Bank OZK

MANAGEMENT COMMENTS FOR THE FIRST QUARTER 2022

APRIL 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; potential impact of supply chain disruptions or inflation; 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 first quarter of 2022. Highlights include:

- ***Net Income.*** Our $128.0 million of net income and $1.02 diluted earnings per common share for the quarter just ended provided a strong start for 2022.
- ***Quarterly Origination Volume.*** Our Real Estate Specialties Group ("RESG") posted its second consecutive quarter of record originations with $3.14 billion of loans originated during the quarter just ended. This contributed to the $1.33 billion increase in our unfunded loan commitments during the quarter to a record $14.95 billion at March 31, 2022.
- ***Net Interest Income.*** Our net interest income for the quarter was $249.3 million, which was our second highest quarterly net interest income ever, only behind our exceptionally strong results in the 4th quarter of 2021. In the quarter just ended, 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") was 5.14% and our net interest margin was 4.24%.
- ***Asset Quality.*** Our focus on asset quality was again evident, as reflected in our annualized net charge-off ratios for the quarter just ended of 0.08% for non-purchased loans and -0.01% for total loans. Our March 31, 2022 ratios of nonperforming non-purchased loans to total non-purchased loans and nonperforming assets to total assets[1] were just 0.21% and 0.16%, respectively.
- ***Efficiency Ratio.*** Our efficiency ratio for the quarter was 38.2%, which is among the best in the industry.
- ***Stock Repurchases & Dividend Growth.*** During the quarter just ended, we repurchased approximately 2.9 million shares of our common stock for a total of $131.6 million. We recently increased the quarterly dividend on our common stock for the 47th consecutive quarter.
- ***Multiple Options for Increasing Shareholder Value.*** Our combination of strong earnings and robust capital gives us great optionality to increase shareholder value. Options for deploying our excess capital include organic loan growth, adding new business lines, continuing to increase the dividend on our common stock, financially attractive acquisitions for cash or some combination of cash and stock, and stock repurchases.

[1] Excludes purchased loans, except for their inclusion in total assets.

Profitability and Earnings Metrics

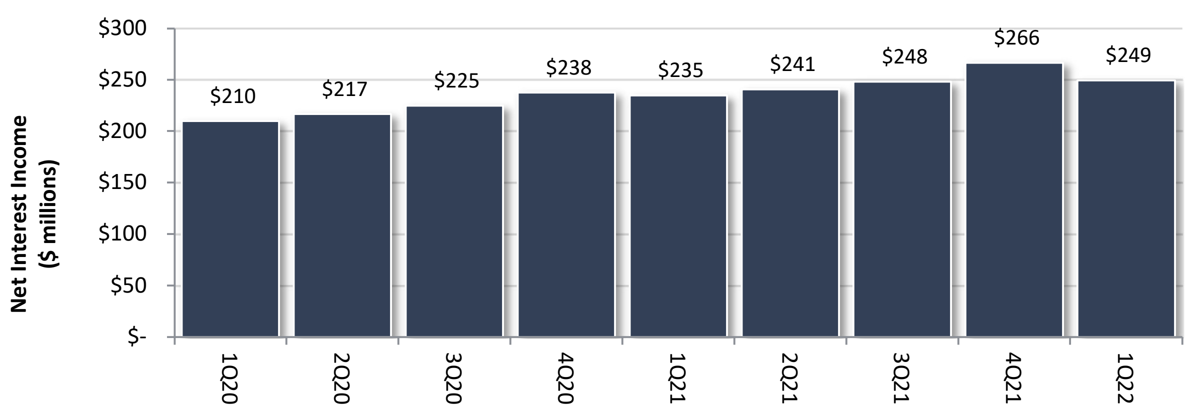
Net income for the first quarter of 2022 was $128.0 million, a 13.7% decrease from $148.4 million for the first quarter of 2021. Diluted earnings per common share for the first quarter of 2022 were $1.02, a 10.5% decrease from $1.14 for the first quarter of 2021. Our results for the first quarter of 2021 benefitted from a release of our allowance for credit losses ("ACL").

Our annualized return on average assets was 1.97% for the first quarter of 2022 compared to 2.23% for the first quarter of 2021. Our annualized returns on average common stockholders' equity and average tangible common stockholders' equity[2] for the first quarter of 2022 were 11.67% and 13.73%, respectively, compared to 13.97% and 16.57%, respectively, for the first quarter of 2021.

Net Interest Income

Net interest income is our largest category of revenue. As shown in Figure 1, our net interest income for the first quarter of 2022 was $249.3 million, a $14.7 million, or 6.3%, increase from the first quarter of 2021, but a $17.0 million, or 6.4% not annualized, decrease from the fourth quarter of 2021. As expected, during the quarter just ended, our net interest income was lower compared to the fourth quarter of 2021 when we benefitted from unusually high levels of minimum interest and other interest income from loan repayments and short-term extensions, among other factors.

Figure 1: Quarterly Net Interest Income



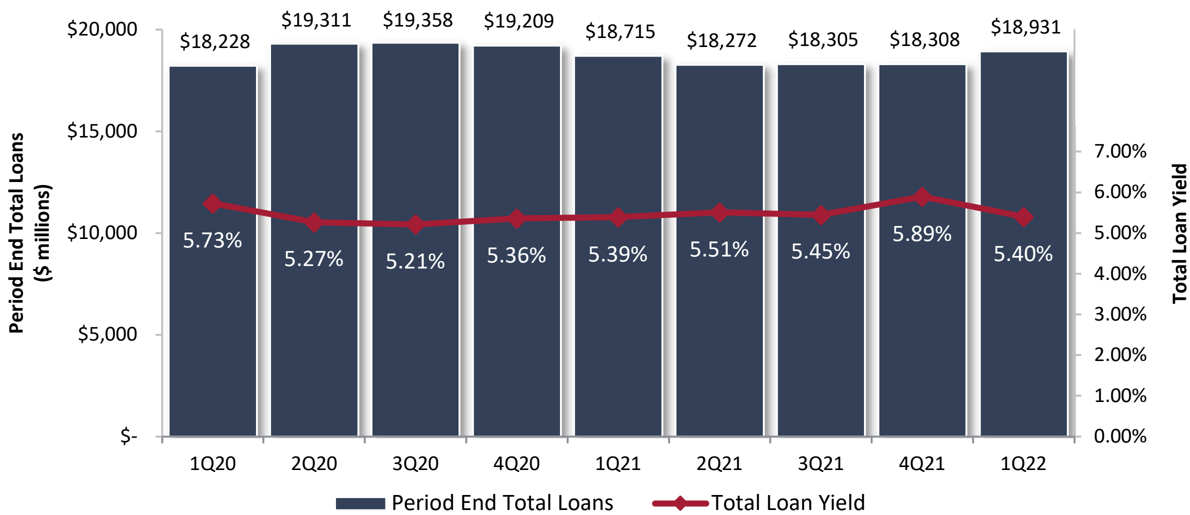
[2] The calculation of the Bank's annualized returns on average common stockholders' equity and average tangible common stockholders' equity and the reconciliation to generally accepted accounting principles ("GAAP") are included in the schedule at the end of this presentation.

Average Earning Assets – Volume and Mix

Our average earning assets for the quarter just ended totaled $24.0 billion, a 3.2% decrease from $24.8 billion for the first quarter of 2021, and a 0.5% decrease from $24.1 billion for the fourth quarter of 2021.

Loans are the largest part of our earning assets. Our outstanding balance of total loans at March 31, 2022 increased $0.22 billion, or 1.2%, from March 31, 2021, and increased $0.62 billion, or 3.4% not annualized, from December 31, 2021, as illustrated in Figure 2.

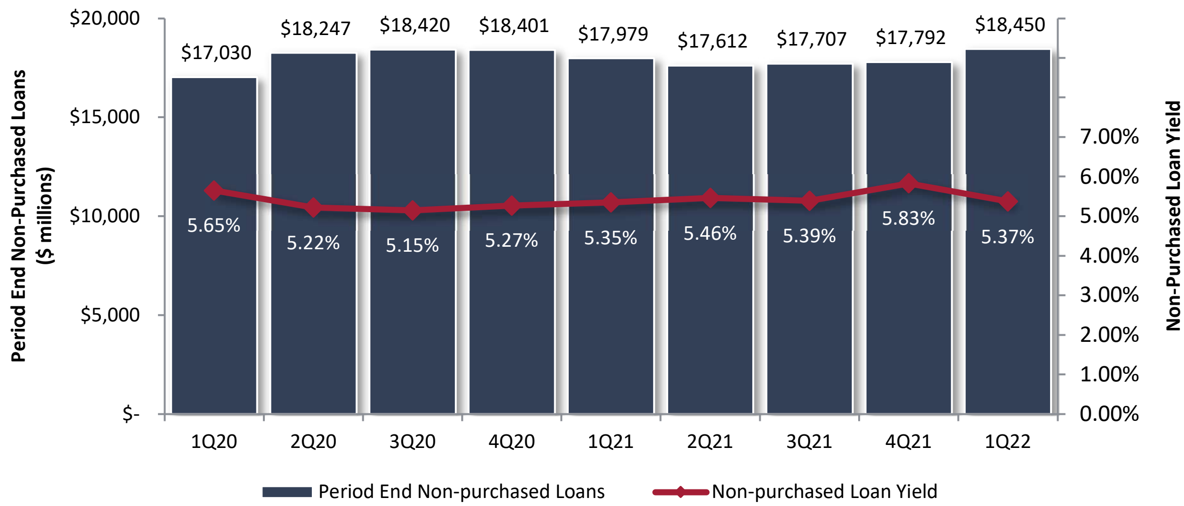
Figure 2: Total Loan Balances and Yields



Non-purchased Loans

Non-purchased loans, which are all loans excluding the remaining loans from our 15 acquisitions, accounted for 97.3% of our average total loans and 75.8% of our average earning assets in the quarter just ended. As illustrated in Figure 3, non-purchased loans were a record $18.45 billion at March 31, 2022, an increase of $0.47 billion, or 2.6%, as compared to March 31, 2021, and $0.66 billion, or 3.7% not annualized, compared to December 31, 2021.

Figure 3: Non-Purchased Loan Balances and Yields



In the first quarter of 2022, our yield on non-purchased loans was 5.37%, an increase of two basis points (“bps”) from the first quarter of 2021, but a decrease of 46 bps from the fourth quarter of 2021, when we benefitted from unusually high levels of minimum interest and other interest income from repayments and short-term extensions, among other factors.

During the quarter just ended, we recognized $0.8 million of net deferred fees from $0.03 billion of the Small Business Administration’s Paycheck Protection Program (“PPP”) loans that received forgiveness and paid off. As of March 31, 2022, we had $1.3 million of unaccreted net deferred fees associated with the remaining $0.05 billion balance of our PPP loans. We expect most of our remaining PPP loans will be forgiven and repaid during 2022.

The prospect for further increases in the Fed funds target rate, coupled with our substantial volume of variable rate loans, should have a positive impact on our non-purchased loan yields. However, we have noted for several quarters that most of our recently originated loans have had initial contractual interest rates that were lower than our current yield on non-purchased loans. This will tend to offset, to some degree, our benefit from the impact of increases in the Fed funds target rate. The actual impact of these counteracting forces on our future non-purchased loan yields will depend on a variety of factors, including the speed and magnitude of any increases in the Fed funds target rate and the competitive environment.

RESG accounted for 64% of the funded balance of non-purchased loans as of March 31, 2022. RESG's funded balance of non-purchased loans increased $0.35 billion during the quarter just ended and $0.30 billion over the last four quarters. Figures 4 and 5 reflect the changes in the funded balance of RESG loans for the first quarter of 2022 and for the last four quarters, respectively.

Figure 4: Activity in RESG Funded Balances – 1Q22 ($ billions)

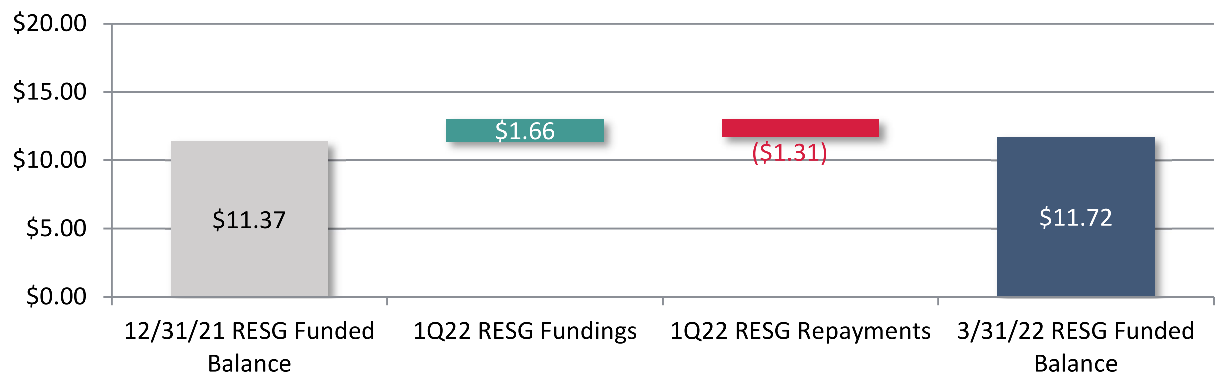


Figure 5: Activity in RESG Funded Balances – Last Four Quarters ($ billions)

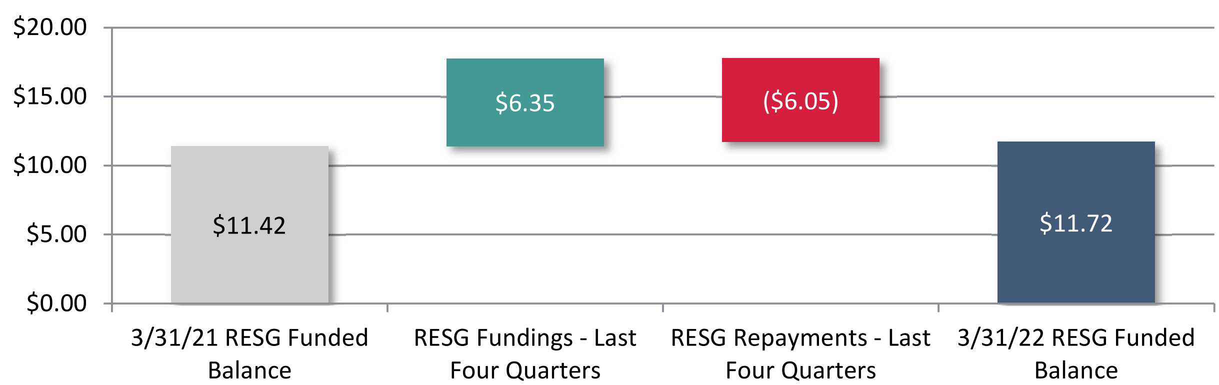


Figure 6 shows RESG's loan originations for each of the last 21 quarters. RESG loan originations for the first quarter of 2022 were a record of $3.14 billion, which was our second consecutive record quarter.

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				$3.14

**3M22 Not Annualized*

Our cumulative RESG loan originations for the last four quarters were $9.80 billion. We are very pleased with the job our RESG team is doing in finding good loan opportunities in an intensely competitive environment. We currently have a strong pipeline, which 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 21 quarters. RESG loan repayments in the quarter just ended were $1.31 billion, which was lower than in any quarter in 2021. 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 substantially higher loan repayments, on average, in the remaining quarters of 2022, and one or more quarters may be at a record quarterly level of repayments. The level of loan repayments may vary substantially from quarter to quarter and may have an outsized impact in one or more quarters. Notwithstanding the headwinds from expected loan repayments, we expect to achieve positive loan growth for RESG and total loans during 2022.

Figure 7: RESG Quarterly Loan Repayments

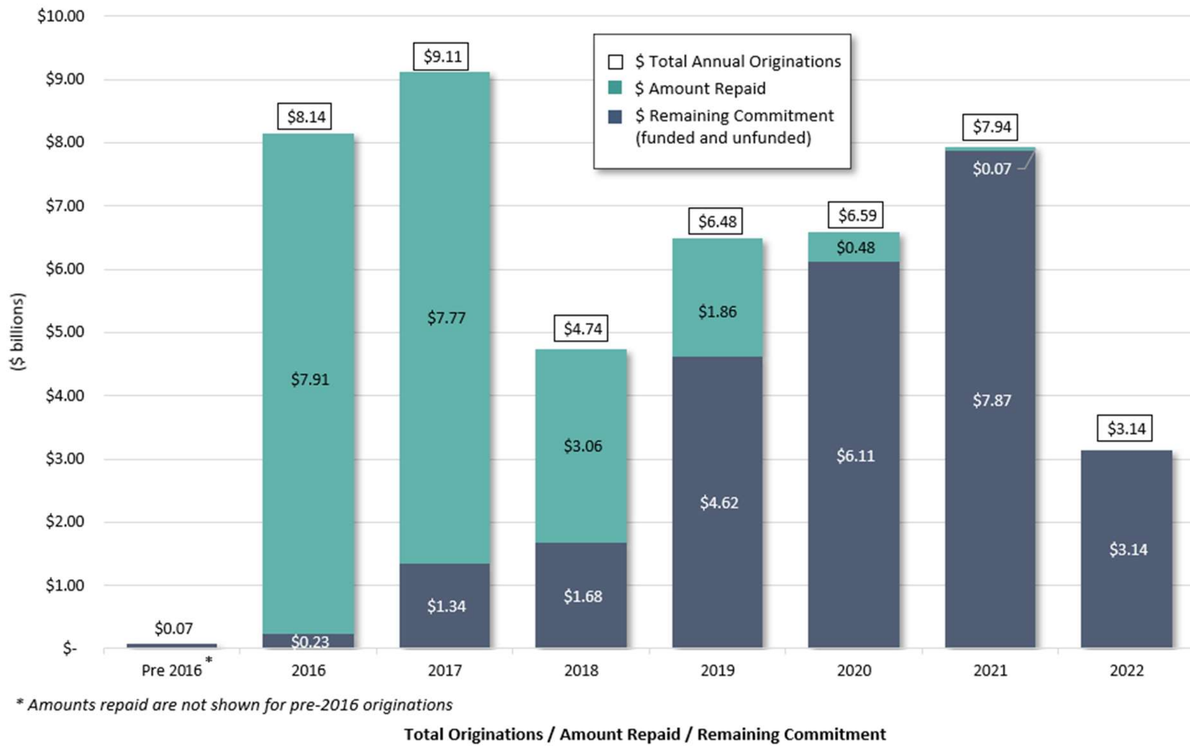
($ billions)

	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				$1.31

**3M22 Not Annualized*

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.

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



At March 31, 2022, RESG accounted for 88% of our record $14.95 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 first quarter of 2022 and over the last four quarters, respectively. The total unfunded balance increased $1.33 billion during the first quarter of 2022 and $3.17 billion over the last four quarters. This increased unfunded balance has positive implications for loan growth in future years.

Figure 9: Activity in Unfunded Balances – 1Q22 ($ billions)

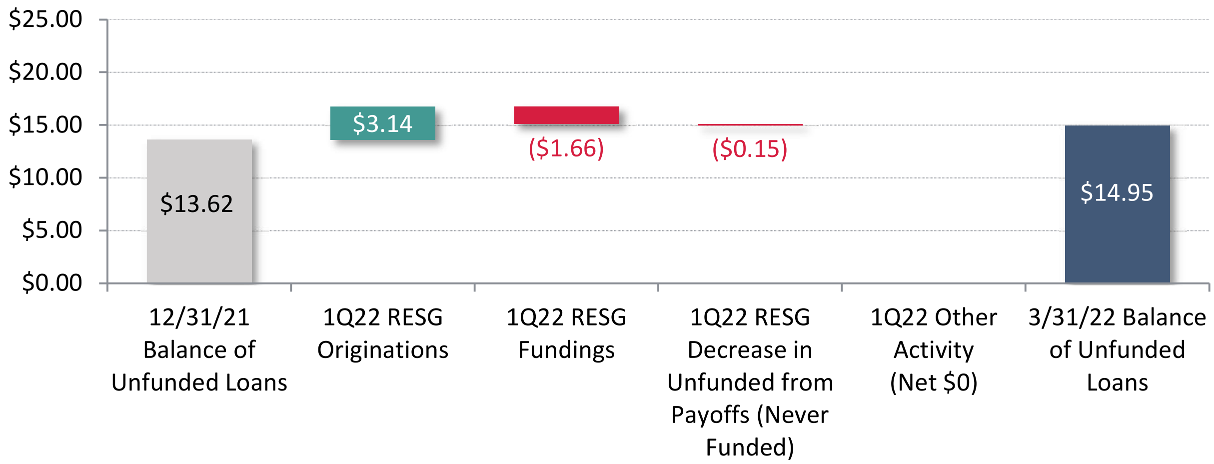
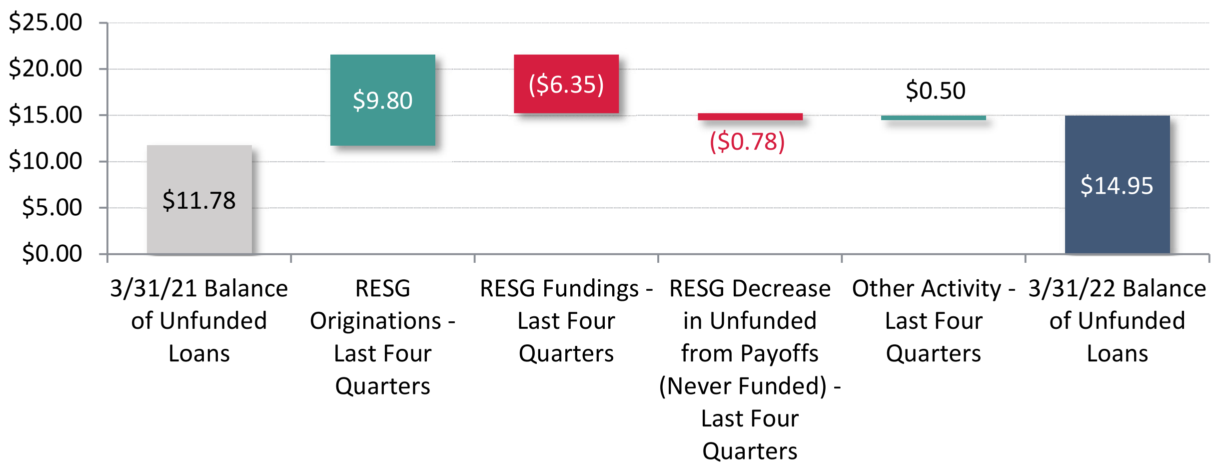


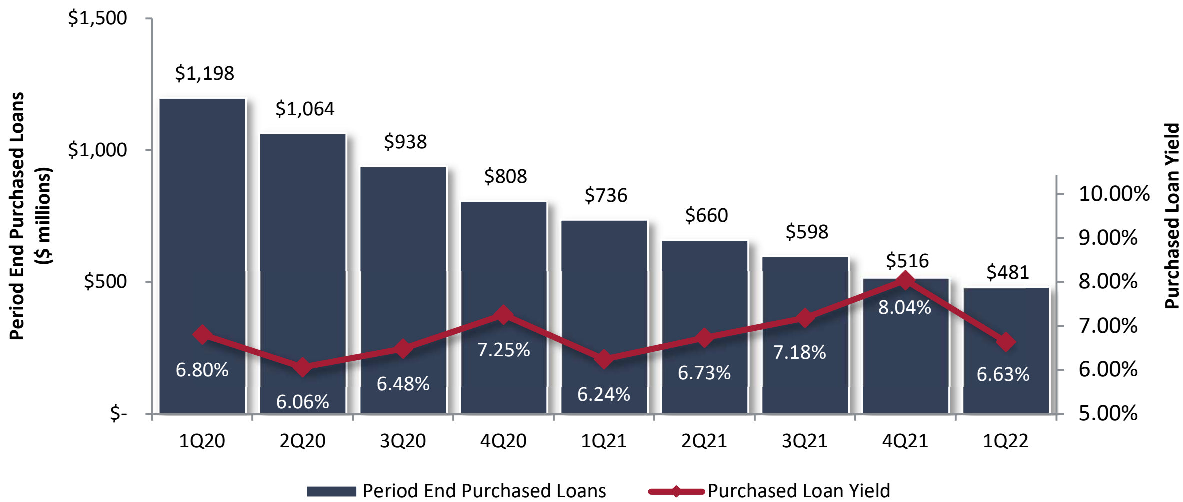
Figure 10: Activity in Unfunded Balances – Last Four Quarters ($ billions)



Purchased Loans

Purchased loans, which are the remaining loans from our 15 acquisitions, accounted for 2.7% of average total loans and 2.1% of our average earning assets in the quarter just ended. During the quarter, our purchased loan portfolio decreased $0.03 billion, or 6.8% not annualized, to $0.48 billion at March 31, 2022. Over the last four quarters, our purchased loan portfolio decreased by $0.25 billion, or 34.6%. Figure 11 shows recent purchased loan portfolio trends.

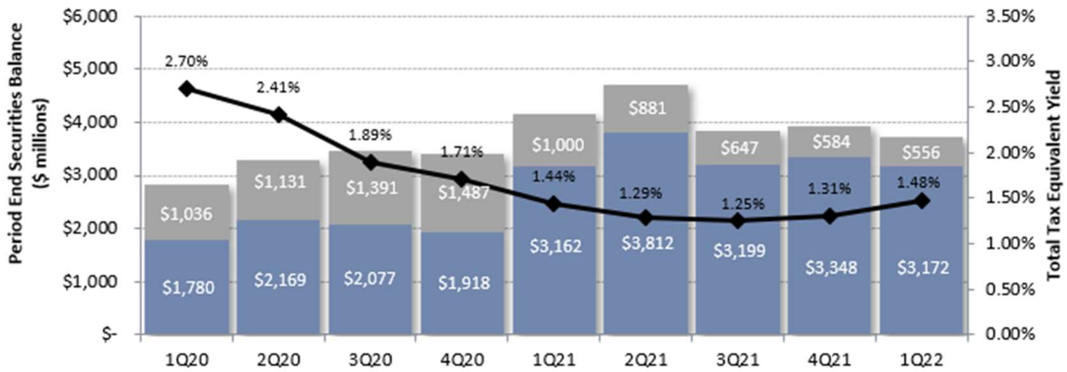
Figure 11: Purchased Loan Balances and Yields



Investment Securities

At March 31, 2022, our investment securities portfolio was $3.73 billion, which was a decrease of $0.20 billion, or 5.2% not annualized, as compared to December 31, 2021, and a decrease of $0.43 billion, or 10.4%, as compared to March 31, 2021, as illustrated in Figure 12. In the first quarter of 2022, the yield on our investment portfolio, on a fully taxable equivalent basis, was 1.48%, an increase of four bps from the first quarter of 2021, and an increase of 17 bps from the fourth quarter of 2021.

Figure 12: Investment Portfolio Balances and Yields



	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22
Effective Duration*	2.04	1.98	1.75	1.57	1.87	1.94	2.05	2.23	2.64
Convexity*	-0.51	-0.56	-0.61	-0.25	-0.60	-0.68	-0.42	-0.63	-0.09

Taxable Tax-exempt Total Tax Equivalent Yield

** Effective duration and convexity data as of the end of each respective quarter.*

As our liquidity position increased in recent years, we purchased high-quality, 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, we estimate principal cash flow from maturities and other principal repayments in the second quarter of 2022 should be approximately $0.35 billion, or about 9.3% of our total investment securities portfolio, and cumulative principal cash flow for the final three quarters of 2022 should be approximately $0.78 billion, or about 20.5% of our total investment securities portfolio.

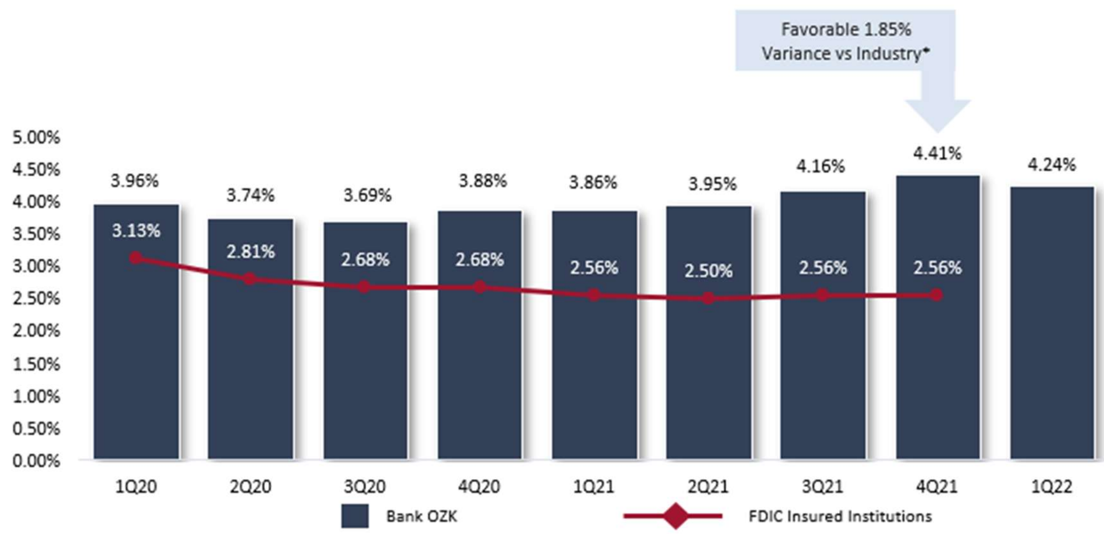
We may increase or decrease our investment securities portfolio in future quarters based on changes in our liquidity position, prevailing market conditions and other factors.

Net Interest Margin and Core Spread

As expected, during the quarter just ended, our net interest margin and core spread were lower compared to the fourth quarter of 2021 when we benefitted from unusually high levels of minimum interest and other interest income from loan repayments and short-term extensions, among other factors.

Our net interest margin was 4.24% for the quarter just ended, an increase of 38 bps from the first quarter of 2021, but a decrease of 17 bps from the fourth quarter of 2021. We continue to outperform the industry on net interest margin, as shown in Figure 13. In fact, in the fourth quarter of 2021, the latest quarter for which comparative data is available, our net interest margin outperformed the industry by 185 bps.

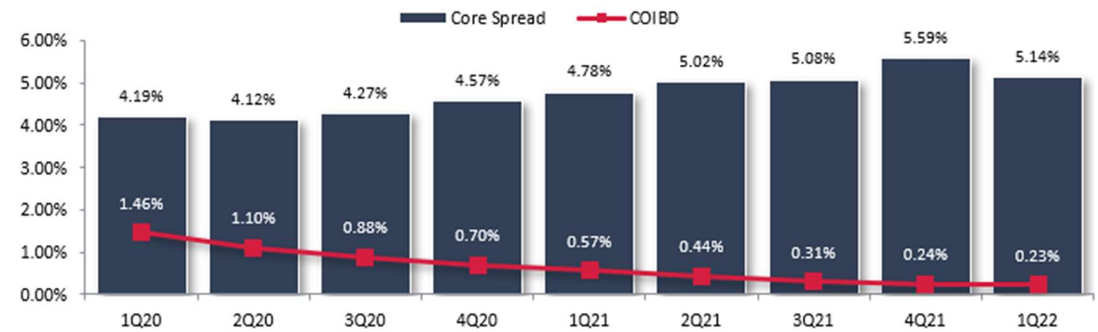
Figure 13: Quarterly Net Interest Margin (%)



**Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated fourth quarter 2021.*

Our core spread in the quarter just ended was 5.14%, an increase of 36 bps from the first quarter of 2021, but a decrease of 45 bps from the fourth quarter of 2021. As reflected in Figure 14, in the quarter just ended, our COIBD decreased 34 bps from the first quarter of 2021 and one basis point from the fourth quarter of 2021. Given the current interest rate environment, we expect our COIBD to increase starting in the second quarter of 2022.

Figure 14: Core Spread and COIBD



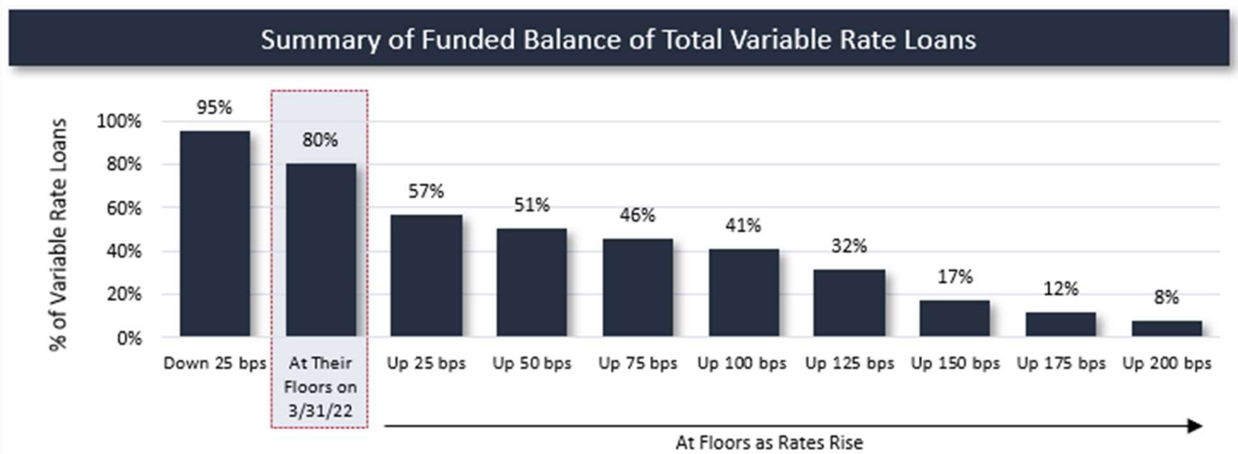
	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22
Yield on Non-purchased loans	*5.65%*	*5.22%*	*5.15%*	*5.27%*	*5.35%*	*5.46%*	*5.39%*	*5.83%*	*5.37%*
COIBD	*1.46%*	*1.10%*	*0.88%*	*0.70%*	*0.57%*	*0.44%*	*0.31%*	*0.24%*	*0.23%*
Core Spread	*4.19%*	*4.12%*	*4.27%*	*4.57%*	*4.78%*	*5.02%*	*5.08%*	*5.59%*	*5.14%*

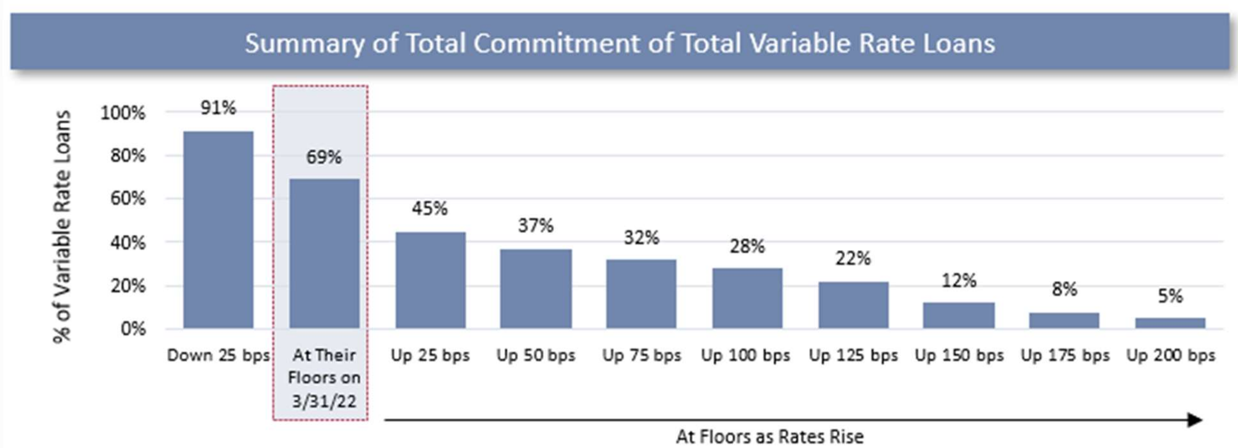
Variable Rate Loans

At March 31, 2022, 77% of our funded balance of total loans had variable rates, of which 76% were tied to 1-month LIBOR, 15% to WSJ Prime, 8% to 1-month term SOFR and 1% to other indexes.

At March 31, 2022, 99% of our variable rate total loans (non-purchased and purchased) had floor rates. As of March 31, 2022, 80% of the funded balance of total loans in our variable rate loan portfolio were at their floors, and 69% 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, respectively, of total variable rate loans 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 March 31, 2022





Non-interest Income

Non-interest income for the first quarter of 2022 was $31.5 million, a 2.0% decrease from the first quarter of 2021, but a 6.0% increase from the fourth quarter of 2021. During the quarter just ended, we benefitted from elevated gains on sales of other assets, which included a $1.8 million gain related to the sale of our Magnolia, Arkansas branch. Figures 16 and 17, respectively, summarize non-interest income for the most recent nine quarters and year-over-year trends for the first quarter of 2022.

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

	For the Three Months Ended								
	3/31/2020	6/30/2020	9/30/2020	12/31/2020	3/31/2021	6/30/2021	9/30/2021	12/31/2021	3/31/2022
Service charges on deposit accounts:									
NSF / overdraft fees	$ 4,562	$ 2,702	$ 3,494	$ 4,024	$ 3,323	$ 3,244	$ 4,080	$ 4,315	$ 4,201
All other service charges	5,447	5,579	5,933	5,959	6,342	7,067	7,097	7,149	6,690
Trust income	1,939	1,759	1,936	1,909	2,206	1,911	2,247	2,141	2,094
BOLI income:									
Increase in cash surrender value	5,067	5,057	5,081	5,034	4,881	4,919	4,940	4,901	4,793
Death benefit	608	-	-	-	1,409	-	-	618	297
Loan service, maintenance and other fees	3,716	3,394	3,351	3,797	3,551	3,953	3,307	3,148	3,018
Net gains on investment securities - AFS	2,223	-	2,244	-	-	-	-	-	-
Net gains (losses) on investment securities - Trading	-	-	-	-	-	-	-	504	(90)
Gains (losses) on sales of other assets	161	621	891	5,189	5,828	2,341	463	1,330	6,992
Other	3,957	2,479	3,746	2,749	4,577	4,307	3,850	5,589	3,480
Total non-interest income	$ 27,680	$ 21,591	$ 26,676	$ 28,661	$ 32,117	$ 27,742	$ 25,984	$ 29,695	$ 31,475

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

	For the Three Months Ended		
	3/31/2021	3/31/2022	% Change
Service charges on deposit accounts:			
NSF / overdraft fees	$ 3,323	$ 4,201	26.5%
All other service charges	6,342	6,690	5.5%
Trust income	2,206	2,094	-5.1%
BOLI income:			
Increase in cash surrender value	4,881	4,793	-1.8%
Death benefit	1,409	297	-78.9%
Loan service, maintenance and other fees	3,551	3,018	-15.0%
Net gains on investment securities - AFS	-	-	NM
Net gains (losses) on investment securities - Trading	-	(90)	NM
Gains (losses) on sales of other assets	5,828	6,992	20.0%
Other	4,577	3,480	-24.0%
Total non-interest income	$ 32,117	$ 31,475	-2.0%

Non-interest Expense

Non-interest expense for the first quarter of 2022 was $107.7 million, a 1.6% increase from the first quarter of 2021, but a 2.2% decrease from the fourth quarter of 2021. We expect upward pressure on salaries and benefit costs in future quarters 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. This should result in increases in our non-interest expense over the remainder of 2022. Figures 18 and 19, respectively, summarize non-interest expense for the most recent nine quarters and year-over-year trends for the first quarter of 2022.

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

	For the Three Months Ended								
	3/31/2020	6/30/2020	9/30/2020	12/31/2020	3/31/2021	6/30/2021	9/30/2021	12/31/2021	3/31/2022
Salaries & employee benefits	$ 51,473	$ 48,410	$ 53,119	$ 53,832	$ 53,645	$ 52,119	$ 53,769	$ 55,034	$ 54,648
Net occupancy and equipment	15,330	15,756	16,676	15,617	16,468	16,168	17,161	17,004	17,215
Professional and outside services	6,764	7,629	8,320	7,026	6,326	7,724	7,084	7,880	7,082
Advertising and public relations	1,703	1,704	1,557	1,086	308	593	719	1,151	1,259
Telecommunication services	2,177	2,334	2,352	2,296	2,232	2,165	1,966	2,064	2,010
Software and data processing	4,974	5,145	5,431	5,729	5,792	6,006	5,897	6,165	5,921
Travel and meals	2,102	710	689	835	774	1,419	1,617	1,883	1,758
FDIC insurance and state assessments	3,420	4,585	3,595	3,647	3,520	2,885	2,655	2,125	2,150
Amortization of intangibles	2,795	2,582	1,914	1,794	1,730	1,602	1,545	1,517	1,517
Postage and supplies	2,053	1,892	1,808	1,709	1,645	1,544	1,530	1,909	1,698
ATM expense	1,160	1,002	1,604	1,490	1,283	1,486	1,846	1,639	1,509
Loan collection and repossession expense	694	857	1,030	481	509	540	407	587	325
Writedowns of foreclosed assets	879	720	488	1,582	1,363	123	990	985	258
Amortization of CRA and tax credit investments	2,740	3,107	1,611	823	4,125	3,227	4,972	2,755	5,102
Other expenses	5,161	4,520	5,447	5,447	6,339	6,110	8,239	7,408	5,263
Total non-interest expense	$ 103,425	$ 100,953	$ 105,641	$ 103,394	$ 106,059	$ 103,711	$ 110,397	$ 110,106	$ 107,715

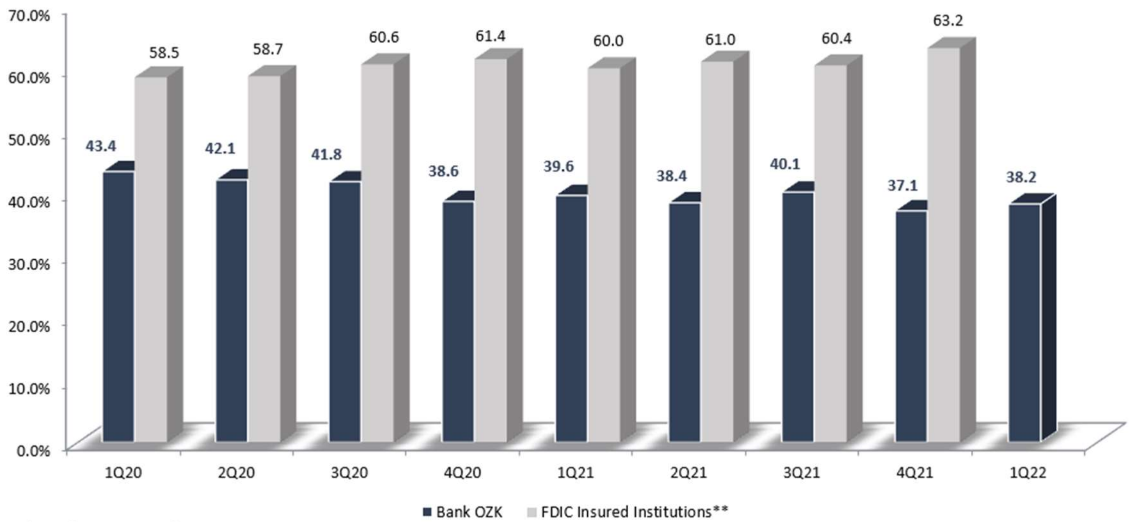
Figure 19: Trends in Non-interest Expense – 2021 vs. 2022 *($ thousands)*

	For the Three Months Ended		
	3/31/2021	3/31/2022	% Change
Salaries & employee benefits	$ 53,645	$ 54,648	1.9%
Net occupancy and equipment	16,468	17,215	4.5%
Professional and outside services	6,326	7,082	12.0%
Advertising and public relations	308	1,259	308.8%
Telecommunication services	2,232	2,010	-9.9%
Software and data processing	5,792	5,921	2.2%
Travel and meals	774	1,758	127.1%
FDIC insurance and state assessments	3,520	2,150	-38.9%
Amortization of intangibles	1,730	1,517	-12.3%
Postage and supplies	1,645	1,698	3.2%
ATM expense	1,283	1,509	17.6%
Loan collection and repossession expense	509	325	-36.1%
Writedowns of foreclosed assets	1,363	258	-81.1%
Amortization of CRA and tax credit investments	4,125	5,102	23.7%
Other expenses	6,339	5,263	-17.0%
Total non-interest expense	$ 106,059	$ 107,715	1.6%

Efficiency Ratio

As shown in Figure 20, in the quarter just ended, our efficiency ratio was 38.2%. 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 fourth quarter 2021.*

Provision and Allowance for Credit Losses

Our provision for credit losses for the quarter just ended was $4.2 million, compared to a negative provision for credit losses of $31.6 million for the first quarter of 2021. As of March 31, 2022, our allowance for loan losses ("ALL") for outstanding loans was $204.2 million, or 1.08% of total outstanding loans, and our reserve for losses on unfunded loan commitments was $89.3 million, or 0.60% of unfunded loan commitments, bringing our total ACL, which includes the ALL and the reserve for losses on our unfunded loans commitments, to $293.5 million.

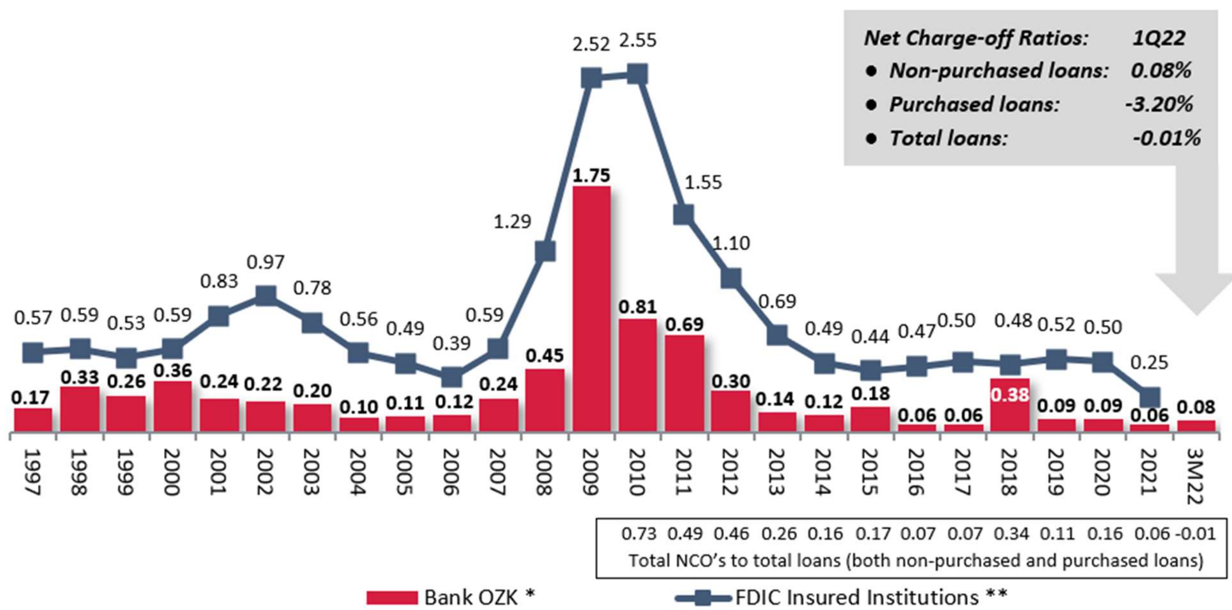
The calculations of our provision expense for the first quarter of 2022 and our total ACL at March 31, 2022 were based on a number of key estimates, assumptions and economic forecasts. We utilized recent economic forecasts provided by Moody's, including their updates released in March 2022. In our selection of macroeconomic scenarios, we assigned our largest weighting to the Moody's S6 (Stagflation) scenario and smaller weightings to the Moody's S4 (Protracted Slump) and the Moody's 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 uncertainties about the COVID-19 pandemic, 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, heightened inflationary pressures, supply chain disruptions, global trade and geopolitical matters, and various other factors. Our ACL at March 31, 2022 included certain qualitative adjustments to capture risks that we thought were not fully reflected in our modeled results.

Asset Quality

Our loan portfolio has performed very well in recent quarters, 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 would perform well in adverse economic conditions, and that discipline has been evident in our recent results.

In the quarter just ended, our annualized net charge-off ratio for non-purchased loans was 0.08%, for purchased loans was -3.20%, and for total loans was -0.01%, continuing our long-standing track record of having net charge-off ratios well below industry averages, as shown in Figure 21. During the quarter just ended, we experienced unusually good levels of recoveries on purchased loans that had previously been charged-off which allowed us to record a rare negative level of net charge-offs on our total loans. 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.

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 fourth quarter 2021.*
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 March 31, 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.

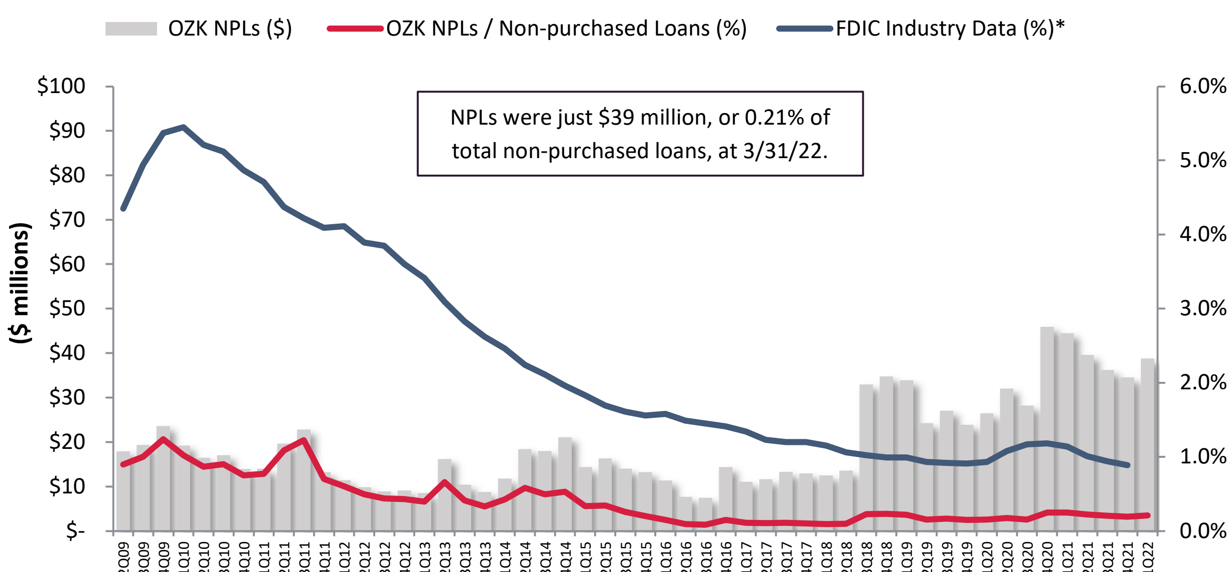
Figure 22 - RESG Historical Net charge-offs *($ Thousands)*

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%
3/31/2022	11,723,394	11,568,214	-	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.*

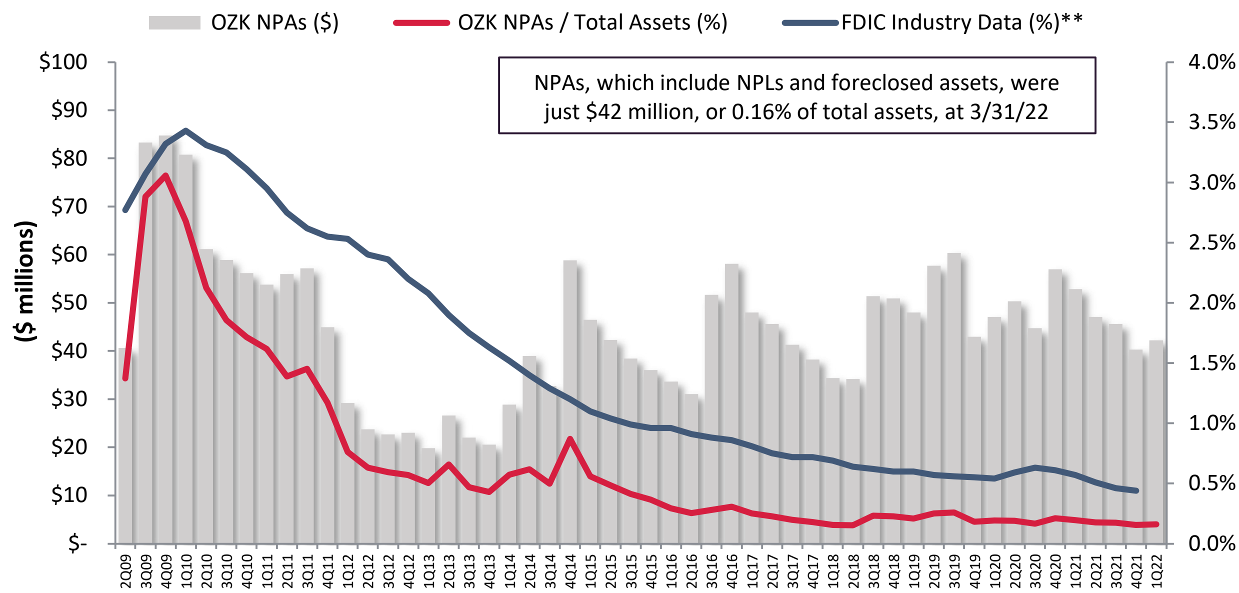
As shown in Figures 23, 24 and 25, the dollar volumes of our nonperforming non-purchased loans, nonperforming assets and past due non-purchased loans continued our longstanding track record of outperforming industry averages. We expect our asset quality to continue our long tradition of outperforming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

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



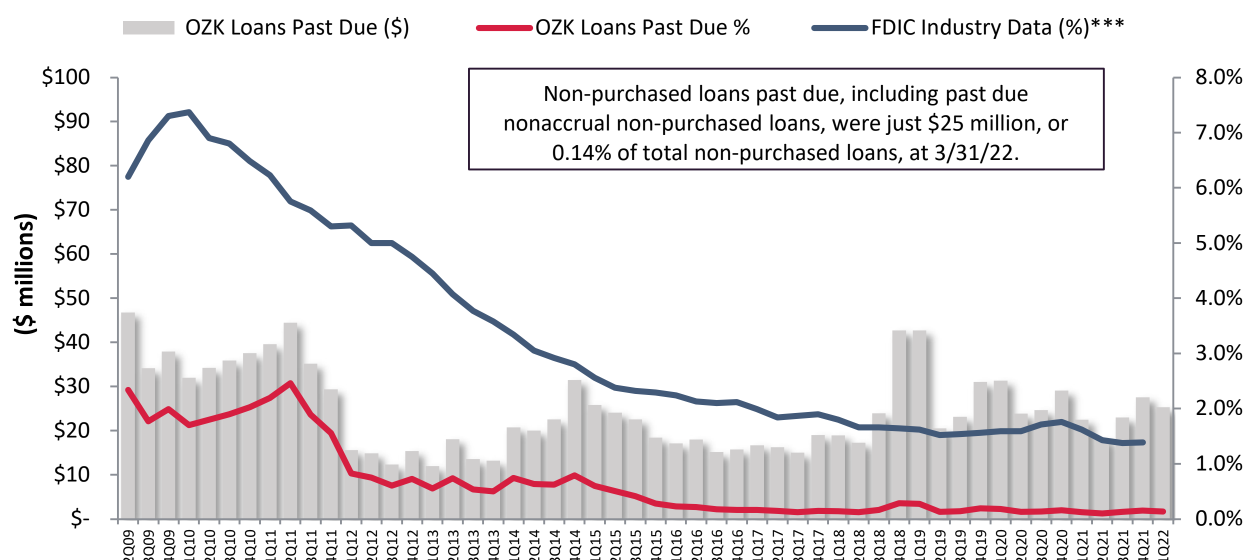
** Note: Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated fourth quarter 2021. Percent of Loans Noncurrent is the percentage of loans that are past due 90 days or more or that are in nonaccrual status.*

Figure 24: Nonperforming Assets ("NPAs")



*** Note: Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated fourth quarter 2021. 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 fourth quarter 2021. 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 first quarter of 2022 and over the last four quarters.

Figure 26: Non-purchased Loan Growth – 1Q22 ($ millions)

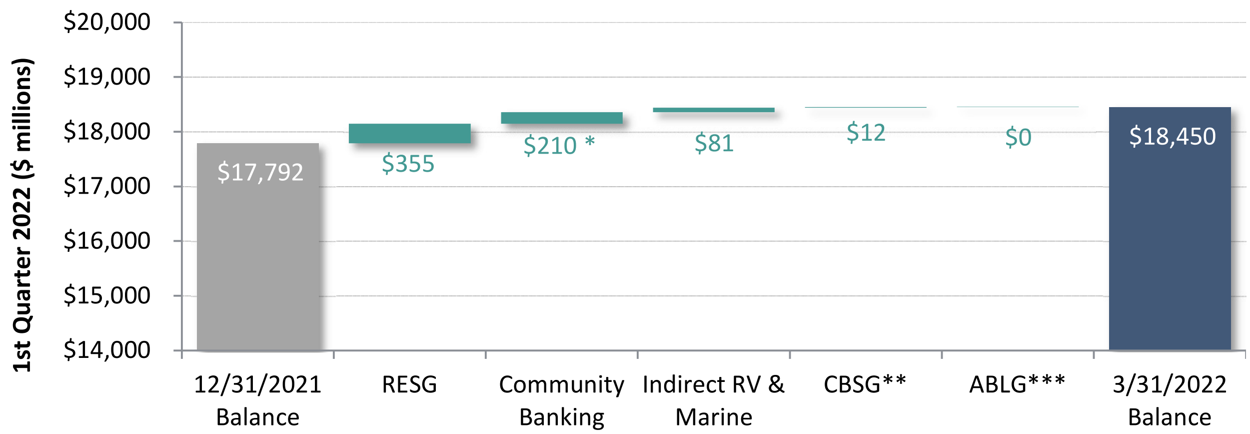
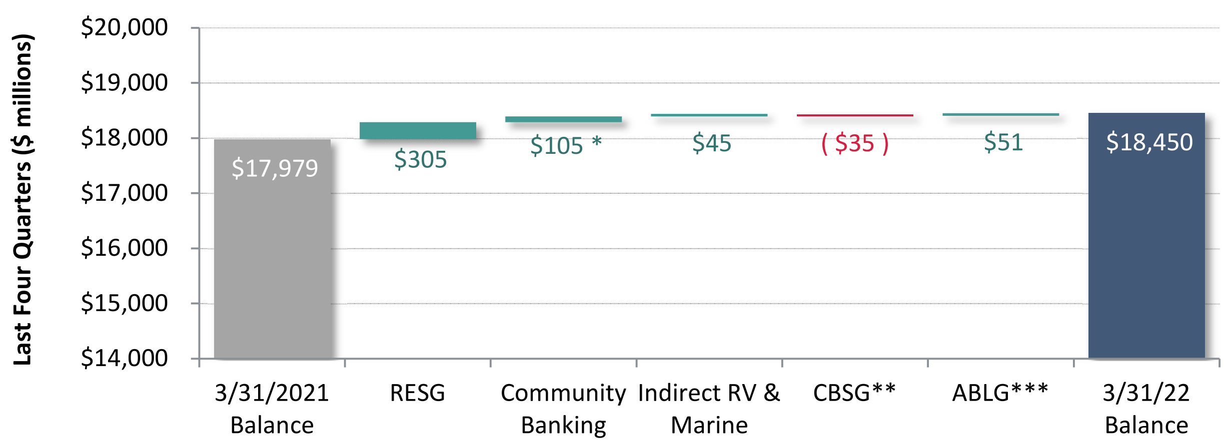


Figure 27: Non-purchased Loan Growth – Last Four Quarters ($ millions)



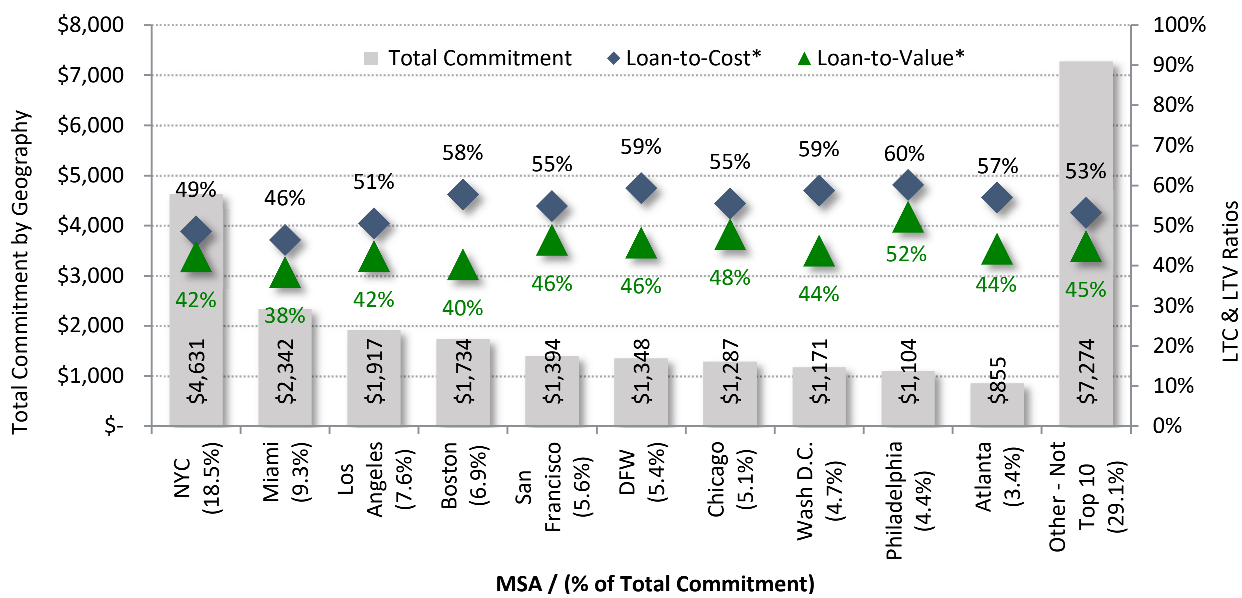
** Includes the net balance of loans originated through the SBA's PPP. For the first quarter of 2022 and last four quarters, that includes net payoffs of SBA PPP loans of $35 million and $338 million, respectively.*

*** 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.*

**** Asset Based Lending Group ("ABLG").*

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.

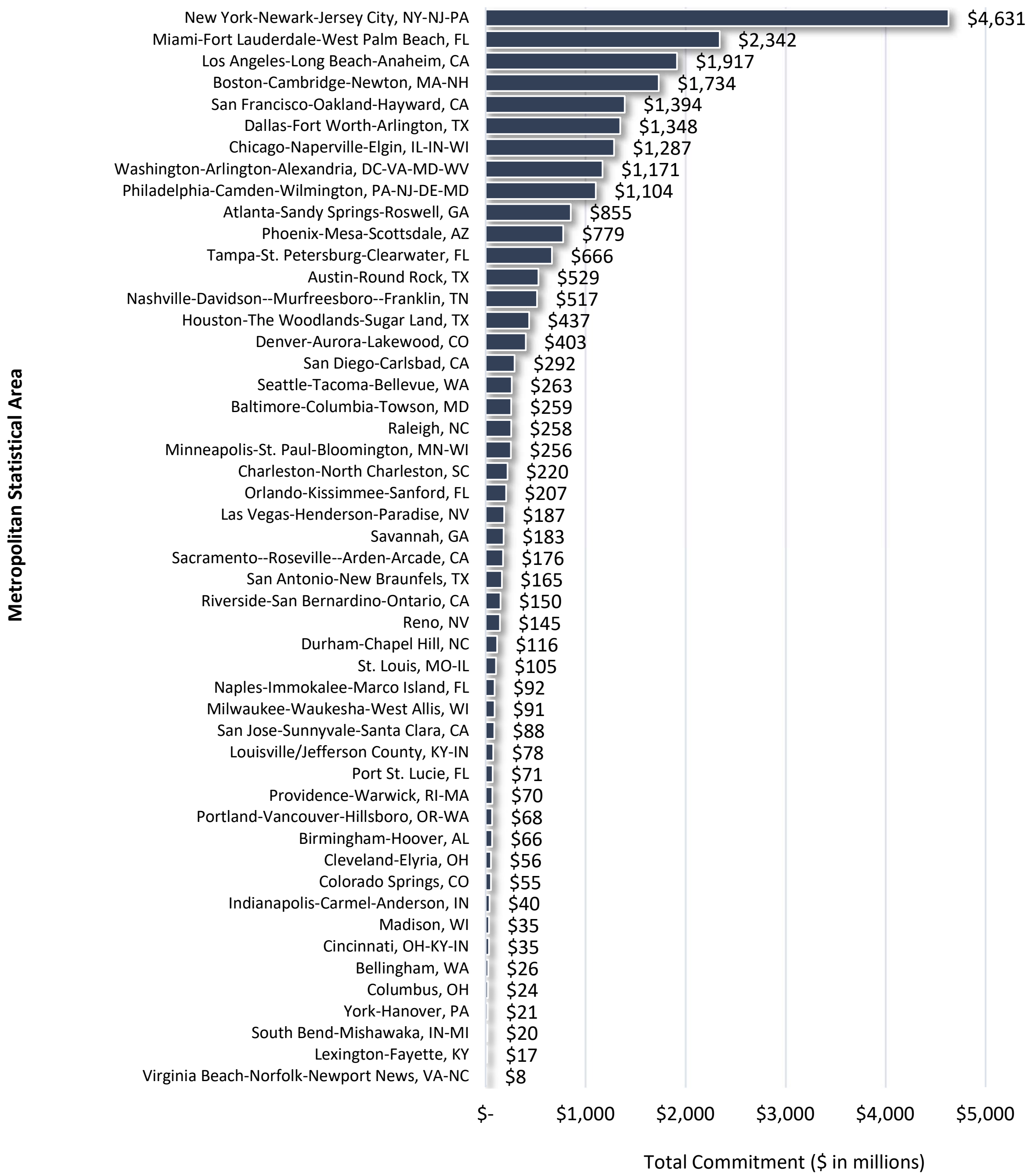
Figure 28: RESG Portfolio Diversity – Top 10 Geographies (As of March 31, 2022) ($ millions)



** 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.*

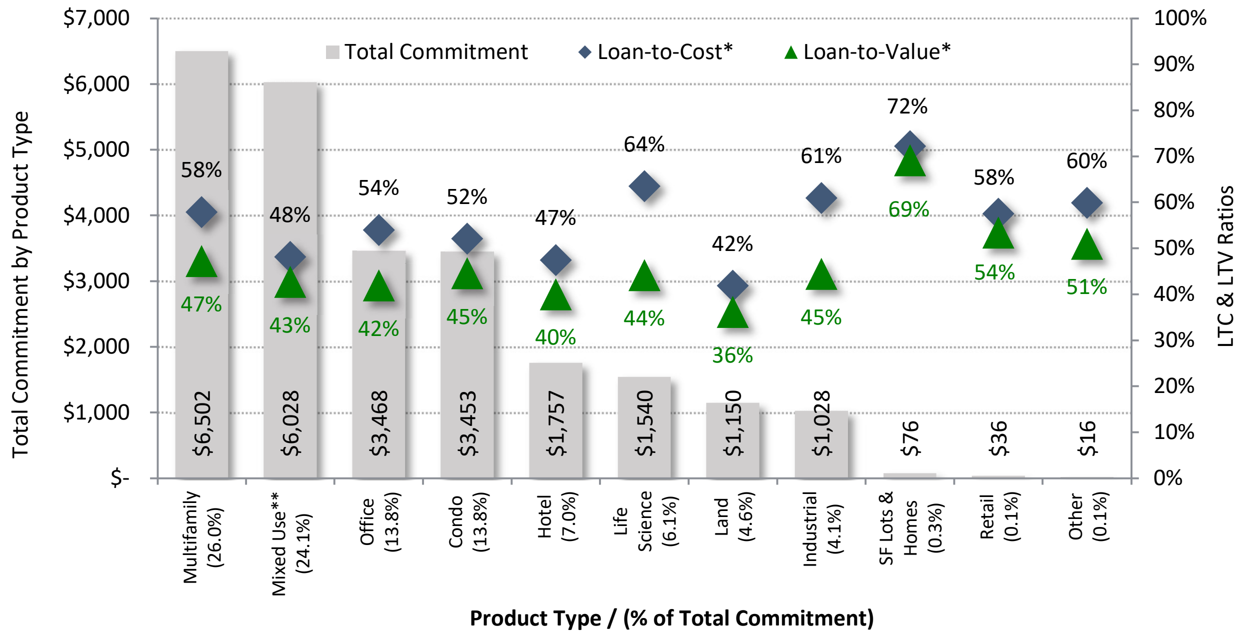
Figure 29 shows RESG's total commitments in each MSA in which it currently has loans, reflecting the national scope and diversity achieved in RESG's business throughout its 19-year history.

Figure 29: RESG's Portfolio Diversity - All Geographies (As of March 31, 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 March 31, 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 and hotel properties, if needed, until the COVID-19 pandemic subsides and business conditions normalize.

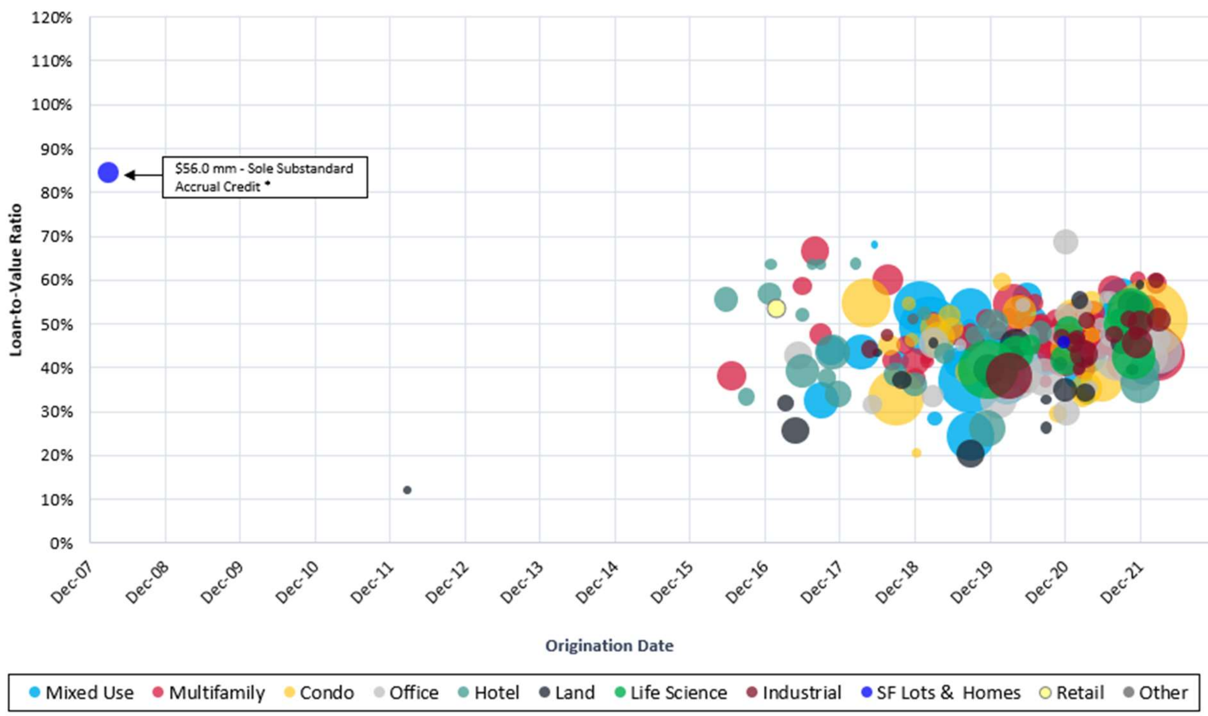
Office loans comprised about 13.8% of RESG's total commitments at March 31, 2022. In addition, at March 31, 2022, 22 of RESG's 36 loans on mixed use projects included an office component, with a total commitment amount allocated to offices being approximately 29% of the total mixed use portfolio. We remain cautiously optimistic about the performance of our office portfolio, largely due to the quality and experience of our sponsors, the quality of these properties, the substantial leasing or pre-leasing on certain properties, and our low weighted average LTC and LTV ratios at 54% and 42%, respectively, at March 31, 2022 based on our most recent appraisals. During the quarter just ended, in the RESG portfolio, three office loans paid off and six new office loans were originated.

Hotel loans comprised about 7.0% of RESG's total commitments at March 31, 2022. In addition, at March 31, 2022, 11 of RESG's 36 loans on mixed use projects included a hotel component, with a total commitment amount allocated to hotels being approximately 14% of the total mixed use portfolio. We remain cautiously optimistic about the performance of our hotel portfolio, largely due to the quality and experience of our sponsors, the quality of these properties, and our low weighted average LTC and LTV ratios at 47% and 40%, respectively, at March 31, 2022 based on our most recent appraisals. During the quarter just ended, in the RESG portfolio, two hotel loans paid off and one new hotel loan was originated.

Assuming full funding of every RESG loan, as of March 31, 2022, the weighted average LTC for the RESG portfolio was a conservative 53%, 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 69%.

Figure 31: RESG Portfolio by LTV & Origination Date (As of March 31, 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.

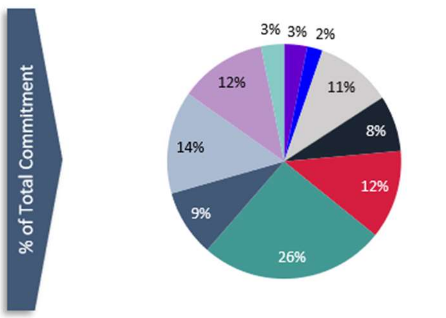
**During the first quarter of 2022, the borrower closed on 1 lot, with gross sales proceeds of $650,000, and 4 townhomes, with gross proceeds of $7 million. At March 31, 2022, the borrower had 15 townhomes under contract for $29.2 million. At March 31, 2022, the Bank had a total ACL of $11.5 million, or approximately 20% of the total commitment, related to this credit.*

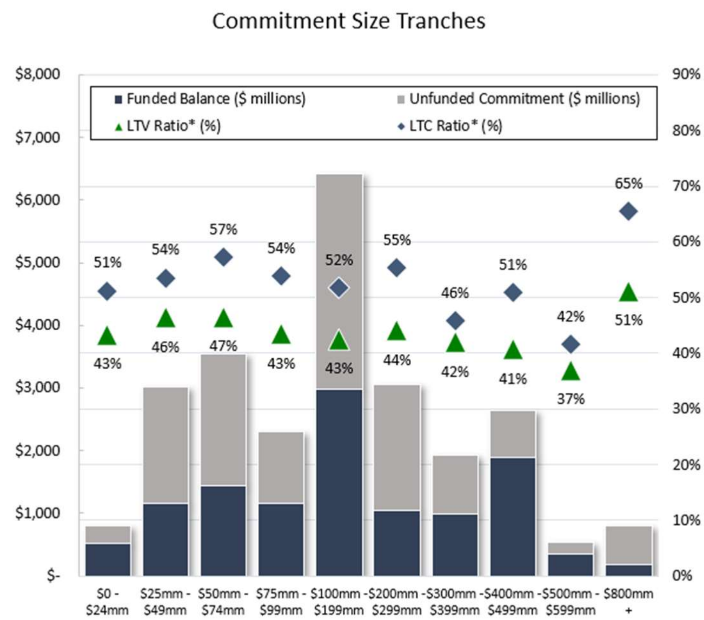
The RESG portfolio includes loans of many different sizes. The stratification of the RESG portfolio by commitment size is reflected in Figure 32.

Figure 32: RESG Portfolio Stratification by Loan Size - Total Commitment (As of March 31, 2022)

($ millions)

Tranche	No. of Loans	Funded Balance	Total Commitment
$800mm +	1	$ 181	$ 800
$500mm - $599mm	1	360	531
$400mm - $499mm	6	1,897	2,638
$300mm - $399mm	6	983	1,935
$200mm - $299mm	13	1,052	3,064
$100mm - $199mm	48	2,974	6,416
$75mm - $99mm	27	1,163	2,305
$50mm - $74mm	57	1,440	3,550
$25mm - $49mm	82	1,153	3,022
$0 - $24mm	44	520	794
Total	**285**	**$ 11,723**	**$ 25,055**





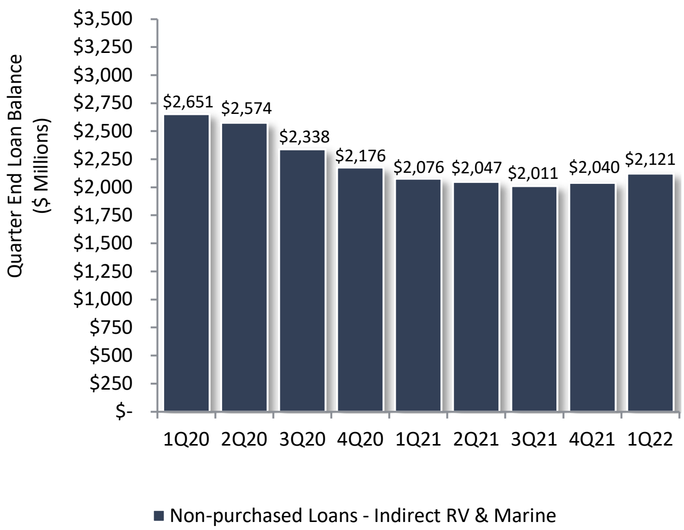
** Assumes all loans are fully funded; calculation based on total commitment by tranche as a % of total cost and total appraised value of loans within each tranche. LTV data based on most recent appraisals and utilizing, in most cases, "as stabilized" values for income producing properties.*

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. Although growth for many of these lending channels has been limited recently by competitive factors and the COVID-19 pandemic, we are cautiously optimistic about our ability to achieve positive growth in 2022 in community bank lending. 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. It was the largest contributor to our loan growth in 2018 and 2019, but we allowed this portfolio to shrink in 2020 and in 2021. During 2020, we enhanced our underwriting and pricing with the expectation that we would maintain or improve on the portfolio's already excellent credit quality while increasing our profit margins. We have slowly gained momentum with this enhanced business plan, and we have now achieved portfolio growth in the two most recent quarters. We expect to see net growth in this portfolio in some or all of the remaining quarters of 2022. 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 March 31, 2022, the non-purchased indirect portfolio had a 30+ day delinquency ratio of seven bps. For the first quarter of 2022, our annualized net charge-off ratio for the non-purchased indirect portfolio was 11 bps. Figure 33 provides additional details regarding this portfolio.

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



	RV Portfolio - as of 3/31/22	
Loan Size	**Total #**	**$ thousands**
$1 million +	-	$ -
$750k - $999k	-	-
$250k - $749k	424	132,647
$50k - $249k	9,119	989,241
< $50k	5,953	150,169
Total	**15,496**	**$ 1,272,056**

	Marine Portfolio - as of 3/31/22	
Loan Size	**Total #**	**$ thousands**
$1 million +	39	$ 81,723
$750k - $999k	34	29,515
$250k - $749k	415	157,729
$50k - $249k	4,504	500,235
< $50k	2,642	79,513
Total	**7,634**	**$ 848,715**

Our Corporate & Business Specialties Group (“CBSG”) and Asset Based Lending Group (“ABLG”) are expected to be important contributors to our growth in 2022.

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. We believe that we have significant capacity for future deposit growth in our existing network of 228 branches.

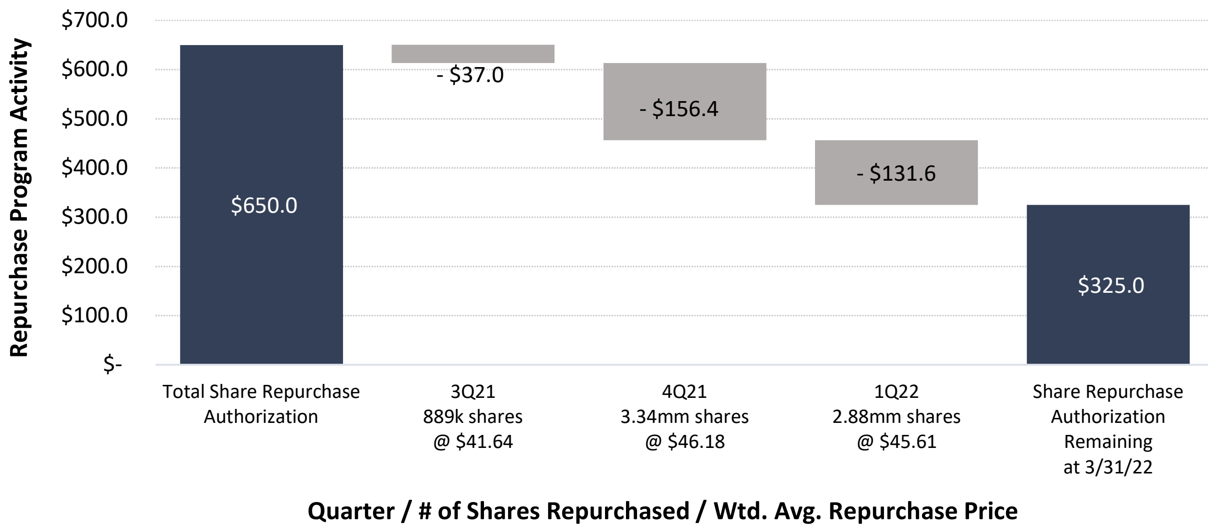
Figure 34: Deposit Composition ($ millions)

	Period Ended					
	3/31/2021		12/31/2021		3/31/2022	
Noninterest Bearing	$ 4,197	19.7%	$ 4,984	24.7%	$ 5,009	24.6%
Consumer and Commercial						
Interest Bearing:						
Consumer - Non-time	3,751	17.6%	4,334	21.4%	4,491	22.1%
Consumer - Time	6,199	29.1%	4,319	21.4%	4,089	20.1%
Commercial - Non-time	2,313	10.9%	2,635	13.0%	2,646	13.0%
Commercial - Time	1,147	5.4%	905	4.5%	793	3.9%
Public Funds	1,954	9.2%	2,095	10.4%	2,044	10.1%
Brokered	1,210	5.7%	452	2.2%	755	3.7%
Reciprocal	525	2.5%	485	2.4%	504	2.5%
Total	$ 21,296	100.0%	$ 20,209	100.0%	$ 20,330	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. Since the adoption of our stock repurchase program, we have repurchased $325 million of common stock as indicated in Figure 35. 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)

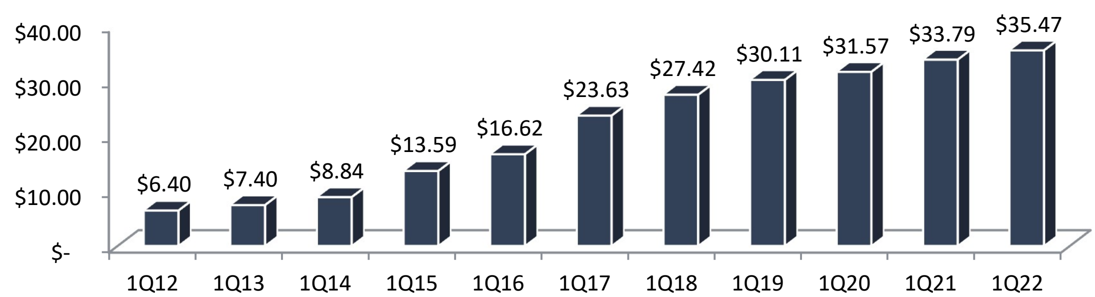


Capital and Dividends

During the quarter just ended, our book value and tangible book value per share reflected the change in the value of our securities portfolio as a result of movements in market interest rates.

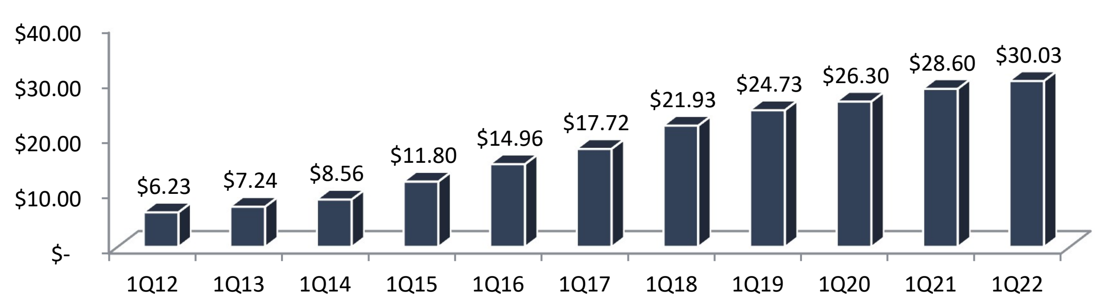
During the quarter just ended, our book value per common share decreased to $35.47 compared to $35.85 as of December 31, 2021, but increased compared to $33.79 as of March 31, 2021. Over the last 10 years, we have increased book value per common share by a cumulative 454%, resulting in a compound annual growth rate of 18.7%, 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 decreased to $30.03 compared to $30.52 as of December 31, 2021, but increased compared to $28.60 as of March 31, 2021. Over the last 10 years, we have increased tangible book value per common share by a cumulative 382%, resulting in a compound annual growth rate of 17.0%, as shown in Figure 37.

Figure 37: Tangible Book Value per Share (Period End) [3]



[3] 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 the remainder of 2022 and beyond.

Figure 38: Capital Ratios

	Estimated 3/31/2022 [4]	Regulatory Minimum Required To Be Considered Well Capitalized	Excess Capital
CET 1 Ratio	13.20%	6.50%	6.70%
Tier 1 Ratio	14.30%	8.00%	6.30%
Total RBC Ratio	16.90%	10.00%	6.90%
Tier 1 Leverage	15.90%	5.00%	10.90%

We have increased our cash dividend in each of the last 47 quarters and every year since going public in 1997. We expect that we will likely continue to increase our cash dividend in future quarters, in tandem with continued use of our stock repurchase program.

Effective Tax Rate

Our effective tax rate for the quarter just ended was 21.6%. We expect our effective tax rate for 2022 to be between 22.5% and 23.5%, assuming no changes in applicable state or federal income tax rates.

Final Thoughts

We are pleased to report our excellent results for the first quarter of 2022. Our results were highlighted by our second consecutive quarter of record RESG loan originations, reflecting the importance of organic growth in our long-term strategy. Our strong capital and liquidity, disciplined credit culture and outstanding team have us well positioned for the future.

[4] Ratios as of March 31, 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 *	
	3/31/2021	3/31/2022
Net Income Available To Common Stockholders	$ 148,416	$ 128,028
Average Stockholders' Equity Before Noncontrolling Interest	4,307,174	4,788,294
Less Average Preferred Stock	-	(338,980)
Total Average common stockholders' equity	4,307,174	4,449,314
Less Average Intangible Assets:		
Goodwill	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	(13,828)	(7,572)
Total Average Intangibles	(674,617)	(668,361)
Average Tangible Common Stockholders' Equity	$ 3,632,557	$ 3,780,953
Return On Average Common Stockholders' Equity	13.97%	11.67%
Return On Average Tangible Common Stockholders' Equity	16.57%	13.73%

* Ratios for interim periods annualized based on actual days

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 March 31,					
	2012	2013	2014	2015	2016	2017
Total stockholders' equity before noncontrolling interest	$ 442,646	$ 523,679	$ 653,208	$ 1,179,256	$ 1,508,080	$ 2,873,317
Less preferred stock	-	-	-	-	-	-
Total common stockholders' equity	442,646	523,679	653,208	1,179,256	1,508,080	2,873,317
Less intangible assets:						
Goodwill	(5,243)	(5,243)	(5,243)	(125,603)	(125,693)	(660,789)
Core deposit and other intangibles, net of accumulated amortization	(6,455)	(6,015)	(15,750)	(29,907)	(25,172)	(57,686)
Total intangibles	(11,698)	(11,258)	(20,993)	(155,510)	(150,865)	(718,475)
Total tangible common stockholders' equity	$ 430,948	$ 512,421	$ 632,215	$ 1,023,746	$ 1,357,215	$ 2,154,842
Common shares outstanding (thousands)	69,142	70,734	73,888	86,758	90,714	121,575
Book value per common share	$ 6.40	$ 7.40	$ 8.84	$ 13.59	$ 16.62	$ 23.63
Tangible book value per common share	$ 6.23	$ 7.24	$ 8.56	$ 11.80	$ 14.96	$ 17.72

	As of March 31,					As of
	2018	2019	2020	2021	2022	Dec. 31, 2021
Total stockholders' equity before noncontrolling interest	$ 3,526,605	$ 3,882,643	$ 4,083,150	$ 4,383,205	$ 4,690,057	$ 4,836,243
Less preferred stock	-	-	-	-	(338,980)	(338,980)
Total common stockholders' equity	3,526,605	3,882,643	4,083,150	4,383,205	4,351,077	4,497,263
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	(45,107)	(32,527)	(20,958)	(12,939)	(6,757)	(8,274)
Total intangibles	(705,896)	(693,316)	(681,747)	(673,728)	(667,546)	(669,063)
Total tangible common stockholders' equity	$ 2,820,709	$ 3,189,327	$ 3,401,403	$ 3,709,477	$ 3,683,531	$ 3,828,200
Common shares outstanding (thousands)	128,612	128,948	129,324	129,719	122,677	125,444
Book value per common share	$ 27.42	$ 30.11	$ 31.57	$ 33.79	$ 35.47	$ 35.85
Tangible book value per common share	$ 21.93	$ 24.73	$ 26.30	$ 28.60	$ 30.03	$ 30.52

Note: All share and per share data adjusted to reflect impact of 2-for-1 stock splits on August 16, 2011 and June 23, 2014.