MANAGEMENT COMMENTS FOR THE THIRD QUARTER & FIRST NINE MONTHS OF 2021

OCTOBER 21, 2021

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 delays in identifying satisfactory sites, hiring or retaining qualified personnel, obtaining regulatory or other approvals, obtaining permits and designing, constructing and opening new offices or relocating, selling or closing existing offices; the ability to enter into and/or close additional 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 or acquired 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; the potential impact of the phase-out of the London Interbank Offered Rate ("LIBOR") or other changes involving LIBOR; competitive factors and pricing pressures, including their effect on 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; changes in legal, financial and/or regulatory requirements; recently enacted and potential legislation and regulatory actions and the costs and expenses to comply with new and/or existing legislation and regulatory actions, including those actions in response to the coronavirus ("COVID-19") pandemic such as the Coronavirus Aid, Relief and Economic Security Act, the Consolidated Appropriations Act of 2021, the American Rescue Plan Act of 2021, and any similar or related laws, rules and regulations; the impact of any future federal government shutdown and uncertainty regarding the federal government's debt limit or changes in U.S. government monetary and fiscal policy; FDIC special assessments or changes to regular assessments; the ability to keep pace with technological changes, including changes regarding maintaining cybersecurity; the impact of failure in, or breach of, our operational or security systems or infrastructure, or those of third parties with whom we do business, including as a result of cyber-attacks or an increase in the incidence or severity of fraud, illegal payments, security breaches or other illegal acts impacting the Bank or its customers; natural disasters or acts of war or terrorism; the adverse effects of the ongoing global COVID-19 pandemic, including the duration of the pandemic and actions taken to contain or treat COVID-19, on the Bank, the Bank's customers, the Bank's staff, the global economy and the financial markets; potential impact of supply chain disruptions; national, international or political instability; impairment of our goodwill or other intangible assets; 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, 2020 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.

Summary

We are pleased to report our results for the third quarter of 2021. Highlights of the quarter include:

- ***Strong Net Income.*** Our $130.3 million of net income and our $1.00 of diluted earnings per common share for the quarter just ended were among our best quarterly results ever.
- ***Record Net Interest Income and Further Improvement in Core Spread and Net Interest Margin.*** Our net interest income for the quarter was a record $248.0 million, an increase of $23.3 million, or 10.4%, from the third quarter of 2020, and a $7.2 million, or 3.0% not annualized, increase from the level achieved in the second quarter of 2021. In the quarter just ended, our core spread, which is how we describe the difference between our yield on non-purchased loans and our cost of interest bearing deposits ("COIBD"), increased 81 and six basis points ("bps"), respectively, compared to the third quarter of 2020 and second quarter of 2021. Likewise, our net interest margin increased 47 and 21 bps, respectively, from the third quarter of 2020 and second quarter of 2021.
- ***Excellent Asset Quality.*** Our focus on asset quality was again evident, as reflected in our annualized net charge-off ratios for the quarter just ended of 0.04% for non-purchased loans and 0.03% for total loans. Our September 30, 2021 ratios of nonperforming non-purchased loans to total non-purchased loans and nonperforming assets to total assets[1] were just 0.20% and 0.17%, respectively.
- ***Efficiency Among the Industry's Best.*** Our efficiency ratio for the quarter was 40.1%.
- ***Increased Origination Volume.*** Our Real Estate Specialties Group ("RESG") closed $2.21 billion of new loans during the quarter, which was the highest level of RESG originations since the fourth quarter of 2017. This contributed to the $0.68 billion increase in our unfunded loan commitments to $12.39 billion as of September 30, 2021, which was our highest quarter-end balance since March 31, 2018.
- ***Dividend Growth.*** We recently increased our regular quarterly dividend for the 45th consecutive quarter.
- ***Subordinated Debt.*** On September 16, 2021, we issued $350 million of 2.75% Fixed-to-Floating Rate Subordinated Notes Due 2031 (the "2.75% Notes"), which replaced our previously outstanding $225 million of 5.50% Subordinated Notes Due 2026 (the "5.50% Notes"), that we redeemed on July 1. These transactions should result in annual pre-tax interest savings of approximately $2.3 million, while also providing us an additional $125 million of Tier 2 capital.
- ***Multiple Options for Increasing Shareholder Value.*** Our combination of strong earnings and robust capital gives us great optionality to increase shareholder value. Options for deploying our excess capital include organic loan growth, adding new business lines, continuing to increase our cash dividend, financially attractive acquisitions for cash or some combination of cash and stock, and continued stock repurchases pursuant to our stock repurchase program.

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[1] Excludes purchased loans, except for their inclusion in total assets.

Profitability and Earnings Metrics

Net income for the third quarter of 2021 was $130.3 million, a 19.3% increase from $109.3 million for the third quarter of 2020. Diluted earnings per common share for the third quarter of 2021 were $1.00, a 19.0% increase from $0.84 for the third quarter of 2020. For the nine months ended September 30, 2021, net income was $429.2 million, a 150% increase from $171.4 million for the first nine months of 2020. Diluted earnings per common share for the first nine months of 2021 were $3.30, a 150% increase from $1.32 for the first nine months of 2020.

Our results for the first nine months of 2020 reflected the substantial build of our allowance for credit losses ("ACL") associated with the COVID-19 pandemic and the related actual and expected economic impacts at that time, and our results for the first nine months of 2021 reflect some release of our ACL as a result of improved economic conditions and prospects for improvement in the U.S. economy.

Our annualized return on average assets was 1.98% for the third quarter of 2021 compared to 1.63% for the third quarter of 2020. Our annualized returns on average common stockholders' equity and average tangible common stockholders' equity[2] for the third quarter of 2021 were 11.41% and 13.39%, respectively, compared to 10.48% and 12.52%, respectively, for the third quarter of 2020. Our annualized returns on average assets, average common stockholders' equity, and average tangible common stockholders' equity for the first nine months of 2021 were 2.15%, 12.98%, and 15.31%, respectively, compared to 0.90%, 5.55%, and 6.65%, respectively, for the first nine months of 2020.

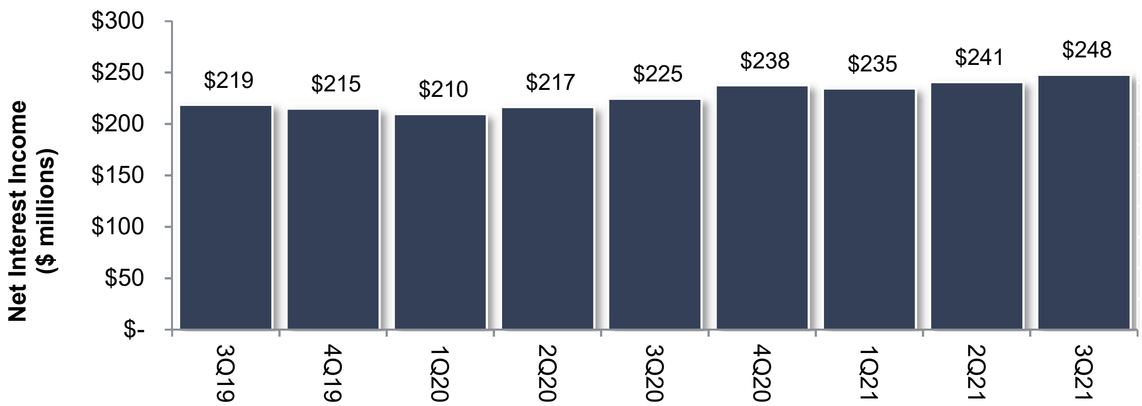
[2] The calculation of the Bank's return on average tangible common stockholders' equity and the reconciliation to generally accepted accounting principles ("GAAP") are included in the schedule at the end of this presentation.

Net Interest Income

Net interest income is our largest category of revenue. It is affected by many factors, including our volume and mix of earning assets; volume and mix of deposits and other liabilities; net interest margin; core spread; and other factors.

As shown in Figure 1 below, our net interest income for the third quarter of 2021 was a record $248.0 million, a $23.3 million, or 10.4%, increase from the third quarter of 2020, and a $7.2 million, or 3.0% not annualized, increase from the second quarter of 2021. In the quarter just ended, our core spread increased 81 bps and six bps, respectively, compared to the third quarter of 2020 and second quarter of 2021. This helped offset the effect of the high level of net loan repayments in recent quarters.

Figure 1: Quarterly Net Interest Income

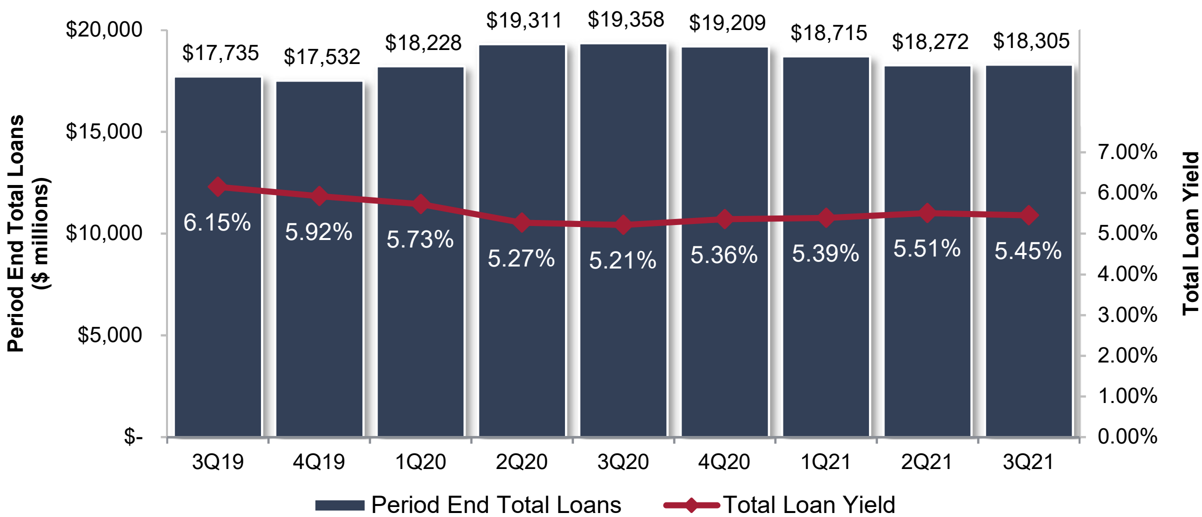


Average Earning Assets – Volume and Mix

Our average earning assets for the quarter just ended totaled $23.7 billion, a 2.9% decrease from $24.4 billion for the third quarter of 2020, and a 3.6% decrease from $24.6 billion for the second quarter of 2021. Average earning assets were $24.4 billion for the first nine months of 2021, a 5.4% increase from $23.1 billion for the first nine months of 2020.

Loans are the largest part of our earning assets. Our outstanding balance of total loans at September 30, 2021 decreased $1.05 billion, or 5.4%, from September 30, 2020, but increased $0.03 billion, or 0.2% not annualized, from June 30, 2021, as illustrated in Figure 2. For the first nine months of 2021, our outstanding balance of total loans decreased $0.90 billion, or 4.7% not annualized. Pandemic-related delays during 2020 pushed the completion, sale and refinancing of many real estate projects into 2021, which contributed to loan growth in 2020 but has been a significant factor in the high level of net repayments of non-purchased loans this year.

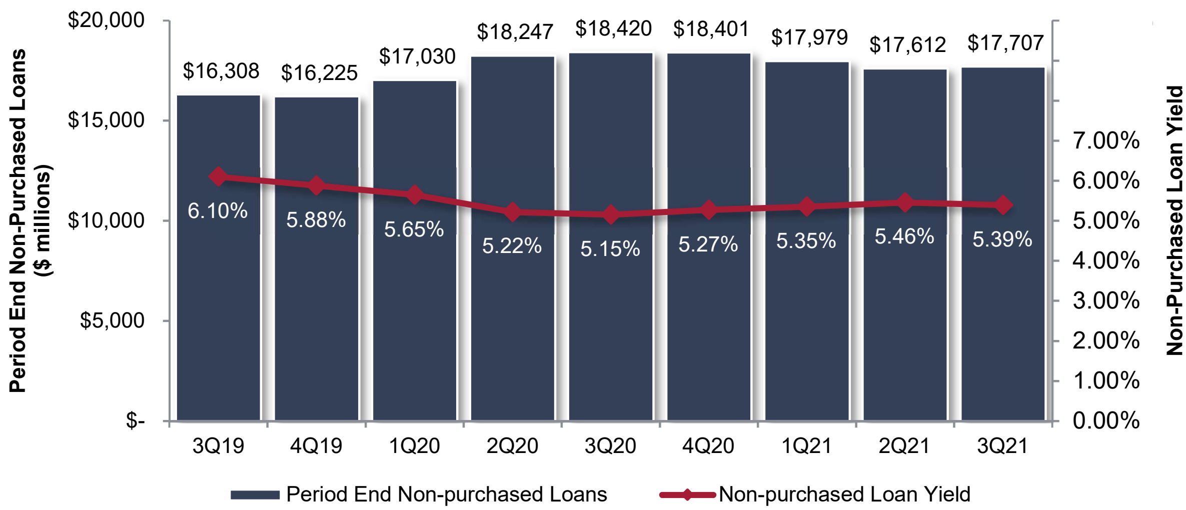
Figure 2: Total Loan Balances and Yields



Non-purchased Loans

Non-purchased loans, which are all loans excluding the remaining loans from our 15 acquisitions, accounted for 96.6% of our average total loans and 74.0% of our average earning assets in the quarter just ended. Non-purchased loans at September 30, 2021 decreased $0.71 billion, or 3.9%, as compared to September 30, 2020, but increased by $0.10 billion, or 0.5% not annualized, as compared to June 30, 2021, as illustrated in Figure 3. For the first nine months of 2021, our outstanding balance of non-purchased loans decreased $0.69 billion, or 3.8% not annualized.

Figure 3: Non-Purchased Loan Balances and Yields



In the third quarter of 2021, our yield on non-purchased loans was 5.39%, an increase of 24 bps from the third quarter of 2020, but a decrease of seven bps from the second quarter of 2021. For the first nine months of 2021 our yield on non-purchased loans was 5.40%, an increase of seven bps from the first nine months of 2020. During the first nine months of 2021, we benefitted from recognition of previously deferred fees on prepayments of loans originated under the Small Business Administration's ("SBA") Paycheck Protection Program ("PPP") and favorable levels of collection of minimum interest and other interest income resulting from loan repayments and short-term extensions. Due to the current interest rate and competitive environment, most of our recently originated loans have contractual interest rates that are lower than the 5.39% yield on non-purchased loans for the quarter just ended. We expect this will contribute to lower non-purchased loan yields in the future, and particularly in future years.

Our Real Estate Specialties Group accounted for 64% of the funded balance of non-purchased loans as of September 30, 2021. RESG's funded balance of non-purchased loans increased $0.12 billion during the quarter just ended, but decreased $0.31 billion during the first nine months of 2021. Figures 4 and 5 reflect the changes in the funded balance of RESG loans for third quarter and first nine months 2021, respectively.

Figure 4: Activity in RESG Funded Balances – 3Q21 ($ billions)

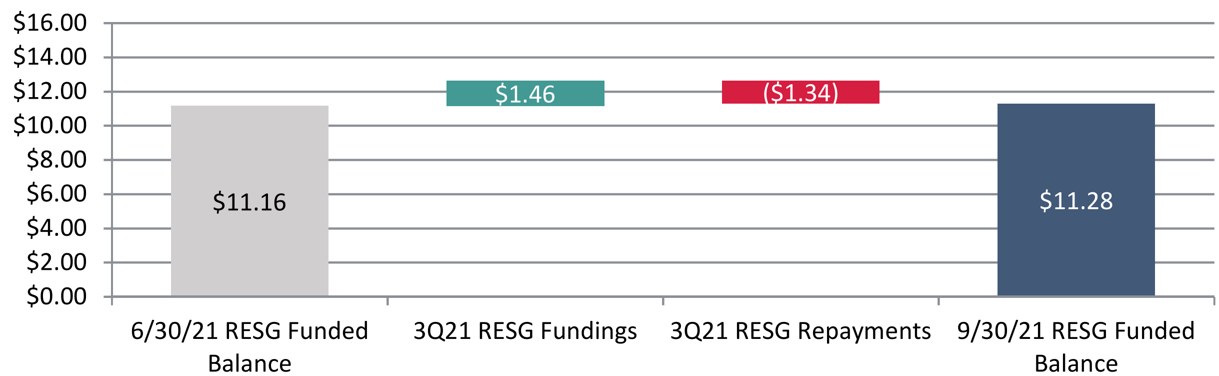


Figure 5: Activity in RESG Funded Balances – 9M21 ($ billions)

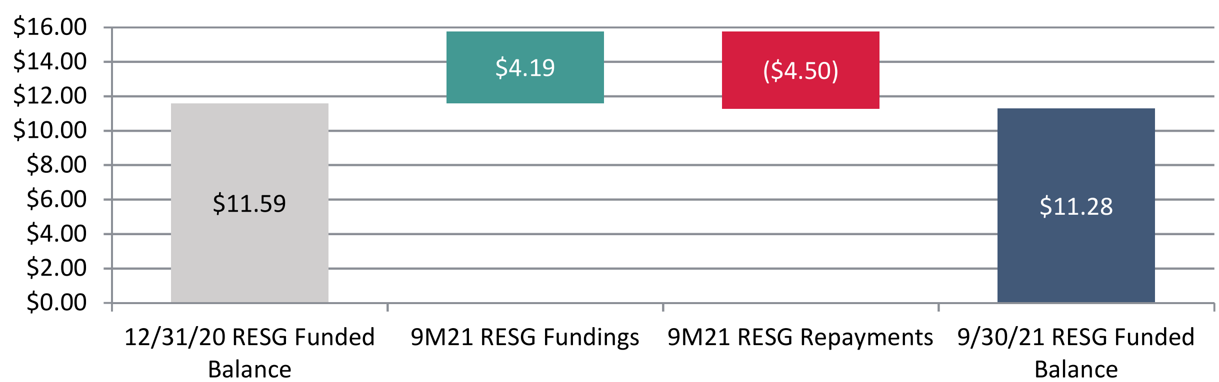


Figure 6 shows RESG's loan repayments for each of the last 23 quarters. Such repayments were restrained for much of 2020 by the various impacts of the COVID-19 pandemic. RESG loan repayments in the quarter just ended were $1.34 billion, down from each of the first two quarters of 2021, but still above the quarterly repayment levels of 2020. RESG loan repayments for the first nine months of 2021 were $4.50 billion, up substantially from $2.34 billion in the first nine months of 2020. As we have previously stated, we expect RESG loan repayments in 2021 will likely be above the record annual $5.67 billion level in 2019, making RESG loan repayments a meaningful headwind to 2021 loan growth.

Figure 6: RESG Quarterly Loan Repayments
($ billions)

	Q1	Q2	Q3	Q4	Total*
FY2016	$0.21	$0.41	$0.69	$0.48	$1.79
FY2017	$0.57	$0.98	$0.87	$1.45	$3.86
FY2018	$0.79	$1.40	$1.52	$1.11	$4.82
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		$4.50

**9M21 Not Annualized*

Based on current estimates, we anticipate RESG loan repayments in the fourth quarter of 2021 will again be meaningful, possibly resulting in negative RESG and total loan growth for the quarter. Some loan repayments previously expected to occur in the third quarter of 2021 have pushed into the fourth quarter of 2021. However, we expect to resume positive loan growth for RESG and total loans during 2022.

The level of repayments may vary substantially from quarter to quarter and may have an outsized impact in one or more quarters.

Figure 7 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 7: RESG Origination and Repayment Trends by Year of Origination *(Total Commitment)*

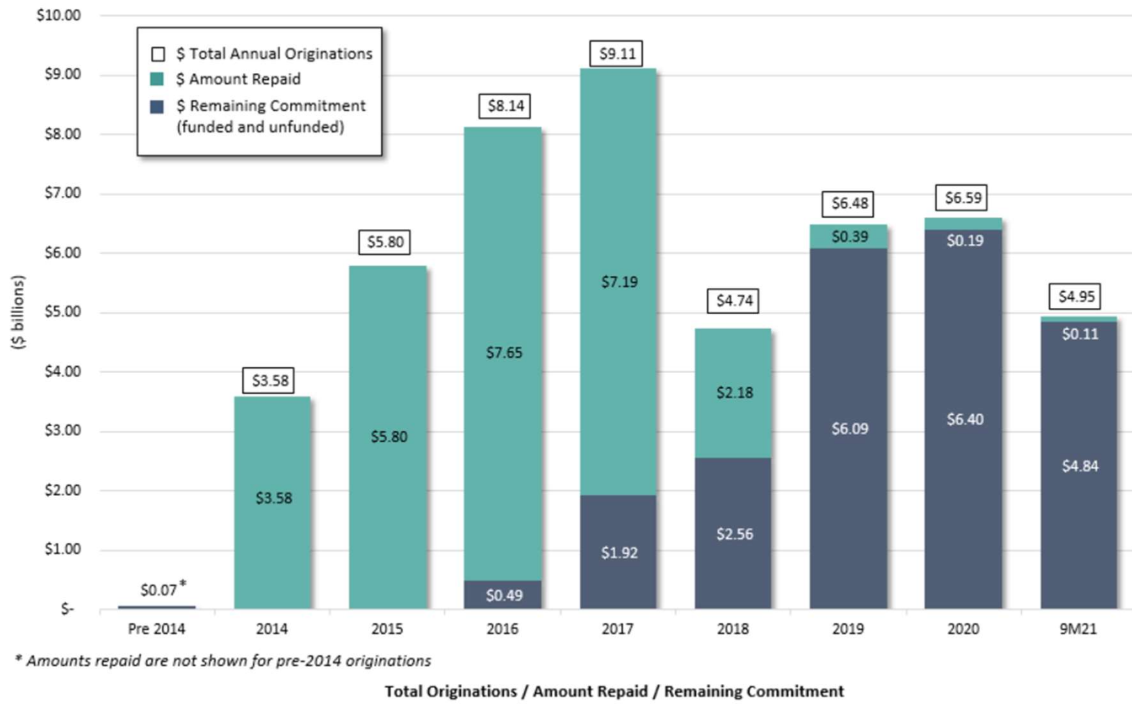


Figure 8 shows RESG's loan originations for each of the last 23 quarters. RESG loan originations for the third quarter of 2021 totaled $2.21 billion, which was the highest quarterly origination volume since the fourth quarter of 2017. The average size of the 23 RESG loans closed in the quarter just ended was $96 million, reflecting a positive trend in loan size as compared to recent quarters. For the first nine months of 2021, RESG loan originations totaled $4.95 billion, with an average loan size of $70 million.

Figure 8: RESG Quarterly Loan Originations ($ billions)

	Q1	Q2	Q3	Q4	Total
FY2016	$1.81	$1.98	$1.79	$2.56	$8.14
FY2017	$2.30	$2.04	$2.21	$2.56	$9.11
FY2018	$1.00	$1.19	$1.47	$1.08	$4.74
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		$4.95

**9M21 Not Annualized*

We are very pleased with the job our RESG team is doing in finding good loan opportunities in a highly competitive environment. We currently have a strong pipeline, which makes us cautiously optimistic about our potential loan origination volume in the fourth quarter of 2021 and in 2022. RESG's origination volume may vary significantly from quarter to quarter and may be impacted by economic conditions, competition or other factors.

At September 30, 2021, RESG accounted for 89% of our $12.39 billion of unfunded balance of loans already closed. Figures 9 and 10 reflects the changes in the unfunded balance of our loans already closed, both RESG and others, for the third quarter and the first nine months of 2021, respectively. The total unfunded balance increased by approximately $0.68 billion during the third quarter of 2021, and increased by approximately $0.54 billion during the first nine months of 2021. Future quarterly changes in this unfunded balance will vary based on a variety of factors.

Figure 9: Activity in Unfunded Balances – 3Q21 ($ billions)

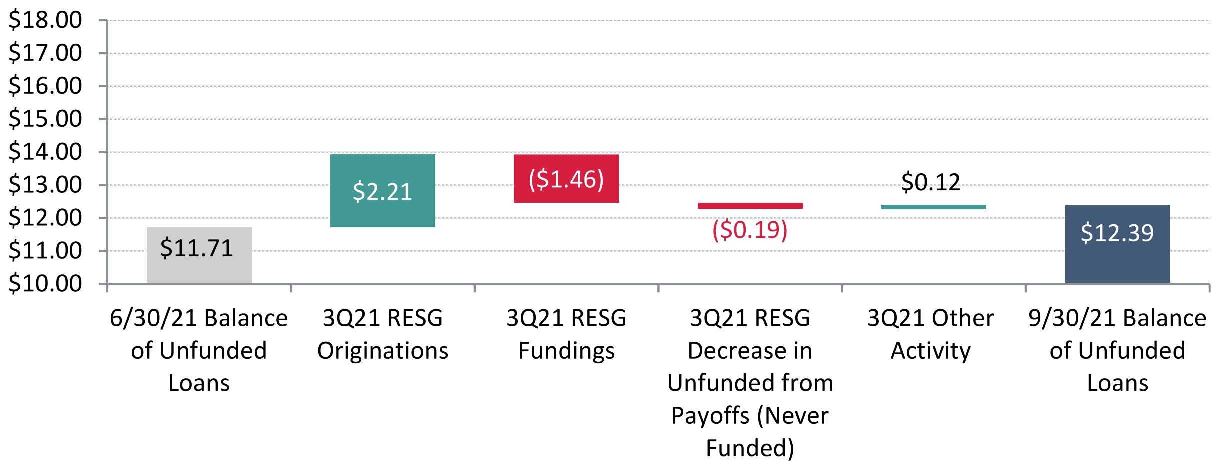
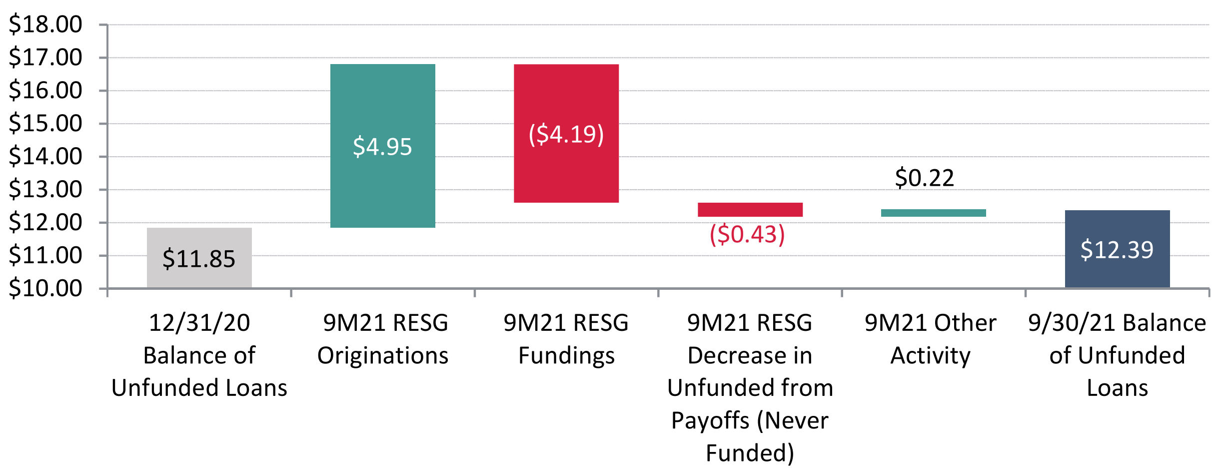


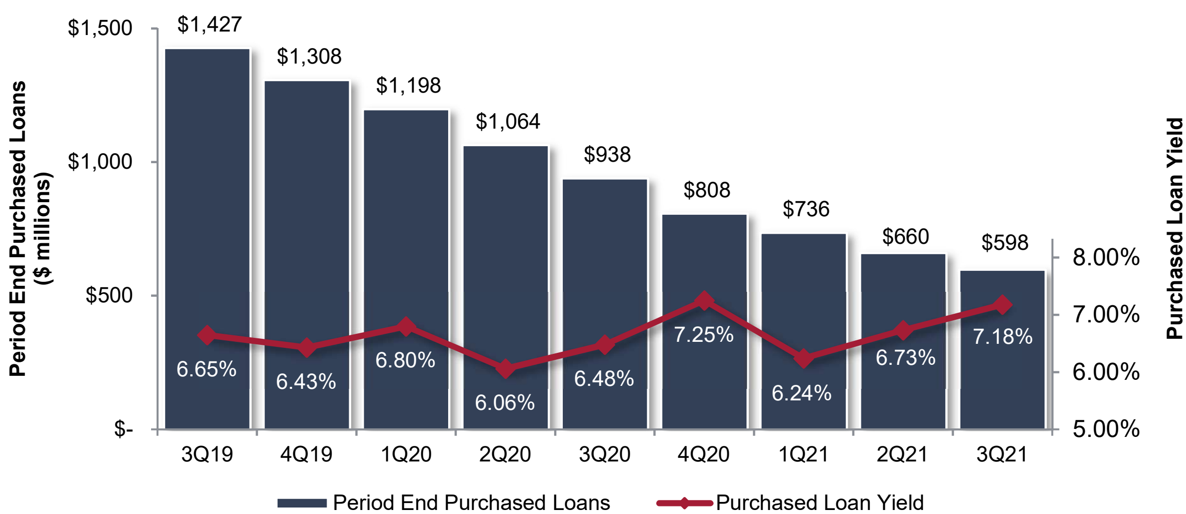
Figure 10: Activity in Unfunded Balances – 9M21 ($ billions)



Purchased Loans

Purchased loans, which are the remaining loans from our 15 acquisitions, accounted for 3.4% of average total loans and 2.6% of our average earning assets in the quarter just ended. During the quarter, our purchased loan portfolio decreased $0.06 billion, or 9.4% not annualized, to $0.60 billion at September 30, 2021. For the first nine months of 2021, our purchased loan portfolio decreased by $0.21 billion, or 26.0% not annualized. Purchased loan runoff will continue to be a headwind to total loan growth, although the impact of this runoff is diminishing with the decrease in the size of this portfolio. Figure 11 shows our recent purchased loan portfolio trends.

Figure 11: Purchased Loan Balances and Yields

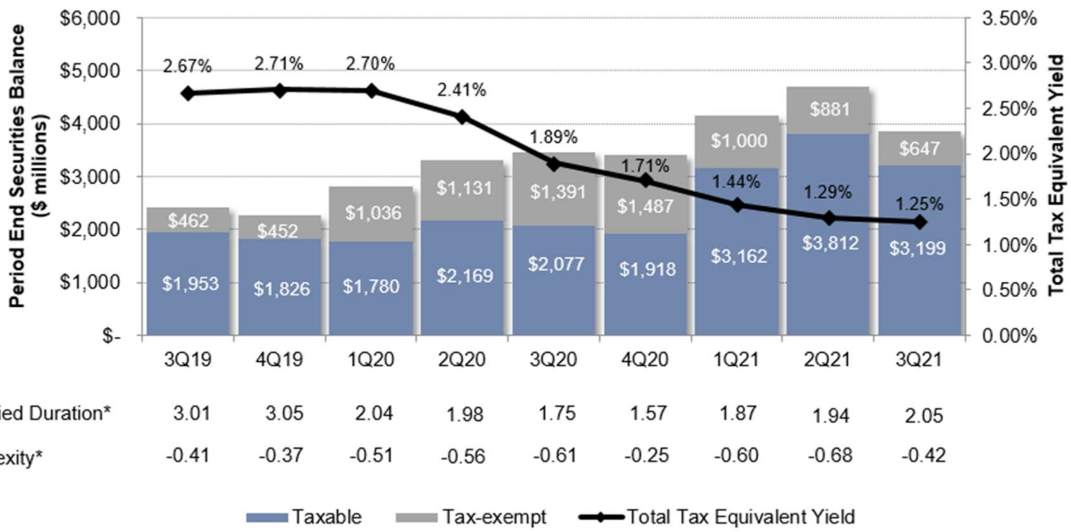


In the third quarter of 2021, our yield on purchased loans was 7.18%, an increase of 70 bps from the third quarter of 2020, and an increase of 45 bps from the second quarter of 2021. For the first nine months of 2021, our yield on purchased loans was 6.69%, a 23 bps increase from the first nine months of 2020.

Investment Securities

At September 30, 2021, our investment securities portfolio was $3.85 billion, which was a decrease of $0.85 billion, or 18.0% not annualized, as compared to June 30, 2021, but an increase of $0.44 billion, or 13.0% not annualized, as compared to December 31, 2020, as illustrated in Figure 12. As our liquidity position has increased, we have purchased high-quality, mostly very short-term securities, which have relatively low yields reflective of their quality and short-term nature. As shown below, this, among other factors, has had a dilutive effect on our investment portfolio yield over the past six quarters, and, in turn, a dilutive effect on our net interest margin. In the third quarter of 2021, the yield on our investment portfolio, on a fully taxable equivalent basis, was 1.25%, a decrease of 64 bps and four bps, respectively, from the third quarter of 2020 and from the second quarter of 2021. Reflecting current interest rate and market conditions, we expect further declines, if any, in the yield of our investment portfolio in the coming quarters to be minimal.

Figure 12: Investment Portfolio Balances and Yields



** Modified duration and convexity data as of the end of each respective quarter.*

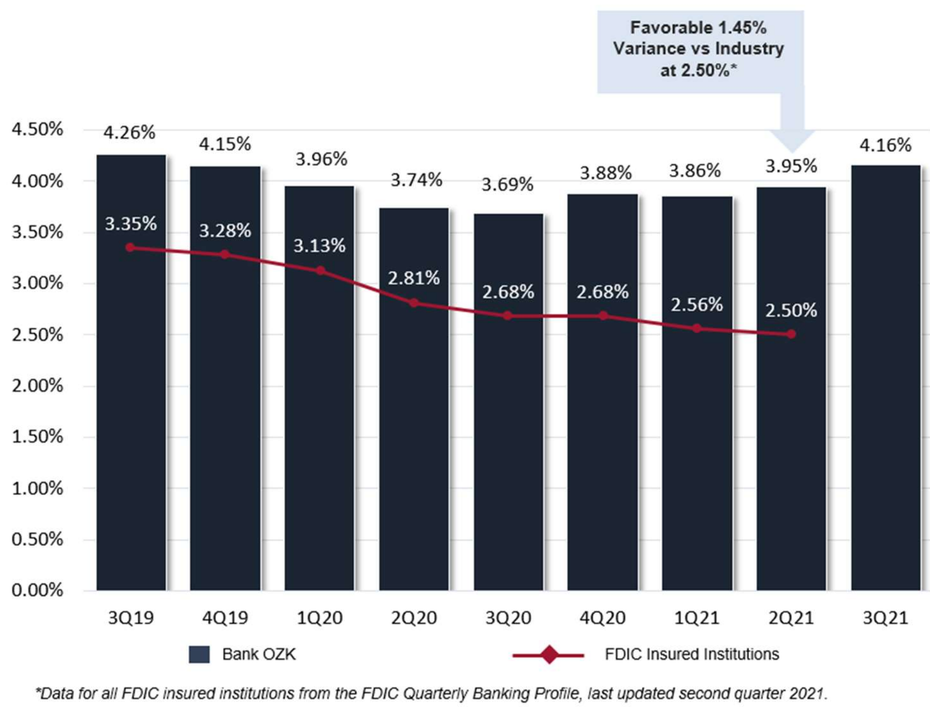
During the quarter just ended, our investment securities portfolio declined $0.85 billion from June 30, 2021 as we did not find many compelling investment opportunities and had significant paydowns, calls and maturities. We may increase or decrease our investment securities portfolio in future quarters based on changes in our liquidity position, prevailing market conditions and other factors. Early in the fourth quarter of 2021, we added another veteran investment portfolio officer to our already accomplished investment team. This addition is intended to help us capitalize on additional investment and trading opportunities.

Net Interest Margin

Our net interest margin was 4.16% for the quarter just ended, an increase of 47 bps and 21 bps, respectively, from the third quarter of 2020 and second quarter of 2021. In addition to the factors previously mentioned which affected our loan yields and net interest margin, in the first nine months of 2021, we held increased amounts of liquidity in the form of cash balances and very short-term securities, which had a dilutive impact on our net interest margin.

We continue to outperform the industry on net interest margin, as shown in Figure 13. In fact, in the second quarter of 2021, the latest quarter for which comparative data is available, our net interest margin outperformed the industry by 145 bps.

Figure 13: Quarterly Net Interest Margin (%)



As previously discussed, on July 1, 2021, we redeemed all of our outstanding 5.50% Notes, and, on September 16, 2021, we issued $350 million of 2.75% Notes. The 2.75% Notes were outstanding for only 15 days of the quarter just ended. If the 2.75% Notes had been outstanding for the entire quarter, our net interest margin would have been lower by approximately three bps.

Non-purchased Loan Yield

As previously shown in Figure 3, our yield on non-purchased loans was 5.39% for the quarter just ended, up 24 bps from the third quarter of 2020, but down seven basis points from the second quarter of 2021.

As of September 30, 2021, we had outstanding $0.15 billion of SBA PPP loans (previously identified as our PPP1 and PPP2 loans) which have a contractual interest rate of 1%. During the quarter just ended, we recognized $2.5 million of previously un-accreted net deferred fees from $0.11 billion of PPP loans that received forgiveness and paid off, which contributed approximately six bps to our yield on non-purchased loans in the third quarter of 2021. During the first nine months of 2021, we recognized $8.7 million of previously un-accreted net deferred fees from $0.42 billion of PPP loans that received forgiveness and paid off, which contributed approximately seven bps to our yield on non-purchased loans in the first nine months of 2021. As of September 30, 2021, we had $4.7 million of un-accreted net deferred fees associated with the remaining $0.15 billion balance of our PPP loans. While the timing for the forgiveness or repayment of our remaining PPP loans may vary, our current expectation is that the vast majority of such loans will be forgiven and repaid during the remainder of 2021 and in 2022. While the recognition of deferred fees from repayment of PPP loans has had a positive impact on our net interest margin in 2021 (approximately five bps year-to-date), that benefit will diminish in 2022.

Variable Rate Loans

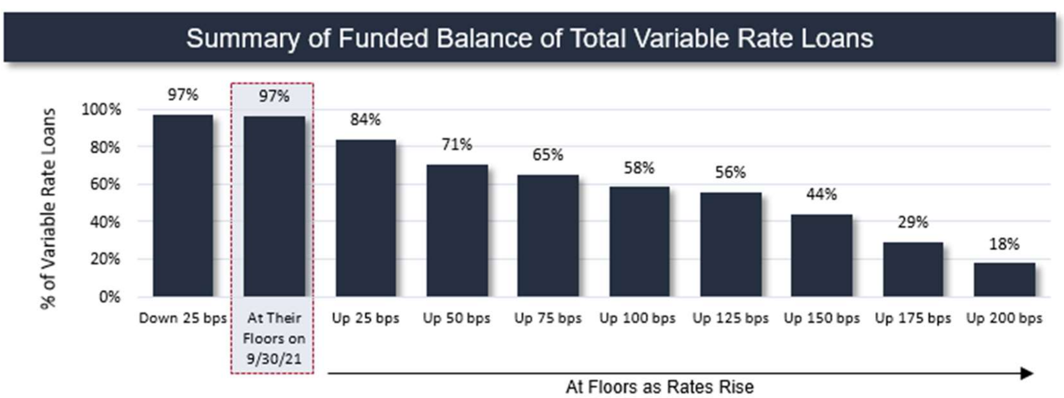
At September 30, 2021, 79% of our funded balance of non-purchased loans and 34% of our funded balance of purchased loans had variable rates. As shown in Figure 14, at September 30, 2021, 83.3% of our total funded balance of variable rate loans were tied to 1-month LIBOR, 0.3% were tied to 3-month LIBOR and 14.9% were tied to WSJ Prime.

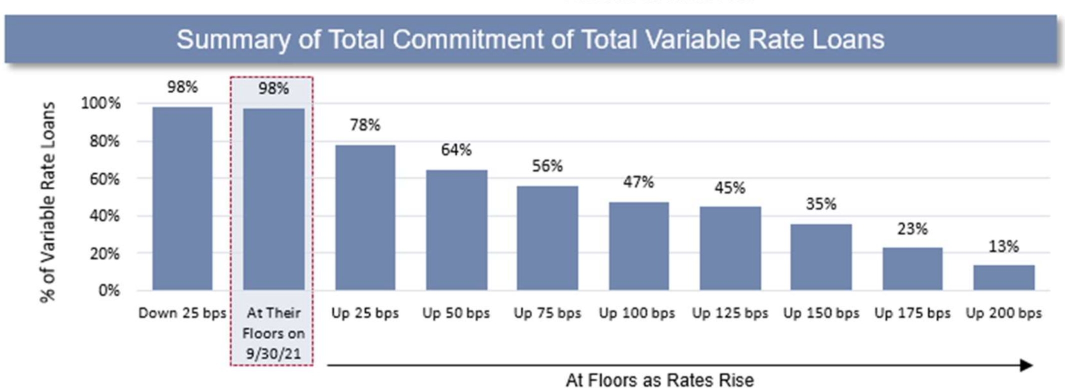
Figure 14: Summary of Funded Balance of Variable Rate Loan Indexes as of September 30, 2021

% of Variable Rate Non-Purchased Loan Portfolio Tied to Index		% of Variable Rate Purchased Loan Portfolio Tied to Index		% of Variable Rate Total Loan Portfolio Tied to Index	
1-Month LIBOR	84.2%	1-Month LIBOR	19.6%	1-Month LIBOR	83.3%
3-Month LIBOR	0.3%	3-Month LIBOR	0.0%	3-Month LIBOR	0.3%
WSJ PRIME	14.4%	WSJ PRIME	51.7%	WSJ PRIME	14.9%
Other	1.1%	Other	28.7%	Other	1.5%

At September 30, 2021, 99% of our funded variable rate total loans (non-purchased and purchased) had floor rates. As of September 30, 2021, 97% of the funded balance of total loans in our variable rate loan portfolio were at their floors, and 98% of the total commitment of variable rate loans were at their floors. Figure 15 illustrates the volume of our funded balance and our total commitments, respectively, of total variable rate loans that would be expected to be at their floors with future moves, either up or down, in interest rates.

Figure 15: Impact of Variable Rate Loan Floors (Funded Balance and Total Commitment) at September 30, 2021

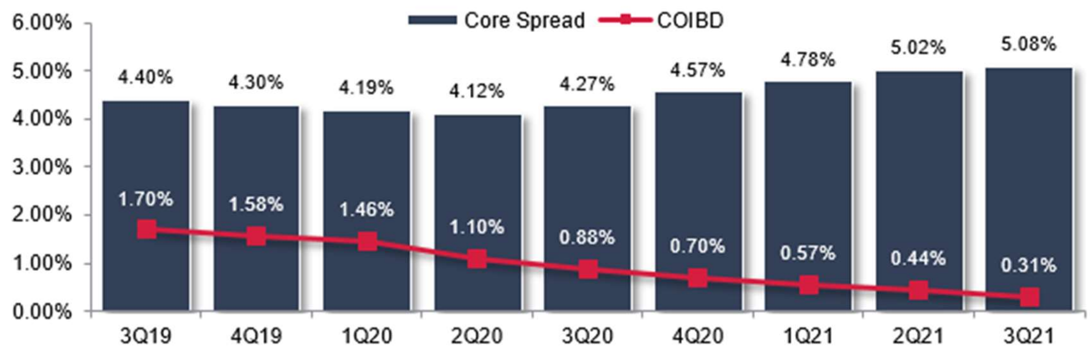




Core Spread

Our core spread improved in the quarter just ended to 5.08%, increasing 81 bps from the third quarter of 2020 and six bps from the second quarter of 2021. As reflected in Figure 16, in the quarter just ended, our COIBD decreased 57 bps from the third quarter of 2020 and 13 bps from the second quarter of 2021. Decreasing our COIBD has been a significant factor in our recent improvements in core spread.

Figure 16: COIBD and Core Spread



	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21
Yield on Non-purchased loans	*6.10%*	*5.88%*	*5.65%*	*5.22%*	*5.15%*	*5.27%*	*5.35%*	*5.46%*	*5.39%*
COIBD	*1.70%*	*1.58%*	*1.46%*	*1.10%*	*0.88%*	*0.70%*	*0.57%*	*0.44%*	*0.31%*
Core Spread	*4.40%*	*4.30%*	*4.19%*	*4.12%*	*4.27%*	*4.57%*	*4.78%*	*5.02%*	*5.08%*

Continuing to decrease our COIBD is an important element in our strategy to mitigate the expected downward pressure on loan yields. We expect we can achieve further improvement in our COIBD in the near term, although such improvements will likely be less than in recent quarters. Figure 17 shows our volume and average interest rates on time deposits maturing over the next four quarters and thereafter compared to our results for new and renewed time deposits in the third quarter of 2021. The impact of any further reductions in our COIBD on our core spread will depend on a number of factors, including our ability to mitigate the downward pressure on our loan pricing in an increasingly competitive environment.

Figure 17: Time Deposit Maturity Schedule

($ millions)	Time Deposits	Wtd. Avg. Rate at 9/30/2021
4Q21	$ 1,603	0.57%
1Q22	1,285	0.41%
2Q22	1,368	0.47%
3Q22	1,083	0.42%
4Q22 & Beyond	1,216	0.47%
Total	**$ 6,555**	**0.48%**

New and Renewed Time Deposits		
3rd Quarter 2021	**$ 1,551**	**0.30%**

Non-interest Income

Non-interest income for the third quarter of 2021 was $26.0 million, a 2.6% decrease from $26.7 million for the third quarter of 2020, and a 6.3% decrease from $27.7 million for the second quarter of 2021. For the first nine months of 2021, non-interest income was $85.8 million, a 13.0% increase from $75.9 million for the first nine months of 2020. Figures 18 and 19, respectively, summarize non-interest income for the most recent nine quarters and year-over-year trends for the third quarter and first nine months of 2021.

Figure 18: Quarterly Trends in Non-interest Income *($ thousands)*

	For the Three Months Ended								
	9/30/2019	12/31/2019	3/31/2020	6/30/2020	9/30/2020	12/31/2020	3/31/2021	6/30/2021	9/30/2021
Service charges on deposit accounts	$ 10,827	$ 10,933	$ 10,009	$ 8,281	$ 9,427	$ 9,983	$ 9,665	$ 10,311	$ 11,177
Trust income	1,975	2,010	1,939	1,759	1,936	1,909	2,206	1,911	2,247
BOLI income									
Increase in cash surrender value	5,208	5,167	5,067	5,057	5,081	5,034	4,881	4,919	4,940
Death benefit	206	2,989	608	-	-	-	1,409	-	-
Loan service, maintenance and other fees	4,197	4,282	3,716	3,394	3,351	3,797	3,551	3,953	3,307
Net gains on investment securities	-	-	2,223	-	2,244	-	-	-	-
Gains (losses) on sales of other assets	189	1,358	161	621	891	5,189	5,828	2,341	463
Other	3,844	3,667	3,957	2,479	3,746	2,749	4,577	4,307	3,850
Total non-interest income	$ 26,446	$ 30,406	$ 27,680	$ 21,591	$ 26,676	$ 28,661	$ 32,117	$ 27,742	$ 25,984

Figure 19: Trends in Non-interest Income – 2020 vs. 2021 *($ thousands)*

	For the Nine Months Ended			For the Three Months Ended		
	9/30/2020	9/30/2021	% Change	9/30/2020	9/30/2021	% Change
Service charges on deposit accounts	$ 27,717	$ 31,154	12.4%	$ 9,427	$ 11,177	18.6%
Trust income	5,635	6,365	13.0%	1,936	$ 2,247	16.1%
BOLI income						
Increase in cash surrender value	15,205	14,739	-3.1%	5,081	4,940	-2.8%
Death benefit	608	1,409	131.7%	-	-	NM
Loan service, maintenance and other fees	10,461	10,811	3.3%	3,351	3,307	-1.3%
Net gains on investment securities	4,467	-	NM	2,244	-	NM
Gains (losses) on sales of other assets	1,674	8,632	NM	891	463	-48.0%
Other	10,180	12,733	25.1%	3,746	3,850	2.8%
Total non-interest income	$ 75,947	$ 85,843	13.0%	$ 26,676	$ 25,984	-2.6%

Non-interest Expense

Non-interest expense for the third quarter of 2021 was $110.4 million, a 4.5% increase from $105.6 million in the third quarter of 2020, and a 6.4% increase from $103.7 million in the second quarter of 2021. For the first nine months of 2021, non-interest expense was $320.2 million, a 3.3% increase from $310.0 million for the first nine months of 2020.

Non-interest expense for the quarter just ended included charges of approximately $2.0 million for branch closures and $0.8 million related to previously unamortized deferred origination costs of the 5.50% Notes redeemed in July. We expect upward pressure on salaries and benefit costs in future quarters as we continue to respond to the current competitive conditions in the labor market, fill currently unfilled positions, and add team members to support future growth. Accordingly, we expect that our non-interest expense in coming quarters will continue to be near or above the $110 million level incurred in the quarter just ended.

Our ongoing efforts to close unprofitable and marginally profitable branches and eliminate redundant and inefficient activities should help us to mitigate, to some extent, the impacts of increasing wage pressures. We have evaluated and will continue to evaluate our branches to ensure we have an optimal branch network. In the third quarter of 2021, we closed three branches – two in Georgia and our only deposit-taking branch in New York. We retained our RESG loan production office in New York. As already mentioned, these branch closures resulted in charges of approximately $2.0 million during the third quarter of 2021. In the fourth quarter, we expect to open one branch in Florida and close a total of three branches, two in Arkansas and one in Florida. The planned fourth quarter closure of these three branches is not expected to result in significant non-interest expense.

During the second quarter of 2021, we signed an agreement for the sale of our Magnolia, Arkansas branch, including, as of September 30, 2021, loans totaling approximately $3 million and deposits totaling approximately $36 million. The sale of this branch is expected to close in the first quarter of 2022 and result in a gain on sale of approximately $2 million depending on the deposit level at this branch and other factors at the time of closing.

Figures 20 and 21, respectively, summarize non-interest expense for the most recent nine quarters and year-over-year trends for the third quarter and first nine months of 2021.

Figure 20: Quarterly Trends in Non-interest Expense *($ thousands)*

	For the Three Months Ended								
	9/30/2019	12/31/2019	3/31/2020	6/30/2020	9/30/2020	12/31/2020	3/31/2021	6/30/2021	9/30/2021
Salaries & employee benefits	$ 48,376	$ 52,050	$ 51,473	$ 48,410	$ 53,119	$ 53,832	$ 53,645	$ 52,119	$ 53,769
Net occupancy and equipment	14,825	14,855	15,330	15,756	16,676	15,617	16,468	16,168	17,161
Professional and outside services	8,898	6,869	6,764	7,629	8,320	7,026	6,326	7,724	7,084
Advertising and public relations	2,067	1,822	1,703	1,704	1,557	1,086	308	593	719
Telecommunication services	2,094	2,335	2,177	2,334	2,352	2,296	2,232	2,165	1,966
Software and data processing	5,095	4,974	4,974	5,145	5,431	5,729	5,792	6,006	5,897
Travel and meals	2,777	2,845	2,102	710	689	835	774	1,419	1,617
FDIC insurance and state assessments	2,505	3,780	3,420	4,585	3,595	3,647	3,520	2,885	2,655
Amortization of intangibles	2,907	2,854	2,795	2,582	1,914	1,794	1,730	1,602	1,545
Postage and supplies	2,040	2,483	2,053	1,892	1,808	1,709	1,645	1,544	1,530
ATM expense	1,277	1,263	1,160	1,002	1,604	1,490	1,283	1,486	1,846
Loan collection and repossession expense	317	600	694	857	1,030	481	509	540	407
Writedowns of foreclosed assets	354	910	879	720	488	1,582	1,363	123	990
Amortization of CRA and tax credit investments	725	581	2,740	3,107	1,611	823	4,125	3,227	4,972
Other expenses	6,657	6,185	5,161	4,520	5,447	5,447	6,339	6,110	8,239
Total non-interest expense	$ 100,914	$ 104,406	$ 103,425	$ 100,953	$ 105,641	$ 103,394	$ 106,059	$ 103,711	$ 110,397

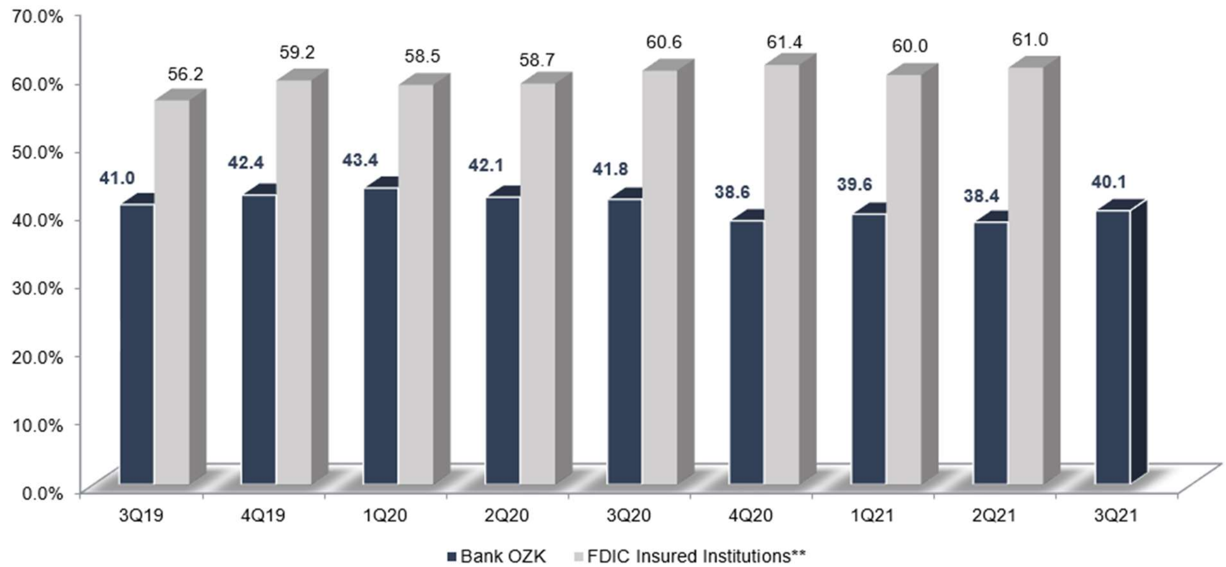
Figure 21: Trends in Non-interest Expense – 2020 vs. 2021 *($ thousands)*

	For the Nine Months Ended			For the Three Months Ended		
	9/30/2020	9/30/2021	% Change	9/30/2020	9/30/2021	% Change
Salaries & employee benefits	$ 153,003	$ 159,533	4.3%	$ 53,119	$ 53,769	1.2%
Net occupancy and equipment	47,761	49,797	4.3%	16,676	17,161	2.9%
Professional and outside services	22,618	21,134	-6.6%	8,320	7,084	-14.9%
Advertising and public relations	4,964	1,621	-67.3%	1,557	719	-53.8%
Telecommunication services	6,863	6,363	-7.3%	2,352	1,966	-16.4%
Software and data processing	15,550	17,695	13.8%	5,431	5,897	8.6%
Travel and meals	3,501	3,811	8.9%	689	1,617	134.7%
FDIC insurance and state assessments	11,600	9,060	-21.9%	3,595	2,655	-26.1%
Amortization of intangibles	7,291	4,878	-33.1%	1,914	1,545	-19.3%
Postage and supplies	5,753	4,718	-18.0%	1,808	1,530	-15.4%
ATM expense	3,766	4,615	22.5%	1,604	1,846	15.1%
Loan collection and repossession expense	2,581	1,456	-43.6%	1,030	407	-60.5%
Writedowns of foreclosed assets	2,087	2,476	18.6%	488	990	102.9%
Amortization of CRA and tax credit investments	7,458	12,324	65.2%	1,611	4,972	208.6%
Other expenses	15,223	20,689	35.9%	5,447	8,239	51.3%
Total non-interest expense	$ 310,019	$ 320,170	3.3%	$ 105,641	$ 110,397	4.5%

Efficiency Ratio

As shown in Figure 22, in the quarter just ended, our efficiency ratio was 40.1%. Our efficiency ratio remains among the best in the industry, having now been among the top decile of the industry for 19 consecutive years.*

Figure 22: 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 2021.*

Provision and Allowance for Credit Losses ("ACL")

Our total provision expense for the quarter just ended was a negative $7.5 million. As of September 30, 2021, our allowance for loan losses ("ALL") for outstanding loans was $237.7 million, or 1.30% of total outstanding loans, and our reserve for losses on unfunded loan commitments was $61.1 million, or 0.49% of unfunded loan commitments, bringing our total ACL, which includes the ALL and the reserve for losses on our unfunded loans commitments, to $298.8 million.

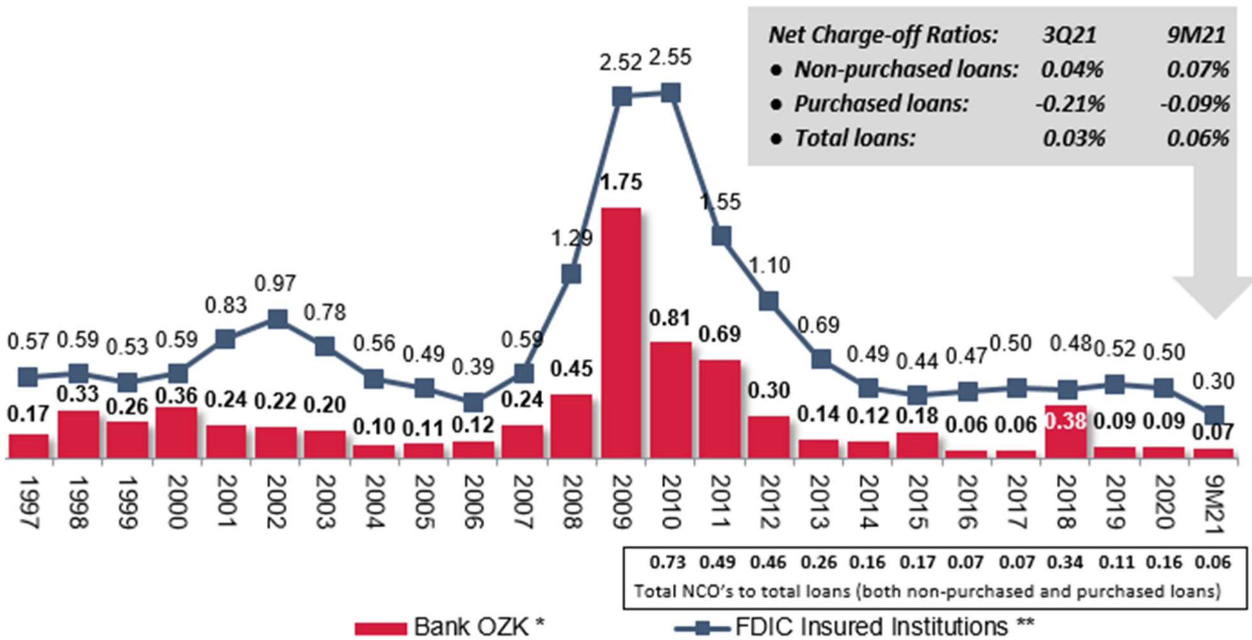
The calculations of our provision expense for the third quarter of 2021 and our total ACL at September 30, 2021 were based on a number of key estimates, assumptions and economic forecasts. We utilized recent economic forecasts provided by Moody's, including their updates released in September 2021. In our selection of macroeconomic scenarios, we assigned our largest weightings to the Moody's baseline and the Moody's S3 (Moderate Recession) scenarios and a small weighting to the Moody's S4 (Protracted Slump) scenario. Our selection and weightings of these scenarios reflected improved conditions in and prospects for the U.S. economy in recent quarters, but were tempered by the reality that uncertainty remains about future U.S. economic conditions, including uncertainty about the COVID-19 pandemic, COVID-19 variants, the rate and longer-term effectiveness of vaccination programs in the United States and globally, the timing and magnitude of any additional U.S. fiscal policy actions, global trade and geopolitical matters, the potential impact of supply chain disruptions, and various other factors. Our ACL at September 30, 2021 included adjustments to capture certain risks that we thought were not fully reflected in our modeled results.

Our loan portfolio has performed very well in recent quarters, as our net charge-off ratio for total loans has continued to be in the lower end of the range experienced over the last eight years. We have built our portfolio in a conservative manner with the goal that it would perform well in adverse economic conditions, and our consistent discipline has been evident in recent results. Because of the quality of our portfolio and the significant federal monetary and fiscal policy response to the economic impacts of the COVID-19 pandemic, our net charge-offs in recent quarters have outperformed our previous estimates.

Asset Quality

In the quarter just ended, our annualized net charge-off ratio for non-purchased loans was 0.04%, for purchased loans was -0.21%, and for total loans was 0.03%, continuing our long-standing track record of having net charge-off ratios well below industry averages, as shown in Figure 23. In our 24 years as a public company, our net charge-off ratio for non-purchased loans 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 23: Annualized Net Charge-off Ratio vs. the Industry



**Unless otherwise indicated, Bank OZK data excludes purchased loans and net charge-offs related to such loans.*
***Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated second quarter 2021. Annualized when appropriate.*

As shown in Figure 24, in RESG's 18 year history, we have incurred losses on only a small number of credits. As of September 30, 2021 the weighted average annual net charge-off ratio (including OREO write-downs) for the RESG portfolio over its 18 year history was 10 bps.

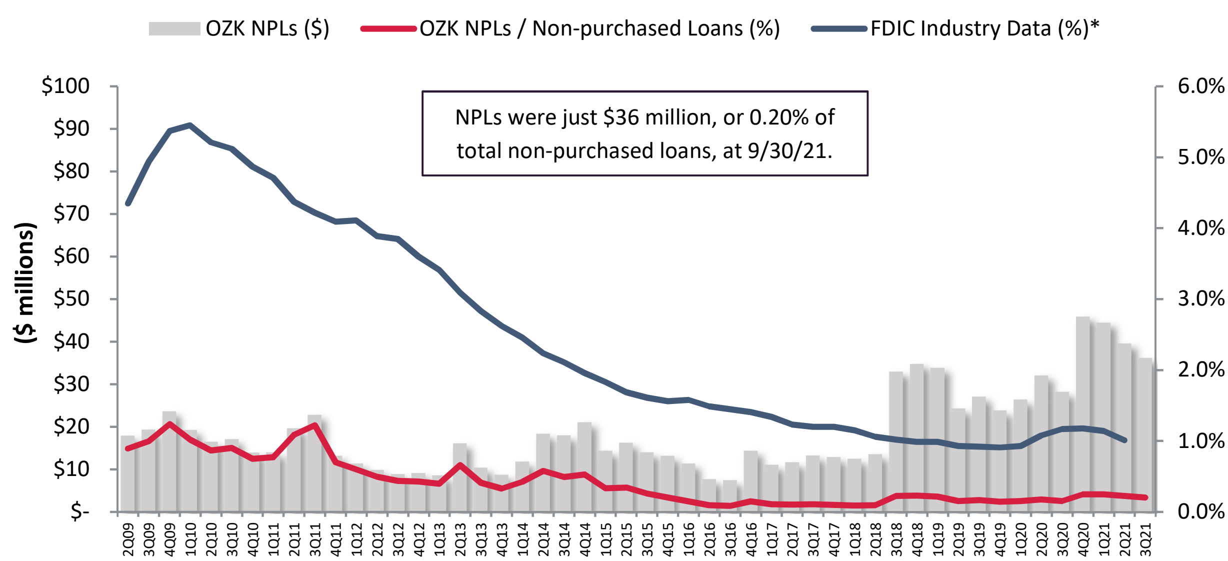
Figure 24 - RESG Historical Net charge-offs *($ Thousands)*

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%
9/30/2021	11,275,501	11,193,380	1,891	0.02%
Total			**$ 58,659**	
		Weighted Average		**0.10%**

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

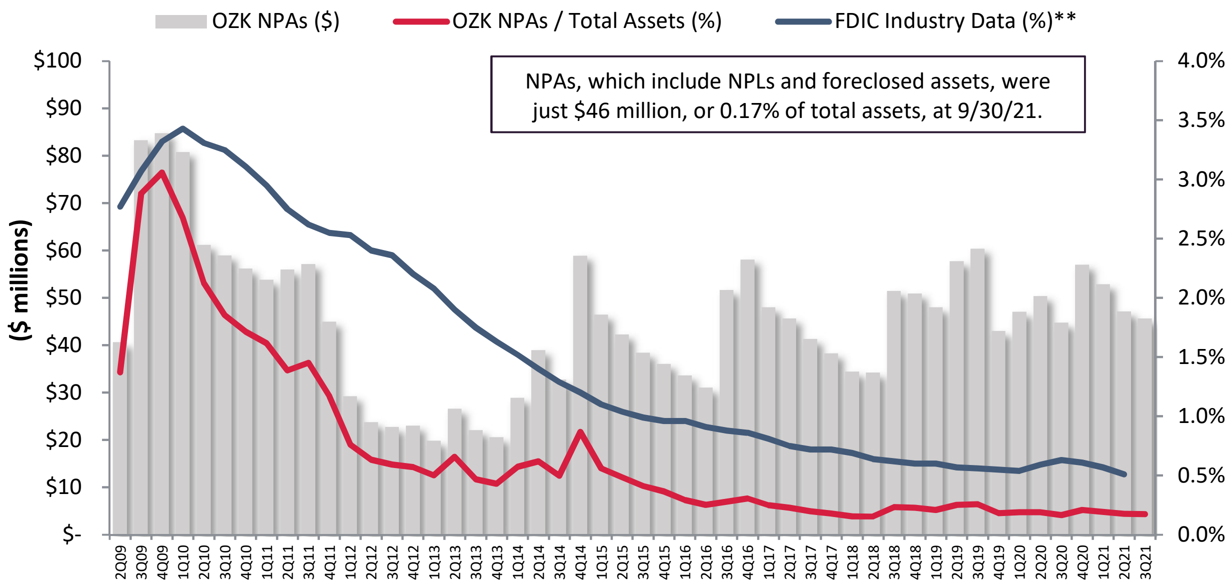
As shown in Figures 25, 26 and 27, the dollar volumes of our nonperforming non-purchased loans, nonperforming assets and past due non-purchased loans continued our longstanding track record of outperforming industry averages. We expect our asset quality to continue our long tradition of outperforming industry averages.

Figure 25: Nonperforming Non-purchased Loans ("NPLs")



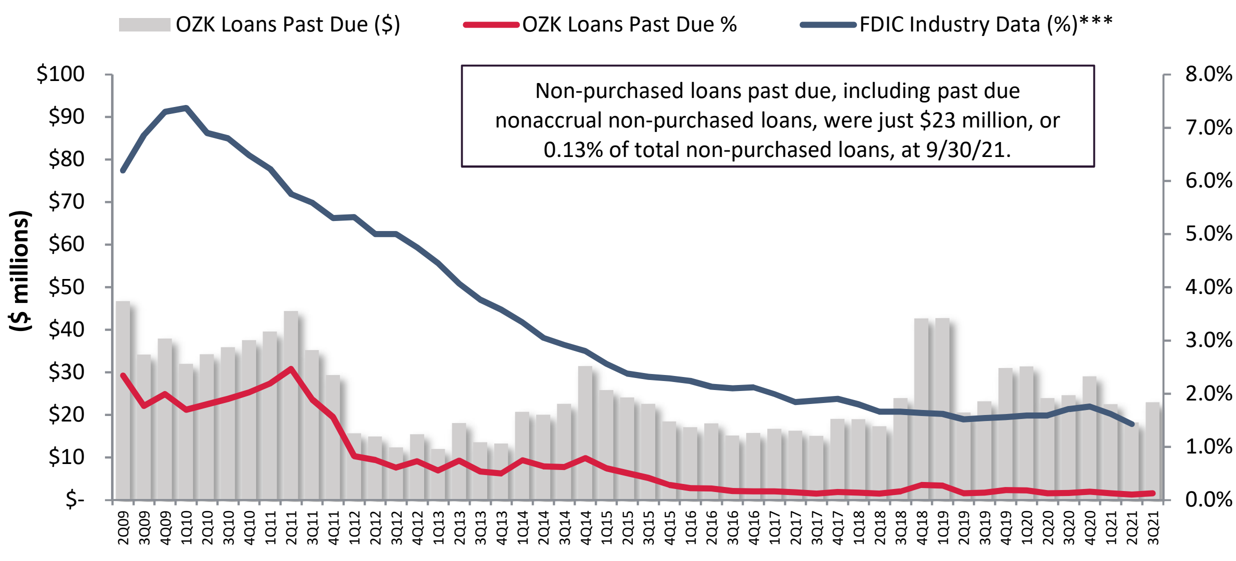
** Note: Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated second quarter 2021. Percent of Loans Noncurrent is the percentage of loans that are past due 90 days or more or that are in nonaccrual status.*

Figure 26: Nonperforming Assets ("NPAs")



*** Note: Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated second quarter 2021. Noncurrent assets plus other real estate owned to assets (%).*

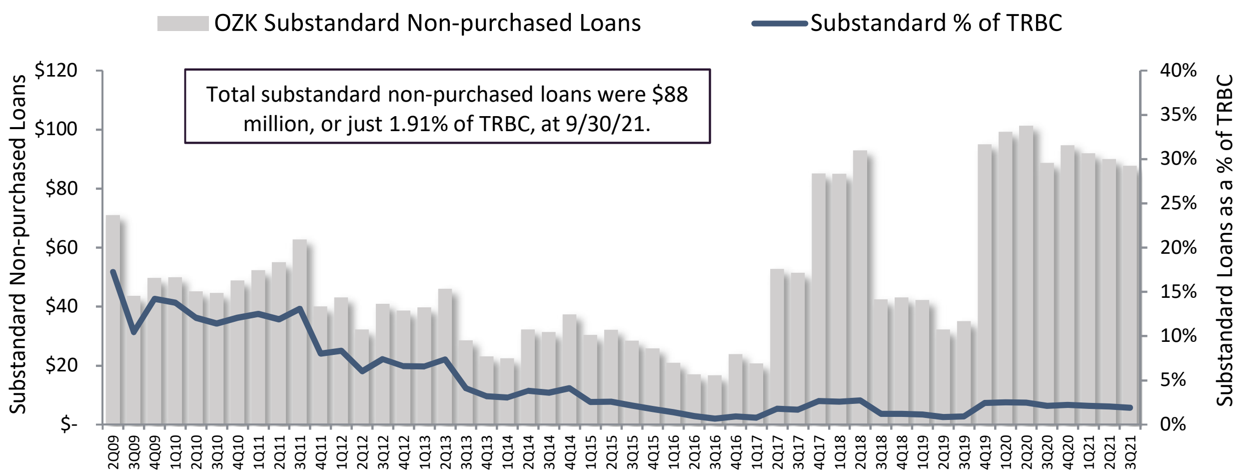
Figure 27: Non-purchased Loans Past Due 30+ Days, Including Past Due Nonaccrual Non-purchased Loans ("Loans Past Due")



**** Note: Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated second quarter 2021. Percent of Loans Noncurrent + Percent of Loans 30-89 Days Past Due.*

As shown in Figure 28, our dollar volume of non-purchased loans designated as being in the "Substandard" category of our credit quality indicators has remained favorable. Our ratio of substandard non-purchased loans as a percentage of our total risk-based capital ("TRBC") at September 30, 2021 remains at a very low level.

Figure 28: Substandard Non-purchased Loan Trends ($ millions)



Loan Portfolio Diversification & Leverage

Figures 29 and 30 reflect the mix in our non-purchased loan growth in the third quarter and the first nine months of 2021.

Figure 29: Non-purchased Loan Growth – 3Q21 ($ millions)

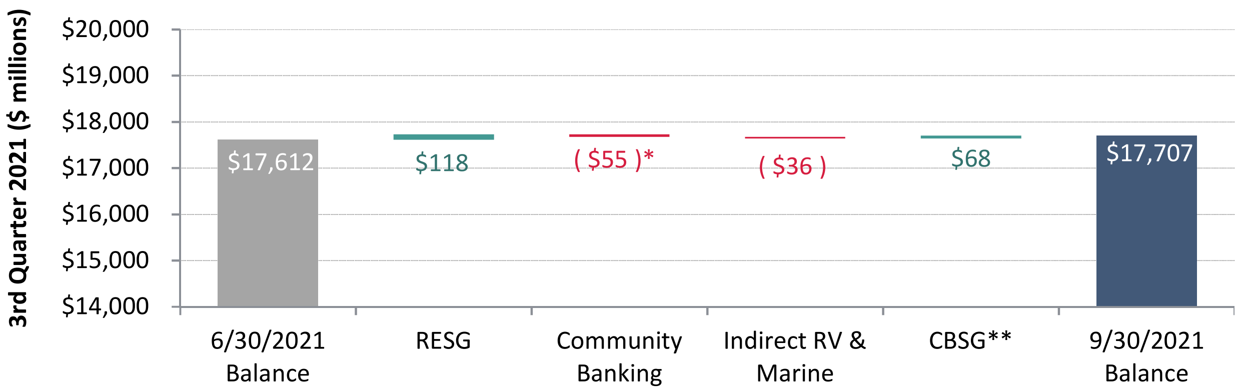
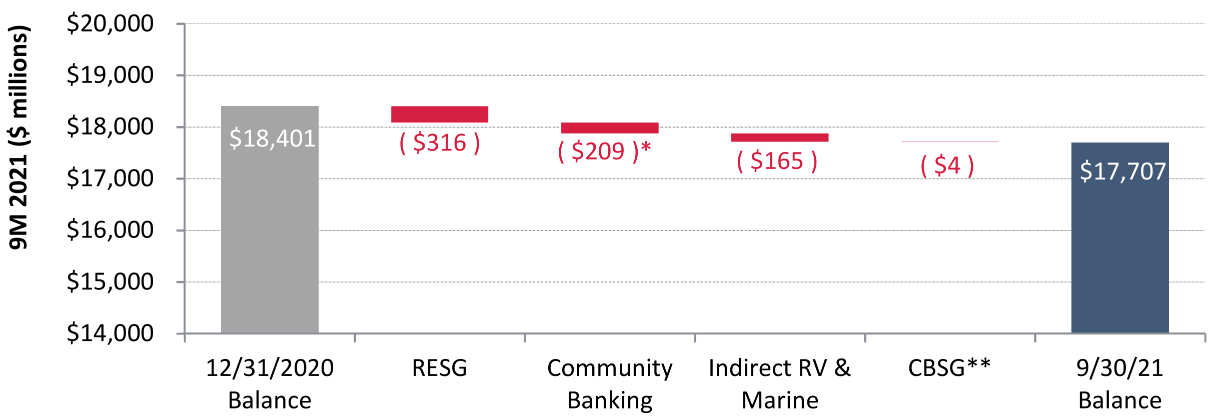


Figure 30: Non-purchased Loan Growth – 9M21 ($ millions)

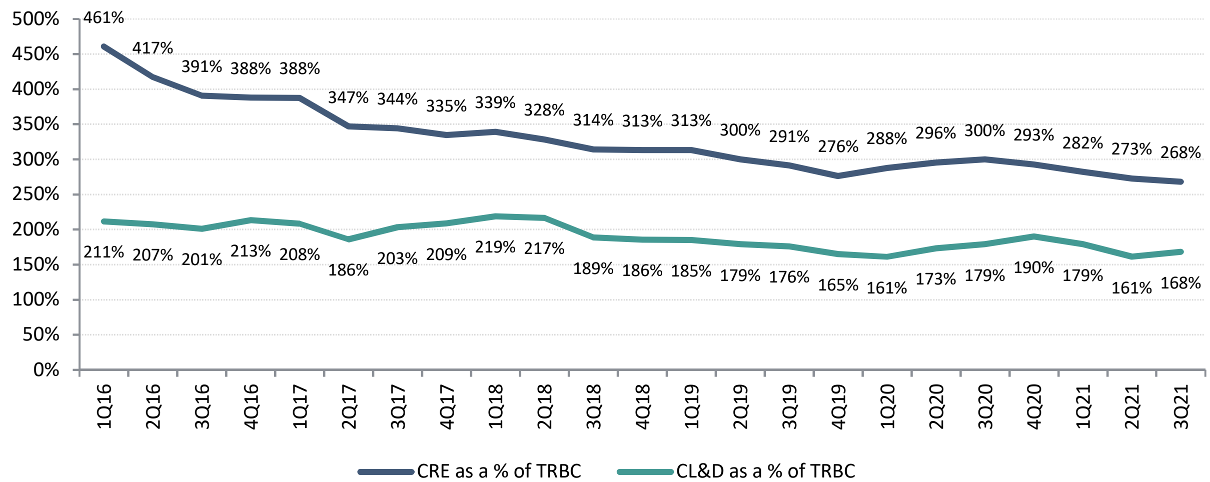


** Includes the net balance of loans originated through the SBA's PPP. For the third quarter of 2021 and first nine months of 2021, that includes payoffs net of originations of SBA PPP loans of $113 million and $280 million, respectively.*

*** Corporate & Business Specialties Group ("CBSG") is a team focused on subscription finance and other secured non-real estate lending opportunities and also servicing our shared national credit portfolio.*

Total commercial real estate ("CRE") and construction, land development and other land ("CL&D") lending are areas in which we have substantial expertise and enjoy competitive advantages. The generally declining trend in our CRE and CL&D concentrations for most of 2016-2019 and in recent quarters, as shown in Figure 31, is primarily due to growth in our TRBC and not the result of any strategic shift in focus away from these important areas. We expect to continue lending in these asset classes.

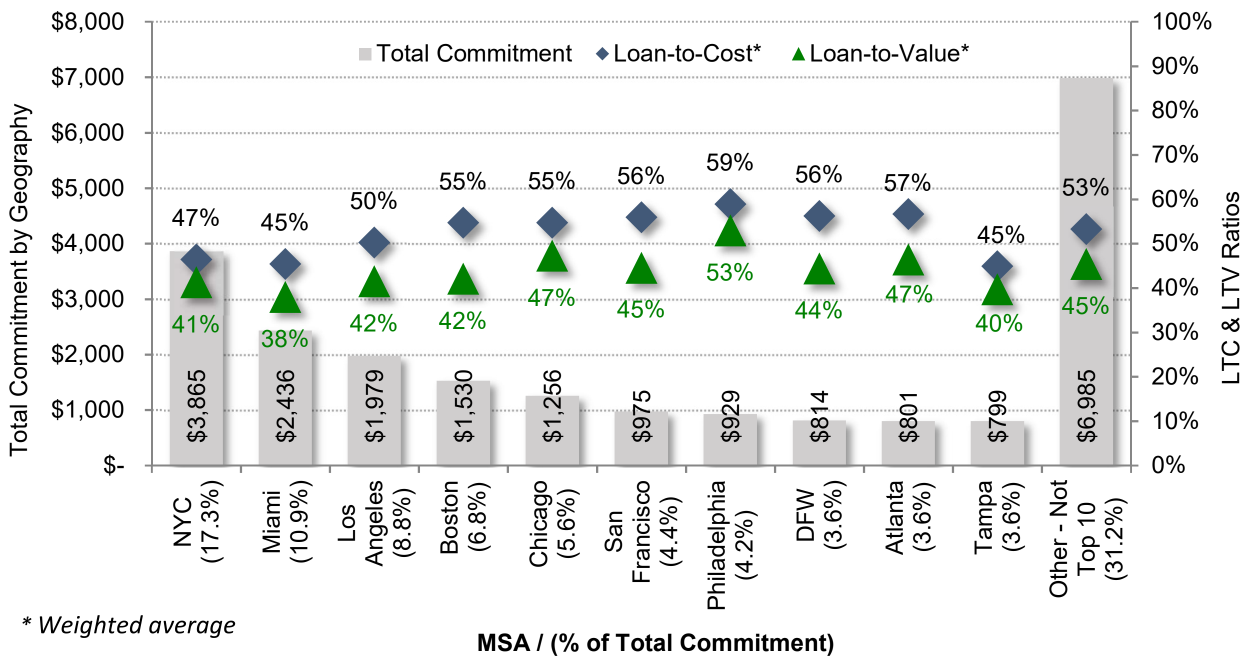
Figure 31: Declining Regulatory CRE and CL&D Concentration Ratios



Note: Concentration ratios exclude loans included in the "other" category on the FDIC call report which were originated to non-depository financial institutions and are typically collateralized by an assignment of a promissory note and related documents, collateral and guarantees.

Within the RESG portfolio, we benefit from substantial geographic diversification, as well as low loan-to-cost ("LTC") and loan-to-value ("LTV") ratios, as shown in Figures 32 and 33.

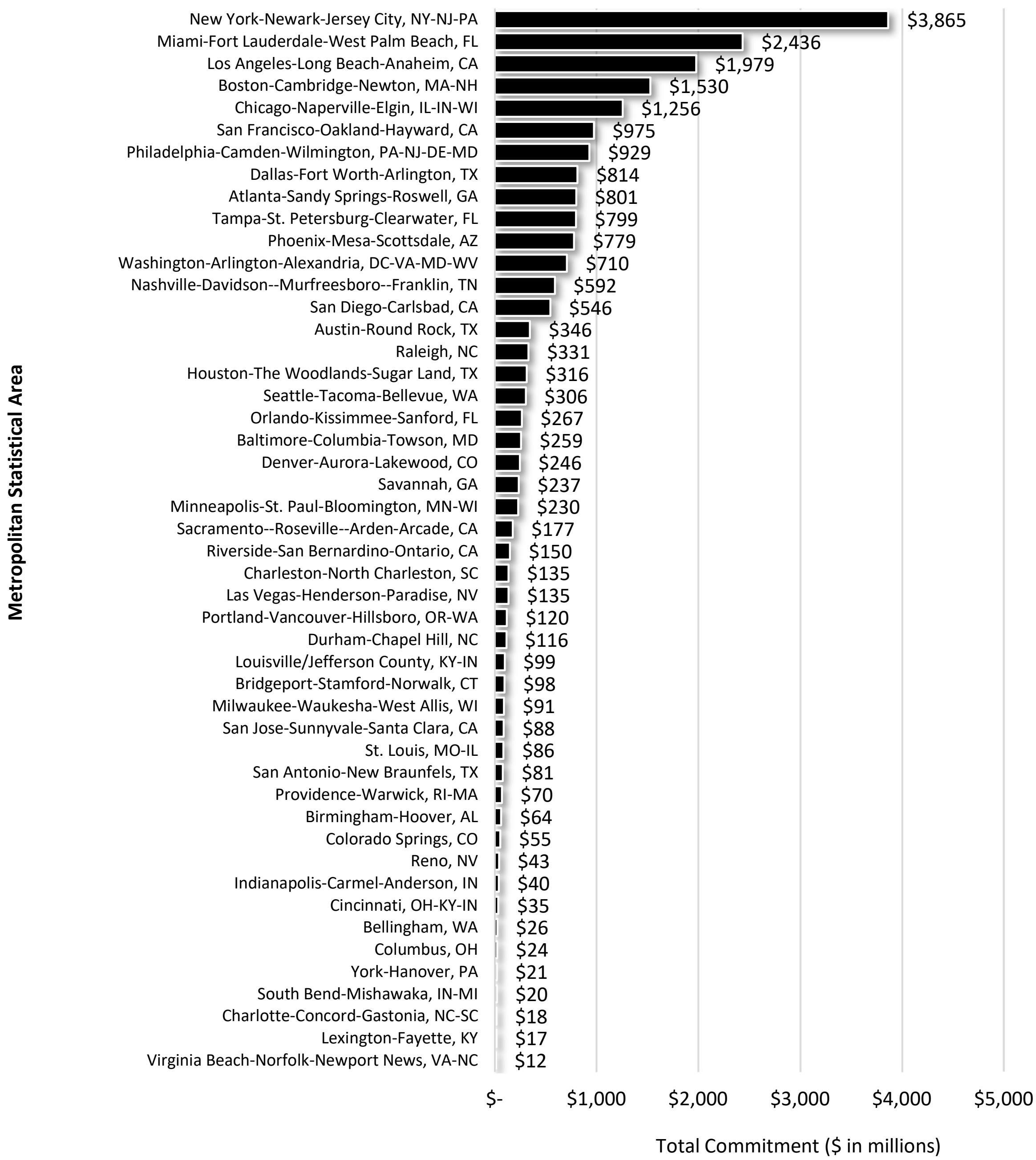
Figure 32: RESG Portfolio Diversity – Top 10 Geographies (As of September 30, 2021) ($ millions)
(LTC and LTV ratios assume all loans are fully funded)



** Weighted average*

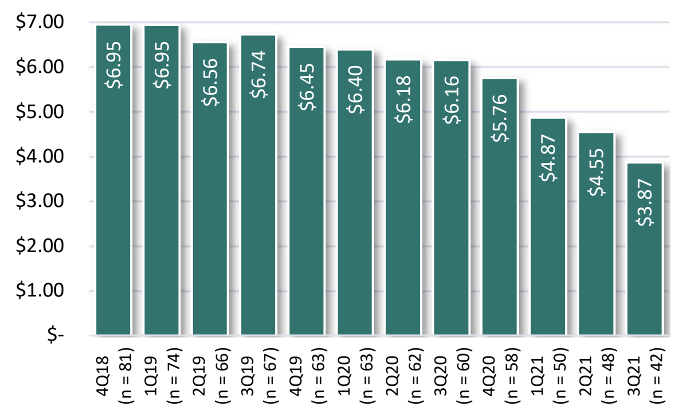
Figure 33 shows RESG's total commitments in each MSA in which it currently has loans. As RESG's total commitments have decreased in recent quarters in some of its largest markets, primarily New York, its business has increased in many other markets. This has enhanced the portfolio's already significant geographic diversification.

Figure 33: RESG's Portfolio Diversity - All Geographies (As of September 30, 2021) ($ millions)



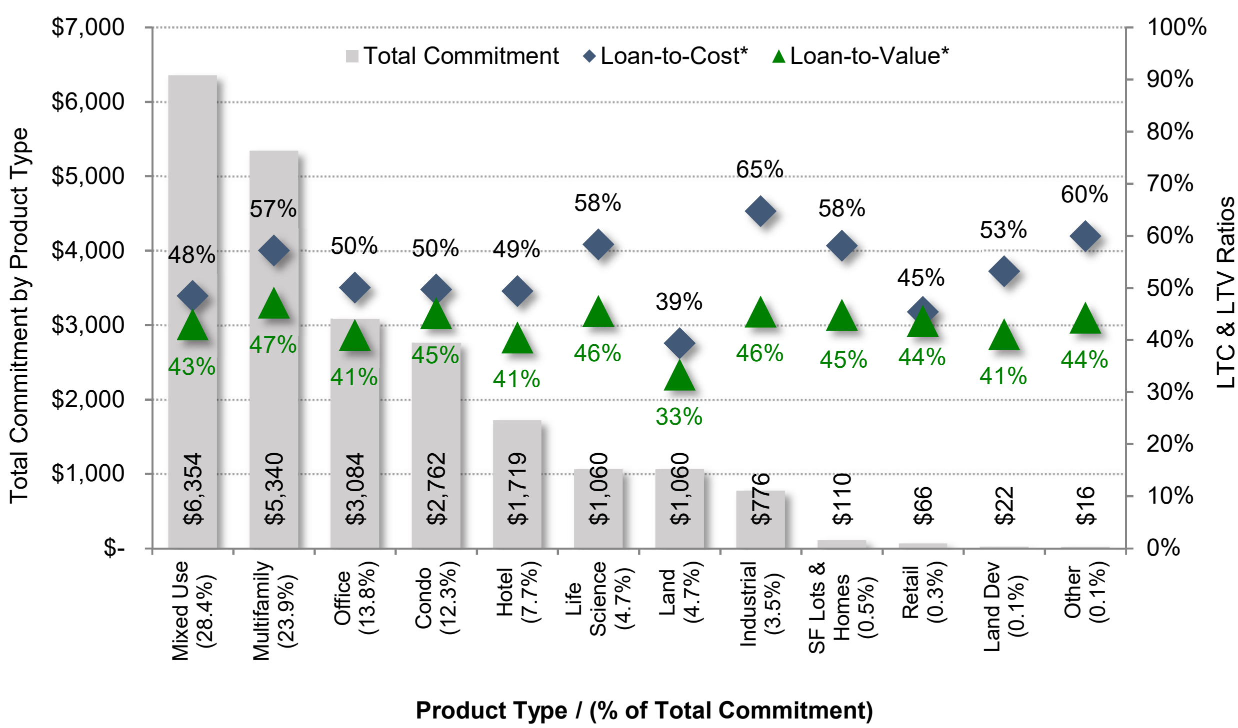
Our dollar volume of RESG total commitments in the NYC MSA peaked in the fourth quarter of 2018 at $6.95 billion and 81 loans. Despite our continued positive long-term view on that MSA, and our desire to originate loans there, the volume of new opportunities meeting our standards in the market has not been as great in recent years. Accordingly, as shown in Figure 34, as earlier originations have paid off, our balance of total commitments in the market has declined to $3.87 billion at September 30, 2021. In the near term, we may see some further declines in our balance of total commitments in this market, but we expect the NYC MSA will continue to be one of our most important and largest markets, and we expect to return to positive growth there some time in the next few quarters.

Figure 34: RESG NYC MSA Portfolio Total Commitment and Loan Count Recent Trends ($ billions)



Within the RESG portfolio, we also benefit from substantial diversification by product type as shown in Figure 35.

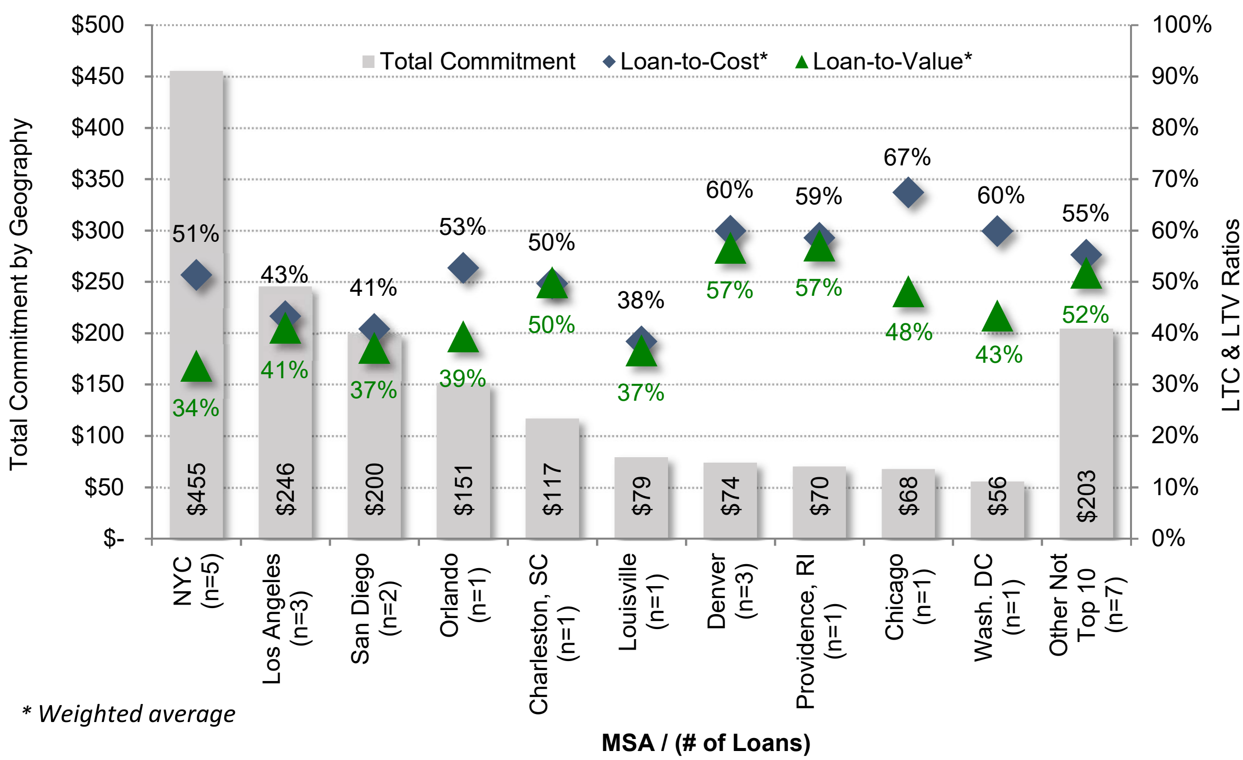
Figure 35: RESG Portfolio Diversity by Product Type (As of September 30, 2021) ($ millions)
(LTC and LTV ratios assume all loans are fully funded)



** Weighted average*

The COVID-19 pandemic has had a significant impact on the travel and leisure sectors, including the hospitality industry. As shown in Figure 35 above, hotels were the fifth largest component of RESG's portfolio at September 30, 2021, comprising about 7.7% of RESG's total commitments. In addition, at September 30, 2021, 14 of RESG's 37 loans on mixed use projects included a hotel component, with a total commitment amount allocated to hotels being approximately 15% of the total mixed use portfolio. We remain cautiously optimistic about the performance of our hotel portfolio, largely due to the quality and experience of our sponsors, the quality of these properties, and our low weighted average LTC and LTV ratios at 49.4% and 40.5%, respectively, as of September 30, 2021. We expect most sponsors will continue to support these assets, if needed, until property performance returns to more normal levels. Figures 36 and 37 respectively, show the geographic distribution of RESG's hotel portfolio (excluding hotels in mixed use projects) and other information as of September 30, 2021. During the quarter just ended, two of the 26 hotels in the portfolio received a new appraisal, with the weighted average LTV ratio decreasing by 1.6% for these properties. During the quarter just ended, in the RESG portfolio, two hotel loans paid off and no new hotel loans were originated.

Figure 36: RESG Hotel Portfolio Diversity by Geography (As of September 30, 2021) ($ millions)

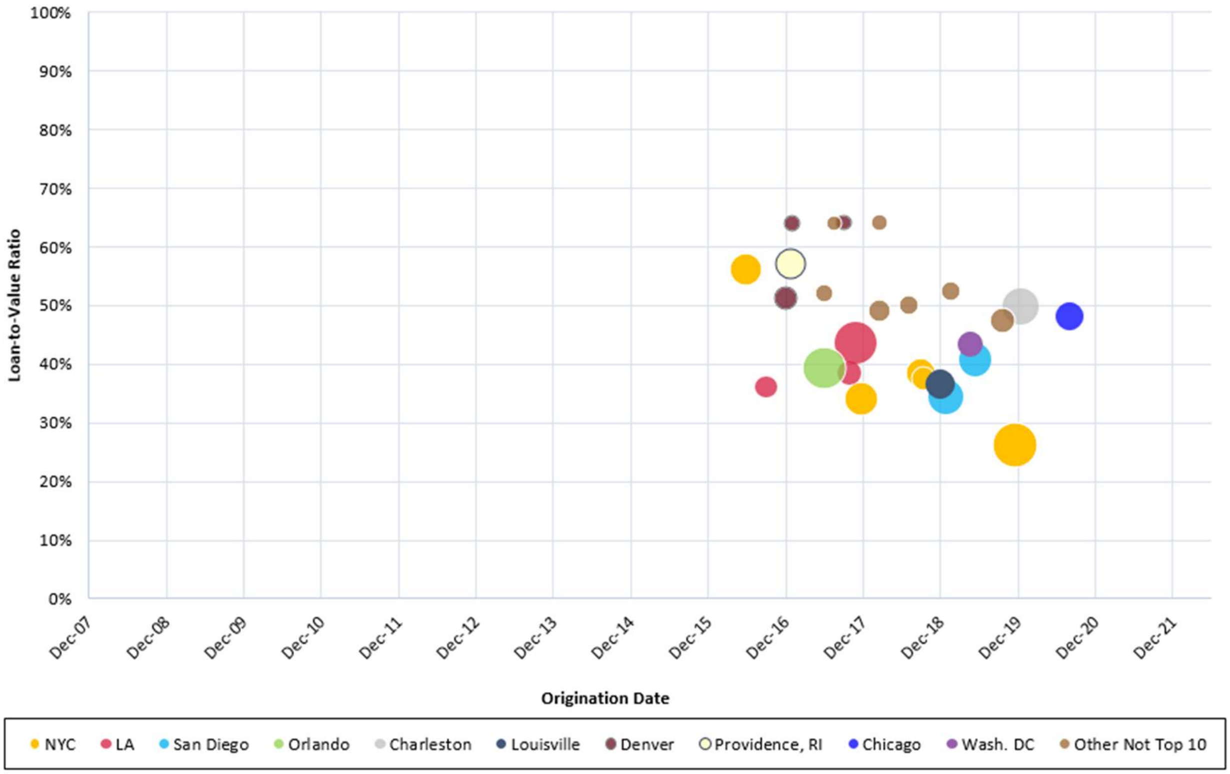


** Weighted average*

Figure 37: RESG Hotel Portfolio by LTV & Origination Date (As of September 30, 2021)

Bubble Size Reflects Total Funded and Unfunded Commitment Amount

LTV Ratios Assume All Loans Are Fully Funded



Note: The four RESG hotel loans with the highest 64.1% LTV ratio have recent appraisals, a full repayment guaranty from the individual sponsor, and are cross-collateralized and cross-defaulted. Disregarding the cross-collateralization, the LTVs of the four separate loans would be 57.3%, 58.1%, 65.9% and 80.9%.

As shown in Figure 37 above, all RESG hotel loans have LTV ratios of less than 65% based on the most recent appraisals.

The COVID-19 pandemic has also had an impact on the office sector. As shown in Figure 35 above, offices were the third largest component of RESG's portfolio at September 30, 2021, comprising about 13.8% of RESG's total commitments. In addition, at September 30, 2021, 21 of RESG's 37 loans on mixed use projects include an office component, with a total commitment amount allocated to offices being approximately 25% of the total mixed use portfolio. We remain cautiously optimistic about the performance of our office portfolio, largely due to the quality and experience of our sponsors, the quality of these properties, the substantial leasing or pre-leasing on certain properties, and our low weighted average LTC and LTV ratios at 50.1% and 41.0%, respectively, as of September 30, 2021. We expect most sponsors will continue to support these assets, if needed, until property performance returns to more normal levels. Figures 38 and 39, respectively, show the geographic distribution of RESG's office portfolio (excluding offices in mixed use projects) and other information as of September 30, 2021. During the quarter just ended, two of the 38 offices in the portfolio received new appraisals, with the weighted average LTV ratio decreasing by 2.4% for these properties. During the quarter just ended, in the RESG portfolio, two office loans paid off and five new office loans were originated.

Figure 38: RESG Office Portfolio Diversity by Geography (As of September 30, 2021) ($ millions)

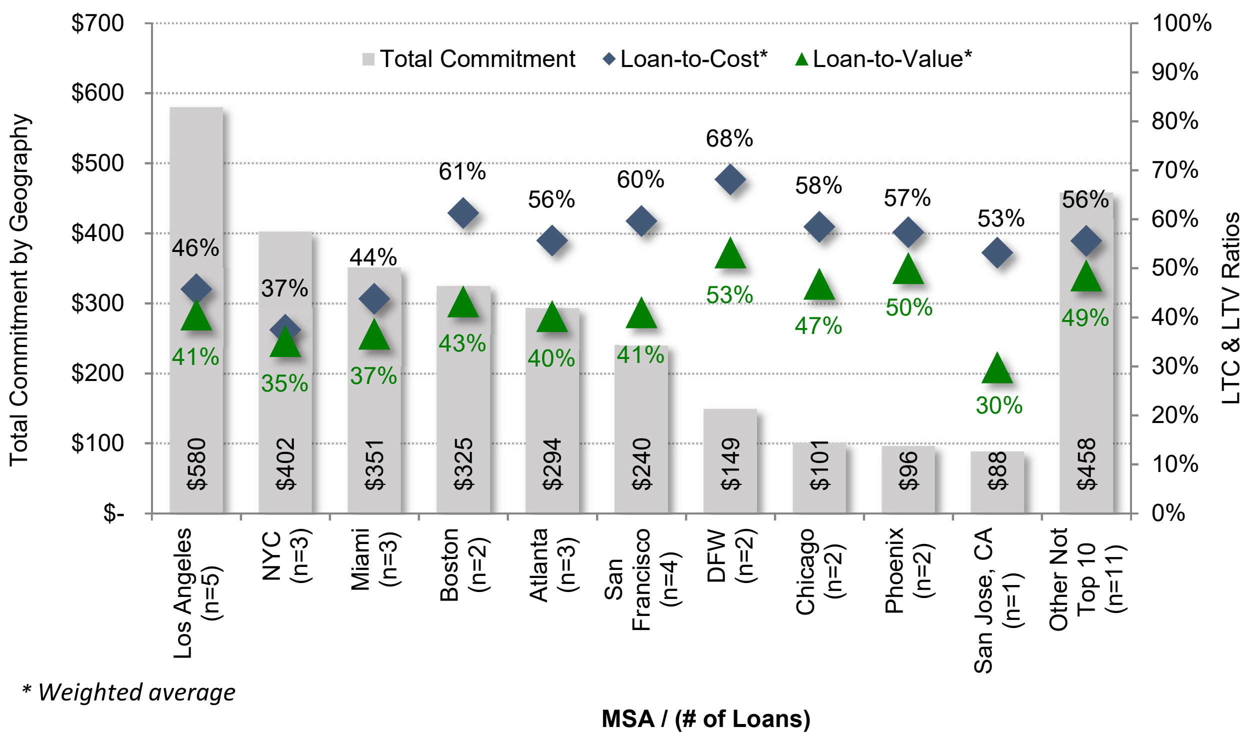
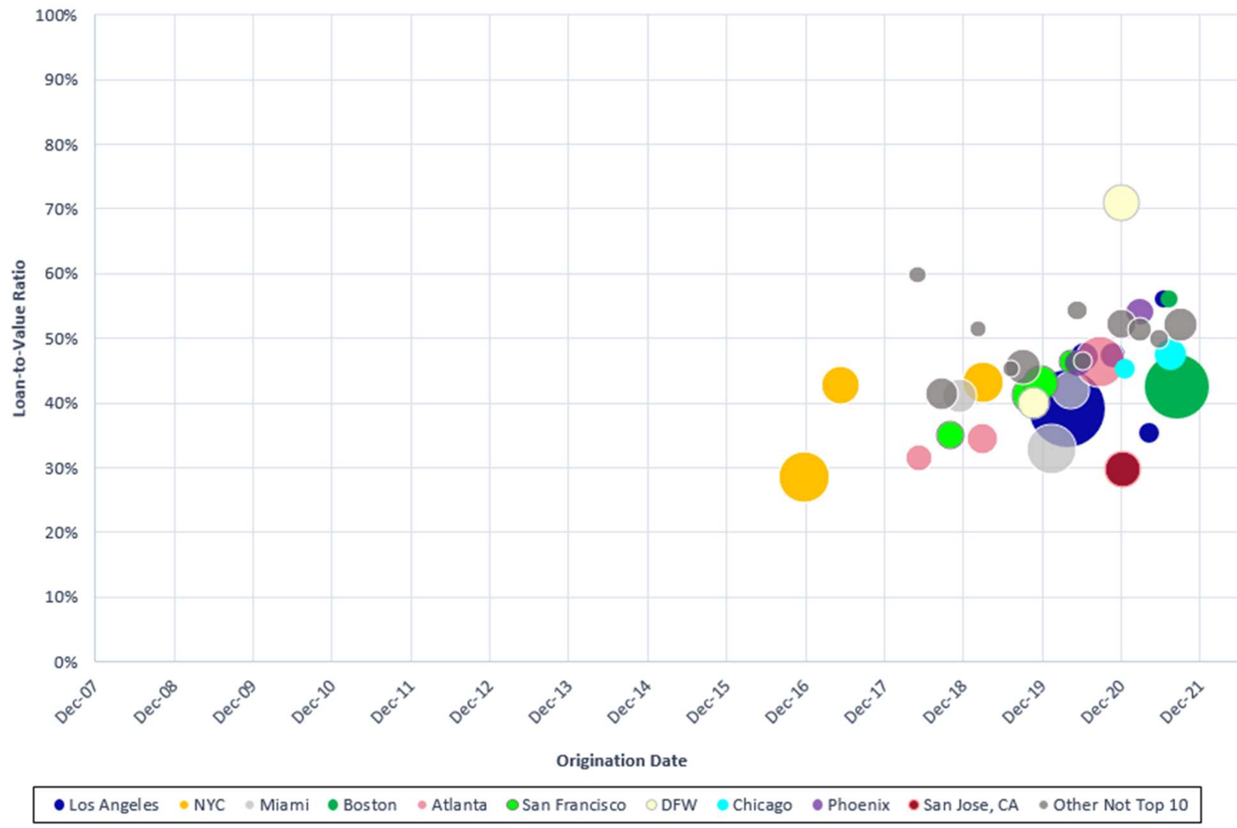


Figure 39: RESG Office Portfolio by LTV & Origination Date (As of September 30, 2021)

Bubble Size Reflects Total Funded and Unfunded Commitment Amount

LTV Ratios Assume All Loans Are Fully Funded



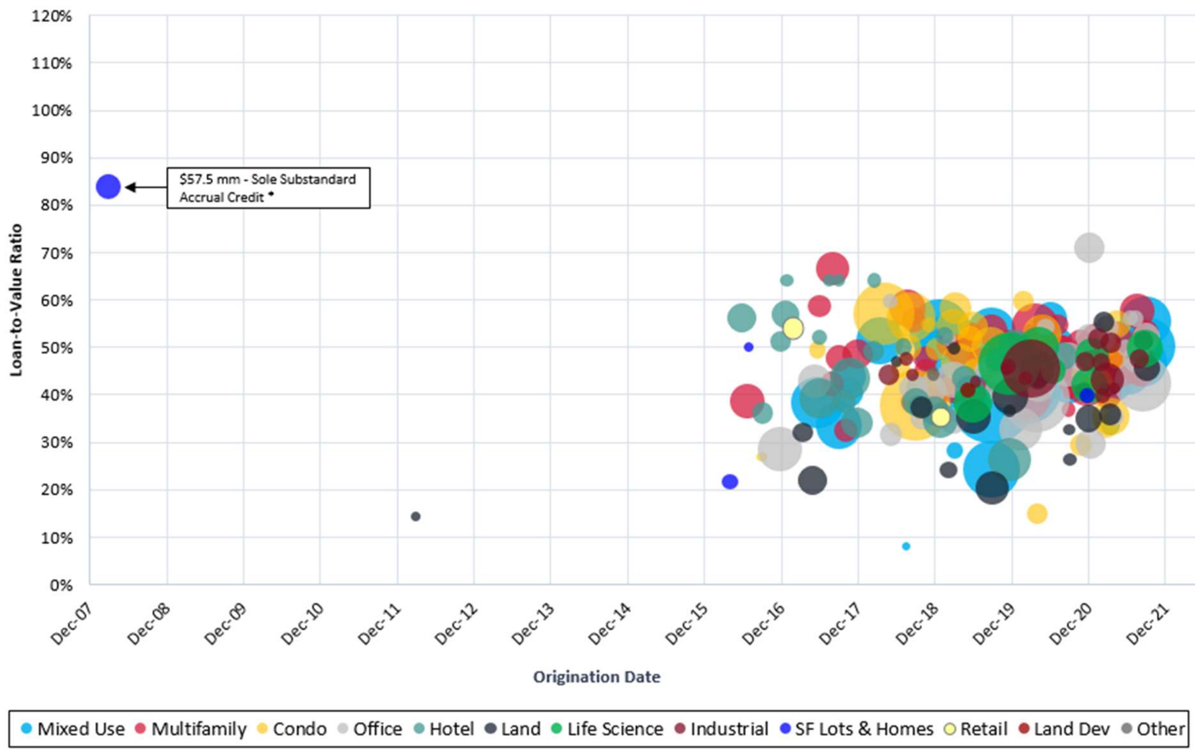
As shown in Figure 39 above, based on the most recent appraisals, one RESG office loan shows a LTV ratio of 71.0%. All other RESG office loans have LTV ratios of less than 60% based on their most recent appraisals.

Assuming full funding of every RESG loan, as of September 30, 2021, the weighted average LTC for the RESG portfolio was a conservative 51.1%, and the weighted average LTV was even lower at just 43.3%. The LTV metrics on individual loans within the RESG portfolio are illustrated in Figure 40. Other than the one substandard-accruing credit specifically referenced in the figure below and one office loan (71.0% LTV) previously discussed, all other credits in the RESG portfolio have LTV ratios less than 67%.

Figure 40: RESG Portfolio by LTV & Origination Date (As of September 30, 2021)

Bubble Size Reflects Total Funded and Unfunded Commitment Amount

LTV Ratios Assume All Loans Are Fully Funded



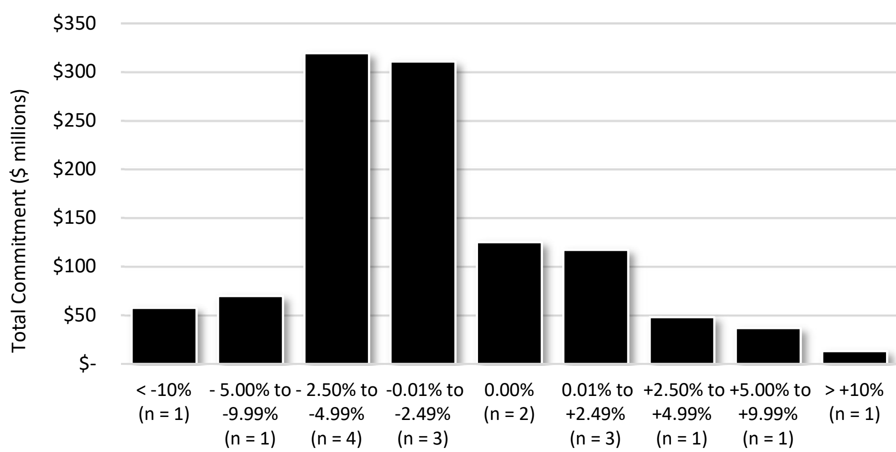
**During the third quarter of 2021, the borrower closed 1 lot sale with gross proceeds of $0.57 million. At September 30, 2021, the borrower had 21 townhomes under contract for $38.0 million. At September 30, 2021, the Bank had a total ACL of $11.5 million, or approximately 20% of the total commitment, related to this credit.*

As summarized in Figure 41, during the third quarter of 2021, updated appraisals were obtained by RESG on 17 loans with a total commitment of $1.10 billion, which were mostly loans for which a renewal or an extension was being considered. Figures 41 and 42 show the distribution of such loans, including the resulting changes in LTV as compared to the LTV as reflected at June 30, 2021 based on the previous appraised value. In summary, LTVs were relatively unchanged (plus or minus 5%) for 13 loans, LTVs decreased more than 5% for two loans and LTVs increased more than 5% for two loans. It is important to note that (i) in some cases, the September 30, 2021 LTV ratios were positively influenced by pay-downs and/or loan curtailments associated with a loan renewal or an extension and (ii) the previous LTVs as of June 30, 2021 were based on earlier valuations, in some cases up to three years old, that may have been low relative to market conditions existing immediately prior to the onset of the COVID-19 pandemic.

Figure 41: Property Type Breakdown of Appraisals Obtained in 3Q21 ($ in millions)

Property Type	# of Loans	Total Commitment	Weighted Average LTV @ 6/30/21	Weighted Average LTV @ 9/30/21	Δ in Wtd. Avg. LTV
Multifamily	4	$ 300	51.9%	51.8%	-0.1%
Hotel	2	201	40.8%	39.2%	-1.6%
Office	2	122	46.6%	44.2%	-2.4%
Condo	2	137	45.3%	42.9%	-2.4%
Land	3	156	22.0%	23.4%	1.4%
Mixed Use	1	70	48.3%	40.7%	-7.6%
SF Homes & Lots	1	58	96.1%	83.9%	-12.2%
Retail	1	37	48.4%	54.1%	5.7%
Industrial	1	18	47.5%	47.5%	0.0%
Total	**17**	**$ 1,098**	**41.6%**	**40.7%**	**-0.9%**

Figure 42: Distribution of RESG LTV Changes Following Appraisals Obtained in 3Q21 ($ in millions)

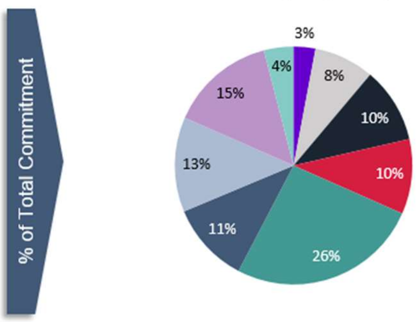


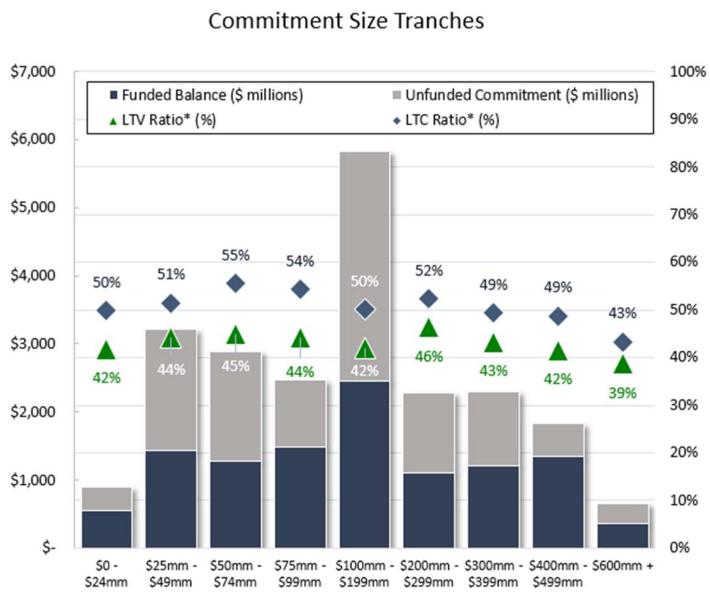
The RESG portfolio includes loans of many different sizes. The stratification of the RESG portfolio by commitment size is reflected in Figure 43.

Figure 43: RESG Portfolio Stratification by Loan Size - Total Commitment (As of September 30, 2021)

($ millions)

Tranche	No. of Loans	Funded Balance	Total Commitment
$600mm +	1	$ 371	$ 664
$400mm - $499mm	4	1,348	1,833
$300mm - $399mm	7	1,212	2,296
$200mm - $299mm	10	1,113	2,280
$100mm - $199mm	44	2,463	5,826
$75mm - $99mm	29	1,493	2,466
$50mm - $74mm	47	1,280	2,882
$25mm - $49mm	87	1,437	3,222
$0 - $24mm	51	559	900
Total	**280**	**$ 11,276**	**$ 22,369**





** 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.*

Our Community Banking loans include consumer and small business loans, loans originated by our commercial (generalist) lenders, and loans originated through our specialty lending channels in Community Banking, which include our government guaranteed, agricultural (including poultry), business aviation, affordable housing, middle market CRE and home builder finance loan teams. Although growth for many of these lending channels has been limited recently by competitive factors and the COVID-19 pandemic, we have recently seen some positive signs in the pipelines of many of our lenders. We are cautiously optimistic about our ability to achieve positive growth in the fourth quarter of 2021 and in 2022 in community bank lending (excluding PPP loan repayments). Growth in these units is an important part of our broader strategy for portfolio diversification, both in terms of product types and geography.

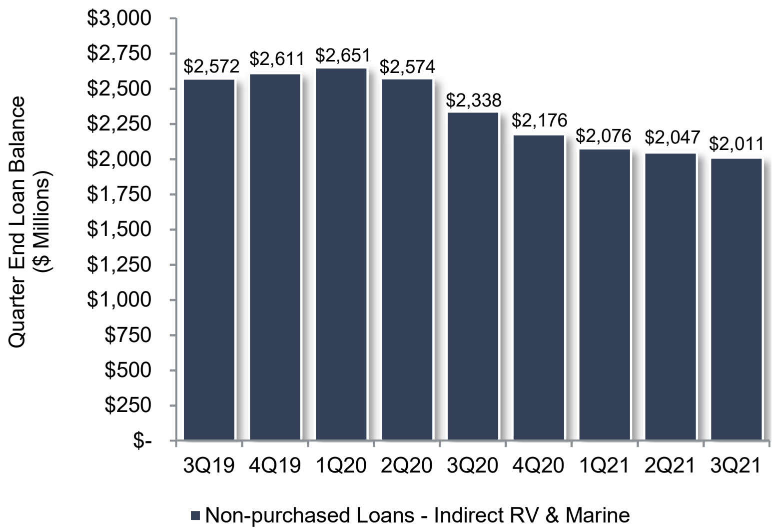
As we have discussed in recent quarters, we continue to look for ways to increase the diversification of our loan portfolio and expand our lending team. During the third quarter, we hired a seasoned banking leader to build our new Equipment Finance and Capital Solutions Group. This new group will provide a full array of equipment-oriented collateral products, including equipment finance and lease structures. This group is in addition to the new Asset Based Lending Group that we started in the second quarter of 2021. We expect both new lending groups will continue to build out their teams, and that they will begin to contribute to loan originations at a modest level in coming quarters with the expectation that their growth will accelerate to a more meaningful level in future years.

Our Corporate & Business Specialties Group (“CBSG”) is a small team focused on subscription finance and other secured non-real estate lending opportunities, and also services our shared national credit portfolio, which we have been winding down over the past couple of years. We expect to grow our subscription finance business and expand other secured non-real estate lending opportunities that have structures, terms and other attributes similar to our RESG business model. We are seeing positive trends in the origination volume of this unit, and we expect it will become a more meaningful contributor to growth in 2022, although its growth may be somewhat offset by continued pay downs in our remaining $71 million of shared national credits. We have been steadily reducing our shared national credit portfolio from a peak of $483 million at September 30, 2018 to the current $71 million.

Indirect RV & Marine lending is a nationwide business that has allowed us to originate consumer loans while maintaining our conservative credit-quality standards. It was the largest contributor to our loan growth in 2018 and 2019, but we allowed this portfolio to shrink in 2020 and so far in 2021. Specifically, during 2020 the portfolio balance decreased $435 million, or 16.7%, and, for the first nine months of 2021, the portfolio balance decreased $165 million, or 7.6% not annualized. During 2020, we implemented enhancements to our underwriting and pricing with the expectation that we will maintain or improve on the portfolio’s already excellent credit quality while increasing our profit margins. We have slowly gained momentum with this enhanced business plan, and we hope to see net growth in this portfolio resuming sometime in 2022. We believe that our indirect portfolio will continue to be an important part of our lending business, and our objective is to maintain it within a range of at or near 10% of our total loans up to 15% of our total loans.

As of September 30, 2021, the non-purchased indirect portfolio had an average loan size of approximately $90,000 and a 30+ day delinquency ratio of nine bps. For the third quarter and first nine months of 2021, our annualized net charge-off ratio for the non-purchased indirect portfolio was 10 bps and 24 bps, respectively. Figure 44 provides additional details regarding this portfolio.

Figure 44: Indirect RV & Marine Outstanding Non-purchased Loan Balances



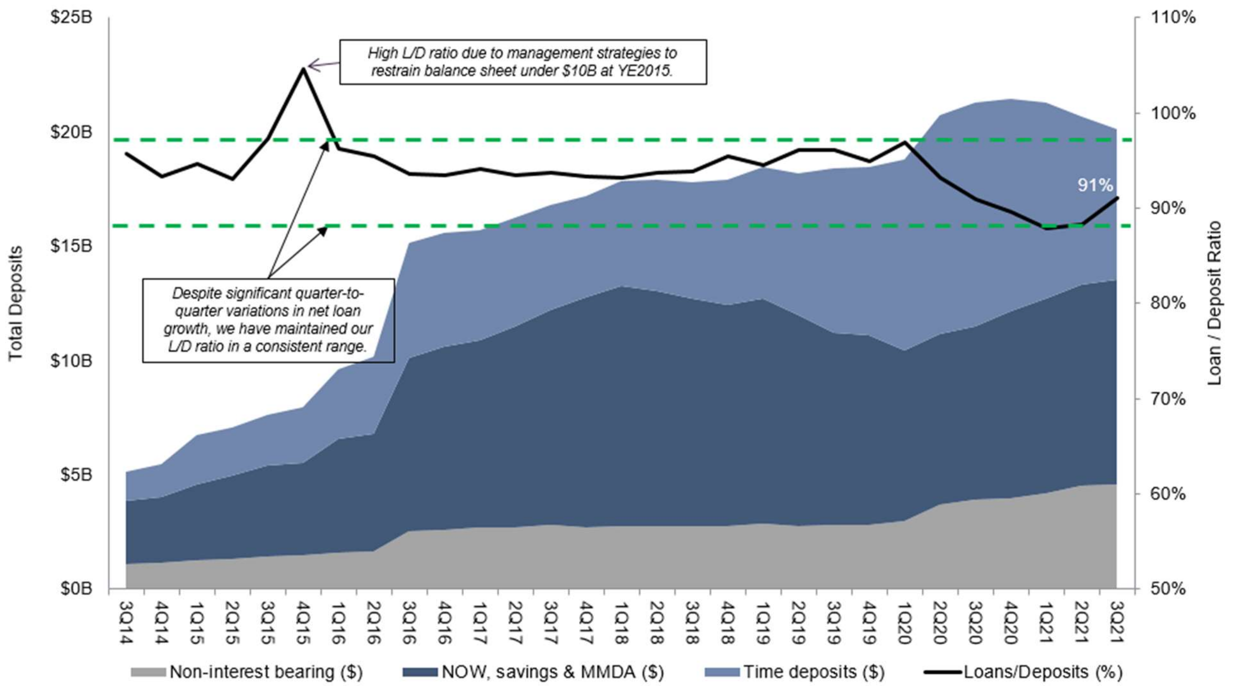
RV Portfolio - as of 9/30/21			
Loan Size	**Total #**		**$ thousands**
$1 million +	-	$	-
$750k - $999k	-		-
$250k - $749k	416		128,690
$50k - $249k	9,143		974,056
< $50k	6,052		153,782
Total	**15,611**	**$**	**1,256,528**

Marine Portfolio - as of 9/30/21			
Loan Size	**Total #**		**$ thousands**
$1 million +	38	$	71,564
$750k - $999k	28		24,030
$250k - $749k	351		136,281
$50k - $249k	4,135		444,235
< $50k	2,585		78,267
Total	**7,137**	**$**	**754,379**

Liquidity

We believe that we have significant capacity for future deposit growth in our existing network of 232 branches. We have successfully increased our overall deposits as needed to fund our earning asset growth. Our loan-to-deposit ratio was 91% at September 30, 2021, within our historical range of 89% to 99%. As Figure 45 shows, we have consistently maintained our loan-to-deposit ratio within or near that range over the last seven years, even as our total assets grew approximately 297% from $6.6 billion at September 30, 2014 to $26.1 billion at September 30, 2021.

Figure 45: Maintaining a Consistent Loan / Deposit Ratio While Achieving Substantial Growth



The amount of deposits by customer type as of the dates indicated and their respective percentage of total deposits are reflected in Figure 46. As shown below, we have improved the quality of our deposit base as we have significantly grown our consumer and commercial deposits and reduced our public funds, brokered and reciprocal deposits.

Figure 46: Deposits by Customer Type ($ millions)

	Period Ended					
	9/30/2020		12/31/2020		9/30/2021	
Consumer	$ 10,909	51.2%	$ 11,166	52.1%	$ 10,186	50.7%
Commercial	5,963	28.0%	6,057	28.2%	6,502	32.3%
Public Funds	2,331	10.9%	2,112	9.8%	2,028	10.1%
Brokered	1,580	7.4%	1,600	7.5%	895	4.5%
Reciprocal	504	2.5%	516	2.4%	491	2.4%
Total	$ 21,287	100.0%	$ 21,451	100.0%	$ 20,102	100.0%

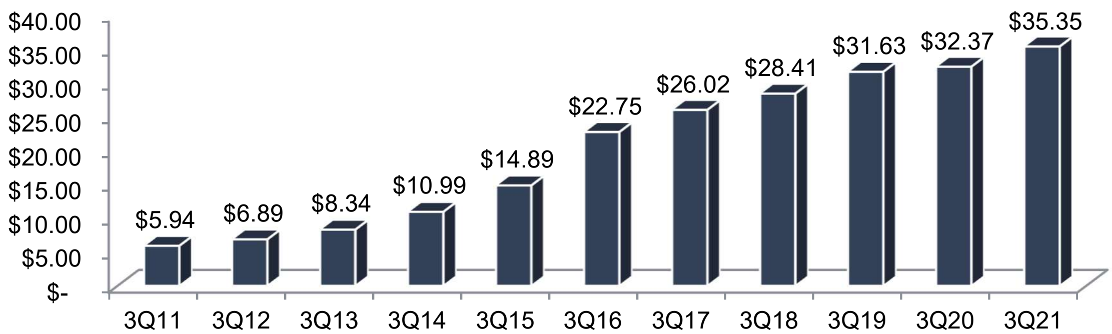
Stock Repurchase Program

In July 2021, we adopted a stock repurchase program for a maximum amount of $300 million. We implemented the share repurchase program on July 27, 2021 and, during the quarter just ended, repurchased 888,567 shares at a weighted average cost of $41.61, for a total of $37.0 million. We will likely be more active with our stock repurchase program during the fourth quarter of 2021, since our program will be in effect for the entire quarter. Of course, the timing and amount of additional repurchases made pursuant to the repurchase program will be determined by management based on a variety of factors, including general market conditions, the Bank's capital position, liquidity, financial performance and alternative uses of capital, stock trading price, regulatory requirements and other factors. The repurchase program may be suspended by the Bank at any time.

Capital and Dividends

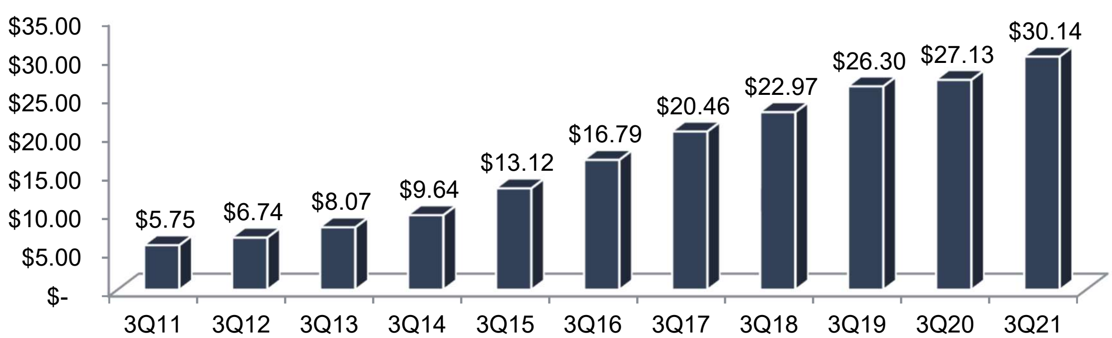
During the quarter just ended, our book value per common share increased to $35.35 compared to $34.70 as of June 30, 2021 and $32.37 as of September 30, 2020. Over the last 10 years, we have increased book value per common share by a cumulative 495%, resulting in a compound annual growth rate of 19.5%, as shown in Figure 47.

Figure 47: Book Value per Share (Period End)



During the quarter just ended, our tangible book value per common share increased to $30.14 compared to $29.52 as of June 30, 2021 and $27.13 as of September 30, 2020. Over the last 10 years, we have increased tangible book value per common share by a cumulative 424%, resulting in a compound annual growth rate of 18.0%, as shown in Figure 48.

Figure 48: Tangible Book Value per Share (Period End) [3]



Our historically strong earnings and earnings retention rate, among other factors, have contributed to our building robust capital ratios, as shown in Figure 49, which are among the strongest in the industry. We are focused on strategies to utilize our excess capital that are in the best long-term interest of our shareholders. Options for

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

deploying our excess capital include organic loan growth, adding new business lines, continuing to increase our cash dividend, financially attractive acquisitions for cash or some combination of cash and stock, and continued stock repurchases. Even though our total loan balances will likely decline for the full year of 2021 because of the expected high level of net loan repayments, organic loan growth will continue to be our top growth priority, and we are optimistic about our growth prospects in 2022 and beyond.

Figure 49: Capital Ratios

	Estimated 9/30/2021 [4]	Regulatory Minimum Required To Be Considered Well Capitalized	Excess Capital
CET 1 Ratio	14.50%	6.50%	8.00%
Tier 1 Ratio	14.50%	8.00%	6.50%
Total RBC Ratio	17.30%	10.00%	7.30%
Tier 1 Leverage	15.20%	5.00%	10.20%

We have increased our cash dividend in each of the last 45 quarters and every year since going public in 1997. We expect that we will likely continue to increase our cash dividend in future quarters.

Effective Tax Rate

Our effective tax rate for the quarter just ended was 23.8%, and for the first nine months of 2021 was 23.2%. We expect our effective tax rate for the full year of 2021 to be between 23% and 24%, assuming no changes in applicable state or federal income tax rates.

Final Thoughts

We are pleased to report our highest level of quarterly RESG loan originations since 2017 along with record net interest income for the quarter just ended. Our strong capital and liquidity, disciplined credit culture and outstanding team have us well positioned for the future.

[4] Ratios as of September 30, 2021 are preliminary estimates and are subject to revision upon filing of our FFIEC 041 Call Report.

Non-GAAP Reconciliations

Calculation of Average Tangible Common Stockholders' Equity and the Return on Average Tangible Common Stockholders' Equity

Unaudited (Dollars in Thousands)

	Three Months Ended *			Nine Months Ended *	
	9/30/2020	6/30/2021	9/30/2021	9/30/2020	9/30/2021
Net Income Available To Common Stockholders	$ 109,253	$ 150,535	$ 130,290	$ 171,385	$ 429,240
Average Common Stockholders' Equity Before Noncontrolling Interest	$ 4,148,409	$ 4,423,093	$ 4,530,995	$ 4,125,578	$ 4,421,240
Less Average Intangible Assets:					
Goodwill	(660,789)	(660,789)	(660,789)	(660,789)	(660,789)
Core deposit and other intangibles, net of accumulated amortization	(17,461)	(12,175)	(10,617)	(19,803)	(12,195)
Total Average Intangibles	(678,250)	(672,964)	(671,406)	(680,592)	(672,984)
Average Tangible Common Stockholders' Equity	$ 3,470,159	$ 3,750,129	$ 3,859,589	$ 3,444,986	$ 3,748,256
Return On Average Common Stockholders' Equity	10.48%	13.65%	11.41%	5.55%	12.98%
Return On Average Tangible Common Stockholders' Equity	12.52%	16.10%	13.39%	6.65%	15.31%

Calculation of Tangible Book Value per Share

Unaudited (Dollars in Thousands, Except per Share)

	As of September 30,					
	2011	2012	2013	2014	2015	2016
Total common stockholders' equity before noncontrolling interest	$ 406,945	$ 477,851	$ 612,338	$ 875,578	$ 1,314,517	$ 2,756,346
Less intangible assets:						
Goodwill	(5,243)	(5,243)	(5,243)	(78,669)	(128,132)	(657,806)
Core deposit and other intangibles, net of accumulated amortization	(7,473)	(5,437)	(14,796)	(28,439)	(28,624)	(64,347)
Total intangibles	(12,716)	(10,680)	(20,039)	(107,108)	(156,756)	(722,153)
Total tangible common stockholders' equity	$ 394,229	$ 467,171	$ 592,299	$ 768,470	$ 1,157,761	$ 2,034,193
Common shares outstanding (thousands)	68,554	69,330	73,404	79,705	88,265	121,134
Book value per common share	$ 5.94	$ 6.89	$ 8.34	$ 10.99	$ 14.89	$ 22.75
Tangible book value per common share	$ 5.75	$ 6.74	$ 8.07	$ 9.64	$ 13.12	$ 16.79

	As of September 30,					As of
	2017	2018	2019	2020	2021	June 30, 2021
Total common stockholders' equity before noncontrolling interest	$ 3,334,740	$ 3,653,596	$ 4,078,324	$ 4,186,285	$ 4,553,240	$ 4,501,676
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	(51,396)	(38,817)	(26,608)	(16,462)	(9,791)	(11,336)
Total intangibles	(712,185)	(699,606)	(687,397)	(677,251)	(670,580)	(672,125)
Total tangible common stockholders' equity	$ 2,622,555	$ 2,953,990	$ 3,390,927	$ 3,509,034	$ 3,882,660	$ 3,829,551
Common shares outstanding (thousands)	128,174	128,609	128,946	129,342	128,818	129,720
Book value per common share	$ 26.02	$ 28.41	$ 31.63	$ 32.37	$ 35.35	$ 34.70
Tangible book value per common share	$ 20.46	$ 22.97	$ 26.30	$ 27.13	$ 30.14	$ 29.52

Note: All share and per share data adjusted to reflect impact of 2-for-1 stock splits on August 16, 2011 and June 23, 2014.