



Bank OZK Announces Third Quarter 2021 Earnings

October 21, 2021

LITTLE ROCK, Ark., Oct. 21, 2021 (GLOBE NEWSWIRE) -- Bank OZK (the "Bank") (Nasdaq: OZK) today announced that net income for the third quarter of 2021 was \$130.3 million, a 19.3% increase from \$109.3 million for the third quarter of 2020. Diluted earnings per common share for the third quarter of 2021 were \$1.00, a 19.0% increase from \$0.84 for the third quarter of 2020.

For the nine months ended September 30, 2021, net income was \$429.2 million, a 150.5% increase from \$171.4 million for the first nine months of 2020. Diluted earnings per common share for the first nine months of 2021 were \$3.30, a 150.0% increase from \$1.32 for the first nine months of 2020.

As a result of improved economic conditions and prospects for improvement in the U.S. economy, management recorded negative provision for credit losses of \$7.5 million during the third quarter and \$69.9 million during the first nine months of 2021, reducing the Bank's total allowance for credit losses ("ACL") from \$377.3 million at December 31, 2020 to \$298.8 million at September 30, 2021. The Bank's provision for credit losses was \$7.2 million during the third quarter and \$196.9 million during the first nine months of 2020, reflecting significant economic uncertainty at that time.

The Bank's results for the first nine 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 nine months of 2020.

Pre-tax pre-provision net revenue ("PPNR") was \$163.5 million for the third quarter of 2021, a 12.3% increase from \$145.7 million for the third quarter of 2020. For the nine months ended September 30, 2021, PPNR was \$489.0 million, a 17.3% increase from \$417.0 million for the first nine 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 third quarter of 2021 were 1.98%, 11.41% and 13.39%, respectively, compared to 1.63%, 10.48% and 12.52%, respectively, for the third 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 nine months of 2021 were 2.15%, 12.98% and 15.31%, respectively, compared to 0.90%, 5.55%, and 6.65%, respectively, for the first nine 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 our highest level of quarterly RESG loan originations since 2017 along with record net interest income for the quarter just ended. Our strong capital and liquidity, disciplined credit culture and outstanding team have us well positioned for the future."

KEY BALANCE SHEET METRICS

Total loans were \$18.31 billion at September 30, 2021, a 5.4% decrease from \$19.36 billion at September 30, 2020. Non-purchased loans were \$17.71 billion at September 30, 2021, a 3.9% decrease from \$18.42 billion at September 30, 2020, but a 0.5% increase from \$17.61 billion at June 30, 2021. Purchased loans, which consist of loans acquired in previous acquisitions, were \$0.60 billion at September 30, 2021, a 36.3% decrease from \$0.94 billion at September 30, 2020.

Deposits were \$20.10 billion at September 30, 2021, a 5.6% decrease from \$21.29 billion at September 30, 2020. Total assets were \$26.14 billion at September 30, 2021, a 2.8% decrease from \$26.89 billion at September 30, 2020.

Common stockholders' equity was \$4.55 billion at September 30, 2021, an 8.8% increase from \$4.19 billion at September 30, 2020. Tangible common stockholders' equity was \$3.88 billion at September 30, 2021, a 10.6% increase from \$3.51 billion at September 30, 2020. Book value per common share was \$35.35 at September 30, 2021, a 9.2% increase from \$32.37 at September 30, 2020. Tangible book value per common share was \$30.14 at September 30, 2021, an 11.1% increase from \$27.13 at September 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 17.42% at September 30, 2021 compared to 15.57% at September 30, 2020. Its ratio of total tangible common stockholders' equity to total tangible assets was 15.24% at September 30, 2021 compared to 13.39% at September 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.

SUBORDINATED DEBT REDEMPTION AND OFFERING

On July 1, 2021, the Bank redeemed all of its \$225 million of 5.50% 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 a result of the subordinated debt redemption, the Bank recognized approximately \$0.8 million in remaining unamortized debt issue cost as non-interest expense during the third quarter of 2021.

On September 16, 2021, the Bank completed its public offering of \$350 million in aggregate principal amount of its 2.75% Fixed-to-Floating rate Subordinated Notes (the "2.75% Notes") due 2031, which will initially bear interest at a fixed rate of 2.75% per annum until September 30, 2026. On October 1, 2026, the 2.75% Notes will bear interest at a floating rate equal to a benchmark (which is expected to be three-month SOFR) plus 209 basis points. The 2.75% Notes are unsecured, subordinated debt obligations and mature on October 1, 2031, and the Bank expects to use the net proceeds from the offering for general corporate purposes, which may include, among other things, financing organic growth or strategic acquisitions, repurchase of shares of the Bank's common stock, supporting the Bank's regulatory capital levels and ongoing working capital needs. As of September 30, 2021, the Bank's subordinated debt had a carrying value of \$345.9 million and remaining unamortized debt issuance cost of \$4.1 million.

STOCK REPURCHASE PROGRAM

In July 2021, the Bank adopted a stock repurchase program authorizing the purchase of up to \$300 million of the Bank's outstanding shares of common stock. During the quarter just ended, the Bank repurchased 888,567 shares at a weighted average cost of \$41.61, for a total of \$37.0 million. The timing and amount of future 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 may be suspended by the Bank at any time.

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 October 22, 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 8870579. 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 with the Federal Deposit Insurance Corporation ("FDIC") annual, quarterly and current reports, proxy materials and other information required by the Securities Exchange Act of 1934, copies of which are available electronically at the FDIC's website at <https://efr.fdic.gov/fcxweb/efr/index.html> and are also available on the Bank's Investor Relations website at <http://ir.ozk.com>. To receive automated email alerts for these materials, please visit <http://ir.ozk.com/EmailNotification> to sign up.

NON-GAAP FINANCIAL MEASURES

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

FORWARD-LOOKING STATEMENTS

This release and other communications by the Bank include certain "forward-looking statements" regarding the Bank's plans, expectations, thoughts, beliefs, estimates, goals and outlook for the future that are intended to be covered by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on management's expectations as well as certain assumptions and estimates made by, and information available to, management at the time. Those statements are not guarantees of future results or performance and are subject to certain known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those expressed in, or implied by, such forward-looking statements. These risks, uncertainties and other factors include, but are not limited to: potential delays or other problems implementing the Bank's growth, expansion and acquisition strategies, including delays in identifying satisfactory sites, hiring or retaining qualified personnel, obtaining regulatory or other approvals, obtaining permits and designing, constructing and opening new offices or relocating, selling or closing existing offices; the ability to enter into and/or close additional acquisitions; the availability of and access to capital; possible downgrades in the Bank's credit ratings or outlook which could increase the costs 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; the impact of any future federal government shutdown and uncertainty regarding the federal government's debt limit or 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; potential impact of supply chain disruptions; 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 249 offices in eight states, including 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

	September 30, 2021	December 31, 2020
	(Dollars in thousands, except per share amounts)	
ASSETS		
Cash and cash equivalents	\$ 1,782,503	\$ 2,393,662
Investment securities — available for sale ("AFS")	3,846,496	3,405,351
Federal Home Loan Bank of Dallas and other bankers' bank stocks	40,698	38,486
Non-purchased loans	17,707,452	18,401,495
Purchased loans	597,851	807,673
Allowance for loan losses	(237,722)	(295,824)
Net loans	18,067,581	18,913,344
Premises and equipment, net	699,427	738,842
Foreclosed assets	9,444	11,085
Accrued interest receivable	84,358	88,077
Bank owned life insurance ("BOLI")	770,829	758,071
Goodwill and other intangible assets, net	670,580	675,458
Other, net	171,451	140,220
Total assets	<u>\$ 26,143,367</u>	<u>\$ 27,162,596</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Deposits:		
Demand non-interest bearing	\$ 4,586,163	\$ 3,996,546
Savings and interest bearing transaction	8,961,316	8,160,982
Time	6,554,961	9,292,828
Total deposits	20,102,440	21,450,356
Repurchase agreements with customers	7,735	8,013
Other borrowings	750,217	750,928
Subordinated notes	345,927	224,047
Subordinated debentures	120,892	120,475
Reserve for losses on unfunded loan commitments	61,076	81,481
Accrued interest payable and other liabilities	198,728	251,940
Total liabilities	21,587,015	22,887,240

Commitments and contingencies

Stockholders' equity:

Preferred stock; \$0.01 par value; 100,000,000 shares authorized; no shares issued or outstanding at September 30, 2021 or December 31, 2020	—	—
Common stock; \$0.01 par value; 300,000,000 shares authorized; 128,817,819 and 129,350,448 shares issued and outstanding at September 30, 2021 and December 31, 2020, respectively	1,288	1,294
Additional paid-in capital	2,245,012	2,265,850
Retained earnings	2,266,234	1,946,875
Accumulated other comprehensive income	40,706	58,252
Total stockholders' equity before noncontrolling interest	4,553,240	4,272,271
Noncontrolling interest	3,112	3,085
Total stockholders' equity	4,556,352	4,275,356
Total liabilities and stockholders' equity	\$ 26,143,367	\$ 27,162,596

Bank OZK **Consolidated Statements of Income** Unaudited

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(Dollars in thousands, except per share amounts)			
Interest income:				
Non-purchased loans	\$ 238,258	\$ 236,621	\$ 716,639	\$ 701,290
Purchased loans	11,350	16,269	34,985	54,743
Investment securities:				
Taxable	9,236	9,666	26,786	31,480
Tax-exempt	3,296	5,193	10,860	14,636
Deposits with banks and federal funds sold	523	532	1,556	5,237
Total interest income	262,663	268,281	790,826	807,386
Interest expense:				
Deposits	12,326	38,273	54,908	141,206
Repurchase agreements with customers	4	4	14	17
Other borrowings	1,013	1,156	2,996	2,168
Subordinated notes	429	3,207	6,755	9,551
Subordinated debentures	934	984	2,814	3,420
Total interest expense	14,706	43,624	67,487	156,362
Net interest income	247,957	224,657	723,339	651,024
Provision for credit losses	(7,454)	7,200	(69,946)	196,889
Net interest income after provision for credit losses	255,411	217,457	793,285	454,135
Non-interest income:				
Service charges on deposit accounts	11,177	9,427	31,154	27,717
Trust income	2,247	1,936	6,365	5,635
BOLI income:				
Increase in cash surrender value	4,940	5,081	14,739	15,205
Death benefits	—	—	1,409	608
Loan service, maintenance and other fees	3,307	3,351	10,811	10,461
Gains on sales of other assets	463	891	8,632	1,674
Net gains on investment securities	—	2,244	—	4,467
Other	3,850	3,746	12,733	10,180

Total non-interest income	25,984	26,676	85,843	75,947
Non-interest expense:				
Salaries and employee benefits	53,769	53,119	159,533	153,003
Net occupancy and equipment	17,161	16,676	49,797	47,761
Other operating expenses	39,467	35,846	110,840	109,255
Total non-interest expense	110,397	105,641	320,170	310,019
Income before taxes	170,998	138,492	558,958	220,063
Provision for income taxes	40,713	29,251	129,691	48,707
Net income	130,285	109,241	429,267	171,356
Earnings attributable to noncontrolling interest	5	12	(27)	29
Net income available to common stockholders	\$ 130,290	\$ 109,253	\$ 429,240	\$ 171,385
Basic earnings per common share	\$ 1.01	\$ 0.84	\$ 3.31	\$ 1.33
Diluted earnings per common share	\$ 1.00	\$ 0.84	\$ 3.30	\$ 1.32

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 September 30, 2021:						
Balances – June 30, 2021	\$ 1,297	\$ 2,277,138	\$ 2,173,114	\$ 50,127	\$ 3,117	\$ 4,504,793
Net income	—	—	130,285	—	—	130,285
Earnings attributable to noncontrolling interest	—	—	5	—	(5)	—
Total other comprehensive loss	—	—	—	(9,421)	—	(9,421)
Common stock dividends, \$0.285 per share	—	—	(37,170)	—	—	(37,170)
Issuance of 33,850 shares of common stock for exercise of stock options	1	1,085	—	—	—	1,086
Repurchase and cancellation of 888,567 shares of common stock	(9)	(36,990)	—	—	—	(36,999)
Stock-based compensation expense	—	3,778	—	—	—	3,778
Forfeitures of 47,604 shares of unvested restricted common stock	(1)	1	—	—	—	—
Balances – September 30, 2021	\$ 1,288	\$ 2,245,012	\$ 2,266,234	\$ 40,706	\$ 3,112	\$ 4,556,352
Nine months ended September 30, 2021:						
Balances – December 31, 2020	\$ 1,294	\$ 2,265,850	\$ 1,946,875	\$ 58,252	\$ 3,085	\$ 4,275,356
Net income	—	—	429,267	—	—	429,267
Earnings attributable to noncontrolling interest	—	—	(27)	—	27	—
Total other comprehensive loss	—	—	—	(17,546)	—	(17,546)
Common stock dividends, \$0.8425 per share	—	—	(109,881)	—	—	(109,881)
Issuance of 176,250 shares of common stock for exercise of stock options	2	6,092	—	—	—	6,094
Issuance of 332,831 shares of unvested restricted common stock	3	(3)	—	—	—	—
Repurchase and cancellation of 944,460 shares of common stock	(10)	(38,966)	—	—	—	(38,976)
Stock-based compensation expense	—	12,038	—	—	—	12,038
Forfeitures of 97,250 shares of unvested restricted common stock	(1)	1	—	—	—	—
Balances – September 30, 2021	\$ 1,288	\$ 2,245,012	\$ 2,266,234	\$ 40,706	\$ 3,112	\$ 4,556,352

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 September 30, 2020:						

Balances – June 30, 2020	\$ 1,293	\$ 2,257,867	\$ 1,788,329	\$ 63,177	\$ 3,100	\$ 4,113,766
Net income	—	—	109,241	—	—	109,241
Earnings attributable to noncontrolling interest	—	—	12	—	(12)	—
Total other comprehensive loss	—	—	—	(2,061)	—	(2,061)
Common stock dividends, \$0.2725 per share	—	—	(35,570)	—	—	(35,570)
Stock-based compensation expense	—	3,997	—	—	—	3,997
Forfeitures of 8,228 shares of unvested restricted common stock	—	—	—	—	—	—
Balances – September 30, 2020	<u>\$ 1,293</u>	<u>\$ 2,261,864</u>	<u>\$ 1,862,012</u>	<u>\$ 61,116</u>	<u>\$ 3,088</u>	<u>\$ 4,189,373</u>

Nine months ended September 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	<u>1,289</u>	<u>2,251,824</u>	<u>1,794,639</u>	<u>27,255</u>	<u>3,117</u>	<u>4,078,124</u>
Net income	—	—	171,356	—	—	171,356
Earnings attributable to noncontrolling interest	—	—	29	—	(29)	—
Total other comprehensive income	—	—	—	33,861	—	33,861
Common stock dividends, \$0.8025 per share	—	—	(104,012)	—	—	(104,012)
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	—	11,852	—	—	—	11,852
Forfeitures of 45,139 shares of unvested restricted common stock	—	—	—	—	—	—
Balances – September 30, 2020	<u>\$ 1,293</u>	<u>\$ 2,261,864</u>	<u>\$ 1,862,012</u>	<u>\$ 61,116</u>	<u>\$ 3,088</u>	<u>\$ 4,189,373</u>

Bank OZK
Summary of Non-Interest Expense
Unaudited

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(Dollars in thousands)			
Salaries and employee benefits	\$ 53,769	\$ 53,119	\$ 159,533	\$ 153,003
Net occupancy and equipment	17,161	16,676	49,797	47,761
Other operating expenses:				
Professional and outside services	7,084	8,263	21,134	22,618
Software and data processing	5,897	5,431	17,695	15,550
Deposit insurance and assessments	2,655	3,595	9,060	11,600
Telecommunication services	1,966	2,352	6,363	6,863
Postage and supplies	1,530	1,808	4,718	5,753
ATM expense	1,846	1,604	4,615	3,766
Travel and meals	1,617	689	3,811	3,501
Writedowns of foreclosed and other assets	990	488	2,476	2,087
Loan collection and repossession expense	407	1,030	1,456	2,581
Advertising and public relations	719	1,557	1,621	4,964
Amortization of intangibles	1,545	1,914	4,878	7,291
Amortization of CRA and tax credit investments	4,972	1,611	12,324	7,458
Other	8,239	5,504	20,689	15,223
Total non-interest expense	<u>\$ 110,397</u>	<u>\$ 105,641</u>	<u>\$ 320,170</u>	<u>\$ 310,019</u>

Bank OZK
Summary of Total Loans Outstanding
Unaudited

	September 30, 2021		December 31, 2020	
	(Dollars in thousands)			
Real estate:				
Residential 1-4 family	\$ 887,769	4.8 %	\$ 911,115	4.7 %
Non-farm/non-residential	4,080,616	22.3	4,267,147	22.2
Construction/land development	7,718,567	42.2	7,993,467	41.6
Agricultural	237,073	1.3	204,868	1.1
Multifamily residential	1,242,202	6.8	856,297	4.5
Total real estate	14,166,227	77.4	14,232,894	74.1

Commercial and industrial	528,866	2.9	842,206	4.4
Consumer	2,168,307	11.8	2,393,964	12.5
Other	1,441,903	7.9	1,740,104	9.0
Total loans	18,305,303	100.0 %	19,209,168	100.0 %
Allowance for loan losses	(237,722)		(295,824)	
Net loans	\$ 18,067,581		\$ 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 September 30, 2021:			
Balances – June 30, 2021	\$ 248,753	\$ 58,811	\$ 307,564
Net charge-offs	(1,312)	—	(1,312)
Provision for credit losses	(9,719)	2,265	(7,454)
Balances – September 30, 2021	<u>\$ 237,722</u>	<u>\$ 61,076</u>	<u>\$ 298,798</u>
Nine months ended September 30, 2021:			
Balances – December 31, 2020	\$ 295,824	\$ 81,481	\$ 377,305
Net charge-offs	(8,561)	—	(8,561)
Provision for credit losses	(49,541)	(20,405)	(69,946)
Balances – September 30, 2021	<u>\$ 237,722</u>	<u>\$ 61,076</u>	<u>\$ 298,798</u>
Three months ended September 30, 2020:			
Balances – June 30, 2020	\$ 306,196	\$ 68,298	\$ 374,494
Net charge-offs	(4,421)	—	(4,421)
Provision for credit losses	7,072	128	7,200
Balances – September 30, 2020	<u>\$ 308,847</u>	<u>\$ 68,426</u>	<u>\$ 377,273</u>
Nine months ended September 30, 2020:			
Balances – December 31, 2019	\$ 108,525	\$ —	\$ 108,525
Adoption of CECL ⁽¹⁾ methodology	39,588	54,924	94,512
Balances – January 1, 2020	148,113	54,924	203,037
Net charge-offs	(22,653)	—	(22,653)
Provision for credit losses	183,387	13,502	196,889
Balances – September 30, 2020	<u>\$ 308,847</u>	<u>\$ 68,426</u>	<u>\$ 377,273</u>

(1) Current Expected Credit Loss.

Bank OZK
Summary of Deposits – By Account Type
Unaudited

	<u>September 30, 2021</u>		<u>December 31, 2020</u>
	(Dollars in thousands)		
Non-interest bearing	\$ 4,586,163	22.8 %	\$ 3,996,546 18.6 %
Interest bearing:			
Transaction (NOW)	3,188,840	15.9	3,124,007 14.6
Savings and money market	5,772,476	28.7	5,036,975 23.5
Time deposits less than \$100	1,994,503	9.9	3,075,845 14.3
Time deposits of \$100 or more	4,560,458	22.7	6,216,983 29.0
Total deposits	<u>\$ 20,102,440</u>	<u>100.0 %</u>	<u>\$ 21,450,356 100.0 %</u>

Summary of Deposits – By Customer Type
Unaudited

	<u>September 30, 2021</u>		<u>December 31, 2020</u>
	(Dollars in thousands)		
Consumer	\$ 10,186,211	50.7 %	\$ 11,165,603 52.1 %

Commercial	6,502,287	32.3	6,056,536	28.2
Public Funds	2,028,243	10.1	2,111,971	9.8
Brokered	894,791	4.5	1,600,116	7.5
Reciprocal	490,908	2.4	516,130	2.4
Total deposits	\$ 20,102,440	100.0 %	\$ 21,450,356	100.0 %

Bank OZK
Selected Consolidated Financial Data
Unaudited

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2021	2020	% Change	2021	2020	% Change
(Dollars in thousands, except per share amounts)						
Income statement data:						
Net interest income	\$ 247,957	\$ 224,657	10.4 %	\$ 723,339	\$ 651,024	11.1 %
Provision for credit losses	(7,454)	7,200	(203.5)	(69,946)	196,889	(135.5)
Non-interest income	25,984	26,676	(2.6)	85,843	75,947	13.0
Non-interest expense	110,397	105,641	4.5	320,170	310,019	3.3
Net income available to common stockholders	130,290	109,253	19.3	429,240	171,385	150.5
Pre-tax pre-provision net revenue ⁽¹⁾	163,544	145,692	12.3	489,012	416,952	17.3
Common share and per common share data:						
Earnings per share – diluted	\$ 1.00	\$ 0.84	19.0 %	\$ 3.30	\$ 1.32	150.0 %
Earnings per share – basic	1.01	0.84	20.2	3.31	1.33	148.9
Dividends per share	0.285	0.2725	4.6	0.8425	0.8025	5.0
Book value per share	35.35	32.37	9.2	35.35	32.37	9.2
Tangible book value per share ⁽¹⁾	30.14	27.13	11.1	30.14	27.13	11.1
Weighted-average diluted shares outstanding (thousands)	129,929	129,470	0.4	130,063	129,398	0.5
End of period shares outstanding (thousands)	128,818	129,342	(0.4)	128,818	129,342	(0.4)
Balance sheet data at period end:						
Total assets	\$ 26,143,367	\$ 26,888,308	(2.8)%	\$ 26,143,367	\$ 26,888,308	(2.8)%
Total loans	18,305,303	19,358,443	(5.4)	18,305,303	19,358,443	(5.4)
Non-purchased loans	17,707,452	18,419,958	(3.9)	17,707,452	18,419,958	(3.9)
Purchased loans	597,851	938,485	(36.3)	597,851	938,485	(36.3)
Allowance for loan losses	237,722	308,847	(23.0)	237,722	308,847	(23.0)
Foreclosed assets	9,444	16,543	(42.9)	9,444	16,543	(42.9)
Investment securities – AFS	3,846,496	3,468,243	10.9	3,846,496	3,468,243	10.9
Goodwill and other intangible assets, net	670,580	677,251	(1.0)	670,580	677,251	(1.0)
Deposits	20,102,440	21,287,405	(5.6)	20,102,440	21,287,405	(5.6)
Other borrowings	750,217	750,949	(0.1)	750,217	750,949	(0.1)
Subordinated notes	345,927	223,950	54.5	345,927	223,950	54.5
Subordinated debentures	120,892	120,335	0.5	120,892	120,335	0.5
Unfunded balance of closed loans	12,385,369	11,604,614	6.7	12,385,369	11,604,614	6.7
Reserve for losses on unfunded loan commitments	61,076	68,426	(10.7)	61,076	68,426	(10.7)
Total common stockholders' equity	4,553,240	4,186,285	8.8	4,553,240	4,186,285	8.8
Net unrealized gains on investment securities AFS included in common stockholders' equity	40,706	61,116		40,706	61,116	
Loan (including purchased loans) to deposit ratio	91.06 %	90.94 %		91.06 %	90.94 %	
Selected ratios:						
Return on average assets ⁽²⁾	1.98 %	1.63 %		2.15 %	0.90 %	
Return on average common stockholders' equity ⁽²⁾	11.41	10.48		12.98	5.55	
Return on average tangible common stockholders' equity ^{(1) (2)}	13.39	12.52		15.31	6.65	
Average common equity to total average assets	17.38	15.56		16.57	16.23	
Net interest margin – FTE ⁽²⁾	4.16	3.69		3.99	3.79	
Efficiency ratio	40.14	41.77		39.39	42.38	
Net charge-offs to average non-purchased loans ^{(2) (3)}	0.04	0.09		0.07	0.07	
Net charge-offs to average total loans ⁽²⁾	0.03	0.09		0.06	0.16	
Nonperforming loans to total loans ⁽⁴⁾	0.20	0.15		0.20	0.15	
Nonperforming assets to total assets ⁽⁴⁾	0.17	0.17		0.17	0.17	
Allowance for loan losses to total loans ⁽⁵⁾	1.30	1.60		1.30	1.60	
Other information:						
Non-accrual loans ⁽⁴⁾	\$ 34,920	\$ 27,181		\$ 34,920	\$ 21,181	
Accruing loans – 90 days past due ⁽⁴⁾	—	—		—	—	
Troubled and restructured non-purchased loans – accruing ⁽⁴⁾	1,253	1,251		1,253	1,251	

⁽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		
	September 30, 2021	June 30, 2021	% Change
	(Dollars in thousands, except per share amounts)		
Income statement data:			
Net interest income	\$ 247,957	\$ 240,746	3.0 %
Provision for credit losses	(7,454)	(30,932)	(75.9)
Non-interest income	25,984	27,742	(6.3)
Non-interest expense	110,397	103,711	6.4
Net income available to common stockholders	130,290	150,535	(13.4)
Pre-tax pre-provision net revenue ⁽¹⁾	163,544	164,777	(0.7)
Common share and per common share data:			
Earnings per share – diluted	\$ 1.00	\$ 1.16	(13.8)%
Earnings per share – basic	1.01	1.16	(12.9)
Dividends per share	0.285	0.28	1.8
Book value per share	35.35	34.70	1.9
Tangible book value per share ⁽¹⁾	30.14	29.52	2.1
Weighted-average diluted shares outstanding (thousands)	129,929	130,255	(0.3)
End of period shares outstanding (thousands)	128,818	129,720	(0.7)
Balance sheet data at period end:			
Total assets	\$ 26,143,367	\$ 26,605,938	(1.7)%
Total loans	18,305,303	18,271,670	0.2
Non-purchased loans	17,707,452	17,611,848	0.5
Purchased loans	597,851	659,822	(9.4)
Allowance for loan losses	237,722	248,753	(4.4)
Foreclosed assets	9,444	7,542	25.2
Investment securities – AFS	3,846,496	4,693,396	(18.0)
Goodwill and other intangible assets, net	670,580	672,125	(0.2)
Deposits	20,102,440	20,706,777	(2.9)
Other borrowings	750,217	750,228	(0.1)
Subordinated notes	345,927	224,236	54.3
Subordinated debentures	120,892	120,752	0.1
Unfunded balance of closed loans	12,385,369	11,709,818	5.8
Reserve for losses on unfunded loan commitments	61,076	58,811	3.9
Total common stockholders' equity	4,553,240	4,501,676	1.1
Net unrealized gains on investment securities AFS included in common stockholders' equity	40,706	50,127	
Loan (including purchased loans) to deposit ratio	91.06 %	88.24 %	
Selected ratios:			
Return on average assets ⁽²⁾	1.98 %	2.24 %	
Return on average common stockholders' equity ⁽²⁾	11.41	13.65	
Return on average tangible common stockholders' equity ^{(1) (2)}	13.39	16.10	
Average common equity to total average assets	17.38	16.42	
Net interest margin – FTE ⁽²⁾	4.16	3.95	
Efficiency ratio	40.14	38.43	
Net charge-offs to average non-purchased loans ^{(2) (3)}	0.04	0.09	
Net charge-offs to average total loans ⁽²⁾	0.03	0.08	
Nonperforming loans to total loans ⁽⁴⁾	0.20	0.22	
Nonperforming assets to total assets ⁽⁴⁾	0.17	0.18	
Allowance for loan losses to total loans ⁽⁵⁾	1.30	1.36	
Other information:			
Non-accrual loans ⁽⁴⁾	\$ 34,920	\$ 38,195	
Accruing loans – 90 days past due ⁽⁴⁾	—	—	
Troubled and restructured non-purchased loans – accruing ⁽⁴⁾	1,253	1,365	

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

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

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

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

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

Bank OZK
Supplemental Quarterly Financial Data
Unaudited

	12/31/19	3/31/20	6/30/20	9/30/20	12/31/20	3/31/21	6/30/21	9/30/21
	(Dollar in thousands)							
Earnings Summary:								
Net interest income	\$ 214,977	\$ 209,775	\$ 216,593	\$ 224,657	\$ 237,600	\$ 234,636	\$ 240,746	\$ 247,957
Federal tax (FTE) adjustment	1,028	1,133	1,753	1,605	1,533	1,275	1,355	1,106
Net interest income (FTE)	216,005	210,908	218,346	226,262	239,133	235,911	242,101	249,063
Provision for credit losses	(4,938)	(117,663)	(72,026)	(7,200)	(6,750)	31,559	30,932	7,454
Non-interest income	30,406	27,680	21,591	26,676	28,661	32,117	27,742	25,984
Non-interest expense	(104,406)	(103,425)	(100,953)	(105,641)	(103,394)	(106,059)	(103,711)	(110,397)
Pretax income (FTE)	137,067	17,500	66,958	140,097	157,650	193,528	197,064	172,104
FTE adjustment	(1,028)	(1,133)	(1,753)	(1,605)	(1,533)	(1,275)	(1,355)	(1,106)
Provision for income taxes	(35,240)	(4,509)	(14,948)	(29,251)	(35,607)	(43,818)	(45,161)	(40,713)
Noncontrolling interest	7	8	9	12	3	(19)	(13)	5
Net income available to common stockholders	\$ 100,806	\$ 11,866	\$ 50,266	\$ 109,253	\$ 120,513	\$ 148,416	\$ 150,535	\$ 130,290
Earnings per common share – diluted	\$ 0.78	\$ 0.09	\$ 0.39	\$ 0.84	\$ 0.93	\$ 1.14	\$ 1.16	\$ 1.00
Non-interest Income:								
Service charges on deposit accounts	\$ 10,933	\$ 10,009	\$ 8,281	\$ 9,427	\$ 9,983	\$ 9,665	\$ 10,311	\$ 11,177
Trust income	2,010	1,939	1,759	1,936	1,909	2,206	1,911	2,247
BOLI income:								
Increase in cash surrender value	5,167	5,067	5,057	5,081	5,034	4,881	4,919	4,940
Death benefits	2,989	608	—	—	—	1,409	—	—
Loan service, maintenance and other fees	4,282	3,716	3,394	3,351	3,797	3,551	3,953	3,307
Gains on sales of other assets	1,358	161	621	891	5,189	5,828	2,341	463
Net gains on investment securities	—	2,223	—	2,244	—	—	—	—
Other	3,667	3,957	2,479	3,746	2,749	4,577	4,307	3,850
Total non-interest income	\$ 30,406	\$ 27,680	\$ 21,591	\$ 26,676	\$ 28,661	\$ 32,117	\$ 27,742	\$ 25,984
Non-interest Expense:								
Salaries and employee benefits	\$ 52,050	\$ 51,473	\$ 48,410	\$ 53,119	\$ 53,832	\$ 53,645	\$ 52,119	\$ 53,769
Net occupancy and equipment	14,855	15,330	15,756	16,676	15,617	16,468	16,168	17,161
Other operating expenses	37,501	36,622	36,787	35,846	33,945	35,946	35,424	39,467
Total non-interest expense	\$ 104,406	\$ 103,425	\$ 100,953	\$ 105,641	\$ 103,394	\$ 106,059	\$ 103,711	\$ 110,397
Balance Sheet Data:								
Total assets	\$ 23,555,728	\$ 24,565,810	\$ 26,380,409	\$ 26,888,308	\$ 27,162,596	\$ 27,276,892	\$ 26,605,938	\$ 26,143,367
Non-purchased loans	16,224,539	17,030,378	18,247,431	18,419,958	18,401,495	17,979,435	17,611,848	17,707,452
Purchased loans	1,307,504	1,197,826	1,063,647	938,485	807,673	735,630	659,822	597,851
Investment securities – AFS	2,277,389	2,816,556	3,299,944	3,468,243	3,405,351	4,162,479	4,693,396	3,846,496
Deposits	18,474,259	18,809,190	20,723,598	21,287,405	21,450,356	21,296,442	20,706,777	20,102,440
Unfunded balance of closed loans	11,325,598	11,334,737	11,411,441	11,604,614	11,847,117	11,780,099	11,709,818	12,385,369
Common stockholders' equity	4,150,351	4,083,150	4,110,666	4,186,285	4,272,271	4,383,205	4,501,676	4,553,240

Bank OZK
Supplemental Quarterly Financial Data (Continued)
Unaudited

	<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>	<u>9/30/21</u>
	(Dollars in thousands)							
Allowance for Credit Losses:								
Balance at beginning of period	\$ 109,001	\$ 108,525	\$ 316,409	\$ 374,494	\$ 377,273	\$ 377,305	\$ 342,307	\$ 307,564
Adoption of CECL ⁽¹⁾ methodology	—	94,512	—	—	—	—	—	—
Net charge-offs	(5,414)	(4,291)	(13,941)	(4,421)	(6,718)	(3,439)	(3,811)	(1,312)
Provision for credit losses	<u>4,938</u>	<u>117,663</u>	<u>72,026</u>	<u>7,200</u>	<u>6,750</u>	<u>(31,559)</u>	<u>(30,932)</u>	<u>(7,454)</u>
Balance at end of period	<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>	<u>\$ 298,798</u>
Allowance for loan losses	\$ 108,525	\$ 238,737	\$ 306,196	\$ 308,847	\$ 295,824	\$ 268,077	\$ 248,753	\$ 237,722
Reserve for losses on unfunded loan commitments	<u>—</u>	<u>77,672</u>	<u>68,298</u>	<u>68,426</u>	<u>81,481</u>	<u>74,230</u>	<u>58,811</u>	<u>61,076</u>
Total allowance for credit losses	<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>	<u>\$ 298,798</u>
Selected Ratios:								
Net interest margin – FTE ⁽²⁾	4.15 %	3.96 %	3.74 %	3.69 %	3.88 %	3.86 %	3.95 %	4.16 %
Efficiency ratio	42.37	43.35	42.07	41.77	38.61	39.57	38.43	40.14
Net charge-offs to average non-purchased loans ^{(2) (3)}	0.10	0.08	0.05	0.09	0.14	0.08	0.09	0.04

Net charge-offs to average total loans ⁽²⁾	0.12	0.10	0.29	0.09	0.14	0.07	0.08	0.03
Nonperforming loans to total loans ⁽⁴⁾	0.15	0.16	0.18	0.15	0.25	0.25	0.22	0.20
Nonperforming assets to total assets ⁽⁴⁾	0.18	0.19	0.19	0.17	0.21	0.19	0.18	0.17
Allowance for loan losses to total loans ⁽⁵⁾	0.62	1.31	1.59	1.60	1.54	1.43	1.36	1.30
Loans past due 30 days or more, including past due non-accrual loans, to total loans ⁽⁴⁾	0.19	0.18	0.13	0.13	0.16	0.13	0.10	0.13

(1) Current Expected Credit Loss.

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

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

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

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

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

	Three Months Ended September 30,						Nine Months Ended September 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	\$ 1,287,890	\$ 523	0.16 %	\$ 1,705,652	\$ 532	0.12 %	\$ 1,792,191	\$ 1,556	0.12 %	\$ 1,459,814	\$ 5,237	0.48 %
Investment securities:												
Taxable	3,509,465	9,236	1.04	2,216,041	9,666	1.74	3,150,732	26,786	1.14	1,979,368	31,480	2.12
Tax-exempt – FTE	740,809	4,172	2.23	1,193,407	6,573	2.19	955,822	13,747	1.92	944,552	18,527	2.62
Non-purchased loans – FTE	17,559,654	238,488	5.39	18,311,166	236,846	5.15	17,761,807	717,488	5.40	17,602,817	701,892	5.33
Purchased loans	627,436	11,350	7.18	999,438	16,269	6.48	699,678	34,985	6.69	1,132,334	54,743	6.46
Total earning assets – FTE	23,725,254	263,769	4.41	24,425,704	269,886	4.40	24,360,230	794,562	4.36	23,118,885	811,879	4.69
Non-interest earning assets	2,348,740			2,235,853			2,324,716			2,302,225		
Total assets	<u>\$ 26,073,994</u>			<u>\$ 26,661,557</u>			<u>\$ 26,684,946</u>			<u>\$ 25,421,110</u>		
LIABILITIES AND STOCKHOLDERS' EQUITY												
Interest bearing liabilities:												
Deposits:												
Savings and interest bearing transaction	\$ 8,891,042	\$ 2,885	0.13 %	\$ 7,581,707	\$ 5,496	0.29 %	\$ 8,656,762	\$ 9,840	0.15 %	\$ 7,742,865	\$ 32,945	0.57 %
Time deposits of \$100 or more	4,852,566	6,508	0.53	6,101,542	20,858	1.36	5,509,055	30,737	0.75	5,259,616	66,813	1.70
Other time deposits	2,067,947	2,933	0.56	3,664,931	11,919	1.29	2,455,649	14,331	0.78	3,584,047	41,448	1.54
Total interest bearing deposits	15,811,555	12,326	0.31	17,348,180	38,273	0.88	16,621,466	54,908	0.44	16,586,528	141,206	1.14
Repurchase agreements with customers	7,565	4	0.21	7,093	4	0.24	6,849	14	0.27	7,686	17	0.29
Other borrowings ⁽¹⁾	750,221	1,013	0.54	793,350	1,156	0.58	750,292	2,996	0.53	711,408	2,168	0.41
Subordinated notes	56,468	429	3.01	223,899	3,207	5.70	167,636	6,755	5.39	223,801	9,551	5.70
Subordinated debentures ⁽¹⁾	120,822	934	3.07	120,253	984	3.26	120,681	2,814	3.12	120,119	3,420	3.80
Total interest bearing liabilities	16,746,631	14,706	0.35	18,492,775	43,624	0.94	17,666,924	67,487	0.51	17,649,542	156,362	1.18
Non-interest bearing liabilities:												
Non-interest bearing deposits	4,523,521			3,764,063			4,289,589			3,391,162		
Other non-interest bearing liabilities	269,733			253,211			304,086			251,723		
Total liabilities	21,539,885			22,510,049			22,260,599			21,292,427		

Common stockholders' equity	4,530,995	4,148,409	4,421,240	4,125,578
Noncontrolling interest	<u>3,114</u>	<u>3,099</u>	<u>3,107</u>	<u>3,105</u>
Total liabilities and stockholders' equity	<u>\$ 26,073,994</u>	<u>\$ 26,661,557</u>	<u>\$ 26,684,946</u>	<u>\$ 25,421,110</u>
Net interest income – FTE	<u>\$ 249,063</u>	<u>\$ 226,262</u>	<u>\$ 727,075</u>	<u>\$ 655,517</u>
Net interest margin – FTE	<u>4.16 %</u>	<u>3.69 %</u>	<u>3.99 %</u>	<u>3.79 %</u>
Core spread ⁽²⁾	<u>5.08 %</u>	<u>4.27 %</u>	<u>4.96 %</u>	<u>4.19 %</u>

(1) The interest expense and the rates for “other borrowings” and for “subordinated debentures” were affected by capitalized interest. Capitalized interest included in other borrowings totaled \$0.02 million for the third quarter \$0.07 million for the first nine months of 2021 compared to \$0.03 million for the third quarter and \$0.65 million for the first nine months of 2020. In the absence of this interest capitalization, the rates on other borrowings would have been 0.54% for the third quarter and 0.55% for the first nine months of 2021 compared to 0.59% for the third quarter and 0.53% for the first nine months of 2020. Capitalized interest included in subordinated debentures totaled \$0.01 million for the third quarter and \$0.18 million for the first nine months of 2020 (none in the third quarter or first nine months of 2021). In the absence of this interest capitalization, the rates on subordinated debentures would have been 3.27% for the third quarter and 4.00% for the first nine 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			Nine Months Ended	
	September 30,		June 30,	September 30,	
	2021	2020	2021	2021	2020
	(Dollars in thousands)				
Net income available to common stockholders	<u>\$ 130,290</u>	<u>\$ 109,253</u>	<u>\$ 150,535</u>	<u>\$ 429,240</u>	<u>\$ 171,385</u>
Average common stockholders' equity before noncontrolling interest	<u>\$ 4,530,995</u>	<u>\$ 4,148,409</u>	<u>\$ 4,423,093</u>	<u>\$ 4,421,240</u>	<u>\$ 4,125,578</u>
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	<u>(10,617)</u>	<u>(17,461)</u>	<u>(12,175)</u>	<u>(12,195)</u>	<u>(19,803)</u>
Total average intangibles	<u>(671,406)</u>	<u>(678,250)</u>	<u>(672,964)</u>	<u>(672,984)</u>	<u>(680,592)</u>
Average tangible common stockholders' equity	<u>\$ 3,859,589</u>	<u>\$ 3,470,159</u>	<u>\$ 3,750,129</u>	<u>\$ 3,748,256</u>	<u>\$ 3,444,986</u>
Return on average common stockholders' equity ⁽¹⁾	<u>11.41 %</u>	<u>10.48 %</u>	<u>13.65 %</u>	<u>12.98 %</u>	<u>5.55 %</u>
Return on average tangible common stockholders' equity ⁽¹⁾	<u>13.39 %</u>	<u>12.52 %</u>	<u>16.10 %</u>	<u>15.31 %</u>	<u>6.65 %</u>

(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

	September 30,		June 30,
	2021	2020	2021
	(In thousands, except per share amounts)		
Total common stockholders' equity before noncontrolling interest	<u>\$ 4,553,240</u>	<u>\$ 4,186,285</u>	<u>\$ 4,501,676</u>
Less intangible assets:			
Goodwill	(660,789)	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	<u>(9,791)</u>	<u>(16,462)</u>	<u>(11,336)</u>
Total intangibles	<u>(670,580)</u>	<u>(677,251)</u>	<u>(672,125)</u>
Total tangible common stockholders' equity	<u>\$ 3,882,660</u>	<u>\$ 3,509,034</u>	<u>\$ 3,829,551</u>
Shares of common stock outstanding	<u>128,818</u>	<u>129,342</u>	<u>129,720</u>
Book value per common share	<u>\$ 35.35</u>	<u>\$ 32.37</u>	<u>\$ 34.70</u>
Tangible book value per common share	<u>\$ 30.14</u>	<u>\$ 27.13</u>	<u>\$ 29.52</u>

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

September 30,

	<u>2021</u>	<u>2020</u>
	(Dollars in thousands)	
Total common stockholders' equity before noncontrolling interest	\$ 4,553,240	\$ 4,186,285
Less intangible assets:		
Goodwill	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	<u>(9,791)</u>	<u>(16,462)</u>
Total intangibles	<u>(670,580)</u>	<u>(677,251)</u>
Total tangible common stockholders' equity	<u>\$ 3,882,660</u>	<u>\$ 3,509,034</u>
Total assets	\$ 26,143,367	\$ 26,888,308
Less intangible assets:		
Goodwill	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	<u>(9,791)</u>	<u>(16,462)</u>
Total intangibles	<u>(670,580)</u>	<u>(677,251)</u>
Total tangible assets	<u>\$ 25,472,787</u>	<u>\$ 26,211,057</u>
Ratio of total common stockholders' equity to total assets	<u>17.42 %</u>	<u>15.57 %</u>
Ratio of total tangible common stockholders' equity to total tangible assets	15.24 %	13.39 %

Calculation of Pre-Tax Pre-Provision Net Revenue
Unaudited

	<u>Three Months Ended</u>			<u>Nine Months Ended</u>	
	<u>September 30,</u>		<u>June 30,</u>	<u>September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2021</u>	<u>2020</u>
	(Dollars in thousands)				
Income before taxes	\$ 170,998	\$ 138,492	\$ 195,709	\$ 558,958	\$ 220,063
Provision for credit losses	<u>(7,454)</u>	<u>7,200</u>	<u>(30,932)</u>	<u>(69,946)</u>	<u>196,889</u>
Pre-tax pre-provision net revenue	\$ 163,544	\$ 145,692	\$ 164,777	\$ 489,012	\$ 416,952

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Source: Bank OZK