



Bank OZK Announces Fourth Quarter and Full Year 2020 Earnings

January 21, 2021

LITTLE ROCK, Ark., Jan. 21, 2021 (GLOBE NEWSWIRE) -- Bank OZK (the "Bank") (Nasdaq: OZK) today announced that net income for the fourth quarter of 2020 was \$120.5 million, a 19.5% increase from \$100.8 million for the fourth quarter of 2019. Diluted earnings per common share for the fourth quarter of 2020 were \$0.93, a 19.2% increase from \$0.78 for the fourth quarter of 2019.

For the full year of 2020, net income was \$291.9 million, a 31.5% decrease from \$425.9 million for the full year of 2019. Diluted earnings per common share for the full year of 2020 were \$2.26, a 31.5% decrease from \$3.30 for the full year of 2019.

Pre-tax pre-provision net revenue ("PPNR") was \$162.9 million for the fourth quarter of 2020, a 15.5% increase from \$141.0 million for the fourth quarter of 2019. PPNR was \$579.8 million for the full year of 2020, a 1.8% decrease from \$590.6 million for the full year of 2019. The calculation of PPNR and the reconciliation to generally accepted accounting principles ("GAAP") are included in the schedules accompanying this release.

The COVID-19 pandemic significantly affected the global economy in 2020. The sudden and severe economic downturn, combined with the implementation of the current expected credit losses ("CECL") method to calculate the Bank's allowance for credit losses ("ACL") and uncertain future economic projections, resulted in the Bank incurring significant provision for credit losses in the first and second quarters of 2020. The Bank's provision for credit losses was \$203.6 million for the full year of 2020, and the Bank's ACL was \$377.3 million at December 31, 2020.

The Bank's annualized returns on average assets, average common stockholders' equity and average tangible common stockholders' equity for the fourth quarter of 2020 were 1.79%, 11.36% and 13.53%, respectively, compared to 1.74%, 9.73% and 11.68%, respectively, for the fourth quarter of 2019. The Bank's returns on average assets, average common stockholder's equity and average tangible common stockholders' equity for the full year of 2020 were 1.13%, 7.04% and 8.41%, respectively, compared to 1.87%, 10.72%, and 12.98%, respectively, for the full year of 2019. 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 one of our best quarters ever, highlighted by record quarterly net interest income, our second highest quarterly net income in company history, excellent asset quality and an efficiency ratio among the best in the industry. It was a strong finish to a challenging year. 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 \$19.21 billion at December 31, 2020, a 9.6% increase from \$17.53 billion at December 31, 2019, but a 0.8% decrease from \$19.36 billion at September 30, 2020. Non-purchased loans were \$18.40 billion at December 31, 2020, a 13.4% increase from \$16.22 billion at December 31, 2019, but a 0.1% decrease from \$18.42 billion at September 30, 2020. Purchased loans, which consist of loans acquired in previous acquisitions, were \$0.81 billion at December 31, 2020, a 38.2% decrease from \$1.31 billion at December 31, 2019.

Deposits were \$21.45 billion at December 31, 2020, a 16.1% increase from \$18.47 billion at December 31, 2019. Total assets were \$27.16 billion at December 31, 2020, a 15.3% increase from \$23.56 billion at December 31, 2019.

Common stockholders' equity was \$4.27 billion at December 31, 2020, a 2.9% increase from \$4.15 billion at December 31, 2019. Tangible common stockholders' equity was \$3.60 billion at December 31, 2020, a 3.8% increase from \$3.47 billion at December 31, 2019. Book value per common share was \$33.03 at December 31, 2020, a 2.6% increase from \$32.19 at December 31, 2019. Tangible book value per common share was \$27.81 at December 31, 2020, a 3.5% increase from \$26.88 at December 31, 2019. 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 15.73% at December 31, 2020 compared to 17.62% at December 31, 2019. Its ratio of total tangible common stockholders' equity to total tangible assets was 13.59% at December 31, 2020 compared to 15.15% at December 31, 2019. 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 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 January 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 passcode for this playback is 7995612. 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/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/E-mailNotification> 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."

STATEMENT REGARDING IMPACT OF COVID-19 PANDEMIC

The Bank prioritizes the health and safety of its employees and customers, and it will continue to do so throughout the duration of the COVID-19 pandemic. At the same time, the Bank remains focused on increasing shareholder value, managing credit exposure, managing expenses, enhancing the customer experience and supporting the communities it serves.

In management's comments on its quarterly results (released simultaneously with this news release) and in its earnings conference call, the Bank has sought and will seek to describe the historical and future impact of the COVID-19 pandemic on the Bank's assets, business, cash flows, financial condition, liquidity, prospects and results of operations, including the information and discussions regarding its provision and ACL and the discussion regarding its net interest margin. Although the Bank believes that the statements

that pertain to future events, results and trends and their impact on the Bank's business are reasonable at the present time, those statements are not historical facts and are based upon current assumptions, expectations, estimates and projections, many of which, by their nature, are beyond the Bank's control. Accordingly, all discussions regarding future events, results and trends and their impact on the Bank's business, even in the near term, are necessarily uncertain given the evolving nature of the COVID-19 pandemic.

If the health, logistical or economic effects of the COVID-19 pandemic worsen, or if the assumptions, expectations, estimates or projections that underlie the Bank's statements regarding future effects or trends prove to be incorrect, then the Bank's assets, business, cash flows, financial condition, liquidity, prospects and results of operations may be materially and adversely impacted in ways that the Bank cannot reasonably forecast. Accordingly, when reading this release and the accompanying prepared remarks from management on its quarterly results and when listening to the earnings conference call, undue reliance should not be placed upon any statement pertaining to future events, results and trends and their impact on the Bank's business in future periods.

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 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; the potential impact of the proposed 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 and any similar or related rules and regulations; changes in U.S. Government monetary and fiscal policy, including any changes that result from the recent U.S. elections; 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 ongoing global COVID-19 pandemic, including the magnitude and 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, including the effects from the adoption of the CECL methodology on January 1, 2020, 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, 2019 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 more than 250 branches, loan production offices and other offices in Arkansas, Georgia, Florida, North Carolina, South Carolina, Texas, California, New York and Mississippi. Bank OZK can be found at www.ozk.com and on [Facebook](https://www.facebook.com/BankOZK), [Twitter](https://twitter.com/BankOZK) and [LinkedIn](https://www.linkedin.com/company/BankOZK) or contacted at (501) 978-2265 or P. O. Box 8811, Little Rock, Arkansas 72231-8811.

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Bank OZK Consolidated Balance Sheets Unaudited

	December 31,	
	2020	2019
(Dollars in thousands, except per share amounts)		
ASSETS		
Cash and cash equivalents	\$ 2,393,662	\$ 1,495,757
Investment securities — available for sale ("AFS")	3,405,351	2,277,389
Federal Home Loan Bank of Dallas and other bankers' bank stocks	38,486	21,855
Non-purchased loans	18,401,495	16,224,539
Purchased loans	807,673	1,307,504
Allowance for loan losses	(295,824)	(108,525)
Net loans	18,913,344	17,423,518
Premises and equipment, net	738,842	711,541
Foreclosed assets	11,085	19,096
Accrued interest receivable	88,077	75,208
Bank owned life insurance ("BOLI")	758,071	738,860
Goodwill and other intangible assets, net	675,458	684,542
Other, net	140,220	107,962
Total assets	<u>\$ 27,162,596</u>	<u>\$ 23,555,728</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Demand non-interest bearing	\$ 3,996,546	\$ 2,795,251
Savings and interest bearing transaction	8,160,982	8,307,607

Time	9,292,828	7,371,401
Total deposits	21,450,356	18,474,259
Repurchase agreements with customers	8,013	11,249
Other borrowings	750,928	351,387
Subordinated notes	224,047	223,663
Subordinated debentures	120,475	119,916
Reserve for losses on unfunded loan commitments	81,481	—
Accrued interest payable and other liabilities	251,940	221,786
Total liabilities	22,887,240	19,402,260

Commitments and contingencies

Stockholders' equity:

Preferred stock; \$0.01 par value; 100,000,000 shares authorized; no shares issued or outstanding at December 31, 2020 or 2019

— —

Common stock; \$0.01 par value; 300,000,000 shares authorized; 129,350,448 and 128,951,024 shares issued and outstanding at December 31, 2020 and 2019, respectively

1,294 1,289

Additional paid-in capital

2,265,850 2,251,824

Retained earnings

1,946,875 1,869,983

Accumulated other comprehensive income

58,252 27,255

Total stockholders' equity before noncontrolling interest

4,272,271 4,150,351

Noncontrolling interest

3,085 3,117

Total stockholders' equity

4,275,356 4,153,468

Total liabilities and stockholders' equity

\$ 27,162,596 \$ 23,555,728

Bank OZK
Consolidated Statements of Income
Unaudited

Three Months Ended		Year Ended	
December 31,		December 31,	
2020	2019	2020	2019

(Dollars in thousands, except per share amounts)

Interest income:

Non-purchased loans	\$ 243,064	\$ 240,912	\$ 944,354	\$ 981,811
Purchased loans	16,069	22,152	70,812	106,908
Investment securities:				
Taxable	9,066	11,820	40,547	52,812
Tax-exempt	4,767	3,323	19,403	14,252
Deposits with banks and federal funds sold	428	2,756	5,665	6,758
Total interest income	273,394	280,963	1,080,781	1,162,541

Interest expense:

Deposits	30,607	61,631	171,813	258,358
Repurchase agreements with customers	6	11	23	50
Other borrowings	1,011	34	3,179	1,531
Subordinated notes	3,207	3,216	12,758	12,757
Subordinated debentures	963	1,094	4,384	5,664
Total interest expense	35,794	65,986	192,157	278,360

Net interest income

237,600 214,977 888,624 884,181

Provision for credit losses

6,750 4,938 203,639 26,241

Net interest income after provision for credit losses

230,850 210,039 684,985 857,940

Non-interest income:

Service charges on deposit accounts	9,983	10,933	37,699	41,774
Trust income	1,909	2,010	7,544	7,554
BOLI income:				
Increase in cash surrender value	5,034	5,167	20,239	20,715
Death benefits	—	2,989	608	3,194
Loan service, maintenance and other fees	3,797	4,282	14,257	17,917
Other income from purchased loans	—	759	—	3,684
Gains on sales of other assets	5,189	1,358	6,863	2,233
Net gains on investment securities	—	—	4,467	713
Other	2,749	2,908	12,931	9,743
Total non-interest income	28,661	30,406	104,608	107,527

Non-interest expense:

Salaries and employee benefits	53,832	52,050	206,834	192,851
Net occupancy and equipment	15,617	14,855	63,379	59,018

Other operating expenses	33,945	37,501	143,200	149,261
Total non-interest expense	103,394	104,406	413,413	401,130
Income before taxes	156,117	136,039	376,180	564,337
Provision for income taxes	35,607	35,240	84,314	138,429
Net income	120,510	100,799	291,866	425,908
Earnings attributable to noncontrolling interest	3	7	32	(2)
Net income available to common stockholders	\$ 120,513	\$ 100,806	\$ 291,898	\$ 425,906
Basic earnings per common share	\$ 0.93	\$ 0.78	\$ 2.26	\$ 3.30
Diluted earnings per common share	\$ 0.93	\$ 0.78	\$ 2.26	\$ 3.30

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 December 31, 2020:						
Balances – September 30, 2020	\$ 1,293	\$ 2,261,864	\$ 1,862,012	\$ 61,116	\$ 3,088	\$ 4,189,373
Net income	—	—	120,510	—	—	120,510
Earnings attributable to noncontrolling interest	—	—	3	—	(3)	—
Total other comprehensive loss	—	—	—	(2,864)	—	(2,864)
Common stock dividends, \$0.275 per share	—	—	(35,650)	—	—	(35,650)
Issuance of 39,900 shares of common stock for exercise of stock options	—	991	—	—	—	991
Stock-based compensation expense	—	2,996	—	—	—	2,996
Forfeitures of 31,525 shares of unvested restricted common stock	1	(1)	—	—	—	—
Balances – December 31, 2020	\$ 1,294	\$ 2,265,850	\$ 1,946,875	\$ 58,252	\$ 3,085	\$ 4,275,356
Year ended December 31, 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	—	—	291,866	—	—	291,866
Earnings attributable to noncontrolling interest	—	—	32	—	(32)	—
Total other comprehensive income	—	—	—	30,997	—	30,997
Common stock dividends, \$1.0775 per share	—	—	(139,662)	—	—	(139,662)
Issuance of 44,200 shares of common stock for exercise of stock options	—	1,036	—	—	—	1,036
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	—	14,848	—	—	—	14,848
Forfeitures of 76,664 shares of unvested restricted common stock	1	(1)	—	—	—	—
Balances – December 31, 2020	\$ 1,294	\$ 2,265,850	\$ 1,946,875	\$ 58,252	\$ 3,085	\$ 4,275,356

Bank OZK
Consolidated Statements of Stockholders' Equity (Continued)
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 December 31, 2019:						
Balances – September 30, 2019	\$ 1,289	\$ 2,247,973	\$ 1,801,414	\$ 27,648	\$ 3,124	\$ 4,081,448
Net income	—	—	100,799	—	—	100,799

Earnings attributable to noncontrolling interest	—	—	7	—	(7)	—
Total other comprehensive loss	—	—	—	(393)	—	(393)
Common stock dividends, \$0.25 per share	—	—	(32,237)	—	—	(32,237)
Issuance of 16,150 shares of common stock for exercise of stock options	—	266	—	—	—	266
Stock-based compensation expense	—	3,585	—	—	—	3,585
Forfeitures of 11,485 shares of unvested restricted common stock	—	—	—	—	—	—
Balances – December 31, 2019	<u>\$ 1,289</u>	<u>\$ 2,251,824</u>	<u>\$ 1,869,983</u>	<u>\$ 27,255</u>	<u>\$ 3,117</u>	<u>\$ 4,153,468</u>

Year ended December 31, 2019:

Balances – December 31, 2018	\$ 1,286	\$ 2,237,948	\$ 1,565,201	\$ (34,105)	\$ 3,035	\$ 3,773,365
Net income	—	—	425,908	—	—	425,908
Earnings attributable to noncontrolling interest	—	—	(2)	—	2	—
Total other comprehensive income	—	—	—	61,360	—	61,360
Common stock dividends, \$0.94 per share	—	—	(121,124)	—	—	(121,124)
Noncontrolling interest cash contribution	—	—	—	—	80	80
Issuance of 83,500 shares of common stock for exercise of stock options	1	1,384	—	—	—	1,385
Issuance of 406,074 shares of unvested restricted common stock	4	(4)	—	—	—	—
Repurchase and cancellation of 63,716 shares of common stock	(1)	(1,674)	—	—	—	(1,675)
Stock-based compensation expense	—	14,169	—	—	—	14,169
Forfeiture of 85,883 shares of unvested restricted common stock	(1)	1	—	—	—	—
Balances – December 31, 2019	<u>\$ 1,289</u>	<u>\$ 2,251,824</u>	<u>\$ 1,869,983</u>	<u>\$ 27,255</u>	<u>\$ 3,117</u>	<u>\$ 4,153,468</u>

Bank OZK
Summary of Non-Interest Expense
Unaudited

	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	2020	2019
(Dollars in thousands)				
Salaries and employee benefits	\$ 53,832	\$ 52,050	\$ 206,834	\$ 192,851
Net occupancy and equipment	15,617	14,855	63,379	59,018
Other operating expenses:				
Professional and outside services	7,345	7,156	30,974	33,030
Software and data processing	5,729	4,974	21,279	19,535
Deposit insurance and assessments	3,647	3,780	15,247	13,425
Telecommunication services	2,296	2,335	9,159	10,583
Postage and supplies	1,709	2,483	7,462	8,684
Advertising and public relations	1,086	1,822	6,050	7,242
ATM expense	1,490	1,263	5,256	4,626
Travel and meals	835	2,845	4,336	11,230
Loan collection and repossession expense	481	600	3,062	2,818
Writedowns of foreclosed and other assets	1,582	910	3,669	2,419
Amortization of intangibles	1,794	2,854	9,085	11,918
Other	5,951	6,479	27,621	23,751
Total non-interest expense	<u>\$ 103,394</u>	<u>\$ 104,406</u>	<u>\$ 413,413</u>	<u>\$ 401,130</u>

Bank OZK
Summary of Total Loans Outstanding
Unaudited

	December 31,			
	2020		2019	
(Dollars in thousands)				
Real estate:				
Residential 1-4 family	\$ 911,115	4.7 %	\$ 998,632	5.7 %
Non-farm/non-residential	4,213,636	21.9	3,956,579	22.6
Construction/land development	8,046,978	41.9	6,391,429	36.4
Agricultural	204,868	1.1	230,076	1.3
Multifamily residential	856,297	4.5	1,194,192	6.8
Total real estate	<u>14,232,894</u>	<u>74.1</u>	<u>12,770,908</u>	<u>72.8</u>
Commercial and industrial	842,206	4.4	661,952	3.8
Consumer	2,393,964	12.5	2,934,534	16.8

Other	1,740,104	9.0	1,164,649	6.6
Total loans	19,209,168	100.0 %	17,532,043	100.0 %
Allowance for loan losses	(295,824)		(108,525)	
Net loans	\$ 18,913,344		\$ 17,423,518	

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 December 31, 2020:			
Balances – September 30, 2020	\$ 308,847	\$ 68,426	\$ 377,273
Net charge-offs	(6,718)	—	(6,718)
Provision for credit losses	(6,305)	13,055	6,750
Balances – December 31, 2020	<u>\$ 295,824</u>	<u>\$ 81,481</u>	<u>\$ 377,305</u>
Year ended December 31, 2020:			
Balances – December 31, 2019	\$ 108,525	\$ —	\$ 108,525
Adoption of Current Expected Credit Loss (CECL) methodology	39,588	54,924	94,512
Balances – January 1, 2020	148,113	54,924	203,037
Net charge-offs	(29,371)	—	(29,371)
Provision for credit losses	177,082	26,557	203,639
Balances – December 31, 2020	<u>\$ 295,824</u>	<u>\$ 81,481</u>	<u>\$ 377,305</u>
Three months ended December 31, 2019:			
Balances – September 30, 2019	\$ 109,001	\$ —	\$ 109,001
Net charge-offs	(5,414)	—	(5,414)
Provision for credit losses	4,938	—	4,938
Balances – December 31, 2019	<u>\$ 108,525</u>	<u>\$ —</u>	<u>\$ 108,525</u>
Year ended December 31, 2019:			
Balances – December 31, 2018	\$ 102,264	\$ —	\$ 102,264
Net charge-offs	(19,980)	—	(19,980)
Provision for credit losses	26,241	—	26,241
Balances – December 31, 2019	<u>\$ 108,525</u>	<u>\$ —</u>	<u>\$ 108,525</u>

Bank OZK
Summary of Deposits – By Account Type
Unaudited

	<u>December 31,</u>			
	<u>2020</u>		<u>2019</u>	
(Dollars in thousands)				
Non-interest bearing	\$ 3,996,546	18.6 %	\$ 2,795,251	15.1 %
Interest bearing:				
Transaction (NOW)	3,124,007	14.6	2,706,426	14.7
Savings and money market	5,036,975	23.5	5,601,181	30.3
Time deposits less than \$100	3,075,845	14.3	3,321,446	18.0
Time deposits of \$100 or more	6,216,983	29.0	4,049,955	21.9
Total deposits	<u>\$ 21,450,356</u>	<u>100.0 %</u>	<u>\$ 18,474,259</u>	<u>100.0 %</u>

Summary of Deposits – By Customer Type
Unaudited

	<u>December 31,</u>			
	<u>2020</u>		<u>2019</u>	
(Dollars in thousands)				
Consumer	\$ 11,165,603	52.1 %	\$ 7,526,014	40.7 %
Commercial	6,056,536	28.2	4,334,366	23.5
Public Funds	2,111,971	9.8	3,782,415	20.5
Brokered	1,600,116	7.5	2,115,193	11.4
Reciprocal	516,130	2.4	716,271	3.9
Total deposits	<u>\$ 21,450,356</u>	<u>100.0 %</u>	<u>\$ 18,474,259</u>	<u>100.0 %</u>

Bank OZK

Selected Consolidated Financial Data
Unaudited

	Three Months Ended December 31,			Year Ended December 31,		
	2020	2019	% Change	2020	2019	% Change
(Dollars in thousands, except per share amounts)						
Income statement data:						
Net interest income	\$ 237,600	\$ 214,977	10.5 %	\$ 888,624	\$ 884,181	0.5 %
Provision for credit losses	6,750	4,938	36.7	203,639	26,241	676.0
Non-interest income	28,661	30,406	(5.7)	104,608	107,527	(2.7)
Non-interest expense	103,394	104,406	(1.0)	413,413	401,130	3.1
Net income available to common stockholders	120,513	100,806	19.5	291,898	425,906	(31.5)
Pre-tax pre-provision net revenue ⁽¹⁾	162,867	140,977	15.5	579,819	590,578	(1.8)
Common share and per common share data:						
Net income per share – diluted	\$ 0.93	\$ 0.78	19.2 %	\$ 2.26	\$ 3.30	(31.5) %
Net income per share – basic	0.93	0.78	19.2	2.26	3.30	(31.5)
Dividends per share	0.275	0.25	10.0	1.0775	0.94	14.6
Book value per share	33.03	32.19	2.6	33.03	32.19	2.6
Tangible book value per share ⁽¹⁾	27.81	26.88	3.5	27.81	26.88	3.5
Weighted-average diluted shares outstanding (thousands)	129,523	129,036		129,435	129,006	
End of period shares outstanding (thousands)	129,350	128,951		129,350	128,951	
Balance sheet data at period end:						
Total assets	\$ 27,162,596	\$ 23,555,728	15.3 %	\$ 27,162,596	\$ 23,555,728	15.3 %
Total loans	19,209,168	17,532,043	9.6	19,209,168	17,532,043	9.6
Non-purchased loans	18,401,495	16,224,539	13.4	18,401,495	16,224,539	13.4
Purchased loans	807,673	1,307,504	(38.2)	807,673	1,307,504	(38.2)
Allowance for loan losses	295,824	108,525	172.6	295,824	108,525	172.6
Foreclosed assets	11,085	19,096	(42.0)	11,085	19,096	(42.0)
Investment securities – AFS	3,405,351	2,277,389	49.5	3,405,351	2,277,389	49.5
Goodwill and other intangible assets, net	675,458	684,542	(1.3)	675,458	684,542	(1.3)
Deposits	21,450,356	18,474,259	16.1	21,450,356	18,474,259	16.1
Other borrowings	750,928	351,387	113.7	750,928	351,387	113.7
Subordinated notes	224,047	223,663	0.2	224,047	223,663	0.2
Subordinated debentures	120,475	119,916	0.5	120,475	119,916	0.5
Unfunded balance of closed loans	11,847,117	11,325,598	4.6	11,847,117	11,325,598	4.6
Reserve for losses on unfunded loan commitments	81,481	—	NM	81,481	—	NM
Total common stockholders' equity	4,272,271	4,150,351	2.9	4,272,271	4,150,351	2.9
Net unrealized gains on investment securities AFS included in common stockholders' equity	58,252	27,255		58,252	27,255	
Loan (including purchased loans) to deposit ratio	89.55 %	94.90 %		89.55 %	94.90 %	
Selected ratios:						
Return on average assets ⁽²⁾	1.79 %	1.74 %		1.13 %	1.87 %	
Return on average common stockholders' equity ⁽²⁾	11.36	9.73		7.04	10.72	
Return on average tangible common stockholders' equity ^{(1) (2)}	13.53	11.68		8.41	12.98	
Average common equity to total average assets	15.74	17.86		16.10	17.45	
Net interest margin – FTE ⁽²⁾	3.88	4.15		3.81	4.34	
Efficiency ratio	38.61	42.37		41.37	40.27	
Net charge-offs to average non-purchased loans ^{(2) (3)}	0.14	0.10		0.09	0.09	
Net charge-offs to average total loans ⁽²⁾	0.14	0.12		0.16	0.11	
Nonperforming loans to total loans ⁽⁴⁾	0.25	0.15		0.25	0.15	
Nonperforming assets to total assets ⁽⁴⁾	0.21	0.18		0.21	0.18	
Allowance for loan losses to total loans ⁽⁵⁾	1.54	0.62		1.54	0.62	
Other information:						
Non-accrual loans ⁽⁴⁾	\$ 45,162	\$ 23,221		\$ 45,162	\$ 23,221	
Accruing loans – 90 days past due ⁽⁴⁾	—	—		—	—	
Troubled and restructured non-purchased loans – accruing ⁽⁴⁾	1,483	656		1,483	656	

(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.

NM – Not meaningful

Selected Consolidated Financial Data (continued)

Unaudited

	Three Months Ended		
	December 31, 2020	September 30, 2020	% Change
(Dollars in thousands, except per share amounts)			
Income statement data:			
Net interest income	\$ 237,600	\$ 224,657	5.8 %
Provision for credit losses	6,750	7,200	(6.3)
Non-interest income	28,661	26,676	7.4
Non-interest expense	103,394	105,641	(2.1)
Net income available to common stockholders	120,513	109,253	10.3
Pre-tax pre-provision net revenue ⁽¹⁾	162,867	145,692	11.8
Common share and per common share data:			
Net income per share – diluted	\$ 0.93	\$ 0.84	10.7 %
Net income per share – basic	0.93	0.84	10.7
Dividends per share	0.275	0.2725	0.9
Book value per share	33.03	32.37	2.0
Tangible book value per share ⁽¹⁾	27.81	27.13	2.5
Weighted-average diluted shares outstanding (thousands)	129,523	129,470	
End of period shares outstanding (thousands)	129,350	129,342	
Balance sheet data at period end:			
Total assets	\$ 27,162,596	\$ 26,888,308	1.0 %
Total loans	19,209,168	19,358,443	(0.8)
Non-purchased loans	18,401,495	18,419,958	(0.1)
Purchased loans	807,673	938,485	(13.9)
Allowance for loan losses	295,824	308,847	(4.2)
Foreclosed assets	11,085	16,543	(33.0)
Investment securities – AFS	3,405,351	3,468,243	(1.8)
Goodwill and other intangible assets, net	675,458	677,251	(0.3)
Deposits	21,450,356	21,287,405	0.8
Other borrowings	750,928	750,949	0.1
Subordinated notes	224,047	223,950	0.1
Subordinated debentures	120,475	120,335	0.1
Unfunded balance of closed loans	11,847,117	11,604,614	2.1
Reserve for losses on unfunded loan commitments	81,481	68,426	19.1
Total common stockholders' equity	4,272,271	4,186,285	2.1
Net unrealized gains on investment securities AFS included in common stockholders' equity	58,252	61,116	
Loan (including purchased loans) to deposit ratio	89.55 %	90.94 %	
Selected ratios:			
Return on average assets ⁽²⁾	1.79 %	1.63 %	
Return on average common stockholders' equity ⁽²⁾	11.36	10.48	
Return on average tangible common stockholders' equity ^{(1) (2)}	13.53	12.52	
Average common equity to total average assets	15.74	15.56	
Net interest margin – FTE ⁽²⁾	3.88	3.69	
Efficiency ratio	38.61	41.77	
Net charge-offs to average non-purchased loans ^{(2) (3)}	0.14	0.09	
Net charge-offs to average total loans ⁽²⁾	0.14	0.09	
Nonperforming loans to total loans ⁽⁴⁾	0.25	0.15	
Nonperforming assets to total assets ⁽⁴⁾	0.21	0.17	
Allowance for loan losses to total loans ⁽⁵⁾	1.54	1.60	
Other information:			
Non-accrual loans ⁽⁴⁾	\$ 45,162	\$ 27,181	
Accruing loans – 90 days past due ⁽⁴⁾	—	—	
Troubled and restructured non-purchased loans – accruing ⁽⁴⁾	1,483	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.

Supplemental Quarterly Financial Data
Unaudited

	<u>3/31/19</u>	<u>6/30/19</u>	<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>
(Dollars in thousands, except per share amounts)								
Earnings Summary:								
Net interest income	\$ 225,888	\$ 224,536	\$ 218,780	\$ 214,977	\$ 209,775	\$ 216,593	\$ 224,657	\$ 237,600
Federal tax (FTE) adjustment	1,207	1,136	1,038	1,028	1,133	1,753	1,605	1,533
Net interest income (FTE)	227,095	225,672	219,818	216,005	210,908	218,346	226,262	239,133
Provision for credit losses	(6,681)	(6,769)	(7,854)	(4,938)	(117,663)	(72,026)	(7,200)	(6,750)
Non-interest income	24,072	26,603	26,446	30,406	27,680	21,591	26,676	28,661
Non-interest expense	(96,678)	(99,131)	(100,914)	(104,406)	(103,425)	(100,953)	(105,641)	(103,394)
Pretax income (FTE)	147,808	146,375	137,496	137,067	17,500	66,958	140,097	157,650
FTE adjustment	(1,207)	(1,136)	(1,038)	(1,028)	(1,133)	(1,753)	(1,605)	(1,533)
Provision for income taxes	(35,889)	(34,726)	(32,574)	(35,240)	(4,509)	(14,948)	(29,251)	(35,607)
Noncontrolling interest	(6)	(10)	7	7	8	9	12	3
Net income available to common stockholders	<u>\$ 110,706</u>	<u>\$ 110,503</u>	<u>\$ 103,891</u>	<u>\$ 100,806</u>	<u>\$ 11,866</u>	<u>\$ 50,266</u>	<u>\$ 109,253</u>	<u>\$ 120,513</u>
Earnings per common share – diluted	\$ 0.86	\$ 0.86	\$ 0.81	\$ 0.78	\$ 0.09	\$ 0.39	\$ 0.84	\$ 0.93
Non-interest Income:								
Service charges on deposit accounts	\$ 9,722	\$ 10,291	\$ 10,827	\$ 10,933	\$ 10,009	\$ 8,281	\$ 9,427	\$ 9,983
Trust income	1,730	1,839	1,975	2,010	1,939	1,759	1,936	1,909
BOLI income:								
Increase in cash surrender value	5,162	5,178	5,208	5,167	5,067	5,057	5,081	5,034
Death benefits	—	—	206	2,989	608	—	—	—
Loan service, maintenance and other fees	4,874	4,565	4,197	4,282	3,716	3,394	3,351	3,797
Other income from purchased loans	795	1,455	674	759	—	—	—	—
Gains on sales of other assets	284	402	189	1,358	161	621	891	5,189
Net gains on investment securities	—	713	—	—	2,223	—	2,244	—
Other	1,505	2,160	3,170	2,908	3,957	2,479	3,746	2,749
Total non-interest income	<u>\$ 24,072</u>	<u>\$ 26,603</u>	<u>\$ 26,446</u>	<u>\$ 30,406</u>	<u>\$ 27,680</u>	<u>\$ 21,591</u>	<u>\$ 26,676</u>	<u>\$ 28,661</u>
Non-interest Expense:								
Salaries and employee benefits	\$ 44,868	\$ 47,558	\$ 48,376	\$ 52,050	\$ 51,473	\$ 48,410	\$ 53,119	\$ 53,832
Net occupancy and equipment	14,750	14,587	14,825	14,855	15,330	15,756	16,676	15,617
Other operating expenses	37,060	36,986	37,713	37,501	36,622	36,787	35,846	33,945
Total non-interest expense	<u>\$ 96,678</u>	<u>\$ 99,131</u>	<u>\$ 100,914</u>	<u>\$ 104,406</u>	<u>\$ 103,425</u>	<u>\$ 100,953</u>	<u>\$ 105,641</u>	<u>\$ 103,394</u>
Balance Sheet Data:								
Total assets	\$ 23,005,652	\$ 22,960,731	\$ 23,402,679	\$ 23,555,728	\$ 24,565,810	\$ 26,380,409	\$ 26,888,308	\$ 27,162,596
Non-purchased loans	15,610,681	15,786,809	16,307,621	16,224,539	17,030,378	18,247,431	18,419,958	18,401,495
Purchased loans	1,864,715	1,698,396	1,427,230	1,307,504	1,197,826	1,063,647	938,485	807,673
Investment securities – AFS	2,769,602	2,548,489	2,414,722	2,277,389	2,816,556	3,299,944	3,468,243	3,405,351
Deposits	18,476,868	18,186,215	18,440,078	18,474,259	18,809,190	20,723,598	21,287,405	21,450,356
Unfunded balance of closed loans	11,544,218	11,167,055	11,429,918	11,325,598	11,334,737	11,411,441	11,604,614	11,847,117
Common stockholders' equity	3,882,643	3,993,247	4,078,324	4,150,351	4,083,150	4,110,666	4,186,285	4,272,271

Bank OZK
Supplemental Quarterly Financial Data (Continued)
Unaudited

	<u>3/31/19</u>	<u>6/30/19</u>	<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>
(Dollars in thousands, except per share amounts)								
Allowance for Credit Losses:								
Balance at beginning of period	\$ 102,264	\$ 105,954	\$ 106,642	\$ 109,001	\$ 108,525	\$ 316,409	\$ 374,494	\$ 377,273
Adoption of CECL ⁽¹⁾ methodology	—	—	—	—	94,512	—	—	—
Net charge-offs	(2,991)	(6,081)	(5,495)	(5,414)	(4,291)	(13,941)	(4,421)	(6,718)
Provision for credit losses	6,681	6,769	7,854	4,938	117,663	72,026	7,200	6,750
Balance at end of period	<u>\$ 105,954</u>	<u>\$ 106,642</u>	<u>\$ 109,001</u>	<u>\$ 108,525</u>	<u>\$ 316,409</u>	<u>\$ 374,494</u>	<u>\$ 377,273</u>	<u>\$ 377,305</u>
Allowance for loan losses	\$ 105,954	\$ 106,642	\$ 109,001	\$ 108,525	\$ 238,737	\$ 306,196	\$ 308,847	\$ 295,824
Reserve for losses on unfunded loan commitments	—	—	—	—	77,672	68,298	68,426	81,481
Total allowance for credit losses	<u>\$ 105,954</u>	<u>\$ 106,642</u>	<u>\$ 109,001</u>	<u>\$ 108,525</u>	<u>\$ 316,409</u>	<u>\$ 374,494</u>	<u>\$ 377,273</u>	<u>\$ 377,305</u>
Selected Ratios:								
Net interest margin – FTE ⁽²⁾	4.53 %	4.45 %	4.26 %	4.15 %	3.96 %	3.74 %	3.69 %	3.88 %

Efficiency ratio	38.49	39.30	40.98	42.37	43.35	42.07	41.77	38.61
Net charge-offs to average non-purchased loans ^{(2) (3)}	0.05	0.12	0.07	0.10	0.08	0.05	0.09	0.14
Net charge-offs to average total loans ⁽²⁾	0.07	0.14	0.12	0.12	0.10	0.29	0.09	0.14
Nonperforming loans to total loans ⁽⁴⁾	0.22	0.15	0.17	0.15	0.16	0.18	0.15	0.25
Nonperforming assets to total assets ⁽⁴⁾	0.21	0.25	0.26	0.18	0.19	0.19	0.17	0.21
Allowance for loan losses to total loans ⁽⁵⁾	0.61	0.61	0.61	0.62	1.31	1.59	1.60	1.54
Loans past due 30 days or more, including past due non-accrual loans, to total loans ⁽⁴⁾	0.28	0.13	0.14	0.19	0.18	0.13	0.13	0.16

(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 December 31,						Year Ended December 31,					
2020			2019			2020			2019		
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	\$ 1,762,810	\$ 428	0.10 %	\$ 668,403	\$ 2,756	1.64 %	\$ 1,535,977	\$ 5,665	0.37 %	\$ 353,528	\$ 6,758	1.91 %
Investment securities:												
Taxable	2,036,253	9,066	1.77	1,892,693	11,820	2.48	1,993,667	40,547	2.03	2,099,522	52,812	2.52
Tax-exempt – FTE	1,485,224	6,034	1.62	457,026	4,207	3.65	1,080,459	24,561	2.27	485,946	18,041	3.71
Non-purchased loans – FTE	18,378,050	243,330	5.27	16,260,467	241,056	5.88	17,797,684	945,222	5.31	15,861,797	982,430	6.19
Purchased loans	881,372	16,069	7.25	1,365,846	22,152	6.43	1,069,250	70,812	6.62	1,661,205	106,908	6.44
Total earning assets – FTE	24,543,709	274,927	4.46	20,644,435	281,991	5.42	23,477,037	1,086,807	4.63	20,461,998	1,166,949	5.70
Non-interest earning assets	2,258,105			2,370,753			2,291,135			2,297,372		
Total assets	<u>\$ 26,801,814</u>			<u>\$ 23,015,188</u>			<u>\$ 25,768,172</u>			<u>\$ 22,759,370</u>		

LIABILITIES AND STOCKHOLDERS' EQUITY

Interest bearing

liabilities:

Deposits:												
Savings and interest bearing transaction	\$ 7,669,913	\$ 4,483	0.23 %	\$ 8,212,286	\$ 22,964	1.11 %	\$ 7,724,528	\$ 37,428	0.48 %	\$ 9,039,984	\$ 126,685	1.40 %
Time deposits of \$100 or more	6,314,394	17,144	1.08	3,914,548	21,281	2.16	5,524,751	83,956	1.52	3,449,197	73,336	2.13
Other time deposits	3,294,323	8,980	1.08	3,392,019	17,386	2.03	3,511,220	50,429	1.44	2,872,676	58,337	2.03
Total interest bearing deposits	17,278,630	30,607	0.70	15,518,853	61,631	1.58	16,760,499	171,813	1.03	15,361,857	258,358	1.68
Repurchase agreements with customers	8,239	6	0.29	11,840	11	0.37	7,825	23	0.29	13,502	50	0.37
Other borrowings ⁽¹⁾	750,961	1,011	0.54	11,742	34	1.16	721,350	3,179	0.44	94,399	1,531	1.62
Subordinated notes	223,996	3,207	5.70	223,615	3,216	5.71	223,850	12,758	5.70	223,469	12,757	5.71
Subordinated debentures ⁽¹⁾	120,400	963	3.18	119,842	1,094	3.62	120,190	4,384	3.65	119,629	5,664	4.73
Total interest bearing liabilities	18,382,226	35,794	0.77	15,885,892	65,986	1.65	17,833,714	192,157	1.08	15,812,856	278,360	1.76

Non-interest bearing liabilities:				
Non-interest bearing deposits	3,907,955	2,804,919	3,521,066	2,753,634
Other non-interest bearing liabilities	<u>289,298</u>	<u>210,936</u>	<u>261,169</u>	<u>217,809</u>
Total liabilities	22,579,479	18,901,747	21,615,949	18,784,299
Common stockholders' equity	4,219,249	4,110,322	4,149,123	3,971,952
Noncontrolling interest	<u>3,086</u>	<u>3,119</u>	<u>3,100</u>	<u>3,119</u>
Total liabilities and stockholders' equity	<u>\$ 26,801,814</u>	<u>\$ 23,015,188</u>	<u>\$ 25,768,172</u>	<u>\$ 22,759,370</u>
Net interest income – FTE	<u>\$ 239,133</u>	<u>\$ 216,005</u>	<u>\$ 894,650</u>	<u>\$ 888,589</u>
Net interest margin – FTE		3.88 %	4.15 %	3.81 %
				4.34 %

- (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 \$0.03 million for the fourth quarter and \$0.68 million for the full year of 2020 compared to \$0.04 million for the fourth quarter and \$0.90 million for the full year of 2019. In the absence of this interest capitalization, the rates on other borrowings would have been 0.55% for the fourth quarter and 0.53% for the full year of 2020 and 2.64% for the fourth quarter and 2.58% for the full year of 2019. Capitalized interest included in subordinated debentures totaled \$0.01 million for the fourth quarter and \$0.18 million for the full year of 2020, compared to \$0.45 million for the fourth quarter and \$0.89 million for the full year of 2019. In the absence of this interest capitalization, the rates on subordinated debentures would have been 3.20% for the fourth quarter and 3.80% for the full year of 2020 and 5.10% for the fourth quarter and 5.48% for the full year of 2019.

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			Year Ended	
	December 31,		September 30,		
	2020	2019	2020	2020	2019
	(Dollars in thousands)				
Net income available to common stockholders	<u>\$ 120,513</u>	<u>\$ 100,806</u>	<u>\$ 109,253</u>	<u>\$ 291,898</u>	<u>\$ 425,906</u>
Average common stockholders' equity before noncontrolling interest	\$ 4,219,249	\$ 4,110,322	\$ 4,148,409	\$ 4,149,123	\$ 3,971,952
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>(15,578)</u>	<u>(25,315)</u>	<u>(17,461)</u>	<u>(18,741)</u>	<u>(29,784)</u>
Total average intangibles	<u>(676,367)</u>	<u>(686,104)</u>	<u>(678,250)</u>	<u>(679,530)</u>	<u>(690,573)</u>
Average tangible common stockholders' equity	<u>\$ 3,542,882</u>	<u>\$ 3,424,218</u>	<u>\$ 3,470,159</u>	<u>\$ 3,469,593</u>	<u>\$ 3,281,379</u>
Return on average common stockholders' equity ⁽¹⁾	<u>11.36 %</u>	<u>9.73 %</u>	<u>10.48 %</u>	<u>7.04 %</u>	<u>10.72 %</u>
Return on average tangible common stockholders' equity ⁽¹⁾	<u>13.53 %</u>	<u>11.68 %</u>	<u>12.52 %</u>	<u>8.41 %</u>	<u>12.98 %</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

	December 31,		September 30,
	2020	2019	2020
	(In thousands, except per share amounts)		
Total common stockholders' equity before noncontrolling interest	\$ 4,272,271	\$ 4,150,351	\$ 4,186,285
Less intangible assets:			
Goodwill	(660,789)	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	<u>(14,669)</u>	<u>(23,753)</u>	<u>(16,462)</u>
Total intangibles	<u>(675,458)</u>	<u>(684,542)</u>	<u>(677,251)</u>
Total tangible common stockholders' equity	<u>\$ 3,596,813</u>	<u>\$ 3,465,809</u>	<u>\$ 3,509,034</u>
Shares of common stock outstanding	129,350	128,951	129,342

Book value per common share	\$ 33.03	\$ 32.19	\$ 32.37
Tangible book value per common share	\$ 27.81	\$ 26.88	\$ 27.13

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

	December 31,	
	2020	2019
	(Dollars in thousands)	
Total common stockholders' equity before noncontrolling interest	\$ 4,272,271	\$ 4,150,351
Less intangible assets:		
Goodwill	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	(14,669)	(23,753)
Total intangibles	(675,458)	(684,542)
Total tangible common stockholders' equity	\$ 3,596,813	\$ 3,465,809
Total assets	\$ 27,162,596	\$ 23,555,728
Less intangible assets:		
Goodwill	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	(14,669)	(23,753)
Total intangibles	(675,458)	(684,542)
Total tangible assets	\$ 26,487,138	\$ 22,871,186
Ratio of total common stockholders' equity to total assets	15.73 %	17.62 %
Ratio of total tangible common stockholders' equity to total tangible assets	13.58 %	15.15 %

Calculation of Pre-Tax Pre-Provision Net Revenue
Unaudited

	Three Months Ended		Year Ended	
	December 31,	September 30,	December 31,	
	2020	2019	2020	2019
	(Dollars in thousands)			
Income before taxes	\$ 156,117	\$ 136,039	\$ 376,180	\$ 564,337
Provision for credit losses	6,750	4,938	203,639	26,241
Pre-tax pre-provision net revenue	\$ 162,867	\$ 140,977	\$ 579,819	\$ 590,578



Source: Bank OZK