**UNITED STATES**
**FEDERAL DEPOSIT INSURANCE CORPORATION**
**Washington, D.C. 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): **May 15, 2020**

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

| **Arkansas** | **110** | **71-0130170** |
|---|---|---|
| (State or other jurisdiction of incorporation) | (FDIC Certificate Number) | (IRS Employer Identification No.) |

| **17901 Chenal Parkway, 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 |

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 7.01 Regulation FD Disclosure**

Bank OZK (the "Company") has updated its Investor Presentation to reflect First Quarter 2020 financial information and other data. A copy of the Company's Investor Presentation is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information furnished pursuant to this Item 7.01, including Exhibit 99.1, 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 Company under the Securities Act of 1933, as amended, or the Exchange Act except as expressly set forth by specific reference in such filing.

The information contained in this presentation is summary information that is intended to be considered in the context of the Company's filings with the Federal Deposit Insurance Corporation ("FDIC") and other public announcements that the Company may make, by press release or otherwise, from time to time. The Company undertakes no duty or obligation to publicly update or revise the information contained in this report, although it may do so from time to time as its management believes is warranted. Any such updating may be made through the filing of other reports or documents with the FDIC, through press releases, or through other public disclosure, including disclosure on the Company's website.

**Cautionary Statements Regarding Forward-Looking Information**

This Current Report on Form 8-K and certain other communications by the Company contain statements that constitute "forward-looking statements" within the meaning of, and subject to the protections of, Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act. Such statements are based on currently available information and are subject to various risks and uncertainties that could cause actual results to differ materially from the Company's present expectations. Undue reliance should not be placed on such forward-looking statements, as such statements speak only as of the date on which they are made and the Company undertakes no obligation to update such statements. Additional information regarding these and other risks is contained in the Company's filings with the FDIC.

**Item 9.01 Financial Statements and Exhibits**

(d) *Exhibits*. The following exhibit is being furnished to this Current Report on Form 8-K:

99.1 Bank OZK Investor Presentation (May 2020)

## 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: May 15, 2020

By: /s/ Greg McKinney
Name: Greg McKinney
Title: Chief Financial Officer

## EXHIBIT INDEX

| Exhibit No. | Document Description |
|---|---|
| 99.1 | Bank OZK Investor Presentation (May 2020) |

Exhibit 99.1

# Bank OZK

Nasdaq: OZK | May 2020

# Forward-Looking Information

This presentation and other communications by Bank OZK (the "Bank") include certain "forward-looking statements" regarding the Bank's plans, expectations, thoughts, beliefs, estimates, goals and outlook for the future that are intended to be covered by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on management's expectations as well as certain assumptions and estimates made by, and information available to, management at the time. Those statements are not guarantees of future results or performance and are subject to certain known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those expressed in, or implied by, such forward-looking statements. These risks, uncertainties and other factors include, but are not limited to: potential delays or other problems implementing the Bank's growth, expansion and acquisition strategies, including delays in identifying satisfactory sites, hiring or retaining qualified personnel, obtaining regulatory or other approvals, obtaining permits and designing, constructing and opening new offices or relocating 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 or availability of funding from capital markets; the ability to attract new or retain existing or acquired deposits or to retain or grow loans, including growth from unfunded closed loans; the ability to generate future revenue growth or to control future growth in non-interest expense; interest rate fluctuations, including changes in the yield curve between short-term and long-term interest rates or changes in the relative relationships of various interest rate indices; the potential impact of the proposed phase-out of LIBOR or other changes involving LIBOR; competitive factors and pricing pressures, including their effect on the Bank's net interest margin or core spread; general economic, unemployment, credit market and real estate market conditions, and the effect of such conditions on the creditworthiness of borrowers, collateral values, the value of investment securities and asset recovery values; changes in legal, financial and/or regulatory requirements; recently enacted and potential legislation and regulatory actions and the costs and expenses to comply with new and/or existing legislation and regulatory actions, including those in response to the coronavirus (COVID-19) pandemic such as the Coronavirus Aid, Relief and Economic Security Act and any similar or related rules and regulations; changes in U.S. government monetary and fiscal policy; the ability to keep pace with technological changes, including changes regarding maintaining cybersecurity; FDIC special assessments or changes to regular assessments; the impact of failure in, or breach of, our operational or security systems or infrastructure, or those of third parties with whom we do business, including as a result of cyber-attacks or an increase in the incidence or severity of fraud, illegal payments, security breaches or other illegal acts impacting the Bank or its customers; natural disasters or acts of war or terrorism; the adverse effects of the ongoing global COVID-19 pandemic, including the magnitude and duration of the pandemic and actions taken to contain or treat COVID-19, on the Bank, the Bank's customers, the global economy and financial markets; international or political instability; impairment of our goodwill or other intangible assets; adoption of new accounting standards, including the effects from the adoption of the current expected credit loss ("CECL") model on January 1, 2020, 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, 2019 and our quarterly reports on Form 10-Q. Should one or more of the foregoing risks materialize, or should underlying assumptions prove incorrect, actual results or outcomes may vary materially from those projected in, or implied by, such forward-looking statements. The Bank disclaims any obligation to update or revise any forward-looking statements based on the occurrence of future events, the receipt of new information or otherwise.

*Note: Historical information for periods prior to June 26, 2017, refer to Bank of the Ozarks, Inc., which was our parent holding company prior to our recent reorganization, and, for periods after June 26, 2017, to Bank OZK (formerly known as Bank of the Ozarks), in each case including their respective consolidated subsidiaries.*

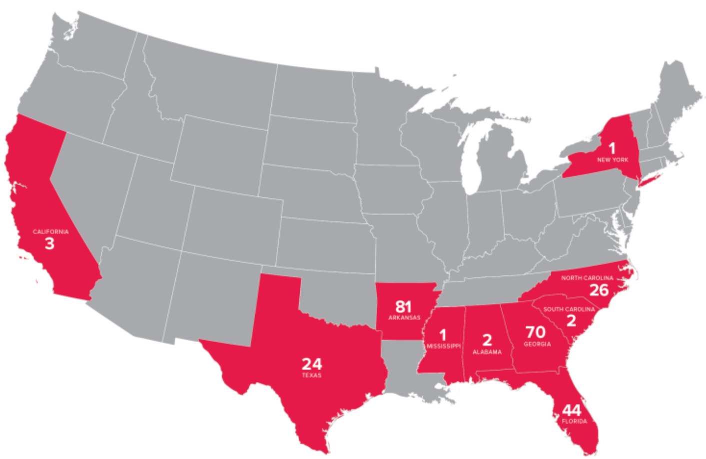
Bank OZK

# Bank OZK (Nasdaq: OZK) – At a Glance

## Financial Highlights*

- Total assets $24.6 billion
- Total loans $18.3 billion
- Total deposits $18.8 billion
- Total equity $ 4.1 billion
- 3M20 Net Interest Margin 3.96%
- 3M20 Efficiency Ratio 43.4%
- 3M20 Net Charge-off Ratio 0.10%

254 Offices Across 10 States*




Pursue Excellence

Provide Exceptional Customer Experiences

The OZK Way

Do Right

Teamwork Rocks

Our mission is to be the best banking organization and corporate citizen in each of the communities we serve by:

- Providing **excellent service to our customers**
- Maximizing **long-term shareholder value**
- Being an **employer of choice**
- Being the **best bank for regulators**

*Bank OZK's Tier 1 Leverage Ratio of 14.62% was the highest among the 100 largest U.S. Banks** at March 31, 2020.*

* *As of March 31, 2020. Ratios for interim periods annualized for actual days.*

** *Source: Tier 1 Leverage Ratio data from S&P Global Market Intelligence for 100 largest publicly traded U.S. banks by asset size (excl. Banks headquartered in Puerto Rico).*

Bank OZK

# COVID-19 Pandemic Response

Our exceptional team continues to implement our long-standing pandemic plan, while focusing on our employees, customers and communities.

## Employees

- Adopted a new COVID-19 paid leave policy
- Quickly adapted our technology to support over 900 team members working from home
- Reallocated resources between departments to account for rapidly-changing business needs

## Customers

- Redesigned customer / branch interactions to maximize social distancing while continuing to provide great personal service
- Expanded customer care center hours
- Enhanced our online-CD opening process
- Enhanced our online and mobile banking platforms

## Communities

- Implemented our Disaster Relief Loan Program, which, through May 5, 2020, had provided short-term payment deferrals on 2,689 loans totaling $594 million, 3.1% of our portfolio balances at March 31, 2020
- Helped customers obtain loans under the SBA's Paycheck Protection Program, and through May 5, 2020, we had funded 5,753 loans with a balance of $477 million
- Donated $220,000 supporting 25 food banks throughout our footprint and providing over 1,000,000 meals

*"Teamwork Rocks!" is a core tenet of Bank OZK, and this has never been more evident than during the COVID-19 pandemic.*

Bank OZK

# Key Investment Considerations

## Asset Quality

Maintaining excellent asset quality through disciplined application of our established credit standards is always our primary focus.

## Profitability

Our profitability is powered by our high-quality portfolio of earning assets and an efficiency ratio among the industry's best.

## Diversification & Growth

Our loan portfolio is broadly diversified, both by geography and product type, and is the fundamental driver of our earning asset growth.

## Liquidity & Capital

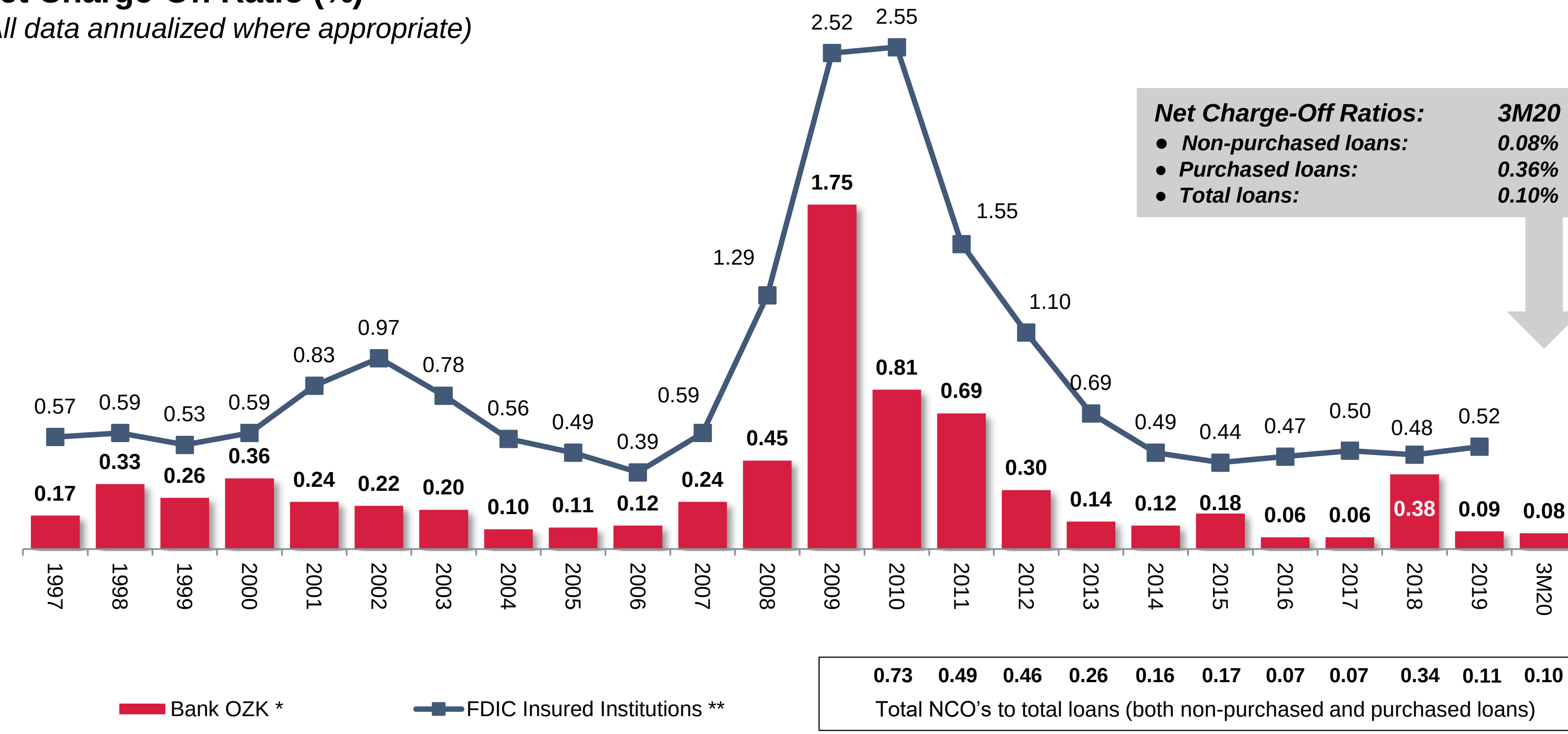
We maintain diverse and abundant sources of liquidity and have one of the strongest capital positions among the top-100 U.S. banks.

*Bank OZK seeks to maximize long-term shareholder value through growth in earning assets, deposits, capital, and profitability in a manner consistent with safe, sound and prudent banking practices.*

Bank OZK

# Asset Quality Consistently Better than the Industry Average

**Net Charge-Off Ratio (%)**
*(All data annualized where appropriate)*




| *Net Charge-Off Ratios:* | *3M20* |
|---|---|
| ● *Non-purchased loans:* | *0.08%* |
| ● *Purchased loans:* | *0.36%* |
| ● *Total loans:* | *0.10%* |

| 0.73 | 0.49 | 0.46 | 0.26 | 0.16 | 0.17 | 0.07 | 0.07 | 0.34 | 0.11 | 0.10 |
|---|---|---|---|---|---|---|---|---|---|---|

Total NCO's to total loans (both non-purchased and purchased loans)

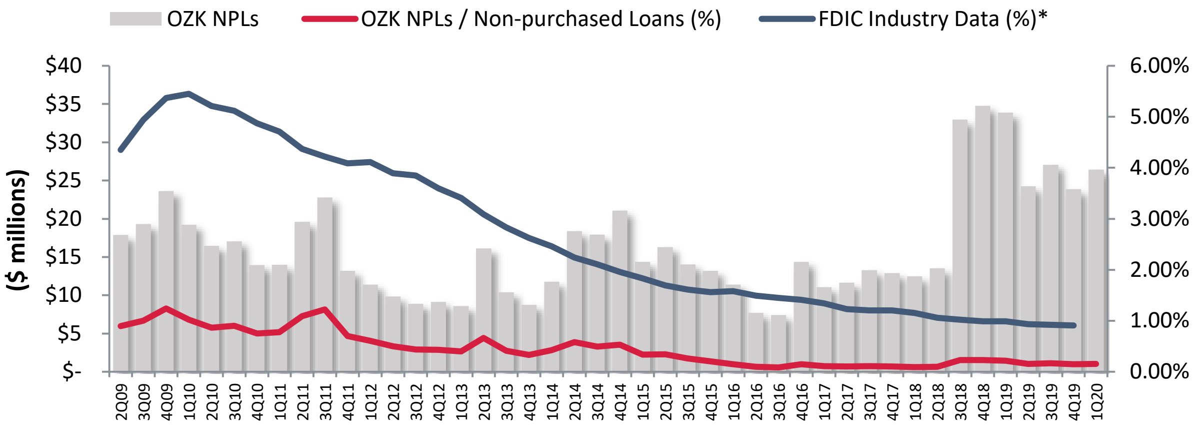
*Since going public in 1997, our annual net charge-off ratio has averaged approximately 35% of the industry's net charge ratio, and has been better than the industry in EVERY year.*

** Bank OZK's data in bar graph excludes purchased loans and net charge-offs related to such loans.*
*** Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated fourth quarter 2019. Annualized when appropriate.*

Bank OZK

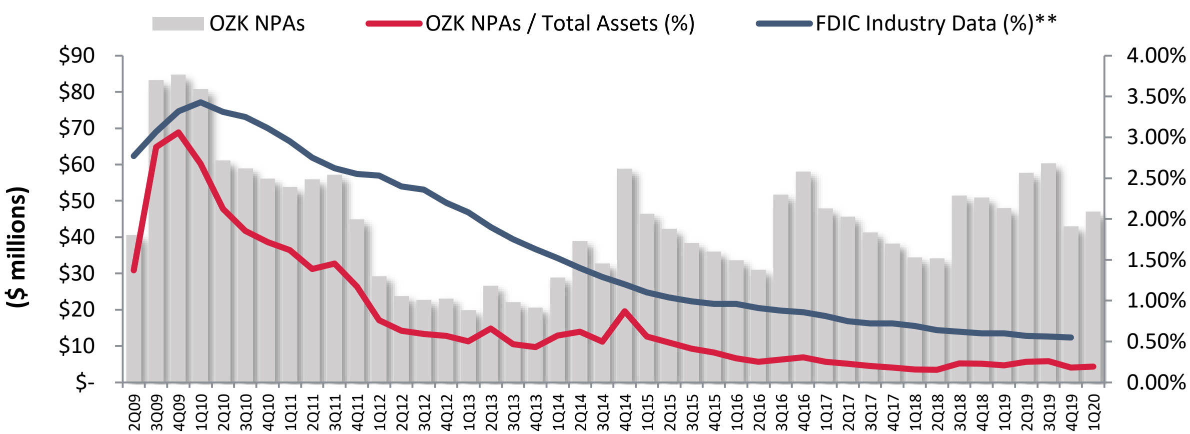
# Our Favorable Ratios of Nonperforming Loans and Nonperforming Assets Provide Meaningful Data Points on Our Excellent Asset Quality

## Nonperforming Non-purchased Loans ("NPLs")




** Note: Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated fourth quarter 2019. Percent of Loans Noncurrent is the percentage of loans that are past due 90 days or more or that are in nonaccrual status.*

## Nonperforming Assets ("NPAs")




*** Note: Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated fourth quarter 2019. Noncurrent assets plus other real estate owned to assets (%).*

The dollar volumes of our nonperforming non-purchased loans and nonperforming assets have been relatively stable, even as our total non-purchased loans and assets have grown many-fold.

Our ratios for NPLs and NPAs have been consistently better than the industry's ratios.

NPLs were just $26 million, or 0.16% of total non-purchased loans, at 3/31/20.

NPAs, which include NPLs and foreclosed assets, were just $47 million, or 0.19% of total assets, at 3/31/20.

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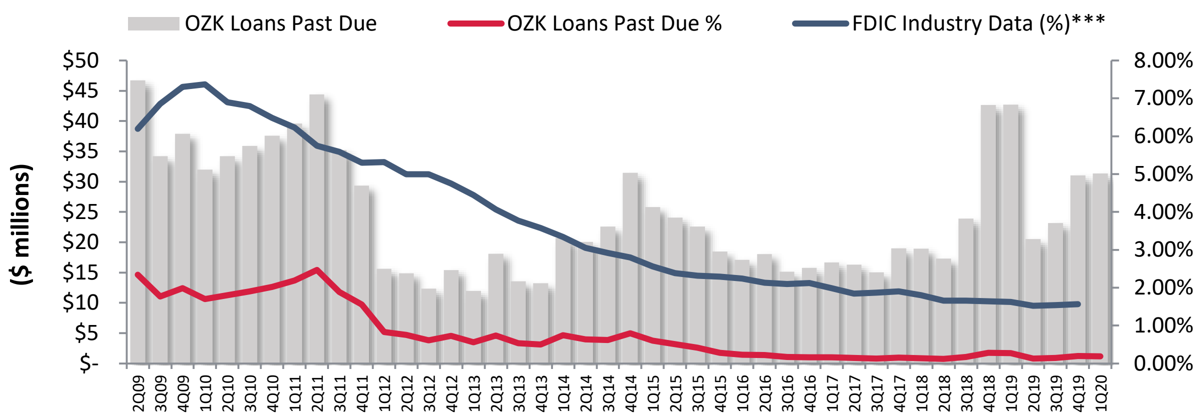
# Our Favorable Ratios for Loans Past Due and Substandard Non-purchased Loans Provide Additional Data Points on Our Excellent Asset Quality

## Non-purchased Loans Past Due 30+ Days, Including Past Due Nonaccrual Non-purchased Loans ("Loans Past Due")

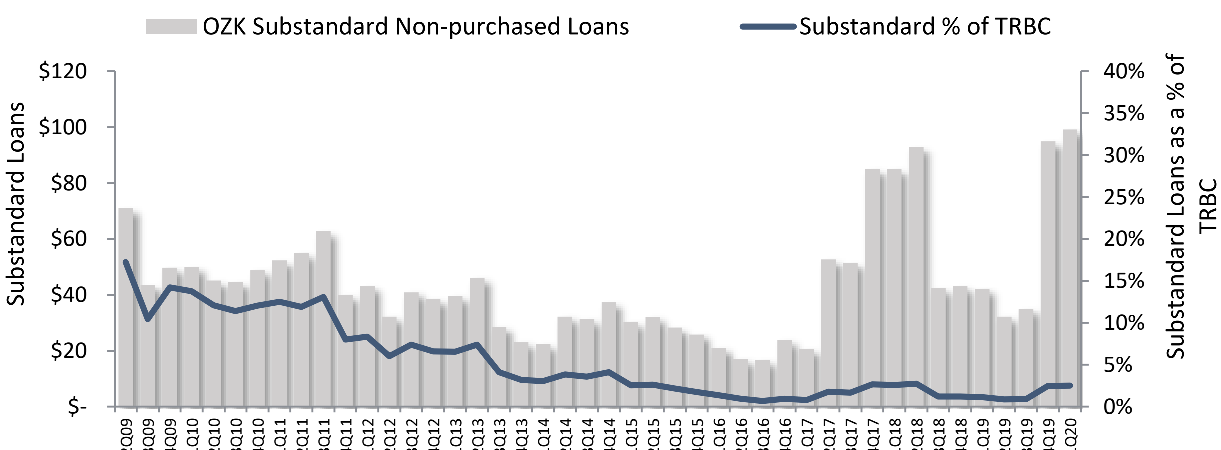



**** Note: Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated fourth quarter 2019. Percent of Loans Noncurrent + Percent of Loans 30-89 Days Past Due.*

The dollar volume of our loans past due has been relatively stable, even as our total non-purchased loans and assets have grown many-fold.

Non-purchased loans past due, including past due nonaccrual non-purchased loans, were just $31 million, or 0.18% of total non-purchased loans, at 3/31/20.

## Substandard Non-purchased Loan Trends ($ millions)




Our dollar volume of non-purchased loans designated as being in the "Substandard" category of our credit quality indicators has remained favorable.

Our ratio of substandard non-purchased loans as a percentage of our total risk-based capital ("TRBC") at March 31, 2020 remained at a low level of 2.51%.

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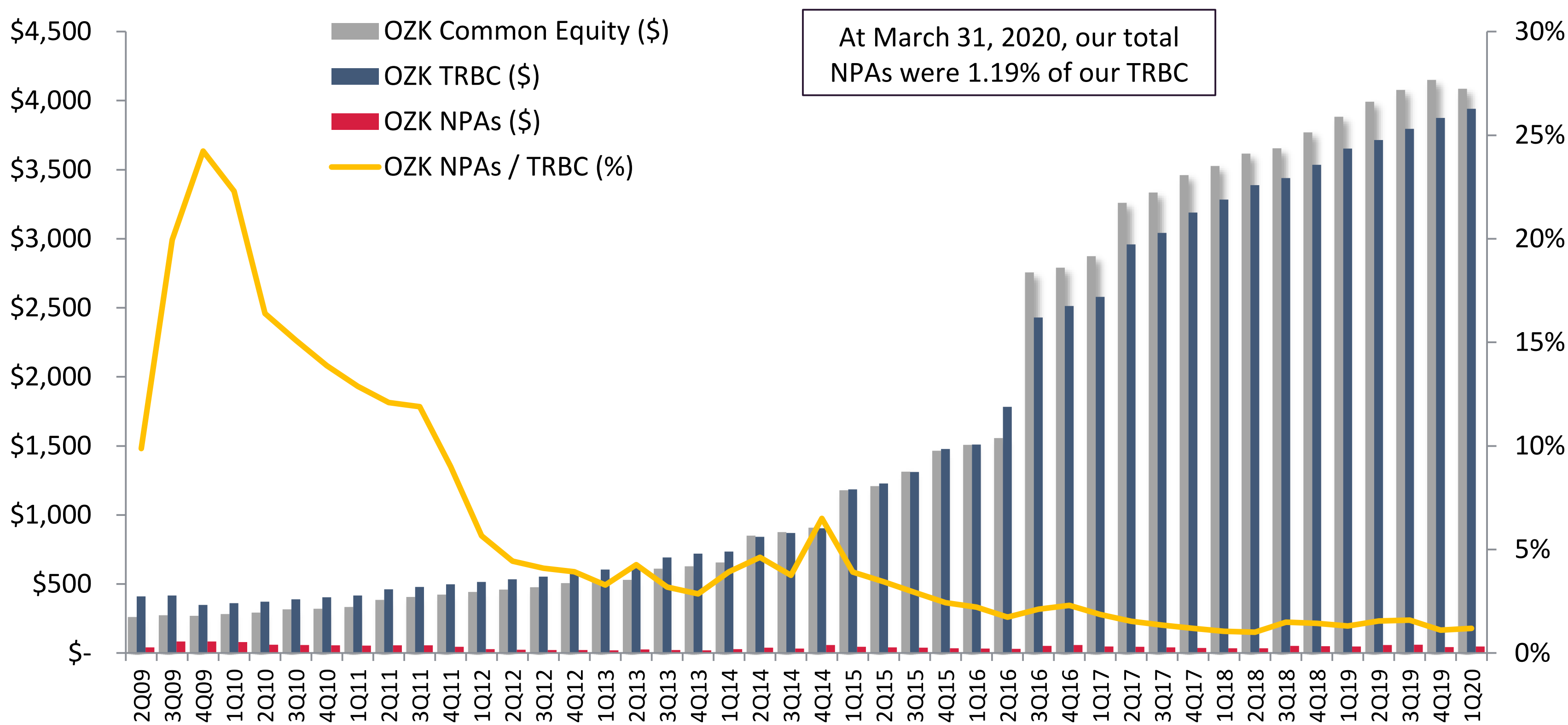
# Long-term Trends in Capital and NPAs

*($ millions)*




*We have had tremendous growth in our common equity and TRBC over the last 10 years, while our ratio of total NPAs / TRBC has declined to a relatively nominal level.*

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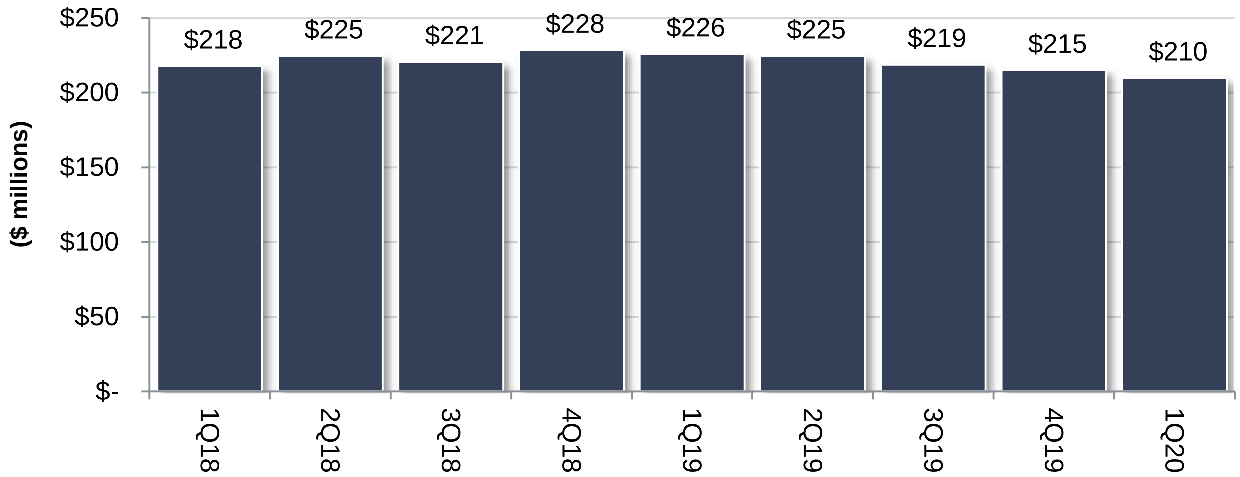
# Net Interest Income Is Our Largest Category of Revenue

- Our net interest income is affected by many factors, including our volume and mix of earning assets; our volume and mix of deposits and other liabilities; our net interest margin; our core spread, which is how we describe the difference between our yield on non-purchased loans and our cost of interest-bearing deposits ("COIBD"); and other factors.
- As reflected below, growing our net interest income has been challenging in recent quarters due to a number of factors, including the large volume of loan repayments and pay-downs, intense competition for loans and deposits, and recent decreases in interest rates which have resulted in our yield on loans declining faster than our interest rates on deposits.




*Our approach to returning to positive quarterly growth in net interest income includes (i) growing loans at a moderate pace and (ii) reducing our interest rates on deposits over time to achieve reductions in our COIBD to align more closely with the recent reductions in loan yields.*

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# Loans Are Our Largest Category of Earning Assets

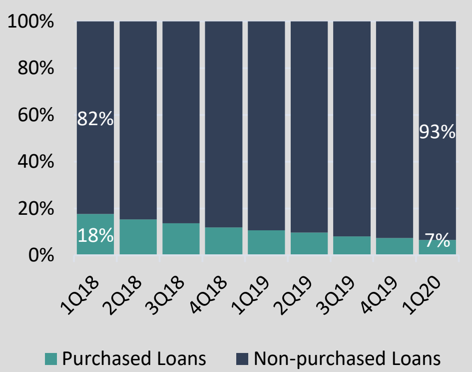
## Loan Portfolio Overview

Our loan portfolio is the largest contributor to our net interest income.

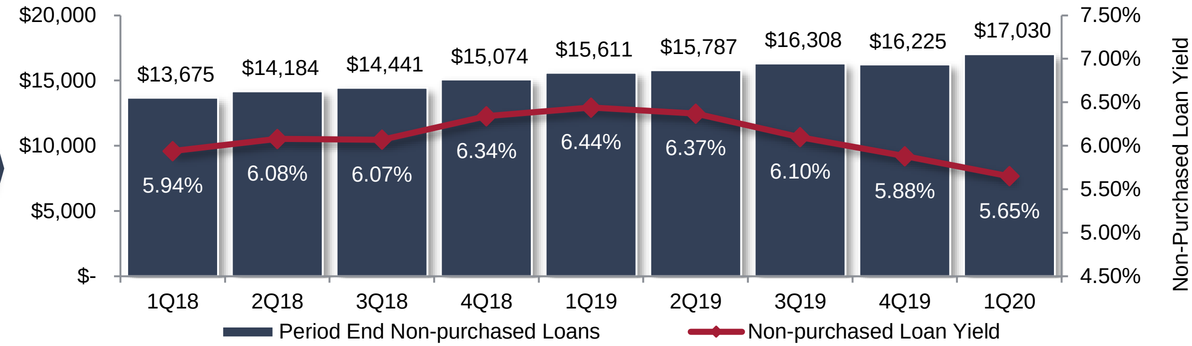
Non-purchased loans accounted for 77.1% of our average earning assets and 92.9% of our average total loans in the quarter just ended.

Purchased loans, accounted for 5.9% of our average earning assets and 7.1% of our average total loans in the quarter just ended.

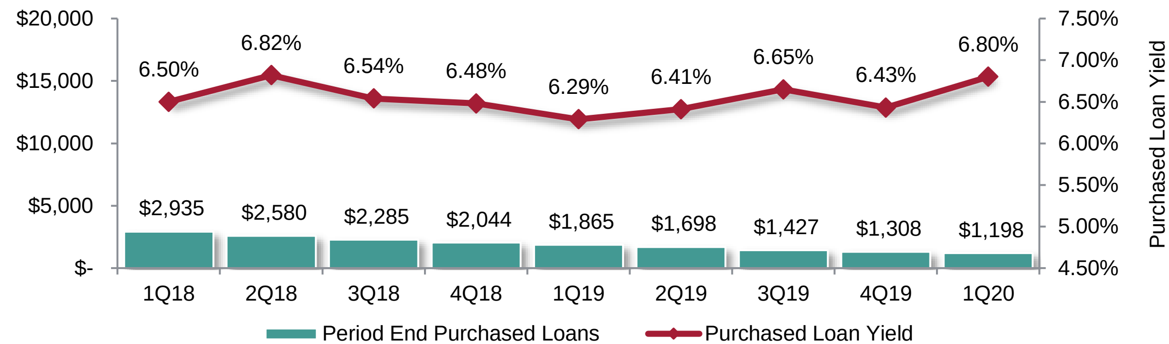
*The mix of non-purchased loans and purchased loans as a % of our total loan portfolio over the last nine quarters is illustrated below.*



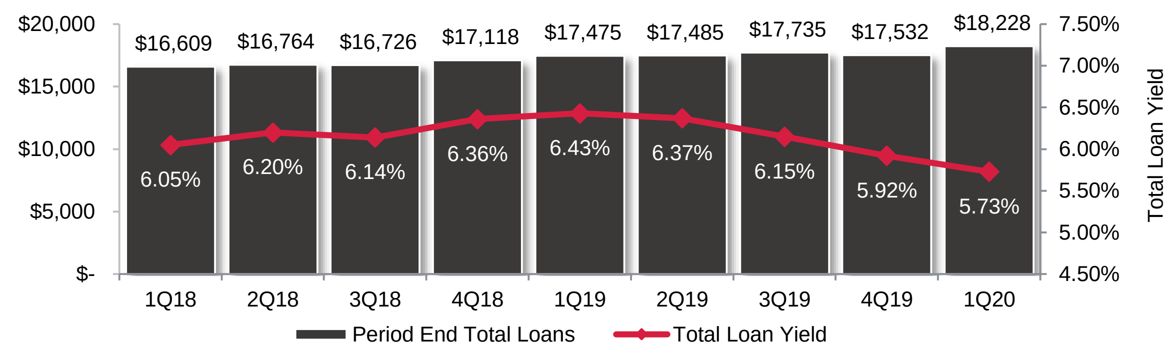

Non-Purchased Loans* *($ millions)*




Purchased Loans* *($ millions)*




Total Loans* *($ millions)*




** Period End Totals*

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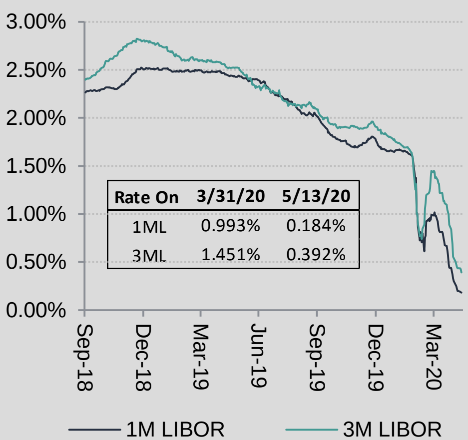
# Variable Rate Loans and Their Floors

## Funded Balance of Variable Rate Loan Indexes

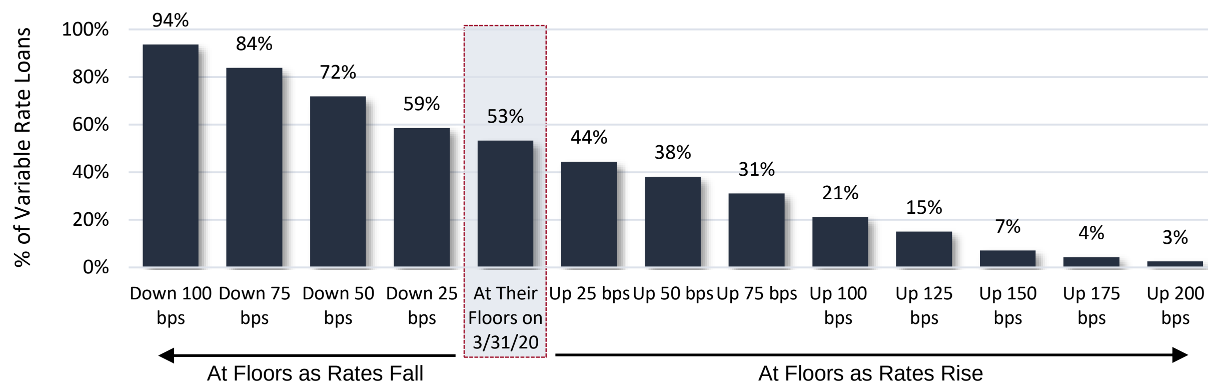
% of our variable rate portfolio tied to indexes as of March 31, 2020

| | 1M LIBOR | 3M LIBOR | WSJ Prime | Other |
|---|---|---|---|---|
| Non-purchased | 78.7% | 2.9% | 17.0% | 1.4% |
| Purchased | 27.6% | 0.0% | 49.3% | 23.1% |
| Total | 76.8% | 2.8% | 18.2% | 2.2% |

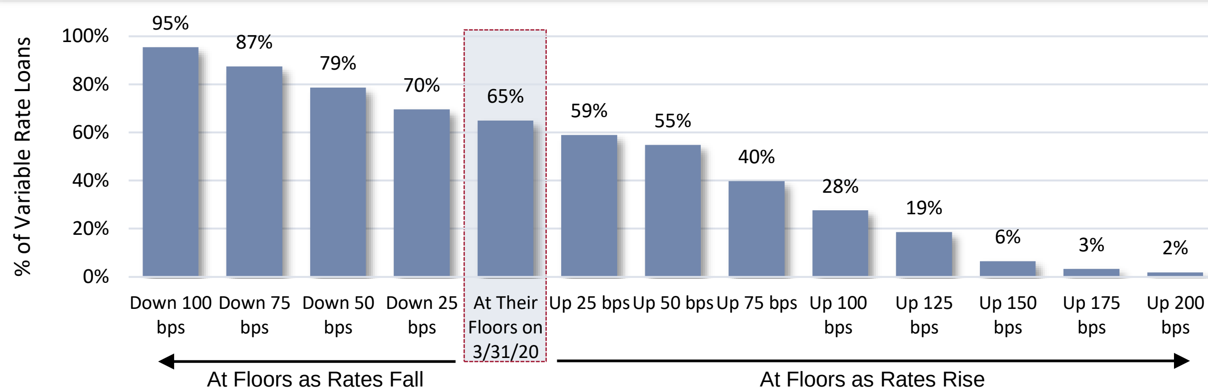
**LIBOR Rates**
*Source: Bloomberg*




## Summary of Funded Balance of Total Variable Rate Loans




## Summary of Total Commitment of Total Variable Rate Loans




At March 31, 2020, 73% of our funded balance of total loans and 83% of our total commitments (funded and unfunded) had variable rates. The volume of our funded balance and our total commitments, respectively, of total variable rate loans that would be at their floors with future rate moves, either up or down, is illustrated above.

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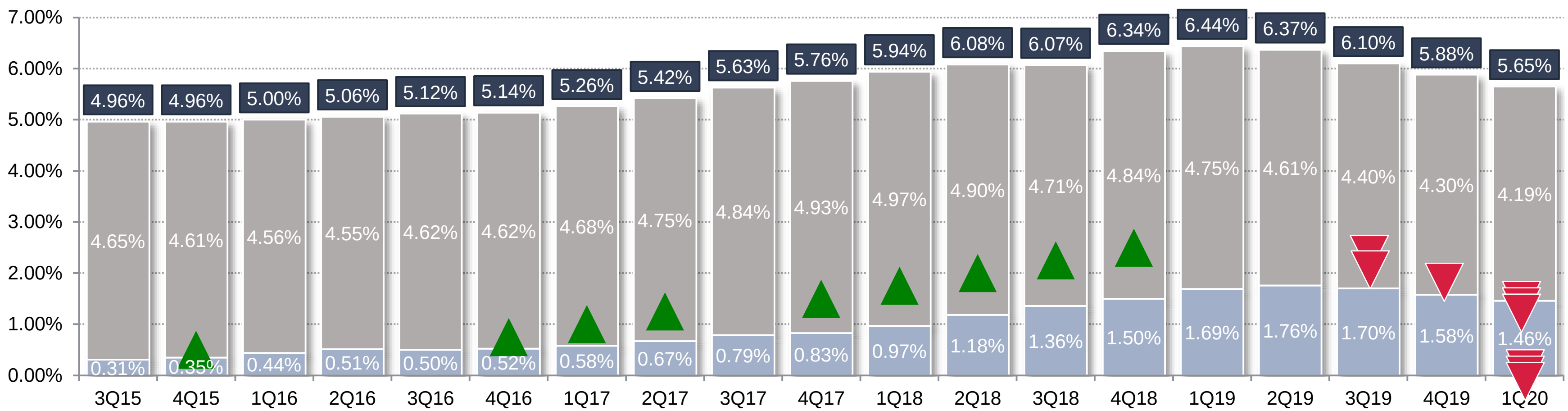
# Our Core Spread is the Difference Between Our Yield on Non-Purchased Loans and Our COIBD

- Our yield on non-purchased loans generally tended to increase as the Federal Reserve increased the Fed funds target rate. More recently, decreases in the Fed funds target rate have been a significant factor in our decreasing yield on non-purchased loans.
- In the last three quarters, the Fed's substantial and rapid cuts in the Fed funds target rate caused our loan yields to drop much faster than we could adjust our deposit rates, resulting in a 42 basis point decrease in our core spread.
- We expect it will take us several quarters to adjust our deposit rates downward to more closely align with the recent reductions in loan yields.

**Core Spread Trends**




| | 3Q15 | 4Q15 | 1Q16 | 2Q16 | 3Q16 | 4Q16 | 1Q17 | 2Q17 | 3Q17 | 4Q17 | 1Q18 | 2Q18 | 3Q18 | 4Q18 | 1Q19 | 2Q19 | 3Q19 | 4Q19 | 1Q20 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Δ in Core Spread From Prior Qtr. | | -4 bps | -5 bps | -1 bp | +7 bps | --- | +6 bps | +7 bps | +9 bps | +9 bps | +4 bps | -7 bps | -19 bps | +13 bps | -9 bps | -14 bps | -21 bps | -10 bps | -11 bps |

COIBD   Core Spread   % Non-purchased Loan Yield   Fed Funds Rate Increases   Fed Funds Rate Decreases

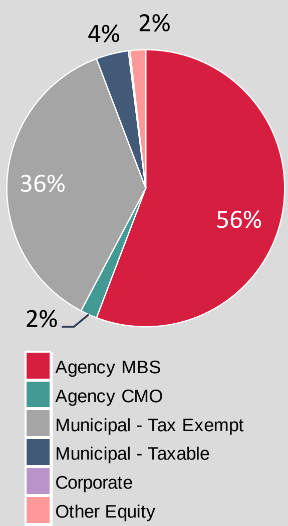
Bank OZK

# Investment Securities Are Our Second Largest Category of Earning Assets

## Investment Securities Portfolio Overview

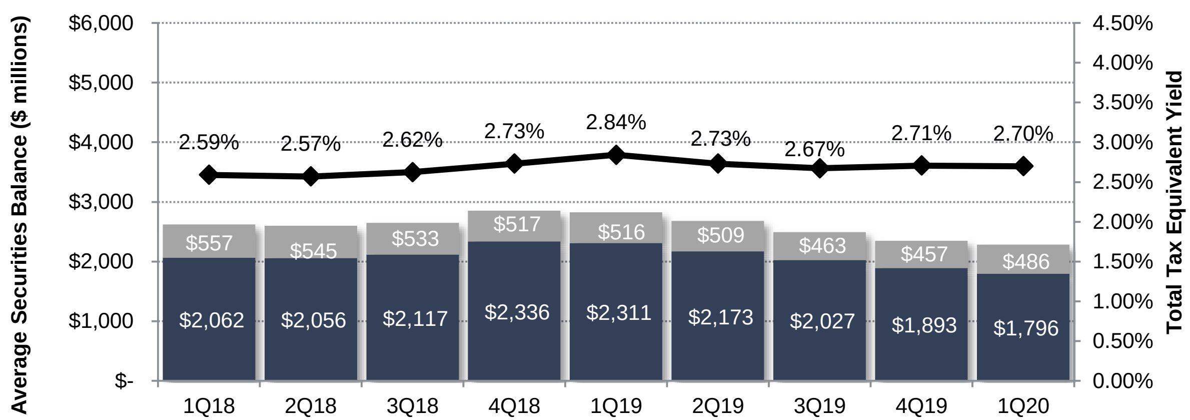
*As of March 31, 2020*

| PORTFOLIO HIGHLIGHTS – *($000's)* | |
|---|---|
| Book Value ** | $2,816,556 |
| # Securities | 671 |
| Average Size (Book) | $4,198 |
| Average Life | 2.40 |
| Average Life +300 bps | 5.71 |
| % Price change +100 | -2.23% |
| % Price change +300 | -6.38% |
| Effective Duration | 2.04 |
| Effective Convexity | -0.51 |




- Our investment securities portfolio is mainly focused on highly liquid, short-duration (i) government agency mortgage-backed securities ("Agency MBS") and (ii) municipal securities, which are funded by excess cash and deposits above those needed to fund loan growth. Due to the high quality and short duration of these securities, their yields are dilutive to some of our performance ratios, however, the holdings enhance on-balance sheet liquidity and liquidity ratios.
- During the first quarter of 2020, our investment securities portfolio increased $539 million, as municipal market conditions allowed us to capitalize on the opportunity to purchase $663 million of high quality, very short-term municipal bonds with favorable yields.

**Securities Portfolio Average Balances and FTE Yield – Last 9 Quarters**



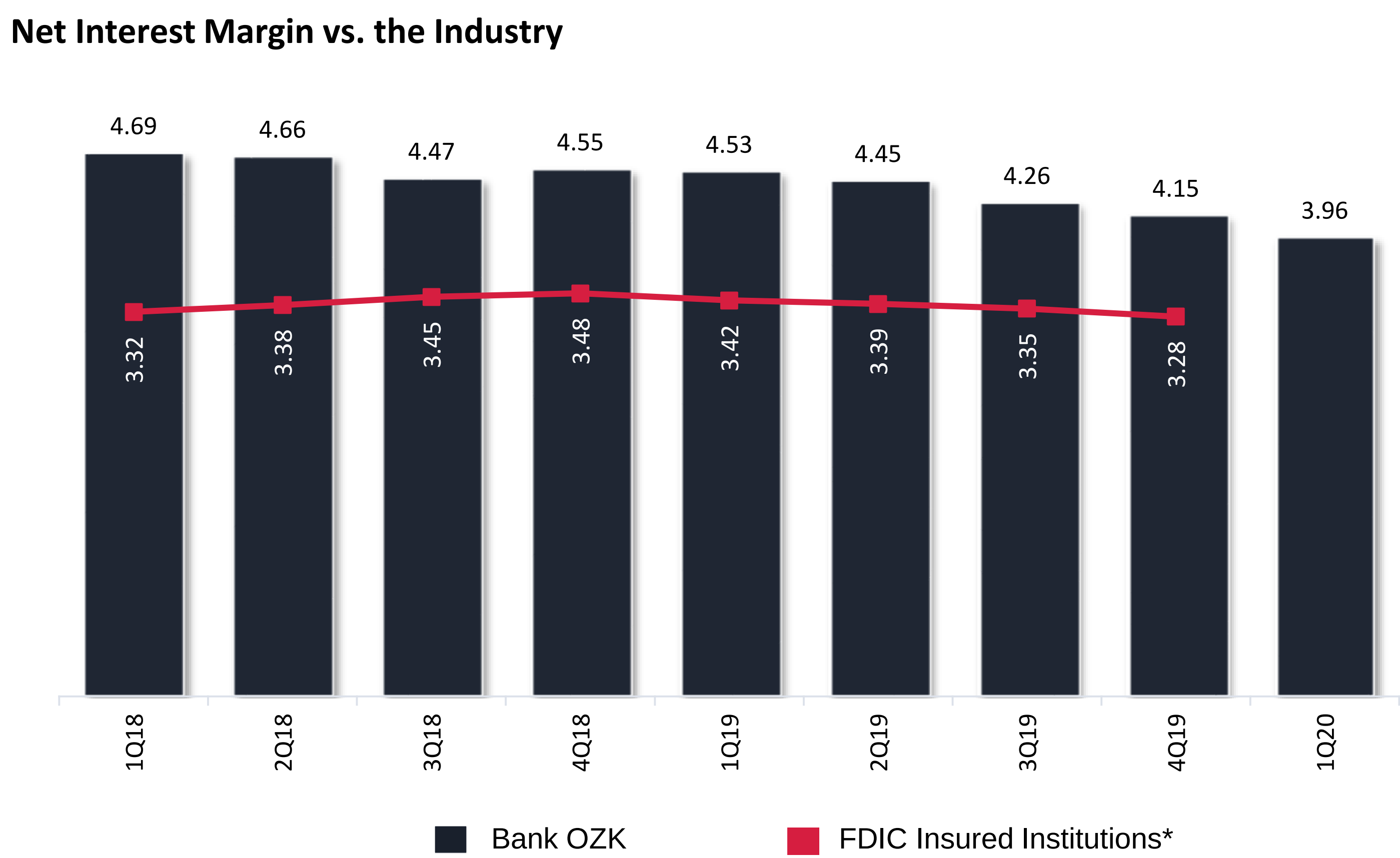

| | 1Q18 | 2Q18 | 3Q18 | 4Q18 | 1Q19 | 2Q19 | 3Q19 | 4Q19 | 1Q20 |
|---|---|---|---|---|---|---|---|---|---|
| Modified Duration* | 4.22 | 4.09 | 3.87 | 3.54 | 3.38 | 3.15 | 3.01 | 3.05 | 2.04 |
| Convexity* | 0.32 | 0.30 | -0.20 | -0.23 | -0.37 | -0.38 | -0.41 | -0.37 | -0.51 |

Taxable  Tax-exempt  Total Tax Equivalent Yield

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

Bank OZK

# Net Interest Margin Trends



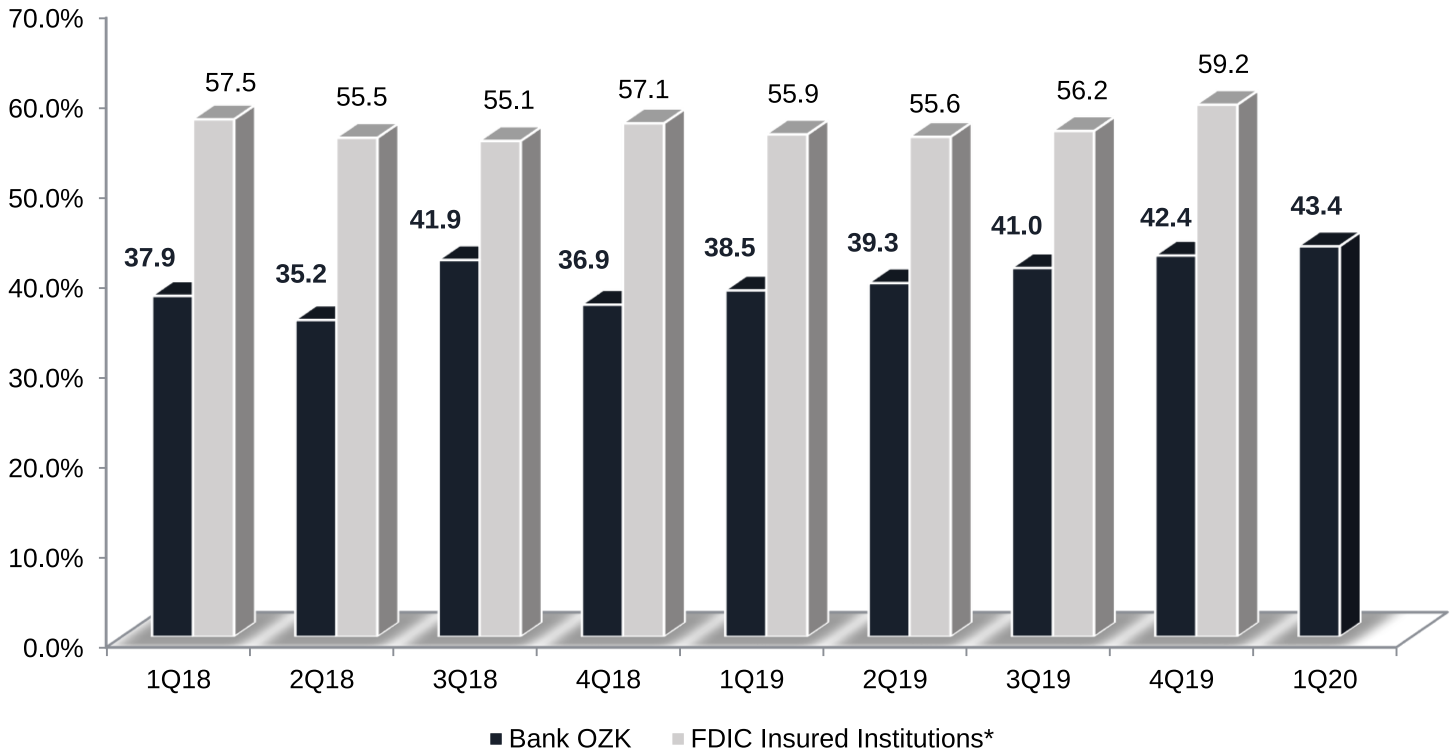

*Our net interest margin has been consistently better than the industry average, and was 87 basis points better in the 4th quarter of 2019.*

* Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated 4th quarter 2019.

Bank OZK

# Efficiency Ratio Trends

## Efficiency Ratio (%) vs. the Industry




*We have consistently been among the nation's most efficient banks, having ranked in the top decile of the industry for 18 consecutive years.***

** Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated fourth quarter 2019.*
*** Data from S&P Global Market Intelligence.*

Bank OZK

# Earning Asset Growth Engines & Diversification

# Real Estate Specialties Group ("RESG") – Our Largest Growth Engine

## Portfolio Importance

RESG Loans at March 31, 2020 accounted for:

- 59% of our funded non-purchased loans
- 90% of our unfunded closed loans
- 71% of our total funded and unfunded balances of non-purchased loans

## RESG Business Model Reduces Credit Risk

- We are the sole senior secured lender giving us the lowest risk position in the capital stack
- Our transactions typically include some combination of four important factors:
  - Strong & capable sponsors, preferred equity and mezz debt providers
  - Marquee projects
  - Low leverage with substantial equity and mezz debt (equity relative to senior secured position)
  - Defensive loan structure providing substantial protection to the bank
- Over RESG's 17+ year history, asset quality has been excellent with a weighted average annual net charge-off ratio (including OREO write-downs) of only 14 basis points

## Portfolio Statistics – as of March 31, 2020

| | |
|---|---|
| Total funded balance | $9.98 Billion |
| Total funded & unfunded commitment | $20.24 Billion |
| Loan-to-cost ("LTC") ratio | 50.4% * |
| Loan-to-value ("LTV") ratio | 41.5% * |

**Assumes all loans are fully funded; LTV data based on most recent appraisals and utilizing "as stabilized" values for income producing properties.*

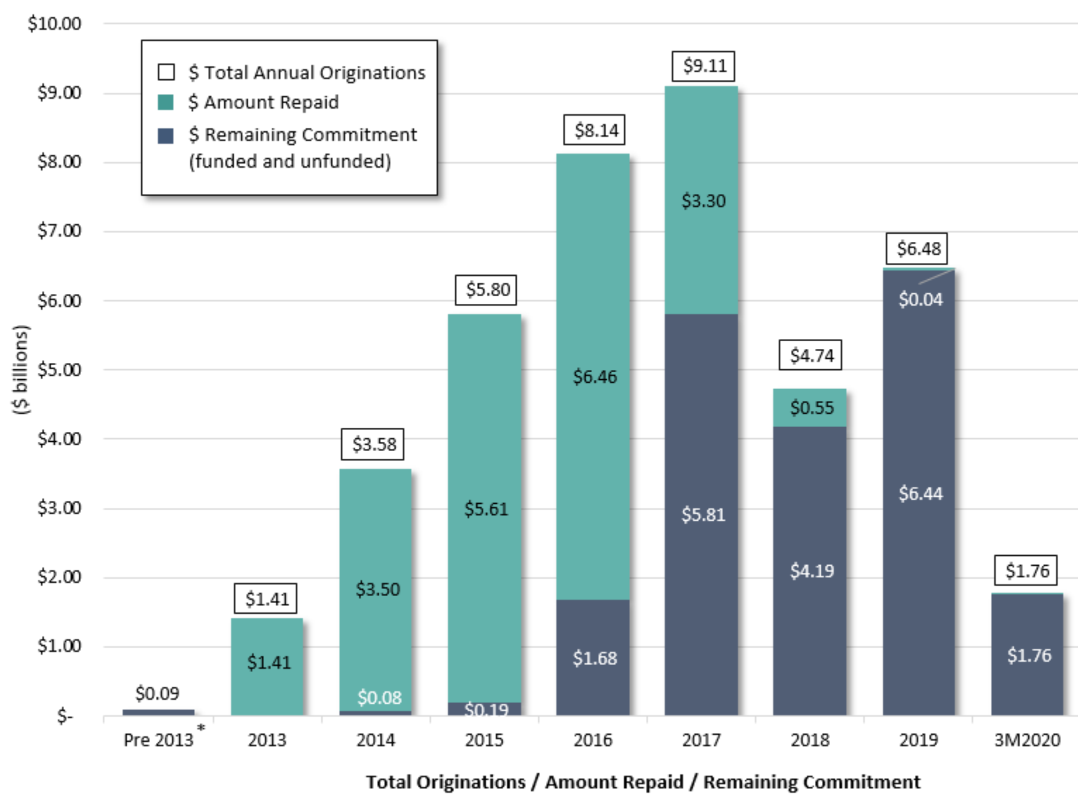
## RESG's Life of Loan Focus

- **Thorough underwriting** including detailed modeling and testing for economic stress, interest rate stress, exit refinancing stress and cap rate stress
- **Rigorous economic analysis** including supply and demand metrics for the relevant market, submarket and micro-market, as appropriate
- **Comprehensive and consistent documentation** under the supervision of RESG's in-house legal team in coordination with outside counsel
- An emphasis on **precision at closing** handled by RESG's team of closers and paralegals
- Thorough **life-of-loan asset management** by teams of skilled asset managers

Bank OZK

# Recent Trends in RESG Loan Originations and Repayments

The table below illustrates the typical cadence of RESG loan originations and repayments and shows the amount of each year's originations which have been repaid and the amount of each year's originations which remain outstanding, both funded and unfunded, as of March 31, 2020.




* *Amounts paid down are not shown for pre-2013 originations*

## Quarterly RESG Repayments ($ billions)

| | Q1 | Q2 | Q3 | Q4 | Total* |
|---|---|---|---|---|---|
| FY2016 | $0.21 | $0.41 | $0.69 | $0.48 | $1.79 |
| FY2017 | $0.57 | $0.98 | $0.87 | $1.45 | $3.86 |
| FY2018 | $0.79 | $1.40 | $1.52 | $1.11 | $4.82 |
| FY2019 | $1.13 | $1.54 | $1.34 | $1.66 | $5.67 |
| FY2020 | $1.00 | | | | $1.00 |

**3M20 Not Annualized*

Most RESG loans are construction and development loans, which typically pay off within two to four years of origination depending on the size and complexity of the project. The high level of RESG loan originations in 2016 and 2017 have resulted in a high level of loan repayments in most of the last 10 quarters and are expected to result in continued high levels of payoffs. We expect RESG loan repayments in 2020 to be more heavily weighted toward the fourth quarter of 2020 and to be less than the level of repayments in 2019.

## Quarterly RESG Originations ($ billions)

| | Q1 | Q2 | Q3 | Q4 | Total* |
|---|---|---|---|---|---|
| FY2016 | $1.81 | $1.98 | $1.79 | $2.56 | $8.14 |
| FY2017 | $2.30 | $2.04 | $2.21 | $2.56 | $9.11 |
| FY2018 | $1.00 | $1.19 | $1.47 | $1.08 | $4.74 |
| FY2019 | $1.86 | $1.15 | $2.03 | $1.44 | $6.48 |
| FY2020 | $1.76 | | | | $1.76 |

**3M20 Not Annualized*

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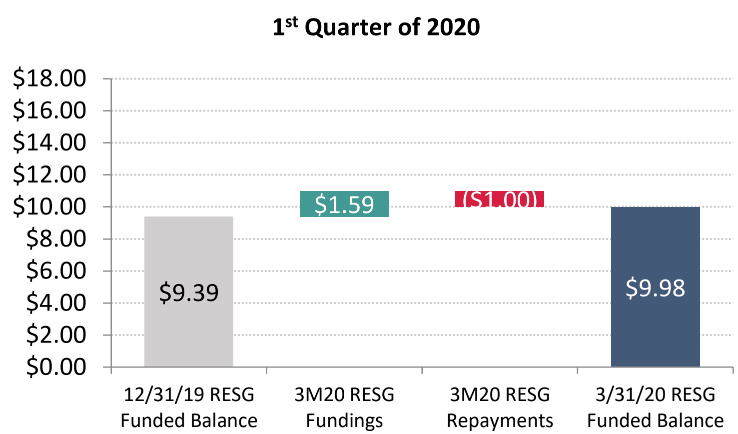
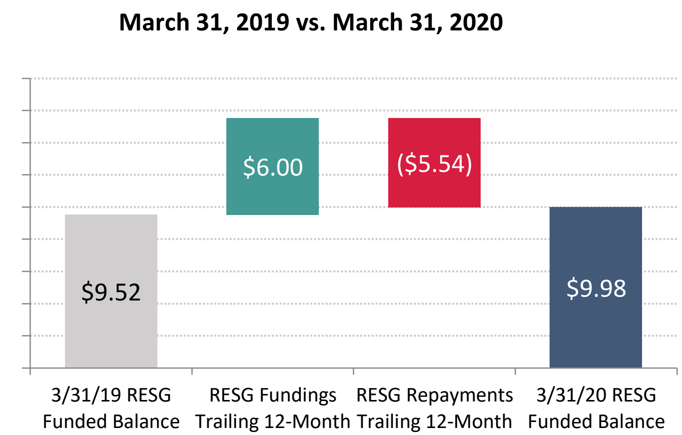
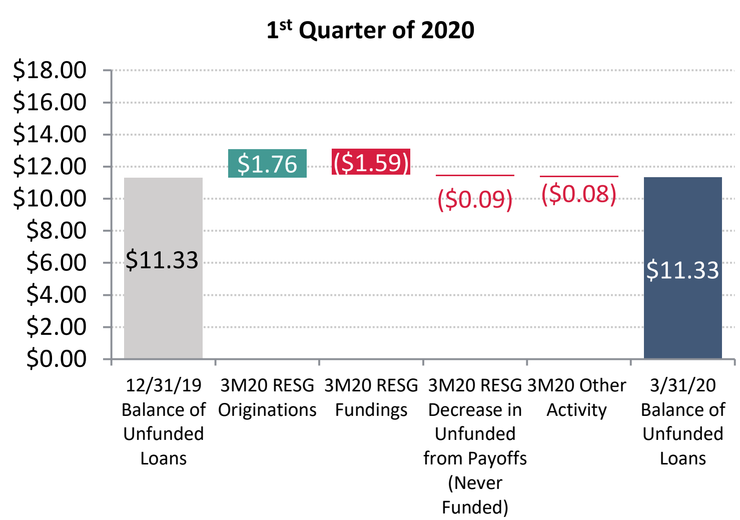
# Changes in the Funded Balance of RESG Loans and Our Total Unfunded Balance for the First Quarter of 2020 and Trailing Twelve Months Ended March 31, 2020

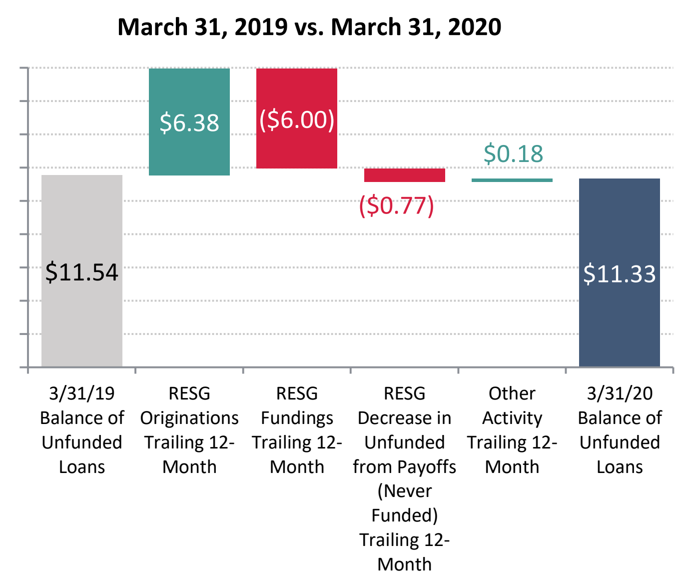
Activity in RESG Funded Balances *($ billions)*




Activity in Total Unfunded Balances *($ billions)*

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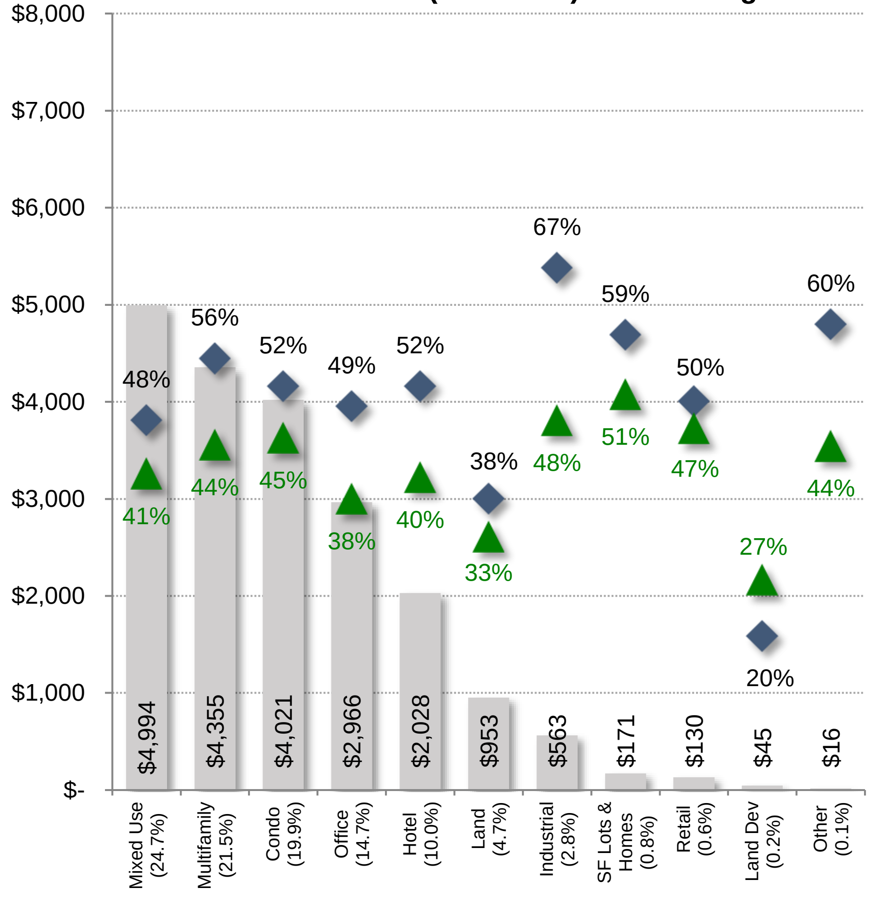
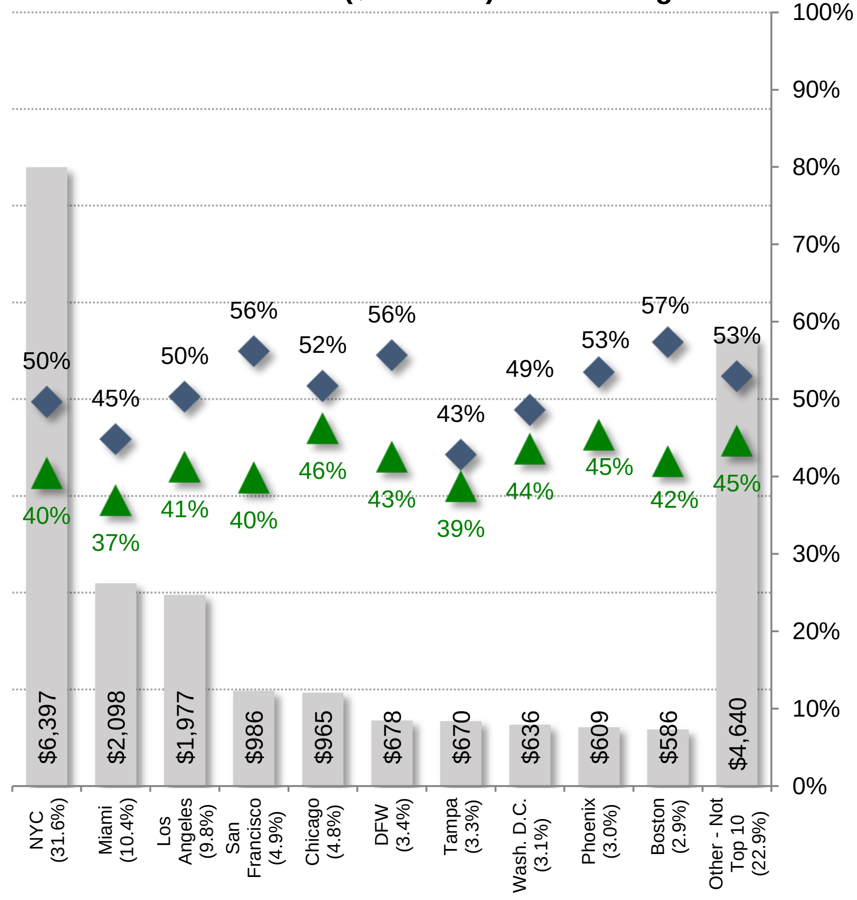
# RESG's Nationwide Influence Across Multiple Product Types Provides Exceptional Portfolio Diversification




Total Commitment ◆ Loan-to-cost * ▲ Loan-to-value *

** Assumes all loans are fully funded; LTV data based on most recent appraisals and utilizing "as stabilized" values for income producing properties.*

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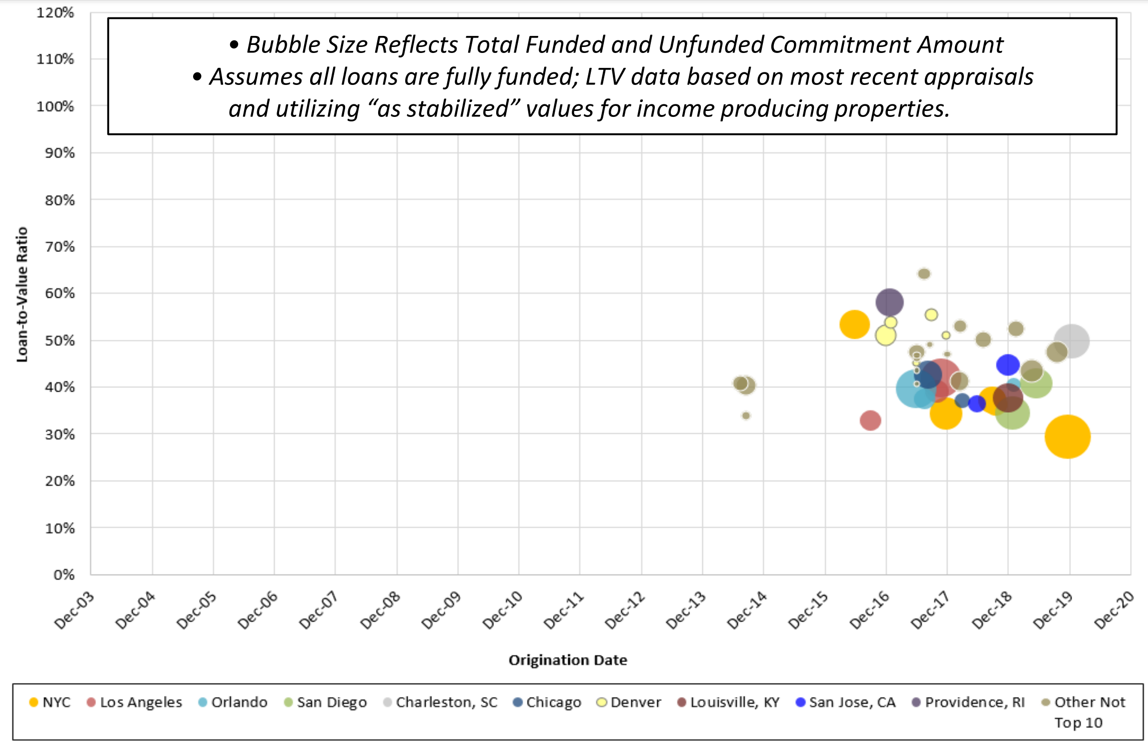
# Hotels Were the Fifth Largest Component of RESG's Portfolio at March 31, 2020, Comprising About 10% of RESG's Total Commitment

## RESG Hotel Portfolio by Geography

*As of March 31, 2020*

| MSA (# loans) | Total Commitment ($ millions) | | Wtd. Avg. * LTC | Wtd. Avg. * LTV |
|---|---|---|---|---|
| NYC (n=5) | $ | 491 | 58% | 35% |
| Los Angeles (n=3) | | 233 | 47% | 39% |
| Orlando (n=3) | | 209 | 50% | 39% |
| San Diego (n=2) | | 200 | 45% | 37% |
| Charleston, SC (n=1) | | 117 | 57% | 50% |
| Chicago (n=2) | | 96 | 50% | 41% |
| Denver (n=5) | | 89 | 59% | 52% |
| Louisville, KY (n=1) | | 81 | 40% | 38% |
| San Jose, CA (n=2) | | 75 | 49% | 41% |
| Providence, RI (n=1) | | 72 | 60% | 58% |
| Other Not Top 10 (n=17) | | 365 | 55% | 46% |
| **Total** | **$** | **2,028** | **52%** | **40%** |

## RESG Portfolio By Origination Date & LTV (As of March 31, 2020)




In addition, at March 31, 2020, 14 of RESG's 31 loans on mixed use projects contain some portion of hotel usage, with a total commitment amount allocated to hotels being approximately 21% of the total mixed use portfolio. Despite the challenges facing the hospitality industry, we remain cautiously optimistic about the performance of this portfolio, largely due to the quality and experience of our sponsors, the quality of these properties, and our low weighted average LTC* and LTV* ratios at 52% and 40%, respectively.

** Assumes all loans are fully funded; LTV data based on most recent appraisals and utilizing "as stabilized" values for income producing properties.*

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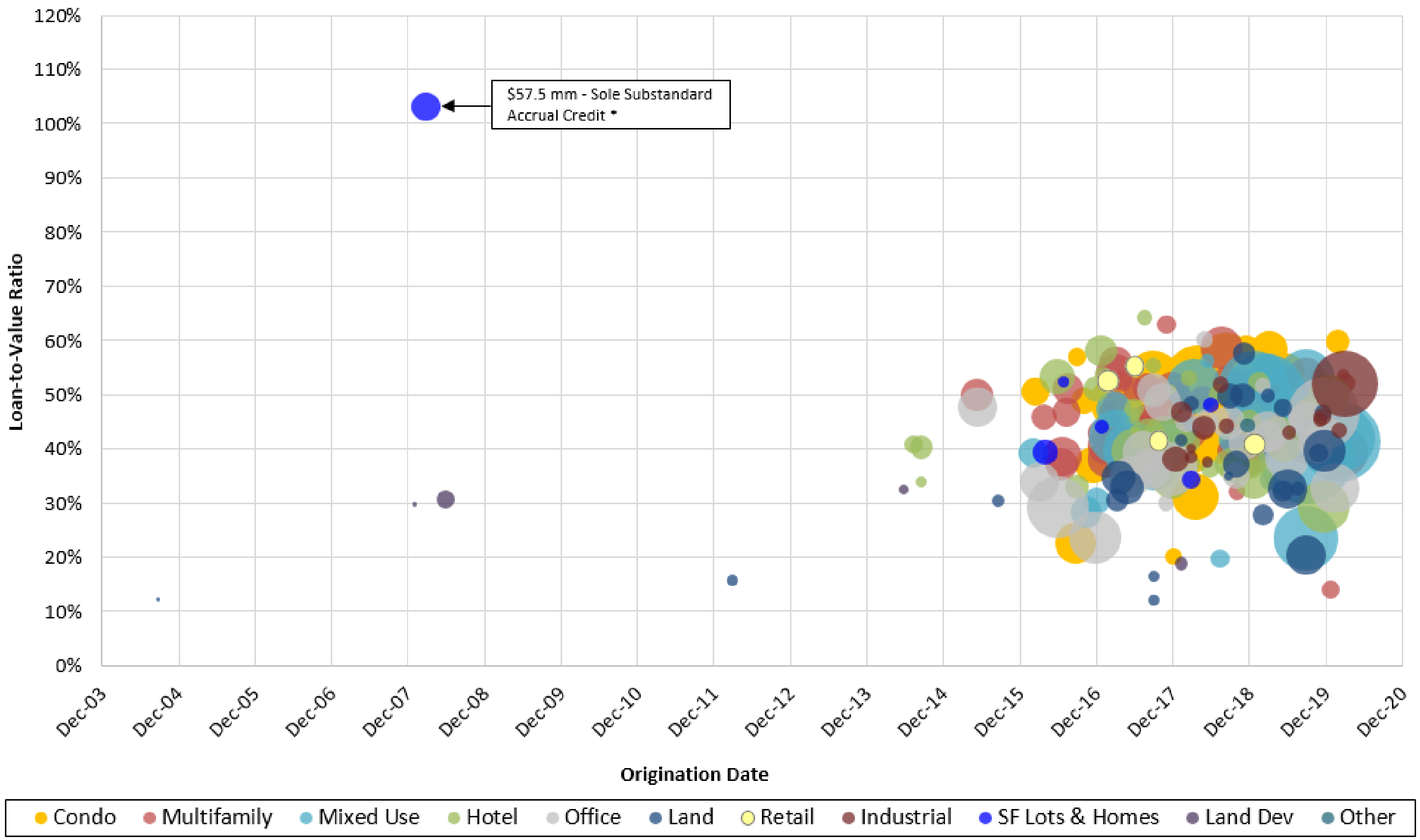
# All RESG Credits Had LTV Ratios Less Than 65% as of March 31, 2020, Other Than the One Credit Specifically Referenced Below

## RESG Portfolio By Origination Date & LTV (As of March 31, 2020)

• *Bubble Size Reflects Total Funded and Unfunded Commitment Amount*

• *Assumes all loans are fully funded; LTV data based on most recent appraisals and utilizing "as stabilized" values for income producing properties.*




**At December 31, 2019, this borrower had eight townhomes under contract and one lot under contract. During the quarter just ended, the borrower closed three townhome sales with total gross proceeds of $4.3 million and two lot sales with total gross proceeds of$0.8 million. At March 31, 2020, the borrower had eight townhomes under contracts totaling $12.6 million and one lot contract for $0.4 millon. At March 31, 2020 the Bank had an ACL and reserve of $14.0 million, or approximately 24.4% of the total commitment, related to this credit.*

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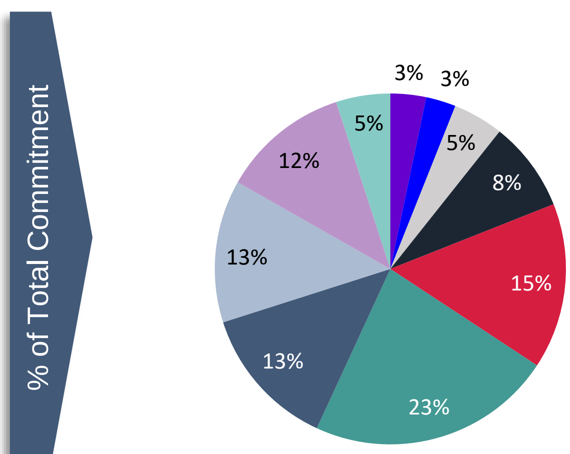
# The RESG Portfolio Includes Loans of Many Different Sizes

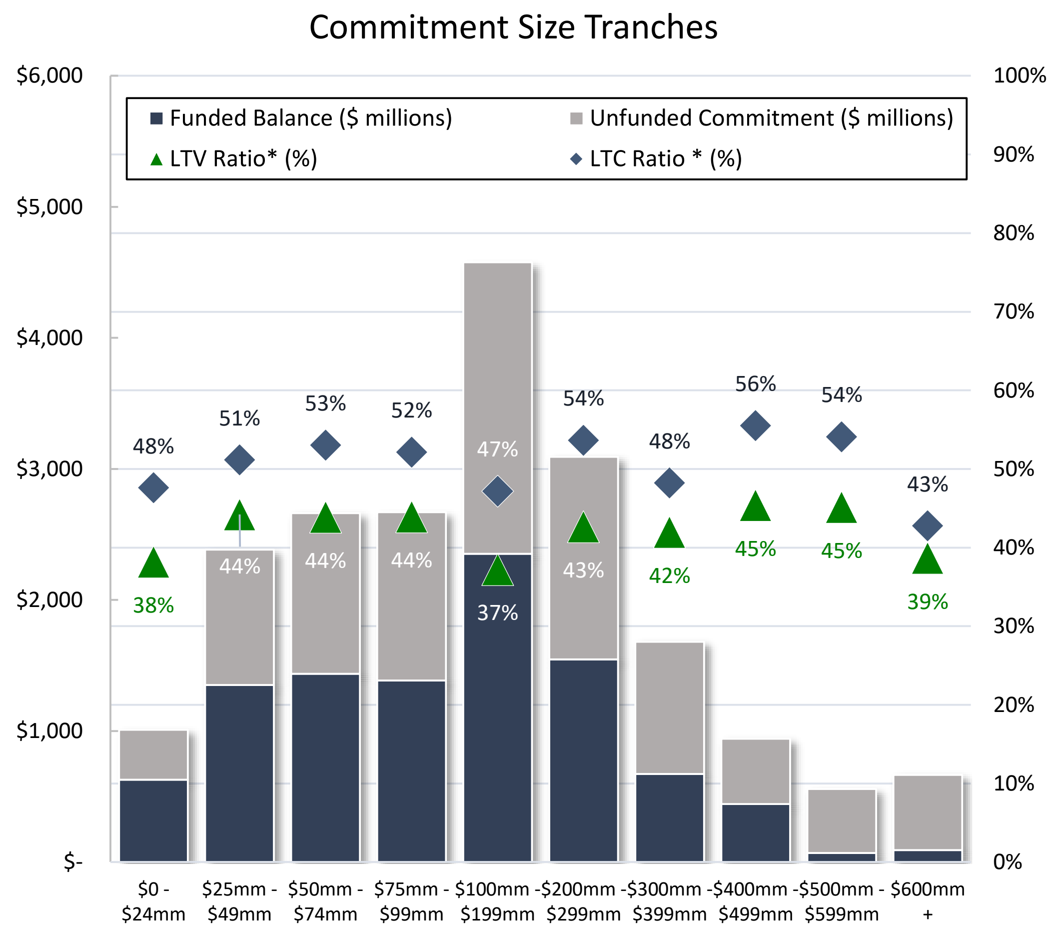
*Historically, on average, approximately 85% of our total commitments have actually funded before the loan is repaid.*

## RESG Portfolio Breakdown by Total Commitment (As of March 31, 2020)

*($ millions)*

| Tranche | No. of Loans | Funded Balance | Total Commitment |
|---|---|---|---|
| $600mm + | 1 | $ 91 | $ 664 |
| $500mm - $599mm | 1 | 69 | 558 |
| $400mm - $499mm | 2 | 443 | 940 |
| $300mm - $399mm | 5 | 672 | 1,681 |
| $200mm - $299mm | 13 | 1,547 | 3,093 |
| $100mm - $199mm | 36 | 2,353 | 4,578 |
| $75mm - $99mm | 31 | 1,386 | 2,671 |
| $50mm - $74mm | 44 | 1,436 | 2,662 |
| $25mm - $49mm | 64 | 1,352 | 2,385 |
| $0 - $24mm | 67 | 629 | 1,011 |
| **Total** | **264** | **$ 9,977** | **$ 20,242** |




** 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 "as stabilized" values for income producing properties.*

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# Community Bank Lending – An Important & Well-Established Growth Engine

## Community Banking Business Model

Community Bank Lending is our oldest and most established loan growth engine. In recent years, we have developed a number of specialty lending teams. While we have originated loans for decades in many of these specialty categories, recently we have enhanced our programs by developing teams with specialized expertise to originate these loans, as opposed to handling this business through "generalist" lenders. This specialization is intended to enhance credit quality, profitability and growth.

- Consumer & Small Business Lending
- Commercial (Generalist) Lending
- Specialty Lending Channels in Community Banking:
  - Corporate & Business Specialties Group (including Subscription Finance Unit)
  - Middle Market Commercial Real Estate
  - Agricultural (including Poultry) Lending Division
  - Homebuilder Finance Division
  - Affordable Housing Lending Group
  - Government Guaranteed Lending Division
  - Business Aviation Group
  - Stabilized Properties Division

## Community Banking's Non-purchased Loans


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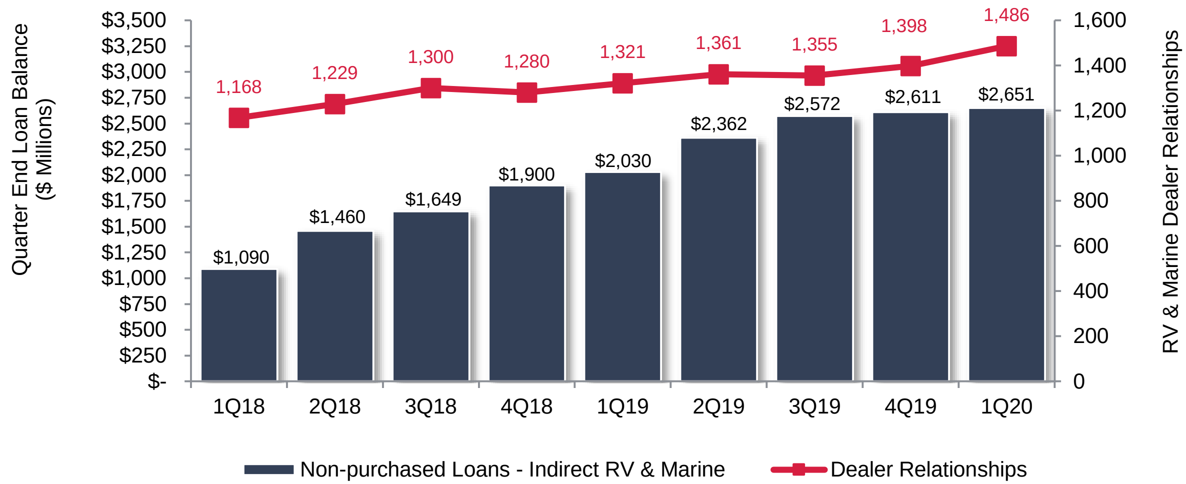
# Indirect RV & Marine Lending – A Nationwide Business

*Indirect RV & Marine lending ("ILD") is another nationwide business that has allowed us to originate consumer loans, while maintaining our conservative credit-quality standards with thorough data analytics practices and monitoring, including daily and trend reporting.*

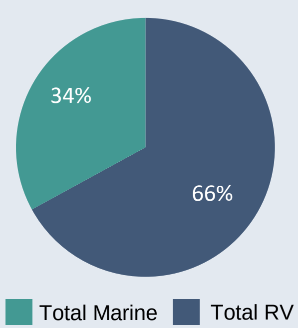
**Portfolio and Dealer Network Growth**




## ILD Growth Trends

- ILD was the largest contributor to our loan growth in 2018 and 2019, but we now expect this portfolio will shrink for the remainder of this year as we expect payoffs to significantly outpace origination volume
- In recent quarters, our origination volume has declined due to competitors' aggressive credit and pricing standards
- Considering the competitive environment and the increased risks from the COVID-19 pandemic, we recently increased interest rates offered on our ILD products until we see more favorable market conditions
- This strategic decision is expected to significantly diminish ILD loan origination volume for some time

## ILD Portfolio Mix*




## ILD Non-purchased Loans By Loan Size*

| | RV Portfolio | | Marine Portfolio | |
|---|---|---|---|---|
| **Loan Size** | **Total #** | **$ thousands** | **Total #** | **$ thousands** |
| $1 million + | - | $ - | 43 | $ 69,739 |
| $750k - $999k | - | - | 42 | 37,964 |
| $250k - $749k | 571 | 183,691 | 520 | 210,170 |
| $50k - $249k | 12,036 | 1,365,112 | 4,440 | 480,584 |
| < $50k | 7,347 | 207,184 | 2,990 | 96,994 |
| **Total** | **19,954** | **$ 1,755,986** | **8,035** | **$ 895,451** |

** At March 31, 2020*

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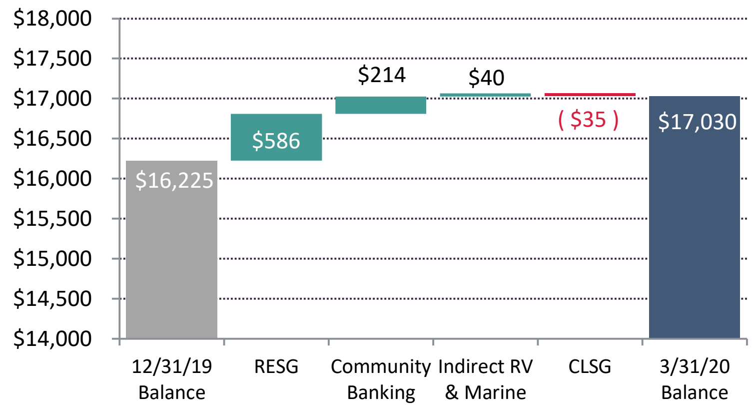
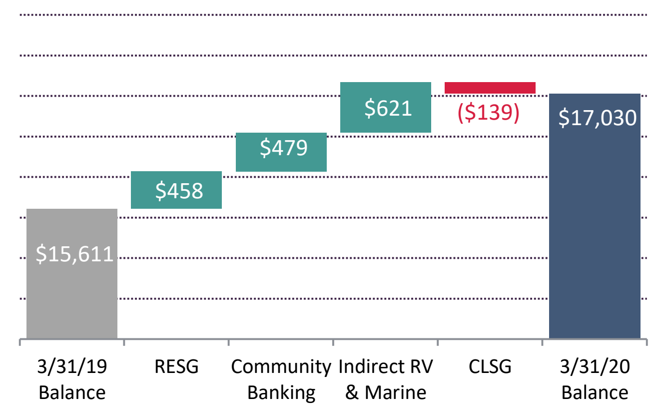
# Our Greater Loan Diversification, Combined With Our Growth in TRBC, has Contributed to Generally Declining CRE Concentration Ratios

## Non-Purchased Loan Growth
*($ millions)*

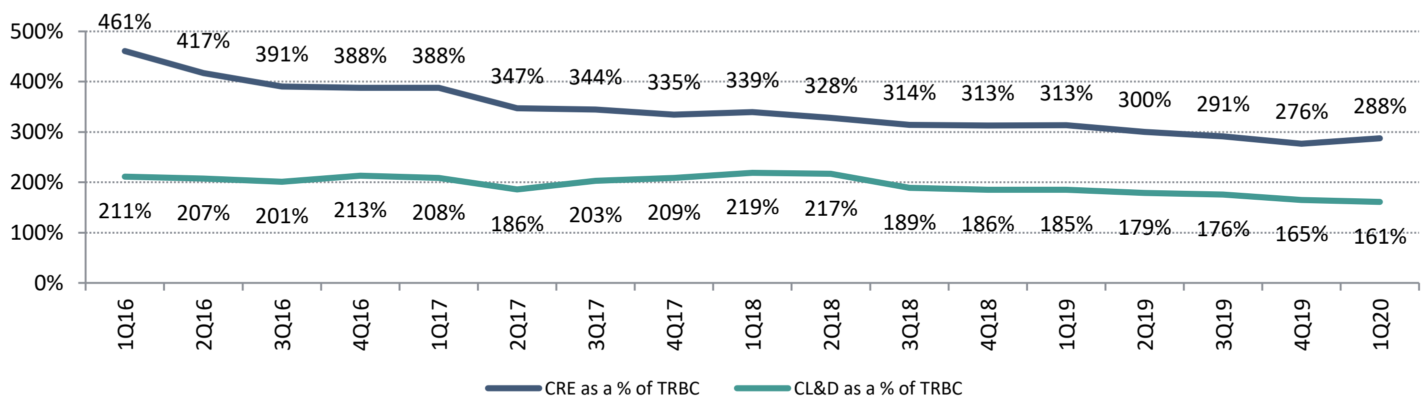
1st Quarter 2020




## Total CRE and CL&D Loans as a % of TRBC

*Our ratios of Total CRE and Construction, Land Development and Other Land ("CL&D") as a percent of TRBC have generally declined in recent years, primarily due to our growth in TRBC and not the result of a strategic focus away from these areas. We expect to continue lending in these areas, however, growth in our TRBC may continue to lower our CRE & CL&D concentration ratios.*

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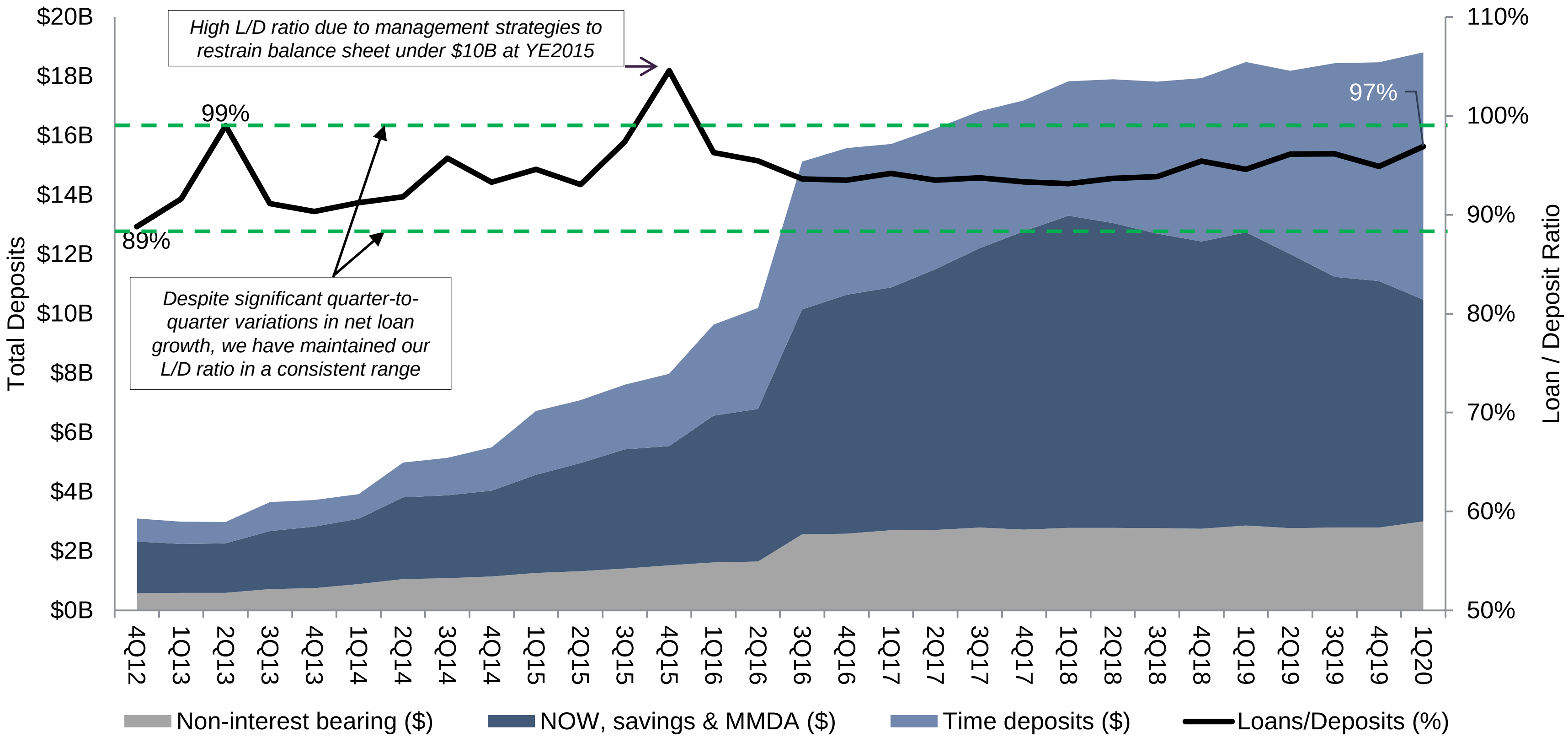
# Deposit Growth, Abundant Sources of Liquidity and Strong Capital Position

# Deposit Trends

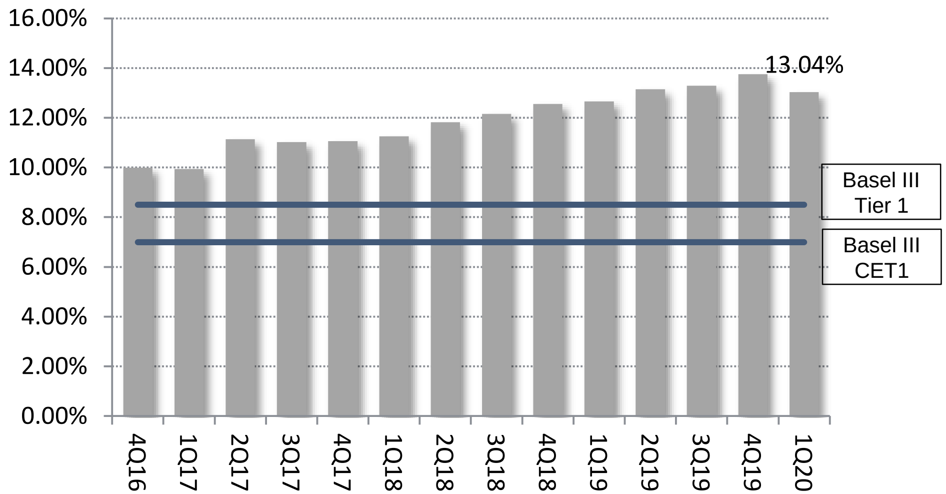
Total Deposits ($ billions) and Loan / Deposit Ratio (%)



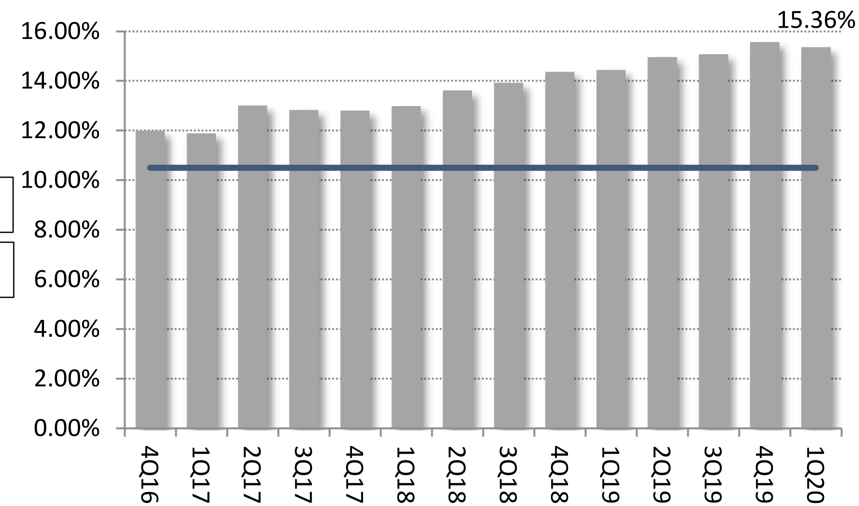

We believe we have significant capacity for future deposit growth in our existing network of over 240 branches in eight states. We have successfully increased our overall deposits as needed to fund our earning asset growth. Our loan-to-deposit ratio was 97% at March 31, 2020, within our historical range of 89% to 99%.

# Strong Capital and Liquidity

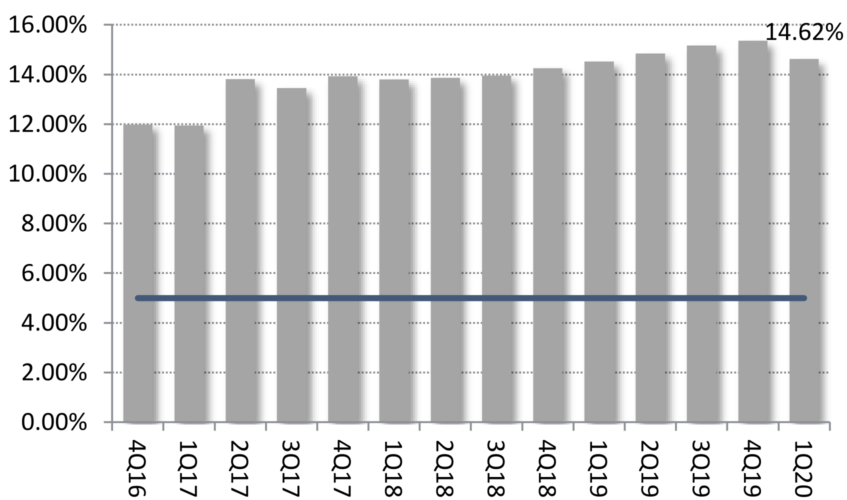
### CET 1 & Tier 1 Capital Ratios




### Total Risk Based Capital Ratio




### Tier 1 Leverage Ratio




*Basel III Regulatory Capital Minimum to be considered well capitalized*

## Primary & Secondary Liquidity Sources

| | |
|---|---|
| Cash and Cash Equivalents | $1,347,729,346 |
| Unpledged Investment Securities | 1,978,855,535 |
| FHLB Borrowing Availability | 2,752,399,023 |
| Unsecured Lines of Credit | 845,000,000 |
| Funds Available through Fed Discount Window | 400,850,000 |
| **Total as of 3-31-2020** | **$7,324,833,724** |

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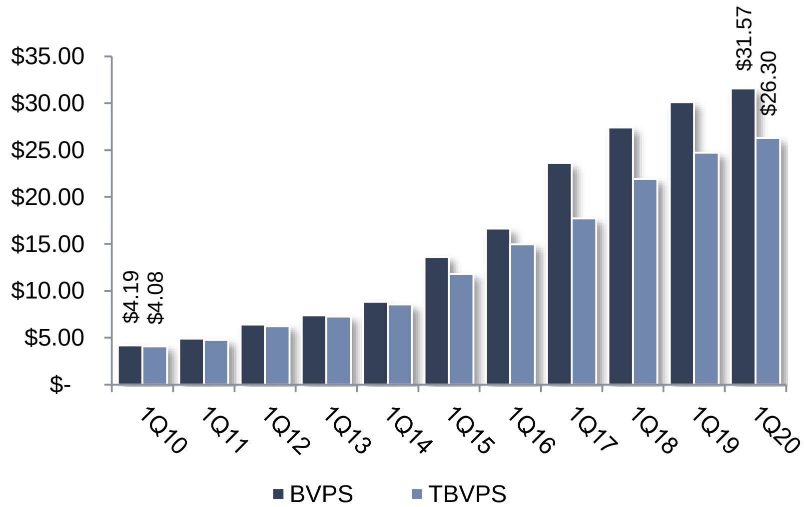
# Building Capital and Delivering for Shareholders

Book Value and Tangible Book Value Per Share*
*(Period end)*

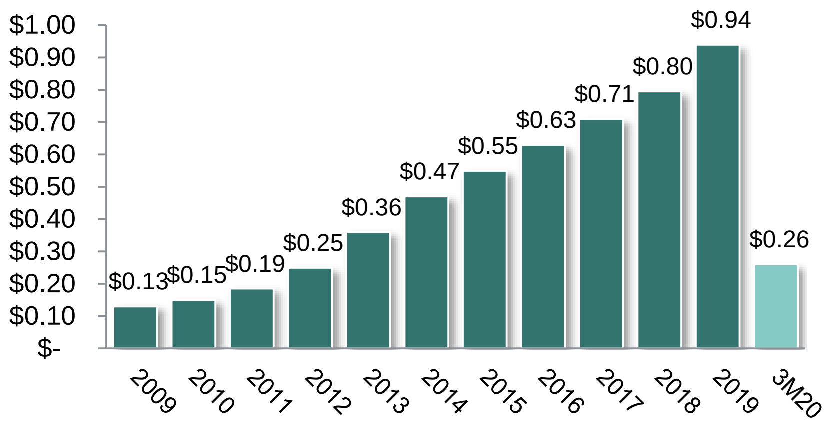



As of March 31, 2020, our book value and tangible book value per share were $31.57 and $26.30, respectively.

Over the last 10 years, we have increased book value and tangible book value per common share by a cumulative 653% and 545%, respectively, resulting in compound annual growth rates of 22.4% and 20.5%, respectively.

Annual Dividend Payments Per Share and Stock Splits

We have increased our cash dividend in each of the most recent 39 quarters and every year since our IPO in 1997




Our shareholders have benefitted from four 2-for-1 stock splits since our IPO in July 1997

Stock splits:

- June 17, 2002
- December 10, 2003
- August 16, 2011
- June 23, 2014

*Calculation of the Bank's tangible book value per common share, including the reconciliation to the most directly comparable GAAP financial measure is included in the schedule at the end of this presentation. Management believes presentation of the non-GAAP financial measures provides useful supplemental information that contributes to a proper understanding of the financial results and capital levels of the Bank.

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# Non-GAAP Reconciliations

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# Non-GAAP Reconciliations

## Calculation of Tangible Book Value Per Common Share

| | As of March 31, 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|
| Total common stockholders' equity before noncontrolling interest | $ 283,513 | $ 334,830 | $ 442,646 | $ 523,679 | $ 653,208 | $ 1,179,256 |
| Less intangible assets: | | | | | | |
| Goodwill | (5,243) | (5,243) | (5,243) | (5,243) | (5,243) | (125,603) |
| Core deposit and other intangibles, net of accumulated amortization | (1,940) | (2,855) | (6,455) | (6,015) | (15,750) | (29,907) |
| Total intangibles | (7,183) | (8,098) | (11,698) | (11,258) | (20,993) | (155,510) |
| Total tangible common stockholders' equity | $ 276,330 | $ 326,732 | $ 430,948 | $ 512,421 | $ 632,215 | $ 1,023,746 |
| Common shares outstanding (thousands) | 67,704 | 68,392 | 69,142 | 70,734 | 73,888 | 86,758 |
| Book value per common share | $ 4.19 | $ 4.90 | $ 6.40 | $ 7.40 | $ 8.84 | $ 13.59 |
| Tangible book value per common share | $ 4.08 | $ 4.78 | $ 6.23 | $ 7.24 | $ 8.56 | $ 11.80 |

| | As of March 31, 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|
| Total common stockholders' equity before noncontrolling interest | $ 1,508,080 | $ 2,873,317 | $ 3,526,605 | $ 3,882,643 | $ 4,083,150 |
| Less intangible assets: | | | | | |
| Goodwill | (125,693) | (660,789) | (660,789) | (660,789) | (660,789) |
| Core deposit and other intangibles, net of accumulated amortization | (25,172) | (57,686) | (45,107) | (32,527) | (20,958) |
| Total intangibles | (150,865) | (718,475) | (705,896) | (693,316) | (681,747) |
| Total tangible common stockholders' equity | $ 1,357,215 | $ 2,154,842 | $ 2,820,709 | $ 3,189,327 | $ 3,401,403 |
| Common shares outstanding (thousands) | 90,714 | 121,575 | 128,612 | 128,948 | 129,324 |
| Book value per common share | $ 16.62 | $ 23.63 | $ 27.42 | $ 30.11 | $ 31.57 |
| Tangible book value per common share | $ 14.96 | $ 17.72 | $ 21.93 | $ 24.73 | $ 26.30 |

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

Represents ending balances, as determined in accordance with accounting principles generally accepted in the U.S., ending shares outstanding and tangible book value per share as of the date indicated. Unaudited, financial data in thousands, except per share amounts.

## Calculation of Average Tangible Common Stockholders' Equity and Annualized Return on Average Tangible Common Stockholders' Equity

| | Three Months Ended* 3/31/2020 |
|---|---|
| Net Income Available To Common Stockholders | $ 11,866 |
| Average Common Stockholders' Equity Before Noncontrolling Interest | $ 4,118,614 |
| Less Average Intangible Assets: | |
| Goodwill | (660,789) |
| Core deposit and other intangibles, net of accumulated amortization | (22,412) |
| Total Average Intangibles | (683,201) |
| Average Tangible Common Stockholders' Equity | $ 3,435,413 |
| Return On Average Common Stockholders' Equity | 1.16% |
| Return On Average Tangible Common Stockholders' Equity | 1.39% |

* Ratio for interim period annualized based on actual days

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