

# Here's a High Octane Bank

- 45% 3-year loan book CAGR
- 93% 3-year off balance sheet liability CAGR
- 2.4x P/B
- 18.1x P/E
- \$3.6 billion market cap

*Source: Company 10-K*

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# Highly Concentrated

- ~90% real estate loans
- Outsized exposure to single projects
- Extreme concentration in construction loans

# OZRK – Bank of the Ozarks

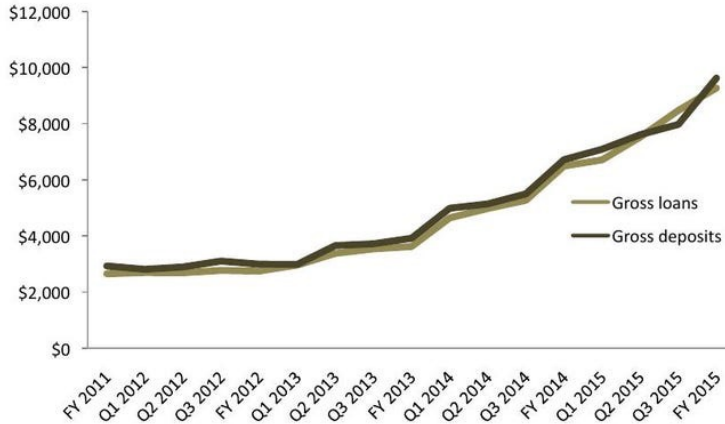
- Based in Little Rock, Arkansas
- Grew loan and lease book from \$2.75 billion in 2012 to \$9.27 billion in Q1 2016
- \$6.38 billion unfunded off-balance sheet commitments
- Two pending acquisitions of \$4.4 billion in loans\*

\*Based on OZRK M&A announcements on 10/19/15 and 11/9/15

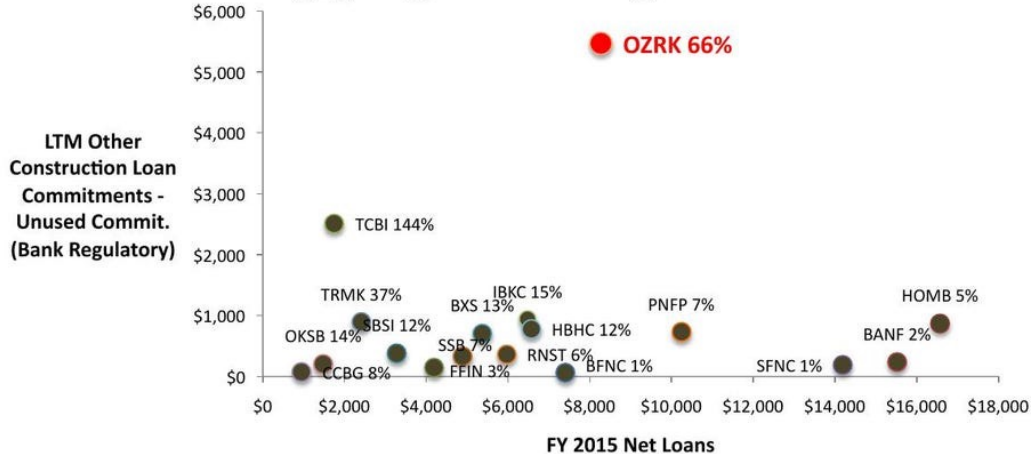
# The Problem with OZRK

- BEST case – unsustainable earnings growth
- WORST case – inadequately capitalized

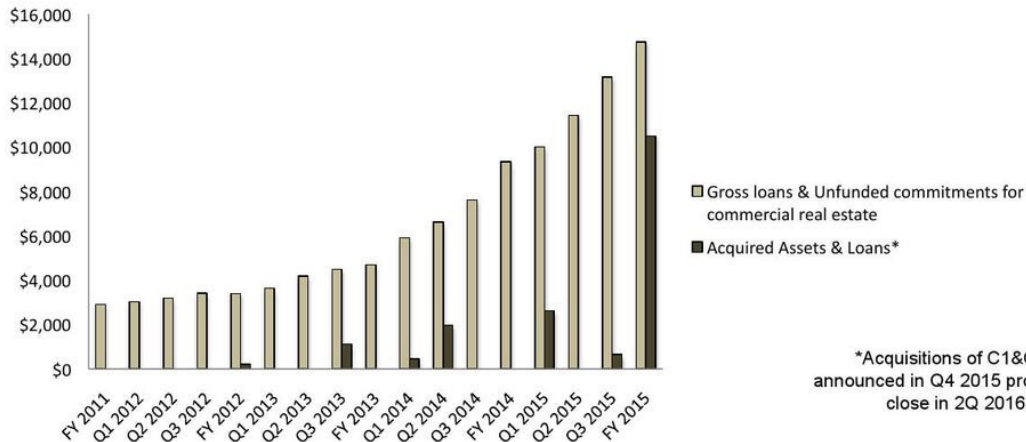
# OZRK's Loan Growth is Funded by Deposit Acquisition (millions)



# OZRK is Different, which Drives “Tail Wagging the Dog” Model



# Tail Wagging the Dog

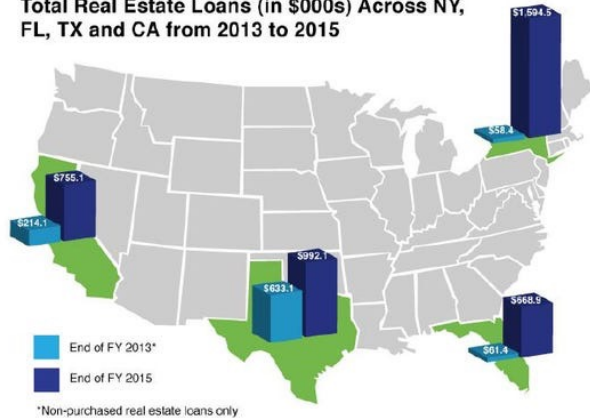


\*Acquisitions of C1&CSB announced in Q4 2015 projected to close in 2Q 2016.

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# Pedal to the Metal from NY to CA

Total Real Estate Loans (in \$000s) Across NY, FL, TX and CA from 2013 to 2015





# OZRK is Different

Bank Ticker	FY Provisions / Net loans %
TCBI	1.50%
SBSI	1.28%
PNFP	1.23%
BANF	1.17%
BFNC	1.08%
CCBG	1.06%
HBHC	1.05%
IBKC	1.01%
FFIN	0.99%
SFNC	0.98%
OKSB	0.94%
HOMB	0.85%
TRMK	0.82%
BXS	0.79%
<b>OZRK</b>	<b>0.74%</b>
SSB	0.64%
RNST	0.63%

# Extreme Concentration in Real Estate Lending

Bank Ticker	FY Total Real Estate Loans / Total Loans %
HBHC	42%
IBKC	51%
CCBG	56%
TCBI	59%
PNFP	62%
TRMK	63%
FFIN	64%
BANF	67%
SSB	70%
OKSB	70%
SBSI	71%
BXS	72%
BFNC	74%
SFNC	74%
HOMB	84%
RNST	85%
OZRK	89%

# Extreme Concentration in Construction Lending

Bank Ticker	FY Construction Loans / Total Loans %
IBKC	0.6%
CCBG	3.1%
BFNC	4.8%
RNST	6.6%
SFNC	7.3%
HBHC	7.3%
SSB	7.8%
OKSB	8.5%
BXS	9.1%
BANF	9.5%
PNFP	11.4%
TRMK	11.6%
HOMB	14.2%
SBSI	18.0%
<b>OZRK</b>	<b>35%</b>

# Outsized Loans Relative to Assets

Bank of the Ozarks : Outsized Loan Comps (USD Millions)							
Lender	City	Projects	Project Type	Announcement Date	Headline Loan Amount	Mezzanine Debt	% of Total Assets
Wells Fargo	Miami	Porsche Design Tower	Ultra Luxury Condos, 4.8 mm to 32.5 mm	9/25/13	214	0*	0.01%
Morgan Stanley	New York	Milford Hotel	Hotel	3/26/13	275	0*	0.03%
Suntrust	Bethesda, MD	7200 Wisconsin Ave	Office	1/21/15	103	0*	0.05%
M&T Bank	New York		Luxury condos	11/5/15	124	0*	0.10%
New York Community Bank	New York	The Chelsea	Apartments and retail	3/9/16	115	0*	0.24%
OZRK	New York	Sky View Parc project	Luxury Condos	8/25/15	152.5	37.50%	1.09%
OZRK	Houston	Kirby Collection	Mixed-use	9/4/15	147	36.1%	1.08%
OZRK	Miami	Ritz Carlton Residences	Ultra luxury condos	8/7/15	95	37.5%*	0.68%
OZRK	Nashville	505 Tower	45 story sky scraper	11/16/15	169	44.8%	1.00%
OZRK	Philadelphia	1441 Chestnut	Dual-brand hotel	6/17/15	160	37.5%	1.20%
OZRK	Seattle	2202 Eighth Ave.	High-rise luxury condos	1/8/16	284	45%*	1.58%
OZRK	New York	Hudson Yards	Luxury Condos	5/15/15	115	21.3%	1.09%

\* Assumption when data unavailable

Largest new condo loan in S. FL since collapse

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# Cycle is Long in the Tooth

- 1Q 2016 property transactions in NY fell to the lowest volume since mid 2014.

– Cushman & Wakefield Inc

- Miami Faces Second Condo Bust of Past 10 Years

- WSJ Headline 30 March 2016

- “But we do think we're late [in the cycle], there are a lot of things that sort of make us feel that way, and we're trying to behave like we're late in the cycle.”

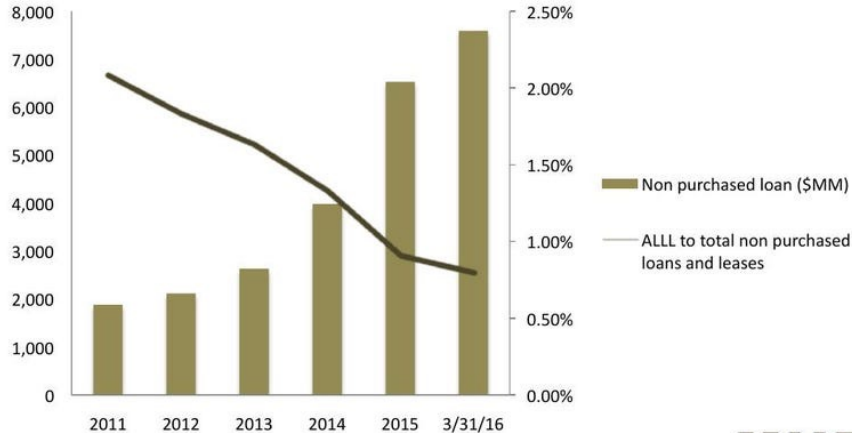
- George Gleason, 2015 Q3 Earnings Call

The logo for Muddy Waters Capital is located at the bottom right of the slide. It consists of the words "MUDDY", "WATERS", and "CAPITAL" stacked vertically in a bold, sans-serif font. The text is white and set against a dark brown rectangular background. Above this background, there is a thin horizontal line in a lighter brown color.

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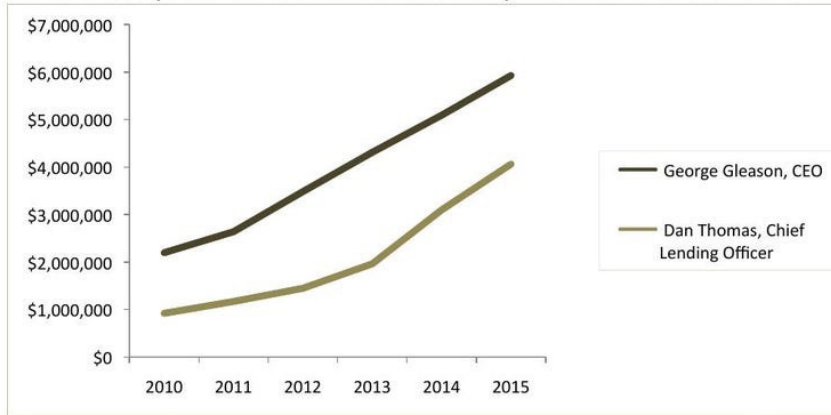
# ALLL in – Cycle is Long in the Tooth, But Provision % Dropping – Why?

Non-purchased Loans and ALLL 2011 - Q1 2016



# As Long the Music is Playing...

OZRK Top Executives Total Compensation 2010-2015



*In our 28 years as a public company, our net charge-off ratio has outperformed the industry's net charge-off ratio every year and has averaged only about one-third of the industry's net charge-off ratio.*

### Net Charge-Off Ratio (%)

*(All data annualized where appropriate)*

