



NASDAQ: HOMB | September 2021
www.homebancshares.com



Home BancShares Announces Acquisition of Happy Bancshares

Creating a Happy HOMB from Panhandle to Panhandle



FORWARD LOOKING STATEMENT

This presentation contains forward-looking statements which include, but are not limited to, statements about the benefits of the business combination transaction involving Home BancShares, Inc. (“Home”) and Happy Bancshares, Inc. (“Happy”), including the combined company’s future financial and operating results, plans, expectations, goals and outlook for the future. Statements in this presentation that are not historical facts should be considered forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements of this type speak only as of the date of this presentation. By nature, forward-looking statements involve inherent risk and uncertainties. Various factors could cause actual results to differ materially from those contemplated by the forward-looking statements, including, but not limited to, (i) the possibility that the acquisition does not close when expected or at all because required regulatory, shareholder or other approvals and other conditions to closing are not received or satisfied on a timely basis or at all; (ii) the possibility that the transaction may be more expensive to complete than anticipated, including as a result of unexpected factors or events; (iii) the risk that the benefits from the transaction may not be fully realized or may take longer to realize than expected, including as a result of changes in general economic and market conditions, ongoing or future effects of the COVID-19 pandemic, interest and exchange rates, monetary policy, laws and regulations and their enforcement, and the degree of competition in the geographic and business areas in which Home and Happy operate; (iv) the ability to promptly and effectively integrate the businesses of Home and Happy; (v) the reaction to the transaction of the companies’ customers, employees and counterparties; and (vi) diversion of management time on acquisition-related issues. Additional information on factors that might affect Home’s financial results is included in its Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on February 26, 2021. Home assumes no obligation to update the information in this presentation, except as otherwise required by law.

ADDITIONAL INFORMATION AND WHERE TO FIND IT

This presentation may be deemed to be solicitation material in respect of the proposed transaction by Home and Happy. In connection with the proposed acquisition, Home intends to file with the Securities and Exchange Commission (the “SEC”) a Registration Statement on Form S-4 (the “Registration Statement”) to register the shares of Home common stock to be issued to shareholders of Happy in connection with the transaction. The Registration Statement will include a Joint Proxy Statement of Home and Happy and a Prospectus of Home, as well as other relevant materials regarding the proposed merger transaction involving Home and Happy. **INVESTORS AND SECURITY HOLDERS OF HOME AND HAPPY ARE ADVISED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS WHEN IT BECOMES AVAILABLE AND ANY OTHER DOCUMENTS FILED WITH THE SEC IN CONNECTION WITH THE MERGER OR INCORPORATED BY REFERENCE IN THE JOINT PROXY STATEMENT/PROSPECTUS BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION REGARDING THE PROPOSED MERGER TRANSACTION.** Investors and security holders may obtain free copies of these documents, once they are filed, and other documents filed with the SEC on the SEC’s website at <http://www.sec.gov>. Investors and security holders may also obtain free copies of the documents filed with the SEC by Home at Home’s website at <http://www.homebancshares.com>, Investor Relations, or by contacting Donna Townsell, by telephone at (501) 328-4625.

Home and Happy and certain of their directors and executive officers may be deemed to be participants in the solicitation of proxies from the shareholders of Home and Happy in connection with the merger transaction. Information about the directors and executive officers of Home and their ownership of Home common stock is set forth in the proxy statement for Home’s 2021 Annual Meeting of Shareholders, as filed with the SEC on Schedule 14A on March 2, 2021. Information about the directors and executive officers of Happy and their ownership of Happy common stock will be set forth in the Joint Proxy Statement/Prospectus to be included in the Registration Statement. Additional information regarding the interests of those participants and other persons who may be deemed participants in the transaction may be obtained by reading the Joint Proxy Statement/Prospectus regarding the merger transaction. Free copies of this document may be obtained as described in the preceding paragraph when it becomes available.

CREATING A DOMINANT SOUTHERN INSTITUTION FROM PANHANDLE TO PANHANDLE

**Brings
Strong Gulf
Presence Into
One
Bank**



Meaningful Entrance into High-Growth Texas Markets

- \$6.3 billion in total assets
- #25 ranked by Texas deposits
- Dominant Panhandle and South Plains market share and an entrance into Dallas/Fort Worth and Austin markets
- Largest privately held Texas bank to sell in over 30 years
- Opportunity to better compete in future Texas consolidations



Complementary Franchise Enhancing an Already Peer-Leading Growth Institution

- Enhances ROATCE by ~90bps
- Provides new growth markets to leverage low-cost deposits
- Adds over \$3B in wealth and trust assets, bolstering fee income



Financially Compelling and Low-Risk Transaction

- Triple accretive: accretive to earnings per share, book value per share, and tangible book value per share inclusive of more than \$50M of transaction costs plus \$28M impact of CECL “double count”
- Conservative assumptions supported by strong deal experience and thorough due diligence

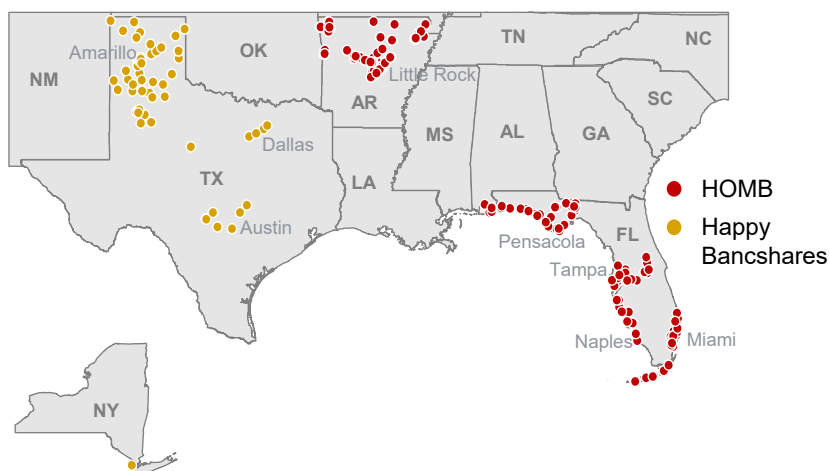


Addition of Strong Management to Ensure Continuity

- Long-tenured, seasoned risk professionals
- Happy to operate as our base platform for future expansion

EXPANSION INTO HIGH GROWTH TEXAS MARKETS

Expansive Geographic Footprint



Attractive Market Presence

Major MSAs Served ⁽¹⁾⁽²⁾	19 MSAs
National Deposit Market Share Rank ⁽²⁾	Top 70
Projected Population Growth ('21-'26E)	3.9% (35% faster than national average)

(1) Represents MSAs with population of at least 250,000

(2) Deposit and market share information per FDIC from S&P Global Market Intelligence as of June 30, 2021; Ranking excludes credit unions, credit card companies, trust companies and subsidiaries of foreign banks

Source: S&P Global Market Intelligence, Company Filings

Enhancing Our Presence in High Growth Markets

Amarillo



Austin



Dallas



Destin



Fayetteville



Fort Myers



Fort Smith



Lakeland



Little Rock



Lubbock



Miami



Naples



New York



Orlando



Pensacola



Sarasota



Tallahassee



Tampa



POSITIONED TO BENEFIT FROM DEMOGRAPHIC GROWTH TRENDS

\$24B
Total Assets¹

Deposits: \$8.0B

Market Rank: 17

\$14B
Gross Loans¹

Population: 21.9M

Population Growth: 5.9%

Income Growth: 11.3%

New Congressional Seats: +1

Top Income Tax Rate: 0%

Business Tax Rate: 5.5%

Fortune 1000's: 35

CNBC Business Ranking: 17

Deposits: \$5.3B

Market Rank: 25

Population: 29.6M

Population Growth: 6.8%

Income Growth: 6.6%

New Congressional Seats: +2

Top Income Tax Rate: 0%

Business Tax Rate: 0.375%

Fortune 1000's: 95

CNBC Business Ranking: 4

Deposits: \$5.4B

Market Rank: 6

Population: 3.0M

Population Growth: 1.6%

Income Growth: 10.1%

New Congressional Seats: --

Top Income Tax Rate: 5.9%

Business Tax Rate: 6.2%

Fortune 1000's: 7

CNBC Business Ranking: 43

Top Tier
Financial
Performance

Select
Fortune 1000
Companies

MARRIOTT
VACATIONS
WORLDWIDE

JABIL

RAYMOND
JAMES

chewy

ADT

FIS

publix

McKesson

AT&T

TOYOTA

charles
SCHWAB

ORACLE

American
Airlines

USAA

DELL

Kimberly-Clark

windstream

Tyson

ArcBest

Walmart

MURPHY
USA

Dillard's

J.B. HUNT

1) Represents pro forma financial data as of June 30, 2021, excluding purchase accounting adjustments

Note: Logos represent select Fortune 1000 headquartered in relevant markets; Deposit and market share information per FDIC from S&P Global Market Intelligence as of June 30, 2021

Source: S&P Global Market Intelligence, Company Filings, CNBC, Fortune

PROPOSED TERMS OF THE TRANSACTION

Transaction Structure

- Home BancShares, Inc. (NASDAQ : HOMB) will be the surviving entity
- 2.17x HOMB shares for each share of Happy Bancshares, Inc. common stock
- Options to be rolled into HOMB common stock

Transaction Pricing

- Implied Price per Share: \$47.24¹
- Aggregate Transaction Value: \$919 Million¹
- Price / TBVPS: 166%
- Price / 2022E EPS: 13.4x
- Happy Ownership: ~21%

Leadership & Branding

- J. Pat Hickman, Chairman, President and Founder of Happy Bancshares, Inc. and Chairman of Happy State Bank, to join the HOMB Board of Directors
- Mikel Williamson, CEO of Happy Bancshares, Inc. and President and CEO of Happy State Bank, to join Centennial Executive leadership team
- Happy executives to maintain leadership roles in Texas
- Texas franchise to be branded Happy State Bank, a Division of Centennial Bank

Timing & Approval

- Anticipated Closing: Q1 2022
- HOMB and Happy Bancshares shareholder approval
- Customary regulatory approval

1) Based on a 20-day volume weighted average price per share of \$21.77 of HOMB as of September 13, 2021

RARE, DAY 1 TRIPLE ACCRETIVE TRANSACTION

Accretive to EPS

5.5%

2022E EPS
Accretion¹

9.2%

2023E EPS
Accretion

Accretive to BVPS

5.1%

BVPS
Accretion

Accretive to TBVPS

1.5%

TBVPS
Accretion

Robust Capital Positioning and Operating Profile

14.4%

CET 1 Ratio at
Closing

18.9%

Total Capital Ratio
at Closing

+90bps

ROATCE
Increase

1) Assumes 75% realization of cost savings; illustrative for the full realization of cost savings, 2022E EPS accretion would be approximately ~8.4%

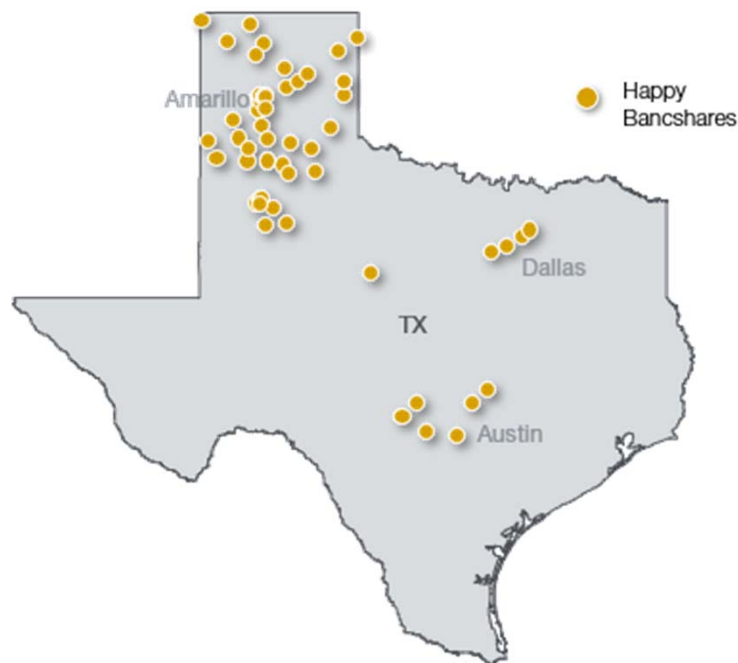
HAPPY BANCSHARES OVERVIEW – A HIGH PERFORMING TEXAS BANK



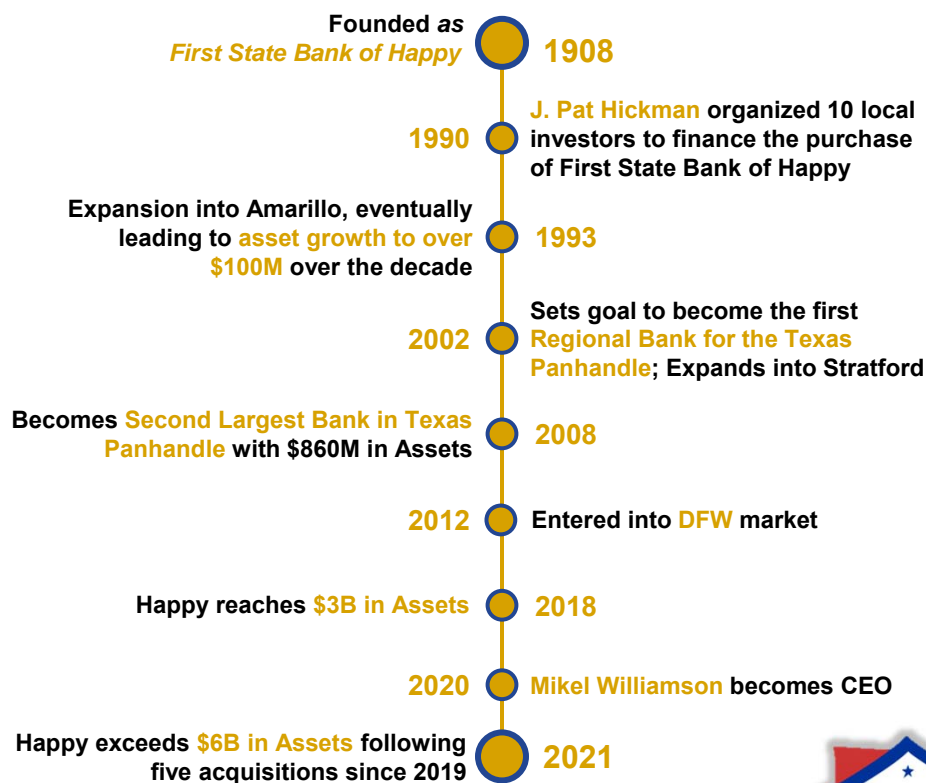
J. Pat Hickman – Chairman, President and Founder of Happy Bancshares, Inc. Chairman of Happy State Bank
40+ Years of Banking Experience



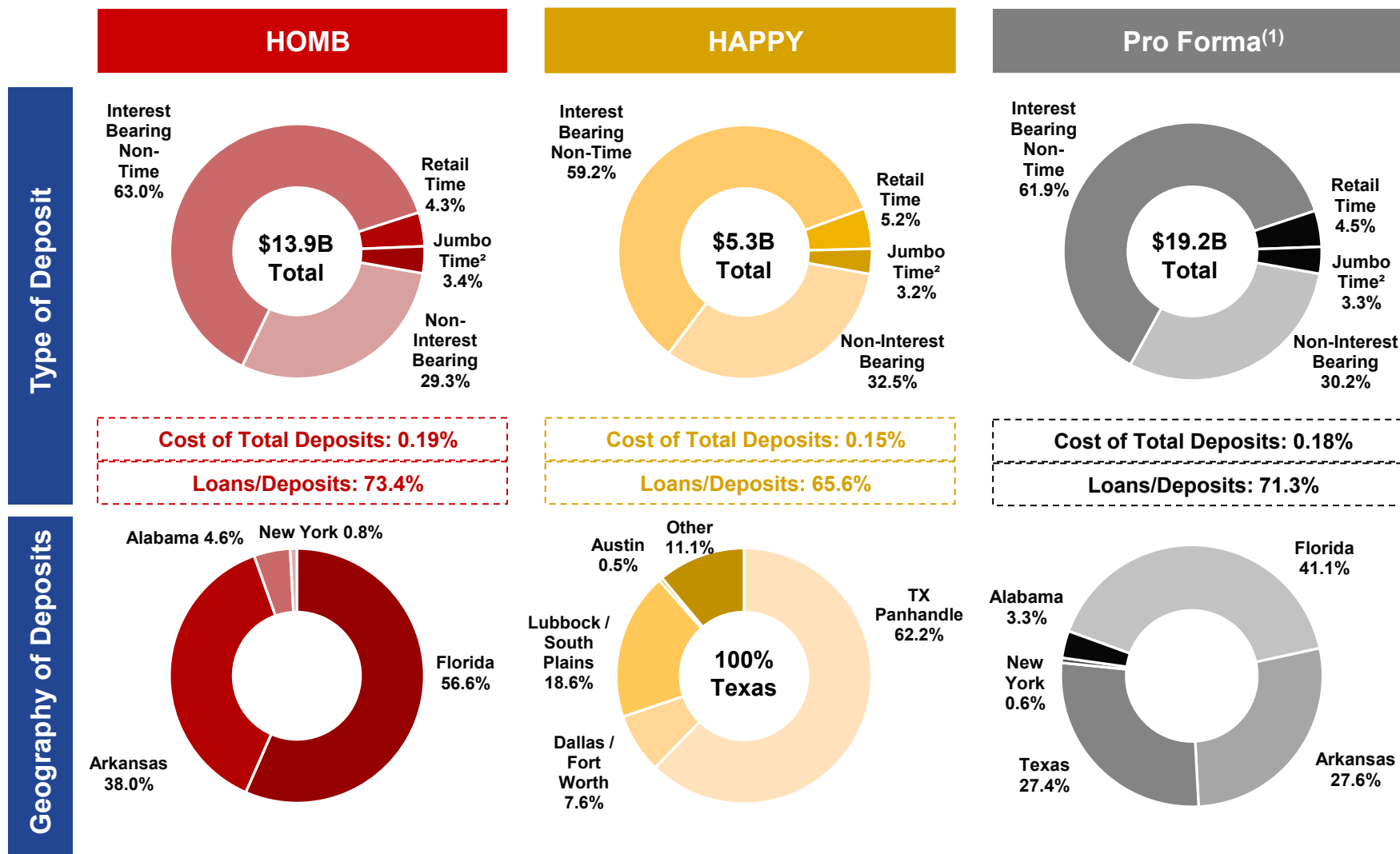
Mikel Williamson – CEO of Happy Bancshares, Inc. President and CEO of Happy State Bank.
20+ Years of Banking Experience



Headquartered	Amarillo, TX
Assets	\$6.3B
Gross Loans	\$3.5B
Deposits	\$5.3B
LTM ROAA	1.28%
TCE / TA	9.10%



GRANULAR, LOW COST DEPOSIT GENERATORS



1) Excludes purchase accounting adjustments

2) Defined as time deposits of \$250,000 or more

Note: Data as of or for the three months ended 6/30/21

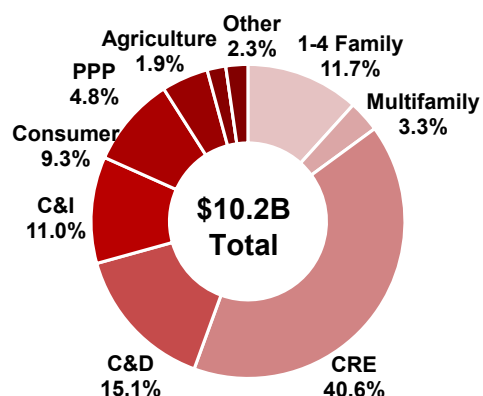
Source: S&P Global Market Intelligence

DIVERSIFIED, COMMERCIAL-FOCUSED LOAN PORTFOLIO

Type of Loan

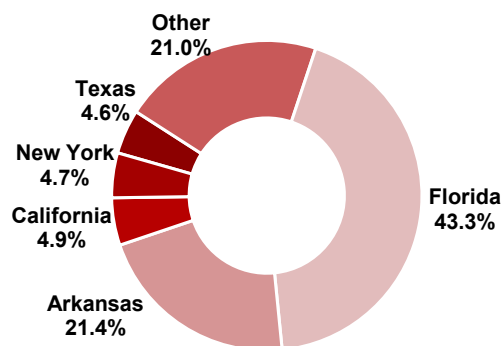
Geography of Loans

HOMB



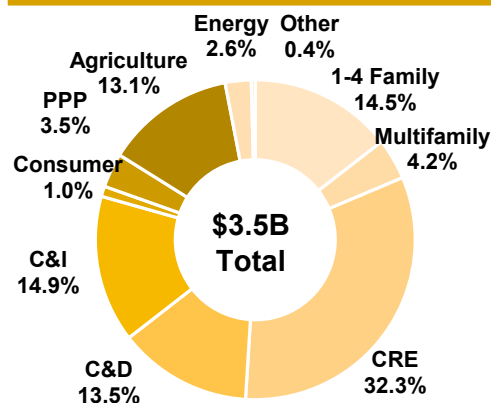
CRE Concentration: 240.2%

C&D Concentration: 77.3%



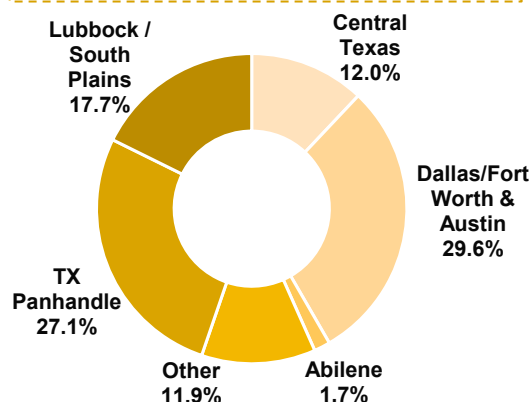
Yield on Loans and Leases: 5.40%

HAPPY



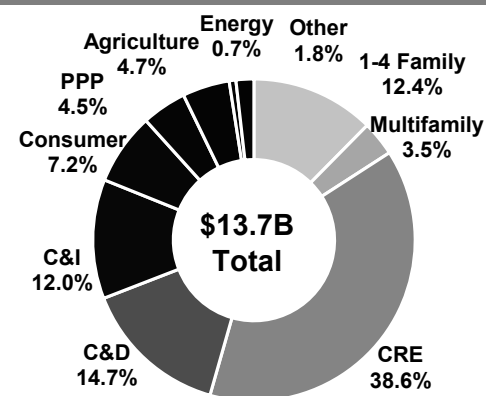
CRE Concentration: 215.0%

C&D Concentration: 66.7%



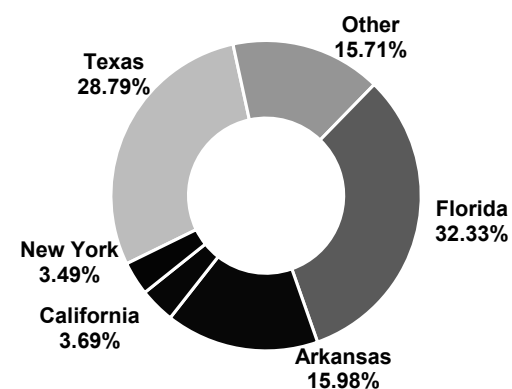
Yield on Loans and Leases: 5.80%

Pro Forma⁽¹⁾



CRE Concentration: 233.7%

C&D Concentration: 74.6%

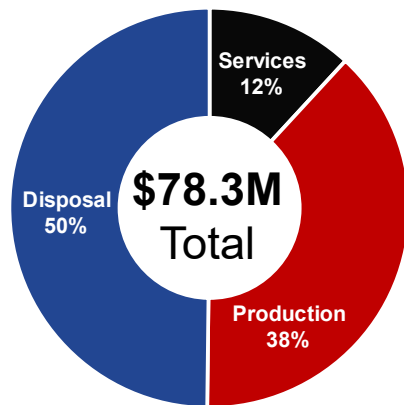


Yield on Loans and Leases: 5.50%

1) Excludes purchase accounting adjustments
Note: Data as of or for the three months ended 6/30/21
Source: S&P Global Market Intelligence; Management

SIGNIFICANT CREDIT REVIEW AND CONSERVATIVE CREDIT MARK

Energy Exposure



**<1% of Combined
Loan Portfolio**

**~20 Years Average
Experience**

**~70% of Exposure in
Permian Basin**

Select COVID-19 Sensitive Industries

Retail Centers \$104.3M

Energy \$78.3M

Restaurants \$37.1M

Hotels \$131.3M

\$414M

PPP Loans Funded

\$127M

PPP Loans Remaining

Significant Due Diligence

45% of Loan Balance Reviewed

616 Loans

**Reviewed 92% of
Classified or Worse loans,
including a full review of these
documents by HOMB's
Chairman**

**18 Member Due Diligence Team
with extensive experience over
multiple reviews**

2.12% Credit Mark

THE COMBINATION OF SHARED VALUES PROVIDES BENEFITS FOR ALL STAKEHOLDERS

Consistent commitment to **COMMUNITY DEVELOPMENT AND CORPORATE CITIZENSHIP**



ENVIRONMENTAL, SOCIAL AND GOVERNANCE efforts remain a top priority



During a pandemic, the combined company contributed **11,500 VOLUNTEER HOURS** in the communities where we live and work



\$3M IN DONATIONS during 2020



COMPLEMENTARY VALUES BASED CULTURES and robust risk management



EXPAND PRODUCTS AND SERVICES to better serve customers



Common interest to **INVEST IN TECHNOLOGY** to **ENHANCE CUSTOMER EXPERIENCE**



SHAREHOLDERS

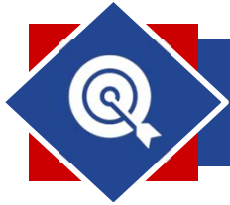
*Immediate Accretion to TBV and EPS

*Quarterly Dividends Paid

*Best in Class Margin



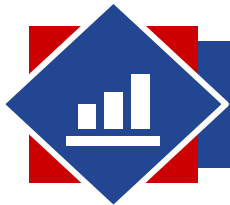
CREATING A DOMINANT SOUTHERN INSTITUTION FROM PANHANDLE TO PANHANDLE



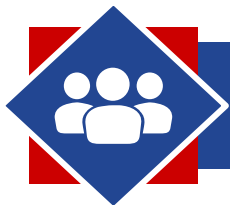
With a meaningful entrance into high-growth Texas markets, HOMB now operates in two of the fastest growth states in the U.S.



Complementary franchise that is additive to an already top-tier institution

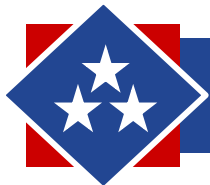


Financially compelling low-risk transaction consistent with stated M&A goals



Enhanced management team with legacy leadership in the Texas market

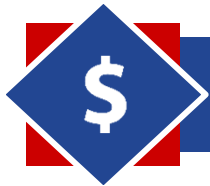
BENEFITS OF THE COMBINATION



Triple Accretive: Accretive to EPS, BVPS and TBVPS inclusive of more than \$50M of transaction costs and the \$28M impact of CECL “double count”



Conservative Assumptions: credit mark, one-time costs, expense savings and no revenue synergies



Well-managed platform with strong loan yields and a low-cost deposit base providing for enhanced NIM trajectory



Detailed diligence and low-risk balance sheets



Happy is privately owned and will bring over 1,300 new HOMB shareholders

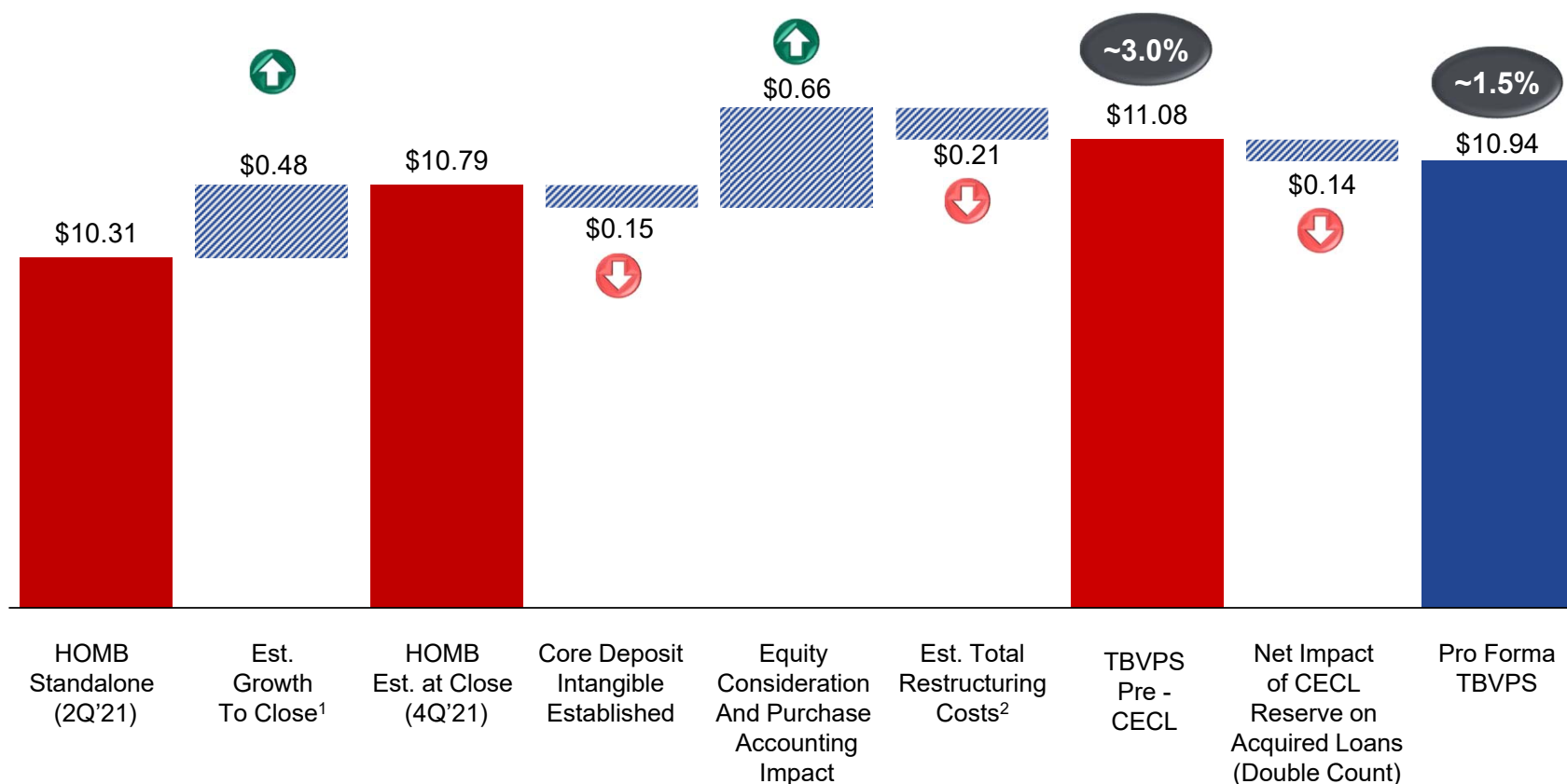
TOTAL SHAREHOLDER RETURN SINCE HOMB INITIAL PUBLIC OFFERING



1) Per Bloomberg; Closing price as of September 10, 2021; Total return defined as stock appreciation inclusive of reinvestment of dividends into new shares at spot price
Source: S&P Global Market Intelligence and Bloomberg

APPENDIX

TANGIBLE BOOK VALUE PER SHARE AT CLOSING RECONCILIATION



- 1) Includes the impact of estimated earnings, payment of dividends and share repurchases through closing in based on Wall Street consensus estimates
 2) Includes full impact of one-time merger expenses for illustrative purposes

KEY MERGER ASSUMPTIONS

Earnings Projections¹

- HOMB 2021 and 2022 EPS estimates of \$1.89 and \$1.66, respectively, and 2023 net income estimate of \$278 million
- Happy net income estimates of \$68.3 million and \$71.7 million for 2022 and 2023, respectively

Estimated Cost Savings

- Approximately 33% of Happy's projected expense base, representing fully phased-in cost savings of approximately \$53 million
 - Assumes cost savings are phased-in 75% in 2022 and 100% thereafter
- Projected pre-tax reduction in fee income of \$6 million associated with the impact of the Durbin Amendment

Merger & Integration Costs

- Approximately \$55 million, pretax
- Assumed to occur 100% at closing for modeling purposes

Credit Assumptions and CECL Reserve

- Gross credit mark equal to 2.12% of Happy's gross loans projected at closing of \$3.6 billion
 - CECL: 63% PCD / 37% Non-PCD
 - ACL established post-closing on Happy loans of \$77 million, inclusive of the \$28 million CECL "double count", representing a 2.12% reserve coverage
 - Assumes non-PCD credit mark is accreted through earnings over four years
- Establishment of a CECL reserve against unfunded commitments of \$11 million at closing

Other Adjustments

- Fair value write-up on loans of \$42 million, pre-tax, relating to an interest rate mark, reversal of current loan discounts, and remaining PPP fees (positive impact to equity)
- Fair value write up of \$26 million on funding liabilities, pre-tax (negative impact to equity)
- Core deposit intangible of ~\$24 million, or 0.50% of non-time deposits, amortized 10 years using the straight line methodology
- Happy FHLB and Trust Preferred to be repaid post-closing
- HOMB legacy Trust Preferred securities to be recognized as Tier 2 Capital to comply with the Collins Amendment

1) HOMB estimates based on Wall Street consensus EPS estimates for 2021 and 2022 and Wall Street consensus Net Income estimates for 2021 through 2023

DUE DILIGENCE SUMMARY

Scope of HOMB's Review

- Extensive credit diligence consisting of 18 HOMB professionals conducting a deep dive across business, operations and risk
 - ~\$1.6B loans, or 45%, of total loans, were subject to review
 - 616 loans reviewed
- ~2,000 diligence files reviewed consisting of over 56,000 pages
- Engagement of outside consultants and extensive legal review supplemented by external counsel
- Management Meetings with Happy team members
- Strong integration experience directed by deeply seasoned HOMB professionals, with dedicated personnel from both companies to focus on maintaining quality customer experience throughout the integration process
 - HOMB team alone has conducted 20+ acquisitions, with due diligence work performed on 60+ financial institutions

Key Focus Areas

Commercial
Banking

Consumer
Banking

Wealth and Trust

Mortgage
Banking

Credit

Technology

Operational Risk

Human
Resources

Financial
Systems

Business
Continuity

Finance, Tax and
Accounting

Regulatory and
Compliance

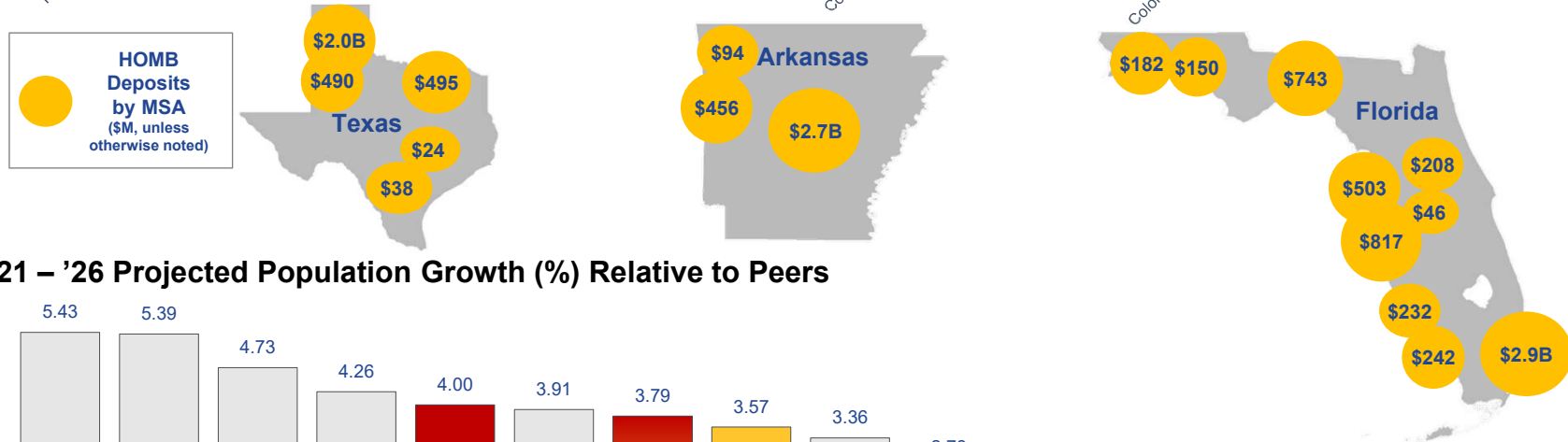
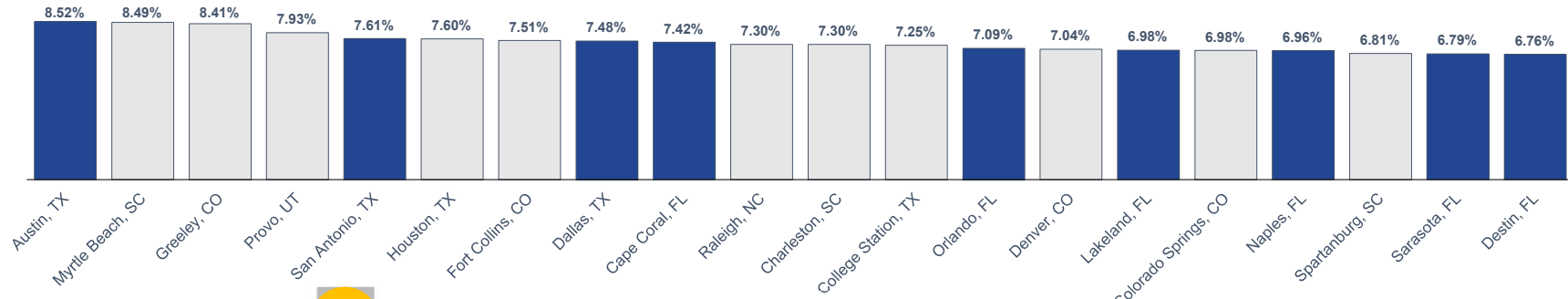
Marketing and
Communications

Internal Audit

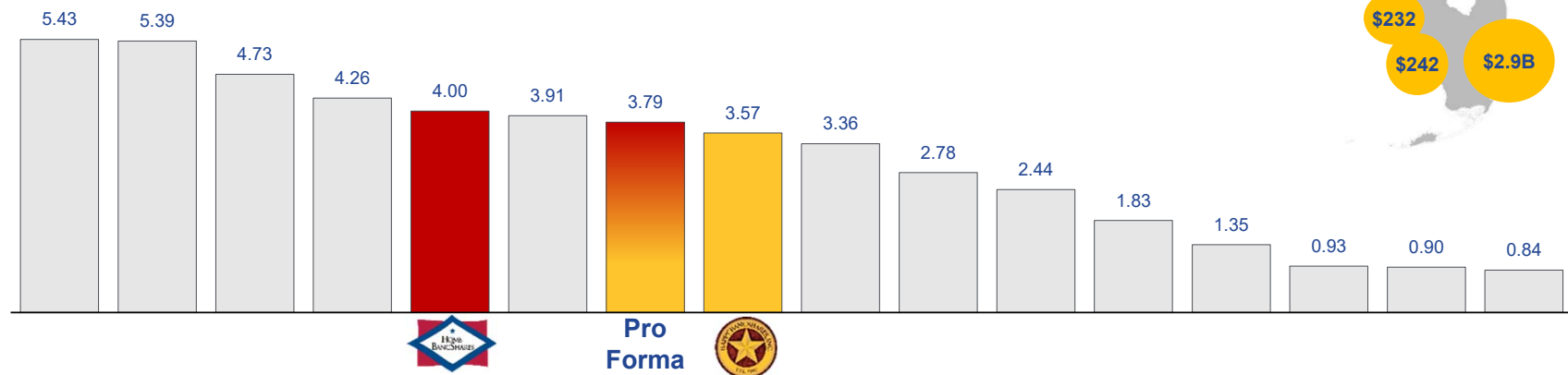
Legal

PRO FORMA DEMOGRAPHIC HIGHLIGHTS

Meaningful Market Presence in Nearly Half of the Top 20 Growth MSAs in the Southeast and Southwest
Sorted by Project '21-'26 Population Growth



'21 - '26 Projected Population Growth (%) Relative to Peers



Note: Blue-shading indicated Pro Forma entity presence in MSA; All MSAs with a population above 250,000 in which the pro forma entity maintains a market presence are included in the maps above, excluding the New York City MSA; Peer group includes public banks with total assets between \$20B - \$30B and excludes targets of announced mergers
Source: S&P Global Market Intelligence

EARNINGS PER SHARE RECONCILIATION

(\$M, except per share values)	FY 2022E	FY 2023E
HOMB's Standalone Net Income to Common Estimate ¹	\$268.7	\$278.0
Happy's Standalone Net Income to Common Estimate	\$68.3	\$71.7
After-Tax Transaction Adjustments:		
Cost Savings	\$29.9	\$41.0
CDI Amort. Expense, net of Current CDI	(\$0.9)	(\$0.9)
Interest Expense Savings on FHLB and TruPS	\$1.8	\$1.8
Estimated Reduction in Income Related to Durbin	(\$4.5)	(\$4.5)
Accretion of Non-PCD Discount, Net of Other Purchase Accounting Marks	(\$6.0)	(\$3.6)
Other Merger Adjustments	(\$0.2)	(\$0.2)
Pro Forma Net Income to Common	\$357.2	\$383.3
Pro Forma Average Diluted Shares (Ms)	204.2	202.9
HOMB Pro Forma EPS	\$1.75	\$1.89
Accretion (\$)	\$0.09	\$0.16
Accretion (%)	5.5%	9.2%

1) Projections based on Wall Street consensus estimates