



MANAGEMENT COMMENTS  
FOR THE FOURTH QUARTER  
& FULL YEAR 2018

JANUARY 17, 2019

## FORWARD LOOKING STATEMENTS

*This presentation and other communications by Bank OZK (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 announcement of any future acquisition on customer relationships and operating results; the availability of and access to capital; possible downgrades in the Bank’s credit ratings or outlook which could increase the costs or availability of funding from capital markets; the ability to attract new or retain existing or acquired deposits or to retain or grow loans, including growth from unfunded closed loans; the ability to generate future revenue growth or to control future growth in non-interest expense; interest rate fluctuations, including changes in the yield curve between short-term and long-term interest rates or changes in the relative relationships of various interest rate indices; competitive factors and pricing pressures, including their effect on the Bank’s net interest margin or core spread; general economic, unemployment, credit market and real estate market conditions, and the effect of such conditions on the creditworthiness of borrowers, collateral values, the value of investment securities and asset recovery values; changes in legal, financial and/or regulatory requirements; recently enacted and potential legislation and regulatory actions and the costs and expenses to comply with new and/or existing legislation and regulatory actions; changes in U.S. government monetary and fiscal policy; the ability to keep pace with technological changes, including changes regarding maintaining cybersecurity; future 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 and our quarterly reports on Form 10-Q. Should one or more of the foregoing risks materialize, or should underlying assumptions prove incorrect, actual results or outcomes may vary materially from those projected in, or implied by, such forward-looking statements. The Bank disclaims any obligation to update or revise any forward-looking statements based on the occurrence of future events, the receipt of new information or otherwise.*

## Summary

We are pleased to report the results of the fourth quarter and full year of 2018. We executed well during the quarter, as our net income was \$115.0 million and our annualized return on average assets was 2.04%. Our non-purchased loans grew \$633 million during the quarter, and we had \$1.1 billion of Real Estate Specialties Group (“RESG”) originations, while continuing to adhere to our high standards of lending. Our deep industry and market knowledge and relationships with our sponsors gives us a unique ability to win business based on our service and expertise without sacrificing our standards. RESG continues to be a leader in commercial real estate finance nationally, and the discipline we demonstrated in 2018 suggests that we will continue to be a strong leader in that field. Our Indirect RV & Marine lending business has given us another exceptional national lending platform, providing substantial growth, good asset quality and healthy portfolio diversification. Various teams within our Community Banking group are successfully growing, with the expectation that some of these units will contribute significantly to further portfolio diversification and may ultimately achieve national scale. For the full year 2018, our non-purchased loan growth was diversified across Indirect RV & Marine (\$1,034 million), RESG (\$908 million) and Community Banking (\$345 million).

In the fourth quarter, our yield on non-purchased loans increased 27 basis points (“bps”) to 6.34%. 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 (“COIBD”), increased 13 bps to 4.84%.

Our asset quality remains excellent as we continue to have net charge-off ratios below industry averages. For the quarter just ended, our annualized net charge-off ratio for total loans was 0.07%. For the full year 2018, including the 3<sup>rd</sup> quarter charge-offs, our net charge-off ratio for total loans was 0.34%, which was approximately 70% of the most recently available annualized industry ratio.

Our net income for the quarter just ended decreased 21.3% from \$146.2 million in the fourth quarter of 2017, which included a one-time income tax benefit of \$49.8 million. That tax benefit was a result of our revaluation in the fourth quarter of 2017 of our net deferred tax liability position to reflect the reduction in our federal corporate income tax rate from 35% to 21% due to the Tax Cuts and Jobs Act enacted on December 22, 2017. Our net income for the quarter just ended was a record quarterly result, if you exclude the one-time income tax benefit from our fourth quarter 2017 results.

For the full year of 2018, our net income was \$417.1 million, our annualized return on average assets was 1.90%, and our annualized returns on average common stockholders’ equity and tangible common stockholders’ equity

were 11.59% and 14.41%<sup>1</sup>, respectively. Our net income for 2018 decreased 1.1% from \$421.9 million in 2017. As discussed above, our 2017 net income included the one-time income tax benefit of \$49.8 million. Our 2018 net income included pre-tax expenses of approximately \$11.7 million related to our name change to Bank OZK, change in our ticker symbol to “OZK,” and adoption of a new logo and signage, all as part of a strategic rebranding.

Throughout 2018, we worked very hard enhancing our team, technology and business capabilities. We have done all this while delivering an efficiency ratio of 37.9%, or 36.8%<sup>2</sup> excluding the \$11.7 million of one-time rebranding expenses. Our efficiency ratio has been in the top decile in the industry for 16 consecutive years.

We remain focused on delivering long-term value to our shareholders, and we believe that our Bank’s capabilities continue to reach new heights. We are excited about our plans for 2019!

---

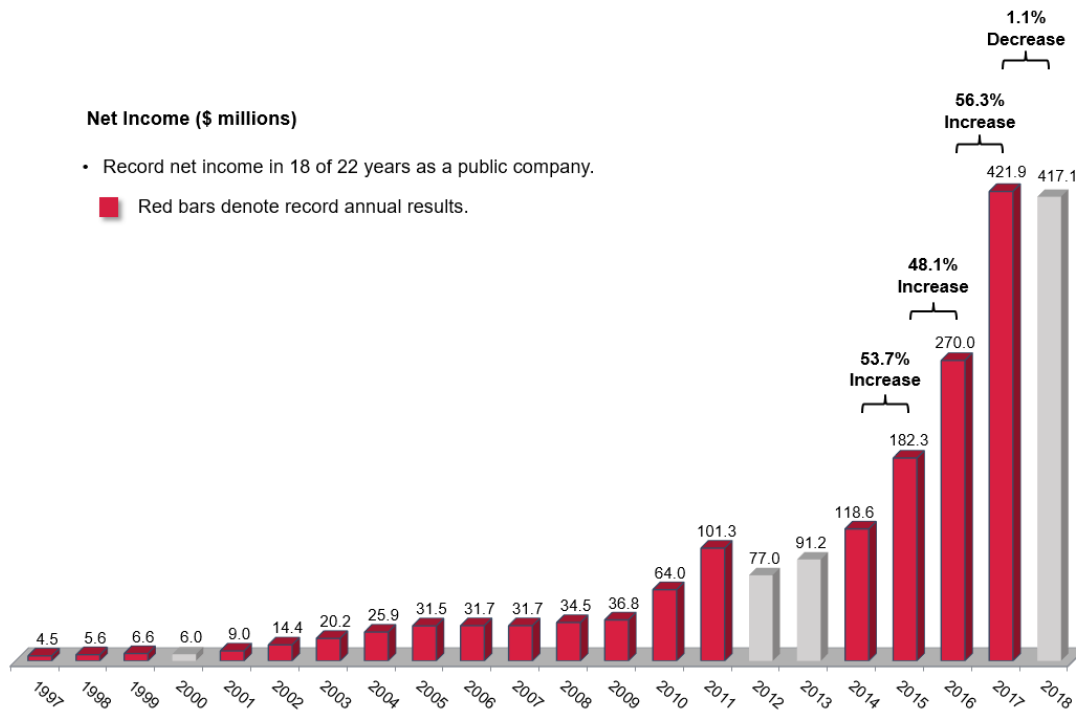
<sup>1</sup> The calculation of the Bank’s return on average tangible common stockholders’ equity and the reconciliation to generally accepted accounting principles (“GAAP”) are included in the schedule at the end of this presentation.

<sup>2</sup> See the schedule at the end of this presentation for the reconciliation of adjusted efficiency ratio.

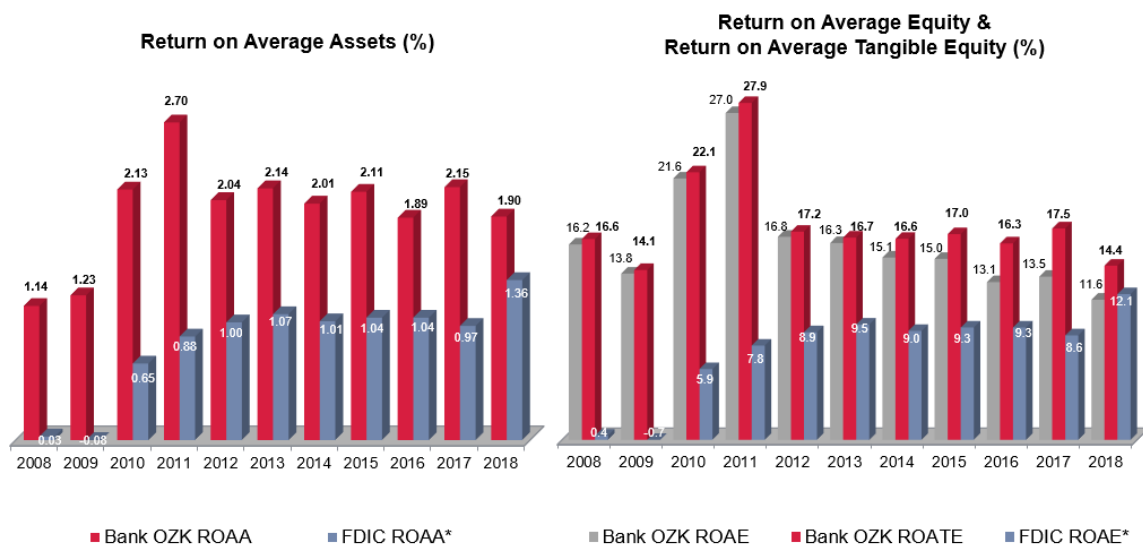
## Profitability and Earnings Metrics

As shown in Figures 1 and 2, our results for 2018 continue our long tradition of excellent net income and returns.

**Figure 1: Profitability and Earnings Growth**



**Figure 2: Earnings Metrics**



\*Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last update third quarter 2018. Annualized when appropriate.

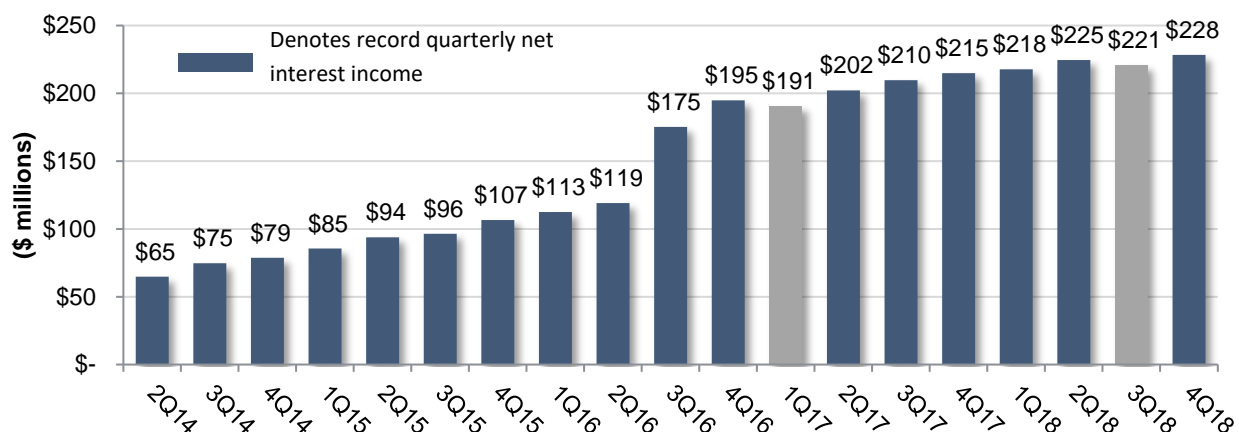
Calculations of return on average tangible common stockholders' equity and the reconciliations to GAAP are included in the schedule at the end of this presentation.

## Net Interest Income

We achieved record net interest income in the quarter just ended. Increasing our net interest income is an important objective. It is our largest category of revenue and is affected by many factors. These include 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; loan and deposit betas; and other factors.

We have achieved record net interest income in 17 of the last 19 quarters, as shown in Figure 3. Consistent with our historical results, we strive to increase net interest income through a combination of growth in earning assets and good yields on those assets.

**Figure 3: Quarterly Net Interest Income Trends**



## Average Earning Assets – Volume and Mix

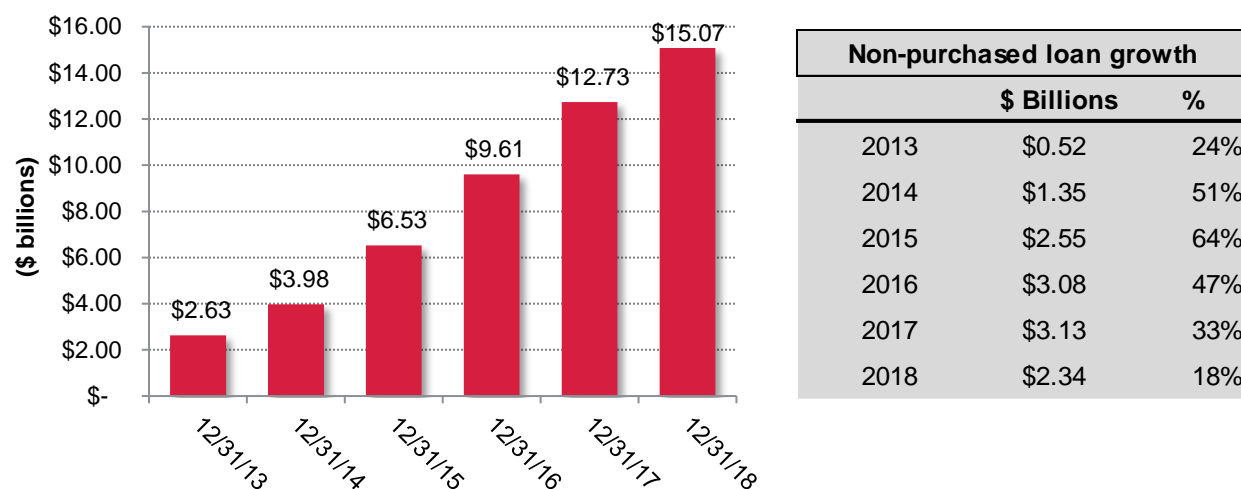
Our average earning assets for the quarter just ended totaled \$20.0 billion, an increase of 9.4% compared to the fourth quarter of 2017. Our average earning assets for 2018 were \$19.5 billion, an increase of 14.1% compared to 2017. Our growth in average earning assets for both the fourth quarter and full year of 2018 was limited by (i) a high level of pay-downs of non-purchased loans and (ii) the ongoing pay-downs of purchased loans.

### Non-purchased Loans

Non-purchased loans, which are all loans excluding the remaining loans acquired in our acquisitions, accounted for 74.4% of our average earning assets in the quarter just ended. During the quarter, the outstanding balance of our non-purchased loans grew \$633 million. For the full year of 2018, non-purchased loans grew \$2.34 billion, or 18.4%. We expect our non-purchased loan growth percentage for 2019 to be in the low to mid-teens. Loan

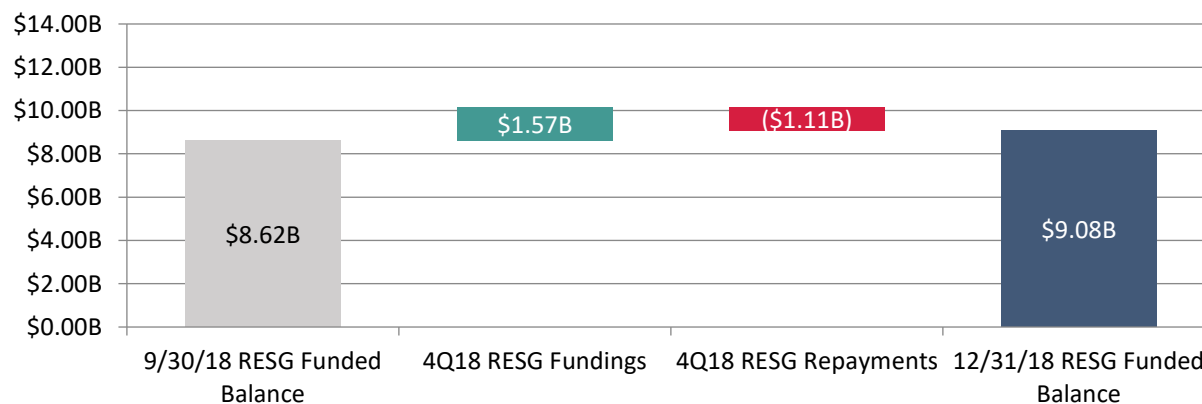
growth may vary widely quarter-to-quarter and our actual results for 2019 could vary significantly from current expectations due to economic conditions, competition or other factors.

**Figure 4: Funded Balance of Non-purchased Loans**



RESG accounted for 60% of the funded balance of non-purchased loans as of December 31, 2018. Figures 5 and 6 reflect the changes in the funded balance of RESG loans for the fourth quarter and the full year of 2018, respectively.

**Figure 5: Activity in RESG Funded Balances – 4Q18**



**Figure 6: Activity in RESG Funded Balances – FY18**

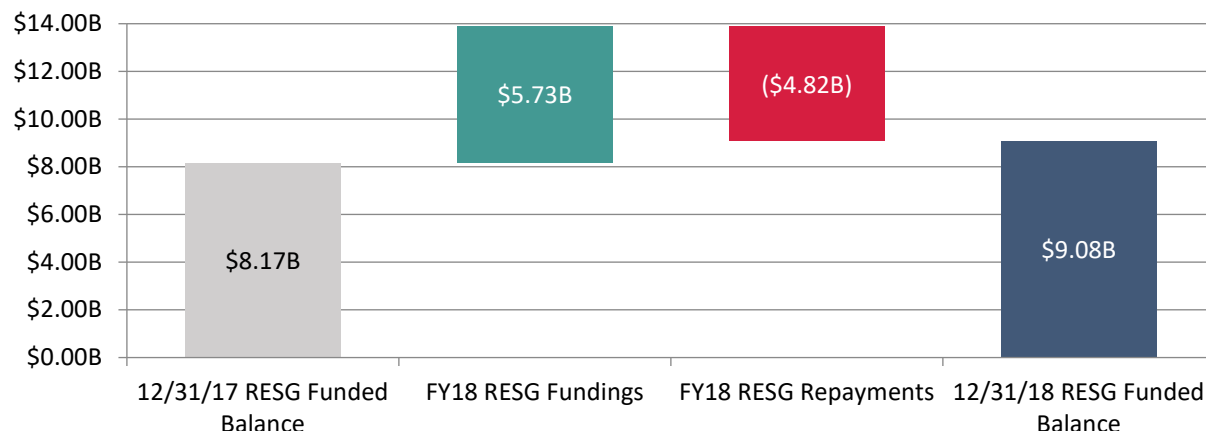


Figure 7 shows RESG’s quarterly loan repayments for each of the last 12 quarters. Our 2018 growth in non-purchased loans was limited by the level of RESG loan repayments. However, we were pleased to see several RESG loan repayments, which we thought might occur in the quarter just ended, move to 2019.

**Figure 7: RESG Quarterly Loan Repayments**

	Q1	Q2	Q3	Q4	Total
FY2016	\$0.21B	\$0.41B	\$0.69B	\$0.48B	\$1.79B
FY2017	\$0.57B	\$0.98B	\$0.87B	\$1.45B	\$3.86B
FY2018	\$0.79B	\$1.40B	\$1.52B	\$1.11B	\$4.82B

RESG loan repayments are expected to remain elevated in 2019, and will likely exceed the level of repayments in 2018. Of course, the level of repayments will vary from quarter-to-quarter and may have an outsized impact in one or more quarters.

Figure 8 shows RESG’s quarterly loan originations for each of the last 12 quarters. RESG’s lower origination volume in 2018 reflects fewer opportunities meeting RESG’s stringent credit quality and return standards. This was due to a combination of competitive conditions and supply/demand dynamics for commercial real estate.

**Figure 8: RESG Quarterly Loan Originations**

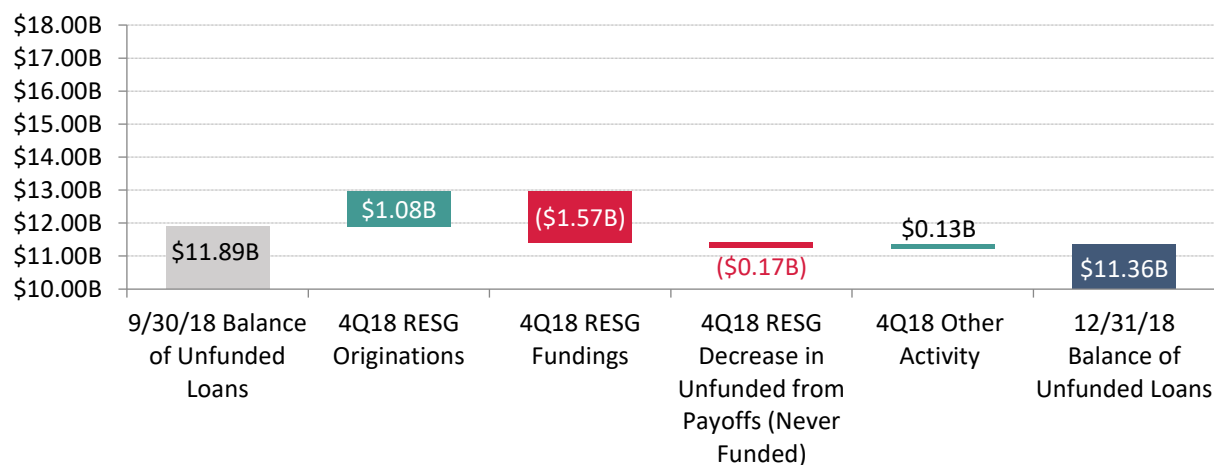
	Q1	Q2	Q3	Q4	Total
FY2016	\$1.81B	\$1.98B	\$1.79B	\$2.56B	\$8.14B
FY2017	\$2.30B	\$2.04B	\$2.21B	\$2.56B	\$9.11B
FY2018	\$1.00B	\$1.19B	\$1.47B	\$1.08B	\$4.74B

Our focus has been, and will continue to be, on maintaining our credit quality and return standards, even if maintaining those standards adversely affects our origination volume and non-purchased loan growth. We expect our RESG loan originations for 2019 will likely equal or exceed the \$4.74 billion we achieved in 2018; however, originations may vary widely quarter-to-quarter and our actual results for 2019 could vary significantly from current expectations due to economic conditions, competition or other factors.

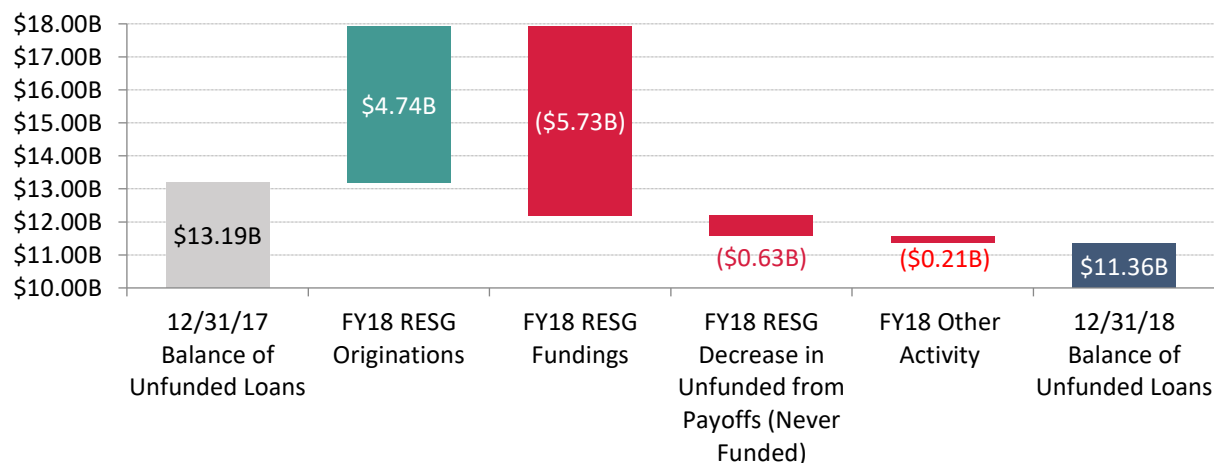


At December 31, 2018, RESG accounted for 91% of our \$11.4 billion unfunded balance of loans already closed. Figures 9 and 10 reflect the changes in the unfunded balance of our loans already closed, both RESG and others, for the fourth quarter and full year of 2018, respectively. This unfunded balance decreased \$1.83 billion during 2018, and will likely decrease again in 2019. This unfunded balance will increase or decrease based on a combination of factors, including, among others, economic, real estate market and competitive conditions.

**Figure 9: Activity in Unfunded Balances – 4Q18**



**Figure 10: Activity in Unfunded Balances – FY18**



As we have stated before, maintaining excellent asset quality is always our main priority. Return on allocated equity is another important consideration, as evidenced by our favorable net interest margin. We will not sacrifice our asset quality or return standards to achieve growth. Our outstanding lending teams achieved non-purchased loan growth of 18% in 2018, while adhering to our stringent credit quality and return standards.

### *Investment Securities*

Our investment securities portfolio is our second largest component of earning assets. In the past seven quarters, we have increased our investment securities portfolio by \$1.42 billion, expanding it from \$1.47 billion at March 31, 2017 to \$2.89 billion at December 31, 2018. This growth was primarily 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 enhance our balance sheet liquidity, while also trying to avoid any significant interest rate and market risks. We will continue to make adjustments in our portfolio, and we may further increase our investment securities portfolio in 2019, if market conditions allow us to make additional purchases at what we believe to be favorable yields.

### *Purchased Loans*

Purchased loans, which are the remaining loans from our fifteen acquisitions, are our third largest component of earning assets. Purchased loans accounted for 10.9% of our average earning assets in the quarter just ended and 13.5% for the full year of 2018. During 2018, our purchased loans decreased \$1.27 billion, or 38.2%, from \$3.31 billion at December 31, 2017 to \$2.04 billion at December 31, 2018. During the quarter just ended, our purchased loan portfolio decreased \$241 million, or 10.6% not annualized. Of course, this purchased loan runoff was generally expected. Purchased loan runoff will continue to be a headwind to overall growth in 2019.

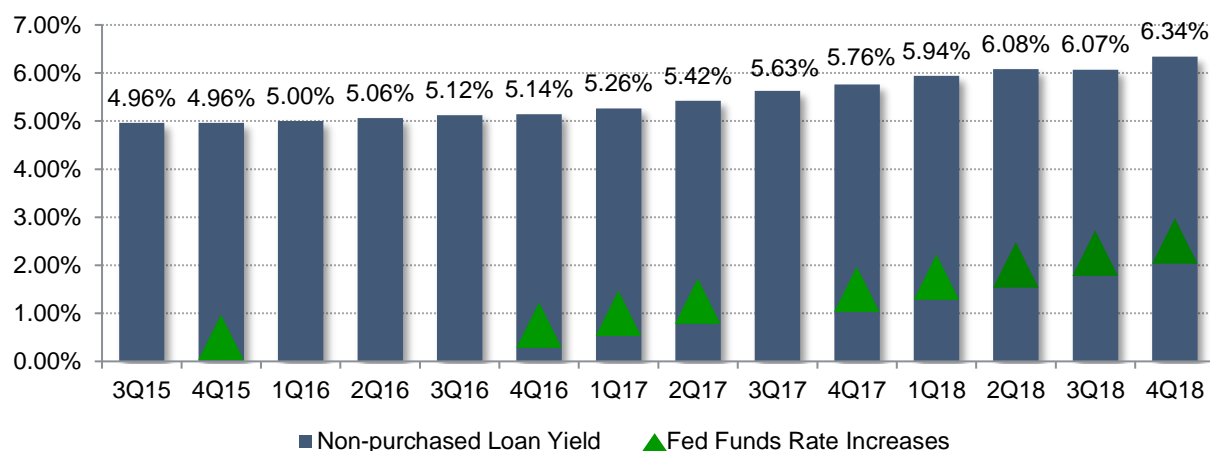
### **Net Interest Margin**

Our net interest margin for the quarter just ended was 4.55%, up eight bps from the third quarter of 2018, but down 17 bps from the fourth quarter of 2017.

### *Loan Yields*

As shown in Figure 11, our yield on non-purchased loans increased 27 bps in the quarter just ended, following an unexpected one basis point decline in the third quarter of 2018. Loan yield includes various items such as amortization of deferred loan fees and deferred originations costs, minimum interest, prepayment penalties and other such items that vary from quarter-to-quarter. Those items were below average in the third quarter of 2018 which diminished non-purchased loan yields in that quarter by approximately two bps, and such items were above average in the fourth quarter of 2018 which enhanced non-purchased loan yields in that quarter by approximately four bps. Our yield on non-purchased loans has generally tended to increase as the Federal Reserve has increased the Fed funds target rate.

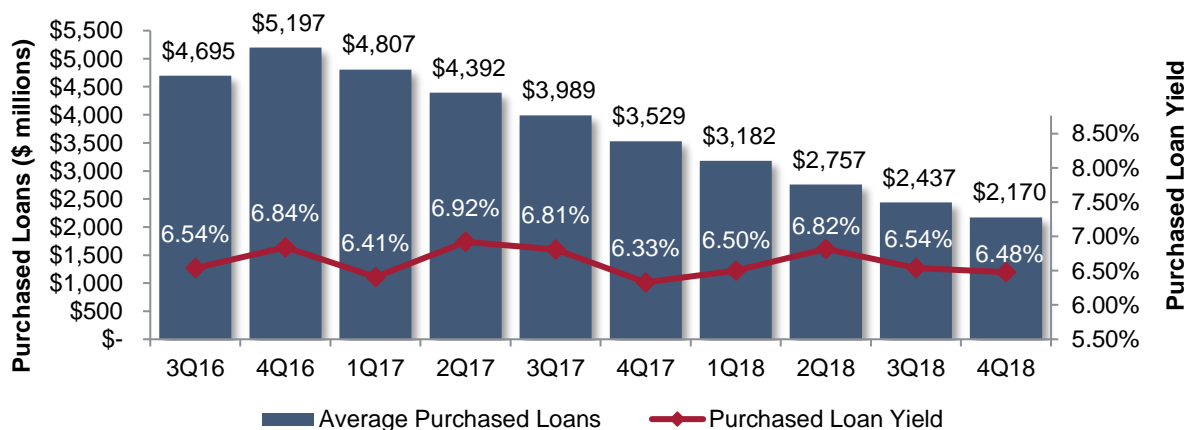
**Figure 11: Non-purchased Loan Yield Trends**



At December 31, 2018, 76% of our non-purchased loans had variable rates. If the Federal Reserve increases the Fed funds target rate in 2019, and if our yield on non-purchased loans increases along with increases in the Fed funds target rate, we would expect our yield on non-purchased loans to increase in a manner similar to our historical results with previous Fed funds target rate increases, all as shown in Figure 11.

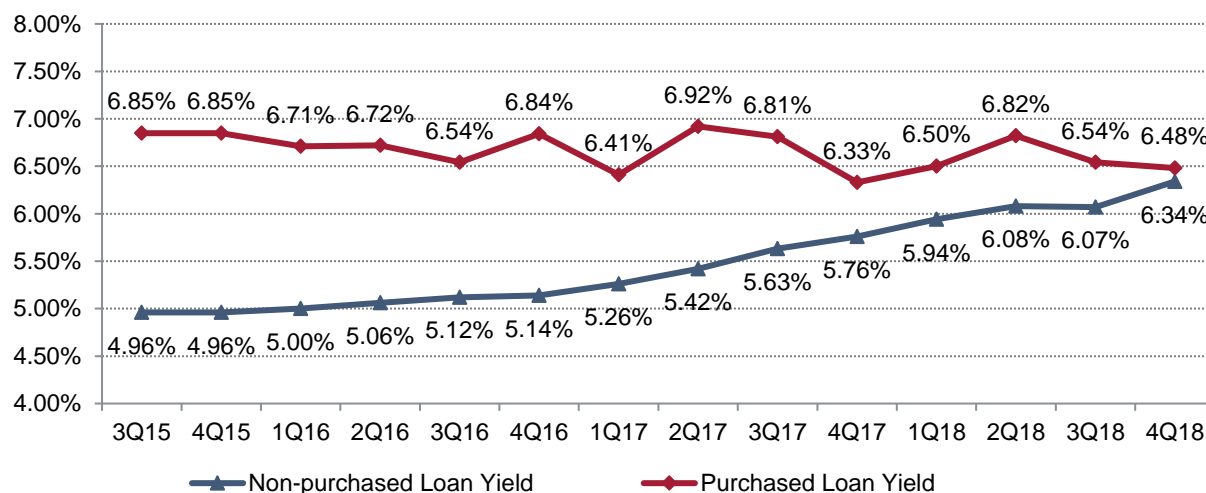
As shown in Figure 12, our purchased loan portfolio is paying down every quarter, and this ongoing reduction in this higher yielding portfolio has steadily put some downward pressure on our net interest margin in recent years.

**Figure 12: Quarterly Purchased Loan Average Balances and Yields Since Closing Our Two Latest Acquisitions in July 2016**



As shown in Figure 13, 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 can vary significantly from quarter-to-quarter based on the volume and mix of prepayments within the purchased loan portfolio. Our purchased loan portfolio should benefit, but to a lesser extent than our non-purchased loan portfolio, from rising rates, as 43% of our purchased loans had variable rates as of December 31, 2018.

**Figure 13: Convergence of Non-purchased and Purchased Loan Yields**

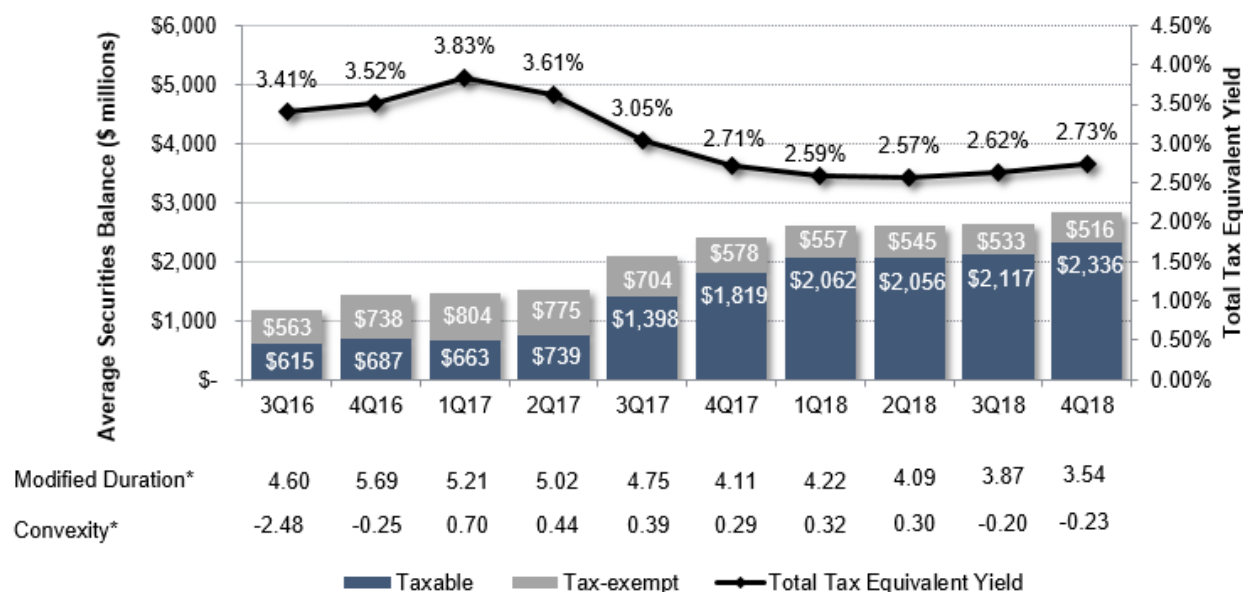


With 76% of our non-purchased loans having variable rates, as compared to just 43% of our purchased loans having variable rates, and assuming that our yields on non-purchased loans increase as expected along with any further increases in the Fed funds target rate, we may reach a point where our yield on non-purchased loans surpasses our yield on purchased loans. If this occurs, it could have positive implications for our net interest margin thereafter.

### Investment Portfolio Yields

As shown in Figure 14, we have defensively positioned our investment securities portfolio. The yield on our investment portfolio was 2.63%, on a fully taxable equivalent (“FTE”) basis, in 2018, which is a decrease of 57 bps from 3.20% FTE in 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 2018. As shown in Figure 14, the changing mix of the portfolio contributed to this reduced portfolio yield. Specifically, the average balance of tax-exempt securities decreased from \$714 million yielding 4.83% FTE in 2017 to \$538 million yielding 3.81% FTE in 2018. The average balance of taxable securities increased from \$1.16 billion yielding 2.20% in 2017 to \$2.14 billion yielding 2.33% in 2018.

**Figure 14: Securities Portfolio Average Balance and FTE Yield**

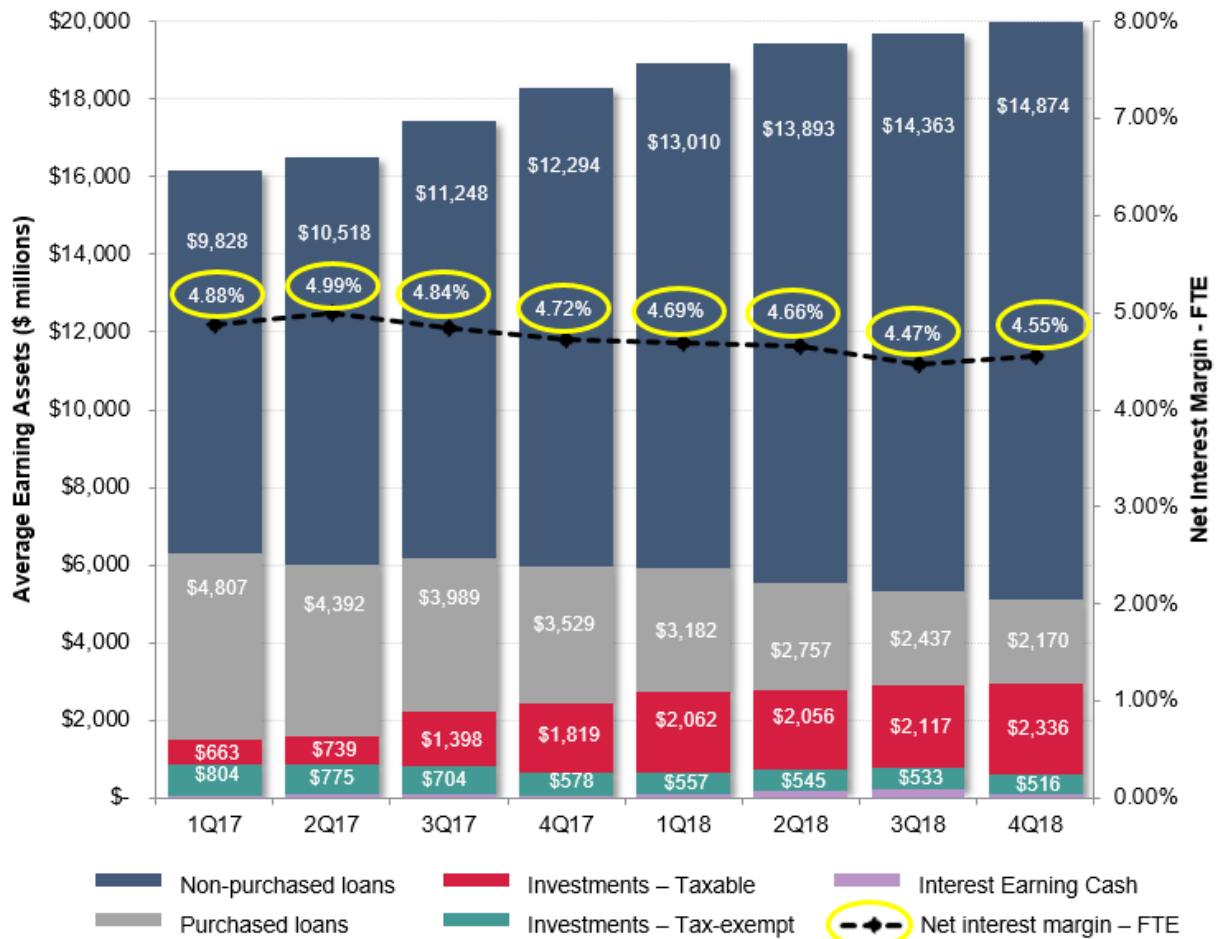


\* Modified duration and convexity data as of the end of each respective quarter.

### Earning Asset Mix Impact on Net Interest Margin

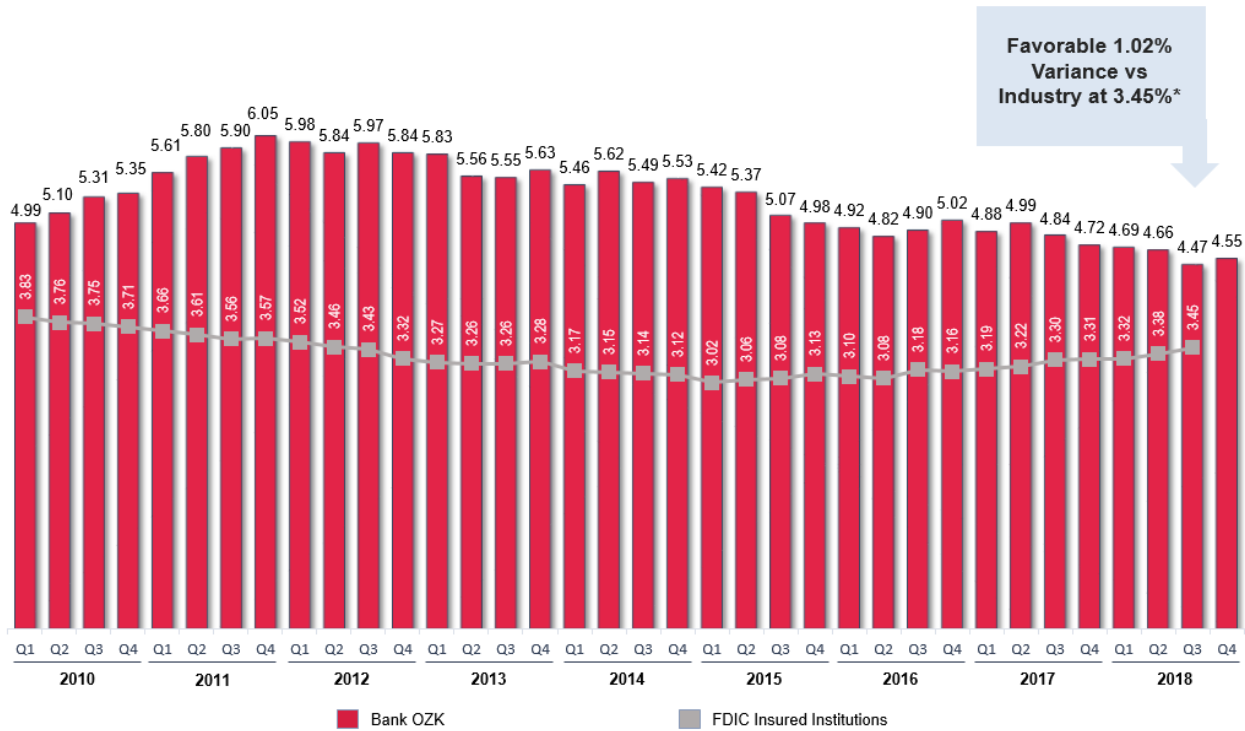
Figure 15 illustrates the dynamic nature of changes in our mix of earning assets, which have affected our net interest margin. This includes growth in our non-purchased loans and taxable investments partially offset by decreases in our volume of purchased loans and tax-exempt investments.

**Figure 15: Trends in Average Earning Asset & Net Interest Margin**



We continue to perform well versus the industry on net interest margin, as shown in Figure 16.

**Figure 16: Top-Decile Net Interest Margin (%)**

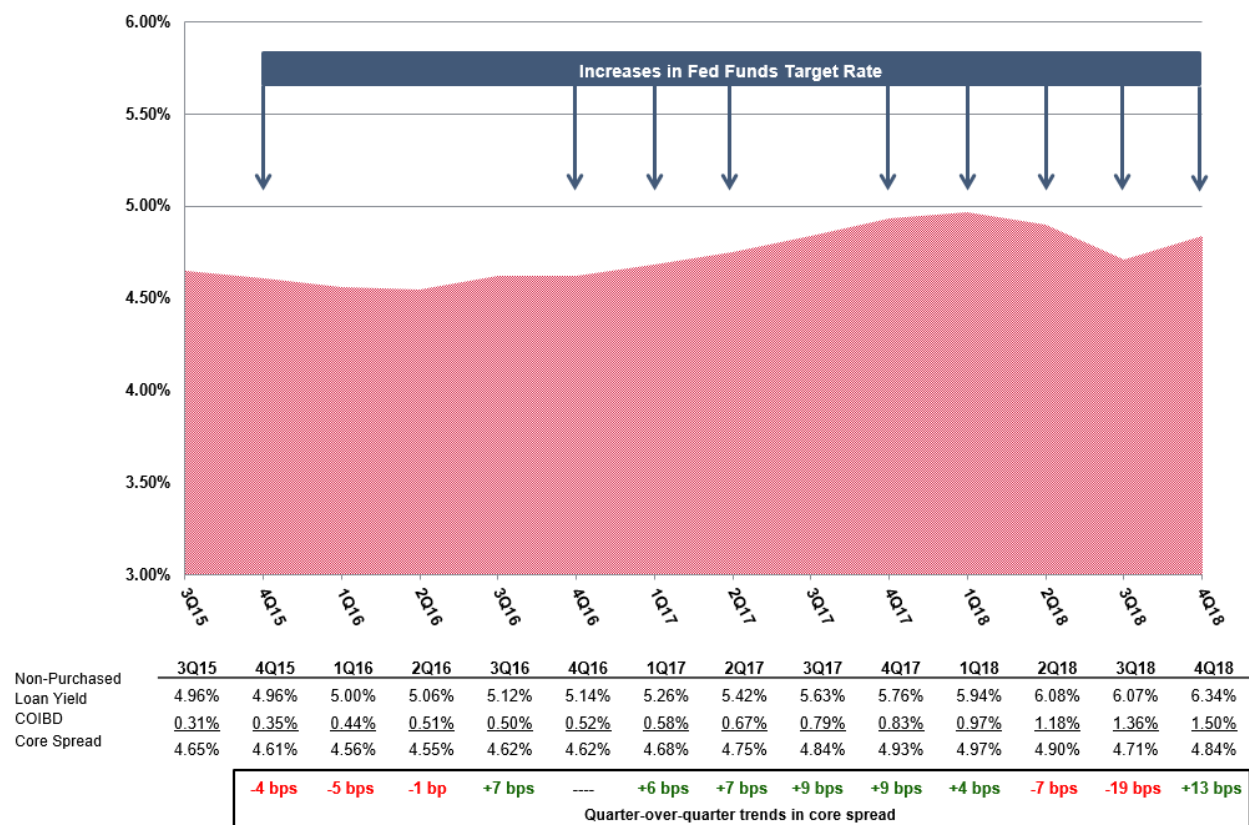


\*Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last update third quarter 2018.

## Core Spread

Our core spread has increased 19 bps over the last 13 quarters. It increased in seven of those 13 quarters, all as shown in the box at the bottom of Figure 17.

**Figure 17: Core Spread**



Many factors affect our core spread. We expect that the most meaningful factors in 2019 will be the Federal Reserve's actions related to the Fed funds target rate, relative movement in LIBOR, the shape of the yield curve and competition around loan and deposit pricing. We expect to have quarters in 2019 when our core spread decreases, as it did twice in 2018.

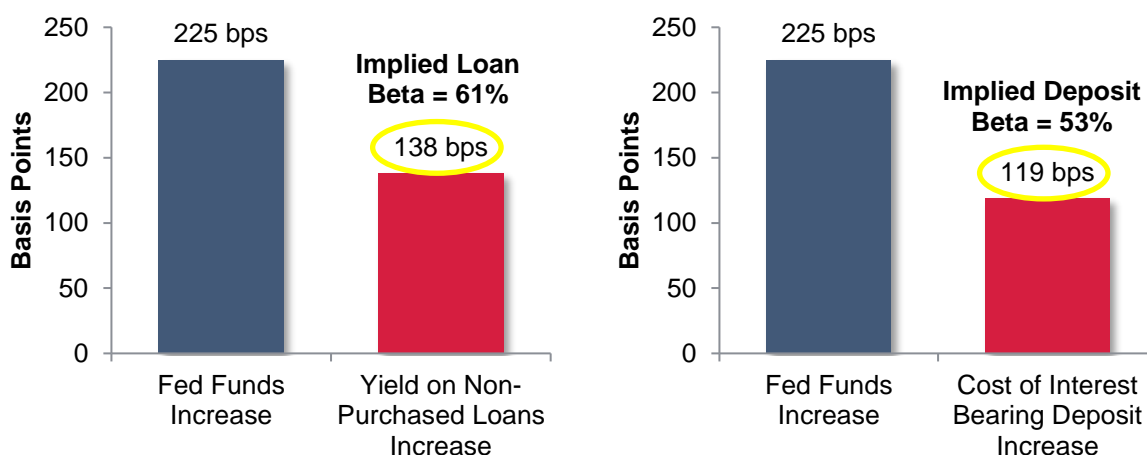
## Loan and Deposit Betas

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 nine 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.



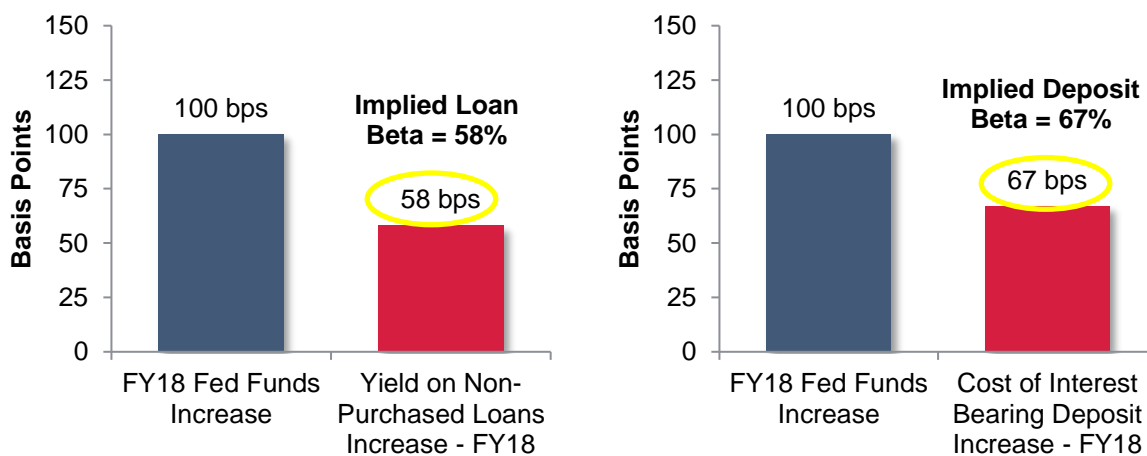
Figure 18 shows our non-purchased loan and deposit betas over the 13 quarters since the Federal Reserve commenced the current round of interest rate increases. During that period, our yield on non-purchased loans has increased 138 bps, more than offsetting the increase of 119 bps in our COIBD, and resulting in an increase of 19 bps in our core spread over those 13 quarters.

**Figure 18: Non-purchased Loan and Deposit Betas in Rising Rate Cycle (Last 13 Quarters)**



However, in 2018 our implied deposit beta was higher than our implied loan beta, as shown in Figure 19.

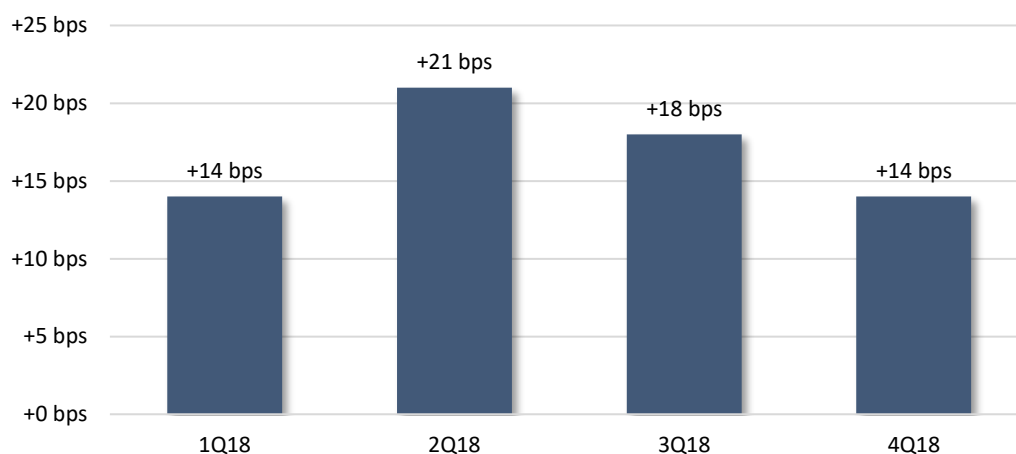
**Figure 19: Non-Purchased Loan and Deposit Betas (Fiscal Year 2018)**



Starting in the third quarter of 2018, we increased our focus on improving future deposit betas. Over the last two quarters, we have given increased attention to our data, analytics, practices and strategies related to deposits and deposit pricing. We have identified a number of adjustments, some of which we have implemented and some of which are still in development. This increased focus included the addition of a Chief Deposit Officer in December 2018. We are pleased that, as shown in Figure 20, our preliminary efforts have resulted in smaller increases in our COIBD in each of the last two quarters as compared to the second quarter of 2018. We plan to continue our focus

on enhancing deposits and deposit pricing. While our results may vary from quarter-to-quarter, we believe that our increase in our COIBD for the full year of 2019 will be less than 2018, although we believe those improvements will be more evident in the second half of 2019 than the first half.

**Figure 20: Quarterly Increases in COIBD**



### Non-interest Income

Non-interest income was \$107.8 million for 2018, a decrease of 13.0% from \$123.9 million for 2017. Non-interest income for the fourth quarter of 2018 decreased 8.8% to \$27.6 million compared to \$30.2 million for the fourth quarter of 2017. Figure 21 reflects non-interest income for the most recent eight quarters.

Our service charges on deposit accounts decreased starting in the third quarter of 2017 due to the Durbin Amendment's impact on our interchange revenue effective July 1, 2017. Our mortgage lending income has declined to essentially nothing because of our decision in December 2017 to exit the secondary market mortgage lending business and the wind down of that business in early 2018.

**Figure 21: Non-interest Income (\$ thousands)**

	For the 3 months Ended							
	3/31/2017	6/30/2017	9/30/2017	12/31/2017	3/31/2018	6/30/2018	9/30/2018	12/31/2018
Service charges on deposit accounts	\$ 11,301	\$ 11,764	\$ 9,729	\$ 10,058	\$ 9,525	\$ 9,704	\$ 9,730	\$ 10,585
Mortgage lending income	1,574	1,910	1,620	1,294	492	1	24	20
Trust income	1,631	1,577	1,755	1,729	1,793	1,591	1,730	1,821
BOLI income	4,464	4,594	4,453	5,166	7,580	5,259	5,321	5,751
Other income from purchased loans	3,737	4,777	2,933	2,009	1,251	2,744	1,418	2,370
Loan service, maintenance and other fees	2,706	3,427	5,274	4,289	4,743	5,641	4,724	5,245
Net gains on investment securities	-	404	2,429	1,201	17	-	-	-
Gains (losses) on sales of other assets	1,619	672	1,363	1,899	1,426	844	(518)	465
Other	2,026	2,715	3,191	2,568	1,880	1,602	1,692	1,303
Total non-interest income	\$ 29,058	\$ 31,840	\$ 32,747	\$ 30,213	\$ 28,707	\$ 27,386	\$ 24,121	\$ 27,560

A number of categories of non-interest income tend to vary significantly from quarter-to-quarter, as evidenced in Figure 21 above by the variation in results for the two most recent quarters, when several items tended to be lower in the third quarter and higher in the fourth quarter of 2018.

## Non-interest Expense

Figure 22 summarizes non-interest expense for each of the last eight quarters. As already discussed, we incurred non-interest expense of approximately \$11.7 million in 2018 related to our strategic rebranding, including approximately \$0.6 million in the second quarter, \$10.8 million in the third quarter and \$0.3 million in the fourth quarter.

**Figure 22: Non-interest Expense (\$ thousands)**

	For the 3 months Ended							
	3/31/2017	6/30/2017	9/30/2017	12/31/2017	3/31/2018	6/30/2018	9/30/2018	12/31/2018
Salaries & employee benefits	\$ 38,554	\$ 39,892	\$ 35,331	\$ 38,417	\$ 45,499	\$ 41,665	\$ 41,477	\$ 41,837
Net occupancy and equipment	13,192	12,937	13,595	13,474	14,150	13,827	14,358	14,027
Professional and outside services	5,338	6,816	10,018	10,269	8,705	9,112	9,725	8,325
Advertising and public relations	1,190	1,258	1,907	1,634	1,331	1,777	6,977	1,472
Telecommunication services	3,970	3,107	3,321	3,537	3,197	3,487	3,373	3,023
Software and data processing	2,473	2,289	2,982	2,382	3,340	3,110	3,336	3,943
Travel and meals	1,855	2,061	2,223	2,338	2,153	2,498	2,517	2,482
FDIC insurance and state assessments	1,742	3,408	4,381	3,583	3,562	3,558	3,948	3,672
Amortization of intangibles	3,145	3,145	3,145	3,145	3,145	3,145	3,145	3,144
Writedown of signage due to strategic rebranding	-	-	-	-	-	-	4,915	-
Other expenses	6,809	8,915	7,496	7,398	8,728	6,928	9,171	12,968
Total non-interest expense	\$ 78,268	\$ 83,828	\$ 84,399	\$ 86,177	\$ 93,810	\$ 89,107	\$ 102,942	\$ 94,893
Total expenses related to strategic rebranding	-	-	-	-	-	621	10,772	271
Total non-interest expenses excluding expenses related to strategic rebranding	\$ 78,268	\$ 83,828	\$ 84,399	\$ 86,177	\$ 93,810	\$ 88,486	\$ 92,170	\$ 94,622

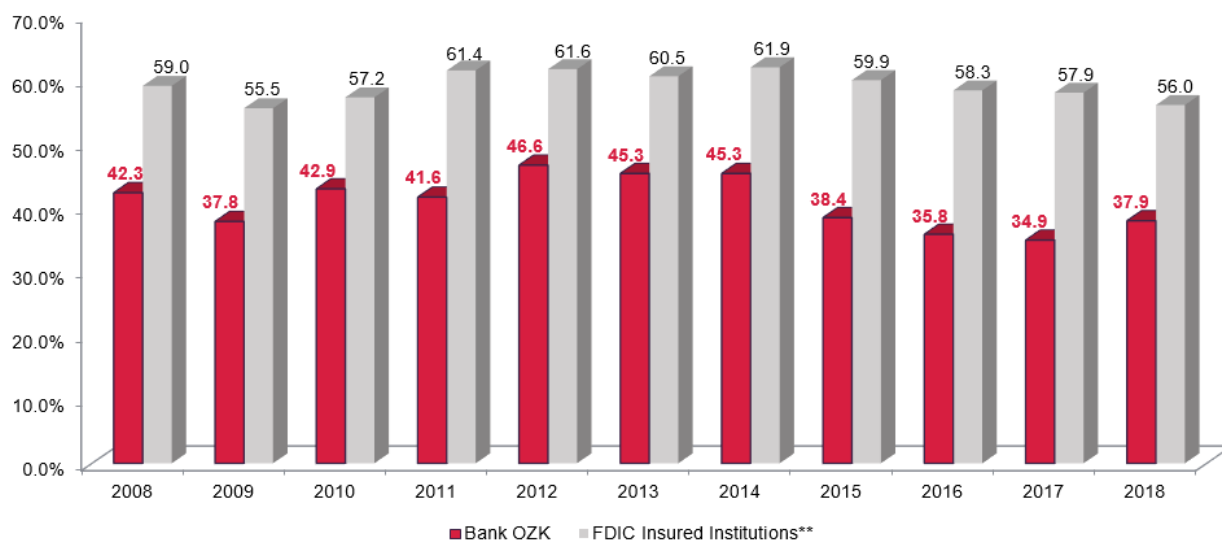
In 2017 and 2018, a significant factor in our increased non-interest expense was our focus on enhancing our infrastructure for information technology, information systems, cybersecurity, business resilience, enterprise risk management, internal audit, compliance, BSA/AML monitoring, training and other important areas, as well as expanding our human and physical infrastructure to serve low-to-moderate income and majority-minority markets and customer segments. We consider all these initiatives to be important in preparing for future growth. We made significant progress in 2017 and 2018 with this infrastructure build. We will continue to build our capabilities in these areas to keep pace with our growth and changing industry standards.

A high percentage of our salary adjustments and staff additions often occur during the first quarter of each year and many cost increases such as health insurance premiums occur in the first quarter of the year. Accordingly, increases in our non-interest expense tend to significantly impact our first quarter results.

## Efficiency Ratio

Our efficiency ratio has been among the top decile of the industry for 16 consecutive years, as shown in Figure 23. In the quarter just ended, our efficiency ratio was 36.9%. Our efficiency ratio was 37.9% for the full year of 2018, but excluding the \$11.7 million of non-interest expenses in the year related to our strategic rebranding, our efficiency ratio for 2018 would have been 36.8%<sup>3</sup>.

**Figure 23: Top Decile Efficiency (%) for 16 Consecutive Years\***



\* Data from S&P Global Market Intelligence.

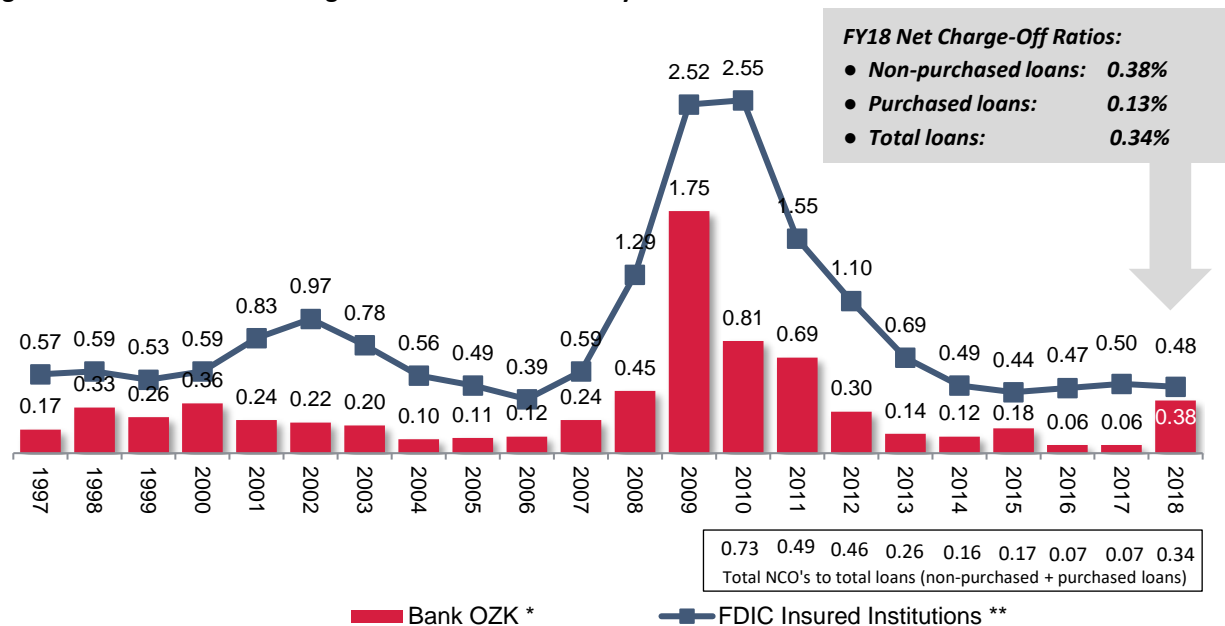
\*\* Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last update third quarter 2018.

<sup>3</sup> See the schedule at the end of this presentation for the reconciliation of adjusted efficiency ratio.

## Asset Quality

We continue to have net charge-off ratios below industry averages, as shown in Figure 24. In our 21 years as a public company, our net charge-off ratio for non-purchased loans has beaten the industry's net charge-off ratio every year and has averaged about 36% of the industry's net charge-off ratio.

**Figure 24: Annualized Net Charge-off Ratio vs. the Industry**



\*Unless otherwise indicated, Bank OZK data excludes purchased loans and net charge-offs related to such loans.

\*\*Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated third quarter 2018. Annualized when appropriate.

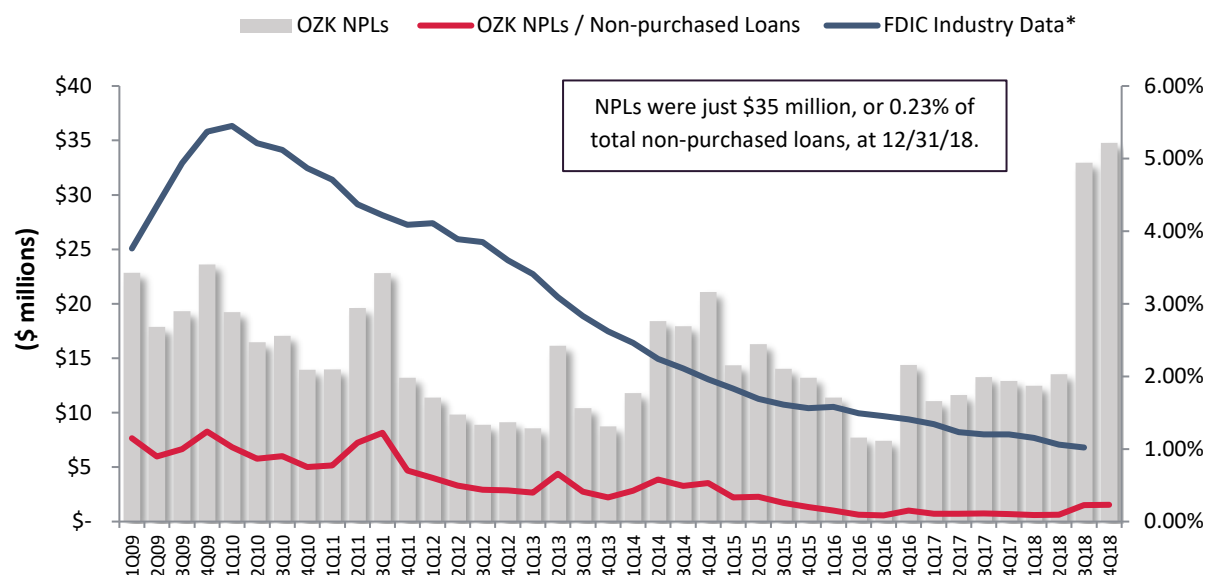
In RESG's 16-year history we have incurred losses on only five credits, resulting in a weighted average annual net charge-off ratio (including OREO write-downs) for the RESG portfolio of 19 bps. You can see those details in Figure 25.

Figure 25 - RESG Historical Net charge-offs (\$ Thousands)				
Year-end	Ending Loan Balance	YTD Average Loan Balance	Net charge-offs ("NCO")*	NCO Ratio
2003	\$ 5,106	\$ 780	\$ -	0.00%
2004	52,658	34,929	-	0.00%
2005	51,056	56,404	-	0.00%
2006	61,323	58,969	-	0.00%
2007	209,524	135,639	-	0.00%
2008	470,485	367,279	-	0.00%
2009	516,045	504,576	7,531	1.49%
2010	567,716	537,597	-	0.00%
2011	649,806	592,782	2,905	0.49%
2012	848,441	737,136	-	0.00%
2013	1,270,768	1,085,799	-	0.00%
2014	2,308,573	1,680,919	-	0.00%
2015	4,263,800	2,953,934	-	0.00%
2016	6,741,249	5,569,287	-	0.00%
2017	8,169,581	7,408,367	842	0.01%
2018	9,077,616	8,685,191	45,490	0.52%
<b>Total</b>			<b>\$ 56,768</b>	
<b>Average</b>	<b>\$ 1,900,599</b>		<b>\$ 3,548</b>	<b>0.19%</b>

\* Net charge-offs shown in this column reflect both net charge-offs and OREO write-downs.

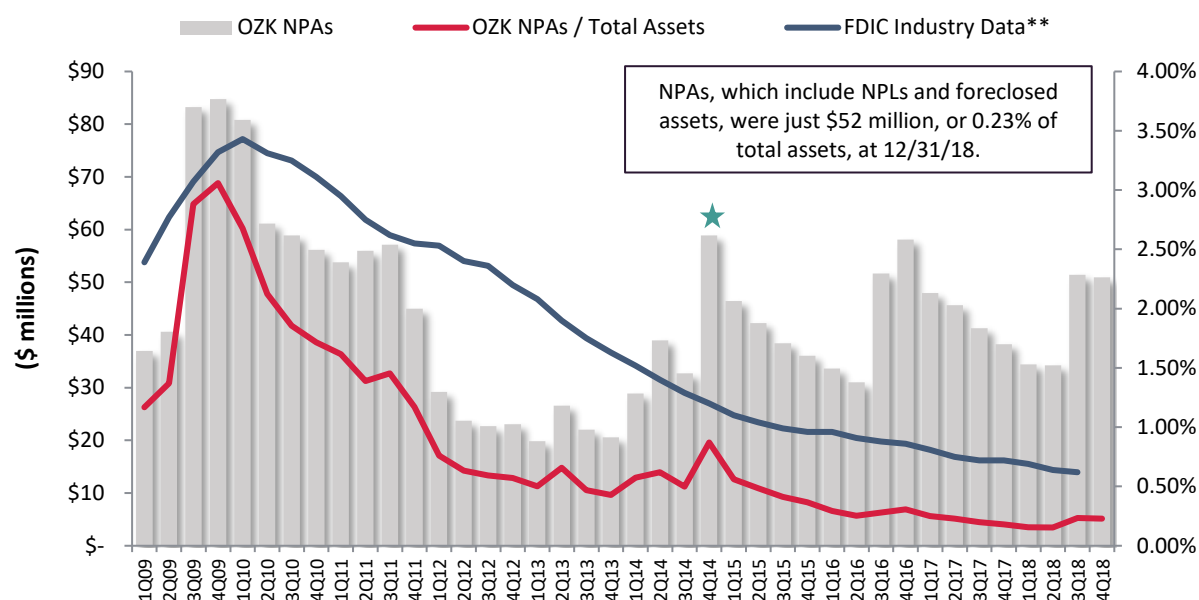
Our very favorable ratios of nonperforming loans, nonperforming assets and past due loans, as shown in Figures 26, 27 and 28, provide additional data points on our asset quality. As you can see, the dollar volumes of our nonperforming loans, nonperforming assets and past due loans have been relatively stable, even as our total non-purchased loans and assets have grown many-fold. Our ratios for nonperforming loans, nonperforming assets and past due loans have generally improved and have been consistently better than the industry's ratios.

**Figure 26: Nonperforming Non-purchased Loans ("NPLs")**



\* Note: Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated third quarter 2018. FDIC industry ratio is the Percent of Loans Noncurrent, which includes loans that are past due 90 days or more or that are in nonaccrual status.

**Figure 27: Nonperforming Assets (“NPAs”)**

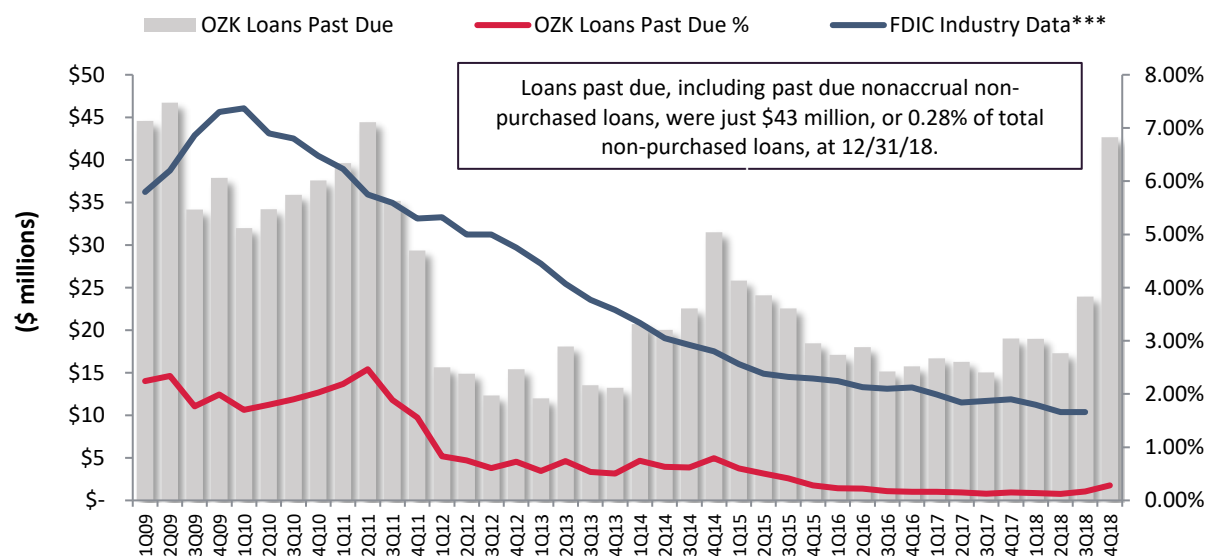


**\*\* Note:** Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated third quarter 2018.

FDIC industry ratio includes noncurrent assets plus other real estate owned to assets (%).

★ In 2014, we terminated our loss share agreement with the FDIC and reclassified foreclosed assets previously reported as covered by FDIC loss share to foreclosed assets.

**Figure 28: Non-purchased Loans Past Due 30+ Days, Including Past Due Nonaccrual Non-purchased Loans (“Loans Past Due”)**



**\*\*\* Note:** Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated third quarter 2018.

FDIC industry ratio is the Percentage of Loans Noncurrent + Percentage of Loans 30-89 Days Past Due.

Additionally, as shown in Figure 29, our dollar volume of non-purchased loans designated as being in the “Substandard” category of our credit quality indicators has remained low, even as our capital has grown many-fold. As a result, our ratio of substandard loans as a percentage of our total risk-based capital (“TRBC”) at December 31, 2018 is near the lowest such ratio for the periods shown.

**Figure 29: Substandard Non-purchased Loan Trends (\$ millions)**

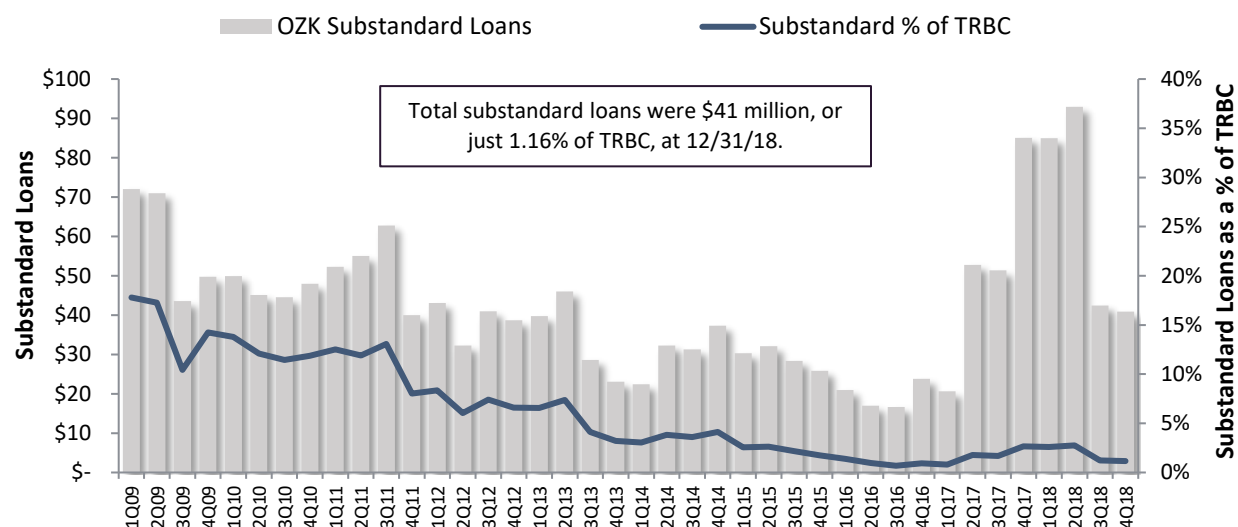
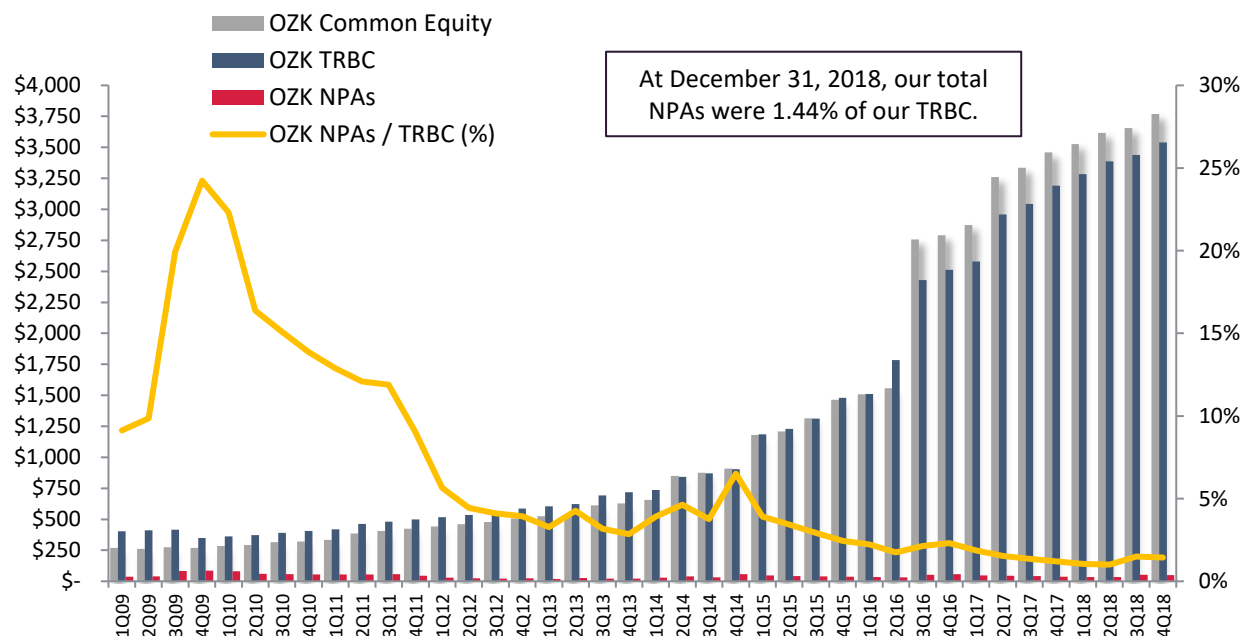


Figure 30 shows the tremendous growth in our common equity and TRBC over the last 10 years, while our volume of total nonperforming assets has generally declined to relatively nominal levels.

**Figure 30: Capital vs. NPAs – (\$ millions)**



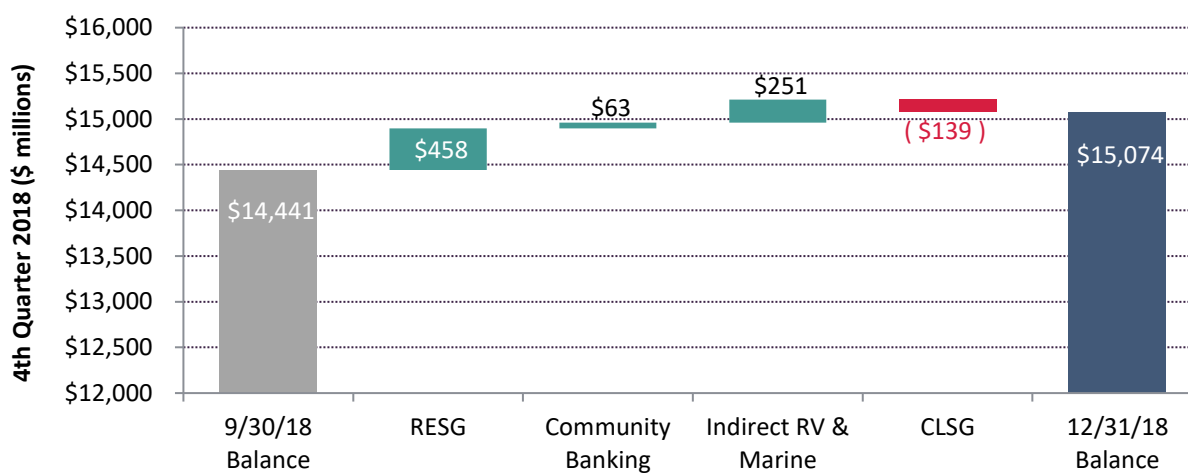


As noted above, our asset quality metrics are currently near our best ever and continue our long tradition of being significantly better than industry averages. We expect our excellent asset quality to continue.

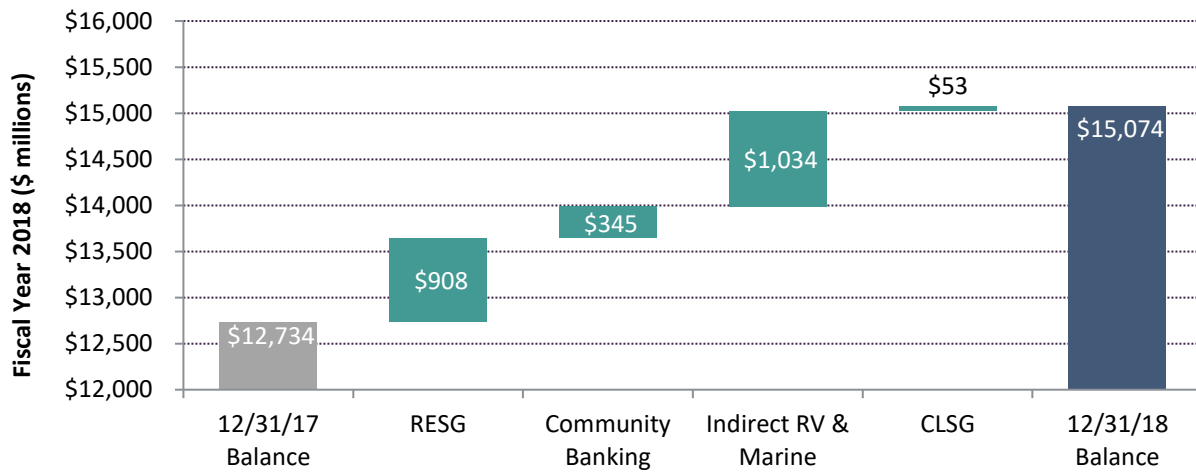
### Loan Portfolio Diversification & Leverage

In recent years, we have discussed the importance of achieving greater contributions to growth from our loan teams other than RESG. In 2017, these other loan teams contributed 54% of our non-purchased loan growth and in 2018 these other loan teams contributed 61% of our non-purchased loan growth. Figures 31 and 32 reflect this diversification in our loan growth in the quarter and year just ended. We expect our team handling Indirect RV & Marine lending and certain teams within Community Banking to contribute significantly to our future non-purchased loan growth and portfolio diversification.

**Figure 31: Non-purchased Loan Growth – 4Q18**

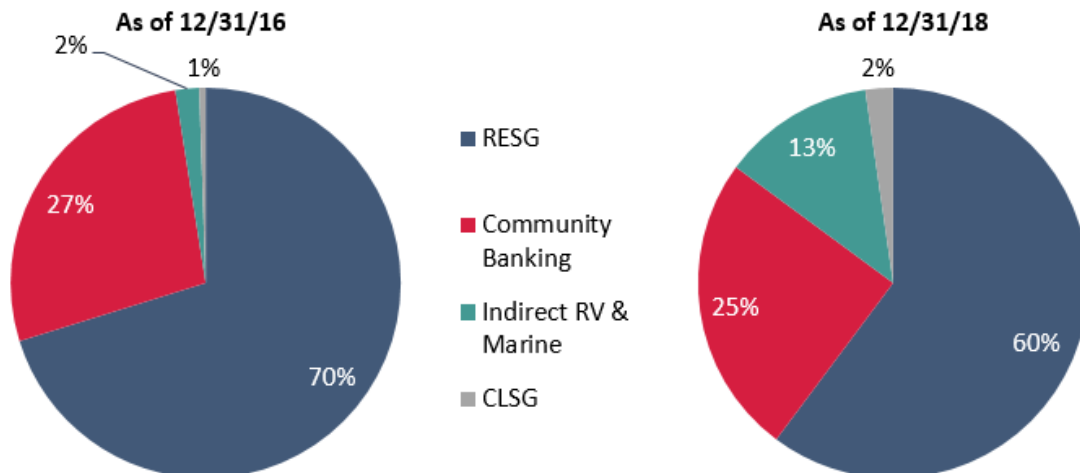


**Figure 32: Non-purchased Loan Growth – 2018**



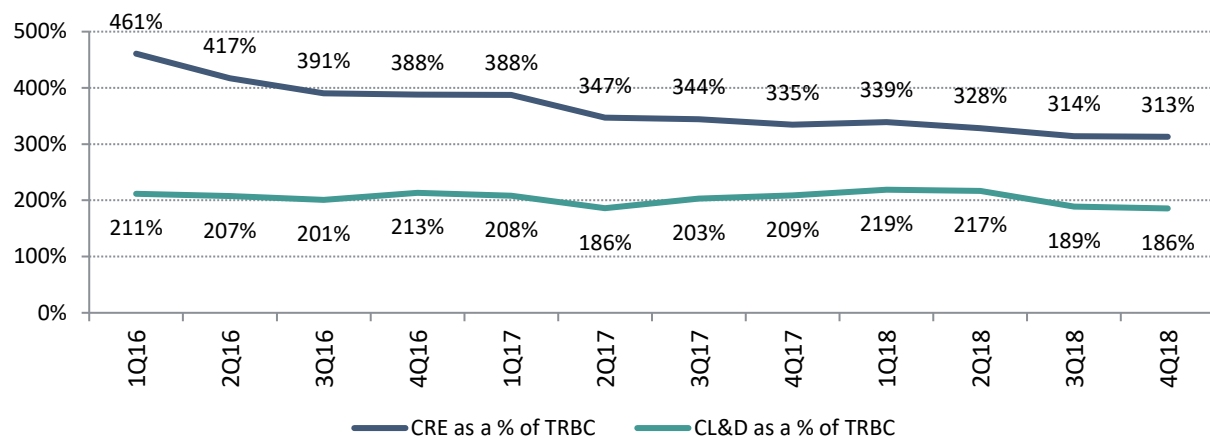
Our more diversified growth in 2017 and 2018, with RESG contributing less than half of our non-purchased loan growth in each of those years, has resulted in our RESG portfolio accounting for 60% of the funded balance of our non-purchased loans at December 31, 2018, as compared to 70% at December 31, 2016.

**Figure 33: Non-purchased Loan Portfolio Mix Shift**



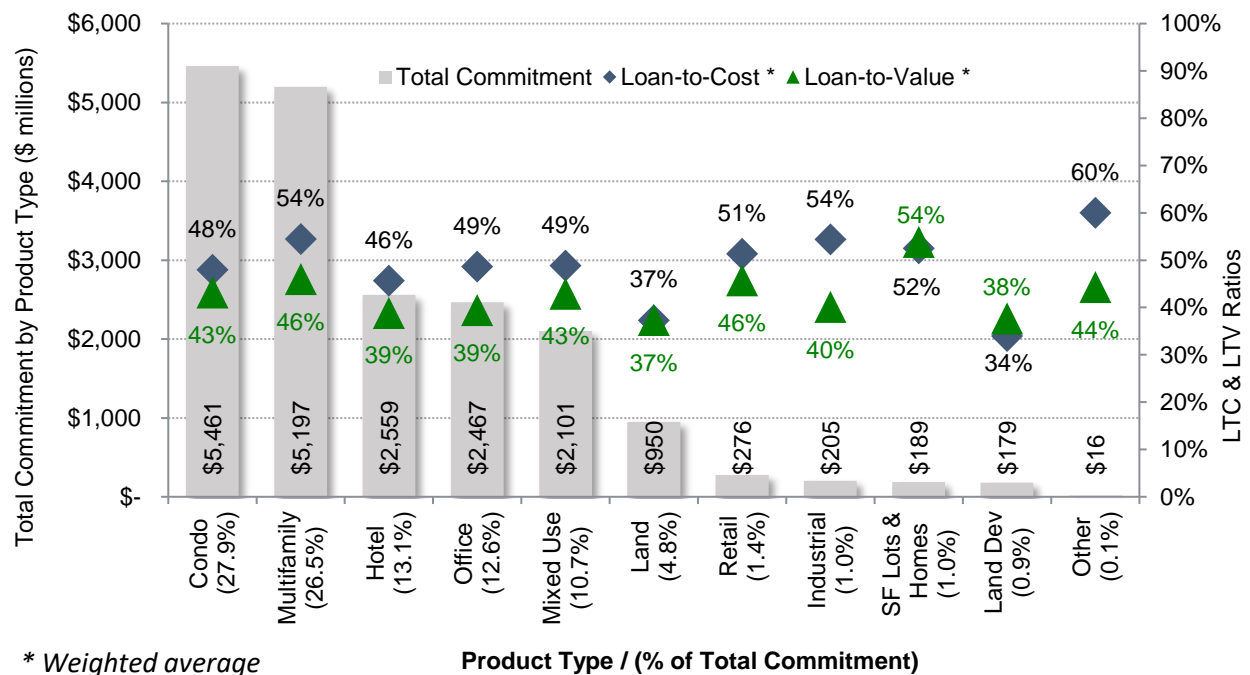
We expect this trend toward greater portfolio diversification to continue. This trend, along with our significant growth in our TRBC, has contributed to a generally declining trend in our total commercial real estate (“CRE”) and construction, land development and other land (“CL&D”) concentrations, as shown in Figure 34. Further growth in our non-CRE lending may continue to reduce our CRE and CL&D concentration ratios. To be clear, we are not reducing our focus on CRE and CL&D lending, and we expect these categories of loans to continue to grow. However, our increased focus on growing other non-CRE loan categories should result in those categories growing faster, with the result that our CRE and CL&D concentration ratios may continue to decline.

**Figure 34: Declining Regulatory CRE and CL&D Concentration Ratios**

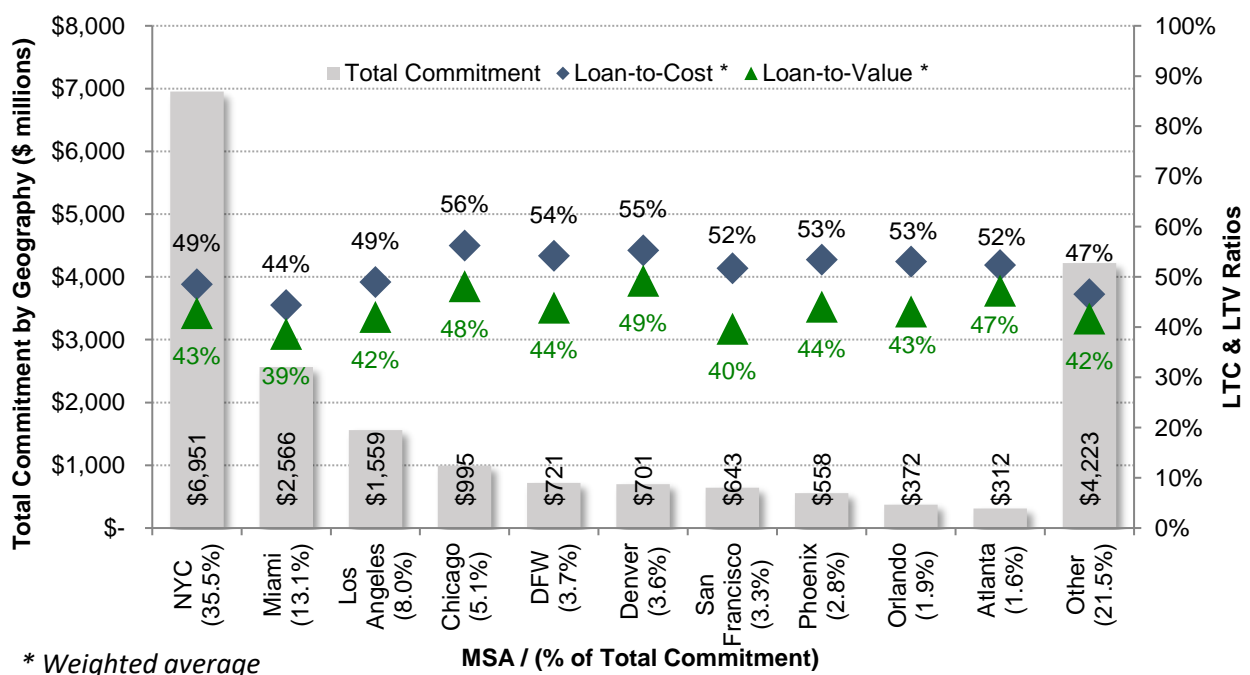


Even within the CRE-heavy RESG portfolio, we benefit from the substantial diversification by both product type and geography, as well as low LTC and LTV ratios, all as shown in Figures 35 and 36.

**Figure 35: RESG Portfolio Diversity by Product Type (As of December 31, 2018)**  
(LTC and LTV ratios assume all loans are fully funded)



**Figure 36: RESG Portfolio Diversity by Geography (As of December 31, 2018)**  
(LTC and LTV ratios assume all loans are fully funded)

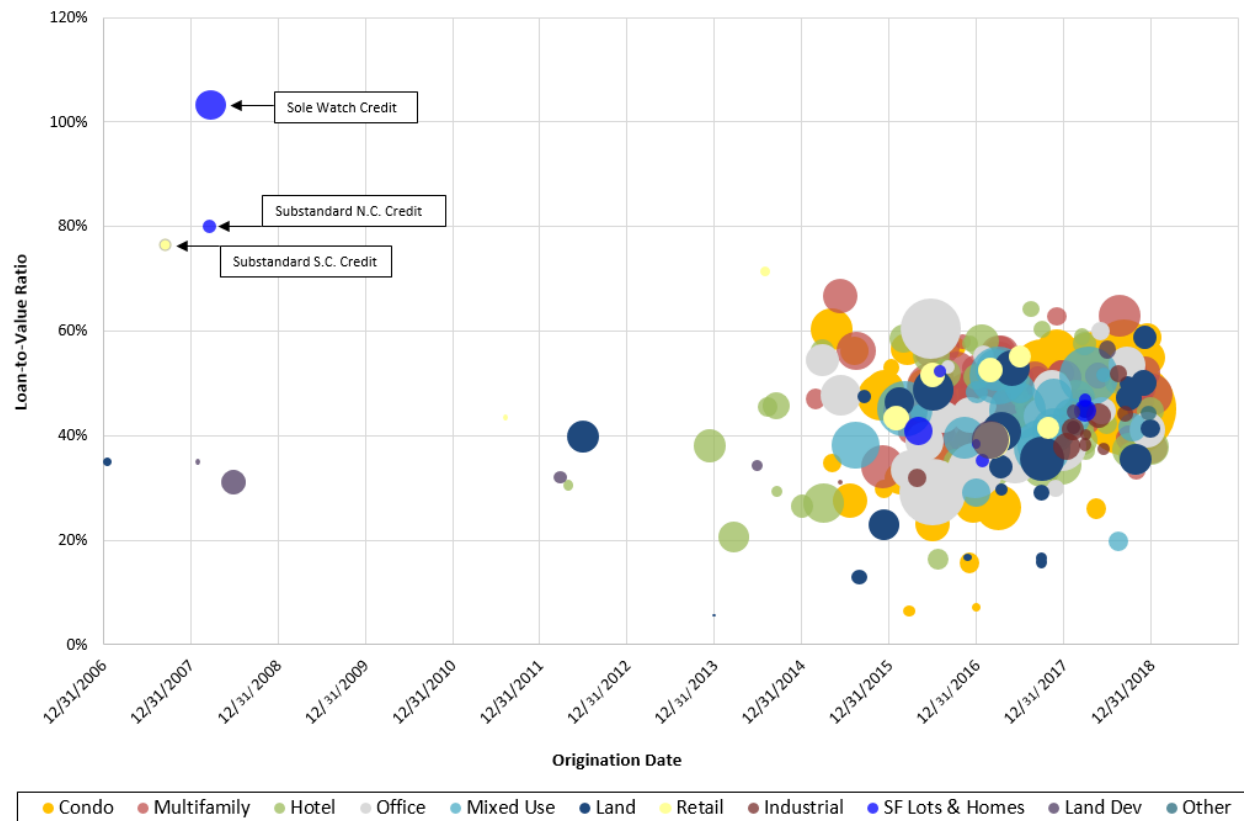


Assuming full funding of every RESG loan, as of December 31, 2018, the weighted average LTC for the RESG portfolio was a conservative 49%, and the weighted average LTV was even lower at just 42%. The LTV metrics on individual loans within the RESG portfolio are illustrated in Figure 37.

**Figure 37: RESG Portfolio by LTV & Origination Date (As of December 31, 2018)**

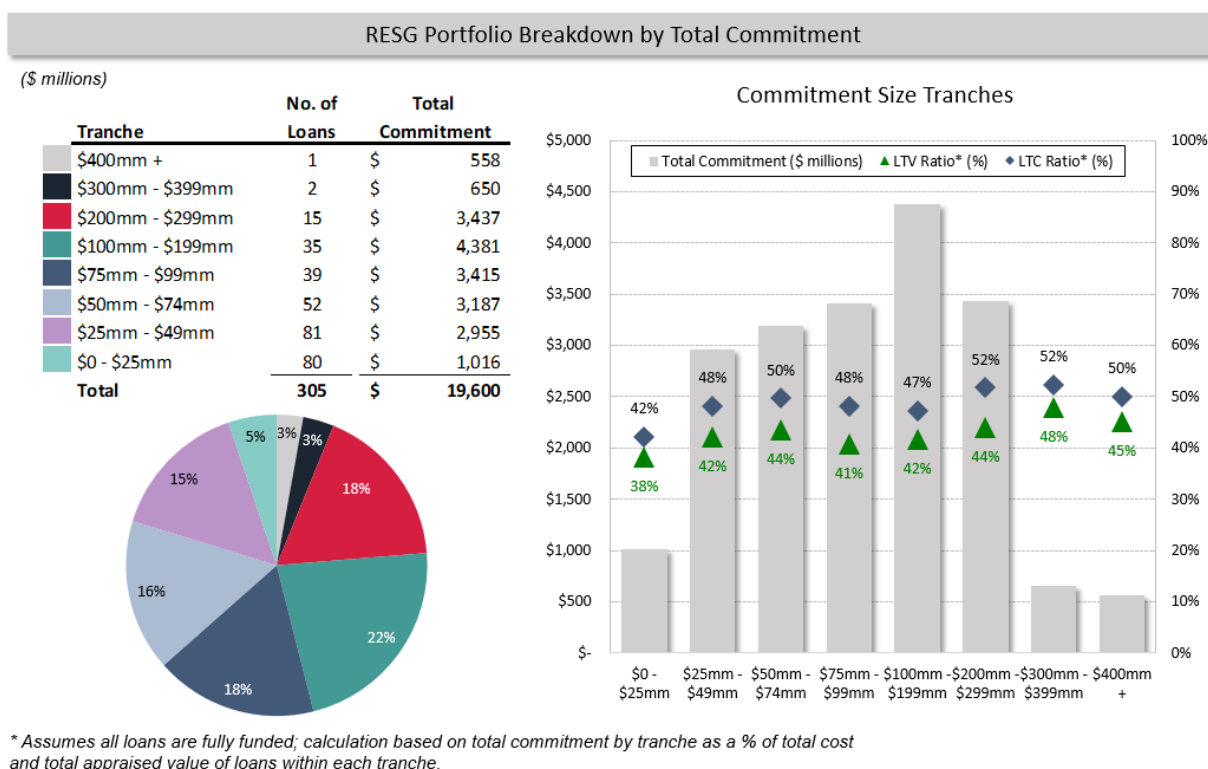
*Bubble Size Reflects Total Funded and Unfunded Commitment Amount*

*LTV Ratios Assume All Loans Are Fully Funded*



The RESG portfolio includes loans of many different sizes, and historically, on average, approximately 89% of our total commitments are actually funded before the loan is repaid. The stratification of the RESG portfolio by commitment size is reflected in Figure 38.

**Figure 38: RESG Portfolio Breakdown by Total Commitment (As of December 31, 2018)**

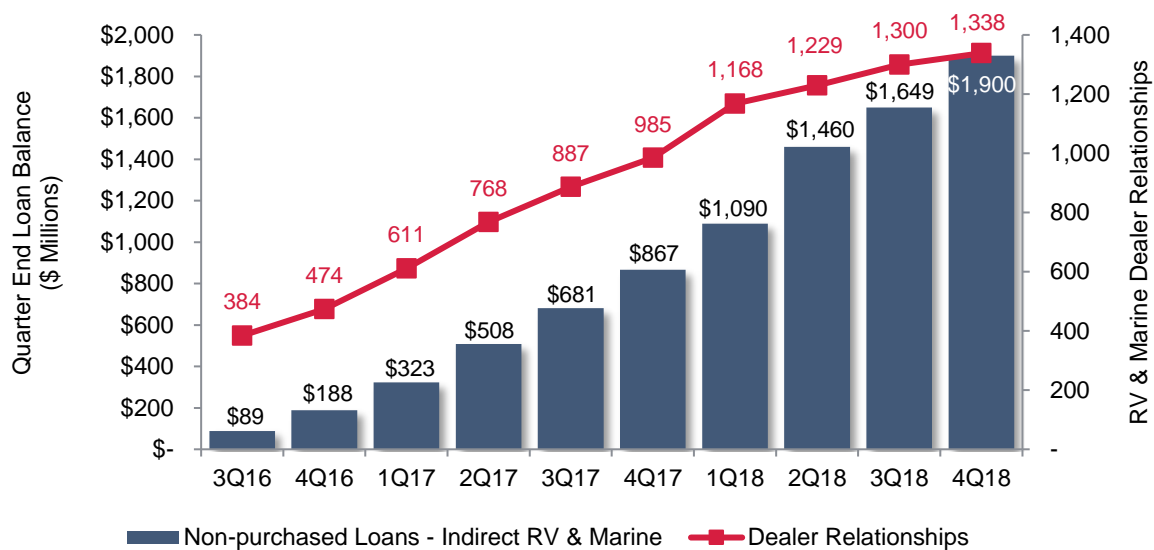


Our Community Banking loans include consumer and small business loans, loans originated by our commercial (generalist) lenders, and loans originated through our specialty lending channels in Community Banking, which include our government guaranteed, agricultural (including poultry), business aviation, subscription finance, affordable housing, middle market CRE and home builder finance loan teams. Our portfolio diversification is enhanced by the wide variety of products and geographic diversity within our Community Banking businesses.

Our Indirect RV & Marine lending team operates another nationwide business that has become an important contributor to our non-real estate loan growth. It was the largest contributor to our loan growth for 2018. The nucleus of this team joined us in July 2016 as part of an acquisition. The management of this team, having an average of 26 years of experience lending to the RV and marine industries, utilizes detailed management reporting and data analytics to support a very disciplined operating platform. We quickly realized that this team provided a meaningful opportunity to increase our consumer loan portfolio, while allowing us to maintain our traditional focus on excellent credit quality. We focus primarily on super-prime and high-prime borrowers. The typical

borrower in this portfolio is a homeowner with proven big-ticket credit experience and an average FICO score at origination of approximately 790. As of December 31, 2018, the non-purchased indirect portfolio had an average loan size of approximately \$90,000 and a 30+ day delinquency rate of eight bps. Figure 39 provides details regarding this portfolio.

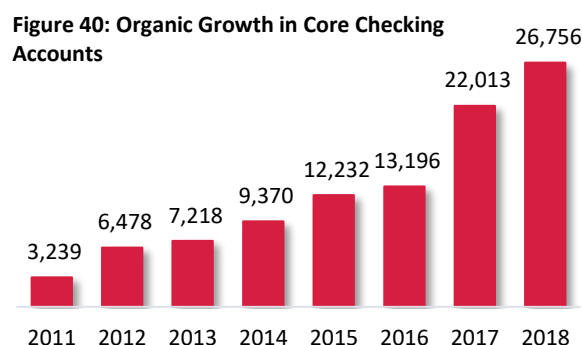
**Figure 39: Growth in RV & Marine Dealers and Outstanding Non-purchased Loan Balances**



## Liquidity

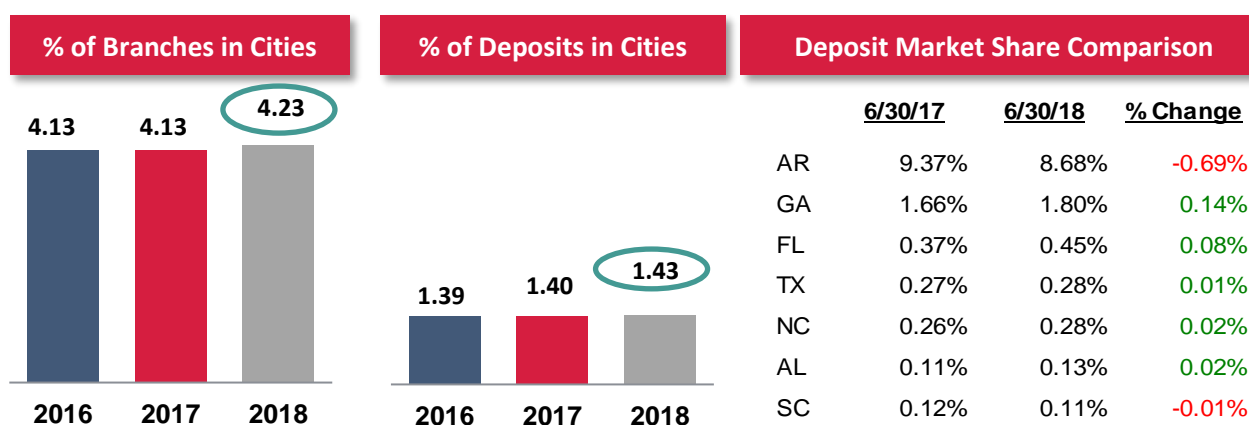
We have long expected that we can adjust deposit growth as needed to fund our loan growth. Our experience in recent years has validated that expectation. At least monthly, and more often as needed, we update a comprehensive 36-month projection of our expected loan fundings, loan pay-downs and other sources and uses of funds. These detailed projections of needed deposit growth provide the goals for our deposit growth strategies. We are continuing to implement deposit strategies to improve our deposit betas and further enhance the quality and value of our deposit base.

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 4,657 accounts. This continued our tradition of favorable results in net core checking account growth as shown in Figure 40. We are proud of the work our team did in adding a record 26,756 net new core checking accounts in 2018. Adding thousands of net new core checking customers each quarter will continue to be an important focus for our retail banking team.



As we have discussed many times, as shown in Figure 41, we believe that we have significant capacity for future deposit growth in our existing branch network of 242 deposit offices in eight states.

**Figure 41: Deposit Market Share Opportunity<sup>4 5</sup>**



<sup>4</sup> Data for all FDIC insured institutions from the FDIC Annual Market Share Report, last updated June 30, 2018.

<sup>5</sup> Deposits in our New York office and deposits for all FDIC financial institutions in New York are excluded from this analysis.

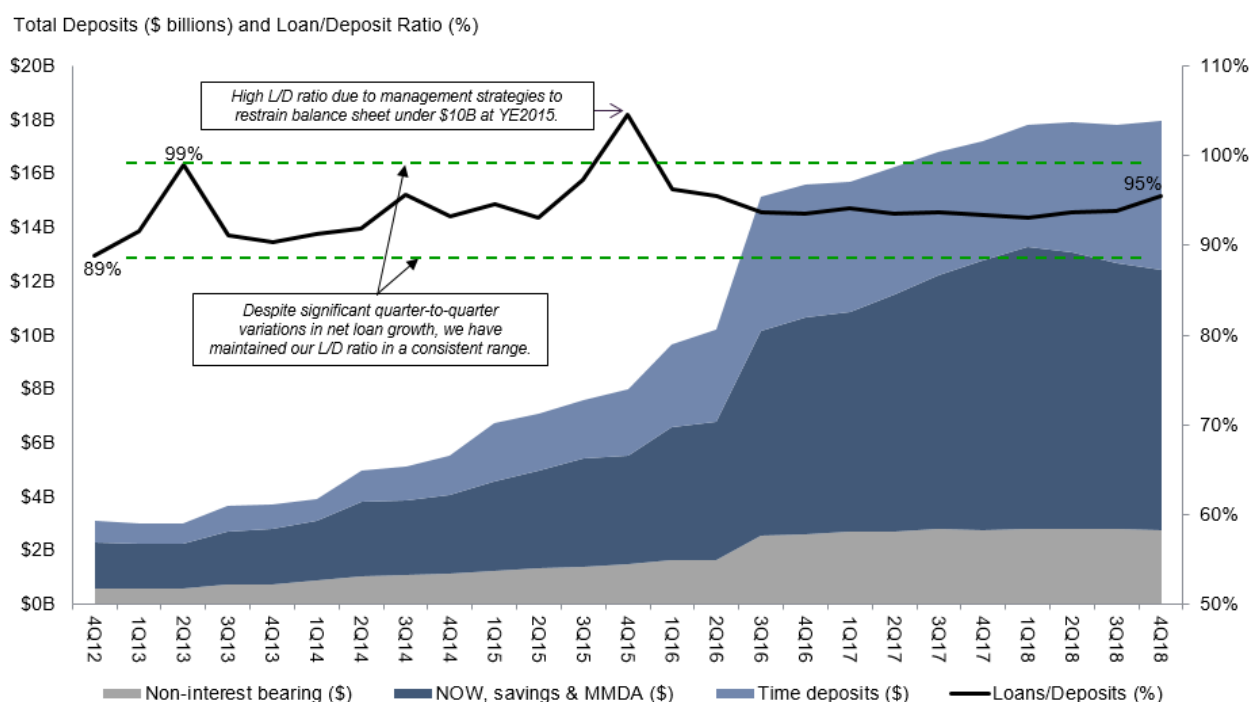


We have successfully increased our overall market share as needed to fund our earning asset growth. We do this by carefully managing our marketing initiatives and deposit pricing. As Figures 42 and 43 illustrate, we have effectively maintained our loan-to-deposit ratio and deposit mix, even in the midst of substantial balance sheet growth.

During the quarter just ended, our loan-to-deposit ratio was 95%, within our historical range of 89% to 99%.

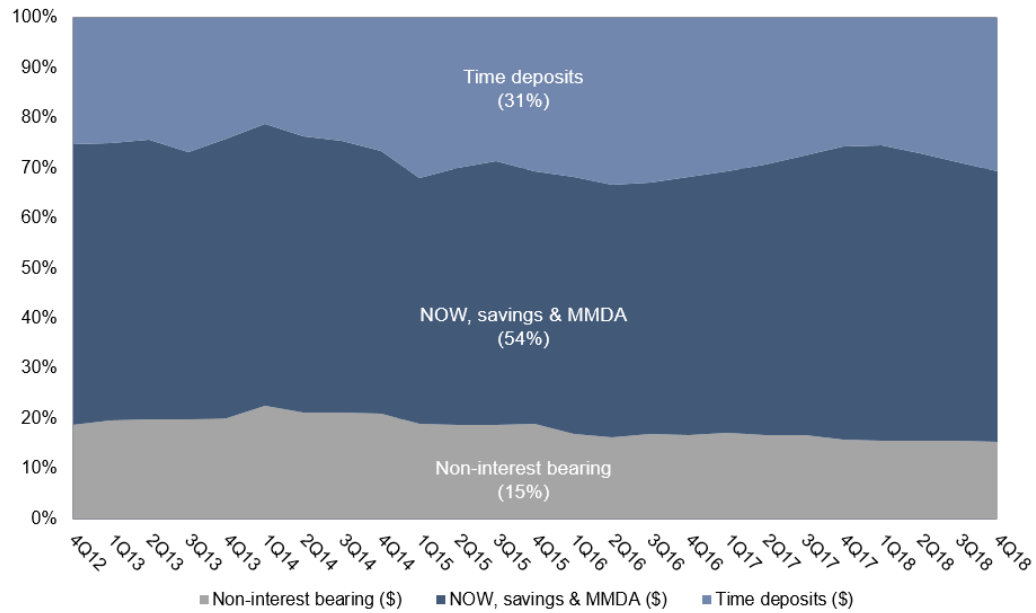
Whether we have robust loan growth or minimal loan growth in any particular quarter or year, we believe we have the tools, capacity and flexibility to maintain our loan-to-deposit ratio within this historical range. Figure 42 shows our consistent maintenance of our loan-to-deposit ratio within that range over the last six years, even as our total assets grew 460% from \$4.0 billion at December 31, 2012 to \$22.4 billion at December 31, 2018.

**Figure 42: Maintaining a Consistent Loan / Deposit Ratio While Achieving Substantial Growth**



Even with our substantial 460% growth in total assets from December 31, 2012 to December 31, 2018, our deposit mix has been relatively stable as shown in Figure 43.

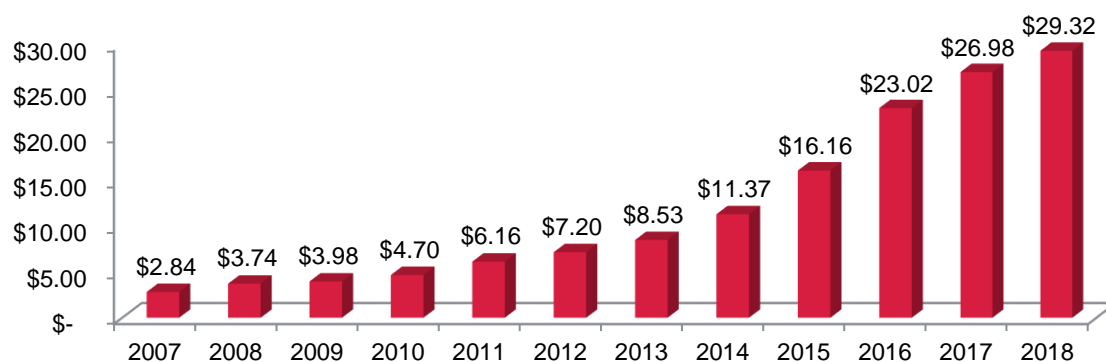
**Figure 43: Consistent Deposit Mix (Percentages as of December 31, 2018)**



## Capital

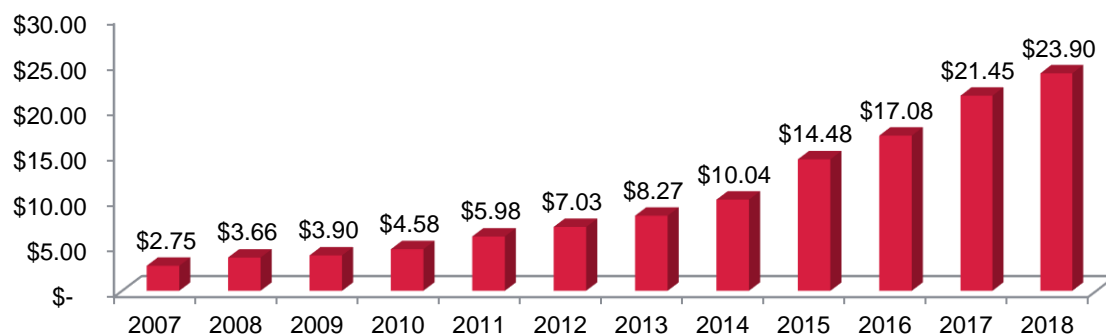
During the quarter just ended, our book value per common share increased to \$29.32, as shown in Figure 44. Book value per common share increased 8.7% in 2018.

**Figure 44: Book Value per Share (Period End)**



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 \$23.90, as shown in Figure 45. Over the last 11 years, we have increased tangible book value per common share by a cumulative 769%, resulting in a compound annual growth rate of 21.7%. Tangible book value per common share increased 11.4% in 2018.

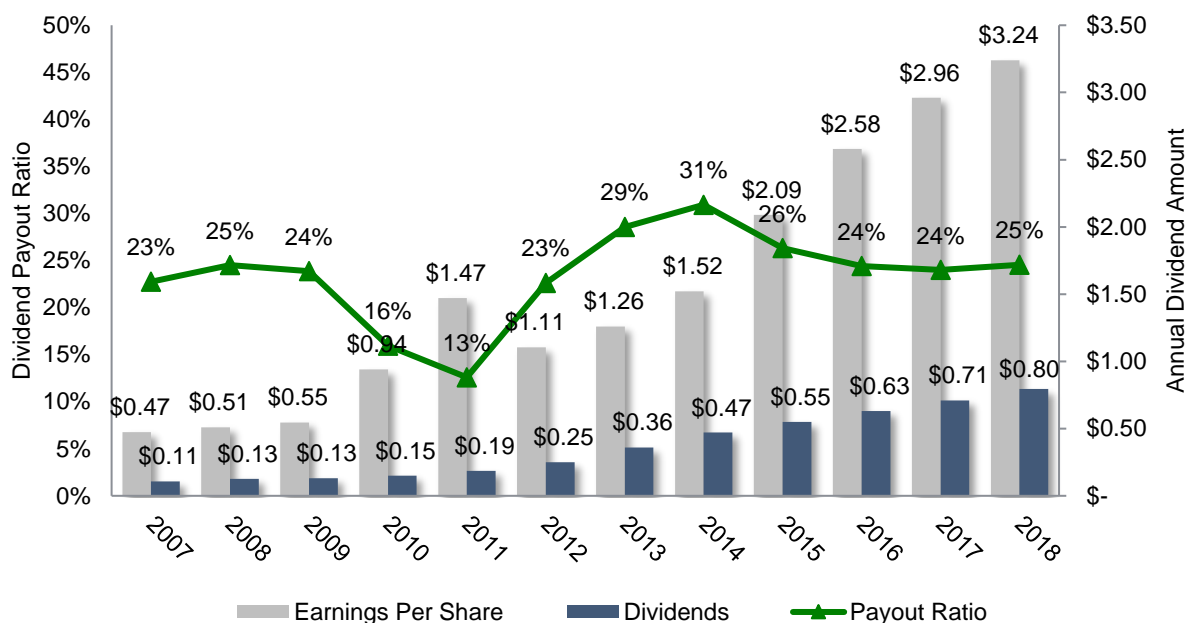
**Figure 45: Tangible Book Value per Share (Period End) <sup>6</sup>**



<sup>6</sup> See the schedule at the end of this presentation for the reconciliation of tangible book value per common share to the most directly comparable GAAP measure.

We have increased our cash dividend in each of the most recent 34 quarters and every year since going public in 1997. In most years, we have had a dividend payout ratio in the mid-20's percentage range as shown in Figure 46.

**Figure 46: Historic Dividend Payout Ratio<sup>7</sup> (Split-adjusted)**



As shown in Figure 47, during 2018 our strong earnings and earnings retention rate, among other factors, have collectively contributed to meaningful increases in our already strong risk-based capital ratios.

**Figure 47: 2018 Trends in Regulatory Capital**

	12/31/2017	3/31/2018	6/30/2018	9/30/2018	Estimated 12/31/2018 <sup>8</sup>
CET 1 Ratio	11.06%	11.25% ↑	11.82% ↑	12.15% ↑	12.50% ↑
Tier 1 Ratio	11.06%	11.25% ↑	11.82% ↑	12.15% ↑	12.50% ↑
Total RBC Ratio	12.81%	12.99% ↑	13.62% ↑	13.93% ↑	14.30% ↑
Tier 1 Leverage	13.83%	13.80% ↓	13.86% ↑	13.95% ↑	14.20% ↑

<sup>7</sup> 2017 Diluted EPS and payout ratio exclude the one-time \$0.39 positive impact to EPS as a result of the Tax Cuts and Jobs Act ("2017 Tax Benefit"). See the schedule at the end of this presentation for the calculation of diluted EPS, as adjusted, for the 2017 Tax Benefit.

<sup>8</sup> Ratios as of December 31, 2018 are preliminary estimates and are subject to revision upon filing of our FFIEC 041 Call Report.

The Economic Growth, Regulatory Relief, and Consumer Protection Act (the “Reform Act”) passed in May 2018, in tandem with related regulatory action, eliminated our Dodd-Frank Act Stress Test (“DFAST”) annual filing requirements unless and until we reach \$250 billion in total assets. Notwithstanding, we plan to continue conducting internal stress tests. In July, we completed our annual capital stress test using the three scenarios released by the Federal Reserve for use in DFAST. Two of these scenarios were adverse in nature. We also conducted a CRE stress tests during the fourth quarter of 2018. Despite the very adverse assumptions used in our various stress tests, the results of each stress test reflected that we would maintain well-capitalized status for all capital ratios, maintain profitability and continue the payment of our quarterly dividend in all periods during the nine-quarter time horizon. Although we will continue to conduct internal stress tests periodically, the elimination of DFAST, with its nine-quarter, forward-looking capital requirements, will allow us to more effectively manage capital for future growth based on actual growth as it becomes apparent.

Our board of directors regularly monitors the adequacy of our capital position, and it will continue to do so. We want to maintain a robust capital position to support our current business operations, including our concentration in commercial real estate lending, as well as having sufficient surplus capital as may be needed to support future growth and capitalize on opportunities as they arise. On the other hand, we are aware that maintaining an excessively robust capital position may diminish our return on equity and earnings per share. We will strive to properly balance these competing objectives.

#### **Effective Tax Rate**

Our effective tax rate during the quarter just ended was 25.2% and for 2018 was 24.7%. We expect that our effective tax rate for 2019 will be between 24% and 26%.

#### **Final Thoughts**

We are pleased with our fourth quarter results and remain focused on delivering long-term value for shareholders through disciplined growth. We have assembled a great team of industry and technology professionals, which is the core of what gives us competitive advantage in the marketplace. Regardless of the macroeconomic environment, we are well positioned and optimistic about 2019.

We remind readers, as we do in most years, that due to fewer days in the quarter and a variety of seasonal factors, the first quarter of each year is typically a challenging quarter in which to achieve earnings growth compared to the previous quarter.

## Non-GAAP Reconciliations

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

Unaudited (Dollars in Thousands)

	For the Fiscal Year Ended December 31,					
	2008	2009	2010	2011	2012	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				Three Months Ended*	Fiscal Year Ended
	2014	2015	2016	2017	12/31/2018	12/31/2018
Net Income Available To Common Stockholders	\$ 118,606	\$ 182,253	\$ 269,979	\$ 421,891	\$ 115,031	\$ 417,106
Average Common Stockholders' Equity Before Noncontrolling Interest	\$ 786,430	\$ 1,217,475	\$ 2,068,328	\$ 3,127,576	\$ 3,692,044	\$ 3,598,628
Less Average Intangible Assets:						
Goodwill	(51,793)	(118,013)	(363,324)	(660,632)	(660,789)	(660,789)
Core deposit and other intangibles, net of accumulated amortization	(21,651)	(28,660)	(43,623)	(54,702)	(37,654)	(42,315)
Total Average Intangibles	(73,444)	(146,673)	(406,947)	(715,334)	(698,443)	(703,104)
Average Tangible Common Stockholders' Equity	\$ 712,986	\$ 1,070,802	\$ 1,661,381	\$ 2,412,242	\$ 2,993,601	\$ 2,895,524
Return On Average Common Stockholders' Equity	15.08%	14.97%	13.05%	13.49%	12.36%	11.59%
Return On Average Tangible Common Stockholders' Equity	16.63%	17.02%	16.25%	17.49%	15.24%	14.41%

\* Ratios for interim periods annualized based on actual days

### Calculation of Tangible Book Value per Share

Unaudited (Dollars in Thousands, Except per Share)

	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,					
	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	\$ 3,770,330
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)	(35,672)
Total intangibles	(19,158)	(105,576)	(152,340)	(720,950)	(709,040)	(696,461)
Total tangible common stockholders' equity	\$ 609,902	\$ 802,814	\$ 1,312,291	\$ 2,070,657	\$ 2,751,688	\$ 3,073,869
Common shares outstanding (thousands)	73,712	79,924	90,612	121,268	128,288	128,611
Book value per common share	\$ 8.53	\$ 11.37	\$ 16.16	\$ 23.02	\$ 26.98	\$ 29.32
Tangible book value per common share	\$ 8.27	\$ 10.04	\$ 14.48	\$ 17.08	\$ 21.45	\$ 23.90

### Calculation of Diluted Earnings per Share

Unaudited (Dollars in Thousands, Except per Share)

Diluted Earnings Per Share, as Adjusted	
For the Fiscal Year Ended December 31, 2017	

Net Income Available to Common Stockholders	\$ 421,891
Less: 2017 Tax Benefit	(49,812)
Adjusted Net Income	\$ 372,079
Weighted-average diluted shares outstanding (in thousands)	125,809
Diluted Earnings Per Share	\$ 3.35
Diluted Earnings Per Share, As Adjusted	\$ 2.96

### Calculation of Adjusted Efficiency Ratio

Unaudited (Dollars in Thousands)

	For the Fiscal Year Ended 12/31/2018
Net interest income (FTE)	\$ 896,101
Total non-interest income	<u>107,775</u>
Total revenues (A)	1,003,876
Non-interest expense (B)	380,752
Rebranding expense	<u>(11,664)</u>
Adjusted non-interest expense (C)	369,088
Efficiency Ratio - Stated ( B ÷ A )	37.93%
Efficiency Ratio - Adjusted ( C ÷ A )	36.77%