

**UNITED STATES
FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, DC 20429**

**FORM 8-K
CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): **July 17, 2024**

BANK OZK

(Exact name of registrant as specified in its charter)

Arkansas

(State or other jurisdiction of incorporation)

110

(FDIC Certificate Number)

71-0130170

(IRS Employer Identification No.)

18000 Cantrell Road, Little Rock, Arkansas

(Address of principal executive offices)

72223

(Zip Code)

(501) 978-2265

(Registrant's telephone number, including area code)

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2.):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value per share	OZK	Nasdaq Global Select Market
4.625% Series A Non-Cumulative Perpetual Preferred Stock, \$0.01 par value per share	OZKAP	Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

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

Item 2.02 Results of Operations and Financial Condition.

On July 17, 2024, Bank OZK (the “Bank”) issued a press release announcing its financial results for the second quarter ended June 30, 2024 and made available management’s comments on the results for the second quarter of 2024. The materials contain forward-looking statements regarding the Bank and include cautionary language identifying important factors that could cause actual results to differ materially from those anticipated. The second quarter 2024 earnings press release and management’s comments with respect thereto are furnished as Exhibits 99.1 and 99.2, respectively, to this Current Report on Form 8-K and are available on the Bank’s investor relations website.

As previously reported, on July 18, 2024, the Bank will hold an investor conference call and webcast to answer questions regarding the Bank’s financial results for the second quarter of 2024.

The information furnished pursuant to this Item 2.02, including Exhibits 99.1 and 99.2, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities under that section, and shall not be deemed to be incorporated by reference into any filing of the Bank under the Securities Act of 1933, as amended, or the Exchange Act except as expressly set forth by specific reference in such filing. All information in the second quarter 2024 earnings press release and management’s comments with respect thereto speaks as of the date thereof, and the Bank does not assume any obligation to update such information in the future.

Item 7.01 Regulation FD Disclosures.

See Item 2.02 Results of Operations and Financial Condition.

Item 8.01 Other Events

In its second quarter 2024 earnings press release and management’s comments described in Item 2.02 above, the Bank also announced that its Board of Directors approved a new stock repurchase program authorizing the purchase of up to \$200 million of the Bank’s outstanding shares of common stock (the “Stock Repurchase Program”). The shares will be repurchased from time to time at prevailing market prices, through open market or privately negotiated transactions, or otherwise in accordance with applicable federal securities laws, including Rule 10b-18 of the Exchange Act. The number of shares to be repurchased and the timing of any repurchases will depend on a variety of factors such as the Bank’s stock price, expected growth, capital position, alternative uses of capital, liquidity, financial performance, current and expected macroeconomic environment, regulatory requirements and other factors. The Stock Repurchase Program will be in effect until July 1, 2025 unless extended or shortened by the Board of Directors, and may be suspended by the Bank at any time.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits: The following exhibits are being furnished to this Current Report on Form 8-K.

- 99.1** Press Release dated July 17, 2024: Bank OZK Announces Record Second Quarter 2024 Earnings and \$200 Million Stock Repurchase Program
- 99.2** Management Comments for the Second Quarter of 2024 - dated July 17, 2024

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: July 17, 2024

BANK OZK

By: /s/ Tim Hicks

Name: Tim Hicks

Title: Chief Financial Officer

Exhibit No. Document Description

- | | |
|-------------|--|
| 99.1 | Press Release dated July 17, 2024: Bank OZK Announces Record Second Quarter 2024 Earnings and \$200 Million Stock Repurchase Program |
| 99.2 | Management Comments for the Second Quarter of 2024 - dated July 17, 2024 |

NEWS RELEASE

Date: July 17, 2024
Release Time: 3:01 p.m. (CT)
Investor Contact: Jay Staley (501) 906-7842
Media Contact: Michelle Rossow (501) 906-3922

**Bank OZK Announces Record Second Quarter 2024
Earnings and \$200 Million Stock Repurchase Program**

LITTLE ROCK, ARKANSAS: Bank OZK (the “Bank”) (Nasdaq: OZK) today announced that net income available to common stockholders for the second quarter of 2024 was a record \$173.5 million, a 3.3% increase from \$167.9 million for the second quarter of 2023. For the first six months of 2024, net income available to common stockholders was \$345.0 million, a 3.4% increase from \$333.8 million for the first six months of 2023.

Diluted earnings per common share for the second quarter of 2024 were a record \$1.52, a 3.4% increase from \$1.47 for the second quarter of 2023. For the first six months of 2024, diluted earnings per common share were \$3.03, a 5.2% increase from \$2.88 for the first six months of 2023.

Pre-tax pre-provision net revenue (“PPNR”) was a record \$279.3 million for the second quarter of 2024, a 7.7% increase from \$259.5 million for the second quarter of 2023. For the first six months of 2024, PPNR was \$552.0 million, a 9.1% increase from the \$505.9 million for the first six months of 2023. The calculation of PPNR and the reconciliation to generally accepted accounting principles (“GAAP”) are included in the schedules accompanying this release.

Provision for credit losses was \$49.0 million for the second quarter of 2024 compared to \$41.8 million for the second quarter of 2023, while our net charge-offs were only \$11.8 million and \$8.7 million, respectively, for those quarters. For the first six months of 2024, provision for credit losses was \$91.9 million compared to \$77.6 million for the first six months of 2023, while our net charge-offs were only \$19.1 million and \$16.1 million, respectively, for those six-month periods. The Bank’s total allowance for credit losses (“ACL”) was \$574.1 million at June 30, 2024, an increase of \$147.3 million compared to \$426.8 million at June 30, 2023.

The Bank’s annualized returns on average assets, average common stockholders’ equity and average tangible common stockholders’ equity for the second quarter of 2024 were 1.92%, 13.98% and 16.11%, respectively, compared to 2.27%, 15.14% and 17.78%, respectively, for the second quarter of 2023. For the first six months of 2024, the Bank’s annualized returns on average assets, average common stockholders’ equity and average tangible common stockholders’ equity were 1.94%, 14.07%, and 16.24%, respectively, compared to

2.34%, 15.19%, and 17.86%, respectively, for the first six months of 2023. The calculation of the Bank's returns on average common stockholders' equity and average tangible common stockholders' equity and the reconciliations to GAAP are included in the schedules accompanying this release.

George Gleason, Chairman and Chief Executive Officer, stated, "We are very pleased with our record results for the quarter just ended giving us our seventh consecutive quarter of record net income and earnings per share and eighth consecutive quarter of record net interest income. These record results have allowed us to consistently increase dividends, significantly grow capital and opportunistically repurchase shares, all while almost doubling our allowance for credit losses."

KEY BALANCE SHEET METRICS

Total loans were \$28.67 billion at June 30, 2024, a 21.5% increase from \$23.61 billion at June 30, 2023. Deposits were \$29.94 billion at June 30, 2024, a 24.9% increase from \$23.98 billion at June 30, 2023. Total assets were \$36.84 billion at June 30, 2024, a 19.7% increase from \$30.76 billion at June 30, 2023.

Common stockholders' equity was \$5.07 billion at June 30, 2024, a 13.4% increase from \$4.47 billion at June 30, 2023. Tangible common stockholders' equity was \$4.41 billion at June 30, 2024, a 15.7% increase from \$3.81 billion at June 30, 2023.

Book value per common share was \$44.67 at June 30, 2024, a \$5.16 increase from \$39.51 at June 30, 2023. Tangible book value per common share was \$38.85 at June 30, 2024, a \$5.18 increase from \$33.67 at June 30, 2023.

The Bank's strong profitability has allowed it to maintain strong capital ratios even as it has achieved significant growth. The Bank's ratio of total common stockholders' equity to total assets was 13.76% at June 30, 2024, compared to 14.53% at June 30, 2023. The Bank's ratio of total tangible common stockholders' equity to total tangible assets was 12.19% at June 30, 2024, compared to 12.66% at June 30, 2023. The calculations of the Bank's total common stockholders' equity, tangible common stockholders' equity, ratio of total tangible common stockholders' equity to total tangible assets and tangible book value per common share, and the reconciliations to GAAP, are included in the schedules accompanying this release.

The Bank's Board recently approved a stock repurchase program authorizing the purchase of up to \$200 million of outstanding common stock through expiration of the program on July 1, 2025. In evaluating stock repurchases, management will consider a variety of factors including the Bank's stock price, expected growth, capital position, alternative uses of capital, liquidity, financial performance, current and expected macroeconomic environment, regulatory requirements and other factors.

ASSET QUALITY

The Bank's various asset quality ratios for the quarter just ended continued to perform well compared to the industry, notwithstanding the challenging macroeconomic environment. This reflects the Bank's long-term focus on asset quality. The Bank's ratio of nonperforming non-purchased loans to total loans (excluding purchased loans) was 0.28% at June 30, 2024, compared to 0.15% as of June 30, 2023. The Bank's ratio of nonperforming assets to total assets (excluding purchased loans, except for their inclusion in total assets) was 0.41% at June 30, 2024, compared to 0.32% as of June 30, 2023. The Bank's annualized ratio of net charge-offs to average total loans was 0.17% for the quarter and 0.14% for the six months ended June 30, 2024, compared to 0.15% for both the second quarter and six months ended June 30, 2023.

MANAGEMENT'S COMMENTS, CONFERENCE CALL, TRANSCRIPT AND FILINGS

In connection with this release, the Bank released management's comments on its quarterly results, which are available at <http://ir.ozk.com>. This release should be read in conjunction with management's comments on the quarterly results.

Management will conduct a conference call to take questions at 10:00 a.m. CT (11:00 a.m. ET) on Thursday, July 18, 2024. Interested parties may access the conference call live via webcast on the Bank's investor relations website at <https://ir.ozk.com/news/event-calendar>, or may participate via telephone by registering using [this online form](#). Upon registration, all telephone participants will receive the dial-in number along with a unique PIN number that can be used to access the call. A replay of the conference call webcast will be archived on the Bank's website for at least 30 days.

The Bank files annual, quarterly and current reports, proxy materials, and other information required by the Securities Exchange Act of 1934 with the Federal Deposit Insurance Corporation ("FDIC"), copies of which are available electronically at the FDIC's website at <https://efr.fdic.gov/fcxweb/efr/index.html> and are also available on the Bank's investor relations website at ir.ozk.com. To receive automated email alerts for these materials please visit <https://ir.ozk.com/other/email-alerts> to sign up.

NON-GAAP FINANCIAL MEASURES

This release contains certain non-GAAP financial measures. The Bank uses these non-GAAP financial measures, specifically return on average common stockholders' equity, return on average tangible common stockholders' equity, tangible book value per common share, total common stockholders' equity, total tangible common stockholders' equity, the ratio of total tangible common stockholders' equity to total tangible assets, and PPNR, to assess the strength of its capital, its ability to generate earnings on tangible capital invested by its

shareholders and trends in its net revenue. These measures typically adjust GAAP financial measures to exclude intangible assets or provision for credit losses. Management believes presentation of these non-GAAP financial measures provides useful supplemental information which contributes to a proper understanding of the financial results and capital levels of the Bank. These non-GAAP disclosures should not be viewed as a substitute for financial results determined in accordance with GAAP, and they are not necessarily comparable to non-GAAP performance measures that may be presented by other banks. Reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures are included in the tables at the end of this release under the caption “Reconciliation of Non-GAAP Financial Measures.”

FORWARD-LOOKING STATEMENTS

This press release and other communications by 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 in implementing the Bank’s growth, expansion and acquisition strategies, including obtaining regulatory or other approvals, delays in acquiring satisfactory sites, obtaining permits and designing, constructing and opening new offices, relocating, selling or closing existing offices, or integrating any acquisitions; the availability of and access to capital; possible downgrades in the Bank’s credit ratings or outlook which could increase the costs of or decrease the availability of funding from capital markets; the ability to attract new or retain existing 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; conditions within the banking industry; recently enacted and potential new laws and regulatory requirements or changes to existing laws and regulatory requirements, including changes affecting oversight of the financial services industry, changes intended to manage or mitigate climate and related environmental risks or changes in the interpretation and enforcement of such laws and requirements,

changes as a result of the U.S. presidential and congressional elections, and the costs and expenses to comply with new and/or existing legislation and regulatory requirements; uncertainty regarding changes in U.S. government monetary and fiscal policy; the impact of any U.S. federal government shutdown or budgetary crisis; FDIC special assessments or changes to regular assessments; the ability to keep pace with technological changes, including changes regarding artificial intelligence and maintaining cybersecurity; the impact of any failure in, or breach of, our operational or security systems or infrastructure, or those of third parties with whom we do business or others, including as a result of cyberattacks or an increase in the incidence or severity of fraud, illegal payments, security breaches or other illegal acts impacting the Bank, its customers or others; natural disasters; acts of war or terrorism; the potential impact of continuing inflationary pressures; the potential impact of supply chain disruptions; national or international political instability or military conflict, including the conflict in the Middle East and the ongoing war in Ukraine; competition for and costs of recruiting and retaining qualified personnel; impairment of our goodwill; 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 described 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, 2023 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 described 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.

GENERAL INFORMATION

Bank OZK (Nasdaq: OZK) is a regional bank providing innovative financial solutions delivered by expert bankers with a relentless pursuit of excellence. Established in 1903, Bank OZK conducts banking operations in approximately 240 offices in nine states including Arkansas, Georgia, Florida, North Carolina, Tennessee, Texas, New York, California and Mississippi and had \$36.84 billion in total assets as of June 30, 2024. For more information, visit www.ozk.com.

Bank OZK
Consolidated Balance Sheets
Unaudited

	June 30, 2024	December 31, 2023
	(Dollars in thousands)	
ASSETS		
Cash and cash equivalents	\$ 2,568,813	\$ 2,149,529
Investment securities – available for sale (“AFS”)	2,981,929	3,244,371
Federal Home Loan Bank of Dallas (“FHLB”) and other bankers’ bank stocks	24,453	50,400
Non-purchased loans	28,455,342	26,195,030
Purchased loans	218,343	264,045
Allowance for loan losses	(407,079)	(339,394)
Net Loans	28,266,606	26,119,681
Premises and equipment, net	702,505	676,821
Foreclosed assets	71,023	61,720
Accrued interest receivable	177,403	170,110
Bank owned life insurance (“BOLI”)	819,602	808,490
Goodwill	660,789	660,789
Other, net	563,050	295,546
Total assets	\$ 36,836,173	\$ 34,237,457
LIABILITIES AND STOCKHOLDERS’ EQUITY		
Deposits:		
Demand non-interest bearing	\$ 4,045,666	\$ 4,095,874
Savings and interest bearing transaction	9,209,732	9,074,296
Time	16,688,265	14,234,973
Total deposits	29,943,663	27,405,143
Other borrowings	400,943	805,318
Subordinated notes	348,164	347,761
Subordinated debentures	121,652	121,652
Reserve for losses on unfunded credit commitments	167,022	161,834
Accrued interest payable and other liabilities	445,944	255,773
Total liabilities	\$ 31,427,388	\$ 29,097,481
Commitments and contingencies		
Stockholders’ equity:		
Preferred Stock: \$0.01 par value; 100,000,000 shares authorized; 14,000,000 issued and outstanding at June 30, 2024 and December 31, 2023	338,980	338,980
Common Stock: \$0.01 par value; 300,000,000 shares authorized; 113,465,238 and 113,148,672 shares issued and outstanding at June 30, 2024 and December 31, 2023, respectively	1,135	1,131
Additional paid-in capital	1,615,101	1,612,446
Retained earnings	3,553,523	3,283,818
Accumulated other comprehensive loss	(100,939)	(97,374)
Total stockholders’ equity before noncontrolling interest	5,407,800	5,139,001
Noncontrolling interest	985	975
Total stockholders’ equity	5,408,785	5,139,976
Total liabilities and stockholders’ equity	\$ 36,836,173	\$ 34,237,457

Bank OZK
Consolidated Statements of Income
Unaudited

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
(Dollars in thousands, except per share amounts)				
Interest income:				
Non-purchased loans	\$ 616,648	\$ 472,524	\$ 1,203,629	\$ 887,420
Purchased loans	4,644	5,322	9,604	11,840
Investment securities:				
Taxable	8,793	9,704	18,126	19,875
Tax-exempt	11,147	9,489	22,321	18,753
Deposits with banks	26,604	11,407	51,210	19,277
Total interest income	<u>667,836</u>	<u>508,446</u>	<u>1,304,890</u>	<u>957,165</u>
Interest expense:				
Deposits	270,804	136,122	525,126	229,754
Other borrowings	3,964	10,591	4,715	16,013
Subordinated notes	2,603	2,603	5,177	5,177
Subordinated debentures	2,471	2,306	4,944	4,545
Total interest expense	<u>279,842</u>	<u>151,622</u>	<u>539,962</u>	<u>255,489</u>
Net interest income	387,994	356,824	764,928	701,676
Provision for credit losses	49,012	41,774	91,935	77,602
Net interest income after provision for credit losses	<u>338,982</u>	<u>315,050</u>	<u>672,993</u>	<u>624,074</u>
Non-interest income:				
Service charges on deposit accounts:				
NSF fees	—	1,004	—	1,995
Overdraft fees	3,364	3,369	6,790	6,656
All other service charges	7,558	7,187	14,397	13,688
Trust income	2,082	2,113	4,406	4,146
BOLI income	5,606	5,069	11,112	10,043
Loan service, maintenance and other fees	6,481	4,095	12,824	8,170
Gains on sales of other assets	1,073	5,033	1,532	5,377
Net gains on investment securities	125	620	535	2,336
Other	2,493	3,497	6,271	7,384
Total non-interest income	<u>28,782</u>	<u>31,987</u>	<u>57,867</u>	<u>59,795</u>
Non-interest expense:				
Salaries and employee benefits	73,409	65,219	142,973	128,468
Net occupancy and equipment	18,421	19,476	36,395	37,560
Other operating expenses	45,621	44,660	91,396	89,543
Total non-interest expense	<u>137,451</u>	<u>129,355</u>	<u>270,764</u>	<u>255,571</u>
Income before taxes	230,313	217,682	460,096	428,298
Provision for income taxes	52,778	45,717	107,005	86,420
Net income	177,535	171,965	353,091	341,878
Earnings attributable to noncontrolling interest	8	(1)	(10)	(13)
Preferred stock dividends	4,047	4,047	8,094	8,094
Net income available to common stockholders	<u>\$ 173,496</u>	<u>\$ 167,917</u>	<u>\$ 344,987</u>	<u>\$ 333,771</u>
Basic earnings per common share	<u>\$ 1.53</u>	<u>\$ 1.47</u>	<u>\$ 3.04</u>	<u>\$ 2.89</u>
Diluted earnings per common share	<u>\$ 1.52</u>	<u>\$ 1.47</u>	<u>\$ 3.03</u>	<u>\$ 2.88</u>

Bank OZK
Consolidated Statements of Stockholders' Equity
Unaudited

	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Non- Controlling Interest	Total
(Dollars in thousands, except per share amounts)							
Three months ended June 30, 2024:							
Balances – March 31, 2024	\$ 338,980	\$ 1,134	\$1,609,268	\$3,424,672	\$ (107,207)	\$ 993	\$ 5,267,840
Net income	—	—	—	177,535	—	—	177,535
Earnings attributable to noncontrolling interest	—	—	—	8	—	(8)	—
Total other comprehensive income	—	—	—	—	6,268	—	6,268
Preferred stock dividends, \$0.28906 per share	—	—	—	(4,047)	—	—	(4,047)
Common stock dividends, \$0.39 per share	—	—	—	(44,645)	—	—	(44,645)
Issuance of 33,636 shares of common stock pursuant to stock-based compensation plans	—	1	232	—	—	—	233
Stock-based compensation expense	—	—	5,601	—	—	—	5,601
Forfeitures of 3,214 shares of unvested restricted common stock	—	—	—	—	—	—	—
Balances – June 30, 2024	<u>\$ 338,980</u>	<u>\$ 1,135</u>	<u>\$1,615,101</u>	<u>\$3,553,523</u>	<u>\$ (100,939)</u>	<u>\$ 985</u>	<u>\$ 5,408,785</u>
Six months ended June 30, 2024:							
Balances – December 31, 2023	\$ 338,980	\$ 1,131	\$1,612,446	\$3,283,818	\$ (97,374)	\$ 975	\$ 5,139,976
Cumulative effect of change in accounting principle	—	—	—	12,690	—	—	12,690
Balances – January 1, 2024	338,980	1,131	1,612,446	3,296,508	(97,374)	975	5,152,666
Net income	—	—	—	353,091	—	—	353,091
Earnings attributable to noncontrolling interest	—	—	—	(10)	—	10	—
Total other comprehensive loss	—	—	—	—	(3,565)	—	(3,565)
Preferred stock dividends, \$0.57812 per share	—	—	—	(8,094)	—	—	(8,094)
Common stock dividends, \$0.77 per share	—	—	—	(87,972)	—	—	(87,972)
Issuance of 518,454 shares of common stock pursuant to stock-based compensation plans	—	6	411	—	—	—	417
Repurchase and cancellation of 184,415 shares of common stock withheld for tax pursuant to stock-based compensation plans	—	(2)	(8,008)	—	—	—	(8,010)
Stock-based compensation expense	—	—	10,252	—	—	—	10,252
Forfeitures of 17,473 shares of unvested restricted common stock	—	—	—	—	—	—	—
Balances – June 30, 2024	<u>\$ 338,980</u>	<u>\$ 1,135</u>	<u>\$1,615,101</u>	<u>\$3,553,523</u>	<u>\$ (100,939)</u>	<u>\$ 985</u>	<u>\$ 5,408,785</u>

Bank OZK
Consolidated Statements of Stockholders' Equity
Unaudited

	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Non- Controlling Interest	Total
(Dollars in thousands, except per share amounts)							
Three months ended June 30, 2023:							
Balances – March 31, 2023	\$ 338,980	\$ 1,151	\$1,664,569	\$2,898,904	\$ (141,677)	\$ 1,371	\$ 4,763,298
Net income	—	—	—	171,965	—	—	171,965
Earnings attributable to noncontrolling interest	—	—	—	(1)	—	1	—
Total other comprehensive income (loss)	—	—	—	—	(17,754)	—	(17,754)
Preferred stock dividends, \$0.28906 per share	—	—	—	(4,047)	—	—	(4,047)
Common stock dividends, \$0.35 per share	—	—	—	(40,574)	—	—	(40,574)
Issuance of 30,148 shares of common stock pursuant to stock-based compensation plans	—	—	23	—	—	—	23
Repurchase and cancellation of 1,956,101 shares of common stock under share repurchase program, including excise tax	—	(20)	(66,106)	—	—	—	(66,126)
Stock-based compensation expense	—	—	4,478	—	—	—	4,478
Forfeitures of 8,706 shares of unvested restricted common stock	—	—	—	—	—	—	—
Balances – June 30, 2023	<u>\$ 338,980</u>	<u>\$ 1,131</u>	<u>\$1,602,964</u>	<u>\$3,026,247</u>	<u>\$ (159,431)</u>	<u>\$ 1,372</u>	<u>\$ 4,811,263</u>
Six months ended June 30, 2023:							
Balances – December 31, 2022	\$ 338,980	\$ 1,172	\$1,753,941	\$2,773,135	\$ (177,649)	\$ 1,359	\$ 4,690,938
Net income	—	—	—	341,878	—	—	341,878
Earnings attributable to noncontrolling interest	—	—	—	(13)	—	13	—
Total other comprehensive income	—	—	—	—	18,218	—	18,218
Preferred stock dividends, \$0.57812 per share	—	—	—	(8,094)	—	—	(8,094)
Common stock dividends, \$0.69 per share	—	—	—	(80,659)	—	—	(80,659)
Issuance of 503,187 shares of common stock pursuant to stock-based compensation plans	—	5	541	—	—	—	546
Repurchase and cancellation of 4,304,239 shares of common stock under share repurchase program, including excise tax	—	(44)	(151,421)	—	—	—	(151,465)
Repurchase and cancellation of 215,362 shares of common stock withheld for tax pursuant to stock-based compensation plans.	—	(2)	(8,672)	—	—	—	(8,674)
Stock-based compensation expense	—	—	8,575	—	—	—	8,575
Forfeitures of 15,065 shares of unvested restricted common stock	—	—	—	—	—	—	—
Balances – June 30, 2023	<u>\$ 338,980</u>	<u>\$ 1,131</u>	<u>\$1,602,964</u>	<u>\$3,026,247</u>	<u>\$ (159,431)</u>	<u>\$ 1,372</u>	<u>\$ 4,811,263</u>

Bank OZK
Summary of Non-Interest Expense
Unaudited

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(Dollars in thousands)			
Salaries and employee benefits	\$ 73,409	\$ 65,219	\$ 142,973	\$ 128,468
Net occupancy and equipment	18,421	19,476	36,395	37,560
Other operating expenses:				
Software and data processing	12,159	9,768	23,274	19,051
Deposit insurance and assessments	5,309	4,900	13,559	9,048
Professional and outside services	6,683	5,445	12,652	10,550
Advertising and public relations	6,888	3,184	10,785	7,219
Amortization of CRA and tax credit investments ⁽¹⁾	—	5,566	—	11,980
Other	14,582	15,797	31,126	31,695
Total non-interest expense	<u>\$ 137,451</u>	<u>\$ 129,355</u>	<u>\$ 270,764</u>	<u>\$ 255,571</u>

(1) Effective January 1, 2024, the Bank adopted ASU 2023-02, *Investments-Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method*, which resulted in the amortization of the Bank's CRA and tax credit investments being included in income tax expense instead of non-interest expense.

Bank OZK
Summary of Total Loans Outstanding
Unaudited

	June 30, 2024		December 31, 2023	
	(Dollars in thousands)			
Real estate:				
Residential 1-4 family	\$ 1,001,809	3.5%	\$ 961,338	3.6%
Non-farm/non-residential	6,479,285	22.6	5,309,239	20.1
Construction/land development	11,491,193	40.1	11,653,487	44.0
Agricultural	276,785	1.0	256,423	1.0
Multifamily residential	2,359,446	8.2	2,064,106	7.8
Total real estate	<u>21,608,518</u>	<u>75.4</u>	<u>20,244,593</u>	<u>76.5</u>
Commercial and industrial	1,499,489	5.2	1,269,610	4.8
Consumer	3,419,053	11.9	2,965,042	11.2
Other	2,146,625	7.5	1,979,830	7.5
Total loans	<u>28,673,685</u>	<u>100.0%</u>	<u>26,459,075</u>	<u>100.0%</u>
Allowance for loan losses	(407,079)		(339,394)	
Net loans	<u>\$ 28,266,606</u>		<u>\$ 26,119,681</u>	

Bank OZK
Allowance for Credit Losses
Unaudited

	<u>Allowance for Loan Losses</u>	<u>Reserve for Losses on Unfunded Credit Commitments</u>	<u>Total Allowance for Credit Losses</u>
	(Dollars in thousands)		
Three months ended June 30, 2024:			
Balances – March 31, 2024	\$ 365,935	\$ 170,952	\$ 536,887
Net charge-offs	(11,798)	—	(11,798)
Provision for credit losses	52,942	(3,930)	49,012
Balances – June 30, 2024	<u>\$ 407,079</u>	<u>\$ 167,022</u>	<u>\$ 574,101</u>
Six months ended June 30, 2024:			
Balances – December 31, 2023	\$ 339,394	\$ 161,834	\$ 501,228
Net charge-offs	(19,062)	—	(19,062)
Provision for credit losses	86,747	5,188	91,935
Balances – June 30, 2024	<u>\$ 407,079</u>	<u>\$ 167,022</u>	<u>\$ 574,101</u>
Three months ended June 30, 2023:			
Balances – March 31, 2023	\$ 222,025	\$ 171,742	\$ 393,767
Net charge-offs	(8,721)	—	(8,721)
Provision for credit losses	49,884	(8,110)	41,774
Balances – June 30, 2023	<u>\$ 263,188</u>	<u>\$ 163,632</u>	<u>\$ 426,820</u>
Six months ended June 30, 2023:			
Balances – December 31, 2022	\$ 208,858	\$ 156,419	\$ 365,277
Net charge-offs	(16,059)	—	(16,059)
Provision for credit losses	70,389	7,213	77,602
Balances – June 30, 2023	<u>\$ 263,188</u>	<u>\$ 163,632</u>	<u>\$ 426,820</u>

Bank OZK
Deposits – By Customer Type
Unaudited

	<u>June 30, 2024</u>		<u>December 31, 2023</u>	
	(Dollars in thousands)			
Non-interest bearing	\$ 4,045,666	13.5%	\$ 4,095,874	14.9%
Interest bearing:				
Consumer and commercial:				
Consumer – Non-Time	2,832,203	9.5	2,792,199	10.2
Consumer – Time	12,188,301	40.7	10,216,217	37.3
Commercial – Non-Time	2,780,634	9.3	2,439,175	8.9
Commercial – Time	906,077	3.0	767,566	2.8
Public funds	3,760,669	12.6	3,725,766	13.6
Brokered	2,860,164	9.6	2,655,317	9.7
Reciprocal	569,949	1.8	713,029	2.6
Total deposits	<u>\$ 29,943,663</u>	<u>100.0%</u>	<u>\$ 27,405,143</u>	<u>100.0%</u>

Bank OZK
Selected Consolidated Financial Data
Unaudited

	Three Months Ended June 30,			Six Months Ended June 30,		
	2024	2023	%	2024	2023	%
			Change			Change
(Dollars in thousands, except per share amounts)						
Income statement data:						
Net interest income	\$ 387,994	\$ 356,824	8.7%	\$ 764,928	\$ 701,676	9.0%
Provision for credit losses	49,012	41,774	17.3	91,935	77,602	18.5
Non-interest income	28,782	31,987	(10.0)	57,867	59,795	(3.2)
Non-interest expense	137,451	129,355	6.3	270,764	255,571	5.9
Net income	177,535	171,965	3.2	353,091	341,878	3.3
Preferred stock dividends	4,047	4,047	—	8,094	8,094	—
Net income available to common stockholders	173,496	167,917	3.3	344,987	333,771	3.4
Pre-tax pre-provision net revenue ⁽¹⁾	279,325	259,456	7.7	552,031	505,900	9.1
Common share and per common share data:						
Diluted earnings per common share	\$ 1.52	\$ 1.47	3.4%	\$ 3.03	\$ 2.88	5.2%
Basic earnings per common share	1.53	1.47	4.1	3.04	2.89	5.2
Common stock dividends per share	0.39	0.35	11.4	0.77	0.69	11.6
Book value per share	44.67	39.51	13.1	44.67	39.51	13.1
Tangible book value per common share ⁽¹⁾	38.85	33.67	15.4	38.85	33.67	15.4
Weighted-average diluted shares outstanding (thousands)	113,995	114,284	(0.3)	113,954	115,871	(1.7)
End of period shares outstanding (thousands)	113,465	113,145	0.3	113,465	113,145	0.3
Balance sheet data at period end:						
Total assets	\$ 36,836,173	\$ 30,761,870	19.7%	\$ 36,836,173	\$ 30,761,870	19.7%
Total loans	28,673,685	23,607,446	21.5	28,673,685	23,607,446	21.5
Non-purchased loans	28,455,342	23,291,785	22.2	28,455,342	23,291,785	22.2
Purchased loans	218,343	315,661	(30.8)	218,343	315,661	(30.8)
Allowance for loan losses	407,079	263,188	54.7	407,079	263,188	54.7
Foreclosed assets	71,023	62,048	14.5	71,023	62,048	14.5
Investment securities – AFS	2,981,929	3,262,366	(8.6)	2,981,929	3,262,366	(8.6)
Deposits	29,943,663	23,983,397	24.9	29,943,663	23,983,397	24.9
Other borrowings	400,943	1,104,478	(63.7)	400,943	1,104,478	(63.7)
Unfunded credit commitments	19,737,557	21,119,761	(6.5)	19,737,557	21,119,761	(6.5)
Reserve for losses on unfunded credit commitments	167,022	163,632	2.1	167,022	163,632	2.1
Preferred stock	338,980	338,980	—	338,980	338,980	—
Total common stockholders' equity ⁽¹⁾	5,068,820	4,470,911	13.4	5,068,820	4,470,911	13.4
Total tangible common stockholders' equity ⁽¹⁾	4,408,031	3,809,745	15.7	4,408,031	3,809,745	15.7
Net unrealized losses on investment securities AFS included in stockholders' equity	(100,939)	(159,431)		(100,939)	(159,431)	
Loan (including purchased loans) to deposit ratio	95.76%	98.43%		95.76%	98.43%	
Selected ratios:						
Return on average assets ⁽²⁾	1.92%	2.27%		1.94%	2.34%	
Return on average common stockholders' equity ⁽¹⁾⁽²⁾	13.98	15.14		14.07	15.19	
Return on average tangible common stockholders' equity ⁽¹⁾⁽²⁾	16.11	17.78		16.24	17.86	
Total tangible common stockholders' equity to total tangible assets ⁽¹⁾	12.19	12.66		12.19	12.66	
Net interest margin – FTE ⁽²⁾	4.68	5.32		4.70	5.43	
Efficiency ratio	32.74	33.05		32.67	33.33	
Net charge-offs to average non-purchased loans ⁽²⁾⁽³⁾	0.18	0.03		0.14	0.09	
Net charge-offs to average total loans ⁽²⁾	0.17	0.15		0.14	0.15	
Nonperforming loans to total loans ⁽⁴⁾	0.28	0.15		0.28	0.15	
Nonperforming assets to total assets ⁽⁴⁾	0.41	0.32		0.41	0.32	
Allowance for loan losses to total loans ⁽⁵⁾	1.42	1.11		1.42	1.11	
Allowance for credit losses to total loans and unfunded credit commitments	1.19	0.95		1.19	0.95	
Other information:						
Non-accrual loans ⁽⁴⁾	\$ 80,523	\$ 35,320		\$ 80,523	\$ 35,320	

⁽¹⁾ See accompanying schedules for reconciliation of non-GAAP financial measures.

⁽²⁾ Ratios for interim periods annualized based on actual days.

⁽³⁾ Excludes purchased loans and net charge-offs related to such loans.

⁽⁴⁾ Excludes purchased loans, except for their inclusion in total assets.

⁽⁵⁾ Excludes reserve for losses on unfunded loan commitments.

Bank OZK
Selected Consolidated Financial Data (continued)
Unaudited

	Three Months Ended		
	June 30, 2024	March 31, 2024	% Change
(Dollars in thousands, except per share amounts)			
Income statement data:			
Net interest income	\$ 387,994	\$ 376,934	2.9%
Provision for credit losses	49,012	42,923	14.2
Non-interest income	28,782	29,084	(1.0)
Non-interest expense	137,451	133,314	3.1
Net income	177,535	175,555	1.1
Preferred stock dividends	4,047	4,047	—
Net income available to common stockholders	173,496	171,490	1.2
Pre-tax pre-provision net revenue ⁽¹⁾	279,325	272,704	2.4
Common share and per common share data:			
Diluted earnings per common share	\$ 1.52	\$ 1.51	0.7%
Basic earnings per common share	1.53	1.51	1.3
Common stock dividends per share	0.39	0.38	2.6
Book value per share	44.67	43.44	2.8
Tangible book value per common share ⁽¹⁾	38.85	37.62	3.3
Weighted-average diluted shares outstanding (thousands)	113,995	113,883	0.1
End of period shares outstanding (thousands)	113,465	113,435	—
Balance sheet data at period end:			
Total assets	\$ 36,836,173	\$ 36,029,904	2.2%
Total loans	28,673,685	28,031,348	2.3
Non-purchased loans	28,455,342	27,781,091	2.4
Purchased loans	218,343	250,257	(12.8)
Allowance for loan losses	407,079	365,935	11.2
Foreclosed assets	71,023	60,782	16.8
Investment securities – AFS	2,981,929	3,072,391	(2.9)
Deposits	29,943,663	29,406,070	1.8
Other borrowings	400,943	202,009	98.5
Unfunded credit commitments	19,737,557	20,458,796	(3.5)
Reserve for losses on unfunded credit commitments	167,022	170,952	(2.3)
Total common stockholders' equity ⁽¹⁾	5,068,820	4,927,867	2.9
Total tangible common stockholders' equity ⁽¹⁾	4,408,031	4,267,078	3.3
Net unrealized losses on investment securities AFS included in stockholders' equity	(100,939)	(107,207)	
Loan (including purchased loans) to deposit ratio	95.76%	95.33%	
Selected ratios:			
Return on average assets ⁽²⁾	1.92%	1.96%	
Return on average common stockholders' equity ⁽¹⁾⁽²⁾	13.98	14.16	
Return on average tangible common stockholders' equity ⁽¹⁾⁽²⁾	16.11	16.38	
Total tangible common stockholders' equity to total tangible assets ⁽¹⁾	12.19	12.06	
Net interest margin – FTE ⁽²⁾	4.68	4.71	
Efficiency ratio	32.74	32.59	
Net charge-offs to average non-purchased loans ⁽²⁾⁽³⁾	0.18	0.11	
Net charge-offs to average total loans ⁽²⁾	0.17	0.11	
Nonperforming loans to total loans ⁽⁴⁾	0.28	0.20	
Nonperforming assets to total assets ⁽⁴⁾	0.41	0.32	
Allowance for loan losses to total loans ⁽⁵⁾	1.42	1.31	
Allowance for credit losses to total loans and unfunded credit commitments	1.19	1.11	
Other information:			
Non-accrual loans ⁽⁴⁾	\$ 80,523	\$ 56,217	

⁽¹⁾ See accompanying schedules for reconciliation of non-GAAP financial measures.

⁽²⁾ Ratios for interim periods annualized based on actual days.

⁽³⁾ Excludes purchased loans and net charge-offs related to such loans.

⁽⁴⁾ Excludes purchased loans, except for their inclusion in total assets.

⁽⁵⁾ Excludes reserve for losses on unfunded loan commitments.

Bank OZK
Supplemental Quarterly Financial Data
Unaudited

	6/30/24	3/31/24	12/31/23	9/30/23	6/30/23
	(Dollars in thousands, except per share amounts)				
Earnings summary:					
Net interest income	\$ 387,994	\$ 376,934	\$ 370,548	\$ 367,261	\$ 356,824
Federal tax (FTE) adjustment	3,037	3,030	2,925	2,632	2,602
Net interest income (FTE)	391,031	379,964	373,473	369,893	359,426
Provision for credit losses	(49,012)	(42,923)	(43,832)	(44,036)	(41,774)
Non-interest income	28,782	29,084	37,027	25,727	31,987
Non-interest expense	(137,451)	(133,314)	(145,011)	(128,978)	(129,355)
Pre-tax income (FTE)	233,350	232,811	221,657	222,606	220,284
FTE adjustment	(3,037)	(3,030)	(2,925)	(2,632)	(2,602)
Provision for income taxes	(52,778)	(54,226)	(43,600)	(46,144)	(45,717)
Noncontrolling interest	8	(18)	(6)	(37)	(1)
Preferred stock dividend	(4,047)	(4,047)	(4,047)	(4,047)	(4,047)
Net income available to common stockholders	<u>\$ 173,496</u>	<u>\$ 171,490</u>	<u>\$ 171,079</u>	<u>\$ 169,746</u>	<u>\$ 167,917</u>
Earnings per common share – diluted	\$ 1.52	\$ 1.51	\$ 1.50	\$ 1.49	\$ 1.47
Pre-tax pre-provision net revenue ⁽¹⁾	\$ 279,325	\$ 272,704	\$ 262,564	\$ 264,010	\$ 259,456
Selected balance sheet data at period end:					
Total assets	\$ 36,836,173	\$ 36,029,904	\$ 34,237,457	\$ 32,767,328	\$ 30,761,870
Non-purchased loans	28,455,342	27,781,091	26,195,030	25,051,214	23,291,785
Purchased loans	218,343	250,257	264,045	280,526	315,661
Investment securities – AFS	2,981,929	3,072,391	3,244,371	3,153,817	3,262,366
Deposits	29,943,663	29,406,070	27,405,143	25,552,856	23,983,397
Unfunded credit commitments	19,737,557	20,458,796	20,561,029	20,625,371	21,119,761
Allowance for credit losses:					
Balance at beginning of period	\$ 536,887	\$ 501,228	\$ 461,486	\$ 426,820	\$ 393,767
Net charge-offs	(11,798)	(7,264)	(4,090)	(9,370)	(8,721)
Provision for credit losses	49,012	42,923	43,832	44,036	41,774
Balance at end of period	<u>\$ 574,101</u>	<u>\$ 536,887</u>	<u>\$ 501,228</u>	<u>\$ 461,486</u>	<u>\$ 426,820</u>
Allowance for loan losses	\$ 407,079	\$ 365,935	\$ 339,394	\$ 303,358	\$ 263,188
Reserve for losses on unfunded credit commitments	167,022	170,952	161,834	158,128	163,632
Total allowance for credit losses	<u>\$ 574,101</u>	<u>\$ 536,887</u>	<u>\$ 501,228</u>	<u>\$ 461,486</u>	<u>\$ 426,820</u>
Selected ratios:					
Net interest margin – FTE ⁽²⁾	4.68%	4.71%	4.82%	5.05%	5.32%
Efficiency ratio	32.74	32.59	35.33	32.60	33.05
Net charge-offs to average non-purchased loans ⁽²⁾⁽³⁾	0.18	0.11	0.07	0.17	0.03
Net charge-offs to average total loans ⁽²⁾	0.17	0.11	0.06	0.15	0.15
Nonperforming loans to total loans ⁽⁴⁾	0.28	0.20	0.23	0.25	0.15
Nonperforming assets to total assets ⁽⁴⁾	0.41	0.32	0.36	0.40	0.32
Allowance for loan losses to total loans ⁽⁵⁾	1.42	1.31	1.28	1.20	1.11
Allowance for credit losses to total loans and unfunded credit commitments	1.19	1.11	1.07	1.00	0.95
Loans past due 30 days or more, including past due non-accrual loans, to total loans ⁽⁴⁾	0.16	0.17	0.20	0.21	0.14

⁽¹⁾ Calculations of pre-tax pre-provision net revenue and the reconciliation to GAAP are included in the schedules accompanying this release.

⁽²⁾ Ratios for interim periods annualized based on actual days.

⁽³⁾ Excludes purchased loans and net charge-offs related to such loans.

⁽⁴⁾ Excludes purchased loans, except for their inclusion in total assets.

⁽⁵⁾ Excludes reserve for losses on unfunded loan commitments.

Bank OZK
Average Consolidated Balance Sheets and Net Interest Analysis – FTE
Unaudited

	Three Months Ended June 30,						Six months ended June 30,					
	2024			2023			2024			2023		
	Average Balance	Income/ Expense	Yield/ Rate	Average Balance	Income/ Expense	Yield/ Rate	Average Balance	Income/ Expense	Yield/ Rate	Average Balance	Income/ Expense	Yield/ Rate
(Dollars in thousands)												
ASSETS												
Interest earning assets:												
Interest earning deposits	\$ 2,013,116	\$ 26,604	5.32%	\$ 957,439	\$ 11,407	4.78%	\$ 1,937,493	\$ 51,210	5.32%	\$ 849,082	\$ 19,277	4.58%
Investment securities:												
Taxable	1,877,176	8,793	1.88	2,363,265	9,704	1.65	1,965,078	18,126	1.85	2,406,769	19,875	1.67
Tax-exempt – FTE	1,143,254	14,111	4.96	1,040,757	12,011	4.63	1,157,685	28,254	4.91	1,034,317	23,738	4.63
Non-purchased loans – FTE	28,303,265	616,720	8.76	22,368,771	472,604	8.47	27,709,736	1,203,762	8.74	21,613,844	887,640	8.28
Purchased loans	240,778	4,644	7.76	346,696	5,322	6.16	249,283	9,604	7.75	358,725	11,840	6.66
Total earning assets – FTE	33,577,589	670,872	8.04	27,076,928	511,048	7.57	33,019,275	1,310,956	7.98	26,262,737	962,370	7.39
Non-interest earning assets	2,761,795			2,587,338			2,750,997			2,552,387		
Total assets	<u>\$36,339,384</u>			<u>\$29,664,266</u>			<u>\$35,770,272</u>			<u>\$28,815,124</u>		
LIABILITIES AND STOCKHOLDERS' EQUITY												
Interest bearing liabilities:												
Deposits:												
Savings and interest bearing transaction	\$ 9,277,131	\$ 68,593	2.97%	\$ 9,075,132	\$ 48,650	2.15%	\$ 9,229,938	\$ 135,494	2.95%	\$ 9,402,496	\$ 91,164	1.96%
Time deposits	16,385,329	202,211	4.96	9,650,599	87,472	3.64	15,930,851	389,632	4.92	8,612,573	138,590	3.24
Total interest bearing deposits	25,662,460	270,804	4.24	18,725,731	136,122	2.92	25,160,789	525,126	4.20	18,015,069	229,754	2.57
Other borrowings ⁽²⁾	321,521	3,964	4.96	828,644	10,591	5.13	203,281	4,715	4.66	648,870	16,013	4.98
Subordinated notes	348,066	2,603	3.01	347,251	2,603	3.01	347,965	5,177	2.99	347,151	5,177	3.01
Subordinated debentures	121,652	2,471	8.17	121,652	2,306	7.60	121,652	4,944	8.17	121,645	4,545	7.54
Total interest bearing liabilities	26,453,699	279,842	4.25	20,023,278	151,622	3.04	25,833,687	539,962	4.20	19,132,735	255,489	2.69
Non-interest bearing liabilities:												
Non-interest bearing deposits	3,893,094			4,348,639			3,996,931			4,409,684		
Other non-interest bearing liabilities	660,618			502,394			667,969			501,203		
Total liabilities	31,007,411			24,874,311			30,498,587			24,043,622		
Total stockholders' equity before noncontrolling interest	5,330,984			4,788,584			5,270,700			4,770,135		
Noncontrolling interest	989			1,371			985			1,367		
Total liabilities and stockholders' equity	<u>\$36,339,384</u>			<u>\$29,664,266</u>			<u>\$35,770,272</u>			<u>\$28,815,124</u>		
Net interest income – FTE	<u>\$ 391,030</u>			<u>\$ 359,426</u>			<u>\$ 770,994</u>			<u>\$ 706,881</u>		
Net interest margin – FTE	<u>4.68%</u>			<u>5.32%</u>			<u>4.70%</u>			<u>5.43%</u>		
Core spread ⁽¹⁾	<u>4.52%</u>			<u>5.55%</u>			<u>4.54%</u>			<u>5.71%</u>		

⁽¹⁾ Core spread is the difference between the yield on the Bank's non-purchased loans-FTE and the rate on its interest bearing deposits.

⁽²⁾ The interest expense and the rates paid "other borrowings" include capitalized interest which totaled \$0.5 million and \$0.8 million for the second quarter and first six months of 2024. Capitalized interest was not material for the second quarter and first six months of 2023.

Bank OZK
Reconciliation of Non-GAAP Financial Measures

**Calculation of Average Common Stockholders' Equity,
Average Tangible Common Stockholders' Equity
and the Annualized Returns on Average Common Stockholders' Equity and
Average Tangible Common Stockholders' Equity**

Unaudited

	Three Months Ended			Six Months Ended	
	June 30, 2024	June 30, 2023	March 31, 2024	June 30, 2024	June 30, 2023
	(Dollars in thousands)				
Net income available to common stockholders	\$ 173,496	\$ 167,917	\$ 171,490	\$ 344,987	\$ 333,771
Average stockholders' equity before noncontrolling interest	\$ 5,330,984	\$ 4,788,584	\$ 5,210,418	\$ 5,270,700	\$ 4,770,135
Less average preferred stock	(338,980)	(338,980)	(338,980)	(338,980)	(338,980)
Total average common stockholders' equity	4,992,004	4,449,604	\$ 4,871,438	4,931,720	4,431,155
Less average intangible assets:					
Goodwill	(660,789)	(660,789)	(660,789)	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	—	(999)	—	—	(1,618)
Total average intangibles	(660,789)	(661,788)	(660,789)	(660,789)	(662,407)
Average tangible common stockholders' equity	\$ 4,331,215	\$ 3,787,816	\$ 4,210,649	\$ 4,270,931	\$ 3,768,748
Return on average common stockholders' equity ⁽¹⁾	13.98%	15.14%	14.16%	14.07%	15.19%
Return on average tangible common stockholders' equity ⁽¹⁾	16.11%	17.78%	16.38%	16.24%	17.86%

⁽¹⁾ Ratios for interim periods annualized based on actual days.

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

	June 30,		March 31,
	2024	2023	2024
	(In thousands, except per share amounts)		
Total stockholders' equity before noncontrolling interest	\$ 5,407,800	\$ 4,809,891	\$ 5,266,847
Less preferred stock	(338,980)	(338,980)	(338,980)
Total common stockholders' equity	\$ 5,068,820	\$ 4,470,911	\$ 4,927,867
Less intangible assets:			
Goodwill	(660,789)	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	—	(377)	—
Total intangibles	(660,789)	(661,166)	(660,789)
Total tangible common stockholders' equity	\$ 4,408,031	\$ 3,809,745	\$ 4,267,078
Shares of common stock outstanding	113,465	113,145	113,435
Book value per common share	\$ 44.67	\$ 39.51	\$ 43.44
Tangible book value per common share	\$ 38.85	\$ 33.67	\$ 37.62

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

Unaudited

	June 30,		March 31,
	2024	2023	2024
	(Dollars in thousands)		
Total stockholders' equity before noncontrolling interest	\$ 5,407,800	\$ 4,809,891	\$ 5,266,847
Less preferred stock	(338,980)	(338,980)	(338,980)
Total common stockholders' equity	\$ 5,068,820	\$ 4,470,911	\$ 4,927,867
Less intangible assets:			
Goodwill	(660,789)	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	—	(377)	—
Total intangibles	(660,789)	(661,166)	(660,789)
Total tangible common stockholders' equity	4,408,031	3,809,745	4,267,078
Total assets	\$ 36,836,173	\$ 30,761,870	\$ 36,029,904
Less intangible assets:			
Goodwill	\$ (660,789)	\$ (660,789)	\$ (660,789)
Core deposit and other intangible assets, net of accumulated amortization	—	(377)	—
Total intangibles	(660,789)	(661,166)	(660,789)
Total tangible assets	\$ 36,175,384	\$ 30,100,704	\$ 35,369,115
Ratio of total common stockholders' equity to total assets	13.76%	14.53%	13.68%
Ratio of total tangible common stockholders' equity to total tangible assets	12.19%	12.66%	12.06%

Calculation of Pre-Tax Pre-Provision Net Revenue

Unaudited

	Three Months Ended				Six Months Ended	
	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	June 30, 2024
	(Dollars in thousands)					
Net income available to common stockholders	\$ 173,496	\$ 171,490	\$ 171,079	\$ 169,746	\$ 167,917	\$ 344,987
Preferred stock dividends	4,047	4,047	4,047	4,047	4,047	8,094
Earnings attributable to noncontrolling interest	(8)	18	6	37	1	10
Provision for income taxes	52,778	54,226	43,600	46,144	45,717	107,005
Provision for credit losses	49,012	42,923	43,832	44,036	41,774	91,935
Pre-tax pre-provision net revenue	\$ 279,325	\$ 272,704	\$ 262,564	\$ 264,010	\$ 259,456	\$ 552,031
	\$ 505,900					\$ 505,900



MANAGEMENT COMMENTS
FOR THE SECOND QUARTER
& FIRST SIX MONTHS OF 2024

JULY 17, 2024

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 in implementing the Bank’s growth, expansion and acquisition strategies, including obtaining regulatory or other approvals, delays in acquiring satisfactory sites, obtaining permits and designing, constructing and opening new offices, relocating, selling or closing existing offices, or integrating any acquisitions; the availability of and access to capital; possible downgrades in the Bank’s credit ratings or outlook which could increase the costs of or decrease the availability of funding from capital markets; the ability to attract new or retain existing 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; conditions within the banking industry; recently enacted and potential new laws and regulatory requirements or changes to existing laws and regulatory requirements, including changes affecting oversight of the financial services industry, changes intended to manage or mitigate climate and related environmental risks or changes in the interpretation and enforcement of such laws and requirements, changes as a result of the U.S. presidential and congressional elections, and the costs and expenses to comply with new and/or existing legislation and regulatory requirements; uncertainty regarding changes in U.S. government monetary and fiscal policy; the impact of any U.S. federal government shutdown or budgetary crisis; FDIC special assessments or changes to regular assessments; the ability to keep pace with technological changes, including changes regarding artificial intelligence and maintaining cybersecurity; the impact of any failure in, or breach of, our operational or security systems or infrastructure, or those of third parties with whom we do business or others, including as a result of cyberattacks or an increase in the incidence or severity of fraud, illegal payments, security breaches or other illegal acts impacting the Bank, its customers or others; natural disasters; acts of war or terrorism; the potential impact of continuing inflationary pressures; the potential impact of supply chain disruptions; national or international political instability or military conflict, including the conflict in the Middle East and the ongoing war in Ukraine; competition for and costs of recruiting and retaining qualified personnel; impairment of our goodwill; 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 described 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, 2023 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 described 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.

MANAGEMENT COMMENTS FOR THE SECOND QUARTER OF 2024

We are pleased to report our second quarter 2024 results, which once again include numerous record achievements. Highlights include:

- **Net Income & Earnings Per Share.** Net income available to common stockholders for the quarter just ended was a record \$173.5 million and diluted earnings per common share (“EPS”) were a record \$1.52, increases of 3.3% and 3.4%, respectively, compared to the second quarter of 2023.
- **Pre-tax Pre-provision Net Revenue¹ (“PPNR”).** PPNR for the quarter just ended was a record \$279.3 million, an increase of 7.7% compared to the second quarter of 2023.
- **Net Interest Income.** Net interest income for the quarter just ended was a record \$388.0 million, an increase of 8.7% compared to the second quarter of 2023.
- **Loans.** Total loans outstanding grew to a record \$28.67 billion, increasing \$0.64 billion, or 2.3% not annualized, in the quarter just ended. This growth was achieved even though Real Estate Specialties Group (“RESG”) loan repayments in the quarter just ended were \$1.84 billion, its second largest ever.
- **Deposits.** Deposits grew to a record \$29.94 billion, increasing \$0.54 billion, or 1.8% not annualized, in the quarter just ended.
- **Liquidity.** We maintained robust available primary and secondary sources of liquidity which increased to \$12.7 billion.
- **Asset Quality.** Our annualized net charge-off ratio for total loans was 0.17% for the quarter just ended. Nonperforming non-purchased loans to total non-purchased loans and nonperforming assets to total assets² were 0.28% and 0.41%, respectively, at June 30, 2024.
- **Return on Average Assets (“ROAA”) and ACL Build.** We achieved an annualized ROAA of 1.92% in the quarter, while prudently building our Allowance for Credit Losses (“ACL”) by a net \$37.2 million.
- **Efficiency Ratio.** Our efficiency ratio in the quarter just ended was 32.7%.
- **Capital.** At June 30, 2024, our ratios of total common stockholders’ equity to total assets and total tangible common stockholders’ equity¹ to tangible assets were 13.76% and 12.19%, respectively, and our book value and tangible book value¹ per common share were \$44.67 and \$38.85, respectively, increases of \$5.16 and \$5.18, respectively, over the last four quarters.
- **Dividends.** We recently increased our dividend on our common stock for the 56th consecutive quarter.
- **Stock Repurchase Program.** Our Board of Directors recently approved a \$200 million stock repurchase program.

¹ The calculations of the Bank’s PPNR, tangible common stockholders’ equity and tangible book value per common share and the reconciliations to generally accepted accounting principles (“GAAP”) are included in the schedules at the end of this presentation.

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

Profitability and Earnings Metrics

Net income available to common stockholders for the second quarter of 2024 was a record \$173.5 million, a 3.3% increase from \$167.9 million for the second quarter of 2023. For the first six months of 2024, net income available to common stockholders was \$345.0 million, a 3.4% increase from \$333.8 million for the first six months of 2023.

EPS for the second quarter of 2024 were a record \$1.52, a 3.4% increase from \$1.47 for the second quarter of 2023. EPS for the first six months of 2024 were \$3.03, a 5.2% increase from \$2.88 for the first six months of 2023.

PPNR for the second quarter of 2024 was a record \$279.3 million, a 7.7% increase from \$259.5 million for the second quarter of 2023. For the first six months of 2024, PPNR was \$552.0 million, a 9.1% increase from \$505.9 million for the first six months of 2023.

Our annualized ROAA for the second quarter of 2024 was 1.92% compared to 2.27% for the second quarter of 2023. Our annualized ROAA for the first six months of 2024 was 1.94% compared to 2.34% for the first six months of 2023.

Our annualized returns on average common stockholders' equity ("ROACE") and average tangible common stockholders' equity³ ("ROATCE") for the second quarter of 2024 were 13.98% and 16.11%, respectively, compared to 15.14% and 17.78%, respectively, for the second quarter of 2023. Our annualized ROACE and ROATCE for the first six months of 2024 were 14.07% and 16.24%, respectively, compared to 15.19% and 17.86%, respectively, for the first six months of 2023.

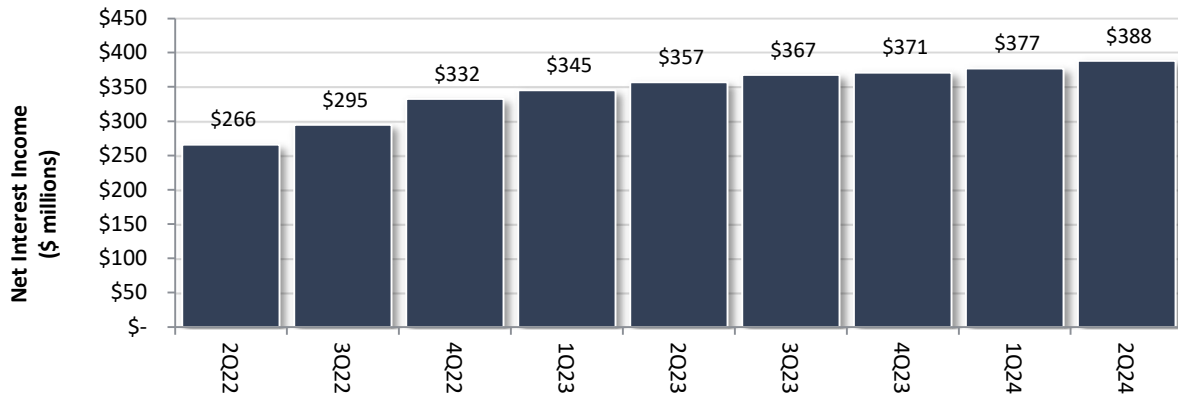
³ The calculation of the Bank's annualized returns on average common stockholders' equity and average tangible common stockholders' equity and the reconciliations to GAAP are included in the schedule at the end of this presentation.

Net Interest Income

Our net interest income for the second quarter of 2024 was \$388.0 million, our eighth consecutive quarterly record and an 8.7% increase from \$356.8 million for the second quarter of 2023, as shown in Figure 1. Our net interest income for the first six months of 2024 was \$764.9 million, a 9.0% increase from \$701.7 million for the first six months of 2023.

In the quarter just ended, our growth in average earning assets more than offset the impact of the three basis point decrease in our net interest margin. In the remainder of 2024, we expect further growth in average earning assets and some further decrease in net interest margin, with the interplay between these two metrics, along with Fed interest rate decisions, primarily determining whether net interest income increases or decreases in each quarter from the record level achieved in the quarter just ended.

Figure 1: Quarterly Net Interest Income

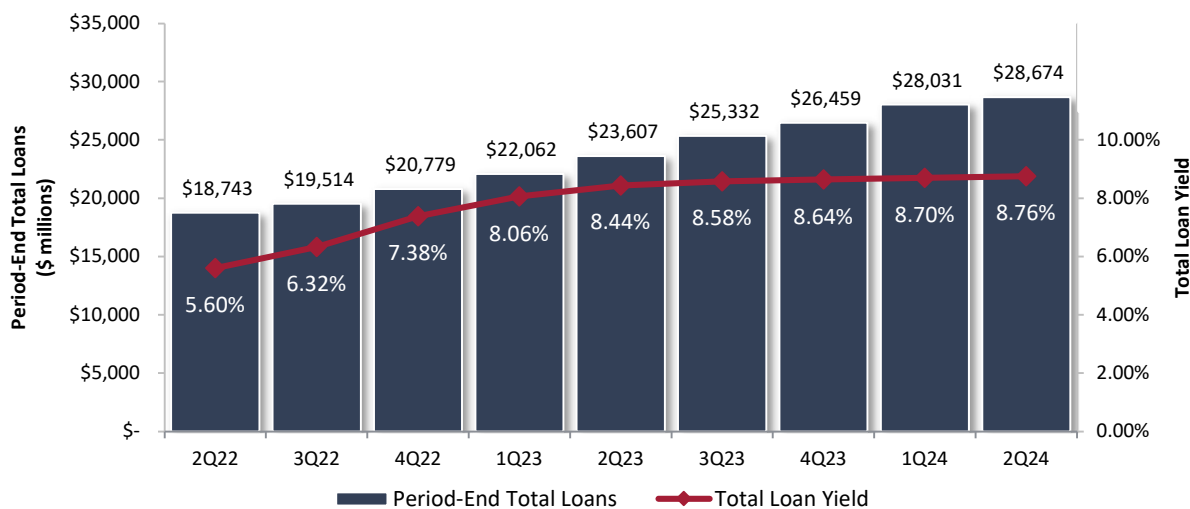


Earning Assets

Our total loans at June 30, 2024 were a record \$28.67 billion, having increased \$0.64 billion, or 2.3% not annualized, from March 31, 2024 and \$2.21 billion, or 8.4% not annualized, from December 31, 2023, as illustrated in Figure 2.

While we expect continued good loan growth in the remainder of 2024, we believe that loan growth for the full year of 2024 will likely be less than the \$5.68 billion achieved in 2023. Loan growth may vary significantly from quarter to quarter and may be impacted by interest rates, economic conditions, competition or other factors.

Figure 2: Total Loan Balances and Yields

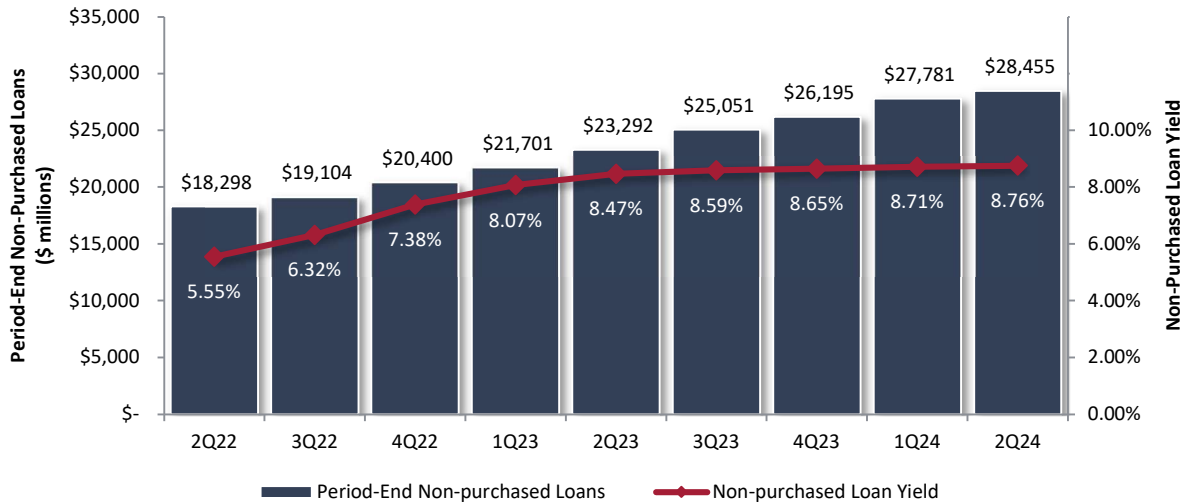


In the second quarter of 2024, our yield on total loans was 8.76%, an increase of 32 basis points (“bps”) from the second quarter of 2023 and an increase of six bps from the first quarter of 2024. During the quarter just ended, the increased level of RESG loan repayments contributed to higher than usual fees which benefitted our yield on total loans. In the first six months of 2024, our yield on total loans was 8.73%, an increase of 47 bps from the first six months of 2023.

Non-purchased Loans

Non-purchased loans, which are all loans excluding the remaining loans from acquisitions, accounted for 84.3% of our average earning assets in the quarter just ended. As illustrated in Figure 3, non-purchased loans were a record \$28.46 billion at June 30, 2024, having increased \$0.67 billion, or 2.4% not annualized, from March 31, 2024, and \$2.26 billion, or 8.6% not annualized, from December 31, 2023.

Figure 3: Non-purchased Loan Balances and Yields



In the second quarter of 2024, our yield on non-purchased loans was 8.76%, an increase of 29 bps from the second quarter of 2023 and five bps from the first quarter of 2024. In the first six months of 2024, our yield on non-purchased loans was 8.74%, an increase of 46 bps from the first six months of 2023.

Figures 4 and 5 reflect the mix in our non-purchased loan growth in the second quarter and first six months of 2024. Reflecting our ongoing focus on greater portfolio diversification, Indirect RV & Marine and Corporate & Institutional Banking (“CIB”), collectively, contributed \$0.56 billion to non-purchased loan growth in the quarter just ended, while RESG grew just \$0.20 billion as a result of a high level of repayments.

Figure 4: Non-purchased Loan Growth – 2Q24 (\$ million)

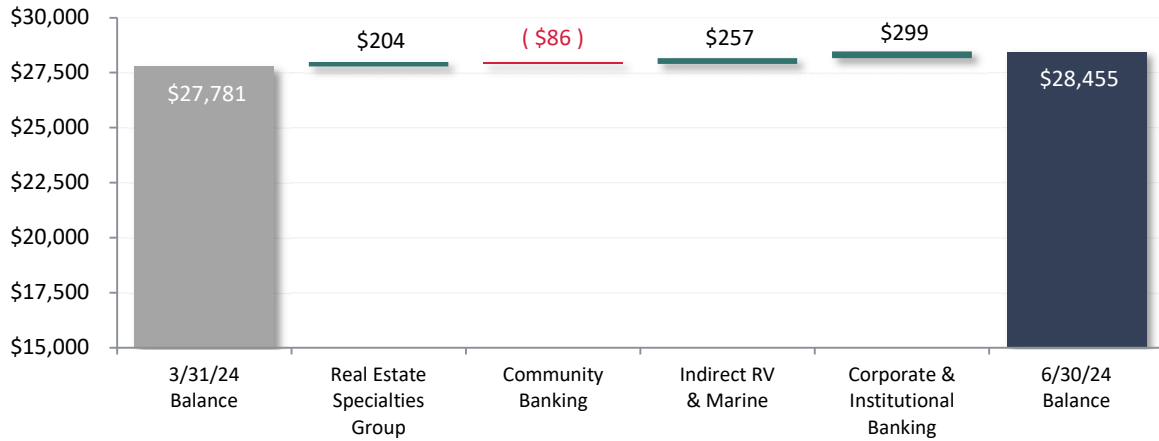
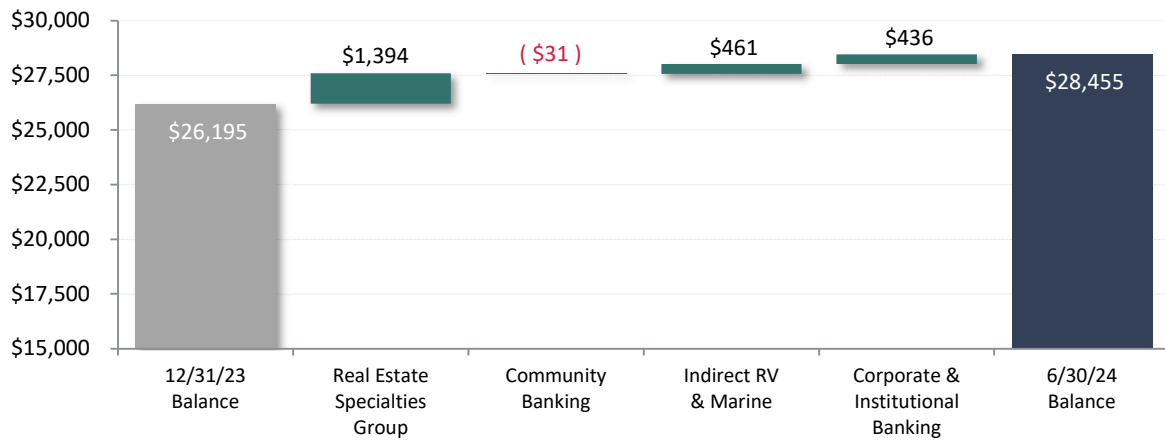


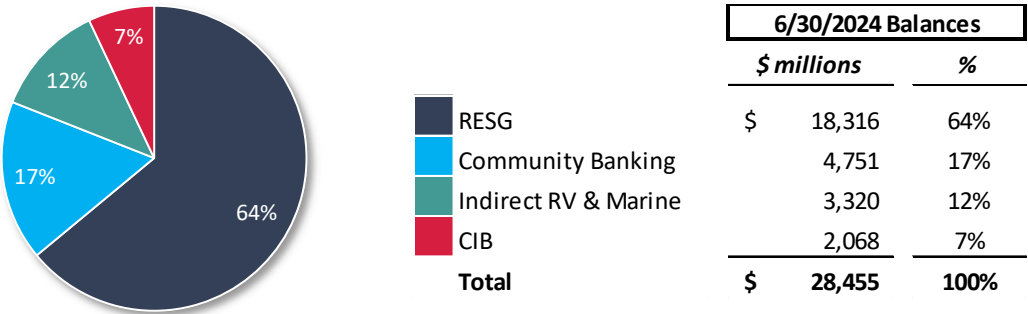
Figure 5: Non-purchased Loan Growth – 6M24 (\$ millions)



We want to continue to grow our RESG portfolio while also achieving greater portfolio diversification through growth in our CIB, Indirect RV & Marine and Community Banking portfolios. As seen in the quarter just ended, we have good momentum with these other lending teams, which we expect to contribute meaningfully to future growth and diversification, especially in 2025 and 2026 when RESG is likely to have elevated levels of repayments. This “growth, growth and diversification” strategy is intended to capitalize on RESG’s unique strengths and expertise, while also enhancing portfolio diversification.

Even as our outstanding balance of RESG loans has reached record levels, RESG’s percentage of our non-purchased loans has declined from its historical peak of 70% to 64% as of June 30, 2024, as illustrated in Figure 6.

Figure 6: Non-purchased Loan Composition



As reflected in Figures 7 and 8, RESG’s funded balance of non-purchased loans increased \$0.21 billion and \$1.40 billion during the second quarter and first six months of 2024, respectively.

Figure 7: Activity in RESG Funded Balances – 2Q24 (\$ billions)

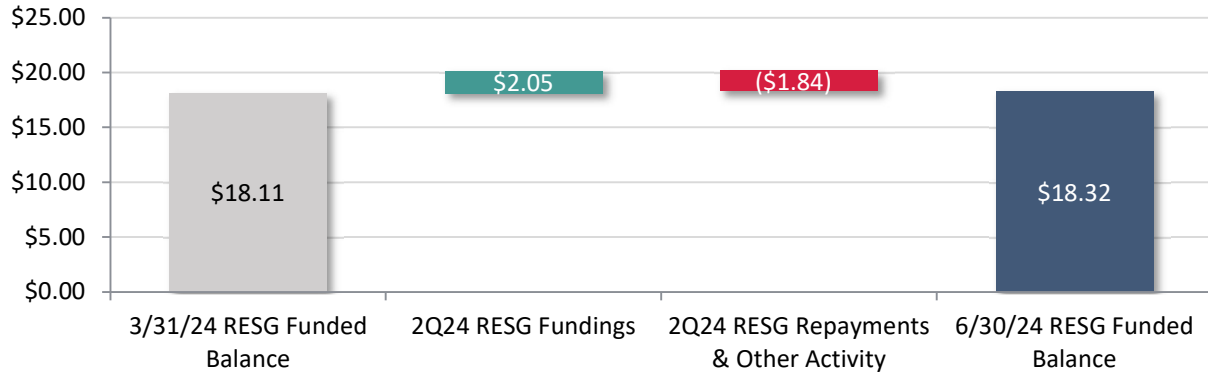
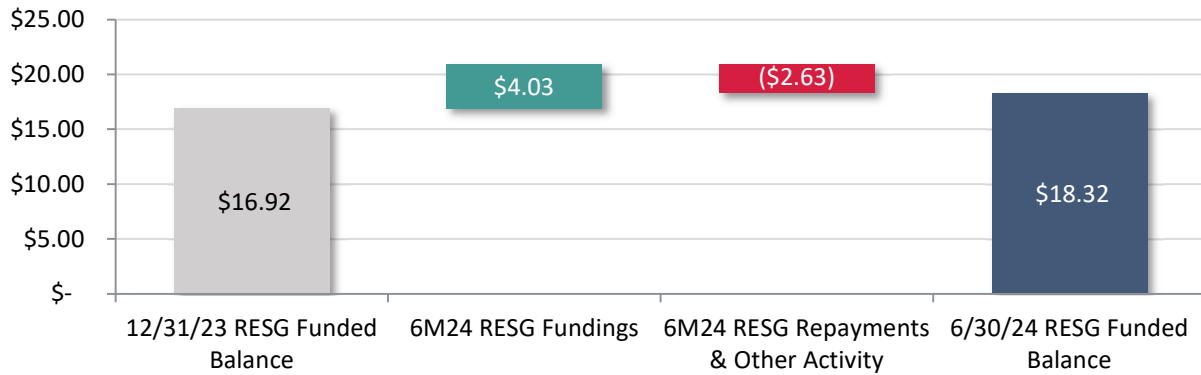


Figure 8: Activity in RESG Funded Balances – 6M24 (\$ billions)



As shown in Figure 9, RESG loan originations were \$1.60 billion in the quarter just ended and \$3.18 billion for the first six months of 2024. Our sponsors continue to identify new projects which make compelling economic sense, despite the obvious headwinds from higher-for-longer rates and economic uncertainties.

We are maintaining our guidance that RESG origination volume in 2024 is expected to be more or less in line with the \$7.22 billion achieved during 2023. Of course, our \$3.18 billion of RESG originations during the first half of 2024 suggest that “less” may be somewhat more likely than “more.” Origination volume may vary significantly from quarter to quarter and may be impacted by interest rates, economic conditions, competition or other factors.

As shown in Figure 10, RESG’s loan repayments and other activity were \$1.84 billion in the quarter just ended and \$2.63 billion for the first six months of 2024. Repayments accelerated during the quarter just ended, including the payoffs of our largest ever loans in New York (\$840 million total maximum commitment with a funded balance of \$511 million) and Chicago (\$475 million total maximum commitment with a funded balance of \$376 million).

The \$1.84 billion in RESG repayments represented the funded balances repaid in the quarter. In the aggregate, such repayments also included \$0.39 billion in unfunded balances, resulting in \$2.23 billion of total RESG commitments being “repaid” in the quarter. Historically, roughly 15% of RESG loan commitments, on average, are never advanced due to unused cost and contingency components and the timing of loan repayments.

Sponsors continue to carefully monitor interest rates and refinance market conditions to determine when to move projects from our financing to bridge or permanent loans. Lower interest rates, whenever they occur, should tend to encourage that movement. RESG loan repayments may vary substantially from quarter to quarter and may have an outsized impact on our outstanding loan balances in one or more quarters.

Figure 9: RESG Quarterly Loan Originations
(\$ billions)

	Q1	Q2	Q3	Q4	Total*
FY2019	\$1.86	\$1.15	\$2.03	\$1.44	\$6.48
FY2020	\$1.76	\$1.67	\$1.40	\$1.77	\$6.59
FY2021	\$1.28	\$1.46	\$2.21	\$2.99	\$7.94
FY2022	\$3.14	\$3.53	\$4.35	\$2.81	\$13.82
FY2023	\$1.81	\$1.41	\$1.95	\$2.05	\$7.22
FY2024	\$1.58	\$1.60			\$3.18

*6M24 Not Annualized

Figure 10: RESG Quarterly Loan Repayments & Other Activity
(\$ billions)

	Q1	Q2	Q3	Q4	Total*
FY2019	\$1.13	\$1.54	\$1.34	\$1.66	\$5.67
FY2020	\$1.00	\$0.69	\$0.65	\$1.19	\$3.54
FY2021	\$1.48	\$1.68	\$1.34	\$1.72	\$6.22
FY2022	\$1.31	\$2.34	\$1.28	\$0.72	\$5.65
FY2023	\$0.91	\$1.03	\$1.10	\$0.97	\$4.01
FY2024	\$0.79	\$1.84			\$2.63

*6M24 Not Annualized

Figure 11 illustrates the cadence of RESG loan originations and repayments. It shows the amount of each year's originations which have been repaid and which remain as outstanding commitments, both funded and unfunded, as of June 30, 2024.

Figure 11: RESG Origination and Repayment Trends by Year of Origination (Total Commitment)



Total Originations / Amount Repaid / Remaining Commitment

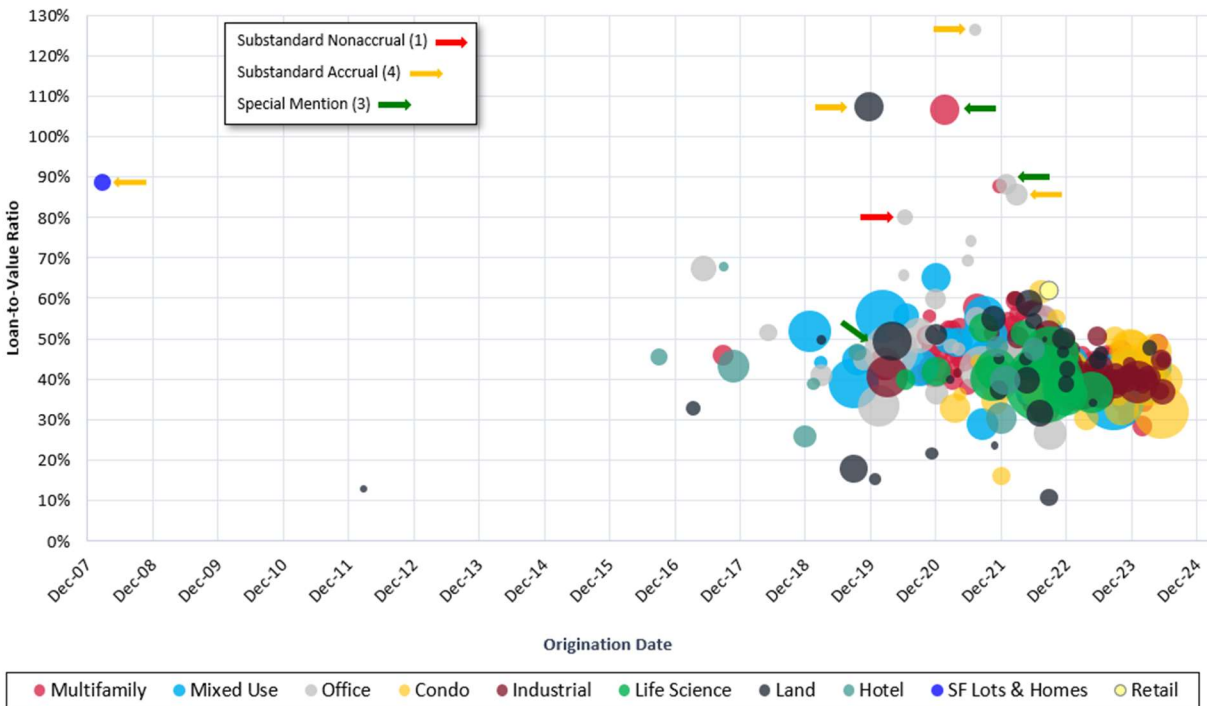
\$ Remaining Commitment	\$0.04B	\$0.37B	\$0.12B	\$1.26B	\$3.39B	\$5.82B	\$12.54B	\$7.11B	\$3.18B
\$ Amount Funded	\$0.04B	\$0.35B	\$0.10B	\$1.18B	\$2.88B	\$4.50B	\$6.93B	\$2.04B	\$0.25B
\$ Amount Unfunded	\$0.00B	\$0.02B	\$0.02B	\$0.08B	\$0.51B	\$1.32B	\$5.61B	\$5.07B	\$2.93B

* Amounts repaid and total annual originations are not shown for pre-2016 originations.

The loan-to-value (“LTV”) metrics on each of the 338 individual loans within the RESG portfolio as of June 30, 2024, are illustrated in Figure 12. The significant protection provided by RESG’s conservative loan-to-cost (“LTC”) and LTV metrics is always important, and especially so in the current macroeconomic environment. Assuming every RESG loan is fully funded, the weighted average LTC for the RESG portfolio was 51%, and the weighted average LTV was 42%, as of June 30, 2024. RESG collateral valuations are supported by the fact that the majority of RESG loans are for new construction, which provides a distinct competitive advantage compared to older, less desirable properties.

RESG’s one substandard nonaccrual loan and four substandard accrual loans are pointed out in Figure 12 and additional information on each of those five loans is provided following Figure 12.

Figure 12: RESG Portfolio by LTV & Origination Date (As of June 30, 2024)
Bubble Size Reflects Total Funded and Unfunded Commitment Amount



LTV ratios assume all loans are fully funded. LTV data based on most recent appraisals and utilizing, in most cases, "as stabilized" values for income producing properties.

At March 31, 2024, the RESG portfolio had three substandard-rated credits with an aggregate funded balance of \$181.1 million, which balances collectively decreased \$11.7 million to \$169.4 million at June 30, 2024. Those are as follows:

- *Development near Lake Tahoe (\$32.3 million funded; \$11.1 million unfunded at 6/30/24).* This credit is a development / construction revolver and has been substandard accrual since 2019. During the quarter just ended, the sponsor made significant progress toward the ultimate resolution of this credit by selling the club amenities, resulting in an \$11.1 million permanent reduction in our commitment to the current \$43.4 million. Our LTV is 89% based on a September 2023 appraisal and our ACL allocation for this credit is \$9.4 million.
- *Chicago land (\$128.0 million, fully funded).* This credit was downgraded to special mention in the third quarter of 2023 and to substandard accrual in the fourth quarter of 2023. In March 2024 the sponsor contributed \$8.0 million of additional equity into the cash reserve for this loan to obtain a maturity extension to October 2024. Based on a June 2024 appraisal, the LTV increased to 107%. The remaining \$5.5 million of that cash reserve as of June 30, 2024 is not included in the LTV calculation. Our ACL allocation for this credit is \$37.6 million. The sponsor continues to actively pursue recapitalization of this project.
- *Seattle office – South Lake Union submarket.* During the quarter just ended, this previously substandard non-accrual loan was transferred to foreclosed assets. As of March 31, 2024, this credit had a \$12.7 million carrying value, which was reduced during the quarter just ended by \$1.2 million from liquidation of additional collateral, \$0.4 million from interest rate cap proceeds, and \$2.0 million pursuant to the debt service and carry guaranty and other sponsor obligations, all resulting in a current balance in foreclosed assets of \$9.1 million. The October 2023 “as-is” appraised value of this property was \$14.1 million, resulting in a current carrying value of 65% of that appraised value. For years we have discussed that our “defensive” loan structures are important risk mitigants in RESG loans. The multiple sources of repayment collected on this credit during the quarter just ended demonstrate some of the elements often included in our loan structures.

As reflected later in Figures 31 to 35, our various asset quality ratios for the quarter just ended continued to perform well compared to the industry. Credit migrations to classified status within the RESG portfolio continued to be reasonably well contained as we downgraded three small RESG office credits to substandard during the quarter just ended. At June 30, 2024, all of these credits were current (two were on accrual status and one was on non-accrual status), and the three had an aggregate \$94.4 million funded balance (after a \$9.3 million charge-off on the non-accrual credit) and an aggregate \$39.5 million unfunded balance, of which \$32.0 million is for “good news” funding for tenant improvement and leasing costs (“TI/LC”). The sponsors on these projects continue to be actively engaged in pursuit of positive outcomes, including leasing. If needed, we have some limited credit support from debt service and carry guarantees and other provisions. These credits are summarized below.

(\$ millions)

MSA / Submarket	Property Type	Total Loan Commitment	Outstanding Balance	Unfunded	"Good News" TI/LC Included in Unfunded	ACL Reserve	Sponsor / Capital Partner Investment to Date	LTV (As-Stabilized with Loan Fully Funded)	Appraisal Date
<i>Substandard Accrual</i>									
Seattle, WA / Pioneer Square	Office	\$ 72.5	\$ 55.0	\$ 17.5	\$ 13.1	\$ 11.7	\$ 48.5	86%	Dec. '23
Boston, MA / Financial District	Office	22.5	17.8	4.7	4.1	6.0	15.7	126%	May '24
<i>Substandard Non-accrual</i>									
Los Angeles, CA / Arts District	Office	38.9 *	21.6 *	17.3	14.8	- *	46.3	80% **	May '24

* Total loan commitment and outstanding balance are net of \$9.3 million charge-off during the quarter just ended.

** Outstanding balance is 80% of the "as-is" appraised value.

Over the past eight quarters, we have seen a reasonably well-contained migration of risk ratings reflecting prolonged stress on some projects and some sponsors caused by Fed interest rate increases, increases in capitalization rates, decreases in appraised values, and higher-for-longer interest rates, among other factors. Of course, the cumulative \$274 million increase in our ACL over the last eight quarters, as shown later in Figure 30, reflects a prudent response to this credit migration.

As we have said previously, with occasional exceptions, we expect most RESG sponsors will continue to support their properties, if needed, through times of economic stress until business or economic conditions and property performance normalize. We have seen many examples of this over the last eight quarters as sponsors, along with their capital partners, have taken actions to support their projects, including making unscheduled principal paydowns and replenishing carry and other reserves. This strong sponsor support is one of the reasons we have had relatively few RESG substandard credits and even fewer nonaccrual credits or foreclosed assets.

Additionally, the RESG portfolio's low weighted average LTC (51% on average) gives our sponsors and their capital partners great motivation to defend their substantial investment (49% on average). We often receive principal paydowns in connection with loan extensions or modifications which help maintain our LTVs at favorable levels. Such principal paydowns are an important indication of sponsors' / capital partners' support. Our low leverage also mitigates our loss exposure in the event that sponsors / capital partners do not defend their investment.

As of June 30, 2024, RESG had obtained appraisals dated within the last 12 months on 135 loans. This included new appraisals for 68 loans with a total commitment of \$5.22 billion and appraisals for 67 newly originated loans with a total commitment of \$7.18 billion. Including loans that have been subsequently paid off, RESG obtained new appraisals for 86 loans in the past twelve months with LTVs little changed (plus or minus 10%) for 66 loans, decreasing more than 10% for one loan, and increasing more than 10% for 19 loans.

During the second quarter of 2024, RESG obtained new appraisals for 26 loans with a total commitment of \$1.63 billion, including a significant number of office loans. Figure 13 shows the resulting changes in LTV as compared to the LTV based on the previous appraised value and the previous total loan commitment for each of these loans. LTVs were little changed (plus or minus 10%) for 15 loans and LTVs increased more than 10% for 11 loans. The five loans shown in Figure 13 with new LTVs of 80% or higher are also identified in Figure 12 above as substandard nonaccrual, substandard accrual or special mention.

Figure 13: Appraisals Obtained in 2Q24 (\$ in millions)

Property Type	Total Commitment	Previous LTV	LTV @ 6/30/24	Δ in LTV
Office	\$ 23	56.1%	126.4%	70.3%
Multifamily	130	51.3%	106.6%	55.3%
Office	65	48.3%	88.2%	39.9%
Office	103	42.8%	67.4%	24.6%
Office	22	50.0%	69.3%	19.3%
Office	44	33.2%	51.5%	18.3%
Office	21	56.1%	74.2%	18.1%
Office	39	62.2%	80.0% *	17.8%
Mixed Use	127	47.5%	65.3%	17.7%
Land	128	95.0%	107.5%	12.4%
Office	28	36.7%	47.5%	10.7%
Mixed Use	96	46.5%	55.5%	9.0%
Office	20	57.9%	65.8%	7.9%
Office	70	47.6%	55.1%	7.5%
Office	78	31.5%	36.6%	5.0%
Land	106	55.0%	58.8%	3.8%
Life Science	95	48.4%	51.4%	3.0%
Land	33	30.4%	32.8%	2.4%
Industrial	71	50.9%	50.3%	-0.6%
Land	26	22.7%	21.7%	-1.0%
Multifamily	51	48.7%	47.6%	-1.1%
Land	35	48.8%	46.4%	-2.4%
Land	110	34.1%	31.6%	-2.4%
Multifamily	42	48.1%	44.5%	-3.6%
Multifamily	40	45.2%	38.2%	-7.1%
Land	25	54.9%	45.0%	-9.9%

* LTV is based on "as-is" value for this nonaccrual credit.

San Diego Life Science Project

Recently, there has been discussion regarding our largest loan (\$915 million total commitment) collateralized by a 1.67 million square foot, five-building San Diego life science project with retail and office components. To correct certain inaccurate information communicated by others, we filed a Form 8-K on May 30, 2024.

This loan was originated in August 2022 with a four-year initial term maturing August 2026 and two one-year extension options. At origination, the LTV was 38.9%, assuming a fully funded loan and the “as-stabilized” value from the July 2022 appraisal.

This credit is performing, current and on accrual status, and at June 30, 2024 had a \$569 million funded balance and a \$346 million unfunded balance, the majority of which is for “good news” TI/LC funding.

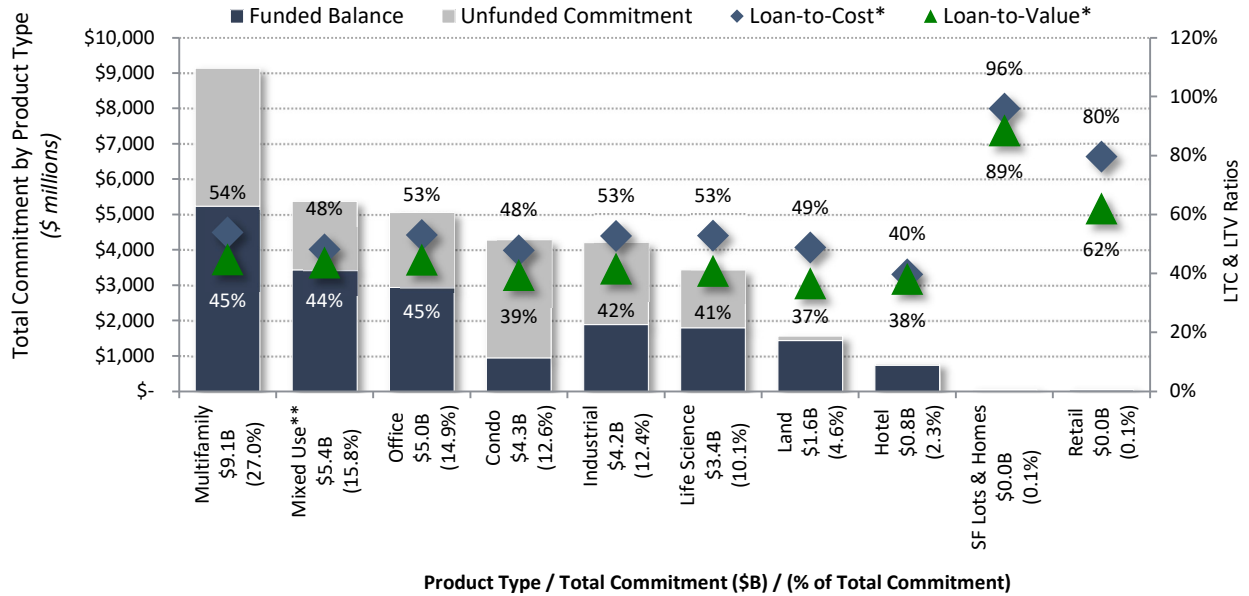
The sponsor and capital partners have continued to demonstrate their commitment to the project. The sponsor has secured multiple retail leases and reports to be actively engaged in lease negotiations and discussions with life science and office prospects as well as additional retail prospects. Further, during the quarter just ended, as part of a previously scheduled replenishment of reserves, the sponsor and capital partners contributed an additional \$87 million to the interest, carry and leasing reserves held by the Bank.

This \$87 million additional capital contribution brings the sponsor’s and capital partners’ aggregate capital commitment to date to approximately \$1.027 billion and should carry the project into 2026. Based on this additional capital, our LTC, assuming a fully funded loan, is now approximately 47.1%. As part of that capital contribution, and in anticipation of a longer than originally expected leasing cycle, sponsor and capital partners negotiated an additional two-year extension option, subject to qualifying parameters and customary fees.

The sponsor’s and capital partners’ recent actions are indicative of their caliber, financial capacity and commitment. As we said in the Form 8-K, we are confident in the project based on the excellent location, high quality construction, experienced sponsorship and strong capital partners. Accordingly, we do not anticipate providing further updates on this pass rated credit.

Figure 14 shows the product type diversification within the RESG portfolio.

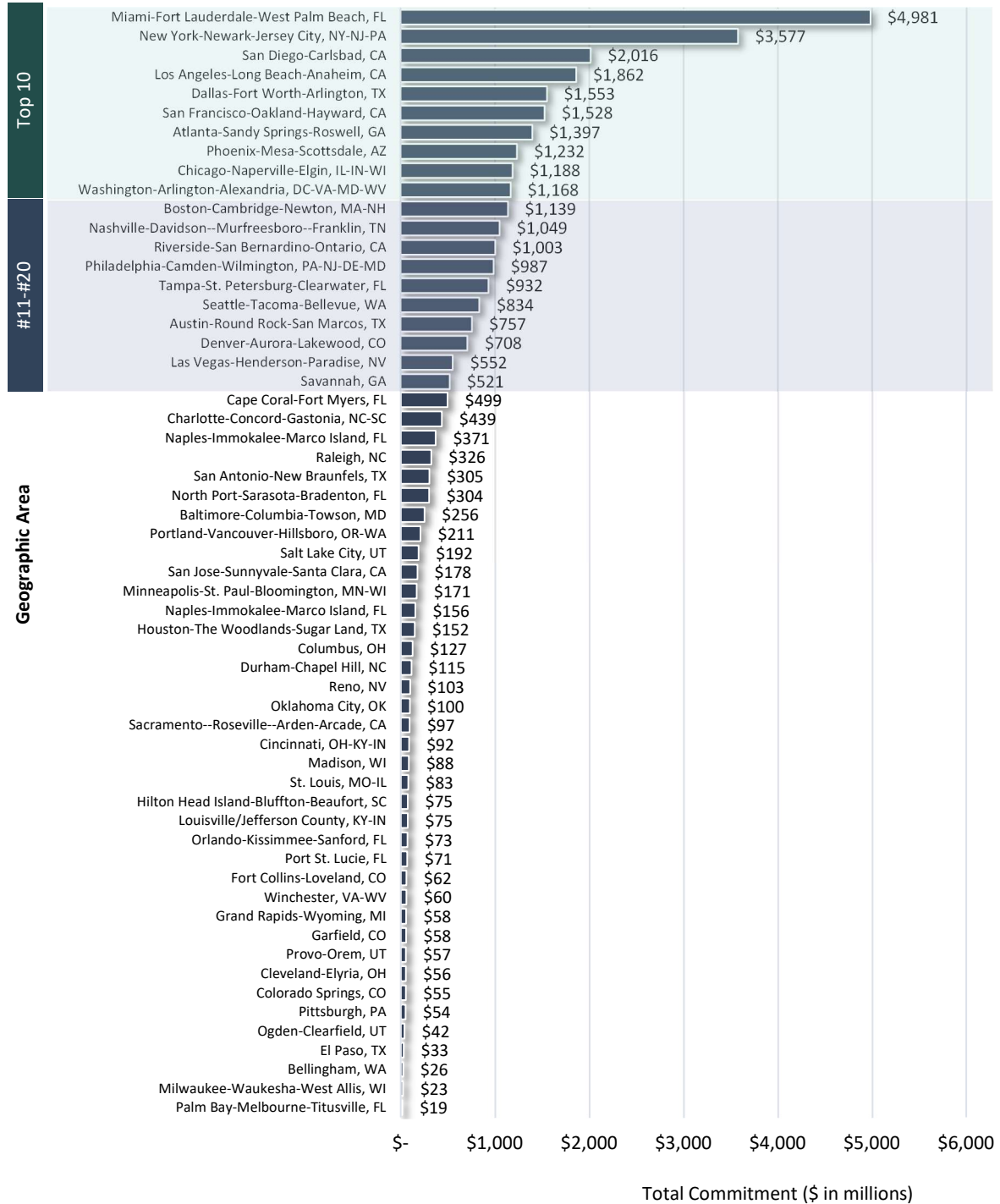
Figure 14: RESG Portfolio Diversification by Product Type (As of June 30, 2024)



* LTC and LTV ratios are weighted averages and assume all loans are fully funded. LTV data based on most recent appraisals and utilizing, in most cases, "as stabilized" values for income producing properties.
 ** Mixed use projects contain multiple property types, none of which individually contribute 75% or more of the project value.

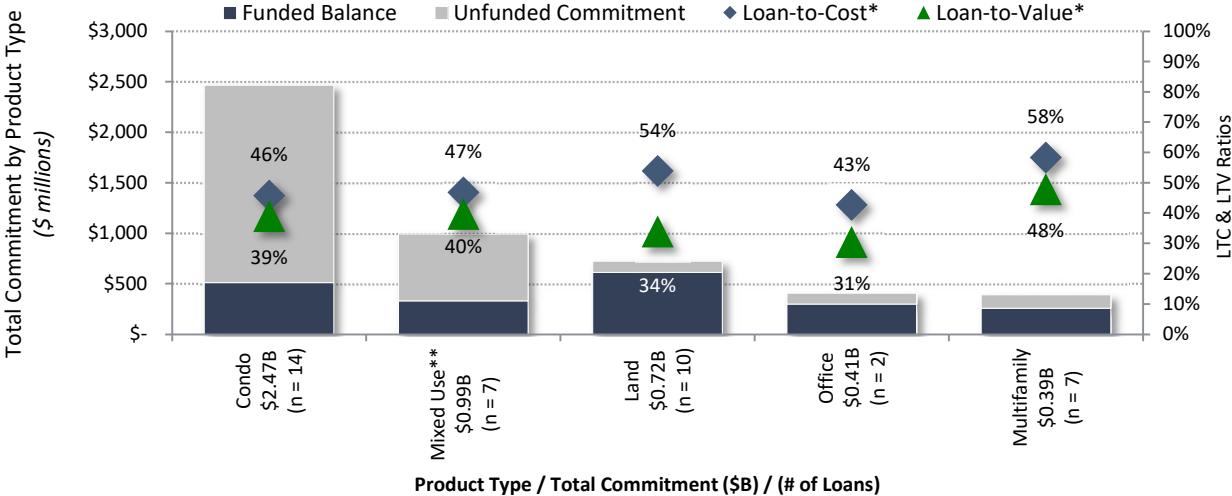
Figure 15 shows RESG’s total commitments in each geographic area in which it currently has loans, reflecting the national scope and significant geographic diversification in RESG’s business.

Figure 15: RESG Portfolio Diversification – All Geographies (As of June 30, 2024)



As shown above, the Miami-area MSA has become RESG’s largest market. We have been one of the most active lenders there since 2012. The Miami area has experienced excellent growth, and we expect it will continue to be an area of significant opportunity for us. A detailed overview of RESG’s Miami-area MSA portfolio is illustrated in Figure 16.

Figure 16: RESG Miami-area MSA Portfolio Diversification by Product Type (As of June 30, 2024)



* LTC and LTV ratios are weighted averages and assume all loans are fully funded. LTV data based on most recent appraisals and utilizing, in most cases, "as stabilized" values for income producing properties.
 ** Mixed use projects contain multiple property types, none of which individually contribute 75% or more of the project value.

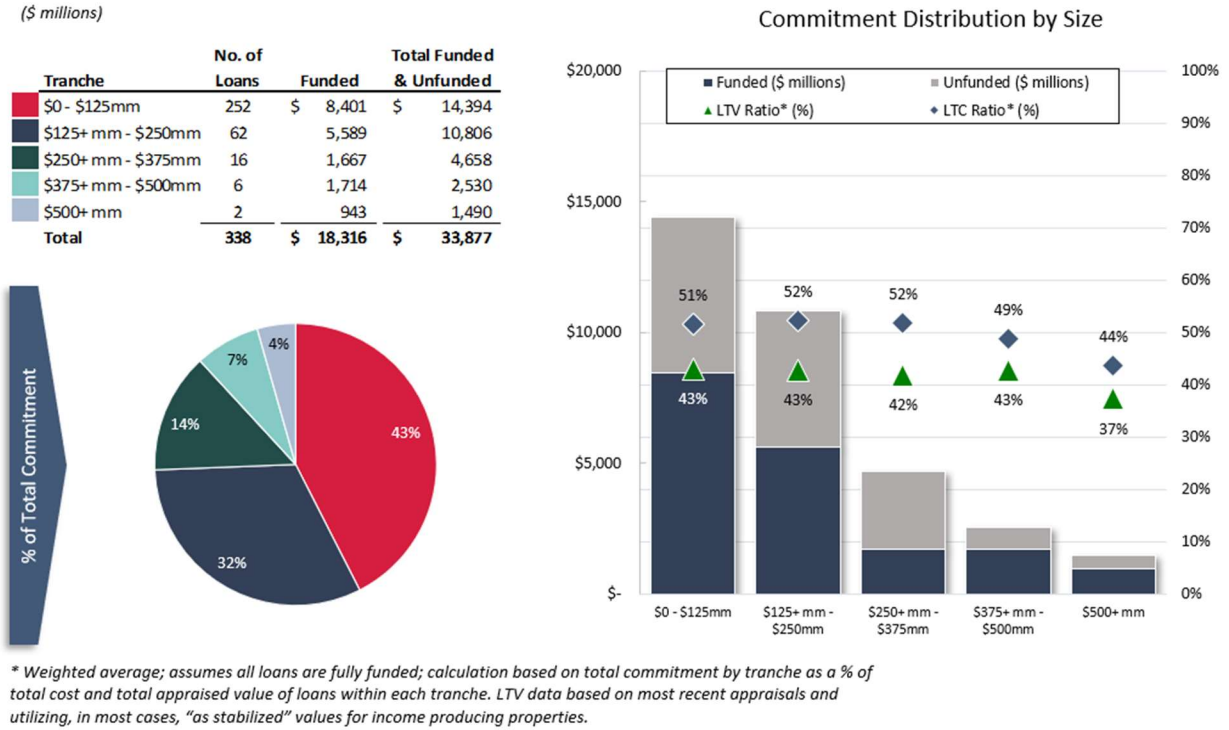
Condos are our largest property type in the market. At June 30, 2024, we had 14 condo loans with a total commitment of \$2.47 billion, a weighted average LTC of 45.9% and a weighted average LTV of 39.1%. Significantly, 11 of the 14 loans have presales sufficient to fully repay our loan (or, in one case, the loan amount allocated to the condo units). The three remaining loans have presales, on average, equal to about 85% of the amount needed to fully repay the loans.

We continue to find opportunities to originate high-quality, low leverage loans to strong sponsors on marquee assets in this market. For example, our largest loan originated in the quarter just ended was a \$425 million loan on the to-be-constructed luxury Waldorf Astoria condo / hotel project, which also includes small amounts of office and retail space. This project exemplifies our conservative and disciplined lending strategies as illustrated by:

- Low loan leverage – 41.9% LTC and 32.0% LTV, assuming the loan is fully funded; and
- Significant pre-sales – Condo pre-sales are sufficient to fully repay our loan. Moreover, the hotel, office and retail space are also all pre-sold.

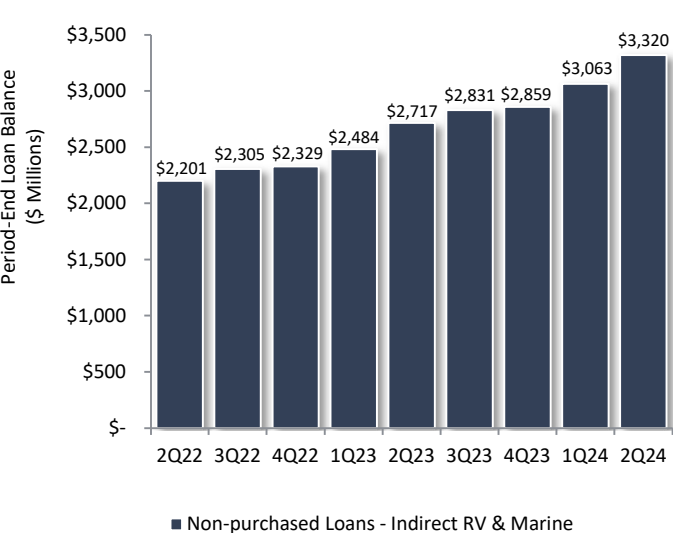
The RESG portfolio includes loans of many different sizes. The stratification of the RESG portfolio by commitment size is reflected in Figure 17.

Figure 17: RESG Portfolio Stratification by Loan Size – Total Commitment (As of June 30, 2024)



Indirect RV & Marine lending is a nationwide business which accounted for 12% of the funded balance of non-purchased loans as of June 30, 2024. Our objective is to maintain this portfolio within a range of 10% to 15% of our total loans. As of June 30, 2024, the non-purchased indirect portfolio had a 30+ day delinquency ratio of 0.23%. For the second quarter and first six months of 2024, our annualized net charge-off ratio for the non-purchased indirect portfolio was 0.29% and 0.26%, respectively. Figure 18 provides additional details regarding this portfolio.

Figure 18: Indirect RV & Marine Non-purchased Loan Balances

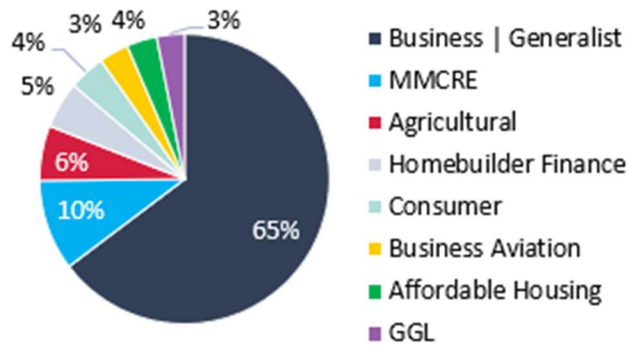


RV Portfolio at 6/30/24		
Loan Size	Total #	\$ thousands
\$1 million +	3	\$ 3,864
\$750k - \$999k	3	2,502
\$250k - \$749k	784	245,902
\$50k - \$249k	11,651	1,324,540
< \$50k	6,052	169,906
Total	18,493	\$ 1,746,714

Marine Portfolio at 6/30/24		
Loan Size	Total #	\$ thousands
\$1 million +	69	\$ 139,730
\$750k - \$999k	69	59,839
\$250k - \$749k	962	354,640
\$50k - \$249k	7,633	916,948
< \$50k	3,343	101,725
Total	12,076	\$ 1,572,882

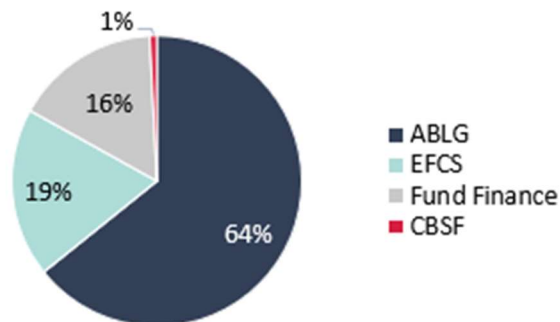
Community Banking accounted for 17% of the funded balance of non-purchased loans as of June 30, 2024, and included consumer and small business loans, business banking loans, loans originated by our commercial (generalist) lenders, and loans originated by our specialty lending teams in Community Banking, which included our government guaranteed (“GGL”), agricultural (including poultry), business aviation, affordable housing, middle market CRE (“MMCRE”) and homebuilder finance lending teams.

Figure 19: Community Banking Loan Composition



Corporate and Institutional Banking (“CIB”) accounted for 7% of the funded balance of non-purchased loans as of June 30, 2024, and included loans from Asset Based Lending Group (“ABLG”), Fund Finance, Equipment Finance & Capital Solutions (“EFCS”) and Corporate Banking & Sponsor Finance (“CBSF”).

Figure 20: CIB Loan Composition



Unfunded Balances of Loans Already Closed

The changes in the unfunded balance of our loans already closed for the second quarter and first six months of 2024 are reflected in Figures 21 and 22, respectively.

At June 30, 2024, RESG’s percentage of the unfunded balance of loans already closed decreased to 78% from 81% at December 31, 2023. Collectively, Community Banking at 8% and CIB at 14% have increased over the last two quarters, reflecting our trend toward greater portfolio diversification. This reflects the strategic “handoff” we have targeted in which CIB, Indirect RV & Marine and Community Banking should take the mantle as larger contributors to portfolio growth just as RESG is expected to have continued elevated loan repayments, especially in 2025.

Figure 21: Activity in Unfunded Balances – 2Q24 (\$ millions)

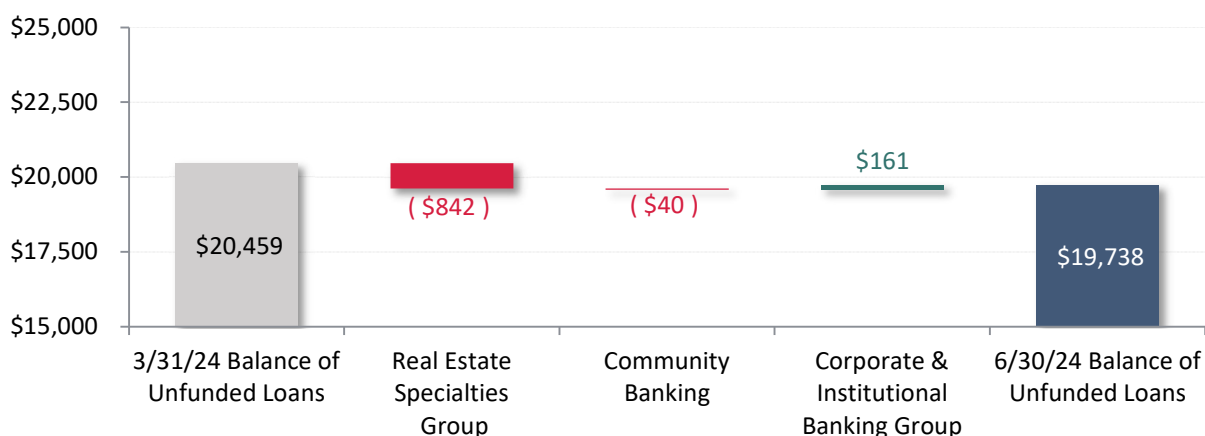
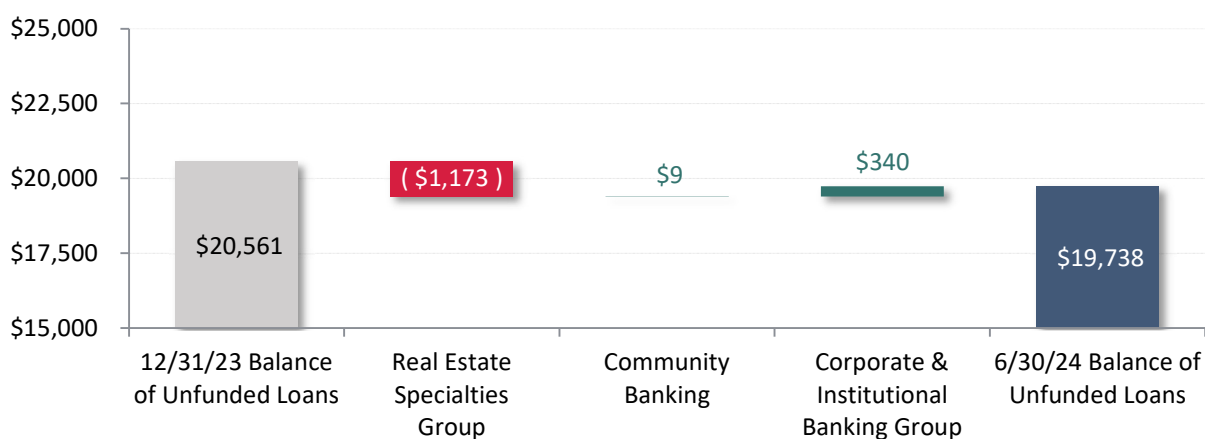


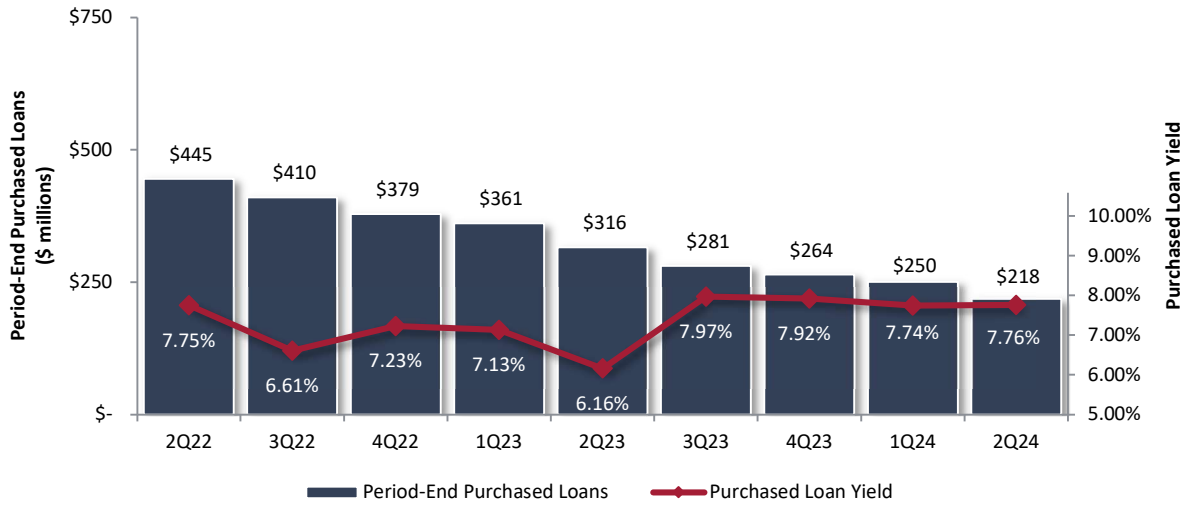
Figure 22: Activity in Unfunded Balances – 6M24 (\$ millions)



Purchased Loans

Purchased loans, which are the steadily decreasing balance of loans remaining from acquisitions, accounted for just 0.7% of our average earning assets in the quarter just ended. Figure 23 shows recent purchased loan portfolio trends.

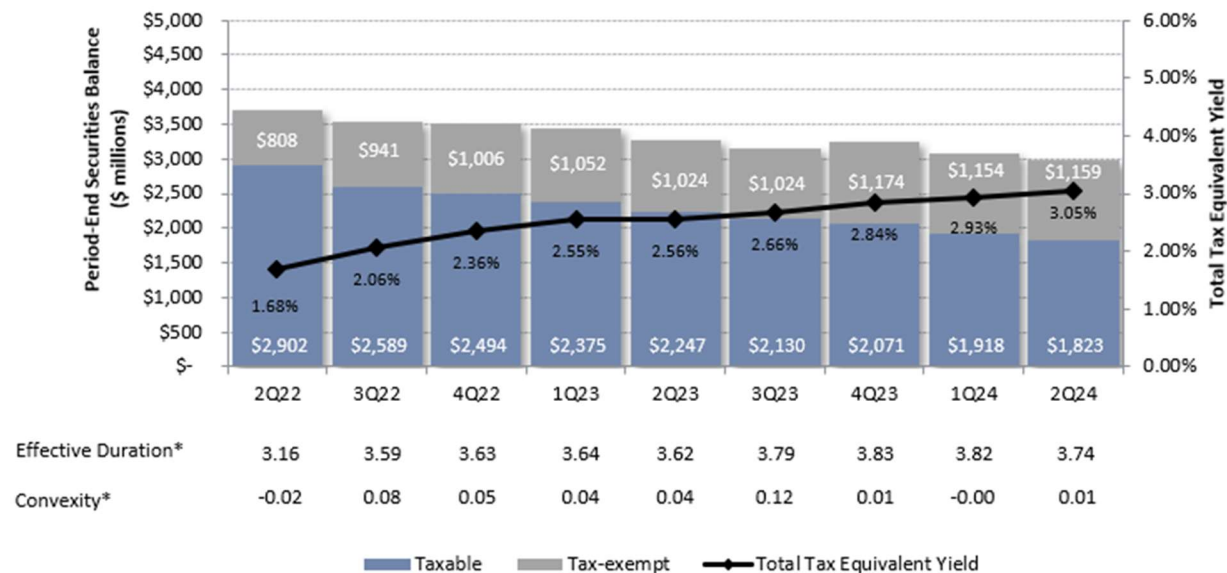
Figure 23: Purchased Loan Balances and Yields



Investment Securities Portfolio

As illustrated in Figure 24, at June 30, 2024, our investment securities portfolio was \$2.98 billion, a decrease of \$0.09 billion, or 2.9% not annualized, from March 31, 2024, and \$0.26 billion, or 8.1% not annualized, from December 31, 2023. In the quarter just ended, our investment portfolio yield on a fully taxable equivalent basis was 3.05%, an increase of 12 bps from the first quarter of 2024 and 49 bps from the second quarter of 2023.

Figure 24: Investment Securities Portfolio Balances and Yields



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

We have no investment securities categorized as held-to-maturity. We have long believed that holding our securities as available-for-sale or trading provides us maximum liquidity and flexibility to manage our balance sheet, while most accurately reflecting our financial position. Thus, we have no unrecognized mark-to-market adjustments on securities.

Our investment securities portfolio comprises a relatively low percentage of our total assets, and, as shown above, had a short effective duration of 3.74 years as of quarter end, providing us cash flow to reinvest or otherwise redeploy. Principal cash flow from maturities and other principal repayments in the third quarter of 2024 is expected to be approximately \$0.16 billion, or about 5.5% of the portfolio. Cumulative principal cash flow for the next four quarters through June 30, 2025 is expected to be approximately \$1.08 billion, or about 36.0% of the portfolio.

We may increase or decrease our investment securities portfolio in future quarters based on changes in our liquidity position, prevailing market conditions and other factors.

Deposits and Liquidity

In recent years, we have worked to improve the mix and quality of our deposit base by focusing significant efforts on growing our core relationships. This groundwork has been very helpful in the current environment, allowing us to continue to grow deposits even as many banks have seen deposit outflows. Like many in the industry, we have seen a shift in the mix of deposits away from non-interest bearing and lower cost deposits to more time deposits as many customers have been taking advantage of increases in time deposit rates.

During the quarter just ended, our deposits grew to a record \$29.94 billion, increasing \$0.54 billion, or 1.8% not annualized. Over the first six months of 2024, our deposits increased \$2.54 billion, or 9.3% not annualized, compared to December 31, 2023.

Most of our deposits are generated through our network of 230 retail branches in Arkansas, Georgia, Florida, North Carolina, Texas and now Tennessee, where we opened our first retail branch on July 8th. Because of the substantial “retail” nature of our deposit base, 80% of our deposits are either insured (65% at June 30, 2024) or, in the case of public funds and certain other deposits, collateralized (15% at June 30, 2024). As of June 30, 2024, our average account balance was approximately \$45,000. The diversity of our deposit base is an important factor in the stability of our deposits, as demonstrated in recent quarters.

Figure 25: Deposit Composition (\$ millions)

	Period Ended									
	6/30/2023		9/30/2023		12/31/2023		3/31/2024		6/30/2024	
Noninterest Bearing	\$ 4,535	18.9%	\$ 4,284	16.8%	\$ 4,096	14.9%	\$ 4,046	13.8%	\$ 4,046	13.5%
Consumer and Commercial										
Interest Bearing:										
Consumer - Non-time	3,143	13.1%	2,928	11.5%	2,792	10.2%	2,807	9.5%	2,832	9.5%
Consumer - Time	7,499	31.3%	8,756	34.3%	10,216	37.3%	11,546	39.3%	12,188	40.7%
Commercial - Non-time	2,334	9.7%	2,321	9.1%	2,439	8.9%	2,860	9.7%	2,781	9.3%
Commercial - Time	621	2.6%	684	2.7%	768	2.8%	868	3.0%	907	3.0%
Public Funds	2,595	10.8%	2,992	11.7%	3,726	13.6%	3,631	12.3%	3,761	12.6%
Brokered	2,356	9.8%	2,775	10.9%	2,655	9.7%	2,842	9.7%	2,860	9.6%
Reciprocal	901	3.8%	813	3.0%	713	2.6%	805	2.7%	570	1.8%
Total	<u>\$ 23,983</u>	<u>100.0%</u>	<u>\$ 25,553</u>	<u>100.0%</u>	<u>\$ 27,405</u>	<u>100.0%</u>	<u>\$ 29,406</u>	<u>100.0%</u>	<u>\$ 29,944</u>	<u>100.0%</u>

We maintain substantial and diverse sources of available primary and secondary liquidity as reflected in Figure 26. Over the last four quarters our aggregate sources of primary and secondary liquidity have steadily increased.

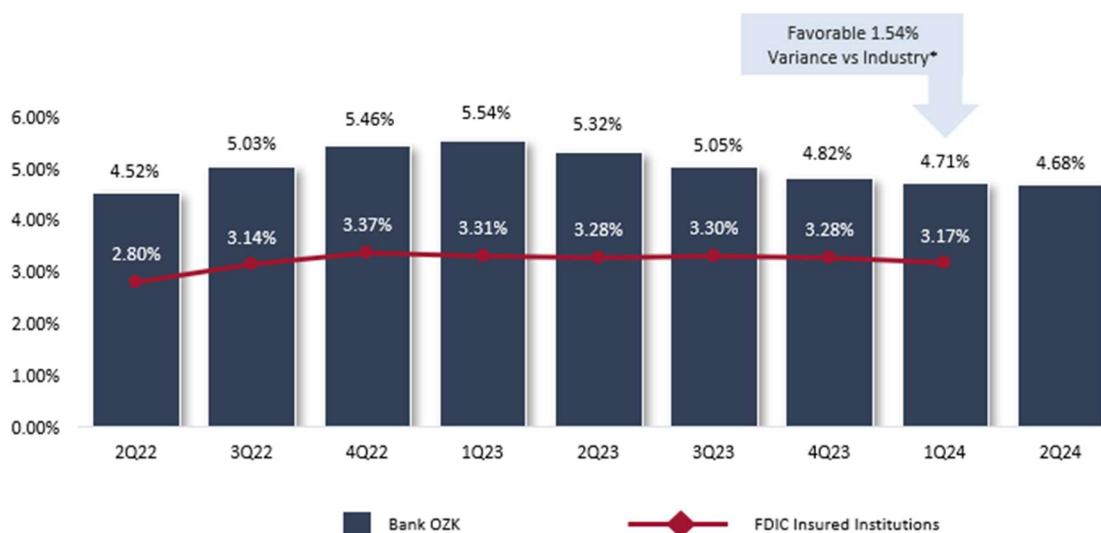
Figure 26: Available Primary and Secondary Liquidity – Last Five Quarters (\$ millions)

	<u>6/30/2023</u>	<u>9/30/2023</u>	<u>12/31/2023</u>	<u>3/31/2024</u>	<u>6/30/2024</u>
Cash & Cash Equivalents	\$ 1,455	\$ 1,864	\$ 2,150	\$ 2,324	\$ 2,569
Unpledged Investment Securities	2,373	2,339	2,237	2,125	2,097
FHLB	5,054	4,850	5,243	6,520	6,838
Unsecured Lines of Credit	875	850	950	655	850
Fed Discount Window	376	364	357	369	366
Total	<u>\$ 10,133</u>	<u>\$ 10,267</u>	<u>\$ 10,937</u>	<u>\$ 11,993</u>	<u>\$ 12,720</u>

Net Interest Margin and Core Spread

During the quarter just ended, our net interest margin was 4.68%, decreasing three bps and 64 bps from the first quarter of 2024 and second quarter of 2023, respectively. As shown in Figure 27, in the first quarter of 2024, the latest quarter for which comparative data is available, our net interest margin outperformed the industry by 154 bps.

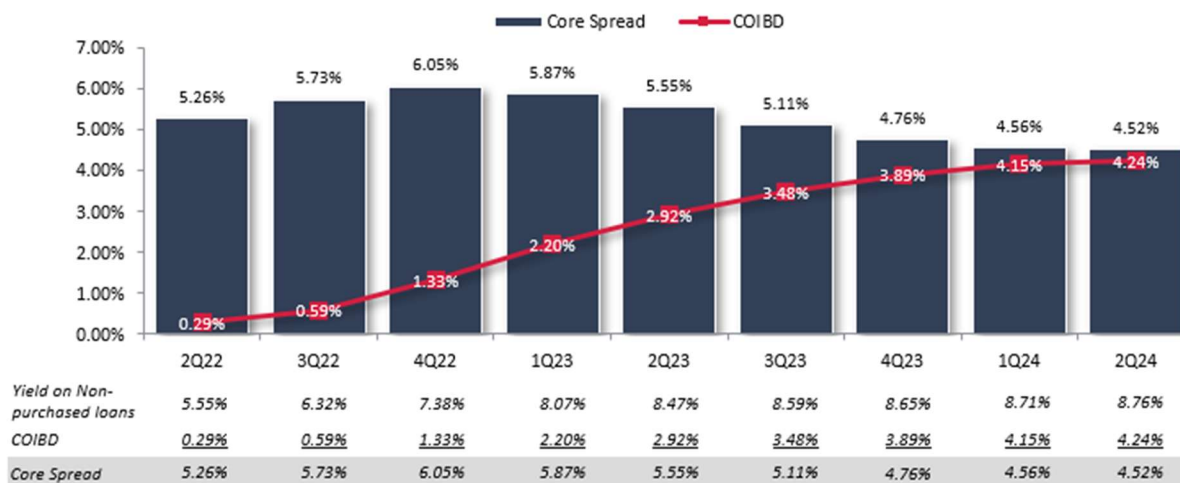
Figure 27: Quarterly Net Interest Margin (%)



*Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated first quarter 2024.

As reflected in Figure 28, during the quarter just ended, our core spread, which is how we describe the difference between our yield on non-purchased loans and our cost of interest bearing deposits (“COIBD”), was 4.52%, decreases of four bps and 103 bps from the first quarter of 2024 and second quarter of 2023, respectively, as deposit rates have been catching up with earlier increases in loan yields.

Figure 28: Core Spread and COIBD



Over the last nine quarters since the Fed started increasing the Fed funds target rate, our non-purchased loan yields increased 339 bps while our COIBD increased 401 bps, resulting in a cumulative decrease in our core spread of 62 bps. However, over that same period, our net interest margin increased 44 bps benefitting from a shift in the mix of our average earning assets, among other factors.

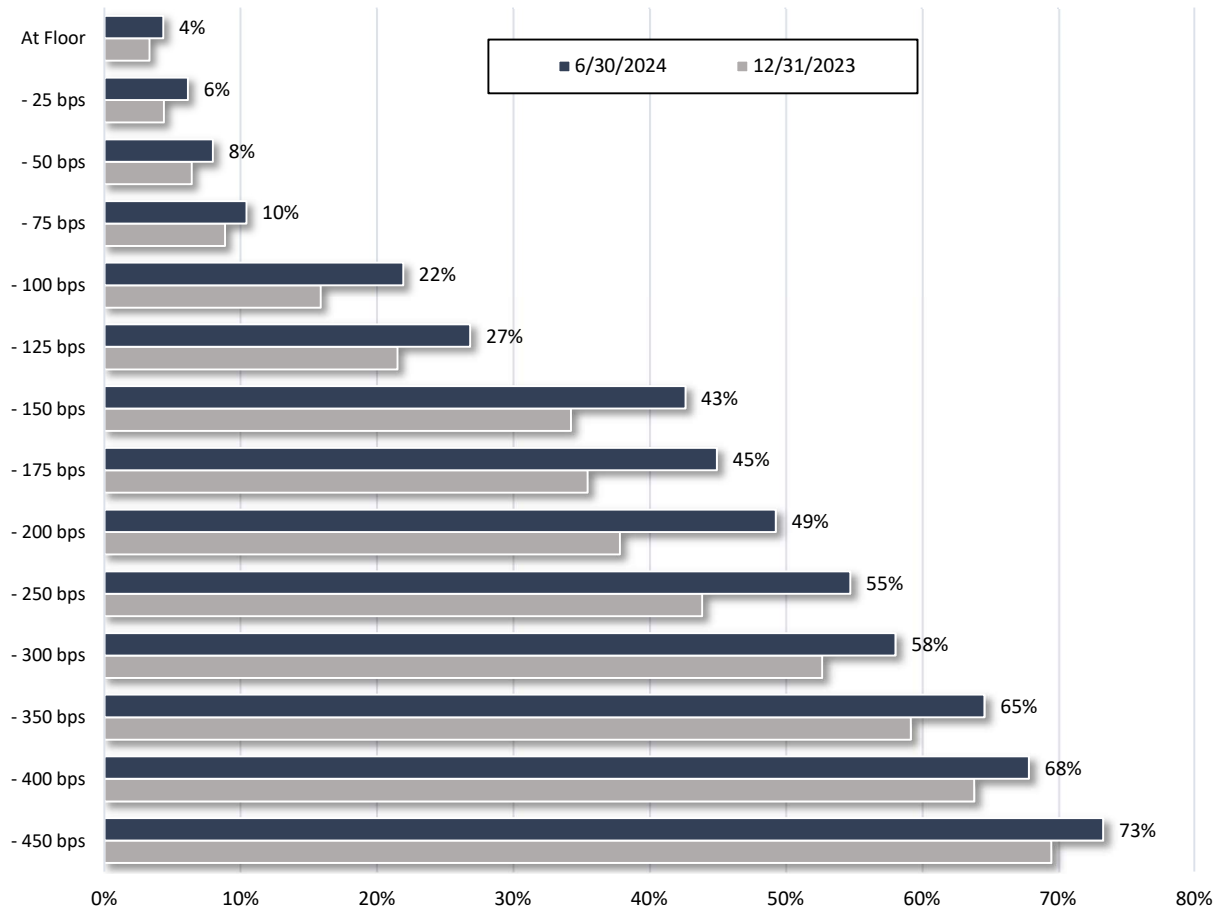
We expect our COIBD will continue to increase, albeit at a modest pace, over the next few quarters. If the Fed begins to cut rates some time in 2024, our loan yields may initially decline more quickly than our COIBD. However, the impact of declining rates on our net interest margin should be somewhat mitigated by a combination of (i) increasing average floor rates in our variable rate loan portfolio, (ii) significant repayments of lower yielding investment securities, and (iii) shortening the duration of our time deposit book.

Variable Rate Loans

At June 30, 2024, 81% of our funded balance of total loans had variable rates, of which 85% were tied to 1-month term SOFR, 12% to WSJ Prime and 3% to other indexes. At June 30, 2024, 98% of our total commitment of variable rate loans had floor rates.

Figure 29 illustrates the percentage of our total commitment of variable rate loans that would be at their floor rate following various decreases in the applicable index rate. We already have floor rates high enough on some loans to provide yield protection, and that protection becomes more prevalent as interest rates decline. “Higher for longer” at current interest rate levels provides us greater opportunities to reset loan floor rates, as new variable rate loans are typically originated with floor rates closer to current rates, and older variable rate loans with lower floors are either paid off or, in many cases, modified with higher floor rates. The improvement in our floor rate profile during the first six months of 2024 is reflected in the table below.

Figure 29: Variable Rate Loans at Floors as Rates Decline – Total Commitments as of June 30, 2024



Provision and Allowance for Credit Losses (“ACL”)

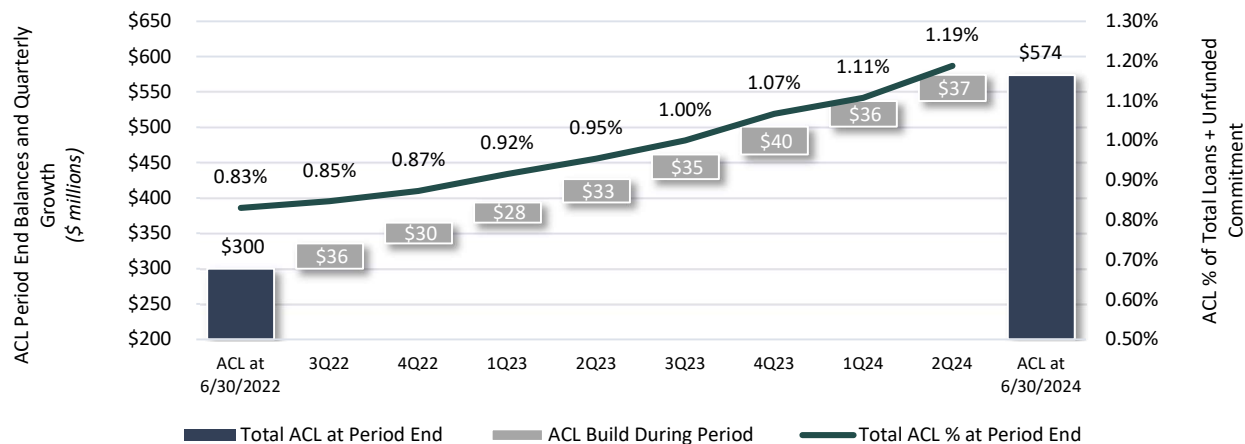
Our provision for credit losses was \$49.0 million and \$91.9 million, respectively, for the second quarter and first six months of 2024, while our net charge-offs were \$11.8 million and \$19.1 million, respectively, for the second quarter and first six months of 2024.

As of June 30, 2024, our total ACL was \$574.1 million, or 1.19% of total outstanding loans and unfunded loan commitments. This included our allowance for loan losses (“ALL”), which was \$407.1 million, or 1.42% of total outstanding loans, and our reserve for losses on our unfunded loan commitments, which was \$167.0 million, or 0.85% of unfunded loan commitments.

As shown in Figure 30, over the last eight quarters we have prudently increased our total ACL by a net \$274 million. This large increase reflects both our \$12.30 billion combined growth in total outstanding loans and unfunded loan commitments and our cautious outlook on macroeconomic conditions, including the migration of risk ratings within our portfolio as a result of Fed interest rate increases, increases in capitalization rates, decreases in appraised values, and higher-for-longer interest rates, which, among other factors, have increased challenges for some sponsors and stress on some projects. This has resulted in cumulative provision expense of \$330 million over the past eight quarters even as our cumulative net charge-offs were only \$56 million.

Likewise, over those eight quarters, our overall ACL percentage has increased from 0.83% to 1.19% of total outstanding loans and unfunded loan commitments at June 30, 2024. This ACL percentage increase primarily reflects (i) changes in economic assumptions, including the migration of risk ratings within our portfolio, as the Fed has increased the Fed funds target rate by 525 bps and (ii) our more heavily weighting the Moody’s downside macroeconomic scenarios than the Moody’s Baseline scenario.

Figure 30: ACL Build – Last Eight Quarters



The calculations of our provision for credit losses for the second quarter of 2024 and our total ACL at June 30, 2024 were based on a number of key estimates, assumptions and economic forecasts. We utilized recent economic forecasts provided by Moody's, including their updates released in June 2024. In our selection of macroeconomic scenarios, we remained weighted to the downside as the combined weightings assigned to the Moody's S4 (Alternative Adverse Downside) and S6 (Stagflation) scenarios exceeded that of the Moody's Baseline scenario. Our selection and weightings of these scenarios reflected our assessment of conditions in the U.S. economy, and acknowledged the uncertainty regarding future U.S. economic conditions, including risks from: a possible recession, inflationary pressures, U.S. fiscal policy actions, quantitative tightening, changes in the Fed funds target rate, the conflict in the Middle East, the ongoing war in Ukraine, global trade and geopolitical matters, supply chain disruptions and various other factors. Our ACL calculations include certain qualitative adjustments to capture items not fully reflected in our modeled results.

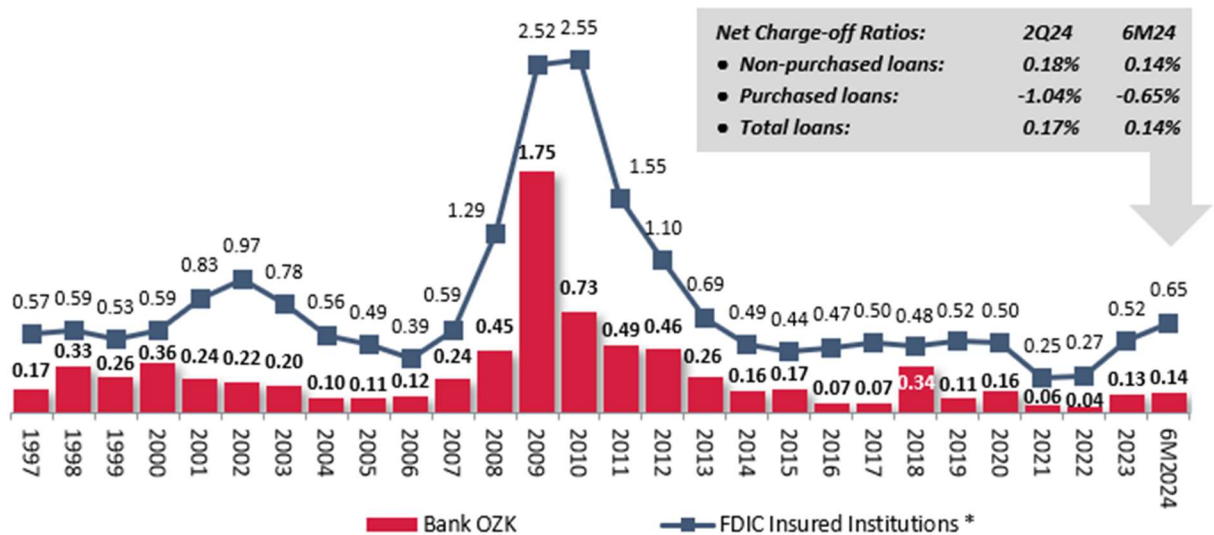
Net Charge-Offs

We have continued our long-standing track record of having net charge-off ratios well below industry averages, as shown in Figure 31. In the quarter just ended, our annualized net charge-off ratio for total loans was 0.17%. For the first six months of 2024, our annualized net charge-off ratio for total loans was 0.14%. In our 27 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.

We have built our portfolio with the goal that it will perform well in adverse conditions, and that discipline has been evident in our recent results through the pandemic, the Fed's increasing interest rates, higher rates of inflation, and numerous other sources of macroeconomic, political and geo-political turbulence.

Given our cautious outlook regarding uncertainty with economic conditions; given the current and potential challenges for some sponsors, borrowers and projects; and consistent with recent industry trends as shown in the blue line in Figure 31, we reiterate our previous guidance that we will likely see increased net charge-offs for the full year of 2024 as compared to 2023, but we expect to remain below the industry average for the full year of 2024. Our net charge-off ratio may vary significantly from quarter to quarter.

Figure 31: Annualized Net Charge-off Ratio (Total Loans) vs. the Industry



*Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated first quarter 2024. Annualized when appropriate.

Our RESG portfolio has a long tradition of excellent asset quality. As shown in Figure 32, we have had relatively low charge-offs in the RESG portfolio as that portfolio has benefitted from the fact that most of its loans are on newly constructed properties with strong sponsorship, low leverage and protective loan structures. In fact, the weighted average annual net charge-off ratio (including OREO write-downs) for the RESG portfolio over its 21-year history is 8 bps and, even in today's challenging macroeconomic environment, its annualized net charge-off ratio was just 16 bps for the first half of 2024.

With occasional exceptions, we expect most sponsors will continue to support their properties, if needed, through times of economic stress until business or economic conditions and property performance normalize. RESG's focus on our sponsors' capabilities and character is especially important in challenging times. Our low leverage and protective loan structures provide motivation for sponsors to support their properties.

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%
2019	9,391,096	9,427,266	-	0.00%
2020	11,591,147	10,651,549	-	0.00%
2021	11,367,505	11,149,098	1,891	0.02%
2022	12,598,957	11,590,988	-	0.00%
2023	16,922,002	14,531,838	4,955	0.03%
6/30/2024	18,315,535	18,001,144	14,176	0.16%
Total			\$ 77,790	
Weighted Average				0.08%

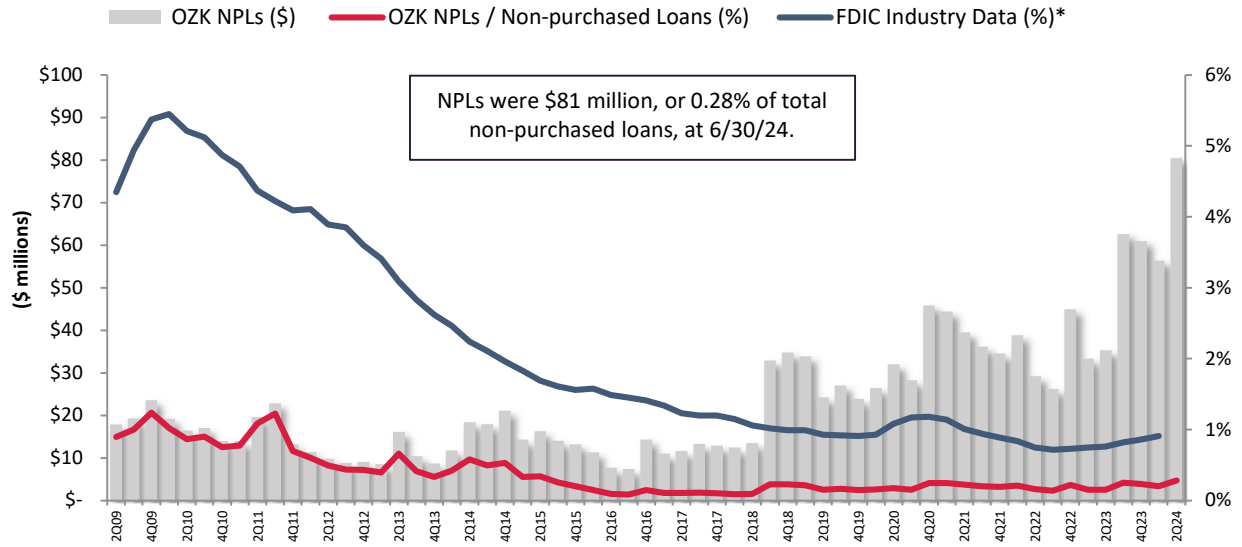
* Net charge-offs shown in this column reflect both net charge-offs and OREO write-downs.

** Annualized.

Other Asset Quality Measures

As shown in Figures 33, 34 and 35, the dollar volumes of our nonperforming non-purchased loans, nonperforming assets and past due non-purchased loans continued our longstanding track record of performing well relative to industry averages, and we expect that favorable performance to continue.

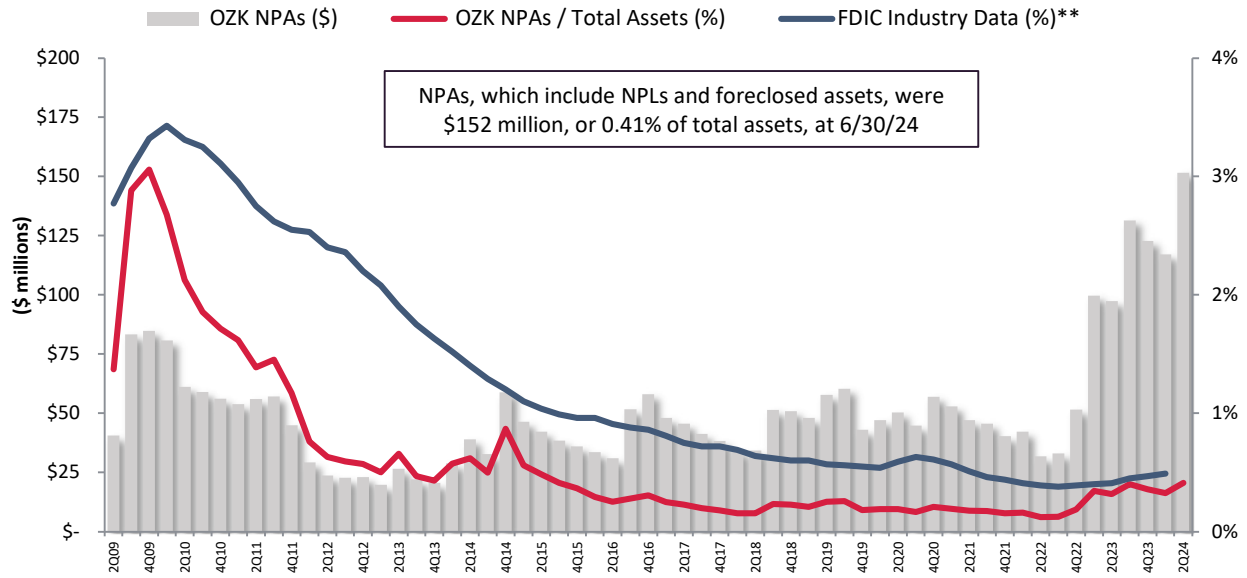
Figure 33: Nonperforming Non-purchased Loans (“NPLs”)



* Note: Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated first quarter 2024. Percent of Loans Noncurrent is the percentage of loans that are past due 90 days or more or that are in nonaccrual status.

At June 30, 2024, our ratio of nonperforming non-purchased loans to total loans (excluding purchased loans) increased to 0.28% compared to 0.20% as of March 31, 2024 and 0.15% as of June 30, 2023.

Figure 34: Nonperforming Assets (“NPAs”)

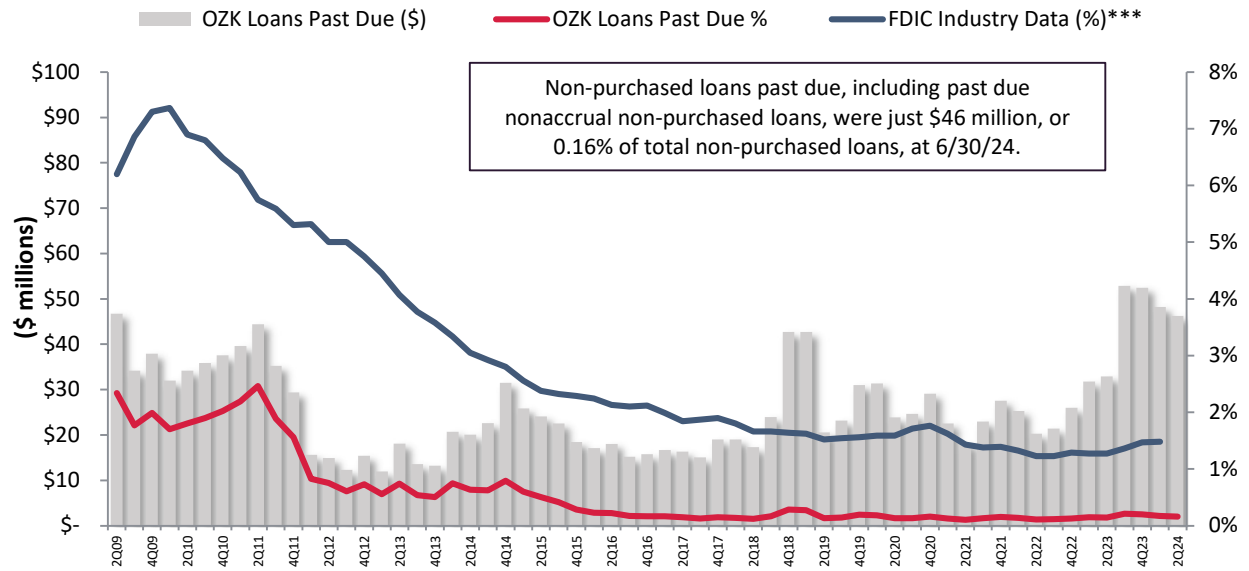


** Note: Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated first quarter 2024. Noncurrent assets plus other real estate owned to assets (%).

At June 30, 2024, our ratio of nonperforming assets to total assets (excluding purchased loans, except for their inclusion in total assets) increased to 0.41% compared to 0.32% as of March 31, 2024 and 0.32% as of June 30, 2023. Our NPAs at June 30, 2024 consisted of \$80.5 million of NPLs and \$71.0 million of foreclosed assets.

Our largest foreclosed asset (\$59.96 million) remains under contract and the potential purchaser continues to pursue this transaction. The potential purchaser recently paid a second \$1 million quarterly contract extension fee and deposited an additional \$1 million in non-refundable earnest money, bringing the total non-refundable earnest money to \$2 million. The potential purchaser has two remaining three-month extension options, each, like the first two extension options, requiring a \$1 million extension fee and a \$1 million increase in the non-refundable earnest money. The contract is subject to typical due diligence and closing conditions. If this contract closes, closing could occur any time between now and March 2025, depending on the number of contract extension options exercised, and should result in no loss on sale.

Figure 35: 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 first quarter 2024. Percent of Loans Noncurrent + Percent of Loans 30-89 Days Past Due.

At June 30, 2024, our ratio of non-purchased loans past due to total non-purchased loans was 0.16%, compared to 0.17% at March 31, 2024 and 0.14% as of June 30, 2023.

Non-interest Income

Non-interest income for the second quarter of 2024 was \$28.8 million, a decrease of 10.0% from the second quarter of 2023. For the first six months of 2024, non-interest income was \$57.9 million, a decrease of 3.2% from \$59.8 million for the first six months of 2023. Figures 36 and 37, respectively, summarize non-interest income for the most recent five quarters and year-over-year trends for the second quarter and first six months of 2024.

Figure 36: Quarterly Trends in Non-interest Income (\$ thousands)

	For the Three Months Ended				
	6/30/2023	9/30/2023	12/31/2023	3/31/2024	6/30/2024
Service charges on deposit accounts:					
NSF fees	\$ 1,004	\$ 1,102	\$ 1,129	\$ -	\$ -
Overdraft fees	3,369	3,606	3,571	3,427	3,364
All other service charges	7,187	6,973	7,333	6,839	7,558
Trust income	2,113	2,213	2,165	2,324	2,082
BOLI income:					
Increase in cash surrender value	5,069	5,252	5,401	5,506	5,606
Death benefit	-	-	2,966	-	-
Loan service, maintenance and other fees	4,095	3,995	6,755	6,343	6,481
Net gains / (loss) on investment securities - Trading	620	(270)	1,177	410	125
Gains on sales of other assets	5,033	364	3,288	459	1,073
Other	3,497	2,492	3,242	3,776	2,493
Total non-interest income	\$ 31,987	\$ 25,727	\$ 37,027	\$ 29,084	\$ 28,782

Figure 37: Trends in Non-interest Income – 2023 vs. 2024 (\$ thousands)

	For the Three Months Ended			For the Six Months Ended		
	6/30/2023	6/30/2024	% Change	6/30/2023	6/30/2024	% Change
Service charges on deposit accounts:						
NSF fees	\$ 1,004	\$ -	-100.0%	\$ 1,995	\$ -	-100.0%
Overdraft fees	3,369	3,364	-0.1%	6,656	6,790	2.0%
All other service charges	7,187	7,558	5.2%	13,688	14,397	5.2%
Trust income	2,113	2,082	-1.5%	4,146	4,406	6.3%
BOLI income:						
Increase in cash surrender value	5,069	5,606	10.6%	10,043	11,112	10.6%
Death benefit	-	-	-	-	-	-
Loan service, maintenance and other fees	4,095	6,481	58.3%	8,170	12,824	57.0%
Net gains / (loss) on investment securities - Trading	620	125	-79.9%	2,336	535	-77.1%
Gains on sales of other assets	5,033	1,073	-78.7%	5,377	1,532	-71.5%
Other	3,497	2,493	-28.7%	7,384	6,271	-15.1%
Total non-interest income	\$ 31,987	\$ 28,782	-10.0%	\$ 59,795	\$ 57,867	-3.2%

Non-interest Expense

Non-interest expense for the second quarter of 2024 was \$137.5 million, an increase of 6.3% from the second quarter of 2023. Non-interest expense for the first six months of 2024 was \$270.8 million, an increase of 5.9% from the first six months of 2023.

The recent increases in salaries and benefits expense are due to competitive labor market conditions and our expanding staff. As of June 30, 2024 our headcount was 2,830 FTE employees, an increase of 116 FTE employees compared to June 30, 2023. We expect further growth in headcount to support our anticipated growth in deposits, loans and other aspects of our business, including the significant expansion of our CIB team, an increased focus on consumer and small business lending, our recently launched secondary market mortgage lending business and plans to add new branches.

We continue to identify good opportunities to expand our retail branch network by adding new branches. While the timing of individual branch openings is subject to numerous variables, we expect to add up to 10 new branches during the second half of 2024, including the Madison, Tennessee branch opened on July 8th, with further additions expected in 2025 and 2026.

Of course, the opportunities we are finding to add a number of high-quality team members, as well as new branches, are expected to result in further increases in non-interest expense, while providing future growth and portfolio diversification opportunities. We expect total non-interest expense for the full year 2024 to increase at a percentage rate in the mid-single digits compared to \$529.6 million for the full year 2023.

Figures 38 and 39, respectively, summarize non-interest expense for the most recent five quarters and year-over-year trends for the second quarter and first six months of 2024.

Figure 38: Quarterly Trends in Non-interest Expense (\$ thousands)

	For the Three Months Ended				
	6/30/2023	9/30/2023	12/31/2023	3/31/2024	6/30/2024
Salaries & employee benefits	\$ 65,219	\$ 64,107	\$ 66,270	\$ 69,564	\$ 73,409
Net occupancy and equipment	19,476	17,797	17,234	17,974	18,421
Deposit insurance and assessments	4,900	5,500	15,803	8,250	5,309
Software and data processing	9,768	9,584	10,577	11,115	12,159
Professional and outside services	5,445	4,640	6,233	5,970	6,683
Advertising and public relations	3,184	3,779	5,153	3,897	6,888
Amortization of CRA and tax credit investments	5,566	8,171	7,618	-	-
Other	15,797	15,400	16,123	16,544	14,582
Total non-interest expense	\$ 129,355	\$ 128,978	\$ 145,011	\$ 133,314	\$ 137,451

Figure 39: Trends in Non-interest Expense – 2023 vs. 2024 (\$ thousands)

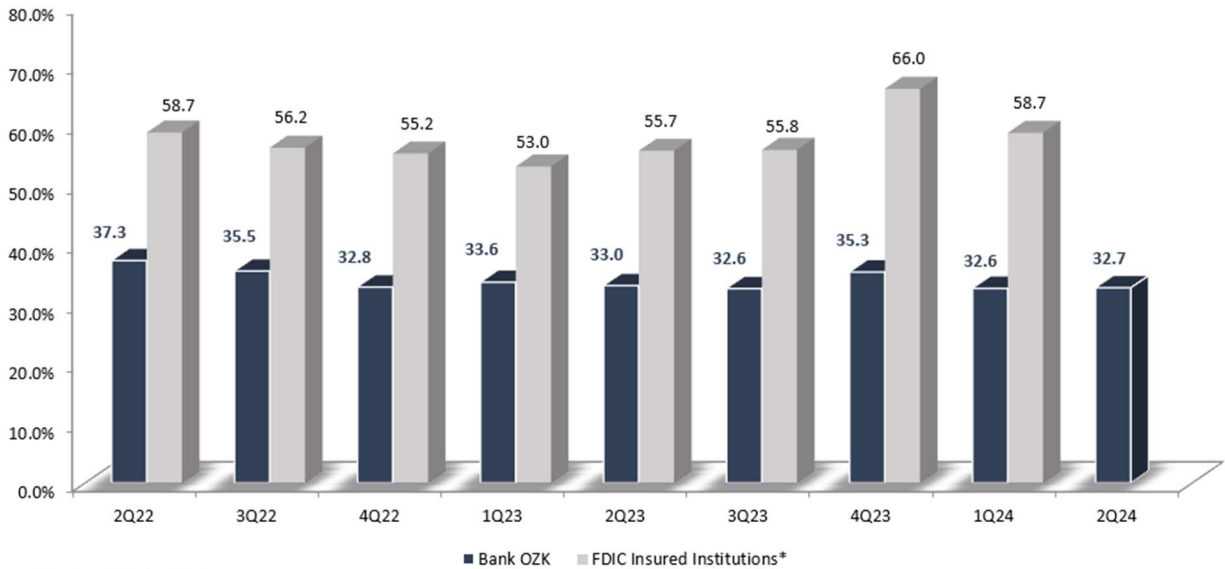
	For the Three Months Ended			For the Six Months Ended		
	6/30/2023	6/30/2024	% Change	6/30/2023	6/30/2024	% Change
Salaries & employee benefits	\$ 65,219	\$ 73,409	12.6%	\$ 128,468	\$ 142,973	11.3%
Net occupancy and equipment	19,476	18,421	-5.4%	37,560	36,395	-3.1%
FDIC insurance and state assessments	4,900	5,309	8.3%	9,048	13,559	49.9%
Software and data processing	9,768	12,159	24.5%	19,051	23,274	22.2%
Professional and outside services	5,445	6,683	22.7%	10,550	12,652	19.9%
Advertising and public relations	3,184	6,888	116.4%	7,219	10,785	49.4%
Amortization of CRA and tax credit investments	5,566	-	-100.0%	11,980	-	-100.0%
Other expenses	15,797	14,582	-7.7%	31,695	31,126	-1.8%
Total non-interest expense	\$ 129,355	\$ 137,451	6.3%	\$ 255,571	\$ 270,764	5.9%

Efficiency Ratio

As shown in Figure 40, in the quarter just ended, our efficiency ratio was 32.7%. Our efficiency ratio has been in the top decile of the industry for 22 consecutive years.*

Most banks with a good efficiency ratio focus relentlessly on controlling costs. We take a different approach. We achieve our excellent efficiency ratio by pursuing a business model that generates strong revenue. This allows us to be highly efficient while also constantly improving our products and technology for our customers and providing competitive pay and benefits for our teammates.

Figure 40: Quarterly Efficiency Ratio (%)



* Data from S&P Capital IQ.

** Data for all FDIC insured institutions from the FDIC Quarterly Banking Profile, last updated first quarter 2024.

Effective Tax Rate

Our effective tax rate for the quarter just ended was 22.9% and for the first six months of 2024 was 23.3%.

Assuming no changes in applicable state or federal income tax rates, we expect our effective tax rate for the full year of 2024 to be between 23% and 24%.

Stock Repurchase Program

Our Board recently approved a new stock repurchase program authorizing the purchase of up to \$200 million of our outstanding common stock. The stock repurchase program will expire on July 1, 2025, unless extended or shortened by the Board, and may be suspended by the Bank at any time. In evaluating stock repurchases, management will consider a variety of factors including our stock price, expected growth, capital position, alternative uses of capital, liquidity, financial performance, the current and expected macroeconomic environment, regulatory requirements and other factors.

Capital and Dividends

Our strong earnings and earnings retention rate, among other factors, have contributed to our robust capital ratios, as shown in Figure 41, even with our excellent growth in total assets. Each of our risk-based capital ratios increased during the quarter just ended, led by our common equity tier 1 (“CET1”) ratio which we estimate increased by roughly 29 bps to approximately 10.92%. Our strong earnings and earnings retention should contribute to maintaining our capital ratios near our recent levels, even with our anticipated organic growth and our recently approved stock repurchase program.

Our strong capital position and strong earnings gives us significant optionality and are expected to support organic loan growth, adding additional new business lines, increases in our quarterly cash dividend, stock repurchases and, if appropriate, acquisitions.

Figure 41: Capital Ratios

	Estimated 6/30/2024 ⁴	Regulatory Minimum Required To Be Considered Well Capitalized	Capital in Excess of Well Capitalized Minimum
CET 1 Ratio*	10.92%	6.50%	4.42%
Tier 1 Ratio*	11.74%	8.00%	3.74%
Total RBC Ratio*	14.12%	10.00%	4.12%
Tier 1 Leverage	13.51%	5.00%	8.51%

** Ratios are risk-based*

We have increased our cash dividend in each of the last 56 quarters and every year since going public in 1997. We expect that we will continue to increase our cash dividend in future quarters.

⁴ Ratios as of June 30, 2024 are preliminary estimates and are subject to revision upon filing of our FFIEC 041 Call Report.

Book Value and Tangible Book Value

During the quarter just ended, our book value per common share increased \$1.23, or 2.8% not annualized, to \$44.67. Over the past four quarters, our book value per common share increased \$5.16, or 13.1%. Over the last 10 years, we have increased book value per common share by a cumulative 319%, resulting in a compound annual growth rate of 15.4%, as shown in Figure 42.

Figure 42: Book Value per Share (Period End)



During the quarter just ended, our tangible book value per common share increased \$1.23, or 3.3% not annualized, to \$38.85. Over the last four quarters, our tangible book value per common share increased \$5.18, or 15.4%. Over the last 10 years, we have increased tangible book value per common share by a cumulative 317%, resulting in a compound annual growth rate of 15.4%, as shown in Figure 43.

Figure 43: Tangible Book Value per Share (Period End) ⁵



⁵ 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.

Final Thoughts

We are very pleased with our record results for the quarter just ended giving us our seventh consecutive quarter of record net income and EPS and eighth consecutive quarter of record net interest income. These record results have allowed us to consistently increase dividends, significantly grow capital and opportunistically repurchase shares, all while almost doubling our allowance for credit losses.

As we stated in January, one of our goals for 2024 was to improve on our record 2023 annual net income of \$674.6 million and our record EPS of \$5.87. Our six-month net income of \$345.0 million and EPS of \$3.03 are an excellent start to 2024 and seem to have us well on the way to achieving that goal, notwithstanding what appears likely to remain a challenging macroeconomic environment.

Our talented, entrepreneurial and veteran management team is well suited for the very noisy and complicated environment in which we operate today. Our team has proactively and effectively managed the various challenges of this environment while capitalizing on numerous promising opportunities. We are excited about the future and continue to be laser-focused on improving our performance every day.

Non-GAAP Reconciliations

Calculation of Average Common Stockholders' Equity, Average Tangible Common Stockholders' Equity and the Annualized Returns on Average Common Stockholders' Equity and Average Tangible Common Stockholders' Equity

Unaudited (Dollars in Thousands)

	Three Months Ended *		Six Months Ended*	
	6/30/2023	6/30/2024	6/30/2023	6/30/2024
Net Income Available To Common Stockholders	\$ 167,917	\$ 173,496	\$ 333,771	\$ 344,987
Average Stockholders' Equity Before Noncontrolling Interest	4,788,584	5,330,984	4,770,135	5,270,700
Less Average Preferred Stock	(338,980)	(338,980)	(338,980)	(338,980)
Total Average common stockholders' equity	4,449,604	4,992,004	4,431,155	4,931,720
Less Average Intangible Assets:				
Goodwill	(660,789)	(660,789)	(660,789)	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	(999)	-	(1,618)	-
Total Average Intangibles	(661,788)	(660,789)	(662,407)	(660,789)
Average Tangible Common Stockholders' Equity	\$ 3,787,816	\$ 4,331,215	\$ 3,768,748	\$ 4,270,931
Return On Average Common Stockholders' Equity	15.14%	13.98%	15.19%	14.07%
Return On Average Tangible Common Stockholders' Equity	17.78%	16.11%	17.86%	16.24%

* Ratios for interim periods annualized based on actual days

Calculation of Pre-Tax Pre-Provision Net Revenue

Unaudited (Dollars in Thousands)

	Three Months Ended		Six Months Ended	
	6/30/2023	6/30/2024	6/30/2023	6/30/2024
Net income available to common stockholders	\$ 167,917	\$ 173,496	\$ 333,771	\$ 344,987
Preferred stock dividends	4,047	4,047	8,094	8,094
Earnings attributable to noncontrolling interest	1	(8)	13	10
Provision for income taxes	45,717	52,778	86,420	107,005
Provision for credit losses	41,774	49,012	77,602	91,935
Pre-tax pre-provision net revenue	\$ 259,456	\$ 279,325	\$ 505,900	\$ 552,031

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

Unaudited (Dollars in Thousands, Except per Share)

	As of June 30,					
	2014	2015	2016	2017	2018	2019
Total stockholders' equity before noncontrolling interest	\$ 850,204	\$ 1,209,254	\$ 1,556,921	\$ 3,260,123	\$ 3,613,903	\$ 3,993,247
Less preferred stock	-	-	-	-	-	-
Total common stockholders' equity	850,204	1,209,254	1,556,921	3,260,123	3,613,903	3,993,247
Less intangible assets:						
Goodwill	(78,669)	(122,884)	(126,289)	(660,789)	(660,789)	(660,789)
Core deposit and other intangibles, net of accumulated amortization	(29,971)	(28,266)	(23,615)	(54,541)	(41,962)	(29,515)
Total intangibles	(108,640)	(151,150)	(149,904)	(715,330)	(702,751)	(690,304)
Total tangible common stockholders' equity	<u>\$ 741,564</u>	<u>\$ 1,058,104</u>	<u>\$ 1,407,017</u>	<u>\$ 2,544,793</u>	<u>\$ 2,911,152</u>	<u>\$ 3,302,943</u>
Common shares outstanding (thousands)	<u>79,662</u>	<u>86,811</u>	<u>90,745</u>	<u>128,190</u>	<u>128,616</u>	<u>128,947</u>
Book value per common share	<u>\$ 10.67</u>	<u>\$ 13.93</u>	<u>\$ 17.16</u>	<u>\$ 25.43</u>	<u>\$ 28.10</u>	<u>\$ 30.97</u>
Tangible book value per common share	<u>\$ 9.31</u>	<u>\$ 12.19</u>	<u>\$ 15.51</u>	<u>\$ 19.85</u>	<u>\$ 22.63</u>	<u>\$ 25.61</u>

	As of June 30,					As of
	2020	2021	2022	2023	2024	Mar. 31, 2024
Total stockholders' equity before noncontrolling interest	\$ 4,110,666	\$ 4,501,676	\$ 4,606,782	\$ 4,809,891	\$ 5,407,800	\$ 5,266,847
Less preferred stock	-	-	(338,980)	(338,980)	(338,980)	(338,980)
Total common stockholders' equity	4,110,666	4,501,676	4,267,802	4,470,911	5,068,820	4,927,867
Less intangible assets:						
Goodwill	(660,789)	(660,789)	(660,789)	(660,789)	(660,789)	(660,789)
Core deposit and other intangibles, net of accumulated amortization	(18,377)	(11,336)	(5,240)	(377)	-	-
Total intangibles	(679,166)	(672,125)	(666,029)	(661,166)	(660,789)	(660,789)
Total tangible common stockholders' equity	<u>\$ 3,431,500</u>	<u>\$ 3,829,551</u>	<u>\$ 3,601,773</u>	<u>\$ 3,809,745</u>	<u>\$ 4,408,031</u>	<u>\$ 4,267,078</u>
Common shares outstanding (thousands)	<u>129,350</u>	<u>129,720</u>	<u>118,996</u>	<u>113,145</u>	<u>113,465</u>	<u>113,435</u>
Book value per common share	<u>\$ 31.78</u>	<u>\$ 34.70</u>	<u>\$ 35.87</u>	<u>\$ 39.51</u>	<u>\$ 44.67</u>	<u>\$ 43.44</u>
Tangible book value per common share	<u>\$ 26.53</u>	<u>\$ 29.52</u>	<u>\$ 30.27</u>	<u>\$ 33.67</u>	<u>\$ 38.85</u>	<u>\$ 37.62</u>

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

Unaudited (Dollars in Thousands, Except per Share)

	June 30, 2024
Total stockholders' equity before noncontrolling interest	\$ 5,407,800
Less preferred stock	(338,980)
Total common stockholders' equity	5,068,820
Less intangible assets:	
Goodwill	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	-
Total intangibles	(660,789)
Total tangible common stockholders' equity	\$ 4,408,031
Total assets	\$ 36,836,173
Less intangible assets:	
Goodwill	(660,789)
Core deposit and other intangible assets, net of accumulated amortization	-
Total intangibles	(660,789)
Total tangible assets	36,175,384
Ratio of total common stockholders' equity to total assets	13.76%
Ratio of total tangible common stockholders' equity to total tangible assets	12.19%