Bank OZK

MANAGEMENT COMMENTS

For the Fourth Quarter
& Full Year 2024

Forward-Looking Statements

This presentation and other communications by Bank OZK (the "Bank") include certain "forward-looking statements" regarding the Bank's plans, expectations, thoughts, beliefs, estimates, goals and outlook for the future that are intended to be covered by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on management's expectations as well as certain assumptions and estimates made by, and information available to, management at the time. Those statements are not guarantees of future results or performance and are subject to certain known and unknown risks, uncertainties and other factors 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, but are not limited to: potential delays or other problems in implementing the Bank's growth, expansion and acquisition strategies, including obtaining regulatory or other approvals, delays in acquiring satisfactory sites, obtaining permits and designing, constructing and opening new offices, relocating, selling or closing existing offices, or integrating any acquisitions; the availability of and access to capital; possible downgrades in the Bank's credit ratings or outlook which could increase the costs of or decrease the availability of funding from capital markets; the ability to attract new or retain existing deposits or to retain or grow loans, including growth from unfunded closed loans; the ability to generate future revenue growth or to control future growth in non-interest expense; interest rate fluctuations, including changes in the yield curve between short-term and long-term interest rates or changes in the relative relationships of various interest rate indices; competitive factors and pricing pressures, including their effect on the Bank's net interest margin or core spread; 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; conditions within the banking industry; recently enacted and potential new laws and regulatory requirements or changes to existing laws and regulatory requirements, including changes affecting oversight of the financial services industry, changes intended to manage or mitigate climate and related environmental risks or changes in the interpretation and enforcement of such laws and requirements; changes as a result of the recent U.S. presidential and congressional elections; impacts of potential changes in U.S. tax, tariff and immigration laws, regulations and policies; the costs and expenses to comply with new and/or existing legislation and regulatory requirements; uncertainty regarding changes in U.S. government monetary and fiscal policy; the impact of any U.S. federal government shutdown or budgetary crisis; FDIC special assessments or changes to regular assessments; the ability to keep pace with technological changes, including changes regarding artificial intelligence and maintaining cybersecurity; the impact of any failure in, or breach of, our operational or security systems or infrastructure, or those of third parties with whom we do business or others, including as a result of cyberattacks or an increase in the incidence or severity of fraud, illegal payments, security breaches or other illegal acts impacting the Bank, its customers or others; natural disasters; acts of war or terrorism; the potential impact of continuing inflationary pressures; the potential impact of supply chain disruptions; national or international political instability or military conflict, including the conflict in the Middle East and the ongoing war in Ukraine; competition for and costs of recruiting and retaining qualified personnel; impairment of our goodwill; adoption of new accounting standards, or changes in existing standards; and adverse results (including costs, fines, reputational harm and/or other negative effects) from current or future litigation, regulatory examinations or other legal and/or regulatory actions or rulings as well as other factors identified in this communication or as detailed from time to time in our public filings, including those factors described in the disclosures under the headings "Forward-Looking Information" and "Item 1A. Risk Factors" in our most recent Annual Report on Form 10-K for the year ended December 31, 2023 and our quarterly reports on Form 10-Q. Should one or more of the foregoing risks materialize, or should underlying assumptions prove incorrect, actual results or outcomes may vary materially from those described in, or implied by, such forward-looking statements. The Bank disclaims any obligation to update or revise any forward-looking statements based on the occurrence of future events, the receipt of new information or otherwise.

MANAGEMENT COMMENTS FOR THE FOURTH QUARTER AND FULL YEAR OF 2024

We are pleased to report our excellent fourth quarter results, which provided a strong finish to a year filled with record achievements. Highlights include:

- ***Net Income & EPS.*** Net income available to common stockholders for the quarter just ended was a record \$178.1 million and diluted earnings per common share ("EPS") were a record \$1.56, increases of 4.1% and 4.0%, respectively, compared to the fourth quarter of 2023. For the full year 2024, net income available to common stockholders was a record \$700.3 million and EPS were a record \$6.14, increases of 3.8% and 4.6%, respectively, compared to 2023.
- ***Pre-tax Pre-provision Net Revenue[1] ("PPNR")***. PPNR for the quarter just ended was \$272.2 million, an increase of 3.7% compared to the fourth quarter of 2023, and for the full year 2024 was a record \$1.11 billion, an increase of 7.2% compared to 2023.
- ***Net Interest Income.*** Net interest income for the quarter just ended was \$379.4 million, an increase of 2.4% compared to the fourth quarter of 2023, and for the full year 2024 was a record \$1.53 billion, an increase of 6.5% compared to 2023.
- ***Efficiency Ratio.*** Our efficiency ratio in the quarter just ended was 33.7% and for the full year was 33.0%.
- ***Return on Average Assets ("ROAA").*** We achieved a ROAA of 1.87% annualized in the quarter just ended and 1.91% for the full year 2024.
- ***Loans.*** Loans grew to a record \$29.97 billion, increasing \$0.75 billion, or 2.6% not annualized, in the quarter just ended, and increasing \$3.51 billion, or 13.3%, for the full year 2024.
- ***Deposits.*** Deposits grew to a record \$31.04 billion, increasing \$0.47 billion, or 1.5% not annualized, in the quarter just ended, and increasing \$3.64 billion, or 13.3%, for the full year 2024.
- ***Asset Quality.*** Our low leverage and conservative underwriting practices have kept our annualized net charge-off ratio (0.16% for the quarter just ended and 0.20% for the full year of 2024) well below the industry average.
- ***ACL Build.*** Over the last ten quarters since the Fed started increasing rates, we have more than doubled our Allowance for Credit Losses ("ACL") from \$300 million to \$619 million, including a \$25 million increase in the quarter just ended.
- ***Capital.*** [1] At December 31, 2024, our ratios of total common stockholders' equity to total assets and total tangible common stockholders' equity to tangible assets increased to 14.03% and 12.52%, respectively, and our book value and tangible book value per common share were \$47.30 and \$41.48, respectively, increases of \$4.88 and \$4.90 in 2024.
- ***Dividends.*** We recently increased our dividend on our common stock for the 58th consecutive quarter.

[1] The calculations of the Bank's non-GAAP financial measures and the reconciliations to generally accepted accounting principles ("GAAP") are included in the schedules in Appendix A.

Profitability and Earnings Metrics

Net income available to common stockholders for the fourth quarter of 2024 was $178.1 million, our ninth consecutive quarterly record and a 4.1% increase from $171.1 million for the fourth quarter of 2023. For the full year of 2024, net income available to common stockholders was a record $700.3 million, a 3.8% increase from $674.6 million for the full year of 2023.

EPS for the fourth quarter of 2024 were $1.56, our ninth consecutive quarterly record and a 4.0% increase from $1.50 for the fourth quarter of 2023. EPS for the full year of 2024 were a record $6.14, a 4.6% increase from $5.87 for the full year of 2023.

PPNR for the fourth quarter of 2024 was $272.2 million, a 3.7% increase from the fourth quarter of 2023, but a 3.7% decrease from the third quarter of 2024. For the full year of 2024, PPNR was $1.11 billion, a 7.2% increase from $1.03 billion for the full year of 2023.

Our annualized ROAA for the fourth quarter of 2024 was 1.87% compared to 2.04% for the fourth quarter of 2023. Our ROAA for the full year of 2024 was 1.91% compared to 2.20% for the full year of 2023.

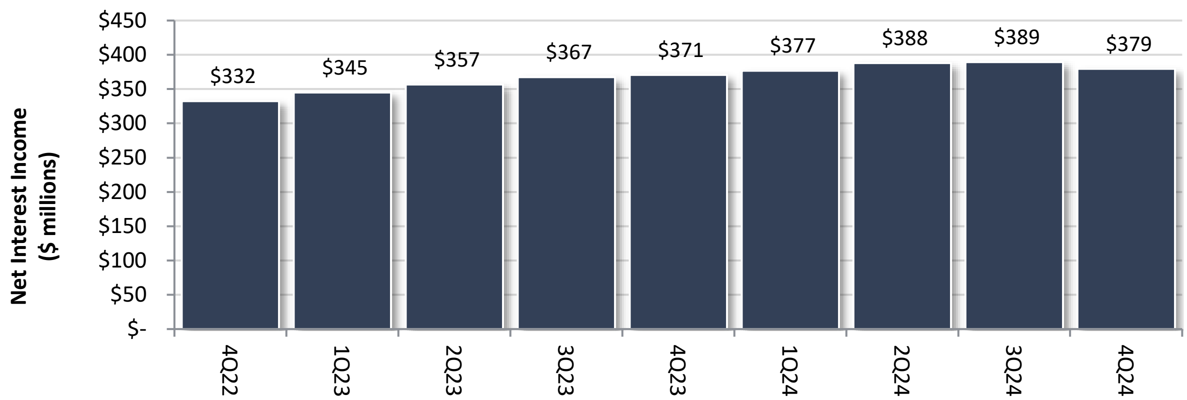
Our annualized returns on average common stockholders' equity[2] ("ROACE") and average tangible common stockholders' equity[2] ("ROATCE") for the fourth quarter of 2024 were 13.33% and 15.22%, respectively, compared to 14.58% and 16.99%, respectively, for the fourth quarter of 2023. Our ROACE and ROATCE for the full year of 2024 were 13.77% and 15.82%, respectively, compared to 14.93% and 17.50%, respectively, for the full year of 2023.

[2] The calculations of the Bank's non-GAAP financial measure and the reconciliations to GAAP are included in the schedules in Appendix A.

Net Interest Income

Our net interest income for the fourth quarter of 2024 was $379.4 million, a 2.4% increase from the fourth quarter of 2023, but a 2.6% decrease from the third quarter of 2024, all as shown in Figure 1. Our net interest income for the full year of 2024 was a record $1.53 billion, a 6.5% increase from $1.44 billion for the full year of 2023.

Figure 1: Quarterly Net Interest Income



We expect further growth in average earning assets in 2025, and we believe this growth will result in record net interest income for the full year and in one or more quarters. Considering the two fewer days in the first quarter compared to the quarter just ended, we expect first quarter net interest income to be slightly below the level we just achieved. In subsequent quarters, we expect net interest income to increase compared to the first quarter.

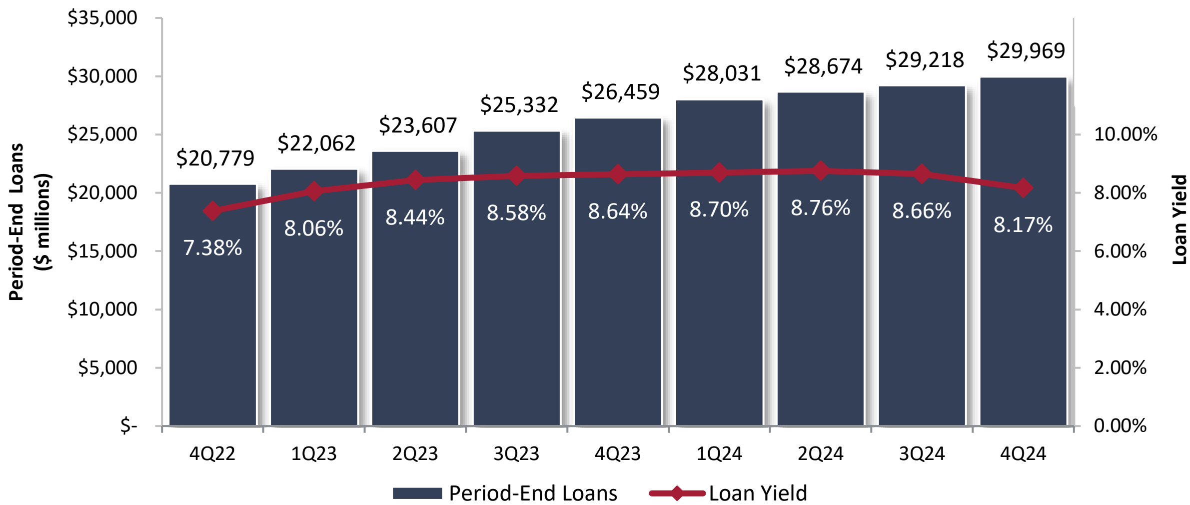
While we expect our net interest margin to decline further in the first quarter and possibly the second quarter of 2025, it should stabilize, and potentially improve, in later quarters of 2025 as we benefit from more time deposits repricing.

The timing and magnitude of changes in our net interest income and net interest margin will significantly depend upon the timing and magnitude of Fed interest rate changes, among other factors. Our guidance is consistent with either zero, one or two 25-basis points (“bps”) reductions in the Fed funds target rate in 2025.

Earning Assets

Our loans at December 31, 2024 were $29.97 billion, our tenth consecutive quarterly record and having increased $0.75 billion, or 2.6% not annualized, from September 30, 2024 and $3.51 billion, or 13.3%, from December 31, 2023, as illustrated in Figure 2.

Figure 2: Loan Balances and Yields



In the fourth quarter of 2024, our yield on loans was 8.17%, decreases of 47 bps and 49 bps from the fourth quarter of 2023 and the third quarter of 2024, respectively. These decreases reflect the impact during the quarter of the decreases in the Fed funds rate. For the full year of 2024, our yield on loans was 8.56%, an increase of 11 bps from 2023.

Figures 3 and 4 reflect the mix in our loan growth in the fourth quarter and full year of 2024. During the quarter just ended, Corporate & Institutional Banking ("CIB"), Community Banking and Indirect RV & Marine, collectively, contributed $0.73 billion to loan growth, while RESG grew only nominally due to elevated repayments. This was the third consecutive quarter, and the second year in the last three years, that teams other than RESG have collectively provided more than half of our loan growth, clearly reflecting success in our ongoing focus on greater portfolio diversification.

Figure 3: Loan Growth – 4Q24 ($ millions)

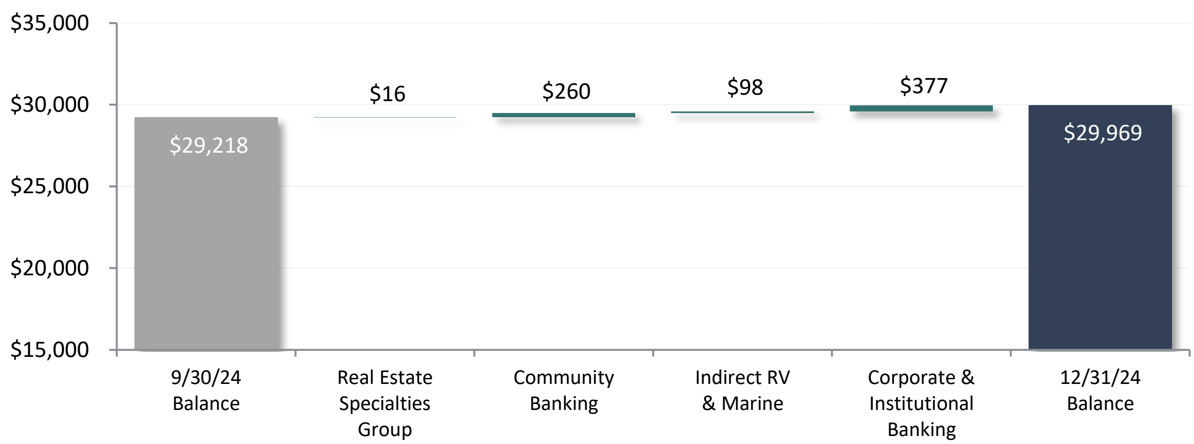
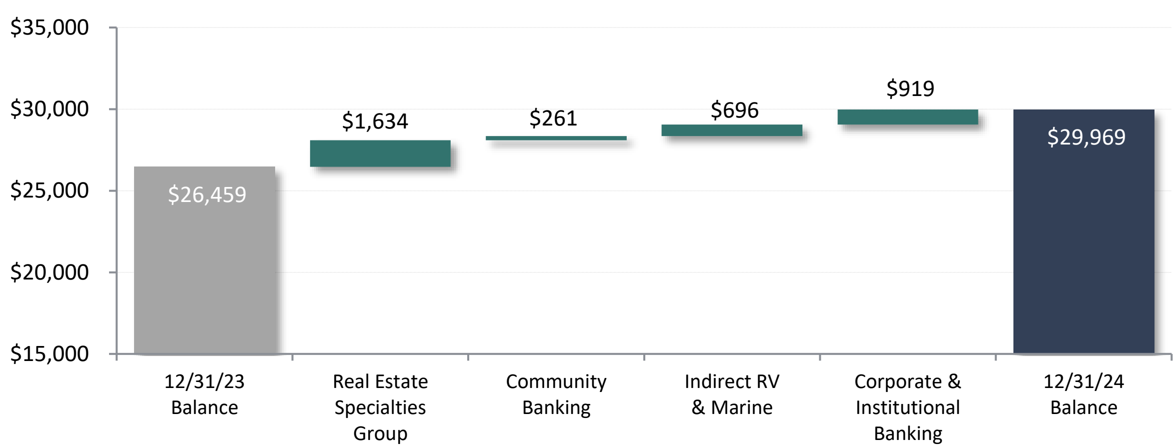


Figure 4: Loan Growth – FY24 ($ millions)

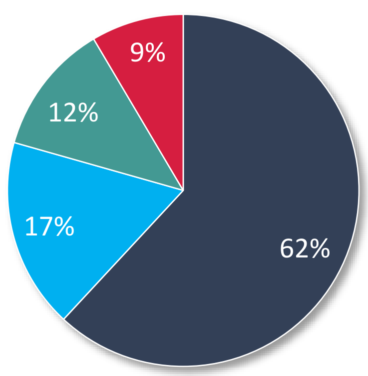


We continue to expect loan growth for the full year 2025 to be in the mid- to upper-single digit percentage range. Loan growth may vary significantly from quarter to quarter and may be impacted by loan repayments, interest rates, economic conditions, competition or other factors.

Our "growth, growth and diversification" strategy is intended to achieve greater portfolio diversification through growth in our CIB, Indirect RV & Marine and Community Banking portfolios while continuing to capitalize on RESG's unique strengths and expertise to grow longer term. As seen in the three most recent quarters, we have good momentum with these other lending teams, which we expect to contribute meaningfully to future growth and diversification, especially during 2025 and 2026 when RESG is likely to have elevated repayments. Implicit in this strategy is an unwavering focus on asset quality from each of these lending teams.

Even as our funded balance of RESG loans has reached record levels, greater diversification has resulted in RESG's percentage of our loans declining to 62% as of December 31, 2024, as illustrated in Figure 5. With much of our growth expected to come from our other lending teams, RESG's percentage of loans should continue to decline throughout 2025 and further in 2026.

Figure 5: Loan Composition (As of December 31, 2024)



	Funded Balances	
	$ millions	***%***
RESG	$ 18,556	62%
Community Banking	5,235	17%
Indirect RV & Marine	3,627	12%
CIB	2,551	9%
Total	**$ 29,969**	**100%**

As shown in Figure 6, RESG loan originations were $1.00 billion in the quarter just ended and $5.41 billion for the full year of 2024. The headwinds from higher rates and uncertain economic conditions restrained RESG origination volume in 2024, particularly in the quarter just ended which was our lowest quarterly origination volume in 27 quarters. Based on our current pipeline, we are cautiously optimistic about our prospects for achieving 2025 RESG origination volume at a more typical level and exceeding the $5.41 billion in 2024. Origination volume may vary significantly from quarter to quarter and may be impacted by interest rates, economic conditions, competition or other factors.

Figure 6: RESG Quarterly Loan Originations
($ billions)

	Q1	Q2	Q3	Q4	Total
FY2019	$1.86	$1.15	$2.03	$1.44	$6.48
FY2020	$1.76	$1.67	$1.40	$1.77	$6.59
FY2021	$1.28	$1.46	$2.21	$2.99	$7.94
FY2022	$3.14	$3.53	$4.35	$2.81	$13.82
FY2023	$1.81	$1.41	$1.95	$2.05	$7.22
FY2024	$1.58	$1.60	$1.23	$1.00	$5.41

As shown in Figure 7, RESG's loan repayments and other activity were $1.83 billion in the quarter just ended and $6.06 billion for the full year of 2024. RESG loan repayments have been elevated in the three most recent quarters and are expected to continue to be elevated in coming quarters. RESG loan repayments may vary substantially from quarter to quarter and may have an outsized impact on our outstanding loan balances in one or more quarters.

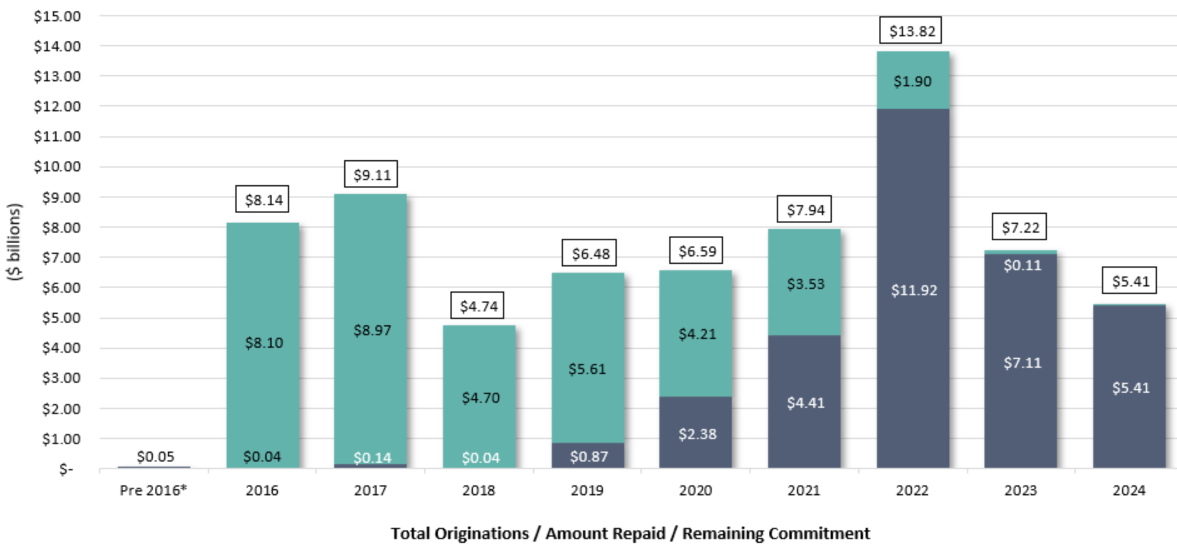
Figure 7: RESG Quarterly Loan Repayments & Other Activity
($ billions)

	Q1	Q2	Q3	Q4	Total
FY2019	$1.13	$1.54	$1.34	$1.66	$5.67
FY2020	$1.00	$0.69	$0.65	$1.19	$3.54
FY2021	$1.48	$1.68	$1.34	$1.72	$6.22
FY2022	$1.31	$2.34	$1.28	$0.72	$5.65
FY2023	$0.91	$1.03	$1.10	$0.97	$4.01
FY2024	$0.79	$1.84	$1.60	$1.83	$6.06

Over the last three quarters, elevated RESG repayments coupled with the lower volume of originations resulted in RESG total commitments, both funded and unfunded, receding by $2.1 billion from a peak of $34.5 billion at March 31, 2024 to $32.4 billion at December 31, 2024. This trend is likely to continue for several quarters.

Figure 8 illustrates the cadence of RESG loan originations and repayments. It shows the amount of each year's originations which have been repaid and which remain as outstanding commitments, both funded and unfunded.

Figure 8: RESG Origination and Repayment Trends by Year of Origination *(Total Commitment)*
(As of December 31, 2024)



$ Remaining Commitment	*$0.04B*	*$0.14B*	*$0.04B*	*$0.87B*	*$2.38B*	*$4.41B*	*$11.92B*	*$7.11B*	*$5.41B*
$ Amount Funded	*$0.04B*	*$0.14B*	*$0.02B*	*$0.79B*	*$2.04B*	*$3.55B*	*$8.15B*	*$3.11B*	*$0.67B*
$ Amount Unfunded	*$0.00B*	*$0.00B*	*$0.02B*	*$0.08B*	*$0.31B*	*$0.86B*	*$3.77B*	*$4.00B*	*$4.74B*

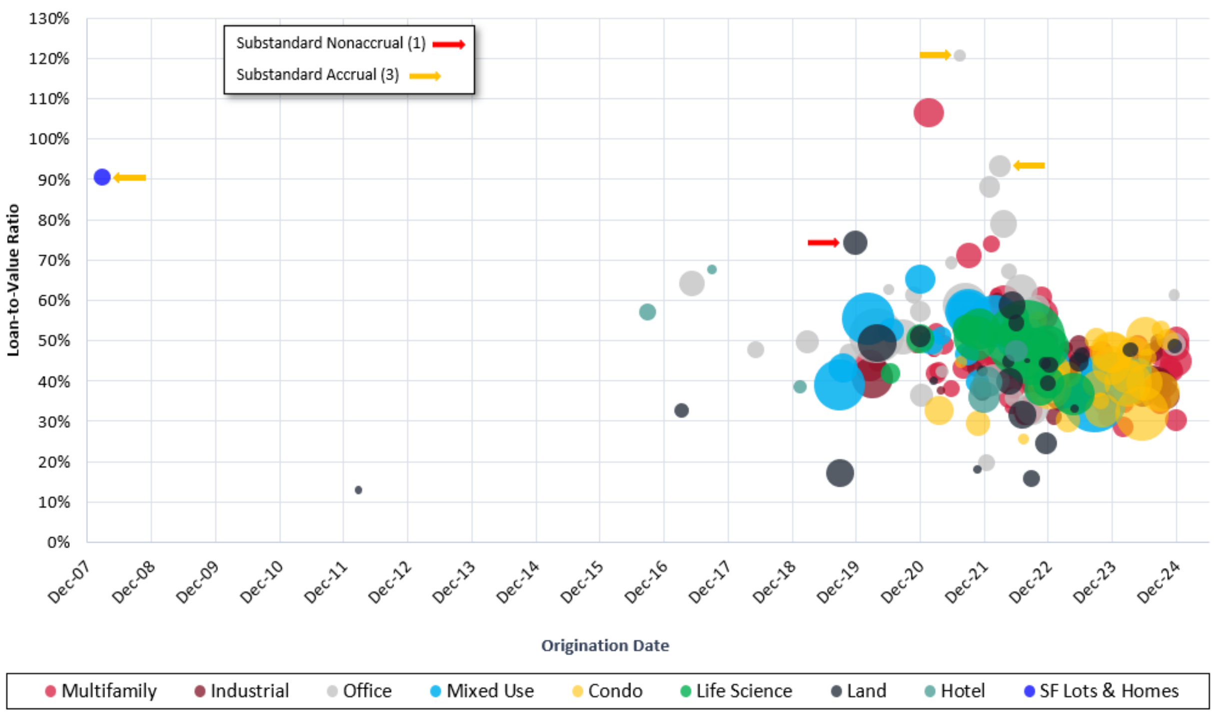
** Amounts repaid and total annual originations are not shown for pre-2016 originations.*

The loan-to-value ("LTV") metrics on each of the 319 individual loans within the RESG portfolio as of December 31, 2024, are illustrated in Figure 9. The significant protection provided by RESG's conservative loan-to-cost ("LTC") and LTV metrics is always important, and especially so in the current macroeconomic environment. Assuming every RESG loan is fully funded, the weighted average LTC for the RESG portfolio was 51% and the weighted average LTV was 44% as of December 31, 2024. Notwithstanding approximately 149 new appraisals obtained on existing loans during 2024, RESG's weighted average LTV increased only 1% from 43% to 44%. RESG collateral valuations benefit from the fact that the majority of RESG loans are for new construction, which provides a distinct competitive advantage compared to older, less desirable properties.

RESG's one substandard non-accrual loan and three substandard accrual loans are pointed out in Figure 9, and additional information on each is provided in Figure 10.

Figure 9: RESG Portfolio by LTV & Origination Date (As of December 31, 2024)

Bubble Size Reflects Total Funded and Unfunded Commitment Amount



LTV ratios assume all loans are fully funded. LTV data based on most recent appraisals and utilizing, in most cases, "as stabilized" values for income producing properties.

During the quarter just ended, the number of substandard loans in the RESG portfolio decreased by one from five to four. Specifically, we had no additions of substandard loans in the RESG portfolio, and we had one payoff - a previously reported substandard non-accrual loan on a Los Angeles, California, Arts District office building. The sponsor sold this property in December, and we received all proceeds, resulting in repayment of our outstanding book balance ($20.8 million as of September 30, 2024), recovery of our entire previous $9.3 million charge-off and recognition of $0.3 million of interest income. Our sponsor's continued efforts to sell this property resulted in our full principal recovery and collection of some additional interest income and demonstrates the quality of sponsors with whom we like to do business.

RESG substandard accrual and non-accrual loans as of December 31, 2024 are summarized in Figure 10.

Figure 10: RESG Substandard Credits (As of December 31, 2024)

($ millions)

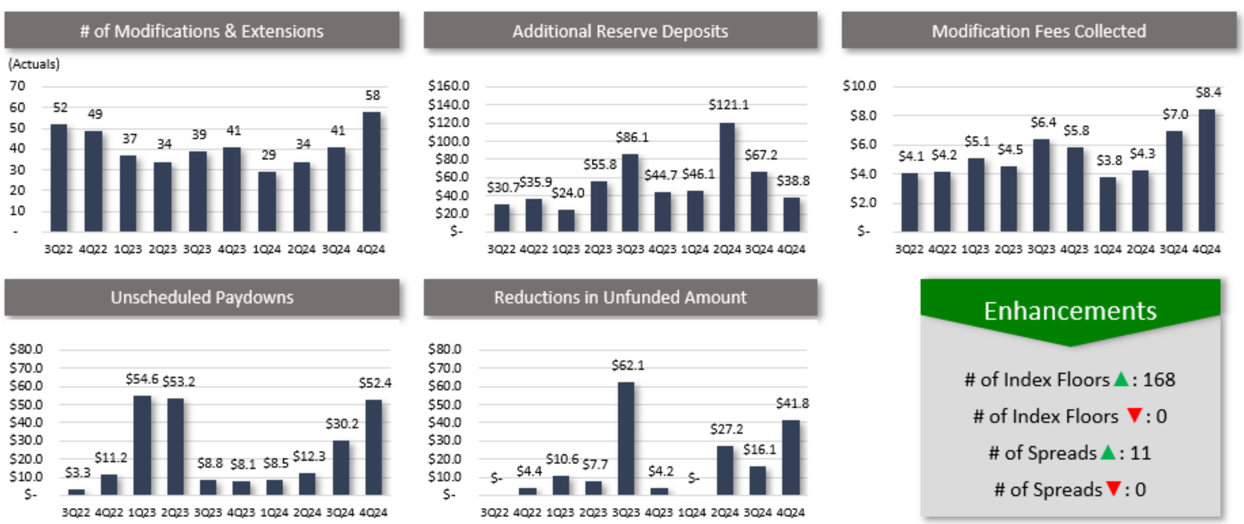
MSA / Submarket	Property Type	Total Loan Commitment	Outstanding Balance	Unfunded	"Good News" TI/LC Included in Unfunded	ACL Reserve	LTV (As-Stabilized with Loan Fully Funded)	Appraisal Date
Substandard Non-accrual								
Chicago, IL	Land	$ 88.4	$ 88.4	---	---	$ 3.9	74%	June '24
20 days past due. The sponsor continues to pursue recapitalization of the project. During the quarter just ended, we received $1.9 million in payments and recognized an additional charge-off of $16.9 million reducing the balance to the current $88.4 million, which is 74.2% of the recent appraised value.								
Substandard Accrual								
Seattle, WA / Pioneer Square	Office	$ 72.5	$ 56.2	$ 16.3	$ 13.1	$ 17.6	93%	Dec. '24
Current. During the quarter just ended, the underlying sponsor in this debt-on-debt transaction continued to pay required monthly debt service and maintained a reserve of $2.2 million, consistent with the loan requirements.								
Development Near Lake Tahoe, CA	SF Lots & Homes	$ 43.2	$ 31.6	$ 11.6	---	$ 14.0	91%	Sep. '24
Current. The borrower on this revolving credit continues to actively build and market townhomes and market the remaining single family lots.								
Boston, MA / Financial District	Office	$ 21.5	$ 17.2	$ 4.3	$ 4.1	$ 4.9	121%	May '24
Current. During the quarter just ended, the borrower continued to pay required monthly debt service and had a reserve of $0.2 million, consistent with the loan requirements. An additional $0.4 million was contributed to the reserve in early January 2025.								

As we have said previously, we expect most RESG sponsors, along with their capital partners, will continue to support their properties, if needed, through times of economic stress until business or economic conditions and property performance normalize. This strong support is one of the reasons we have had relatively few RESG substandard credits or foreclosed assets.

An important element of our business model is to structure loans so that sponsors and their capital partners are highly incentivized to support the loans, even in challenging times. To achieve this, we obtain sizable equity investments relative to our low leverage loans, assuring that sponsors/capital partners are likely to have too much invested to walk away. Additionally, we focus on loans secured by high quality assets that have good long-term prospects, which motivates sponsors to stay engaged, even if sales or leasing take more time than expected.

The effectiveness of our approach is evident in our results since the Federal Reserve started increasing the Fed funds target rate. As shown in Figure 11, we have seen significant support by sponsors/capital partners for our RESG loans, evidenced by the $793 million of total additional equity contributions (additional reserve deposits ($550 million) and unscheduled paydowns ($243 million)) received related to the 414 modifications/extensions. Additionally, we enhanced our floor rates and spreads on 168 loans and 11 loans, respectively, while granting no floor or spread concessions over the last ten quarters.

Figure 11: Demonstrated Sponsor/Capital Partner Support of RESG Loans ($ millions)



Since our October Management Comments, the support of sponsors and their capital partners has been particularly evident in several large RESG loans.

- Our largest loan is on a San Diego life science project that also includes retail and traditional office components. As previously reported, the sponsors and their capital partners contributed $87.1 million of additional capital to this project in June 2024. They have continued to provide additional capital including $8.7 million in September for excess leasing costs for a signed lease, $9.3 million in November for an interest rate cap renewal, and $82.0 million for additional reserves in January 2025. This latest contribution increased total reserves held by the bank for this loan to $152.9 million. During the quarter just ended, we obtained a new appraisal on this property which indicated a LTV of 50.3% assuming our loan is fully funded.
- On a mixed-use Atlanta project with multi-family, retail and office components, the sponsor sold the office portion in December resulting in an $82.1 million reduction in our loan ($50.3 million paydown and $31.8 million curtailment of unfunded balances). Our remaining loan is secured by a 292-unit multi-family project, which is currently approximately 76% leased having increased an average of about 3% per month over the last six months. The project also includes a small amount of ground floor retail space.
- Our largest special mention loan at September 30, 2024, for a Los Angeles office property, was upgraded to a pass rated loan in November as a result of a $41.0 million additional equity contribution and $87.2 million of guarantees for future capital contributions. During the quarter just ended, we obtained a new appraisal on this property which indicated a LTV of 51.3% assuming our loan is fully funded.

During the fourth quarter of 2024, RESG obtained new appraisals for 57 existing loans with a total commitment of $6.74 billion. Figure 12 shows the resulting changes in LTV as compared to the LTV based on the previous appraised value and the previous total loan commitment for each of these loans. LTVs were little changed (plus or minus 10%) for 34 loans, LTVs decreased more than 10% for 2 loans and LTVs increased more than 10% for 21 loans. The only credit with a LTV greater than 79% was the Seattle, WA office project which was already risk rated substandard accrual and has been previously discussed.

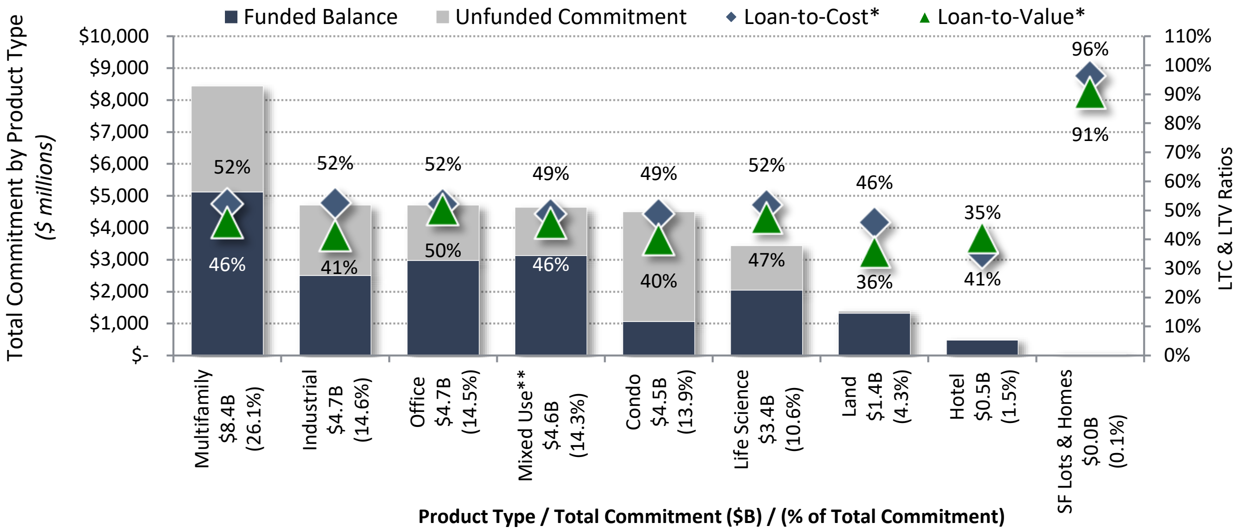
Figure 12: RESG New Appraisals - 4Q24 ($ in millions)

Property Type	Total Commitment	Previous LTV	LTV @ 12/31/24	Δ in LTV	Property Type	Total Commitment	Previous LTV	LTV @ 12/31/24	Δ in LTV
Office	$ 72	85.5%	93.2%	7.7%	Mixed Use	$ 196	38.0%	50.1%	12.1%
Office	107	46.3%	78.9%	32.7%	Office	324	41.7%	50.1%	8.4%
Multifamily	95	36.1%	71.0%	35.0%	Multifamily	70	48.2%	49.7%	1.5%
Office	39	49.7%	67.2%	17.5%	Industrial	58	50.6%	48.9%	-1.7%
Office	19	65.1%	62.7%	-2.4%	Life Science	280	36.3%	48.5%	12.2%
Office	155	51.7%	62.6%	10.9%	Industrial	26	34.2%	48.1%	13.9%
Office	44	50.8%	62.0%	11.2%	Industrial	80	39.0%	47.8%	8.7%
Multifamily	25	52.2%	61.6%	9.4%	Office	75	43.3%	47.2%	3.8%
Multifamily	62	41.1%	60.8%	19.7%	Land	23	46.8%	44.4%	-2.4%
Multifamily	158	43.5%	59.8%	16.3%	Land	39	42.5%	44.0%	1.5%
Multifamily	57	42.4%	59.0%	16.6%	Multifamily	71	44.8%	43.4%	-1.4%
Office	86	44.9%	57.7%	12.8%	Land	18	45.0%	42.5%	-2.5%
Multifamily	69	43.4%	57.0%	13.7%	Multifamily	62	39.8%	41.9%	2.1%
Multifamily	43	40.7%	56.8%	16.1%	Multifamily	190	36.7%	41.6%	5.0%
Multifamily	174	40.8%	56.5%	15.6%	Office	151	42.5%	40.3%	-2.2%
Life Science	89	45.1%	55.7%	10.6%	Mixed Use	77	43.0%	39.9%	-3.1%
Mixed Use	410	43.8%	54.8%	11.0%	Land	38	38.9%	39.5%	0.6%
Multifamily	55	44.7%	53.8%	9.1%	Industrial	72	40.4%	39.3%	-1.1%
Mixed Use	111	46.4%	53.5%	7.1%	Condo	277	41.6%	38.5%	-3.1%
Office	148	42.8%	52.9%	10.1%	Hotel	65	48.1%	38.2%	-9.9%
Multifamily	65	52.0%	52.7%	0.7%	Industrial	11	41.6%	37.7%	-3.9%
Multifamily	67	45.1%	52.6%	7.5%	Hotel	147	30.3%	36.0%	5.7%
Life Science	163	43.8%	52.1%	8.3%	Office	158	26.8%	33.1%	6.3%
Multifamily	60	52.0%	52.0%	0.0%	Land	11	34.1%	33.1%	-1.0%
Multifamily	62	40.4%	51.8%	11.4%	Industrial	38	47.5%	31.2%	-16.3%
Multifamily	43	46.0%	51.6%	5.6%	Condo	19	46.0%	25.7%	-20.3%
Office	433	47.0%	51.3%	4.3%	Office	44	17.1%	19.8%	2.7%
Life Science	290	40.2%	50.7%	10.5%	Land	10	23.0%	18.0%	-5.0%
Life Science	915	38.9%	50.3%	11.4%					

As of December 31, 2024, 78% of the loans and 81% of the dollar volume of the RESG portfolio had appraisals dated on or after December 15, 2022, which is the date that the Fed initially increased the Fed funds target rate to the current 4.25%-4.50% range. Stated another way, 250 RESG loans (out of 319) with total commitments of $26.07 billion (out of $32.37 billion) have been appraised in the current or the recent higher interest rate environment.

Figure 13 shows the product type diversification within the RESG portfolio.

Figure 13: RESG Portfolio Diversification by Product Type (As of December 31, 2024)

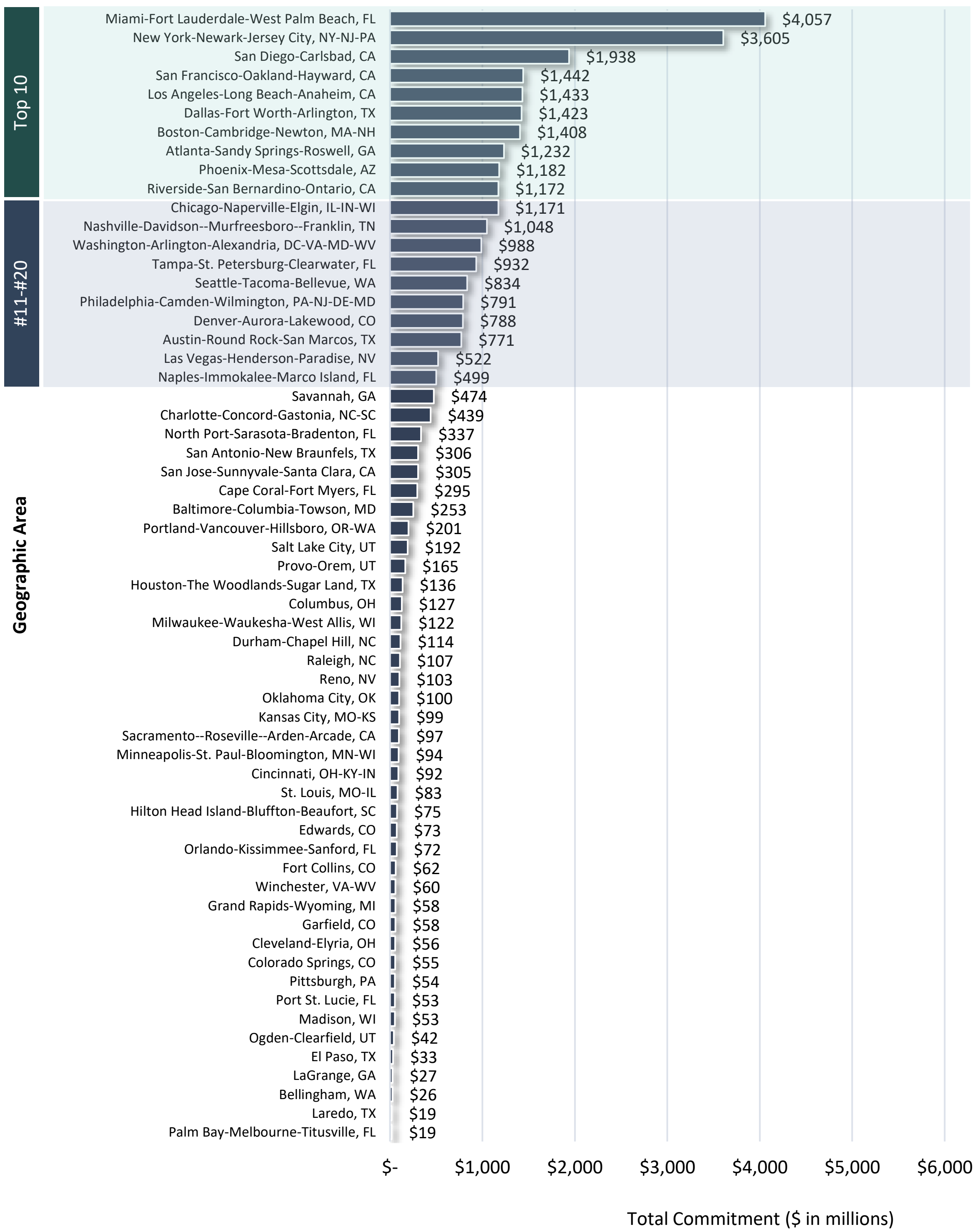


** LTC and LTV ratios are weighted averages and assume all loans are fully funded. LTV data based on most recent appraisals and utilizing, in most cases, "as stabilized" values for income producing properties.*

*** Mixed use projects contain multiple property types, none of which individually contribute 75% or more of the project value.*

Figure 14 shows RESG's total commitments in each geographic area in which it currently has loans, reflecting the national scope and significant geographic diversification in RESG's business.

Figure 14: RESG Portfolio Diversification – All Geographies (As of December 31, 2024)



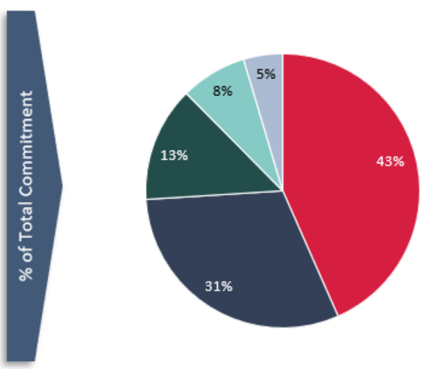
As shown in Figure 14 above, the Los Angeles-Long Beach-Anaheim, CA MSA is our fifth largest market. Fortunately, none of the 14 projects we currently have financed in the market have been directly affected or are currently thought to be at risk from the recent and ongoing tragic fires in that MSA.

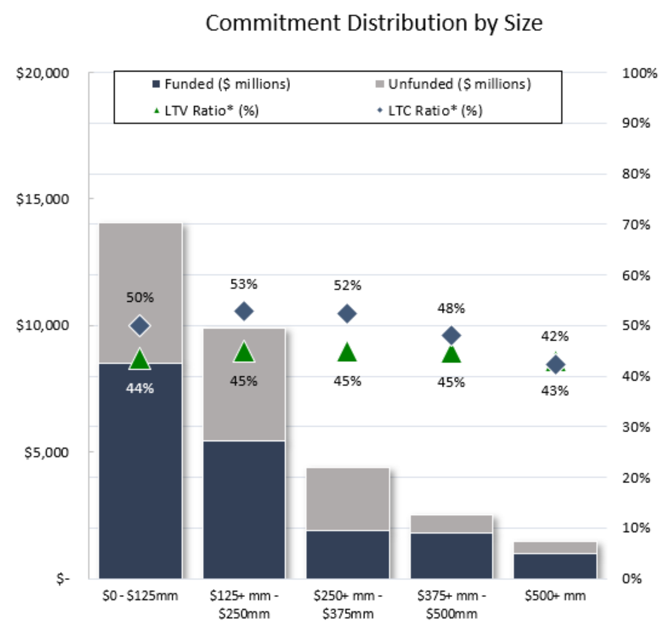
The RESG portfolio includes loans of many different sizes. The stratification of the RESG portfolio by commitment size is reflected in Figure 15.

Figure 15: RESG Portfolio Stratification by Loan Size – Total Commitment (As of December 31, 2024)

($ millions)

Tranche	No. of Loans	Funded	Total Funded & Unfunded
$0 - $125mm	239	$ 8,462	$ 14,044
$125+mm - $250mm	57	5,411	9,911
$250+mm - $375mm	15	1,899	4,399
$375+mm - $500mm	6	1,785	2,530
$500+mm	2	999	1,490
Total	**319**	**$ 18,556**	**$ 32,374**

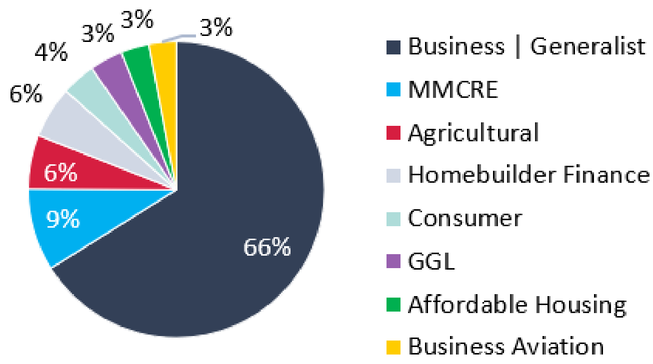




** Weighted average; assumes all loans are fully funded; calculation based on total commitment by tranche as a % of total cost and total appraised value of loans within each tranche. LTV data based on most recent appraisals and utilizing, in most cases, "as stabilized" values for income producing properties.*

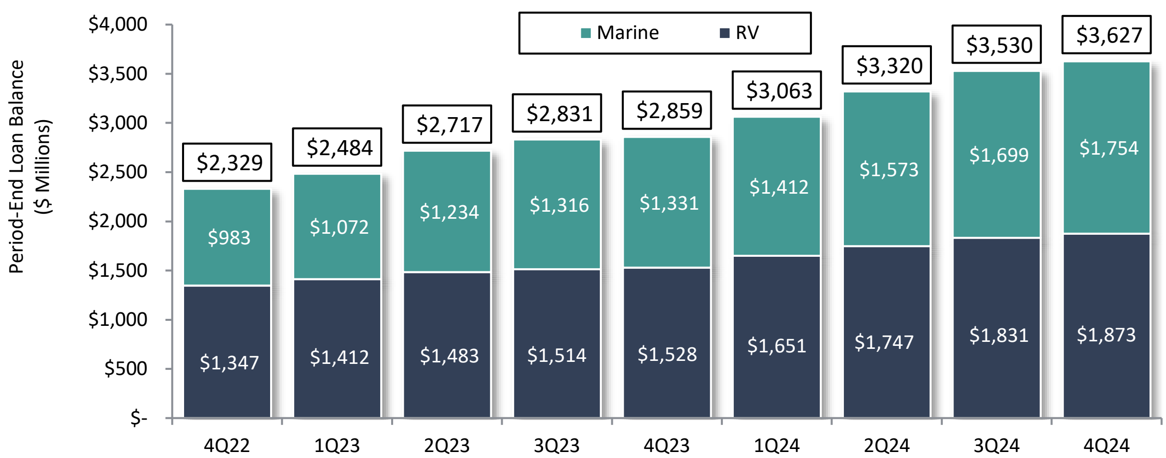
Community Banking accounted for 17% of the funded balance of loans as of December 31, 2024, and included consumer and small business loans, business banking loans, loans originated by our commercial (generalist) lenders, and loans originated by our specialty lending teams in Community Banking, which included our government guaranteed ("GGL"), agricultural (including poultry), business aviation, affordable housing, middle market CRE ("MMCRE") and homebuilder finance lending teams.

Figure 16: Community Banking Loan Composition (As of December 31, 2024)



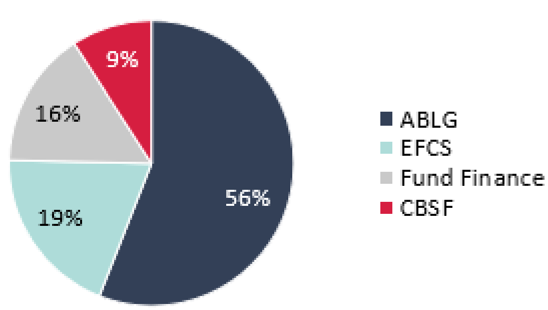
Indirect RV & Marine lending is a nationwide business which accounted for 12% of the funded balance of loans as of December 31, 2024. Our objective is to maintain this portfolio within a range of 10% to 15% of our total loans. As of December 31, 2024, the indirect portfolio had a 30+ day delinquency ratio of 0.32%. For the fourth quarter and full year of 2024, our annualized net charge-off ratio for the indirect portfolio was 0.36% and 0.33%, respectively. Figure 17 provides additional details regarding this portfolio.

Figure 17: Indirect RV & Marine Loan Balances



Corporate and Institutional Banking ("CIB") accounted for 9% of the funded balance of loans as of December 31, 2024, an increase from 7% as of September 30, 2024. CIB includes loans from Asset Based Lending Group ("ABLG"), Equipment Finance & Capital Solutions ("EFCS"), Fund Finance and Corporate Banking & Sponsor Finance ("CBSF").

Figure 18: CIB Loan Composition
(As of December 31, 2024)



Unfunded Balances of Loans Already Closed

The changes in the unfunded balance of our loans already closed for the fourth quarter and full year of 2024 are reflected in Figures 19 and 20, respectively.

During 2024, RESG's percentage of the unfunded balance of loans already closed decreased to 71% from 81%, while CIB increased from 12% to 21% and Community Banking increased from 7% to 8%. This is another example of our strategic handoff in which CIB, along with Community Banking and Indirect RV & Marine, is driving growth and portfolio diversification as RESG repayments are elevated.

Figure 19: Activity in Unfunded Balances – 4Q24 ($ millions)

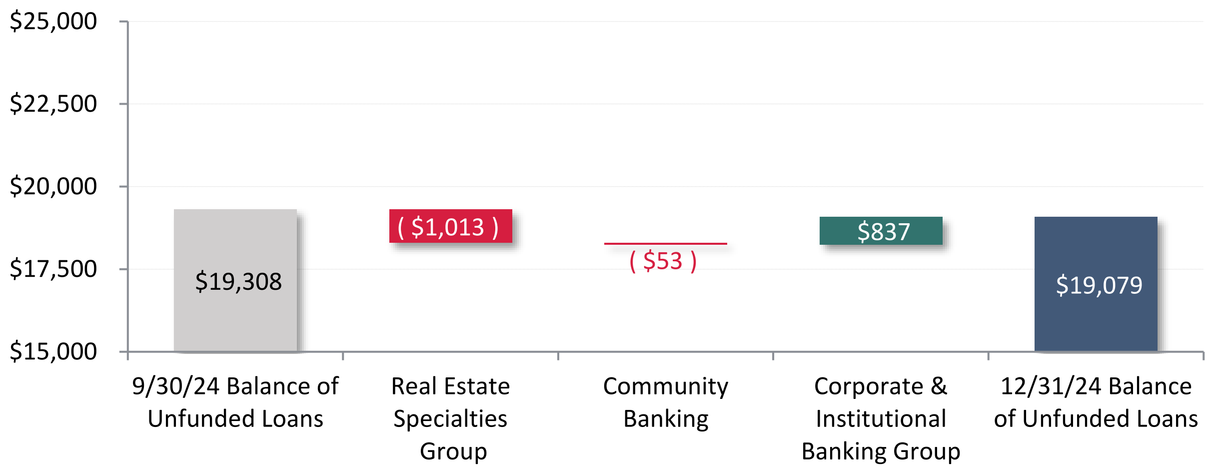
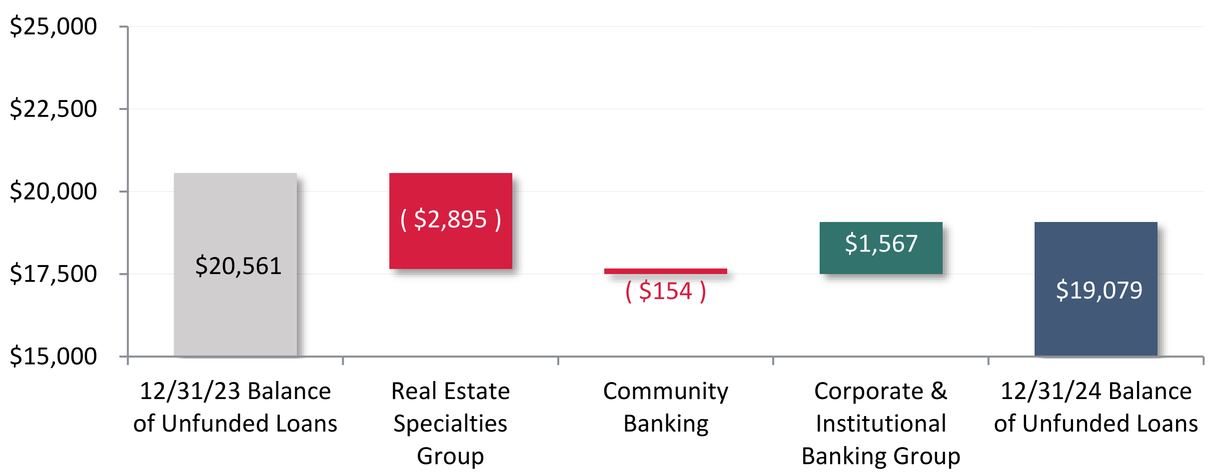


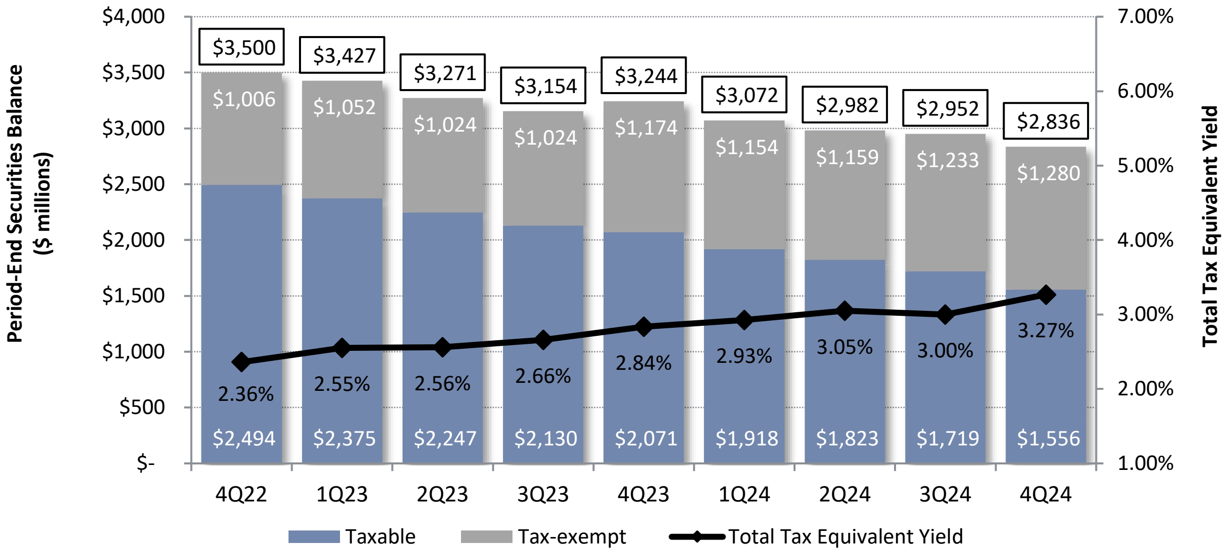
Figure 20: Activity in Unfunded Balances – 2024 ($ millions)



Investment Securities Portfolio

As illustrated in Figure 21, at December 31, 2024, our investment securities portfolio was $2.84 billion, a decrease of $0.12 billion, or 3.9% not annualized, from September 30, 2024, and $0.41 billion, or 12.6%, from December 31, 2023. In the quarter just ended, our investment portfolio yield on a fully taxable equivalent basis was 3.27%, increases of 43 bps and 27 bps from the fourth quarter of 2023 and the third quarter of 2024, respectively.

Figure 21: Investment Securities Portfolio Balances and Yields



As of yearend, our investment securities portfolio, all of which is categorized as available-for-sale, comprised a relatively low percentage of our total assets and had a relatively short effective duration of 4.54 years, providing us cash flow to reinvest or otherwise redeploy.

Principal cash flow for the first quarter of 2025 is expected to be approximately $0.30 billion with a weighted average yield of approximately 2.92%. Cumulative principal cash flow for the next four quarters through December 31, 2025, is expected to be approximately $0.63 billion, or about 22% of the portfolio, with a weighted average yield of approximately 3.36%.

We may increase or decrease our investment securities portfolio in future quarters based on changes in our liquidity position, prevailing market conditions and other factors.

Deposits and Liquidity

In recent years we have worked to improve the mix and quality of our deposit base by focusing significant efforts on growing core relationships. This has helped us continue to grow deposits as many banks saw deposit outflows. Like many in the industry, we have seen a shift in the mix of deposits away from non-interest bearing and lower cost deposits to more time deposits as many customers have been taking advantage of time deposit rates.

During the quarter just ended, our deposits increased $0.47 billion, or 1.5% not annualized, to $31.04 billion, our ninth consecutive quarterly record. Over the full year of 2024, our deposits increased $3.64 billion, or 13.3%.

As we have shown for years, we have the capacity to manage our deposit growth as needed to fund growth in loans and securities. This has been evident in the last two years when deposits and loans both grew 13.3% in 2024 after growing 27.5% and 27.3%, respectively, in 2023.

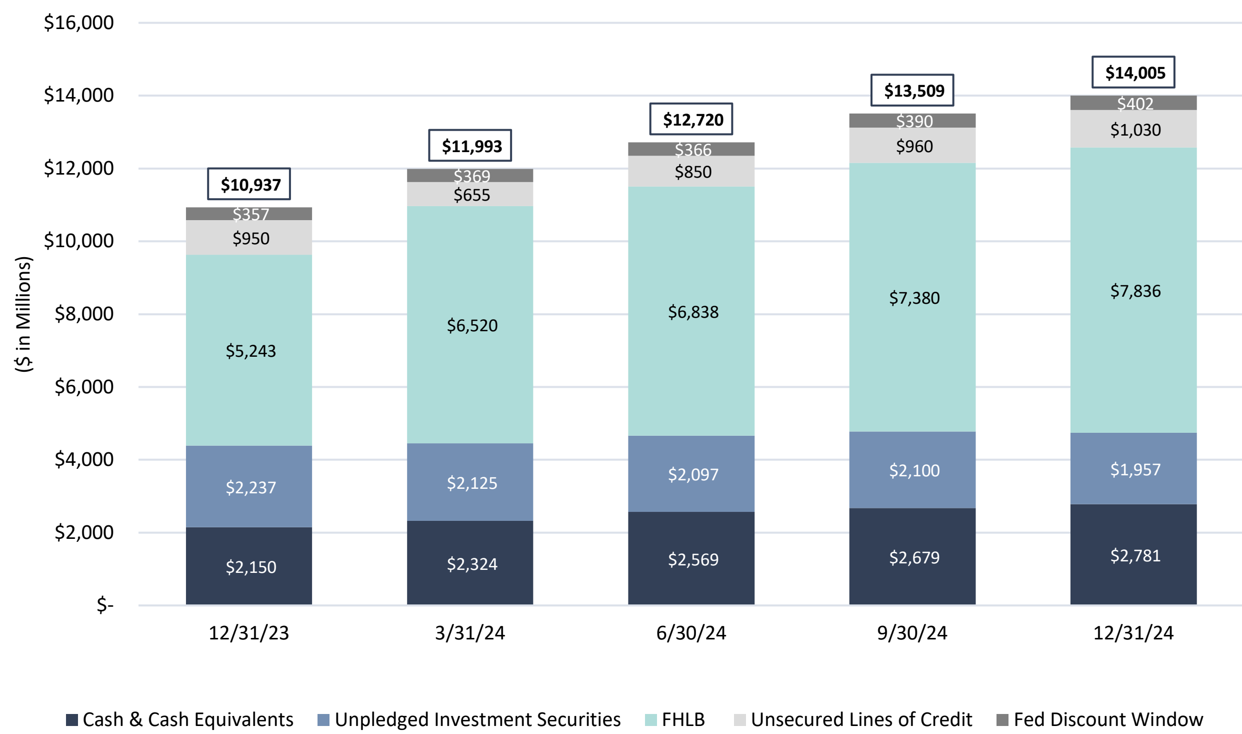
Most of our deposits are generated through our network of 232 retail branches in Arkansas, Georgia, Florida, North Carolina, Texas and Tennessee. Because of the substantial “retail” nature of our deposit base, 78% of our deposits are either insured (63% at December 31, 2024) or, in the case of public funds and certain other deposits, collateralized (15% at December 31, 2024). As of December 31, 2024, our average account balance was approximately $49,000. The diversity of our deposit base is an important factor in the demonstrated stability of our deposits.

Figure 22: Deposit Composition ($ millions)

	Period Ended									
	12/31/2023		3/31/2024		6/30/2024		9/30/2024		12/31/2024	
Noninterest Bearing	$ 4,096	14.9%	$ 4,046	13.8%	$ 4,046	13.5%	$ 3,855	12.6%	$ 3,770	12.1%
Consumer and Commercial										
Interest Bearing:										
Consumer - Non-time	2,792	10.2%	2,807	9.5%	2,832	9.5%	2,854	9.3%	2,983	9.6%
Consumer - Time	10,216	37.3%	11,546	39.3%	12,188	40.7%	13,133	43.0%	13,447	43.3%
Commercial - Non-time	2,439	8.9%	2,860	9.7%	2,781	9.3%	2,819	9.2%	2,728	8.8%
Commercial - Time	768	2.8%	868	3.0%	906	3.0%	972	3.2%	970	3.1%
Public Funds	3,726	13.6%	3,631	12.3%	3,761	12.6%	3,629	11.9%	3,964	12.8%
Brokered	2,655	9.7%	2,842	9.7%	2,860	9.6%	2,716	8.9%	2,611	8.4%
Reciprocal	713	2.6%	805	2.7%	570	1.8%	594	1.9%	569	1.9%
Total	$ 27,405	100.0%	$ 29,406	100.0%	$ 29,944	100.0%	$ 30,572	100.0%	$ 31,043	100.0%

We maintain substantial and diverse sources of available primary and secondary liquidity as reflected in Figure 23. Over the last seven quarters our aggregate sources of primary and secondary liquidity have steadily increased.

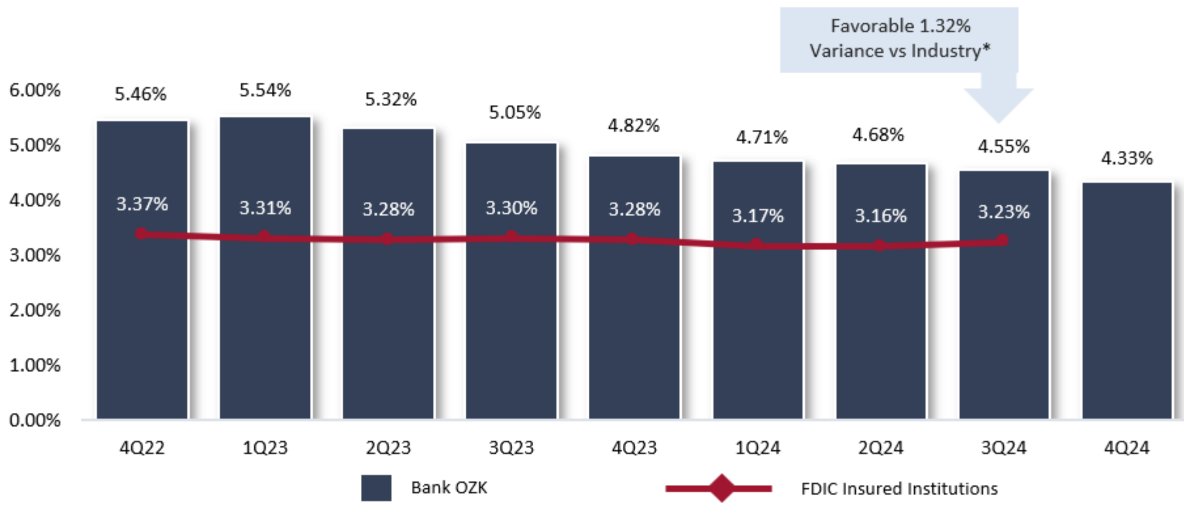
Figure 23: Available Primary and Secondary Liquidity – Last Five Quarters *($ millions)*



Net Interest Margin and Core Spread

During the quarter just ended, our net interest margin was 4.33%, decreasing 22 bps and 49 bps from the third quarter of 2024 and fourth quarter of 2023, respectively. As shown in Figure 24, in the third quarter of 2024, the latest quarter for which comparative data is available, our net interest margin outperformed the industry by 132 bps, continuing our longstanding track record of outperformance.

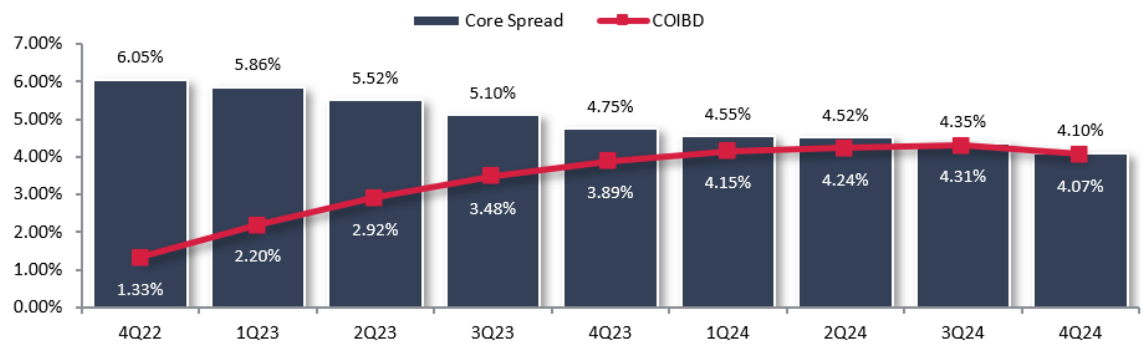
Figure 24: Quarterly Net Interest Margin (%)



**Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated third quarter 2024.*

As reflected in Figure 25, during the quarter just ended, our core spread, which is how we describe the difference between our yield on loans and our cost of interest bearing deposits (“COIBD”), was 4.10%, decreases of 25 bps and 65 bps from the third quarter of 2024 and fourth quarter of 2023, respectively, as deposit rates, as expected, adjusted downward less quickly than variable-rate loan yields.

Figure 25: Core Spread and COIBD



	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Yield on Total Loans	*7.38%*	*8.06%*	*8.44%*	*8.58%*	*8.64%*	*8.70%*	*8.76%*	*8.66%*	*8.17%*
COIBD	*1.33%*	*2.20%*	*2.92%*	*3.48%*	*3.89%*	*4.15%*	*4.24%*	*4.31%*	*4.07%*
Core Spread	*6.05%*	*5.86%*	*5.52%*	*5.10%*	*4.75%*	*4.55%*	*4.52%*	*4.35%*	*4.10%*

During the quarter just ended we achieved a 24 bps improvement in our COIBD, our first quarterly improvement since the first quarter of 2022 when the Federal Reserve started increasing rates. We expect our COIBD to continue to improve in coming quarters. Figure 26 shows our volume and average interest rates on time deposits maturing over the next four quarters and thereafter.

Figure 26: Time Deposit Maturity Schedule as of December 31, 2024 *($ millions)*

	Time Deposits	Wtd. Avg. Rate
1Q25	$ 6,884	5.05%
2Q25	4,670	4.58%
3Q25	3,379	4.31%
4Q25	1,757	3.95%
1Q26 & Beyond	629	2.89%
Total	**$ 17,319**	**4.59%**

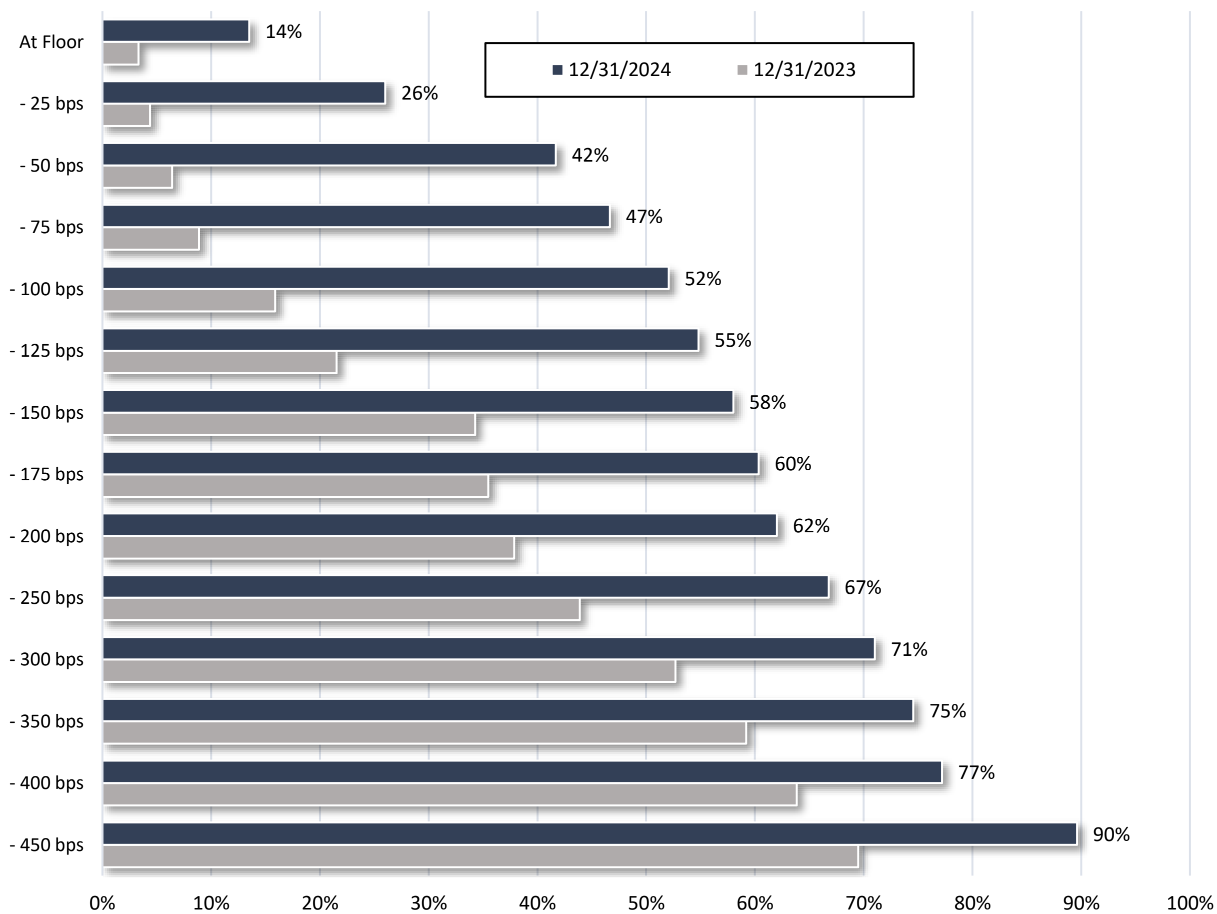
As expected, with the Fed having recently reduced the Fed funds rate, our loan yields have initially declined more quickly than our COIBD. The impact of further reductions in the Fed funds rate, if any, in 2025 should be somewhat mitigated by a combination of (i) floor rates on our variable rate loans, (ii) repayments of lower yielding investment securities and (iii) the relatively short duration of our time deposits. These same factors should lead to net interest margin stabilization and improvement later in 2025.

Variable Rate Loans

At December 31, 2024, 80% of our funded balance of total loans had variable rates, of which 85% were tied to 1-month term SOFR, 12% to WSJ Prime and 3% to other indexes. At December 31, 2024, 98% of our total commitment of variable rate loans had floor rates.

Figure 27 illustrates the percentage of our total commitment of variable rate loans at December 31, 2024, that would have been at their floor rate following hypothetical decreases in the applicable index rates. It also shows the improvement in our floor rate profile over the full year of 2024. Some floor rates were already high enough to provide yield protection, and such protection becomes more prevalent as interest rates decline. We expect our average floor rate to increase as (i) new variable rate loans are originated with floor rates closer to current rates and (ii) older variable rate loans with lower floors are paid off or modified with increased floor rates.

Figure 27: Variable Rate Loans at Floors as Rates Decline – Total Commitments as of December 31, 2024



Provision and Allowance for Credit Losses ("ACL")

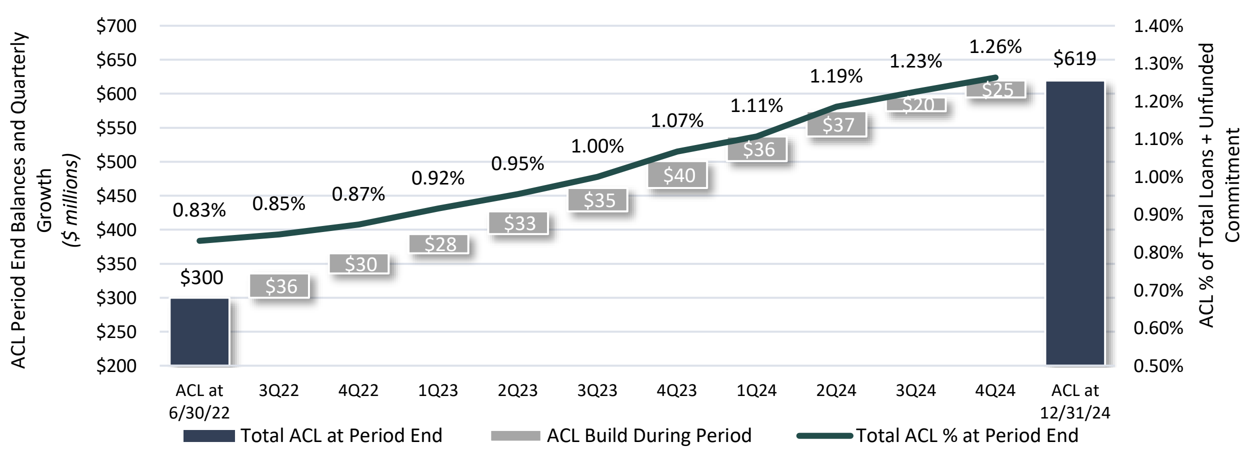
Our provision for credit losses was $37.2 million for the fourth quarter of 2024 while net charge-offs were $12.4 million. Our provision for credit losses was $175.6 million for the full year of 2024 while net charge-offs were $57.4 million.

As of December 31, 2024, our total ACL had increased to $619.4 million, or 1.26% of total loans and unfunded credit commitments. This included our allowance for loan losses ("ALL"), which was $465.5 million, or 1.55% of total outstanding loans, and our reserve for losses on our unfunded loan commitments, which was $153.8 million, or 0.81% of unfunded credit commitments.

As shown in Figure 28, over the last ten quarters we have prudently increased our total ACL by a net $319 million. This large increase reflects both our $12.94 billion combined growth in total outstanding loans and unfunded loan commitments over that time and our cautious outlook on macroeconomic conditions, including the migration of risk ratings within our portfolio as a result of Fed interest rate increases, increases in capitalization rates, decreases in appraised values, and higher-for-longer interest rates, which, among other factors, have increased challenges for some sponsors and stress on some projects. This has resulted in cumulative provision expense of $413 million over the past ten quarters even as our cumulative net charge-offs were only $94 million.

Likewise, over those ten quarters, our overall ACL percentage has increased from 0.83% to 1.26% of total outstanding loans and unfunded loan commitments at December 31, 2024. This ACL percentage increase primarily reflects (i) changes in economic assumptions, including the migration of risk ratings within our portfolio as the Fed increased the Fed funds target rate, and (ii) our more heavily weighting the Moody's downside macroeconomic scenarios than the Moody's Baseline scenario.

Figure 28: ACL Build – Last Ten Quarters



The calculations of our provision for credit losses for the fourth quarter of 2024 and our total ACL at December 31, 2024 were based on a number of key estimates, assumptions and economic forecasts. We utilized recent economic forecasts provided by Moody's, including their updates released in December 2024. In our selection of macroeconomic scenarios, we remained weighted to the downside as the combined weightings assigned to the Moody's S4 (Alternative Adverse Downside) and S6 (Stagflation) scenarios exceeded that of the Moody's Baseline scenario. Our selection and weightings of these scenarios reflected our assessment of conditions and the potential for changes in the U.S. economy, and acknowledged the uncertainty regarding future U.S. economic conditions, including risks from: U.S. fiscal policy actions; impacts of potential changes in U.S. tax, tariff and immigration laws, regulations and policies; changes in the Fed funds target rate; quantitative tightening; a possible recession; inflationary pressures; the conflict in the Middle East; the ongoing war in Ukraine; global trade and geopolitical matters; supply chain disruptions; labor disputes and strikes; and various other factors. Our ACL calculations include certain qualitative adjustments to capture items not included in our modeled results or other assumptions.

Net Charge-Offs

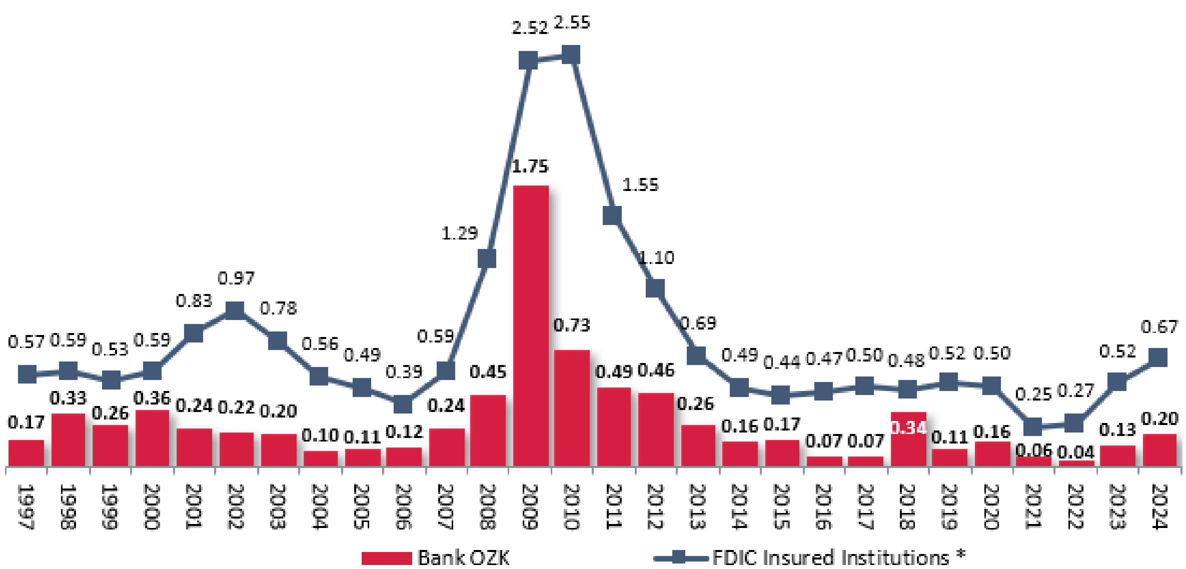
In 2024 we continued our long-standing track record of having a net charge-off ratio well below the industry average, as shown in Figure 29. Our annualized net charge-off ratios for total loans were 0.16% and 0.20% for the fourth quarter and full year of 2024, respectively.

Our net charge-offs for 2024 were consistent with our guidance, which anticipated increased net charge-offs for 2024 compared to 2023, while remaining below the industry average. Similarly, we expect we could see some increase in net charge-offs in 2025, but we expect to again remain well below the industry average. Our net charge-off ratio may vary significantly from quarter to quarter.

We have built our portfolio with the goal that it will perform well in adverse conditions, and that discipline has been evident in our recent results through the pandemic, the Fed's increasing interest rates, higher rates of inflation, and numerous other sources of macroeconomic, political and geo-political turbulence.

In our 27 years as a public company, our net charge-off ratio has outperformed the industry's net charge-off ratio every year and has averaged only about one-third of the industry's net charge-off ratio, consistent with our results for 2024.

Figure 29: Annualized Net Charge-off Ratio (Total Loans) vs. the Industry



*Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated third quarter 2024. Annualized when appropriate.

Our RESG portfolio has a long tradition of excellent asset quality. As shown in Figure 30, we have had relatively low charge-offs in the RESG portfolio as that portfolio has benefitted from the fact that most of its loans are on newly constructed properties with strong sponsorship, low leverage and protective loan structures. In fact, the weighted average annual net charge-off ratio (including OREO write-downs) for the RESG portfolio over its 21-year history has been only 10 bps and, even in 2024's challenging macroeconomic environment, was just 24 bps.

Figure 30 - RESG Historical Net charge-offs *($ Thousands)*

Year-end	Ending Loan Balance	YTD Average Loan Balance	Net charge-offs ("NCO")*	NCO Ratio
2003	$ 5,106	$ 780	$ -	0.00%
2004	52,658	34,929	-	0.00%
2005	51,056	56,404	-	0.00%
2006	61,323	58,969	-	0.00%
2007	209,524	135,639	-	0.00%
2008	470,485	367,279	-	0.00%
2009	516,045	504,576	7,531	1.49%
2010	567,716	537,597	-	0.00%
2011	649,806	592,782	2,905	0.49%
2012	848,441	737,136	-	0.00%
2013	1,270,768	1,085,799	-	0.00%
2014	2,308,573	1,680,919	-	0.00%
2015	4,263,800	2,953,934	-	0.00%
2016	6,741,249	5,569,287	-	0.00%
2017	8,169,581	7,408,367	842	0.01%
2018	9,077,616	8,685,191	45,490	0.52%
2019	9,391,096	9,427,266	-	0.00%
2020	11,591,147	10,651,549	-	0.00%
2021	11,367,505	11,149,098	1,891	0.02%
2022	12,598,957	11,590,988	-	0.00%
2023	16,922,002	14,531,838	4,955	0.03%
2024	18,555,626	18,312,665	43,855	0.24%
Total			**$ 107,469**	

Weighted Average	**0.10%**

** Net charge-offs shown in this column reflect both net charge-offs and OREO write-downs.*

As reflected in Figure 31, we have seen a reasonably well-contained migration of risk ratings and credit quality metrics over the ten quarters since the Federal Reserve initiated its tightening cycle. During the quarter just ended, our credit quality metrics improved as our special mention loans, total substandard loans (both accrual and non-accrual) and foreclosed assets all declined from the previous quarter.

Figure 31: Risk Categories and Asset Quality Metrics – Last Five Quarters ($ in millions)

	As of				
	12/31/23	**3/31/24**	**6/30/24**	**9/30/24**	**12/31/24**
Pass	$ 26,128	$ 27,708	$ 27,735	$ 28,217	$ 29,057
Special Mention	86	78	603	693	654
Substandard	245	245	336	308	258
Total Loans	$ 26,459	$ 28,031	$ 28,674	$ 29,218	$ 29,969
Foreclosed Assets	$ 62	$ 61	$ 71	$ 78	$ 69
Loans Past Due	$ 55	$ 51	$ 48	$ 40	$ 50
Loans Past Due % of Total Loans	*0.21%*	*0.18%*	*0.17%*	*0.14%*	*0.17%*
Nonperforming Loans	$ 67	$ 61	$ 85	$ 176	$ 131
Nonperforming Loans % of Total Loans	*0.25%*	*0.22%*	*0.30%*	*0.60%*	*0.44%*
Nonperforming Assets	$ 128	$ 122	$ 156	$ 254	$ 201
Nonperforming Assets % of Total Assets	*0.38%*	*0.34%*	*0.42%*	*0.68%*	*0.53%*

Detailed disclosures on risk categories as of December 31 and September 30, 2024, and December 31, 2023, can be found in Appendix B.

At December 31, 2024, our ratio of loans 30 or more days past due to total loans was 0.17%, compared to 0.14% at September 30, 2024 and 0.21% as of December 31, 2023.

At December 31, 2024, our ratio of nonperforming loans to total loans was 0.44% compared to 0.60% as of September 30, 2024 and 0.25% as of December 31, 2023.

At December 31, 2024, our ratio of nonperforming assets to total assets was 0.53%, compared to 0.68% as of September 30, 2024 and 0.38% as of December 31, 2023. At December 31, 2024, our nonperforming assets consisted of $131 million in nonperforming loans and $69 million in foreclosed assets.

The prospective purchaser of our largest foreclosed asset ($59.96 million at December 31, 2024) failed to pay the required fourth $1 million quarterly contract extension fee and fourth $1 million non-refundable earnest money deposit by the December 31, 2024 deadline. As a result, we canceled the purchase contract and collected the $3.0 million of escrowed non-refundable earnest money, which we received on January 9, 2025, and applied to reduce the carrying value of this asset. We continue to have discussions with the potential purchaser regarding a replacement contract, to which we are receptive if we can achieve acceptable terms including fees, non-refundable earnest money and a net gain on sale equivalent to or better than the previous contract. If we do not get a satisfactory replacement contract from the potential purchaser, we will remarket the property.

Non-interest Income

Non-interest income for the fourth quarter of 2024 was $32.9 million, a decrease of 11.0% from the fourth quarter of 2023. For the full year of 2024, non-interest income was $124.4 million, an increase of 1.5% from $122.5 million for the full year of 2023. Figures 32 and 33, respectively, summarize non-interest income for the most recent five quarters and year-over-year trends for the fourth quarter and full year of 2024.

Figure 32: Quarterly Trends in Non-interest Income *($ thousands)*

	For the Three Months Ended				
	12/31/2023	3/31/2024	6/30/2024	9/30/2024	12/31/2024
Deposit-related fees:					
NSF fees	$ 1,129	$ -	$ -	$ -	$ -
Overdraft fees	3,571	3,427	3,364	3,563	3,488
All other service charges	7,333	6,839	7,558	7,561	7,537
Loan-related fees	6,755	6,343	6,481	6,534	8,786
BOLI income:					
Increase in cash surrender value	5,401	5,506	5,606	5,758	5,807
Death benefit	2,966	-	-	1,344	-
Trust income	2,165	2,324	2,082	2,529	2,632
Gains on sales of other assets	3,288	459	1,073	1,303	582
Net gains on investment securities	1,177	410	125	25	-
Other	3,242	3,776	2,493	4,988	4,110
Total non-interest income	$ 37,027	$ 29,084	$ 28,782	$ 33,605	$ 32,942

Figure 33: Trends in Non-interest Income – 2023 vs. 2024 *($ thousands)*

	For the Three Months Ended			For the Year Ended		
	12/31/2023	12/31/2024	% Change	12/31/2023	12/31/2024	% Change
Deposit-related fees:						
NSF fees	$ 1,129	$ -	-100.0%	$ 4,228	$ -	-100.0%
Overdraft fees	3,571	3,488	-2.3%	13,831	13,842	0.1%
All other service charges	7,333	7,537	2.8%	27,995	29,495	5.4%
Loan-related fees	6,755	8,786	30.1%	18,920	28,144	48.8%
BOLI income:						
Increase in cash surrender value	5,401	5,807	7.5%	20,696	22,677	9.6%
Death benefit	2,966	-	-100.0%	2,966	1,344	-54.7%
Trust income	2,165	2,632	21.6%	8,524	9,567	12.2%
Gains on sales of other assets	3,288	582	-82.3%	9,029	3,417	-62.2%
Net gains on investment securities	1,177	-	-100.0%	3,243	560	-82.7%
Other	3,242	4,110	26.8%	13,117	15,367	17.2%
Total non-interest income	$ 37,027	$ 32,942	-11.0%	$ 122,549	$ 124,413	1.5%

Non-interest Expense

Non-interest expense for the fourth quarter of 2024 was $140.1 million, a decrease of 3.4% from the fourth quarter of 2023. Non-interest expense for the full year of 2024 was $551.3 million, an increase of 4.1% from the full year of 2023.

The recent increases in salaries and benefits expense are due to competitive labor market conditions and our expanding staff. As of December 31, 2024 our headcount was 3,028 FTE employees, an increase of 284 FTE employees compared to December 31, 2023. We expect further growth in headcount to support our anticipated growth in deposits, loans and other aspects of our business, including the significant expansion of our CIB team, an increased focus on consumer and small business lending, our recently launched secondary market mortgage lending business and plans to add new branches.

We continue to identify good opportunities to expand our retail branch network by adding new branches. While the timing of individual branch openings is subject to numerous variables, we expect to increase our current branch count of 232 by approximately 10% in 2025.

Of course, the opportunities we are finding to add a number of high-quality team members, as well as new branches, are expected to result in further increases in non-interest expense, while providing future growth and portfolio diversification opportunities. We expect total non-interest expense for the full year 2025 to increase approximately 10%, more or less, compared to full year of 2024.

Figures 34 and 35, respectively, summarize non-interest expense for the most recent five quarters and year-over-year trends for the fourth quarter and full year of 2024.

Figure 34: Quarterly Trends in Non-interest Expense *($ thousands)*

	For the Three Months Ended				
	12/31/2023	3/31/2024	6/30/2024	9/30/2024	12/31/2024
Salaries & employee benefits	$ 66,270	$ 69,564	$ 73,409	$ 75,324	$ 77,719
Net occupancy and equipment	17,234	17,974	18,421	17,380	17,901
Deposit insurance and assessments	15,803	8,250	5,309	6,050	5,975
Software and data processing	10,577	11,115	12,159	12,742	10,964
Professional and outside services	6,233	5,970	6,683	5,620	6,600
Advertising and public relations	5,153	3,897	6,888	6,089	3,702
Amortization of CRA and tax credit investments	7,618	-	-	-	-
Other	16,123	16,544	14,582	17,196	17,266
Total non-interest expense	$145,011	$133,314	$137,451	$140,401	$140,127

Figure 35: Trends in Non-interest Expense – 2023 vs. 2024 *($ thousands)*

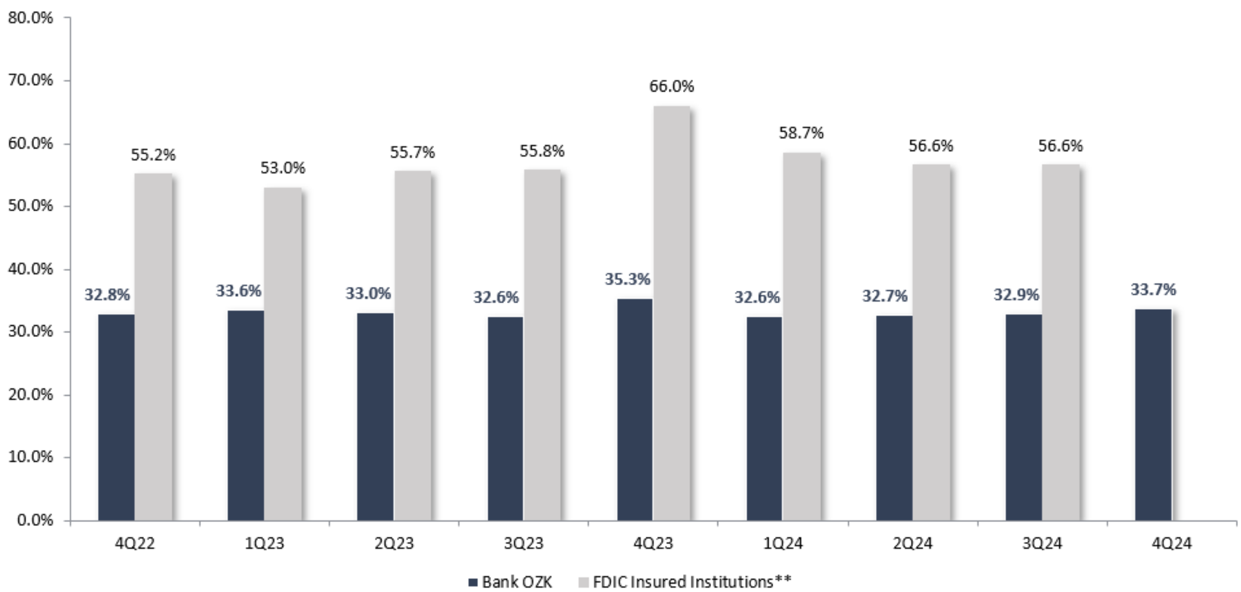
	For the Three Months Ended			For the Year Ended		
	12/31/2023	12/31/2024	%Change	12/31/2023	12/31/2024	%Change
Salaries & employee benefits	$ 66,270	$ 77,719	17.3%	$ 258,846	$ 296,016	14.4%
Net occupancy and equipment	17,234	17,901	3.9%	72,591	71,676	-1.3%
Deposit insurance and assessments	15,803	5,975	-62.2%	30,351	25,584	-15.7%
Software and data processing	10,577	10,964	3.7%	39,212	46,980	19.8%
Professional and outside services	6,233	6,600	5.9%	21,423	24,872	16.1%
Advertising and public relations	5,153	3,702	-28.2%	16,150	20,576	27.4%
Amortization of CRA and tax credit investments	7,618	-	-100.0%	27,768	-	-100.0%
Other	16,123	17,266	7.1%	63,220	65,589	3.7%
Total non-interest expense	$ 145,011	$ 140,127	-3.4%	$ 529,561	$ 551,293	4.1%

Efficiency Ratio

As shown in Figure 36, in the quarter just ended, our efficiency ratio was 33.7%. For the full year of 2024, our efficiency ratio was 33.0% compared to 33.7% for 2023. Our efficiency ratio has been in the top decile of the industry for 22 consecutive years.*

Most banks with a good efficiency ratio focus relentlessly on controlling costs. We take a different approach. We achieve our excellent efficiency ratio by pursuing a business model that generates strong revenue. This allows us to be highly efficient while also constantly improving our products and technology for our customers and providing competitive pay and benefits for our teammates.

Figure 36: Quarterly Efficiency Ratio (%)



** Data from S&P Capital IQ.*
*** Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated third quarter 2024.*

Effective Tax Rate

Our effective tax rate was 22.5% for the quarter just ended and 23.1% for the full year of 2024. Assuming no changes in applicable state or federal income tax rates, we expect our effective tax rate for 2025 to be between 23% and 24%.

Stock Repurchase Program

In July 2024, our Board authorized a new stock repurchase program for up to $200 million of our outstanding common stock, with an expiration on July 1, 2025, unless extended, shortened or suspended by the Board. Typically, we set our parameters for repurchase price and share volume on a quarterly basis. Our parameters for the first two quarters of the current program were set at repurchase price ranges which resulted in only minimal purchases in the third quarter and none in the fourth quarter of 2024. We plan to set the current quarter's repurchase parameters in late January and expect to increase our repurchase price range.

In evaluating stock repurchases, including our parameters for repurchase price and share volume, management will consider a variety of factors including our stock price, expected growth, capital position, alternative uses of capital, liquidity, financial performance, the current and expected macroeconomic environment, regulatory requirements and other factors.

Trust Preferred Securities Repurchase

In December 2024 we opportunistically repurchased $8.0 million of our outstanding Trust Preferred Securities for $7.0 million, recognizing $1.0 million of pre-tax non-interest income.

Capital and Dividends

Our strong earnings and earnings retention rate, among other factors, have contributed to our robust capital ratios, as shown in Figure 37, even with our excellent growth in total assets. Each of our risk-based capital ratios increased during both the quarter just ended and the full year of 2024, led by our common equity tier 1 ("CET1") ratio which we estimate increased by roughly 19 bps in the quarter just ended and 55 bps for the full year of 2024 to approximately 11.34%. Our strong earnings and earnings retention should contribute to maintaining our capital ratios near or somewhat above our recent levels, even with our anticipated organic growth and our stock repurchase program.

Our strong capital position and strong earnings gives us significant optionality and are expected to support organic loan growth, adding additional new business lines, increases in our quarterly cash dividend, stock repurchases and, if appropriate, acquisitions.

Figure 37: Capital Ratios

	Estimated 12/31/2024 [3]	Regulatory Minimum Required To Be Considered Well Capitalized	Capital in Excess of Well Capitalized Minimum
CET 1 Ratio*	11.34%	6.50%	4.84%
Tier 1 Ratio*	12.15%	8.00%	4.15%
Total RBC Ratio*	14.49%	10.00%	4.49%
Tier 1 Leverage	13.73%	5.00%	8.73%

** Ratios are risk-based*

We have increased our cash dividend in each of the last 58 quarters and every year since going public in 1997. We expect that we will continue to increase our cash dividend in future quarters.

[3] Ratios as of December 31, 2024 are preliminary estimates and are subject to revision upon filing of our FFIEC 041 Call Report.

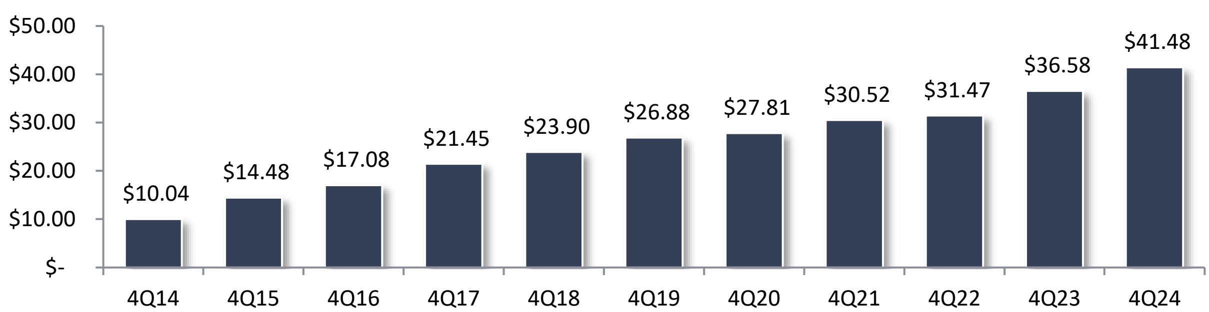
Book Value and Tangible Book Value

During the quarter just ended, our book value per common share increased $0.99, or 2.1% not annualized, to $47.30. Over the last four quarters, our book value per common share increased $4.88, or 11.5%. Over the last 10 years, we increased book value per common share by a cumulative 316%, resulting in a compound annual growth rate of 15.3%, as shown in Figure 38.

Figure 38: Book Value per Common Share (Period End)

During the quarter just ended, our tangible book value per common share increased $0.99, or 2.4% not annualized, to $41.48. Over the last four quarters, our tangible book value per common share increased $4.90, or 13.4%. Over the last 10 years, we increased tangible book value per common share by a cumulative 313%, resulting in a compound annual growth rate of 15.2%, as shown in Figure 39.

Figure 39: Tangible Book Value per Common Share (Period End) [4]



[4] See the schedule in Appendix A at the end of this presentation for the reconciliation of tangible book value per common share to the most directly comparable GAAP measure.

Final Thoughts

We are very pleased to have achieved record net income and EPS in each quarter of 2024 and for the full year. Our results for the quarter just ended were our ninth consecutive quarter of record net income and record EPS. Our consistent achievement of record earnings, while maintaining sound asset quality, has allowed us to accumulate capital, increase dividends and significantly expand and grow our business.

One of our goals for 2025 is to improve on our record 2024 annual net income and EPS. We believe this is a reasonable goal.

Our talented, entrepreneurial and veteran management team is well suited for the very noisy and complicated environment in which we operate today. Our team has proactively and effectively managed the various challenges of this environment while capitalizing on numerous promising opportunities. We are excited about the future and continue to be laser-focused on improving our performance every day.

We remind readers, as we do in most years, that due to fewer days in the quarter and a variety of seasonal factors, the first quarter of each year is typically a challenging quarter.

Future Earnings Calls

Please be advised that in future quarters we expect to change the timing of our quarterly earnings call so as to hold our earnings calls outside of market trading hours.

APPENDIX A

Non-GAAP Reconciliations

Calculation of Average Common Stockholders' Equity, Average Tangible Common Stockholders' Equity and the Annualized Returns on Average Common Stockholders' Equity and Average Tangible Common Stockholders' Equity

Unaudited (Dollars in Thousands)

	Three Months Ended *		Twelve Months Ended	
	12/31/2023	12/31/2024	12/31/2023	12/31/2024
Net Income Available To Common Stockholders	$ 171,079	$ 178,135	$ 674,596	$ 700,269
Average Stockholders' Equity Before Noncontrolling Interest	4,995,217	5,655,337	4,855,976	5,425,658
Less Average Preferred Stock	(338,980)	(338,980)	(338,980)	(338,980)
Total Average common stockholders' equity	4,656,237	5,316,357	4,516,996	5,086,678
Less Average Intangible Assets:				
Goodwill	(660,789)	(660,789)	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	-	-	(821)	-
Total Average Intangibles	(660,789)	(660,789)	(661,610)	(660,789)
Average Tangible Common Stockholders' Equity	$ 3,995,448	$ 4,655,568	$ 3,855,386	$ 4,425,889
Return On Average Common Stockholders' Equity	14.58%	13.33%	14.93%	13.77%
Return On Average Tangible Common Stockholders' Equity	16.99%	15.22%	17.50%	15.82%

* Ratios for interim periods annualized based on actual days

Calculation of Pre-Tax Pre-Provision Net Revenue

Unaudited (Dollars in Thousands)

	Three Months Ended			Twelve Months Ended	
	12/31/2023	9/30/2024	12/31/2024	12/31/2023	12/31/2024
Net income available to common stockholders	$ 171,079	$ 177,147	$ 178,135	$ 674,596	$ 700,269
Preferred stock dividends	4,047	4,047	4,047	16,187	16,187
Earnings attributable to noncontrolling interest	6	12	26	56	47
Provision for income taxes	43,600	54,953	52,831	176,164	214,789
Provision for credit losses	43,832	46,443	37,174	165,470	175,552
Pre-tax pre-provision net revenue	$ 262,564	$ 282,602	$ 272,213	$ 1,032,473	$ 1,106,844

Calculation of Total Common Stockholders’ Equity, Total Tangible Common Stockholders’ Equity and Tangible Book Value per Common Share

Unaudited (Dollars in Thousands, Except per Share)

	As of December 31,					
	2014	2015	2016	2017	2018	2019
Total stockholders' equity before noncontrolling interest	$ 908,390	$ 1,464,631	$ 2,791,607	$ 3,460,728	$ 3,770,330	$ 4,150,351
Less preferred stock	-	-	-	-	-	-
Total common stockholders' equity	908,390	1,464,631	2,791,607	3,460,728	3,770,330	4,150,351
Less intangible assets:						
Goodwill	(78,669)	(125,442)	(660,119)	(660,789)	(660,789)	(660,789)
Core deposit and other intangibles, net of accumulated amortization	(26,907)	(26,898)	(60,831)	(48,251)	(35,672)	(23,753)
Total intangibles	(105,576)	(152,340)	(720,950)	(709,040)	(696,461)	(684,542)
Total tangible common stockholders' equity	$ 802,814	$ 1,312,291	$ 2,070,657	$ 2,751,688	$ 3,073,869	$ 3,465,809
Common shares outstanding (thousands)	79,924	90,612	121,268	128,288	128,611	128,951
Book value per common share	$ 11.37	$ 16.16	$ 23.02	$ 26.98	$ 29.32	$ 32.19
Tangible book value per common share	$ 10.04	$ 14.48	$ 17.08	$ 21.45	$ 23.90	$ 26.88

	As of December 31,					As of
	2020	2021	2022	2023	2024	Sep. 30, 2024
Total stockholders' equity before noncontrolling interest	$ 4,272,271	$ 4,836,243	$ 4,689,579	$ 5,139,001	$ 5,705,623	$ 5,592,859
Less preferred stock	-	(338,980)	(338,980)	(338,980)	(338,980)	(338,980)
Total common stockholders' equity	4,272,271	4,497,263	4,350,599	4,800,021	5,366,643	5,253,879
Less intangible assets:						
Goodwill	(660,789)	(660,789)	(660,789)	(660,789)	(660,789)	(660,789)
Core deposit and other intangibles, net of accumulated amortization	(14,669)	(8,274)	(2,754)	-	-	-
Total intangibles	(675,458)	(669,063)	(663,543)	(660,789)	(660,789)	(660,789)
Total tangible common stockholders' equity	$ 3,596,813	$ 3,828,200	$ 3,687,056	$ 4,139,232	$ 4,705,854	$ 4,593,090
Common shares outstanding (thousands)	129,350	125,444	117,177	113,149	113,458	113,450
Book value per common share	$ 33.03	$ 35.85	$ 37.13	$ 42.42	$ 47.30	$ 46.31
Tangible book value per common share	$ 27.81	$ 30.52	$ 31.47	$ 36.58	$ 41.48	$ 40.49

Note: All share and per share data adjusted to reflect impact of 2-for-1 stock split on June 23, 2014.

Calculation of Total Common Stockholders' Equity, Total Tangible Common Stockholders' Equity and the Ratio of Total Tangible Common Stockholders' Equity to Total Tangible Assets

Unaudited (Dollars in Thousands, Except per Share)

	December 31, 2024
Total stockholders' equity before noncontrolling interest	$ 5,705,623
Less preferred stock	(338,980)
Total common stockholders' equity	5,366,643
Less Goodwill	(660,789)
Total tangible common stockholders' equity	$ 4,705,854
Total assets	$ 38,258,852
Less Goodwill	(660,789)
Total tangible assets	37,598,063
Ratio of total common stockholders' equity to total assets	14.03%
Ratio of total tangible common stockholders' equity to total tangible assets	12.52%

APPENDIX B

Risk Categories

($ in thousands)

	Pass	Special Mention	Substandard	Total
December 31, 2024:				
Real Estate:				
Residential 1-4 family [(1)]	$ 1,286,217	$ 9,500	$ 27,718	$ 1,323,435
Non-farm/non-residential	7,549,607	267,826	25,259	7,842,692
Construction/land development	9,174,126	228,111	120,439	9,522,676
Agricultural	296,515	116	267	296,898
Multifamily residential	3,135,130	120,222	17,283	3,272,635
Commercial and industrial	1,718,161	7,854	2,786	1,728,801
Consumer [(1)]	3,641,147	10,633	7,933	3,659,713
Other [(1)]	2,256,462	9,593	55,962	2,322,017
Total	$ 29,057,365	$ 653,855	$ 257,647	$ 29,968,867
September 30, 2024:				
Real Estate:				
Residential 1-4 family [(1)]	$ 1,040,325	$ 8,721	$ 26,866	$ 1,075,912
Non-farm/non-residential	7,386,928	485,890	51,635	7,924,453
Construction/land development	9,673,085	11,331	143,558	9,827,974
Agricultural	272,987	135	1,581	274,703
Multifamily residential	2,923,271	117,477	17,308	3,058,056
Commercial and industrial	1,625,752	4,634	1,724	1,632,110
Consumer [(1)]	3,547,935	8,158	9,307	3,565,400
Other [(1)]	1,746,699	56,922	55,915	1,859,536
Total	$ 28,216,982	$ 693,268	$ 307,894	$ 29,218,144
December 31, 2023:				
Real Estate:				
Residential 1-4 family [(1)]	$ 919,956	$ 12,838	$ 28,544	$ 961,338
Non-farm/non-residential	5,237,576	37,653	34,010	5,309,239
Construction/land development	11,461,269	22,895	169,323	11,653,487
Agricultural	255,885	268	270	256,423
Multifamily residential	2,061,001	-	3,105	2,064,106
Commercial and industrial	1,263,198	4,422	1,990	1,269,610
Consumer [(1)]	2,951,522	5,795	7,725	2,965,042
Other [(1)]	1,977,986	1,756	88	1,979,830
Total	$ 26,128,393	$ 85,627	$ 245,055	$ 26,459,075

(1) The Bank does not risk rate its residential 1-4 family (including consumer construction loans and 1-4 family properties), consumer loans, certain small business and "other" loans. However, for purposes of the table above, the Bank generally considers such loans to be (i) pass – if they are performing and less than 30 days past due, (ii) special mention – if they are performing and 30-89 days past due or (iii) substandard – if they are nonperforming or 90 days or more past due.