



Bank OZK Announces First Quarter 2020 Earnings

April 23, 2020

LITTLE ROCK, Ark., April 23, 2020 (GLOBE NEWSWIRE) -- Bank OZK (the "Bank") (Nasdaq: OZK) today announced that net income for the first quarter of 2020 was \$11.9 million, an 89.3% decrease from \$110.7 million for the first quarter of 2019. Diluted earnings per common share for the first quarter of 2020 were \$0.09, an 89.5% decrease from \$0.86 for the first quarter of 2019.

The COVID-19 pandemic significantly impacted the global economy in what was the first quarter of implementation of the current expected credit losses ("CECL") method to calculate the Bank's allowance for credit losses ("ACL"). During the quarter just ended, the sudden and severe economic downturn in tandem with the adoption of CECL resulted in the Bank incurring provision for credit losses of \$117.7 million, resulting in a total ACL of \$316.4 million at March 31, 2020.

The Bank's annualized returns on average assets, average common stockholders' equity and average tangible common stockholders' equity for the first quarter of 2020 were 0.20%, 1.16% and 1.39%, respectively, compared to 1.99%, 11.77% and 14.40%, respectively, for the first quarter of 2019. 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.

George Gleason, Chairman and Chief Executive Officer stated, "During the first quarter of 2020, we continued our long-standing focus on our team members, meeting the needs of our customers, serving the communities in which we operate and delivering favorable returns for our shareholders. As we navigate the various challenges created by the current economic environment, we will continue to seek to capitalize on investment and other opportunities which may arise from such turbulent conditions. We believe our team of industry and technology professionals is well-positioned to lead the Bank to continued success."

KEY BALANCE SHEET METRICS

Total loans were \$18.23 billion at March 31, 2020, a 4.3% increase from \$17.48 billion at March 31, 2019. Non-purchased loans, which exclude loans acquired in previous acquisitions, were \$17.03 billion at March 31, 2020, a 9.1% increase from \$15.61 billion at March 31, 2019. Purchased loans, which consist of loans acquired in previous acquisitions, were \$1.20 billion at March 31, 2020, a 35.8% decrease from \$1.86 billion at March 31, 2019.

Deposits were \$18.81 billion at March 31, 2020, a 1.8% increase from \$18.48 billion at March 31, 2019. Total assets were \$24.57 billion at March 31, 2020, a 6.8% increase from \$23.01 billion at March 31, 2019.

Common stockholders' equity was \$4.08 billion at March 31, 2020, a 5.2% increase from \$3.88 billion at March 31, 2019, but a 1.6% decrease from \$4.15 billion at December 31, 2019. Tangible common stockholders' equity was \$3.40 billion at March 31, 2020, a 6.6% increase from \$3.19 billion at March 31, 2019, but a 1.9% decrease from \$3.47 billion at December 31, 2019. Book value per common share was \$31.57 at March 31, 2020, a 4.8% increase from \$30.11 at March 31, 2019, but a 1.9% decrease from \$32.19 at December 31, 2019. Tangible book value per common share was \$26.30 at March 31, 2020, a 6.3% increase from \$24.73 at March 31, 2019, but a 2.2% decrease from \$26.88 at December 31, 2019. 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 16.62% at March 31, 2020 compared to 16.88% at March 31, 2019. Its ratio of total tangible common stockholders' equity to total tangible assets was 14.24% at March 31, 2020 compared to 14.29% at March 31, 2019. 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 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 24, 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 5272316. 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 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 proposed phase-out of LIBOR or other changes involving LIBOR; competitive factors and pricing pressures, including their effect on the Bank's net interest margin or core spread; general economic, unemployment, credit market and real estate market conditions, and the effect of such conditions on the creditworthiness of borrowers, collateral values, the value of investment securities and asset recovery values; changes in legal, financial and/or regulatory requirements; recently enacted and potential legislation and regulatory actions and the costs and expenses to comply with new and/or existing legislation and regulatory actions, including those in response to the coronavirus (COVID-19) pandemic such as the Coronavirus Aid, Relief and Economic Security Act and any similar or related rules and regulations; 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; the adverse effects of the ongoing global COVID-19 pandemic, including the magnitude and duration of the pandemic and actions taken to contain or treat COVID-19, on the Bank, the Bank's customers, the global economy and financial markets; international or political instability; impairment of our goodwill or other intangible assets; adoption of new accounting standards, including the effects from the adoption of the 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, 2019 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 is the #1 capitalized bank among the nation's top 100 banks by asset size, based on Tier 1 Leverage Capital Ratio at December 31, 2019, according to data obtained from S&P Global Market Intelligence. Bank OZK was named Best Bank in the South for 2019-2020 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

	<u>March 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
(Dollars in thousands, except per share amounts)		
ASSETS		
Cash and cash equivalents	\$ 1,347,729	\$ 1,495,757
Investment securities - available for sale ("AFS")	2,816,556	2,277,389
Federal Home Loan Bank of Dallas and other banker's bank stocks	50,614	21,855
Non-purchased loans	17,030,378	16,224,539
Purchased loans	1,197,826	1,307,504
Allowance for loan losses	(238,737)	(108,525)
Net loans	17,989,467	17,423,518
Premises and equipment, net	723,371	711,541
Foreclosed assets	20,616	19,096
Accrued interest receivable	82,827	75,208
Bank owned life insurance ("BOLI")	743,406	738,860
Goodwill and intangible assets, net	681,747	684,542
Other, net	109,477	107,962
Total assets	<u>\$ 24,565,810</u>	<u>\$ 23,555,728</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Demand non-interest bearing	\$ 3,003,305	\$ 2,795,251
Savings and interest bearing transaction	7,465,757	8,307,607

Time	8,340,128	7,371,401
Total deposits	18,809,190	18,474,259
Repurchase agreements with customers	3,821	11,249
Other borrowings	1,051,353	351,387
Subordinated notes	223,759	223,663
Subordinated debentures	120,055	119,916
Reserve for losses on loan commitments	77,672	—
Accrued interest payable and other liabilities	193,701	221,786
Total liabilities	<u>20,479,551</u>	<u>19,402,260</u>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock; \$0.01 par value; 100,000,000 shares authorized; no shares issued or outstanding at March 31, 2020 or December 31, 2019	—	—
Common stock; \$0.01 par value; 300,000,000 shares authorized; 129,324,435 and 128,951,024 shares issued and outstanding at March 31, 2020 and December 31, 2019, respectively	1,293	1,289
Additional paid-in capital	2,253,991	2,251,824
Retained earnings	1,772,978	1,869,983
Accumulated other comprehensive income	54,888	27,255
Total stockholders' equity before noncontrolling interest	<u>4,083,150</u>	<u>4,150,351</u>
Noncontrolling interest	3,109	3,117
Total stockholders' equity	<u>4,086,259</u>	<u>4,153,468</u>
Total liabilities and stockholders' equity	<u>\$ 24,565,810</u>	<u>\$ 23,555,728</u>

Bank OZK
Consolidated Statements of Income
Unaudited

	Three Months Ended March 31,	
	2020	2019
	(Dollars in thousands, except per share amounts)	
Interest income:		
Non-purchased loans	\$ 231,853	\$ 245,864
Purchased loans	21,387	30,195
Investment securities:		
Taxable	10,760	14,897
Tax-exempt	3,597	3,873
Deposits with banks and federal funds sold	4,376	414
Total interest income	<u>271,973</u>	<u>295,243</u>
Interest expense:		
Deposits	57,682	63,087
Repurchase agreements with customers	6	22
Other borrowings	50	1,389
Subordinated notes	3,172	3,146
Subordinated debentures	1,288	1,711
Total interest expense	<u>62,198</u>	<u>69,355</u>
Net interest income	209,775	225,888
Provision for loan losses	<u>117,663</u>	<u>6,681</u>

Net interest income after provision for loan losses	92,112	219,207
Non-interest income:		
Service charges on deposit accounts	10,009	9,722
Trust income	1,939	1,730
BOLI income:		
Increase in cash surrender value	5,067	5,162
Death benefits	608	—
Other income from purchased loans	—	795
Loan service, maintenance and other fees	3,716	4,874
Gains on sales of other assets	161	284
Net gains on investment securities	2,223	—
Other	3,957	1,505
Total non-interest income	<u>27,680</u>	<u>24,072</u>
Non-interest expense:		
Salaries and employee benefits	51,473	44,868
Net occupancy and equipment	15,330	14,750
Other operating expenses	36,622	37,060
Total non-interest expense	<u>103,425</u>	<u>96,678</u>
Income before taxes	16,367	146,601
Provision for income taxes	4,509	35,889
Net income	11,858	110,712
Earnings attributable to noncontrolling interest	8	(6)
Net income available to common stockholders	<u>\$ 11,866</u>	<u>\$ 110,706</u>
Basic earnings per common share	<u>\$ 0.09</u>	<u>\$ 0.86</u>
Diluted earnings per common share	<u>\$ 0.09</u>	<u>\$ 0.86</u>

Bank OZK
Consolidated Statements of Stockholders' Equity
Unaudited

	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Non- Controlling Interest</u>	<u>Total</u>
(Dollars in thousands, except per share amounts)						
Three months ended March 31, 2020:						
Balances – December 31, 2019	\$ 1,289	\$ 2,251,824	\$ 1,869,983	\$ 27,255	\$ 3,117	\$ 4,153,468
Cumulative effect of change in accounting principle	—	—	(75,344)	—	—	(75,344)
Balances – January 1, 2020	1,289	2,251,824	1,794,639	27,255	3,117	4,078,124
Net income	—	—	11,858	—	—	11,858
Earnings attributable to noncontrolling interest	—	—	8	—	(8)	—
Total other comprehensive income	—	—	—	27,633	—	27,633
Common stock dividends paid, \$0.26 per share	—	—	(33,527)	—	—	(33,527)
Issuance of 4,300 shares of common stock for exercise of stock options	—	45	—	—	—	45

Issuance of 447,085 shares of unvested restricted common stock	4	(4)	—	—	—	—
Repurchase and cancellation of 61,873 shares of common stock	—	(1,853)	—	—	—	(1,853)
Stock-based compensation expense	—	3,979	—	—	—	3,979
Forfeitures of 16,101 shares of unvested restricted common stock	—	—	—	—	—	—
Balances – March 31, 2020	<u>\$ 1,293</u>	<u>\$ 2,253,991</u>	<u>\$ 1,772,978</u>	<u>\$ 54,888</u>	<u>\$ 3,109</u>	<u>\$ 4,086,259</u>

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

	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Non- Controlling Interest</u>	<u>Total</u>
(Dollars in thousands, except per share amounts)						
Three months ended March 31, 2019:						
Balances – December 31, 2018	\$ 1,286	\$ 2,237,948	\$ 1,565,201	\$ (34,105)	\$ 3,035	\$ 3,773,365
Net income	—	—	110,712	—	—	110,712
Earnings attributable to noncontrolling interest	—	—	(6)	—	6	—
Total other comprehensive income	—	—	—	28,429	—	28,429
Common stock dividends paid, \$0.22 per share	—	—	(28,281)	—	—	(28,281)
Noncontrolling interest cash contribution	—	—	—	—	80	80
Issuance of 29,300 shares of common stock for exercise of stock options	—	387	—	—	—	387
Issuance of 383,874 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	—	2,719	—	—	—	2,719
Forfeiture of 13,953 shares of unvested restricted common stock	—	—	—	—	—	—
Balances – March 31, 2019	<u>\$ 1,289</u>	<u>\$ 2,239,404</u>	<u>\$ 1,647,626</u>	<u>\$ (5,676)</u>	<u>\$ 3,121</u>	<u>\$ 3,885,764</u>

Bank OZK
Summary of Non-Interest Expense
Unaudited

	<u>Three Months Ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
(Dollars in thousands)		
Salaries and employee benefits	\$ 51,473	\$ 44,868
Net occupancy and equipment expense	15,330	14,750
Other operating expenses:		
Professional and outside services	7,043	8,564
Software and data processing	4,974	4,709
Deposit insurance and assessments	3,420	3,652

Telecommunication services	2,177	3,344
Travel and meals	2,102	2,669
Postage and supplies	2,053	2,103
Advertising and public relations	1,703	1,683
ATM expense	1,160	987
Loan collection and repossession expense	694	984
Writedowns of foreclosed assets	879	562
Amortization of intangibles	2,795	3,145
Other	7,622	4,658
Total non-interest expense	<u>\$ 103,425</u>	<u>\$ 96,678</u>

Bank OZK
Summary of Total Loans Outstanding
Unaudited

	<u>March 31, 2020</u>		<u>December 31, 2019</u>	
	(Dollars in thousands)			
Real estate:				
Residential 1-4 family	\$ 1,009,547	5.6 %	\$ 998,632	5.7 %
Non-farm/non-residential	4,510,484	24.7	3,956,579	22.6
Construction/land development	6,380,341	35.0	6,391,429	36.4
Agricultural	235,650	1.3	230,076	1.3
Multifamily residential	1,334,763	7.3	1,194,192	6.8
Total real estate	<u>13,470,785</u>	<u>73.9</u>	<u>12,770,908</u>	<u>72.8</u>
Commercial and industrial	690,396	3.8	661,952	3.8
Consumer	2,950,055	16.2	2,934,534	16.8
Other	1,116,968	6.1	1,164,649	6.6
Total loans	<u>18,228,204</u>	<u>100.0 %</u>	<u>17,532,043</u>	<u>100.0 %</u>
Allowance for loan losses	<u>(238,737)</u>		<u>(108,525)</u>	
Net loans	<u>\$ 17,989,467</u>		<u>\$ 17,423,518</u>	

Allowance for Credit Losses
Unaudited

	<u>Allowance for Loan Losses</u>	<u>Reserve for Losses on Loan Commitments</u>	<u>Total Allowance for Credit Losses</u>
	(Dollars in thousands)		
Balances – December 31, 2019	\$ 108,525	\$ —	\$ 108,525
Adoption of Current Expected Credit Loss (CECL) model	39,588	54,924	94,512
Balances – January 1, 2020	148,113	54,924	203,037
Net charge-offs	(4,291)	—	(4,291)
Provision	94,915	22,748	117,663
Balances – March 31, 2020	<u>\$ 238,737</u>	<u>\$ 77,672</u>	<u>\$ 316,409</u>

Bank OZK
Summary of Deposits – By Account Type
Unaudited

	March 31, 2020		December 31, 2019	
	(Dollars in thousands)			
Non-interest bearing	\$ 3,003,305	16.0 %	\$ 2,795,251	15.1 %
Interest bearing:				
Transaction (NOW)	2,784,268	14.8	2,706,426	14.7
Savings and money market	4,681,489	24.9	5,601,181	30.3
Time deposits less than \$100	3,574,062	19.0	3,321,446	18.0
Time deposits of \$100 or more	4,766,066	25.3	4,049,955	21.9
Total deposits	\$ 18,809,190	100.0 %	\$ 18,474,259	100.0 %

Summary of Deposits – By Customer Type
Unaudited

	March 31, 2020		December 31, 2019	
	(Dollars in thousands)			
Consumer	\$ 8,535,172	45.4 %	\$ 7,526,014	40.7 %
Commercial	4,657,851	24.8	4,334,366	23.5
Public Funds	2,667,234	14.2	3,782,415	20.5
Brokered	2,233,240	11.8	2,115,193	11.4
Reciprocal	715,693	3.8	716,271	3.9
Total deposits	\$ 18,809,190	100.0 %	\$ 18,474,259	100.0 %

Bank OZK
Selected Consolidated Financial Data
Unaudited

	Three Months Ended March 31,		
	2020	2019	% Change
	(Dollars in thousands, except per share amounts)		
Income statement data:			
Net interest income	\$ 209,775	\$ 225,888	(7.1)%
Provision for loan losses	117,663	6,681	1,661.2
Non-interest income	27,680	24,072	15.0
Non-interest expense	103,425	96,678	7.0
Net income available to common stockholders	11,866	110,706	(89.3)
Common share and per common share data:			
Net income per share - diluted	\$ 0.09	\$ 0.86	(89.5)%
Net income per share - basic	0.09	0.86	(89.5)
Cash dividends per share	0.26	0.22	18.2
Book value per share	31.57	30.11	4.8
Tangible book value per share ⁽¹⁾	26.30	24.73	6.3
Weighted-average diluted shares outstanding (thousands)	129,307	128,964	
End of period shares outstanding (thousands)	129,324	128,948	

Balance sheet data at period end:

Total assets	\$ 24,565,810	\$ 23,005,652	6.8%
Total loans	18,228,204	17,475,396	4.3
Non-purchased loans	17,030,378	15,610,681	9.1
Purchased loans	1,197,826	1,864,715	(35.8)
Allowance for loan losses	238,737	105,954	125.3
Foreclosed assets	20,616	14,096	46.3
Investment securities - AFS	2,816,556	2,781,691	1.3
Goodwill and other intangible assets, net	681,747	693,316	(1.7)
Deposits	18,809,190	18,476,868	1.8
Other borrowings	1,051,353	1,489	70,508.0
Subordinated notes	223,759	223,375	0.2
Subordinated debentures	120,055	119,496	0.5
Unfunded balance of closed loans	11,334,737	11,544,218	(1.8)
Reserve for losses on loan commitments	77,672	—	NM
Total common stockholders' equity	4,083,150	3,882,643	5.2
Net unrealized gains (losses) on investment securities AFS included in common stockholders' equity	54,888	(5,676)	
Loan (including purchased loans) to deposit ratio	96.91 %	94.58 %	

Selected ratios:

Return on average assets ⁽²⁾	0.20 %	1.99 %
Return on average common stockholders' equity ⁽²⁾	1.16	11.77
Return on average tangible common stockholders' equity ^{(1) (2)}	1.39	14.40
Average common equity to total average assets	17.31	16.91
Net interest margin – FTE ⁽²⁾	3.96	4.53
Efficiency ratio	43.35	38.49
Net charge-offs to average non-purchased loans ^{(2) (3)}	0.08	0.05
Net charge-offs to average total loans ⁽²⁾	0.10	0.07
Nonperforming loans to total loans ⁽⁴⁾	0.16	0.22
Nonperforming assets to total assets ⁽⁴⁾	0.19	0.21
Allowance for loan losses to total loans	1.31	0.61

Other information:

Non-accrual loans ⁽⁴⁾	\$ 25,681	\$ 33,405
Accruing loans - 90 days past due ⁽⁴⁾	—	—
Troubled and restructured non-purchased loans - accruing ⁽⁴⁾	757	470

⁽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.

NM – Not meaningful

Bank OZK
Selected Consolidated Financial Data (continued)
Unaudited

Three Months Ended		
March 31, 2020	December 31, 2019	% Change

(Dollars in thousands, except per share amounts)

Income statement data:

Net interest income	\$	209,775	\$	214,977	(2.4)%
Provision for loan losses		117,663		4,938	2,282.8
Non-interest income		27,680		30,406	(9.0)
Non-interest expense		103,425		104,406	(0.9)
Net income available to common stockholders		11,866		100,806	(88.2)
Common share and per common share data:					
Net income per share - diluted	\$	0.09	\$	0.78	(88.5)%
Net income per share - basic		0.09		0.78	(88.5)
Cash dividends per share		0.26		0.25	4.0
Book value per share		31.57		32.19	(1.9)
Tangible book value per share ⁽¹⁾		26.30		26.88	(2.2)
Weighted-average diluted shares outstanding (thousands)		129,307		129,036	
End of period shares outstanding (thousands)		129,324		128,951	
Balance sheet data at period end:					
Total assets	\$	24,565,810	\$	23,555,728	4.3 %
Total loans		18,228,204		17,532,043	4.0
Non-purchased loans		17,030,378		16,224,539	5.0
Purchased loans		1,197,826		1,307,504	(8.4)
Allowance for loan losses		238,737		108,525	120.0
Foreclosed assets		20,616		19,096	8.0
Investment securities - AFS		2,816,556		2,277,389	23.7
Goodwill and other intangible assets, net		681,747		684,542	(0.4)
Deposits		18,809,190		18,474,259	1.8
Other borrowings		1,051,353		351,387	199.2
Subordinated notes		223,759		223,663	0.1
Subordinated debentures		120,055		119,916	0.1
Unfunded balance of closed loans		11,334,737		11,325,598	0.1
Reserve for losses on loan commitments		77,672		—	NM
Total common stockholders' equity		4,083,150		4,150,351	(1.6)
Net unrealized gains on investment securities AFS included in common stockholders' equity		54,888		27,255	
Loan (including purchased loans) to deposit ratio		96.91 %		94.90 %	
Selected ratios:					
Return on average assets ⁽²⁾		0.20 %		1.74 %	
Return on average common stockholders' equity ⁽²⁾		1.16		9.73	
Return on average tangible common stockholders' equity ^{(1) (2)}		1.39		11.68	
Average common equity to total average assets		17.31		17.86	
Net interest margin – FTE ⁽²⁾		3.96		4.15	
Efficiency ratio		43.35		42.37	
Net charge-offs to average non-purchased loans ^{(2) (3)}		0.08		0.10	
Net charge-offs to average total loans ⁽²⁾		0.10		0.12	
Nonperforming loans to total loans ⁽⁴⁾		0.16		0.15	
Nonperforming assets to total assets ⁽⁴⁾		0.19		0.18	
Allowance for loan losses to total loans		1.31		0.62	
Other information:					
Non-accrual loans ⁽⁴⁾	\$	25,681	\$	23,221	
Accruing loans - 90 days past due ⁽⁴⁾		—		—	
Troubled and restructured non-purchased loans - accruing ⁽⁴⁾		757		656	

(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.

NM – Not meaningful

Bank OZK
Supplemental Quarterly Financial Data
Unaudited

6/30/18 9/30/18 12/31/18 3/31/19 6/30/19 9/30/19 12/31/19 3/31/20

(Dollars in thousands, except per share amounts)

Earnings

Summary:

Net interest income	\$ 224,661	\$ 220,614	\$ 228,382	\$ 225,888	\$ 224,536	\$ 218,780	\$ 214,977	\$ 209,775
Federal tax (FTE) adjustment	1,151	1,132	1,219	1,207	1,136	1,038	1,028	1,133
Net interest income (FTE)	225,812	221,746	229,601	227,095	225,672	219,818	216,005	210,908
Provision for loan losses	(9,610)	(41,949)	(7,271)	(6,681)	(6,769)	(7,854)	(4,938)	(117,663)
Non-interest income	27,386	24,121	27,560	24,072	26,603	26,446	30,406	27,680
Non-interest expense	(89,107)	(102,942)	(94,893)	(96,678)	(99,131)	(100,914)	(104,406)	(103,425)
Pretax income (FTE)	154,481	100,976	154,997	147,808	146,375	137,496	137,067	17,500
FTE adjustment	(1,151)	(1,132)	(1,219)	(1,207)	(1,136)	(1,038)	(1,028)	(1,133)
Provision for income taxes	(38,589)	(25,665)	(38,750)	(35,889)	(34,726)	(32,574)	(35,240)	(4,509)
Noncontrolling interest	10	1	3	(6)	(10)	7	7	8
Net income available to common stockholders	<u>\$ 114,751</u>	<u>\$ 74,180</u>	<u>\$ 115,031</u>	<u>\$ 110,706</u>	<u>\$ 110,503</u>	<u>\$ 103,891</u>	<u>\$ 100,806</u>	<u>\$ 11,866</u>
Earnings per common share – diluted	\$ 0.89	\$ 0.58	\$ 0.89	\$ 0.86	\$ 0.86	\$ 0.81	\$ 0.78	\$ 0.09

Non-interest

Income:

Service charges on deposit accounts	\$ 9,704	\$ 9,730	\$ 10,585	\$ 9,722	\$ 10,291	\$ 10,827	\$ 10,933	\$ 10,009
Trust income	1,591	1,730	1,821	1,730	1,839	1,975	2,010	1,939
BOLI income:								
Increase in cash surrender value	5,259	5,321	5,269	5,162	5,178	5,208	5,167	5,067
Death benefits	—	—	482	—	—	206	2,989	608
Other income from purchased loans	2,744	1,418	2,370	795	1,455	674	759	—
Loan service, maintenance and other fees	5,641	4,724	5,245	4,874	4,565	4,197	4,282	3,716
Gains (losses) on sales of other assets	844	(518)	465	284	402	189	1,358	161

Net gains on investment securities	—	—	—	—	713	—	—	2,223
Other	1,603	1,716	1,323	1,505	2,160	3,170	2,908	3,957
Total non-interest income	\$ 27,386	\$ 24,121	\$ 27,560	\$ 24,072	\$ 26,603	\$ 26,446	\$ 30,406	\$ 27,680
Non-interest Expense:								
Salaries and employee benefits	\$ 41,665	\$ 41,477	\$ 41,837	\$ 44,868	\$ 47,558	\$ 48,376	\$ 52,050	\$ 51,473
Net occupancy expense	13,827	14,358	14,027	14,750	14,587	14,825	14,855	15,330
Other operating expenses	33,615	47,107	39,029	37,060	36,986	37,713	37,501	36,622
Total non-interest expense	\$ 89,107	\$ 102,942	\$ 94,893	\$ 96,678	\$ 99,131	\$ 100,914	\$ 104,406	\$ 103,425
Balance Sheet Data:								
Total assets	\$ 22,220,380	\$ 22,086,539	\$ 22,388,030	\$ 23,005,652	\$ 22,960,731	\$ 23,402,679	\$ 23,555,728	\$ 24,565,810
Non-purchased loans	14,183,533	14,440,623	15,073,791	15,610,681	15,786,809	16,307,621	16,224,539	17,030,378
Purchased loans	2,580,341	2,285,168	2,044,032	1,864,715	1,698,396	1,427,230	1,307,504	1,197,826
Investment securities – AFS	2,608,439	2,669,877	2,862,340	2,769,602	2,548,489	2,414,722	2,277,389	2,816,556
Deposits	17,897,085	17,822,915	17,938,415	18,476,868	18,186,215	18,440,078	18,474,259	18,809,190
Unfunded balance of closed loans	11,999,661	11,891,247	11,364,975	11,544,218	11,167,055	11,429,918	11,325,598	11,334,737
Common stockholders' equity	3,613,903	3,653,596	3,770,330	3,882,643	3,993,247	4,078,324	4,150,351	4,083,150

Bank OZK
Supplemental Quarterly Financial Data (Continued)
Unaudited

6/30/18 9/30/18 12/31/18 3/31/19 6/30/19 9/30/19 12/31/19 3/31/20

(Dollars in thousands, except per share amounts)

Allowance for Credit Losses:

Balance at beginning of period	\$ 98,097	\$ 104,638	\$ 98,200	\$ 102,264	\$ 105,954	\$ 106,642	\$ 109,001	\$ 108,525
Adoption of CECL ⁽¹⁾ model	—	—	—	—	—	—	—	94,512
Net charge-offs	(3,069)	(48,387)	(3,207)	(2,991)	(6,081)	(5,495)	(5,414)	(4,291)
Provision for loan losses	9,610	41,949	7,271	6,681	6,769	7,854	4,938	117,663
Balance at end of period	<u>\$ 104,638</u>	<u>\$ 98,200</u>	<u>\$ 102,264</u>	<u>\$ 105,954</u>	<u>\$ 106,642</u>	<u>\$ 109,001</u>	<u>\$ 108,525</u>	<u>\$ 316,409</u>
Allowance for loan losses	\$ 104,638	\$ 98,200	\$ 102,264	\$ 105,954	\$ 106,642	\$ 109,001	\$ 108,525	\$ 238,737

Reserve for unfunded balance of closed loans	—	—	—	—	—	—	—	77,672
Total allowance for credit losses	<u>\$ 104,638</u>	<u>\$ 98,200</u>	<u>\$ 102,264</u>	<u>\$ 105,954</u>	<u>\$ 106,642</u>	<u>\$ 109,001</u>	<u>\$ 108,525</u>	<u>\$ 316,409</u>

Selected Ratios:

Net interest margin – FTE ⁽²⁾	4.66 %	4.47 %	4.55	4.53 %	4.45 %	4.26 %	4.15 %	3.96 %
Efficiency ratio	35.19	41.87	36.90 %	38.49	39.30	40.98	42.37	43.35
Net charge-offs to average non-purchased loans ^{(2) (3)}	0.05	1.32	0.06	0.05	0.12	0.07	0.10	0.08
Net charge-offs to average total loans ⁽²⁾	0.07	1.14	0.07	0.07	0.14	0.12	0.12	0.10
Nonperforming loans to total loans ⁽⁴⁾	0.10	0.23	0.23	0.22	0.15	0.17	0.15	0.16
Nonperforming assets to total assets ⁽⁴⁾	0.15	0.23	0.23	0.21	0.25	0.26	0.18	0.19
Allowance for loan losses to total loans	0.62	0.59	0.60	0.61	0.61	0.61	0.62	1.31
Loans past due 30 days or more, including past due non-accrual loans, to total loans ⁽⁴⁾	0.12	0.17	0.28	0.28	0.13	0.14	0.19	0.18

(1) Current Expected Credit Loss model.

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

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

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

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

Three Months Ended March 31,

2020			2019		
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	\$ 1,367,297	\$ 4,376	1.29 %	\$ 67,015	\$ 414	2.50 %
Investment securities:						
Taxable	1,796,061	10,760	2.41	2,310,770	14,897	2.61
Tax-exempt – FTE	486,062	4,553	3.77	515,613	4,903	3.86
Non-purchased loans – FTE	16,526,270	232,030	5.65	15,482,768	246,041	6.44
Purchased loans	<u>1,265,413</u>	<u>21,387</u>	6.80	<u>1,947,783</u>	<u>30,195</u>	6.29
Total earning assets – FTE	21,441,103	273,106	5.12	20,323,949	296,450	5.92
Non-interest earning assets	<u>2,353,330</u>			<u>2,232,416</u>		
Total assets	<u>\$ 23,794,433</u>			<u>\$ 22,556,365</u>		

LIABILITIES AND STOCKHOLDERS' EQUITY

Interest bearing liabilities:

Deposits:

Savings and interest bearing transaction	\$ 8,131,400	\$ 19,747	0.98 %	\$ 9,531,133	\$ 36,103	1.54 %
Time deposits of \$100 or more	4,388,337	22,190	2.03	3,170,510	15,555	1.99
Other time deposits	3,333,529	15,745	1.90	2,435,425	11,429	1.90
Total interest bearing deposits	15,853,266	57,682	1.46	15,137,068	63,087	1.69
Repurchase agreements with customers	7,883	6	0.32	22,192	22	0.40
Other borrowings ⁽¹⁾	296,969	50	0.07	269,588	1,389	2.09
Subordinated notes	223,711	3,172	5.70	223,321	3,146	5.71
Subordinated debentures ⁽¹⁾	119,984	1,288	4.31	119,412	1,711	5.81
Total interest bearing liabilities	16,501,813	62,198	1.52	15,771,581	69,355	1.78
Non-interest bearing liabilities:						
Non-interest bearing deposits	2,927,296			2,757,110		
Other non-interest bearing liabilities	243,598			210,588		
Total liabilities	19,672,707			18,739,279		
Common stockholders' equity	4,118,614			3,813,979		
Noncontrolling interest	3,112			3,107		
Total liabilities and stockholders' equity	\$ 23,794,433			\$ 22,556,365		
Net interest income – FTE		\$ 210,908			\$ 227,095	
Net interest margin – FTE			3.96 %			4.53 %

⁽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 \$0.4 million for the first quarter of 2020 and \$0.3 million for the first quarter of 2019. In the absence of this interest capitalization, the rates on other borrowings would have been 0.55% for the first quarter of 2020 and 2.62% for the first quarter of 2019. Capitalized interest included in subordinated debentures totaled \$0.1 million for the first quarter of 2020 (none in the first quarter of 2019). In the absence of this interest capitalization, the rate on subordinated debentures would have been 4.80% for the first quarter of 2020.

**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		
	March 31, 2020	March 31, 2019	December 31, 2019
	(Dollars in thousands)		
Net income available to common stockholders	\$ 11,866	\$ 110,706	\$ 100,806
Average common stockholders' equity before noncontrolling interest	\$ 4,118,614	\$ 3,813,979	\$ 4,110,322
Less average intangible assets:			
Goodwill	(660,789)	(660,789)	(660,789)
Core deposit and other intangibles, net of accumulated amortization	(22,412)	(34,437)	(25,315)
Total average intangibles	(683,201)	(695,226)	(686,104)
Average tangible common stockholders' equity	\$ 3,435,413	\$ 3,118,753	\$ 3,424,218
Return on average common stockholders' equity ⁽¹⁾	1.16 %	11.77 %	9.73 %
Return on average tangible common stockholders' equity ⁽¹⁾	1.39 %	14.40 %	11.68 %

(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

	March 31,		December 31,
	2020	2019	2019
	(In thousands, except per share amounts)		
Total common stockholders' equity before noncontrolling interest	\$ 4,083,150	\$ 3,882,643	\$ 4,150,351
Less intangible assets:			
Goodwill	(660,789)	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	(20,958)	(32,527)	(23,753)
Total intangibles	(681,747)	(693,316)	(684,542)
Total tangible common stockholders' equity	\$ 3,401,403	\$ 3,189,327	\$ 3,465,809
Shares of common stock outstanding	129,324	128,948	128,951
Book value per common share	\$ 31.57	\$ 30.11	\$ 32.19
Tangible book value per common share	\$ 26.30	\$ 24.73	\$ 26.88

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

	March 31,	
	2020	2019
	(Dollars in thousands)	
Total common stockholders' equity before noncontrolling interest	\$ 4,083,150	\$ 3,882,643
Less intangible assets:		
Goodwill	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	(20,958)	(32,527)
Total intangibles	(681,747)	(693,316)
Total tangible common stockholders' equity	\$ 3,401,403	\$ 3,189,327
Total assets	\$ 24,565,810	\$ 23,005,652
Less intangible assets:		
Goodwill	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	(20,958)	(32,527)
Total intangibles	(681,747)	(693,316)
Total tangible assets	\$ 23,884,063	\$ 22,312,336
Ratio of total common stockholders' equity to total assets	16.62%	16.88%
Ratio of total tangible common stockholders' equity to total tangible assets	14.24%	14.29%

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Source: Bank OZK