



Bank OZK Announces Record First Quarter 2023 Earnings

April 20, 2023

LITTLE ROCK, Ark., April 20, 2023 (GLOBE NEWSWIRE) -- Bank OZK (the "Bank") (Nasdaq: OZK) today announced that net income available to common stockholders for the first quarter of 2023 was a record \$165.9 million, a 29.5% increase from \$128.0 million for the first quarter of 2022. Diluted earnings per common share for the first quarter of 2023 were a record \$1.41, a 38.2% increase from \$1.02 for the first quarter of 2022.

Provision for credit losses was \$35.8 million for the first quarter of 2023 compared to \$4.2 million for the first quarter of 2022 and \$32.5 million for the fourth quarter of 2022. The Bank's total allowance for credit losses ("ACL") was \$393.8 million at March 31, 2023 compared to \$293.5 million at March 31, 2022.

Pre-tax pre-provision net revenue ("PPNR") was a record \$246.4 million for the first quarter of 2023, a 42.4% increase from \$173.1 million for the first quarter of 2022. The calculation of PPNR and the reconciliation to generally accepted accounting principles ("GAAP") are included in the schedules accompanying this release.

The Bank's annualized returns on average assets, average common stockholders' equity and average tangible common stockholders' equity for the first quarter of 2023 were 2.41%, 15.24% and 17.94%, respectively, compared to 1.97%, 11.67% and 13.73%, respectively, for the first quarter of 2022. The calculation of the Bank's returns on average common stockholders' equity and average tangible common stockholders' equity and the reconciliations to GAAP are included in the schedules accompanying this release.

George Gleason, Chairman and Chief Executive Officer stated, "We are pleased to report our record results for the first quarter. These results could not be achieved without the outstanding performance of our teammates. Our strong capital, liquidity and profitability have us well-positioned for the future."

KEY BALANCE SHEET METRICS

Total loans were \$22.06 billion at March 31, 2023, a 16.5% increase from \$18.93 billion at March 31, 2022. Deposits were \$22.28 billion at March 31, 2023, a 9.6% increase from \$20.33 billion at March 31, 2022. Total assets were \$28.97 billion at March 31, 2023, a 9.1% increase from \$26.56 billion at March 31, 2022.

Common stockholders' equity was \$4.42 billion at March 31, 2023, a 1.7% increase from \$4.35 billion at March 31, 2022. Tangible common stockholders' equity was \$3.76 billion at March 31, 2023, a 2.1% increase from \$3.68 billion at March 31, 2022. During the four quarters ended March 31, 2023, the Bank repurchased approximately 7.84 million shares of its common stock at a weighted average cost of \$38.75, for a total of \$303.7 million, including 2.35 million shares at a weighted average cost of \$38.59, for a total of \$85.34 million, during the quarter just ended.

Book value per common share was \$38.43 at March 31, 2023, an 8.3% increase from \$35.47 at March 31, 2022. Tangible book value per common share was \$32.68 at March 31, 2023, a 8.8% increase from \$30.03 at March 31, 2022.

The Bank's ratio of total common stockholders' equity to total assets was 15.27% at March 31, 2023, compared to 16.38% at March 31, 2022. Its ratio of total tangible common stockholders' equity to total tangible assets was 13.28% at March 31, 2023, compared to 14.22% at March 31, 2022.

The calculations of the Bank's common stockholders' equity, tangible common stockholders' equity, tangible book value per common share, and ratio of total tangible common stockholders' equity to total tangible assets and the reconciliations to GAAP are included in the schedules accompanying this release.

ASSET QUALITY

The Bank's ratio of nonperforming non-purchased loans to total loans (excluding purchased loans) was 0.15% at March 31, 2023, compared to 0.21% as of March 31, 2022. The Bank's ratio of nonperforming assets to total assets (excluding purchased loans, except for their inclusion in total assets) was 0.34% at March 31, 2023, compared to 0.16% as of March 31, 2022. The Bank's annualized ratio of net charge-offs of non-purchased loans to average non-purchased loans was 0.15% for the quarter ended March 31, 2023 compared to 0.08% for the quarter ended March 31, 2022.

MANAGEMENT'S COMMENTS, CONFERENCE CALL, TRANSCRIPT AND FILINGS

In connection with this release, the Bank released management's comments on its quarterly results, which are available at <http://ir.ozk.com>. This release should be read in conjunction with management's comments on the quarterly results.

Management will conduct a conference call to take questions on these quarterly results and management's comments at 10:00 a.m. CT (11:00 a.m. ET) on April 21, 2023. Interested parties may access the conference call live via webcast on the Bank's investor relations website at <https://ir.ozk.com/news/event-calendar>, or may participate via telephone by registering using [this online form](#). Upon registration, all telephone participants will receive the dial-in number along with a unique PIN number that can be used to access the call. A replay of the conference call webcast will be archived on the Bank's website for at least 30 days.

The Bank files annual, quarterly and current reports, proxy materials, and other information required by the Securities Exchange Act of 1934 with the Federal Deposit Insurance Corporation ("FDIC"), copies of which are available electronically at the FDIC's website at <https://efr.fdic.gov/fcxweb/efr/index.html> and are also available on the Bank's investor relations website at ir.ozk.com. To receive automated email alerts for these materials please visit <https://ir.ozk.com/other/email-alerts> to sign up.

NON-GAAP FINANCIAL MEASURES

This release contains certain non-GAAP financial measures. The Bank uses these non-GAAP financial measures, specifically return on average common stockholders' equity, return on average tangible common stockholders' equity, tangible book value per common share, common stockholders' equity, tangible common stockholders' equity, the ratio of total tangible common stockholders' equity to total tangible assets, and PPNR, to assess the strength of its capital, its ability to generate earnings on tangible capital invested by its shareholders and trends in its net revenue. These measures typically adjust GAAP financial measures to exclude intangible assets or provision for credit losses. Management believes presentation of these non-GAAP financial measures provides useful supplemental information which contributes to a proper understanding of the financial results and capital levels of the Bank. These non-GAAP disclosures should not be viewed as a substitute for financial results determined in accordance with GAAP, and they are not necessarily comparable to non-GAAP performance measures that may be presented by other banks. Reconciliations of these

non-GAAP financial measures to the most directly comparable GAAP financial measures are included in the schedules accompanying this release under the caption “Reconciliation of Non-GAAP Financial Measures.”

FORWARD-LOOKING STATEMENTS

This press release and other communications by the Bank include certain “forward-looking statements” regarding the Bank’s plans, expectations, thoughts, beliefs, estimates, goals and outlook for the future that are intended to be covered by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on management’s expectations as well as certain assumptions and estimates made by, and information available to, management at the time. Those statements are not guarantees of future results or performance and are subject to certain known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those expressed in, or implied by, such forward-looking statements. These risks, uncertainties and other factors include, but are not limited to: potential delays or other problems in implementing the Bank’s growth and expansion strategies, including hiring or retaining qualified personnel, obtaining regulatory or other approvals, delays in identifying satisfactory sites, obtaining permits and designing, constructing and opening new offices or relocating, selling or closing existing offices; the availability of and access to capital; possible downgrades in the Bank’s credit ratings or outlook which could increase the costs of or decrease the 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 transition from the London Interbank Offered Rate (“LIBOR”) as a reference rate; 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; conditions within the banking industry, including the effects of recent failures of other financial institutions; recently enacted and potential laws and regulatory requirements or changes to existing laws and regulatory requirements, including changes affecting oversight of the financial services industry, changes intended to manage or mitigate climate and related environmental risks or changes in the interpretation and enforcement of such laws and requirements, and the costs and expenses to comply with new and/or existing legislation and regulatory requirements; uncertainty regarding the U.S. government’s debt limit or changes in U.S. government monetary and fiscal policy; 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 potential impact of continuing inflationary pressures; the potential impact of supply chain disruptions; national, international or political instability or military conflict, including the ongoing war in Ukraine; the competition and costs of recruiting and retaining human talent; impairment of our goodwill or other intangible assets; adoption of new accounting standards, 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, 2022 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 described in, or implied by, such forward-looking statements. The Bank disclaims any obligation to update or revise any forward-looking statements based on the occurrence of future events, the receipt of new information or otherwise.

GENERAL INFORMATION

Bank OZK (Nasdaq: OZK) is a regional bank providing innovative financial solutions delivered by expert bankers with a relentless pursuit of excellence. Established in 1903, Bank OZK conducts banking operations with over 240 offices in eight states including Arkansas, Georgia, Florida, North Carolina, Texas, New York, California and Mississippi and had \$28.97 billion in total assets as of March 31, 2023. Bank OZK can be found at www.ozk.com and on [Facebook](https://www.facebook.com/ozk), [Twitter](https://twitter.com/ozk) and [LinkedIn](https://www.linkedin.com/company/ozk) or contacted at (501) 978-2265 or P.O. Box 8811, Little Rock, Arkansas 72231-8811.

Bank OZK Consolidated Balance Sheets Unaudited

	<u>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
	(Dollars in thousands, except per share amounts)	
ASSETS		
Cash and cash equivalents	\$ 1,039,400	\$ 1,033,454
Investment securities — available for sale (“AFS”)	3,422,031	3,491,613
Investment securities — trading	4,477	8,817
Federal Home Loan Bank of Dallas and other bankers’ bank stocks	62,304	42,406
Non-purchased loans	21,700,941	20,400,154
Purchased loans	361,065	378,637
Allowance for loan losses	<u>(222,025)</u>	<u>(208,858)</u>
Net loans	21,839,981	20,569,933
Premises and equipment, net	677,061	678,405
Foreclosed assets	66,227	6,616
Accrued interest receivable	135,314	125,130
Bank owned life insurance (“BOLI”)	794,542	789,805
Goodwill and other intangible assets, net	662,354	663,543
Other, net	<u>267,479</u>	<u>246,846</u>

Total assets	\$ 28,971,170	\$ 27,656,568
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Demand non-interest bearing	\$ 4,419,754	\$ 4,658,451
Savings and interest bearing transaction	9,446,120	9,905,717
Time	8,417,109	6,935,975
Total deposits	22,282,983	21,500,143
Other borrowings	994,079	606,666
Subordinated notes	347,147	346,947
Subordinated debentures	121,652	121,591
Reserve for losses on unfunded loan commitments	171,742	156,419
Accrued interest payable and other liabilities	290,269	233,864
Total liabilities	24,207,872	22,965,630
Commitments and contingencies		
Stockholders' equity:		
Preferred stock: \$0.01 par value; 100,000,000 shares authorized; 14,000,000 issued and outstanding at March 31, 2023 and December 31, 2022	338,980	338,980
Common stock: \$0.01 par value; 300,000,000 shares authorized; 115,080,108 and 117,176,928 shares issued and outstanding at March 31, 2023 and December 31, 2022, respectively	1,151	1,172
Additional paid-in capital	1,664,569	1,753,941
Retained earnings	2,898,904	2,773,135
Accumulated other comprehensive (loss) income	(141,677)	(177,649)
Total stockholders' equity before noncontrolling interest	4,761,927	4,689,579
Noncontrolling interest	1,371	1,359
Total stockholders' equity	4,763,298	4,690,938
Total liabilities and stockholders' equity	\$ 28,971,170	\$ 27,656,568

Bank OZK
Consolidated Statements of Income
Unaudited

	Three Months Ended	
	March 31,	
	2023	2022
(Dollars in thousands, except per share amounts)		
Interest income:		
Non-purchased loans	\$ 414,896	\$ 239,995
Purchased loans	6,518	8,170
Investment securities:		
Taxable	10,171	10,611
Tax-exempt	9,264	2,986
Deposits with banks and federal funds sold	7,870	609
Total interest income	448,719	262,371
Interest expense:		
Deposits	93,632	8,492
Other borrowings	5,422	998
Subordinated notes	2,574	2,574
Subordinated debentures	2,239	964
Total interest expense	103,867	13,028
Net interest income	344,852	249,343
Provision for credit losses	35,829	4,190
Net interest income after provision for credit losses	309,023	245,153
Non-interest income:		

Service charges on deposit accounts:		
NSF and overdraft fees	4,278	4,201
All other service charges	6,502	6,690
Trust income	2,033	2,094
BOLI income:		
Increase in cash surrender value	4,974	4,793
Death benefits	—	297
Loan service, maintenance and other fees	4,076	3,018
Gains on sales of other assets	343	6,992
Net gains (losses) on investment securities	1,716	(90)
Other	3,887	3,480
Total non-interest income	<u>27,809</u>	<u>31,475</u>
Non-interest expense:		
Salaries and employee benefits	63,249	54,648
Net occupancy and equipment	17,870	17,215
Other operating expenses	45,098	35,852
Total non-interest expense	<u>126,217</u>	<u>107,715</u>
Income before taxes	210,615	168,913
Provision for income taxes	40,703	36,410
Net income	169,912	132,503
Earnings attributable to noncontrolling interest	(12)	5
Preferred stock dividends	4,047	4,480
Net income available to common stockholders	<u>\$ 165,853</u>	<u>\$ 128,028</u>
Basic earnings per common share	<u>\$ 1.42</u>	<u>\$ 1.03</u>
Diluted earnings per common share	\$ 1.41	\$ 1.02

Bank OZK
Consolidated Statements of Stockholders' Equity
Unaudited

	<u>Preferred Stock</u>	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive (Loss) Income</u>	<u>Non- Controlling Interest</u>	<u>Total</u>
	(Dollars in thousands, except per share amounts)						
Three months ended March 31, 2023:							
Balances – December 31, 2022	\$ 338,980	\$ 1,172	\$ 1,753,941	\$ 2,773,135	\$ (177,649)	\$ 1,359	\$ 4,690,938
Net income	—	—	—	169,912	—	—	169,912
Earnings attributable to noncontrolling interest	—	—	—	(12)	—	12	—
Total other comprehensive income	—	—	—	—	35,972	—	35,972
Preferred stock dividends, \$0.28906 per share	—	—	—	(4,047)	—	—	(4,047)
Common stock dividends, \$0.34 per share	—	—	—	(40,084)	—	—	(40,084)
Issuance of 473,039 shares of common stock pursuant to stock-based compensation plans	—	5	518	—	—	—	523
Repurchase and cancellation of 2,348,138 shares of common stock under share repurchase program	—	(24)	(85,315)	—	—	—	(85,339)
Repurchase and cancellation of 215,362 shares of common stock withheld for tax pursuant to stock-based compensation plans	—	(2)	(8,672)	—	—	—	(8,674)
Stock-based compensation expense	—	—	4,097	—	—	—	4,097
Forfeitures of 6,359 shares of unvested restricted common stock	—	—	—	—	—	—	—

Balances – March 31, 2023	<u>\$ 338,980</u>	<u>\$ 1,151</u>	<u>\$ 1,664,569</u>	<u>\$ 2,898,904</u>	<u>\$ (141,677)</u>	<u>\$ 1,371</u>	<u>\$ 4,763,298</u>
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Three months ended March 31, 2022:

Balances – December 31, 2021	\$ 338,980	\$ 1,254	\$ 2,093,702	\$ 2,378,466	\$ 23,841	\$ 3,117	\$ 4,839,360
Net income	—	—	—	132,503	—	—	132,503
Earnings attributable to noncontrolling interest	—	—	—	5	—	(5)	—
Total other comprehensive loss	—	—	—	—	(104,769)	—	(104,769)
Preferred stock dividends, \$0.32 per share	—	—	—	(4,480)	—	—	(4,480)
Common stock dividends, \$0.30 per share	—	—	—	(37,842)	—	—	(37,842)
Issuance of 248,426 shares of common stock pursuant to stock-based compensation plans	—	3	1,484	—	—	—	1,487
Repurchase and cancellation of 2,883,013 shares of common stock under share repurchase program	—	(29)	(131,536)	—	—	—	(131,565)
Repurchase and cancellation of 112,974 shares of common stock withheld for tax pursuant to stock-based compensation plans	—	(1)	(5,398)	—	—	—	(5,399)
Stock-based compensation expense	—	—	3,874	—	—	—	3,874
Forfeitures of 18,992 shares of unvested restricted common stock	—	—	—	—	—	—	—
Balances – March 31, 2022	<u>\$ 338,980</u>	<u>\$ 1,227</u>	<u>\$ 1,962,126</u>	<u>\$ 2,468,652</u>	<u>\$ (80,928)</u>	<u>\$ 3,112</u>	<u>\$ 4,693,169</u>

Bank OZK
Summary of Non-Interest Expense
Unaudited

	Three Months Ended	
	March 31,	
	2023	2022
	(Dollars in thousands)	
Salaries and employee benefits	\$ 63,249	\$ 54,648
Net occupancy and equipment	17,870	17,215
Other operating expenses:		
Software and data processing	9,283	8,186
Professional and outside services	5,105	4,817
Deposit insurance and assessments	4,148	2,150
Advertising and public relations	4,036	1,259
Telecommunication services	2,273	2,010
ATM expense	2,139	1,509
Postage and supplies	1,926	1,698
Travel and meals	1,815	1,758
Amortization of intangibles	1,189	1,517
Writedowns of foreclosed and other assets	941	258
Loan collection and repossession expense	386	325
Amortization of CRA and tax credit investments	6,414	5,102
Other	5,443	5,263
Total non-interest expense	<u>\$ 126,217</u>	<u>\$ 107,715</u>

Bank OZK
Summary of Total Loans Outstanding
Unaudited

	March 31, 2023		December 31, 2022	
	(Dollars in thousands)			
Real estate:				
Residential 1-4 family	\$	950,730	4.3 %	\$ 981,567
Non-farm/non-residential		4,868,670	22.1	4,665,268
				22.5 %

Construction/land development	8,666,053	39.3	8,215,056	39.5 %
Agricultural	237,852	1.1	239,689	1.2 %
Multifamily residential	1,911,260	8.7	1,503,398	7.2 %
Total real estate	16,634,565	75.5	15,604,978	75.1
Commercial and industrial	1,089,991	4.9	902,321	4.3
Consumer	2,598,036	11.8	2,445,851	11.8
Other	1,739,414	7.8	1,825,641	8.8
Total loans	22,062,006	100.0 %	20,778,791	100.0 %
Allowance for loan losses	(222,025)		(208,858)	
Net loans	\$ 21,839,981		\$ 20,569,933	

Bank OZK
Allowance for Credit Losses
Unaudited

	<u>Allowance for Loan Losses</u>	<u>Reserve for Losses on Unfunded Loan Commitments</u>	<u>Total Allowance for Credit Losses</u>
	(Dollars in thousands)		
Three months ended March 31, 2023:			
Balances – December 31, 2022	\$ 208,858	\$ 156,419	\$ 365,277
Net charge-offs	(7,339)	—	(7,339)
Provision for credit losses	20,506	15,323	35,829
Balances – March 31, 2023	<u>\$ 222,025</u>	<u>\$ 171,742</u>	<u>\$ 393,767</u>
Three months ended March 31, 2022:			
Balances – December 31, 2021	\$ 217,380	\$ 71,609	\$ 288,989
Net charge-offs	361	—	361
Provision for credit losses	(13,528)	17,718	4,190
Balances – March 31, 2022	<u>\$ 204,213</u>	<u>\$ 89,327</u>	<u>\$ 293,540</u>

Bank OZK
Summary of Deposits – By Account Type
Unaudited

	<u>March 31, 2023</u>		<u>December 31, 2022</u>	
	(Dollars in thousands)			
Non-interest bearing	\$ 4,419,754	19.8 %	\$ 4,658,451	21.7 %
Interest bearing:				
Transaction (NOW)	4,343,384	19.5	4,097,532	19.1
Savings and money market	5,102,736	22.9	5,808,185	27.0
Time deposits	8,417,109	37.8	6,935,975	32.2
Total deposits	<u>\$ 22,282,983</u>	<u>100.0 %</u>	<u>\$ 21,500,143</u>	<u>100.0 %</u>

Bank OZK
Summary of Deposits – By Customer Type
Unaudited

	<u>March 31, 2023</u>		<u>December 31, 2022</u>	
	(Dollars in thousands)			
Non-interest bearing	\$ 4,419,754	19.8 %	\$ 4,658,451	21.7 %
Interest bearing:				
Consumer and commercial:				
Consumer – non-time	3,489,601	15.7	3,916,078	18.2

Consumer – time	6,154,802	27.6	4,936,061	23.0
Commercial – non-time	2,487,083	11.2	2,741,007	12.7
Commercial – time	560,223	2.5	516,477	2.4
Public funds	2,324,654	10.4	2,103,392	9.8
Brokered	2,104,023	9.5	2,050,294	9.5
Reciprocal	742,843	3.3	578,383	2.7
Total deposits	\$ 22,282,983	100.0 %	\$ 21,500,143	100.0 %

Bank OZK
Selected Consolidated Financial Data
Unaudited

Three Months Ended
March 31,

	2023	2022	% Change
(Dollars in thousands, except per share amounts)			
Income statement data:			
Net interest income	\$ 344,852	\$ 249,343	38.3 %
Provision for credit losses	35,829	4,190	755.1 %
Non-interest income	27,809	31,475	(11.6)
Non-interest expense	126,217	107,715	17.2
Net income	169,912	132,503	28.2
Preferred stock dividends	4,047	4,480	(9.7)
Net income available to common stockholders	165,853	128,028	29.5
Pre-tax pre-provision net revenue ⁽¹⁾	246,444	173,103	42.4
Common share and per common share data:			
Diluted earnings per common share	\$ 1.41	\$ 1.02	38.2 %
Basic earnings per common share	1.42	1.03	37.9
Common stock dividends per share	0.34	0.30	13.3
Book value per share	38.43	35.47	8.3
Tangible book value per common share ⁽¹⁾	32.68	30.03	8.8
Weighted-average diluted shares outstanding (thousands)	117,405	125,004	(6.1)
End of period shares outstanding (thousands)	115,080	122,677	(6.2)
Balance sheet data at period end:			
Total assets	\$ 28,971,170	\$ 26,562,353	9.1 %
Total loans	22,062,006	18,931,022	16.5
Non-purchased loans	21,700,941	18,449,723	17.6
Purchased loans	361,065	481,299	(25.0)
Allowance for loan losses	222,025	204,213	8.7
Foreclosed assets	66,227	3,417	1,838.2
Investment securities – AFS	3,422,031	3,728,284	(8.2)
Goodwill and other intangible assets, net	662,354	667,546	(0.8)
Deposits	22,282,983	20,329,662	9.6
Other borrowings	994,079	756,347	31.4
Subordinated notes	347,147	346,333	0.2
Subordinated debentures	121,652	121,171	0.4
Unfunded balance of closed loans	20,965,040	14,954,367	40.2
Reserve for losses on unfunded loan commitments	171,742	89,327	92.3
Preferred stock	338,980	338,980	—
Total common stockholders' equity ⁽¹⁾	4,422,947	4,351,077	1.7
Net unrealized losses on investment securities AFS included in stockholders' equity	(141,677)	(80,928)	
Loan (including purchased loans) to deposit ratio	99.01 %	93.12 %	
Selected ratios:			
Return on average assets ⁽²⁾	2.41 %	1.97 %	
Return on average common stockholders' equity ^{(1) (2)}	15.24	11.67	
Return on average tangible common stockholders' equity ^{(1) (2)}	17.94	13.73	
Average common equity to total average assets	15.78	16.86	
Net interest margin – FTE ⁽²⁾	5.54	4.24	
Efficiency ratio	33.63	38.22	
Net charge-offs to average non-purchased loans ^{(2) (3)}	0.15	0.08	

Net charge-offs to average total loans ⁽²⁾	0.14	(0.01)
Nonperforming loans to total loans ⁽⁴⁾	0.15	0.21
Nonperforming assets to total assets ⁽⁴⁾	0.34	0.16
Allowance for loan losses to total loans ⁽⁵⁾	1.01	1.08
Allowance for credit losses to total loans and unfunded loan commitments	0.92	0.87

Other information:

Non-accrual loans ⁽⁴⁾	\$	33,371	\$	37,363
Accruing loans – 90 days past due		—		—

(1) Calculations of pre-tax pre-provision net revenue, tangible book value per common share, total common stockholders' equity and returns on average common stockholders' equity and average tangible common stockholders' equity and the reconciliations to GAAP are included in the schedules accompanying this release.

(2) Ratios for interim periods annualized based on actual days.

(3) Excludes purchased loans and net charge-offs related to such loans.

(4) Excludes purchased loans, except for their inclusion in total assets.

(5) Excludes reserve for losses on unfunded loan commitments.

Bank OZK
Selected Consolidated Financial Data (continued)
Unaudited

	Three Months Ended		
	March 31, 2023	December 31, 2022	% Change
	(Dollars in thousands, except per share amounts)		
Income statement data:			
Net interest income	\$ 344,852	\$ 332,488	3.7%
Provision for credit losses	35,829	32,508	10.2
Non-interest income	27,809	27,544	1.0
Non-interest expense	126,217	119,013	6.1
Net income	169,912	162,825	4.4
Preferred stock dividends	4,047	4,047	—
Net income available to common stockholders	165,853	158,832	4.4
Pre-tax pre-provision net revenue ⁽¹⁾	246,444	241,019	2.3
Common share and per common share data:			
Diluted earnings per common share	\$ 1.41	\$ 1.34	5.2%
Basic earnings per common share	1.42	1.35	5.2
Common stock dividends per share	0.34	0.33	3.0
Book value per share	38.43	37.13	3.5
Tangible book value per common share ⁽¹⁾	32.68	31.47	3.8
Weighted-average diluted shares outstanding (thousands)	117,405	118,201	(0.7)
End of period shares outstanding (thousands)	115,080	117,177	(1.8)
Balance sheet data at period end:			
Total assets	\$ 28,971,170	\$ 27,656,568	4.8%
Total loans	22,062,006	20,778,791	6.2
Non-purchased loans	21,700,941	20,400,154	6.4
Purchased loans	361,065	378,637	(4.6)
Allowance for loan losses	222,025	208,858	6.3
Foreclosed assets	66,227	6,616	901.0
Investment securities – AFS	3,422,031	3,491,613	(2.0)
Goodwill and other intangible assets, net	662,354	663,543	(0.2)
Deposits	22,282,983	21,500,143	3.6
Other borrowings	994,079	606,666	63.9
Subordinated notes	347,147	346,947	0.1
Subordinated debentures	121,652	121,591	0.1
Unfunded balance of closed loans	20,965,040	21,062,733	(0.5)
Reserve for losses on unfunded loan commitments	171,742	156,419	9.8
Preferred stock	338,980	338,980	—
Total common stockholders' equity ⁽¹⁾	4,422,947	4,350,599	1.7
Net unrealized losses on investment securities AFS included in stockholders' equity	(141,677)	(177,649)	

Loan (including purchased loans) to deposit ratio	99.01 %	96.64 %
Selected ratios:		
Return on average assets ⁽²⁾	2.41 %	2.35 %
Return on average common stockholders' equity ^{(1) (2)}	15.24	14.76
Return on average tangible common stockholders' equity ^{(1) (2)}	17.94	17.48
Average common equity to average assets	15.78	15.90
Net interest margin – FTE ⁽²⁾	5.54	5.46
Efficiency ratio	33.63	32.84
Net charge-offs to average non-purchased loans ^{(2) (3)}	0.15	0.09
Net charge-offs to average total loans ⁽²⁾	0.14	0.06
Nonperforming loans to total loans ⁽⁴⁾	0.15	0.22
Nonperforming assets to total assets ⁽⁴⁾	0.34	0.19
Allowance for loan losses to total loans ⁽⁵⁾	1.01	1.01
Allowance for loan losses to total loans and unfunded loan commitments	0.92	0.87
Other information:		
Non-accrual loans ⁽⁴⁾	\$ 33,371	\$ 43,411
Accruing loans – 90 days past due	—	—

(1) Calculations of pre-tax pre-provision net revenue, total common stockholders' equity, tangible book value per common share and returns on average common stockholders' equity and average tangible common stockholders' equity and the reconciliations to GAAP are included in the schedules accompanying this release.

(2) Ratios for interim periods annualized based on actual days.

(3) Excludes purchased loans and net charge-offs related to such loans.

(4) Excludes purchased loans, except for their inclusion in total assets.

(5) Excludes reserve for losses on unfunded loan commitments.

Bank OZK
Supplemental Quarterly Financial Data
Unaudited

	<u>3/31/23</u>	<u>12/31/22</u>	<u>9/30/22</u>	<u>6/30/22</u>	<u>3/31/22</u>
	(Dollars in thousands, except per share amounts)				
Earnings summary:					
Net interest income	\$ 344,852	\$ 332,488	\$ 294,617	\$ 265,793	\$ 249,343
Federal tax (FTE) adjustment	2,603	2,383	2,151	1,300	1,017
Net interest income (FTE)	347,455	334,871	296,768	267,093	250,360
Provision for credit losses	(35,829)	(32,508)	(39,771)	(7,025)	(4,190)
Non-interest income	27,809	27,544	29,163	26,320	31,475
Non-interest expense	(126,217)	(119,013)	(115,691)	(109,300)	(107,715)
Pre-tax income (FTE)	213,218	210,894	170,469	177,088	169,930
FTE adjustment	(2,603)	(2,383)	(2,151)	(1,300)	(1,017)
Provision for income taxes	(40,703)	(45,686)	(35,969)	(39,375)	(36,410)
Noncontrolling interest	(12)	54	—	(8)	5
Preferred stock dividend	(4,047)	(4,047)	(4,047)	(4,047)	(4,480)
Net income available to common stockholders	<u>\$ 165,853</u>	<u>\$ 158,832</u>	<u>\$ 128,302</u>	<u>\$ 132,358</u>	<u>\$ 128,028</u>
Earnings per common share – diluted	\$ 1.41	\$ 1.34	\$ 1.08	\$ 1.10	\$ 1.02
Pre-tax pre-provision net revenue ⁽¹⁾	\$ 246,444	\$ 241,019	\$ 208,089	\$ 182,813	\$ 173,103
Selected balance sheet data at period end:					
Total assets	\$ 28,971,170	\$ 27,656,568	\$ 26,232,119	\$ 25,919,965	\$ 26,562,353
Non-purchased loans	21,700,941	20,400,154	19,103,546	18,297,638	18,449,723
Purchased loans	361,065	378,637	410,166	445,080	481,299
Investment securities – AFS	3,422,031	3,491,613	3,528,077	3,705,807	3,728,284
Deposits	22,282,983	21,500,143	20,401,876	19,984,187	20,329,662
Unfunded balance of closed loans	20,965,040	21,062,733	20,091,101	17,369,767	14,954,367
Allowance for credit losses:					
Balance at beginning of period	\$ 365,277	\$ 335,635	\$ 299,938	\$ 293,540	\$ 288,989
Net charge-offs	(7,339)	(2,866)	(4,074)	(627)	361
Provision for credit losses	35,829	32,508	39,771	7,025	4,190
Balance at end of period	<u>\$ 393,767</u>	<u>\$ 365,277</u>	<u>\$ 335,635</u>	<u>\$ 299,938</u>	<u>\$ 293,540</u>

Allowance for loan losses	\$ 222,025	\$ 208,858	\$ 200,098	\$ 190,795	\$ 204,213
Reserve for losses on unfunded loan commitments	171,742	156,419	135,537	109,143	89,327
Total allowance for credit losses	\$ 393,767	\$ 365,277	\$ 335,635	\$ 299,938	\$ 293,540

Selected ratios:

Net interest margin – FTE ⁽²⁾	5.54 %	5.46 %	5.03 %	4.52 %	4.24 %
Efficiency ratio	33.63	32.84	35.50	37.25	38.22
Net charge-offs to average non-purchased loans ^{(2) (3)}	0.15	0.09	0.09	0.03	0.08
Net charge-offs to average total loans ⁽²⁾	0.14	0.06	0.09	0.01	(0.01)
Nonperforming loans to total loans ⁽⁴⁾	0.15	0.22	0.14	0.16	0.21
Nonperforming assets to total assets ⁽⁴⁾	0.34	0.19	0.13	0.12	0.16
Allowance for loan losses to total loans ⁽⁵⁾	1.01	1.01	1.03	1.02	1.08
Allowance for credit losses to total loans and unfunded commitments	0.92	0.87	0.85	0.83	0.87
Loans past due 30 days or more, including past due non-accrual loans, to total loans ⁽⁴⁾	0.15	0.13	0.11	0.11	0.14

(1) Calculations of pre-tax pre-provision net revenue and the reconciliation to GAAP are included in the schedules that follow under the caption "Reconciliation of Non-GAAP Financial Measures."

(2) Ratios for interim periods annualized based on actual days.

(3) Excludes purchased loans and net charge-offs related to such loans.

(4) Excludes purchased loans, except for their inclusion in total assets.

(5) Excludes reserve for losses on unfunded loan commitments.

Bank OZK
Average Consolidated Balance Sheets and Net Interest Analysis – FTE
Unaudited

Three Months Ended March 31,

2023			2022		
Average Balance	Income/ Expense	Yield/ Rate	Average Balance	Income/ Expense	Yield/ Rate

(Dollars in thousands)

ASSETS

Interest earning assets:

Interest earning deposits and federal funds sold	\$ 739,521	\$ 7,870	4.32 %	\$ 1,359,510	\$ 609	0.18 %
Investment securities:						
Taxable	2,450,756	10,171	1.68	3,378,613	10,611	1.27
Tax-exempt – FTE	1,027,806	11,727	4.63	570,987	3,779	2.68
Non-purchased loans – FTE	20,850,529	415,037	8.07	18,154,626	240,219	5.37
Purchased loans	370,887	6,518	7.13	499,418	8,170	6.63
Total earning assets – FTE	25,439,499	451,323	7.19	23,963,154	263,388	4.46
Non-interest earning assets	2,517,047			2,421,122		
Total assets	\$ 27,956,546			\$ 26,384,276		

LIABILITIES AND STOCKHOLDERS' EQUITY

Interest bearing liabilities:

Deposits:

Savings and interest bearing transaction	\$ 9,733,499	\$ 42,515	1.77 %	\$ 9,522,195	\$ 2,783	0.12 %
Time deposits	7,563,013	51,117	2.74	5,760,998	5,709	0.40
Total interest bearing deposits	17,296,512	93,632	2.20	15,283,193	8,492	0.23
Other borrowings	467,098	5,422	4.71	756,115	998	0.54
Subordinated notes	347,049	2,574	3.01	346,227	2,574	3.02
Subordinated debentures	121,638	2,239	7.47	121,097	964	3.23
Total interest bearing liabilities	18,232,297	103,867	2.31	16,506,632	13,028	0.32

Non-interest bearing liabilities:

Non-interest bearing deposits	4,471,407			4,773,827		
Other non-interest bearing liabilities	499,997			312,409		
Total liabilities	23,203,701			21,592,868		

Total stockholders' equity before noncontrolling interest	4,751,481			4,788,294		
Noncontrolling interest	1,364			3,114		

Total liabilities and stockholders' equity	<u>\$ 27,956,546</u>		<u>\$ 26,384,276</u>	
Net interest income – FTE		<u>\$ 347,456</u>		<u>\$ 250,360</u>
Net interest margin – FTE			<u>5.54 %</u>	<u>4.24 %</u>
Core spread ⁽¹⁾			<u>5.87 %</u>	<u>5.14 %</u>

(1) Core spread is the difference between the yield on the Bank's non-purchased loans-FTE and the rate on its interest bearing deposits.

Bank OZK

Reconciliation of Non-GAAP Financial Measures

Calculation of Average Common Stockholders' Equity, Average Tangible Common Stockholders' Equity and the Annualized Returns on Average Common Stockholders' Equity and Average Tangible Common Stockholders' Equity Unaudited

	Three Months Ended		December 31, 2022
	March 31,		
	2023	2022	
	(Dollars in thousands)		
Net income available to common stockholders	\$ 165,853	\$ 128,028	\$ 158,832
Average stockholders' equity before noncontrolling interest	\$ 4,751,481	\$ 4,788,294	\$ 4,608,570
Less average preferred stock	(338,980)	(338,980)	(338,980)
Total average common stockholders' equity	4,412,501	4,449,314	4,269,590
Less average intangible assets:			
Goodwill	(660,789)	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	(2,243)	(7,572)	(3,421)
Total average intangibles	(663,032)	(668,361)	(664,210)
Average tangible common stockholders' equity	\$ 3,749,469	\$ 3,780,953	\$ 3,605,380
Return on average common stockholders' equity ⁽¹⁾	15.24 %	11.67 %	14.76 %
Return on average tangible common stockholders' equity ⁽¹⁾	17.94 %	13.73 %	17.48 %

(1) Ratios for interim periods annualized based on actual days.

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

	March 31,		December 31,
	2023	2022	2022
	(In thousands, except per share amounts)		
Total stockholders' equity before noncontrolling interest	\$ 4,761,927	\$ 4,690,057	\$ 4,689,579
Less preferred stock	(338,980)	(338,980)	(338,980)
Total common stockholders' equity	4,422,947	4,351,077	4,350,599
Less intangible assets:			
Goodwill	(660,789)	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	(1,565)	(6,757)	(2,754)
Total intangibles	(662,354)	(667,546)	(663,543)
Total tangible common stockholders' equity	\$ 3,760,593	\$ 3,683,531	\$ 3,687,056
Shares of common stock outstanding	115,080	122,677	117,177
Book value per common share	\$ 38.43	\$ 35.47	\$ 37.13
Tangible book value per common share	\$ 32.68	\$ 30.03	\$ 31.47

Calculation of Total Common Stockholders' Equity, Total Tangible Common Stockholders' Equity and the Ratio of Total Tangible Common Stockholders' Equity

to Total Tangible Assets
Unaudited

	March 31,	
	2023	2022
	(Dollars in thousands)	
Total stockholders' equity before noncontrolling interest	\$ 4,761,927	\$ 4,690,057
Less preferred stock	(338,980)	(338,980)
Total common stockholders' equity	4,422,947	4,351,077
Less intangible assets:		
Goodwill	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	(1,565)	(6,757)
Total intangibles	(662,354)	(667,546)
Total tangible common stockholders' equity	\$ 3,760,593	\$ 3,683,531
Total assets	\$ 28,971,170	\$ 26,562,353
Less intangible assets:		
Goodwill	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	(1,565)	(6,757)
Total intangibles	(662,354)	(667,546)
Total tangible assets	\$ 28,308,816	\$ 25,894,807
Ratio of total common stockholders' equity to total assets	15.27 %	16.38 %
Ratio of total tangible common stockholders' equity to total tangible assets	13.28 %	14.22 %

Calculation of Pre-Tax Pre-Provision Net Revenue
Unaudited

	Three Months Ended				
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
	(Dollars in thousands)				
Net income available to common stockholders	\$ 165,853	\$ 158,832	\$ 128,302	\$ 132,358	\$ 128,028
Preferred stock dividends	4,047	4,047	4,047	4,047	4,480
Earnings attributable to noncontrolling interest	12	(54)	—	8	(5)
Provision for income taxes	40,703	45,686	35,969	39,375	36,410
Provision for credit losses	35,829	32,508	39,771	7,025	4,190
Pre-tax pre-provision net revenue	\$ 246,444	\$ 241,019	\$ 208,089	\$ 182,813	\$ 173,103



Source: Bank OZK