 million, respectively. The Company acquired foreign exchange contracts in the merger with Legacy Cadence during the fourth quarter of 2021. Foreign exchange contract gains totaled $1.0 million for the three months ended March 31, 2022.

The Company enters into certain interest rate swaps, floors, and caps on commercial loans that are not designated as hedging instruments. These derivative contracts relate to transactions in which the Company enters into an interest agreement with a loan customer while at the same time entering into an offsetting interest rate agreement with another financial institution. In connection with each swap transaction, the Company agrees to pay interest to the customer on a notional amount at a variable interest rate and receive interest from the customer on a similar notional amount at a fixed interest rate. At the same time, the Company agrees to pay another financial institution the same fixed interest rate on the same notional amount and receive the same variable interest rate on the same notional amount. The interest rate swap transaction allows the Company’s customer to effectively convert a variable rate loan to a fixed rate. The interest rate cap transaction allows the Company’s customer to minimize interest rate risk exposure to rising interest rates. Because the Company acts as an intermediary for its customer, changes in the fair value of the underlying derivative contracts for the most part offset each other and do not significantly impact the Company’s consolidated statements of income. The Company is exposed to credit loss in the event of nonperformance by the parties to the interest rate agreements. However, the Company does not anticipate nonperformance by the counterparties. The estimated fair value has been recorded as an asset and a corresponding liability in the accompanying consolidated balance sheets as of March 31, 2022 and December 31, 2021.

The Company has both bought and sold credit protection in the form of participations on interest rate swaps (swap participations). These swap participations, which meet the definition of credit derivatives, were entered into in the ordinary course of business to serve the credit needs of customers. Swap participations, whereby the Company has purchased credit protection, entitle the Company to receive a payment from the counterparty if the customer fails to make payment on any amounts due to the Company upon early termination of the swap transaction. For contracts where the Company sold credit protection, the Company would be required to make payment to the counterparty if the customer fails to make payment on any amounts due to the counterparty upon early termination of the swap transaction. Swap participation agreements where the Company is the beneficiary had notional values totaling $138.1 million and $106.4 million at March 31, 2022 and December 31, 2021, respectively. Swap participation agreements where the Company is the guarantor had notional values totaling $541.9 million and $549.7 million at March 31, 2022 and December 31, 2021, respectively.

Other derivative instruments held by the Company include commitments to fund fixed-rate mortgage loans to customers and forward commitments to sell individual, fixed-rate mortgage loans. The Company's objective in obtaining the forward commitments is to mitigate the interest rate risk associated with the commitments to fund the fixed-rate mortgage loans. Both the commitments to fund fixed-rate mortgage loans and the forward commitments to sell individual fixed-rate mortgage loans are reported at fair value, with adjustments being recorded in current period earnings, and are not accounted for as hedges.

NOTE 19. COMMITMENTS AND CONTINGENT LIABILITIES

Mortgage Loans Serviced for Others

The Company services mortgage loans for others that are not included as assets in the Company's accompanying consolidated financial statements. Included in the $7.6 billion of loans serviced for investors at March 31, 2022 was $1.5 million of primary recourse servicing pursuant to which the Company is responsible for any losses incurred in the event of nonperformance by the mortgagor. The Company's exposure to credit loss in the event of such nonperformance is the unpaid principal balance at the time of default. This exposure is limited by the underlying collateral, which consists of single family residences and either federal or private mortgage insurance.

Lending Commitments

The consolidated financial statements do not reflect various commitments and contingent liabilities which arise in the normal course of banking business and which involve elements of credit risk, interest rate risk, and liquidity risk. Such financial instruments are recorded when they are funded. As of March 31, 2022, these included $524.9 million in letters of credit and $9.6 billion in extensions of credit such as interim mortgage financing, construction credit, credit card and revolving line of credit arrangements.

Commitments to extend credit and letters of credit include some exposure to credit loss in the event of nonperformance of the customer. Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. In addition, the Company has entered certain contingent commitments to grant loans. Standby letters of credit are conditional commitments issued to guarantee the performance of a customer to a third party. The credit policies and procedures for such commitments are the same as those used for lending activities. Because these instruments have fixed maturity dates and because a number expire without being drawn upon, they generally do not present any significant liquidity risk. The Company did not realize significant credit losses from these commitments and arrangements during the three months ended March 31, 2022 and 2021.

Other Commitments

The Company makes investments in limited partnerships, including certain low-income housing partnerships for which tax credits are received. As of March 31, 2022 and December 31, 2021, unfunded capital commitments totaled $121.5 million and $123.1 million, respectively. See Note 21 for more information.

Litigation

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

The Company and its subsidiaries are engaged in lines of business that are heavily regulated and involve a large volume of financial transactions and potential transactions with numerous customers or applicants, and the Company is a public company with a large number of shareholders. From time to time, applicants, borrowers, customers, shareholders, former employees and other third parties have brought actions against the Company or its subsidiaries, in some cases claiming substantial damages. Financial services companies are subject to the risk of class action litigation, and, from time to time, the Company and its subsidiaries are subject to such actions brought against it. Additionally, the Company is, and management expects it to be, engaged in a number of foreclosure proceedings and other collection actions as part of its lending and leasing collections activities, which, from time to time, have resulted in counterclaims against the Company and its subsidiaries.

Various legal proceedings have arisen and may arise in the future out of claims against entities to which the Company is a successor as a result of business combinations. The Company and its subsidiaries may also be subject to enforcement actions by federal or state regulators, including the FDIC, the Consumer Financial Protection Bureau (the “CFPB”), the United States Department of Justice (the “DOJ”), state attorneys general and the MDBCF.

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

The Company cannot predict with certainty the cost of defense, the cost of prosecution or the ultimate outcome of litigation and other proceedings filed by or against it, its subsidiaries and its directors, management or employees, including remedies or damage awards. On at least a quarterly basis, the Company assesses its liabilities and contingencies in connection with outstanding legal proceedings as well as certain threatened claims (which are not considered incidental to the ordinary conduct of the Company’s business) utilizing the latest and most reliable information available. For matters where a loss is not probable or the amount of the loss cannot be estimated, no accrual is established. For matters where it is probable the Company will incur a loss and the amount can be reasonably estimated, the Company establishes an accrual for the loss. Once established, the accrual is adjusted periodically to reflect any relevant developments. The actual cost of any outstanding legal proceedings and the potential loss, however, may turn out to be substantially higher than the amount accrued. Further, the Company’s insurance policies have deductibles and coverage limits, and such policies will likely not cover all costs and expenses related to the defense or prosecution of such legal proceedings or any losses arising therefrom.

Although the final outcome of any legal proceedings is inherently uncertain, based on the information available, advice of counsel and available insurance coverage, if applicable, management believes that the litigation-related liability of $0.5 million accrued as of March 31, 2022 is adequate and that any incremental change in potential liability arising from the Company’s legal proceedings and threatened claims, including the matters described herein and those otherwise arising in the ordinary course of business, will not have a material adverse effect on the Company’s business or consolidated results of operations or financial condition. It is possible, however, that future developments could result in an unfavorable outcome for or resolution of any one or more of the legal proceedings in which the Company or its subsidiaries are defendants, which may be material to the Company’s business or consolidated results of operations or financial condition for a particular fiscal period or periods.

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

NOTE 20. OTHER NONINTEREST INCOME AND EXPENSE

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

	Three Months Ended March 31,	
(In thousands)	2022	2021
Bank-owned life insurance	$ 3,336	$ 2,020
Other miscellaneous income	15,750	2,753
Total other noninterest income	$ 19,086	$ 4,773

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

	Three Months Ended March 31,	
(In thousands)	2022	2021
Advertising and public relations	$ 4,593	$ 1,745
Foreclosed property expense	440	1,021
Telecommunications	1,833	1,398
Amortization of intangibles	6,780	2,318
Legal fees	1,793	1,166
Postage and shipping	2,034	1,547
Other miscellaneous expense	23,312	9,549
Total other noninterest expense	$ 40,785	$ 18,744

NOTE 21. VARIABLE INTEREST ENTITIES AND OTHER INVESTMENTS

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

The Company is invested in several tax credit projects as a limited partner. The Company has determined these structures meet the definition of a VIE but consolidation is not required, as the Company is not the primary beneficiary. At March 31, 2022 and December 31, 2021, the Company's maximum exposure to loss associated with these limited partnerships was limited to its investment. Most of the investments are in affordable housing projects. The partnerships have qualified to receive annual affordable housing federal tax credits that are recognized as a reduction of current tax expense. Under the effective yield method, the Company recognizes the tax credits as they are allocated and amortizes the initial costs of the investments to provide a constant effective yield over the period the tax credits are allocated. Under the proportional amortization method, the Company amortizes the cost of the investment in proportion to the tax credits and other tax benefits received and recognizes the net investment performance in the income statement as a component of income tax expense.

The Company also has, to a lesser degree, investments in new markets tax credit and historic tax credit projects. These types of investments are accounted for by either the deferred method or the flow-through method. The Company has elected to account for these investments using the flow-through method which reduces federal income taxes in the year in which the credit arises. At March 31, 2022 and December 31, 2021, the Company had recorded investments in other assets on its consolidated balance sheets of approximately $157.4 million and $140.6 million, respectively, related to these investments.

Additionally, the Company has investments in other certain limited partnerships accounted for under the fair value practical expedient of net asset value ("NAV") totaling $45.8 million and $46.8 million as of March 31, 2022 and December 31, 2021, respectively. The Company recognized net gains of $1.3 million and $477 thousand for the three months ended March 31, 2022 and 2021, respectively, related to these assets recorded at fair value through net income.

Other limited partnerships without readily determinable fair values that do not qualify for the practical expedient are accounted for at their cost minus impairment, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. These investments totaled $6.9 million and $4.6 million as of March 31, 2022 and December 31, 2021, respectively. Other limited partnerships accounted for under the equity method totaled $19.1 million and $23.6 million as of March 31, 2022 and December 31, 2021, respectively. The following table presents a summary of the Company's investments in limited partnerships as of:

(In thousands)	March 31, 2022	December 31, 2021
Tax credit investments (amortized cost)	$ 157,384	$ 140,619
Limited partnerships accounted for under the fair value practical expedient of NAV	45,806	46,750
Limited partnerships without readily determinable fair values that do not qualify for the practical expedient of NAV accounted for under the cost method	6,897	4,563
Limited partnerships required to be accounted for under the equity method	19,124	23,622
Total investments in limited partnerships	$ 229,211	$ 215,554

Cadence elected a measurement alternative to fair value for certain equity investments in limited partnerships described above without a readily determinable fair value. During the three months and as of March 31, 2022 and 2021, there were no downward and upward adjustments to these investments for impairments or price changes from observable transactions. The carrying amount of these equity investments in limited partnerships measured under this measurement alternative for the specified time periods are as follows:

	Three Months Ended March 31,	
(In thousands)	2022	2021
Carrying value at the beginning of the period	$ 4,563	$ 526
Reclassifications	340	12
Distributions	(748)	(32)
Contributions	2,742	21
Carrying value at the end of the period	$ 6,897	$ 527

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

OVERVIEW

The Company is a regional bank with dual headquarters in Tupelo, Mississippi and Houston, Texas with approximately $47.2 billion in assets at March 31, 2022. The Company has commercial banking operations in Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, Missouri, Tennessee and Texas. The Company's insurance agency subsidiary also operates an office in Illinois. The Company and its subsidiaries provide commercial banking, leasing, mortgage origination and servicing, insurance, brokerage, trust, investment advisory and payroll services to corporate customers, local governments, individuals and other financial institutions through an extensive network of branches and offices.

On October 29, 2021, we acquired all the outstanding stock of Cadence Bancorporation, headquartered in Houston, Texas, the bank holding company for Cadence Bank, N.A. (collectively "Legacy Cadence") Legacy Cadence shareholders received 0.70 shares of the Company's common stock in exchange for each share of Legacy Cadence Class A common stock, resulting in the issuance of 85.7 million shares of our common stock resulting in a purchase price of $2.5 billion. The primary reasons for the transaction were to create a more diverse business mix, enhance our funding base, leverage operating costs through economies of scale and expand our market presence in Georgia and other attractive southern markets. The acquisition added $11.5 billion in loans and $16.4 billion in deposits as well as 99 branch locations throughout the southern United States.

Management's discussion and analysis provides a narrative discussion of the Company's financial condition and results of operations. For a complete understanding of the following discussion, you should refer to the Consolidated Financial Statements and related Notes presented elsewhere in this Report. Management's discussion and analysis should also be read in conjunction with the risk factors included in Item 1A of this Report. This discussion and analysis is based on reported financial information, and certain amounts for prior years have been reclassified to conform with the current financial statement presentation.

The financial condition and operating results of the Company are heavily influenced by economic trends nationally and in the specific markets in which the Company's subsidiaries provide financial services. Generally, the pressures of the national and regional economic cycle create a difficult operating environment for the financial services industry. During such times, the Company is not immune to pressures and any economic downturn may have a negative impact on the Company and its customers in all of the markets it serves. Management believes future weakness in the economic environment could adversely affect the strength of the credit quality of the Company's assets overall. Therefore, management will continue to focus on early identification and resolution of any credit issues.

The largest source of the Company's revenue is derived from its corporate and community banking operations. The financial condition and operating results of the Company are affected by the level and volatility of interest rates on loans, investment securities, deposits and other borrowed funds, and the impact of economic downturns on loan demand, collateral values and creditworthiness of existing borrowers. The financial services industry is highly competitive and heavily regulated. The Company's success depends on its ability to compete aggressively within its markets while maintaining sufficient asset quality and cost controls to generate net income.

The information that follows is provided to enhance comparability of financial information between periods and to provide a better understanding of the Company's operations.

Non-GAAP Financial Measures and Reconciliations

In addition to financial ratios based on measures defined by U.S. GAAP, the Company has identified "tangible shareholders' equity," "tangible shareholders' common equity," "tangible assets," "tangible common shareholders' equity to tangible assets," and "tangible book value per share" as non-GAAP financial measures used when evaluating the performance of the Company. Tangible shareholders' equity is defined by the Company as total shareholders' equity less goodwill and identifiable intangible assets. Tangible common shareholders' equity to tangible assets is defined by the Company as total shareholders' equity less preferred stock, goodwill and identifiable intangible assets, divided by total assets less goodwill and identifiable intangible assets. Tangible assets are defined by the Company as total assets less goodwill and identifiable intangible assets. Management believes the ratio of tangible common shareholders' equity to tangible assets to be important to investors who are interested in evaluating the adequacy of the Company's capital levels. Tangible book value per share is defined by the Company as tangible shareholders' equity divided by total common shares outstanding. Management believes that tangible book value per share is important to investors who are interested in changes from period to period in book value per share exclusive of changes in intangible assets.

The following table reconciles tangible shareholders’ equity, tangible assets and tangible book value per share as presented above to U.S. GAAP financial measures as reflected in the Company’s consolidated financial statements:

(Dollars in thousands)	March 31, 2022	March 31, 2021	December 31, 2021
Tangible assets:			
Total assets	$ 47,204,061	$ 25,802,497	$ 47,669,751
Less: goodwill	1,409,038	851,612	1,407,948
Other identifiable intangible assets	191,642	53,581	198,271
Total tangible assets	$ 45,603,381	$ 24,897,304	$ 46,063,532
Tangible shareholders' equity:			
Total shareholders' equity	$ 4,643,757	$ 2,825,198	$ 5,247,987
Less: goodwill	1,409,038	851,612	1,407,948
Other identifiable intangible assets	191,642	53,581	198,271
Total tangible shareholders' equity	$ 3,043,077	$ 1,920,005	$ 3,641,768
Less: preferred stock	166,993	166,993	166,993
Total tangible common shareholders' equity	2,876,084	1,753,012	3,474,775
Total common shares outstanding	183,488,844	102,624,818	188,337,658
Tangible common shareholders' equity to tangible assets	6.31 %	7.04 %	7.54 %
Tangible book value per common share	$ 15.67	$ 17.08	$ 18.45

FINANCIAL HIGHLIGHTS

The following table presents financial highlights for the periods indicated:

(Dollars in thousands, except per share amounts)	As of and For the Three Months Ended March 31, 2022	2021
Common share data:		
Basic earnings per share	$ 0.60	$ 0.77
Diluted earnings per share	0.60	0.77
Cash dividends per share	0.22	0.19
Book value per share	24.40	25.90
Tangible common book value per share [1]	15.67	17.08
Dividend payout ratio	36.60 %	24.62 %
Financial Ratios:		
Return on average assets	0.98 %	1.35 %
Return on average shareholders' equity	9.21 %	11.76 %
Return on average common shareholders' equity	9.33 %	12.14 %
Total shareholders' equity to total assets	9.84 %	10.95 %
Total common shareholders' equity to total assets	9.48 %	10.30 %
Tangible common shareholders' equity to tangible assets [1]	6.31 %	7.04 %
Net interest margin-fully taxable equivalent	2.92 %	3.15 %
Credit Quality Ratios:		
Net (recoveries) charge-offs to average loans and leases (annualized)	(0.01)%	0.09 %
Provision for credit losses to average loans and leases	— %	— %
Allowance for credit losses ("ACL") to net loans and leases	1.61 %	1.60 %
ACL to nonperforming loans and leases ("NPL")	367.82 %	237.97 %
ACL to nonperforming assets ("NPA")	297.08 %	217.87 %
NPL to net loans and leases	0.44 %	0.67 %
NPA to total assets	0.31 %	0.43 %
Capital Adequacy:		
Common Equity Tier 1 capital	10.57 %	10.97 %
Tier 1 capital	11.05 %	11.95 %
Total capital	13.27 %	14.65 %
Tier 1 leverage capital	8.24 %	8.59 %

(1) Non-GAAP financial measures. See "Non-GAAP Financial Measures and Reconciliations."

The Company reported net income available to common shareholders of $112.6 million for three months ended March 31, 2022 compared to $79.2 million for the same period in 2021. A primary factor contributing to the increase in net income available to common shareholders was the increase in net interest revenue from $172.8 million for the three months ended March 31, 2021 to $311.8 million for the three months ended March 31, 2022 with this increase a result of the two acquisitions in the second quarter of 2021 and the Legacy Cadence acquisition in the fourth quarter of 2021. The increase in net interest revenue was offset somewhat by the increase in noninterest expense from $155.8 million for the three months ended March 31, 2021 to $291.7 million for the three months ended March 31, 2022. Almost all categories of noninterest expense increased as a result of the acquisitions previously mentioned.

The primary source of revenue for the Company is net interest revenue. Net interest revenue is the difference between interest earned on loans, investments and other earning assets and interest paid on deposits and other obligations. Net interest revenue for the three months ended March 31, 2022 was $311.8 million compared to $172.8 million for the same period in 2021. Net interest revenue is affected by the general level of interest rates, changes in interest rates and changes in the amount and composition of interest earning assets and interest bearing liabilities. One of the Company's long-term objectives is to manage those assets and liabilities to maximize net interest revenue, while balancing interest rate, credit, liquidity and capital risks. The 80.5% increase in net interest revenue for the three months ended March 31, 2022 compared to the same period in 2021 was primarily a result of the increase in interest revenue related to the increasing balances of the loan and lease portfolio and the available-for-sale securities resulting from the three acquisitions previously mentioned. While average interest-bearing liabilities increased to $28.1 billion at March 31, 2022 from $14.9 billion at March 31, 2021, interest expense increased only 0.5% due to declining interest rates on all categories of interest-bearing liabilities.

The Company attempts to diversify its revenue stream by increasing the amount of revenue received from mortgage banking operations, insurance agency activities, brokerage and securities activities and other activities that generate fee income. Management believes this diversification is important to reduce the impact of fluctuations in net interest revenue on the overall operating results of the Company. Noninterest revenue for the three months ended March 31, 2022 was $128.4 million, compared to $87.9 million for the same period in 2021. The primary contributor to the increase in noninterest revenue was the three acquisitions that occurred during 2021. These increases were offset somewhat by the decrease in mortgage banking revenue to $21.8 million for the three months ended March 31, 2022 compared to $25.3 million in the same period in 2021. Mortgage origination volume increased by $14.0 million during the three months ended March 31, 2022 to $803.9 million from $789.8 million for the same period in 2021. However, mortgage origination revenue decreased to $5.1 million for the three months ended March 31, 2022 from $16.0 million for the same period in 2021 due to lower margins on loans sold in 2022. The change in the fair value of mortgage servicing rights ("MSR") somewhat offset the decrease in mortgage banking revenue. The fair value of MSR, including the hedge, was a positive $14.0 million for the three months ended March 31, 2022 compared to a positive $7.4 million for the same period in 2021.

Credit card, debit card and merchant fees increased $2.3 million to $11.3 million in the three months ended March 31, 2022 from $9.1 million for the same period in 2021 as a result of an increased number of transactions primarily related to the activity from the three acquisitions in 2021 previously mentioned. Deposit service charges increased $10.3 million to $19.9 million in the three months ended March 31, 2022 compared to the same period in 2021. This increase is also primarily related to the activity from the three acquisitions in 2021. Insurance commissions increased $5.1 million in the three months ended March 31, 2022 to $35.7 million compared to $30.7 million for the same period in 2021. The increase in insurance commissions is primarily a result of higher insurance premiums related to a firming premium market in addition to new policies and growth in coverage from existing policies.

Wealth management revenue increased to $21.7 million in the three months ended March 31, 2022 from $8.5 million for the same period in 2021. The increase in wealth management revenue is related to increased trust income and brokerage commissions and fees related to activities from the three acquisitions in 2021.

Other noninterest revenue fluctuations in the three months ended March 31, 2022 compared to the same period in 2021 included the increase of bank-owned life insurance of $1.3 million, or 65.1% as a result of higher premiums on life insurance policies owned in 2022 than 2021, which were acquired in connection with the three acquisitions previously mentioned. Other noninterest revenue increased in the three months ended March 31, 2022 compared to the same period in 2021 primarily as a result of gains on sale of SBA loans, and payroll processing revenue.

Noninterest expense for the three months ended March 31, 2022 was $291.7 million, an increase of 87.2% from $155.8 million for the same period in 2021. The increase in noninterest expense in 2022 compared to 2021 was primarily a result of an increase in salaries and employee benefits of $86.8 million, or 85.8%, as a result of salary increases, increased commissions and compensation costs associated with the three bank acquisitions in 2021. The increase in noninterest expense in the three months ended March 31, 2022 compared to the same period in 2021 was also a result of the increase in merger expense, which represents costs to complete the merger with no future benefit to the Company. Occupancy, equipment, data processing, computer software and amortization of intangibles also increased in the three months ended March 31, 2022 compared to the same period in 2021 as a result of the three bank acquisitions occurring in 2021.

RESULTS OF OPERATIONS

The following is a summary of our results of operations for the periods indicated:

	Three Months Ended March 31,	
(Dollars in thousands)	2022	2021
Earnings Summary:		
Interest revenue	$ 331,930	$ 192,783
Interest expense	20,108	19,994
Net interest revenue	311,822	172,789
Provision for credit losses	—	—
Net interest revenue, after provision for credit losses	311,822	172,789
Noninterest revenue	128,435	87,936
Noninterest expense	291,667	155,823
Income before income taxes	148,590	104,902
Income tax expense	33,643	23,347
Net income	114,947	81,555
Less: preferred dividends	2,372	2,372
Net income available to common shareholders	$ 112,575	$ 79,183

Net Interest Revenue

Net interest revenue is the difference between interest revenue earned on assets, such as loans, leases and securities, and interest expense paid on liabilities, such as deposits and borrowings, and continues to provide the Company with its principal source of revenue. Net interest revenue is affected by the general level of interest rates, changes in interest rates and changes in the amount and composition of interest earning assets and interest bearing liabilities. One of the Company's long-term objectives is to manage interest earning assets and interest bearing liabilities to maximize net interest revenue, while balancing interest rate, credit and liquidity risk. Net interest margin is determined by dividing fully taxable equivalent net interest revenue by average earning assets. For purposes of the following discussion, revenue from tax-exempt loans and investment securities has been adjusted to a fully taxable equivalent ("FTE") basis, using an effective tax rate of 21% for the three months ended March 31, 2022 and 2021.

The following table presents average interest earning assets, average interest bearing liabilities, net interest revenue-FTE, net interest margin-FTE and net interest rate spread for each of the periods presented:

	Three Months Ended March 31,					
	2022			2021		
(Dollars in thousands)	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
ASSETS						
Loans and leases (net of unearned income) [(1)(2)]	$ 27,106,733	$ 282,651	4.23 %	$ 15,029,076	$ 169,581	4.58 %
Loans held for sale, at fair value	176,647	1,407	3.23	289,755	1,595	2.23
Available-for-sale securities, at fair value:						
Taxable	14,588,090	45,155	1.26	6,505,915	21,192	1.32
Non-taxable [(3)]	482,434	3,056	2.57	100,112	870	3.52
Equity securities and other	1,161,262	688	0.24	421,217	114	0.11
Total interest earning assets and revenue	43,515,166	332,957	3.10 %	22,346,075	193,352	3.51 %
Other assets	4,608,978			2,442,420		
Less: allowance for credit losses	(444,294)			(242,935)		
Total	$ 47,679,850			$ 24,545,560		
LIABILITIES AND SHAREHOLDERS' EQUITY						
Deposits:						
Demand - interest bearing	$ 19,401,019	$ 9,742	0.20 %	$ 8,956,420	$ 8,796	0.40 %
Savings	3,631,699	568	0.06	2,550,095	700	0.11
Time	3,725,794	4,764	0.52	2,480,862	6,966	1.14
Short-term debt	825,589	216	0.11	653,194	203	0.13
Long-term debt	466,842	4,818	4.19	301,696	3,329	4.48
Total interest bearing liabilities and expense	28,050,943	20,108	0.29 %	14,942,267	19,994	0.54 %
Demand deposits - noninterest bearing	13,806,591			6,484,703		
Other liabilities	760,085			305,589		
Total liabilities	42,617,619			21,732,559		
Shareholders' equity	5,062,231			2,813,001		
Total	$ 47,679,850			$ 24,545,560		
Net interest revenue-FTE		$ 312,849			$ 173,358	
Net interest margin-FTE			2.92 %			3.15 %
Net interest rate spread			2.81 %			2.97 %
Interest bearing liabilities to interest earning assets			64.46 %			66.87 %

(1) Includes taxable equivalent adjustment to interest of approximately $0.4 million in three months ended March 31, 2022 and 2021, respectively, using an effective tax rate of 21% for both periods presented.

(2) Nonaccrual loans are included in loans and leases (net of unearned income). Nonaccrual loans were $91.0 million and $73.1 million at March 31, 2022 and 2021, respectively.

(3) Includes taxable equivalent adjustment to interest of approximately $0.6 million and $0.2 million in three months ended March 31, 2022 and 2021, respectively, using an effective tax rate of 21% for for both periods presented.

Net interest revenue-FTE increased 80.5% to $312.8 million for the three months ended March 31, 2022 from $173.4 million for the same period in 2021. The increase in net interest revenue-FTE was primarily a result of the increases in balances in available-for-sale securities and the loan and lease portfolio from the three acquisitions which occurred after the first quarter in 2021. The increase in average earning assets was offset somewhat by a decrease in rates earned on those interest earning assets. Additionally, rates paid on interest-bearing liabilities decreased as a result of decreases in rates paid on all interest bearing categories which was offset by the increase in average liabilities.

Interest revenue-FTE increased 72.2% to $333.0 million for the three months ended March 31, 2022 compared to $193.4 million for the same period in 2021. The increase in interest revenue-FTE for the three months ended March 31, 2022 compared to the same period in 2021 was a result of increases in balances in the loan and lease portfolio and available-for-sale securities related to the three acquisitions in 2021. Additionally, interest revenue-FTE included an increase of accretion related to the purchase discounts on acquired loans of approximately $17.7 million (0.27%) and $3.8 million (0.10%) for the three months ended March 31, 2022 and 2021, respectively.

Interest expense increased 0.6% to $20.1 million for the three months ended March 31, 2022 from $20.0 million for the same period in 2021. The increase in interest expense during the three months ended March 31, 2022 and 2021 was a result of the increase in the average balances of interest bearing liabilities resulting from the three acquisitions which occurred after the first quarter in 2021. The overall rates paid on average interest bearing liabilities decreased 25 basis points from the first quarter in 2021 to the first quarter in 2022. Average interest bearing liabilities increased 87.7% to $28.1 billion for the three months ended March 31, 2022 compared to $14.9 billion for the same period in 2021.

Net interest margin-FTE for the three months ended March 31, 2022 was 2.92%, a decrease of 23 basis points, from 3.15% for the same period in 2021. Net interest revenue-FTE may also be analyzed by segregating the rate and volume components of interest revenue and interest expense. The table below presents an analysis of rate and average volume change in net interest revenue from the first quarter in 2021 to the first quarter in 2022. The changes in net interest income due to both rate and volume have been allocated to volume.

	For the Three Months Ended March 31,				
	Net Interest Income		Increase		
(In thousands)	2022	2021	(Decrease)	Volume	Rate
INTEREST REVENUE					
Loans and leases, net of unearned income	$ 282,651	$ 169,581	$ 113,070	$ 125,938	$ (12,868)
Loans held for sale	1,407	1,595	(188)	(901)	713
Available-for-sale securities:					
Taxable	45,155	21,192	23,963	25,017	(1,054)
Non-taxable	3,056	870	2,186	2,422	(236)
Other	688	114	574	438	136
Total interest income	332,957	193,352	139,605	152,914	(13,309)
INTEREST EXPENSE					
Demand deposits - interest bearing	9,742	8,796	946	5,245	(4,299)
Savings deposits	568	700	(132)	169	(301)
Time deposits	4,764	6,966	(2,202)	1,592	(3,794)
Short-term debt	216	203	13	45	(32)
Long-term debt	4,818	3,329	1,489	1,704	(215)
Total interest expense	20,108	19,994	114	8,755	(8,641)
Net interest income	$ 312,849	$ 173,358	$ 139,491	$ 144,159	$ (4,668)

Provision for Credit Losses and Allowance for Credit Losses (“ACL”)

An analysis of the ACL for the periods indicated is provided in the following table:

	Three Months Ended March 31,	
	2022	2021
(Dollars in thousands)	Amount	Amount
Balance, beginning of period	$ 446,415	$ 244,422
Charge-offs:		
Commercial and industrial		
Non-real estate	(2,171)	(2,268)
Owner occupied	(511)	(775)
Total commercial and industrial	(2,682)	(3,043)
Commercial real estate		
Construction, acquisition and development	(6)	(807)
Income producing	(307)	(478)
Total commercial real estate	(313)	(1,285)
Consumer		
Residential mortgages	(397)	(344)
Other consumer	(1,395)	(1,234)
Total consumer	(1,792)	(1,578)
Total charge-offs	(4,787)	(5,906)
Recoveries:		
Commercial and industrial		
Non-real estate	2,912	1,063
Owner occupied	266	148
Total commercial and industrial	3,178	1,211
Commercial real estate		
Construction, acquisition and development	155	53
Income producing	282	56
Total commercial real estate	437	109
Consumer		
Residential mortgages	1,097	623
Other consumer	515	658
Total consumer	1,612	1,281
Total recoveries	5,227	2,601
Net recoveries (charge-offs)	440	(3,305)
Initial allowance on PCD loans (See Footnotes 2 and 5 in the Consolidated Financial Statements)	(8,117)	—
Provision:		
Provision for credit losses related to loans and leases	—	—
Balance, end of period	$ 438,738	$ 241,117
Loans and leases, net of unearned income - average	$ 27,106,733	$ 15,029,076
Loans and leases, net of unearned income - period end	$ 27,189,666	$ 15,038,808

	Three Months Ended March 31,	
	2022	2021
RATIOS		
Provision for credit losses to average loans and leases, net of unearned income (annualized)	— %	— %
Allowance for credit losses to loans and leases, net of unearned income	1.61 %	1.60 %
Non-accrual loans to loans and leases, net of unearned income	0.44 %	0.67 %
Allowance for credit losses to non-accrual loans	367.82 %	237.97 %
Net charge-offs (recoveries) to average loans and leases (annualized):		
Commercial and industrial		
Non-real estate	(0.01)%	0.03 %
Owner occupied	— %	0.02 %
Total commercial and industrial	(0.01)%	0.05 %
Commercial real estate		
Construction, acquisition and development	— %	0.02 %
Income producing	— %	0.01 %
Total commercial real estate	— %	0.03 %
Consumer		
Residential mortgages	(0.01)%	(0.01)%
Other consumer	0.01 %	0.02 %
Total consumer	— %	0.01 %
Total loans and leases charged off	(0.01)%	0.09 %

Net recoveries totaled $0.4 million and net charge-offs totaled $3.3 million for the three months ended March 31, 2022 and 2021, respectively. Net recoveries as a percentage of average loans and leases was 0.01% for the three months ended March 31, 2022 compared to net charge-offs as a percentage of average loans and leases of 0.09% in the same period for 2021. Net recoveries in the three months ended March 31, 2022 were primarily in the commercial and industrial non-real estate category and the consumer residential mortgage category offset somewhat by net charge-offs in the other consumer category. No provision for credit losses was recorded during the three months ended March 31, 2022 and 2021.

The ACL decreased $7.7 million to $438.7 million at March 31, 2022 compared to $446.4 million at December 31, 2021. The ACL to nonaccrual loans increased to 367.82% during the three months ended March 31, 2022 from 237.97% during the three months ended March 31, 2021. For more information about the Company's classified, non-performing and impaired loans, see "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations – Financial Condition – Loans and Leases" in Part 1 of the Report.

The breakdown of the allowance by loan and lease segment and class is based, in part, on evaluations of specific loan and lease histories and on economic conditions within specific industries or geographical areas. Accordingly, because all of these conditions are subject to change, the allocation is not necessarily indicative of the breakdown of any future allowance for losses. The following tables present (i) the breakdown of the allowance for credit losses by loan and lease segment and class and (ii) the percentage of each segment and class in the loan and lease portfolio to total loans and leases at the periods indicated:

(Dollars in thousands)	March 31, 2022 Allowance for Credit Losses	March 31, 2022 % of Loans in Each Category to Total Loans	December 31, 2021 Allowance for Credit Losses	December 31, 2021 % of Loans in Each Category to Total Loans
Commercial and industrial				
Non-real estate	$ 138,673	29.5 %	$ 138,696	29.2 %
Owner occupied	56,392	13.6	59,254	13.3
Total commercial and industrial	195,065	43.1	197,950	42.5
Commercial real estate				
Construction, acquisition and development	56,358	11.1	52,530	10.9
Income producing	90,374	17.6	98,327	18.3
Total commercial real estate	146,732	28.8	150,857	29.2
Consumer				
Residential mortgages	88,049	27.1	85,734	27.2
Other consumer	8,892	1.1	11,874	1.1
Total consumer	96,941	28.1	97,608	28.3
Total	$ 438,738	100.0 %	$ 446,415	100.0 %

Noninterest Revenue

The components of noninterest revenue for periods indicated and the percentage change between the period is shown in the following table:

(Dollars in thousands)	Three Months Ended March 31, 2022	2021	% Change
Mortgage banking excluding MSR market value adjustment	$ 7,733	$ 17,929	(56.9)%
MSR and hedge market value adjustment	14,030	7,381	90.1
Credit card, debit card and merchant fees	11,321	9,053	25.1
Deposit service charges	19,898	9,586	107.6
Securities (losses) gains, net	(1,097)	82	NM
Insurance commissions	35,727	30,667	16.5
Trust income*	10,061	5,129	96.2
Annuity fees*	604	51	1084.3
Brokerage commissions and fees*	11,072	3,285	237.0
Bank-owned life insurance	3,336	2,020	65.1
Other miscellaneous income	15,750	2,753	472.1
Total noninterest revenue	$ 128,435	$ 87,936	46.1 %

* Included in wealth management revenue on the Consolidated Statements of Income.
NM - not meaningful.

The Company’s revenue from mortgage banking typically fluctuates as mortgage interest rates change and is primarily attributable to two activities - origination and sale of new mortgage loans and servicing mortgage loans. Since mortgage revenue can be significantly affected by changes in the valuation of the MSR in changing interest rate environments, the Company hedges the change in fair value of its MSR. The Company’s normal practice is to originate mortgage loans for sale in the secondary market and to either retain or release the associated MSR with the loan sold. The Company records the MSR at fair value for all loans sold on a servicing retained basis with subsequent adjustments to fair value of the MSR in accordance with GAAP.

In the course of conducting the Company’s mortgage banking activities of originating mortgage loans and selling those loans in the secondary market, various representations and warranties are made to the purchasers of the mortgage loans. These representations and warranties also apply to underwriting the real estate appraisal opinion of value for the collateral securing these loans. Under the representations and warranties, failure by the Company to comply with the underwriting and/or appraisal standards could result in the Company being required to repurchase the mortgage loan or to reimburse the investor for losses incurred (i.e., make whole requests) if such failure cannot be cured by the Company within the specified period following discovery. During the three months ended March 31, 2022, nineteen mortgage loans were repurchased or otherwise settled as a result of underwriting and appraisal standard exceptions or make whole requests. Losses of approximately $828 thousand were recognized in the three months ended March 31, 2022 related to these repurchased and make whole loans. During the same period in 2021, no mortgage loans were repurchased or otherwise settled as a result of underwriting and appraisal standard exceptions or make whole requests.

At March 31, 2022, the Company had reserved $2.1 million for probable losses from representation and warranty obligations, compared to a reserve of $1.5 million at March 31, 2021. The reserve is based on the Company's repurchase and loss trends, and quantitative and qualitative factors that may result in anticipated losses different than historical loss trends, including loan vintage, underwriting characteristics and macroeconomic trends.

Management believes that the Company's foreclosure process related to mortgage loans continues to operate effectively. All documents and activities related to the foreclosure process are executed in-house by mortgage department personnel.

Origination revenue, a component of mortgage banking revenue, is comprised of gains or losses from the sale of the mortgage loans originated, origination fees, underwriting fees and other fees associated with the origination of loans. Mortgage loan origination volumes of $803.9 million and $789.8 million produced origination revenue of $5.1 million and $16.0 million for the three months ended March 31, 2022 and 2021, respectively. The decrease in mortgage origination revenue was the result of lower margins on loans sold during the three months ended March 31, 2022 due to changes in the interest rate environment compared to margins on loans sold in the same period in 2021.

Revenue from the servicing process, another component of mortgage banking revenue, includes fees from the actual servicing of loans. Revenue from the servicing of loans was $5.8 million and $5.2 million for the three months ended March 31, 2022 and 2021, respectively.

Changes in the fair value of the Company's MSR are generally a result of changes in mortgage interest rates from the previous reporting date. An increase in mortgage interest rates typically results in an increase in the fair value of the MSR while a decrease in mortgage interest rates typically results in a decrease in the fair value of the MSR. The fair value of the MSR is also impacted by principal payments, prepayments, charge offs and payoffs on loans in the servicing portfolio. Decreases in value from principal payments, prepayments, charge offs, and payoffs were $3.1 million and $3.3 million for three months ended March 31, 2022 and 2021, respectively. The Company hedges the change in fair value of its MSR. At March 31, 2022 and 2021, respectively, there was a hedge in place designed to cover approximately 32.0% and 30.6% of the MSR value. The Company is susceptible to significant fluctuations in MSR value during changing interest rate environments. Reflecting this sensitivity to interest rates, the fair value of the MSR, including the hedge, increased $14.0 million in the three months ended March 31, 2022 compared to an increase of $7.4 million in the same period in 2021, respectively.

The following table presents the Company's mortgage banking operations for the periods indicated:

	Three Months Ended March 31,		
(Dollars in thousands)	2022	2021	% Change
Production revenue:			
Origination	$ 5,118	$ 15,955	(67.9)%
Servicing	5,762	5,247	9.8
Payoffs/Paydowns	(3,147)	(3,273)	(3.8)
Total origination and servicing revenue	7,733	17,929	(56.9)
MSR and hedge market value adjustment	14,030	7,381	90.1
Mortgage banking revenue	$ 21,763	$ 25,310	(14.0)
(Dollars in millions)			
Origination volume	$ 804	$ 790	1.8 %
Mortgage loans serviced at quarter-end	7,629	7,260	5.1

Credit card, debit card and merchant fees increased $2.3 million for the three months ended March 31, 2022 compared to the same period in 2021. The increase primarily resulted from an increase in the number of transactions.

Deposit service charge revenue increased $10.3 million for the three months ended March 31, 2022 compared to the same period in 2021 primarily as a result of activity from the three acquisitions in 2021 which occurred after the first quarter of 2021. Insurance commissions increased $5.1 million for the three months ended March 31, 2022 compared to the same period in 2021 primarily as a result of higher property and casualty commissions related to new customers and high retention rates of existing customers.

Trust income increased $4.9 million for the three months ended March 31, 2022 compared to the same period in 2021. Annuity fees increased approximately $553 thousand in the three months ended March 31, 2022 compared to the same period in 2021. Brokerage commissions and fees increased $7.8 million for the three months ended March 31, 2022 compared to the same period in 2021. The increases in the categories during the three months ended March 31, 2022 are related to the three acquisitions that occurred in 2021.

Bank-owned life insurance revenue increased $1.3 million for the three months ended March 31, 2022 compared to the same period in 2021 as a result of revenue related to bank-owned life insurance obtained through the three bank acquisitions in 2021. The Company recorded no life insurance proceeds and approximately $744 thousand during the three months ended March 31, 2022 and 2021, respectively.

Other miscellaneous income includes safe deposit box rental income, gain or loss on disposal of assets, and other miscellaneous items. Other miscellaneous income increased $13.0 million in the three months ended March 31, 2022 compared to the same period of 2021. The increase was a result of credit and other loan fees, foreign exchange revenue, SBA income including gains on sales of SBA loans, and payroll processing revenue. The addition of SBA income and payroll processing revenue are the result of the merger with Legacy CADE.

Noninterest Expense

The components of noninterest expense for the periods indicated and the percentage change between periods is shown in the following table:

	Three Months Ended March 31,		
(Dollars in thousands)	2022	2021	% Change
Salaries and employee benefits	$ 187,819	$ 101,060	85.8 %
Occupancy and equipment	28,270	17,378	62.7
Data processing and software	27,483	15,537	76.9
Merger expense	3,974	1,649	141.0
Deposit insurance assessments	3,336	1,455	129.3
Advertising and public relations	4,593	1,745	163.2
Foreclosed property expense	440	1,021	(56.9)
Telecommunications	1,833	1,398	31.1
Amortization of intangibles	6,780	2,318	192.5
Legal fees	1,793	1,166	53.8
Postage and shipping	2,034	1,547	31.5
Other miscellaneous expense	23,312	9,549	144.1
Total noninterest expense	$ 291,667	$ 155,823	87.2 %

Salaries and employee benefits increased $86.8 million for the three months ended March 31, 2022 compared to the same period in 2021. The increase in salaries and employee benefits for the three months ended March 31, 2022 compared to the same period in 2021 was a result of salary increases and increased compensation cost and commissions related to the three previously mentioned acquisitions in 2021.

Occupancy and equipment expense increased $10.9 million for the three months ended March 31, 2022 compared to the same period in 2021. The increase in occupancy and equipment expense was a result of increased number of properties related to the three acquisitions in 2021 which occurred after the first quarter in 2021.

Data processing and software expense increased $11.9 million for the three months ended March 31, 2022 compared to the same period in 2021. The increase in data processing and software expense was a result of increases in data processing, maintenance and depreciation expense recorded as a result of the three acquisitions in 2021 which occurred after the first quarter in 2021. The increase was coupled with increased card association fees resulting from the increased number of transactions processed.

Merger expense represents costs to complete the merger with no future benefit and is comprised primarily of advisor fees, legal fees and compensation related expenses. Incremental merger related expenses represent costs to complete the merger for which the entity receives a future benefit. Merger expense for the three months ended March 31, 2022 totaled $4.0 million, while merger expense related to the same period in 2021 totaled $1.6 million. Incremental merger related expenses for the three months ended March 31, 2022 totaled $6.6 million and included employee retention and marketing related expense.

Deposit insurance assessments increased $1.9 million for the three months ended March 31, 2022 compared to the same period in 2021 as a result of movement in several variables utilized by the FDIC in calculating the deposit insurance assessment coupled with the consolidated financial information from the three acquisitions in 2021.

Foreclosed property expense decreased $0.6 million for the three months ended March 31, 2022 compared to the same period in 2021. During the three months ended March 31, 2022, the Company added $1.4 million to other real estate owned ("OREO") through foreclosures of loans. Sales of OREO during the three months ended March 31, 2022 were $1.1 million resulting in a net gain on sale of OREO of $65 thousand. The components of foreclosed property expense for the periods indicated and the percentage change between the periods is shown in the following table:

	Three Months Ended March 31,		
(Dollars in thousands)	2022	2021	% Change
(Gain) Loss on sale of other real estate owned	$ (65)	$ (160)	(59.4)%
Write-down of other real estate owned	101	800	(87.4)
Other foreclosed property expense	404	381	6.0
Total foreclosed property expense	$ 440	$ 1,021	(56.9)%

The Company experienced fluctuations in various components of other noninterest expense, including advertising and public relations, amortization of intangibles, telecommunications, legal fees, and postage and shipping for the three months ended March 31, 2022 compared to the same period in 2021 as a result of the three acquisitions in 2021. Other miscellaneous expense increased $13.8 million for the three months ended March 31, 2022 compared to same period in 2021 as a result of increased expenses related to the three acquisitions in 2021 including insurance, franchise taxes, outsourced professional services, travel-related meals and entertainment expenses.

Income Taxes

The Company recorded income tax expense of $33.6 million in the three months ended March 31, 2022 compared to $23.3 million in the same period of 2021. The effective tax rate was 22.6% for the three months ended March 31, 2022 compared to 22.3% for the same period in 2021. The increase in tax expense in 2022 compared to 2021 can be attributed to higher pre-tax income in 2022.

FINANCIAL CONDITION

The percentage of earning assets to total assets measures the effectiveness of management's efforts to invest available funds into the most efficient and profitable uses. Earning assets at March 31, 2022 were $42.7 billion, or 90.6% of total assets, compared with $43.5 billion, or 91.3% of total assets, at December 31, 2021.

(In thousands)	As of and For the Three Months Ended March 31, 2022	As of and For the Three Months Ended March 31, 2021	As of and For the Three Months Ended December 31, 2021
Year-End Balances:			
Total assets	$ 47,204,061	$ 25,802,497	$ 47,669,751
Available-for-sale securities	14,371,606	7,640,268	15,606,470
Loans and leases, net of unearned income	27,189,666	15,038,808	26,882,988
Total deposits	40,568,055	21,173,186	39,817,673
Long-term debt	2,514	4,295	3,742
Subordinated debt	463,181	297,425	478,669
Total shareholders' equity	4,643,757	2,825,198	5,247,987
Common shareholders' equity	4,476,764	2,658,205	5,080,994
Average Balances:			
Total assets	47,679,850	24,545,560	40,995,513
Available-for-sale securities	15,070,524	6,606,027	12,954,547
Loans and leases, net of unearned income	27,106,733	15,029,076	22,745,093
Total deposits	40,565,103	20,472,080	34,759,687
Long-term debt	3,361	4,378	3,844
Subordinated debt	463,481	297,318	437,321
Total shareholders' equity	5,062,231	2,813,001	4,508,594
Common shareholders' equity	4,895,238	2,646,008	4,341,601

Securities

The Company uses its securities portfolio to provide revenue, a source of liquidity, and to serve as collateral to secure certain types of deposits and borrowings. These securities, which are available for a possible sale, are recorded at fair value. The following tables show the carrying value of the Company's available-for-sale securities by investment category for the periods indicated:

(In thousands)	March 31, 2022	December 31, 2021
Available-for-sale securities:		
U.S. Treasury securities	$ 1,459,845	$ 1,496,465
Obligations of U.S. government agencies	2,350,810	2,638,442
Mortgage-backed securities issued or guaranteed by U.S. agencies (MBS)		
Residential pass-through:		
Guaranteed by GNMA	105,900	113,427
Issued by FNMA and FHLMC	7,604,829	8,129,191
Other residential mortgage-backed securities	212,216	243,357
Commercial mortgage-backed securities	1,951,367	2,061,133
Total MBS	9,874,312	10,547,108
Obligations of states and municipal subdivisions	530,241	565,520
Other domestic debt securities	103,117	63,645
Foreign debt securities	53,281	295,290
Total	$ 14,371,606	$ 15,606,470

At March 31, 2022, the Company's available-for-sale securities totaled $14.4 billion compared to $15.6 billion at December 31, 2021. The decrease of $1.2 billion or 7.9% was driven by the rebalancing of the portfolio and the decrease in the valuation of the portfolio. During the three months ended March 31, 2022, approximately $328.1 million of securities available-for-sale were sold and $638.4 million of securities matured, were called, or paid down. We purchased $435.1 million in securities during three months ended March 31, 2022. The runoff from the rebalancing of the portfolio has been used to fund loans during the quarter.

Net unrealized losses on available-for-sale securities as of March 31, 2022 totaled $795.3 million compared to net unrealized losses totaling $100.7 million as of December 31, 2021. The increase in net unrealized losses was due to the increase in market interest rates which occurred during the first quarter of 2022. At March 31, 2022, none of the unrealized losses on the portfolio was due to credit related issues therefore no allowance for credit losses was recorded related to these securities.

Maturity Distribution of Investment Securities - The following table shows the maturities and weighted average yields for the carrying value of the available-for-sale securities for the periods indicated:

	Contractual Maturity			
	March 31, 2022		December 31, 2021	
(Dollars in thousands)	Estimated Fair Value	Weighted Average Yield	Estimated Fair Value	Weighted Average Yield
U.S. Treasury securities:				
Due in one to five years	$ 1,459,845	0.68 %	$ 1,496,465	0.69 %
U.S. Treasury securities total	1,459,845	0.68	1,496,465	0.69
Obligations of U.S. government agencies:				
Due in less than one year	1,020,847	1.67	1,056,035	1.83
Due in one to five years	1,082,351	1.30	1,302,758	1.32
Due in five to ten years	84,533	1.01	99,418	1.11
Due after ten years	163,079	1.99	180,231	2.00
Obligations of U.S. government agencies total	2,350,810	1.50	2,638,442	1.56
Obligations of states and municipal subdivisions:				
Due in less than one year	7,079	2.95	6,631	2.82
Due in one to five years	18,597	3.29	20,835	3.24
Due in five to ten years	19,880	2.84	26,274	3.06
Due after ten years	484,685	2.42	511,780	2.36
Obligations of states and municipal subdivisions total	530,241	2.47	565,520	2.43
Other domestic debt securities:				
Due in one to five years	27,848	0.71	28,064	0.64
Due in five to ten years	51,223	4.27	33,461	4.20
Due after ten years	24,046	4.70	2,120	4.50
Other domestic debt securities total	103,117	3.41	63,645	2.64
Foreign debt securities:				
Due in one to five years	53,281	0.75	54,451	0.75
Due in five to ten years	—	—	240,839	0.35
Foreign debt securities total	53,281	0.75	295,290	0.43
Total securities due in less than one year	1,027,926	1.68	1,062,666	1.83
Total securities due in one to five years	2,641,922	0.96	2,902,573	0.99
Total securities due in five to ten years	155,636	2.32	399,992	1.04
Total securities due after ten years	671,810	2.40	694,131	2.28
Mortgage-backed securities	9,874,312	1.52	10,547,108	1.27
Total estimated fair value	$ 14,371,606	1.48 %	$ 15,606,470	1.29 %

The yield on tax-exempt obligations of states and political subdivisions has been adjusted to a taxable equivalent basis using a 21% tax rate.

Loans and Leases

The Company's loan and lease portfolio represents the largest single component of the Company's earning asset base, comprising 62.3% of average earning assets during the three months ended March 31, 2022. The Company's lending activities include both commercial and consumer loans and leases. Loan and lease originations are derived from a number of sources, including direct solicitation by the Company's loan officers, existing depositors and borrowers, builders, attorneys, walk-in customers and, in some instances, other lenders, real estate broker referrals and mortgage loan companies. The Company has established systematic procedures for approving and monitoring loans and leases that vary depending on the size and nature of the loan or lease, and applies these procedures in a disciplined manner. The Company's loans and leases are widely diversified by borrower and industry. Loans and leases, net of unearned income, totaled $27.2 billion at March 31, 2022, representing a 1.1% increase from $26.9 billion at December 31, 2021.

The Company has actively participated in assisting its customers with applications for resources through the PPP, which is administered by the SBA with the intent to help businesses keep their workforce employed during the COVID-19 pandemic. During the second quarter of 2021, the Company sold PPP loans totaling $725.4 million which generated a gain on sale of $21.6 million. The Company believes that the remaining loans will ultimately be forgiven by the SBA in accordance with the terms of the program. The PPP loans are designed to be fully guaranteed by the U.S. government and as such should not present a credit risk. The remaining balance of PPP loans of $27.0 million is included in the non-real estate loan class.

The following table shows the composition of the Company's loan and lease portfolio by segment and class at March 31, 2022 and December 31, 2021.

(In thousands)	March 31, 2022	December 31, 2021
Commercial and industrial		
Non-real estate	$ 8,017,958	$ 7,847,473
Owner occupied	3,703,914	3,567,746
Total commercial and industrial	11,721,872	11,415,219
Commercial real estate		
Construction, acquisition and development	3,028,514	2,924,343
Income producing	4,795,486	4,924,369
Total commercial real estate	7,824,000	7,848,712
Consumer		
Residential mortgages	7,355,995	7,311,306
Other consumer	287,799	307,751
Total consumer	7,643,794	7,619,057
Total loans and leases, net of unearned (1)	$ 27,189,666	$ 26,882,988

(1) Total loans and leases are net of $103.4 million and $103.2 million of unearned income at March 31, 2022 and December 31, 2021, respectively.

The following table shows the Company's loan and lease portfolio by segment and class as of March 31, 2022 by geographical location.

(In thousands)	Alabama and Florida	Arkansas	Louisiana	Mississippi	Missouri	Tennessee and Georgia	Texas	Other	Total
Commercial and industrial									
Non-real estate	$ 784,707	$ 146,113	$ 306,171	$ 508,051	$ 83,869	$ 762,174	$ 3,612,010	$ 1,814,863	$ 8,017,958
Owner occupied	557,251	239,155	248,063	694,639	85,746	410,240	1,348,883	119,937	3,703,914
Total commercial and industrial	1,341,958	385,268	554,234	1,202,690	169,615	1,172,414	4,960,893	1,934,800	11,721,872
Commercial real estate									
Construction, acquisition and development	403,428	61,095	47,905	228,402	63,309	468,720	1,457,754	297,901	3,028,514
Income producing	655,970	287,787	211,561	654,923	197,854	829,164	1,685,775	272,452	4,795,486
Total commercial real estate	1,059,398	348,882	259,466	883,325	261,163	1,297,884	3,143,529	570,353	7,824,000
Consumer									
Residential mortgages	1,487,109	357,669	427,427	1,028,318	151,496	870,539	2,934,062	99,375	7,355,995
Other consumer	38,788	10,959	8,474	56,854	829	22,557	65,159	84,179	287,799
Total consumer	1,525,897	368,628	435,901	1,085,172	152,325	893,096	2,999,221	183,554	7,643,794
Total loans and leases, net of unearned	$ 3,927,253	$ 1,102,778	$ 1,249,601	$ 3,171,187	$ 583,103	$ 3,363,394	$ 11,103,643	$ 2,688,707	$ 27,189,666

Mergers and Acquisitions

In connection with the merger and acquisitions (see Notes 2 and 4 to the Consolidated Financial Statements), the Company acquired loans both with and without evidence of credit quality deterioration since origination. Acquired loans are recorded at their fair value at the time of acquisition with no carryover from the acquired institution's previously recorded allowance for credit losses.

The fair value for acquired loans recorded at the time of acquisition is based upon several factors including the timing and payment of expected cash flows, as adjusted for estimated credit losses and prepayments, and then discounting these cash flows using comparable market rates. The resulting fair value adjustment is recorded in the form of a premium or discount to the unpaid principal balance of each acquired loan. As it relates to acquired loans that, as of the date of acquisition, have experienced a more-than-insignificant deterioration in credit quality since origination ("PCD"), the net premium or net discount is adjusted to reflect the Company's allowance for credit losses ("ACL") recorded for PCD loans at the time of acquisition, and the remaining fair value adjustment is accreted or amortized into interest income over the remaining life of the loan. As it relates to acquired loans not classified as PCD ("non-PCD") loans, the credit loss and yield components of the fair value adjustment are aggregated, and the resulting net premium or net discount is accreted or amortized into interest income over the remaining life of the loan. The Company records an ACL for non-PCD loans at the time of acquisition through provision expense, and therefore, no further adjustments are made to the net premium or net discount for non-PCD loans.

In addition, a grade is assigned to each loan during the valuation process. For acquired loans that are not individually reviewed during the valuation process, such loans are assumed to have characteristics similar to the assigned rating of the acquired institution's risk rating, adjusted for any estimated differences between the Company's rating methodology and the acquired institution's rating methodology.

The following is a discussion of our segments and classes of loans and leases:

Commercial and Industrial

Non-Real Estate – The Company engages in lending to small and medium-sized business enterprises and government entities through its community banking locations and to regional and national business enterprises through its corporate banking division. The bank acts as agent or participant in Shared National Credits ("SNC") and other financing arrangements with other financial institutions. Commercial and industrial loans are loans and leases to finance business operations, equipment and owner-occupied facilities. These include both lines of credit for terms of one year or less and term loans which are amortized over the useful life of the assets financed. Personal and/or corporate guarantees are generally obtained where available and prudent. Also included in this category are loans to finance agricultural production. The Company recognizes that risk from economic cycles, commodity prices, pandemics, including COVID-19, government regulation, supply-chain disruptions, product innovations or obsolescence, operational errors, lawsuits, natural disasters, losses due to theft or embezzlement, health or loss of key personnel or competitive situations may adversely affect the scheduled repayment of business loans. In addition, risks in the agricultural sector including crop failures due to weather, insects and other blights, commodity prices, governmental intervention, lawsuits, labor or logistical disruptions. Non-real estate loans outstanding increased 2.2% from December 31, 2021, to March 31, 2022.

Owner Occupied – Owner occupied loans include loans secured by business facilities to finance business operations, equipment, agricultural land and owner-occupied facilities. These include both lines of credit for terms of one year or less and term loans which are amortized over the useful life of the assets financed. Personal guarantees are generally obtained where available and prudent. The Company recognizes that risk from economic cycles, pandemics, including COVID-19, government regulation, supply-chain disruptions, product innovations or obsolescence, operational errors, lawsuits, natural disasters, losses due to theft or embezzlement, health or loss of key personnel or competitive situations may adversely affect the scheduled repayment of business loans. Owner occupied loans increased 3.8% from December 31, 2021, to March 31, 2022.

Commercial Real Estate

Construction, Acquisition and Development – Construction, acquisition and development loans include both loans and credit lines for construction of commercial, industrial, residential, multi-family and multi-family buildings and for purchasing, carrying and developing land into commercial developments or residential subdivisions. The Company generally engages in construction and development lending primarily in markets served by its branches. The Company recognizes that risks are inherent in the financing of real estate development and construction. These risks include location, market conditions and price volatility, demand for developed land, lots and buildings, desirability of features and styling of completed developments and buildings, competition from other developments and builders, traffic patterns, governmental jurisdiction, tax structure, availability of utilities, roads, public transportation and schools, interest rates, availability of permanent financing for homebuyers, zoning, environmental restrictions, lawsuits, economic and business cycle, labor and reputation of the builder or developer. Construction, acquisition and development loans increased 3.6% from December 31, 2021, to March 31, 2022.

The underwriting process for construction, acquisition and development loans with interest reserves is essentially the same as that for a loan without interest reserves and may include analysis of borrower and guarantor financial strength, market demand for the proposed project, experience and success with similar projects, property values, time horizon for project completion and the availability of permanent financing once the project is completed. The Company's loan policy generally prohibits the use of interest reserves on loans. Construction, acquisition and development loans, with or without interest reserves, are inspected periodically to ensure that the project is on schedule and eligible for requested draws. Inspections may be performed by construction inspectors hired by the Company or by appropriate loan officers and are done periodically to monitor the progress of a particular project. These inspections may also include discussions with project managers and engineers.

Interest income is not recognized on construction, acquisition and development loans with interest reserves that are in nonaccrual status. Loans with interest reserves normally have a budget that includes the various cost components involved in the project. Interest is such a cost, along with hard and other soft costs. The Company's policy is to allow interest reserves only during the construction phase.

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

Income Producing – Commercial loans include loans to finance income-producing commercial and multi-family properties. Lending in this category is generally limited to properties located in the Company's market area with only limited exposure to properties located elsewhere. Loans in this category include loans for neighborhood retail centers, medical and professional offices, single retail stores, warehouses and apartments leased generally to local businesses and residents. The underwriting of these loans takes into consideration the occupancy and rental rates as well as the financial health of the borrower. The Company's exposure to national retail tenants is limited. The Company has not purchased commercial real estate loans from brokers or third-party originators. The Company recognizes that risk from economic cycles, pandemics, including COVID-19, delayed or missed rent payments, supply-chain disruptions, product innovations or obsolescence, operational errors, lawsuits, natural disasters, losses due to theft or embezzlement, health or loss of key personnel or competitive situations may adversely affect the scheduled repayment of business loans. Income producing loans decreased 2.6% from December 31, 2021, to March 31, 2022.

Consumer

Residential Mortgages – Consumer mortgages are first or second-lien loans to consumers secured by a primary residence or second home. This category includes traditional mortgages and home equity loans and revolving lines of credit. The loans are generally secured by properties located primarily in markets served by the Company's branches. These loans are underwritten in accordance with the Company's general loan policies and procedures which require, among other things, proper documentation of each borrower's financial condition, satisfactory credit history and property value. In addition to loans originated through the Company's branches, the Company originates and services consumer mortgages sold in the secondary market which are underwritten and closed pursuant to investor and agency guidelines. Residential mortgages outstanding increased 0.6% from December 31, 2021, to March 31, 2022.

Other Consumer – Other consumer lending includes consumer and business credit card accounts and installment loans. The Company offers credit cards primarily to its deposit and loan customers. Consumer installment loans and leases include term loans of up to five years secured by automobiles, boats and recreational vehicles. The Company recognizes that there are risks in consumer lending which include interruptions in the borrower's personal and investment income due to loss of employment, market conditions, and general economic conditions, deterioration in the health and well-being of the borrower and family members, natural disasters, pandemics, lawsuits, losses or inability to generate income due to injury, accidents, theft, vandalism or incarceration. Other consumer loans outstanding decreased 6.5% from December 31, 2021, to March 31, 2022.

Selected Loan Maturity and Interest Rate Sensitivity

The maturity distribution of the Company's loan portfolio is one factor in management's evaluation by collateral type of the risk characteristics of the loan and lease portfolio. The interest rate sensitivity of the Company's loan and lease portfolio is important in the management of net interest margin. The Company attempts to manage the relationship between the interest rate sensitivity of its assets and liabilities to produce an effective interest differential that is not significantly impacted by changes in the level of interest rates. The following table shows the maturity distribution of the Company's loan and lease portfolio and the interest rate sensitivity of the Company's loans and leases due after one year as of March 31, 2022:

					Rate Structure for Loans Maturing Over One Year	
(In thousands)	One Year or Less	Over One Year through Five Years	Over Five Years through Fifteen Years	Over Fifteen Years	Fixed Interest Rate	Variable Interest Rate
Commercial and industrial						
Non-real estate	$ 1,634,606	$ 5,466,858	$ 826,456	$ 90,038	$ 1,405,457	$ 4,977,895
Owner occupied	242,306	618,265	1,931,189	912,154	1,551,157	1,910,451
Total commercial and industrial	1,876,912	6,085,123	2,757,645	1,002,192	2,956,614	6,888,346
Commercial real estate						
Construction, acquisition and development	1,281,007	1,119,776	413,849	213,882	304,350	1,443,157
Income producing	786,099	1,183,847	1,276,662	1,548,878	993,556	3,015,831
Total commercial real estate	2,067,106	2,303,623	1,690,511	1,762,760	1,297,906	4,458,988
Consumer						
Residential mortgages	321,640	553,723	1,203,379	5,277,253	4,296,058	2,738,297
Other consumer	123,113	138,134	24,204	2,348	107,878	56,808
Total consumer	444,753	691,857	1,227,583	5,279,601	4,403,936	2,795,105
Total loans and leases, net of unearned	$ 4,388,771	$ 9,080,603	$ 5,675,739	$ 8,044,553	$ 8,658,456	$ 14,142,439

Asset Quality

Nonperforming Assets

NPA consists of NPL, other real estate owned ("OREO") and other repossessed assets. NPA, which are carried either in the loan account or OREO on the Company's consolidated balance sheets, depending on foreclosure status, were as follows at the end of each year presented:

(In thousands)	March 31, 2022	December 31, 2021
Nonaccrual loans and leases	$ 91,031	$ 122,104
Loans and leases 90 days or more past due, still accruing	20,957	24,784
Restructured loans and leases, still accruing	7,292	6,903
Total nonperforming loans and leases	119,280	153,791
Foreclosed OREO and other NPA	28,401	33,021
Total nonperforming assets	$ 147,681	$ 186,812
NPL to total loans and leases	0.44 %	0.57 %
NPA to total assets	0.31 %	0.39 %

Nonperforming Loans

NPL consist of nonaccrual loans and leases, loans and leases 90 days or more past due and still accruing and accruing loans and leases that have been restructured (primarily in the form of reduced interest rates and modified payment terms) because of the borrower's or guarantor's weakened financial condition or bankruptcy proceedings. The Company's policy provides that loans and leases are generally placed in nonaccrual status if, in management's opinion, payment in full of principal or interest is not expected or payment of principal or interest is more than 90 days past due, unless the loan or lease is both well-secured and in the process of collection.

NPL decreased 22.4% at March 31, 2022, compared to December 31, 2021, and increased 17.7% compared to March 31, 2021, due to the acquisition of three banks that occurred after the first quarter of 2021. NPL as a percentage of net loans and leases decreased from 0.57% at December 31, 2021, to 0.44% at March 31, 2022. Foreclosed OREO and other NPA decreased 14.0% at March 31, 2022, compared to December 31, 2021. The 2022 decrease in NPA resulted primarily from the 25.4% decrease in nonaccrual loans and leases.

Included in NPL at March 31, 2022, were $10.1 million of loans that were internally risk rated impaired. These impaired loans had a specific reserve of $3.0 million included in the allowance for credit losses of $438.7 million at March 31, 2022, and were net of $2.0 million in partial charge-downs previously taken on these impaired loans. NPL at December 31, 2021, included $25.2 million of loans that were impaired and had a specific reserve of $4.5 million included in the allowance for credit losses of $446.4 million at December 31, 2021. Restructured loans and leases still accruing increased 4.6% at March 31, 2022, compared to December 31, 2021 and increased 4.6% when compared to March 31, 2021.

The following table presents the Company's NPL by geographical location at March 31, 2022:

(In thousands)	Outstanding	90+ Days Past Due, Still Accruing	Nonaccrual Loans	Restructured, Still Accruing	Total NPL	NPLs as a % of Outstanding
Alabama and Florida	$ 3,927,253	$ 5,082	$ 15,119	$ 1,449	$ 21,650	0.6 %
Arkansas	1,102,778	1,557	1,618	1,285	4,460	0.4
Louisiana	1,249,601	1,621	4,992	173	6,786	0.5
Mississippi	3,171,187	2,860	14,974	2,320	20,154	0.6
Missouri	583,103	112	851	25	988	0.2
Tennessee and Georgia	3,363,394	2,394	15,833	194	18,421	0.5
Texas	11,103,643	5,680	22,913	880	29,473	0.3
Other	2,688,707	1,651	14,731	966	17,348	0.6
Total	$ 27,189,666	$ 20,957	$ 91,031	$ 7,292	$ 119,280	0.4 %

The following table provides additional details related to the Company's loan and lease portfolio and the distribution of NPL by segment and class at March 31, 2022:

(In thousands)	Outstanding	90+ Days Past Due, Still Accruing	Nonaccrual Loans	Restructured, Still Accruing	Total NPL	NPLs as a % of Outstanding
Commercial and industrial						
Non-real estate	$ 8,017,958	$ 692	$ 33,086	$ 686	$ 34,464	0.4 %
Owner occupied	3,703,914	117	11,787	1,232	13,136	0.4
Total commercial and industrial	11,721,872	809	44,873	1,918	47,600	0.4
Commercial real estate						
Construction, acquisition and development	3,028,514	—	1,618	183	$ 1,801	0.1
Income producing	4,795,486	—	9,688	1,905	$ 11,593	0.2
Total commercial real estate	7,824,000	—	11,306	2,088	13,394	0.2
Consumer						
Residential mortgages	7,355,995	20,020	34,278	2,859	$ 57,157	0.8
Other consumer	287,799	128	574	427	$ 1,129	0.4
Total consumer	7,643,794	20,148	34,852	3,286	58,286	0.8
Total loans and leases, net of unearned	$ 27,189,666	$ 20,957	$ 91,031	$ 7,292	$ 119,280	0.4 %

Nonaccrual loans at March 31, 2022 decreased by $31.1 million or 25.4% to $91.0 million from $122.1 million at December 31, 2021. The decrease in nonaccrual loans during the first quarter of 2022 resulted primarily from decreases of 46.6% in owner occupied, 39.8% in income producing, and 22.4% in residential mortgage segments.

The following table provides details regarding the aging of the Company’s nonaccrual loans and leases by segment and class at March 31, 2022:

(In thousands)	30-59 Days Past Due	60-89 Days Past Due	90+ Days Past Due	Total Past Due	Current	Total Outstanding
Commercial and industrial						
Non-real estate	$ 4	$ 37	$ 16,124	$ 16,165	$ 16,921	$ 33,086
Owner occupied	14	27	5,130	5,171	6,616	11,787
Total commercial and industrial	18	64	21,254	21,336	23,537	44,873
Commercial real estate						
Construction, acquisition and development	—	—	1,618	1,618	—	1,618
Income producing	28	—	8,724	8,752	936	9,688
Total commercial real estate	28	—	10,342	10,370	936	11,306
Consumer						
Residential mortgages	3,242	971	25,556	29,769	4,509	34,278
Other consumer	56	141	238	435	139	574
Total consumer	3,298	1,112	25,794	30,204	4,648	34,852
Total loans and leases, net of unearned	$ 3,344	$ 1,176	$ 57,390	$ 61,910	$ 29,121	$ 91,031

OREO and Repossessed Assets

OREO consists of properties acquired through foreclosure. Repossessed assets consist of non-real estate assets acquired in partial or full settlement of loans. OREO and repossessed assets totaled $28.4 million and $33.0 million at March 31, 2022, and December 31, 2021, respectively. The decrease of $4.6 million or 14.0% in 2022 was primarily the result of sales of repossessed assets during the first quarter of 2022.

Because of the relatively high number of the Company’s NPL that have been determined to be collaterally dependent, management expects the resolution of a significant number of these loans to necessitate foreclosure proceedings resulting in further additions to OREO. While management expects future foreclosure activity in virtually all loan categories, the magnitude of NPL in the non-real estate, owner occupied, and residential mortgage portfolios at March 31, 2022, indicated that a majority of additions to OREO in the near-term might be from those categories.

At the time of foreclosure, the fair value of construction, acquisition and development properties is typically determined by an appraisal performed by a third party appraiser holding professional certifications. Such appraisals are then reviewed and evaluated by the Company’s internal appraisal group. A market value appraisal using a 180-360 day marketing period is typically ordered and the OREO is recorded at the time of foreclosure at its market value less estimated selling costs. For residential subdivisions that are not completed, the appraisals reflect the uncompleted status of the subdivision.

To attempt to ensure that OREO is carried at the lower of cost or fair value less estimated selling costs on an ongoing basis, new appraisals are obtained on at least an annual basis and the OREO carrying values are adjusted accordingly. The type of appraisals typically used for these periodic reappraisals are “Restricted Use Appraisals,” meaning the appraisal is for client use only. Other indications of fair value are also used to attempt to ensure that OREO is carried at the lower of cost or fair value. These include listing the property with a broker and acceptance of an offer to purchase from a third party. If an OREO property is listed with a broker at an amount less than the current carrying value, the carrying value is immediately adjusted to reflect the list price less estimated selling costs and if an offer to purchase is accepted at a price less than the current carrying value, the carrying value is immediately adjusted to reflect that sales price, less estimated selling costs. The majority of the properties in OREO are actively marketed using a combination of real estate brokers, bank staff who are familiar with the particular properties and/or third parties.

Troubled Debt Restructurings ("TDR")

The Company has processes in place to review credits upon renewal or modification to determine if financial concessions are being granted that meet the requirements set forth in FASB ASC 326. Loans identified as meeting the criteria set out in FASB ASC 326 are identified as TDR. The concessions granted most frequently for TDR involve reductions or delays in required payments of principal and/or interest for a specified time, the rescheduling of payments in accordance with a bankruptcy plan or the charge-off of a portion of the loan. In some cases, the conditions of the credit also warrant nonaccrual status, even after the restructure occurs. TDR loans may be returned to accrual status in years after the restructure when the loan is current under the restructured loan terms by the borrower and the interest rate at the time of restructure was at or above market for a comparable loan. For reporting purposes, if a TDR is 90 days or more past due or has been placed in nonaccrual status, the restructured loan is included in the loans 90 days or more past due category or the nonaccrual loan category of NPA. Total TDR were $9.1 million and $9.2 million at March 31, 2022 and December 31, 2021, respectively. TDR of $1.8 million and $2.3 million were included in the nonaccrual and 90+ days past due, still accruing loan categories at March 31, 2022 and December 31, 2021, respectively.

Internally Assigned Grades on Loans

Loans with an internally assigned grade of impaired are individually analyzed collateral-dependent loans for which a specific provision has been considered to address the unsupported exposure. Loans with an internally assigned grade of impaired, irrespective of TDR status, which were included in NPL totaled $10.1 million and $25.2 million at March 31, 2022, and December 31, 2021, respectively, with a valuation allowance of $3.0 million and $4.5 million, respectively.

At March 31, 2022, the Company did not have any concentration of loans or leases in excess of 10% of total loans and leases outstanding which were not otherwise disclosed as a category of loans or leases. Loan concentrations are considered to exist when there are amounts loaned to multiple borrowers engaged in similar activities which would cause them to be similarly impacted by economic or other conditions. The Company conducts business in a geographically concentrated area and has a significant amount of loans secured by real estate to borrowers in varying activities and businesses but does not consider these factors alone in identifying loan concentrations. The ability of the Company's borrowers to repay loans is somewhat dependent upon the economic conditions prevailing in the Company's market areas.

The Company utilizes an internal loan classification system that is perpetually updated to grade loans according to certain credit quality indicators. These credit quality indicators include, but are not limited to, recent credit performance, delinquency, liquidity, cash flows, debt coverage ratios, collateral type and loan-to-value ratio. See Note 4 "Loans and Leases" to the consolidated financial statements.

The following table provides details of the Company's loan and lease portfolio by segment, class and internally assigned grade at March 31, 2022:

(In thousands)	Pass	Special Mention	Substandard	Doubtful	Impaired [1]	PCD (Loss)	Total
Commercial and industrial							
Non-real estate	$ 7,854,480	$ 39,116	$ 98,308	$ —	$ 4,771	$ 21,283	$ 8,017,958
Owner occupied	3,647,785	3,304	43,866	—	4,064	4,895	3,703,914
Total commercial and industrial	11,502,265	42,420	142,174	—	8,835	26,178	11,721,872
Commercial real estate							
Construction, acquisition and development	2,995,751	245	27,980	—	—	4,538	3,028,514
Income producing	4,642,592	11,416	114,805	—	703	25,970	4,795,486
Total commercial real estate	7,638,343	11,661	142,785	—	703	30,508	7,824,000
Consumer							
Residential mortgages	7,237,022	703	116,098	—	598	1,574	7,355,995
Other consumer	281,580	—	6,219	—	—	—	287,799
Total consumer	7,518,602	703	122,317	—	598	1,574	7,643,794
Total loans and leases, net of unearned	$ 26,659,210	$ 54,784	$ 407,276	$ —	$ 10,136	$ 58,260	$ 27,189,666

(1) Impaired loans are shown exclusive of $7.3 million of accruing TDR and $0.5 million of non-accruing TDR.

The following table provides details regarding the aging of the Company's loan and lease portfolio by internally assigned grade at March 31, 2022:

(In thousands)	Current	30-59 Days Past Due	60-89 Days Past Due	90+ Days Past Due	Total
Pass	$ 26,601,597	$ 31,730	$ 439	$ 25,444	$ 26,659,210
Special Mention	54,716	43	25	—	54,784
Substandard	310,536	49,303	7,075	40,362	407,276
Doubtful	—	—	—	—	—
Loss	—	—	—	—	—
Impaired	6,758	—	—	3,378	10,136
PCD (Loss)	49,098	—	—	9,162	58,260
Total	$ 27,022,705	$ 81,076	$ 7,539	$ 78,346	$ 27,189,666

There were decreases in every internally-assigned grade category at March 31, 2022. These decreases were due to improvement in credit performance and the payoff or foreclosure of substandard loans. Of the total loans and leases outstanding, 99.4% were current on their contractual payments at March 31, 2022.

Collateral for some of the Company's loans and leases is subject to fair value evaluations that fluctuate with market conditions and other external factors. In addition, while the Company has certain underwriting obligations related to such evaluations, the evaluations of some real property and other collateral are dependent upon third-party independent appraisers employed either by the Company's customers or as independent contractors of the Company.

Deposits

Deposits originating within the communities served by the Company continue to be the Company's primary source of funding its earning assets. The Company has been able to compete effectively for deposits in its primary market areas, while continuing to manage the exposure to rising interest rates. The distribution and market share of deposits by type of deposit and by type of depositor are important considerations in the Company's assessment of the stability of its fund sources and its access to additional funds. Furthermore, management shifts the mix and maturity of the deposits depending on economic conditions and loan and investment policies in an attempt, within set policies, to minimize cost and maximize net interest margin.

The following table presents the Company's deposits and the percentage change between periods:

(Dollars in thousands)	March 31, 2022	December 31, 2021	% Change
Noninterest bearing demand	$ 14,458,563	$ 13,634,505	6.0 %
Interest bearing demand	18,854,543	18,727,588	0.7
Savings	3,713,629	3,556,079	4.4
Time	3,541,320	3,899,501	(9.2)
Total deposits	$ 40,568,055	$ 39,817,673	1.9 %

The 1.9% increase in deposits as of March 31, 2022 compared to December 31, 2021 was due to seasonality of municipal deposits account balances. Interest bearing demand deposits increased $127.0 million, or 0.7%, to $18.9 billion at March 31, 2022 from $18.7 billion at December 31, 2021 and noninterest bearing demand deposits increased $824.1 million, or 6.0%, to $14.5 billion at March 31, 2022 from $13.6 billion at December 31, 2021. The increase in noninterest bearing deposits largely attributed to loan growth in the commercial and industrial portfolio. Time deposits decreased 9.2% as of March 31, 2022 compared to December 31, 2021.

The following table presents the classification of the Company's deposits on an average basis for each of the periods indicated:

	Three Months Ended March 31,			
	2022		2021	
(Dollars in thousands)	Average Amount	Average Rate	Average Amount	Average Rate
Noninterest bearing demand deposits	$ 13,806,591	— %	$ 6,484,703	— %
Interest bearing demand deposits	19,401,019	0.20	8,956,420	0.40
Savings deposits	3,631,699	0.06	2,550,095	0.11
Time	3,725,794	0.52	2,480,862	1.14
Total deposits	$ 40,565,103		$ 20,472,080	

Uninsured deposits are defined as the portion of deposit accounts in U.S. offices that exceed the FDIC insurance limit and amounts in any other uninsured investment or deposit account that are classified as deposits and are not subject to any federal or state deposit insurance regimes. Total uninsured deposits were approximately $18.9 billion and $17.8 billion at March 31, 2022 and December 31, 2021, respectively, as calculated per regulatory guidance. The Company's estimated uninsured time deposits include those in excess of $250,000, the standard maximum insured amount per account holder, as defined including certificates of deposits of $100,000 and greater, at March 31, 2022, and had maturities as follows:

(In thousands)	Amount
Three months or less	$ 203,360
Over three months through six months	154,677
Over six months through twelve months	234,043
Over 12 months	193,873
Total	$ 785,953

The average maturity of time deposits at March 31, 2022 was approximately 10.1 months, compared to approximately 10.6 months at December 31, 2021.

Borrowings

Short-term Borrowings

We utilize securities sold under agreements to repurchase to secure short-term funding needs and to meet the needs of our customers. Securities sold under repurchase agreements generally mature within 30 days from the date of sale. We continually monitor collateral levels. Short-term FHLB borrowings generally mature within 30 days following the date of purchase. All borrowings from the FHLB are collateralized by commercial, construction, and real estate loans pledged under a blanket lien arrangement as of March 31, 2022. See Notes 7 and 8 to the Company's Consolidated Financial Statements. Additionally, the Company utilizes securities sold under agreements to repurchase to facilitate the needs of our customers and to facilitate secured short-term funding needs. Securities sold under repurchase agreements generally mature within 30 days from the date of sale.

Long-term Borrowings

Under the terms of the blanket floating lien security agreement of FHLB Dallas, the Company is required to maintain sufficient collateral to secure borrowings. At March 31, 2022, the remaining borrowing availability totaled $11.1 billion. At March 31, 2022, there were no call features on long-term FHLB borrowings.

The following is a summary of our borrowings for the periods indicated:

(In thousands)	March 31, 2022	December 31, 2021
Advances from FHLB of Dallas	$ 1,163	$ 2,305
5.75% fixed rate, long-term promissory notes	1,351	1,437
4.125% fixed to floating rate, subordinated notes, due November 20, 2029, callable in 2024	300,000	300,000
7.250% subordinated notes, due June 28, 2029, callable in 2024	35,000	35,000
4.750% subordinated notes, due June 30, 2029, callable in 2024	85,000	85,000
6.250% subordinated notes, due June 28, 2029, callable in 2024	25,000	25,000
5.000% fixed to floating rate, subordinated notes, due June 30, 2030, callable in 2025	10,000	10,000
Junior subordinated debentures, 3 month LIBOR plus 1.75%, due 2037	—	15,000
Purchase accounting adjustment, net of amortization	10,054	10,717
Debt issue costs	(1,873)	(2,048)
Total advances and subordinated debt	$ 465,695	$ 482,411

Liquidity and Capital Resources

Liquidity

One of the Company's goals is to maintain adequate funds to meet increases in loan demand or any potential increase in the normal level of deposit withdrawals. This goal is accomplished primarily by generating cash from the Company's operating activities and maintaining sufficient short-term liquid assets. These sources, coupled with a stable deposit base and a historically strong reputation in the capital markets, allow the Company to fund earning assets and maintain the availability of funds. Management believes that the Company's traditional sources of maturing loans and investment securities, sales of loans held for sale, cash from operating activities and a strong base of core deposits are adequate to meet the Company's liquidity needs for normal operations over both the short-term and the long-term.

To provide additional liquidity, the Company utilizes short-term financing through the purchase of federal funds and securities sold under agreement to repurchase. All securities sold under agreements to repurchase are accounted for as collateralized financing transactions and are recorded at the amounts at which the securities were acquired or sold plus accrued interest. Further, the Company maintains a borrowing relationship with the FHLB which provides access to short-term and long-term borrowings. The Company also has access to the Federal Reserve discount window and other bank lines. The Company had no short-term borrowings from the FHLB or the Federal Reserve at either March 31, 2022 or December 31, 2021. The Company had securities sold under agreement to repurchase of $0.7 billion at both March 31, 2022 and December 31, 2021. The Company had no federal fund purchased at March 31, 2022 and had $0.6 billion at December 31, 2021.

At March 31, 2022, the Company had $1.2 million in long-term borrowings from the FHLB. At December 31, 2021, the long-term borrowings from the FHLB totaled $2.3 million. The Company has pledged eligible loans to secure the FHLB borrowings and had $11.1 billion in additional borrowing capacity under the existing FHLB borrowing agreement at March 31, 2022. At March 31, 2022, the Company had irrevocable letters of credit issued by the FHLB totaling $96.4 million on behalf of our customers. The Company had long-term promissory notes totaling $1.4 million at March 31, 2022 and December 31, 2021.

The Company had non-binding federal funds borrowing arrangements with other banks aggregating $1.7 billion at March 31, 2022. Of the $1.7 billion related to non-binding federal funds borrowing arrangements with other banks, no amounts were outstanding. The unencumbered fair value of the Company's federal government and government agencies securities portfolio may provide substantial additional liquidity.

The ability of the Company to obtain funding from these or other sources could be negatively affected should the Company experience a substantial deterioration in its financial condition or its debt rating, or should the availability of short-term funding become restricted as a result of the disruption in the financial markets. Management does not anticipate any short- or long-term changes to its liquidity strategies and believes that the Company has ample sources to meet the liquidity challenges caused by the current economic conditions. The Company utilizes, among other tools, maturity gap tables, interest rate shock scenarios and an active asset and liability management committee to analyze, manage and plan asset growth and to assist in managing the Company's net interest margin and overall level of liquidity.

Other Liquidity Considerations

The Company's operating lease obligations represent short and long-term operating lease and rental payments for facilities, certain software and data processing and other equipment. Purchase obligations represent obligations to purchase goods and services that are legally binding and enforceable on the Company and that specify all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction.

In the ordinary course of business, the Company enters into various off-balance sheet commitments and other arrangements to extend credit that are not reflected on the consolidated balance sheets of the Company. The business purpose of these off-balance sheet commitments is the routine extension of credit. The Company also faces the risk of deteriorating credit quality of borrowers to whom a commitment to extend credit has been made; however, no significant credit losses are expected from these commitments and arrangements. As of March 31, 2022, the Company maintained a reserve for unfunded commitments of $23.6 million included in other liabilities.

Cash Flow Sources and Uses

Cash equivalents include cash and amounts due from banks, including interest bearing deposits with other banks. At March 31, 2022, cash and cash equivalents totaled $1.7 billion compared to $1.3 billion at December 31, 2021.

Operating activities provided $233.5 million in cash during the three months ended March 31, 2022 compared to $4.0 million for the same period of 2021. The increase was primarily driven by an increase of $28.8 million in depreciation and amortization, an increase of $33.4 million in net income, and a decrease of $186.3 million in originations of loans held for sale. This increase was offset somewhat by a decrease in proceeds from paydowns and sales of loans held for sale of $48.7 million.

Investing activities provided $177.9 million in cash during the three months ended March 31, 2022 compared to using cash of $1.1 billion for the same period of 2021. The change in investing activities of $1.3 billion resulted primarily from a decrease of $1.1 billion in purchases of available-for-sale securities, an increase of $328.1 million in proceeds from sales of available-for-sale securities, and an increase of $214.3 million in proceeds from maturities, calls, and paydowns of available-for-sale securities offset somewhat by the increase of $307.1 million in funding of originated loans.

Financing activities used cash of $44.0 million during the three months ended March 31, 2022 compared to providing $1.3 billion in cash for the same period of 2021. The change in financing activities resulted from a decrease of $601.4 million in short-term borrowings and a decrease in cash provided by deposits of $576.4 million during the three months ended March 31, 2022. Additionally, repurchases of common stock increased $154.9 million due to the share repurchase program.

Regulatory Capital

Regulatory capital at March 31, 2022 and December 31, 2021 was calculated in accordance with standards established by the federal banking agencies as well as the interagency final rule published on September 30, 2020 entitled "Revised Transition of the Current Expected Credit Losses Methodology for Allowances" which delayed the estimated impact on regulatory capital stemming from the adoption of CECL. The agencies granted this relief to allow institutions to focus on lending to customers in light of the economic and other impacts from COVID-19, while also maintaining the quality of regulatory capital. Under the final rule, the Day-1 impact of the adoption of CECL and 25% of subsequent provisions for credit losses ("Day-2 impacts") are deferred over a two-year period ending January 1, 2022. At that point, the amount is phased into regulatory capital on a pro rata basis over a three-year period ending January 1, 2025.

The actual capital amounts and ratios for the Company as of March 31, 2022 and December 31, 2021, are presented in the following table and as shown, exceed the thresholds necessary to be considered "well capitalized". Management believes that no events or changes have occurred subsequent to the indicated dates that would change this designation.

	March 31, 2022		December 31, 2021	
(Dollars in thousands)	Amount	Ratio	Amount	Ratio
Common equity tier 1 capital (to risk-weighted assets)	$ 3,658,782	10.57%	$ 3,754,848	11.11%
Tier 1 capital (to risk-weighted assets)	3,825,775	11.05	3,921,841	11.61
Total capital (to risk-weighted assets)	4,596,667	13.27	4,683,361	13.86
Tier 1 leverage capital (to average assets)	3,825,775	8.24	3,921,841	9.90

Federal and state banking laws and regulations and state corporate laws restrict the amount of dividends that the Company may declare and pay. Under Mississippi law, the Company cannot pay any dividend on its common stock unless it has received written approval of the Commissioner of the MDBCF. The federal banking agencies have indicated that paying dividends that deplete a depository institution's capital base to an inadequate level would be an unsafe and unsound banking practice. Moreover, the federal agencies have issued policy statements providing that insured banks should generally only pay dividends out of current operating earnings.

Uses of Capital

Subject to pre-approval from the FDIC and MDBCF, the Company may pursue acquisitions of depository institutions and businesses closely related to banking that further the Company's business strategies. Management anticipates that consideration for any transactions would include shares of the Company's common stock, cash or a combination thereof.

On December 8, 2021, the Company announced a new share repurchase program whereby the Company may acquire up to an aggregate of 10,000,000 shares of its common stock in the open market at prevailing market prices or in privately negotiated transactions during the period between January 3, 2022 through December 30, 2022. Repurchased shares are held as authorized but unissued shares and are available for use in connection with the Company's stock compensation programs, other transactions or for other corporate purposes as determined by the Company's Board of Directors. At March 31, 2022, the Company had repurchased 5.1 million shares under the share repurchase program. The repurchase program has 4.9 million shares remaining for repurchase under the share repurchase program at March 31, 2022. In addition to share repurchases, the Company increased its common share dividend to $0.22 per share in the first quarter of 2022.

Impact of Inflation

The consolidated financial statements and related consolidated financial data presented herein have been prepared in accordance with U.S. GAAP and practices within the banking industry which require the measurement of financial position and operating results in terms of historical dollars without considering the changes in the relative purchasing power of money over time due to inflation. Unlike many companies, virtually all of the assets and liabilities of a financial institution are monetary in nature. As a result, interest rates have a more significant impact on a financial institution's performance than the effects of general levels of inflation. However, see "Item 1.A. to Part 1 of our Annual Report on Form 10-K for the year ended December 31, 2021" for additional information regarding the risks of inflation.

The effect of inflation on a financial institution differs from the effect on other types of businesses. While a financial institution's operating expenses are affected by general inflation, the asset and liability structure of a financial institution consists largely of monetary items. Monetary items, such as cash, investments, loans, deposits, and borrowings, are those assets and liabilities which are or will be converted into a fixed number of dollars regardless of changes in prices. As a result, changes in interest rates have a more significant impact on a financial institution's performance than does general inflation. Inflation may also have impacts on the Company's customers, on businesses and consumers and their ability or willingness to invest, save or spend, and perhaps on their ability to repay loans. As such, there would be likely be impacts on the general appetite for banking products and the credit health to the Company's customers.

Certain Litigation and Other Contingencies

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

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

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

The Company cannot predict with certainty the cost of defense, the cost of prosecution or the ultimate outcome of litigation and other proceedings filed by or against it, its subsidiaries and its directors, management or employees, including remedies or damage awards. On at least a quarterly basis, the Company assesses its liabilities and contingencies in connection with outstanding legal proceedings as well as certain threatened claims (which are not considered incidental to the ordinary conduct of the Company's business) utilizing the latest and most reliable information available. For matters where a loss is not probable or the amount of the loss cannot be estimated, no accrual is established. For matters where it is probable the Company will incur a loss and the amount can be reasonably estimated, the Company establishes an accrual for the loss. Once established, the accrual is adjusted periodically to reflect any relevant developments. The actual cost of any outstanding legal proceedings and the potential loss, however, may turn out to be substantially higher than the amount accrued. Further, the Company's insurance policies have deductibles and coverage limits, and such policies will likely not cover all costs and expenses related to the defense or prosecution of such legal proceedings or any losses arising therefrom.

Although the final outcome of any legal proceedings is inherently uncertain, based on the information available, advice of counsel and available insurance coverage, if applicable, management believes that the litigation-related liability of approximately $0.5 million accrued as of March 31, 2022 is adequate and that any incremental change in potential liability arising from the Company's legal proceedings and threatened claims, including the matters described herein and those otherwise arising in the ordinary course of business, will not have a material adverse effect on the Company's business or consolidated results of operations or financial condition. It is possible, however, that future developments could result in an unfavorable outcome for or resolution of any one or more of the legal proceedings in which the Company or its subsidiaries are defendants, which may be material to the Company's business or consolidated results of operations or financial condition for a particular fiscal period or periods.

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

Recent Pronouncements

Refer to Note 1 "Summary of Significant Accounting Policies" in the annual Report on Form 10-K for the year ended December 31, 2021 for a discussion of accounting standards currently effective for 2022 and accounting standards that have been issued but are not currently effective.

CRITICAL ACCOUNTING ESTIMATES

During the three months ended March 31, 2022, there were no material changes in the Company's critical accounting policies and no significant changes in the application of critical accounting policies as presented in the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and with those generally practiced within the banking industry which require management to make estimates and assumptions about future events. Estimates are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, and the resulting estimates form the basis for making judgments about the carrying values of certain assets and liabilities not readily apparent from other sources. Actual results could differ significantly from those estimates.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Interest Rate Risk Management

Market risk reflects the risk of economic loss resulting from changes in interest rates and other relevant market prices. This risk of loss can be reflected in either reduced potential net interest revenue in future periods or diminished market values of financial assets.

The Company's market risk arises primarily from interest rate risk ("IRR") that is inherent in its lending, investment and deposit taking activities.

The main causes of IRR are the differing structural characteristics of our assets, liabilities and off-balance sheet obligations and their cumulative net reaction to changing interest rates. These structural characteristics include timing differences in maturity or repricing and the effect of embedded options such as loan prepayments, securities prepayments and calls, interest rate caps, floors, collars, and deposit withdrawal options. In addition to these sources of IRR, basis risk results from differences in the spreads between various market interest rates and changes in the slope of the yield curve which can contribute to additional IRR.

We evaluate IRR and develop guidelines regarding balance sheet composition and re-pricing, funding sources and pricing, and off-balance sheet commitments that aim to moderate IRR. We use financial simulation models that reflect various interest rate scenarios and the related impact on net interest income over specified periods of time. We refer to this process as asset/liability management ("ALM").

The primary objective of ALM is to manage interest rate risk and desired risk tolerance for potential fluctuations in net interest income ("NII") and economic value of equity ("EVE") throughout interest rate cycles, which we aim to achieve by maintaining a balance of interest rate sensitive earning assets and liabilities. In general, we seek to maintain a desired risk tolerance with asset and liability balances within maturity and repricing characteristics to limit our exposure to earnings volatility and changes in the value of assets and liabilities as interest rates fluctuate over time. Adjustments to maturity categories can be accomplished either by lengthening or shortening the duration of either an individual asset or liability category, or externally with interest rate contracts, such as interest rate swaps, caps, collars, and floors. See "—Interest Rate Exposures" for a more detailed discussion of our various derivative positions.

Our ALM strategy is formulated and monitored by our Asset/Liability Management Committee ("ALCO") in accordance with policies approved by the Board of Directors. The ALCO meets regularly to review, among other things, the sensitivity of our assets and liabilities to interest rate changes, the book and market values of assets and liabilities, unrealized gains and losses, recent purchase and sale activity, maturities of securities and borrowings, and projected future transactions. The ALCO also establishes and approves pricing and funding strategies with respect to overall asset and liability composition. The ALCO reports regularly to our Board of Directors.

Financial simulation models are the primary tools we use to measure IRR exposures. By examining a range of hypothetical deterministic interest rate scenarios, these models provide management with information regarding the potential impact on NII and EVE caused by changes in interest rates.

The models simulate the cash flows and accounting accruals generated by the financial instruments on our balance sheet, as well as the cash flows generated by the new business, we anticipate over a 60-month forecast horizon. Numerous assumptions are made in the modeling process, including balance sheet composition, the pricing, re-pricing and maturity characteristics of existing business, and new business. Additionally, loan and investment prepayments, administered rate account elasticity, and other option risks are considered as well as the uncertainty surrounding future customer behavior. Because of the limitations inherent in any approach used to measure interest rate risk and because our loan portfolio will be actively managed in the event of a change in interest rates, simulation results, including those discussed in "—Interest Rate Exposures" immediately below, are not intended as a forecast of the actual effect of a change in market interest rates on our NII or EVE or indicative of management's expectations of actual results in the event of a fluctuation in market interest rates; however, these results are used to help measure the potential risks related to IRR.

Interest Rate Exposure

Based upon the current interest rate environment as of March 31, 2022, our simulation model projects our sensitivity to an instantaneous increase or decrease in interest rates as follows:

	Increase (Decrease)			
(Dollars in thousands)	Net Interest Income		Economic Value of Equity	
Change (in Basis Points) in Interest Rates (12-Month Projection)	Amount	Percent	Amount	Percent
+ 200 BP	$ 85.6	6.3 %	$ 647.1	9.3 %
+ 100 BP	42.2	3.1 %	326.0	4.7 %
- 25 BP	(10.2)	(0.8)%	(79.9)	(1.1)%

Both the NII and EVE simulations include assumptions regarding balances, asset prepayment speeds, deposit repricing and runoff and interest rate relationships among balances that management believes to be reasonable for the various interest rate environments. Differences in actual occurrences from these assumptions may change our market risk exposure.

Derivative Positions

Overview. Our Board of Directors has authorized the ALCO to utilize financial futures, forward sales, options, interest rate swaps, caps, collars, and floors, and other instruments to the extent appropriate, in accordance with regulations and our internal policy. We expect to use interest rate swaps, caps, collars, and floors as macro hedges against inherent rate sensitivity in our assets and our liabilities.

We currently intend to engage in only the following types of hedges: (1) those which synthetically alter the maturities or re-pricing characteristics of assets or liabilities to reduce imbalances; (2) those which enable us to transfer the interest rate risk exposure involved in our daily business activities; and (3) those which serve to alter the market risk inherent in our investment portfolio, mortgage pipeline, or liabilities and thus help us to manage the effective maturities of the assets and liabilities within approved risk tolerances.

The following is a discussion of our primary derivative positions related to IRR.

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

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

Agreements Not Designated as Hedging Derivatives. The Company enters into interest rate swap, floor, cap and collar agreements on commercial loans with customers to meet the financing needs and interest rate risk management needs of its customers. At the same time, the Company enters into offsetting interest rate swap agreements with a financial institution in order to minimize the Company's interest rate risk. These interest rate agreements are non-hedging derivatives and are recorded at fair value with changes in fair value reflected in noninterest income. The fair value of these derivatives is recorded on the consolidated balance sheets in other assets and other liabilities.

Mortgage Servicing Right Hedges. The value of our MSR is dependent on changes in market interest rates. In order to mitigate the effects of changes in rates on the value of our MSR, the Company has used various instruments as an economic hedge. The MSR is sensitive to changes in interest rates.

See Note 18 to the consolidated financial statements for additional information regarding our derivative financial instruments.

LIBOR Transition

The Company formed a working group to coordinate the orderly transition from the London Interbank Offered Rate ("LIBOR") to one or more alternative reference rates. The working group consists of senior management of the Company, and the working group provides updates to the Credit Committee of Management and the Credit Risk Committee of the Board on a recurring basis. Key initiatives of the working group include identification of LIBOR exposure, review of associated contract language to determine optionality for transferring to an alternative reference rate, and review of system capabilities for accommodating alternative reference rates. The Company discontinued the use of new LIBOR-based production effective January 1, 2022. In addition, the Company is on schedule to transition from LIBOR to an alternative reference for existing contracts upon the cessation of LIBOR, which includes an effective date for the 1-week and 2-months settings of January 1, 2022 and an effective date of July 1, 2023 for the overnight and 1, 3, 6, and 12-months settings.

Item 4. Controls and Procedures.

CONCLUSION REGARDING THE EFFECTIVENESS OF DISCLOSURE CONTROLS AND PROCEDURES

The Company, with the participation of its management, including its Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report. Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this Quarterly Report, the Company's disclosure controls and procedures were effective in ensuring that information required to be disclosed in its reports that the Company files or submits to the FDIC under the Exchange Act is recorded, processed, summarized and reported on a timely basis, and to ensure that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company is working to integrate continuing Legacy Cadence processes into its overall internal control over financial reporting processes. Except for changes made in connection with this integration of Legacy Cadence there have been no changes in the Company's internal control over financial reporting that occurred during the first fiscal quarter ended March 31, 2022, covered by this Report that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

The information in response to this item is incorporated herein by reference to "Note 19 - Commitments and Contingent Liabilities" in the notes to consolidated financial statements included in Part I., Item I. "Financial Statements" of this Report.

Item 1A. Risk Factors.

There have been no material changes to our risk factors previously disclosed under Item 1.A. to Part 1 of our Annual Report on Form 10-K for the year ended December 31, 2021.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

During the period commencing January 1, 2022 and ending March 31, 2022, the Company issued 5,802 restricted stock units ("RSUs") under the Amended and Restated BancorpSouth Bank Long-Term Equity Incentive Plan, as amended, to eligible directors, officers, and employees of the Company for services rendered to the Company. The Company did not receive any cash consideration in connection with these grants, and these securities were exempt from registration under the Securities Act of 1933, as amended, pursuant to Section (3)(a)(2) thereof because the sales involved securities issued by a bank.

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Approximate Number of Shares that May Be Purchased Under Publicly Announced Plans or Programs
January 2022	84,520	$ 30.98	73,926	9,926,074
February 2022	3,648,027	31.37	3,648,027	6,278,047
March 2022	1,349,572	29.46	1,349,572	4,928,475

(1) In January 2022, shares totaling 10,594 were redeemed from employees for tax withholding purposes for stock compensation.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information.

None.

Item 6. Exhibits.

(3)

a) Amended and Restated Articles of Incorporation of the Company. (Filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the FDIC on November 1, 2017 and incorporated herein by reference thereto).

b) Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company. (Filed as Exhibit 3.2 to the Company's Form 8-A filed with the FDIC on November 20, 2019 and incorporated herein by reference thereto).

c) Articles of Second Amendment to the Amended and Restated Articles of the Company. (Filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the FDIC on October 29, 2021 and incorporated herein by reference thereto).

d) Amended and Restated Bylaws of the Company. (Filed as Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the FDIC on November 1, 2017 and incorporated herein by reference thereto).

e) First Amendment to the Amended and Restated Bylaws of the Company. (Filed as Exhibit 3(d) to the Company's Annual Report on Form 10-K for the year ended December 31, 2020 filed with the FDIC on February 25, 2021 and incorporated herein by reference thereto).

f) Second Amendment to the Amended and Restated Bylaws of the Company. (Filed as Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the FDIC on October 29, 2021 and incorporated herein by reference thereto).

(21) Subsidiaries of the Registrant

(31.1) Certification of the Chief Executive Officer of Cadence Bank pursuant to Rule 13a-14 or 15d-14 of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*

(31.2) Certification of the Chief Financial Officer of Cadence Bank pursuant to Rule 13a-14 or 15d-14 of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*

(32.1) Certification of the Chief Executive Officer of Cadence Bank pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**

(32.2) Certification of the Chief Financial Officer of Cadence Bank pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**

* Filed herewith.
** Furnished herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CADENCE BANK

DATE: May 9, 2022

By: /s/ Valerie C. Toalson

Valerie C. Toalson
Senior Executive Vice President and Chief Financial Officer

EXHIBIT 21

SUBSIDIARIES OF THE REGISTRANT

Name	Jurisdiction of Incorporation/ Organization	Holder of Outstanding Stock
Cadence Holdings, Inc.	Mississippi	Cadence Bank
Cadence Community Capital, LLC	Mississippi	Cadence Bank
Cadence Investor, LLC	Mississippi	Cadence Bank
BXS Insurance, Inc.	Mississippi	Cadence Bank
Linscomb & Williams, Inc.	Texas	Cadence Bank
Cadence Investment Services, Inc.	Alabama	Cadence Bank

EXHIBIT 31.1

CADENCE BANK
CERTIFICATION PURSUANT TO RULE 13a-14 OR 15d-14 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James D. Rollins III, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cadence Bank;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2022

/s/ James D. Rollins III

James D. Rollins III
Chief Executive Officer

EXHIBIT 31.2

CADENCE BANK
CERTIFICATION PURSUANT TO RULE 13a-14 OR 15d-14 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Valerie C. Toalson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cadence Bank;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant’s Board of Directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2022

/s/ Valerie C. Toalson

Valerie C. Toalson
Senior Executive Vice President and
Chief Financial Officer

EXHIBIT 32.1

CADENCE BANK
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report on Form 10-Q of Cadence Bank (the "Company"), for the quarter ended March 31, 2022, as filed with the Federal Deposit Insurance Corporation on the date hereof (the "Report"), I, James D. Rollins III, Chief Executive Officer of the Company, certify in my capacity as an executive officer of the Company, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 9, 2022

/s/ James D. Rollins III
James D. Rollins III
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Federal Deposit Insurance Corporation or its staff upon request.

EXHIBIT 32.2

CADENCE BANK
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report on Form 10-Q of Cadence Bank (the "Company"), for the quarter ended March 31, 2022, as filed with the Federal Deposit Insurance Corporation on the date hereof (the "Report"), I, Valerie C. Toalson, Chief Financial Officer of the Company, certify in my capacity as an executive officer of the Company, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 9, 2022

/s/ Valerie C. Toalson
Valerie C. Toalson
Senior Executive Vice President and
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Federal Deposit Insurance Corporation or its staff upon request.