



Bank OZK Announces Record Second Quarter 2021 Earnings

July 22, 2021

LITTLE ROCK, Ark., July 22, 2021 (GLOBE NEWSWIRE) -- Bank OZK (the "Bank") (Nasdaq: OZK) today announced that net income for the second quarter of 2021 was a record \$150.5 million, a 199.5% increase from \$50.3 million for the second quarter of 2020. Diluted earnings per common share for the second quarter of 2021 were a record \$1.16, a 197.4% increase from \$0.39 for the second quarter of 2020.

For the six months ended June 30, 2021, net income was \$299.0 million, a 381.2% increase from \$62.1 million for the first six months of 2020. Diluted earnings per common share for the first six months of 2021 were \$2.30, a 379.2% increase from \$0.48 for the first six months of 2020.

As a result of improving economic conditions and prospects for improvement in the U.S. economy, management recorded negative provision for credit losses of \$30.9 million during the second quarter and \$62.5 million during the first six months of 2021, reducing the Bank's total allowance for credit losses ("ACL") from \$377.3 million at December 31, 2020 to \$307.6 million at June 30, 2021. The Bank's provision for credit losses was \$72.0 million during the second quarter and \$189.7 million during the first six months of 2020, reflecting significant economic uncertainty at that time.

The Bank's results for the first six months of 2021 included pretax gains of \$4.4 million from the sale of its South Carolina branches and \$1.4 million of tax-exempt bank-owned life insurance ("BOLI") death benefits, both of which were recognized during the first quarter of 2021. The Bank had no gains from branch sales and had \$0.6 million of tax-exempt BOLI death benefits during the first six months of 2020.

Pre-tax pre-provision net revenue ("PPNR") was \$164.8 million for the second quarter of 2021, a 20.1% increase from \$137.2 million for the second quarter of 2020. For the six months ended June 30, 2021, PPNR was \$325.5 million, a 20.0% increase from \$271.3 million for the first six months of 2020. The calculation of PPNR and the reconciliation to generally accepted accounting principles ("GAAP") are included in the schedules accompanying this release.

The Bank's annualized returns on average assets, average common stockholders' equity and average tangible common stockholders' equity for the second quarter of 2021 were 2.24%, 13.65% and 16.10%, respectively, compared to 0.78%, 4.92% and 5.89%, respectively, for the second quarter of 2020. The Bank's annualized returns on average assets, average common stockholder's equity and average tangible common stockholders' equity for the first six months of 2021 were 2.23%, 13.81% and 16.33%, respectively, compared to 0.50%, 3.04%, and 3.64%, respectively, for the first six months of 2020. The calculation of the Bank's return on average tangible common stockholders' equity and the reconciliation to GAAP are included in the schedules accompanying this release.

George Gleason, Chairman and Chief Executive Officer stated, "We are pleased to report record results for the quarter just ended. Our strong capital and liquidity, our disciplined credit culture and our exceptional team have us well positioned for the future."

KEY BALANCE SHEET METRICS

Total loans were \$18.27 billion at June 30, 2021, a 5.4% decrease from \$19.31 billion at June 30, 2020. Non-purchased loans were \$17.61 billion at June 30, 2021, a 3.5% decrease from \$18.25 billion at June 30, 2020. Purchased loans, which consist of loans acquired in previous acquisitions, were \$0.66 billion at June 30, 2021, a 38.0% decrease from \$1.06 billion at June 30, 2020.

Deposits were \$20.71 billion at June 30, 2021, a 0.1% decrease from \$20.72 billion at June 30, 2020. Total assets were \$26.61 billion at June 30, 2021, a 0.9% increase from \$26.38 billion at June 30, 2020, but a 2.5% decrease from \$27.28 billion at March 31, 2021.

Common stockholders' equity was \$4.50 billion at June 30, 2021, a 9.5% increase from \$4.11 billion at June 30, 2020. Tangible common stockholders' equity was \$3.83 billion at June 30, 2021, an 11.6% increase from \$3.43 billion at June 30, 2020. Book value per common share was \$34.70 at June 30, 2021, a 9.2% increase from \$31.78 at June 30, 2020. Tangible book value per common share was \$29.52 at June 30, 2021, an 11.3% increase from \$26.53 at June 30, 2020. The calculations of the Bank's tangible common stockholders' equity and tangible book value per common share and the reconciliations to GAAP are included in the schedules accompanying this release.

The Bank's ratio of total common stockholders' equity to total assets was 16.92% at June 30, 2021 compared to 15.58% at June 30, 2020. Its ratio of total tangible common stockholders' equity to total tangible assets was 14.77% at June 30, 2021 compared to 13.35% at June 30, 2020. The calculation of the Bank's ratio of total tangible common stockholders' equity to total tangible assets and the reconciliation to GAAP are included in the schedules accompanying this release.

AUTHORIZATION OF STOCK REPURCHASE PROGRAM

In July 2021, the Bank's Board of Directors authorized a stock repurchase program pursuant to which the Bank may repurchase up to \$300 million of its outstanding common stock. The Bank has received regulatory approval of the repurchase program, and the timing and amount of repurchases will be determined by management based on a variety of factors such as the Bank's capital position, liquidity, financial performance and alternative uses of capital, stock price, regulatory requirements and general market and economic conditions. The repurchase program will expire on July 1, 2022, unless extended or shortened by the Board of Directors, and may be suspended by the Bank at any time.

SUBORDINATED DEBT REDEMPTION

On July 1, 2021, the Bank redeemed all of its \$225 million of fixed-to-floating rate subordinated notes at a redemption price equal to 100% of the principal amount of the subordinated notes plus accrued and unpaid interest. As of June 30, 2021, the Bank's subordinated debt had a carrying value of \$224.2 million and remaining unamortized debt issuance cost of \$0.8 million.

MANAGEMENT'S COMMENTS, CONFERENCE CALL, TRANSCRIPT AND FILINGS

In connection with this release, the Bank released management's comments on its quarterly results, which are available at <http://ir.ozk.com>. This release should be read in conjunction with management's comments on the quarterly results.

Management will conduct a conference call to take questions on these quarterly results and management's comments at 10:00 a.m. CT (11:00 a.m. ET) on July 23, 2021. Interested parties may listen to this call by dialing 1-844-818-5110 (U.S. and Canada) or 210-229-8841 (internationally) and asking for the Bank OZK conference call. A recorded playback of the call will be available for one week following the call at 1-855-859-2056 (U.S. and Canada) or 404-537-3406 (internationally). The conference ID for this playback is 3462545. The call will be available live or in a recorded version on the Bank's Investor Relations website at ir.ozk.com under "Company News/Webcasts." The Bank will also provide a transcript of the conference call on its Investor Relations website.

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

NON-GAAP FINANCIAL MEASURES

This release contains certain non-GAAP financial measures. The Bank uses these non-GAAP financial measures, specifically return on average tangible common

stockholders' equity, tangible book value per common share, total tangible common stockholders' equity, the ratio of total tangible common stockholders' equity to total tangible assets and PPNR, to assess the strength of its capital, its ability to generate earnings on tangible capital invested by its shareholders and trends in its net revenue. These measures typically adjust GAAP financial measures to exclude intangible assets or provision for credit losses. Management believes presentation of these non-GAAP financial measures provides useful supplemental information which contributes to a proper understanding of the financial results and capital levels of the Bank. These non-GAAP disclosures should not be viewed as a substitute for financial results determined in accordance with GAAP, and they are not necessarily comparable to non-GAAP performance measures that may be presented by other banks. Reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures are included in the tables at the end of this release under the caption "Reconciliation of Non-GAAP Financial Measures."

FORWARD-LOOKING STATEMENTS

This release and other communications by the Bank include certain "forward-looking statements" regarding the Bank's plans, expectations, thoughts, beliefs, estimates, goals and outlook for the future that are intended to be covered by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on management's expectations as well as certain assumptions and estimates made by, and information available to, management at the time. Those statements are not guarantees of future results or performance and are subject to certain known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those expressed in, or implied by, such forward-looking statements. These risks, uncertainties and other factors include, but are not limited to: potential delays or other problems implementing the Bank's growth, expansion and acquisition strategies, including delays in identifying satisfactory sites, hiring or retaining qualified personnel, obtaining regulatory or other approvals, obtaining permits and designing, constructing and opening new offices or relocating, selling or closing existing offices; the ability to enter into and/or close additional acquisitions; the availability of and access to capital; possible downgrades in the Bank's credit ratings or outlook which could increase the costs 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 phase-out of the London Interbank Offered Rate ("LIBOR") or other changes involving LIBOR; competitive factors and pricing pressures, including their effect on the Bank's net interest margin or core spread; general economic, unemployment, credit market and real estate market conditions, and the effect of such conditions on the creditworthiness of borrowers, collateral values, the value of investment securities and asset recovery values; changes in legal, financial and/or regulatory requirements; recently enacted and potential legislation and regulatory actions and the costs and expenses to comply with new and/or existing legislation and regulatory actions, including those in response to the COVID-19 pandemic such as the Coronavirus Aid, Relief and Economic Security Act, the Consolidated Appropriations Act of 2021, the American Rescue Plan Act of 2021, and any similar or related laws, rules and regulations; changes in U.S. government monetary and fiscal policy; FDIC special assessments or changes to regular assessments; the ability to keep pace with technological changes, including changes regarding maintaining cybersecurity; the impact of failure in, or breach of, the Bank's operational or security systems or infrastructure, or those of third parties with whom it does business, including as a result of cyber-attacks or an increase in the incidence or severity of fraud, illegal payments, security breaches or other illegal acts impacting the Bank or its customers; natural disasters or acts of war or terrorism; the adverse effects of the COVID-19 pandemic, including the duration of the pandemic and actions taken to contain or treat COVID-19, on the Bank, the Bank's customers, the Bank's staff, the global economy and financial markets; national, international or political instability; impairment of the Bank's goodwill or other intangible assets; adoption of new accounting standards, or changes in existing standards; and adverse results (including costs, fines, reputational harm and/or other negative effects) from current or future litigation, regulatory examinations or other legal and/or regulatory actions or rulings as well as other factors identified in this press release or as detailed from time to time in the other public reports the Bank files with the FDIC, including those factors described in the disclosures under the headings "Forward-Looking Information" and "Item 1A. Risk Factors" in the Bank's most recent Annual Report on Form 10-K for the year ended December 31, 2020 and its quarterly reports on Form 10-Q. Should one or more of the foregoing risks materialize, or should underlying assumptions prove incorrect, actual results or outcomes may vary materially from those projected in, or implied by, such forward-looking statements. The Bank disclaims any obligation to update or revise any forward-looking statements based on the occurrence of future events, the receipt of new information or otherwise.

GENERAL INFORMATION

Bank OZK (Nasdaq: OZK) is a regional bank providing innovative financial solutions delivered by expert bankers with a relentless pursuit of excellence. Headquartered in Little Rock, Arkansas, Bank OZK conducts operations through 250 branches, loan production offices and other offices in Arkansas, Georgia, Florida, North Carolina, Texas, California, New York and Mississippi. Bank OZK can be found at www.ozk.com and on [Facebook](#), [Twitter](#) and [LinkedIn](#) or contacted at (501) 978-2265 or P. O. Box 8811, Little Rock, Arkansas 72231-8811.

Bank OZK Consolidated Balance Sheets Unaudited

	June 30, 2021	December 31, 2020
	(Dollars in thousands, except per share amounts)	
ASSETS		
Cash and cash equivalents	\$ 1,424,249	\$ 2,393,662
Investment securities — available for sale ("AFS")	4,693,396	3,405,351
Federal Home Loan Bank of Dallas and other bankers' bank stocks	40,609	38,486
Non-purchased loans	17,611,848	18,401,495
Purchased loans	659,822	807,673
Allowance for loan losses	(248,753)	(295,824)
Net loans	18,022,917	18,913,344
Premises and equipment, net	729,187	738,842
Foreclosed assets	7,542	11,085
Accrued interest receivable	93,693	88,077
Bank owned life insurance ("BOLI")	766,362	758,071
Goodwill and other intangible assets, net	672,125	675,458
Other, net	155,858	140,220
Total assets	<u>\$ 26,605,938</u>	<u>\$ 27,162,596</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Demand non-interest bearing	\$ 4,510,678	\$ 3,996,546
Savings and interest bearing transaction	8,835,674	8,160,982
Time	<u>7,360,425</u>	<u>9,292,828</u>
Total deposits	20,706,777	21,450,356
Repurchase agreements with customers	8,449	8,013

Other borrowings	750,228	750,928
Subordinated notes	224,236	224,047
Subordinated debentures	120,752	120,475
Reserve for losses on unfunded loan commitments	58,811	81,481
Accrued interest payable and other liabilities	<u>231,892</u>	<u>251,940</u>
Total liabilities	<u>22,101,145</u>	<u>22,887,240</u>

Commitments and contingencies

Stockholders' equity:

Preferred stock; \$0.01 par value; 100,000,000 shares authorized; no shares issued or outstanding at June 30, 2021 or December 31, 2020

Common stock; \$0.01 par value; 300,000,000 shares authorized; 129,720,140 and 129,350,448 shares issued and outstanding at June 30, 2021 and December 31, 2020, respectively

Additional paid-in capital

Retained earnings

Accumulated other comprehensive income

Total stockholders' equity before noncontrolling interest

Noncontrolling interest

Total stockholders' equity

Total liabilities and stockholders' equity

	—	—
	1,297	1,294
	2,277,138	2,265,850
	2,173,114	1,946,875
	<u>50,127</u>	<u>58,252</u>
	4,501,676	4,272,271
	<u>3,117</u>	<u>3,085</u>
	4,504,793	4,275,356
\$	26,605,938	\$ 27,162,596

Bank OZK
Consolidated Statements of Income
Unaudited

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	(Dollars in thousands, except per share amounts)			
Interest income:				
Non-purchased loans	\$ 238,554	\$ 232,816	\$ 478,381	\$ 464,669
Purchased loans	11,699	17,087	23,635	38,474
Investment securities:				
Taxable	9,467	11,055	17,550	21,814
Tax-exempt	3,883	5,846	7,563	9,443
Deposits with banks and federal funds sold	496	330	1,033	4,706
Total interest income	<u>264,099</u>	<u>267,134</u>	<u>528,162</u>	<u>539,106</u>
Interest expense:				
Deposits	18,231	45,251	42,582	102,933
Repurchase agreements with customers	6	6	10	13
Other borrowings	996	963	1,982	1,013
Subordinated notes	3,181	3,172	6,326	6,344
Subordinated debentures	939	1,149	1,881	2,436
Total interest expense	<u>23,353</u>	<u>50,541</u>	<u>52,781</u>	<u>112,739</u>
Net interest income	240,746	216,593	475,381	426,367
Provision for credit losses	<u>(30,932)</u>	<u>72,026</u>	<u>(62,491)</u>	<u>189,689</u>
Net interest income after provision for credit losses	<u>271,678</u>	<u>144,567</u>	<u>537,872</u>	<u>236,678</u>
Non-interest income:				
Service charges on deposit accounts	10,311	8,281	19,976	18,290
Trust income	1,911	1,759	4,118	3,698
BOLI income:				
Increase in cash surrender value	4,919	5,057	9,799	10,124
Death benefits	—	—	1,409	608
Loan service, maintenance and other fees	3,953	3,394	7,504	7,110
Gains on sales of other assets	2,341	621	8,169	783
Net gains on investment securities	—	—	—	2,223
Other	4,307	2,479	8,884	6,435
Total non-interest income	<u>27,742</u>	<u>21,591</u>	<u>59,859</u>	<u>49,271</u>
Non-interest expense:				
Salaries and employee benefits	52,119	48,410	105,764	99,883
Net occupancy and equipment	16,168	15,756	32,636	31,086
Other operating expenses	35,424	36,787	71,371	73,409
Total non-interest expense	<u>103,711</u>	<u>100,953</u>	<u>209,771</u>	<u>204,378</u>

Income before taxes	195,709	65,205	387,960	81,571
Provision for income taxes	45,161	14,948	88,978	19,456
Net income	150,548	50,257	298,982	62,115
Earnings attributable to noncontrolling interest	(13)	9	(32)	17
Net income available to common stockholders	<u>\$ 150,535</u>	<u>\$ 50,266</u>	<u>\$ 298,950</u>	<u>\$ 62,132</u>
Basic earnings per common share	<u>\$ 1.16</u>	<u>\$ 0.39</u>	<u>\$ 2.31</u>	<u>\$ 0.48</u>
Diluted earnings per common share	\$ 1.16	\$ 0.39	\$ 2.30	\$ 0.48

Bank OZK
Consolidated Statements of Stockholders' Equity
Unaudited

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Non- Controlling Interest	Total
(Dollars in thousands, except per share amounts)						
Three months ended June 30, 2021:						
Balances – March 31, 2021	\$ 1,297	\$ 2,272,046	\$ 2,059,398	\$ 50,464	\$ 3,104	\$ 4,386,309
Net income	—	—	150,548	—	—	150,548
Earnings attributable to noncontrolling interest	—	—	(13)	—	13	—
Total other comprehensive loss	—	—	—	(337)	—	(337)
Common stock dividends, \$0.28 per share	—	—	(36,819)	—	—	(36,819)
Issuance of 14,300 shares of common stock for exercise of stock options	—	515	—	—	—	515
Issuance of 20,328 shares of unvested restricted common stock	—	—	—	—	—	—
Repurchase and cancellation of 153 shares of common stock	—	(6)	—	—	—	(6)
Stock-based compensation expense	—	4,583	—	—	—	4,583
Forfeitures of 33,241 shares of unvested restricted common stock	—	—	—	—	—	—
Balances – June 30, 2021	<u>\$ 1,297</u>	<u>\$ 2,277,138</u>	<u>\$ 2,173,114</u>	<u>\$ 50,127</u>	<u>\$ 3,117</u>	<u>\$ 4,504,793</u>
Six months ended June 30, 2021:						
Balances – December 31, 2020	\$ 1,294	\$ 2,265,850	\$ 1,946,875	\$ 58,252	\$ 3,085	\$ 4,275,356
Net income	—	—	298,982	—	—	298,982
Earnings attributable to noncontrolling interest	—	—	(32)	—	32	—
Total other comprehensive loss	—	—	—	(8,125)	—	(8,125)
Common stock dividends, \$0.5575 per share	—	—	(72,711)	—	—	(72,711)
Issuance of 142,400 shares of common stock for exercise of stock options	1	5,007	—	—	—	5,008
Issuance of 332,831 shares of unvested restricted common stock	3	(3)	—	—	—	—
Repurchase and cancellation of 55,893 shares of common stock	(1)	(1,976)	—	—	—	(1,977)
Stock-based compensation expense	—	8,260	—	—	—	8,260
Forfeitures of 49,646 shares of unvested restricted common stock	—	—	—	—	—	—
Balances – June 30, 2021	<u>\$ 1,297</u>	<u>\$ 2,277,138</u>	<u>\$ 2,173,114</u>	<u>\$ 50,127</u>	<u>\$ 3,117</u>	<u>\$ 4,504,793</u>

Bank OZK
Consolidated Statements of Stockholders' Equity
Unaudited

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non- Controlling Interest	Total
(Dollars in thousands, except per share amounts)						
Three months ended June 30, 2020:						
Balances – March 31, 2020	\$ 1,293	\$ 2,253,991	\$ 1,772,978	\$ 54,888	\$ 3,109	\$ 4,086,259
Net income	—	—	50,257	—	—	50,257
Earnings attributable to noncontrolling interest	—	—	9	—	(9)	—
Total other comprehensive income	—	—	—	8,289	—	8,289
Common stock dividends, \$0.27 per share	—	—	(34,915)	—	—	(34,915)
Issuance of 46,676 shares of unvested restricted common stock	—	—	—	—	—	—
Stock-based compensation expense	—	3,876	—	—	—	3,876

Forfeitures of 20,810 shares of unvested restricted common stock

Balances – June 30, 2020	<u>\$ 1,293</u>	<u>\$ 2,257,867</u>	<u>\$ 1,788,329</u>	<u>\$ 63,177</u>	<u>\$ 3,100</u>	<u>\$ 4,113,766</u>
--------------------------	-----------------	---------------------	---------------------	------------------	-----------------	---------------------

Six months ended June 30, 2020:

Balances – December 31, 2019	\$ 1,289	\$ 2,251,824	\$ 1,869,983	\$ 27,255	\$ 3,117	\$ 4,153,468
Cumulative effect of change in accounting principle	—	—	(75,344)	—	—	(75,344)
Balances – January 1, 2020	1,289	2,251,824	1,794,639	27,255	3,117	4,078,124
Net income	—	—	62,115	—	—	62,115
Earnings attributable to noncontrolling interest	—	—	17	—	(17)	—
Total other comprehensive income	—	—	—	35,922	—	35,922
Common stock dividends, \$0.53 per share	—	—	(68,442)	—	—	(68,442)
Issuance of 4,300 shares of common stock for exercise of stock options	—	45	—	—	—	45
Issuance of 493,761 shares of unvested restricted common stock	5	(5)	—	—	—	—
Repurchase and cancellation of 61,873 shares of common stock	(1)	(1,852)	—	—	—	(1,853)
Stock-based compensation expense	—	7,855	—	—	—	7,855
Forfeitures of 36,911 shares of unvested restricted common stock	—	—	—	—	—	—
Balances – June 30, 2020	\$ 1,293	\$ 2,257,867	\$ 1,788,329	\$ 63,177	\$ 3,100	\$ 4,113,766

Bank OZK
Summary of Non-Interest Expense
Unaudited

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(Dollars in thousands)			
Salaries and employee benefits	\$ 52,119	\$ 48,410	\$ 105,764	\$ 99,883
Net occupancy and equipment	16,168	15,756	32,636	31,086
Other operating expenses:				
Professional and outside services	7,724	7,629	14,050	14,393
Software and data processing	6,006	5,145	11,798	10,119
Deposit insurance and assessments	2,885	4,585	6,405	8,005
Telecommunication services	2,165	2,334	4,397	4,511
Postage and supplies	1,544	1,892	3,188	3,945
ATM expense	1,486	1,002	2,769	2,162
Travel and meals	1,419	710	2,194	2,812
Writedowns of foreclosed and other assets	123	720	1,486	1,599
Loan collection and repossession expense	540	857	1,050	1,551
Advertising and public relations	593	1,704	902	3,407
Amortization of intangibles	1,602	2,582	3,332	5,377
Amortization of CRA and tax credit investments	3,227	3,107	7,352	5,847
Other	6,110	4,520	12,448	9,681
Total non-interest expense	\$ 103,711	\$ 100,953	\$ 209,771	\$ 204,378

Bank OZK
Summary of Total Loans Outstanding
Unaudited

	June 30, 2021		December 31, 2020	
	(Dollars in thousands)			
Real estate:				
Residential 1-4 family	\$ 894,404	4.9 %	\$ 911,115	4.7 %
Non-farm/non-residential	4,415,246	24.2	4,213,636	21.9
Construction/land development	7,289,254	39.9	8,046,978	41.9
Agricultural	226,345	1.2	204,868	1.1
Multifamily residential	1,065,123	5.8	856,297	4.5
Total real estate	13,890,372	76.0	14,232,894	74.1
Commercial and industrial	651,019	3.6	842,206	4.4
Consumer	2,220,660	12.2	2,393,964	12.5
Other	1,509,619	8.2	1,740,104	9.0
Total loans	18,271,670	100.0 %	19,209,168	100.0 %
Allowance for loan losses	(248,753)		(295,824)	
Net loans	\$ 18,022,917		\$ 18,913,344	

Bank OZK
Allowance for Credit Losses
Unaudited

	<u>Allowance for Loan Losses</u>	<u>Reserve for Losses on Unfunded Loan Commitments</u>	<u>Total Allowance for Credit Losses</u>
	(Dollars in thousands)		
Three months ended June 30, 2021:			
Balances – March 31, 2021	\$ 268,077	\$ 74,230	\$ 342,307
Net charge-offs	(3,811)	—	(3,811)
Provision for credit losses	(15,513)	(15,419)	(30,932)
Balances – June 30, 2021	<u>\$ 248,753</u>	<u>\$ 58,811</u>	<u>\$ 307,564</u>
Six months ended June 30, 2021:			
Balances – December 31, 2020	\$ 295,824	\$ 81,481	\$ 377,305
Net charge-offs	(7,250)	—	(7,250)
Provision for credit losses	(39,821)	(22,670)	(62,491)
Balances – June 30, 2021	<u>\$ 248,753</u>	<u>\$ 58,811</u>	<u>\$ 307,564</u>
Three months ended June 30, 2020:			
Balances – March 31, 2020	\$ 238,737	\$ 77,672	\$ 316,409
Net charge-offs	(13,941)	—	(13,941)
Provision for credit losses	81,400	(9,374)	72,026
Balances – June 30, 2020	<u>\$ 306,196</u>	<u>\$ 68,298</u>	<u>\$ 374,494</u>
Six months ended June 30, 2020:			
Balances – December 31, 2019	\$ 108,525	\$ —	\$ 108,525
Adoption of CECL methodology	39,588	54,924	94,512
Balances – January 1, 2020	148,113	54,924	203,037
Net charge-offs	(18,232)	—	(18,232)
Provision for credit losses	176,315	13,374	189,689
Balances – June 30, 2020	<u>\$ 306,196</u>	<u>\$ 68,298</u>	<u>\$ 374,494</u>

Bank OZK
Summary of Deposits – By Account Type
Unaudited

	<u>June 30, 2021</u>		<u>December 31, 2020</u>	
	(Dollars in thousands)			
Non-interest bearing	\$ 4,510,678	21.8 %	\$ 3,996,546	18.6 %
Interest bearing:				
Transaction (NOW)	3,252,394	15.7	3,124,007	14.6
Savings and money market	5,583,280	27.0	5,036,975	23.5
Time deposits less than \$100	2,173,883	10.5	3,075,845	14.3
Time deposits of \$100 or more	<u>5,186,542</u>	<u>25.0</u>	<u>6,216,983</u>	<u>29.0</u>
Total deposits	<u>\$ 20,706,777</u>	<u>100.0 %</u>	<u>\$ 21,450,356</u>	<u>100.0 %</u>

Summary of Deposits – By Customer Type
Unaudited

	<u>June 30, 2021</u>		<u>December 31, 2020</u>	
	(Dollars in thousands)			
Consumer	\$ 10,679,525	51.6 %	\$ 11,165,603	52.1 %
Commercial	6,566,031	31.7	6,056,536	28.2
Public Funds	2,082,988	10.1	2,111,971	9.8
Brokered	914,907	4.4	1,600,116	7.5
Reciprocal	<u>463,326</u>	<u>2.2</u>	<u>516,130</u>	<u>2.4</u>
Total deposits	<u>\$ 20,706,777</u>	<u>100.0 %</u>	<u>\$ 21,450,356</u>	<u>100.0 %</u>

Bank OZK
Selected Consolidated Financial Data
Unaudited

	Three Months Ended June 30,			Six Months Ended June 30,		
	2021	2020	% Change	2021	2020	% Change
	(Dollars in thousands, except per share amounts)					
Income statement data:						
Net interest income	\$ 240,746	\$ 216,593	11.2 %	\$ 475,381	\$ 426,367	11.5 %
Provision for credit losses	(30,932)	72,026	(142.9)	(62,491)	189,689	(132.9)
Non-interest income	27,742	21,591	28.5	59,859	49,271	21.5
Non-interest expense	103,711	100,953	2.7	209,771	204,378	2.6
Net income available to common stockholders	150,535	50,266	199.5	298,950	62,132	381.2
Pre-tax pre-provision net revenue ⁽¹⁾	164,777	137,231	20.1	325,469	271,260	20.0
Common share and per common share data:						
Net income per share – diluted	\$ 1.16	\$ 0.39	197.4 %	\$ 2.30	\$ 0.48	379.2 %
Net income per share – basic	1.16	0.39	197.4	2.31	0.48	381.3
Dividends per share	0.28	0.27	3.7	0.5575	0.53	5.2
Book value per share	34.70	31.78	9.2	34.70	31.78	9.2
Tangible book value per share ⁽¹⁾	29.52	26.53	11.3	29.52	26.53	11.3
Weighted-average diluted shares outstanding (thousands)	130,255	129,399	0.7	130,109	129,349	0.6
End of period shares outstanding (thousands)	129,720	129,350	0.3	129,720	129,350	0.3
Balance sheet data at period end:						
Total assets	\$ 26,605,938	\$ 26,380,409	0.9 %	\$ 26,605,938	\$ 26,380,409	0.9 %
Total loans	18,271,670	19,311,078	(5.4)	18,271,670	19,311,078	(5.4)
Non-purchased loans	17,611,848	18,247,431	(3.5)	17,611,848	18,247,431	(3.5)
Purchased loans	659,822	1,063,647	(38.0)	659,822	1,063,647	(38.0)
Allowance for loan losses	248,753	306,196	(18.8)	248,753	306,196	(18.8)
Foreclosed assets	7,542	18,328	(58.8)	7,542	18,328	(58.8)
Investment securities – AFS	4,693,396	3,299,944	42.2	4,693,396	3,299,944	42.2
Goodwill and other intangible assets, net	672,125	679,166	(1.0)	672,125	679,166	(1.0)
Deposits	20,706,777	20,723,598	(0.1)	20,706,777	20,723,598	(0.1)
Other borrowings	750,228	903,696	(17.0)	750,228	903,696	(17.0)
Subordinated notes	224,236	223,854	0.2	224,236	223,854	0.2
Subordinated debentures	120,752	120,194	0.5	120,752	120,194	0.5
Unfunded balance of closed loans	11,709,818	11,411,441	2.6	11,709,818	11,411,441	2.6
Reserve for losses on unfunded loan commitments	58,811	68,298	(13.9)	58,811	68,298	(13.9)
Total common stockholders' equity	4,501,676	4,110,666	9.5	4,501,676	4,110,666	9.5
Net unrealized gains on investment securities AFS included in common stockholders' equity	50,127	63,177		50,127	63,177	
Loan (including purchased loans) to deposit ratio	88.24 %	93.18 %		88.24 %	93.18 %	
Selected ratios:						
Return on average assets ⁽²⁾	2.24 %	0.78 %		2.23 %	0.50 %	
Return on average common stockholders' equity ⁽²⁾	13.65	4.92		13.81	3.04	
Return on average tangible common stockholders' equity ^{(1) (2)}	16.10	5.89		16.33	3.64	
Average common equity to total average assets	16.42	15.93		16.17	16.59	
Net interest margin – FTE ⁽²⁾	3.95	3.74		3.91	3.84	
Efficiency ratio	38.43	42.07		39.00	42.71	
Net charge-offs to average non-purchased loans ^{(2) (3)}	0.09	0.05		0.08	0.06	
Net charge-offs to average total loans ⁽²⁾	0.08	0.29		0.08	0.20	
Nonperforming loans to total loans ⁽⁴⁾	0.22	0.18		0.22	0.18	
Nonperforming assets to total assets ⁽⁴⁾	0.18	0.19		0.18	0.19	
Allowance for loan losses to total loans ⁽⁵⁾	1.36	1.59		1.36	1.59	
Other information:						
Non-accrual loans ⁽⁴⁾	\$ 38,195	\$ 31,083		\$ 38,195	\$ 31,083	
Accruing loans – 90 days past due ⁽⁴⁾	—	—		—	—	
Troubled and restructured non-purchased loans – accruing ⁽⁴⁾	1,365	934		1,365	934	

⁽¹⁾ Calculations of pre-tax pre-provision net revenue, tangible book value per common share and return on average tangible common stockholders' equity and the reconciliations to GAAP are included in the schedules accompanying this release.

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

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

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

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

Selected Consolidated Financial Data (continued)
Unaudited

	Three Months Ended		
	June 30, 2021	March 31, 2021	% Change
(Dollars in thousands, except per share amounts)			
Income statement data:			
Net interest income	\$ 240,746	\$ 234,636	2.6 %
Provision for credit losses	(30,932)	(31,559)	(2.0)
Non-interest income	27,742	32,117	(13.6)
Non-interest expense	103,711	106,059	(2.2)
Net income available to common stockholders	150,535	148,416	1.4
Pre-tax pre-provision net revenue ⁽¹⁾	164,777	160,694	2.5
Common share and per common share data:			
Net income per share – diluted	\$ 1.16	\$ 1.14	1.8 %
Net income per share – basic	1.16	1.15	0.9
Dividends per share	0.28	0.2775	0.9
Book value per share	34.70	33.79	2.7
Tangible book value per share ⁽¹⁾	29.52	28.60	3.2
Weighted-average diluted shares outstanding (thousands)	130,255	129,816	0.3
End of period shares outstanding (thousands)	129,720	129,719	0.1
Balance sheet data at period end:			
Total assets	\$ 26,605,938	\$ 27,276,892	(2.5) %
Total loans	18,271,670	18,715,065	(2.4)
Non-purchased loans	17,611,848	17,979,435	(2.0)
Purchased loans	659,822	735,630	(10.3)
Allowance for loan losses	248,753	268,077	(7.2)
Foreclosed assets	7,542	8,436	(10.6)
Investment securities – AFS	4,693,396	4,162,479	12.8
Goodwill and other intangible assets, net	672,125	673,728	(0.2)
Deposits	20,706,777	21,296,442	(2.8)
Other borrowings	750,228	750,361	(0.1)
Subordinated notes	224,236	224,141	0.1
Subordinated debentures	120,752	120,613	0.1
Unfunded balance of closed loans	11,709,818	11,780,099	(0.6)
Reserve for losses on unfunded loan commitments	58,811	74,230	(20.8)
Total common stockholders' equity	4,501,676	4,383,205	2.7
Net unrealized gains on investment securities AFS included in common stockholders' equity	50,127	50,464	
Loan (including purchased loans) to deposit ratio	88.24 %	87.88 %	
Selected ratios:			
Return on average assets ⁽²⁾	2.24 %	2.23 %	
Return on average common stockholders' equity ⁽²⁾	13.65	13.97	
Return on average tangible common stockholders' equity ^{(1) (2)}	16.10	16.57	
Average common equity to total average assets	16.42	15.93	
Net interest margin – FTE ⁽²⁾	3.95	3.86	
Efficiency ratio	38.43	39.57	
Net charge-offs to average non-purchased loans ^{(2) (3)}	0.09	0.08	
Net charge-offs to average total loans ⁽²⁾	0.08	0.07	
Nonperforming loans to total loans ⁽⁴⁾	0.22	0.25	
Nonperforming assets to total assets ⁽⁴⁾	0.18	0.19	
Allowance for loan losses to total loans ⁽⁵⁾	1.36	1.43	
Other information:			
Non-accrual loans ⁽⁴⁾	\$ 38,195	\$ 43,059	
Accruing loans – 90 days past due ⁽⁴⁾	—	—	
Troubled and restructured non-purchased loans – accruing ⁽⁴⁾	1,365	1,380	

⁽¹⁾ Calculations of pre-tax pre-provision net revenue, tangible book value per common share and return on average tangible common stockholders' equity and the reconciliations to GAAP are included in the schedules accompanying this release.

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

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

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

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

	<u>9/30/19</u>	<u>12/31/19</u>	<u>3/31/20</u>	<u>6/30/20</u>	<u>9/30/20</u>	<u>12/31/20</u>	<u>3/31/21</u>	<u>6/30/21</u>
	(Dollars in thousands, except per share amounts)							
Earnings Summary:								
Net interest income	\$ 218,780	\$ 214,977	\$ 209,775	\$ 216,593	\$ 224,657	\$ 237,600	\$ 234,636	\$ 240,746
Federal tax (FTE) adjustment	1,038	1,028	1,133	1,753	1,605	1,533	1,275	1,355
Net interest income (FTE)	219,818	216,005	210,908	218,346	226,262	239,133	235,911	242,101
Provision for credit losses	(7,854)	(4,938)	(117,663)	(72,026)	(7,200)	(6,750)	31,559	30,932
Non-interest income	26,446	30,406	27,680	21,591	26,676	28,661	32,117	27,742
Non-interest expense	(100,914)	(104,406)	(103,425)	(100,953)	(105,641)	(103,394)	(106,059)	(103,711)
Pretax income (FTE)	137,496	137,067	17,500	66,958	140,097	157,650	193,528	197,064
FTE adjustment	(1,038)	(1,028)	(1,133)	(1,753)	(1,605)	(1,533)	(1,275)	(1,355)
Provision for income taxes	(32,574)	(35,240)	(4,509)	(14,948)	(29,251)	(35,607)	(43,818)	(45,161)
Noncontrolling interest	7	7	8	9	12	3	(19)	(13)
Net income available to common stockholders	<u>\$ 103,891</u>	<u>\$ 100,806</u>	<u>\$ 11,866</u>	<u>\$ 50,266</u>	<u>\$ 109,253</u>	<u>\$ 120,513</u>	<u>\$ 148,416</u>	<u>\$ 150,535</u>
Earnings per common share – diluted	\$ 0.81	\$ 0.78	\$ 0.09	\$ 0.39	\$ 0.84	\$ 0.93	\$ 1.14	\$ 1.16
Non-interest Income:								
Service charges on deposit accounts	\$ 10,827	\$ 10,933	\$ 10,009	\$ 8,281	\$ 9,427	\$ 9,983	\$ 9,665	\$ 10,311
Trust income	1,975	2,010	1,939	1,759	1,936	1,909	2,206	1,911
BOLI income:								
Increase in cash surrender value	5,208	5,167	5,067	5,057	5,081	5,034	4,881	4,919
Death benefits	206	2,989	608	—	—	—	1,409	—
Loan service, maintenance and other fees	4,197	4,282	3,716	3,394	3,351	3,797	3,551	3,953
Gains on sales of other assets	189	1,358	161	621	891	5,189	5,828	2,341
Net gains on investment securities	—	—	2,223	—	2,244	—	—	—
Other	3,844	3,667	3,957	2,479	3,746	2,749	4,577	4,307
Total non-interest income	<u>\$ 26,446</u>	<u>\$ 30,406</u>	<u>\$ 27,680</u>	<u>\$ 21,591</u>	<u>\$ 26,676</u>	<u>\$ 28,661</u>	<u>\$ 32,117</u>	<u>\$ 27,742</u>
Non-interest Expense:								
Salaries and employee benefits	\$ 48,376	\$ 52,050	\$ 51,473	\$ 48,410	\$ 53,119	\$ 53,832	\$ 53,645	\$ 52,119
Net occupancy and equipment	14,825	14,855	15,330	15,756	16,676	15,617	16,468	16,168
Other operating expenses	37,713	37,501	36,622	36,787	35,846	33,945	35,946	35,424
Total non-interest expense	<u>\$ 100,914</u>	<u>\$ 104,406</u>	<u>\$ 103,425</u>	<u>\$ 100,953</u>	<u>\$ 105,641</u>	<u>\$ 103,394</u>	<u>\$ 106,059</u>	<u>\$ 103,711</u>
Balance Sheet Data:								
Total assets	\$23,402,679	\$23,555,728	\$24,565,810	\$26,380,409	\$26,888,308	\$27,162,596	\$27,276,892	\$26,605,938
Non-purchased loans	16,307,621	16,224,539	17,030,378	18,247,431	18,419,958	18,401,495	17,979,435	17,611,848
Purchased loans	1,427,230	1,307,504	1,197,826	1,063,647	938,485	807,673	735,630	659,822
Investment securities – AFS	2,414,722	2,277,389	2,816,556	3,299,944	3,468,243	3,405,351	4,162,479	4,693,396
Deposits	18,440,078	18,474,259	18,809,190	20,723,598	21,287,405	21,450,356	21,296,442	20,706,777
Unfunded balance of closed loans	11,429,918	11,325,598	11,334,737	11,411,441	11,604,614	11,847,117	11,780,099	11,709,818
Common stockholders' equity	4,078,324	4,150,351	4,083,150	4,110,666	4,186,285	4,272,271	4,383,205	4,501,676

Bank OZK
Supplemental Quarterly Financial Data (Continued)
Unaudited

	<u>9/30/19</u>	<u>12/31/19</u>	<u>3/31/20</u>	<u>6/30/20</u>	<u>9/30/20</u>	<u>12/31/20</u>	<u>3/31/21</u>	<u>6/30/21</u>
	(Dollars in thousands, except per share amounts)							
Allowance for Credit Losses:								
Balance at beginning of period	\$ 106,642	\$ 109,001	\$ 108,525	\$ 316,409	\$ 374,494	\$ 377,273	\$ 377,305	\$ 342,307
Adoption of CECL ⁽¹⁾ methodology	—	—	94,512	—	—	—	—	—
Net charge-offs	(5,495)	(5,414)	(4,291)	(13,941)	(4,421)	(6,718)	(3,439)	(3,811)
Provision for credit losses	7,854	4,938	117,663	72,026	7,200	6,750	(31,559)	(30,932)
Balance at end of period	<u>\$ 109,001</u>	<u>\$ 108,525</u>	<u>\$ 316,409</u>	<u>\$ 374,494</u>	<u>\$ 377,273</u>	<u>\$ 377,305</u>	<u>\$ 342,307</u>	<u>\$ 307,564</u>
Allowance for loan losses	\$ 109,001	\$ 108,525	\$ 238,737	\$ 306,196	\$ 308,847	\$ 295,824	\$ 268,077	\$ 248,753
Reserve for losses on unfunded loan commitments	—	—	77,672	68,298	68,426	81,481	74,230	58,811
Total allowance for credit losses	<u>\$ 109,001</u>	<u>\$ 108,525</u>	<u>\$ 316,409</u>	<u>\$ 374,494</u>	<u>\$ 377,273</u>	<u>\$ 377,305</u>	<u>\$ 342,307</u>	<u>\$ 307,564</u>
Selected Ratios:								
Net interest margin – FTE ⁽²⁾	4.26 %	4.15 %	3.96 %	3.74 %	3.69 %	3.88 %	3.86 %	3.95 %
Efficiency ratio	40.98	42.37	43.35	42.07	41.77	38.61	39.57	38.43
Net charge-offs to average non-purchased loans ^{(2) (3)}	0.07	0.10	0.08	0.05	0.09	0.14	0.08	0.09
Net charge-offs to average total loans ⁽²⁾	0.12	0.12	0.10	0.29	0.09	0.14	0.07	0.08
Nonperforming loans to total loans ⁽⁴⁾	0.17	0.15	0.16	0.18	0.15	0.25	0.25	0.22
Nonperforming assets to total assets ⁽⁴⁾	0.26	0.18	0.19	0.19	0.17	0.21	0.19	0.18
Allowance for loan losses to total loans ⁽⁵⁾	0.61	0.62	1.31	1.59	1.60	1.54	1.43	1.36

Loans past due 30 days or more, including past due non-accrual loans, to total loans⁽⁴⁾

0.14 0.19 0.18 0.13 0.13 0.16 0.13 0.10

- (1) Current Expected Credit Loss.
(2) Ratios for interim periods annualized based on actual days.
(3) Excludes purchased loans and net charge-offs related to such loans.
(4) Excludes purchased loans, except for their inclusion in total assets.
(5) Excludes reserve for losses on unfunded loan commitments.

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

	Three Months Ended June 30,						Six Months Ended June 30,					
	2021			2020			2021			2020		
	Average Balance	Income/Expense	Yield/Rate	Average Balance	Income/Expense	Yield/Rate	Average Balance	Income/Expense	Yield/Rate	Average Balance	Income/Expense	Yield/Rate
(Dollars in thousands)												
ASSETS												
Earning assets:												
Interest earning deposits and federal funds sold	\$ 1,886,166	\$ 496	0.11 %	\$ 1,303,791	\$ 330	0.10 %	\$ 2,048,521	\$ 1,033	0.10 %	\$ 1,335,544	\$ 4,706	0.71 %
Investment securities:												
Taxable	3,508,655	9,467	1.08	1,923,362	11,055	2.31	2,968,393	17,550	1.19	1,859,711	21,814	2.36
Tax-exempt – FTE	963,522	4,915	2.05	1,151,492	7,400	2.58	1,065,110	9,574	1.81	818,777	11,953	2.94
Non-purchased loans – FTE	17,544,405	238,877	5.46	17,963,230	233,015	5.22	17,864,558	479,001	5.41	17,244,750	465,046	5.42
Purchased loans	697,136	11,699	6.73	1,133,611	17,087	6.06	736,399	23,635	6.47	1,199,512	38,474	6.45
Total earning assets – FTE	24,599,884	265,454	4.33	23,475,486	268,887	4.61	24,682,981	530,793	4.34	22,458,294	541,993	4.85
Non-interest earning assets	2,345,169			2,318,334			2,312,504			2,335,832		
Total assets	<u>\$ 26,945,053</u>			<u>\$ 25,793,820</u>			<u>\$ 26,995,485</u>			<u>\$ 24,794,126</u>		
LIABILITIES AND STOCKHOLDERS' EQUITY												
Interest bearing liabilities:												
Deposits:												
Savings and interest bearing transaction	\$ 8,735,178	\$ 3,338	0.15 %	\$ 7,517,260	\$ 7,702	0.41 %	\$ 8,537,681	\$ 6,954	0.16 %	\$ 7,824,330	\$ 27,449	0.71 %
Time deposits of \$100 or more	5,592,645	10,317	0.74	5,279,716	23,765	1.81	5,842,740	24,229	0.84	4,834,026	45,955	1.91
Other time deposits	2,407,569	4,576	0.76	3,752,793	13,784	1.48	2,652,713	11,399	0.87	3,543,161	29,529	1.68
Total interest bearing deposits	16,735,392	18,231	0.44	16,549,769	45,251	1.10	17,033,134	42,582	0.50	16,201,517	102,933	1.28
Repurchase agreements with customers	7,161	6	0.33	8,087	6	0.30	6,484	10	0.30	7,985	13	0.31
Other borrowings ⁽¹⁾	750,274	996	0.53	1,043,004	963	0.37	750,329	1,982	0.53	669,987	1,013	0.30
Subordinated notes	224,188	3,181	5.69	223,793	3,172	5.70	224,140	6,326	5.69	223,752	6,344	5.70
Subordinated debentures ⁽¹⁾	120,680	939	3.12	120,120	1,149	3.85	120,610	1,881	3.14	120,052	2,436	4.08
Total interest bearing liabilities	17,837,695	23,353	0.53	17,944,773	50,541	1.13	18,134,697	52,781	0.59	17,223,293	112,739	1.32
Non-interest bearing liabilities:												
Non-interest bearing deposits	4,366,380			3,478,030			4,170,685			3,202,663		
Other non-interest bearing liabilities	314,768			257,874			321,546			251,026		
Total liabilities	22,518,843			21,680,677			22,626,928			20,676,982		
Common stockholders' equity	4,423,093			4,110,038			4,365,454			4,114,035		
Noncontrolling interest	3,117			3,105			3,103			3,109		
Total liabilities and stockholders' equity	<u>\$ 26,945,053</u>			<u>\$ 25,793,820</u>			<u>\$ 26,995,485</u>			<u>\$ 24,794,126</u>		
Net interest income – FTE		\$ 242,101			\$ 218,346			\$ 478,012			\$ 429,254	

Net interest margin – FTE	<u>3.95 %</u>	<u>3.74 %</u>	<u>3.91 %</u>	<u>3.84 %</u>
Core spread ⁽²⁾	5.02 %	4.12 %	4.91 %	4.14 %

(1) The interest expense and the rates for “other borrowings” and for “subordinated debentures” were affected by capitalized interest. Capitalized interest included in other borrowings totaled \$0.02 million for the second quarter and \$0.05 million for the first six months of 2021 compared to \$0.27 million for the second quarter and \$0.62 million for the first six months of 2020. In the absence of this interest capitalization, the rates on other borrowings would have been 0.54% for the second quarter and 0.55% for the first six months of 2021 compared to 0.47% for the second quarter and 0.49% for the first six months of 2020. Capitalized interest included in subordinated debentures totaled \$0.03 million for the second quarter and \$0.18 million for the first six months of 2020 (none in the second quarter or first six months of 2021). In the absence of this interest capitalization, the rates on subordinated debentures would have been 3.95% for the second quarter and 4.37% for the first six months of 2020.

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

Bank OZK
Reconciliation of Non-GAAP Financial Measures

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

	Three Months Ended			Six Months Ended	
	June 30, 2021	June 30, 2020	March 31, 2021	June 30, 2021	June 30, 2020
	(Dollars in thousands)				
Net income available to common stockholders	\$ 150,535	\$ 50,266	\$ 148,416	\$ 298,950	\$ 62,132
Average common stockholders’ equity before noncontrolling interest	\$ 4,423,093	\$ 4,110,038	\$ 4,307,174	\$ 4,365,454	\$ 4,114,035
Less average intangible assets:					
Goodwill	(660,789)	(660,789)	(660,789)	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	(12,175)	(19,563)	(13,828)	(12,997)	(20,987)
Total average intangibles	(672,964)	(680,352)	(674,617)	(673,786)	(681,776)
Average tangible common stockholders’ equity	\$ 3,750,129	\$ 3,429,686	\$ 3,632,557	\$ 3,691,668	\$ 3,432,259
Return on average common stockholders’ equity ⁽¹⁾	13.65 %	4.92 %	13.97 %	13.81 %	3.04 %
Return on average tangible common stockholders’ equity ⁽¹⁾	16.10 %	5.89 %	16.57 %	16.33 %	3.64 %

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

Calculation of Total Tangible Common Stockholders’ Equity
and Tangible Book Value per Common Share
Unaudited

	June 30,		March 31,
	2021	2020	2021
	(In thousands, except per share amounts)		
Total common stockholders’ equity before noncontrolling interest	\$ 4,501,676	\$ 4,110,666	\$ 4,383,205
Less intangible assets:			
Goodwill	(660,789)	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	(11,336)	(18,377)	(12,939)
Total intangibles	(672,125)	(679,166)	(673,728)
Total tangible common stockholders’ equity	\$ 3,829,551	\$ 3,431,500	\$ 3,709,477
Shares of common stock outstanding	129,720	129,350	129,719
Book value per common share	\$ 34.70	\$ 31.78	\$ 33.79
Tangible book value per common share	\$ 29.52	\$ 26.53	\$ 28.60

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

	June 30,	
	2021	2020
	(Dollars in thousands)	
Total common stockholders’ equity before noncontrolling interest	\$ 4,501,676	\$ 4,110,666
Less intangible assets:		
Goodwill	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	(11,336)	(18,377)
Total intangibles	(672,125)	(679,166)
Total tangible common stockholders’ equity	\$ 3,829,551	\$ 3,431,500

Total assets	\$ 26,605,938	\$ 26,380,409
Less intangible assets:		
Goodwill	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	(11,336)	(18,377)
Total intangibles	(672,125)	(679,166)
Total tangible assets	\$ 25,933,813	\$ 25,701,243
Ratio of total common stockholders' equity to total assets	16.92 %	15.58 %
Ratio of total tangible common stockholders' equity to total tangible assets	14.77 %	13.35 %

Calculation of Pre-Tax Pre-Provision Net Revenue
Unaudited

	Three Months Ended			Six Months Ended	
	June 30, 2021	June 30, 2020	March 31, 2021	June 30, 2021	June 30, 2020
	(Dollars in thousands)				
Income before taxes	\$ 195,709	\$ 65,205	\$ 192,253	\$ 387,960	\$ 81,571
Provision for credit losses	(30,932)	72,026	(31,559)	(62,491)	189,689
Pre-tax pre-provision net revenue	\$ 164,777	\$ 137,231	\$ 160,694	\$ 325,469	\$ 271,260

Investor Contact: Tim Hicks (501) 978-2336
Media Contact: Susan Blair (501) 978-2217



Source: Bank OZK