Bank OZK

MANAGEMENT COMMENTS

For the Third Quarter
& First Nine Months
2025

October 16, 2025

FORWARD-LOOKING STATEMENTS

This presentation and other communications by the Bank and its management may include certain statements that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements can be identified by the fact that they do not relate strictly to historical or current facts. Forward-looking statements often use words such as "anticipates," "targets," "expects," "hopes," "estimates," "intends," "plans," "goals," "believes," "continue" and other similar expressions or future or conditional verbs such as "will," "may," "might," "should," "would" and "could." Forward-looking statements represent the Bank's current expectations, plans or forecasts of its future results, revenues, liquidity, net interest income, provision for credit losses, expenses, efficiency ratio, capital measures, strategy, deposits, assets, and future business and economic conditions more generally, and other future matters. 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 hiring or retaining qualified personnel, obtaining regulatory or other approvals, acquiring satisfactory sites, obtaining permits and designing, constructing and opening new offices or 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; 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 federal or state laws and regulatory requirements or changes to existing federal or state laws and regulatory requirements, including changes affecting oversight of the financial services industry, changes intended to manage or mitigate climate and related environmental risks, changes in the interpretation and enforcement of such laws and requirements, changes as a result of U.S. presidential, congressional, state and local elections, and the costs and expenses to comply with new and/or existing legislation and regulatory requirements; impacts of potential changes in U.S. tax, tariff and immigration laws, regulations and policies and changes in state and local tax laws, regulations and policies; uncertainty regarding changes in U.S. government monetary and fiscal policy; the impact of the current U.S. federal government shutdown or budgetary crisis; Federal Deposit Insurance Corporation ("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 cyber-attacks or an increase in the incidence or severity of fraud, illegal payments, security breaches or other illegal acts impacting the Bank or our 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 conflicts; the 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, 2024 and in Item 2 of Part I and Item 2A of Part II of the Bank's Quarterly Report(s) on Form 10-Q filed after the Annual Report, which are available on the Bank's website (https://ir.ozk.com/filings/documents) and on the FDIC's website (https://efr.fdic.gov/fcxweb/efr/index.html). 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 THIRD QUARTER OF 2025

We are pleased to report our third quarter 2025 results. Highlights for the quarter include:

- ***Net Income & EPS.*** Net income available to common stockholders was a record $180.5 million and diluted earnings per common share ("EPS") were a record $1.59.
- ***Net Interest Income.*** Net interest income was a record $413.9 million.
- ***Loans.*** Loans decreased $0.16 billion, or 0.5% not annualized, due to $2.44 billion in Real Estate Specialties Group ("RESG") loan repayments.
- ***Deposits.*** Deposits grew to a record $33.98 billion, an increase of $0.46 billion, or 1.4% not annualized.
- ***Asset Quality.*** Our annualized net charge-off ratios were 0.41% for the quarter and 0.26% for the first nine months of 2025, consistent with our previous guidance.
- ***ACL Build.*** Over the last 13 quarters we have more than doubled our Allowance for Credit Losses ("ACL") from $300 million to $680 million, including a $14 million increase in the quarter just ended. We believe this ACL build has been a prudent and appropriate response to the shifting mix of risk factors that have driven the challenging and uncertain macroeconomic environment over those 13 quarters.
- ***Efficiency Ratio.*** Our efficiency ratio was 35.1%.
- ***Return on Average Assets ("ROAA").*** We achieved an annualized ROAA of 1.74%.
- ***Capital.***[1] At September 30, 2025, our ratios of total common stockholders' equity to total assets and total tangible common stockholders' equity to tangible assets ("TCE ratio") were 13.83% and 12.44%, respectively.
- ***Book Value and Tangible Book Value Per Common Share.***[1] Our book value and tangible book value per common share at September 30, 2025 were $51.09 and $45.23, respectively, increases of $1.50 and $1.51 during the quarter just ended and $4.78 and $4.74 over the last four quarters. Over the last ten years we have consistently increased book value and tangible book value per common share resulting in compounded annual growth rates of 13.1% and 13.2%, respectively.
- ***Dividends.*** We recently increased our dividend on our common stock for the 61st consecutive quarter.
- ***Share Repurchases.*** Our growth in risk-based capital ratios in the quarter just ended will positively influence our new share repurchase parameters, both price and volume, pursuant to our $200 million stock repurchase program which became effective July 1, 2025.

[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 third quarter of 2025 was a record $180.5 million, a 1.9% increase from $177.1 million for the third quarter of 2024. For the first nine months of 2025, net income available to common stockholders was $527.4 million, a 1.0% increase from $522.1 million for the first nine months of 2024.

EPS for the third quarter of 2025 were a record $1.59, a 2.6% increase from $1.55 for the third quarter of 2024. EPS for the first nine months of 2025 were $4.64, a 1.3% increase from $4.58 for the first nine months of 2024.

Pre-tax pre-provision net revenue[2] ("PPNR") for the third quarter of 2025 was a record $290.6 million, a 2.8% increase from $282.6 million for the third quarter of 2024. For the first nine months of 2025, PPNR was $827.8 million, a 0.8% decrease from $834.6 million for the first nine months of 2024.

Our annualized ROAA for the third quarter of 2025 was 1.74% compared to 1.90% for the third quarter of 2024. Our annualized ROAA for the first nine months of 2025 was 1.77% compared to 1.93% for the first nine months of 2024.

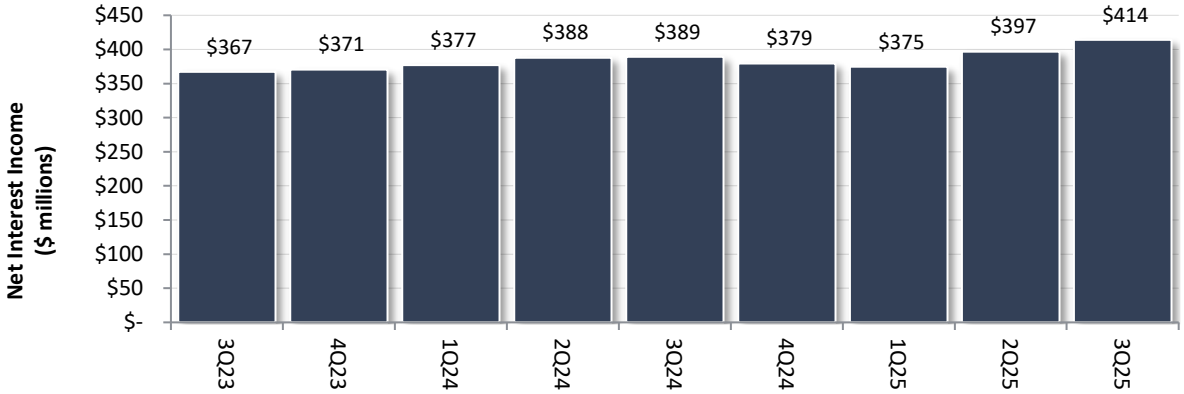
Our annualized returns on average common stockholders' equity[2] ("ROACE") and average tangible common stockholders' equity[2] ("ROATCE") for the third quarter of 2025 were 12.66% and 14.33%, respectively, compared to 13.65% and 15.65%, respectively, for the third quarter of 2024. Our annualized ROACE and ROATCE for the first nine months of 2025 were 12.72% and 14.44%, respectively, compared to 13.92% and 16.04%, respectively, for the first nine months of 2024.

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

Net Interest Income

Our net interest income for the third quarter of 2025 was a record $413.9 million, a 6.3% increase from the third quarter of 2024, as shown in Figure 1. Our net interest income for the first nine months of 2025 was $1.19 billion, a 2.7% increase from $1.15 billion for the first nine months of 2024.

Figure 1: Quarterly Net Interest Income



Our excellent net interest income in the quarter just ended was our second consecutive quarterly record and was consistent with our previous guidance which anticipated record net interest income in one or more quarters of 2025. Assuming two more 25-basis point Fed funds rate cuts this year, we would expect our fourth quarter net interest income to be in the range of the second quarter's $397 million, more or less. We continue to expect to achieve record net interest income for the full year of 2025.

Our goal for 2026 is to improve on the expected record net interest income for the full year of 2025. Achieving this goal will depend on achieving sufficient growth in average earning assets to offset the expected reduction in our net interest margin from loans repricing more quickly than deposits in a declining interest rate environment. Of course, future net interest income will depend on numerous factors, including the timing and magnitude of both growth in earning assets and any Fed interest rate changes.

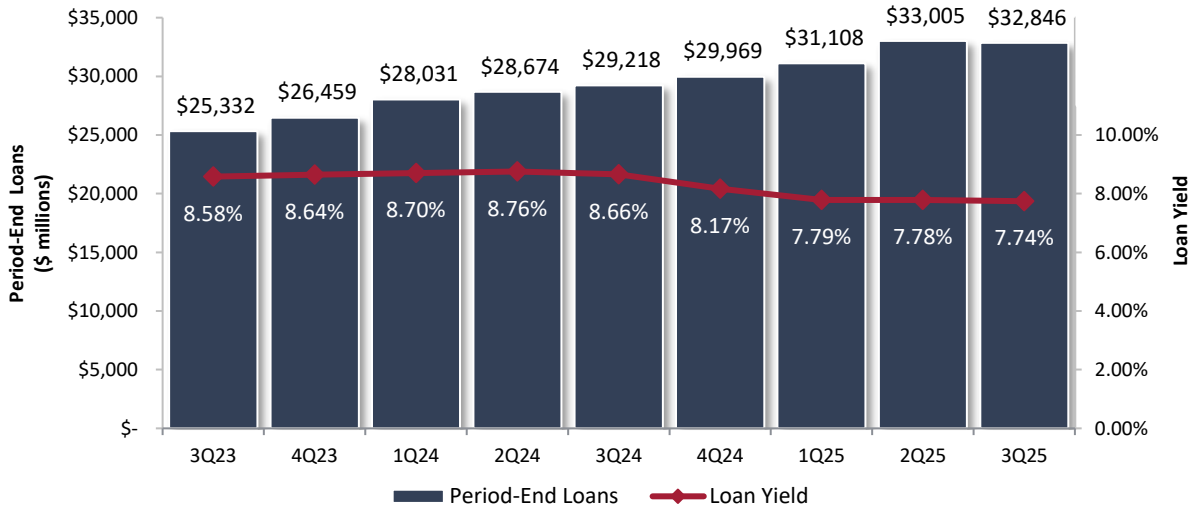
Loans

Our loans were $32.85 billion at September 30, 2025, a decrease of $0.16 billion, or 0.5% not annualized, from the record level at June 30, 2025, but an increase of $2.88 billion, or 9.6% not annualized, from December 31, 2024, as shown in Figure 2. During the quarter just ended, RESG loan repayments offset excellent growth from Corporate & Institutional Banking ("CIB") and other lending teams.

In the fourth quarter of 2025, we expect another quarter of excellent growth from CIB and other lending teams to be offset by elevated RESG repayments, likely resulting in some further contraction in total loan balances. For the full year of 2026, we expect mid-single digit percentage loan growth including strong CIB growth offset by significant RESG loan repayments. Following the expected 2025-2026 RESG elevated repayment cycle, we expect loan growth to increase meaningfully in 2027 and subsequent years with CIB, RESG and our other lending teams all contributing to future growth.

Loan growth may vary significantly from quarter to quarter and may be impacted by the volume of loan originations and repayments, interest rates, economic conditions, competition or other factors.

Figure 2: Loan Balances and Yields

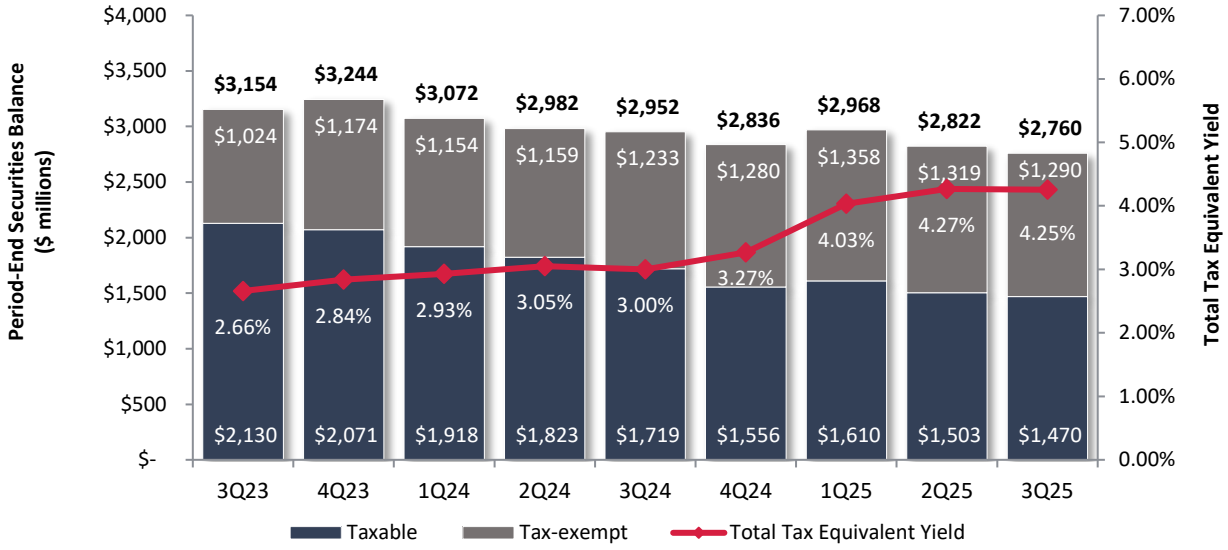


In the third quarter of 2025, our yield on loans was 7.74%, a decrease of four basis points ("bps") from the second quarter of 2025 and a decrease of 92 bps from the third quarter of 2024. These decreases reflect the impact on our predominately variable-rate loan portfolio of the cumulative 100-basis point reduction in the Fed funds rate during the last four months of 2024 and some impact of the 25-basis point reduction in September 2025.

Investment Securities

Our investment securities, all of which are categorized as available-for-sale, were $2.76 billion at September 30, 2025, decreases of $0.06 billion, or 2.2% not annualized, from June 30, 2025 and $0.08 billion, or 2.7% not annualized, from December 31, 2024, as shown in Figure 3. At September 30, 2025, our investment securities had an average effective duration of approximately 5.29 years.

Figure 3: Investment Securities Balances and Yields

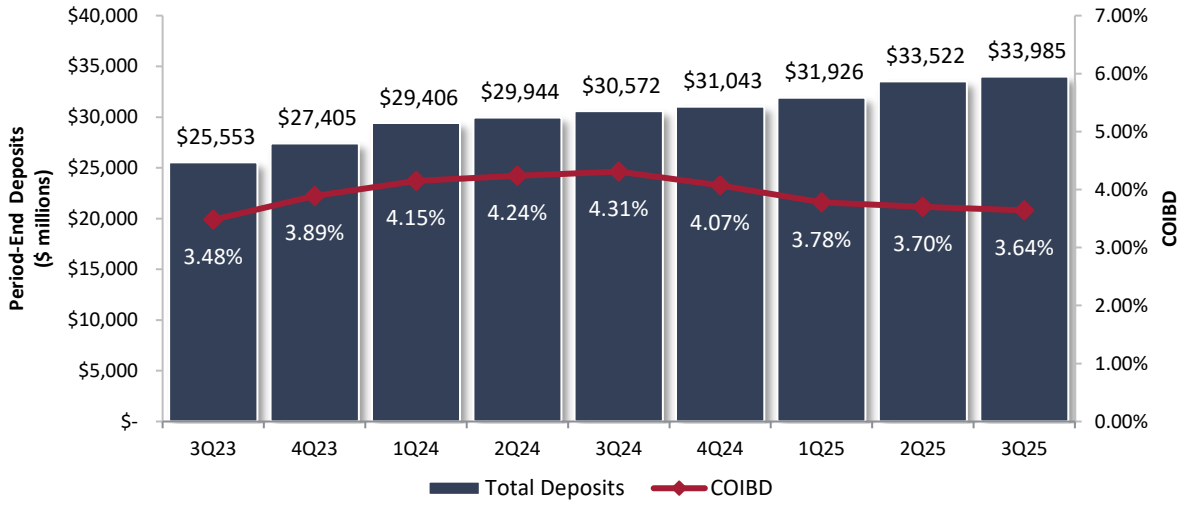


In the third quarter of 2025, our tax-equivalent yield on investment securities was 4.25%, decreasing two bps from the second quarter of 2025, but increasing 125 bps from the third quarter of 2024. Our portfolio yield has benefited from the reinvestment, at more favorable rates, of the proceeds from a significant volume of lower-yielding bonds which matured in the final quarter of 2024 and the first two quarters of 2025.

Deposits

Our deposits were a record $33.98 billion at September 30, 2025, increases of $0.46 billion, or 1.4% not annualized, from June 30, 2025 and $2.94 billion, or 9.5% not annualized, from December 31, 2024, as shown in Figure 4. This was our twelfth consecutive quarterly record for deposit balances.

Figure 4: Deposit Balances and Cost of Interest Bearing Deposits ("COIBD")

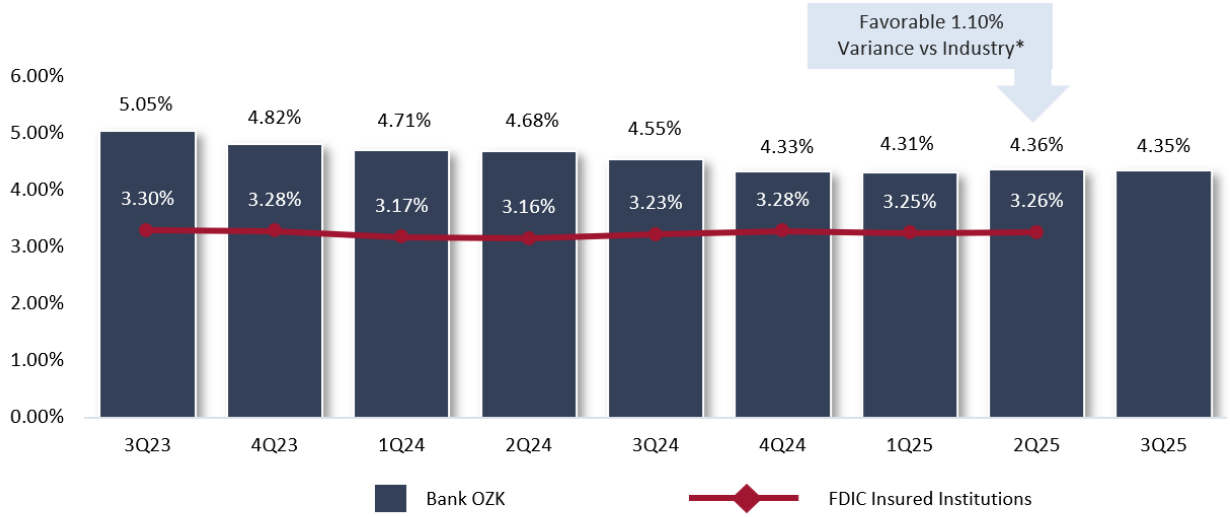


In the third quarter of 2025, our COIBD was 3.64%, decreases of six bps and 67 bps, respectively, from the second quarter of 2025 and the third quarter of 2024 reflecting the cumulative 100-basis point reduction in the Fed funds rate during the last four months of 2024 and some impact of the 25-basis point reduction in September 2025. Following each Fed funds rate reduction, our COIBD should move lower over several quarters, but should tend to lag the more immediate decrease in our loan yields.

Net Interest Margin

During the quarter just ended, our net interest margin was 4.35%, a decrease of one basis point from the second quarter of 2025, and a decrease of 20 bps from the third quarter of 2024. As shown in Figure 5, in the second quarter of 2025, the latest quarter for which comparative data is available, our net interest margin outperformed the industry by 110 bps, continuing our long history of outperformance.

Figure 5: Quarterly Net Interest Margin (%)



**Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated second quarter 2025.*

Following any Fed interest rate reduction, we anticipate our loan yields will decrease faster than our deposit costs, likely resulting in some decrease in our net interest margin, at least until time deposits reprice and/or floor rates are reached on more variable rate loans (see Figure 20). Although no Fed interest rate increases are currently expected, following any Fed interest rate increase, we anticipate our loan yields would increase faster than our deposit costs, likely resulting in some increase in our net interest margin until time deposits reprice.

Loan Portfolio Details

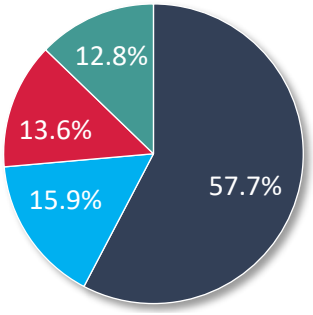
Growth, Growth and Diversification

Our "growth, growth and diversification" strategy is achieving greater portfolio diversification through growth in our CIB, Indirect RV & Marine and Community Banking portfolios while continuing to capitalize on the unique strengths and expertise of RESG to contribute to longer term growth. We expect these other lending teams will continue to contribute meaningfully to further growth and diversification, especially as RESG is likely to continue to have elevated repayments during the remainder of 2025 and in 2026. Implicit in this diversification strategy is an unwavering focus on asset quality from each of these lending teams.

We believe the development and ramp-up of CIB over the past several years was well timed. CIB has achieved significant growth at the same time RESG has absorbed elevated repayments, including record repayments in the quarter just ended. This has resulted in a timely handoff of the "growth baton" from RESG to CIB.

RESG's percentage of loans declined to 57.7% as of September 30, 2025, compared to 60.0% at June 30, 2025 and an all-time high of 70%. Given our expectation that RESG is likely to have elevated repayments in most quarters through 2026, RESG's percentage of loans should continue to decline in the remainder of 2025 and 2026, and we expect it will go below 50% during 2026. Of course, we expect that RESG will resume meaningful growth following its expected 2025-2026 elevated repayment cycle.

Figure 6: Loan Composition (As of September 30, 2025)



	Funded Balances	
	$ millions	*%*
RESG	$ 18,945	57.7%
Community Banking	5,231	15.9%
CIB	4,470	13.6%
Indirect RV & Marine	4,200	12.8%
Total	**$ 32,846**	**100.0%**

Our long-term goal is for all of our lending teams to grow significantly and with more balance in the portfolio. Of course, opportunities will shift over time, and we will always want to capitalize on the best opportunities. Eventually, we expect CIB's and RESG's loan portfolios could be roughly equal in size with each accounting for about one-third of our outstanding loans. The remainder would be a combination of loans from Community Banking and Indirect RV & Marine. We believe such balance and diversification would be very beneficial, while maximizing future growth opportunities.

Funded Loan Balances

Figures 7 and 8 illustrate the mix in our loan growth in the third quarter and first nine months of 2025 and reflect our focus on greater portfolio diversification. During the quarter just ended, CIB loans increased $575 million and Indirect RV & Marine increased $213 million while RESG loans declined $862 million. Community Banking declined $85 million due to the transfer of its $183 million Business Aviation Group portfolio into CIB's Equipment Finance Group. We expect this diversification trend to continue in future quarters.

Figure 7: Loan Growth – 3Q25 ($ millions)

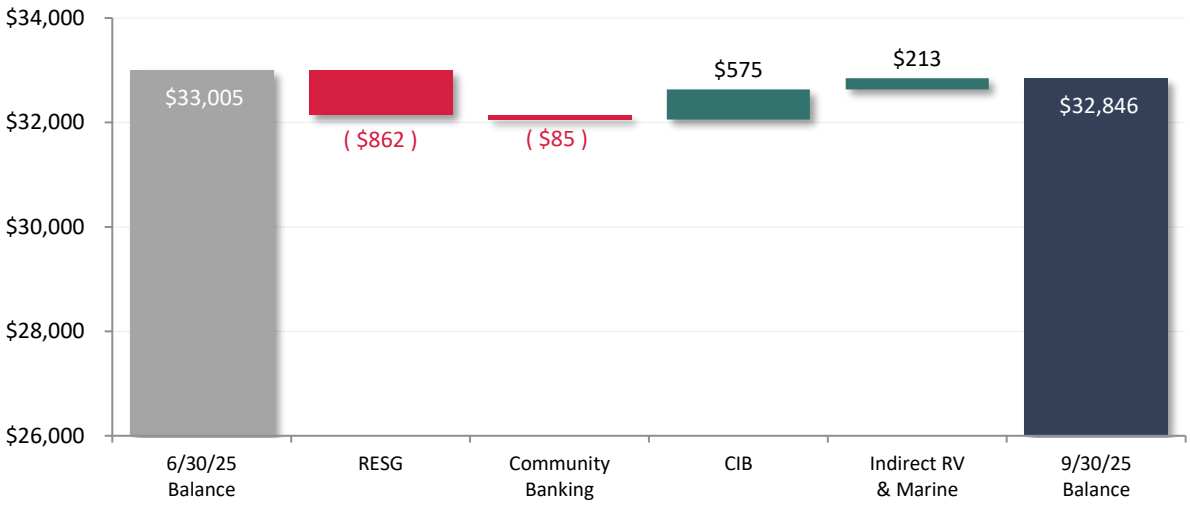


Figure 8: Loan Growth – 9M25 ($ millions)

Unfunded Loan Commitments

Figures 9 and 10 reflect the activity in unfunded loan commitments in the third quarter and the first nine months of 2025. Consistent with our strategy of greater portfolio diversification, RESG's percentage of the unfunded loan commitments decreased 6% to 66%, while CIB increased 5% to 26% in the first nine months of 2025.

Figure 9: Activity in Unfunded Loan Commitments – 3Q25 ($ millions)

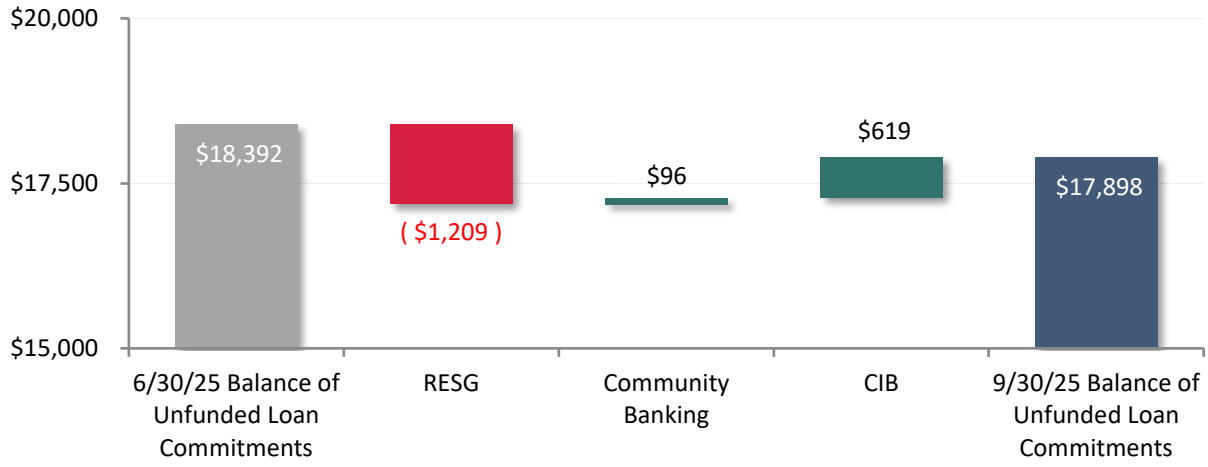


Figure 10: Activity in Unfunded Loan Commitments – 9M25 ($ millions)

RESG Loan Originations and Repayments

As shown in Figure 11, RESG loan originations were $0.70 billion in the third quarter and $3.42 billion for the first nine months of 2025. For some time, many sponsors have faced challenges raising equity capital for new projects as capital partners have been cautious due to macroeconomic uncertainty and tight monetary policy. This has restrained new project starts. At the same time, a surge in liquidity available for debt financing has created significant competition for the new deals that do raise equity. The current environment of "too many lenders chasing too few deals" has contributed to our subdued RESG origination volume.

Figure 11: RESG Quarterly Loan Originations ($ billions)

	Q1	Q2	Q3	Q4	Total*
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
FY2025	$1.21	$1.51	$0.70		$3.42

**9M25 Not Annualized*

We have said for years that origination volume may vary significantly from quarter to quarter and may be impacted by economic conditions, interest rates, competition or other factors. Our reduced level of RESG originations in the quarter just ended reflects the impact of such factors in the current market. We expect a higher origination volume in the final quarter of 2025.

Consistent with our guidance, as shown in Figure 12, RESG's loan repayments increased to a record $2.44 billion in the quarter just ended bringing the total for the first nine months of 2025 to $4.24 billion. The recent increase in debt financing available for projects has also contributed to RESG repayments. We expect RESG loan repayments will remain elevated in most quarters through 2026. Loan repayments may vary substantially from quarter to quarter based on a variety of factors including interest rate levels and refinancing alternatives.

Figure 12: RESG Quarterly Loan Repayments & Other Activity ($ billions)

	Q1	Q2	Q3	Q4	Total*
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
FY2025	$0.85	$0.95	$2.44		$4.24

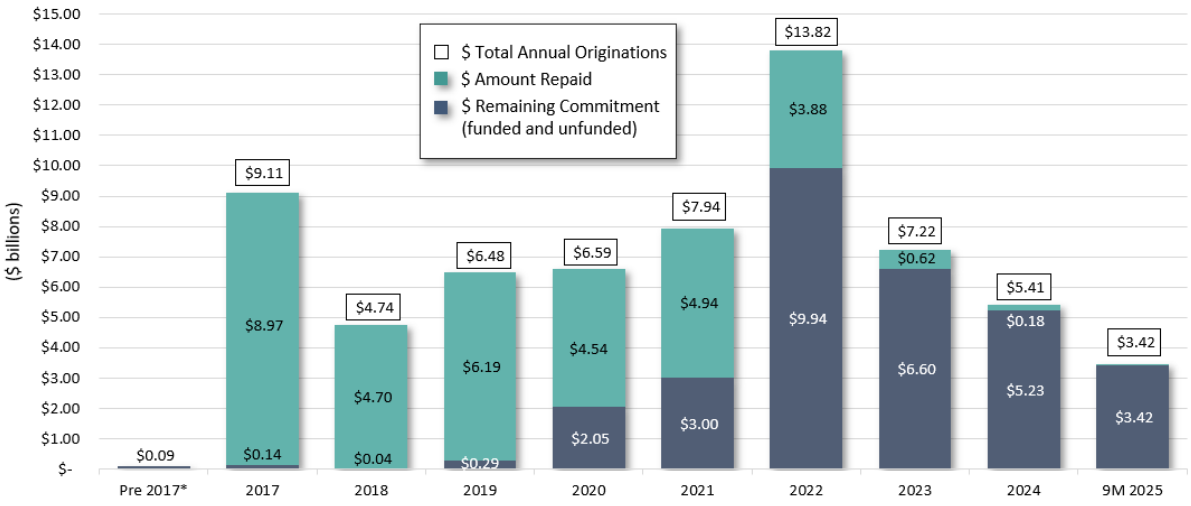
**9M25 Not Annualized*

Elevated RESG loan repayments coupled with the lower origination volume have resulted in RESG total commitments, both funded and unfunded, receding by $3.7 billion from a peak of $34.5 billion at March 31, 2024 to $30.8 billion at September 30, 2025. This decreasing trend in RESG total commitments is likely to continue for several more quarters.

RESG Origination and Repayment Cadence

Figure 13 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 13: RESG Origination and Repayment Trends by Year of Origination *(Total Commitment)* (As of September 30, 2025)



Total Originations / Amount Repaid / Remaining Commitment

$ Remaining Commitment	*$0.14B*	*$0.04B*	*$0.29B*	*$2.05B*	*$3.00B*	*$9.94B*	*$6.60B*	*$5.23B*	*$3.42B*
$ Amount Funded	*$0.14B*	*$0.02B*	*$0.27B*	*$1.76B*	*$2.52B*	*$7.82B*	*$4.24B*	*$1.71B*	*$0.38B*
$ Amount Unfunded	*$0.00B*	*$0.02B*	*$0.02B*	*$0.29B*	*$0.48B*	*$2.12B*	*$2.36B*	*$3.52B*	*$3.04B*

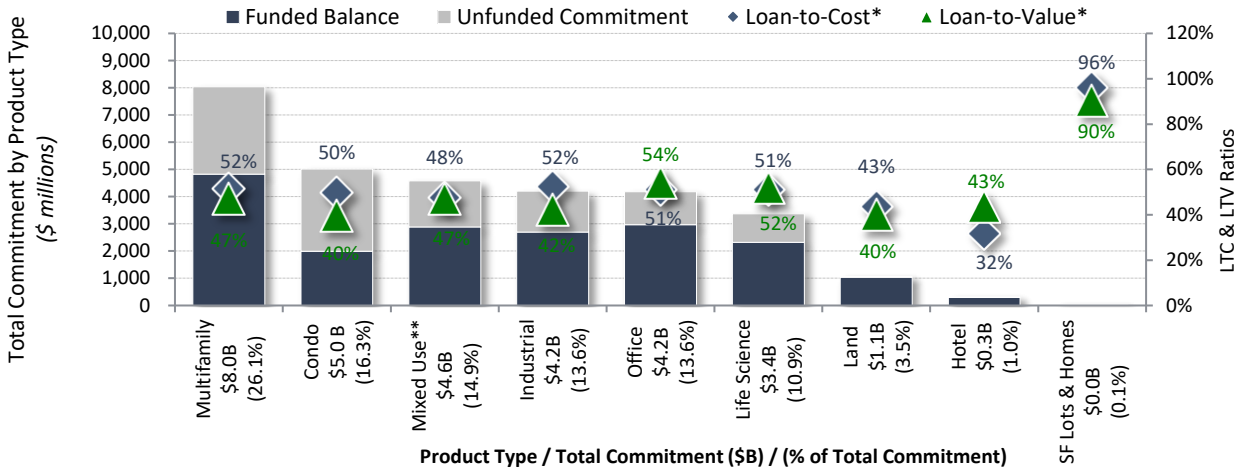
** Amounts repaid and total annual originations are not shown for pre-2017 originations.*

RESG repayments in the quarter just ended included significant repayments of older vintage loans. Specifically, during the quarter total commitments (both funded and unfunded) were reduced by $0.49 billion for 2019 originations, $0.12 billion for 2020 originations, $0.63 billion for 2021 originations, $1.25 billion for 2022 originations and $0.30 billion for 2023 originations.

RESG Portfolio Diversification

Figure 14 shows the product type diversification within the RESG portfolio.

Figure 14: RESG Portfolio Diversification by Product Type (As of September 30, 2025)



** 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.*

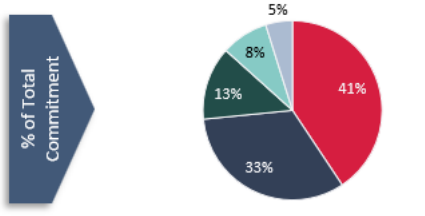
*** Mixed use projects contain multiple property types, none of which individually contribute 75% or more of the project value.*

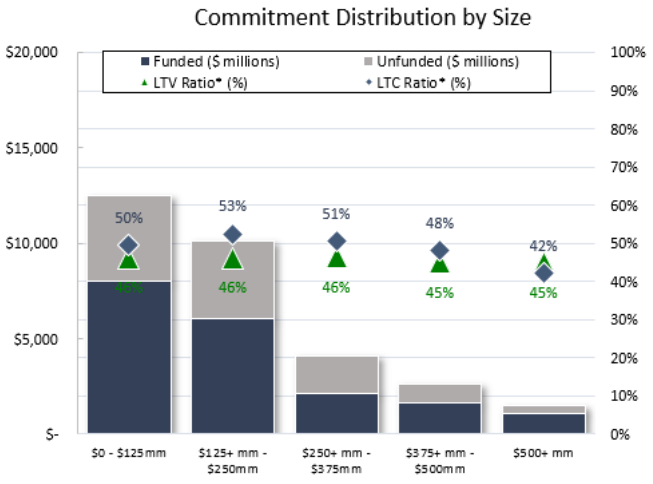
The RESG portfolio includes loans of many different sizes. The stratification of the RESG portfolio by commitment size is reflected in Figure 15.

Figure 15: RESG Portfolio Stratification by Loan Size – Total Commitment (As of September 30, 2025)

($ millions)

Tranche	No. of Loans	Funded	Total Funded & Unfunded
$0 - $125mm	213	$ 8,024	$ 12,516
$125+ mm - $250mm	57	6,057	10,099
$250+ mm - $375mm	14	2,101	4,070
$375+ mm - $500mm	6	1,671	2,624
$500+ mm	2	1,092	1,490
Total	**292**	**$ 18,945**	**$ 30,799**

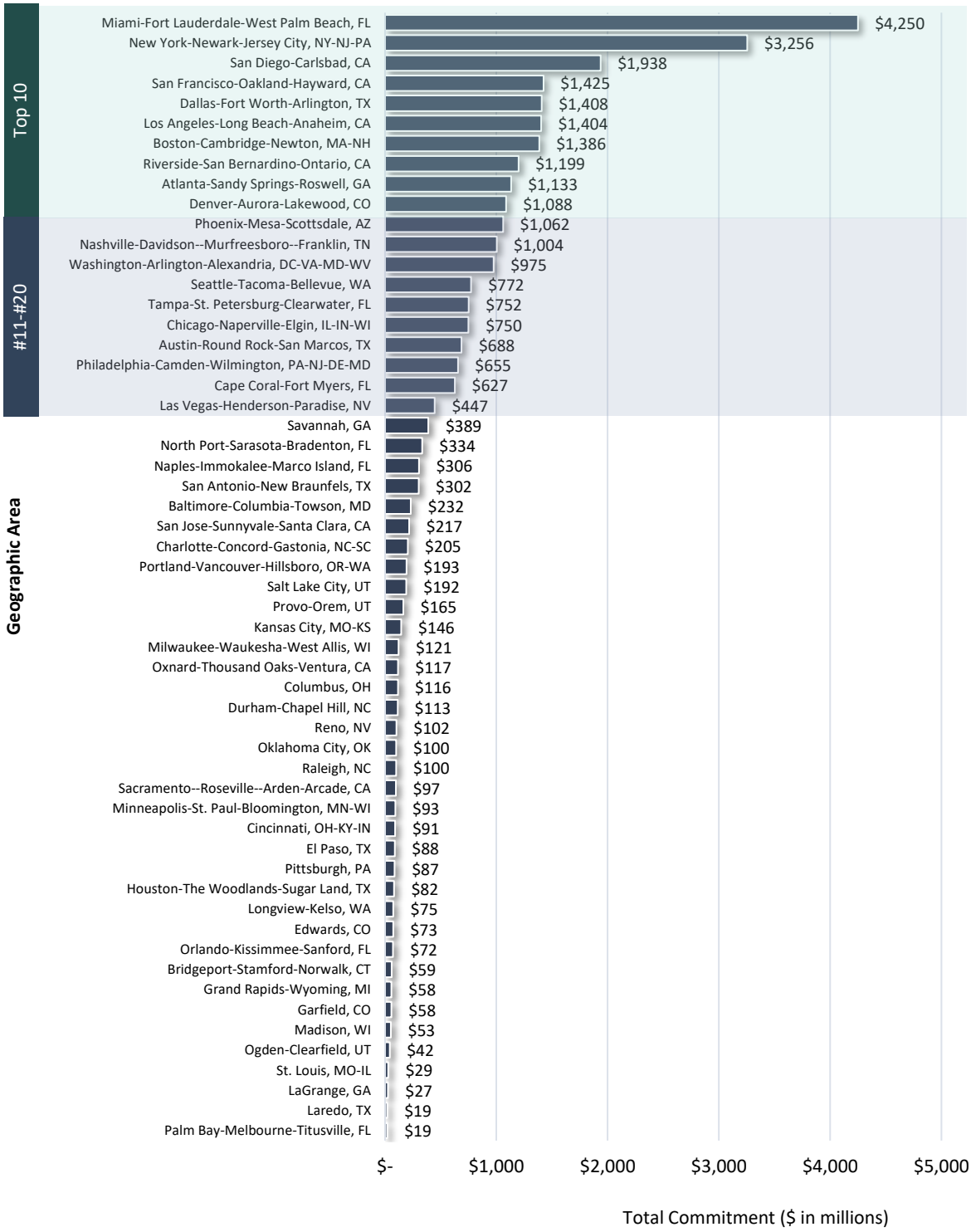




** Weighted average; assumes all loans are fully funded; calculation based on total commitment by tranche as a % of total cost and total appraised value of loans within each tranche. LTV data based on most recent appraisals and utilizing, in most cases, "as stabilized" values for income-producing properties.*

Figure 16 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.

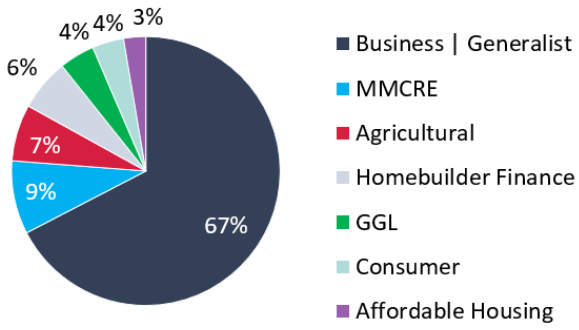
Figure 16: RESG Portfolio Diversification – All Geographies (As of September 30, 2025)



Community Banking

Community Banking accounted for $5.23 billion, or 15.9%, of the funded balance of loans as of September 30, 2025, 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), affordable housing, middle market CRE ("MMCRE") and homebuilder finance lending teams.

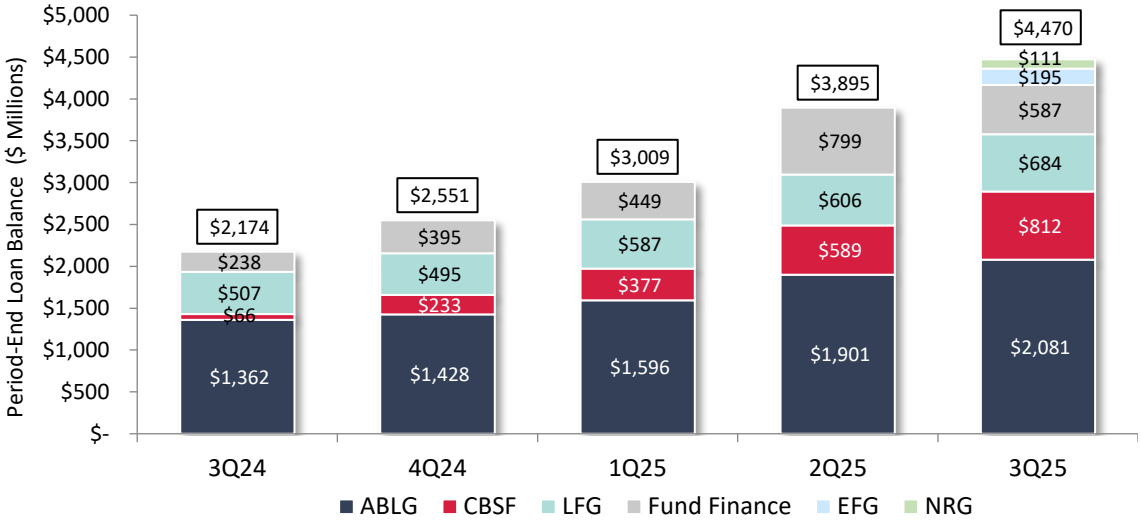
Figure 17: Community Banking Loan Composition (As of September 30, 2025)



Corporate & Institutional Banking

CIB continued to achieve excellent growth and enhance portfolio diversification in the quarter just ended. It accounted for $4.47 billion, or 13.6%, of the funded balance of loans as of September 30, 2025, an increase from 11.8% as of June 30, 2025 and 7.4% as of September 30, 2024. CIB includes loans from Asset Based Lending Group ("ABLG"), Corporate Banking & Sponsor Finance ("CBSF"), Lender Finance Group ("LFG," formerly the Capital Solutions portion of the previous Equipment Finance & Capital Solutions Group), Fund Finance, Equipment Finance Group ("EFG"), and Natural Resources Group ("NRG"). In the quarter just ended, we transferred Community Banking's Business Aviation Group into CIB's EFG.

Figure 18: CIB Loan Composition (Funded Balance)

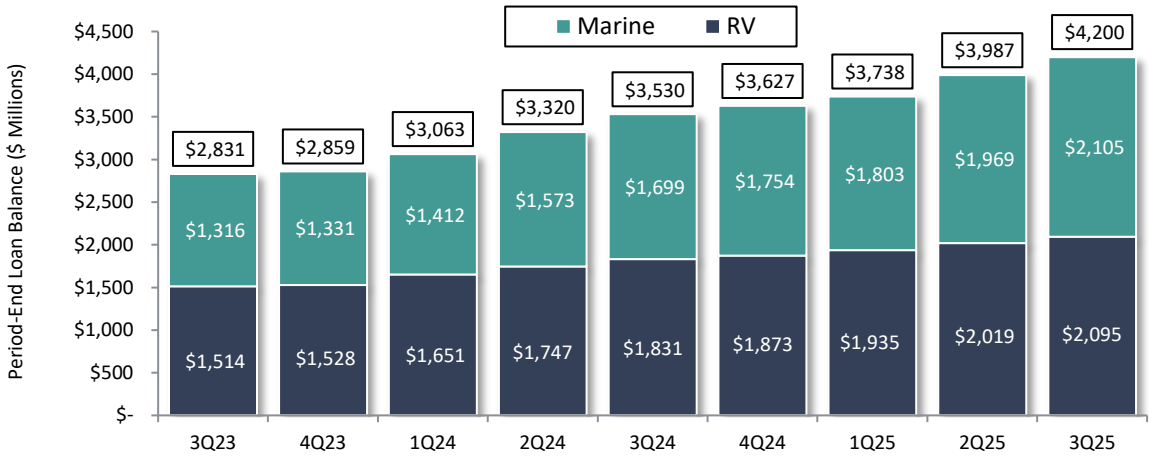


EFG balance includes $183 million of loans transferred from Community Banking's Business Aviation Group in the third quarter of 2025.

Indirect RV & Marine

Indirect RV & Marine lending is a nationwide business which accounted for $4.20 billion, or 12.8%, of the funded balance of loans as of September 30, 2025. Our objective is to maintain this portfolio within a range of 10% to 15% of our loans. As of September 30, 2025, the indirect portfolio had a 30+ day delinquency ratio of 0.22%. For the third quarter and first nine months of 2025, our annualized net charge-off ratio for the indirect portfolio was 0.30% and 0.33%, respectively. Figure 19 provides additional details regarding this portfolio.

Figure 19: Indirect RV & Marine Loan Balances

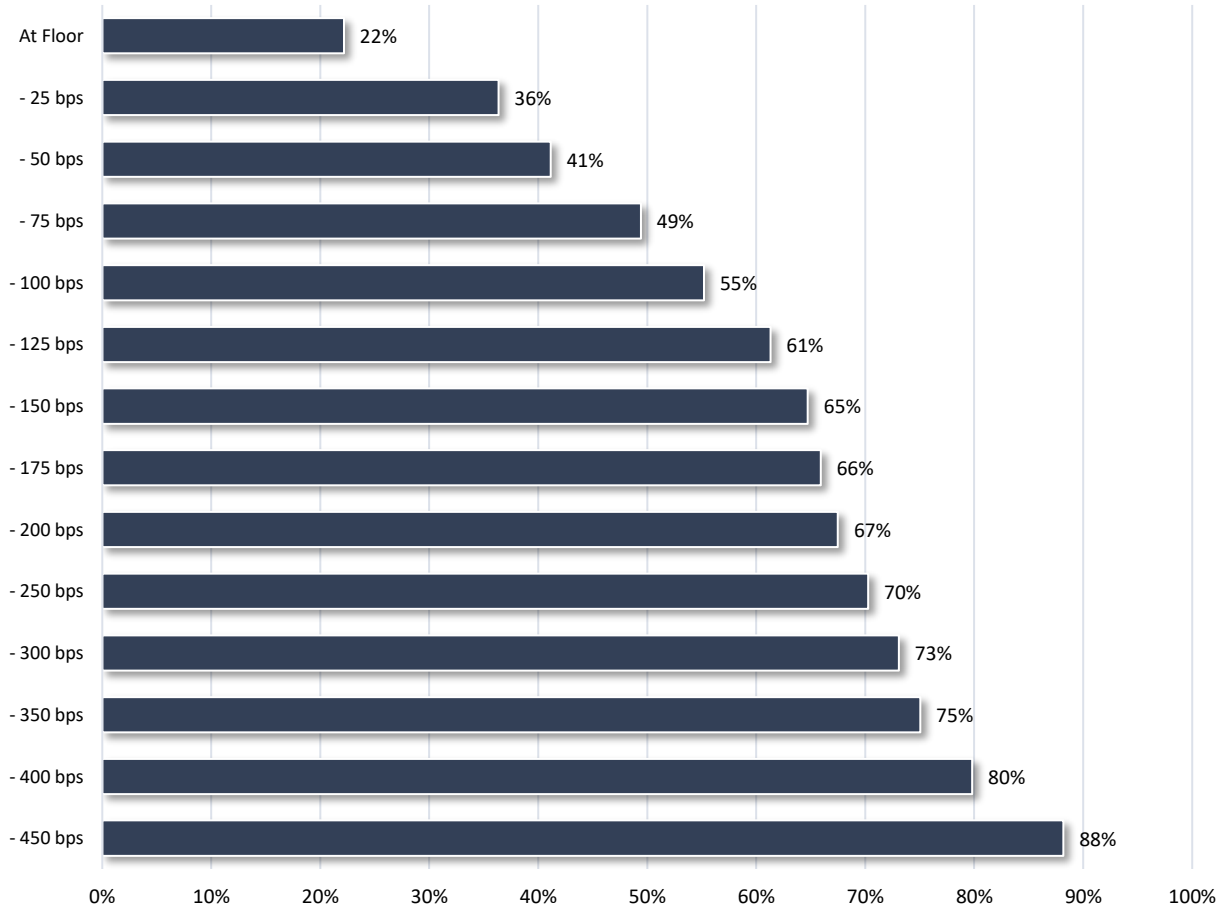


Variable Rate Loans and Loan Floors

At September 30, 2025, 86% of our total commitment of loans had variable rates, of which 82% were tied to 1-month term SOFR, 14% to WSJ Prime and 4% to other indexes. At September 30, 2025, 93% of our total commitment of variable rate loans had floor rates.

Figure 20 illustrates the percentage of our total commitment of variable rate loans at September 30, 2025 that were at their floor rate or would have been at their floor rate following various hypothetical decreases in the applicable index rates.

Figure 20: Variable Rate Loans at Floors as Rates Decline – Total Commitments as of September 30, 2025



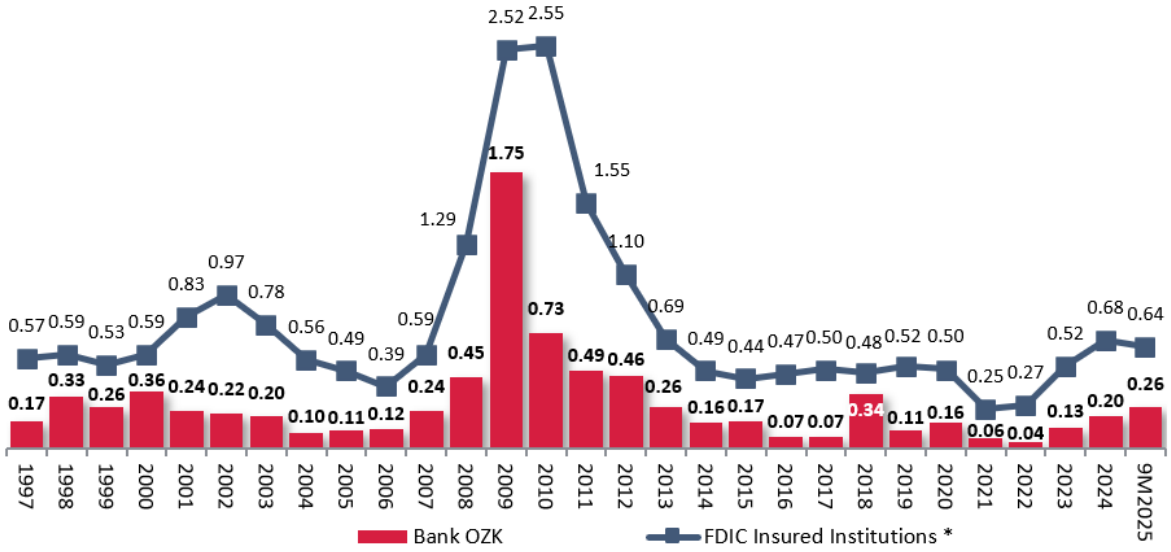
Asset Quality Details

Net Charge-Offs

We have continued our long track record of having a net charge-off ratio well below the industry average, as shown in Figure 21. Our annualized net charge-off ratios were 0.41% for the quarter just ended and 0.26% for the first nine months of 2025, consistent with our previous guidance. We continue to expect that our full-year 2025 net charge-off ratio will exceed 2024's 20-bps ratio, but remain below the industry average. Our net charge-off ratio may vary significantly from quarter to quarter.

In our 28 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.

Figure 21: Annualized Net Charge-off Ratio vs. the Industry



**Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated second quarter 2025. Annualized when appropriate.*

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 leading to "higher for longer" interest rate policy, and numerous other sources of macroeconomic, political and geo-political turbulence. Notwithstanding the considerable uncertainty regarding the macroeconomic and interest rate environment, we expect that our net charge-offs for the full year of 2026 will once again compare favorably to industry metrics.

RESG Net Charge-Offs

As shown in Figure 22, our RESG portfolio has a long history of relatively low charge-offs 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. The weighted average annual net charge-off ratio (including OREO write-downs) for the RESG portfolio over its 22-year history is 12 bps.

Figure 22 - 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%
9/30/25	18,945,080	19,212,811	38,745	0.27%
Total			**$ 146,214**	
		Weighted Average		**0.12%**

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

*** Annualized when appropriate.*

Allowance for Credit Losses ("ACL") and Provision

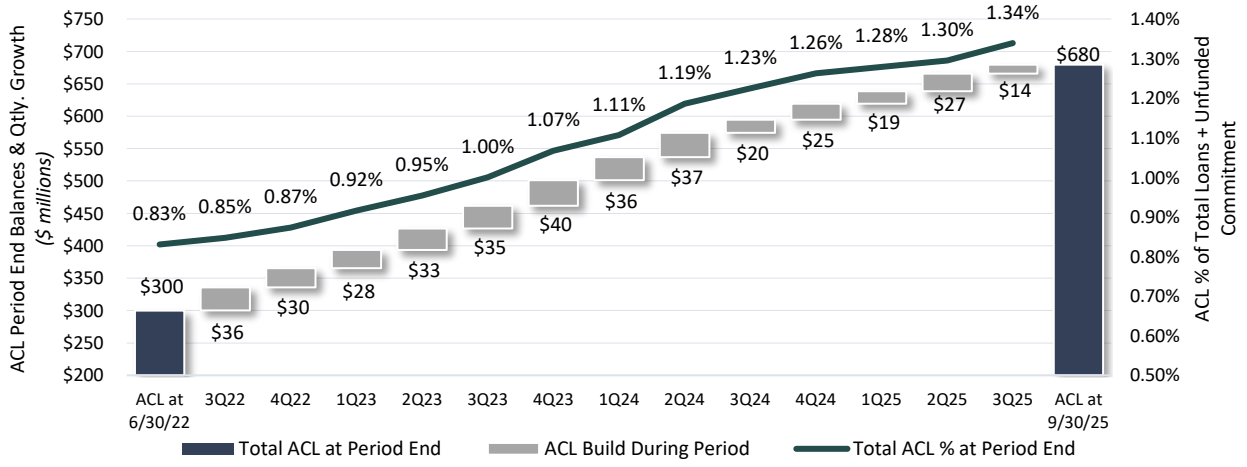
As of September 30, 2025, our ACL had increased to $679.6 million, or 1.34% of loans and unfunded loan commitments. This consisted of our allowance for loan losses ("ALL") at $532.3 million, or 1.62% of loans, and our reserve for losses on unfunded loan commitments at $147.3 million, or 0.82% of unfunded loan commitments.

Our provision for credit losses was $48.3 million and $121.9 million, respectively, for the third quarter and first nine months of 2025, while our net charge-offs were $34.5 million and $61.7 million, respectively, for the third quarter and first nine months of 2025.

As shown in Figure 23, over the last 13 quarters we have prudently increased our ACL by a net $380 million. This large increase is attributable to both our $14.64 billion combined growth in loans and unfunded loan commitments over those 13 quarters and our consistently cautious outlook on macroeconomic conditions. Of course, this outlook and ACL build initially reflected, among other factors, the Fed steadily increasing interest rates, and then the likelihood that rates would remain higher for longer, both of which contributed to elevated economic risks. Our continued ACL build reflects numerous ongoing elevated macroeconomic risks and uncertainties. Our cautious outlook and our growth have resulted in cumulative provision expense of $535 million over the past 13 quarters, or 3.4 times our cumulative net charge-offs of $155 million.

Viewed another way, in percentage terms, over those 13 quarters, our ACL has increased from 0.83% to 1.34% of loans and unfunded loan commitments at September 30, 2025. We believe this ACL build has been a prudent and appropriate response to the shifting mix of risk factors that have driven the challenging and uncertain macroeconomic environment over those 13 quarters.

Figure 23: ACL Build – Last 13 Quarters



The calculations of our provision for credit losses for the third quarter of 2025 and our ACL at September 30, 2025 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 September 2025.

Our selection of macroeconomic scenarios over the last 13 quarters has been consistently weighted to downside scenarios. Considering ongoing elevated macroeconomic risks and uncertainties, our cautious outlook and the resulting build in our ACL reflected in Figure 23 seem very prudent.

In the quarter just ended, the combined weighting we assigned to the Moody's S4 (Alternative Adverse Downside) and S6 (Stagflation) scenarios exceeded the weighting we assigned to 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, including a government shutdown; impacts of potential changes in U.S. tax, tariff and immigration laws, regulations and policies; changes in the Fed funds target rate and Fed balance sheet; a possible recession; inflationary pressures; global trade and geopolitical matters; supply chain disruptions; and various other factors. Our ACL calculations include certain qualitative adjustments to capture items not included in our modeled results or other assumptions.

Portfolio Credit Quality

We have seen a reasonably well-contained migration of risk ratings and credit quality metrics since the Federal Reserve initiated its latest tightening cycle.

During the quarter just ended, we had a modest net reduction in total classified and criticized assets as summarized in Figure 24. The significant changes included (i) liquidation of our largest foreclosed asset with net proceeds equal to its carrying value; (ii) migration of one RESG credit from substandard accrual to substandard non-accrual with a partial charge-off; (iii) migration of one RESG credit from special mention to substandard non-accrual with a partial charge-off; and (iv) migration of one RESG credit from special mention to substandard accrual.

Figure 24: Classified and Criticized Assets ($ in millions)

	6/30/25	9/30/25	Change
Loans:			
Special Mention	$ 631	$ 351	$ (280)
Substandard accrual	185	363	178
Substandard non-accrual	59	150	91
Foreclosed Assets	160	79	(81)
Total Classified & Criticized	$ 1,035	$ 943	$ (92)

RESG Substandard Credits

RESG substandard credits are summarized in Figure 25.

Figure 25: RESG Substandard Credits (As of September 30, 2025)

Location	Property Type	Total Commitment	Outstanding Balance	Unfunded	"Good News" TI/LC Included in Unfunded	ACL Reserve	LTV *	Appraisal Date
($ millions)								
Substandard Non-accrual								
Chicago, IL 7 days past due	Life Science	$ 59.0	$ 59.0	$ -	$ -	$ -	80%	May '25
This previous special mention loan migrated to substandard non-accrual during the quarter just ended. It matured on September 23, 2025 and is unlikely to be extended. In the quarter just ended, we curtailed our unfunded commitment of $59.9 million, which was mostly "good news" money, applied $1.0 million of cash reserves to the loan balance, and recognized a $5.1 million charge-off, which reduced our carrying value to $59.0 million, or 80% of the May 2025 as-is appraised value. This property is adjacent to the large land tract which we sold from foreclosed assets in the quarter just ended. The sponsor has been actively working to lease or sell the property. If those efforts do not result in an acceptable transaction soon, we expect to acquire title to the property.								
Baltimore, MD Current	Land	$ 45.2	$ 45.2	$ -	$ -	$ -	60%	Jun '25
This previous substandard accrual loan migrated to substandard non-accrual during the quarter just ended. It matures in November 2025. The sponsor has achieved good results with nearby vertical developments, but to date has been unable to achieve an acceptable recapitalization of this land loan. Accordingly, we recognized a $20.9 million charge-off during the quarter just ended, which reduced our carrying value to $45.2 million, or 60% of the June 2025 appraised value. We have a good working relationship with the sponsor, and we both would like the sponsor to remain engaged with the project. We are having productive discussions to develop an actionable plan to achieve the project's full potential.								
Substandard Accrual								
Boston, MA Current	Office	$ 302.0	$ 233.1	$ 68.9	$ 53.2	$ 53.9	76%	Sep '25
During the quarter just ended, this sponsor contributed $10.4 million of additional reserves to extend the loan maturity to January 2026. The sponsor is reportedly in competition for a potential tenant for approximately one-third of the building, and we continue to discuss a longer-term loan extension and recapitalization of the project. During the quarter just ended, we moved this credit from special mention to substandard accrual resulting in a significant increase in our ACL for this loan.								
Seattle, WA Current	Office	$ 72.5	$ 56.1	$ 16.4	$ 13.1	$ 16.2	93%	Dec '24
Near Lake Tahoe, CA Current	SF Lots & Homes	$ 43.2	$ 32.9	$ 10.3	$ -	$ 11.3	90%	Sep '25
** LTV on Chicago Life Science reflects "as-is" value as future funding commitments have been curtailed. LTVs on Boston Office and Seattle Office reflect "as-stabilized" values and assume loans are fully funded. LTV on property near Lake Tahoe reflects the discounted sellout value of lots and homes currently securing the loan and assumes additional loan advances sufficient to fully complete construction in progress.*								

RESG Foreclosed Assets

As expected, during the quarter just ended, we closed the sale of the large Chicago land tract, which was previously in foreclosed assets, netting our carrying value of $83.95 million. Our remaining $78.58 million in foreclosed assets consists principally of three RESG assets, the largest two of which are under contract to sell, as follows:

- **Los Angeles Land - $54.45 million; Under Contract to Sell.** The prospective purchaser failed to close the previous purchase contract by the September 30, 2025 closing date, which resulted in us collecting the $2.5 million of earnest money and applying it to reduce our carrying value to $54.45 million. The prospective purchaser has previously paid us $6.5 million in contract extension fees and forfeited $5.5 million in earnest money related to that expired contract. On October 2, 2025, we executed a new purchase contract with the same prospective purchaser. This new purchase contract is subject to typical closing conditions and has an expected closing date of November 17, 2025. If this sale closes, it should result in a small gain.
- **Boston Office - $9.36 million; 80% of May 2025 Appraised Value; Under Contract to Sell.** On October 2, 2025, we executed a contract for sale of this property. This contract is subject to typical due diligence and closing conditions and has an expected closing date of November 18, 2025. If this sale closes, it should result in net proceeds approximately equal to our current carrying value.
- **Seattle Office - $6.44 million; 58% of November 2024 Appraised Value.** Based on the estimated net proceeds of a recent offer, the carrying value of this asset was written down $0.40 million during the quarter just ended.

As shown in Figure 26, at September 30, 2025, our ratio of loans 30 or more days past due to total loans was 0.14% compared to 0.15% at June 30, 2025 and 0.14% at September 30, 2024; our ratio of nonperforming loans to total loans was 0.46% compared to 0.18% at June 30, 2025 and 0.60% at September 30, 2024; and our ratio of nonperforming assets to total assets was 0.55% compared to 0.53% at June 30, 2025 and 0.68% at September 30, 2024.

Figure 26: Risk Categories and Asset Quality Metrics – Last Five Quarters ($ in millions)

	As of				
	9/30/24	**12/31/24**	**3/31/25**	**6/30/25**	**9/30/25**
Loans:					
Pass	$ 28,217	$ 29,057	$ 30,426	$ 32,132	$ 31,982
Special Mention	693	654	455	631	351
Substandard Accrual	132	126	164	185	363
Substandard Non-accrual	176	131	63	59	150
Total Loans	$ 29,218	$ 29,969	$ 31,108	$ 33,005	$ 32,846
Foreclosed Assets	$ 78	$ 69	$ 151	$ 160	$ 79
Loans Past Due	$ 40	$ 50	$ 45	$ 50	$ 46
Loans Past Due % of Total Loans	*0.14%*	*0.17%*	*0.14%*	*0.15%*	*0.14%*
Nonperforming Loans	$ 176	$ 131	$ 63	$ 59	$ 150
Nonperforming Loans % of Total Loans	*0.60%*	*0.44%*	*0.20%*	*0.18%*	*0.46%*
Nonperforming Assets	$ 254	$ 201	$ 214	$ 218	$ 228
Nonperforming Assets % of Total Assets	*0.68%*	*0.53%*	*0.55%*	*0.53%*	*0.55%*

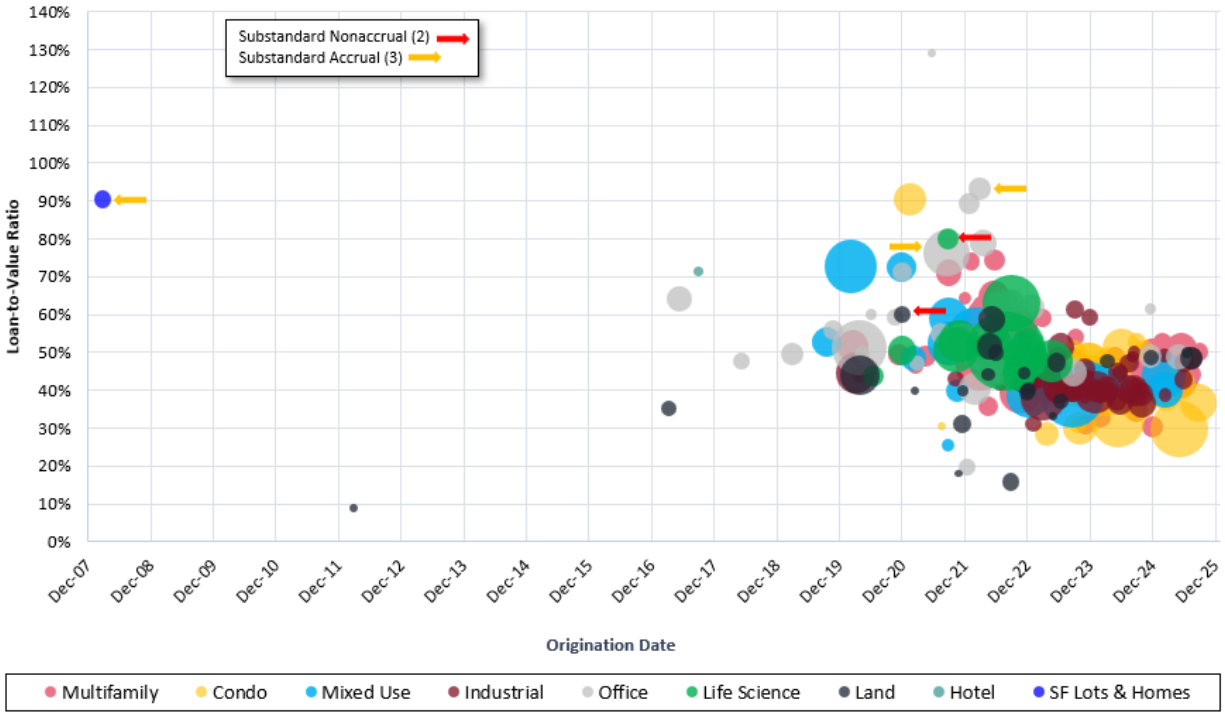
Detailed disclosures on risk categories can be found in Appendix B.

RESG Portfolio Bubble Chart

The loan-to-value ("LTV") metrics on each of the 292 credits within the RESG portfolio as of September 30, 2025, are illustrated in Figure 27. 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 50% and the weighted average LTV was 46% as of September 30, 2025. 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 substandard credits previously detailed in Figure 25 are also pointed out in Figure 27.

Figure 27: RESG Portfolio by LTV & Origination Date (As of September 30, 2025)
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.

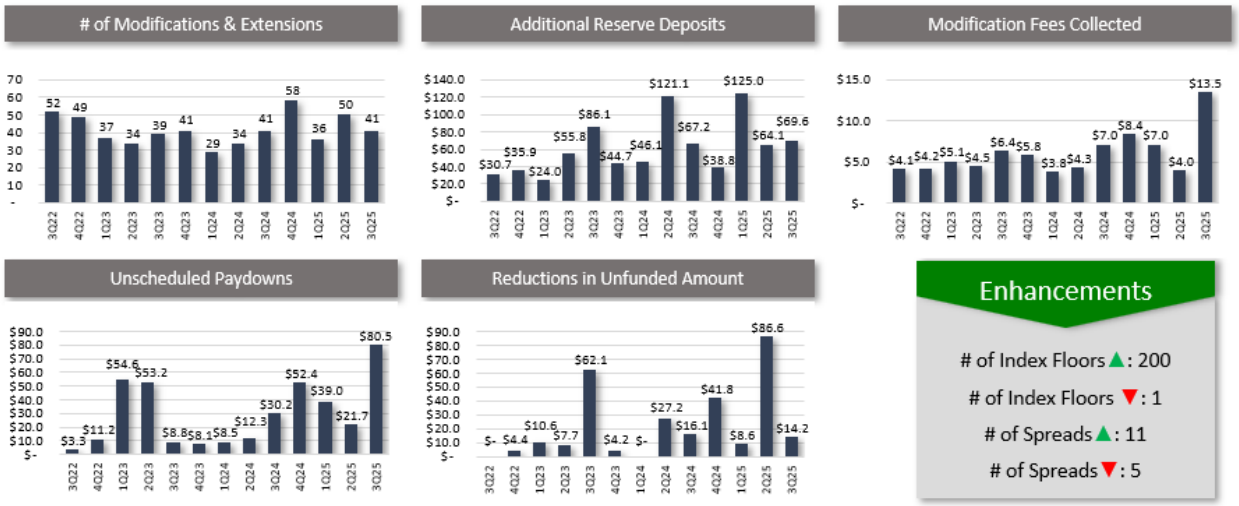
RESG Sponsor/Capital Partner Support

The current heightened level of macroeconomic uncertainty is the latest in a series of challenges that sponsors/capital partners have faced since the COVID-19 pandemic in 2020. As we have said previously, we expect most RESG sponsors/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 from the vast majority of RESG sponsors/capital partners is one of the reasons that, despite the challenging macroeconomic environment, we have had only a small number of RESG substandard credits and foreclosed assets over the past 13 quarters.

An important element of our business model is to structure loans so that sponsors/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, ensuring 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 28, we have seen significant support by sponsors/capital partners for our RESG loans, evidenced by the $1.2 billion of total additional equity contributions ($809 million of additional reserve deposits and $384 million of unscheduled paydowns) received related to the 541 modifications/extensions. Additionally, we enhanced our floor rates and spreads on 200 loans and 11 loans, respectively, while granting 1 floor reduction and 5 spread reductions over the last 13 quarters.

Figure 28: Demonstrated Sponsor/Capital Partner Support of RESG Loans ($ millions)



RESG Appraisal Updates

During the third quarter of 2025, RESG obtained new appraisals for 32 existing loans with a total commitment of $2.96 billion. Figure 29 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 27 loans and LTVs increased more than 10% for 5 loans.

Figure 29: RESG New Appraisals - 3Q25 ($ in millions)

Property Type	Total Commitment	Previous LTV	LTV @ 9/30/25	Δ in LTV	Property Type	Total Commitment	Previous LTV	LTV @ 9/30/25	Δ in LTV
SF Lots & Homes*	$ 43	90.5%	90.4%	-0.1%	Office	$ 113	41.8%	44.8%	3.0%
Office**	65	88.2%	89.4%	1.2%	Condo	206	43.8%	44.6%	0.8%
Office*	302	58.8%	76.3%	17.6%	Mixed Use	241	43.6%	44.3%	0.7%
Office	86	62.3%	63.7%	1.4%	Multifamily	42	38.5%	44.2%	5.7%
Industrial	51	40.0%	61.2%	21.2%	Condo	24	49.8%	43.5%	-6.2%
Industrial	39	41.4%	59.2%	17.8%	Industrial	141	48.0%	43.4%	-4.6%
Office	59	46.5%	55.8%	9.4%	Multifamily	95	34.7%	42.6%	7.9%
Multifamily	42	43.9%	54.0%	10.1%	Industrial	50	38.3%	42.3%	4.0%
Mixed Use	47	53.2%	53.2%	0.0%	Mixed Use	202	39.7%	41.7%	2.0%
Office	54	51.5%	52.7%	1.3%	Industrial	19	45.3%	41.4%	-3.9%
Mixed Use	132	43.2%	52.7%	9.5%	Industrial	70	41.3%	40.6%	-0.7%
Land	100	38.8%	51.7%	12.9%	Multifamily	247	41.2%	39.3%	-2.0%
Industrial	102	47.2%	49.5%	2.3%	Land	33	32.8%	35.2%	2.3%
Industrial	128	46.0%	49.2%	3.2%	Multifamily	62	28.5%	32.8%	4.3%
Multifamily	38	43.4%	48.1%	4.7%	Land	52	37.4%	31.1%	-6.3%
Industrial	64	40.8%	45.7%	4.9%	Condo	10	35.7%	30.6%	-5.1%

** These two loans are risk rated substandard accrual and previously listed in Figure 25.*
*** This loan is risk rated special mention.*

As of September 30, 2025, 98% of the loans and 99% of the dollar volume of the RESG portfolio had appraisals dated on or after January 27, 2023, meaning that they have been appraised in the current or the recent higher interest rate environment.

Deposit and Liquidity Details

Deposits

Most of our deposits are generated through our network of 248 retail branches in Arkansas, Georgia, Florida, Texas, North Carolina and Tennessee. During the quarter just ended, we opened 7 retail branches (6 new and 1 replacement branch), bringing the number of branches opened in the first nine months of 2025 to 18 (15 new and 3 replacement branches). We expect to open approximately 6 branches in the final quarter of 2025 and approximately 20 more branches in 2026.

Because of the substantial "retail" nature of our deposit base, 79% of our deposits are either insured (64% at September 30, 2025) or, in the case of public funds and certain other deposits, collateralized (15% at September 30, 2025). As of September 30, 2025, 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 30: Deposit Composition ($ millions)

	Period Ended									
	9/30/2024		12/31/2024		3/31/2025		6/30/2025		9/30/2025	
Noninterest Bearing	$ 3,855	12.6%	$ 3,770	12.1%	$ 3,868	12.1%	$ 3,836	11.4%	$ 3,902	11.5%
Consumer and Commercial Interest Bearing:										
Consumer - Non-time	2,854	9.3%	2,983	9.6%	3,177	10.0%	3,145	9.4%	3,190	9.4%
Consumer - Time	13,133	43.0%	13,447	43.3%	13,940	43.7%	14,746	44.0%	15,313	45.1%
Commercial - Non-time	2,819	9.2%	2,728	8.8%	2,601	8.1%	3,071	9.2%	3,210	9.4%
Commercial - Time	972	3.2%	970	3.1%	914	2.9%	981	2.9%	1,016	3.0%
Public Funds	3,629	11.9%	3,964	12.8%	4,369	13.7%	4,403	13.1%	4,249	12.5%
Brokered	2,716	8.9%	2,611	8.4%	2,562	8.0%	2,850	8.5%	2,650	7.8%
Reciprocal	594	1.9%	569	1.9%	495	1.5%	490	1.5%	454	1.3%
Total	$ 30,572	100.0%	$ 31,043	100.0%	$ 31,926	100.0%	$ 33,522	100.0%	$ 33,985	100.0%

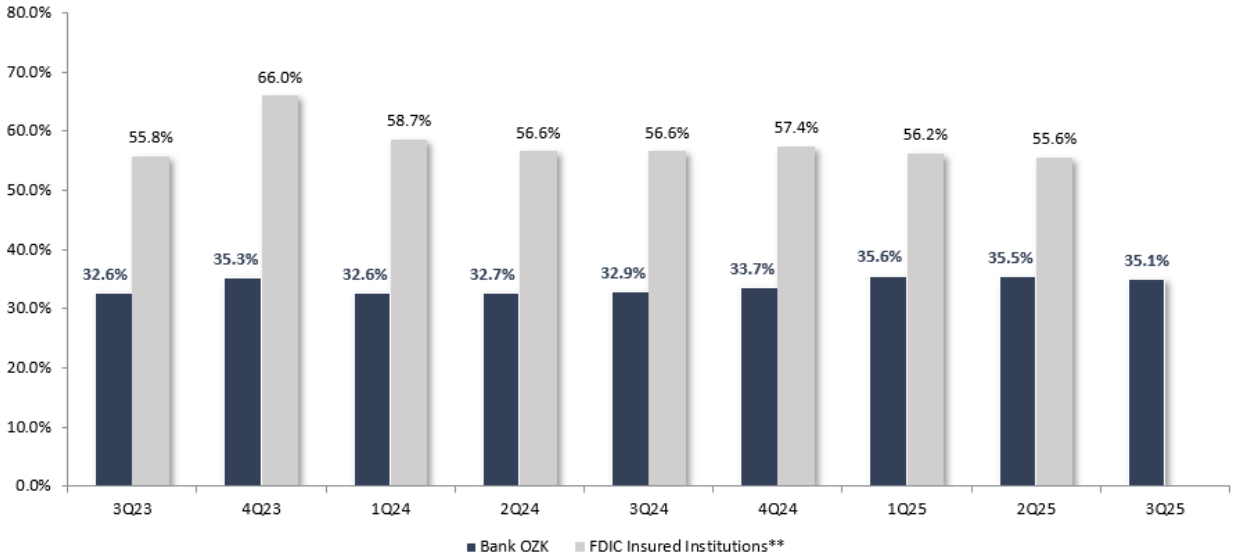
Primary and Secondary Liquidity

We maintain substantial and diverse sources of primary and secondary liquidity. At September 30, 2025 these sources totaled $15.6 billion, consisting of $3.1 billion of cash and cash equivalents, $1.9 billion of unpledged investment securities, $8.8 billion of available FHLB borrowing capacity, $1.2 billion of available unsecured lines of credit and $0.6 billion of Fed discount window borrowing availability.

Efficiency Ratio

Our efficiency ratio was 35.1% for the quarter just ended and 35.4% for the first nine months of 2025. Our efficiency ratio has been in the top decile of the industry for 23 consecutive years.*

Figure 31: Quarterly Efficiency Ratio (%)



** Data from S&P Capital IQ.*
*** Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated second quarter 2025.*

Non-interest Income

Non-interest income for the third quarter of 2025 was $36.1 million, an increase of 7.4% from the third quarter of 2024. For the first nine months of 2025, non-interest income was $102.1 million, an increase of 11.6% from $91.5 million for the first nine months of 2024. Figures 32 and 33, respectively, summarize non-interest income for the most recent five quarters and year-over-year trends for the third quarter of 2025.

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

	For the Three Months Ended				
	9/30/2024	12/31/2024	3/31/2025	6/30/2025	9/30/2025
Deposit-related fees:					
Overdraft fees	$ 3,563	$ 3,488	$ 3,282	$ 3,310	$ 3,588
All other service charges	7,561	7,537	7,224	7,717	7,810
Loan-related fees	6,534	8,786	8,985	7,925	9,181
BOLI income:					
Increase in cash surrender value	5,758	5,807	5,744	5,854	6,011
Death benefit	1,344	-	-	-	335
Trust income	2,529	2,632	2,514	2,946	2,971
Gains on sales of other assets	1,303	582	769	514	1,968
Net gains on investment securities	25	-	-	-	-
Other	4,988	4,110	6,206	3,025	4,213
Total non-interest income	$ 33,605	$ 32,942	$ 34,724	$ 31,291	$ 36,077

Figure 33: Trends in Non-interest Income – 2024 vs. 2025 *($ thousands)*

	For the Three Months Ended			For the Nine Months Ended		
	9/30/2024	9/30/2025	% Change	9/30/2024	9/30/2025	% Change
Deposit-related fees:						
Overdraft fees	$ 3,563	$ 3,588	0.7%	$ 10,354	$ 10,180	-1.7%
All other service charges	7,561	7,810	3.3%	21,958	22,751	3.6%
Loan-related fees	6,534	9,181	40.5%	19,358	26,090	34.8%
BOLI income:						
Increase in cash surrender value	5,758	6,011	4.4%	16,870	17,609	4.4%
Death benefit	1,344	335	-75.1%	1,344	335	-75.1%
Trust income	2,529	2,971	17.5%	6,935	8,431	21.6%
Gains on sales of other assets	1,303	1,968	51.0%	2,835	3,250	14.6%
Net gains on investment securities	25	-	-100.0%	560	-	-100.0%
Other	4,988	4,213	-15.6%	11,257	13,447	19.5%
Total non-interest income	$ 33,605	$ 36,077	7.3%	$ 91,471	$ 102,093	11.6%

During 2025 we have increased resources aimed at growing non-interest income. This new emphasis includes increasing revenue from secondary market mortgage lending, trust and wealth, treasury management and CIB-related fee-generating businesses. We expect these efforts to contribute to an upward trend in non-interest income in 2026 and to be even more evident in 2027 and subsequent years.

Non-interest Expense

Non-interest expense for the third quarter of 2025 was $159.3 million, an increase of 13.5% from the third quarter of 2024. Non-interest expense for the first nine months of 2025 was $459.4 million, an increase of 11.7% from the first nine months of 2024.

We have been very pleased with opportunities provided by the current environment to augment our team with numerous high-quality team members and with our success in identifying and opening strategic new branches. During the quarter just ended, our headcount increased 41 employees to 3,246 FTE employees at September 30, 2025, an increase of 283 FTE employees, or 9.6%, compared to September 30, 2024.

We expect to continue to add high-quality team members to support our anticipated growth. Specifically, we expect our full-year 2025 total non-interest expense to increase approximately 12% to 13% compared to 2024. For the full year of 2026, we expect total non-interest expense to increase approximately 10% to 11% compared to 2025.

Our investment in team members, branches, technology and other infrastructure reflects our expectation for loan growth to increase meaningfully in 2027 and subsequent years following the expected 2025-2026 RESG elevated repayment cycle. Of course, increased loan growth will require additional deposit growth, including from our ongoing branch infrastructure expansion. Our investments also reflect our goal of growing various fee-generating businesses to increase non-interest income.

Figures 34 and 35, respectively, summarize non-interest expense for the most recent five quarters and year-over-year trends for the third quarter and first nine months of 2025.

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

	For the Three Months Ended				
	9/30/2024	12/31/2024	3/31/2025	6/30/2025	9/30/2025
Salaries & employee benefits	$ 75,324	$ 77,719	$ 82,200	$ 86,224	$ 89,954
Net occupancy and equipment	17,380	17,901	18,445	18,677	21,111
Software and data processing	12,851	11,033	9,980	11,121	10,591
Deposit insurance and assessments	6,050	5,975	6,775	6,605	7,581
Professional and outside services	5,511	6,531	6,205	6,360	7,360
Advertising and public relations	6,089	3,702	4,051	4,572	6,351
Other	17,196	17,266	19,298	19,604	16,360
Total non-interest expense	$ 140,401	$ 140,127	$ 146,954	$ 153,163	$ 159,308

Figure 35: Trends in Non-interest Expense – 2024 vs. 2025 *($ thousands)*

	For the Three Months Ended			For the Nine Months Ended		
	9/30/2024	9/30/2025	% Change	9/30/2024	9/30/2025	% Change
Salaries & employee benefits	$ 75,324	$ 89,954	19.4%	$ 218,297	$ 258,378	18.4%
Net occupancy and equipment	17,380	21,111	21.5%	53,775	58,233	8.3%
Software and data processing	12,851	10,591	-17.6%	36,321	31,692	-12.7%
Deposit insurance and assessments	6,050	7,581	25.3%	19,609	20,961	6.9%
Professional and outside services	5,511	7,360	33.6%	17,967	19,925	10.9%
Advertising and public relations	6,089	6,351	4.3%	16,874	14,974	-11.3%
Other expenses	17,196	16,360	-4.9%	48,321	55,262	14.4%
Total non-interest expense	$ 140,401	$ 159,308	13.5%	$ 411,164	$ 459,425	11.7%

Effective Tax Rate

Our effective tax rate was 23.8% for the quarter just ended and was 23.6% for the first nine months of 2025. Assuming no changes in applicable state or federal income tax rates, we expect our effective tax rate for the full year of 2025 to be between 23% and 24% and for the full year of 2026 to be between 23% and 25%.

Stock Repurchase Program

Our current stock repurchase program for up to $200 million of our outstanding common stock, was effective July 1, 2025, and expires on July 1, 2026, unless extended, shortened or suspended by the Board. During the quarter just ended, our purchase price parameters were set at a price that did not result in any share repurchases. The growth in our risk-based capital ratios in the quarter just ended will positively influence our new share repurchase parameters, which will be reset next week, both for price and volume, for the current quarter.

In establishing our parameters for repurchase price and share volume, management considers 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.

Capital and Dividends

Our record earnings in the quarter just ended resulted in increases to our already robust capital ratios. Our strong earnings and earnings retention rate should allow us to continue to maintain robust capital levels providing us significant capacity to grow, add new business lines, increase our dividend, and, as appropriate, repurchase stock and pursue acquisitions.

Figure 36: Regulatory Capital Ratios

	Estimated 9/30/2025 [3]	Regulatory Minimum Required To Be Considered Well Capitalized	Capital in Excess of Well Capitalized Minimum
CET 1 Ratio*	11.55%	6.50%	5.05%
Tier 1 Ratio*	12.30%	8.00%	4.30%
Total RBC Ratio*	14.60%	10.00%	4.60%
Tier 1 Leverage	13.47%	5.00%	8.47%

** Ratios are risk-based*

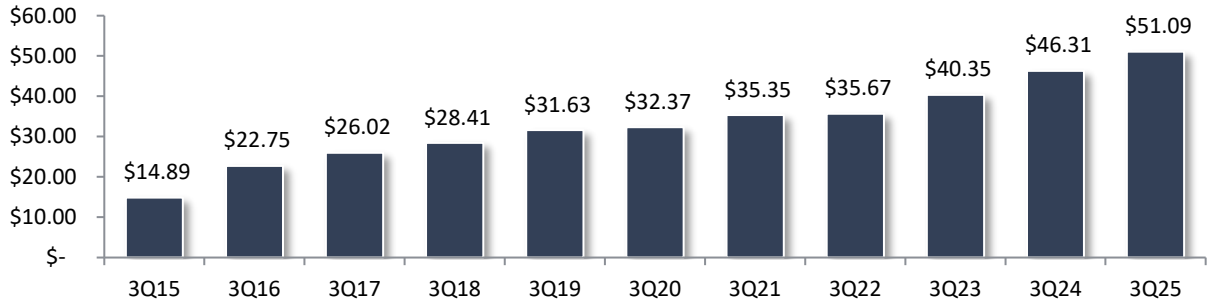
We have increased our common stock cash dividend in each of the last 61 quarters and every year since going public in 1997. We expect that we will continue to increase our common stock cash dividend in future quarters.

[3] Ratios as of September 30, 2025 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 $1.50 or 3.0% not annualized, to $51.09. Over the last four quarters, our book value per common share increased $4.78, or 10.3%. Over the last 10 years, we increased book value per common share by a cumulative 243%, resulting in a compound annual growth rate of 13.1%, as shown in Figure 37.

Figure 37: Book Value per Common Share (Period End)



During the quarter just ended, our tangible book value per common share increased $1.51, or 3.5% not annualized, to $45.23. Over the last four quarters, our tangible book value per common share increased $4.74, or 11.7%. Over the last 10 years, we increased tangible book value per common share by a cumulative 245%, resulting in a compound annual growth rate of 13.2%, as shown in Figure 38.

Figure 38: 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

During the third quarter we achieved record net income, record EPS, record net interest income, meaningful growth in capital ratios and solid asset quality. Our strong results for the first nine months of the year put us in a great position to achieve record results for the full year.

While next year will likely bring its own unique challenges and opportunities, our talented and veteran team has proven its ability to deliver strong results in various macroeconomic environments. Our goal each year is to improve upon the results from the previous year, and our goal for 2026 is to once again achieve record net income and EPS.

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 *		Nine Months Ended*	
	9/30/2024	9/30/2025	9/30/2024	9/30/2025
Net Income Available To Common Stockholders	$ 177,147	$ 180,533	$ 522,134	$ 527,377
Average Stockholders' Equity Before Noncontrolling Interest	5,502,526	5,997,434	5,348,540	5,881,686
Less Average Preferred Stock	(338,980)	(338,980)	(338,980)	(338,980)
Total Average common stockholders' equity	5,163,546	5,658,454	5,009,560	5,542,706
Less Goodwill	(660,789)	(660,789)	(660,789)	(660,789)
Average Tangible Common Stockholders' Equity	$ 4,502,757	$ 4,997,665	$ 4,348,771	$ 4,881,917
Return On Average Common Stockholders' Equity	13.65%	12.66%	13.92%	12.72%
Return On Average Tangible Common Stockholders' Equity	15.65%	14.33%	16.04%	14.44%

* Ratios for interim periods annualized based on actual days

Calculation of Pre-Tax Pre-Provision Net Revenue

Unaudited (Dollars in Thousands)

	Three Months Ended		Nine Months Ended	
	9/30/2024	9/30/2025	9/30/2024	9/30/2025
Net income available to common stockholders	$ 177,147	$ 180,533	$ 522,134	$ 527,377
Preferred stock dividends	4,047	4,047	12,141	12,141
Earnings attributable to noncontrolling interest	12	(6)	22	31
Provision for income taxes	54,953	57,740	161,958	166,288
Provision for credit losses	46,443	48,314	138,378	121,945
Pre-tax pre-provision net revenue	$ 282,602	$ 290,628	$ 834,633	$ 827,782

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 September 30,					
	2015	2016	2017	2018	2019	2020
Total stockholders' equity before noncontrolling interest	$ 1,314,517	$ 2,756,346	$ 3,334,740	$ 3,653,596	$ 4,078,324	$ 4,186,285
Less preferred stock	-	-	-	-	-	-
Total common stockholders' equity	1,314,517	2,756,346	3,334,740	3,653,596	4,078,324	4,186,285
Less intangible assets:						
Goodwill	(128,132)	(657,806)	(660,789)	(660,789)	(660,789)	(660,789)
Core deposit and other intangibles, net of accumulated amortization	(28,624)	(64,347)	(51,396)	(38,817)	(26,608)	(16,462)
Total intangibles	(156,756)	(722,153)	(712,185)	(699,606)	(687,397)	(677,251)
Total tangible common stockholders' equity	$ 1,157,761	$ 2,034,193	$ 2,622,555	$ 2,953,990	$ 3,390,927	$ 3,509,034
Common shares outstanding (thousands)	88,265	121,134	128,174	128,609	128,946	129,342
Book value per common share	$ 14.89	$ 22.75	$ 26.02	$ 28.41	$ 31.63	$ 32.37
Tangible book value per common share	$ 13.12	$ 16.79	$ 20.46	$ 22.97	$ 26.30	$ 27.13

	As of September 30,					As of
	2021	2022	2023	2024	2025	June 30, 2025
Total stockholders' equity before noncontrolling interest	$ 4,553,240	$ 4,539,424	$ 4,903,504	$ 5,592,859	$ 6,093,406	$ 5,924,875
Less preferred stock	-	(338,980)	(338,980)	(338,980)	(338,980)	(338,980)
Total common stockholders' equity	4,553,240	4,200,444	4,564,524	5,253,879	5,754,426	5,585,895
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	(9,791)	(3,943)	-	-	-	-
Total intangibles	(670,580)	(664,732)	(660,789)	(660,789)	(660,789)	(660,789)
Total tangible common stockholders' equity	$ 3,882,660	$ 3,535,712	$ 3,903,735	$ 4,593,090	$ 5,093,637	$ 4,925,106
Common shares outstanding (thousands)	128,818	117,762	113,136	113,450	112,628	112,641
Book value per common share	$ 35.35	$ 35.67	$ 40.35	$ 46.31	$ 51.09	$ 49.59
Tangible book value per common share	$ 30.14	$ 30.02	$ 34.50	$ 40.49	$ 45.23	$ 43.72

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)

	September 30, 2025
Total stockholders' equity before noncontrolling interest	$ 6,093,406
Less preferred stock	(338,980)
Total common stockholders' equity	5,754,426
Less Goodwill	(660,789)
Total tangible common stockholders' equity	$ 5,093,637
Total assets	$ 41,606,548
Less Goodwill	(660,789)
Total tangible assets	40,945,759
Ratio of total common stockholders' equity to total assets	13.83%
Ratio of total tangible common stockholders' equity to total tangible assets	12.44%

APPENDIX B

Risk Categories

($ in thousands)

	Pass	Special Mention	Substandard Accrual	Substandard Nonaccrual	Total
September 30, 2025:					
Real Estate:					
Construction/land development	$ 8,408,799	$ 2,389	$ 33,004	$ 45,764	$ 8,489,956
Other commercial real estate	8,286,014	322,392	242,643	61,358	8,912,407
Multifamily residential	3,791,174	-	64	576	3,791,814
Residential 1-4 family [(1)]	1,568,544	8,680	-	29,217	1,606,441
Agricultural	315,907	1,387	-	705	317,999
Total real estate	22,370,438	334,848	275,711	137,620	23,118,617
Consumer [(1)]	4,217,103	6,570	-	8,667	4,232,340
Commercial and industrial	2,825,994	9,707	31,379	3,455	2,870,535
Other [(1)]	2,568,535	-	56,088	-	2,624,623
Total loans	$ 31,982,070	$ 351,125	$ 363,178	$ 149,742	$ 32,846,115

	Pass	Special Mention	Substandard Accrual	Substandard Nonaccrual	Total
June 30, 2025:					
Real Estate:					
Construction/land development	$ 8,578,760	$ 6,439	$ 98,085	$ 1,663	$ 8,684,947
Other commercial real estate	7,982,103	603,304	1,287	13,192	8,599,886
Multifamily residential	4,335,683	-	71	349	4,336,103
Residential 1-4 family [(1)]	1,492,619	8,147	2	27,406	1,528,174
Agricultural	305,157	560	-	204	305,921
Total real estate	22,694,322	618,450	99,445	42,814	23,455,031
Consumer [(1)]	4,008,304	5,515	-	8,134	4,021,953
Commercial and industrial	2,292,778	6,882	29,172	1,311	2,330,143
Other [(1)]	3,135,593	-	56,048	6,286	3,197,927
Total loans	$ 32,130,997	$ 630,847	$ 184,665	$ 58,545	$ 33,005,054

(1) The Bank considers its residential 1-4 family loans (including consumer construction loans and 1-4 family properties), consumer loans, and certain small business 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 to 89 days past due or (iii) substandard – if they are nonperforming or 90 days or more past due.