



Bank OZK Announces First Quarter 2019 Earnings

April 17, 2019

LITTLE ROCK, Ark., April 17, 2019 (GLOBE NEWSWIRE) -- Bank OZK (the "Bank") (Nasdaq: OZK) today announced that net income for the first quarter of 2019 was \$110.7 million, a 2.2% decrease from net income of \$113.1 million for the first quarter of 2018. The Bank's net income for the first quarter of 2019 included no tax-exempt bank owned life insurance ("BOLI") death benefits compared to \$2.7 million in the first quarter of 2018. Diluted earnings per common share for the first quarter of 2019 were \$0.86, a 2.3% decrease from \$0.88 for the first quarter of 2018.

The Bank's annualized returns on average assets, average common stockholders' equity and average tangible common stockholders' equity for the first quarter of 2019 were 1.99%, 11.77% and 14.40%, respectively, compared to 2.16%, 13.17% and 16.53%, respectively, for the first quarter of 2018. The calculation of the Bank's return on average tangible common stockholders' equity and the reconciliation to generally accepted accounting principles ("GAAP") are included in the schedules accompanying this release.

George Gleason, Chairman and Chief Executive Officer, stated, "We are pleased with our first quarter results. Our \$110.7 million net income, 1.99% annualized return on average assets, 4.53% net interest margin and 38.5% efficiency ratio provide an excellent start for 2019. Our team of industry and technology professionals is well-positioned to capitalize on opportunities throughout 2019 and beyond."

KEY BALANCE SHEET METRICS

Total loans were \$17.48 billion at March 31, 2019, a 5.2% increase from \$16.61 billion at March 31, 2018. Non-purchased loans, which exclude loans acquired in previous acquisitions, were \$15.61 billion at March 31, 2019, a 14.2% increase from \$13.67 billion at March 31, 2018. Purchased loans, which consist of loans acquired in previous acquisitions, were \$1.86 billion at March 31, 2019, a 36.5% decrease from \$2.93 billion at March 31, 2018.

Deposits were \$18.48 billion at March 31, 2019, a 3.6% increase from \$17.83 billion at March 31, 2018. Total assets were \$23.01 billion at March 31, 2019, a 4.4% increase from \$22.04 billion at March 31, 2018.

Common stockholders' equity was \$3.88 billion at March 31, 2019, a 10.1% increase from \$3.53 billion at March 31, 2018. Tangible common stockholders' equity was \$3.19 billion at March 31, 2019, a 13.1% increase from \$2.82 billion at March 31, 2018. Book value per common share was \$30.11 at March 31, 2019, a 9.8% increase from \$27.42 at March 31, 2018. Tangible book value per common share was \$24.73 at March 31, 2019, a 12.8% increase from \$21.93 at March 31, 2018. 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 increased to 16.88% at March 31, 2019 compared to 16.00% at March 31, 2018. Its ratio of total tangible common stockholders' equity to total tangible assets increased to 14.29% at March 31, 2019 compared to 13.22% at March 31, 2018. The calculation of the Bank's ratio of total tangible common stockholders' equity to total tangible assets and the reconciliation to GAAP are included in the schedules accompanying this release.

MANAGEMENT'S COMMENTS, CONFERENCE CALL, TRANSCRIPT AND FILINGS

In connection with this release, the Bank released management's comments on the results for the quarter just ended, which are available at <http://ir.ozk.com>. This release should be read in conjunction with management's comments on the results for the first quarter of 2019.

Management will conduct a conference call to take questions on these quarterly results and management's comments at 3:00 p.m. CT (4:00 p.m. ET) on April 18, 2019. 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 passcode for this playback is 3885035. 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 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 and the ratio of total tangible common stockholders' equity to total tangible assets, as important measures of the strength of its capital and its ability to generate earnings on its tangible capital invested by its shareholders. These measures typically adjust GAAP financial measures to exclude intangible assets. 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, nor are they 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 sites, hiring or retaining qualified personnel, obtaining regulatory or other approvals, obtaining permits and designing, constructing and opening new offices; the ability to enter into and/or close additional acquisitions; problems with, or additional expenses relating to, integrating acquisitions; the inability to realize expected cost savings and/or synergies from acquisitions; problems with managing acquisitions; the effect of the announcements of any future acquisition on customer relationships and operating results; the availability of and access to capital; possible downgrades in the Bank's credit ratings or outlook which could increase the costs or availability of funding from capital markets; the ability to attract new or retain existing or acquired deposits or to retain or grow loans, including growth from unfunded closed loans; the ability to generate future revenue growth or to control future growth in non-interest expense; interest rate fluctuations, including changes in the yield curve between short-term and long-term interest rates or changes in the relative relationships of various interest rate indices; 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; changes in U.S. government monetary and fiscal policy; FDIC special assessments or changes to regular assessments; the ability to keep pace with technological changes, including changes regarding maintaining cybersecurity; the impact of failure in, or breach of, our operational or security systems or infrastructure, or those of third parties with whom we do business, including as a result of cyber attacks or an increase in the incidence or severity of fraud, illegal payments, security breaches or other illegal acts impacting the Bank or its customers; 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 included 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, 2018 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. Bank OZK has been recognized as the top performing bank in the nation in its asset size 13 times in the past eight years. Headquartered in Little Rock, Arkansas, Bank OZK conducts operations through 254 offices in Arkansas, Georgia, Florida, North Carolina, Texas, Alabama, South Carolina, California, New York and Mississippi. Bank OZK can be found at www.ozk.com and on [Facebook](https://www.facebook.com/ozk), [Twitter](https://twitter.com/ozk) and [LinkedIn](https://www.linkedin.com/company/ozk) or contacted at (501) 978-2265 or P. O. Box 8811, Little Rock, Arkansas 72231-8811.

Bank OZK
Consolidated Balance Sheets
Unaudited

March 31, 2019	December 31, 2018
(Dollars in thousands, except per share amounts)	

ASSETS

Cash and cash equivalents	\$ 607,698	\$ 290,672
Investment securities - available for sale ("AFS")	2,769,602	2,862,340
Federal Home Loan Bank of Dallas and other banker's bank stocks	12,089	25,941
Non-purchased loans	15,610,681	15,073,791
Purchased loans	1,864,715	2,044,032
Allowance for loan losses	(105,954)	(102,264)
Net loans	17,369,442	17,015,559
Premises and equipment, net	647,032	567,189
Foreclosed assets	14,096	16,171
Accrued interest receivable	85,545	81,968
Bank owned life insurance ("BOLI")	726,165	721,238
Intangible assets, net	693,316	696,461
Other, net	80,667	110,491
Total assets	\$ 23,005,652	\$ 22,388,030

LIABILITIES AND STOCKHOLDERS' EQUITY

Deposits:		
Demand non-interest bearing	\$ 2,865,213	\$ 2,748,273
Savings and interest bearing transaction	9,874,987	9,682,713
Time	5,736,668	5,507,429
Total deposits	18,476,868	17,938,415
Repurchase agreements with customers	25,517	20,564
Other borrowings	1,489	96,692
Subordinated notes	223,375	223,281
Subordinated debentures	119,496	119,358
Accrued interest payable and other liabilities	273,143	216,355
Total liabilities	19,119,888	18,614,665

Commitments and contingencies

Stockholders' equity:

Preferred stock; \$0.01 par value; 100,000,000 shares authorized; no shares issued or outstanding at March 31, 2019 or December 31, 2018	—	—
Common stock; \$0.01 par value; 300,000,000 shares authorized; 128,947,528 and 128,611,049 shares issued and outstanding at March 31, 2019 and December 31, 2018, respectively	1,289	1,286
Additional paid-in capital	2,239,404	2,237,948
Retained earnings	1,647,626	1,565,201
Accumulated other comprehensive loss	(5,676)	(34,105)
Total stockholders' equity before noncontrolling interest	3,882,643	3,770,330
Noncontrolling interest	3,121	3,035
Total stockholders' equity	3,885,764	3,773,365
Total liabilities and stockholders' equity	\$ 23,005,652	\$ 22,388,030

Bank OZK
Consolidated Statements of Income
Unaudited

Three Months Ended March 31,

	2019	2018
(Dollars in thousands, except per share amounts)		
Interest income:		
Non-purchased loans	\$ 245,864	\$ 190,426
Purchased loans	30,195	50,977
Investment securities:		
Taxable	14,897	11,431
Tax-exempt	3,873	4,160
Deposits with banks and federal funds sold	414	498
Total interest income	295,243	257,492
Interest expense:		
Deposits	63,087	34,392
Repurchase agreements with customers	22	159

Other borrowings	1,389	633
Subordinated notes	3,146	3,146
Subordinated debentures	1,711	1,386
Total interest expense	<u>69,355</u>	<u>39,716</u>
Net interest income	225,888	217,776
Provision for loan losses	<u>6,681</u>	<u>5,567</u>
Net interest income after provision for loan losses	<u>219,207</u>	<u>212,209</u>
Non-interest income:		
Service charges on deposit accounts	9,722	9,525
Trust income	1,730	1,793
BOLI income	5,162	7,580
Other income from purchased loans	795	1,251
Loan service, maintenance and other fees	4,874	4,743
Net gains on investment securities	—	17
Gains on sales of other assets	284	1,426
Other	1,505	2,372
Total non-interest income	<u>24,072</u>	<u>28,707</u>
Non-interest expense:		
Salaries and employee benefits	44,868	45,499
Net occupancy and equipment	14,750	14,150
Other operating expenses	<u>37,060</u>	<u>34,161</u>
Total non-interest expense	<u>96,678</u>	<u>93,810</u>
Income before taxes	146,601	147,106
Provision for income taxes	<u>35,889</u>	<u>33,973</u>
Net income	110,712	113,133
Earnings attributable to noncontrolling interest	(6)	11
Net income available to common stockholders	<u>\$ 110,706</u>	<u>\$ 113,144</u>
Basic earnings per common share	<u>\$ 0.86</u>	<u>\$ 0.88</u>
Diluted earnings per common share	<u>\$ 0.86</u>	<u>\$ 0.88</u>
Dividends declared per common share	<u>\$ 0.22</u>	<u>\$ 0.19</u>

Bank OZK
Consolidated Statements of Stockholders' Equity
Unaudited

	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Non- Controlling Interest</u>	<u>Total</u>
	(Dollars in thousands, except per share amounts)					
Balances – December 31, 2018	\$ 1,286	\$ 2,237,948	\$ 1,565,201	\$ (34,105)	\$ 3,035	\$ 3,773,365
Net income	—	—	110,712	—	—	110,712
Earnings attributable to noncontrolling interest	—	—	(6)	—	6	—
Total other comprehensive income	—	—	—	28,429	—	28,429
Common stock dividends paid, \$0.22 per share	—	—	(28,281)	—	—	(28,281)
Noncontrolling interest cash contribution	—	—	—	—	80	80
Issuance of 29,300 shares of common stock for exercise of stock options	—	387	—	—	—	387
Issuance of 383,874 shares of unvested restricted common stock	4	(4)	—	—	—	—
Repurchase and cancellation of 62,742 shares of common stock	(1)	(1,646)	—	—	—	(1,647)
Stock-based compensation expense	—	2,719	—	—	—	2,719
Forfeiture of 13,953 shares of unvested restricted common stock	—	—	—	—	—	—
Balances – March 31, 2019	<u>\$ 1,289</u>	<u>\$ 2,239,404</u>	<u>\$ 1,647,626</u>	<u>\$ (5,676)</u>	<u>\$ 3,121</u>	<u>\$ 3,885,764</u>

Balances – December 31, 2017	\$ 1,283	\$ 2,221,844	\$ 1,250,313	\$ (12,712)	\$ 3,060	\$ 3,463,788
Net income	—	—	113,133	—	—	113,133
Earnings attributable to noncontrolling interest	—	—	11	—	(11)	—
Total other comprehensive loss	—	—	—	(28,196)	—	(28,196)
Common stock dividends paid, \$0.19 per share	—	—	(24,408)	—	—	(24,408)
Issuance of 200,025 shares of common stock for exercise of stock options	2	5,323	—	—	—	5,325
Issuance of 198,268 shares of unvested restricted common stock	2	(2)	—	—	—	—
Repurchase and cancellation of 70,931 shares of common stock	(1)	(3,729)	—	—	—	(3,730)
Stock-based compensation expense	—	3,742	—	—	—	3,742
Forfeitures of 3,301 shares of unvested restricted common stock	—	—	—	—	—	—
Balances – March 31, 2018	<u>\$ 1,286</u>	<u>\$ 2,227,178</u>	<u>\$ 1,339,049</u>	<u>\$ (40,908)</u>	<u>\$ 3,049</u>	<u>\$ 3,529,654</u>

Bank OZK
Summary of Non-Interest Expense
Unaudited

	Three Months Ended	
	March 31,	
	2019	2018
	(Dollars in thousands)	
Salaries and employee benefits	\$ 44,868	\$ 45,499
Net occupancy and equipment	14,750	14,150
Other operating expenses:		
Professional and outside services	8,564	8,705
Software and data processing	4,709	3,340
Deposit insurance and assessments	3,652	3,562
Telecommunication services	3,344	3,197
Travel and meals	2,669	2,153
Postage and supplies	2,103	2,195
Advertising and public relations	1,683	1,331
ATM expense	987	1,363
Loan collection and repossession expense	984	790
Writedowns of foreclosed and other assets	562	151
Amortization of intangibles	3,145	3,145
Other	4,658	4,229
Total non-interest expense	<u>\$ 96,678</u>	<u>\$ 93,810</u>

Bank OZK
Summary of Total Loans Outstanding
Unaudited

	March 31, 2019		December 31, 2018	
	(Dollars in thousands)			
Real estate:				
Residential 1-4 family	\$ 1,030,062	5.9%	\$ 1,049,460	6.1%
Non-farm/non-residential	4,196,446	24.0	4,319,388	25.2
Construction/land development	6,719,940	38.4	6,562,185	38.4
Agricultural	180,653	1.0	165,088	1.0
Multifamily residential	1,357,890	7.8	1,116,026	6.5
Total real estate	<u>13,484,991</u>	<u>77.1</u>	<u>13,212,147</u>	<u>77.2</u>
Commercial and industrial	748,466	4.3	823,417	4.8
Consumer	2,439,891	14.0	2,345,863	13.7
Other	802,048	4.6	736,396	4.3
Total loans	<u>\$ 17,475,396</u>	<u>100.0%</u>	<u>\$ 17,117,823</u>	<u>100.0%</u>

Summary of Deposits
Unaudited

	March 31, 2019		December 31, 2018	
	(Dollars in thousands)			
Non-interest bearing	\$ 2,865,213	15.5%	\$ 2,748,273	15.3%

Interest bearing:				
Transaction (NOW)	2,597,570	14.0	2,359,299	13.2
Savings and money market	7,277,417	39.4	7,323,414	40.8
Time deposits less than \$100	2,524,138	13.7	2,297,101	12.8
Time deposits of \$100 or more	3,212,530	17.4	3,210,328	17.9
Total deposits	<u>\$ 18,476,868</u>	<u>100.0%</u>	<u>\$ 17,938,415</u>	<u>100.0%</u>

Bank OZK
Selected Consolidated Financial Data
(Dollars in thousands, except per share amounts)
Unaudited

	Three Months Ended		
	March 31,		
	2019	2018	% Change
Income statement data:			
Net interest income	\$ 225,888	\$ 217,776	3.7%
Provision for loan losses	6,681	5,567	20.0
Non-interest income	24,072	28,707	(16.1)
Non-interest expense	96,678	93,810	3.1
Net income available to common stockholders	110,706	113,144	(2.2)
Common stock data:			
Net income per share - diluted	\$ 0.86	\$ 0.88	(2.3)%
Net income per share - basic	0.86	0.88	(2.3)
Cash dividends per share	0.22	0.19	15.8
Book value per share	30.11	27.42	9.8
Tangible book value per share ⁽¹⁾	24.73	21.93	12.8
Diluted shares outstanding (thousands)	128,964	128,762	
End of period shares outstanding (thousands)	128,948	128,612	
Balance sheet data at period end:			
Total assets	\$ 23,005,652	\$ 22,039,439	4.4%
Total loans	17,475,396	16,609,096	5.2
Non-purchased loans	15,610,681	13,674,561	14.2
Purchased loans	1,864,715	2,934,535	(36.5)
Allowance for loan losses	105,954	98,097	8.0
Foreclosed assets	14,096	21,931	(35.7)
Investment securities	2,781,691	2,612,961	6.4
Goodwill and other intangible assets	693,316	705,896	(1.8)
Deposits	18,476,868	17,833,672	3.6
Repurchase agreements with customers	25,517	149,075	(82.9)
Other borrowings	1,489	1,942	(23.3)
Subordinated notes	223,375	222,993	0.2
Subordinated debentures	119,496	118,938	0.5
Unfunded balance of closed loans	11,544,218	12,551,032	(8.0)
Total common stockholders' equity	3,882,643	3,526,605	10.1
Net annualized losses on investment securities AFS included in common stockholders' equity	(5,676)	(40,908)	
Loan, including purchased loans, to deposit ratio	94.58%	93.13%	
Selected ratios:			
Return on average assets ⁽²⁾	1.99%	2.16%	
Return on average common stockholders' equity ⁽²⁾	11.77	13.17	
Return on average tangible common stockholders' equity ^{(1) (2)}	14.40	16.53	
Average common equity to total average assets	16.91	16.37	
Net interest margin – FTE ⁽²⁾	4.53	4.69	
Efficiency ratio	38.49	37.88	
Net charge-offs to average non-purchased loans ^{(2) (3)}	0.05	0.04	
Net charge-offs to average total loans ⁽²⁾	0.07	0.04	
Nonperforming loans to total loans ⁽⁴⁾	0.22	0.09	
Nonperforming assets to total assets ⁽⁴⁾	0.21	0.16	
Allowance for loan losses to non-purchased loans ⁽⁵⁾	0.67	0.71	
Other information:			
Non-accrual loans ⁽⁴⁾	\$ 33,405	\$ 12,471	
Accruing loans - 90 days past due ⁽⁴⁾	—	—	
Troubled and restructured non-purchased loans - accruing ⁽⁴⁾	470	—	

Impaired purchased loans

16,695

6,849

(1) Calculations of 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 purchased loans and any allowance for such loans.

Bank OZK
Supplemental Quarterly Financial Data
(Dollars in thousands, except per share amounts)
Unaudited

	<u>6/30/17</u>	<u>9/30/17</u>	<u>12/31/17</u>	<u>3/31/18</u>	<u>6/30/18</u>	<u>9/30/18</u>	<u>12/31/2018</u>	<u>3/31/2019</u>
Earnings Summary:								
Net interest income	\$ 202,105	\$ 209,722	\$ 214,831	\$ 217,776	\$ 224,661	\$ 220,614	\$ 228,382	\$ 225,888
Federal tax (FTE) adjustment	3,396	3,014	2,450	1,166	1,151	1,132	1,219	1,207
Net interest income (FTE)	205,501	212,736	217,281	218,942	225,812	221,746	229,601	227,095
Provision for loan losses	(6,103)	(7,777)	(9,279)	(5,567)	(9,610)	(41,949)	(7,271)	(6,681)
Non-interest income	31,840	32,747	30,213	28,707	27,386	24,121	27,560	24,072
Non-interest expense	(83,828)	(84,399)	(86,177)	(93,810)	(89,107)	(102,942)	(94,893)	(96,678)
Pretax income (FTE)	147,410	153,307	152,038	148,272	154,481	100,976	154,997	147,808
FTE adjustment	(3,396)	(3,014)	(2,450)	(1,166)	(1,151)	(1,132)	(1,219)	(1,207)
Provision for income taxes	(53,488)	(54,246)	(3,434)	(33,973)	(38,589)	(25,665)	(38,750)	(35,889)
Noncontrolling interest	6	(40)	10	11	10	1	3	(6)
Net income available to common stockholders	<u>\$ 90,532</u>	<u>\$ 96,007</u>	<u>\$ 146,164</u>	<u>\$ 113,144</u>	<u>\$ 114,751</u>	<u>\$ 74,180</u>	<u>\$ 115,031</u>	<u>\$ 110,706</u>
Earnings per common share – diluted	\$ 0.73	\$ 0.75	\$ 1.14	\$ 0.88	\$ 0.89	\$ 0.58	\$ 0.89	\$ 0.86
Non-interest Income:								
Service charges on deposit accounts	\$ 11,764	\$ 9,729	\$ 10,058	\$ 9,525	\$ 9,704	\$ 9,730	\$ 10,585	\$ 9,722
Trust income	1,577	1,755	1,729	1,793	1,591	1,730	1,821	1,730
BOLI income	4,594	4,453	5,166	7,580	5,259	5,321	5,751	5,162
Other income from purchased loans	4,777	2,933	2,009	1,251	2,744	1,418	2,370	795
Loan service, maintenance and other fees	3,427	5,274	4,289	4,743	5,641	4,724	5,245	4,874
Gains (losses) on sales of other assets	672	1,363	1,899	1,426	844	(518)	465	284
Net gains on investment securities	404	2,429	1,201	17	—	—	—	—
Other	4,625	4,811	3,862	2,372	1,603	1,716	1,323	1,505
Total non-interest income	<u>\$ 31,840</u>	<u>\$ 32,747</u>	<u>\$ 30,213</u>	<u>\$ 28,707</u>	<u>\$ 27,386</u>	<u>\$ 24,121</u>	<u>\$ 27,560</u>	<u>\$ 24,072</u>
Non-interest Expense:								
Salaries and employee benefits	\$ 39,892	\$ 35,331	\$ 38,417	\$ 45,499	\$ 41,665	\$ 41,477	\$ 41,837	\$ 44,868
Net occupancy expense	12,937	13,595	13,474	14,150	13,827	14,358	14,027	14,750

Other operating expenses	30,999	35,473	34,286	34,161	33,615	47,107	39,029	37,060
Total non-interest expense	\$ 83,828	\$ 84,399	\$ 86,177	\$ 93,810	\$ 89,107	\$ 102,942	\$ 94,893	\$ 96,678
Balance Sheet Data:								
Total assets	\$20,064,589	\$20,768,493	\$21,275,647	\$22,039,439	\$22,220,380	\$22,086,539	\$22,388,030	\$23,005,652
Non-purchased loans	11,025,203	12,047,094	12,733,937	13,674,561	14,183,533	14,440,623	15,073,791	15,610,681
Purchased loans	4,159,139	3,731,536	3,309,092	2,934,535	2,580,341	2,285,168	2,044,032	1,864,715
Investment securities	2,101,751	1,975,102	2,622,796	2,612,961	2,617,859	2,706,156	2,888,281	2,781,691
Deposits	16,241,440	16,823,359	17,192,345	17,833,672	17,897,085	17,822,915	17,938,415	18,476,868
Unfunded balance of closed loans	11,883,679	12,519,839	13,192,439	12,551,032	11,999,661	11,891,247	11,364,975	11,544,218
Common stockholders' equity	3,260,123	3,334,740	3,460,728	3,526,605	3,613,903	3,653,596	3,770,330	3,882,643
Allowance for Loan Losses:								
Balance at beginning of period	\$ 78,224	\$ 82,320	\$ 86,784	\$ 94,120	\$ 98,097	\$ 104,638	\$ 98,200	\$ 102,264
Net charge-offs	(2,007)	(3,313)	(1,943)	(1,590)	(3,069)	(48,387)	(3,207)	(2,991)
Provision for loan losses	6,103	7,777	9,279	5,567	9,610	41,949	7,271	6,681
Balance at end of period	\$ 82,320	\$ 86,784	\$ 94,120	\$ 98,097	\$ 104,638	\$ 98,200	\$ 102,264	\$ 105,954
Selected Ratios:								
Net interest margin – FTE ⁽¹⁾	4.99%	4.84%	4.72%	4.69%	4.66%	4.47%	4.55%	4.53%
Efficiency ratio	35.32	34.38	34.82	37.88	35.19	41.87	36.90	38.49
Net charge-offs to average non-purchased loans ^{(1) (2)}	0.03	0.08	0.08	0.04	0.05	1.32	0.06	0.05
Net charge-offs to average total loans ⁽¹⁾	0.05	0.09	0.05	0.04	0.07	1.14	0.07	0.07
Nonperforming loans to total loans ⁽³⁾	0.11	0.11	0.10	0.09	0.10	0.23	0.23	0.22
Nonperforming assets to total assets ⁽³⁾	0.23	0.20	0.18	0.16	0.15	0.23	0.23	0.21
Allowance for loan losses to total non-purchased loans ⁽⁴⁾	0.73	0.71	0.73	0.71	0.73	0.67	0.67	0.67
Loans past due 30 days or more, including past due non-accrual loans, to total loans ⁽³⁾	0.15	0.12	0.15	0.14	0.12	0.17	0.28	0.27

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

⁽²⁾Excludes purchased loans and net charge-offs related to such loans.

⁽³⁾Excludes purchased loans, except for their inclusion in total assets.

⁽⁴⁾Excludes purchased loans and any allowance for such loans.

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

Three Months Ended March 31,

2019			2018		
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	\$ 67,015	\$ 414	2.50%	\$ 110,085	\$ 498	1.83%
Investment securities:						
Taxable	2,310,770	14,897	2.61	2,062,358	11,431	2.25
Tax-exempt – FTE	515,613	4,903	3.86	556,776	5,265	3.84
Non-purchased loans – FTE	15,482,768	246,041	6.44	13,010,093	190,487	5.94
Purchased loans	1,947,783	30,195	6.29	3,181,740	50,977	6.50
Total earning assets – FTE	<u>20,323,949</u>	<u>296,450</u>	5.92	<u>18,921,052</u>	<u>258,658</u>	5.54
Non-interest earning assets	2,232,416			2,359,796		
Total assets	<u>\$ 22,556,365</u>			<u>\$ 21,280,848</u>		
LIABILITIES AND STOCKHOLDERS' EQUITY						
Interest bearing liabilities:						
Deposits:						
Savings and interest bearing transaction	\$ 9,531,133	\$ 36,103	1.54%	\$ 9,857,347	\$ 22,570	0.93%
Time deposits of \$100 or more	3,170,510	15,555	1.99	3,036,123	8,781	1.17
Other time deposits	2,435,425	11,429	1.90	1,445,948	3,041	0.85
Total interest bearing deposits	<u>15,137,068</u>	<u>63,087</u>	1.69	<u>14,339,418</u>	<u>34,392</u>	0.97
Repurchase agreements with customers	22,192	22	0.40	112,434	159	0.57
Other borrowings	269,588	1,389	2.09	165,943	633	1.55
Subordinated notes	223,321	3,146	5.71	222,947	3,146	5.72
Subordinated debentures	119,412	1,711	5.81	118,864	1,386	4.73
Total interest bearing liabilities	<u>15,771,581</u>	<u>69,355</u>	1.78	<u>14,959,606</u>	<u>39,716</u>	1.08
Non-interest bearing liabilities:						
Non-interest bearing deposits	2,757,110			2,666,111		
Other non-interest bearing liabilities	210,588			167,778		
Total liabilities	<u>18,739,279</u>			<u>17,793,495</u>		
Common stockholders' equity	3,813,979			3,484,297		
Noncontrolling interest	3,107			3,056		
Total liabilities and stockholders' equity	<u>\$ 22,556,365</u>			<u>\$ 21,280,848</u>		
Net interest income – FTE		<u>\$ 227,095</u>			<u>\$ 218,942</u>	
Net interest margin – FTE			<u>4.53%</u>			<u>4.69%</u>

Bank OZK
Reconciliation of Non-GAAP Financial Measures

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

	Three Months Ended	
	March 31,	
	2019	2018
	(Dollars in thousands)	
Net income available to common stockholders	\$ 110,706	\$ 113,144
Average common stockholders' equity before noncontrolling interest	\$ 3,813,979	\$ 3,484,297
Less average intangible assets:		
Goodwill	(660,789)	(660,789)
Core deposit and other intangibles, net of accumulated amortization	(34,437)	(47,122)
Total average intangibles	<u>(695,226)</u>	<u>(707,911)</u>
Average tangible common stockholders' equity	<u>\$ 3,118,753</u>	<u>\$ 2,776,386</u>
Return on average common stockholders' equity ⁽¹⁾	<u>11.77%</u>	<u>13.17%</u>
Return on average tangible common stockholders' equity ⁽¹⁾	<u>14.40%</u>	<u>16.53%</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

	March 31,	
	2019	2018
	(In thousands, except per share amounts)	
Total common stockholders' equity before noncontrolling interest	\$ 3,882,643	\$ 3,526,605

Less intangible assets:		
Goodwill	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	(32,527)	(45,107)
Total intangibles	(693,316)	(705,896)
Total tangible common stockholders' equity	\$ 3,189,327	\$ 2,820,709
Shares of common stock outstanding	128,948	128,612
Book value per common share	\$ 30.11	\$ 27.42
Tangible book value per common share	\$ 24.73	\$ 21.93

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

	March 31,	
	2019	2018
	(Dollars in thousands)	
Total common stockholders' equity before noncontrolling interest	\$ 3,882,643	\$ 3,526,605
Less intangible assets:		
Goodwill	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	(32,527)	(45,107)
Total intangibles	(693,316)	(705,896)
Total tangible common stockholders' equity	\$ 3,189,327	\$ 2,820,709
Total assets	\$ 23,005,652	\$ 22,039,439
Less intangible assets:		
Goodwill	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	(32,527)	(45,107)
Total intangibles	(693,316)	(705,896)
Total tangible assets	\$ 22,312,336	\$ 21,333,543
Ratio of total common stockholders' equity to total assets	16.88%	16.00%
Ratio of total tangible common stockholders' equity to total tangible assets	14.29%	13.22%

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Source: Bank OZK