

**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): **October 22, 2020**

BANK OZK

(Exact name of registrant as specified in its charter)

Arkansas

(State or other jurisdiction of incorporation)

110

(FDIC Certificate Number)

71-0130170

(IRS Employer Identification No.)

18000 Cantrell Road, Little Rock, Arkansas

(Address of principal executive offices)

72223

(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 October 22, 2020, Bank OZK (the “Bank”) issued a press release announcing its financial results for the third quarter ended September 30, 2020 and made available management’s comments on the results for the third quarter 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 third quarter 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 October 23, 2020, the Bank will hold an investor conference call and webcast to answer questions regarding the Bank’s financial results for the third quarter ended September 30, 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 third quarter 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 October 22, 2020: Bank OZK Announces Third Quarter 2020 Earnings

99.2 Management Comments for the Third Quarter and First Nine Months of 2020 – dated October 22, 2020

SIGNATURES

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

BANK OZK

Date: October 22, 2020

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

Exhibit No.	Document Description
--------------------	-----------------------------

99.1	Press Release dated October 22, 2020: Bank OZK Announces Third Quarter 2020 Earnings
------	--

99.2	Management Comments for the Third Quarter and First Nine Months of 2020 – dated October 22, 2020
------	--

NEWS RELEASE

Date: October 22, 2020
Release Time: 3:01 p.m. (CT)
Investor Contact: Tim Hicks (501) 978-2336
Media Contact: Susan Blair (501) 978-2217

**Bank OZK Announces
Third Quarter 2020 Earnings**

LITTLE ROCK, ARKANSAS: Bank OZK (the “Bank”) (Nasdaq: OZK) today announced that net income for the third quarter of 2020 was \$109.3 million, a 5.2% increase from \$103.9 million for the third quarter of 2019. Diluted earnings per common share for the third quarter of 2020 were \$0.84, a 3.7% increase from \$0.81 for the third quarter of 2019.

For the nine months ended September 30, 2020, net income was \$171.4 million, a 47.3% decrease from \$325.1 million for the first nine months of 2019. Diluted earnings per common share for the first nine months of 2020 were \$1.32, a 47.6% decrease from \$2.52 for the first nine months of 2019.

Pre-tax pre-provision net revenue (“PPNR”) was \$145.7 million for the third quarter of 2020, a 1.0% increase from \$144.3 million for the third quarter of 2019. PPNR was \$417.0 million for the first nine months of 2020, a 7.3% decrease from \$449.6 million for the first nine months 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 the first nine months of 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 provision for credit losses of \$7.2 million in the third quarter and \$196.9 million in the first nine months of 2020, resulting in a total ACL of \$377.3 million at September 30, 2020.

The Bank’s annualized returns on average assets, average common stockholders’ equity and average tangible common stockholders’ equity for the third quarter of 2020 were 1.63%, 10.48% and 12.52%, respectively, compared to 1.81%, 10.22% and 12.33%, respectively, for the third quarter of 2019. The Bank’s annualized returns on average assets, average common stockholder’s equity and average tangible common stockholders’ equity for the first nine months of 2020 were 0.90%, 5.55% and 6.65%, respectively, compared to 1.92%, 11.07%, and 13.44%, respectively, for the first nine months 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, “Our strong credit culture and consistent discipline are important ingredients in our long-term success, and we believe they have positioned us well for the current economic environment and beyond. This is clearly evident in our excellent asset quality and earnings for the quarter just ended.”

KEY BALANCE SHEET METRICS

Total loans were \$19.36 billion at September 30, 2020, a 9.2% increase from \$17.73 billion at September 30, 2019. Non-purchased loans, which exclude loans acquired in previous acquisitions, were \$18.42 billion at September 30, 2020, a 13.0% increase from \$16.31 billion at September 30, 2019. Purchased loans, which consist of loans acquired in previous acquisitions, were \$0.94 billion at September 30, 2020, a 34.2% decrease from \$1.43 billion at September 30, 2019.

Deposits were \$21.29 billion at September 30, 2020, a 15.4% increase from \$18.44 billion at September 30, 2019. Total assets were \$26.89 billion at September 30, 2020, a 14.9% increase from \$23.40 billion at September 30, 2019.

Common stockholders’ equity was \$4.19 billion at September 30, 2020, a 2.6% increase from \$4.08 billion at September 30, 2019. Tangible common stockholders’ equity was \$3.51 billion at September 30, 2020, a 3.5% increase from \$3.39 billion at September 30, 2019. Book value per common share was \$32.37 at September 30, 2020, a 2.3% increase from \$31.63 at September 30, 2019. Tangible book value per common share was \$27.13 at September 30, 2020, a 3.2% increase from \$26.30 at September 30, 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 15.57% at September 30, 2020 compared to 17.43% at September 30, 2019. Its ratio of total tangible common stockholders’ equity to total tangible assets was 13.39% at September 30, 2020 compared to 14.93% at September 30, 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 October 23, 2020. 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 4644917. 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 and 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, nor are they 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 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 allowance for credit losses 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 fluid and evolving nature of the pandemic.

If the health, logistical or economic effects of the 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 actual 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 news 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 coronavirus (COVID-19) pandemic; changes in U.S. Government monetary and fiscal policy, including any changes that result from the upcoming elections in November; 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 global economy and financial markets; 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. Bank OZK was named Best Bank in the South for 2019-2020 by Money, the personal finance news and advice brand. Headquartered in Little Rock, Arkansas, Bank OZK conducts operations through more than 250 offices in Arkansas, Georgia, Florida, North Carolina, Texas, Alabama, South Carolina, 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

	September 30, 2020	December 31, 2019
(Dollars in thousands, except per share amounts)		
ASSETS		
Cash and cash equivalents	\$ 1,934,095	\$ 1,495,757
Investment securities — available for sale ("AFS")	3,468,243	2,277,389
Federal Home Loan Bank of Dallas and other bankers' bank stocks	38,388	21,855
Non-purchased loans	18,419,958	16,224,539
Purchased loans	938,485	1,307,504
Allowance for loan losses	(308,847)	(108,525)
Net loans	19,049,596	17,423,518
Premises and equipment, net	739,066	711,541
Foreclosed assets	16,543	19,096
Accrued interest receivable	85,858	75,208
Bank owned life insurance ("BOLI")	753,038	738,860
Goodwill and other intangible assets, net	677,251	684,542
Other, net	126,230	107,962
Total assets	<u>\$ 26,888,308</u>	<u>\$ 23,555,728</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Demand non-interest bearing	\$ 3,908,207	\$ 2,795,251
Savings and interest bearing transaction	7,585,032	8,307,607
Time	9,794,166	7,371,401
Total deposits	21,287,405	18,474,259
Repurchase agreements with customers	4,994	11,249
Other borrowings	750,949	351,387
Subordinated notes	223,950	223,663
Subordinated debentures	120,335	119,916
Reserve for losses on unfunded loan commitments	68,426	—
Accrued interest payable and other liabilities	242,876	221,786
Total liabilities	22,698,935	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 September 30, 2020 or December 31, 2019	—	—
Common stock; \$0.01 par value; 300,000,000 shares authorized; 129,342,073 and 128,951,024 shares issued and outstanding at September 30, 2020 and December 31, 2019, respectively	1,293	1,289
Additional paid-in capital	2,261,864	2,251,824
Retained earnings	1,862,012	1,869,983
Accumulated other comprehensive income	61,116	27,255
Total stockholders' equity before noncontrolling interest	4,186,285	4,150,351
Noncontrolling interest	3,088	3,117
Total stockholders' equity	4,189,373	4,153,468
Total liabilities and stockholders' equity	<u>\$ 26,888,308</u>	<u>\$ 23,555,728</u>

Bank OZK
Consolidated Statements of Income
Unaudited

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019

(Dollars in thousands, except per share amounts)

Interest income:

Non-purchased loans	\$ 236,621	\$ 244,954	\$ 701,290	\$ 740,900
Purchased loans	16,269	26,042	54,743	84,756
Investment securities:				
Taxable	9,666	12,511	31,480	40,992
Tax-exempt	5,193	3,363	14,636	10,930
Deposits with banks and federal funds sold	532	2,647	5,237	4,001
Total interest income	268,281	289,517	807,386	881,579

Interest expense:

Deposits	38,273	66,248	141,206	196,727
Repurchase agreements with customers	4	5	17	39
Other borrowings	1,156	90	2,168	1,497
Subordinated notes	3,207	3,216	9,551	9,542
Subordinated debentures	984	1,178	3,420	4,570
Total interest expense	43,624	70,737	156,362	212,375

Net interest income	224,657	218,780	651,024	669,204
Provision for credit losses	7,200	7,854	196,889	21,303
Net interest income after provision for credit losses	217,457	210,926	454,135	647,901

Non-interest income:

Service charges on deposit accounts	9,427	10,827	27,717	30,841
Trust income	1,936	1,975	5,635	5,544
BOLI income:				
Increase in cash surrender value	5,081	5,208	15,205	15,547
Death benefits	—	206	608	206
Loan service, maintenance and other fees	3,351	4,197	10,461	13,636
Other income from purchased loans	—	674	—	2,925
Gains on sales of other assets	891	189	1,674	875
Net gains on investment securities	2,244	—	4,467	713
Other	3,746	3,170	10,180	6,834
Total non-interest income	26,676	26,446	75,947	77,121

Non-interest expense:

Salaries and employee benefits	53,119	48,376	153,003	140,801
Net occupancy and equipment	16,676	14,825	47,761	44,163
Other operating expenses	35,846	37,713	109,255	111,760
Total non-interest expense	105,641	100,914	310,019	296,724

Income before taxes	138,492	136,458	220,063	428,298
Provision for income taxes	29,251	32,574	48,707	103,189
Net income	109,241	103,884	171,356	325,109
Earnings attributable to noncontrolling interest	12	7	29	(9)
Net income available to common stockholders	\$ 109,253	\$ 103,891	\$ 171,385	\$ 325,100

Basic earnings per common share	\$ 0.84	\$ 0.81	\$ 1.33	\$ 2.52
Diluted earnings per common share	\$ 0.84	\$ 0.81	\$ 1.32	\$ 2.52

Bank OZK
Consolidated Statements of Stockholders' Equity
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 September 30, 2020:						
Balances – June 30, 2020	\$ 1,293	\$2,257,867	\$1,788,329	\$ 63,177	\$ 3,100	\$4,113,766
Net income	—	—	109,241	—	—	109,241
Earnings attributable to noncontrolling interest	—	—	12	—	(12)	—
Total other comprehensive loss	—	—	—	(2,061)	—	(2,061)
Common stock dividends, \$0.2725 per share	—	—	(35,570)	—	—	(35,570)
Stock-based compensation expense	—	3,997	—	—	—	3,997
Forfeitures of 8,228 shares of unvested restricted common stock	—	—	—	—	—	—
Balances – September 30, 2020	<u>\$ 1,293</u>	<u>\$2,261,864</u>	<u>\$1,862,012</u>	<u>\$ 61,116</u>	<u>\$ 3,088</u>	<u>\$4,189,373</u>
Nine months ended September 30, 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	—	—	171,356	—	—	171,356
Earnings attributable to noncontrolling interest	—	—	29	—	(29)	—
Total other comprehensive income	—	—	—	33,861	—	33,861
Common stock dividends, \$0.8025 per share	—	—	(104,012)	—	—	(104,012)
Issuance of 4,300 shares of common stock for exercise of stock options	—	45	—	—	—	45
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	—	11,852	—	—	—	11,852
Forfeitures of 45,139 shares of unvested restricted common stock	—	—	—	—	—	—
Balances – September 30, 2020	<u>\$ 1,293</u>	<u>\$2,261,864</u>	<u>\$1,862,012</u>	<u>\$ 61,116</u>	<u>\$ 3,088</u>	<u>\$4,189,373</u>

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 September 30, 2019:						
Balances – June 30, 2019	\$ 1,289	\$2,243,779	\$1,728,486	\$ 19,693	\$ 3,131	\$3,996,378
Net income	—	—	103,884	—	—	103,884
Earnings attributable to noncontrolling interest	—	—	7	—	(7)	—
Total other comprehensive income	—	—	—	7,955	—	7,955
Common stock dividends, \$0.24 per share	—	—	(30,963)	—	—	(30,963)
Issuance of 10,800 shares of common stock for exercise of stock options	—	242	—	—	—	242
Repurchase and cancellation of 974 shares of common stock	—	(28)	—	—	—	(28)
Stock-based compensation expense	—	3,980	—	—	—	3,980
Forfeitures of 10,183 shares of unvested restricted common stock	—	—	—	—	—	—
Balances – September 30, 2019	<u>\$ 1,289</u>	<u>\$2,247,973</u>	<u>\$1,801,414</u>	<u>\$ 27,648</u>	<u>\$ 3,124</u>	<u>\$4,081,448</u>
Nine months ended September 30, 2019:						
Balances – December 31, 2018	\$ 1,286	\$2,237,948	\$1,565,201	\$ (34,105)	\$ 3,035	\$3,773,365
Net income	—	—	325,109	—	—	325,109
Earnings attributable to noncontrolling interest	—	—	(9)	—	9	—
Total other comprehensive income	—	—	—	61,753	—	61,753
Common stock dividends, \$0.69 per share	—	—	(88,887)	—	—	(88,887)
Noncontrolling interest cash contribution	—	—	—	—	80	80
Issuance of 67,350 shares of common stock for exercise of stock options	1	1,118	—	—	—	1,119
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	—	10,584	—	—	—	10,584
Forfeiture of 74,398 shares of unvested restricted common stock	(1)	1	—	—	—	—
Balances – September 30, 2019	<u>\$ 1,289</u>	<u>\$2,247,973</u>	<u>\$1,801,414</u>	<u>\$ 27,648</u>	<u>\$ 3,124</u>	<u>\$4,081,448</u>

Bank OZK
Summary of Non-Interest Expense
Unaudited

	<u>Three Months Ended</u> <u>September 30,</u>		<u>Nine Months Ended</u> <u>September 30,</u>	
	2020	2019	2020	2019
	(Dollars in thousands)			
Salaries and employee benefits	\$ 53,119	\$ 48,376	\$ 153,003	\$ 140,801
Net occupancy and equipment	16,676	14,825	47,761	44,163
Other operating expenses:				
Professional and outside services	8,647	9,204	23,629	25,874
Software and data processing	5,431	5,095	15,550	14,561
Deposit insurance and assessments	3,595	2,505	11,600	9,645
Telecommunication services	2,352	2,094	6,863	8,248
Postage and supplies	1,808	2,040	5,753	6,201
Advertising and public relations	1,557	2,067	4,964	5,421
ATM expense	1,604	1,277	3,766	3,363
Travel and meals	689	2,777	3,501	8,385
Loan collection and repossession expense	1,030	317	2,581	2,218
Writedowns of foreclosed and other assets	488	354	2,087	1,509
Amortization of intangibles	1,914	2,907	7,291	9,064
Other	6,731	7,076	21,670	17,271
Total non-interest expense	<u>\$ 105,641</u>	<u>\$ 100,914</u>	<u>\$ 310,019</u>	<u>\$ 296,724</u>

Bank OZK
Summary of Total Loans Outstanding
Unaudited

	<u>September 30, 2020</u>		<u>December 31, 2019</u>	
	(Dollars in thousands)			
Real estate:				
Residential 1-4 family	\$ 966,462	5.0%	\$ 998,632	5.7%
Non-farm/non-residential	4,415,477	22.8	3,956,579	22.6
Construction/land development	7,406,447	38.2	6,391,429	36.4
Agricultural	227,143	1.2	230,076	1.3
Multifamily residential	1,346,385	7.0	1,194,192	6.8
Total real estate	<u>14,361,914</u>	<u>74.2</u>	<u>12,770,908</u>	<u>72.8</u>
Commercial and industrial	944,490	4.9	661,952	3.8
Consumer	2,581,035	13.3	2,934,534	16.8
Other	1,471,004	7.6	1,164,649	6.6
Total loans	<u>19,358,443</u>	<u>100.0%</u>	<u>17,532,043</u>	<u>100.0%</u>
Allowance for loan losses	(308,847)		(108,525)	
Net loans	<u>\$ 19,049,596</u>		<u>\$ 17,423,518</u>	

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 September 30, 2020:			
Balances – June 30, 2020	\$ 306,196	\$ 68,298	\$ 374,494
Net charge-offs	(4,421)	—	(4,421)
Provision for credit losses	7,072	128	7,200
Balances – September 30, 2020	<u>\$ 308,847</u>	<u>\$ 68,426</u>	<u>\$ 377,273</u>
Nine months ended September 30, 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	(22,653)	—	(22,653)
Provision for credit losses	183,387	13,502	196,889
Balances – September 30, 2020	<u>\$ 308,847</u>	<u>\$ 68,426</u>	<u>\$ 377,273</u>
Three months ended September 30, 2019:			
Balances – June 30, 2019	\$ 106,642	\$ —	\$ 106,642
Net charge-offs	(5,495)	—	(5,495)
Provision for credit losses	7,854	—	7,854
Balances – September 30, 2019	<u>\$ 109,001</u>	<u>\$ —</u>	<u>\$ 109,001</u>
Nine months ended September 30, 2019:			
Balances – December 31, 2018	\$ 102,264	\$ —	\$ 102,264
Net charge-offs	(14,566)	—	(14,566)
Provision for credit losses	21,303	—	21,303
Balances – September 30, 2019	<u>\$ 109,001</u>	<u>\$ —</u>	<u>\$ 109,001</u>

Bank OZK
Summary of Deposits – By Account Type
Unaudited

	September 30, 2020		December 31, 2019	
	(Dollars in thousands)			
Non-interest bearing	\$ 3,908,207	18.4%	\$ 2,795,251	15.1%
Interest bearing:				
Transaction (NOW)	2,973,192	14.0	2,706,426	14.7
Savings and money market	4,611,840	21.7	5,601,181	30.3
Time deposits less than \$100	3,483,557	16.4	3,321,446	18.0
Time deposits of \$100 or more	6,310,609	29.5	4,049,955	21.9
Total deposits	<u>\$ 21,287,405</u>	<u>100.0%</u>	<u>\$ 18,474,259</u>	<u>100.0%</u>

Summary of Deposits – By Customer Type
Unaudited

	September 30, 2020		December 31, 2019	
	(Dollars in thousands)			
Consumer	\$ 10,909,452	51.2%	\$ 7,526,014	40.7%
Commercial	5,963,072	28.0	4,334,366	23.5
Public Funds	2,330,726	10.9	3,782,415	20.5
Brokered	1,580,165	7.4	2,115,193	11.4
Reciprocal	503,990	2.5	716,271	3.9
Total deposits	<u>\$ 21,287,405</u>	<u>100.0%</u>	<u>\$ 18,474,259</u>	<u>100.0%</u>

Bank OZK
Selected Consolidated Financial Data
Unaudited

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	% Change	2020	2019	% Change
(Dollars in thousands, except per share amounts)						
Income statement data:						
Net interest income	\$ 224,657	\$ 218,780	2.7%	\$ 651,024	\$ 669,204	(2.7)%
Provision for credit losses	7,200	7,854	(8.3)	196,889	21,303	824.2
Non-interest income	26,676	26,446	0.9	75,947	77,121	(1.5)
Non-interest expense	105,641	100,914	4.7	310,019	296,724	4.5
Net income available to common stockholders	109,253	103,891	5.2	171,385	325,100	(47.3)
Pre-tax pre-provision net revenue ⁽¹⁾	145,692	144,312	1.0	416,952	449,601	(7.3)
Common share and per common share data:						
Net income per share – diluted	\$ 0.84	\$ 0.81	3.7%	\$ 1.32	\$ 2.52	(47.6)%
Net income per share – basic	0.84	0.81	3.7	1.33	2.52	(47.2)
Dividends per share	0.2725	0.24	13.5	0.8025	0.69	16.3
Book value per share	32.37	31.63	2.3	32.37	31.63	2.3
Tangible book value per share ⁽¹⁾	27.13	26.30	3.2	27.13	26.30	3.2
Weighted-average diluted shares outstanding (thousands)	129,470	129,012		129,398	128,995	
End of period shares outstanding (thousands)	129,342	128,946		129,342	128,946	
Balance sheet data at period end:						
Total assets	\$26,888,308	\$23,402,679	14.9%	\$26,888,308	\$23,402,679	14.9%
Total loans	19,358,443	17,734,851	9.2	19,358,443	17,734,851	9.2
Non-purchased loans	18,419,958	16,307,621	13.0	18,419,958	16,307,621	13.0
Purchased loans	938,485	1,427,230	(34.2)	938,485	1,427,230	(34.2)
Allowance for loan losses	308,847	109,001	183.3	308,847	109,001	183.3
Foreclosed assets	16,543	33,319	(50.3)	16,543	33,319	(50.3)
Investment securities – AFS	3,468,243	2,414,722	43.6	3,468,243	2,414,722	43.6
Goodwill and other intangible assets, net	677,251	687,397	(1.5)	677,251	687,397	(1.5)
Deposits	21,287,405	18,440,078	15.4	21,287,405	18,440,078	15.4
Other borrowings	750,949	301,421	149.1	750,949	301,421	149.1
Subordinated notes	223,950	223,567	0.2	223,950	223,567	0.2
Subordinated debentures	120,335	119,775	0.5	120,335	119,775	0.5
Unfunded balance of closed loans	11,604,614	11,429,918	1.5	11,604,614	11,429,918	1.5
Reserve for losses on unfunded loan commitments	68,426	—	NM	68,426	—	NM
Total common stockholders' equity	4,186,285	4,078,324	2.6	4,186,285	4,078,324	2.6
Net unrealized gains on investment securities AFS included in common stockholders' equity	61,116	27,648		61,116	27,648	
Loan (including purchased loans) to deposit ratio	90.94%	96.18%		90.94%	96.18%	
Selected ratios:						
Return on average assets ⁽²⁾	1.63%	1.81%		0.90%	1.92%	
Return on average common stockholders' equity ⁽²⁾	10.48	10.22		5.55	11.07	
Return on average tangible common stockholders' equity ^{(1) (2)}	12.52	12.33		6.65	13.44	
Average common equity to total average assets	15.56	17.69		16.23	17.31	
Net interest margin – FTE ⁽²⁾	3.69	4.26		3.79	4.41	
Efficiency ratio	41.77	40.98		42.38	39.58	
Net charge-offs to average non-purchased loans ^{(2) (3)}	0.09	0.07		0.07	0.08	
Net charge-offs to average total loans ⁽²⁾	0.09	0.12		0.16	0.11	
Nonperforming loans to total loans ⁽⁴⁾	0.15	0.17		0.15	0.17	
Nonperforming assets to total assets ⁽⁴⁾	0.17	0.26		0.17	0.26	
Allowance for loan losses to total loans ⁽⁵⁾	1.60	0.61		1.60	0.61	
Other information:						
Non-accrual loans ⁽⁴⁾	\$ 27,181	\$ 25,552		\$ 27,181	\$ 25,552	
Accruing loans – 90 days past due ⁽⁴⁾	—	—		—	—	
Troubled and restructured non-purchased loans – accruing ⁽⁴⁾	1,251	1,510		1,251	1,510	

⁽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		
	September 30, 2020	June 30, 2020	% Change
(Dollars in thousands, except per share amounts)			
Income statement data:			
Net interest income	\$ 224,657	\$ 216,593	3.7%
Provision for credit losses	7,200	72,026	(90.0)
Non-interest income	26,676	21,591	23.6
Non-interest expense	105,641	100,953	4.6
Net income available to common stockholders	109,253	50,266	117.3
Pre-tax pre-provision net revenue ⁽¹⁾	145,692	137,231	6.2
Common share and per common share data:			
Net income per share – diluted	\$ 0.84	\$ 0.39	115.4%
Net income per share – basic	0.84	0.39	115.4
Dividends per share	0.2725	0.27	0.9
Book value per share	32.37	31.78	1.9
Tangible book value per share ⁽¹⁾	27.13	26.53	2.3
Weighted-average diluted shares outstanding (thousands)	129,470	129,399	
End of period shares outstanding (thousands)	129,342	129,350	
Balance sheet data at period end:			
Total assets	\$ 26,888,308	\$ 26,380,409	1.9%
Total loans	19,358,443	19,311,078	0.2
Non-purchased loans	18,419,958	18,247,431	0.9
Purchased loans	938,485	1,063,647	(11.8)
Allowance for loan losses	308,847	306,196	0.9
Foreclosed assets	16,543	18,328	(9.7)
Investment securities – AFS	3,468,243	3,299,944	5.1
Goodwill and other intangible assets, net	677,251	679,166	(0.3)
Deposits	21,287,405	20,723,598	2.7
Other borrowings	750,949	903,696	(16.9)
Subordinated notes	223,950	223,854	0.1
Subordinated debentures	120,335	120,194	0.1
Unfunded balance of closed loans	11,604,614	11,411,441	1.7
Reserve for losses on unfunded loan commitments	68,426	68,298	0.2
Total common stockholders' equity	4,186,285	4,110,666	1.8
Net unrealized gains on investment securities AFS included in common stockholders' equity	61,116	63,177	
Loan (including purchased loans) to deposit ratio	90.94%	93.18%	
Selected ratios:			
Return on average assets ⁽²⁾	1.63%	0.78%	
Return on average common stockholders' equity ⁽²⁾	10.48	4.92	
Return on average tangible common stockholders' equity ⁽¹⁾⁽²⁾	12.52	5.89	
Average common equity to total average assets	15.56	15.93	
Net interest margin – FTE ⁽²⁾	3.69	3.74	
Efficiency ratio	41.77	42.07	
Net charge-offs to average non-purchased loans ⁽²⁾⁽³⁾	0.09	0.05	
Net charge-offs to average total loans ⁽²⁾	0.09	0.29	
Nonperforming loans to total loans ⁽⁴⁾	0.15	0.18	
Nonperforming assets to total assets ⁽⁴⁾	0.17	0.19	
Allowance for loan losses to total loans ⁽⁵⁾	1.60	1.59	
Other information:			
Non-accrual loans ⁽⁴⁾	\$ 27,181	\$ 31,083	
Accruing loans – 90 days past due ⁽⁴⁾	—	—	
Troubled and restructured non-purchased loans – accruing ⁽⁴⁾	1,251	934	

⁽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

12/31/18 3/31/19 6/30/19 9/30/19 12/31/19 3/31/20 6/30/20 9/30/20
(Dollars in thousands, except per share amounts)

Earnings Summary:

Net interest income	\$ 228,382	\$ 225,888	\$ 224,536	\$ 218,780	\$ 214,977	\$ 209,775	\$ 216,593	\$ 224,657
Federal tax (FTE) adjustment	1,219	1,207	1,136	1,038	1,028	1,133	1,753	1,605
Net interest income (FTE)	229,601	227,095	225,672	219,818	216,005	210,908	218,346	226,262
Provision for credit losses	(7,271)	(6,681)	(6,769)	(7,854)	(4,938)	(117,663)	(72,026)	(7,200)
Non-interest income	27,560	24,072	26,603	26,446	30,406	27,680	21,591	26,676
Non-interest expense	(94,893)	(96,678)	(99,131)	(100,914)	(104,406)	(103,425)	(100,953)	(105,641)
Pretax income (FTE)	154,997	147,808	146,375	137,496	137,067	17,500	66,958	140,097
FTE adjustment	(1,219)	(1,207)	(1,136)	(1,038)	(1,028)	(1,133)	(1,753)	(1,605)
Provision for income taxes	(38,750)	(35,889)	(34,726)	(32,574)	(35,240)	(4,509)	(14,948)	(29,251)
Noncontrolling interest	3	(6)	(10)	7	7	8	9	12
Net income available to common stockholders	\$ 115,031	\$ 110,706	\$ 110,503	\$ 103,891	\$ 100,806	\$ 11,866	\$ 50,266	\$ 109,253
Earnings per common share – diluted	\$ 0.89	\$ 0.86	\$ 0.86	\$ 0.81	\$ 0.78	\$ 0.09	\$ 0.39	\$ 0.84

Non-interest Income:

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

Non-interest Expense:

Salaries and employee benefits	\$ 41,837	\$ 44,868	\$ 47,558	\$ 48,376	\$ 52,050	\$ 51,473	\$ 48,410	\$ 53,119
Net occupancy and equipment	14,027	14,750	14,587	14,825	14,855	15,330	15,756	16,676
Other operating expenses	39,029	37,060	36,986	37,713	37,501	36,622	36,787	35,846
Total non-interest expense	\$ 94,893	\$ 96,678	\$ 99,131	\$ 100,914	\$ 104,406	\$ 103,425	\$ 100,953	\$ 105,641

Balance Sheet Data:

Total assets	\$ 22,388,030	\$ 23,005,652	\$ 22,960,731	\$ 23,402,679	\$ 23,555,728	\$ 24,565,810	\$ 26,380,409	\$ 26,888,308
Non-purchased loans	15,073,791	15,610,681	15,786,809	16,307,621	16,224,539	17,030,378	18,247,431	18,419,958
Purchased loans	2,044,032	1,864,715	1,698,396	1,427,230	1,307,504	1,197,826	1,063,647	938,485
Investment securities – AFS	2,862,340	2,769,602	2,548,489	2,414,722	2,277,389	2,816,556	3,299,944	3,468,243
Deposits	17,938,415	18,476,868	18,186,215	18,440,078	18,474,259	18,809,190	20,723,598	21,287,405
Unfunded balance of closed loans	11,364,975	11,544,218	11,167,055	11,429,918	11,325,598	11,334,737	11,411,441	11,604,614
Common stockholders' equity	3,770,330	3,882,643	3,993,247	4,078,324	4,150,351	4,083,150	4,110,666	4,186,285

Bank OZK
Supplemental Quarterly Financial Data (Continued)
Unaudited

12/31/18 3/31/19 6/30/19 9/30/19 12/31/19 3/31/20 6/30/20 9/30/20
(Dollars in thousands, except per share amounts)

Allowance for Credit Losses:

Balance at beginning of period	\$ 98,200	\$ 102,264	\$ 105,954	\$ 106,642	\$ 109,001	\$ 108,525	\$ 316,409	\$ 374,494
Adoption of CECL ⁽¹⁾ methodology	—	—	—	—	—	94,512	—	—
Net charge-offs	(3,207)	(2,991)	(6,081)	(5,495)	(5,414)	(4,291)	(13,941)	(4,421)
Provision for credit losses	7,271	6,681	6,769	7,854	4,938	117,663	72,026	7,200
Balance at end of period	<u>\$ 102,264</u>	<u>\$ 105,954</u>	<u>\$ 106,642</u>	<u>\$ 109,001</u>	<u>\$ 108,525</u>	<u>\$ 316,409</u>	<u>\$ 374,494</u>	<u>\$ 377,273</u>
Allowance for loan losses	\$ 102,264	\$ 105,954	\$ 106,642	\$ 109,001	\$ 108,525	\$ 238,737	\$ 306,196	\$ 308,847
Reserve for losses on unfunded loan commitments	—	—	—	—	—	77,672	68,298	68,426
Total allowance for credit losses	<u>\$ 102,264</u>	<u>\$ 105,954</u>	<u>\$ 106,642</u>	<u>\$ 109,001</u>	<u>\$ 108,525</u>	<u>\$ 316,409</u>	<u>\$ 374,494</u>	<u>\$ 377,273</u>

Selected Ratios:

Net interest margin – FTE ⁽²⁾	4.55%	4.53%	4.45%	4.26%	4.15%	3.96%	3.74%	3.69%
Efficiency ratio	36.90	38.49	39.30	40.98	42.37	43.35	42.07	41.77
Net charge-offs to average non-purchased loans ^{(2) (3)}	0.06	0.05	0.12	0.07	0.10	0.08	0.05	0.09
Net charge-offs to average total loans ⁽²⁾	0.07	0.07	0.14	0.12	0.12	0.10	0.29	0.09
Nonperforming loans to total loans ⁽⁴⁾	0.23	0.22	0.15	0.17	0.15	0.16	0.18	0.15
Nonperforming assets to total assets ⁽⁴⁾	0.23	0.21	0.25	0.26	0.18	0.19	0.19	0.17
Allowance for loan losses to total loans ⁽⁵⁾	0.60	0.61	0.61	0.61	0.62	1.31	1.59	1.60
Loans past due 30 days or more, including past due non-accrual loans, to total loans ⁽⁴⁾	0.28	0.28	0.13	0.14	0.19	0.18	0.13	0.13

- (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 September 30,						Nine Months Ended September 30,					
	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	\$ 1,705,652	\$ 532	0.12%	\$ 486,174	\$ 2,647	2.16%	\$ 1,459,814	\$ 5,237	0.48%	\$ 242,476	\$ 4,001	2.21%
Investment securities:												
Taxable	2,216,041	9,666	1.74	2,027,267	12,511	2.45	1,979,368	31,480	2.12	2,169,218	40,992	2.53
Tax-exempt – FTE	1,193,407	6,573	2.19	462,927	4,256	3.65	944,552	18,527	2.62	495,694	13,835	3.73
Non-purchased loans – FTE	18,311,166	236,846	5.15	15,934,033	245,099	6.10	17,602,817	701,892	5.33	15,727,447	741,375	6.30
Purchased loans	999,438	16,269	6.48	1,553,398	26,042	6.65	1,132,334	54,743	6.46	1,760,740	84,756	6.44
Total earning assets – FTE	24,425,704	269,886	4.40	20,463,799	290,555	5.63	23,118,885	811,879	4.69	20,395,575	884,959	5.80
Non-interest earning assets	2,235,853			2,323,028			2,302,225			2,277,584		
Total assets	<u>\$ 26,661,557</u>			<u>\$ 22,786,827</u>			<u>\$ 25,421,110</u>			<u>\$ 22,673,159</u>		
LIABILITIES AND STOCKHOLDERS' EQUITY												
Interest bearing liabilities:												
Deposits:												
Savings and interest bearing transaction	\$ 7,581,707	\$ 5,496	0.29%	\$ 8,792,998	\$ 30,108	1.36%	\$ 7,742,865	\$ 32,945	0.57%	\$ 9,318,915	\$ 103,721	1.49%
Time deposits of \$100 or more	6,101,542	20,858	1.36	3,564,862	19,803	2.20	5,259,616	66,813	1.70	3,292,375	52,056	2.11
Other time deposits	3,664,931	11,919	1.29	3,069,997	16,337	2.11	3,584,047	41,448	1.54	2,697,660	40,950	2.03
Total interest bearing deposits	17,348,180	38,273	0.88	15,427,857	66,248	1.70	16,586,528	141,206	1.14	15,308,950	196,727	1.72
Repurchase agreements with customers	7,093	4	0.24	9,037	5	0.24	7,686	17	0.29	14,062	39	0.37
Other borrowings ⁽¹⁾	793,350	1,156	0.58	29,422	90	1.21	711,408	2,168	0.41	122,254	1,497	1.64
Subordinated notes	223,899	3,207	5.70	223,516	3,216	5.71	223,801	9,551	5.70	223,419	9,542	5.71
Subordinated debentures ⁽¹⁾	120,253	984	3.26	119,700	1,178	3.90	120,119	3,420	3.80	119,558	4,570	5.11
Total interest bearing liabilities	18,492,775	43,624	0.94	15,809,532	70,737	1.78	17,649,542	156,362	1.18	15,788,243	212,375	1.80
Non-interest bearing liabilities:												
Non-interest bearing deposits	3,764,063			2,728,596			3,391,162			2,736,350		
Other non-interest bearing liabilities	253,211			213,505			251,723			220,126		
Total liabilities	22,510,049			18,751,633			21,292,427			18,744,719		
Common stockholders' equity	4,148,409			4,032,066			4,125,578			3,925,321		
Noncontrolling interest	3,099			3,128			3,105			3,119		
Total liabilities and stockholders' equity	<u>\$ 26,661,557</u>			<u>\$ 22,786,827</u>			<u>\$ 25,421,110</u>			<u>\$ 22,673,159</u>		
Net interest income – FTE		<u>\$ 226,262</u>			<u>\$ 219,818</u>			<u>\$ 655,517</u>			<u>\$ 672,584</u>	
Net interest margin – FTE			<u>3.69%</u>			<u>4.26%</u>			<u>3.79%</u>			<u>4.41%</u>

⁽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 third quarter and \$0.65 million for the first nine months of 2020 compared to \$0.11 million for the third quarter and \$0.86 million for the first nine months of 2019. In the absence of this interest capitalization, the rates on other borrowings would have been 0.59% for the third quarter and 0.53% for the first nine months of 2020 and 2.69% for the third quarter and 2.57% for the first nine months of 2019. Capitalized interest included in subordinated debentures totaled \$0.01 million for the third quarter and \$0.18 million for the first nine months of 2020, compared to \$0.45 million for both the third quarter and first nine months of 2019. In the absence of this interest capitalization, the rates on subordinated debentures would have been 3.27% for the third quarter and 4.00% for the first nine months of 2020 and 5.39% for the third quarter and 5.61% for the first nine months 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			Nine Months Ended	
	September 30, 2020	2019	June 30, 2020	September 30, 2020	2019
	(Dollars in thousands)				
Net income available to common stockholders	\$ 109,253	\$ 103,891	\$ 50,266	\$ 171,385	\$ 325,100
Average common stockholders' equity before noncontrolling interest	\$4,148,409	\$4,032,066	\$4,110,038	\$4,125,578	\$3,925,321
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	(17,461)	(28,275)	(19,563)	(19,803)	(31,290)
Total average intangibles	(678,250)	(689,064)	(680,352)	(680,592)	(692,079)
Average tangible common stockholders' equity	\$3,470,159	\$3,343,002	\$3,429,686	\$3,444,986	\$3,233,242
Return on average common stockholders' equity ⁽¹⁾	10.48%	10.22%	4.92%	5.55%	11.07%
Return on average tangible common stockholders' equity ⁽¹⁾	12.52%	12.33%	5.89%	6.65%	13.44%

⁽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

	September 30,		June 30,
	2020	2019	2020
	(In thousands, except per share amounts)		
Total common stockholders' equity before noncontrolling interest	\$ 4,186,285	\$ 4,078,324	\$ 4,110,666
Less intangible assets:			
Goodwill	(660,789)	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	(16,462)	(26,608)	(18,377)
Total intangibles	(677,251)	(687,397)	(679,166)
Total tangible common stockholders' equity	\$ 3,509,034	\$ 3,390,927	\$ 3,431,500
Shares of common stock outstanding	129,342	128,946	129,350
Book value per common share	\$ 32.37	\$ 31.63	\$ 31.78
Tangible book value per common share	\$ 27.13	\$ 26.30	\$ 26.53

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

	September 30,	
	2020	2019
	(Dollars in thousands)	
Total common stockholders' equity before noncontrolling interest	\$ 4,186,285	\$ 4,078,324
Less intangible assets:		
Goodwill	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	(16,462)	(26,608)
Total intangibles	(677,251)	(687,397)
Total tangible common stockholders' equity	<u>\$ 3,509,034</u>	<u>\$ 3,390,927</u>
Total assets	\$ 26,888,308	\$ 23,402,679
Less intangible assets:		
Goodwill	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	(16,462)	(26,608)
Total intangibles	(677,251)	(687,397)
Total tangible assets	<u>\$ 26,211,057</u>	<u>\$ 22,715,282</u>
Ratio of total common stockholders' equity to total assets	<u>15.57%</u>	<u>17.43%</u>
Ratio of total tangible common stockholders' equity to total tangible assets	<u>13.39%</u>	<u>14.93%</u>

Calculation of Pre-Tax Pre-Provision Net Revenue
Unaudited

	Three Months Ended			Nine Months Ended	
	September 30,		June 30,	September 30,	
	2020	2019	2020	2020	2019
	(Dollars in thousands)				
Income before taxes	\$ 138,492	\$ 136,458	\$ 65,205	\$ 220,063	\$ 428,298
Provision for credit losses	7,200	7,854	72,026	196,889	21,303
Pre-tax pre-provision net revenue	<u>\$ 145,692</u>	<u>\$ 144,312</u>	<u>\$ 137,231</u>	<u>\$ 416,952</u>	<u>\$ 449,601</u>



MANAGEMENT COMMENTS
FOR THE THIRD QUARTER
& FIRST NINE MONTHS OF 2020

OCTOBER 22, 2020

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 and any similar or related rules and regulations; changes in U.S. government monetary and fiscal policy, including any changes that result from the upcoming elections in November; DFIC 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 pandemic and actions taken to contain or treat COVID-19, on the Bank, the Bank’s customers, the global economy and financial markets; international or political instability; impairment of our goodwill or other intangible assets; adoption of new accounting standards, including the effects from the adoption of the current expected credit loss (“CECL”) 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 results and achievements for the third quarter of 2020, which reflect solid fundamental performance. Some of the highlights of the quarter just ended are as follows:

- **Excellent Asset Quality.** Our ongoing focus on asset quality showed very well in the current environment as demonstrated by our annualized net charge-off ratio for the quarter of 0.09% for both non-purchased loans (loans we originated) and total loans. Our September 30, 2020 ratios of non-performing non-purchased loans to total non-purchased loans and non-performing assets to total assets¹ were just 0.15% and 0.17%, respectively.
- **Increasing Net Interest Income.** Our net interest income for the quarter was \$224.7 million, an increase of \$8.1 million sequentially, or 3.7% not annualized, from the second quarter of 2020. This was our second consecutive quarter of increased net interest income, and resulted from good growth in average earning assets combined with improvement in our core spread, which is how we describe the difference between our yield on non-purchased loans and our cost of interest bearing deposits (“COIBD”).
- **Strong Deposit Growth.** Our commitment to our customers and communities, combined with our reputation for strength, stability and service, allowed us to achieve \$564 million of deposit growth during the quarter, bringing our deposit growth for the first nine months of 2020 to \$2.81 billion, which we accomplished while reducing our COIBD and improving the quality of our deposit base.
- **Increasing Liquidity.** Our deposit growth allowed us to continue to increase our already strong on-balance sheet liquidity with cash and cash equivalents increasing by \$288 million during the quarter to \$1.93 billion and our investment securities portfolio increasing by \$168 million during the quarter to \$3.47 billion.
- **Robust Capital.** Our strong capital position continues to be among the best in the industry. At September 30, 2020, our Leverage Ratio was 13.4%, which is over 2.6 times the regulatory Leverage Ratio required to be considered “well-capitalized.” This positions us well to navigate the current economic environment and to capitalize on future opportunities.
- **Excellent Efficiency Ratio.** Our efficiency ratio for the quarter was 41.8%, continuing our long track record of being among the best in the industry.

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

Profitability and Earnings Metrics

Net income for the third quarter of 2020 was \$109.3 million, a 5.2% increase from \$103.9 million for the third quarter of 2019. Diluted earnings per common share for the third quarter of 2020 were \$0.84, a 3.7% increase from \$0.81 for the third quarter of 2019. For the nine months ended September 30, 2020, net income was \$171.4 million, a 47.3% decrease from \$325.1 million for the first nine months of 2019. Diluted earnings per common share for the first nine months of 2020 were \$1.32, a 47.6% decrease from \$2.52 for the first nine months of 2019. Net income and diluted earnings per share for the nine months ended September 30, 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 1.63% for the third quarter of 2020 compared to 1.81% in the third quarter of 2019. Our annualized returns on average common stockholders' equity and average tangible common stockholders' equity² for the third quarter of 2020 were 10.48% and 12.52%, respectively, compared to 10.22% and 12.33%, respectively, for the third quarter of 2019. Our annualized returns on average assets, average common stockholders' equity and average tangible common stockholders' equity for the first nine months of 2020 were 0.90%, 5.55% and 6.65%, respectively, compared to 1.92%, 11.07% and 13.44%, respectively, for the first nine months of 2019 with the year-over-year comparisons once again reflecting the impacts of the COVID-19 pandemic.

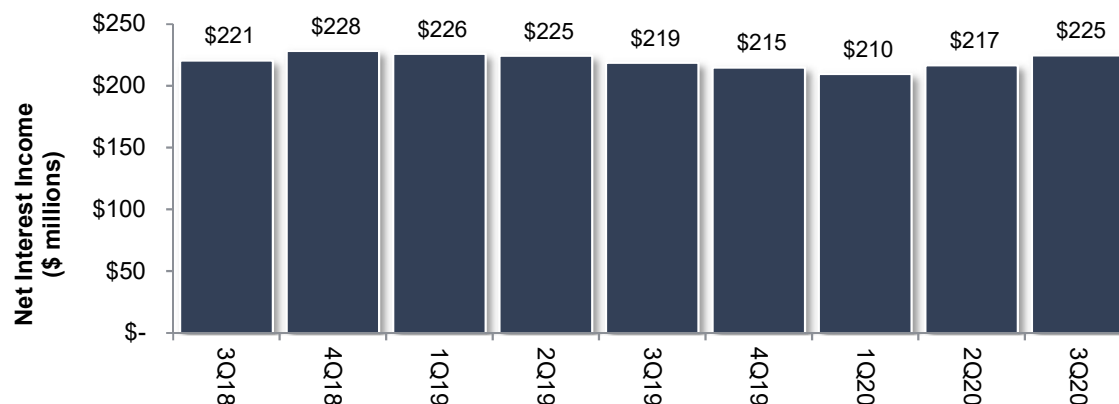
Net Interest Income

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

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.

As shown in Figure 1 below, for the second consecutive quarter, our net interest income increased compared to the immediately preceding quarter. Net interest income for the third quarter of 2020 was \$224.7 million, an increase of 2.7% from \$218.8 million in the third quarter of 2019 and it was the first year-over-year increase in six quarters. Net interest income for the first nine months of 2020 was \$651.0 million, a decrease of 2.7% from \$669.2 million in the first nine months of 2019.

Figure 1: Quarterly Net Interest Income - Last Nine Quarters



We are cautiously optimistic regarding the potential to continue to improve our core spread and to stabilize or improve our net interest margin in coming quarters. Specifically, we expect we can continue to adjust some of our deposit rates downward. Figure 2 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 month of September 2020.

Figure 2: Time Deposit Maturity Schedule

(\$ millions)

	Time Deposits	Wtd. Avg. Rate at 9/30/2020
4Q20	\$ 2,237	1.58%
1Q21	1,621	1.22%
2Q21	2,999	1.16%
3Q21	1,774	0.92%
4Q21 & Beyond	1,163	0.93%
Total	\$ 9,794	1.19%

During the third quarter of 2020, we retained approximately 81% of our consumer time deposits that matured, and we did so at rates approximately 125 bps, on average, below the previously paid average rate. As a result, during the quarter just ended, our weighted average rate for all outstanding time deposits at September 30, 2020 declined by 28 bps from June 30, 2020, even as our balance of time deposits increased by \$215 million.

New and Renewed Time Deposits in September 2020	\$ 387	0.74%
--	---------------	--------------

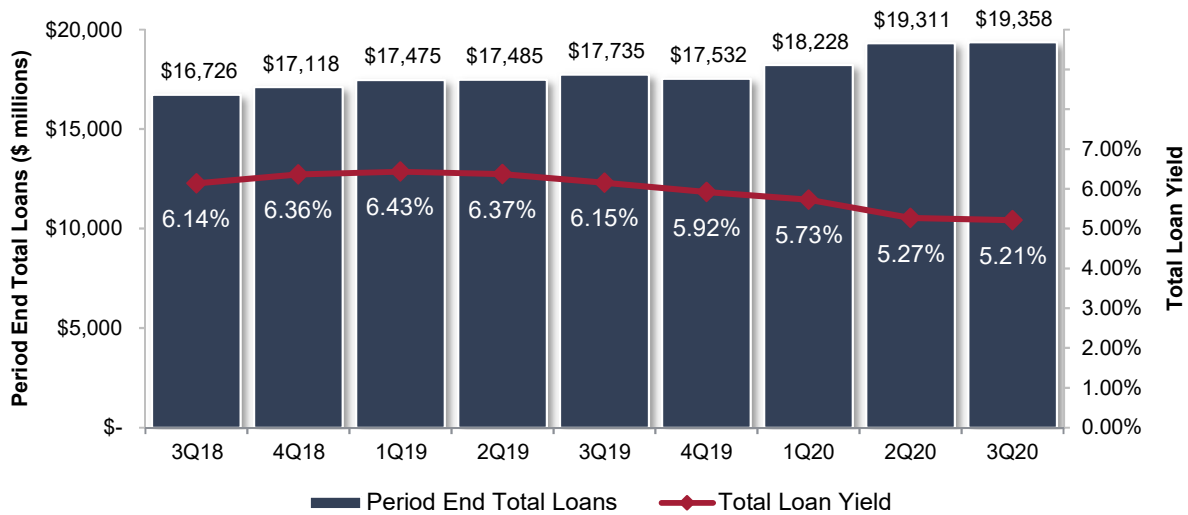
Average Earning Assets – Volume and Mix

Our average earning assets for the quarter just ended totaled \$24.4 billion, a 19.4% increase from \$20.5 billion for the third quarter of 2019. Average earning assets were \$23.1 billion for the first nine months of 2020, a 13.4% increase from \$20.4 billion for the first nine months of 2019.

Total Loans

During the quarter just ended, our outstanding balance of total loans increased a modest \$47 million from June 30, 2020, or 0.2% not annualized, as illustrated in Figure 3. For the first nine months of 2020, our outstanding balance of total loans increased \$1.83 billion, or 10.4% not annualized.

Figure 3: Total Loan Balances and Yields – Last Nine Quarters

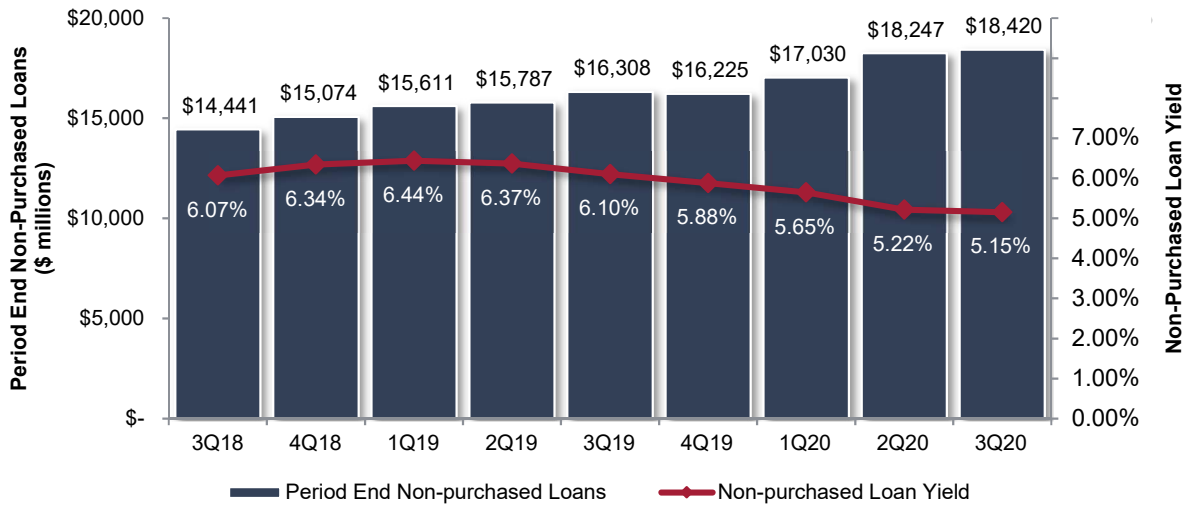


Our loan growth may vary widely quarter-to-quarter. As previously stated, we expect RESG to be the largest contributor to total loan growth in 2020, and we expect our various Community Banking teams to be secondary contributors. Our Indirect RV & Marine portfolio is expected to continue to shrink in 2020, before returning to moderate growth in 2021. In addition, our purchased loan portfolio is expected to continue to pay down.

Non-purchased Loans

Non-purchased loans, which are all loans excluding the remaining loans from our 15 acquisitions, accounted for 94.8% of our average total loans and 75.0% of our average earning assets in the quarter just ended. During the quarter, our outstanding balance of non-purchased loans increased \$173 million, or 0.9% not annualized, as illustrated in Figure 4. For the first nine months of 2020, our outstanding balance of non-purchased loans increased \$2.20 billion, or 13.5% not annualized.

Figure 4: Non-Purchased Loan Balances and Yields - Last Nine Quarters



RESG accounted for 62% of the funded balance of non-purchased loans as of September 30, 2020. RESG’s funded balance of non-purchased loans increased \$0.58 billion in the third quarter and increased \$1.94 billion during the first nine months of 2020. Figures 5 and 6, respectively, reflect the changes in the funded balance of RESG loans for the third quarter and first nine months of 2020.

Figure 5: Activity in RESG Funded Balances – 3Q20 (\$ billions)

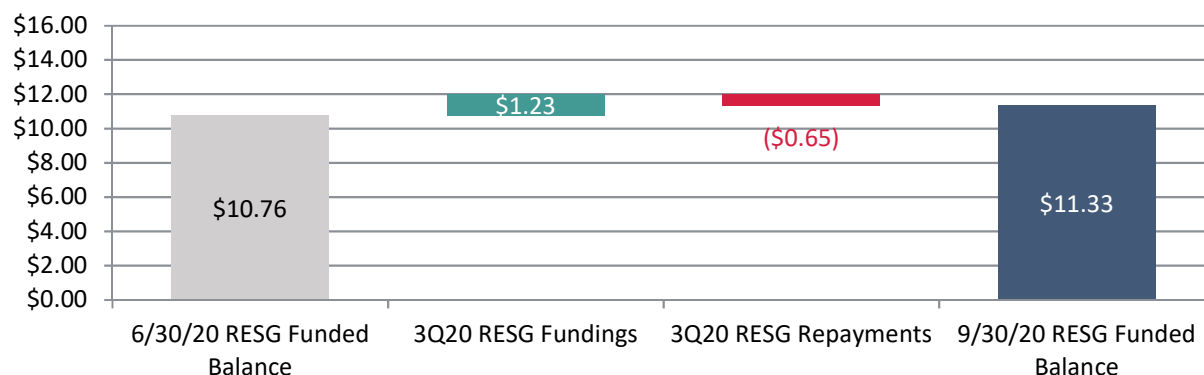


Figure 6: Activity in RESG Funded Balances – 9M20 (\$ billions)

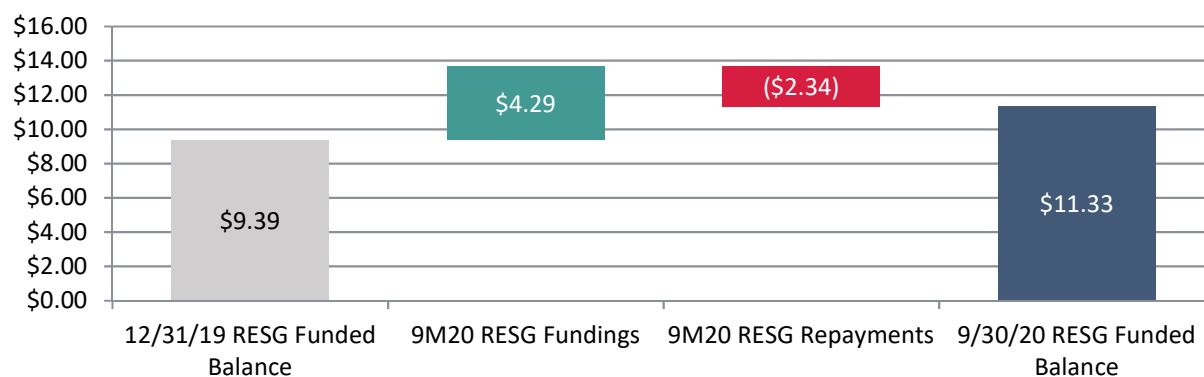


Figure 7 shows RESG’s quarterly loan repayments for each of the last 19 quarters. In recent years, our growth in non-purchased loans has been limited by, among other factors, the high level of RESG loan repayments, including a record annual level of repayments in 2019. RESG loan repayments were \$0.65 billion in the quarter just ended, which was below the quarterly repayment volume experienced in the previous 13 quarters. RESG loan repayments for the first nine months of 2020 were \$2.34 billion. We expect RESG loan repayments to return to

Figure 7: 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		\$2.34

*9M20 Not Annualized

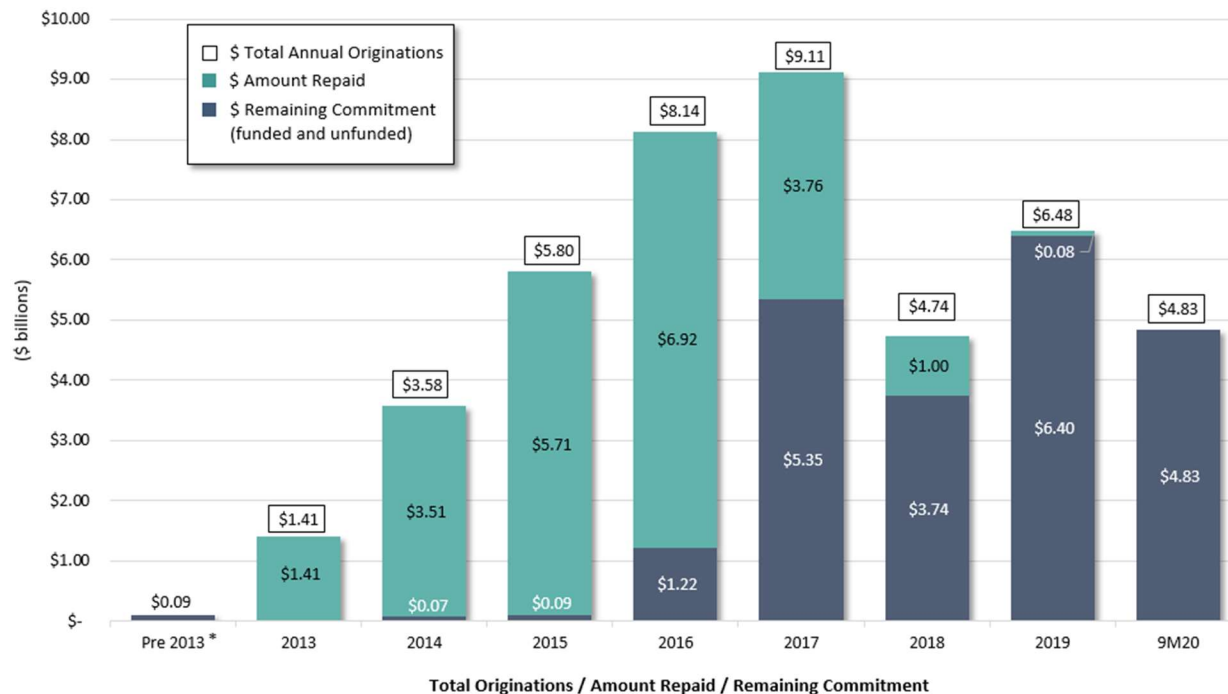
more typical levels in the fourth quarter of 2020 and most future quarters, and RESG loan repayments in 2021 will likely be above the level we achieved in 2019. The level of repayments may vary substantially from quarter-to-quarter and may have an outsized impact in one or more quarters.

Construction delays resulting from the COVID-19 pandemic, including delays due to shelter in place orders, were one factor affecting the volume and timing of RESG loan repayments in the first nine months of 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 in 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 the first nine months of 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. During the quarter just ended, we continued to witness the return of more bridge and permanent lenders to the market.

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

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



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

Figure 9 shows RESG’s quarterly loan originations for each of the last 19 quarters. RESG loan originations for the third quarter and first nine months of 2020 were \$1.40 billion and \$4.83 billion, respectively. Our 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 9: 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		\$4.83

*9M20 Not Annualized

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 for the fourth quarter of 2020 and to start 2021. RESG’s origination volume may vary significantly from quarter-to-quarter and may be impacted by economic conditions, competition or other factors.

At September 30, 2020, RESG accounted for 89% of our \$11.6 billion of unfunded balance of loans already closed. Figures 10 and 11, respectively, reflect the changes in the unfunded balance of our loans already closed, both RESG and others, for the third quarter and first nine months of 2020. The total unfunded balance increased approximately \$0.2 billion during the quarter. Future quarterly increases or decreases in this unfunded balance will vary based on a variety of factors.

Figure 10: Activity in Unfunded Balances – 3Q20 (\$ billions)

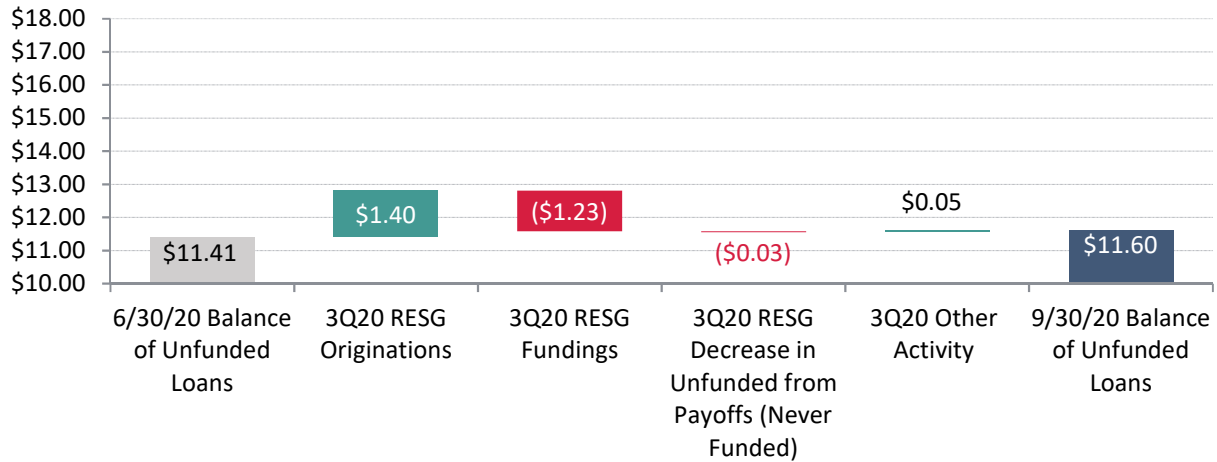
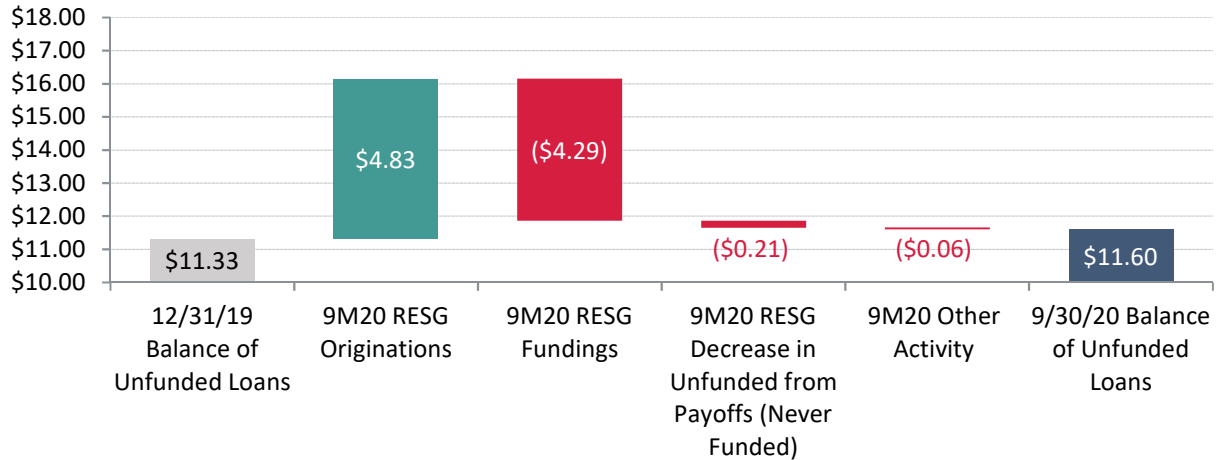


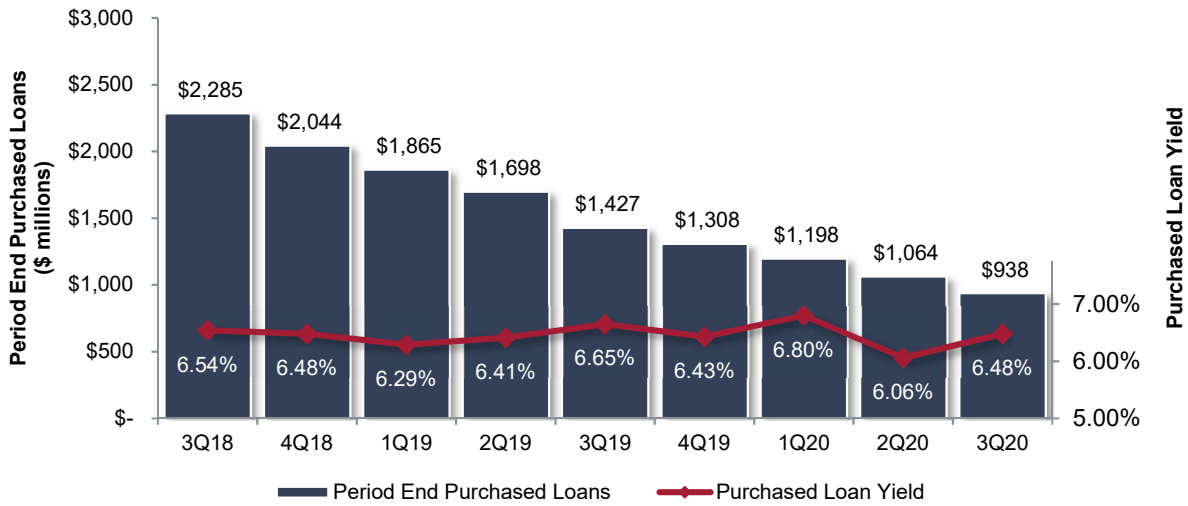
Figure 11: Activity in Unfunded Balances – 9M20 (\$ billions)



Purchased Loans

Purchased loans, which are the remaining loans from our 15 acquisitions, accounted for 5.2% of average total loans and 4.1% of our average earning assets in the quarter just ended. During the quarter, our purchased loan portfolio decreased \$0.13 billion, or 11.8% not annualized, to \$0.94 billion at September 30, 2020. For the first nine months of 2020, our purchased loan portfolio decreased by \$0.37 billion, or 28.2% not annualized. Purchased loan runoff will continue to be a headwind to overall loan growth in the remainder of 2020 and in 2021. Figure 12 shows our recent purchased loan portfolio trends.

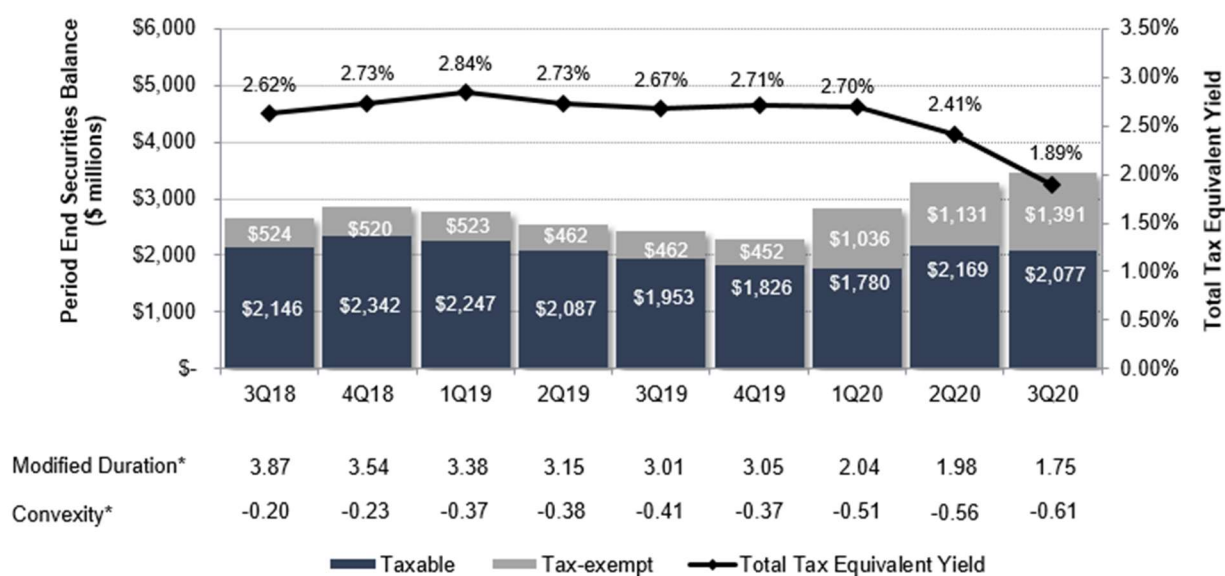
Figure 12: Purchased Loan Balances and Yields - Last Nine Quarters



Investment Securities

During the third quarter and first nine months of 2020 our investment securities portfolio increased \$0.17 billion and \$1.19 billion, respectively, as illustrated in Figure 13. During the third quarter, our liquidity position continued to grow, 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 13 below, this has had a dilutive effect on our investment portfolio yield. 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 13: Investment Portfolio Loan Balances and Yields - Last Nine Quarters



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

Net Interest Margin

Our net interest margin was 3.69% for the quarter just ended, down 57 bps from the third quarter of 2019 and down five bps from the second 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 have been able to adjust our deposit rates. We expect it will take us several more quarters to adjust our deposit rates downward to more closely align with the reduction in loan yields. In addition, during the quarter just ended and throughout 2020, we have held increasing 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

Our yield on non-purchased loans was 5.15% for the quarter just ended, a decrease of 95 bps from the third quarter of 2019 and a decrease of seven bps from the second quarter of 2020. Our yield on non-purchased loans was 5.33% for the first nine months of 2020, a decrease of 97 bps from the first nine months of 2019.

As of September 30, 2020, our outstanding balance of loans originated under the Small Business Administration's Paycheck Protection Program ("PPP") was \$0.46 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 2.8% during the quarter just ended, which was minimally dilutive to our net interest margin. While the timing for the forgiveness or repayment of the PPP loans is uncertain, our current estimate is that the majority of such loans will be forgiven in the first half of 2021.

Variable Rate Loans

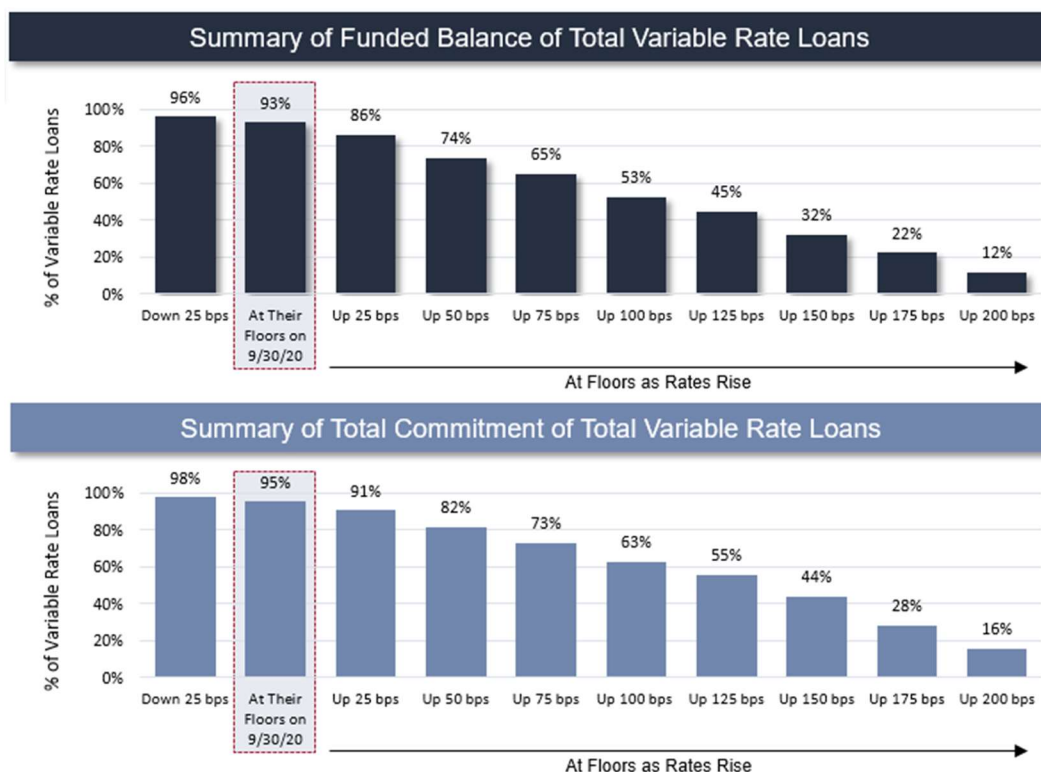
At September 30, 2020, 76% of our funded balance of non-purchased loans and 36% of our funded balance of purchased loans had variable rates. As shown in Figure 14, at September 30, 2020, 80.7% of our total funded balance of variable rate loans were tied to 1-month LIBOR, 1.8% were tied to 3-month LIBOR and 16.0% were tied to WSJ Prime.

Figure 14: Summary of Funded Balance of Variable Rate Loan Indexes as of September 30, 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	82.2%	1-Month LIBOR	17.2%	1-Month LIBOR	80.7%
3-Month LIBOR	1.8%	3-Month LIBOR	0.0%	3-Month LIBOR	1.8%
WSJ PRIME	15.0%	WSJ PRIME	54.0%	WSJ PRIME	16.0%
Other	1.0%	Other	28.8%	Other	1.5%

At September 30, 2020, 98% of our funded variable rate total loans (non-purchased and purchased) had floor rates. As of September 30, 2020, 93% of the funded balance of total loans in our variable rate loan portfolio were at their floors, and 95% 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 September 30, 2020



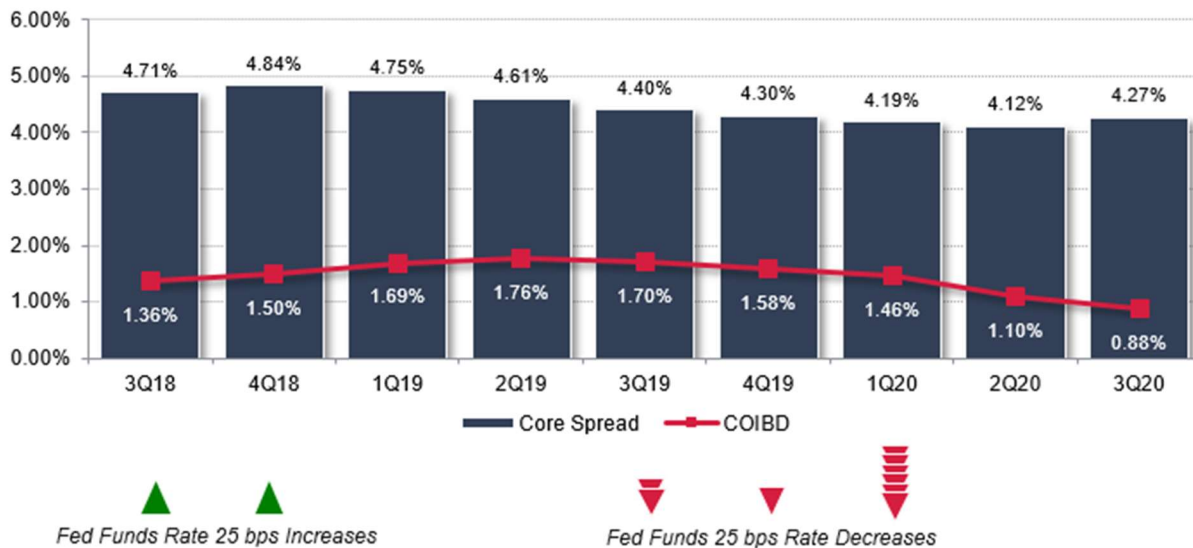
Investment Portfolio Yield

As previously shown in Figure 13, in the third quarter of 2020, the yield on our investment portfolio was 1.89%, on a fully taxable equivalent (“FTE”) basis, a 78 bps decrease from the third quarter of 2019, and a 52 basis point decrease from the second quarter of 2020. Based on our purchases in the quarter just ended, which resulted in an increase in the outstanding balances of our securities portfolio and a reduction in the average yield, we estimate the tax equivalent yield on our portfolio for the fourth quarter of 2020 will be between approximately 1.70% and 1.80%. Of course, additional purchases, unexpected calls or repayments and a variety of other factors may cause our actual results to differ materially from this expected range.

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 pandemic. As a result, our loan yields declined more quickly than we could lower our COIBD so far during 2020, resulting in reductions in both our net interest margin and core spread. During the quarter just ended, we were able to reverse the declining trend in core spread as a result of continued reductions in our COIBD, all as shown in Figure 16. Specifically, during the quarter our core spread increased 15 bps as our COIBD decreased 22 bps more than offsetting the seven basis point decrease in our yield on non-purchased loans. We expect our COIBD will continue to decrease over the next several quarters, which we believe will allow us to continue to improve our core spread.

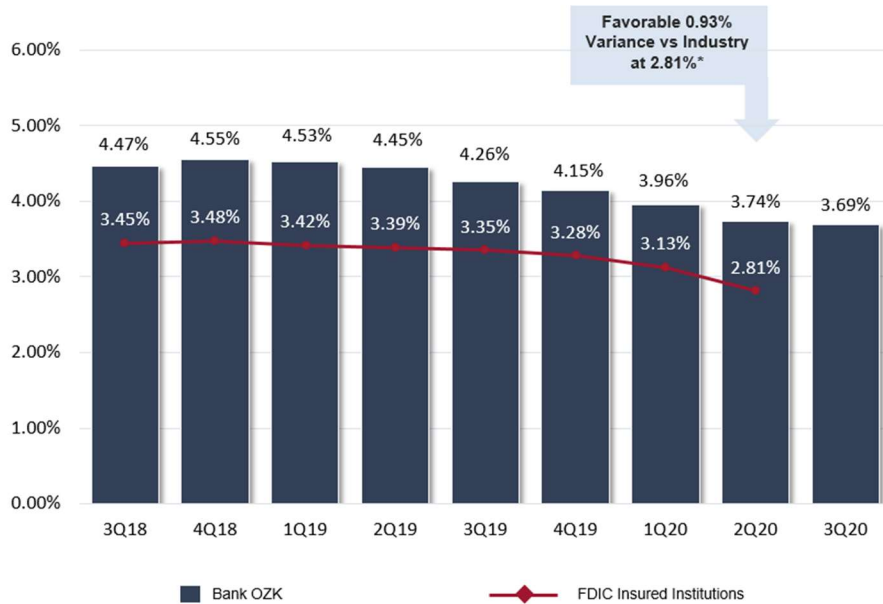
Figure 16: COIBD and Core Spread – Last Nine Quarters



Net Interest Margin

We continue to outperform the industry on net interest margin, as shown in Figure 17. In fact, in the second quarter of 2020, the latest quarter for which comparative data is available, our net interest margin outperformed the industry by 93 bps, an increase of 10 bps from the immediately preceding quarter. As discussed previously, we are cautiously optimistic regarding the potential to continue to improve our core spread and to stabilize or improve our net interest margin in coming quarters.

Figure 17: Quarterly Net Interest Margin (%) – Last Nine Quarters



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

Non-interest Income

Non-interest income for the third quarter of 2020 was \$26.7 million, a 0.9% increase from \$26.4 million for the third quarter of 2019. For the first nine months of 2020, non-interest income was \$76.0 million, a 1.5% decrease from \$77.1 million for the first nine months of 2019. The COVID-19 pandemic has significantly changed customer activity which reduced certain categories of non-interest income over the last two quarters, including income from service charges on deposit accounts. Figures 18 and 19, respectively, summarize non-interest income for the most recent nine quarters and year-over-year trends for the third quarter and first nine months of 2020.

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

	For the Three Months Ended								
	9/30/2018	12/31/2018	3/31/2019	6/30/2019	9/30/2019	12/31/2019	3/31/2020	6/30/2020	9/30/2020
Service charges on deposit accounts	\$ 9,730	\$ 10,585	\$ 9,722	\$ 10,291	\$ 10,827	\$ 10,933	\$ 10,009	\$ 8,281	\$ 9,427
Trust income	1,730	1,821	1,730	1,839	1,975	2,010	1,939	1,759	1,936
BOLI income									
Increase in cash surrender value	5,321	5,269	5,162	5,178	5,208	5,167	5,067	5,057	5,081
Death benefit	-	482	-	-	206	2,989	608	-	-
Other income from purchased loans	1,418	2,370	795	1,455	674	759	-	-	-
Loan service, maintenance and other fees	4,724	5,245	4,874	4,565	4,197	4,282	3,716	3,394	3,351
Net gains on investment securities	-	-	-	713	-	-	2,223	-	2,244
Gains (losses) on sales of other assets	(518)	465	284	402	189	1,358	161	621	891
Other	1,716	1,323	1,505	2,160	3,170	2,908	3,957	2,479	3,746
Total non-interest income	\$ 24,121	\$ 27,560	\$ 24,072	\$ 26,603	\$ 26,446	\$ 30,406	\$ 27,680	\$ 21,591	\$ 26,676

Figure 19: Year-to-Date Trends in Non-interest Income - 2019 vs. 2020 (\$ thousands)

	For the Nine Months Ended			For the Three Months Ended		
	9/30/2019	9/30/2020	% Change	9/30/2019	9/30/2020	% Change
Service charges on deposit accounts	\$ 30,841	\$ 27,717	-10.1%	\$ 10,827	\$ 9,427	-12.9%
Trust income	5,544	5,635	1.6%	1,975	1,936	-2.0%
BOLI income						
Increase in cash surrender value	15,547	15,205	-2.2%	5,208	5,081	-2.4%
Death benefit	206	608	NM	206	-	NM
Other income from purchased loans	2,925	-	NM	674	-	NM
Loan service, maintenance and other fees	13,636	10,461	-23.3%	4,197	3,351	-20.2%
Net gains on investment securities	713	4,467	NM	-	2,244	NM
Gains (losses) on sales of other assets	875	1,674	91.3%	189	891	NM
Other	6,834	10,180	49.0%	3,170	3,746	18.2%
Total non-interest income	\$ 77,121	\$ 75,947	-1.5%	\$ 26,446	\$ 26,676	0.9%

Non-interest Expense

Non-interest expense for the third quarter of 2020 was \$105.6 million, a 4.7% increase from \$100.9 million in the third quarter of 2019. For the first nine months of 2020, non-interest expense was \$310.0 million, a 4.5% increase from \$296.7 million for the first nine months of 2019.

Among the many impacts of the COVID-19 pandemic, we have experienced increases in some expenses and decreases in others. While some of these shifts are temporary, it seems clear to us that many permanent changes in our business will result from the COVID-19 pandemic. As a result, 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 to adjust to the current and expected future environment, and adjustments will continue to be made. As a result, in recent months, we have eliminated dozens of positions that were no longer needed or productive, and we have added many new positions so we can address the changing needs and expectations of our customers in this rapidly evolving environment.

Figures 20 and 21, respectively, summarize non-interest expense for the most recent nine quarters and year-over-year trends for the third quarter and first nine months of 2020.

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

	For the Three Months Ended								
	9/30/2018	12/31/2018	3/31/2019	6/30/2019	9/30/2019	12/31/2019	3/31/2020	6/30/2020	9/30/2020
Salaries & employee benefits	\$ 41,477	\$ 41,837	\$ 44,868	\$ 47,558	\$ 48,376	\$ 52,050	\$ 51,473	\$ 48,410	\$ 53,119
Net occupancy and equipment	14,358	14,027	14,750	14,587	14,825	14,855	15,330	15,756	16,676
Professional and outside services	9,725	8,325	8,564	8,105	9,204	7,156	7,043	7,939	8,647
Advertising and public relations	6,977	1,472	1,683	1,671	2,067	1,822	1,703	1,704	1,557
Telecommunication services	3,373	3,023	3,344	2,810	2,094	2,335	2,177	2,334	2,352
Software and data processing	3,336	3,943	4,709	4,757	5,095	4,974	4,974	5,145	5,431
Travel and meals	2,517	2,482	2,669	2,939	2,777	2,845	2,102	710	689
FDIC insurance and state assessments	3,948	3,672	3,652	3,488	2,505	3,780	3,420	4,585	3,595
Amortization of intangibles	3,145	3,144	3,145	3,012	2,907	2,854	2,795	2,582	1,914
Postage and supplies	2,517	2,214	2,103	2,058	2,040	2,483	2,053	1,892	1,808
ATM expense	1,202	544	987	1,099	1,277	1,263	1,160	1,002	1,604
Loan collection and repossession expense	932	1,077	984	918	317	600	694	857	1,030
Writedowns of foreclosed assets	544	1,841	562	594	354	910	879	720	488
Writedown of signage due to strategic rebranding	4,915	-	-	-	-	-	-	-	-
Other expenses	3,976	7,292	4,658	5,535	7,076	6,479	7,622	7,317	6,731
Total non-interest expense	\$102,942	\$ 94,893	\$ 96,678	\$ 99,131	\$100,914	\$104,406	\$103,425	\$100,953	\$105,641
Total expenses related to strategic rebranding *	10,772	271	-	-	-	-	-	-	-
Total non-interest expenses excluding expenses related to strategic rebranding	\$ 92,170	\$ 94,622	\$ 96,678	\$ 99,131	\$100,914	\$104,406	\$103,425	\$100,953	\$105,641

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

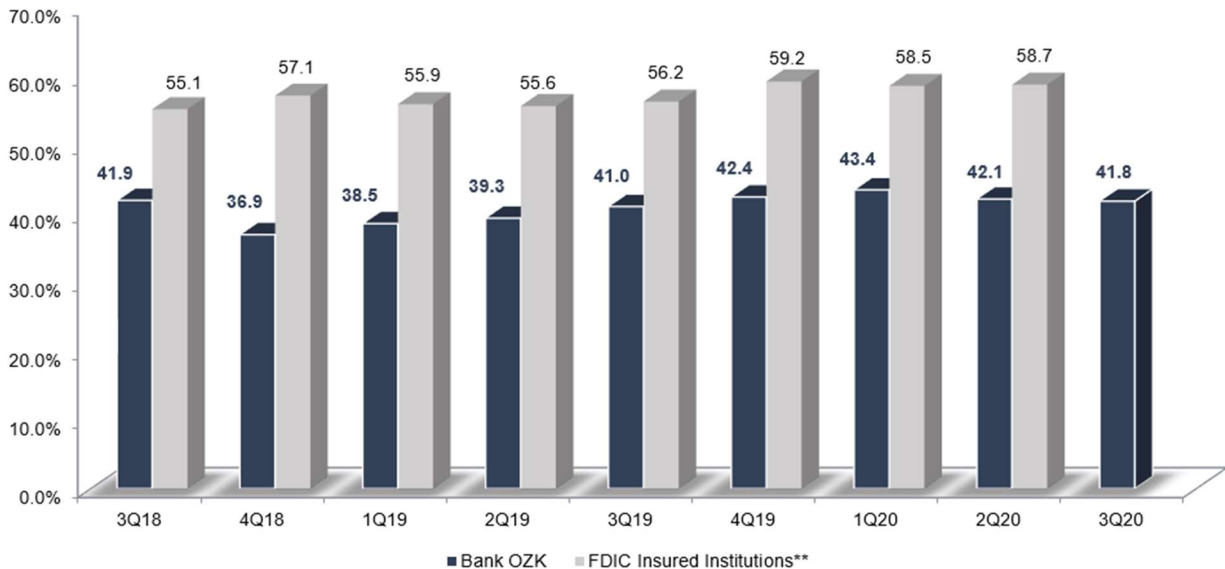
Figure 21: Year-to-Date Trends in Non-interest Expense - 2019 vs. 2020 (\$ thousands)

	For the Nine Months Ended			For the Three Months Ended		
	9/30/2019	9/30/2020	% Change	9/30/2019	9/30/2020	% Change
Salaries & employee benefits	\$ 140,801	\$ 153,002	8.7%	\$ 48,376	\$ 53,119	9.8%
Net occupancy and equipment	44,163	47,762	8.1%	14,825	16,676	12.5%
Professional and outside services	25,874	23,629	-8.7%	9,204	8,647	-6.1%
Advertising and public relations	5,421	4,964	-8.4%	2,067	1,557	-24.7%
Telecommunication services	8,248	6,863	-16.8%	2,094	2,352	12.3%
Software and data processing	14,561	15,550	6.8%	5,095	5,431	6.6%
Travel and meals	8,385	3,501	-58.2%	2,777	689	-75.2%
FDIC insurance and state assessments	9,645	11,600	20.3%	2,505	3,595	43.5%
Amortization of intangibles	9,064	7,291	-19.6%	2,907	1,914	-34.2%
Postage and supplies	6,201	5,753	-7.2%	2,040	1,808	-11.4%
ATM expense	3,363	3,766	12.0%	1,277	1,604	25.6%
Loan collection and repossession expense	2,218	2,581	16.4%	317	1,030	NM
Writedowns of foreclosed assets	1,509	2,087	38.3%	354	488	37.9%
Writedown of signage due to strategic rebranding	-	-	---	-	-	---
Other expenses	17,271	21,670	25.5%	7,076	6,731	-4.9%
Total non-interest expense	\$ 296,724	\$ 310,019	4.5%	\$ 100,914	\$ 105,641	4.7%
Total expenses related to strategic rebranding	-	-	---	-	-	---
Total non-interest expenses excluding expenses related to strategic rebranding	\$ 296,724	\$ 310,019	4.5%	\$ 100,914	\$ 105,641	4.7%

Efficiency Ratio

As shown in Figure 22, in the quarter just ended, our efficiency ratio was 41.8%, and for the first nine months of 2020, it was 42.4%. Our efficiency ratio remains among the best in the industry, having now been among the top decile of the industry for 18 consecutive years.*

Figure 22: Quarterly Efficiency Ratio (%) – Last Nine Quarters



* Data from S&P Global Market Intelligence.

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

Provision and Allowance for Credit Losses (“ACL”)

Our total provision expense for the quarter just ended was \$7.2 million, including \$7.1 million related to our allowance for loan losses (“ALL”) for outstanding loans and \$0.1 million related to our reserve for potential losses on unfunded loan commitments. As of September 30, 2020, our ALL for outstanding loans was \$308.8 million, or 1.60% of total outstanding loans, and our reserve for potential losses on unfunded loan commitments was \$68.4 million, or 0.59% 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. These reserve ratios changed only slightly from our ratios at June 30, 2020.

The calculations of our provision expense for the third quarter of 2020 and our total ACL at September 30, 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 October 12th and 14th, 2020. 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 stimulus, the results and ultimate consequences of the upcoming U.S. elections, 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 the various economic forecasts we utilized and 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 that consistent discipline has been evident in our 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 for each of the last two quarters have significantly outperformed our modeled estimates as of March 31 and June 30, 2020.

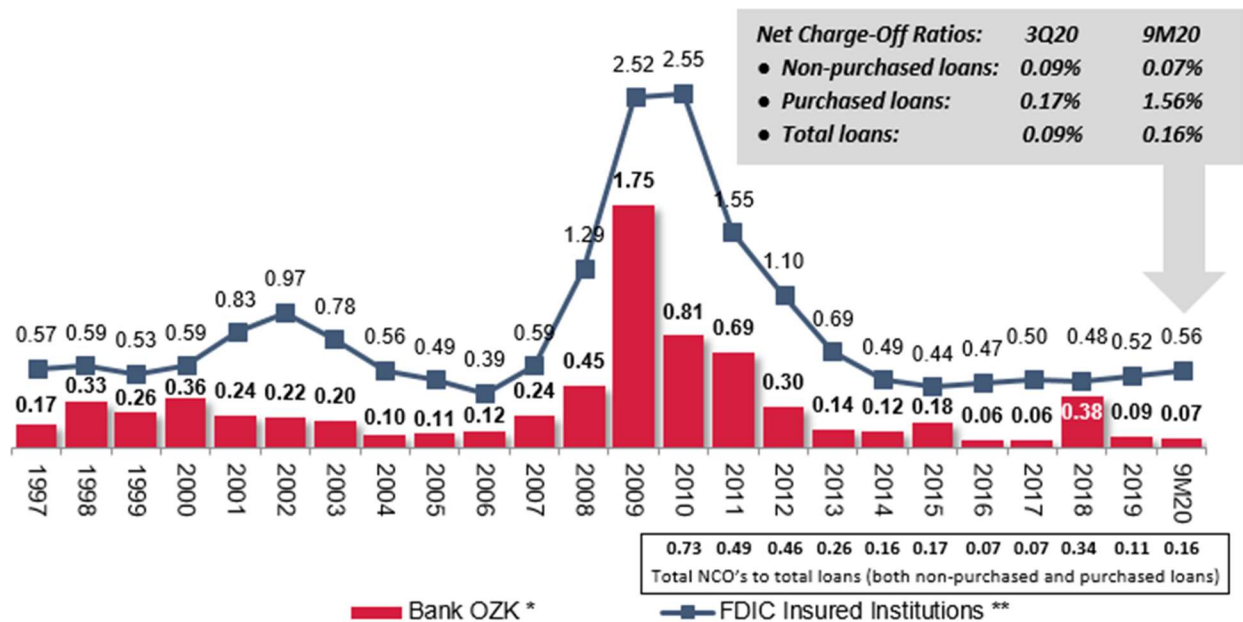
We believe we were appropriate in our ACL build over the first two quarters of 2020, and we feel comfortable with our current ACL. Of course, if economic conditions deteriorate relative to our underlying assumptions as of September 30, 2020, then our provision expense in future quarters may again be elevated as it was earlier this year. 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 0.09%, for purchased loans was 0.17%, and for total loans was 0.09%, continuing our long-standing trend of having net charge-off ratios well below industry averages, as shown in Figure 23. For the first nine months of 2020, our annualized net charge-off ratio for non-purchased loans was 0.07%, for purchased loans was 1.56%, 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 23: Annualized Net Charge-off Ratio vs. the Industry



*Unless otherwise indicated, Bank OZK data excludes purchased loans and net charge-offs related to such loans.

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

Annualized when appropriate.

As shown in Figure 24, 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 12 bps.

As shown in Figures 25, 26 and 27, the dollar volumes of our nonperforming non-purchased loans, nonperforming assets and past due non-purchased loans have been relatively stable, even as our total non-purchased loans and total assets have grown many times over. Our ratios for nonperforming non-purchased loans, nonperforming assets and past due non-purchased loans have generally improved and have consistently outperformed the industry's ratios. We expect our asset quality to continue our long-standing tradition of outperforming industry averages.

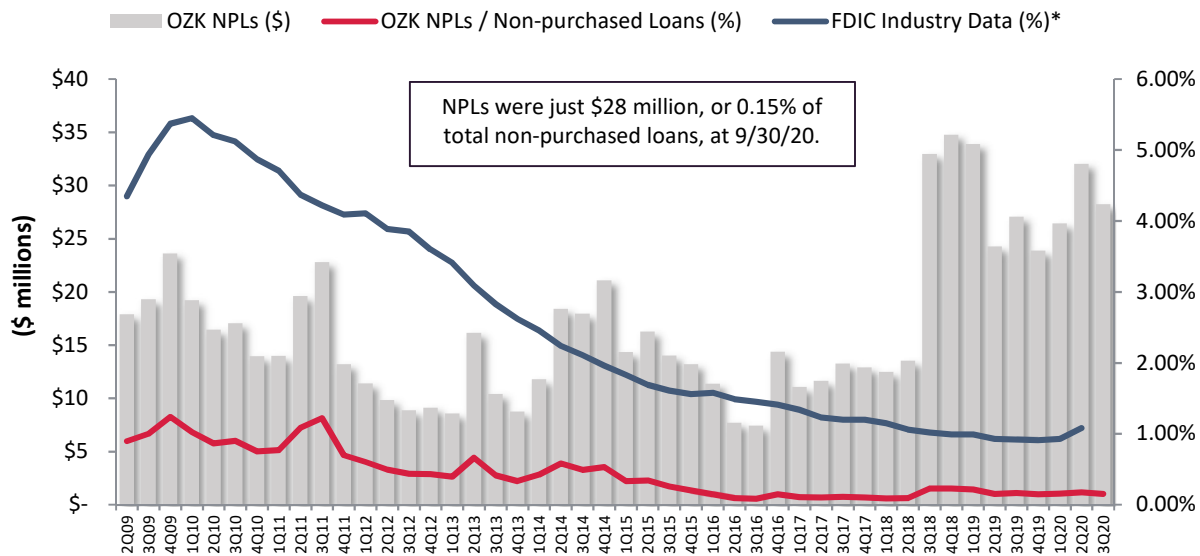
Figure 24 - RESG Historical Net charge-offs (\$ Thousands)

Year-end	Ending Loan Balance	YTD Average Loan Balance	Net charge-offs ("NCO")*	NCO Ratio**
2003	\$ 5,106	\$ 780	\$ -	0.00%
2004	52,658	34,929	-	0.00%
2005	51,056	56,404	-	0.00%
2006	61,323	58,969	-	0.00%
2007	209,524	135,639	-	0.00%
2008	470,485	367,279	-	0.00%
2009	516,045	504,576	7,531	1.49%
2010	567,716	537,597	-	0.00%
2011	649,806	592,782	2,905	0.49%
2012	848,441	737,136	-	0.00%
2013	1,270,768	1,085,799	-	0.00%
2014	2,308,573	1,680,919	-	0.00%
2015	4,263,800	2,953,934	-	0.00%
2016	6,741,249	5,569,287	-	0.00%
2017	8,169,581	7,408,367	842	0.01%
2018	9,077,616	8,685,191	45,490	0.52%
2019	9,391,096	9,427,266	-	0.00%
9/30/2020	11,332,837	10,386,088	-	0.00%
Total			\$ 56,768	

Weighted Average 0.12%

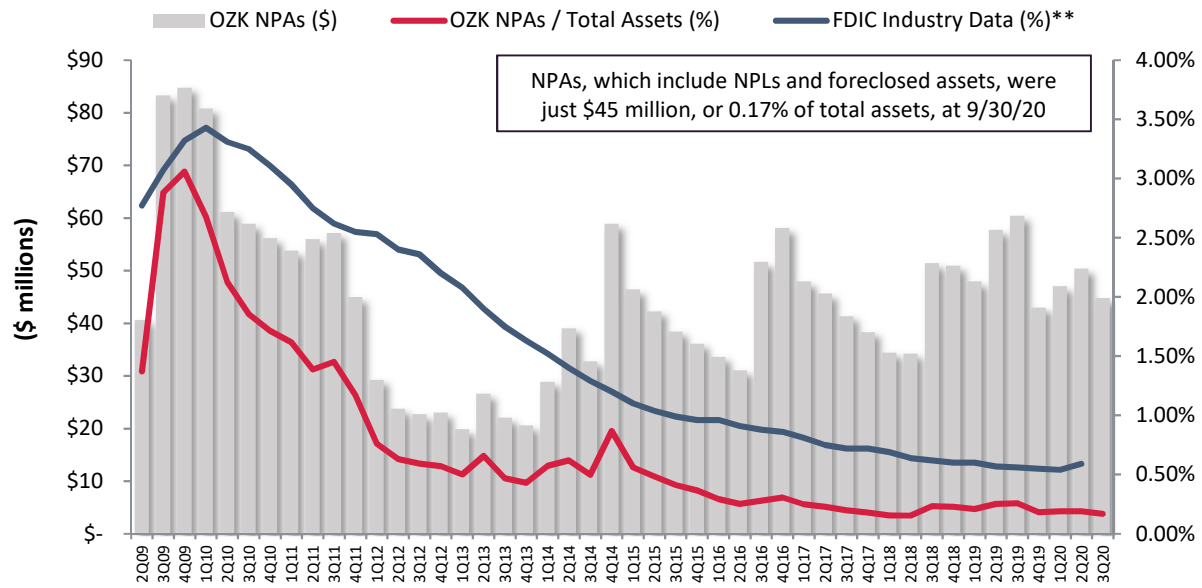
* Net charge-offs shown in this column reflect both net charge-offs and OREO write-downs.
 ** Annualized.

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



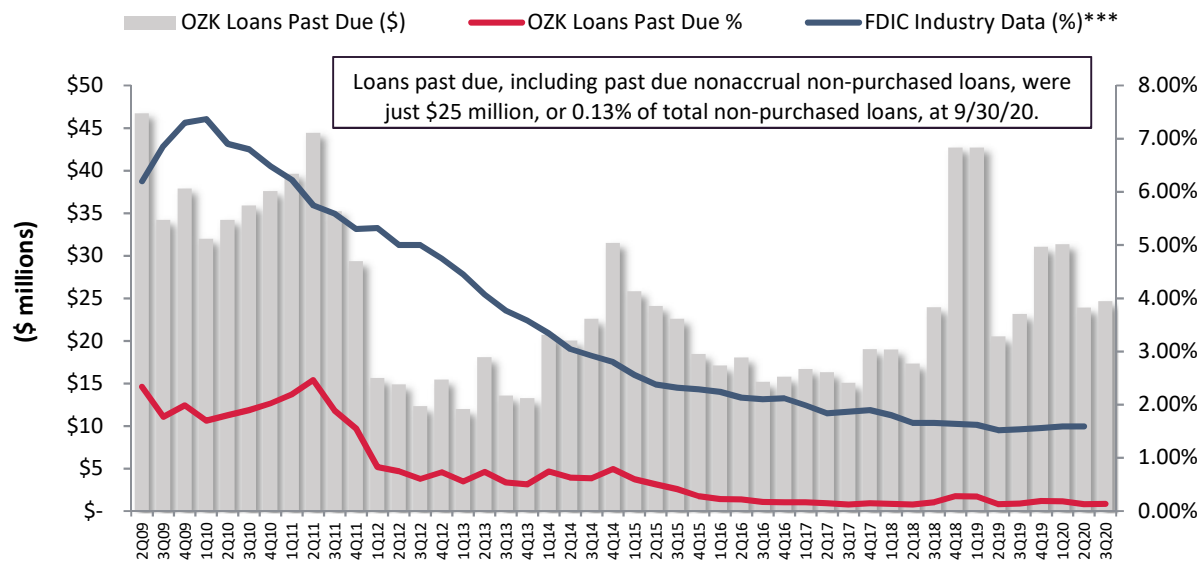
* Note: Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated second quarter 2020. Percent of Loans Noncurrent is the percentage of loans that are past due 90 days or more or that are in nonaccrual status.

Figure 26: Nonperforming Assets (“NPAs”)



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

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



*** Note: Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated second quarter 2020. Percent of Loans Noncurrent + Percent of Loans 30-89 Days Past Due.

As shown in Figure 28, our dollar volume of non-purchased loans designated as being in the “Substandard” category of our credit quality indicators has remained favorable. Our ratio of substandard non-purchased loans as a percentage of our total risk-based capital (“TRBC”) at September 30, 2020 remains at a very low level.

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

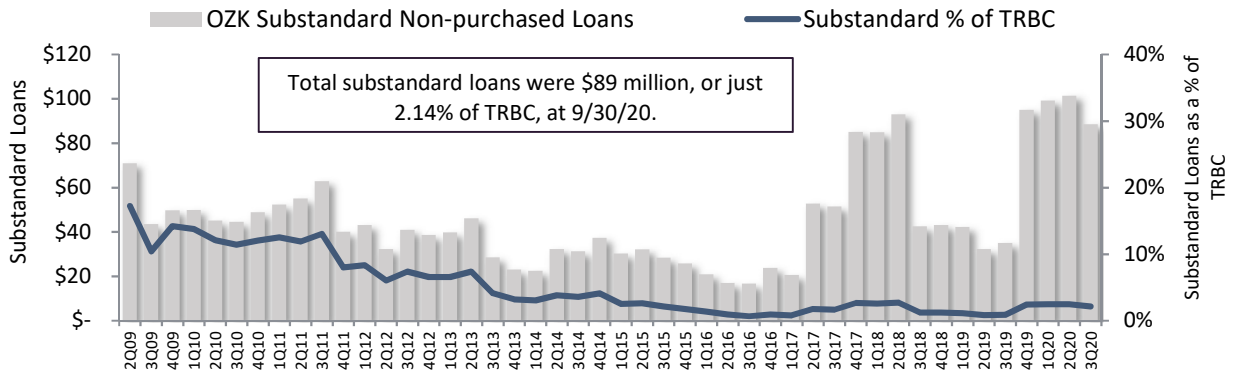
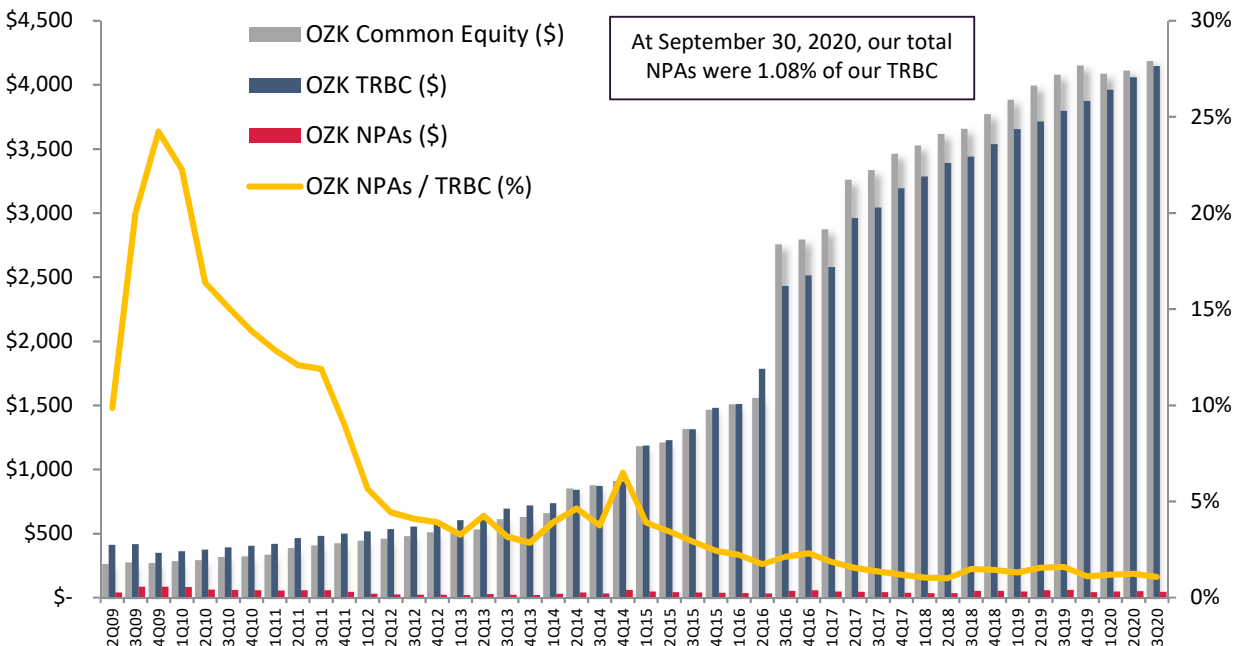


Figure 29 shows the tremendous growth in our common equity and TRBC over the last 11 years, while our volume of total nonperforming assets has generally declined to relatively nominal levels.

Figure 29: Capital vs. NPAs – (\$ millions)



Loan Portfolio Diversification & Leverage

Figures 30 and 31 reflect the mix in our loan growth in the third quarter and first nine months of 2020, respectively.

Figure 30: Non-purchased Loan Growth – 3Q20 (\$ millions)

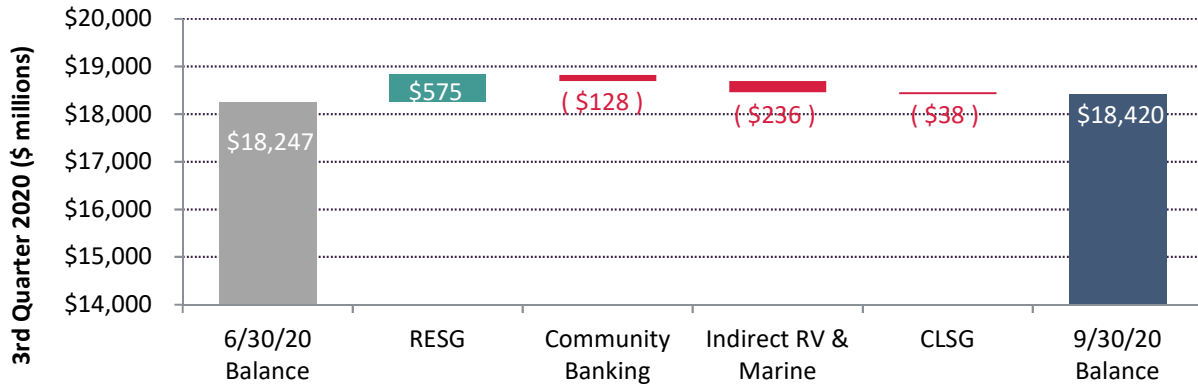
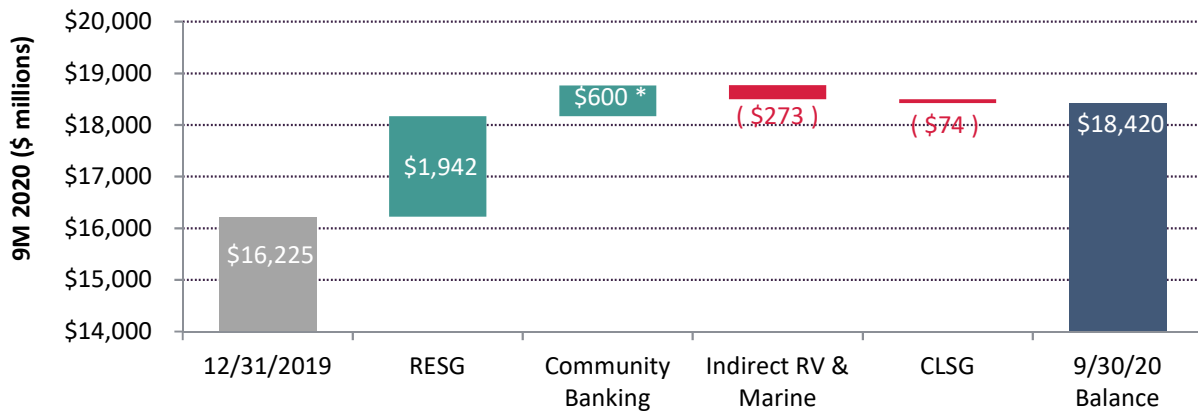


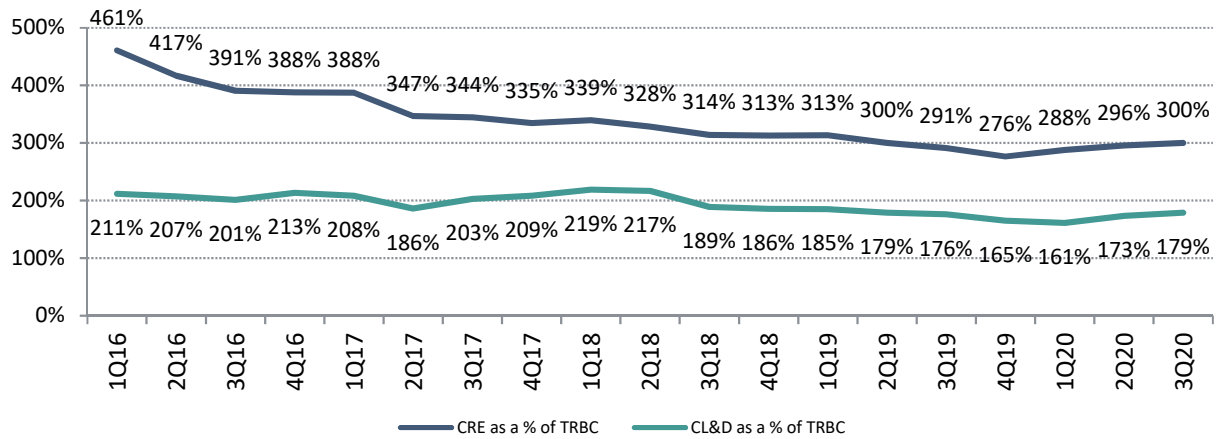
Figure 31: Non-purchased Loan Growth – 9M20 (\$ millions)



*Includes \$462 million in loans originated through the Small Business Administration's PPP during the second and third quarters of 2020.

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 32, 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 return to more normal levels in the coming quarters, which, along with growth in our TRBC, may lower our CRE and CL&D concentration ratios over the longer term as it did for most of 2016-2019.

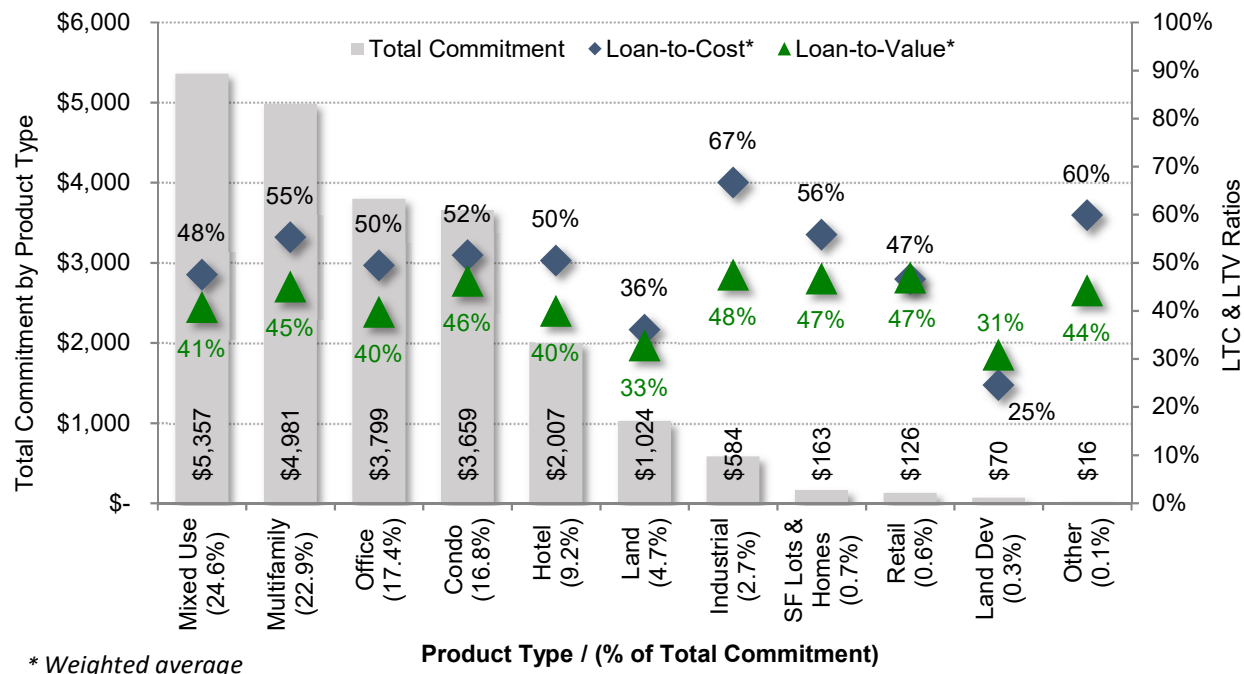
Figure 32: Declining Regulatory CRE and CL&D Concentration Ratios



Within the RESG portfolio, we benefit from substantial diversification by both product type and geography, as well as low loan-to-cost (“LTC”) and loan-to-value (“LTV”) ratios, all as shown in Figures 33 and 34.

Figure 33: RESG Portfolio Diversity by Product Type (As of September 30, 2020) (\$ millions)

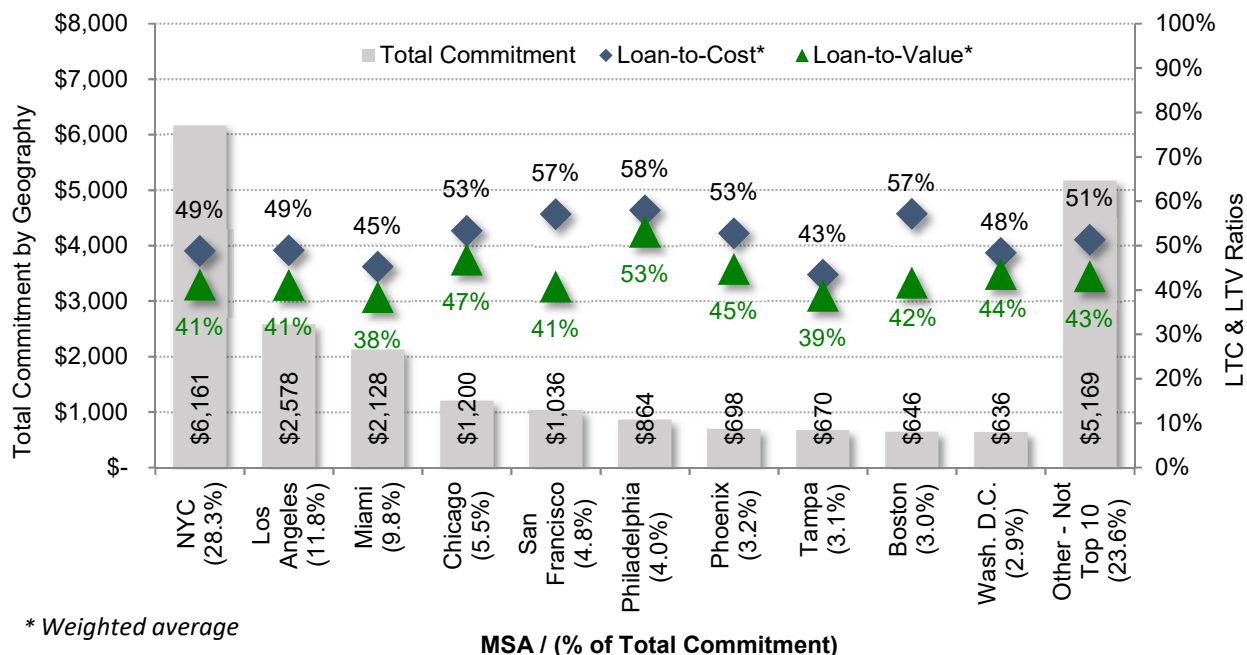
(LTC and LTV ratios assume all loans are fully funded)



* Weighted average

Figure 34: RESG Portfolio Diversity by Geography (As of September 30, 2020) (\$ millions)

(LTC and LTV ratios assume all loans are fully funded)



* Weighted average

The COVID-19 pandemic has had a significant impact on the travel and leisure sectors, including the hospitality industry. As shown in Figure 33 above, hotels were the fifth largest component of RESG’s portfolio at September 30, 2020, comprising about 9.2% of RESG’s total commitments. In addition, at September 30, 2020, 16 of RESG’s 34 loans on mixed use projects include 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 50.5% and 40.0%, respectively, as of September 30, 2020. We expect most sponsors will continue to support these assets, if needed, until the COVID-19 pandemic passes and normal property performance returns. Figures 35 and 36, respectively, show the geographic distribution of RESG’s hotel portfolio (excluding hotels in mixed use projects) and other information as of September 30, 2020. During the quarter just ended, 5 of the 42 hotels in the portfolio received new appraisals, with the weighted average LTV ratio increasing by 0.7% for these properties.

Figure 35: RESG Hotel Portfolio Diversity by Geography (As of September 30, 2020) (\$ millions)

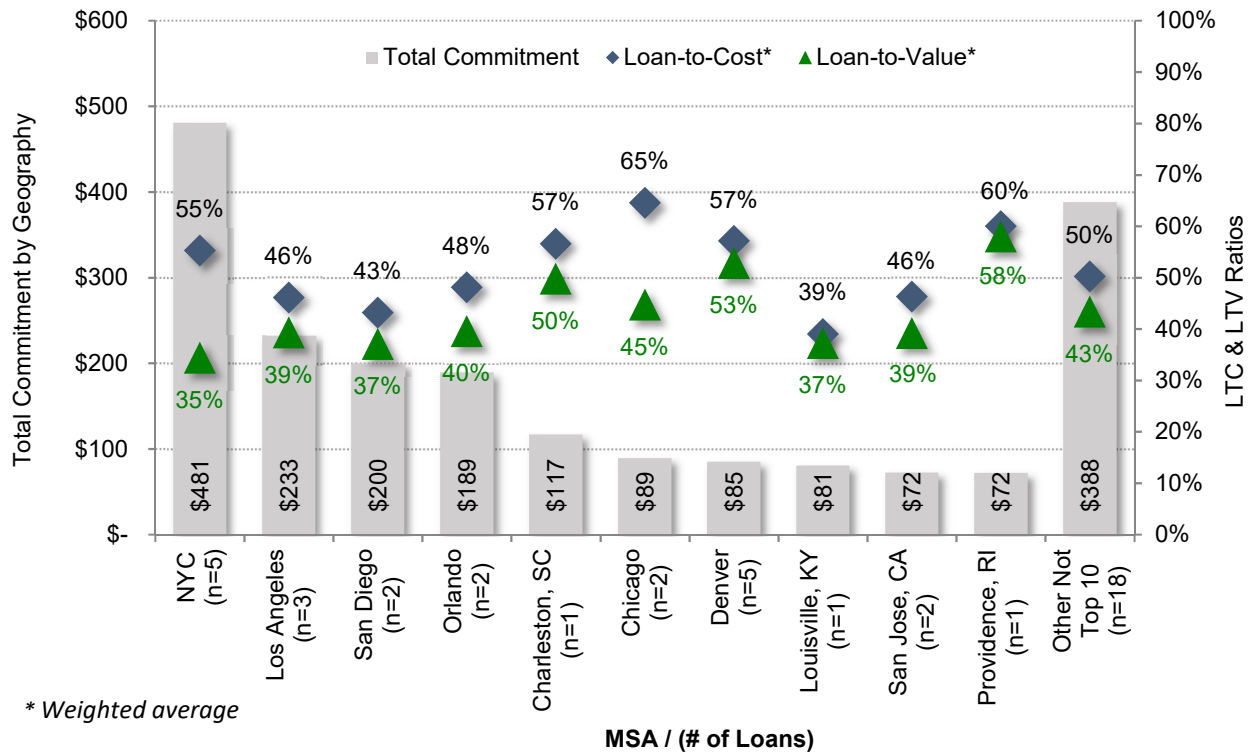
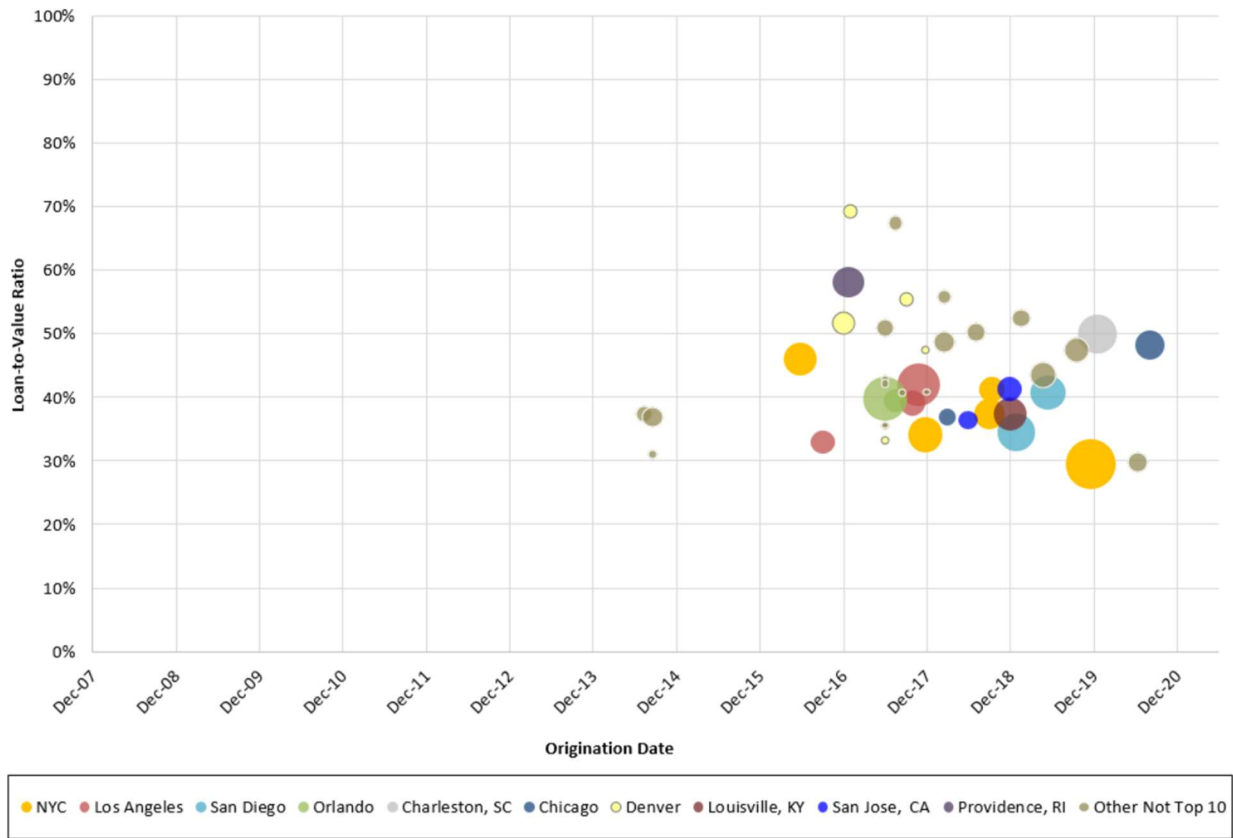


Figure 36: RESG Hotel Portfolio by LTV & Origination Date (As of September 30, 2020)
Bubble Size Reflects Total Funded and Unfunded Commitment Amount
LTV Ratios Assume All Loans Are Fully Funded



The COVID-19 pandemic has also had an impact on the office sector. As shown in Figure 33 above, offices were the third largest component of RESG’s portfolio at September 30, 2020, comprising about 17.4% of RESG’s total commitments. In addition, at September 30, 2020, 15 of RESG’s 34 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 49.5% and 39.8%, respectively, as of September 30, 2020. We expect most sponsors will continue to support these assets, if needed, until the COVID-19 pandemic passes and normal property performance returns. Figures 37 and 38, respectively, show the geographic distribution of RESG’s office portfolio (excluding offices in mixed use projects) and other information as of September 30, 2020. During the quarter just ended, 2 of the 36 offices portfolio received new appraisals, with the weighted average LTV ratio increasing by 1.5% for these properties.

Figure 37: RESG Office Portfolio Diversity by Geography (As of September 30, 2020) (\$ millions)

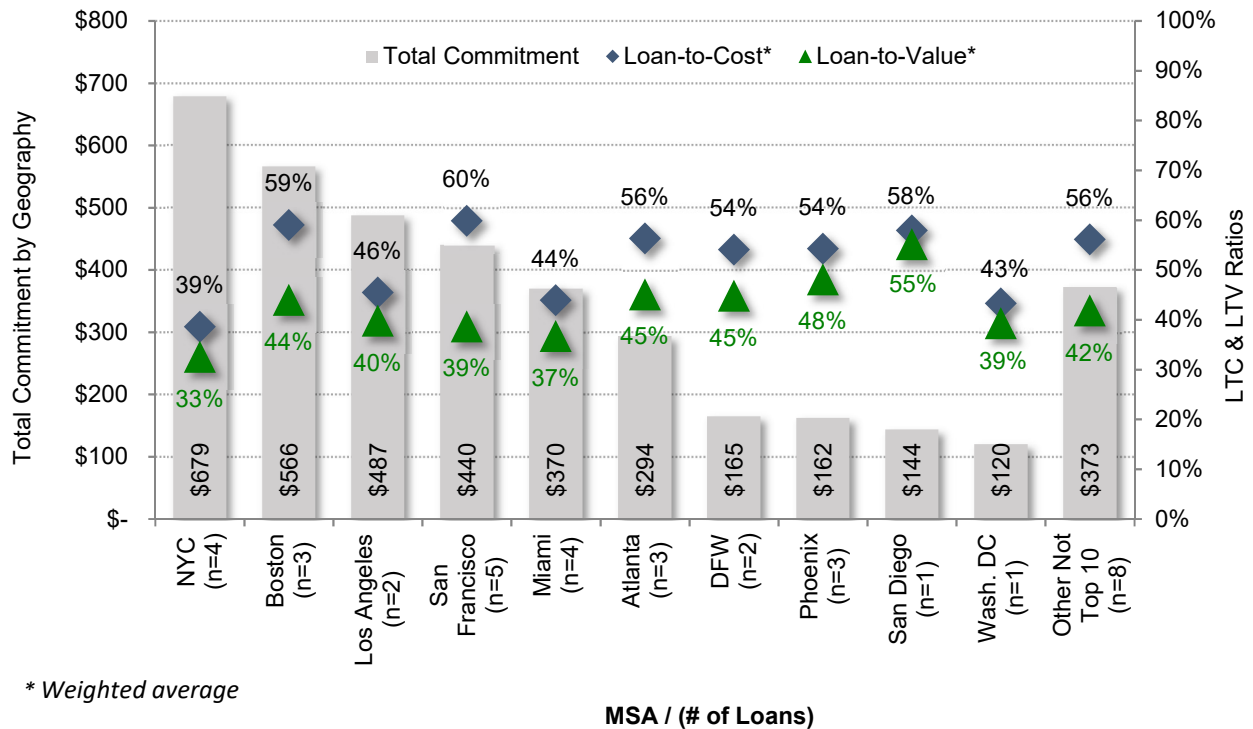
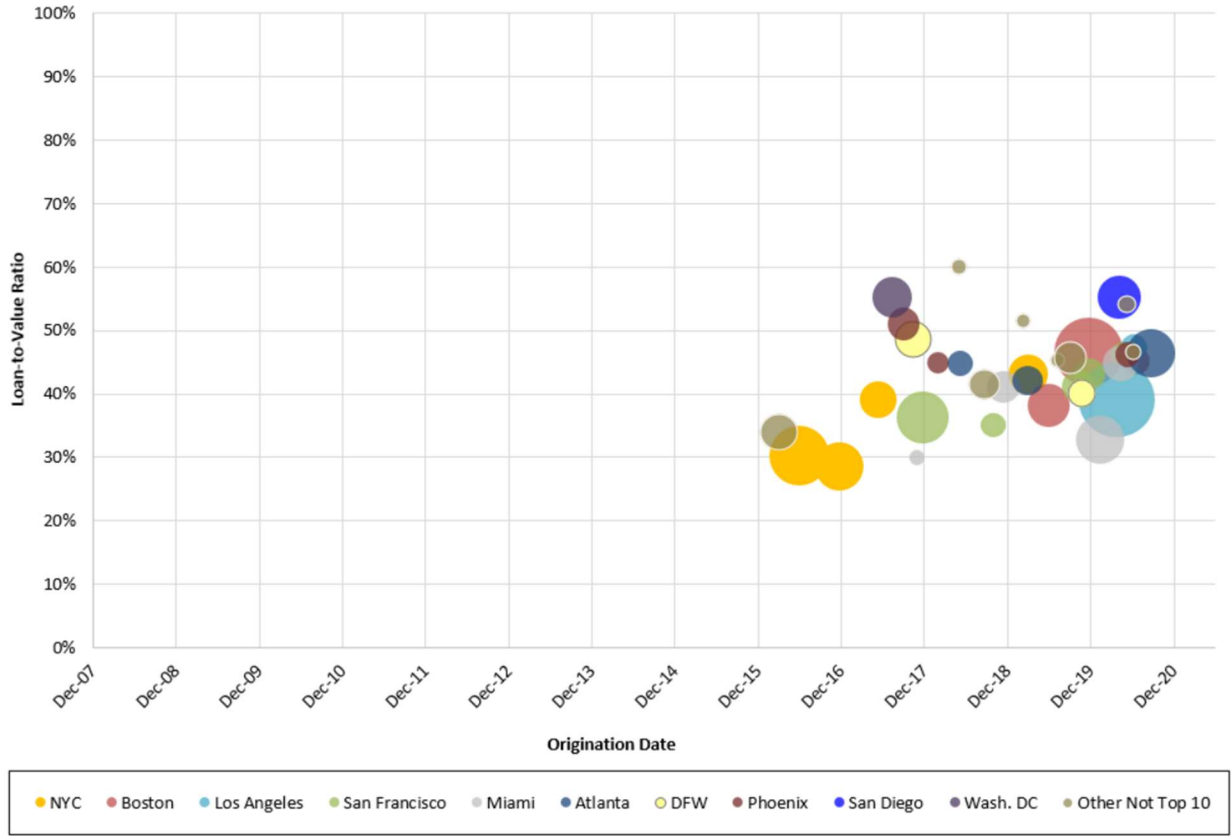
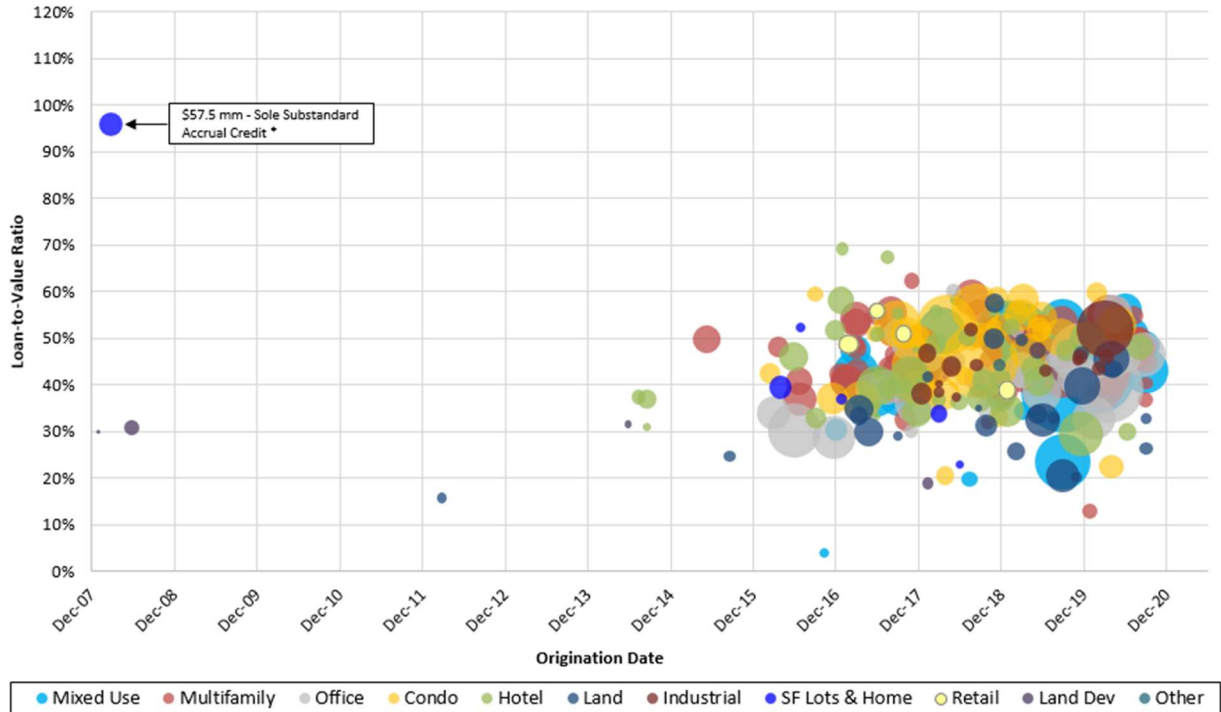


Figure 38: RESG Office Portfolio by LTV & Origination Date (As of September 30, 2020)
Bubble Size Reflects Total Funded and Unfunded Commitment Amount
LTV Ratios Assume All Loans Are Fully Funded



Assuming full funding of every RESG loan, as of September 30, 2020, the weighted average LTC for the RESG portfolio was a conservative 50.0%, and the weighted average LTV was even lower at just 42.0%. The LTV metrics on individual loans within the RESG portfolio are illustrated in Figure 39. Other than the one substandard-accruing credit specifically referenced, all other credits in the RESG portfolio have LTV ratios less than 70%.

Figure 39: RESG Portfolio by LTV & Origination Date (As of September 30, 2020)
 Bubble Size Reflects Total Funded and Unfunded Commitment Amount
 LTV Ratios Assume All Loans Are Fully Funded



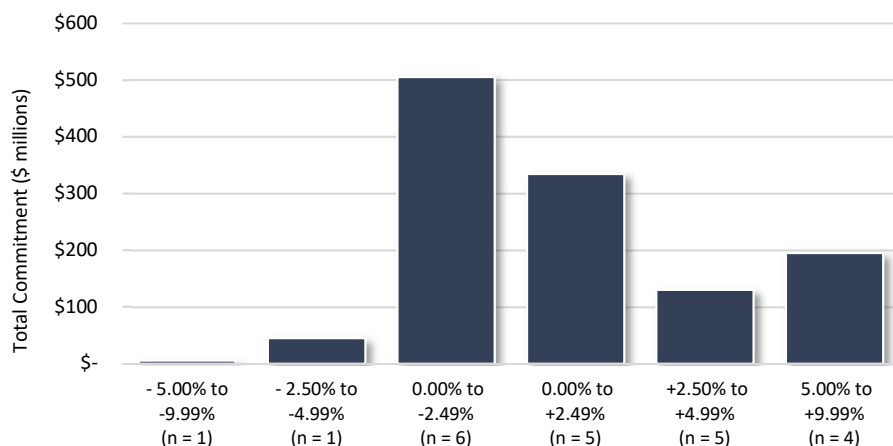
**During the third quarter of 2020, the borrower closed nine townhome sales and 13 lot sales with gross proceeds of \$15.0 million and \$6.8 million, respectively. At September 30, 2020, the borrower had 11 lots under contract for \$5.4 million. Since September 30, 2020, the borrower has closed five lots total with gross proceeds of \$2.6 million and has placed four additional lots under contract for \$2.4 million. At September 30, 2020, the Bank had a total ACL of \$14.0 million, or approximately 24.4% of the total commitment, related to this credit.*

During the third quarter of 2020, as summarized in Figure 40, updated appraisals were obtained by RESG on 22 loans with a total commitment of \$1.22 billion, which were mostly loans for which a renewal or an extension was being considered. Figure 41 shows the distribution of such loans based on the resulting changes in LTV as compared to the LTV as reflected at June 30, 2020 based on the previous appraised value. In summary, LTVs were relatively unchanged (plus or minus 5%) for 17 loans, LTVs increased more than 5% for four loans, and LTVs decreased more than 5% for one loan. It is important to note that (i) in some cases, the September 30, 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 June 30, 2020 were based on earlier valuations, in some cases one to three years old, that may have been low relative to market conditions existing immediately prior to the onset of COVID-19.

Figure 40: Property Type Breakdown of Appraisals Obtained in 3Q20 (\$ in millions)

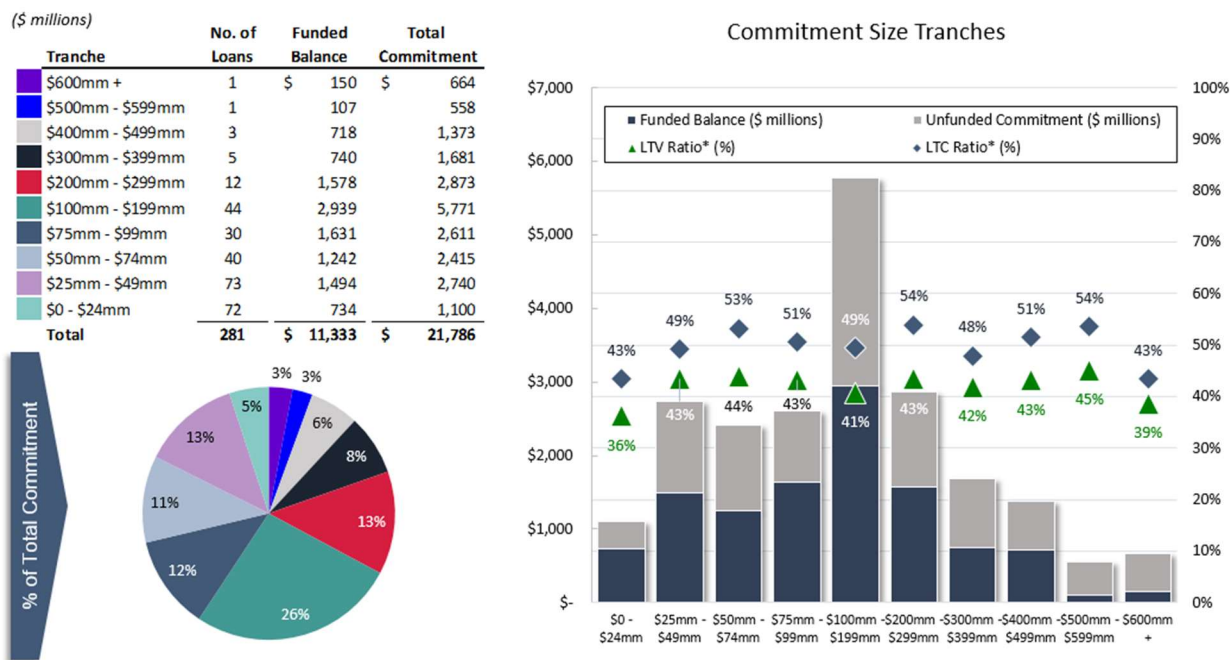
Property Type	# of Loans	Total Commitment	Weighted Average		Δ in Wtd. Avg. LTV
			LTV @ 6/30/20	LTV @ 9/30/20	
Mixed Use	3	\$ 348	40.2%	39.4%	-0.8%
Office	2	260	31.6%	33.1%	1.5%
Hotel	5	211	37.9%	38.6%	0.7%
Multifamily	3	100	47.7%	49.0%	1.3%
Condo	3	152	37.2%	42.3%	5.1%
Retail	3	89	43.6%	46.4%	2.8%
Land	3	56	31.5%	33.4%	1.9%
Total	22	\$ 1,215	37.4%	38.8%	1.4%

Figure 41: Distribution of RESG LTV Changes Following Appraisals Obtained in 3Q20 (\$ in millions)



The RESG portfolio includes loans of many different sizes, and historically approximately 85%, on average, of our total commitment is actually funded before the loan is repaid. The stratification of the RESG portfolio by commitment size is reflected in Figure 42.

Figure 42: RESG Portfolio Stratification by Loan Size - Total Commitment (As of September 30, 2020) (\$ millions)



* 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.

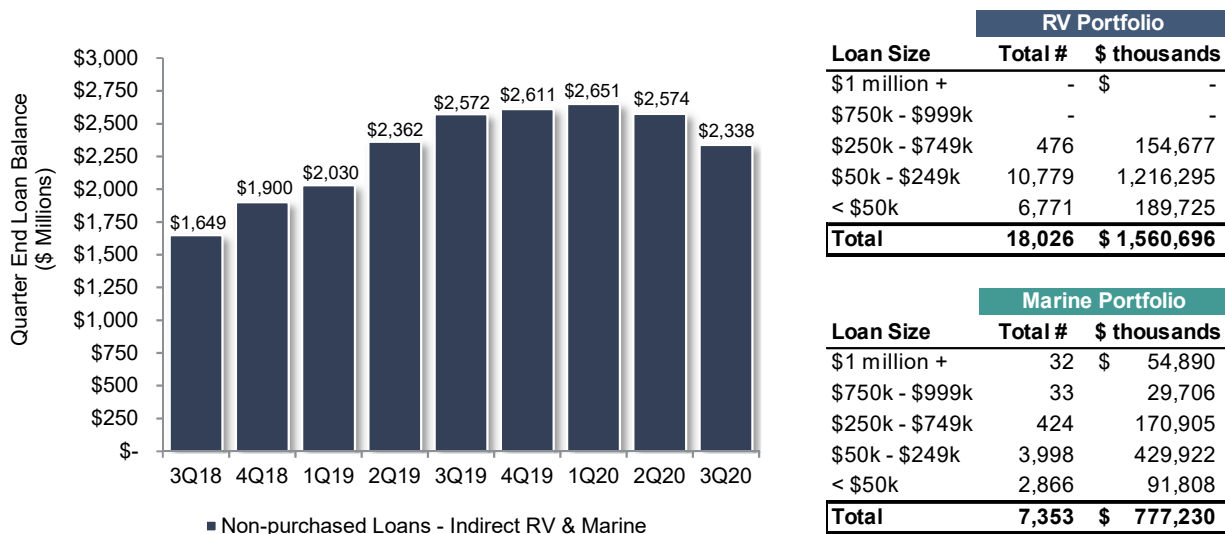
Our Community Banking loans include consumer and small business loans, loans originated by our commercial (generalist) lenders, and loans originated through our specialty lending channels in Community Banking, which include our government guaranteed, agricultural (including poultry), business aviation, 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 have allowed this portfolio to shrink in 2020, and despite very healthy consumer demand fundamentals, we expect it to shrink in the fourth quarter of 2020. In recent quarters, we have restrained our origination volume due to competitors' aggressive credit and pricing standards. We have recently 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 expect originations may once again exceed pay downs from this portfolio, probably during the second quarter of 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 10% to 15% of our total loans.

As of September 30, 2020, the non-purchased indirect portfolio had an average loan size of approximately \$91,000 and a 30+ day delinquency ratio of four bps. For the third quarter of 2020 our annualized net charge-off ratio for the non-purchased indirect portfolio was 22 bps, bringing that ratio to 30 bps for the first nine months of 2020. Figure 43 provides additional details regarding this portfolio.

Figure 43: Growth in RV & Marine Outstanding Non-purchased Loan Balances



RV Portfolio		
Loan Size	Total #	\$ thousands
\$1 million +	-	\$ -
\$750k - \$999k	-	-
\$250k - \$749k	476	154,677
\$50k - \$249k	10,779	1,216,295
< \$50k	6,771	189,725
Total	18,026	\$ 1,560,696

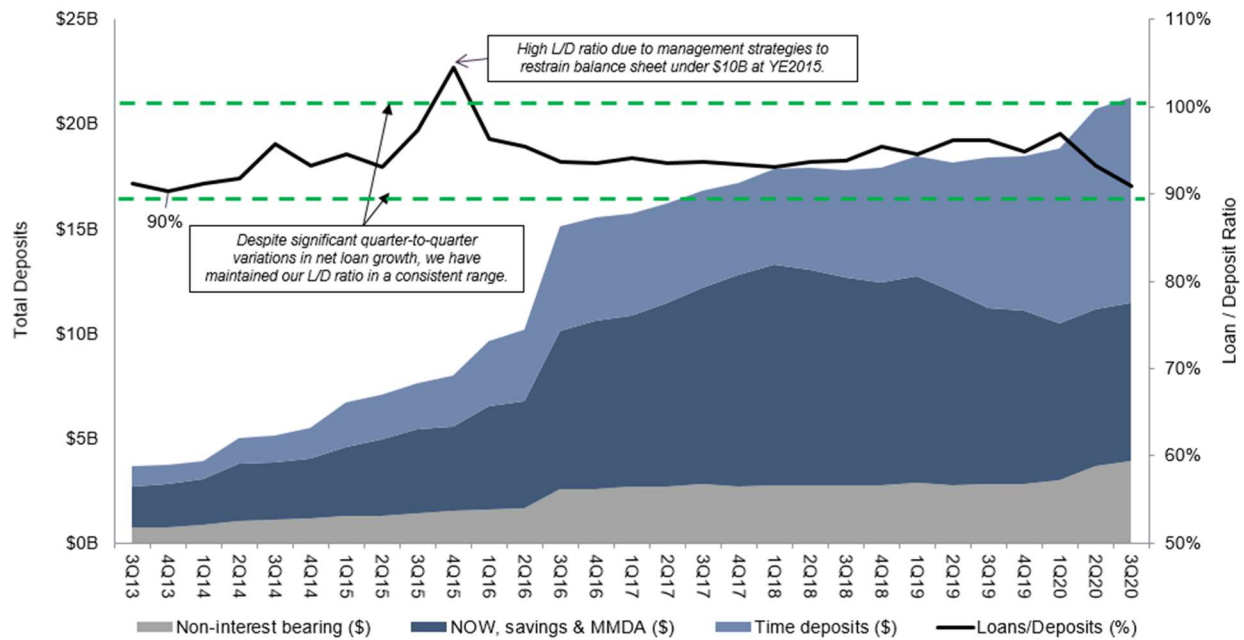
Marine Portfolio		
Loan Size	Total #	\$ thousands
\$1 million +	32	\$ 54,890
\$750k - \$999k	33	29,706
\$250k - \$749k	424	170,905
\$50k - \$249k	3,998	429,922
< \$50k	2,866	91,808
Total	7,353	\$ 777,230

Liquidity

We believe that we have significant capacity for future deposit growth in our existing network of over 240 branches. This was demonstrated by the strong organic deposit growth we achieved over the last three quarters. We have successfully increased our overall deposits as needed to fund our earning asset growth. Our loan-to-deposit ratio was 91% at September 30, 2020, within our historical range of 90% to 99%. As Figure 44 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 470% from \$4.7 billion at September 30, 2013 to \$26.9 billion at September 30, 2020.

Figure 44: Maintaining a Consistent Loan / Deposit Ratio While Achieving Substantial Growth

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



The amount of deposits by customer type as of the dates indicated and their respective percentage of total deposits are reflected in Figure 45. As shown below, recently 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 45: Deposits by Customer Type (\$ millions)

	Period Ended					
	9/30/2019		12/31/2019		9/30/2020	
Consumer	\$ 7,223	39.2%	\$ 7,526	40.7%	\$ 10,909	51.3%
Commercial	4,419	24.0%	4,334	23.5%	5,963	28.0%
Public Funds	3,772	20.5%	3,782	20.5%	2,331	10.9%
Brokered	2,243	12.2%	2,115	11.4%	1,580	7.4%
Reciprocal	783	4.1%	716	3.9%	504	2.4%
Total	<u>\$ 18,440</u>	<u>100.0%</u>	<u>\$ 18,474</u>	<u>100.0%</u>	<u>\$ 21,287</u>	<u>100.00%</u>

Capital and Dividends

During the quarter just ended, our book value per common share increased to \$32.37 compared to \$31.78 as of June 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 596%, resulting in a compound annual growth rate of 21.4%, as shown in Figure 46.

Figure 46: Book Value per Share (Period End)



During the quarter just ended, our tangible book value per common share increased to \$27.13 compared to \$26.53 as of June 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 498%, resulting in a compound annual growth rate of 19.6%, as shown in Figure 47.

Figure 47: 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 48, which are among the strongest within the largest 100 U.S. banks.

Figure 48: Robust Capital Ratios

	Estimated 9/30/2020 ⁴	Regulatory Minimum Required To Be Considered Well Capitalized	Excess Capital
CET 1 Ratio	12.80%	6.50%	6.30%
Tier 1 Ratio	12.80%	8.00%	4.80%
Total RBC Ratio	15.30%	10.00%	5.30%
Tier 1 Leverage	13.40%	5.00%	8.40%

We have increased our cash dividend in each of the last 41 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 September 30, 2020 are preliminary estimates and are subject to revision upon filing of our FFIEC 041 Call Report.

Branch Sales

Subject to regulatory approval, we currently expect to close the two pending transactions to sell our two branches in Alabama during the fourth quarter of 2020 and our pending transaction to sell our two branches in South Carolina in the first quarter of 2021. The sales of our Alabama branches should result in total gains estimated at approximately \$3.0 to \$4.0 million, and the sale of our South Carolina branches should result in a gain estimated at approximately \$4.0 to \$5.0 million.

Disaster Relief Loan Program

During the first and second quarters of 2020, and continuing in the quarter just ended, we implemented our disaster relief loan program, which, as of September 30, 2020, had provided short-term payment deferrals on 3,461 loans totaling \$1.34 billion, or approximately 6.9% of our balance of total loans, as shown in Figure 49. As of September 30, 2020, the pandemic deferrals had expired for 2,878 loans with a total outstanding balance of \$794 million. We had 583 loans totaling \$550 million, or approximately 2.8% of our balance of total loans, that remained in a 1st or 2nd deferral at September 30, 2020.

Figure 49: Deferrals by Lending Unit (\$ millions)

	RESG		Community Bank		Indirect Lending		Purchased Loans		TOTAL	
	#	\$ Millions	#	\$ Millions	#	\$ Millions	#	\$ Millions	#	\$ Millions
Deferral Expired	1	\$ 97	1,220	\$ 484	931	\$ 104	726	\$ 109	2,878	\$ 794
On Original Deferral	9	309	89	65	84	7	54	26	236	406
On Second Deferral	-	-	119	121	142	15	86	9	347	144
Total	10	\$ 405	1,428	\$ 669	1,157	\$ 126	866	\$ 144	3,461	\$ 1,344

Effective Tax Rate

Our effective tax rate during the quarter just ended was 21.1% and for the first nine months of 2020 was 22.1%. We expect that our effective tax rate for the fourth quarter of 2020 and full year 2021 to be between 21.5% and 22.5%, assuming there are no changes in applicable state or federal income tax rates.

Final Thoughts

In recent months, we have continued our long-standing focus on our team members, meeting the needs of our customers, serving the communities in which we operate and delivering favorable returns for our shareholders. Our strong credit culture and consistent discipline are important ingredients in our long-term success, and we believe they have positioned us well for the current economic environment and beyond. This is clearly evident in our excellent asset quality and earnings for the quarter just ended. Our goals are to successfully navigate challenges that arise from the current economic environment, and to identify and capitalize on opportunities which often come from such conditions. Our team of banking and technology professionals is well-positioned to lead the Bank to continued success.

Non-GAAP Reconciliations

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

Unaudited (Dollars in Thousands)

	Three Months Ended *		Nine Months Ended *	
	9/30/2019	9/30/2020	9/30/2019	9/30/2020
Net Income Available To Common Stockholders	\$ 103,891	\$ 109,253	\$ 325,100	\$ 171,385
Average Common Stockholders' Equity Before Noncontrolling Interest	\$ 4,032,066	\$ 4,148,409	\$ 3,925,321	\$ 4,125,578
Less Average Intangible Assets:				
Goodwill	(660,789)	(660,789)	(660,789)	(660,789)
Core deposit and other intangibles, net of accumulated amortization	(28,275)	(17,461)	(31,290)	(19,803)
Total Average Intangibles	<u>(689,064)</u>	<u>(678,250)</u>	<u>(692,079)</u>	<u>(680,592)</u>
Average Tangible Common Stockholders' Equity	<u>\$ 3,343,002</u>	<u>\$ 3,470,159</u>	<u>\$ 3,233,242</u>	<u>\$ 3,444,986</u>
Return On Average Common Stockholders' Equity	<u>10.22%</u>	<u>10.48%</u>	<u>11.07%</u>	<u>5.55%</u>
Return On Average Tangible Common Stockholders' Equity	<u>12.33%</u>	<u>12.52%</u>	<u>13.44%</u>	<u>6.65%</u>

* Ratios for interim periods annualized based on actual days

Calculation of Tangible Book Value per Share
Unaudited (Dollars in Thousands, Except per Share)

	As of September 30,					
	2010	2011	2012	2013	2014	2015
Total common stockholders' equity before noncontrolling interest	\$ 316,072	\$ 406,945	\$ 477,851	\$ 612,338	\$ 875,578	\$ 1,314,517
Less intangible assets:						
Goodwill	(5,243)	(5,243)	(5,243)	(5,243)	(78,669)	(128,132)
Core deposit and other intangibles, net of accumulated amortization	(2,293)	(7,473)	(5,437)	(14,796)	(28,439)	(28,624)
Total intangibles	(7,536)	(12,716)	(10,680)	(20,039)	(107,108)	(156,756)
Total tangible common stockholders' equity	\$ 308,536	\$ 394,229	\$ 467,171	\$ 592,299	\$ 768,470	\$ 1,157,761
Common shares outstanding (thousands)	67,960	68,554	69,330	73,404	79,705	88,265
Book value per common share	\$ 4.65	\$ 5.94	\$ 6.89	\$ 8.34	\$ 10.99	\$ 14.89
Tangible book value per common share	\$ 4.54	\$ 5.75	\$ 6.74	\$ 8.07	\$ 9.64	\$ 13.12

	As of September 30,				
	2016	2017	2018	2019	2020
Total common stockholders' equity before noncontrolling interest	\$ 2,756,346	\$ 3,334,740	\$ 3,653,596	\$ 4,078,324	\$ 4,186,285
Less intangible assets:					
Goodwill	(657,806)	(660,789)	(660,789)	(660,789)	(660,789)
Core deposit and other intangibles, net of accumulated amortization	(64,347)	(51,396)	(38,817)	(26,608)	(16,462)
Total intangibles	(722,153)	(712,185)	(699,606)	(687,397)	(677,251)
Total tangible common stockholders' equity	\$ 2,034,193	\$ 2,622,555	\$ 2,953,990	\$ 3,390,927	\$ 3,509,034
Common shares outstanding (thousands)	121,134	128,174	128,609	128,946	129,342
Book value per common share	\$ 22.75	\$ 26.02	\$ 28.41	\$ 31.63	\$ 32.37
Tangible book value per common share	\$ 16.79	\$ 20.46	\$ 22.97	\$ 26.30	\$ 27.13

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.