MANAGEMENT COMMENTS FOR THE FOURTH QUARTER & FULL YEAR 2020

JANUARY 21, 2021

FORWARD LOOKING STATEMENTS

This presentation and other communications by Bank OZK (the "Bank") include certain "forward-looking statements" regarding the Bank's plans, expectations, thoughts, beliefs, estimates, goals and outlook for the future that are intended to be covered by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on management's expectations as well as certain assumptions and estimates made by, and information available to, management at the time. Those statements are not guarantees of future results or performance and are subject to certain known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those expressed in, or implied by, such forward-looking statements. These risks, uncertainties and other factors include, but are not limited to: potential delays or other problems implementing the Bank's growth, expansion and acquisition strategies, including delays in identifying satisfactory sites, hiring or retaining qualified personnel, obtaining regulatory or other approvals, obtaining permits and designing, constructing and opening new offices or relocating, selling or closing existing offices; the ability to enter into and/or close additional acquisitions; the availability of and access to capital; possible downgrades in the Bank's credit ratings or outlook which could increase the costs or availability of funding from capital markets; the ability to attract new or retain existing or acquired deposits or to retain or grow loans, including growth from unfunded closed loans; the ability to generate future revenue growth or to control future growth in non-interest expense; interest rate fluctuations, including changes in the yield curve between short-term and long-term interest rates or changes in the relative relationships of various interest rate indices; the potential impact of the proposed phase-out of LIBOR or other changes involving LIBOR; competitive factors and pricing pressures, including their effect on the Bank's net interest margin or core spread; general economic, unemployment, credit market and real estate market conditions, and the effect of such conditions on the creditworthiness of borrowers, collateral values, the value of investment securities and asset recovery values; changes in legal, financial and/or regulatory requirements; recently enacted and potential legislation and regulatory actions and the costs and expenses to comply with new and/or existing legislation and regulatory actions, including those in response to the coronavirus (COVID-19) pandemic such as the Coronavirus Aid, Relief and Economic Security Act, the Consolidated Appropriations Act of 2021, and any similar or related laws, rules and regulations; changes in U.S. government monetary and fiscal policy, including changes that result from the recent U.S. elections; FDIC special assessments or changes to regular assessments; the ability to keep pace with technological changes, including changes regarding maintaining cybersecurity; the impact of failure in, or breach of, our operational or security systems or infrastructure, or those of third parties with whom we do business, including as a result of cyber-attacks or an increase in the incidence or severity of fraud, illegal payments, security breaches or other illegal acts impacting the Bank or its customers; natural disasters or acts of war or terrorism; the adverse effects of the ongoing global COVID-19 pandemic, including the magnitude and duration of the COVID-19 pandemic and actions taken to contain or treat COVID-19, on the Bank, the Bank's customers, the Bank's staff, the global economy and financial markets; national, international or political instability; impairment of our goodwill or other intangible assets; adoption of new accounting standards, including the effects from the adoption of the current expected credit loss ("CECL") methodology on January 1, 2020, or changes in existing standards; and adverse results (including costs, fines, reputational harm and/or other negative effects) from current or future litigation, regulatory examinations or other legal and/or regulatory actions or rulings as well as other factors identified in this communication or as detailed from time to time in our public filings, including those factors described in the disclosures under the headings "Forward-Looking Information" and "Item 1A. Risk Factors" in our most recent Annual Report on Form 10-K for the year ended December 31, 2019 and our quarterly reports on Form 10-Q. Should one or more of the foregoing risks materialize, or should underlying assumptions prove incorrect, actual results or outcomes may vary materially from those projected in, or implied by, such forward-looking statements. The Bank disclaims any obligation to update or revise any forward-looking statements based on the occurrence of future events, the receipt of new information or otherwise.

Summary

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

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

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

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

Profitability and Earnings Metrics

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

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

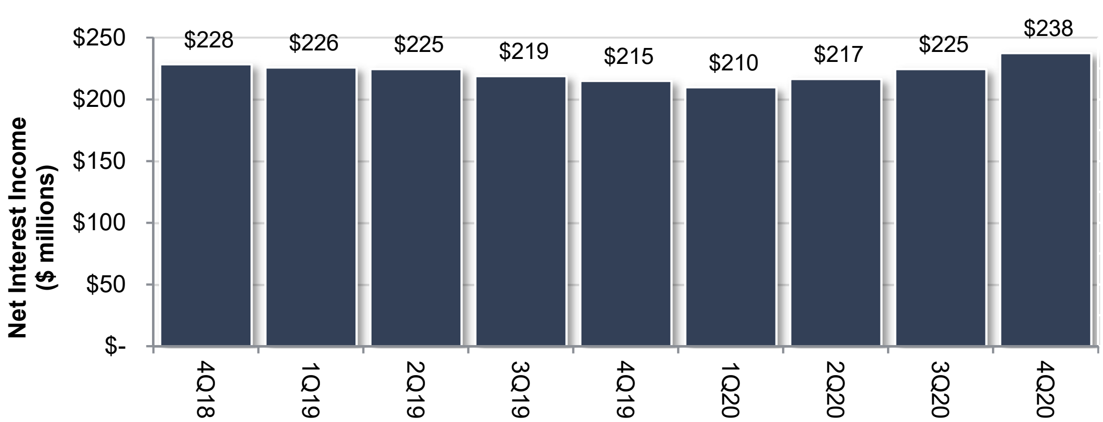
[2] The calculation of the Bank's return on average tangible common stockholders' equity and the reconciliation to GAAP are included in the schedule at the end of this presentation.

Net Interest Income

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

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

Figure 1: Quarterly Net Interest Income



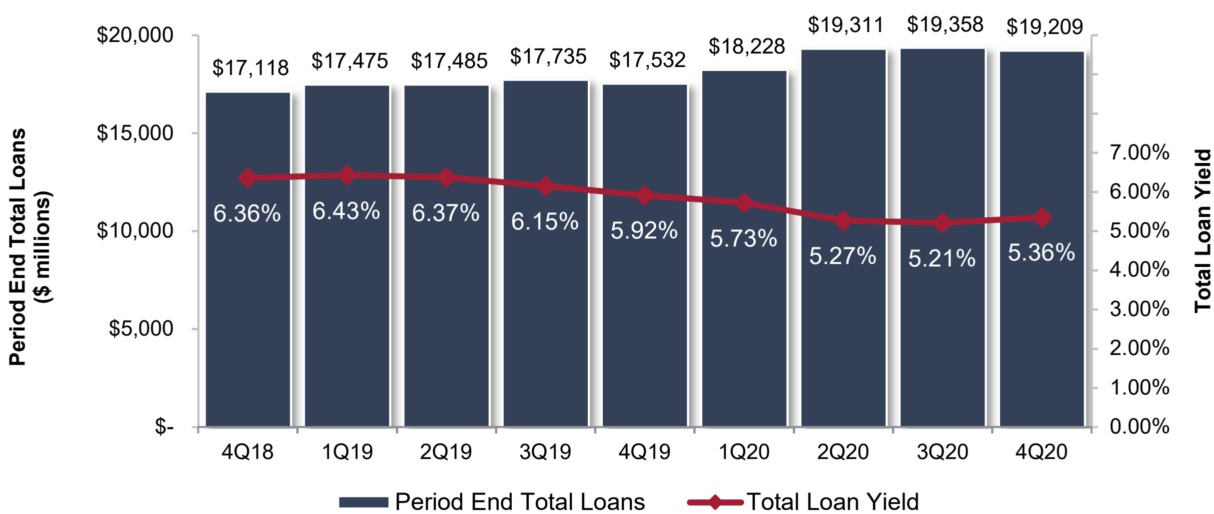
Average Earning Assets – Volume and Mix

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

Total Loans

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

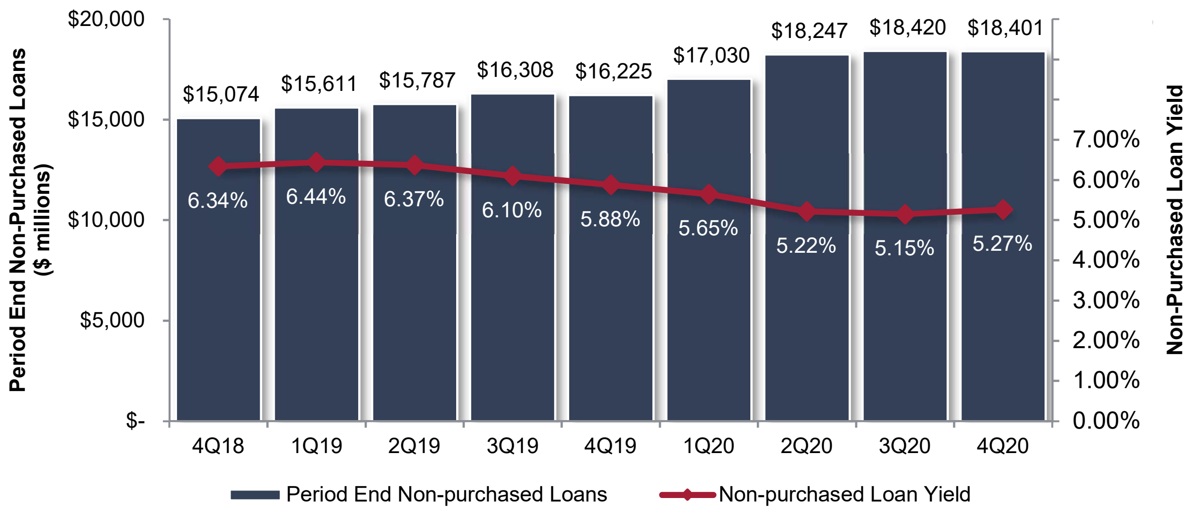
Figure 2: Total Loan Balances and Yields



Non-purchased Loans

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

Figure 3: Non-Purchased Loan Balances and Yields



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

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

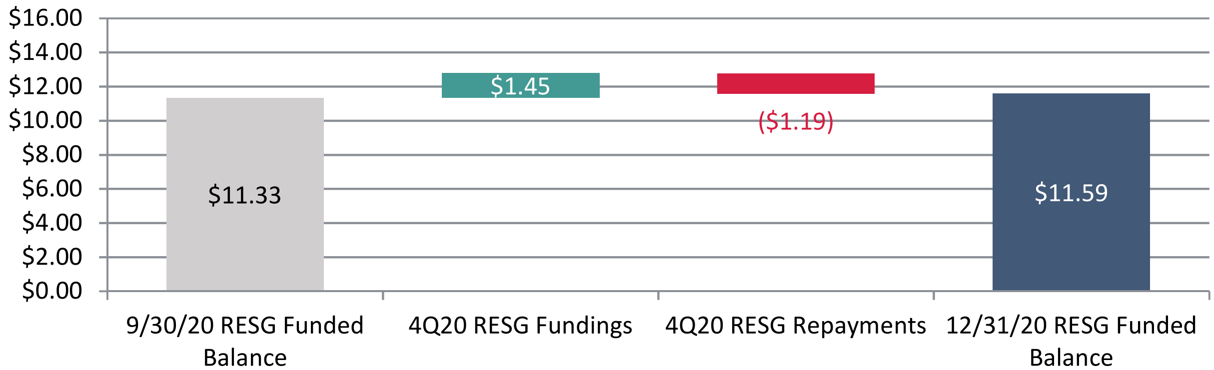


Figure 5: Activity in RESG Funded Balances – 2020 ($ billions)

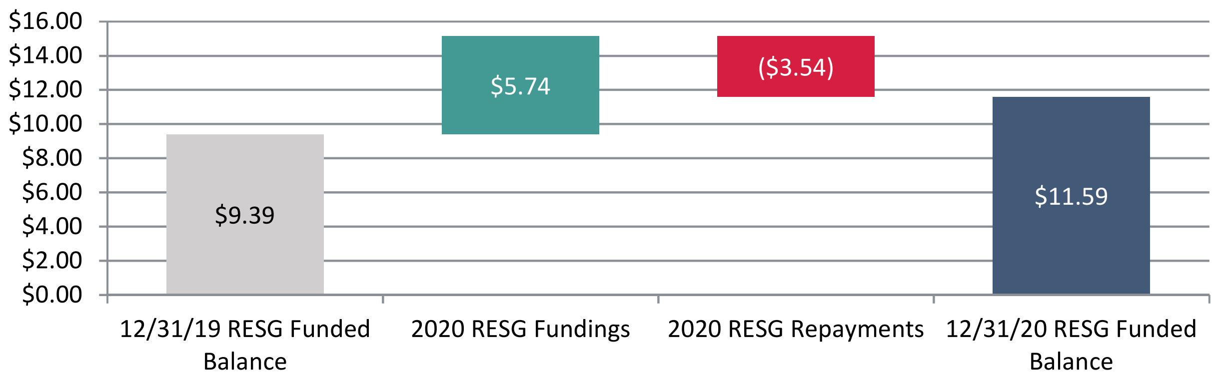


Figure 6 shows RESG's loan repayments for each of the last 20 quarters. RESG loan repayments were $1.19 billion in the quarter just ended, and $3.54 billion for the full year of 2020. After being restrained earlier in the year by the various impacts of the COVID-19 pandemic, repayments in the quarter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

Figure 6: RESG Quarterly Loan Repayments ($ billions)

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

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

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

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

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

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

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

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

Figure 8: RESG Quarterly Loan Originations ($ billions)

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

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

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

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

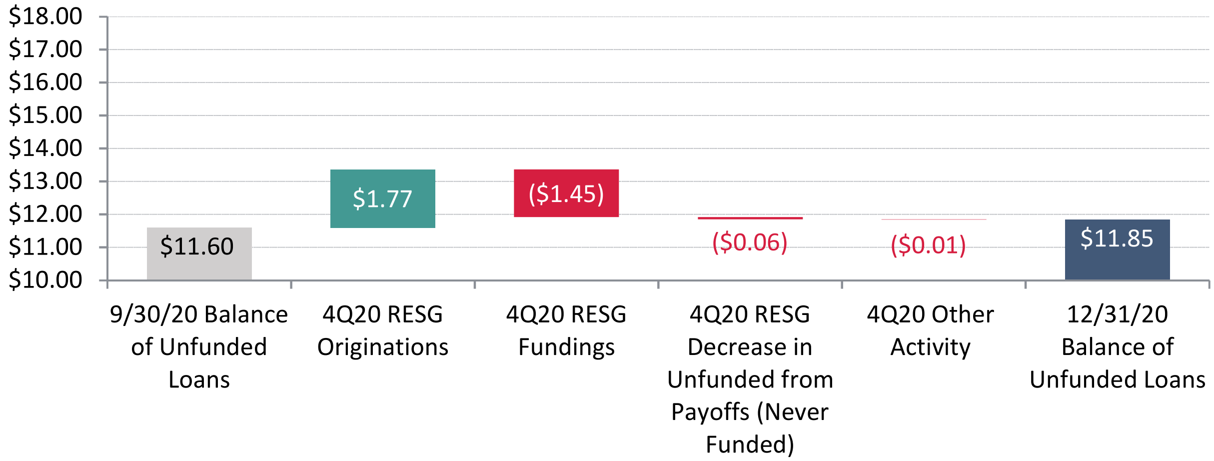
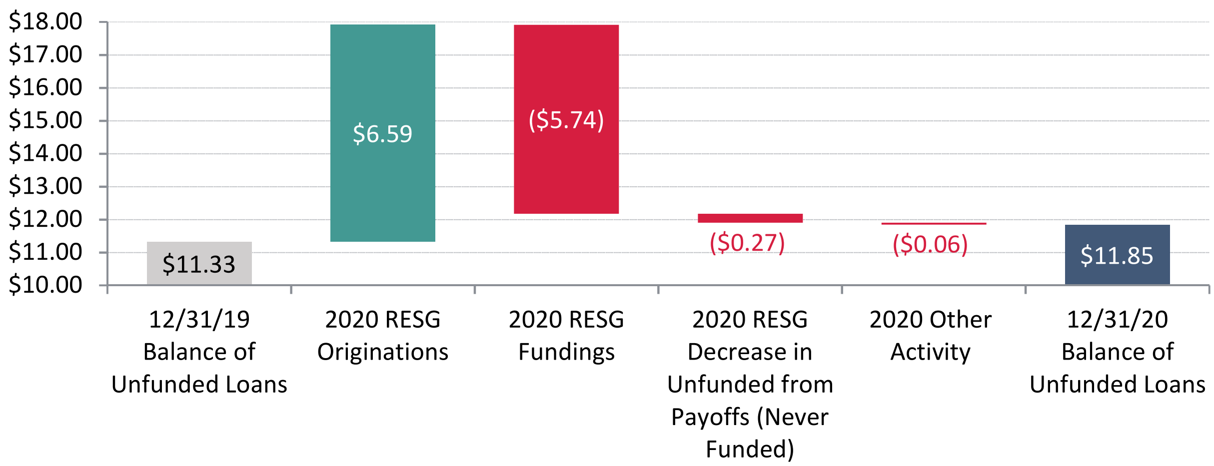


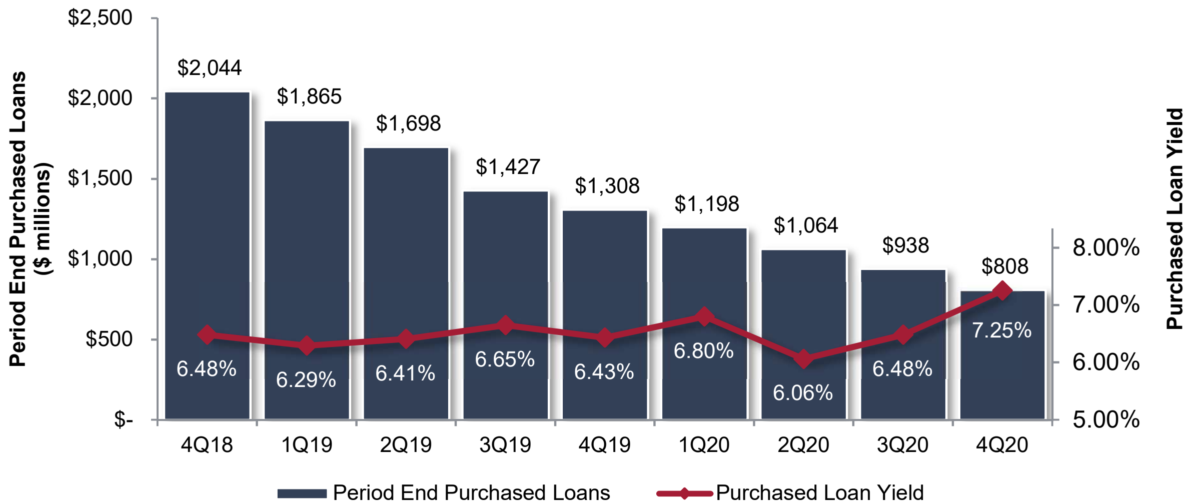
Figure 10: Activity in Unfunded Balances – 2020 ($ billions)



Purchased Loans

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

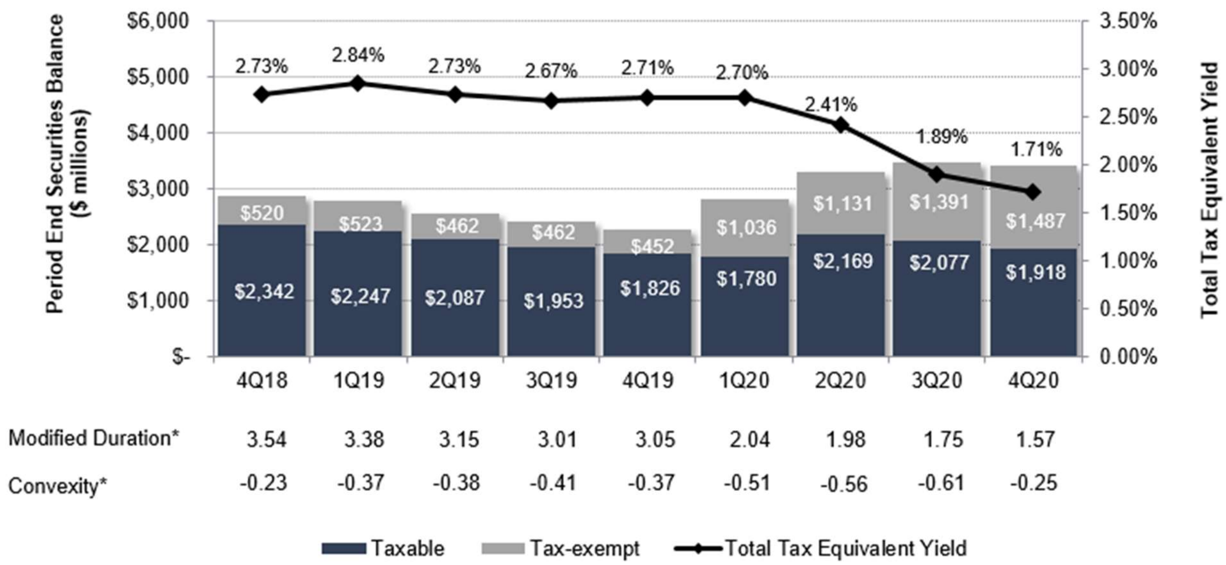
Figure 11: Purchased Loan Balances and Yields



Investment Securities

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

Figure 12: Investment Portfolio Loan Balances and Yields



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

Net Interest Margin

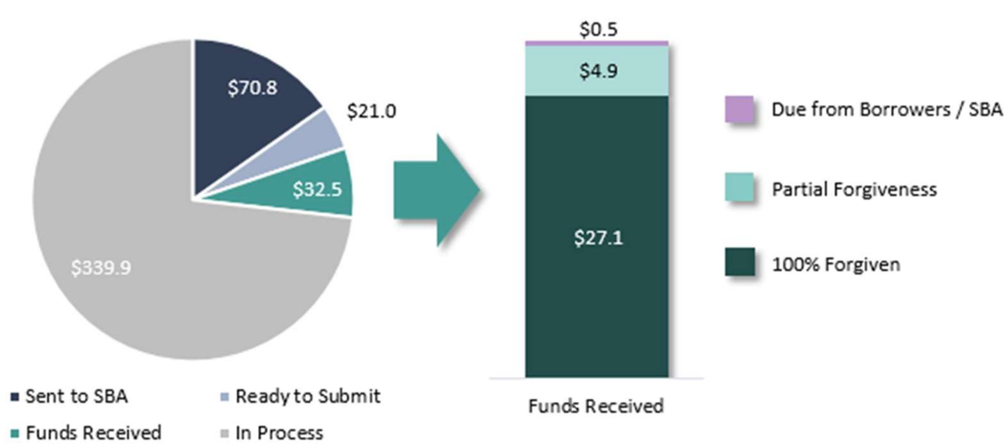
Our net interest margin was 3.88% for the quarter just ended, down 27 bps from the fourth quarter of 2019, but up 19 bps from the third quarter of 2020. The Fed's substantial and rapid cuts in the Fed funds target rate in the first quarter of 2020 caused our loan yields to drop much more rapidly than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

Non-purchased Loan Yield

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

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

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



Variable Rate Loans

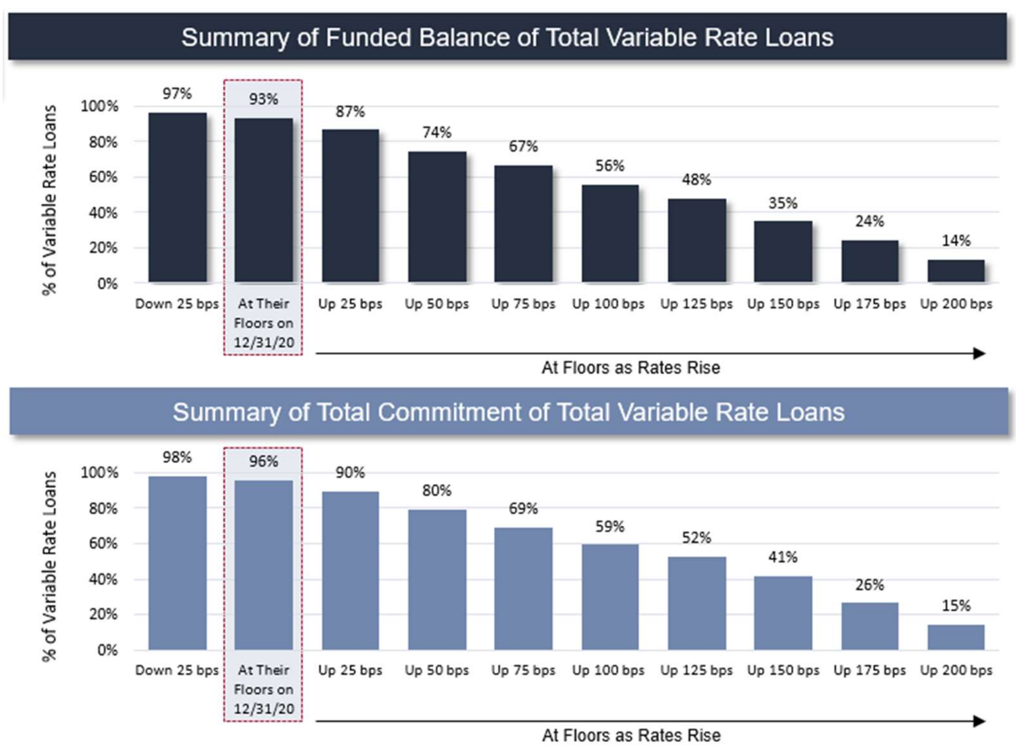
At December 31, 2020, 77% of our funded balance of non-purchased loans and 37% of our funded balance of purchased loans had variable rates. As shown in Figure 14, at December 31, 2020, 82.5% of our total funded balance of variable rate loans were tied to 1-month LIBOR, 1.2% were tied to 3-month LIBOR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

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

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

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

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



Purchased Loan Yield

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

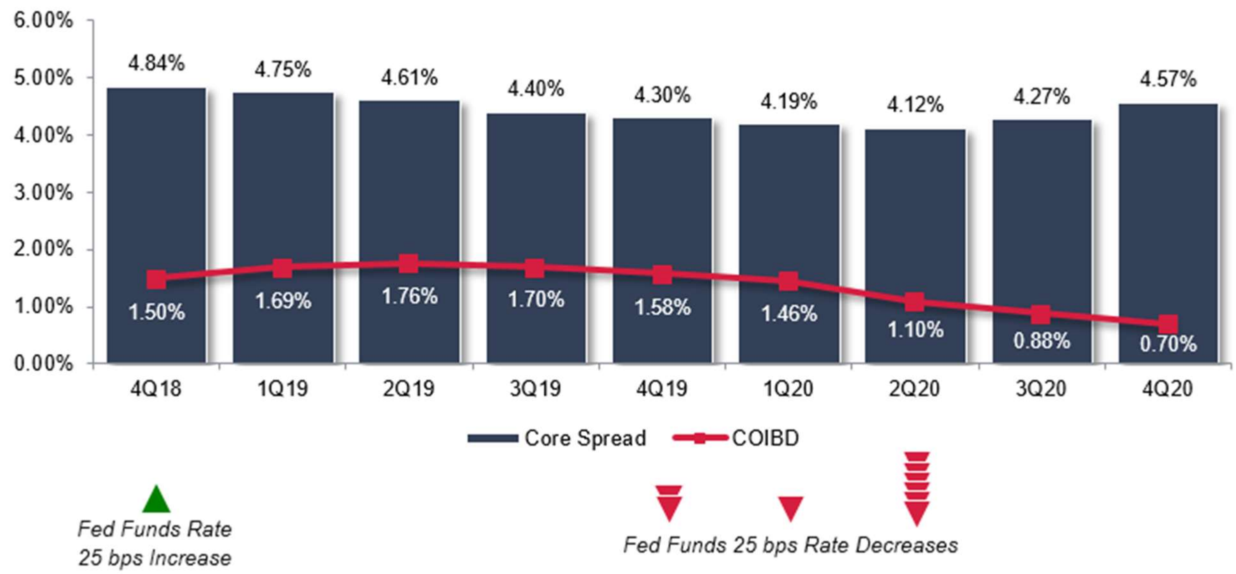
Investment Portfolio Yield

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

Core Spread

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

Figure 16: COIBD and Core Spread



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

Figure 17: Time Deposit Maturity Schedule

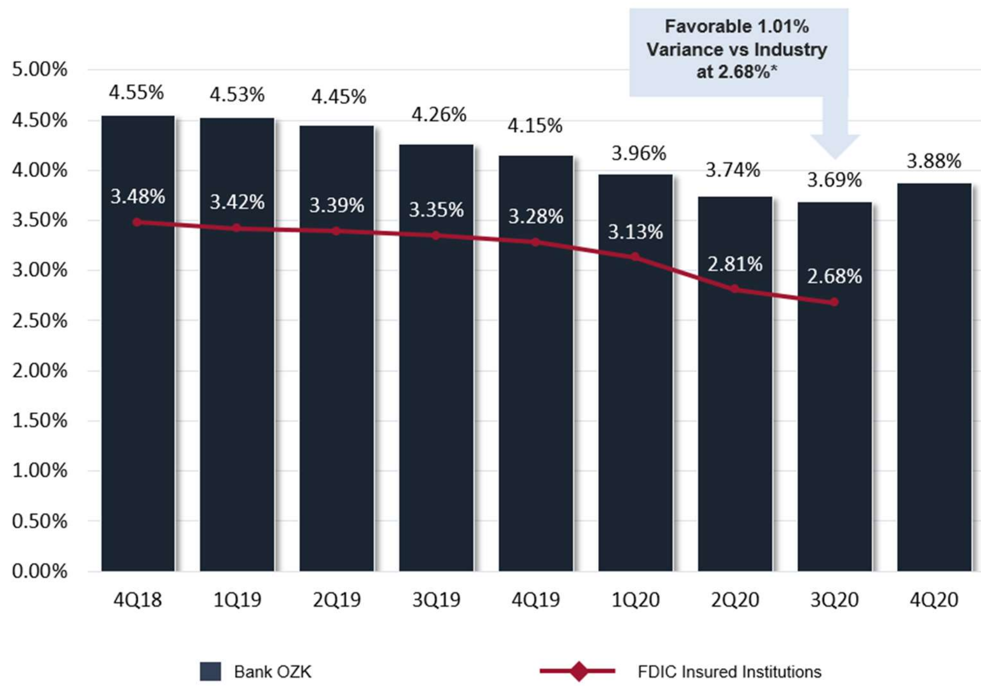
($ millions)	Time Deposits	Wtd. Avg. Rate at 12/31/2020
1Q21	$ 1,600	1.19%
2Q21	3,163	1.13%
3Q21	2,278	0.85%
4Q21	1,097	0.67%
2022 & Beyond	1,154	0.83%
Total	**$ 9,293**	**0.98%**

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

Net Interest Margin

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

Figure 18: Quarterly Net Interest Margin (%)



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

Non-interest Income

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

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

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

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

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

Non-interest Expense

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

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

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

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

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

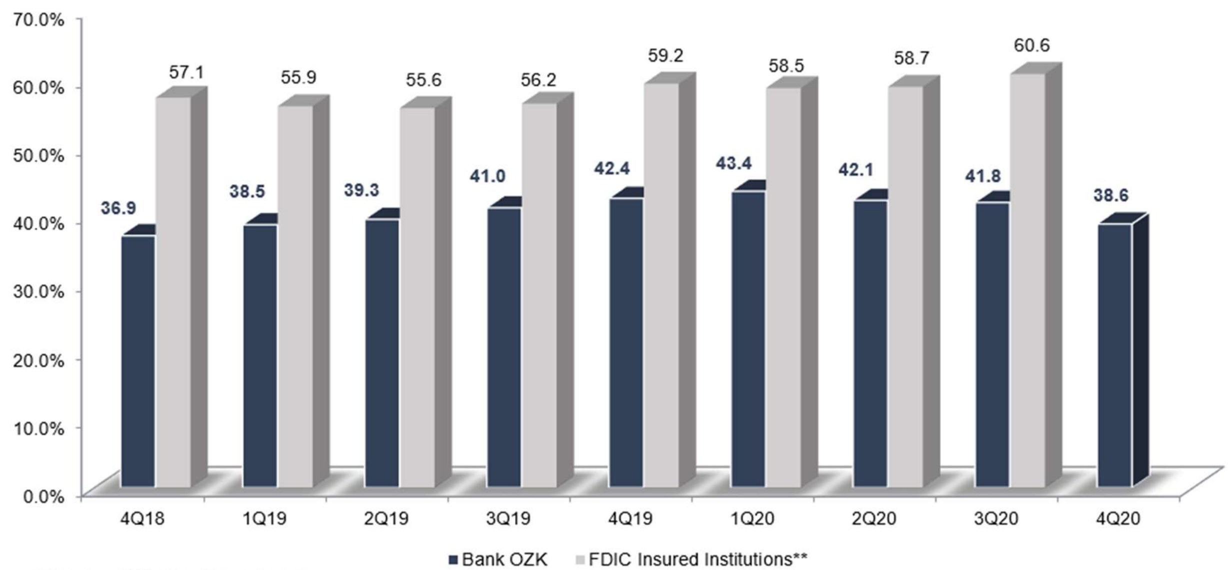
Figure 22: Trends in Non-interest Expense - 2019 vs. 2020 *($ thousands)*

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

Efficiency Ratio

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

Figure 23: Quarterly Efficiency Ratio (%)



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

Provision and Allowance for Credit Losses ("ACL")

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

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

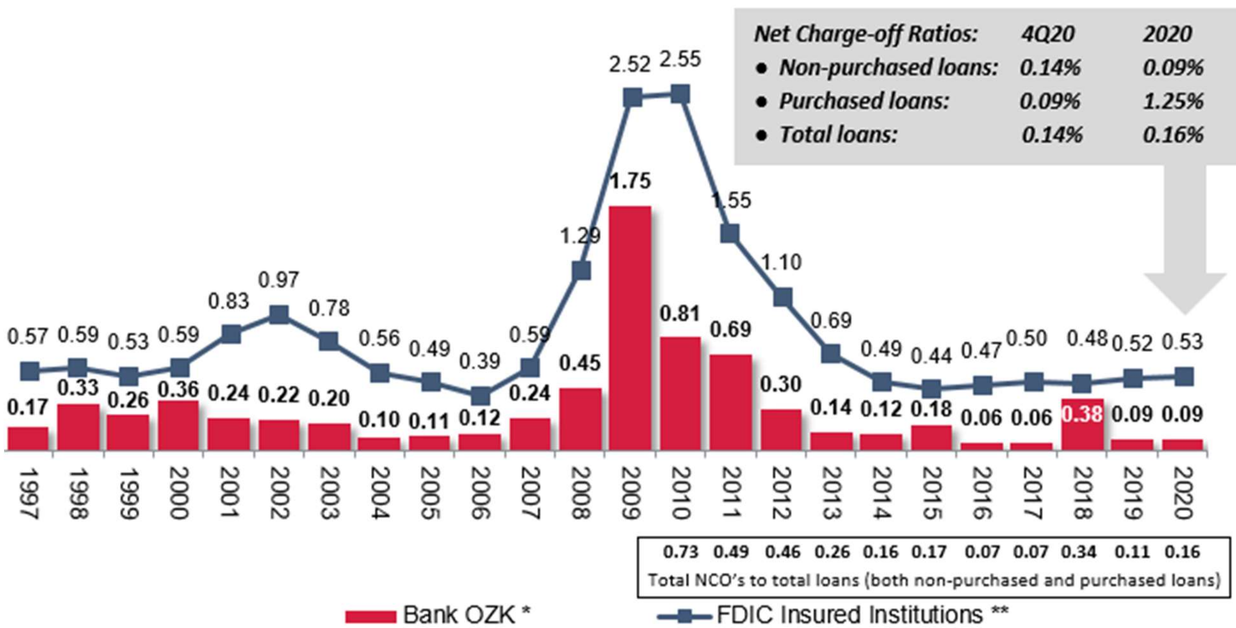
Our portfolio has performed very well in recent quarters, as our net charge-off ratio for total loans has remained excellent and continued to be in the middle of the range experienced over the last seven years. We have built our portfolio in a very conservative manner with the goal that it would perform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

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

Asset Quality

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

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



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

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

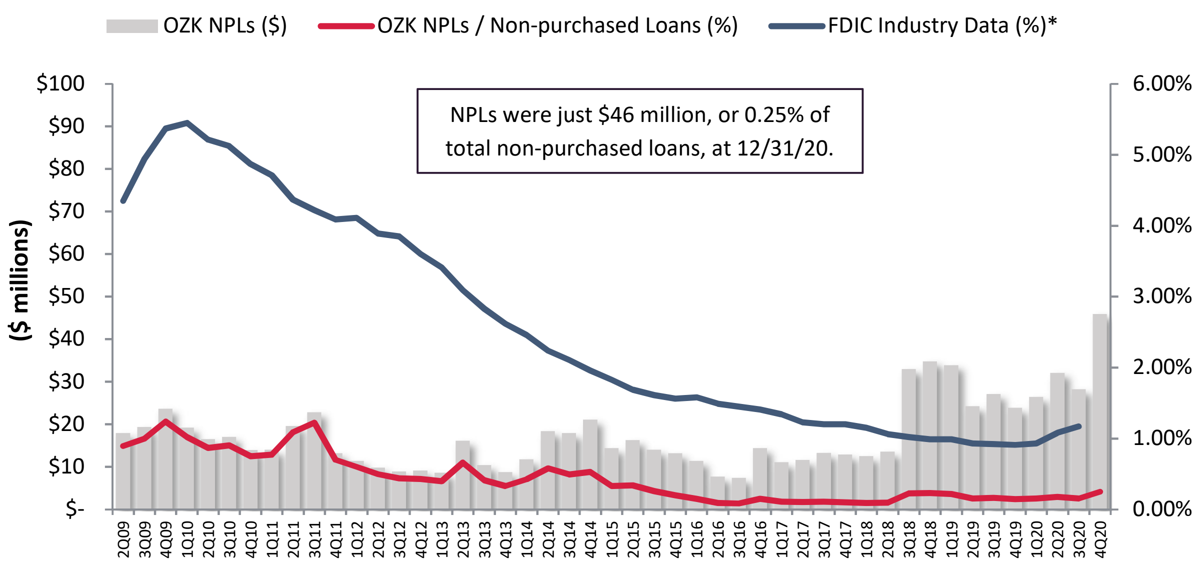
As shown in Figures 26, 27 and 28, the dollar volumes of our nonperforming non-purchased loans, nonperforming assets and past due non-purchased loans continued our longstanding track record of outperforming industry averages. We expect our asset quality to continue our long tradition of outperforming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

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

Year-end	Ending Loan Balance	YTD Average Loan Balance	Net charge-offs ("NCO")*	NCO Ratio
2003	$ 5,106	$ 780	$ -	0.00%
2004	52,658	34,929	-	0.00%
2005	51,056	56,404	-	0.00%
2006	61,323	58,969	-	0.00%
2007	209,524	135,639	-	0.00%
2008	470,485	367,279	-	0.00%
2009	516,045	504,576	7,531	1.49%
2010	567,716	537,597	-	0.00%
2011	649,806	592,782	2,905	0.49%
2012	848,441	737,136	-	0.00%
2013	1,270,768	1,085,799	-	0.00%
2014	2,308,573	1,680,919	-	0.00%
2015	4,263,800	2,953,934	-	0.00%
2016	6,741,249	5,569,287	-	0.00%
2017	8,169,581	7,408,367	842	0.01%
2018	9,077,616	8,685,191	45,490	0.52%
2019	9,391,096	9,427,266	-	0.00%
2020	11,591,147	10,651,549	-	0.00%
Total			**$ 56,768**	
		Weighted Average		**0.11%**

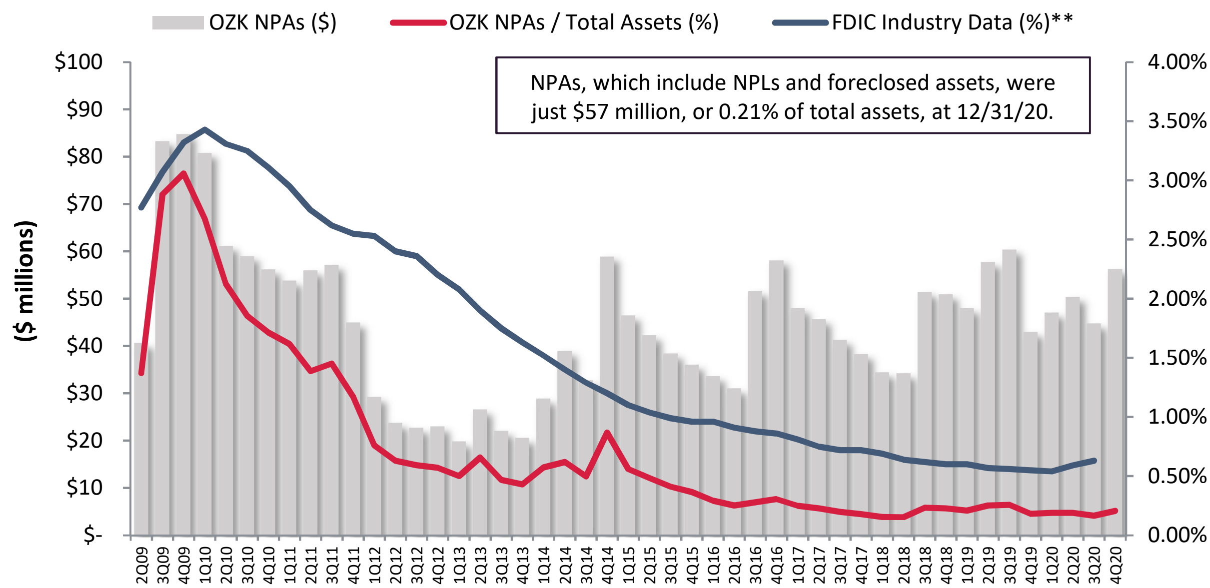
** Net charge-offs shown in this column reflect both net charge-offs and OREO write-downs.*

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



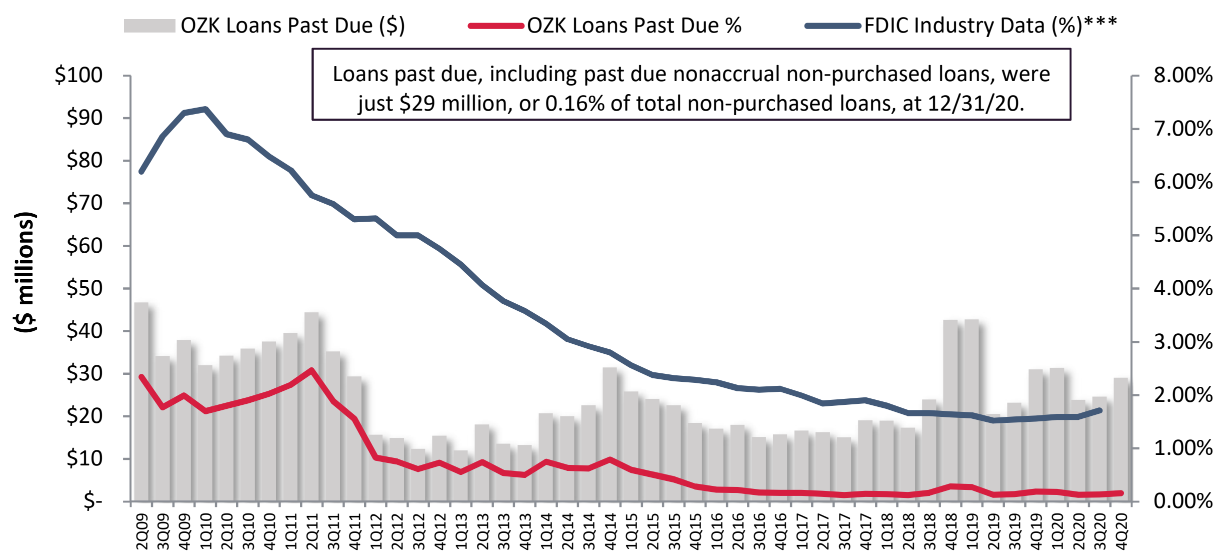
** Note: Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated third quarter 2020. Percent of Loans Noncurrent is the percentage of loans that are past due 90 days or more or that are in nonaccrual status.*

Figure 27: Nonperforming Assets ("NPAs")



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

Figure 28: Non-purchased Loans Past Due 30+ Days, Including Past Due Nonaccrual Non-purchased Loans ("Loans Past Due")



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

As shown in Figure 29, our dollar volume of non-purchased loans designated as being in the "Substandard" category of our credit quality indicators has remained favorable. Our ratio of substandard non-purchased loans as a percentage of our total risk-based capital ("TRBC") at December 31, 2020 remains at a very low level.

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

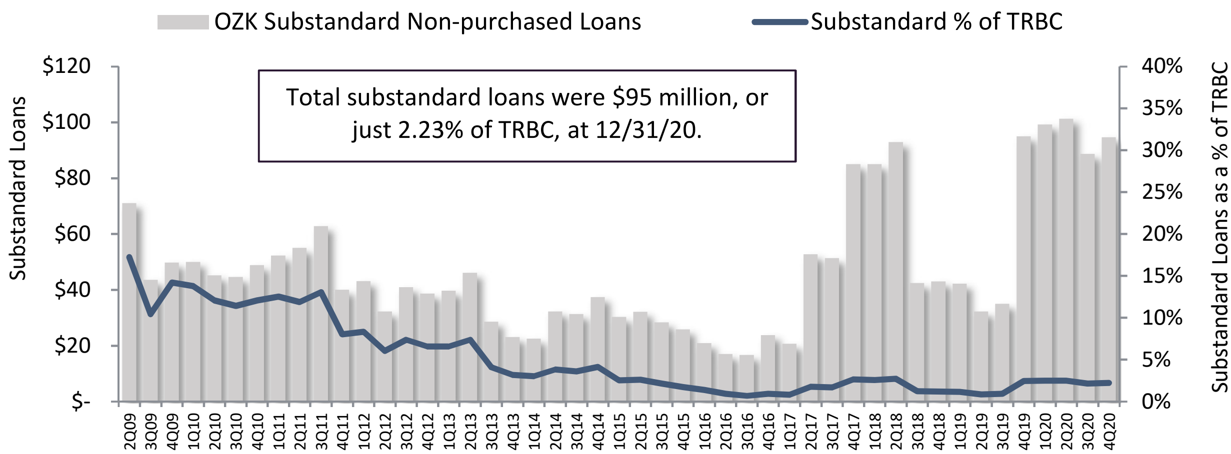
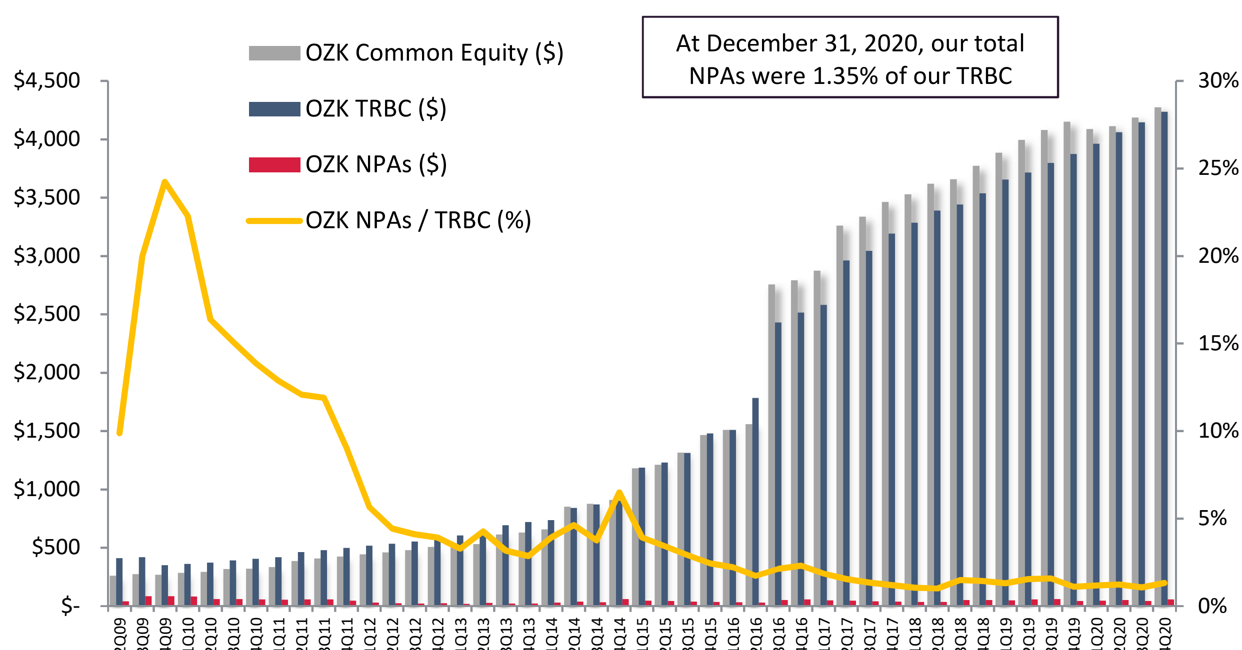


Figure 30 shows the tremendous growth in our common equity and TRBC over the last 11 years, while our volume of total nonperforming assets has generally declined to relatively nominal levels.

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



Loan Portfolio Diversification & Leverage

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

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

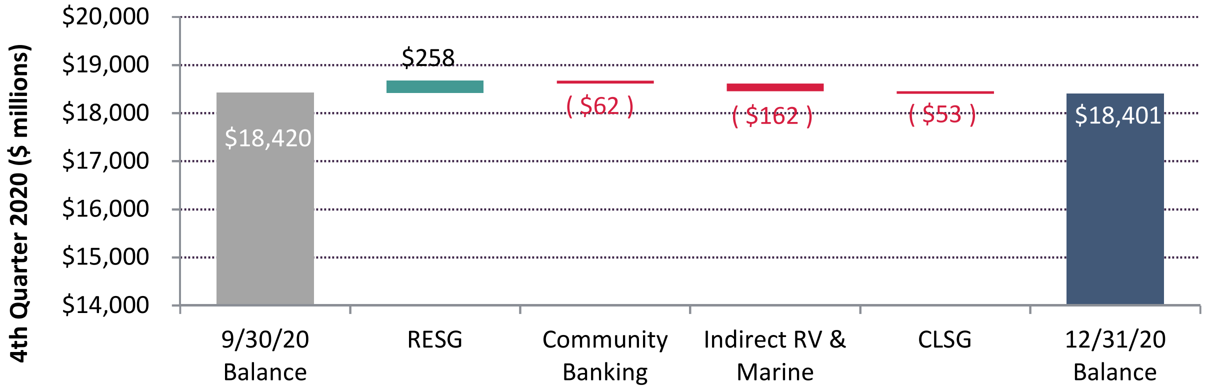
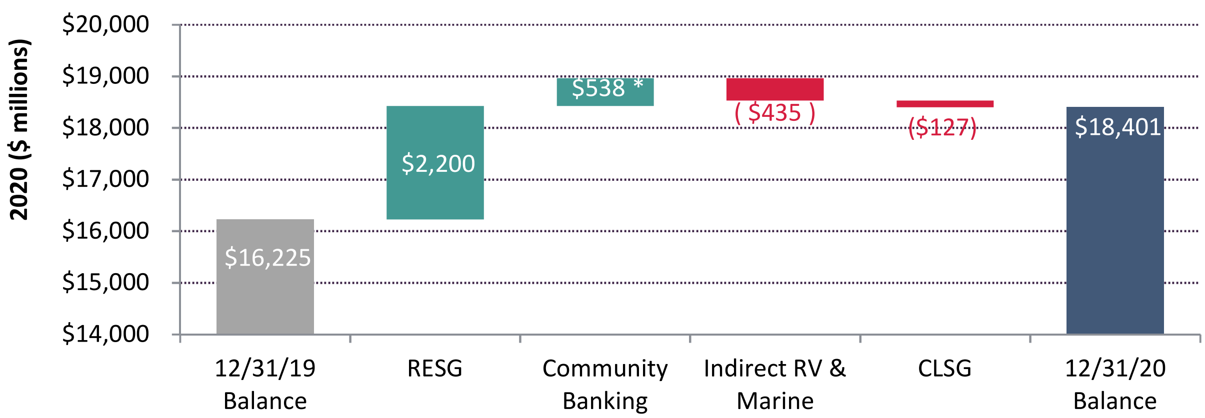


Figure 32: Non-purchased Loan Growth – 2020 ($ millions)

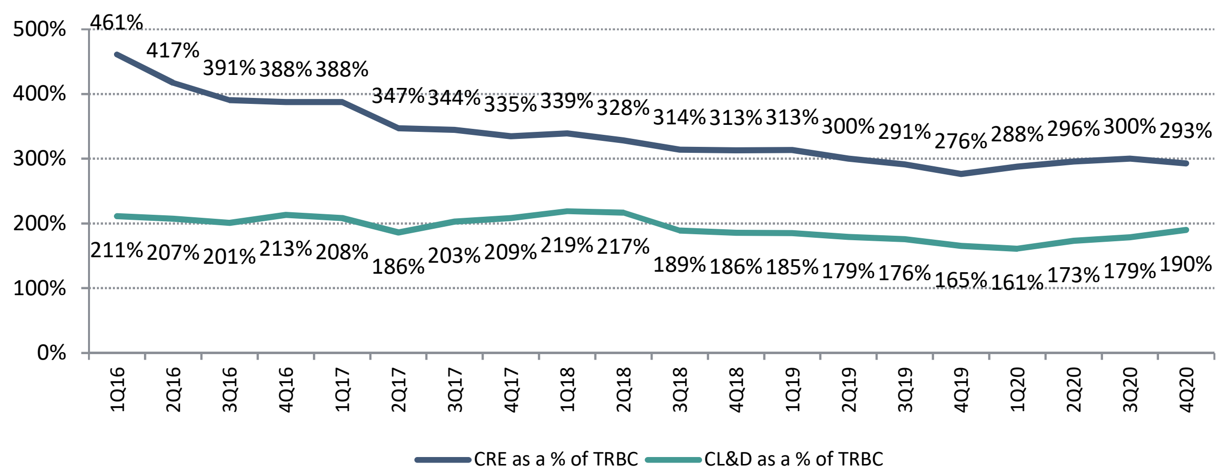


**Includes $432 million remaining balance of loans originated through the Small Business Administration's PPP during the second and third quarters of 2020.*

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

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

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

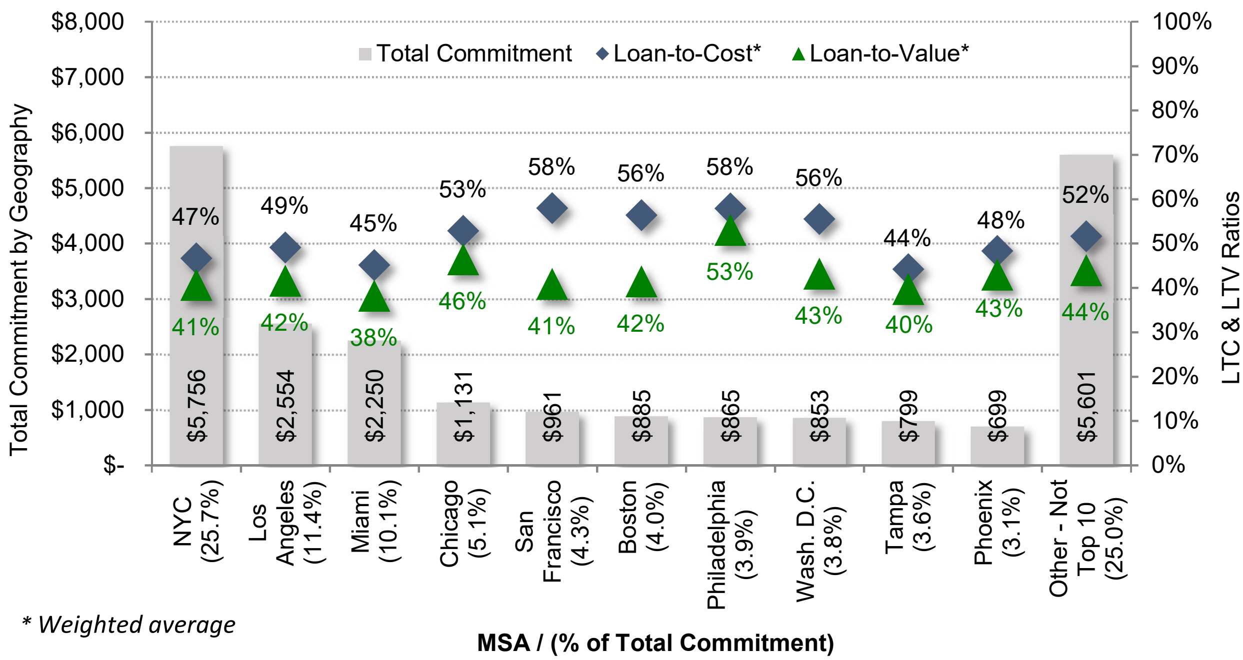


Note: Concentration ratios exclude loans included in "other" category for FDIC call report which were originated to acquire promissory notes from non-depository financial institutions and are typically collateralized by an assignment of the promissory note.

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

Figure 34: RESG Portfolio Diversity – Top 10 Geographies (As of December 31, 2020) ($ millions)

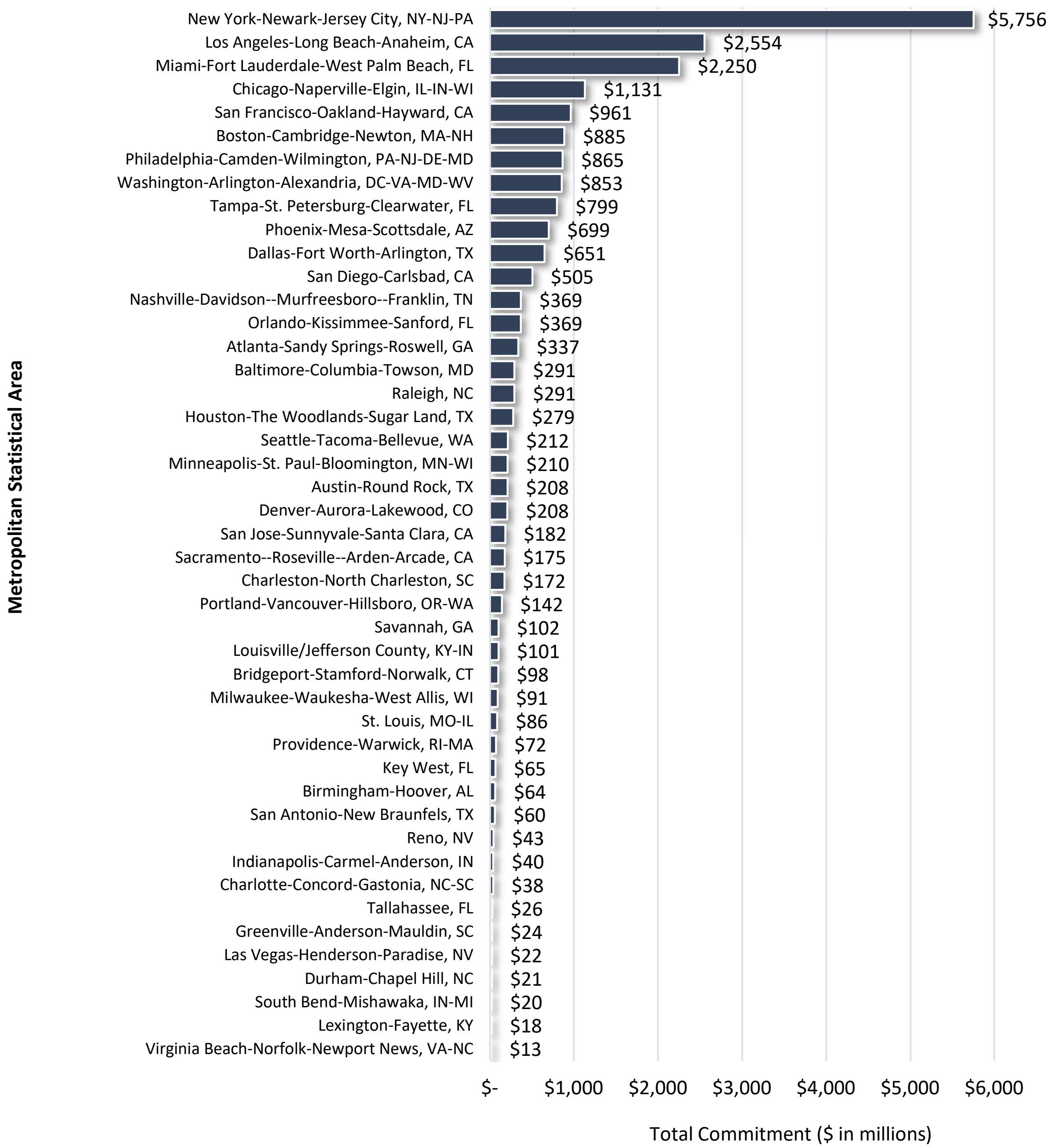
(LTC and LTV ratios assume all loans are fully funded)



** Weighted average*

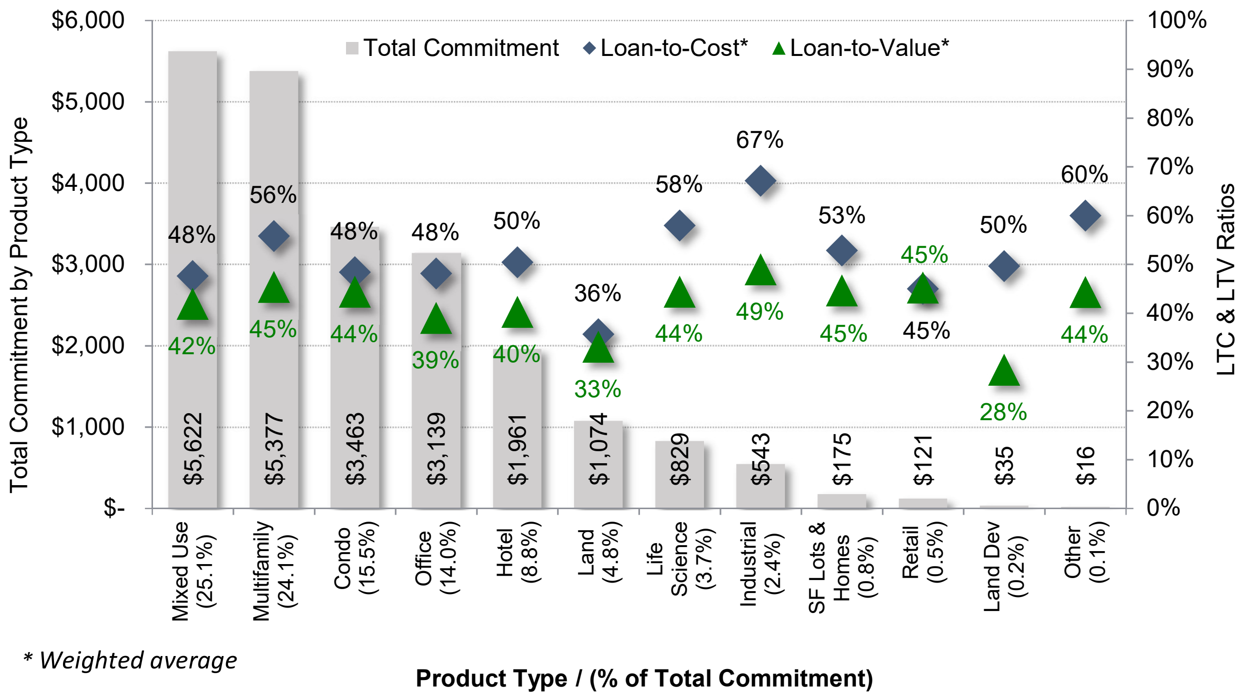
We have retained Figure 34 above for consistency with prior reports, but this quarter we have added Figure 35 to provide an even more granular look at the geographic diversification of RESG's truly national portfolio. Figure 35 shows RESG's total commitments in every MSA in which it currently has loans.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

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



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

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



** 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 36 above, hotels were the fifth largest component of RESG's portfolio at December 31, 2020, comprising about 8.8% of RESG's total commitments. In addition, at December 31, 2020, 15 of RESG's 36 loans on mixed use projects included a hotel component, with a total commitment amount allocated to hotels being approximately 19% of the total mixed use portfolio. We remain cautiously optimistic about the performance of this portfolio, largely due to the quality and experience of our sponsors, the quality of these properties, and our low weighted average LTC and LTV ratios at 50.4% and 40.3%, respectively, as of December 31, 2020. We expect most sponsors will continue to support these assets, if needed, until the COVID-19 pandemic passes and property performance returns to more normal levels. Figures 37 and 38, respectively, show the geographic distribution of RESG's hotel portfolio (excluding hotels in mixed use projects) and other information as of December 31, 2020. During the quarter just ended, four of the 34 hotels in the portfolio received new appraisals, with the weighted average LTV ratio increasing by 1.4% for these properties. During the quarter just ended, in the RESG portfolio, eight hotel loans paid off and no new hotel loans were originated.

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

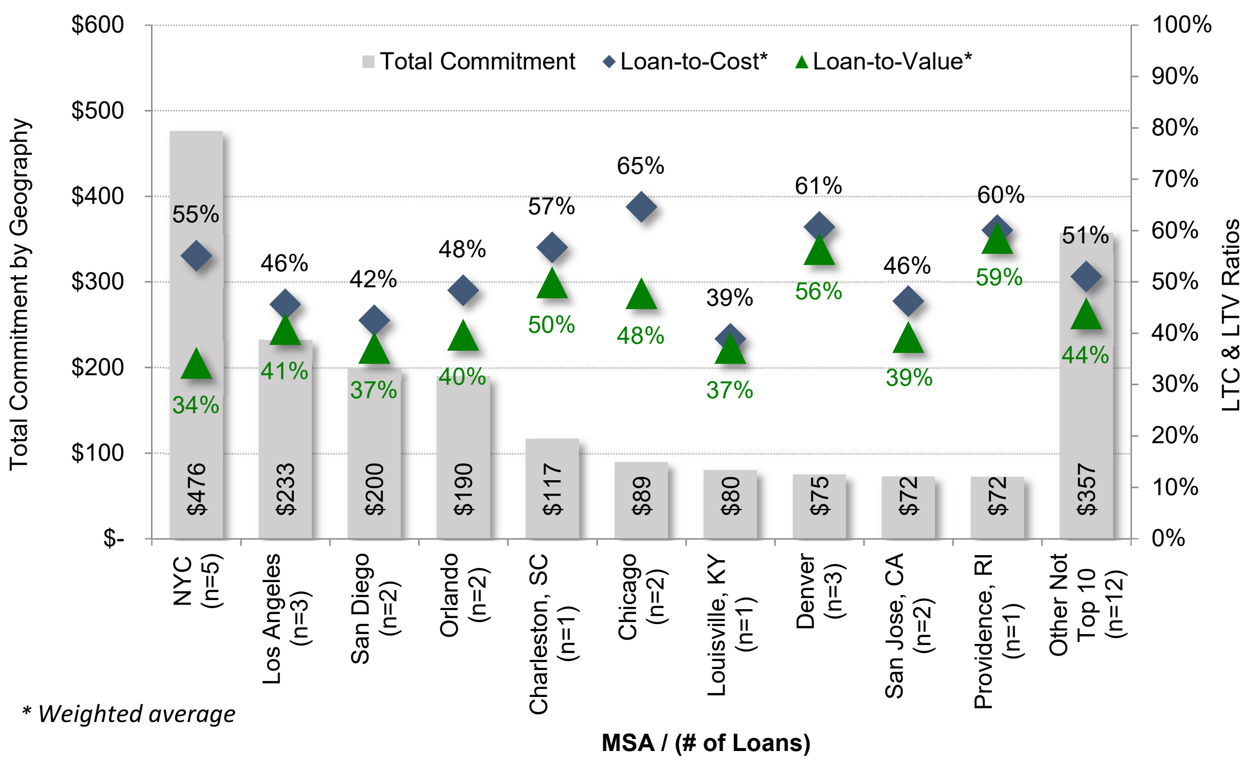
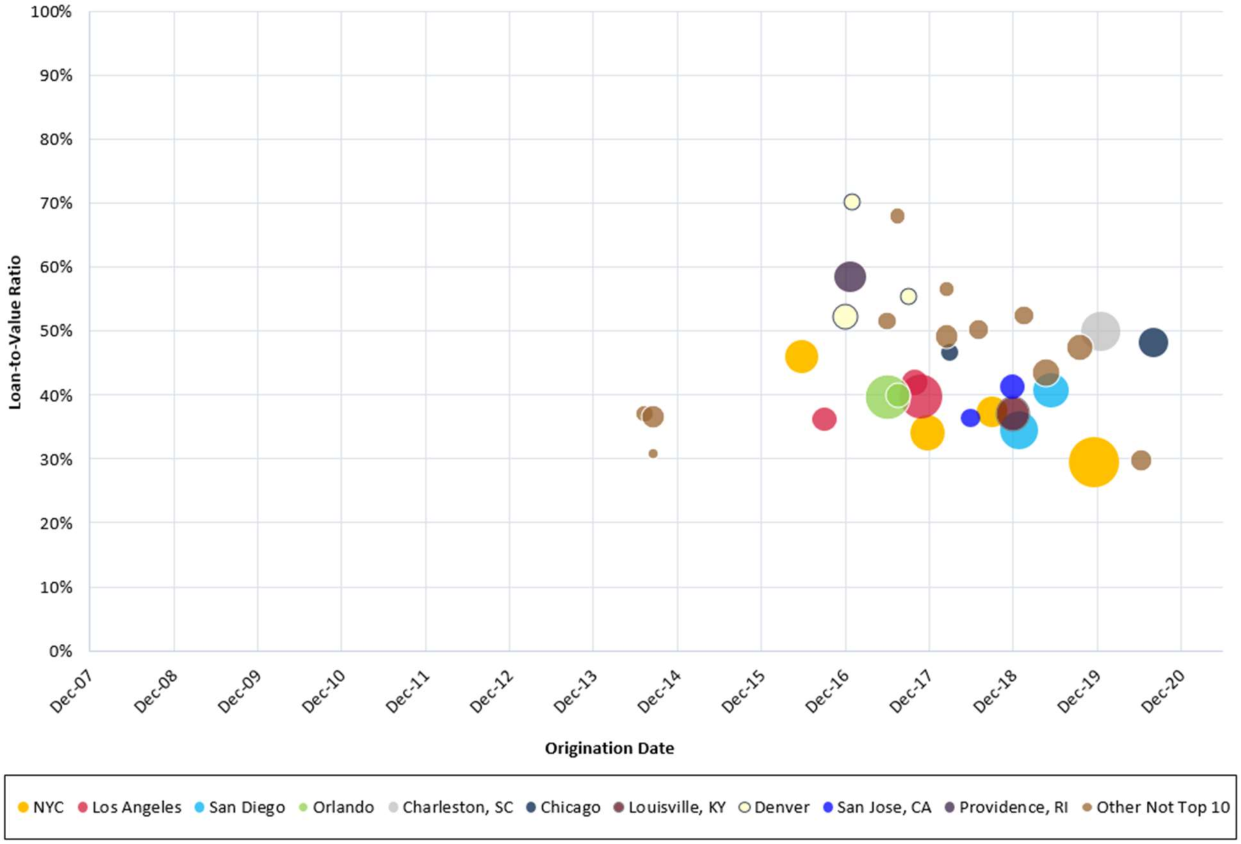


Figure 38: RESG Hotel Portfolio by LTV & Origination Date (As of December 31, 2020)

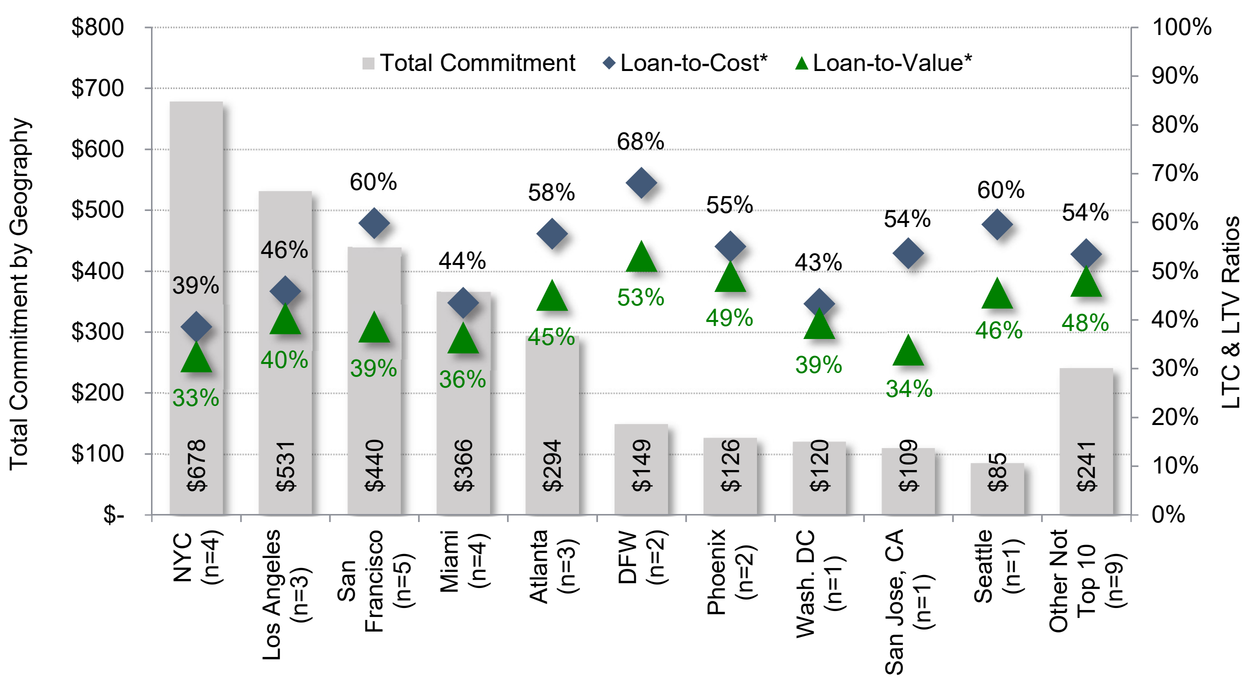
Bubble Size Reflects Total Funded and Unfunded Commitment Amount

LTV Ratios Assume All Loans Are Fully Funded



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

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

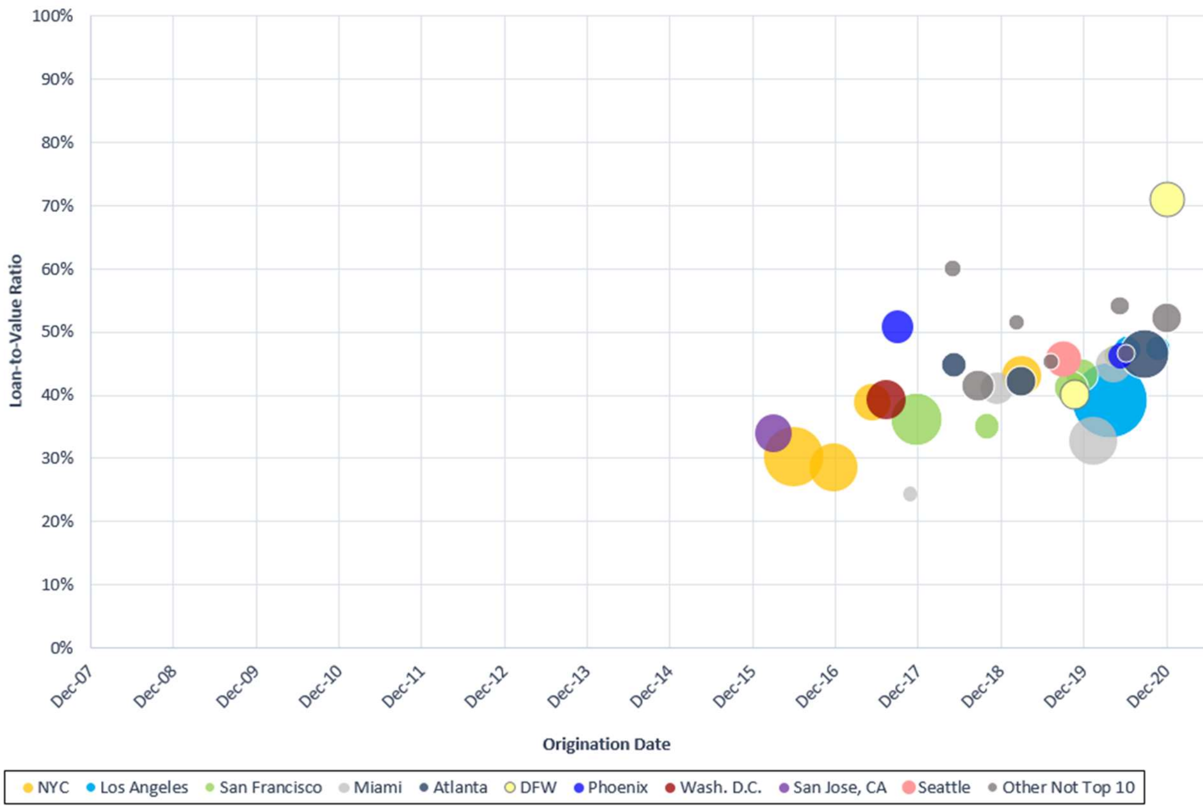


** Weighted average*

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

Bubble Size Reflects Total Funded and Unfunded Commitment Amount

LTV Ratios Assume All Loans Are Fully Funded

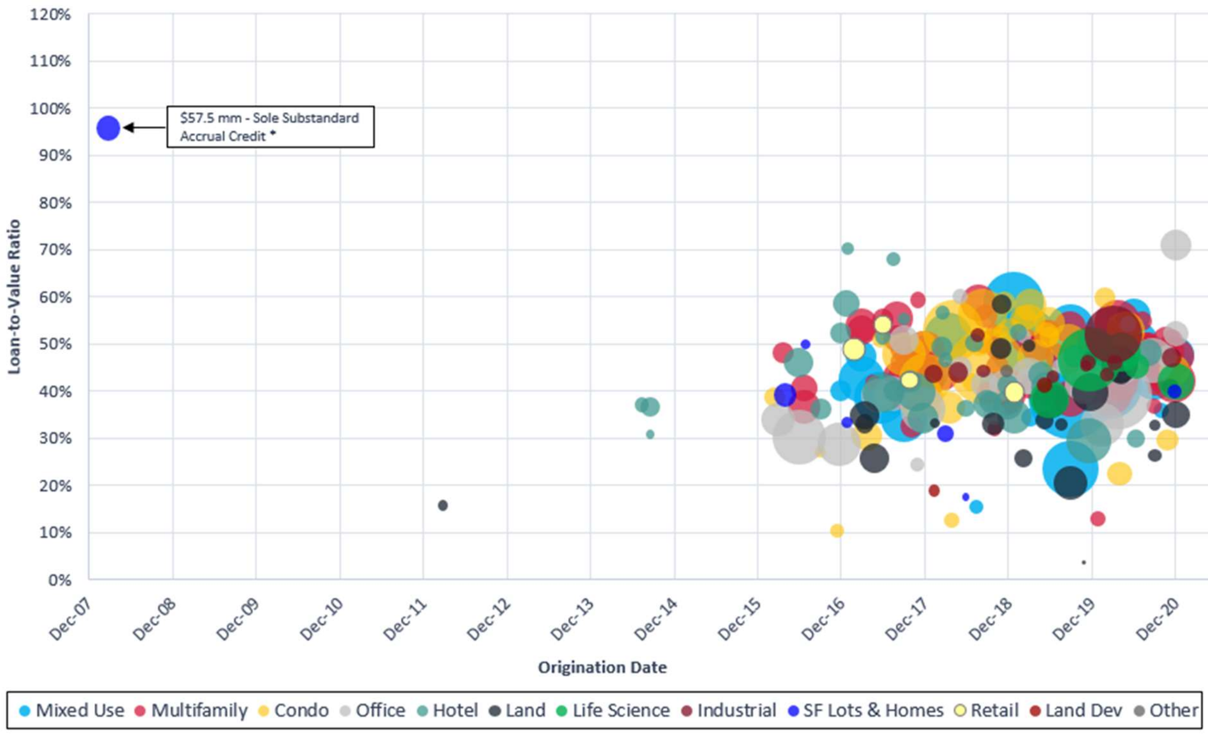


Assuming full funding of every RESG loan, as of December 31, 2020, the weighted average LTC for the RESG portfolio was a conservative 49.7%, and the weighted average LTV was even lower at just 42.2%. The LTV metrics on individual loans within the RESG portfolio are illustrated in Figure 41. Other than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

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

Bubble Size Reflects Total Funded and Unfunded Commitment Amount

LTV Ratios Assume All Loans Are Fully Funded



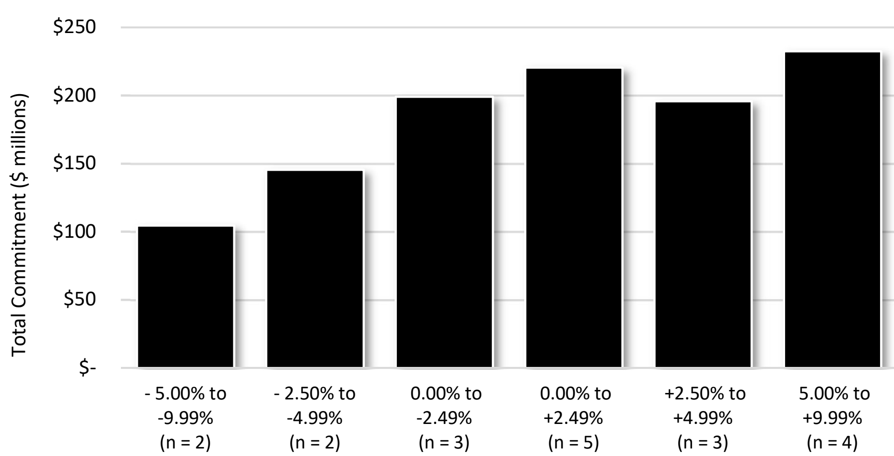
**During the fourth quarter of 2020, the borrower closed 16 lot sales with gross proceeds of $8.1 million. At December 31, 2020, the borrower had three lots under contract and seven townhomes under contract for $1.6 million and $12.2 million, respectively. Since December 31, 2020, the borrower has closed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

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

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

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

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

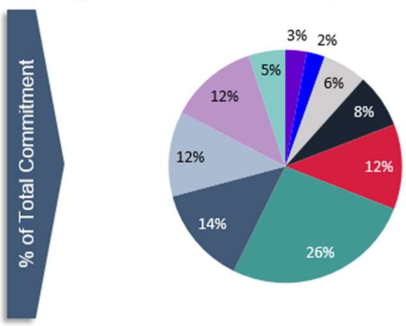


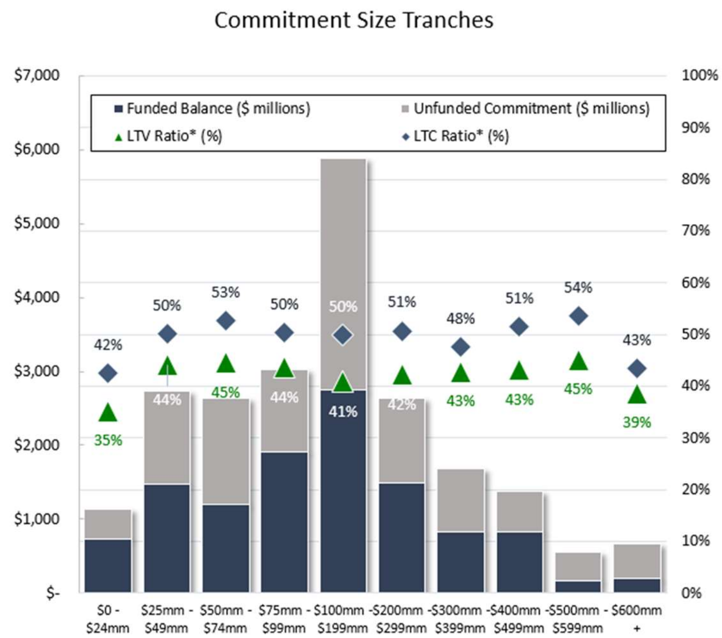
The RESG portfolio includes loans of many different sizes. The stratification of the RESG portfolio by commitment size is reflected in Figure 44.

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

($ millions)

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





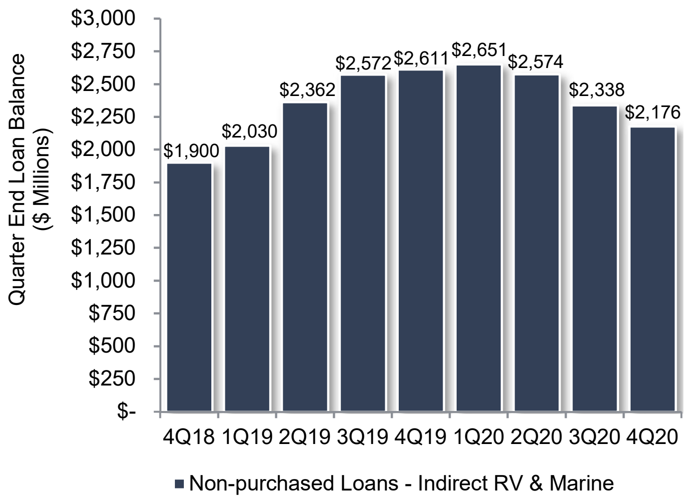
** Assumes all loans are fully funded; calculation based on total commitment by tranche as a % of total cost and total appraised value of loans within each tranche. LTV data based on most recent appraisals and utilizing "as stabilized" values for income producing properties.*

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

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

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

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



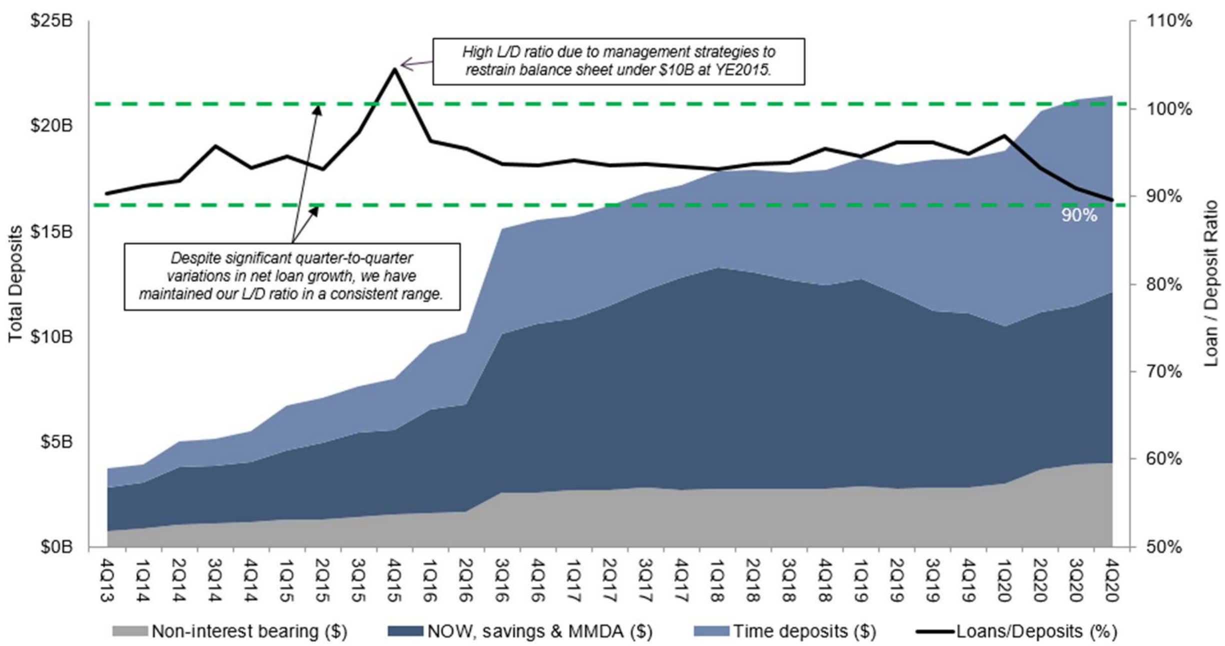
	RV Portfolio	
Loan Size	**Total #**	**$ thousands**
$1 million +	-	$ -
$750k - $999k	-	-
$250k - $749k	437	142,143
$50k - $249k	10,185	1,141,622
< $50k	6,540	182,801
Total	**17,162**	**$ 1,466,565**

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

Liquidity

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

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



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

Figure 47: Deposits by Customer Type ($ millions)

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

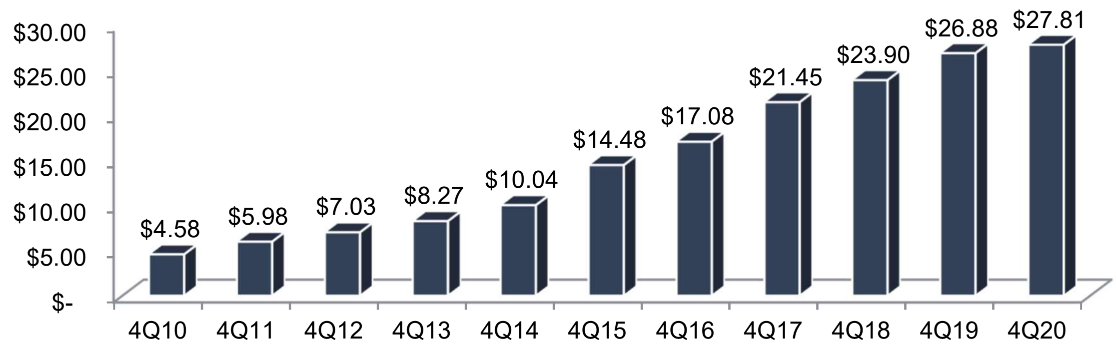
Capital and Dividends

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

Figure 48: Book Value per Share (Period End)

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

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



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

Figure 50: Capital Ratios

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

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

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

[4] Ratios as of December 31, 2020 are preliminary estimates and are subject to revision upon filing of our FFIEC 041 Call Report.

Disaster Relief Loan Program

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

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

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

Effective Tax Rate

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

Final Thoughts

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

Non-GAAP Reconciliations

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

Unaudited (Dollars in Thousands)

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

* Ratios for interim periods annualized based on actual days

Calculation of Tangible Book Value per Share

Unaudited (Dollars in Thousands, Except per Share)

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

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

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