Bank OZK

MANAGEMENT COMMENTS FOR THE SECOND QUARTER & FIRST SIX MONTHS OF 2022

JULY 21, 2022

FORWARD LOOKING STATEMENTS

This presentation and other communications by Bank OZK (the "Bank") include certain "forward-looking statements" regarding the Bank's plans, expectations, thoughts, beliefs, estimates, goals and outlook for the future that are intended to be covered by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on management's expectations as well as certain assumptions and estimates made by, and information available to, management at the time. Those statements are not guarantees of future results or performance and are subject to certain known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those expressed in, or implied by, such forward-looking statements. These risks, uncertainties and other factors include, but are not limited to: potential delays or other problems in implementing the Bank's growth, 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 of or decrease the availability of funding from capital markets; the ability to attract new or retain existing or acquired deposits or to retain or grow loans, including growth from unfunded closed loans; the ability to generate future revenue growth or to control future growth in non-interest expense; interest rate fluctuations, including changes in the yield curve between short-term and long-term interest rates or changes in the relative relationships of various interest rate indices; the potential impact of the transition from the London Interbank Offered Rate ("LIBOR") as a reference rate; competitive factors and pricing pressures, including their effect on the Bank's net interest margin or core spread; general economic, unemployment, credit market and real estate market conditions, and the effect of such conditions on the creditworthiness of borrowers, collateral values, the value of investment securities and asset recovery values; 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 actions in response to the coronavirus ("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, our operational or security systems or infrastructure, or those of third parties with whom we do business, including as a result of cyber-attacks or an increase in the incidence or severity of fraud, illegal payments, security breaches or other illegal acts impacting the Bank or its customers; natural disasters or acts of war or terrorism; the adverse effects of the ongoing global 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 the financial markets; the potential impact of continuing inflationary pressures; the potential impact of supply chain disruptions; national, international or political instability or military conflict, including the ongoing war in Ukraine; the competition and costs of recruiting and retaining human talent; impairment of our goodwill or other intangible assets; adoption of new accounting standards, or changes in existing standards; and adverse results (including costs, fines, reputational harm and/or other negative effects) from current or future litigation, regulatory examinations or other legal and/or regulatory actions or rulings as well as other factors identified in this communication or as detailed from time to time in our public filings, including those factors described in the disclosures under the headings "Forward-Looking Information" and "Item 1A. Risk Factors" in our most recent Annual Report on Form 10-K for the year ended December 31, 2021 and our quarterly reports on Form 10-Q. Should one or more of the foregoing risks materialize, or should underlying assumptions prove incorrect, actual results or outcomes may vary materially from those described in, or implied by, such forward-looking statements. The Bank disclaims any obligation to update or revise any forward-looking statements based on the occurrence of future events, the receipt of new information or otherwise.

Summary

We are pleased to report our results for the second quarter of 2022. Highlights include:

- ***Net Income.*** Our $132.4 million of net income available to common stockholders and $1.10 diluted earnings per common share improved on our strong results from the first quarter of 2022.
- ***Quarterly Origination Volume.*** Our Real Estate Specialties Group ("RESG") posted its third consecutive quarter of record originations with $3.53 billion of loans originated. This contributed to an increase in our unfunded loan commitments to a record $17.37 billion at June 30, 2022.
- ***Net Interest Income.*** Our net interest income increased to $265.8 million. Our core spread, which is how we describe the difference between our yield on non-purchased loans and our cost of interest bearing deposits ("COIBD"), increased to 5.26%, contributing to the increase in our net interest margin to 4.52%.
- ***Asset Quality.*** Our ongoing focus on asset quality resulted in annualized net charge-off ratios for the quarter just ended of 0.03% for non-purchased loans and 0.01% for total loans. Our June 30, 2022 ratios of nonperforming non-purchased loans to total non-purchased loans and nonperforming assets to total assets[1] were just 0.16% and 0.12%, respectively.
- ***Efficiency Ratio.*** Our efficiency ratio for the quarter was 37.3%, among the best in the industry.
- ***Stock Repurchases & Dividend Growth.*** During the quarter just ended, we repurchased approximately 3.7 million shares of our common stock for a total of $147.4 million. We recently increased the quarterly dividend on our common stock for the 48th consecutive quarter.

On July 17, 2022, we celebrated the 25th anniversary of our initial public offering ("IPO"). Shareholders who purchased common stock in our IPO and reinvested their dividends in OZK common stock have realized a 17.76% compounded annual return over that 25-year period. That compares favorably to compounded annual returns of 7.83% for the S&P 500 Index and 6.02% for the Nasdaq Bank Index over the same time. We believe our combination of strong earnings and robust capital gives us great optionality to continue to create shareholder value.

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[1] Excludes purchased loans, except for their inclusion in total assets.
Source: Compounded annual returns data according to *Bloomberg.*

Profitability and Earnings Metrics

Net income available to common stockholders for the second quarter of 2022 was $132.4 million, a 12.1% decrease from $150.5 million for the second quarter of 2021. Diluted earnings per common share for the second quarter of 2022 were $1.10, a 5.2% decrease from $1.16 for the second quarter of 2021. For the six months ended June 30, 2022, net income available to common stockholders was $260.4 million, a 12.9% decrease from $299.0 million for the first six months of 2021. Diluted earnings per common share for the first six months of 2022 were $2.12, a 7.8% decrease from $2.30 for the first six months of 2021.

The decreases in our net income available to common stockholders and earnings per common share in the second quarter and first six months of 2022 relative to the comparable periods in 2021 are primarily attributable to provision expense for our allowance for credit losses ("ACL") in the first two quarters of 2022 versus negative provisions in the first two quarters of 2021. Our pre-tax pre-provision net revenue[2] ("PPNR") for the second quarter and first six months of 2022 increased to $182.8 million and $355.9 million, respectively, compared to $164.8 million and $325.5 million, respectively, for the second quarter and first six months of 2021.

Our annualized return on average assets was 2.02% for the second quarter of 2022 compared to 2.24% for the second quarter of 2021. Our annualized returns on average common stockholders' equity and average tangible common stockholders' equity[3] for the second quarter of 2022 were 12.40% and 14.69%, respectively, compared to 13.65% and 16.10%, respectively, for the second quarter of 2021. Our annualized returns on average assets, average common stockholders' equity and average tangible common stockholders' equity for the first six months of 2022 were 2.00%, 12.03% and 14.20%, respectively, compared to 2.23%, 13.81% and 16.33%, respectively, for the first six months of 2021.

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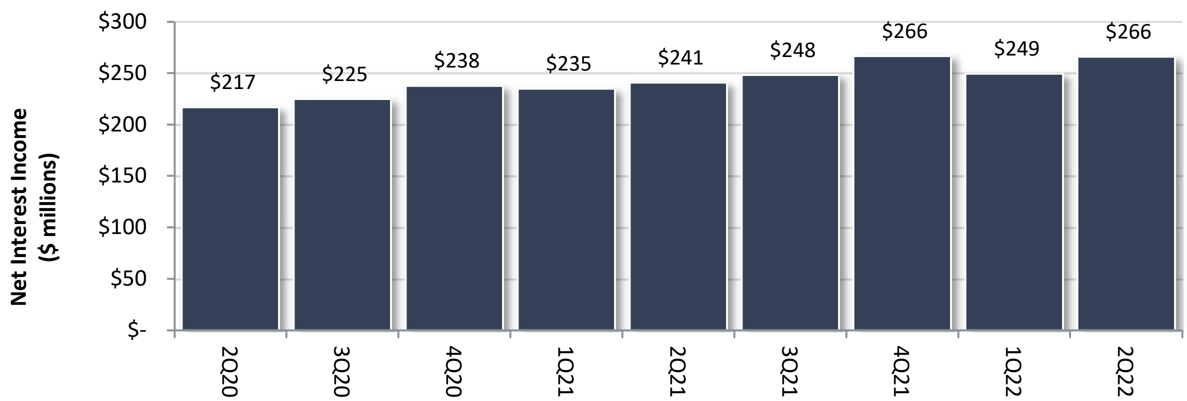
[2] The calculation of the Bank's PPNR and the reconciliation to generally accepted accounting principles ("GAAP") are included in the schedule at the end of this presentation.

[3] The calculation of the Bank's annualized returns on average common stockholders' equity and average tangible common stockholders' equity and the reconciliation to GAAP are included in the schedule at the end of this presentation.

Net Interest Income

Net interest income is our largest category of revenue. As shown in Figure 1, our net interest income for the second quarter of 2022 was $265.8 million, a $25.0 million, or 10.4%, increase from the second quarter of 2021, and a $16.5 million, or 6.6% increase from the first quarter of 2022. Net interest income for the quarter just ended almost equaled our record net interest income from the fourth quarter of 2021, which was a quarter in which we benefitted from unusually high levels of minimum interest and other interest income from repayments and short-term extensions, among other factors.

Figure 1: Quarterly Net Interest Income



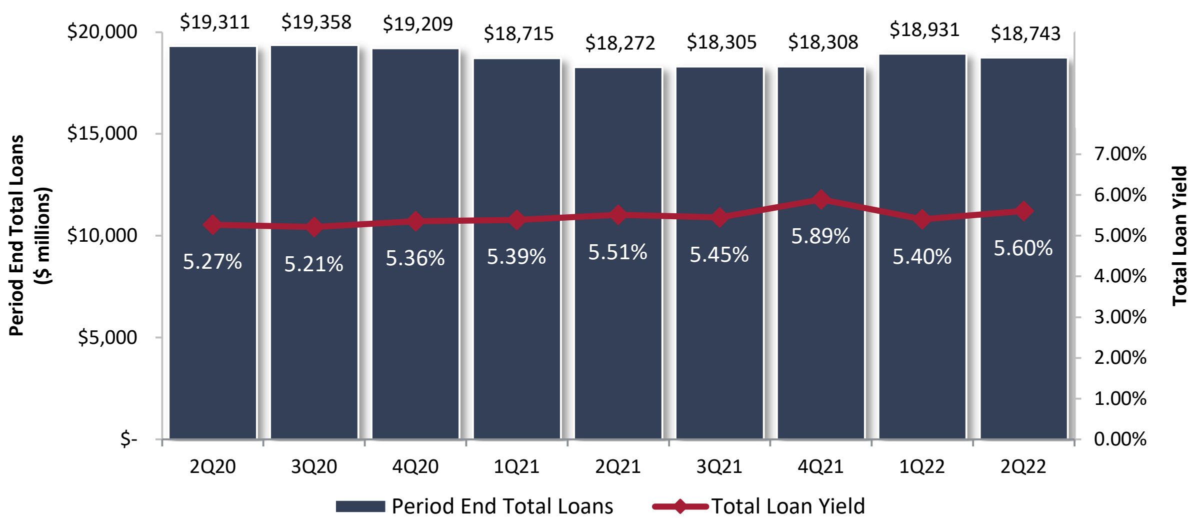
Earning Assets

Loans are the largest part of our earning assets. Our average balance of total loans for the quarter just ended was $19.0 billion, a 4.2% increase from $18.2 billion for the second quarter of 2021, and a 1.9% increase from $18.7 billion for the first quarter of 2022. For the first six months of 2022, our average balance of total loans was $18.8 billion, a 1.2% increase from $18.6 billion for the first six months of 2021.

Our average balance of total loans for the quarter just ended benefitted from many of our loan repayments occurring late in the quarter. As a result, our average balance of total loans for the quarter of $19.0 billion exceeded our period-end balance of total loans of $18.7 billion.

As illustrated in Figure 2, our period-end balance of total loans at June 30, 2022 increased $0.47 billion, or 2.6%, from June 30, 2021, but decreased $0.19 billion, or 1.0% from March 31, 2022. For the first six months of 2022, our period-end balance of total loans increased $0.43 billion, or 2.4%.

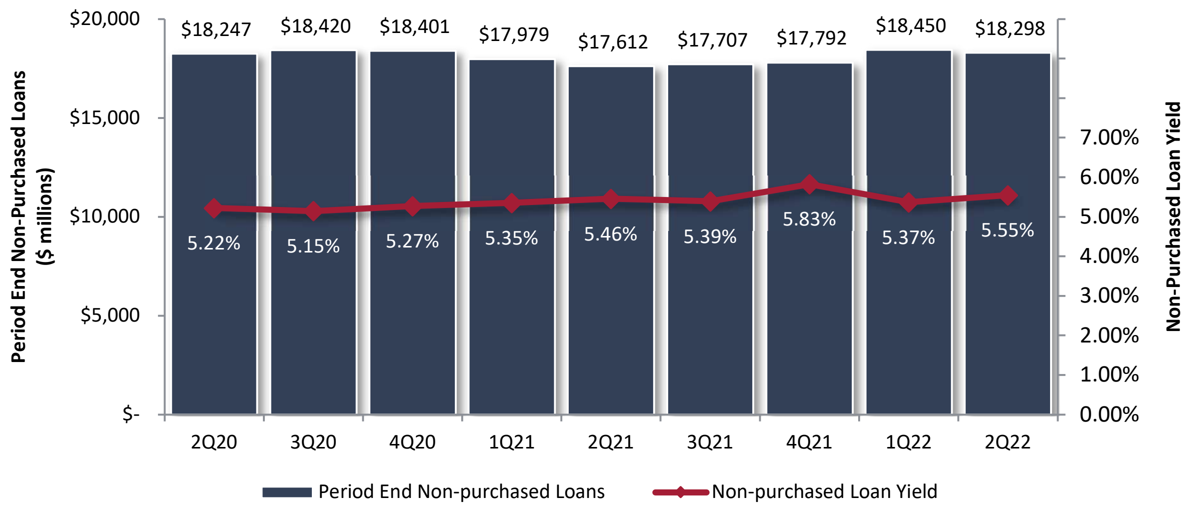
Figure 2: Total Loan Balances and Yields



Non-purchased Loans

Non-purchased loans, which are all loans excluding the remaining loans from acquisitions, accounted for 97.6% of our average total loans and 78.2% of our average earning assets in the quarter just ended. As illustrated in Figure 3, non-purchased loans were $18.30 billion at June 30, 2022, an increase of $0.69 billion, or 3.9%, as compared to June 30, 2021, but a decrease of $0.15 billion, or 0.8% compared to March 31, 2022. For the first six months of 2022, our outstanding balance of non-purchased loans increased $0.51 billion, or 2.8%.

Figure 3: Non-Purchased Loan Balances and Yields



In the second quarter of 2022, our yield on non-purchased loans was 5.55%, an increase of nine basis points ("bps") from the second quarter of 2021, and an increase of 18 bps from the first quarter of 2022. For the first six months of 2022, our yield on non-purchased loans was 5.46%, an increase of five bps from the first six months of 2021.

Due to record loan repayments in the quarter just ended, RESG accounted for 61% of the funded balance of non-purchased loans as of June 30, 2022, compared to 64% at both December 31, 2021 and March 31, 2022. RESG's funded balance of non-purchased loans decreased $0.65 billion and $0.29 billion, respectively, during the second quarter and first six months of 2022. Figures 4 and 5 reflect the changes in the funded balance of RESG loans for the second quarter of 2022 and first six months of 2022, respectively.

Figure 4: Activity in RESG Funded Balances – 2Q22 ($ billions)

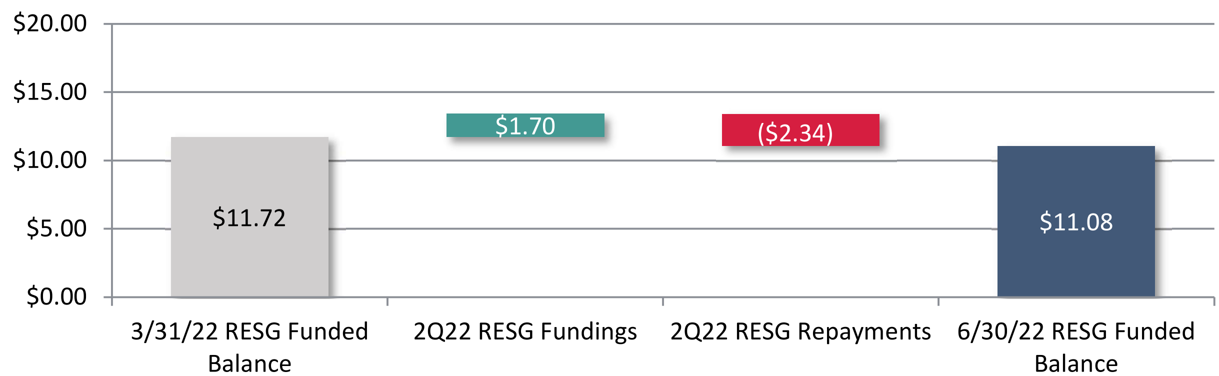


Figure 5: Activity in RESG Funded Balances – 6M22 ($ billions)

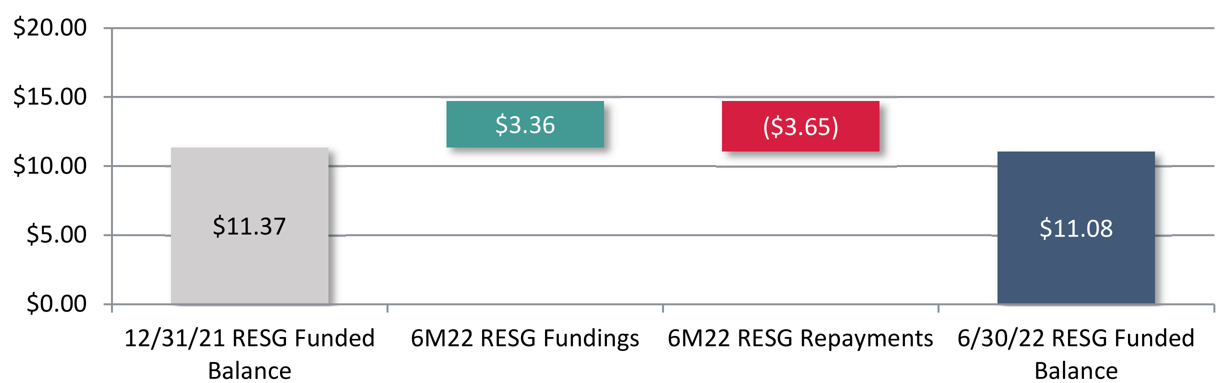


Figure 6 shows RESG's loan originations for each of the last 22 quarters. RESG loan originations for the second quarter of 2022 were a record of $3.53 billion, which was its third consecutive record quarter. RESG loan originations for the first six months of 2022 were $6.67 billion. Given the typical lag between RESG originations and the funding of such loans, the contributions to net growth in funded loan balances from the recent record origination volumes should mostly occur in 2023 and 2024.

Figure 6: RESG Quarterly Loan Originations
($ billions)

	Q1	Q2	Q3	Q4	Total*
FY2017	$2.30	$2.04	$2.21	$2.56	$9.11
FY2018	$1.00	$1.19	$1.47	$1.08	$4.74
FY2019	$1.86	$1.15	$2.03	$1.44	$6.48
FY2020	$1.76	$1.67	$1.40	$1.77	$6.59
FY2021	$1.28	$1.46	$2.21	$2.99	$7.94
FY2022	$3.14	$3.53			$6.67

**6M22 Not Annualized*

We currently have a strong pipeline, which, despite macroeconomic uncertainty, makes us cautiously optimistic about our potential loan origination volume for the remainder of 2022. RESG's origination volume may vary significantly from quarter to quarter and may be impacted by interest rates, economic conditions, competition or other factors.

Figure 7 shows RESG's loan repayments for each of the last 22 quarters. RESG had record loan repayments of $2.34 billion in the quarter just ended. RESG loan repayments for the first six months of 2022 were $3.65 billion. As we have previously stated, we expect RESG loan repayments for the full year of 2022 will exceed the record level of 2021. Accordingly, we expect substantial loan repayments in the remaining quarters of 2022. RESG loan repayments may vary substantially from quarter to quarter and may have an outsized impact in one or more quarters.

Figure 7: RESG Quarterly Loan Repayments
($ billions)

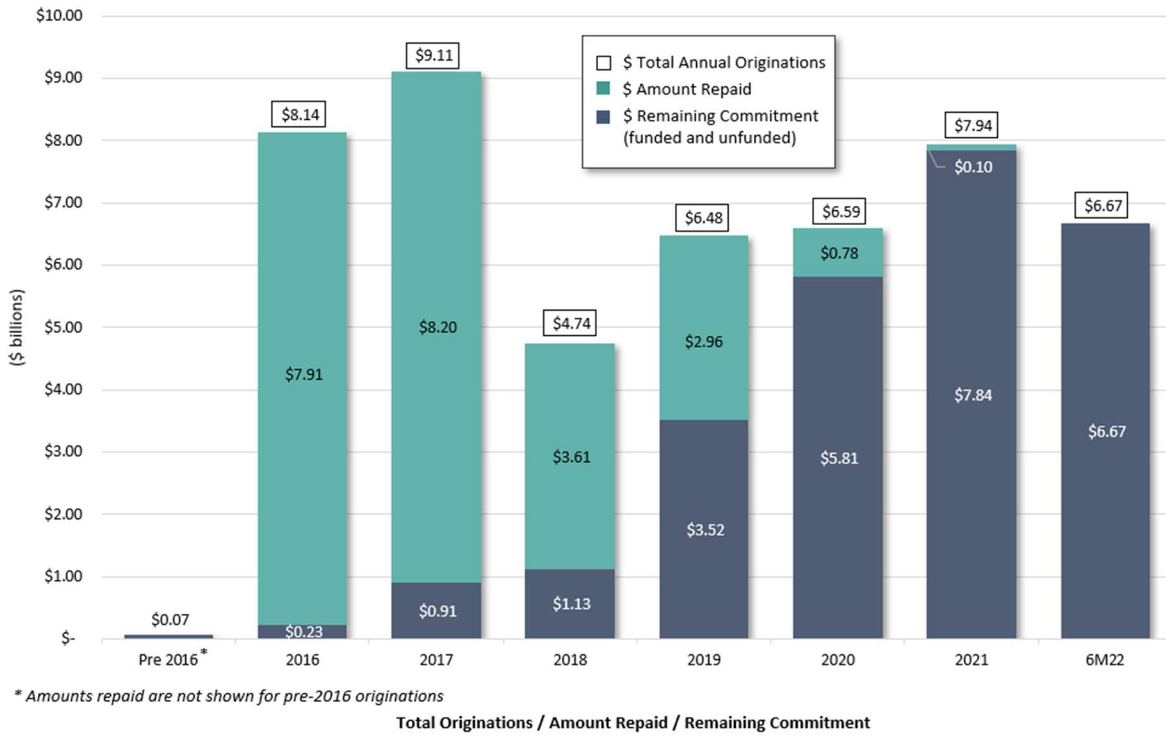
	Q1	Q2	Q3	Q4	Total*
FY2017	$0.57	$0.98	$0.87	$1.45	$3.86
FY2018	$0.79	$1.40	$1.52	$1.11	$4.82
FY2019	$1.13	$1.54	$1.34	$1.66	$5.67
FY2020	$1.00	$0.69	$0.65	$1.19	$3.54
FY2021	$1.48	$1.68	$1.34	$1.72	$6.22
FY2022	$1.31	$2.34			$3.65

**6M22 Not Annualized*

Notwithstanding the expected headwinds from RESG loan repayments, we expect to achieve positive loan growth for total loans during 2022.

Figure 8 illustrates the cadence of RESG loan originations and repayments. It shows the amount of each year's originations which have been repaid and which remain as outstanding commitments, both funded and unfunded, as of June 30, 2022.

Figure 8: RESG Origination and Repayment Trends by Year of Origination *(Total Commitment)*



At June 30, 2022, RESG accounted for 86% of our $17.37 billion of unfunded balance of loans already closed. Figures 9 and 10 reflect the changes in the unfunded balance of our loans already closed, both RESG and others, for the second quarter of 2022 and first six months of 2022, respectively. The total unfunded balance increased $2.42 billion during the second quarter of 2022 and $3.75 billion over the first six months of 2022. This increased unfunded balance should contribute meaningfully to growth in our funded loan balances in 2023 and 2024, even after expected loan repayments.

Figure 9: Activity in Unfunded Balances – 2Q22 ($ billions)

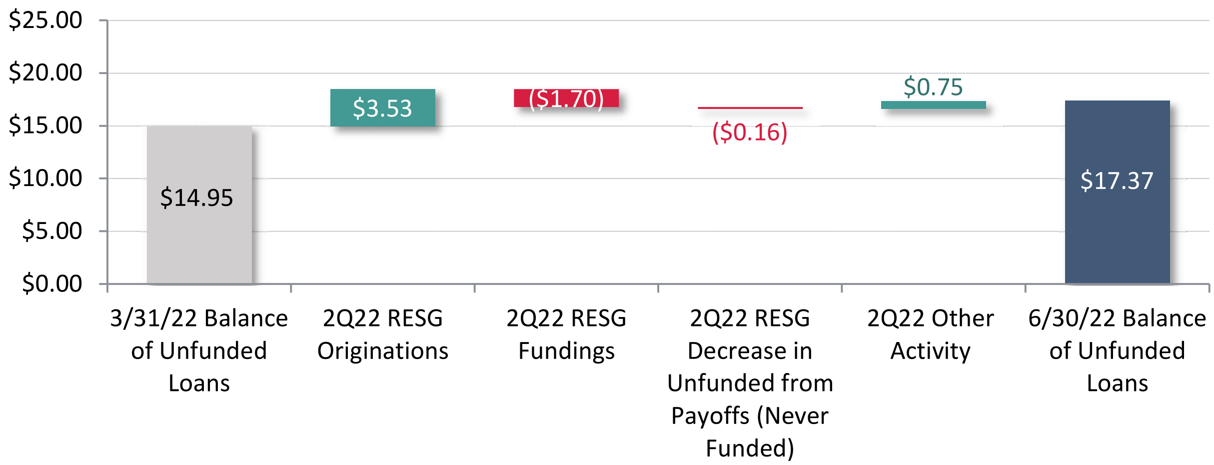
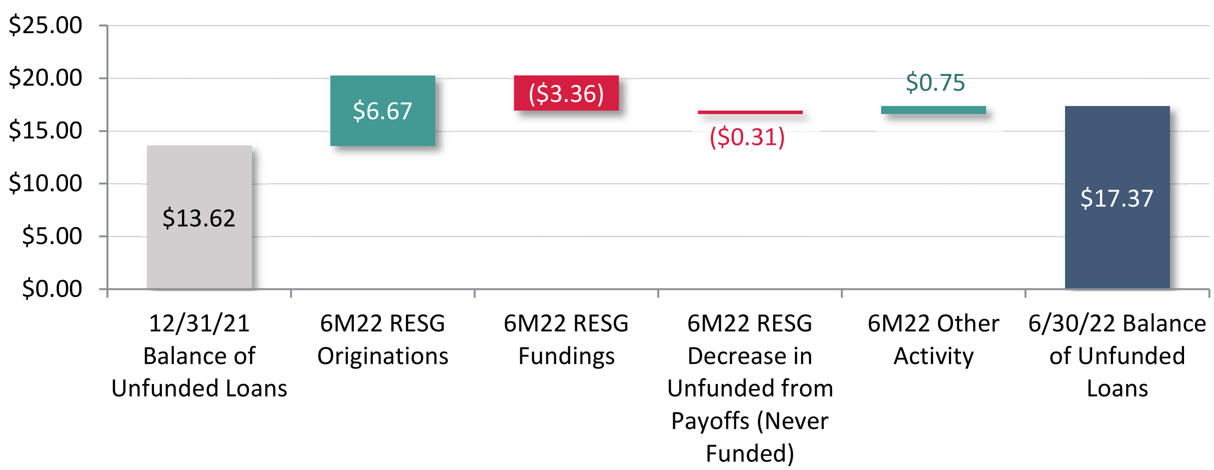


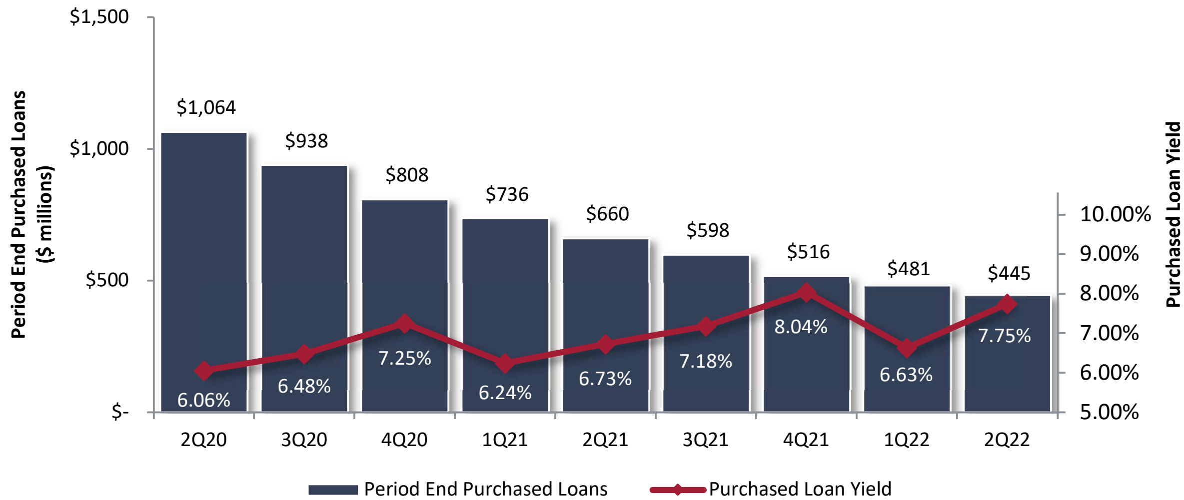
Figure 10: Activity in Unfunded Balances – 6M22 ($ billions)



Purchased Loans

Purchased loans, which are the remaining loans from acquisitions, accounted for 2.4% of average total loans and 2.0% of our average earning assets in the quarter just ended. During the quarter, our purchased loan portfolio decreased $0.04 billion, or 7.5%, to $0.45 billion at June 30, 2022. For the first six months, our purchased loan portfolio decreased by $0.07 billion, or 13.8%. Figure 11 shows recent purchased loan portfolio trends.

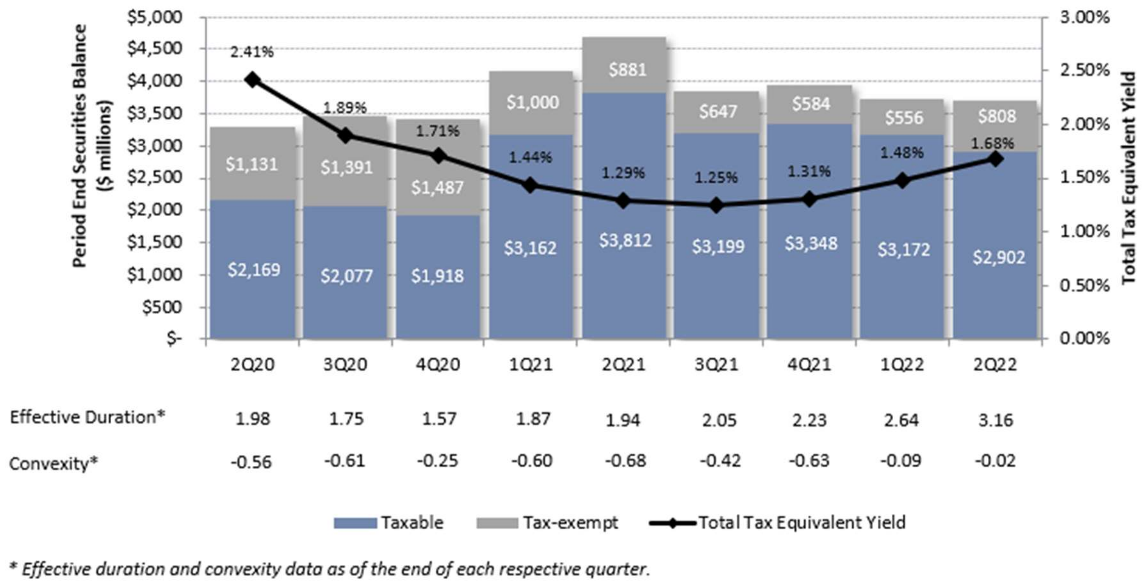
Figure 11: Purchased Loan Balances and Yields



Investment Securities

As illustrated in Figure 12, at June 30, 2022, our investment securities portfolio was $3.71 billion, a decrease of $0.02 billion, or 0.6% as compared to March 31, 2022, and $0.99 billion, or 21.0%, as compared to June 30, 2021. In the second quarter of 2022, the yield on our investment portfolio, on a fully taxable equivalent basis, was 1.68%, an increase of 39 bps from the second quarter of 2021 and 20 bps from the first quarter of 2022.

Figure 12: Investment Portfolio Balances and Yields



In recent years, we have purchased mostly short-term securities. Our intent was to have substantial cash flow from the portfolio to reinvest as interest rates increased or to otherwise deploy as needed. As a result, principal cash flow from maturities and other principal repayments in the third quarter of 2022 is expected to be approximately $0.28 billion, or about 7.6% of our total investment securities portfolio. Cumulative principal cash flow for the next four quarters through June 30, 2023 is expected to be approximately $0.73 billion, or about 19.6% of our total investment securities portfolio. In the quarter just ended, we purchased bonds with attractive yields and moderately longer duration, which contributed to both the increase in our portfolio yield for the quarter and the increase in the effective duration of the portfolio as of June 30, 2022.

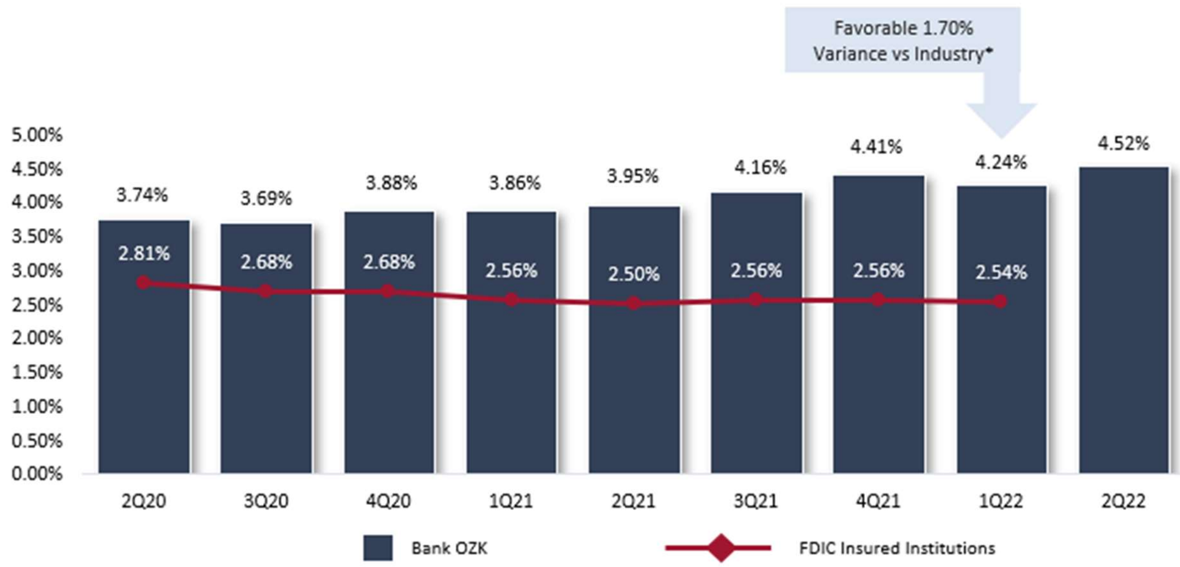
We may increase or decrease our investment securities portfolio in future quarters based on changes in our liquidity position, prevailing market conditions and other factors.

Net Interest Margin and Core Spread

During the quarter just ended, our yield on average earning assets increased more than our cost of interest bearing liabilities. As a result, our net interest margin improved to 4.52%, an increase of 28 bps from the first quarter of 2022.

As shown in Figure 13, in the first quarter of 2022, the latest quarter for which comparative data is available, our net interest margin outperformed the industry by 170 bps.

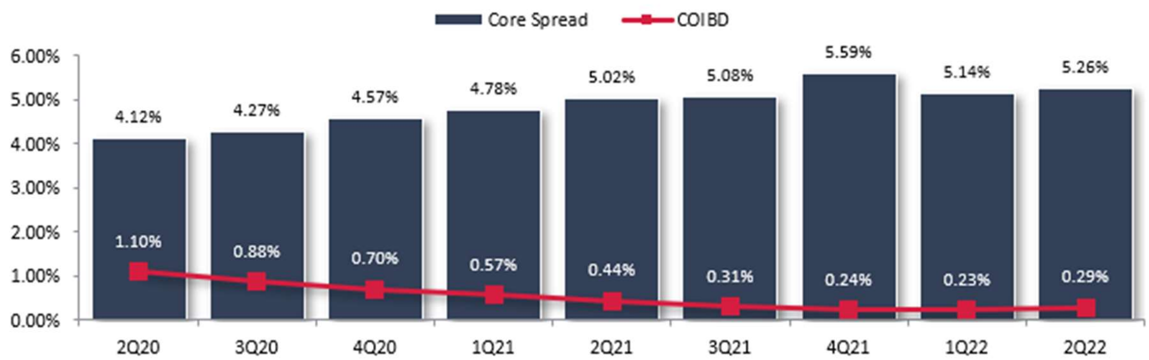
Figure 13: Quarterly Net Interest Margin (%)



**Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated first quarter 2022.*

Similarly, as reflected in Figure 14, our core spread in the quarter just ended improved to 5.26%, an increase of 12 bps from the first quarter of 2022. This resulted from our yield on non-purchased loans increasing 18 bps, while our COIBD increased just six bps.

Figure 14: Core Spread and COIBD



	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22
Yield on Non-purchased loans	*5.22%*	*5.15%*	*5.27%*	*5.35%*	*5.46%*	*5.39%*	*5.83%*	*5.37%*	*5.55%*
COIBD	*1.10%*	*0.88%*	*0.70%*	*0.57%*	*0.44%*	*0.31%*	*0.24%*	*0.23%*	*0.29%*
Core Spread	*4.12%*	*4.27%*	*4.57%*	*4.78%*	*5.02%*	*5.08%*	*5.59%*	*5.14%*	*5.26%*

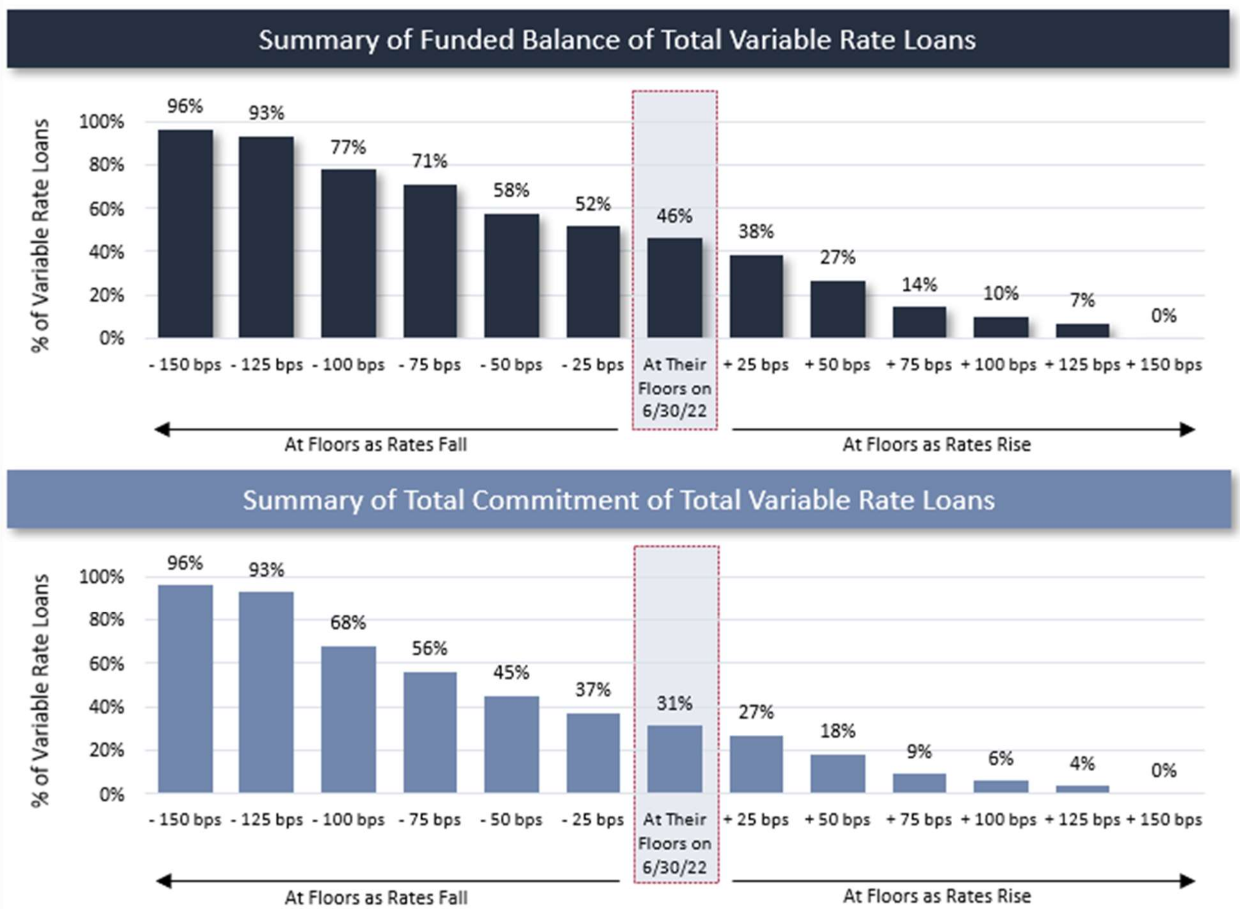
Maintaining or improving our core spread in future quarters will depend on our ability to continue to increase our yield on non-purchased loans at a rate equal to or exceeding the increase in our COIBD. Given the high percentage of variable rate loans within our portfolio and considering that most of those loans are either already above or will likely move above their floor rates this quarter, we expect our yield on non-purchased loans to continue to increase in the current quarter and throughout the Fed tightening cycle. We also expect our COIBD to increase throughout the Fed tightening cycle. In the quarter just ended, our non-purchased loan yields increased more than our COIBD, since deposit rates naturally tend to lag early in the Fed tightening cycle. Our COIBD may increase in tandem with or more than our non-purchased loan yields later in the Fed tightening cycle when we also expect to be growing deposits to fund increasing loan growth.

Variable Rate Loans

At June 30, 2022, 76% of our funded balance of total loans had variable rates, of which 67% were tied to 1-month LIBOR, 17% to WSJ Prime, 15% to 1-month term SOFR and 1% to other indexes.

At June 30, 2022, 98% of our variable rate total loans (non-purchased and purchased) had floor rates. As of June 30, 2022, 46% of the funded balance of total loans in our variable rate loan portfolio were at their floors, and 31% of the total commitment of variable rate loans were at their floors. Figure 15 illustrates the volume of our funded balance and our total commitments of total variable rate loans at June 30, 2022 that would be expected to be at their floors with future moves, either up or down, in interest rates.

Figure 15: Impact of Variable Rate Loan Floors (Funded Balance and Total Commitment) at June 30, 2022



Non-interest Income

Non-interest income for the second quarter of 2022 was $26.3 million, a decrease of 5.1% from the second quarter of 2021 and 16.4% from the first quarter of 2022. For the first six months of 2022, non-interest income was $57.8 million, a decrease of 3.4% from $59.9 million for the first six months of 2021. Figures 16 and 17, respectively, summarize non-interest income for the most recent nine quarters and year-over-year trends for the second quarter of 2022 and first six months of 2022.

Figure 16: Quarterly Trends in Non-interest Income *($ thousands)*

	For the Three Months Ended								
	6/30/2020	9/30/2020	12/31/2020	3/31/2021	6/30/2021	9/30/2021	12/31/2021	3/31/2022	6/30/2022
Service charges on deposit accounts:									
NSF fees	$ 652	$ 819	$ 998	$ 862	$ 848	$ 1,045	$ 1,092	$ 1,080	$ 1,079
Overdraft fees	2,050	2,675	3,026	2,461	2,396	3,035	3,223	3,121	3,168
All other service charges	5,579	5,933	5,959	6,342	7,067	7,097	7,149	6,690	7,184
Trust income	1,759	1,936	1,909	2,206	1,911	2,247	2,141	2,094	1,911
BOLI income:									
Increase in cash surrender value	5,057	5,081	5,034	4,881	4,919	4,940	4,901	4,793	4,846
Death benefit	-	-	-	1,409	-	-	618	297	-
Loan service, maintenance and other fees	3,394	3,351	3,797	3,551	3,953	3,307	3,148	3,018	3,603
Net gains on investment securities - AFS	-	2,244	-	-	-	-	-	-	-
Net gains (losses) on investment securities - Trading	-	-	-	-	-	-	504	(90)	531
Gains (losses) on sales of other assets	621	891	5,189	5,828	2,341	463	1,330	6,992	784
Other	2,479	3,746	2,749	4,577	4,307	3,850	5,589	3,480	3,214
Total non-interest income	$ 21,591	$ 26,676	$ 28,661	$ 32,117	$ 27,742	$ 25,984	$ 29,695	$ 31,475	$ 26,320

Figure 17: Trends in Non-interest Income – 2021 vs. 2022 *($ thousands)*

	For the Six Months Ended			For the Three Months Ended		
	6/30/2021	6/30/2022	% Change	6/30/2021	6/30/2022	% Change
Service charges on deposit accounts:						
NSF fees	$ 1,710	$ 2,159	26.3%	$ 848	$ 1,079	27.3%
Overdraft fees	4,857	6,290	29.5%	2,396	3,168	32.2%
All other service charges	13,410	13,874	3.5%	7,067	7,184	1.6%
Trust income	4,118	4,005	-2.7%	1,911	1,911	0.0%
BOLI income:						
Increase in cash surrender value	9,799	9,639	-1.6%	4,919	4,846	-1.5%
Death benefit	1,409	297	-78.9%	-	-	NM
Loan service, maintenance and other fees	7,504	6,621	-11.8%	3,953	3,603	-8.9%
Net gains on investment securities - AFS	-	-	NM	-	-	NM
Net gains (losses) on investment securities - Trading	-	441	NM	-	531	NM
Gains (losses) on sales of other assets	8,169	7,776	-4.8%	2,341	784	-66.5%
Other	8,884	6,694	-24.6%	4,307	3,214	-25.4%
Total non-interest income	$ 59,859	$ 57,796	-3.4%	$ 27,742	$ 26,320	-5.1%

Non-interest Expense

Non-interest expense for the second quarter of 2022 was $109.3 million, an increase of 5.4 % from the second quarter of 2021 and 1.5% from the first quarter of 2022. For the first six months of 2022, non-interest expense was $217.0 million, an increase of 3.5% from $209.8 million for the first six months of 2021. A slower than expected pace of filling open job positions contributed to our better than expected non-interest expense in the quarter just ended. We expect upward pressure on salaries and benefit costs as we continue to respond to the ongoing competitive conditions in the labor market, fill currently unfilled positions, and add team members to support future growth. We have recently seen an acceleration in our filling of open job positions, which, among other factors, should result in increases in our non-interest expense over the next several quarters. Figures 18 and 19, respectively, summarize non-interest expense for the most recent nine quarters and year-over-year trends for the second quarter of 2022 and first six months of 2022.

Figure 18: Quarterly Trends in Non-interest Expense *($ thousands)*

	For the Three Months Ended								
	6/30/2020	9/30/2020	12/31/2020	3/31/2021	6/30/2021	9/30/2021	12/31/2021	3/31/2022	6/30/2022
Salaries & employee benefits	$ 48,410	$ 53,119	$ 53,832	$ 53,645	$ 52,119	$ 53,769	$ 55,034	$ 54,648	$ 54,412
Net occupancy and equipment	15,756	16,676	15,617	16,468	16,168	17,161	17,004	17,215	17,014
Professional and outside services	7,629	8,320	7,026	6,326	7,724	7,084	7,880	7,082	8,461
Advertising and public relations	1,704	1,557	1,086	308	593	719	1,151	1,259	1,103
Telecommunication services	2,334	2,352	2,296	2,232	2,165	1,966	2,064	2,010	1,921
Software and data processing	5,145	5,431	5,729	5,792	6,006	5,897	6,165	5,921	6,223
Travel and meals	710	689	835	774	1,419	1,617	1,883	1,758	2,186
FDIC insurance and state assessments	4,585	3,595	3,647	3,520	2,885	2,655	2,125	2,150	2,100
Amortization of intangibles	2,582	1,914	1,794	1,730	1,602	1,545	1,517	1,517	1,516
Postage and supplies	1,892	1,808	1,709	1,645	1,544	1,530	1,909	1,698	1,507
ATM expense	1,002	1,604	1,490	1,283	1,486	1,846	1,639	1,509	1,488
Loan collection and repossession expense	857	1,030	481	509	540	407	587	325	353
Writedowns of foreclosed assets	720	488	1,582	1,363	123	990	985	258	-
Amortization of CRA and tax credit investments	3,107	1,611	823	4,125	3,227	4,972	2,755	5,102	4,628
Other expenses	4,520	5,447	5,447	6,339	6,110	8,239	7,408	5,263	6,388
Total non-interest expense	$ 100,953	$ 105,641	$ 103,394	$ 106,059	$ 103,711	$ 110,397	$ 110,106	$ 107,715	$ 109,300

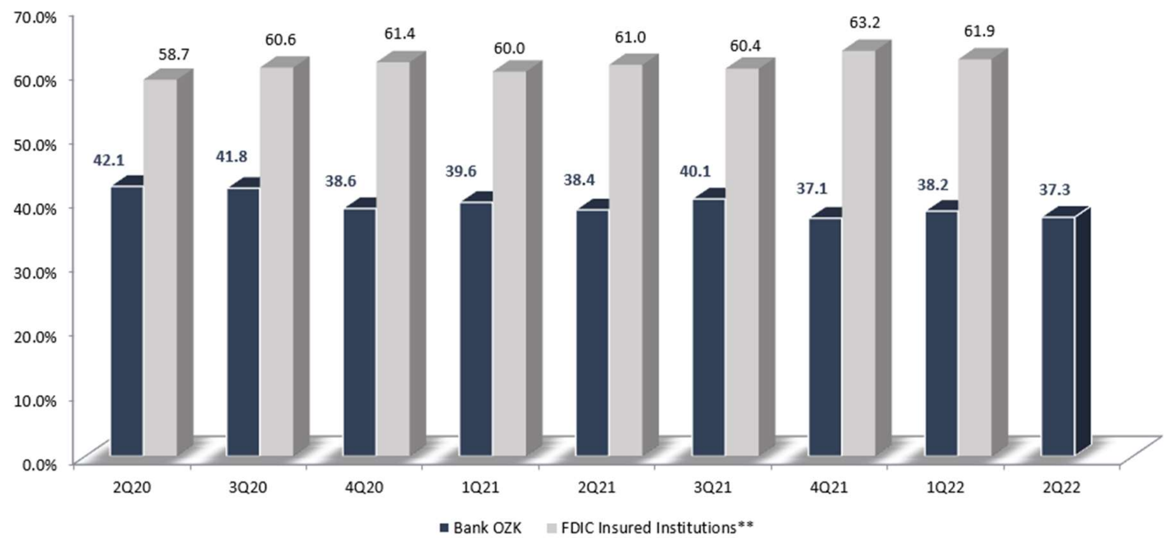
Figure 19: Trends in Non-interest Expense – 2021 vs. 2022 *($ thousands)*

	For the Six Months Ended			For the Three Months Ended		
	6/30/2021	6/30/2022	% Change	6/30/2021	6/30/2022	% Change
Salaries & employee benefits	$ 105,764	$ 109,060	3.1%	$ 52,119	$ 54,412	4.4%
Net occupancy and equipment	32,636	34,230	4.9%	16,168	17,014	5.2%
Professional and outside services	14,050	15,543	10.6%	7,724	8,461	9.5%
Advertising and public relations	902	2,362	161.9%	593	1,103	86.0%
Telecommunication services	4,397	3,931	-10.6%	2,165	1,921	-11.3%
Software and data processing	11,798	12,144	2.9%	6,006	6,223	3.6%
Travel and meals	2,193	3,944	79.8%	1,419	2,186	54.1%
FDIC insurance and state assessments	6,405	4,250	-33.6%	2,885	2,100	-27.2%
Amortization of intangibles	3,332	3,033	-9.0%	1,602	1,516	-5.4%
Postage and supplies	3,189	3,205	0.5%	1,544	1,507	-2.4%
ATM expense	2,769	2,997	8.2%	1,486	1,488	0.1%
Loan collection and repossession expense	1,049	678	-35.4%	540	353	-34.6%
Writedowns of foreclosed assets	1,486	258	-82.6%	123	-	NM
Amortization of CRA and tax credit investments	7,352	9,730	32.3%	3,227	4,628	43.4%
Other expenses	12,449	11,651	-6.4%	6,110	6,388	4.5%
Total non-interest expense	$ 209,771	$ 217,016	3.5%	$ 103,711	$ 109,300	5.4%

Efficiency Ratio

As shown in Figure 20, in the quarter just ended, our efficiency ratio was 37.3%. Our efficiency ratio remains among the best in the industry, having now been among the top decile of the industry for 20 consecutive years.*

Figure 20: Quarterly Efficiency Ratio (%)



** Data from S&P Capital IQ.*
*** Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated first quarter 2022.*

Provision and Allowance for Credit Losses

Our provision for credit losses was $7.0 million for the second quarter and $11.2 million for the first six months of 2022 compared to negative provision for credit losses of $30.9 million for the second quarter and $62.5 million for the first six months of 2021.

As of June 30, 2022, our allowance for loan losses ("ALL") for outstanding loans was $190.8 million, or 1.02% of total outstanding loans, and our reserve for losses on unfunded loan commitments was $109.1 million, or 0.63% of unfunded loan commitments, bringing our total ACL, which includes the ALL and the reserve for losses on our unfunded loans commitments, to $299.9 million.

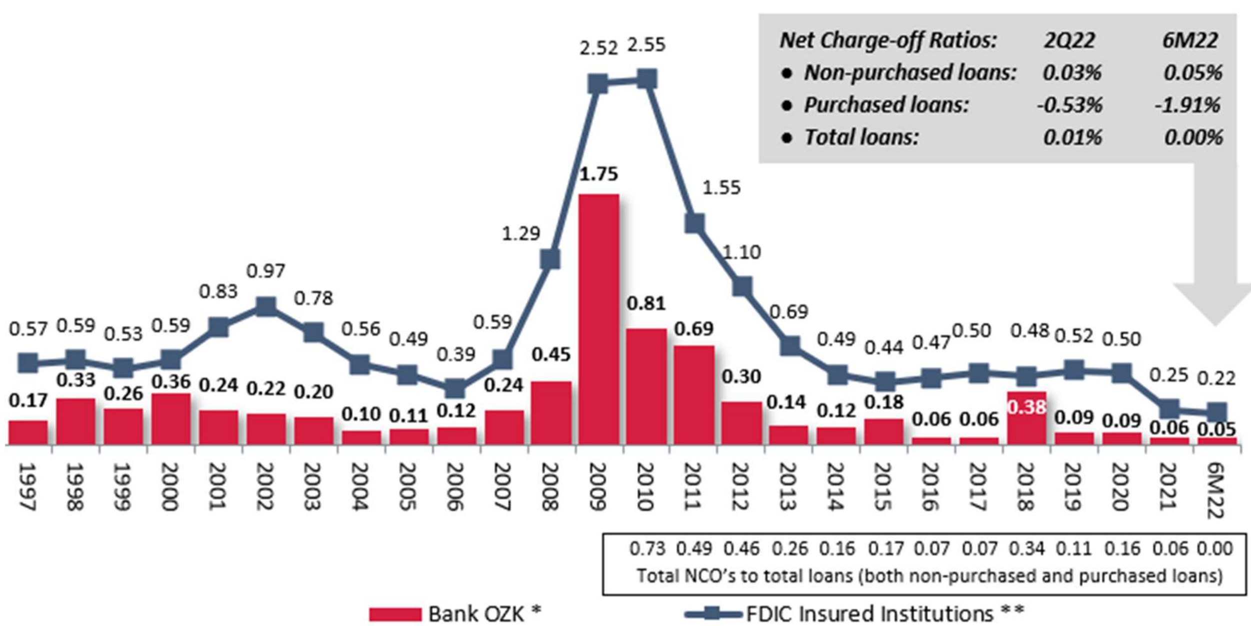
The calculations of our provision expense for the second quarter of 2022 and our total ACL at June 30, 2022 were based on a number of key estimates, assumptions and economic forecasts. We utilized recent economic forecasts provided by Moody's, including their updates released in June 2022. In our selection of macroeconomic scenarios, we assigned our largest weighting to the Moody's S4 (Alternative Adverse Downside) scenario and smaller weightings to the Moody's S6 (Stagflation) and Baseline scenarios. Our selection and weightings of these scenarios reflected our assessment of conditions in the U.S. economy, and acknowledged the uncertainty regarding future U.S. economic conditions, including the risk of a recession in the near-term, elevated inflationary pressures, the impacts of the ongoing war in Ukraine, the impacts of U.S. fiscal policy actions, increases in the Fed funds target rate, prospects for a shrinking of the Federal Reserve balance sheet, supply chain disruptions, global trade and geopolitical matters, uncertainties about the COVID-19 pandemic, and various other factors. Our ACL at June 30, 2022 included certain qualitative adjustments to capture items that we thought were not fully reflected in our modeled results.

Asset Quality

We have continued our long-standing track record of having net charge-off ratios well below industry averages, as shown in Figure 21. In the quarter just ended, our annualized net charge-off ratio for non-purchased loans was 0.03%, for purchased loans was -0.53%, and for total loans was 0.01%. For the first six months of 2022, our annualized net charge-off ratio for non-purchased loans was 0.05%, for purchased loans was -1.91%, and for total loans was 0.00%. In our 25 years as a public company, our net charge-off ratio for non-purchased loans has outperformed the industry's net charge-off ratio every year and has averaged only about one-third of the industry's net charge-off ratio.

Our loan portfolio has performed very well in recent years, as our net charge-off ratio for total loans has continued to be in the lower end of our long-term historical range. We have built our portfolio with the goal that it will perform well in adverse economic conditions, and that discipline has been evident in our recent results.

Figure 21: Annualized Net Charge-off Ratio vs. the Industry



*Unless otherwise indicated, Bank OZK data excludes purchased loans and net charge-offs related to such loans.
**Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated first quarter 2022.
Annualized when appropriate.

As shown in Figure 22, in RESG's 19-year history, we have incurred losses on only a small number of credits. As of June 30, 2022, the weighted average annual net charge-off ratio (including OREO write-downs) for the RESG portfolio over its 19-year history was nine bps.

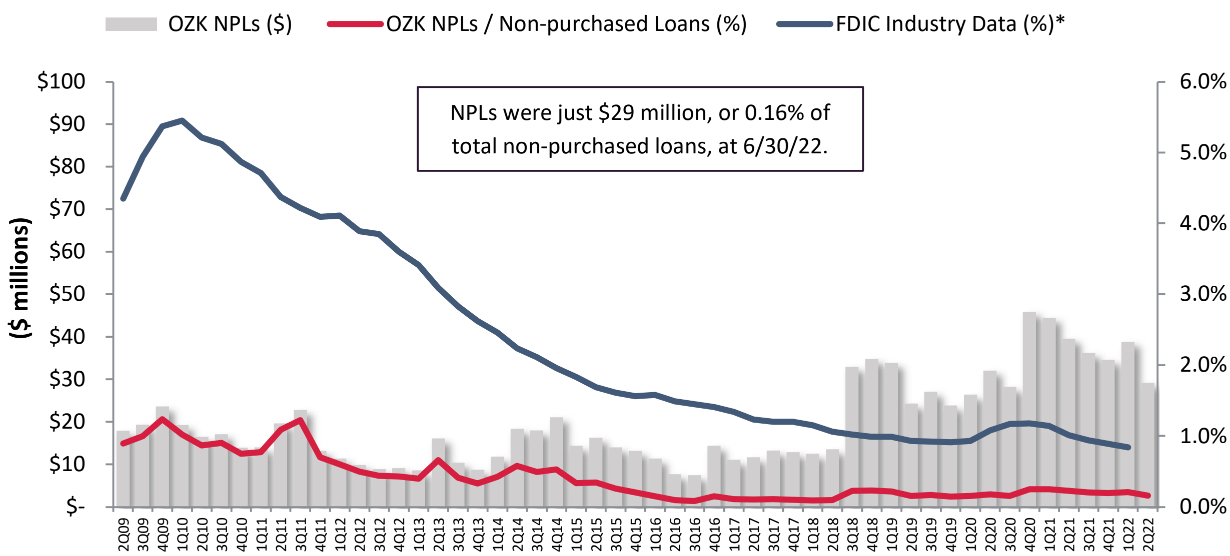
Figure 22 - RESG Historical Net charge-offs *($ Thousands)*

Year-end	Ending Loan Balance	YTD Average Loan Balance	Net charge-offs ("NCO")*	NCO Ratio**
2003	$ 5,106	$ 780	$ -	0.00%
2004	52,658	34,929	-	0.00%
2005	51,056	56,404	-	0.00%
2006	61,323	58,969	-	0.00%
2007	209,524	135,639	-	0.00%
2008	470,485	367,279	-	0.00%
2009	516,045	504,576	7,531	1.49%
2010	567,716	537,597	-	0.00%
2011	649,806	592,782	2,905	0.49%
2012	848,441	737,136	-	0.00%
2013	1,270,768	1,085,799	-	0.00%
2014	2,308,573	1,680,919	-	0.00%
2015	4,263,800	2,953,934	-	0.00%
2016	6,741,249	5,569,287	-	0.00%
2017	8,169,581	7,408,367	842	0.01%
2018	9,077,616	8,685,191	45,490	0.52%
2019	9,391,096	9,427,266	-	0.00%
2020	11,591,147	10,651,549	-	0.00%
2021	11,367,505	11,149,098	1,891	0.02%
6/30/2022	11,076,149	11,573,493	-	0.00%
Total			**$ 58,659**	
		Weighted Average		**0.09%**

** Net charge-offs shown in this column reflect both net charge-offs and OREO write-downs.*
*** Annualized.*

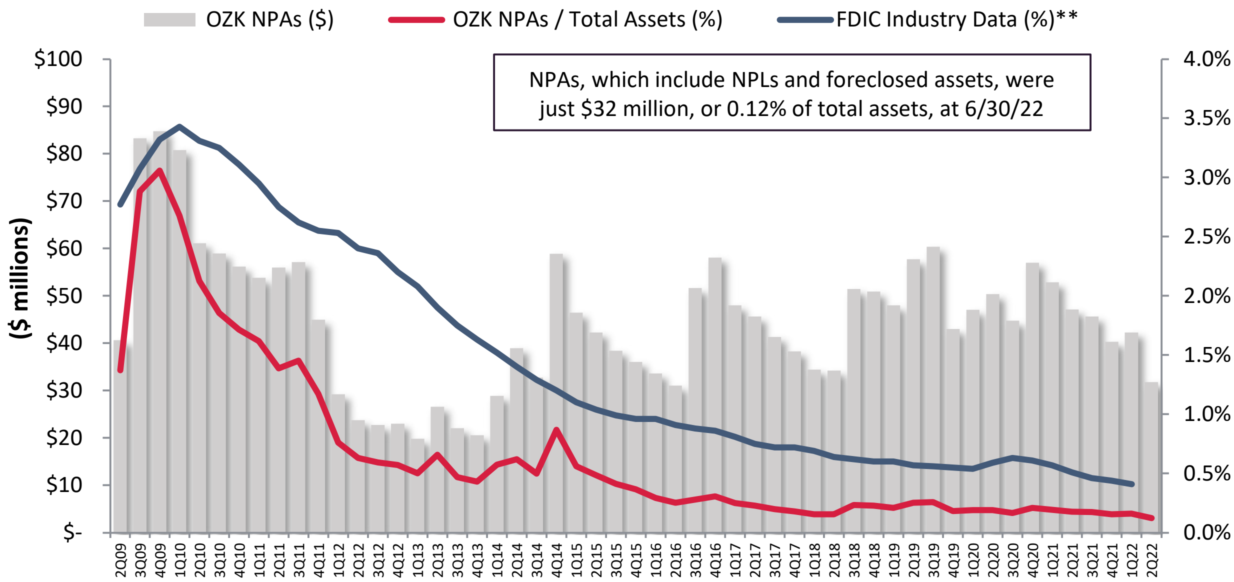
As shown in Figures 23, 24 and 25, the dollar volumes of our nonperforming non-purchased loans, nonperforming assets and past due non-purchased loans continued our longstanding track record of outperforming industry averages. We expect our asset quality to continue our long tradition of outperforming industry averages.

Figure 23: Nonperforming Non-purchased Loans ("NPLs")



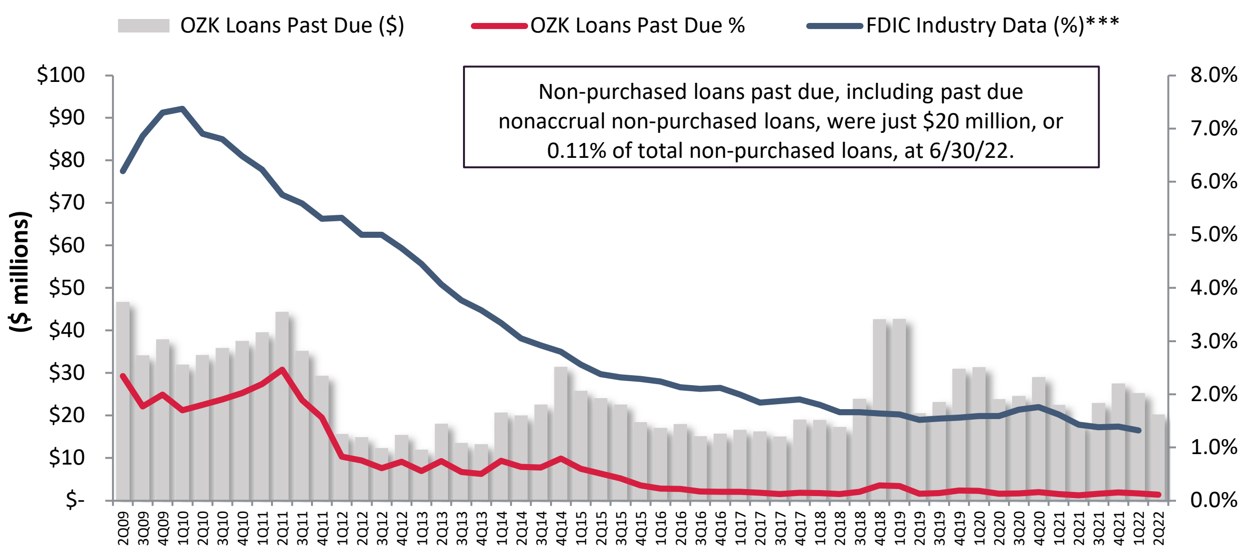
** Note: Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated first quarter 2022. Percent of Loans Noncurrent is the percentage of loans that are past due 90 days or more or that are in nonaccrual status.*

Figure 24: Nonperforming Assets ("NPAs")



*** Note: Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated first quarter 2022. Noncurrent assets plus other real estate owned to assets (%).*

Figure 25: Non-purchased Loans Past Due 30+ Days, Including Past Due Nonaccrual Non-purchased Loans ("Loans Past Due")



**** Note: Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated first quarter 2022. Percent of Loans Noncurrent + Percent of Loans 30-89 Days Past Due.*

Loan Portfolio Diversification & Leverage

Figures 26 and 27 reflect the mix in our non-purchased loan growth in the second quarter of 2022 and for the first six months of 2022. We are pleased to see the growth year-to-date in Community Banking, Indirect RV & Marine and our Asset Based Lending Group ("ABLG") and their contribution to greater portfolio diversification. We are cautiously optimistic regarding continued growth from these teams.

Figure 26: Non-purchased Loan Growth – 2Q22 ($ millions)

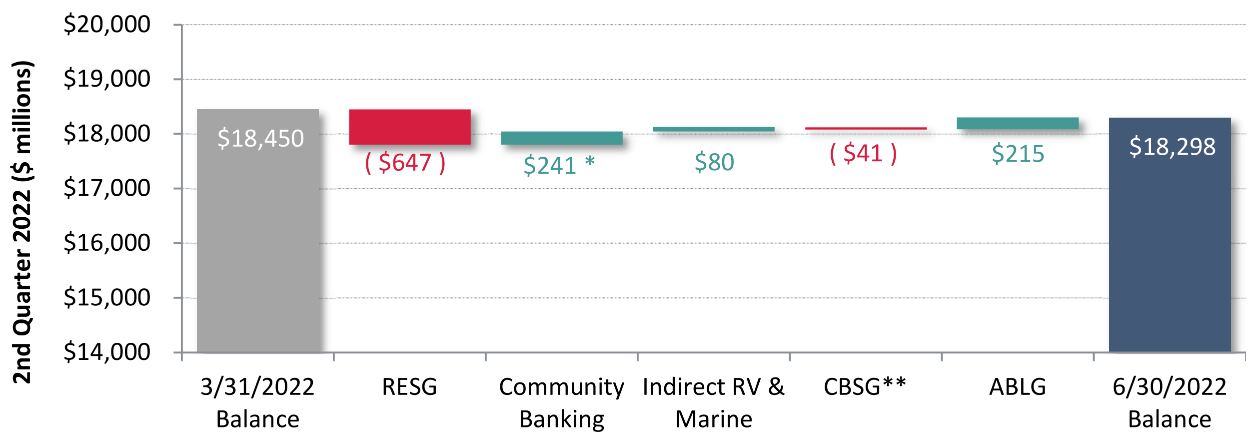
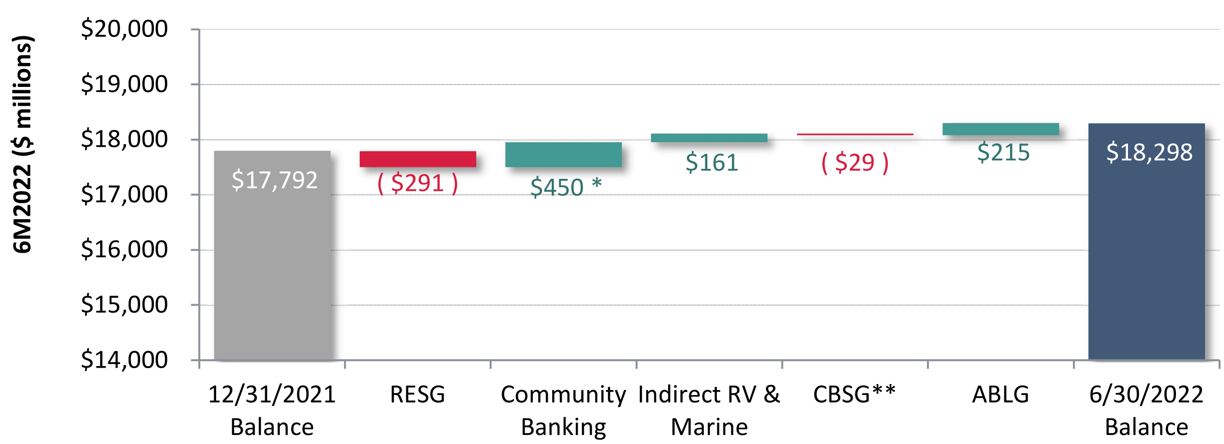


Figure 27: Non-purchased Loan Growth – 6M22 ($ millions)

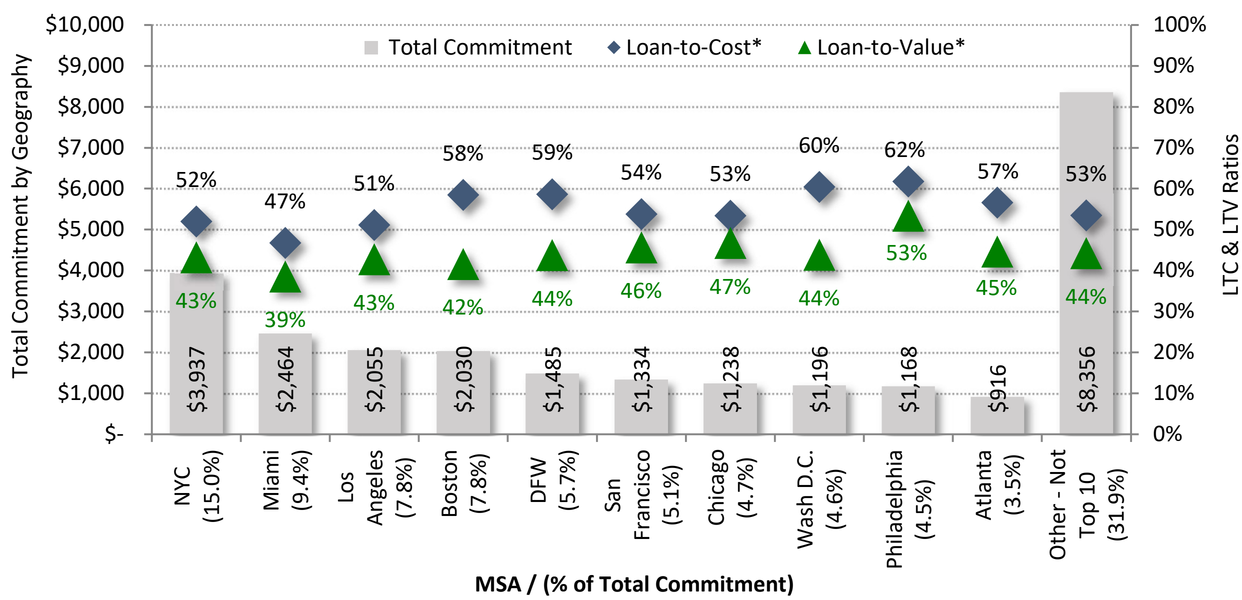


** Includes the net balance of loans originated through the SBA's PPP. For the second quarter and first six months of 2022, that includes net payoffs of SBA PPP loans of $24 million and $57 million, respectively.*

*** Corporate & Business Specialties Group ("CBSG") is a team focused on subscription finance, other secured non-real estate lending opportunities, and our small shared national credit portfolio.*

Within the RESG portfolio, we benefit from substantial geographic diversification, as well as low loan-to-cost ("LTC") and loan-to-value ("LTV") ratios, as shown in Figures 28 and 29.

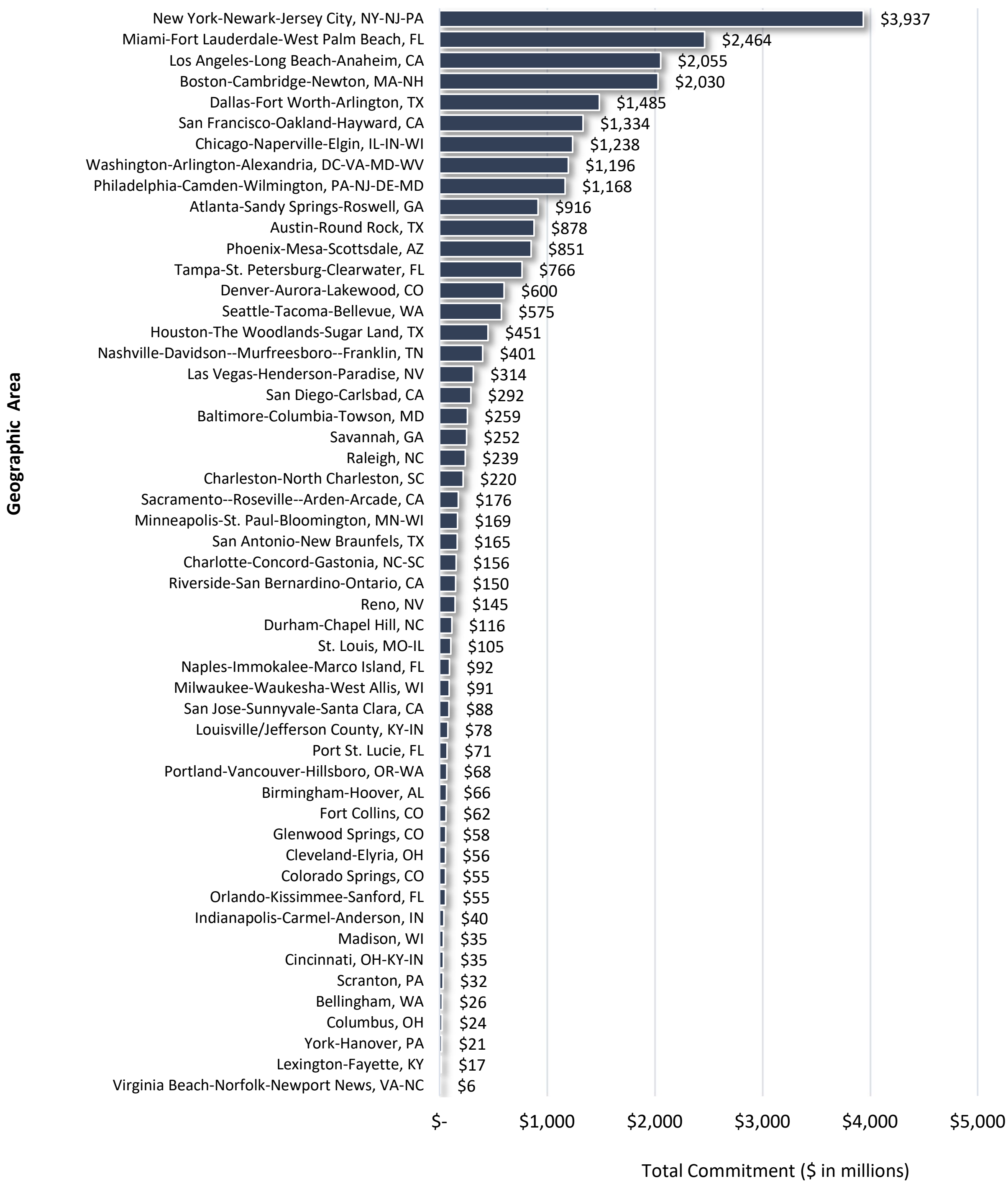
Figure 28: RESG Portfolio Diversity – Top 10 Geographies (As of June 30, 2022) ($ millions)



** LTC and LTV ratios are weighted averages and assume all loans are fully funded. LTV data based on most recent appraisals and utilizing, in most cases, "as stabilized" values for income producing properties.*

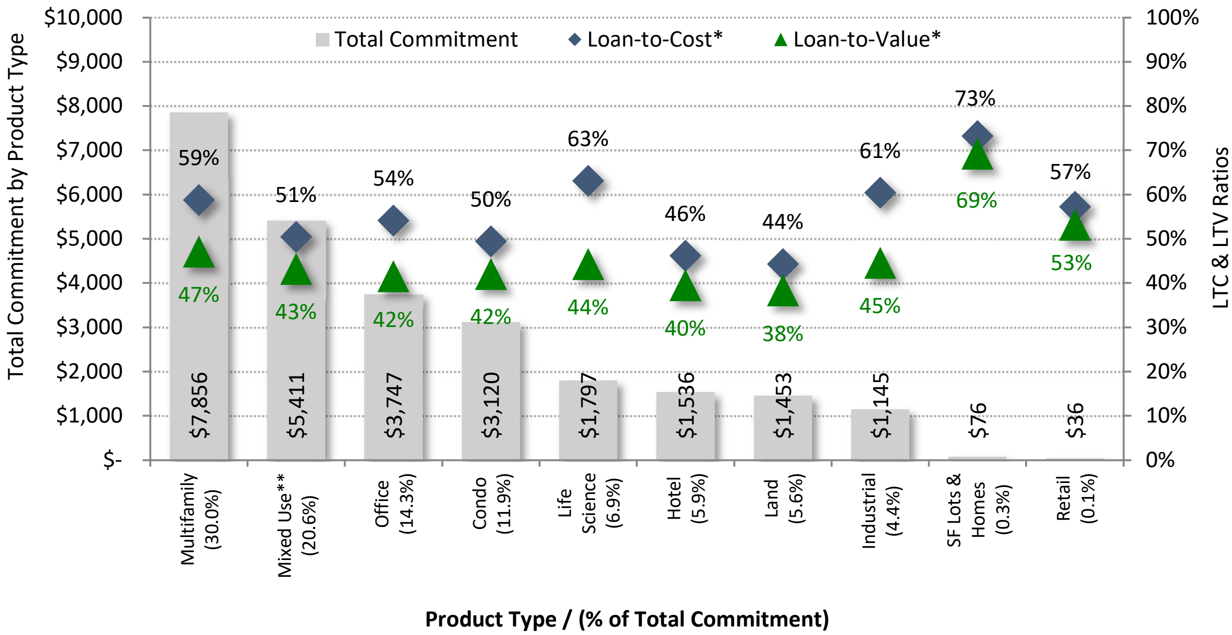
Figure 29 shows RESG's total commitments in each MSA in which it currently has loans, reflecting the national scope and diversity achieved in RESG's business throughout its 19-year history.

Figure 29: RESG's Portfolio Diversity - All Geographies (As of June 30, 2022) ($ millions)



Within the RESG portfolio, we also benefit from substantial diversification by product type as shown in Figure 30.

Figure 30: RESG Portfolio Diversity by Product Type (As of June 30, 2022) ($ millions)



** LTC and LTV ratios are weighted averages and assume all loans are fully funded. LTV data based on most recent appraisals and utilizing, in most cases, "as stabilized" values for income producing properties.*

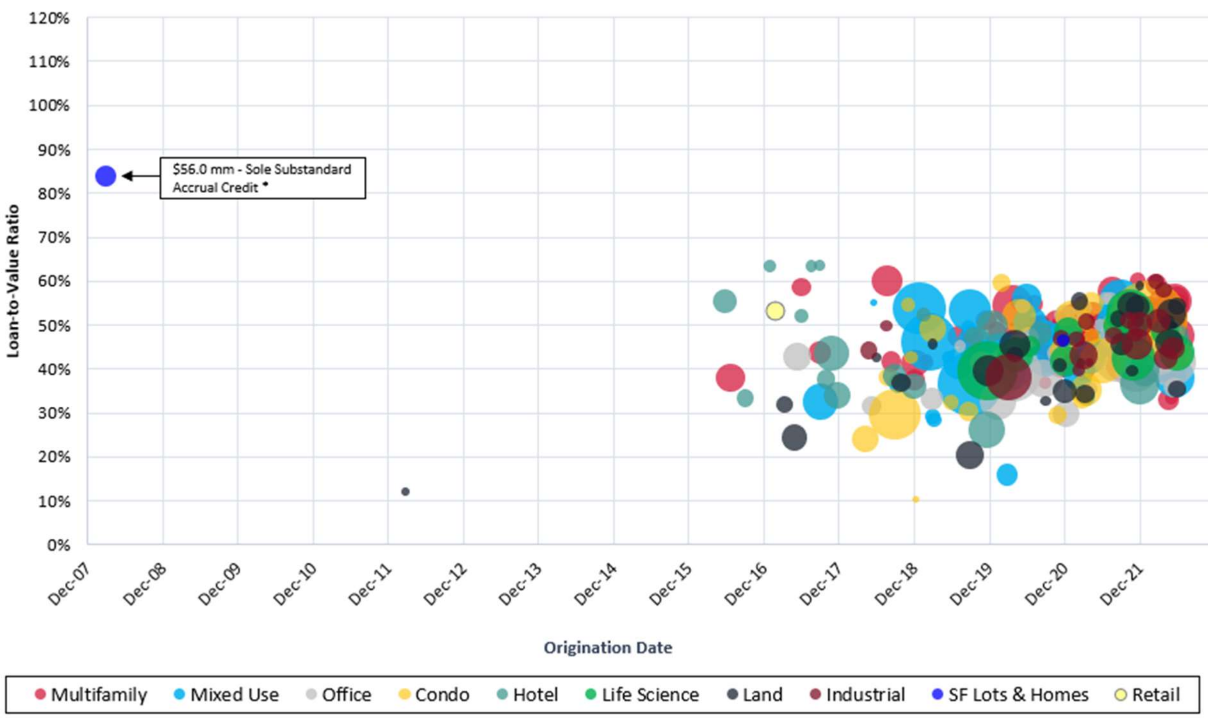
*** Mixed use projects contain multiple property types, none of which individually contribute 75% or more of the project value.*

The COVID-19 pandemic has impacted many properties in the U.S. in the office and hospitality sectors. Our portfolio has performed very well in this environment, and we have benefited from the fact that most of our loans are on newly constructed, state-of-the-art properties. We expect most of our sponsors will continue to support their office, hotel and other properties, if needed, until business conditions normalize. During the quarter just ended, in the RESG portfolio, four office loans paid off and five new office loans were originated, and four hotel loans paid off and one new hotel loan was originated.

Assuming full funding of every RESG loan, as of June 30, 2022, the weighted average LTC for the RESG portfolio was a conservative 54%, and the weighted average LTV was even lower at just 44%. The LTV metrics on individual loans within the RESG portfolio are illustrated in Figure 31. Other than the one substandard-accruing credit specifically referenced in Figure 31, all other credits in the RESG portfolio have LTV ratios less than 64%.

Figure 31: RESG Portfolio by LTV & Origination Date (As of June 30, 2022)

Bubble Size Reflects Total Funded and Unfunded Commitment Amount



LTV ratios assume all loans are fully funded. LTV data based on most recent appraisals and utilizing, in most cases, "as stabilized" values for income producing properties.

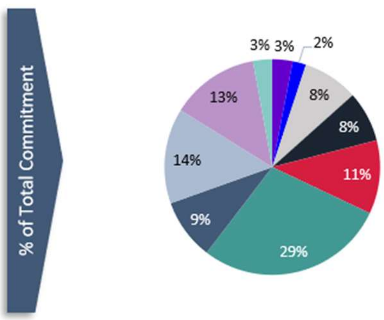
**During the second quarter of 2022, the borrower closed 8 townhomes with gross proceeds of $17.9 million. At June 30, 2022, the borrower had 8 townhomes under contract for $17.8 million. At June 30, 2022, the Bank had a total ACL of $11.5 million, or approximately 20% of the total commitment, related to this credit.*

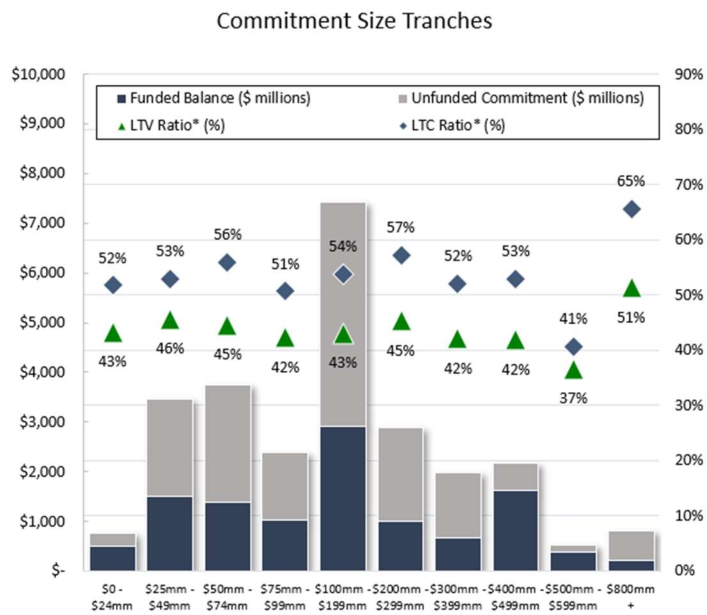
The RESG portfolio includes loans of many different sizes. The stratification of the RESG portfolio by commitment size is reflected in Figure 32.

Figure 32: RESG Portfolio Stratification by Loan Size - Total Commitment (As of June 30, 2022)

($ millions)

Tranche	No. of Loans	Funded Balance	Total Commitment
$800mm +	1	$ 204	$ 800
$500mm - $599mm	1	381	526
$400mm - $499mm	5	1,615	2,178
$300mm - $399mm	6	666	1,993
$200mm - $299mm	12	982	2,887
$100mm - $199mm	55	2,881	7,428
$75mm - $99mm	28	1,006	2,393
$50mm - $74mm	60	1,356	3,745
$25mm - $49mm	94	1,487	3,473
$0 - $24mm	43	497	754
Total	**305**	**$ 11,076**	**$ 26,177**





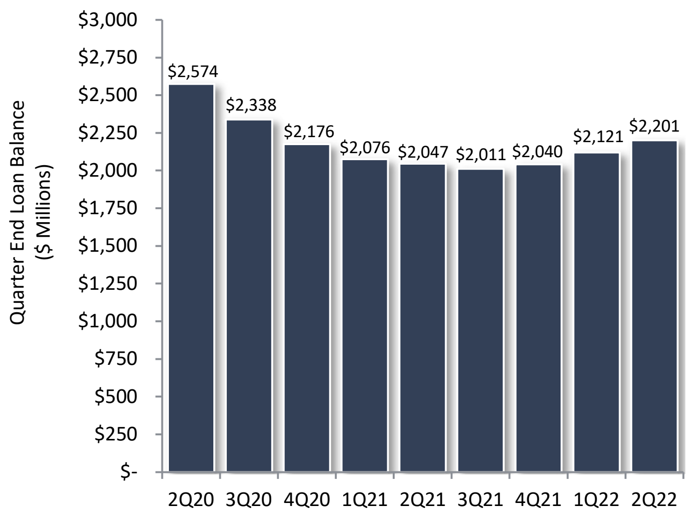
** Assumes all loans are fully funded; calculation based on total commitment by tranche as a % of total cost and total appraised value of loans within each tranche. LTV data based on most recent appraisals and utilizing, in most cases, "as stabilized" values for income producing properties.*

Our Community Banking loans include consumer and small business loans, loans originated by our commercial (generalist) lenders, and loans originated by our specialty lending teams in Community Banking, which include our government guaranteed, agricultural (including poultry), business aviation, affordable housing, middle market CRE, home builder finance and equipment finance/capital solutions lending teams. Growth in these units is an important part of our broader strategy for portfolio diversification, both in terms of product types and geography.

Indirect RV & Marine lending is a nationwide business that has allowed us to originate consumer loans while maintaining our conservative credit-quality standards. Our objective is to maintain this portfolio within a range of at or near 10% of our total loans up to 15% of our total loans.

As of June 30, 2022, the non-purchased indirect portfolio had a 30+ day delinquency ratio of eight bps. For the second quarter and first six months of 2022, our annualized net charge-off ratio for the non-purchased indirect portfolio was 14 bps and 12 bps, respectively. Figure 33 provides additional details regarding this portfolio.

Figure 33: Indirect RV & Marine Outstanding Non-purchased Loan Balances



	RV Portfolio	
Loan Size	**Total #**	**$ thousands**
$1 million +	-	$ -
$750k - $999k	-	-
$250k - $749k	431	135,184
$50k - $249k	9,166	1,000,163
< $50k	5,926	149,702
Total	**15,523**	**$ 1,285,049**

	Marine Portfolio	
Loan Size	**Total #**	**$ thousands**
$1 million +	36	$ 72,650
$750k - $999k	39	33,925
$250k - $749k	476	180,015
$50k - $249k	4,857	547,060
< $50k	2,726	82,417
Total	**8,134**	**$ 916,067**

Deposits and Liquidity

We have worked to improve the mix and quality of our deposit base by focusing significant efforts on growing our consumer and commercial noninterest bearing and other non-time deposits. As shown in Figure 34, over the last four quarters and year to date in 2022, we have achieved growth in non-interest bearing, consumer – non-time and commercial – non-time deposits. During the same periods, we have allowed more expensive time deposit balances to decline moderately, but we expect to be able to replace these deposits when needed. We believe that we have significant capacity for future deposit growth, including core deposit growth, in our existing network of 229 branches.

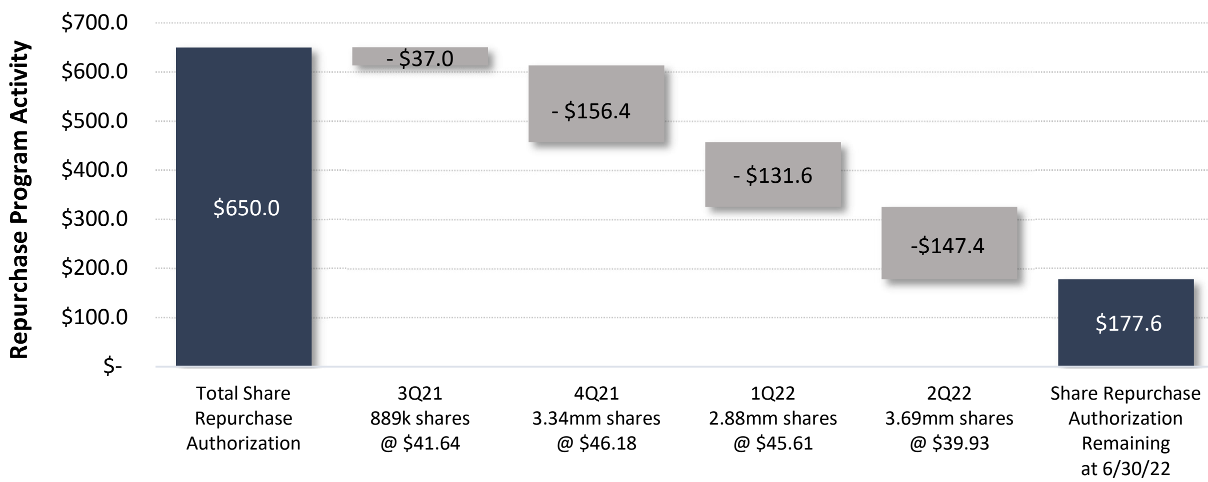
Figure 34: Deposit Composition ($ millions)

	Period Ended					
	6/30/2021		12/31/2021		6/30/2022	
Noninterest Bearing	$ 4,511	21.8%	$ 4,984	24.7%	$ 5,118	25.6%
Consumer and Commercial Interest Bearing:						
Consumer - Non-time	3,982	19.2%	4,334	21.4%	4,462	22.3%
Consumer - Time	5,405	26.1%	4,319	21.4%	3,939	19.7%
Commercial - Non-time	2,363	11.4%	2,635	13.0%	2,788	14.0%
Commercial - Time	1,091	5.3%	905	4.5%	642	3.2%
Public Funds	1,977	9.5%	2,095	10.4%	1,828	9.1%
Brokered	915	4.4%	452	2.2%	815	4.1%
Reciprocal	463	2.2%	485	2.4%	392	2.0%
Total	$ 20,707	100.0%	$ 20,209	100.0%	$ 19,984	100.0%

Stock Repurchase Program

In July 2021, we authorized a stock repurchase program of up to $300 million of our common stock, which authorization was increased to $650 million in October 2021 with an expiration date of November 4, 2022. As shown in Figure 35, since the adoption of our stock repurchase program, we have repurchased $472 million of common stock through June 30, 2022. Given market conditions during the quarter just ended, we repurchased more shares than we originally expected. In the first 20 calendar days of July, we have purchased an additional $20 million of common stock, and we expect our total purchases for the third quarter of 2022 will not exceed $100 million. In evaluating its plans for future stock repurchases, management considers a variety of factors including our capital position, alternative uses of capital, liquidity, financial performance, stock price, regulatory requirements and other factors. We may suspend our stock repurchase program at any time.

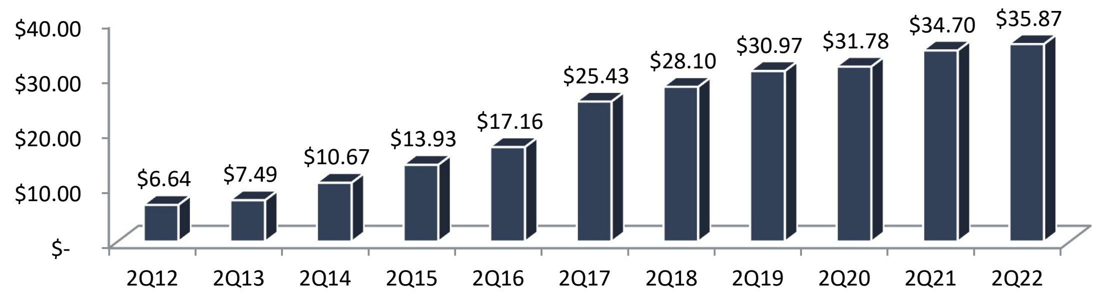
Figure 35: Stock Repurchase Program Activity ($ millions)



Capital and Dividends

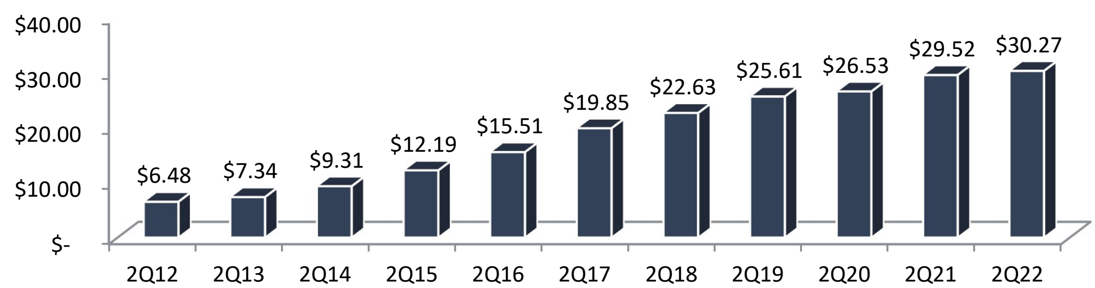
During the quarter just ended, our book value per common share increased to $35.87 compared to $35.47 as of March 31, 2022 and $34.70 as of June 30, 2021. Over the last 10 years, we have increased book value per common share by a cumulative 440%, resulting in a compound annual growth rate of 18.4%, as shown in Figure 36.

Figure 36: Book Value per Share (Period End)



During the quarter just ended, our tangible book value per common share increased to $30.27 compared to $30.03 as of March 31, 2022 and $29.52 as of June 30, 2021. Over the last 10 years, we have increased tangible book value per common share by a cumulative 367%, resulting in a compound annual growth rate of 16.7%, as shown in Figure 37.

Figure 37: Tangible Book Value per Share (Period End) [4]



[4] See the schedule at the end of this presentation for the reconciliation of tangible book value per common share to the most directly comparable GAAP measure.

Our historically strong earnings and earnings retention rate, among other factors, have contributed to our building robust capital ratios, as shown in Figure 38, which are among the strongest in the industry. We are focused on strategies to utilize our excess capital that are in the best long-term interest of our shareholders. Options for deploying our excess capital include organic loan growth, adding new business lines, continuing to increase our cash dividend, financially attractive acquisitions for cash or some combination of cash and stock, and continued stock repurchases. Because of our strong capital position, we can implement multiple capital deployment opportunities simultaneously. Organic loan growth will continue to be our top growth priority, and we are optimistic about our growth prospects in 2023 and 2024.

Figure 38: Capital Ratios

	Estimated 6/30/2022 [5]	Regulatory Minimum Required To Be Considered Well Capitalized	Excess Capital
CET 1 Ratio	12.50%	6.50%	6.00%
Tier 1 Ratio	13.70%	8.00%	5.70%
Total RBC Ratio	16.20%	10.00%	6.20%
Tier 1 Leverage	15.80%	5.00%	10.80%

We have increased our cash dividend in each of the last 48 quarters and every year since going public in 1997. We expect that we will likely continue to increase our cash dividend in future quarters.

Effective Tax Rate

Our effective tax rate for the quarter just ended was 22.4%, and for the first six months was 22.0%. We expect our effective tax rate for the remainder of 2022 to be between 22.0% and 23.0%, assuming no changes in applicable state or federal income tax rates.

Final Thoughts

We are pleased to report our excellent results for the second quarter of 2022. Our results were highlighted by our third consecutive quarter of record RESG loan originations and solid contributions from Community Banking and other lending teams, reflecting the importance of organic growth and increased portfolio diversification in our long-term strategy. Our strong capital and liquidity, disciplined credit culture and outstanding team have us well positioned for the future.

[5] Ratios as of June 30, 2022 are preliminary estimates and are subject to revision upon filing of our FFIEC 041 Call Report.

Non-GAAP Reconciliations

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

Unaudited (Dollars in Thousands)

	Three Months Ended *		Six Months Ended*	
	6/30/2021	6/30/2022	6/30/2021	6/30/2022
Net Income Available To Common Stockholders	$ 150,535	$ 132,358	$ 298,950	$ 260,386
Average Stockholders' Equity Before Noncontrolling Interest	4,423,093	4,619,033	4,365,454	4,703,196
Less Average Preferred Stock	-	(338,980)	-	(338,980)
Total Average common stockholders' equity	4,423,093	4,280,053	4,365,454	4,364,216
Less Average Intangible Assets:				
Goodwill	(660,789)	(660,789)	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	(12,175)	(6,084)	(12,997)	(6,824)
Total Average Intangibles	(672,964)	(666,873)	(673,786)	(667,613)
Average Tangible Common Stockholders' Equity	$ 3,750,129	$ 3,613,180	$ 3,691,668	$ 3,696,603
Return On Average Common Stockholders' Equity	13.65%	12.40%	13.81%	12.03%
Return On Average Tangible Common Stockholders' Equity	16.10%	14.69%	16.33%	14.20%

* Ratios for interim periods annualized based on actual days

Calculation of Pre-Tax Pre-Provision Net Revenue

Unaudited (Dollars in Thousands)

	Three Months Ended		Six Months Ended	
	6/30/2021	6/30/2022	6/30/2021	6/30/2022
Income before taxes	$ 195,709	$ 175,788	$ 387,960	$ 344,702
Provision for credit losses	(30,932)	7,025	(62,491)	11,215
Pre-tax pre-provision net revenue	$ 164,777	$ 182,813	$ 325,469	$ 355,917

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

Unaudited (Dollars in Thousands, Except per Share)

	As of June 30,					
	2012	2013	2014	2015	2016	2017
Total stockholders' equity before noncontrolling interest	$ 459,590	$ 531,125	$ 850,204	$ 1,209,254	$ 1,556,921	$ 3,260,123
Less preferred stock	-	-	-	-	-	-
Total common stockholders' equity	459,590	531,125	850,204	1,209,254	1,556,921	3,260,123
Less intangible assets:						
Goodwill	(5,243)	(5,243)	(78,669)	(122,884)	(126,289)	(660,789)
Core deposit and other intangibles, net of accumulated amortization	(5,946)	(5,447)	(29,971)	(28,266)	(23,615)	(54,541)
Total intangibles	(11,189)	(10,690)	(108,640)	(151,150)	(149,904)	(715,330)
Total tangible common stockholders' equity	$ 448,401	$ 520,435	$ 741,564	$ 1,058,104	$ 1,407,017	$ 2,544,793
Common shares outstanding (thousands)	69,188	70,876	79,662	86,811	90,745	128,190
Book value per common share	$ 6.64	$ 7.49	$ 10.67	$ 13.93	$ 17.16	$ 25.43
Tangible book value per common share	$ 6.48	$ 7.34	$ 9.31	$ 12.19	$ 15.51	$ 19.85

	As of June 30,					As of
	2018	2019	2020	2021	2022	Mar. 31, 2022
Total stockholders' equity before noncontrolling interest	$ 3,613,903	$ 3,993,247	$ 4,110,666	$ 4,501,676	$ 4,606,782	$ 4,690,057
Less preferred stock	-	-	-	-	(338,980)	(338,980)
Total common stockholders' equity	3,613,903	3,993,247	4,110,666	4,501,676	4,267,802	4,351,077
Less intangible assets:						
Goodwill	(660,789)	(660,789)	(660,789)	(660,789)	(660,789)	(660,789)
Core deposit and other intangibles, net of accumulated amortization	(41,962)	(29,515)	(18,377)	(11,336)	(5,240)	(6,757)
Total intangibles	(702,751)	(690,304)	(679,166)	(672,125)	(666,029)	(667,546)
Total tangible common stockholders' equity	$ 2,911,152	$ 3,302,943	$ 3,431,500	$ 3,829,551	$ 3,601,773	$ 3,683,531
Common shares outstanding (thousands)	128,616	128,947	129,350	129,720	118,996	122,677
Book value per common share	$ 28.10	$ 30.97	$ 31.78	$ 34.70	$ 35.87	$ 35.47
Tangible book value per common share	$ 22.63	$ 25.61	$ 26.53	$ 29.52	$ 30.27	$ 30.03

Note: All share and per share data adjusted to reflect impact of 2-for-1 stock split on June 23, 2014.