UNITED STATES
FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C. 20429

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2025

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _________ to _________.

FDIC Certificate No. 110

BANK OZK
(Exact name of registrant as specified in its charter)

ARKANSAS	**71-0130170**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**
18000 CANTRELL ROAD, LITTLE ROCK, ARKANSAS	**72223**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (501) 978-2265

N/A

(Former name, former address and former fiscal year, if changed since last report)

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 (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Emerging growth company	☐
Smaller reporting 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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	Outstanding at July 31, 2025
Common Stock, $0.01 par value per share	112,641,359

BANK OZK
FORM 10-Q
June 30, 2025

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

BANK OZK
CONSOLIDATED BALANCE SHEETS
Unaudited

	June 30, 2025	December 31, 2024
	(Dollars in thousands)	
ASSETS		
Cash and cash equivalents	$ 2,705,945	$ 2,781,101
Investment securities – available for sale (“AFS”)	2,822,206	2,836,150
Federal Home Loan Bank of Dallas (“FHLB”) and other bankers’ bank stocks	46,321	39,930
Loans	33,005,054	29,968,867
Allowance for loan losses	(518,634)	(465,547)
Net Loans	32,486,420	29,503,320
Premises and equipment, net	869,119	739,111
Foreclosed assets	159,894	69,381
Accrued interest receivable	182,909	174,025
Bank owned life insurance (“BOLI”)	840,299	829,405
Goodwill	660,789	660,789
Other assets	680,488	625,640
Total assets	$ 41,454,390	$ 38,258,852
LIABILITIES AND STOCKHOLDERS’ EQUITY		
Deposits:		
Demand non-interest bearing	$ 3,835,730	$ 3,769,543
Savings and interest bearing transaction	11,084,429	9,954,723
Time	18,601,921	17,318,806
Total deposits	33,522,080	31,043,072
Other borrowings	800,589	420,813
Subordinated notes	348,978	348,575
Subordinated debentures	113,652	113,652
Reserve for losses on unfunded loan commitments	147,132	153,813
Accrued interest payable and other liabilities	596,876	472,733
Total liabilities	35,529,307	32,552,658
Commitments and contingencies		
Stockholders’ equity:		
Preferred stock, $0.01 par value; 100,000,000 shares authorized; 14,000,000 shares issued and outstanding at June 30, 2025 and December 31, 2024	338,980	338,980
Common stock, $0.01 par value; 300,000,000 shares authorized; 112,640,679 and 113,457,726 shares issued and outstanding at June 30, 2025 and December 31, 2024, respectively	1,126	1,135
Additional paid-in capital	1,587,061	1,625,506
Retained earnings	4,065,930	3,816,138
Accumulated other comprehensive loss	(68,222)	(76,136)
Total stockholders’ equity before noncontrolling interest	5,924,875	5,705,623
Noncontrolling interest	208	571
Total stockholders’ equity	5,925,083	5,706,194
Total liabilities and stockholders’ equity	$ 41,454,390	$ 38,258,852

See accompanying notes to the consolidated financial statements.

BANK OZK
CONSOLIDATED STATEMENTS OF INCOME
Unaudited

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(Dollars in thousands, except per share amounts)			
Interest income:				
Loans	$ 619,387	$ 621,292	$ 1,207,947	$ 1,213,233
Investment securities:				
Taxable	12,986	8,793	26,175	18,126
Tax-exempt	14,470	11,147	27,525	22,321
Deposits with banks	21,499	26,604	42,432	51,210
Total interest income	668,342	667,836	1,304,079	1,304,890
Interest expense:				
Deposits	262,564	270,804	518,369	525,126
Other borrowings	4,426	3,964	5,292	4,715
Subordinated notes	2,603	2,603	5,177	5,177
Subordinated debentures	2,003	2,471	3,986	4,944
Total interest expense	271,596	279,842	532,824	539,962
Net interest income	396,746	387,994	771,255	764,928
Provision for credit losses	35,215	49,012	73,632	91,935
Net interest income after provision for credit losses	361,531	338,982	697,623	672,993
Non-interest income:				
Deposit-related fees:				
Overdraft fees	3,310	3,364	6,592	6,790
All other service charges	7,717	7,558	14,941	14,397
Loan-related fees	7,925	6,481	16,910	12,824
BOLI income	5,854	5,606	11,598	11,112
Trust income	2,946	2,082	5,460	4,406
Gains on sales of other assets	514	1,073	1,283	1,532
Net gains on investment securities	—	125	—	535
Other	3,025	2,493	9,232	6,271
Total non-interest income	31,291	28,782	66,016	57,867
Non-interest expense:				
Salaries and employee benefits	86,224	73,409	168,424	142,973
Net occupancy and equipment	18,677	18,421	37,122	36,395
Other operating expenses	48,262	45,621	94,571	91,396
Total non-interest expense	153,163	137,451	300,117	270,764
Income before taxes	239,659	230,313	463,522	460,096
Provision for income taxes	56,656	52,778	108,548	107,005
Net income	183,003	177,535	354,974	353,091
Earnings attributable to noncontrolling interest	(25)	8	(37)	(10)
Preferred stock dividends	4,047	4,047	8,094	8,094
Net income available to common stockholders	$ 178,931	$ 173,496	$ 346,843	$ 344,987
Basic earnings per common share	$ 1.59	$ 1.53	$ 3.06	$ 3.04
Diluted earnings per common share	$ 1.58	$ 1.52	$ 3.05	$ 3.03

See accompanying notes to the consolidated financial statements.

BANK OZK
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Unaudited

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(Dollars in thousands)			
Net income	$ 183,003	$ 177,535	$ 354,974	$ 353,091
Other comprehensive income (loss):				
Unrealized gains and (losses) on investment securities AFS	1,203	8,182	9,888	(4,633)
Tax effect of unrealized gains and losses on investment securities AFS	(150)	(1,914)	(1,974)	1,068
Total other comprehensive income (loss)	1,053	6,268	7,914	(3,565)
Total comprehensive income	$ 184,056	$ 183,803	$ 362,888	$ 349,526

See accompanying notes to the consolidated financial statements.

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, 2025							
Balances – March 31, 2025	$ 338,980	$ 1,137	$1,624,463	$3,936,031	$ (69,275)	$ 383	$ 5,831,719
Net income	—	—	—	183,003	—	—	183,003
Earnings attributable to noncontrolling interest	—	—	—	(25)	—	25	—
Total other comprehensive income	—	—	—	—	1,053	—	1,053
Preferred stock dividends, $0.28906 per share	—	—	—	(4,047)	—	—	(4,047)
Common stock dividends, $0.43 per share	—	—	—	(49,032)	—	—	(49,032)
Return of capital paid to noncontrolling interest	—	—	—	—	—	(200)	(200)
Issuance of 38,387 shares of common stock pursuant to stock-based compensation plans	—	—	50	—	—	—	50
Repurchase and cancellation of 1,117,000 shares of common stock under share repurchase program, including excise tax	—	(11)	(43,517)	—	—	—	(43,528)
Repurchase and cancellation of 3,992 shares of common stock withheld for tax pursuant to stock-based compensation plans	—	—	(153)	—	—	—	(153)
Stock-based compensation expense	—	—	6,218	—	—	—	6,218
Forfeitures of 3,663 shares of unvested restricted common stock	—	—	—	—	—	—	—
Balances – June 30, 2025	$ 338,980	$ 1,126	$1,587,061	$4,065,930	$ (68,222)	$ 208	$ 5,925,083
Six months ended June 30, 2025							
Balances – December 31, 2024	$ 338,980	$ 1,135	$1,625,506	$3,816,138	$ (76,136)	$ 571	$ 5,706,194
Net income	—	—	—	354,974	—	—	354,974
Earnings attributable to noncontrolling interest	—	—	—	(37)	—	37	—
Total other comprehensive income	—	—	—	—	7,914	—	7,914
Preferred stock dividends, $0.57812 per share	—	—	—	(8,094)	—	—	(8,094)
Common stock dividends, $0.85 per share	—	—	—	(97,051)	—	—	(97,051)
Return of capital paid to noncontrolling interest	—	—	—	—	—	(400)	(400)
Issuance of 467,360 shares of common stock pursuant to stock-based compensation plans	—	4	141	—	—	—	145
Repurchase and cancellation of 1,117,000 shares of common stock under share repurchase program, including excise tax	—	(11)	(43,517)	—	—	—	(43,528)
Repurchase and cancellation of 153,576 shares of common stock withheld for tax pursuant to stock-based compensation plans	—	(2)	(7,246)	—	—	—	(7,248)
Stock-based compensation expense	—	—	12,177	—	—	—	12,177
Forfeitures of 13,831 shares of unvested restricted common stock	—	—	—	—	—	—	—
Balances – June 30, 2025	$ 338,980	$ 1,126	$1,587,061	$4,065,930	$ (68,222)	$ 208	$ 5,925,083

See accompanying notes to the consolidated financial statements.

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 loss	—	—	—	—	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	$ 338,980	$ 1,135	$1,615,101	$3,553,523	$ (100,939)	$ 985	$ 5,408,785
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 under share repurchase program, including excise tax	—	(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	$ 338,980	$ 1,135	$1,615,101	$3,553,523	$ (100,939)	$ 985	$ 5,408,785

See accompanying notes to the consolidated financial statements.

BANK OZK
CONSOLIDATED STATEMENTS OF CASH FLOWS
Unaudited

	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
	(Dollars in thousands)	
Cash flows from operating activities:		
Net income	$ 354,974	$ 353,091
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	14,088	13,587
Amortization, net of accretion	46,055	29,807
Earnings attributable to noncontrolling interest	(37)	(10)
Provision for credit losses	73,632	91,935
Writedowns of foreclosed assets	2,174	608
Originations of mortgage loans held for sale	(36,074)	—
Proceeds from sales of mortgage loans held for sale	33,449	—
Net gains on investment securities	—	(535)
Gains on sales of other assets	(1,283)	(1,532)
Deferred income tax (benefit) expense	(22,188)	32,784
Increase in cash surrender value of BOLI	(11,598)	(11,112)
Stock-based compensation expense	12,177	10,252
Changes in assets and liabilities:		
Accrued interest receivable	(8,883)	(7,293)
Other assets, net	12,320	(7,810)
Accrued interest payable and other liabilities	(52,782)	(99,787)
Net cash provided by operating activities	416,024	403,985
Cash flows from investing activities:		
Proceeds from maturities/calls/paydowns of investment securities AFS	451,165	279,474
Proceeds from sales of investment securities AFS	220,130	—
Purchases of investment securities AFS	(653,023)	(29,532)
Proceeds from sales of FHLB and other bankers' bank stock	26,197	50,661
Purchases of FHLB and other bankers' bank stock	(32,588)	(24,714)
Proceeds from sale of loans	19,667	3,869
Net increase in loans	(3,179,377)	(2,248,489)
Purchases of premises and equipment	(45,613)	(44,108)
Proceeds from BOLI death benefits	705	—
Proceeds from sales of other assets	9,933	6,360
Net cash invested in unconsolidated investments	(11,634)	(9,279)
Net cash used by investing activities	(3,194,438)	(2,015,758)
Cash flows from financing activities:		
Net increase in deposits	2,479,008	2,538,520
Net proceeds (repayments) of other borrowings	379,776	(404,375)
Return of capital to non-controlling interest	(400)	—
Cash dividends paid on common stock	(96,401)	(87,401)
Cash dividends paid on preferred stock	(8,094)	(8,094)
Proceeds from issuance of common stock pursuant to stock-based compensation plans	145	417
Repurchase and cancellation of shares of common stock – share repurchase program	(43,528)	—
Repurchase and cancellation of shares of common stock – withheld for taxes	(7,248)	(8,010)
Net cash provided by financing activities	2,703,258	2,031,057
Net (decrease) increase in cash and cash equivalents	(75,156)	419,284
Cash and cash equivalents – beginning of period	2,781,101	2,149,529
Cash and cash equivalents – end of period	$ 2,705,945	$ 2,568,813

See accompanying notes to the consolidated financial statements.

1. Organization

Bank OZK ("the Bank") is headquartered in Little Rock, Arkansas and provides a wide range of retail and commercial banking services. At June 30, 2025, the Bank conducted operations through more than 250 offices in nine states, including offices in Arkansas, Georgia, Florida, North Carolina, Texas, Tennessee, New York, California and Mississippi. The Bank owns 100% of eight finance subsidiary business trusts - Ozark Capital Statutory Trust II ("Ozark II"), Ozark Capital Statutory Trust III ("Ozark III"), Ozark Capital Statutory Trust IV ("Ozark IV"), Ozark Capital Statutory Trust V ("Ozark V"), Intervest Statutory Trust II ("Intervest II"), Intervest Statutory Trust III ("Intervest III"), Intervest Statutory Trust IV ("Intervest IV") and Intervest Statutory Trust V ("Intervest V") (collectively, the "Trusts"). In addition, the Bank owns a subsidiary that holds its investment securities, a subsidiary engaged in the development of real estate, a subsidiary that holds an ownership interest in a private aircraft, a subsidiary that owns a renewable energy facility and various other entities that hold foreclosed assets or tax credits or engage in other activities.

The Bank is an Arkansas state banking corporation and is subject to regulation by the Arkansas State Bank Department. Because the Bank is an insured depository institution that is not a member bank of the Federal Reserve System, its primary federal regulator is the Federal Deposit Insurance Corporation ("FDIC").

2. Basis of Presentation and Significant Accounting Policy Changes

The accompanying interim consolidated financial statements have been prepared by the Bank, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") in Article 10 of Regulation S-X and in accordance with the instructions to Form 10-Q and accounting principles generally accepted in the United States ("GAAP") for interim financial information. Certain information, accounting policies and footnote disclosures normally included in complete financial statements prepared in accordance with GAAP have been condensed or omitted in accordance with such rules and regulations. These consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Bank's Annual Report on Form 10-K filed with the FDIC for the year ended December 31, 2024.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could materially differ from those estimates. In the opinion of management, all adjustments considered necessary, consisting of normal recurring items, have been included for a fair statement of the accompanying consolidated financial statements. Operating results for the three and six months ended June 30, 2025 are not necessarily indicative of the results that may be expected for the full year or future periods. Certain reclassifications of prior year amounts have been made to conform to the 2025 financial statements presentation. These reclassifications had no impact on prior year net income, as previously reported.

The Bank operates in only one business segment with the Bank's Chairman of the Board and Chief Executive Officer being the chief operating decision maker ("CODM") for the Bank. The Bank's CODM evaluates the Bank's consolidated net income and net interest income, among other consolidated metrics, in managing the Bank's resources and assessing performance. The Bank's consolidated net income and net interest income are disclosed on the face of the Consolidated Statements of Income on page 4. Accordingly, there is no requirement to report segment information in the Bank's consolidated financial statements.

3. Earnings Per Common Share ("EPS") and Share Repurchase Program

Basic EPS is computed by dividing net income available to common stockholders by the weighted-average number of common shares outstanding during the applicable period. Diluted EPS is computed by dividing net income available to common stockholders by the weighted-average number of common shares outstanding after consideration of the dilutive effect, if any, using the treasury stock method, of the Bank's common stock options and the non-vested performance stock units ("PSUs") under its long-term incentive agreements. There were no options to purchase shares of the Bank's common stock that were excluded from the diluted EPS calculations for the three months ended June 30, 2025. Options to purchase 291,531 shares of the Bank's common stock for the three months ended June 30, 2024, and options to purchase 26,327 and 318,319 shares of the Bank's common stock for the six months ended June 30, 2025 and 2024, respectively, were excluded from the diluted EPS calculations as inclusion of such options would have been anti dilutive.

The following table presents the computation of basic and diluted EPS for the periods indicated.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(In thousands, except per share amounts)			
Numerator:				
Net income available to common stockholders	$ 178,931	$ 173,496	$ 346,843	$ 344,987
Denominator:				
Denominator for basic EPS – weighted-average common shares	112,911	113,645	113,362	113,602
Effect of dilutive securities – stock options and PSUs	396	350	411	352
Denominator for diluted EPS – weighted-average common shares and assumed conversions	113,307	113,995	113,773	113,954
Basic EPS	$ 1.59	$ 1.53	$ 3.06	$ 3.04
Diluted EPS	$ 1.58	$ 1.52	$ 3.05	$ 3.03

4. Investment Securities

The Bank's investment securities, all of which are categorized as AFS, are stated at estimated fair value in the consolidated financial statements with unrealized gains and losses, that do not include a credit component, reported net of related income tax as a separate component of stockholders' equity and included in accumulated other comprehensive income. Unrealized losses that include a credit component are considered in determining the Bank's allowance for credit losses ("ACL"). The Bank believes that the vast majority of unrealized losses on individual investment securities at June 30, 2025 and December 31, 2024 are the result of fluctuations in interest rates.

The following table presents the amortized cost and estimated fair value of investment securities as of the dates indicated.

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(Dollars in thousands)			
June 30, 2025:				
U.S. Government agency mortgage-backed securities	$ 1,376,128	$ 7,374	$ (47,797)	$ 1,335,705
Obligations of state and political subdivisions	1,510,133	4,433	(51,409)	1,463,157
Corporate obligations	25,451	—	(2,107)	23,344
Total investment securities	$ 2,911,712	$ 11,807	$ (101,313)	$ 2,822,206
December 31, 2024:				
U.S. Government agency mortgage-backed securities	$ 1,327,396	$ 3	$ (70,928)	$ 1,256,471
Obligations of state and political subdivisions	1,451,430	8,825	(34,559)	1,425,696
Other U.S. Government agency securities	130,000	—	(282)	129,718
Corporate obligations	26,718	—	(2,453)	24,265
Total investment securities	$ 2,935,544	$ 8,828	$ (108,222)	$ 2,836,150

The following table shows the estimated fair value of investment securities having gross unrealized losses and the amount of such unrealized losses, aggregated by investment category and length of time that individual investment securities have been in a continuous unrealized loss position, as of the dates indicated.

	Less than 12 Months		12 Months or More		Total	
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
			(Dollars in thousands)			
June 30, 2025:						
U.S. Government agency mortgage-backed securities	$ 463	$ 6	$ 721,538	$ 47,791	$ 722,001	$ 47,797
Obligations of state and political subdivisions	714,187	20,900	410,152	30,509	1,124,339	51,409
Corporate obligations	517	6	22,827	2,101	23,344	2,107
Total investment securities	$ 715,167	$ 20,912	$ 1,154,517	$ 80,401	$ 1,869,684	$ 101,313
December 31, 2024:						
U.S. Government agency mortgage-backed securities	$ 398,325	$ 1,383	$ 857,891	$ 69,545	$ 1,256,216	$ 70,928
Obligations of state and political subdivisions	376,957	5,413	411,147	29,146	788,104	34,559
Other U.S. Government agency securities	—	—	129,718	282	129,718	282
Corporate obligations	536	2	23,729	2,451	24,265	2,453
Total investment securities	$ 775,818	$ 6,798	$ 1,422,485	$ 101,424	$ 2,198,303	$ 108,222

In evaluating the Bank's unrealized loss positions for credit losses of its investment securities portfolio, management considers the credit quality, financial condition and near term prospects of the issuer, the nature and cause of the unrealized loss and other factors. While the Bank periodically evaluates its investment strategy relative to current economic and business conditions, at the present time, the Bank does not have the intent to sell these investment securities with unrealized losses and, more likely than not, will not sell these investment securities before fair value recovers to amortized cost. In addition, for the vast majority of investment securities in an unrealized loss position, the Bank does not believe the unrealized losses are the result of issues with credit quality.

The following table shows the amortized cost and estimated fair value of investment securities by maturity or estimated date of repayment as of June 30, 2025.

Maturity or Estimated Repayment	Amortized Costs	Estimated Fair Value
	(Dollars in thousands)	
One year or less	$ 449,538	$ 437,646
After one year to five years	860,870	833,249
After five years to ten years	431,750	421,763
After ten years	1,169,554	1,129,548
Total	$ 2,911,712	$ 2,822,206

For purposes of this maturity or estimated repayment distribution, all investment securities are shown based on their contractual maturity date or estimated date of repayment, except (i) U.S. Government agency mortgage-backed securities are allocated among various maturities or repayment categories based on an estimated repayment schedule utilizing third-party median prepayment speeds or other estimates of prepayment speeds and interest rate levels at the measurement date and (ii) callable investment securities for which the Bank has received notification of call are included in the maturity or repayment category in which the call occurs or is expected to occur. Expected maturities may differ from contractual maturities because issuers have the right to call or prepay obligations with or without call or prepayment penalties.

At June 30, 2025, mortgage-backed securities issued by the Federal National Mortgage Association were the only holdings of investment securities in an amount greater than 10% of stockholders' equity. At June 30, 2024, mortgage-backed securities issued by the Federal National Mortgage Association and callable debentures issued by the FHLB were the only holdings of investment securities in an amount greater than 10% of stockholders' equity.

5. Allowance for Credit Losses ("ACL") and Credit Quality Indicators

Allowance for Credit Losses

The following table is a summary of activity within the ACL for the periods indicated.

	Allowance for Loan Losses	Reserve for Losses on Unfunded Loan Commitments	Total Allowance for Credit Losses
		(Dollars in thousands)	
Three months ended June 30, 2025:			
Balances – March 31, 2025	$ 488,150	$ 150,609	$ 638,759
Net charge-offs	(8,208)	—	(8,208)
Provision for credit losses	38,692	(3,477)	35,215
Balances – June 30, 2025	$ 518,634	$ 147,132	$ 665,766
Six months ended June 30, 2025:			
Balances – December 31, 2024	$ 465,547	$ 153,813	$ 619,360
Net charge-offs	(27,226)	—	(27,226)
Provision for credit losses	80,313	(6,681)	73,632
Balances – June 30, 2025	$ 518,634	$ 147,132	$ 665,766
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	$ 407,079	$ 167,022	$ 574,101
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	$ 407,079	$ 167,022	$ 574,101

The calculations of the Bank's provision for credit losses for the second quarter and first six months of 2025 and its total ACL at June 30, 2025 were based on a number of key estimates, assumptions and economic forecasts. The Bank utilized recent economic forecasts provided by Moody's, including their updates released in June 2025. In selecting the weightings for the various economic scenarios for purposes of determining the ACL at June 30, 2025, the Bank's weightings assigned to each of the Moody's S4 (Alternative Adverse Downside) and S6 (Stagflation) scenarios exceeded that of the Moody's Baseline scenario. The Bank's selection and weightings of these scenarios reflected its assessment of conditions and the potential changes in the U.S. economy, and acknowledged the uncertainty regarding future U.S. economic conditions, including risks from: U.S. fiscal policy actions; impacts of potential changes in U.S. tax, tariff and immigration laws, regulations and policies; changes in the federal funds target rate and Fed balance sheet; a possible recession; inflationary pressures; global trade and geopolitical matters; supply chain disruptions, and various other factors. These forecasts included a number of economic variables, including gross domestic product ("GDP"), unemployment rates, commercial and residential real estate prices, among others. For purposes of the forecasts used in the calculation of the ACL, management utilized a reasonable and supportable forecast period of two years, followed by a reversion, on a systematic basis, of estimated losses back to the Bank's historical mean. Management also utilized certain qualitative adjustments to capture items not included in the Bank's modeled results or other assumptions.

The following table is a summary of the Bank's ACL for the periods indicated.

	Beginning Balance	Charge-offs	Recoveries	Provision	Ending Balance
			(Dollars in thousands)		
Three months ended June 30, 2025:					
Real estate:					
Construction/land development	$ 108,129	$ (880)	$ 40	$ 11,020	$ 118,309
Other commercial real estate	115,296	(3,176)	14	4,303	116,437
Multifamily residential	72,201	(185)	—	(5,233)	66,783
Residential 1-4 family	31,384	(241)	81	2,179	33,403
Agricultural	7,601	—	—	(73)	7,528
Total real estate	334,611	(4,482)	135	12,196	342,460
Consumer	103,991	(3,604)	772	5,714	106,873
Commercial and industrial	11,703	(514)	31	12,687	23,907
Other	37,845	(654)	108	8,095	45,394
Total ALL for funded loans	488,150	(9,254)	1,046	38,692	518,634
Reserve for losses on unfunded loan commitments	150,609	—	—	(3,477)	147,132
Total ACL	$ 638,759	$ (9,254)	$ 1,046	$ 35,215	$ 665,766
Six months ended June 30, 2025:					
Real estate:					
Construction/land development	$ 85,183	$ (4,784)	$ 63	$ 37,847	$ 118,309
Other commercial real estate	124,339	(10,371)	58	2,411	116,437
Multifamily residential	58,262	(2,611)	—	11,132	66,783
Residential 1-4 family	31,107	(597)	222	2,671	33,403
Agricultural	6,860	(23)	—	691	7,528
Total real estate	305,751	(18,386)	343	54,752	342,460
Consumer	119,551	(7,874)	1,558	(6,362)	106,873
Commercial and industrial	7,157	(590)	63	17,277	23,907
Other	33,088	(2,607)	267	14,646	45,394
Total ALL for funded loans	465,547	(29,457)	2,231	80,313	518,634
Reserve for losses on unfunded loan commitments	153,813	—	—	(6,681)	147,132
Total ACL	$ 619,360	$ (29,457)	$ 2,231	$ 73,632	$ 665,766

The following table is a summary of the Bank's ACL for the periods indicated.

	Beginning Balance	Charge-offs	Recoveries	Provision	Ending Balance
	(Dollars in thousands)				
Three months ended June 30, 2024:					
Real estate:					
Construction/land development	$ 130,224	$ —	$ 14	$ 9,824	140,062
Other commercial real estate	47,382	(9,241)	662	19,131	57,934
Multifamily residential	21,904	—	—	5,979	27,883
Residential 1-4 family	24,258	(11)	73	(312)	24,008
Agricultural	5,215	—	—	1,107	6,322
Total real estate	228,983	(9,252)	749	35,729	256,209
Consumer	110,889	(3,123)	744	13,319	121,829
Commercial and industrial	9,371	(50)	19	(927)	8,413
Other	16,692	(1,031)	146	4,821	20,628
Total ALL for funded loans	365,935	(13,456)	1,658	52,942	407,079
Reserve for losses on unfunded loan commitments	170,952	—	—	(3,930)	167,022
Total ACL	$ 536,887	$ (13,456)	$ 1,658	$ 49,012	$ 574,101
Six months ended June 30, 2024:					
Real estate:					
Construction/land development	$ 127,320	$ —	$ 27	$ 12,715	$ 140,062
Other commercial real estate	44,250	(14,381)	1,050	27,015	57,934
Multifamily residential	15,469	—	—	12,414	27,883
Residential 1-4 family	23,151	(108)	290	675	24,008
Agricultural	4,732	—	28	1,562	6,322
Total real estate	214,922	(14,489)	1,395	54,381	256,209
Consumer	98,974	(5,789)	1,394	27,250	121,829
Commercial and industrial	7,626	(50)	151	686	8,413
Other	17,872	(2,024)	350	4,430	20,628
Total ALL for funded loans	339,394	(22,352)	3,290	86,747	407,079
Reserve for losses on unfunded loan commitments	161,834	—	—	5,188	167,022
Total ACL	$ 501,228	$ (22,352)	$ 3,290	$ 91,935	$ 574,101

The following table presents a summary of the Bank's loans on nonaccrual status with ALL and loans on nonaccrual status with no ALL as of the dates indicated.

	Nonaccrual Loans with ALL	Nonaccrual Loans with no ALL	Total Nonaccrual Loans
		(Dollars in thousands)	
June 30, 2025:			
Real estate:			
Construction/land development	$ 1,663	$ —	$ 1,663
Other commercial real estate	10,684	2,508	13,192
Multifamily residential	349	—	349
Residential 1-4 family	26,485	921	27,406
Agricultural	204	—	204
Total real estate	39,385	3,429	42,814
Consumer	8,132	2	8,134
Commercial and industrial	1,311	—	1,311
Other	6,286	—	6,286
Total	$ 55,114	$ 3,431	$ 58,545
December 31, 2024:			
Real estate:			
Construction/land development	$ 88,672	$ —	$ 88,672
Other commercial real estate	945	2,387	3,332
Multifamily residential	—	3,031	3,031
Residential 1-4 family	26,100	1,048	27,148
Agricultural	267	—	267
Total real estate	115,984	6,466	122,450
Consumer	7,933	4	7,937
Commercial and industrial	1,107	—	1,107
Total	$ 125,024	$ 6,470	$ 131,494

Interest income on nonperforming loans as of June 30, 2025 and December 31, 2024 is recognized on a cash basis when and if actually collected. Total interest income recognized on nonperforming loans for the three and six months ended June 30, 2025 and 2024 was not material.

The following table provides the number and balance of loans that were modified to borrowers experiencing financial difficulty for the three and six months ended June 30, 2025, disaggregated by loan type and modification type. Loans that were modified to borrowers experiencing financial difficulty for the three months and six months ended June 30, 2024 were not material.

	Number of Loans	Term Extension	Term Extension and Interest Rate Reduction	Term Extension and Payment Deferral	Total	Percentage of Total by Loan Type
			(Dollars in thousands)			
Three months ended June 30, 2025:						
Real estate:						
Construction/land development	1	$ —	$ 66,108	$ —	$ 66,108	0.76%
Other commercial real estate	1	921	—	—	921	0.01
Residential 1-4 family	1	19	—	—	19	—
Total real estate	3	940	66,108	—	67,048	0.29
Commercial and industrial	1	28,474	—	—	28,474	1.22
Total loans	4	$ 29,414	$ 66,108	$ —	$ 95,522	0.29%
Six months ended June 30, 2025:						
Real estate:						
Construction/land development	1	$ —	$ 66,108	$ —	$ 66,108	0.76%
Other commercial real estate	1	921	—	—	921	0.01
Residential 1-4 family	7	666	—	266	932	0.07
Total real estate	9	1,587	66,108	266	67,961	0.29
Commercial and industrial	1	28,474	—	—	28,474	1.22
Total loans	10	$ 30,061	$ 66,108	$ 266	$ 96,435	0.29%

As of June 30, 2025, the construction/land development, other commercial real estate and commercial and industrial loans in the above tables were categorized as substandard accrual and were current.

For the three months and six months ended June 30, 2025, the modifications to the construction/land development, other commercial real estate and commercial and industrial loans noted in the above tables included increases in the remaining terms ranging from two to three months with monthly payments continuing to be required. Additionally, the modification to the construction/land development loan included a 261 basis point reduction in its interest rate spread resulting in a variable interest rate of one-month term Secured Overnight Financing Rate ("SOFR") plus 300 basis points.

For the three months ended June 30, 2025, the modification to the residential 1-4 family loan included an increase to the term by approximately 22 years. For the six months ended June 30, 2025, the modifications to the residential 1-4 family loans included increases to the weighted average remaining term of approximately nine years and payment deferrals of six months. As of June 30, 2025, approximately $0.56 million of these residential 1-4 family loans were categorized as nonaccrual.

Credit Quality Indicators

The following table provides the credit quality indicators for the Bank's loans by loan segment and period of origination as of the date indicated. At June 30, 2025, the Bank had no loans with an outstanding balance that were risk rated as doubtful or loss. Loans are presented on an amortized cost basis which includes unamortized fees and costs but excludes accrued interest.

	Period of Origination						Revolving Loans Amortized Cost Basis	Total
	Six Months Ended June 30, 2025	Year Ended December 31, 2024	2023	2022	2021	Prior to January 1, 2021		
	(Dollars in thousands)							
June 30, 2025:								
Construction/land development								
Pass	$ 314,965	$1,422,918	$2,539,923	$2,677,507	$ 823,448	$ 721,890	$ 78,109	$ 8,578,760
Special Mention	—	907	3,363	175	46	1,902	46	6,439
Substandard[1]	—	—	434	1,069	54	66,310	31,881	99,748
Total construction/land development	314,965	1,423,825	2,543,720	2,678,751	823,548	790,102	110,036	8,684,947
Other commercial real estate								
Pass	201,362	152,169	1,667,093	2,630,145	1,337,824	1,957,077	36,433	7,982,103
Special Mention	—	—	—	266,154	299,656	37,494	—	603,304
Substandard[1]	—	—	10,644	84	1,502	2,249	—	14,479
Total other commercial real	201,362	152,169	1,677,737	2,896,383	1,638,982	1,996,820	36,433	8,599,886
Multifamily residential								
Pass	6,177	4,792	202,634	2,657,440	903,422	551,369	9,849	4,335,683
Special Mention	—	—	—	—	—	—	—	—
Substandard[1]	—	—	—	—	49	371	—	420
Total multifamily residential	6,177	4,792	202,634	2,657,440	903,471	551,740	9,849	4,336,103
Residential 1-4 family								
Pass	259,692	320,605	84,792	204,448	125,507	262,176	235,399	1,492,619
Special Mention	493	80	400	650	2,268	3,438	818	8,147
Substandard[1]	—	21	1,162	1,227	2,242	22,649	107	27,408
Total residential 1-4 family	260,185	320,706	86,354	206,325	130,017	288,263	236,324	1,528,174
Agricultural								
Pass	18,421	42,830	42,284	54,900	49,692	95,747	1,283	305,157
Special Mention	—	—	—	57	—	503	—	560
Substandard[1]	—	—	—	—	—	204	—	204
Total agricultural	18,421	42,830	42,284	54,957	49,692	96,454	1,283	305,921
Consumer								
Pass	736,785	1,087,056	704,160	477,018	257,566	740,181	5,538	4,008,304
Special Mention	5	373	1,032	1,622	1,087	1,396	—	5,515
Substandard[1]	249	279	892	1,636	848	4,230	—	8,134
Total consumer	737,039	1,087,708	706,084	480,276	259,501	745,807	5,538	4,021,953
Commercial and industrial								
Pass	344,083	306,487	39,542	57,581	36,151	24,802	1,484,132	2,292,778
Special Mention	—	—	97	464	—	3,177	3,144	6,882
Substandard[1]	—	887	20	801	239	140	28,396	30,483
Total commercial and industrial	344,083	307,374	39,659	58,846	36,390	28,119	1,515,672	2,330,143
Other								
Pass	53,992	96,797	43,687	884,040	1,924	124,932	1,930,221	3,135,593
Special Mention	—	—	—	—	—	—	—	—
Substandard[1]	—	—	—	56,048	—	—	6,286	62,334
Total other	53,992	96,797	43,687	940,088	1,924	124,932	1,936,507	3,197,927
Total	$1,936,224	$3,436,201	$5,342,159	$9,973,066	$3,843,525	$4,622,237	$3,851,642	$33,005,054
Gross charge-offs[2]	$ 1,456	$ 2,439	$ 4,097	$ 2,608	$ 8,285	$ 10,572	$ —	$ 29,457

(1) Includes both substandard accrual loans and substandard nonaccrual loans.
(2) Gross charge-offs for the six months ended June 30, 2025.

The following table is a summary of credit quality indicators for the Bank's total loans as of the dates indicated.

	Pass	Special Mention	Substandard Accrual	Substandard Nonaccrual	Total
			(Dollars in thousands)		
June 30, 2025:					
Real estate:					
Construction/land development	$ 8,578,760	$ 6,439	$ 98,085	$ 1,663	$ 8,684,947
Other commercial real estate	7,982,103	603,304	1,287	13,192	8,599,886
Multifamily residential	4,335,683	—	71	349	4,336,103
Residential 1-4 family	1,492,619	8,147	2	27,406	1,528,174
Agricultural	305,157	560	—	204	305,921
Total real estate	22,694,322	618,450	99,445	42,814	23,455,031
Consumer	4,008,304	5,515	—	8,134	4,021,953
Commercial and industrial	2,292,778	6,882	29,172	1,311	2,330,143
Other	3,135,593	—	56,048	6,286	3,197,927
Total	$ 32,130,997	$ 630,847	$ 184,665	$ 58,545	$ 33,005,054
December 31, 2024:					
Real estate:					
Construction/land development	$ 9,174,126	$ 228,111	$ 31,767	$ 88,672	$ 9,522,676
Other commercial real estate	7,549,607	267,826	21,927	3,332	7,842,692
Multifamily residential	3,135,130	120,222	14,252	3,031	3,272,635
Residential 1-4 family	1,286,217	9,500	570	27,148	1,323,435
Agricultural	296,515	116	—	267	296,898
Total real estate	21,441,595	625,775	68,516	122,450	22,258,336
Consumer	3,641,142	10,633	1	7,937	3,659,713
Commercial and industrial	1,718,161	7,854	1,679	1,107	1,728,801
Other	2,256,462	9,593	55,962	—	2,322,017
Total	$ 29,057,360	$ 653,855	$ 126,158	$ 131,494	$ 29,968,867

The following categories of credit quality indicators are utilized by the Bank for its internal loan grading purposes.

Pass – Loans in this category exhibit minimal or moderate levels of risk and are not expected to result in loss.

Special Mention – Loans in this category have potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or in the Bank's credit position at some future date.

Substandard – Loans in this category are inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Substandard loans are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected.

Doubtful – Loans in this category have all the weaknesses inherent in those classified as substandard with the added characteristics that weaknesses make collection in full, on the basis of currently known facts, conditions, and values, highly questionable and improbable.

Loss – Loans in this category are considered uncollectible. Loans classified as loss do not mean the loan has absolutely no recovery or salvage value but rather it is not practical or desirable to delay charging off.

The Bank considers its residential 1-4 family loans (including consumer construction loans and 1-4 family properties), consumer loans, and certain small business loans to be (i) pass – if they are performing and less than 30 days past due, (ii) special mention – if they are performing and 30 to 89 days past due or (iii) substandard – if they are nonperforming or 90 days or more past due.

The following table is an aging analysis of past due loans as of the dates indicated.

	30-59 Days Past Due[1]	60-89 Days Past Due[2]	90 Days or More[3]	Total Past Due	Current[4]	Total
			(Dollars in thousands)			
June 30, 2025:						
Real estate:						
Construction/land development	$ 350	$ 479	$ 109	$ 938	$ 8,684,009	$ 8,684,947
Other commercial real estate	714	5,142	5,718	11,574	8,588,312	8,599,886
Multifamily residential	—	—	320	320	4,335,783	4,336,103
Residential 1-4 family	6,409	8,979	5,616	21,004	1,507,170	1,528,174
Agricultural	57	—	179	236	305,685	305,921
Total real estate	7,530	14,600	11,942	34,072	23,420,959	23,455,031
Consumer	5,332	1,813	598	7,743	4,014,210	4,021,953
Commercial and industrial	349	463	737	1,549	2,328,594	2,330,143
Other	—	6,286	—	6,286	3,191,641	3,197,927
Total	$ 13,211	$ 23,162	$ 13,277	$ 49,650	$ 32,955,404	$ 33,005,054
December 31, 2024:						
Real estate:						
Construction/land development	$ 286	$ —	$ 142	$ 428	$ 9,522,248	$ 9,522,676
Other commercial real estate	1,614	2,387	216	4,217	7,838,475	7,842,692
Multifamily residential	—	—	3,031	3,031	3,269,604	3,272,635
Residential 1-4 family	11,763	6,156	6,066	23,985	1,299,450	1,323,435
Agricultural	—	—	202	202	296,696	296,898
Total real estate	13,663	8,543	9,657	31,863	22,226,473	22,258,336
Consumer	7,482	3,709	353	11,544	3,648,169	3,659,713
Commercial and industrial	4,498	639	956	6,093	1,722,708	1,728,801
Other	—	7	—	7	2,322,010	2,322,017
Total	$ 25,643	$ 12,898	$ 10,966	$ 49,507	$ 29,919,360	$ 29,968,867

[1] Includes $3.6 million and $6.2 million of loans on nonaccrual status at June 30, 2025 and December 31, 2024, respectively.
[2] Includes $19.0 million and $6.7 million of loans on nonaccrual status at June 30, 2025 and December 31, 2024, respectively.
[3] All loans greater than 90 days past due were on nonaccrual status at June 30, 2025 and December 31, 2024.
[4] Includes $22.7 million and $107.6 million of loans on nonaccrual status at June 30, 2025 and December 31, 2024, respectively.

6. Foreclosed Assets

The following table is a summary of the amount and type of foreclosed assets as of the dates indicated.

	June 30, 2025	December 31, 2024
	(Dollars in thousands)	
Real estate:		
Construction/land development	$ 142,038	$ 59,964
Other commercial real estate	16,350	8,318
Residential 1-4 family	137	—
Total real estate	158,525	68,282
Consumer	1,369	1,099
Total foreclosed assets	$ 159,894	$ 69,381

The following table is a summary of activity within foreclosed assets during the periods indicated.

	Six Months Ended June 30,	
	2025	2024
	(Dollars in thousands)	
Balance – beginning	$ 69,381	$ 61,720
Loans and other assets transferred into foreclosed assets	101,128	14,043
Sales of foreclosed assets	(8,441)	(4,132)
Writedowns of foreclosed assets	(2,174)	(608)
Balance – ending	$ 159,894	$ 71,023

7. Supplemental Cash Flow Information

The following table provides supplemental cash flow information for the periods indicated.

	Six Months Ended June 30,	
	2025	2024
	(Dollars in thousands)	
Cash paid during the period for:		
Interest	$ 524,945	$ 529,511
Income taxes	76,126	107,089
Supplemental schedule of non-cash investing and financing activities:		
Net change in unrealized gains/losses on investment securities AFS	9,888	(4,633)
Loans and other assets transferred to foreclosed assets	101,128	14,043
Increase in tax credit and other investments	92,945	—
Increase in lease right-of-use asset and lease liability	91,930	—

8. Commitments and Contingencies

The Bank is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments primarily include standby letters of credit and commitments to extend credit.

Outstanding standby letters of credit are contingent commitments by the Bank generally to guarantee the performance of a customer in third party arrangements. The maximum amount of future payments the Bank could be required to make under these guarantees at June 30, 2025 is $216.7 million. The Bank holds collateral to support guarantees when deemed necessary. Collateralized commitments at June 30, 2025 totaled $216.1 million. The Bank’s exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit is represented by the contractual amount of those instruments. The Bank has the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses, may require payment of a fee and may expire without being drawn upon. The Bank evaluates each customer’s creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, is based on management’s credit evaluation of the counterparty. The type of collateral held varies but may include accounts receivable, inventory, property, plant and equipment, and other real or personal property.

At June 30, 2025, the Bank had outstanding commitments totaling $18.39 billion to extend credit, consisting primarily of loans closed but not yet funded. These commitments may or may not fund in whole or part prior to maturity; however, such funding is subject to a number of factors, including, among others, economic conditions, real estate market conditions and competitive factors.

The following table shows the contractual maturities of such outstanding loan commitments as of the date indicated.

Contractual Maturities at June 30, 2025

Year of Maturity	Amount
	(Dollars in thousands)
2025	$ 2,128,355
2026	4,833,107
2027	4,440,947
2028	3,918,479
2029	2,524,595
Thereafter	546,475
Total	$ 18,391,958

The Bank's right-of-use asset (net of accumulated depreciation), which totaled $157.9 million at June 30, 2025 and $59.5 million at December 31, 2024, is included in premises and equipment, and the Bank's lease liability, which totaled $162.4 million at June 30, 2025 and $64.0 million at December 31, 2024, is included in accrued interest payable and other liabilities on the Bank's consolidated balance sheet. The Bank's leases are comprised primarily of building and ground leases associated with certain branch locations or loan production offices. These lease agreements include future minimum lease payments on non-cancelable leases in excess of one year. For the remainder of 2025 the Bank's minimum lease payments are expected to be approximately $4 million. For 2026 through 2029 the Bank's annual minimum lease payments are expected to be in the range of $12 million to $13 million. Beyond 2029, the Bank's lease payments are expected to total approximately $234 million in the aggregate.

The Bank is a party as both plaintiff and defendant in various legal or regulatory proceedings or claims, including claims related to employment, wage-hour and labor law claims, consumer and privacy claims, as well as claims of lender liability, breach of contract, and other similar lending-related claims encountered on a routine basis, some of which may be styled as "class action" or representative cases. While the ultimate resolution of these claims and proceedings cannot be determined at this time, management believes that such claims and proceedings, individually or in the aggregate, will not have a material adverse effect on the Bank's financial condition or results of operations.

9. Investments in Tax Credits and SBICs

The Bank invests in certain tax credit investments and partnerships generally within the areas we serve. The majority of these investments provide funds for the construction and development of affordable housing, which provide low income housing tax credits ("LIHTC") that are normally recognized over approximately ten years and are an important part in the anticipated yield from these investments. The Bank is a limited partner or non-managing member in each LIHTC limited partnership or limited liability company. Each of these entities is managed by an unrelated third-party general partner or managing member who exercises significant control over the operations and finances of the entity. The general partner or managing member has all the rights, powers and authority granted or permitted to be granted to a general partner of a limited partnership or managing member of a limited liability company. In addition to our LIHTC investments, we also have investments in renewable energy and other tax credits. As of June 30, 2025, the carrying value of tax credit investments and renewable energy partnerships was approximately $514.2 million and is included in other assets on the consolidated balance sheet. The portion of tax credit investments that are unfunded and included in other liabilities totaled approximately $238.7 million and are expected to be funded over the terms of the agreements ranging from 2025 to 2041.

The Bank also has investments in Small Business Investment Companies ("SBIC") that provide funds to qualifying small businesses, and Community Development Companies ("CDC") that provide funding for the purpose of community development through investments, lending, and credit assistance. As of June 30, 2025, the carrying value of our investments in SBICs and CDCs was approximately $83.0 million and is included in other assets on the consolidated balance sheet. The portion of our investments in SBICs and CDCs that are unfunded totaled approximately $99.2 million and are expected to be funded over the terms of the agreements ranging from 2025 to 2030.

The following table shows the expected payments for unfunded tax credit, SBIC and CDC investments as of the date indicated.

Expected Payments at June 30, 2025			
	Tax Credits	SBICs and CDCs	Total
		(Dollars in thousands)	
2025	$ 89,743	$ 19,836	$ 109,579
2026	86,829	40,089	126,918
2027	52,888	20,737	73,625
2028	3,432	12,514	15,946
2029	763	5,740	6,503
Thereafter	5,016	300	5,316
Total	$ 238,671	$ 99,216	$ 337,887

For the three and six months ended June 30, 2025, the Bank's provision for income taxes included the recognition of amortization expense on tax credit investments of $26.7 million and $38.9 million and tax credits and other benefits of $33.4 million and $48.5 million.

10. Stock-Based Compensation

The Bank maintains a stock-based compensation plan ("Omnibus Plan") which allows the Bank to award stock options, stock appreciative rights, restricted stock, restricted stock units, or other stock-based awards to directors, executives and employees that are eligible to participate in the Omnibus Plan. The Bank has granted restricted stock and PSUs as its primary stock-based incentive awards.

Stock-based compensation expense for restricted stock awards and PSUs included in non-interest expense was $6.2 million and $5.6 million for the three months ended June 30, 2025 and 2024, respectively, and $12.2 million and $10.3 million for the six months ended June 30, 2025 and 2024, respectively. Unrecognized compensation expense for non-vested restricted stock awards and PSUs was $39.9 million at June 30, 2025 and is expected to be recognized over a weighted-average period of approximately 2.0 years.

11. Fair Value Measurements

The Bank measures certain of its assets and liabilities on a fair value basis using various valuation techniques and assumptions, depending on the nature of the asset or liability. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Additionally, fair value is used either on a periodic basis, typically at least quarterly, or on a non-recurring basis to evaluate certain assets and liabilities for impairment or for disclosure purposes. At June 30, 2025 and December 31, 2024, the Bank had no material liabilities that were accounted for at fair value.

The Bank applies the following fair value hierarchy.

Level 1 – Quoted prices for identical instruments in active markets.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model derived valuations whose inputs are observable.

Level 3 – Instruments whose inputs are unobservable.

The following table sets forth the Bank's assets that are accounted for at fair value as of the dates indicated.

	Level 1	Level 2	Level 3	Total
		(Dollars in thousands)		
June 30, 2025:				
Investment securities:				
U.S. Government agency mortgage-backed securities	$ —	$ 1,335,705	$ —	$ 1,335,705
Obligations of state and political subdivisions	—	1,457,323	5,834	1,463,157
Corporate obligations	—	23,344	—	23,344
Total investment securities	—	2,816,372	5,834	2,822,206
Nonaccrual loans	—	—	41,728	41,728
Foreclosed assets	—	—	159,894	159,894
Total	$ —	$ 2,816,372	$ 207,456	$ 3,023,828
December 31, 2024:				
Investment securities:				
U.S. Government agency mortgage-backed securities	$ —	$ 1,256,471	$ —	$ 1,256,471
Obligations of state and political subdivisions	—	1,419,053	6,643	1,425,696
Other U.S. Government agency securities	—	129,718	—	129,718
Corporate obligations	—	24,265	—	24,265
Total investment securities	—	2,829,507	6,643	2,836,150
Nonaccrual loans	—	—	115,706	115,706
Foreclosed assets	—	—	69,381	69,381
Total	$ —	$ 2,829,507	$ 191,730	$ 3,021,237

The following table presents information on Level 3 non-recurring fair value measurements as of the date indicated.

Description	Fair Value at June 30, 2025	Technique	Unobservable Inputs
	(Dollars in thousands)		
Nonaccrual Loans	$ 41,728	Third party appraisal[(1)] or discounted cash flows	1. Management discount based on underlying collateral characteristics and market conditions 2. Life of loan
Foreclosed Assets	$ 159,894	Third party appraisal,[(1)] broker price opinions and/or discounted cash flows	1. Management discount based on underlying collateral characteristics and market conditions 2. Discount rate 3. Holding period

(1) The Bank utilizes valuation techniques consistent with the market, cost, and income approaches, or a combination thereof in determining fair value.

The following table presents the carrying amounts, estimated fair values and the fair value hierarchy of the Bank's financial instruments as of the dates indicated.

		June 30, 2025		December 31, 2024	
	Fair Value Hierarchy	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
		(Dollars in thousands)			
Financial assets:					
Cash and cash equivalents	Level 1	$ 2,705,945	$ 2,705,945	$ 2,781,101	$ 2,781,101
Investment securities	Levels 2 and 3	2,822,206	2,822,206	2,836,150	2,836,150
Loans, net of ALL[(1)]	Level 3	32,486,420	32,395,841	29,503,320	29,295,969
Financial liabilities:					
Demand, savings and interest bearing transaction deposits	Level 1	$ 14,920,159	$ 14,920,159	$ 13,724,266	$ 13,724,266
Time deposits	Level 2	18,601,921	18,585,953	17,318,806	17,314,401
Other borrowings	Level 2	800,589	800,589	420,813	420,813
Subordinated notes	Level 2	348,978	308,473	348,575	292,809
Subordinated debentures	Level 2	113,652	105,170	113,652	101,637

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

The following methods and assumptions were used to estimate the fair value of the Bank's assets, liabilities and financial instruments.

Cash and cash equivalents – For these short-term instruments, the carrying amount of cash and cash equivalents, including interest earning deposits and due from banks, is a reasonable estimate of fair value.

Investment securities – The Bank utilizes independent third parties as its principal pricing sources for determining fair value of investment securities which are measured on a recurring basis. As a result, the Bank receives estimates of fair value from at least two independent pricing sources for the majority of its individual securities within its investment portfolio. For investment securities traded in an active market, fair values are based on quoted market prices if available. If quoted market prices are not available, fair values are based on quoted market prices of comparable securities, broker quotes, comprehensive interest rate tables, pricing matrices or a combination thereof. For investment securities traded in a market that is not active, fair value is determined using unobservable inputs. All fair value estimates of the Bank's investment securities are reviewed on a quarterly basis.

Loans – The fair value of loans is estimated by discounting the expected future cash flows using the current rate at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities.

Nonaccrual loans – Fair values are measured on a non-recurring basis and are based on the estimated underlying collateral value of the nonaccrual loan, reduced for holding and selling costs, or the estimated discounted cash flows for such loan. At June 30, 2025, the Bank had reduced the carrying value of its nonaccrual loans, which totaled $58.5 million, to the estimated fair value of $41.7 million by including $16.8 million of ACL allocations.

Foreclosed assets – Repossessed personal properties and real estate acquired through or in lieu of foreclosure are measured on a non-recurring basis and are initially recorded at fair value less estimated cost to sell at the date of repossession or foreclosure. Valuations of these assets are periodically reviewed by management with the carrying value of such assets adjusted through non-interest expense to the then estimated fair value net of estimated selling costs.

Deposit liabilities – The fair value of demand deposits, savings accounts, money market deposits and other transaction accounts is the amount payable on demand at the reporting date. The fair value of fixed maturity time deposits is estimated discounting the expected future cash flows using the current rates available for deposits of similar remaining maturities.

Other borrowed funds – For these short-term instruments, the carrying amount is a reasonable estimate of fair value.

Subordinated notes – The fair values of these instruments are based upon observable market inputs.

Subordinated debentures – The fair values of these instruments are based primarily upon discounted cash flows using rates for securities with similar terms and remaining maturities.

Off-balance sheet instruments – The fair values of letters of credit are based on fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements. The fair values of outstanding letters of credit were not material at June 30, 2025 or December 31, 2024.

The fair values of certain of these instruments were calculated by discounting expected cash flows, which contain numerous uncertainties and involve significant judgments by management. Fair value is the estimated amount at which financial assets or liabilities could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. Because no market exists for certain of these financial instruments, the Bank does not know whether these fair values represent values at which the respective financial instruments could be sold individually or in the aggregate.

12. Changes In and Reclassifications From Accumulated Other Comprehensive Income ("AOCI")

The following table presents changes in AOCI for the periods indicated.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(Dollars in thousands)			
Beginning balance of AOCI – unrealized gains and (losses) on investment securities AFS	$ (69,275)	$ (107,207)	$ (76,136)	$ (97,374)
Other comprehensive income (loss):				
Unrealized gains and (losses) on investment securities	1,203	8,182	9,888	(4,633)
Tax effect of unrealized gains and losses on investment securities AFS	(150)	(1,914)	(1,974)	1,068
Total other comprehensive income (loss)	1,053	6,268	7,914	(3,565)
Ending balance of AOCI – unrealized gains and (losses) on investment securities AFS	$ (68,222)	$ (100,939)	$ (68,222)	$ (100,939)

13. Other Operating Expenses

The following table is a summary of other operating expenses for the periods indicated.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(Dollars in thousands)			
Software and data processing	$ 11,008	$ 12,159	$ 20,885	$ 23,274
Deposit insurance and assessments	6,605	5,309	13,380	13,559
Professional and outside services	6,473	6,683	12,782	12,652
Advertising and public relations	4,572	6,888	8,623	10,785
Other	19,604	14,582	38,901	31,126
Total other operating expenses	$ 48,262	$ 45,621	$ 94,571	$ 91,396

14. Recent Accounting Pronouncements

On December 14, 2023, the Financial Accounting Standards Board ("FASB") issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures.* ASU 2023-09 requires public business entities to, on an annual basis, disclose a tabular rate reconciliation using both percentage and reporting currency amounts with additional qualitative disclosures of individually significant reconciling items, if needed. ASU 2023-09 also requires all entities on an annual basis to disclose income taxes paid, net of refunds, disaggregated by jurisdiction (federal, state, and foreign). For public business entities, ASU 2023-09 is effective for annual periods beginning after December 15, 2024, though early adoption is permitted. The Bank is currently assessing the potential impact of ASU 2023-09 but does not expect it to have a significant impact on our financial statement disclosures.

On November 4, 2024, the FASB issued ASU 2024-03, *Income Statement: Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40)* ("ASU 2024-03"). ASU 2024-03 will require public business entities to disclose disaggregated information about certain expense categories in the notes to the financial statements at interim and annual reporting periods. For public business entities, ASU 2024-03 is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. The Bank is currently assessing the potential impact of ASU 2024-03 but does not expect it to have a significant impact on our financial statement disclosures.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Unless the context otherwise requires, references in this quarterly report on Form 10-Q to terms such as "Bank," "we," "us," and "our" refer to Bank OZK (the "Bank") and its consolidated subsidiaries.

FORWARD-LOOKING INFORMATION

This quarterly report on Form 10-Q, including Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"), other public filings made by us and other oral and written statements or reports by us and our management include certain statements that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements can be identified by the fact that they do not relate strictly to historical or current facts. Forward-looking statements often use words such as "anticipates," "targets," "expects," "hopes," "estimates," "intends," "plans," "goals," "believes," "continue" and other similar expressions or future or conditional verbs such as "will," "may," "might," "should," "would" and "could." Forward-looking statements represent the Bank's current expectations, plans or forecasts of its future results, revenues, liquidity, net interest income, provision for credit losses, expenses, efficiency ratio, capital measures, strategy, deposits, assets, and future business and economic conditions more generally, and other future matters. 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 hiring or retaining qualified personnel, obtaining regulatory or other approvals, acquiring satisfactory sites, obtaining permits and designing, constructing and opening new offices or 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; 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 federal or state laws and regulatory requirements or changes to existing federal or state laws and regulatory requirements, including changes affecting oversight of the financial services industry; changes intended to manage or mitigate climate and related environmental risks, changes in the interpretation and enforcement of such laws and requirements, changes as a result of the recent U.S. presidential, congressional, state and local elections, and the costs and expenses to comply with new and/or existing legislation and regulatory requirements; impacts of potential changes in U.S. tax, tariff and immigration laws, regulations and policies and changes in state and local tax laws, regulations and policies; uncertainty regarding changes in U.S. government monetary and fiscal policy; the impact of any U.S. federal government shutdown or budgetary crisis; Federal Deposit Insurance Corporation ("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 cyber-attacks or an increase in the incidence or severity of fraud, illegal payments, security breaches or other illegal acts impacting the Bank or our 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 conflicts; the 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, 2024 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.

FINANCIAL HIGHLIGHTS

The selected financial highlights are derived from our unaudited consolidated financial data as of and for the three and six months ended June 30, 2025 and 2024. These highlights are qualified in their entirety by our consolidated financial statements and related notes presented in Part I, Item 1 – Financial Statements in this quarterly report on Form 10-Q.

SELECTED FINANCIAL HIGHLIGHTS

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(Dollars in thousands, except per share amounts)			
Income statement data:				
Net interest income	$ 396,746	$ 387,994	$ 771,255	$ 764,928
Provision for credit losses	35,215	49,012	73,632	91,935
Non-interest income	31,291	28,782	66,016	57,867
Non-interest expense	153,163	137,451	300,117	270,764
Net income	183,003	177,535	354,974	353,091
Preferred stock dividends	4,047	4,047	8,094	8,094
Net income available to common stockholders	178,931	173,496	346,843	344,987
Pre-tax pre-provision net revenue ("PPNR")(1)	274,874	279,325	537,154	552,031
Common share and per common share data:				
Diluted earnings per common share	$ 1.58	$ 1.52	$ 3.05	$ 3.03
Book value per common share	49.59	44.67	49.59	44.67
Tangible book value per common share(1)	43.72	38.85	43.72	38.85
Common stock dividends per share	0.43	0.39	0.85	0.77
Weighted-average diluted shares outstanding (thousands)	113,307	113,995	113,773	113,954
End of period shares outstanding (thousands)	112,641	113,465	112,641	113,465
Balance sheet data at period end:				
Total assets	$ 41,454,390	$ 36,836,173	$ 41,454,390	$ 36,836,173
Loans	33,005,054	28,673,685	33,005,054	28,673,685
Allowance for loan losses	518,634	407,079	518,634	407,079
Foreclosed assets	159,894	71,023	159,894	71,023
Investment securities – AFS	2,822,206	2,981,929	2,822,206	2,981,929
Deposits	33,522,080	29,943,663	33,522,080	29,943,663
Unfunded loan commitments	18,391,958	19,737,557	18,391,958	19,737,557
Reserve for losses on unfunded loan commitments	147,132	167,022	147,132	167,022
Total common stockholders' equity(1)	5,585,895	5,068,820	5,585,895	5,068,820
Total tangible common stockholders' equity(1)	4,925,106	4,408,031	4,925,106	4,408,031
Total tangible common stockholders' equity to total tangible assets(1)	12.07%	12.19%	12.07%	12.19%
Loan to deposit ratio	98.46%	95.76%	98.46%	95.76%
Average balance sheet data:				
Total average assets	$ 39,754,292	$ 36,339,384	$ 39,065,100	$ 35,770,272
Total average common stockholders' equity(1)	5,527,680	4,992,004	5,483,873	4,931,720
Performance ratios:				
Return on average assets(1)(2)	1.81%	1.92%	1.79%	1.94%
Return on average common stockholders' equity(1)(2)	12.98	13.98	12.75	14.07
Return on average tangible common stockholders' equity(1)(2)	14.75	16.11	14.50	16.24
Net interest margin – FTE(2)	4.36	4.68	4.34	4.70
Efficiency ratio	35.46	32.74	35.53	32.67
Asset quality ratios:				
Net charge-offs to average loans(2)	0.10%	0.17%	0.18%	0.14%
Nonperforming loans to total loans	0.18	0.30	0.18	0.30
Nonperforming assets to total assets	0.53	0.42	0.53	0.42
Allowance for loan losses to loans	1.57	1.42	1.57	1.42
Allowance for credit losses to loans and unfunded loan commitments	1.30	1.19	1.30	1.19
Capital ratios at period end:				
Common equity tier 1	11.13%	10.91%	11.13%	10.91%
Tier 1 risk based capital	11.89	11.74	11.89	11.74
Total risk based capital	14.17	14.12	14.17	14.12
Tier 1 leverage	13.59	13.52	13.59	13.52

(1) Reconciliation and calculations of non-GAAP financial measures are included within this MD&A.
(2) Ratios for interim periods annualized based on actual days.

CURRENT MACROECONOMIC CONDITIONS

The recent increased uncertainty around trade, tariffs, immigration, geopolitical matters, and reducing the size and expenditures of the federal government, among other factors, has contributed to significant volatility in U.S. financial markets. The ultimate impact of this elevated uncertainty and market volatility on the U.S. economy, our customers and our business is not yet clear, but possible impacts include recession, inflationary pressures, supply chain disruptions, and various other outcomes. Our customers could be adversely impacted by these factors, which could affect the volume and profitability of the business they do with us, their willingness or ability to repay their loans, and the value of collateral securing their loans. This could have a material adverse effect on our business, financial condition and results of operations. We expect the macroeconomic environment to remain dynamic in the near-term.

GENERAL

The following discussion explains our financial condition and results of operations as of and for the three and six months ended June 30, 2025. The purpose of this discussion is to focus on information about our financial condition and results of operations which is not otherwise apparent from the consolidated financial statements and related notes. The following discussion and analysis should be read in conjunction with the consolidated financial statements and related notes presented in Part 1, Item 1 – Financial Statements in this quarterly report on Form 10-Q and in our annual report on Form 10-K for the year ended December 31, 2024. Annualized results for these interim periods may not be indicative of results for the full year or future periods.

We provide a wide range of retail and commercial banking services through over 250 offices in Arkansas, Georgia, Florida, North Carolina, Texas, Tennessee, California, New York and Mississippi. Our results of operations depend primarily on net interest income, which is the difference between the interest income from earning assets, such as loans and investments, and the interest expense incurred on interest bearing liabilities, such as deposits, borrowings, subordinated notes and subordinated debentures. We also generate non-interest income, including, among others, deposit-related fees, loan-related fees, BOLI income, trust income, gains on sales of other assets and net gains on investment securities. Our non-interest expense consists primarily of employee compensation and benefits, net occupancy and equipment and other operating expenses. Our results of operations are significantly affected by our provision for credit losses and our provision for income taxes.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates, assumptions and judgments that affect the amounts reported in the consolidated financial statements. Our determination of (i) the provision for and the adequacy of our allowance for credit losses ("ACL"), (ii) the fair value of our investment securities portfolio, and (iii) accounting for our income taxes all involve a higher degree of judgment and complexity than our other significant accounting policies. Accordingly, we consider each of these to be critical accounting estimates. A detailed discussion of our critical accounting estimates is included in our annual report on Form 10-K for the year ended December 31, 2024. There has been no change in our critical accounting estimates and no material change in the application of critical accounting estimates as presented in our annual report on Form 10-K for the year ended December 31, 2024.

ANALYSIS OF RESULTS OF OPERATIONS

General

Net income available to our common stockholders was $178.9 million for the second quarter and $346.8 million for the first six months of 2025, compared to $173.5 million for the second quarter and $345.0 million for the first six months of 2024. Diluted earnings per common share were $1.58 for the second quarter and $3.05 for the first six months of 2025, compared to $1.52 for the second quarter and $3.03 for the first six months of 2024.

Our annualized return on average assets was 1.81% for the second quarter and 1.79% for the first six months of 2025 compared to 1.92% for the second quarter and 1.94% for the first six months of 2024. Our annualized return on average common stockholders' equity was 12.98% for the second quarter and 12.75% for the first six months of 2025 compared to 13.98% for the second quarter and 14.07% for the first six months of 2024. Our annualized return on average tangible common stockholders' equity was 14.75% for the second quarter and 14.50% for the first six months of 2025 compared to 16.11% for the second quarter and 16.24% for the first six months of 2024. The calculations of our average common stockholders' equity, average tangible common stockholders' equity and our annualized return on average common stockholders' equity and average tangible common stockholders' equity and the reconciliations to GAAP are included under the heading "Capital Management" in this MD&A.

Total assets were $41.45 billion at June 30, 2025 compared to $38.26 billion at December 31, 2024. Total loans were $33.01 billion at June 30, 2025 compared to $29.97 billion at December 31, 2024. Deposits were $33.52 billion at June 30, 2025 compared to $31.04 billion at December 31, 2024.

Common stockholders' equity was $5.59 billion at June 30, 2025 compared to $5.37 billion at December 31, 2024. Tangible common stockholders' equity was $4.93 billion at June 30, 2025 compared to $4.71 billion at December 31, 2024. Total common stockholders' equity to total assets was 13.47% at June 30, 2025, compared to 14.03% at December 31, 2024. Total tangible common stockholders' equity to total tangible assets was 12.07% at June 30, 2025, compared to 12.52% at December 31, 2024. Book value per common share was $49.59 at June 30, 2025 compared to $47.30 at December 31, 2024. Tangible book value per common share was $43.72 at June 30, 2025 compared to $41.48 at December 31, 2024. The calculations of our common stockholders' equity, tangible common stockholders' equity, ratio of total common stockholders' equity to total assets, 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 under the heading "Capital Management" in this MD&A.

Net Interest Income

Net interest income is our largest source of revenue and represents the amount by which interest income from interest earning assets exceeds the interest expense incurred on interest bearing liabilities. Net interest income is affected by many factors, including our volume and mix of average earning assets; our volume and mix of deposits and other interest bearing liabilities; our net interest margin; and other factors.

Net interest income and net interest margin are analyzed in this discussion on a fully taxable equivalent ("FTE") basis. The adjustment to convert net interest income to an FTE basis consists of dividing tax-exempt interest income by one minus the statutory federal income tax rate of 21%. The FTE adjustments to net interest income were $3.9 million and $3.0 million for the three months ended June 30, 2025 and 2024, respectively, and $7.5 million and $6.1 million for the six months ended June 30, 2025 and 2024, respectively. No adjustments have been made in this analysis for income exempt from state income taxes or for interest expense deductions disallowed under the provisions of the Internal Revenue Code as a result of investments in certain tax-exempt securities.

Net interest income for the second quarter of 2025 increased 2.47% to $400.7 million compared to $391.0 million for the second quarter of 2024. Net interest income for the first six months of 2025 increased 1.01% to $778.8 million compared to $771.0 million for the first six months of 2024. The increase in net interest income for the second quarter and first six months of 2025 was primarily due to the growth in our average earning assets more than offsetting the impact of the decrease in our net interest margin for the same periods in 2025.

Our net interest margin was 4.36% for the second quarter of 2025 compared to 4.68% for the second quarter of 2024 and 4.34% for the first six months of 2025 compared to 4.70% for the first six months of 2024. The decrease in our net interest margin for the second quarter and first six months of 2025 was primarily due to the decrease in the yield on our total interest earning assets, partially offset by the decrease in rate paid on total interest bearing liabilities. If the Fed leaves rates unchanged, we believe our net interest margin should remain in or near the range of the last three quarters. If the Fed reduces interest rates, we anticipate our loan yields would decrease faster than our deposit costs, likely resulting in some decrease in our net interest margin at least until time deposits reprice and/or floor rates are reached on more variable rate loans. If the Fed increases interest rates, we anticipate our loan yields would increase faster than our deposits costs, likely resulting in some increase in our net interest margin until time deposits reprice.

The yield on our total earning assets was 7.32% for the second quarter and 7.30% for the first six months of 2025 compared to 8.04% for the second quarter and 7.98% for the first six months of 2024. The decrease in the yield on earning assets for the second quarter and first six months of 2025 was primarily attributable to the decreases in the yield on our loans, and, to a lesser extent, interest earning deposits, partially offset by an increase in the yield on investment securities compared to the same periods in 2024.

The yield on our loan portfolio decreased 98 bps to 7.78% for the second quarter and 94 bps to 7.79% for the first six months of 2025 compared to 8.76% for the second quarter and 8.73% for the first six months of 2024. The decrease in the yield on our loan portfolio for the second quarter and first six months of 2025 compared to the second quarter and first six months of 2024, was due to the impact of the cumulative 100 basis point decrease in the federal funds rate during the last four months of 2024 on our predominately variable-rate loan portfolio. At June 30, 2025, approximately 87% of the total commitment of our loans had variable rates, of which 84% were tied to 1-month term Secured Overnight Financing Rate ("SOFR"), 13% to Wall Street Journal Prime Rate ("WSJ Prime") and 3% to other indexes. At June 30, 2025, approximately 95% of our total commitment of variable rate loans had floor rates.

The yield on our interest earning deposits decreased 96 bps to 4.36% for the second quarter and 98 bps to 4.34% for the first six months of 2025 compared to 5.32% for the second quarter and first six months of 2024. The decrease in the yield on our interest earning deposits during the second quarter and first six months of 2025 compared to the second quarter and first six months of 2024 was due to the cumulative 100 basis point decrease in the federal funds rate during the second half of 2024.

The yield on our investment securities increased 122 bps to 4.27% for the second quarter and 116 bps to 4.15% for the first six months of 2025 compared to 3.05% for the second quarter and 2.99% for the first six months of 2024. The increase in the yield on our investment securities was due to a significant volume of lower yielding bond maturities and new purchases at more favorable rates during the second quarter and first six months of 2025 compared to the same periods in 2024. During the second quarter and first six months of 2025, the Bank purchased $220.9 million and $653.0 million of investment securities, respectively, compared to $19.5 million and $29.5 million, respectively, during the second quarter and first six months of 2024.

The rates paid on our total interest bearing liabilities decreased 55 bps to 3.70% for the second quarter and 47 bps to 3.73% for the first six months of 2025 compared to 4.25% for the second quarter and 4.20% for the first six months of 2024. The decrease in rates on interest bearing liabilities for the second quarter and first six months of 2025 compared to the same period in 2024 was primarily due to a decrease in rates paid on our interest bearing deposits.

Our cost of interest bearing deposits (“COIBD”) decreased 54 bps to 3.70% for the second quarter and 46 bps to 3.74% for the first six months of 2025 compared to 4.24% for the second quarter and 4.20% for the first six months of 2024. The decreases reflect our COIBD catching up with earlier reductions in variable rate loan yields. Any further reductions in our COIBD will likely be minimal until the federal funds target rate is cut again.

Our other borrowing sources include (i) other borrowings, comprised primarily of FHLB advances and federal funds purchased, (ii) subordinated notes and (iii) subordinated debentures. The rates on our other borrowings decreased 130 bps to 3.66% during the second quarter and 137 bps to 3.29% for the first six months of 2025 compared to 4.96% for the second quarter and 4.66% for the first six months of 2024. The decrease in the rates on our other borrowings is primarily due to decreases in the federal funds rate as well as an increase in capitalized interest related to the construction of new branches in 2025, which reduced the interest expense and rates paid on our other borrowings. The decrease in the rates paid on subordinated debentures for the second quarter and first six months of 2025 was due to a decrease in the 3-month term SOFR rates compared to the same periods in 2024.

The increase in the average balance of total earning assets for the second quarter and first six months of 2025 compared to the same period in 2024 was primarily due to an increase in loans, offset by decreases in the average balance of interest earning deposits and investment securities. The increase in the average balance of total interest bearing liabilities for the second quarter and first six months of 2025 compared to the same period in 2024 was primarily due to an increase in the average balance of total interest bearing deposits. We increased the average balance of total interest bearing liabilities during the second quarter and first six months in 2025 to fund the increase in our average total earning assets.

The following table sets forth certain information relating to our average balances of assets and liabilities and our net interest income for the periods indicated.

Average Consolidated Balance Sheets and Net Interest Analysis – FTE

	Three Months Ended June 30,						Six Months Ended June 30,					
	2025			2024			2025			2024		
	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	$ 1,979,182	$ 21,499	4.36%	$ 2,013,116	$ 26,604	5.32%	$ 1,970,726	$ 42,432	4.34%	$ 1,937,493	$ 51,210	5.32%
Investment securities:												
Taxable	1,572,336	12,986	3.31	1,877,176	8,793	1.88	1,617,092	26,175	3.26	1,965,078	18,126	1.85
Tax-exempt – FTE[1]	1,370,401	18,317	5.36	1,143,254	14,111	4.96	1,349,073	34,842	5.21	1,157,685	28,254	4.91
Loans - FTE	31,922,334	619,479	7.78	28,544,043	621,364	8.76	31,287,959	1,208,148	7.79	27,959,019	1,213,366	8.73
Total earning assets – FTE[1]	36,844,253	672,281	7.32	33,577,589	670,872	8.04	36,224,850	1,311,597	7.30	33,019,275	1,310,956	7.98
Non-interest earning assets	2,910,039			2,761,795			2,840,250			2,750,997		
Total assets	$39,754,292			$36,339,384			$39,065,100			$35,770,272		
LIABILITIES AND STOCKHOLDERS' EQUITY												
Interest bearing liabilities:												
Deposits:												
Savings and interest bearing transaction	$10,281,055	$ 69,302	2.70%	$ 9,277,131	$ 68,593	2.97%	$10,270,007	$ 137,042	2.69%	$ 9,229,938	$ 135,494	2.95%
Time deposits	18,217,108	193,262	4.26	16,385,329	202,211	4.96	17,712,445	381,327	4.34	15,930,851	389,632	4.92
Total interest bearing deposits	28,498,163	262,564	3.70	25,662,460	270,804	4.24	27,982,452	518,369	3.74	25,160,789	525,126	4.20
Other borrowings[2]	484,468	4,426	3.66	321,521	3,964	4.96	323,959	5,292	3.29	203,281	4,715	4.66
Subordinated notes	348,880	2,603	2.99	348,066	2,603	3.01	348,779	5,177	2.99	347,965	5,177	2.99
Subordinated debentures	113,652	2,003	7.07	121,652	2,471	8.17	113,652	3,986	7.07	121,652	4,944	8.17
Total interest bearing liabilities	29,445,163	271,596	3.70	26,453,699	279,842	4.25	28,768,842	532,824	3.73	25,833,687	539,962	4.20
Non-interest bearing liabilities:												
Non-interest bearing deposits	3,780,192			3,893,094			3,803,311			3,996,931		
Other non-interest bearing liabilities	661,909			660,618			669,635			667,969		
Total liabilities	33,887,264			31,007,411			33,241,788			30,498,587		
Total stockholders' equity before noncontrolling interest	5,866,660			5,330,984			5,822,853			5,270,700		
Noncontrolling interest	368			989			459			985		
Total liabilities and stockholders' equity	$39,754,292			$36,339,384			$39,065,100			$35,770,272		
Net interest income – FTE		$ 400,685			$ 391,030			$ 778,773			$ 770,994	
Net interest margin – FTE			4.36%			4.68%			4.34%			4.70%

[1] Net interest income and net interest margin are analyzed on a FTE basis. For the three months ended June 30, 2025 and 2024, the total FTE adjustments included in the analysis above were $3.9 million and $3.0 million, respectively. For the six months ended June 30, 2025 and 2024, the total FTE adjustments included in the analysis above were $7.5 million and $6.1 million, respectively.

[2] The interest expense and the rates paid related to "other borrowings" include capitalized interest which totaled $1.0 million and $1.9 million for the second quarter and first six months of 2025 compared to capitalized interest of $0.5 million and $0.8 for the second quarter and first six months of 2024. Excluding capitalized interest from the "other borrowings" expense calculation would result in a rate of 4.47% and 4.50% for the second quarter and first six months of 2025 and 5.64% and 5.54% for the second quarter and first six months of 2024.

Average balances in the previous table are derived from daily average balances for such assets and liabilities. The yields and rates are derived by dividing interest income or interest expense by the average balance of the related assets or liabilities, respectively. The average balances of investment securities are computed based on amortized cost adjusted for unrealized gains and losses on investment securities. The yields on investment securities include amortization of premiums and accretion of discounts. The average balance of loans includes loans on which we have discontinued accruing interest. The yields on loans include late fees, any prepayment penalties, yield maintenance or minimum interest provisions on loan repayments and amortization or accretion of certain deferred fees, origination costs, and dealer fees (for indirect loans). Interest expense on our other borrowing sources is presented net of interest capitalized on construction projects. Our subordinated debentures and our subordinated notes include the amortization of debt issuance costs, if any.

The following table reflects how changes in the volume of interest earning assets and interest bearing liabilities and changes in interest rates have affected our interest income – FTE, interest expense and net interest income – FTE for the periods indicated. Information is provided in each category with respect to changes attributable to (1) changes in volume (changes in volume multiplied by prior yield/rate); (2) changes in yield/rate (changes in yield/rate multiplied by prior volume); and (3) changes in both yield/rate and volume (changes in yield/rate multiplied by changes in volume). The changes attributable to the combined impact of yield/rate and volume have all been allocated to the changes due to volume.

Analysis of Changes in Net Interest Income – FTE

	Three Months Ended June 30, 2025 Over Three Months Ended June 30, 2024			Six Months Ended June 30, 2025 Over Six Months Ended June 30, 2024		
	Volume	Yield/Rate	Net Change	Volume	Yield/Rate	Net Change
	(Dollars in thousands)					
Increase (decrease) in:						
Interest income – FTE:						
Interest earning deposits	$ (369)	$ (4,736)	$ (5,105)	$ 716	$ (9,494)	$ (8,778)
Investment securities:						
Taxable	(2,518)	6,711	4,193	(5,633)	13,682	8,049
Tax-exempt – FTE	3,036	1,170	4,206	4,943	1,645	6,588
Loans – FTE	65,892	(67,777)	(1,885)	128,543	(133,761)	(5,218)
Total interest income – FTE	66,041	(64,632)	1,409	128,569	(127,928)	641
Interest expense:						
Savings and interest bearing transaction	6,767	(6,058)	709	13,879	(12,331)	1,548
Time deposits	19,433	(28,382)	(8,949)	38,355	(46,660)	(8,305)
Other borrowings	1,489	(1,027)	462	1,967	(1,390)	577
Subordinated notes	6	(6)	—	12	(12)	—
Subordinated debentures	(141)	(327)	(468)	(281)	(677)	(958)
Total interest expense	27,554	(35,800)	(8,246)	53,932	(61,070)	(7,138)
Increase (decrease) in net interest income – FTE	$ 38,487	$ (28,832)	$ 9,655	$ 74,637	$ (66,858)	$ 7,779

Non-Interest Income

Our non-interest income consists primarily of deposit-related fees, loan-related fees, BOLI income, trust income, gains on sales of other assets and net gains on investment securities. Non-interest income for the second quarter and the first six months of 2025 was $31.3 million and $66.0 million compared to $28.8 million and $57.9 million for the second quarter and the first six months of 2024.

Deposit-related fees, our largest component of non-interest income, increased 1.0% to $11.0 million for the second quarter and increased 1.6% to 21.5 million for the first six months of 2025 compared to $10.9 million for the second quarter and $21.2 million for the first six months of 2024.

Loan-related fees, which includes fees that are not considered yield adjustments, increased 22.3% to $7.9 million for the second quarter and increased 31.9% to $16.9 million during the first six months of 2025 compared to $6.5 million for the second quarter and $12.8 million during the first six months of 2024. The increase in loan-related fees for the second quarter and first six months of 2025 was due to an increase in unused line fees and other loan fees, compared to the same periods in 2024.

BOLI income increased 4.4% to $5.9 million for the second quarter and increased 4.4% to $11.6 million for the first six months of 2025 compared to $5.6 million for the second quarter and $11.1 million for the first six months of 2024.

Trust income increased 41.5% to $2.9 million for the second quarter and 23.9% to $5.5 million for the first six months of 2025 compared to $2.1 million for the second quarter and $4.4 million for the first six months of 2024.

Gains on sales of other assets were $0.5 million for the second quarter and $1.3 million for the first six months of 2025 compared to $1.1 million for the second quarter and $1.5 million for the first six months of 2024. Gains on sales of other assets may vary significantly from period to period.

We had no net gains on investment securities for the second quarter and first six months of 2025 compared to net gains of $0.1 million during the second quarter and $0.5 million during the first six months of 2024. Gains or losses on sales of investment securities may vary significantly from period to period.

The following table presents non-interest income for the periods indicated.

Non-Interest Income

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(Dollars in thousands)			
Deposit-related fees:				
Overdraft fees	$ 3,310	$ 3,364	$ 6,592	$ 6,790
All other service charges	7,717	7,558	14,941	14,397
Loan-related fees	7,925	6,481	16,910	12,824
BOLI income	5,854	5,606	11,598	11,112
Trust income	2,946	2,082	5,460	4,406
Gains on sales of other assets	514	1,073	1,283	1,532
Net gains on investment securities	—	125	—	535
Other	3,025	2,493	9,232	6,271
Total non-interest income	$ 31,291	$ 28,782	$ 66,016	$ 57,867

Non-Interest Expense

Our non-interest expense consists of salaries and employee benefits, net occupancy and equipment and other operating expenses. Non-interest expense increased 11.4% to $153.2 million for the second quarter and increased 10.8% to $300.1 million for the first six months of 2025 compared to $137.5 million for the second quarter and $270.8 million for the first six months of 2024. Based on continued growth in our business, we expect our total non-interest expenses to continue to increase for the remaining quarters of 2025.

Salaries and employee benefits, our largest component of non-interest expense, increased 17.5% to $86.2 million in the second quarter and increased 17.8% to $168.4 million in the first six months of 2025 compared to $73.4 million in the second quarter and $143.0 million in the first six months of 2024. We have been very pleased with opportunities provided by the current environment to augment our team with numerous high-quality team members and with our success in identifying and opening strategic new branches. During the quarter just ended, our headcount increased by 109 employees to 3,205 FTE employees at June 30, 2025, an increase of 375 FTE employees, or 13.3%, compared to June 30, 2024. We expect further growth in headcount to support our anticipated growth in deposits, loans and other aspects of our business, including the continued expansion of our corporate and institutional banking group, consumer and small business lending and secondary market mortgage lending.

Net occupancy and equipment expenses increased 1.4% to $18.7 million for the second quarter and increased 2.0% to $37.1 million for the first six months of 2025 compared to $18.4 million for the second quarter and $36.4 million for the first six months of 2024. During the second quarter of 2025, we opened eight retail branches (seven new and one replacement branch), bringing the number of branches opened in the first half of 2025 to 11 (nine new and two replacement branches). We expect to open approximately 15 more branches in the second half of 2025 and approximately 25 more branches in 2026. Net occupancy and equipment expenses are expected to increase meaningfully in future quarters.

Our other operating expenses increased 5.8% to $48.3 million for the second quarter and increased 3.5% to $94.6 million for the first six months of 2025 compared to $45.6 million for the second quarter and $91.4 million for the first six months of 2024. The increase in our aggregate other operating expenses for the second quarter and first six months of 2025 was primarily due to increases in loan collection and repossession expenses, writedowns of foreclosed assets and other expenses which are contained within “other expenses”.

Our efficiency ratio (non-interest expense divided by the sum of net interest income – FTE and non-interest income) was 35.46% for the second quarter and 35.53% for the first six months of 2025 compared to 32.74% for the second quarter and 32.67% for the first six months of 2024.

The following table presents non-interest expense for the periods indicated.

Non-Interest Expense

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(Dollars in thousands)			
Salaries and employee benefits	$ 86,224	$ 73,409	$ 168,424	$ 142,973
Net occupancy and equipment	18,677	18,421	37,122	36,395
Other operating expenses:				
Software and data processing	11,008	12,159	20,885	23,274
Deposit insurance and assessments	6,605	5,309	13,380	13,559
Professional and outside services	6,473	6,683	12,782	12,652
Advertising and public relations	4,572	6,888	8,623	10,785
Other	19,604	14,582	38,901	31,126
Total non-interest expense	$ 153,163	$ 137,451	$ 300,117	$ 270,764

Pre-Tax Pre-Provision Net Revenue ("PPNR")

PPNR is a measure of earnings before provision for credit losses and income tax expense. We use PPNR, which is a non-GAAP financial measure, to measure our core earnings and trends. PPNR decreased 1.6% to $274.9 million for the second quarter and decreased 2.7% to $537.2 million during the first six months of 2025 compared to $279.3 million for the second quarter and $552.0 million for the first six months of 2024. The decrease in PPNR for the three months and six months ended June 30, 2025 compared to the same periods in 2024 was primarily the result of an increase in non-interest expense, which is analyzed in the MD&A under the caption "Non-Interest Expense." This non-GAAP financial measure should not be viewed as a substitute for financial measures determined in accordance with GAAP, nor is it necessarily comparable to non-GAAP financial measures that may be presented by other companies. The reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure is included in the following table for the periods indicated.

Calculation of Pre-Tax Pre-Provision Net Revenue

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(Dollars in thousands)			
Net income available to common stockholders	$ 178,931	$ 173,496	$ 346,843	$ 344,987
Preferred stock dividends	4,047	4,047	8,094	8,094
Earnings attributable to noncontrolling interest	25	(8)	37	10
Provision for income taxes	56,656	52,778	108,548	107,005
Provision for credit losses	35,215	49,012	73,632	91,935
Pre-tax pre-provision net revenue	$ 274,874	$ 279,325	$ 537,154	$ 552,031

Income Taxes

The provision for income taxes was $56.7 million for the second quarter and $108.5 million for the first six months of 2025 compared to $52.8 million for the second quarter and $107.0 million for the first six months of 2024. The effective income tax rate was 23.6% for the second quarter and 23.4% for the first six months of 2025 compared to 22.9% for the second quarter and 23.3% for the first six months of 2024.

ANALYSIS OF FINANCIAL CONDITION

RISK ELEMENTS

Risk is inherent in substantially all of the Bank's operations, and our business exposes us to strategic, credit, market (including interest rate), liquidity, operational, reputational, compliance and regulatory (including BSA/AML) risks. We use an enterprise-wide risk management framework to identify, measure, monitor, manage and report risks that affect or could affect the achievement of our strategic, financial and other goals and objectives. Accordingly, risk management is an essential element in managing our operations and is a key determinant of our overall performance. Our Board of Directors (the "Board") is responsible for approving our overall risk management framework, including our risk appetite for the aforementioned risk categories and risk tolerances for each of our key risks. The Board Risk Committee ("BRC"), which is a board-level committee, has been assigned oversight responsibility for our risk management processes. The BRC meets at least quarterly to monitor and review our various enterprise risk management policies and activities, review and approve our overall risk posture, and perform such other actions as detailed in its charter document. The BRC has appointed the Executive Risk Council ("ERC"), which is comprised of senior executives of the Bank and is chaired by our Chief Risk Officer ("CRO"), to assist BRC in the oversight of our enterprise risk management activities. The ERC, pursuant to its charter, has responsibility for reviewing and approving detailed risk management processes and procedures, monitoring the Bank's risk profile through each of our key performance and key risk indicators against our Board-approved risk thresholds and overall risk appetite, assessing current and emerging risks, monitoring our risk culture, overseeing compliance with regulatory expectations and requirements, and various other risk management functions and activities.

Our most significant risk exposure has traditionally been, and continues to be, credit risk from the extension of credit to our customers. In addition to credit risk, we are also exposed to risk from various other areas including liquidity risk, market and interest rate risks, strategic risk, compliance risk (including regulatory and BSA/AML risk), reputational risk and operational risk (including, among others, information technology risk, business resilience risk, model and data risk, third party vendor risk, fraud risk, legal risk and cybersecurity risk). Our BRC and/or our ERC review the framework, policies, procedures and processes employed by us to manage and monitor each of these risks, including strategies for reducing such risks to appropriate levels consistent with Board-approved risk appetite. Additionally, we use various other committees and management councils to monitor these risk categories.

Clearly defined roles and responsibilities are critical to the effective management of risk. We utilize the three lines of defense concept to clearly designate risk management activities throughout the Bank.

- First line of defense activities provide for the identification, acceptance and ownership of risks. These defense activities are typically executed by various lines of business personnel and owners.

- Second line of defense activities provide for objective oversight of our risk-taking activities and assessment of our aggregate risk levels. These defense activities are executed under the leadership and guidance of our Corporate Risk Management Group ("CRMG") and our CRO, who reports directly to our BRC.

- Third line of defense activities provide for independent reviews and assessments of first and second line of defense processes across the Bank, including those activities of our CRMG. These defense activities are executed by our Internal Audit department, which is led by our Chief Audit Executive, who reports directly to our Audit Committee.

While these various risk management activities help us to identify, measure, monitor, manage and report risks, such activities are not intended to, nor can they, eliminate all risk. Additionally, there is no assurance that such activities will identify or have identified all risks to which we are or might be exposed.

Credit Risk Management

Overview. Credit risk is defined as the risk that arises from the potential that a borrower or counterparty will fail to perform its financial or contractual obligations. Credit risk arises primarily from our lending activities, including our unfunded loan commitments comprised primarily of the unfunded balance of construction loans that have closed but have not yet funded. The Board is responsible for approving overall credit policies relating to the management of credit risk and the Bank's overall credit risk appetite, along with overseeing and monitoring credit risk. Our lending policies also contain various measures to limit concentration exposures, including customer and commercial real estate ("CRE") exposures for both funded balances and total commitment balances, as well as by property type and geography.

Our Loan Committee ("LC") has primary responsibility for monitoring our credit approval process. The LC consists of our Chairman & Chief Executive Officer ("CEO"), President, Chief Credit Officer ("CCO") and Chief Lending Officer ("CLO"). Loans and aggregate loan relationships exceeding $20 million up to the limits established by our Board must be approved by the LC. Our Portfolio Oversight Committee ("POC") oversees the performance and overall quality of our loan portfolio. The POC is comprised of three directors and is chaired by our CEO. At least quarterly, our Board and/or POC review various reports regarding our credit management activities including, but not limited to, summary reports of past due loans, classified and criticized loans, lending concentration reports, and various other loan and credit management reports.

Credit Management. The daily administration of our lending function is the responsibility of our LC. We maintain a tiered loan limit authorization system that grants lending authority commensurate with the officer's skill level and knowledge.

Oversight of credit risk is provided through loan policy and various other credit-related policies, clearly defined processes and detailed procedures in conjunction with our credit risk appetite. These policies, processes and procedures place emphasis on strong underwriting standards and detection of potential credit problems in order to develop and implement any necessary action plan(s) on a timely basis to mitigate potential losses and are carried out by our lenders and lending support personnel, our credit administration group, our underwriters and various other officers and personnel in the Bank that have credit management responsibilities. Additionally, our policies, processes and procedures are subject to review by our second line councils, our BRC and periodic audits by our Internal Audit group (third line oversight). Our Board-approved credit risk appetite is monitored at least on a quarterly basis through our credit risk profile which is further categorized into default risk (risk of loss arising from a debtor being unlikely to pay its loan obligations in full) and concentration risk (risk associated with any single exposure or group of exposures with the potential to produce large enough losses to threaten the Bank's core operations).

Our Credit Risk Management ("CRM") function provides second line oversight and is independent of our lending function and reports to our CRO. CRM is responsible for providing an independent evaluation of credit risk in new lending products and for our loan portfolio. This responsibility includes detailed credit reviews performed for the purpose of reviewing the adequacy of documentation, compliance with loan policy and other credit policies, reviewing individual loan ratings, evaluating asset quality, performing and reporting to Credit Risk Management Council ("CRMC"), ERC and BRC credit risk analytics (which includes assessing the trend of credit risk metrics which inform our credit risk profile, assessing any trends or material transitions or migrations of our internal risk ratings or credit classifications of individual loan portfolios, and various other risk analytics), and reviewing the effectiveness of credit administration, among other items. CRM prepares reports that document their credit risk oversight activities, including identification of underwriting or other deficiencies in the loan approval or credit monitoring process, establishing recommendations for improvement and outlining management's proposed action plan(s) and timeline(s) for curing any identified deficiencies, among other findings and recommendations. The reports provided by CRM are provided to and reviewed by CRMC. Additionally, key trends or significant issues identified in such reports that might impact credit risk are reported to ERC, BRC and the Board.

As part of our underwriting and ongoing monitoring policies and processes for real estate loans, the Bank requires a valuation of real estate collateral, which may include third-party appraisals, be performed at the time of origination and renewal in accordance with regulatory requirements and the Bank's loan policy and on an as-needed basis when market conditions justify. The Bank maintains an independent Appraisal Services team within the CRM function. The Appraisal Services team is responsible for ordering appraisals from qualified independent, external appraisers, and, reviewing and approving such appraisals to ensure compliance with Bank policy, regulatory standards and the Uniform Standards of Professional Appraisal Practice.

Our Internal Audit group performs periodic audits of various lending and credit-related activities, including underwriting, closing and funding procedures, credit and asset administration and CRM activities, among others. Internal Audit prepares reports documenting such audits, including recommendations for improvement and management's proposed action plan(s) and timeline(s) for remediating such recommendations. These reports are provided to and reviewed by our Audit Committee.

Loan Portfolio. At June 30, 2025, the funded balance of our total loan portfolio was $33.01 billion, an increase of 10.1% from $29.97 billion at December 31, 2024. At June 30, 2025, our total loan portfolio consisted of 71.0% real estate loans, 12.2% consumer loans, 7.2% commercial and industrial loans and 9.6% other loans. Real estate loans, the largest category of loans, include loans secured by real estate as evidenced by mortgages or other liens, including loans made to finance the development of real property construction projects.

The amount and type of loans outstanding, as of the dates indicated, are reflected in the following table.

Loan Portfolio

	June 30, 2025		December 31, 2024	
	(Dollars in thousands)			
Real estate:				
Construction/land development	$ 8,684,947	26.3%	$ 9,522,676	31.8%
Other commercial real estate	8,599,886	26.1	7,842,692	26.2
Multifamily residential	4,336,103	13.1	3,272,635	10.9
Residential 1-4 family	1,528,174	4.6	1,323,435	4.4
Agricultural	305,921	0.9	296,898	1.0
Total real estate	23,455,031	71.0	22,258,336	74.3
Consumer	4,021,953	12.2	3,659,713	12.2
Commercial and industrial	2,330,143	7.2	1,728,801	5.8
Other	3,197,927	9.6	2,322,017	7.7
Total loans	$ 33,005,054	100.0%	$ 29,968,867	100.0%

Included in "other" loans at June 30, 2025 and December 31, 2024 are loans originated by our Real Estate Specialties Group ("RESG") with funded balances totaling approximately $1.20 billion and approximately $1.06 billion, respectively, that were made to non-depository financial institutions and typically collateralized by an assignment of a promissory note and all related note documents including mortgages, deeds of trust, or other documents ("debt-on-debt" loans). While such loans are considered "other" loans in accordance with FDIC instructions for the Federal Financial Institutions Examination Council 041 Consolidated Reports of Condition and Income ("Call Report"), we underwrite these lending transactions based on the fundamentals of the underlying collateral, repayment sources and guarantors, among other factors, consistent with other similar lending transactions.

Our credit risk management strategies include efforts to avoid risk of undue concentrations of credit in a particular collateral type, geography or with an individual customer. While we do have concentrations in CRE lending, our CRE loan portfolio is diversified by geography and collateral type. Our Board has adopted, and we adhere to various concentration limits on CRE lending, including limits on CRE lending in particular collateral types and in various geographies and Metropolitan Statistical Areas ("MSAs"). All of these limits are monitored and revised as necessary based on the results of our stress testing activities and other factors.

The amount of both the funded and unfunded balances of our top ten largest geographies and MSAs for real estate loans, as of the dates indicated, are included in the following table.

Top Ten Geographies and MSAs for Real Estate Loans

Geography or MSA	Funded Balance	Unfunded Balance	Total Commitment
		(Dollars in thousands)	
June 30, 2025:			
Miami–Fort Lauderdale–Pompano Beach, FL MSA	$ 1,781,490	$ 2,809,863	$ 4,591,353
New York–Newark–Jersey City, NY–NJ–PA MSA	2,299,721	846,323	3,146,044
Atlanta–Sandy Springs–Roswell, GA MSA	1,641,839	448,693	2,090,532
San Diego–Chula Vista–Carlsbad, CA MSA	1,196,154	745,631	1,941,785
Dallas–Fort Worth–Arlington, TX MSA	1,243,039	483,169	1,726,208
Los Angeles–Long Beach–Anaheim, CA MSA	1,213,455	303,411	1,516,866
Tampa–St. Petersburg–Clearwater, FL MSA	862,994	594,383	1,457,377
San Francisco–Oakland–Fremont, CA MSA	904,770	453,986	1,358,756
Boston–Cambridge–Newton, MA MSA	660,908	558,775	1,219,683
Riverside–San Bernardino–Ontario, CA MSA	856,391	340,304	1,196,695
All other geographies	10,794,270	5,978,738	16,773,008
Total real estate loans	$ 23,455,031	$ 13,563,276	$ 37,018,307
December 31, 2024:			
Miami–Fort Lauderdale–Pompano Beach, FL MSA	$ 1,575,417	$ 2,425,355	$ 4,000,772
New York–Newark–Jersey City, NY–NJ–PA MSA	2,162,659	1,086,146	3,248,805
Atlanta–Sandy Springs–Roswell, GA MSA	1,624,524	454,878	2,079,402
San Diego–Chula Vista–Carlsbad, CA MSA	1,072,692	866,616	1,939,308
Dallas–Fort Worth–Arlington, TX MSA	1,199,316	449,938	1,649,254
Los Angeles–Long Beach–Anaheim, CA MSA	1,205,645	223,764	1,429,409
San Francisco–Oakland–Berkeley, CA MSA	818,408	526,216	1,344,624
Tampa–St. Petersburg–Clearwater, FL MSA	752,493	530,880	1,283,373
Boston–Cambridge–Newton, MA MSA	642,218	598,449	1,240,667
Phoenix–Mesa–Chandler, AZ MSA	544,496	634,261	1,178,757
All other geographies	10,660,468	6,508,590	17,169,058
Total real estate loans	$ 22,258,336	$ 14,305,093	$ 36,563,429

"Debt-on-debt" loans are reported as "other" loans in accordance with Call Report instructions and are excluded from the above table.

In addition to the top ten geographies and MSAs shown above, as of June 30, 2025 and December 31, 2024, we had 89 and 92 additional geographies and MSAs, respectively, that contain total committed balances (both funded and unfunded) of $10 million or more.

Given that we have substantial balances of certain categories of CRE lending (construction/land development and other commercial real estate), we have provided further detail on these two categories of loans.

The funded amount and type of total construction/land development loans, as of the dates indicated, and their respective percentage of the total construction/land development loan portfolio are reflected in the following table.

Total Construction/Land Development Loans

	June 30, 2025		December 31, 2024	
	Amount	%	Amount	%
	(Dollars in thousands)			
Unimproved land	$ 490,111	5.6%	$ 654,562	6.9%
Land development and lots:				
1-4 family residential and multifamily	577,526	6.6	617,797	6.5
Non-residential	324,237	3.7	325,400	3.4
Construction:				
1-4 family residential:				
Owner occupied	6,521	0.1	5,997	0.1
Non-owner occupied	2,023,975	23.3	1,439,838	15.1
Multifamily	1,810,066	20.8	2,566,417	27.0
Industrial, commercial and other:				
Mixed use properties	1,214,800	14.0	1,423,301	14.9
Life science	935,534	10.8	851,104	8.9
Industrial and warehouse	820,732	9.5	979,423	10.3
Offices, including medical offices	312,125	3.6	480,798	5.0
Other	169,320	2.0	178,039	1.9
Total	$ 8,684,947	100.0%	$ 9,522,676	100.0%

The funded amount and type of total other commercial real estate loans, as of the dates indicated, and their respective percentage of the total other real estate loan portfolio are reflected in the following table.

Other Commercial Real Estate

	June 30, 2025		December 31, 2024	
	Amount	%	Amount	%
	(Dollars in thousands)			
Offices, including medical offices	$ 3,901,242	45.4%	$ 3,395,263	43.3%
Industrial and warehouse	1,979,169	23.0	1,800,075	23.0
Life science	1,098,864	12.8	996,519	12.7
Hotels	464,410	5.4	603,760	7.7
Churches and schools	235,230	2.7	212,015	2.7
Retail, including shopping centers and strip centers	220,864	2.6	234,803	3.0
Gasoline stations and convenience stores	164,379	1.9	100,510	1.3
Other real estate	535,728	6.2	499,747	6.4
Total	$ 8,599,886	100.0%	$ 7,842,692	100.0%

Many of our construction and development loans provide for the use of interest reserves. When we underwrite construction and development loans, we consider the expected total project costs, including hard costs such as land, site work and construction costs and soft costs such as architectural and engineering fees, closing costs, leasing commissions and construction period interest, among others. For any construction and development loan with interest reserves, we also consider the construction period interest in our underwriting process (otherwise, our underwriting of such loans with and without interest reserves is virtually identical). Based on the total project costs and other factors, we determine the required borrower cash equity contribution and the maximum amount we are willing to lend. In the vast majority of cases, we require that all of the borrower’s equity and all other required subordinated elements of the capital structure be fully funded prior to any significant loan advance. As a result of this practice, the borrower’s cash equity typically goes toward the purchase of the land and early stage hard costs and soft costs. This results in our funding the loan later as the project progresses, and accordingly, we typically fund the majority of the construction period interest through loan advances.

Generally, capital sources other than our loans, total an amount sufficient to cover all soft costs, including construction period interest and a portion of the hard costs. While we advance interest reserves as part of the funding process, this has been considered in determining the borrower's initial equity contribution. During the six months ended June 30, 2025 and 2024, there were no situations where interest reserves were advanced outside of the terms of the contractual loan agreement to avoid such loan from becoming nonperforming.

During the second quarter and first six months of 2025, we recognized approximately $116.7 million and $235.5 million, respectively, of interest income on construction and development loans from the advance of interest reserves, compared to approximately $136.5 million and $270.7 million during the comparable period in 2024. We advanced construction period interest on construction and development loans totaling approximately $119.7 million and $239.0 million, respectively, in the second quarter and in the first six months of 2025 compared to approximately $144.6 million and $277.4 million, respectively, in the second quarter and first six months of 2024.

The maximum committed balance of all construction and development loans which provide for the use of interest reserves at June 30, 2025 was approximately $18.08 billion, of which approximately $7.97 billion was outstanding at June 30, 2025 and approximately $10.11 billion remained to be advanced. The weighted-average loan-to-cost ("LTC") on such loans, assuming such loans are ultimately fully advanced, was approximately 50%, which means that the weighted-average cash equity contributed on such loans, assuming such loans are ultimately fully advanced, was approximately 50%. The weighted-average loan-to-value ("LTV") on such loans, based on the most recent appraisals and assuming such loans are ultimately fully advanced, was approximately 43%.

Nonperforming Assets. Our nonperforming assets consist of (1) nonaccrual loans, (2) accruing loans 90 days or more past due and (3) real estate or other assets that have been acquired in partial or full satisfaction of loan obligations or upon foreclosure or former branches which are no longer being utilized for banking purposes.

The accrual of interest on loans is discontinued when, in management's opinion, the borrower may be unable to meet payments as they become due. We generally place a loan on nonaccrual status when such loan is (i) deemed nonperforming or (ii) 90 days or more past due, or earlier when doubt exists as to the ultimate collection of payments. We may continue to accrue interest on certain loans contractually past due 90 days or more if such loans are both well secured and in the process of collection. At the time a loan is placed on nonaccrual status, interest previously accrued but uncollected is reversed and charged against interest income. Nonaccrual loans are generally returned to accrual status when payments are no longer past due, the loan has performed in accordance with its contractual terms for a reasonable period of time (generally at least six months) and is expected to continue to perform in accordance with its contractual terms. If a loan is determined to be uncollectible, the portion of the principal determined to be uncollectible is charged against the ACL.

The following table presents information concerning nonperforming assets as of the dates indicated.

Nonperforming Assets

	June 30, 2025	December 31, 2024
	(Dollars in thousands)	
Nonaccrual loans	$ 58,545	$ 131,494
Accruing loans 90 days or more past due	—	—
Total nonperforming loans	58,545	131,494
Foreclosed assets	159,894	69,381
Total nonperforming assets	$ 218,439	$ 200,875
Nonperforming loans to total loans	0.18%	0.44%
Nonperforming assets to total assets	0.53	0.53
ALL to nonperforming loans[(1)]	886	354
ACL to nonperforming loans	1,137	471

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

At June 30, 2025, the Bank had nonperforming loans totaling $58.5 million compared to $131.5 million at December 31, 2024. The decrease in nonperforming loans during the first six months of 2025 was primarily due to the transfer during March 2025 to foreclosed assets at $84.0 million of land in Chicago, Illinois, which had secured a previous substandard nonaccrual loan. On May 2, 2025, the Bank entered into a contract to sell this land, which includes $2.0 million of non-refundable earnest money and is subject to typical closing conditions. If this sale closes, closing should occur on or before September 30, 2025, and should result in substantially no gain or loss on sale.

The following table presents information concerning the geographic location of nonperforming assets at June 30, 2025. Nonperforming loans are reported in the physical location of the principal collateral. Foreclosed assets are reported in the physical location of the asset. Repossessions are reported at the physical location where the borrower resided or had its principal place of business at the time of repossession.

Geographic Distribution of Nonperforming Assets

	Total Nonperforming Loans	Foreclosed Assets and Repossessions	Total Nonperforming Assets
		(Dollars in thousands)	
Illinois	$ 105	$ 83,950	$ 84,055
California	1,251	57,033	58,284
Georgia	13,478	127	13,605
Arkansas	11,341	—	11,341
Massachusetts	154	9,360	9,514
Texas	6,174	1,546	7,720
Washington	68	6,840	6,908
Kansas	6,391	146	6,537
Mississippi	5,639	—	5,639
North Carolina	4,602	55	4,657
Florida	4,040	374	4,414
All other	5,302	463	5,765
Total	$ 58,545	$ 159,894	$ 218,439

Allowance for Credit Losses. Our ACL at June 30, 2025 was $665.8 million, an increase of $46.4 million or 7.5%, not annualized, compared to $619.4 million at December 31, 2024. This increase reflects both our $2.35 billion in net growth in the funded balance of our loans and unfunded loan commitments and our consistently cautious outlook on macroeconomic conditions.

Our provision for credit losses for the second quarter of 2025 was $35.2 million, including a provision expense of $38.7 million related to our allowance for loan losses ("ALL") for outstanding loans and a negative provision of $3.5 million related to our reserve for losses on unfunded loan commitments. Our provision for credit losses for the six months ended June 30, 2025 was $73.6 million, including a provision expense of $80.3 million related to our ALL for outstanding loans and a negative provision of $6.7 million related to our reserve for losses on unfunded loan commitments. Our provision for credit losses for the second quarter of 2024 was $49.0 million, including a provision expense of $52.9 million related to our ALL for outstanding loans and a negative provision of $3.9 million related to our reserve for losses on unfunded loan commitments. Our provision for credit losses for the six months ended June 30, 2024 was $91.9 million, including a provision expense of $86.7 million related to our ALL for outstanding loans and a provision of $5.2 million related to our reserve for losses on unfunded loan commitments.

The calculations of our provision for credit losses for the second quarter and first six months of 2025 and our total ACL at June 30, 2025 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 2025. In selecting the weightings for the various economic scenarios for purposes of determining our ACL at June 30, 2025, the weightings we assigned to each of 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 and the potential for changes in the U.S. economy, and acknowledged the uncertainty regarding future U.S. economic conditions, including risks from: U.S. fiscal policy actions; impacts of potential changes in U.S. tax, tariff and immigration laws, regulations and policies; changes in the federal funds target rate and Fed balance sheet; a possible recession; inflationary pressures; global trade and geopolitical matters; supply chain disruptions; and various other factors. These forecasts included a number of economic variables, including gross domestic product ("GDP"), unemployment rates, commercial and residential real estate prices, among others. For purposes of the forecasts used in the calculation of our ACL, management utilized a reasonable and supportable forecast period of two years, followed by a reversion, on a systematic basis, of estimated losses back to our historical mean. Management also utilized certain qualitative adjustments to capture items not included in our modeled results or other assumptions.

The following table is a summary of activity within our ACL for the periods indicated.

Allowance for Credit Losses

	Allowance for Loan Losses	Reserve for Losses on Unfunded Loan Commitments	Total Allowance for Credit Losses
		(Dollars in thousands)	
Three months ended June 30, 2025:			
Balances – March 31, 2025	$ 488,150	$ 150,609	$ 638,759
Net charge-offs	(8,208)	—	(8,208)
Provision for credit losses	38,692	(3,477)	35,215
Balances – June 30, 2025	$ 518,634	$ 147,132	$ 665,766
Six months ended June 30, 2025:			
Balances – December 31, 2024	$ 465,547	$ 153,813	$ 619,360
Net charge-offs	(27,226)	—	(27,226)
Provision for credit losses	80,313	(6,681)	73,632
Balances – June 30, 2025	$ 518,634	$ 147,132	$ 665,766
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	$ 407,079	$ 167,022	$ 574,101
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	$ 407,079	$ 167,022	$ 574,101

The amount of our provision for credit losses is based on our analysis of the adequacy of the ACL utilizing the criteria discussed in the Critical Accounting Estimates section of our annual report on Form 10-K for the year ended December 31, 2024.

Additional information regarding net charge-offs (recoveries) for the periods indicated is presented in the table below.

	Net Charge-Offs (Recoveries)	Annualized Net Charge-Off (Recovery) Ratio
	(Dollars in thousands)	
Three months ended June 30, 2025:		
Real estate:		
Construction/land development	$ 840	0.04%
Other commercial real estate	3,162	0.15
Multifamily residential	185	0.02
Residential 1-4 family	160	0.04
Agricultural	—	—
Total real estate	4,347	0.08
Consumer	2,832	0.29
Commercial and industrial	483	0.09
Other	546	0.08
Total	$ 8,208	0.10%
Six months ended June 30, 2025		
Real estate:		
Construction/land development	$ 4,721	0.10%
Other commercial real estate	10,313	0.25
Multifamily residential	2,611	0.14
Residential 1-4 family	375	0.05
Agricultural	23	0.02
Total real estate	18,043	0.16
Consumer	6,316	0.33
Commercial and industrial	527	0.05
Other	2,340	0.17
Total	$ 27,226	0.18%
Three months ended June 30, 2024:		
Real estate:		
Construction/land development	$ (14)	—%
Other commercial real estate	8,579	0.57
Multifamily residential	—	—
Residential 1-4 family	(62)	(0.03)
Agricultural	—	—
Total real estate	8,503	0.16
Consumer	2,379	0.29
Commercial and industrial	31	0.01
Other	885	0.17
Total	$ 11,798	0.17%
Six months ended June 30, 2024:		
Real estate:		
Construction/land development	$ (27)	—%
Other commercial real estate	13,331	0.45
Multifamily residential	—	—
Residential 1-4 family	(182)	(0.04)
Agricultural	(28)	(0.02)
Total real estate	13,094	0.13
Consumer	4,395	0.28
Commercial and industrial	(101)	(0.01)
Other	1,674	0.16
Total	$ 19,062	0.14%

A summary of our net charge-off ratios and certain other ALL and ACL ratios, as of and for the periods indicated, is presented in the following table.

Net Charge-off and ALL/ACL Ratios

	As of and for the Three Months Ended June 30,		As of and for the Six Months Ended June 30,		As of and for the Year Ended December 31,
	2025	2024	2025	2024	2024
Net charge-offs to average loans[1]	0.10%	0.17%	0.18%	0.14%	0.20%
ALL to total loans[2]	1.57	1.42	1.57	1.42	1.55
Reserve for losses on unfunded loan commitments	0.80	0.85	0.80	0.85	0.81
ACL to total loans	2.02	2.00	2.02	2.00	2.07
ACL to total loans and unfunded loan commitments	1.30	1.19	1.30	1.19	1.26

[1] Ratios for interim periods annualized.
[2] Excludes reserve for losses on unfunded loan commitments.

The following table sets forth the sum of the amounts of the ALL and the percentage of loans to total loans as of the dates indicated. The amounts shown in the following table are not necessarily indicative of the actual future losses that may occur within particular categories or in the aggregate.

Allocation of the ALL

	June 30, 2025				December 31, 2024			
	ALL	% of ALL to Loans	Total Loans	% of loans to Total Loans	ALL	% of ALL to Loans	Total Loans	% of loans to Total Loans
	(Dollars in thousands)							
Real estate:								
Construction/land development	$118,309	1.36%	$8,684,947	26.3%	$ 85,183	0.89%	$ 9,522,676	31.8%
Other commercial real estate	116,437	1.35	8,599,886	26.1	124,339	1.59	7,842,692	26.2
Multifamily residential	66,783	1.54	4,336,103	13.1	58,262	1.78	3,272,635	10.9
Residential 1-4 family	33,403	2.19	1,528,174	4.6	31,107	2.35	1,323,435	4.4
Agricultural	7,528	2.46	305,921	0.9	6,860	2.31	296,898	1.0
Total real estate	342,460	1.46	23,455,031	71.0	305,751	1.34	22,258,336	74.3
Consumer	106,873	2.66	4,021,953	12.2	119,551	3.27	3,659,713	12.2
Commercial and industrial	23,907	1.03	2,330,143	7.2	7,157	0.41	1,728,801	5.8
Other	45,394	1.42	3,197,927	9.6	33,088	1.42	2,322,017	7.7
Total ALL	$518,634	1.57%	$33,005,054	100.0%	$465,547	1.55%	$29,968,867	100.0%

The following table sets forth the sum of the amounts of the ACL as of the dates indicated. The amounts shown in this table are not necessarily indicative of the actual future losses that may occur within particular categories or in the aggregate.

Allocation of ACL

	ALL	Reserve for Losses on Unfunded Loan Commitments	Total ACL
		(Dollars in thousands)	
June 30, 2025:			
Real estate:			
Construction/land development	$ 118,309	$ 51,928	$ 170,237
Other commercial real estate	116,437	20,371	136,808
Multifamily residential	66,783	6,034	72,817
Residential 1-4 family	33,403	9,498	42,901
Agricultural	7,528	41	7,569
Total real estate	342,460	87,872	430,332
Consumer	106,873	150	107,023
Commercial and industrial	23,907	38,172	62,079
Other	45,394	20,938	66,332
Total	$ 518,634	$ 147,132	$ 665,766
December 31, 2024:			
Real estate:			
Construction/land development	$ 85,183	$ 54,300	$ 139,483
Other commercial real estate	124,339	20,244	144,583
Multifamily residential	58,262	4,681	62,943
Residential 1-4 family	31,107	7,553	38,660
Agricultural	6,860	19	6,879
Total real estate	305,751	86,797	392,548
Consumer	119,551	147	119,698
Commercial and industrial	7,157	43,039	50,196
Other	33,088	23,830	56,918
Total	$ 465,547	$ 153,813	$ 619,360

Liquidity Risk Management

Overview. Liquidity risk is the potential that we will be unable to meet our obligations as they come due because of an inability to obtain adequate funding or liquidate assets (referred to as “funding liquidity risk”) or that we cannot easily unwind or offset specific exposures without significantly lowering market prices because of inadequate market depth or market disruptions (referred to as “market liquidity risk”). Our Board-approved liquidity risk appetite, which is monitored through our liquidity risk profile, is further categorized into the following risks: liquid asset management risk (risk of acute funding stress related to insufficient levels of liquid assets), funding diversity and stability risk (risk of loss of a single large funding source that may lead to an inability to fund our business strategy and require us to sell assets or curtail growth) and funding capacity/contingency planning risk (risk of unanticipated growth from lending businesses or unexpected customer activity may lead to unexpected increases in demands on liquidity). Our Assets and Liability Committee (“ALCO”) has primary responsibility for oversight of, among other responsibilities, our liquidity, funds management, asset/liability (interest rate risk) position, capital and our investment portfolio functions. Additionally, liquidity risk is also monitored through an independent Liquidity Risk team which reports to the CRO. This team provides oversight and effective challenge of the Bank’s liquidity risk management practices.

The objective of managing liquidity risk is to ensure the cash flow requirements resulting from depositor, borrower (including our ability to fund our significant balance of closed but unfunded loans) and other creditor demands are met, as well as our operating cash needs, and the cost of funding such requirements and needs is reasonable. We maintain a liquidity and funds management policy, including a contingency funding plan that, among other things, includes policies and procedures for managing and monitoring liquidity risk. On a quarterly basis, we perform a comprehensive liquidity stress test. This stress test is intended to identify and quantify sources of potential liquidity strain and vulnerabilities related to liquidity and to analyze possible impacts on the Bank for a variety of institution-specific and market-wide events across multiple time horizons. Also, pursuant to our liquidity and funds management policy, we maintain a buffer of highly liquid assets to protect against cash outflows in the event of a liquidity crisis.

Liquidity Management. Generally, we rely on deposits, repayments of loans, and cash flows from our investment securities as our primary sources of funds. Our principal deposit sources include consumer and commercial customers in our markets. We have used these funds, together with public funds customers, brokered deposits, as well as FHLB advances, federal funds purchased and other sources of short-term borrowings to make loans, acquire investment securities and other assets and to fund continuing operations.

Deposits. Our total deposits increased $2.48 billion, or 8.0%, not annualized, to $33.52 billion at June 30, 2025 compared to $31.04 billion at December 31, 2024. Our loan-to-deposit ratio at June 30, 2025 was 98.5% compared to 96.5% at December 31, 2024.

The amount of deposits by account type, as of the dates indicated, and their respective percentage of total deposits are reflected in the following table.

Deposits – By Account Type

	June 30, 2025		December 31, 2024	
	(Dollars in thousands)			
Non-interest bearing	$ 3,835,730	11.4%	$ 3,769,543	12.1%
Interest bearing:				
Transaction (NOW)	5,057,800	15.1	4,955,895	16.0
Savings and money market	6,026,629	17.9	4,998,828	16.1
Time deposits	18,601,921	55.6	17,318,806	55.8
Total deposits	$ 33,522,080	100.0%	$ 31,043,072	100.0%

Deposit levels may be affected by a number of factors including rates paid by competitors, general interest rate levels, returns available to customers on alternative investments, general economic and market conditions and other factors.

The amount of deposits by customer type, as of the dates indicated, and their respective percentage of total deposits are reflected in the following table.

Deposits – By Customer Type

	June 30, 2025		December 31, 2024	
	(Dollars in thousands)			
Non-interest bearing	$ 3,835,730	11.4%	$ 3,769,543	12.1%
Interest bearing:				
Consumer and commercial:				
Consumer – non-time	3,145,204	9.4	2,983,401	9.6
Consumer – time	14,746,298	44.0	13,446,545	43.3
Commercial – non-time	3,071,256	9.2	2,728,307	8.8
Commercial – time	980,713	2.9	970,320	3.1
Public funds	4,402,893	13.1	3,964,350	12.8
Brokered	2,849,621	8.5	2,611,464	8.4
Reciprocal	490,365	1.5	569,142	1.9
Total deposits	$ 33,522,080	100.0%	$ 31,043,072	100.0%

At June 30, 2025, brokered deposits totaled $2.85 billion, compared to $2.61 billion at December 31, 2024. Brokered deposits totaled 8.5% of total deposits as of June 30, 2025 and 8.4% as of December 31, 2024. We use brokered deposits, subject to certain limitations and requirements, as a source of funding to augment deposits generated from our branch network, which are our primary source of funding. Our Board has established policies and procedures with respect to the use of brokered deposits. Such policies and procedures require, among other things, that (i) we limit the amount of brokered deposits as a percentage of total deposits and (ii) ALCO monitor our use of brokered deposits on a regular basis, including interest rates and the volume of such deposits in relation to our total deposits.

Most of our deposits are generated through our network of 242 retail branches in Arkansas, Georgia, Florida, Texas, North Carolina and Tennessee. The amount and percentage of our deposits by state, as of the dates indicated, are reflected in the following table.

Deposits by State

Deposits Attributable to Offices In	June 30, 2025		December 31, 2024	
	(Dollars in thousands)			
Arkansas	$ 11,271,950	33.6%	$ 10,886,498	35.1%
Georgia	9,146,626	27.3	8,848,945	28.5
Florida	5,797,878	17.3	5,295,410	17.1
Texas	4,626,024	13.8	3,871,021	12.5
North Carolina	2,216,554	6.6	2,135,478	6.8
Tennessee	463,048	1.4	5,720	—
Total	$ 33,522,080	100.0%	$ 31,043,072	100.0%

The following table reflects the average balance and average rate paid for each deposit category shown for the periods indicated.

Average Deposit Balances and Rates

	Three Months Ended June 30,				Six Months Ended June 30,			
	2025		2024		2025		2024	
	Average Balance	Average Rate Paid	Average Balance	Average Rate Paid	Average Balance	Average Rate Paid	Average Balance	Average Rate Paid
	(Dollars in thousands)							
Interest bearing:								
Transaction (NOW)	$4,912,240	2.64%	$4,585,834	3.19%	$5,022,853	2.66%	$4,512,841	3.23%
Savings and money market	5,368,815	2.76	4,691,297	2.76	5,247,154	2.72	4,717,097	2.69
Time deposits	18,217,108	4.26	16,385,329	4.96	17,712,445	4.34	15,930,851	4.92
Total interest bearing deposits	28,498,163	3.70	25,662,460	4.24	27,982,452	3.74	25,160,789	4.20
Non-interest bearing	3,780,192	—	3,893,094	—	3,803,311	—	3,996,931	—
Total deposits	$32,278,355	3.26%	$29,555,554	3.69%	$31,785,763	3.29%	$29,157,720	3.62%

The calculation of the average rate paid on total interest bearing deposits of 3.70% for the three months and 3.74% for the six months ended June 30, 2025 and 4.24% for the three months and 4.20% for the six months ended June 30, 2024, includes interest paid and average balances of all categories of interest bearing deposits. The average rate paid for all deposits, including both interest bearing and non-interest bearing deposits, was 3.26% for the three months and 3.29% for the six months ended June 30, 2025 and 3.69% for the three months and 3.62% for the six months ended June 30, 2024. Future increases or decreases in the rates paid on our interest bearing deposits will depend on funding needs to support growth in our earning assets, changes in the federal funds rate and other interest rates, the level of on-balance sheet liquidity, competitive conditions and other factors.

Because of the substantial “retail” nature of our deposit base, as of June 30, 2025, approximately 78% of our deposits are either insured (63% at June 30, 2025) or, in the case of public funds and certain other deposits, collateralized (15% at June 30, 2025). As of June 30, 2025, our average deposit account balance was approximately $48,000. The diversity of our deposit base is an important factor in the demonstrated stability of our deposits. The estimated amount of uninsured deposits at June 30, 2025 was $11.8 billion. Estimated uninsured deposits exclude intercompany deposits that are eliminated in financial consolidation. Estimated uninsured deposits do not necessarily reflect an evaluation of all scenarios that potentially would determine the availability of deposit insurance to individual accounts or customers based on FDIC regulations.

The following table presents the aggregate amount of time deposits by year of maturity as of the dates indicated.

	June 30, 2025	December 31, 2024
	(Dollars in thousands)	
2025	$ 18,126,992	$ 16,702,130
2026	450,840	591,734
2027	11,384	9,890
2028	5,128	8,300
2029	7,472	6,651
Thereafter	105	101
Total time deposits	$ 18,601,921	$ 17,318,806

The following table presents the maturity distribution of time deposits greater than $250,000 as of June 30, 2025.

Maturity Distribution of Time Deposits Greater Than $250,000
(Dollars in thousands)

June 30, 2025:	
3 months or less	$ 2,755,771
Over 3 to 6 months	1,723,722
Over 6 to 12 months	1,005,142
Over 12 months	110,619
Total	$ 5,595,254

Loan Portfolio. In addition to customer deposits, cash flows from our loan portfolio provide us with a significant source of liquidity. The following table reflects total loans grouped by contractual maturity date at June 30, 2025 and does not reflect amortizations, projected paydowns or the earliest repricing for floating rate loans. Many loans have principal paydowns scheduled in periods prior to the period in which they mature. In addition, many floating rate loans are subject to repricing in periods prior to the period in which they mature.

Loan Maturities

	1 Year or Less	Over 1 Through 5 Years	Over 5 Through 15 Years	Over 15 Years	Total
	(Dollars in thousands)				
Real estate	$ 11,979,335	$ 9,625,277	$ 675,902	$ 1,174,517	$ 23,455,031
Consumer	16,083	29,085	1,093,364	2,883,421	4,021,953
Commercial and industrial	1,259,533	958,358	89,484	22,768	2,330,143
Other	1,943,215	1,247,836	2,313	4,563	3,197,927
Total	$ 15,198,166	$ 11,860,556	$ 1,861,063	$ 4,085,269	$ 33,005,054

The following table reflects loans by type and by fixed or floating interest rates with maturities one year or less and after one year. This table reflects loans grouped by contractual maturity date and does not reflect amortizations, projected paydowns or the earliest repricing for floor rate loans.

	Loans Maturing One Year or Less		Loans Maturing After One Year		
	Fixed Interest Rate	Floating Interest Rate	Fixed Interest Rate	Floating Interest Rate	Total
			(Dollars in thousands)		
Real estate	$ 321,838	$ 11,657,497	$ 1,878,412	$ 9,597,284	$ 23,455,031
Consumer	16,069	14	4,000,208	5,662	4,021,953
Commercial and industrial	35,059	1,224,474	269,750	800,860	2,330,143
Other	3,067	1,940,148	13,247	1,241,465	3,197,927
Total	$ 376,033	$ 14,822,133	$ 6,161,617	$ 11,645,271	$ 33,005,054

Loan repayments are generally a relatively stable source of funds but are subject to the borrowers' ability to repay the loans, which can be adversely affected by a number of factors including changes in general economic and market conditions, adverse trends or events affecting business industry groups or specific businesses, declines in real estate values or markets, business closings or lay-offs, inclement weather, natural disasters and other factors. Furthermore, loans generally are not readily convertible to cash.

At June 30, 2025, we had $18.39 billion in unfunded balances on loans already closed, the vast majority of which is attributable to construction and development loans. In most cases the borrower's equity and all or most other required subordinated elements of the capital structure must be fully funded before we advance funds. In many cases we do not advance funds on construction and development loans for many months after closing because the borrower's equity and a majority of other funding sources must fund first. This conservative practice for handling construction loans has led to the large unfunded balance of closed loans. As a result, we maintain a detailed 36-month forward funding forecast projecting loan fundings and loan repayments. Our ability to project periodic net portfolio growth with a reasonable degree of accuracy is an important part of our liquidity management process.

Investment Securities AFS. As of June 30, 2025, we classified all of our securities as available for sale. Cash flows from our investment securities portfolio also provide us with an additional source of liquidity. The following table reflects the expected maturity distribution of our investment securities AFS, at estimated fair value, at June 30, 2025 and weighted average yields (for tax exempt obligations on an FTE basis) of such securities.

Expected Maturity Distribution of Investment Securities AFS

	1 Year Or Less	Weighted Average Yield- FTE	Over 1 Through 5 Years	Weighted Average Yield- FTE	Over 5 Through 10 Years	Weighted Average Yield- FTE	Over 10 Years	Weighted Average Yield- FTE	Total	Weighted Average Yield- FTE
					(Dollars in thousands)					
U.S. Government agency mortgage-backed securities	$363,708	2.49%	$757,860	2.68%	$173,043	4.32%	$ 41,094	4.80%	$1,335,705	2.90%
Obligations of state and political subdivisions	73,938	4.34	60,717	5.54	246,590	4.51	1,081,912	5.57	1,463,157	5.33
Corporate obligations	—		14,672	4.49	2,130	3.66	6,542	4.95	23,344	4.56
Total	$437,646	2.79%	$833,249	2.91%	$421,763	4.43%	$1,129,548	5.54%	$2,822,206	4.18%
Percentage of total	15.5%		29.5%		15.0%		40.0%		100.0%	
Cumulative percentage of total	15.5%		45.0%		60.0%		100.0%			

The maturity for all investment securities is shown based on each security's contractual maturity date, except (1) mortgage-backed securities, which are allocated among various maturities based on an estimated repayment schedule utilizing third party median prepayment speeds or other estimates of prepayment speeds and interest rate levels at June 30, 2025 and (2) callable investment securities for which we have received notification of call, which are included in the maturity category in which the call occurs or is expected to occur. Actual maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties. The weighted-average yields-FTE are calculated based on the coupon rate and amortized cost for such securities and includes any projected discount accretion or premium amortization.

Other Interest Bearing Liabilities. Given that deposit levels, loan repayments and cash flow from our investment securities portfolio may be affected by a number of factors, we may be required from time to time to rely on other sources of liquidity to meet growth in loans and deposit withdrawal demands or otherwise fund operations. Such other sources include FHLB advances, federal funds purchased, secured and unsecured federal funds lines of credit from correspondent banks, Federal Reserve System ("FRB") borrowings, subordinated notes, subordinated debentures and/or accessing the capital markets.

The following table reflects the average balance and average rate paid for each category of other interest bearing liabilities for the periods indicated.

Average Balances and Rates of Other Interest Bearing Liabilities

	Three Months Ended June 30,				Six Months Ended June 30,			
	2025		2024		2025		2024	
	Average Balance	Rate Paid	Average Balance	Rate Paid	Average Balance	Rate Paid	Average Balance	Rate Paid
	(Dollars in thousands)							
Other borrowings[1]	$ 484,468	3.66%	$ 321,521	4.96%	$ 323,959	3.29%	$ 203,281	4.66%
Subordinated notes	348,880	2.99	348,066	3.01	348,779	2.99	347,965	2.99
Subordinated debentures	113,652	7.07	121,652	8.17	113,652	7.07	121,652	8.17
Total other interest bearing liabilities	$ 947,000	3.83%	$ 791,239	4.59%	$ 786,390	3.71%	$ 672,898	4.43%

[1] The interest expense and the rates paid related to "other borrowings" include capitalized interest which totaled $1.0 million and $1.9 million for the second quarter and first six months of 2025 compared to capitalized interest of $0.5 million and $0.8 for the second quarter and first six months of 2024. Excluding capitalized interest from the "other borrowings" expense calculation would result in a rate of 4.47% and 4.50% for the second quarter and first six months of 2025 and 5.64% and 5.54% for the second quarter and first six months of 2024.

From time to time, we utilize federal funds purchased and FHLB advances to support our funding sources and provide additional on-balance sheet liquidity. Details of those outstanding FHLB advances, at June 30, 2025, are shown in the following table.

FHLB Advances

Borrowing Type	Balance	Interest Rate	Maturity Date
		(Dollars in thousands)	
FHLB advances	$ 800,000	4.38%	7/1/2025

We maintain substantial and diverse sources of available primary and secondary liquidity as disclosed in the table below.

Available Primary and Secondary Liquidity Sources

	June 30, 2025		
	Total Capacity	Outstanding	Available Liquidity
	(Dollars in thousands)		
Cash & cash equivalents	$ 2,705,945	$ —	$ 2,705,945
Unpledged investment securities	1,946,286	—	1,946,286
FHLB[1]	12,521,664	5,039,500	7,482,164
Unsecured lines of credit	1,225,000	—	1,225,000
Fed discount window	449,601	—	449,601
Total	$ 18,848,496	$ 5,039,500	$ 13,808,996

[1] FHLB outstanding balance included $4.2 billion of outstanding letters of credit and $0.8 billion of FHLB advances at June 30, 2025.

We anticipate we will continue to rely primarily on deposits, repayments of loans and cash flows from our investment securities to provide liquidity, as well as other funding sources as appropriate. Additionally, where necessary, the other funding sources described above, including the use of federal funds purchased and FHLB advances, will be used to augment our primary funding sources.

Sources and Uses of Funds

The following table provides condensed cash flow information for the periods indicated.

	Six Months Ended June 30,	
	2025	2024
	(Dollars in thousands)	
Cash at the beginning of the period	$ 2,781,101	$ 2,149,529
Net cash provided by operating activities	416,024	403,985
Net cash used in investing activities	(3,194,438)	(2,015,758)
Net cash provided by financing activities	2,703,258	2,031,057
Cash at the end of the period	$ 2,705,945	$ 2,568,813

Operating activities provided net cash of $0.42 billion for the first six months of 2025 and $0.40 billion for the first six months of 2024, respectively. Net cash provided by operating activities is comprised primarily of net income, adjusted for certain non-cash items and for changes in various operating assets and liabilities.

Investing activities used net cash of $3.19 billion in the first six months of 2025 and $2.02 billion in the first six months of 2024. The increase in net cash used by investing activities was primarily due to a larger net increase in our loan portfolio which used $3.16 billion in net cash for the first six months of 2025 compared to $2.24 billion in net cash in the first six months of 2024.

Financing activities provided net cash of $2.70 billion in the first six months of 2025 and $2.03 billion in the first six months of 2024. The net cash provided by the increase in deposits was $2.5 billion in both periods. The increase in net cash provided by the proceeds from other borrowings was $0.38 billion in the first six months of 2025 compared to $0.40 billion in repayments for the first six months of 2024.

Market and Interest Rate Risk Management

Overview. Market risk is the risk to a financial institution’s condition resulting from adverse movements in market rates or prices, including, but not limited to, interest rates, foreign exchange rates, commodity prices, or security prices. We are exposed to both interest rate risk and price risk. Interest rate risk is the risk that arises from increased volatility in net interest income due to a change of interest rates. There are different types of risk exposures that can arise when there is a change of interest rates, such as basis risk, options risk, term structure and repricing risk. Price risk is the risk that arises from security price volatility – the risk of a decline in the value of a security or a portfolio. Price risk can be either systemic or non-systemic risk. Non-systemic risk can be mitigated through diversification, whereas systemic risk cannot. In a global economic crisis, price risk is systemic because it affects multiple asset classes.

Interest Rate Risk Management. Our Board is responsible for approving the overall policies related to the management of market risks, including interest rate risk and price risk. The Board has delegated to ALCO, which is chaired by our Chief Financial Officer, the responsibility of managing interest rate and price risk consistent with Board-approved policies and limits.

ALCO regularly reviews our exposure to changes in interest rates. Among the factors considered are changes in the mix of interest earning assets and interest bearing liabilities, interest rate spreads and repricing periods. ALCO uses an earnings simulation model, which analyzes the expected change in near term (one year) net interest income in response to changes in interest rates, and economic value of equity (“EVE”), which measures the expected change in the fair value of equity in response to changes in interest rates, to analyze our interest rate risk and interest rate sensitivity. Additionally, market and interest rate risk is also monitored though an independent Market Risk team which reports to the CRO. This team provides oversight and effective challenge of the Bank's market and interest risk management practices.

Earnings Simulation Model. Our earnings simulation modeling process projects a baseline net interest income, which uses a dynamic balance sheet and assumes no changes in interest rate levels. We estimate changes to that baseline net interest income resulting from changes in interest rate levels. We rely primarily on the results of this model in evaluating our interest rate risk.

This model incorporates a number of additional factors including: (1) the expected growth in various interest earning assets and interest bearing liabilities and the expected interest rates on new assets and liabilities, (2) the expected rates at which various rate sensitive assets and rate sensitive liabilities will reprice, (3) the expected exercise of call features on various assets and liabilities, (4) the expected relative movements in different interest rate indices which are used as the basis for pricing or repricing various assets and liabilities, (5) existing and expected contractual ceiling and floor rates on various assets and liabilities, (6) expected changes in administered rates on interest bearing transaction, savings, money market and time deposit accounts and the expected impact of competition on the pricing or repricing of such accounts, (7) the timing and amount of cash flows expected to be received on investment securities, (8) the timing and amount of repayments that are anticipated from our loan portfolio, (9) the need, if any, for additional capital and/or debt to support continued growth and (10) other relevant factors. Inclusion of these factors in the model is intended to more accurately project our expected changes in net interest income resulting from interest rate changes.

We model our change in net interest income in various interest rate scenarios, including scenarios where interest rates go up 100 bps, up 200 bps, up 300 bps, down 100 bps, down 200 bps, and down 300 bps. For purposes of these scenarios, we have assumed that the change in interest rates phases in over a 12-month period. While we believe this model provides a reasonably accurate projection of our interest rate risk, the model includes a number of assumptions and predictions which may or may not be correct and may impact the model results. These assumptions and predictions include inputs to compute baseline net interest income, growth rates, prepayment assumptions, expected changes in rates on interest bearing deposit accounts, competition and a variety of other factors that are difficult to accurately predict. Accordingly, there can be no assurance the earnings simulation model will accurately reflect future results. Our earnings simulation model is governed by our model risk framework.

The following table presents the earnings simulation model's projected impact of a change in interest rates on the projected baseline net interest income for the 12-month period commencing July 1, 2025. This change in interest rates is assumed to occur ratably over that 12-month period. This change in interest rates also assumes parallel shifts in the yield curve and does not take into account changes in the slope of the yield curve.

Earnings Simulation Model Results

Change in Interest Rates (in bps)	% Change in Projected Baseline Net Interest Income
+300	15.4%
+200	10.1
+100	4.9
-100	(3.3)
-200	(5.0)
-300	(6.1)

In the event of a shift in interest rates, we may take certain actions intended to mitigate the negative impact to net interest income or to maximize the positive impact to net interest income. These actions may include, but are not limited to, restructuring of interest earning assets and interest bearing liabilities, seeking alternative funding sources or investment opportunities and modifying the pricing or terms of loans and deposits.

EVE Model. EVE is calculated as the fair value of all assets minus the fair value of liabilities and incorporates a number of assumptions including (1) the timing and amount of cash flows expected to be received or paid on various assets and liabilities, (2) the expected exercise of call features on various assets and liabilities, (3) estimated discount rates, and (4) other relevant factors. We measure changes in the dollar amount of EVE for parallel shifts in interest rates. Due to embedded optionality and asymmetric rate risk, changes in EVE can be useful in quantifying risks not apparent for small rate changes.

The following table presents our EVE results as of June 30, 2025.

EVE Model Results

Change in Interest Rates (in bps)	% Change in Projected Baseline EVE
+200	(3.6)%
+100	(1.8)
-100	1.7
-200	2.9

Variable Rate Loans and Loan Repricing. At June 30, 2025, approximately 87% of our total commitment of total loans had variable rates, of which approximately 84% were tied to 1-month term SOFR, 13% to WSJ Prime and 3% to other indexes. Additionally, approximately 95% of our total commitment of variable rate loans had floor rates.

The following table reflects total loans as of June 30, 2025 grouped by expected amortizations, expected paydowns or the earliest repricing opportunity for floating rate loans. This cash flow or repricing schedule approximates our ability to reprice the outstanding principal of loans either by adjusting rates on existing loans or reinvesting principal cash flow into new loans.

Loan Cash Flows or Repricing

	1 Year Or Less	Over 1 Through 2 Years	Over 2 Through 3 Years	Over 3 Through 5 Years	Over 5 Years	Total
	(Dollars in thousands)					
Fixed rate	$ 606,749	$ 738,004	$ 459,107	$ 937,203	$ 3,796,587	$ 6,537,650
Floating rate (not at a floor or ceiling rate)[1]	20,418,591	96,901	61,479	94,233	242	20,671,446
Floating rate (at floor rate)[1]	5,152,970	248,193	123,293	171,120	10,859	5,706,435
Floating rate (at ceiling rate)	76,747	775	1,810	10,191	—	89,523
Total	$26,255,057	$1,083,873	$ 645,689	$1,212,747	$3,807,688	$33,005,054
Percentage of total	79.5%	3.3%	2.0%	3.7%	11.5%	100.0%
Cumulative percentage of total	79.5%	82.8%	84.8%	88.5%	100.0%	

[1] We have included a floor rate in 95% of our floating rate loans. At June 30, 2025, the majority of our floating rate loans were above their floor rate. In a declining rate environment, such loans will reprice at their next reset date until they reach their floor rate.

The following table is a summary of our floating rate loan portfolio and contractual interest rate indices at June 30, 2025.

Contractual Indices of Floating Rate Loans

Contractual Interest Rate Index	Floating Rate (at floor rate)	Floating Rate (not at a floor or ceiling rate)	Floating Rate (at ceiling rate)	Total Floating Rate
	(Dollars in thousands)			
1-month term SOFR	$ 4,181,501	$ 18,300,765	$ —	$ 22,482,266
Wall Street Journal Prime	1,515,351	1,368,384	89,523	2,973,258
Other contractual interest rate indices	9,583	1,002,297	—	1,011,880
Total	$ 5,706,435	$ 20,671,446	$ 89,523	$ 26,467,404

While changes in these contractual interest rate indices are typically affected by changes in the federal funds target rate, in a declining rate environment, such loans will reprice at their next reset date until they reach their floor rate.

Market Risk Management. We are exposed to market risk primarily through changes in fair value of our fixed income investment securities portfolio. Investment portfolio strategies are set by senior management and are subject to the oversight and direction of ALCO. At June 30, 2025 and 2024, all of our investment securities were classified as AFS. Our investment securities are reported at estimated fair value with the unrealized gains and losses, net of related income tax, reported as a separate component of stockholders' equity and included in other comprehensive income.

The following table presents the amortized cost and estimated fair value of investment securities as of the dates indicated.

Investment Securities

	June 30, 2025		December 31, 2024	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(Dollars in thousands)			
U.S. Government agency mortgage-backed securities	$ 1,376,128	$ 1,335,705	$ 1,327,396	$ 1,256,471
Obligations of state and political subdivisions	1,510,133	1,463,157	1,451,430	1,425,696
Other U.S. Government agency securities	—	—	130,000	129,718
Corporate obligations	25,451	23,344	26,718	24,265
Total	$ 2,911,712	$ 2,822,206	$ 2,935,544	$ 2,836,150

Our investment securities portfolio is reported at estimated fair value, which included gross unrealized gains of $11.8 million and gross unrealized losses of $101.3 million at June 30, 2025 and gross unrealized gains of $8.8 million and gross unrealized losses of $108.2 million at December 31, 2024. We believe that the vast majority of unrealized losses on individual investment securities at June 30, 2025 and December 31, 2024 are the result of fluctuations in interest rates.

If we intend to sell an AFS security in an unrealized loss position, or if it is more likely than not that we will be required to sell an AFS security in an unrealized loss position before recovery of its amortized cost basis, the security's amortized cost basis is written down to fair value through current period expense. If we do not intend to sell an AFS security in an unrealized loss position or if it is more likely than not that we will not sell an AFS security that is in an unrealized loss position, we are required to assess whether the decline in fair value has resulted from credit losses or non-credit factors. If our assessment determines a credit loss exists, the present value of cash flows expected to be collected from the AFS security is compared to the amortized cost basis of the security and if the present value cash flows expected to be collected is less than amortized cost, an allowance for credit losses and a provision for credit loss expense is recorded. If our assessment determines that a credit loss does not exist, we record the decline in fair value through other comprehensive income, net of related tax effects, with such decline included in accumulated other comprehensive income.

The following table presents the unaccreted discount and unamortized premium of our investment securities as of the dates indicated.

Unaccreted Discount and Unamortized Premium

	Amortized Cost	Unaccreted Discount	Unamortized Premium	Par Value
	(Dollars in thousands)			
June 30, 2025:				
U.S. Government agency mortgage-backed securities	$ 1,376,128	$ 3,203	$ (15,985)	$ 1,363,346
Obligations of state and political subdivisions	1,510,133	26,229	(15,580)	1,520,782
Corporate obligations	25,451	148	(1,077)	24,522
Total	$ 2,911,712	$ 29,580	$ (32,642)	$ 2,908,650
December 31, 2024:				
U.S. Government agency mortgage-backed securities	$ 1,327,396	$ 1,090	$ (20,127)	$ 1,308,359
Obligations of state and political subdivisions	1,451,430	26,974	(17,272)	1,461,132
Other U.S. Government agency securities	130,000	—	—	130,000
Corporate obligations	26,718	162	(1,230)	25,650
Total	$ 2,935,544	$ 28,226	$ (38,629)	$ 2,925,141

We recognized premium amortization, net of discount accretion, of $2.7 million during the second quarter and $5.6 million during the first six months of 2025 compared to $3.8 million during the second quarter and $7.9 million during the first six months of 2024. Any premium amortization or discount accretion is considered an adjustment to the yield of our investment securities.

During the second quarter and first six months of 2025 investment securities AFS totaling $145.3 million and $451.0 million matured, were called or were otherwise paid down by the issuer compared to $114.4 million and $279.5 million during the second quarter and first six months of 2024. We purchased $220.9 million and $653.0 million of investment securities AFS during the second quarter and first six months of 2025 compared to $19.5 million and $29.5 million of investment securities AFS during the second quarter and first six months of 2024.

We invest in securities we believe offer good relative value at the time of purchase. In making decisions to sell or purchase securities, we consider credit quality, call features, maturity dates, relative yields, corporate tax rates, current market factors, interest rate risk and interest rate environment, current and projected liquidity needs and other relevant factors.

At June 30, 2025, approximately 94% of our investment securities had an investment grade credit rating and approximately 6% of our investment securities were not rated. For those securities that were not rated, we have performed our own evaluation of the security and/or the underlying issuer and believe that such security or its issuer has credit characteristics equivalent to those which would warrant an investment grade credit rating.

Capital Management

Overview. The primary function of capital is to support our operations, including growth expectations, and act as a cushion to absorb unanticipated losses. Accordingly, our management has developed and our Board has approved a detailed capital policy that addresses, among other things, capital adequacy, considers capital planning strategies for expected future growth, provides plans and actions for capital contingency needs, provides a capital distribution strategy and includes provisions and procedures for developing, reviewing and modifying our capital strategy and our internal capital guidelines and limits based on the results of budgeting and forecasting activities, capital stress testing results, and other factors. Oversight of our capital management plan and capital monitoring activities has been delegated to our ALCO.

Capital Management. We primarily rely on our total stockholders' equity, comprised of preferred and common stock, additional paid-in capital, our retained earnings and our accumulated other comprehensive income (loss) to support our operations and act as a cushion to absorb unanticipated losses. Our common stockholders' equity totaled $5.59 billion at June 30, 2025 compared to $5.37 billion at December 31, 2024. Included below in this Capital Management section of our MD&A is the calculation and reconciliation of our common stockholders' equity to the most directly comparable GAAP measure. Additionally, our common stockholders' equity is augmented by our preferred stock, our subordinated notes, our subordinated debentures and our ACL.

Common Stock Repurchase Program. During the second quarter of 2025, we repurchased 1.12 million shares of common stock for $43.5 million. In June 2025, our Board authorized a stock repurchase program effective July 1, 2025, for up to $200 million of our outstanding common stock, with an expiration on July 1, 2026, unless extended, shortened or suspended by the Board. In establishing our parameters for repurchase price and share volume, management considers a variety of factors including stock price, expected growth, capital position, alternative uses of capital, liquidity, financial performance, the current and expected macroeconomic environment, regulatory requirements and other factors.

Preferred Stock. At June 30, 2025, we had 14,000,000 shares issued and outstanding of 4.625% Series A Non-Cumulative Perpetual Preferred Stock, par value $0.01 per share, with a liquidation preference of $25 per share (the "Preferred Stock"), totaling $339.0 million net of the initial purchaser discount and estimated offering expenses. We pay cash dividends on our Preferred Stock, when, as, and if declared by our Board. Subject to declaration by our Board, cash dividends accrue and are payable from the original date of issuance at a rate of 4.625% per annum, payable quarterly, in arrears, on February 15, May 15, August 15, and November 15 of each year. Dividends on our Preferred Stock are not cumulative or mandatory. During the second quarter and first six months of 2025, we paid dividends on our Preferred Stock of $4.0 million and $8.1 million, respectively.

Subordinated Notes. At June 30, 2025, we had $350 million in aggregate principal amount of our 2.75% Fixed-to-Floating rate Subordinated Notes (the "2.75% Notes") due 2031, which bear interest at a fixed rate of 2.75% per annum until September 30, 2026. On October 1, 2026, the 2.75% Notes will bear interest at a floating rate equal to three-month term SOFR plus 209 basis points. The 2.75% Notes are unsecured, subordinated debt obligations and mature on October 1, 2031. As of June 30, 2025, the 2.75% Notes had a carrying value of $349.0 million and the remaining unamortized discounts and offering expenses totaled $1.0 million.

We may, beginning with the interest payment date on October 1, 2026, and on any interest payment date thereafter, redeem the 2.75% Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the 2.75% Notes to be redeemed plus accrued and unpaid interest to, but excluding, the date of redemption. We may also redeem the 2.75% Notes at any time, including prior to October 1, 2026, at our option, in whole but not in part, if: (i) a change or prospective change in law occurs that could prevent us from deducting interest payable on the 2.75% Notes for U.S. federal income tax purposes; (ii) a subsequent event occurs that could preclude the 2.75% Notes from being recognized as Tier 2 capital for regulatory capital purposes; or (iii) we are required to register as an investment company under the Investment Company Act of 1940, as amended; in each case, at a redemption price equal to 100% of the principal amount of the 2.75% Notes plus any accrued and unpaid interest to, but excluding, the redemption date. The 2.75% Notes provide us with additional Tier 2 regulatory capital.

Subordinated Debentures. We own eight 100%-owned finance subsidiary business trusts – Ozark Capital Statutory Trust II ("Ozark II"), Ozark Capital Statutory Trust III ("Ozark III"), Ozark Capital Statutory Trust IV ("Ozark IV"), Ozark Capital Statutory Trust V ("Ozark V"), Intervest Statutory Trust II ("Intervest II"), Intervest Statutory Trust III ("Intervest III"), Intervest Statutory Trust IV ("Intervest IV") and Intervest Statutory Trust V ("Intervest V"), (collectively, the "Trusts"). At June 30, 2025, we had a total of $113.7 million of trust preferred securities and subordinated debentures owed to the Trusts, with contractual interest rates ranging from 6.18% to 7.52%.

Other Sources of Capital. We may need to raise additional capital in the future to provide us with sufficient capital resources and liquidity to meet our commitments and business needs. As a publicly traded bank, a likely source of additional funds is the capital markets, which can provide us with funds through the public issuance of equity, both common and preferred stock, and the issuance of senior debt and/or subordinated debentures. Our ability to raise additional capital, if needed, will depend on, among other things, conditions in the capital markets at that time, which are outside of our control, and our financial performance. Other than common stock, any issuance of equity or debt by the Bank will require the prior approval of the Arkansas State Bank Department and may be accompanied by time delays associated with obtaining such approval. If market conditions change during any time delays associated with obtaining regulatory approval, we may not be able to issue equity or debt on as favorable terms as were contemplated at the time of commencement of the process, or at all.

Common Stockholders' Equity and Reconciliation of Non-GAAP Financial Measures. We use non-GAAP financial measures, specifically total common stockholders' equity, tangible common stockholders' equity, ratio of tangible common stockholders' equity to total tangible assets, tangible book value per common share, return on average common stockholders' equity and return on average tangible common stockholders' equity as important measures of the strength of our capital and our ability to generate earnings on tangible common equity invested by our shareholders. We believe presentation of these non-GAAP financial measures provides useful supplemental information that contributes to a proper understanding of our financial results and capital levels. These non-GAAP disclosures should not be viewed as a substitute for financial results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies. Reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures are included in the following tables.

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

	June 30,		December 31,
	2025	2024	2024
		(Dollars in thousands)	
Total stockholders' equity before noncontrolling interest	$ 5,924,875	$ 5,407,800	$ 5,705,623
Less preferred stock	(338,980)	(338,980)	(338,980)
Total common stockholders' equity	$ 5,585,895	$ 5,068,820	$ 5,366,643
Less goodwill	(660,789)	(660,789)	(660,789)
Total tangible common stockholders' equity	$ 4,925,106	$ 4,408,031	$ 4,705,854
Total assets	$ 41,454,390	$ 36,836,173	$ 38,258,852
Less goodwill	(660,789)	(660,789)	(660,789)
Total tangible assets	$ 40,793,601	$ 36,175,384	$ 37,598,063
Ratio of total common stockholders' equity to total assets	13.47%	13.76%	14.03%
Ratio of total tangible common stockholders' equity to total tangible assets	12.07%	12.19%	12.52%

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

	June 30,		December 31,
	2025	2024	2024
		(In thousands, except per share amounts)	
Total stockholders' equity before noncontrolling interest	$ 5,924,875	$ 5,407,800	$ 5,705,623
Less preferred stock	(338,980)	(338,980)	(338,980)
Total common stockholders' equity	$ 5,585,895	$ 5,068,820	$ 5,366,643
Less goodwill	(660,789)	(660,789)	(660,789)
Total tangible common stockholders' equity	$ 4,925,106	$ 4,408,031	$ 4,705,854
Shares of common stock outstanding	112,641	113,465	113,458
Book value per common share	$ 49.59	$ 44.67	$ 47.30
Tangible book value per common share	$ 43.72	$ 38.85	$ 41.48

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(Dollars in thousands)			
Net income available to common stockholders	$ 178,931	$ 173,496	$ 346,843	$ 344,987
Average stockholders' equity before noncontrolling interest	$ 5,866,660	$ 5,330,984	$ 5,822,853	$ 5,270,700
Less average preferred stock	(338,980)	(338,980)	(338,980)	(338,980)
Total average common stockholders' equity	$ 5,527,680	$ 4,992,004	$ 5,483,873	$ 4,931,720
Less goodwill	(660,789)	(660,789)	(660,789)	(660,789)
Average tangible common stockholders' equity	$ 4,866,891	$ 4,331,215	$ 4,823,084	$ 4,270,931
Return on average common stockholders'	12.98%	13.98%	12.75%	14.07%
Return on average tangible common stockholders' equity[(1)]	14.75%	16.11%	14.50%	16.24%

(1) Ratios annualized based on actual days.

Common Stock Dividend Policy. During the second quarter of 2025, we paid cash dividends of $0.43 per common share. On July 1, 2025, our Board approved a cash dividend of $0.44 per common share that was paid on July 18, 2025. The determination of future dividends on our common stock will depend on conditions existing at that time and approval of our Board. In addition, our ability to pay common stock dividends to our shareholders is subject to the restrictions set forth in Arkansas law, by our federal regulator, the relative powers, preferences and other rights of the holders of our preferred stock and by certain covenants contained in the indentures governing the trust preferred securities, the subordinated debentures and the 2.75% Notes.

Preferred Stock Dividend Policy. As previously disclosed in the Capital Management section, we have 14,000,000 shares issued and outstanding of 4.625% non-cumulative preferred stock totaling $339.0 million, net of the initial purchaser discount and offering expenses. During the second quarter of 2025, we paid cash dividends of $4.0 million on our Preferred Stock. On July 1, 2025, our Board declared a quarterly cash dividend of $0.28906 per share on Preferred Stock for the period covering May 15, 2025 through, but excluding August 15, 2025. The Preferred Stock dividend is payable on August 15, 2025, to the holders of record of the Preferred Stock at the close of business on August 1, 2025. We will pay cash dividends on the Preferred Stock, when, as, and if declared by our Board. If declared, we would expect our cash dividends on shares of the Preferred Stock to be approximately $4.0 million per quarter. The determination of future dividends on our Preferred Stock will depend on conditions at that time and approval by our Board. In addition, our ability to pay dividends on our preferred shares is subject to the restrictions set forth in Arkansas law and by our federal regulator.

Regulatory Capital. We are subject to various regulatory capital requirements administered by federal and state banking agencies. These capital requirements are consistent with agreements reached by the Basel Committee on Banking Supervision ("Basel III") and certain provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Basel III Rules"). The Basel III Rules require the maintenance of minimum amounts and ratios of common equity tier 1 capital, tier 1 capital and total capital to risk-weighted assets, and of tier 1 capital to adjusted quarterly average assets. Failure to meet minimum capital requirements can initiate certain mandatory and discretionary actions by regulators that, if undertaken, could have a direct material effect on our financial condition and results of operations. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, we must meet specific capital guidelines that involve quantitative measures of our assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. Our capital amounts and classification are also subject to qualitative judgments and adjustments by the regulators about component risk weightings and other factors.

Under the Basel III Rules, common equity tier 1 capital consists of common stock and paid-in capital (net of treasury stock) and retained earnings. Common equity tier 1 capital is reduced by goodwill, certain intangible assets, net of associated deferred tax liabilities, deferred tax assets that arise from tax credit and net operating loss carryforwards, net of any valuation allowance, and certain other items as specified by the Basel III Rules.

Tier 1 capital includes common equity tier 1 capital and certain additional tier 1 items as provided under the Basel III Rules. Our tier 1 capital at June 30, 2025 and December 31, 2024 includes both our common equity tier 1 capital and our preferred stock.

Total capital includes tier 1 capital and tier 2 capital. Tier 2 capital includes, among other things, the allowable portion of the ACL, the trust preferred securities and the 2.75% Notes.

The common equity tier 1 capital, tier 1 capital and total capital ratios are calculated by dividing the respective capital amounts by risk-weighted assets. The leverage ratio is calculated by dividing tier 1 capital by adjusted quarterly average total assets.

Basel III Rules allowed for insured depository institutions to make a one-time election not to include most elements of accumulated other comprehensive income in regulatory capital. We made this opt-out election to avoid significant variations in the level of capital depending upon the impact of interest rate fluctuations on the fair value of our investments securities portfolio.

The Basel III Rules limit capital distributions and certain discretionary bonus payments if the banking organization does not hold a "capital conservation buffer" in addition to the amount necessary to meet minimum risk-based capital requirements for common equity tier 1 capital, tier 1 capital and total capital to risk-weighted assets. At June 30, 2025 and December 31, 2024 Basel III Rules required us to maintain (i) a minimum ratio of common equity tier 1 capital to risk-weighted assets of at least 4.5%, plus a 2.5% capital conservation buffer, which effectively results in a minimum ratio of 7.0%, (ii) a minimum ratio of tier 1 capital to risk-weighted assets of at least 6.0%, plus a 2.5% capital conservation buffer, which effectively results in a minimum ratio of 8.5%, (iii) a minimum ratio of total capital to risk-weighted assets of at least 8.0%, plus a 2.5% capital conservation buffer, which effectively results in a minimum ratio of 10.5% and (iv) a minimum leverage ratio of 4.0%. Additionally, in order to be considered well-capitalized under the Basel III Rules, we must maintain (i) a ratio of common equity tier 1 capital to risk-weighted assets of at least 6.5%, (ii) a ratio of tier 1 capital to risk-weighted assets of at least 8.0%, (iii) a ratio of total capital to risk-weighted assets of at least 10.0% and (iv) a leverage ratio of at least 5.0%.

The following table presents actual and required capital ratios as of the dates indicated under the Basel III Rules. The minimum required capital amounts presented include the minimum required capital levels, plus the capital conservation buffer. Capital levels required to be considered well capitalized are based upon prompt corrective action regulations, as amended to reflect the changes under the Basel III Rules. At June 30, 2025 and December 31, 2024, our capital levels exceeded all minimum capital requirements and requirements to be considered well capitalized under the Basel III Rules. Additionally, our capital levels at June 30, 2025 and December 31, 2024 exceeded all capital requirements to be considered well capitalized based upon prompt corrective action regulations, as amended by the Basel III rules.

Regulatory Capital Ratios

	Actual		Minimum Capital Required - Basel III		Required to be Considered Well Capitalized	
	Capital Amount	Ratio	Capital Amount	Ratio	Capital Amount	Ratio
			(Dollars in thousands)			
June 30, 2025:						
Common equity tier 1 to risk-weighted assets	$ 4,987,641	11.13%	$ 3,136,699	7.00%	$ 2,912,649	6.50%
Tier 1 capital to risk-weighted assets	5,326,621	11.89	3,808,849	8.50	3,584,799	8.00
Total capital to risk-weighted assets	6,348,042	14.17	4,705,049	10.50	4,480,999	10.00
Tier 1 leverage to average assets	5,326,621	13.59	1,567,276	4.00	1,959,094	5.00
December 31, 2024:						
Common equity tier 1 to risk-weighted assets	$ 4,776,712	11.34%	$ 2,947,797	7.00%	$ 2,737,240	6.50%
Tier 1 capital to risk-weighted assets	5,115,692	12.15	3,579,468	8.50	3,368,911	8.00
Total capital to risk-weighted assets	6,103,224	14.49	4,421,696	10.50	4,211,139	10.00
Tier 1 leverage to average assets	5,115,692	13.73	1,490,141	4.00	1,862,676	5.00

Capital Stress Testing. We completed our annual capital stress tests during the third quarter of 2024 utilizing multiple economic scenarios, including an adverse idiosyncratic scenario unique to our Bank. The results of our stress tests reflected that we would maintain well-capitalized status for all capital ratios over the stress test time horizon.

Our historically strong earnings and earnings retention rate, among other factors, have contributed to our maintaining capital ratios well above the minimum to be considered "well capitalized." 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, and, if appropriate, stock repurchases and acquisitions.

Growth and Branching. During the second quarter of 2025, we opened eight retail branches (seven new and one replacement branch), bringing the number of branches opened in the first half of 2025 to 11 (nine new and two replacement branches). We expect to open approximately 15 more branches in the second half of 2025 and approximately 25 more branches in 2026. Additionally, as we have done in recent years, we may relocate offices, sell offices and/or close certain offices and consolidate the business of such offices into other offices. Opening new offices is subject to local banking market conditions, availability of satisfactory sites, hiring qualified personnel, obtaining regulatory and other approvals and many other conditions and contingencies that we cannot predict with certainty. We may increase or decrease our expected number of new office openings or relocate, sell or close current offices as a result of a variety of factors including our financial results, changes in economic or competitive conditions, strategic opportunities, individual office profitability metrics or other factors.

Capital Expenditures. During the first six months of 2025, we spent approximately $45.6 million on capital expenditures for premises and equipment. Our capital expenditures for the remainder of 2025 are expected to be in the range of $40 million to $55 million, including progress payments on construction projects expected to be completed in 2025 or 2026, furniture and equipment costs, network equipment and other information technology costs and acquisition of sites for future development. Actual expenditures may vary significantly from those expected, depending on the number and cost of additional branch offices acquired or constructed and sites acquired for future development, progress or delays encountered on ongoing and new construction projects, delays in obtaining or inability to obtain required approvals, potential premises and equipment expenditures associated with acquisitions, if any, and other factors.

Operational Risk Management

Operational risk is the risk to current or anticipated earnings or capital arising from inadequate or failed internal processes or systems, human errors or misconduct, reputational damage or other adverse internal or external events. Operational risk is inherent in all of our businesses. To assist in our operational risk management, in addition to monitoring our operational risk profile against our Board-approved risk appetite using key performance and risk metrics, we utilize risk control self-assessments across the Bank to identify key operational risks and associated key internal controls. We have in place a number of controls that assist in the management of operational risk including, but not limited to, transactional documentation requirements; systems and procedures to monitor transactions; systems and procedures to detect and mitigate attempts to commit fraud, penetrate our systems, access customer data, and/or deny access to our systems by legitimate customers; regulatory compliance reviews; and periodic reviews by various components of our CRMG and our Internal Audit function. Reconciliation procedures have also been established to ensure that data processing systems accurately capture data and transactions. Further, we have programs and procedures to maintain contingency and business continuity plans for operational support in the event of disruptions to our business. We also mitigate certain operational risks through the purchase of insurance. Our Operational Risk Management group, which reports to our CRO, has responsibilities for assisting the business units in identifying, managing and monitoring operational risks including risks resulting from the use of technology, cybersecurity risk, third-party vendor management risk, risks associated with the introduction of new products and services, and various other operational risks.

Model Risk. Model risk is the risk that the various models utilized throughout the Bank do not provide accurate results, particularly in times of market stress or other unforeseen circumstances or prove to be inadequate or inaccurate because of flaws in their design or implementation. We have an internal Model Risk Management group (second line oversight), which reports to our CRO, that has developed and implemented a model framework, in compliance with Federal Reserve Supervision and Regulation Letter *SR 11-7: Guidance on Model Risk Management,* whereby all models used throughout the Bank are inventoried, assessed, and validated in accordance with this framework. Ownership of our internal models resides with our quantitative modeling team (first line oversight), who, along with our business units, manages the use of such models in accordance with our model framework.

Data Risk. Data risk is the exposure to loss of value or reputation caused by issues or limitations to an organization's ability to acquire, store, transform, move, and use its data assets in an accurate and timely fashion. The Data Risk Management group works closely with the Bank's key data stakeholders to monitor and execute on the Bank's data governance and data quality mandate.

Legal Risk. As part of our operational risk management program, we also actively monitor our legal risk exposure. Legal risk arises from the potential that unenforceable contracts, lawsuits or adverse judgments can disrupt or otherwise negatively affect our operations or condition. These risks are inherent in all of our businesses. Legal risk exposures are actively and primarily managed by our business units in conjunction with our legal department.

Strategic Risk Management

Strategic risk is the risk to current or anticipated earnings or capital, or franchise or enterprise value arising from, among other items, adverse business decisions, poor implementation of business decisions, and adverse competitive business and macroeconomic environment affecting the Bank's business model. The assessment of strategic risk includes more than an analysis of our written strategic plan. It focuses on opportunity costs and how plans, systems, and implementation affect, or could affect, our franchise or enterprise value. It also incorporates how management analyzes external factors, such as economic, technological, competitive, regulatory, and other environmental changes that affect our strategic direction. Our strategic risk profile is measured against our Board-approved strategic risk appetite by our CRMG, which monitors our performance against our strategic objectives in addition to measuring our financial performance against our peer group. Also, as part of our strategic risk monitoring process, the current and expected systemic macroeconomic environment is monitored using a combination of metrics, models and various other tools.

Compliance Risk Management

Compliance risk is the risk of legal or regulatory sanctions, financial loss or damage to reputation resulting from failure to comply with laws, regulations, rules, other regulatory requirements, or codes of conduct and other standards of self-regulatory organizations applicable to us. Risks related to compliance matters are heightened by the heavily regulated environment in which we operate. We have designed our processes and systems and provided education of applicable regulatory standards to our employees in an effort to comply with these requirements. Compliance risk exposures are actively and primarily managed by our business units in conjunction with our Corporate Compliance group, our legal department and the associated compliance programs operated under our compliance framework and our compliance management system that govern the management of compliance risk. Our ERC and BRC oversee our compliance program.

RECENTLY ISSUED ACCOUNTING STANDARDS

See Note 14 to the Consolidated Financial Statements for a discussion of certain recently issued and recently adopted accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Information required by this Item is included in “Market and Interest Rate Risk Management” in the MD&A beginning on page 46 and is hereby incorporated by reference.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures.

As of the end of the period covered by this report, our management carried out an evaluation, under the supervision and with the participation of the Bank’s Chairman and Chief Executive Officer (principal executive officer) and its Chief Financial Officer (principal financial officer), of the effectiveness of the design and operation of our disclosure controls and procedures as defined in SEC Rule 13a-15(e) under the Exchange Act. Disclosure controls and procedures are controls and other procedures designed to ensure that the information required to be disclosed in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms applicable to the Bank pursuant to the Exchange Act, and that such information is accumulated and communicated to management, including our principal executive and principal financial officers, as appropriate, to allow for timely decisions regarding required disclosure. Based on that evaluation, the principal executive officer and principal financial officer concluded that, as of the end of the period covered by this report, the Bank’s disclosure controls and procedures were effective.

(b) Changes in Internal Control over Financial Reporting.

There have been no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended June 30, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

In the ordinary course of business, we are or may be involved in various legal or regulatory proceedings, claims, including claims related to employment, wage-hour and labor law claims, consumer and privacy claims, lender liability claims, breach of contract, and other similar lending-related claims encountered on a routine basis, some of which may be styled as “class action” or representative cases. While the ultimate resolution of these claims and proceedings cannot be determined at this time, management believes that such claims and proceedings, individually or in the aggregate, will not have a material adverse effect on the Bank’s financial condition or results of operations.

Item 1A. Risk Factors

There are no material changes from the risk factors disclosed under Item 1A. of our annual report on Form 10-K for the year ended December 31, 2024.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Recent Sales of Unregistered Securities

During the second quarter of 2025, the Bank issued 1,630 shares of common stock in connection with the exercise of outstanding stock options previously granted to certain officers. The shares were issued in reliance on the exemption provided by Section (3)(a)(2) of the Securities Act of 1933 because the sales involved securities issued by a bank.

During the second quarter of 2025, the Bank issued an aggregate of 27,999 shares of restricted common stock to certain officers and non-employee directors pursuant to the Bank's 2019 Omnibus Equity Incentive Plan. In addition, during the second quarter of 2025, the Bank issued 8,758 shares of common stock in connection with the settlement of vested PSUs granted in previous periods. The Bank did not receive any cash consideration in connection with these grants. These grants were exempt from registration pursuant to Section (3)(a)(2) of the Securities Act of 1933 because the grants involved securities issued by a bank.

Repurchases of Equity Securities by Issuer

During the second quarter of 2025, the Bank repurchased shares of its common stock as indicated in the following table.

Period	Total Number of Shares Purchased [1]	Average Price Paid per Share	Total Number of Shares Purchased as Part of a Publicly Announced Program	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Program [2]
		(In thousands, except per share amounts)		
April 1-30, 2025	1,120,583	$ 38.69	1,117,000	$ 156,321
May 1-31, 2025	409	44.15	—	156,321
June 1-30, 2025	—	—	—	$ 156,321
Total	1,120,992	$ 38.69	1,117,000	

[1] The Bank withheld 3,583 shares of common stock in April and 409 shares of common stock in May to satisfy federal and state tax withholding requirements related to the vesting of restricted stock and settlement of PSUs.

[2] On July 17, 2024, we announced that our Board authorized a stock repurchase program for up to $200 million of our outstanding shares of common stock, with an expiration date of July 1, 2025, unless extended, shortened or suspended by the Board.

In June 2025, we announced that our Board approved a new stock repurchase program authorizing the repurchase of up to $200 million of our outstanding shares of common stock (the "Stock Repurchase Program"). The Stock Repurchase Program was effective July 1, 2025, and will expire on July 1, 2026, unless extended, shortened or suspended by the Board. Under this program, repurchases may be made from time to time in open market transactions, through privately negotiated transactions or otherwise in accordance with applicable federal securities laws, including through Rule 10b5-1 trading plans and under Rule 10b-18 of the Exchange Act. The timing and amount of repurchases will be determined by management based on 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.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Securities Trading Plans of Directors and Executive Officers

During the quarter ended June 30, 2025, no director or Section 16 officer of the Bank adopted or terminated any Rule 10b5-1 trading arrangement (as defined in Item 408(a) of Regulation S-K) or non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K).

Item 6. Exhibits

Reference is made to the Exhibit Index set forth immediately following the signature page of this report.

SIGNATURE

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 thereunto duly authorized.

	Bank OZK
DATE: August 5, 2025	/s/Tim Hicks
	Tim Hicks
	Chief Financial Officer (Principal Financial Officer and Authorized Officer)

Bank OZK

Exhibit Index

Exhibit Number	
3.1	Amended and Restated Articles of Incorporation of Bank of the Ozarks (previously filed as Exhibit 3.1 to the Bank’s Current Report on Form 8-K filed with the FDIC on June 26, 2017, and incorporated herein by reference).
3.2	Articles of Amendment to the Amended and Restated Articles of Incorporation of Bank OZK (previously filed as Exhibit 3.1 to the Bank’s Current Report on Form 8-K filed with the FDIC on July 16, 2018, and incorporated herein by reference).
3.3	Articles of Amendment to the Amended and Restated Articles of Incorporation of Bank OZK (previously filed as Exhibit 3.3 to the Bank’s Registration Statement on Form 8-A filed with the FDIC on November 4, 2021, and incorporated herein by reference).
3.4	Second Amended and Restated Bylaws of Bank OZK (previously filed as Exhibit 3.1 to the Bank’s Current Report on Form 8-K filed with the FDIC on August 10, 2018, and incorporated herein by reference).
4.1	Instruments defining the rights of security holders, including indentures. The Bank hereby agrees to furnish to the FDIC upon request copies of instruments defining the rights of holders of long-term debt of the Bank and its consolidated subsidiaries; no issuance of debt exceeds ten percent of the assets of the Bank and its subsidiaries on a consolidated
4.2	Form of Common Stock Certificate (previously filed as Exhibit 4.2 to the Bank’s Current Report on Form 8-K filed with the FDIC on July 16, 2018, and incorporated herein by reference).
4.3	Form of Certificate Representing Series A Preferred Stock (previously filed as Exhibit 4.1 to the Bank’s Registration Statement on Form 8-A filed with the FDIC on November 4, 2021, and incorporated herein by reference).
31.1	Certification of Chairman and Chief Executive Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002, filed herewith.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002, filed herewith.
32.1	Certification of Chairman and Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, furnished herewith.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, furnished herewith.

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY
ACT OF 2002

I, George Gleason, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bank OZK;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2025

/s/George Gleason

George Gleason
Chairman and Chief Executive Officer

Exhibit 31.2

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY
ACT OF 2002**

I, Tim Hicks, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bank OZK;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of registrant’s board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 5, 2025

/s/Tim Hicks
Tim Hicks
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the accompanying Quarterly Report of Bank OZK (the Bank) on Form 10-Q for the period ended June 30, 2025, as filed with the Federal Deposit Insurance Corporation on the date hereof (the Report), I, George Gleason, Chairman and Chief Executive Officer of the Bank, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Bank.

Date: August 5, 2025

/s/George Gleason
George Gleason
Chairman and Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the accompanying Quarterly Report of Bank OZK (the Bank) on Form 10-Q for the period ended June 30, 2025, as filed with the Federal Deposit Insurance Corporation on the date hereof (the Report), I, Tim Hicks, Chief Financial Officer of the Bank, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Bank.

Date: August 5, 2025

/s/Tim Hicks
Tim Hicks
Chief Financial Officer