Cullen/Frost Bankers, Inc.

Basel III Pillar 3 Regulatory Capital Disclosures

March 31, 2026

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Forward-Looking Statements

This Pillar III Capital Disclosure Report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not statements of historical fact and include statements related to, among other things, expectations regarding regulatory capital, capital ratios, risk-weighted assets, liquidity, balance sheet composition, and the potential effects of economic conditions, supervisory guidance, or regulatory changes.

Forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from those expressed or implied. Forward-looking statements speak only as of the date they are made, and we do not undertake any obligation to update or revise such statements to reflect events or circumstances after the date on which they are made, or to reflect the occurrence of unanticipated events.

Readers should consider these risks and uncertainties together with the risk factors and other disclosures included in Part I, Item 1A. Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2025, (the "2025 Form 10-K"), the section captioned "Forward-Looking Statements and Factors that Could Affect Future Results" in Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations of our Quarterly Report on Form 10-Q for the period ended March 31, 2026 (the "First Quarter 2026 Form 10-Q"), and our other filings with the Securities and Exchange Commission ("SEC").

The Corporation and Regulatory Framework

Cullen/Frost Bankers, Inc. ("Cullen/Frost"). Cullen/Frost is a Texas-incorporated financial holding company and bank holding company headquartered in San Antonio, Texas. Cullen/Frost conducts its business primarily through its principal subsidiary, Frost Bank. At March 31, 2026, Cullen/Frost had consolidated total assets of $52.7 billion.

As a bank holding company, Cullen/Frost is required to act as a source of financial strength for its subsidiary bank. Cullen/Frost's primary source of funds is dividends from subsidiaries, which are subject to regulatory limitations.

Frost Bank. Frost Bank, Cullen/Frost's sole banking subsidiary, is a Texas-chartered commercial bank engaged in commercial and consumer banking activities throughout Texas. At March 31, 2026, Frost Bank had consolidated total assets of $52.8 billion and total deposits of $43.2 billion. Frost Bank is a member of the Federal Reserve System, and its deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") up to applicable limits.

Cullen/Frost and its subsidiaries are subject to comprehensive supervision and regulation by federal and state authorities, including the Board of Governors of the Federal Reserve System, the Texas Department of Banking, the Securities and Exchange Commission ("SEC"), and other functional regulators, as applicable. This regulatory framework is designed primarily to protect depositors, the deposit insurance system, and the stability of the banking system.

Additional information regarding the Corporation's business, risk factors, and regulatory environment is provided in the 2025 Form 10-K, and other filings with the SEC.

Regulatory Capital Standards and Disclosures

Capital Requirements. Cullen/Frost and Frost Bank are subject to the Basel III regulatory capital framework as implemented by the federal banking agencies and codified in 12 C.F.R. Part 217 (the "Basel III Capital Rules"). These rules establish minimum risk-based and leverage capital requirements and define eligible capital instruments.

Under the Basel III Capital Rules, regulatory capital ratios are calculated based on Common Equity Tier 1 ("CET1"), Tier 1, and total capital, relative to risk-weighted assets ("RWA"), with assets and certain off-balance-sheet exposures assigned risk weights according to standardized supervisory methodologies.

Cullen/Frost and Frost Bank are required to maintain:

- A minimum CET1 capital ratio of 4.5%, plus a 2.5% capital conservation buffer (effective minimum 7.0%);
- A minimum Tier 1 capital ratio of 6.0%, plus the capital conservation buffer (effective minimum 8.5%);
- A minimum total capital ratio of 8.0%, plus the capital conservation buffer (effective minimum 10.5%); and
- A minimum leverage ratio of 4.0%, calculated as Tier 1 capital to average consolidated assets.

Failure to maintain capital levels inclusive of the capital conservation buffer would result in restrictions on capital distributions and discretionary executive compensation, as described in the Basel III Capital Rules and in the section captioned "Supervision and Regulation" included in Part I, Item 1. Business, our 2025 Form 10-K.

Cullen/Frost and Frost Bank are non-advanced approaches banking organizations and therefore apply the standardized approach for risk-weighted assets. The Basel III framework includes prescribed adjustments and deductions to CET1 capital, including threshold-based deductions for certain deferred tax assets and significant investments in unconsolidated financial institutions.

Consistent with the election permitted for non-advanced approaches organizations, Cullen/Frost and Frost Bank have made a one-time permanent election to exclude accumulated other comprehensive income ("AOCI") from regulatory capital to reduce volatility in capital ratios related to changes in the fair value of available-for-sale securities. Trust preferred securities not eligible for Tier 1 capital continue to qualify as Tier 2 capital, subject to applicable limits.

On March 19, 2026, the U.S. bank regulatory agencies jointly issued a Notice of Proposed Rulemaking ("NPR") that would revise certain elements of the regulatory capital framework applicable to standardized-approach banking organizations, including Cullen/Frost and Frost Bank. The proposal, which is open for public comment through June 18, 2026, would revise risk weights for certain credit exposures and refine methodologies for calculating risk-weighted assets. Because the NPR has not been finalized and may change, the ultimate impact, if any, cannot be determined at this time. Refer to the section captioned "Capital and Liquidity" included in Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations of our First Quarter 2026 Form 10-Q for additional discussion.

Prompt Corrective Action. Frost Bank is subject to the prompt corrective action ("PCA") framework under the Federal Deposit Insurance Act. PCA establishes five capital categories ranging from "well capitalized" to "critically undercapitalized," with progressively restrictive supervisory measures. As of March 31, 2026, Frost Bank met the requirements to be classified as "well capitalized."

PCA provisions apply to insured depository institutions and not to bank holding companies; however, the Federal Reserve retains authority to take supervisory action at the holding company level, as appropriate. A detailed discussion of PCA requirements is included in the section captioned "Supervision and Regulation" included in Part I, Item 1. Business, our 2025 Form 10-K.

Disclosures. The qualitative and quantitative disclosures in this Pillar III Capital Disclosure Report are prepared in accordance with Title 12 C.F.R. Part 217, Subpart D, and are based on management's current interpretation of applicable regulatory guidance, which is subject to change. These disclosures were reviewed and approved in accordance with our disclosure controls and procedures approved by the Board of Directors.

This report should be read in conjunction with our 2025 Form 10-K, our First Quarter 2026 Form 10-Q, and our Consolidated Financial Statements for Holding Companies - FR Y-9C (the "FR Y-9C") as of March 31, 2026. The Basel III Regulatory Capital Disclosures Matrix in Appendix A identifies the location of all required disclosures.

Dollar amounts presented in tables are stated in thousands.

1. Scope of Application

Basis of Presentation. These Pillar III Capital Disclosures are prepared on a consolidated basis and reflect the regulatory capital position of Cullen/Frost and its consolidated subsidiaries in accordance with 12 C.F.R. Part 217, Subpart D. The consolidated financial statements include the accounts of Cullen/Frost and all entities in which it has a controlling financial interest. All significant intercompany balances and transactions have been eliminated.

Accounting and financial reporting policies conform, in all material respects, to accounting principles generally accepted in the United States and to applicable regulatory reporting requirements.

Cullen/Frost Capital Trust II is a wholly owned subsidiary that is a variable interest entity ("VIE") for which Cullen/Frost is not the primary beneficiary and, therefore, is not consolidated for financial reporting purposes. However, pursuant to the Basel III Capital Rules, $120.0 million of trust preferred securities outstanding at March 31, 2026 qualify as Tier 2 capital on a permanent basis without phase-out.

Frost Bank's Common Equity Tier 1 capital is reduced by its equity investment in its financial subsidiary, Frost Insurance Agency ("FIA"), which totaled $28.2 million at March 31, 2026. There are no other significant entities that are deducted or deconsolidated for regulatory capital purposes.

As of March 31, 2026, Cullen/Frost and Frost Bank exceeded all applicable minimum regulatory capital requirements. Frost Bank's registered broker-dealer subsidiaries were also in compliance with applicable net capital requirements. For additional information about our basis of presentation and consolidation, see Note 1 - Summary of Significant Accounting Policies, in the notes to consolidated financial statements included in Part II, Item 8. Financial Statements and Supplementary Data of our 2025 Form 10-K.

Restrictions on Capital and Funds Transfer. Cullen/Frost is a legal entity separate from Frost Bank and its other subsidiaries. The primary source of liquidity at the holding company level is dividends from Frost Bank, which are subject to regulatory and state law limitations. Federal and state banking laws restrict the payment of dividends by Frost Bank and require the maintenance of capital levels consistent with regulatory requirements and safe and sound banking practices.

At March 31, 2026, and while maintaining its "well capitalized" status, Frost Bank could have paid aggregate dividends of approximately $709.6 million to Cullen/Frost without prior regulatory approval. This amount is not necessarily indicative of future dividend capacity.

In addition, the payment of dividends and other capital distributions by Cullen/Frost is subject to regulatory policies and supervisory expectations, including Federal Reserve guidance related to capital adequacy and earnings sustainability. A more detailed discussion of dividend restrictions and capital distribution limitations is included in Note 6 - Capital and Regulatory Matters included in Part I, Item 1. Financial Statements (Unaudited) of our First Quarter 2026 Form 10-Q and Note 8 - Capital and Regulatory Matters included in Part II, Item 8. Financial Statements and Supplementary Data of our 2025 Form 10-K.

Capital Instruments and Repurchases. Certain capital instruments issued by Cullen/Frost contain provisions that may restrict the payment of dividends on common stock under specified conditions. In addition, any redemption or repurchase of regulatory capital instruments, including preferred stock and subordinated debt, remains subject to prior approval of the Federal Reserve, as applicable.

From time to time, the Board of Directors may authorize common stock repurchase programs as part of our capital management strategy. The execution, timing, and amount of any repurchases are subject to market conditions, regulatory considerations, and supervisory expectations. Additional information regarding authorized stock repurchase programs is included Note 6 - Capital and Regulatory Matters included in Part I, Item 1. Financial Statements (Unaudited) of our First Quarter 2026 Form 10-Q and Note 8 - Capital and Regulatory Matters included in Part II, Item 8. Financial Statements and Supplementary Data of our 2025 Form 10-K.

2. Capital Structure

Cullen/Frost's qualifying regulatory capital instruments consist of:

- Common stock, qualifying as CET1 capital;
- Non-cumulative perpetual preferred stock, qualifying as Additional Tier 1 capital; and
- Subordinated debt and other qualifying instruments, qualifying as Tier 2 capital.

These instruments satisfy the eligibility criteria for regulatory capital under the Basel III Capital Rules.

Common Equity Tier 1 Capital. Cullen/Frost's and Frost Bank's CET1 capital consists primarily of common stock and related paid-in capital, net of treasury stock, and retained earnings. As permitted for non-advanced approaches banking organizations, Cullen/Frost and Frost Bank have made a one-time permanent election to exclude most components of accumulated other comprehensive income ("AOCI") from CET1. CET1 is reduced by goodwill and other intangible assets, net of associated deferred tax liabilities. Frost Bank's CET1 is also reduced by its equity investment in Frost Insurance Agency, consistent with regulatory capital requirements.

Additional Tier 1 Capital. At March 31, 2026, Cullen/Frost's Additional Tier 1 capital consisted of $145.5 million of 4.450% non-cumulative perpetual preferred stock, Series B. The Series B Preferred Stock meets the Basel III eligibility criteria for Additional Tier 1 capital, including features related to permanence, loss absorption, and discretion over dividends. Frost Bank did not have any Additional Tier 1 capital instruments outstanding at March 31, 2026.

Additional information regarding the terms of the Series B Preferred Stock and related depositary shares is included Note 6 - Capital and Regulatory Matters included in Part I, Item 1. Financial Statements (Unaudited) of our First Quarter 2026 Form 10-Q and Note 8 - Capital and Regulatory Matters included in Part II, Item 8. Financial Statements and Supplementary Data of our 2025 Form 10-K..

Tier 2 Capital. Tier 2 capital for both Cullen/Frost and Frost Bank includes the allowable portion of the allowance for credit losses on loans, securities, and off-balance-sheet credit exposures, subject to regulatory limits.

Tier 2 capital for Cullen/Frost also includes:

- Qualifying subordinated debt, subject to regulatory phase-out during the final five years of the instrument's term; and
- Trust preferred securities, which qualify as Tier 2 capital on a permanent basis.

At March 31, 2026, Cullen/Frost's Tier 2 capital included $120.0 million of trust preferred securities. No qualifying subordinated debt was includable in Tier 2 capital at that date.

Total Regulatory Capital. Total regulatory capital consists of Tier 1 capital plus Tier 2 capital. Cullen/Frost and Frost Bank remained in compliance with all applicable regulatory capital requirements as of March 31, 2026.

Table 2.1 - Reconciliation of Shareholders' Equity to Total Capital

The following table reconciles total shareholders' equity to the amount of CET1 capital, tier 1 capital, and total regulatory capital for Cullen/Frost and Frost Bank as of March 31, 2026.

	Cullen/Frost	Frost Bank
Preferred stock	$ 145,452	$ —
Common stock	644	8,500
Additional paid-in capital	1,105,508	1,166,591
Retained earnings	4,410,863	4,273,038
Accumulated other comprehensive income (loss), net of tax	(923,511)	(923,511)
Treasury stock	(208,287)	—
Total shareholders' equity	4,530,669	4,524,618
Less: Preferred stock	(145,452)	—
Total common equity	4,385,217	4,524,618
Less adjustments and deductions:		
Goodwill and intangibles, net of deferred tax liabilities	(666,977)	(664,693)
Deferred tax assets	—	—
Accumulated other comprehensive (income) loss, net of tax	923,511	923,511
Equity investment in financial subsidiary	—	(28,186)
CET1 capital	4,641,751	4,755,250
Add: Preferred stock	145,452	—
Tier 1 capital	4,787,203	4,755,250
Qualifying subordinated debt	120,000	—
Allowance for credit losses included in Tier 2 capital	334,297	334,297
Tier 2 capital	454,297	334,297
Total regulatory capital	$ 5,241,500	$ 5,089,547

Further details about Cullen/Frost's regulatory capital calculations is included in Schedule HC-R to Cullen/Frost's FR Y-9C as of March 31, 2026.

3. Capital Adequacy

Capital Adequacy Process. Cullen/Frost and Frost Bank are subject to regulatory capital requirements administered by the federal banking agencies. Management monitors the regulatory capital position of both Cullen/Frost and Frost Bank on an ongoing basis to ensure compliance with applicable capital standards and to support the risks arising from business activities.

Capital adequacy is assessed relative to the composition of the balance sheet, off-balance-sheet exposures, and other risk factors, with an emphasis on the role of CET1 capital as the primary resource for absorbing unexpected losses. As part of the capital planning and risk management process, we periodically evaluate capital adequacy under a range of economic and business scenarios, including stress conditions. These assessments are integrated into forecasting and capital planning processes and are designed to support the maintenance of capital levels consistent with regulatory requirements and safe and sound banking practices.

Risk-Weighted Assets. Risk-weighted assets represent the denominator used in the calculation of regulatory capital ratios under the Basel III Capital Rules. Risk-weighted assets are calculated by assigning standardized risk weights to on-balance-sheet assets and certain off-balance-sheet exposures based on the nature of the exposure, counterparty type, collateral, and other prescribed factors.

Table 3.1 - Risk Weighted Assets by Exposure Type

The following table presents risk-weighted assets by exposure type for Cullen/Frost and Frost Bank as of March 31, 2026, prepared in accordance with standardized Basel III definitions applicable to non-advanced approaches banking organizations.

	Cullen/Frost	Frost Bank
Cash and balances due from depository institutions	$ 120,003	$ 120,003
Exposures to state and local governments in the U.S.	3,232,272	3,232,272
Federal funds sold	535	535
Residential mortgage exposures	3,248,287	3,248,287
High volatility commercial real estate loans	175,838	175,838
Past due loans	120,114	120,114
Other loan exposures	17,248,364	17,248,364
Other assets	2,347,349	2,312,534
Separate account bank-owned life insurance	50,638	50,638
Standby letters of credit	359,202	359,202
Repo-style transactions	276,314	276,314
Unused commitments - original maturity one-year or less	439,811	439,811
Unused commitments - original maturity exceeding one-year	4,792,086	4,792,086
Derivatives	585,315	585,315
Total risk-weighted assets	$ 32,996,128	$ 32,961,313

Further details about Cullen/Frosts's risk-weighted assets can be found in Schedule HC-R to Cullen/Frost's FR Y-9C as of March 31, 2026.

Adjusted Average Assets. Adjusted average assets are used in the calculation of the Basel III leverage ratio for Cullen/Frost and Frost Bank. Adjusted average assets are based on total quarterly average consolidated assets, calculated in accordance with regulatory reporting requirements, with available-for-sale securities reflected at amortized cost, as permitted under the Basel III Capital Rules. Adjusted average assets are reduced by amounts deducted from Common Equity Tier 1 and Additional Tier 1 capital, as well as other applicable regulatory adjustments, in accordance with 12 C.F.R. Part 217.

Table 3.2 - Adjusted Average Assets

The following table presents adjusted average assets for Cullen/Frost and Frost Bank as of March 31, 2026.

	Cullen/Frost	Frost Bank
Adjusted average assets	$ 52,452,953	$ 52,455,993

Capital Ratios. Regulatory capital ratios are calculated in accordance with the Basel III Capital Rules and measure capital relative to risk-weighted assets and, where applicable, average consolidated assets. These ratios are used by banking regulators to assess capital adequacy and compliance with minimum regulatory requirements.

Table 3.3 - Capital Ratios

The following table presents actual capital ratios for Cullen/Frost and Frost Bank as of March 31, 2026, together with the applicable minimum regulatory capital ratios and the capital levels required to be classified as "well capitalized" under the prompt corrective action framework, as amended to reflect changes under the Basel III Capital Rules. The prompt corrective action standards apply to insured depository institutions and are used by regulators for supervisory purposes.

	Actual		Minimum Capital Required Plus Capital Conservation Buffer		Required to be Considered Well-Capitalized [1]	
	Capital Amount	Ratio	Capital Amount	Ratio	Capital Amount	Ratio
Common Equity Tier 1 to Risk-Weighted Assets						
Cullen/Frost	$4,641,751	14.07 %	$2,309,729	7.00 %	N/A	N/A
Frost Bank	4,755,250	14.43	2,307,292	7.00	$2,142,485	6.50 %
Tier 1 Capital to Risk-Weighted Assets						
Cullen/Frost	4,787,203	14.51	2,804,671	8.50	1,979,768	6.00
Frost Bank	4,755,250	14.43	2,801,712	8.50	2,636,905	8.00
Total Capital to Risk-Weighted Assets						
Cullen/Frost	5,241,500	15.89	3,464,593	10.50	3,299,613	10.00
Frost Bank	5,089,547	15.44	3,460,938	10.50	3,296,131	10.00
Leverage Ratio (Tier 1 capital to adjusted average assets)						
Cullen/Frost	4,787,203	9.13	2,098,118	4.00	N/A	N/A
Frost Bank	4,755,250	9.07	2,098,240	4.00	2,622,800	5.00

(1) "Well-capitalized" minimum Common Equity Tier 1 to Risk-Weighted Assets and Leverage Ratio thresholds are defined under the prompt corrective action regulations for insured depository institutions and do not formally apply to bank holding companies.

As of March 31, 2026, capital levels at Cullen/Frost and Frost Bank exceed all capital adequacy requirements under the Basel III Capital Rules. Based on the ratios presented above, capital levels as of March 31, 2026, at Cullen/Frost and Frost Bank exceed the minimum levels necessary to be considered "well-capitalized."

Cullen/Frost and Frost Bank are subject to the regulatory capital requirements administered by the Federal Reserve Board and, for Frost Bank, the FDIC. Regulatory authorities can initiate certain mandatory actions if Cullen/Frost or Frost Bank fail to meet the minimum capital requirements, which could have a direct material effect on our financial statements. Management believes, as of March 31, 2026, that Cullen/Frost and Frost Bank meet all capital adequacy requirements to which they are subject.

4. Capital Conservation Buffer

Under the Basel III Capital Rules, Cullen/Frost and Frost Bank are required to maintain a capital conservation buffer of 2.5% above the applicable minimum risk-based capital requirements. The capital conservation buffer is designed to enhance the ability of banking organizations to absorb losses during periods of economic stress.

The capital conservation buffer is calculated as the lowest of:

- The CET1 capital ratio less the minimum CET1 requirement;
- The Tier 1 capital ratio less the minimum Tier 1 requirement; and
- The total capital ratio less the minimum total capital requirement.

If an institution fails to maintain capital ratios inclusive of the capital conservation buffer, it becomes subject to progressive limitations on capital distributions, including dividends and share repurchases, and on certain discretionary executive compensation, in accordance with the Basel III Capital Rules.

The extent of such limitations is based on the amount by which the capital conservation buffer falls below the required level and the institution's eligible retained income, which generally represents the greater of (i) net income for the preceding four quarters, adjusted for distributions, or (ii) average net income over the preceding four quarters.

Table 4.1 - Capital Conservation Buffer and Eligible Retained Income

The following table presents the capital conservation buffers and eligible retained income for Cullen/Frost and Frost Bank as of March 31, 2026, calculated in accordance with the Basel III Capital Rules. Eligible retained income is calculated in accordance with the Basel III Capital Rules and represents the maximum amount of capital distributions and discretionary executive compensation that would be permitted in the event the capital conservation buffer falls below the required minimum.

	Cullen/Frost	Frost Bank
CET1 capital to risk-weighted assets	14.07 %	14.43 %
Less: Stated minimum requirement	4.50 %	4.50 %
Net amount	9.57 %	9.93 %
Tier1 capital to risk-weighted assets	14.51 %	14.43 %
Less: Stated minimum requirement	6.00 %	6.00 %
Net amount	8.51 %	8.43 %
Total capital to risk-weighted assets	15.89 %	15.44 %
Less: Stated minimum requirement	8.00 %	8.00 %
Net amount	7.89 %	7.44 %
Capital conservation buffer (lowest of subtotals above)	7.89 %	7.44 %
Eligible retained income	$ 176,716	$ 298,671

5. Credit Risk

Credit Risk. Credit risk arises primarily from lending and other credit exposures and represents the risk of loss resulting from a borrower's failure to meet contractual payment obligations. We manage credit risk through underwriting standards, portfolio diversification, and ongoing monitoring of borrower performance and exposure concentrations.

We monitor credit risk through regular reporting that provides management with information on loan production, credit quality trends, delinquencies, non-performing loans, and potential problem credits. Portfolio diversification is an important element of our credit risk management, as it helps mitigate the impact of adverse economic conditions affecting specific industries, regions, or borrower segments. Our independent loan review functions periodically assess credit quality and the effectiveness of risk identification and grading processes, with results reported to management and appropriate committees of our Board of Directors.

In assessing credit risk, we consider a variety of factors, including borrower financial capacity, repayment history, and the level and quality of collateral securing an exposure. We also evaluate climate-related factors and other emerging risks for potential impacts on credit quality, as relevant, and continue to monitor related regulatory developments.

Additional information regarding our credit risk management practices, loan portfolio composition, and credit quality indicators is included in the sections captioned “Application of Critical Accounting Policies and Accounting Estimates,” “Loans,” “Accruing Past Due Loans,” “Non-Accrual Loans,” and “Allowance for Credit Losses” within Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, as well as Part I, Item 1A. Risk Factors, and Note 1 – Summary of Significant Accounting Policies and Note 3 – Loans in the notes to consolidated financial statements included in Part II, Item 8. Financial Statements and Supplementary Data of our 2025 Form 10-K.

Table 5.1 - Remaining Contractual Maturity by Exposure Type

The following table presents the remaining contractual maturity of exposures by exposure type as of March 31, 2026. Mortgage-backed securities are reported in maturity categories based on their stated contractual maturities. Expected maturities may differ from contractual maturities as issuers may have the right to redeem or prepay obligations. Exposures with no contractual maturity include stock held in the Federal Reserve Bank and the Federal Home Loan Bank.

	Maturing				
	Due in One Year or Less	**After One, but Within Five Years**	**After Five Years**	**No maturity**	**Total**
Cash and cash equivalents	$ 7,144,411	$ —	$ —	$ —	$ 7,144,411
Securities	1,825,151	2,303,293	16,063,306	42,501	20,234,251
Loans:					
Commercial and industrial	2,626,204	2,526,113	1,181,032	—	6,333,349
Energy	326,761	821,036	60,273	—	1,208,070
Commercial real estate	1,512,199	6,052,854	2,992,240	—	10,557,293
Consumer real estate	25,400	26,531	3,828,673	—	3,880,604
Consumer and Other	251,049	197,122	4,932	—	453,103
Total Loans	4,741,613	9,623,656	8,067,150	—	22,432,419
Derivative assets		69,757	26,869	—	200,378
Derivative liabilities	(102,397)	(68,693)	(26,868)	—	(197,958)
Total on-balance sheet	$ 13,712,530	$ 11,928,013	$ 24,130,457	$ 42,501	$ 49,813,501
					103,752
Unfunded commitments	$ 4,846,924	$ 5,494,868	$ 1,827,049	$ —	$ 12,168,841
Standby letters of credit	275,422	174,168	100	—	449,690
Total off-balance sheet	$ 5,122,346	$ 5,669,036	$ 1,827,149	$ —	$ 12,618,531

Further information related to securities is included in Note 2 - Securities included in the notes to consolidated financial statements included in Part I, Item 1. Financial Statements (Unaudited) of our First Quarter 2026 Form 10-Q and Note 2 - Securities included in the notes to consolidated financial statements included in Part II, Item 8. Financial Statements and Supplementary Data of our 2025 Form 10-K.

Table 5.2 - Geographic Distribution of Loan Exposures

The following table summarizes our loan portfolio by geographic distribution as of March 31, 2026. Commercial real estate loans are reported based on the geographic location of the underlying collateral, while all other loans are reported based on the geographic location in which the loans were originated.

	Commercial and Industrial	**Energy**	**Commercial Real Estate**	**Consumer Real Estate**	**Consumer and Other**	**Total**
San Antonio	$ 1,651,213	$ 304,882	$ 1,888,968	$ 580,977	$ 115,884	$ 4,541,924
Houston	1,604,828	339,540	2,451,412	871,702	91,982	5,359,464
Dallas	799,886	39,309	1,374,171	1,002,764	35,222	3,251,352
Fort Worth	1,522,937	116,650	1,071,592	580,116	119,775	3,411,070
Austin	284,367	2,024	1,495,977	718,062	39,156	2,539,586
Gulf Coast	286,673	8,028	533,628	82,120	27,763	938,212
Permian Basin	183,445	397,637	211,732	44,863	23,321	860,998
Out of market - Texas	—	—	419,151	—	—	419,151
Out of market - outside of Texas	—	—	1,110,662	—	—	1,110,662
Total loans	$ 6,333,349	$ 1,208,070	$ 10,557,293	$ 3,880,604	$ 453,103	$ 22,432,419

Table 5.3 - Loans Exposures by Industry or Counterparty Type

The following table summarizes our loan portfolio by industry or counterparty type as of March 31, 2026, based on the primary borrower or credit exposure classification.

	Exposure	% of Loans
Commercial and industrial:		
Investor	$ 824,978	3.7 %
Public Finance	621,749	2.8
Contractors	541,391	2.4
Services	421,586	1.9
Medical Services	359,667	1.6
Automobile	349,212	1.5
Manufacturing - Other	304,192	1.4
Financial - Non-banks	304,142	1.4
Wholesale - Heavy Equipment	218,040	1.0
Service - Transportation	198,242	0.9
Real Estate	196,206	0.9
Service - Legal	176,567	0.8
Aviation	143,752	0.6
Service - Other Professional	141,746	0.6
Wholesale - Commercial Products	124,838	0.5
Manufacturing-steel Related	115,248	0.5
Food - Manufacturing / Wholesale	114,098	0.5
Service - Leasing / Rental	107,783	0.5
Building	100,896	0.4
Other	969,016	4.3
Total	6,333,349	28.2
Energy	1,208,070	5.4 %
Commercial real estate:		
Office / Warehouse	2,146,066	9.6
Office Building	1,981,679	8.8
Retail	1,430,777	6.4
Multi Family	742,992	3.3
Auto / Truck Dealer	646,222	2.9
Medical Office & Services	533,190	2.4
Hotel	398,456	1.8
Religious	312,865	1.4
Strip Centers	311,983	1.4
1-4 Family Construction	283,860	1.3
Other	1,468,636	6.5
Total	10,557,293	47.1
Consumer real estate:		
Home equity loans	1,044,913	4.7
Home equity lines of credit	1,104,492	4.9
Home improvement	872,468	3.9
1-4 family residential mortgages	718,966	3.2
Other	139,765	0.6
Total	3,880,604	17.3
Consumer and other	453,103	2.0
Total loans	$ 22,432,419	100.0 %

Table 5.4. - Accruing Past Due Loans and Non-Accrual Loans by Geography

The following table presents past due and non-accrual loans as of March 31, 2026. Commercial real estate loans are reported based on the geographic location of the underlying collateral, while all other loans are reported based on the geographic location in which the loans were originated.

	Accruing Loans		
	30-89 Days Past Due	90 or More Days Past Due	Non-Accrual Loans
San Antonio	$ 19,254	$ 3,048	$ 35,136
Houston	26,743	3,696	13,486
Dallas	8,477	3,366	10,919
Fort Worth	10,222	1,320	1,501
Austin	4,948	1,594	3,663
Gulf Coast	42,517	534	5,912
Permian Basin	5,506	782	1,733
Out of market - Texas	246	—	—
Out of market - outside of Texas	475	1,550	—
Total	$ 118,388	$ 15,890	$ 72,350

6. Counterparty Credit Risk

Counterparty credit risk is the risk that a counterparty to a derivative contract will be unable to meet its contractual payment obligations. For derivative instruments, our counterparty credit exposure is limited to the termination value of the contracts and does not extend to notional or principal amounts.

We measure counterparty credit exposure on derivative contracts as the net favorable fair value of transactions outstanding with each counterparty, including accrued interest receivable or payable, after consideration of legally enforceable master netting agreements. This exposure may be further reduced by collateral posted by counterparties in accordance with contractual arrangements.

Certain derivative contracts with financial institution counterparties include provisions that may require additional collateral or permit termination if specified minimum external credit rating thresholds are not maintained. We do not have any credit-risk-related contingent features associated with our derivative contracts that would be triggered solely by changes in our own credit standing.

Further information regarding our derivative counterparty credit exposure, including the effects of netting arrangements and collateral held, as well as gross positive fair value and net unsecured exposure, is included in Note 7 - Derivative Financial Instruments and Note 8 - Balance Sheet Offsetting and Repurchase Agreements included in the notes to consolidated financial statements included in Part I, Item 1. Financial Statements (Unaudited) of our First Quarter 2026 Form 10-Q and Note 14 - Derivative Financial Instruments and Note 15 - Balance Sheet Offsetting and Repurchase Agreements included in the notes to consolidated financial statements included in Part II, Item 8. Financial Statements and Supplementary Data of our 2025 Form 10-K.

7. Credit Risk Mitigation

We employ credit risk mitigation techniques to reduce credit exposure and, where applicable, regulatory capital requirements through the use of collateral, guarantees, netting arrangements, and clearing mechanisms, consistent with the Basel III Capital Rules.

For our lending activities, credit risk mitigation primarily consists of collateral and, where appropriate, guarantees. We consider the type and amount of collateral, as well as the capacity and willingness of guarantors to perform, as part of our overall credit assessment.

We mitigate credit risk associated with derivative transactions through counterparty exposure limits, collateralization, and legally enforceable netting arrangements. We enter into bilateral collateral agreements with derivative counterparties based on counterparty credit quality, with acceptable collateral generally consisting of cash or U.S. Treasury securities. For centrally cleared derivatives, we further mitigate counterparty credit risk through the clearinghouse risk-management framework, including daily settlement of variation margin.

Under the Basel III standardized approach, we may recognize eligible financial collateral and eligible guarantees in the calculation of risk-weighted assets, which can reduce our regulatory capital requirements. Eligible financial collateral generally includes cash on deposit and securities issued by the U.S. government, U.S. government agencies, or government-sponsored enterprises. Eligible guarantees generally include guarantees provided by U.S. government agencies, U.S. depository institutions, and certain foreign banking organizations.

Additional information regarding our credit risk mitigation practices is included in Note 7 - Derivative Financial Instruments and Note 8 - Balance Sheet Offsetting and Repurchase Agreements included in the notes to consolidated financial statements included in Part I, Item 1. Financial Statements (Unaudited) of our First Quarter 2026 Form 10-Q and Note 14 - Derivative Financial Instruments and Note 15 - Balance Sheet Offsetting and Repurchase Agreements included in the notes to consolidated financial statements included in Part II, Item 8. Financial Statements and Supplementary Data of our 2025 Form 10-K.

Table 7.1 - Exposures Covered by Collateral and Guarantees

The following table presents credit exposures that are covered by eligible financial collateral or eligible guarantees as of March 31, 2026.

	Exposure	Risk-Weighted Assets Amount
Loans	$ 2,660,081	$ 921,609
Commitments to extend credit	197,539	39,508
Standby letters of credit	70,098	14,020

8. Securitization

Our securitization-related activities are limited to investments in securitized products issued by third parties, primarily mortgage-backed securities issued by U.S. government agencies and corporations. We do not originate, sponsor, or structure securitizations.

We identify securitization exposures in accordance with the definitions set forth in the Basel III Capital Rules. As of March 31, 2026, our securitization exposures were not significant, and no securitization-specific risk-weighted asset approaches are applicable.

Additional information regarding our investments in mortgage-backed securities is included in Note 2 - Securities included in Part I, Item 1. Financial Statements (Unaudited) of our First Quarter 2026 Form 10-Q and Note 2 - Securities included in Part II, Item 8. Financial Statements and Supplementary Data of our 2025 Form 10-K.

9. Equities Not Subject to Market Risk Rule

Our equity exposures not subject to the market risk rule consist primarily of restricted equity investments in Federal Home Loan Bank ("FHLB") and Federal Reserve Bank stock, as well as certain investment funds, including separate-account bank-owned life insurance ("BOLI").

FHLB and Federal Reserve Bank stock are non-marketable, are carried at cost, and are periodically evaluated for impairment. Separate-account BOLI investment funds are recorded at cash surrender value, which approximates fair value.

Table 9.1 - Equity Exposures Not Subject to Market Risk Rule

The following table presents the balance sheet carrying value of our equity exposures not subject to the market risk rule as of March 31, 2026.

Public	$ 174,232
Non-public	42,501
Total	$ 216,733

Risk-Weight Approaches. For individual equity securities, we apply the simple risk-weight approach under the Basel III Capital Rules, which assigns prescribed risk-weights to equity exposures based on their classification.

For separate-account BOLI investment fund exposures, we apply the alternative modified look-through approach, under which the carrying value of each exposure is risk-weighted by allocating the investment sequentially to the highest applicable risk-weight category, subject to applicable limits, and then to progressively lower categories, as prescribed by regulation.

Table 9-2: Equities Risk-Weights and Capital Impact

The following table the resulting risk-weighted assets and capital impact for equity exposures not subject to the market risk rule as of March 31, 2026, calculated using the minimum total risk-based capital ratio of 8%.

	Exposure	Risk-Weighted Assets Amount	Capital Impact
0% Risk-weight	$ 35,253	$ —	$ —
20% Risk-weight	7,248	1,450	116
Alternative modified look-through approach	174,232	50,638	4,051
Total	$ 216,733	$ 52,088	$ 4,167

10. Interest Rate Risk for Non-Trading Activities

We manage interest rate risk outside the trading book as part of our overall asset-liability management framework and are not subject to the market risk rule. Information regarding our exposure to interest rate risk, including interest rate sensitivity analyses and our interest rate risk management practices for non-trading activities, is included in Part I, Item 3. Quantitative and Qualitative Disclosures About Market Risk of our First Quarter 2026 Form 10-Q and included in Part II, Item 7A. Quantitative and Qualitative Disclosures About Market Risk of our 2025 Form 10-K.

Appendix A - Basel III Regulatory Capital Disclosures Matrix

Basel III Reference	Disclosure Topic	Location in Pillar III Disclosure Report	Additional Reference
§217.61(a)	Scope of application	Section 1 – Scope of Application	2025 Form 10-K, Note 1
§217.61(b)	Differences between accounting and regulatory consolidation	Section 1 – Scope of Application	2025 Form 10-K
§217.61(c)	Restrictions on transfer of funds or capital	Section 1 – Scope of Application	2025 Form 10-K
§217.62(a)	Capital structure and components	Section 2 – Capital Structure	FR Y-9C, Schedule HC-R
§217.62(b)	Main features of capital instruments	Section 2 – Capital Structure	2025 Form 10-K, Note 8
§217.62(c)	Capital reconciliation	Section 2 – Capital Structure (Table 2.1)	FR Y-9C
§217.63(a)	Capital adequacy assessment	Section 3 – Capital Adequacy	2025 Form 10-K, Note 8
§217.63(b)	Risk-weighted assets	Section 3 – Capital Adequacy (Table 3.1)	FR Y-9C, Schedule HC-R
§217.63(b)	Leverage exposure / adjusted average assets	Section 3 – Capital Adequacy (Table 3.2)	FR Y-9C, Schedule HC-R
§217.63(c)	Capital ratios	Section 3 – Capital Adequacy (Table 3.3)	FR Y-9C, Schedule HC-R
§217.11(a)(1)	Capital conservation buffer	Section 4 – Capital Conservation Buffer	FR Y-9C, Schedule HC-R
§217.171–176	Credit risk	Section 5 – Credit Risk	2025 Form 10-K, Item 7
§217.171–176	Counterparty credit risk	Section 6 – Counterparty Credit Risk	2025 Form 10-K, Notes 14–15
§217.131–134	Credit risk mitigation	Section 7 – Credit Risk Mitigation	2025 Form 10-K, Item 7
§217.41–45	Securitization exposures	Section 8 – Securitization	2025 Form 10-K, Note 2
§217.51(b)	Equities not subject to market risk rule	Section 9 – Equities Not Subject to Market Risk Rule	FR Y-9C, Schedule HC-R
§217.63(d)	Interest rate risk in the banking book	Section 10 – Interest Rate Risk for Non-Trading Activities	2025 Form 10-K, Item 7A
§217.63(e)	Market risk rule disclosures	N/A – not subject to market risk rule	N/A