



Bank OZK Announces Record First Quarter 2021 Earnings

April 22, 2021

LITTLE ROCK, Ark., April 22, 2021 (GLOBE NEWSWIRE) -- Bank OZK (the "Bank") (Nasdaq: OZK) today announced that net income for the first quarter of 2021 was a record \$148.4 million compared to \$11.9 million for the first quarter of 2020. Diluted earnings per common share for the first quarter of 2021 were \$1.14 compared to \$0.09 for the first quarter of 2020.

As a result of improving economic conditions, management recorded negative provision for credit losses of \$31.6 million during the first quarter of 2021, reducing the Bank's total allowance for credit losses ("ACL") from \$377.3 million at December 31, 2020 to \$342.3 million at March 31, 2021. The Bank's provision for credit losses was \$117.7 million during the first quarter of 2020, reflecting significant economic uncertainty at that time. The Bank's results for the first quarter of 2021 also included pretax gains of \$4.4 million from the sale of its South Carolina branches and \$1.4 million of tax-exempt bank-owned life insurance ("BOLI") death benefits. The Bank had no gains from branch sales and had \$0.6 million of tax-exempt BOLI death benefits during the first quarter of 2020.

Pre-tax pre-provision net revenue ("PPNR") was \$160.7 million for the first quarter of 2021, a 19.9% increase from \$134.0 million for the first quarter of 2020, but a decrease of 1.3% from \$162.9 million for the fourth quarter of 2020. The calculation of PPNR and the reconciliation to generally accepted accounting principles ("GAAP") are included in the schedules accompanying this release.

The Bank's annualized returns on average assets, average common stockholders' equity and average tangible common stockholders' equity for the first quarter of 2021 were 2.23%, 13.97% and 16.57%, respectively, compared to 0.20%, 1.16% and 1.39%, respectively, for the first quarter of 2020. The calculation of the Bank's return on average tangible common stockholders' equity and the reconciliation to GAAP are included in the schedules accompanying this release.

George Gleason, Chairman and Chief Executive Officer stated, "We are pleased to report excellent results for the first quarter of 2021, including record quarterly net income, strong net interest income, continued improvement in our core spread, excellent asset quality and an efficiency ratio among the best in the industry. Our combination of strong earnings, robust capital and an exceptional team have us well positioned for the future."

KEY BALANCE SHEET METRICS

Total loans were \$18.72 billion at March 31, 2021, a 2.7% increase from \$18.23 billion at March 31, 2020, but a decrease of 2.6% from \$19.21 billion at December 31, 2020. Non-purchased loans were \$17.98 billion at March 31, 2021, a 5.6% increase from \$17.03 billion at March 31, 2020, but a decrease of 2.3% from \$18.40 billion at December 31, 2020. Purchased loans, which consist of loans acquired in previous acquisitions, were \$0.74 billion at March 31, 2021, a 38.6% decrease from \$1.20 billion at March 31, 2020.

Deposits were \$21.30 billion at March 31, 2021, a 13.2% increase from \$18.81 billion at March 31, 2020, but a decrease of 0.7% from \$21.45 billion at December 31, 2020. Total assets were \$27.28 billion at March 31, 2021, an 11.0% increase from \$24.57 billion at March 31, 2020.

Common stockholders' equity was \$4.38 billion at March 31, 2021, a 7.5% increase from \$4.08 billion at March 31, 2020. Tangible common stockholders' equity was \$3.71 billion at March 31, 2021, a 9.1% increase from \$3.40 billion at March 31, 2020. Book value per common share was \$33.79 at March 31, 2021, a 7.0% increase from \$31.57 at March 31, 2020. Tangible book value per common share was \$28.60 at March 31, 2021, an 8.7% increase from \$26.30 at March 31, 2020. 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 16.07% at March 31, 2021 compared to 16.62% at March 31, 2020. Its ratio of total tangible common stockholders' equity to total tangible assets was 13.94% at March 31, 2021 compared to 14.24% at March 31, 2020. 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 23, 2021. 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 conference ID for this playback is 4472527. 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, the ratio of total tangible common stockholders' equity to total tangible assets and PPNR, to assess the strength of its capital, its ability to generate earnings on tangible capital

invested by its shareholders and trends in its net revenue. These measures typically adjust GAAP financial measures to exclude intangible assets or provision for credit losses. Management believes presentation of these non-GAAP financial measures provides useful supplemental information which contributes to a proper understanding of the financial results and capital levels of the Bank. These non-GAAP disclosures should not be viewed as a substitute for financial results determined in accordance with GAAP, and they are not necessarily comparable to non-GAAP performance measures that may be presented by other banks. Reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures are included in the 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, selling or closing existing offices; the ability to enter into and/or close additional acquisitions; the availability of and access to capital; possible downgrades in the Bank's credit ratings or outlook which could increase the costs or availability of funding from capital markets; the ability to attract new or retain existing or acquired deposits or to retain or grow loans, including growth from unfunded closed loans; the ability to generate future revenue growth or to control future growth in non-interest expense; interest rate fluctuations, including changes in the yield curve between short-term and long-term interest rates or changes in the relative relationships of various interest rate indices; the potential impact of the proposed phase-out of the London Interbank Offered Rate ("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 COVID-19 pandemic such as the Coronavirus Aid, Relief and Economic Security Act, the Consolidated Appropriations Act of 2021, the American Rescue Plan Act of 2021, and any similar or related laws, 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 COVID-19 pandemic, including the duration of the pandemic and actions taken to contain or treat COVID-19, on the Bank, the Bank's customers, the Bank's staff, the global economy and financial markets; national, international or political instability; impairment of the Bank's goodwill or other intangible assets; adoption of new accounting standards, or changes in existing standards; and adverse results (including costs, fines, reputational harm and/or other negative effects) from current or future litigation, regulatory examinations or other legal and/or regulatory actions or rulings as well as other factors identified in this 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, 2020 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. Headquartered in Little Rock, Arkansas, Bank OZK conducts operations through more than 250 branches, loan production offices and other offices in Arkansas, Georgia, Florida, North Carolina, Texas, California, New York and Mississippi. Bank OZK can be found at www.ozk.com and on [Facebook](https://www.facebook.com/ozkbank), [Twitter](https://twitter.com/ozkbank) and [LinkedIn](https://www.linkedin.com/company/ozkbank) 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

	March 31, 2021	December 31, 2020
	(Dollars in thousands, except per share amounts)	
ASSETS		
Cash and cash equivalents	\$ 2,216,336	\$ 2,393,662
Investment securities — available for sale ("AFS")	4,162,479	3,405,351
Federal Home Loan Bank of Dallas and other bankers' bank stocks	38,578	38,486
Non-purchased loans	17,979,435	18,401,495
Purchased loans	735,630	807,673
Allowance for loan losses	(268,077)	(295,824)
Net loans	18,446,988	18,913,344

Premises and equipment, net	729,433	738,842
Foreclosed assets	8,436	11,085
Accrued interest receivable	94,265	88,077
Bank owned life insurance ("BOLI")	761,680	758,071
Goodwill and other intangible assets, net	673,728	675,458
Other, net	144,969	140,220
Total assets	<u>\$ 27,276,892</u>	<u>\$ 27,162,596</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Deposits:		
Demand non-interest bearing	\$ 4,196,603	\$ 3,996,546
Savings and interest bearing transaction	8,529,229	8,160,982
Time	8,570,610	9,292,828
Total deposits	<u>21,296,442</u>	<u>21,450,356</u>
Repurchase agreements with customers	5,936	8,013
Other borrowings	750,361	750,928
Subordinated notes	224,141	224,047
Subordinated debentures	120,613	120,475
Reserve for losses on unfunded loan commitments	74,230	81,481
Accrued interest payable and other liabilities	418,860	251,940
Total liabilities	<u>22,890,583</u>	<u>22,887,240</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, 2021 or December 31, 2020	—	—
Common stock; \$0.01 par value; 300,000,000 shares authorized; 129,718,906 and 129,350,448 shares issued and outstanding at March 31, 2021 and December 31, 2020, respectively	1,297	1,294
Additional paid-in capital	2,272,046	2,265,850
Retained earnings	2,059,398	1,946,875
Accumulated other comprehensive income	50,464	58,252
Total stockholders' equity before noncontrolling interest	<u>4,383,205</u>	<u>4,272,271</u>
Noncontrolling interest	3,104	3,085
Total stockholders' equity	<u>4,386,309</u>	<u>4,275,356</u>
Total liabilities and stockholders' equity	<u>\$ 27,276,892</u>	<u>\$ 27,162,596</u>

Bank OZK Consolidated Statements of Income Unaudited

Three Months Ended March 31,

2021	2020
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(Dollars in thousands, except per share amounts)

Interest income:		
Non-purchased loans	\$ 239,827	\$ 231,853
Purchased loans	11,935	21,387
Investment securities:		
Taxable	8,083	10,760
Tax-exempt	3,681	3,597
Deposits with banks and federal funds sold	538	4,376
Total interest income	<u>264,064</u>	<u>271,973</u>
Interest expense:		
Deposits	24,350	57,682
Repurchase agreements with customers	4	6
Other borrowings	986	50
Subordinated notes	3,146	3,172
Subordinated debentures	942	1,288

Total interest expense	29,428	62,198
Net interest income	234,636	209,775
Provision for credit losses	(31,559)	117,663
Net interest income after provision for credit losses	266,195	92,112
Non-interest income:		
Service charges on deposit accounts	9,665	10,009
Trust income	2,206	1,939
BOLI income:		
Increase in cash surrender value	4,881	5,067
Death benefits	1,409	608
Loan service, maintenance and other fees	3,551	3,716
Gains on sales of other assets	5,828	161
Net gains on investment securities	—	2,223
Other	4,577	3,957
Total non-interest income	32,117	27,680
Non-interest expense:		
Salaries and employee benefits	53,645	51,473
Net occupancy and equipment	16,468	15,330
Other operating expenses	35,946	36,622
Total non-interest expense	106,059	103,425
Income before taxes	192,253	16,367
Provision for income taxes	43,818	4,509
Net income	148,435	11,858
Earnings attributable to noncontrolling interest	(19)	8
Net income available to common stockholders	\$ 148,416	\$ 11,866
Basic earnings per common share	\$ 1.15	\$ 0.09
Diluted earnings per common share	\$ 1.14	\$ 0.09

Bank OZK
Consolidated Statements of Stockholders' Equity
Unaudited

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Non- Controlling Interest	Total
(Dollars in thousands, except per share amounts)						
Three months ended March 31, 2021:						
Balances – December 31, 2020	\$ 1,294	\$ 2,265,850	\$ 1,946,875	\$ 58,252	\$ 3,085	\$ 4,275,356
Net income	—	—	148,435	—	—	148,435
Earnings attributable to noncontrolling interest	—	—	(19)	—	19	—
Total other comprehensive loss	—	—	—	(7,788)	—	(7,788)
Common stock dividends, \$0.2775 per share	—	—	(35,893)	—	—	(35,893)
Issuance of 128,100 shares of common stock for exercise of stock options	1	4,492	—	—	—	4,493
Issuance of 312,503 shares of unvested restricted common stock	3	(3)	—	—	—	—
Repurchase and cancellation of 55,740 shares of common stock	(1)	(1,970)	—	—	—	(1,971)
Stock-based compensation expense	—	3,677	—	—	—	3,677
Forfeitures of 16,405 shares of unvested restricted common stock	—	—	—	—	—	—
Balances – March 31, 2021	\$ 1,297	\$ 2,272,046	\$ 2,059,398	\$ 50,464	\$ 3,104	\$ 4,386,309

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, \$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	\$ 1,293	\$ 2,253,991	\$ 1,772,978	\$ 54,888	\$ 3,109	\$ 4,086,259

Bank OZK
Summary of Non-Interest Expense
Unaudited

	Three Months Ended March 31,	
	2021	2020
	(Dollars in thousands)	
Salaries and employee benefits	\$ 53,645	\$ 51,473
Net occupancy and equipment	16,468	15,330
Other operating expenses:		
Professional and outside services	6,326	6,764
Software and data processing	5,792	4,974
Deposit insurance and assessments	3,520	3,420
Telecommunication services	2,232	2,177
Postage and supplies	1,645	2,053
Writedowns of foreclosed and other assets	1,363	879
ATM expense	1,283	1,160
Travel and meals	774	2,102
Loan collection and repossession expense	509	694
Advertising and public relations	308	1,703
Amortization of intangibles	1,730	2,795
Amortization of CRA and tax credit investments	4,125	2,740
Other	6,339	5,161
Total non-interest expense	\$ 106,059	\$ 103,425

Bank OZK
Summary of Total Loans Outstanding
Unaudited

	March 31, 2021		December 31, 2020	
	(Dollars in thousands)			
Real estate:				
Residential 1-4 family	\$ 869,585	4.6 %	\$ 911,115	4.7 %
Non-farm/non-residential	4,406,692	23.5	4,213,636	21.9
Construction/land development	7,733,670	41.3	8,046,978	41.9
Agricultural	212,681	1.1	204,868	1.1
Multifamily residential	797,847	4.3	856,297	4.5
Total real estate	14,020,475	74.8	14,232,894	74.1
Commercial and industrial	790,568	4.2	842,206	4.4
Consumer	2,275,011	12.2	2,393,964	12.5

Other	1,629,011	8.8	1,740,104	9.0
Total loans	18,715,065	100.0%	19,209,168	100.0%
Allowance for loan losses	(268,077)		(295,824)	
Net loans	\$ 18,446,988		\$ 18,913,344	

Bank OZK
Allowance for Credit Losses
Unaudited

	<u>Allowance for Loan Losses</u>	<u>Reserve for Losses on Unfunded Loan Commitments</u>	<u>Total Allowance for Credit Losses</u>
	(Dollars in thousands)		
Three months ended March 31, 2021:			
Balances – December 31, 2020	\$ 295,824	\$ 81,481	\$ 377,305
Net charge-offs	(3,439)	—	(3,439)
Provision	(24,308)	(7,251)	(31,559)
Balances – March 31, 2021	<u>\$ 268,077</u>	<u>\$ 74,230</u>	<u>\$ 342,307</u>
Three months ended March 31, 2020:			
Balances – December 31, 2019	\$ 108,525	\$ —	\$ 108,525
Adoption of CECL methodology	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

	<u>March 31, 2021</u>		<u>December 31, 2020</u>	
	(Dollars in thousands)			
Non-interest bearing	\$ 4,196,603	19.7%	\$ 3,996,546	18.6%
Interest bearing:				
Transaction (NOW)	3,253,715	15.3	3,124,007	14.6
Savings and money market	5,275,514	24.8	5,036,975	23.5
Time deposits less than \$100	2,657,568	12.5	3,075,845	14.3
Time deposits of \$100 or more	5,913,042	27.7	6,216,983	29.0
Total deposits	<u>\$ 21,296,442</u>	100.0%	<u>\$ 21,450,356</u>	100.0%

Summary of Deposits – By Customer Type
Unaudited

	<u>March 31, 2021</u>		<u>December 31, 2020</u>	
	(Dollars in thousands)			
Consumer	\$ 11,252,744	52.8%	\$ 11,165,603	52.1%
Commercial	6,259,409	29.4	6,056,536	28.2
Public Funds	2,048,909	9.6	2,111,971	9.8
Brokered	1,210,155	5.7	1,600,116	7.5
Reciprocal	525,225	2.5	516,130	2.4
Total deposits	<u>\$ 21,296,442</u>	100.0%	<u>\$ 21,450,356</u>	100.0%

Bank OZK
Selected Consolidated Financial Data
Unaudited

**Three Months Ended
March 31,**

	2021	2020	% Change
(Dollars in thousands, except per share amounts)			
Income statement data:			
Net interest income	\$ 234,636	\$ 209,775	11.9 %
Provision for credit losses	(31,559)	117,663	(126.8)
Non-interest income	32,117	27,680	16.0
Non-interest expense	106,059	103,425	2.5
Net income available to common stockholders	148,416	11,866	1,150.8
Pre-tax pre-provision net revenue ⁽¹⁾	160,694	134,030	19.9
Common share and per common share data:			
Net income per share – diluted	\$ 1.14	\$ 0.09	1,166.7 %
Net income per share – basic	1.15	0.09	1,177.8
Dividends per share	0.2775	0.26	6.7
Book value per share	33.79	31.57	7.0
Tangible book value per share ⁽¹⁾	28.60	26.30	8.7
Weighted-average diluted shares outstanding (thousands)	129,816	129,307	0.4
End of period shares outstanding (thousands)	129,719	129,324	0.3
Balance sheet data at period end:			
Total assets	\$ 27,276,892	\$ 24,565,810	11.0 %
Total loans	18,715,065	18,228,204	2.7
Non-purchased loans	17,979,435	17,030,378	5.6
Purchased loans	735,630	1,197,826	(38.6)
Allowance for loan losses	268,077	238,737	12.3
Foreclosed assets	8,436	20,616	(59.1)
Investment securities – AFS	4,162,479	2,816,556	47.8
Goodwill and other intangible assets, net	673,728	681,747	(1.2)
Deposits	21,296,442	18,809,190	13.2
Other borrowings	750,361	1,051,353	(28.6)
Subordinated notes	224,141	223,759	0.2
Subordinated debentures	120,613	120,055	0.5
Unfunded balance of closed loans	11,780,099	11,334,737	3.9
Reserve for losses on unfunded loan commitments	74,230	77,672	(4.4)
Total common stockholders' equity	4,383,205	4,083,150	7.3
Net unrealized gains on investment securities AFS included in common stockholders' equity	50,464	54,888	
Loan (including purchased loans) to deposit ratio	87.88 %	96.91 %	
Selected ratios:			
Return on average assets ⁽²⁾	2.23 %	0.20 %	
Return on average common stockholders' equity ⁽²⁾	13.97	1.16	
Return on average tangible common stockholders' equity ^{(1) (2)}	16.57	1.39	
Average common equity to total average assets	15.93	17.31	
Net interest margin – FTE ⁽²⁾	3.86	3.96	
Efficiency ratio	39.57	43.35	
Net charge-offs to average non-purchased loans ^{(2) (3)}	0.08	0.08	
Net charge-offs to average total loans ⁽²⁾	0.07	0.10	
Nonperforming loans to total loans ⁽⁴⁾	0.25	0.16	
Nonperforming assets to total assets ⁽⁴⁾	0.19	0.19	
Allowance for loan losses to total loans ⁽⁵⁾	1.43	1.31	
Other information:			
Non-accrual loans ⁽⁴⁾	\$ 43,059	\$ 25,681	
Accruing loans – 90 days past due ⁽⁴⁾	—	—	
Troubled and restructured non-purchased loans – accruing ⁽⁴⁾	1,380	757	

(1) Calculations of pre-tax pre-provision net revenue, 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 reserve for losses on unfunded loan commitments.

Selected Consolidated Financial Data (continued)

Unaudited

	Three Months Ended		
	March 31, 2021	December 31, 2020	% Change
(Dollars in thousands, except per share amounts)			
Income statement data:			
Net interest income	\$ 234,636	\$ 237,600	(1.2)%
Provision for credit losses	(31,559)	6,750	(567.5)
Non-interest income	32,117	28,661	12.1
Non-interest expense	106,059	103,394	2.6
Net income available to common stockholders	148,416	120,513	23.2
Pre-tax pre-provision net revenue ⁽¹⁾	160,694	162,867	(1.3)
Common share and per common share data:			
Net income per share – diluted	\$ 1.14	\$ 0.93	22.6%
Net income per share – basic	1.15	0.93	23.7
Dividends per share	0.2775	0.275	0.9
Book value per share	33.79	33.03	2.3
Tangible book value per share ⁽¹⁾	28.60	27.81	2.8
Weighted-average diluted shares outstanding (thousands)	129,816	129,523	0.2
End of period shares outstanding (thousands)	129,719	129,350	0.3
Balance sheet data at period end:			
Total assets	\$ 27,276,892	\$ 27,162,596	0.4%
Total loans	18,715,065	19,209,168	(2.6)
Non-purchased loans	17,979,435	18,401,495	(2.3)
Purchased loans	735,630	807,673	(8.9)
Allowance for loan losses	268,077	295,824	(9.4)
Foreclosed assets	8,436	11,085	(23.9)
Investment securities – AFS	4,162,479	3,405,351	22.2
Goodwill and other intangible assets, net	673,728	675,458	(0.3)
Deposits	21,296,442	21,450,356	(0.7)
Other borrowings	750,361	750,928	(0.1)
Subordinated notes	224,141	224,047	0.1
Subordinated debentures	120,613	120,475	0.1
Unfunded balance of closed loans	11,780,099	11,847,117	(0.6)
Reserve for losses on unfunded loan commitments	74,230	81,481	(8.9)
Total common stockholders' equity	4,383,205	4,272,271	2.6
Net unrealized gains on investment securities AFS included in common stockholders' equity	50,464	58,252	
Loan (including purchased loans) to deposit ratio	87.88%	89.55%	
Selected ratios:			
Return on average assets ⁽²⁾	2.23%	1.79%	
Return on average common stockholders' equity ⁽²⁾	13.97	11.36	
Return on average tangible common stockholders' equity ^{(1) (2)}	16.57	13.53	
Average common equity to total average assets	15.93	15.74	
Net interest margin – FTE ⁽²⁾	3.86	3.88	
Efficiency ratio	39.57	38.61	
Net charge-offs to average non-purchased loans ^{(2) (3)}	0.08	0.14	
Net charge-offs to average total loans ⁽²⁾	0.07	0.14	
Nonperforming loans to total loans ⁽⁴⁾	0.25	0.25	
Nonperforming assets to total assets ⁽⁴⁾	0.19	0.21	
Allowance for loan losses to total loans ⁽⁵⁾	1.43	1.54	
Other information:			
Non-accrual loans ⁽⁴⁾	\$ 43,059	\$ 44,402	

Accruing loans – 90 days past due⁽⁴⁾

—

—

Troubled and restructured non-purchased loans – accruing⁽⁴⁾

1,380

1,483

(1) Calculations of pre-tax pre-provision net revenue, 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 reserve for losses on unfunded loan commitments.

Bank OZK
Supplemental Quarterly Financial Data
Unaudited

	<u>6/30/19</u>	<u>9/30/19</u>	<u>12/31/19</u>	<u>3/31/20</u>	<u>6/30/20</u>	<u>9/30/20</u>	<u>12/31/20</u>	<u>3/31/21</u>
	(Dollars in thousands, except per share amounts)							
Earnings Summary:								
Net interest income	\$ 224,536	\$ 218,780	\$ 214,977	\$ 209,775	\$ 216,593	\$ 224,657	\$ 237,600	\$ 234,636
Federal tax (FTE) adjustment	1,136	1,038	1,028	1,133	1,753	1,605	1,533	1,275
Net interest income (FTE)	225,672	219,818	216,005	210,908	218,346	226,262	239,133	235,911
Provision for credit losses	(6,769)	(7,854)	(4,938)	(117,663)	(72,026)	(7,200)	(6,750)	31,559
Non-interest income	26,603	26,446	30,406	27,680	21,591	26,676	28,661	32,117
Non-interest expense	(99,131)	(100,914)	(104,406)	(103,425)	(100,953)	(105,641)	(103,394)	(106,059)
Pretax income (FTE)	146,375	137,496	137,067	17,500	66,958	140,097	157,650	193,528
FTE adjustment	(1,136)	(1,038)	(1,028)	(1,133)	(1,753)	(1,605)	(1,533)	(1,275)
Provision for income taxes	(34,726)	(32,574)	(35,240)	(4,509)	(14,948)	(29,251)	(35,607)	(43,818)
Noncontrolling interest	(10)	7	7	8	9	12	3	(19)
Net income available to common stockholders	<u>\$ 110,503</u>	<u>\$ 103,891</u>	<u>\$ 100,806</u>	<u>\$ 11,866</u>	<u>\$ 50,266</u>	<u>\$ 109,253</u>	<u>\$ 120,513</u>	<u>\$ 148,416</u>
Earnings per common share – diluted	\$ 0.86	\$ 0.81	\$ 0.78	\$ 0.09	\$ 0.39	\$ 0.84	\$ 0.93	\$ 1.14
Non-interest Income:								
Service charges on deposit accounts	\$ 10,291	\$ 10,827	\$ 10,933	\$ 10,009	\$ 8,281	\$ 9,427	\$ 9,983	\$ 9,665
Trust income	1,839	1,975	2,010	1,939	1,759	1,936	1,909	2,206
BOLI income:								
Increase in cash surrender value	5,178	5,208	5,167	5,067	5,057	5,081	5,034	4,881
Death benefits	—	206	2,989	608	—	—	—	1,409
Loan service, maintenance and other fees	4,565	4,197	4,282	3,716	3,394	3,351	3,797	3,551
Gains on sales of other assets	402	189	1,358	161	621	891	5,189	5,828
Net gains on investment securities	713	—	—	2,223	—	2,244	—	—
Other	<u>3,615</u>	<u>3,844</u>	<u>3,667</u>	<u>3,957</u>	<u>2,479</u>	<u>3,746</u>	<u>2,749</u>	<u>4,577</u>

Total non-interest income	\$ 26,603	\$ 26,446	\$ 30,406	\$ 27,680	\$ 21,591	\$ 26,676	\$ 28,661	\$ 32,117
Non-interest Expense:								
Salaries and employee benefits	\$ 47,558	\$ 48,376	\$ 52,050	\$ 51,473	\$ 48,410	\$ 53,119	\$ 53,832	\$ 53,645
Net occupancy and equipment	14,587	14,825	14,855	15,330	15,756	16,676	15,617	16,468
Other operating expenses	36,986	37,713	37,501	36,622	36,787	35,846	33,945	35,946
Total non-interest expense	\$ 99,131	\$ 100,914	\$ 104,406	\$ 103,425	\$ 100,953	\$ 105,641	\$ 103,394	\$ 106,059
Balance Sheet Data:								
Total assets	\$ 22,960,731	\$ 23,402,679	\$ 23,555,728	\$ 24,565,810	\$ 26,380,409	\$ 26,888,308	\$ 27,162,596	\$ 27,276,892
Non-purchased loans	15,786,809	16,307,621	16,224,539	17,030,378	18,247,431	18,419,958	18,401,495	17,979,435
Purchased loans	1,698,396	1,427,230	1,307,504	1,197,826	1,063,647	938,485	807,673	735,630
Investment securities – AFS	2,548,489	2,414,722	2,277,389	2,816,556	3,299,944	3,468,243	3,405,351	4,162,479
Deposits	18,186,215	18,440,078	18,474,259	18,809,190	20,723,598	21,287,405	21,450,356	21,296,442
Unfunded balance of closed loans	11,167,055	11,429,918	11,325,598	11,334,737	11,411,441	11,604,614	11,847,117	11,780,099
Common stockholders' equity	3,993,247	4,078,324	4,150,351	4,083,150	4,110,666	4,186,285	4,272,271	4,383,205

Bank OZK
Supplemental Quarterly Financial Data (Continued)
Unaudited

	<u>6/30/19</u>	<u>9/30/19</u>	<u>12/31/19</u>	<u>3/31/20</u>	<u>6/30/20</u>	<u>9/30/20</u>	<u>12/31/20</u>	<u>3/31/21</u>
	(Dollars in thousands, except per share amounts)							
Allowance for Credit Losses:								
Balance at beginning of period	\$ 105,954	\$ 106,642	\$ 109,001	\$ 108,525	\$ 316,409	\$ 374,494	\$ 377,273	\$ 377,305
Adoption of CECL ⁽¹⁾ methodology	—	—	—	94,512	—	—	—	—
Net charge-offs	(6,081)	(5,495)	(5,414)	(4,291)	(13,941)	(4,421)	(6,718)	(3,439)
Provision for credit losses	6,769	7,854	4,938	117,663	72,026	7,200	6,750	(31,559)
Balance at end of period	<u>\$ 106,642</u>	<u>\$ 109,001</u>	<u>\$ 108,525</u>	<u>\$ 316,409</u>	<u>\$ 374,494</u>	<u>\$ 377,273</u>	<u>\$ 377,305</u>	<u>\$ 342,307</u>
Allowance for loan losses	\$ 106,642	\$ 109,001	\$ 108,525	\$ 238,737	\$ 306,196	\$ 308,847	\$ 295,824	\$ 268,077
Reserve for losses on unfunded loan commitments	—	—	—	77,672	68,298	68,426	81,481	74,230
Total allowance for credit losses	<u>\$ 106,642</u>	<u>\$ 109,001</u>	<u>\$ 108,525</u>	<u>\$ 316,409</u>	<u>\$ 374,494</u>	<u>\$ 377,273</u>	<u>\$ 377,305</u>	<u>\$ 342,307</u>
Selected Ratios:								
Net interest margin – FTE ⁽²⁾	4.45 %	4.26 %	4.15 %	3.96 %	3.74 %	3.69 %	3.88 %	3.86 %
Efficiency ratio	39.30	40.98	42.37	43.35	42.07	41.77	38.61	39.57
Net charge-offs to average non-purchased loans ^{(2) (3)}	0.12	0.07	0.10	0.08	0.05	0.09	0.14	0.08
Net charge-offs to average total loans ⁽²⁾	0.14	0.12	0.12	0.10	0.29	0.09	0.14	0.07

Nonperforming loans to total loans ⁽⁴⁾	0.15	0.17	0.15	0.16	0.18	0.15	0.25	0.25
Nonperforming assets to total assets ⁽⁴⁾	0.25	0.26	0.18	0.19	0.19	0.17	0.21	0.19
Allowance for loan losses to total loans ⁽⁵⁾	0.61	0.61	0.62	1.31	1.59	1.60	1.54	1.43
Loans past due 30 days or more, including past due non-accrual loans, to total loans ⁽⁴⁾	0.13	0.14	0.19	0.18	0.13	0.13	0.16	0.13

(1) Current Expected Credit Loss.

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

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

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

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

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

Three Months Ended March 31,

	2021			2020		
	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	\$ 2,212,680	\$ 538	0.10 %	\$ 1,367,297	\$ 4,376	1.29 %
Investment securities:						
Taxable	2,422,127	8,083	1.35	1,796,061	10,760	2.41
Tax-exempt – FTE	1,167,827	4,659	1.62	486,062	4,553	3.77
Non-purchased loans – FTE	18,188,269	240,124	5.35	16,526,270	232,030	5.65
Purchased loans	776,097	11,935	6.24	1,265,413	21,387	6.80
Total earning assets – FTE	24,767,000	265,339	4.34	21,441,103	273,106	5.12
Non-interest earning assets	2,279,477			2,353,330		
Total assets	<u>\$ 27,046,477</u>			<u>\$ 23,794,433</u>		
LIABILITIES AND STOCKHOLDERS' EQUITY						
Interest bearing liabilities:						
Deposits:						
Savings and interest bearing transaction	\$ 8,337,990	\$ 3,616	0.18 %	\$ 8,131,400	\$ 19,747	0.98 %
Time deposits of \$100 or more	6,095,614	13,913	0.93	4,388,337	22,190	2.03
Other time deposits	2,900,579	6,821	0.95	3,333,529	15,745	1.90
Total interest bearing deposits	17,334,183	24,350	0.57	15,853,266	57,682	1.46
Repurchase agreements with customers	5,800	4	0.26	7,883	6	0.32
Other borrowings ⁽¹⁾	750,384	986	0.53	296,969	50	0.07
Subordinated notes	224,092	3,146	5.69	223,711	3,172	5.70
Subordinated debentures ⁽¹⁾	120,540	942	3.17	119,984	1,288	4.31
Total interest bearing liabilities	18,434,999	29,428	0.65	16,501,813	62,198	1.52
Non-interest bearing liabilities:						
Non-interest bearing deposits	3,972,815			2,927,296		
Other non-interest bearing liabilities	328,401			243,598		
Total liabilities	22,736,215			19,672,707		
Common stockholders' equity	4,307,174			4,118,614		
Noncontrolling interest	3,088			3,112		
Total liabilities and stockholders' equity	<u>\$ 27,046,477</u>			<u>\$ 23,794,433</u>		
Net interest income – FTE		\$ 235,911			\$ 210,908	

Net interest margin – FTE	<u>3.86 %</u>	<u>3.96 %</u>
Core spread ⁽²⁾	<u>4.78 %</u>	<u>4.19 %</u>

(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 \$0.03 million for the first quarter of 2021 compared to \$0.36 million for the first quarter of 2020. In the absence of this interest capitalization, the rates on other borrowings would have been 0.55% for the first quarter of 2021 and 0.55% for the first quarter of 2020. Capitalized interest included in subordinated debentures totaled \$0.14 million for the first quarter of 2020 (none in the first quarter of 2021). In the absence of this interest capitalization, the rate on subordinated debentures would have been 4.80% for the first quarter of 2020.

(2) Core spread is the difference between the yield on the Bank’s non-purchased loans-FTE and the cost of its interest bearing deposits.

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,		December 31,
	2021	2020	2020
	(Dollars in thousands)		
Net income available to common stockholders	\$ 148,416	\$ 11,866	\$ 120,513
Average common stockholders’ equity before noncontrolling interest	\$ 4,307,174	\$ 4,118,614	\$ 4,219,249
Less average intangible assets:			
Goodwill	(660,789)	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	(13,828)	(22,412)	(15,578)
Total average intangibles	(674,617)	(683,201)	(676,367)
Average tangible common stockholders’ equity	\$ 3,632,557	\$ 3,435,413	\$ 3,542,882
Return on average common stockholders’ equity ⁽¹⁾	13.97 %	1.16 %	11.36 %
Return on average tangible common stockholders’ equity ⁽¹⁾	16.57 %	1.39 %	13.53 %

(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,
	2021	2020	2020
	(In thousands, except per share amounts)		
Total common stockholders’ equity before noncontrolling interest	\$ 4,383,205	\$ 4,083,150	\$ 4,272,271
Less intangible assets:			
Goodwill	(660,789)	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	(12,939)	(20,958)	(14,669)
Total intangibles	(673,728)	(681,747)	(675,458)
Total tangible common stockholders’ equity	\$ 3,709,477	\$ 3,401,403	\$ 3,596,813
Shares of common stock outstanding	129,719	129,324	129,350
Book value per common share	\$ 33.79	\$ 31.57	\$ 33.03
Tangible book value per common share	\$ 28.60	\$ 26.30	\$ 27.81

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

	March 31,	
	2021	2020
	(Dollars in thousands)	
Total common stockholders' equity before noncontrolling interest	\$ 4,383,205	\$ 4,083,150
Less intangible assets:		
Goodwill	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	(12,939)	(20,958)
Total intangibles	(673,728)	(681,747)
Total tangible common stockholders' equity	<u>\$ 3,709,477</u>	<u>\$ 3,401,403</u>
Total assets	\$ 27,276,892	\$ 24,565,810
Less intangible assets:		
Goodwill	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	(12,939)	(20,958)
Total intangibles	(673,728)	(681,747)
Total tangible assets	<u>\$ 26,603,164</u>	<u>\$ 23,884,063</u>
Ratio of total common stockholders' equity to total assets	<u>16.07 %</u>	<u>16.62 %</u>
Ratio of total tangible common stockholders' equity to total tangible assets	13.94 %	14.24 %

Calculation of Pre-Tax Pre-Provision Net Revenue
Unaudited

	Three Months Ended		
	March 31,		December 31,
	2021	2020	2020
	(Dollars in thousands)		
Income before taxes	\$ 192,253	\$ 16,367	\$ 156,117
Provision for credit losses	(31,559)	117,663	6,750
Pre-tax pre-provision net revenue	<u>\$ 160,694</u>	<u>\$ 134,030</u>	<u>\$ 162,867</u>

Image

Source: Bank OZK