



MANAGEMENT COMMENTS  
FOR THE FOURTH QUARTER  
& FULL YEAR 2019

JANUARY 16, 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 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 change in the method for determining 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; changes in U.S. government monetary and fiscal policy; the ability to keep pace with technological changes, including changes regarding maintaining cybersecurity; FDIC special assessments or changes to regular assessments; the impact of failure in, or breach of, our operational or security systems or infrastructure, or those of third parties with whom we do business, including as a result of cyber-attacks or an increase in the incidence or severity of fraud, illegal payments, security breaches or other illegal acts impacting the Bank or its customers; natural disasters or acts of war or terrorism; international or political instability; impairment of our goodwill or other intangible assets; adoption of new accounting standards, including the estimated effects from the adoption of the current expected credit loss (“CECL”) model on January 1, 2020, or changes in existing standards; and adverse results (including costs, fines, reputational harm and/or other negative effects) from current or future litigation, regulatory examinations or other legal and/or regulatory actions or rulings as well as other factors identified in this communication or as detailed from time to time in our public filings, including those factors described in the disclosures under the headings “Forward-Looking Information” and “Item 1A. Risk Factors” in our most recent Annual Report on Form 10-K for the year ended December 31, 2018 and our quarterly reports on Form 10-Q. Should one or more of the foregoing risks materialize, or should underlying assumptions prove incorrect, actual results or outcomes may vary materially from those projected in, or implied by, such forward-looking statements. The Bank disclaims any obligation to update or revise any forward-looking statements based on the occurrence of future events, the receipt of new information or otherwise.*

## Summary

We are pleased to report our record net income of \$425.9 million for 2019. Throughout the year, we maintained our balanced, disciplined approach to credit quality, returns and growth. We achieved a 1.87% return on average assets (“ROAA”) in 2019, while staying disciplined and making significant investments in our diverse and talented team, our technology and our infrastructure. These investments allow us to continue our quest for excellence in every aspect of serving our customers and other stakeholders.

For the fourth quarter of 2019, our net income was \$100.8 million, resulting in a 1.74% annualized return on average assets, a 42.4% efficiency ratio and a 4.15% net interest margin. For the full year of 2019, our net income was \$425.9 million, resulting in a 1.87% return on average assets, a 40.3% efficiency ratio and a 4.34% net interest margin.

Our asset quality was excellent throughout 2019. For the fourth quarter and full year of 2019, our annualized net charge-off ratios for non-purchased loans were 0.10% and 0.09%, respectively, and our annualized net charge-off ratios for total loans, both non-purchased and purchased, were 0.12% and 0.11%, respectively, all better than the recent industry average. At December 31, 2019, excluding purchased loans, our ratio of nonperforming loans to total loans was 0.15%, down from 0.23% at December 31, 2018, and our ratio of nonperforming assets to total assets was 0.18%, also down from 0.23% at year-end 2018.

We remain focused on delivering long-term value to our shareholders. At December 31, 2019, our book value per common share and our tangible book value per common share<sup>1</sup> were \$32.19 and \$26.88, respectively, reflecting increases of 9.8% and 12.5%, respectively, from December 31, 2018. Over the last 10 years, we have increased tangible book value per common share by a cumulative 590%, resulting in a compound annual growth rate of 21.3%.

On January 2, 2020, our Board of Directors approved a regular quarterly cash dividend of \$0.26 payable on January 24, 2020, representing a 4.0% increase over the dividend paid in October 2019 and an 18.2% increase over the dividend paid in January 2019. Over the last 10 years, we have increased our dividend (split-adjusted) by a cumulative 623%, resulting in a compound annual growth rate of 21.9%. In addition, we have increased our dividend for 38 consecutive quarters and every year since going public in 1997.

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<sup>1</sup> See the schedule at the end of this presentation for the calculation of the Bank’s tangible book value per common share and the reconciliation to the most directly comparable generally accepted accounting principles (“GAAP”) measure.

## Profitability and Earnings Metrics

Our results in recent quarters have been impacted by various factors, including our large volume of loan repayments, the competitive environment for loans and deposits, and decreases in LIBOR and other interest rate indexes. We will describe these factors in more detail in these management comments.

Net income for the fourth quarter of 2019 was \$100.8 million, a 12.4% decrease from \$115.0 million for the fourth quarter of 2018, and a 3.0% decrease from \$103.9 million in the third quarter of 2019. Diluted earnings per common share for the fourth quarter of 2019 were \$0.78, a 12.4% decrease from \$0.89 for the fourth quarter of 2018, and a 3.7% decrease from \$0.81 for the third quarter of 2019.

Our annualized return on average assets was 1.74% for the fourth quarter of 2019 compared to 2.04% in the fourth quarter of 2018. Our annualized returns on average common stockholders' equity and average tangible common stockholders' equity<sup>2</sup> for the fourth quarter of 2019 were 9.73% and 11.68%, respectively, compared to 12.36% and 15.24%, respectively, for the fourth quarter of 2018.

For the year ended December 31, 2019, net income was \$425.9 million, a 2.1% increase from \$417.1 million for the full year of 2018. Diluted earnings per common share for the full year of 2019 were \$3.30, a 1.9% increase from \$3.24 for the full year of 2018.

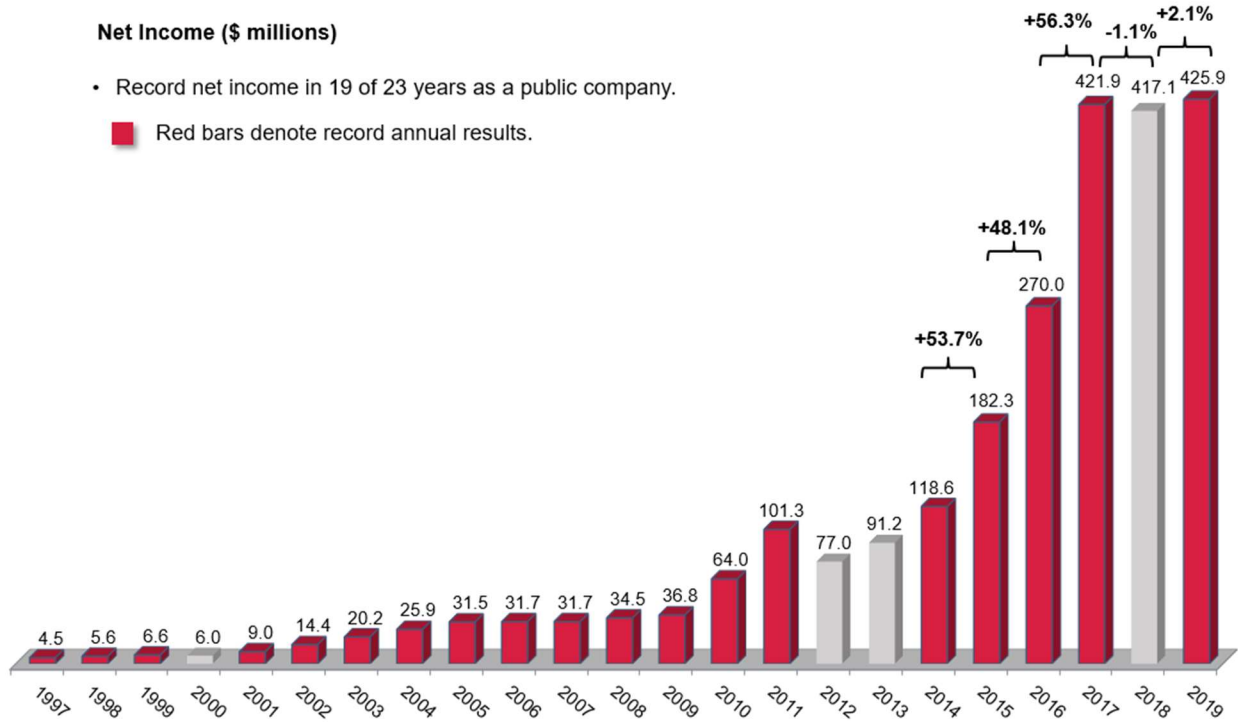
Our return on average assets for the full year of 2019 was 1.87%, compared to 1.90% for the full year of 2018. Our returns on average common stockholders' equity and average tangible common stockholders' equity<sup>2</sup> for the full year of 2019 were 10.72% and 12.98%, respectively, compared to 11.59% and 14.41%, respectively, for the full year of 2018.

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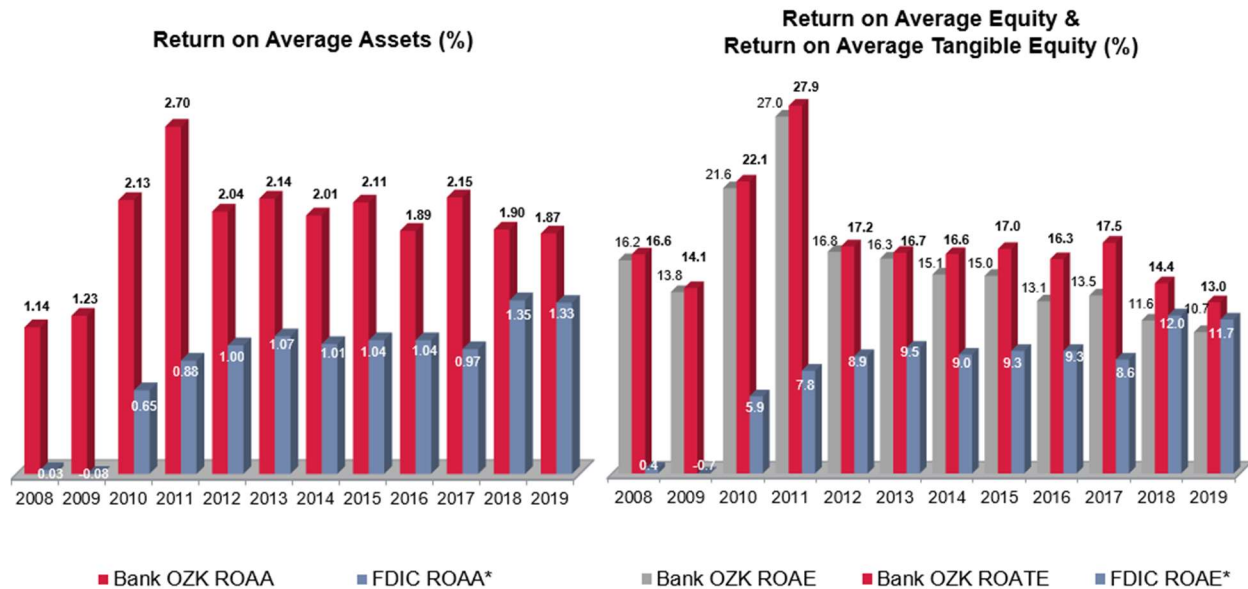
<sup>2</sup> The calculation of the Bank's return on average tangible common stockholders' equity and the reconciliation to GAAP are included in the schedule at the end of this presentation.

Figures 1 and 2 reflect our long history of net income growth and favorable earnings metrics.

**Figure 1: Profitability and Earnings Growth**



**Figure 2: Earnings Metrics**



\*Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last update third quarter 2019. Annualized when appropriate.

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

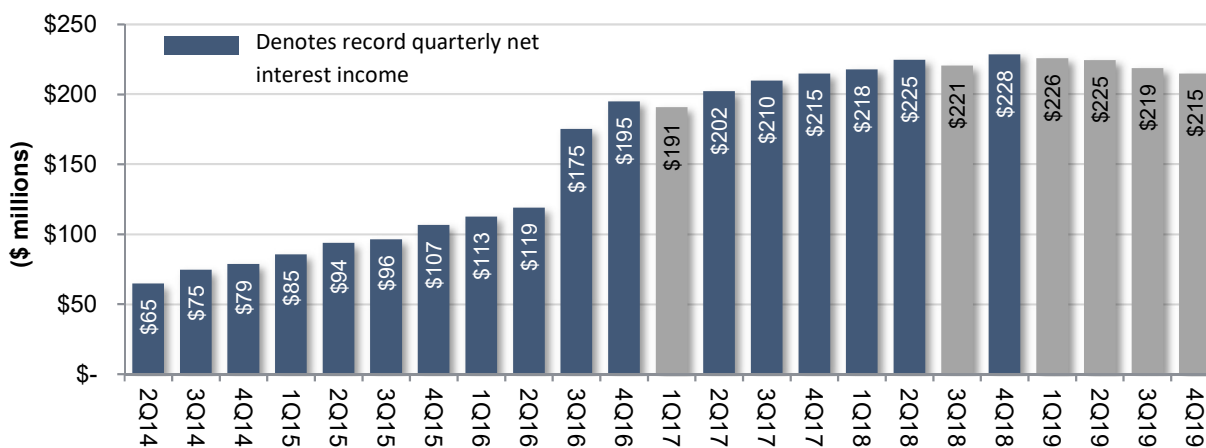
## Net Interest Income

Net interest income is our largest category of revenue. It is affected by many factors, including our volume and mix of earning assets; our volume and mix of deposits and other liabilities; our net interest margin; our core spread, which is how we describe the difference between our yield on non-purchased loans and our cost of interest-bearing deposits (“COIBD”); and other factors.

Net interest income in the fourth quarter of 2019 was \$215.0 million, a decrease of 5.9% from \$228.4 million in the fourth quarter of 2018. Net interest income in the full year of 2019 was \$884.2 million, a decrease of 0.8% from \$891.4 million in the full year of 2018.

As reflected in Figure 3, our growth in net interest income has been inhibited in recent quarters by, among other factors, the large volume of loan repayments of non-purchased loans, the pay-downs in our purchased loan portfolio, the impact on our net interest margin from the competitive environment for loans and deposits, and recent decreases in LIBOR and other interest rate indexes. As we have previously discussed, our approach to returning to positive quarterly growth in net interest income includes growing loans through our various lending channels and further reducing our COIBD through enhanced focus on managing our deposit pricing and deposit products. We will continue to pursue this approach, but we will not dilute our focus on credit quality or minimum return standards in order to achieve growth.

**Figure 3: Quarterly Net Interest Income Since 2Q14**



### Average Earning Assets – Volume and Mix

Our average earning assets for the quarter just ended totaled \$20.6 billion, a 3.2% increase from \$20.0 billion for the fourth quarter of 2018. Average earning assets were \$20.5 billion for the full year of 2019, a 4.9% increase from \$19.5 billion for the full year of 2018. Our growth in average earning assets in recent quarters has been limited by (i) a high level of repayments of non-purchased loans and (ii) the ongoing pay-downs of purchased loans.

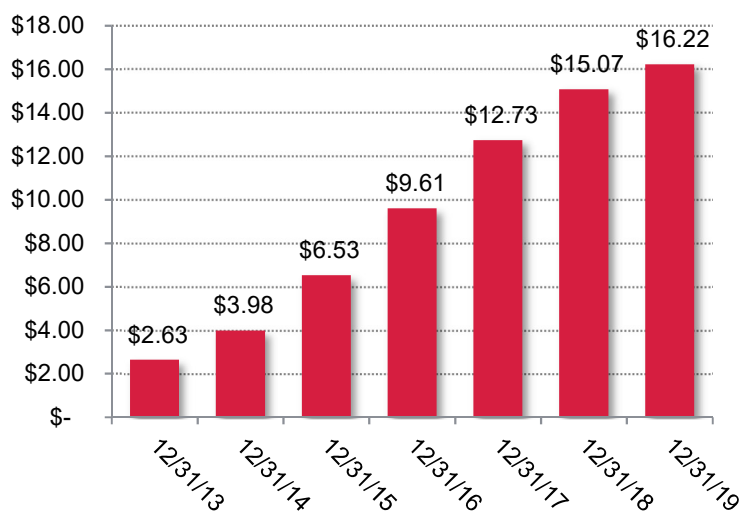
#### Total Loans

During the quarter just ended, our outstanding balance of total loans decreased \$203 million from September 30, 2019, or 1.1% not annualized. For the full year of 2019, our outstanding balance of total loans increased \$414 million, or 2.4%, compared to year-end 2018.

#### Non-purchased Loans

Non-purchased loans, which are all loans excluding the remaining loans acquired in our 15 acquisitions, accounted for 78.8% of our average earning assets and 92.3% of our average total loans in the quarter just ended. During the quarter, our outstanding balance of non-purchased loans decreased \$83 million, or 0.5% not annualized. For the full year of 2019, our outstanding balance of non-purchased loans increased \$1.15 billion, or 7.6%. For 2020, we expect our growth rate for non-purchased loans will most likely be below the growth rate achieved in 2019. Loan growth may vary widely quarter-to-quarter, and our actual results for the full-year of 2020 could vary significantly from current expectations due to economic conditions, competition or other factors.

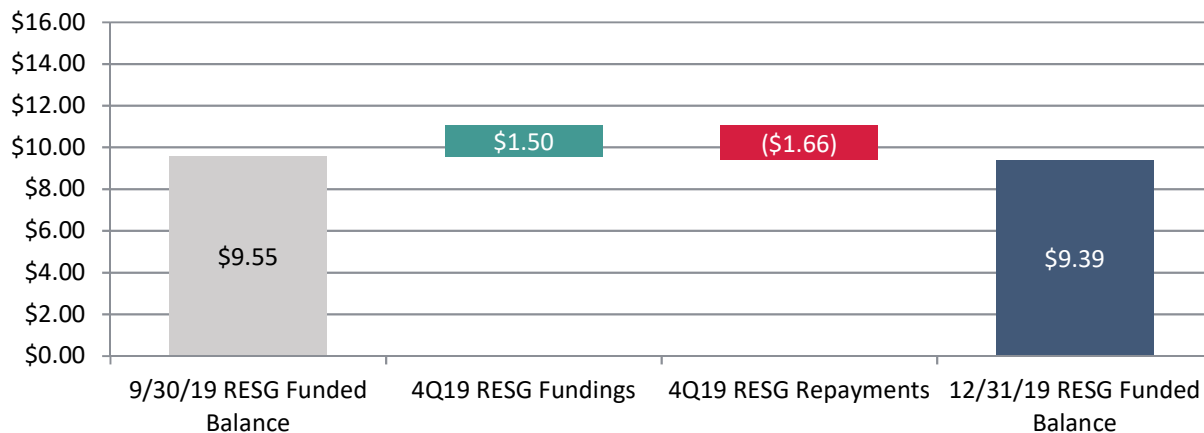
**Figure 4: Funded Balance of Non-purchased Loans (\$ billions)**



Non-purchased loan growth		
	\$ Billions	%
2013	\$0.52	24%
2014	\$1.35	51%
2015	\$2.55	64%
2016	\$3.08	47%
2017	\$3.13	33%
2018	\$2.34	18%
2019	\$1.15	8%

Real Estate Specialties Group (“RESG”) accounted for 58% of the funded balance of non-purchased loans as of December 31, 2019. RESG’s funded balance of non-purchased loans decreased \$0.16 billion in the fourth quarter of 2019 due to a record level of RESG loan repayments. RESG’s funded balance of non-purchased loans grew \$0.31 billion for the full year of 2019. Figures 5 and 6 reflect the changes in the funded balance of RESG loans for the fourth quarter and full year of 2019.

**Figure 5: Activity in RESG Funded Balances – 4Q19 (\$ billions)**



**Figure 6: Activity in RESG Funded Balances – 2019 (\$ billions)**

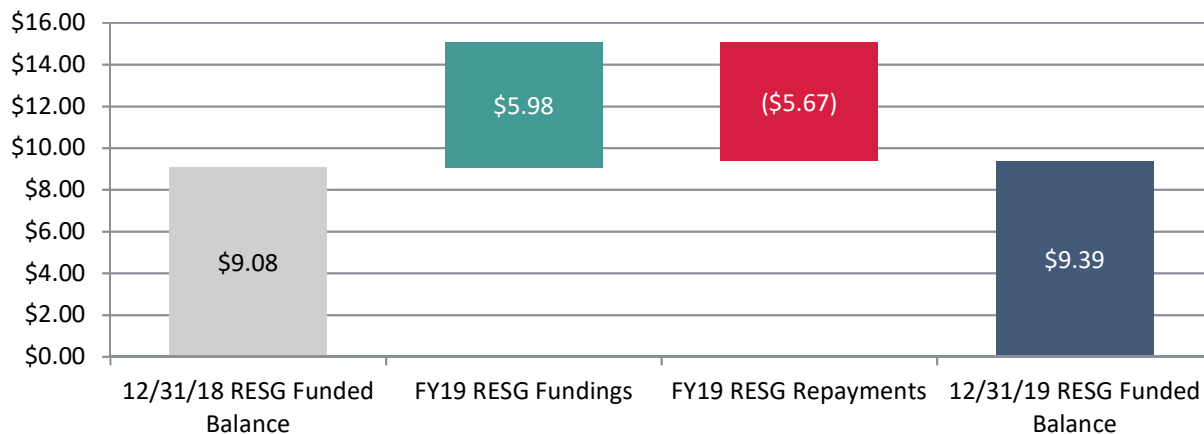




Figure 7 shows RESG’s quarterly loan repayments for each of the last 16 quarters. In recent quarters, our growth in non-purchased loans has been limited by, among other factors, the high level of RESG loan repayments.

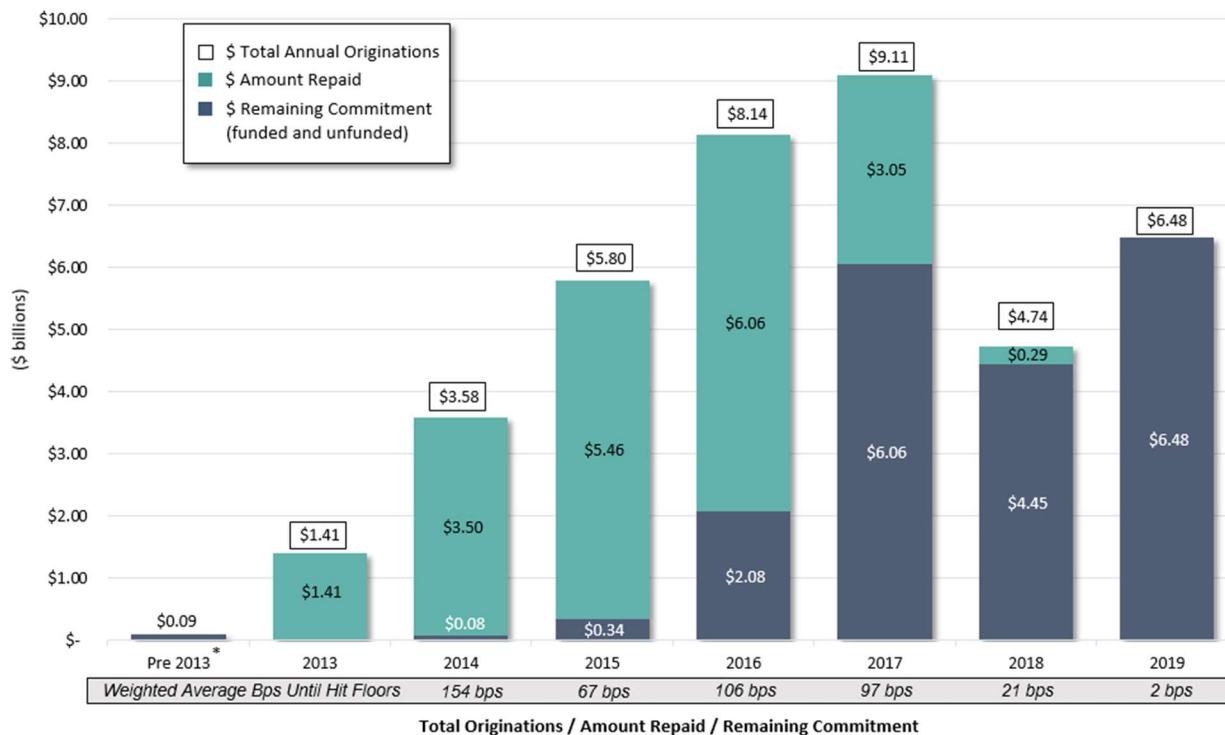
RESG loan repayments were at a record annual level in 2019 and a record quarterly level in the quarter just ended. RESG loan repayments are expected to continue to be significant in 2020 due to high levels of property sales, leasing and refinancing activity. Most RESG loans are construction and development loans, which typically pay off within two to four years of origination depending on the size and complexity of the project. Accordingly, the high level of RESG loan originations in 2016 and 2017 have resulted in high levels of loan repayments in most of the last nine quarters and are expected to result in a continued high level of repayments. RESG loan repayments in 2020 are likely to exceed the record level of loan repayments in 2019. The level of repayments may vary substantially from quarter-to-quarter and may have an outsized impact in one or more quarters.

**Figure 7: RESG Quarterly Loan Repayments (\$ billions)**

	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Total</b>
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

Figure 8 illustrates the typical 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. In addition, the data at the bottom of Figure 8 shows that more recently originated loans are typically closer to their contractual floor interest rates than older vintage loans.

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



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

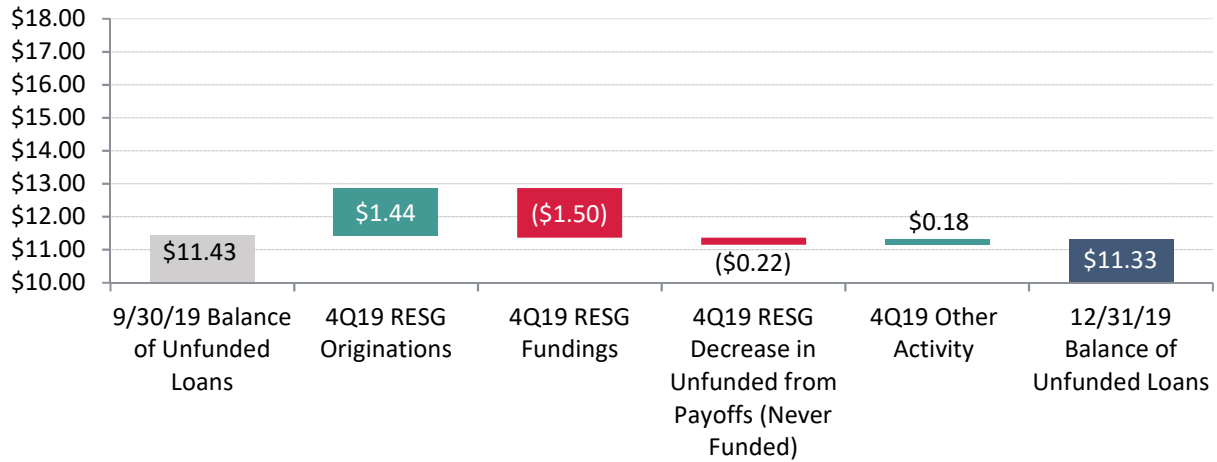
Figure 9 shows RESG's quarterly loan originations for each of the last 16 quarters. RESG loan originations for the fourth quarter of 2019 were \$1.44 billion and for the full year of 2019 were \$6.48 billion, both increases, respectively, from the level of originations RESG achieved in the fourth quarter and full year of 2018. Our focus has been, and will continue to be, on maintaining our credit quality and return standards, even if maintaining those standards adversely affects our origination volume and non-purchased loan growth. We currently expect RESG's loan origination volume in 2020 to be slightly above the level achieved in 2019. RESG's origination volume in 2020 may vary significantly from quarter-to-quarter and may be impacted by economic conditions, competition or other factors.

**Figure 9: RESG Quarterly Loan Originations (\$ billions)**

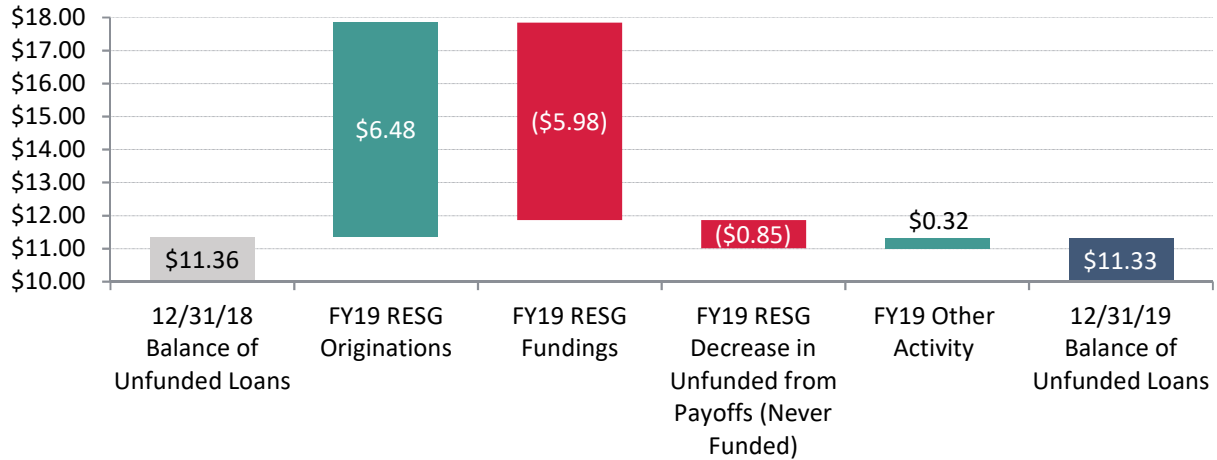
	Q1	Q2	Q3	Q4	Total
FY2016	\$1.81	\$1.98	\$1.79	\$2.56	\$8.14
FY2017	\$2.30	\$2.04	\$2.21	\$2.56	\$9.11
FY2018	\$1.00	\$1.19	\$1.47	\$1.08	\$4.74
FY2019	\$1.86	\$1.15	\$2.03	\$1.44	\$6.48

At December 31, 2019, RESG accounted for 89% of our \$11.3 billion of unfunded balance of loans already closed. Figures 10 and 11 reflect the changes in the unfunded balance of our loans already closed, both RESG and others, for the fourth quarter and full year of 2019. The total unfunded balance decreased \$0.10 billion during the quarter just ended and decreased \$0.03 billion during the full year of 2019. Future quarterly increases or decreases in this unfunded balance will vary based on a variety of factors.

**Figure 10: Activity in Unfunded Balances – 4Q19 (\$ billions)**



**Figure 11: Activity in Unfunded Balances – 2019 (\$ billions)**



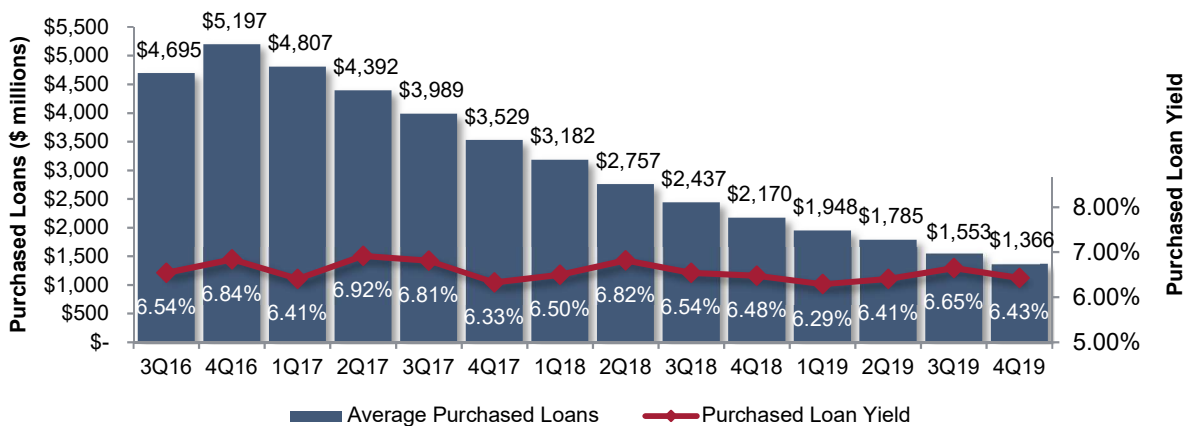
### Investment Securities

Our investment securities portfolio is our second largest component of earning assets. During 2019, the volume of our investment securities decreased because we could not find sufficient securities meeting our requirements to replace securities repayments. We may increase or decrease our investment securities portfolio in future quarters, based on prevailing market conditions, including our ability to make additional purchases or sales at what we believe to be favorable prices, and other factors.

### Purchased Loans

Purchased loans, which are the remaining loans from our 15 acquisitions, are our third largest component of earning assets. Purchased loans accounted for 6.6% of our average earning assets and 7.7% of average total loans in the quarter just ended. During the quarter, our purchased loan portfolio decreased \$0.12 billion, or 8.4% not annualized, to \$1.31 billion at December 31, 2019. For the full year of 2019, our purchased loan portfolio decreased by \$0.74 billion, or 36.0%. Purchased loan runoff will continue to be a headwind to overall earning asset growth in 2020. Figure 12 shows our purchased loan portfolio trends.

**Figure 12: Quarterly Purchased Loan Average Balances and Yields Since Closing Two Latest Acquisitions in July 2016**



## Net Interest Margin

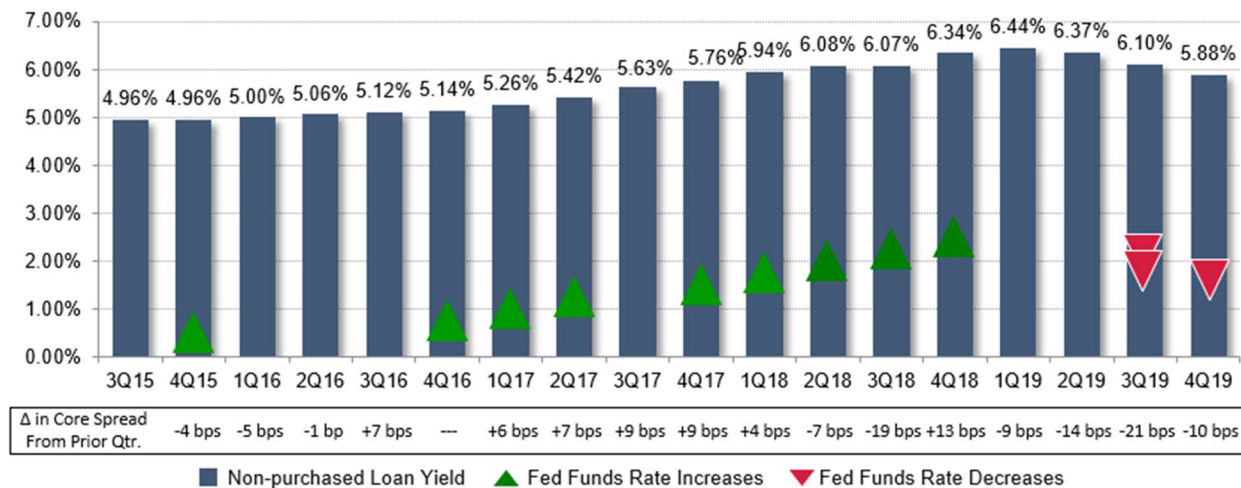
Our net interest margin was 4.15% for the quarter just ended, down 40 basis points (“bps”) from the fourth quarter of 2018 and down 11 bps from the third quarter of 2019. Our net interest margin for the full year of 2019 was 4.34%, down 25 bps from the full year of 2018. In 2019, the decline in LIBOR rates, the relatively flat yield curve, and intense competition for loans and deposits, among other factors, created a challenging interest rate environment. Yet, our net interest margins of 4.15% for the fourth quarter and 4.34% for the full year of 2019 are still well above the recent industry average.

### Non-purchased Loan Yield

Our yield on non-purchased loans was 5.88% for the quarter just ended, decreases of 46 bps from the fourth quarter of 2018 and 22 bps from the third quarter of 2019. Our yield on non-purchased loans for the full year of 2019 increased eight bps to 6.19% compared to 6.11% for the full year of 2018.

As shown in Figure 13, our yield on non-purchased loans generally tended to increase as the Federal Reserve increased the Fed funds target rate. More recently, decreases in the Fed funds target rate have resulted in lower LIBOR and other rates, which was a significant factor in decreasing our non-purchased loan yields.

**Figure 13: Non-purchased Loan Yield Trends**



### Variable Rate Loans

At December 31, 2019, 74% of our funded balance of non-purchased loans and 42% of our funded balance of purchased loans had variable rates. If the Federal Reserve decreases the Fed funds target rate in the future, we would expect our yield on loans to decrease, even though we have endeavored to reduce the potential impact of any decreases in the Fed funds target rate by placing floor rates in many of our variable rate loans. Conversely, if the Federal Reserve increases the Fed funds target rate in the future, we would expect our yield on loans to increase.

At December 31, 2019, 99% of our funded variable rate non-purchased loans and 47% of our funded variable rate purchased loans had floor rates. The levels of floor rates in our variable rate loan portfolio are shown in Figure 14.

**Figure 14: Variable Rate Floor Analysis**

Change in Current Rate	% of Variable Rate Loans At Their Floor (as of December 31, 2019)						Total Commitment (Funded & Unfunded)	
	Funded Balance			Total Commitment (Funded and Unfunded)			as of 9/30/19	as of 6/30/19
	Non- purchased	Purchased	Total	Non- purchased	Purchased	Total		
Currently at Floor	34%	22%	33%	48%	20%	47%	27%	15%
Down 25 bps	41%	26%	40%	56%	24%	55%	38%	21%
Down 50 bps	48%	27%	47%	61%	25%	60%	47%	30%
Down 75 bps	59%	30%	58%	69%	28%	68%	51%	37%
Down 100 bps	67%	31%	66%	76%	30%	75%	56%	41%
Down 125 bps	80%	37%	78%	86%	36%	85%	66%	45%
Down 150 bps	93%	42%	90%	94%	40%	93%	80%	56%
Down 175 bps	97%	44%	95%	97%	43%	96%	92%	68%
Down 200 bps	99%	45%	96%	99%	45%	98%	95%	86%
Down 225 bps	99%	46%	97%	99%	47%	98%	98%	94%
Down 250 bps	99%	47%	97%	99%	48%	98%	98%	97%

As shown in the last three columns of Figure 14, the percentage of variable rate loans, as measured by total funded and unfunded commitment amounts, at their floor rates increased significantly during the last two quarters. As older variable rate loans, with floors that were set prior to or during the nine Fed funds target rate increases, are paid off and replaced with newer variable rate loans with more current floors, the percentage of variable rate loans with floor rates at or near current rates should continue to increase.

### *Changes in Loan Portfolio Mix Affect Net Interest Margin*

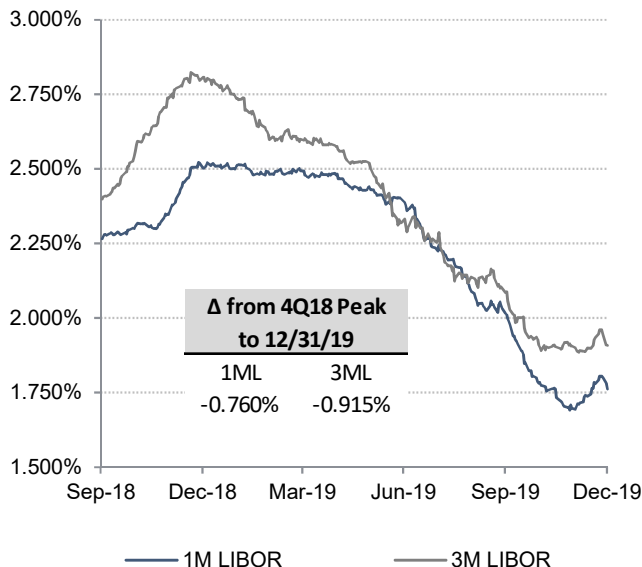
Changes in the mix of our loan portfolio also affect our net interest margin. For example, the differential in the yield between our purchased loan portfolio and our non-purchased loan portfolio has changed over time. Our more rate sensitive non-purchased loan portfolio benefited from interest rate increases, but was adversely affected by interest rate decreases. Our less rate sensitive purchased loan portfolio has been impacted to a lesser degree from changes in the direction of interest rates.

More recently, the decrease in the percentage of our higher yielding RESG non-purchased loans and the corresponding increase in the percentage of our lower yielding other categories of non-purchased loans has contributed to the pressure on our net interest margin. The mix of our non-purchased loan portfolio was not a significant factor in our net interest margin until after the Federal Reserve increased the Fed funds target rate over the last few years. Since all of our RESG loans are variable rate loans and many of our other non-purchased loans have fixed rates, the yield on our RESG non-purchased loan portfolio outperformed the yield on our other non-purchased loans as the Fed funds target rate increased. This outperformance may tend to reverse if the Fed funds target rate decreases in the future.

Additionally, our loan yields include various items such as accretion of deferred loan fees and discounts, amortization of deferred loan costs and premiums, minimum interest, prepayment penalties, and other such items that vary from quarter to quarter.

A variety of factors provided challenges to our net interest margin in 2019. These factors include, among others, the decreases in LIBOR rates, as shown in Figure 15, and other interest rate indexes; the flattening of the yield curve during 2019; competitive pricing of loans; competitive pricing of deposits; and changes in our mix of non-purchased loans. If interest rates remain relatively unchanged in 2020, that should eliminate some of those challenges and potentially help reduce the magnitude of any further declines in our net interest margin in 2020 as compared to our net interest margin in the fourth quarter of 2019.

**Figure 15: LIBOR Rates**  
Source: Bloomberg



As shown in Figure 16, at December 31, 2019, 75.0% of our total funded balance of variable rate loans were tied to 1-month LIBOR, 4.1% were tied to 3-month LIBOR and 18.7% were tied to WSJ Prime.

**Figure 16: Summary of Funded Balance of Variable Rate Loan Indexes**

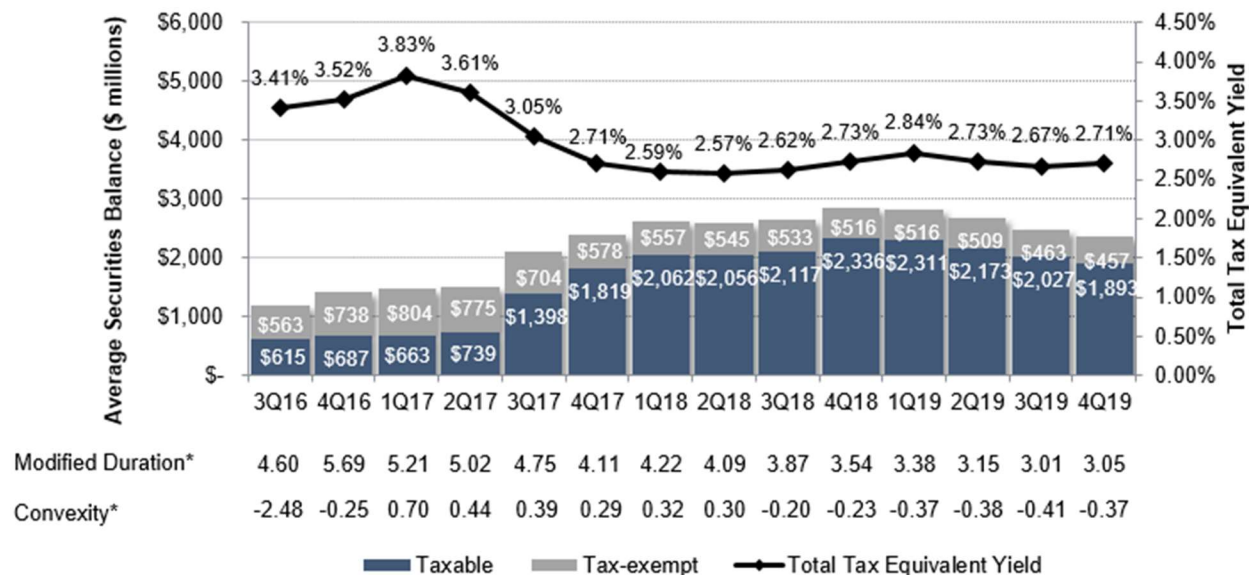
% of Variable Rate Non-Purchased Loan Portfolio Tied to Index		% of Variable Rate Purchased Loan Portfolio Tied to Index		% of Variable Rate Total Loan Portfolio Tied to Index	
1-Month LIBOR	77.2%	1-Month LIBOR	27.4%	1-Month LIBOR	75.0%
3-Month LIBOR	4.3%	3-Month LIBOR	0.0%	3-Month LIBOR	4.1%
WSJ PRIME	17.3%	WSJ PRIME	50.1%	WSJ PRIME	18.7%
Other	1.2%	Other	22.5%	Other	2.2%



### Investment Portfolio Yield

As shown in Figure 17, the yield on our investment portfolio was 2.71%, on a fully taxable equivalent (“FTE”) basis, in the fourth quarter of 2019, a two bps decrease from 2.73% FTE in the fourth quarter of 2018, but a four bps increase from the third quarter of 2019. The yield on our investment portfolio was 2.74% FTE for the full year of 2019, an 11 bps increase from 2.63% FTE for the full year of 2018.

**Figure 17: Securities Portfolio Average Balance and FTE Yield (\$ millions)**



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

### Core Spread

From the fourth quarter of 2015 through the second quarter of 2019, the Federal Reserve increased the Fed funds target rate nine times. This resulted in increases in our yield on variable rate loans and newly originated loans as well as increases in our costs of interest bearing deposits and borrowings. During that 15-quarter period, we had quarters in which our core spread increased and quarters in which it decreased. During that period, our yield on non-purchased loans increased 141 bps, substantially offsetting the 145 basis point increase in our COIBD.

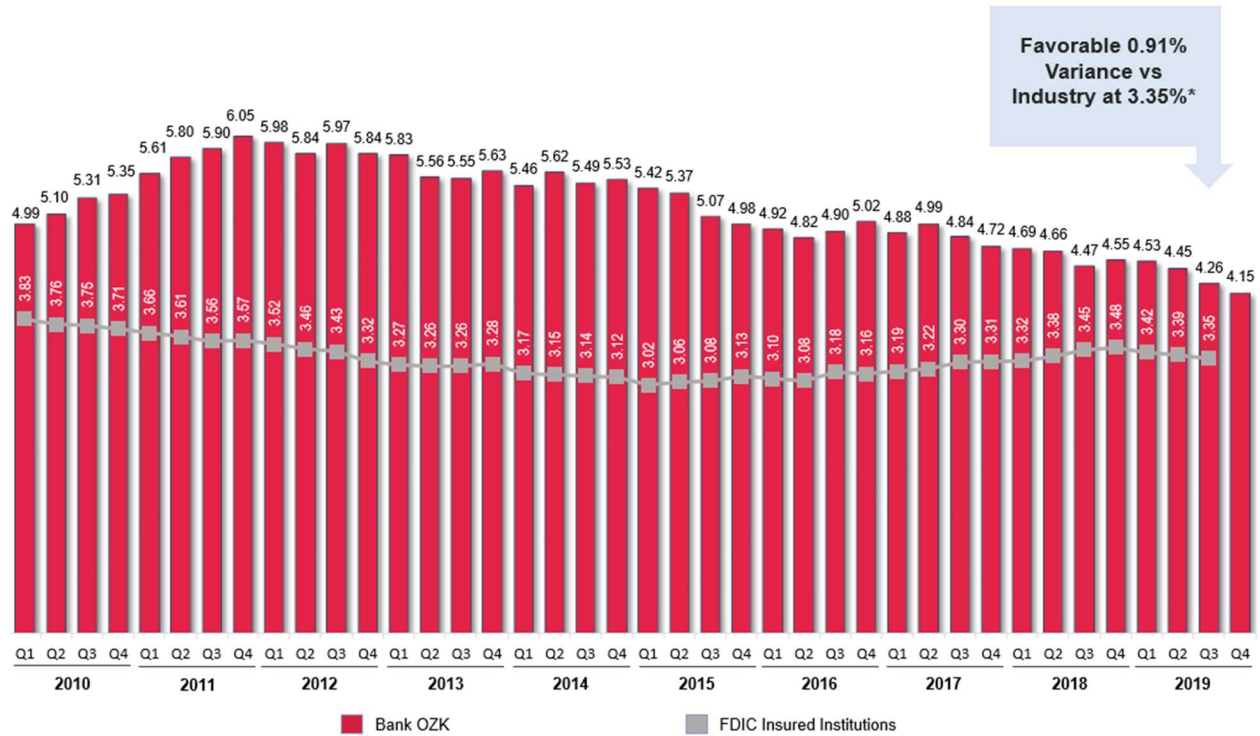
During the quarter just ended, the Federal Reserve decreased the Fed funds target rate once, contributing to the 10 basis point decrease to our core spread as compared to the third quarter of 2019. If the Federal Reserve decreases the Fed funds target rate in the future, we would expect our yield on non-purchased loans to continue decreasing; however, we would also expect our COIBD to continue decreasing.

In recent quarters, decreases in our COIBD have lagged decreases in our yield on non-purchased loans. During the quarter just ended, our COIBD decreased 12 bps after decreasing six bps in the third quarter of 2019. Even if the Federal Reserve makes no further changes to the Fed funds target rate, we believe our COIBD will continue to decrease over the next few quarters, albeit at a slower rate of decrease than achieved in the quarter just ended.

*Net Interest Margin*

We continue to perform well versus the industry on net interest margin, as shown in Figure 18.

**Figure 18: Net Interest Margin (%)**



\*Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last update third quarter 2019.

## Non-interest Income

Non-interest income for the fourth quarter of 2019 was \$30.4 million, a 10.3% increase from \$27.6 million for the fourth quarter of 2018. During the fourth quarter of 2019, we recognized \$3.0 million of tax-exempt BOLI death benefit income as compared to \$0.5 million in the fourth quarter of 2018. For the full year of 2019, non-interest income was \$107.5 million, a 0.2% decrease from \$107.8 million for the full year of 2018. As shown in Figures 19 and 20, over the past two years non-interest income has been relatively stable, although results have varied from quarter-to-quarter with significant variation within categories of non-interest income.

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

	For the Three Months Ended								
	12/31/2017	3/31/2018	6/30/2018	9/30/2018	12/31/2018	3/31/2019	6/30/2019	9/30/2019	12/31/2019
Service charges on deposit accounts	\$ 10,058	\$ 9,525	\$ 9,704	\$ 9,730	\$ 10,585	\$ 9,722	\$ 10,291	\$ 10,827	\$ 10,933
Mortgage lending income	1,294	492	1	24	20	-	-	-	-
Trust income	1,729	1,793	1,591	1,730	1,821	1,730	1,839	1,975	2,010
BOLI income									
Increase in cash surrender value	4,865	4,851	5,259	5,321	5,269	5,162	5,178	5,208	5,167
Death benefit	301	2,729	-	-	482	-	-	206	2,989
Other income from purchased loans	2,009	1,251	2,744	1,418	2,370	795	1,455	674	759
Loan service, maintenance and other fees	4,289	4,743	5,641	4,724	5,245	4,874	4,565	4,197	4,282
Net gains on investment securities	1,201	17	-	-	-	-	713	-	-
Gains (losses) on sales of other assets	1,899	1,426	844	(518)	465	284	402	189	1,358
Other	2,568	1,880	1,602	1,692	1,303	1,505	2,160	3,170	2,908
Total non-interest income	\$ 30,213	\$ 28,707	\$ 27,386	\$ 24,121	\$ 27,560	\$ 24,072	\$ 26,603	\$ 26,446	\$ 30,406

**Figure 20: Annual Trends in Non-interest Income – 2019 vs. 2018 (\$ thousands)**

	For the Year Ended		
	12/31/2018	12/31/2019	% Change
Service charges on deposit accounts	\$ 39,544	\$ 41,774	5.6%
Mortgage lending income	538 *	-	NM
Trust income	6,935	7,554	8.9%
BOLI income			
Increase in cash surrender value	20,700	20,715	0.1%
Death benefit	3,211	3,194	-0.5%
Other income from purchased loans	7,784	3,684	-52.7%
Loan service, maintenance and other fees	20,354	17,917	-12.0%
Net gains on investment securities	17	713	NM
Gains (losses) on sales of other assets	2,219	2,233	0.6%
Other	6,473	9,743	50.5%
Total non-interest income	\$ 107,775	\$ 107,527	-0.2%

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

## Non-interest Expense

Non-interest expense for the fourth quarter of 2019 was \$104.4 million, a 10.0% increase from \$94.9 million in the fourth quarter of 2018. For the full year of 2019, non-interest expense was \$401.1 million, a 5.4% increase from \$380.8 million for the full year of 2018. We expect a high single digit percentage increase in non-interest expense in 2020 as compared to 2019. Figure 21 summarizes non-interest expense for the most recent nine quarters.

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

	For the Three Months Ended								
	12/31/2017	3/31/2018	6/30/2018	9/30/2018	12/31/2018	3/31/2019	6/30/2019	9/30/2019	12/31/2019
Salaries & employee benefits	\$ 38,417	\$ 45,499	\$ 41,665	\$ 41,477	\$ 41,837	\$ 44,868	\$ 47,558	\$ 48,376	\$ 52,050
Net occupancy and equipment	13,474	14,150	13,827	14,358	14,027	14,750	14,587	14,825	14,855
Professional and outside services	10,269	8,705	9,112	9,725	8,325	8,564	8,105	9,204	7,156
Advertising and public relations	1,634	1,331	1,777	6,977	1,472	1,683	1,671	2,067	1,822
Telecommunication services	3,537	3,197	3,487	3,373	3,023	3,344	2,810	2,094	2,335
Software and data processing	2,382	3,340	3,110	3,336	3,943	4,709	4,757	5,095	4,974
Travel and meals	2,338	2,153	2,498	2,517	2,482	2,669	2,939	2,777	2,845
FDIC insurance and state assessments	3,583	3,562	3,558	3,948	3,672	3,652	3,488	2,505	3,780
Amortization of intangibles	3,145	3,145	3,145	3,145	3,144	3,145	3,012	2,907	2,854
Postage and supplies	2,063	2,195	2,218	2,517	2,214	2,103	2,058	2,040	2,483
ATM expense	1,644	1,363	1,118	1,202	544	987	1,099	1,277	1,263
Loan collection and repossession expense	949	790	503	932	1,077	984	918	317	600
Writedowns of foreclosed assets	994	151	460	544	1,841	562	594	354	910
Writedown of signage due to strategic rebranding	-	-	-	4,915	-	-	-	-	-
Other expenses	1,748	4,229	2,629	3,976	7,292	4,658	5,535	7,076	6,479
Total non-interest expense	\$ 86,177	\$ 93,810	\$ 89,107	\$ 102,942	\$ 94,893	\$ 96,678	\$ 99,131	\$ 100,914	\$ 104,406
Total expenses related to strategic rebranding *	-	-	621	10,772	271	-	-	-	-
Total non-interest expenses excluding expenses related to strategic rebranding	\$ 86,177	\$ 93,810	\$ 88,486	\$ 92,170	\$ 94,622	\$ 96,678	\$ 99,131	\$ 100,914	\$ 104,406

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

**Figure 22: Annual Trends in Non-interest Expense – 2019 vs. 2018 (\$ thousands)**

	For the Year Ended		
	12/31/2018	12/31/2019	% Change
Salaries & employee benefits	\$ 170,478	\$ 192,851	13.1%
Net occupancy and equipment	56,362	59,018	4.7%
Professional and outside services	35,867	33,030	-7.9%
Advertising and public relations	11,557	7,242	-37.3%
Telecommunication services	13,080	10,583	-19.1%
Software and data processing	13,729	19,535	42.3%
Travel and meals	9,650	11,230	16.4%
FDIC insurance and state assessments	14,740	13,425	-8.9%
Amortization of intangibles	12,579	11,918	-5.3%
Postage and supplies	9,144	8,684	-5.0%
ATM expense	4,227	4,626	9.4%
Loan collection and repossession expense	3,302	2,818	-14.7%
Writedowns of foreclosed assets	2,996	2,419	-19.3%
Writedown of signage due to strategic rebranding	4,915	-	---
Other expenses	18,126	23,751	31.0%
Total non-interest expense	\$ 380,752	\$ 401,130	5.4%
Total expenses related to strategic rebranding	11,664	-	---
Total non-interest expenses excluding expenses related to strategic rebranding	\$ 369,088	\$ 401,130	8.7%

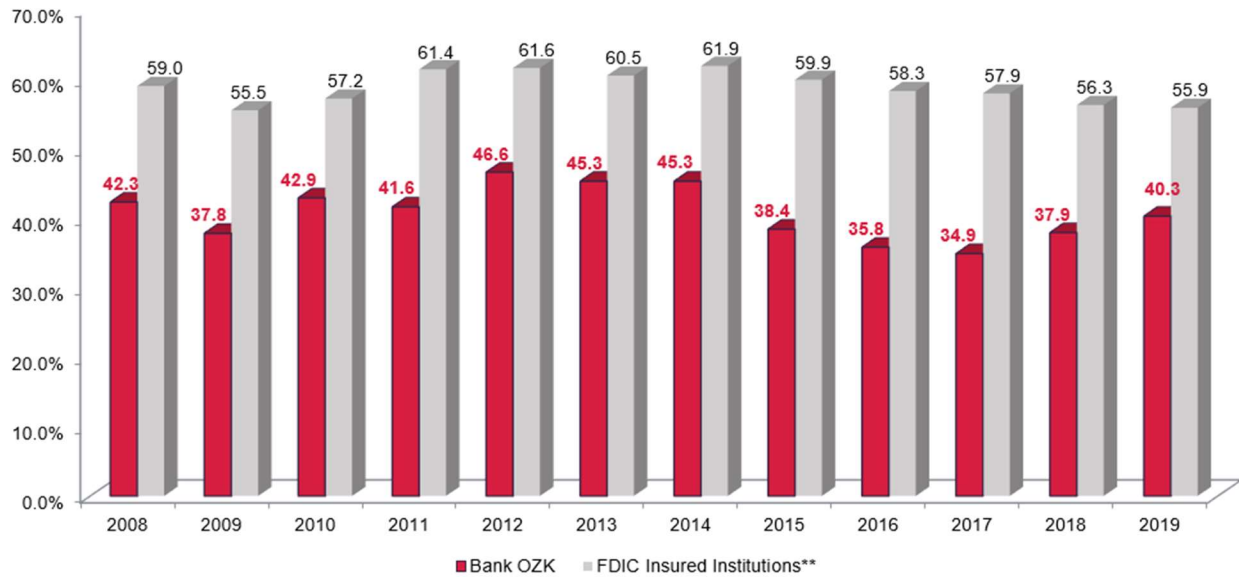
In recent years, a significant factor in our increased non-interest expense was our focus on enhancing our infrastructure for information technology, information systems, cybersecurity, business resilience, enterprise risk

management, internal audit, credit risk management, compliance, BSA/AML monitoring, training and other important areas, as well as expanding our human and physical infrastructure to serve low-to-moderate income and majority-minority markets and customer segments. We consider all these initiatives to be important in promoting positive change and preparing us for future growth. We will continue to enhance our capabilities in these important areas.

### Efficiency Ratio

In the quarter just ended, our efficiency ratio was 42.4%. For the full year of 2019, our efficiency ratio was 40.3%, as shown in Figure 23. Although our efficiency ratio increased during 2019, it remains among the best in the industry. In fact, our efficiency ratio has been among the top decile of the industry for 18 consecutive years.

**Figure 23: Top Decile Efficiency (%) for 18 Consecutive Years\***



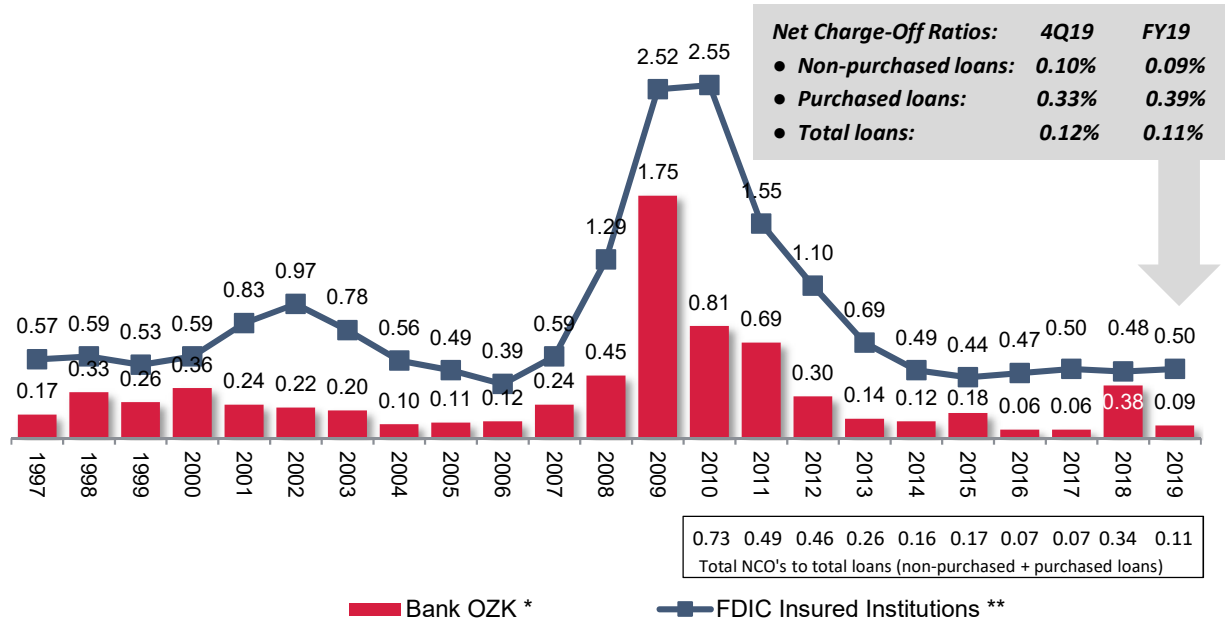
\* Data from S&P Global Market Intelligence.

\*\* Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last update third quarter 2019.

## Asset Quality

We continue to have net charge-off ratios well below industry averages, as shown in Figure 24. In our 23 years as a public company, our net charge-off ratio for non-purchased loans has beaten the industry's net charge-off ratio every year and has averaged about 35% of the industry's net charge-off ratio.

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



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

\*\*Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated third quarter 2019. Annualized when appropriate.

As shown in Figure 25, in RESG's 17 year history, we have incurred losses on only a small number of credits, resulting in a weighted average annual net charge-off ratio (including OREO write-downs) for the RESG portfolio of 14 bps.

As shown in Figures 26, 27 and 28, the dollar volumes of our nonperforming non-purchased loans, nonperforming assets and past due non-purchased loans have been relatively stable, even as our total non-purchased loans and total assets have grown many-fold. Our ratios for nonperforming non-purchased loans, nonperforming assets and past due non-purchased loans have generally improved and have been consistently better than the industry's ratios.

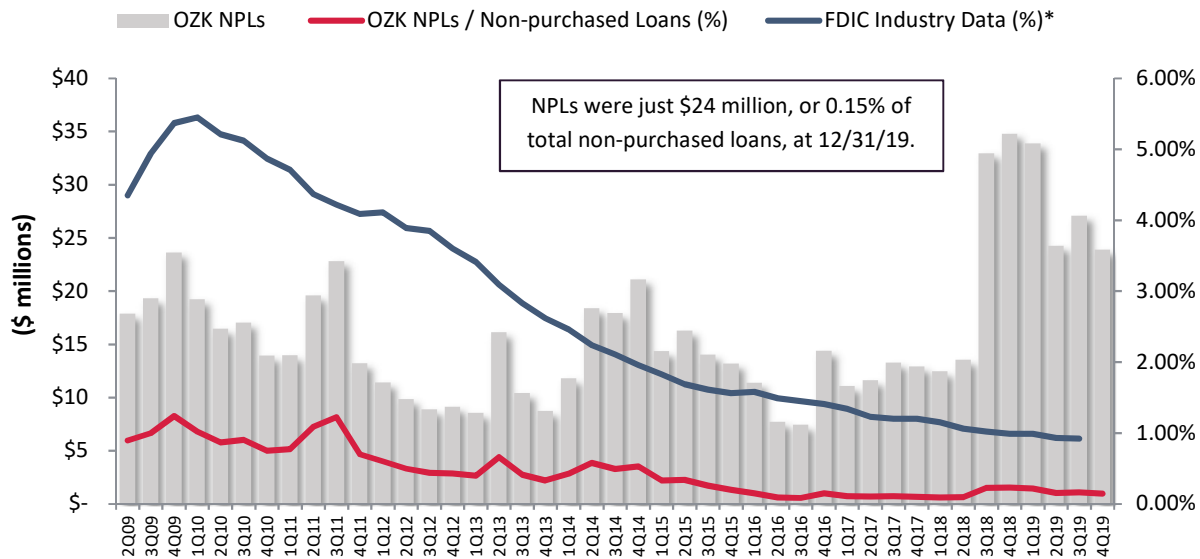
**Figure 25 - RESG Historical Net charge-offs (\$ Thousands)**

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

**Weighted Average 0.14%**

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

**Figure 26: Nonperforming Non-purchased Loans ("NPLs") (\$ millions)**

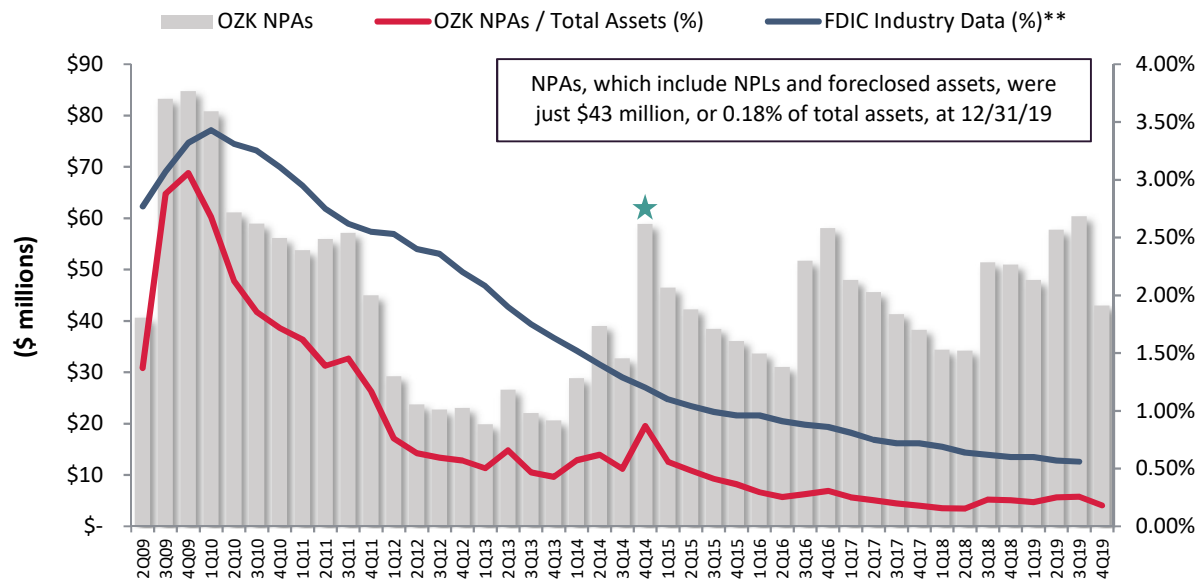


\* Note: Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated third quarter 2019. Percent of Loans Noncurrent is the percentage of loans that are past due 90 days or more or that are in nonaccrual status.

As shown in Figure 27, during the quarter just ended, our foreclosed assets decreased \$14.2 million from \$33.3 million at September 30, 2019 to \$19.1 million at December 31, 2019. The most significant factor in this decrease was the Bank's sale of a shopping center in South Carolina with a book value of \$9.8 million. We recognized a \$1.1

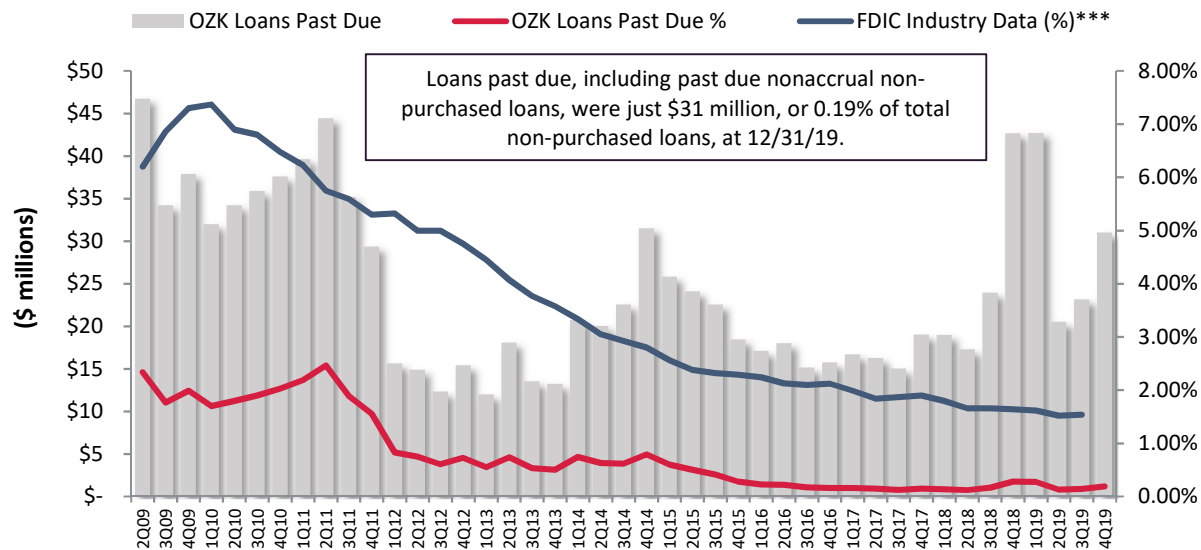
million gain on that sale. In addition, the Bank continued to achieve sales in a residential lot and home development project in North Carolina, as well as sales of other foreclosed assets.

**Figure 27: Nonperforming Assets (“NPAs”) (\$ millions)**



\*\* Note: Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated third quarter 2019. Noncurrent assets plus other real estate owned to assets (%).  
 ★ In 2014, we terminated our loss share agreement with the FDIC and reclassified foreclosed assets previously reported as covered by FDIC loss share to foreclosed assets.

**Figure 28: Non-purchased Loans Past Due 30+ Days, Including Past Due Nonaccrual Non-purchased Loans (“Loans Past Due”) (\$ millions)**



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



As shown in Figure 29, our dollar volume of non-purchased loans designated as being in the “Substandard” category of our credit quality indicators increased during the quarter just ended. RESG’s sole watch rated credit was downgraded to a substandard-accrual rating based on our regular quarterly review of this credit. Even with this, our ratio of substandard non-purchased loans as a percentage of our total risk-based capital (“TRBC”) at December 31, 2019 remains at a very low level.

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

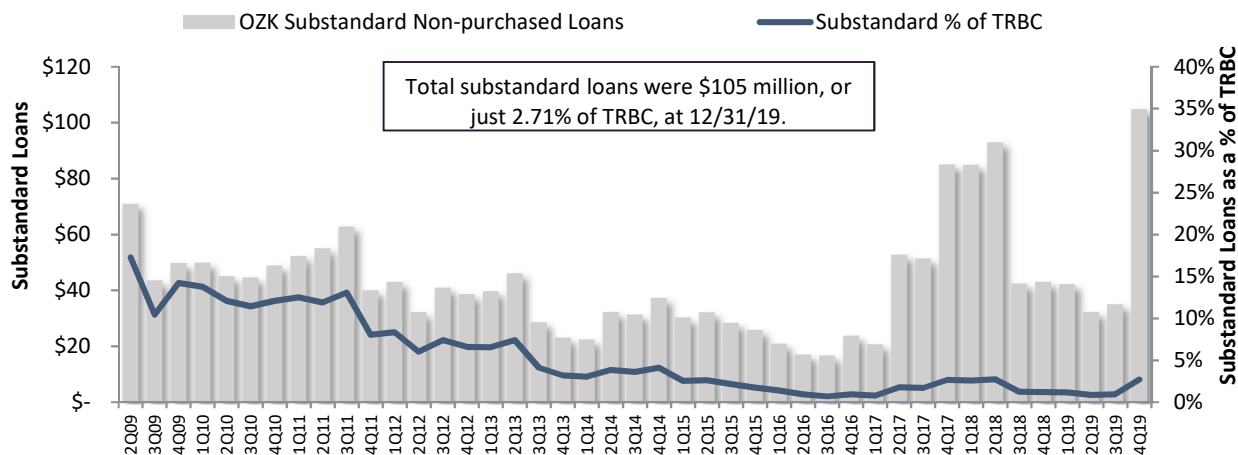
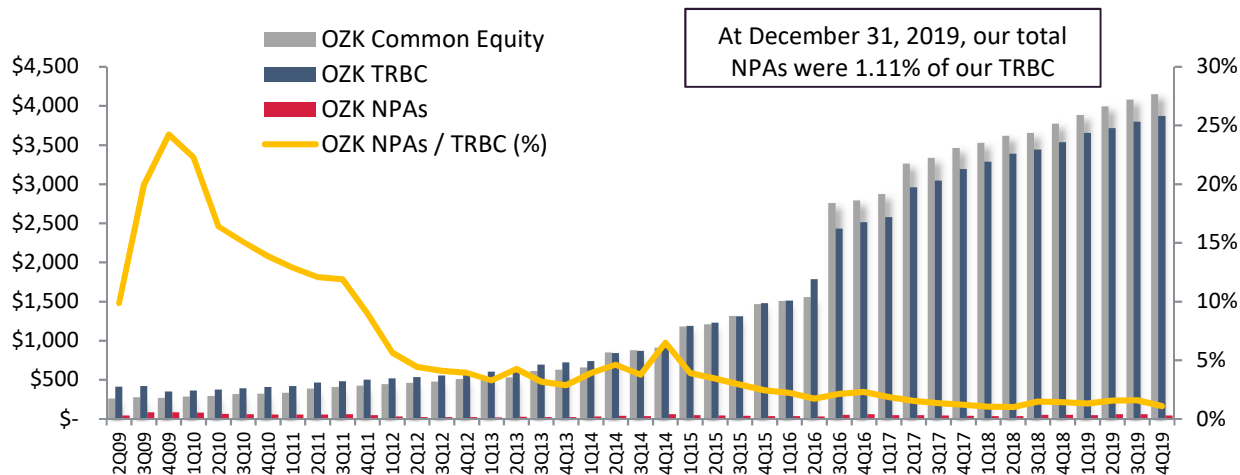


Figure 30 shows the tremendous growth in our common equity and TRBC over the last 10 years, while our volume of total nonperforming assets has generally declined to relatively nominal levels.

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

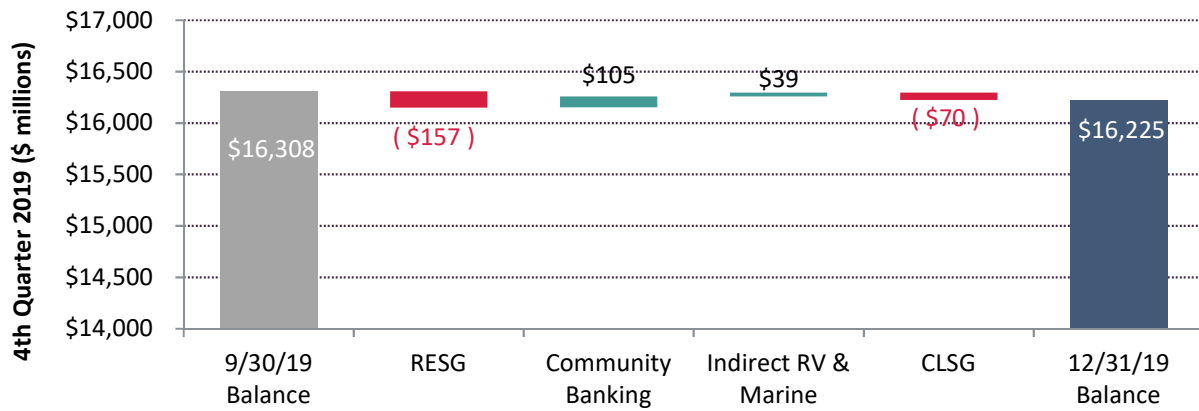


We expect our asset quality to continue our long tradition of being better than industry averages.

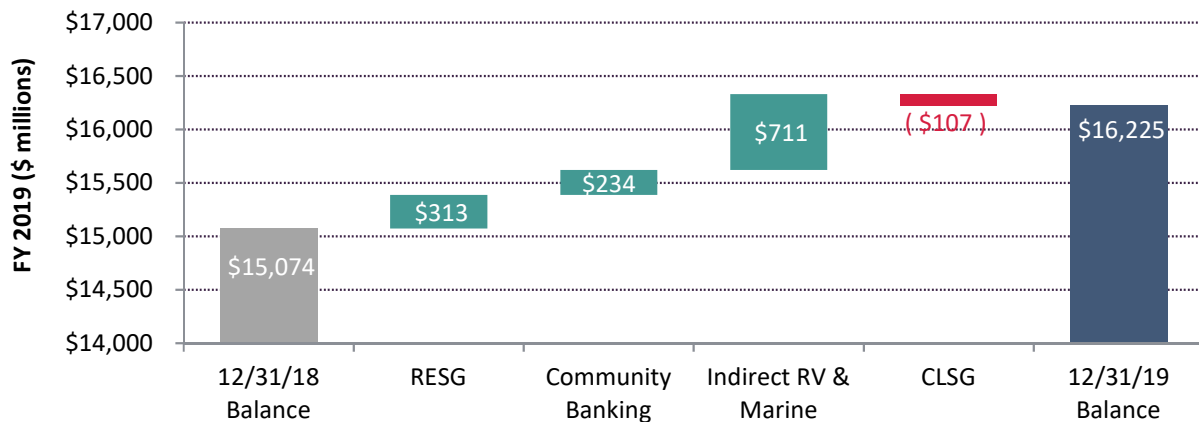
## Loan Portfolio Diversification & Leverage

In recent years, we have discussed the importance of achieving greater contributions to growth from our loan teams other than RESG. Figures 31 and 32 reflect the mix in our loan growth in the quarter just ended and the full year of 2019. We are pleased with the increasing trend of contributions from our other loan teams. Specifically, these other loan teams contributed 54%, 61%, and 73%, respectively, of our non-purchased loan growth in 2017, 2018 and 2019.

**Figure 31: Non-purchased Loan Growth – 4Q19 (\$ millions)**

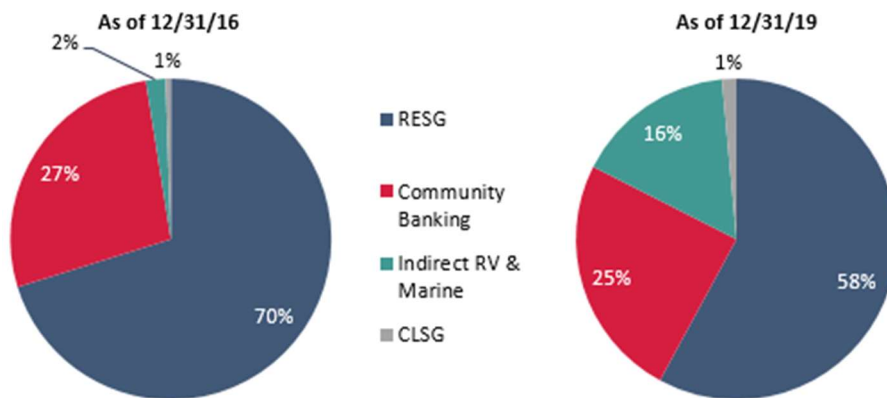


**Figure 32: Non-purchased Loan Growth – 2019 (\$ millions)**



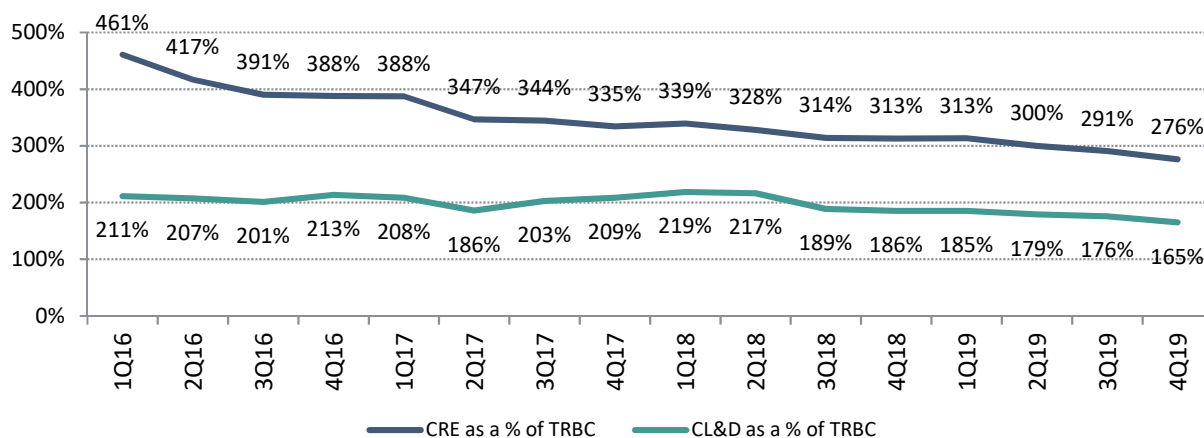
As shown in Figure 33, our more diversified growth in recent years has resulted in our RESG portfolio accounting for 58% of the funded balance of our non-purchased loans at December 31, 2019 compared to 70% at December 31, 2016.

**Figure 33: Non-purchased Loan Portfolio Mix Shift**



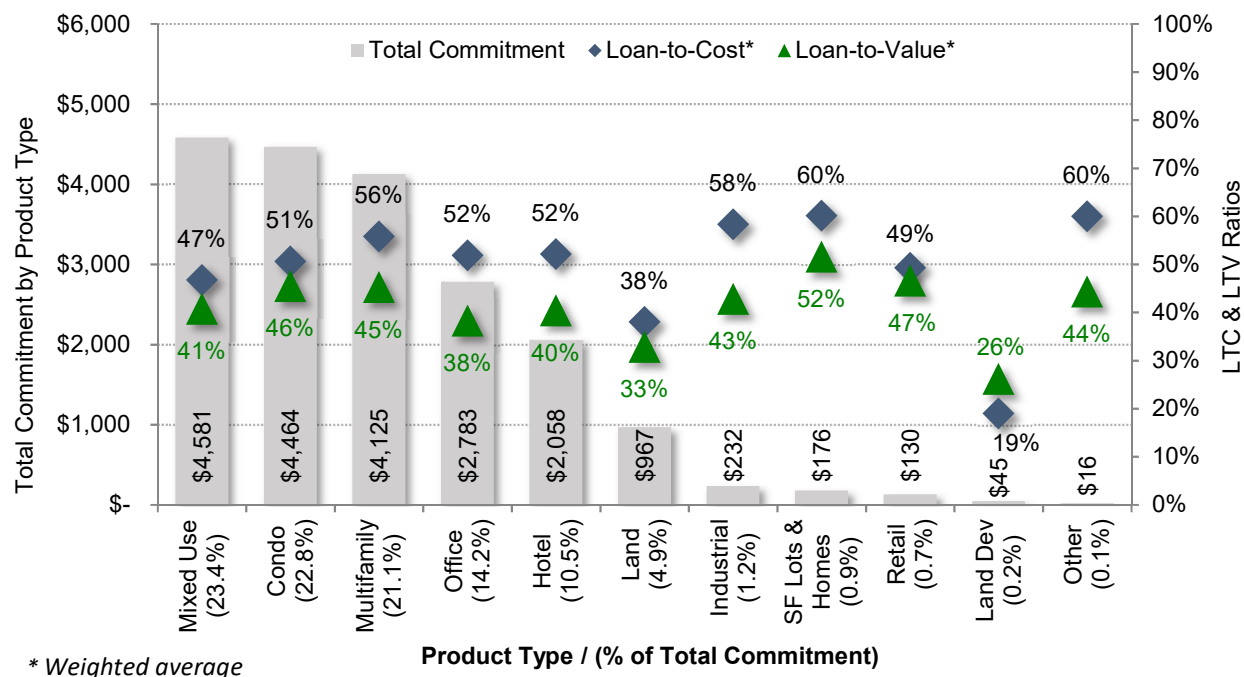
This more diversified growth, along with our significant growth in our TRBC, has contributed to a generally declining trend in our total commercial real estate (“CRE”) and construction, land development and other land (“CL&D”) concentrations, as shown in Figure 34. Further growth in our non-CRE lending, along with growth in our TRBC, may continue to reduce our CRE and CL&D concentration ratios in most quarters. We are not reducing our focus on CRE and CL&D lending. To be clear, CRE and CL&D lending are areas in which we have substantial expertise and enjoy competitive advantages, and we expect the dollar volume of these categories of loans to continue to grow over time, even if, as expected, they decline as a percentage of our total non-purchased loans and as a percentage of TRBC.

**Figure 34: Declining Regulatory CRE and CL&D Concentration Ratios**

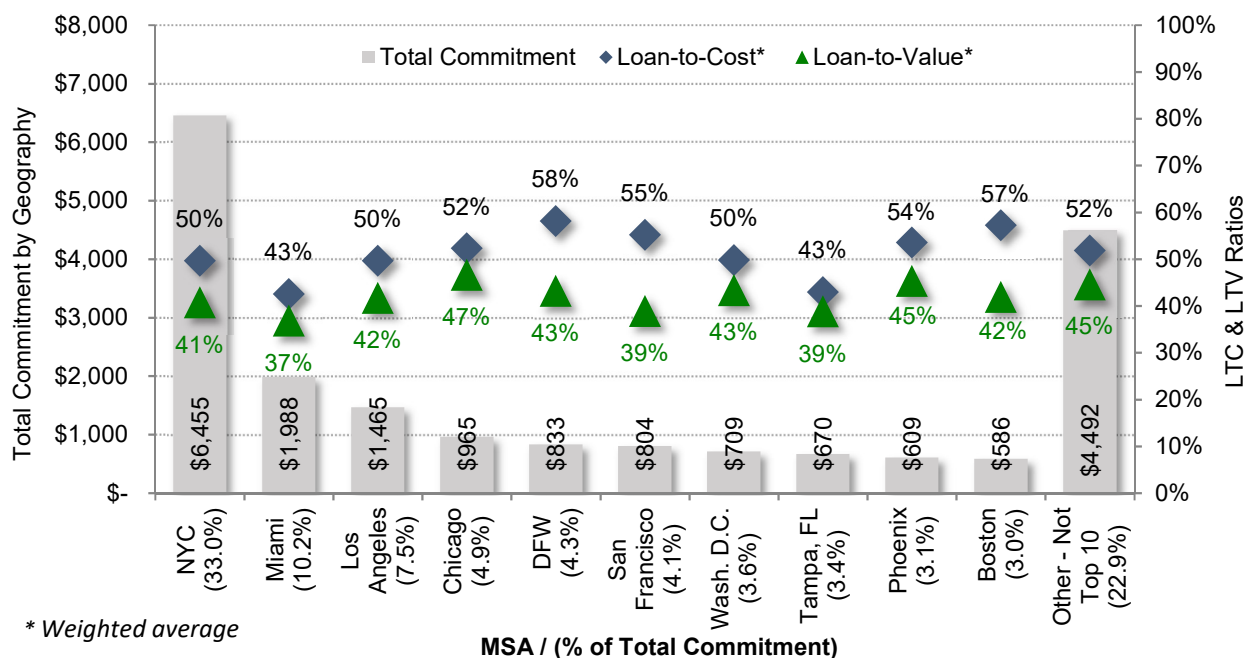


Even within the RESG portfolio, we benefit from the substantial diversification by both product type and geography, as well as low loan-to-cost (“LTC”) and loan-to-value (“LTV”) ratios, all as shown in Figures 35 and 36.

**Figure 35: RESG Portfolio Diversity by Product Type (As of December 31, 2019) (\$ millions)**  
*(LTC and LTV ratios assume all loans are fully funded)*

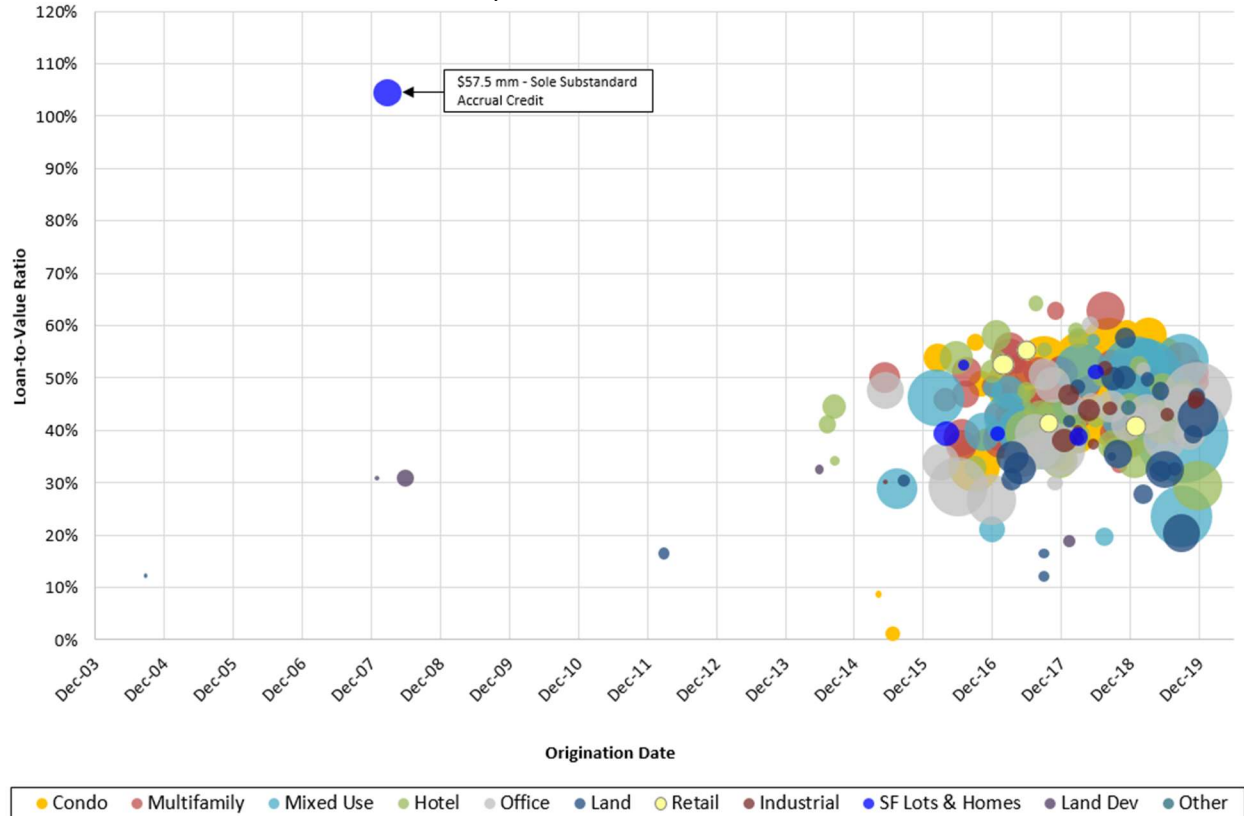


**Figure 36: RESG Portfolio Diversity by Geography (As of December 31, 2019) (\$ millions)**  
*(LTC and LTV ratios assume all loans are fully funded)*



Assuming full funding of every RESG loan, as of December 31, 2019, the weighted average LTC for the RESG portfolio was a conservative 50.1%, and the weighted average LTV was even lower at just 41.8%. Other than the one substandard-accruing credit specifically referenced below in Figure 37, all other credits in the RESG portfolio have LTV ratios less than 65%. The LTV metrics on individual loans within the RESG portfolio are illustrated in Figure 37.

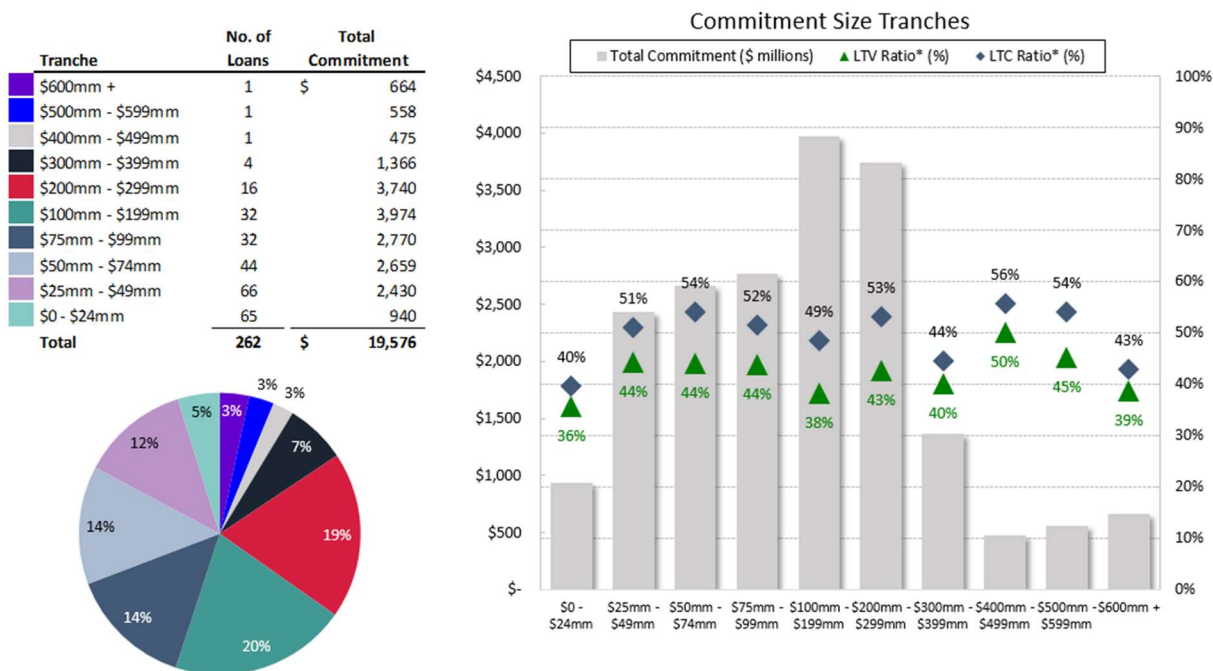
**Figure 37: RESG Portfolio by LTV & Origination Date (As of December 31, 2019)**  
*Bubble Size Reflects Total Funded and Unfunded Commitment Amount*  
*LTV Ratios Assume All Loans Are Fully Funded*



As previously mentioned, RESG’s sole watch-rated credit was downgraded during the quarter to a substandard-accrual rating based on our regular quarterly review of this credit. During 2019, the borrower sold 17 lots in this project for gross proceeds of \$8.8 million, including two lot sales in the quarter just ended, and sold six townhomes for gross proceeds of \$8.9 million, including two townhome sales in the quarter just ended. As of December 31, 2019, the borrower had one lot and nine townhomes under contracts with expected closings in 2020 and expected gross proceeds of \$0.4 million and \$13.7 million, respectively. This downgrade was primarily due to several sales which had been expected to close in late 2019 being cancelled or delayed, as well as a lower than expected volume of pending lot sales going into 2020. So far in January, the borrower has realized additional sales activity, having executed one additional lot contract and two additional townhome contracts with associated gross proceeds of \$0.4 million and \$3.3 million, respectively.

The RESG portfolio includes loans of many different sizes, and historically approximately 85%, on average, of our total commitments are actually funded before the loan is repaid. The stratification of the RESG portfolio by commitment size is reflected in Figure 38.

**Figure 38: RESG Portfolio Stratification by Loan Size - Total Commitment (As of December 31, 2019) (\$ millions)**



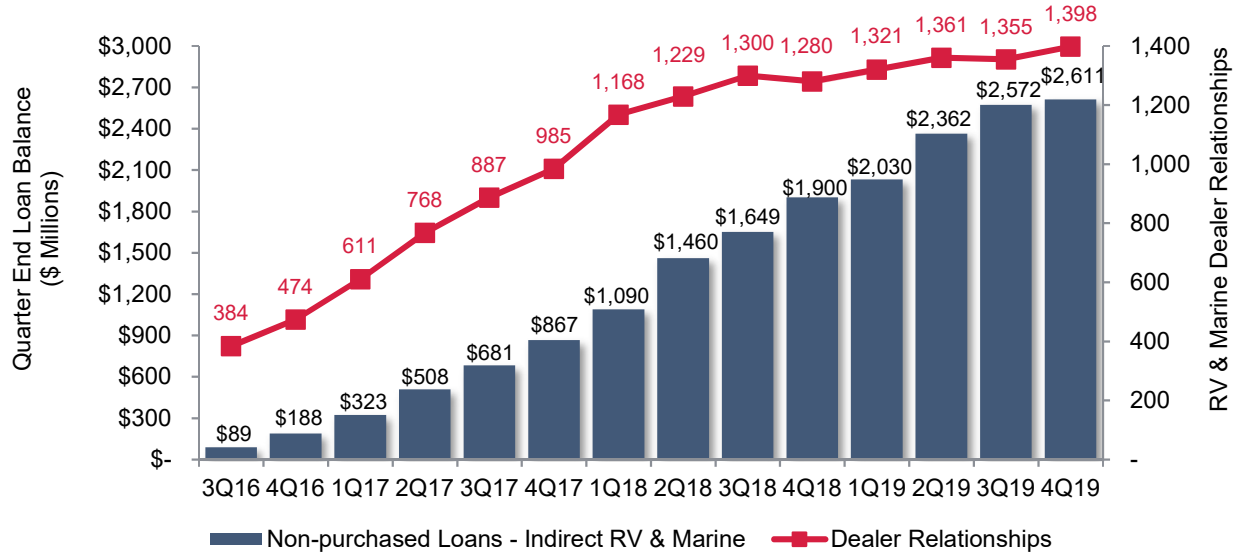
\* Assumes all loans are fully funded; calculation based on total commitment by tranche as a % of total cost and total appraised value of loans within each tranche.

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, charter schools, 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. We believe that we are in a good position to achieve more growth through these channels. Our portfolio diversification is enhanced by the wide variety of products and geographic diversity within our Community Banking businesses.

Our Indirect RV & Marine lending is another nationwide business that has become an important contributor to our non-real estate loan growth. It also allows us to increase our consumer loan portfolio, while maintaining our conservative credit-quality standards. It was the largest contributor to our loan growth in 2018 and 2019; however, given the current competitive environment in this industry, we expect its loan growth in 2020 may be below the level achieved in 2019. As of December 31, 2019, the non-purchased indirect portfolio had an average loan size of approximately \$95,000 and a 30+ day delinquency ratio of 11 bps. For the fourth quarter and full year

of 2019, the annualized net charge-off ratios for the non-purchased indirect portfolio were 17 bps and 14 bps, respectively. Figure 39 provides details regarding this portfolio.

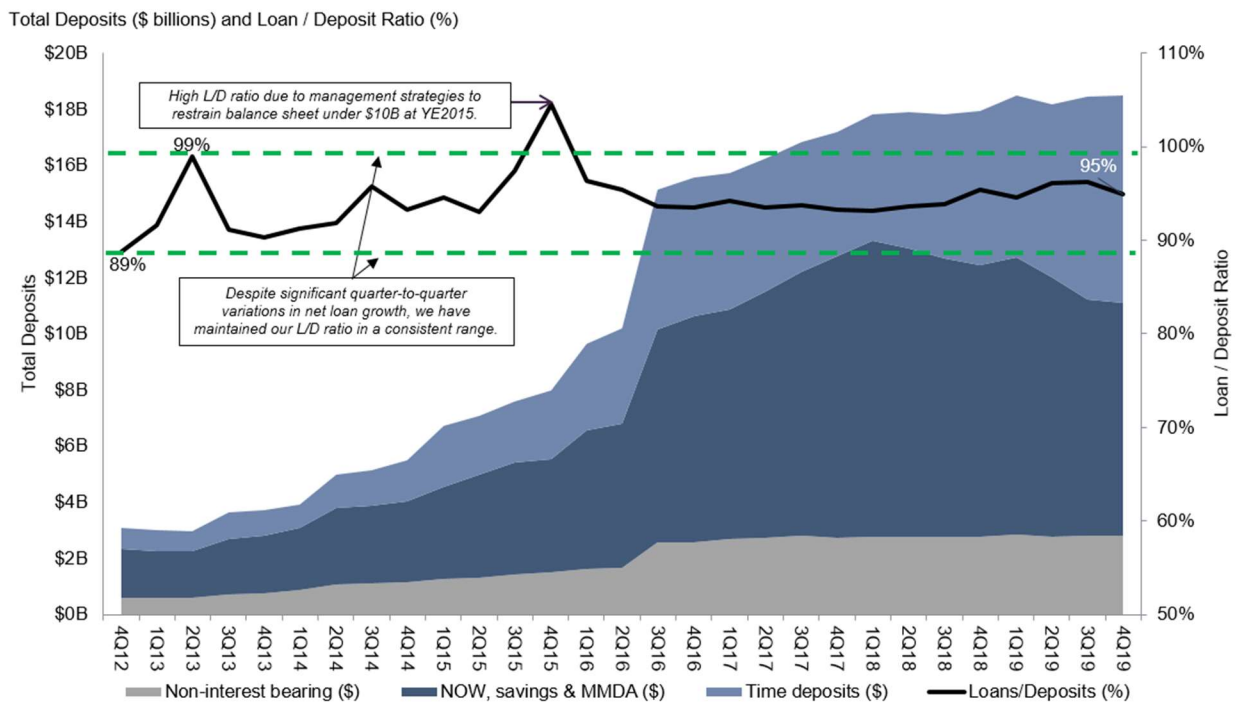
**Figure 39: Growth in RV & Marine Dealers and Outstanding Non-purchased Loan Balances (\$ millions)**



## Liquidity

We believe that we have significant capacity for future deposit growth in our existing network of over 240 branches in eight states. We have successfully increased our overall deposits as needed to fund our earning asset growth. Our loan-to-deposit ratio was 95% at December 31, 2019, near the mid-point of our historical range of 89% to 99%. As Figure 40 shows, we have consistently maintained our loan-to-deposit ratio within that range over the last seven years, even as our total assets grew 490% from \$4.0 billion at December 31, 2012 to \$23.6 billion at December 31, 2019.

**Figure 40: Maintaining a Consistent Loan / Deposit Ratio While Achieving Substantial Growth**

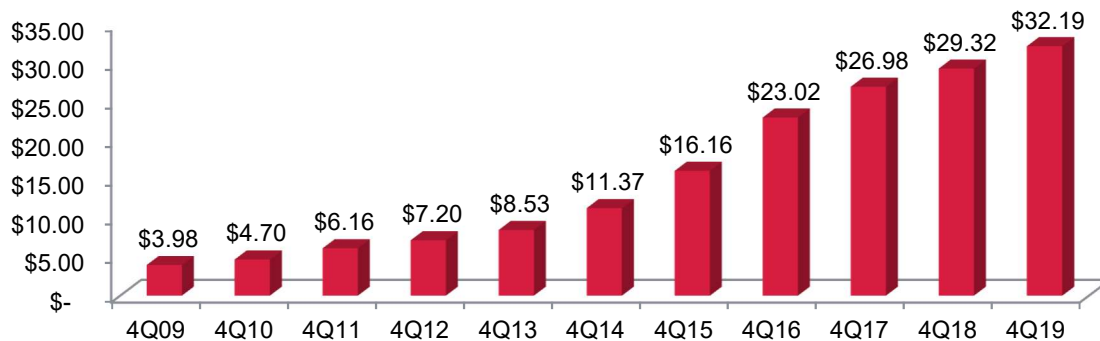




## Capital and Dividends

During the quarter just ended, our book value per common share increased to \$32.19, as shown in Figure 41. Over the last 10 years, we have increased book value per common share by a cumulative 709%, resulting in a compound annual growth rate of 23.2%.

**Figure 41: Book Value per Share (Period End)**



During the quarter just ended, our tangible book value per common share increased to \$26.88, as shown in Figure 42. Over the last 10 years, we have increased tangible book value per common share by a cumulative 590%, resulting in a compound annual growth rate of 21.3%.

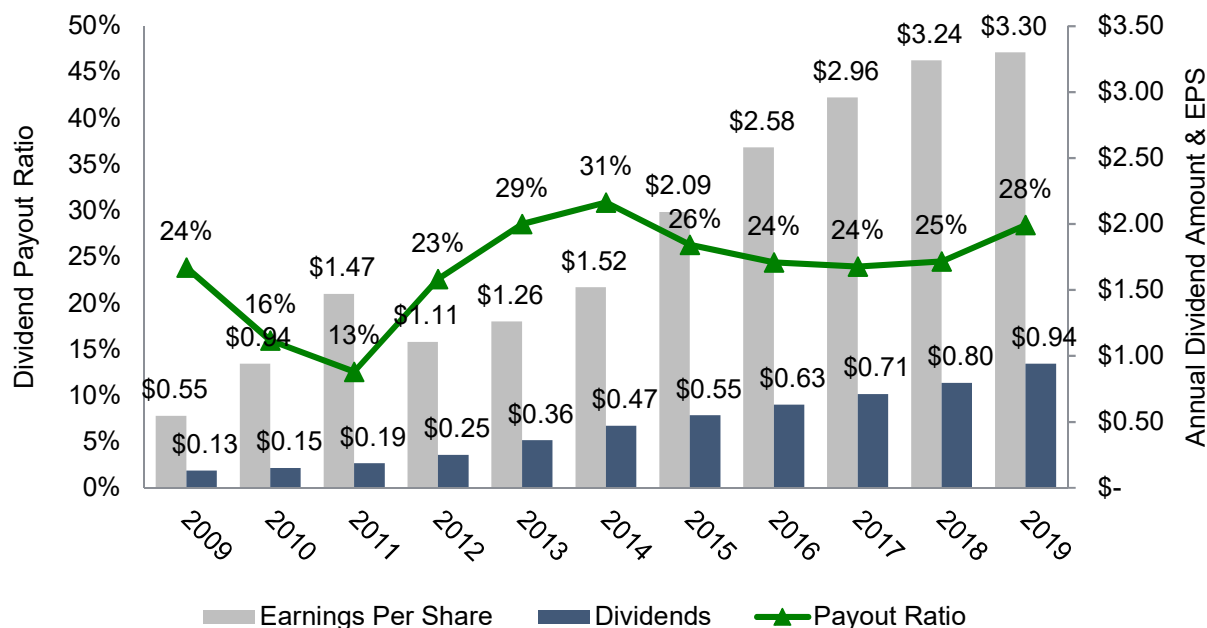
**Figure 42: Tangible Book Value per Share (Period End) <sup>3</sup>**



<sup>3</sup> See the schedule at the end of this presentation for the reconciliation of tangible book value per common share to the most directly comparable GAAP measure.

We have increased our cash dividend in each of the most recent 38 quarters and every year since going public in 1997. Figure 43 provides details on our diluted earnings per share, annual dividends per share, and dividend payout ratio history.

**Figure 43: Historic Dividend Payout Ratio<sup>4</sup> (Split-adjusted)**



As shown in Figure 44, our strong earnings and earnings retention rate, among other factors, have collectively contributed to meaningful increases in our already strong capital ratios.

**Figure 44: Recent Trends in Regulatory Capital**

	12/31/2017	12/31/2018	Estimated 12/31/2019 <sup>5</sup>
CET 1 Ratio	11.06%	12.56% ↑	13.70% ↑
Tier 1 Ratio	11.06%	12.56% ↑	13.70% ↑
Total RBC Ratio	12.81%	14.37% ↑	15.50% ↑
Tier 1 Leverage	13.83%	14.25% ↑	15.30% ↑

<sup>4</sup> 2017 Diluted EPS and payout ratio exclude the one-time \$0.39 positive impact to EPS as a result of the Tax Cuts and Jobs Act ("2017 Tax Benefit"). See the schedule at the end of this presentation for the calculation of diluted EPS, as adjusted, for the 2017 Tax Benefit.

<sup>5</sup> Ratios as of December 31, 2019 are preliminary estimates and are subject to revision upon filing of our FFIEC 041 Call Report.

## **Capital Stress Testing Results**

During the third quarter of 2019, we completed our annual capital stress tests utilizing seven different economic scenarios, including the three stress testing scenarios released by the Federal Reserve earlier this year, three adverse Moody's scenarios, and an adverse idiosyncratic scenario unique to our Bank. Despite the very diverse and adverse assumptions used in these scenarios, the results of each stress test reflected that we would maintain well-capitalized status for all capital ratios, maintain profitability and continue the payment of our quarterly dividend over the nine-quarter stress test time horizon.

## **Share Repurchase Authorization**

Over the past year, our management team and our Board of Directors have given significant consideration to the authorization of a share repurchase program. We believe strongly in our business model and the long-term growth potential of our Bank. To date, we have concluded that the potential long-term benefits from continuing to grow our capital base outweigh the short-term benefits of a share repurchase program. Our management and our Board of Directors will continue to monitor our capital position with a keen focus on maximizing long-term shareholder value.

## **Current Expected Credit Loss ("CECL")**

We are continuing to finalize the impact of the adoption of CECL on our financial statements. Based on our most recent calculations, we expect our allowance for loan losses ("ALL") to increase in the range of 25% to 40% as a result of the adoption of CECL. In addition, under CECL we are required to establish a reserve for potential losses on our unfunded commitments, which reserve will be reported as a liability on our balance sheet separate from our ALL. This liability for potential losses on unfunded commitments will be in addition to the increase in our ALL mentioned above, and is currently estimated to initially be in the range of \$50 million to \$65 million.

These ranges are provided to enhance investors' understanding of the potential impacts of the adoption of CECL on our financial statements, and are based on our ongoing analyses, current expectations and forecasted economic conditions. These estimates are contingent upon continued refinement of assumptions, methodologies and judgments. We expect to give updated CECL guidance with the filing of our Form 10-K at the end of February.

As a result of the adoption of CECL, we expect we may have increased volatility in our quarterly provision for loan losses based on potential volatility in our quarterly loan growth, changes in our unfunded loan balances, and changes in economic forecasts and other assumptions, among other factors.

## **Effective Tax Rate**

Our effective tax rate during the quarter just ended was 25.9% and for the full year of 2019 was 24.5%. We expect that our effective tax rate for the full year of 2020 will be between 24.5% and 25.5%.

## **First Quarter 2020 Earnings Release and Conference Call**

Preliminarily, we expect to report first quarter 2020 earnings and issue management's comments the week of April 20, 2020, which is a few days later than our most recent schedule. This is intended to provide adequate time to ensure the proper implementation and reporting of financial results following the adoption of CECL.

## **Final Thoughts**

Our strong credit culture and consistent discipline have been important ingredients in our long-term success, and we are not wavering from those principles in today's challenging competitive and interest rate environment. We are very pleased that we achieved record net income in 2019 and we will remain disciplined and focused on delivering long-term value for our shareholders. Our team of industry and technology professionals is well-positioned to lead the Bank into the future, and we continue to strive to make positive changes and enhancements to our capabilities. We believe our competitive advantages will allow us to capitalize on opportunities throughout 2020 and beyond.

## Non-GAAP Reconciliations

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

Unaudited (Dollars in Thousands)

	For the Year Ended December 31,							
	2008	2009	2010	2011	2012	2013	2014	2015
Net Income Available To Common Stockholders	\$ 34,474	\$ 36,826	\$ 64,001	\$ 101,321	\$ 77,044	\$ 91,237	\$ 118,606	\$ 182,253
Average Common Stockholders' Equity Before Noncontrolling Interest	\$ 213,271	\$ 267,768	\$ 296,035	\$ 374,664	\$ 458,595	\$ 560,351	\$ 786,430	\$ 1,217,475
Less Average Intangible Assets:								
Goodwill	(5,231)	(5,243)	(5,243)	(5,243)	(5,243)	(5,243)	(51,793)	(118,013)
Core deposit and other intangibles, net of accumulated amortization	(515)	(368)	(1,621)	(5,932)	(5,989)	(9,661)	(21,651)	(28,660)
Total Average Intangibles	(5,746)	(5,611)	(6,864)	(11,175)	(11,232)	(14,904)	(73,444)	(146,673)
Average Tangible Common Stockholders' Equity	\$ 207,525	\$ 262,157	\$ 289,171	\$ 363,489	\$ 447,363	\$ 545,447	\$ 712,986	\$ 1,070,802
Return On Average Common Stockholders' Equity	16.16%	13.75%	21.62%	27.04%	16.80%	16.28%	15.08%	14.97%
Return On Average Tangible Common Stockholders' Equity	16.61%	14.05%	22.13%	27.87%	17.22%	16.73%	16.63%	17.02%

	For the Year Ended December 31,				Three Months Ended *	
	2016	2017	2018	2019	12/31/2018	12/31/2019
Net Income Available To Common Stockholders	\$ 289,979	\$ 421,891	\$ 417,106	\$ 425,906	\$ 115,031	\$ 100,806
Average Common Stockholders' Equity Before Noncontrolling Interest	\$ 2,068,328	\$ 3,127,576	\$ 3,598,628	\$ 3,971,952	\$ 3,692,044	\$ 4,110,322
Less Average Intangible Assets:						
Goodwill	(363,324)	(660,632)	(660,789)	(660,789)	(660,789)	(660,789)
Core deposit and other intangibles, net of accumulated amortization	(43,623)	(54,702)	(42,315)	(29,784)	(37,654)	(25,315)
Total Average Intangibles	(406,947)	(715,334)	(703,104)	(690,573)	(698,443)	(686,104)
Average Tangible Common Stockholders' Equity	\$ 1,661,381	\$ 2,412,242	\$ 2,895,524	\$ 3,281,379	\$ 2,993,601	\$ 3,424,218
Return On Average Common Stockholders' Equity	13.05%	13.49%	11.59%	10.72%	12.36%	9.73%
Return On Average Tangible Common Stockholders' Equity	16.25%	17.49%	14.41%	12.98%	15.24%	11.68%

\* Ratios for interim periods annualized based on actual days

### Calculation of Tangible Book Value per Share

Unaudited (Dollars in Thousands, Except per Share)

	For the period ended December 31,					
	2009	2010	2011	2012	2013	2014
Total common stockholders' equity before noncontrolling interest	\$ 269,028	\$ 320,355	\$ 424,551	\$ 507,664	\$ 629,060	\$ 908,390
Less intangible assets:						
Goodwill	(5,243)	(5,243)	(5,243)	(5,243)	(5,243)	(78,669)
Core deposit and other intangibles, net of accumulated amortization	(311)	(2,682)	(6,964)	(6,584)	(13,915)	(26,907)
Total intangibles	(5,554)	(7,925)	(12,207)	(11,827)	(19,158)	(105,576)
Total tangible common stockholders' equity	\$ 263,474	\$ 312,430	\$ 412,344	\$ 495,837	\$ 609,902	\$ 802,814
Common shares outstanding (thousands)	67,618	68,214	68,928	70,544	73,712	79,924
Book value per common share	\$ 3.98	\$ 4.70	\$ 6.16	\$ 7.20	\$ 8.53	\$ 11.37
Tangible book value per common share	\$ 3.90	\$ 4.58	\$ 5.98	\$ 7.03	\$ 8.27	\$ 10.04

	For the period ended December 31,				
	2015	2016	2017	2018	2019
Total common stockholders' equity before noncontrolling interest	\$ 1,464,631	\$ 2,791,607	\$ 3,460,728	\$ 3,770,330	\$ 4,150,351
Less intangible assets:					
Goodwill	(125,442)	(660,119)	(660,789)	(660,789)	(660,789)
Core deposit and other intangibles, net of accumulated amortization	(26,898)	(60,831)	(48,251)	(35,672)	(23,753)
Total intangibles	(152,340)	(720,950)	(709,040)	(696,461)	(684,542)
Total tangible common stockholders' equity	\$ 1,312,291	\$ 2,070,657	\$ 2,751,688	\$ 3,073,869	\$ 3,465,809
Common shares outstanding (thousands)	90,612	121,268	128,288	128,611	128,951
Book value per common share	\$ 16.16	\$ 23.02	\$ 26.98	\$ 29.32	\$ 32.19
Tangible book value per common share	\$ 14.48	\$ 17.08	\$ 21.45	\$ 23.90	\$ 26.88

### Calculation of Diluted Earnings per Share

Unaudited (Dollars in Thousands, Except per Share)

<b>Diluted Earnings Per Share, as Adjusted</b> <b>For the Year Ended December 31, 2017</b>
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Net Income Available to Common Stockholders	\$ 421,891
Less: 2017 Tax Benefit	(49,812)
Adjusted Net Income	<u>\$ 372,079</u>
Weighted-average diluted shares outstanding (in thousands)	125,809
Diluted Earnings Per Share	\$ 3.35
Diluted Earnings Per Share, As Adjusted	\$ 2.96