Bank OZK

MANAGEMENT COMMENTS
FOR THE FIRST QUARTER 2019

APRIL 17, 2019

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 implementing the Bank's growth, expansion and acquisition strategies including delays in identifying sites, hiring or retaining qualified personnel, obtaining regulatory or other approvals, obtaining permits and designing, constructing and opening new offices; the ability to enter into and/or close additional acquisitions; problems with, or additional expenses relating to, integrating acquisitions; the inability to realize expected cost savings and/or synergies from acquisitions; problems with managing acquisitions; the effect of the announcement of any future acquisition on customer relationships and operating results; the availability of and access to capital; possible downgrades in the Bank's credit ratings or outlook which could increase the costs or 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; 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; changes in U.S. government monetary and fiscal policy; the ability to keep pace with technological changes, including changes regarding maintaining cybersecurity; FDIC special assessments or changes to regular assessments; 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; 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 included 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, 2018 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 projected 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 the results of the first quarter of 2019. Our net income of $110.7 million provided a solid start to 2019. Our 1.99% annualized return on average assets, 38.5% efficiency ratio and 4.53% net interest margin continued to be among the best in the industry.

During the quarter, our non-purchased loans grew $537 million, and we had $1.86 billion of originations in our Real Estate Specialties Group ("RESG"). Our deep industry and market knowledge, our relationships with our sponsors and our service level and expertise give us a unique ability to win business without sacrificing our high standards. RESG is a national leader in commercial real estate finance, and the discipline we have demonstrated suggests that we will continue to be a strong leader in that field. Our Indirect RV & Marine lending business has given us another exceptional national lending platform, providing substantial growth, good asset quality and healthy portfolio diversification. Various teams within our Community Banking group are successfully growing, with the expectation that some of these units will contribute significantly to further portfolio diversification and may ultimately achieve national scale.

Our asset quality remains excellent. For the quarter just ended, our annualized net charge-off ratio for non-purchased loans was 0.05%, well below the recent industry average. At March 31, 2019, excluding purchased loans, our ratio of nonperforming loans to total loans was 0.22% and our ratio of nonperforming assets to total assets was 0.21%, both slightly improved from already favorable levels at year-end 2018.

We remain focused on delivering long-term value to our shareholders. At March 31, 2019, our book value per common share and our tangible book value per common share[1] were $30.11 and $24.73, respectively, reflecting increases of 9.8% and 12.8%, respectively, from March 31, 2018. Over the last 11 ¼ years, we have increased tangible book value per common share by a cumulative 799%, resulting in a compound annual growth rate of 21.6%.

On April 1, 2019, our Board of Directors approved a regular quarterly cash dividend of $0.23 payable on April 22, 2019, representing a 4.55% increase over the dividend paid in January 2019 and a 17.9% increase over the dividend paid in April 2018. We have increased our dividend for 35 consecutive quarters.

We are pleased with our first quarter performance, and we believe we are well positioned for the remainder of 2019 and beyond.

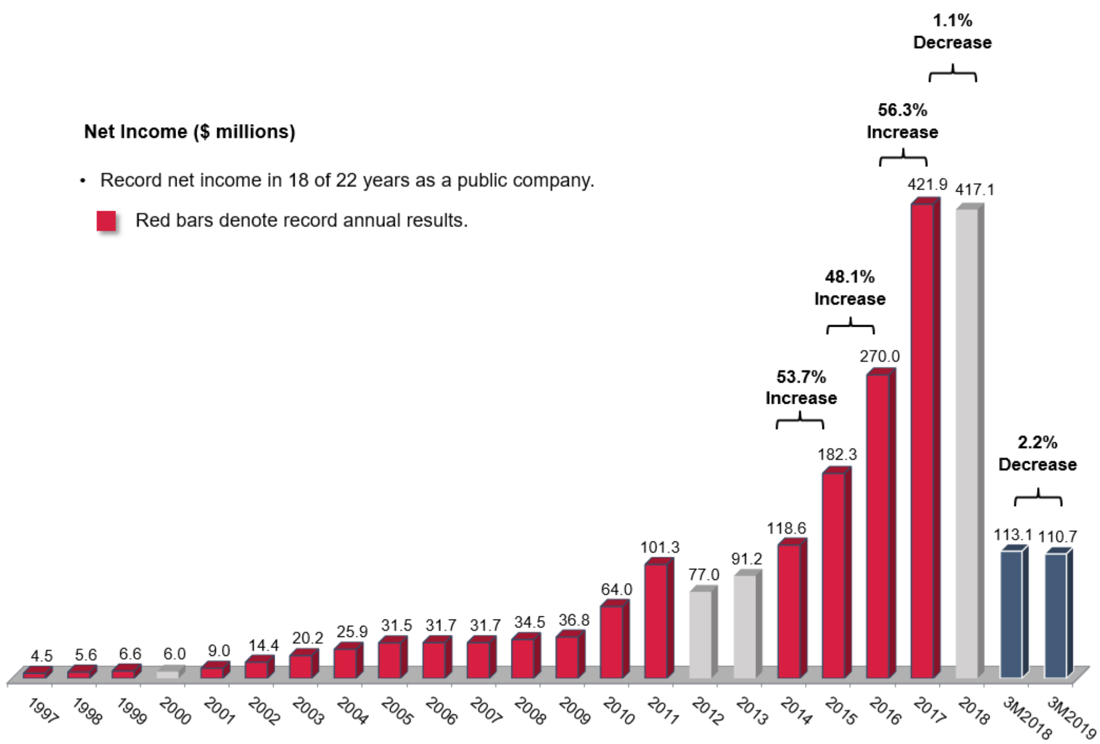
[1] See the schedule at the end of this presentation for the reconciliation of tangible book value per common share to the most directly comparable generally accepted accounting principles ("GAAP") measure.

Profitability and Earnings Metrics

Our net income for the first quarter of 2019 was $110.7 million, a decrease of 2.2% from $113.1 million for the first quarter of 2018. The largest factor in this difference was that we had no tax-exempt bank owned life insurance ("BOLI") death benefit income in the first quarter of 2019 as compared to $2.7 million in the first quarter of 2018. Our annualized returns on average assets, average common stockholders' equity and average tangible common stockholders' equity[2] for the first quarter of 2019 were 1.99%, 11.77% and 14.40%, respectively, compared to 2.16%, 13.17% and 16.53%, respectively, in the first quarter of 2018.

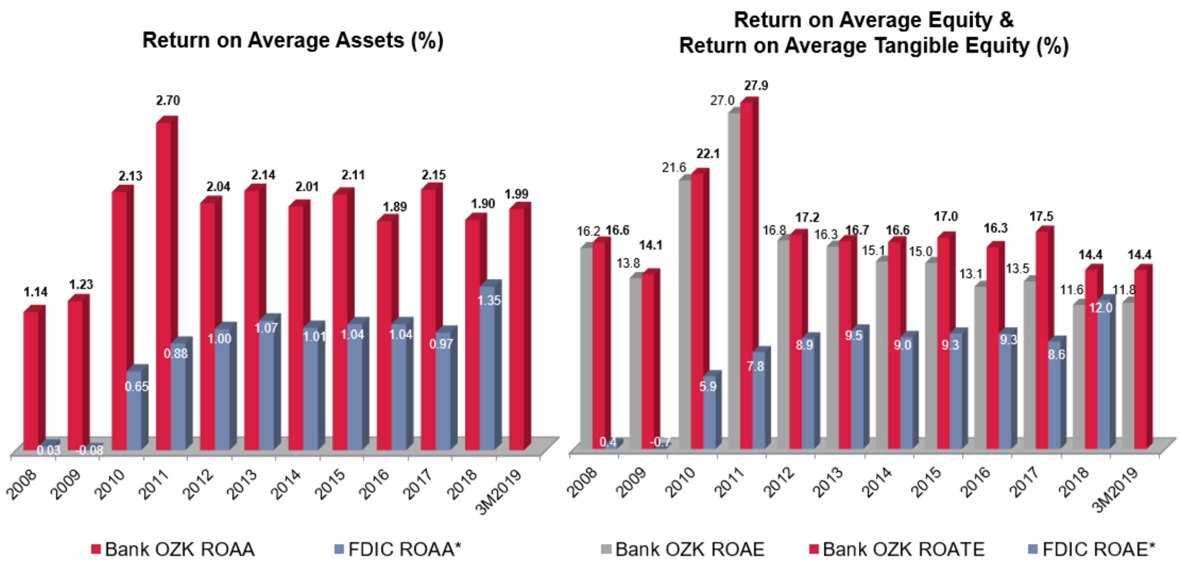
Figures 1 and 2 reflect our long history of excellent net income growth and favorable earnings metrics relative to industry averages.

Figure 1: Profitability and Earnings Growth



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

Figure 2: Earnings Metrics



Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last update fourth quarter 2018. Annualized when appropriate.

Calculations of return on average tangible common stockholders' equity and the reconciliations to GAAP are included in the schedule at the end of this presentation.

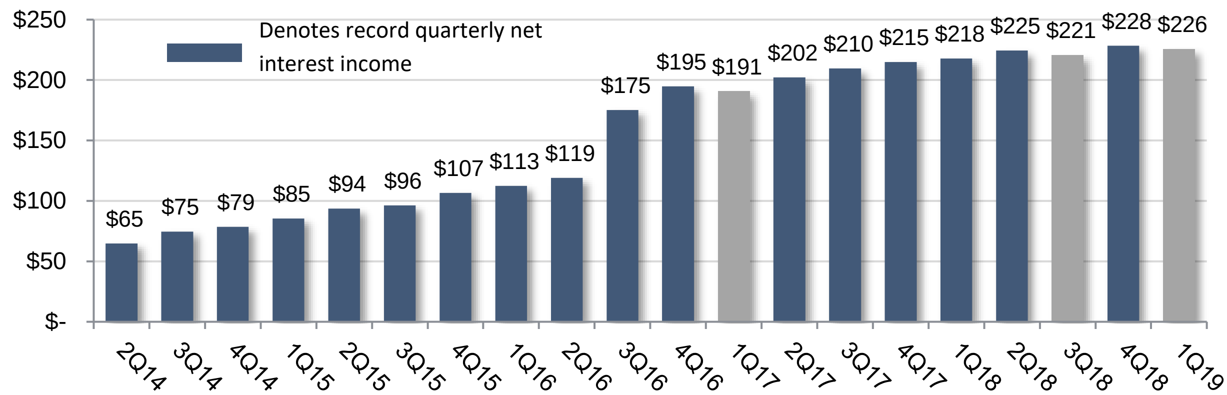
Net Interest Income

Net interest income is our largest category of revenue. It is affected by many factors, including our volume of average earning assets; our mix of average earning assets between non-purchased loans, purchased loans and investment securities; our volume and mix of deposits; our net interest margin; 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"); and other factors, including the number of days in each quarter.

Net interest income in the first quarter of 2019 was $226 million, an increase of 3.7% from $218 million in the first quarter of 2018, but a decrease of 1.1% from $228 million in the fourth quarter of 2018. Except in leap years, the first quarter of each year has fewer calendar days than other quarters, providing a headwind to achieving record net interest income in the first quarter of the year.

We have achieved record net interest income in 17 of the last 20 quarters, as shown in Figure 3. Consistent with our historical results, we strive to increase net interest income through a combination of growth in earning assets and good yields on those assets.

Figure 3: Quarterly Net Interest Income Since 2Q14 ($ millions)



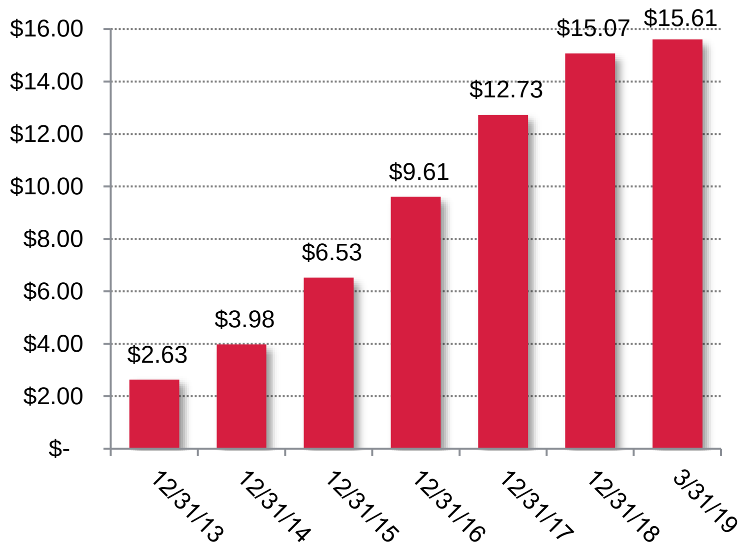
Average Earning Assets – Volume and Mix

Our average earning assets for the quarter just ended totaled $20.3 billion, an increase of 7.4% compared to the first quarter of 2018. Our growth in average earning assets in recent quarters has been limited by (i) a high level of pay-downs of non-purchased loans and (ii) the ongoing pay-downs of purchased loans.

Non-purchased Loans

Non-purchased loans, which are all loans excluding the remaining loans acquired in our acquisitions, accounted for 76.2% of our average earning assets in the quarter just ended. During the quarter, the outstanding balance of our non-purchased loans grew $537 million. We continue to expect our non-purchased loan growth percentage for 2019 to be in the low to mid-teens. Loan growth may vary widely quarter-to-quarter and our actual results for full-year 2019 could vary significantly from current expectations due to economic conditions, competition or other factors.

Figure 4: Funded Balance of Non-purchased Loans ($ billions)



Non-purchased loan growth		
	$ Billions	**%**
2013	$0.52	24%
2014	$1.35	51%
2015	$2.55	64%
2016	$3.08	47%
2017	$3.13	33%
2018	$2.34	18%
3/31/19 v. 3/31/18	$1.94	14%

RESG accounted for 61% of the funded balance of non-purchased loans as of March 31, 2019. Figure 5 reflects the changes in the funded balance of RESG loans for the first quarter of 2019.

Figure 5: Activity in RESG Funded Balances – 1Q19 ($ billions)

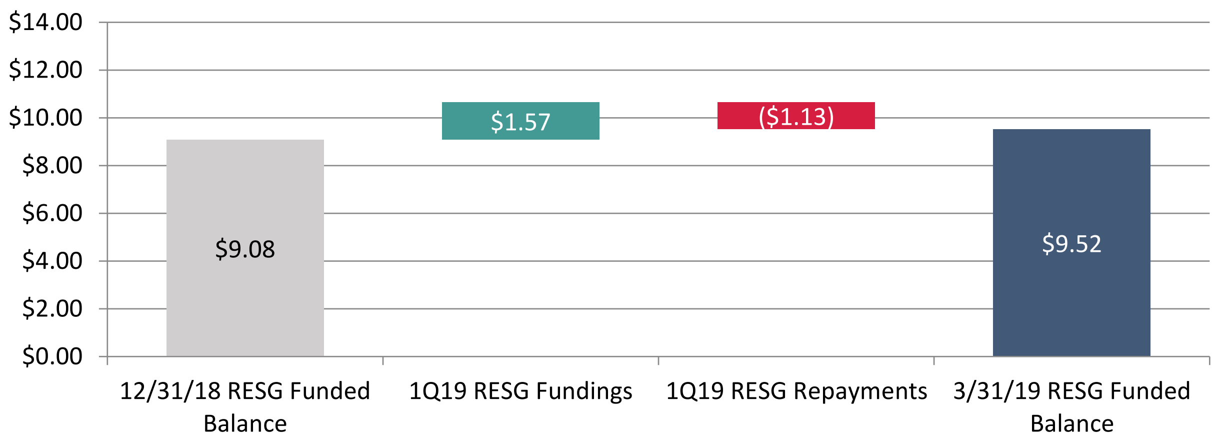


Figure 6 shows RESG's quarterly loan repayments for each of the last 13 quarters. In recent quarters, our growth in non-purchased loans has been limited by the high level of RESG loan repayments.

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	---	---	---	$1.13

**3M19 Not Annualized*

RESG loan repayments are expected to continue at an elevated level during the remainder of 2019, and such repayments for the full year of 2019 will likely exceed the level of repayments in 2018, due to high levels of property sales, leasing and refinancing activity. Of course, the level of repayments will likely vary from quarter-to-quarter and may have an outsized impact in one or more quarters.

Figure 7 shows RESG's quarterly loan originations for each of the last 13 quarters. RESG's origination volume for the first quarter of 2019 of $1.86 billion was the highest quarterly volume since the fourth quarter of 2017. Our focus has been, and will continue to be, on maintaining our credit quality and return standards, even if maintaining those standards adversely affects our origination volume and non-purchased loan growth. We continue to expect that our RESG loan originations for 2019 will likely equal or exceed the $4.74 billion we achieved in 2018; however, originations may vary widely quarter-to-quarter and our actual results for 2019 could vary significantly from current expectations due to economic conditions, competition or other factors.

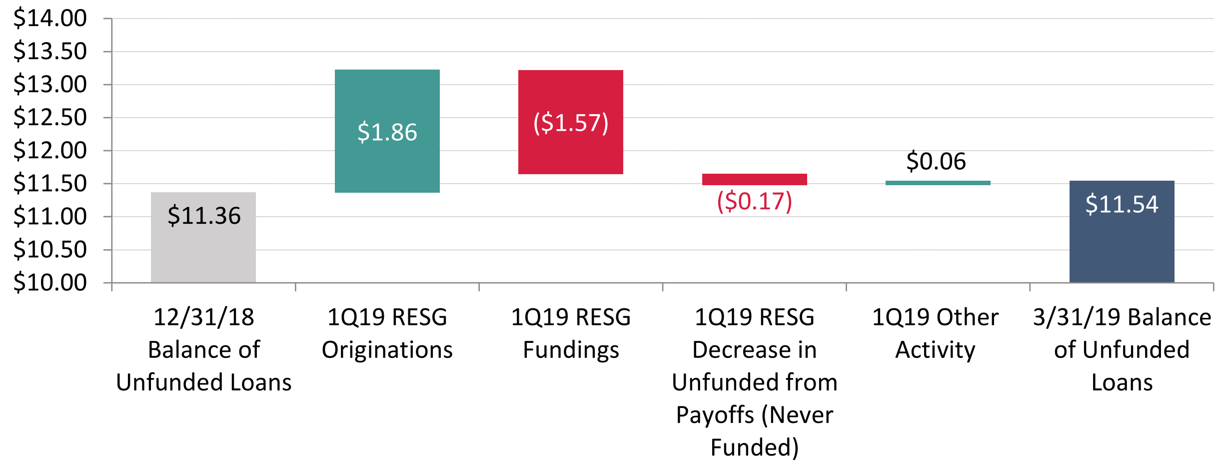
Figure 7: RESG Quarterly Loan Originations
($ billions)

	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	---	---	---	$1.86

**3M19 Not Annualized*

At March 31, 2019, RESG accounted for 91% of our $11.5 billion unfunded balance of loans already closed. Figure 8 reflects the changes in the unfunded balance of our loans already closed, both RESG and others, for the first quarter of 2019. This unfunded balance increased $0.18 billion during the first quarter of 2019, but will likely decrease for the full year of 2019. This unfunded balance will increase or decrease from quarter to quarter based on a combination of factors, including, among others, economic, real estate market and competitive conditions.

Figure 8: Activity in Unfunded Balances – 1Q19 ($ billions)



As we have stated before, maintaining excellent asset quality is always our main priority. Return on allocated equity is another important consideration, as evidenced by our favorable net interest margin. We will not sacrifice our asset quality or return standards to achieve growth.

Investment Securities

Our investment securities portfolio is our second largest component of earning assets. In the past eight quarters, our investment securities portfolio has grown by $1.30 billion from $1.47 billion at March 31, 2017 to $2.77 billion at March 31, 2019. This growth was primarily accomplished by purchasing highly liquid, short-duration government agency mortgage-backed pass-through securities. Because of the high quality and short duration of these securities, they have relatively low yields. We added these securities to enhance our balance sheet liquidity, while also trying to avoid any significant interest rate and market risks. During the quarter just ended, our investment securities portfolio decreased by $0.12 billion, because we could not find sufficient securities meeting our requirements to replace securities repayments. We will continue to make adjustments in our portfolio, and we may increase or decrease our investment securities portfolio during the remainder of 2019, based on prevailing market conditions, including our ability to make additional purchases at what we believe to be favorable yields.

Purchased Loans

Purchased loans, which are the remaining loans from our fifteen acquisitions, are our third largest component of earning assets. Purchased loans accounted for 9.6% of our average earning assets in the quarter just ended. During the quarter just ended, our purchased loan portfolio decreased $0.18 billion, or 8.8% not annualized. Purchased loan runoff will continue to be a headwind to overall earning asset growth in 2019.

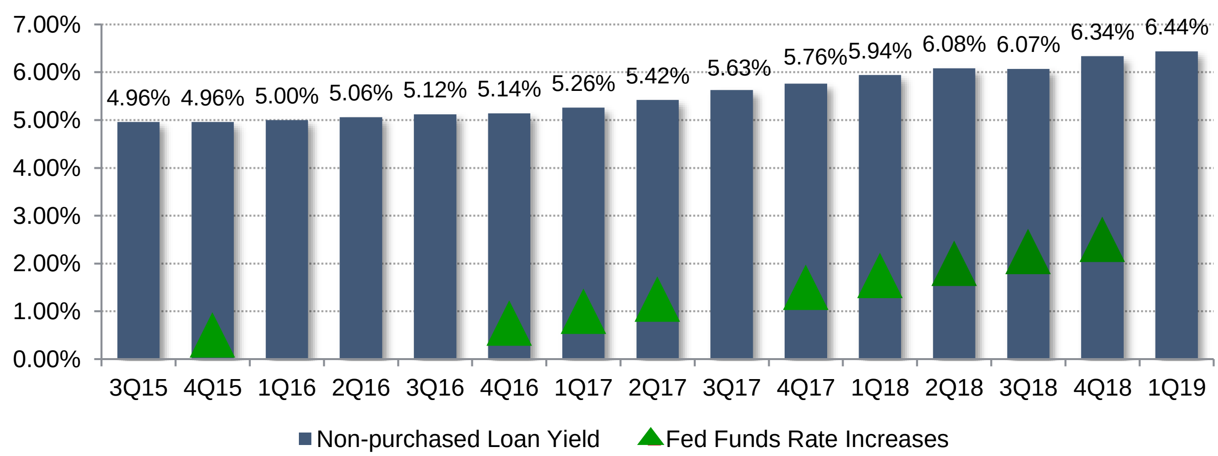
Net Interest Margin

Our net interest margin for the quarter just ended was 4.53%, down 16 basis points ("bps") from the first quarter of 2018, but down only two bps from the fourth quarter of 2018. Our net interest margin is still among the best in the industry.

Non-purchased Loan Yield

As shown in Figure 9, our yield on non-purchased loans increased 10 bps in the quarter just ended, following a 27 basis point increase in the fourth quarter of 2018. Non-purchased loan yield includes various items such as amortization of deferred loan fees and deferred origination costs, minimum interest, prepayment penalties and other such items that vary from quarter-to-quarter. Such items were once again above average in the first quarter of 2019, which we estimate enhanced our non-purchased loan yield in the quarter by approximately six bps. These items were also above average in the fourth quarter of 2018, which we estimate enhanced non-purchased loan yield in that quarter by approximately four bps. As shown in Figure 9, our yield on non-purchased loans has generally tended to increase as the Federal Reserve has increased the Fed funds target rate.

Figure 9: Non-purchased Loan Yield Trends

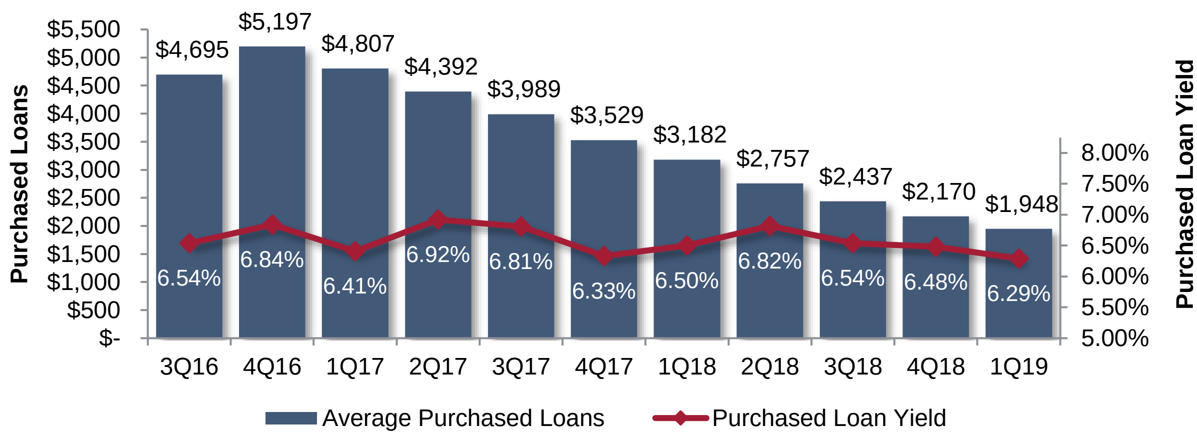


At March 31, 2019, 76% of our non-purchased loans had variable rates. If the Federal Reserve increases the Fed funds target rate in 2019, and if our yield on non-purchased loans increases along with increases in the Fed funds target rate, we would expect our yield on non-purchased loans to increase in a manner similar to our historical results with previous Fed funds target rate increases, all as shown in Figure 9. Conversely, if the Federal Reserve decreases the Fed funds target rate in the future, we would expect our yield on non-purchased loans to decrease, even though we have endeavored to reduce the potential impact of any decreases in the Fed funds target rate by placing floor rates in many of our variable rate loans. At March 31, 2019, 98.3% of our variable rate non-purchased loans had floor rates at some level.

Purchased Loan Yield

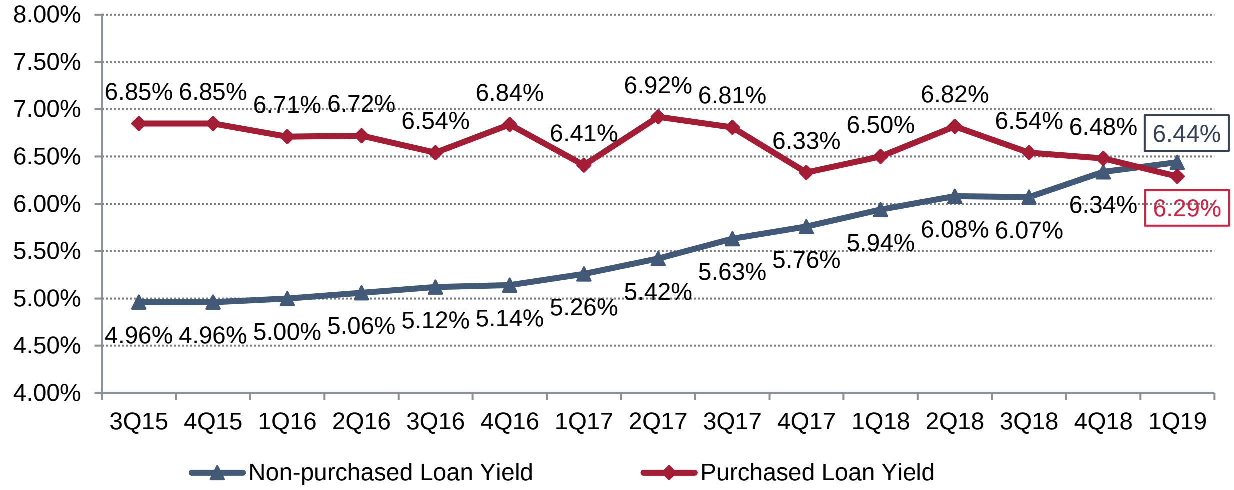
As shown in Figure 10, our purchased loan portfolio is paying down every quarter, and this ongoing reduction in this higher yielding portfolio has steadily put some downward pressure on our net interest margin in recent years.

Figure 10: Quarterly Purchased Loan Average Balances and Yields Since Closing Two Latest Acquisitions in July 2016 ($ millions)



As shown in Figure 11, the differential in the yield between our purchased loan portfolio and our non-purchased loan portfolio has diminished over time and converged during the most recent quarter. Of course, our yield on purchased loans can vary significantly from quarter-to-quarter based on the volume and mix of prepayments within the purchased loan portfolio. Despite the quarterly variations, our yield on purchased loans has tended to decline as that portfolio has seasoned. As of March 31, 2019, 42% of our purchased loans had variable rates.

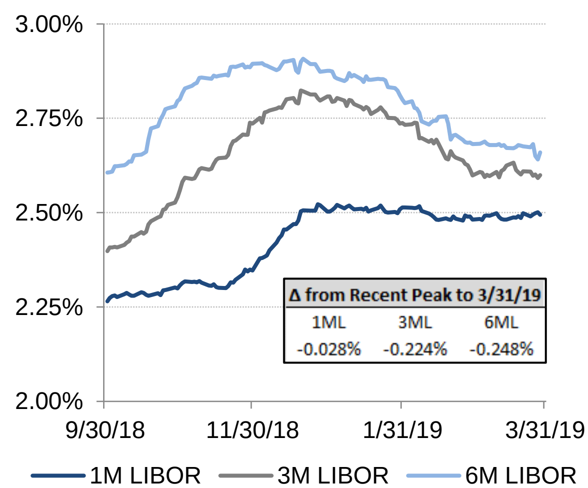
Figure 11: Convergence of Non-purchased and Purchased Loan Yields



During the quarter just ended, our yield on non-purchased loans surpassed our yield on purchased loans, eliminating one factor which has placed pressure on our net interest margin in recent years, specifically our "replacing" the runoff in our higher yielding purchased loans with new lower yielding non-purchased loans.

Other factors will provide challenges to our net interest margin for the foreseeable future. These factors include, among others, competitive pricing of loans; competitive pricing of deposits, which intensified throughout 2018 and has only shown modest signs of abating towards the close of the first quarter of 2019; recent decreases in LIBOR rates as shown in Figure 12; and the recent flattening of the yield curve.

Figure 12: LIBOR Rates

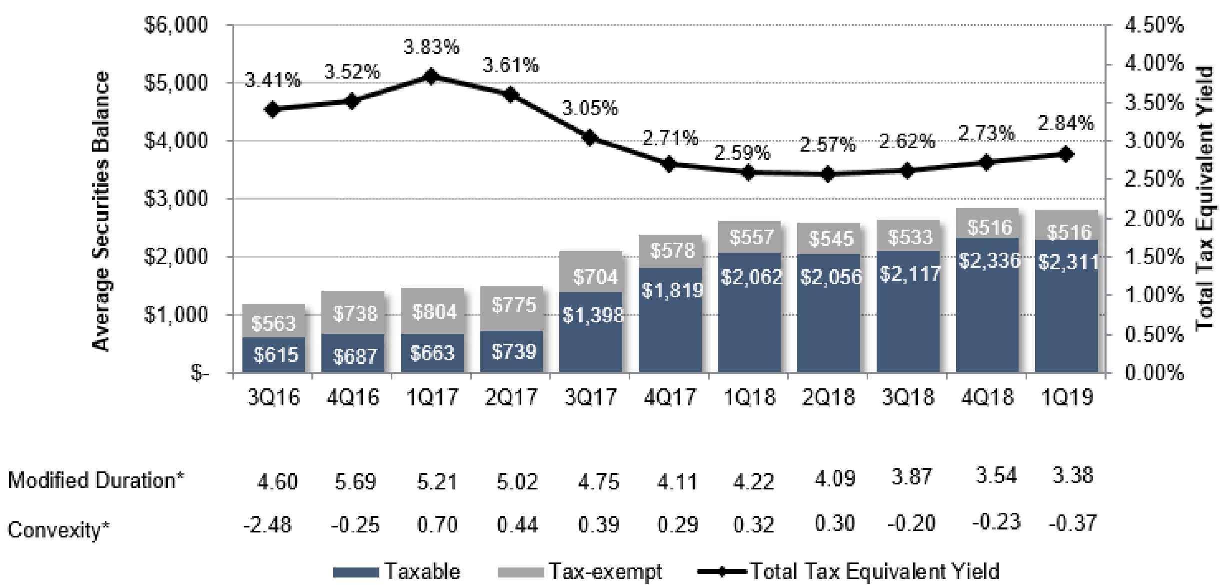


Source: Bloomberg.

Investment Portfolio Yield

As shown in Figure 13, the yield on our investment portfolio was 2.84%, on a fully taxable equivalent (“FTE”) basis, in the first quarter of 2019, which is an increase of 25 bps from 2.59% FTE in the first quarter of 2018. The average balance of tax-exempt securities decreased from $557 million yielding 3.84% FTE in the first quarter of 2018 to $516 million yielding 3.86% FTE in the first quarter of 2019. The average balance of taxable securities increased from $2.06 billion yielding 2.25% in the first quarter of 2018 to $2.31 billion yielding 2.61% in the first quarter of 2019.

Figure 13: Securities Portfolio Average Balance and FTE Yield ($ millions)



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

Core Spread

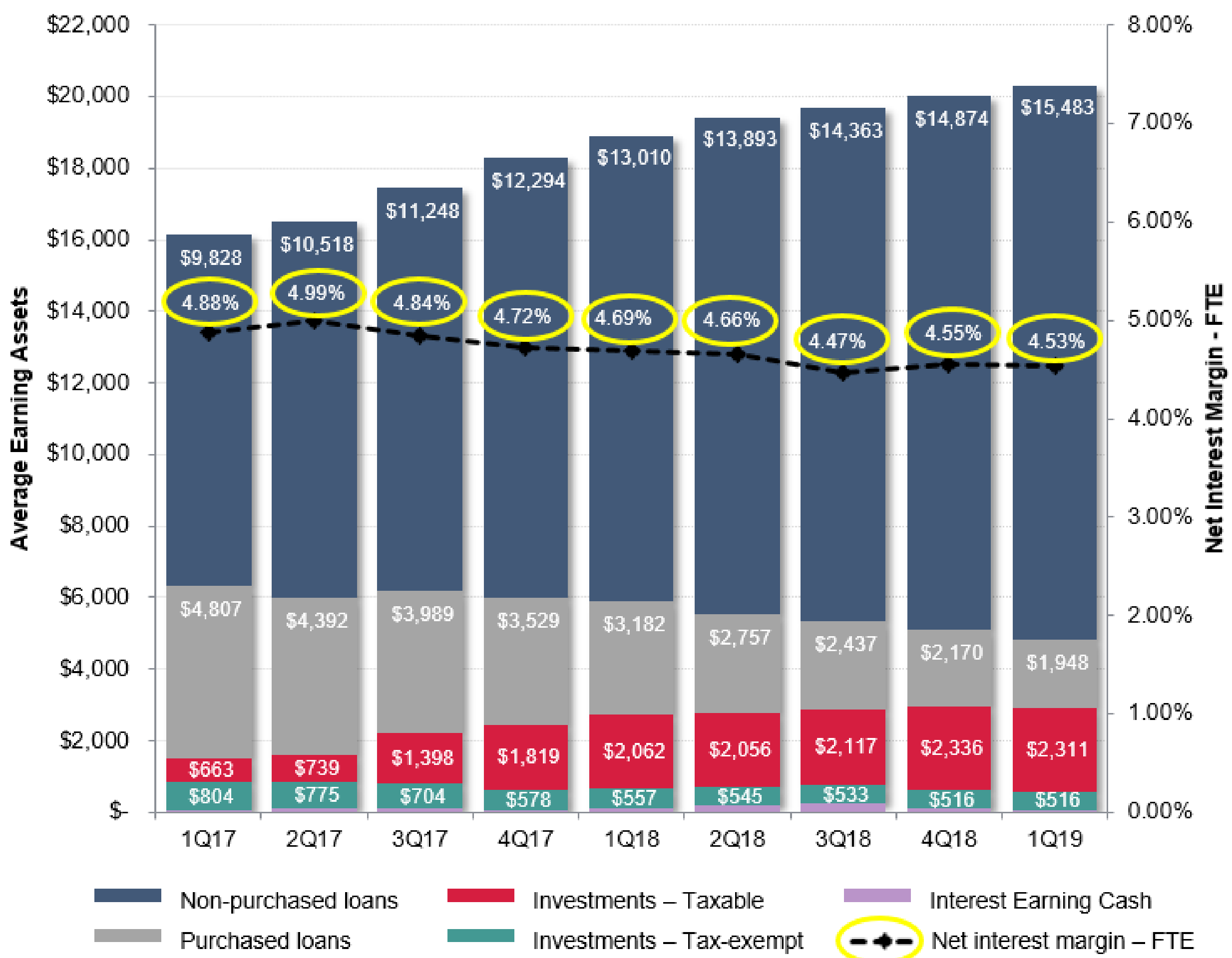
Since the fourth quarter of 2015, when the Federal Reserve started the current round of interest rate increases, the Fed funds target rate has increased nine times. This has resulted in increases in our yield on variable rate loans and newly originated loans as well as increases in our costs of interest bearing deposits and borrowings. During that 14-quarter period, our yield on non-purchased loans has increased 148 bps, helping to offset the 138 bps increase in our COIBD, and resulting in an increase of 10 bps in our core spread. Our core spread decreased nine bps in the quarter just ended.

Starting in the third quarter of 2018, we increased our focus on our data, analytics, practices and strategies related to deposits and deposit pricing. We have identified a number of adjustments, some of which we have implemented and some of which are still in development. This increased focus included the addition of a Chief Deposit Officer in December 2018. We plan to continue our focus on enhancing deposits and deposit pricing. While our results may vary from quarter-to-quarter, we believe that the increase in our COIBD for the full year of 2019 will be less than the 67 bps experienced in 2018, and we believe that the increase in our COIBD in the remaining quarters of 2019 will be significantly less than the 19 basis point increase in the quarter just ended.

Earning Asset Mix Impact on Net Interest Margin

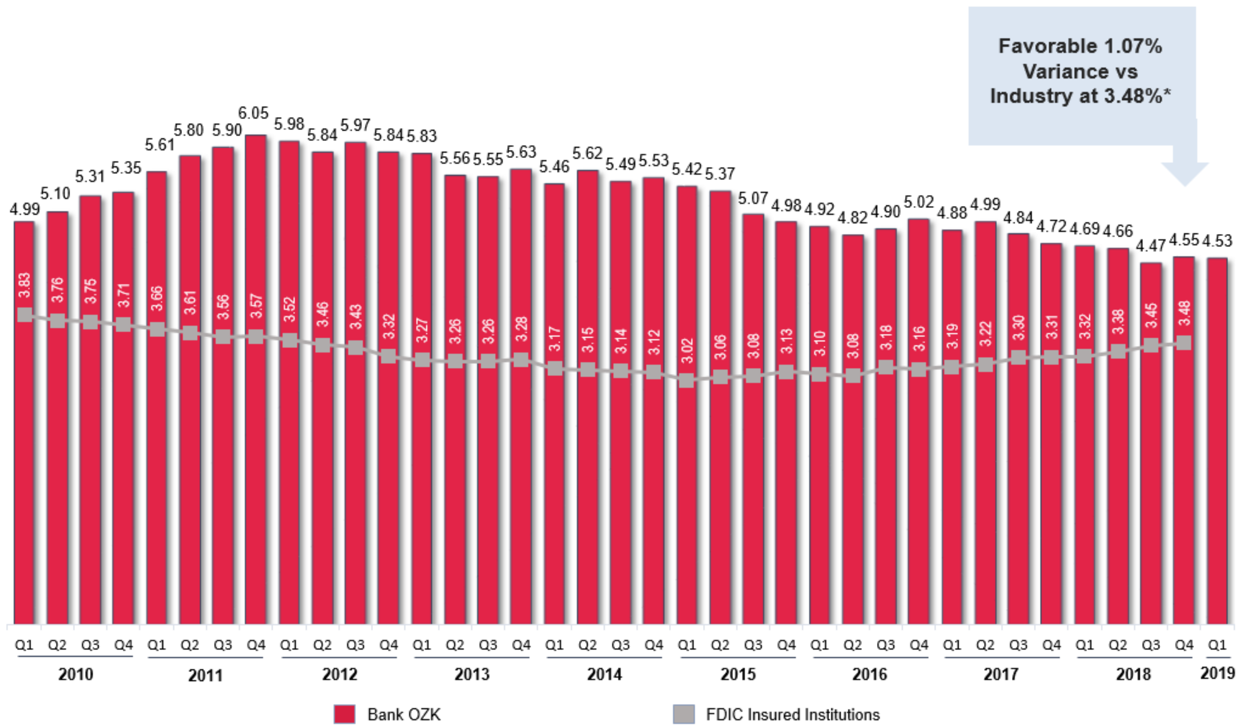
Figure 14 illustrates the dynamic nature of changes in our mix of earning assets, which have affected our net interest margin. This includes growth in our non-purchased loans and taxable investments partially offset by decreases in our volume of purchased loans and tax-exempt investments.

Figure 14: Trends in Average Earning Assets & Net Interest Margin ($ millions)



We continue to perform well versus the industry on net interest margin, as shown in Figure 15.

Figure 15: Top-Decile Net Interest Margin (%)



Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last update fourth quarter 2018.

Non-interest Income

Non-interest income for the first quarter of 2019 was $24.1 million, a 16.1% decrease from $28.7 million for the first quarter of 2018. Non-interest income for the first quarter of 2018 included $2.7 million of tax-exempt BOLI death benefit income compared to none in the first quarter of 2019. Additionally, gains on sales of other assets were $1.4 million in the first quarter of 2018 compared to $0.3 million in the first quarter of 2019. As shown in Figure 16, several categories of non-interest income vary significantly from quarter-to-quarter. We would expect non-interest income for the remaining quarters of 2019 to be in the range we have reported over the last several quarters.

Figure 16: Non-interest Income *($ thousands)*

	For the 3 months Ended								
	3/31/2017	6/30/2017	9/30/2017	12/31/2017	3/31/2018	6/30/2018	9/30/2018	12/31/2018	3/31/2019
Service charges on deposit accounts	$ 11,301	$ 11,764	$ 9,729*	$ 10,058	$ 9,525	$ 9,704	$ 9,730	$ 10,585	$ 9,722
Mortgage lending income	1,574	1,910	1,620	1,294 **	492	1	24	20	-
Trust income	1,631	1,577	1,755	1,729	1,793	1,591	1,730	1,821	1,730
BOLI income	4,464	4,594	4,453	5,166	7,580	5,259	5,321	5,751	5,162
Other income from purchased loans	3,737	4,777	2,933	2,009	1,251	2,744	1,418	2,370	795
Loan service, maintenance and other fees	2,706	3,427	5,274	4,289	4,743	5,641	4,724	5,245	4,874
Net gains on investment securities	-	404	2,429	1,201	17	-	-	-	-
Gains (losses) on sales of other assets	1,619	672	1,363	1,899	1,426	844	(518)	465	284
Other	2,026	2,715	3,191	2,568	1,880	1,602	1,692	1,303	1,505
Total non-interest income	$ 29,058	$ 31,840	$ 32,747	$ 30,213	$ 28,707	$ 27,386	$ 24,121	$ 27,560	$ 24,072

** Durbin Amendment was effective for Bank on July 1, 2017.*

*** Decision made to exit secondary market mortgage lending business in December of 2017.*

Non-interest Expense

Non-interest expense for the first quarter of 2019 was $96.7 million, a 3.1% increase from $93.8 million for the first quarter of 2018. Figure 17 summarizes non-interest expense for the most recent nine quarters.

Figure 17: Non-interest Expense *($ thousands)*

	For the 3 months Ended								
	3/31/2017	6/30/2017	9/30/2017	12/31/2017	3/31/2018	6/30/2018	9/30/2018	12/31/2018	3/31/2019
Salaries & employee benefits	$ 38,554	$ 39,892	$ 35,331	$ 38,417	$ 45,499	$ 41,665	$ 41,477	$ 41,837	$ 44,868
Net occupancy and equipment	13,192	12,937	13,595	13,474	14,150	13,827	14,358	14,027	14,750
Professional and outside services	5,338	6,816	10,018	10,269	8,705	9,112	9,725	8,325	8,564
Advertising and public relations	1,190	1,258	1,907	1,634	1,331	1,777	6,977	1,472	1,683
Telecommunication services	3,970	3,107	3,321	3,537	3,197	3,487	3,373	3,023	3,344
Software and data processing	2,473	2,289	2,982	2,382	3,340	3,110	3,336	3,943	4,709
Travel and meals	1,855	2,061	2,223	2,338	2,153	2,498	2,517	2,482	2,669
FDIC insurance and state assessments	1,742	3,408	4,381	3,583	3,562	3,558	3,948	3,672	3,652
Amortization of inangibles	3,145	3,145	3,145	3,145	3,145	3,145	3,145	3,144	3,145
Writedown of signage due to strategic rebranding	-	-	-	-	-	-	4,915	-	-
Other expenses	6,809	8,915	7,496	7,398	8,728	6,928	9,171	12,968	9,294
Total non-interest expense	$ 78,268	$ 83,828	$ 84,399	$ 86,177	$ 93,810	$ 89,107	$102,942	$ 94,893	$ 96,678
Total expenses related to strategic rebranding *	-	-	-	-	-	621	10,772	271	-
Total non-interest expenses excluding expenses related to strategic rebranding	$ 78,268	$ 83,828	$ 84,399	$ 86,177	$ 93,810	$ 88,486	$ 92,170	$ 94,622	$ 96,678

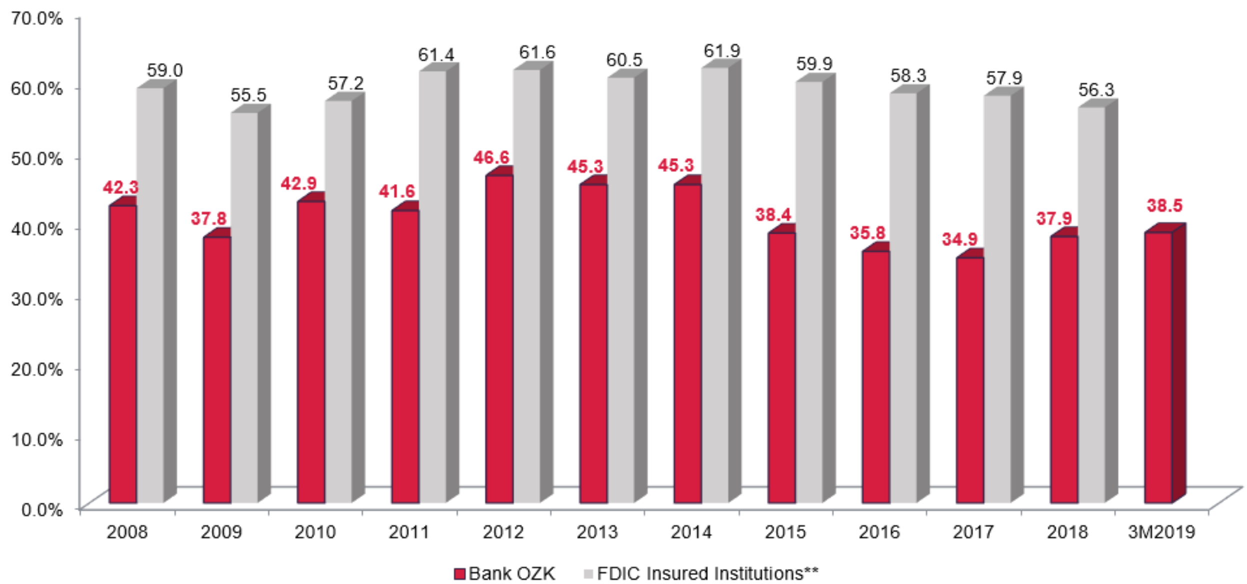
** During 2018, the Bank incurred pre-tax expenses of $11.7 million related to its name change to Bank OZK and related strategic rebranding.*

In recent years, a significant factor in our increased non-interest expense was our focus on enhancing our infrastructure for information technology, information systems, cybersecurity, business resilience, enterprise risk management, internal audit, compliance, BSA/AML monitoring, training and other important areas, as well as expanding our human and physical infrastructure to serve low-to-moderate income and majority-minority markets and customer segments. We consider all these initiatives to be important in preparing for future growth. We will continue to build our capabilities in these areas to keep pace with our growth and changing industry standards.

Efficiency Ratio

In the quarter just ended, our efficiency ratio was 38.5%, as shown in Figure 18. Our efficiency ratio has been among the top decile of the industry for 16 consecutive years.

Figure 18: Top Decile Efficiency (%) for 16 Consecutive Years*

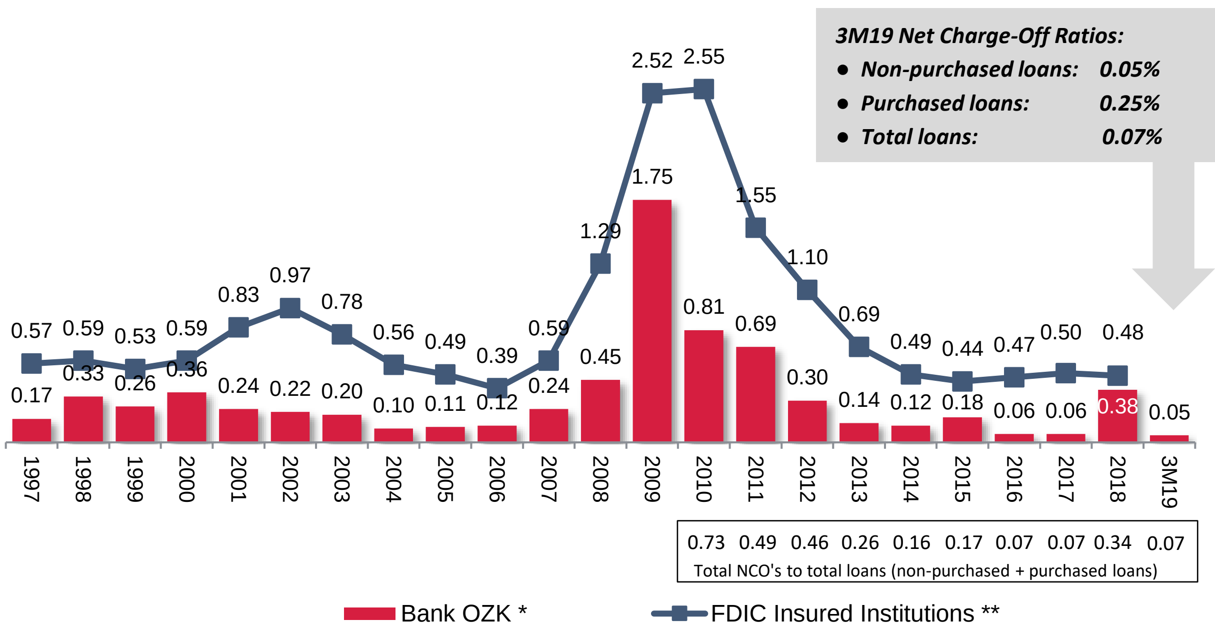


** Data from S&P Global Market Intelligence.*
*** Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last update fourth quarter 2018.*

Asset Quality

We continue to have net charge-off ratios below industry averages, as shown in Figure 19. In our 21 years as a public company, our net charge-off ratio for non-purchased loans has beaten the industry's net charge-off ratio every year and has averaged about 36% of the industry's net charge-off ratio.

Figure 19: 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 fourth quarter 2018. Annualized when appropriate.*

In RESG's 16-year history, we have incurred losses on only five credits, resulting in a weighted average annual net charge-off ratio (including OREO write-downs) for the RESG portfolio of 18 bps. You can see those details in Figure 20.

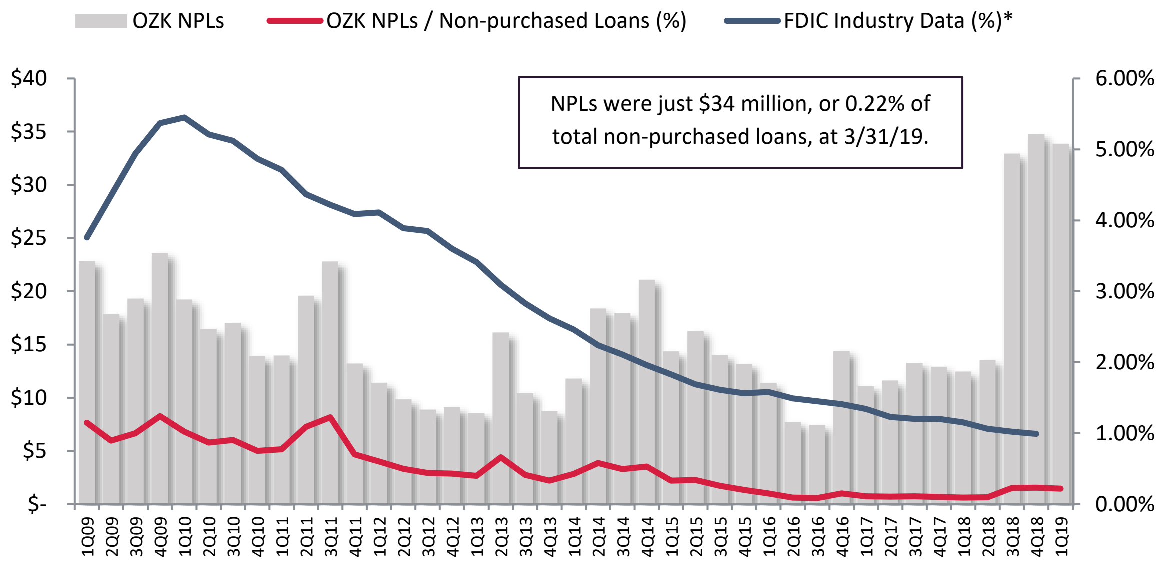
As shown in Figures 21, 22 and 23, the dollar volumes of our nonperforming non-purchased loans, nonperforming assets and past due non-purchased loans have been relatively stable, even as our total non-purchased loans and total assets have grown many-fold. Our ratios for nonperforming non-purchased loans, nonperforming assets and past due non-purchased loans have generally improved and have been consistently better than the industry's ratios.

Figure 20 - 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%
3/31/2019	9,519,461	9,430,640	-	0.00%
Total			**$ 56,768**	
			Weighted Average	**0.18%**

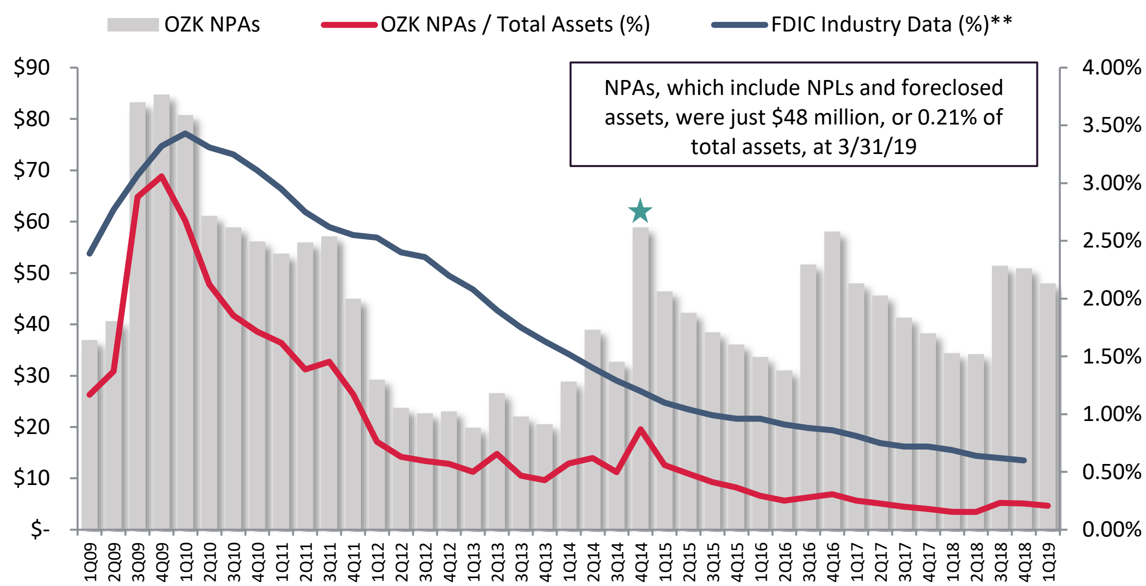
** Net charge-offs shown in this column reflect both net charge-offs and OREO write-downs.*
*** Annualized.*

Figure 21: Nonperforming Non-purchased Loans ("NPLs") ($ millions)



** Note: Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated fourth quarter 2018. Percent of Loans Noncurrent is the percentage of loans that are past due 90 days or more or that are in nonaccrual status.*

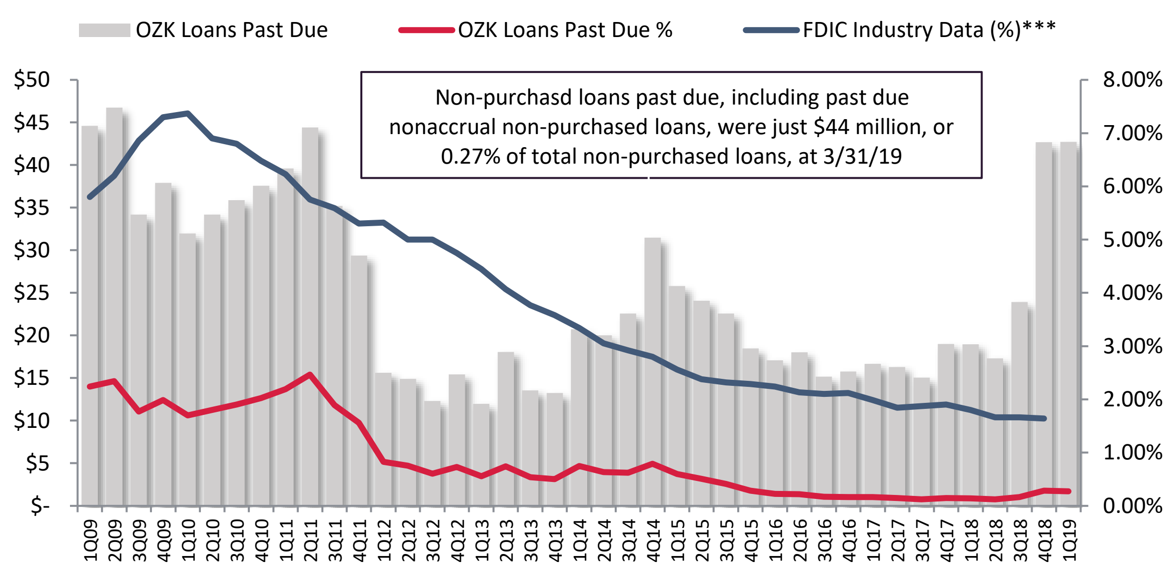
Figure 22: Nonperforming Assets ("NPAs") ($ millions)



*** Note: Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated fourth quarter 2018. Noncurrent assets plus other real estate owned to assets (%).*

★ *In 2014, we terminated our loss share agreement with the FDIC and reclassified foreclosed assets previously reported as covered by FDIC loss share to foreclosed assets.*

Figure 23: Non-purchased Loans Past Due 30+ Days, Including Past Due Nonaccrual Non-purchased Loans ("Loans Past Due") ($ millions)



**** Note: Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated fourth quarter 2018. Percent of Loans Noncurrent + Percent of Loans 30-89 Days Past Due.*

Additionally, as shown in Figure 24, our dollar volume of non-purchased loans designated as being in the "Substandard" category of our credit quality indicators has remained low, even as our capital has grown many-fold. As a result, our ratio of substandard non-purchased loans as a percentage of our total risk-based capital ("TRBC") at March 31, 2019 is near the lowest such ratio for the periods shown.

Figure 24: Substandard Non-purchased Loan Trends ($ millions)

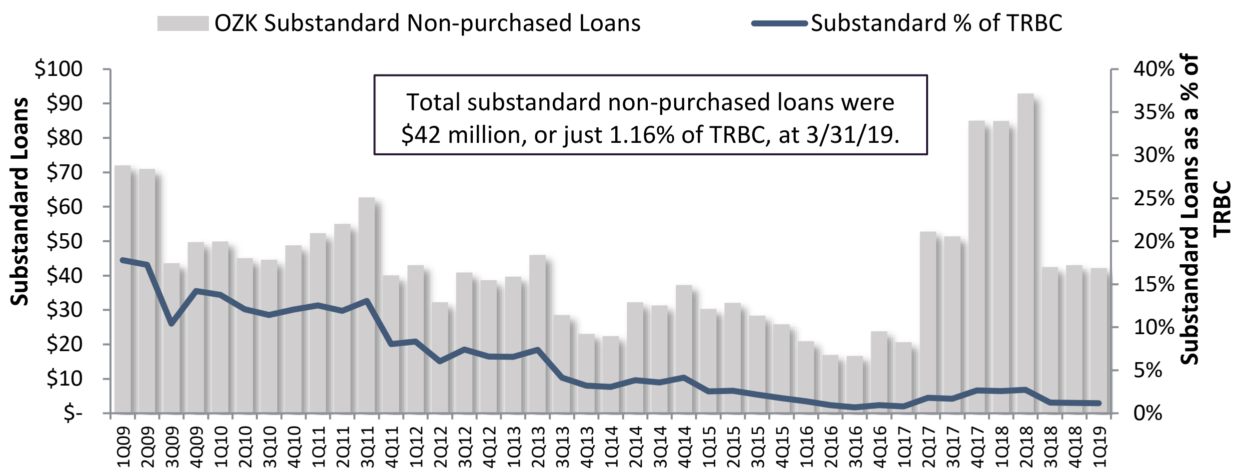
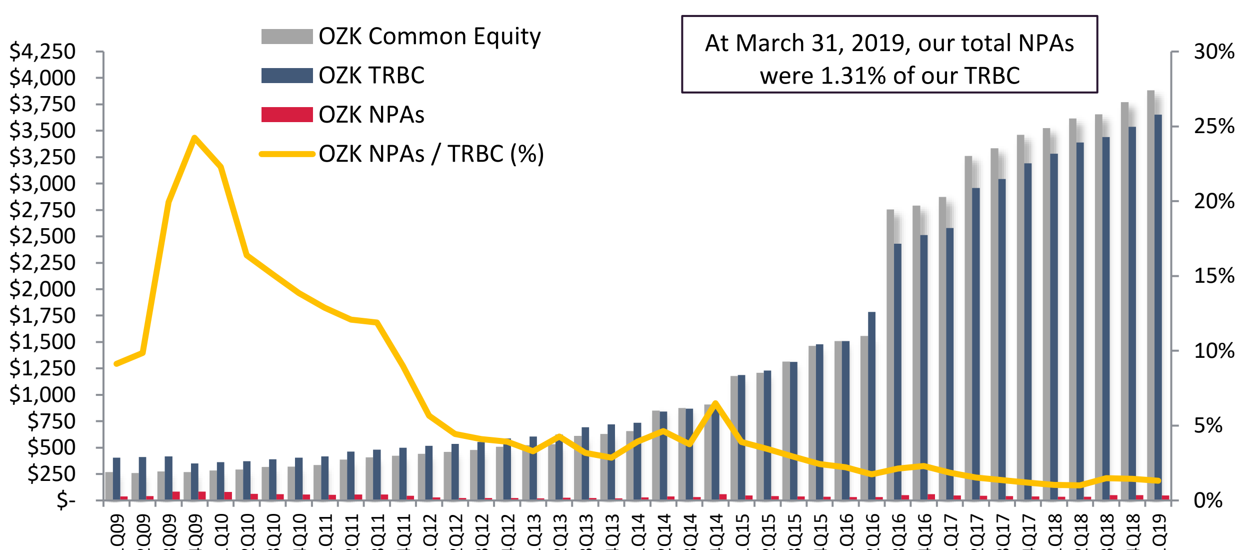


Figure 25 shows the tremendous growth in our common equity and TRBC over the last 10 ¼ years, while our volume of total nonperforming assets has generally declined to relatively nominal levels.

Figure 25: Capital vs. NPAs – ($ millions)

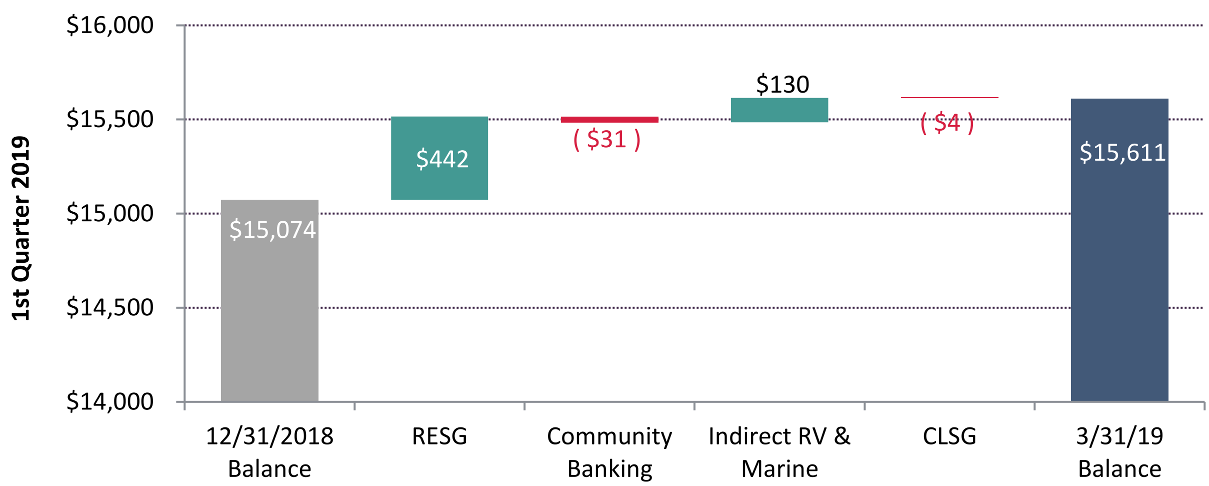


As noted above, our asset quality metrics are currently near our best ever. We expect our asset quality to continue our long tradition of being better than industry averages.

Loan Portfolio Diversification & Leverage

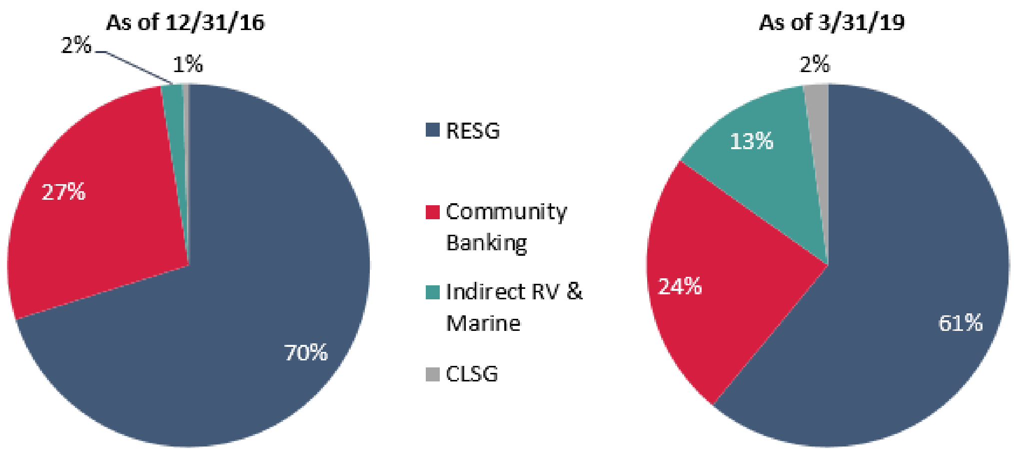
In recent years, we have discussed the importance of achieving greater contributions to growth from our loan teams other than RESG. In 2018, these other loan teams contributed 61% of our non-purchased loan growth, but in the first quarter of 2019 these other loan teams contributed just 18% of our non-purchased loan growth. Figure 26 reflects the mix in our loan growth in the quarter just ended. We expect our team handling Indirect RV & Marine lending and certain teams within Community Banking to contribute a significantly higher percentage of our non-purchased loan growth in the remainder of 2019, while our RESG team may contribute less growth due to the high levels of RESG loan repayments, all resulting in further portfolio diversification.

Figure 26: Non-purchased Loan Growth – 1Q19 ($ millions)



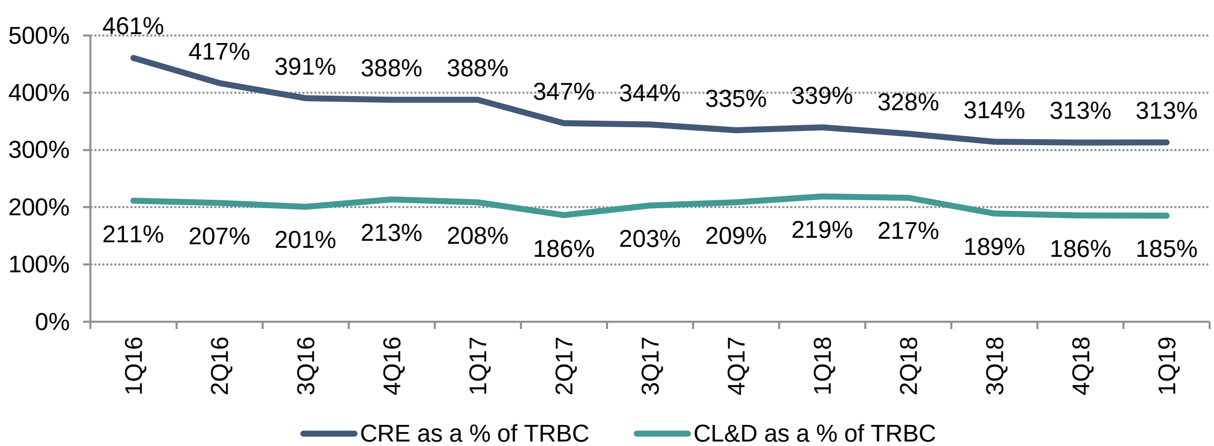
As shown in Figure 27, our more diversified growth in recent years has resulted in our RESG portfolio accounting for 61% of the funded balance of our non-purchased loans at March 31, 2019 compared to 70% at December 31, 2016.

Figure 27: Non-purchased Loan Portfolio Mix Shift



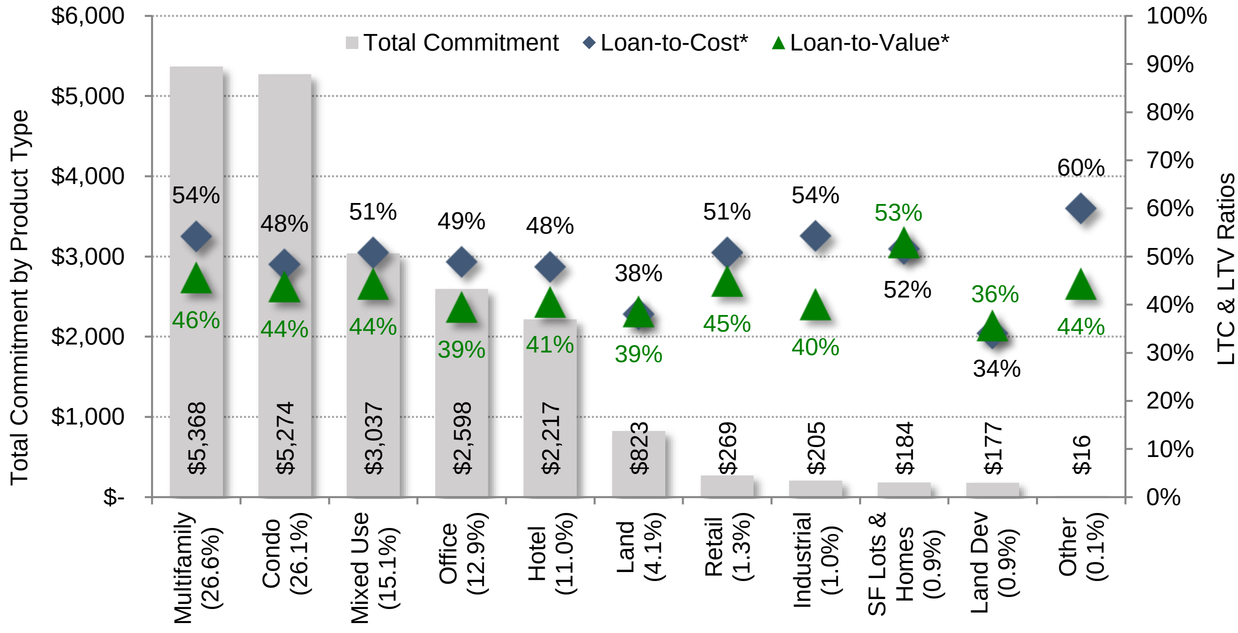
We expect this trend toward greater portfolio diversification to continue. This trend, along with our significant growth in our TRBC, has contributed to a generally declining trend in our total commercial real estate ("CRE") and construction, land development and other land ("CL&D") concentrations, as shown in Figure 28. Further growth in our non-CRE lending, along with growth in our TRBC, may continue to reduce our CRE and CL&D concentration ratios. To be clear, we are not reducing our focus on CRE and CL&D lending, and we expect the dollar volume of these categories of loans to continue to grow in most quarters, even if they decline as a percentage of our total non-purchased loans and as a percentage of TRBC.

Figure 28: Declining Regulatory CRE and CL&D Concentration Ratios



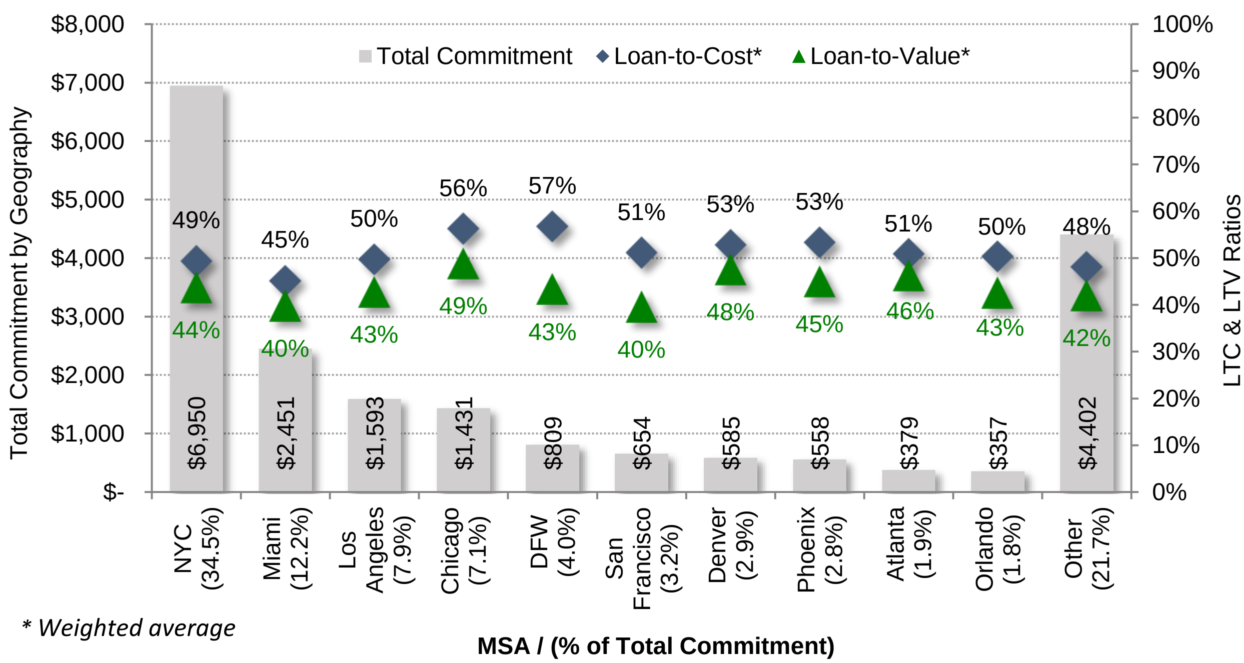
Even within the CRE-heavy RESG portfolio, we benefit from the substantial diversification by both product type and geography, as well as low LTC and LTV ratios, all as shown in Figures 29 and 30.

Figure 29: RESG Portfolio Diversity by Product Type (As of March 31, 2019) ($ millions)
(LTC and LTV ratios assume all loans are fully funded)



** Weighted average*

Figure 30: RESG Portfolio Diversity by Geography (As of March 31, 2019) ($ millions)
(LTC and LTV ratios assume all loans are fully funded)



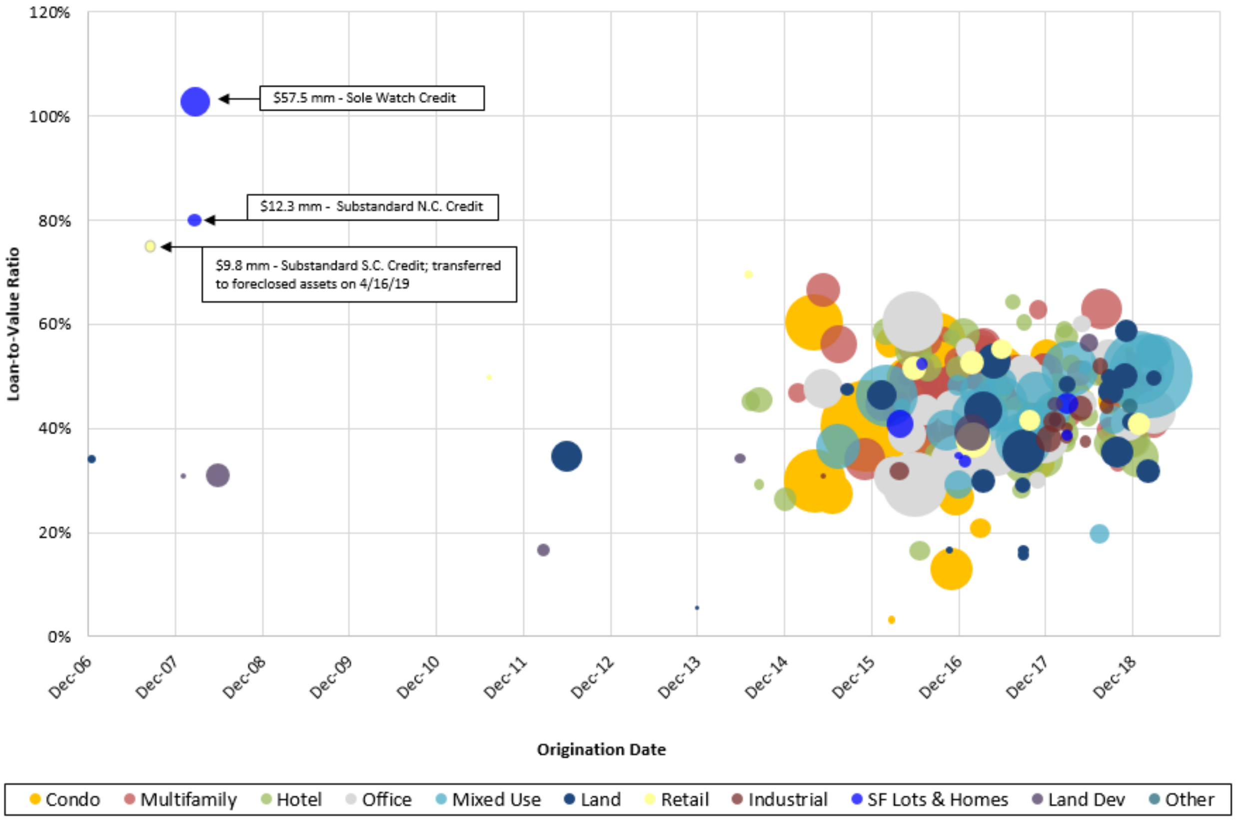
** Weighted average*

Assuming full funding of every RESG loan, as of March 31, 2019, the weighted average LTC for the RESG portfolio was a conservative 49.5%, and the weighted average LTV was even lower at just 43.1%. Other than the three credits specifically referenced below in Figure 31, all other credits in the RESG portfolio have LTV ratios less than 70%. The LTV metrics on individual loans within the RESG portfolio are illustrated in Figure 31.

Figure 31: RESG Portfolio by LTV & Origination Date (As of March 31, 2019)

Bubble Size Reflects Total Funded and Unfunded Commitment Amount

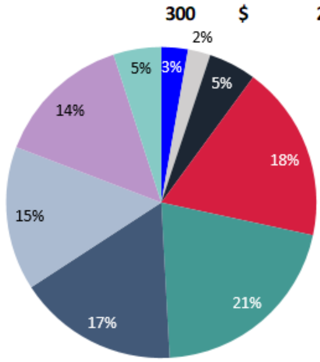
LTV Ratios Assume All Loans Are Fully Funded

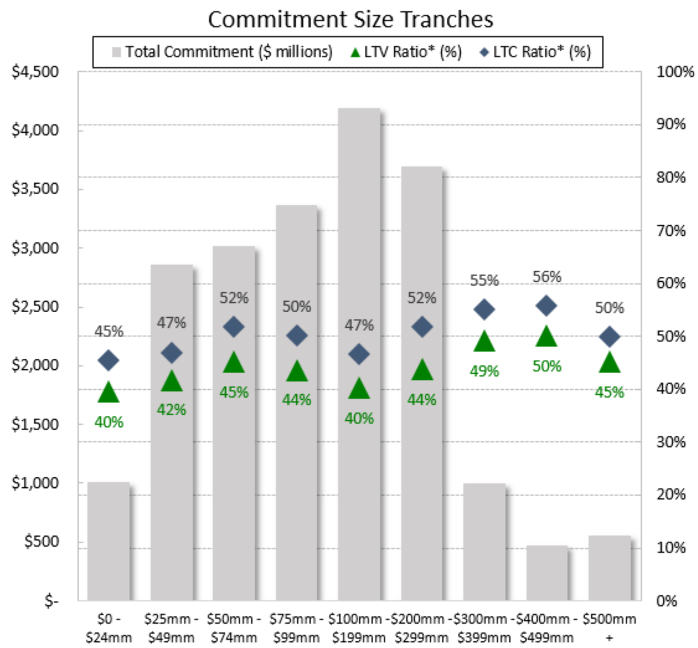


The RESG portfolio includes loans of many different sizes, and historically approximately 89%, on average, of our total commitments are actually funded before the loan is repaid. The stratification of the RESG portfolio by commitment size is reflected in Figure 32.

Figure 32: RESG Portfolio Breakdown by Total Commitment (As of March 31, 2019) ($ millions)

Tranche	No. of Loans	Total Commitment
$500mm +	1	$ 558
$400mm - $499mm	1	$ 475
$300mm - $399mm	3	$ 1,000
$200mm - $299mm	16	$ 3,690
$100mm - $199mm	34	$ 4,187
$75mm - $99mm	39	$ 3,367
$50mm - $74mm	50	$ 3,020
$25mm - $49mm	79	$ 2,865
$0 - $24mm	77	$ 1,006
Total	**300**	**$ 20,168**



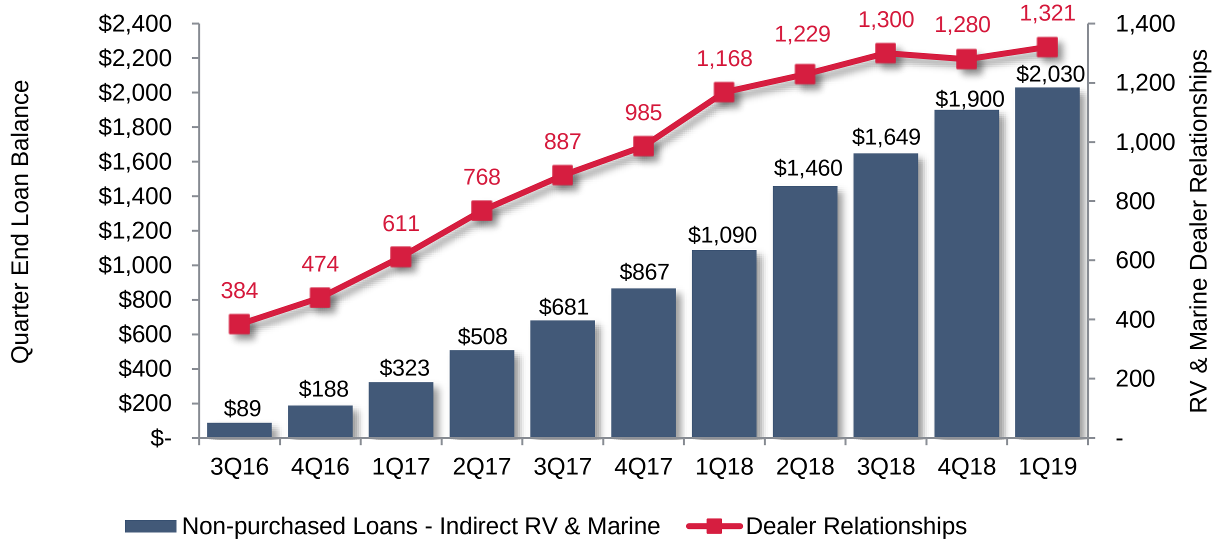


** Assumes all loans are fully funded; calculation based on total commitment by tranche as a % of total cost and total appraised value of loans within each tranche.*

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, subscription finance, affordable housing, middle market CRE and home builder finance loan teams. Our portfolio diversification is enhanced by the wide variety of products and geographic diversity within our Community Banking businesses.

Our Indirect RV & Marine lending team operates another nationwide business that has become an important contributor to our non-real estate loan growth. It was the largest contributor to our loan growth for 2018, and was a meaningful contributor during the first quarter of 2019. The nucleus of this team joined us in July 2016 as part of an acquisition. The management of this team, having an average of 26 years of experience lending to the RV and marine industries, utilizes detailed management reporting and data analytics to support a very disciplined operating platform. We focus primarily on super-prime and high-prime borrowers. The typical borrower in this portfolio is a homeowner with proven big-ticket credit experience and an average FICO score at origination of approximately 790. As of March 31, 2019, the non-purchased indirect portfolio had an average loan size of approximately $95,000 and a 30+ day delinquency ratio of four bps. For the first quarter of 2019, the annualized net charge-off ratio for the non-purchased indirect portfolio was 12 bps. Figure 33 provides details regarding this portfolio.

Figure 33: Growth in RV & Marine Dealers and Outstanding Non-purchased Loan Balances ($ millions)



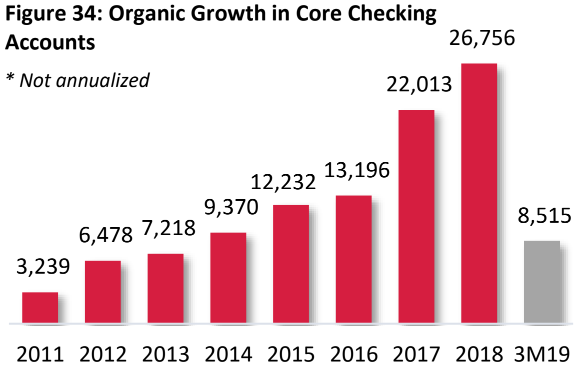
Liquidity

We have long expected that we can adjust deposit growth as needed to fund our loan growth. Our experience in recent years has validated that expectation. At least monthly, and more often as needed, we update a comprehensive 36-month projection of our expected loan fundings, loan pay-downs and other sources and uses of funds. These detailed projections of needed deposit growth provide the goals for our deposit growth strategies. We are continuing to implement deposit strategies to further enhance the quality and value of our deposit base.

Net growth in core checking accounts is an important focus of our deposit strategy. During the quarter just ended, we increased core checking accounts by a record 8,515 accounts. This continued our tradition of favorable results in net core checking account growth as shown in Figure 34. Adding thousands of net new core checking customers each quarter will continue to be an important focus for our retail banking team.

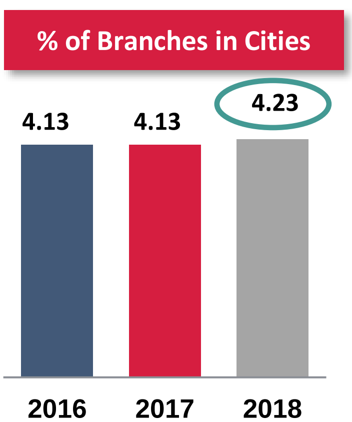
Figure 34: Organic Growth in Core Checking Accounts

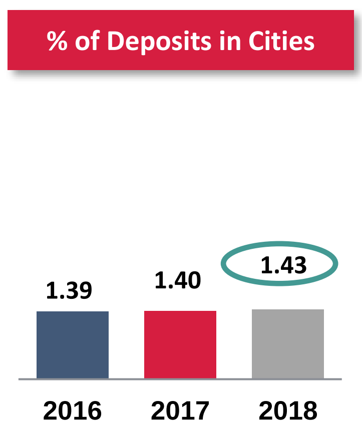
** Not annualized*



As shown in Figure 35, we believe that we have significant capacity for future deposit growth in our existing branch network of 243 deposit offices in eight states.

Figure 35: Deposit Market Share Opportunity[3] [4]





Deposit Market Share Comparison

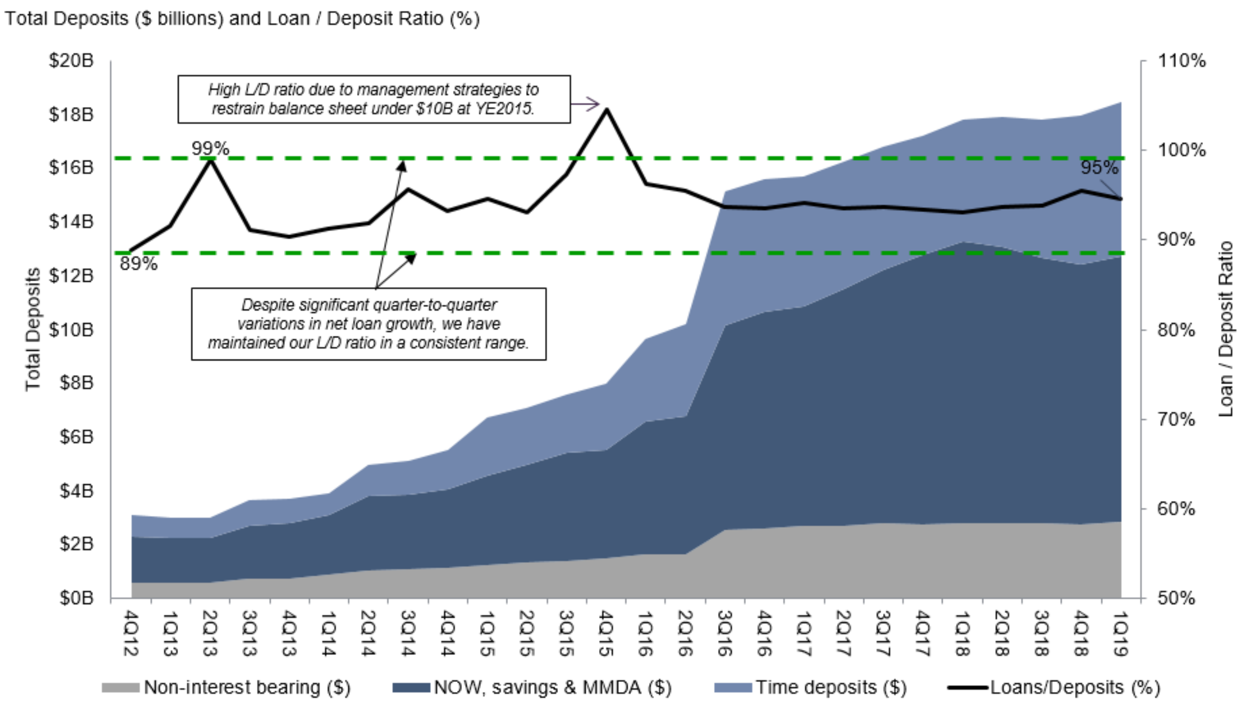
	6/30/17	6/30/18	% Change
AR	9.37%	8.68%	-0.69%
GA	1.66%	1.80%	0.14%
FL	0.37%	0.45%	0.08%
TX	0.27%	0.28%	0.01%
NC	0.26%	0.28%	0.02%
AL	0.11%	0.13%	0.02%
SC	0.12%	0.11%	-0.01%

[3] Data for all FDIC insured institutions from the FDIC Annual Market Share Report, last updated June 30, 2018.
[4] Deposits in our New York office and deposits for all FDIC financial institutions in New York are excluded from this analysis.

We have successfully increased our overall deposits as needed to fund our earning asset growth. As Figures 36 and 37 illustrate, we have effectively maintained our loan-to-deposit ratio and deposit mix, even in the midst of substantial balance sheet growth.

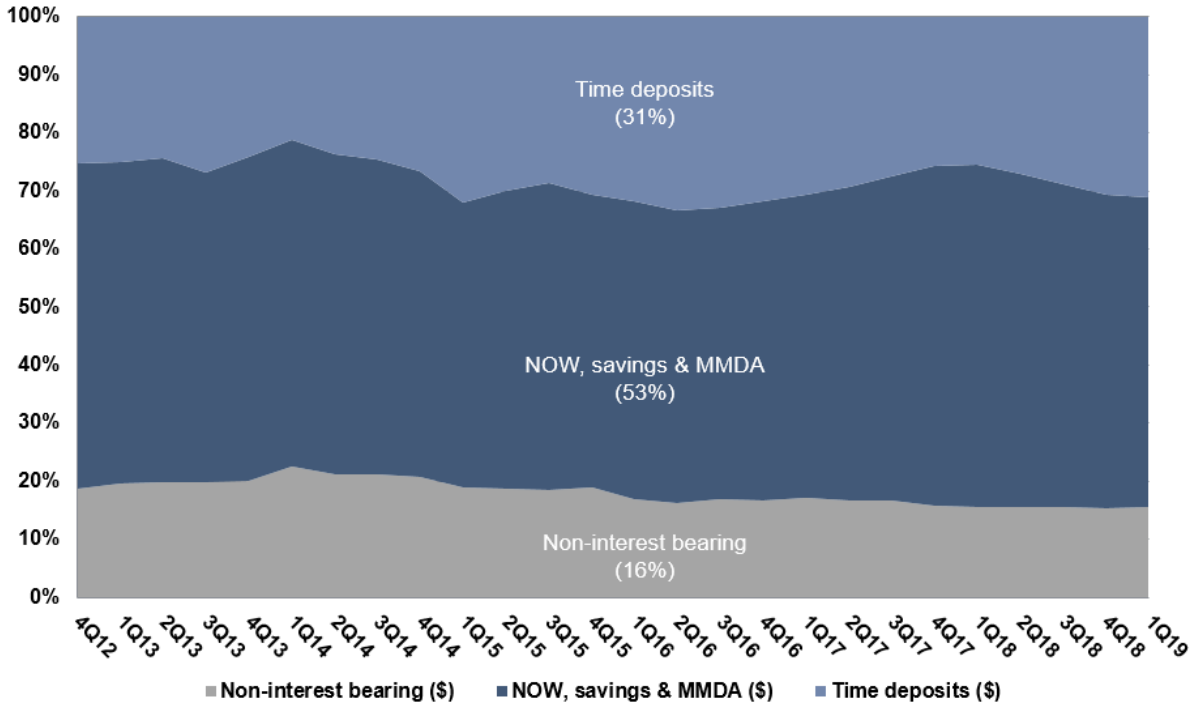
During the quarter just ended, our loan-to-deposit ratio was 95%, within our historical range of 89% to 99%. Whether we have robust loan growth or minimal loan growth in any particular quarter or year, we believe we have the tools, capacity and flexibility to maintain our loan-to-deposit ratio within this historical range. Figure 36 shows our consistent maintenance of our loan-to-deposit ratio within that range over the last six years, even as our total assets grew 470% from $4.0 billion at December 31, 2012 to $23.0 billion at March 31, 2019.

Figure 36: Maintaining a Consistent Loan / Deposit Ratio While Achieving Substantial Growth



Even with our substantial 470% growth in total assets from December 31, 2012 to March 31, 2019, our deposit mix has been relatively stable as shown in Figure 37.

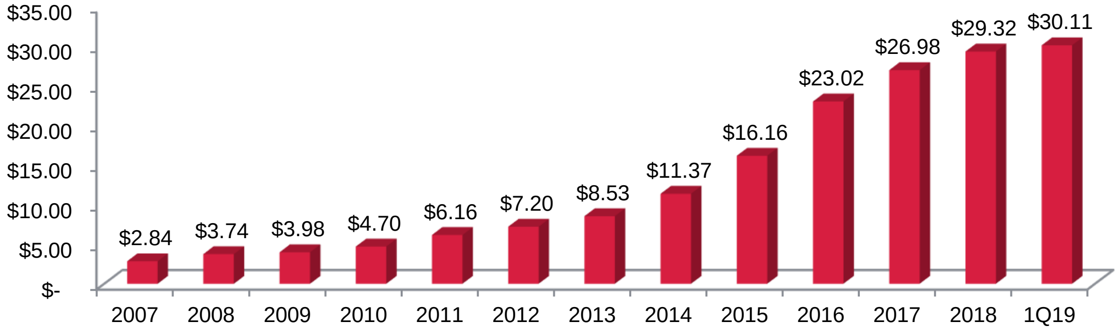
Figure 37: Consistent Deposit Mix (Percentages as of March 31, 2019)



Capital

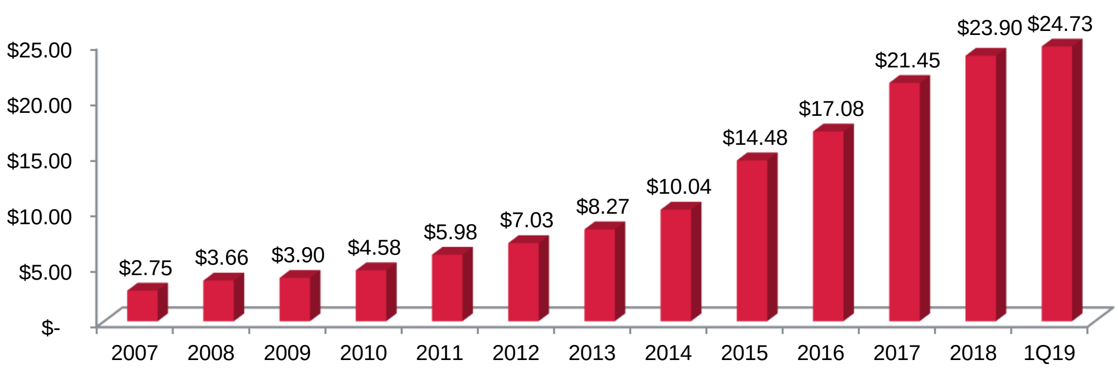
During the quarter just ended, our book value per common share increased to $30.11, as shown in Figure 38.

Figure 38: Book Value per Share (Period End)



During the quarter just ended, our tangible book value per common share increased to $24.73, as shown in Figure 39. Over the last 11 ¼ years, we have increased tangible book value per common share by a cumulative 799%, resulting in a compound annual growth rate of 21.6%.

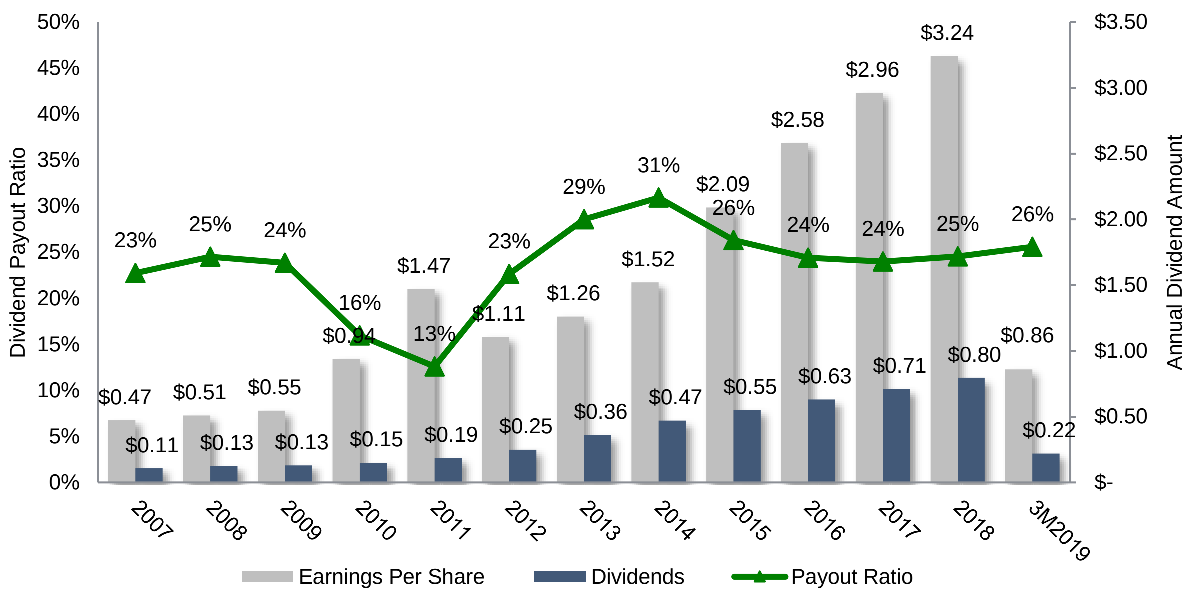
Figure 39: Tangible Book Value per Share (Period End) [5]



[5] 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.

We have increased our cash dividend in each of the most recent 35 quarters and every year since going public in 1997. In most years, we have had a dividend payout ratio in the mid-20's percentage range as shown in Figure 40.

Figure 40: Historic Dividend Payout Ratio[6] (Split-adjusted)



As shown in Figure 41, during 2018 and in the first quarter of 2019 our strong earnings and earnings retention rate, among other factors, have collectively contributed to meaningful increases in our already strong risk-based capital ratios.

Figure 41: Recent Trends in Regulatory Capital

	12/31/2017	3/31/2018	6/30/2018	9/30/2018	12/31/2018	Estimated 3/31/2019 [7]
CET 1 Ratio	11.06%	11.25%	11.82%	12.15%	12.56%	12.60%
Tier 1 Ratio	11.06%	11.25%	11.82%	12.15%	12.56%	12.60%
Total RBC Ratio	12.81%	12.99%	13.62%	13.93%	14.37%	14.40%
Tier 1 Leverage	13.83%	13.80%	13.86%	13.95%	14.25%	14.50%

[6] 2017 Diluted EPS and payout ratio exclude the one-time $0.39 positive impact to EPS as a result of the Tax Cuts and Jobs Act ("2017 Tax Benefit"). See the schedule at the end of this presentation for the calculation of diluted EPS, as adjusted, for the 2017 Tax Benefit.

[7] Ratios as of March 31, 2019 are preliminary estimates and are subject to revision upon filing of our FFIEC 041 Call Report.

The Economic Growth, Regulatory Relief, and Consumer Protection Act (the "Reform Act") passed in May 2018, in tandem with related regulatory action, eliminated our Dodd-Frank Act Stress Test ("DFAST") annual filing requirements unless and until we reach $250 billion in total assets. Notwithstanding, we plan to continue conducting internal stress tests. In July 2018, we completed our annual capital stress test using the three scenarios released by the Federal Reserve for use in DFAST. Two of these scenarios were adverse in nature. We also conducted a CRE stress test during the fourth quarter of 2018. Despite the very adverse assumptions used in our various stress tests, the results of each stress test reflected that we would maintain well-capitalized status for all capital ratios, maintain profitability and continue the payment of our quarterly dividend in all periods during the nine-quarter time horizon. Although we will continue to conduct internal stress tests periodically, the elimination of DFAST, with its nine-quarter, forward-looking capital requirements, will allow us to more effectively manage capital for future growth based on actual growth as it becomes apparent.

Given our strong capital position, our Board of Directors ("Board") has thoroughly discussed the possibility of a share repurchase authorization. Given our medium-term and long-term prospects for continued growth and our belief that having surplus capital may allow the Bank to capitalize on opportunities that may arise, the Board voted to not approve a share repurchase authorization at this time. Our Board will continue to monitor the adequacy of our capital position and will strive to properly balance competing objectives.

Effective Tax Rate

Our effective tax rate during the quarter just ended was 24.5% and for the full year 2018 was 24.7%. We expect that our effective tax rate for the remainder of 2019 will be between 24% and 26%.

Final Thoughts

We are pleased with our solid start to 2019 and remain focused on delivering long-term value for our shareholders. Our team of industry and technology professionals is well-positioned to lead the Bank into the future. We believe our competitive advantages will allow us to capitalize on opportunities throughout 2019 and beyond.

Non-GAAP Reconciliations

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

Unaudited (Dollars in Thousands)

	For the Fiscal Year Ended December 31,						
	2008	2009	2010	2011	2012	2013	2014
Net Income Available To Common Stockholders	$ 34,474	$ 36,826	$ 64,001	$ 101,321	$ 77,044	$ 91,237	$ 118,606
Average Common Stockholders' Equity Before Noncontrolling Interest	$ 213,271	$ 267,768	$ 296,035	$ 374,664	$ 458,595	$ 560,351	$ 786,430
Less Average Intangible Assets:							
Goodwill	(5,231)	(5,243)	(5,243)	(5,243)	(5,243)	(5,243)	(51,793)
Core deposit and other intangibles, net of accumulated amortization	(515)	(368)	(1,621)	(5,932)	(5,989)	(9,661)	(21,651)
Total Average Intangibles	(5,746)	(5,611)	(6,864)	(11,175)	(11,232)	(14,904)	(73,444)
Average Tangible Common Stockholders' Equity	$ 207,525	$ 262,157	$ 289,171	$ 363,489	$ 447,363	$ 545,447	$ 712,986
Return On Average Common Stockholders' Equity	16.16%	13.75%	21.62%	27.04%	16.80%	16.28%	15.08%
Return On Average Tangible Common Stockholders' Equity	16.61%	14.05%	22.13%	27.87%	17.22%	16.73%	16.63%

	For the Fiscal Year Ended				Three Months Ended *	
	2015	2016	2017	2018	3/31/2018	3/31/2019
Net Income Available To Common Stockholders	$ 182,253	$ 269,979	$ 421,891	$ 417,106	$ 113,144	$ 110,706
Average Common Stockholders' Equity Before Noncontrolling Interest	$ 1,217,475	$ 2,068,328	$ 3,127,576	$ 3,598,628	$ 3,484,297	$ 3,813,979
Less Average Intangible Assets:						
Goodwill	(118,013)	(363,324)	(660,632)	(660,789)	(660,789)	(660,789)
Core deposit and other intangibles, net of accumulated amortization	(28,660)	(43,623)	(54,702)	(42,315)	(47,122)	(34,437)
Total Average Intangibles	(146,673)	(406,947)	(715,334)	(703,104)	(707,911)	(695,226)
Average Tangible Common Stockholders' Equity	$ 1,070,802	$ 1,661,381	$ 2,412,242	$ 2,895,524	$ 2,776,386	$ 3,118,753
Return On Average Common Stockholders' Equity	14.97%	13.05%	13.49%	11.59%	13.17%	11.77%
Return On Average Tangible Common Stockholders' Equity	17.02%	16.25%	17.49%	14.41%	16.53%	14.40%

* Ratios for interim periods annualized based on actual days

Calculation of Tangible Book Value per Share

Unaudited (Dollars in Thousands, Except per Share)

	For the period ended December 31,						
	2007	2008	2009	2010	2011	2012	2013
Total common stockholders' equity before noncontrolling interest	$ 190,829	$ 252,302	$ 269,028	$ 320,355	$ 424,551	$ 507,664	$ 629,060
Less intangible assets:							
Goodwill	(5,243)	(5,243)	(5,243)	(5,243)	(5,243)	(5,243)	(5,243)
Core deposit and other intangibles, net of accumulated amortization	(634)	(421)	(311)	(2,682)	(6,964)	(6,584)	(13,915)
Total intangibles	(5,877)	(5,664)	(5,554)	(7,925)	(12,207)	(11,827)	(19,158)
Total tangible common stockholders' equity	$ 184,952	$ 246,638	$ 263,474	$ 312,430	$ 412,344	$ 495,837	$ 609,902
Common shares outstanding (thousands)	67,272	67,456	67,618	68,214	68,928	70,544	73,712
Book value per common share	$ 2.84	$ 3.74	$ 3.98	$ 4.70	$ 6.16	$ 7.20	$ 8.53
Tangible book value per common share	$ 2.75	$ 3.66	$ 3.90	$ 4.58	$ 5.98	$ 7.03	$ 8.27

	For the period ended December 31,					For the period ended March 31,	
	2014	2015	2016	2017	2018	2018	2019
Total common stockholders' equity before noncontrolling interest	$ 908,390	$ 1,464,631	$ 2,791,607	$ 3,460,728	$ 3,770,330	$ 3,526,605	$ 3,882,643
Less intangible assets:							
Goodwill	(78,669)	(125,442)	(660,119)	(660,789)	(660,789)	(660,789)	(660,789)
Core deposit and other intangibles, net of accumulated amortization	(26,907)	(26,898)	(60,831)	(48,251)	(35,672)	(45,107)	(32,527)
Total intangibles	(105,576)	(152,340)	(720,950)	(709,040)	(696,461)	(705,896)	(693,316)
Total tangible common stockholders' equity	$ 802,814	$ 1,312,291	$ 2,070,657	$ 2,751,688	$ 3,073,869	$ 2,820,709	$ 3,189,327
Common shares outstanding (thousands)	79,924	90,612	121,268	128,288	128,611	128,612	128,948
Book value per common share	$ 11.37	$ 16.16	$ 23.02	$ 26.98	$ 29.32	$ 27.42	$ 30.11
Tangible book value per common share	$ 10.04	$ 14.48	$ 17.08	$ 21.45	$ 23.90	$ 21.93	$ 24.73

Calculation of Diluted Earnings per Share

Unaudited (Dollars in Thousands, Except per Share)

Diluted Earnings Per Share, as Adjusted

For the Fiscal Year Ended December 31, 2017

Net Income Available to Common Stockholders	$ 421,891
Less: 2017 Tax Benefit	(49,812)
Adjusted Net Income	$ 372,079
Weighted-average diluted shares outstanding (in thousands)	125,809
Diluted Earnings Per Share	$ 3.35
Diluted Earnings Per Share, As Adjusted	$ 2.96