UNITED STATES
FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, DC 20429

FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): **January 19, 2023**

BANK OZK
(Exact name of registrant as specified in its charter)

Arkansas
(State or other jurisdiction of incorporation)

110	**71-0130170**
(FDIC Certificate Number)	(IRS Employer Identification No.)
18000 Cantrell Road, Little Rock, Arkansas	**72223**
(Address of principal executive offices)	(Zip Code)

(501) 978-2265
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2.):

( ) Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

( ) Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

( ) Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

( ) Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value per share	OZK	Nasdaq Global Select Market
4.625% Series A Non-Cumulative Perpetual Preferred Stock, $0.01 par value per share	OZKAP	Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition.

On January 19, 2023, Bank OZK (the “Bank”) issued a press release announcing its financial results for the fourth quarter and full year ended December 31, 2022 and made available management’s comments on the results for the fourth quarter and full year of 2022. The materials contain forward-looking statements regarding the Bank and include cautionary language identifying important factors that could cause actual results to differ materially from those anticipated. The fourth quarter and full year 2022 earnings press release and management’s comments with respect thereto are furnished as Exhibits 99.1 and 99.2, respectively, to this Current Report on Form 8-K and are available on the Bank’s investor relations website.

As previously reported, on January 20, 2023, the Bank will hold an investor conference call and webcast to answer questions regarding the Bank’s financial results for the fourth quarter and full year of 2022.

The information furnished pursuant to this Item 2.02, including Exhibits 99.1 and 99.2, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities under that section, and shall not be deemed to be incorporated by reference into any filing of the Bank under the Securities Act of 1933, as amended, or the Exchange Act except as expressly set forth by specific reference in such filing. All information in the fourth quarter and full year 2022 earnings press release and management’s comments with respect thereto speaks as of the date thereof, and the Bank does not assume any obligation to update such information in the future.

Item 7.01 Regulation FD Disclosures.

See Item 2.02 Results of Operations and Financial Condition.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits: The following exhibits are being furnished to this Current Report on Form 8-K.

99.1	Press Release dated January 19, 2023: Bank OZK Announces Fourth Quarter and Full Year 2022 Earnings
99.2	Management Comments for the Fourth Quarter and Full Year of 2022 – dated January 19, 2023

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

BANK OZK

Date: January 19, 2023	By: /s/ Tim Hicks Name: Tim Hicks Title: Chief Financial Officer

Exhibit No.	**Document Description**
99.1	Press Release dated January 19, 2023: Bank OZK Announces Fourth Quarter and Full Year 2022 Earnings
99.2	Management Comments for the Fourth Quarter and Full Year of 2022 – dated January 19, 2023

Exhibit 99.1

NEWS RELEASE

Date:	January 19, 2023
Release Time:	3:01 p.m. (CT)
Investor Contact:	Jay Staley (501) 906-7842
Media Contact:	Michelle Rossow (501) 906-3922

Bank OZK Announces
Fourth Quarter and Full Year 2022 Earnings

LITTLE ROCK, ARKANSAS: Bank OZK (the "Bank") (Nasdaq: OZK) today announced that net income available to common stockholders for the fourth quarter of 2022 was $158.8 million, a 6.1% increase from $149.8 million for the fourth quarter of 2021. Diluted earnings per common share for the fourth quarter of 2022 were $1.34, a 14.5% increase from $1.17 for the fourth quarter of 2021. These results were impacted by a $32.5 million provision for credit losses in the fourth quarter of 2022 compared to a negative provision for credit losses of $8.0 million in the fourth quarter of 2021.

For the full year of 2022, net income available to common stockholders was $547.5 million, a 5.4% decrease from $579.0 million for the full year of 2021. Diluted earnings per common share for the full year of 2022 were a record $4.54, a 1.6% increase from $4.47 for the full year of 2021. These results were impacted by a $83.5 million provision for credit losses for 2022 compared to a negative provision for credit losses of $77.9 million for 2021.

Growth in both funded and unfunded loan balances during the quarter and full year of 2022 contributed to the higher provision for credit losses. The Bank's total allowance for credit losses ("ACL") was $365.3 million at December 31, 2022 compared to $289.0 million at December 31, 2021. The calculations of the Bank's provision expense for the fourth quarter and full year of 2022 and its total ACL at December 31, 2022 were based on a number of key estimates, assumptions and economic forecasts and included certain qualitative adjustments to capture items not fully reflected in the modeled results.

Pre-tax pre-provision net revenue ("PPNR") was $241.0 million for the fourth quarter of 2022, a 29.6% increase from $186.0 million for the fourth quarter of 2021. PPNR was $805.0 million for the full year of 2022, a 19.3% increase from $675.0 million for the full year of 2021. The calculation of PPNR and the reconciliation to generally accepted accounting principles ("GAAP") are included in the schedules accompanying this release.

The Bank's annualized returns on average assets, average common stockholders' equity and average tangible common stockholders' equity for the fourth quarter of 2022 were 2.35%, 14.76% and 17.48%, respectively, compared to 2.25%, 13.08% and 15.34%, respectively, for the fourth quarter of 2021. The Bank's returns on average assets, average common stockholder's equity and average tangible common stockholders' equity for the full year of 2022 were 2.08%, 12.66%, and 14.97%, respectively, compared to 2.17%, 13.01%, and 15.32%, respectively, for the full year of 2021. The calculation of the Bank's returns on average common stockholders' equity and average tangible common stockholders' equity and the reconciliations to GAAP are included in the schedules accompanying this release.

George Gleason, Chairman and Chief Executive Officer stated, "We are pleased to report our strong results for the fourth quarter and full year of 2022. Our high level of profitability, strong capital and liquidity, disciplined credit culture and outstanding team have us well positioned for the current environment and the longer term."

KEY BALANCE SHEET METRICS

Total loans were $20.78 billion at December 31, 2022, a 13.5% increase from $18.31 billion at December 31, 2021. Non-purchased loans were $20.40 billion at December 31, 2022, a 14.7% increase from $17.79 billion at December 31, 2021. Purchased loans, which consist of loans acquired in previous acquisitions, were $0.38 billion at December 31, 2022, a 26.7% decrease from $0.52 billion at December 31, 2021.

Deposits were $21.50 billion at December 31, 2022, a 6.4% increase from $20.21 billion at December 31, 2021. Total assets were $27.66 billion at December 31, 2022, a 4.2% increase from $26.53 billion at December 31, 2021.

Common stockholders' equity was $4.35 billion at December 31, 2022, a 3.3% decrease from $4.50 billion at December 31, 2021. Tangible common stockholders' equity was $3.69 billion at December 31, 2022, a 3.7% decrease from $3.83 billion at December 31, 2021. During 2022, the Bank repurchased approximately 8.37 million shares of its common stock at a weighted average cost of $41.80, for a total of $350.0 million.

Book value per common share was $37.13 at December 31, 2022, a 3.6% increase from $35.85 at December 31, 2021. Tangible book value per common share was $31.47 at December 31, 2022, a 3.1% increase from $30.52 at December 31, 2021.

The Bank's ratio of total common stockholders' equity to total assets was 15.73% at December 31, 2022, compared to 16.95% at December 31, 2021. Its ratio of total tangible common stockholders' equity to total tangible assets was 13.66% at December 31, 2022, compared to 14.80% at December 31, 2021.

The calculations of the Bank's common stockholders' equity, tangible common stockholders' equity, tangible book value per common share, and ratio of total tangible common stockholders' equity to total tangible assets and the reconciliations to GAAP are included in the schedules accompanying this release.

MANAGEMENT'S COMMENTS, CONFERENCE CALL, TRANSCRIPT AND FILINGS

In connection with this release, the Bank released management's comments on its quarterly results, which are available at http://ir.ozk.com. This release should be read in conjunction with management's comments on the quarterly results.

Management will conduct a conference call to take questions on these quarterly results and management's comments at 10:00 a.m. CT (11:00 a.m. ET) on January 20, 2023. Interested parties may access the conference call live via webcast on the Bank's investor relations website at https://ir.ozk.com/news/eventcalendar, or may participate via telephone by registering using this online form. Upon registration, all telephone participants will receive the dial-in number along with a unique PIN number that can be used to access the call. A replay of the conference call webcast will be archived on the Bank's website for at least 30 days.

The Bank files annual, quarterly and current reports, proxy materials, and other information required by the Securities Exchange Act of 1934 with the Federal Deposit Insurance Corporation ("FDIC"), copies of which are available electronically at the FDIC's website at https://efr.fdic.gov/fcxweb/efr/index.html and are also available on the Bank's investor relations website at ir.ozk.com. To receive automated email alerts for these materials please visit https://ir.ozk.com/other/email-alerts to sign up.

NON-GAAP FINANCIAL MEASURES

This release contains certain non-GAAP financial measures. The Bank uses these non-GAAP financial measures, specifically return on average common stockholders' equity, average tangible common stockholders' equity, tangible book value per common share, common stockholders' equity, tangible common stockholders' equity, the ratio of total tangible common stockholders' equity to total tangible assets, and PPNR, to assess the strength of its capital, its ability to generate earnings on tangible capital invested by its shareholders and trends in its net revenue. These measures typically adjust GAAP financial measures to exclude intangible assets or provision for credit losses. Management believes presentation of these non-GAAP financial measures provides useful supplemental information which contributes to a proper understanding of the financial results and capital levels of the Bank. These non-GAAP disclosures should not be viewed as a substitute for financial results determined in accordance with GAAP, and they are not necessarily comparable to non-GAAP performance measures that may be presented by other banks. Reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures are included in the tables at the end of this release under the caption "Reconciliation of Non-GAAP Financial Measures."

FORWARD-LOOKING STATEMENTS

This presentation and other communications by 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 hiring or retaining qualified personnel, obtaining regulatory or other approvals, delays in identifying satisfactory sites, 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 transition from the London Interbank Offered Rate ("LIBOR") as a reference rate; 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; recently enacted and potential laws and regulatory requirements, or changes to existing laws and regulatory requirements, including changes affecting oversight of the financial services industry, changes intended to manage or mitigate climate and related environmental risks, or changes in the interpretation and enforcement of such laws and requirements, and the costs and expenses to comply with new and/or existing legislation and regulatory requirements; uncertainty regarding the U.S. 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 coronavirus ("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; the potential impact of continuing inflationary pressures; the potential impact of supply chain disruptions; national, international or political instability or military conflict, including the ongoing war in Ukraine; the competition and costs of recruiting and retaining human talent; 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, 2021 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.

GENERAL INFORMATION

Bank OZK (Nasdaq: OZK) is a regional bank providing innovative financial solutions delivered by expert bankers with a relentless pursuit of excellence. Established in 1903, Bank OZK conducts banking operations with over 240 offices in eight states including Arkansas, Georgia, Florida, North Carolina, Texas, New York, California and Mississippi and had $27.66 billion in total assets as of December 31, 2022. Bank OZK can be found at www.ozk.com and on Facebook, Twitter and LinkedIn or contacted at (501) 978-2265 or P.O. Box 8811, Little Rock, Arkansas 72231-8811.

Bank OZK
Consolidated Balance Sheets
Unaudited

	December 31, 2022	December 31, 2021
	(Dollars in thousands, except per share amounts)	
ASSETS		
Cash and cash equivalents	$ 1,033,454	$ 2,053,829
Investment securities — available for sale (“AFS”)	3,491,613	3,916,733
Investment securities — trading	8,817	14,957
Federal Home Loan Bank of Dallas and other bankers’ bank stocks	42,406	40,788
Non-purchased loans	20,400,154	17,791,610
Purchased loans	378,637	516,215
Allowance for loan losses	(208,858)	(217,380)
Net loans	20,569,933	18,090,445
Premises and equipment, net	678,405	695,857
Foreclosed assets	6,616	5,744
Accrued interest receivable	125,130	83,025
Bank owned life insurance (“BOLI”)	789,805	774,822
Goodwill and other intangible assets, net	663,543	669,063
Other, net	246,846	185,167
Total assets	$ 27,656,568	$ 26,530,430
LIABILITIES AND STOCKHOLDERS’ EQUITY		
Deposits:		
Demand non-interest bearing	$ 4,658,451	$ 4,983,788
Savings and interest bearing transaction	9,905,717	9,245,727
Time	6,935,975	5,979,619
Total deposits	21,500,143	20,209,134
Other borrowings	606,666	756,321
Subordinated notes	346,947	346,133
Subordinated debentures	121,591	121,033
Reserve for losses on unfunded loan commitments	156,419	71,609
Accrued interest payable and other liabilities	233,864	186,840
Total liabilities	22,965,630	21,691,070
Commitments and contingencies		
Stockholders’ equity:		
Preferred stock; $0.01 par value; 100,000,000 shares authorized; 14,000,000 issued and outstanding at December 31, 2022 and 2021, respectively	338,980	338,980
Common stock; $0.01 par value; 300,000,000 shares authorized; 117,176,928 and 125,443,748 shares issued and outstanding at December 31, 2022 and 2021, respectively	1,172	1,254
Additional paid-in capital	1,753,941	2,093,702
Retained earnings	2,773,135	2,378,466
Accumulated other comprehensive (loss) income	(177,649)	23,841
Total stockholders’ equity before noncontrolling interest	4,689,579	4,836,243
Noncontrolling interest	1,359	3,117
Total stockholders’ equity	4,690,938	4,839,360
Total liabilities and stockholders’ equity	$ 27,656,568	$ 26,530,430

Bank OZK
Consolidated Statements of Income
Unaudited

	Three Months Ended December 31, 2022	Three Months Ended December 31, 2021	Year Ended December 31, 2022	Year Ended December 31, 2021
	(Dollars in thousands, except per share amounts)			
Interest income:				
Non-purchased loans	$ 367,019	$ 256,021	$ 1,158,332	$ 972,660
Purchased loans	7,141	11,190	31,441	46,174
Investment securities:				
Taxable	10,280	9,448	41,526	36,234
Tax-exempt	8,521	2,869	22,653	13,729
Deposits with banks and federal funds sold	5,961	953	12,116	2,510
Total interest income	398,922	280,481	1,266,068	1,071,307
Interest expense:				
Deposits	53,230	9,514	94,574	64,422
Other borrowings	8,534	1,020	13,033	4,029
Subordinated notes	2,631	2,631	10,439	9,386
Subordinated debentures	2,039	935	5,780	3,750
Total interest expense	66,434	14,100	123,826	81,587
Net interest income	332,488	266,381	1,142,242	989,720
Provision for credit losses	32,508	(7,992)	83,494	(77,938)
Net interest income after provision for credit losses	299,980	274,373	1,058,748	1,067,658
Non-interest income:				
Service charges on deposit accounts:				
NSF/Overdraft fees	4,467	4,315	17,724	14,962
All other service charges	7,138	7,149	28,102	27,656
Trust income	1,977	2,141	7,990	8,506
BOLI income:				
Increase in cash surrender value	4,953	4,901	19,532	19,640
Death benefits	—	618	807	2,028
Loan service, maintenance and other fees	3,780	3,148	13,819	13,959
Gains on sales of other assets	510	1,330	11,467	9,962
Net gains on investment securities	1,256	504	2,019	504
Other	3,463	5,589	13,043	18,321
Total non-interest income	27,544	29,695	114,503	115,538
Non-interest expense:				
Salaries and employee benefits	59,946	55,034	226,373	214,567
Net occupancy and equipment	17,584	17,004	70,058	66,801
Other operating expenses	41,483	38,068	155,290	148,907
Total non-interest expense	119,013	110,106	451,721	430,275
Income before taxes	208,511	193,962	721,530	752,921
Provision for income taxes	45,686	44,197	157,440	173,888
Net income	162,825	149,765	564,090	579,033
Earnings attributable to noncontrolling interest	54	(5)	51	(32)
Preferred stock dividends	4,047	—	16,621	—
Net income available to common stockholders	$ 158,832	$ 149,760	$ 547,520	$ 579,001
Basic earnings per common share	$ 1.35	$ 1.17	$ 4.55	$ 4.49
Diluted earnings per common share	$ 1.34	$ 1.17	$ 4.54	$ 4.47

Bank OZK
Consolidated Statements of Stockholders' Equity
Unaudited

	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Non-Controlling Interest	Total
	(Dollars in thousands, except per share amounts)						
Three months ended December 31, 2022:							
Balances – September 30, 2022	$ 338,980	$ 1,178	$1,773,562	$2,653,377	$ (227,673)	$ 3,120	$4,542,544
Net income	—	—	—	162,825	—	—	162,825
Earnings attributable to noncontrolling interest	—	—	—	54	—	(54)	—
Total other comprehensive loss	—	—	—	—	50,024	—	50,024
Preferred stock dividends, $0.28906 per share	—	—	—	(4,047)	—	—	(4,047)
Common stock dividends, $0.33 per share	—	—	—	(39,074)	—	—	(39,074)
Return of capital to non-controlling interest	—	—	—	—	—	(1,707)	(1,707)
Issuance of 7,039 shares of common stock for exercise of stock options	—	—	241	—	—	—	241
Issuance of 3,457 shares of unvested restricted common stock	—	—	—	—	—	—	—
Repurchase and cancellation of 574,878 shares of common stock under share repurchase program	—	(6)	(23,219)	—	—	—	(23,225)
Repurchase and cancellation of 3,890 shares of common stock withheld for tax pursuant to restricted stock vesting	—	—	(174)	—	—	—	(174)
Stock-based compensation expense	—	—	3,531	—	—	—	3,531
Forfeitures of 16,405 shares of unvested restricted common stock	—	—	—	—	—	—	—
Balances – December 31, 2022	$ 338,980	$ 1,172	$1,753,941	$2,773,135	$ (177,649)	$ 1,359	$4,690,938
Year ended December 31, 2022:							
Balances – December 31, 2021	$ 338,980	$ 1,254	$2,093,702	$2,378,466	$ 23,841	$ 3,117	$4,839,360
Net income	—	—	—	564,090	—	—	564,090
Earnings attributable to noncontrolling interest	—	—	—	51	—	(51)	—
Total other comprehensive loss	—	—	—	—	(201,490)	—	(201,490)
Preferred stock dividends, $1.187 per share	—	—	—	(16,621)	—	—	(16,621)
Common stock dividends, $1.26 per share	—	—	—	(152,851)	—	—	(152,851)
Return of capital to non-controlling interest	—	—	—	—	—	(1,707)	(1,707)
Issuance of 81,560 shares of common stock for exercise of stock options	—	1	2,492	—	—	—	2,493
Issuance of 224,279 shares of unvested restricted common stock	—	2	(2)	—	—	—	—
Repurchase and cancellation of 8,373,398 shares of common stock under share repurchase program	—	(83)	(349,886)	—	—	—	(349,969)
Repurchase and cancellation of 116,864 shares of common stock withheld for tax pursuant to restricted stock vesting	—	(1)	(5,572)	—	—	—	(5,573)
Stock-based compensation expense	—	—	13,206	—	—	—	13,206
Forfeitures of 82,397 shares of unvested restricted common stock	—	(1)	1	—	—	—	—
Balances – December 31, 2022	$ 338,980	$ 1,172	$1,753,941	$2,773,135	$ (177,649)	$ 1,359	$4,690,938

Bank OZK
Consolidated Statements of Stockholders' Equity
Unaudited

	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Non-Controlling Interest	Total
			(Dollars in thousands, except per share amounts)				
Three months ended December 31, 2021:							
Balances – September 30, 2021	$ —	$ 1,288	$2,245,012	$2,266,234	$ 40,706	$ 3,112	$4,556,352
Net income	—	—	—	149,765	—	—	149,765
Earnings attributable to noncontrolling interest	—	—	—	(5)	—	5	—
Total other comprehensive loss	—	—	—	—	(16,865)	—	(16,865)
Common stock dividends, $0.29 per share	—	—	—	(37,528)	—	—	(37,528)
Issuance of 14,000,000 shares of preferred stock, net of offering costs	338,980	—	—	—	—	—	338,980
Issuance of 31,400 shares of common stock for exercise of stock options	—	—	1,131	—	—	—	1,131
Repurchase and cancellation of 3,387,421 shares of common stock under share repurchase program	—	(34)	(156,410)	—	—	—	(156,444)
Stock-based compensation expense	—	—	3,969	—	—	—	3,969
Forfeitures of 18,050 shares of unvested restricted common stock	—	—	—	—	—	—	—
Balances – December 31, 2021	$ 338,980	$ 1,254	$2,093,702	$2,378,466	$ 23,841	$ 3,117	$4,839,360
Year ended December 31, 2021:							
Balances – December 31, 2020	$ —	$ 1,294	$2,265,850	$1,946,875	$ 58,252	$ 3,085	$4,275,356
Net income	—	—	—	579,033	—	—	579,033
Earnings attributable to noncontrolling interest	—	—	—	(32)	—	32	—
Total other comprehensive loss	—	—	—	—	(34,411)	—	(34,411)
Common stock dividends, $1.1325 per share	—	—	—	(147,410)	—	—	(147,410)
Issuance of 14,000,000 shares of preferred stock, net of offering costs	338,980	—	—	—	—	—	338,980
Issuance of 207,650 shares of common stock for exercise of stock options	—	2	7,224	—	—	—	7,226
Issuance of 332,831 shares of unvested restricted common stock	—	3	(3)	—	—	—	—
Repurchase and cancellation of 4,275,988 shares of common stock under share repurchase program	—	(43)	(193,401)	—	—	—	(193,444)
Repurchase and cancellation of 55,893 shares of common stock withheld for taxes pursuant to restricted stock vesting	—	(1)	(1,976)	—	—	—	(1,977)
Stock-based compensation expense	—	—	16,007	—	—	—	16,007
Forfeitures of 115,300 shares of unvested restricted common stock	—	(1)	1	—	—	—	—
Balances – December 31, 2021	$ 338,980	$ 1,254	$2,093,702	$2,378,466	$ 23,841	$ 3,117	$4,839,360

Bank OZK
Summary of Non-Interest Expense
Unaudited

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
	(Dollars in thousands)			
Salaries and employee benefits	$ 59,946	$ 55,034	$ 226,373	$ 214,567
Net occupancy and equipment	17,584	17,004	70,058	66,801
Other operating expenses:				
Professional and outside services	8,303	7,880	31,905	29,013
Software and data processing	6,861	6,165	25,049	23,860
Deposit insurance and assessments	2,710	2,125	9,610	11,185
Advertising and public relations	2,987	1,151	8,797	2,772
Telecommunication services	2,134	2,064	7,986	8,427
Travel and meals	1,755	1,883	7,661	5,694
Postage and supplies	1,906	1,909	7,146	6,627
ATM expense	1,834	1,639	6,331	6,255
Amortization of intangibles	1,189	1,517	5,520	6,394
Loan collection and repossession expense	306	587	1,387	2,044
Writedowns of foreclosed and other assets	710	985	1,055	3,461
Amortization of CRA and tax credit investments	5,408	2,755	20,293	15,078
Other	5,380	7,408	22,550	28,097
Total non-interest expense	$ 119,013	$ 110,106	$ 451,721	$ 430,275

Bank OZK
Summary of Total Loans Outstanding
Unaudited

	December 31,			
	2022		2021	
	(Dollars in thousands)			
Real estate:				
Residential 1-4 family	$ 981,567	4.7%	$ 887,024	4.8%
Non-farm/non-residential	4,665,268	22.5	3,782,892	20.7
Construction/land development	8,287,936	39.9	8,246,674	45.0
Agricultural	239,689	1.2	247,727	1.4
Multifamily residential	1,503,398	7.2	934,845	5.1
Total real estate	15,677,858	75.5	14,099,162	77.0
Commercial and industrial	902,321	4.3	510,784	2.8
Consumer	2,445,851	11.8	2,185,429	11.9
Other	1,752,761	8.4	1,512,450	8.3
Total loans	20,778,791	100.0%	18,307,825	100.0%
Allowance for loan losses	(208,858)		(217,380)	
Net loans	$ 20,569,933		$ 18,090,445	

Bank OZK
Allowance for Credit Losses
Unaudited

	Allowance for Loan Losses	Reserve for Losses on Unfunded Loan Commitments	Total Allowance for Credit Losses
		(Dollars in thousands)	
Three months ended December 31, 2022:			
Balances – September 30, 2022	$ 200,098	$ 135,537	$ 335,635
Net charge-offs	(2,866)	—	(2,866)
Provision for credit losses	11,626	20,882	32,508
Balances – December 31, 2022	$ 208,858	$ 156,419	$ 365,277
Year ended December 31, 2022:			
Balances – December 31, 2021	$ 217,380	$ 71,609	$ 288,989
Net charge-offs	(7,206)	—	(7,206)
Provision for credit losses	(1,316)	84,810	83,494
Balances – December 31, 2022	$ 208,858	$ 156,419	$ 365,277
Three months ended December 31, 2021:			
Balances – September 30, 2021	$ 237,722	$ 61,076	$ 298,798
Net charge-offs	(1,817)	—	(1,817)
Provision for credit losses	(18,525)	10,533	(7,992)
Balances – December 31, 2021	$ 217,380	$ 71,609	$ 288,989
Year ended December 31, 2021:			
Balances – December 31, 2020	$ 295,824	$ 81,481	$ 377,305
Net charge-offs	(10,378)	—	(10,378)
Provision for credit losses	(68,066)	(9,872)	(77,938)
Balances – December 31, 2021	$ 217,380	$ 71,609	$ 288,989

Bank OZK
Summary of Deposits – By Account Type
Unaudited

	December 31, 2022		December 31, 2021	
	(Dollars in thousands)			
Non-interest bearing	$ 4,658,451	21.7%	$ 4,983,788	24.7%
Interest bearing:				
Transaction (NOW)	4,097,532	19.1	3,412,369	16.9
Savings and money market	5,808,185	27.0	5,833,358	28.9
Time deposits	6,935,975	32.2	5,979,619	29.5
Total deposits	$ 21,500,143	100.0%	$ 20,209,134	100.0%

Summary of Deposits – By Customer Type
Unaudited

	December 31, 2022		December 31, 2021	
	(Dollars in thousands)			
Non-interest bearing	$ 4,658,451	21.7%	$ 4,983,788	24.7%
Interest bearing:				
Consumer and commercial:				
Consumer – non-time	3,916,078	18.2	4,334,378	21.4
Consumer – time	4,936,061	23.0	4,318,742	21.4
Commercial – non-time	2,741,007	12.7	2,634,817	13.0
Commercial – time	516,477	2.4	905,347	4.5
Public funds	2,103,392	9.8	2,094,800	10.4
Brokered	2,050,294	9.5	452,137	2.2
Reciprocal	578,383	2.7	485,125	2.4
Total deposits	$ 21,500,143	100.0%	$ 20,209,134	100.0%

Bank OZK
Selected Consolidated Financial Data
Unaudited

	Three Months Ended December 31, 2022	Three Months Ended December 31, 2021	% Change	Year Ended December 31, 2022	Year Ended December 31, 2021	% Change
	(Dollars in thousands, except per share amounts)					
Income statement data:						
Net interest income	$ 332,488	$ 266,381	24.8%	$ 1,142,242	$ 989,720	15.4%
Provision for credit losses	32,508	(7,992)	NM	83,494	(77,938)	NM
Non-interest income	27,544	29,695	(7.2)	114,503	115,538	(0.9)
Non-interest expense	119,013	110,106	8.1	451,721	430,275	5.0
Net income	162,825	149,765	8.7	564,090	579,033	(2.6)
Preferred stock dividends	4,047	—	NM	16,621	—	NM
Net income available to common stockholders	158,832	149,760	6.1	547,520	579,001	(5.4)
Pre-tax pre-provision net revenue (1)	241,019	185,970	29.6	805,024	674,983	19.3
Common share and per common share data:						
Diluted earnings per common share	$ 1.34	$ 1.17	14.5%	$ 4.54	$ 4.47	1.6%
Basic earnings per common share	1.35	1.17	15.4	4.55	4.49	1.3
Common stock dividends per share	0.33	0.29	13.8	1.26	1.1325	11.3
Book value per share	37.13	35.85	3.6	37.13	35.85	3.6
Tangible book value per common share (1)	31.47	30.52	3.1	31.47	30.52	3.1
Weighted-average diluted shares outstanding (thousands)	118,201	128,246	(7.8)	120,700	129,618	(6.9)
End of period shares outstanding (thousands)	117,177	125,444	(6.6)	117,177	125,444	(6.6)
Balance sheet data at period end:						
Total assets	$27,656,568	$26,530,430	4.2%	$27,656,568	$26,530,430	4.2%
Total loans	20,778,791	18,307,825	13.5	20,778,791	18,307,825	13.5
Non-purchased loans	20,400,154	17,791,610	14.7	20,400,154	17,791,610	14.7
Purchased loans	378,637	516,215	(26.7)	378,637	516,215	(26.7)
Allowance for loan losses	208,858	217,380	(3.9)	208,858	217,380	(3.9)
Foreclosed assets	6,616	5,744	15.2	6,616	5,744	15.2
Investment securities – AFS	3,491,613	3,916,733	(10.9)	3,491,613	3,916,733	(10.9)
Goodwill and other intangible assets, net	663,543	669,063	(0.8)	663,543	669,063	(0.8)
Deposits	21,500,143	20,209,134	6.4	21,500,143	20,209,134	6.4
Other borrowings	606,666	756,321	(19.8)	606,666	756,321	(19.8)
Subordinated notes	346,947	346,133	0.2	346,947	346,133	0.2
Subordinated debentures	121,591	121,033	0.5	121,591	121,033	0.5
Unfunded balance of closed loans	21,062,733	13,619,578	54.7	21,062,733	13,619,578	54.7
Reserve for losses on unfunded loan commitments	156,419	71,609	118.4	156,419	71,609	118.4
Preferred stock	338,980	338,980	—	338,980	338,980	—
Total common stockholders' equity (1)	4,350,599	4,497,263	(3.3)	4,350,599	4,497,263	(3.3)
Net unrealized (losses) gains on investment securities AFS included in stockholders' equity	(177,649)	23,841	NM	(177,649)	23,841	NM
Loan (including purchased loans) to deposit ratio	96.64%	90.59%		96.64%	90.59%	
Selected ratios:						
Return on average assets (2)	2.35%	2.25%		2.08%	2.17%	
Return on average common stockholders' equity (1) (2)	14.76	13.08		12.66	13.01	
Return on average tangible common stockholders' equity (1) (2)	17.48	15.34		14.97	15.32	
Average common equity to total average assets	15.90	17.17		16.42	16.72	
Net interest margin – FTE (2)	5.46	4.41		4.82	4.09	
Efficiency ratio	32.84	37.06		35.75	38.76	
Net charge-offs to average non-purchased loans (2) (3)	0.09	0.05		0.07	0.06	
Net charge-offs to average total loans (2)	0.06	0.04		0.04	0.06	
Nonperforming loans to total loans (4)	0.22	0.19		0.22	0.19	
Nonperforming assets to total assets (4)	0.19	0.15		0.19	0.15	
Allowance for loan losses to total loans (5)	1.01	1.19		1.01	1.19	
Allowance for credit losses to total loans and unfunded loan commitments	0.87	0.91		0.87	0.91	
Other information:						
Non-accrual loans (4)	$ 43,411	$ 33,274		$ 43,411	$ 33,274	
Accruing loans – 90 days past due (4)	—	—		—	—	
Troubled and restructured non-purchased loans – accruing (4)	1,680	1,285		1,680	1,285	

(1) Calculations of pre-tax pre-provision net revenue, total common stockholders' equity, tangible book value per common share and returns on average common stockholders' equity and average tangible common stockholders' equity and the reconciliations to GAAP are included in the schedules accompanying this release.
(2) Ratios for interim periods annualized based on actual days.
(3) Excludes purchased loans and net charge-offs related to such loans.
(4) Excludes purchased loans, except for their inclusion in total assets.
(5) Excludes reserve for losses on unfunded loan commitments.
NM – Not meaningful

Selected Consolidated Financial Data (continued)

Unaudited

	Three Months Ended		
	December 31, 2022	September 30, 2022	% Change
	(Dollars in thousands, except per share amounts)		
Income statement data:			
Net interest income	$ 332,488	$ 294,617	12.9%
Provision for credit losses	32,508	39,771	(18.3)
Non-interest income	27,544	29,163	(5.6)
Non-interest expense	119,013	115,691	2.9
Net income	162,825	132,349	23.0
Preferred stock dividends	4,047	4,047	—
Net income available to common stockholders	158,832	128,302	23.8
Pre-tax pre-provision net revenue [1]	241,019	208,089	15.8
Common share and per common share data:			
Diluted earnings per common share	$ 1.34	$ 1.08	24.1%
Basic earnings per common share	1.35	1.08	25.0
Common stock dividends per share	0.33	0.32	3.1
Book value per share	37.13	35.67	4.1
Tangible book value per common share [1]	31.47	30.02	4.8
Weighted-average diluted shares outstanding (thousands)	118,201	118,856	(0.6)
End of period shares outstanding (thousands)	117,177	117,762	(0.5)
Balance sheet data at period end:			
Total assets	$ 27,656,568	$ 26,232,119	5.4%
Total loans	20,778,791	19,513,712	6.5
Non-purchased loans	20,400,154	19,103,546	6.8
Purchased loans	378,637	410,166	(7.7)
Allowance for loan losses	208,858	200,098	4.4
Foreclosed assets	6,616	6,559	0.9
Investment securities – AFS	3,491,613	3,528,077	(1.0)
Goodwill and other intangible assets, net	663,543	664,732	(0.2)
Deposits	21,500,143	20,401,876	5.4
Other borrowings	606,666	456,466	32.9
Subordinated notes	346,947	346,741	0.1
Subordinated debentures	121,591	121,450	0.1
Unfunded balance of closed loans	21,062,733	20,091,101	4.8
Reserve for losses on unfunded loan commitments	156,419	135,537	15.4
Preferred stock	338,980	338,980	—
Total common stockholders' equity [1]	4,350,599	4,200,444	3.6
Net unrealized losses on investment securities AFS included in stockholders' equity	(177,649)	(227,673)	(22.0)
Loan (including purchased loans) to deposit ratio	96.64%	95.65%	
Selected ratios:			
Return on average assets [2]	2.35%	1.97%	
Return on average common stockholders' equity [1] [2]	14.76	11.85	
Return on average tangible common stockholders' equity [1] [2]	17.48	14.02	
Average common equity to average assets	15.90	16.61	
Net interest margin – FTE [2]	5.46	5.03	
Efficiency ratio	32.84	35.50	
Net charge-offs to average non-purchased loans [2] [3]	0.09	0.09	
Net charge-offs to average total loans [2]	0.06	0.09	
Nonperforming loans to total loans [4]	0.22	0.14	
Nonperforming assets to total assets [4]	0.19	0.13	
Allowance for loan losses to total loans [5]	1.01	1.03	
Allowance for credit losses to total loans and unfunded loan commitments	0.87	0.85	
Other information:			
Non-accrual loans [4]	$ 43,411	$ 24,633	
Accruing loans – 90 days past due [4]	—	—	
Troubled and restructured non-purchased loans – accruing [4]	1,680	1,610	

[1] Calculations of pre-tax pre-provision net revenue, total common stockholders' equity, tangible book value per common share and returns on average common stockholders' equity and average tangible common stockholders' equity and the reconciliations to GAAP are included in the schedules accompanying this release.
[2] Ratios for interim periods annualized based on actual days.
[3] Excludes purchased loans and net charge-offs related to such loans.
[4] Excludes purchased loans, except for their inclusion in total assets.
[5] Excludes reserve for losses on unfunded loan commitments.

Bank OZK
Supplemental Quarterly Financial Data
Unaudited

(Dollars in thousands, except per share amounts)

	3/31/21	6/30/21	9/30/21	12/31/21	03/31/22	06/30/22	09/30/22	12/31/22
Earnings summary:								
Net interest income	$ 234,636	$ 240,746	$ 247,957	$ 266,381	$ 249,343	$ 265,793	$ 294,617	$ 332,488
Federal tax (FTE) adjustment	1,275	1,355	1,106	1,009	1,017	1,300	2,151	2,383
Net interest income (FTE)	235,911	242,101	249,063	267,390	250,360	267,093	296,768	334,871
Provision for credit losses	31,559	30,932	7,454	7,992	(4,190)	(7,025)	(39,771)	(32,508)
Non-interest income	32,117	27,742	25,984	29,695	31,475	26,320	29,163	27,544
Non-interest expense	(106,059)	(103,711)	(110,397)	(110,106)	(107,715)	(109,300)	(115,691)	(119,013)
Pre-tax income (FTE)	193,528	197,064	172,104	194,971	169,930	177,088	170,469	210,894
FTE adjustment	(1,275)	(1,355)	(1,106)	(1,009)	(1,017)	(1,300)	(2,151)	(2,383)
Provision for income taxes	(43,818)	(45,161)	(40,713)	(44,197)	(36,410)	(39,375)	(35,969)	(45,686)
Noncontrolling interest	(19)	(13)	5	(5)	5	(8)	—	54
Preferred stock dividend	—	—	—	—	(4,480)	(4,047)	(4,047)	(4,047)
Net income available to common stockholders	$ 148,416	$ 150,535	$ 130,290	$ 149,760	$ 128,028	$ 132,358	$ 128,302	$ 158,832
Earnings per common share – diluted	$ 1.14	$ 1.16	$ 1.00	$ 1.17	$ 1.02	$ 1.10	$ 1.08	$ 1.34
Pre-tax pre-provision net revenue	$ 160,694	$ 164,777	$ 163,544	$ 185,970	$ 173,103	$ 182,813	$ 208,089	$ 241,019
Selected balance sheet data at period end:								
Total assets	$ 27,276,892	$ 26,605,938	$ 26,143,367	$ 26,530,430	$ 26,562,353	$ 25,919,965	$ 26,232,119	$ 27,656,568
Non-purchased loans	17,979,435	17,611,848	17,707,452	17,791,610	18,449,723	18,297,638	19,103,546	20,400,154
Purchased loans	735,630	659,822	597,851	516,215	481,299	445,080	410,166	378,637
Investment securities – AFS	4,162,479	4,693,396	3,846,496	3,916,733	3,728,284	3,705,807	3,528,077	3,491,613
Deposits	21,296,442	20,706,777	20,102,440	20,209,134	20,329,662	19,984,187	20,401,876	21,500,143
Unfunded balance of closed loans	11,780,099	11,709,818	12,385,369	13,619,578	14,954,367	17,369,767	20,091,101	21,062,733
Allowance for credit losses:								
Balance at beginning of period	$ 377,305	$ 342,307	$ 307,564	$ 298,798	$ 288,989	$ 293,540	$ 299,938	$ 335,635
Net charge-offs	(3,439)	(3,811)	(1,312)	(1,817)	361	(627)	(4,074)	(2,866)
Provision for credit losses	(31,559)	(30,932)	(7,454)	(7,992)	4,190	7,025	39,771	32,508
Balance at end of period	$ 342,307	$ 307,564	$ 298,798	$ 288,989	$ 293,540	$ 299,938	$ 335,635	$ 365,277
Allowance for loan losses	$ 268,077	$ 248,753	$ 237,722	$ 217,380	$ 204,213	$ 190,795	$ 200,098	$ 208,858
Reserve for losses on unfunded loan commitments	74,230	58,811	61,076	71,609	89,327	109,143	135,537	156,419
Total allowance for credit losses	$ 342,307	$ 307,564	$ 298,798	$ 288,989	$ 293,540	$ 299,938	$ 335,635	$ 365,277
Selected ratios:								
Net interest margin – FTE (1)	3.86%	3.95%	4.16%	4.41%	4.24%	4.52%	5.03%	5.46%
Efficiency ratio	39.57	38.43	40.14	37.06	38.22	37.25	35.50	32.84
Net charge-offs to average non-purchased loans (1) (2)	0.08	0.09	0.04	0.05	0.08	0.03	0.09	0.09
Net charge-offs to average total loans (1)	0.07	0.08	0.03	0.04	(0.01)	0.01	0.09	0.06
Nonperforming loans to total loans (3)	0.25	0.22	0.20	0.19	0.21	0.16	0.14	0.22
Nonperforming assets to total assets (3)	0.19	0.18	0.17	0.15	0.16	0.12	0.13	0.19
Allowance for loan losses to total loans (4)	1.43	1.36	1.30	1.19	1.08	1.02	1.03	1.01
Allowance for credit losses to total loans and unfunded commitments	1.12	1.03	0.97	0.91	0.87	0.83	0.85	0.87
Loans past due 30 days or more, including past due non-accrual loans, to total loans (3)	0.13	0.10	0.13	0.15	0.14	0.11	0.11	0.13

(1) Ratios for interim periods annualized based on actual days.
(2) Excludes purchased loans and net charge-offs related to such loans.
(3) Excludes purchased loans, except for their inclusion in total assets.
(4) Excludes reserve for losses on unfunded loan commitments.

Bank OZK
Average Consolidated Balance Sheets and Net Interest Analysis – FTE
Unaudited

	Three Months Ended December 31,						Year Ended December 31,					
	2022			2021			2022			2021		
	Average Balance	Income/ Expense	Yield/ Rate	Average Balance	Income/ Expense	Yield/ Rate	Average Balance	Income/ Expense	Yield/ Rate	Average Balance	Income/ Expense	Yield/ Rate
						(Dollars in thousands)						
ASSETS												
Interest earning assets:												
Interest earning deposits and federal funds sold	$ 692,066	$ 5,961	3.42%	$ 2,106,395	$ 953	0.18%	$ 940,116	$ 12,116	1.29%	$ 1,871,388	$ 2,510	0.13%
Investment securities:												
Taxable	2,566,011	10,280	1.59	3,375,895	9,448	1.11	2,950,929	41,526	1.41	3,207,485	36,234	1.13
Tax-exempt – FTE	974,070	10,786	4.39	593,242	3,632	2.43	774,038	28,675	3.70	864,432	17,378	2.01
Non-purchased loans – FTE	19,728,477	367,136	7.38	17,449,281	256,267	5.83	18,744,652	1,159,161	6.18	17,683,033	973,755	5.51
Purchased loans	391,801	7,141	7.23	551,917	11,190	8.04	445,955	31,441	7.05	662,434	46,174	6.97
Total earning assets – FTE	24,352,425	401,304	6.54	24,076,730	281,490	4.64	23,855,690	1,272,919	5.34	24,288,772	1,076,051	4.43
Non-interest earning assets	2,508,505			2,370,349			2,472,672			2,335,412		
Total assets	$ 26,860,930			$ 26,447,079			$ 26,328,362			$ 26,624,184		
LIABILITIES AND STOCKHOLDERS' EQUITY												
Interest bearing liabilities:												
Deposits:												
Savings and interest bearing transaction	$ 9,519,104	$ 26,543	1.11%	$ 9,178,225	$ 2,641	0.11%	$ 9,588,372	$ 48,344	0.50	$ 8,788,200	$ 12,481	0.14%
Time deposits	6,321,731	26,687	1.67	6,256,904	6,873	0.44	5,680,395	46,229	0.81	7,534,244	51,941	0.69
Total interest bearing deposits	15,840,835	53,230	1.33	15,435,129	9,514	0.24	15,268,767	94,573	0.62	16,322,444	64,422	0.39
Other borrowings	753,605	8,533	4.49	757,784	1,020	0.53	673,932	13,034	1.93	757,303	4,029	0.53
Subordinated notes	346,847	2,631	3.01	346,025	2,631	3.02	346,538	10,439	3.01	212,600	9,386	4.42
Subordinated debentures	121,523	2,039	6.66	120,956	935	3.07	121,310	5,780	4.76	120,751	3,750	3.11
Total interest bearing liabilities	17,062,810	66,433	1.54	16,659,894	14,100	0.34	16,410,547	123,826	0.75	17,413,098	81,587	0.47
Non-interest bearing liabilities:												
Non-interest bearing deposits	4,751,644			4,651,656			4,873,842			4,380,850		
Other non-interest bearing liabilities	435,108			376,706			378,471			321,583		
Total liabilities	22,249,562			21,688,256			21,662,860			22,115,531		
Total stockholders' equity before noncontrolling interest	4,608,570			4,755,706			4,662,467			4,505,544		
Noncontrolling interest	2,798			3,117			3,035			3,109		
Total liabilities and stockholders' equity	$ 26,860,930			$ 26,447,079			$ 26,328,362			$ 26,624,184		
Net interest income – FTE		$ 334,871			$ 267,390			$ 1,149,093			$ 994,464	
Net interest margin – FTE			5.46%			4.41%			4.82%			4.09%
Core spread [(1)]			6.05%			5.59%			5.56%			5.12%

(1) Core spread is the difference between the yield on the Bank's non-purchased loans-FTE and the rate on its interest bearing deposits.

Bank OZK
Reconciliation of Non-GAAP Financial Measures

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

	Three Months Ended December 31, 2022	Three Months Ended December 31, 2021	Three Months Ended September 30, 2022	Year Ended December 31, 2022	Year Ended December 31, 2021
	(Dollars in thousands)				
Net income available to common stockholders	$ 158,832	$ 149,760	$ 128,302	$ 547,520	$ 579,001
Average stockholders' equity before noncontrolling interest	$ 4,608,570	$ 4,755,706	$ 4,635,887	$ 4,662,467	$ 4,505,544
Less average preferred stock	(338,980)	(213,693)	(338,980)	(338,980)	(53,862)
Total average common stockholders' equity	4,269,590	4,542,013	4,296,907	4,323,487	4,451,682
Less average intangible assets:					
Goodwill	(660,789)	(660,789)	(660,789)	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	(3,421)	(9,032)	(4,747)	(5,443)	(11,398)
Total average intangibles	(664,210)	(669,821)	(665,536)	(666,232)	(672,187)
Average tangible common stockholders' equity	$ 3,605,380	$ 3,872,192	$ 3,631,371	$ 3,657,255	$ 3,779,495
Return on average common stockholders' equity [(1)]	14.76%	13.08%	11.85%	12.66%	13.01%
Return on average tangible common stockholders' equity [(1)]	17.48%	15.34%	14.02%	14.97%	15.32%

[(1)] Ratios for interim periods annualized based on actual days.

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

	December 31, 2022	December 31, 2021	September 30, 2022
	(In thousands, except per share amounts)		
Total stockholders' equity before noncontrolling interest	$ 4,689,579	$ 4,836,243	$ 4,539,424
Less preferred stock	(338,980)	(338,980)	(338,980)
Total common stockholders' equity	4,350,599	4,497,263	4,200,444
Less intangible assets:			
Goodwill	(660,789)	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	(2,754)	(8,274)	(3,943)
Total intangibles	(663,543)	(669,063)	(664,732)
Total tangible common stockholders' equity	$ 3,687,056	$ 3,828,200	$ 3,535,712
Shares of common stock outstanding	117,177	125,444	117,762
Book value per common share	$ 37.13	$ 35.85	$ 35.67
Tangible book value per common share	$ 31.47	$ 30.52	$ 30.02

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

	December 31, 2022	December 31, 2021
	(Dollars in thousands)	
Total stockholders' equity before noncontrolling interest	$ 4,689,579	$ 4,836,243
Less preferred stock	(338,980)	(338,980)
Total common stockholders' equity	4,350,599	4,497,263
Less intangible assets:		
Goodwill	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	(2,754)	(8,274)
Total intangibles	(663,543)	(669,063)
Total tangible common stockholders' equity	$ 3,687,056	$ 3,828,200
Total assets	$ 27,656,568	$ 26,530,430
Less intangible assets:		
Goodwill	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	(2,754)	(8,274)
Total intangibles	(663,543)	(669,063)
Total tangible assets	$ 26,993,025	$ 25,861,367
Ratio of total common stockholders' equity to total assets	15.73%	16.95%
Ratio of total tangible common stockholders' equity to total tangible assets	13.66%	14.80%

Calculation of Pre-Tax Pre-Provision Net Revenue

Unaudited

	Three Months Ended				
	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
			(Dollars in thousands)		
Net income available to common stockholders	$ 158,832	$ 128,302	$ 132,358	$ 128,028	$ 149,760
Preferred stock dividends	4,047	4,047	4,047	4,480	—
Earnings attributable to noncontrolling interest	(54)	—	8	(5)	5
Provision for income taxes	45,686	35,969	39,375	36,410	44,197
Provision for credit losses	32,508	39,771	7,025	4,190	(7,992)
Pre-tax pre-provision net revenue	$ 241,019	$ 208,089	$ 182,813	$ 173,103	$ 185,970

	Three Months Ended			Year Ended December 31,	
	September 30, 2021	June 30, 2021	March 31, 2021	2022	2021
			(Dollars in thousands)		
Net income available to common stockholders	$ 130,290	$ 150,535	$ 148,416	$ 547,520	$ 579,001
Preferred stock dividends	—	—	—	16,621	—
Earnings attributable to noncontrolling interest	(5)	13	19	(51)	32
Provision for income taxes	40,713	45,161	43,818	157,440	173,888
Provision for credit losses	(7,454)	(30,932)	(31,559)	83,494	(77,938)
Pre-tax pre-provision net revenue	$ 163,544	$ 164,777	$ 160,694	$ 805,024	$ 674,983

Exhibit 99.2

Bank OZK

MANAGEMENT COMMENTS FOR THE FOURTH QUARTER & FULL YEAR 2022

JANUARY 19, 2023

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 hiring or retaining qualified personnel, obtaining regulatory or other approvals, delays in identifying satisfactory sites, 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 transition from the London Interbank Offered Rate ("LIBOR") as a reference rate; 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; recently enacted and potential laws and regulatory requirements or changes to existing laws and regulatory requirements, including changes affecting oversight of the financial services industry, changes intended to manage or mitigate climate and related environmental risks or changes in the interpretation and enforcement of such laws and requirements, and the costs and expenses to comply with new and/or existing legislation and regulatory requirements; uncertainty regarding the U.S. 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 coronavirus ("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; the potential impact of continuing inflationary pressures; the potential impact of supply chain disruptions; national, international or political instability or military conflict, including the ongoing war in Ukraine; the competition and costs of recruiting and retaining human talent; 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, 2021 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 fourth quarter of 2022, which included numerous record financial metrics. Highlights include:

- ***Net Income.*** Our net income available to common stockholders was $158.8 million and our diluted earnings per common share were $1.34. Growth in both funded and unfunded loan balances during the quarter contributed to our provision for credit losses, which impacted net income.
- ***Pre-tax Pre-provision Net Revenue[1] ("PPNR")***. Our PPNR was $241.0 million, an increase of $32.9 million from the third quarter of 2022.
- ***Net Interest Income.*** Our net interest income increased $37.9 million from the third quarter of 2022 to $332.5 million due to a combination of net interest margin expansion and strong loan growth. 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 to 6.05%, contributing to the increase in our net interest margin to 5.46%.
- ***Quarterly Origination Volume and Loan Growth.*** Our Real Estate Specialties Group ("RESG") originated $2.81 billion of loans during the quarter, which contributed to an increase in our unfunded loan commitments to $21.06 billion at December 31, 2022. In addition, our outstanding balance of total loans grew $1.27 billion, or 6.5% not annualized, during the quarter just ended.
- ***Asset Quality.*** Our ongoing focus on asset quality resulted in annualized net charge-off ratios for the quarter just ended of 0.09% for non-purchased loans and 0.06% for total loans. Our December 31, 2022 ratios of nonperforming non-purchased loans to total non-purchased loans and nonperforming assets to total assets[2] were 0.22% and 0.19%, respectively.
- ***Efficiency Ratio.*** Our efficiency ratio for the quarter was 32.8%, among the best in the industry.
- ***Stock Repurchases & Dividend Growth.*** During the quarter, we repurchased approximately 575,000 shares of our common stock for $23.2 million. For the full year of 2022, we repurchased approximately 8.37 million shares of our common stock for $350.0 million. We recently increased our quarterly dividend on common stock for the 50th consecutive quarter.

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[1] The calculation of the Bank's PPNR and the reconciliation to generally accepted accounting principles ("GAAP") are included in the schedule at the end of this presentation.
[2] Excludes purchased loans, except for their inclusion in total assets.

Profitability and Earnings Metrics

Net income available to common stockholders for the fourth quarter of 2022 was a record $158.8 million, a 6.1% increase from $149.8 million for the fourth quarter of 2021. Diluted earnings per common share for the fourth quarter of 2022 were a record $1.34, a 14.5% increase from $1.17 for the fourth quarter of 2021. For the full year of 2022, net income available to common stockholders was $547.5 million, a 5.4% decrease from $579.0 million for the full year of 2021. Diluted earnings per common share for the full year of 2022 were a record $4.54, a 1.6% increase from $4.47 for the full year of 2021. Our results for 2022 compared to 2021 were impacted by our $83.5 million provision for credit losses in 2022 compared to negative provision for credit losses of $77.9 million in 2021.

PPNR for the fourth quarter of 2022 increased 29.6% to a record $241.0 million compared to $186.0 million for the fourth quarter of 2021. PPNR for the full year of 2022 increased 19.3% to a record $805.0 million compared to $675.0 million for the full year of 2021.

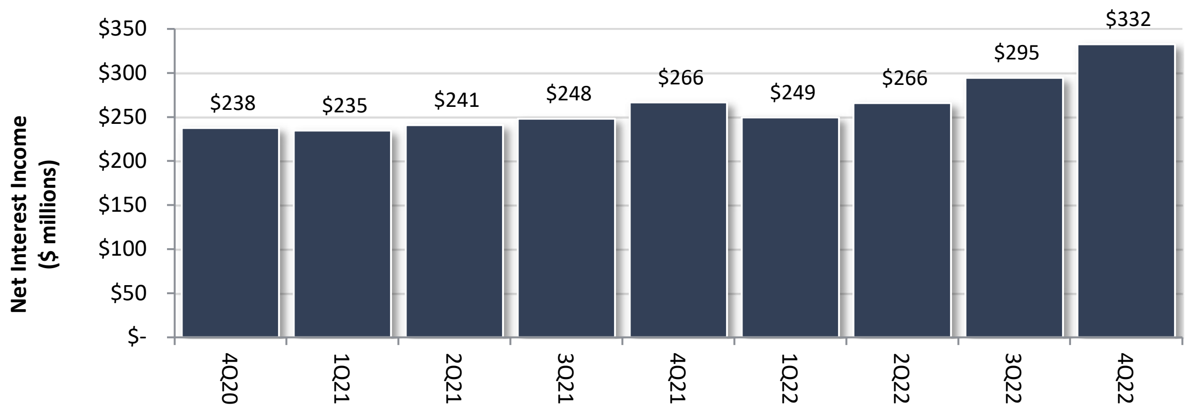
Our annualized return on average assets was 2.35% for the fourth quarter of 2022 compared to 2.25% for the fourth quarter of 2021. Our annualized returns on average common stockholders' equity and average tangible common stockholders' equity[3] for the fourth quarter of 2022 were 14.76% and 17.48%, respectively, compared to 13.08% and 15.34%, respectively, for the fourth quarter of 2021. Our returns on average assets, average common stockholders' equity and average tangible common stockholders' equity for the full year of 2022 were 2.08%, 12.66% and 14.97%, respectively, compared to 2.17%, 13.01% and 15.32%, respectively, for the full year of 2021.

[3] The calculation of the Bank's annualized returns on average common stockholders' equity and average tangible common stockholders' equity and the reconciliation 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. As shown in Figure 1, our net interest income for the fourth quarter of 2022 was a record $332 million, a 24.8% increase from the fourth quarter of 2021, and a 12.9% increase from the third quarter of 2022. Net interest income for the full year of 2022 was a record $1.14 billion, a 15.4% increase from the full year of 2021.

Figure 1: Quarterly Net Interest Income

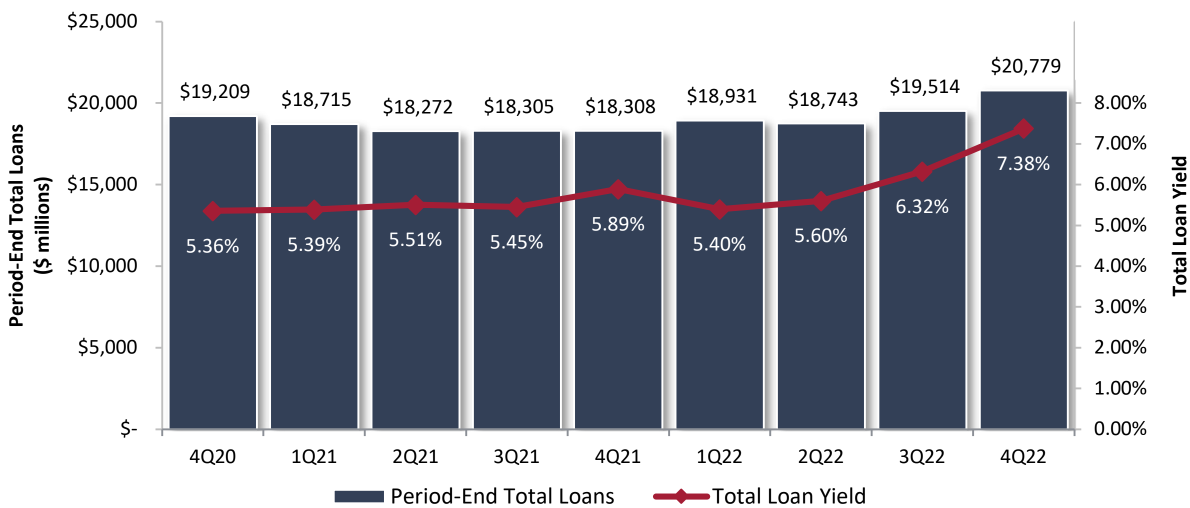


Earning Assets

Loans are the largest part of our earning assets. Our average balance of total loans for the quarter just ended was a record $20.1 billion, an 11.8% increase from $18.0 billion for the fourth quarter of 2021. For the full year of 2022, our average balance of total loans was a record $19.2 billion, a 4.6% increase from $18.3 billion for the full year of 2021.

As illustrated in Figure 2, our period-end balance of total loans at December 31, 2022 increased $2.47 billion, or 13.5% from December 31, 2021 and $1.27 billion, or 6.5% not annualized, from September 30, 2022 to a record $20.8 billion. We expect our growth in total loans in 2023 will meet or exceed the $2.47 billion we achieved in 2022.

Figure 2: Total Loan Balances and Yields

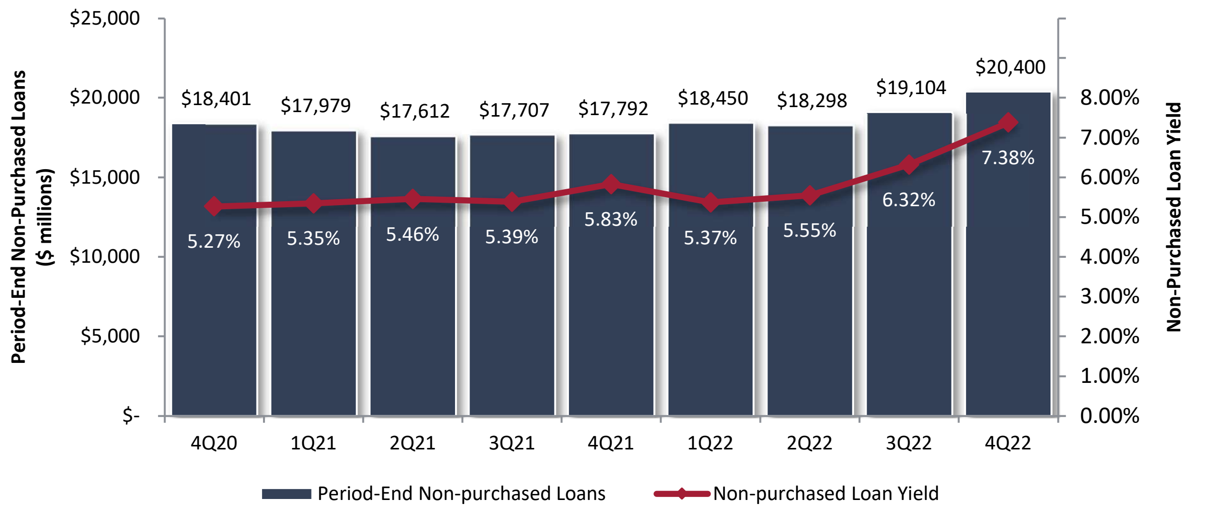


In the fourth quarter of 2022, our yield on total loans was 7.38%, an increase of 149 basis points ("bps") from the fourth quarter of 2021, and an increase of 106 bps from the third quarter of 2022. For the full year of 2022, our yield on total loans was 6.20%, an increase of 64 bps from the full year of 2021.

Non-purchased Loans

Non-purchased loans, which are all loans excluding the remaining loans from acquisitions, accounted for 98.1% of our average total loans and 81.0% of our average earning assets in the quarter just ended. As illustrated in Figure 3, non-purchased loans were $20.40 billion at December 31, 2022, an increase of $2.61 billion, or 14.7%, from December 31, 2021, and an increase of $1.30 billion, or 6.8% not annualized, from September 30, 2022.

Figure 3: Non-purchased Loan Balances and Yields



In the fourth quarter of 2022, our yield on non-purchased loans was 7.38%, an increase of 155 bps from the fourth quarter of 2021, and an increase of 106 bps from the third quarter of 2022. For the full year of 2022, our yield on non-purchased loans was 6.18%, an increase of 67 bps from the full year of 2021.

RESG accounted for 62% of the funded balance of non-purchased loans as of December 31, 2022. As reflected in Figures 4 and 5, RESG's funded balance of non-purchased loans increased $1.12 billion and $1.23 billion, respectively, during the fourth quarter and full year of 2022.

Figure 4: Activity in RESG Funded Balances – 4Q22 ($ billions)

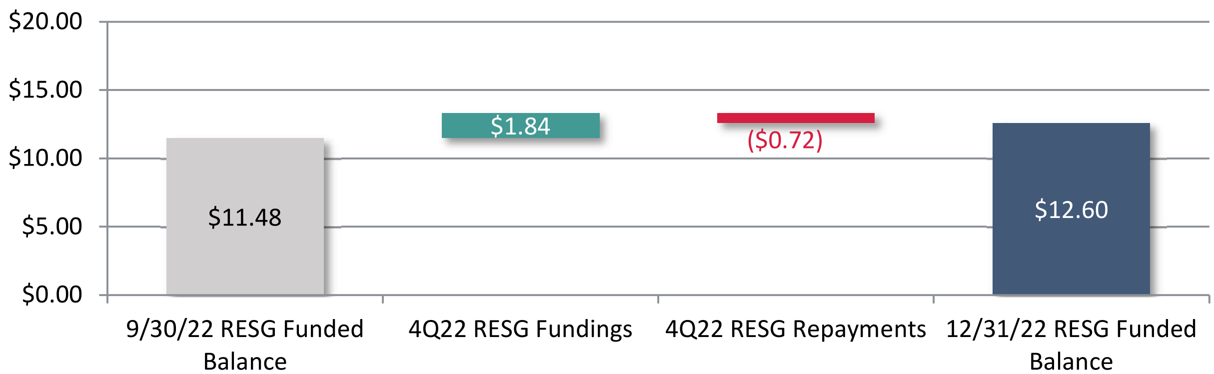
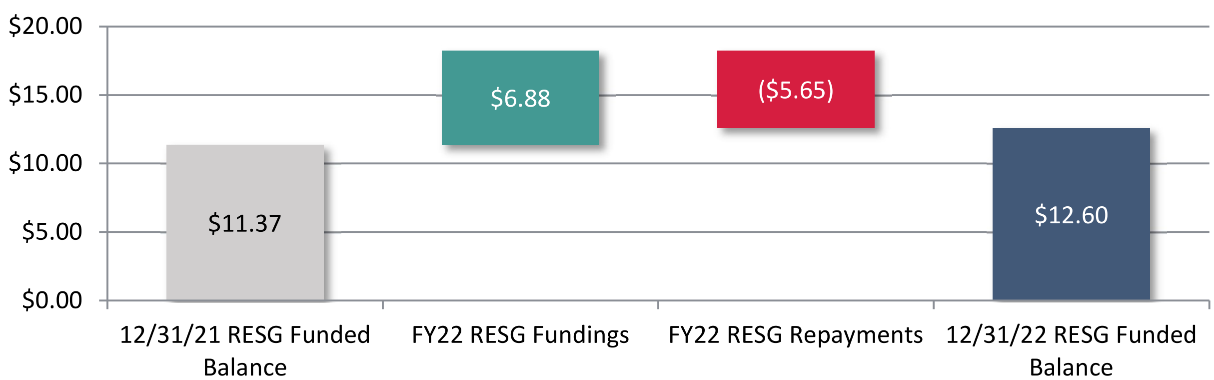


Figure 5: Activity in RESG Funded Balances – FY22 ($ billions)



As shown in Figure 6, RESG had loan originations of $2.81 billion in the fourth quarter of 2022. RESG loan originations for the full year of 2022 were a record $13.82 billion. Given the typical lag between RESG originations and the funding of such loans, the recent origination volumes should contribute meaningfully to funded loan growth in 2023 and 2024.

Figure 6: RESG Quarterly Loan Originations ($ billions)

	Q1	Q2	Q3	Q4	Total
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	$2.99	$7.94
FY2022	$3.14	$3.53	$4.35	$2.81	$13.82

Because of the current uncertain macroeconomic environment, including the impact of recent increases in interest rates, RESG origination volume for the full year of 2023 is expected to be back in or around the range achieved during 2020 and 2021. Origination volume may vary significantly from quarter to quarter and may be impacted by interest rates, economic conditions, competition or other factors.

As shown in Figure 7, RESG's loan repayments were $0.72 billion in the quarter just ended and $5.65 billion for the full year of 2022.

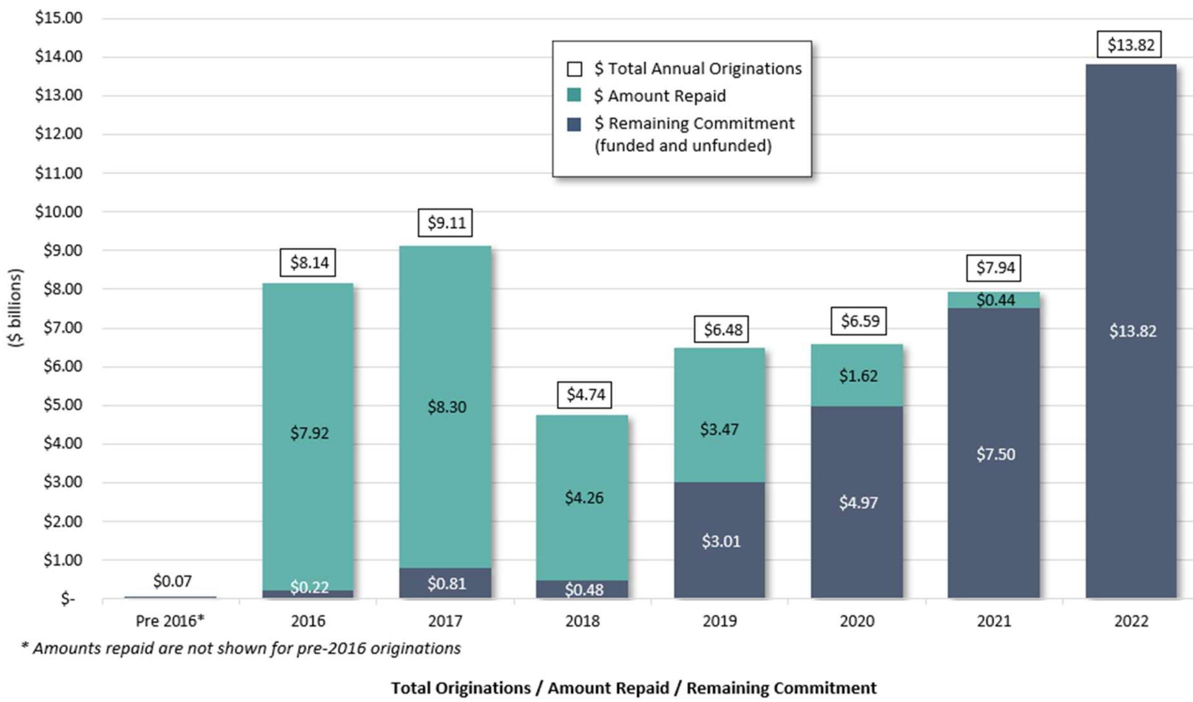
Figure 7: RESG Quarterly Loan Repayments ($ billions)

	Q1	Q2	Q3	Q4	Total
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	$1.72	$6.22
FY2022	$1.31	$2.34	$1.28	$0.72	$5.65

RESG loan repayments for the full year of 2023 are expected to remain approximately in the range achieved during 2021 and 2022. Of course, many sponsors are carefully monitoring interest rates and refinance market conditions to determine when to move projects from construction financing to bridge or permanent loans. As seen in recent quarters, RESG loan repayments may vary substantially from quarter to quarter and may have an outsized impact in one or more quarters.

Figure 8 illustrates the cadence of RESG loan originations and repayments. It shows the amount of each year's originations which have been repaid and which remain as outstanding commitments, both funded and unfunded, as of December 31, 2022.

Figure 8: RESG Origination and Repayment Trends by Year of Origination *(Total Commitment)*



At December 31, 2022, RESG accounted for 86% of our $21.06 billion unfunded balance of loans already closed, followed by Community Banking at 8%, Corporate and Business Specialties Group ("CBSG") at 4%, and Asset Based Lending Group ("ABLG") at 2%. Figures 9 and 10 reflect the changes in the unfunded balance of our loans already closed for the fourth quarter and full year of 2022, respectively. The total unfunded balance increased $0.97 billion during the fourth quarter of 2022 and $7.44 billion over the full year of 2022. This increased unfunded balance should contribute meaningfully to funded loan growth in 2023 and 2024.

Figure 9: Activity in Unfunded Balances – 4Q22 ($ billions)

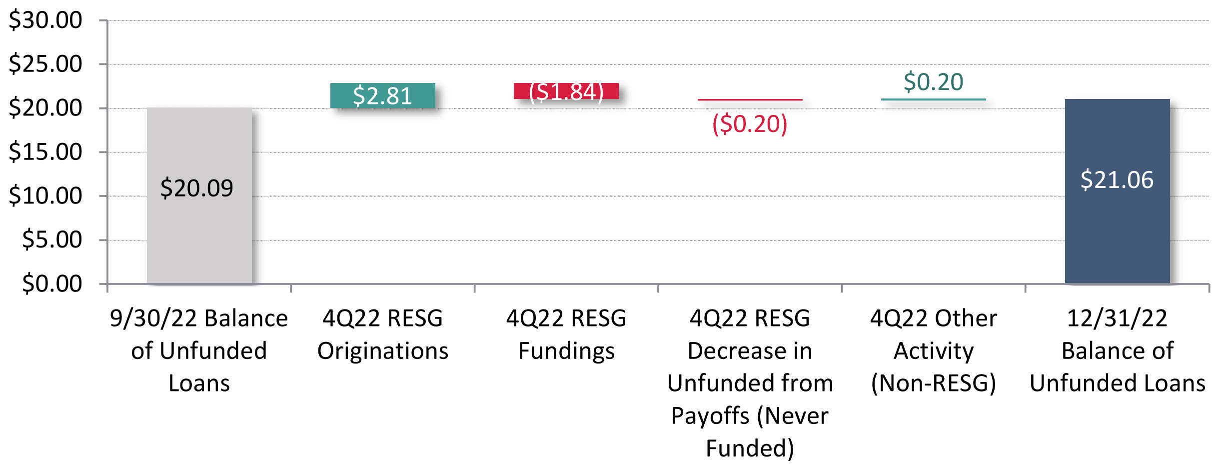
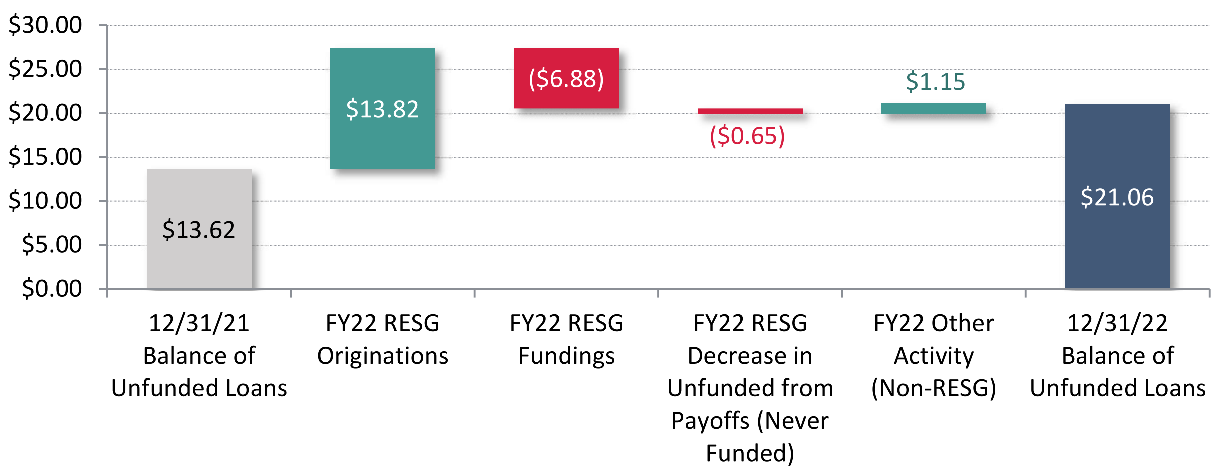


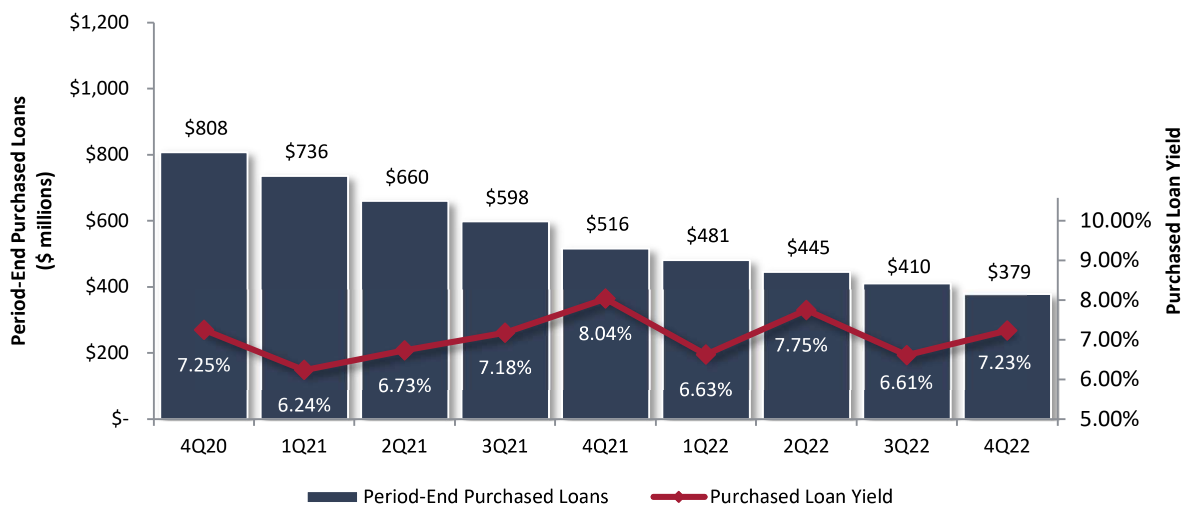
Figure 10: Activity in Unfunded Balances – FY22 ($ billions)



Purchased Loans

Purchased loans, which are the remaining loans from acquisitions, accounted for 1.9% of average total loans and 1.6% of our average earning assets in the quarter just ended. During the quarter, our purchased loan portfolio decreased $0.03 billion, or 7.7% not annualized, to $0.38 billion at December 31, 2022. For the full year of 2022, our purchased loan portfolio decreased by $0.14 billion, or 26.7%. Figure 11 shows recent purchased loan portfolio trends.

Figure 11: Purchased Loan Balances and Yields

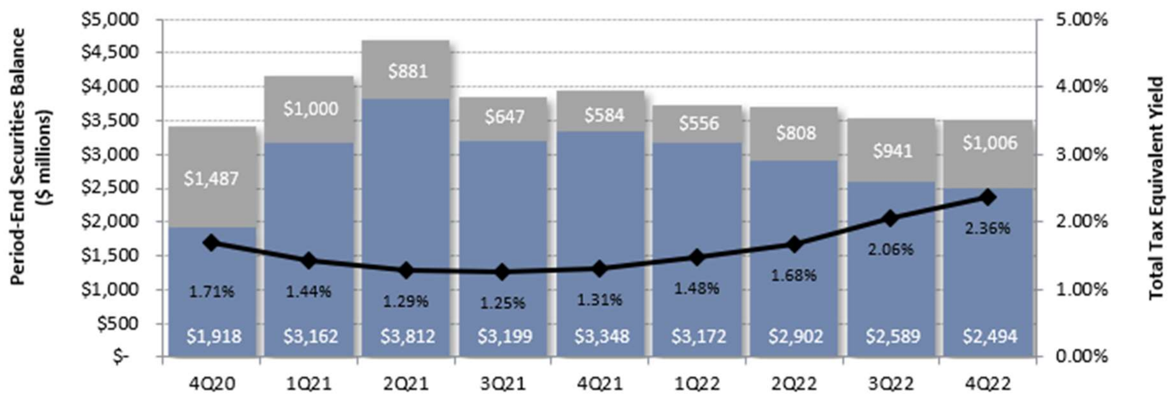


In the fourth quarter of 2022, our yield on purchased loans was 7.23%, a decrease of 81 bps from the fourth quarter of 2021, but an increase of 62 bps from the third quarter of 2022. For the full year of 2022, our yield on purchased loans was 7.05%, an increase of eight bps from the full year of 2021.

Investment Securities Portfolio

As illustrated in Figure 12, at December 31, 2022, our investment securities portfolio was $3.50 billion, a decrease of $0.43 billion, or 11.0%, as compared to December 31, 2021 and $0.03 billion, or 0.8% not annualized, as compared to September 30, 2022. In the fourth quarter of 2022, the yield on our investment portfolio, on a fully taxable equivalent basis, was 2.36%, an increase of 105 bps from the fourth quarter of 2021 and 30 bps from the third quarter of 2022.

Figure 12: Investment Securities Portfolio Balances and Yields



	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
Effective Duration*	1.57	1.87	1.94	2.05	2.23	2.64	3.16	3.59	3.63
Convexity*	-0.25	-0.60	-0.68	-0.42	-0.63	-0.09	-0.02	0.08	0.05

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

Our investment securities portfolio contains a number of short-term securities, which should give us cash flow from the portfolio to reinvest at current interest rates or otherwise redeploy as needed. Principal cash flow from maturities and other principal repayments in the first quarter of 2023 is expected to be approximately $0.16 billion, or about 4.6% of our total investment securities portfolio. Cumulative principal cash flow for 2023 is expected to be approximately $0.58 billion, or about 16.5% of our total investment securities portfolio.

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.

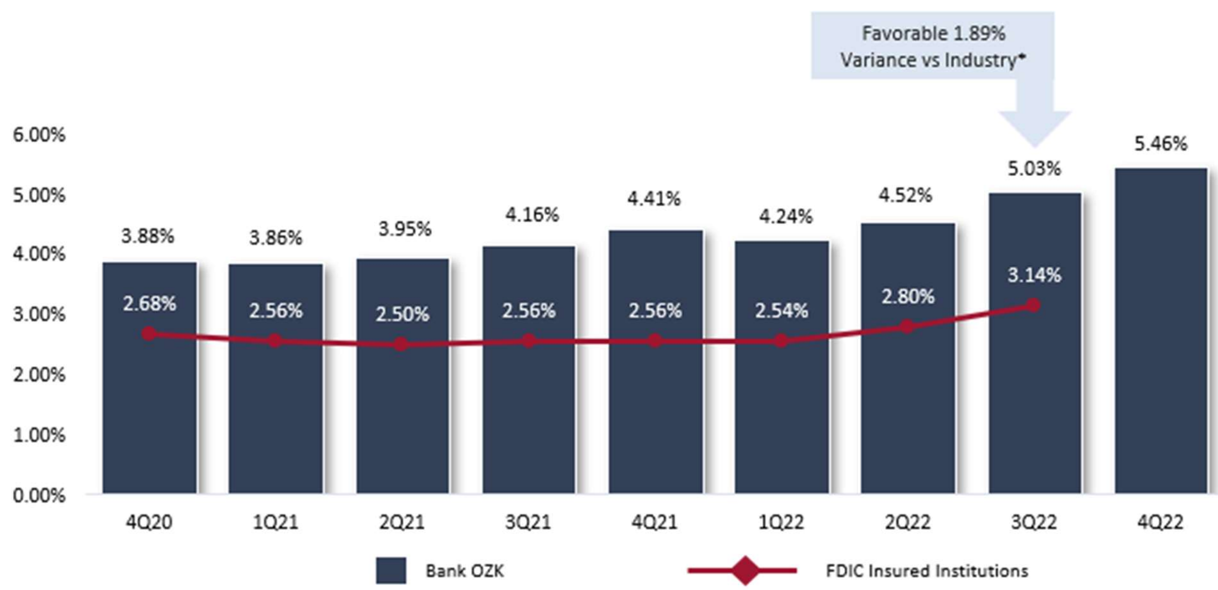
Net Interest Margin and Core Spread

During the quarter just ended, our net interest margin improved to 5.46%, an increase of 43 bps from the third quarter of 2022 and 105 bps from the fourth quarter of 2021. In the quarter just ended, compared to the third quarter of 2022, our yield on average earning assets increased 102 bps to 6.54%, and our cost of interest bearing liabilities increased 82 bps to 1.54%, and compared to the fourth quarter of 2021, our yield on average earning assets increased 190 bps and our cost of interest bearing liabilities increased 120 bps.

For the full year of 2022, our net interest margin improved to 4.82%, an increase of 73 bps compared to 2021. In 2022, our yield on average earning assets increased 91 bps compared to 2021, while our cost of interest bearing liabilities increased 28 bps.

As shown in Figure 13, in the third quarter of 2022, the latest quarter for which comparative data is available, our net interest margin outperformed the industry by 189 bps.

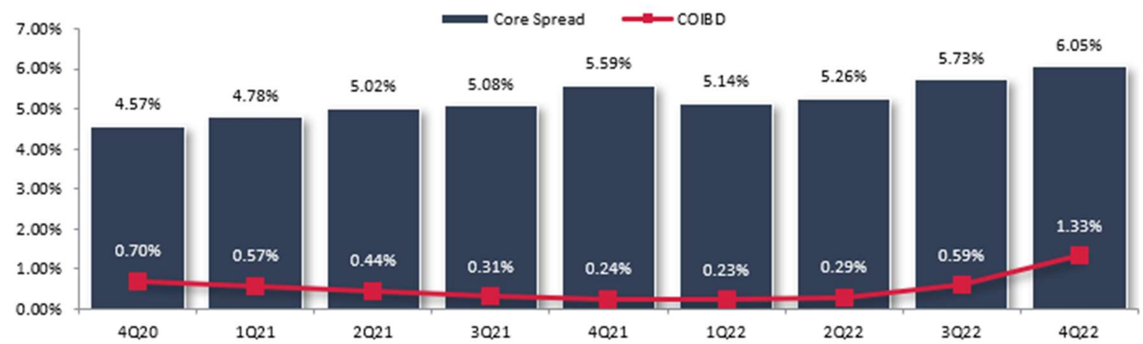
Figure 13: Quarterly Net Interest Margin (%)



*Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated third quarter 2022.

Similarly, as reflected in Figure 14, during the quarter just ended, our core spread improved to a record 6.05%, an increase of 32 bps from the third quarter of 2022 and 46 bps from the fourth quarter of 2021. In the quarter just ended, compared to the third quarter of 2022, our yield on non-purchased loans increased 106 bps and our COIBD increased 74 bps, and compared to the fourth quarter of 2021, our yield on non-purchased loans increased 155 bps and our COIBD increased 109 bps.

Figure 14: Core Spread and COIBD



	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
Yield on Non-purchased loans	*5.27%*	*5.35%*	*5.46%*	*5.39%*	*5.83%*	*5.37%*	*5.55%*	*6.32%*	*7.38%*
COIBD	*0.70%*	*0.57%*	*0.44%*	*0.31%*	*0.24%*	*0.23%*	*0.29%*	*0.59%*	*1.33%*
Core Spread	*4.57%*	*4.78%*	*5.02%*	*5.08%*	*5.59%*	*5.14%*	*5.26%*	*5.73%*	*6.05%*

For the full year of 2022, our core spread improved to 5.56%, an increase of 44 bps compared to 2021. In 2022, our yield on non-purchased loans increased 67 bps compared to 2021, while our COIBD increased 23 bps.

With our high percentage of variable rate loans, we expect our yield on non-purchased loans should continue to increase as long as the Federal Reserve (the “Fed”) continues to increase the Fed funds target rate. We also expect our COIBD will continue to increase throughout the Fed tightening cycle and likely for several quarters after the Fed finishes increasing the Fed funds target rate, reflecting the fact that deposit rates naturally tend to lag loan yields early in tightening cycles.

Over the last three quarters since the Fed started increasing the Fed funds target rate, our non-purchased loan yields have increased more than our COIBD. Specifically, over those three quarters, our non-purchased loan yields have expanded 201 bps to 7.38%, while our COIBD has increased only 110 bps to 1.33%, resulting in our net interest margin and core spread expanding 122 bps and 91 bps, respectively. When the Fed is at or near the end of its tightening cycle, we expect this recent trend will begin to reverse, likely resulting in a decreasing trend in our core spread and net interest margin over the course of 2023.

While our growth in net interest income in 2022 was most significantly a result of net interest margin expansion, and secondarily a result of growth in average earning assets, in 2023 we expect that growth in average earning assets will be the primary contributor to growth in net interest income.

Variable Rate Loans

At December 31, 2022, 78% of our funded balance of total loans had variable rates, of which 47% were tied to 1-month LIBOR, 34% to 1-month term SOFR, 17% to WSJ Prime and 2% to other indexes. At December 31, 2022, 99% of our variable rate total loans (non-purchased and purchased) had floor rates, and the vast majority of such loans were above their floor rates.

Provision and Allowance for Credit Losses ("ACL")

Our provision for credit losses was $32.5 million for the fourth quarter and $83.5 million for the full year of 2022 compared to negative provision for credit losses of $8.0 million for the fourth quarter and $77.9 million for the full year of 2021. Our growth in both funded and unfunded loan balances during the quarter and the year just ended contributed to the higher provision for credit losses.

As of December 31, 2022, our allowance for loan losses ("ALL") for outstanding loans was $208.9 million, or 1.01% of total outstanding loans, and our reserve for losses on unfunded loan commitments was $156.4 million, or 0.74% of unfunded loan commitments, bringing our total ACL, which includes the ALL and the reserve for losses on our unfunded loan commitments, to $365.3 million, or 0.87% of total outstanding loans and unfunded loan commitments.

The calculations of our provision for credit losses for the fourth quarter of 2022 and our total ACL at December 31, 2022 were based on a number of key estimates, assumptions and economic forecasts. We utilized recent economic forecasts provided by Moody's, including their updates released in December 2022. In our selection of macroeconomic scenarios, we remained weighted to the downside as the combined weightings assigned to the Moody's S4 (Alternative Adverse Downside) and S6 (Stagflation) scenarios exceeded that of the Moody's Baseline scenario, which had the largest single scenario weighting. Our selection and weightings of these scenarios reflected our assessment of conditions in the U.S. economy, and acknowledged the uncertainty regarding future U.S. economic conditions, including the elevated risk of a recession in the near-term, elevated inflationary pressures, increases in the Fed funds target rate, prospects for shrinking the Federal Reserve balance sheet, the impacts of the ongoing war in Ukraine, supply chain disruptions, global trade and geopolitical matters, the impacts of U.S. fiscal policy actions, uncertainties about the COVID-19 pandemic, and various other factors. Our ACL calculations include certain qualitative adjustments to capture items not fully reflected in our modeled results.

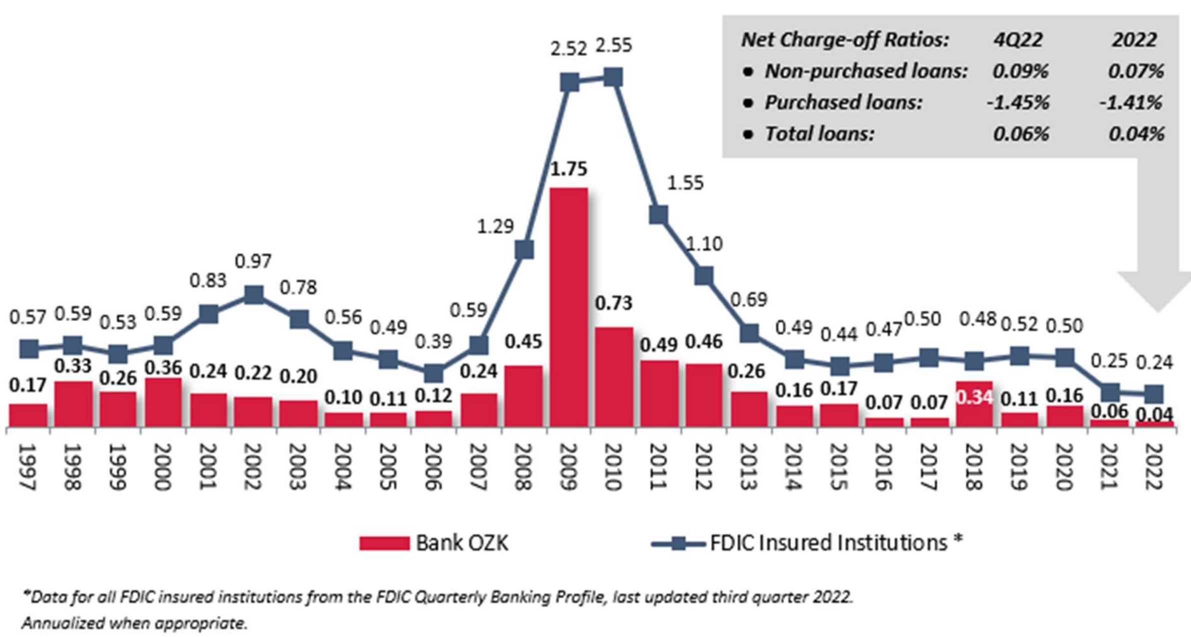
Net Charge-Offs

We have continued our long-standing track record of having net charge-off ratios well below industry averages, as shown in Figure 15. In the quarter just ended, our annualized net charge-off ratio for non-purchased loans was 0.09%, for purchased loans was -1.45%, and for total loans was 0.06%. For the full year of 2022, our net charge-off ratio for non-purchased loans was 0.07%, for purchased loans was -1.41%, and for total loans was 0.04%. In our 25 years as a public company, our net charge-off ratio has outperformed the industry's net charge-off ratio every year and has averaged only about one-third of the industry's net charge-off ratio.

Our portfolio continued to perform very well throughout the COVID-19 pandemic, the Fed's increasing interest rates, higher rates of inflation, and numerous other sources of macroeconomic, political and geo-political turbulence. We have built our portfolio with the goal that it will perform well in adverse economic conditions, and that discipline has been evident in our results over the past few years, including our net charge-off ratio for total loans, which has recently ranged from an all-time low of 4 bps in the year just ended to 16 bps in 2020.

We continue to be cautiously optimistic about our future portfolio performance while closely monitoring the effects of the challenges borrowers face from the accumulated and continuing increases in the Fed funds rate, elevated recession risks and numerous other economic uncertainties. While we are unlikely to repeat 2022's all-time low 4 bps net charge-off ratio, we expect that our net charge-off ratio in 2023 will continue our long-standing tradition of out-performing the industry.

Figure 15: Annualized Net Charge-off Ratio (Total Loans) vs. the Industry



Our RESG portfolio has a long tradition of excellent asset quality. As shown in Figure 16, we have had only occasional challenges in the RESG portfolio as that portfolio has benefitted from the fact that most of its loans are on newly constructed properties with strong sponsorship, low leverage and protective loan structures. If needed, we expect most sponsors will continue to support their properties through times of economic stress until business or economic conditions normalize. The weighted average annual net charge-off ratio (including OREO write-downs) for the RESG portfolio over its 19-year history is eight bps.

Figure 16 - RESG Historical Net charge-offs *($ Thousands)*

Year-end	Ending Loan Balance	YTD Average Loan Balance	Net charge-offs ("NCO")*	NCO Ratio
2003	$ 5,106	$ 780	$ -	0.00%
2004	52,658	34,929	-	0.00%
2005	51,056	56,404	-	0.00%
2006	61,323	58,969	-	0.00%
2007	209,524	135,639	-	0.00%
2008	470,485	367,279	-	0.00%
2009	516,045	504,576	7,531	1.49%
2010	567,716	537,597	-	0.00%
2011	649,806	592,782	2,905	0.49%
2012	848,441	737,136	-	0.00%
2013	1,270,768	1,085,799	-	0.00%
2014	2,308,573	1,680,919	-	0.00%
2015	4,263,800	2,953,934	-	0.00%
2016	6,741,249	5,569,287	-	0.00%
2017	8,169,581	7,408,367	842	0.01%
2018	9,077,616	8,685,191	45,490	0.52%
2019	9,391,096	9,427,266	-	0.00%
2020	11,591,147	10,651,549	-	0.00%
2021	11,367,505	11,149,098	1,891	0.02%
2022	12,598,957	11,590,988	-	0.00%
Total			**$ 58,659**	

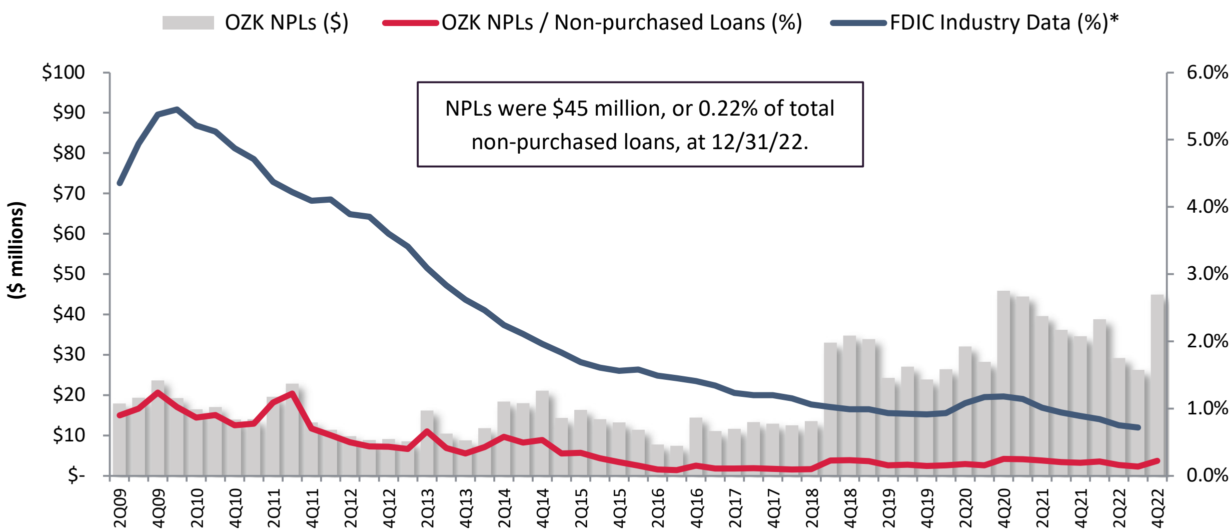
Weighted Average	**0.08%**

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

Other Asset Quality Measures

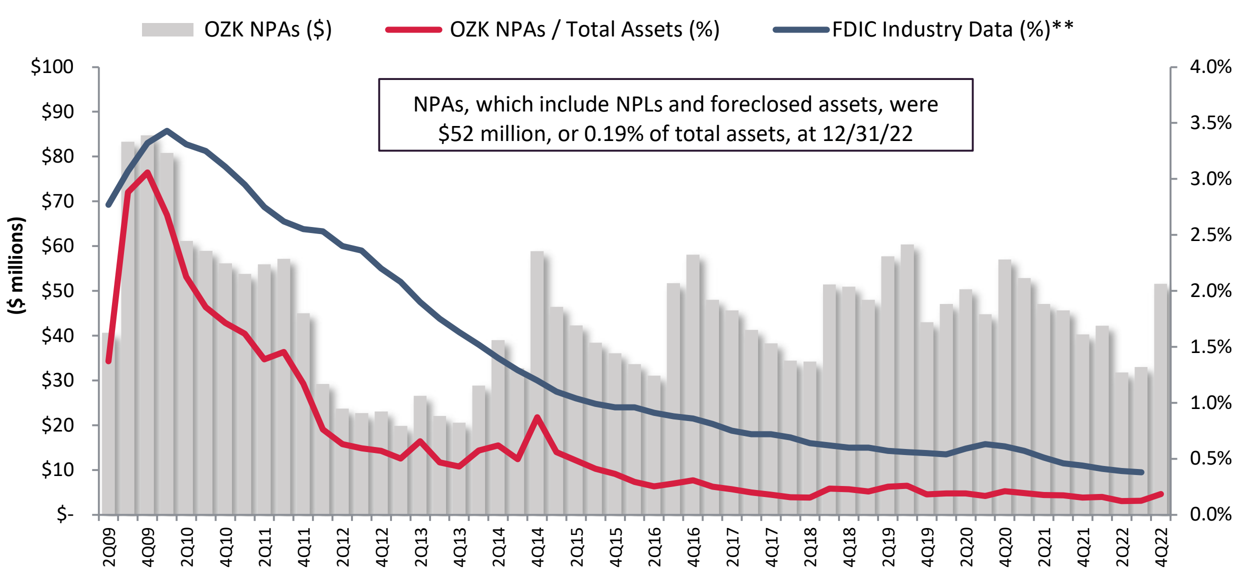
As shown in Figures 17, 18 and 19, the dollar volumes of our nonperforming non-purchased loans, nonperforming assets and past due non-purchased loans continued our longstanding track record of outperforming industry averages. We expect our asset quality to continue our long tradition of outperforming industry averages.

Figure 17: Nonperforming Non-purchased Loans ("NPLs")



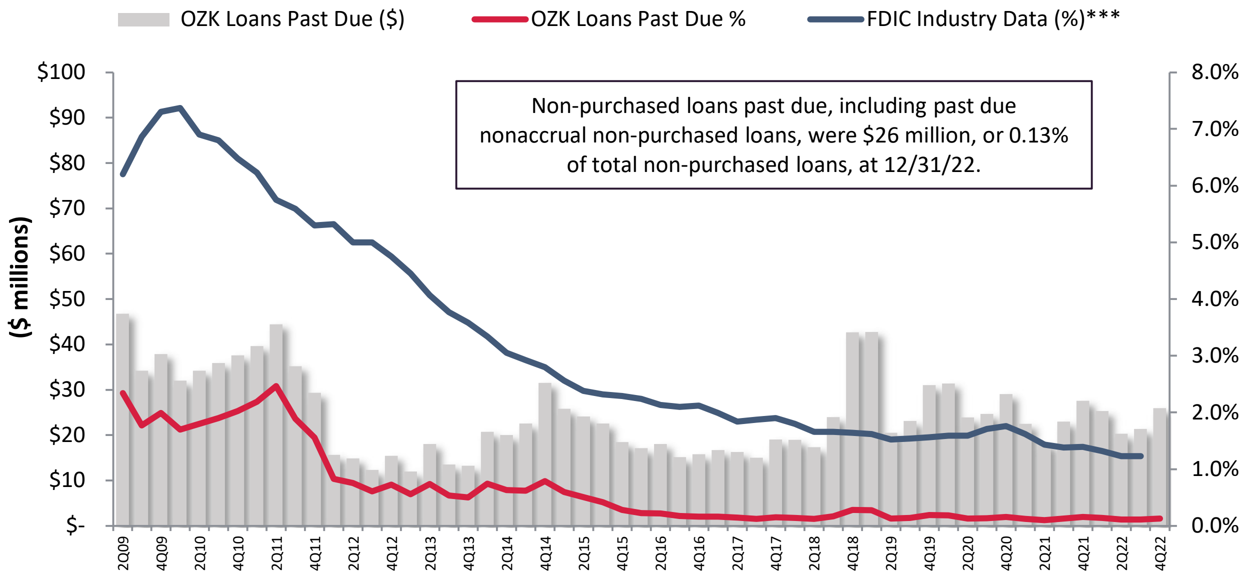
** Note: Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated third quarter 2022. Percent of Loans Noncurrent is the percentage of loans that are past due 90 days or more or that are in nonaccrual status.*

Figure 18: Nonperforming Assets ("NPAs")



*** Note: Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated third quarter 2022. Noncurrent assets plus other real estate owned to assets (%).*

Figure 19: 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 third quarter 2022. Percent of Loans Noncurrent + Percent of Loans 30-89 Days Past Due.*

Loan Portfolio Diversification & Leverage

Figures 20 and 21 reflect the mix in our non-purchased loan growth in the fourth quarter and full year of 2022. Even with RESG providing most of our non-purchased loan growth in the quarter just ended, we are pleased to see that Community Banking, Indirect RV & Marine, ABLG and CBSG, collectively, contributed more non-purchased loan growth for the full year of 2022 than RESG. We are cautiously optimistic regarding continued growth from these teams and their ongoing contributions to portfolio diversification.

Figure 20: Non-purchased Loan Growth – 4Q22 ($ millions)

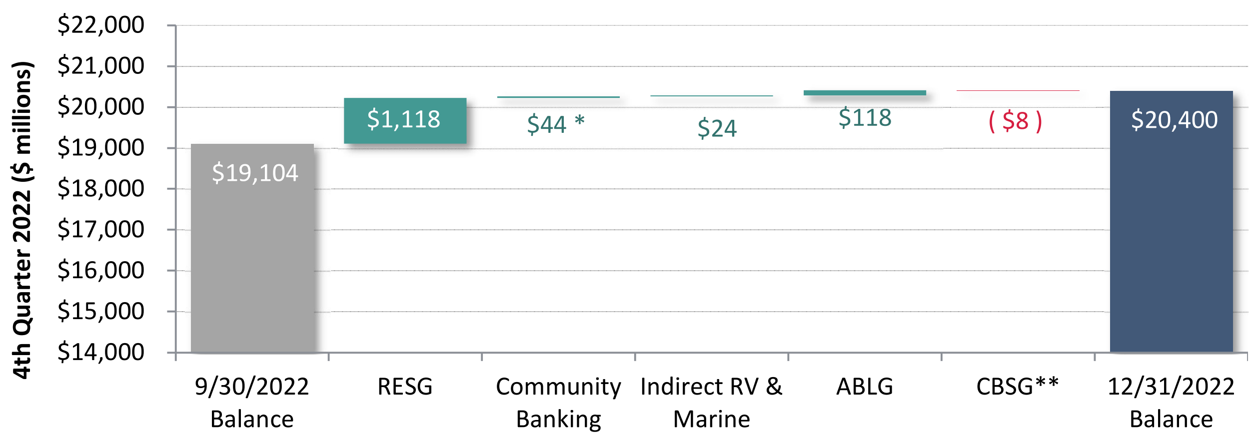
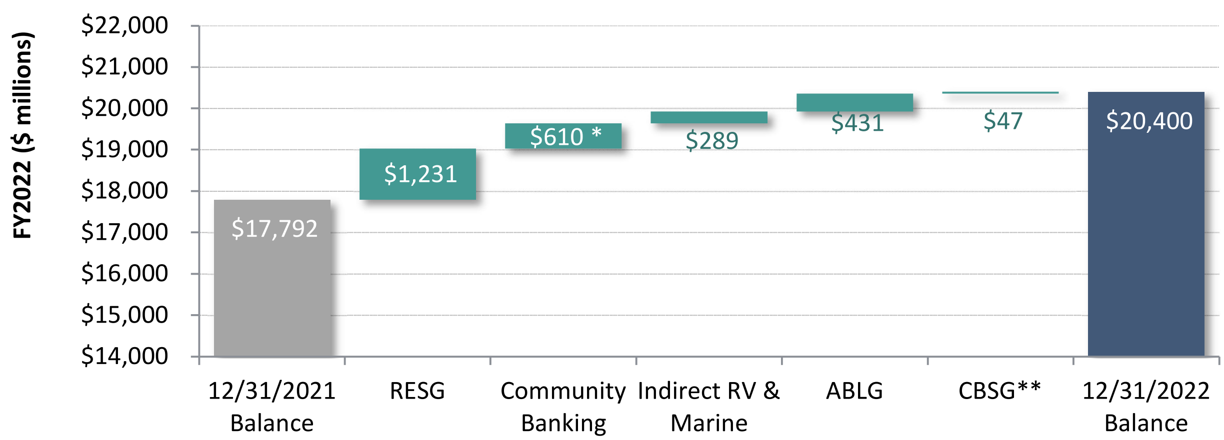


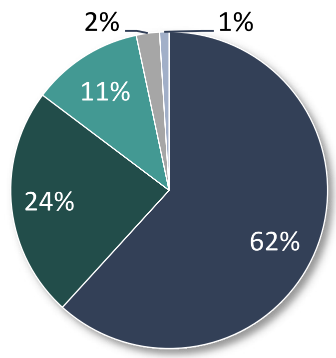
Figure 21: Non-purchased Loan Growth – FY22 ($ millions)



** For the fourth quarter and full year of 2022, growth figures are net of payoffs of SBA PPP loans of $5 million and $77 million, respectively.*
*** CBSG is a team focused on subscription finance, other secured non-real estate lending opportunities, and our small shared national credit portfolio.*

Figure 22 reflects the breakdown of our non-purchased loans by lending group as of December 31, 2022.

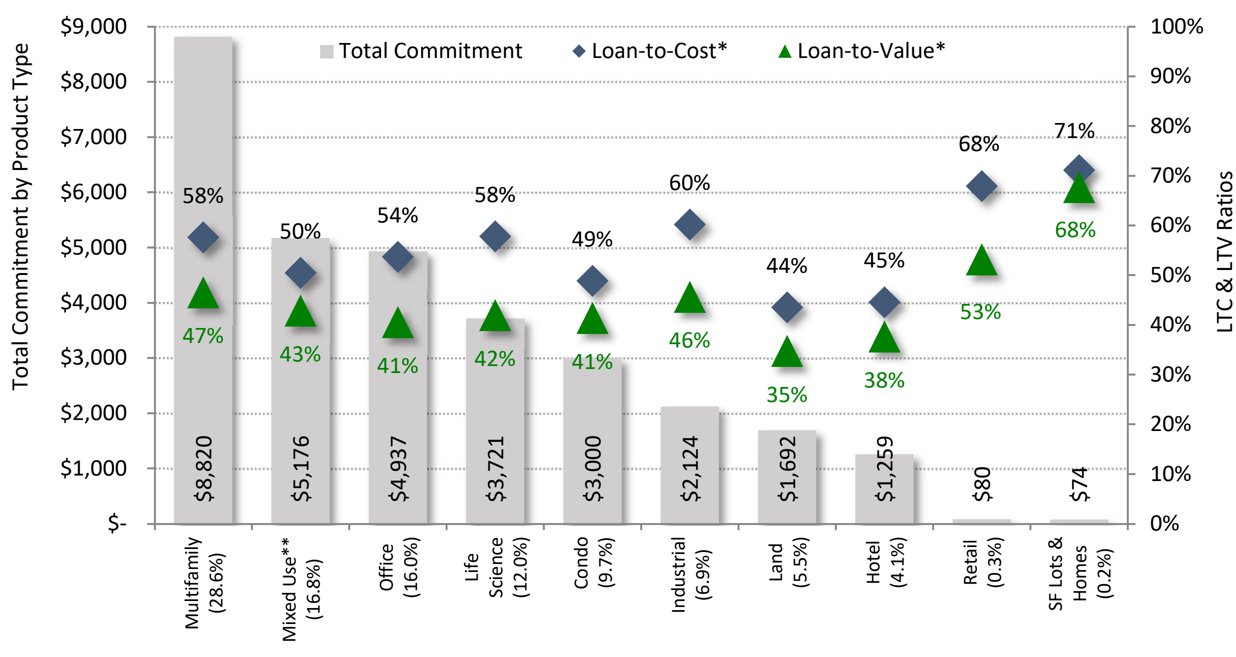
Figure 22: Breakdown of Non-purchased Loans by Lending Group



	12/31/2022 Balances	
	$ millions	*%*
RESG	$ 12,599	62%
Community Banking	4,792	24%
Indirect Lending	2,329	11%
ABLG	482	2%
CBSG	198	1%
Total	**$ 20,400**	**100%**

Within the RESG portfolio, we benefit from substantial product type and geographic diversification as shown in Figures 23 and 24. As shown in Figure 23, the RESG portfolio also benefits from low loan-to-cost ("LTC") and loan-to-value ("LTV") ratios.

Figure 23: RESG Portfolio Diversity by Product Type (As of December 31, 2022) ($ millions)



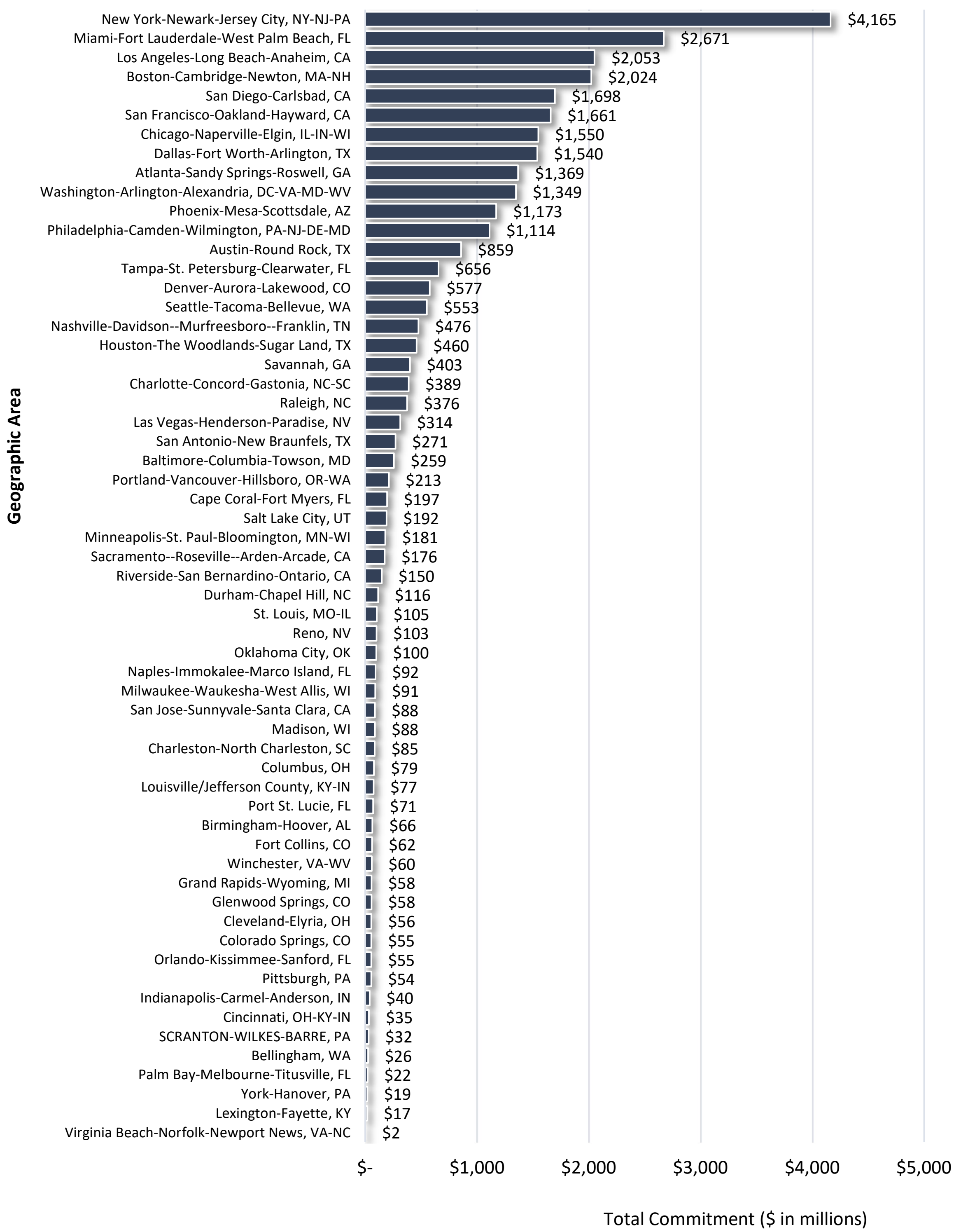
Product Type / (% of Total Commitment)

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

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

Figure 24 shows RESG's total commitments in each MSA in which it currently has loans, reflecting the national scope and significant geographic diversity achieved in RESG's business.

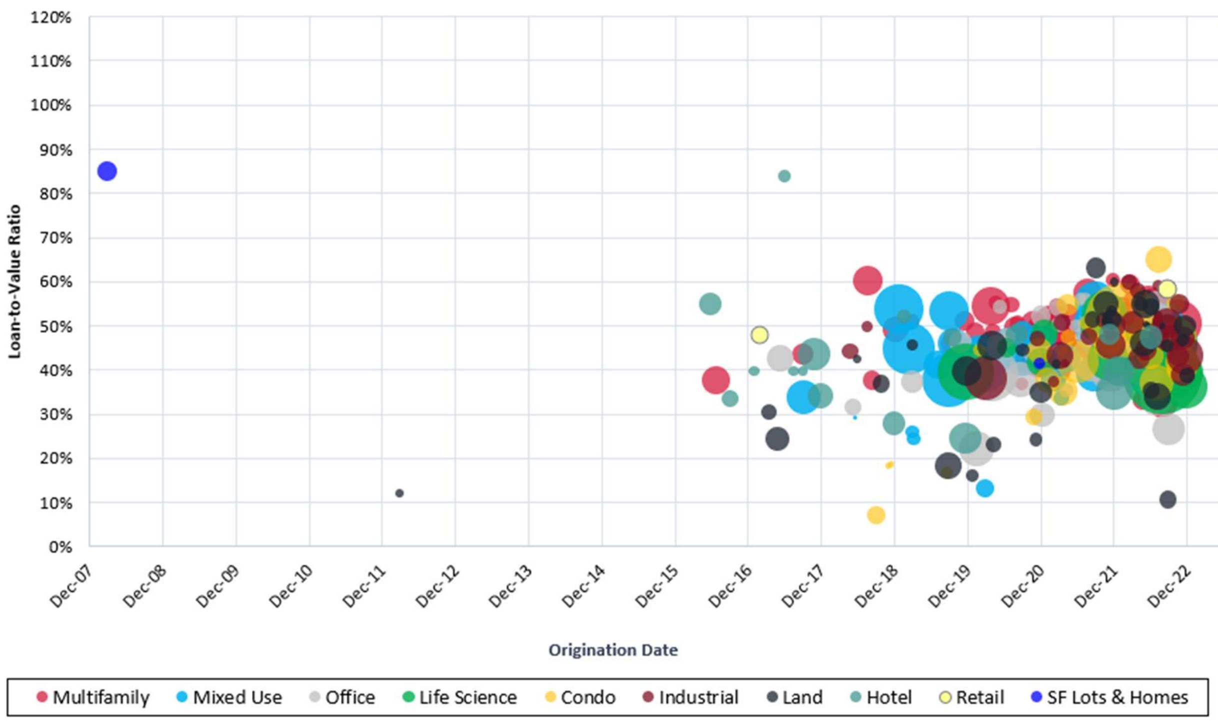
Figure 24: RESG's Portfolio Diversity - All Geographies (As of December 31, 2022) ($ millions)



Assuming full funding of every RESG loan, as of December 31, 2022, the weighted average LTC for the RESG portfolio was a conservative 53%, and the weighted average LTV was even lower at just 43%. The LTV metrics on individual loans within the RESG portfolio are illustrated in Figure 25. Other than one credit (substandard accrual rated) with an 85% LTV ($56 million) and one credit (special mention rated) with an 84% LTV ($24 million), all other credits in the RESG portfolio have LTV ratios of 65% or less. Other than the two credits just mentioned above, the RESG portfolio has no other substandard rated credits and one other special mention rated credit ($64 million with a 63% LTV).

Figure 25: RESG Portfolio by LTV & Origination Date (As of December 31, 2022)

Bubble Size Reflects Total Funded and Unfunded Commitment Amount



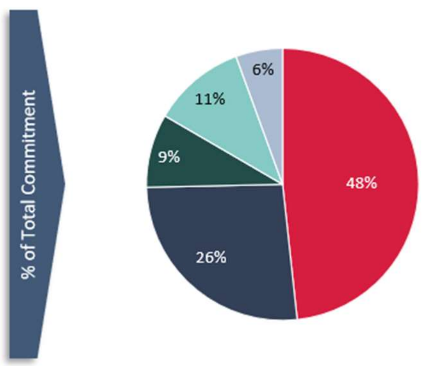
LTV ratios assume all loans are fully funded. LTV data based on most recent appraisals and utilizing, in most cases, "as stabilized" values for income producing properties.

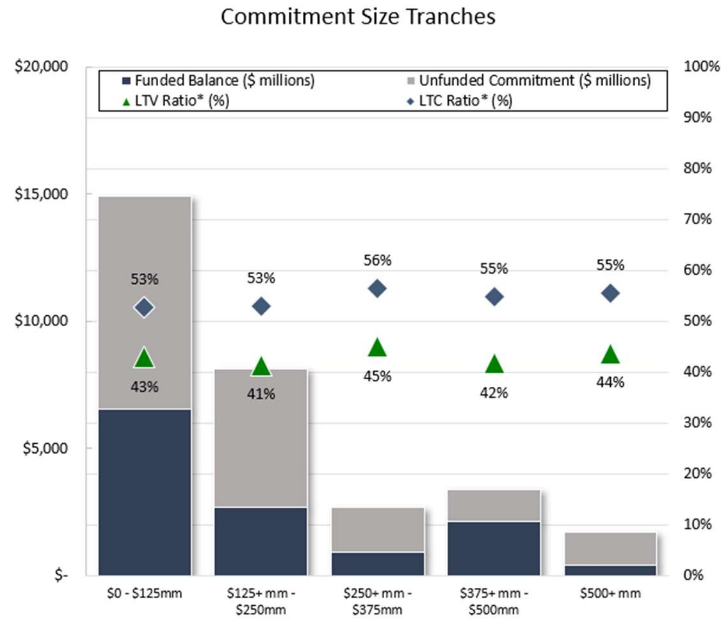
The RESG portfolio includes loans of many different sizes. The stratification of the RESG portfolio by commitment size is reflected in Figure 26.

Figure 26: RESG Portfolio Stratification by Loan Size - Total Commitment (As of December 31, 2022)

($ millions)

Tranche	No. of Loans	Funded Balance	Total Commitment
$0 - $125mm	281	$ 6,470	$ 14,913
$125+ mm - $250mm	48	2,667	8,141
$250+ mm - $375mm	9	918	2,698
$375+ mm - $500mm	8	2,132	3,415
$500+ mm	2	411	1,715
Total	**348**	**$ 12,599**	**$ 30,882**





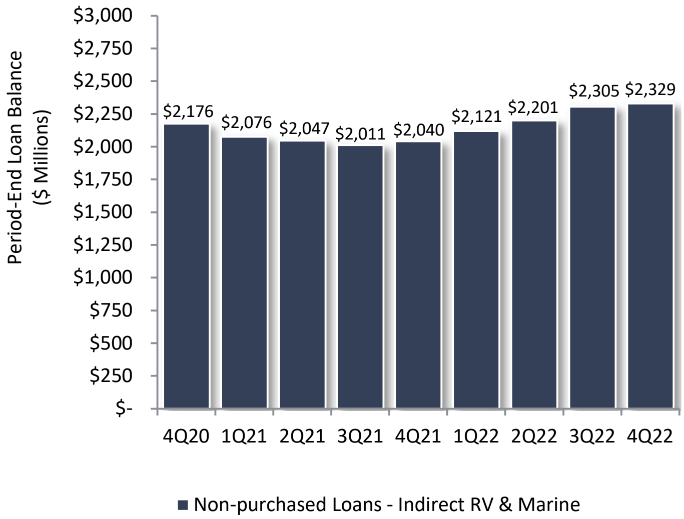
** Assumes all loans are fully funded; calculation based on total commitment by tranche as a % of total cost and total appraised value of loans within each tranche. LTV data based on most recent appraisals and utilizing, in most cases, "as stabilized" values for income producing properties.*

Our Community Banking loans, which accounted for 24% of the funded balance of non-purchased loans as of December 31, 2022, include consumer and small business loans, loans originated by our commercial (generalist) lenders, and loans originated by our specialty lending teams in Community Banking, which include our government guaranteed, agricultural (including poultry), business aviation, affordable housing, middle market CRE, home builder finance and equipment finance/capital solutions lending teams. Growth in these units is an important part of our broader strategy for portfolio diversification, both in terms of product types and geography.

Indirect RV & Marine lending is a nationwide business that has allowed us to originate consumer loans while maintaining our conservative credit-quality standards. This portfolio accounted for 11% of the funded balance of non-purchased loans as of December 31, 2022. Our objective is to maintain this portfolio within a range of 10% to 15% of our total loans.

As of December 31, 2022, the non-purchased indirect portfolio had a 30+ day delinquency ratio of 10 bps. For the fourth quarter and full year of 2022, our annualized net charge-off ratio for the non-purchased indirect portfolio was 20 bps and 13 bps, respectively. Figure 27 provides additional details regarding this portfolio.

Figure 27: Indirect RV & Marine Outstanding Non-purchased Loan Balances



RV Portfolio at 12/31/22

Loan Size	Total #	$ thousands
$1 million +	-	$ -
$750k - $999k	-	-
$250k - $749k	472	147,749
$50k - $249k	9,487	1,044,589
< $50k	6,095	154,537
Total	**16,054**	**$ 1,346,875**

Marine Portfolio at 12/31/22

Loan Size	Total #	$ thousands
$1 million +	44	$ 86,384
$750k - $999k	39	33,403
$250k - $749k	506	192,208
$50k - $249k	5,122	585,738
< $50k	2,803	84,821
Total	**8,514**	**$ 982,554**

Deposits and Liquidity

In recent years, we have worked to improve the mix and quality of our deposit base by focusing significant efforts on growing our core deposits. We were reasonably pleased with the stability of our core deposits in 2022, despite the intensely competitive deposit landscape and the drawdowns in deposit balances from the Covid-19 pandemic stimulus programs. We believe that we have ample capacity for future deposit growth, including core deposit growth in our existing network of 229 branches.

Figure 28: Deposit Composition ($ millions)

	Period Ended					
	12/31/2021		9/30/2022		12/31/2022	
Noninterest Bearing	$ 4,984	24.7%	$ 4,824	23.6%	$ 4,658	21.7%
Consumer and Commercial Interest Bearing:						
Consumer - Non-time	4,334	21.4%	4,198	20.6%	3,916	18.2%
Consumer - Time	4,319	21.4%	4,127	20.2%	4,936	23.0%
Commercial - Non-time	2,635	13.0%	2,891	14.2%	2,741	12.7%
Commercial - Time	905	4.5%	557	2.7%	516	2.4%
Public Funds	2,095	10.4%	2,055	10.1%	2,103	9.8%
Brokered	452	2.2%	1,322	6.5%	2,050	9.5%
Reciprocal	485	2.4%	428	2.1%	578	2.7%
Total	$ 20,209	100.0%	$ 20,402	100.0%	$ 21,500	100.0%

Non-interest Income

Non-interest income for the fourth quarter of 2022 was $27.5 million, decreases of 7.2% from the fourth quarter of 2021 and 5.6% from the third quarter of 2022. For the full year of 2022, non-interest income was $114.5 million, a decrease of 0.9% from the full year of 2021. Figures 29 and 30, respectively, summarize non-interest income for the most recent nine quarters and year-over-year trends for the fourth quarter and full year of 2022.

Figure 29: Quarterly Trends in Non-interest Income *($ thousands)*

	For the Three Months Ended								
	12/31/2020	3/31/2021	6/30/2021	9/30/2021	12/31/2021	3/31/2022	6/30/2022	9/30/2022	12/31/2022
Service charges on deposit accounts:									
NSF fees	$ 998	$ 862	$ 848	$ 1,045	$ 1,092	$ 1,080	$ 1,079	$ 1,152	$ 1,025
Overdraft fees	3,026	2,461	2,396	3,035	3,223	3,121	3,168	3,656	3,442
All other service charges	5,959	6,342	7,067	7,097	7,149	6,690	7,184	7,089	7,138
Trust income	1,909	2,206	1,911	2,247	2,141	2,094	1,911	2,007	1,977
BOLI income:									
Increase in cash surrender value	5,034	4,881	4,919	4,940	4,901	4,793	4,846	4,940	4,953
Death benefit	-	1,409	-	-	618	297	-	510	-
Loan service, maintenance and other fees	3,797	3,551	3,953	3,307	3,148	3,018	3,603	3,418	3,780
Net gains on investment securities - AFS	-	-	-	-	-	-	-	-	-
Net gains (losses) on investment securities - Trading	-	-	-	-	504	(90)	531	321	1,256
Gains (losses) on sales of other assets	5,189	5,828	2,341	463	1,330	6,992	784	3,182	510
Other	2,749	4,577	4,307	3,850	5,589	3,480	3,214	2,888	3,463
Total non-interest income	$ 28,661	$ 32,117	$ 27,742	$ 25,984	$ 29,695	$ 31,475	$ 26,320	$ 29,163	$ 27,544

Figure 30: Trends in Non-interest Income – 2021 vs. 2022 *($ thousands)*

	For the Twelve Months Ended			For the Three Months Ended		
	12/31/2021	12/31/2022	% Change	12/31/2021	12/31/2022	% Change
Service charges on deposit accounts:						
NSF fees	$ 3,847	$ 4,336	12.7%	$ 1,092	$ 1,025	-6.2%
Overdraft fees	11,115	13,388	20.4%	3,223	3,442	6.8%
All other service charges	27,656	28,102	1.6%	7,149	7,138	-0.2%
Trust income	8,506	7,990	-6.1%	2,141	1,977	-7.7%
BOLI income:						
Increase in cash surrender value	19,640	19,532	-0.5%	4,901	4,953	1.1%
Death benefit	2,028	807	-60.2%	618	-	NM
Loan service, maintenance and other fees	13,959	13,819	-1.0%	3,148	3,780	20.1%
Net gains on investment securities - AFS	-	-	NM	-	-	NM
Net gains (losses) on investment securities - Trading	504	2,019	300.6%	504	1,256	149.3%
Gains (losses) on sales of other assets	9,962	11,467	15.1%	1,330	510	-61.6%
Other	18,321	13,043	-28.8%	5,589	3,463	-38.0%
Total non-interest income	$ 115,538	$ 114,503	-0.9%	$ 29,695	$ 27,544	-7.2%

Non-interest Expense

Non-interest expense for the fourth quarter of 2022 was $119.0 million, an increase of 8.1% from the fourth quarter of 2021 and 2.9% from the third quarter of 2022. For the full year of 2022, non-interest expense was $451.7 million, an increase of 5.0% from $430.3 million for the full year of 2021.

During 2022, increases in salaries and employee benefits expense were the most significant contributors to increased non-interest expense. This escalation in salaries and benefits expense was driven by competitive labor market conditions and our expanding staff from pandemic-diminished levels, as illustrated in Figure 31. We expect further growth in headcount in 2023 to support our anticipated growth in deposits, loans and other aspects of our business, and this should result in further increases in non-interest expense in 2023.

Figure 31: FTE Headcount and Salaries & Benefits Expense

	Approx. FTE Headcount *(Period End)*	**Salaries & Benefits Expense** *($ Thousands)*
1Q22	2,485	$ 54,648
2Q22	2,474	$ 54,412
3Q22	2,595	$ 57,367
4Q22	2,646	$ 59,946

FDIC deposit insurance assessment rates increased for all banks effective January 1, 2023, which should increase this expense by approximately $1.2 million per quarter in 2023 in addition to the increases in assessment costs from our anticipated growth in average assets. We expect most categories of non-interest expense will increase in 2023 due to a combination of growth expected in our business and inflationary macroeconomic conditions.

Figures 32 and 33, respectively, summarize non-interest expense for the most recent nine quarters and year-over-year trends for the fourth quarter and full year of 2022.

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

	For the Three Months Ended								
	12/31/2020	3/31/2021	6/30/2021	9/30/2021	12/31/2021	3/31/2022	6/30/2022	9/30/2022	12/31/2022
Salaries & employee benefits	$ 53,832	$ 53,645	$ 52,119	$ 53,769	$ 55,034	$ 54,648	$ 54,412	$ 57,367	$ 59,946
Net occupancy and equipment	15,617	16,468	16,168	17,161	17,004	17,215	17,014	18,244	17,584
Professional and outside services	7,026	6,326	7,724	7,084	7,880	7,082	8,461	8,059	8,303
Advertising and public relations	1,086	308	593	719	1,151	1,259	1,103	3,448	2,987
Telecommunication services	2,296	2,232	2,165	1,966	2,064	2,010	1,921	1,921	2,134
Software and data processing	5,729	5,792	6,006	5,897	6,165	5,921	6,223	6,044	6,861
Travel and meals	835	774	1,419	1,617	1,883	1,758	2,186	1,962	1,755
FDIC insurance and state assessments	3,647	3,520	2,885	2,655	2,125	2,150	2,100	2,650	2,710
Amortization of intangibles	1,794	1,730	1,602	1,545	1,517	1,517	1,516	1,298	1,189
Postage and supplies	1,709	1,645	1,544	1,530	1,909	1,698	1,507	2,035	1,906
ATM expense	1,490	1,283	1,486	1,846	1,639	1,509	1,488	1,500	1,834
Loan collection and repossession expense	481	509	540	407	587	325	353	402	306
Writedowns of foreclosed assets	1,582	1,363	123	990	985	258	-	87	710
Amortization of CRA and tax credit investments	823	4,125	3,227	4,972	2,755	5,102	4,628	5,155	5,408
Other expenses	5,447	6,339	6,110	8,239	7,408	5,263	6,388	5,519	5,380
Total non-interest expense	$ 103,394	$ 106,059	$ 103,711	$ 110,397	$ 110,106	$ 107,715	$ 109,300	$ 115,691	$ 119,013

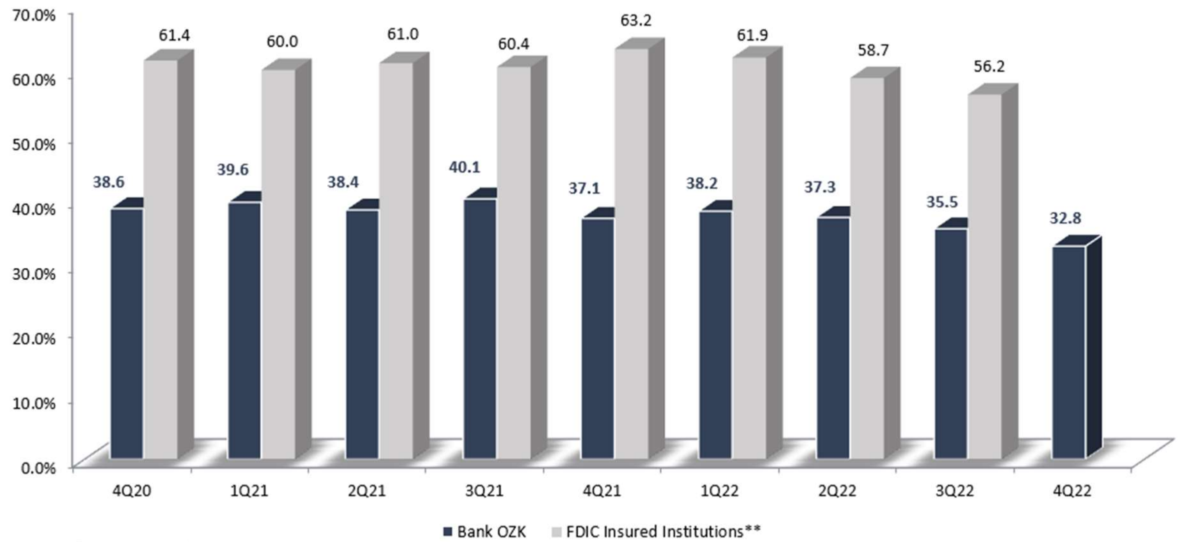
Figure 33: Trends in Non-interest Expense – 2021 vs. 2022 *($ thousands)*

	For the Year Ended			For the Three Months Ended		
	12/31/2021	12/31/2022	% Change	12/31/2021	12/31/2022	% Change
Salaries & employee benefits	$ 214,567	$ 226,373	5.5%	$ 55,034	$ 59,946	8.9%
Net occupancy and equipment	66,801	70,058	4.9%	17,004	17,584	3.4%
Professional and outside services	29,013	31,905	10.0%	7,880	8,303	5.4%
Advertising and public relations	2,772	8,797	217.4%	1,151	2,987	159.5%
Telecommunication services	8,427	7,986	-5.2%	2,064	2,134	3.4%
Software and data processing	23,860	25,049	5.0%	6,165	6,861	11.3%
Travel and meals	5,694	7,661	34.5%	1,883	1,755	-6.8%
FDIC insurance and state assessments	11,185	9,610	-14.1%	2,125	2,710	27.5%
Amortization of intangibles	6,394	5,520	-13.7%	1,517	1,189	-21.6%
Postage and supplies	6,627	7,146	7.8%	1,909	1,906	-0.2%
ATM expense	6,255	6,331	1.2%	1,639	1,834	11.9%
Loan collection and repossession expense	2,044	1,387	-32.1%	587	306	-47.9%
Writedowns of foreclosed assets	3,461	1,055	-69.5%	985	710	-27.9%
Amortization of CRA and tax credit investments	15,078	20,293	34.6%	2,755	5,408	96.3%
Other expenses	28,097	22,550	-19.7%	7,408	5,380	-27.4%
Total non-interest expense	$ 430,275	$ 451,721	5.0%	$ 110,106	$ 119,013	8.1%

Efficiency Ratio

As shown in Figure 34, in the quarter just ended, our efficiency ratio was 32.8%. It was 35.8% for the full year of 2022. Our efficiency ratio has been in the top decile of the industry for 20 consecutive years.*

Figure 34: Quarterly Efficiency Ratio (%)



** Data from S&P Capital IQ.*
*** Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated third quarter 2022.*

Stock Repurchase Program

During 2021, our Board authorized a stock repurchase program which expired on November 4, 2022 authorizing the purchase of up to $650 million of our common stock. On November 14, 2022, the Board announced a new stock repurchase program authorizing the purchase of up to $300 million of our outstanding common stock through expiration of the plan on November 9, 2023.

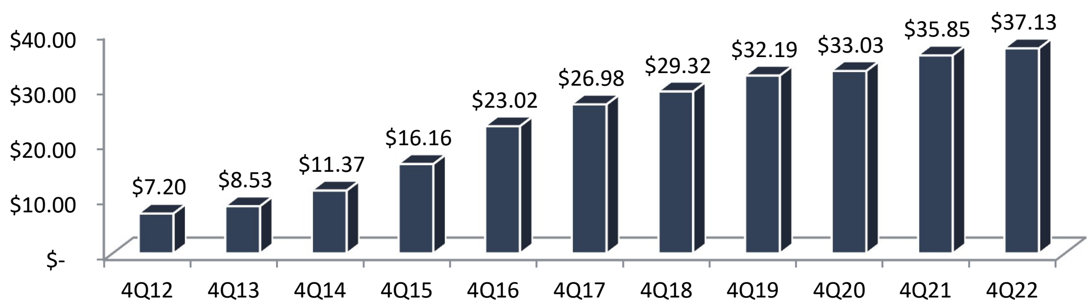
During the quarter just ended, we repurchased approximately 575,000 shares for $23.2 million, including 197,000 shares for $8.1 million under our previous stock repurchase program and 378,000 shares for $15.1 million under our current stock repurchase program. At December 31, 2022, our current stock repurchase program had $284.9 million authorization remaining.

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

Capital and Dividends

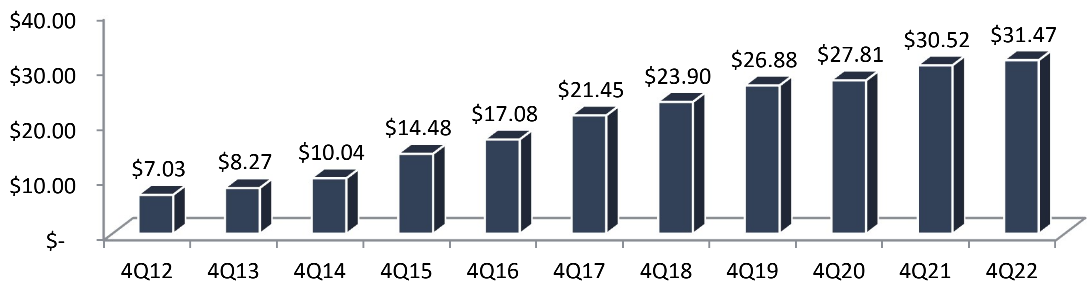
During the quarter just ended, our book value per common share increased to $37.13 compared to $35.67 as of September 30, 2022, and $35.85 as of December 31, 2021. Over the last 10 years, we have increased book value per common share by a cumulative 416%, resulting in a compound annual growth rate of 19.3%, as shown in Figure 35.

Figure 35: Book Value per Share (Period End)



During the quarter just ended, our tangible book value per common share increased to $31.47 compared to $30.02 as of September 30, 2022 and $30.52 as of December 31, 2021. Over the last 10 years, we have increased tangible book value per common share by a cumulative 348%, resulting in a compound annual growth rate of 17.7%, as shown in Figure 36.

Figure 36: Tangible Book Value per Share (Period End) [4]



[4] 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.

Our historically strong earnings and earnings retention rate, among other factors, have contributed to our building robust capital ratios, as shown in Figure 37, 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 deploying our excess capital include organic loan growth, adding new business lines, continuing to increase our cash dividend, continued stock repurchases, and financially attractive acquisitions for cash or some combination of cash and stock. Because of our strong capital position, we can implement multiple capital deployment opportunities simultaneously. Organic loan growth will continue to be our top growth priority, and we are optimistic about our growth prospects in 2023 and 2024.

Figure 37: Capital Ratios

	Estimated 12/31/2022 [5]	Regulatory Minimum Required To Be Considered Well Capitalized	Excess Capital
CET 1 Ratio	11.50%	6.50%	5.00%
Tier 1 Ratio	12.50%	8.00%	4.50%
Total RBC Ratio	14.90%	10.00%	4.90%
Tier 1 Leverage	15.90%	5.00%	10.90%

We have increased our cash dividend in each of the last 50 quarters and every year since going public in 1997. We expect that we will continue to increase our cash dividend in future quarters.

Effective Tax Rate

Our effective tax rate for the quarter just ended was 21.9%, and for the full year of 2022 was 21.8%. We expect our effective tax rate for the full year of 2023 to be between 21.5% and 22.5%, assuming no changes in applicable state or federal income tax rates.

Final Thoughts

We are pleased to report our strong results for the fourth quarter and full year of 2022. Our high level of profitability, strong capital and liquidity, disciplined credit culture and outstanding team have us well positioned for the current environment and the longer term. While the near-term economic environment may create some challenges, we are confident that we can manage those challenges effectively, while also capitalizing on any new opportunities that may come our way from a period of economic turbulence.

[5] Ratios as of December 31, 2022 are preliminary estimates and are subject to revision upon filing of our FFIEC 041 Call Report.

Non-GAAP Reconciliations

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

Unaudited (Dollars in Thousands)

	Three Months Ended *		Twelve Months Ended	
	12/31/2021	12/31/2022	12/31/2021	12/31/2022
Net Income Available To Common Stockholders	$ 149,760	$ 158,832	$ 579,001	$ 547,520
Average Stockholders' Equity Before Noncontrolling Interest	4,755,706	4,608,570	4,505,544	4,662,467
Less Average Preferred Stock	(213,693)	(338,980)	(53,862)	(338,980)
Total Average common stockholders' equity	4,542,013	4,269,590	4,451,682	4,323,487
Less Average Intangible Assets:				
Goodwill	(660,789)	(660,789)	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	(9,032)	(3,421)	(11,398)	(5,443)
Total Average Intangibles	(669,821)	(664,210)	(672,187)	(666,232)
Average Tangible Common Stockholders' Equity	$ 3,872,192	$ 3,605,380	$ 3,779,495	$ 3,657,255
Return On Average Common Stockholders' Equity	13.08%	14.76%	13.01%	12.66%
Return On Average Tangible Common Stockholders' Equity	15.34%	17.48%	15.32%	14.97%

* Ratios for interim periods annualized based on actual days

Calculation of Pre-Tax Pre-Provision Net Revenue

Unaudited (Dollars in Thousands)

	Three Months Ended			Twelve Months Ended	
	12/31/2021	9/30/2022	12/31/2022	12/31/2021	12/31/2022
Net income available to common stockholders	$ 149,760	$ 128,302	$ 158,832	$ 579,001	$ 547,520
Preferred stock dividends	-	4,047	4,047	-	16,621
Earnings attributable to noncontrolling interest	5	-	(54)	32	(51)
Provision for income taxes	44,197	35,969	45,686	173,888	157,440
Provision for credit losses	(7,992)	39,771	32,508	(77,938)	83,494
Pre-tax pre-provision net revenue	$ 185,970	$ 208,089	$ 241,019	$ 674,983	$ 805,024

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

Unaudited (Dollars in Thousands, Except per Share)

	For the period ended December 31,					
	2012	2013	2014	2015	2016	2017
Total stockholders' equity before noncontrolling interest	$ 507,664	$ 629,060	$ 908,390	$ 1,464,631	$ 2,791,607	$ 3,460,728
Less preferred stock	-	-	-	-	-	-
Total common stockholders' equity	507,664	629,060	908,390	1,464,631	2,791,607	3,460,728
Less intangible assets:						
Goodwill	(5,243)	(5,243)	(78,669)	(125,442)	(660,119)	(660,789)
Core deposit and other intangibles, net of accumulated amortization	(6,584)	(13,915)	(26,907)	(26,898)	(60,831)	(48,251)
Total intangibles	(11,827)	(19,158)	(105,576)	(152,340)	(720,950)	(709,040)
Total tangible common stockholders' equity	$ 495,837	$ 609,902	$ 802,814	$ 1,312,291	$ 2,070,657	$ 2,751,688
Common shares outstanding (thousands)	70,544	73,712	79,924	90,612	121,268	128,288
Book value per common share	$ 7.20	$ 8.53	$ 11.37	$ 16.16	$ 23.02	$ 26.98
Tangible book value per common share	$ 7.03	$ 8.27	$ 10.04	$ 14.48	$ 17.08	$ 21.45

	For the period ended December 31,					As of
	2018	2019	2020	2021	2022	Sep. 30, 2022
Total stockholders' equity before noncontrolling interest	$ 3,770,330	$ 4,150,351	$ 4,272,271	$ 4,836,243	$ 4,689,579	$ 4,539,424
Less preferred stock	-	-	-	(338,980)	(338,980)	(338,980)
Total common stockholders' equity	3,770,330	4,150,351	4,272,271	4,497,263	4,350,599	4,200,444
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	(35,672)	(23,753)	(14,669)	(8,274)	(2,754)	(3,943)
Total intangibles	(696,461)	(684,542)	(675,458)	(669,063)	(663,543)	(664,732)
Total tangible common stockholders' equity	$ 3,073,869	$ 3,465,809	$ 3,596,813	$ 3,828,200	$ 3,687,056	$ 3,535,712
Common shares outstanding (thousands)	128,611	128,951	129,350	125,444	117,177	117,762
Book value per common share	$ 29.32	$ 32.19	$ 33.03	$ 35.85	$ 37.13	$ 35.67
Tangible book value per common share	$ 23.90	$ 26.88	$ 27.81	$ 30.52	$ 31.47	$ 30.02

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