



Bank of the Ozarks Announces Second Quarter 2018 Earnings

July 11, 2018

LITTLE ROCK, Ark.--(BUSINESS WIRE)-- Bank of the Ozarks (the "Bank") (Nasdaq: OZRK) today announced that net income for the second quarter of 2018 was \$114.8 million, a 26.8% increase from the second quarter of 2017. Diluted earnings per common share for the second quarter of 2018 were \$0.89, a 21.9% increase from the second quarter of 2017.

For the six months ended June 30, 2018, net income totaled \$227.9 million, a 26.8% increase from the first six months of 2017. Diluted earnings per common share for the first six months of 2018 were \$1.77, a 21.2% increase from the first six months of 2017.

The Bank's annualized returns on average assets, average common stockholders' equity and average tangible common stockholders' equity for the second quarter of 2018 were 2.10%, 12.90% and 16.08%, respectively, compared to 1.90%, 12.05% and 15.81%, respectively, for the second quarter of 2017. The Bank's annualized returns on average assets, average common stockholders' equity and average tangible common stockholders' equity for the first six months of 2018 were 2.13%, 13.03%, and 16.30%, respectively, compared to 1.92%, 12.41%, and 16.45%, respectively, for the first six months of 2017. 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 very pleased to report another excellent quarter, continuing our long tradition of achieving industry-leading results quarter after quarter. Our 2.10% annualized return on average assets, 4.66% net interest margin, 35.2% efficiency ratio, and 0.07% annualized net charge-off ratio for total loans are just a few among many highlights in the quarter. In addition, our non-purchased loans have grown \$3.2 billion, or 28.6%, over the last four quarters. Our outstanding team continues to work hard delivering great results for both our shareholders and customers."

KEY BALANCE SHEET METRICS

Total loans, including purchased loans, were \$16.8 billion at June 30, 2018, a 10.4% increase from \$15.2 billion at June 30, 2017. Non-purchased loans, which exclude loans acquired in previous acquisitions, were \$14.2 billion at June 30, 2018, a 28.6% increase from \$11.0 billion at June 30, 2017. Purchased loans, which consist of loans acquired in previous acquisitions, were \$2.6 billion at June 30, 2018, a 38.0% decrease from \$4.2 billion at June 30, 2017. The unfunded balance of closed loans totaled \$12.0 billion at June 30, 2018, a 1.0% increase from \$11.9 billion at June 30, 2017, but a 4.4% decrease from \$12.6 billion at March 31, 2018.

Deposits were \$17.9 billion at June 30, 2018, a 10.2% increase from \$16.2 billion at June 30, 2017. Total assets were \$22.2 billion at June 30, 2018, a 10.7% increase from \$20.1 billion at June 30, 2017.

Common stockholders' equity was \$3.61 billion at June 30, 2018, a 10.9% increase from \$3.26 billion at June 30, 2017. Tangible common stockholders' equity was \$2.91 billion at June 30, 2018, a 14.4% increase from \$2.54 billion at June 30, 2017. Book value per common share was \$28.10 at June 30, 2018, a 10.5% increase from \$25.43 at June 30, 2017. Tangible book value per common share was \$22.63 at June 30, 2018, a 14.0% increase from \$19.85 at June 30, 2017. The calculations of the Bank's tangible common stockholders' equity and tangible book value per common share and the reconciliations to GAAP are included in the schedules accompanying this release.

The Bank's ratio of total common stockholders' equity to total assets was 16.26% at June 30, 2018 compared to 16.25% at June 30, 2017. Its ratio of total tangible common stockholders' equity to total tangible assets was 13.53% at June 30, 2018 compared to 13.15% at June 30, 2017. 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.

NET INTEREST INCOME

Net interest income for the second quarter of 2018 was a record \$224.7 million, an 11.2% increase from \$202.1 million for the second quarter of 2017. Net interest margin, on a fully taxable equivalent ("FTE") basis, was 4.66% for the second quarter of 2018, a decrease of 33 basis points from 4.99% for the second quarter of 2017. Average earning assets were \$19.4 billion for the second quarter of 2018, a 17.7% increase from \$16.5 billion for the second quarter of 2017.

Net interest income for the first six months of 2018 was \$442.4 million, a 12.6% increase from \$392.9 million for the first six months of 2017. Net interest margin, on a FTE basis, was 4.68% for the first six months of 2018, a decrease of 25 basis points from 4.93% for the first six months of 2017. Average earning assets were \$19.2 billion for the first six months of 2018, a 17.3% increase from \$16.3 billion for the first six months of 2017.

NON-INTEREST INCOME

Non-interest income for the second quarter of 2018 decreased 14.0% to \$27.4 million compared to \$31.8 million for the second quarter of 2017. Non-interest income for the first six months of 2018 decreased 7.9% to \$56.1 million compared to \$60.9 million for the first six months of 2017. The Bank's service charges on deposit accounts declined from \$11.76 million for the second quarter of 2017 to \$9.70 million for the second quarter of 2018 primarily due to the Durbin Amendment's impact on the Bank's interchange revenue effective as of July 1, 2017. The Bank's mortgage lending income declined from \$1.91 million in the second quarter of 2017 to effectively none in the second quarter of 2018. This was a result of the Bank's decision in December 2017 to exit the secondary market mortgage lending business and the substantial wind down of that business in the first quarter of 2018.

NON-INTEREST EXPENSE

Non-interest expense for the second quarter of 2018 increased 6.3% to \$89.1 million compared to \$83.8 million for the second quarter of 2017. Non-interest expense for the first six months of 2018 increased 12.8% to \$182.9 million compared to \$162.1 million for the first six months of 2017. Non-interest expense for both the second quarter and the first six months of 2018 included approximately \$0.6 million related to the pending name change that will be effective on July 16, 2018 and the related strategic rebranding initiatives.

The Bank's efficiency ratio (non-interest expense divided by the sum of net interest income FTE and non-interest income) for the second quarter of 2018 was 35.2% compared to 35.3% for the second quarter of 2017. The Bank's efficiency ratio for the first six months of 2018 was 36.5% compared to 35.2% for the first six months of 2017.

ASSET QUALITY, CHARGE-OFFS AND ALLOWANCE

Excluding purchased loans, the Bank's ratio of nonperforming loans as a percent of total loans was 0.10% at June 30, 2018 compared to 0.11% at June 30, 2017,

and its ratio of nonperforming assets as a percent of total assets was 0.15% at June 30, 2018 compared to 0.23% at June 30, 2017.

Excluding purchased loans, the Bank's ratio of loans past due 30 days or more, including past due non-accrual loans, to total loans was 0.12% at June 30, 2018 compared to 0.15% at June 30, 2017.

The Bank's annualized net charge-off ratio for non-purchased loans was 0.05% for the second quarter of 2018 compared to 0.03% for the second quarter of 2017 and 0.04% for both the first six months of 2018 and the first six months of 2017. The Bank's annualized net charge-off ratio for all loans was 0.07% for the second quarter of 2018 compared to 0.05% for the second quarter of 2017 and 0.06% for the first six months of 2018 compared to 0.07% for the first six months of 2017.

The Bank's allowance for loan losses for its non-purchased loans was \$103.0 million, or 0.73% of total non-purchased loans, at June 30, 2018 compared to \$80.7 million, or 0.73% of total non-purchased loans, at June 30, 2017. The Bank had \$1.6 million of allowance for loan losses for its purchased loans at both June 30, 2018 and 2017.

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. 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 Thursday, July 12, 2018. 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 of the Ozarks 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 5268256. The call will be available live or in a recorded version on the Bank's Investor Relations website at ir.bankozarks.com under "Company News." 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 and 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.bankozarks.com>.

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 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; failure to receive approval of the Bank's pending applications for change in accounting methods with the Internal Revenue Service; changes in legal, financial and/or regulatory requirements; recently enacted and potential legislation and regulatory actions, including changes expected to result from the Tax Cuts and Jobs Act and the Economic Growth, Regulatory Relief and Consumer Protection Act 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 Bank's public filings, 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, 2017 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 of the Ozarks (Nasdaq: OZRK) is a regional bank providing innovative financial solutions delivered by expert bankers with a relentless pursuit of excellence. Bank of the Ozarks has been recognized as the #1 bank in the nation in its asset size for eight consecutive years.

Headquartered in Little Rock, Arkansas, Bank of the Ozarks conducts operations through 253 offices in Arkansas, Georgia, Florida, North Carolina, Texas, Alabama, South Carolina, California, New York, and Mississippi. Bank of the Ozarks can be found at www.bankozarks.com and on [Facebook](#), [Twitter](#) and [LinkedIn](#) or contacted at (501) 978-2265 or P.O. Box 8811, Little Rock, Arkansas 72231-8811.

Bank of the Ozarks
Consolidated Balance Sheets
Unaudited

	<u>June 30,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>
(Dollars in thousands, except per share amounts)		
ASSETS		
Cash and cash equivalents	\$ 585,352	\$ 440,388
Investment securities - available for sale	2,617,859	2,622,796
Non-purchased loans	14,183,533	12,733,937
Purchased loans	2,580,341	3,309,092
Allowance for loan losses	(104,638)	(94,120)
Net loans	16,659,236	15,948,909
Premises and equipment, net	540,998	519,811
Foreclosed assets	20,662	25,357
Accrued interest receivable	71,828	64,608
Bank owned life insurance ("BOLI")	711,327	658,147
Intangible assets, net	702,751	709,040
Other, net	310,367	286,591
Total assets	\$ 22,220,380	\$ 21,275,647
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Demand non-interest bearing	\$ 2,785,861	\$ 2,726,623
Savings and interest bearing transaction	10,267,464	10,051,122
Time	4,843,760	4,414,600
Total deposits	17,897,085	17,192,345
Repurchase agreements with customers	179,851	69,331
Other borrowings	1,766	22,320
Subordinated notes	223,088	222,899
Subordinated debentures	119,077	118,800
Accrued interest payable and other liabilities	182,571	186,164
Total liabilities	18,603,438	17,811,859
Commitments and contingencies		
Stockholders' equity:		
Preferred stock; \$0.01 par value; 100,000,000 shares authorized; no shares issued or outstanding at June 30, 2018 or December 31, 2017	—	—
Common stock; \$0.01 par value; 300,000,000 shares authorized; 128,616,417 and 128,287,550 shares issued and outstanding at June 30, 2018 and December 31, 2017, respectively	1,286	1,283
Additional paid-in capital	2,230,809	2,221,844
Retained earnings	1,428,721	1,250,313
Accumulated other comprehensive loss	(46,913)	(12,712)
Total stockholders' equity before noncontrolling interest	3,613,903	3,460,728
Noncontrolling interest	3,039	3,060
Total stockholders' equity	3,616,942	3,463,788
Total liabilities and stockholders' equity	\$ 22,220,380	\$ 21,275,647

Bank of the Ozarks
Consolidated Statements of Income
Unaudited

	<u>Three Months Ended</u> <u>June 30,</u>		<u>Six Months Ended</u> <u>June 30,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
(Dollars in thousands, except per share amounts)				
Interest income:				
Non-purchased loans	\$ 210,385	\$ 141,985	\$ 400,812	\$ 269,413
Purchased loans	46,862	75,729	97,839	151,723
Investment securities:				
Taxable	11,476	4,181	22,907	7,997
Tax-exempt	4,102	6,148	8,262	12,660

Deposits with banks and federal funds sold	839	115	1,336	134
Total interest income	<u>273,664</u>	<u>228,158</u>	<u>531,156</u>	<u>441,927</u>
Interest expense:				
Deposits	43,832	21,479	78,224	39,856
Repurchase agreements with customers	385	30	544	60
Other borrowings	46	255	679	477
Subordinated notes	3,180	3,052	6,326	6,240
Subordinated debentures	1,560	1,237	2,946	2,418
Total interest expense	<u>49,003</u>	<u>26,053</u>	<u>88,719</u>	<u>49,051</u>
Net interest income	224,661	202,105	442,437	392,876
Provision for loan losses	9,610	6,103	15,177	11,036
Net interest income after provision for loan losses	<u>215,051</u>	<u>196,002</u>	<u>427,260</u>	<u>381,840</u>
Non-interest income:				
Service charges on deposit accounts	9,704	11,764	19,229	23,065
Mortgage lending income	1	1,910	493	3,484
Trust income	1,591	1,577	3,384	3,208
BOLI income	5,259	4,594	12,839	9,058
Other income from purchased loans, net	2,744	4,777	3,995	8,515
Loan service, maintenance and other fees	5,641	3,427	10,384	6,133
Net gains on investment securities	—	404	17	404
Gains on sales of other assets	844	672	2,270	2,292
Other	1,602	2,715	3,483	4,739
Total non-interest income	<u>27,386</u>	<u>31,840</u>	<u>56,094</u>	<u>60,898</u>
Non-interest expense:				
Salaries and employee benefits	41,665	39,892	87,164	78,446
Net occupancy and equipment	13,827	12,937	27,977	26,129
Other operating expenses	33,615	30,999	67,776	57,520
Total non-interest expense	<u>89,107</u>	<u>83,828</u>	<u>182,917</u>	<u>162,095</u>
Income before taxes	153,330	144,014	300,437	280,643
Provision for income taxes	38,589	53,488	72,563	100,907
Net income	114,741	90,526	227,874	179,736
Earnings attributable to noncontrolling interest	10	6	21	(16)
Net income available to common stockholders	<u>\$ 114,751</u>	<u>\$ 90,532</u>	<u>\$ 227,895</u>	<u>\$ 179,720</u>
Basic earnings per common share	<u>\$ 0.89</u>	<u>\$ 0.73</u>	<u>\$ 1.77</u>	<u>\$ 1.47</u>
Diluted earnings per common share	<u>\$ 0.89</u>	<u>\$ 0.73</u>	<u>\$ 1.77</u>	<u>\$ 1.46</u>
Dividends declared per common share	<u>\$ 0.195</u>	<u>\$ 0.175</u>	<u>\$ 0.385</u>	<u>\$ 0.345</u>

Bank of the Ozarks
Consolidated Statements of Stockholders' Equity
Unaudited

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Non- Controlling Interest	Total
	(Dollars in thousands, except per share amounts)					
Balances – December 31, 2016	\$ 1,213	\$1,901,880	\$ 914,434	\$ (25,920)	\$ 3,264	\$2,794,871
Cumulative effect of change in accounting principals	—	1,133	2,720	(3,408)	—	445
Balances – January 1, 2017, as adjusted	1,213	1,903,013	917,154	(29,328)	3,264	2,795,316
Net income	—	—	179,736	—	—	179,736
Earnings attributable to noncontrolling interest	—	—	(16)	—	16	—
Total other comprehensive income	—	—	—	20,928	—	20,928
Common stock dividends paid, \$0.345 per share	—	—	(41,935)	—	—	(41,935)
Dividend paid to non-controlling interest	—	—	—	—	(250)	(250)
Issuance of 81,350 shares of common stock for exercise of stock options	1	1,365	—	—	—	1,366

Issuance of 238,794 shares of unvested restricted common stock	2	(2)	—	—	—	—
Stock-based compensation expense	—	8,269	—	—	—	8,269
Forfeiture of 12,231 shares of unvested restricted common stock	—	—	—	—	—	—
Issuance of 14,476 shares of common stock to non-employee directors	—	—	—	—	—	—
Issuance of 6,600,000 shares of common stock, net of stock issue costs	66	299,657	—	—	—	299,723
Balances – June 30, 2017	<u>\$ 1,282</u>	<u>\$2,212,302</u>	<u>\$1,054,939</u>	<u>\$ (8,400)</u>	<u>\$ 3,030</u>	<u>\$3,263,153</u>
Balances – December 31, 2017	\$ 1,283	\$2,221,844	\$1,250,313	\$ (12,712)	\$ 3,060	\$3,463,788
Net income	—	—	227,874	—	—	227,874
Earnings attributable to noncontrolling interest	—	—	21	—	(21)	—
Total other comprehensive loss	—	—	—	(34,201)	—	(34,201)
Common stock dividends paid, \$0.385 per share	—	—	(49,487)	—	—	(49,487)
Issuance of 210,890 shares of common stock for exercise of stock options	2	5,585	—	—	—	5,587
Issuance of 214,591 shares of unvested restricted common stock	2	(2)	—	—	—	—
Repurchase and cancellation of 71,750 shares of common stock	(1)	(3,769)	—	—	—	(3,770)
Stock-based compensation expense	—	7,151	—	—	—	7,151
Forfeitures of 24,864 shares of unvested restricted common stock	—	—	—	—	—	—
Balances – June 30, 2018	<u>\$ 1,286</u>	<u>\$2,230,809</u>	<u>\$1,428,721</u>	<u>\$ (46,913)</u>	<u>\$ 3,039</u>	<u>\$3,616,942</u>

Bank of the Ozarks
Summary of Non-Interest Expense
Unaudited

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
	(Dollars in thousands)			
Salaries and employee benefits	\$ 41,665	\$ 39,892	\$ 87,164	\$ 78,446
Net occupancy and equipment	13,827	12,937	27,977	26,129
Other operating expenses:				
Professional and outside services	9,112	6,816	17,817	12,154
Postage and supplies	2,218	1,934	4,412	3,853
Advertising and public relations	1,777	1,258	3,107	2,448
Telecommunication services	3,487	3,107	6,683	7,077
Software and data processing	3,110	2,289	6,450	4,762
ATM expense	1,118	1,513	2,481	2,651
Travel and meals	2,498	2,061	4,651	3,916
FDIC insurance	2,700	2,500	5,400	3,500
FDIC and state assessments	858	908	1,720	1,650
Loan collection and repossession expense	503	1,803	1,293	3,105
Writedowns of foreclosed and other assets	460	870	611	1,466
Amortization of intangibles	3,145	3,145	6,290	6,290
Other	2,629	2,795	6,861	4,648
Total non-interest expense	<u>\$ 89,107</u>	<u>\$ 83,828</u>	<u>\$182,917</u>	<u>\$162,095</u>

Bank of the Ozarks
Summary of Total Loans Outstanding
Unaudited

	June 30, 2018		December 31, 2017	
	(Dollars in thousands)			
Real estate:				
Residential 1-4 family	\$ 1,073,455	6.4%	\$ 1,174,427	7.3%
Non-farm/non-residential	4,329,453	25.8	4,478,876	27.9
Construction/land development	7,344,070	43.8	6,648,061	41.5
Agricultural	160,805	1.0	150,003	0.9
Multifamily residential	400,867	2.4	508,514	3.2
Total real estate	13,308,650	79.4	12,959,881	80.8
Commercial and industrial	780,193	4.6	738,225	4.6
Consumer	1,977,483	11.8	1,472,593	9.2
Other	697,548	4.2	872,330	5.4
Total loans	<u>\$16,763,874</u>	<u>100.0%</u>	<u>\$16,043,029</u>	<u>100.0%</u>

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

	Three Months Ended June 30,			Six Months Ended June 30,		
	2018	2017	% Change	2018	2017	% Change
Income statement data:						
Net interest income	\$ 224,661	\$ 202,105	11.2%	\$ 442,437	\$ 392,876	12.6%
Provision for loan losses	9,610	6,103	57.5	15,177	11,036	37.5
Non-interest income	27,386	31,840	(14.0)	56,094	60,898	(7.9)
Non-interest expense	89,107	83,828	6.3	182,917	162,095	12.8
Net income available to common stockholders	114,751	90,532	26.8	227,895	179,720	26.8
Common stock data:						
Net income per share - diluted	\$ 0.89	\$ 0.73	21.9%	\$ 1.77	\$ 1.46	21.2%
Net income per share - basic	0.89	0.73	21.9	1.77	1.47	20.4
Cash dividends per share	0.195	0.175	11.4	0.385	0.345	11.6
Book value per share	28.10	25.43	10.5	28.10	25.43	10.5
Tangible book value per share ⁽¹⁾	22.63	19.85	14.0	22.63	19.85	14.0
Diluted shares outstanding (thousands)	128,804	124,198		128,783	123,084	
End of period shares outstanding (thousands)	128,616	128,190		128,616	128,190	
Balance sheet data at period end:						
Assets	\$22,220,380	\$20,064,589	10.7%	\$22,220,380	\$20,064,589	10.7%
Total loans	16,763,874	15,184,342	10.4	16,763,874	15,184,342	10.4
Non-purchased loans	14,183,533	11,025,203	28.6	14,183,533	11,025,203	28.6
Purchased loans	2,580,341	4,159,139	(38.0)	2,580,341	4,159,139	(38.0)
Allowance for loan losses	104,638	82,320	27.1	104,638	82,320	27.1
Foreclosed assets	20,662	34,000	(39.2)	20,662	34,000	(39.2)
Investment securities	2,617,859	2,101,751	24.6	2,617,859	2,101,751	24.6
Goodwill and other intangible assets	702,751	715,330	(1.8)	702,751	715,330	(1.8)
Deposits	17,897,085	16,241,440	10.2	17,897,085	16,241,440	10.2
Repurchase agreements with customers	179,851	68,502	162.5	179,851	68,502	162.5
Other borrowings	1,766	42,486	(95.8)	1,766	42,486	(95.8)
Subordinated notes	223,088	222,706	0.2	223,088	222,706	0.2
Subordinated debentures	119,077	118,519	0.5	119,007	118,519	0.5
Unfunded balance of closed loans	11,999,661	11,883,679	1.0	11,999,661	11,883,679	1.0
Common stockholders' equity	3,613,903	3,260,123	10.9	3,613,903	3,260,123	10.9
Net unrealized losses on investment securities AFS included in common stockholders' equity	(46,913)	(8,400)		(46,913)	(8,400)	
Loan (including purchased loans) to deposit ratio	93.67%	93.49%		93.67%	93.49%	
Selected ratios:						
Return on average assets ⁽²⁾	2.10%	1.90%		2.13%	1.92%	
Return on average common stockholders' equity ⁽²⁾	12.90	12.05		13.03	12.41	
Return on average tangible common stockholders' equity ^{(1) (2)}	16.08	15.81		16.30	16.45	
Average common equity to total average assets	16.30	15.81		16.34	15.45	
Net interest margin – FTE ⁽²⁾	4.66	4.99		4.68	4.93	
Efficiency ratio	35.19	35.32		36.52	35.18	
Net charge-offs to average non-purchased loans ^{(2) (3)}	0.05	0.03		0.04	0.04	
Net charge-offs to average total loans ⁽²⁾	0.07	0.05		0.06	0.07	
Nonperforming loans to total loans ⁽⁴⁾	0.10	0.11		0.10	0.11	
Nonperforming assets to total assets ⁽⁴⁾	0.15	0.23		0.15	0.23	
Allowance for loan losses to non-purchased loans ⁽⁵⁾	0.73	0.73		0.73	0.73	
Other information:						
Non-accrual loans ⁽⁴⁾	\$ 13,543	\$ 11,628		\$ 13,543	\$ 11,628	
Accruing loans - 90 days past due ⁽⁴⁾	—	—		—	—	
Troubled and restructured loans ⁽⁴⁾	—	—		—	—	
Impaired purchased loans	6,577	11,679		6,577	11,679	

(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 of the Ozarks
Supplemental Quarterly Financial Data
(Dollars in thousands, except per share amounts)
Unaudited

	<u>9/30/16</u>	<u>12/31/16</u>	<u>3/31/17</u>	<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>
Earnings Summary:								
Net interest income	\$ 175,150	\$ 194,800	\$ 190,771	\$ 202,105	\$ 209,722	\$ 214,831	\$ 217,776	\$ 224,661
Federal tax (FTE) adjustment	2,533	3,254	3,594	3,396	3,014	2,450	1,166	1,151
Net interest income (FTE)	177,683	198,054	194,365	205,501	212,736	217,281	218,942	225,812
Provision for loan losses	(7,086)	(9,855)	(4,933)	(6,103)	(7,777)	(9,279)	(5,567)	(9,610)
Non-interest income	29,231	30,571	29,058	31,840	32,747	30,213	28,707	27,386
Non-interest expense	(78,781)	(78,358)	(78,268)	(83,828)	(84,399)	(86,177)	(93,810)	(89,107)
Pretax income (FTE)	121,047	140,412	140,222	147,410	153,307	152,038	148,272	154,481
FTE adjustment	(2,533)	(3,254)	(3,594)	(3,396)	(3,014)	(2,450)	(1,166)	(1,151)
Provision for income taxes	(42,470)	(49,312)	(47,417)	(53,488)	(54,246)	(3,434)	(33,973)	(38,589)
Noncontrolling interest	(14)	(59)	(23)	6	(40)	10	11	10
Net income available to common stockholders	<u>\$ 76,030</u>	<u>\$ 87,787</u>	<u>\$ 89,188</u>	<u>\$ 90,532</u>	<u>\$ 96,007</u>	<u>\$ 146,164</u>	<u>\$ 113,144</u>	<u>\$ 114,751</u>
Earnings per common share – diluted	\$ 0.66	\$ 0.72	\$ 0.73	\$ 0.73	\$ 0.75	\$ 1.14	\$ 0.88	\$ 0.89
Non-interest Income:								
Service charges on deposit accounts	\$ 10,926	\$ 11,759	\$ 11,301	\$ 11,764	\$ 9,729	\$ 10,058	\$ 9,525	\$ 9,704
Mortgage lending income	2,616	2,097	1,574	1,910	1,620	1,294	492	1
Trust income	1,564	1,623	1,631	1,577	1,755	1,729	1,793	1,591
BOLI income	4,638	4,564	4,464	4,594	4,453	5,166	7,580	5,259
Other income from purchased loans	4,635	4,993	3,737	4,777	2,933	2,009	1,251	2,744
Loan service, maintenance and other fees	1,687	2,962	2,706	3,427	5,274	4,289	4,743	5,641
Net gains on investment securities	—	4	—	404	2,429	1,201	17	—
Gains on sales of other assets	594	1,537	1,619	672	1,363	1,899	1,426	844
Other	2,571	1,032	2,026	2,715	3,191	2,568	1,880	1,602
Total non-interest income	<u>\$ 29,231</u>	<u>\$ 30,571</u>	<u>\$ 29,058</u>	<u>\$ 31,840</u>	<u>\$ 32,747</u>	<u>\$ 30,213</u>	<u>\$ 28,707</u>	<u>\$ 27,386</u>
Non-interest Expense:								
Salaries and employee benefits	\$ 38,069	\$ 36,481	\$ 38,554	\$ 39,892	\$ 35,331	\$ 38,417	\$ 45,499	\$ 41,665
Net occupancy expense	11,669	13,936	13,192	12,937	13,595	13,474	14,150	13,827
Other operating expenses	29,043	27,941	26,522	30,999	35,473	34,286	34,161	33,615
Total non-interest expense	<u>\$ 78,781</u>	<u>\$ 78,358</u>	<u>\$ 78,268</u>	<u>\$ 83,828</u>	<u>\$ 84,399</u>	<u>\$ 86,177</u>	<u>\$ 93,810</u>	<u>\$ 89,107</u>
Balance Sheet Data:								
Total assets	\$18,451,783	\$18,890,142	\$19,152,212	\$20,064,589	\$20,768,493	\$21,275,647	\$22,039,439	\$22,220,380
Non-purchased loans	8,759,766	9,605,093	10,216,875	11,025,203	12,047,094	12,733,937	13,674,561	14,183,533
Purchased loans	5,399,831	4,958,022	4,580,047	4,159,139	3,731,536	3,309,092	2,934,535	2,580,341
Investment securities	1,341,894	1,471,612	1,470,568	2,101,751	1,975,102	2,622,796	2,612,961	2,617,859
Deposits	15,123,804	15,574,878	15,713,427	16,241,440	16,823,359	17,192,345	17,833,672	17,897,085

Unfunded balance of closed loans	8,660,804	10,070,043	11,258,762	11,883,679	12,519,839	13,192,439	12,551,032	11,999,661
Common stockholders' equity	2,756,346	2,791,607	2,873,317	3,260,123	3,334,740	3,460,728	3,526,605	3,613,903
Allowance for Loan Losses:								
Balance at beginning of period	\$ 65,133	\$ 69,760	\$ 76,541	\$ 78,224	\$ 82,320	\$ 86,784	\$ 94,120	\$ 98,097
Net charge-offs	(2,459)	(3,074)	(3,250)	(2,007)	(3,313)	(1,943)	(1,590)	(3,069)
Provision for loan losses	7,086	9,855	4,933	6,103	7,777	9,279	5,567	9,610
Balance at end of period	\$ 69,760	\$ 76,541	\$ 78,224	\$ 82,320	\$ 86,784	\$ 94,120	\$ 98,097	\$ 104,638
Selected Ratios:								
Net interest margin – FTE ⁽¹⁾	4.90%	5.02%	4.88%	4.99%	4.84%	4.72%	4.69%	4.66%
Efficiency ratio	38.07	34.27	35.03	35.32	34.38	34.82	37.88	35.19
Net charge-offs to average non-purchased loans ⁽¹⁾								
(2)	0.06	0.08	0.05	0.03	0.08	0.08	0.04	0.05
Net charge-offs to average total loans ⁽¹⁾	0.07	0.09	0.09	0.05	0.09	0.05	0.04	0.07
Nonperforming loans to total loans ⁽³⁾	0.08	0.15	0.11	0.11	0.11	0.10	0.09	0.10
Nonperforming assets to total assets ⁽³⁾	0.28	0.31	0.25	0.23	0.20	0.18	0.16	0.15
Allowance for loan losses to total non-purchased loans ⁽⁴⁾	0.78	0.78	0.75	0.73	0.71	0.73	0.71	0.73
Loans past due 30 days or more, including past due non-accrual loans, to total loans ⁽³⁾	0.17	0.16	0.16	0.15	0.12	0.15	0.14	0.12

(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 of the Ozarks
Average Consolidated Balance Sheets and Net Interest Analysis – FTE
Unaudited

	Three Months Ended June 30,						Six Months Ended June 30,					
	2018			2017			2018			2017		
	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	\$ 186,103	\$ 839	1.81%	\$ 87,025	\$ 115	0.53%	\$ 148,304	\$ 1,336	1.82%	\$ 83,302	\$ 135	0.33%
Investment securities:												
Taxable	2,055,737	11,476	2.24	739,184	4,181	2.27	2,058,995	22,907	2.24	701,378	7,997	2.30
Tax-exempt – FTE	545,173	5,192	3.82	774,837	9,458	4.90	550,942	10,458	3.83	789,134	19,477	4.98
Non-purchased loans – FTE	13,892,522	210,446	6.08	10,517,666	142,071	5.42	13,453,745	400,933	6.01	10,174,598	269,586	5.34
Purchased loans	2,757,235	46,862	6.82	4,391,894	75,729	6.92	2,968,315	97,839	6.65	4,598,340	151,723	6.65
Total earning assets – FTE	19,436,770	274,815	5.67	16,510,606	231,554	5.63	19,180,301	533,473	5.61	16,346,752	448,918	5.54
Non-interest earning assets	2,446,188			2,558,960			2,403,283			2,562,131		

Total assets	<u>\$21,882,958</u>			<u>\$19,069,566</u>			<u>\$21,583,584</u>			<u>\$18,908,883</u>		
LIABILITIES AND STOCKHOLDERS' EQUITY												
Interest bearing liabilities:												
Deposits:												
Savings and interest bearing transaction	\$10,248,619	\$ 29,249	1.14%	\$ 8,084,021	\$ 10,912	0.54%	\$10,054,064	\$ 51,818	1.04%	\$ 7,973,949	\$ 19,370	0.49%
Time deposits of \$100 or more	3,182,463	11,027	1.39	3,211,778	7,737	0.97	3,109,697	19,808	1.28	3,226,600	14,869	0.93
Other time deposits	<u>1,449,406</u>	<u>3,556</u>	0.98	<u>1,572,703</u>	<u>2,830</u>	0.72	<u>1,447,687</u>	<u>6,598</u>	0.92	<u>1,635,929</u>	<u>5,617</u>	0.69
Total interest bearing deposits	14,880,488	43,832	1.18	12,868,502	21,479	0.67	14,611,448	78,224	1.08	12,836,478	39,856	0.63
Repurchase agreements with customers	161,246	385	0.96	76,610	30	0.16	136,975	544	0.80	78,238	60	0.16
Other borrowings	35,573	46	0.52	42,365	255	2.41	100,398	679	1.36	42,251	477	2.27
Subordinated notes	223,041	3,180	5.72	222,660	3,052	5.50	222,994	6,326	5.72	222,611	6,240	5.65
Subordinated debentures	<u>119,006</u>	<u>1,560</u>	5.26	<u>118,449</u>	<u>1,237</u>	4.19	<u>118,935</u>	<u>2,946</u>	5.00	<u>118,375</u>	<u>2,418</u>	4.12
Total interest bearing liabilities	15,419,354	49,003	1.27	13,328,586	26,053	0.78	15,190,750	88,719	1.18	13,297,953	49,051	0.74
Non-interest bearing liabilities:												
Non-interest bearing deposits	2,717,316			2,643,836			2,691,855			2,609,420		
Other non-interest bearing liabilities	<u>176,302</u>			<u>79,331</u>			<u>172,081</u>			<u>77,195</u>		
Total liabilities	18,312,972			16,051,753			18,054,686			15,984,568		
Common stockholders' equity	3,566,944			3,014,462			3,525,849			2,921,165		
Noncontrolling interest	<u>3,042</u>			<u>3,351</u>			<u>3,049</u>			<u>3,150</u>		
Total liabilities and stockholders' equity	<u>\$21,882,958</u>			<u>\$19,069,566</u>			<u>\$21,583,584</u>			<u>\$18,908,883</u>		
Net interest income – FTE		<u>\$225,812</u>			<u>\$205,501</u>			<u>\$444,754</u>			<u>\$399,867</u>	
Net interest margin – FTE			<u>4.66%</u>			<u>4.99%</u>			<u>4.68%</u>			<u>4.93%</u>

**Bank of the Ozarks
Reconciliation of Non-GAAP Financial Measures**

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
	(Dollars in thousands)			
Net income available to common stockholders	\$ 114,751	\$ 90,532	\$ 227,895	\$ 179,720
Average common stockholders' equity before noncontrolling interest	\$3,566,944	\$3,014,462	\$3,525,849	\$2,921,165
Less average intangible assets:				
Goodwill	(660,789)	(660,789)	(660,789)	(660,472)
Core deposit and other intangibles, net of accumulated amortization	(43,862)	(56,281)	(45,483)	(57,929)
Total average intangibles	<u>(704,651)</u>	<u>(717,070)</u>	<u>(706,272)</u>	<u>(718,401)</u>
Average tangible common stockholders' equity	<u>\$2,862,293</u>	<u>\$2,297,392</u>	<u>\$2,819,577</u>	<u>\$2,202,764</u>
Return on average common stockholders' equity ⁽¹⁾	<u>12.90%</u>	<u>12.05%</u>	<u>13.03%</u>	<u>12.41%</u>

Return on average tangible common stockholders' equity ⁽¹⁾	<u>16.08%</u>	<u>15.81%</u>	<u>16.30%</u>	<u>16.45%</u>
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(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

	<u>June 30,</u>	
	<u>2018</u>	<u>2017</u>
	(In thousands, except per share amounts)	
Total common stockholders' equity before noncontrolling interest	\$ 3,613,903	\$ 3,260,123
Less intangible assets:		
Goodwill	(660,789)	(660,789)
Core deposit and other intangibles, net of accumulated amortization	(41,962)	(54,541)
Total intangibles	<u>(702,751)</u>	<u>(715,330)</u>
Total tangible common stockholders' equity	<u>\$ 2,911,152</u>	<u>\$ 2,544,793</u>
Shares of common stock outstanding	<u>128,616</u>	<u>128,190</u>
Book value per common share	<u>\$ 28.10</u>	<u>\$ 25.43</u>
Tangible book value per common share	<u>\$ 22.63</u>	<u>\$ 19.85</u>

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

	<u>June 30,</u>	
	<u>2018</u>	<u>2017</u>
	(Dollars in thousands)	
Total common stockholders' equity before noncontrolling interest	\$ 3,613,903	\$ 3,260,123
Less intangible assets:		
Goodwill	(660,789)	(660,789)
Core deposit and other intangibles, net of accumulated amortization	(41,962)	(54,541)
Total intangibles	<u>(702,751)</u>	<u>(715,330)</u>
Total tangible common stockholders' equity	<u>\$ 2,911,152</u>	<u>\$ 2,544,793</u>
Total assets	<u>\$22,220,380</u>	<u>\$20,064,589</u>
Less intangible assets:		
Goodwill	(660,789)	(660,789)
Core deposit and other intangibles, net of accumulated amortization	(41,962)	(54,541)
Total intangibles	<u>(702,751)</u>	<u>(715,330)</u>
Total tangible assets	<u>\$21,517,629</u>	<u>\$19,349,259</u>
Ratio of total common stockholders' equity to total assets	<u>16.26%</u>	<u>16.25%</u>
Ratio of total tangible common stockholders' equity to total tangible assets	<u>13.53%</u>	<u>13.15%</u>

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