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 21, 2021**

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

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 21, 2021, Bank OZK (the "Bank") issued a press release announcing its financial results for the fourth quarter and full year ended December 31, 2020 and made available management's comments on the results for the fourth quarter and full year of 2020. 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 of 2020 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 22, 2021, 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 2020.

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 ended December 31, 2020 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 21, 2021: Bank OZK Announces Fourth Quarter and Full Year 2020 Earnings
99.2	Management Comments for the Fourth Quarter and Full Year 2020 – dated January 21, 2021

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 21, 2021

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

Exhibit No.	Document Description
99.1	Press Release dated January 21, 2021: Bank OZK Announces Fourth Quarter and Full Year 2020 Earnings
99.2	Management Comments for the Fourth Quarter and Full Year 2020 – dated January 21, 2021

Exhibit 99.1

NEWS RELEASE

Date:	January 21, 2021
Release Time:	3:01 p.m. (CT)
Investor Contact:	Tim Hicks (501) 978-2336
Media Contact:	Susan Blair (501) 978-2217

Bank OZK Announces
Fourth Quarter and Full Year 2020 Earnings

LITTLE ROCK, ARKANSAS: Bank OZK (the "Bank") (Nasdaq: OZK) today announced that net income for the fourth quarter of 2020 was $120.5 million, a 19.5% increase from $100.8 million for the fourth quarter of 2019. Diluted earnings per common share for the fourth quarter of 2020 were $0.93, a 19.2% increase from $0.78 for the fourth quarter of 2019.

For the full year of 2020, net income was $291.9 million, a 31.5% decrease from $425.9 million for the full year of 2019. Diluted earnings per common share for the full year of 2020 were $2.26, a 31.5% decrease from $3.30 for the full year of 2019.

Pre-tax pre-provision net revenue ("PPNR") was $162.9 million for the fourth quarter of 2020, a 15.5% increase from $141.0 million for the fourth quarter of 2019. PPNR was $579.8 million for the full year of 2020, a 1.8% decrease from $590.6 million for the full year of 2019. The calculation of PPNR and the reconciliation to generally accepted accounting principles ("GAAP") are included in the schedules accompanying this release.

The COVID-19 pandemic significantly affected the global economy in 2020. The sudden and severe economic downturn, combined with the implementation of the current expected credit losses ("CECL") method to calculate the Bank's allowance for credit losses ("ACL") and uncertain future economic projections, resulted in the Bank incurring significant provision for credit losses in the first and second quarters of 2020. The Bank's provision for credit losses was $203.6 million for the full year of 2020, and the Bank's ACL was $377.3 million at December 31, 2020.

The Bank's annualized returns on average assets, average common stockholders' equity and average tangible common stockholders' equity for the fourth quarter of 2020 were 1.79%, 11.36% and 13.53%, respectively, compared to 1.74%, 9.73% and 11.68%, respectively, for the fourth quarter of 2019. The Bank's returns on average assets, average common stockholder's equity and average tangible common stockholders' equity for the full year of 2020 were 1.13%, 7.04% and 8.41%, respectively, compared to 1.87%, 10.72%, and 12.98%, respectively, for the full year of 2019. The calculation of the Bank's return on average tangible common stockholders' equity and the reconciliation to GAAP are included in the schedules accompanying this release.

George Gleason, Chairman and Chief Executive Officer, stated, “We are pleased to report one of our best quarters ever, highlighted by record quarterly net interest income, our second highest quarterly net income in company history, excellent asset quality and an efficiency ratio among the best in the industry. It was a strong finish to a challenging year. Our strong capital and liquidity, our disciplined credit culture and our exceptional team have us well positioned for the future.”

KEY BALANCE SHEET METRICS

Total loans were $19.21 billion at December 31, 2020, a 9.6% increase from $17.53 billion at December 31, 2019, but a 0.8% decrease from $19.36 billion at September 30, 2020. Non-purchased loans were $18.40 billion at December 31, 2020, a 13.4% increase from $16.22 billion at December 31, 2019, but a 0.1% decrease from $18.42 billion at September 30, 2020. Purchased loans, which consist of loans acquired in previous acquisitions, were $0.81 billion at December 31, 2020, a 38.2% decrease from $1.31 billion at December 31, 2019.

Deposits were $21.45 billion at December 31, 2020, a 16.1% increase from $18.47 billion at December 31, 2019. Total assets were $27.16 billion at December 31, 2020, a 15.3% increase from $23.56 billion at December 31, 2019.

Common stockholders’ equity was $4.27 billion at December 31, 2020, a 2.9% increase from $4.15 billion at December 31, 2019. Tangible common stockholders’ equity was $3.60 billion at December 31, 2020, a 3.8% increase from $3.47 billion at December 31, 2019. Book value per common share was $33.03 at December 31, 2020, a 2.6% increase from $32.19 at December 31, 2019. Tangible book value per common share was $27.81 at December 31, 2020, a 3.5% increase from $26.88 at December 31, 2019. The calculations of the Bank’s tangible common stockholders’ equity and tangible book value per common share and the reconciliations to GAAP are included in the schedules accompanying this release.

The Bank’s ratio of total common stockholders’ equity to total assets was 15.73% at December 31, 2020 compared to 17.62% at December 31, 2019. Its ratio of total tangible common stockholders’ equity to total tangible assets was 13.59% at December 31, 2020 compared to 15.15% at December 31, 2019. The calculation of the Bank’s ratio of total tangible common stockholders’ equity to total tangible assets and the reconciliation 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 22, 2021. Interested parties may listen to this call by dialing 1-844-818-5110 (U.S. and Canada) or 210-229-8841 (internationally) and asking for the Bank OZK conference call. A recorded playback of the call will be available for one week following the call at 1-855-859-2056 (U.S. and Canada) or 404-537-3406 (internationally). The passcode for this playback is 7995612. The call will be available live or in a recorded version on the Bank's Investor Relations website at ir.ozk.com under "Company News/Webcasts." The Bank will also provide a transcript of the conference call on its Investor Relations website.

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 http://ir.ozk.com. To receive automated email alerts for these materials, please visit http://ir.ozk.com/EmailNotification 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 tangible common stockholders' equity, tangible book value per common share, total 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."

STATEMENT REGARDING IMPACT OF COVID-19 PANDEMIC

The Bank prioritizes the health and safety of its employees and customers, and it will continue to do so throughout the duration of the COVID-19 pandemic. At the same time, the Bank remains focused on increasing shareholder value, managing credit exposure, managing expenses, enhancing the customer experience and supporting the communities it serves.

In management's comments on its quarterly results (released simultaneously with this news release) and in its earnings conference call, the Bank has sought and will seek to describe the historical and future impact of the COVID-19 pandemic on the Bank's assets, business, cash flows, financial condition, liquidity, prospects and results of operations, including the information and discussions regarding its provision and ACL and the discussion regarding its net interest margin. Although the Bank believes that the statements that pertain to future events, results and trends and their impact on the Bank's business are reasonable at the present time, those statements are not historical facts and are based upon current assumptions, expectations, estimates and projections, many of which, by their nature, are beyond the Bank's control. Accordingly, all discussions regarding future events, results and trends and their impact on the Bank's business, even in the near term, are necessarily uncertain given the evolving nature of the COVID-19 pandemic.

If the health, logistical or economic effects of the COVID-19 pandemic worsen, or if the assumptions, expectations, estimates or projections that underlie the Bank's statements regarding future effects or trends prove to be incorrect, then the Bank's assets, business, cash flows, financial condition, liquidity, prospects and results of operations may be materially and adversely impacted in ways that the Bank cannot reasonably forecast. Accordingly, when reading this release and the accompanying prepared remarks from management on its quarterly results and when listening to the earnings conference call, undue reliance should not be placed upon any statement pertaining to future events, results and trends and their impact on the Bank's business in future periods.

FORWARD-LOOKING STATEMENTS

This release 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 implementing the Bank's growth, expansion and acquisition strategies, including delays in identifying satisfactory sites, hiring or retaining qualified personnel, obtaining regulatory or other approvals, obtaining permits and designing, constructing and opening new offices or relocating, selling or closing existing offices; the ability to enter into and/or close additional acquisitions; the availability of and access to capital; possible downgrades in the Bank's credit ratings or outlook which could increase the costs 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 the London Interbank Offered Rate ("LIBOR") or other changes involving LIBOR; competitive factors and pricing pressures, including their effect on the Bank's net interest margin or core spread; general economic, unemployment, credit market and real estate market conditions, and the effect of such conditions on the creditworthiness of borrowers, collateral values, the value of investment securities and asset recovery values; changes in legal, financial and/or regulatory requirements; recently enacted and potential legislation and regulatory actions and the costs and expenses to comply with new and/or existing legislation and regulatory actions, including those in response to the COVID-19 pandemic such as the Coronavirus Aid, Relief and Economic Security Act, the Consolidated Appropriations Act of 2021 and any similar or related rules and regulations; changes in U.S. Government monetary and fiscal policy, including any changes that result from the recent U.S. elections; 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, the Bank's operational or security systems or infrastructure, or those of third parties with whom it does 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 Bank's staff, the global economy and financial markets; national, international or political instability; impairment of the Bank's goodwill or other intangible assets; adoption of new accounting standards, including the effects from the adoption of the CECL methodology 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 press release or as detailed from time to time in the other public reports the Bank files with the FDIC, including those factors described in the disclosures under the headings "Forward-Looking Information" and "Item 1A. Risk Factors" in the Bank's most recent Annual Report on Form 10-K for the year ended December 31, 2019 and its 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.

GENERAL INFORMATION

Bank OZK (Nasdaq: OZK) is a regional bank providing innovative financial solutions delivered by expert bankers with a relentless pursuit of excellence. Headquartered in Little Rock, Arkansas, Bank OZK conducts operations through more than 250 branches, loan production offices and other offices in Arkansas, Georgia, Florida, North Carolina, South Carolina, Texas, California, New York and Mississippi. 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, 2020	December 31, 2019
	(Dollars in thousands, except per share amounts)	
ASSETS		
Cash and cash equivalents	$ 2,393,662	$ 1,495,757
Investment securities — available for sale ("AFS")	3,405,351	2,277,389
Federal Home Loan Bank of Dallas and other bankers' bank stocks	38,486	21,855
Non-purchased loans	18,401,495	16,224,539
Purchased loans	807,673	1,307,504
Allowance for loan losses	(295,824)	(108,525)
Net loans	18,913,344	17,423,518
Premises and equipment, net	738,842	711,541
Foreclosed assets	11,085	19,096
Accrued interest receivable	88,077	75,208
Bank owned life insurance (“BOLI”)	758,071	738,860
Goodwill and other intangible assets, net	675,458	684,542
Other, net	140,220	107,962
Total assets	$ 27,162,596	$ 23,555,728
LIABILITIES AND STOCKHOLDERS’ EQUITY		
Deposits:		
Demand non-interest bearing	$ 3,996,546	$ 2,795,251
Savings and interest bearing transaction	8,160,982	8,307,607
Time	9,292,828	7,371,401
Total deposits	21,450,356	18,474,259
Repurchase agreements with customers	8,013	11,249
Other borrowings	750,928	351,387
Subordinated notes	224,047	223,663
Subordinated debentures	120,475	119,916
Reserve for losses on unfunded loan commitments	81,481	—
Accrued interest payable and other liabilities	251,940	221,786
Total liabilities	22,887,240	19,402,260
Commitments and contingencies		
Stockholders’ equity:		
Preferred stock; $0.01 par value; 100,000,000 shares authorized; no shares issued or outstanding at December 31, 2020 or 2019	—	—
Common stock; $0.01 par value; 300,000,000 shares authorized; 129,350,448 and 128,951,024 shares issued and outstanding at December 31, 2020 and 2019, respectively	1,294	1,289
Additional paid-in capital	2,265,850	2,251,824
Retained earnings	1,946,875	1,869,983
Accumulated other comprehensive income	58,252	27,255
Total stockholders’ equity before noncontrolling interest	4,272,271	4,150,351
Noncontrolling interest	3,085	3,117
Total stockholders’ equity	4,275,356	4,153,468
Total liabilities and stockholders’ equity	$ 27,162,596	$ 23,555,728

Bank OZK
Consolidated Statements of Income
Unaudited

	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	2020	2019
	(Dollars in thousands, except per share amounts)			
Interest income:				
Non-purchased loans	$ 243,064	$ 240,912	$ 944,354	$ 981,811
Purchased loans	16,069	22,152	70,812	106,908
Investment securities:				
Taxable	9,066	11,820	40,547	52,812
Tax-exempt	4,767	3,323	19,403	14,252
Deposits with banks and federal funds sold	428	2,756	5,665	6,758
Total interest income	273,394	280,963	1,080,781	1,162,541
Interest expense:				
Deposits	30,607	61,631	171,813	258,358
Repurchase agreements with customers	6	11	23	50
Other borrowings	1,011	34	3,179	1,531
Subordinated notes	3,207	3,216	12,758	12,757
Subordinated debentures	963	1,094	4,384	5,664
Total interest expense	35,794	65,986	192,157	278,360
Net interest income	237,600	214,977	888,624	884,181
Provision for credit losses	6,750	4,938	203,639	26,241
Net interest income after provision for credit losses	230,850	210,039	684,985	857,940
Non-interest income:				
Service charges on deposit accounts	9,983	10,933	37,699	41,774
Trust income	1,909	2,010	7,544	7,554
BOLI income:				
Increase in cash surrender value	5,034	5,167	20,239	20,715
Death benefits	—	2,989	608	3,194
Loan service, maintenance and other fees	3,797	4,282	14,257	17,917
Other income from purchased loans	—	759	—	3,684
Gains on sales of other assets	5,189	1,358	6,863	2,233
Net gains on investment securities	—	—	4,467	713
Other	2,749	2,908	12,931	9,743
Total non-interest income	28,661	30,406	104,608	107,527
Non-interest expense:				
Salaries and employee benefits	53,832	52,050	206,834	192,851
Net occupancy and equipment	15,617	14,855	63,379	59,018
Other operating expenses	33,945	37,501	143,200	149,261
Total non-interest expense	103,394	104,406	413,413	401,130
Income before taxes	156,117	136,039	376,180	564,337
Provision for income taxes	35,607	35,240	84,314	138,429
Net income	120,510	100,799	291,866	425,908
Earnings attributable to noncontrolling interest	3	7	32	(2)
Net income available to common stockholders	$ 120,513	$ 100,806	$ 291,898	$ 425,906
Basic earnings per common share	$ 0.93	$ 0.78	$ 2.26	$ 3.30
Diluted earnings per common share	$ 0.93	$ 0.78	$ 2.26	$ 3.30

Bank OZK
Consolidated Statements of Stockholders' Equity
Unaudited

(Dollars in thousands, except per share amounts)

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non-Controlling Interest	Total
Three months ended December 31, 2020:						
Balances – September 30, 2020	$ 1,293	$2,261,864	$1,862,012	$ 61,116	$ 3,088	$4,189,373
Net income	—	—	120,510	—	—	120,510
Earnings attributable to noncontrolling interest	—	—	3	—	(3)	—
Total other comprehensive loss	—	—	—	(2,864)	—	(2,864)
Common stock dividends, $0.275 per share	—	—	(35,650)	—	—	(35,650)
Issuance of 39,900 shares of common stock for exercise of stock options	—	991	—	—	—	991
Stock-based compensation expense	—	2,996	—	—	—	2,996
Forfeitures of 31,525 shares of unvested restricted common stock	1	(1)	—	—	—	—
Balances – December 31, 2020	$ 1,294	$2,265,850	$1,946,875	$ 58,252	$ 3,085	$4,275,356
Year ended December 31, 2020:						
Balances – December 31, 2019	$ 1,289	$2,251,824	$1,869,983	$ 27,255	$ 3,117	$4,153,468
Cumulative effect of change in accounting principle	—	—	(75,344)	—	—	(75,344)
Balances – January 1, 2020	1,289	2,251,824	1,794,639	27,255	3,117	4,078,124
Net income	—	—	291,866	—	—	291,866
Earnings attributable to noncontrolling interest	—	—	32	—	(32)	—
Total other comprehensive income	—	—	—	30,997	—	30,997
Common stock dividends, $1.0775 per share	—	—	(139,662)	—	—	(139,662)
Issuance of 44,200 shares of common stock for exercise of stock options	—	1,036	—	—	—	1,036
Issuance of 493,761 shares of unvested restricted common stock	5	(5)	—	—	—	—
Repurchase and cancellation of 61,873 shares of common stock	(1)	(1,852)	—	—	—	(1,853)
Stock-based compensation expense	—	14,848	—	—	—	14,848
Forfeitures of 76,664 shares of unvested restricted common stock	1	(1)	—	—	—	—
Balances – December 31, 2020	$ 1,294	$2,265,850	$1,946,875	$ 58,252	$ 3,085	$4,275,356

Bank OZK
Consolidated Statements of Stockholders' Equity (Continued)
Unaudited

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non-Controlling Interest	Total
	(Dollars in thousands, except per share amounts)					
Three months ended December 31, 2019:						
Balances – September 30, 2019	$ 1,289	$2,247,973	$1,801,414	$ 27,648	$ 3,124	$4,081,448
Net income	—	—	100,799	—	—	100,799
Earnings attributable to noncontrolling interest	—	—	7	—	(7)	—
Total other comprehensive loss	—	—	—	(393)	—	(393)
Common stock dividends, $0.25 per share	—	—	(32,237)	—	—	(32,237)
Issuance of 16,150 shares of common stock for exercise of stock options	—	266	—	—	—	266
Stock-based compensation expense	—	3,585	—	—	—	3,585
Forfeitures of 11,485 shares of unvested restricted common stock	—	—	—	—	—	—
Balances – December 31, 2019	$ 1,289	$2,251,824	$1,869,983	$ 27,255	$ 3,117	$4,153,468
Year ended December 31, 2019:						
Balances – December 31, 2018	$ 1,286	$2,237,948	$1,565,201	$ (34,105)	$ 3,035	$3,773,365
Net income	—	—	425,908	—	—	425,908
Earnings attributable to noncontrolling interest	—	—	(2)	—	2	—
Total other comprehensive income	—	—	—	61,360	—	61,360
Common stock dividends, $0.94 per share	—	—	(121,124)	—	—	(121,124)
Noncontrolling interest cash contribution	—	—	—	—	80	80
Issuance of 83,500 shares of common stock for exercise of stock options	1	1,384	—	—	—	1,385
Issuance of 406,074 shares of unvested restricted common stock	4	(4)	—	—	—	—
Repurchase and cancellation of 63,716 shares of common stock	(1)	(1,674)	—	—	—	(1,675)
Stock-based compensation expense	—	14,169	—	—	—	14,169
Forfeiture of 85,883 shares of unvested restricted common stock	(1)	1	—	—	—	—
Balances – December 31, 2019	$ 1,289	$2,251,824	$1,869,983	$ 27,255	$ 3,117	$4,153,468

Bank OZK
Summary of Non-Interest Expense
Unaudited

	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	2020	2019
	(Dollars in thousands)			
Salaries and employee benefits	$ 53,832	$ 52,050	$ 206,834	$ 192,851
Net occupancy and equipment	15,617	14,855	63,379	59,018
Other operating expenses:				
Professional and outside services	7,345	7,156	30,974	33,030
Software and data processing	5,729	4,974	21,279	19,535
Deposit insurance and assessments	3,647	3,780	15,247	13,425
Telecommunication services	2,296	2,335	9,159	10,583
Postage and supplies	1,709	2,483	7,462	8,684
Advertising and public relations	1,086	1,822	6,050	7,242
ATM expense	1,490	1,263	5,256	4,626
Travel and meals	835	2,845	4,336	11,230
Loan collection and repossession expense	481	600	3,062	2,818
Writedowns of foreclosed and other assets	1,582	910	3,669	2,419
Amortization of intangibles	1,794	2,854	9,085	11,918
Other	5,951	6,479	27,621	23,751
Total non-interest expense	$ 103,394	$ 104,406	$ 413,413	$ 401,130

Bank OZK
Summary of Total Loans Outstanding
Unaudited

	December 31,			
	2020		2019	
	(Dollars in thousands)			
Real estate:				
Residential 1-4 family	$ 911,115	4.7%	$ 998,632	5.7%
Non-farm/non-residential	4,213,636	21.9	3,956,579	22.6
Construction/land development	8,046,978	41.9	6,391,429	36.4
Agricultural	204,868	1.1	230,076	1.3
Multifamily residential	856,297	4.5	1,194,192	6.8
Total real estate	14,232,894	74.1	12,770,908	72.8
Commercial and industrial	842,206	4.4	661,952	3.8
Consumer	2,393,964	12.5	2,934,534	16.8
Other	1,740,104	9.0	1,164,649	6.6
Total loans	19,209,168	100.0%	17,532,043	100.0%
Allowance for loan losses	(295,824)		(108,525)	
Net loans	$ 18,913,344		$ 17,423,518	

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, 2020:			
Balances – September 30, 2020	$ 308,847	$ 68,426	$ 377,273
Net charge-offs	(6,718)	–	(6,718)
Provision for credit losses	(6,305)	13,055	6,750
Balances – December 31, 2020	$ 295,824	$ 81,481	$ 377,305
Year ended December 31, 2020:			
Balances – December 31, 2019	$ 108,525	$ –	$ 108,525
Adoption of Current Expected Credit Loss (CECL) methodology	39,588	54,924	94,512
Balances – January 1, 2020	148,113	54,924	203,037
Net charge-offs	(29,371)	–	(29,371)
Provision for credit losses	177,082	26,557	203,639
Balances – December 31, 2020	$ 295,824	$ 81,481	$ 377,305
Three months ended December 31, 2019:			
Balances – September 30, 2019	$ 109,001	$ –	$ 109,001
Net charge-offs	(5,414)	–	(5,414)
Provision for credit losses	4,938	–	4,938
Balances – December 31, 2019	$ 108,525	$ –	$ 108,525
Year ended December 31, 2019:			
Balances – December 31, 2018	$ 102,264	$ –	$ 102,264
Net charge-offs	(19,980)	–	(19,980)
Provision for credit losses	26,241	–	26,241
Balances – December 31, 2019	$ 108,525	$ –	$ 108,525

Bank OZK
Summary of Deposits – By Account Type
Unaudited

	December 31,				
	2020		2019		
	(Dollars in thousands)				
Non-interest bearing	$ 3,996,546	18.6%	$ 2,795,251	15.1%
Interest bearing:				
Transaction (NOW)	3,124,007	14.6	2,706,426	14.7
Savings and money market	5,036,975	23.5	5,601,181	30.3
Time deposits less than $100	3,075,845	14.3	3,321,446	18.0
Time deposits of $100 or more	6,216,983	29.0	4,049,955	21.9
Total deposits	$ 21,450,356	100.0%	$ 18,474,259	100.0%

Summary of Deposits – By Customer Type
Unaudited

	December 31,			
	2020		2019	
	(Dollars in thousands)			
Consumer	$ 11,165,603	52.1%	$ 7,526,014	40.7%
Commercial	6,056,536	28.2	4,334,366	23.5
Public Funds	2,111,971	9.8	3,782,415	20.5
Brokered	1,600,116	7.5	2,115,193	11.4
Reciprocal	516,130	2.4	716,271	3.9
Total deposits	$ 21,450,356	100.0%	$ 18,474,259	100.0%

Bank OZK
Selected Consolidated Financial Data
Unaudited

	Three Months Ended December 31, 2020	Three Months Ended December 31, 2019	% Change	Year Ended December 31, 2020	Year Ended December 31, 2019	% Change
	(Dollars in thousands, except per share amounts)					
Income statement data:						
Net interest income	$ 237,600	$ 214,977	10.5%	$ 888,624	$ 884,181	0.5%
Provision for credit losses	6,750	4,938	36.7	203,639	26,241	676.0
Non-interest income	28,661	30,406	(5.7)	104,608	107,527	(2.7)
Non-interest expense	103,394	104,406	(1.0)	413,413	401,130	3.1
Net income available to common stockholders	120,513	100,806	19.5	291,898	425,906	(31.5)
Pre-tax pre-provision net revenue(1)	162,867	140,977	15.5	579,819	590,578	(1.8)
Common share and per common share data:						
Net income per share – diluted	$ 0.93	$ 0.78	19.2%	$ 2.26	$ 3.30	(31.5)%
Net income per share – basic	0.93	0.78	19.2	2.26	3.30	(31.5)
Dividends per share	0.275	0.25	10.0	1.0775	0.94	14.6
Book value per share	33.03	32.19	2.6	33.03	32.19	2.6
Tangible book value per share(1)	27.81	26.88	3.5	27.81	26.88	3.5
Weighted-average diluted shares outstanding (thousands)	129,523	129,036		129,435	129,006	
End of period shares outstanding (thousands)	129,350	128,951		129,350	128,951	
Balance sheet data at period end:						
Total assets	$27,162,596	$23,555,728	15.3%	$27,162,596	$23,555,728	15.3%
Total loans	19,209,168	17,532,043	9.6	19,209,168	17,532,043	9.6
Non-purchased loans	18,401,495	16,224,539	13.4	18,401,495	16,224,539	13.4
Purchased loans	807,673	1,307,504	(38.2)	807,673	1,307,504	(38.2)
Allowance for loan losses	295,824	108,525	172.6	295,824	108,525	172.6
Foreclosed assets	11,085	19,096	(42.0)	11,085	19,096	(42.0)
Investment securities – AFS	3,405,351	2,277,389	49.5	3,405,351	2,277,389	49.5
Goodwill and other intangible assets, net	675,458	684,542	(1.3)	675,458	684,542	(1.3)
Deposits	21,450,356	18,474,259	16.1	21,450,356	18,474,259	16.1
Other borrowings	750,928	351,387	113.7	750,928	351,387	113.7
Subordinated notes	224,047	223,663	0.2	224,047	223,663	0.2
Subordinated debentures	120,475	119,916	0.5	120,475	119,916	0.5
Unfunded balance of closed loans	11,847,117	11,325,598	4.6	11,847,117	11,325,598	4.6
Reserve for losses on unfunded loan commitments	81,481	—	NM	81,481	—	NM
Total common stockholders’ equity	4,272,271	4,150,351	2.9	4,272,271	4,150,351	2.9
Net unrealized gains on investment securities AFS included in common stockholders' equity	58,252	27,255		58,252	27,255	
Loan (including purchased loans) to deposit ratio	89.55%	94.90%		89.55%	94.90%	
Selected ratios:						
Return on average assets(2)	1.79%	1.74%		1.13%	1.87%	
Return on average common stockholders’ equity(2)	11.36	9.73		7.04	10.72	
Return on average tangible common stockholders’ equity(1) (2)	13.53	11.68		8.41	12.98	
Average common equity to total average assets	15.74	17.86		16.10	17.45	
Net interest margin – FTE(2)	3.88	4.15		3.81	4.34	
Efficiency ratio	38.61	42.37		41.37	40.27	
Net charge-offs to average non-purchased loans(2) (3)	0.14	0.10		0.09	0.09	
Net charge-offs to average total loans(2)	0.14	0.12		0.16	0.11	
Nonperforming loans to total loans(4)	0.25	0.15		0.25	0.15	
Nonperforming assets to total assets(4)	0.21	0.18		0.21	0.18	
Allowance for loan losses to total loans(5)	1.54	0.62		1.54	0.62	
Other information:						
Non-accrual loans(4)	$ 45,162	$ 23,221		$ 45,162	$ 23,221	
Accruing loans – 90 days past due(4)	—	—		—	—	
Troubled and restructured non-purchased loans – accruing(4)	1,483	656		1,483	656	

(1) Calculations of pre-tax pre-provision net revenue, tangible book value per common share and return on 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, 2020	September 30, 2020	% Change
	(Dollars in thousands, except per share amounts)		
Income statement data:			
Net interest income	$ 237,600	$ 224,657	5.8%
Provision for credit losses	6,750	7,200	(6.3)
Non-interest income	28,661	26,676	7.4
Non-interest expense	103,394	105,641	(2.1)
Net income available to common stockholders	120,513	109,253	10.3
Pre-tax pre-provision net revenue(1)	162,867	145,692	11.8
Common share and per common share data:			
Net income per share – diluted	$ 0.93	$ 0.84	10.7%
Net income per share – basic	0.93	0.84	10.7
Dividends per share	0.275	0.2725	0.9
Book value per share	33.03	32.37	2.0
Tangible book value per share(1)	27.81	27.13	2.5
Weighted-average diluted shares outstanding (thousands)	129,523	129,470	
End of period shares outstanding (thousands)	129,350	129,342	
Balance sheet data at period end:			
Total assets	$ 27,162,596	$ 26,888,308	1.0%
Total loans	19,209,168	19,358,443	(0.8)
Non-purchased loans	18,401,495	18,419,958	(0.1)
Purchased loans	807,673	938,485	(13.9)
Allowance for loan losses	295,824	308,847	(4.2)
Foreclosed assets	11,085	16,543	(33.0)
Investment securities – AFS	3,405,351	3,468,243	(1.8)
Goodwill and other intangible assets, net	675,458	677,251	(0.3)
Deposits	21,450,356	21,287,405	0.8
Other borrowings	750,928	750,949	0.1
Subordinated notes	224,047	223,950	0.1
Subordinated debentures	120,475	120,335	0.1
Unfunded balance of closed loans	11,847,117	11,604,614	2.1
Reserve for losses on unfunded loan commitments	81,481	68,426	19.1
Total common stockholders’ equity	4,272,271	4,186,285	2.1
Net unrealized gains on investment securities AFS included in common stockholders' equity	58,252	61,116	
Loan (including purchased loans) to deposit ratio	89.55%	90.94%	
Selected ratios:			
Return on average assets(2)	1.79%	1.63%	
Return on average common stockholders’ equity(2)	11.36	10.48	
Return on average tangible common stockholders’ equity(1) (2)	13.53	12.52	
Average common equity to total average assets	15.74	15.56	
Net interest margin – FTE(2)	3.88	3.69	
Efficiency ratio	38.61	41.77	
Net charge-offs to average non-purchased loans(2) (3)	0.14	0.09	
Net charge-offs to average total loans(2)	0.14	0.09	
Nonperforming loans to total loans(4)	0.25	0.15	
Nonperforming assets to total assets(4)	0.21	0.17	
Allowance for loan losses to total loans(5)	1.54	1.60	
Other information:			
Non-accrual loans(4)	$ 45,162	$ 27,181	
Accruing loans – 90 days past due(4)	—	—	
Troubled and restructured non-purchased loans – accruing(4)	1,483	1,251	

(1) Calculations of pre-tax pre-provision net revenue, tangible book value per common share and return on 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

	3/31/19	6/30/19	9/30/19	12/31/19	3/31/20	6/30/20	9/30/20	12/31/20
	(Dollars in thousands, except per share amounts)							
Earnings Summary:								
Net interest income	$ 225,888	$ 224,536	$ 218,780	$ 214,977	$ 209,775	$ 216,593	$ 224,657	$ 237,600
Federal tax (FTE) adjustment	1,207	1,136	1,038	1,028	1,133	1,753	1,605	1,533
Net interest income (FTE)	227,095	225,672	219,818	216,005	210,908	218,346	226,262	239,133
Provision for credit losses	(6,681)	(6,769)	(7,854)	(4,938)	(117,663)	(72,026)	(7,200)	(6,750)
Non-interest income	24,072	26,603	26,446	30,406	27,680	21,591	26,676	28,661
Non-interest expense	(96,678)	(99,131)	(100,914)	(104,406)	(103,425)	(100,953)	(105,641)	(103,394)
Pretax income (FTE)	147,808	146,375	137,496	137,067	17,500	66,958	140,097	157,650
FTE adjustment	(1,207)	(1,136)	(1,038)	(1,028)	(1,133)	(1,753)	(1,605)	(1,533)
Provision for income taxes	(35,889)	(34,726)	(32,574)	(35,240)	(4,509)	(14,948)	(29,251)	(35,607)
Noncontrolling interest	(6)	(10)	7	7	8	9	12	3
Net income available to common stockholders	$ 110,706	$ 110,503	$ 103,891	$ 100,806	$ 11,866	$ 50,266	$ 109,253	$ 120,513
Earnings per common share – diluted	$ 0.86	$ 0.86	$ 0.81	$ 0.78	$ 0.09	$ 0.39	$ 0.84	$ 0.93
Non-interest Income:								
Service charges on deposit accounts	$ 9,722	$ 10,291	$ 10,827	$ 10,933	$ 10,009	$ 8,281	$ 9,427	$ 9,983
Trust income	1,730	1,839	1,975	2,010	1,939	1,759	1,936	1,909
BOLI income:								
Increase in cash surrender value	5,162	5,178	5,208	5,167	5,067	5,057	5,081	5,034
Death benefits	—	—	206	2,989	608	—	—	—
Loan service, maintenance and other fees	4,874	4,565	4,197	4,282	3,716	3,394	3,351	3,797
Other income from purchased loans	795	1,455	674	759	—	—	—	—
Gains on sales of other assets	284	402	189	1,358	161	621	891	5,189
Net gains on investment securities	—	713	—	—	2,223	—	2,244	—
Other	1,505	2,160	3,170	2,908	3,957	2,479	3,746	2,749
Total non-interest income	$ 24,072	$ 26,603	$ 26,446	$ 30,406	$ 27,680	$ 21,591	$ 26,676	$ 28,661
Non-interest Expense:								
Salaries and employee benefits	$ 44,868	$ 47,558	$ 48,376	$ 52,050	$ 51,473	$ 48,410	$ 53,119	$ 53,832
Net occupancy and equipment	14,750	14,587	14,825	14,855	15,330	15,756	16,676	15,617
Other operating expenses	37,060	36,986	37,713	37,501	36,622	36,787	35,846	33,945
Total non-interest expense	$ 96,678	$ 99,131	$ 100,914	$ 104,406	$ 103,425	$ 100,953	$ 105,641	$ 103,394
Balance Sheet Data:								
Total assets	$ 23,005,652	$ 22,960,731	$ 23,402,679	$ 23,555,728	$ 24,565,810	$ 26,380,409	$ 26,888,308	$ 27,162,596
Non-purchased loans	15,610,681	15,786,809	16,307,621	16,224,539	17,030,378	18,247,431	18,419,958	18,401,495
Purchased loans	1,864,715	1,698,396	1,427,230	1,307,504	1,197,826	1,063,647	938,485	807,673
Investment securities – AFS	2,769,602	2,548,489	2,414,722	2,277,389	2,816,556	3,299,944	3,468,243	3,405,351
Deposits	18,476,868	18,186,215	18,440,078	18,474,259	18,809,190	20,723,598	21,287,405	21,450,356
Unfunded balance of closed loans	11,544,218	11,167,055	11,429,918	11,325,598	11,334,737	11,411,441	11,604,614	11,847,117
Common stockholders' equity	3,882,643	3,993,247	4,078,324	4,150,351	4,083,150	4,110,666	4,186,285	4,272,271

Bank OZK
Supplemental Quarterly Financial Data (Continued)
Unaudited

	3/31/19	6/30/19	9/30/19	12/31/19	3/31/20	6/30/20	9/30/20	12/31/20
	(Dollars in thousands, except per share amounts)							
Allowance for Credit Losses:								
Balance at beginning of period	$ 102,264	$ 105,954	$ 106,642	$ 109,001	$ 108,525	$ 316,409	$ 374,494	$ 377,273
Adoption of CECL[1] methodology	—	—	—	—	94,512	—	—	—
Net charge-offs	(2,991)	(6,081)	(5,495)	(5,414)	(4,291)	(13,941)	(4,421)	(6,718)
Provision for credit losses	6,681	6,769	7,854	4,938	117,663	72,026	7,200	6,750
Balance at end of period	$ 105,954	$ 106,642	$ 109,001	$ 108,525	$ 316,409	$ 374,494	$ 377,273	$ 377,305
Allowance for loan losses	$ 105,954	$ 106,642	$ 109,001	$ 108,525	$ 238,737	$ 306,196	$ 308,847	$ 295,824
Reserve for losses on unfunded loan commitments	—	—	—	—	77,672	68,298	68,426	81,481
Total allowance for credit losses	$ 105,954	$ 106,642	$ 109,001	$ 108,525	$ 316,409	$ 374,494	$ 377,273	$ 377,305
Selected Ratios:								
Net interest margin – FTE[2]	4.53%	4.45%	4.26%	4.15%	3.96%	3.74%	3.69%	3.88%
Efficiency ratio	38.49	39.30	40.98	42.37	43.35	42.07	41.77	38.61
Net charge-offs to average non-purchased loans[2] [3]	0.05	0.12	0.07	0.10	0.08	0.05	0.09	0.14
Net charge-offs to average total loans[2]	0.07	0.14	0.12	0.12	0.10	0.29	0.09	0.14
Nonperforming loans to total loans[4]	0.22	0.15	0.17	0.15	0.16	0.18	0.15	0.25
Nonperforming assets to total assets[4]	0.21	0.25	0.26	0.18	0.19	0.19	0.17	0.21
Allowance for loan losses to total loans [5]	0.61	0.61	0.61	0.62	1.31	1.59	1.60	1.54
Loans past due 30 days or more, including past due non-accrual loans, to total loans[4]	0.28	0.13	0.14	0.19	0.18	0.13	0.13	0.16

(1) Current Expected Credit Loss.
(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
Average Consolidated Balance Sheets and Net Interest Analysis – FTE
Unaudited

	Three Months Ended December 31,						Year Ended December 31,					
	2020			2019			2020			2019		
	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												
Earning assets:												
Interest earning deposits and federal funds sold	$ 1,762,810	$ 428	0.10%	$ 668,403	$ 2,756	1.64%	$ 1,535,977	$ 5,665	0.37%	$ 353,528	$ 6,758	1.91%
Investment securities:												
Taxable	2,036,253	9,066	1.77	1,892,693	11,820	2.48	1,993,667	40,547	2.03	2,099,522	52,812	2.52
Tax-exempt – FTE	1,485,224	6,034	1.62	457,026	4,207	3.65	1,080,459	24,561	2.27	485,946	18,041	3.71
Non-purchased loans – FTE	18,378,050	243,330	5.27	16,260,467	241,056	5.88	17,797,684	945,222	5.31	15,861,797	982,430	6.19
Purchased loans	881,372	16,069	7.25	1,365,846	22,152	6.43	1,069,250	70,812	6.62	1,661,205	106,908	6.44
Total earning assets – FTE	24,543,709	274,927	4.46	20,644,435	281,991	5.42	23,477,037	1,086,807	4.63	20,461,998	1,166,949	5.70
Non-interest earning assets	2,258,105			2,370,753			2,291,135			2,297,372		
Total assets	$26,801,814			$23,015,188			$25,768,172			$22,759,370		
LIABILITIES AND STOCKHOLDERS' EQUITY												
Interest bearing liabilities:												
Deposits:												
Savings and interest bearing transaction	$ 7,669,913	$ 4,483	0.23%	$ 8,212,286	$ 22,964	1.11%	$ 7,724,528	$ 37,428	0.48%	$ 9,039,984	$ 126,685	1.40%
Time deposits of $100 or more	6,314,394	17,144	1.08	3,914,548	21,281	2.16	5,524,751	83,956	1.52	3,449,197	73,336	2.13
Other time deposits	3,294,323	8,980	1.08	3,392,019	17,386	2.03	3,511,220	50,429	1.44	2,872,676	58,337	2.03
Total interest bearing deposits	17,278,630	30,607	0.70	15,518,853	61,631	1.58	16,760,499	171,813	1.03	15,361,857	258,358	1.68
Repurchase agreements with customers	8,239	6	0.29	11,840	11	0.37	7,825	23	0.29	13,502	50	0.37
Other borrowings [(1)]	750,961	1,011	0.54	11,742	34	1.16	721,350	3,179	0.44	94,399	1,531	1.62
Subordinated notes	223,996	3,207	5.70	223,615	3,216	5.71	223,850	12,758	5.70	223,469	12,757	5.71
Subordinated debentures [(1)]	120,400	963	3.18	119,842	1,094	3.62	120,190	4,384	3.65	119,629	5,664	4.73
Total interest bearing liabilities	18,382,226	35,794	0.77	15,885,892	65,986	1.65	17,833,714	192,157	1.08	15,812,856	278,360	1.76
Non-interest bearing liabilities:												
Non-interest bearing deposits	3,907,955			2,804,919			3,521,066			2,753,634		
Other non-interest bearing liabilities	289,298			210,936			261,169			217,809		
Total liabilities	22,579,479			18,901,747			21,615,949			18,784,299		
Common stockholders' equity	4,219,249			4,110,322			4,149,123			3,971,952		
Noncontrolling interest	3,086			3,119			3,100			3,119		
Total liabilities and stockholders' equity	$26,801,814			$23,015,188			$25,768,172			$22,759,370		
Net interest income – FTE		$ 239,133			$ 216,005			$ 894,650			$ 888,589	
Net interest margin – FTE			3.88%			4.15%			3.81%			4.34%

(1) The interest expense and the rates for "other borrowings" and for "subordinated debentures" were affected by capitalized interest. Capitalized interest included in other borrowings totaled $0.03 million for the fourth quarter and $0.68 million for the full year of 2020 compared to $0.04 million for the fourth quarter and $0.90 million for the full year of 2019. In the absence of this interest capitalization, the rates on other borrowings would have been 0.55% for the fourth quarter and 0.53% for the full year of 2020 and 2.64% for the fourth quarter and 2.58% for the full year of 2019. Capitalized interest included in subordinated debentures totaled $0.01 million for the fourth quarter and $0.18 million for the full year of 2020, compared to $0.45 million for the fourth quarter and $0.89 million for the full year of 2019. In the absence of this interest capitalization, the rates on subordinated debentures would have been 3.20% for the fourth quarter and 3.80% for the full year of 2020 and 5.10% for the fourth quarter and 5.48% for the full year of 2019.

Bank OZK
Reconciliation of Non-GAAP Financial Measures

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

Unaudited

	Three Months Ended			Year Ended	
	December 31,		September 30,		
	2020	2019	2020	2020	2019
	(Dollars in thousands)				
Net income available to common stockholders	$ 120,513	$ 100,806	$ 109,253	$ 291,898	$ 425,906
Average common stockholders' equity before noncontrolling interest	$4,219,249	$4,110,322	$ 4,148,409	$4,149,123	$3,971,952
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	(15,578)	(25,315)	(17,461)	(18,741)	(29,784)
Total average intangibles	(676,367)	(686,104)	(678,250)	(679,530)	(690,573)
Average tangible common stockholders' equity	$3,542,882	$3,424,218	$ 3,470,159	$3,469,593	$3,281,379
Return on average common stockholders' equity[1]	11.36%	9.73%	10.48%	7.04%	10.72%
Return on average tangible common stockholders' equity[1]	13.53%	11.68%	12.52%	8.41%	12.98%

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

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

Unaudited

	December 31,		September 30,
	2020	2019	2020
	(In thousands, except per share amounts)		
Total common stockholders' equity before noncontrolling interest	$ 4,272,271	$ 4,150,351	$ 4,186,285
Less intangible assets:			
Goodwill	(660,789)	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	(14,669)	(23,753)	(16,462)
Total intangibles	(675,458)	(684,542)	(677,251)
Total tangible common stockholders' equity	$ 3,596,813	$ 3,465,809	$ 3,509,034
Shares of common stock outstanding	129,350	128,951	129,342
Book value per common share	$ 33.03	$ 32.19	$ 32.37
Tangible book value per common share	$ 27.81	$ 26.88	$ 27.13

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

Unaudited

	December 31, 2020	December 31, 2019
	(Dollars in thousands)	
Total common stockholders' equity before noncontrolling interest	$ 4,272,271	$ 4,150,351
Less intangible assets:		
Goodwill	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	(14,669)	(23,753)
Total intangibles	(675,458)	(684,542)
Total tangible common stockholders' equity	$ 3,596,813	$ 3,465,809
Total assets	$ 27,162,596	$ 23,555,728
Less intangible assets:		
Goodwill	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	(14,669)	(23,753)
Total intangibles	(675,458)	(684,542)
Total tangible assets	$ 26,487,138	$ 22,871,186
Ratio of total common stockholders' equity to total assets	15.73%	17.62%
Ratio of total tangible common stockholders' equity to total tangible assets	13.58%	15.15%

Calculation of Pre-Tax Pre-Provision Net Revenue

Unaudited

	Three Months Ended December 31, 2020	Three Months Ended December 31, 2019	Three Months Ended September 30, 2020	Year Ended December 31, 2020	Year Ended December 31, 2019
			(Dollars in thousands)		
Income before taxes	$ 156,117	$ 136,039	$ 138,492	$ 376,180	$ 564,337
Provision for credit losses	6,750	4,938	7,200	203,639	26,241
Pre-tax pre-provision net revenue	$ 162,867	$ 140,977	$ 145,692	$ 579,819	$ 590,578

Exhibit 99.2

Bank OZK

MANAGEMENT COMMENTS FOR THE FOURTH QUARTER & FULL YEAR 2020

JANUARY 21, 2021

FORWARD LOOKING STATEMENTS

This presentation and other communications by Bank OZK (the "Bank") include certain "forward-looking statements" regarding the Bank's plans, expectations, thoughts, beliefs, estimates, goals and outlook for the future that are intended to be covered by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on management's expectations as well as certain assumptions and estimates made by, and information available to, management at the time. Those statements are not guarantees of future results or performance and are subject to certain known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those expressed in, or implied by, such forward-looking statements. These risks, uncertainties and other factors include, but are not limited to: potential delays or other problems implementing the Bank's growth, expansion and acquisition strategies, including delays in identifying satisfactory sites, hiring or retaining qualified personnel, obtaining regulatory or other approvals, obtaining permits and designing, constructing and opening new offices or relocating, selling or closing existing offices; the ability to enter into and/or close additional acquisitions; the availability of and access to capital; possible downgrades in the Bank's credit ratings or outlook which could increase the costs 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, the Consolidated Appropriations Act of 2021, and any similar or related laws, rules and regulations; changes in U.S. government monetary and fiscal policy, including changes that result from the recent U.S. elections; FDIC special assessments or changes to regular assessments; the ability to keep pace with technological changes, including changes regarding maintaining cybersecurity; the impact of failure in, or breach of, our operational or security systems or infrastructure, or those of third parties with whom we do business, including as a result of cyber-attacks or an increase in the incidence or severity of fraud, illegal payments, security breaches or other illegal acts impacting the Bank or its customers; natural disasters or acts of war or terrorism; the adverse effects of the ongoing global COVID-19 pandemic, including the magnitude and duration of the COVID-19 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 financial markets; national, 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") methodology 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.

Summary

We are pleased to report our excellent results for the fourth quarter of 2020. Highlights of the quarter are as follows:

- ***Outstanding Financial Results.*** Our $120.5 million of net income for the fourth quarter was up 19.5% from the fourth quarter of 2019 and was our second best quarterly net income ever. Importantly, our net interest income for the quarter was a record $237.6 million, an increase of $12.9 million sequentially, or 5.8% not annualized, from the third quarter of 2020. Diluted earnings per common share for the fourth quarter of 2020 were $0.93, a 19.2% increase from the fourth quarter of 2019.
- ***Strong RESG Origination Volume.*** Loan originations for our Real Estate Specialties Group ("RESG") for the fourth quarter and full year of 2020 were $1.77 billion and $6.59 billion, respectively. It is a great credit to our RESG team and evidence of our leadership in the sector, that RESG's 2020 origination volume exceeded its 2019 origination volume.
- ***Excellent Asset Quality.*** Our continued focus on asset quality showed very well throughout 2020 as reflected in our annualized net charge-off ratios for the quarter just ended of 0.14% for both non-purchased loans (loans we originated) and total loans. For the full year of 2020, our net charge-off ratio for non-purchased loans was just 0.09% and for total loans was 0.16%. Our December 31, 2020 ratios of nonperforming non-purchased loans to total non-purchased loans and nonperforming assets to total assets[1] were just 0.25% and 0.21%, respectively.
- ***Strong Deposit Growth.*** Our commitment to our customers and communities, combined with our reputation for strength, stability and service, allowed us to achieve $163 million of deposit growth during the quarter, bringing our deposit growth for the full year of 2020 to $2.98 billion.
- ***Robust Capital.*** Our strong capital position is among the best in the industry. At December 31, 2020, all of our regulatory capital ratios were substantially above the regulatory ratios required to be considered "well-capitalized." This positions us well to navigate the current economic environment and to capitalize on future opportunities.
- ***Excellent Efficiency.*** Our efficiency ratio for the quarter was 38.6%, our best quarterly result for 2020 and among the best in the industry.

2020 was a challenging year, requiring agility and strong execution. Our team came through really well in 2020, and we ended the year well positioned for 2021.

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

Profitability and Earnings Metrics

Net income for the fourth quarter of 2020 was $120.5 million, a 19.5% increase from $100.8 million for the fourth quarter of 2019. Diluted earnings per common share for the fourth quarter of 2020 were $0.93, a 19.2% increase from $0.78 for the fourth quarter of 2019. For the full year of 2020, net income was $291.9 million, a 31.5% decrease from $425.9 million for 2019. Diluted earnings per common share for the full year of 2020 were $2.26, a 31.5% decrease from $3.30 for 2019. Net income and diluted earnings per share for the full year of 2020 reflected the substantial reserve build during the first two quarters of 2020 related to the actual and expected economic impacts of the COVID-19 pandemic.

Our annualized return on average assets was 1.79% for the fourth quarter of 2020 compared to 1.74% for the fourth quarter of 2019. Our annualized returns on average common stockholders' equity and average tangible common stockholders' equity[2] for the fourth quarter of 2020 were 11.36% and 13.53%, respectively, compared to 9.73% and 11.68%, respectively, for the fourth quarter of 2019. Our returns on average assets, average common stockholders' equity and average tangible common stockholders' equity for the full year of 2020 were 1.13%, 7.04% and 8.41%, respectively, compared to 1.87%, 10.72% and 12.98%, respectively, for 2019. The year-over-year comparisons once again reflect the impacts of the COVID-19 pandemic-related reserves.

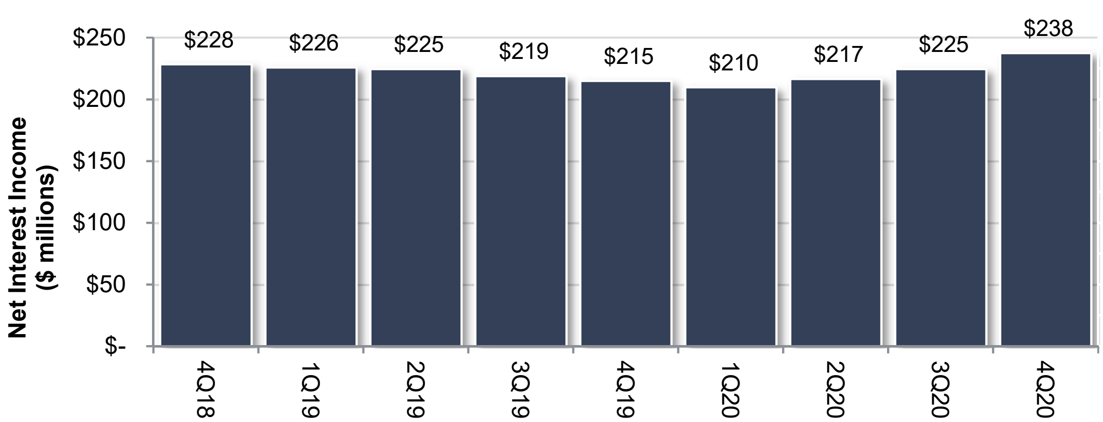
[2] The calculation of the Bank's return on average tangible common stockholders' equity and the reconciliation to GAAP are included in the schedule at the end of this presentation.

Net Interest Income

Net interest income is our largest category of revenue. It is affected by many factors, including our volume and mix of earning assets; volume and mix of deposits and other liabilities; net interest margin; core spread, 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 shown in Figure 1 below, our net interest income for the fourth quarter of 2020 increased for the third consecutive quarter and was a quarterly record $237.6 million, an increase of 10.5% from net interest income of $215.0 million for the fourth quarter of 2019. Improvements during the quarter in our core spread and net interest margin, which increased from the previous quarter by 30 and 19 basis points ("bps"), respectively, were important factors in achieving this record net interest income. During the quarter, our income on non-purchased loans benefited from favorable levels of minimum interest and loan fees, and our income on purchased loans benefited from favorable levels of accretion income from collections on previously charged-off and non-accrual purchased loans. Net interest income for the full year of 2020 was $888.6 million, an increase of 0.5% from $884.2 million for 2019.

Figure 1: Quarterly Net Interest Income



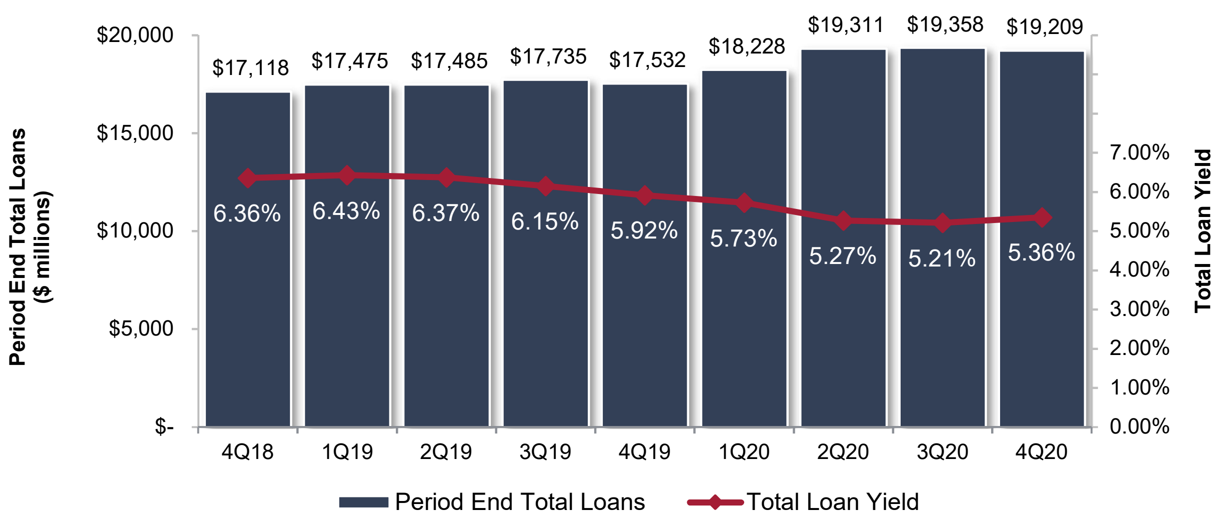
Average Earning Assets – Volume and Mix

Our average earning assets for the quarter just ended totaled $24.5 billion, an 18.9% increase from $20.6 billion for the fourth quarter of 2019. Average earning assets were $23.5 billion for the full year of 2020, a 14.7% increase from $20.5 billion for 2019.

Total Loans

During the quarter just ended, our outstanding balance of total loans decreased $149 million from September 30, 2020, or 0.8% not annualized, as illustrated in Figure 2. For the full year of 2020, our outstanding balance of total loans increased $1.68 billion, or 9.6% from yearend 2019.

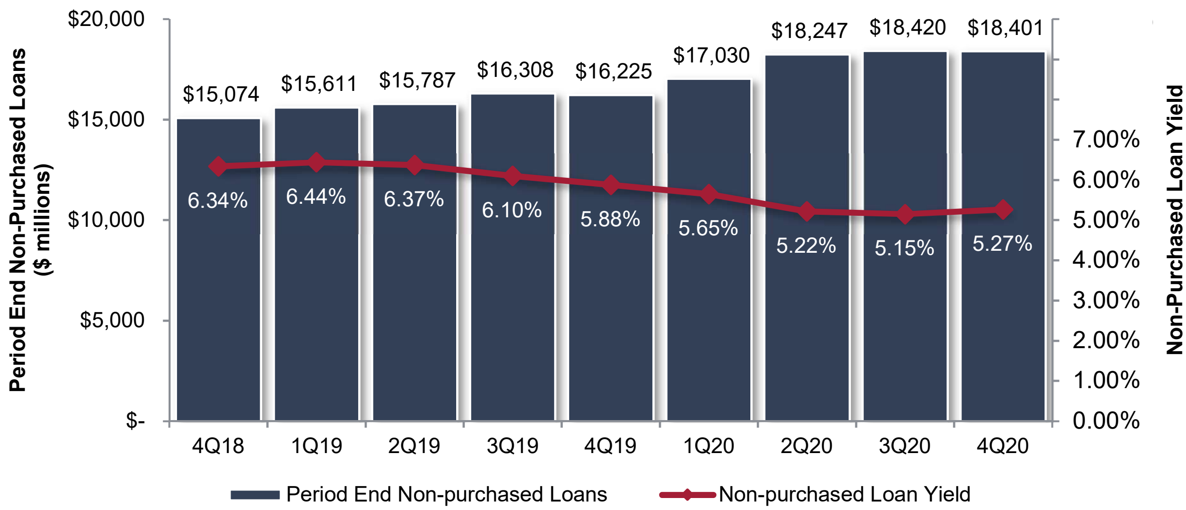
Figure 2: Total Loan Balances and Yields



Non-purchased Loans

Non-purchased loans, which are all loans excluding the remaining loans from our 15 acquisitions, accounted for 95.4% of our average total loans and 74.9% of our average earning assets in the quarter just ended. During the quarter, due to significant loan repayments, our outstanding balance of non-purchased loans decreased slightly by approximately $19 million, or 0.1% not annualized, as illustrated in Figure 3. For the full year of 2020, our outstanding balance of non-purchased loans increased $2.18 billion, or 13.4%.

Figure 3: Non-Purchased Loan Balances and Yields



RESG accounted for 63% of the funded balance of non-purchased loans as of December 31, 2020. RESG's funded balance of non-purchased loans increased $0.26 billion in the fourth quarter and increased $2.20 billion during the full year of 2020. Figures 4 and 5, respectively, reflect the changes in the funded balance of RESG loans for the fourth quarter and the full year of 2020.

Figure 4: Activity in RESG Funded Balances – 4Q20 ($ billions)

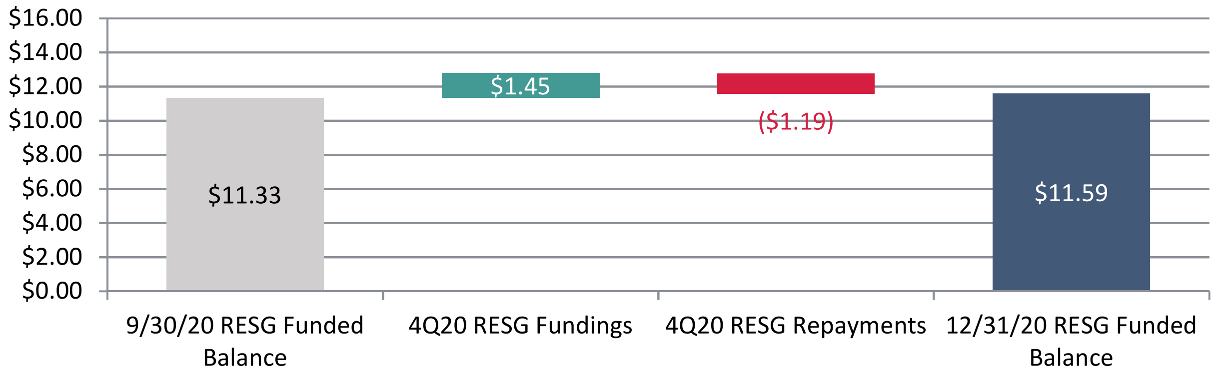


Figure 5: Activity in RESG Funded Balances – 2020 ($ billions)

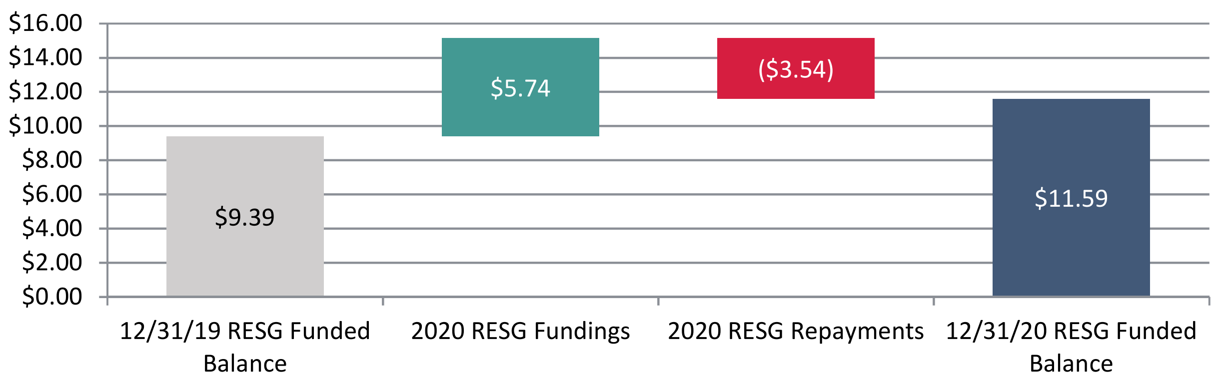


Figure 6 shows RESG's loan repayments for each of the last 20 quarters. RESG loan repayments were $1.19 billion in the quarter just ended, and $3.54 billion for the full year of 2020. After being restrained earlier in the year by the various impacts of the COVID-19 pandemic, repayments in the quarter just ended were our highest quarterly level of 2020. We expect RESG loan repayments in 2021 will likely be above the record $5.67 billion level in 2019, making RESG loan repayments a meaningful headwind, as in some

Figure 6: RESG Quarterly Loan Repayments ($ billions)

	Q1	Q2	Q3	Q4	Total
FY2016	$0.21	$0.41	$0.69	$0.48	$1.79
FY2017	$0.57	$0.98	$0.87	$1.45	$3.86
FY2018	$0.79	$1.40	$1.52	$1.11	$4.82
FY2019	$1.13	$1.54	$1.34	$1.66	$5.67
FY2020	$1.00	$0.69	$0.65	$1.19	$3.54

prior years, to 2021 loan growth. The level of repayments may vary substantially from quarter-to-quarter and may have an outsized impact in one or more quarters.

Construction delays resulting from the COVID-19 pandemic, including delays due to shelter in place orders, had an impact on the volume and timing of RESG loan repayments in 2020. At this time, construction and development activity has returned to essentially normal levels on the projects RESG is financing. In most cases, we are relatively indifferent as to whether a project completes on its original schedule or months later, unless there are delivery date requirements in sales or lease contracts which would allow those contracts to be cancelled due to delayed completion. Typically our loans have sufficient cushions built into the timelines to allow for moderate, or even longer, construction delays. Likewise, project budgets usually have sufficient contingency reserves to cover the additional interest and other carry costs resulting from moderate delays. On the positive side, project delays allow us to earn additional interest on our loans as the balances will be outstanding somewhat longer.

Recent disruptions in financial markets were another factor affecting the volume and timing of RESG loan repayments in 2020. With the onset of the COVID-19 pandemic, some bridge and permanent lenders (which would typically provide our sponsors much higher leverage and lower rates and pay off our loans soon after completion of construction) pulled back from the market. This has allowed us to maintain many good yielding, high-quality, low-leverage loans in our portfolio for additional months or quarters, letting us earn additional interest income. As 2020 progressed, we continued to see more bridge and permanent lenders return to the market.

Figure 7 illustrates the cadence of RESG loan originations and repayments. It shows the amount of each year's originations which have been repaid and which remain as outstanding commitments, both funded and unfunded.

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

** Amounts paid down are not shown for pre-2014 originations*

Figure 8 shows RESG's loan originations for each of the last 20 quarters. RESG loan originations for the fourth quarter and full year of 2020 were $1.77 billion and $6.59 billion, respectively. We were also pleased to see our origination volume for the quarter just ended at our highest level of the year. Our long-standing focus has been, and will continue to be, on maintaining our credit quality and return standards, even if maintaining those standards affects our origination volume and loan growth.

Figure 8: RESG Quarterly Loan Originations ($ billions)

	Q1	Q2	Q3	Q4	Total
FY2016	$1.81	$1.98	$1.79	$2.56	$8.14
FY2017	$2.30	$2.04	$2.21	$2.56	$9.11
FY2018	$1.00	$1.19	$1.47	$1.08	$4.74
FY2019	$1.86	$1.15	$2.03	$1.44	$6.48
FY2020	$1.76	$1.67	$1.40	$1.77	$6.59

Even though some sponsors have elected to pause commencement of new projects until future conditions clarify, we continue to be encouraged by our RESG pipeline of potential originations. RESG's origination volume may vary significantly from quarter-to-quarter and may be impacted by economic conditions, competition or other factors.

At December 31, 2020, RESG accounted for 90% of our $11.85 billion of unfunded balance of loans already closed. Figures 9 and 10, respectively, reflect the changes in the unfunded balance of our loans already closed, both RESG and others, for the fourth quarter and full year of 2020. The total unfunded balance increased slightly by approximately $0.2 billion during the quarter and increased $0.5 billion, or 4.6%, for the full year of 2020. Future quarterly increases or decreases in this unfunded balance will vary based on a variety of factors.

Figure 9: Activity in Unfunded Balances – 4Q20 ($ billions)

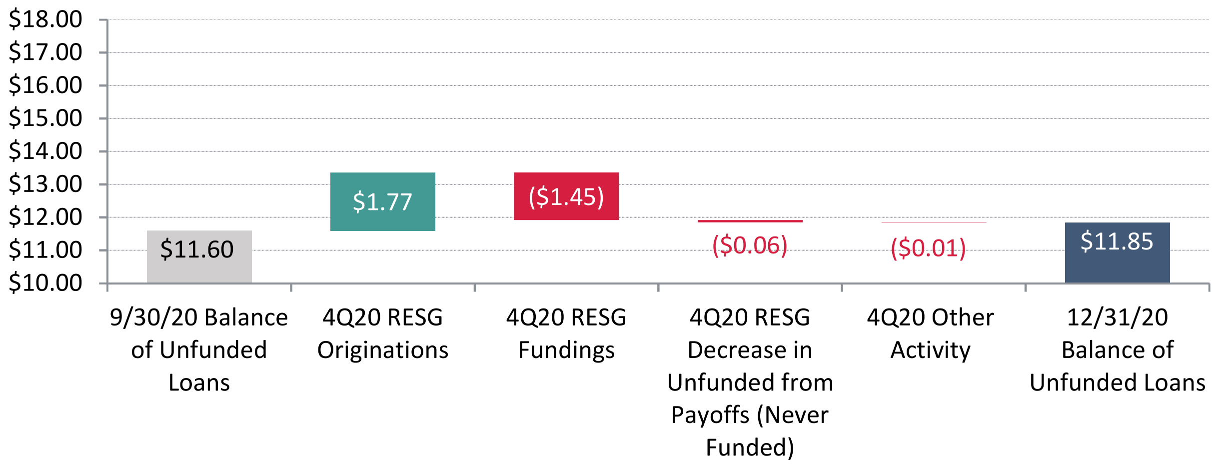
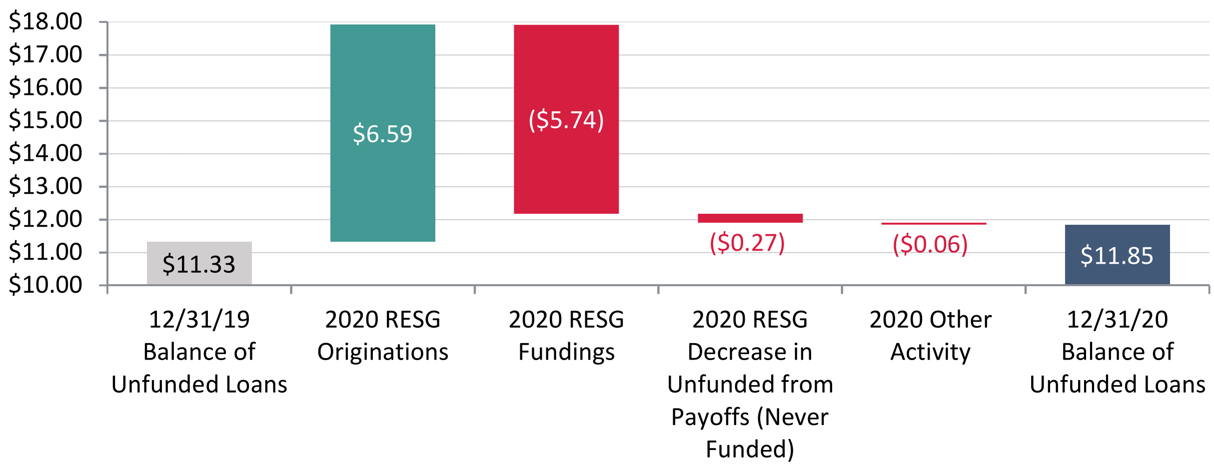


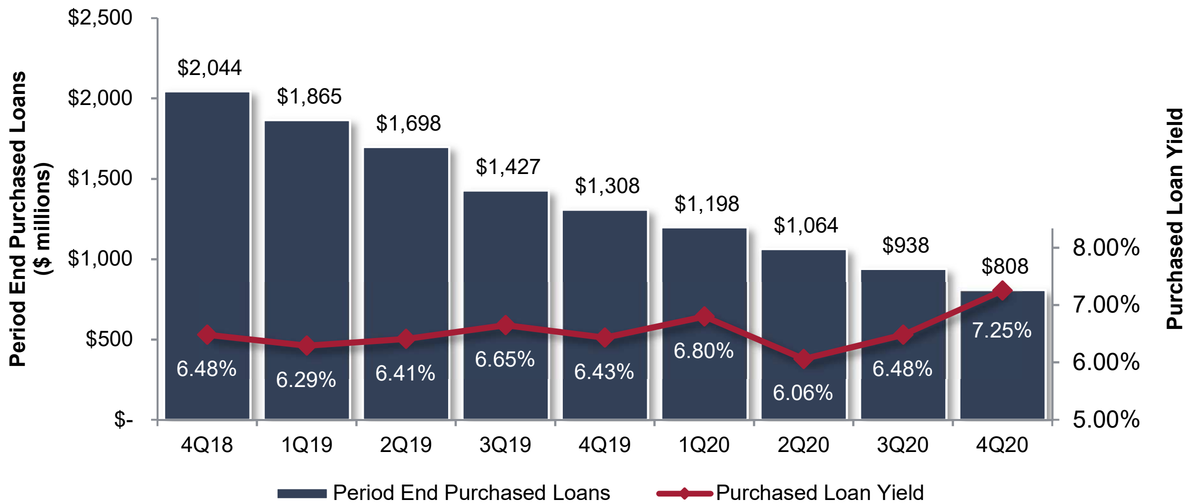
Figure 10: Activity in Unfunded Balances – 2020 ($ billions)



Purchased Loans

Purchased loans, which are the remaining loans from our 15 acquisitions, accounted for 4.6% of average total loans and 3.6% of our average earning assets in the quarter just ended. During the quarter, our purchased loan portfolio decreased $0.13 billion, or 13.9% not annualized, to $0.81 billion at December 31, 2020. For the full year of 2020, our purchased loan portfolio decreased by $0.50 billion, or 38.2%. Purchased loan runoff will continue to be a headwind to overall loan growth in 2021. Figure 11 shows our recent purchased loan portfolio trends.

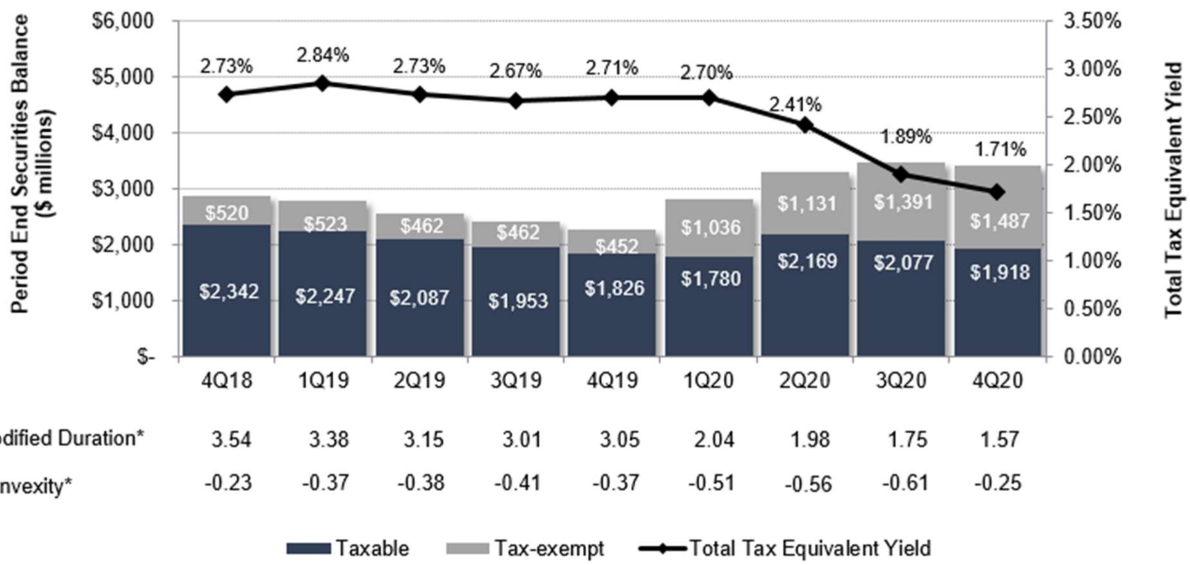
Figure 11: Purchased Loan Balances and Yields



Investment Securities

During the fourth quarter, our investment securities portfolio decreased $0.06 billion, but for the full year of 2020 it increased $1.13 billion to $3.41 billion at December 31, 2020, as illustrated in Figure 12. During 2020, our liquidity position increased, and we continued to purchase high-quality, very short-term securities, which have relatively low yields reflective of their quality and short-term nature. As shown in Figure 12 below, this has had a dilutive effect on our investment portfolio yield throughout 2020. 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.

Figure 12: Investment Portfolio Loan Balances and Yields



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

Net Interest Margin

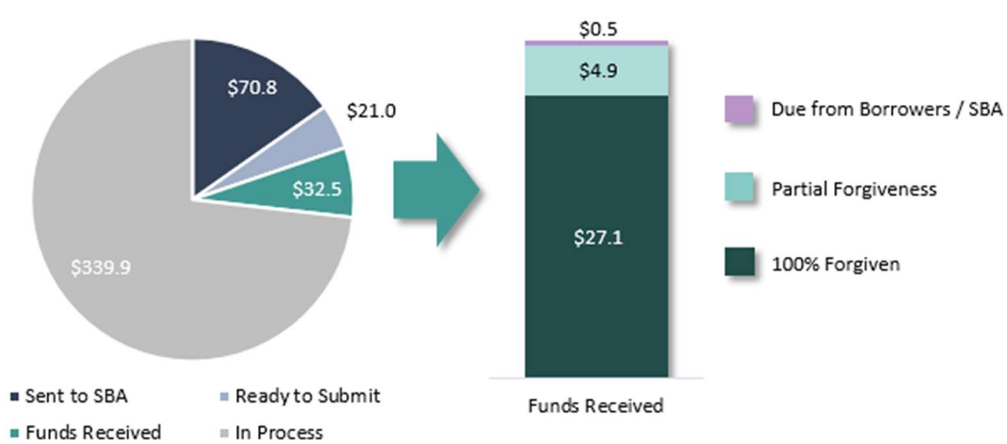
Our net interest margin was 3.88% for the quarter just ended, down 27 bps from the fourth quarter of 2019, but up 19 bps from the third quarter of 2020. The Fed's substantial and rapid cuts in the Fed funds target rate in the first quarter of 2020 caused our loan yields to drop much more rapidly than we were initially able to adjust our deposit rates. In addition, throughout 2020, we held increased amounts of liquidity in the form of cash balances and very short-term securities, and this additional liquidity has had a negative impact on our net interest margin.

Non-purchased Loan Yield

As previously shown in Figure 3, our yield on non-purchased loans was 5.27% for the quarter just ended, a decrease of 61 bps from the fourth quarter of 2019, but an increase of 12 bps from the third quarter of 2020. Our yield on non-purchased loans benefited in the quarter just ended from favorable levels of minimum interest and loan fees, which tend to vary from quarter to quarter. Our yield on non-purchased loans was 5.31% for the full year of 2020, a decrease of 88 bps from 2019.

As of December 31, 2020, our outstanding balance of loans originated under the Small Business Administration's Paycheck Protection Program ("PPP") was $0.43 billion. Such PPP loans have a contractual interest rate of 1%. We are accreting the fees associated with these loans into income over the life of the loans, resulting in a total effective annualized yield on such loans of approximately 3.4% during the quarter just ended. During the quarter, we recognized $0.7 million of previously un-accreted net deferred fees from $27.1 million of PPP loans that received full forgiveness and paid off. As of December 31, 2020, we had $10.5 million of un-accreted net deferred fees associated with the remaining balance of our PPP loans. While the timing for the forgiveness or repayment of our remaining PPP loans is not clear, our current expectation is that the majority of such loans will be forgiven in the first half of 2021.

Figure 13: PPP Loan Forgiveness Status as of December 31, 2020 ***($ millions)***



Variable Rate Loans

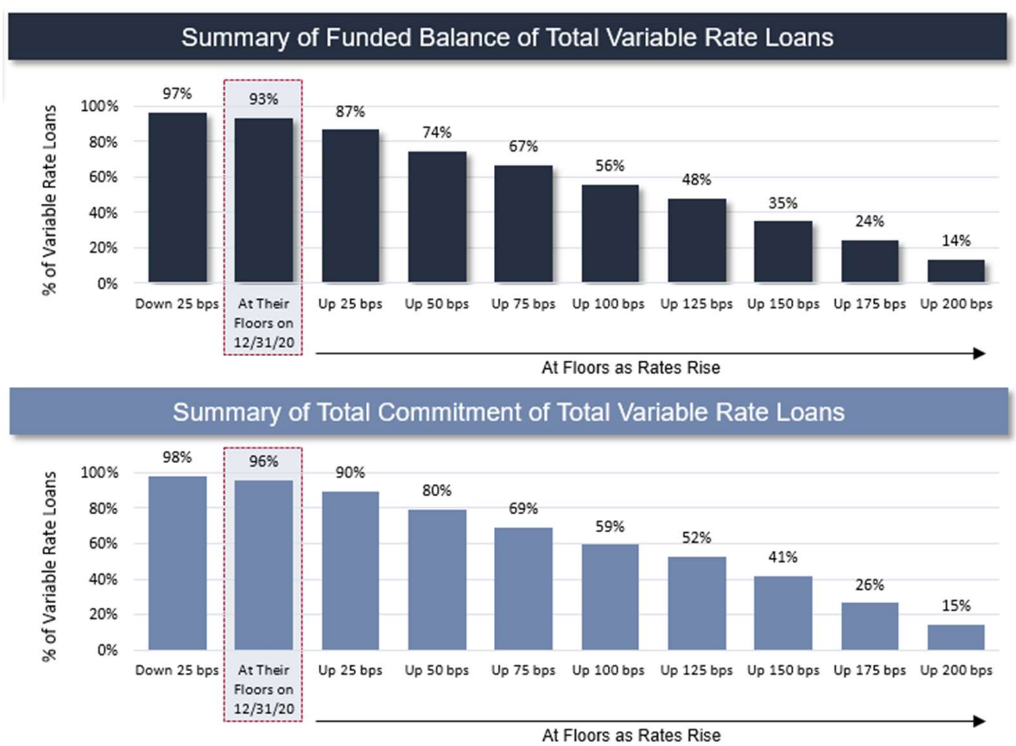
At December 31, 2020, 77% of our funded balance of non-purchased loans and 37% of our funded balance of purchased loans had variable rates. As shown in Figure 14, at December 31, 2020, 82.5% of our total funded balance of variable rate loans were tied to 1-month LIBOR, 1.2% were tied to 3-month LIBOR and 14.8% were tied to WSJ Prime.

Figure 14: Summary of Funded Balance of Variable Rate Loan Indexes as of December 31, 2020

% of Variable Rate Non-Purchased Loan Portfolio Tied to Index		% of Variable Rate Purchased Loan Portfolio Tied to Index		% of Variable Rate Total Loan Portfolio Tied to Index	
1-Month LIBOR	83.9%	1-Month LIBOR	16.8%	1-Month LIBOR	82.5%
3-Month LIBOR	1.2%	3-Month LIBOR	0.0%	3-Month LIBOR	1.2%
WSJ PRIME	13.9%	WSJ PRIME	55.7%	WSJ PRIME	14.8%
Other	1.0%	Other	27.5%	Other	1.5%

At December 31, 2020, 99% of our funded variable rate total loans (non-purchased and purchased) had floor rates. As of December 31, 2020, 93% of the funded balance of total loans in our variable rate loan portfolio were at their floors, and 96% of the total commitment of variable rate loans were at their floors. Figure 15 illustrates the volume of our funded balance and our total commitments, respectively, of total variable rate loans that would be at their floors with future moves, either up or down, in interest rates.

Figure 15: Impact of Floors in Variable Rate Loans (Funded Balance and Total Commitment) as of December 31, 2020



Purchased Loan Yield

As previously shown in Figure 11, in the fourth quarter of 2020, our yield on purchased loans was 7.25%. This was our highest quarterly yield on purchased loans since the second quarter of 2015. It also represented an 82 basis point increase from the fourth quarter of 2019 and a 77 basis point increase from the third quarter of 2020. During the quarter just ended, we benefitted from approximately $1.7 million of additional accretion income from purchased loans compared to the prior quarter, which included collections by our Special Assets Division on previously charged-off and non-accrual purchased loans, which income tends to vary from quarter to quarter.

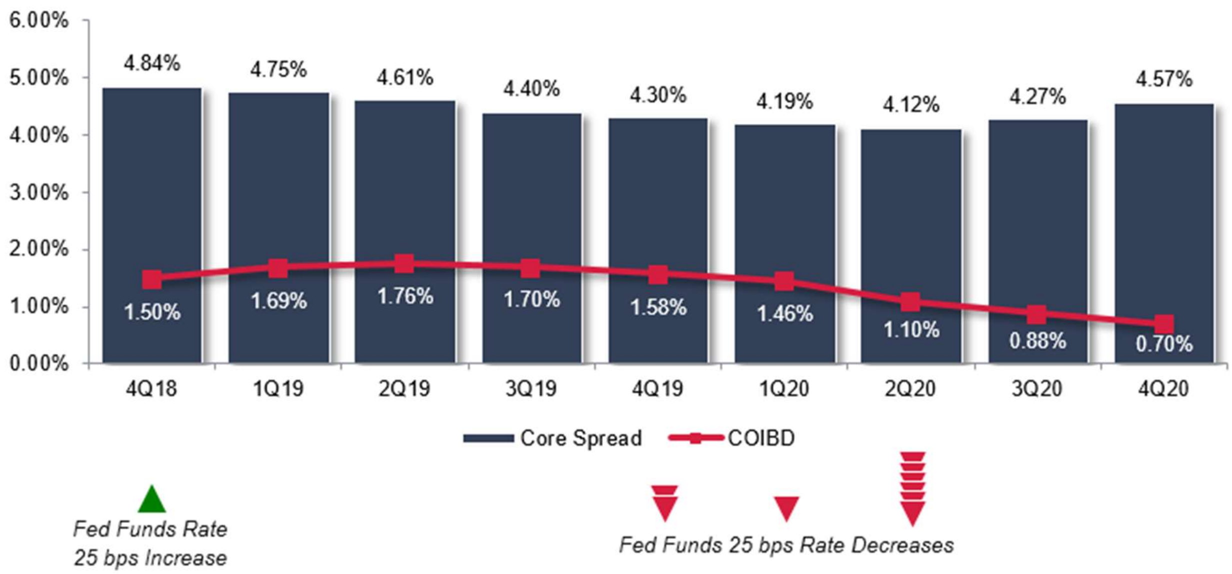
Investment Portfolio Yield

As previously shown in Figure 12, in the fourth quarter of 2020, the yield on our investment portfolio was 1.71%, on a fully taxable equivalent basis, a 100 basis point decrease from the fourth quarter of 2019, and an 18 basis point decrease from the third quarter of 2020.

Core Spread

From the third quarter of 2019 through the first quarter of 2020, the Federal Reserve decreased the Fed funds target rate a total of 225 bps, including 150 bps in March 2020 in response to the onset of the COVID-19 pandemic. As a result, our loan yields declined more quickly than we could initially lower our COIBD, resulting in reductions in both our net interest margin and core spread. More recently, our core spread has rebounded from 4.12% in the second quarter of 2020 to 4.27% in the third quarter and 4.57% in the fourth quarter. Our net interest margin improved from 3.69% in the third quarter of 2020 to 3.88% in the quarter just ended. As reflected in Figure 16, decreasing our COIBD has been a significant factor in our accomplishing the recent improvements in core spread and net interest margin.

Figure 16: COIBD and Core Spread



We expect we can continue to lower many of our deposit rates, and thereby continue to lower our COIBD. For example, Figure 17 shows our volume and average interest rates on time deposits maturing over the next four quarters and thereafter compared to our results for new and renewed time deposits in the fourth quarter of 2020. Whether or not any further reductions in our COIBD will result in improvements in our core spread and net interest margin will depend on a number of factors, including our ability to maintain loan yields at or near current levels in an increasingly competitive environment.

Figure 17: Time Deposit Maturity Schedule

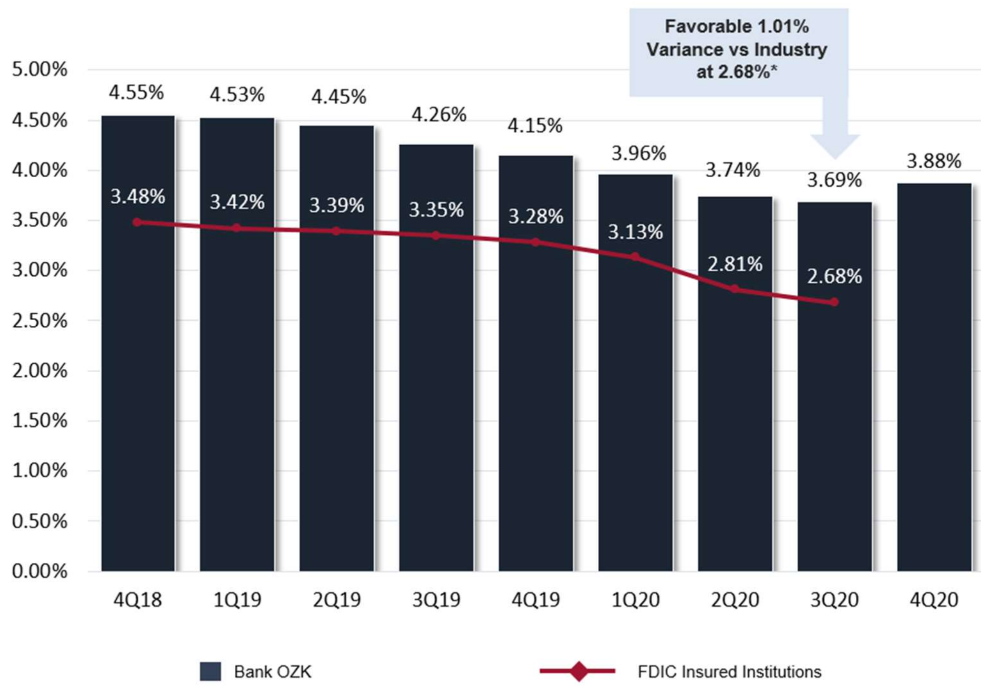
($ millions)	Time Deposits	Wtd. Avg. Rate at 12/31/2020
1Q21	$ 1,600	1.19%
2Q21	3,163	1.13%
3Q21	2,278	0.85%
4Q21	1,097	0.67%
2022 & Beyond	1,154	0.83%
Total	**$ 9,293**	**0.98%**

New and Renewed Time Deposits		
4th Quarter 2020	**$ 1,647**	**0.56%**

Net Interest Margin

We achieved a 19 basis point increase in net interest margin during the fourth quarter compared to the third quarter of 2020. This was our first quarter-over-quarter increase in net interest margin since the fourth quarter of 2018. We continue to outperform the industry on net interest margin, as shown in Figure 18. In fact, in the third quarter of 2020, the latest quarter for which comparative data is available, our net interest margin outperformed the industry by 101 bps, a widening of our outperformance by eight bps from the immediately preceding quarter.

Figure 18: Quarterly Net Interest Margin (%)



**Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated third quarter 2020.*

Non-interest Income

Non-interest income for the fourth quarter of 2020 was $28.7 million, a 5.7% decrease from $30.4 million for the fourth quarter of 2019. Non-interest income for the quarter just ended included gains of $3.79 million on the sales of our only two Alabama branches. For the full year of 2020, non-interest income was $104.6 million, a 2.7% decrease from $107.5 million for 2019. The COVID-19 pandemic has significantly impacted customer activity which reduced certain categories of non-interest income, including income from service charges on deposit accounts, in recent quarters. Figures 19 and 20, respectively, summarize non-interest income for the most recent nine quarters and year-over-year trends for the fourth quarter and full year of 2020.

Figure 19: Quarterly Trends in Non-interest Income *($ thousands)*

	For the Three Months Ended								
	12/31/2018	3/31/2019	6/30/2019	9/30/2019	12/31/2019	3/31/2020	6/30/2020	9/30/2020	12/31/2020
Service charges on deposit accounts	$ 10,585	$ 9,722	$ 10,291	$ 10,827	$ 10,933	$ 10,009	$ 8,281	$ 9,427	$ 9,983
Trust income	1,821	1,730	1,839	1,975	2,010	1,939	1,759	1,936	1,909
BOLI income									
Increase in cash surrender value	5,269	5,162	5,178	5,208	5,167	5,067	5,057	5,081	5,034
Death benefit	482	-	-	206	2,989	608	-	-	-
Other income from purchased loans	2,370	795	1,455	674	759	-	-	-	-
Loan service, maintenance and other fees	5,245	4,874	4,565	4,197	4,282	3,716	3,394	3,351	3,797
Net gains on investment securities	-	-	713	-	-	2,223	-	2,244	-
Gains (losses) on sales of other assets	465	284	402	189	1,358	161	621	891	5,189
Other	1,323	1,505	2,160	3,170	2,908	3,957	2,479	3,746	2,749
Total non-interest income	$ 27,560	$ 24,072	$ 26,603	$ 26,446	$ 30,406	$ 27,680	$ 21,591	$ 26,676	$ 28,661

Figure 20: Trends in Non-interest Income - 2019 vs. 2020 *($ thousands)*

	For the Year Ended			For the Three Months Ended		
	12/31/2019	12/31/2020	% Change	12/31/2019	12/31/2020	% Change
Service charges on deposit accounts	$ 41,774	$ 37,699	-9.8%	$ 10,933	$ 9,983	-8.7%
Trust income	7,554	7,544	-0.1%	2,010	1,909	-5.0%
BOLI income						
Increase in cash surrender value	20,715	20,239	-2.3%	5,167	5,034	-2.6%
Death benefit	3,194	608	NM	2,989	-	NM
Other income from purchased loans	3,684	-	NM	759	-	NM
Loan service, maintenance and other fees	17,917	14,257	-20.4%	4,282	3,797	-11.3%
Net gains on investment securities	713	4,467	NM	-	-	NM
Gains (losses) on sales of other assets	2,233	6,863	NM	1,358	5,189	NM
Other	9,743	12,931	32.7%	2,908	2,749	-5.5%
Total non-interest income	$ 107,527	$ 104,608	-2.7%	$ 30,406	$ 28,661	-5.7%

Non-interest Expense

Non-interest expense for the fourth quarter of 2020 was $103.4 million, a 1.0% decrease from $104.4 million in the fourth quarter of 2019. For the full year of 2020, non-interest expense was $413.4 million, a 3.1% increase from $401.1 million for the full year of 2019.

The unique operating environment of 2020 caused many changes in our expense base. We believe some of these changes to our business will be more permanent, as we have adjusted many aspects of branch operations and staffing, accelerated our already important emphasis on mobile banking and other technology solutions, adjusted certain product offerings, and made many other changes that we feel are more appropriate for the current and expected future operating environment. During 2020, we eliminated dozens of positions that were no longer needed or productive, while adding new headcount to address the changing needs and expectations of our customers in this rapidly evolving environment. We have evaluated and will continue to evaluate our branches to ensure we have an optimal branch network. In early 2021, we expect to open two branches in Atlanta, Georgia; close one branch in Russellville, Arkansas; and complete the previously announced sale of our only two branches in South Carolina, which sale is expected to result in an estimated gain of $4 to $5 million.

Figures 21 and 22, respectively, summarize non-interest expense for the most recent nine quarters and year-over-year trends for the fourth quarter and full year of 2020.

Figure 21: Quarterly Trends in Non-interest Expense *($ thousands)*

	For the Three Months Ended								
	12/31/2018	3/31/2019	6/30/2019	9/30/2019	12/31/2019	3/31/2020	6/30/2020	9/30/2020	12/31/2020
Salaries & employee benefits	$ 41,837	$ 44,868	$ 47,558	$ 48,376	$ 52,050	$ 51,473	$ 48,410	$ 53,119	$ 53,832
Net occupancy and equipment	14,027	14,750	14,587	14,825	14,855	15,330	15,756	16,676	15,617
Professional and outside services	8,325	8,564	8,105	9,204	7,156	7,043	7,939	8,647	7,345
Advertising and public relations	1,472	1,683	1,671	2,067	1,822	1,703	1,704	1,557	1,086
Telecommunication services	3,023	3,344	2,810	2,094	2,335	2,177	2,334	2,352	2,296
Software and data processing	3,943	4,709	4,757	5,095	4,974	4,974	5,145	5,431	5,729
Travel and meals	2,482	2,669	2,939	2,777	2,845	2,102	710	689	835
FDIC insurance and state assessments	3,672	3,652	3,488	2,505	3,780	3,420	4,585	3,595	3,647
Amortization of intangibles	3,144	3,145	3,012	2,907	2,854	2,795	2,582	1,914	1,794
Postage and supplies	2,214	2,103	2,058	2,040	2,483	2,053	1,892	1,808	1,709
ATM expense	544	987	1,099	1,277	1,263	1,160	1,002	1,604	1,490
Loan collection and repossession expense	1,077	984	918	317	600	694	857	1,030	481
Writedowns of foreclosed assets	1,841	562	594	354	910	879	720	488	1,582
Other expenses	7,292	4,658	5,535	7,076	6,479	7,622	7,317	6,731	5,951
Total non-interest expense	$ 94,893	$ 96,678	$ 99,131	$ 100,914	$ 104,406	$ 103,425	$ 100,953	$ 105,641	$ 103,394

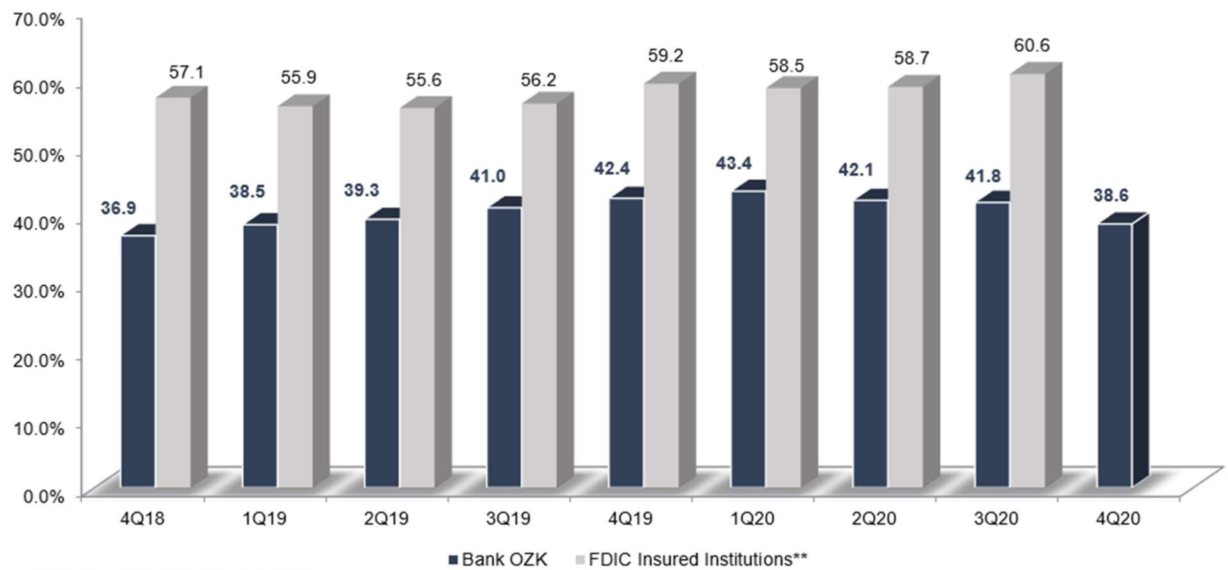
Figure 22: Trends in Non-interest Expense - 2019 vs. 2020 *($ thousands)*

	For the Year Ended			For the Three Months Ended		
	12/31/2019	12/31/2020	% Change	12/31/2019	12/31/2020	% Change
Salaries & employee benefits	$ 192,851	$ 206,834	7.3%	$ 52,050	$ 53,832	3.4%
Net occupancy and equipment	59,018	63,379	7.4%	14,855	15,617	5.1%
Professional and outside services	33,030	30,974	-6.2%	7,156	7,345	2.6%
Advertising and public relations	7,242	6,050	-16.5%	1,822	1,086	-40.4%
Telecommunication services	10,583	9,159	-13.5%	2,335	2,296	-1.7%
Software and data processing	19,535	21,279	8.9%	4,974	5,729	15.2%
Travel and meals	11,230	4,336	-61.4%	2,845	835	-70.7%
FDIC insurance and state assessments	13,425	15,247	13.6%	3,780	3,647	-3.5%
Amortization of intangibles	11,918	9,085	-23.8%	2,854	1,794	-37.1%
Postage and supplies	8,684	7,462	-14.1%	2,483	1,709	-31.2%
ATM expense	4,626	5,256	13.6%	1,263	1,490	18.0%
Loan collection and repossession expense	2,818	3,062	8.7%	600	481	NM
Writedowns of foreclosed assets	2,419	3,669	51.7%	910	1,582	73.8%
Other expenses	23,751	27,621	16.3%	6,479	5,951	-8.1%
Total non-interest expense	$ 401,130	$ 413,413	3.1%	$ 104,406	$ 103,394	-1.0%

Efficiency Ratio

As shown in Figure 23, in the quarter just ended, our efficiency ratio was 38.6%, and for the full year of 2020, it was 41.4%. Our efficiency ratio remains among the best in the industry, having now been among the top decile of the industry for 19 consecutive years.*

Figure 23: Quarterly Efficiency Ratio (%)



** Data from S&P Global Market Intelligence.*
*** Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated third quarter 2020.*

Provision and Allowance for Credit Losses ("ACL")

Our total provision expense for the quarter just ended was $6.8 million. As of December 31, 2020, our allowance for loan losses ("ALL") for outstanding loans was $295.8 million, or 1.54% of total outstanding loans, and our reserve for potential losses on unfunded loan commitments was $81.5 million, or 0.69% of unfunded loan commitments, bringing our total ACL, which includes the ALL and the reserve for potential losses on our unfunded loans commitments, to $377.3 million. Our total ACL has only changed slightly from the levels at June 30 and September 30, 2020.

The calculations of our provision expense for the fourth quarter of 2020 and our total ACL at December 31, 2020 were based on a number of key estimates, assumptions and economic forecasts. We utilized the most recent economic forecasts provided by Moody's, including their latest updates released on January 12th and 14th, 2021. In our selection of macroeconomic scenarios, we assigned our largest weightings to the Moody's S3 (Moderate Recession) and Moody's S4 (Protracted Slump) scenarios and a lesser weighting to the Moody's baseline scenario. Our selection and weightings of these scenarios reflected the uncertainty about future U.S. economic conditions, including uncertainty about the course and duration of the COVID-19 pandemic, the timing and magnitude of any additional U.S. fiscal policy actions, global trade and geopolitical matters, and various other factors. We also included certain adjustments to increase our ACL to capture items that we thought were not fully reflected in our modeled results.

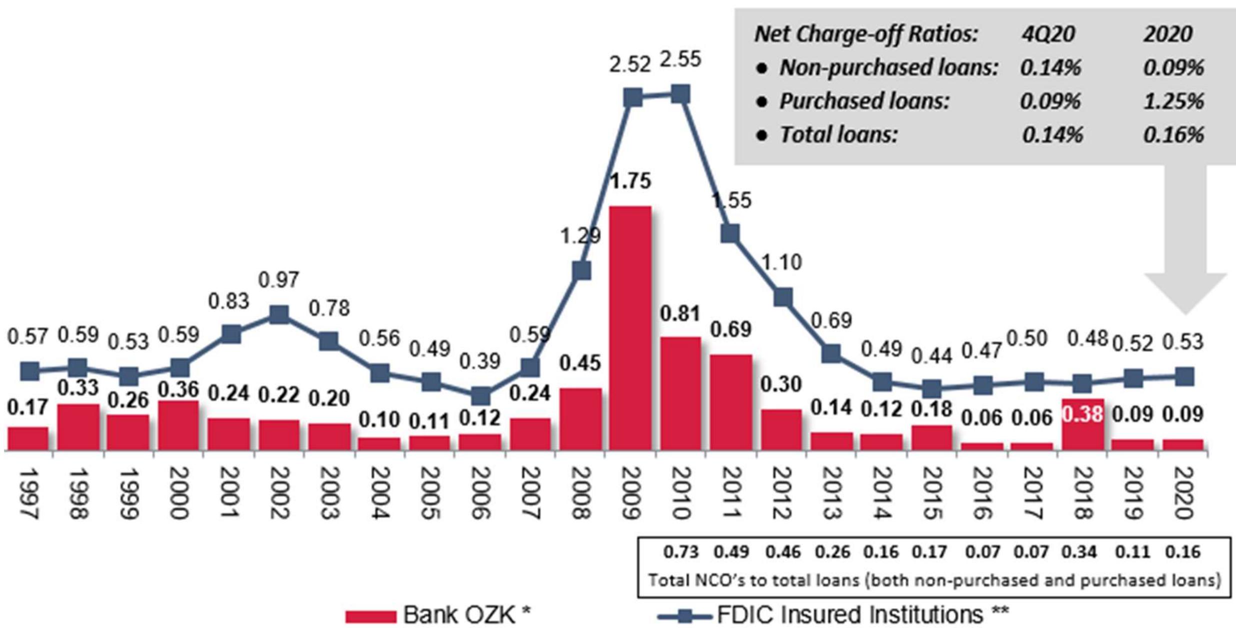
Our portfolio has performed very well in recent quarters, as our net charge-off ratio for total loans has remained excellent and continued to be in the middle of the range experienced over the last seven years. We have built our portfolio in a very conservative manner with the goal that it would perform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

We believe we were appropriate in our ACL build over the first two quarters of 2020, and we think our current ACL is appropriate in light of continuing economic uncertainty. Of course, if economic conditions deteriorate relative to our underlying assumptions as of December 31, 2020, then our provision expense in future quarters may again be elevated as it was in the first half of 2020. If future economic conditions align with our projections, then our provision expense in future quarters should primarily reflect provision expense needed to cover loan growth. If economic conditions improve relative to our projections, then our provision expense in some future quarters could be zero or negative.

Asset Quality

Our asset quality has continued to hold up well. In the quarter just ended, our annualized net charge-off ratio for non-purchased loans was 0.14%, for purchased loans was 0.09%, and for total loans was 0.14%, continuing our long-standing track record of having net charge-off ratios well below industry averages, as shown in Figure 24. For the full year of 2020, our net charge-off ratio for non-purchased loans was 0.09%, for purchased loans was 1.25%, and for total loans was 0.16%. In our 23+ years as a public company, our net charge-off ratio for non-purchased loans has outperformed the industry's net charge-off ratio every year and has averaged only about one-third of the industry's net charge-off ratio.

Figure 24: Annualized Net Charge-off Ratio vs. the Industry



*Unless otherwise indicated, Bank OZK data excludes purchased loans and net charge-offs related to such loans.
**Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated third quarter 2020.
Annualized when appropriate.

As shown in Figure 25, in RESG's 17+ year history, we have incurred losses on only a small number of credits, resulting in a weighted average annual net charge-off ratio (including OREO write-downs) for the RESG portfolio of 11 bps.

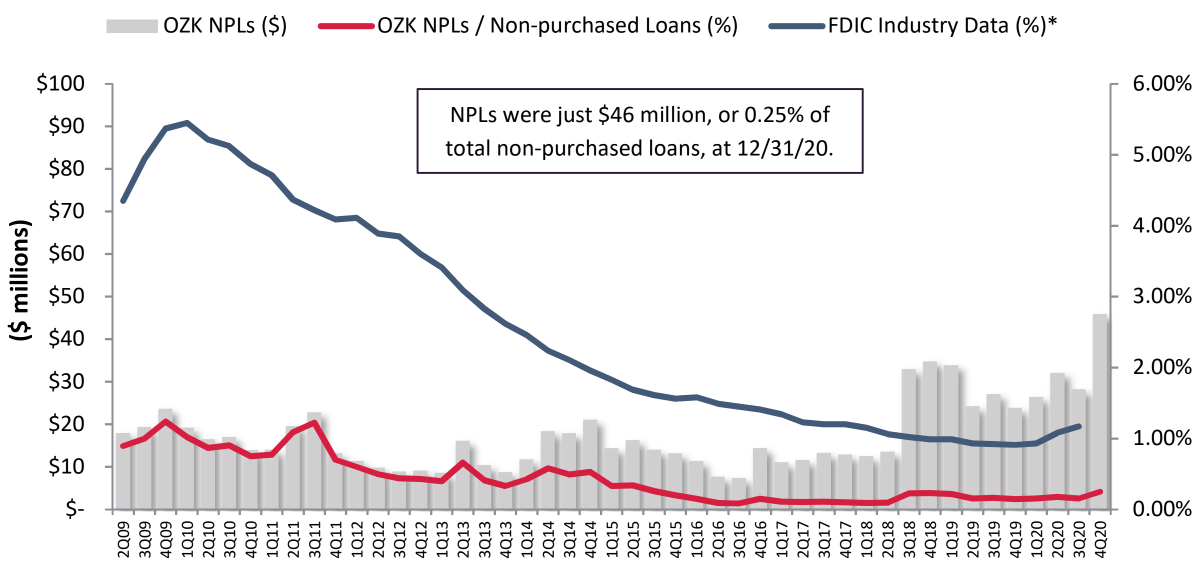
As shown in Figures 26, 27 and 28, the dollar volumes of our nonperforming non-purchased loans, nonperforming assets and past due non-purchased loans continued our longstanding track record of outperforming industry averages. We expect our asset quality to continue our long tradition of outperforming industry averages.

Figure 25 - 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%
Total			**$ 56,768**	
		Weighted Average		**0.11%**

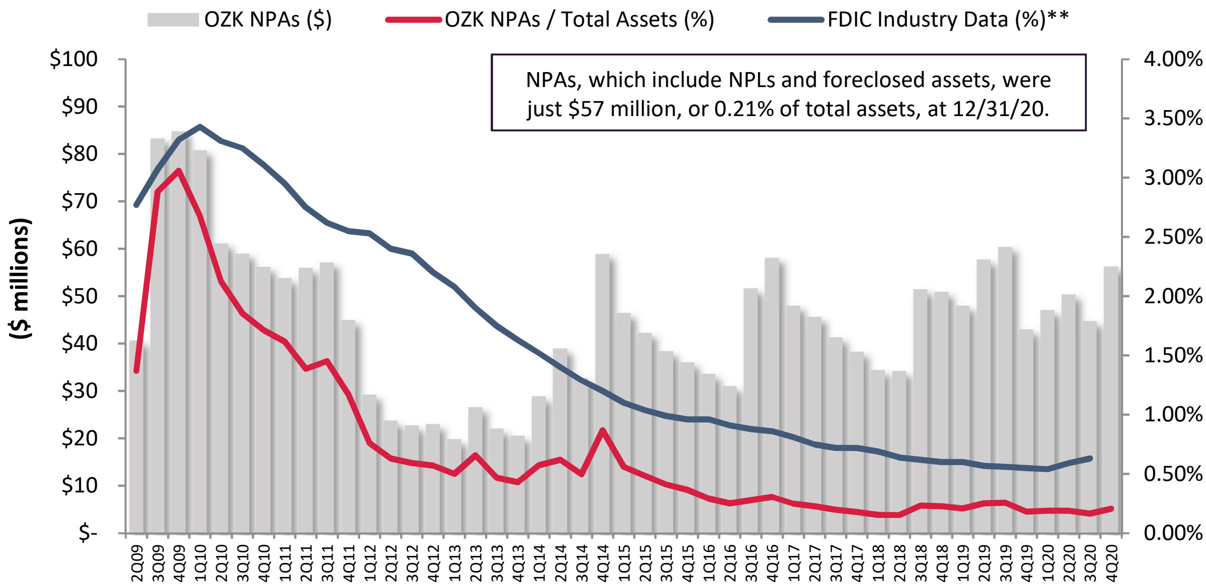
** Net charge-offs shown in this column reflect both net charge-offs and OREO write-downs.*

Figure 26: Nonperforming Non-purchased Loans ("NPLs")



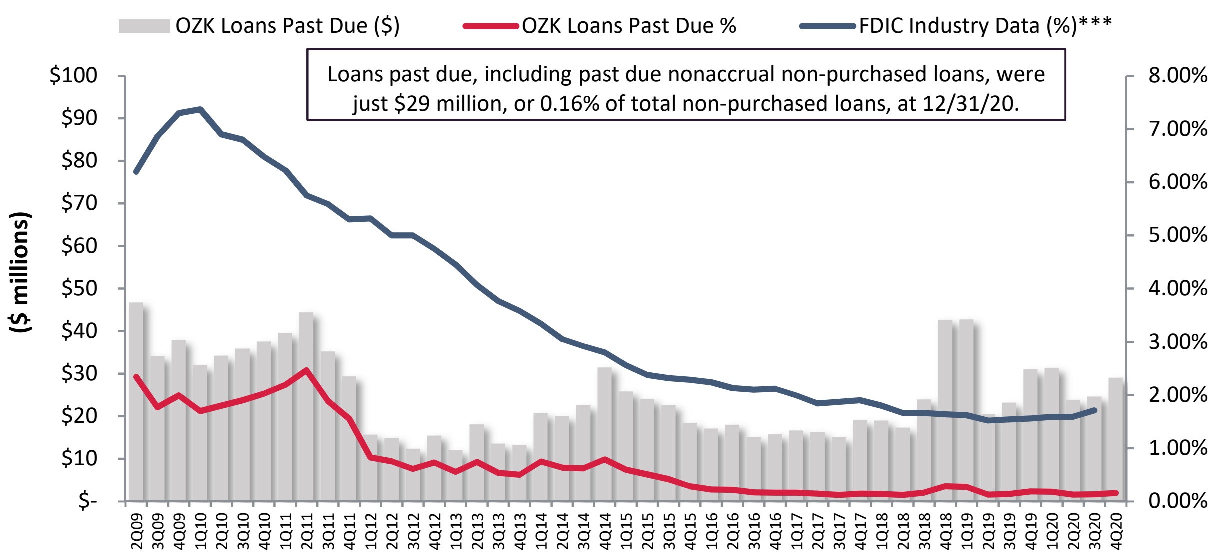
** Note: Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated third quarter 2020. Percent of Loans Noncurrent is the percentage of loans that are past due 90 days or more or that are in nonaccrual status.*

Figure 27: Nonperforming Assets ("NPAs")



*** Note: Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated third quarter 2020. Noncurrent assets plus other real estate owned to assets (%).*

Figure 28: 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 2020. Percent of Loans Noncurrent + Percent of Loans 30-89 Days Past Due.*

As shown in Figure 29, 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 December 31, 2020 remains at a very low level.

Figure 29: Substandard Non-purchased Loan Trends ($ millions)

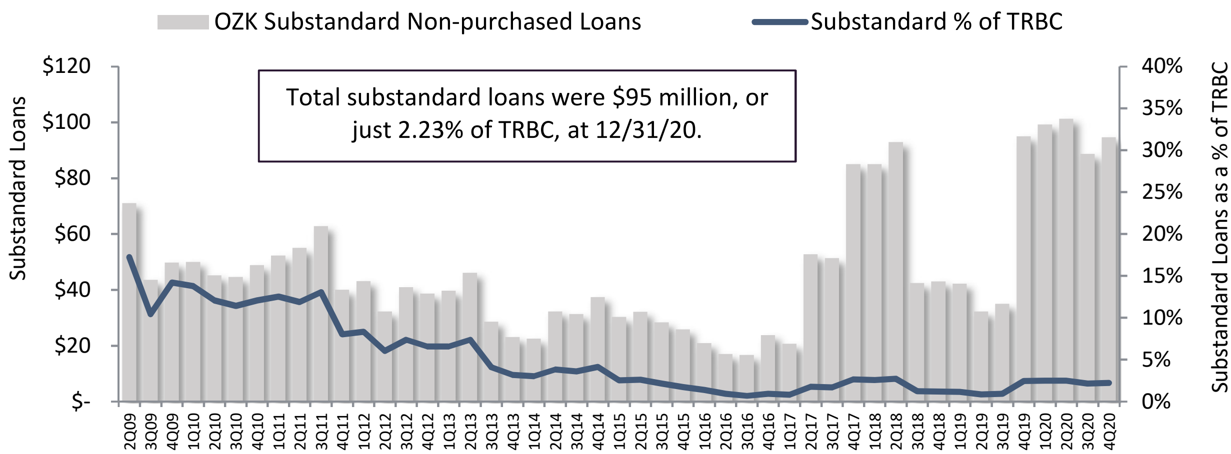
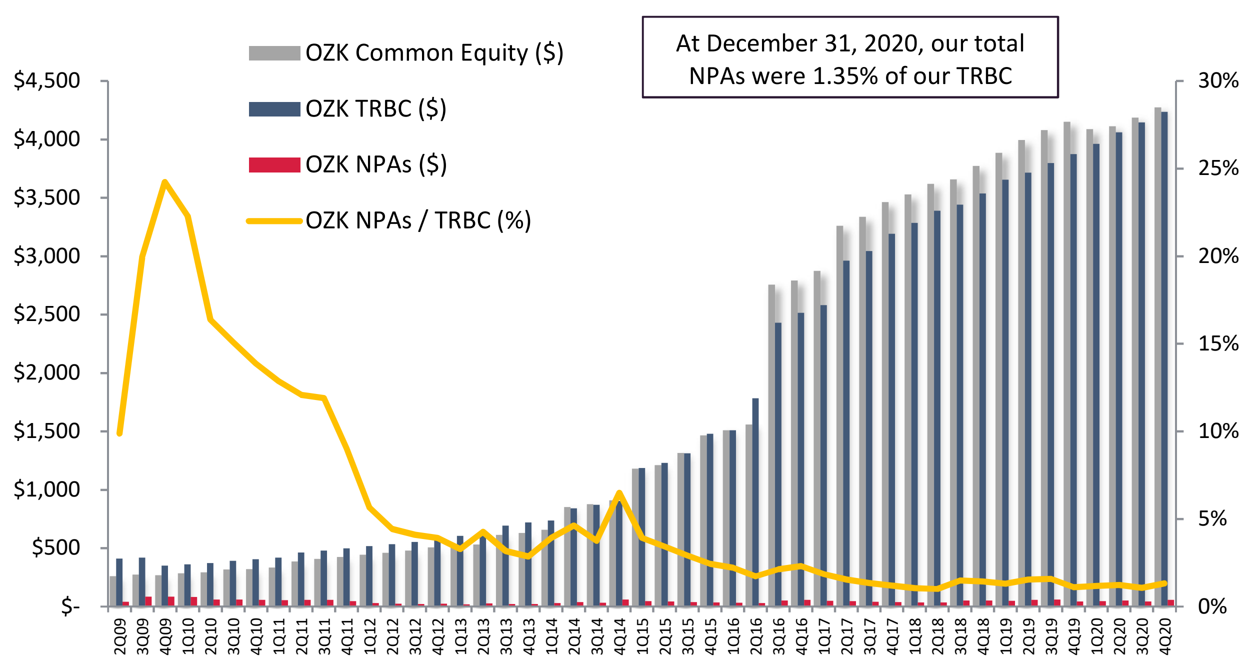


Figure 30 shows the tremendous growth in our common equity and TRBC over the last 11 years, while our volume of total nonperforming assets has generally declined to relatively nominal levels.

Figure 30: Capital vs. NPAs – ($ millions)



Loan Portfolio Diversification & Leverage

Figures 31 and 32 reflect the mix in our loan growth in the fourth quarter and full year of 2020, respectively.

Figure 31: Non-purchased Loan Growth – 4Q20 ($ millions)

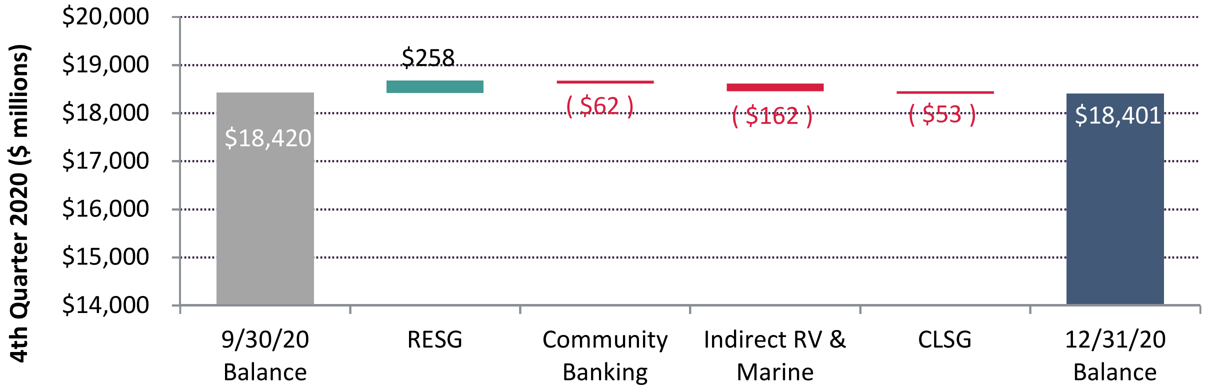
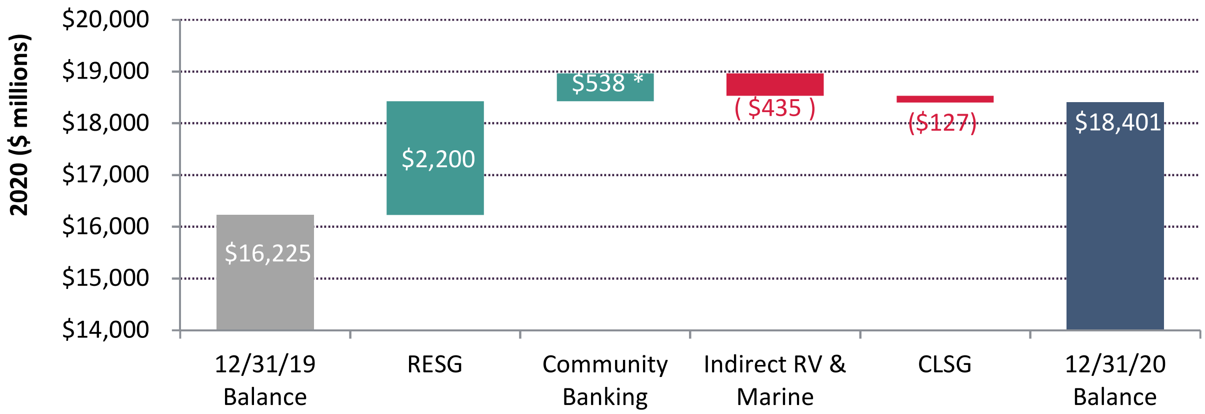


Figure 32: Non-purchased Loan Growth – 2020 ($ millions)

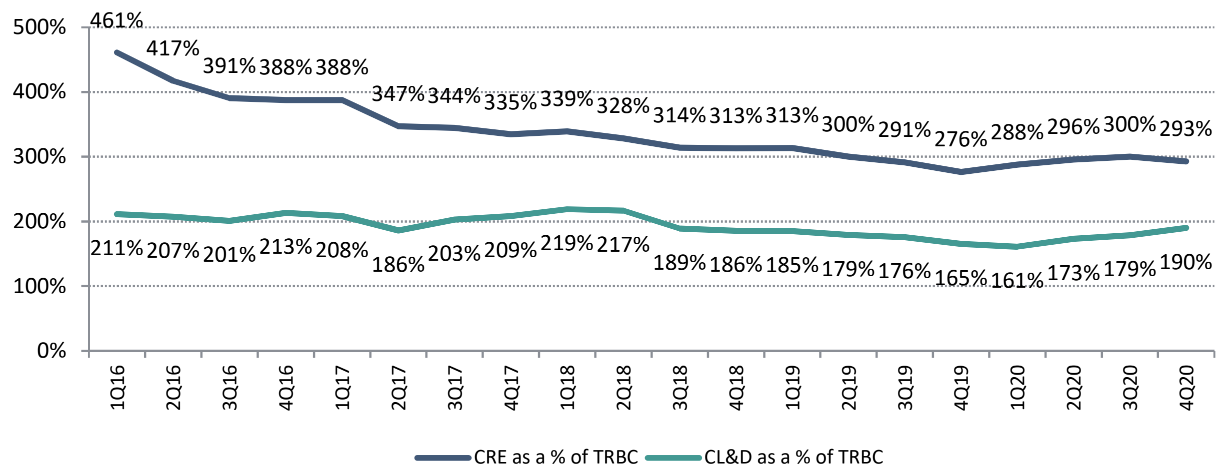


**Includes $432 million remaining balance of loans originated through the Small Business Administration's PPP during the second and third quarters of 2020.*

Our future loan growth may vary widely quarter-to-quarter. We believe that RESG is in the best position to contribute to loan growth in 2021. We hope that our Community Bank lending teams and our Indirect RV & Marine lending team can also contribute to loan growth in 2021, but those teams are working in what are currently very competitive lending environments.

Total commercial real estate ("CRE") and construction, land development and other land ("CL&D") lending are areas in which we have substantial expertise and enjoy competitive advantages. The generally declining trend in our CRE and CL&D concentrations for most of 2016-2019, as shown in Figure 33, is primarily due to growth in our TRBC and not the result of any strategic shift in focus away from these important areas. We expect to continue lending in these asset classes. However, we expect loan repayments to be at higher levels in the coming quarters than in most quarters of 2020, which, along with growth in our TRBC, may lower our CRE and CL&D concentration ratios over the longer term, just as it did for most of 2016-2019.

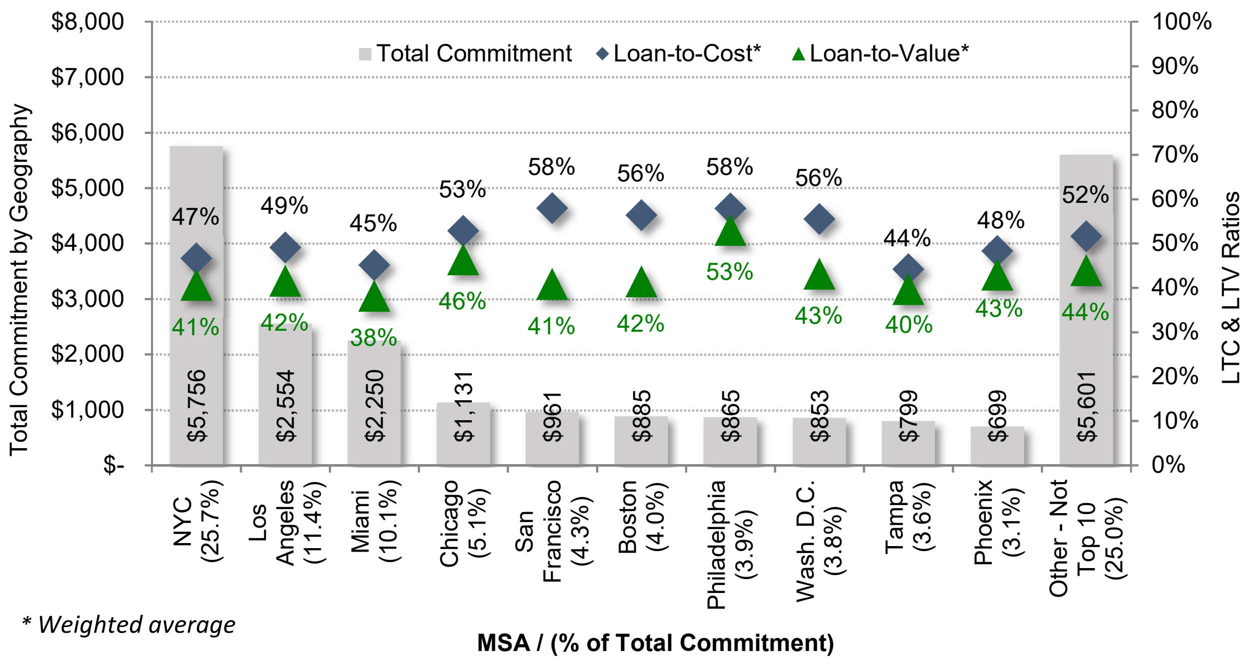
Figure 33: Declining Regulatory CRE and CL&D Concentration Ratios



Note: Concentration ratios exclude loans included in "other" category for FDIC call report which were originated to acquire promissory notes from non-depository financial institutions and are typically collateralized by an assignment of the promissory note.

Within the RESG portfolio, we benefit from substantial diversification by both geography and product type, as well as low loan-to-cost ("LTC") and loan-to-value ("LTV") ratios, all as shown in Figures 34, 35 and 36.

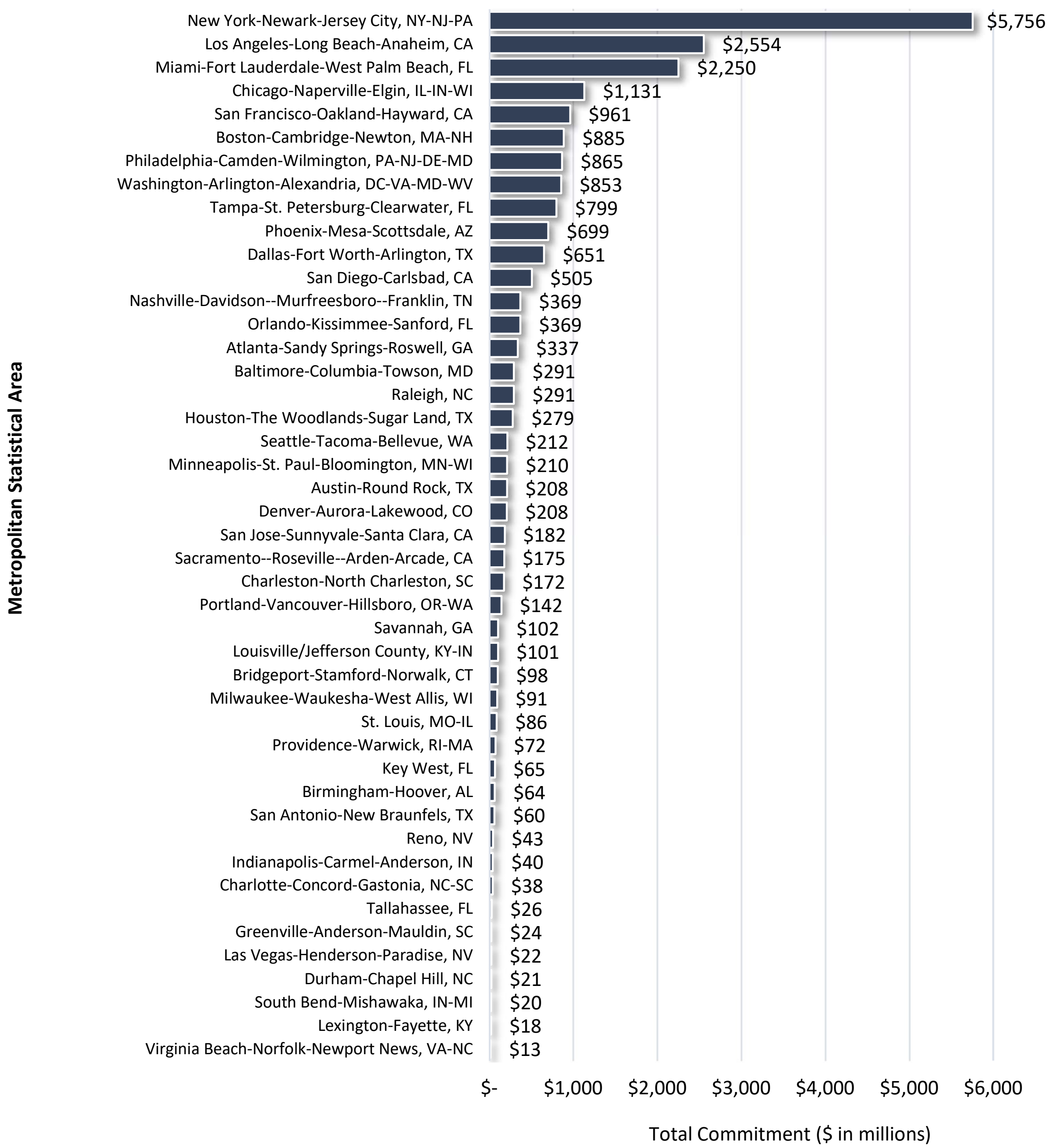
Figure 34: RESG Portfolio Diversity – Top 10 Geographies (As of December 31, 2020) ($ millions)
(LTC and LTV ratios assume all loans are fully funded)



** Weighted average*

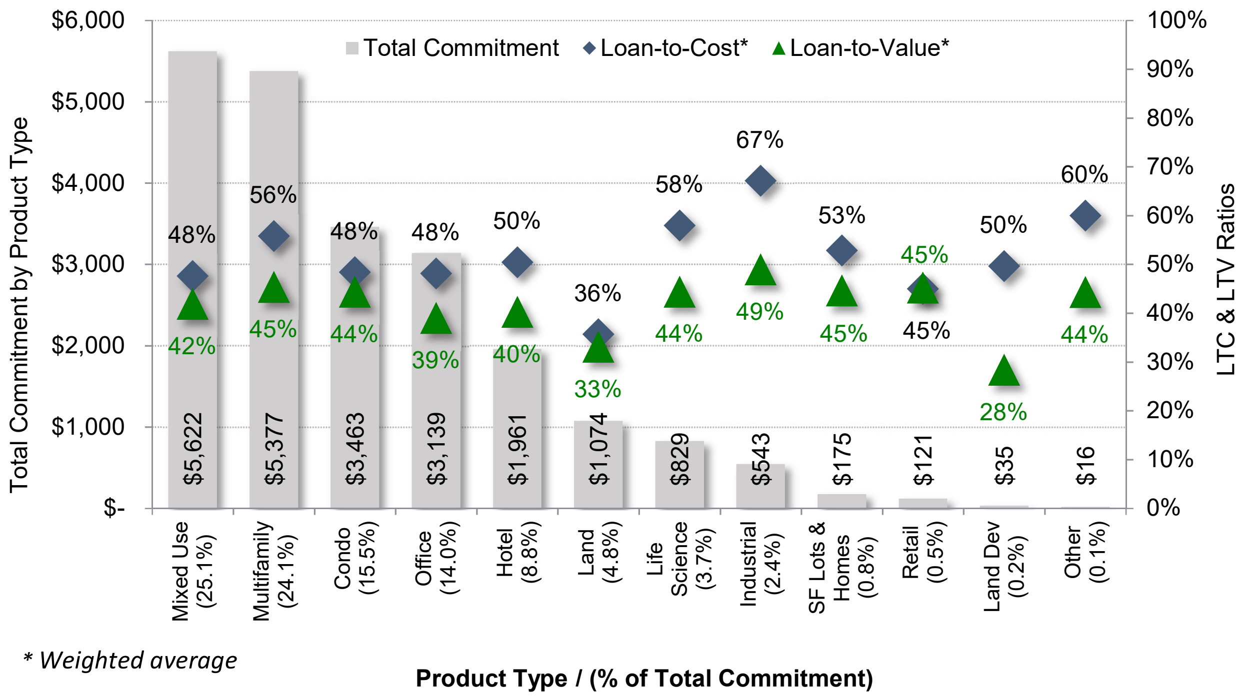
We have retained Figure 34 above for consistency with prior reports, but this quarter we have added Figure 35 to provide an even more granular look at the geographic diversification of RESG's truly national portfolio. Figure 35 shows RESG's total commitments in every MSA in which it currently has loans. As RESG's total commitments have decreased in recent quarters in some of its largest markets (e.g., New York), its business has increased in many other markets. This has enhanced the portfolio's already significant geographic diversification.

Figure 35: RESG's Portfolio Diversity - All Geographies (As of December 31, 2020) ($ millions)



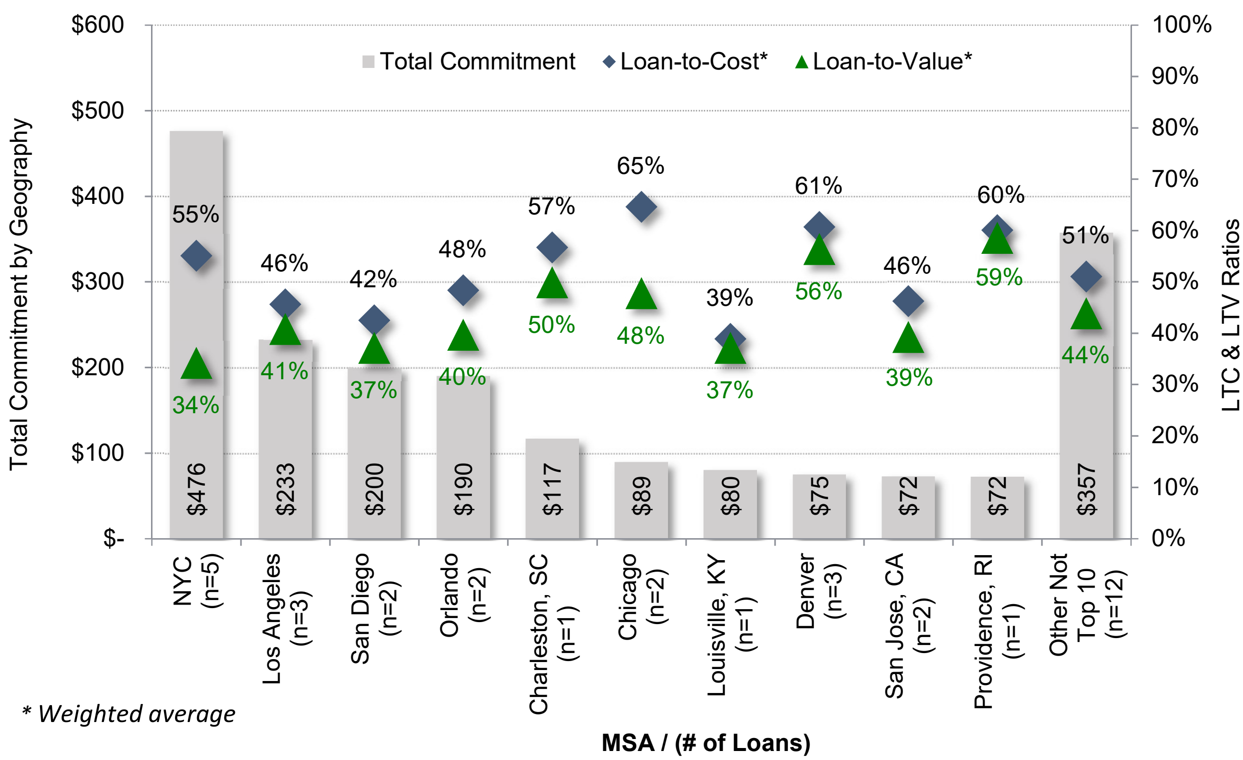
A growing and increasingly important part of RESG's origination volume has been life science projects. We have previously included life science projects in the office category, but as this product type has now become more meaningful, we are breaking it out separately in Figure 36 below.

Figure 36: RESG Portfolio Diversity by Product Type (As of December 31, 2020) ($ millions)
(LTC and LTV ratios assume all loans are fully funded)



The COVID-19 pandemic has had a significant impact on the travel and leisure sectors, including the hospitality industry. As shown in Figure 36 above, hotels were the fifth largest component of RESG's portfolio at December 31, 2020, comprising about 8.8% of RESG's total commitments. In addition, at December 31, 2020, 15 of RESG's 36 loans on mixed use projects included a hotel component, with a total commitment amount allocated to hotels being approximately 19% of the total mixed use portfolio. 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 50.4% and 40.3%, respectively, as of December 31, 2020. We expect most sponsors will continue to support these assets, if needed, until the COVID-19 pandemic passes and property performance returns to more normal levels. Figures 37 and 38, respectively, show the geographic distribution of RESG's hotel portfolio (excluding hotels in mixed use projects) and other information as of December 31, 2020. During the quarter just ended, four of the 34 hotels in the portfolio received new appraisals, with the weighted average LTV ratio increasing by 1.4% for these properties. During the quarter just ended, in the RESG portfolio, eight hotel loans paid off and no new hotel loans were originated.

Figure 37: RESG Hotel Portfolio Diversity by Geography (As of December 31, 2020) ($ millions)

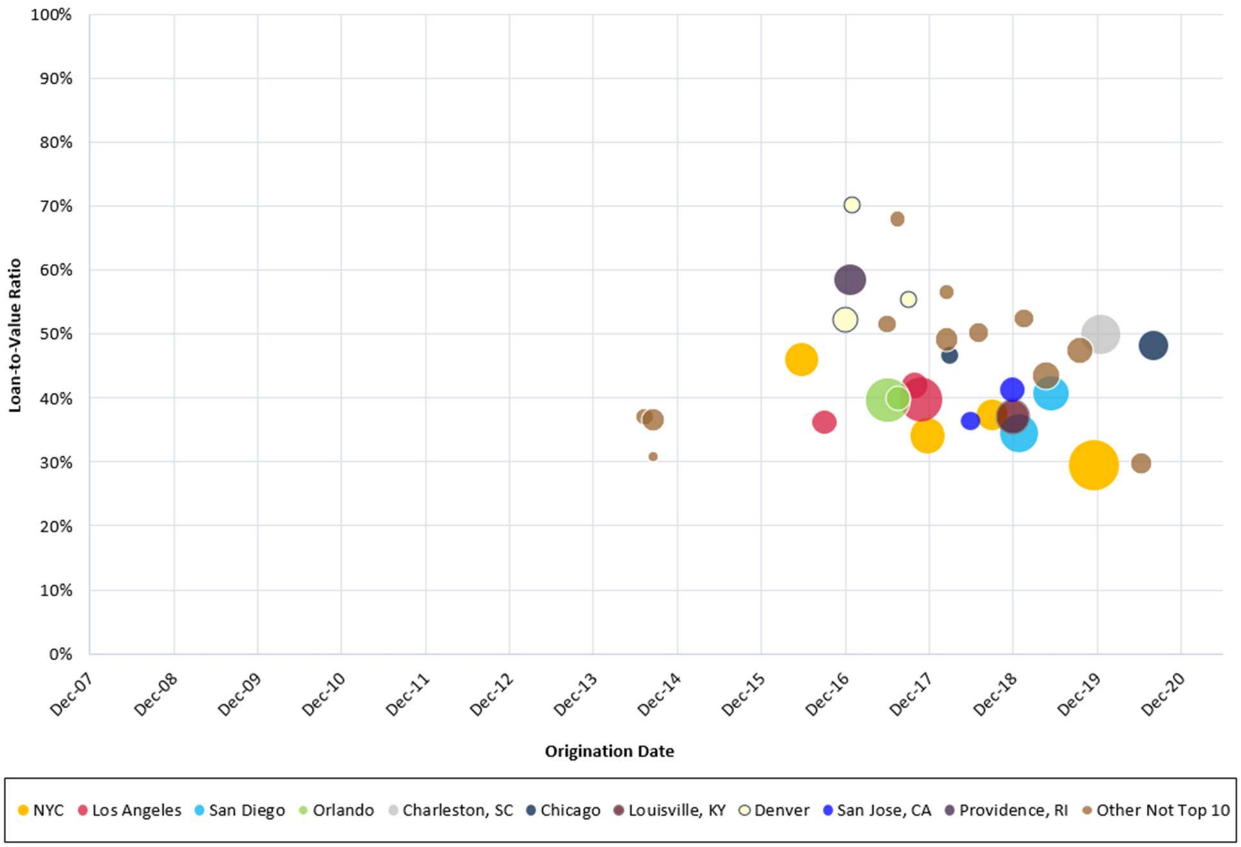


** Weighted average*

Figure 38: RESG Hotel Portfolio by LTV & Origination Date (As of December 31, 2020)

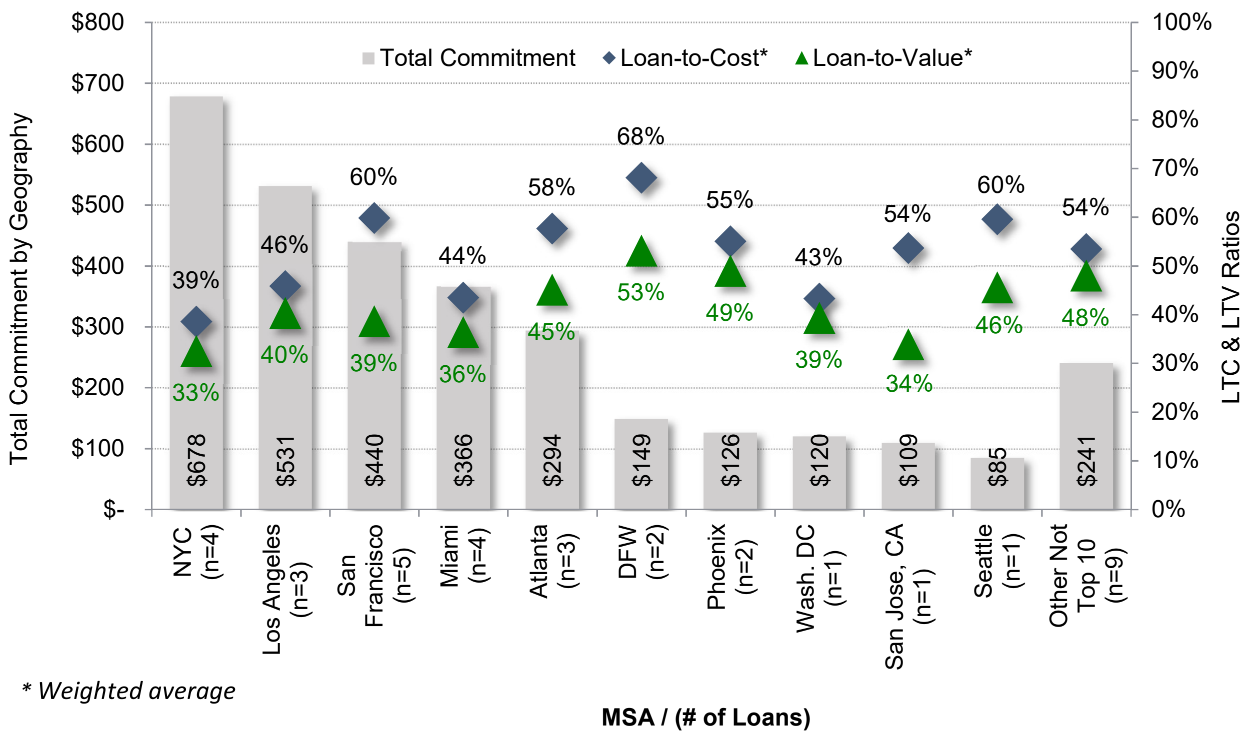
Bubble Size Reflects Total Funded and Unfunded Commitment Amount

LTV Ratios Assume All Loans Are Fully Funded



The COVID-19 pandemic has also had an impact on the office sector. As shown in Figure 36 above, offices were the fourth largest component of RESG's portfolio at December 31, 2020, comprising about 14.0% of RESG's total commitments. In addition, at December 31, 2020, 18 of RESG's 36 loans on mixed use projects include an office component, with a total commitment amount allocated to offices being approximately 21% of the total mixed use portfolio. 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, the substantial leasing or pre-leasing on certain properties, and our low weighted average LTC and LTV ratios at 48.2% and 39.1%, respectively, as of December 31, 2020. We expect most sponsors will continue to support these assets, if needed, until the COVID-19 pandemic passes and property performance returns to more normal levels. Figures 39 and 40, respectively, show the geographic distribution of RESG's office portfolio (excluding offices in mixed use projects) and other information as of December 31, 2020. During the quarter just ended, in the RESG portfolio, two office loans paid off and three new office loans were originated.

Figure 39: RESG Office Portfolio Diversity by Geography (As of December 31, 2020) ($ millions)

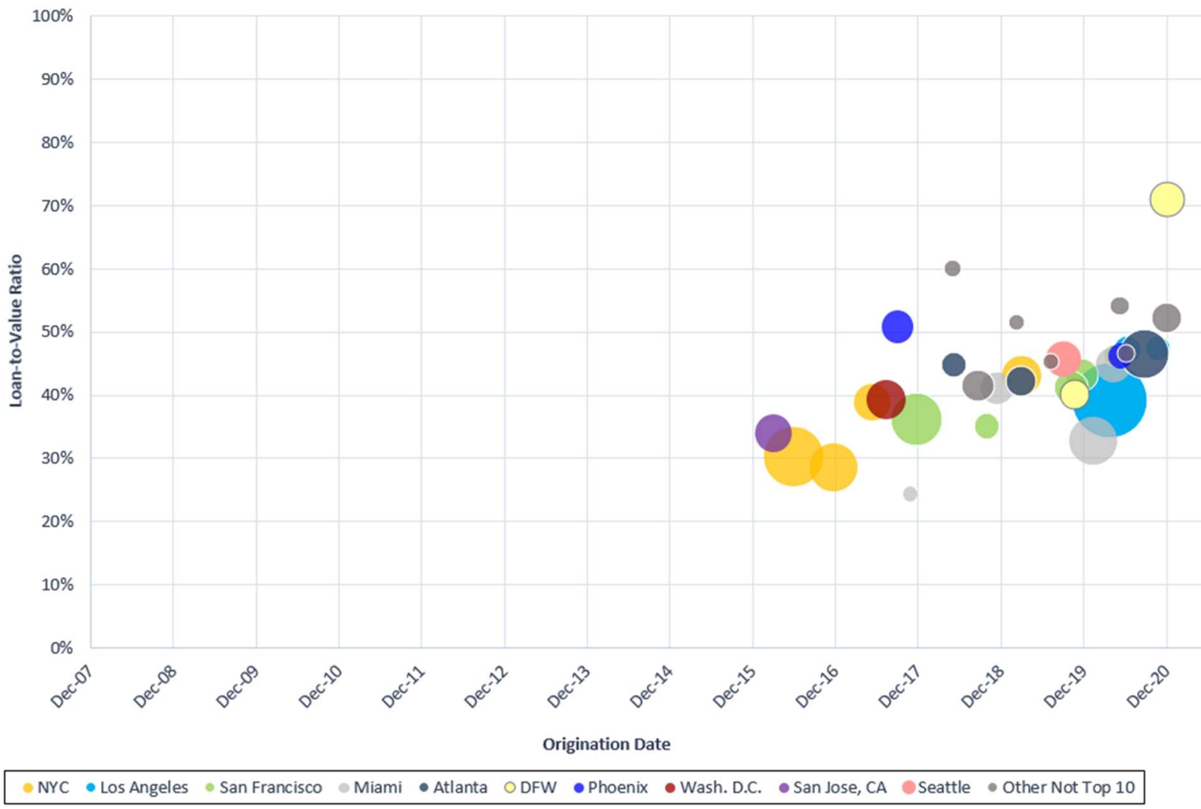


** Weighted average*

Figure 40: RESG Office Portfolio by LTV & Origination Date (As of December 31, 2020)

Bubble Size Reflects Total Funded and Unfunded Commitment Amount

LTV Ratios Assume All Loans Are Fully Funded

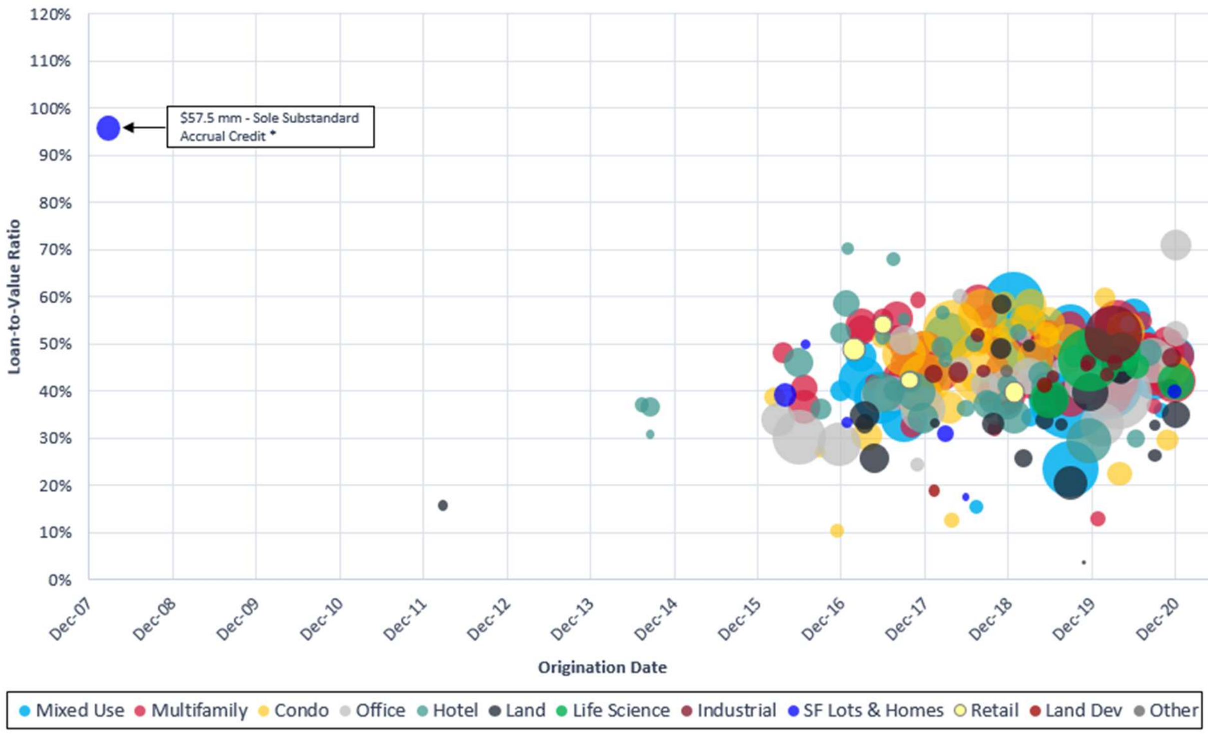


Assuming full funding of every RESG loan, as of December 31, 2020, the weighted average LTC for the RESG portfolio was a conservative 49.7%, and the weighted average LTV was even lower at just 42.2%. The LTV metrics on individual loans within the RESG portfolio are illustrated in Figure 41. Other than the one substandard-accruing credit specifically referenced, all other credits in the RESG portfolio have LTV ratios less than 71%.

Figure 41: RESG Portfolio by LTV & Origination Date (As of December 31, 2020)

Bubble Size Reflects Total Funded and Unfunded Commitment Amount

LTV Ratios Assume All Loans Are Fully Funded



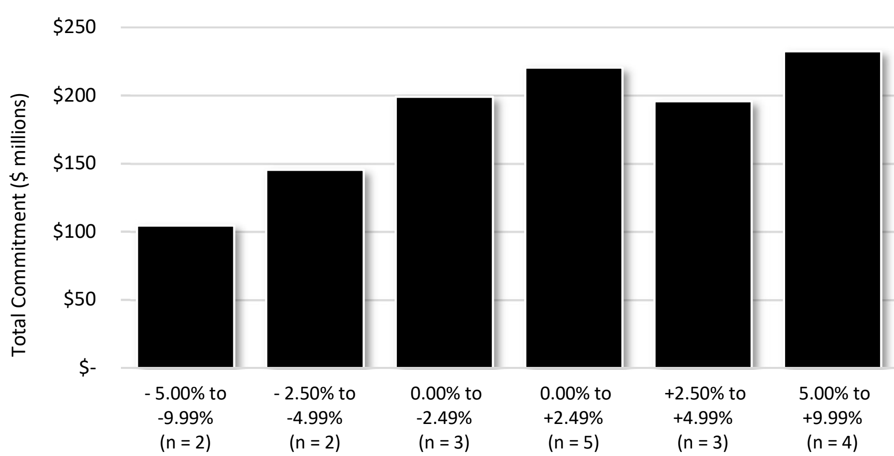
**During the fourth quarter of 2020, the borrower closed 16 lot sales with gross proceeds of $8.1 million. At December 31, 2020, the borrower had three lots under contract and seven townhomes under contract for $1.6 million and $12.2 million, respectively. Since December 31, 2020, the borrower has closed one additional lot sale with total with gross proceeds of $0.6 million, and has placed two additional lots and three additional townhomes under contract for $1.0 million and $5.1 million, respectively. At December 31, 2020, the Bank had a total ACL of $14.0 million, or approximately 24.4% of the total commitment, related to this credit.*

As summarized in Figure 42, during the fourth quarter of 2020, updated appraisals were obtained by RESG on 19 loans with a total commitment of $1.10 billion, which were mostly loans for which a renewal or an extension was being considered. Figures 42 and 43 show the distribution of such loans, including the resulting changes in LTV as compared to the LTV as reflected at September 30, 2020 based on the previous appraised value. In summary, LTVs were relatively unchanged (plus or minus 5%) for 13 loans, LTVs increased more than 5% for 4 loans, and LTVs decreased more than 5% for 2 loans. It is important to note that (i) in some cases, the December 31, 2020 LTV ratios were positively influenced by pay-downs and/or loan curtailments associated with a loan renewal or an extension and (ii) the previous LTVs as of September 30, 2020 were based on earlier valuations, in some cases up to three years old, that may have been low relative to market conditions existing immediately prior to the onset of the COVID-19 pandemic.

Figure 42: Property Type Breakdown of Appraisals Obtained in 4Q20 ($ in millions)

			Weighted Average		
Property Type	**# of Loans**	**Total Commitment**	**LTV @ 9/30/20**	**LTV @ 12/31/20**	**Δ in Wtd. Avg. LTV**
Hotel	4	$ 292	42.7%	44.0%	1.4%
Land	5	264	36.5%	39.6%	3.2%
Multifamily	4	247	42.4%	43.1%	0.7%
Mixed Use	2	146	37.1%	42.7%	5.6%
Condo	1	83	36.4%	30.5%	-5.9%
Retail	1	35	38.9%	39.8%	0.9%
Land Dev	1	22	47.3%	41.1%	-6.2%
SF Home	1	9	52.4%	50.0%	-2.4%
Total	**19**	**$ 1,098**	**39.4%**	**41.0%**	**1.6%**

Figure 43: Distribution of RESG LTV Changes Following Appraisals Obtained in 4Q20 ($ in millions)

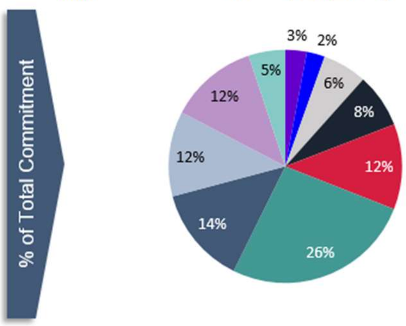


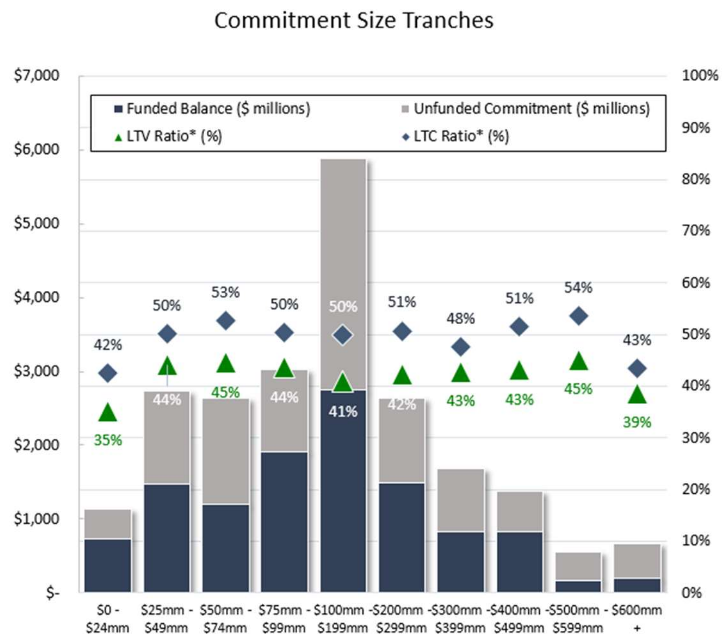
The RESG portfolio includes loans of many different sizes. The stratification of the RESG portfolio by commitment size is reflected in Figure 44.

Figure 44: RESG Portfolio Stratification by Loan Size - Total Commitment (As of December 31, 2020)

($ millions)

Tranche	No. of Loans	Funded Balance	Total Commitment
$600mm +	1	$ 195	$ 664
$500mm - $599mm	1	167	558
$400mm - $499mm	3	834	1,373
$300mm - $399mm	5	835	1,681
$200mm - $299mm	11	1,484	2,645
$100mm - $199mm	43	2,750	5,886
$75mm - $99mm	35	1,914	3,031
$50mm - $74mm	43	1,203	2,638
$25mm - $49mm	73	1,470	2,741
$0 - $24mm	64	739	1,137
Total	**279**	**$ 11,591**	**$ 22,354**





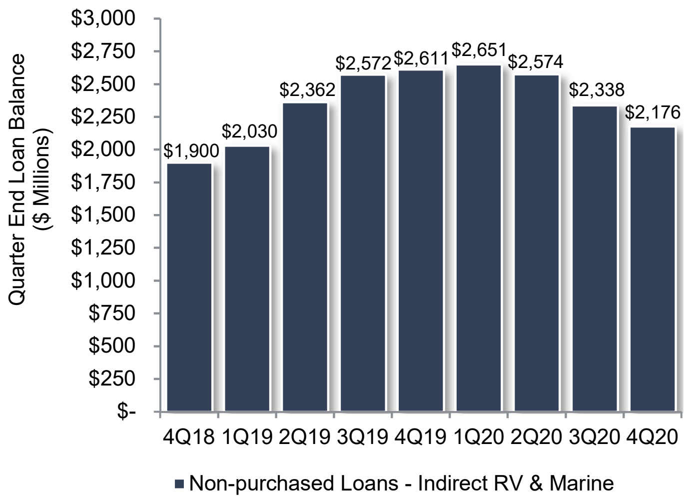
** Assumes all loans are fully funded; calculation based on total commitment by tranche as a % of total cost and total appraised value of loans within each tranche. LTV data based on most recent appraisals and utilizing "as stabilized" values for income producing properties.*

Our Community Banking loans include consumer and small business loans, loans originated by our commercial (generalist) lenders, and loans originated through our specialty lending channels in Community Banking, which include our government guaranteed, agricultural (including poultry), business aviation, subscription finance, affordable housing, middle market CRE and home builder finance loan teams. We have been building a foundation for and refining many of these specialty-lending channels for years. Although growth for many of these lending channels will be limited in the near term by the current economic environment, we believe that we are in a good position to achieve more growth through these channels over the long term. Our portfolio diversification is enhanced by the variety of products and geographic diversity within our Community Banking businesses.

Indirect RV & Marine lending is another nationwide business that has allowed us to originate consumer loans while maintaining our conservative credit-quality standards. It was the largest contributor to our loan growth in 2018 and 2019, but we allowed this portfolio to shrink in 2020. During 2020, we implemented enhancements to our underwriting and pricing and are now increasing new originations with the expectation that we will maintain or improve on the portfolio's already excellent credit quality while increasing margins and lowering premiums paid to dealers. We are slowly gaining momentum with this enhanced business plan, and we hope to see originations once again exceed pay downs from this portfolio sometime during 2021. We believe that our indirect portfolio will continue to be an important part of our lending business, and our objective is to maintain it within a range of at or near 10% of our total loans up to 15% of our total loans.

As of December 31, 2020, the non-purchased indirect portfolio had an average loan size of approximately $98,000 and a 30+ day delinquency ratio of 14 bps. For both the fourth quarter and full year of 2020, our annualized net charge-off ratio for the non-purchased indirect portfolio was 29 bps. Figure 45 provides additional details regarding this portfolio.

Figure 45: Growth in RV & Marine Outstanding Non-purchased Loan Balances



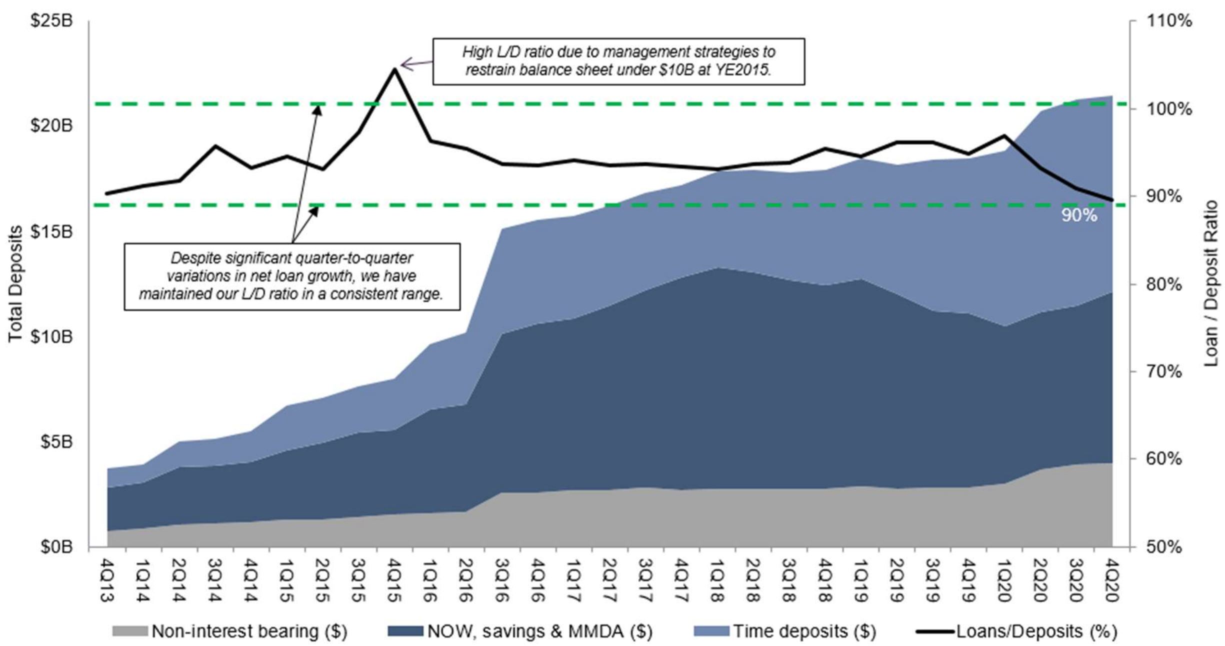
	RV Portfolio	
Loan Size	**Total #**	**$ thousands**
$1 million +	-	$ -
$750k - $999k	-	-
$250k - $749k	437	142,143
$50k - $249k	10,185	1,141,622
< $50k	6,540	182,801
Total	**17,162**	**$ 1,466,565**

	Marine Portfolio	
Loan Size	**Total #**	**$ thousands**
$1 million +	29	$ 50,118
$750k - $999k	29	26,076
$250k - $749k	369	148,828
$50k - $249k	3,696	395,742
< $50k	2,799	88,538
Total	**6,922**	**$ 709,302**

Liquidity

We believe that we have significant capacity for future deposit growth in our existing network of 240 branches. This was demonstrated by the strong organic deposit growth we achieved during 2020. We have successfully increased our overall deposits as needed to fund our earning asset growth. Our loan-to-deposit ratio was 90% at December 31, 2020, within our historical range of 89% to 99%. As Figure 46 shows, we have consistently maintained our loan-to-deposit ratio within that range over the last seven years, even as our total assets grew approximately 467% from $4.8 billion at December 31, 2013 to $27.2 billion at December 31, 2020.

Figure 46: Maintaining a Consistent Loan / Deposit Ratio While Achieving Substantial Growth



The amount of deposits by customer type as of the dates indicated and their respective percentage of total deposits are reflected in Figure 47. As shown below, during 2020 we have improved the quality of our deposit base as we have significantly grown our consumer and commercial deposits and reduced our public funds, brokered and reciprocal deposits.

Figure 47: Deposits by Customer Type ($ millions)

	Period Ended					
	12/31/2019		9/30/2020		12/31/2020	
Consumer	$ 7,526	40.7%	$ 10,909	51.3%	$ 11,166	52.1%
Commercial	4,334	23.5%	5,963	28.0%	6,057	28.2%
Public Funds	3,782	20.5%	2,331	10.9%	2,112	9.8%
Brokered	2,115	11.4%	1,580	7.4%	1,600	7.5%
Reciprocal	716	3.9%	504	2.4%	516	2.4%
Total	$ 18,474	100.0%	$ 21,287	100.0%	$ 21,450	100.0%

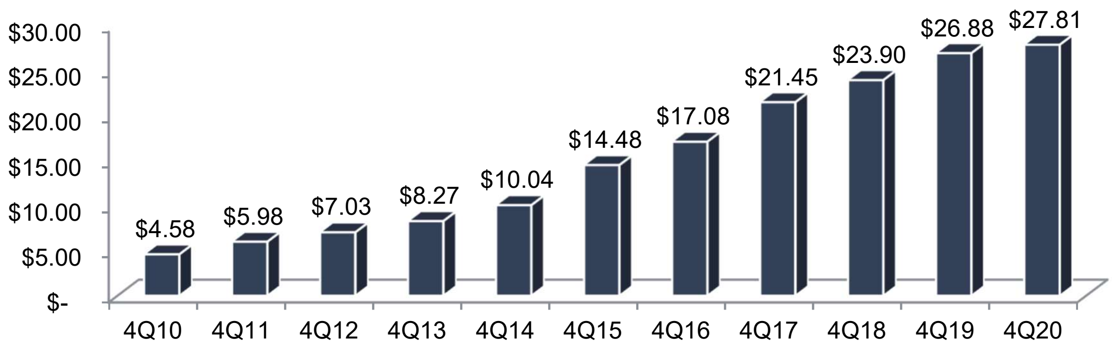
Capital and Dividends

During the quarter just ended, our book value per common share increased to $33.03 compared to $32.37 as of September 30, 2020 and $32.19 as of December 31, 2019. Over the last 10 years, we have increased book value per common share by a cumulative 603%, resulting in a compound annual growth rate of 21.5%, as shown in Figure 48.

Figure 48: Book Value per Share (Period End)

During the quarter just ended, our tangible book value per common share increased to $27.81 compared to $27.13 as of September 30, 2020 and $26.88 as of December 31, 2019. Over the last 10 years, we have increased tangible book value per common share by a cumulative 507%, resulting in a compound annual growth rate of 19.8%, as shown in Figure 49.

Figure 49: Tangible Book Value per Share (Period End) [3]



Our historically strong earnings and earnings retention rate, among other factors, have contributed to our building robust capital ratios, as shown in Figure 50, which are among the strongest within the largest 100 U.S. banks.

Figure 50: Capital Ratios

	Estimated 12/31/2020 [4]	Regulatory Minimum Required To Be Considered Well Capitalized	Excess Capital
CET 1 Ratio	13.30%	6.50%	6.80%
Tier 1 Ratio	13.30%	8.00%	5.30%
Total RBC Ratio	15.80%	10.00%	5.80%
Tier 1 Leverage	13.60%	5.00%	8.60%

We have increased our cash dividend in each of the last 42 quarters and every year since going public in 1997. We expect to maintain or continue to increase our current dividend.

[3] See the schedule at the end of this presentation for the reconciliation of tangible book value per common share to the most directly comparable GAAP measure.
[4] Ratios as of December 31, 2020 are preliminary estimates and are subject to revision upon filing of our FFIEC 041 Call Report.

Disaster Relief Loan Program

As of December 31, 2020, we had 230 loans totaling $132 million, or approximately 0.7% of our balance of total loans, that remained in a 1st or 2nd deferral.

Figure 51: Deferrals by Lending Unit ($ millions) – as of December 31, 2020

	RESG		Community Bank		Indirect Lending		Purchased Loans		Total	
	#	$ Millions	#	$ Millions	#	$ Millions	#	$ Millions	#	$ Millions
Deferral Expired	6	$ 227	1,203	$ 539	1,052	$ 112	740	$ 103	3,001	$ 981
On Original Deferral	4	101	39	9	44	4	27	1	114	115
On Secondary Deferral	-	-	31	11	45	5	40	1	116	17
Total	10	$ 328	1,273	$ 559	1,141	$ 121	807	$ 104	3,231	$ 1,112

Effective Tax Rate

Our effective tax rate during the quarter just ended was 22.8% and for the full year of 2020 was 22.4%. Our fourth quarter 2020 results included certain one-time tax benefits, primarily related to final adjustments and elections related to our state and local income tax apportionment factors for our 2019 tax returns. We expect our effective tax rate for 2021 to be between 23% and 24%, assuming no changes in applicable state or federal income tax rates.

Final Thoughts

We are pleased to report one of our best quarters ever, highlighted by record quarterly net interest income, our second highest quarterly net income in company history, excellent asset quality and an efficiency ratio among the best in the industry. It was a strong finish to a challenging year. Our strong capital and liquidity, our disciplined credit culture and our exceptional team have us well positioned for the future.

Non-GAAP Reconciliations

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

Unaudited (Dollars in Thousands)

	Three Months Ended *		Year Ended	
	12/31/2019	12/31/2020	12/31/2019	12/31/2020
Net Income Available To Common Stockholders	$ 100,806	$ 120,513	$ 425,906	$ 291,898
Average Common Stockholders' Equity Before Noncontrolling Interest	$ 4,110,322	$ 4,219,249	$ 3,971,952	$ 4,149,123
Less Average Intangible Assets:				
Goodwill	(660,789)	(660,789)	(660,789)	(660,789)
Core deposit and other intangibles, net of accumulated amortization	(25,315)	(15,578)	(29,784)	(18,741)
Total Average Intangibles	(686,104)	(676,367)	(690,573)	(679,530)
Average Tangible Common Stockholders' Equity	$ 3,424,218	$ 3,542,882	$ 3,281,379	$ 3,469,593
Return On Average Common Stockholders' Equity	9.73%	11.36%	10.72%	7.04%
Return On Average Tangible Common Stockholders' Equity	11.68%	13.53%	12.98%	8.41%

* Ratios for interim periods annualized based on actual days

Calculation of Tangible Book Value per Share

Unaudited (Dollars in Thousands, Except per Share)

	For the period ended December 31,					
	2010	2011	2012	2013	2014	2015
Total common stockholders' equity before noncontrolling interest	$ 320,355	$ 424,551	$ 507,664	$ 629,060	$ 908,390	$ 1,464,631
Less intangible assets:						
Goodwill	(5,243)	(5,243)	(5,243)	(5,243)	(78,669)	(125,442)
Core deposit and other intangibles, net of accumulated amortization	(2,682)	(6,964)	(6,584)	(13,915)	(26,907)	(26,898)
Total intangibles	(7,925)	(12,207)	(11,827)	(19,158)	(105,576)	(152,340)
Total tangible common stockholders' equity	$ 312,430	$ 412,344	$ 495,837	$ 609,902	$ 802,814	$ 1,312,291
Common shares outstanding (thousands)	68,214	68,928	70,544	73,712	79,924	90,612
Book value per common share	$ 4.70	$ 6.16	$ 7.20	$ 8.53	$ 11.37	$ 16.16
Tangible book value per common share	$ 4.58	$ 5.98	$ 7.03	$ 8.27	$ 10.04	$ 14.48

	For the period ended December 31,				
	2016	2017	2018	2019	2020
Total common stockholders' equity before noncontrolling interest	$ 2,791,607	$ 3,460,728	$ 3,770,330	$ 4,150,351	$ 4,272,271
Less intangible assets:					
Goodwill	(660,119)	(660,789)	(660,789)	(660,789)	(660,789)
Core deposit and other intangibles, net of accumulated amortization	(60,831)	(48,251)	(35,672)	(23,753)	(14,669)
Total intangibles	(720,950)	(709,040)	(696,461)	(684,542)	(675,458)
Total tangible common stockholders' equity	$ 2,070,657	$ 2,751,688	$ 3,073,869	$ 3,465,809	$ 3,596,813
Common shares outstanding (thousands)	121,268	128,288	128,611	128,951	129,350
Book value per common share	$ 23.02	$ 26.98	$ 29.32	$ 32.19	$ 33.03
Tangible book value per common share	$ 17.08	$ 21.45	$ 23.90	$ 26.88	$ 27.81

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.