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**INTERAGENCY BANK MERGER ACT
APPLICATION**

FOR THE MERGER OF

**THE CITIZENS BANK
GENEVA, ALABAMA**

WITH AND INTO

**BANK OF THE OZARKS
LITTLE ROCK, ARKANSAS**

**SUBMITTED TO THE
FEDERAL DEPOSIT INSURANCE CORPORATION**

October 24, 2012

DD&F Consulting Group
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INTERAGENCY BANK MERGER ACT APPLICATION

Check all that apply:

- | Type of Filing | Form of Transaction | Filed Pursuant To |
|-----------------------------------------------------------------------------|---------------------------------------------------------|-------------------------------------------------------|
| <input type="checkbox"/> Affiliate/Corporate Reorganization | <input checked="" type="checkbox"/> Merger | <input checked="" type="checkbox"/> 12 U.S.C. 1828(c) |
| <input type="checkbox"/> Combination with Interim
Depository Institution | <input type="checkbox"/> Consolidation | <input type="checkbox"/> 12 U.S.C. 1815(d)(2) |
| <input checked="" type="checkbox"/> Nonaffiliate Combination | <input type="checkbox"/> Purchase and Assumption | <input type="checkbox"/> 12 U.S.C. 1815(d)(3) |
| <input type="checkbox"/> Other _____ | <input type="checkbox"/> Branch Purchase and Assumption | <input type="checkbox"/> 12 U.S.C. 215, 215a |
| | <input type="checkbox"/> Other _____ | <input type="checkbox"/> 12 U.S.C. 1815(a) |
| | | <input type="checkbox"/> Other _____ |

Applicant Depository Institution

Bank of the Ozarks **121**
Name Charter/ Docket Number

Little Rock **Arkansas** **72223**
City State Zip Code

Target Institution

The Citizens Bank
Name Charter/ Docket Number

515 South Commerce Street
Street

Geneva **Alabama** **36340**
City State Zip Code

Resultant Institution (if different than Applicant)

Name Charter/ Docket Number

Street

City State Zip Code

Contact Person:

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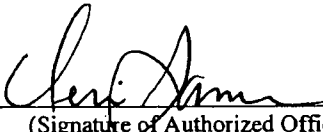
CERTIFICATION

We hereby certify that our board of directors, by resolution, has authorized the filing of this application, and that to the best of our knowledge, it contains no misrepresentations or omissions of material facts. In addition, we agree to notify the agency if the facts described in the filing materially change prior to receiving a decision or prior to consummation. Any misrepresentation or omission of a material fact constitutes fraud in the inducement and may subject us to legal sanctions provided by 18 U.S.C. 1001 and 1007.

We acknowledge that approval of this application is in the discretion of the appropriate federal banking agency. Actions or communications, whether oral, written, or electronic, by an agency or its employees in connection with this filing, including approval of the application if granted, do not constitute a contract, either express or implied, or any other obligation binding upon the agency, other federal banking agencies, the United States, any other agency or entity of the United States, or any officer or employee of the United States. Such actions or communications will not affect the ability of any federal banking agency to exercise its supervisory, regulatory, or examination powers under applicable law and regulations. We further acknowledge that the foregoing may not be waived or modified by any employee or agent of a federal banking agency or of the United States.

Signed this 18th day of October, 2012.

Bank of the Ozarks By
(Applicant)



(Signature of Authorized Officer)

Dennis James

(Typed Name)

Director of Mergers & Acquisitions

(Title)

Citizens Bank By
(Target Institution)

(Signature of Authorized Officer)

(Typed Name)

(Title)

CERTIFICATION

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Signed this 18th day of October, 2012.

Bank of the Ozarks By _____
(Applicant)

(Signature of Authorized Officer)

Dennis James
(Typed Name)

Director of Mergers & Acquisitions
(Title)

Citizens Bank By _____
(Target Institution)

Roy G. Dowdy, Jr.
(Signature of Authorized Officer)

Roy G. Dowdy, Jr.
(Typed Name)

President/CEO
(Title)

INTERAGENCY BANK MERGER ACT APPLICATION

1. Describe the transactions purpose, structure, significant terms and conditions, and financing arrangements, including any plan to raise additional equity or incur debt.

The primary parties to the proposed transaction are listed below, along with short descriptions:

- **Bank of the Ozarks, Inc. (“OZRK”)**, Little Rock, Arkansas, is an Arkansas bank holding company with one wholly-owned subsidiary bank, Bank of the Ozarks.
 - **Bank of the Ozarks (the “Bank” or “BOTO”)**, Little Rock, Arkansas, is a state-chartered, non-Federal Reserve member bank operating from one hundred and sixteen (116) banking offices in Alabama, Arkansas, Florida, Georgia, North Carolina, South Carolina and Texas.
- **Genala Banc, Inc. (“Genala”)**, Geneva, Alabama, is an Alabama bank holding company with one wholly-owned subsidiary bank, The Citizens Bank.
 - **The Citizens Bank (“Citizens”)**, Geneva, Alabama, is a state-chartered non-Federal Reserve member bank operating from one (1) banking office in Geneva County, Alabama. As of September 30, 2012, Citizens had \$166.7 million in total assets, \$45.3 million in loans and \$137.6 million in deposits.

There are currently _____ shares of Genala common stock outstanding. Genala has made a commitment to issue, prior to the merger, an additional _____ shares of Genala common stock to certain directors of Citizens in a one-for-one exchange for surrender of their directors’ qualifying shares of capital stock of Citizens, resulting in a total of _____ shares of Genala common stock to be outstanding immediately prior to the proposed merger. The amount of cash to be received by each Genala shareholder and the number of shares of OZRK common stock to be received by such holder will be determined initially based on each Genala shareholder’s election made after approval of the merger agreement by Genala shareholders, and may be subject to allocation in order to arrive at the appropriate mix of cash and OZRK common stock to be paid.

As previously stated, the subject application contemplates the merger of Citizens with and into BOTO, with BOTO as the surviving institution. The closing of the acquisition is expected to occur in the fourth quarter of 2012 and is subject to approval of appropriate regulatory authorities, and the satisfaction of other customary conditions.

A draft copy of the Articles of Merger is provided as Exhibit A of **Confidential Exhibit 1**. A copy of the executed Agreement between BOTO and Citizens is provided as Exhibit B of **Confidential Exhibit 1**. A certified copy of the minutes of the proposed Arkansas State Bank Department Board hearing in December at which the merger will be approved will be provided by amendment. Certified board resolutions of OZRK, BOTO, and Genala, are provided as **Attachment 1** of this application.

There will be no debt assumed as part of or as a result of the proposed transaction.

Pursuant to the *Federal Deposit Insurance Corporation* rules and regulations, publication of the required legal notice was made in *The Arkansas Democrat-Gazette*, a newspaper of general circulation in Little Rock, Arkansas and in the *Geneva County Reaper*, a newspaper of general circulation in Geneva, Alabama on Wednesday, October 24, 2012, Wednesday, October 31, 2012, and Wednesday, November 14, 2012. A copy of the notice is provided in **Attachment 2**. The original newspaper affidavits will be provided to your office as soon as they are available.

The following information is being provided for the merger of Citizens with and into BOTO. It is anticipated the proposed transaction will consummate during the fourth quarter of 2012.

2. Provide a copy of: (a) the executed merger or transaction agreement, including any amendments; (b) any board of directors resolutions related to the transaction; and, (c) interim charter, names of organizers, and related documents, if applicable.

- a. An executed copy of the Agreement is provided in Exhibit B of the separately bound **Confidential Exhibit 1** (separately bound).
- b. Resolutions of the boards of directors for OZRK, BOTO, and Genala are included in **Attachment 1**.
- c. Not applicable. There will be no interim charter as part of the proposed transaction.

3. Describe any issues of permissibility under applicable state or federal laws or regulations of the proposal (e.g., nonbank activities, branching, qualified thrift lenders test).

There are no issues of permissibility of the proposed transaction under applicable state or federal laws or regulations.

4. Describe any nonconforming or impermissible assets or activities that the applicant or resultant institution may not be permitted to retain under relevant law or regulation, including the method of and anticipated time period for divestiture or disposal.

There are no nonconforming or impermissible assets or activities that the applicant or resultant institution may not be permitted to retain under relevant law or regulation.

5. Provide the indicated financial information and describe the assumptions used to prepare the projected statements, including those about the effect of the merger transaction. Material changes between the date of the financial statements and the date of the application should be disclosed. If there are no material changes, a statement to that effect should be made.

The indicated financial information is being provided as of September 30, 2012. There have been no material changes in the financial condition of BOTO and Citizens since September 30, 2012 and the filing of this application.

- a. **Pro Forma Balance Sheet, as of the end of the most recent quarter and for the first year of operation after the transaction. Indicate separately for the applicant and target institution each principal group of assets, liabilities, and capital accounts; debit and credit adjustments (explained by footnotes), reflecting the proposed acquisition; and the resulting pro forma combined balance sheet. Goodwill and all other intangible assets should be listed separately on the balance sheet. Indicate the amortization period and method used for any intangible asset and the accretion period of any purchase discount on the balance sheet.**

Projected budget and pro forma balance sheets for BOTO and Citizens, for the first year of operation, are provided in Exhibit C of **Confidential Exhibit 1** (separately bound).

- b. **Projected Combined Statement of Income for the first year of operation following consummation.**

The requested pro forma Combined Statement of Income for the first year of operation following consummation is provided in Exhibit C of **Confidential Exhibit 1** (separately bound).

- c. **Pro Forma and Projected Regulatory Capital Schedule, as of the end of the most recent quarter and for the first year of operation, indicating:**
- **Each component item for Tier 1 (Core) and Tier 2 (Supplementary) Capital, Subtotal for Tier 1 and Tier 2 Capital (less any investment in unconsolidated or nonincludable subsidiaries), Total Capital.**
 - **Total risk-weighted assets.**
 - **Capital Ratios: (1) Tier 1 capital to total risk-weighted assets; (2) Total capital to total risk-weighted assets; and (3) Tier 1 capital to average total consolidated assets (leverage ratio).**

Pro forma capital ratio calculations for the first year of operation following consummation of the proposed transaction are provided in Exhibit D of **Confidential Exhibit 1** (separately bound).

6. **List the directors and senior executive officers of the resultant institution and provide the name, address, position with, and shares held in that institution or holding company, and principal occupation (if a director).**

No changes in BOTO's management or directorate are contemplated in connection with the proposed transaction. Information regarding the Board of Directors and Senior Executive Officers for BOTO is provided in **Attachment 3**.

7. **Describe how the proposal will meet the convenience and needs of the community. For the combining institutions, list any significant anticipated changes in services or products that will result from the consummation of the transaction. If any services or products will be discontinued or fees increased, describe and explain the reasons.**

BOTO offers a wider menu of personal and business services than currently offered at Citizens. The Bank will make the full menu of services available to customers of Citizens at the completion of the systems conversion which is scheduled for March 15, 2013. Although a full product review and plan for mapping Citizen's accounts to BOTO accounts has not been completed, a summary review indicating product and service changes is provided in **Attachment 4**.

8. **Discuss the programs, products, and activities of the Applicant or the Resultant Institution that will meet the existing or anticipated needs of its community(ies) under the applicable criteria of the Community Reinvestment Act (CRA) regulation, including the needs of low- and moderate-income geographies and individuals. For an Applicant or Target Institution that has received a CRA composite rating of "needs to improve" or "substantial noncompliance" institution-wide or, where applicable, in a state or a multi-state MSA, or has received an evaluation of less than satisfactory**

performance in an MSA or in the non-MSA portion of a state in which the applicant is expanding as a result of the combination, describe the specific actions, if any, that have been taken to address the deficiencies in the institution's CRA performance record since the rating.

BOTO currently does not have a branch office in Geneva, Alabama but in all of the additional communities it currently serves, the Bank has focused on meeting the needs of low- and moderate-income areas and individuals. BOTO has and will continue to invest in applicable CRA investment products and services.

The most recent CRA examination for Citizens was conducted May 1, 2009 by the Federal Deposit Insurance Corporation. Citizens received a rating of "Outstanding." The most recent CRA examination for BOTO was conducted May 1, 2010 by the Federal Deposit Insurance Corporation. BOTO received a rating of "Satisfactory."

9. **The Reigle-Neal Interstate Banking and Branching Efficiency Act of 1994 imposes additional considerations for certain interstate mergers between insured banks. Savings associations are not subject to 12 USC 1831u. If subject to those provisions, discuss authority; compliance with state age limits and host state(s) filing requirements; and applicability of nationwide and statewide concentration limits. In addition, discuss any other restrictions that the states seek to apply, including state antitrust restrictions.**

Not applicable. Unrestricted interstate branching is now in effect pursuant to Section 613 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

10. **List all offices that: (a) will be established or retained as branches, including the main office, of the target institution; (b) are approved, but unopened branch(es) of the target institution, including the date the current federal or state agencies granted approval(s); (c) are existing branches that will be closed as a result of the proposal and indicate the effect on the branch customers served; and, (d) are being retained as branches in the applicants original home state in the event the applicant is relocating its main office to another state. For each branch, list the popular name, street address, city, county, state, and ZIP Code.**

- a. There is only one branch of Citizens being retained through the proposed transaction; this is Citizens' only branch, popularly known as the Main Office, located at 515 South Commerce Street, Geneva, Geneva County, Alabama 36340.
- b. There are no offices currently approved but unopened of Citizens.
- c. No branches will be closed as a result of this transaction.
- d. Not applicable.

11. **As a result of this transaction, if the Applicant will be or will become affiliated with a company engaged in insurance activities that is subject to supervision by a state insurance regulator, provide:**

Not applicable. BOTO will not become affiliated with a company engaged in insurance activities as a result of the proposed transaction.

- a. **The name of company.**
- b. **A description of the insurance activity that the company is engaged in and has plans to conduct.**
- c. **A list of each state and the lines of business in that state in which the company holds, or will hold, an insurance license. Indicate the state where the company holds a resident license or charter, as applicable.**

A non-affiliate transaction also must reply to items 12 through 14.

- 12. Discuss the effects of the proposed transaction on existing competition in the relevant geographic market(s) where applicant and target institution operate. Applicant should contact the appropriate regulatory agency for specific instructions to complete the competitive analysis.**

The market area for Citizens is comprised of census tracts 501, 502, 503, and 504 in Geneva County, Alabama, and census tracts 9601 and 9602 in Holmes County, Florida. A map of the designated market area is provided in **Attachment 5**. It is the intention of BOTO to maintain the same market area after the merger. As a result of the merger of Citizens with and into BOTO, BOTO's deposit market share in the designated market area will be 32.0%. A full list of competing banks in the market area, showing deposit market share before and after the transaction is provided in **Attachment 6**.

- 13. If the proposed transaction involves a branch sale or any other divestiture of all or any portion of the bank, savings association, or nonbank company to mitigate competitive effects, discuss the timing, purchaser, and other specific information.**

Not applicable. No divestitures of any portion of BOTO are contemplated as part of the proposed transaction.

- 14. Describe any management interlocking relationships (12 USC 3201-3208) that currently exist or would exist following consummation. Include a discussion of the permissibility of the interlock for relevant laws and regulations.**

Not applicable. No management interlocking relationships currently exist or would exist following consummation.

FEDERAL DEPOSIT INSURANCE CORPORATION

SUPPLEMENT TO INTERAGENCY BANK MERGER ACT APPLICATION

All FDIC Applicants should provide the following supplemental information with their application:

15. This section supplements question 12 of the Interagency Bank Merger Act Application for transactions between nonaffiliated parties. Additional guidance relating to the FDIC's consideration of the competitive factors in a proposed merger transaction is contained in the FDIC's Rules and Regulations (12 C.F.R. 303 Subpart D) and Statement of Policy on Bank Merger Transactions (2 FDIC Law, Regulations, and Related Acts (FDIC) 5145).

I. Delineation of the relevant geographic market(s).

The relevant geographic market includes the areas in which the offices to be acquired are located and from which those offices derive the predominant portion of their loans, deposits, or other business. The relevant geographic market also includes the areas where existing and potential customers impacted by the proposed merger may practically turn for alternative sources of banking services.

The market area for Citizens is comprised of census tracts 501, 502, 503, and 504 in Geneva County, Alabama, and census tracts 9601 and 9602 in Holmes County, Florida (the "Designated Market Area"). A map of the Designated Market Area is provided in Attachment 5.

a. Prepare schedules for the Applicant Institution and Target Institution showing the total number of accounts and total dollar volume of deposits¹ for each municipality or census tract, where applicable, according to the recorded address of the depositor (do not submit supporting data). Small amounts may be aggregated and identified as "other." *If the Applicant Institution is a multi-office institution, Applicant Institution deposit information should be provided only for those offices within or proximate to the area(s) described below under paragraph (b).*

A schedule showing the total number and dollar volume of Citizens accounts for each area in the Designated Market Area is provided as Attachment 7. Account information for BOTO is not provided due to the bank being a multi-office institution. In addition, the offices of BOTO are not in the same market areas as Citizens and therefore are not considered alternative banking sources.

b. Identify those areas where existing and potential customers of the offices to be acquired may practically turn for alternative sources of banking services. If consideration of the availability of such alternative banking services results in a

¹ In most cases, total deposits will serve as an adequate proxy for the overall share of banking business in the relevant geographic market area; however, other analytical proxies may be appropriate in certain cases (for example, a merger transaction involving trust companies).

market area considerably different from that indicated by the sources of deposits, discuss and provide necessary supporting information.

The existing and potential customers of Citizens have a number of different alternatives when it comes to banking services. The Designated Market Area is home to six banking institutions with six branch office locations and one credit union. A list of the alternative financial service providers within the relevant geographic market along with their addresses and a description of the types of services offered is provided as **Attachment 8**.

- c. Using the information collected in paragraphs (a) and (b), provide a narrative description of the delineated relevant geographic market(s).**

The Designated Market Area for the Surviving Bank includes census tracts 501, 502, 503 and 504 in Geneva County, Alabama, and census tracts 9601 and 9602 in Holmes County, Florida. A map of the cities/towns and census tracts in the Designated Market Area is provided in **Attachment 5**.

- d. Provide any additional information necessary to support the delineated relevant geographic market(s). Supporting information may include relevant demographic information, locations of major employers, retail trade statistics, and/or information on traffic patterns. Applicants may consult with the applicable FDIC Regional Office in determining whether additional information is necessary.**

The Designated Market Area is the area from which the majority of Citizens deposits are generated. Deposit information as of June 30, 2012 indicates that 65% of Citizen's accounts are from residents in the Designated Market Area.

II. Competition in the relevant geographic market(s).

- a. Prepare a schedule of participating and competing banking institutions' offices, divided into three sections:**

- i. Applicant Institution offices within or proximate to the relevant geographic market(s);**

Not Applicable.

- ii. Target Institution offices within or proximate to the relevant geographic market(s); and**

Citizens currently operates one office in Geneva County located at 515 Commerce Street, Geneva, Alabama 36340.

- iii. Competitor banking offices located or competing within the delineated relevant geographic market(s).**

A schedule of competing institutions in the Designated Market Area is provided as **Attachment 9**.

- b. For each office listed in paragraph (a), provide the street address; total deposits as reported in the most recent *FDIC Summary of Deposits Data Book* (www.fdic.gov/databank); and distance and general direction from the nearest office of Applicant and Target Institution. *In cases where the delineated relevant geographic market includes a significant portion of a larger metropolitan area, provide only a listing of financial institutions and the aggregate total deposits of all offices operated by each within the delineated relevant geographic market(s).*

The schedule provided as **Attachment 9** provides for each office listed in paragraph (a) above, the street addresses, total deposits, distance and general direction from Citizens only branch office.

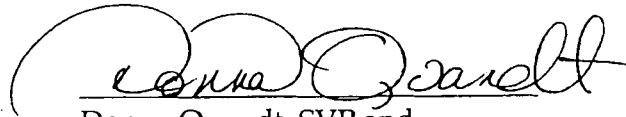
- c. Discuss the extent and intensity of competition in the delineated relevant geographic market(s) provided by nonbank institutions, such as other depository institutions (for example, credit unions) and non-depository institutions (for example, industrial loan companies, finance companies, and/or government agencies). For those institutions regarded as competing in the delineated relevant geographic market(s), provide name, address, and services supplied.

A list of the nonbank institutions that offer alternative financial services within the relevant geographic area including the name of the business, address, and description of services provided is provided as **Attachment 8**. Due to the limited number of nonbank financial service providers, the extent and intensity of competition is relatively low.

CERTIFICATE

I, Donna Quandt, Corporate Secretary of Bank of the Ozarks, Inc. and Bank of the Ozarks hereby certify the attached is a true and correct copy of the action approved by the Board of Directors of Bank of the Ozarks, Inc. and its subsidiary at the special board meeting held on October 4, 2012.

Dated: October 16, 2012


Donna Quandt, SVP and
Corporate Secretary

