BANK of the OZARKS

1Q18

MANAGEMENT COMMENTS

April 12, 2018

FORWARD LOOKING STATEMENTS

This presentation and other communications by Bank of the Ozarks (the "Bank") include certain "forward-looking statements" regarding the Bank's plans, expectations, thoughts, beliefs, estimates, goals and outlook for the future that are intended to be covered by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on management's expectations as well as certain assumptions and estimates made by, and information available to, management at the time. Those statements are not guarantees of future results or performance and are subject to certain known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those expressed in, or implied by, such forward-looking statements. These risks, uncertainties and other factors include, but are not limited to: potential delays or other problems implementing the Bank's growth, expansion and acquisition strategies including delays in identifying sites, hiring or retaining qualified personnel, obtaining regulatory or other approvals, obtaining permits and designing, constructing and opening new offices; the ability to enter into and/or close additional acquisitions; problems with, or additional expenses relating to, integrating acquisitions; the inability to realize expected cost savings and/or synergies from acquisitions; problems with managing acquisitions; the effect of the announcements of any future acquisition on customer relationships and operating results; the availability and access to capital; possible downgrades in the Bank's credit ratings or outlook which could increase the costs or availability of funding from capital markets; the ability to attract new or retain existing or acquired deposits or to retain or grow loans, including growth from unfunded closed loans; the ability to generate future revenue growth or to control future growth in non-interest expense; interest rate fluctuations, including changes in the yield curve between short-term and long-term interest rates; competitive factors and pricing pressures, including their effect on the Bank's 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 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; the ability to keep pace with technological changes, including changes regarding maintaining cybersecurity; FDIC special assessments or changes to regular assessments; the impact of failure in, or breach of, our operational or security systems or infrastructure, or those of third parties with whom we do business, including as a result of cyber-attacks or an increase in the incidence or severity of fraud, illegal payments, security breaches or other illegal acts impacting the Bank or its customers; adoption of new accounting standards or changes in existing standards; and adverse results (including costs, fines, reputational harm and/or other negative effects) from current or future litigation, regulatory examinations or other legal and/or regulatory actions or rulings as well as other factors identified in this communication or as detailed from time to time in our public filings, including those factors included in the disclosures under the headings "Forward-Looking Information" and "Item 1A. Risk Factors" in our most recent Annual Report on Form 10-K for the year ended December 31, 2017. Should one or more of the foregoing risks materialize, or should underlying assumptions prove incorrect, actual results or outcomes may vary materially from those projected in, or implied by, such forward-looking statements. The Bank disclaims any obligation to update or revise any forward-looking statements based on the occurrence of future events, the receipt of new information or otherwise.

1st Quarter 2018 Highlights

We are pleased to report our excellent results for the quarter just ended, including net income of $113.1 million, record net interest income of $217.8 million, an annualized return on average assets of 2.16% and many other accomplishments. Our annualized returns on average common stockholders' equity and average tangible common stockholders' equity[1] for the first quarter of 2018 were 13.17% and 16.53%, respectively, compared to 12.80% and 17.17%, respectively, for the first quarter of 2017. In the quarter just ended, our total assets grew to $22.04 billion, a $764 million, or 3.6%, increase from December 31, 2017.

Net Interest Income

Net interest income is our largest category of revenue. It is affected by many factors including our volume of average earning assets; our mix of average earning assets between non-purchased loans, purchased loans and investment securities; our volume and mix of deposits; our net interest margin; our "core spread," which is the term we use to describe the difference between our yield on non-purchased loans and our cost of interest-bearing deposits; loan and deposit betas; and other factors.

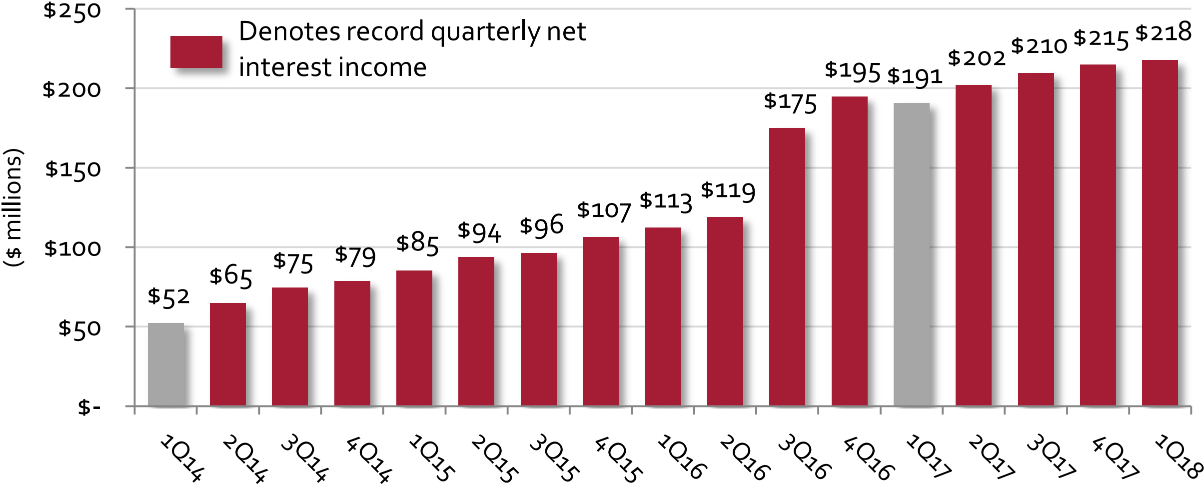
In light of the attention currently surrounding deposit betas, one might be wise to remember the old adage about "not being able to see the forest for the trees." While the individual factors affecting net interest income are each important, improving net interest income is more important than improving any single factor. Increasing net interest income is the ultimate objective.

Using this analogy, our "forest" is doing well. We have now achieved record net interest income in four consecutive quarters, and in 15 of the last 17 quarters. Achieving record net

[1] The calculation of the Bank's return on average tangible common stockholders' equity and the reconciliation to generally accepted accounting principles ("GAAP") are included in the appendix to this disclosure.

interest income in the first quarter is always a satisfying accomplishment, because the first quarter has fewer days, except in leap years, than other quarters and is often our slowest growth quarter. As shown in Figure 1, the only quarters in the last 17 quarters in which we did not achieve record quarterly net interest income were two "first quarters" – 2014 and 2017.

Figure 1: Quarterly Net Interest Income Since 1Q14



Obviously, we have maintained a healthy focus on our primary objective – net interest income. Now, let's look at the various individual factors.

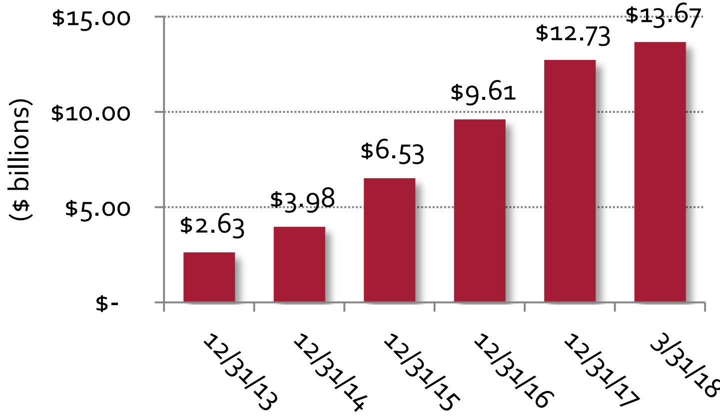
Average Earning Assets – Volume and Mix

Our average earning assets for the quarter just ended totaled $18.92 billion, an increase of 17.2% compared to the first quarter of 2017 and an increase of 3.5% compared to the immediately preceding fourth quarter of 2017. That is a healthy growth rate in average earning assets, even though it was tempered by the ongoing pay-downs in our portfolio of purchased loans, which consists of the remaining loans from our 15 acquisitions since 2010.

Non-purchased loans, which are all loans excluding the remaining loans acquired in our acquisitions, is the most significant contributor to our growth in average earning assets. In the quarter just ended, non-purchased loans accounted for 69% of our average earning assets.

During the quarter, the outstanding balance of our non-purchased loans grew $941 million, or 7.4%, from $12.73 billion at December 31, 2017 to $13.67 billion at March 31, 2018. In the last four quarters, the outstanding balance of our non-purchased loans grew $3.46 billion, or 33.8%.

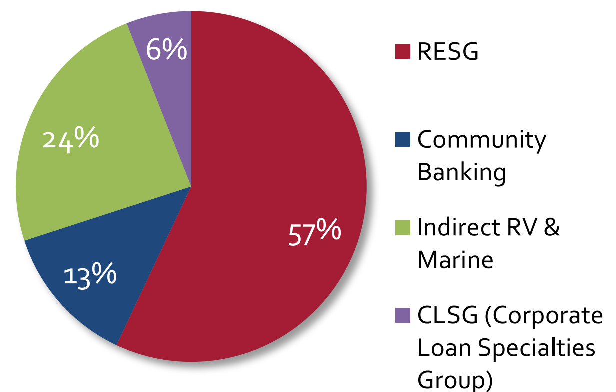
Figure 2: Funded Balance of Non-purchased Loans



Non-purchased loan growth		
	$ Billions	%
2013	$0.52	24%
2014	$1.35	51%
2015	$2.55	64%
2016	$3.08	47%
2017	$3.13	33%
3/31/18 v. 3/31/17	$3.46	34%

Real Estate Specialties Group ("RESG") has been the primary contributor to our non-purchased loan growth for many years, as it was in the quarter just ended. We expect it will continue to be our largest single contributor to non-purchased loan growth.

Figure 3: Non-purchased Loan Growth Mix - 1Q18



On the other hand, in recent years, we have discussed the importance of achieving greater contributions to growth from our other loan teams. In 2017, these other loan teams contributed 54% of our non-purchased loan growth. Although their contribution to our first quarter 2018 non-purchased loan growth, as shown in Figure 3, was slightly lower at 43%, this was still a very meaningful contribution to our excellent

first quarter growth. We expect these other loan teams to continue to build on their positive momentum.

As we have stated in recent conference calls, we expect that our 2018 growth in non-purchased loans will exceed our record $3.13 billion annual growth in non-purchased loans in 2017. While it is early to make comments about 2019, based on our plans and our positive momentum, we expect our volume of non-purchased loan growth in 2019 to exceed 2018's growth.

Our unfunded balance of our loans already closed at March 31, 2018, was $12.55 billion, an increase of $1.29 billion from $11.26 billion at March 31, 2017, but a decrease of $0.64 billion from $13.19 billion at year-end 2017. We do not think this one-quarter decrease reflects a longer-term trend.

Our second largest component of earning assets is purchased loans, which are the remaining loans from our 15 acquisitions since 2010. Over the last four quarters, that portfolio has declined $1.65 billion, or 35.9%, from $4.58 billion at March 31, 2017 to $2.93 billion at March 31, 2018. During the quarter just ended, our purchased loan portfolio decreased $375 million, or 11.3%. Purchased loan runoff was an expected headwind to our overall growth in the quarter just ended, and it will continue to be a headwind to overall growth until we make our next acquisition. In the interim, the magnitude of that headwind should diminish as the purchased loan portfolio continues to decrease as a percentage of our total earning assets.

Our third largest component of earning assets is our investment securities portfolio. As we discussed in previous conference calls, we have made a number of strategic adjustments to this portfolio. Over the last four quarters, we have increased our investment securities portfolio by $1.14 billion, expanding it from $1.47 billion at March 31, 2017 to $2.61 billion at March 31, 2018. This growth was accomplished by purchasing highly liquid, short-duration government agency mortgage-backed pass through securities. Because of the high quality and short duration of these securities, they have relatively low yields. We have added these securities to

provide another tool for managing our balance sheet liquidity, while also trying to avoid any significant interest rate and market risks.

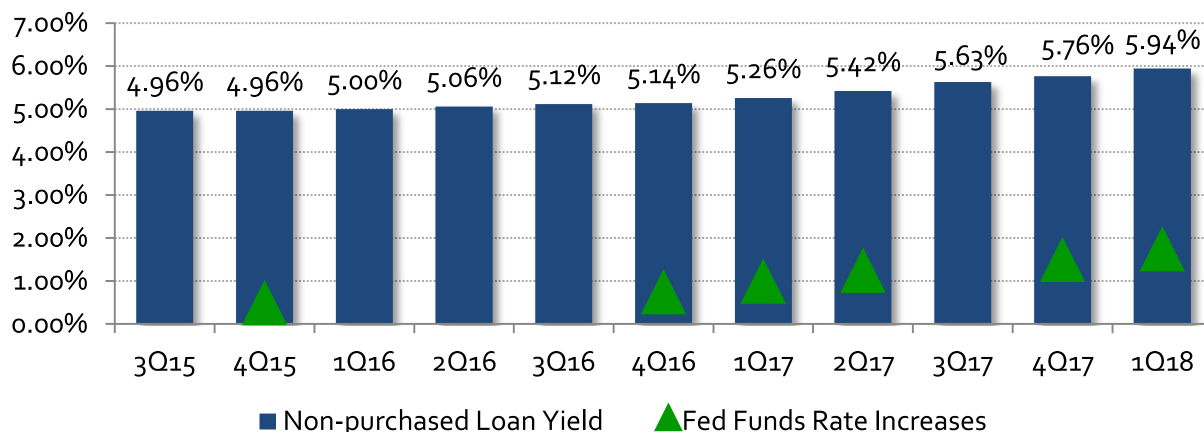
We expect to continue to make adjustments in our investment securities portfolio during 2018 as market conditions allow or dictate. We think it is likely that we will continue to add more short-term, high quality securities in 2018 to continue to enhance our liquidity position.

Net Interest Margin

In the quarter just ended, our net interest margin continued to be among the best in the industry. In the first quarter of 2018, our net interest margin was 4.69%, down three basis points from the fourth quarter of 2017 and 19 basis points from the first quarter of 2017. There are a number of moving parts to our net interest margin.

First, as shown in Figure 4, our yield on non-purchased loans has increased as the Federal Reserve has moved to increase interest rates. This has been beneficial to our net interest margin, and it is important because non-purchased loans are the largest component of our earning assets.

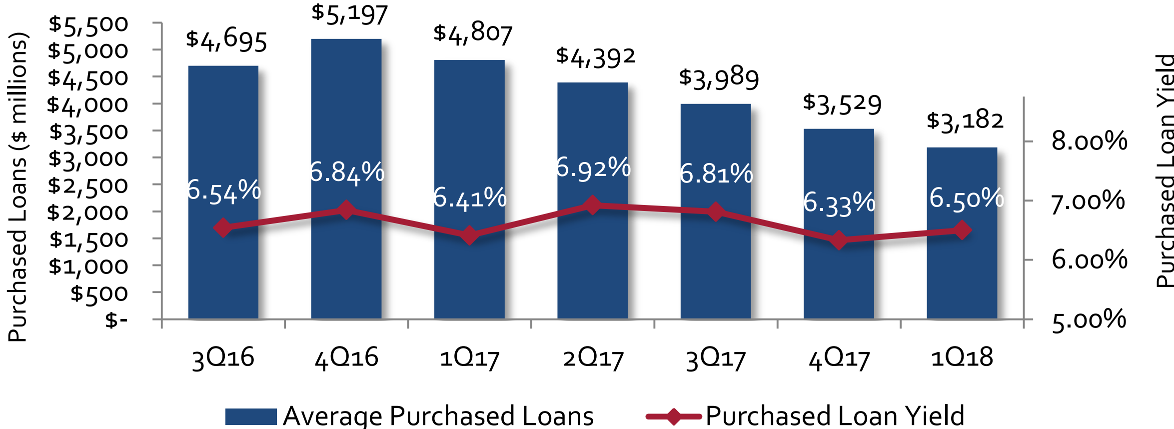
Figure 4: Non-purchased Loan Yield Trends



Our non-purchased loan portfolio is well positioned to benefit from rising rates, because 79% of these loans had variable rates as of March 31, 2018.

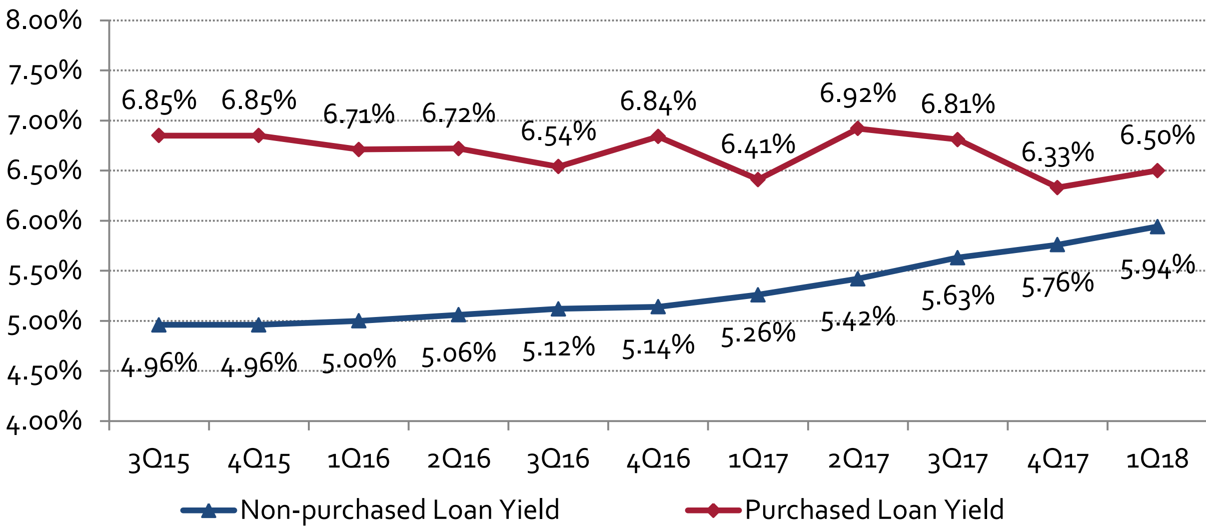
Second, and conversely, as shown in Figure 5, our purchased loan portfolio is paying down every quarter, and this ongoing reduction in this higher yielding portfolio has put some downward pressure on our net interest margin.

Figure 5: Quarterly Purchased Loan Average Balances and Yields Since Closing Two Latest Acquisitions in July 2016



As shown in Figure 6, the differential in the yield between our purchased loan portfolio and our non-purchased loan portfolio has diminished over time. Of course, purchased loan yields vary significantly from quarter-to-quarter based on the volume and mix of pre-payments within the purchased loan portfolio. Despite this significant variability from quarter to quarter, the yield on our purchased loan portfolio has declined only moderately when looked at on a year to year basis. Specifically, the yield on our purchased loans was 6.69% for 2016, declining 7 basis points to 6.62% for 2017, and declining another 12 basis points to 6.50% for the first quarter of 2018. Our purchased loan portfolio benefits, but to a lesser extent than our non-purchased loan portfolio, from rising rates, because 42% of our purchased loans had variable rates as of March 31, 2018.

Figure 6: Convergence of Non-purchased and Purchased Loan Yields

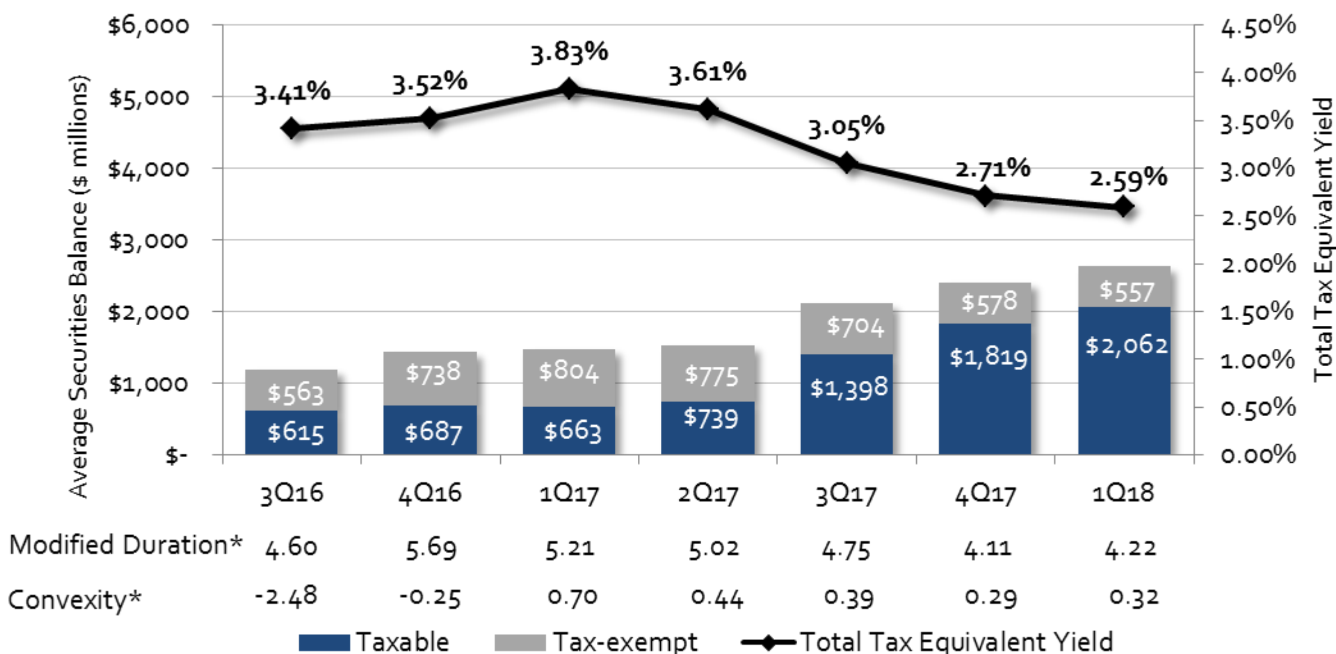


If the Federal Reserve continues to increase rates, and with 79% of our non-purchased loans having variable rates, as compared to just 42% of our purchased loans having variable rates, we may reach a point where our yield on non-purchased loans surpasses our yield on purchased loans.

Third, we have taken significant steps to more defensively position our investment securities portfolio in an environment with rising interest rates and lower effective income tax rates. These steps included trying to maintain or reduce average maturities, modified duration, and the portion of our investment portfolio invested in municipal securities, while also trying to increase convexity. As shown in Figure 7, the modified duration of our portfolio has declined and the convexity of our portfolio has increased, even as increases in market interest rates would have tended to push those metrics in the opposite direction. We believe these portfolio adjustments were prudent, even though they adversely impacted the yield on our investment portfolio, and, in turn, our net interest margin.

The yield on our investment portfolio was 2.59%, on a fully taxable equivalent ("FTE") basis, in the quarter just ended, which is a 124 basis point decrease from 3.83% FTE in the first quarter of 2017. This decrease includes the effect of the reduction in the tax-equivalent yield on the tax-exempt portion of our investment portfolio because of the lower tax rates in the first quarter of 2018. As shown in Figure 7, the changing mix of the portfolio contributed to the reduced portfolio yield. Specifically, the average balance of tax-exempt securities decreased from $804 million yielding 5.06% FTE in the first quarter of 2017 to $557 million yielding 3.84% FTE in the first quarter of 2018. The average balance of taxable securities increased from $663 million yielding 2.33% in the first quarter of 2017 to $2.06 billion yielding 2.25% in the first quarter of 2018.

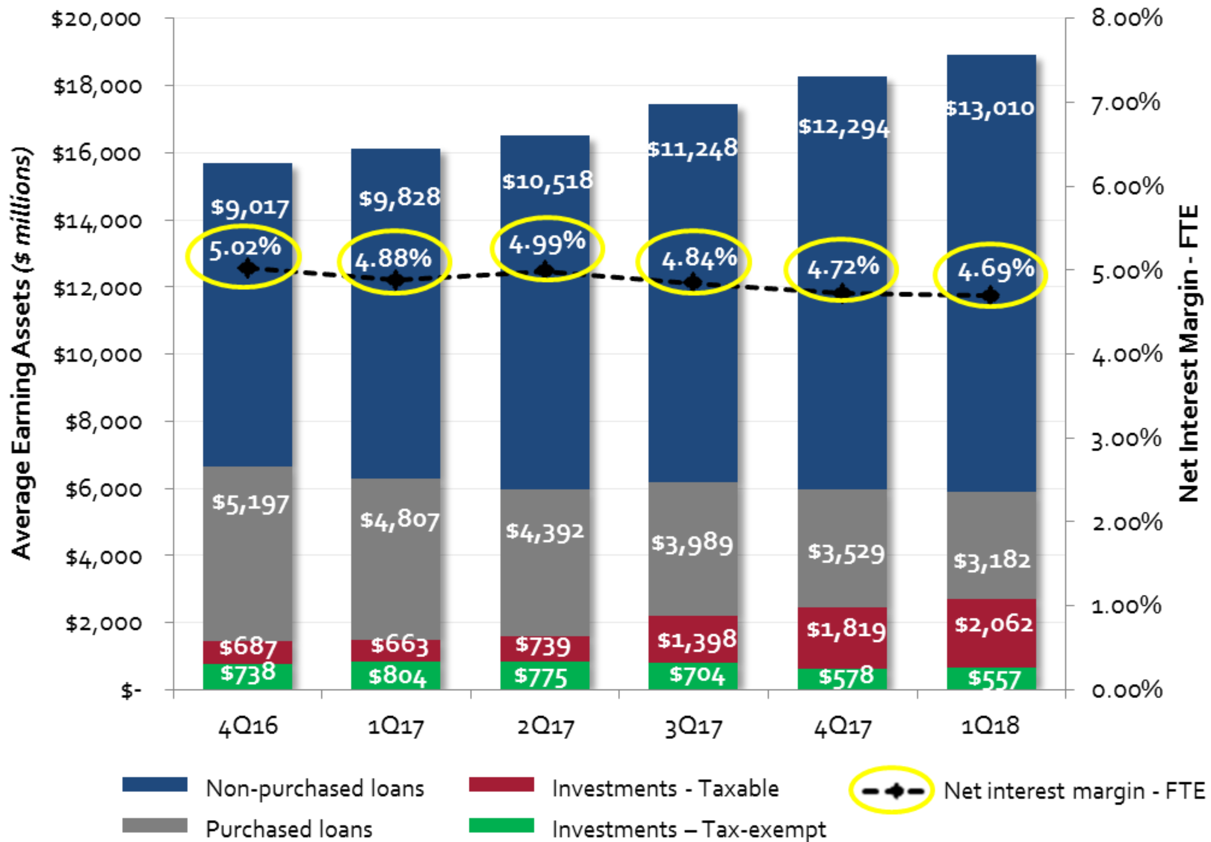
Figure 7: Securities Portfolio Average Balance and FTE Yield



Even with all the moving parts, our net interest margin has continued to be among the best in the industry. On the positive side, our core spread, which we will discuss later, has increased as the yield on our growing non-purchased loan portfolio has increased faster than our cost of

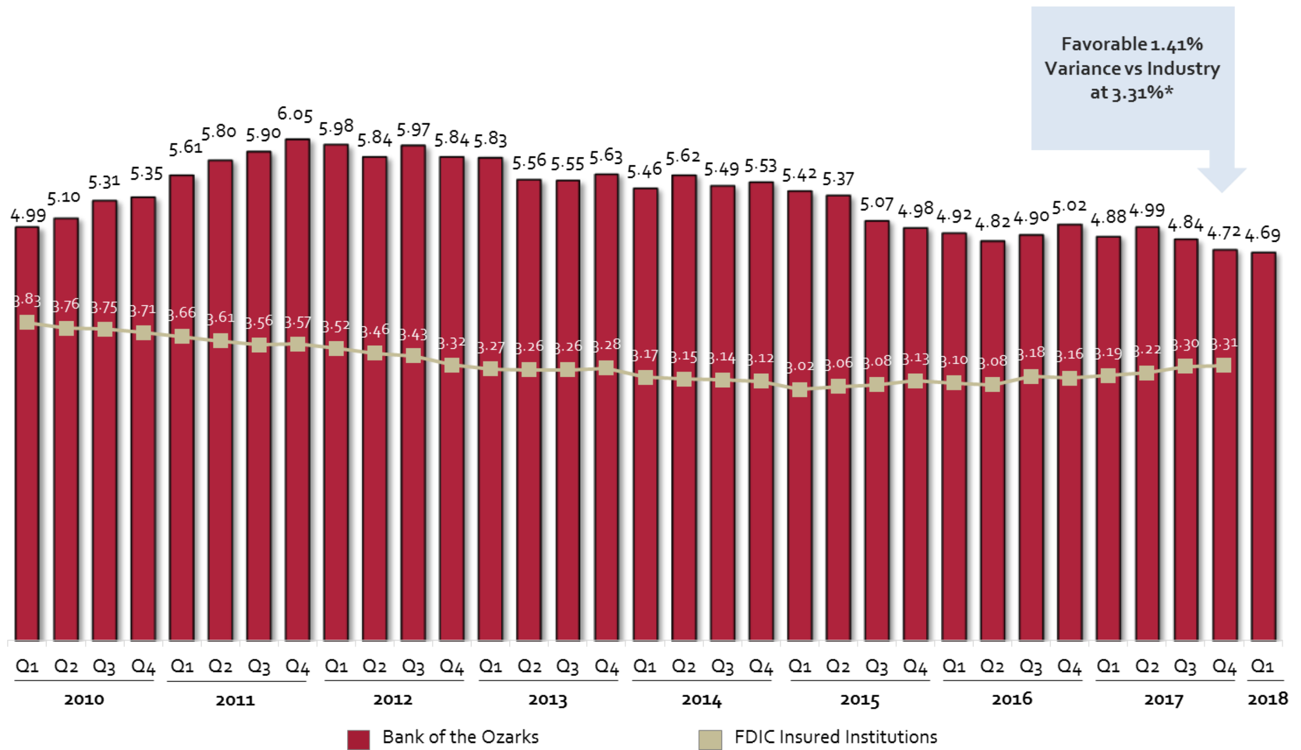
interest bearing deposits. On the other hand, the decreasing volume of our higher yielding purchased loan portfolio has weighed on our net interest margin, as has the larger volume and the more defensive posture of our investment securities portfolio. We have tried to capture the dynamic nature of all these moving parts in Figure 8.

Figure 8: Trends in Average Earning Assets & Net Interest Margin



As you study the data in Figure 8, keep in mind that we have maintained a net interest margin in the top decile of the industry for the past eight years as shown in Figure 9.

Figure 9: Top-Decile Net Interest Margin (%)

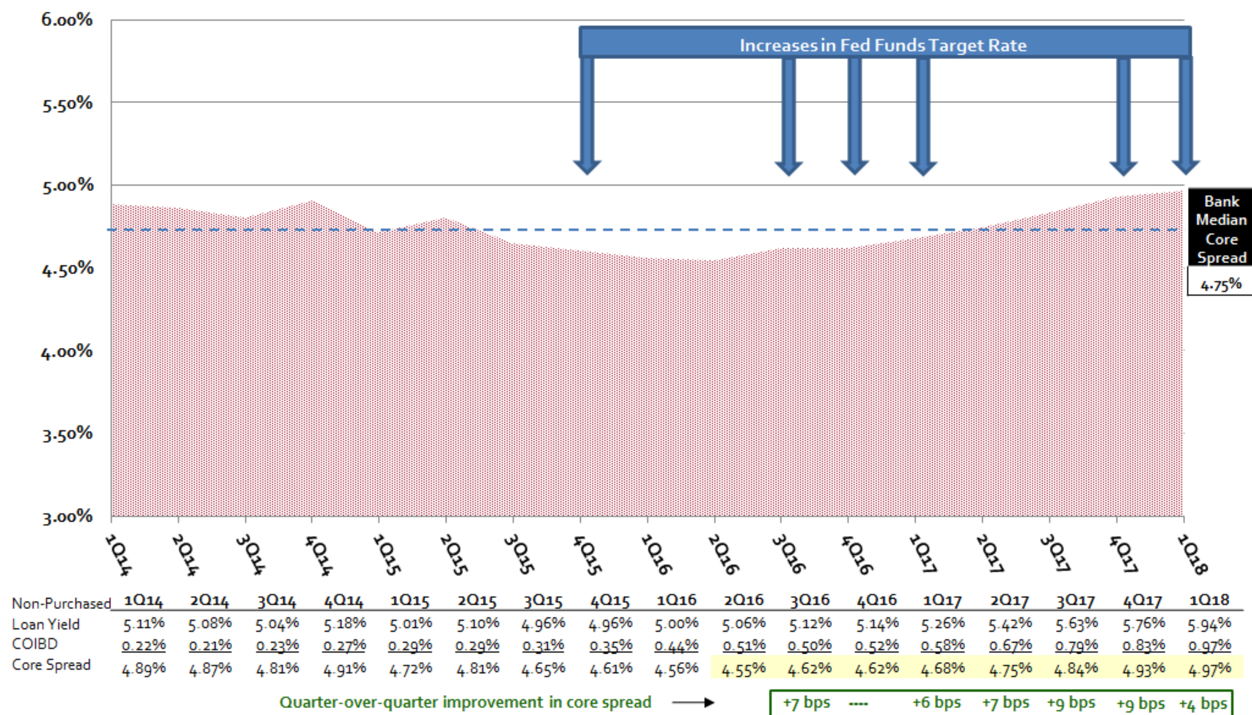


**Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last update fourth quarter 2017.*

Core Spread

"Core spread" is the term we use to describe the difference between our yield on non-purchased loans, which are our largest category of earning assets, and our cost of interest-bearing deposits. In the quarter just ended, our yield on non-purchased loans increased 18 basis points to 5.94%, while our cost of interest bearing deposits increased 14 basis points to 0.97%, resulting in a four basis point increase in our core spread. Over the last seven quarters, our core spread has increased 42 basis points as shown in the green box at the bottom of Figure 10.

Figure 10: Fed Funds Target Rate Increases Have Contributed to an Improving Core Spread



Non-Purchased	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18
Loan Yield	5.11%	5.08%	5.04%	5.18%	5.01%	5.10%	4.96%	4.96%	5.00%	5.06%	5.12%	5.14%	5.26%	5.42%	5.63%	5.76%	5.94%
COIBD	0.22%	0.21%	0.23%	0.27%	0.29%	0.29%	0.31%	0.35%	0.44%	0.51%	0.50%	0.52%	0.58%	0.67%	0.79%	0.83%	0.97%
Core Spread	4.89%	4.87%	4.81%	4.91%	4.72%	4.81%	4.65%	4.61%	4.56%	4.55%	4.62%	4.62%	4.68%	4.75%	4.84%	4.93%	4.97%
Quarter-over-quarter improvement in core spread →											+7 bps	----	+6 bps	+7 bps	+9 bps	+9 bps	+4 bps

There are many factors which affect our core spread, but we expect that the most meaningful factor in coming quarters will be the Federal Reserve's actions related to the fed funds target rate. If the Federal Reserve continues to increase the fed funds target rate, this should tend to help us continue to increase our core spread, because 79% of our non-purchased loans at March 31, 2018 had variable rates. The benefit from the increased yield on these variable rate loans from an increase in the fed funds target rate should offset, and hopefully more than offset, the increased cost of interest bearing deposits resulting from our deposit gathering initiatives. Conversely, if the Federal Reserve were to discontinue increases in the fed funds target rate, this would likely put some downward pressure on our core spread.

Loan and Deposit Betas

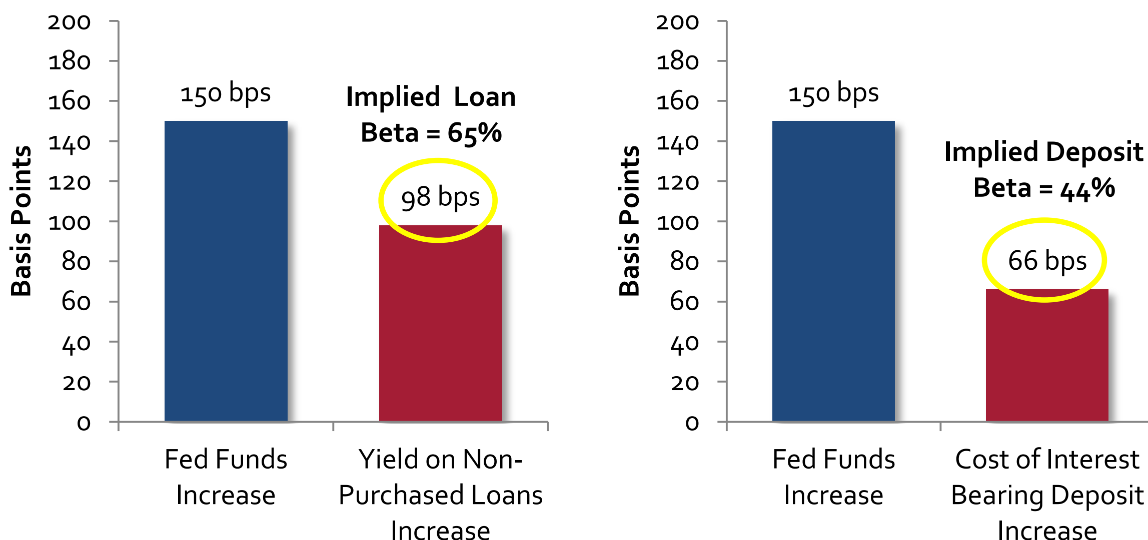
Since the fourth quarter of 2015, when the Federal Reserve started the current round of interest rate increases, the fed funds target rate has increased six times. This has resulted in

increases in our yield on variable rate loans and newly originated loans as well as increases in our cost of interest bearing deposits and borrowings.

Because of our substantial growth, our deposit beta has been higher than many other banks, but importantly our loan beta on non-purchased loans has been even higher, resulting in a 42 basis point increase in our core spread over the last seven quarters.

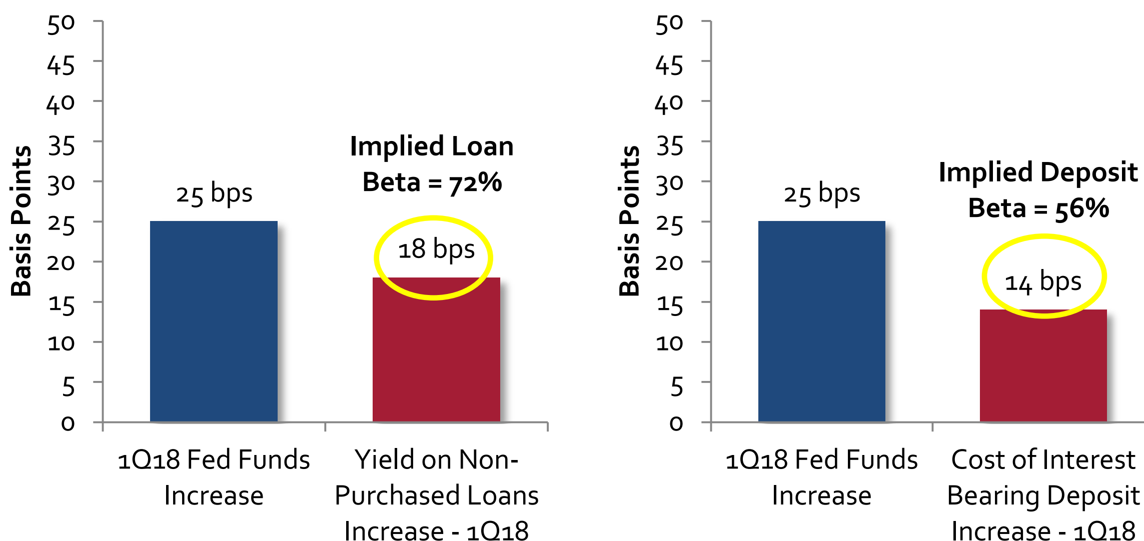
Figure 11 shows our non-purchased loan and deposit betas over a slightly longer time period, specifically the last 11 quarters since the Federal Reserve commenced the current round of interest rate increases. During that period, our yield on non-purchased loans has increased 98 basis points, more than off-setting the 66 basis point increase in our cost of interest bearing deposits, and resulting in a 32 basis point increase in our core spread over those eleven quarters.

Figure 11: Non-Purchased Loan and Deposit Betas During Rising Rate Cycle (3Q15 through 1Q18)



In the quarter just ended, our implied loan and deposit betas were more closely aligned, but still with a positive differential as shown in Figure 12.

Figure 12: Non-Purchased Loan and Deposit Betas for First Quarter 2018



We will continue to work hard to manage each factor affecting net interest income, with the goal of maintaining a favorable net interest margin and achieving record net interest income each quarter.

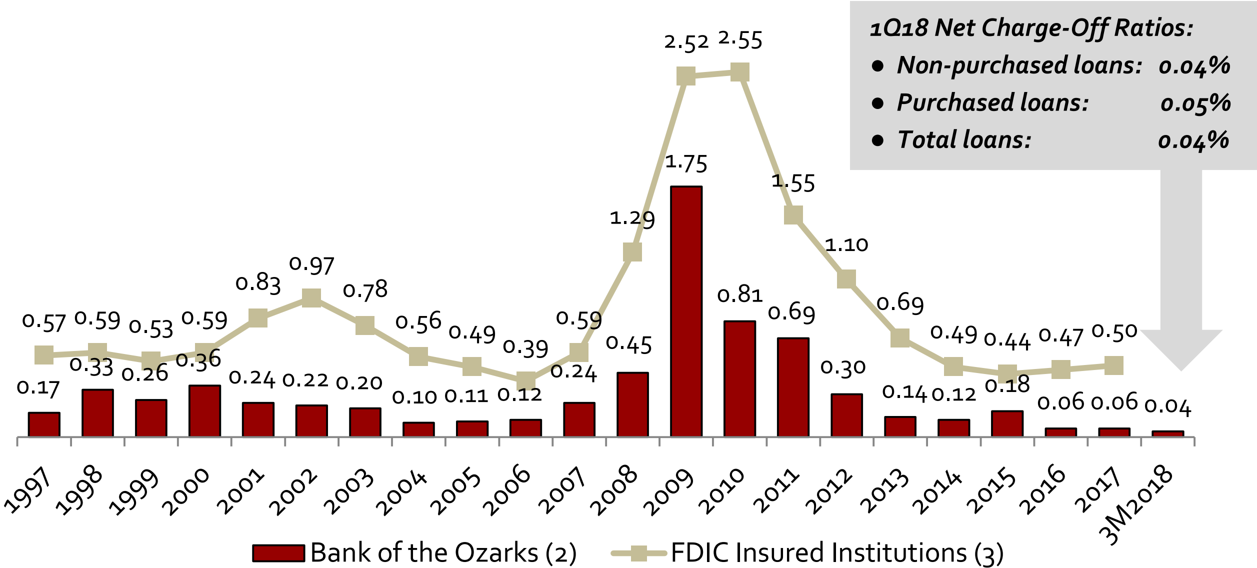
Asset Quality

Asset quality was another highlight in the quarter just ended, with most of our asset quality ratios at or near record levels. These favorable ratios reflect our longstanding commitment to conservative underwriting standards and excellent asset quality.

This has resulted in our having asset quality consistently better than the industry as a whole. As shown in Figure 13, in our 21 years as a public company, our net charge-off ratio has averaged about 34% of the industry's net charge-off ratio, and we have beaten the industry's

net charge-off ratio in every year. Recently, our outperformance has been even better, as evidenced by the fact that our net charge-off ratio was just 13% and 12% of the industry's net charge-off ratio in 2016 and 2017, respectively.

Figure 13: Annualized Net Charge-off Ratio[2] vs. the Industry[3]



Our annualized net charge-off ratios for the first quarter of 2018 were four basis points for non-purchased loans, five basis points for purchased loans, and four basis points for total loans. At quarter-end, excluding purchased loans, our nonperforming loans as a percent of total loans were just nine basis points, our nonperforming assets as a percent of total assets were just 16 basis points, and our loans past due 30 days or more, including past due non-accrual loans to total loans were just 14 basis points.

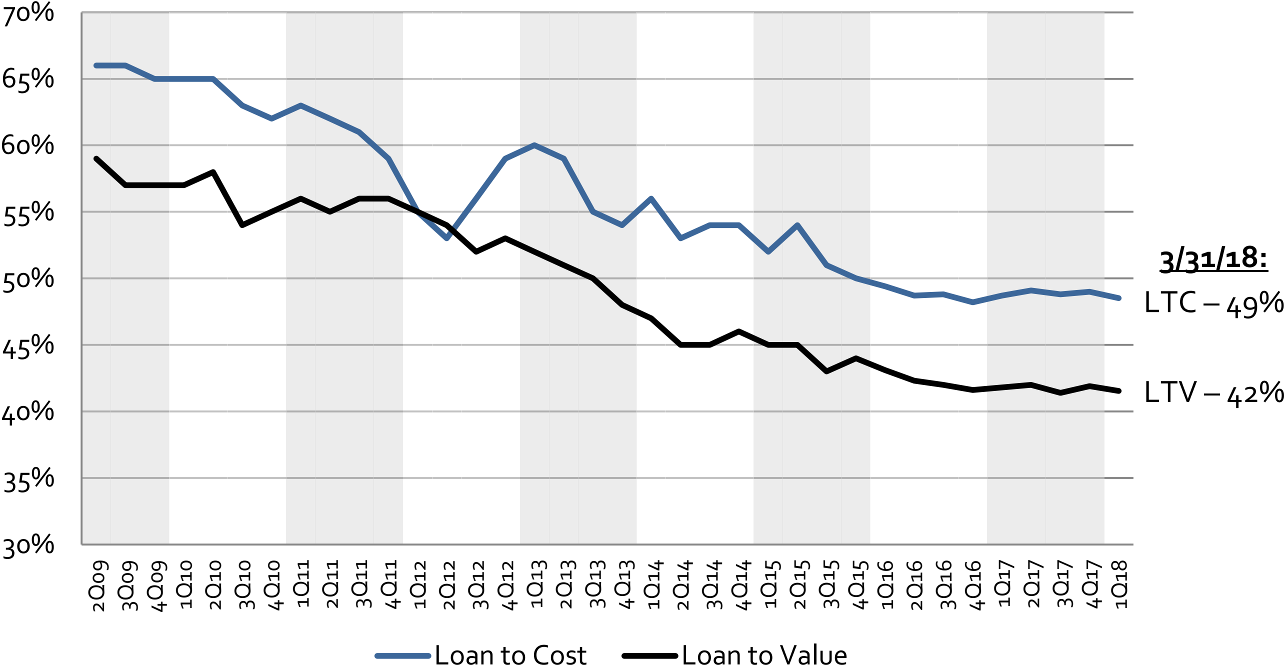
The RESG portfolio is the largest component of our non-purchased loans. At March 31, 2018, the RESG portfolio accounted for 64% of the funded balance and 94% of the unfunded balance

[2] *Bank of the Ozarks' data excludes purchased loans and net charge-offs related to such loans.*
[3] *Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last update fourth quarter 2017. Annualized when appropriate.*

of our total non-purchased loans. At March 31, 2018, assuming each RESG loan is fully funded, our average loan-to-cost ("LTC") for the RESG portfolio was a conservative 49% and our average loan-to-appraised-value ("LTV") was even lower at just 42%. The very low leverage of this portfolio exemplifies our conservative credit culture and, along with the portfolio's substantial diversification by geography and product type, are among the many reasons we have such confidence in the quality of our loan portfolio. Over its fifteen year history, RESG's portfolio has had an average annual net charge-off ratio of just five basis points.

Since the Great Recession, RESG has become even more conservative, having decreased the leverage of its portfolio as shown in Figure 14 depicting historical portfolio LTC and LTV ratios.

Figure 14: RESG Leverage Trends, Assuming All Loans Are Fully Funded

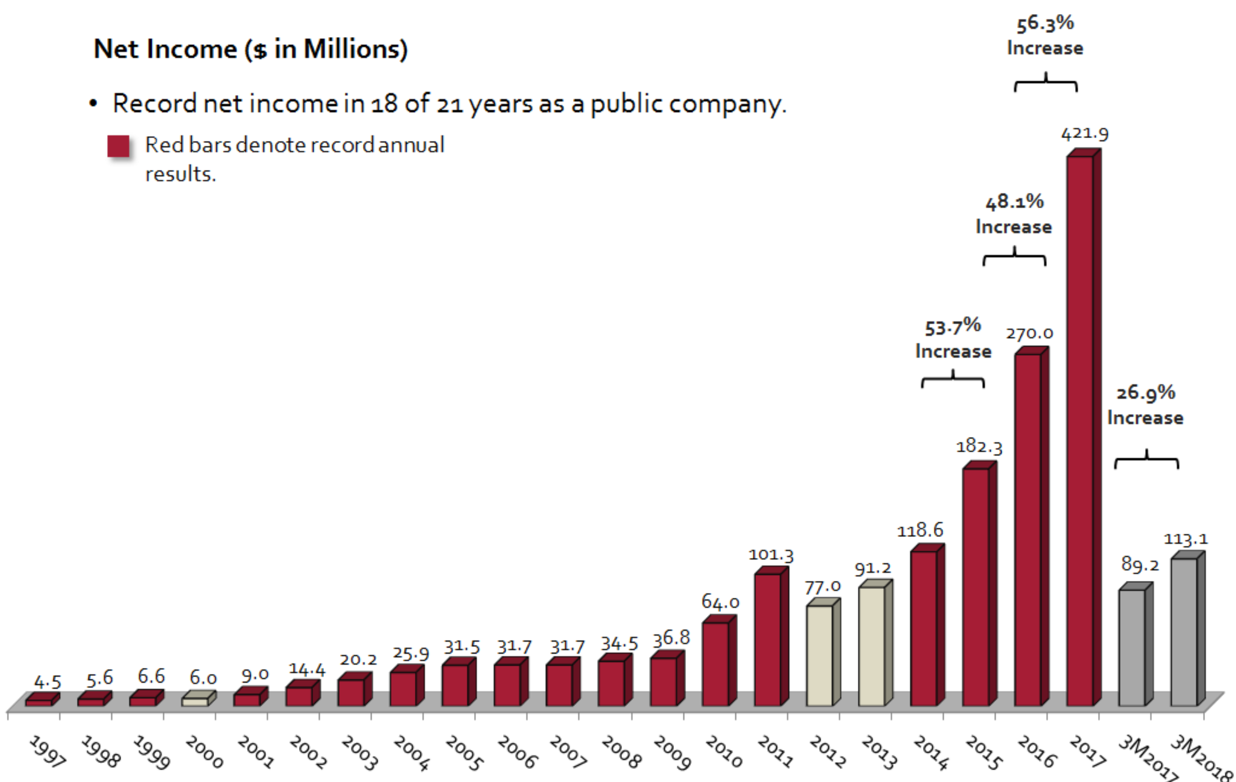


Earnings

Our net income for the first quarter of 2018 was $113.1 million, a 26.9% increase from the first quarter of 2017. Our diluted earnings per common share for the first quarter of 2018 were $0.88, a 20.5% increase compared to the first quarter of 2017.

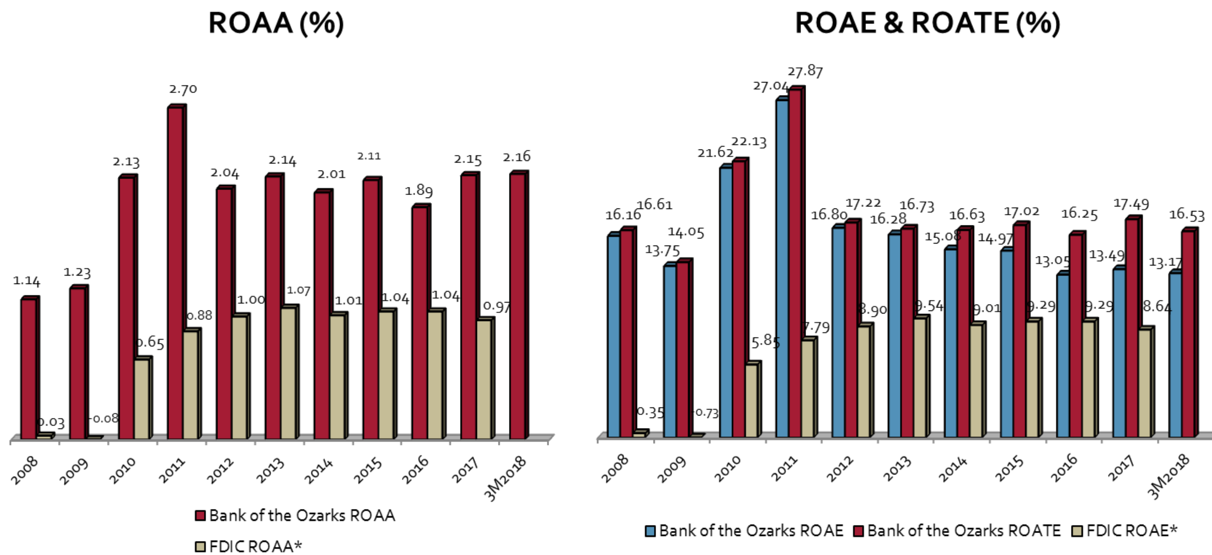
Our annualized return on average assets for the first quarter of 2018 was 2.16%, compared to 1.93% for the first quarter of 2017. Our annualized returns on average common stockholders' equity and average tangible common stockholders' equity[4] for the first quarter of 2018 were 13.17% and 16.53%, respectively, compared to 12.80% and 17.17%, respectively, for the first quarter of 2017. As shown in Figures 15 and 16, our first quarter 2018 results continue a long tradition of excellent net income and returns.

Figure 15: Consistent Profitability and Solid Earnings Growth



[4] The calculation of the Bank's return on average tangible common stockholders' equity and the reconciliation to GAAP are included in the appendix to this disclosure.

Figure 16: Consistent Earnings Metrics Among the Best in the Industry



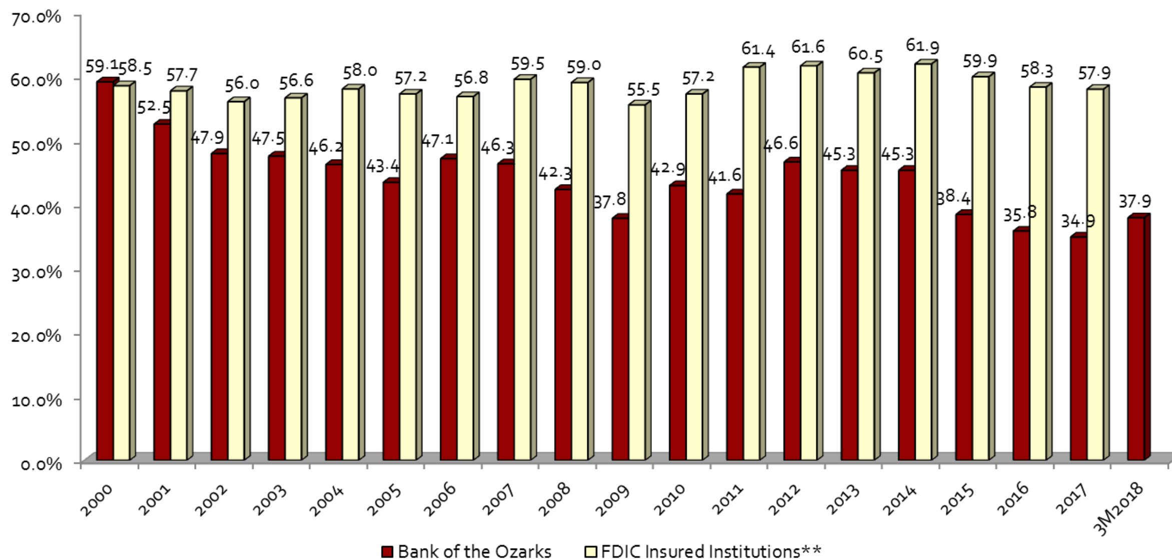
**Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last update fourth quarter 2017. Annualized when appropriate.*

Efficiency Ratio

As shown in Figure 17, our efficiency ratio has been among the top decile of the industry every year for 16 consecutive years. In the quarter just ended, our efficiency ratio was 37.9%, which was an increase of 285 basis points from the first quarter of 2017. As we said in our January conference call, we expected our efficiency ratio would increase in the first half of 2018 as we continue to build our infrastructure in many areas.

Excluding the one-time expenses expected to be incurred in the third quarter of 2018 related to our proposed name change and strategic rebranding, we expect our efficiency ratio of 37.9% for the quarter just ended will be the high for the year. Excluding such one-time expenses, we expect to see an improving trend in our efficiency ratio throughout 2018, and we expect our efficiency ratio for the full year to be much closer to our efficiency ratio for 2017 than our first quarter results would suggest.

Figure 17: Excellent Efficiency – Top Decile of the Industry for 16 Consecutive Years*



*Data from S&P Global Market Intelligence.
**Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last update fourth quarter 2017.

Of course, as is the case for us every year, our increased cost of health insurance and a majority of our annual salary adjustments occurred at the first of the year, providing extra headwind to our efficiency ratio in the first quarter. As we noted previously, our net interest margin was reduced slightly because of the impact of lower effective federal income tax rates on our tax-equivalent yield on tax-exempt investment securities. We estimate that this contributed approximately 18 basis points to the increase in our efficiency ratio in the quarter just ended.

Non-interest Income

Non-interest income for the first quarter of 2018 decreased 1.2% to $28.7 million compared to $29.1 million for the first quarter of 2017, as shown in Figure 18. Our non-interest income for the first quarter of 2018 included $2.73 million of tax-exempt bank owned life insurance ("BOLI") death benefits. There were no such benefits in the first quarter of 2017. Service charges on deposit accounts declined from $11.3 million for the first quarter of 2017 to $9.5 million for the first quarter of 2018 primarily due to the Durbin Amendment's impact on our interchange revenue effective as of July 1, 2017. Mortgage lending income declined from $1.6

million for the first quarter of 2017 to $0.5 million for the first quarter of 2018. This was a result of our decision in December 2017 to exit the secondary market mortgage lending business and the substantial wind down of that business in the quarter just ended. We expect only a nominal amount of mortgage lending income in the second quarter of 2018 and none thereafter.

Figure 18: Non-interest Income *(Dollars in thousands)*

	For the 3 months Ended				
	3/31/2017	6/30/2017	9/30/2017	12/31/2017	3/31/2018
Service charges on deposit accounts	$ 11,301	$ 11,764	$ 9,729	$ 10,058	$ 9,525
Mortgage lending income	1,574	1,910	1,620	1,294	492
Trust income	1,631	1,577	1,755	1,729	1,793
BOLI income	4,464	4,594	4,453	5,166	7,580
Other income from purchased loans	3,737	4,777	2,933	2,009	1,251
Loan service, maintenance and other fees	2,706	3,427	5,274	4,289	4,743
Net gains on investment securities	-	404	2,429	1,201	17
Gains on sales of other assets	1,619	672	1,363	1,899	1,426
Other	2,026	2,715	3,191	2,568	1,880
Total non-interest income	$ 29,058	$ 31,840	$ 32,747	$ 30,213	$ 28,707

Non-interest Expense

Figure 19 summarizes non-interest expense for each of the last five quarters. Excluding the one-time expenses expected to be incurred in the third quarter of 2018 related to our name change and strategic rebranding, we expect our non-interest expense in the remaining quarters of 2018 to be less than our non-interest expense in the first quarter of 2018. In accordance with GAAP, we defer most loan origination fees and related loan origination costs, which are then amortized as yield adjustments over the life of the related loan. Because of our seasonally low volume of loan originations in the quarter just ended, we had a correspondingly low level of deferred loan origination costs, which contributed to the large quarter-over-quarter increase in non-interest expense. Increased loan origination volume in the remaining quarters of 2018 should result in increased deferred loan origination costs contributing to the expected lower level of non-interest expense in the remaining quarters of 2018.

Figure 19: Non-interest Expense ***(Dollars in thousands)***

	For the 3 months Ended				
	3/31/2017	6/30/2017	9/30/2017	12/31/2017	3/31/2018
Salaries & employee benefits	$ 38,554	$ 39,892	$ 35,331	$ 38,417	$ 45,499
Net occupancy and equipment	13,192	12,937	13,595	13,474	14,150
Professional and outside services	5,338	6,816	10,018	10,269	8,705
Telecommunication services	3,970	3,107	3,321	3,537	3,197
Software and data processing	2,473	2,289	2,982	2,382	3,340
Travel and meals	1,855	2,061	2,223	2,338	2,153
FDIC insurance and state assessments	1,742	3,408	4,381	3,583	3,562
Amortization of inangibles	3,145	3,145	3,145	3,145	3,145
Other expenses	7,999	10,173	9,403	9,032	10,059
Total non-interest expense	$ 78,268	$ 83,828	$ 84,399	$ 86,177	$ 93,810

While our efficiency ratio has been excellent in recent years, we have a longer-term goal of improving even further on the efficiency ratios of recent years. There are several key factors, among others, needed to accomplish our long-term efficiency goals.

- We expect to ultimately utilize a large amount of the excess capacity of our extensive branch network, tapping many billions of dollars of additional deposits through existing offices. That potential is very evident in the FDIC bank deposit market share data as of June 30, 2017. For the 156 cities and towns, excluding New York City, in which we had deposit gathering offices, we had 4.13% of the branches but only 1.40% of the deposits. We believe we can grow to, or near, market share parity. Our ability to achieve substantial deposit growth in many of these cities and towns while adding minimal amounts of overhead should have favorable implications for our efficiency ratio.
- We expect to achieve further efficiencies over time from our ongoing deployment of technology applications from OZRK Labs.

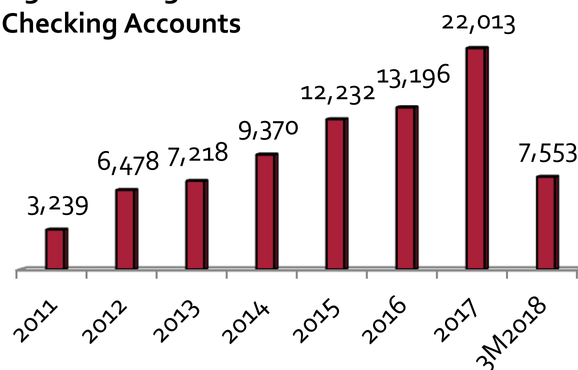
Of course, our guidance regarding our improving efficiency ratio does not consider the potential impact of any future acquisitions.

Liquidity

We have long expected that we can accelerate deposit growth as needed to fund our loan growth. Our experience in recent years has validated that expectation. At least monthly, and more often as needed, we update a comprehensive 36-month projection of our expected loan fundings, loan pay-downs and other sources and uses of funds. These detailed projections of needed deposit growth provide the goals for our deposit growth strategies. This has proven to be a very effective process.

Net growth in core checking accounts is an important focus of our deposit strategy. During the quarter just ended, we increased core checking accounts by a record 7,553. This continued our tradition of favorable results in net core checking account growth as shown in Figure 20. Adding thousands of net new core checking customers each quarter will continue to be an important focus for our retail banking team.

Figure 20: Organic Growth in Core Checking Accounts



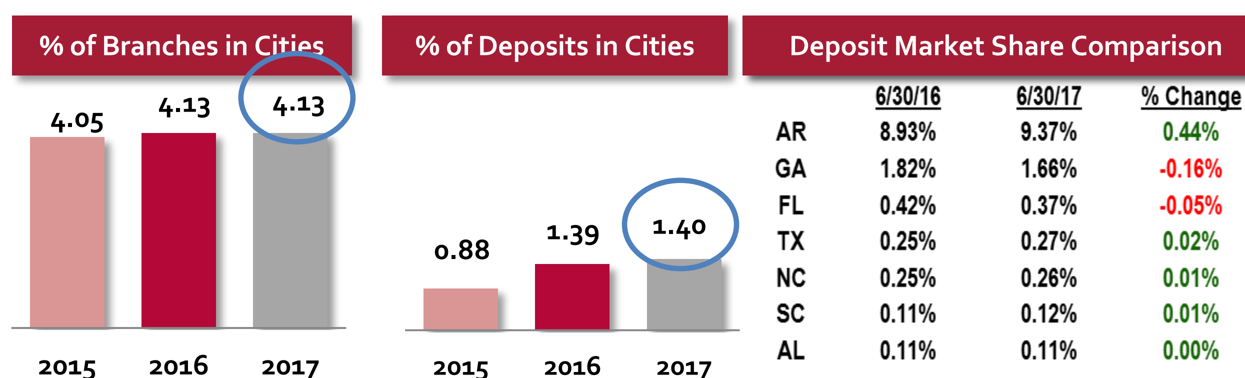
At March 31, 2018, our total deposits were $17.83 billion, which was a $641 million increase from the previous quarter-end. This growth reflected an increase in our "organic" deposits of $654 million, partially offset by a $13 million decrease in brokered deposits. As shown in Figure 21, this continued 2017's results which saw excellent growth in our "organic" deposits and a significant reduction in our brokered deposits.

Figure 21: Growth in Deposits *(Dollars in millions)*

Deposits	12/31/2016	12/31/2017	2017 Δ in $	3/31/2018	1Q18 Δ in $
New York City	$ 378	$ 1,771	$ 1,393	$ 1,828	$ 57
Other 156 Cities	$ 13,208	$ 14,260	$ 1,052	$ 14,857	$ 597
Organic Deposits	$ 13,586	$ 16,031	$ 2,445	$ 16,686	$ 654
Brokered	$ 1,989	$ 1,161	$ (828)	$ 1,148	$ (13)
Total Deposits	$ 15,575	$ 17,192	$ 1,617	$ 17,834	$ 641

As we have discussed many times, as shown in Figure 22, we believe that we have tremendous capacity for future deposit growth in our existing branch network of 243 deposit gathering offices in eight states.

Figure 22: Deposit Market Share Opportunity[5] [6]



	6/30/16	6/30/17	% Change
AR	8.93%	9.37%	0.44%
GA	1.82%	1.66%	-0.16%
FL	0.42%	0.37%	-0.05%
TX	0.25%	0.27%	0.02%
NC	0.25%	0.26%	0.01%
SC	0.11%	0.12%	0.01%
AL	0.11%	0.11%	0.00%

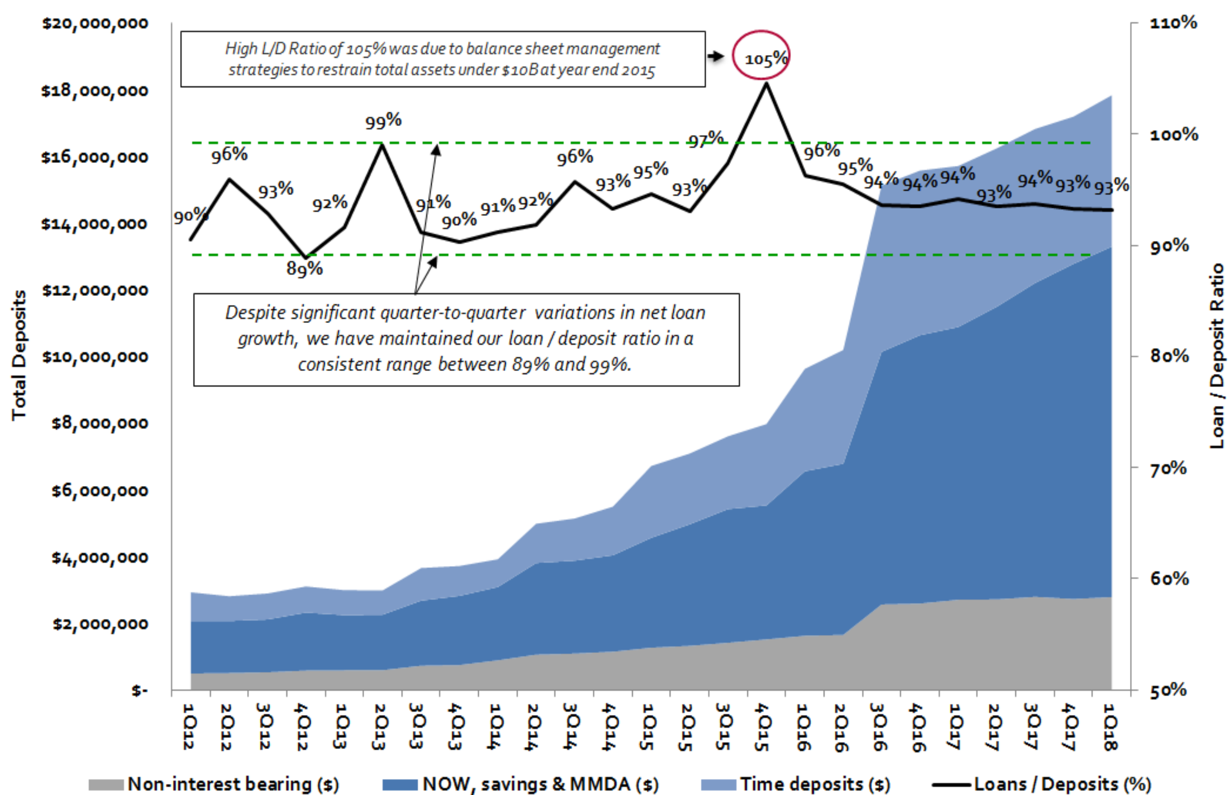
We have successfully tapped that capacity as needed to fund our loan growth. We do this by carefully managing our marketing initiatives and deposit pricing in selected markets. As Figures 23 and 24 illustrate, we have effectively utilized this strategy to consistently maintain our loan-to-deposit ratio and deposit mix, even in the midst of substantial balance sheet growth.

---

[5] *Data for all FDIC insured institutions from the FDIC Annual Market Share Report, last updated June 30, 2017.*
[6] *Deposits in our New York office and deposits for all FDIC financial institutions in New York are excluded from this analysis.*

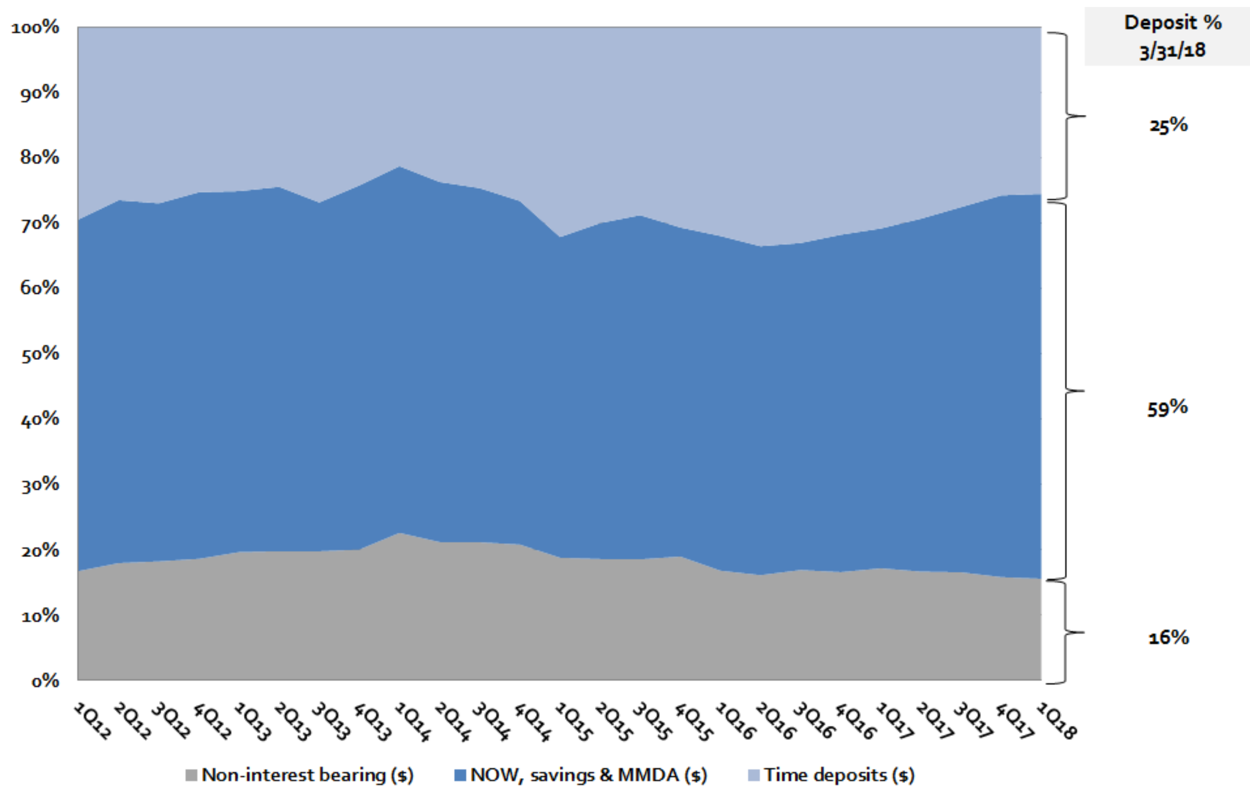
During the quarter just ended, our loan-to-deposit ratio was 93.1%, near the middle of our historical and target range of 89% to 99%. Whether we have robust loan growth or minimal loan growth in any particular quarter or year, we believe we have the tools, capacity and flexibility to maintain our loan-to-deposit ratio near the middle of this historical and target range. Figure 23 shows our consistent maintenance of our loan-to-deposit ratio within that range over the last six years, even as our total assets grew 474% from $3.84 billion at March 31, 2012 to $22.04 billion at March 31, 2018.

Figure 23: Maintaining a Consistent Loan / Deposit Ratio While Achieving Substantial Growth



Even with our substantial 474% growth in total assets from March 31, 2012 to March 31, 2018, our deposit mix has been relatively stable as shown in Figure 24.

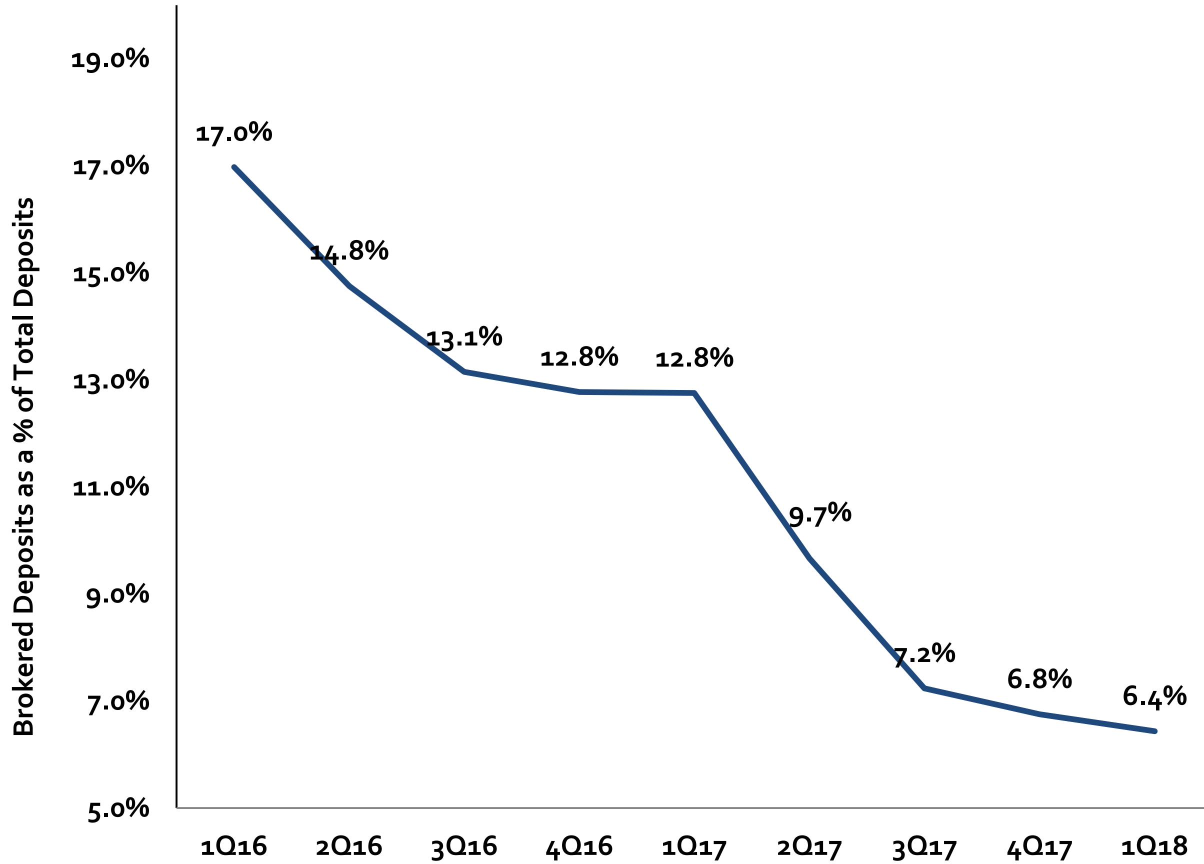
Figure 24: Consistent Deposit Mix



During 2017, we decreased brokered deposits by $828 million, or 42%. This trend of decreasing brokered deposits continued in the quarter just ended with brokered deposits decreasing by $13 million to $1.15 billion, or 6.4% of total deposits at March 31, 2018, as shown in Figure 25.

Of course, we're not subject to any regulatory limitations on our volume of brokered deposits and our internal policy calls for a 15% of total deposits limit, and we are less than half of that, but we are nonetheless pleased to see both our volume and percentage of brokered deposits continue the downward trend of the past eight quarters.

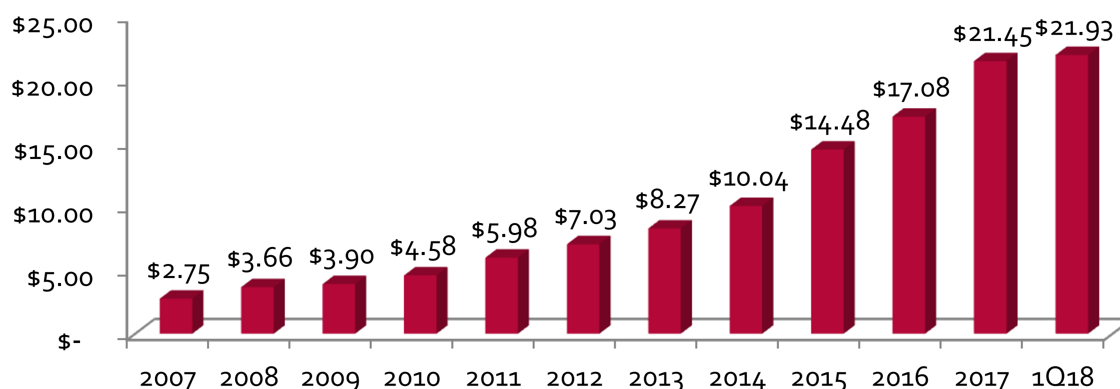
Figure 25: Reduced Use of Brokered Deposits



Capital

Tangible book value per common share is one of the metrics we consider in measuring our capital and our long-term creation of shareholder value. During the quarter just ended, our tangible book value per common share increased to $21.93, as shown in Figure 26. Over the last 10 1/4 years, we have increased tangible book value per common share by a cumulative 697%, resulting in a compound annual growth rate of 22.5%.

Figure 26: Tangible Book Value per Share (Period End) [7]



We expect to file our first Dodd-Frank Act Stress Test, or DFAST, submission in July of this year based on year-end 2017 financials. Although we have strong capital levels at March 31, 2018, we will continue to monitor our capital position, while considering our expected growth, expected performance under our initial and subsequent DFAST submissions, and other relevant factors.

Effective Tax Rate

Our effective tax rate during the quarter just ended was 23.1%, which was slightly lower than our expected effective tax rate for 2018 due to additional tax exempt BOLI income recognized during the quarter and other normal adjustments. We continue to expect that our effective tax rate for 2018 will be between 25% and 27%.

Deferred Loan Origination Fees & Costs – Non-Purchased Loans

At March 31, 2018, we had $29.0 million more in unamortized deferred loan origination fees (credits) than unamortized deferred loan origination costs (debits) related to non-purchased loans. RESG loan originations tend to produce net deferred credits, since loan origination fees

[7] See the appendix to this disclosure for the reconciliation of tangible book value per common share to the most directly comparable GAAP measure.

charged typically exceed our deferred loan origination costs. Some community bank loan originations produce net deferred credits, and other community bank loan originations produce net deferred debits. Our Indirect RV & Marine loan originations, which have grown significantly in recent quarters, typically result in substantial net deferred debits because of the purchase premiums paid on such loans. The growing volume of Indirect RV & Marine loan originations in recent quarters is the primary factor in the reduction of our aggregate net deferred credit position in each of the two most recent quarters.

Valuation Discounts – Purchased Loans

At March 31, 2018, we had $82.2 million in valuation discounts remaining on our purchased loans.

Mergers & Acquisitions

Organic growth of loans and deposits continues to be our top growth priority, and we have demonstrated our ability to achieve substantial growth apart from acquisitions. With that said, we believe acquisitions will provide opportunities to augment our robust organic growth. Our 15 acquisitions since 2010 have been "triple accretive," being accretive to book value per share and tangible book value per share at closing and accretive to earnings per share in the first 12 months following closing. We expect to continue to be disciplined in our acquisition strategy and to apply this "triple accretive" standard to future opportunities. We believe our disciplined approach will help us create significant additional shareholder value over the longer term.

Bank of the Ozarks Proposed Change to Bank OZK

On March 15, 2018, we announced that we intend to change our name to Bank OZK as part of a strategic rebranding. Our presence and brand have evolved in recent decades from an Arkansas community bank into a much larger regional bank with nationwide lending

businesses. We believe this new name will be beneficial in achieving our long-term objectives, including continued growth and expansion in new markets.

The results of a shareholder vote on the proposed new name will be announced following our annual shareholders' meeting on May 7, 2018. If approved by our shareholders, we expect to file an application with the Arkansas State Bank Department seeking its approval of the name change. Assuming regulatory approval is obtained, we anticipate our name change will take effect on or about July 16, 2018.

We intend to adopt a new logo and signage in connection with the name change, but we do not expect any interruption or inconvenience to customers because of the change. We estimate that we will incur one-time expenses totaling between $15 million and $25 million, pre-tax, during the third quarter of 2018 due to the change in our name, primarily related to marketing, rebranding and other related expenses.

Appendix: Non-GAAP Reconciliations

(Dollars in Thousands, Except per Share)

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

Unaudited

	For the Fiscal Year Ended December 31,					
	12/31/2008	12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013
Net Income Available To Common Stockholders	$ 34,474	$ 36,826	$ 64,001	$ 101,321	$ 77,044	$ 91,237
Average Common Stockholders' Equity Before Noncontrolling Interest	$ 213,271	$ 267,768	$ 296,035	$ 374,664	$ 458,595	$ 560,351
Less Average Intangible Assets:						
Goodwill	(5,231)	(5,243)	(5,243)	(5,243)	(5,243)	(5,243)
Core deposit and other intangibles, net of accumulated amortization	(515)	(368)	(1,621)	(5,932)	(5,989)	(9,661)
Total Average Intangibles	(5,746)	(5,611)	(6,864)	(11,175)	(11,232)	(14,904)
Average Tangible Common Stockholders' Equity	$ 207,525	$ 262,157	$ 289,171	$ 363,489	$ 447,363	$ 545,447
Return On Average Common Stockholders' Equity	16.16%	13.75%	21.62%	27.04%	16.80%	16.28%
Return On Average Tangible Common Stockholders' Equity	16.61%	14.05%	22.13%	27.87%	17.22%	16.73%

	For the Fiscal Year Ended December 31,				Three Months Ended *	
	12/31/2014	12/31/2015	12/31/2016	12/31/2017	3/31/2017	3/31/2018
Net Income Available To Common Stockholders	$ 118,606	$ 182,253	$ 269,979	$ 421,891	$ 89,188	$ 113,144
Average Common Stockholders' Equity Before Noncontrolling Interest	$ 786,430	$ 1,217,475	$ 2,068,328	$ 3,127,576	$ 2,826,832	$ 3,484,297
Less Average Intangible Assets:						
Goodwill	(51,793)	(118,013)	(363,324)	(660,632)	(660,151)	(660,789)
Core deposit and other intangibles, net of accumulated amortization	(21,651)	(28,660)	(43,623)	(54,702)	(59,596)	(47,122)
Total Average Intangibles	(73,444)	(146,673)	(406,947)	(715,334)	(719,747)	(707,911)
Average Tangible Common Stockholders' Equity	$ 712,986	$ 1,070,802	$ 1,661,381	$ 2,412,242	$ 2,107,085	$ 2,776,386
Return On Average Common Stockholders' Equity	15.08%	14.97%	13.05%	13.49%	12.80%	13.17%
Return On Average Tangible Common Stockholders' Equity	16.63%	17.02%	16.25%	17.49%	17.17%	16.53%

* Ratios for interim periods annualized based on actual days

Calculation of Tangible Book Value per Share

Unaudited

	For the period ended December 31,					
	2007	2008	2009	2010	2011	2012
Total common stockholders' equity before noncontrolling interest	$ 190,829	$ 252,302	$ 269,028	$ 320,355	$ 424,551	$ 507,664
Less intangible assets:						
Goodwill	(5,243)	(5,243)	(5,243)	(5,243)	(5,243)	(5,243)
Core deposit and other intangibles, net of accumulated amortization	(634)	(421)	(311)	(2,682)	(6,964)	(6,584)
Total intangibles	(5,877)	(5,664)	(5,554)	(7,925)	(12,207)	(11,827)
Total tangible common stockholders' equity	$ 184,952	$ 246,638	$ 263,474	$ 312,430	$ 412,344	$ 495,837
Common shares outstanding (thousands)	67,272	67,456	67,618	68,214	68,928	70,544
Book value per common share	$ 2.84	$ 3.74	$ 3.98	$ 4.70	$ 6.16	$ 7.20
Tangible book value per common share	$ 2.75	$ 3.66	$ 3.90	$ 4.58	$ 5.98	$ 7.03

	For the period ended December 31,					March 31,
	2013	2014	2015	2016	2017	2018
Total common stockholders' equity before noncontrolling interest	$ 629,060	$ 908,390	$ 1,464,631	$ 2,791,607	$ 3,460,728	$ 3,526,605
Less intangible assets:						
Goodwill	(5,243)	(78,669)	(125,442)	(660,119)	(660,789)	(660,789)
Core deposit and other intangibles, net of accumulated amortization	(13,915)	(26,907)	(26,898)	(60,831)	(48,251)	(45,107)
Total intangibles	(19,158)	(105,576)	(152,340)	(720,950)	(709,040)	(705,896)
Total tangible common stockholders' equity	$ 609,902	$ 802,814	$ 1,312,291	$ 2,070,657	$ 2,751,688	$ 2,820,709
Common shares outstanding (thousands)	73,712	79,924	90,612	121,268	128,288	128,612
Book value per common share	$ 8.53	$ 11.37	$ 16.16	$ 23.02	$ 26.98	$ 27.42
Tangible book value per common share	$ 8.27	$ 10.04	$ 14.48	$ 17.08	$ 21.45	$ 21.93