Bank OZK Announces Fourth Quarter and Record Full Year 2019 Earnings

January 16, 2020

LITTLE ROCK, Ark., Jan. 16, 2020 (GLOBE NEWSWIRE) -- Bank OZK (the "Bank") (Nasdaq: OZK) today announced that net income for the fourth quarter of 2019 was $100.8 million, a 12.4% decrease from $115.0 million for the fourth quarter of 2018. Diluted earnings per common share for the fourth quarter of 2019 were $0.78, a 12.4% decrease from $0.89 for the fourth quarter of 2018.

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

The Bank's annualized returns on average assets, average common stockholders' equity and average tangible common stockholders' equity for the fourth quarter of 2019 were 1.74%, 9.73% and 11.68%, respectively, compared to 2.04%, 12.36% and 15.24%, respectively, for the fourth quarter of 2018. The Bank's returns on average assets, average common stockholders' equity and average tangible common stockholders' equity for the full year of 2019 were 1.87%, 10.72% and 12.98%, respectively, compared to 1.90%, 11.59% and 14.41%, respectively, for the full year of 2018. The calculation of the Bank's return on average tangible common stockholders' equity and the reconciliation to generally accepted accounting principles ("GAAP") are included in the schedules accompanying this release.

"We are very pleased to have achieved record net income of $425.9 million in 2019 and a 1.87% return on average assets," stated George Gleason, Chairman and Chief Executive Officer. "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 believe our competitive advantages will allow us to capitalize on opportunities throughout 2020 and beyond."

KEY BALANCE SHEET METRICS

Total loans, including purchased loans, were $17.53 billion at December 31, 2019, a 2.4% increase from $17.12 billion at December 31, 2018. Non-purchased loans, which exclude loans acquired in previous acquisitions, were $16.22 billion at December 31, 2019, a 7.6% increase from $15.07 billion at December 31, 2018, but a 0.5% decrease from $16.31 billion at September 30, 2019. Purchased loans, which consist of loans acquired in previous acquisitions, were $1.31 billion at December 31, 2019, a 36.0% decrease from $2.04 billion at December 31, 2018. The unfunded balance of closed loans totaled $11.33 billion at December 31, 2019, a 0.3% decrease from $11.36 billion at December 31, 2018.

Deposits were $18.47 billion at December 31, 2019, a 3.0% increase from $17.94 billion at December 31, 2018. Total assets were $23.56 billion at December 31, 2019, a 5.2% increase from $22.39 billion at December 31, 2018.

Common stockholders' equity was $4.15 billion at December 31, 2019, a 10.1% increase from $3.77 billion at December 31, 2018. Tangible common stockholders' equity was $3.47 billion at December 31, 2019, a 12.8% increase from $3.07 billion at December 31, 2018. Book value per common share was $32.19 at December 31, 2019, a 9.8% increase from $29.32 at December 31, 2018. Tangible book value per common share was $26.88 at December 31, 2019, a 12.5% increase from $23.90 at December 31, 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 was 17.62% at December 31, 2019 compared to 16.84% at December 31, 2018. Its ratio of total tangible common stockholders' equity to total tangible assets was 15.15% at December 31, 2019 compared to 14.17% at December 31, 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 its quarterly and year-end results, which are available at http://ir.ozk.com. This release should be read in conjunction with management's comments on the quarterly and year-end results.

Management will conduct a conference call to take questions on these quarterly and year-end results and management's comments at 10:00 a.m. CT (11:00 a.m. ET) on January 17, 2020. Interested parties may listen to this call by dialing 1-844-818-5110 (U.S. and Canada) or 210-229-8841 (internationally) and asking for the Bank OZK conference call. A recorded playback of the call will be available for one week following the call at 1-855-859-2056 (U.S. and Canada) or 404-537-3406 (internationally). The passcode for this playback is 2495839. The call will be available live or in a recorded version on the Bank's Investor Relations website at ir.ozk.com under "Company News/Webcasts." The Bank will also provide a transcript of the conference call on its Investor Relations website.

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

NON-GAAP FINANCIAL MEASURES

This release contains certain non-GAAP financial measures. The Bank uses these non-GAAP financial measures, specifically return on average tangible common stockholders' equity, tangible book value per common share, total tangible common stockholders' equity 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 satisfactory sites, hiring or retaining qualified personnel, obtaining regulatory or other approvals, obtaining permits and designing, constructing and opening new offices or relocating or closing existing offices; the ability to enter into and/or close additional acquisitions; the availability of and access to capital; possible downgrades in the Bank's credit ratings or outlook which could increase the costs or availability of funding from capital markets; the ability to attract new or retain existing or acquired deposits or to retain or grow loans, including growth from unfunded closed loans; the ability to generate future revenue growth or to control future growth in non-interest expense; interest rate fluctuations, including changes in the yield curve between short-term and long-term interest rates or changes in the relative relationships of various interest rate indices; the potential impact of the change in the method for determining LIBOR; competitive factors and pricing pressures, including their effect on the Bank's net interest margin or core spread; general economic, unemployment, credit market and real estate market conditions, and the effect of such conditions on the creditworthiness of borrowers, collateral values, the value of investment securities and asset recovery values; changes in legal, financial and/or regulatory requirements; recently enacted and potential legislation and regulatory actions and the costs and expenses to comply with new and/or existing legislation and regulatory actions; changes in U.S. government monetary and fiscal policy; FDIC special assessments or changes to regular assessments; the ability to keep pace with technological changes, including changes regarding maintaining cybersecurity; the impact of failure in, or breach of, the Bank's operational or security systems or infrastructure, or those of third parties with whom it does business, including as a result of cyber-attacks or an increase in the incidence or severity of fraud, illegal payments, security breaches or other illegal acts impacting the Bank or its customers; natural disasters or acts of war or terrorism; international or political instability; impairment of our goodwill or other intangible assets; adoption of new accounting standards, including the estimated effects from the adoption of the current expected credit loss ("CECL") model on January 1, 2020, or changes in existing standards; and adverse results (including costs, fines, reputational harm and/or other negative effects) from current or future litigation, regulatory examinations or other legal and/or regulatory actions or rulings as well as other factors identified in this press release or as detailed from time to time in the other public reports the Bank files with the FDIC, including those factors described in the disclosures under the headings "Forward-Looking Information" and "Item 1A. Risk Factors" in the Bank's most recent Annual Report on Form 10-K for the year ended December 31, 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 and in 2019 was named Best Bank in the South by Money, the personal finance news and advice brand. Headquartered in Little Rock, Arkansas, Bank OZK conducts operations through more than 250 offices in Arkansas, Georgia, Florida, North Carolina, Texas, Alabama, South Carolina, California, New York and Mississippi. Bank OZK can be found at www.ozk.com and on Facebook, Twitter and LinkedIn or contacted at (501) 978-2265 or P. O. Box 8811, Little Rock, Arkansas 72231-8811.

Bank OZK
Consolidated Balance Sheets
Unaudited

	December 31, 2019	December 31, 2018
	(Dollars in thousands, except per share amounts)	
ASSETS		
Cash and cash equivalents	$ 1,495,757	$ 290,672
Investment securities - available for sale ("AFS")	2,277,389	2,862,340
Federal Home Loan Bank of Dallas and other banker's bank stocks	21,855	25,941
Non-purchased loans	16,224,539	15,073,791
Purchased loans	1,307,504	2,044,032
Allowance for loan losses	(108,525)	(102,264)
Net loans	17,423,518	17,015,559
Premises and equipment, net	711,541	567,189
Foreclosed assets	19,096	16,171
Accrued interest receivable	75,208	81,968
Bank owned life insurance (“BOLI”)	738,860	721,238
Goodwill and intangible assets, net	684,542	696,461
Other, net	111,634	110,491
Total assets	$ 23,559,400	$ 22,388,030
LIABILITIES AND STOCKHOLDERS’ EQUITY		
Deposits:		
Demand non-interest bearing	$ 2,795,251	$ 2,748,273
Savings and interest bearing transaction	8,307,607	9,682,713
Time	7,371,401	5,507,429
Total deposits	18,474,259	17,938,415
Repurchase agreements with customers	11,249	20,564
Other borrowings	351,387	96,692
Subordinated notes	223,663	223,281
Subordinated debentures	119,916	119,358
Accrued interest payable and other liabilities	225,458	216,355
Total liabilities	19,405,932	18,614,665
Commitments and contingencies		
Stockholders’ equity:		
Preferred stock; $0.01 par value; 100,000,000 shares authorized; no shares issued or outstanding at December 31, 2019 or 2018	—	—
Common stock; $0.01 par value; 300,000,000 shares authorized; 128,951,024 and 128,611,049 shares issued and outstanding at December 31, 2019 and 2018, respectively	1,289	1,286
Additional paid-in capital	2,251,824	2,237,948
Retained earnings	1,869,983	1,565,201
Accumulated other comprehensive income (loss)	27,255	(34,105)
Total stockholders’ equity before noncontrolling interest	4,150,351	3,770,330
Noncontrolling interest	3,117	3,035
Total stockholders’ equity	4,153,468	3,773,365
Total liabilities and stockholders’ equity	$ 23,559,400	$ 22,388,030

Bank OZK
Consolidated Statements of Income
Unaudited

	Three Months Ended December 31,	Year Ended December 31,

	2019	2018	2019	2018
	(Dollars in thousands, except per share amounts)			
Interest income:				
Non-purchased loans	$ 240,912	$ 237,443	$ 981,811	$ 858,102
Purchased loans	22,152	35,453	106,908	173,465
Investment securities:				
Taxable	11,820	14,642	52,812	50,021
Tax-exempt	3,323	3,941	14,252	16,193
Deposits with banks and federal funds sold	2,756	590	6,758	3,039
Total interest income	280,963	292,069	1,162,541	1,100,820
Interest expense:				
Deposits	61,631	56,608	258,358	186,617
Repurchase agreements with customers	11	26	50	785
Other borrowings	34	2,193	1,531	3,017
Subordinated notes	3,216	3,216	12,757	12,757
Subordinated debentures	1,094	1,644	5,664	6,211
Total interest expense	65,986	63,687	278,360	209,387
Net interest income	214,977	228,382	884,181	891,433
Provision for loan losses	4,938	7,271	26,241	64,398
Net interest income after provision for loan losses	210,039	221,111	857,940	827,035
Non-interest income:				
Service charges on deposit accounts	10,933	10,585	41,774	39,544
Trust income	2,010	1,821	7,554	6,935
BOLI income:				
Increase in cash surrender value	5,167	5,269	20,715	20,700
Death benefits	2,989	482	3,194	3,211
Other income from purchased loans	759	2,370	3,684	7,784
Loan service, maintenance and other fees	4,282	5,245	17,917	20,354
Gains on sales of other assets	1,358	465	2,233	2,219
Net gains on investment securities	—	—	713	17
Other	2,908	1,323	9,743	7,011
Total non-interest income	30,406	27,560	107,527	107,775
Non-interest expense:				
Salaries and employee benefits	52,050	41,837	192,851	170,478
Net occupancy and equipment	14,855	14,027	59,018	56,362
Other operating expenses	37,501	39,029	149,261	153,912
Total non-interest expense	104,406	94,893	401,130	380,752
Income before taxes	136,039	153,778	564,337	554,058
Provision for income taxes	35,240	38,750	138,429	136,977
Net income	100,799	115,028	425,908	417,081
Earnings attributable to noncontrolling interest	7	3	(2)	25
Net income available to common stockholders	$ 100,806	$ 115,031	$ 425,906	$ 417,106
Basic earnings per common share	$ 0.78	$ 0.89	$ 3.30	$ 3.24
Diluted earnings per common share	$ 0.78	$ 0.89	$ 3.30	$ 3.24

Bank OZK
Consolidated Statements of Stockholders' Equity
Unaudited

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non-Controlling Interest	Total
	(Dollars in thousands, except per share amounts)					
Three months ended December 31, 2019:						

Balances – September 30, 2019	$ 1,289	$ 2,247,973	$ 1,801,414	$ 27,648	$ 3,124	$ 4,081,448
Net income	—	—	100,799	—	—	100,799
Earnings attributable to noncontrolling interest	—	—	7	—	(7)	—
Total other comprehensive loss	—	—	—	(393)	—	(393)
Common stock dividends paid, $0.25 per share	—	—	(32,237)	—	—	(32,237)
Issuance of 16,150 shares of common stock for exercise of stock options	—	266	—	—	—	266
Stock-based compensation expense	—	3,585	—	—	—	3,585
Forfeitures of 11,485 shares of unvested restricted common stock	—	—	—	—	—	—
Balances – December 31, 2019	$ 1,289	$ 2,251,824	$ 1,869,983	$ 27,255	$ 3,117	$ 4,153,468
Twelve months ended December 31, 2019:						
Balances – December 31, 2018	$ 1,286	$ 2,237,948	$ 1,565,201	$ (34,105)	$ 3,035	$ 3,773,365
Net income	—	—	425,908	—	—	425,908
Earnings attributable to noncontrolling interest	—	—	(2)	—	2	—
Total other comprehensive income	—	—	—	61,360	—	61,360
Common stock dividends paid, $0.94 per share	—	—	(121,124)	—	—	(121,124)
Noncontrolling interest cash contribution	—	—	—	—	80	80
Issuance of 83,500 shares of common stock for exercise of stock options	1	1,384	—	—	—	1,385
Issuance of 406,074 shares of unvested restricted common stock	4	(4)	—	—	—	—
Repurchase and cancellation of 63,716 shares of common stock	(1)	(1,674)	—	—	—	(1,675)
Stock-based compensation expense	—	14,169	—	—	—	14,169
Forfeiture of 85,883 shares of unvested restricted common stock	(1)	1	—	—	—	—
Balances – December 31, 2019	$ 1,289	$ 2,251,824	$ 1,869,983	$ 27,255	$ 3,117	$ 4,153,468

Bank OZK
Consolidated Statements of Stockholders' Equity (continued)
Unaudited

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Non-Controlling Interest	Total
	(Dollars in thousands, except per share amounts)					
Three months ended December 31, 2018:						
Balances – September 30, 2018	$ 1,286	$ 2,234,383	$ 1,477,178	$ (59,251)	$ 3,038	$ 3,656,634
Net income	—	—	115,028	—	—	115,028
Earnings attributable to noncontrolling interest	—	—	3	—	(3)	—
Total other comprehensive income	—	—	—	25,146	—	25,146
Common stock dividends paid, $0.21 per share	—	—	(27,008)	—	—	(27,008)
Issuance of 6,850 shares of common stock for exercise of stock options	—	63	—	—	—	63
Issuance of 224 shares of unvested restricted common stock	—	—	—	—	—	—
Stock-based compensation expense	—	3,502	—	—	—	3,502
Forfeiture of 5,262 shares of unvested restricted common stock	—	—	—	—	—	—
Balances – December 31, 2018	$ 1,286	$ 2,237,948	$ 1,565,201	$ (34,105)	$ 3,035	$ 3,773,365
Twelve months ended December 31, 2018:						
Balances – December 31, 2017	$ 1,283	$ 2,221,844	$ 1,250,313	$ (12,712)	$ 3,060	$ 3,463,788
Net income	—	—	417,081	—	—	417,081
Earnings attributable to noncontrolling interest	—	—	25	—	(25)	—
Total other comprehensive loss	—	—	—	(21,393)	—	(21,393)
Common stock dividends paid, $0.795 per share	—	—	(102,218)	—	—	(102,218)
Issuance of 223,840 shares of common stock for exercise of stock options	2	5,740	—	—	—	5,742
Issuance of 220,326 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	—	14,135	—	—	—	14,135

Forfeitures of 48,917 shares of unvested restricted common stock	—	—	—	—	—	—
Balances – December 31, 2018	$ 1,286	$ 2,237,948	$ 1,565,201	$ (34,105)	$ 3,035	$ 3,773,365

Bank OZK
Summary of Non-Interest Expense
Unaudited

	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
	(Dollars in thousands)			
Salaries and employee benefits	$ 52,050	$ 41,837	$ 192,851	$ 170,478
Net occupancy and equipment	14,855	14,027	59,018	56,362
Other operating expenses:				
Professional and outside services	7,156	8,325	33,030	35,867
Software and data processing	4,974	3,943	19,535	13,729
Deposit insurance and assessments	3,780	3,672	13,425	14,740
Travel and meals	2,845	2,482	11,230	9,650
Telecommunication services	2,335	3,023	10,583	13,080
Postage and supplies	2,483	2,214	8,684	9,144
Advertising and public relations	1,822	1,472	7,242	11,557
ATM expense	1,263	544	4,626	4,227
Loan collection and repossession expense	600	1,077	2,818	3,302
Writedowns of foreclosed assets	910	1,841	2,419	2,996
Writedown of signage due to strategic rebranding	—	—	—	4,915
Amortization of intangibles	2,854	3,144	11,918	12,579
Other	6,479	7,292	23,751	18,126
Total non-interest expense	$ 104,406	$ 94,893	$ 401,130	$ 380,752

Bank OZK
Summary of Total Loans Outstanding
Unaudited

	December 31,			
	2019		2018	
	(Dollars in thousands)			
Real estate:				
Residential 1-4 family	$ 998,632	5.7%	$ 1,049,460	6.1%
Non-farm/non-residential	3,956,579	22.6	4,319,388	25.2
Construction/land development	6,391,429	36.4	6,562,185	38.4
Agricultural	230,076	1.3	165,088	1.0
Multifamily residential	1,194,192	6.8	1,116,026	6.5
Total real estate	12,770,908	72.8	13,212,147	77.2
Commercial and industrial	661,952	3.8	823,417	4.8
Consumer	2,934,534	16.8	2,345,863	13.7
Other	1,164,649	6.6	736,396	4.3
Total loans	17,532,043	100.0%	17,117,823	100.0%
Allowance for loan losses	(108,525)		(102,264)	
Net loans	$ 17,423,518		$ 17,015,559	

Summary of Deposits
Unaudited

	December 31,			
	2019		2018	
	(Dollars in thousands)			
Non-interest bearing	$ 2,795,251	15.1%	$ 2,748,273	15.3%
Interest bearing:				

Transaction (NOW)	2,706,426	14.7	2,359,299	13.2
Savings and money market	5,601,181	30.3	7,323,414	40.8
Time deposits less than $100	3,321,446	18.0	2,297,101	12.8
Time deposits of $100 or more	4,049,955	21.9	3,210,328	17.9
Total deposits	$ 18,474,259	100.0%	$ 17,938,415	100.0%

Bank OZK
Selected Consolidated Financial Data
Unaudited

	Three Months Ended December 31,			Year Ended December 31,		
	2019	**2018**	**% Change**	**2019**	**2018**	**% Change**
	(Dollars in thousands, except per share amounts)					
Income statement data:						
Net interest income	$ 214,977	$ 228,382	(5.9)%	$ 884,181	$ 891,433	(0.8)%
Provision for loan losses	4,938	7,271	(32.1)	26,241	64,398	(59.3)
Non-interest income	30,406	27,560	10.3	107,527	107,775	(0.2)
Non-interest expense	104,406	94,893	10.0	401,130	380,752	5.4
Net income available to common stockholders	100,806	115,031	(12.4)	425,906	417,106	2.1
Common stock data:						
Net income per share - diluted	$ 0.78	$ 0.89	(12.4)%	$ 3.30	$ 3.24	1.9%
Net income per share - basic	0.78	0.89	(12.4)	3.30	3.24	1.9
Cash dividends per share	0.25	0.21	19.0	0.94	0.795	18.2
Book value per share	32.19	29.32	9.8	32.19	29.32	9.8
Tangible book value per share[1]	26.88	23.90	12.5	26.88	23.90	12.5
Diluted shares outstanding (thousands)	129,036	128,666		129,006	128,740	
End of period shares outstanding (thousands)	128,951	128,611		128,951	128,611	
Balance sheet data at period end:						
Total assets	$ 23,559,400	$ 22,388,030	5.2%	$ 23,559,400	$ 22,388,030	5.2%
Total loans	17,532,043	17,117,823	2.4	17,532,043	17,117,823	2.4
Non-purchased loans	16,224,539	15,073,791	7.6	16,224,539	15,073,791	7.6
Purchased loans	1,307,504	2,044,032	(36.0)	1,307,504	2,044,032	(36.0)
Allowance for loan losses	108,525	102,264	6.1	108,525	102,264	6.1
Foreclosed assets	19,096	16,171	18.1	19,096	16,171	18.1
Investment securities - AFS	2,277,389	2,862,340	(20.4)	2,277,389	2,862,340	(20.4)
Goodwill and other intangible assets, net	684,542	696,461	(1.7)	684,542	696,461	(1.7)
Deposits	18,474,259	17,938,415	3.0	18,474,259	17,938,415	3.0
Repurchase agreements with customers	11,249	20,564	(45.3)	11,249	20,564	(45.3)
Other borrowings	351,387	96,692	263.4	351,387	96,692	263.4
Subordinated notes	223,663	223,281	0.2	223,663	223,281	0.2
Subordinated debentures	119,916	119,358	0.5	119,916	119,358	0.5
Unfunded balance of closed loans	11,325,598	11,364,975	(0.3)	11,325,598	11,364,975	(0.3)
Total common stockholders' equity	4,150,351	3,770,330	10.1	4,150,351	3,770,330	10.1
Net unrealized gains (losses) on investment securities AFS included in common stockholders' equity	27,255	(34,105)		27,255	(34,105)	
Loan (including purchased loans) to deposit ratio	94.90%	95.43%		94.90%	95.43%	
Selected ratios:						
Return on average assets[2]	1.74%	2.04%		1.87%	1.90%	
Return on average common stockholders' equity[2]	9.73	12.36		10.72	11.59	
Return on average tangible common stockholders' equity [1] [2]	11.68	15.24		12.98	14.41	
Average common equity to total average assets	17.86	16.54		17.45	16.42	
Net interest margin – FTE[2]	4.15	4.55		4.34	4.59	
Efficiency ratio	42.37	36.90		40.27	37.93	
Net charge-offs to average non-purchased loans[2] [3]	0.10	0.06		0.09	0.38	
Net charge-offs to average total loans[2]	0.12	0.07		0.11	0.34	
Nonperforming loans to total loans[4]	0.15	0.23		0.15	0.23	
Nonperforming assets to total assets[4]	0.18	0.23		0.18	0.23	
Allowance for loan losses to non-purchased loans[5]	0.66	0.67		0.66	0.67	

Other information:				
Non-accrual loans[4]	$ 23,221	$ 34,762	$ 23,221	$ 34,762
Accruing loans - 90 days past due[4]	—	—	—	—
Troubled and restructured non-purchased loans - accruing[4]	656	627	656	627
Impaired purchased loans	10,910	7,801	10,910	7,801

[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
Selected Consolidated Financial Data (continued)
Unaudited

	Three Months Ended		
	December 31, 2019	September 30, 2019	% Change
	(Dollars in thousands, except per share amounts)		
Income statement data:			
Net interest income	$ 214,997	$ 218,780	(1.7)%
Provision for loan losses	4,938	7,854	(37.1)
Non-interest income	30,406	26,446	15.0
Non-interest expense	104,406	100,914	3.5
Net income available to common stockholders	100,806	103,891	(3.0)
Common stock data:			
Net income per share - diluted	$ 0.78	$ 0.81	(3.7)%
Net income per share - basic	0.78	0.81	(3.7)
Cash dividends per share	0.25	0.24	4.2
Book value per share	32.19	31.63	1.8
Tangible book value per share [1]	26.88	26.30	2.2
Diluted shares outstanding (thousands)	129,036	129,012	
End of period shares outstanding (thousands)	128,951	128,946	
Balance sheet data at period end:			
Total assets	$ 23,559,400	$ 23,402,679	0.7 %
Total loans	17,532,043	17,734,851	(1.1)
Non-purchased loans	16,224,539	16,307,621	(0.5)
Purchased loans	1,307,504	1,427,230	(8.4)
Allowance for loan losses	108,525	109,001	(0.4)
Foreclosed assets	19,096	33,319	(42.7)
Investment securities - AFS	2,277,389	2,414,722	(5.7)
Goodwill and other intangible assets, net	684,542	687,397	(0.4)
Deposits	18,474,259	18,440,078	0.2
Repurchase agreements with customers	11,249	12,156	(7.5)
Other borrowings	351,387	301,421	16.6
Subordinated notes	223,663	223,567	0.1
Subordinated debentures	119,916	119,775	0.1
Unfunded balance of closed loans	11,325,598	11,429,918	(0.9)
Total common stockholders' equity	4,150,351	4,078,324	1.8
Net unrealized gains on investment securities AFS included in common stockholders' equity	27,255	27,648	
Loan (including purchased loans) to deposit ratio	94.90 %	96.18 %	
Selected ratios:			
Return on average assets[2]	1.74 %	1.81 %	
Return on average common stockholders' equity [2]	9.73	10.22	
Return on average tangible common stockholders' equity [1] [2]	11.68	12.33	
Average common equity to total average assets	17.86	17.69	
Net interest margin – FTE[2]	4.15	4.26	
Efficiency ratio	42.37	40.98	
Net charge-offs to average non-purchased loans[2] [3]	0.10	0.07	
Net charge-offs to average total loans[2]	0.12	0.12	

Nonperforming loans to total loans[4]	0.15	0.17
Nonperforming assets to total assets[4]	0.18	0.26
Allowance for loan losses to non-purchased loans[5]	0.66	0.66
Other information:		
Non-accrual loans[4]	$ 23,221	$ 25,552
Accruing loans - 90 days past due[4]	—	—
Troubled and restructured non-purchased loans - accruing[4]	656	1,510
Impaired purchased loans	10,910	12,969

[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

	3/31/18	6/30/18	9/30/18	12/31/18	3/31/19	6/30/19	9/30/19	12/31/19
	(Dollars in thousands, except per share amounts)							
Earnings Summary:								
Net interest income	$ 217,776	$ 224,661	$ 220,614	$ 228,382	$ 225,888	$ 224,536	$ 218,780	$ 214,977
Federal tax (FTE) adjustment	1,166	1,151	1,132	1,219	1,207	1,136	1,038	1,028
Net interest income (FTE)	218,942	225,812	221,746	229,601	227,095	225,672	219,818	216,005
Provision for loan losses	(5,567)	(9,610)	(41,949)	(7,271)	(6,681)	(6,769)	(7,854)	(4,938)
Non-interest income	28,707	27,386	24,121	27,560	24,072	26,603	26,446	30,406
Non-interest expense	(93,810)	(89,107)	(102,942)	(94,893)	(96,678)	(99,131)	(100,914)	(104,406)
Pretax income (FTE)	148,272	154,481	100,976	154,997	147,808	146,375	137,496	137,067
FTE adjustment	(1,166)	(1,151)	(1,132)	(1,219)	(1,207)	(1,136)	(1,038)	(1,028)
Provision for income taxes	(33,973)	(38,589)	(25,665)	(38,750)	(35,889)	(34,726)	(32,574)	(35,240)
Noncontrolling interest	11	10	1	3	(6)	(10)	7	7
Net income available to common stockholders	$ 113,144	$ 114,751	$ 74,180	$ 115,031	$ 110,706	$ 110,503	$ 103,891	$ 100,806
Earnings per common share – diluted	$ 0.88	$ 0.89	$ 0.58	$ 0.89	$ 0.86	$ 0.86	$ 0.81	$ 0.78
Non-interest Income:								
Service charges on deposit accounts	$ 9,525	$ 9,704	$ 9,730	$ 10,585	$ 9,722	$ 10,291	$ 10,827	$ 10,933
Trust income	1,793	1,591	1,730	1,821	1,730	1,839	1,975	2,010
BOLI income:								
Increase in cash surrender value	4,852	5,259	5,321	5,269	5,162	5,178	5,208	5,167
Death benefits	2,728	—	—	482	—	—	206	2,989
Other income from purchased loans	1,251	2,744	1,418	2,370	795	1,455	674	759
Loan service, maintenance and other fees	4,743	5,641	4,724	5,245	4,874	4,565	4,197	4,282
Gains (losses) on sales of other assets	1,426	844	(518)	465	284	402	189	1,358
Net gains on investment securities	17	—	—	—	—	713	—	—
Other	2,372	1,603	1,716	1,323	1,505	2,160	3,170	2,908
Total non-interest income	$ 28,707	$ 27,386	$ 24,121	$ 27,560	$ 24,072	$ 26,603	$ 26,446	$ 30,406
Non-interest Expense:								
Salaries and employee benefits	$ 45,499	$ 41,665	$ 41,477	$ 41,837	$ 44,868	$ 47,558	$ 48,376	$ 52,050
Net occupancy expense	14,150	13,827	14,358	14,027	14,750	14,587	14,825	14,855
Other operating expenses	34,161	33,615	47,107	39,029	37,060	36,986	37,713	37,501
Total non-interest expense	$ 93,810	$ 89,107	$ 102,942	$ 94,893	$ 96,678	$ 99,131	$ 100,914	$ 104,406
Balance Sheet Data:								
Total assets	$ 22,039,439	$ 22,220,380	$ 22,086,539	$ 22,388,030	$ 23,005,652	$ 22,960,731	$ 23,402,679	$ 23,559,400

Non-purchased loans	13,674,561	14,183,533	14,440,623	15,073,791	15,610,681	15,786,809	16,307,621	16,224,539
Purchased loans	2,934,535	2,580,341	2,285,168	2,044,032	1,864,715	1,698,396	1,427,230	1,307,504
Investment securities - AFS	2,603,600	2,608,439	2,669,877	2,862,340	2,769,602	2,548,489	2,414,722	2,277,389
Deposits	17,833,672	17,897,085	17,822,915	17,938,415	18,476,868	18,186,215	18,440,078	18,474,259
Unfunded balance of closed loans	12,551,032	11,999,661	11,891,247	11,364,975	11,544,218	11,167,055	11,429,918	11,325,598
Common stockholders' equity	3,526,605	3,613,903	3,653,596	3,770,330	3,882,643	3,993,247	4,078,324	4,150,351
Allowance for Loan Losses:								
Balance at beginning of period	$ 94,120	$ 98,097	$ 104,638	$ 98,200	$ 102,264	$ 105,954	$ 106,642	$ 109,001
Net charge-offs	(1,590)	(3,069)	(48,387)	(3,207)	(2,991)	(6,081)	(5,495)	(5,414)
Provision for loan losses	5,567	9,610	41,949	7,271	6,681	6,769	7,854	4,938
Balance at end of period	$ 98,097	$ 104,638	$ 98,200	$ 102,264	$ 105,954	$ 106,642	$ 109,001	$ 108,525
Selected Ratios:								
Net interest margin – FTE[1]	4.69%	4.66%	4.47%	4.55%	4.53%	4.45%	4.26%	4.15%
Efficiency ratio	37.88	35.19	41.87	36.90	38.49	39.30	40.98	42.37
Net charge-offs to average non-purchased loans[1] [2]	0.04	0.05	1.32	0.06	0.05	0.12	0.07	0.10
Net charge-offs to average total loans[1]	0.04	0.07	1.14	0.07	0.07	0.14	0.12	0.12
Nonperforming loans to total loans[3]	0.09	0.10	0.23	0.23	0.22	0.15	0.17	0.15
Nonperforming assets to total assets[3]	0.16	0.15	0.23	0.23	0.21	0.25	0.26	0.18
Allowance for loan losses to total non-purchased loans[4]	0.71	0.73	0.67	0.67	0.67	0.67	0.66	0.66
Loans past due 30 days or more, including past due non-accrual loans, to total loans[3]	0.14	0.12	0.17	0.28	0.28	0.13	0.14	0.19

[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 December 31,						Year Ended December 31,					
	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	$ 668,403	$ 2,756	1.64%	$ 102,931	$ 590	2.27%	$ 353,528	$ 6,758	1.91%	$ 160,148	$ 3,039	1.90%
Investment securities:												
Taxable	1,892,693	11,820	2.48	2,335,512	14,642	2.49	2,099,522	52,812	2.52	2,143,455	50,021	2.33
Tax-exempt – FTE	457,026	4,207	3.65	516,512	4,988	3.83	485,946	18,041	3.71	537,616	20,497	3.81
Non-purchased loans – FTE	16,260,467	241,056	5.88	14,874,156	237,615	6.34	15,861,797	982,430	6.19	14,040,952	858,466	6.11
Purchased loans	1,365,846	22,152	6.43	2,170,489	35,453	6.48	1,661,205	106,908	6.44	2,633,271	173,465	6.59
Total earning assets – FTE	20,644,435	281,991	5.42	19,999,600	293,288	5.82	20,461,998	1,166,949	5.70	19,515,442	1,105,488	5.66
Non-interest earning assets	2,370,753			2,319,305			2,297,372			2,395,813		
Total assets	$ 23,015,188			$ 22,318,905			$ 22,759,370			$ 21,911,255		
LIABILITIES AND STOCKHOLDERS' EQUITY												

Interest bearing liabilities:												
Deposits:												
Savings and interest bearing transaction	$ 8,212,286	$ 22,964	1.11%	$ 9,594,919	$ 33,200	1.37%	$ 9,039,984	$ 126,685	1.40%	$ 9,983,075	$ 118,771	1.19%
Time deposits of $100 or more	3,914,548	21,281	2.16	3,204,627	14,595	1.81	3,449,197	73,336	2.13	3,183,108	47,691	1.50
Other time deposits	3,392,019	17,386	2.03	2,124,920	8,813	1.65	2,872,676	58,337	2.03	1,651,960	20,155	1.22
Total interest bearing deposits	15,518,853	61,631	1.58	14,924,466	56,608	1.50	15,361,857	258,358	1.68	14,818,143	186,617	1.26
Repurchase agreements with customers	11,840	11	0.37	36,680	26	0.29	13,502	50	0.37	101,682	785	0.77
Other borrowings [1]	11,742	34	1.16	400,874	2,193	2.17	94,399	1,531	1.62	166,937	3,017	1.81
Subordinated notes	223,615	3,216	5.71	223,230	3,216	5.71	223,469	12,757	5.71	223,089	12,757	5.72
Subordinated debentures [1]	119,842	1,094	3.62	119,284	1,644	5.47	119,629	5,664	4.73	119,076	6,211	5.22
Total interest bearing liabilities	15,885,892	65,986	1.65	15,704,534	63,687	1.61	15,812,856	278,360	1.76	15,428,927	209,387	1.36
Non-interest bearing liabilities:												
Non-interest bearing deposits	2,804,919			2,712,858			2,753,634			2,695,623		
Other non-interest bearing liabilities	210,936			206,434			217,809			185,035		
Total liabilities	18,901,747			18,623,826			18,784,299			18,309,585		
Common stockholders' equity	4,110,322			3,692,044			3,971,952			3,598,628		
Noncontrolling interest	3,119			3,035			3,119			3,042		
Total liabilities and stockholders' equity	$ 23,015,188			$ 22,318,905			$ 22,759,370			$ 21,911,255		
Net interest income – FTE		$ 216,005			$ 229,601			$ 888,589			$ 896,101	
Net interest margin – FTE			4.15%			4.55%			4.34%			4.59%

[1] The interest expense and the rates for "other borrowings" and for "subordinated debentures" were affected by capitalized interest. Capitalized interest included in other borrowings totaled $0.04 million for the fourth quarter and $0.90 million for the full year of 2019 and $0.25 million for the fourth quarter and $0.64 million for the full year of 2018. In the absence of this interest capitalization, the rates on other borrowings would have been 2.64% for the fourth quarter and 2.58% for the full year of 2019 and 2.42% for the fourth quarter and 2.19% for the full year of 2018. Capitalized interest included in subordinated debentures totaled $0.45 million for the fourth quarter and $0.89 million for the full year of 2019 (none in 2018). In the absence of this interest capitalization, the rates on subordinated debentures would have been 5.10% for the fourth quarter and 5.48% for the full year of 2019.

Bank OZK
Reconciliation of Non-GAAP Financial Measures

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

	Three Months Ended			Year Ended	
	December 31,		September 30,	December 31,	
	2019	2018	2019	2019	2018

	(Dollars in thousands)				
Net income available to common stockholders	$ 100,806	$ 115,031	$ 103,891	$ 425,906	$ 417,106
Average common stockholders' equity before noncontrolling interest	$ 4,110,322	$ 3,692,044	$ 4,032,066	$ 3,971,952	$ 3,598,628
Less average intangible assets:					
Goodwill	(660,789)	(660,789)	(660,789)	(660,789)	(660,789)
Core deposit and other intangibles, net of accumulated amortization	(25,315)	(37,654)	(28,275)	(29,784)	(42,315)
Total average intangibles	(686,104)	(698,443)	(689,064)	(690,573)	(703,104)
Average tangible common stockholders' equity	$ 3,424,218	$ 2,993,601	$ 3,343,002	$ 3,281,379	$ 2,895,524
Return on average common stockholders' equity [1]	9.73%	12.36%	10.22%	10.72%	11.59%
Return on average tangible common stockholders' equity [1]	11.68%	15.24%	12.33%	12.98%	14.41%

[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

	December 31,		September 30,
	2019	2018	2019
	(In thousands, except per share amounts)		
Total common stockholders' equity before noncontrolling interest	$ 4,150,351	$ 3,770,330	$ 4,078,324
Less intangible assets:			
Goodwill	(660,789)	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	(23,753)	(35,672)	(26,608)
Total intangibles	(684,542)	(696,461)	(687,397)
Total tangible common stockholders' equity	$ 3,465,809	$ 3,073,869	$ 3,390,927
Shares of common stock outstanding	128,951	128,611	128,946
Book value per common share	$ 32.19	$ 29.32	$ 31.63
Tangible book value per common share	$ 26.88	$ 23.90	$ 26.30

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

	December 31,	
	2019	2018
	(Dollars in thousands)	
Total common stockholders' equity before noncontrolling interest	$ 4,150,351	$ 3,770,330
Less intangible assets:		
Goodwill	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	(23,753)	(35,672)
Total intangibles	(684,542)	(696,461)
Total tangible common stockholders' equity	$ 3,465,809	$ 3,073,869
Total assets	$ 23,559,400	$ 22,388,030
Less intangible assets:		
Goodwill	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	(23,753)	(35,672)
Total intangibles	(684,542)	(696,461)
Total tangible assets	$ 22,874,858	$ 21,691,569
Ratio of total common stockholders' equity to total assets	17.62%	16.84%
Ratio of total tangible common stockholders' equity to total tangible assets	15.15%	14.17%

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Source: Bank OZK