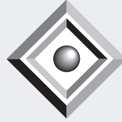


BANK of the OZARKS

2017

ANNUAL REPORT

A **STRONG PLATFORM** FOR GROWTH

Through a Combination of **Organic Growth** *and* **Acquisitions,**

02
CALIFORNIA

23
TEXAS

We Now Have

253 Offices

in Ten States*

01 NEW YORK

24 NORTH CAROLINA

02 SOUTH CAROLINA

84 ARKANSAS

03 ALABAMA

01 MISSISSIPPI

69 GEORGIA

44 FLORIDA

*As of December 31, 2017

This report contains forward-looking statements and reflects management's current views of future economic circumstances, industry conditions, Company performance and financial results. Actual future performance, outcomes and results may differ materially from those expressed in these forward-looking statements due to certain risks, uncertainties and assumptions. A description of certain factors that may affect future results may be found in this annual report under "Forward-Looking Information" and under "Part I—Item 1A. Risk Factors."

A TRADITION OF HIGH PERFORMANCE

TOP PERFORMING BANK
Bank Director Magazine
Assets $5 Billion–$50 Billion
2017

TOP PERFORMING REGIONAL BANK
S&P Global Market Intelligence
Assets $10 Billion–$50 Billion
2017

TOP PERFORMING BANK
Bank Director Magazine
Assets $5 Billion–$50 Billion
2016

TOP PERFORMING REGIONAL BANK
S&P Global Market Intelligence
2016

#1 BANK IN THE U.S.

We're Leading the United States

7 Years and Counting

TOP PERFORMING BANK
Bank Director Magazine
Assets $5 Billion-$50 Billion
2015

TOP PERFORMING REGIONAL BANK
S&P Global Market Intelligence
2015

TOP PERFORMING BANK
Bank Director Magazine
Assets $1 Billion-$5 Billion
2014

TOP PERFORMING BANK
Bank Director Magazine
Assets $1 Billion-$5 Billion
2013

TOP PERFORMING REGIONAL BANK
S&P Global Market Intelligence
2012

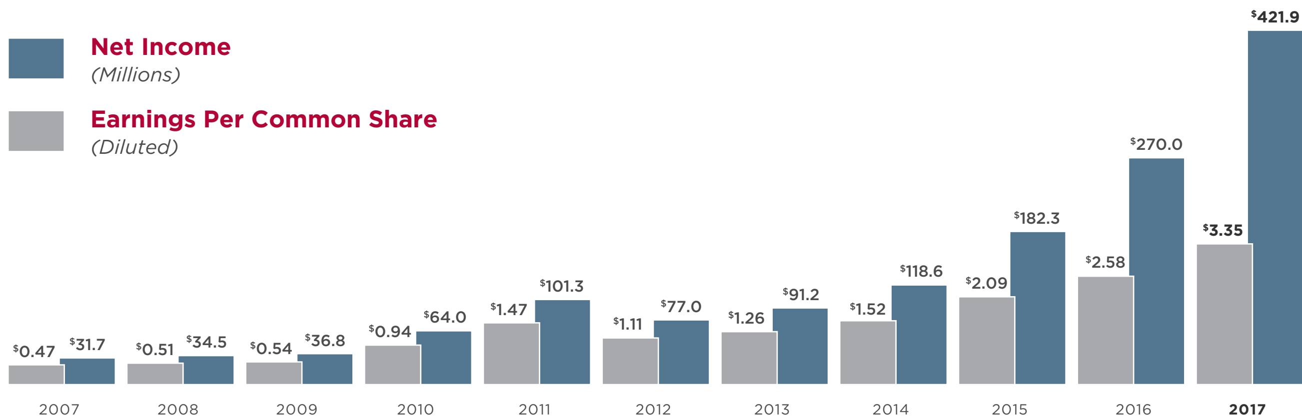
TOP PERFORMING BANK
ABA Banking Journal
Assets $1 Billion-$10 Billion
2012

TOP PERFORMING BANK
ABA Banking Journal
Assets over $3 Billion
2011

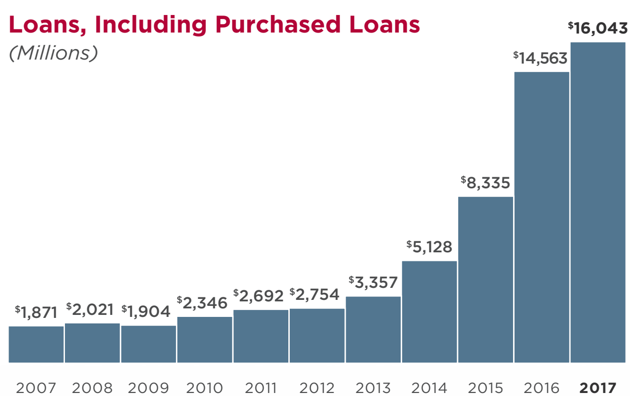
A LONG-TERM PERSPECTIVE

The outstanding results we achieved in 2017 reflect our commitment to excellence and our focus on long-term goals. Our constant pursuit of adding new customers, building relationships, improving performance and enhancing efficiency has consistently produced superior results.

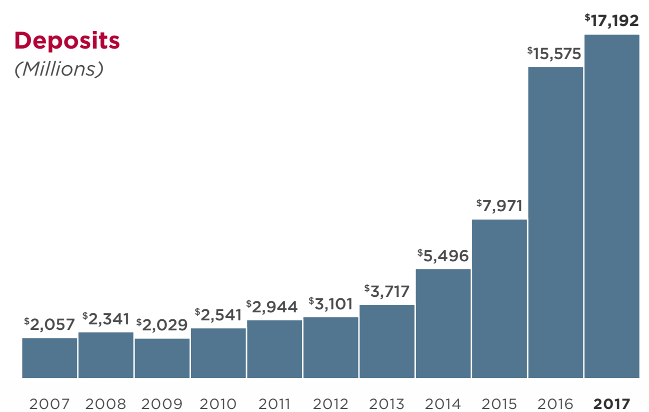
Our Company is focused on both growth and profitability. We have achieved excellent long-term growth in loans and deposits, while our net income and diluted earnings per common share have grown at similar rates.



Over the past ten years, we have achieved compound annual growth rates of 29.5% in net income and 21.7% in diluted earnings per common share.



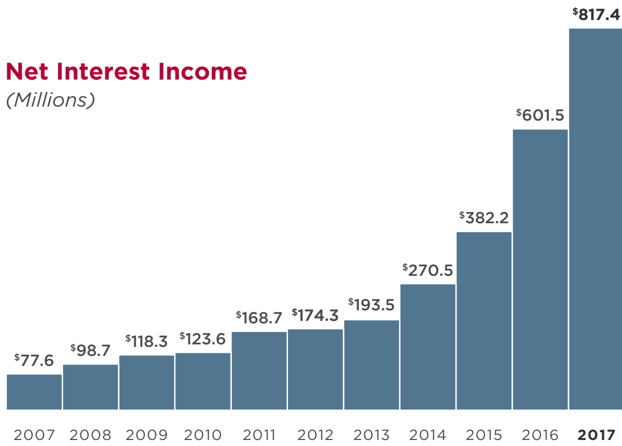
Over the past ten years, our loans, including purchased loans, have grown at a compound annual rate of 24.0%.



Over the past ten years, our deposits have grown at a compound annual rate of 23.7%.

Net Interest Income

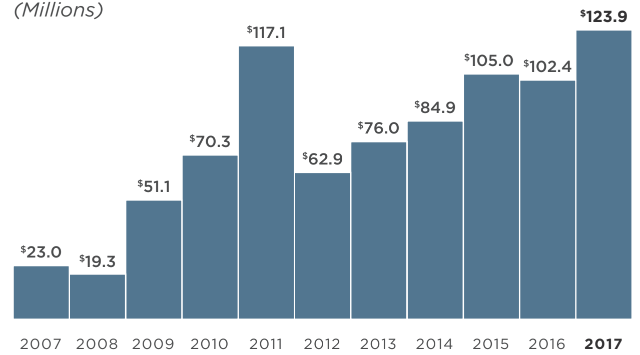
(Millions)



Net interest income has grown over the last ten years at a compound annual rate of **26.5%**.

Non-Interest Income

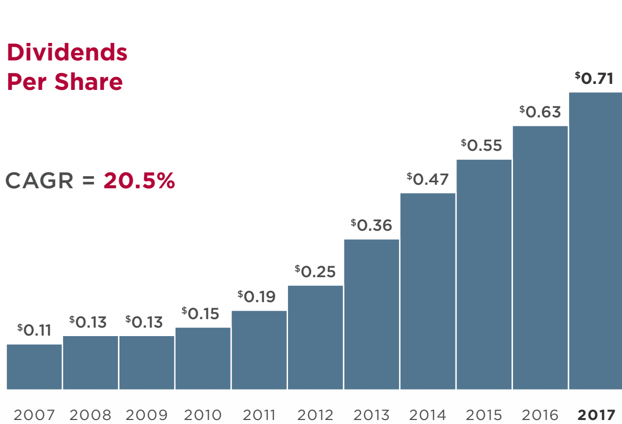
(Millions)



Non-interest income has grown over the last ten years at a compound annual rate of **18.3%**.

Dividends Per Share

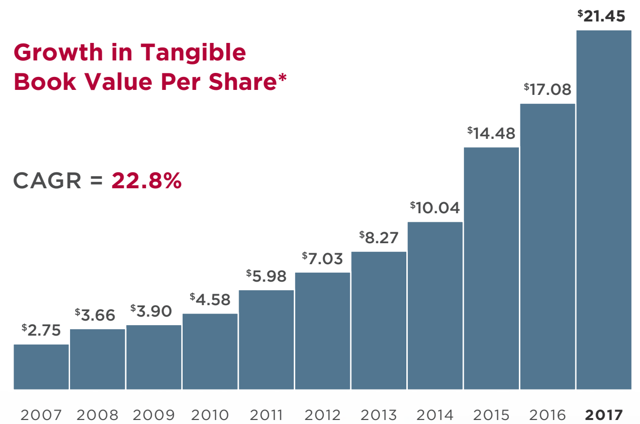
CAGR = **20.5%**



Over the past ten years, we have increased dividends paid to shareholders by **545%**.

Growth in Tangible Book Value Per Share*

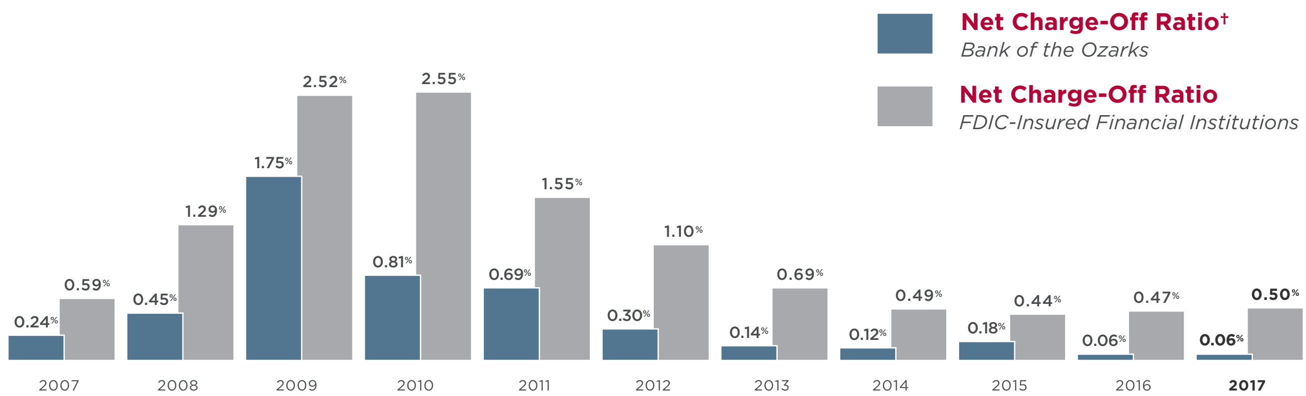
CAGR = **22.8%**



Over the past ten years, we have achieved a **680%** increase in tangible book value per common share.

*Reconciliation to book value per share can be found on our investor relations website.

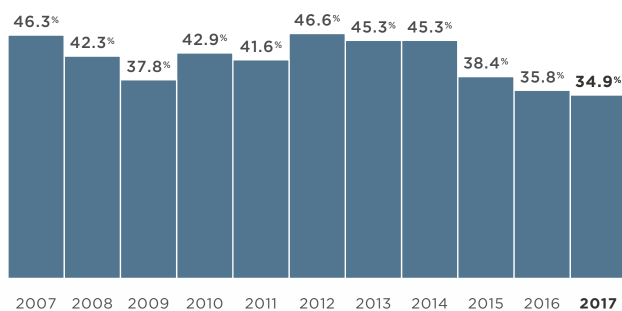
CONSISTENT QUALITY



Our net charge-off ratio has consistently compared favorably with the ratio for all FDIC-insured institutions as a group.

Source: Data from the FDIC Quarterly Banking Profile for 4Q17.
†Ratios exclude purchased loans and net charge-offs related to such loans.

Efficiency Ratio

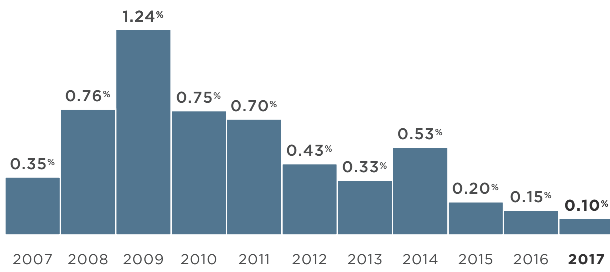


We have worked relentlessly to become one of the most efficient banks in the nation.

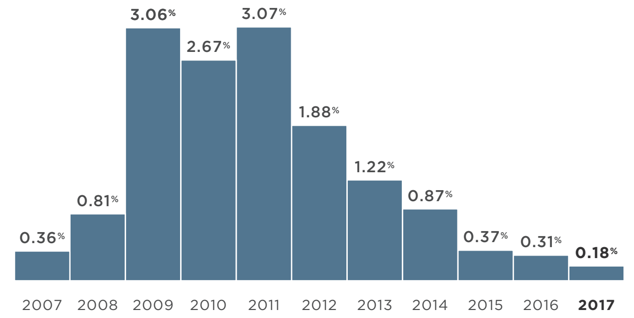
34.9%

2017 Efficiency Ratio

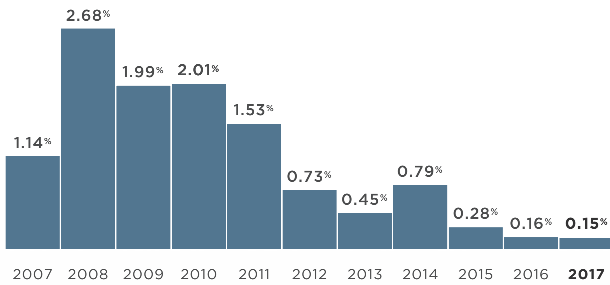
Nonperforming Loans/ Total Loans†



Nonperforming Assets/ Total Assets†



Loans Past Due 30 Days or More/ Total Loans†



Maintaining excellent asset quality has been an important factor in our historically strong growth in net income.

†Ratios exclude purchased loans, except for their inclusion in total assets.

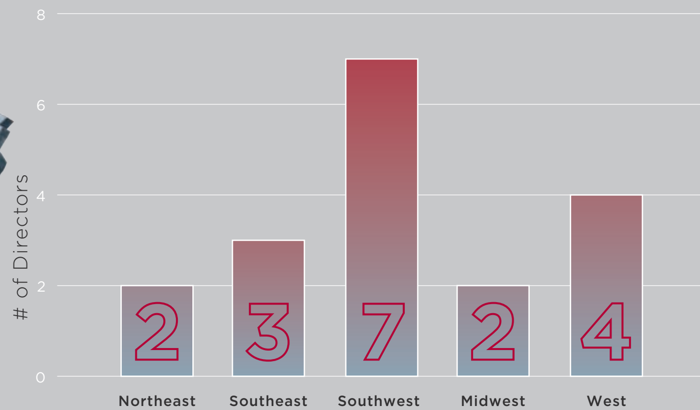
QUALITY AND DIVERSITY OF OUR BOARD CONTRIBUTE TO OUR SUCCESS

Non-Independent Directors:

Independent Directors:

*Term will end at the 2018 Annual Shareholders meeting on May 7, 2018.

Geographic Diversity*



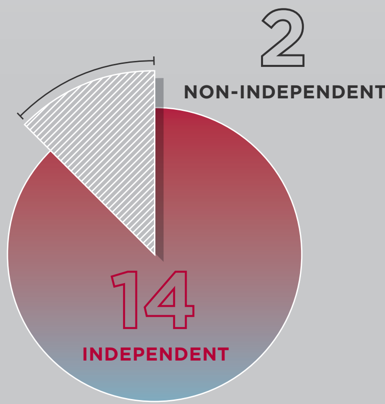
*Includes primary and secondary residences of all director nominees for the 2018 Annual Meeting.

Blend of

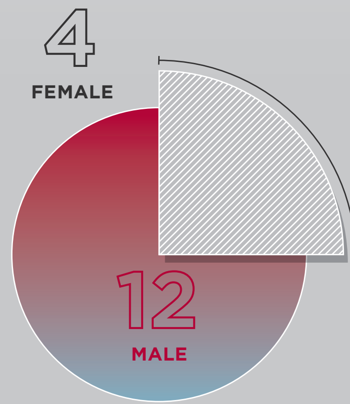
Experience and Qualifications

Relevant Industry Experience	Including banking, financial services and real estate industry experience
Expertise in Technology	Including backgrounds in information systems and financial technology
Leadership Experience	Including service as CEO, CFO and other senior executive level positions
Compliance Experience	Including risk management, ethics, legal and corporate governance experience
Public Company Experience	Including public company board service and executive and investor relations experience
Financial Acumen	Including financial reporting, corporate finance and accounting expertise
Key Market Perspective	Including geographic diversity that provides valuable insight and knowledge of key markets

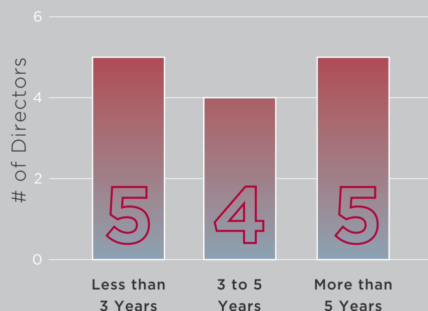
Independence*



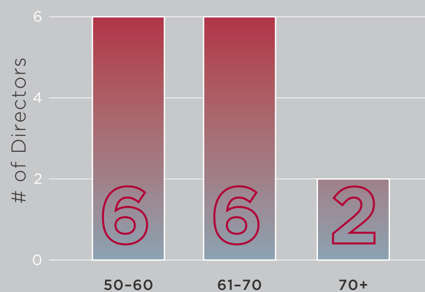
Gender*



Independent Director Tenure**



Independent Director Age**



*Includes all 16 director nominees for the 2018 Annual Meeting.
**Includes all 14 independent director nominees for the 2018 Annual Meeting.

EXECUTIVE OFFICERS

George Gleason
Chairman of the Board and Chief Executive Officer

Tyler Vance
Chief Operating Officer and Chief Banking Officer

Greg McKinney
Chief Financial Officer and Chief Accounting Officer

Tim Hicks
Chief Administrative Officer and Executive Director of Investor Relations

John Carter
Director of Community Banking and Chairman of the Officers' Loan Committee

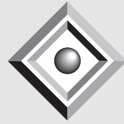
R. Darrel Russell
Chief Credit Officer and Chairman of the Directors' Loan Committee

Jennifer Junker
Managing Director, Trust and Wealth Management Division

Dennis James
Executive Vice President, Director of Mergers & Acquisitions and Government Relations

Ed Wydock
Chief Risk Officer

Brad Rebel
Chief Audit Executive



BANK of the OZARKS

2017

FORM 10-K

UNITED STATES
FEDERAL DEPOSIT INSURANCE CORPORATION
Washington, D.C. 20429

FORM 10-K

(Mark one)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2017

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to .

FDIC Certificate No. 110

BANK OF THE OZARKS
(Exact name of registrant as specified in its charter)

ARKANSAS	**71-0130170**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**
17901 CHENAL PARKWAY, LITTLE ROCK, ARKANSAS	**72223**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (501) 978-2265

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value $0.01 per share	NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act:

None
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company, or emerging growth company. See the definition of "large accelerated filer," "accelerated filer," and "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒		Accelerated filer	☐
Non-accelerated filer	☐	(Do not check if a smaller reporting company)		
Smaller reporting company	☐		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked prices of such common equity as of the last business day of the registrant's most recently completed second fiscal quarter: $5,626,500,000.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	Outstanding at January 31, 2018
Common Stock, par value $0.01 per share	128,583,490

Documents incorporated by reference: Portions of the Registrant's Proxy Statement for the 2018 Annual Meeting of Shareholders, scheduled to be held on May 7, 2018 are incorporated by reference into Part III of this Annual Report on Form 10-K.

BANK OF THE OZARKS
ANNUAL REPORT ON FORM 10-K
December 31, 2017

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PART I

FORWARD-LOOKING INFORMATION

This Annual Report on Form 10-K, including Management's Discussion and Analysis of Financial Condition and Results of Operations, other public filings made by us and other oral and written statements or reports by us and our management include certain forward-looking statements 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. Forward-looking statements include, without limitation, statements about economic, real estate market, competitive, employment, credit market and interest rate conditions, including expectations for further changes in monetary and interest rate policy by the Board of Governors of the Federal Reserve System; our plans, goals, beliefs, expectations, thoughts, estimates and outlook for the future with respect to our revenue growth; net income and earnings per common share; net interest margin; net interest income; non-interest income, including service charges on deposit accounts, mortgage lending and trust income, bank owned life insurance income, other income from purchased loans, loan service, maintenance and other fees, and gains (losses) on investment securities and sales of other assets; non-interest expense; efficiency ratio; future combined federal and state effective tax rates; anticipated future operating results and financial performance; asset quality and asset quality ratios, including the effects of current economic and real estate market conditions; nonperforming loans; nonperforming assets; net charge-offs and net charge-off ratios; provision and allowance for loan losses; past due loans; current or future litigation; interest rate sensitivity, including the effects of possible interest rate changes; future growth and expansion opportunities, including plans for making additional acquisitions; problems with obtaining regulatory approval of or integrating or managing acquisitions; the effect of the announcement of any future acquisition on customer relationships and operating results; plans for opening new offices or relocating or closing existing offices; opportunities and goals for future market share growth; expected capital expenditures; loan and deposit growth, including growth from unfunded closed loans; changes in the volume, yield and value of our investment securities portfolio; availability of unused borrowings; the need to issue debt or equity securities and other similar forecasts and statements of expectation. Words such as "anticipate," "assumes," "believe," "could," "estimate," "expect," "goal," "hope," "intend," "look," "may," "plan," "project," "seek," "target," "trend," "will," "would," and similar words and expressions, as they relate to us or our management, identify forward-looking statements.

Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements made by us and our management due to certain risks, uncertainties and assumptions. Certain factors that may affect our future results include, but are not limited to, potential delays or other problems in implementing our 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; 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 announcement of any future acquisition on customer relationships and operating results; the availability of and access to capital; possible downgrades in our 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; competitive factors and pricing pressures, including their effect on our net interest margin; 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 our 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 Cut and Jobs 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; possible further downgrade of U.S. Treasury securities; Federal Deposit Insurance Corporation ("FDIC") special assessments or changes to regular assessments; the ability to keep pace with technological changes, including changes regarding maintaining cyber security; 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 us or our 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 described in this Annual Report on Form 10-K or as detailed from time to time in the other public reports we file with the FDIC. See also "Part I, Item 1A. Risk Factors" in this Annual Report on Form 10-K. Should one or more of the foregoing risks materialize, or should underlying assumptions prove incorrect, actual results or outcomes may vary materially from those described in, or implied by, such forward-looking statements. We disclaim any obligation to update or revise any forward-looking statement based on the occurrence of future events, the receipt of new information or otherwise.

Item 1. BUSINESS

Effective June 26, 2017, Bank of the Ozarks ("Company" or the "Bank") became the successor reporting company to Bank of the Ozarks, Inc. pursuant to an internal corporate reorganization to eliminate the holding company structure ("Reorganization"). Unless the context otherwise requires, references in this Annual Report on Form 10-K to "Company," "we," "us" and "our" for periods prior to June 26, 2017, refer to Bank of the Ozarks, Inc., which was the parent holding company and the registrant prior to the Reorganization, and, for periods after the Reorganization, to Bank of the Ozarks, in each case including its consolidated subsidiaries.

The disclosures set forth in this item are qualified by "Item 1A. Risk Factors," the section captioned "Forward-Looking Information" and other cautionary statements set forth elsewhere in this Annual Report on Form 10-K.

General

Chartered in 1903, we are a full-service Arkansas state-chartered bank focused on meeting the needs of our customers through a broad array of financial products and services at competitive prices and with high-quality personal service. On June 26, 2017, we completed an internal restructuring designed to eliminate our holding company structure pursuant to which Bank of the Ozarks, Inc., an Arkansas corporation and our former holding company, merged with and into the Bank, with the Bank continuing as the surviving corporation. The business operations, directors and executive officers of the Bank did not change as a result of this reorganization.

At December 31, 2017, we had total assets of $21.3 billion, total loans (including purchased loans) of $16.0 billion, total deposits of $17.2 billion and total common stockholders' equity of $3.5 billion. For 2017, net interest income was $817.4 million, net income available to common stockholders was $421.9 million and diluted earnings per common share were $3.35.

We provide a wide range of retail and commercial banking services through 253 offices in Arkansas, Georgia, Florida, North Carolina, Texas, Alabama, South Carolina, California, New York and Mississippi. Deposit services include checking, savings, money market, time deposit and individual retirement accounts. Loan services include various types of real estate, consumer, commercial, industrial and agricultural loans. We also provide, among other products and services, treasury management services for businesses, individuals and non-profit and governmental entities, including wholesale lock box services; remote deposit capture services; trust and wealth management services for businesses, individuals and non-profit and governmental entities, including financial planning, money management, custodial services and corporate trust services; real estate appraisals; ATMs; telephone banking; online and mobile banking services, including electronic bill pay and mobile deposits; and debit cards, gift cards and safe deposit boxes. Through third party providers, we offer credit cards for consumers and businesses and processing of merchant debit and credit card transactions. We currently operate in one business segment, and we do not have significant foreign operations.

We conduct certain of our operations through our subsidiaries, including a subsidiary that holds our investment securities, a subsidiary engaged in the development of real estate, a subsidiary that owns corporate aircraft, various other subsidiaries that hold loans, foreclosed assets, Community Reinvestment Act ("CRA") investments or tax credits, or engage in other activities, and a number of business trusts formed in connection with the issuance of subordinated debentures and related trust preferred securities. For additional information concerning our organization, see Note 1 to the Consolidated Financial Statements included in "Part II, Item 8. Financial Statements and Supplementary Data" in this Annual Report on Form 10-K.

Business Strategy

We believe that stable long-term growth and profitability are the result of developing comprehensive, strong banking relationships with our customers by offering a wide range of products and services and delivering excellent customer service while maintaining disciplined underwriting standards. We are focused on originating high-quality loans and growing a favorable deposit base through our emphasis on relationship-based banking. Our emphasis on these core strengths should enable us to continue to grow our loan portfolio responsibly, maintain our operational efficiency, increase our profitability, and preserve our superior asset quality.

- In recent years, we have experienced substantial growth in our non-purchased loan portfolio while remaining committed to our conservative credit culture. A significant portion of that growth was attributable to our Real Estate Specialties Group ("RESG"), which focuses on commercial real estate ("CRE") and acquisition, construction and development lending. We are focused on continuing our strong non-purchased loan growth, including our growth within RESG, while diversifying our growth to achieve more balance between CRE lending and other loan originations. We expect that strong production from our non-CRE lending teams, including our indirect lending division which we acquired in our acquisition of Community & Southern Holdings, Inc. ("C&S"), Corporate Loan Specialties Group, Stabilized Properties Group and Community Banking Division (including consumer, small business, Small Business Administration ("SBA") guaranteed loans and poultry lending and business aviation financing), will contribute to that diversification effort.

- We continue to maintain the excellent asset quality that has been representative of our historical loan portfolio. As we continue to grow and diversify our lending activities, we intend to employ the same disciplined underwriting standards and credit review processes that have contributed to our excellent asset quality metrics, including our low net charge-off ratio and our ratios of past due loans, nonperforming loans and nonperforming assets.

- Our reputation, expertise and banking model enable us to build and expand our banking relationships with customers in the markets we serve. We remain committed to growing our business in a disciplined manner. We intend to focus on underwriting and originating high-quality loans and expanding our banking business by offering a wide range of financial solutions tailored to each customer's specific needs. We believe that successfully focusing on these factors will allow us to continue to achieve long-term and profitable expansion within our current markets.

- We continue to focus on the evolving role and importance of technology in our business. We are developing innovative technology-based solutions through our OZRK Labs Group, which was acquired in our acquisition of C1 Financial, Inc. ("C1"). We believe this focus is critical in today's rapidly evolving banking environment where technology, automation and artificial intelligence are becoming increasingly important in driving efficiency and speed and quality of service.

- We believe that there is an optimal market share for each market that we serve, depending in large part on its competitive make-up, that will enable us to maximize deposits and loans in the market and benefit from reasonably achievable economies of scale without inefficiently investing resources in exchange for diminishing returns. We plan to capitalize on growth opportunities we believe exist in our existing branch network and will continue to opportunistically consider opening new branches in desirable and complementary areas.

- Our focus on operational efficiency is a key factor to achieving our profitability and future growth goals and objectives. We intend to carefully manage our cost structure and continuously refine and implement internal processes to create further efficiencies and enhance our earnings. We believe that our expanded and enhanced infrastructure, which has been an area of emphasis for us in recent years, including our focus on technology, will allow us to increase operational efficiencies as we grow our business.

Growth and Expansion

De Novo Growth. Strong organic growth has historically been and remains our top growth priority. From the commencement of our expansion strategy in 1994 through 2009, our growth was almost entirely organic as we opened *de novo* banking offices throughout Arkansas and Texas. Even as our organic growth has been augmented by acquisitions since 2010, we have continued to add one or more offices in most years as we continue our organic growth and *de novo* branching strategy.

We intend to continue our growth and *de novo* branching strategy in future years through the opening of additional retail branches and loan production offices. Opening new offices is subject to local banking market conditions, availability of suitable sites, hiring qualified personnel, obtaining regulatory and other approvals and many other conditions and contingencies that we cannot predict with certainty. We may increase or decrease our expected number of new office openings as a result of a variety of factors including our financial results, changes in economic or competitive conditions, strategic opportunities, our needs for deposit gathering capabilities or other factors.

Acquisitions. Since 2010, we have augmented our strong organic growth by completing 15 acquisitions, including seven acquisitions assisted by the Federal Deposit Insurance Corporation ("FDIC"), that have expanded our geographic presence, enhanced our profitability, increased our number of banking offices, and produced many other strategic benefits. A summary of each of these acquisitions is set forth in the table below.

Bank Name	Completion Date	Location of Offices Acquired
Unity National Bank (FDIC-assisted)	2010	Georgia
Woodlands Bank (FDIC-assisted)	2010	South Carolina/North Carolina/Georgia/Alabama
Horizon Bank (FDIC-assisted)	2010	Florida
Chestatee State Bank (FDIC-assisted)	2010	Georgia
Oglethorpe Bank (FDIC-assisted)	2011	Georgia
First Choice Community Bank (FDIC-assisted)	2011	Georgia
The Park Avenue Bank (FDIC-assisted)	2011	Georgia/Florida
The Citizens Bank	2012	Alabama
The First National Bank of Shelby	2013	North Carolina
OMNIBANK	2014	Texas
Summit Bank	2014	Arkansas
Intervest National Bank	2015	New York/Florida
Bank of the Carolinas	2015	North Carolina
Community & Southern Bank	2016	Georgia/Florida
C1 Bank	2016	Florida

Future Growth. We expect to continue growing through both our *de novo* branching strategy and traditional acquisitions. With respect to our *de novo* branching strategy, future *de novo* branches are expected to be focused in states where we currently have banking offices and in larger markets and metropolitan areas across the United States where we currently do not have offices and believe we can generate significant growth from one to three strategically located offices in each such market. With respect to acquisitions, we are seeking strategic acquisitions that are immediately accretive to book value and tangible book value and accretive to diluted earnings per share in the first 12 months following acquisition.

Lending Activities

We provide a variety of commercial and consumer lending products to our customers, including most types of real estate loans, consumer and small business loans, indirect consumer marine/RV loans, business aviation financing, commercial and industrial loans, government guaranteed loans and agricultural loans, among others. Interest rates charged by us vary with degree of risk, type, size, complexity, repricing frequency and other relevant factors associated with the loan or financing arrangement. Competition from other lending providers also impacts the interest rates we charge. We have significantly expanded the geographic distribution of our loan portfolio in recent years, which we believe is a substantial source of strength in regard to portfolio credit quality. Included in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" ("MD&A") to this Annual Report on Form 10-K is an analysis of our real estate loan portfolio based on metropolitan statistical area or other geographic area in which the principal collateral is located.

Procedures and Authority. Our board of directors and Directors' Loan Committee ("DLC") oversees and provides policy direction for our lending operations, which are primarily administered by our Chief Executive Officer ("CEO"), Chief Credit Officer ("CCO") and Director of Community Banking ("Dir-CB"). We maintain a tiered loan limit authorization system. The CEO, CCO and Dir-CB are granted lending authority by the board of directors, and other lending officers are granted authority by the DLC on the recommendation of appropriate senior officers in amounts commensurate to the officer's skill level and knowledge. Individual and aggregate lending relationships exceeding $10 million (up to the limits established by our board) must be approved by the DLC. Our lending policies also contain various measures to limit concentration exposures, including customer and CRE exposures for both funded balances and funded and unfunded balances in the aggregate, as well as by property type and geography.

We employ designated compliance and credit review officers that are primarily responsible for our compliance and credit review functions, including credit review officers dedicated specifically to RESG. Periodic reviews are performed to evaluate asset quality and the effectiveness of our credit administration, and the results of such evaluations are included in reports which describe any identified deficiencies, recommendations for improvement and management's proposed action plan for curing or addressing identified deficiencies and recommendations. Such reports are provided to and reviewed by the Risk Committee of the board of directors. In addition, the various components of our lending, compliance and credit review functions, among others, are audited periodically by our internal audit group. The results of such audits, including any identified deficiencies or weaknesses and management's proposed plans and timeliness to address any such deficiencies or weaknesses, are provided to and reviewed by the Audit Committee of the board of directors.

Real Estate Loans. Our portfolio of real estate loans includes loans secured by residential 1-4 family, non-farm/non-residential, agricultural, construction/land development, multifamily residential properties and other land loans. Non-farm/non-residential loans include those secured by real estate mortgages on owner-occupied commercial buildings of various types, leased commercial, retail

and office buildings, hospitals, nursing and other medical facilities, hotels and motels, mixed use properties and other business and industrial properties. Agricultural real estate loans include loans secured by farmland and related improvements, including some loans guaranteed by the Farm Service Agency (“FSA”) and the SBA. Real estate construction/land development loans include loans secured by vacant land, loans to finance land development or construction of industrial, commercial, residential or farm buildings or additions or alterations to existing structures. Included in our residential 1-4 family loans are home equity lines of credit.

We offer a variety of real estate loan products that are generally amortized over five to thirty years, payable in monthly or other periodic installments of principal and interest, and due and payable in full (unless renewed) at a balloon maturity generally within one to seven years. A substantial portion of our loans are structured as term loans with adjustable interest rates (adjustable daily, monthly, semi-annually, annually, or at other regular adjustment intervals usually not to exceed five years), and many of such adjustable rate loans have established “floor” and “ceiling” interest rates.

Residential 1-4 family loans are underwritten primarily based on the borrower’s ability to repay, including prior credit history, and the value of the collateral.

Other real estate loans are underwritten based on the ability of the property, in the case of income producing property, or the borrower’s business to generate sufficient cash flow to amortize the debt. Secondary emphasis is placed upon collateral value, financial strength of any guarantors and other factors.

Loans collateralized by real estate have generally been originated with loan-to-appraised-value (“LTV”) ratios of not more than 89% for residential 1-4 family, 85% for other residential and other improved property, 80% for construction loans secured by commercial, multifamily and other non-residential properties, 75% for land development loans and 65% for raw land loans. We typically require mortgage title insurance in the amount of the loan and hazard insurance on improvements. Documentation requirements vary depending on loan size, type, degree of risk, complexity and other relevant factors. Included in “Part II Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Analysis of Financial Condition – Loan Portfolio” to this Annual Report on Form 10-K is an analysis of the weighted-average LTV and loan-to-cost ratios of our construction and development loan portfolio.

Small Business and Consumer Loans*.* Our portfolio of small business loans includes loans to businesses with less than $1 million in annual revenues. Such loans are centrally underwritten and generally include loans for the purchase (or refinance) of commercial real estate, equipment, lines of credit and other business purposes. We also offer certain consumer loans, including loans to fund the purchase of automobiles, ATVs, mobiles homes and other similar purposes. These loans are generally collateralized and have terms ranging up to 72 months, depending upon the nature of the collateral, size of the loan, and other relevant factors. Consumer and small business loan interest rates are determined based on the borrower’s credit score, bankruptcy indicator score, LTV and amortization period, among others. The borrower’s ability to repay is of primary importance in the underwriting of consumer loans.

Indirect Consumer Marine and RV Loans*.* Our portfolio of indirect consumer loans includes loans to individuals for the purchase of marine vessels and recreational vehicles. These loans are generally collateralized by the asset of purchase and have terms ranging up to 240 months. These loans are underwritten based on a combination of borrower credit score, documented debt service coverage, previous asset ownership, experience and borrower liquidity, among others.

Government Guaranteed Loans*.* Our portfolio of government guaranteed loans is comprised primarily of SBA and FSA guaranteed loans. These loans are commercial in nature and are typically for the refinance or origination of credit facilities secured by, but not limited to, commercial real estate, agricultural real estate, equipment and various other assets.

Commercial and Industrial Loans*.* Our commercial and industrial loan portfolio consists of loans for commercial, industrial and professional purposes including loans to fund working capital requirements (such as inventory, floor plan and receivables financing), purchases of machinery and equipment and other purposes. Also included in commercial and industrial loans is (i) the residual balance of our small ticket equipment finance agreements, which we ceased taking new applications effective November 28, 2017, and (ii) our business aviation financing. We offer a variety of commercial and industrial loan and financing arrangements, including term loans, balloon loans and lines of credit, including some loans guaranteed by the SBA, with the purpose and collateral supporting a particular loan determining its structure. These loans are offered to businesses and professionals for short and medium terms on both a collateralized and uncollateralized basis. As a general practice, we obtain as collateral a lien on furniture, fixtures, equipment, inventory, receivables or other assets. Our commercial and industrial loan portfolio also includes shared national credits (“SNC”). SNC generally include syndicated loans and loan commitments, letters of credit, commercial leases, and other forms of credit.

Commercial and industrial loans, including our SNC portfolio, typically are underwritten on the basis of the borrower’s or lessee’s ability to make repayment from the cash flow of its business and generally are collateralized by business assets. As a result,

such loans involve additional complexities, variables and risks and require more thorough underwriting and servicing than certain other types of loans.

Agricultural (Non-Real Estate) Loans. Our portfolio of agricultural (non-real estate) loans includes loans for financing agricultural production, including loans to businesses or individuals engaged in the production of timber, poultry, livestock or crops. Our agricultural (non-real estate) loans are generally secured by farm machinery, livestock, crops, vehicles or other agricultural-related collateral. A portion of our portfolio of agricultural (non-real estate) loans is comprised of loans to individuals which would normally be characterized as consumer loans but for the fact that the individual borrowers are primarily engaged in the production of timber, poultry, livestock or crops.

Deposits

We offer an array of deposit products consisting of non-interest bearing checking accounts, interest bearing transaction accounts, business sweep accounts, savings accounts, money market accounts, time deposits, including access to products offered through the various CDARS® programs, and individual retirement accounts, among others. Rates paid on such deposits vary among banking markets and deposit categories due to different terms and conditions, individual deposit size, services rendered and rates paid by competitors on similar deposit products. We act as depository for a number of state and local governments and government agencies or instrumentalities. Such public funds deposits are often subject to competitive bid and in many cases must be secured by pledging a portion of our investment securities or a letter of credit.

Deposit balances are generally influenced by national and local economic conditions, changes in prevailing interest rates, internal pricing decisions, perceived stability of financial institutions and competition, among other factors. Our deposits come primarily from within our trade area. At December 31, 2017, we had $1.16 billion in “brokered deposits,” defined as deposits which, to our knowledge, have been placed with us by a person who acts as a broker in placing these deposits on behalf of others or is otherwise deemed to be “brokered” by bank regulatory authority rules and regulations. At December 31, 2017, we had $272 million in deposits obtained via the Internet based on information provided by a listing service (“Internet deposits”). Currently, none of these Internet deposits are deemed brokered deposits as none of the listing services are facilitating the placement of the deposit. Brokered and Internet deposits are typically from outside our primary trade area, and such deposit levels may vary from time to time depending on competitive interest rate conditions and other factors.

In addition to our deposit base, we have access to other sources of funding, including Federal Home Loan Bank of Dallas (“FHLB”) advances, Federal Reserve Bank (“FRB”) borrowings, repurchase agreements and secured and unsecured federal funds lines of credit from correspondent banks. In recent years, we have also accessed the capital markets through subordinated debt and common stock offerings. For additional information concerning the Bank’s deposits, see “Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Deposits” to this Annual Report on Form 10-K.

Other Banking Services

Mortgage Lending. We offer certain residential mortgage products, including long-term fixed rate loans that are retained in our loan portfolio. Effective December 18, 2017, we ceased taking new loan applications for secondary market consumer mortgage loans through our Mortgage Division.

Trust and Wealth Management Services. We offer a broad array of trust and wealth management services from our headquarters in Little Rock, Arkansas, with additional staff in Northwest Arkansas, Texas, North Carolina, Georgia and Florida. These trust and wealth management services include personal trusts, custodial accounts, investment management accounts, retirement accounts, corporate trust services including trustee, paying agent and registered transfer agent services, and other incidental services. At December 31, 2017, total trust assets were approximately $1.94 billion compared to approximately $1.87 billion at December 31, 2016 and approximately $1.85 billion at December 31, 2015.

Treasury Management Services. We offer treasury management services which are designed to provide a high level of customized solutions to business and public funds customers. Our treasury management services include ACH services (e.g. direct deposit, direct payment and electronic cash concentration and disbursement), wire transfer, zero balance accounts, current and prior day transaction reporting, wholesale lockbox services, remote deposit capture services, automated credit line transfer, investment sweep accounts, reconciliation services, positive pay services, and merchant and commercial card, among others.

Market Areas, Concentrations and Competition

At December 31, 2017, we conducted operations through 253 offices, including offices in Arkansas, Georgia, Florida, North Carolina, Texas, Alabama, South Carolina, California, New York and Mississippi. Our business is impacted by the trends of the regional economies in the market areas we serve. We are not dependent upon any single or limited number of customers, the loss of which would have a material adverse effect on us, nor do we have customer relationships that individually account for 10% or more of our revenues. No material portion of our business is seasonal.

The banking industry in our market areas is highly competitive. In addition to competing with other commercial and savings banks and savings and loan associations, we compete with credit unions, finance companies, leasing companies, mortgage companies, "fintech" companies, insurance companies, brokerage and investment banking firms, asset-based non-bank lenders and many other financial service firms. In addition, technological advancements continue to contribute to greater competition in financial services markets. Competition is based on interest rates offered on deposit accounts, interest rates charged on loans, fees and service charges, the quality and scope of products offered and services rendered, including technology-driven solutions, the convenience of banking facilities and, in the case of loans to commercial borrowers, relative lending limits, as well as other factors.

A number of competing commercial banks operating in our market areas are branches or subsidiaries of larger organizations affiliated with regional or national banking companies and as a result may have greater resources and lower costs of funds than the Bank, may have greater access to capital markets, and may offer a broader range of financial services than we currently provide. Additionally, we face competition from a large number of community banks, many of which have senior management who were previously with other local banks or investor groups with strong local business and community ties. Some of our competitors (larger or smaller) may have more liberal lending policies and processes. Competition among providers of financial products and services continues to increase as technology advances have lowered the barriers to entry for financial technology companies, with consumers having the opportunity to select from a growing variety of traditional and nontraditional alternatives, including crowdfunding, digital wallets and money transfer services. The ability of non-banking financial institutions to provide services previously limited to commercial banks has intensified competition. Because non-banking financial institutions are not subject to many of the same regulatory restrictions as banks, they can often operate with greater flexibility and lower cost structures. Despite the highly competitive environment, we believe we will continue to be competitive because of our expertise in real estate lending and various other types of lending, our strong commitment to quality customer service, convenient local branches, active community involvement and competitive products and pricing, including technology-driven solutions for our customers.

Information Technology

The ability to access and use technology is an increasingly competitive factor in the financial services industry. Technology is not only important with respect to delivery of financial services and protection of the security of customer information but also in processing information. We must continually make technology investments to remain competitive in the financial services industry. We utilize, to varying degrees in our business, certain patents, copyrights and trademarks. Additionally, we have various technology applications developed or under development within OZRK Labs, the technology and innovations group we acquired in our C1 acquisition, to address the needs of our customers and our employees by using technology to provide solutions, create additional operational efficiencies and provide greater privacy and security protection for our and our customers' data. While each of these patents, copyrights, trademarks and technology applications is important to our business, we believe the loss or unavailability of one or more of these items would not be expected, at the present time, to have a material adverse effect on our business. We closely monitor information security for trends and new threats, including cybersecurity risks, and invest significant resources to continuously improve the security and privacy of our systems and data.

Employees

At December 31, 2017, we had 2,400 full-time equivalent employees. None of our employees is represented by a union, collective bargaining agreement or similar arrangement, and we have not experienced any labor disputes or strikes arising from any organized labor groups. We believe our employee relations are good.

Executive Officers of the Registrant

The following is a list of our executive officers. All information is given as of February 27, 2018.

George Gleason, age 64, Chairman and Chief Executive Officer. Mr. Gleason has served the Bank as Chairman, Chief Executive Officer and/or President since 1979. He holds a B.A. in Business and Economics from Hendrix College and a J.D. from the University of Arkansas.

Greg McKinney, age 49, Chief Financial Officer and Chief Accounting Officer. Mr. McKinney joined the Bank in 2003 and served as Executive Vice President and Controller prior to assuming the role of Chief Financial Officer and Chief Accounting Officer in December 2010. From 2001 to 2003 Mr. McKinney served as a member of the financial leadership team of a publicly-traded software development and data management company. From 1991 to 2000 he held various positions with a big-four public accounting firm, leaving as senior audit manager. Mr. McKinney is a C.P.A. (inactive) and holds a B.S. in Accounting from Louisiana Tech University.

Tyler Vance, age 43, Chief Operating Officer and Chief Banking Officer. Prior to assuming the Chief Operating Officer role in 2013, Mr. Vance served as Chief Banking Officer since 2011. Mr. Vance joined the Bank in 2006 and served as Senior Vice President from 2006 to 2009 and Executive Vice President of Retail Banking from 2009 to 2011. From 2001 to 2006 Mr. Vance served as CFO of a competitor bank. From 1996 to 2000, Mr. Vance held various positions with a big-four public accounting firm. Mr. Vance is a C.P.A. (inactive) and holds a B.A. in Accounting from Ouachita Baptist University.

Tim Hicks, age 45, Chief Administrative Officer and Executive Director of Investor Relations. Prior to assuming the role of Chief Administrative Officer and Executive Director of Investor Relations in July 2017, Mr. Hicks served as Executive Vice President and Chief of Staff since September 2016. Mr. Hicks joined the Bank in 2009 and served as Senior Vice President, Corporate Finance until assuming the role of Executive Vice President, Corporate Finance in 2012. From 2006 to 2009, Mr. Hicks served as director of investor relations and assistant treasurer of a publicly-traded telecommunications company. Prior to 2006, Mr. Hicks held various positions with a big-four public accounting firm, leaving as a senior audit manager. Mr. Hicks is a C.P.A. and holds a B.A. in Business and Economics from Hendrix College.

John Carter, age 37, Director of Community Banking and Chairman of the Officers' Loan Committee. Prior to assuming the title of Director of Community Banking in February 2015, Mr. Carter served as the Deputy Director of Community Bank Lending from January 2014 to January 2015. Mr. Carter joined the Bank in August 2009 and served as a Vice President from 2009 to 2010, a Senior Vice President from 2010 to 2011 and the Little Rock Market President from 2011 to 2014. Mr. Carter holds a B.S. in Economics and Finance from Arkansas Tech University and a Master of Business Administration from the University of Arkansas at Little Rock.

Dennis James, age 67, Executive Vice President and Director of Mergers/Acquisitions and Government Relations. Mr. James has served as the Director of Mergers/Acquisitions since January 2012 and the Director of Government Relations since January 2018. Mr. James initially joined the Bank in March 1981 as its Chief Financial Officer and a member of the board of directors. In November 1984, he left the Bank to serve as Vice Chairman and Chief Operating Officer of LSI Financial Group, a consumer loan servicing company. In 2005, Mr. James rejoined the Bank and moved to the Dallas area to serve as its North Texas Division President, returning to Little Rock in 2012 as he assumed his current role as the Bank's Director of Mergers/Acquisitions. Mr. James graduated from the University of Arkansas, receiving a B.S.B.A. with a major in accounting.

Jennifer Junker, age 47, Managing Director, Trust and Wealth Management since February 2015. Prior to joining the Bank, she served as Fiduciary Director and then as Co-Leader of Trust Advisory Services and Trust Director for a national financial services firm from 2011 through December 2014. From 2006 to 2011 she was in private practice as an attorney concentrating in trust administration and high net worth estate planning. She also held the position of Senior Counsel for a national financial services firm from 2000 through 2006, and as an associate attorney for two law firms in Florida and Minnesota concentrating on legal issues involving trust and wealth management from 1995 through 2000. Ms. Junker holds a B.A. in English Literature and Communications from Wake Forest University as well as a J.D. from the University of Florida, College of Law.

Brad Rebel, age 52, Chief Audit Executive since January 2017. Prior to joining the Bank, Mr. Rebel served as Senior Vice President and Managing Director – Audit at SunTrust Banks, Inc. (NYSE: STI) in Atlanta, Georgia from 2010 through January 2017. Mr. Rebel served as Vice President – Audit at Capital One Financial Corporation in Richmond, Virginia from 2006 to 2009 and as Vice President – Accounting Policy & SEC Reporting from 2009 to 2010. From 1998 to 2002, Mr. Rebel served as Chief Audit Executive at Farm Credit Services of America and as South Dakota & Iowa Market Place Leader from 2002 to 2006. From 1989 to 1998, Mr. Rebel held various positions at PricewaterhouseCoopers LLP focusing on mergers and acquisitions, financial statement audits and accounting research in the financial services practice unit. Mr. Rebel is a C.P.A. (inactive) and holds a B.S. in Finance and Accounting from Kansas State University.

Darrel Russell, age 64, Chief Credit Officer and Chairman of the DLC. Prior to assuming his role as Chief Credit Officer and Chairman of the DLC in May 2011, Mr. Russell served as President of the Bank's Central Division since 2001 and as Co-Chairman of the DLC since March 2007. He joined the Bank in 1983 and served as Executive Vice President of the Bank from 1997 to 2001 and Senior Vice President of the Bank from 1992 to 1997. Prior to 1992 Mr. Russell served in various positions with the Bank. He received a B.S.B.A. in Banking and Finance from the University of Arkansas.

Ed Wydock, age 61, Chief Risk Officer since June 2015. Prior to joining the Bank, Mr. Wydock served as head of Enterprise Risk Management and Chief Risk Officer for Susquehanna Bancshares, Inc. (NASDAQ: SUSQ) in Lititz, Pennsylvania from 2008 through May 2015 and as Chief Audit Executive from 2002 to 2008. Mr. Wydock has also held various positions in accounting and risk management, most notably with PricewaterhouseCoopers LLP as a Director of Audit and Risk Advisory Services in Baltimore, Maryland and Washington, D.C., serving clients in the financial services industry, and as Chief Audit Executive for CapitalOne Bank in Chevy Chase, Maryland. Mr. Wydock is a C.P.A. (inactive) and holds a B.S. in Accounting from Bloomsburg University (Pennsylvania).

SUPERVISION AND REGULATION

We and our subsidiaries are subject to extensive regulation under federal and state banking laws that establish a comprehensive framework for our operations. This regulatory framework may materially impact our growth potential and financial performance and is intended primarily for the protection of depositors, customers, federal deposit insurance funds and the banking system as a whole, not for the protection of our shareholders and creditors. Significant elements of the statutes, regulations and policies applicable to us and our subsidiaries are described below. This description is qualified in its entirety by reference to the full text of the statutes, regulations and policies described herein.

In June 2017, we completed an internal corporate reorganization designed to eliminate our bank holding company structure by merging Bank of the Ozarks, Inc. with and into Bank of the Ozarks, its bank subsidiary, with Bank of the Ozarks continuing as the surviving corporation. Following the reorganization, we continue to be supervised and regulated by the Arkansas State Bank Department ("ASBD") and the FDIC, but we are no longer subject to the regulation and supervision of the FRB, except such regulations of the FRB as are made applicable to us by law and regulations of the FDIC. In the reorganization, the common stock of the holding company, which was publicly traded, was converted into common stock of Bank of the Ozarks. As the securities of a bank are exempt from registration with the Securities and Exchange Commission ("SEC") under the Securities Act of 1933, we are no longer required to file periodic or current reports or other materials required to be filed under the Securities Exchange Act of 1934 (the "Exchange Act") with the SEC, but we are required to file such reports and materials with the FDIC.

Our business is heavily regulated by both state and federal banking regulators. Both the scope of the laws and regulations and the intensity of the supervision to which our business is subject have increased in recent years, in response to the financial crisis as well as other factors such as technological and market changes. Regulatory enforcement and fines have also increased across the banking and financial services sector. Many of these changes have occurred as a result of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") and its implementing regulations, most of which are now in place.

President Trump has issued an executive order that sets forth principles for the reform of the federal financial regulatory framework and the Republican majority in Congress has suggested an agenda for financial regulatory change. In addition, Congress, state legislatures and the various banking regulatory agencies regularly consider proposals to change the laws, regulations and guidance governing the financial services industry. It is too early to assess whether there will be any major changes in the regulatory environment or merely a rebalancing of the post financial crisis regulatory framework, although in any case we expect that our business will remain subject to extensive regulation and supervision. Changes in applicable laws or regulations, and in their interpretation and application by regulatory agencies and other governmental authorities, cannot be predicted, but any of such changes may have an adverse effect on our business, financial condition or results of operations.

Overview

As an insured state bank without a holding company that is not a member of the FRB, we are examined, supervised and regulated by the ASBD and the FDIC, which is our primary federal regulator. We are also subject to the regulations of the states in which we do business, the enforcement and rulemaking authority of the Consumer Financial Protection Bureau ("CFPB") regarding consumer protection laws and regulations, and various other regulatory authorities, as well as the information reporting requirements of the Exchange Act and the FDIC rules relating thereto, as administered and enforced by the FDIC.

With few exceptions, state and federal banking laws have as their principal objective either the maintenance of the safety and soundness of the Deposit Insurance Fund ("DIF") of the FDIC or the protection of customers, depositors, other classes of consumers and the banking system as a whole, rather than the specific protection of our creditors or shareholders. Banks that fail to conduct their operations in a safe and sound manner or in compliance with applicable laws can be compelled by the regulators to change the way they do business and may be subject to regulatory enforcement actions, including civil monetary penalties and restrictions imposed on their operations, including in extraordinary circumstances, closure of the banks.

Safety and Soundness

The federal banking agencies have adopted guidelines pursuant to the Federal Deposit Insurance Act ("FDIA") establishing general safety and soundness standards for depository institutions related to, among other things, internal controls, information systems, internal audit systems, loan underwriting and documentation, compensation, interest rate exposure, and asset growth. For example, the FDIA limits the interest rates paid on deposits by undercapitalized institutions, restricts the use of brokered deposits, and limits the aggregate extensions of credit by a depository institution to an executive officer, director, principal shareholder or related interest. If we were to fail to meet these standards, the FDIC could require us to submit an acceptable compliance plan or, alternatively, could pursue other courses of action depending on the specific circumstances and severity of the noncompliance.

Permissible Activities

Our business is generally limited to activities permitted by Arkansas law and any applicable federal laws. Under the Arkansas Banking Code of 1997 (the "Arkansas Banking Code"), we may generally engage in all usual banking activities, including, among other things, taking deposits, lending money, issuing letters of credit, buying, discounting and negotiating promissory notes, bonds, drafts and other forms of indebtedness, and buying and selling certain investment securities. Subject to the authorization of the Arkansas State Bank Commissioner (the "Bank Commissioner"), we may also engage in any activity then permissible for national banks.

In addition, under the Gramm-Leach-Bliley Act of 1999 (the "GLBA"), state banks such as ours may invest in financial subsidiaries that engage as the principal in activities that would only be permissible for a national bank to conduct in a financial subsidiary. This authority is generally subject to the same conditions that apply to national bank investments in financial subsidiaries.

Dodd-Frank Act

Enacted largely as a response to the financial crisis of 2008, the Dodd-Frank Act fundamentally restructured federal banking regulation by shifting from prudential regulation of individual institutions to a system view of regulations. Many aspects of the Dodd-Frank Act's implementation require regulatory agencies to draft implementing regulations, resulting in significant regulatory change since the law's enactment. Provisions of the Dodd-Frank Act that have had or may have a material effect on our business include, among others: changing the assessment base for federal deposit insurance; making permanent the $250,000 limit for federal deposit insurance; eliminating the requirement that the FDIC pay dividends from the DIF in certain cases; repealing the federal prohibitions on the payment of interest on demand deposits; heightening corporate governance requirements for all public companies (including "say-on-pay" shareholder votes, compensation clawback policy requirements, expanded executive compensation disclosures and new director independence requirements); creation of the CFPB; imposing additional underwriting standards and other requirements for mortgage lending; permitting the establishment of *de novo* interstate branches; limiting debit card interchange fee charges for banks with $10 billion or more in assets; and incentivizing and protecting whistleblowers who report violations of the federal securities laws.

Because our total assets exceed $10 billion, we must also comply with certain additional requirements created by the Dodd-Frank Act, including heightened regulatory requirements and standards for capital and liquidity stress testing, internal audit standards, enterprise risk management standards, internal controls relating to anti-money laundering ("AML") and the Bank Secrecy Act ("BSA"), and other matters. Failure to comply with these new requirements could negatively impact our business, financial condition or results of operations and could limit our growth or expansion activities.

As summarized below, many aspects of the Dodd-Frank Act continue to be subject to rulemaking and are expected to take effect over several additional years, making it difficult to anticipate the overall financial impact on us or across the industry. The changes resulting from the Dodd-Frank Act have had and may continue to have an effect on the profitability of our business activities, require changes to certain of our business practices, impose upon us more stringent capital, liquidity and leverage requirements or otherwise adversely affect our business. These changes have required and may continue to require us to invest significant management attention and resources to evaluate and make any changes necessary to comply with new statutory and regulatory requirements.

Stress Testing. Pursuant to the Dodd-Frank Act, banking organizations with more than $10 billion in average total consolidated assets, including FDIC-insured state non-member banks such as us, must conduct annual stress tests of capital, consolidated earnings and losses under at least three different scenarios, including baseline, adverse and severely adverse. These stress tests use data as of December 31 of the relevant fiscal year and are based on scenarios selected by the appropriate federal regulatory agency, which in our case is the FDIC. We are required to assess the quarterly impact of the stress scenarios on our capital over a period of nine quarters. Our first required annual stress test for the year ended December 31, 2017 must be submitted to the FDIC by July 31, 2018. We have conducted two dry runs of the stress test cycle to increase readiness for our 2018 submission and prepare us to meet these requirements in a timely fashion. The capital ratios reflected in our stress test calculations will be an important factor considered by

our regulators in evaluating our capital adequacy, approving any proposed acquisitions, and determining whether proposed payments of dividends or stock repurchases may be an unsafe or unsound practice.

Debit Interchange Fees. Since July 1, 2017 we have been required to comply with Section 1075 of the Dodd-Frank Act, often referred to as the Durbin Amendment, which caps interchange fees for debit card transactions, or "swipe fees," at $0.21 plus 5 basis points multiplied by the size of the transaction. In prior years we were exempt from the Durbin Amendment's limitation on swipe fees because our total assets were less than $10 billion.

Prohibition on Proprietary Trading and Certain Fund Relationships. Section 619 of the Dodd-Frank Act, also known as the Volcker Rule, prohibits banks and their affiliates from engaging in proprietary trading or acquiring or retaining an ownership interest in, sponsoring, or having certain relationships with a hedge fund or private equity fund. The final rules implementing the Volcker Rule are highly complex, and it is unclear how they will be implemented and applied over time. Because we do not currently engage in activities prohibited by the Volcker Rule, we do not currently anticipate that it will have a material effect on our operations. We may incur costs if we are required to adopt additional policies and systems to ensure compliance with the Volcker Rule, but any such costs are not expected to be material. Unanticipated effects of the Volcker Rule's provisions or future regulatory or court interpretations may have an adverse effect on our business.

Emergency Economic Stabilization Act. In December 2008, pursuant to the Troubled Asset Relief Program ("TARP") and the related Capital Purchase Plan ("CPP") established by the U.S. Treasury Department ("Treasury"), Treasury purchased $75 million of a newly created series of our preferred stock and a warrant to purchase shares of our common stock. In November 2009, we redeemed the preferred stock from Treasury, returned to Treasury the original investment amount of $75 million plus accrued and unpaid dividends thereon, repurchased the warrant from Treasury, and exited the TARP and CPP programs. Although we are no longer participants in the CPP and TARP programs, the Office of the Special Inspector General for TARP ("Inspector General") retains authority to audit and investigate all aspects of TARP even after the capital we received under the CPP was repaid to Treasury, and we remain subject to requests by the Inspector General for documentation pertaining to our compliance with TARP requirements prior to our repayment of such capital. In addition, in the event that any bank we have previously acquired or acquire in the future participated in the TARP and CPP programs, we are or will be subject to the same enforcement and oversight activities of the Inspector General with respect to such bank's participation.

Commercial Real Estate Lending Concentrations. The federal banking agencies, including the FDIC, have promulgated guidance governing financial institutions with concentrations in commercial real estate, or CRE, lending. The guidance provides that a bank has a concentration in CRE lending if (i) total reported loans for construction, land development and other land represent 100% or more of total risk-based capital or (ii) total reported loans secured by multifamily and non-owner occupied non-farm/non-residential properties and loans for construction, land development and other land represent 300% or more of total capital and the bank's CRE loan portfolio has increased 50% or more during the prior 36 months. If a concentration is present, management must employ heightened risk management practices that address key elements, including board and management oversight and strategic planning, portfolio management, development of underwriting standards, risk assessment and monitoring through market analysis and stress testing, and maintenance of increased capital levels as needed to support the level of CRE lending. While we believe we have implemented policies and procedures with respect to our CRE lending consistent with this guidance, bank regulators could require us to implement additional policies and procedures consistent with their interpretation of the guidance that may result in additional costs to us.

The actions described above, together with additional actions announced by regulatory agencies, continue to evolve. It remains unclear at this time what will be the long-term impact on the financial markets and the financial services industry of the Dodd-Frank Act or any of the other liquidity, funding and home ownership initiatives of Treasury and other bank regulatory agencies that have been previously announced, or any additional programs that may be initiated in the future. However, given the sweeping nature of the Dodd-Frank Act and other federal government initiatives, we expect that our regulatory compliance costs will continue to increase over time.

Deposit Premiums and Assessments

Our deposits are insured by the FDIC's DIF to the fullest extent permissible by law, and we are subject to deposit insurance assessments to maintain the DIF. Under the FDIC's risk-based assessment system, the assessment rates for an insured depository institution are determined by an assessment rate calculator, which is based on a number of elements such as supervisory evaluations, regulatory capital levels and other components that measure the risk the institution poses to the DIF. The calculated assessment rate is applied to the institution's average consolidated total assets less its average tangible equity during the assessment period to determine the dollar amount of the assessment paid by the institution. The FDIC has the ability to make discretionary adjustments to the total score based upon significant risk factors that are not adequately captured in the calculations. In addition to ordinary assessments, the FDIC has the ability to impose special assessments in certain instances.

The Dodd-Frank Act increased the minimum target DIF reserve ratio from 1.15% to 1.35% of estimated insured deposits. In addition, the FDIC has adopted a DIF restoration plan to ensure that the fund reserve ratio reaches 1.35% by September 30, 2020. Insured institutions with total assets of $10 billion or more, including our bank, are responsible for funding the increase. The FDIC has established a long-term target for the reserve ratio of 2.0%. At least semi-annually, the FDIC will update its loss and income projections for the DIF and, if necessary, will increase or decrease assessment rates if required.

On July 1, 2016, the FDIC's final rule became effective, imposing a surcharge on banks with at least $10 billion in total assets. The surcharge equals an annual rate of 4.5 basis points applied to the institution's assessment base (with certain adjustments), and it will continue through the quarter in which the ratio first meets or exceeds 1.35% (but in any event not past the end of 2018). This surcharge resulted in an increase in our FDIC assessment expense for 2017. If the DIF reserve ratio does not reach 1.35% by the end of 2018, the FDIC will impose an additional shortfall assessment.

Insurance of deposits may be terminated by the FDIC upon a finding that an institution has engaged in unsafe or unsound practices, is in an unsafe or unsound condition to continue operations or has violated any applicable law, regulation, rule, order or condition imposed by the FDIC.

Capital Requirements

In July 2013, the FDIC and other federal banking regulators revised the risk-based capital requirements applicable to insured depository institutions, including us, to make them consistent with agreements reached by the Basel Committee on Banking Supervision ("Basel III") and certain provisions of the Dodd-Frank Act (the "Basel III Rules"). The Basel III Rules became effective for us on January 1, 2015 (subject to a phase-in period for certain provisions), and they require the maintenance of minimum amounts and ratios of common equity tier 1 capital, tier 1 capital and total capital to risk-weighted assets, and of tier 1 capital to adjusted quarterly average assets.

Under the Basel III Rules, common equity tier 1 capital consists of common stock and paid-in capital (net of treasury stock) and retained earnings. Common equity tier 1 capital is reduced by goodwill, certain intangible assets, net of associated deferred tax liabilities, deferred tax assets that arise from tax credit and net operating loss carryforwards, net of any valuation allowance, and certain other items as specified by the Basel III Rules.

Tier 1 capital includes common equity tier 1 capital and certain additional tier 1 items as provided under the Basel III Rules. Our tier 1 capital consists solely of common equity tier 1 capital. Until 2016, our trust preferred securities were grandfathered under the Basel III Rules and included as tier 1 capital; however, because we now exceed $15 billion in total assets, our trust preferred securities are no longer included in tier 1 capital, but continue to be included as tier 2 capital.

Basel III Rules allow insured depository institutions to make a one-time election not to include most elements of accumulated other comprehensive income (loss) in regulatory capital and instead effectively use the existing treatment under the general risk-based capital rules. We made this opt-out election to avoid significant variations in our level of capital depending upon the impact of interest rate fluctuations on the fair value of our investment securities portfolio.

Total capital includes tier 1 capital and tier 2 capital. Tier 2 capital includes, among other things, the allowable portion of the allowance for loan losses ("ALL"), trust preferred securities and subordinated notes.

The Basel III Rules also changed the risk-weights of assets in an effort to better reflect perceived credit risk and other risk exposures. These include a 150% risk weight (up from 100%) for certain high volatility commercial real estate acquisition, development and construction loans and the unsecured portion of non-residential mortgage loans that are 90 days past due or otherwise on nonaccrual status; a 20% (up from 0%) credit conversion factor for the unused portion of a commitment with an original maturity of one year or less that is not unconditionally cancellable; a 250% risk weight (up from 100%) for mortgage servicing rights and deferred tax assets that are not deducted from capital; and increased risk weights (from 0% to up to 600%) for equity exposures.

The Basel III Rules limit capital distributions and certain discretionary bonus payments if the banking organization does not hold a "capital conservation buffer" consisting of 2.5% of common equity tier 1 capital, tier 1 capital and total capital to risk-weighted assets in addition to the amount necessary to meet minimum risk-based capital requirements. The capital conservation buffer began being phased in on January 1, 2016, at 0.625% of risk-weighted assets, increasing each year by that amount until fully implemented at 2.5% on January 1, 2019. When fully phased in on January 1, 2019, the Basel III Rules will require us to maintain (i) a minimum ratio of common equity tier 1 capital to risk-weighted assets of at least 4.5%, plus a 2.5% capital conservation buffer, which effectively results in a minimum ratio of 7.0% upon full implementation, (ii) a minimum ratio of tier 1 capital to risk-weighted assets of at least 6.0%, plus a 2.5% capital conservation buffer, which effectively results in a minimum ratio of 8.5% upon full implementation, (iii) a

minimum ratio of total capital to risk-weighted assets of at least 8.0%, plus a 2.5% capital conservation buffer, which effectively results in a minimum ratio of 10.5% upon full implementation, and (iv) a minimum leverage ratio of 4.0%.

In September 2014, the federal banking agencies issued a final rule that implements a new "liquidity coverage ratio" based upon Basel III requirements that for the first time regulate bank liquidity in detail. These rules apply to large, internationally active banking organizations (those with at least $250 billion in total assets or at least $10 billion in on-balance sheet foreign exposure) and bank holding companies and savings and loan holding companies without significant insurance or commercial operations that have at least $50 billion in total assets but are not internationally active banking organizations. Because we are a state-chartered, non-member bank without a bank holding company that does not meet these thresholds, we are not subject to these rules.

Cybersecurity and Privacy

State and federal banking regulators have issued various policy statements and, in some cases, regulations, emphasizing the importance of technology risk management and supervision. Such policy statements and regulations indicate that financial institutions should design multiple layers of security controls to establish lines of defense and to ensure that their risk management processes also address the risk posed by compromised customer credentials, including security measures to reliably authenticate customers accessing internet-based services of the financial institution. A financial institution's management is expected to maintain sufficient business continuity planning processes to ensure the rapid recovery, resumption and maintenance of the institution's operations after a cyber attack involving destructive malware. A financial institution is expected to develop appropriate processes to enable recovery of data and business operations and address rebuilding network capabilities and restoring data if the institution or its critical service providers fall victim to this type of cyber attack. These requirements, including state regulatory rules such as the detailed and extensive cybersecurity rules issued in 2016 by the New York State Department of Financial Services, may cause us to incur significant additional compliance costs and in some cases may impact our growth prospects. Additionally, if we fail to observe federal or state regulatory guidance, we could be subject to various regulatory sanctions, including financial penalties.

In the ordinary course of business, we rely on electronic communications and information systems to conduct our operations and store sensitive data. We employ an in-depth, layered, defensive approach that leverages people, processes and technology to manage and maintain cybersecurity controls. We also employ a variety of preventative and detective tools to monitor, block, and provide alerts regarding suspicious activity, as well as to report on any suspected advanced persistent threats. Notwithstanding the strength of our defensive measures, the threat from cyber attacks is severe, as attacks are sophisticated and increasing in volume and complexity, and attackers respond rapidly to changes in defensive measures. Our systems and those of our customers and third-party service providers are under constant threat, and it is possible that we or they could experience a significant event in the future that could adversely affect our business or operations. As cybersecurity threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities. Financial expenditures may also be required to meet regulatory changes in the information security and cybersecurity domains. Risks and exposures related to cybersecurity attacks are expected to remain high for the foreseeable future due to the rapidly evolving nature and sophistication of these threats, as well as the expanding use of internet banking, mobile banking and other technology-based products and services by us and our customers. See "Item 1A. Risk Factors" for a further discussion of risks related to cybersecurity.

Federal statutes and regulations, including the GLBA and the Right to Financial Privacy Act of 1978, limit our ability to disclose non-public information about consumers, customers and employees to nonaffiliated third parties. Specifically, the GLBA requires us to disclose our privacy policies and practices relating to sharing non-public information and enables retail customers to opt out of our ability to share information with unaffiliated third parties under certain circumstances. The GLBA also requires us to implement a comprehensive information security program that includes administrative, technical and physical safeguards to ensure the security and confidentiality of customer records and information and, if applicable state law is more protective of customer privacy than the GLBA, financial institutions, including our bank, will be required to comply with such state law. Other laws and regulations impact our ability to share certain information with affiliates and non-affiliates for marketing and/or non-marketing purposes. These regulations affect how consumer information is transmitted through diversified financial companies and conveyed to outside vendors. In connection with the regulations governing the privacy of consumer financial information, the federal banking agencies, including the FDIC, have adopted guidelines for establishing information security standards and programs to protect such information.

Community Reinvestment Act and Fair Lending

The Community Reinvestment Act of 1977, or CRA, requires that federal banking regulators, in connection with their examinations of financial institutions, evaluate the record of financial institutions in meeting the credit needs of their local communities, including low and moderate-income individuals and neighborhoods, consistent with the safe and sound operations of the banks. Failure to adequately meet these criteria could impose additional requirements and limitations on us. These regulations also provide for regulatory assessment of a bank's record in meeting the needs of its service areas, and this record is taken into account by

the regulators when considering applications to, among other things, establish branches or merge with or acquire the assets and assume the liabilities of another bank. In the case of a potential merger or acquisition, the CRA performance record of the banks involved in the transaction are reviewed in connection with the filing of an application for approval of such merger or acquisition. An unsatisfactory record can substantially delay or block the transaction. Additionally, a bank must make certain portions of its most recent CRA examination report conducted by its federal banking regulators available for public review.

We are also subject to certain fair lending requirements and reporting obligations involving our home mortgage lending operations. Fair lending laws prohibit discrimination in the provision of banking services, and bank regulators have increasingly focused on the enforcement of these laws. Fair lending laws include the Equal Credit Opportunity Act of 1974 and the Fair Housing Act of 1968, which prohibit discrimination in credit and residential real estate transactions on the basis of prohibited factors including, among others, race, color, national origin, gender and religion. We may be liable, either through administrative enforcement or private civil actions, for policies that result in a disparate treatment of or have a disparate impact on a protected class of applicants or borrowers. If a pattern or practice of lending discrimination is alleged by a regulator, then that agency may refer the matter to the U.S. Department of Justice ("DOJ") for investigation. Pursuant to a Memorandum of Understanding, the DOJ and CFPB have agreed to share information, coordinate investigations and generally commit to strengthen their coordination efforts. We are required to have a fair lending program that is of sufficient scope to monitor the inherent fair lending risk of our institution and that appropriately remediates issues which are identified.

Executive and Incentive Compensation

The federal banking regulators have adopted guidelines prohibiting excessive compensation as an unsafe and unsound practice. Compensation is considered excessive when the amounts paid are unreasonable or disproportionate to the services performed by an executive officer, employee, director or principal shareholder.

The federal banking regulators have issued guidance on incentive compensation policies intended to ensure that banks' incentive compensation policies do not undermine safety and soundness by encouraging excessive risk taking. This guidance, which covers all employees that have the ability to materially affect the risk profile of an organization, either individually or as part of a group, is based on key principles that a bank's incentive compensation arrangements should (i) provide incentives that do not encourage risk-taking beyond the organization's ability to identify and manage risk, (ii) be compatible with effective internal controls and risk management, and (iii) be supported by strong corporate governance, including active and effective board oversight. Deficiencies in compensation practices may affect our supervisory ratings, which could affect our ability to make acquisitions or take other actions, and enforcement actions may be taken if our incentive compensation arrangements or related risk-management control or governance processes pose a risk to safety and soundness and we are not taking prompt and effective measures to correct the deficiencies.

The Dodd-Frank Act requires the federal banking agencies and the SEC to establish joint regulations or guidelines for specified regulated entities, like us, having at least $1 billion in total assets, to prohibit incentive-based payment arrangements that encourage inappropriate risk-taking by providing an executive officer, employee, director or principal shareholder with excessive compensation, fees, or benefits or that could lead to material financial loss to the entity. These regulators must also establish regulations or guidelines requiring enhanced disclosure to regulators of incentive-based compensation arrangements. The federal regulators proposed such regulations in April 2011 and issued a second proposed rule in April 2016. The April 2016 proposed rule would apply to banks with at least $1 billion in average total consolidated assets and would prohibit certain types and features of incentive-based compensation arrangements, require incentive-based compensation arrangements to adhere to certain basic principles, and require appropriate board or committee oversight and recordkeeping and disclosures to the appropriate agency. Although final rules have not been adopted as of February 2018, if these or other regulations are adopted in a form similar to that proposed, they will impose limitations on the manner in which we may structure compensation for our executives and certain other employees.

Anti-Money Laundering, the USA PATRIOT Act and the Office of Foreign Assets Control Regulation

A major focus of governmental policy on financial institutions in recent years has been aimed at combating money laundering and terrorist financing. The BSA and its implementing regulations and parallel requirements of the federal banking regulators require us to maintain a risk-based AML program reasonably designed to prevent and detect money laundering and terrorist financing and to comply with the recordkeeping and reporting requirements of the BSA, including the requirement to report suspicious activity. The USA PATRIOT Act of 2001 (the "Patriot Act") substantially broadened the scope of AML laws and regulations by imposing significant new compliance and due diligence obligations on financial institutions, creating new crimes and penalties and expanding the extra-territorial jurisdiction of the United States. Financial institutions, including banks, are required under final rules implementing Section 326 of the Patriot Act to establish procedures for collecting standard information from customers opening new accounts and verifying the identity of these new account holders within a reasonable period of time. Financial institutions are also prohibited from entering into specified financial transactions and account relationships and must take certain steps to assist

government agencies in detecting and preventing money laundering and to report certain types of suspicious transactions. The Patriot Act also amended Section 18(c) of the FDIA (commonly referred to as the "Bank Merger Act") to require federal banking regulatory authorities to consider the effectiveness of a financial institution's AML program when reviewing an application to expand operations. In May 2016, Treasury's Financial Crimes Enforcement Network ("FinCEN") issued rules under the BSA requiring financial institutions to identify the beneficial owners who own or control certain legal entity customers at the time an account is opened and to update their AML compliance programs no later than May 11, 2018, to include risk-based procedures for conducting ongoing customer due diligence.

FinCEN and the federal banking agencies continue to issue regulations and guidance with respect to the application and requirements of the BSA and their expectations for effective AML programs. Failure of a financial institution to maintain and implement adequate programs to combat money laundering and terrorist financing, to comply with United States sanctions that affect transactions with designated foreign countries, nationals and others, or to comply with any other relevant laws or regulations, could have serious legal, economic and reputational consequences for the institution, including causing applicable bank regulatory authorities to not approve any applications, including branch openings and mergers or acquisitions, when regulatory approval is required or to prohibit such transactions even if approval is not required.

Oversight and Enforcement

Enforcement Authority. The FDIC possesses enforcement authority over insured banks, including us, pursuant to the FDIA, the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") and other statutes. Insured banks may be subject to potential actions for unsafe or unsound practices or violations of laws, rules, regulations or conditions imposed in writing by applicable federal banking agencies. The FDIC may exercise its enforcement powers by issuing a cease-and-desist order, imposing civil monetary penalties, requiring an increase in capital, entering into formal and informal agreements, or terminating deposit insurance.

The FDICIA required federal banking agencies to broaden the scope of regulatory corrective action taken with respect to depository institutions that do not meet minimum capital and related requirements and to take such actions promptly in order to minimize losses to the FDIC. In connection with FDICIA, federal banking agencies established capital measures (including both a leverage measure and a risk-based capital measure) and specified for each capital measure the levels at which depository institutions will be considered well-capitalized, adequately capitalized, undercapitalized, significantly undercapitalized or critically undercapitalized. If an institution becomes classified as undercapitalized, the appropriate federal banking agency will require the institution to submit an acceptable capital restoration plan and can suspend or greatly limit the institution's ability to effect numerous actions, including capital distributions, certain deposit gathering activities, acquisitions of assets, establishing new branches, entering into new lines of business, or using brokered deposits. The capital restoration plan will not be accepted by the regulators unless any company having control of the undercapitalized institution guarantees the subsidiary's compliance with the capital restoration plan up to a certain specified amount.

Examination. The ASBD and the FDIC conduct regular examinations of us, reviewing such matters as the overall safety and soundness of the institution, the adequacy of our allowance for loan losses ("ALL"), the quality of our loans and investments, the appropriateness of management practices, risk management, interest rate exposure, vendor management, internal controls and audit systems, compliance with laws and regulations, and other aspects of our operations. These examinations are designed for the protection of our depositors, rather than our shareholders. We generally undergo FDIC and ASBD examinations that are conducted jointly by the agencies. In addition, the Dodd-Frank Act gives the CFPB the authority to include its examiners, on a sampling basis, in examinations performed by primary federal regulators such as the FDIC, in order to assess compliance with consumer financial protection laws.

Acquisition Approvals. Under the Bank Merger Act and the Arkansas Banking Code, the prior approval of the FDIC and the ASBD is required for us to merge with another bank or purchase all or substantially all of the assets or assume any of the deposits of another FDIC-insured depository institution. In reviewing applications for merger and acquisition transactions, bank regulators consider, among other things, the competitive effect and public benefits of the transactions, the capital position and managerial resources of the combined organization, the risks to the stability of the U.S. banking or financial system, the applicant's CRA performance record, the applicant's compliance with fair housing and other consumer protection laws and the effectiveness of all organizations involved in combatting money laundering activities. In addition, failure to implement or maintain adequate compliance programs could cause bank regulators not to approve an acquisition where regulatory approval is required or to prohibit an acquisition even if approval is not required.

Change in Bank Control. Under the Change in Bank Control Act (the "CIBCA"), a notice must be submitted to the FDIC if any person (including a company), or group acting in concert, seeks to acquire "control" of us. Control is defined as the power, directly or indirectly, to direct our management or policies or to vote 25% or more of any class of our outstanding voting securities. Additionally,

a rebuttable presumption of control arises when any person (including a company), or group acting in concert, seeks to acquire 10% or more, but less than 25%, of any class of our outstanding voting securities which are publicly traded. When reviewing a notice under the CIBCA, the FDIC will take into consideration the financial and managerial resources of the acquirer, the convenience and needs of the communities served by us, the anti-trust effects of the acquisition and other factors. Under the Bank Holding Company Act of 1956, as amended (the "BHCA"), any company that is not an existing bank holding company would be required to obtain prior approval from the FRB before it could obtain "control" of us (and thereby become a bank holding company) within the meaning of the BHCA. Control generally is defined to mean the ownership or power to vote 25% or more of any class of our voting securities, the ability to control in any manner the election of a majority of our directors or the exercise of a controlling influence over our management and policies. An existing bank holding company would be required to obtain the FRB's prior approval under the BHCA before acquiring more than 5% of any class of our voting securities.

Other Regulations and Restrictions

Reporting Obligations. We must submit to federal and state regulators annual audit reports prepared by independent auditors. Our Annual Report on Form 10-K, which includes the report of our independent auditors, can be used to satisfy this requirement. We also submit Call Reports to the FDIC on a quarterly basis and file other required reports with various federal and state regulators.

Lending Limits. Our lending and investment authority is derived from Arkansas law. The lending power is generally subject to certain restrictions, including the amount which may be lent to a single borrower. Under Arkansas law, the obligations of one borrower to a bank may not exceed 20% of the bank's capital base. See also Note 20 of the Consolidated Financial Statements under "Part II, Item 8. Financial Statements and Supplemental Data" of this Annual Report on Form 10-K for a discussion of lending limits.

Reserve Requirements. Arkansas law requires state chartered banks to maintain such reserves as are required by the applicable federal regulatory agency. Federal banking laws require all insured banks to maintain reserves against their checking and transaction accounts (primarily checking accounts, NOW and Super NOW checking accounts). Because reserves must generally be maintained in cash, non-interest bearing accounts or in accounts that earn only a nominal amount of interest, the effect of the reserve requirements is to increase our cost of funds.

Payment of Dividends. Regulations of the FDIC and the ASBD limit our ability to pay dividends to our shareholders without the prior approval of such agencies. FDIC regulations prevent insured state banks from paying any dividends from capital and allow the payment of dividends only from net profits then on hand after deduction for losses and bad debts. The ASBD currently limits the amount of dividends that we can pay our shareholders to 75% of net profits after taxes for the current year plus 75% of retained net profits after taxes for the immediately preceding year. In addition, our ability to pay dividends may also be restricted by certain covenants contained in the indentures governing our trust preferred securities, our subordinated debentures and our subordinated notes.

Restrictions on Transactions with Affiliates or Related Parties. Federal law substantially restricts transactions between financial institutions and their affiliates, particularly their non-financial institution affiliates. An affiliate of a bank is any company or entity that controls, is controlled by or is under common control with the bank.

We are subject to Section 23A of the Federal Reserve Act, which places limits on the amount of loans or extensions of credit to, or investments in, or certain other transactions with, affiliates. In addition, limits are placed on the amount of advances to third parties collateralized by the securities or obligations of affiliates. Most of these loans and certain other transactions must be secured in prescribed amounts. We are also subject to Section 23B of the Federal Reserve Act, which prohibits an institution from engaging in transactions with certain affiliates unless the transactions are on terms substantially the same, or at least as favorable to such institution or its subsidiaries, as those prevailing at the time for comparable transactions with non-affiliated companies. We are subject to restrictions on extensions of credit to executive officers, directors, certain principal shareholders, and their related interests. These extensions of credit (1) must be made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with third parties and (2) must not involve more than the normal risk of repayment or present other unfavorable features.

Securities Laws and Regulations. We are subject to certain federal and state laws and regulations applicable to corporations generally, including, without limitation, certain provisions of the federal securities laws. We are subject to the jurisdiction of the FDIC, the ASBD and state securities regulatory authorities for matters relating to the offer and sale of our securities.

Consumer Financial Protection

The consumer protection provisions of the Dodd-Frank Act and the examination, supervision and enforcement of those laws and implementing regulations by the CFPB have created a more intense and complex environment for consumer finance regulation. We

are subject to a number of federal and state consumer protection laws that extensively govern our relationship with our customers. These laws include, among others, the Truth in Lending Act, the Home Mortgage Disclosure Act, the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Home Ownership and Equity Protection Act, the Electronic Fund Transfer Act, the Fair and Accurate Credit Transactions Act, the Fair Debt Collection Practices Act, the Fair Housing Act, the Real Estate Settlement Procedures Act, the Truth in Savings Act, the Expedited Funds Availability Act, the Check Clearing for the 21st Century Act, the Service Members Civil Relief Act, the Telephone Consumer Protection Act, the CAN-SPAM Act, and similar state laws, as well as state usury laws and other state consumer protection laws. These and other laws, among other things, require disclosures of the cost of credit and terms of deposit accounts, provide substantive consumer rights, prohibit discrimination in credit transactions, regulate the use of credit report information, provide financial privacy protections, prohibit unfair, deceptive and abusive acts and practices, restrict our ability to raise interest rates and subject us to significant regulatory oversight. Failure to comply with these and other consumer protection requirements may result in significant liability in private civil actions or enforcement actions by federal and state bank regulators or consumer protection agencies or state attorneys general, and may prevent us from engaging in merger or acquisition transactions or other activities requiring regulatory approval or that regulators may prohibit even if approval is not required.

The CFPB is designed to prevent unfair, deceptive and abusive practices and ensure that all consumers have access to markets for consumer financial products and services, and that such markets are fair, transparent and competitive. Because our total assets exceed $10 billion, the CFPB has direct supervision and enforcement authority over us, including the authority to investigate possible violations of federal consumer financial laws, hold hearings and commence civil litigation, and establish applicable examination, enforcement and reporting requirements. The CFPB has significant authority to implement and enforce the consumer finance laws identified above and others, as well as the authority to identify and prohibit unfair, deceptive or abusive acts and practices. The review of products and practices to prevent such unfair, deceptive or abusive acts and practices is a continuing focus of the CFPB, and of banking regulators more broadly. The ultimate impact of this heightened scrutiny is uncertain but could result in changes to pricing, practices, products and procedures. It could also result in increased costs related to regulatory oversight, supervision and examination, additional remediation efforts and possible penalties. In addition, the Dodd-Frank Act provides the CFPB with broad supervisory, examination and enforcement authority over various consumer financial products and services, including the ability to require reimbursements and other payments to customers for alleged legal violations, to impose significant monetary penalties or injunctive relief that prohibits lenders from engaging in allegedly unlawful practices, or to obtain cease and desist orders providing for affirmative relief or monetary penalties. The CFPB has been active in bringing enforcement actions related to consumer financial protection laws and obtaining the forms of relief described above.

The Dodd-Frank Act does not prevent states from adopting stricter consumer protection standards. State regulation of financial products and potential enforcement actions could also adversely affect our business, financial condition or results of operations.

Arkansas Law

We are subject to examination and regulation by the ASBD. Under the Arkansas Banking Code, the acquisition of more than 25% of any class of the outstanding capital stock of any bank requires approval of the Bank Commissioner. The Bank Commissioner's approval is required in order for us to make acquisitions, amend our articles of incorporation, repurchase shares of our capital stock (other than payments to dissenting shareholders in a transaction), issue preferred stock or debt, increase, reduce or retire any part of our capital stock, retire debt instruments, or conduct certain types of activities that are incidental or closely related to banking.

The Bank Commissioner has the authority, with the consent of the Governor of the State of Arkansas, to declare a state of emergency and temporarily modify or suspend banking laws and regulations in communities where such a state of emergency exists. The Bank Commissioner may also authorize a bank to close its offices and any day when such bank offices are closed will be treated as a legal holiday, and any director, officer or employee of such bank shall not incur any liability related to such emergency closing. To date no such state of emergency has been declared to exist by the Bank Commissioner.

Effect of Governmental Monetary Policies

Our earnings are affected by domestic economic conditions and the monetary and fiscal policies of the U.S. government and its agencies. The monetary policies of the FRB have had, and are likely to continue to have, an important impact on the operating results of commercial banks through the FRB's statutory power to implement national monetary policy in order, among other things, to curb inflation or combat a recession. The FRB, through its monetary and fiscal policies, affects the levels of bank loans, investments and deposits through its control over the issuance of U.S. government securities, its regulation of the discount rate applicable to member banks and its influence over reserve requirements to which member banks are subject. We cannot predict the nature or impact of future changes in the FRB's monetary and fiscal policies.

Future Regulation of Banks

Both the new U.S. presidential administration and congressional leadership have advocated for, and legislation has been introduced that would effect, substantial changes to the Dodd-Frank Act and other laws governing the financial services industry. In addition, certain proposals affecting the banking industry have been discussed from time to time, including but not limited to the following: regulation of all insured depository institutions by a single "super" federal regulator; limitations on the number of accounts protected by the DIF and further modification of the coverage limit on deposits. In addition to potential legislative action, it is unclear whether or to what extent the federal departments and agencies will finalize, adopt, amend or repeal existing or proposed rules and regulations, including those implementing the Dodd-Frank Act. The ultimate impact of the Dodd-Frank Act on our business and results of operations will depend on regulatory interpretation and rulemaking, as well as the success of any actions taken to mitigate the negative earnings impact of certain provisions.

We cannot predict whether or in what form any proposed regulation or statute will be adopted or the extent to which our business may be affected by any new regulation or statute. The scope, timing and implementation of regulatory and statutory changes are uncertain and could have an adverse effect on our business, financial condition or results of operation.

Available Information

We file annual, periodic and current reports, proxy statements and other information required by the Exchange Act with the FDIC, copies of which are available electronically at the FDIC's website at http://www.fdic.gov. In addition, we make available, free of charge, through the Investor Relations section of our Internet website at http://ir.bankozarks.com under "Filings," our Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such reports with or furnish them to the FDIC. You may also inspect and copy any document we file with the FDIC at the public reference facilities maintained at the FDIC, Accounting and Securities Disclosure Section, Division of Risk Management Supervision, 550 17th Street, NW, Washington, DC 20429.

We have adopted a written code of ethics that applies to all directors, officers and employees of the Bank, including our principal executive officer and senior financial officers, in accordance with Section 406 of the Sarbanes-Oxley Act of 2002 and the rules of the SEC promulgated thereunder. Our code of ethics is available on our Investor Relations website, http://ir.bankozarks.com, under "Corporate Information-Governance Documents." In the event that we make changes in, or provide waivers from, the provisions of this code of ethics that we are required to disclose, we intend to disclose these events on our corporate website in such section. Also posted on our website, and available in print upon request from any shareholder to our Investor Relations Department, are our Corporate Governance Principles, Board committee charters and other corporate governance related policies.

Information contained on or accessible through our website or any other website referenced in this report is not part of this report. References to websites in this report are intended to be inactive textual references only.

Shareholders may obtain a copy of any of the above-referenced corporate governance documents by writing to our Investor Relations Department at Investor Relations, Bank of the Ozarks, P.O. Box 8811, Little Rock, Arkansas 72231-8811 or by calling (501) 978-2265. Pursuant to Section 350.3 of the FDIC rules and regulations, each bank is required to make available on request an annual disclosure statement. Our Annual Report on Form 10-K serves as our annual disclosure statement.

Item 1A. RISK FACTORS

An investment in shares of our common stock involves a variety of risks, some of which are specific to us and some of which are inherent to the financial services industry. The following risks and other information in this report or incorporated in this report by reference, including our Consolidated Financial Statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations," should be carefully considered before investing in our securities. These risks may adversely affect our financial condition, results of operations or liquidity. Many of these risks are out of our direct control, though efforts are made to manage those risks while optimizing financial results. These risks are not the only ones we face. Additional risks and uncertainties that we are not aware of or focused on or that we currently deem immaterial may also adversely affect our business and operation. This Annual Report on Form 10-K is qualified in its entirety by all these risk factors.

RISKS RELATED TO OUR BUSINESS

Our financial performance may be adversely affected by conditions in the financial markets and economic conditions generally and in our markets in particular.

Our financial performance is highly dependent on the business environment in the markets where we operate and in the U.S. as a whole. Unfavorable or uncertain economic and market conditions can be caused by declines in economic growth, business activity, investor or business confidence, consumer sentiment, limitations on the availability or increases in the cost of credit and capital, increases in inflation or interest rates, natural disasters, terrorist attacks, acts of war, or a combination of these or other factors. A worsening of business and economic conditions generally or specifically in the principal markets in which we conduct business could have adverse effects, including the following:

- a decrease in deposit balances or the demand for loans and other products and services we offer;
- an increase in the number of borrowers who become delinquent, file for protection under bankruptcy laws or default on their loans or other obligations to us, which could lead to higher levels of nonperforming assets, net charge-offs and provisions for credit losses;
- a decrease in the value of loans and other assets secured by real estate;
- a decrease in net interest income from our lending and deposit gathering activities; and
- an increase in competition resulting from financial services companies.

It is possible that the business environment in the U.S. will experience volatility in the future. There can be no assurance that these conditions will improve in the near term or that conditions will not worsen. Such conditions could adversely affect our business, financial condition, and results of operations.

We depend on key personnel for our success.

Our operating results and ability to manage our growth and minimize loan losses are highly dependent on the services, managerial abilities and performance of our current executive officers and other key personnel. We have an experienced management team that our board of directors believes is capable of managing and growing our business. We do not have employment contracts with our executive officers or, except in limited cases pursuant to acquisitions, key personnel. Losses of or changes in our current executive officers or other key personnel and their responsibilities may disrupt our business and could adversely affect our financial condition, results of operations and liquidity. Additionally, our ability to retain our current executive officers and other key personnel may be further impacted by existing or new legislation and regulations regarding incentive compensation that is affecting or may affect the financial services industry, as discussed in "Item 1. Business – Supervision and Regulation – Executive and Incentive Compensation." There can be no assurance that we will be successful in retaining our current executive officers or other key personnel, or hiring additional key personnel to assist in executing our growth, expansion, acquisition and business strategies.

Our operations are significantly affected by interest rate levels.

Our profitability is dependent to a large extent on net interest income, which is the difference between interest income earned on loans and investment securities and interest expense paid on deposits, other borrowings, subordinated debentures and subordinated notes. Our business is affected by changes in general interest rate levels and changes in the differential between short-term and long-term interest rates, both of which are beyond our control. An increase in market interest rates on loans is generally associated with a lower volume of loan originations, which may reduce earnings. Following an increase in the general level of interest rates, our ability to maintain a positive net interest spread is dependent on our ability to increase our loan offering rates, replace loan maturities with new originations, minimize increases on our deposit rates, and maintain an acceptable level and mix of funding. Although we have implemented procedures we believe will reduce the potential effects of changes in interest rates on our net interest income, these procedures may not always be successful. Accordingly, changes in levels of market interest rates could materially and adversely affect our net interest income and our net interest margin, asset quality, loan origination volume, liquidity, and overall profitability. We cannot assure you that we can minimize our interest rate risk.

We rely primarily on an earnings simulation model to analyze our interest rate risk and our sensitivity to interest rate changes. This earnings simulation model projects a baseline net interest income and estimated changes to such baseline from changes in interest rates and incorporates a number of assumptions, including, among others, (i) the expected exercise of call features on various assets and liabilities, (ii) the expected rates at which rate sensitive assets and rate sensitive liabilities will reprice, (iii) the expected growth in various interest earning assets and interest bearing liabilities and the expected interest rates on such new assets and liabilities, (iv) the expected relative movements in different interest rate indices which are used as the basis for pricing or repricing various assets and liabilities, (v) existing and expected contractual ceiling or floor rates on various assets and liabilities, (vi) expected changes in administered rates on interest bearing transaction, savings, money market and time deposit accounts and the expected impact of

competition on the pricing or repricing of such accounts, (vii) the timing and amount of cash flows expected to be received on purchased loans, (viii) the need for additional capital to support continued growth, and (ix) other relevant factors. These assumptions and inputs into our interest simulation model are difficult to predict. Should these assumptions prove to be inaccurate, our interest simulation model results may not accurately project our interest rate risk and our sensitivity to interest rate changes. As a result, we may incur increased or unexpected losses due to changes in interest rates which could materially and adversely affect our net interest income, our net interest margin and our results of operations.

The monetary policies of the federal government and its agencies could have a material adverse effect on our earnings.

The FRB regulates the supply of money and credit in the U.S. Its policies determine in large part the cost of funds for lending and investing and the return earned on those loans and investments, both of which may affect our net interest income and net interest margin. Changes in the supply of money and credit can also materially decrease the value of financial assets we hold, such as debt securities. The FRB's policies can also adversely affect borrowers, potentially increasing the risk that they may fail to repay their loans. Changes in such policies are beyond our control and difficult to predict; consequently, the effect of these changes on our activities and results of operations is difficult to predict.

Our business depends on the condition of the local and regional economies where we operate.

A large number of our banking offices are located in south central and southeastern portions of the United States. As a result, our financial condition and results of operations may be significantly impacted by changes in the economies of the states where we currently have most of our banking offices, or the markets in which our assets are geographically located. Slowdown in economic activity in these areas, including deterioration in housing markets or increases in unemployment and under-employment, may have a significant and disproportionate effect on consumer and business confidence and the demand for our products and services, result in an increase in non-payment of loans and a decrease in collateral value, and significantly affect our deposit funding sources. Any of these events could have an adverse effect on our financial position, results of operations and liquidity.

Our business may suffer if there are significant declines in the value of real estate.

The market value of real estate can fluctuate significantly in a short period of time as a result of market conditions in the geographic area in which the real estate is located. If the value of the real estate serving as collateral for our loan portfolio were to decline materially, a significant part of our loan portfolio could become under-collateralized. If the loans that are collateralized by real estate become troubled during a time when market conditions are declining or have declined, we may not be able to realize the value of the security anticipated when we originated the loan, which in turn could have an adverse effect on our allowance and provision for loan losses and our financial condition, results of operations and liquidity.

Most of our foreclosed assets are comprised of real estate properties. We carry these properties at their estimated fair values less estimated selling costs. While we believe the carrying values for such assets are reasonable and appropriately reflect current market conditions, there can be no assurance that the values of such assets will not further decline prior to sale or that the amount of proceeds realized upon disposition of foreclosed assets will approximate the carrying value of such assets. If the proceeds from any such dispositions are less than the carrying value of foreclosed assets, we will record a loss on the disposition of such assets, which in turn could have an adverse effect on our results of operations.

We are subject to environmental liability risks.

A significant portion of our loan portfolio is secured by real property. In the ordinary course of business, we may foreclose on and take title to real properties securing certain loans. In doing so, there is a risk that hazardous or toxic substances could be found on these properties. Additionally, we have acquired a number of retail banking facilities and other real properties, any of which may contain hazardous or toxic substances. If hazardous or toxic substances are found, we may be liable for remediation costs, as well as for personal injury and property damage. Environmental laws may require us to incur substantial expenses and may materially reduce the affected property's value or limit our ability to use or sell the affected property. In addition, future laws or more stringent interpretations or enforcement policies with respect to existing laws may increase our exposure to environmental liability. We have policies and procedures that require either formal or informal evaluation of environmental risks and liabilities on real property (i) before originating any loan or foreclosure action, except for certain loans where the real estate collateral is second lien collateral or (ii) prior to the completion of any acquisition of retail banking facilities, real property for future development of retail banking facilities or any other real property, including any real property to be acquired in a merger and acquisition transaction. These policies, procedures and evaluations may not be sufficient to detect all potential environmental hazards. The remediation costs and any other financial liabilities associated with an environmental hazard could have an adverse effect on our financial condition, results of operations and liquidity.

If we do not properly manage our credit risk, our business could be seriously harmed.

There are substantial risks inherent in making any loan, including, but not limited to –

- risks resulting from changes in economic and industry conditions;
- risks inherent in dealing with individual borrowers;
- risks inherent from uncertainties as to the future value of collateral; and
- the risk of non-payment of loans.

Although we attempt to minimize our credit risk through prudent loan underwriting procedures and by monitoring concentrations of our loans, there can be no assurance that these underwriting and monitoring procedures will reduce these risks. Moreover, as we continue to expand into new markets, credit administration and loan underwriting policies and procedures may need to be adapted to local conditions. The inability to properly manage our credit risk or appropriately adapt our credit administration and loan underwriting policies and procedures to local market conditions or changing economic circumstances could have an adverse effect on our allowance and provision for loan losses and our financial condition, results of operations and liquidity.

We make and hold a significant number of construction/land development and non-farm/non-residential real estate loans in our loan portfolio.

Our loan portfolio is comprised of a significant amount of real estate loans, including a large number of construction/land development and non-farm/non-residential loans. Our real estate loans comprised 80.8% of our total loans at December 31, 2017. In addition, our construction/land development and non-farm/non-residential loans, which are subsets of our real estate loans, comprised 41.4% and 27.9%, respectively, of our total loan portfolio at December 31, 2017. Real estate loans, including construction/land development and non-farm/non-residential loans, pose different risks than do other types of loan categories. In particular, real estate construction, acquisition and development loans have certain risks not present in other types of loans, including, among others, risks associated with construction cost overruns, project completion risk, general contractor credit risk and risks associated with the ultimate sale, lease or use of the completed construction. If a decline in economic conditions or other issues cause difficulties for our borrowers of these types of loans, if we fail to evaluate the credit of these loans accurately when we underwrite them or if we do not continue to adequately monitor the performance of these loans, our loan portfolio could experience delinquencies, defaults and credit losses that could have a material adverse effect on our business, financial condition or results of operations. We believe we have established appropriate underwriting procedures for our real estate loans, including construction/land development and non-farm/non-residential loans, and have established appropriate ALL to cover the credit risk associated with such loans. However, there can be no assurance that such underwriting procedures are, or will continue to be, appropriate or that losses on real estate loans, including construction/land development and non-farm/non-residential loans, will not require additions to our ALL, which could have an adverse effect on our financial position and results of operations.

The level of our CRE loan portfolio may subject us to additional regulatory scrutiny.

The federal banking agencies, including the FDIC, have promulgated guidance on sound risk management practices for financial institutions with concentrations in CRE lending. The guidance provides that a bank may have a concentration in CRE lending if (i) total reported loans for construction, land development and other land represent 100% or more of total risk-based capital or (ii) total reported loans secured by multifamily and non-owner occupied, non-farm/non-residential properties and loans for construction, land development and other land represent 300% or more of total risk-based capital and the bank's commercial real estate loan portfolio has increased 50% or more during the prior 36 months. Based on these criteria, we have a concentration in CRE lending as total loans for construction, land development and other land loans represented 209% of our total risk-based capital at December 31, 2017. Additionally, our total loans for multifamily and non-owner occupied, non-farm/non-residential and loans for construction, land development and other land represented 335% of our total risk-based capital at December 31, 2017. The guidance states that if a concentration is present, management must employ heightened risk management practices that address key elements, including board and management oversight and strategic planning, portfolio management, development of underwriting standards, risk assessment and monitoring through market analysis and stress testing, and maintenance of increased capital levels as needed to support the level of CRE lending. While we believe we have implemented policies and procedures with respect to our CRE loan portfolio consistent with this guidance, bank regulators could require us to implement additional policies and procedures consistent with their interpretation of the guidance that may result in additional costs to us.

We could experience deficiencies in our allowance for loan losses.

We maintain an ALL, established through a provision for loan losses charged to expense, that represents our best estimate of probable losses inherent in our existing loan portfolio. Although we believe that we maintain our ALL at a level adequate to absorb losses in our loan portfolio, estimates of loan losses are subjective and their accuracy may depend on the outcome of future events.

Our experience in the banking industry indicates that some portion of our loans may only be partially repaid or may never be repaid at all. Loan losses occur for many reasons beyond our control. Accordingly, we may be required to make significant and unanticipated increases in our ALL during future periods which could materially affect our financial position and results of operations. Additionally, bank regulatory authorities, as an integral part of their supervisory functions, periodically review our ALL. These regulatory authorities may require adjustments to the ALL or may require recognition of additional loan losses or charge-offs based upon their judgment. Any increase in the ALL or charge-offs required by bank regulatory authorities could have an adverse effect on our financial condition, results of operations and liquidity. See *Recent Accounting Pronouncements* included in Note 1 of the Consolidated Financial Statements included in “Part II, Item 8. Financial Statements and Supplementary Data” of this Annual Report on Form 10-K for a more detailed discussion of proposed changes to how entities measure and recognize credit impairment, including the effect on the ALL.

The performance of our investment securities portfolio is subject to fluctuation due to changes in interest rates and market conditions, including credit deterioration of the issuers of individual securities.

Our Investment Committee, which reports to the board of directors, has primary responsibility for oversight of investment portfolio functions. Changes in interest rates can negatively affect the performance of most of our investment securities. Interest rate volatility can reduce unrealized gains or increase unrealized losses in our portfolio. Interest rates are highly sensitive to many factors including monetary policies, domestic and international economic and political issues, and other factors beyond our control. Fluctuations in interest rates can materially affect both the returns on and market value of our investment securities. Additionally, actual investment income and cash flows from investment securities that carry prepayment risk, such as mortgage-backed securities and callable securities, may materially differ from those anticipated at the time of investment or subsequently as a result of changes in interest rates and market conditions.

Our investment securities portfolio consists of several securities whose trading markets are “not active.” As a result, we utilize alternative methodologies for pricing these securities that include various estimates and assumptions. There can be no assurance that we can sell these investment securities at the price derived by these methodologies, or that we can sell these investment securities at all, which could have an adverse effect on our financial position, results of operations and liquidity.

We monitor the financial position of the various issues of investment securities in our portfolio, including each of the state and local governments and other political subdivisions where we have exposure. To the extent we have securities in our portfolio from issuers who have experienced a deterioration of financial condition, or who may experience future deterioration of financial condition, the value of such securities may decline and could result in an other-than-temporary impairment charge, which could have an adverse effect on our financial condition, results of operations and liquidity.

We currently invest in bank owned life insurance (“BOLI”) and may continue to do so in the future.

We had $658 million in general, hybrid and separate account BOLI contracts at December 31, 2017. BOLI is an illiquid long-term asset that provides tax savings because cash value growth and life insurance proceeds are not taxable. However, if we needed additional liquidity and converted the BOLI to cash, such transaction would be subject to ordinary income tax and applicable penalties. We are also exposed to the credit risk of the underlying securities in the investment portfolio and to the insurance carrier’s credit risk (in a general account contract). If BOLI was exchanged to another carrier, additional fees would be incurred and a tax-free exchange could only be done for insureds that were still actively employed by us at that time. There is interest rate risk relating to the market value of the underlying investment securities associated with the BOLI in that there is no assurance that the market value of these securities will not decline. Investing in BOLI exposes us to liquidity, credit and interest rate risk, which could adversely affect our financial condition, results of operation and liquidity.

We have filed change in accounting method applications, which have yet to be approved by the Internal Revenue Service.

During the fourth quarter of 2017, we filed with the Internal Revenue Service (the “Service”) two separate advance consent applications for change in accounting method to change our tax methods of accounting for our loan portfolio and our loan origination fees. Because of the change in the income tax accounting treatment for these items and the resulting net operating loss generated for federal income tax purposes for 2017, (i) we have recorded, at December 31, 2017, a current income tax receivable totaling approximately $225 million and (ii) our previous net deferred income tax asset position changed to a net deferred income tax liability position as of December 31, 2017. Both applications require affirmative consent of the Service, which we expect to obtain. Should the Service not provide affirmative consent to one or both applications, the amount of our current income tax receivable could be reduced or eliminated altogether, which could have an adverse effect on our financial condition, results of operations and liquidity.

Additionally, on December 22, 2017, the Tax Cuts and Jobs Act (“Tax Act”) was enacted, which, among other things, reduces the federal corporate income tax rate from 35% to 21% effective January 1, 2018 and changed or limited certain tax deductions.

Under generally accepted accounting principles ("GAAP"), we revalued our net deferred income tax assets and liabilities during the period in which the Tax Act was enacted. Because of our net deferred income tax liability position resulting from our change in accounting methods filed with the Service, we recognized a one-time income tax benefit during the fourth quarter of 2017 of approximately $49.8 million. Should the Service not provide affirmative consent to one or both applications, some portion or all of our current income tax receivable would be reclassified to a deferred income tax asset, would have to be revalued using a 21% federal income tax rate, and could have an adverse effect on our financial position and results of operation.

Our accounting estimates and risk management processes rely on analytical and forecasting models and tools.

The processes we use to estimate probable credit losses and to measure the fair value of financial instruments, as well as the processes used to estimate the effects of changing interest rates and other measures of our financial condition and results of operations, depend upon the use of analytical and forecasting models and tools. These models and tools reflect assumptions that may not be accurate, particularly in times of market stress or other unforeseen circumstances. Even if these assumptions are accurate, the models and tools may prove to be inadequate or inaccurate because of other flaws in their design or their implementation. Any such failure in our analytical or forecasting models and tools could have a material adverse effect on our business, financial condition and results of operations.

Our selection of accounting policies and methods may affect our reported financial results.

Our accounting policies and methods are fundamental to how we record and report our financial condition and results of operations. Our management must exercise judgment in selecting and applying many of these accounting policies and methods so they comply with GAAP and reflect management's judgment of the most appropriate manner to report our financial condition and results of operations. In some cases, management must select the accounting policy or method to apply from two or more alternatives, any of which may be reasonable under the circumstances, yet which may result in our reporting materially different results than would have been reported under a different alternative.

Certain accounting policies are critical to presenting our financial condition and results of operations. They require management to make difficult, subjective or complex judgments about matters that are uncertain. Materially different amounts could be reported under different conditions or using different assumptions or estimates. Because of the uncertainty of estimates involved in these matters, we may be required to do one or more of the following: significantly increase the ALL or sustain loan losses that are significantly higher than the reserve provided; recognize significant impairment on goodwill and other intangible asset balances; reduce the carrying value of an asset measured at fair value; or significantly increase our accrued tax liability. Any of these could have a material adverse effect on our business, financial condition or results of operations. For a discussion of our critical accounting policies, see "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies."

Failures or interruptions in or breaches to our computer systems, or other information security incidents, could materially and adversely affect our business and operations.

We are dependent upon information technologies, computer systems and networks, including those maintained by us and those maintained and provided to us by third parties (e.g. cloud solutions and "software-as-a-service"), to conduct operations and are reliant on technology to help increase efficiency in our business. These systems could become unavailable or impaired from a variety of causes, including storms and other natural disasters, terrorist attacks, fires, utility outages, internal or external theft or fraud, design defects, human error or complications encountered as existing systems are maintained, replaced or upgraded. We maintain a system of internal controls and security to mitigate the risks of many of these occurrences and maintain insurance coverage for certain risks; however, should an event occur that is not prevented or detected by our internal controls, causes an interruption in service, or is uninsured against or in excess of applicable insurance limits, such occurrence could have an adverse effect on our business and our reputation, which, in turn, could have a material adverse effect on our financial condition, results of operations and liquidity.

In addition, our operations require us to protect our information systems, technology infrastructure and data. Cyber security incidents and other disruptions could jeopardize the security of information stored in and transmitted through our information systems and networks and result in the transmission, theft, disclosure and/or destruction of our confidential information, including client and customer information, corporate information or other assets. We proactively monitor our network and deploy appropriate security personnel, processes and technologies to identify, protect, detect, respond and recover from damage or unauthorized access to our information systems and network; however, there can be no assurance that these security measures or procedures will be completely successful against every threat, every time, or that we will discover a breach in a timely fashion, especially as the methods used become increasingly complex and sophisticated and change frequently. Additionally, our risk and exposure to cyber threats and other information security breaches is heightened as we expand our use of cloud technology and internet and mobile banking delivery channels for our products and services.

We also face the risk of operational disruption, failure, termination, or capacity constraints of any of the third parties that facilitate our business activities, including vendors, exchanges, and other financial intermediaries. Such parties could also be the source or cause of an attack on, or breach of, our operational systems, data or infrastructure, and could disclose such attack or breach to us in a delayed manner or not at all. In addition, we may be at risk of an operational failure with respect to our customers' systems. Our risk and exposure to these matters remains heightened because of, among other things, the evolving nature of these threats and the continued uncertain global economic environment.

As cyber threats continue to evolve, we may be required to expend significant, additional resources to continue to modify or enhance our protective measures, investigate and remediate any information security vulnerabilities, or respond to any changes to state or federal regulations, policy statements or laws concerning information systems or security. Any failure to maintain adequate security over our information systems, our technology-driven products and services or our customers' personal and transactional information could negatively affect our business and our reputation and result in fines, penalties, or other costs, including litigation expense and/or additional compliance costs, all of which could have material adverse effect on our financial condition, results of operations and liquidity.

Our recent results may not be indicative of our future results.

We may not be able to grow our business at the same rate of growth achieved in recent years or even grow our business at all. Additionally, in the future we may not have the benefit of several factors that have been favorable to our business in past years, such as an interest rate environment where changes in rates occur at a relatively orderly and modest pace, the ability to find suitable expansion opportunities, or otherwise to capitalize on opportunities presented by economic turbulence, or other factors and conditions. Numerous factors, such as weakening or deteriorating economic conditions, regulatory and legislative considerations, and competition may impede or restrict our ability to expand our market presence and could adversely affect our future operating results.

To implement our growth strategy successfully, we must expand our operations in both new and existing markets.

We intend to continue the expansion and development of our business by pursuing our growth and *de novo* branching strategies. Accordingly, our growth prospects must be considered in light of the risks, expenses and difficulties frequently encountered by banking companies pursuing growth strategies. In order to execute our growth strategy successfully, we must, among other things:

- identify and expand into suitable markets;
- obtain regulatory and other approvals;
- identify and acquire suitable sites for new banking offices;
- attract and retain qualified bank management and staff;
- build a substantial customer base;
- expand our loan portfolio while maintaining credit quality;
- attract sufficient deposits and capital to fund anticipated loan growth;
- maintain adequate common equity and regulatory capital;
- sustain employee productivity while pursuing various organizational initiatives; and
- maintain sufficient qualified staffing, infrastructure and organizational capacity to support growth and compliance with increasing regulatory requirements.

In addition to the foregoing factors, there are considerable costs involved in opening banking offices, and such new offices generally do not generate sufficient revenues to offset their costs until they have been in operation for some time. Therefore, any new banking offices we open can be expected to negatively affect our operating results until those offices reach a size at which they become profitable. We could also experience an increase in expenses if we encounter delays in opening any new banking offices. Moreover, we cannot give any assurances that any new banking offices we open will be successful, even after they have become established, or that we can hire and retain qualified bank management and staff to achieve our growth and profitability goals. If we do not manage our growth effectively, our business, future prospects, financial condition, results of operations and liquidity could be adversely affected.

We may not be able to meet the cash flow requirements of our depositors, borrowers, creditors or the cash needs for expansion and other corporate activities.

Liquidity represents an institution's ability to provide funds to satisfy demands from depositors, borrowers and other creditors by either converting assets into cash or accessing new or existing sources of incremental funds. Liquidity risk arises from the possibility that we may be unable to satisfy current or future funding requirements and needs. Our ALCO Committee ("ALCO"), which reports to the board of directors, has primary responsibility for oversight of our liquidity, funds management, asset/liability (interest rate risk) position and capital.

The objective of managing liquidity risk is to ensure that our cash flow requirements resulting from depositor, borrower and other creditor demands are met, as well as our operating cash needs, and that our cost of funding such requirements and needs is reasonable. We maintain an asset/liability and interest rate risk policy and a liquidity and funds management policy, including a contingency funding plan that, among other things, include procedures for managing and monitoring liquidity risk. Generally we rely on deposits, repayments of loans and cash flows from our investment securities as our primary sources of funds. Our principal deposit sources include consumer, commercial and public funds customers in our markets. We have used these funds, together with wholesale deposit sources such as brokered deposits, along with other primary funding sources including FHLB advances, federal funds purchased and other sources of short-term borrowings, to make loans, acquire investment securities and other assets and to fund continuing operations.

Deposit levels may be affected by a number of factors, including rates paid by competitors, general interest rate levels, returns available to customers on alternative investments, general economic and market conditions and other factors. Loan repayments are a relatively stable source of funds but are subject to the borrowers' ability to repay loans, which can be adversely affected by a number of factors including changes in general economic conditions, adverse trends or events affecting business industry groups or specific businesses, declines in real estate values or markets, business closings or lay-offs, inclement weather, natural disasters and other factors. Furthermore, loans generally are not readily convertible to cash. Accordingly, we may be required from time to time to rely on secondary sources of liquidity to meet loan growth, deposit withdrawal demands or otherwise fund operations. Such secondary sources include brokered deposits, secured and unsecured federal funds lines of credit from correspondent banks, FRB borrowings and/or accessing the capital markets.

We anticipate we will continue to rely primarily on deposits, loan repayments, and cash flows from our investment securities, as well as other funding sources as appropriate, to provide liquidity. Additionally, where necessary, the secondary sources of borrowed funds described above will be used to augment our primary funding sources. If we are unable to access any of these secondary funding sources when needed, we might be unable to meet our depositors', borrowers' or creditors' needs, which would adversely affect our financial condition, results of operations, and liquidity.

We use brokered deposits which may be an unstable and/or expensive deposit source to fund earning asset growth.

We use brokered deposits, subject to certain limitations and requirements, as a source of funding to augment deposits generated from our branch network, which are our principal source of funding. Our board of directors has established policies and procedures with respect to the use of brokered deposits. Such policies and procedures require, among other things, that (i) we limit the amount of brokered deposits as a percentage of total deposits and (ii) our ALCO monitor our use of brokered deposits on a regular basis, including interest rates and the total volume of such deposits in relation to our total deposits. ALCO has typically approved the use of brokered deposits when such deposits are (i) from respected and stable funding sources and (ii) less costly to us than the marginal cost of additional deposits generated from our branch network. At December 31, 2017 we had $1.16 billion in brokered deposits. In the event that our funding strategies call for the use of brokered deposits, there can be no assurance that such sources will be available, or will remain available, or that the cost of such funding sources will be reasonable. Additionally, should we no longer be considered well-capitalized, our ability to access new brokered deposits or retain existing brokered deposits could be affected by market conditions, regulatory requirements or a combination thereof, which could result in most, if not all, brokered deposit sources being unavailable. The inability to utilize brokered deposits as a source of funding could have an adverse effect on our financial position, results of operations and liquidity.

We may need to raise additional capital in the future to continue to grow, but that capital may not be available when needed.

Federal and state bank regulators require us to maintain adequate levels of capital to support operations. At December 31, 2017, our regulatory capital ratios were at "well-capitalized" levels under regulatory guidelines. However, our business strategy calls for continued growth in our existing banking markets (through currently operating offices, opening additional offices and making additional acquisitions) and to expand into new markets as appropriate opportunities arise. Growth in assets at rates in excess of the rate at which our capital is increased through retained earnings will reduce our capital ratios unless we continue to increase capital. If our capital ratios were to fall below "well-capitalized" levels, the FDIC insurance assessment rate would increase until capital is

restored and maintained at a "well-capitalized" level. Additionally, should our capital ratios fall below "well-capitalized" levels, certain funding sources could become more costly or could cease to be available to us until such time as capital is restored and maintained at a "well-capitalized" level. A higher assessment rate resulting in an increase in FDIC insurance premiums, increased cost of funding or loss of funding sources could have an adverse effect on our financial condition, results of operations and liquidity.

We may need to raise additional capital in the future to provide us with sufficient capital resources and liquidity to meet our commitments and business needs. As a publicly traded company, a likely source of additional funds is the capital markets, accomplished generally through the issuance of equity, including common stock, preferred stock, warrants, depository shares, stock purchase contracts or stock purchase units, and the issuance of senior debt or subordinated debentures. Our ability to raise additional capital, including senior debt or subordinated debentures, if needed, will depend, among other things, on conditions in the equity and/or debt markets at that time, which are outside of our control, and our financial performance. In addition, any issuance of preferred stock or debt by us will require the prior approval of the ASBD and may be accompanied by time delays associated with obtaining such approval. If market conditions change during any time delays associated with obtaining regulatory approval, we may not be able to issue equity or debt on as favorable terms as were contemplated at the time of commencement of the process, or at all.

We cannot assure you that access to such capital and liquidity will be available to us on acceptable terms or at all. Any occurrence that may limit our access to the capital markets, such as a decline in the confidence of debt purchasers, our depositors or counterparties participating in the capital markets, may materially and adversely affect our capital costs and our ability to raise capital and/or debt and, in turn, our liquidity. If we cannot raise additional capital when needed, our ability to expand through internal growth or acquisitions or to continue operations could be impaired.

We and/or the holders of certain classes of our securities could be adversely affected by unfavorable ratings from rating agencies.

The ratings agencies regularly evaluate us, and their ratings of our long-term debt are based on a number of factors, including our financial strength, as well as factors not entirely within our control, including conditions affecting the financial services industry in general. There can be no assurance that we will not receive adverse changes in our ratings in the future, which could adversely affect the cost and other terms upon which we are able to obtain funding, and the way in which we are perceived in the capital markets. Actual or anticipated changes, or downgrades in our credit ratings, including any announcement that our ratings are under review for a downgrade, could affect the market value and liquidity of our securities, increase our borrowing costs and negatively impact our profitability. Additionally, a downgrade of the credit rating of any particular security issued by us could negatively affect the ability of the holders of that security to sell the securities and the prices at which any such securities may be sold.

We may be adversely affected by risks associated with completed or any potential future acquisition.

We plan to continue to grow our business organically. However, we have pursued and expect to pursue additional acquisition opportunities in the future that we believe support our business strategy and may enhance our profitability. Acquisitions involve numerous risks, including, among others:

- incurring time and expense associated with identifying and evaluating potential acquisitions and negotiating potential transactions, resulting in our attention being diverted from the operation of our existing business;
- using inaccurate estimates, assumptions and judgments to evaluate credit, operations, management and market risks with respect to the target institution or assets;
- the risk that the acquired business will not perform to our expectations;
- difficulties, inefficiencies or cost overruns in integrating and assimilating the organizational cultures, operations, technologies, products and services of the acquired business with ours;
- the risk of key vendors not fulfilling our expectations or not accurately converting data;
- entering geographic and product markets in which we have limited or no direct prior experience;
- the potential loss of key employees, vendors, customers and depositors of the acquired business;
- the potential for liabilities, claims and/or other contingencies arising out of the acquired business; and
- the risk of not receiving required regulatory approvals or such approvals being restrictively conditional.

Acquisitions of financial institutions also involve operational risks and uncertainties, and acquired companies may have unknown or contingent liabilities with no corresponding accounting reserve or allowance, exposure to unexpected asset quality problems that require write downs or write-offs (as well as restructuring and impairment or other charges), difficulty retaining key employees and customers and other issues that could negatively affect our business. We may not be able to realize any projected cost savings, synergies or other benefits associated with any such acquisition we complete. Acquisitions may involve the payment of a premium over book and market values and, therefore, some dilution of our tangible book value and diluted earnings per common share may occur in connection with any future acquisition. Failure to successfully integrate the entities we acquire into our existing

operations could significantly increase our operating costs and have a material adverse effect on our business, financial condition and results of operations.

We must generally satisfy a number of meaningful conditions prior to completing any acquisition, including, in certain cases, federal and state regulatory approval. Bank regulators consider a number of factors when determining whether to approve a proposed transaction, including the effect of the transaction on financial stability and the ratings and compliance history of all institutions involved, including the CRA examination results and AML and BSA compliance records of all institutions involved. The process for obtaining required regulatory approvals continues to be difficult. We may fail to pursue, evaluate or complete strategic acquisition opportunities as a result of our inability, or our perceived inability, to obtain any required regulatory approvals in a timely manner or at all.

In addition, we face significant competition from numerous other financial services institutions, some of which will have greater financial resources than we do, when considering acquisition opportunities. Accordingly, attractive acquisition opportunities may not be available to us. There can be no assurance that we will be successful in identifying or completing any potential future acquisitions.

If our goodwill becomes impaired, we could be required to record impairment charges.

Goodwill represents the amount by which the acquisition cost exceeds the fair value of net assets we acquire in an acquisition. We review goodwill for impairment at least annually, or more frequently if events or changes in circumstances indicate the carrying value might be impaired. At December 31, 2017 our goodwill totaled $661 million. While our previous evaluations of goodwill have not resulted in any impairment charges or write downs of our goodwill, there can be no assurance that future evaluations of goodwill will not result in findings of impairment and related write downs, which may have a material adverse effect on our financial condition and results of operations.

We face strong competition in our markets.

Competition in many of our banking markets is intense. We compete with other financial and bank holding companies, state and national commercial banks, savings and loan associations, consumer finance companies, credit unions, securities brokerages, insurance companies, mortgage banking companies, leasing companies, money market mutual funds, asset-based non-bank lenders and other financial institutions and intermediaries, as well as non-financial institutions offering payroll, debit card and other services. Some of these competitors have an advantage over us through greater financial resources, lending limits and larger distribution networks, and may be able to offer a broader range of products and services. Other competitors, many of which are smaller, are either privately-held or non-banks that are not subject to the same extensive regulations that govern our activities and thus benefit from greater flexibility than we have in adopting or modifying growth or operational strategies. Some of our competitors (larger or smaller) may have more liberal lending policies and processes. If we fail to compete effectively for deposits, loans and other banking customers in our markets, we could lose substantial market share, suffer a slower growth rate or no growth and our financial condition, results of operations and liquidity could be adversely affected.

The soundness of other financial institutions could adversely affect us.

Our ability to engage in routine funding transactions could be adversely affected by the actions and financial stability of other financial institutions. Financial services institutions are interrelated as a result of trading, clearing, counterparty or other relationships. We have exposure to various counterparties, including brokers and dealers, commercial and correspondent banks, and others. As a result, defaults by, or rumors or questions about, one or more other financial services institutions, or the financial services industry generally, may result in market-wide liquidity problems and could lead to losses or defaults by such other institutions. Such occurrences could expose us to credit risk in the event of default of one or more counterparties and could have a material adverse effect on our financial position, results of operations and liquidity.

We depend on the accuracy and completeness of information about customers.

In deciding whether to extend credit or enter into certain transactions, we rely on information furnished by or on behalf of customers, including financial statements, credit reports, tax returns and other financial information. We may also rely on representations of those customers or other third parties, such as independent auditors, as to the accuracy and completeness of that information. Reliance on inaccurate or misleading personal information, financial statements, credit reports, tax returns or other financial information, including information falsely provided as a result of identity theft, could have an adverse effect on our business, financial condition and results of operations.

Reputational risk and social factors may impact our results.

Our ability to originate and maintain accounts is highly dependent upon consumer and other external perceptions of our business practices and/or our financial health. Adverse perceptions regarding our business practices and/or financial health could damage our reputation, leading to difficulties in originating and retaining loans and deposits. Adverse developments, consumer sentiment, or other external perceptions regarding the practices of competitors, or the industry as a whole, may also adversely impact our reputation and business prospects. In addition, adverse reputational effects on third parties with whom we have important relationships may also adversely affect our reputation. Adverse effects on our reputation, or the reputation of the industry, may also result in greater regulatory and/or legislative scrutiny, which may lead to laws or regulations that may change or constrain the manner in which we engage with our customers and the products and services we offer. Adverse reputational effects or events may also increase litigation risk. Any of these factors could have an adverse effect on our ability to achieve our business objectives, which could have an adverse effect on our financial conditions, results of operations and liquidity.

We may be subject to claims and litigation pertaining to fiduciary responsibility.

From time to time as part of our normal course of business, customers may make claims and take legal action against us based on actions or inactions related to the fiduciary responsibilities of our Trust and Wealth Management Division. If such claims and legal actions are not resolved in a manner favorable to us, they may result in financial liability and/or adversely affect our market reputation or our products and services. Any financial liability or reputation damage could have a material adverse effect on our business, which, in turn, could have a material adverse effect on our financial condition and results of operations.

We may be subject to claims and litigation asserting lender liability.

From time to time, and particularly during periods of economic stress, customers, including real estate developers, may make claims or otherwise take legal action pertaining to performance of our responsibilities. These claims are often referred to as "lender liability" claims and are sometimes brought in an effort to produce or increase leverage against us in workout negotiations or debt collection proceedings. Lender liability claims frequently assert one or more of the following allegations: breach of fiduciary duties, fraud, economic duress, breach of contract, breach of the implied covenant of good faith and fair dealing, and similar claims. Whether customer claims and legal action related to the performance of our responsibilities are founded or unfounded, if such claims and legal actions are not resolved in a favorable manner, they may result in significant financial liability and/or adversely affect our market reputation, products and services, as well as potentially affecting customer demand for those products and services. Any financial liability or reputation damage could have a material adverse effect on our business, which, in turn, could have a material adverse effect on our financial condition, results of operations and liquidity.

We need to stay current on technological changes in order to compete and meet customer demands.

The financial services industry is undergoing rapid technological changes with frequent introductions of new technology-driven solutions, and as customer preferences and expectations continue to evolve, technology has lowered barriers to entry and made it possible for non-banks to offer products and services traditionally provided by banks, such as automatic transfer and automatic payment systems, as well as nontraditional alternatives like crowdfunding and digital wallets. Our future success will depend, in part, upon our ability, including our ability to fully deploy and leverage the technology applications under development from our OZRK Labs group which we acquired in our C1 transaction, to address the needs of our customers by using technology to provide solutions that will satisfy customer demands for convenience, as well as to create additional operational efficiencies and greater privacy and security protection for customers and their personal information. Some of our competitors have substantially greater resources to invest in technological improvements. We may not be able to effectively implement new technology-driven solutions or be successful in marketing these products and services to our customers. Failure to successfully keep pace with technological change affecting the financial services industry could impair our ability to retain or acquire new business and could have an adverse effect on our business, financial position, results of operations and liquidity.

We may not be able to protect our intellectual property, and may be subject to claims of third-party intellectual property rights.

We utilize, to varying degrees in our business, certain patents, copyrights, trademarks, trade secret laws and confidentiality provisions to establish and protect our proprietary rights, including those created by our OZRK Labs group. If we are unable to protect our intellectual property and proprietary technology, including any technology applications developed by our OZRK Labs group, our competitors may be able to duplicate our technology and products. To the extent that we do not effectively protect our proprietary intellectual property through patents or other means, other parties, including former employees, with knowledge of our intellectual property may seek to exploit our intellectual property for their own or others' advantage. In addition, we may unintentionally infringe on claims of third-party patents, and we may face intellectual property challenges from other parties. We may

not be successful in defending against any such challenges or in obtaining licenses to avoid or resolve any intellectual property disputes. Third-party intellectual rights, valid or not, may also impede our deployment of the full scope of our products and service capabilities, including our OZRK Labs technology applications, in all of the market areas in which we operate or market our products and services. The intellectual property of an acquired business may be an important component of the value that we agree to pay for such a business. Such acquisitions, however, are subject to the risks that the acquired business may not own the intellectual property that we believe we are acquiring, that the intellectual property is dependent on licenses from third parties, that the acquired business infringes on the intellectual property rights of others, or that the technology does not have the acceptance in the marketplace that we may have anticipated. Any inability to protect our intellectual property or any claims of third-party intellectual property rights may negatively affect our business, which, in turn, could have an adverse effect on our business reputation, financial condition or results of operations.

In some instances, litigation may be necessary to enforce our intellectual property rights and protect our proprietary information, or to defend against claims by third parties that our products, services or technology infringe or otherwise violate their intellectual property or proprietary rights. Third parties may have, or may eventually be issued, patents that could be infringed by our products, services or technology. Any of these third parties could bring an infringement claim against us with respect to our products, services or technology. We may also be subject to third-party infringement, misappropriation, breach or other claims with respect to copyright, trademark, license usage or other intellectual property rights. In addition, in recent years, individuals and groups, including patent holding companies, have been purchasing intellectual property assets in order to make claims of infringement and attempt to extract settlements from companies in the banking and financial services industry. Any litigation or claims brought by or against us, whether with or without merit, could result in substantial costs to us and divert the attention of our management, which could harm our business and results of operations. In addition, any intellectual property litigation or claims against us could result in the loss or compromise of our intellectual property and proprietary rights, subject us to significant liabilities including damage awards, result in an injunction prohibiting us from marketing or selling certain of our services, require us to redesign affected products or services, or require us to seek licenses and pay royalties which may only be available on unfavorable terms, if at all, any of which could harm our business and results of operations.

We are involved in legal proceedings and may be the subject of additional litigation and/or investigations in the future.

Our business is subject to increased litigation, government investigation and regulatory risks as a result of a number of factors, including the highly regulated nature of the financial services industry and the focus of state and federal prosecutors on banks and the financial services industry generally. This focus has intensified since the financial crisis commencing in 2008 and its aftermath, with regulators and prosecutors focusing on a variety of financial institution practices and requirements, including foreclosure practices, compliance with applicable consumer protection laws, compliance with AML statutes and the BSA, and sanctions imposed by the Office of Foreign Assets Control of Treasury.

In the normal course of business, from time to time, we are or have been named as a defendant in various legal actions, including arbitrations, class actions and other litigation, arising in connection with our business activities and acquisitions. Certain legal actions may include claims for substantial compensatory or punitive damages or indeterminate amounts of damages. In addition, while the arbitration provisions in certain of our customer agreements historically have limited our exposure to consumer class action litigation, there can be no assurance that we will be able to include or enforce such arbitration clauses in the future.

Although we have developed policies and procedures to minimize the impact of legal noncompliance and other disputes and endeavored to provide reasonable insurance coverage, litigation, government investigations and regulatory actions present an ongoing risk. We cannot predict with certainty the cost of defense, the cost of prosecution or the ultimate outcome of litigation and other proceedings filed by or against us, our directors, management or employees, including remedies or damage awards. On at least a quarterly basis, we assess our liabilities and contingencies in connection with outstanding legal proceedings as well as certain threatened claims (which are not considered incidental to the ordinary conduct of our business) utilizing the latest and most reliable information available. In accordance with GAAP, for matters where a loss is not probable or the amount of the loss cannot be estimated, no accrual is established. For matters where it is probable we will incur a loss and the amount can be reasonably estimated, we establish an accrual for the loss. Once established, the accrual is adjusted periodically to reflect any relevant developments. The actual cost of any outstanding legal proceedings or threatened claims, however, may turn out to be substantially higher than the amount accrued. Further, our insurance may not cover all litigation, other proceedings or claims, or the costs of defense. Future developments could result in an unfavorable outcome for any existing or new lawsuits or investigations in which we are, or may become, involved, which may have a material adverse effect on our business and our results of operations.

We rely on certain third-party vendors.

Our reliance on certain third-party vendors to provide products and services necessary to maintain our day-to-day operations subjects us to the risk of operational disruption, failure or capacity constraints. Third-party vendors provide certain key operational

components, such as cloud-based computing, storage services, payment and card processing services and internet connections and network access. Accordingly, our operations are exposed to risk that these vendors will not perform in accordance with applicable contractual arrangements or service level agreements. We maintain a system of policies and procedures designed to monitor vendor risks including, among other things, (i) changes in the vendor's organizational structure, (ii) changes in the vendor's financial condition, (iii) changes in existing products and services or the introduction of new products and services, and (iv) changes in the vendor's support for existing products and services. While we believe these policies and procedures help to mitigate risk, the failure of an external vendor to perform in accordance with applicable contractual arrangements or the service level agreements could be disruptive to our operations, which could have a material adverse effect on our business and our financial condition and results of operations.

Reductions in interchange fees and the effects of the Durbin Amendment may further reduce our non-interest income.

An interchange fee is a fee merchants pay to the interchange network in exchange for the use of the network's infrastructure and payment facilitation, and which is paid to debit, credit and prepaid card issuers to compensate them for the costs associated with card issuance and operation. In the case of credit cards, this includes the risk associated with lending money to customers. Merchants, trying to decrease their operating expenses, have sought to, and have had some success at, lowering interchange rates. In particular, the Durbin Amendment to the Dodd-Frank Act limited the amount of interchange fees that may be charged for debit and prepaid card transactions by financial institutions whose total assets exceed $10 billion. Effective July 1, 2017, we became subject to the Durbin Amendment and, as a result, our interchange fee income was reduced beginning in the third quarter of 2017 and thereafter.

Recent events and actions indicate a continuing focus on interchange fees by both regulators and merchants. Beyond pursuing litigation, legislation and regulation, merchants are also pursuing alternate payment platforms as a means to lower payment processing costs. To the extent interchange fees are further reduced, our non-interest income from those fees will be reduced, which could have a material adverse effect on our business and results of operations. In addition, the payment card industry is subject to the operating regulations and procedures set forth by payment card networks, and our failure to comply with these operating regulations, which may change from time to time, could subject us to various penalties, fines or fees and/or the termination of our license to use the payment card networks, all of which could have a material adverse effect on our business, financial condition and results of operations.

Natural disasters and climatic change may adversely affect us.

Our operations and customer base are located in markets where natural disasters, including tornadoes, severe storms, fires, floods, hurricanes and earthquakes often occur. Such natural disasters could significantly impact the local population and economies and our business, and could pose physical risks to our properties. Although our banking offices are geographically dispersed primarily throughout the south central and southeastern portions of the United States and we maintain insurance coverages for such events, a significant natural disaster in or near one or more of our markets could have a material adverse effect on our financial condition, results of operations and liquidity. Our operations and customer base are located in markets which could experience the effects of climatic change and resulting rising sea levels. The effects of climatic change and rising sea levels could have a material effect on our financial condition and results of operations.

Changes in accounting standards could materially impact how we report our financial results.

The Financial Accounting Standards Board ("FASB"), the SEC and other bodies that establish and/or interpret accounting standards periodically change the financial accounting and reporting standards that govern the preparation of our consolidated financial statements or may change prior interpretations or positions on how these standards should be applied. These changes may be difficult to predict and may materially affect how we record and report our financial condition and results of operations. In some cases, we could be required to apply a new or revised standard retroactively, which would result in changes to previously reported financial results.

A new accounting standard may require us to increase our ALL and could have a material adverse effect on our financial condition and results of operations.

The FASB has adopted a new accounting standard that will be effective for the Bank beginning January 1, 2020. This standard, referred to as current expected credit loss, or CECL, will require financial institutions to determine periodic estimates of lifetime expected credit losses on loans, and recognize the expected credit losses through provision for loan losses. This will change the current method of provisioning for loan losses that are probable, which may require us to increase our ALL, and likely to increase the types of data we would need to collect and review to determine the appropriate level of ALL. In addition, this change may result in more volatility in the level of ALL. An increase, to the extent material, in our ALL or expenses incurred to determine the appropriate level of the ALL could have a material adverse effect on our financial condition and results of operations.

RISKS ASSOCIATED WITH OUR INDUSTRY

We are subject to extensive government regulation that limits or restricts our activities and could adversely affect our operations.

We operate in a highly regulated industry and are subject to examination, supervision and comprehensive regulation by various federal and state agencies. Compliance with these regulations is costly and restricts certain activities, including payment of dividends on shares of our common stock, mergers and acquisitions, investments, interest rates charged for loans, interest rates paid on deposits, locations of banking offices and various other activities and aspects of our operations. We are also subject to capital guidelines established by regulators which require maintenance of adequate capital. Many of these regulations are intended to protect depositors, the public and the FDIC's DIF rather than shareholders. Additionally, in order to conduct certain activities, including acquisitions, we are required to obtain regulatory approval. There can be no assurance that any required approvals can be obtained, or obtained without conditions or on a timeframe acceptable to us.

The Sarbanes-Oxley Act of 2002 and the related rules and regulations issued by the SEC and NASDAQ, as well as numerous other recently enacted statutes and regulations, including the Dodd-Frank Act and regulations promulgated thereunder, have increased the scope, complexity and cost of corporate governance and reporting and disclosure practices, including the costs of maintaining our internal controls. We continue to implement a number of externally driven regulatory programs, changes and enhancements. The cumulative impact of the collective change initiatives could be significant and have direct implications on resourcing and our people. Our ability to execute our strategy may also be limited by our operational capacity and the increasing complexity of the regulatory environment in which we operate.

Government regulation greatly affects the business and financial results of all commercial banks, and increases our costs of complying with regulatory requirements. Additionally, the failure to comply with these various rules and regulations could subject us to monetary penalties or sanctions or otherwise expose us to reputational risk and could adversely affect our results of operations.

Changes to LIBOR may adversely affect the holder of, the market value of, and the interest expense paid on our subordinated notes and our subordinated debentures and related trust preferred securities, and may effect certain of our loans.

On July 27, 2017, the Financial Conduct Authority, which regulates London Interbank Offered Rates ("LIBOR"), announced that it intends to stop persuading or compelling banks to submit rates for the calculation of LIBOR to the LIBOR administrator. The announcement indicates that the continuation of LIBOR on the current basis will not be guaranteed after 2021. It is impossible to predict whether and to what extent banks will continue to provide LIBOR submissions to the LIBOR administrator, whether LIBOR will cease to be published or supported before or after 2021 or whether any additional reforms to LIBOR may be enacted in the United Kingdom or elsewhere. At this time, no consensus exists as to what rate or rates may become accepted alternatives to LIBOR and it is impossible to predict the effect of any such alternatives on the value of securities based on LIBOR such as our subordinated notes and our subordinated debentures and related trust preferred securities.

Uncertainty as to the nature of such potential changes, alternative reference rates, the replacement or disappearance of LIBOR or other reforms may adversely affect the value of and the return on our subordinated notes and our subordinated debentures and related trust preferred securities, as well as the interest we pay on those securities. In the event that a published LIBOR rate is unavailable, the rate on our subordinated notes and our subordinated debentures and related trust preferred securities will be determined as set forth in the governing agreements. If a published LIBOR rate is unavailable and banks are unwilling to provide quotations for the calculation of LIBOR as set forth in the agreements governing our subordinated notes and our subordinated debentures and related trust preferred securities, the LIBOR rate for those securities will be the LIBOR rate in effect for the prior interest period, except that if a published LIBOR rate is unavailable prior to July 1, 2021, the interest rate for our subordinated notes will reset to 5.50% on July 1, 2021 and remain at that rate until such time, if any, that a LIBOR rate is published. As a result, the interest rate on our subordinated notes and our subordinated debentures and related trust preferred securities may effectively become fixed. If this occurs, the value of and trading market for these securities, as well as the interest we pay on them, may be adversely affected.

At December 31, 2017, approximately 55.1% of our total loan portfolio was indexed to 30-day or 90-day LIBOR. Most of our loan agreements that are indexed to LIBOR include provisions that do not require us to default to any alternative index recommendations but instead allow us, in our sole discretion, to designate an alternative interest rate index in the event that LIBOR should become unavailable or unstable. While we believe these provisions within our loan agreements address the potential future unavailability of LIBOR, there can be no assurance that such provisions will be effective or will not be challenged by our borrowers.

Newly enacted and proposed legislation and regulations may affect our operations and growth.

To address turbulence in the U.S. economy and the banking and financial markets, the U.S. government has enacted a series of laws, regulations, guidelines and programs, many of which are discussed under the section "Item 1. Business-Supervision and Regulation" in this Annual Report on Form 10-K. The changes resulting from the Dodd-Frank Act may affect the profitability of our business activities, require changes to certain of our business practices, impose upon us more stringent capital, liquidity and leverage requirements or otherwise adversely affect our business. In particular, the potential effect of the Dodd-Frank Act on our operations and activities, both currently and prospectively, may include the following risks, among others:

- a reduction in our ability to generate or originate revenue-producing assets as a result of compliance with heightened capital standards;
- an increased cost of operations due to greater regulatory oversight, supervision and examination of banks;
- the limitation on our ability to raise qualifying regulatory capital through the use of trust preferred securities or subordinated notes as these securities and notes are no longer included in Tier 1 capital; and
- the limitations on our ability to offer certain consumer products and services due to anticipated stricter consumer protection laws and regulations.

Examples of some of these changes include, but are not limited to:

- creation of the Financial Stability Oversight Council that may recommend increasingly strict rules for capital, leverage, liquidity, risk management and other requirements as companies grow in size and complexity;
- changes to the assessment base used by the FDIC to assess insurance premiums from insured depository institutions and increases to the minimum reserve ratio for the DIF with provisions to require institutions with total consolidated assets of $10 billion or more to bear a greater portion of the costs associated with increasing the DIF's reserve ratio;
- establishment of the CFPB with broad authority to implement new consumer protection regulations and to examine and enforce compliance with federal consumer laws; and
- amendment of the Electronic Fund Transfer Act to, among other things, give the regulatory agencies the authority to issue rules limiting debit card interchange fees.

Further, we have been and will continue to invest significant management attention and resources to evaluate and make changes necessary to comply with new statutory and regulatory requirements under the Dodd-Frank Act. The Dodd-Frank Act created the CFPB, which is tasked with establishing and implementing rules and regulations under certain federal consumer protection laws with respect to the conduct of providers of certain consumer financial products and services. The CFPB has rulemaking authority over many of the statutes governing products and services offered to bank consumers. For banking organizations with assets of $10 billion or more, the CFPB has exclusive rulemaking and examination authority, and primary enforcement authority for most federal consumer financial laws. In addition, the Dodd-Frank Act permits states to adopt consumer protection laws and regulations that are stricter than those regulations promulgated by the CFPB. Compliance with any such new regulations will likely increase our cost of operations. Failure to comply with these new requirements, among others, may adversely affect our results of operations and financial condition.

Additionally, in the routine course of regulatory oversight, proposals to change the laws and regulations governing the operations of banks and other financial institutions are frequently raised in the U.S. Congress, state legislatures and before bank regulatory authorities. The likelihood of significant changes in laws and regulations in the future and the effect that such changes might have on our operations are impossible to determine. Similarly, proposals to change the accounting and financial reporting requirements applicable to banks and other depository institutions are frequently raised by the SEC, the federal banking agencies and other authorities. Further, federal intervention in financial markets and the commensurate effect on financial institutions may adversely affect our rights under contracts with such other institutions and the way in which we conduct business in certain markets. The likelihood and impact of any future changes in these accounting and financial reporting requirements and the effect these changes might have on our business and operations are also impossible to determine at this time.

We are subject to changes in federal and state tax laws, interpretation of existing laws and examinations and challenges by taxing authorities.

Our financial performance is impacted by federal and state tax laws. Given the current economic and political environment, and ongoing budgetary pressures, the enactment of additional new federal or state tax legislation may occur or interpretations of existing tax laws could change. The enactment of such legislation or changes in the interpretation of existing law may have a material adverse effect on our financial condition, results of operations and liquidity.

In the normal course of business, we are routinely subjected to examinations and audits from federal and state taxing authorities regarding tax positions taken by us and the determination of the amount of tax due. These examinations may relate to income,

franchise, gross receipts, payroll, property, sales and use, or other tax returns filed, or not filed, by us. The challenges made by taxing authorities may result in adjustments to the amount of taxes due, and may result in the imposition of penalties and interest. If any such challenges are not resolved in our favor, they could have a material adverse effect on our financial condition, results of operations and liquidity.

We are subject to heightened regulatory requirements.

The Dodd-Frank Act and its implementing regulations impose various additional requirements on banks with $10 billion or more in total assets, including annual stress testing requirements. In addition, banks with $10 billion or more in total assets are primarily examined by the CFPB with respect to various federal consumer financial protection laws and regulations. As a relatively new agency with evolving regulations and practices, there is uncertainty as to how the CFPB's examination and regulatory authority might affect our business. Compliance with these requirements will necessitate that we hire additional compliance or other personnel, design and implement additional internal controls and risk management processes and incur other significant expenses, all of which could have a material adverse effect on our results of operations.

Unfavorable results from future stress tests may adversely affect our ability to retain customers or require us to raise capital.

Pursuant to the requirements of the Dodd-Frank Act, we will be required to submit our first annual stress test results to appropriate federal regulators by July 31, 2018. This stress test uses three economic and financial scenarios generated by the FRB, including baseline, adverse and severely adverse scenarios. A summary of the results of certain aspects of our stress test will be released publicly. We will also be required to disclose publicly a summary of our stress test results under the severely adverse scenario. We cannot predict whether our results will be satisfactory or whether we will remain well-capitalized under all these stress test scenarios. Should our results be unsatisfactory or we are no longer well-capitalized under any of the scenarios, we may experience reputational damage, difficulty in retaining existing customers or otherwise growing our business which could adversely affect our business, financial condition, results of operations and liquidity. Additionally, our regulators could require us to raise additional capital, impose restrictions on us or take other action based on the stress test results. Such restrictions or actions could negatively affect our business operations and strategies and have a material adverse effect on our financial condition, results of operations and liquidity. Any requirement to raise additional capital may be difficult depending on market conditions then existing and may be dilutive to existing shareholders.

Consumers may decide not to use banks to complete their financial transactions.

Technology and other changes are allowing parties to complete, through alternative methods and delivery channels, financial transactions that historically have involved banks. For example, consumers can now maintain funds that would have historically been held as bank deposits in brokerage accounts, mutual funds with an Internet-only bank, or with virtually any bank in the country through online or mobile banking. Consumers can also complete transactions such as purchasing goods and services, paying bills and/or transferring funds directly without the assistance of banks by transacting through non-bank enterprises or through the use of emerging payment technologies such as cryptocurrencies. The process of eliminating banks as intermediaries could result in the loss of fee income, as well as the loss of customer deposits and the related income generated from those deposits. The loss of these revenue streams and the lower-cost deposits as a source of funds could have an adverse effect on our financial condition, results of operations and liquidity.

RISKS ASSOCIATED WITH OUR COMMON STOCK

The price of our common stock is affected by a variety of factors, many of which are outside our control.

Stock price volatility may make it more difficult for investors to sell shares of our common stock at times and prices they find attractive. Our common stock price can fluctuate significantly in response to a variety of factors, including, among other things:

- actual or anticipated variations in quarterly results of operations;
- recommendations or changes in recommendations by securities analysts regarding our securities;
- operating and stock price performance of other companies that investors deem comparable to us;
- news reports relating to trends, concerns and other issues in the financial services industry;
- perceptions in the marketplace about us and/or our competitors;
- new technology used, or products and services offered, by competitors;
- changes in the political climate;
- changes in global financial markets and global economies and general market conditions, such as interest or foreign exchange rates, stock, commodity or real estate valuations or volatility and other geopolitical, regulatory or judicial events;

- significant acquisitions or business combinations, strategic partnerships, joint ventures, or capital commitments by or involving us or our competitors; and
- changes in governmental regulations.

General market fluctuations, industry factors and general economic and political conditions and events such as economic slowdowns, expected or incurred interest rate changes, credit loss trends and various other factors and events could adversely affect the price of our common stock.

We cannot guarantee that we will pay dividends to common shareholders in the future.

Our shareholders are only entitled to receive dividends on our common stock as our board of directors may declare out of funds legally available for such payments. Although we have historically declared such dividends, we are not required to do so and may reduce or eliminate our common stock dividend in the future. Our ability to pay dividends on our common stock to our shareholders is subject to the restrictions set forth in Arkansas law, by our federal regulator, and by certain covenants contained in the indentures governing our trust preferred securities, our subordinated debentures and our subordinated notes. For example, in the event we become subject to an enforcement action or depending upon our regulatory status, our regulators may prevent us from paying dividends to our shareholders. Further, any lenders making loans to us may impose financial covenants that may be more restrictive than regulatory requirements with respect to our payment of dividends to common shareholders. Accordingly, there can be no assurance that we will continue to pay dividends to our common shareholders in the future. See Note 20 of the Consolidated Financial Statements under "Part II, Item 8. Financial Statements and Supplementary Data" of this Annual Report on Form 10-K for a discussion of dividend restrictions.

Certain state and/or federal laws may deter potential acquirers and may depress our stock price.

Certain provisions of federal and state laws may have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from attempting to acquire, control of us. Under certain federal and state laws, a person, entity, or group must give notice to applicable regulatory authorities before acquiring a significant amount, as defined by such laws, of the outstanding voting stock of a bank, including shares of our common stock. Regulatory authorities review a potential acquisition to determine if it will result in a change of control. The applicable regulatory authorities will then act on the notice, taking into account the resources of the potential acquirer, the potential antitrust effects of the proposed acquisition and numerous other factors. As a result, these statutory provisions may delay, defer or prevent a tender offer or takeover attempt that a shareholder might consider to be in such shareholder's best interest, including those attempts that might result in payment of a premium over the market price for the shares held by shareholders.

The holders of our subordinated debentures and subordinated notes have rights that are senior to those of our common shareholders, and any future debt or preferred equity securities we may offer may adversely affect the market price of our common stock.

At December 31, 2017, we had an aggregate principal amount of $118 million of floating rate subordinated debentures and related trust preferred securities outstanding. We guarantee payment of the principal and interest on the trust preferred securities, and the subordinated debentures are senior to shares of our common stock. As a result, we must make payments on the subordinated debentures (and the related trust preferred securities) before any dividends can be paid on shares of our common stock and, in the event of our bankruptcy, dissolution or liquidation, the holders of the subordinated debentures would receive a distribution from our available assets before any distributions could be made to the holders of common stock. We have the right to defer distributions on our subordinated debentures and the related trust preferred securities for up to five years, during which time no dividends may be paid to holders of our common stock.

At December 31, 2017, we had an aggregate principal amount of $225 million of subordinated notes which are senior to shares of our common stock. In the event of our bankruptcy, dissolution or liquidation, the holders of the subordinated notes would receive a distribution from our available assets before any distribution could be made to the holders of common stock.

We may from time to time issue debt securities, which would be senior to our common stock upon liquidation, and/or preferred equity securities, which may be senior to our common stock for purposes of dividend distributions or upon liquidation, borrow money through other means, or issue preferred stock. Our board of directors is authorized to issue one or more classes or series of preferred stock from time to time without any action on the part of our shareholders, so long as we obtain the prior approval of the Bank Commissioner to issue such securities. Our board of directors also has the power, without shareholder approval, to set the terms of any such classes or series of preferred stock that may be issued, including voting rights, dividend rights, and preferences over our common stock with respect to dividends or upon our dissolution, winding-up and liquidation and other terms. If we issue preferred stock in the future that has a preference over our common stock with respect to the payment of dividends or upon our liquidation, dissolution, or

winding up, or if we issue preferred stock with voting rights that dilute the voting power of our common stock, the rights of holders of our common stock or the market price of our common stock could be adversely affected.

Our common stock trading volume may not provide adequate liquidity for investors.

Although shares of our common stock are listed on the NASDAQ Global Select Market, the average daily trading volume in the common stock may be less than that of larger financial services companies. A public trading market having the desired characteristics of depth, liquidity and orderliness depends on the presence in the marketplace of a sufficient number of willing buyers and sellers of the common stock at any given time. This presence depends on the individual decisions of investors and general economic and market conditions over which we have no control. Given the daily average trading volume of our common stock, significant sales of our common stock in a brief period of time, or the expectation of these sales, could cause a decline in the price of our common stock.

Future issuances of additional equity securities could result in dilution of existing shareholders' equity ownership.

We may determine from time to time to issue additional equity securities to raise additional capital, support growth, or to make acquisitions. Further, we may issue stock options, grant restricted stock awards or other stock grants to retain, compensate and/or motivate our employees and directors. These issuances of our securities could dilute the voting and economic interests of existing shareholders.

Issuing additional shares of our common stock to acquire other banks may result in dilution for existing shareholders and may adversely affect the market price of our stock.

In connection with our growth strategy, we have issued, and may issue in the future, shares of our common stock to acquire additional banks, and/or other businesses related to the financial services industry. Resales of substantial amounts of common stock in the public market and the potential of such sales could adversely affect the prevailing market price of our common stock and impair our ability to raise additional capital through the sale of equity securities.

Our common stock is not an insured deposit.

Shares of our common stock are not a bank deposit and, therefore, losses in value are not insured by the FDIC, any other deposit insurance fund or by any other public or private entity. Investment in shares of our common stock is inherently risky for the reasons described in this "Risk Factors" section of this Annual Report on Form 10-K, and is subject to the same market forces and investment risks that affect the price of common stock in any other company, including the possible loss of some or all principal invested.

Item 1B. UNRESOLVED STAFF COMMENTS

None.

Item 2. PROPERTIES

Our principal executive office is located at 17901 Chenal Parkway in Little Rock, Arkansas. At December 31, 2017, we conducted banking operations in 253 offices in ten states, including 243 banking offices and ten loan production offices. Such offices include both owned and leased facilities.

The following table sets forth specific information about our facilities, by state, at December 31, 2017.

State	Banking Facility		
	Owned	Leased	Total
Arkansas	75 [1]	9 [2]	84
Georgia	59	10 [3]	69
Florida	31	13 [4]	44
North Carolina	23	1	24
Texas	18	5 [5]	23
Alabama	3	—	3
South Carolina	2	—	2
California	—	2 [6]	2
New York	—	1	1
Mississippi	—	1 [7]	1
Total	211	42	253

(1) Includes our principal executive office in Little Rock.
(2) Includes two loan production offices in Little Rock.
(3) Includes two loan production offices in Atlanta.
(4) Includes a loan production office in Winter Park.
(5) Includes one loan production office each in Austin and Houston.
(6) Includes one loan production office each in Los Angeles and San Francisco.
(7) Includes a loan production office in Brookhaven.

Item 3. LEGAL PROCEEDINGS

On December 19, 2011, the Bank's former parent holding company, Bank of the Ozarks, Inc., and the Bank were named as defendants in a purported class action lawsuit filed in the Circuit Court of Lonoke County, Arkansas, Division III, styled *Robert Walker, Ann B. Hines and Judith Belk vs. Bank of the Ozarks, Inc. and Bank of the Ozarks*. On December 20, 2012, the Bank was named as a defendant in a purported class action lawsuit filed in the Circuit Court of Pulaski County, Arkansas, Ninth Division, styled *Audrey Muzingo v. Bank of the Ozarks*. Subsequently, counsel for the plaintiffs in the *Walker* case and counsel for the plaintiff in the *Muzingo* case reached an agreement whereby Ms. Muzingo became a member of the class in the *Walker* case. The *Muzingo* case was dismissed with prejudice on July 10, 2017. The complaint in the *Walker* case challenged the manner in which overdraft fees were charged and the policies related to the posting order of payments, and alleged violations of the Arkansas Deceptive Trade Practices Act. The complaint in the *Walker* case sought to have the case certified by the court as a class action for all Bank account holders located in the State of Arkansas similarly situated and sought (1) a declaratory judgment as to the wrongful nature of the Bank's overdraft fee policies, (2) restitution of overdraft fees paid by the plaintiffs and the putative class as a result of the actions cited in the complaint, (3) disgorgement of profits as a result of the alleged wrongful actions, (4) unspecified compensatory and statutory or punitive damages, and (5) pre-judgment interest, costs, and plaintiffs' attorneys' fees. The parties participated in a mediation on May 11, 2017, at which time the parties reached a settlement in principle. The parties negotiated the form of the settlement documents, and the trial court conducted a hearing to consider the terms of the proposed settlement on August 9, 2017. The trial court entered an order preliminarily approving the settlement negotiated by the parties on August 10, 2017, including providing for notice to the proposed class of the pendency of the class action, the proposed class action determination, the proposed settlement, notice of the final settlement hearing and related matters. The final approval hearing of the negotiated settlement was held on November 13, 2017. At the conclusion of this hearing the court entered a final order and judgment approving the class certification for settlement purposes and approving and confirming the terms of the negotiated settlement. The time for filing an appeal has since expired with no appeal filed. Accordingly, the settlement is final and binding on the class, and the *Walker* case is concluded. The terms of the settlement negotiated by the parties in the *Walker* case did not have a material adverse effect on the Bank's financial condition, results of operations, or liquidity.

The Bank is party to various other claims and legal proceedings, as both plaintiff and defendant, arising in the ordinary course of business. While the ultimate resolution of these various claims and legal proceedings cannot be determined at this time, management of the Bank believes that such claims and proceedings, individually or in the aggregate, will not have a material adverse effect on the financial condition, results of operations, or liquidity of the Bank.

Item 4. MINE SAFETY DISCLOSURES

Not Applicable.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The Bank's common stock is listed on the NASDAQ Global Select Market under the symbol "OZRK" and at December 31, 2017, the Bank had approximately 1,286 registered holders of record. At December 29, 2017, the closing price of our common stock was $48.45 per share. The following table sets forth for each quarter of 2017 and 2016, the high and low sales price of our common stock and the cash dividends declared per share.

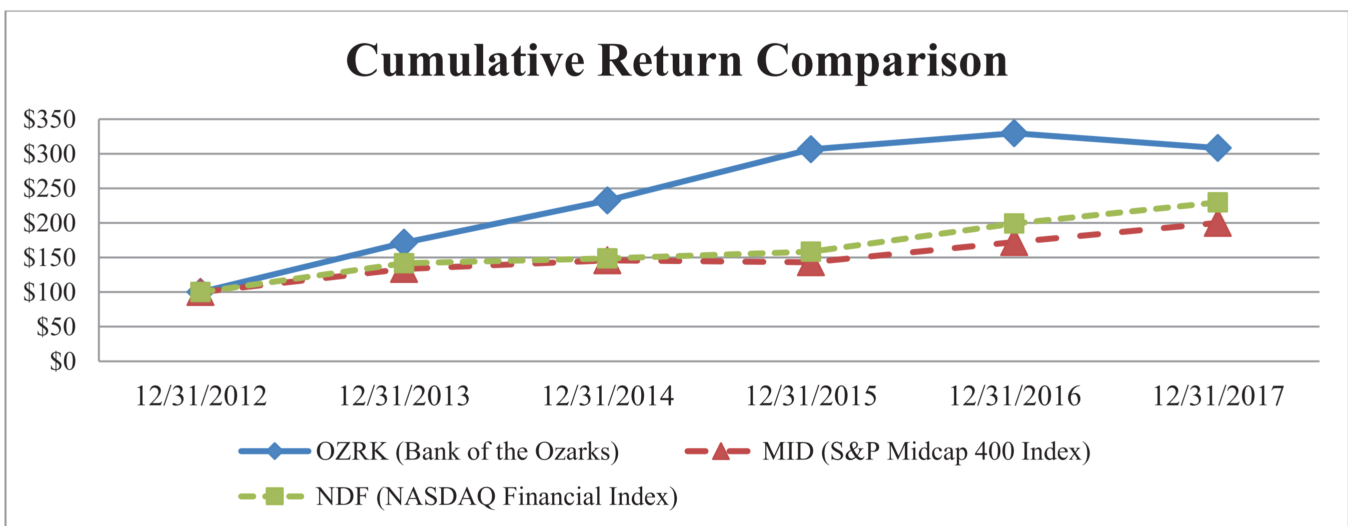
	Year Ended December 31,					
	2017			2016		
	High	Low	Cash Dividend	High	Low	Cash Dividend
First quarter	$ 56.86	$ 47.56	$ 0.170	$ 49.46	$ 35.87	$ 0.150
Second quarter	53.00	43.01	0.175	45.34	33.66	0.155
Third quarter	49.00	40.15	0.180	40.99	33.51	0.160
Fourth quarter	50.46	42.44	0.185	54.92	35.36	0.165
			$ 0.710			$ 0.630

Our principal business operations are commercial banking. Cash available to pay dividends to our common shareholders is derived from our banking operations. Our ability to pay dividends to our common shareholders will continue to be subject to and limited by certain legal and regulatory restrictions. Further, any lenders making loans to us may impose financial covenants that may be more restrictive than regulatory requirements with respect to the payment of dividends to common shareholders. Accordingly, there can be no assurance that we will continue to pay dividends to our common shareholders in the future. See Note 20 of the Consolidated Financial Statements under "Item 8. Financial Statements and Supplementary Data" of this Annual Report on Form 10-K for further discussion of dividend restrictions. Additionally, our ability to pay dividends may be restricted by certain covenants in the indentures governing our trust preferred securities, our subordinated debentures and our subordinated notes.

During the fourth quarter of 2017, we issued an aggregate of 124,735 shares of common stock in connection with the exercise of stock options issued to certain participants under the Amended and Restated Stock Option Plan. The shares were exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 3(a)(2) thereof, because the sales involved securities issued by a bank.

During the fourth quarter of 2017, we had no repurchases of shares of our common stock.

The graph below shows a comparison for the period commencing December 31, 2012 through December 31, 2017 of the cumulative total stockholder returns (assuming reinvestment of dividends) for our common stock, the S&P Midcap 400 Index and the NASDAQ Financial Index, assuming a $100 investment on December 31, 2012.



	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017
OZRK (Bank of the Ozarks)	$ 100	$ 171	$ 232	$ 306	$ 330	$ 308
MID (S&P Midcap 400 Index)	$ 100	$ 133	$ 146	$ 143	$ 172	$ 200
NDF (NASDAQ Financial Index)	$ 100	$ 142	$ 149	$ 158	$ 199	$ 230

Item 6. SELECTED FINANCIAL DATA

The following selected consolidated financial data is derived from our audited financial statements as of and for each of the five years ended December 31, 2017 and should be read in conjunction with "Item 7. Management's Discussion and Analysis of Financial Conditions and Results of Operations" and "Item 8. Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

	Year Ended December 31,				
	2017	2016	2015	2014	2013
	(Dollars in thousands, except per share amounts)				
Income statement data:					
Interest income	$ 932,593	$ 662,555	$ 409,719	$ 291,449	$ 212,153
Interest expense	115,164	61,050	27,568	20,955	18,634
Net interest income	817,429	601,505	382,151	270,494	193,519
Provision for loan losses	28,092	23,792	19,415	16,915	12,075
Non-interest income	123,858	102,399	105,015	84,883	76,039
Non-interest expense	332,672	255,754	190,982	166,015	126,069
Net income available to common stockholders	421,891	269,979	182,253	118,606	91,237
Common share and per common share data:					
Earnings – diluted	$ 3.35	$ 2.58	$ 2.09	$ 1.52	$ 1.26
Book value	26.98	23.02	16.16	11.37	8.53
Tangible book value(1)	21.45	17.08	14.48	10.04	8.27
Dividends	0.71	0.63	0.55	0.47	0.36
Weighted-average diluted shares outstanding (thousands)	125,809	104,700	87,348	78,060	72,402
End of period shares outstanding (thousands)	128,288	121,268	90,612	79,924	73,712
Balance sheet data at period end:					
Total assets	$ 21,275,647	$ 18,890,142	$ 9,879,459	$ 6,766,499	$ 4,791,170
Non-purchased loans	12,733,937	9,605,093	6,528,634	3,979,870	2,632,565
Purchased loans	3,309,092	4,958,022	1,806,037	1,147,947	724,514
Allowance for loan losses	94,120	76,541	60,854	52,918	42,945
Foreclosed assets	25,357	43,702	22,870	37,775	49,811
Investment securities	2,622,796	1,471,612	602,348	839,321	669,384
Goodwill and other intangible assets	709,040	720,950	152,340	105,576	19,158
Deposits	17,192,345	15,574,878	7,971,468	5,496,382	3,717,027
Repurchase agreements with customers	69,331	65,110	65,800	65,578	53,103
Other borrowings	22,320	41,903	204,540	190,855	280,895
Subordinated notes	222,899	222,516	—	—	—
Subordinated debentures	118,800	118,242	117,685	64,950	64,950
Total common stockholders' equity	3,460,728	2,791,607	1,464,631	908,390	629,060
Loan, including purchased loans, to deposit ratio	93.31%	93.50%	104.56%	93.29%	90.32%
Average balance sheet data:					
Total average assets	$ 19,654,664	$ 14,270,078	$ 8,621,334	$ 5,913,807	$ 4,270,052
Total average common stockholders' equity	3,127,576	2,068,328	1,217,475	786,430	560,351
Average common equity to average assets	15.91%	14.49%	14.12%	13.30%	13.12%
Performance ratios:					
Return on average assets	2.15%	1.89%	2.11%	2.01%	2.14%
Return on average common stockholders' equity	13.49	13.05	14.97	15.08	16.28
Return on average tangible common stockholders' equity(1)	17.49	16.25	17.02	16.63	16.73
Net interest margin – FTE	4.85	4.92	5.19	5.52	5.63
Efficiency ratio	34.88	35.84	38.45	45.35	45.32
Common stock dividend payout ratio	21.03	23.03	25.83	30.46	28.22
Asset quality ratios:					
Net charge-offs to average non-purchased loans(2)	0.06%	0.06%	0.18%	0.12%	0.14%
Net charge-offs to total average loans	0.07	0.07	0.17	0.16	0.26
Nonperforming loans to total loans(3)	0.10	0.15	0.20	0.53	0.33
Nonperforming assets to total assets(3)	0.18	0.31	0.37	0.87	1.22
Allowance for loan losses as a percentage of:					
Non-purchased loans(4)	0.73%	0.78%	0.91%	1.33%	1.63%
Nonperforming loans(4)	717%	521%	452%	251%	492%
Capital ratios:					
Tier 1 leverage	13.83%	11.99%	14.96%	12.92%	14.19%
Common equity tier 1	11.17	9.99	10.79	N/A	N/A
Tier 1 risk-based capital	11.17	9.99	11.62	11.74	16.15
Total risk-based capital	12.94	11.99	12.12	12.47	17.18

(1) The calculations of tangible book value per common share and return on average tangible common stockholders' equity and the reconciliations to U.S. generally accepted accounting principles are included in "Item 7. Management's Discussion and Analysis of Financial Conditions and Results of Operations – Capital Resources and Liquidity" of this Annual Report on Form 10-K.
(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.
N/A Ratio not applicable for year indicated.

Selected Quarterly Financial Data

The following tables are summaries of quarterly results of operations for the periods indicated and should be read in conjunction with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 8. Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

	2017 – Three Months Ended			
	March 31	June 30	Sept. 30	Dec. 31
	(Dollars in thousands, except per share amounts)			
Interest income	$ 213,770	$ 228,158	$ 241,566	$ 249,100
Interest expense	(22,999)	(26,053)	(31,844)	(34,269)
Net interest income	190,771	202,105	209,722	214,831
Provision for loan losses	(4,933)	(6,103)	(7,777)	(9,279)
Non-interest income	29,058	31,840	32,747	30,213
Non-interest expense	(78,268)	(83,828)	(84,399)	(86,177)
Income taxes	(47,417)	(53,488)	(54,246)	(3,434)
Noncontrolling interest	(23)	6	(40)	10
Net income available to common stockholders	$ 89,188	$ 90,532	$ 96,007	$ 146,164
Basic earnings per common share	$ 0.73	$ 0.73	$ 0.75	$ 1.14
Diluted earnings per common share	$ 0.73	$ 0.73	$ 0.75	$ 1.14

	2016 – Three Months Ended			
	March 31	June 30	Sept. 30	Dec. 31
	(Dollars in thousands, except per share amounts)			
Interest income	$ 121,741	$ 130,929	$ 194,357	$ 215,529
Interest expense	(9,224)	(11,891)	(19,207)	(20,729)
Net interest income	112,517	119,038	175,150	194,800
Provision for loan losses	(2,017)	(4,834)	(7,086)	(9,855)
Non-interest income	19,865	22,733	29,231	30,571
Non-interest expense	(47,686)	(50,928)	(78,781)	(78,358)
Income taxes	(30,984)	(31,514)	(42,470)	(49,312)
Noncontrolling interest	(7)	(21)	(14)	(59)
Net income available to common stockholders	$ 51,688	$ 54,474	$ 76,030	$ 87,787
Basic earnings per common share	$ 0.57	$ 0.60	$ 0.66	$ 0.72
Diluted earnings per common share	$ 0.57	$ 0.60	$ 0.66	$ 0.72

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

The following is a discussion of our financial condition at December 31, 2017 and 2016 and our results of operations for each of the years in the three-year period ended December 31, 2017. The purpose of this management's discussion and analysis of financial condition and results of operations ("MD&A") is to focus on information about our financial condition and results of operations that is not otherwise apparent from the Consolidated Financial Statements and footnotes. This discussion should be read in conjunction with the disclosure regarding "Forward-Looking Information" in Part I as well as the risks discussed under "Part I, Item 1A. Risk Factors," and our Consolidated Financial Statements and notes thereto included under "Item 8. Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

On June 26, 2017, as the result of an internal restructuring designed to eliminate the bank holding company structure, Bank of the Ozarks, Inc. an Arkansas corporation, merged with and into its wholly-owned subsidiary, Bank of the Ozarks, an Arkansas state banking corporation (the "Bank"), with the Bank continuing as the surviving corporation (the "Reorganization"). At the effective time of the Reorganization, each share of Bank of the Ozarks, Inc. common stock issued and outstanding immediately prior to the Reorganization was automatically converted to one share of common stock of the Bank having the same designations, rights, powers and preferences and the same qualifications, limitations and restrictions as those associated with each share of Bank of the Ozarks, Inc. common stock. As a result, Bank of the Ozarks, Inc. shareholders upon consummation of the Reorganization became Bank shareholders. The primary purpose of the Reorganization was to create a more efficient corporate structure. The business operations, directors and executive officers of the Bank did not change as a result of the Reorganization. The Bank continues to be subject to regulation by the Arkansas State Bank Department. Because the Bank is an insured depository institution that is not a member bank of the Board of Governors of the Federal Reserve System ("FRB"), our primary federal regulator is the Federal Deposit Insurance Corporation ("FDIC"). We are no longer subject to the FRB's regulation and supervision (except such regulations as are made applicable to the Bank by law and regulation of the FDIC).

Our primary business is commercial banking conducted by the Bank and various subsidiaries of the Bank. The Bank operates in only one segment – community banking. Our results of operations depend primarily on net interest income, which is the difference between the interest income from earning assets, such as loans and investments, and the interest expense incurred on interest bearing liabilities, such as deposits, borrowings, subordinated debentures and subordinated notes. We also generate non-interest income, including service charges on deposit accounts, trust income, bank owned life insurance ("BOLI") income, other income from purchased loans, loan service, maintenance and other fees, and gains on investment securities and from sales of other assets.

Our non-interest expense consists primarily of employee compensation and benefits, net occupancy and equipment expense and other operating expenses. Our results of operations are significantly affected by our provision for loan losses and our provision for income taxes.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States, or GAAP, requires management to make estimates, assumptions and judgments that affect the amounts reported in the Consolidated Financial Statements. Our determination of (i) the provisions to and the adequacy of the allowance for loan losses ("ALL"), (ii) the fair value of our investment securities portfolio, (iii) the fair value of the assets acquired and liabilities assumed pursuant to business combination transactions and (iv) our accounting for income taxes all involve a higher degree of judgment and complexity than our other significant accounting policies. Accordingly, we consider each of these to be critical accounting policies.

Provisions to and adequacy of the ALL. The ALL is established through a provision for such losses charged against income. All or portions of loans deemed to be uncollectible are charged against the ALL when we believe that collectability of all or some portion of outstanding principal is unlikely. Subsequent recoveries, if any, of loans previously charged off are credited to the ALL.

The ALL is maintained at a level we believe will be adequate to absorb probable incurred losses in the loan portfolio. Provisions to and the adequacy of the ALL are based on evaluations of the loan portfolio utilizing objective and subjective criteria. The objective criteria primarily include an internal grading system and specific allowances. In addition to these objective criteria, we subjectively assess the adequacy of the ALL and the need for additions thereto, with consideration given to the nature and mix of the portfolio and other relevant factors. Changes in these criteria or the availability of new information could require adjustment of the ALL in future periods. While a specific allowance has been calculated for impaired loans, no portion of our ALL is restricted to any individual loan or group of loans, and the entire ALL is available to absorb losses from any and all loans.

Our internal grading system assigns grades to all non-purchased loans, except residential 1-4 family loans (including consumer construction loans on 1-4 family properties), consumer loans, indirect loans and certain other loans, with each grade being assigned an allowance allocation percentage. The grade for each graded individual loan is determined by the account officer and other approving officers at the time the loan is made and changed from time to time to reflect an ongoing assessment of loan risk. Grades are reviewed on specific loans from time to time by senior management and as part of our internal credit review process. These risk elements considered in our determination of the appropriate grade for individual loans include the following, among others: (1) for non-farm/non-residential, multifamily residential, and agricultural real estate loans, the debt service coverage ratio (income from the property in excess of operating expenses compared to loan repayment requirements), interest rate stress tolerance (the project's ability to withstand increases in applicable interest rates), operating results of the owner in the case of owner-occupied properties, the loan-to-value ("LTV") ratio, the age, condition, value, nature, quality and marketability of the collateral and the specific risks and volatility of income, property value and operating results typical of properties of that type; (2) for construction and land development loans, the perceived feasibility of the project including the ability to sell developed lots or improvements constructed for resale or ability to lease property constructed for lease, the quality and nature of contracts for presale or preleasing, if any, experience and ability of the developer, loan-to-cost ("LTC") and LTV ratios, interest rate stress tolerance (the project's ability to withstand increases in applicable interest rates), permanent refinancing exit rate stress tolerance (the effect of increases in applicable interest rates on exiting the loan via permanent loan refinancing), sales exit capitalization rate stress tolerance (the effect of increases in capitalization rates on exiting the loan via a sale of the property), and sales exit margin ratio (the percentage of individual units (e.g. lots or condos) sold that are needed to repay the loan); (3) for commercial and industrial loans, the operating results of the commercial, industrial or professional enterprise, the borrower's business, professional and financial ability and expertise, the specific risks and volatility of income and operating results typical for businesses in the applicable industry, the age, condition, value, nature, quality and marketability of collateral and, for certain loans, the marketability of such loans in any secondary market; and (4) for non-real estate agricultural loans, the operating results, experience and ability of the borrower, historical and expected market conditions and the age, condition, value, nature, quality and marketability of collateral. In addition, for each category we consider secondary sources of income and the financial strength of the borrower and any guarantors.

Residential 1-4 family, consumer loans and certain other loans are assigned an allowance allocation percentage based on past due status. For indirect loans, each individual loan is assigned a risk level based on the borrower's individual credit score. Each risk level is assigned a probability of default ("PD") based on the borrower's credit score and an expected loss given default ("LGD") based on the underlying collateral securing the loan. Both the PD and the LGD factors are based on composite third-party information for similar loans and borrowers that have previously defaulted and the resulting loss from such default.

Allowance allocation percentages for the various risk grades and past due categories for residential 1-4 family, consumer loans and certain other loans are determined by management and are adjusted periodically. In determining these allowance allocation percentages, we consider, among other factors, historical loss percentages over various time periods and a variety of subjective criteria.

Assets acquired and liabilities assumed in business combinations are recorded at estimated fair value on their purchase date. As provided for under GAAP, we have up to 12 months following the date of the acquisition to finalize the fair values of acquired assets and assumed liabilities. Once we have finalized the fair values of acquired assets and assumed liabilities within this 12-month period, we consider such values to be the day 1 fair values ("Day 1 Fair Values").

For purchased loans, we segregate this portfolio into loans that contain evidence of credit deterioration on the date of acquisition and loans that do not contain evidence of credit deterioration on the date of acquisition. Purchased loans with evidence of credit deterioration at the date of acquisition are regularly monitored and are periodically reviewed by management. To the extent that a loan's performance has deteriorated from our expectations established in conjunction with the determination of the Day 1 Fair Values, such loan is considered in the determination of the required level of ALL. To the extent that a revised loss estimate exceeds the loss estimate established in the determination of Day 1 Fair Values, such determination will result in an allowance allocation or a partial or full charge-off.

All other purchased loans are graded by management at the time of purchase. The grade on these purchased loans is reviewed regularly as part of the ongoing assessment of such loans. To the extent that current information indicates it is probable that we will not be able to collect all amounts according to the contractual terms thereof, such loan is considered in the determination of the required level of ALL and may result in an allowance allocation or a partial or full charge-off.

At December 31, 2017 and 2016, we had established an ALL totaling $1.6 million for our purchased loan portfolio. Such ALL was based on our historical charge-off analysis of the purchased loan portfolio and reflects our estimate of probable incurred losses in the purchased loan portfolio that had not previously been charged off or had not otherwise been considered in establishing our Day 1 Fair Values.

The accrual of interest on non-purchased loans and purchased loans without evidence of credit deterioration at the date of acquisition is discontinued when, in management's opinion, the borrower may be unable to meet payments as they become due. We generally place a loan, excluding purchased loans with evidence of credit deterioration on the date of acquisition, on nonaccrual status when such loan is (i) deemed impaired or (ii) 90 days or more past due, or earlier when doubt exists as to the ultimate collection of payments. We may continue to accrue interest on certain loans contractually past due 90 days or more if such loans are both well secured and in the process of collection. At the time a loan is placed on nonaccrual status, interest previously accrued but uncollected is reversed and charged against interest income. Nonaccrual loans are generally returned to accrual status when payments are less than 90 days past due and we reasonably expect to collect all payments. If a loan is determined to be uncollectible, the portion of the principal determined to be uncollectible will be charged against the ALL. Loans for which the terms have been modified and for which (i) the borrower is experiencing financial difficulties and (ii) we have granted a concession to the borrower are considered troubled debt restructurings ("TDRs") and are included in impaired loans. Income on nonaccrual loans, including impaired loans but excluding certain TDRs which continue to accrue interest, is recognized on a cash basis when and if actually collected.

All loans deemed to be impaired are evaluated individually. We consider a loan, excluding purchased loans with evidence of credit deterioration at the date of acquisition, to be impaired when based on current information and events, it is probable that we will be unable to collect all amounts due according to the contractual terms thereof. We consider a purchased loan with evidence of credit deterioration at the date of acquisition to be impaired once a decrease in expected cash flows or other deterioration in the loan's expected performance, subsequent to the determination of the Day 1 Fair Values, results in an allowance allocation, a partial or full charge-off or a provision for loan losses. Most of our nonaccrual loans, excluding purchased loans with evidence of credit deterioration at the date of acquisition, and all TDRs are considered impaired. The majority of our impaired loans are dependent upon collateral for repayment. For such loans, impairment is measured by comparing collateral value, net of holding and selling costs, to the current investment in the loan. For all other impaired loans, we compare estimated discounted cash flows to the current investment in the loan. To the extent that our current investment in a particular loan exceeds the estimated net collateral value or the estimated discounted cash flows, the impaired amount is charged off as a reduction of the ALL. Our practice is to charge off any estimated loss as soon as management is able to identify and reasonably quantify such potential loss. Accordingly, only a small portion of our ALL is needed for potential losses on nonperforming loans.

We may also include specific ALL allocations for qualitative factors.

Changes in the criteria used in this evaluation or the availability of new information could cause our ALL to be increased or decreased in future periods. In addition, bank regulatory agencies, as part of their examination process, may require adjustments to our ALL based on their judgment and estimates.

Fair value of the investment securities portfolio. We determine the appropriate classification of investment securities at the time of purchase and reevaluate such designation as of each balance sheet date. At December 31, 2017 and 2016, we classified all of our investment securities as available for sale ("AFS").

Investment securities AFS are stated at estimated fair value, with the unrealized gains and losses determined on a specific identification basis. Such unrealized gains and losses, net of tax, are reported as a separate component of stockholders' equity and included in other comprehensive income (loss). We utilize independent third parties as our principal pricing sources for determining fair value of investment securities which are measured on a recurring basis. As a result, we receive estimates of fair values from at least two independent pricing sources for the majority of our individual securities within our investment portfolio. For investment securities traded in an active market, fair values are based on quoted market prices if available. If quoted market prices are not available, fair values are based on quoted market prices of comparable securities, broker quotes or comprehensive interest rate tables, pricing matrices or a combination thereof. For investment securities traded in a market that is not active, fair value is determined using unobservable inputs. Additionally, the valuation of investment securities acquired may include certain unobservable inputs. All fair value estimates we receive for our investment securities are reviewed on a quarterly basis.

Declines in the fair value of investment securities below their amortized cost are reviewed at least quarterly for other-than-temporary impairment. Factors considered during such review include, among other things, the nature and cause of the unrealized loss, the length of time and extent that fair value has been less than cost and the credit quality, financial condition and near term prospects of the issuer. We also assess whether we have the intent to sell the investment security or more likely than not would be required to sell the investment security before any anticipated recovery in fair value. If either of the criteria regarding intent or requirement to sell is met, the entire difference between amortized cost and fair value is recognized as impairment through the income statement. For securities that do not meet the aforementioned criteria, the amount of impairment is split into (i) other-than-temporary impairment related to credit loss, which must be recognized in the income statement, and (ii) other-than-temporary impairment related to other factors, which is recognized in other comprehensive income (loss). The credit loss is defined as the difference between the present value of the cash flows expected to be collected and the amortized cost basis.

The fair values of our investment securities traded in both active and inactive markets can be volatile and may be influenced by a number of factors including market interest rates, prepayment speeds, discount rates, credit quality of the issuer, general market conditions including market liquidity conditions and other factors. Factors and conditions are constantly changing and fair values could be subject to material variations that may significantly affect our financial condition, results of operations and liquidity.

Fair value of assets acquired and liabilities assumed pursuant to business combination transactions. Purchased loans are recorded at Day 1 Fair Value. Purchased loans that contain evidence of credit deterioration on the date of acquisition are carried at the net present value of expected future cash flows. All other purchased loans are recorded at Day 1 Fair Value, adjusted for subsequent advances, pay downs, amortization or accretion of any premium or discount on purchase, charge-offs and any other adjustment to carrying value.

At the time of acquisition of purchased loans, we individually evaluate a substantial portion of loans acquired in the transaction. For those purchased loans without evidence of credit deterioration at the date of acquisition, Day 1 Fair Value is determined using market participant assumptions in estimating the amount and timing of both principal and interest cash flows expected to be collected, as adjusted for an estimate of future credit losses and prepayments, and then a market-based discount rate is applied to those cash flows. For loans individually evaluated, a grade is assigned to each loan at the date of acquisition based on our internal grading system for purchased loans. To the extent that any purchased loan is not specifically reviewed, such loan is assumed to have characteristics similar to the assigned rating of the acquired institution's risk rating adjusted for any estimated differences between our rating methodology and the acquired bank's rating methodology. The grade for each purchased loan without evidence of credit deterioration is reviewed subsequent to the date of acquisition any time a loan is renewed or extended or at any time information becomes available to us that provides material insight regarding the loan's performance, the status of the borrower, or the quality or value of the underlying collateral. To the extent that current information indicates it is probable that we will collect all amounts according to the contractual terms thereof, such loan is not considered impaired and is not individually considered in the determination of the required ALL. To the extent that current information indicates it is probable that we will not be able to collect all amounts according to the contractual terms thereon, such loan is rated FV 77, is included in certain of our credit quality metrics, is considered impaired and is considered in the determination of the required level of ALL.

Additionally, in determining the Day 1 Fair Values of purchased loans without evidence of credit deterioration at the date of acquisition, we include (i) no carryover of any previously recorded ALL and (ii) an adjustment of the unpaid principal balance to reflect an appropriate market rate of interest, given the risk profile and grade assigned to each loan. This adjustment is accreted or amortized into earnings as a yield adjustment, using the effective yield method, over the remaining life of each loan.

Purchased loans that contain evidence of credit deterioration at the date of acquisition are individually evaluated to determine Day 1 Fair Value of each loan. This evaluation includes no carryover of any previously recorded ALL. In determining Day 1 Fair Value of purchased loans with evidence of credit deterioration at the date of acquisition, we consider a number of factors including, among other things, the remaining life of the acquired loans, estimated prepayments, estimated loss ratios, estimated value and quality of the underlying collateral, estimated holding periods, and net present value of cash flows expected to be received.

In determining the Day 1 Fair Values of purchased loans with evidence of credit deterioration at the date of acquisition, we calculate a non-accretable difference (the credit component of the purchased loans) and an accretable difference (the yield component of the purchased loans). The non-accretable difference is the difference between the contractually required payments and the cash flows expected to be collected in accordance with our determination of the Day 1 Fair Values. Subsequent increases in expected cash flows will result in an adjustment to accretable yield, which will have a positive impact on interest income. Subsequent decreases in expected cash flows will generally result in a provision for loan losses. Subsequent increases in expected cash flows following any previous decrease will result in a reversal of the provision for loan losses to the extent of prior charges and then an adjustment to accretable yield.

The accretable difference on purchased loans with evidence of credit deterioration at the date of acquisition is the difference between the expected cash flows and the net present value of expected cash flows. Such difference is accreted into earnings using the effective yield method over the term of the loans. In determining the net present value of the expected cash flows for purposes of establishing the Day 1 Fair Values, we used discount rates ranging from 6.0% to 9.5% per annum depending on the risk characteristics of each individual loan.

We separately monitor purchased loans with evidence of credit deterioration on the date of acquisition and periodically review such loans contained within this portfolio against the factors and assumptions used in determining the Day 1 Fair Values. A loan is reviewed (i) any time it is renewed or extended, (ii) at any other time additional information becomes available to us that provides material additional insight regarding the loan's performance, the status of the borrower, or the quality or value of the underlying collateral, or (iii) in conjunction with the annual review of projected cash flows of each acquired portfolio. We separately review the performance of the portfolio of purchased loans with evidence of credit deterioration at the date of acquisition on an annual basis, or

more frequently to the extent that material information becomes available regarding the performance of an individual loan, to make determinations of the constituent loans' performance and to consider whether there has been any significant change in performance since our initial expectations established in conjunction with the determination of the Day 1 Fair Values or since our most recent review of such portfolio's performance. To the extent that a loan is performing in accordance with or exceeding our performance expectation established in conjunction with the determination of the Day 1 Fair Values, such loan is rated FV66, is not included in any of the credit quality ratios, is not considered to be an impaired loan, and is not considered in the determination of the required ALL. For any loan that is exceeding our performance expectation established in conjunction with the determination of Day 1 Fair Values, the accretable yield on such loan is adjusted to reflect such increased performance. To the extent that a loan's performance has deteriorated from our expectation established in conjunction with the determination of the Day 1 Fair Values, such loan is rated FV88, is included in certain of our credit quality metrics, is considered an impaired loan, and is considered in the determination of the required level of ALL; however, in accordance with GAAP, we continue to accrete into earnings income on such loans. Any improvement in the expected performance of such loan would result in a reversal of the provision for loan losses to the extent of prior charges and then an adjustment to accretable yield.

The Day 1 Fair Values of investment securities acquired in business combinations are generally based on quoted market prices, broker quotes, comprehensive interest rate tables or pricing matrices, or a combination thereof. Additionally, these valuations may include certain unobservable inputs. The Day 1 Fair Value of other assets acquired in business combinations are generally based on third-party appraisals, broker price opinions, discounted cash flow analysis or other valuations of the acquired asset. The Day 1 Fair Values of assumed liabilities in business combinations are generally the amounts payable by us necessary to completely satisfy the assumed obligations.

As a result of recording, at fair value, acquired assets and assumed liabilities pursuant to business combinations, differences in amounts reported for financial statement purposes and their related basis for federal and state income tax purposes are created. Such differences are recorded as deferred tax assets and liabilities using enacted tax rates in effect for the year or years in which the differences are expected to be recovered or settled. Business combination transactions may result in the acquisition of net operating loss carryforwards and other assets with built-in losses, the realization of which are subject to limitations pursuant to section 382 ("section 382 limitation") of the Internal Revenue Code ("IRC"). In determining the section 382 limitation associated with a business combination, we must make a number of estimates and assumptions regarding the ability to utilize acquired net operating loss carryforwards and the expected timing of future recoveries or settlements of acquired assets with built-in losses. To the extent that information available as of the date of acquisition results in our determination that some portion of acquired net operating loss carryforwards cannot be utilized or assets with built-in losses are expected to be settled or recovered in future periods in which the ability to realize the benefits will be subject to the section 382 limitation, a deferred tax asset valuation allowance is established for the estimated amount of the deferred tax assets subject to the section 382 limitation. To the extent that information becomes available, during the first 12 months following the consummation of a business combination transaction, that results in changes in our initial estimates and assumptions regarding the expected utilization of acquired net operating loss carryforwards or the expected settlement or recovery of acquired assets with built-in losses subject to the section 382 limitation, an increase or decrease of the deferred tax asset valuation allowance will be recorded as an adjustment to bargain purchase gain or goodwill. To the extent that such information becomes available 12 months or more after the consummation of a business combination transaction, or additional information becomes available during the first 12 months as a result of changes in circumstances since the date of the consummation of a business combination transaction, an increase or decrease of the deferred tax asset valuation allowance will be recorded as an adjustment to deferred income tax expense (benefit).

Accounting for income taxes. We utilize the asset and liability method in accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based upon the difference between the values of the assets and liabilities as reflected in the financial statements and their related tax basis using enacted tax rates in effect for the year or years in which the differences are expected to be recovered or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

We are subject to the income tax laws of the United States, its states and the municipalities in which we conduct business. These laws are complex and subject to different interpretations by the taxpayer and the various taxing authorities. We review income tax expense and the carrying value of deferred tax assets quarterly, and as new information becomes available, we adjust the balances as appropriate.

In establishing a provision for income tax expense, we must make judgments and interpretations about the application of tax laws. We must also make estimates about when in the future certain items will affect taxable income in the various tax jurisdictions. We recognize a tax position as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that has a greater than 50% likelihood of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax

benefit is recorded. Actual results could differ significantly from the estimates due to tax law interpretations used in determining the current and deferred income tax liabilities.

We are subject to routine corporate tax audits by the various tax jurisdictions to which we are subject, and there can be no assurances that estimates and interpretations used by us in determining income tax assets and liabilities may not be challenged by federal and state taxing authorities. To the extent that the final tax outcome of these matters is different from the tax positions taken and amounts recorded based on our interpretation of federal and state income tax laws, such differences will impact income tax expense (benefit) in the period in which such determination is made.

Analysis of Results of Operations

General

The table below shows total assets, investment securities AFS, non-purchased loans, purchased loans, deposits, common stockholders' equity, net income available to common stockholders, diluted earnings per common share, book value per common share and tangible book value per common share as of and for the years indicated and the percentage of change year over year.

	December 31,			% Change	
	2017	**2016**	**2015**	**2017 from 2016**	**2016 from 2015**
	(Dollars in thousands, except per share amounts)				
Total assets	$21,275,647	$18,890,142	$ 9,879,459	12.6%	91.2%
Investment securities AFS	2,622,796	1,471,612	602,348	78.2	144.3
Non-purchased loans	12,733,937	9,605,093	6,528,634	32.6	47.1
Purchased loans	3,309,092	4,958,022	1,806,037	(33.3)	174.5
Deposits	17,192,345	15,574,878	7,971,468	10.4	95.4
Common stockholders' equity	3,460,728	2,791,607	1,464,631	24.0	90.6
Net income available to common stockholders	421,891	269,979	182,253	56.3	48.1
Diluted earnings per common share	3.35	2.58	2.09	29.8	23.4
Book value per common share	26.98	23.02	16.16	17.2	42.5
Tangible book value per common share[(1)]	21.45	17.08	14.48	25.6	18.0

(1) The calculation of our tangible book value per common share and the reconciliation to GAAP is included under the section "Capital Resources and Liquidity" in this MD&A.

Highlights of 2017 include the following:

- Growth in non-purchased loans of 32.6% to $12.73 billion at December 31, 2017;
- Growth in the unfunded balance of closed loans of 31.0% to $13.19 billion at December 31, 2017;
- Growth in total assets of 12.6% to $21.28 billion at December 31, 2017;
- Growth in deposits of 10.4% to $17.19 billion at December 31, 2017;
- Net income available to common stockholders of $421.9 million for 2017, a 56.3% increase from net income available to common stockholders for 2016;
- Return on average assets of 2.15% for 2017;
- Returns on average common stockholders' equity and average tangible common stockholders' equity of 13.49% and 17.49%, respectively, for 2017 (the calculation of our return on average tangible common stockholders' equity and the reconciliation to GAAP are included in this MD&A under the section "Capital Resources and Liquidity");
- Net interest margin, on a fully taxable equivalent ("FTE") basis, of 4.85% for 2017;
- An efficiency ratio (non-interest expense divided by the sum of net interest income, on a FTE basis, and non-interest income) of 34.9% for 2017;
- A net charge-off ratio for total loans of 0.07% for 2017;
- Excluding purchased loans, our ratio of nonperforming loans to total loans was 0.10% at December 31, 2017, and our ratio of nonperforming assets to total assets was 0.18% at December 31, 2017; and
- On May 31, 2017, we completed the issuance and sale of 6,600,000 shares of our common stock which generated net proceeds of approximately $299.7 million.

Net Interest Income

Net interest income and net interest margin are analyzed in this discussion on a FTE basis. The adjustment to convert net interest income to a FTE basis consists of dividing tax-exempt interest income by one minus the statutory federal income tax rate of 35%. The FTE adjustments to net interest income were $12.5 million in 2017, $9.8 million in 2016 and $9.6 million in 2015. No adjustments have been made in this analysis for income exempt from state income taxes or for interest expense deductions disallowed under the provisions of the IRC as a result of investments in certain tax-exempt securities. Effective January 1, 2018, the Tax Cut and Jobs Act ("Tax Act") reduced the statutory federal income tax rate to 21%. As a result, the FTE adjustment for comparable amounts of tax-exempt interest income will be reduced in future periods, resulting in potentially lower FTE yields on such tax-exempt interest income.

2017 compared to 2016

Net interest income for 2017 increased 35.8% to $829.9 million compared to $611.3 million for 2016. Net interest margin decreased seven basis points ("bps") to 4.85% for 2017 compared to 4.92% for 2016. The increase in net interest income was primarily the result of the growth in average earning assets, which increased 37.8% to $17.11 billion for 2017 compared to $12.42 billion for 2016. The decrease in net interest margin for 2017 compared to 2016 was primarily due to the 23 bps increase in rates paid on interest bearing liabilities, partially offset by an eleven bps increase in yield on average earning assets.

Yields on average earning assets increased to 5.52% for 2017 compared to 5.41% for 2016 primarily due to an increase in yield on our non-purchased loan portfolio. This increase was partially offset by decreases in yield on our purchased loan portfolio and our aggregate investment securities portfolio. The yield on our portfolio of non-purchased loans increased 45 bps to 5.54% for 2017 compared to 5.09% for 2016. This increase was primarily due to (i) increases in interest rates in 2017, including three, 25 bps increases in the federal funds target rate and increases in both the 30-day and 90-day London Interbank Offered Rates ("LIBOR") and (ii) the continued elevated level of loan prepayments in 2017 on certain of our construction and development loans resulting in prepayment penalties and/or yield maintenance provisions recorded as an adjustment to loan yield. We have also maintained a large percentage of variable rate loans in our non-purchased loan portfolio in an effort to lower our interest rate risk. At December 31, 2017, variable rate loans, many of which are indexed to and reprice with changes in LIBOR, comprised 79% of our non-purchased loans compared to 82% at December 31, 2016. The yield on our purchased loan portfolio decreased seven bps to 6.62% for 2017 compared to 6.69% for 2016. This decrease was primarily attributable to the loans acquired in our acquisitions of Community & Southern Holdings, Inc. ("C&S") and C1 Financial, Inc. ("C1") during 2016, many of which did not contain evidence of credit deterioration on the date of acquisition and were priced at a lower yield compared to the then existing yield on our purchased loan portfolio. The yield on our aggregate investment securities portfolio for 2017 decreased 72 bps to 3.20% compared to 3.92% for 2016. This decrease was primarily the result of the purchase of approximately $1.58 billion of highly liquid, short duration U.S. Government agency mortgage-backed pass through securities in 2017 with yields ranging from approximately 2.00% to 2.30%.

The overall increase in rates on average interest bearing liabilities, which increased 23 bps for 2017 compared to 2016, was primarily due to an increase in rates on interest bearing deposits, which increased 22 bps for 2017 compared to 2016. The increase in rates on our interest bearing deposits, the largest component of our interest bearing liabilities, was primarily due to (i) our deposit gathering initiatives that were implemented in several target markets to fund growth in loans and (ii) the three, 25 bps increases in the federal funds target rate in 2017. To the extent we have future growth in loans, we would expect to increase deposit pricing in certain target markets to fund such growth. Any such increase in deposit pricing is expected to result in increased deposit costs in future periods.

Our other borrowing sources in 2017 included (i) repurchase agreements with customers ("repos"), (ii) other borrowings comprised primarily of Federal Home Loan Bank of Dallas ("FHLB") advances, and, to a lesser extent, federal funds purchased, (iii) subordinated notes and (iv) subordinated debentures. The rates on repos increased three bps in 2017 compared to 2016. The rates on our other borrowing sources decreased 42 bps for 2017 compared to 2016, primarily as a result of the increased utilization in 2017 of short-term FHLB advances. Such short-term advances bear interest at lower rates than fixed rates, callable FHLB advances, which comprised most of our other borrowings in 2016. During 2016, we completed an underwritten public offering of $225 million in aggregate principal amount of our 5.50% fixed-to-floating rate subordinated notes. The rate on these subordinated notes includes the amortization of debt issuance costs over the estimated holding period of seven years. The rates paid on our subordinated debentures, which are tied to a spread over the 90-day LIBOR and reset periodically, increased 51 bps in 2017 compared to 2016 primarily due to increases in LIBOR on the applicable reset dates.

The increase in average earning assets for 2017 compared to 2016 was due to increases in the average balance of non-purchased loans, investment securities and purchased loans. Average non-purchased loans increased $2.90 billion, or 35.8%, to $10.98 billion for 2017 compared to 2016, primarily due to continued strong growth in our originations of non-purchased loans. Average investment securities increased $892 million, or 91.0%, to $1.87 billion for 2017 compared to 2016, primarily due to the purchase during 2017 of approximately $1.58 billion of investment securities described above. The increase in the average balance of our purchased loans for

2017 was due to our acquisitions of C&S and C1 during July 2016, partially offset by paydowns and payoffs of such loans subsequent to acquisition.

2016 compared to 2015

Net interest income for 2016 increased 56.0% to $611.3 million compared to $391.7 million for 2015. Net interest margin decreased 27 bps to 4.92% for 2016 compared to 5.19% for 2015. The increase in net interest income was primarily the result of the growth in average earning assets, which increased 64.5% to $12.42 billion for 2016 compared to $7.55 billion for 2015. The decrease in net interest margin for 2016 compared to 2015 was primarily due to the 14 bps decrease in yield on average earning assets and 14 bps increase in rates paid on interest bearing liabilities.

Yields on average earning assets decreased to 5.41% for 2016 compared to 5.55% for 2015 primarily due to decreases in yield on our purchased loan portfolio and our aggregate investment securities portfolio, partially offset by an increase in yield in our non-purchased loan portfolio. The yield on our portfolio of purchased loans decreased 55 bps to 6.69% for 2016 compared to 7.24% for 2015. This decrease was primarily attributable to the loans acquired in our C&S and C1 acquisitions during 2016 and, to a lesser extent, loans acquired in our Intervest Bancshares Corporation ("Intervest") acquisition in 2015, many of which did not contain evidence of credit deterioration on the date of acquisition and were priced at a lower yield compared to the then existing yield on our purchased loan portfolio. The yield on our aggregate investment securities portfolio for 2016 decreased 111 bps compared to 2015. This decrease was primarily the result of (i) the investment securities acquired in our C&S acquisition whose yields were lower than our existing portfolio of investment securities and, to a lesser extent, (ii) the relatively low interest rate environment for tax-exempt municipal securities that existed for much of 2016 which resulted in certain issuers of such investment securities calling higher-rate investment securities and refinancing those securities at lower interest rates. The yield on our non-purchased loan portfolio increased nine bps to 5.09% for 2016 compared to 5.00% for 2015. This increase was primarily due to (i) higher yields on many newly originated loans during the third and fourth quarters of 2016 compared to 2015, (ii) an acceleration of loan prepayments on certain of our larger construction and development loans in 2016, (iii) prepayment penalties and/or yield maintenance provisions on many construction and development loans that paid off early during 2016 and (iv) increases in LIBOR during 2016. We have also continued to increase the percentage of variable rate loans in our non-purchased loan portfolio. At December 31, 2016, variable rate loans, comprised 82% of our non-purchased loans compared to 79% at December 31, 2015.

The overall increase in rates on average interest bearing liabilities, which increased 14 bps for 2016 compared to 2015, was primarily due to (i) an increase in rates on interest bearing deposits, which increased 19 bps for 2016 compared to 2015, (ii) an increase in rates on our subordinated debentures, which increased 44 bps for 2016 compared to 2015 and (iii) the issuance of our subordinated notes in the second quarter of 2016. These increases were partially offset by a decrease in rates on other borrowings. The increase in rates on our interest bearing deposits, the largest component of our interest bearing liabilities, was primarily due to our deposit gathering initiatives that were implemented in several target markets to fund growth in loans.

Our other borrowing sources in 2016 included (i) repos, (ii) other borrowings comprised primarily of FHLB advances, and, to a lesser extent, federal funds purchased, (iii) subordinated notes and (iv) subordinated debentures. The rates on repos increased four bps in 2016 compared to 2015. The rates on our other borrowing sources decreased 77 bps for 2016 compared to 2015. During 2015, we prepaid $150 million of fixed rate callable FHLB advances with a weighted average interest rate of 3.85%. The weighted average interest rate on our remaining $40 million of fixed rate callable FHLB advances is 2.85%. On June 23, 2016, we completed an underwritten public offering of $225 million in aggregate principal amount of our 5.50% fixed-to-floating rate subordinated notes. The rate on these subordinated notes, including amortization of debt issuance costs, was 5.83% during 2016. The rates paid on our subordinated debentures, which are tied to a spread over the 90-day LIBOR and reset periodically, increased 44 bps in 2016 compared to 2015. This increase in rates on our subordinated debentures is primarily due to increases in LIBOR on the applicable reset dates.

The increase in average earning assets for 2016 compared to 2015 was due, in part, to an increase in the average balance of non-purchased loans which increased $3.19 billion, or 65.0%, to $8.08 billion for 2016 compared to $4.90 billion for 2015 as we continued to experience strong growth in our originations of non-purchased loans. Additionally, the average balance of purchased loans increased $1.46 billion, or 78.6%, to $3.33 billion for 2016 compared to $1.86 billion for 2015, primarily as a result of our C&S and C1 acquisitions.

The following table sets forth certain information relating to our net interest income for the years indicated. The yields and rates are derived by dividing interest income or interest expense by the average balance of the related assets or liabilities, respectively. Average balances are derived from daily average balances for such assets and liabilities. The average balances of investment securities are computed based on amortized cost adjusted for unrealized gains and losses on investment securities AFS and other-than-temporary impairment writedowns, if any. The yields on investment securities include amortization of premiums and accretion of discounts. The average balance of non-purchased loans includes loans on which we have discontinued accruing interest. The yields on non-purchased loans and purchased loans without evidence of credit deterioration at date of acquisition include late fees, any prepayment penalties,

yield maintenance or minimum interest provisions on loan repayments and amortization of certain deferred fees, origination costs and, for such purchased loans, accretion or amortization of any purchase accounting yield adjustment. The yields on purchased loans with evidence of credit deterioration at the date of acquisition consist of accretion of the net present value of expected future cash flows using the effective yield method over the term of the loans and include late fees. Interest expense and rates on our other borrowing sources are presented net of interest capitalized on construction projects and include the amortization of debt issuance costs, if any. The interest expense on the subordinated debentures assumed through an acquisition includes the amortization of any purchase accounting adjustments.

Average Consolidated Balance Sheets and Net Interest Analysis

	Year Ended December 31,								
	2017			2016			2015		
	Average Balance	Income/ Expense	Yield/ Rate	Average Balance	Income/ Expense	Yield/ Rate	Average Balance	Income/ Expense	Yield/ Rate
	(Dollars in thousands)								
ASSETS									
Interest earning assets:									
Interest earning deposits and federal funds sold	$ 81,504	$ 656	0.81%	$ 30,260	$ 366	1.21%	$ 2,902	$ 41	1.40%
Investment securities:									
Taxable	1,158,519	25,460	2.20	466,059	11,373	2.44	363,254	13,131	3.61
Tax-exempt – FTE	714,329	34,508	4.83	514,545	27,049	5.26	422,983	26,406	6.24
Non-purchased loans – FTE	10,979,369	607,925	5.54	8,083,647	411,181	5.09	4,898,552	244,978	5.00
Purchased loans	4,175,146	276,499	6.62	3,325,443	222,350	6.69	1,862,102	134,745	7.24
Total earning assets – FTE	17,108,867	945,048	5.52	12,419,954	672,319	5.41	7,549,793	419,301	5.55
Non-interest earning assets	2,545,797			1,850,124			1,071,541		
Total assets	$19,654,664			$14,270,078			$8,621,334		
LIABILITIES AND STOCKHOLDERS' EQUITY									
Interest bearing liabilities:									
Deposits:									
Savings and interest bearing transaction	$ 8,587,404	$ 53,496	0.62%	$ 5,897,821	$ 20,316	0.34%	$3,557,037	$ 7,969	0.22%
Time deposits of $100 or more	3,164,843	31,222	0.99	2,439,447	19,906	0.82	1,244,879	6,375	0.51
Other time deposits	1,560,035	11,365	0.73	1,448,166	8,372	0.58	880,189	3,372	0.38
Total interest bearing deposits	13,312,282	96,083	0.72	9,785,434	48,594	0.50	5,682,105	17,716	0.31
Repurchase agreements with customers	75,915	132	0.17	64,044	89	0.14	73,995	76	0.10
Other borrowings	62,988	1,305	2.07	46,949	1,168	2.49	187,608	6,111	3.26
Subordinated notes	222,705	12,620	5.67	116,679	6,801	5.83	—	—	—
Subordinated debentures	118,515	5,024	4.24	117,958	4,398	3.73	111,409	3,665	3.29
Total interest bearing liabilities	13,792,405	115,164	0.83	10,131,064	61,050	0.60	6,055,117	27,568	0.46
Non-interest bearing liabilities:									
Non-interest bearing deposits	2,652,895			2,006,933			1,301,574		
Other non-interest bearing liabilities	78,684			60,553			43,819		
Total liabilities	16,523,984			12,198,550			7,400,510		
Common stockholders' equity	3,127,576			2,068,328			1,217,475		
Noncontrolling interest	3,104			3,200			3,349		
Total liabilities and stockholders' equity	$19,654,664			$14,270,078			$8,621,334		
Net interest income – FTE		$829,884			$611,269			$391,733	
Net interest margin – FTE			4.85%			4.92%			5.19%

The following table reflects how changes in the volume of interest earning assets and interest bearing liabilities and changes in interest rates have affected our interest income – FTE, interest expense and net interest income – FTE for the years indicated.

Information is provided in each category with respect to changes attributable to (1) changes in volume (changes in volume multiplied by prior yield/rate); (2) changes in yield/rate (changes in yield/rate multiplied by prior volume); and (3) changes in both yield/rate and volume (changes in yield/rate multiplied by changes in volume). The changes attributable to the combined impact of yield/rate and volume have all been allocated to the changes due to volume.

Analysis of Changes in Net Interest Income—FTE

	2017 over 2016			2016 over 2015		
	Volume	Yield/ Rate	Net Change	Volume	Yield/ Rate	Net Change
	(Dollars in thousands)					
Increase (decrease) in:						
Interest income – FTE:						
Interest earning deposits and federal funds sold	$ 412	$ (122)	$ 290	$ 331	$ (6)	$ 325
Investment securities:						
Taxable	15,218	(1,131)	14,087	2,509	(4,267)	(1,758)
Tax-exempt – FTE	9,652	(2,193)	7,459	4,813	(4,170)	643
Non-purchased loans – FTE	160,335	36,409	196,744	162,013	4,190	166,203
Purchased loans	56,271	(2,122)	54,149	97,844	(10,239)	87,605
Total interest income – FTE	241,888	30,841	272,729	267,510	(14,492)	253,018
Interest expense:						
Savings and interest bearing transaction	16,755	16,425	33,180	8,063	4,284	12,347
Time deposits of $100 or more	7,157	4,159	11,316	9,748	3,783	13,531
Other time deposits	814	2,179	2,993	3,284	1,716	5,000
Repurchase agreements with customers	21	22	43	(14)	27	13
Other borrowings	332	(195)	137	(3,499)	(1,444)	(4,943)
Subordinated notes	6,008	(189)	5,819	6,801	—	6,801
Subordinated debentures	24	602	626	244	489	733
Total interest expense	31,111	23,003	54,114	24,627	8,855	33,482
Increase (decrease) in net interest income – FTE	$ 210,777	$ 7,838	$ 218,615	$ 242,883	$ (23,347)	$ 219,536

Non-Interest Income

Our non-interest income consists primarily of service charges on deposit accounts, mortgage lending income, trust income, BOLI income, other income from purchased loans, loan service, maintenance and other fees and net gains on investment securities and from sales of other assets.

2017 compared to 2016

Non-interest income for 2017 increased 21.0% to $123.9 million compared to $102.4 million for 2016.

Service charges on deposit accounts, the largest component of our non-interest income, increased 11.4% to $42.9 million in 2017 compared to $38.5 million in 2016. This increase was primarily due to growth in the number of transaction accounts and the addition of deposit customers in 2016 from our C&S and C1 acquisitions. Partially offsetting these increases was the effect of the Durbin Amendment, which limits the amount of interchange fees that may be charged for debit and prepaid card transactions. We became subject to the provisions of the Durbin Amendment effective July 1, 2017.

Mortgage lending income decreased 20.5% to $6.4 million in 2017 compared to $8.1 million in 2016. During the fourth quarter of 2017, we ceased taking new loan applications for secondary market consumer mortgage loans. We expect the reduction of our non-interest income in 2018 from the elimination of secondary market consumer loans will be substantially offset by a reduction in 2018 of the non-interest expense associated with the offering of this lending product.

Trust income increased 6.7% to $6.7 million in 2017 compared to $6.3 million in 2016. This increase in trust income was primarily due to growth in personal trust income.

BOLI income increased 26.1% to $18.7 million in 2017 compared to $14.8 million in 2016 primarily due to $103 million in BOLI purchases that occurred during the third and fourth quarters of 2016 and $60 million of BOLI purchased in the fourth quarter of 2017. BOLI income in the form of increases in cash surrender value help to offset a portion of employee benefit costs.

Other income from purchased loans decreased 22.1% to $13.5 million in 2017 compared to $17.3 million in 2016. Other income from purchased loans consists primarily of income recognized on purchased loan prepayments and payoffs that are not considered yield adjustments. Because other income from purchased loans may be significantly affected by loan payments and payoffs, this income item may vary significantly from period to period, but is expected to decrease in future periods as our portfolio of purchased loans decreases.

Loan service, maintenance and other fees, which includes fees on our non-purchased loans that are not considered yield adjustments, increased 129.6% to $15.7 million in 2017 compared to $6.8 million in 2016. The increase in loan service, maintenance and other fees during 2017 compared to 2016 was due to recent efforts to include provisions for such fees in many of our larger non-purchased loan transactions, the effects of which have resulted in an increase in such loan service, maintenance and other fees.

We had net gains on investment securities of $4.0 million in 2017 from the sale of approximately $239 million of investment securities, compared to no significant net gains on investment securities in 2016. Gains on sales of other assets were $5.6 million in 2017 compared to $4.2 million in 2016.

2016 compared to 2015

Non-interest income for 2016 decreased 2.5% to $102.4 million compared to $105.0 million for 2015. Non-interest income for 2016 included $0.8 million of tax-exempt income from BOLI death benefits and $0.2 million of loss on sales of loans. Non-interest income for 2015 included $2.3 million of tax-exempt income from BOLI death benefits, $5.5 million of gains on sales of investment securities and $6.3 million of gains on sales of certain purchased loans.

Service charges on deposit accounts increased 34.0% to $38.5 million in 2016 compared to $28.7 million in 2015. This increase was primarily due to growth in the number of transaction accounts and the addition of deposit customers from our C&S and C1 acquisitions.

Mortgage lending income increased 18.1% to $8.1 million in 2016 compared to $6.8 million in 2015. The volume of originations of mortgage loans available for sale increased 7.5% to $274 million in 2016 compared to $255 million in 2015.

Trust income increased 6.2% to $6.3 million in 2016 compared to $5.9 million in 2015. This increase in trust income was primarily due to growth in both corporate and personal trust income.

BOLI income increased 46.8% to $14.8 million in 2016 compared to $10.1 million in 2015 primarily due to $145 million of BOLI purchased in 2016. Additionally, during 2016, we recognized $0.8 million of tax-exempt death benefits compared to $2.3 million recognized during 2015. BOLI income in the form of increases in cash surrender value help to offset a portion of employee benefit costs.

Other income from purchased loans decreased to $17.3 million in 2016 compared to $26.1 million in 2015. Other income from purchased loans consists primarily of income recognized on purchased loan prepayments and payoffs that are not considered yield adjustments.

We had no significant net gains on investment securities in 2016 compared to net gains of $5.5 million in 2015 from the sale of approximately $197 million of investment securities.

Gains on sales of other assets were $4.2 million in 2016 compared to $14.8 million in 2015. Included in the gains on sales of other assets were $0.2 million of loss from loan sales in 2016 compared to $6.3 million of gains from loan sales in 2015.

The following table presents non-interest income for the years indicated.

Non-Interest Income

	Year Ended December 31,		
	2017	2016	2015
		(Dollars in thousands)	
Service charges on deposit accounts	$ 42,853	$ 38,461	$ 28,698
Mortgage lending income	6,399	8,054	6,817
Trust income	6,691	6,268	5,903
BOLI income	18,677	14,808	10,084
Other income from purchased loans, net	13,456	17,278	26,126
Loan service, maintenance and other fees	15,696	6,836	2,032
Net gains on investment securities	4,033	4	5,481
Gains on sales of other assets	5,553	4,156	14,753
Other	10,500	6,534	5,121
Total non-interest income	$ 123,858	$ 102,399	$ 105,015

Non-Interest Expense

Non-interest expense consists of salaries and employee benefits, net occupancy and equipment expense and other operating expenses.

2017 compared to 2016

Non-interest expense increased 30.1% to $332.7 million in 2017 compared to $255.8 million in 2016. The increase in our non-interest expense in 2017 compared to 2016 was primarily attributable to our C&S and C1 acquisitions that closed in 2016. Additionally, beginning in 2016 and continuing throughout 2017, we significantly increased our expenses related to expanding and enhancing our infrastructure for information technology, cybersecurity, business resilience, enterprise risk management, internal audit, compliance, Bank Secrecy Act (“BSA”) and anti-money laundering (“AML”) monitoring activities and a number of other important areas, including expanding our infrastructure to serve low-to-moderate income and majority-minority markets and customer segments (collectively, “our infrastructure initiatives”). We expect non-interest expense associated with our infrastructure initiatives will continue to accelerate into the first half of 2018. As a result, we expect to see continued increases in our non-interest expenses in 2018 compared to 2017.

Salaries and employee benefits, our largest component of non-interest expense, increased 23.9% to $152.2 million in 2017 compared to $122.8 million in 2016. The increase in salaries and benefits for 2017 compared to 2016 is primarily due to employees added from our C&S and C1 acquisitions, along with employees added as we continue our focus on our infrastructure initiatives. We had 2,400 full-time equivalent employees at December 31, 2017, compared to 2,315 full-time equivalent employees at December 31, 2016.

Net occupancy and equipment expense increased 25.1% to $53.2 million in 2017 compared to $42.5 million in 2016. The increase in our net occupancy and equipment expense for 2017 compared to 2016 is primarily the result of our C&S and C1 acquisitions. At December 31, 2017, we had 253 offices compared to 250 offices at December 31, 2016.

Other operating expenses increased 40.8% to $127.3 million in 2017 compared to $90.4 million in 2016. The increase in other operating expense in 2017 compared to 2016 is primarily attributable to our growth, including growth as a result of our C&S and C1 acquisitions, as well as expenses related to our infrastructure initiatives.

Our efficiency ratio (non-interest expense divided by the sum of net interest income–FTE and non-interest income) was 34.9% for 2017 compared to 35.8% for 2016. Because non-interest income–FTE is a component of the calculation of our efficiency ratio, the decrease in the federal income tax rate for 2018 as a result of the Tax Act is expected to reduce our FTE adjustment for tax-exempt interest income which could result in a modest increase in our efficiency ratio in future periods. Additionally, our expectations for our non-interest expense to accelerate into the first half of 2018 as a result of our infrastructure initiatives may also increase our efficiency ratio in future periods.

2016 compared to 2015

Non-interest expense for 2016 increased 33.9% to $255.8 million compared to $191.0 million for 2015. Non-interest expense for 2016 included $6.7 million of acquisition-related and systems conversion expenses and $0.1 million of software and contract termination charges. Non-interest expense for 2015 included $8.9 million in penalties from prepaying $150 million of our highest cost fixed-rate callable FHLB advances, $2.2 million of severance cost associated with the elimination of the New York lending operations acquired in our Intervest acquisition, approximately $6.7 million of acquisition-related and systems conversion expenses and $1.0 million of software and contract termination charges. Our efficiency ratio was 35.8% for 2016 compared to 38.4% for 2015.

Salaries and employee benefits, our largest component of non-interest expense, increased 39.7% to $122.8 million in 2016 from $88.0 million in 2015. We had 2,315 full-time equivalent employees at December 31, 2016, an increase of 41.0% from 1,642 full-time equivalent employees at December 31, 2015. During July of 2016, we completed our acquisitions of C&S and C1, both of which contributed to our increase in full-time equivalent employees at December 31, 2016 compared to December 31, 2015.

Net occupancy and equipment expense increased 36.1% to $42.5 million in 2016 compared to $31.2 million in 2015. At December 31, 2016, we had 250 offices, an increase of 43.7% from 174 offices at December 31, 2015.

Other operating expenses increased 25.9% to $90.4 million in 2016 compared to $71.8 million in 2015. The increase in other operating expense in 2016 compared to 2015 is primarily attributable to our growth, including growth as a result of our C&S and C1 acquisitions, as well as expenses to our infrastructure initiatives that began to accelerate in 2016.

The following table presents non-interest expense for the years indicated.

Non-Interest Expense

	Year Ended December 31,		
	2017	**2016**	**2015**
		(Dollars in thousands)	
Salaries and employee benefits	$ 152,194	$ 122,832	$ 87,953
Net occupancy and equipment expense	53,198	42,524	31,248
Other operating expenses:			
Postage and supplies	7,769	5,566	3,950
Telephone and data lines	13,935	8,800	5,948
Advertising and public relations	5,989	5,617	2,805
Professional and outside services	32,441	21,330	12,594
Software expense	10,126	4,950	2,635
Travel and meals	8,477	8,130	3,047
FDIC and state assessments	3,414	1,626	1,308
FDIC insurance	9,700	5,125	3,795
ATM expense	5,725	4,774	2,665
Loan collection and repossession expense	5,303	4,612	5,068
Writedowns of foreclosed assets	3,488	3,610	3,803
Amortization of intangibles	12,580	9,037	6,660
FHLB prepayment penalty	—	—	8,853
Other	8,333	7,221	8,650
Total non-interest expense	$ 332,672	$ 255,754	$ 190,982

Income Taxes

Our provision for income taxes was $158.6 million in 2017 compared to $154.3 million in 2016 and $94.5 million in 2015. Our effective income tax rates were 27.3% for 2017, 36.4% for 2016 and 34.1% for 2015. As a result of the Tax Act, during the fourth quarter of 2017, we reduced our deferred tax assets and liabilities to reflect the federal tax rate of 21% applicable to the periods in which the deferred tax assets and liabilities are expected to reverse. As a result of our net deferred tax liability position, the revaluation resulted in a one-time tax benefit during the fourth quarter of 2017 of approximately $49.8 million. Additionally, we estimate that our effective combined federal and state income tax rate for 2018 will range between 25% and 27%.

The increase in our effective tax rate for 2016 compared to 2015 was due primarily to (i) growth in income that is subject to federal and/or state income taxes, including a decrease in tax-exempt income as a percent of total income, and (ii) growth in taxable income in states with higher statutory income tax rates. The effective tax rates were also affected by various other factors including amounts of non-taxable income and non-deductible expenses. A reconciliation between the statutory federal income tax rates and our effective income tax rates for 2017, 2016 and 2015 is included in Note 14 to the Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

Analysis of Financial Condition

Loan Portfolio

At December 31, 2017, our total loan portfolio was $16.04 billion, an increase of 10.2% from $14.56 billion at December 31, 2016. At December 31, 2017, our total loan portfolio consisted of 80.8% real estate loans, 4.6% commercial and industrial loans, 9.2% consumer loans and 5.4% other loans. Real estate loans, our largest category of loans, include all loans made to finance the development of real property construction projects, provided such loans are secured by real estate, and all other loans secured by real estate as evidenced by mortgages or other liens.

The amount and type of total loans outstanding, as of the dates indicated, are reflected in the following table.

Loan Portfolio

	December 31,				
	2017	2016	2015	2014	2013
	(Dollars in thousands)				
Real estate:					
Residential 1-4 family	$ 1,174,427	$ 1,259,289	$ 737,206	$ 638,958	$ 491,694
Non-farm/non-residential	4,478,876	4,665,401	3,146,413	2,008,430	1,420,769
Construction/land development	6,648,061	5,295,860	2,873,398	1,511,614	795,933
Agricultural	150,003	124,857	94,358	95,223	65,864
Multifamily residential	508,514	744,005	580,325	253,590	234,713
Total real estate	12,959,881	12,089,412	7,431,700	4,507,815	3,008,973
Commercial and industrial[(1)]	738,225	577,335	439,538	472,007	244,042
Consumer	1,472,593	1,028,991	35,232	40,937	33,148
Other	872,330	867,377	428,201	107,058	70,916
Total loans	$16,043,029	$14,563,115	$ 8,334,671	$ 5,127,817	$ 3,357,079

(1) Effective November 28, 2017, we ceased taking small ticket equipment applications in our Leasing Division. The residual balance of the small ticket leasing portfolio, including all net charge-off and related ALL activity and balances, has been combined with our commercial and industrial loans for 2017 and all prior periods.

Included in "other" loans at December 31, 2017, 2016, 2015, 2014 and 2013 are loans totaling approximately $830 million, $835 million, $394 million, $61 million and $32 million, respectively, that were originated to acquire promissory notes from non-depository financial institutions and are typically collateralized by an assignment of the promissory note and all related note documents including mortgages, deeds of trust, etc. While the loans are considered "other" loans in accordance with FDIC Call Report instructions, we underwrite these lending transactions based on the fundamentals of the underlying collateral, repayment sources and guarantors, among others, consistent with other similar lending transactions.

The amount and type of our real estate loans at December 31, 2017 based on the metropolitan statistical area ("MSA") and other geographic areas in which the principal collateral is located are reflected in the following table. Data for individual states or MSAs is separately presented when aggregate real estate loans in that state or MSA exceed $10 million.

Geographic Distribution of Real Estate Loans

	Residential 1-4 Family	Non-Farm/ Non-Residential	Construction/ Land Development	Agricultural	Multifamily Residential	Total
			(Dollars in thousands)			
New York:						
New York–Newark–Jersey City, NY–NJ–PA MSA	$ 5,323	$ 540,593	$ 2,355,368	$ —	$ 49,221	$2,950,505
All other New York[1]	606	10,284	2,974	—	—	13,864
Total New York	5,929	550,877	2,358,342	—	49,221	2,964,369
Florida:						
Miami–Fort Lauderdale–West Palm Beach, FL MSA	112,444	291,307	746,554	395	1,290	1,151,990
Tampa–St. Petersburg–Clearwater, FL MSA	56,967	231,473	42,872	243	5,628	337,183
Orlando–Kissimmee–Sanford, FL MSA	11,563	68,870	127,234	—	55	207,722
North Port–Sarasota–Bradenton, FL MSA	34,155	50,781	34,294	5,582	776	125,588
Cape Coral–Fort Myers, FL MSA	14,413	42,162	29,219	—	453	86,247
Jacksonville, FL MSA	2,754	36,599	9,370	—	26,867	75,590
Crestview–Fort Walton Beach–Destin, FL MSA	6,120	35,055	150	120	—	41,445
Deltona–Daytona Beach–Ormond Beach, FL MSA	304	13,260	8,542	—	14,966	37,072
Ocala, FL MSA	2,537	21,636	—	—	—	24,173
Sebastian–Vero Beach, FL MSA	17	19,116	—	—	1,436	20,569
Punta Gorda, FL MSA	7,994	6,689	5,029	—	—	19,712
Lakeland–Winter Haven, FL MSA	532	15,520	1,434	—	47	17,533
Naples–Immokalee–Marco Island, FL MSA	674	6,233	3,986	—	—	10,893
Palm Bay–Melbourne–Titusville, FL MSA	572	5,831	—	—	4,188	10,591
All other Florida[1]	8,768	96,891	1,470	759	670	108,558
Total Florida	259,814	941,423	1,010,154	7,099	56,376	2,274,866
Texas:						
Dallas–Fort Worth–Arlington, TX MSA	53,815	231,874	422,154	3,884	22,219	733,946
Houston–The Woodlands–Sugar Land, TX MSA	13,229	92,218	189,670	—	90,100	385,217
Austin–Round Rock, TX MSA	19,702	41,849	78,558	—	17,460	157,569
College Station–Bryan, TX MSA	—	1,192	40,412	—	16,342	57,946
Texarkana, TX–AR MSA	9,355	5,618	525	475	1,184	17,157
Waco, TX MSA	137	—	14,682	—	—	14,819
San Antonio–New Braunfels, TX MSA	1,498	4,598	6,925	—	664	13,685
All other Texas[1]	1,106	38,665	3,946	41	190	43,948
Total Texas	98,842	416,014	756,872	4,400	148,159	1,424,287
Arkansas:						
Little Rock–North Little Rock–Conway, AR MSA	152,221	276,680	62,455	14,632	22,643	528,631
Hot Springs, AR MSA	50,178	76,444	16,289	1,590	2,632	147,133
Fayetteville–Springdale–Rogers, AR–MO MSA	18,425	37,416	36,926	14,184	20,221	127,172
Fort Smith, AR–OK MSA	28,430	50,271	7,388	3,844	10,123	100,056
Southern Arkansas[2]	23,673	20,592	2,045	17,748	737	64,795
Western Arkansas[3]	16,346	25,164	9,563	6,742	1,114	58,929
Northern Arkansas[4]	28,059	13,857	2,424	9,981	308	54,629
Jonesboro, AR MSA	2,643	5,298	1,797	—	310	10,048
All other Arkansas[1]	18,907	25,600	12,155	36,027	2,637	95,326
Total Arkansas	338,882	531,322	151,042	104,748	60,725	1,186,719

Geographic Distribution of Real Estate Loans (continued)

	Residential 1-4 Family	Non-Farm/ Non-Residential	Construction/ Land Development	Agricultural	Multifamily Residential	Total
			(Dollars in thousands)			
Georgia:						
Atlanta–Sandy Springs–Roswell, GA MSA	175,146	376,287	267,621	4,697	10,395	834,146
Savannah, GA MSA	4,559	43,575	1,844	—	—	49,978
Gainesville, GA MSA	4,095	20,188	8,360	137	708	33,488
Dalton, GA MSA	11,358	14,668	1,084	1,110	1,051	29,271
Macon, GA MSA	5,101	8,020	310	—	4,910	18,341
Athens–Clarke County, GA MSA	3,601	12,808	1,105	114	—	17,628
Brunswick, GA MSA	9,646	3,643	404	—	—	13,693
All other Georgia[1]	61,588	50,786	27,695	6,435	25,022	171,526
Total Georgia	275,094	529,975	308,423	12,493	42,086	1,168,071
North Carolina/South Carolina:						
Charlotte–Concord–Gastonia, NC–SC MSA	46,184	136,455	131,743	1,960	15,602	331,944
Charleston–North Charleston, SC MSA	1,228	37,554	63,787	—	4,909	107,478
Winston–Salem, NC MSA	38,201	30,283	6,085	—	2,315	76,884
North Carolina Foothills[5]	38,790	24,810	5,197	2,629	1,396	72,822
Greensboro–High Point, NC MSA	15,711	18,143	22,416	1,272	1,033	58,575
Raleigh, NC MSA	232	3,229	7,979	—	19,778	31,218
Columbia, SC MSA	464	28,255	1,131	—	618	30,468
Wilmington, NC MSA	3,661	12,764	12,852	404	—	29,681
Myrtle Beach–Conway–North Myrtle Beach, SC–NC MSA	3,218	8,681	3,610	—	23	15,532
Hilton Head Island–Bluffton–Beaufort, SC MSA	3,703	7,855	873	—	—	12,431
Greenville–Anderson–Mauldin, SC MSA	5,465	2,480	4,475	—	—	12,420
Spartanburg, SC MSA	1,455	91	9,236	—	536	11,318
All other North Carolina[1]	9,591	15,457	43,211	—	82	68,341
All other South Carolina[1]	786	2,783	1,366	—	—	4,935
Total North Carolina / South Carolina	168,689	328,840	313,961	6,265	46,292	864,047
California:						
Los Angeles–Long Beach–Anaheim, CA MSA	—	148,235	177,936	—	—	326,171
Sacramento–Roseville–Arden–Arcade, CA MSA	—	—	151,504	—	—	151,504
San Francisco–Oakland–Hayward, CA MSA	—	18,068	94,435	—	—	112,503
Riverside–San Bernardino–Ontario, CA MSA	—	89,729	12,601	—	—	102,330
San Jose–Sunnyvale–Santa Clara, CA MSA	—	—	73,388	—	—	73,388
Stockton–Lodi, CA MSA	—	—	29,675	—	—	29,675
San Diego–Carlsbad, CA MSA	—	—	18,473	—	—	18,473
Oxnard–Thousand Oaks–Ventura, CA MSA	—	—	14,205	—	—	14,205
All other California[1]	—	4,703	—	—	—	4,703
Total California	—	260,735	572,217	—	—	832,952
Illinois:						
Chicago–Naperville–Elgin, IL–IN–WI MSA	—	8,362	345,806	—	2,133	356,301
All other Illinois[1]	—	3,036	—	—	—	3,036
Total Illinois	—	11,398	345,806	—	2,133	359,337
Colorado:						
Denver–Aurora–Lakewood, CO MSA	6	105,531	152,134	—	—	257,671
All other Colorado[1]	1,106	—	—	—	—	1,106
Total Colorado	1,112	105,531	152,134	—	—	258,777

Geographic Distribution of Real Estate Loans (continued)

	Residential 1-4 Family	Non-Farm/ Non-Residential	Construction/ Land Development	Agricultural	Multifamily Residential	Total
			(Dollars in thousands)			
Tennessee:						
Nashville–Davidson–Murfreesboro–Franklin, TN MSA	—	111,313	90,988	—	—	202,301
Memphis, TN–MS–AR MSA	520	23,012	—	—	—	23,532
All other Tennessee(1)	1,133	13,626	233	—	—	14,992
Total Tennessee	1,653	147,951	91,221	—	—	240,825
Phoenix–Mesa–Scottsdale, AZ MSA	—	45,889	97,449	—	33,560	176,898
Cayman Islands	—	142,261	—	—	—	142,261
Seattle–Tacoma–Bellevue, WA MSA	—	—	111,369	—	—	111,369
Alabama:						
Mobile, AL MSA	5,450	18,988	1,193	—	707	26,338
Birmingham–Hoover, AL MSA	387	—	21,211	—	—	21,598
Huntsville, AL MSA	—	15,513	2,921	—	—	18,434
All other Alabama(1)	12,595	3,843	4,600	574	3,136	24,748
Total Alabama	18,432	38,344	29,925	574	3,843	91,118
Washington DC / Virginia / Maryland:						
Washington–Arlington–Alexandria, DC–VA–MD–WV MSA	1,943	12,049	42,436	—	—	56,428
All other Virginia(1)	520	17,131	1,335	—	73	19,059
All other Maryland(1)	—	2,240	—	—	9,083	11,323
Total Washington DC / Virginia / Maryland	2,463	31,420	43,771	—	9,156	86,810
Oregon:						
Portland–Vancouver–Hillsboro, OR–WA MSA	—	—	28,683	—	35,735	64,418
Bend–Redmond, OR MSA	—	11,679	—	—	—	11,679
All other Oregon(1)	—	8,408	—	—	—	8,408
Total Oregon	—	20,087	28,683	—	35,735	84,505
Las Vegas–Henderson–Paradise, NV MSA	—	82,096	—	—	—	82,096
Providence–Warwick, RI–MA MSA	—	71,660	—	—	—	71,660
Boston, MA MSA	—	147	68,913	—	—	69,060
Pennsylvania:						
Philadelphia–Camden–Wilmington, PA–NJ–DE–MD MSA	—	54,373	—	—	—	54,373
All other Pennsylvania(1)	—	9,655	—	—	—	9,655
Total Pennsylvania	—	64,028	—	—	—	64,028
Indiana:						
Indianapolis–Carmel–Anderson, IN MSA	—	2,365	44,942	—	—	47,307
All other Indiana(1)	—	2,448	—	—	—	2,448
Total Indiana	—	4,813	44,942	—	—	49,755
Ohio:						
Cincinnati, OH–KY–IN MSA	—	24,258	—	—	—	24,258
Columbus, OH MSA	—	15,041	—	—	—	15,041
All other Ohio(1)	—	5,175	—	—	—	5,175
Total Ohio	—	44,474	—	—	—	44,474

Geographic Distribution of Real Estate Loans (continued)

	Residential 1-4 Family	Non-Farm/ Non-Residential	Construction/ Land Development	Agricultural	Multifamily Residential	Total
			(Dollars in thousands)			
Kansas:						
Manhattan, KS MSA	—	—	39,390	—	—	39,390
All other Kansas[1]	—	1,177	—	—	—	1,177
Total Kansas	—	1,177	39,390	—	—	40,567
Missouri:						
St. Louis, MO–IL MSA	8	382	—	—	19,382	19,772
Kansas City, MO–KS MSA	72	11,159	—	—	—	11,231
All other Missouri[1]	447	4,475	641	—	—	5,563
Total Missouri	527	16,016	641	—	19,382	36,566
Utah:						
Salt Lake City, UT MSA	—	1,147	25,583	—	—	26,730
All other Utah[1]	1,739	3,204	3,336	—	—	8,279
Total Utah	1,739	4,351	28,919	—	—	35,009
Urban Honolulu, HI MSA	—	—	32,710	—	—	32,710
Minnesota:						
Minneapolis–St. Paul–Bloomington, MN–WI MSA	—	29,060	—	2,236	—	31,296
All other Minnesota[1]	—	1,069	—	—	—	1,069
Total Minnesota	—	30,129	—	2,236	—	32,365
Oklahoma	779	12,584	1,501	9,195	1,846	25,905
Louisiana:						
New Orleans, LA MSA	—	2,734	16,336	—	—	19,070
All other Louisiana[1]	81	1,976	120	—	—	2,177
Total Louisiana	81	4,710	16,456	—	—	21,247
Trenton City, NJ MSA	—	—	17,887	—	—	17,887
Bridgeport, CT MSA	—	—	14,020	—	—	14,020
Mississippi	37	10,013	2,987	539	—	13,576
Bahamas	—	11,127	—	—	—	11,127
All other states[6]	354	19,484	8,326	2,454	—	30,618
Total Real Estate Loans	$1,174,427	$4,478,876	$ 6,648,061	$ 150,003	$ 508,514	$12,959,881

(1) These geographic areas include all MSA and non-MSA areas that are not separately reported.
(2) This geographic area includes the following counties in southern Arkansas: Clark, Columbia, Hempstead and Hot Spring.
(3) This geographic area includes the following counties in western Arkansas: Johnson, Logan, Pope and Yell.
(4) This geographic area includes the following counties in northern Arkansas: Baxter, Boone, Marion, Newton, Searcy and Van Buren.
(5) This geographic area includes the following counties in the North Carolina foothills: Cleveland, Lincoln and Rutherford.
(6) Includes all states not separately presented above.

The amount and type of non-farm/non-residential loans, as of the dates indicated, and their respective percentage of the total non-farm/non-residential loan portfolio are reflected in the following table.

Non-Farm/Non-Residential Loans

	December 31,			
	2017		2016	
	Amount	%	Amount	%
	(Dollars in thousands)			
Hotels and motels	$ 1,236,012	27.6%	$ 1,043,710	22.4%
Office, including medical offices	686,396	15.3	745,329	16.0
Retail, including shopping centers and strip centers	540,450	12.1	596,383	12.8
Manufacturing and industrial facilities	427,710	9.6	491,816	10.5
Mixed use properties	355,279	7.9	428,861	9.2
Nursing homes and assisted living centers	232,292	5.2	315,265	6.7
Churches and schools	230,180	5.1	241,831	5.2
Restaurants and bars	147,322	3.3	171,436	3.7
Gasoline stations and convenience stores	101,704	2.3	102,693	2.2
Hospitals, surgery centers and other medical	46,887	1.0	56,342	1.2
Office warehouse, warehouse and mini-storage	44,592	1.0	31,591	0.7
Golf courses, entertainment and recreational facilities	32,257	0.7	38,916	0.8
Other non-farm/non-residential[(1)]	397,795	8.9	401,228	8.6
Total	$ 4,478,876	100.0%	$ 4,665,401	100.0%

(1) Includes non-farm/non-residential loans collateralized by other miscellaneous real property.

The amount and type of construction/land development loans as of the dates indicated, and their respective percentage of the total construction/land development loan portfolio are reflected in the following table.

Construction/Land Development Loans

	December 31,			
	2017		2016	
	Amount	%	Amount	%
	(Dollars in thousands)			
Unimproved land	$ 214,574	3.2%	$ 291,131	5.5%
Land development and lots:				
1-4 family residential and multifamily	423,413	6.4	610,662	11.5
Non-residential	712,479	10.7	684,979	12.9
Construction:				
1-4 family residential:				
Owner occupied	21,715	0.3	123,099	2.3
Non-owner occupied:				
Pre-sold	1,800,985	27.1	1,147,198	21.7
Speculative	163,470	2.5	201,111	3.8
Multifamily	1,487,432	22.4	712,547	13.5
Industrial, commercial and other	1,823,993	27.4	1,525,133	28.8
Total	$ 6,648,061	100.0%	$ 5,295,860	100.0%

Many of our construction and development loans provide for the use of interest reserves. When we underwrite construction and development loans, we consider the expected total project costs, including hard costs such as land, site work and construction costs and soft costs such as architectural and engineering fees, closing costs, leasing commissions and construction period interest, among others. For any construction and development loan with interest reserves, we also consider the construction period interest in our underwriting process (otherwise, our underwriting of such loans with and without interest reserves is virtually identical). Based on the total project costs and other factors, we determine the required borrower cash equity contribution and the maximum amount we are willing to loan. In the vast majority of cases, we require that all of the borrower's equity and all other required subordinated elements of the capital structure be fully funded prior to any significant loan advances. This ensures that the borrower's cash equity required to complete the project will be available for such purposes. As a result of this practice, the borrower's cash equity typically goes toward

the purchase of the land and early stage hard costs and soft costs. This results in our funding the loan later as the project progresses, and accordingly, we typically fund the majority of the construction period interest through loan advances. Generally, as part of our underwriting process, we require the borrower's cash equity to cover a majority, or all, of the soft costs, including an amount equal to construction period interest, and an appropriate portion of the hard costs. While we advance interest reserves as part of the funding process, we believe that the borrowers in effect have in most cases provided for these sums as part of their initial equity contribution. During the years ended December 31, 2017, 2016 and 2015, there were no situations where additional interest reserves were advanced on a loan to avoid such loan from becoming nonperforming, and at December 31, 2017, 2016 and 2015, we had no construction and development loans with interest reserves that were nonperforming.

During the years ended December 31, 2017, 2016 and 2015, we recognized approximately $180 million, $112 million and $60 million, respectively, of interest income on construction and development loans from the advance of interest reserves. We advanced construction period interest on construction and development loans totaling approximately $172 million, $104 million and $58 million, respectively, during the years ended December 31, 2017, 2016 and 2015.

The maximum committed balance of all construction and development loans which provide for the use of interest reserves at December 31, 2017 was approximately $17.61 billion, of which $6.10 billion was outstanding at December 31, 2017 and $11.51 billion remained to be advanced. The weighted average LTC on such loans, assuming such loans are ultimately fully advanced, will be approximately 51%, which means that the weighted average cash equity contributed on such loans, assuming such loans are ultimately fully advanced, will be approximately 49%. The weighted average final LTV ratio on such loans, based on the most recent appraisals and assuming such loans are ultimately fully advanced, is expected to be approximately 43%.

The following table reflects total loans grouped by remaining maturities at December 31, 2017 by type and by fixed or floating interest rates. This table is based on actual maturities and does not reflect amortizations, projected paydowns or the earliest repricing for floating rate loans. Many loans have principal paydowns scheduled in periods prior to the period in which they mature. In addition many floating rate loans are subject to repricing in periods prior to the period in which they mature. Because income on purchased loans with evidence of credit deterioration on the date of acquisition is recognized by accretion of the discount of estimated cash flows, such loans are not considered to be floating or adjustable rate loans and are reported below as fixed rate loans.

Loan Maturities

	1 Year or Less	Over 1 Through 5 Years	Over 5 Years	Total
	(Dollars in thousands)			
Real estate	$ 4,508,996	$ 6,580,272	$ 1,870,613	$ 12,959,881
Commercial and industrial	141,371	310,177	286,677	738,225
Consumer	4,704	225,183	1,242,706	1,472,593
Other	353,211	492,178	26,941	872,330
Total	$ 5,008,282	$ 7,607,810	$ 3,426,937	$ 16,043,029
Fixed rate	$ 741,767	$ 1,888,055	$ 1,937,508	$ 4,567,330
Floating rate (not at a floor or ceiling rate)	4,123,308	5,394,451	766,233	10,283,992
Floating rate (at floor rate)	139,626	283,485	681,384	1,104,495
Floating rate (at ceiling rate)	3,581	41,819	41,812	87,212
Total	$ 5,008,282	$ 7,607,810	$ 3,426,937	$ 16,043,029

The following table reflects total loans as of December 31, 2017 grouped by expected amortizations, expected paydowns or the earliest repricing opportunity for floating rate loans. This cash flow or repricing schedule approximates our ability to reprice the outstanding principal of loans either by adjusting rates on existing loans or reinvesting principal cash flow in new loans. For non-purchased loans and purchased loans without evidence of credit deterioration at the date of acquisition, the table below reflects the earliest contractual repricing period. For purchased loans with evidence of credit deterioration at the date of acquisition, the table below reflects estimated cash flows based on the most recent evaluation of each individual loan. Because income on purchased loans with evidence of credit deterioration at the date of acquisition is recognized by accretion of the discount of estimated cash flows, such loans are not considered to be floating or adjustable rate loans and are reported below as fixed rate loans.

Loan Cash Flows or Repricing

	1 Year or Less	Over 1 Through 2 Years	Over 2 Through 3 Years	Over 3 Through 5 Years	Over 5 Years	Total
	(Dollars in thousands)					
Fixed rate	$ 1,032,173	$648,446	$582,445	$ 842,492	$1,461,774	$ 4,567,330
Floating rate (not at a floor or ceiling rate)(1)	9,874,296	106,144	78,242	183,916	41,394	10,283,992
Floating rate (at floor rate)(1)	686,957	77,849	110,925	173,811	54,953	1,104,495
Floating rate (at ceiling rate)	87,165	5	6	36	—	87,212
Total	$11,680,591	$832,444	$771,618	$1,200,255	$1,558,121	$16,043,029
Percentage of total	72.8%	5.2%	4.8%	7.5%	9.7%	100.0%
Cumulative percentage of total	72.8%	78.0%	82.8%	90.3%	100.0%	

(1) We have included a floor rate in many of our floating rate non-purchased loans. As a result of such floor rates, floating rate loans may not immediately reprice in a rising rate environment if the interest rate index and margin on such loans continue to result in a computed interest rate less than the applicable floor rate. The earnings simulation model results included in "Item 7A. Quantitative and Qualitative Disclosures About Market Risk – Interest Rate Risk" in this Annual Report on Form 10-K includes consideration of the effect of all interest rate floors and ceilings in loans.

At December 31, 2017, most of our floating rate loans are tied to three major benchmark interest rates, the 1-month LIBOR, 3-month LIBOR and Wall Street Journal Prime interest rate. The following table is a summary of our floating rate loan portfolio and contractual interest rate indices.

Contractual Indices of Floating Rate Loans

Contractual Interest Rate Index	Floating Rate (at floor rate)	Floating Rate (not at a floor or ceiling rate)	Floating Rate (at ceiling rate)	Total Floating Rate
	(Dollars in thousands)			
1-month LIBOR	$ 371,435	$ 7,707,212	$ —	$ 8,078,647
3-month LIBOR	105,129	656,410	—	761,539
Wall Street Journal Prime	455,620	1,666,283	87,212	2,209,115
Other contractual interest rate indices	172,311	254,087	—	426,398
Total	$ 1,104,495	$ 10,283,992	$ 87,212	$ 11,475,699

While changes in these contractual interest rate indices are typically affected by changes in the federal funds rate, the effect on our floating rate loan portfolio may not be immediate and proportional to changes in the federal funds rate.

Purchased Loans

The amount of unpaid principal balance, the valuation discount and the carrying value of purchased loans, as of the dates indicated, are reflected in the following table.

Purchased Loans

	December 31,	
	2017	2016
	(Dollars in thousands)	
Loans without evidence of credit deterioration at date of acquisition:		
Unpaid principal balance	$ 3,181,293	$ 4,809,224
Valuation discount	(47,422)	(92,821)
Carrying value	3,133,871	4,716,403
Loans with evidence of credit deterioration at date of acquisition:		
Unpaid principal balance	221,143	319,733
Valuation discount	(45,922)	(78,114)
Carrying value	175,221	241,619
Total carrying value	$ 3,309,092	$ 4,958,022

The following table presents a summary, during the years indicated, of the activity of our purchased loans with evidence of credit deterioration at the date of acquisition.

Purchased Loan Activity
With Evidence of Credit Deterioration
At Date of Acquisition

	Year Ended December 31,		
	2017	2016	2015
		(Dollars in thousands)	
Balance – beginning of year	$ 241,619	$ 216,786	$ 276,480
Accretion	38,925	29,974	37,677
Purchased loans acquired	—	132,500	71,996
Transfer to foreclosed assets	(2,678)	(4,296)	(7,886)
Net payments received	(98,815)	(131,488)	(148,175)
Loans sold	(1,717)	—	(12,601)
Net charge-offs	(918)	(2,152)	(1,815)
Other activity, net	(1,195)	295	1,110
Balance – end of year	$ 175,221	$ 241,619	$ 216,786

A summary of changes in the accretable differences on purchased loans with evidence of credit deterioration at the date of acquisition is shown below for the periods indicated.

Accretable Difference on Purchased Loans
With Evidence of Credit Deterioration
At Date of Acquisition

	Year Ended December 31,		
	2017	**2016**	**2015**
		(Dollars in thousands)	
Accretable difference – beginning of year	$ 65,152	$ 59,176	$ 74,167
Transfers to foreclosed assets	(300)	(358)	(418)
Purchased loans paid off	(352)	(6,094)	(17,714)
Purchased loans sold	—	—	(1,573)
Cash flow revisions as a result of renewals and/or modifications	19,607	23,294	30,862
Accretable difference acquired	—	19,108	11,546
Accretion	(38,925)	(29,974)	(37,677)
Other, net	—	—	(17)
Accretable difference – end of year	$ 45,182	$ 65,152	$ 59,176

During the years ended December 31, 2017, 2016 and 2015, we recognized accretion income totaling $78.6 million, $70.5 million and $51.8 million, respectively, on our purchased loan portfolio. The valuation discounts on our purchased loan portfolio totaled $93.3 million at December 31, 2017 and $170.3 million at December 31, 2016.

Nonperforming Assets

Nonperforming assets consist of (1) nonaccrual loans, (2) accruing loans 90 days or more past due, (3) TDRs and (4) real estate or other assets that have been acquired in partial or full satisfaction of loan obligations or upon foreclosure. Purchased loans are not included in nonperforming assets, except for their inclusion in total assets.

The accrual of interest on non-purchased loans and purchased loans without evidence of credit deterioration at the date of acquisition is discontinued when, in management's opinion, the borrower may be unable to meet payments as they become due. We generally place a loan, excluding purchased loans with evidence of credit deterioration at the date of acquisition, on nonaccrual status when such loan is (i) deemed impaired or (ii) 90 days or more past due, or earlier when doubt exists as to the ultimate collection of payments. We may continue to accrue interest on certain loans contractually past due 90 days or more if such loans are both well secured and in the process of collection. At the time a loan is placed on nonaccrual status, interest previously accrued but uncollected is reversed and charged against interest income. Nonaccrual loans are generally returned to accrual status when payments are less than 90 days past due and we reasonably expect to collect all payments. If a loan is determined to be uncollectible, the portion of the principal determined to be uncollectible will be charged against the ALL. Loans for which the terms have been modified and for which (i) the borrower is experiencing financial difficulties and (ii) we have granted a concession to the borrower are considered TDRs and are included in impaired loans. Income on nonaccrual loans, including impaired loans but excluding certain TDRs which continue to accrue interest, is recognized on a cash basis when and if actually collected.

The following table presents information, excluding purchased loans, concerning nonperforming assets, including nonaccrual loans, TDRs, and foreclosed assets as of the dates indicated.

Nonperforming Assets

	December 31,				
	2017	2016	2015	2014	2013
	(Dollars in thousands)				
Nonaccrual loans	$ 12,899	$ 14,371	$ 13,194	$ 21,085	$ 8,737
Accruing loans 90 days or more past due	—	—	—	—	—
TDRs	—	—	—	—	—
Total nonperforming loans	12,899	14,371	13,194	21,085	8,737
Foreclosed assets[1]	25,357	43,702	22,870	37,775	49,811
Total nonperforming assets	$ 38,256	$ 58,073	$ 36,064	$ 58,860	$ 58,548
Nonperforming loans to total loans[2]	0.10%	0.15%	0.20%	0.53%	0.33%
Nonperforming assets to total assets[2]	0.18	0.31	0.37	0.87	1.22

(1) Repossessed personal properties and real estate acquired through or in lieu of foreclosure, excluding purchased foreclosed assets, are recorded at estimated fair value less estimated cost to sell at the date of repossession or foreclosure. Purchased foreclosed assets are recorded at Day 1 Fair Values. Valuations of these assets are periodically reviewed by management with the carrying value of such assets adjusted through non-interest expense to the then estimated fair value net of estimated selling costs, if lower, until disposition.

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

If an adequate current determination of collateral value has not been performed, once a loan is considered impaired, we seek to establish an appropriate value for the collateral. This assessment may include (i) obtaining an updated appraisal, (ii) obtaining one or more broker price opinions or comprehensive market analyses, (iii) internal evaluations or (iv) other methods deemed appropriate considering the size and complexity of the loan and the underlying collateral. On an ongoing basis, we evaluate the underlying collateral on impaired loans and, if needed, due to changes in market or property conditions, the underlying collateral is reassessed and the estimated fair value is revised. The determination of collateral value includes any adjustments considered necessary related to estimated holding period and estimated selling costs.

At December 31, 2017, we had reduced the carrying value of our loans deemed impaired (all of which were included in nonaccrual loans) by $4.1 million to the estimated fair value of such loans of $11.9 million. The adjustment to reduce the carrying value of impaired loans to estimated fair value consisted of $3.0 million of partial charge-offs and $1.1 million of specific loan loss allocations. These amounts do not include our $10.0 million of impaired purchased loans at December 31, 2017.

The following table is a summary of the amount and type of foreclosed assets as of the dates indicated.

Foreclosed Assets

	December 31,	
	2017	2016
	(Dollars in thousands)	
Real estate:		
Residential 1-4 family	$ 1,378	$ 3,762
Non-farm/non-residential	8,040	17,207
Construction/land development	15,493	21,568
Agricultural	—	473
Total real estate	24,911	43,010
Commercial and industrial	35	293
Consumer	411	399
Foreclosed assets	$ 25,357	$ 43,702

The following table is a summary of activity within foreclosed assets during the periods indicated.

Activity Within Foreclosed Assets

	Year Ended December 31,		
	2017	2016	2015
		(Dollars in thousands)	
Balance – beginning of year	$ 43,702	$ 22,870	$ 37,775
Loans and other assets transferred into foreclosed assets	17,193	25,103	19,347
Sales of foreclosed assets	(32,050)	(26,462)	(31,923)
Writedowns of foreclosed assets	(3,488)	(3,610)	(3,803)
Foreclosed assets acquired in acquisitions	—	25,801	1,474
Balance – end of year	$ 25,357	$ 43,702	$ 22,870

The following table presents information concerning the geographic location of nonperforming assets, excluding purchased loans, at December 31, 2017. Nonaccrual loans are reported in the physical location of the principal collateral. Foreclosed assets are reported in the physical location of the asset. Repossessions are reported at the physical location where the borrower resided or had its principal place of business at the time of repossession.

Geographic Distribution of Nonperforming Assets

	Nonperforming Loans	Foreclosed Assets and Repossessions	Total Nonperforming Assets
		(Dollars in thousands)	
Arkansas	$ 10,209	$ 8,254	$ 18,463
Florida	30	7,283	7,313
Georgia	554	4,168	4,722
Texas	1,038	3,622	4,660
North Carolina	274	1,884	2,158
Alabama	135	14	149
South Carolina	66	—	66
All other	593	132	725
Total	$ 12,899	$ 25,357	$ 38,256

As of December 31, 2017, 2016 and 2015, we had identified purchased loans where we had determined it was probable that we would be unable to collect all amounts according to the contractual terms thereof (for purchased loans without evidence of credit deterioration at date of acquisition) or the expected performance of such loans had deteriorated from our performance expectations established in conjunction with the determination of the Day 1 Fair Values or since our most recent review of such portfolio's performance (for purchased loans with evidence of credit deterioration at date of acquisition). As a result, we recorded net charge-offs totaling $3.6 million during 2017, $2.9 million during 2016 and $2.5 million during 2015 for such loans. We also recorded provision of $3.6 million during 2017, $3.3 million during 2016 and $3.7 million during 2015 for purchased loans. Additionally, we transferred certain of these purchased loans to foreclosed assets. As a result of these actions, we had $10.0 million of impaired purchased loans at December 31, 2017, $6.5 million of impaired purchased loans at December 31, 2016 and $8.1 million of impaired purchased loans at December 31, 2015. We had $1.6 million of ALL at both December 31, 2017 and 2016 and $1.2 million at December 31, 2015 to absorb probable incurred losses in our purchased loan portfolio that had not previously been charged off.

The following table is a summary, as of the dates indicated, of impaired purchased loans.

Impaired Purchased Loans

	December 31,				
	2017	2016	2015	2014	2013
	(Dollars in thousands)				
Impaired purchased loans without evidence of credit deterioration at date of acquisition (rated FV 77)	$ 4,797	$ 1,243	$ 771	$ 748	$ —
Impaired purchased loans with evidence of credit deterioration at date of acquisition (rated FV 88)	5,222	5,273	7,283	13,292	46,179
Total impaired purchased loans	$ 10,019	$ 6,516	$ 8,054	$ 14,040	$ 46,179
Impaired purchased loans to total purchased loans	0.30%	0.13%	0.45%	1.22%	6.37%

Allowance and Provision for Loan Losses

Our ALL was $94.1 million at December 31, 2017 compared to $76.5 million at December 31, 2016 and $60.9 million at December 31, 2015. At both December 31, 2017 and 2016, we allocated $1.6 million of ALL to our purchased loan portfolio compared to $1.2 million at December 31, 2015. Excluding purchased loans, our ALL as a percentage of nonperforming loans was 717% at December 31, 2017 compared to 521% at December 31, 2016 and 452% at December 31, 2015. Our practice is to charge off any estimated loss as soon as we are able to identify and reasonably quantify such potential loss. Accordingly, only a small portion of our ALL is needed for potential losses on nonperforming loans.

In recent years, we have focused on loan transactions that include various combinations of (i) marquee properties, (ii) strong and capable sponsors or borrowers, (iii) low leverage, and (iv) defensive loan structure. At the same time, our loan portfolio has expanded throughout the United States and consists of a diversified portfolio in terms of both product type and geographic location. We consider this product type and geographic diversification to be substantial sources of strength in regard to portfolio credit quality. Additionally, we have continued to focus on originating high quality loans at low leverage. At December 31, 2017, our ratios of weighted-average LTC and weighted-average LTV on construction loans with interest reserves, assuming such loans are ultimately fully funded, were approximately 51% and approximately 43%, respectively. Each of these factors mentioned above has contributed to our favorable asset quality ratios and net charge-off ratios in recent years. In addition, these factors have also helped to contribute to recent decreases in our ratio of ALL to total non-purchased loans.

The amount of provision to the ALL is based on our analysis of the adequacy of the ALL utilizing the criteria discussed in the Critical Accounting Policies caption of this MD&A. The provision for loan losses for 2017 was $28.1 million, including $24.5 million for non-purchased loans and $3.6 million for purchased loans, compared to $23.8 million in 2016, including $20.5 million for non-purchased loans and $3.3 million for purchased loans, and $19.4 million in 2015, including $15.7 million for non-purchased loans and $3.7 million for purchased loans.

Our ALL allocated to non-purchased loans as a percent of total non-purchased loans was 0.73% at December 31, 2017 compared to 0.78% at December 31, 2016 and 0.91% at December 31, 2015, primarily as a result of the low level of net charge-offs in recent quarters, our conservative underwriting practices, our geographic and product type diversification, general trends in recent years of lower LTC and LTV ratios in our construction and development portfolio and generally favorable economic conditions in many of our markets. While we believe our ALL at December 31, 2017 and related provision for 2017 were appropriate, changing economic and other conditions may require future adjustments to the ALL or the amount of provision thereto.

The following table is an analysis of the ALL for the periods indicated.

Analysis of the ALL

	Year Ended December 31,				
	2017	2016	2015	2014	2013
	(Dollars in thousands)				
Balance, beginning of period	$ 76,541	$ 60,854	$ 52,918	$ 42,945	$ 38,738
Non-purchased loans charged off:					
Real estate:					
Residential 1-4 family	(340)	(406)	(794)	(577)	(837)
Non-farm/non-residential	(881)	(323)	(857)	(1,357)	(1,111)
Construction/land development	(1,020)	(42)	(2,760)	(638)	(137)
Agricultural	(2)	(37)	(27)	(214)	(261)
Multifamily residential	—	—	(228)	—	(4)
Total real estate	(2,243)	(808)	(4,666)	(2,786)	(2,350)
Commercial and industrial[(1)]	(3,440)	(3,261)	(3,803)	(1,322)	(1,404)
Consumer	(689)	(228)	(148)	(222)	(214)
Other	(2,282)	(1,744)	(1,474)	(793)	(359)
Total non-purchased loans charged off	(8,654)	(6,041)	(10,091)	(5,123)	(4,327)
Recoveries of non-purchased loans previously charged off:					
Real estate:					
Residential 1-4 family	11	52	86	135	106
Non-farm/non-residential	594	10	15	33	122
Construction/land development	86	68	83	11	174
Agricultural	43	—	—	14	14
Multifamily residential	—	14	—	—	4
Total real estate	734	144	184	193	420
Commercial and industrial [(1)]	171	114	326	857	466
Consumer	166	37	54	80	104
Other	662	533	563	266	144
Total recoveries	1,733	828	1,127	1,396	1,134
Net charge-offs – non-purchased loans	(6,921)	(5,213)	(8,964)	(3,727)	(3,193)
Purchased loans charged off	(6,119)	(5,675)	(2,982)	(3,288)	(4,675)
Recoveries of purchased loans previously charged off	2,527	2,783	467	73	—
Net charge-offs – purchased loans	(3,592)	(2,892)	(2,515)	(3,215)	(4,675)
Net charge-offs – total loans	(10,513)	(8,105)	(11,479)	(6,942)	(7,868)
Provision for loan losses:					
Non-purchased loans	24,500	20,500	15,700	13,700	7,400
Purchased loans	3,592	3,292	3,715	3,215	4,675
Total provision	28,092	23,792	19,415	16,915	12,075
Balance, end of period	$ 94,120	$ 76,541	$ 60,854	$ 52,918	$ 42,945
ALL allocated to non-purchased loans	$ 92,520	$ 74,941	$ 59,654	$ 52,918	$ 42,945
ALL allocated to purchased loans	1,600	1,600	1,200	—	—
Total ALL	$ 94,120	$ 76,541	$ 60,854	$ 52,918	$ 42,945

(1) Effective November 28, 2017, we ceased taking small ticket equipment applications in our Leasing Division. The residual balance of the small ticket leasing portfolio, including all net charge-off and related ALL activity and balances, has been combined with our commercial and industrial loans for 2017 and all prior periods.

The following is a summary of our net charge-off and various ALL ratios as of and for the periods indicated.

Net Charge-Off and ALL Ratios

	As of and for the Year Ended December 31,				
	2017	2016	2015	2014	2013
Net charge-offs of non-purchased loans to total average non-purchased loans[1]	0.06%	0.06%	0.18%	0.12%	0.14%
Net charge-offs of purchased loans to total average purchased loans	0.09	0.09	0.14	0.29	0.70
Net charge-offs of total loans to total average loans	0.07	0.07	0.17	0.16	0.26
ALL for non-purchased loans to total non-purchased loans[2]	0.73	0.78	0.91	1.33	1.63
ALL for purchased loans to total purchased loans	0.05	0.03	0.07	—	—
ALL to total loans	0.59	0.53	0.73	1.03	1.28
ALL to nonperforming loans[2]	717%	521%	452%	251%	492%

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

The following table sets forth the sum of the amounts of the ALL and the percentage of non-purchased loans to total non-purchased loans as of the dates indicated.

Allocation of the ALL

	December 31,									
	2017		2016		2015		2014		2013	
	Allowance	% of Loans[1]	Allowance	% of Loans[1]	Allowance	% of Loans[1]	Allowance	% of Loans[1]	Allowance	% of Loans[1]
	(Dollars in thousands)									
ALL for non-purchased loans:										
Real estate:										
Residential 1-4 family	$ 12,829	4.9%	$ 10,225	5.0%	$ 8,672	5.4%	$ 5,482	7.1%	$ 4,701	9.5%
Non-farm/non-residential	26,855	23.0	21,555	24.8	16,796	30.8	17,190	37.8	13,633	41.9
Construction/land development	27,422	49.4	20,673	49.6	18,176	43.3	15,960	35.5	12,306	27.4
Agricultural	1,093	1.1	2,787	1.0	3,388	1.1	2,558	1.2	3,000	1.8
Multifamily residential	2,395	2.9	2,447	4.5	3,031	6.8	2,147	5.3	2,504	7.9
Commercial and industrial[2]	10,448	4.9	13,043	3.8	6,409	5.8	7,862	10.1	5,121	8.0
Consumer	8,858	7.1	1,945	2.3	707	0.4	818	0.6	917	1.0
Other	2,620	6.7	2,266	9.0	2,475	6.4	901	2.4	763	2.5
Total ALL for non-purchased loans	92,520		74,941		59,654		52,918		42,945	
ALL for purchased loans	1,600		1,600		1,200		—		—	
Total ALL	$ 94,120		$ 76,541		$ 60,854		$ 52,918		$ 42,945	

(1) Excludes purchased loans.
(2) Effective November 28, 2017, we ceased taking small ticket equipment applications in our Leasing Division. The residual balance of the small ticket leasing portfolio, including all net charge-off and related ALL activity and balances, has been combined with our commercial and industrial loans for 2017 and all prior periods.

The amounts shown in the previous table are not necessarily indicative of the actual future losses that may occur within particular categories. Prior to December 31, 2015, we had no allocation of our ALL to purchased loans because all losses had been charged off on purchased loans where we had determined it was probable that we would be unable to collect all amounts according to the contractual terms thereof (for purchased loans without evidence of credit deterioration at date of acquisition) or whose performance had deteriorated from our expectations established in conjunction with the deterioration of the Day 1 Fair Values (for purchased loans with evidence of credit deterioration at date of acquisition).

We maintain an internally classified loan list that, along with the list of nonaccrual loans and the list of impaired loans, helps us assess the overall quality of the loan portfolio and the adequacy of our ALL. Loans classified as “substandard” have clear and defined weaknesses such as highly leveraged positions, unfavorable financial ratios, uncertain repayment sources or poor financial condition which may jeopardize collectability of the loan. Loans classified as “doubtful” have characteristics similar to substandard loans, but also have an increased risk that a loss may occur or at least a portion of the loan may require a charge-off if liquidated. Although loans classified as substandard do not duplicate loans classified as doubtful, both substandard and doubtful loans may include some that are past due at least 90 days, are on nonaccrual status or have been restructured. Loans classified as “loss” are charged off. At December 31, 2017 substandard loans, excluding purchased loans, not designated as impaired, nonaccrual or 90 days past due, totaled $71.6 million, compared to $9.8 million at December 31, 2016 and $10.3 million at December 31, 2015. No loans were designated as doubtful or loss at December 31, 2017, 2016 or 2015.

Administration of our lending function is the responsibility of the Chief Executive Officer (“CEO”), Chief Credit Officer (“CCO”) and Director of Community Banking (“Dir-CB”). Such officers and lenders perform their lending duties subject to the oversight and policy direction of our board of directors and the Directors’ Loan Committee (“DLC”). Loan authority is granted to the CEO, CCO, and Dir-CB by the board of directors. The loan authorities of other lending officers are granted by the DLC on the recommendation of appropriate senior officers.

Loans and aggregate loan relationships exceeding $10 million up to the limits established by our board of directors must be approved by the DLC. The DLC consists of five or more directors and our CCO. At least quarterly the board of directors or the DLC reviews summary reports of past due loans, internally classified and watch list loans, activity in our ALL and various other loan reports.

Our compliance and credit review officers are responsible for our compliance and credit review functions. Periodic reviews are scheduled for the purpose of evaluating asset quality and effectiveness of credit administration. The compliance and credit review officers prepare reports that identify deficiencies, establish recommendations for improvement and outline management’s proposed action plan for curing the identified deficiencies. These reports are provided to and reviewed by the Risk Committee of our board of directors.

Investment Securities

Investment portfolio strategies are set by senior management and are subject to the oversight and direction of the Investment Committee, which reports to our board of directors.

At December 31, 2017 and 2016, we classified all of our investment securities portfolio as available for sale. Accordingly, our investment securities are reported at estimated fair value with the unrealized gains and losses, net of tax, reported as a separate component of stockholders’ equity and included in other comprehensive income (loss).

The following table presents the amortized cost and estimated fair value of investment securities as of the dates indicated. Our investment in the "CRA qualified investment fund" includes shares held in a mutual fund that qualify under the Community Reinvestment Act of 1977 for community reinvestment purposes. Our holdings of "other equity securities" include FHLB and First National Banker's Bankshares, Inc. ("FNBB") shares which do not have readily determinable fair values and are carried at cost.

Investment Securities

	December 31,			
	2017		2016	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
	(Dollars in thousands)			
Obligations of states and political subdivisions	$ 661,446	$ 664,559	$ 946,886	$ 919,013
Mortgage-backed securities[(1)]	1,918,171	1,899,024	516,636	505,356
U.S. Government agency securities	29,792	29,233	30,661	30,134
Corporate obligations	—	—	10,086	9,915
CRA qualified investment fund	1,084	1,057	1,061	1,034
Other equity securities	28,923	28,923	6,160	6,160
Total	$ 2,639,416	$ 2,622,796	$ 1,511,490	$ 1,471,612

(1) These mortgage-backed securities were issued by U.S. Government agencies.

Our investment securities portfolio is reported at estimated fair value, which included gross unrealized gains of $7.4 million and gross unrealized losses of $24.0 million at December 31, 2017 and gross unrealized gains of $8.7 million and gross unrealized losses of $48.6 million at December 31, 2016. We believe that all of the unrealized losses on individual investment securities at December 31, 2017 and 2016 are the result of fluctuations in interest rates and do not reflect deterioration in the credit quality of our investments. Accordingly, we consider these unrealized losses to be temporary in nature. We do not have the intent to sell these investment securities and more likely than not, would not be required to sell these investment securities before fair value recovers to amortized cost.

The following table presents the unaccreted discount and unamortized premium of our investment securities as of the dates indicated.

Unaccreted Discount and Unamortized Premium

	Amortized Cost	Unaccreted Discount	Unamortized Premium	Par Value
	(Dollars in thousands)			
December 31, 2017:				
Obligations of states and political subdivisions	$ 661,446	$ 1,536	$ (29,990)	$ 632,992
Mortgage-backed securities[(1)]	1,918,171	81	(58,290)	1,859,962
U.S. Government agency securities	29,792	1	(793)	29,000
CRA qualified investment fund	1,084	—	—	1,084
Other equity securities	28,923	—	—	28,923
Total	$ 2,639,416	$ 1,618	$ (89,073)	$ 2,551,961
December 31, 2016:				
Obligations of states and political subdivisions	$ 946,886	$ 6,124	$ (36,567)	$ 916,443
Mortgage-backed securities[(1)]	516,636	111	(17,958)	498,789
U.S. Government agency securities	30,661	9	(1,044)	29,626
Corporate obligations	10,086	5,500	(72)	15,514
CRA qualified investment fund	1,061	—	—	1,061
Other equity securities	6,160	—	—	6,160
Total	$ 1,511,490	$ 11,744	$ (55,641)	$ 1,467,593

(1) These mortgage-backed securities were issues by U.S. Government agencies.

We recognized premium amortization, net of discount accretion, of $16.0 million during 2017, $6.6 million during 2016 and $0.4 million during 2015. Any premium amortization or discount accretion is considered an adjustment to the yield of our investment securities.

We had net gains of $4.0 million in 2017 from the sale of approximately $239 million of investment securities, compared to net gains of $4,000 in 2016 from the sale of approximately $0.5 million of investment securities and net gains of $5.5 million in 2015 from the sale of approximately $197 million of investment securities. Investment securities totaling $245 million in 2017, $182 million in 2016 and $160 million in 2015 matured or were called by the issuer. We purchased investment securities totaling $1.63 billion in 2017, $652 million in 2016 and $92 million in 2015.

We invest in securities we believe offer good relative value at the time of purchase, and we will, from time to time, reposition our investment securities portfolio. In making decisions to sell or purchase securities, we consider credit quality, call features, maturity dates, relative yields, current market factors, interest rate risk, liquidity risk and other relevant factors.

During 2017, we purchased approximately $1.58 billion of highly liquid, short duration U.S. Government agency mortgage-backed pass through securities with yields ranging from approximately 2.00% to 2.30%. These securities provide substantial on-balance sheet liquidity and carry a 20% risk weighting for regulatory capital purposes.

The following table presents the types and estimated fair values of our investment securities at December 31, 2017 based on credit ratings by one or more nationally-recognized credit rating agencies.

Credit Ratings of Investment Securities

	AAA[(1)]	AA[(2)]	A[(3)]	BBB[(4)]	Non-Rated[(5)]	Total
			(Dollars in thousands)			
Obligations of states and political subdivisions	$ 144,553	$ 270,300	$ 110,674	$ 6,018	$ 133,014	$ 664,559
Mortgage-backed securities[(6)]	—	1,899,024	—	—	—	1,899,024
U.S. Government agency securities	—	29,233	—	—	—	29,233
CRA qualified investment fund	—	—	—	—	1,057	1,057
Other equity securities	28,923	—	—	—	—	28,923
Total	$ 173,476	$ 2,198,557	$ 110,674	$ 6,018	$ 134,071	$ 2,622,796
Percentage of total	6.6%	83.8%	4.3%	0.2%	5.1%	100.0%
Cumulative percentage of total	6.6%	90.4%	94.7%	94.9%	100.0%	

(1) Includes securities rated Aaa by Moody's, AAA by Fitch or Standard & Poor's ("S&P") or a comparable rating by other nationally-recognized credit rating agencies.
(2) Includes securities rated Aa1 to Aa3 by Moody's, AA+ to AA- by Fitch or S&P or a comparable rating by other nationally-recognized credit rating agencies.
(3) Includes securities rated A1 to A3 by Moody's, A+ to A- by Fitch or S&P or a comparable rating by other nationally-recognized credit rating agencies.
(4) Includes securities rated Baa1 to Baa3 by Moody's, BBB+ to BBB- by Fitch or S&P or a comparable rating by other nationally-recognized credit rating agencies.
(5) Includes all securities that are not rated or securities that are not rated but that have a rated credit enhancement where we have ignored such credit enhancement. For these securities, we have performed our own evaluation of the security and/or the underlying issuer and believe that such security or its issuer has credit characteristics equivalent to these which would warrant a credit rating of investment grade (i.e., Baa3 or better by Moody's or BBB- or better by Fitch or S&P or a comparable rating by other nationally-recognized credit rating agencies).
(6) These mortgage-backed securities were issued by U.S. Government agencies.

The following table reflects the expected maturity distribution of our investment securities, at estimated fair value, at December 31, 2017 and weighted-average yields (for tax-exempt obligations on a FTE basis) of such securities. The maturity for all investment securities is shown based on each security's contractual maturity date, except (1) FHLB and FNBB stock and the CRA qualified investment fund, which have no contractual maturity date and are shown in the longest maturity category, (2) mortgage-backed securities, which are allocated among various maturities based on an estimated repayment schedule utilizing Bloomberg median prepayment speeds or other estimates of prepayment speeds and interest rate levels at December 31, 2017, and (3) callable investment securities for which we have received notification of call, which are included in the maturity category in which the call occurs or is expected to occur. Actual maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties. The weighted-average yields – FTE are calculated based on the coupon rate and amortized cost for such securities and do not include any projected discount accretion or premium amortization. Effective January 1, 2018, the Tax Act reduced the statutory federal income tax rate, including the rate we use to calculate the FTE adjustment on tax exempt income, from 35% to 21%. As a result, the FTE adjustment and FTE yield for tax-exempt income are expected to be lower in 2018 and future periods.

Expected Maturity Distribution of Investment Securities

	1 Year Or Less	Over 1 Through 5 Years	Over 5 Through 10 Years	Over 10 Years	Total
			(Dollars in thousands)		
Obligations of states and political subdivisions	$ 13,037	$ 53,455	$ 144,328	$ 453,739	$ 664,559
Mortgage-backed securities[1]	346,798	946,514	533,557	72,155	1,899,024
U.S. Government agency securities	2,000	26,111	1,122	—	29,233
CRA qualified investment fund	—	—	—	1,057	1,057
Other equity securities[2]	—	—	—	28,923	28,923
Total	$ 361,835	$ 1,026,080	$ 679,007	$ 555,874	$ 2,622,796
Percentage of total	13.8%	39.1%	25.9%	21.2%	100.0%
Cumulative percentage of total	13.8%	52.9%	78.8%	100.0%	
Weighted-average yield – FTE	2.51%	2.47%	3.06%	3.46%	2.84%

(1) These mortgage-backed securities were issued by U.S. Government Agencies.
(2) Includes approximately $28.5 million of FHLB stock which has historically paid quarterly dividends at a variable rate approximating the federal funds rate.

Deposits

Our lending and investing activities are funded primarily by deposits. On July 20, 2016, we assumed $3.27 billion of deposits as a result of our acquisition of C&S and on July 21, 2016, we assumed $1.30 billion of deposits as a result of our acquisition of C1. Additionally, we continued to grow our existing deposit base to fund growth of our non-purchased loans. Excluding deposits acquired in acquisitions, our deposits increased $1.62 billion in 2017, $3.04 billion in 2016 and $1.00 billion in 2015. The amount and type of deposits outstanding as of the dates indicated and their respective percentage of total deposits are reflected in the following table.

Deposits

	December 31,					
	2017		2016		2015	
			(Dollars in thousands)			
Non-interest bearing	$ 2,726,623	15.9%	$ 2,589,458	16.6%	$1,515,482	19.0%
Interest bearing:						
Transaction (NOW)	4,303,108	25.0	2,751,283	17.7	1,398,104	17.5
Savings and money market	5,748,014	33.4	5,297,072	34.0	2,619,400	32.9
Time deposits less than $100	1,460,851	8.5	1,741,307	11.2	921,680	11.6
Time deposits of $100 or more	2,953,749	17.2	3,195,758	20.5	1,516,802	19.0
Total deposits	$17,192,345	100.0%	$15,574,878	100.0%	$7,971,468	100.0%

At December 31, 2017, we had outstanding brokered deposits of $1.16 billion, or approximately 6.8% of total deposits, compared to $1.99 billion, or approximately 12.8% of total deposits at December 31, 2016 and $677 million, or approximately 8.5% of total deposits, at December 31, 2015.

We use brokered deposits, subject to certain limitations and requirements, as a source of funding to augment deposits generated from our branch network, which are our principal source of funding. Our board of directors has established policies and procedures with respect to the use of brokered deposits. Such policies and procedures require, among other things, that (i) we limit the amount of brokered deposits as a percentage of total deposits and (ii) our ALCO Committee ("ALCO"), which reports to the board of directors, monitor our use of brokered deposits on a regular basis, including interest rates and the total volume of such deposits in relation to our total deposits. ALCO has typically approved the use of brokered deposits when such deposits are (i) from respected and stable funding sources and (ii) less costly to us than the marginal cost of additional deposits generated from our branch network.

The following table reflects the average balance and average rate paid for each deposit category shown for the years indicated.

Average Deposit Balances and Rates

	Year Ended December 31,					
	2017		2016		2015	
	Average Balance	Average Rate Paid	Average Balance	Average Rate Paid	Average Balance	Average Rate Paid
	(Dollars in thousands)					
Non-interest bearing	$ 2,652,895	—	$ 2,006,933	—	$1,301,574	—
Interest bearing:						
Transaction (NOW)	2,860,591	0.61%	1,829,321	0.29%	1,226,592	0.19%
Savings and money market	5,726,813	0.63	4,068,500	0.37	2,330,445	0.24
Time deposits less than $100	1,560,035	0.73	1,448,166	0.58	880,189	0.38
Time deposits of $100 or more	3,164,843	0.99	2,439,447	0.82	1,244,879	0.51
Total deposits	$15,965,177	0.72	$11,792,367	0.50	$6,983,679	0.31

The calculation of the average rate paid on total deposits of 0.72% for 2017, 0.50% for 2016 and 0.31% for 2015 includes interest paid and average balances of all categories of interest bearing deposits. The average rate paid for all deposits, including both interest bearing and non-interest bearing deposits, was 0.60% for 2017, 0.41% for 2016 and 0.25% for 2015.

The following table sets forth, by time remaining to maturity, time deposits of $100,000 and over as of the date indicated.

Maturity Distribution of Time Deposits of $100,000 and Over

	December 31, 2017
	(Dollars in thousands)
3 months or less	$ 628,633
Over 3 to 6 months	763,297
Over 6 to 12 months	1,107,133
Over 12 months	454,686
Total	$ 2,953,749

The amount and percentage of our deposits by state of originating office, as of the dates indicated, are reflected in the following table.

Deposits by State of Originating Office

Deposits Attributable to Offices In	December 31, 2017 Amount	2017 %	2016 Amount	2016 %	2015 Amount	2015 %
	(Dollars in thousands)					
Arkansas	$ 5,280,075	30.7%	$ 6,309,230	40.5%	$3,783,703	47.5%
Georgia	4,088,723	23.8	3,714,963	23.9	722,675	9.1
Florida	2,757,852	16.0	2,015,492	12.9	739,955	9.3
Texas	2,158,392	12.6	2,056,956	13.2	1,312,538	16.5
New York	1,765,957	10.3	378,348	2.4	399,933	5.0
North Carolina	927,635	5.4	890,091	5.7	838,361	10.5
Alabama	111,907	0.7	107,458	0.7	110,283	1.4
South Carolina	101,804	0.5	102,340	0.7	64,020	0.7
Total	$17,192,345	100.0%	$15,574,878	100.0%	$7,971,468	100.0%

Other Interest Bearing Liabilities

We also rely on other interest bearing liabilities to fund our lending and investing activities. Such liabilities consist of repurchase agreements with customers, other borrowings (primarily FHLB advances and, to a lesser extent, federal funds purchased), subordinated notes and subordinated debentures.

The following table reflects the average balance and average rate paid for each category of other interest bearing liabilities for the years indicated.

Average Balances and Rates of Other Interest Bearing Liabilities

	Year Ended December 31, 2017 Average Balance	2017 Average Rate Paid	2016 Average Balance	2016 Average Rate Paid	2015 Average Balance	2015 Average Rate Paid
	(Dollars in thousands)					
Repurchase agreements with customers	$ 75,915	0.17%	$ 64,044	0.14%	$ 73,995	0.10%
Other borrowings	62,988	2.07	46,949	2.49	187,608	3.26
Subordinated notes	222,705	5.67	116,679	5.83	—	—
Subordinated debentures	118,515	4.24	117,958	3.73	111,409	3.29
Total other interest bearing liabilities	$ 480,123	3.97	$ 345,630	3.60	$ 373,012	2.64

On June 23, 2016, we completed an underwritten public offering of $225 million in aggregate principal amount of our 5.50% fixed-to-floating rate subordinated notes due 2026 (the "Notes"). The Notes bear interest at 5.50% per annum. Beginning July 1, 2021, the Notes will bear interest at a floating rate equal to three-month LIBOR plus a spread of 442.5 basis points; provided, however, that in the event three-month LIBOR is less than zero, then three-month LIBOR shall be deemed to be zero. Debt issuance costs of $2.7 million are being amortized, using a level-yield methodology over the estimated holding period of seven years, as an increase in interest expense on the Notes.

The decrease in other borrowings during 2016 compared to 2015 was due to our prepaying of $150 million of FHLB borrowings during 2015.

Capital Resources and Liquidity

Capital Resources

Subordinated Notes. On June 23, 2016, we completed an underwritten public offering of $225 million in aggregate principal amount of our Notes. The Notes are unsecured, subordinated debt obligations and mature on July 1, 2026. From and including the date of issuance to, but excluding July 1, 2021, the Notes bear interest at 5.50% per annum. From and including July 1, 2021 to, but excluding the maturity date or earlier redemption, the Notes will bear interest at a floating rate equal to three-month LIBOR as calculated on each applicable date of determination plus a spread of 442.5 basis points; provided, however, that in the event three-month LIBOR is less than zero, then three-month LIBOR shall be deemed to be zero.

We may, beginning with the interest payment date of July 1, 2021, and on any interest payment date thereafter, redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed plus accrued and unpaid interest to, but excluding the date of redemption. We may also redeem the Notes at any time, including prior to July 1, 2021, at our option, in whole but not in part, if: (i) a change or prospective change in law occurs that could prevent us from deducting interest payable on the Notes for U.S. federal income tax purposes; (ii) a subsequent event occurs that could preclude the Notes from being recognized as Tier 2 capital for regulatory capital purposes; or (iii) we are required to register as an investment company under the Investment Company Act of 1940, as amended; in each case, at a redemption price equal to 100% of the principal amount of the Notes plus any accrued and unpaid interest to but excluding the redemption date. The Notes provide us with additional Tier 2 regulatory capital to support our expected future growth.

Subordinated Debentures. We own eight 100%-owned finance subsidiary business trusts–Ozark Capital Statutory Trust II (“Ozark II”), Ozark Capital Statutory Trust III (“Ozark III”), Ozark Capital Statutory Trust IV (“Ozark IV”), Ozark Capital Statutory Trust V (“Ozark V”), Intervest Statutory Trust II (“Intervest II”), Intervest Statutory Trust III (“Intervest III”), Intervest Statutory Trust IV (“Intervest IV”) and Intervest Statutory Trust V (“Intervest V”) (collectively, the “Trusts”). At December 31, 2017, we had the following issues of trust preferred securities and subordinated debentures owed to the Trusts.

	Subordinated Debentures Owed to Trust	Unamortized Discount	Carrying Value of Subordinated Debentures	Trust Preferred Securities of the Trusts	Contractual Interest Rate	Final Maturity Date
			(Dollars in thousands)			
Ozark II	$ 14,433	$ —	$ 14,433	$ 14,000	4.59%	September 29, 2033
Ozark III	14,434	—	14,434	14,000	4.31	September 25, 2033
Ozark IV	15,464	—	15,464	15,000	3.67	September 28, 2034
Ozark V	20,619	—	20,619	20,000	3.19	December 15, 2036
Intervest II	15,464	(455)	15,009	15,000	4.55	September 17, 2033
Intervest III	15,464	(527)	14,937	15,000	4.39	March 17, 2034
Intervest IV	15,464	(959)	14,505	15,000	4.03	September 20, 2034
Intervest V	10,310	(911)	9,399	10,000	3.24	December 15, 2036
	$ 121,652	$ (2,852)	$ 118,800	$ 118,000		

Our subordinated debentures and trust preferred securities generally mature 30 years after issuance and may be prepaid at par, subject to regulatory approval. These subordinated debentures and the related trust preferred securities provide us additional regulatory capital to support our expected future growth and expansion. See “Capital Compliance–Regulatory Capital” in this MD&A for a discussion of our trust preferred securities and their inclusion in our regulatory capital.

Other Sources of Capital. We may need to raise additional capital in the future to provide us with sufficient capital resources and liquidity to meet our commitments and business needs. As a publicly traded company, a likely source of additional funds is the capital markets, which can provide us with funds through the public issuance of equity, both common and preferred stock, and the issuance of senior debt and/or subordinated debentures. Our ability to raise additional capital, if needed, will depend on, among other things, conditions in the capital markets at that time, which are outside of our control, and our financial performance.

Common Stockholders' Equity and Reconciliation of Non-GAAP Financial Measures. We use non-GAAP financial measures, specifically, tangible common stockholders' equity, tangible common stockholders' equity to total tangible assets, tangible book value per common share and return on average tangible common stockholders' equity as important measures of the strength of our capital and our ability to generate earnings on tangible common equity invested by our shareholders. We believe presentation of these non-GAAP financial measures provides useful supplemental information that contributes to a proper understanding of our financial results and capital levels. 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 companies. Reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures are included in the following tables as of and for the years indicated.

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

	December 31,		
	2017	2016	2015
	(Dollars in thousands)		
Total common stockholders' equity before noncontrolling interest	$ 3,460,728	$ 2,791,607	$ 1,464,631
Less intangible assets:			
Goodwill	(660,789)	(660,119)	(125,442)
Core deposit and other intangibles, net of accumulated amortization	(48,251)	(60,831)	(26,898)
Total intangibles	(709,040)	(720,950)	(152,340)
Total tangible common stockholders' equity	$ 2,751,688	$ 2,070,657	$ 1,312,291
Total assets	$ 21,275,647	$ 18,890,142	$ 9,879,459
Less intangible assets:			
Goodwill	(660,789)	(660,119)	(125,442)
Core deposit and other intangibles, net of accumulated amortization	(48,251)	(60,831)	(26,898)
Total intangibles	(709,040)	(720,950)	(152,340)
Total tangible assets	$ 20,566,607	$ 18,169,192	$ 9,727,119
Ratio of total common stockholders' equity to total assets	16.27%	14.78%	14.83%
Ratio of total tangible common stockholders' equity to total tangible assets	13.38%	11.40%	13.49%

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

	December 31,				
	2017	2016	2015	2014	2013
	(In thousands, except per share amounts)				
Total common stockholders' equity before noncontrolling interest	$ 3,460,728	$ 2,791,607	$ 1,464,631	$ 908,390	$ 629,060
Less intangible assets:					
Goodwill	(660,789)	(660,119)	(125,442)	(78,669)	(5,243)
Core deposit and other intangibles, net of accumulated amortization	(48,251)	(60,831)	(26,898)	(26,907)	(13,915)
Total intangibles	(709,040)	(720,950)	(152,340)	(105,576)	(19,158)
Total tangible common stockholders' equity	$ 2,751,688	$ 2,070,657	$ 1,312,291	$ 802,814	$ 609,902
Common shares outstanding	128,288	121,268	90,612	79,924	73,712
Book value per common share	$ 26.98	$ 23.02	$ 16.16	$ 11.37	$ 8.53
Tangible book value per common share	$ 21.45	$ 17.08	$ 14.48	$ 10.04	$ 8.27

Calculation of Return on Average
Tangible Common Stockholders' Equity

	Year Ended December 31,				
	2017	2016	2015	2014	2013
	(Dollars in thousands)				
Net income available to common stockholders	$ 421,891	$ 269,979	$ 182,253	$ 118,606	$ 91,237
Average common stockholders' equity before noncontrolling interest	$3,127,576	$2,068,328	$1,217,475	$ 786,430	$ 560,351
Less average intangible assets:					
Goodwill	(660,632)	(363,324)	(118,013)	(51,793)	(5,243)
Core deposit and other intangibles, net of accumulated amortization	(54,702)	(43,623)	(28,660)	(21,651)	(9,661)
Total average intangibles	(715,334)	(406,947)	(146,673)	(73,444)	(14,904)
Average tangible common stockholders' equity	$2,412,242	$1,661,381	$1,070,802	$ 712,986	$ 545,447
Return on average common stockholders' equity	13.49%	13.05%	14.97%	15.08%	16.28%
Return on average tangible common stockholders' equity	17.49%	16.25%	17.02%	16.63%	16.73%

Common Stock Dividend Policy. In 2017 we paid dividends of $0.71 per common share, compared to $0.63 per common share in 2016 and $0.55 per common share in 2015. On January 2, 2018, our board of directors approved a dividend of $0.19 per common share that was paid on January 26, 2018 to shareholders of record on January 19, 2018. The determination of future dividends on our common stock will depend on conditions existing at that time and approval of our board of directors. See Note 20 to the Consolidated Financial Statements included in "Item 8. Financial Statement and Supplementary Data" of this Annual Report on Form 10-K for a discussion of dividend restrictions.

Capital Compliance

Regulatory Capital. We are subject to various regulatory capital requirements administered by federal and state banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and discretionary actions by regulators that, if undertaken, could have a direct material effect on our financial condition and results of operations. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, we must meet specific capital guidelines that involve quantitative measures of our assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. Our capital amounts and classification are also subject to qualitative judgments by the regulators about component risk weightings and other factors.

In recent years, the FDIC and other federal banking regulators revised the risk-based capital requirements applicable to insured depository institutions, including us, to make them consistent with agreements reached by the Basel Committee on Banking Supervision ("Basel III") and certain provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Basel III Rules"). The Basel III Rules became effective for us on January 1, 2015 (subject to a phase-in period for certain provisions). The Basel III Rules require the maintenance of minimum amounts and ratios of common equity tier 1 capital, tier 1 capital and total capital to risk-weighted assets, and of tier 1 capital to adjusted quarterly average assets.

Under the Basel III Rules, common equity tier 1 capital consists of common stock and paid-in capital (net of treasury stock) and retained earnings. Common equity tier 1 capital is reduced by goodwill, certain intangible assets, net of associated deferred tax liabilities, deferred tax assets that arise from tax credit and net operating loss carryforwards, net of any valuation allowance, and certain other items as specified by the Basel III Rules.

Tier 1 capital includes common equity tier 1 capital and certain additional tier 1 items as provided under the Basel III Rules. Our tier 1 capital consists of common equity tier 1 capital and, prior to the third quarter of 2016, $118 million of trust preferred securities issued by the Trusts. The Basel III Rules include certain provisions that required trust preferred securities be phased out of qualifying tier 1 capital for certain institutions depending on the size of the institution as measured by total assets. As a result of our acquisitions of C&S on July 20, 2016 and C1 on July 21, 2016, our total assets exceeded $15 billion. Accordingly, pursuant to the Basel III Rules, our trust preferred securities are no longer included in tier 1 capital but continue to be included in total capital.

Basel III Rules allow for insured depository institutions to make a one-time election not to include most elements of accumulated other comprehensive income (loss) in regulatory capital and instead effectively use the existing treatment under the general risk-based capital rules. We made this opt-out election to avoid significant variations in the level of capital depending upon the impact of interest rate fluctuations on the fair value of our investments securities portfolio.

Total capital includes tier 1 capital and tier 2 capital. Tier 2 capital includes, among other things, the allowable portion of the ALL, and, for us, the trust preferred securities and the subordinated notes.

The Basel III Rules also changed the risk-weights of assets in an effort to better reflect perceived credit risk and other risk exposures. These include a 150% risk weight (up from 100%) for certain high volatility commercial real estate acquisition, development and construction loans and the unsecured portion of non-residential mortgage loans that are 90 days past due or otherwise on nonaccrual status; a 20% (up from 0%) credit conversion factor for the unused portion of a commitment with an original maturity of one year or less that is not unconditionally cancellable; a 250% risk weight (up from 100%) for mortgage servicing rights and deferred tax assets that are not deducted from capital; and increased risk weights (from 0% to up to 600%) for equity exposures.

The common equity tier 1 capital, tier 1 capital and total capital ratios are calculated by dividing the respective capital amounts by risk-weighted assets. The leverage ratio is calculated by dividing tier 1 capital by adjusted quarterly average total assets.

The Basel III Rules limit capital distributions and certain discretionary bonus payments if the banking organization does not hold a "capital conservation buffer" consisting of 2.5% of common equity tier 1 capital, tier 1 capital and total capital to risk-weighted assets in addition to the amount necessary to meet minimum risk-based capital requirements. The capital conservation buffer began phasing in January 1, 2016 at 0.625% of risk-weighted assets, and will increase each year until fully implemented at 2.5% on January 1, 2019. When fully phased in on January 1, 2019, the Basel III Rules will require us to maintain (i) a minimum ratio of common equity tier 1 capital to risk-weighted assets of at least 4.5%, plus a 2.5% capital conservation buffer, which effectively results in a minimum ratio of 7.0% upon full implementation, (ii) a minimum ratio of tier 1 capital to risk-weighted assets of at least 6.0%, plus a 2.5% capital conservation buffer, which effectively results in a minimum ratio of 8.5% upon full implementation, (iii) a minimum ratio of total capital to risk-weighted assets of at least 8.0%, plus a 2.5% capital conservation buffer, which effectively results in a minimum ratio of 10.5% upon full implementation and (iv) a minimum leverage ratio of 4.0%. Additionally, in order to be considered well-capitalized under the Basel III Rules, we must maintain (i) a ratio of common equity tier 1 capital to risk-weighted assets of at least 6.5%, (ii) a ratio of tier 1 capital to risk-weighted assets of at least 8.0%, (iii) a ratio of total capital to risk-weighted assets of at least 10.0% and (iv) a leverage ratio of at least 5.0%.

The following table presents actual and required capital ratios as of the dates indicated under the Basel III Rules. The minimum required capital amounts presented include the minimum required capital levels as of December 31, 2017 and 2016, respectively, based on the phase-in provisions of the Basel III Rules and the minimum required capital levels as of January 1, 2019 when the Basel III Rules have been fully phased-in. Capital levels required to be considered well capitalized are based upon prompt corrective action regulations, as amended to reflect the changes under the Basel III Rules.

	Actual		Minimum Capital Required – Basel III Phase-In Schedule		Minimum Capital Required – Basel III Fully Phased-In		Required to be Considered Well Capitalized	
	Capital Amount	Ratio	Capital Amount	Ratio	Capital Amount	Ratio	Capital Amount	Ratio
	(Dollars in thousands)							
December 31, 2017:								
Common equity tier 1 to risk-weighted assets	$2,753,656	11.17%	$1,417,572	5.75%	$1,725,740	7.00%	$1,602,473	6.50%
Tier 1 capital to risk-weighted assets	2,753,656	11.17	1,787,374	7.25	2,095,542	8.50	1,972,275	8.00
Total capital to risk-weighted assets	3,190,776	12.94	2,280,442	9.25	2,588,610	10.50	2,465,343	10.00
Tier 1 leverage to average assets	2,753,656	13.83	796,595	4.00	796,595	4.00	995,743	5.00
December 31, 2016:[(1)]								
Common equity tier 1 to risk-weighted assets	$2,093,548	9.99%	$1,074,382	5.125%	$1,467,448	7.00%	$1,362,631	6.50%
Tier 1 capital to risk-weighted assets	2,093,548	9.99	1,388,835	6.625	1,781,902	8.50	2,093,548	8.00
Total capital to risk-weighted assets	2,513,089	11.99	1,808,106	8.625	2,201,173	10.50	2,093,548	10.00
Tier 1 leverage to average assets	2,093,548	11.99	698,438	4.00	698,438	4.00	873,048	5.00

(1) On June 26, 2017, we completed an internal restructuring that eliminated our bank holding company. As a result, the prior period regulatory capital ratios have been adjusted to reflect this internal restructuring as if it was effective as of December 31, 2016.

Liquidity

General. Liquidity represents an institution's ability to provide funds to satisfy demands from depositors, borrowers and other creditors by either converting assets into cash or accessing new or existing sources of incremental funds. Liquidity risk arises from the possibility we may be unable to satisfy current or future funding requirements and needs. ALCO has primary responsibility for oversight of our liquidity, funds management, asset/liability (interest rate risk) position and capital. Our Investment Committee has primary responsibility for oversight of our investment portfolio functions.

The objective of managing liquidity risk is to ensure the cash flow requirements resulting from depositor, borrower and other creditor demands are met, as well as our operating cash needs, and the cost of funding such requirements and needs is reasonable. We maintain an asset/liability and interest rate risk policy and liquidity and funds management policy, including a contingency funding plan that, among other things, include policies and procedures for managing liquidity risk. Generally we rely on deposits, repayments of loans, and cash flows from our investment securities as our primary sources of funds. Our principal deposit sources include consumer, commercial and public funds customers in our markets. We have used these funds, together with other primary funding sources, including wholesale deposit sources such as brokered deposits, FHLB advances, and federal funds purchased, to make loans, acquire investment securities and other assets and to fund continuing operations.

Deposit levels may be affected by a number of factors including rates paid by competitors, general interest rate levels, returns available to customers on alternative investments, general economic and market conditions and other factors. Loan repayments are generally a relatively stable source of funds but are subject to the borrowers' ability to repay the loans, which can be adversely affected by a number of factors including changes in general economic conditions, adverse trends or events affecting business industry groups or specific businesses, declines in real estate values or markets, business closings or lay-offs, inclement weather, natural disasters and other factors. Furthermore, loans generally are not readily convertible to cash. Accordingly, we may be required from time to time to rely on secondary sources of liquidity to meet growth in loans and deposit withdrawal demands or otherwise fund operations. Such secondary sources include, among others, secured and unsecured federal funds lines of credit from correspondent banks, FRB borrowings and/or accessing the capital markets.

At December 31, 2017, we had $13.19 billion in unfunded balances on loans already closed, the vast majority of which is attributable to construction and development loans for which construction has commenced. In most cases the borrower's equity and all other required subordinated elements of the capital structure must be fully funded before we advance funds. Typically we are the last to advance funds and the first to be repaid. In many cases we do not advance funds on loans for many months after closing because the borrower's equity and other funding sources must fund first. This conservative practice for handling construction loans has led to the large unfunded balance of closed loans. As a result, we maintain a detailed 36-month forward funding forecast projecting all loan fundings and loan pay downs and pay offs. Our ability to project monthly net portfolio growth with a substantial degree of accuracy is an important part of our liquidity management process.

At December 31, 2017, we had substantial unused borrowing availability. This availability was primarily comprised of the following four options: (1) $3.85 billion of available blanket borrowing capacity with the FHLB, (2) $1.43 billion of investment securities available to pledge for federal funds or other borrowings, (3) $230 million of available unsecured federal funds borrowing lines and (4) up to $126 million of available borrowing capacity from borrowing programs of the FRB.

We anticipate we will continue to rely primarily on deposits, repayments of loans and cash flows from our investment securities to provide liquidity, as well as other funding sources as appropriate. Additionally, where necessary, the secondary funding sources described above will be used to augment our primary funding sources.

During 2017, we purchased approximately $1.58 billion of highly liquid, short term U.S. Government agency mortgage-backed pass through investment securities with yields ranging from approximately 2.00% to 2.30%. These securities provide substantial on-balance sheet liquidity and carry a 20% risk weighting for regulatory capital purposes.

Sources and Uses of Funds. Operating activities provided net cash of $384 million in 2017, $242 million in 2016 and $201 million in 2015. Net cash provided by operating activities is comprised primarily of net income, adjusted for certain non-cash items and for changes in various operating assets and liabilities. The increase in net cash provided by operating activities for 2017 compared to 2016 and for 2016 compared to 2015 was primarily due to growth in our net income from $182 million in 2015 to $270 million in 2016 and to $422 million in 2017.

Investing activities used net cash of $2.63 billion in 2017, $2.28 billion in 2016 and $1.33 billion in 2015. The increase in net cash used by investing activities in 2017 compared to 2016 and in 2016 compared to 2015 was primarily the result of growth in our non-purchased loans, which used $2.85 billion in 2017, compared to $3.03 billion in 2016 and $2.58 billion in 2015. BOLI purchases used $60 million in 2017, $145 million in 2016 and $100 million in 2015. Additionally, the net activity in our investment securities

portfolio used $1.14 billion in 2017 and $469 million in 2016, but provided $270 million in 2015. We received net payments on purchased loans totaling $1.42 billion in 2017, $1.16 billion in 2016 and $719 million in 2015, and we received net cash in merger and acquisition transactions totaling $204 million in 2016 and $300 million in 2015 (none in 2017).

Financing activities provided net cash of $1.82 billion in 2017, $2.82 billion in 2016 and $1.07 billion in 2015. The decrease in net cash provided by financing activities for 2017 compared to 2016 was primarily the result of deposit growth needed to fund our lending activities. Our deposits, excluding deposits acquired in acquisitions, provided $1.62 billion in 2017, $3.04 billion in 2016 and $1.00 billion in 2015. During 2017 we received net proceeds of $299.7 million from the sale of 6,600,000 shares of our common stock. During 2016, we received proceeds of $222 million from the issuance of our Notes. During 2015, we received proceeds of $110 million from the sale of 2,098,436 shares of our common stock.

Contractual Obligations. The following table presents, as of December 31, 2017, significant fixed and determinable contractual obligations to third parties by contractual date with no consideration given to earlier call or prepayment features. Other obligations consist primarily of contractual obligations for capital expenditures, software contracts and various other contractual obligations.

Contractual Obligations

	1 Year or Less	Over 1 Through 3 Years	Over 3 Through 5 Years	Over 5 Years	Total
			(Dollars in thousands)		
Time deposits[1]	$ 3,583,488	$ 722,490	$ 109,920	$ 9,109	$ 4,425,007
Deposits without a stated maturity[2]	12,782,004	—	—	—	12,782,004
Repurchase agreements with customers[1]	69,331	—	—	—	69,331
Other borrowings[1]	20,881	771	857	—	22,509
Subordinated notes [1]	12,397	24,794	24,794	271,557	333,542
Subordinated debentures[1]	5,006	10,012	10,012	180,719	205,749
Lease obligations	8,112	13,479	9,628	22,500	53,719
Other obligations	113,394	71,684	7,793	14,419	207,290
Total contractual obligations	$16,594,613	$ 843,230	$ 163,004	$ 498,304	$18,099,151

(1) Includes unpaid interest through the contractual maturity on both fixed and variable rate obligations. The interest included on variable rate obligations is based upon interest rates in effect at December 31, 2017. The contractual amounts to be paid on variable rate obligations are affected by changes in interest rates. Future changes in interest rates could materially affect the contractual amounts to be paid.
(2) Includes interest accrued and unpaid through December 31, 2017.

Off-Balance Sheet Commitments. We are party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of our customers. These financial instruments primarily include commitments to extend credit (most of which are in the form of unfunded balances on loans already closed) and standby letters of credit. The following table details the amounts and expected maturities of significant off-balance sheet commitments as of December 31, 2017. Commitments to extend credit do not necessarily represent future cash requirements as these commitments may expire without being drawn.

Off-Balance Sheet Commitments

	1 Year or Less	Over 1 Through 3 Years	Over 3 Through 5 Years	Over 5 Years	Total
			(Dollars in thousands)		
Commitments to extend credit	$ 1,185,825	$ 8,900,442	$ 2,918,135	$ 188,037	$13,192,439
Standby letters of credit	18,102	2,439	170	—	20,711
Total commitments	$ 1,203,927	$ 8,902,881	$ 2,918,305	$ 188,037	$13,213,150

Growth and Expansion

De Novo Growth. In 2017, we (i) consolidated our New York, New York Real Estate Specialties Group ("RESG") loan production office with our retail banking office in New York, New York, (ii) opened loan production offices in Atlanta, Georgia, Little Rock, Arkansas and Brookhaven, Mississippi, (iii) replaced leased facilities with owned facilities in Miami Beach, Florida and Harrisburg, North Carolina, and (iv) opened a retail banking office in McKinney, Texas. In 2018, we expect to (i) relocate our RESG team in Dallas, Texas to a nearby larger facility, (ii) open a loan production office in Raleigh, North Carolina, (iii) open four retail banking offices, including one each in Dallas, Texas, Ft. Worth, Texas, Madison, Tennessee, and Jacksonville Beach, Florida, and (iv) close our RESG loan production office in Houston, Texas and consolidate the business handled by that office into our Dallas, Texas RESG office.

We intend to continue our growth and *de novo* branching strategy in future years through the opening of additional branches and loan production offices as our needs and resources permit. Opening new offices is subject to local banking market conditions, availability of suitable sites, hiring qualified personnel, obtaining regulatory and other approvals and many other conditions and contingencies that we cannot predict with certainty. We may increase or decrease our expected number of new office openings as a result of a variety of factors including our financial results, changes in economic or competitive conditions, strategic opportunities or other factors.

During 2017, we spent $38.9 million on capital expenditures for premises and equipment. Our capital expenditures for 2018 are expected to be in the range of $50 million to $60 million, including progress payments on construction projects expected to be completed in 2018 through 2020, furniture and equipment costs and acquisition of sites for future development. Actual expenditures may vary significantly from those expected, depending on the number and cost of additional branch offices acquired or constructed and sites acquired for future development, progress or delays encountered on ongoing and new construction projects, delays in obtaining or inability to obtain required approvals, potential premises and equipment expenditures associated with acquisitions, if any, and other factors.

Acquisitions. We have shown substantial growth through a combination of organic growth and acquisitions. Since 2010, we have completed 15 acquisitions, including seven FDIC-assisted transactions. A summary of each of these acquisitions is included in the following table:

Bank Name	Completion Date	Location of Offices Acquired
Unity National Bank (FDIC-assisted)	2010	Georgia
Woodlands Bank (FDIC-assisted)	2010	South Carolina/North Carolina/Georgia/Alabama
Horizon Bank (FDIC-assisted)	2010	Florida
Chestatee State Bank (FDIC-assisted)	2010	Georgia
Oglethorpe Bank (FDIC-assisted)	2011	Georgia
First Choice Community Bank (FDIC-assisted)	2011	Georgia
The Park Avenue Bank (FDIC-assisted)	2011	Georgia/Florida
The Citizens Bank	2012	Alabama
The First National Bank of Shelby	2013	North Carolina
OMNIBANK	2014	Texas
Summit Bank	2014	Arkansas
Intervest National Bank	2015	New York/Florida
Bank of the Carolinas	2015	North Carolina
Community & Southern Bank	2016	Georgia/Florida
C1 Bank	2016	Florida

Future Growth Strategy. We expect to continue growing through both our *de novo* branching strategy and traditional acquisitions. With respect to *de novo* branching strategy, future *de novo* branches are expected to be focused in states where we currently have banking offices and in larger markets and metropolitan areas across the United States where we currently do not have offices and believe we can generate significant growth from one to three strategically located offices in each such market. With respect to traditional acquisitions, we are seeking strategic acquisitions that are immediately accretive to book value and tangible book value and accretive to diluted earnings per share in the first 12 months following acquisition.

Recently Issued Accounting Standards

See Note 1 to the Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" in this Annual Report on Form 10-K for a discussion of certain recently issued accounting pronouncements.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The disclosures set forth in this item are qualified by "Item 1A. Risk Factors" and the section captioned "Forward-Looking Information" and other cautionary statements set forth elsewhere in this Annual Report on Form 10-K.

Interest Rate Risk

Interest rate risk results from timing differences in the repricing of assets and liabilities or from changes in relationships between interest rate indices. Interest rate risk management is the responsibility of our ALCO. ALCO regularly reviews our exposure to changes in interest rates. Among the factors considered are changes in the mix of interest earning assets and interest bearing liabilities, interest rate spreads and repricing periods. ALCO uses an earnings simulation model to analyze our interest rate risk and interest rate sensitivity. ALCO reports to the full board of directors quarterly.

This earnings simulation modeling process projects a baseline net interest income (assuming no changes in interest rate levels) and estimates changes to that baseline net interest income resulting from changes in interest rate levels. We rely primarily on the results of this model in evaluating our interest rate risk. This model incorporates a number of additional factors including: (1) the expected exercise of call features on various assets and liabilities, (2) the expected rates at which various rate sensitive assets and rate sensitive liabilities will reprice, (3) the expected growth in various interest earning assets and interest bearing liabilities and the expected interest rates on new assets and liabilities, (4) the expected relative movements in different interest rate indexes which are used as the basis for pricing or repricing various assets and liabilities, (5) existing and expected contractual ceiling and floor rates on various assets and liabilities, (6) expected changes in administered rates on interest bearing transaction, savings, money market and time deposit accounts and the expected impact of competition on the pricing or repricing of such accounts, (7) the timing and amount of cash flows expected to be received on purchased loans, (8) the need for additional capital and/or debt to support continued growth and (9) other relevant factors. Inclusion of these factors in the model is intended to more accurately project our expected changes in net interest income resulting from interest rate changes. We typically model our change in net interest income assuming interest rates go up 100 bps, up 200 bps, up 300 bps, up 400 bps, up 500 bps, down 100 bps, down 200 bps, down 300 bps, down 400 bps and down 500 bps. Based on current conditions, we believe that modeling our change in net interest income assuming interest rates go down 200 bps, down 300 bps, down 400 bps and down 500 bps is not meaningful. For purposes of this model, we have assumed that the change in interest rates phases in over a 12-month period. While we believe this model provides a reasonably accurate projection of our interest rate risk, the model includes a number of assumptions and predictions which may or may not be correct and may impact the model results. These assumptions and predictions include inputs to compute baseline net interest income, growth rates, expected changes in administered rates on interest bearing deposit accounts, competition and a variety of other factors that are difficult to accurately predict. Accordingly, there can be no assurance the earnings simulation model will accurately reflect future results.

The following table presents the earnings simulation model's projected impact of a change in interest rates on the projected baseline net interest income for the 12-month period commencing January 1, 2018. This change in interest rates assumes parallel shifts in the yield curve and does not take into account changes in the slope of the yield curve.

Earnings Simulation Model Results

Change in Interest Rates (in bps)	% Change in Projected Baseline Net Interest Income
+500	19.4%
+400	15.7
+300	11.8
+200	7.9
+100	3.9
-100	(4.0)
-200	Not meaningful
-300	Not meaningful
-400	Not meaningful
-500	Not meaningful

In the event of a shift in interest rates, we may take certain actions intended to mitigate the negative impact to net interest income or to maximize the positive impact to net interest income. These actions may include, but are not limited to, restructuring of interest earning assets and interest bearing liabilities, seeking alternative funding sources or investment opportunities and modifying the pricing or terms of loans and deposits.

Impact of Inflation and Changing Prices

The Consolidated Financial Statements and related notes presented in "Item 8. Financial Statements and Supplementary Data" in this Annual Report on Form 10-K have been prepared in accordance with GAAP. This requires the measurement of financial position and operating results in terms of historical dollars without considering the changes in the relative purchasing power of money over time due to inflation. Unlike industrial companies, the vast majority of our assets and liabilities are monetary in nature. As a result, interest rates have a greater impact on our performance than do the effects of general levels of inflation. Interest rates do not necessarily move in the same direction or to the same extent as the prices of goods and services.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Bank of the Ozarks

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Bank of the Ozarks and its subsidiaries as of December 31, 2017 and 2016, and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the two years in the period ended December 31, 2017, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2017 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Report of Management on the Company's Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/PricewaterhouseCoopers LLP
Little Rock, Arkansas
February 27, 2018

We have served as the Company's auditor since 2016.

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
Bank of the Ozarks, Inc.

We have audited the accompanying consolidated statements of income, comprehensive income, stockholders' equity of Bank of the Ozarks, Inc. (the "Company") for the period ended December 31, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the results of operations and its cash flows of Bank of the Ozarks, Inc. for the year ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America.

Atlanta, Georgia
February 19, 2016 /s/ Crowe Horwath LLP

BANK OF THE OZARKS
CONSOLIDATED BALANCE SHEETS

	December 31,	
	2017	2016
	(Dollars in thousands, except per share amounts)	
ASSETS		
Cash and cash equivalents	$ 440,388	$ 866,360
Investment securities – available for sale ("AFS")	2,622,796	1,471,612
Non-purchased loans	12,733,937	9,605,093
Purchased loans	3,309,092	4,958,022
Allowance for loan losses	(94,120)	(76,541)
Net loans	15,948,909	14,486,574
Premises and equipment, net	519,811	504,086
Foreclosed assets	25,357	43,702
Accrued interest receivable	64,608	51,919
Bank owned life insurance ("BOLI")	658,147	580,945
Intangible assets, net	709,040	720,950
Other, net	286,591	163,994
Total assets	$ 21,275,647	$ 18,890,142
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Demand non-interest bearing	$ 2,726,623	$ 2,589,458
Savings and interest bearing transaction	10,051,122	8,048,355
Time	4,414,600	4,937,065
Total deposits	17,192,345	15,574,878
Repurchase agreements with customers	69,331	65,110
Other borrowings	22,320	41,903
Subordinated notes	222,899	222,516
Subordinated debentures	118,800	118,242
Accrued interest payable and other liabilities	186,164	72,622
Total liabilities	17,811,859	16,095,271
Commitments and contingencies		
Stockholders' equity:		
Preferred stock; $0.01 par value; 100,000,000 and 1,000,000 shares authorized at December 31, 2017 and 2016, respectively; no shares issued or outstanding at December 31, 2017 and 2016	—	—
Common stock; $0.01 par value; 300,000,000 shares authorized; 128,287,550 and 121,267,621 shares issued and outstanding at December 31, 2017 and 2016, respectively	1,283	1,213
Additional paid-in capital	2,221,844	1,901,880
Retained earnings	1,250,313	914,434
Accumulated other comprehensive loss	(12,712)	(25,920)
Total stockholders' equity before noncontrolling interest	3,460,728	2,791,607
Noncontrolling interest	3,060	3,264
Total stockholders' equity	3,463,788	2,794,871
Total liabilities and stockholders' equity	$ 21,275,647	$ 18,890,142

See accompanying notes to the Consolidated Financial Statements.

BANK OF THE OZARKS
CONSOLIDATED STATEMENTS OF INCOME

	Year Ended December 31,		
	2017	2016	2015
	(Dollars in thousands, except per share amounts)		
Interest income:			
Non-purchased loans	$ 607,548	$ 410,884	$ 244,638
Purchased loans	276,499	222,350	134,745
Investment securities:			
Taxable	25,460	11,373	13,131
Tax-exempt	22,430	17,582	17,164
Deposits with banks and federal funds sold	656	366	41
Total interest income	932,593	662,555	409,719
Interest expense:			
Deposits	96,083	48,593	17,716
Repurchase agreements with customers	132	89	76
Other borrowings	1,305	1,169	6,111
Subordinated notes	12,620	6,801	—
Subordinated debentures	5,024	4,398	3,665
Total interest expense	115,164	61,050	27,568
Net interest income	817,429	601,505	382,151
Provision for loan losses	28,092	23,792	19,415
Net interest income after provision for loan losses	789,337	577,713	362,736
Non-interest income:			
Service charges on deposit accounts	42,853	38,461	28,698
Mortgage lending income	6,399	8,054	6,817
Trust income	6,691	6,268	5,903
BOLI income	18,677	14,808	10,084
Other income from purchased loans, net	13,456	17,278	26,126
Loan service, maintenance and other fees	15,696	6,836	2,032
Net gains on investment securities	4,033	4	5,481
Gains on sales of other assets	5,553	4,156	14,753
Other	10,500	6,534	5,121
Total non-interest income	123,858	102,399	105,015
Non-interest expense:			
Salaries and employee benefits	152,194	122,832	87,953
Net occupancy and equipment	53,198	42,524	31,248
Other operating expenses	127,280	90,398	71,781
Total non-interest expense	332,672	255,754	190,982
Income before taxes	580,523	424,358	276,769
Provision for income taxes	158,586	154,278	94,455
Net income	421,937	270,080	182,314
Earnings attributable to noncontrolling interest	(46)	(101)	(61)
Net income available to common stockholders	$ 421,891	$ 269,979	$ 182,253
Basic earnings per common share	$ 3.36	$ 2.59	$ 2.10
Diluted earnings per common share	$ 3.35	$ 2.58	$ 2.09

See accompanying notes to the Consolidated Financial Statements.

BANK OF THE OZARKS
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended December 31,		
	2017	2016	2015
		(Dollars in thousands)	
Net income	$ 421,937	$ 270,080	$ 182,314
Other comprehensive income (loss):			
Unrealized gains and losses on investment securities AFS	27,291	(52,736)	(4,491)
Tax effect of unrealized gains and losses on investment securities AFS	(8,134)	18,860	1,711
Reclassification of gains on investment securities AFS included in net income	(4,033)	(4)	(5,481)
Tax effect of reclassification of gains on investment securities AFS included in net income	1,492	1	2,088
Total other comprehensive income (loss)	16,616	(33,879)	(6,173)
Total comprehensive income	$ 438,553	$ 236,201	$ 176,141

See accompanying notes to the Consolidated Financial Statements.

BANK OF THE OZARKS
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Noncontrolling Interest	Total
	(Dollars in thousands, except per share amounts)						
Balances – December 31, 2014	$ 799	$ 324,354	$ 571,454	$ 14,132	$ (2,349)	$ 3,452	$ 911,842
Net income	—	—	182,314	—	—	—	182,314
Earnings attributable to noncontrolling interest	—	—	(61)	—	—	61	—
Total other comprehensive loss	—	—	—	(6,173)	—	—	(6,173)
Common stock dividends paid, $0.55 per share	—	—	(47,079)	—	—	—	(47,079)
Dividend paid to non-controlling interest	—	—	—	—	—	(350)	(350)
Issuance of 365,375 shares of common stock for exercise of stock options	4	5,141	—	—	—	—	5,145
Issuance of 245,300 shares of unvested restricted common stock	2	(2,351)	—	—	2,349	—	—
Excess tax benefit on stock-based compensation	—	7,049	—	—	—	—	7,049
Stock-based compensation expense	—	8,202	—	—	—	—	8,202
Forfeiture of 41,325 shares of unvested restricted common stock	—	—	—	—	—	—	—
Issuance of 7,657 shares of common stock to non-employee directors	—	—	—	—	—	—	—
Repurchase of 133,492 shares of common stock	—	—	—	—	(6,857)	—	(6,857)
Issuance of 6,637,243 shares of common stock for acquisition of Intervest Bancshares Corporation, Inc., net of issuance costs of $100	66	238,310	—	—	—	—	238,376
Issuance of 1,447,620 shares of common stock for acquisition of Bank of the Carolinas Corporation, net of issuance costs of $64	14	65,311	—	—	—	—	65,325
Issuance of 2,098,436 shares of common stock	21	109,979	—	—	—	—	110,000
Balances – December 31, 2015	$ 906	$ 755,995	$ 706,628	$ 7,959	$ (6,857)	$ 3,163	$ 1,467,794

See accompanying notes to the Consolidated Financial Statements.

BANK OF THE OZARKS
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (continued)

(Dollars in thousands, except per share amounts)

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Noncontrolling Interest	Total
Balances – December 31, 2015	$ 906	$ 755,995	$ 706,628	$ 7,959	$ (6,857)	$ 3,163	$1,467,794
Net income	—	—	270,080	—	—	—	270,080
Earnings attributable to noncontrolling interest	—	—	(101)	—	—	101	—
Total other comprehensive loss	—	—	—	(33,879)	—	—	(33,879)
Common stock dividends paid, $0.63 per share	—	—	(62,173)	—	—	—	(62,173)
Issuance of 315,600 shares of common stock for exercise of stock options	3	6,159	—	—	—	—	6,162
Issuance of 218,761 shares of unvested restricted common stock	2	(6,859)	—	—	6,857	—	—
Excess tax benefit on stock-based compensation	—	3,576	—	—	—	—	3,576
Stock-based compensation expense	—	10,754	—	—	—	—	10,754
Forfeiture of 21,139 shares of unvested restricted common stock	—	—	—	—	—	—	—
Issuance of 12,415 shares of common stock to non-employee directors	—	—	—	—	—	—	—
Repurchase and cancellation of 91,314 shares of common stock	—	(3,304)	—	—	—	—	(3,304)
Issuance of 20,983,815 shares of common stock for acquisition of Community & Southern Holdings, Inc., net of issuance costs of $395	209	787,337	—	—	—	—	787,546
Issuance of 9,370,587 shares of common stock, net of shares redeemed for certain loans, for acquisition of C1 Financial, Inc., net of issuance costs of $82	93	348,222	—	—	—	—	348,315
Balances – December 31, 2016	$ 1,213	$1,901,880	$ 914,434	$ (25,920)	—	$ 3,264	$2,794,871

See accompanying notes to the Consolidated Financial Statements.

BANK OF THE OZARKS
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (continued)

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling 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	—	—	421,937	—	—	421,937
Earnings attributable to noncontrolling interest	—	—	(46)	—	46	—
Total other comprehensive income	—	—	—	16,616	—	16,616
Common stock dividends paid, $0.71 per share	—	—	(88,732)	—	—	(88,732)
Dividend paid to noncontrolling interest	—	—	—	—	(250)	(250)
Issuance of 283,535 shares of common stock for exercise of stock options	3	6,846	—	—	—	6,849
Issuance of 238,794 shares of unvested restricted common stock	2	(2)	—	—	—	—
Stock-based compensation expense	—	12,329	—	—	—	12,329
Forfeiture of 116,876 shares of unvested restricted common stock	(1)	1	—	—	—	—
Issuance of 14,476 shares of common stock to non-employee directors	—	—	—	—	—	—
Issuance of 6,600,000 shares of common stock, net of issuance costs of $247	66	299,657	—	—	—	299,723
Balances – December 31, 2017	$ 1,283	$ 2,221,844	$ 1,250,313	$ (12,712)	$ 3,060	$ 3,463,788

See accompanying notes to the Consolidated Financial Statements.

BANK OF THE OZARKS
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2017	2016	2015
		(Dollars in thousands)	
Cash flows from operating activities:			
Net income	$ 421,937	$ 270,080	$ 182,314
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	20,550	15,236	10,801
Amortization	13,520	9,796	6,660
Earnings attributable to noncontrolling interest	(46)	(101)	(61)
Provision for loan losses	28,092	23,792	19,415
Provision for losses on foreclosed assets	3,488	3,610	3,803
Net amortization of investment securities AFS	15,972	6,562	379
Net gains on investment securities AFS	(4,033)	(4)	(5,481)
Originations of mortgage loans held for sale	(207,166)	(273,863)	(254,858)
Proceeds from sales of mortgage loans held for sale	219,261	263,825	255,406
Accretion of purchased loans	(78,639)	(70,467)	(51,823)
Gains on sales of other assets	(5,553)	(4,156)	(14,753)
Prepayment penalty on Federal Home Loan Bank of Dallas ("FHLB") advances	—	—	8,853
Income tax benefit from revaluation of deferred tax assets and liabilities	(49,812)	—	—
Deferred income tax expense	248,449	12,703	7,391
Increase in cash surrender value of BOLI	(18,246)	(13,999)	(7,795)
BOLI death benefits in excess of cash surrender value	(431)	(809)	(2,289)
Excess tax benefit on stock-based compensation	—	(3,576)	(7,049)
Stock-based compensation expense	12,329	10,754	8,202
Changes in assets and liabilities:			
Accrued interest receivable	(12,689)	(14,064)	(2,949)
Income taxes receivable and other assets, net	(221,634)	14,615	31,489
Accrued interest payable and other liabilities	(869)	(8,006)	13,523
Net cash provided by operating activities	384,480	241,928	201,178

See accompanying notes to the Consolidated Financial Statements.

BANK OF THE OZARKS
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Year Ended December 31,		
	2017	2016	2015
		(Dollars in thousands)	
Cash flows from investing activities:			
Proceeds from sales of investment securities AFS	$ 243,282	$ 537	$ 202,943
Proceeds from maturities/calls/paydowns of investment securities AFS	244,943	182,337	159,982
Purchases of investment securities AFS	(1,628,089)	(652,106)	(92,011)
Net increase of non-purchased loans	(2,851,239)	(3,033,145)	(2,582,441)
Net payments received on purchased loans	1,421,951	1,161,051	718,695
Purchases of premises and equipment	(38,864)	(45,171)	(16,804)
Proceeds from sales of other assets	40,939	41,013	73,721
Purchases of BOLI	(60,000)	(145,000)	(100,000)
Proceeds from BOLI death benefits	1,475	2,116	3,149
Cash received from (invested in) unconsolidated investments and noncontrolling interest	(4,795)	428	(1,759)
Net cash received in merger and acquisition transactions	—	203,695	299,810
Net cash used by investing activities	(2,630,397)	(2,284,245)	(1,334,715)
Cash flows from financing activities:			
Net increase in deposits	1,617,467	3,038,009	1,001,548
Repayment of fixed-rate callable FHLB advances	(20,000)	—	(158,853)
Net proceeds from (repayments of) other borrowings	417	(386,206)	163,684
Net increase (decrease) in repurchase agreements with customers	4,221	(690)	(315)
Proceeds from exercise of stock options	6,849	6,162	5,145
Proceeds from issuance of common stock	299,723	—	110,000
Proceeds from issuance of subordinated notes	—	222,315	—
Excess tax benefit on stock-based compensation	—	3,576	7,049
Repurchase and cancellation of shares of common stock	—	(3,304)	(6,857)
Cash dividends paid on common stock	(88,732)	(62,173)	(47,079)
Net cash provided by financing activities	1,819,945	2,817,689	1,074,322
Net (decrease) increase in cash and cash equivalents	(425,972)	775,372	(59,215)
Cash and cash equivalents – beginning of year	866,360	90,988	150,203
Cash and cash equivalents – end of year	$ 440,388	$ 866,360	$ 90,988

See accompanying notes to the Consolidated Financial Statements.

Bank of the Ozarks
Notes to Consolidated Financial Statements
December 31, 2017, 2016 and 2015

1. Summary of Significant Accounting Policies

Internal Restructuring and Organization – On June 26, 2017, as the result of an internal restructuring designed to eliminate its bank holding company structure, Bank of the Ozarks, Inc., an Arkansas corporation, merged with and into its wholly-owned subsidiary, Bank of the Ozarks (the "Bank"), an Arkansas state banking corporation, with the Bank continuing as the surviving corporation (the "Reorganization"). Unless the context otherwise requires, references in this Annual Report on Form 10-K to "Company," "we," "us" and "our" for periods prior to June 26, 2017, refer to Bank of the Ozarks, Inc., which was the parent holding company and the registrant prior to the Reorganization, and, for periods after the Reorganization, to the Bank, in each case including its consolidated subsidiaries.

At the effective time of the Reorganization, each share of Bank of the Ozarks, Inc.'s common stock issued and outstanding immediately prior to the Reorganization was automatically converted to one share of common stock of the Bank having the same designations, rights, powers and preferences and the same qualifications, limitations and restrictions as those associated with each share of Bank of the Ozarks, Inc. As a result, Bank of the Ozarks, Inc. shareholders upon consummation of the Reorganization became Bank shareholders. The Bank continues to be subject to regulation by the Arkansas State Bank Department. Because the Bank is an insured depository institution that is not a member bank of the Board of Governors of the Federal Reserve System ("FRB"), its primary federal regulator is the Federal Deposit Insurance Corporation ("FDIC"). The Bank is no longer subject to the FRB's regulation and supervision (except such regulations as are made applicable to the Bank by law and regulation of the FDIC).

The Bank is headquartered in Little Rock, Arkansas. As of December 31, 2017, the Bank owns eight 100%-owned finance subsidiary business trusts - Ozark Capital Statutory Trust II ("Ozark II"), Ozark Capital Statutory Trust III ("Ozark III"), Ozark Capital Statutory Trust IV ("Ozark IV"), Ozark Capital Statutory Trust V ("Ozark V"), Intervest Statutory Trust II ("Intervest II"), Intervest Statutory Trust III ("Intervest III"), Intervest Statutory Trust IV ("Intervest IV") and Intervest Statutory Trust V ("Intervest V") (collectively, the "Trusts"). Each of the Trusts was formed in connection with the issuance of certain subordinated debentures and related trust preferred securities. At December 31, 2017, the Bank also owns a subsidiary that holds its investment securities, a subsidiary engaged in the development of real estate, a subsidiary that owns corporate aircraft and various other entities that hold loans, foreclosed assets, Community Reinvestment Act investments or tax credits or engage in other activities. At December 31, 2017, the Bank conducted operations through 253 offices, including offices in Arkansas, Georgia, Florida, North Carolina, Texas, Alabama, South Carolina, California, New York and Mississippi.

Basis of presentation, use of estimates and principles of consolidation – The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") requires management to make estimates, assumptions and judgments that affect the amounts reported in the Consolidated Financial Statements and accompanying notes. Actual results could differ from those estimates.

The Consolidated Financial Statements include the accounts of the Bank, the investment subsidiary, the real estate subsidiary and the aircraft subsidiary. In addition, subsidiaries in which the Bank has majority voting interest (principally defined as owning a voting or economic interest greater than 50%) or where the Bank exercises control over the operating and financial policies of the subsidiary through an operating agreement or other means are consolidated. Investments in companies in which the Bank has significant influence over voting and financing decisions (principally defined as owning a voting or economic interest of 20% to 50%) and investments in limited partnerships and limited liability companies where the Bank does not exercise control over the operating and financial policies are generally accounted for by the equity method of accounting. Investments in companies in which the Bank has limited or no influence over voting and financing decisions (principally defined as owning a voting or economic interest less than 20%) and investments in limited partnerships and limited liability companies in which the Bank's interest is so minor such that it has virtually no influence over operating and financial policies are generally accounted for by the cost method of accounting. Significant intercompany transactions and amounts have been eliminated in consolidation.

The voting interest approach is not applicable for entities that are not controlled through voting interests or in which the equity investors do not bear the residual economic risk. In such instances, management makes a determination, based on its review of applicable GAAP, on when the assets, liabilities and activities of a variable interest entity ("VIE") should be included in the Bank's Consolidated Financial Statements. GAAP requires a VIE to be consolidated by a company if that company has a controlling financial interest with both (1) the power to direct the activities of the entity that most significantly affects the entity's economic performance and (2) the obligation to absorb losses of the entity that could potentially be significant to the entity or the right to receive benefits from the entity that could potentially be significant to the entity. A company that has a controlling financial interest is considered the primary beneficiary and consolidates the VIE. The Bank has determined that the 100%-owned finance subsidiary Trusts are VIEs, but

that the Bank is not the primary beneficiary of the Trusts. Accordingly, the Bank does not consolidate the activities of the Trusts into its financial statements, but instead reports its ownership interests in the Trusts as other assets and reports the subordinated debentures issued to the Trusts as a liability in the consolidated balance sheets. The distributions on the subordinated debentures are reported as interest expense in the accompanying consolidated statements of income.

Cash and cash equivalents – For cash flow purposes, cash and cash equivalents include cash on hand, amounts due from banks and interest earning deposits with banks.

Investment securities – Management determines the appropriate classification of investment securities at the time of purchase and reevaluates such designation as of each balance sheet date. At December 31, 2017 and 2016, the Bank has classified all of its investment securities as available for sale ("AFS").

Investment securities AFS are reported at estimated fair value, with the unrealized gains and losses determined on a specific identification basis. Such unrealized gains and losses, net of tax, are reported as a separate component of stockholders' equity, included in other comprehensive income (loss) and are adjusted for changes in unrealized gains and losses, including the related affect, net of tax, reported in accumulated other comprehensive income (loss), on a specific identification basis. The Bank utilizes independent third parties as its principal pricing sources for determining fair value of investment securities which are measured on a recurring basis. As a result, the Bank receives estimates of fair values from at least two independent pricing sources for the majority of its individual securities within its investment portfolio. For investment securities traded in an active market, fair values are based on quoted market prices if available. If quoted market prices are not available, fair values are based on quoted market prices of comparable securities, broker quotes or comprehensive interest rate tables, pricing matrices or a combination thereof. For investment securities traded in a market that is not active, fair value is determined using unobservable inputs. Additionally, the valuation of investment securities acquired may include certain unobservable inputs. All fair value estimates received by the Bank for its investment securities are reviewed on a quarterly basis.

At December 31, 2017 and 2016, the Bank owned stock in the Federal Home Loan Bank of Dallas ("FHLB") and First National Banker's Bankshares, Inc. ("FNBB"), which do not have readily determinable fair values and are carried at cost.

Declines in the fair value of investment securities below their amortized cost are reviewed at least quarterly by the Bank for other-than-temporary impairment. Factors considered during such review include, among other things, the nature and cause of the unrealized loss, the severity and duration of the unrealized loss and the credit quality, financial condition and near term prospects of the issuer. The Bank also assesses whether it has the intent to sell the investment security or more likely than not would be required to sell the investment security before any anticipated recovery in fair value. If either of the criteria regarding intent or requirement to sell is met, the entire difference between amortized cost and fair value is recognized as impairment through the income statement. For securities that do not meet the aforementioned criteria, the amount of impairment is split into (i) other-than-temporary impairment related to credit loss, which must be recognized in the income statement, and (ii) other-than-temporary impairment related to other factors, which is recognized in other comprehensive income (loss). The credit loss is defined as the difference between the present value of the cash flows expected to be collected and the amortized cost basis.

The fair values of the Bank's investment securities traded in both active and inactive markets can be volatile and may be influenced by a number of factors including market interest rates, prepayment speeds, discount rates, credit quality of the issuer, general market conditions including market liquidity conditions and other factors. Factors and conditions are constantly changing and fair values could be subject to material variations that may significantly affect the Bank's financial condition, results of operations and liquidity.

Interest and dividends on investment securities, including the amortization of premiums and accretion of discounts through maturity, or in the case of mortgage-backed securities, over the estimated life of the security, are included in interest income. Realized gains or losses on the sale of investment securities are recognized on the specific identification method at the time of sale and are included in non-interest income. Purchases and sales of investment securities are recorded on a trade-date basis.

Non-purchased loans – Non-purchased loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at their outstanding principal balance adjusted for any charge-offs and accretion or amortization of deferred fees or costs. Interest on non-purchased loans is recognized on an accrual basis and is calculated using the simple interest method on daily balances of the principal amount outstanding. Loan origination fees and costs are generally deferred and recognized over the life of the loan as an adjustment to yield on the related loan.

In the ordinary course of business, the Bank has entered into off-balance sheet financial instruments consisting of commitments to extend credit and letters of credit. Such financial instruments are recorded in the financial statements when they are funded. Related fees are generally recognized when collected.

Mortgage loans held for sale are included in the Bank's non-purchased loans and totaled $8.3 million and $20.4 million at December 31, 2017 and 2016, respectively. Mortgage loans held for sale are carried at the lower of cost or fair value. Gains and losses from the sales of mortgage loans are the difference between the selling price of the loan and its carrying value, net of discounts and points, and are recognized as mortgage lending income when the loan is sold to investors and servicing rights are released.

As part of its secondary market mortgage lending practice, the Bank issues a written put option, in the form of an interest rate lock commitment ("IRLC"), such that the interest rate on the mortgage loan is established prior to funding. In addition to the IRLC, the Bank enters into a forward sale commitment ("FSC") for the sale of its mortgage loan originations to reduce its market risk and interest rate risk on such originations in process. The IRLC on mortgage loans held for sale and the FSC have been determined to be derivatives as defined by GAAP. Accordingly, the fair values of derivative assets and liabilities for the Bank's IRLC and FSC are based primarily on the fluctuation of interest rates between the date on which the particular IRLC and FSC were entered into and year-end. At December 31, 2017 and 2016, respectively, the Bank's IRLC and FSC derivative assets and corresponding derivative liabilities were not material. The notional amounts of loan commitments under both the IRLC and FSC were $8.8 million and $19.2 million at December 31, 2017 and 2016, respectively.

Effective December 18, 2017, the Bank ceased taking new loan applications for secondary market consumer 1-4 family loans.

Purchased loans – Purchased loans are initially recorded at fair value on the date of purchase. Purchased loans that contain evidence of credit deterioration on the date of purchase are carried at the net present value of expected future cash flows. All other purchased loans are recorded at their initial fair value, adjusted for subsequent advances, pay downs, amortization or accretion of any premium or discount on purchase, charge-offs and any other adjustment to carrying value.

As provided for under GAAP, management has up to 12 months following the date of the acquisition to finalize the fair values of acquired assets and assumed liabilities. Once management has finalized the fair values of acquired assets and assumed liabilities within this 12-month period, management considers such values to be the day 1 fair values ("Day 1 Fair Values").

At the time of acquisition of purchased loans, management individually evaluates a substantial portion of loans acquired in the transaction. For those purchased loans without evidence of credit deterioration at the date of acquisition, Day 1 Fair Value is determined using market participant assumptions in estimating the amount and timing of both principal and interest cash flows expected to be collected, as adjusted for an estimate of future credit losses and prepayments, and then a market-based discount rate is applied to those cash flows. For loans individually evaluated, a grade is assigned to each loan at the date of acquisition based on the Bank's internal grading system for purchased loans. To the extent that any purchased loan is not specifically reviewed, such loan is assumed to have characteristics similar to the assigned rating of the acquired institution's risk rating adjusted for any estimated differences between the Bank's rating methodology and the acquired bank's rating methodology. The grade for each purchased loan without evidence of credit deterioration is reviewed subsequent to the date of acquisition any time a loan is renewed or extended or at any time information becomes available to the Bank that provides material insight regarding the loan's performance, the status of the borrower or the quality or value of the underlying collateral. To the extent that current information indicates it is probable that the Bank will collect all amounts according to the contractual terms thereof, such loan is not considered impaired and is not individually considered in the determination of the required allowance for loan losses ("ALL"). To the extent that current information indicates it is probable that the Bank will not be able to collect all amounts according to the contractual terms thereof, such loan is rated FV77, is included in certain of the Bank's credit quality metrics, is considered impaired and is considered in the determination of the required level of ALL.

In determining the Day 1 Fair Values of purchased loans without evidence of credit deterioration at the date of acquisition, management includes (i) no carry over of any previously recorded ALL and (ii) an adjustment of the unpaid principal balance to reflect an appropriate market rate of interest, given the risk profile and grade assigned to each loan. This adjustment is accreted or amortized into earnings as a yield adjustment, using the effective yield method, over the remaining life of each loan.

Purchased loans that contain evidence of credit deterioration on the date of purchase are individually evaluated by management to determine the Day 1 Fair Value of each loan. This evaluation includes no carryover of any previously recorded ALL. In determining the Day 1 Fair Value of purchased loans with evidence of credit deterioration at the date of acquisition, management considers a number of factors including, among other things, the remaining life of the acquired loans, estimated prepayments, estimated loss ratios, estimated value and quality of the underlying collateral, estimated holding periods, and net present value of cash flows expected to be received.

In determining the Day 1 Fair Values of purchased loans with evidence of credit deterioration at the date of acquisition, management calculates a non-accretable difference (the credit component of the purchased loans) and an accretable difference (the yield component of the purchased loans). The non-accretable difference is the difference between the contractually required payments and the cash flows expected to be collected in accordance with management's determination of the Day 1 Fair Values. Subsequent

increases in expected cash flows will result in an adjustment to accretable yield, which will have a positive impact on interest income. Subsequent decreases in expected cash flows will generally result in a provision for loan losses. Subsequent increases in expected cash flows following any previous decrease will result in a reversal of the provision for loan losses to the extent of prior charges and then an adjustment to accretable yield.

The accretable difference on purchased loans with evidence of credit deterioration at the date of acquisition is the difference between the expected cash flows and the net present value of such expected cash flows. Such difference is accreted into earnings using the effective yield method over the term of the loans. In determining the net present value of the expected cash flows for purposes of establishing the Day 1 Fair Values, the Bank used discount rates ranging from 6.0% to 9.5% per annum depending on the risk characteristics of each individual loan.

Management separately monitors purchased loans with evidence of credit deterioration on the date of acquisition and periodically reviews such loans contained within this portfolio against the factors and assumptions used in determining the Day 1 Fair Values. A loan is reviewed (i) any time it is renewed or extended, (ii) at any other time additional information becomes available to the Bank that provides material additional insight regarding the loan's performance, the status of the borrower, or the quality or value of the underlying collateral, or (iii) in conjunction with the annual review of projected cash flows of each acquired portfolio. Management separately reviews the performance of the portfolio of purchased loans with evidence of credit deterioration at the date of acquisition on an annual basis, or more frequently to the extent that material information becomes available regarding the performance of an individual loan, to make determinations of the constituent loans' performance and to consider whether there has been any significant change in performance since management's initial expectations established in conjunction with the determination of the Day 1 Fair Values or since management's most recent review of such portfolio's performance. To the extent that a loan is performing in accordance with or exceeding management's performance expectation established in conjunction with the determination of the Day 1 Fair Values, such loan is rated FV66, is not included in any of the credit quality ratios, is not considered to be an impaired loan, and is not considered in the determination of the required ALL. For any loan that is exceeding management's performance expectation established in conjunction with the determination of Day 1 Fair Values, the accretable yield on such loan is adjusted to reflect such increased performance. To the extent that a loan's performance has deteriorated from management's expectation established in conjunction with the determination of the Day 1 Fair Values, such loan is rated FV88, is included in certain of the Bank's credit quality metrics, is considered an impaired loan, and is considered in the determination of the required level of ALL; however, in accordance with GAAP, the Bank continues to accrete into earnings income on such loans. Any improvement in the expected performance of such loan would result in a reversal of the provision for loan losses to the extent of prior charges and then an adjustment to accretable yield.

Allowance for loan losses – The ALL is established through a provision for such losses charged against income. All or portions of loans deemed to be uncollectible are charged against the ALL when management believes that collectability of all or some portion of outstanding principal is unlikely. Subsequent recoveries, if any, of loans previously charged off are credited to the ALL.

The ALL is maintained at a level management believes will be adequate to absorb probable incurred losses in the loan portfolio. Provision to and the adequacy of the ALL are based on evaluations of the loan portfolio utilizing objective and subjective criteria. The objective criteria primarily include an internal grading system and specific allowances. In addition to the objective criteria, the Bank subjectively assesses the adequacy of the ALL and the need for additions thereto, with consideration given to the nature and mix of the portfolio and other relevant factors. Changes in these criteria or the availability of new information could require adjustment of the ALL in future periods. While a specific allowance has been calculated for impaired loans, no portion of the Bank's ALL is restricted to any individual loan or group of loans, and the entire ALL is available to absorb losses from any and all loans.

The Bank's internal grading system assigns grades to all non-purchased loans, except residential 1-4 family loans (including consumer construction loans on 1-4 family properties), consumer loans, indirect loans and certain other loans, with each grade being assigned an allowance allocation percentage. The grade for each graded individual loan is determined by the account officer and other approving officers at the time the loan is made and changed from time to time to reflect an ongoing assessment of loan risk. Grades are reviewed on specific loans from time to time by senior management and as part of the Bank's internal credit review process. The risk elements considered by management in its determination of the appropriate grade for individual loans include the following, among others: (1) for non-farm/non-residential, multifamily residential, and agricultural real estate loans, the debt service coverage ratio (income from the property in excess of operating expenses compared to loan repayment requirements), interest rate stress tolerance (the project's ability to withstand increases in applicable interest rates), operating results of the owner in the case of owner-occupied properties, the loan-to-value ("LTV") ratio, the age, condition, value, nature, quality and marketability of the collateral and the specific risks and volatility of income, property value and operating results typical of properties of that type; (2) for construction and land development loans, the perceived feasibility of the project including the ability to sell developed lots or improvements constructed for resale or ability to lease property constructed for lease, the quality and nature of contracts for presale or preleasing, if any, experience and ability of the developer, loan-to-cost ("LTC") and LTV ratios, interest rate stress tolerance (the project's ability to withstand increases in applicable interest rates), permanent refinancing exit rate stress tolerance (the effect of increases in applicable

interest rates on exiting the loan via permanent loan refinancing), sales exit capitalization rate stress tolerance (the effect of increases in capitalization rates on exiting the loan via a sale of the property) and sales exit margin ratio (the percentage of individual units (e.g. lots or condos) sold that are needed to repay the loan); (3) for commercial and industrial loans, the operating results of the commercial, industrial or professional enterprise, the borrower's business, professional and financial ability and expertise, the specific risks and volatility of income and operating results typical for businesses in the applicable industry, the age, condition, value, nature, quality and marketability of collateral and, for certain loans, the marketability of such loans in any secondary market; and (4) for non-real estate agricultural loans, the operating results, experience and ability of the borrower, historical and expected market conditions and the age, condition, value, nature, quality and marketability of collateral. In addition, for each category the Bank considers secondary sources of income and the financial strength of the borrower or lessee and any guarantors.

Residential 1-4 family, consumer loans and certain other loans are assigned an allowance allocation percentage based on past due status. For indirect loans, each individual loan is assigned a risk level based on the borrower's individual credit score. Each risk level is assigned a probability of default ("PD") based on the borrower's credit score and an expected loss given default ("LGD") based on the underlying collateral securing the loan. Both the PD and the LGD factors are based on composite third-party information for similar loans and borrowers that have previously defaulted and the resulting loss from such default.

Allowance allocation percentages for the various risk grades and past due categories for residential 1-4 family, consumer loans and certain other loans are determined by management and are adjusted periodically. In determining these allowance allocation percentages, management considers, among other factors, historical loss percentages over various time periods and a variety of subjective criteria.

For purchased loans, management segregates this portfolio into loans that contain evidence of credit deterioration at the date of acquisition and loans that do not contain evidence of credit deterioration at the date of acquisition. Purchased loans with evidence of credit deterioration at the date of acquisition are regularly monitored and are periodically reviewed by management. To the extent that a loan's performance has deteriorated from management's expectation established in conjunction with the determination of the Day 1 Fair Values, such loan is considered in the determination of the required level of ALL. To the extent that a revised loss estimate exceeds the loss estimate established in the determination of Day 1 Fair Values, such determination will result in an allowance allocation or a partial or full charge-off.

All other purchased loans are graded by management at the time of purchase. The grade on these purchased loans is reviewed regularly as part of the ongoing assessment of such loans. To the extent that current information indicates it is probable that the Bank will not be able to collect all amounts according to the contractual terms thereof, such loan is considered in the determination of the required level of ALL and may result in an allowance allocation or a partial or full charge-off.

At both December 31, 2017 and 2016, the Bank established an ALL totaling $1.6 million for its purchased loan portfolio. Such ALL was based on the Bank's historical charge-off analysis of its purchased loan portfolio and reflects management's estimate of probable incurred losses in the purchased loan portfolio that had not previously been charged off or had not otherwise been considered in establishing the Day 1 Fair Values.

The accrual of interest on non-purchased loans and purchased loans without evidence of credit deterioration at the date of acquisition is discontinued when, in management's opinion, the borrower may be unable to meet payments as they become due. The Bank generally places a loan, excluding purchased loans with evidence of credit deterioration at the date of acquisition, on nonaccrual status when such loan is (i) deemed impaired or (ii) 90 days or more past due, or earlier when doubt exists as to the ultimate collection of payments. The Bank may continue to accrue interest on certain loans contractually past due 90 days or more if such loans are both well secured and in the process of collection. At the time a loan is placed on nonaccrual status, interest previously accrued but uncollected is reversed and charged against interest income. Nonaccrual loans are generally returned to accrual status when payments are less than 90 days past due and the Bank reasonably expects to collect all payments. If a loan is determined to be uncollectible, the portion of the principal determined to be uncollectible will be charged against the ALL. Loans for which the terms have been modified and for which (i) the borrower is experiencing financial difficulties and (ii) a concession has been granted to the borrower by the Bank are considered troubled debt restructurings ("TDRs") and are included in impaired loans. Income on nonaccrual loans, including impaired loans but excluding certain TDRs which continue to accrue interest, is recognized on a cash basis when and if actually collected.

All loans deemed to be impaired are evaluated individually. The Bank considers a loan, excluding purchased loans with evidence of credit deterioration at the date of acquisition, to be impaired when based on current information and events, it is probable that the Bank will be unable to collect all amounts due according to the contractual terms thereof. The Bank considers a purchased loan with evidence of credit deterioration at the date of acquisition to be impaired once a decrease in expected cash flows or other deterioration in the loan's expected performance, subsequent to the determination of the Day 1 Fair Values, results in an allowance allocation, a partial or full charge-off or a provision for loan losses. Most of the Bank's nonaccrual loans, excluding purchased loans

with evidence of credit deterioration at the date of acquisition, and all TDRs are considered impaired. The majority of the Bank's impaired loans are dependent upon collateral for repayment. For such loans, impairment is measured by comparing collateral value, net of holding and selling costs, to the current investment in the loan. For all other impaired loans, the Bank compares estimated discounted cash flows to the current investment in the loan. To the extent that the Bank's current investment in a particular loan exceeds its estimated net collateral value or its estimated discounted cash flows, the impaired amount is charged off as a reduction of the ALL. The Bank's practice is to charge off any estimated loss as soon as management is able to identify and reasonably quantify such potential loss. Accordingly, only a small portion of the Bank's ALL is needed for potential losses on nonperforming loans.

The Bank may also include specific ALL allocations for qualitative factors.

Changes in the criteria used in this evaluation or the availability of new information could cause the ALL to be increased or decreased in future periods. In addition, bank regulatory agencies, as part of their examination process, may require adjustments to the ALL based on their judgment and estimates.

Premises and equipment – Premises and equipment are reported at cost less accumulated depreciation and amortization. Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the related assets. Depreciable lives for the major classes of assets are generally 20 to 45 years for buildings and 3 to 25 years for furniture, fixtures, equipment and certain building improvements. Leasehold improvements are amortized over the shorter of the asset's estimated useful life or the term of the lease. Accelerated depreciation methods are used for income tax purposes. Maintenance and repair charges are expensed as incurred.

Foreclosed assets – Repossessed personal properties and real estate acquired through or in lieu of foreclosure, excluding purchased foreclosed assets, are initially recorded at fair value less estimated cost to sell (generally 8% to 10%) at the date of repossession or foreclosure. Purchased foreclosed assets are initially recorded at Day 1 Fair Values. In estimating such Day 1 Fair Values, management considered a number of factors including, among others, appraised value, estimated selling price, estimated holding periods and net present value (calculated using discount rates ranging from 8.0% to 9.5% per annum) of cash flows expected to be received.

Valuations of all foreclosed assets are periodically reviewed by management with the carrying value of such assets adjusted through non-interest expense to the then estimated fair value, generally based on third party appraisals, broker price opinions or other valuations of the property, net of estimated selling costs, if lower, until disposition. Gains and losses from the sale of such repossessions and real estate acquired through or in lieu of foreclosure are recorded in non-interest income, and expenses to maintain the properties are included in non-interest expense.

Income taxes – The Bank utilizes the asset and liability method in accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based upon the difference between the values of the assets and liabilities as reflected in the financial statements and their related tax basis using enacted tax rates in effect for the year or years in which the differences are expected to be recovered or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

As a result of recording, at fair value, acquired assets and assumed liabilities pursuant to business combinations, differences in amounts reported for financial statement purposes and their related basis for federal and state income tax purposes are created. Such differences are recorded as deferred tax assets and liabilities using enacted tax rates in effect for the year or years in which the differences are expected to be recovered or settled. Business combination transactions may result in the acquisition of net operating loss carryforwards and other assets with built-in losses, the realization of which are subject to limitations pursuant to section 382 ("section 382 limitation") of the Internal Revenue Code ("IRC"). In determining the section 382 limitation associated with a business combination, management must make a number of estimates and assumptions regarding the ability to utilize acquired net operating loss carryforwards and the expected timing of future recoveries or settlements of acquired assets with built-in losses. To the extent that information available as of the date of acquisition results in a determination by management that some portion of acquired net operating loss carryforwards cannot be utilized or assets with built-in losses are expected to be settled or recovered in future periods in which the ability to realize the benefits will be subject to section 382 limitation, a deferred tax asset valuation allowance is established for the estimated amount of the deferred tax assets subject to the section 382 limitation. To the extent that information becomes available, during the first 12 months following the consummation of a business combination transaction, that results in changes in management's initial estimates and assumptions regarding the expected utilization of acquired net operating loss carryforwards or the expected settlement or recovery of acquired assets with built-in losses subject to section 382 limitation, an increase or decrease of the deferred tax asset valuation allowance will be recorded as an adjustment to bargain purchase gain or goodwill. To the extent that such information becomes available 12 months or more after the consummation of a business combination transaction, or additional information becomes available during the first 12 months as a result of changes in circumstances since the date of the consummation

of a business combination transaction, an increase or decrease of the deferred tax asset valuation allowance will be recorded as an adjustment to deferred income tax expense (benefit).

The Bank recognizes a tax position as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that has a greater than 50% likelihood of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded.

The Bank files consolidated tax returns. The Bank and the other consolidated entities provide for income taxes on a separate return basis and remit to the Bank amounts determined to be currently payable. The Bank recognizes interest related to income tax matters as interest income or expense, and penalties related to income tax matters are recognized as non-interest expense. The Bank is no longer subject to income tax examinations by U.S. federal tax authorities for years prior to 2014.

Bank owned life insurance ("BOLI") – BOLI consists of life insurance purchased by the Bank on (i) a qualifying group of officers with the Bank designated as owner and beneficiary of the policies and (ii) one of the Bank's executive officers with the Bank designated as owner and both the Bank and the executive officer designated as beneficiaries of the policies. The earnings on BOLI policies help to offset a portion of employee benefit costs or to offset a portion of the costs of a supplemental executive retirement plan for one of the Bank's executive officers. BOLI is carried at the policies' realizable cash surrender values with changes in cash surrender values and death benefits received in excess of cash surrender values reported in non-interest income.

Intangible assets – Intangible assets consist of goodwill, bank charter costs, core deposit and intellectual property intangibles. Goodwill represents the excess purchase price over the fair value of net assets acquired in business acquisitions. The Bank had goodwill of $660.8 million and $660.1 million at December 31, 2017 and 2016, respectively. The Bank performed its annual impairment test of goodwill as of September 30, 2017. This test indicated no impairment of the Bank's goodwill.

Bank charter costs represent costs paid to acquire a Texas bank charter and are being amortized over 20 years. Bank charter costs totaled $239,000 at both December 31, 2017 and 2016, less accumulated amortization of $169,000 and $156,000 at December 31, 2017 and 2016, respectively.

Core deposit intangibles represent premiums paid for deposits acquired via acquisition and are being amortized over three to seven years. Core deposit intangibles totaled $77.5 million at December 31, 2017 and 2016, less accumulated amortization of $30.3 million and $18.4 million at December 31, 2017 and 2016, respectively.

Intellectual property intangibles represents amounts allocated to acquired intellectual property and are being amortized over three years. Intellectual property intangibles totaled $1.9 million at December 31, 2017 and 2016, less accumulated amortization of $0.9 million and $0.3 million at December 31, 2017 and 2016, respectively.

The aggregate amount of amortization expense for the Bank's core deposit, bank charter and intellectual property intangibles is expected to be $12.6 million in 2018, $11.9 million in 2019, $9.1 million in 2020, $6.4 million in 2021 and $5.5 million in 2022.

Stock-based compensation – The Bank has a non-qualified employee stock option plan, a non-employee director stock plan and an employee restricted stock plan, each of which is described more fully in Note 16. The Bank measures the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. Such cost is recognized over the vesting period of the award.

Earnings per common share – Earnings per common share are computed using the two-class method. Basic earnings per common share are computed by dividing net income available to common stockholders by the weighted-average number of common shares outstanding during the applicable period. Diluted earnings per common share are computed by dividing net income available to common stockholders by the weighted-average number of common shares outstanding after consideration of the dilutive effect, if any, of the Bank's common stock options using the treasury stock method. The Bank has determined that its outstanding non-vested stock awards granted under its restricted stock plan are participating securities.

Segment disclosures – The Bank operates in only one segment – community banking. Accordingly, there is no requirement to report segment information in the Bank's Consolidated Financial Statements. No single external customer comprises more than 10% of the Bank's revenues. Interest income on loans where the underlying collateral is located outside the United States was not material during 2017, 2016 or 2015.

Recent accounting pronouncements – In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *"Revenue from Contracts with Customers."* ASU 2014-09 provides guidance that an entity

should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of this standard to annual and interim periods beginning after December 15, 2017; however, early adoption was permitted for annual and interim reporting periods beginning after December 15, 2016. The Bank adopted the provisions of ASU 2014-09 beginning January 1, 2018. The adoption of ASU 2014-09 did not have a significant effect on the Bank's financial position, results of operations, or its financial statement disclosures.

In January 2016, FASB issued ASU 2016-01, *"Recognition and Measurement of Financial Assets and Financial Liabilities."* ASU 2016-01 revises the accounting for the classification and measurement of investments in equity securities and revises the presentation of certain fair value changes for financial liabilities measured at fair value. For equity securities, the guidance in ASU 2016-01 requires equity investments to be measured at fair value with changes in fair value recognized in net income. For financial liabilities that are measured at fair value in accordance with the fair value option, the guidance requires presenting, in other comprehensive income, the change in fair value that relates to a change in instrument-specific credit risk. ASU 2016-01 also eliminates the disclosure assumptions used to estimate fair value for financial instruments measured at amortized cost and requires disclosure of an exit price notion in determining the fair value of financial instruments measured at amortized cost. The Bank adopted the provisions of ASU 2016-01 beginning January 1, 2017. The adoption of ASU 2016-01 did not have a significant effect on the Banks financial position, results of operations, or its financial statement disclosures.

In February 2016, FASB issued ASU 2016-02, *"Leases (Topic 842)*." ASU 2016-02 requires lessees to recognize a right-of-use asset and a lease liability on their balance sheet. The right-of-use asset and related lease liability will be initially measured at the present value of the remaining lease payments; however, if the original term of the lease is less than twelve months and the lease does not contain a purchase option that is reasonably certain to be exercised, a lessee may account for the lease as an operating lease. ASU 2016-02 is effective for interim periods and fiscal years beginning after December 15, 2018. While the Bank continues to evaluate the effect that ASU 2016-02 will have on its financial position, results of operations, and its financial statement disclosures, the adoption of ASU 2016-02 is expected to result in leased assets and related lease liabilities to be included on its balance sheet, along with the related leasehold amortization and interest expense included in its statement of income.

In March 2016, FASB issued ASU 2016-09 *"Improvements to Employee Share-Based Payment Accounting."* ASU 2016-09 requires entities to record all of the tax effects related to share-based payments at settlement (or expiration) through the income statement. In addition, all tax-related cash flows, such as excess tax benefits, should be reported as operating activities rather than financing activity in the statement of cash flows. Also, entities are allowed to make a policy election related to forfeitures to either estimate the number of awards expected to vest or account for forfeitures when they occur. The Bank adopted ASU 2016-09 beginning January 1, 2017, including the provision to account for forfeitures as they occur, and recorded a cumulative adjustment to increase stockholders' equity at January 1, 2017 by approximately $0.4 million.

In June 2016, FASB issued ASU 2016-13 *"Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments"* which significantly revises the guidance related to impairment of financial instruments. The new guidance replaces the current incurred loss model that is utilized in estimating the ALL with a model that requires management to estimate all contractual cash flows that are not expected to be collected over the life of the loan. This revised model is what FASB describes as the current expected credit loss ("CECL") model and FASB believes the CECL model will result in more timely recognition of credit losses since the CECL model incorporates expected credit losses versus incurred credit losses. The scope of ASU 2016-13 includes loans, including purchased loans with credit deterioration, available-for-sale debt instruments, lease receivables, loan commitments and financial guarantees that are not accounted for at fair value. ASU 2016-13 is effective for interim and annual periods beginning after December 15, 2019, with early adoption permitted for interim and annual periods beginning after December 15, 2018. While the Bank has engaged an outside third party to assist with data analysis, model development and implementation, the Bank is currently unable to quantify the effect that ASU 2016-13 will have on its financial position, results of operations, and its financial statement disclosures.

In August 2016, the FASB issued ASU 2016-15 "*Statement of Cash Flows (Topic 230)*" to clarify guidance on how certain transactions are classified within the statement of cash flows. The standard addresses a number of cash flow presentation items including a) debt prepayment and extinguishment, b) contingent consideration payments made after a business combination, c) proceeds from the settlement of insurance claims, corporate owned life insurance policies and BOLI policies, d) distributions received from equity method investees, e) classification of beneficial interest received in a securitization transaction and cash receipts from beneficial interest in securitized trade receivables and f) separately identifiable cash flows and application of the predominance principle. ASU 2016-15 is effective for interim and annual periods beginning after December 15, 2017 with early adoption permitted. The Bank adopted the provisions of ASU 2016-15 beginning January 1, 2018. The Bank anticipates ASU 2016-15 will not have a significant effect on its future statements of cash flows or its financial statement disclosures.

In January 2017, FASB issued ASU 2017-01 *"Business Combinations (Topic 805), Clarifying the Definition of a Business"* that changes the definition of a business when evaluating whether transactions should be accounted for as the acquisition of assets or the acquisition of a business. ASU 2017-01 requires an entity to evaluate if substantially all of the fair value of the assets acquired are concentrated in a single asset or a group of similar identifiable assets; if so, the acquired assets or group of identifiable assets is not considered a business. In addition, the guidance requires that to be considered a business, the acquired assets must include an input and a substantive process that together significantly contribute to the ability to create output. ASU 2017-01 removes the evaluation of whether a market participant could replace any of the missing elements and is effective for interim and annual periods beginning after December 15, 2017. The Bank adopted the provisions of ASU 2017-01 beginning January 1, 2018 and will apply the provisions of ASU 2017-01 to future acquisitions, if applicable.

In January 2017, FASB issued ASU 2017-04 *"Intangibles-Goodwill and Other (Topic 350)"* which amends the requirement that entities compare the implied fair value of goodwill with its carrying amount as part of step two of the goodwill impairment test. As a result, entities should perform their annual or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and recognize an impairment if the carrying amount exceeds the reporting unit's fair value. ASU 2017-04 is effective for annual periods beginning after December 15, 2019. The Bank currently expects the adoption of ASU 2017-04 will not have a significant effect on its annual goodwill impairment test or its financial position or results of operations.

In March 2017, FASB issued ASU 2017-08 *"Receivables-Nonrefundable Fees and Other Costs (Subtopic 310-20)"* which amends the accounting for the amortization of premiums for certain purchased callable debt securities by shortening the amortization period to the earliest call date. ASU 2017-08 is effective for interim and annual periods beginning after December 15, 2019. The Bank is evaluating the effect that ASU 2017-08 may have, if any, on its financial position or results of operations.

In May 2017, FASB issued ASU 2017-09 "*Compensation - Stock Compensation (Topic 718), Scope of Modification Accounting"* which clarifies the accounting for modifications related to share-based payment awards. ASU 2017-09 requires modification accounting only if the fair value, vesting conditions or the classification of the award changes due to a change in the award's terms of conditions. ASU 2017-09 is effective prospectively for interim and annual periods beginning after December 15, 2017. The Bank adopted the provisions of ASU 2017-09 beginning January 1, 2018 and will apply the provisions of ASU 2017-09 to future modifications, if any, of its share-based payment awards.

In February 2018, FASB issued ASU 2018-02 *"Reclassification of Tax Effects from Other Comprehensive Income"* which permits entities to reclassify tax effects stranded in accumulated other comprehensive income (loss) as a result of the Tax Cuts and Jobs Act (the "Tax Act"). ASU 2018-02 is effective for interim and annual periods beginning after December 15, 2018; however, early adoption is permitted. The Bank adopted the provisions of ASU 2018-02 effective as of the beginning of 2017 as a cumulative effect adjustment by reclassifying $3.4 million from accumulated other comprehensive income (loss) to retained earnings. The adoption of ASU 2018-02 during 2017 allows the Bank to align the tax effects included in accumulated other comprehensive income (loss) with the revised federal tax rates included in the Tax Act.

Reclassifications – Certain reclassifications of prior years' amounts have been made to conform with the 2017 financial statements presentation. These reclassifications had no impact on prior years' net income, as previously reported.

2. Acquisitions

Community & Southern Holdings, Inc.

On July 20, 2016, the Bank completed its acquisition of Community & Southern Holdings, Inc. ("C&S") and its wholly-owned bank subsidiary, Community & Southern Bank, in a transaction valued at approximately $800.3 million. Pursuant to the terms of the merger agreement, the Bank issued 20,983,815 shares of its common stock (plus cash in lieu of fractional shares) to C&S stockholders and to holders of outstanding C&S stock options, restricted stock units, deferred stock units and warrants in satisfaction of all outstanding C&S equity awards (net of shares withheld for taxes). The acquisition of C&S provided the Bank with 46 banking offices throughout Georgia and one banking office in Jacksonville, Florida.

The following table provides a summary of the assets acquired and liabilities assumed as recorded by C&S, the fair value adjustments necessary to adjust those assets acquired and liabilities assumed to fair value, the fair value of those assets acquired and liabilities assumed as recorded by the Bank and the resultant amount of goodwill recorded in the acquisition.

	July 20, 2016		
	As Recorded by C&S	Fair Value Adjustments	As Recorded by the Bank
	(Dollars in thousands)		
Assets acquired:			
Cash, due from banks and interest earnings deposits	$ 72,942	$ —	$ 72,942
Investment securities	447,674	4,063	451,737
Loans	3,090,579	(58,032)	3,032,547
Allowance for loan losses	(42,395)	42,395	—
Premises and equipment	73,238	31,544	104,782
Foreclosed assets	6,274	(521)	5,753
BOLI	86,596	(45)	86,551
Goodwill	44,514	(44,514)	—
Core deposit intangible asset	12,227	20,969	33,196
Deferred income taxes	23,298	(14,189)	9,109
Accrued interest receivable and other assets	38,226	(745)	37,481
Total assets acquired	3,853,173	(19,075)	3,834,098
Liabilities assumed:			
Deposits	3,256,372	11,813	3,268,185
Other borrowings	90,000	—	90,000
Accrued interest payable and other liabilities	22,991	(1,847)	21,144
Total liabilities assumed	3,369,363	9,966	3,379,329
Net assets acquired	$ 483,810	$ (29,041)	454,769
Consideration paid:			
Cash in lieu of fractional shares			(12,336)
Stock			(787,942)
Total consideration paid			(800,278)
Goodwill			$ 345,509

Goodwill, which is the excess of the merger consideration over the estimated fair value of net assets acquired, of $345.5 million was recorded in the C&S acquisition. This goodwill is not expected to be deductible for tax purposes.

The Bank's consolidated results of operations include the operating results of C&S beginning July 21, 2016. During 2016, C&S contributed approximately $86.5 million of net interest income and approximately $39.5 million of net income to the Bank's operating results.

The following unaudited supplemental pro forma information is presented to show the estimated results assuming C&S was acquired as of the beginning of each period presented, adjusted for estimated costs savings. These unaudited pro forma results are not necessarily indicative of the operating results that the Bank would have achieved had it completed the acquisition as of January 1, 2015 or 2016 and should not be considered as representative of future operating results.

	Year Ended December 31,	
	2016	2015
	(Dollars in thousands, except per share amounts)	
Net interest income – pro forma (unaudited)	$ 690,426	$ 555,075
Net income – pro forma (unaudited)	$ 329,199	$ 245,847
Diluted earnings per common share – pro forma (unaudited)	$ 2.83	$ 2.27

C1 Financial, Inc.

On July 21, 2016, the Bank completed its acquisition of C1 Financial, Inc. ("C1") and its wholly-owned bank subsidiary, C1 Bank, in a transaction valued at approximately $376.1 million. Pursuant to the terms of the merger agreement, immediately after the effective time of the C1 merger and in accordance with the terms of the Brazilian Standby Purchase Agreement dated December 21, 2015, the Bank sold certain C1 Bank loans ("Brazilian Loans") equal to the aggregate purchase price of the Brazilian Loans. As a result of the C1 acquisition, the Bank issued 9,370,587 shares of its common stock to C1 shareholders, net of the shares redeemed in exchange for the Brazilian Loans. The acquisition of C1 provided the Bank with 33 banking offices throughout the west coast of Florida and in Miami-Dade and Orange counties.

The following table provides a summary of the assets acquired and liabilities assumed as recorded by C1, the fair value adjustments necessary to adjust those assets acquired and liabilities assumed to fair value, the fair values of those assets acquired and liabilities assumed as recorded by the Bank and the resultant amount of goodwill recorded in the acquisition.

	July 21, 2016		
	As Recorded by C1	**Fair Value Adjustments**	**As Recorded by the Bank**
		(Dollars in thousands)	
Assets acquired:			
Cash, due from banks and interest earnings deposits	$ 143,592	$ —	$ 143,592
Investment securities	7,618	(28)	7,590
Loans	1,353,498	(42,004)	1,311,494
Allowance for loan losses	(7,307)	7,307	—
Premises and equipment	63,943	13,390	77,333
Foreclosed assets	21,704	(2,289)	19,415
BOLI	36,280	—	36,280
Core deposit intangible asset	576	9,198	9,774
Deferred income taxes	1,608	10,823	12,431
Accrued interest receivable and other assets	12,182	(3,124)	9,058
Total assets acquired	1,633,694	(6,727)	1,626,967
Liabilities assumed:			
Deposits	1,294,439	2,779	1,297,218
Other borrowings	131,010	2,558	133,568
Accrued interest payable and other liabilities	4,775	4,306	9,081
Total liabilities assumed	1,430,224	9,643	1,439,867
Net assets acquired	$ 203,470	$ (16,370)	187,100
Consideration paid:			
Cash and shares redeemed for Brazilian Loans			(27,694)
Stock			(348,397)
Total consideration paid			(376,091)
Goodwill			$ 188,991

Goodwill, which is the excess of the merger consideration over the estimated fair value of net assets acquired, of $189.0 million, including a revision in 2017 of the Day 1 Fair Values that increased goodwill by approximately $0.7 million, was recorded in the C1 acquisition. This goodwill is not expected to be deductible for tax purposes.

The Bank's consolidated results of operations include the operating results of C1 beginning July 22, 2016. During 2016, C1 contributed approximately $35.1 million of net interest income and approximately $13.9 million of net income to the Bank's operating results.

The following unaudited supplemental pro forma information is presented to show the estimated results assuming C1 was acquired as of the beginning of each period presented, adjusted for estimated costs savings. These unaudited pro forma results are not necessarily indicative of the operating results that the Bank would have achieved had it completed the acquisition as of January 1, 2015 or 2016 and should not be considered as representative of future operating results.

	Year Ended December 31,	
	2016	2015
	(Dollars in thousands, except per share amounts)	
Net interest income – pro forma (unaudited)	$ 644,670	$ 461,762
Net income – pro forma (unaudited)	$ 295,823	$ 211,162
Diluted earnings per common share – pro forma (unaudited)	$ 2.69	$ 2.18

3. Investment Securities

The following table is a summary, as of the dates indicated, of the amortized cost and estimated fair values of investment securities, all of which are classified as AFS. The Bank's investment in the "CRA qualified investment fund" includes shares held in a mutual fund that qualify under the Community Reinvestment Act of 1977 for community reinvestment purposes. The Bank's holdings of "other equity securities" include FHLB and FNBB shares which do not have readily available fair values and are carried at cost.

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(Dollars in thousands)			
December 31, 2017:				
Obligations of states and political subdivisions	$ 661,446	$ 6,471	$ (3,358)	$ 664,559
Mortgage-backed securities [1]	1,918,171	968	(20,115)	1,899,024
U.S. Government agency securities	29,792	—	(559)	29,233
CRA qualified investment fund	1,084	—	(27)	1,057
Other equity securities	28,923	—	—	28,923
Total investment securities AFS	$ 2,639,416	$ 7,439	$ (24,059)	$ 2,622,796
December 31, 2016:				
Obligations of states and political subdivisions	$ 946,886	$ 7,785	$ (35,658)	$ 919,013
Mortgage-backed securities [1]	516,636	955	(12,235)	505,356
U.S. Government agency securities	30,661	7	(534)	30,134
Corporate obligations	10,086	—	(171)	9,915
CRA qualified investment fund	1,061	—	(27)	1,034
Other equity securities	6,160	—	—	6,160
Total investment securities AFS	$ 1,511,490	$ 8,747	$ (48,625)	$ 1,471,612

(1) These mortgage-backed securities were issued by U.S. Government agencies.

The following table shows gross unrealized losses and estimated fair value of investment securities AFS, aggregated by investment category and length of time that individual investment securities have been in a continuous unrealized loss position, as of the dates indicated.

	Less than 12 Months		12 Months or More		Total	
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
	(Dollars in thousands)					
December 31, 2017:						
Obligations of states and political subdivisions	$ 44,261	$ 328	$ 230,137	$ 3,030	$ 274,398	$ 3,358
Mortgage-backed securities [(1)]	1,545,138	13,067	289,781	7,048	1,834,919	20,115
U.S. Government agency securities	4,711	31	21,400	528	26,111	559
CRA qualified investment fund	—	—	1,057	27	1,057	27
Total temporarily impaired investment securities	$1,594,110	$ 13,426	$ 542,375	$ 10,633	$2,136,485	$ 24,059
December 31, 2016:						
Obligations of states and political subdivisions	$ 641,862	$ 35,648	$ 4,501	$ 10	$ 646,363	$ 35,658
Mortgage-backed securities [(1)]	454,519	12,230	160	5	454,679	12,235
U.S. Government agency securities	25,481	534	—	—	25,481	534
Corporate obligations	6,915	171	—	—	6,915	171
CRA qualified investment fund	1,034	27	—	—	1,034	27
Total temporarily impaired investment securities	$1,129,811	$ 48,610	$ 4,661	$ 15	$1,134,472	$ 48,625

(1) These mortgage-backed securities were issued by U.S. Government agencies.

In evaluating the Bank's unrealized loss positions for other-than-temporary impairment for its investment securities portfolio, management considers the credit quality, financial condition and near term prospects of the issuer, the nature and cause of the unrealized loss, the severity and duration of the impairments and other factors. At December 31, 2017 and 2016, management determined the unrealized losses were the result of fluctuations in interest rates and did not reflect deteriorations of the credit quality of the investments. Accordingly, management believes that all of its unrealized losses on investment securities are temporary in nature. The Bank does not have the intent to sell these investment securities and more likely than not, would not be required to sell these investment securities before fair value recovers to amortized cost.

The following table is a maturity distribution of investment securities AFS as of December 31, 2017.

	Amortized Cost	Estimated Fair Value
	(Dollars in thousands)	
Due in one year or less	$ 365,328	$ 361,835
Due after one year to five years	1,036,438	1,026,080
Due after five years to ten years	681,142	679,007
Due after ten years	556,508	555,874
Total	$ 2,639,416	$ 2,622,796

For purposes of this maturity distribution, all investment securities are shown based on their contractual maturity date, except (i) FHLB and FNBB stock and the CRA qualified investment fund which have no contractual maturity date are shown in the longest maturity category, (ii) mortgage-backed securities are allocated among various maturities or repayment categories based on an estimated repayment schedule utilizing Bloomberg median prepayment speeds or other estimates of prepayment speeds and interest rate levels at the measurement date and (iii) callable investment securities for which the Bank has received notification of call are included in the maturity category in which the calls occurs or is expected to occur. Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

The following table is a summary of sales activities of the Bank's investment securities AFS during the years indicated.

	Year Ended December 31,		
	2017	2016	2015
		(Dollars in thousands)	
Sales proceeds	$ 243,282	$ 537	$ 202,943
Gross realized gains	$ 4,836	$ 4	$ 5,962
Gross realized losses	(803)	—	(481)
Net gains on investment securities	$ 4,033	$ 4	$ 5,481

Investment securities with carrying values of $1.19 billion and $1.17 billion at December 31, 2017 and 2016, respectively, were pledged to secure public funds and trust deposits and for other purposes required or permitted by law.

At December 31, 2017 and 2016, the Bank had no holdings of investment securities of any one issuer, other than U.S. Government agency residential mortgage-backed securities issued by the Federal National Mortgage Association, in an amount greater than 10% of total common stockholders' equity.

4. Non-Purchased Loans

The following table is a summary of the non-purchased loan portfolio by principal category as of the dates indicated.

	December 31,			
	2017		2016	
	(Dollars in thousands)			
Real estate:				
Residential 1-4 family	$ 619,481	4.9%	$ 481,063	5.0%
Non-farm/non-residential	2,929,867	23.0	2,385,652	24.8
Construction/land development	6,284,733	49.4	4,762,967	49.6
Agricultural	134,786	1.1	97,866	1.0
Multifamily residential	369,329	2.9	435,342	4.5
Total real estate	10,338,196	81.3	8,162,890	84.9
Commercial and industrial [(1)]	629,295	4.9	365,668	3.8
Consumer	899,647	7.1	216,517	2.3
Other	866,799	6.7	860,018	9.0
Total non-purchased loans	$ 12,733,937	100%	$ 9,605,093	100%

(1) Effective November 28, 2017, the Bank ceased taking small ticket equipment applications in its Leasing Division. The residual balance of the small ticket leasing portfolio, including all net charge-off and related ALL activity and balances, has been combined with the Bank's commercial and industrial loans for 2017 and all prior periods.

The above table includes deferred fees, net of deferred costs, that totaled $44.0 million and $43.9 million at December 31, 2017 and 2016, respectively.

Non-purchased loans on which the accrual of interest has been discontinued totaled $12.9 million and $14.4 million at December 31, 2017 and 2016, respectively. Interest income collected and recognized during 2017, 2016 and 2015 for nonaccrual loans at December 31, 2017, 2016 and 2015 was $0.3 million, $0.4 million and $0.4 million, respectively. Under the original terms, these loans would have reported $0.9 million, $0.8 million and $1.0 million of interest income during 2017, 2016 and 2015, respectively.

5. Purchased Loans

The following table is a summary, as of the dates indicated, of the purchased loan portfolio by principal category and purchased loans (i) without evidence of credit deterioration at the date of acquisition and (ii) with evidence of credit deterioration at the date of acquisition.

	December 31,	
	2017	2016
	(Dollars in thousands)	
Real estate:		
Residential 1-4 family	$ 554,946	$ 778,226
Non-farm/non-residential	1,549,009	2,279,749
Construction/land development	363,328	532,893
Agricultural	15,217	26,991
Multifamily residential	139,185	308,663
Total real estate	2,621,685	3,926,522
Commercial and industrial	108,930	211,667
Consumer	572,946	812,474
Other	5,531	7,359
Total purchased loans	$ 3,309,092	$ 4,958,022
Purchased loans without evidence of credit deterioration at date of acquisition	$ 3,133,871	$ 4,716,403
Purchased loans with evidence of credit deterioration at date of acquisition	175,221	241,619
Total purchased loans	$ 3,309,092	$ 4,958,022

The following table presents a summary, during the years indicated, of the activity of the Bank's purchased loans with evidence of credit deterioration at the date of acquisition.

	Year Ended December 31,		
	2017	2016	2015
		(Dollars in thousands)	
Balance – beginning of year	$ 241,619	$ 216,786	$ 276,480
Accretion	38,925	29,974	37,677
Purchased loans acquired	—	132,500	71,996
Transfer to foreclosed assets	(2,678)	(4,296)	(7,886)
Net payments received	(98,815)	(131,488)	(148,175)
Loans sold	(1,717)	—	(12,601)
Net charge-offs	(918)	(2,152)	(1,815)
Other activity, net	(1,195)	295	1,110
Balance – end of year	$ 175,221	$ 241,619	$ 216,786

The following table presents a summary, during the years indicated, of changes in the accretable difference on purchased loans with evidence of credit deterioration at the date of acquisition.

	Year Ended December 31,		
	2017	2016	2015
		(Dollars in thousands)	
Accretable difference – beginning of year	$ 65,152	$ 59,176	$ 74,167
Accretion	(38,925)	(29,974)	(37,677)
Accretable difference acquired	—	19,108	11,546
Adjustments to accretable difference due to:			
Loans transferred to foreclosed assets	(300)	(358)	(418)
Loans paid off	(352)	(6,094)	(17,714)
Loans sold	—	—	(1,573)
Cash flow revisions as a result of renewals and/or modifications	19,607	23,294	30,862
Other, net	—	—	(17)
Accretable difference – end of year	$ 45,182	$ 65,152	$ 59,176

6. Allowance for Loan Losses ("ALL") and Credit Quality Indicators

Allowance for Loan Losses

The following table is a summary of activity within the ALL during the years indicated.

	Year Ended December 31,		
	2017	2016	2015
		(Dollars in thousands)	
Balance – beginning of year	$ 76,541	$ 60,854	$ 52,918
Non-purchased loans charged off	(8,654)	(6,041)	(10,091)
Recoveries of non-purchased loans previously charged off	1,733	828	1,127
Net non-purchased loans charged off	(6,921)	(5,213)	(8,964)
Purchased loans charged off	(6,119)	(5,675)	(2,982)
Recoveries of purchased loans previously charged off	2,527	2,783	467
Net purchased loans charged off	(3,592)	(2,892)	(2,515)
Net charge-offs – total loans	(10,513)	(8,105)	(11,479)
Provision for loan losses:			
Non-purchased loans	24,500	20,500	15,700
Purchased loans	3,592	3,292	3,715
Total provision	28,092	23,792	19,415
Balance – end of year	$ 94,120	$ 76,541	$ 60,854

As of December 31, 2017, 2016, and 2015, the Bank had identified purchased loans where management had determined it was probable that the Bank would be unable to collect all amounts according to the contractual terms thereof (for purchased loans without evidence of credit deterioration at date of acquisition) or the expected performance of such loans had deteriorated from management's performance expectations established in conjunction with the determination of the Day 1 Fair Values or since management's most recent review of such portfolio's performance (for purchased loans with evidence of credit deterioration at date of acquisition). As a result, the Bank recorded net charge-offs totaling $3.6 million during 2017, $2.9 million during 2016 and $2.5 million during 2015 for such loans. The Bank also recorded provision of $3.6 million during 2017, $3.3 million during 2016 and $3.7 million during 2015 for purchased loans. Additionally, the Bank transferred certain of these purchased loans to foreclosed assets. As a result of these actions, the Bank had $10.0 million of impaired purchased loans at December 31, 2017, compared to $6.5 million at December 31, 2016 and $8.1 million at December 31, 2015. The Bank had $1.6 million of ALL at both December 31, 2017 and 2016 and $1.2 million at December 31, 2015 to absorb probable incurred losses in its purchased loan portfolio that had not previously been charged off.

The following table is a summary of the Bank's ALL for the year indicated.

	Beginning Balance	Charge-offs	Recoveries	Provision	Ending Balance
			(Dollars in thousands)		
Year ended December 31, 2017:					
Real estate:					
Residential 1-4 family	$ 10,225	$ (340)	$ 11	$ 2,933	$ 12,829
Non-farm/non-residential	21,555	(881)	594	5,587	26,855
Construction/land development	20,673	(1,020)	86	7,683	27,422
Agricultural	2,787	(2)	43	(1,735)	1,093
Multifamily residential	2,447	—	—	(52)	2,395
Commercial and industrial[(1)]	13,043	(3,440)	171	674	10,448
Consumer	1,945	(689)	166	7,436	8,858
Other	2,266	(2,282)	662	1,974	2,620
Purchased loans	1,600	(6,119)	2,527	3,592	1,600
Total	$ 76,541	$ (14,773)	$ 4,260	$ 28,092	$ 94,120

(1) Effective November 28, 2017, the Bank ceased taking small ticket equipment applications in its Leasing Division. The residual balance of the small ticket leasing portfolio, including all net charge-off and related ALL activity and balances, has been combined with the Bank's commercial and industrial loans for 2017 and all prior periods.

The following table is a summary of the Bank's ALL for the year indicated.

	Beginning Balance	Charge-offs	Recoveries	Provision	Ending Balance
			(Dollars in thousands)		
Year ended December 31, 2016:					
Real estate:					
Residential 1-4 family	$ 8,672	$ (406)	$ 52	$ 1,907	$ 10,225
Non-farm/non-residential	16,796	(323)	10	5,072	21,555
Construction/land development	18,176	(42)	68	2,471	20,673
Agricultural	3,388	(37)	—	(564)	2,787
Multifamily residential	3,031	—	14	(598)	2,447
Commercial and industrial [(1)]	6,409	(3,261)	114	9,781	13,043
Consumer	707	(228)	37	1,429	1,945
Other	2,475	(1,744)	533	1,002	2,266
Purchased loans	1,200	(5,675)	2,783	3,292	1,600
Total	$ 60,854	$ (11,716)	$ 3,611	$ 23,792	$ 76,541

(1) Effective November 28, 2017, the Bank ceased taking small ticket equipment applications in its Leasing Division. The residual balance of the small ticket leasing portfolio, including all net charge-off and related ALL activity and balances, has been combined with the Bank's commercial and industrial loans for 2017 and all prior periods.

The following table is a summary of the Bank's ALL for the year indicated.

	Beginning Balance	Charge-offs	Recoveries	Provision	Ending Balance
			(Dollars in thousands)		
Year ended December 31, 2015:					
Real estate:					
Residential 1-4 family	$ 5,482	$ (794)	$ 86	$ 3,898	$ 8,672
Non-farm/non-residential	17,190	(857)	15	448	16,796
Construction/land development	15,960	(2,760)	83	4,893	18,176
Agricultural	2,558	(27)	—	857	3,388
Multifamily residential	2,147	(228)	—	1,112	3,031
Commercial and industrial [(1)]	7,862	(3,803)	326	2,024	6,409
Consumer	818	(148)	54	(17)	707
Other	901	(1,474)	563	2,485	2,475
Purchased loans	—	(2,982)	467	3,715	1,200
Total	$ 52,918	$ (13,073)	$ 1,594	$ 19,415	$ 60,854

(1) Effective November 28, 2017, the Bank ceased taking small ticket equipment applications in its Leasing Division. The residual balance of the small ticket leasing portfolio, including all net charge-off and related ALL activity and balances, has been combined with the Bank's commercial and industrial loans for 2017 and all prior periods.

The following table is a summary of the Bank's ALL and recorded investment in non-purchased loans, as of the dates indicated.

	ALL			Non-Purchased Loans		
	ALL for Individually Evaluated Impaired Loans	ALL for All Other Loans	Total ALL[(1)]	Individually Evaluated Impaired Loans	All Other Loans	Total Loans
			(Dollars in thousands)			
December 31, 2017:						
Real estate:						
Residential 1-4 family	$ 520	$ 12,309	$ 12,829	$ 4,483	$ 614,998	$ 619,481
Non-farm/non-residential	116	26,739	26,855	3,000	2,926,867	2,929,867
Construction/land development	101	27,321	27,422	2,155	6,282,578	6,284,733
Agricultural	—	1,093	1,093	1,178	133,608	134,786
Multifamily residential	—	2,395	2,395	—	369,329	369,329
Commercial and industrial[(2)]	222	10,226	10,448	1,448	627,847	629,295
Consumer	91	8,767	8,858	528	899,119	899,647
Other	26	2,594	2,620	176	866,623	866,799
Total	$ 1,076	$ 91,444	$ 92,520	$ 12,968	$12,720,969	$12,733,937
December 31, 2016:						
Real estate:						
Residential 1-4 family	$ 326	$ 9,899	$ 10,225	$ 2,411	$ 478,652	$ 481,063
Non-farm/non-residential	174	21,381	21,555	2,136	2,383,516	2,385,652
Construction/land development	1,384	19,289	20,673	5,501	4,757,466	4,762,967
Agricultural	387	2,400	2,787	1,198	96,668	97,866
Multifamily residential	59	2,388	2,447	879	434,463	435,342
Commercial and industrial[(2)]	463	12,580	13,043	750	364,918	365,668
Consumer	16	1,929	1,945	60	216,457	216,517
Other	41	2,225	2,266	158	859,860	860,018
Total	$ 2,850	$ 72,091	$ 74,941	$ 13,093	$ 9,592,000	$ 9,605,093

(1) Excludes $1.6 million of ALL allocated to the Bank's purchased loans at both December 31, 2017 and 2016.
(2) Effective November 28, 2017, the Bank ceased taking small ticket equipment applications in its Leasing Division. The residual balance of the small ticket leasing portfolio, including all net charge-off and related ALL activity and balances, has been combined with the Bank's commercial and industrial loans for 2017 and all prior periods.

The following table is a summary of impaired loans, excluding purchased loans, as of and for the years indicated.

	Principal Balance	Net Charge-offs to Date	Principal Balance, Net of Charge-offs	Specific ALL	Weighted Average Carrying Value
			(Dollars in thousands)		
As of and for the year ended December 31, 2017:					
Impaired loans for which there is a related ALL:					
Real estate:					
Residential 1-4 family	$ 3,223	$ —	$ 3,223	$ 520	$ 2,361
Non-farm/non-residential	996	—	996	116	1,229
Construction/land development	806	—	806	101	2,350
Agricultural	—	—	—	—	595
Multifamily residential	—	—	—	—	176
Commercial and industrial (1)	737	—	737	222	854
Consumer	328	—	328	91	208
Other	176	—	176	26	113
Total impaired loans with a related ALL	6,266	—	6,266	1,076	7,886
Impaired loans for which there is not a related ALL:					
Real estate:					
Residential 1-4 family	1,935	(675)	1,260	—	988
Non-farm/non-residential	3,072	(1,068)	2,004	—	1,639
Construction/land development	2,349	(1,000)	1,349	—	554
Agricultural	1,207	(29)	1,178	—	616
Multifamily residential	133	(133)	—	—	20
Commercial and industrial (1)	792	(81)	711	—	367
Consumer	261	(61)	200	—	46
Other	—	—	—	—	10
Total impaired loans without a related ALL	9,749	(3,047)	6,702	—	4,240
Total impaired loans	$ 16,015	$ (3,047)	$ 12,968	$ 1,076	$ 12,126
As of and for the year ended December 31, 2016:					
Impaired loans for which there is a related ALL:					
Real estate:					
Residential 1-4 family	$ 1,904	$ (216)	$ 1,688	$ 326	$ 1,088
Non-farm/non-residential	1,171	(523)	648	174	186
Construction/land development	5,137	(34)	5,103	1,384	1,118
Agricultural	1,064	—	1,064	387	1,118
Multifamily	879	—	879	59	176
Commercial and industrial (1)	809	(322)	487	463	506
Consumer	55	(4)	51	16	23
Other	153	—	153	41	31
Total impaired loans with a related ALL	11,172	(1,099)	10,073	2,850	4,246
Impaired loans for which there is not a related ALL:					
Real estate:					
Residential 1-4 family	879	(156)	723	—	896
Non-farm/non-residential	1,997	(509)	1,488	—	1,131
Construction/land development	1,208	(810)	398	—	1,998
Agricultural	366	(232)	134	—	169
Multifamily	133	(133)	—	—	33
Commercial and industrial (1)	313	(50)	263	—	209
Consumer	14	(5)	9	—	11
Other	5	—	5	—	6
Total impaired loans without a related ALL	4,915	(1,895)	3,020	—	4,453
Total impaired loans	$ 16,087	$ (2,994)	$ 13,093	$ 2,850	$ 8,699

(1) Effective November 28, 2017, the Bank ceased taking small ticket equipment applications in its Leasing Division. The residual balance of the small ticket leasing portfolio, including all net charge-off and related ALL activity and balances, has been combined with the Bank's commercial and industrial loans for 2017 and prior periods.

Management has determined that certain of the Bank's impaired loans do not require any specific allowance at December 31, 2017 and 2016 because (i) management's analysis of such individual loans resulted in no impairment or (ii) all identified impairment on such loans has previously been charged off.

Interest income on impaired loans is recognized on a cash basis when and if actually collected. Total interest income recognized on impaired loans for the years ended December 31, 2017, 2016 and 2015 was not material.

Credit Quality Indicators

Non-Purchased Loans

The following table is a summary of credit quality indicators for the Bank's non-purchased loans as of the dates indicated.

	Satisfactory	Moderate	Watch	Substandard	Total
			(Dollars in thousands)		
December 31, 2017:					
Real estate:					
Residential 1-4 family[1]	$ 609,271	$ —	$ 5,810	$ 4,400	$ 619,481
Non-farm/non-residential	2,312,610	523,570	56,005	37,682	2,929,867
Construction/land development	5,743,616	497,267	7,957	35,893	6,284,733
Agricultural	34,129	92,436	5,958	2,263	134,786
Multifamily residential	296,063	69,714	2,532	1,020	369,329
Commercial and industrial[2]	222,920	397,868	5,893	2,614	629,295
Consumer[1]	881,070	12,233	5,580	764	899,647
Other[1]	857,552	8,779	54	414	866,799
Total	$10,957,231	$ 1,601,867	$ 89,789	$ 85,050	$12,733,937
December 31, 2016:					
Real estate:					
Residential 1-4 family[1]	$ 474,853	$ —	$ 1,938	$ 4,272	$ 481,063
Non-farm/non-residential	2,010,397	287,157	81,527	6,571	2,385,652
Construction/land development	4,409,108	336,004	11,402	6,453	4,762,967
Agricultural	48,835	37,712	9,158	2,161	97,866
Multifamily residential	381,845	49,607	1,971	1,919	435,342
Commercial and industrial[2]	285,678	73,605	4,202	2,183	365,668
Consumer[1]	216,120	—	164	233	216,517
Other[1]	855,217	4,710	81	10	860,018
Total	$ 8,682,053	$ 788,795	$ 110,443	$ 23,802	$ 9,605,093

(1) The Bank does not risk rate its residential 1-4 family loans (including consumer construction loans on 1-4 family properties), its consumer loans (excluding indirect loans), and certain "other" loans. However, for purposes of the above table, the Bank considers such loans to be (i) satisfactory – if they are performing and less than 30 days past due, (ii) watch – if they are performing and 30 to 89 days past due or (iii) substandard – if they are nonperforming or 90 days or more past due. Indirect loans are included within the Bank's consumer loan portfolio and are assigned risk levels based on the borrower's individual credit score.

(2) Effective November 28, 2017, the Bank ceased taking small ticket equipment applications in its Leasing Division. The residual balance of the small ticket leasing portfolio, including all net charge-off and related ALL activity and balances, has been combined with the Bank's commercial and industrial loans for 2017 and all prior periods.

The following categories of credit quality indicators are used by the Bank.

Satisfactory – Loans in this category are considered to be a satisfactory credit risk and are generally considered to be collectible in full.

Moderate – Loans in this category are considered to be a marginally satisfactory credit risk and are generally considered to be collectible in full.

Watch – Loans in this category are presently protected from apparent loss; however, weaknesses exist which could cause future impairment of repayment of principal or interest.

Substandard – Loans in this category are characterized by deterioration in quality exhibited by a number of weaknesses requiring corrective action and posing risk of some loss.

The following table is an aging analysis of past due non-purchased loans as of the dates indicated.

	30-89 Days Past Due[1]	90 Days or More[2]	Total Past Due	Current[3]	Total
	(Dollars in thousands)				
December 31, 2017:					
Real estate:					
Residential 1-4 family	$ 5,906	$ 3,891	$ 9,797	$ 609,684	$ 619,481
Non-farm/non-residential	2,028	2,225	4,253	2,925,614	2,929,867
Construction/land development	224	1,135	1,359	6,283,374	6,284,733
Agricultural	203	249	452	134,334	134,786
Multifamily residential	—	—	—	369,329	369,329
Commercial and industrial[4]	1,922	332	2,254	627,041	629,295
Consumer	193	339	532	899,115	899,647
Other	190	176	366	866,433	866,799
Total	$ 10,666	$ 8,347	$ 19,013	$12,714,924	$12,733,937
December 31, 2016:					
Real estate:					
Residential 1-4 family	$ 2,410	$ 2,082	$ 4,492	$ 476,571	$ 481,063
Non-farm/non-residential	1,718	1,318	3,036	2,382,616	2,385,652
Construction/land development	3,082	198	3,280	4,759,687	4,762,967
Agricultural	1,220	136	1,356	96,510	97,866
Multifamily residential	—	883	883	434,459	435,342
Commercial and industrial[4]	930	1,363	2,293	363,375	365,668
Consumer	169	52	221	216,296	216,517
Other	196	6	202	859,816	860,018
Total	$ 9,725	$ 6,038	$ 15,763	$ 9,589,330	$ 9,605,093

(1) Includes $0.5 million and $4.6 million of loans on nonaccrual status at December 31, 2017 and 2016, respectively.
(2) All loans greater than 90 days past due were on nonaccrual status at December 31, 2017 and 2016.
(3) Includes $4.1 million and $3.7 million of loans on nonaccrual status at December 31, 2017 and 2016, respectively.
(4) Effective November 28, 2017, the Bank ceased taking small ticket equipment applications in its Leasing Division. The residual balance of the small ticket leasing portfolio, including all net charge-off and related ALL activity and balances, has been combined with the Bank's commercial and industrial loans for 2017 and all prior periods.

Purchased Loans

The following table is a summary of credit quality indicators for the Bank's purchased loans as of the dates indicated.

	Purchased Loans Without Evidence of Credit Deterioration at Date of Acquisition					Purchased Loans With Evidence of Credit Deterioration at Date of Acquisition		Total Purchased Loans
	FV 33	FV 44	FV 55	FV 36	FV 77	FV 66	FV 88	
	(Dollars in thousands)							
December 31, 2017:								
Real estate:								
Residential 1-4 family	$ 70,915	$ 266,020	$118,074	$44,070	$ 481	$ 52,759	$ 2,627	$ 554,946
Non-farm/non-residential	195,075	998,475	260,495	2,039	3,795	87,069	2,061	1,549,009
Construction/land development	31,820	268,451	50,689	1,429	404	10,522	13	363,328
Agricultural	6,710	3,122	2,251	180	—	2,547	407	15,217
Multifamily residential	15,705	103,166	9,783	579	—	9,952	—	139,185
Commercial and industrial	11,321	83,177	6,777	568	68	6,905	114	108,930
Consumer	244,202	276,781	50,740	1,040	49	134	—	572,946
Other	4,095	1,211	109	5	—	111	—	5,531
Total	$579,843	$2,000,403	$498,918	$49,910	$ 4,797	$169,999	$ 5,222	$3,309,092
December 31, 2016:								
Real estate:								
Residential 1-4 family	$ 99,447	$ 379,883	$162,166	$62,507	$ 282	$ 72,052	$ 1,889	$ 778,226
Non-farm/non-residential	309,450	1,415,399	419,978	3,128	712	128,347	2,735	2,279,749
Construction/land development	104,303	351,001	63,561	2,536	33	11,404	55	532,893
Agricultural	13,169	5,154	3,825	404	—	4,058	381	26,991
Multifamily residential	11,838	231,758	54,116	714	—	10,237	—	308,663
Commercial and industrial	17,268	172,168	10,897	1,722	22	9,463	127	211,667
Consumer	319,442	414,116	75,812	2,496	194	328	86	812,474
Other	5,229	1,497	132	44	—	457	—	7,359
Total	$880,146	$2,970,976	$790,487	$73,551	$ 1,243	$236,346	$ 5,273	$4,958,022

The following grades are used for purchased loans without evidence of credit deterioration at the date of acquisition.

FV 33 – Loans in this category are considered to be satisfactory with minimal credit risk and are generally considered collectible.

FV 44 – Loans in this category are considered to be marginally satisfactory with moderate credit risk and are generally considered collectible.

FV 55 – Loans in this category exhibit weakness and are considered to have elevated credit risk and elevated risk of repayment.

FV 36 – Loans in this category were not individually reviewed at the date of purchase and are assumed to have characteristics similar to the characteristics of the acquired portfolio.

FV 77 – Loans in this category have deteriorated since the date of purchase and are considered impaired.

The following grades are used for purchased loans with evidence of credit deterioration at the date of acquisition.

FV 66 – Loans in this category are performing in accordance with or exceeding management's performance expectations established in conjunction with the Day 1 Fair Values.

FV 88 – Loans in this category have deteriorated from management's performance expectations established in conjunction with the determination of Day 1 Fair Values and are considered impaired.

The following table is an aging analysis of past due purchased loans as of the dates indicated.

	30-89 Days Past Due	90 Days or More	Total Past Due	Current	Total Purchased Loans
			(Dollars in thousands)		
December 31, 2017:					
Real estate:					
Residential 1-4 family	$ 8,260	$ 7,833	$ 16,093	$ 538,853	$ 554,946
Non-farm/non-residential	9,589	15,796	25,385	1,523,624	1,549,009
Construction/land development	1,594	840	2,434	360,894	363,328
Agriculture	192	461	653	14,564	15,217
Multifamily residential	76	—	76	139,109	139,185
Commercial and industrial	878	748	1,626	107,304	108,930
Consumer	3,926	933	4,859	568,087	572,946
Other	—	—	—	5,531	5,531
Total	$ 24,515	$ 26,611	$ 51,126	$ 3,257,966	$ 3,309,092
Purchased loans without evidence of credit deterioration at date of acquisition	$ 18,374	$ 12,798	$ 31,172	$ 3,102,699	$ 3,133,871
Purchased loans with evidence of credit deterioration at date of acquisition	6,141	13,813	19,954	155,267	175,221
Total	$ 24,515	$ 26,611	$ 51,126	$ 3,257,966	$ 3,309,092
December 31, 2016:					
Real estate:					
Residential 1-4 family	$ 10,547	$ 8,665	$ 19,212	$ 759,014	$ 778,226
Non-farm/non-residential	7,471	20,528	27,999	2,251,750	2,279,749
Construction/land development	21,008	527	21,535	511,358	532,893
Agriculture	49	638	687	26,304	26,991
Multifamily residential	—	—	—	308,663	308,663
Commercial and industrial	891	1,305	2,196	209,471	211,667
Consumer	4,421	1,502	5,923	806,551	812,474
Other	—	—	—	7,359	7,359
Total	$ 44,387	$ 33,165	$ 77,552	$ 4,880,470	$ 4,958,022
Purchased loans without evidence of credit deterioration at date of acquisition	$ 38,621	$ 8,619	$ 47,240	$ 4,669,163	$ 4,716,403
Purchased loans with evidence of credit deterioration at date of acquisition	5,766	24,546	30,312	211,307	241,619
Total	$ 44,387	$ 33,165	$ 77,552	$ 4,880,470	$ 4,958,022

7. Foreclosed Assets

The following table is a summary, as of the dates indicated, of the amount and type of foreclosed assets.

	December 31,	
	2017	2016
	(Dollars in thousands)	
Real estate:		
Residential 1-4 family	$ 1,378	$ 3,762
Non-farm/non-residential	8,040	17,207
Construction/land development	15,493	21,568
Agricultural	—	473
Total real estate	24,911	43,010
Commercial and industrial	35	293
Consumer	411	399
Total foreclosed assets	$ 25,357	$ 43,702

The following table is a summary, during the years indicated, of activity within foreclosed assets.

	Year Ended December 31,		
	2017	2016	2015
		(Dollars in thousands)	
Balance – beginning of year	$ 43,702	$ 22,870	$ 37,775
Loans and other assets transferred into foreclosed assets	17,193	25,103	19,347
Sales of foreclosed assets	(32,050)	(26,462)	(31,923)
Writedowns of foreclosed assets	(3,488)	(3,610)	(3,803)
Foreclosed assets acquired in acquisitions	—	25,801	1,474
Balance – end of year	$ 25,357	$ 43,702	$ 22,870

8. Premises and Equipment

The following table is a summary of premises and equipment as of the dates indicated.

	December 31,	
	2017	2016
	(Dollars in thousands)	
Land	$ 139,849	$ 129,574
Construction in process	2,251	4,861
Buildings and improvements	356,547	344,416
Leasehold improvements	15,776	11,567
Equipment	108,598	96,404
Gross premises and equipment	623,021	586,822
Accumulated depreciation	(103,210)	(82,736)
Premises and equipment, net	$ 519,811	$ 504,086

The Bank's interest on construction projects during 2017, 2016 and 2015 was not material. Included in occupancy expense is rent of $8.7 million, $7.2 million and $4.3 million incurred under noncancelable operating leases in 2017, 2016 and 2015, respectively, for leases of real estate, buildings and premises. These leases contain certain renewal and purchase options according to the terms of the agreements. Future amounts due under these noncancelable leases at December 31, 2017 are as follows: $8.1 million in 2018, $7.0 million in 2019, $6.5 million in 2020, $5.0 million in 2021, $4.6 million in 2022 and $22.5 million thereafter. Rental income recognized for leases of buildings and premises under operating leases was $2.8 million during 2017, $2.2 million during 2016 and $1.7 million during 2015.

9. Deposits

The following table is a summary of the scheduled maturities of time deposits as of the dates indicated.

	December 31, 2017	December 31, 2016
	(Dollars in thousands)	
Up to one year	$ 3,595,254	$ 3,910,461
Over one to two years	509,851	548,234
Over two to three years	196,400	232,881
Over three to four years	62,601	174,245
Over four to five years	42,934	62,541
Thereafter	7,560	8,703
Total time deposits	$ 4,414,600	$ 4,937,065

The aggregate amount of time deposits with a minimum denomination of $250,000 was $1.03 billion and $1.13 billion at December 31, 2017 and 2016, respectively.

10. Repurchase Agreements With Customers

At December 31, 2017 and 2016, securities sold under agreements to repurchase ("repurchase agreements") totaled $69.3 million and $65.1 million, respectively. Securities utilized as collateral for repurchase agreements are primarily U.S. Government agency mortgage-backed securities and are maintained by the Bank's safekeeping agents. These securities are reviewed by the Bank on a daily basis, and the Bank may be required to provide additional collateral due to changes in the fair market value of these securities. The terms of the Bank's repurchase agreements are continuous but may be cancelled at any time by the Bank or the customer.

11. Borrowings

Short-term borrowings with original maturities less than one year include FHLB advances and federal funds purchased. The following table is a summary of information relating to these short-term borrowings as of the dates indicated.

	December 31, 2017	December 31, 2016
	(Dollars in thousands)	
Average annual balance	$ 22,968	$ 2,301
December 31 balance	—	—
Maximum month-end balance during year	50,000	—
Interest rate:		
Weighted-average – year	1.83%	0.48%
Weighted-average – December 31	—	—

At December 31, 2017, the Bank had fixed rate FHLB advances with original maturities exceeding one year of $22.3 million. These fixed rate advances bear interest at rates ranging from 0.71% to 4.54% at December 31, 2017, are collateralized by a blanket lien on a substantial portion of the Bank's real estate loans and are subject to prepayment penalties if repaid prior to maturity date. At December 31, 2017, the Bank had $3.85 billion of unused FHLB borrowing availability.

The following table is a summary of aggregate annual maturities and weighted-average interest rates of FHLB advances with an original maturity of over one year as of December 31, 2017.

Maturity	Amount	Weighted-Average Interest Rate
	(Dollars in thousands)	
2018	$ 20,773	2.48%
2019	272	1.54
2020	425	1.83
2021	687	3.93
2022	163	1.47
Total	$ 22,320	2.49

12. Subordinated Notes

On June 23, 2016, the Bank completed an underwritten public offering of $225 million in aggregate principal amount of its 5.50% Fixed-to-Floating Rate Subordinated Notes due 2026 (the "Notes") for net proceeds of $222.3 million after underwriting discounts and offering expenses. The Notes are unsecured, subordinated debt obligations of the Bank and mature on July 1, 2026. From and including the date of issuance to, but excluding July 1, 2021, the Notes bear interest at 5.50% per annum. From and including July 1, 2021 to, but excluding the maturity date or earlier redemption, the Notes will bear interest at a floating rate equal to three-month London Interbank Offered Rate ("LIBOR") as calculated on each applicable date of determination plus a spread of 442.5 basis points; provided, however, that in the event three-month LIBOR is less than zero, then three-month LIBOR shall be deemed to be zero. Debt issuance costs of $2.7 million are being amortized, using a level-yield methodology over the estimated holding period of seven years, as an increase in interest expense on the Notes.

The Bank may, beginning with the interest payment date of July 1, 2021, and on any interest payment date thereafter, redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed plus accrued and unpaid interest to but excluding the date of redemption. The Bank may also redeem the Notes at any time, including prior to July 1, 2021, at the Bank's option, in whole but not in part, if: (i) a change or prospective change in law occurs that could prevent the Bank from deducting interest payable on the Notes for U.S. federal income tax purposes; (ii) a subsequent event occurs that could preclude the Notes from being recognized as Tier 2 capital for regulatory capital purposes; or (iii) the Bank is required to register as an investment bank under the Investment Company Act of 1940, as amended; in each case, at a redemption price equal to 100% of the principal amount of the Notes plus any accrued and unpaid interest to but excluding the redemption date.

13. Subordinated Debentures

At December 31, 2017, the Bank had the following issues of trust preferred securities outstanding and subordinated debentures owed to the Trusts.

	Subordinated Debentures Owed to Trust	Unamortized Discount	Carrying Value of Subordinated Debentures	Trust Preferred Securities of the Trust	Interest Rate	Final Maturity Date
	(Dollars in thousands)					
Ozark II	$ 14,433	$ —	$ 14,433	$ 14,000	4.59%	September 29, 2033
Ozark III	14,434	—	14,434	14,000	4.31	September 25, 2033
Ozark IV	15,464	—	15,464	15,000	3.67	September 28, 2034
Ozark V	20,619	—	20,619	20,000	3.19	December 15, 2036
Intervest II	15,464	(455)	15,009	15,000	4.55	September 17, 2033
Intervest III	15,464	(527)	14,937	15,000	4.39	March 17, 2034
Intervest IV	15,464	(959)	14,505	15,000	4.03	September 20, 2034
Intervest V	10,310	(911)	9,399	10,000	3.24	December 15, 2036
Total	$ 121,652	$ (2,852)	$ 118,800	$ 118,000		

On September 25, 2003, Ozark III sold to investors in a private placement offering $14 million of adjustable rate trust preferred securities, and on September 29, 2003, Ozark II sold to investors in a private placement offering $14 million of adjustable rate trust preferred securities (collectively, "2003 Securities"). The 2003 Securities bear interest, adjustable quarterly, at 90-day LIBOR plus

2.95% for Ozark III and 90-day LIBOR plus 2.90% for Ozark II. The aggregate proceeds of $28 million from the 2003 Securities were used to purchase an equal principal amount of adjustable rate subordinated debentures of the Bank that bear interest, adjustable quarterly, at 90-day LIBOR plus 2.95% for Ozark III and 90-day LIBOR plus 2.90% for Ozark II (collectively,"2003 Debentures").

On September 28, 2004, Ozark IV sold to investors in a private placement offering $15 million of adjustable rate trust preferred securities ("2004 Securities"). The 2004 Securities bear interest, adjustable quarterly, at 90-day LIBOR plus 2.22%. The $15 million proceeds from the 2004 Securities were used to purchase an equal principal amount of adjustable rate subordinated debentures of the Bank that bear interest, adjustable quarterly, at 90-day LIBOR plus 2.22% ("2004 Debentures").

On September 29, 2006, Ozark V sold to investors in a private placement offering $20 million of adjustable rate trust preferred securities ("2006 Securities"). The 2006 Securities bear interest, adjustable quarterly, at 90-day LIBOR plus 1.60%. The $20 million proceeds from the 2006 Securities were used to purchase an equal principal amount of adjustable rate subordinated debentures of the Bank that bear interest, adjustable quarterly, at 90-day LIBOR plus 1.60% ("2006 Debentures").

In addition to the issuance of these adjustable rate securities, Ozark II and Ozark III collectively sold $0.9 million, Ozark IV sold $0.4 million and Ozark V sold $0.6 million of trust common equity to the Bank. The proceeds from the sales of the trust common equity were used, respectively, to purchase $0.9 million of 2003 Debentures, $0.4 million of 2004 Debentures and $0.6 million of 2006 Debentures issued by the Bank.

On February 10, 2015, in conjunction with the acquisition of Intervest Bancshares Corporation ("Intervest"), the Bank acquired Intervest II, Intervest III, Intervest IV and Intervest V with outstanding subordinated debentures totaling $56.7 million and related trust preferred securities totaling $55.0 million. On the date of such acquisition, the Bank recorded the assumed subordinated debentures at estimated fair value of $52.2 million, based on an independent third party valuation, to reflect a current market interest rate for comparable obligations. The fair value adjustment of $4.5 million is being amortized, using a level-yield methodology over the estimated holding period of approximately eight years, as an increase in interest expense of the subordinated debentures. In addition to subordinated debentures, the Bank also acquired $1.7 million of trust common equity.

The trust preferred securities issued by Intervest Trust II and the related subordinated debentures bear interest, adjustable quarterly, at 90-day LIBOR plus 2.95%. The trust preferred securities issued by Intervest Trust III and the related subordinated debentures bear interest, adjustable quarterly, at 90-day LIBOR plus 2.79%. The trust preferred securities issued by Intervest Trust IV and the related subordinated debentures bear interest, adjustable quarterly, at 90-day LIBOR plus 2.40%. The trust preferred securities issued by Intervest Trust V and the related subordinated debentures bear interest, adjustable quarterly, at 90-day LIBOR plus 1.65%.

At December 31, 2017, the Bank had an aggregate of $121.7 million of subordinated debentures outstanding (with an aggregate carrying value of $118.8 million) and had an asset of $3.7 million representing its investment in the common equity issued by the Trusts. The sole assets of the Trusts are the adjustable rate debentures and the liabilities of the Trusts are the trust preferred securities. At both December 31, 2017 and 2016, the Trusts had aggregate common equity of $3.7 million and did not have any restricted net assets. The Bank has, through various contractual arrangements or by operation of law, fully and unconditionally guaranteed all obligations of the Trusts with respect to the trust preferred securities. Additionally, there are no restrictions on the ability of the Trusts to transfer funds to the Bank in the form of cash dividends, loans or advances. The Bank has the option to defer interest payments on the subordinated debentures from time to time for a period not to exceed five consecutive years. These trust preferred securities generally mature at or near the 30th anniversary date of each issuance. However, the trust preferred securities and related subordinated debentures may be prepaid at par, subject to regulatory approval.

14. Income Taxes

The following table is a summary of the components of the provision (benefit) for income taxes for the years indicated.

	Year Ended December 31,		
	2017	2016	2015
	(Dollars in thousands)		
Current:			
Federal	$ (32,788)	$ 115,879	$ 79,191
State	(7,263)	25,696	7,873
Total current	(40,051)	141,575	87,064
Deferred:			
Federal	156,460	11,773	6,432
State	42,177	930	959
Total deferred	198,637	12,703	7,391
Provision for income taxes	$ 158,586	$ 154,278	$ 94,455

The following table is a summary of the reconciliation between the statutory federal income tax rate and effective income tax rate for the years indicated.

	Year Ended December 31,		
	2017	2016	2015
Statutory federal income tax rate	35.0%	35.0%	35.0%
Increase (decrease) in taxes resulting from:			
State income taxes, net of federal benefit	4.1	3.9	2.2
Effect of tax-exempt interest income	(1.4)	(1.5)	(2.2)
Effect of BOLI and other tax-exempt income	(1.1)	(1.2)	(1.3)
Deferred tax adjustment related to reduction of statutory federal income tax rate	(8.6)	—	—
Other, net	(0.7)	0.2	0.4
Effective income tax rate	27.3%	36.4%	34.1%

During the fourth quarter of 2017, the Bank filed two separate advance consent applications for change in accounting method with the Internal Revenue Service (the "Service") to change its tax method of accounting for its loan portfolio and its loan origination fees. Both applications require affirmative consent of the Service. As a result of the changes in the income tax accounting treatment for these items, the Bank's previous net deferred income tax asset position changed to a net deferred income tax liability position at December 31, 2017.

On December 22, 2017, the Tax Act was enacted, which, among other changes, reduced the federal corporate income tax rate from 35% to 21% effective January 1, 2018 and changed or limited certain tax deductions. As a result of the Tax Act, the Bank's deferred tax assets and liabilities were revalued and resulted in a one-time income tax benefit of approximately $49.8 million during the fourth quarter of 2017. The Bank assessed the tax law changes as a result of the Tax Act and believes that the assumptions and judgments utilized in determining the final and provisional amounts recorded in the consolidated financial statements as of December 31, 2017 are appropriate. The Bank may adjust its initial assumptions and judgments based on future tax law changes or accounting guidance, if any, or other adjustments related to the Bank's filing of its 2017 federal and state income tax returns during 2018. However, the Bank believes that any future adjustments to the provisional amounts included in the income tax benefit of $49.8 million that was recognized as a result of the Tax Act will not be material.

In accordance with ASU 2016-09, income tax benefits from the exercise of stock options and vesting of common stock under the Bank's restricted stock and incentive plan in the amount of $2.1 million were recorded as income tax expense in 2017. Benefits of $3.6 million and $7.0 million in 2016 and 2015, respectively, were recorded as an increase to additional paid-in capital.

At December 31, 2017 and 2016, current income taxes receivable of $224.9 million and $5.8 million, respectively, were included in other assets.

The following table is a summary, as of the dates indicated, of the types of temporary differences between the tax basis of assets and liabilities and their financial reporting amounts that give rise to deferred income tax assets and liabilities and their approximate tax effects.

	December 31,	
	2017	2016
	(Dollars in thousands)	
Deferred tax assets:		
Allowance for loan losses	$ —	$ 30,191
Differences in amounts reflected in financial statements and income tax basis for purchased loans	—	51,737
Differences in amounts reflected in the financial statements and income tax basis for deposits assumed in acquisitions	2,339	6,903
Stock-based compensation	6,883	5,919
Deferred compensation	1,915	2,446
Foreclosed assets	1,953	3,901
Deferred loan origination fees	—	41,409
Net operating loss carryforwards	19,994	27,836
Investment securities AFS	1,496	9,251
Other, net	1,441	8,054
Total gross deferred tax assets	36,021	187,647
Less valuation allowance	(265)	(474)
Net deferred tax assets	35,756	187,173
Deferred tax liabilities:		
Differences in amounts reflected in the financial statements and income tax basis for loans	63,765	—
Accelerated depreciation on premises and equipment	30,684	46,206
Deferred loan costs	35,297	24,169
Acquired intangible assets	6,826	13,213
Total gross deferred tax liabilities	136,572	83,588
Net deferred tax (liabilities) assets	$ (100,816)	$ 103,585

Federal net operating loss carryforwards were acquired in certain of the Bank's acquisitions. Such federal net operating loss carryforwards acquired totaled $80.9 million, of which $72.0 million remained to be utilized as of December 31, 2017 and will expire at various dates beginning in 2029 to 2034.

State net operating loss carryforwards totaling $60.5 million were generated as a result of the Bank's change in the tax method of accounting for its loan portfolio and loan origination fees. Additionally, the Bank acquired $116.2 million of state net operating loss carryforwards in certain of its acquisitions. State net operating loss carryforwards totaling $132.1 million remained to be utilized as of December 31, 2017 and will expire at various dates beginning in 2023 to 2037.

At December 31, 2017 and 2016, the Bank had a deferred tax valuation allowance of $0.3 million and $0.5 million, respectively, to reflect its assessment that the realization of the benefits from the recovery of certain acquired net operating loss carryforwards are expected to be subject to section 382 limitations of the IRC. To the extent that additional information becomes available regarding the settlement or recovery of acquired net operating loss carryforwards or assets with built-in losses acquired in any of the Bank's acquisitions, management may be required to make adjustments to its deferred tax asset valuation allowance, which would affect deferred income tax expense (benefit).

15. Employee Benefit Plans

The Bank maintains a qualified retirement plan (the "401(k) Plan") with a salary deferral feature designed to qualify under Section 401 of the IRC. The 401(k) Plan permits employees of the Bank to defer a portion of their compensation in accordance with the provisions of Section 401(k) of the IRC. During 2012, the Bank amended the 401(k) Plan to make it a Safe-Harbor Cost or Deferred Arrangement ("Safe-Harbor CODA") effective January 1, 2013. As a result, (i) certain key employees are eligible to make salary deferrals into the 401(k) Plan beginning January 1, 2013, (ii) the 401(k) Plan is no longer subject to any provisions of the average deferral percentage test described in IRC section 401(k)(3) or the average contribution percentage test described in IRC section 401(m)(2), (iii) the basic matching contribution is (a) 100% of the amount of the employee's deferrals that do not exceed 3%

of the employee's compensation for the year plus (b) 50% of the amount of the employee's elective deferrals that exceed 3% but do not exceed 5% of the employee's compensation for the year, and (iv) all employer matching contributions made under the provisions of the Safe-Harbor CODA are non-forfeitable. Certain other statutory limitations with respect to the Bank's contribution under the 401(k) Plan also apply. Matching contributions made by the Bank prior to the 401(k) Plan becoming a Safe-Harbor CODA vest over six years and are held in trust until distributed pursuant to the terms of the 401(k) Plan.

Contributions to the 401(k) Plan are invested in accordance with participant elections among certain investment options. Distributions from participant accounts are not permitted before age 65, except in the event of death, permanent disability, certain financial hardships or termination of employment. The Bank made matching cash contributions to the 401(k) Plan during 2017, 2016 and 2015 of $4.6 million, $3.6 million and $2.7 million, respectively.

The Bank also maintains the Bank of the Ozarks Deferred Compensation Plan (the "Plan"), which is an unfunded deferred compensation arrangement for the group of employees designated as key employees, including certain of the Bank's executive officers. Under the terms of the Plan, eligible participants may elect to defer a portion of their compensation. Such deferred compensation is distributable in lump sum or specified installments upon separation from service with the Bank or upon other specified events as defined in the Plan. Prior to 2013, the Bank had the ability to make a contribution to each participant's account, limited to one half of the first 6% of compensation deferred by the participant and subject to certain other limitations. Effective January 1, 2013, the Plan was amended such that the Bank no longer makes any contribution to the Plan for the benefit of each participant or otherwise. Amounts deferred under the Plan are invested in certain approved investments (excluding securities of the Bank or its affiliates). At December 31, 2017 and 2016, respectively, the Bank had Plan assets, along with an equal amount of liabilities, totaling $5.6 million and $4.9 million, recorded on the accompanying consolidated balance sheet.

Effective May 4, 2010, the Bank established a Supplemental Executive Retirement Plan ("SERP") and certain other benefit arrangements for its Chairman and Chief Executive Officer. Pursuant to the SERP, this officer is entitled to receive 180 equal monthly payments of $32,197, or $386,360 annually, commencing at the later of obtaining age 70 or separation from service. If employment continues past age 70, such benefit will commence at an increased amount upon separation from service, and if separation from service occurs prior to age 70, such benefit will be at a reduced amount. The costs of such benefits, assuming a retirement date at age 70, will be fully accrued by the Bank at such retirement date. During 2017, 2016 and 2015, respectively, the Bank accrued $275,000, $248,000 and $223,000 for the future benefits payable under the SERP. The SERP is an unfunded plan and is considered a general contractual obligation of the Bank.

16. Stock-Based Compensation

The Bank has a nonqualified stock option plan for certain key employees and officers of the Bank. This plan provides for the granting of nonqualified options to purchase shares of common stock in the Bank. No option may be granted under this plan for less than the fair market value of the common stock, defined by the plan as the average of the highest reported asked price and the lowest reported bid price, on the date of the grant. The benefits or amounts received by or allocated to any particular officer or employee of the Bank under this plan are determined in the sole discretion of the Bank's board of directors or its personnel and compensation committee. All employee options outstanding at December 31, 2017 were issued with a vesting period of three years and expire seven years after issuance. All shares issued in connection with options exercised under the employee nonqualified stock options plan were in the form of newly issued shares. At December 31, 2017, there were 1,068,134 shares available for future grants under this plan.

The Bank has a Non-Employee Director Stock Plan (the "Director Plan") that provides for awards of common stock to eligible non-employee directors. The Director Plan grants to each director who is not otherwise an employee of the Bank, or any subsidiary, shares of common stock on the day of his or her election, re-election or appointment as a director of the Bank. The number of shares of common stock awarded is the equivalent of $50,000 worth of shares of common stock based on the average of the highest reported asked price and lowest reported bid price on the grant date. The common stock awarded under this plan is fully vested on the grant date. During 2017 and 2016, respectively, the Bank issued 14,476 shares and 12,415 shares of common stock and incurred $0.7 million and $0.5 million in stock-based compensation expense related to common stock awards issued under the Director Plan.

Prior to the adoption of the Director Plan, the Bank had a nonqualified stock option plan for non-employee directors. No options were granted under this plan during 2017. All options previously granted under this plan were exercisable immediately and expire ten years after issuance.

The following table summarizes stock option activity for both the employee and non-employee director stock option plans for the year indicated.

	Options	Weighted-Average Exercise Price/Share	Weighted-Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding – January 1, 2017	1,635,484	$ 37.10		
Granted	603,614	52.08		
Exercised	(283,535)	24.15		
Forfeited	(268,807)	48.29		
Outstanding – December 31, 2017	1,686,756	42.86	4.8	$ 13,595 (1)
Fully vested and exercisable at December 31, 2017	646,410	$ 27.66	3.4	$ 13,438 (1)

(1) Based on closing price of $48.45 per share on December 29, 2017.

Intrinsic value for stock options is defined as the amount by which the current market price of the underlying stock exceeds the exercise price. For those stock options where the exercise price exceeds the current market price of the underlying stock, the intrinsic value is zero. The total intrinsic value of options exercised during 2017, 2016 and 2015 was $7.0 million, $7.6 million and $12.5 million, respectively.

Options to purchase 603,614 shares, 18,683 shares and 659,181 shares, respectively, were granted during 2017, 2016 and 2015 with a weighted-average grant date fair value of $15.49, $11.52 and $14.00, respectively. The fair value for each option grant is estimated on the date of grant using the Black-Scholes option pricing model.

The following table is a summary of the weighted-average assumptions used in the Black-Scholes option pricing model for the years indicated.

	Year Ended December 31,		
	2017	2016	2015
Risk-free interest rate	1.93%	1.27%	1.69%
Expected dividend yield	1.40%	1.66%	1.19%
Expected stock volatility	35.6%	36.4%	31.0%
Expected life (years)	5.0	5.0	5.0

The Bank uses the U.S. Treasury yield curve in effect at the time of the grant to determine the risk-free interest rate. The expected dividend yield is estimated using the current annual dividend level and recent stock price of the Bank's common stock at the date of grant. Expected stock volatility is based on historical volatilities of the Bank's common stock. The expected life of the options is calculated based on the "simplified" method as provided for under Securities and Exchange Commission ("SEC") Staff Accounting Bulletin No. 110.

The total fair value of options to purchase shares of the Bank's common stock that vested during 2017, 2016 and 2015 was $2.9 million, $2.2 million and $2.0 million, respectively. Stock-based compensation expense for stock options included in non-interest expense was $4.9 million, $4.1 million and $2.6 million for 2017, 2016 and 2015, respectively. Total unrecognized compensation cost related to non-vested stock option grants was $7.7 million at December 31, 2017 and is expected to be recognized over a weighted-average period of 1.7 years.

The Bank has a restricted stock and incentive plan that permits issuance of up to 2,400,000 shares of restricted stock, restricted stock units or performance awards. All officers and employees of the Bank are eligible to receive awards under the restricted stock and incentive plan. The benefits or amounts received by or allocated to any particular officer or employee of the Bank under the restricted stock and incentive plan are determined in the sole discretion of the Bank's board of directors or its personnel and compensation committee. Shares of common stock issued under the restricted stock and incentive plan may be shares of original issuance or shares held in treasury that have been reacquired by the Bank. At December 31, 2017 there were 1,056,785 shares available for future grants under this plan. The vesting period for all restricted stock awards granted under the plan shall be not less than three years from the date of grant, subject to limited exceptions.

The following table summarizes non-vested restricted stock activity for the year indicated.

	Shares
Outstanding – January 1, 2017	430,497
Granted	238,794
Forfeited	(116,876)
Earned and issued	—
Outstanding – December 31, 2017	552,415
Weighted-average grant date fair value	$ 44.26

Restricted stock awards of 238,794 shares, 218,761 shares and 245,300 shares, respectively, were granted during 2017, 2016 and 2015 with a weighted-average grant date fair value of $52.09, $45.66 and $34.39, respectively. The fair value of the restricted stock awards is amortized to compensation expense over the three-year vesting period and is based on the market price of the Bank's common stock at the date of grant multiplied by the number of shares granted. Stock-based compensation expense for restricted stock included in non-interest expense was $6.6 million, $6.2 million and $5.2 million for 2017, 2016 and 2015, respectively. Unrecognized compensation expense for nonvested restricted stock awards was $9.9 million at December 31, 2017 and is expected to be recognized over a weighted-average period of 1.8 years.

On January 18, 2018 the Bank's personnel and compensation committee approved the issuance of (i) options to purchase 573,143 shares of the Bank's common stock with an exercise price of $51.07 that vest on January 18, 2021 and (ii) restricted stock awards for 198,268 shares of restricted common stock that vest on January 18, 2021. Total compensation expense for the stock options and the restricted stock awards is expected to be approximately $17.3 million and is expected to be recognized over the three-year vesting period.

17. Issuance of Common Stock

On May 31, 2017, the Bank's former holding company completed the issuance and sale of 6,600,000 shares of its common stock which, net of stock issuance costs of $247,000, generated net proceeds of approximately $299.7 million. The Bank expects to use the proceeds from this offering to support its organic growth, including growth in non-purchased loans, for potential future acquisitions and for general corporate purposes.

18. Commitments and Contingencies

The Bank is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments primarily include standby letters of credit and commitments to extend credit.

Outstanding standby letters of credit are contingent commitments issued by the Bank generally to guarantee the performance of a customer in third party borrowing arrangements. The maximum amount of future payments the Bank could be required to make under these letters of credit at December 31, 2017 and 2016 is $20.7 million and $54.3 million, respectively. The Bank holds collateral to support letters of credit when deemed necessary. Collateralized commitments at December 31, 2017 and 2016 totaled $19.3 million and $48.9 million, respectively.

The Bank's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit is represented by the contractual amount of those instruments. The Bank has the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since these commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, is based on management's credit evaluation of the counterparty. The type of collateral held varies but may include accounts receivable, inventory, property, plant and equipment, and other real or personal property.

The Bank's outstanding commitments to extend credit consist primarily of loans closed but not yet funded. The following table shows the contractual maturities of outstanding commitments to extend credit, excluding mortgage IRLC, as of the date indicated.

Maturity	Contractual Maturities at December 31, 2017
	(Dollars in thousands)
2018	$ 1,185,825
2019	3,281,869
2020	5,618,573
2021	2,860,410
2022	57,725
Thereafter	188,037
Total	$ 13,192,439

The Bank is a party to various legal proceedings, as both plaintiff and defendant, arising in the ordinary course of business, including claims of lender liability, broken promises, and other similar lending-related claims. While the ultimate resolution of these claims and proceedings cannot be determined at this time, management believes that such claims and proceedings, individually or in the aggregate, will not have a material adverse effect on the future results of operations, financial condition, or liquidity of the Bank.

19. Related Party Transactions

The Bank has, in the ordinary course of business, lending transactions with certain of its officers, directors, director nominees and their related and affiliated parties ("related parties"). The following table is a summary of activity of loans to related parties for the periods indicated.

	Year Ended December 31,		
	2017	2016	2015
	(Dollars in thousands)		
Balance – beginning of year	$ 731	$ 1,528	$ 7,920
New loans and advances	2,070	10,583	9,295
Repayments	(1,777)	(11,380)	(14,542)
Change in composition of related parties	—	—	(1,145)
Balance – end of year	$ 1,024	$ 731	$ 1,528

The Bank had outstanding commitments to extend credit to related parties totaling $1.5 million and $5.2 million at December 31, 2017 and 2016, respectively.

20. Regulatory Matters

The Bank is subject to various regulatory capital requirements administered by federal and state banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and discretionary actions by regulators that, if undertaken, could have a direct material effect on the Bank's financial condition and results of operations. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of its assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about component risk weightings and other factors.

In recent years, the FDIC and other federal banking regulators revised the risk-based capital requirements applicable to insured depository institutions, including the Bank, to make them consistent with agreements reached by the Basel Committee on Banking Supervision ("Basel III") and certain provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Basel III Rules"). The Basel III Rules became effective for the Bank on January 1, 2015 (subject to a phase-in period for certain provisions). The Basel III Rules require the maintenance of minimum amounts and ratios of common equity tier 1 capital, tier 1 capital and total capital to risk-weighted assets, and of tier 1 capital to adjusted quarterly average assets.

Under the Basel III Rules, common equity tier 1 capital consists of common stock and paid-in capital (net of treasury stock) and retained earnings. Common equity tier 1 capital is reduced by goodwill, certain intangible assets, net of associated deferred tax

liabilities, deferred tax assets that arise from tax credit and net operating loss carryforwards, net of any valuation allowance, and certain other items as specified by the Basel III Rules.

Tier 1 capital includes common equity tier 1 capital and certain additional tier 1 items as provided under the Basel III Rules. The tier 1 capital for the Bank consists of common equity tier 1 capital and, prior to the third quarter of 2016, $118 million of trust preferred securities issued by the Trusts. The Basel III Rules include certain provisions that require trust preferred securities be phased out of qualifying tier 1 capital for certain institutions depending on the size of the institution as measured by total assets. As a result of the Bank's acquisitions of C&S on July 20, 2016 and C1 on July 21, 2016, the Bank's total assets exceeded $15 billion. Accordingly, pursuant to the Basel III Rules, the Bank's trust preferred securities are no longer included in tier 1 capital as of September 30, 2016, but continue to be included in total capital.

Basel III Rules allow for insured depository institutions to make a one-time election not to include most elements of accumulated other comprehensive income in regulatory capital and instead effectively use the existing treatment under the general risk-based capital rules. The Bank made this opt-out election to avoid significant variations in the level of capital depending upon the impact of interest rate fluctuations on the fair value of its investment securities portfolio.

Total capital includes tier 1 capital and tier 2 capital. Tier 2 capital includes, among other things, the allowable portion of the ALL, and, for the Bank, the trust preferred securities and the subordinated notes.

The Basel III Rules also changed the risk-weights of assets in an effort to better reflect perceived credit risk and other risk exposures. These include a 150% risk weight (up from 100%) for certain high volatility commercial real estate acquisition, development and construction loans and the unsecured portion of non-residential mortgage loans that are 90 days past due or otherwise on nonaccrual status; a 20% (up from 0%) credit conversion factor for the unused portion of a commitment with an original maturity of one year or less that is not unconditionally cancellable; a 250% risk weight (up from 100%) for mortgage servicing rights and deferred tax assets that are not deducted from capital; and increased risk weights (from 0% to up to 600%) for equity exposures.

The common equity tier 1 capital, tier 1 capital and total capital ratios are calculated by dividing the respective capital amounts by risk-weighted assets. The leverage ratio is calculated by dividing tier 1 capital by adjusted quarterly average total assets.

The Basel III Rules limit capital distributions and certain discretionary bonus payments if the banking organization does not hold a "capital conservation buffer" consisting of 2.5% of common equity tier 1 capital, tier 1 capital and total capital to risk-weighted assets in addition to the amount necessary to meet minimum risk-based capital requirements. The capital conservation buffer began phasing in January 1, 2016 at 0.625% of risk-weighted assets, and will increase each year until fully implemented at 2.5% on January 1, 2019. When fully phased in on January 1, 2019, the Basel III Rules will require the Bank to maintain (i) a minimum ratio of common equity tier 1 capital to risk-weighted assets of at least 4.5%, plus a 2.5% capital conservation buffer, which effectively results in a minimum ratio of 7.0% upon full implementation, (ii) a minimum ratio of tier 1 capital to risk-weighted assets of at least 6.0%, plus a 2.5% capital conservation buffer, which effectively results in a minimum ratio of 8.5% upon full implementation, (iii) a minimum ratio of total capital to risk-weighted assets of at least 8.0%, plus a 2.5% capital conservation buffer, which effectively results in a minimum ratio of 10.5% upon full implementation and (iv) a minimum leverage ratio of 4.0%. Additionally, in order to be considered well-capitalized under the Basel III Rules, the Bank must maintain (i) a ratio of common equity tier 1 capital to risk-weighted assets of at least 6.5%, (ii) a ratio of tier 1 capital to risk-weighted assets of at least 8.0%, (iii) a ratio of total capital to risk-weighted assets of at least 10.0% and (iv) a leverage ratio of at least 5.0%.

The following table presents actual and required capital ratios as of the dates indicated under the Basel III Rules. The minimum required capital amounts presented include the minimum required capital levels as of December 31, 2017 and 2016, respectively, based on the phase-in provisions of the Basel III Rules and the minimum required capital levels as of January 1, 2019 when the Basel III Rules have been fully phased-in. Capital levels required to be considered well capitalized are based upon prompt corrective action regulations, as amended to reflect the changes under the Basel III Rules.

	Actual		Minimum Capital Required – Basel III Phase-In Schedule		Minimum Capital Required – Basel III Fully Phased-In		Required to be Considered Well Capitalized	
	Capital Amount	Ratio	Capital Amount	Ratio	Capital Amount	Ratio	Capital Amount	Ratio
	(Dollars in thousands)							
December 31, 2017:								
Common equity tier 1 to risk-weighted assets	$2,753,656	11.17%	$1,417,572	5.75%	$1,725,740	7.00%	$1,602,473	6.50%
Tier 1 capital to risk-weighted assets	2,753,656	11.17	1,787,374	7.25	2,095,542	8.50	1,972,275	8.00
Total capital to risk-weighted assets	3,190,776	12.94	2,280,442	9.25	2,588,610	10.50	2,465,343	10.00
Tier 1 leverage to average assets	2,753,656	13.83	796,595	4.00	796,595	4.00	995,743	5.00
December 31, 2016:[(1)]								
Common equity tier 1 to risk-weighted assets	$2,093,548	9.99%	$1,074,382	5.125%	$1,467,448	7.00%	$1,362,631	6.50%
Tier 1 capital to risk-weighted assets	2,093,548	9.99	1,388,835	6.625	1,781,902	8.50	2,093,548	8.00
Total capital to risk-weighted assets	2,513,089	11.99	1,808,106	8.625	2,201,173	10.50	2,093,548	10.00
Tier 1 leverage to average assets	2,093,548	11.99	698,438	4.00	698,438	4.00	873,048	5.00

(1) On June 26, 2017, the Bank completed an internal restructuring that eliminated its bank holding company. As a result, the prior period regulatory capital ratios have been adjusted to reflect this internal restructuring as if it was effective as of December 31, 2016.

As of December 31, 2017 and 2016, the most recent notification from the regulators categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the Bank's category.

The state bank commissioner's approval is required before the Bank can declare and pay any dividend of 75% or more of the net profits of the Bank after all taxes for the current year plus 75% of the retained net profits for the immediately preceding year. At December 31, 2017 and 2016, respectively, approximately $359 million and $234 million were available for payment of dividends by the Bank without the approval of regulatory authorities.

Under federal banking regulation, the Bank is also limited as to the amount it may loan to its affiliates, and such loans must be collateralized by specific types of collateral. The maximum amount available for loan from the Bank is limited to 10% of the Bank's capital and surplus or approximately $346 million and $310 million at December 31, 2017 and 2016, respectively.

21. Fair Value Measurements

The Bank measures certain of its assets and liabilities on a fair value basis using various valuation techniques and assumptions, depending on the nature of the asset or liability. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Additionally, fair value is used either annually or on a non-recurring basis to evaluate certain assets and liabilities for impairment or for disclosure purposes. At December 31, 2017 and 2016, the Bank had no material liabilities that were accounted for at fair value.

The Bank applies the following fair value hierarchy.

Level 1 – Quoted prices for identical instruments in active markets.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable.

Level 3 – Instruments whose inputs are unobservable.

The following table sets forth the Bank's assets, as of the dates indicated, that are accounted for at fair value.

	Level 1	Level 2	Level 3	Total
		(Dollars in thousands)		
December 31, 2017:				
Investment securities AFS [1]:				
Obligations of state and political subdivisions	$ —	$ 648,134	$ 16,425	$ 664,559
Mortgage-backed securities [2]	—	1,899,024	—	1,899,024
U.S. Government agency securities	—	29,233	—	29,233
CRA qualified investment fund	1,057	—	—	1,057
Total investment securities AFS	1,057	2,576,391	16,425	2,593,873
Impaired non-purchased loans	—	—	11,892	11,892
Impaired purchased loans	—	—	10,019	10,019
Foreclosed assets	—	—	25,357	25,357
Total assets at fair value	$ 1,057	$ 2,576,391	$ 63,693	$ 2,641,141
December 31, 2016:				
Investment securities AFS [1]:				
Obligations of state and political subdivisions	$ —	$ 901,634	$ 17,379	$ 919,013
Mortgage-backed securities [2]	—	505,356	—	505,356
U.S. Government agency securities	—	30,134	—	30,134
Corporate obligations	—	9,915	—	9,915
CRA qualified investment fund	1,034	—	—	1,034
Total investment securities AFS	1,034	1,447,039	17,379	1,465,452
Impaired non-purchased loans	—	—	10,243	10,243
Impaired purchased loans	—	—	6,516	6,516
Foreclosed assets	—	—	43,702	43,702
Total assets at fair value	$ 1,034	$ 1,447,039	$ 77,840	$ 1,525,913

(1) Does not include shares of FHLB and FNBB stock that do not have readily determinable fair values and are carried at aggregate cost of $28.9 million at December 31, 2017 and $6.2 million at December 31, 2016.
(2) These mortgage-backed securities were issued by U.S. Government agencies.

The following table presents information related to Level 3 non-recurring fair value measurements as of the date indicated.

Description	Fair Value at December 31, 2017	Technique	Unobservable Inputs
		(Dollars in thousands)	
Impaired non-purchased loans	$ 11,892	Third party appraisal[1] or discounted cash flows	1. Management discount based on underlying collateral characteristics and market conditions 2. Life of Loan
Impaired purchased loans	$ 10,019	Third party appraisal[1] and/or discounted cash flows	1. Management discount based on underlying collateral characteristics and market conditions 2. Life of Loan
Foreclosed assets	$ 25,357	Third party appraisal,[1] broker price opinions and/or discounted cash flows	1. Management discount based on asset characteristics and market conditions 2. Discount rate 3. Holding period

(1) The Bank utilizes valuation techniques consistent with the market, cost, and income approaches, or a combination thereof in determining fair value.

The following methods and assumptions are used to estimate the fair value of the Bank's assets that are accounted for at fair value.

Investment securities – The Bank utilizes independent third parties as its principal sources for determining fair value of investment securities which are measured on a recurring basis. As a result, the Bank receives estimates of fair values from at least two independent pricing sources for the majority of its individual securities within its investment portfolio. For investment securities traded in an active market, the fair values are obtained from independent pricing services and are based on quoted market prices if available. If quoted market prices are not available, fair values are based on market prices for comparable securities, broker quotes or comprehensive interest rate tables, pricing matrices or a combination thereof. For investment securities traded in a market that is not active, fair value is determined using unobservable inputs. All fair value estimates of the Bank's investment securities are reviewed on a quarterly basis.

The Bank has determined that certain of its investment securities had a limited to non-existent trading market at December 31, 2017 and 2016. As a result, the Bank considers these investments as Level 3 in the fair value hierarchy. Specifically the fair values of certain obligations of state and political subdivisions consisting of certain unrated private placement bonds (the "private placement bonds") in the amount of $16.4 million and $17.4 million at December 31, 2017 and 2016, respectively, were calculated using Level 3 hierarchy inputs and assumptions as the trading market for such securities was determined to be "not active." This determination was based on the limited number of trades or, in certain cases, the existence of no reported trades for the private placement bonds. The private placement bonds are generally prepayable at par value at the option of the issuer. As a result, management believes the private placement bonds should be valued at the lower of (i) the matrix pricing provided by the Bank's third party pricing services for comparable unrated municipal securities or (ii) par value. At December 31, 2017 and 2016, the third party pricing matrices valued the Bank's total portfolio of private placement bonds equal to their respective par values. Accordingly, at December 31, 2017 and 2016 the Bank reported the private placement bonds at $16.4 million and $17.4 million, respectively.

Impaired non-purchased loans – Fair values are measured on a non-recurring basis based on the underlying collateral value of the impaired loan, reduced for holding and selling costs, or the estimated discounted cash flows for such loan. The Bank has reduced the carrying value of its impaired non-purchased loans (all of which are included in nonaccrual loans) by $4.1 million and $5.8 million, respectively, to the estimated fair value of $11.9 million and $10.2 million, respectively, for such loans at December 31, 2017 and 2016. These adjustments to reduce the carrying value of impaired non-purchased loans to estimated fair value at December 31, 2017 and 2016 consisted of $3.0 million of partial or full charge-offs and $1.1 million and $2.8 million, respectively, of specific loan loss allocations.

Impaired purchased loans – Impaired purchased loans are measured at fair value on a non-recurring basis. At December 31, 2017 and 2016, the Bank had identified purchased loans where management had determined it was probable that the Bank would be unable to collect all amounts according to the contractual terms thereof (for purchased loans without evidence of credit deterioration at date of acquisition) or the expected performance of such loans had deteriorated from management's performance expectations established in conjunction with the determination of the Day 1 Fair Values or since management's most recent review of such portfolio's performance (for purchased loans with evidence of credit deterioration at date of acquisition). As a result the Bank recorded net charge-offs, totaling $3.6 million during 2017 and $2.9 million during 2016 for such loans. The Bank recorded $3.6 million during 2017 and $3.3 million during 2016 of provision for purchased loans. Additionally, the Bank transferred certain of these purchased loans to foreclosed assets. As a result of these actions, the Bank had $10.0 million of impaired purchased loans at December 31, 2017 and $6.5 million of impaired purchased loans at December 31, 2016.

Foreclosed assets – Repossessed personal properties and real estate acquired through or in lieu of foreclosure, excluding purchased foreclosed assets, are initially recorded at fair value less estimated cost to sell at the date of repossession or foreclosure. Purchased foreclosed assets are initially recorded at Day 1 Fair Values. In estimating such Day 1 Fair Values, management considered a number of factors including, among others, appraised value, estimated selling price, estimated holding periods and net present value of cash flows expected to be received.

Valuations of all foreclosed assets are periodically reviewed by management with the carrying value of such assets adjusted through non-interest expense to the then estimated fair value, generally based on third party appraisals, broker price opinions or other valuations of the property, net of estimated selling costs, if lower, until disposition.

The following table presents additional information for the periods indicated about assets measured at fair value on a recurring basis and for which the Bank has utilized Level 3 inputs to determine fair value.

	Investment Securities AFS
	(Dollars in thousands)
Balances – December 31, 2015	$ 18,504
Total unrealized gains/(losses) included in other comprehensive income	(363)
Paydowns and maturities	(762)
Transfers in and/or out of Level 3	—
Balances – December 31, 2016	17,379
Total realized gains included in earnings	1,197
Total unrealized gains/(losses) included in other comprehensive income	65
Paydowns and maturities	(1,019)
Sales	(1,197)
Transfers in and/or out of Level 3	—
Balances – December 31, 2017	$ 16,425

22. Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of financial instruments.

Cash and due from banks – For these short-term instruments, the carrying amount is a reasonable estimate of fair value.

Investment securities – The Bank utilizes independent third parties as its principal sources for determining fair value of investment securities which are measured on a recurring basis. As a result, the Bank receives estimates of fair values from at least two independent pricing sources for the majority of its individual securities within its investment portfolio. For investment securities traded in an active market, the fair values are obtained from independent pricing services and are based on quoted market prices if available. If quoted market prices are not available, fair values are based on market prices for comparable securities, broker quotes, comprehensive interest rate tables, pricing matrices or a combination thereof. For investment securities traded in a market that is not active, fair value is determined using unobservable inputs. All fair value estimates of the Bank's investment securities are reviewed on a quarterly basis. The Bank's investments in the common stock of the FHLB and FNBB of $28.9 million and $6.2 million, in the aggregate, at December 31, 2017 and 2016, respectively, do not have readily determinable fair values and are carried at cost.

Loans – The fair value of loans, including purchased loans, is estimated by discounting the future cash flows using the current rate at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities.

Deposit liabilities – The fair value of demand deposits, savings accounts, money market deposits and other transaction accounts is the amount payable on demand at the reporting date. The fair value of fixed maturity time deposits is estimated using the rate currently available for deposits of similar remaining maturities.

Repurchase agreements – For these short-term instruments, the carrying amount is a reasonable estimate of fair value.

Other borrowed funds – For these short-term instruments, the carrying amount is a reasonable estimate of fair value. The fair value of long-term instruments is estimated based on the current rates available to the Bank for borrowings with similar terms and remaining maturities.

Subordinated notes and debentures – The fair values of these instruments are based primarily upon discounted cash flows using rates for securities with similar terms and remaining maturities.

Off-balance sheet instruments – The fair values of commercial loan commitments and letters of credit are based on fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements. The fair values of commercial loan commitments and letters of credit were not material at December 31, 2017 and 2016.

The fair values of certain of these instruments were calculated by discounting expected cash flows, which contain numerous uncertainties and involve significant judgments by management. Fair value is the estimated amount at which financial assets or liabilities could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. Because no

market exists for certain of these financial instruments and because management does not intend to sell these financial instruments, the Bank does not know whether the fair values shown below represent values at which the respective financial instruments could be sold individually or in the aggregate.

The following table presents the carrying amounts and estimated fair values as of the dates indicated and the fair value hierarchy of the Bank's financial instruments.

		December 31,			
		2017		2016	
	Fair Value Hierarchy	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
		(Dollars in thousands)			
Financial assets:					
Cash and cash equivalents	Level 1	$ 440,388	$ 440,388	$ 866,360	$ 866,360
Investment securities AFS	Levels 1, 2 and 3	2,622,796	2,622,796	1,471,612	1,471,612
Loans, net of ALL	Level 3	15,948,909	15,696,876	14,486,574	14,221,113
Financial liabilities:					
Demand, savings and interest bearing transaction deposits	Level 1	$12,777,745	$12,777,745	$10,637,813	$10,637,813
Time deposits	Level 2	4,414,600	4,430,627	4,937,065	4,965,279
Repurchase agreements with customers	Level 1	69,331	69,331	65,110	65,110
Other borrowings	Level 2	22,320	22,344	41,903	42,696
Subordinated notes	Level 2	222,899	219,356	222,516	223,133
Subordinated debentures	Level 2	118,800	94,057	118,242	84,478

23. Supplemental Cash Flow Information

The following is a summary of supplemental cash flow information for the periods indicated:

	Year Ended December 31,		
	2017	2016	2015
	(Dollars in thousands)		
Cash paid during the period for:			
Interest	$ 114,765	$ 53,370	$ 28,567
Income taxes	172,890	125,980	57,948
Supplemental schedule of non-cash investing and financing activities:			
Loans and other assets transferred to foreclosed assets	17,193	25,103	19,347
Loans advanced for sales of foreclosed assets	—	271	—
Net change in unrealized gains and losses on investment securities AFS	23,258	(52,736)	(10,395)
Common stock issued in merger and acquisition transactions	—	1,135,863	303,865

24. Non-Interest Income and Other Operating Expenses

The following is a summary of gains on sales of other assets for the periods indicated.

	Year Ended December 31,		
	2017	2016	2015
	(Dollars in thousands)		
Gain (loss) on sales of loans	$ 1,165	$ (188)	$ 6,285
Gain on sales of foreclosed assets	3,527	3,648	8,365
Gain on sales of premises and equipment and other assets	861	696	103
Gain on sales of other assets	$ 5,553	$ 4,156	$ 14,753

The following is a summary of other operating expenses for the periods indicated.

	Year Ended December 31,		
	2017	2016	2015
	(Dollars in thousands)		
Postage and supplies	$ 7,769	$ 5,566	$ 3,950
Telephone and data lines	13,935	8,800	5,948
Advertising and public relations	5,989	5,617	2,805
Professional and outside services	32,441	21,330	12,594
Software expense	10,126	4,950	2,635
Travel and meals	8,477	8,130	3,047
FDIC and state assessments	3,414	1,626	1,308
FDIC insurance	9,700	5,125	3,795
ATM expense	5,725	4,774	2,665
Loan collection and repossession expense	5,303	4,612	5,068
Writedowns of foreclosed assets	3,488	3,610	3,803
Amortization of intangible assets	12,580	9,037	6,660
FHLB prepayment penalties	—	—	8,853
Other	8,333	7,221	8,650
Total other operating expenses	$ 127,280	$ 90,398	$ 71,781

25. Earnings Per Common Share ("EPS")

The following table sets forth the computation of basic and diluted EPS for the periods indicated.

	Year Ended December 31,		
	2017	2016	2015
	(In thousands, except per share amounts)		
Numerator:			
Distributed earnings allocated to common stockholders	$ 88,732	$ 62,173	$ 47,079
Undistributed earnings allocated to common stockholders	333,159	207,806	135,174
Net earnings allocated to common stockholders	$ 421,891	$ 269,979	$ 182,253
Denominator:			
Denominator for basic EPS – weighted-average common shares	125,465	104,409	86,785
Effect of dilutive securities – stock options	344	291	563
Denominator for diluted EPS – weighted-average common shares and assumed conversions	125,809	104,700	87,348
Basic EPS	$ 3.36	$ 2.59	$ 2.10
Diluted EPS	$ 3.35	$ 2.58	$ 2.09

Options to purchase 1,109,870 shares, 650,197 shares and 656,181 shares, respectively, of the Bank's common stock at a weighted-average exercise price of $52.51 per share, $52.76 per share and $52.98 per share, respectively, were outstanding during 2017, 2016 and 2015, but were not included in the computation of diluted EPS because the options' exercise price was greater than the average market price of the common shares and inclusion would have been antidilutive.

26. Changes In and Reclassification From Accumulated Other Comprehensive Income ("AOCI")

The following table presents changes in AOCI for the periods indicated.

	Year Ended December 31,		
	2017	2016	2015
		(Dollars in thousands)	
Beginning balance of AOCI – unrealized gains and losses on investment securities AFS	$ (25,920)	$ 7,959	$ 14,132
Cumulative effect of change in accounting principal	(3,408)	—	—
Beginning balance of AOCI, as adjusted – unrealized gains and losses on investment securities AFS	(29,328)	7,959	14,132
Other comprehensive income (loss):			
Unrealized gains and losses on investment securities AFS	27,291	(52,736)	(4,491)
Tax effect of unrealized gains and losses on investment securities AFS	(8,134)	18,860	1,711
Amounts reclassified from AOCI	(4,033)	(4)	(5,481)
Tax effect of amounts reclassified from AOCI	1,492	1	2,088
Total other comprehensive income (loss)	16,616	(33,879)	(6,173)
Ending balance of AOCI – unrealized gains and losses on investment securities AFS	$ (12,712)	$ (25,920)	$ 7,959

The Bank adopted the provisions of ASU 2018-02 effective as of the beginning of 2017 as a cumulative affect adjustment by reclassifying $3.4 million from accumulated other comprehensive income (loss) to retained earnings.

Amounts reclassified from AOCI are included in net gains on investment securities and the tax effect of amounts reclassified from AOCI are included in provision for income tax in the consolidated statements of income. The amounts reclassified from AOCI relate entirely to unrealized gains/losses on investment securities AFS that were sold during the periods indicated.

27. Parent Company Financial Information

As a result of the Reorganization, the Bank's former parent holding company was merged into the Bank effective June 26, 2017. Accordingly, the following condensed balance sheet, income statement and statement of cost flows are included for the former parent holding company as of and for the years ended prior to the Reorganization.

Condensed Balance Sheets

	December 31, 2016
	(Dollars in Thousands)
Assets:	
Cash	$ 22,179
Investment in consolidated bank subsidiary	3,102,061
Investment in unconsolidated Trusts	3,652
Excess cost over fair value of net assets acquired	1,092
Other, net	10,878
Total assets	$ 3,139,862
Liabilities and Stockholders' Equity:	
Accounts payable	$ 620
Accrued interest payable and other liabilities	6,877
Subordinated notes	222,516
Subordinated debentures	118,242
Total liabilities	348,255
Stockholders' equity:	
Common stock	1,213
Additional paid-in capital	1,901,880
Retained earnings	914,434
Accumulated other comprehensive loss	(25,920)
Total stockholders' equity	2,791,607
Total liabilities and stockholders' equity	$ 3,139,862

Condensed Statements of Income

	Year Ended December 31,	
	2016	2015
	(Dollars in thousands)	
Income:		
Dividends from Bank	$ 71,370	$ 35,100
Dividends from Trusts	115	95
Other	2	8
Total income	71,487	35,203
Expenses:		
Interest	11,199	3,665
Other operating expenses	17,752	13,532
Total expenses	28,951	17,197
Net income before income tax benefit and equity in undistributed earnings of Bank	42,536	18,006
Income tax benefit	12,020	7,137
Equity in undistributed earnings of Bank	215,423	157,110
Net income available to common stockholders	$ 269,979	$ 182,253

Condensed Statements of Cash Flows

	Year Ended December 31,	
	2016	2015
	(Dollars in thousands)	
Cash flows from operating activities:		
Net income available to common stockholders	$ 269,979	$ 182,253
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in undistributed earnings of Bank	(215,423)	(157,110)
Deferred income tax benefit	(1,718)	(1,174)
Stock-based compensation expense	10,754	8,202
Excess tax benefits on exercise of stock options and vesting of restricted common stock	(3,576)	(7,049)
Changes in other assets and other liabilities	6,041	9,458
Net cash provided by operating activities	66,057	34,580
Cash flows from investing activities:		
Cash contributed to Bank	(222,315)	(110,000)
Cash (paid) received in merger and acquisition transactions, net of cash acquired	(6,736)	2,691
Net cash used by investing activities	(229,051)	(107,309)
Cash flows from financing activities:		
Proceeds from exercise of stock options	6,162	5,145
Proceeds from issuance of common stock	—	110,000
Proceeds from issuance of subordinated notes	222,315	—
Excess tax benefits on exercise of stock options and vesting of restricted common stock	3,576	7,049
Repurchase and cancellation of shares of common stock	(3,304)	(6,857)
Cash dividends paid on common stock	(62,173)	(47,079)
Net cash provided by financing activities	166,576	68,258
Net increase (decrease) in cash	3,582	(4,471)
Cash—beginning of year	18,597	23,068
Cash—end of year	$ 22,179	$ 18,597

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

Item 9A. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures.

As of the end of the period covered by this report, our management carried out an evaluation, under the supervision and with the participation of the Bank's Chairman and Chief Executive Officer (principal executive officer) and its Chief Financial Officer and Chief Accounting Officer (principal financial officer), of the effectiveness of the design and operation of our disclosure controls and procedures as defined in SEC Rule 13a-15(e) under the Exchange Act. Disclosure controls and procedures are controls and other procedures designed to ensure that the information required to be disclosed in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including our principal executive and principal financial officers, as appropriate, to allow for timely decisions regarding required disclosure. Based on that evaluation, the principal executive officer and principal financial officer concluded that, as of the end of the period covered by this report, the Bank's disclosure controls and procedures were effective.

(b) Changes in Internal Control Over Financial Reporting.

The Bank's management, including the Bank's Chairman and Chief Executive Officer and its Chief Financial Officer and Chief Accounting Officer, have evaluated any changes in the Bank's internal control over financial reporting that occurred during the Bank's fourth quarter ended December 31, 2017 and have concluded that there was no change during the Bank's fourth quarter ended December 31, 2017 that has materially affected, or is reasonably likely to materially affect, the Bank's internal control over financial reporting.

(c) Report of Management on the Bank's Internal Control Over Financial Reporting

February 27, 2018

Management of Bank of the Ozarks is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are made only in accordance with authorizations of management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Management of Bank of the Ozarks, including the Chief Executive Officer and the Chief Financial Officer and Chief Accounting Officer, has assessed the effectiveness of the Bank's internal control over financial reporting as of December 31, 2017, based on criteria for effective internal control over financial reporting described in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has concluded that the Bank's internal control over financial reporting was effective as of December 31, 2017, based on the specified criteria.

PricewaterhouseCoopers, LLP, the independent registered public accounting firm that audited the Bank's Consolidated Financial Statements included in this Annual Report on Form 10-K, has also audited the effectiveness of the Bank's internal control over financial reporting as of December 31, 2017. Their report is included in Item 8 under the heading "Report of Independent Registered Public Accounting Firm."

/s/ George Gleason	/s/ Greg McKinney
George Gleason	Greg McKinney
Chairman and Chief Executive Officer	*Chief Financial Officer and Chief Accounting Officer*

Item 9B. OTHER INFORMATION

None.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by Item 401 of Regulation S-K regarding directors is incorporated herein by this reference to the Bank's Proxy Statement to be filed with the FDIC within 120 days of the Bank's fiscal year-end.

The information required by Item 405, Item 407(c)(3), Item 407 (d)(4) and Item 407 (d)(5) of Regulation S-K is incorporated herein by this reference to the Bank's Proxy Statement to be filed with the FDIC within 120 days of the Bank's fiscal year-end.

In accordance with Item 406 of Regulation S-K, the Bank has adopted a code of ethics that applies to certain Bank executives. The code of ethics is posted on the Bank's Internet website at www.bankozarks.com under "Investor Relations."

Item 11. EXECUTIVE COMPENSATION

The information required by Item 402, Item 407 (e)(4) and Item 407 (e)(5) of Regulation S-K is incorporated herein by this reference to the Bank's Proxy Statement to be filed with the FDIC within 120 days of the Bank's fiscal year-end.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS

The information required by Item 201(d) and Item 403 of Regulation S-K is incorporated herein by this reference to the Bank's Proxy Statement to be filed with the FDIC within 120 days of the Bank's fiscal year-end.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by Item 404 and Item 407(a) is incorporated herein by this reference to the Bank's Proxy Statement to be filed with the FDIC within 120 days of the Bank's fiscal year-end.

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by Item 9(e) of Schedule 14A regarding audit fees, audit committee pre-approval policies, and related information is incorporated herein by this reference to the Bank's Proxy Statement to be filed with the FDIC within 120 days of the Bank's fiscal year-end.

PART IV

Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) List the following documents filed as a part of this report:

(1) The Consolidated Financial Statements of the Registrant.

Reference is made to Part II, Item 8 of this Annual Report on Form 10-K.

(2) Financial Statement Schedules.

Reference is made to Selected Quarterly Financial Data, Part II, Item 6 of this Annual Report on Form 10-K.

(3) Exhibits.

See Item 15(b) to this Annual Report on Form 10-K.

(b) Exhibits.

The exhibits to this Annual Report on Form 10-K are listed in the Exhibit Index following the signature page to this Form 10-K.

(c) Financial Statement Schedules.

See Part IV, Item 15(a)(2) of this Annual Report on Form 10-K.

Item 16. FORM 10-K SUMMARY

Not Applicable.

EXHIBIT INDEX

The following exhibits are filed with this report or are incorporated by reference to previously filed material.

Exhibit No.	
2.1	Agreement and Plan of Merger among Bank of the Ozarks, Inc., Bank of the Ozarks, Community & Southern Holdings, Inc. and Community & Southern Bank, dated as of October 19, 2015 (previously filed as Exhibit 2.1 to the Bank's Quarterly Report on Form 10-Q filed with the FDIC on August 8, 2017, and incorporated herein by reference)
2.2	Agreement and Plan of Merger among Bank of the Ozarks, Inc., Bank of the Ozarks, C1 Financial, Inc. and C1 Bank, dated as of November 9, 2015 (previously filed as Exhibit 2.2 to the Bank's Quarterly Report on Form 10-Q filed with the FDIC on August 8, 2017, and incorporated herein by reference)
2.3	Agreement and Plan of Merger among Bank of the Ozarks, Inc. and Bank of the Ozarks, dated as of April 10, 2017 (previously filed as Exhibit 2.1 to the Bank's Current Report on Form 10-K filed with the FDIC on June 26, 2017, and incorporated herein by reference)
3.1	Amended and Restated Articles of Incorporation of Bank of the Ozarks (previously filed as Exhibit 3.1 to the Bank's Current Report on Form 8-K filed with the FDIC on June 26, 2017, and incorporated herein by reference)
3.2	Amended and Restated Bylaws of Bank of the Ozarks (previously filed as Exhibit 3.2 to the Bank's Current Report on Form 8-K filed with the FDIC on June 26, 2017, and incorporated herein by reference)
4.1	Form of Common Stock Certificate (previously filed as Exhibit 4.2 to the Bank's Current Report on Form 8-K filed with the FDIC on June 26, 2017, and incorporated herein by reference)
4.2	Instruments defining the rights of security holders, including indentures. The Bank hereby agrees to furnish to the FDIC upon request copies of instruments defining the rights of holders of long-term debt of the Bank and its consolidated subsidiaries; no issuance of debt exceeds ten percent of the assets of the Bank and its subsidiaries on a consolidated basis
10.1*	Form of Indemnification Agreement for directors and executive officers, filed herewith (1)
10.2*	Amended and Restated Deferred Compensation Plan, as amended effective June 26, 2017, filed herewith (1)
10.3*	Split Dollar Insurance Agreement with Bank of the Ozarks as Trustee of the Linda and George Gleason Insurance Trust, effective as of May 4, 2010, filed herewith (1)
10.4*	Split Dollar Insurance Agreement with George G. Gleason, II, effective as of May 4, 2010, filed herewith (1)
10.5*	Split Dollar Designation by Bank of the Ozarks, dated as of May 4, 2010 in respect of George G. Gleason, II as the insured, filed herewith (1)
10.6*	Supplemental Executive Retirement Plan for George G. Gleason, II, effective May 4, 2010, filed herewith (1)
10.7*	Executive Life Insurance Agreement for George G. Gleason, II, effective May 4, 2010, filed herewith (1)
10.8*	Agreement to Terminate Executive Life Insurance Agreement dated December 29, 2017 by and between George Gleason and Bank of the Ozarks (previously filed as Exhibit 99.1 to the Bank's Current Report on Form 8-K filed with the FDIC on December 29, 2017, and incorporated herein by reference)
10.9*	Bank of the Ozarks, Inc. Third Amended and Restated Non-Employee Director Stock Option Plan as of April 15, 2013, filed herewith (1)
10.10*	Form of Stock Option Agreement for Non-Employee Directors, filed herewith (1)
10.11*	Bank of the Ozarks, Inc. Amended and Restated Stock Option Plan, effective May 18, 2015, filed herewith (1)
10.12*	Form of Stock Option Grant Agreement for employees under the Amended and Restated Stock Option Plan, effective May 18, 2015, filed herewith (1)
10.13*	Bank of the Ozarks, Inc. 2009 Restricted Stock and Incentive Plan, as amended on May 19, 2014, filed herewith (1)
10.14*	2014 Form of Notice of Grant of Restricted Stock and Award Agreement, filed herewith (1)
10.15*	Second Amended and Restated Bank of the Ozarks, Inc. 2009 Restricted Stock and Incentive Plan, effective May 16, 2016, filed herewith (1)

10.16*	Form of Notice of Grant of Restricted Stock and Award Agreement for grants under the Second Amended and Restated Restricted Stock and Incentive Plan, effective May 16, 2016, filed herewith (1)
10.17*	Bank of the Ozarks, Inc. Non-Employee Director Stock Plan, as amended effective May 8, 2017, filed herewith (1)
10.18*	Bank of the Ozarks, Inc. 2016 Stock-Based Performance Award Plan, filed herewith (1)
10.19*	Bank of the Ozarks, Inc. 2016 Executive Cash Bonus Plan, filed herewith (1)
10.20*	Bank of the Ozarks, Inc. 2017 Stock-Based Performance Award Plan, filed herewith (1)
10.21*	Bank of the Ozarks, Inc. 2017 Cash-Based Performance Plan, filed herewith (1)
10.22*	Bank of the Ozarks 2018 Executive Management Stock-Based Performance Plan (previously filed as Exhibit 10.1 to the Bank's Current Report on Form 8-K filed with the FDIC on February 27, 2018, and incorporated herein by reference)
10.23*	Bank of the Ozarks 2018 Executive Management Cash-Based Performance Plan (previously filed as Exhibit 10.2 to the Bank's Current Report on Form 8-K filed with the FDIC on February 27, 2018, and incorporated herein by reference)
11.1	Earnings Per Share Computation (included in Note 24 to the Consolidated Financial Statements)
12.1	Computation of Ratios of Earnings to Fixed Charges, filed herewith
21	List of Subsidiaries of the Registrant, filed herewith
31.1	Certification of Chairman and Chief Executive Officer, filed herewith
31.2	Certification of Chief Financial Officer and Chief Accounting Officer, filed herewith
32.1	Certification of Chairman and Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, furnished herewith
32.2	Certification of Chief Financial Officer and Chief Accounting Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, furnished herewith

* Management contract or a compensatory plan or arrangement.
(1) Previously filed by Bank of the Ozarks, Inc., the Bank's former holding company, with the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BANK OF THE OZARKS

By: /s/ Greg McKinney
Chief Financial Officer and Chief Accounting Officer

Date: February 27, 2018

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ George Gleason George Gleason	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	February 27, 2018
/s/ Greg McKinney Greg McKinney	Chief Financial Officer and Chief Accounting Officer (Principal Financial and Accounting Officer)	February 27, 2018
/s/ Nicholas Brown Nicholas Brown	Director	February 27, 2018
/s/ Paula Cholmondeley Paula Cholmondeley	Director	February 27, 2018
/s/ Richard Cisne Richard Cisne	Director	February 27, 2018
/s/ Robert East Robert East	Director	February 27, 2018
/s/ Kathleen Franklin Kathleen Franklin	Director	February 27, 2018
/s/ Catherine B. Freedberg Catherine B. Freedberg	Director	February 27, 2018
/s/ Linda Gleason Linda Gleason	Director	February 27, 2018
/s/ Peter Kenny Peter Kenny	Director	February 27, 2018
/s/ William Koefoed William Koefoed	Director	February 27, 2018
/s/ Henry Mariani Henry Mariani	Director	February 27, 2018
/s/ Jack Mullen Jack Mullen	Director	February 27, 2018
/s/ Robert Proost Robert Proost	Director	February 27, 2018
/s/ John Reynolds John Reynolds	Director	February 27, 2018
/s/ Ross Whipple Ross Whipple	Director	February 27, 2018

Exhibit 12.1

Bank of the Ozarks
Calculation of Ratio of Earnings to Fixed Charges

The following table presents the calculation of the consolidated ratio of earnings to fixed charges for the periods presented.

	Years Ended December 31,				
	2017	2016	2015	2014	2013
	(Dollars in thousands)				
Earnings:					
Add:					
Net income before income taxes	$580,523	$424,358	$276,769	$172,447	$131,414
Fixed charges	116,360	61,813	28,041	21,225	18,831
Other	12	2	2	1	3
Less:					
Interest capitalized	(230)	(47)	(30)	(24)	(24)
Noncontrolling interest of subsidiaries	46	101	61	(18)	28
Earnings	$696,711	$486,227	$304,843	$193,631	$150,252
Fixed Charges:					
Interest expense:					
Deposits	$ 96,083	$ 48,593	$ 17,716	$ 8,566	$ 6,103
FHLB advances, fed funds purchased, subordinated notes and subordinated debentures	19,081	12,457	9,852	12,389	12,531
Interest capitalized	230	47	30	24	57
Estimated interest expense within rental expense	966	716	443	246	140
Preferred dividend requirements	—	—	—	—	—
Fixed charges	$116,360	$ 61,813	$ 28,041	$ 21,225	$ 18,831
Ratio of Earnings to Fixed Charges (including deposit interest)	5.99	7.87	10.87	9.12	7.98
Ratio of Earnings to Fixed Charges (excluding deposit interest)	29.62	33.10	27.81	14.62	11.33

The ratio of earnings to fixed charges is computed in accordance with item 503 of Regulation S-K by dividing (1) income before income taxes, fixed charges and amortization of capitalized interest, less interest capitalized and noncontrolling interest in income of subsidiaries that have not incurred fixed charges by (2) total fixed charges. For purposes of computing this ratio:

- fixed charges, including interest on deposits, include all interest expense, interest capitalized and the estimated portion of rental expense attributable to interest, net of income from subleases; and
- fixed charges, excluding interest on deposits, include interest expense (other than on deposits), interest capitalized and the estimated portion of rental expense attributable to interest, net of income from subleases.

Exhibit 21

Subsidiaries of the Bank

1. Ozark Capital Statutory Trust II, a Connecticut business trust
2. Ozark Capital Statutory Trust III, a Delaware business trust
3. Ozark Capital Statutory Trust IV, a Delaware business trust
4. Ozark Capital Statutory Trust V, a Delaware business trust
5. The Highlands Group, Inc., a 100% owned Arkansas subsidiary of Bank of the Ozarks
6. Arlington Park, LLC, a 50% owned Arkansas subsidiary of The Highlands Group, Inc.
7. BOTO, LLC, a 100% owned Arkansas subsidiary of Bank of the Ozarks
8. ASMSA Investment Fund LLC, a 99% owned Delaware subsidiary of Bank of the Ozarks
9. Open Avenues Investment Fund LLC, a 99% owned Delaware subsidiary of Bank of the Ozarks
10. BOTO FL Properties LLC, a 100% owned Florida subsidiary of Bank of the Ozarks
11. PAB State Credits LLC, a 100% owned Georgia subsidiary of Bank of the Ozarks
12. FCB Properties LLC, a 100% owned Georgia subsidiary of Bank of the Ozarks
13. BOTO NC Properties, LLC, a 100% owned North Carolina subsidiary of Bank of the Ozarks
14. BOTO GA Properties, LLC, a 100% owned Georgia subsidiary of Bank of the Ozarks
15. BOTO-AR Properties, LLC, a 100% owned Arkansas subsidiary of Bank of the Ozarks
16. BOTO SC Properties, LLC, a 100% owned South Carolina subsidiary of Bank of the Ozarks
17. Omnibank Center Business Condominium Owners Association, Inc., a 75.2% owned Texas subsidiary of Bank of the Ozarks
18. Summit Real Estate Investments, Inc., a 100% owned Arkansas subsidiary of Bank of the Ozarks
19. Intervest Statutory Trust II, a Connecticut business trust
20. Intervest Statutory Trust III, a Connecticut business trust
21. Intervest Statutory Trust IV, a Delaware business trust
22. Intervest Statutory Trust V, a Delaware business trust
23. BOTO Holdings, Inc., a 100% owned Texas subsidiary of Bank of the Ozarks
24. RESG Cayman Islands SPE, LLC, a 100% owned Texas subsidiary of Bank of the Ozarks
25. Hughes Meadows Apartments, LP, a 99.99% owned Arkansas subsidiary of Summit Real Estate Investments, Inc.

26. Keiser Apartments Limited Partnership, a 99% owned Arkansas subsidiary of Summit Real Estate Investments, Inc.

27. Ridgecrest Limited Partnership, a 95% owned Arkansas subsidiary of Summit Real Estate Investments, Inc.

28. East Atlantic Properties, LLC, a 100% owned North Carolina subsidiary of Bank of the Ozarks

29. BOTC, LLC, a 100% owned North Carolina subsidiary of Bank of the Ozarks

30. Twin Points Road Clubhouse Properties, LLC, a 100% owned Arkansas subsidiary of Bank of the Ozarks

31. Highway 7 Properties, LLC, a 100% owned Arkansas subsidiary of Bank of the Ozarks

32. Wynwood First, LLC, a 100% owned Florida subsidiary of Bank of the Ozarks

33. BOTO Bankmobile, LLC (FKA C1 Bankmobile, LLC), a 100% owned Florida subsidiary of Bank of the Ozarks

34. Deltona Inn Properties, LLC, a 100% owned Florida subsidiary of Bank of the Ozarks

35. Elizabeth Station, LLC, a 33.34% owned Georgia subsidiary of Bank of the Ozarks

Exhibit 31.1

CERTIFICATIONS

I, George Gleason, certify that:

1. I have reviewed this report on Form 10-K of Bank of the Ozarks;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 27, 2018

/s/ George Gleason

George Gleason
Chairman and Chief Executive Officer

Exhibit 31.2

I, Greg McKinney, certify that:

1. I have reviewed this report on Form 10-K of Bank of the Ozarks, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 27, 2018

/s/ Greg McKinney
Greg McKinney
Chief Financial Officer and Chief Accounting Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the accompanying Annual Report of Bank of the Ozarks (the Company) on Form 10-K for the period ended December 31, 2017 as filed with the Federal Deposit Insurance Corporation (the FDIC) on the date hereof (the Report), I, George Gleason, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

February 27, 2018

/s/ George Gleason
George Gleason
Chairman and Chief Executive Officer

In accordance with SEC Release No. 34-47986, this Exhibit 32.1 is furnished to the FDIC as an accompanying document and is not deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the accompanying Annual Report of Bank of the Ozarks (the Company) on Form 10-K for the period ended December 31, 2017 as filed with the Federal Deposit Insurance Corporation (the FDIC) on the date hereof (the Report), I, Greg McKinney, Chief Financial Officer and Chief Accounting Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

February 27, 2018

/s/ Greg McKinney
Greg McKinney
Chief Financial Officer and Chief Accounting Officer

In accordance with SEC Release No. 34-47986, this Exhibit 32.2 is furnished to the FDIC as an accompanying document and is not deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933.

OUR HISTORY

1903
Newton County Bank chartered in Jasper, AR

1937
Bank of Ozark chartered in Ozark, AR

1979
Gleason purchases Bank of Ozark

1983
Gleason purchases Newton County Bank; assumes charter

1994
Launches *de novo* branching plan; changes name to Bank of the Ozarks

1995
Relocates headquarters to Little Rock, AR

1997
Bank of the Ozarks, Inc. holds initial public stock offering (OZRK)

1998
Begins expansion in Arkansas' three largest cities

2001
Opened Charlotte, NC LPO

2003
RESG division established

2004
Begins *de novo* expansion in Texas with an emphasis on Metro Dallas

2006
Opens 11 new offices, a company record

2008
Opens new headquarters in Little Rock, AR

2010
Completes four FDIC-assisted acquisitions with locations in Georgia, Florida, Alabama, South Carolina and North Carolina

2011
Completes three FDIC-assisted acquisitions with locations in Georgia and Florida

2012
Completes acquisition of The Citizens Bank in Alabama

2013
Completes acquisition of The First National Bank in North Carolina

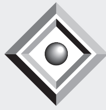
2014
Completes acquisitions of OMNIBANK in Texas and Summit Bank in Arkansas

2015
Completes acquisitions of Intervest National Bank in New York and Florida, and Bank of the Carolinas in North Carolina

2016
Becomes an $18 billion organization based on assets. C1 Bank acquisition and Community & Southern Bank acquisition completed in July

2017
Becomes a $21 billion organization based on assets. The holding company Bank of the Ozarks, Inc. merged into Bank of the Ozarks. Celebrated 20 years as a public company

BANK of the OZARKS



BANK of the OZARKS

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