



Bank OZK Announces Second Quarter 2019 Earnings

July 18, 2019

LITTLE ROCK, Ark., July 18, 2019 (GLOBE NEWSWIRE) -- Bank OZK (the "Bank") (Nasdaq: OZK) today announced that net income for the second quarter of 2019 was \$110.5 million, a 3.7% decrease from \$114.8 million for the second quarter of 2018. Diluted earnings per common share for the second quarter of 2019 were \$0.86, a 3.4% decrease from \$0.89 for the second quarter of 2018.

For the six months ended June 30, 2019, net income totaled \$221.2 million, a 2.9% decrease from \$227.9 million for the first six months of 2018. Diluted earnings per common share for the first six months of 2019 were \$1.71, a 3.4% decrease from \$1.77 for the first six months of 2018.

The Bank's annualized returns on average assets, average common stockholders' equity and average tangible common stockholders' equity for the second quarter of 2019 were 1.95%, 11.29% and 13.70%, respectively, compared to 2.10%, 12.90% and 16.08%, respectively, for the second quarter of 2018. The Bank's annualized returns on average assets, average common stockholders' equity and average tangible common stockholders' equity for the first six months of 2019 were 1.97%, 11.52%, and 14.04%, respectively, compared to 2.13%, 13.03%, and 16.30%, respectively, for the first six months of 2018. The calculation of the Bank's annualized return on average tangible common stockholders' equity and the reconciliation to generally accepted accounting principles ("GAAP") are included in the schedules accompanying this release.

George Gleason, Chairman and Chief Executive Officer, stated, "Our strong credit culture and consistent discipline have been important ingredients in our long term success, and we are not wavering from those principles in today's challenging competitive and interest rate environment. We are pleased that we continue to deliver financial metrics among the best in the industry, including the 1.95% annualized return on average assets, 4.45% net interest margin and 39.3% efficiency ratio for the quarter just ended. We will remain disciplined and focused on delivering long-term value for our shareholders."

KEY BALANCE SHEET METRICS

Total loans were \$17.49 billion at June 30, 2019, a 4.3% increase from \$16.76 billion at June 30, 2018. Non-purchased loans, which exclude loans acquired in previous acquisitions, were \$15.79 billion at June 30, 2019, an 11.3% increase from \$14.18 billion at June 30, 2018. Purchased loans, which consist of loans acquired in previous acquisitions, were \$1.70 billion at June 30, 2019, a 34.2% decrease from \$2.58 billion at June 30, 2018. The unfunded balance of closed loans was \$11.17 billion at June 30, 2019, a 6.9% decrease from \$12.00 billion at June 30, 2018.

Deposits were \$18.19 billion at June 30, 2019, a 1.6% increase from \$17.90 billion at June 30, 2018, but a 1.6% decrease from March 31, 2019. Total assets were \$22.96 billion at June 30, 2019, a 3.3% increase from \$22.22 billion at June 30, 2018, but a 0.2% decrease from March 31, 2019.

Common stockholders' equity was \$3.99 billion at June 30, 2019, a 10.5% increase from \$3.61 billion at June 30, 2018. Tangible common stockholders' equity was \$3.30 billion at June 30, 2019, a 13.5% increase from \$2.91 billion at June 30, 2018. Book value per common share was \$30.97 at June 30, 2019, a 10.2% increase from \$28.10 at June 30, 2018. Tangible book value per common share was \$25.61 at June 30, 2019, a 13.2% increase from \$22.63 at June 30, 2018. The calculations of the Bank's tangible common stockholders' equity and tangible book value per common share and the reconciliations to GAAP are included in the schedules accompanying this release.

The Bank's ratio of total common stockholders' equity to total assets increased to 17.39% at June 30, 2019 compared to 16.26% at June 30, 2018. Its ratio of total tangible common stockholders' equity to total tangible assets increased to 14.83% at June 30, 2019 compared to 13.53% at June 30, 2018. The calculation of the Bank's ratio of total tangible common stockholders' equity to total tangible assets and the reconciliation to GAAP are included in the schedules accompanying this release.

MANAGEMENT'S COMMENTS, CONFERENCE CALL, TRANSCRIPT AND FILINGS

In connection with this release, the Bank released management's comments on the results for the quarter just ended, which are available at <http://ir.ozk.com>. This release should be read in conjunction with management's comments on the results for the second quarter of 2019.

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 July 19, 2019. Interested parties may listen to this call by dialing 1-844-818-5110 (U.S. and Canada) or 210-229-8841 (internationally) and asking for the Bank OZK conference call. A recorded playback of the call will be available for one week following the call at 1-855-859-2056 (U.S. and Canada) or 404-537-3406 (internationally). The passcode for this playback is 4369463. The call will be available live or in a recorded version on the Bank's Investor Relations website at ir.ozk.com under "Company News/Webcasts." The Bank will also provide a transcript of the conference call on its Investor Relations website.

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

NON-GAAP FINANCIAL MEASURES

This release contains certain non-GAAP financial measures. The Bank uses these non-GAAP financial measures, specifically return on average tangible common stockholders' equity, tangible book value per common share, total tangible common stockholders' equity and the ratio of total tangible common stockholders' equity to total tangible assets, as important measures of the strength of its capital and its ability to generate earnings on its tangible capital invested by its shareholders. These measures typically adjust GAAP financial measures to exclude intangible assets. Management believes presentation of these non-GAAP financial measures provides useful supplemental information which contributes to a proper understanding of the financial results and capital levels of the Bank. These non-GAAP disclosures should not be viewed as a substitute for financial results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other banks. Reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures are included in the tables at the end of this release under the caption "Reconciliation of Non-GAAP Financial Measures."

FORWARD-LOOKING STATEMENTS

This release and other communications by the Bank include certain "forward-looking statements" regarding the Bank's plans, expectations, thoughts, beliefs, estimates, goals and outlook for the future that are intended to be covered by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on management's expectations as well as certain assumptions and estimates made by, and information available to, management at the time. Those statements are not guarantees of future results or performance and are subject to certain known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those expressed in, or implied by, such forward-looking statements. These risks, uncertainties and other factors include, but are not limited to: potential delays or other problems implementing the Bank's growth, expansion and acquisition strategies, including delays in identifying sites, hiring or retaining qualified personnel, obtaining regulatory or other approvals, obtaining permits and designing, constructing and opening new offices; the ability to enter into and/or close additional acquisitions; problems with, or additional expenses relating to, integrating acquisitions; the inability to realize expected cost savings and/or synergies from acquisitions; problems with managing acquisitions; the effect of the announcements of any future acquisition on customer relationships and operating results; 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; competitive factors and pricing pressures, including their effect on the Bank's net interest margin or core spread; general economic, unemployment, credit market and real estate market conditions, and the effect of such conditions on the creditworthiness of borrowers, collateral values, the value of investment securities and asset recovery values; changes in legal, financial and/or regulatory requirements; recently enacted and potential legislation and regulatory actions and the costs and expenses to comply with new and/or existing legislation and regulatory actions; changes in U.S. government monetary and fiscal policy; FDIC special assessments or changes to regular assessments; the ability to keep pace with technological changes, including changes regarding maintaining cybersecurity; the impact of failure in, or breach of, the Bank's operational or security systems or infrastructure, or those of third parties with whom it does business, including as a result of cyber attacks or an increase in the incidence or severity of fraud, illegal payments, security breaches or other illegal acts impacting the Bank or its customers; 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 press release or as detailed from time to time in the other public reports the Bank files with the FDIC, including those factors included in the disclosures under the headings "Forward-Looking Information" and "Item 1A. Risk Factors" in the Bank's most recent Annual Report on Form 10-K for the year ended December 31, 2018 and its quarterly reports on Form 10-Q. Should one or more of the foregoing risks materialize, or should underlying assumptions prove incorrect, actual results or outcomes may vary materially from those projected in, or implied by, such forward-looking statements. The Bank disclaims any obligation to update or revise any forward-looking statements based on the occurrence of future events, the receipt of new information or otherwise.

GENERAL INFORMATION

Bank OZK (Nasdaq: OZK) is a regional bank providing innovative financial solutions delivered by expert bankers with a relentless pursuit of excellence. Bank OZK has been recognized as the top performing bank in the nation in its asset size 13 times in the past eight years. Headquartered in Little Rock, Arkansas, Bank OZK conducts operations through 254 offices in Arkansas, Georgia, Florida, North Carolina, Texas, Alabama, South Carolina, California, New York and Mississippi. Bank OZK can be found at www.ozk.com and on Facebook, Twitter and LinkedIn or contacted at (501) 978-2265 or P. O. Box 8811, Little Rock, Arkansas 72231-8811.

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Bank OZK Consolidated Balance Sheets Unaudited

	June 30, 2019	December 31, 2018
	(Dollars in thousands, except per share amounts)	
ASSETS		
Cash and cash equivalents	\$ 738,566	\$ 290,672
Investment securities - available for sale ("AFS")	2,548,489	2,862,340
Federal Home Loan Bank of Dallas and other banker's bank stocks	11,607	25,941
Non-purchased loans	15,786,809	15,073,791
Purchased loans	1,698,396	2,044,032
Allowance for loan losses	(106,642)	(102,264)

Net loans	17,378,563	17,015,559
Premises and equipment, net	662,082	567,189
Foreclosed assets	33,467	16,171
Accrued interest receivable	81,003	81,968
Bank owned life insurance ("BOLI")	730,871	721,238
Goodwill and other intangible assets, net	690,304	696,461
Other, net	85,779	110,491
Total assets	<u>\$ 22,960,731</u>	<u>\$ 22,388,030</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Deposits:		
Demand non-interest bearing	\$ 2,777,066	\$ 2,748,273
Savings and interest bearing transaction	9,226,197	9,682,713
Time	6,182,952	5,507,429
Total deposits	<u>18,186,215</u>	<u>17,938,415</u>
Repurchase agreements with customers	10,909	20,564
Other borrowings	201,455	96,692
Subordinated notes	223,471	223,281
Subordinated debentures	119,635	119,358
Accrued interest payable and other liabilities	222,668	216,355
Total liabilities	<u>18,964,353</u>	<u>18,614,665</u>

Commitments and contingencies

Stockholders' equity:

Preferred stock; \$0.01 par value; 100,000,000 shares authorized; no shares issued or outstanding at June 30, 2019 or December 31, 2018	—	—
Common stock; \$0.01 par value; 300,000,000 shares authorized; 128,946,716 and 128,611,049 shares issued and outstanding at June 30, 2019 and December 31, 2018, respectively	1,289	1,286
Additional paid-in capital	2,243,779	2,237,948
Retained earnings	1,728,486	1,565,201
Accumulated other comprehensive income (loss)	19,693	(34,105)
Total stockholders' equity before noncontrolling interest	<u>3,993,247</u>	<u>3,770,330</u>
Noncontrolling interest	3,131	3,035
Total stockholders' equity	<u>3,996,378</u>	<u>3,773,365</u>
Total liabilities and stockholders' equity	<u>\$ 22,960,731</u>	<u>\$ 22,388,030</u>

Bank OZK
Consolidated Statements of Income
Unaudited

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2019	2018	2019	2018
	(Dollars in thousands, except per share amounts)			
Interest income:				
Non-purchased loans	\$ 250,081	\$ 210,385	\$ 495,946	\$ 400,812
Purchased loans	28,519	46,862	58,714	97,839
Investment securities:				
Taxable	13,585	11,476	28,481	22,907
Tax-exempt	3,693	4,102	7,567	8,262
Deposits with banks and federal funds sold	941	839	1,354	1,336
Total interest income	<u>296,819</u>	<u>273,664</u>	<u>592,062</u>	<u>531,156</u>
Interest expense:				
Deposits	67,392	43,832	130,479	78,224
Repurchase agreements with customers	11	385	33	544
Other borrowings	19	46	1,408	679
Subordinated notes	3,181	3,180	6,326	6,326
Subordinated debentures	1,680	1,560	3,392	2,946
Total interest expense	<u>72,283</u>	<u>49,003</u>	<u>141,638</u>	<u>88,719</u>
Net interest income	224,536	224,661	450,424	442,437
Provision for loan losses	6,769	9,610	13,450	15,177
Net interest income after provision for loan losses	<u>217,767</u>	<u>215,051</u>	<u>436,974</u>	<u>427,260</u>
Non-interest income:				
Service charges on deposit accounts	10,291	9,704	20,014	19,229
Trust income	1,839	1,591	3,569	3,384
BOLI income	5,178	5,259	10,340	12,839

Other income from purchased loans	1,455	2,744	2,251	3,995
Loan service, maintenance and other fees	4,565	5,641	9,438	10,384
Net gains on investment securities	713	—	713	17
Gains on sales of other assets	402	844	686	2,270
Other	2,160	1,603	3,664	3,976
Total non-interest income	26,603	27,386	50,675	56,094
Non-interest expense:				
Salaries and employee benefits	47,558	41,665	92,425	87,164
Net occupancy and equipment	14,587	13,827	29,338	27,977
Other operating expenses	36,986	33,615	74,046	67,776
Total non-interest expense	99,131	89,107	195,809	182,917
Income before taxes	145,239	153,330	291,840	300,437
Provision for income taxes	34,726	38,589	70,615	72,563
Net income	110,513	114,741	221,225	227,874
Earnings attributable to noncontrolling interest	(10)	10	(16)	21
Net income available to common stockholders	\$ 110,503	\$ 114,751	\$ 221,209	\$ 227,895
Basic earnings per common share	\$ 0.86	\$ 0.89	\$ 1.72	\$ 1.77
Diluted earnings per common share	\$ 0.86	\$ 0.89	\$ 1.71	\$ 1.77

Bank OZK
Consolidated Statements of Stockholders' Equity
Unaudited

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non- Controlling Interest	Total
(Dollars in thousands, except per share amounts)						
Balances – December 31, 2017	\$ 1,283	\$ 2,221,844	\$ 1,250,313	\$ (12,712)	\$ 3,060	\$ 3,463,788
Net income	—	—	227,874	—	—	227,874
Earnings attributable to noncontrolling interest	—	—	21	—	(21)	—
Total other comprehensive loss	—	—	—	(34,201)	—	(34,201)
Common stock dividends paid, \$0.385 per share	—	—	(49,487)	—	—	(49,487)
Issuance of 210,890 shares of common stock for exercise of stock options	2	5,585	—	—	—	5,587
Issuance of 214,591 shares of unvested restricted common stock	2	(2)	—	—	—	—
Repurchase and cancellation of 71,750 shares of common stock	(1)	(3,769)	—	—	—	(3,770)
Stock-based compensation expense	—	7,151	—	—	—	7,151
Forfeitures of 24,864 shares of unvested restricted common stock	—	—	—	—	—	—
Balances – June 30, 2018	\$ 1,286	\$ 2,230,809	\$ 1,428,721	\$ (46,913)	\$ 3,039	\$ 3,616,942
Balances – December 31, 2018	\$ 1,286	\$ 2,237,948	\$ 1,565,201	\$ (34,105)	\$ 3,035	\$ 3,773,365
Net income	—	—	221,225	—	—	221,225
Earnings attributable to noncontrolling interest	—	—	(16)	—	16	—
Total other comprehensive income	—	—	—	53,798	—	53,798
Common stock dividends paid, \$0.45 per share	—	—	(57,924)	—	—	(57,924)
Noncontrolling interest cash contribution	—	—	—	—	80	80
Issuance of 56,550 shares of common stock for exercise of stock options	1	876	—	—	—	877
Issuance of 406,074 shares of unvested restricted common stock	4	(4)	—	—	—	—
Repurchase and cancellation of 62,742 shares of common stock	(1)	(1,646)	—	—	—	(1,647)
Stock-based compensation expense	—	6,604	—	—	—	6,604
Forfeiture of 64,215 shares of unvested restricted common stock	(1)	1	—	—	—	—
Balances – June 30, 2019	\$ 1,289	\$ 2,243,779	\$ 1,728,486	\$ 19,693	\$ 3,131	\$ 3,996,378

Bank OZK
Summary of Non-Interest Expense
Unaudited

Three Months Ended

Six Months Ended

	June 30,		June 30,	
	2019	2018	2019	2018
	(Dollars in thousands)			
Salaries and employee benefits	\$ 47,558	\$ 41,665	\$ 92,425	\$ 87,164
Net occupancy and equipment	14,587	13,827	29,338	27,977
Other operating expenses:				
Professional and outside services	8,105	9,112	16,669	17,817
Software and data processing	4,757	3,110	9,466	6,450
Deposit insurance and assessments	3,488	3,558	7,140	7,120
Telecommunication services	2,810	3,487	6,154	6,683
Travel and meals	2,939	2,498	5,608	4,651
Postage and supplies	2,058	2,218	4,161	4,412
Advertising and public relations	1,671	1,777	3,353	3,107
ATM expense	1,099	1,118	2,086	2,481
Loan collection and repossession expense	918	503	1,901	1,293
Writedowns of foreclosed and other assets	594	460	1,155	611
Amortization of intangibles	3,012	3,145	6,157	6,290
Other	5,535	2,629	10,196	6,861
Total non-interest expense	\$ 99,131	\$ 89,107	\$ 195,809	\$ 182,917

Bank OZK
Summary of Total Loans Outstanding
Unaudited

	June 30, 2019		December 31, 2018	
	(Dollars in thousands)			
Real estate:				
Residential 1-4 family	\$ 1,017,698	5.8%	\$ 1,049,460	6.1%
Non-farm/non-residential	3,953,882	22.6	4,319,388	25.2
Construction/land development	6,662,921	38.1	6,562,185	38.4
Agricultural	190,348	1.1	165,088	1.0
Multifamily residential	1,411,584	8.1	1,116,026	6.5
Total real estate	13,236,433	75.7	13,212,147	77.2
Commercial and industrial	746,990	4.3	823,417	4.8
Consumer	2,740,344	15.7	2,345,863	13.7
Other	761,438	4.3	736,396	4.3
Total loans	\$ 17,485,205	100.0%	\$ 17,117,823	100.0%

Summary of Deposits
Unaudited

	June 30, 2019		December 31, 2018	
	(Dollars in thousands)			
Non-interest bearing	\$ 2,777,066	15.3%	\$ 2,748,273	15.3%
Interest bearing:				
Transaction (NOW)	2,605,606	14.3	2,359,299	13.2
Savings and money market	6,620,591	36.4	7,323,414	40.8
Time deposits less than \$100	2,807,587	15.4	2,297,101	12.8
Time deposits of \$100 or more	3,375,365	18.6	3,210,328	17.9
Total deposits	\$ 18,186,215	100.0%	\$ 17,938,415	100.0%

Bank OZK
Selected Consolidated Financial Data
Unaudited

	Three Months Ended			Six Months Ended		
	June 30,			June 30,		
	2019	2018	% Change	2019	2018	% Change
	(Dollars in thousands, except per share amounts)					
Income statement data:						
Net interest income	\$ 224,536	\$ 224,661	(0.1)%	\$ 450,424	\$ 442,437	1.8%
Provision for loan losses	6,769	9,610	(29.6)	13,450	15,177	(11.4)
Non-interest income	26,603	27,386	(2.9)	50,675	56,094	(9.7)
Non-interest expense	99,131	89,107	11.2	195,809	182,917	7.0
Net income available to common stockholders	110,503	114,751	(3.7)	221,209	227,895	(2.9)
Common stock data:						
Net income per share - diluted	\$ 0.86	\$ 0.89	(3.4)%	\$ 1.71	\$ 1.77	(3.4)%
Net income per share - basic	0.86	0.89	(3.4)	1.72	1.77	(2.8)
Cash dividends per share	0.23	0.195	17.9	0.45	0.385	16.9
Book value per share	30.97	28.10	10.2	30.97	28.10	10.2
Tangible book value per share ⁽¹⁾	25.61	22.63	13.2	25.61	22.63	13.2
Diluted shares outstanding (thousands)	129,079	128,804		129,022	128,783	
End of period shares outstanding (thousands)	128,947	128,616		128,947	128,616	

Balance sheet data at period end:

Total assets	\$ 22,960,731	\$ 22,220,380	3.3%	\$ 22,960,731	\$ 22,220,380	3.3%
Total loans	17,485,205	16,763,874	4.3	17,485,205	16,763,874	4.3
Non-purchased loans	15,786,809	14,183,533	11.3	15,786,809	14,183,533	11.3
Purchased loans	1,698,396	2,580,341	(34.2)	1,698,396	2,580,341	(34.2)
Allowance for loan losses	106,642	104,638	1.9	106,642	104,638	1.9
Foreclosed assets	33,467	20,662	62.0	33,467	20,662	62.0
Investment securities	2,560,096	2,617,859	(2.2)	2,560,096	2,617,859	(2.2)
Goodwill and other intangible assets, net	690,304	702,751	(1.8)	690,304	702,751	(1.8)
Deposits	18,186,215	17,897,085	1.6	18,186,215	17,897,085	1.6
Repurchase agreements with customers	10,909	179,851	(93.9)	10,909	179,851	(93.9)
Other borrowings	201,455	1,766	11,307.4	201,455	1,766	11,307.4
Subordinated notes	223,471	223,088	0.2	223,471	223,088	0.2
Subordinated debentures	119,635	119,077	0.5	119,635	119,077	0.5
Unfunded balance of closed loans	11,167,055	11,999,661	(6.9)	11,167,055	11,999,661	(6.9)
Total common stockholders' equity	3,993,247	3,613,903	10.5	3,993,247	3,613,903	10.5
Net unrealized gains (losses) on investment securities AFS included in common stockholders' equity	19,693	(46,913)		19,693	(46,913)	
Loan, including purchased loans, to deposit ratio	96.15%	93.67%		96.15%	93.67%	

Selected ratios:

Return on average assets ⁽²⁾	1.95%	2.10%	1.97%	2.13%
Return on average common stockholders' equity ⁽²⁾	11.29	12.90	11.52	13.03
Return on average tangible common stockholders' equity ^{(1) (2)}	13.70	16.08	14.04	16.30
Average common equity to total average assets	17.31	16.30	17.12	16.34
Net interest margin – FTE ⁽²⁾	4.45	4.66	4.49	4.68
Efficiency ratio	39.30	35.19	38.89	36.52
Net charge-offs to average non-purchased loans ^{(2) (3)}	0.12	0.05	0.09	0.04
Net charge-offs to average total loans ⁽²⁾	0.14	0.07	0.10	0.06
Nonperforming loans to total loans ⁽⁴⁾	0.15	0.10	0.15	0.10
Nonperforming assets to total assets ⁽⁴⁾	0.25	0.15	0.25	0.15
Allowance for loan losses to non-purchased loans ⁽⁵⁾	0.67	0.73	0.67	0.73

Other information:

Non-accrual loans ⁽⁴⁾	\$ 22,860	\$ 13,543	\$ 22,860	\$ 13,543
Accruing loans - 90 days past due ⁽⁴⁾	—	—	—	—
Troubled and restructured non-purchased loans - accruing ⁽⁴⁾	1,399	—	1,399	—
Impaired purchased loans	15,440	6,577	15,440	6,577

⁽¹⁾Calculations of tangible book value per common share and return on average tangible common stockholders' equity and the reconciliations to GAAP are included in the schedules accompanying this release.

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

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

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

⁽⁵⁾Excludes purchased loans and any allowance for such loans.

Bank OZK
Supplemental Quarterly Financial Data
Unaudited

	<u>9/30/17</u>	<u>12/31/17</u>	<u>3/31/18</u>	<u>6/30/18</u>	<u>9/30/18</u>	<u>12/31/18</u>	<u>3/31/19</u>	<u>6/30/19</u>
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(Dollars in thousands, except per share amount)

Earnings Summary:

Net interest income	\$ 209,722	\$ 214,831	\$ 217,776	\$ 224,661	\$ 220,614	\$ 228,382	\$ 225,888	\$ 224,536
Federal tax (FTE) adjustment	3,014	2,450	1,166	1,151	1,132	1,219	1,207	1,136
Net interest income (FTE)	212,736	217,281	218,942	225,812	221,746	229,601	227,095	225,672
Provision for loan losses	(7,777)	(9,279)	(5,567)	(9,610)	(41,949)	(7,271)	(6,681)	(6,769)
Non-interest income	32,747	30,213	28,707	27,386	24,121	27,560	24,072	26,603
Non-interest expense	(84,399)	(86,177)	(93,810)	(89,107)	(102,942)	(94,893)	(96,678)	(99,131)
Pretax income (FTE)	153,307	152,038	148,272	154,481	100,976	154,997	147,808	146,375
FTE adjustment	(3,014)	(2,450)	(1,166)	(1,151)	(1,132)	(1,219)	(1,207)	(1,136)
Provision for income taxes	(54,246)	(3,434)	(33,973)	(38,589)	(25,665)	(38,750)	(35,889)	(34,726)
Noncontrolling interest	(40)	10	11	10	1	3	(6)	(10)
Net income available to common stockholders	<u>\$ 96,007</u>	<u>\$ 146,164</u>	<u>\$ 113,144</u>	<u>\$ 114,751</u>	<u>\$ 74,180</u>	<u>\$ 115,031</u>	<u>\$ 110,706</u>	<u>\$ 110,503</u>
Earnings per common share – diluted	\$ 0.75	\$ 1.14	\$ 0.88	\$ 0.89	\$ 0.58	\$ 0.89	\$ 0.86	\$ 0.86

Non-interest Income:

Service charges on deposit accounts	\$ 9,729	\$ 10,058	\$ 9,525	\$ 9,704	\$ 9,730	\$ 10,585	\$ 9,722	\$ 10,291
Trust income	1,755	1,729	1,793	1,591	1,730	1,821	1,730	1,839
BOLI income	4,453	5,166	7,580	5,259	5,321	5,751	5,162	5,178

Other income from purchased loans	2,933	2,009	1,251	2,744	1,418	2,370	795	1,455
Loan service, maintenance and other fees	5,274	4,289	4,743	5,641	4,724	5,245	4,874	4,565
Net gains on investment securities	2,429	1,201	17	—	—	—	—	713
Gains (losses) on sales of other assets	1,363	1,899	1,426	844	(518)	465	284	402
Other	4,811	3,862	2,372	1,603	1,716	1,323	1,505	2,160
Total non-interest income	\$ 32,747	\$ 30,213	\$ 28,707	\$ 27,386	\$ 24,121	\$ 27,560	\$ 24,072	\$ 26,603
Non-interest Expense:								
Salaries and employee benefits	\$ 35,331	\$ 38,417	\$ 45,499	\$ 41,665	\$ 41,477	\$ 41,837	\$ 44,868	\$ 47,558
Net occupancy expense	13,595	13,474	14,150	13,827	14,358	14,027	14,750	14,587
Other operating expenses	35,473	34,286	34,161	33,615	47,107	39,029	37,060	36,986
Total non-interest expense	\$ 84,399	\$ 86,177	\$ 93,810	\$ 89,107	\$ 102,942	\$ 94,893	\$ 96,678	\$ 99,131
Balance Sheet Data:								
Total assets	\$20,768,493	\$21,275,647	\$22,039,439	\$22,220,380	\$22,086,539	\$22,388,030	\$23,005,652	\$22,960,731
Non-purchased loans	12,047,094	12,733,937	13,674,561	14,183,533	14,440,623	15,073,791	15,610,681	15,786,809
Purchased loans	3,731,536	3,309,092	2,934,535	2,580,341	2,285,168	2,044,032	1,864,715	1,698,396
Investment securities	1,975,102	2,622,796	2,612,961	2,617,859	2,706,156	2,888,281	2,781,691	2,560,096
Deposits	16,823,359	17,192,345	17,833,672	17,897,085	17,822,915	17,938,415	18,476,868	18,186,215
Unfunded balance of closed loans	12,519,839	13,192,439	12,551,032	11,999,661	11,891,247	11,364,975	11,544,218	11,167,055
Common stockholders' equity	3,334,740	3,460,728	3,526,605	3,613,903	3,653,596	3,770,330	3,882,643	3,993,247
Allowance for Loan Losses:								
Balance at beginning of period	\$ 82,320	\$ 86,784	\$ 94,120	\$ 98,097	\$ 104,638	\$ 98,200	\$ 102,264	\$ 105,954
Net charge-offs	(3,313)	(1,943)	(1,590)	(3,069)	(48,387)	(3,207)	(2,991)	(6,081)
Provision for loan losses	7,777	9,279	5,567	9,610	41,949	7,271	6,681	6,769
Balance at end of period	\$ 86,784	\$ 94,120	\$ 98,097	\$ 104,638	\$ 98,200	\$ 102,264	\$ 105,954	\$ 106,642
Selected Ratios:								
Net interest margin – FTE ⁽¹⁾	4.84%	4.72%	4.69%	4.66%	4.47%	4.55%	4.53%	4.45%
Efficiency ratio	34.38	34.82	37.88	35.19	41.87	36.90	38.49	39.30
Net charge-offs to average non-purchased loans ^{(1) (2)}	0.08	0.08	0.04	0.05	1.32	0.06	0.05	0.12
Net charge-offs to average total loans ⁽¹⁾	0.09	0.05	0.04	0.07	1.14	0.07	0.07	0.14
Nonperforming loans to total loans ⁽³⁾	0.11	0.10	0.09	0.10	0.23	0.23	0.22	0.15
Nonperforming assets to total assets ⁽³⁾	0.20	0.18	0.16	0.15	0.23	0.23	0.21	0.25
Allowance for loan losses to total non-purchased loans ⁽⁴⁾	0.71	0.73	0.71	0.73	0.67	0.67	0.67	0.67
Loans past due 30 days or more, including past due non-accrual loans, to total loans ⁽³⁾	0.12	0.15	0.14	0.12	0.17	0.28	0.28	0.13

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

⁽²⁾Excludes purchased loans and net charge-offs related to such loans.

⁽³⁾Excludes purchased loans, except for their inclusion in total assets.

⁽⁴⁾Excludes purchased loans and any allowance for such loans.

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

	Three Months Ended June 30,						Six Months Ended June 30,					
	2019			2018			2019			2018		
	Average Balance	Income/Expense	Yield/Rate	Average Balance	Income/Expense	Yield/Rate	Average Balance	Income/Expense	Yield/Rate	Average Balance	Income/Expense	Yield/Rate

(Dollars in thousands)

ASSETS

Earning assets:

Interest earning deposits and federal funds sold	\$ 118,761	\$ 941	3.18%	\$ 186,103	\$ 839	1.81%	\$ 93,031	\$ 1,354	2.94%	\$ 148,304	\$ 1,336	1.82%
Investment securities:												
Taxable	2,172,732	13,585	2.51	2,055,737	11,476	2.24	2,241,370	28,481	2.56	2,058,995	22,907	2.24
Tax-exempt – FTE	509,119	4,675	3.68	545,173	5,192	3.82	512,348	9,579	3.77	550,942	10,458	3.83

Non-purchased loans – FTE	15,760,582	250,235	6.37	13,892,522	210,446	6.08	15,622,442	496,276	6.41	13,453,745	400,933	6.01
Purchased loans	<u>1,785,374</u>	<u>28,519</u>	6.41	<u>2,757,235</u>	<u>46,862</u>	6.82	<u>1,866,130</u>	<u>58,714</u>	6.34	<u>2,968,315</u>	<u>97,839</u>	6.65
Total earning assets – FTE	20,346,568	297,955	5.87	19,436,770	274,815	5.67	20,335,321	594,404	5.89	19,180,301	533,473	5.61
Non-interest earning assets	<u>2,342,995</u>			<u>2,446,188</u>			<u>2,280,063</u>			<u>2,403,283</u>		
Total assets	<u>\$22,689,563</u>			<u>\$21,882,958</u>			<u>\$22,615,384</u>			<u>\$21,583,584</u>		
LIABILITIES AND STOCKHOLDERS' EQUITY												
Interest bearing liabilities:												
Deposits:												
Savings and interest bearing transaction	\$ 9,640,727	\$ 37,510	1.56%	\$10,248,619	\$ 29,249	1.14%	\$ 9,586,233	\$ 73,613	1.55%	\$10,054,064	\$ 51,818	1.04%
Time deposits of \$100 or more	3,137,419	16,698	2.13	3,182,463	11,027	1.39	3,153,873	32,252	2.06	3,109,697	19,808	1.28
Other time deposits	<u>2,580,584</u>	<u>13,184</u>	2.05	<u>1,449,406</u>	<u>3,556</u>	0.98	<u>2,508,405</u>	<u>24,614</u>	1.98	<u>1,447,687</u>	<u>6,598</u>	0.92
Total interest bearing deposits	15,358,730	67,392	1.76	14,880,488	43,832	1.18	15,248,511	130,479	1.73	14,611,448	78,224	1.08
Repurchase agreements with customers	11,101	11	0.41	161,246	385	0.96	16,616	33	0.40	136,975	544	0.80
Other borrowings	70,390	19	0.11	35,573	46	0.52	169,439	1,408	1.68	100,398	679	1.36
Subordinated notes	223,419	3,181	5.71	223,041	3,180	5.72	223,370	6,326	5.71	222,994	6,326	5.72
Subordinated debentures	<u>119,559</u>	<u>1,680</u>	5.64	<u>119,006</u>	<u>1,560</u>	5.26	<u>119,486</u>	<u>3,392</u>	5.72	<u>118,935</u>	<u>2,946</u>	5.00
Total interest bearing liabilities	15,783,199	72,283	1.84	15,419,354	49,003	1.27	15,777,422	141,638	1.81	15,190,750	88,719	1.18
Non-interest bearing liabilities:												
Non-interest bearing deposits	2,723,657			2,717,316			2,740,291			2,691,855		
Other non-interest bearing liabilities	<u>252,062</u>			<u>176,302</u>			<u>223,491</u>			<u>172,081</u>		
Total liabilities	18,758,918			18,312,972			18,741,204			18,054,686		
Common stockholders' equity	3,927,522			3,566,944			3,871,065			3,525,849		
Noncontrolling interest	<u>3,123</u>			<u>3,042</u>			<u>3,115</u>			<u>3,049</u>		
Total liabilities and stockholders' equity	<u>\$22,689,563</u>			<u>\$21,882,958</u>			<u>\$22,615,384</u>			<u>\$21,583,584</u>		
Net interest income – FTE		<u>\$225,672</u>			<u>\$225,812</u>			<u>\$452,766</u>			<u>\$444,754</u>	
Net interest margin – FTE			<u>4.45%</u>			<u>4.66%</u>			<u>4.49%</u>			<u>4.68%</u>

Bank OZK
Reconciliation of Non-GAAP Financial Measures

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2019	2018	2019	2018
	(Dollars in thousands)			
Net income available to common stockholders	\$ 110,503	\$ 114,751	\$ 221,209	\$ 227,895
Average common stockholders' equity before noncontrolling interest	\$ 3,927,522	\$ 3,566,944	\$ 3,871,065	\$ 3,525,849
Less average intangible assets:				
Goodwill	(660,789)	(660,789)	(660,789)	(660,789)
Core deposit and other intangibles, net of accumulated amortization	(31,225)	(43,862)	(32,822)	(45,483)
Total average intangibles	<u>(692,014)</u>	<u>(704,651)</u>	<u>(693,611)</u>	<u>(706,272)</u>
Average tangible common stockholders' equity	<u>\$ 3,235,508</u>	<u>\$ 2,862,293</u>	<u>\$ 3,177,454</u>	<u>\$ 2,819,577</u>
Return on average common stockholders' equity ⁽¹⁾	<u>11.29%</u>	<u>12.90%</u>	<u>11.52%</u>	<u>13.03%</u>
Return on average tangible common stockholders' equity ⁽¹⁾	<u>13.70%</u>	<u>16.08%</u>	<u>14.04%</u>	<u>16.30%</u>

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

Calculation of Total Tangible Common

**Stockholders' Equity and Tangible
Book Value per Common Share**
Unaudited

	June 30,	
	2019	2018
	(In thousands, except per share amounts)	
Total common stockholders' equity before noncontrolling interest	\$ 3,993,247	\$ 3,613,903
Less intangible assets:		
Goodwill	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	(29,515)	(41,962)
Total intangibles	(690,304)	(702,751)
Total tangible common stockholders' equity	\$ 3,302,943	\$ 2,911,152
Shares of common stock outstanding	128,947	128,616
Book value per common share	\$ 30.97	\$ 28.10
Tangible book value per common share	\$ 25.61	\$ 22.63

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

	June 30,	
	2019	2018
	(Dollars in thousands)	
Total common stockholders' equity before noncontrolling interest	\$ 3,993,247	\$ 3,613,903
Less intangible assets:		
Goodwill	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	(29,515)	(41,962)
Total intangibles	(690,304)	(702,751)
Total tangible common stockholders' equity	\$ 3,302,943	\$ 2,911,152
Total assets	\$ 22,960,731	\$ 22,220,380
Less intangible assets:		
Goodwill	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	(29,515)	(41,962)
Total intangibles	(690,304)	(702,751)
Total tangible assets	\$ 22,270,427	\$ 21,517,629
Ratio of total common stockholders' equity to total assets	17.39%	16.26%
Ratio of total tangible common stockholders' equity to total tangible assets	14.83%	13.53%



Source: Bank OZK