

REFINITIV

DELTA REPORT

10-Q

UMBF - UMB FINANCIAL CORP
10-Q - SEPTEMBER 30, 2024 COMPARED TO 10-Q - JUNE 30, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	1260
CHANGES	669
DELETIONS	293
ADDITIONS	298

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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 September 30, 2024**

OR

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

For the transition period from to _____

Commission file number 001-38481

UMB FINANCIAL CORPORATION
(Exact name of registrant as specified in its charter)

Missouri
(State or other jurisdiction of
incorporation or organization)

43-0903811
(I.R.S. Employer
Identification Number)

1010 Grand Boulevard, Kansas City, Missouri
(Address of principal executive offices)

64106
(Zip Code)

(Registrant's telephone number, including area code): (816) 860-7000

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, \$1.00 Par Value	UMBF	The 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 issuer's classes of common stock, as of the latest practicable date.

As of July 26, 2024 October 28, 2024, UMB Financial Corporation had 48,746,015 48,798,443 shares of common stock outstanding.

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FORM 10-Q	
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	June 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
ASSETS				
Loans	\$ 24,197,462	\$ 23,172,484	\$ 24,990,791	\$ 23,172,484
Allowance for credit losses on loans	(239,167)	(219,738)	(248,907)	(219,738)
Net loans	23,958,295	22,952,746	24,741,884	22,952,746
Loans held for sale	4,211	4,420	5,176	4,420
Securities:				
Available for sale (amortized cost of \$7,786,039 and \$7,692,860, respectively)	7,107,373	7,068,613		
Held to maturity, net of allowance for credit losses of \$2,956 and \$3,258, respectively (fair value of \$4,913,408 and \$5,183,367, respectively)	5,546,634	5,688,610		
Available for sale (amortized cost of \$7,465,379 and \$7,692,860, respectively)	7,015,998	7,068,613		
Held to maturity, net of allowance for credit losses of \$2,762 and \$3,258, respectively (fair value of \$4,913,972 and \$5,183,367, respectively)	5,474,710	5,688,610		
Trading securities	28,981	18,093	35,839	18,093
Other securities	447,650	492,935	465,477	492,935
Total securities	13,130,638	13,268,251	12,992,024	13,268,251
Federal funds sold and securities purchased under agreements to resell	247,462	245,344	399,234	245,344
Interest-bearing due from banks	4,640,418	5,159,802	6,601,866	5,159,802
Cash and due from banks	464,719	447,201	778,069	447,201
Premises and equipment, net	226,860	241,700	222,056	241,700
Accrued income	237,874	220,306	218,651	220,306
Goodwill	207,385	207,385	207,385	207,385
Other intangibles, net	67,141	71,012	65,564	71,012
Other assets	1,284,411	1,193,507	1,264,519	1,193,507
Total assets	<u>\$ 44,469,414</u>	<u>\$ 44,011,674</u>	<u>\$ 47,496,428</u>	<u>\$ 44,011,674</u>
LIABILITIES				
Deposits:				
Noninterest-bearing demand	\$ 12,034,606	\$ 12,130,662	\$ 12,840,940	\$ 12,130,662
Interest-bearing demand and savings	22,400,255	20,588,606	24,798,869	20,588,606
Time deposits under \$250,000	1,421,513	2,292,899	1,245,532	2,292,899
Time deposits of \$250,000 or more	661,196	780,692	817,251	780,692
Total deposits	36,517,570	35,792,859	39,702,592	35,792,859
Federal funds purchased and repurchase agreements	2,217,033	2,119,644	2,023,297	2,119,644
Short-term debt	1,300,000	1,800,000	1,050,000	1,800,000
Long-term debt	384,245	383,247	384,758	383,247
Accrued expenses and taxes	352,778	389,860	387,223	389,860
Other liabilities	470,441	425,645	413,069	425,645
Total liabilities	<u>41,242,067</u>	<u>40,911,255</u>	<u>43,960,939</u>	<u>40,911,255</u>
SHAREHOLDERS' EQUITY				
Common stock, \$1.00 par value; 80,000,000 shares authorized; 55,056,730 shares issued, 48,745,090 and 48,554,127 shares outstanding, respectively	55,057	55,057		
Common stock, \$1.00 par value; 80,000,000 shares authorized; 55,056,730 shares issued, 48,797,672 and 48,554,127 shares outstanding, respectively	55,057	55,057		
Capital surplus	1,132,301	1,134,363	1,138,350	1,134,363
Retained earnings	2,984,152	2,810,824	3,074,617	2,810,824
Accumulated other comprehensive loss, net	(605,634)	(556,935)	(395,856)	(556,935)

Treasury stock, 6,311,640 and 6,502,603 shares, at cost, respectively	(338,529)	(342,890)		
Treasury stock, 6,259,058 and 6,502,603 shares, at cost, respectively	(336,679)	(342,890)		
Total shareholders' equity	3,227,347	3,100,419	3,535,489	3,100,419
Total liabilities and shareholders' equity	\$ 44,469,414	\$ 44,011,674	\$ 47,496,428	\$ 44,011,674

See Notes to Consolidated Financial Statements.

UMB FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(unaudited, dollars in thousands, except share and per share data)

	Three Months Ended		Six Months Ended		Three Months Ended		Nine Months Ended	
	June 30,		June 30,		September 30,		September 30,	
	2024	2023	2024	2023	2024	2023	2024	2023
INTEREST INCOME								
Loans	\$ 400,351	\$ 342,994	\$ 785,917	\$ 651,435	\$ 416,400	\$ 367,485	\$ 1,202,317	\$ 1,018,920
Securities:								
Taxable interest	61,582	54,587	122,693	107,636	63,466	53,455	186,159	161,091
Tax-exempt interest	25,077	25,550	50,410	50,856	24,578	25,704	74,988	76,560
Total securities income	86,659	80,137	173,103	158,492	88,044	79,159	261,147	237,651
Federal funds and resell agreements	3,674	3,889	6,736	9,540	4,990	4,567	11,726	14,107
Interest-bearing due from banks	47,174	34,206	91,862	50,372	47,969	20,551	139,831	70,923
Trading securities	424	154	729	288	291	214	1,020	502
Total interest income	538,282	461,380	1,058,347	870,127	557,694	471,976	1,616,041	1,342,103
INTEREST EXPENSE								
Deposits	240,525	170,550	464,400	298,449	262,599	191,919	726,999	490,368
Federal funds and repurchase agreements	28,081	24,745	55,743	48,047	27,070	23,076	82,813	71,123
Other	24,568	40,474	53,662	56,324	20,649	34,694	74,311	91,018
Total interest expense	293,174	235,769	573,805	402,820	310,318	249,689	884,123	652,509
Net interest income	245,108	225,611	484,542	467,307	247,376	222,287	731,918	689,594
Provision for credit losses	14,050	13,000	24,050	36,250	18,000	4,977	42,050	41,227
Net interest income after provision for credit losses	231,058	212,611	460,492	431,057	229,376	217,310	689,868	648,367
NONINTEREST INCOME								
Trust and securities processing	70,010	61,589	139,488	123,948	74,222	66,668	213,710	190,616
Trading and investment banking	5,461	4,800	10,923	10,108	7,118	3,771	18,041	13,879
Service charges on deposit accounts	22,261	21,381	43,018	42,540	20,089	21,080	63,107	63,620
Insurance fees and commissions	267	225	550	499	282	272	832	771
Brokerage fees	14,020	13,604	27,180	27,280	15,749	13,400	42,929	40,680
Bankcard fees	22,346	18,579	44,314	36,751	22,394	19,296	66,708	56,047
Investment securities (losses) gains, net	(1,867)	900	7,504	(4,424)				
Investment securities gains (losses), net	2,623	271	10,127	(4,153)				
Other	12,421	17,004	31,186	31,580	16,266	8,559	47,452	40,139

Total noninterest income	144,919	138,082	304,163	268,282	158,743	133,317	462,906	401,599
NONINTEREST EXPENSE								
Salaries and employee benefits	142,861	143,312	285,867	285,810	146,984	133,380	432,851	419,190
Occupancy, net	11,723	11,746	23,993	23,923	12,274	12,283	36,267	36,206
Equipment	15,603	17,086	32,106	34,935	15,988	17,204	48,094	52,139
Supplies and services	3,404	4,195	6,705	8,070	4,967	3,213	11,672	11,283
Marketing and business development	6,598	7,124	12,623	12,459	6,817	6,631	19,440	19,090
Processing fees	29,701	26,572	57,637	49,812	29,697	26,016	87,334	75,828
Legal and consulting	16,566	7,059	24,460	14,344	9,518	7,230	33,978	21,574
Bankcard	11,818	8,307	22,385	15,440	12,482	8,852	34,867	24,292
Amortization of other intangible assets	1,911	2,117	3,871	4,415	1,917	2,124	5,788	6,539
Regulatory fees	2,568	6,123	21,963	11,674	4,686	6,153	26,649	17,827
Other	6,314	7,032	12,261	16,843	7,124	8,355	19,385	25,198
Total noninterest expense	249,067	240,673	503,871	477,725	252,454	231,441	756,325	709,166
Income before income taxes	126,910	110,020	260,784	221,614	135,665	119,186	396,449	340,800
Income tax expense	25,565	19,910	49,181	39,067	26,022	22,632	75,203	61,699
NET INCOME	\$ 101,345	\$ 90,110	\$ 211,603	\$ 182,547	\$ 109,643	\$ 96,554	\$ 321,246	\$ 279,101
PER SHARE DATA								
Net income – basic	\$ 2.08	\$ 1.86	\$ 4.34	\$ 3.77	\$ 2.25	\$ 1.99	\$ 6.59	\$ 5.76
Net income – diluted	2.07	1.85	4.32	3.75	2.23	1.98	6.56	5.73
Dividends	0.39	0.38	0.78	0.76	0.39	0.38	1.17	1.14
Weighted average shares outstanding – basic	48,744,636	48,514,277	48,704,075	48,474,865	48,775,072	48,525,776	48,727,914	48,492,022
Weighted average shares outstanding – diluted	48,974,265	48,668,413	48,952,054	48,707,487	49,078,497	48,762,696	48,993,581	48,737,065

See Notes to Consolidated Financial Statements.

UMB FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited, dollars in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023	2024	2023	2024	2023
Net income	\$ 101,345	\$ 90,110	\$ 211,603	\$ 182,547	\$ 109,643	\$ 96,554	\$ 321,246	\$ 279,101
Other comprehensive (loss) income, before tax:								
Other comprehensive income (loss), before tax:								
Unrealized gains and losses on debt securities:								
Change in unrealized holding gains and losses, net	(12,727)	(87,505)	(54,280)	6,152	229,285	(151,753)	175,005	(145,601)
Less: Reclassification adjustment for net (gains) losses included in net income	—	—	(139)	433	—	(154)	(139)	279
Amortization of net unrealized loss on securities transferred from available-for-sale to held-to-maturity	8,938	10,312	17,727	20,295	9,618	10,268	27,345	30,563
Change in unrealized gains and losses on debt securities	(3,789)	(77,193)	(36,692)	26,880	238,903	(141,639)	202,211	(114,759)
Unrealized gains and losses on derivative hedges:								

Change in unrealized gains and losses on derivative hedges, net	(8,775)	1,848	(22,433)	321	40,445	3,927	18,012	4,248
Less: Reclassification adjustment for net gains included in net income	(2,066)	(2,660)	(5,726)	(5,221)	(1,666)	(2,844)	(7,392)	(8,065)
Change in unrealized gains and losses on derivative hedges	(10,841)	(812)	(28,159)	(4,900)	38,779	1,083	10,620	(3,817)
Other comprehensive (loss) income, before tax	(14,630)	(78,005)	(64,851)	21,980				
Income tax benefit (expense)	3,534	18,950	16,152	(5,076)				
Other comprehensive (loss) income	(11,096)	(59,055)	(48,699)	16,904				
Comprehensive income	\$ 90,249	\$ 31,055	\$ 162,904	\$ 199,451				
Other comprehensive income (loss), before tax	277,682	(140,556)	212,831	(118,576)				
Income tax (expense) benefit	(67,904)	34,016	(51,752)	28,940				
Other comprehensive income (loss)	209,778	(106,540)	161,079	(89,636)				
Comprehensive income (loss)	\$ 319,421	\$ (9,986)	\$ 482,325	\$ 189,465				

See Notes to Consolidated Financial Statements.

UMB FINANCIAL CORPORATION												
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY												
(unaudited, dollars in thousands, except per share data)												
	Common Stock	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total	Common Stock	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Treasury Stock	Total
Balance – April 1, 2023	\$ 55,057	\$ 1,120,877	\$ 2,609,928	\$ (626,776)	\$ (344,427)	\$ 2,814,659						
Balance – July 1, 2023	\$ 55,057	\$ 1,124,977	\$ 2,681,448	\$ (685,831)	\$ (344,023)	\$ 2,831,628						
Total comprehensive income												
(loss)	—	—	90,110	(59,055)	—	31,055	—	—	96,554	(106,540)	—	(9,986)
Dividends (\$0.38 per share)	—	—	(18,590)	—	—	(18,590)	—	—	(18,587)	—	—	(18,587)
Purchase of treasury stock	—	—	—	—	—	—	—	—	—	—	(194)	(194)
Issuances of equity awards, net of forfeitures	—	—	—	—	—	—	—	(351)	—	—	351	—
Recognition of equity-based compensation	—	3,939	—	—	—	3,939	—	3,528	—	—	—	3,528
Sale of treasury stock	—	44	—	—	84	128	—	52	—	—	76	128
Exercise of stock options	—	117	—	—	320	437	—	33	—	—	109	142
Balance – June 30, 2023	\$ 55,057	\$ 1,124,977	\$ 2,681,448	\$ (685,831)	\$ (344,023)	\$ 2,831,628						
Balance – September 30, 2023	\$ 55,057	\$ 1,128,239	\$ 2,759,415	\$ (792,371)	\$ (343,681)	\$ 2,806,659						
Balance – April 1, 2024	\$ 55,057	\$ 1,127,806	\$ 2,903,106	\$ (594,538)	\$ (338,615)	\$ 3,152,816						
Total comprehensive income												
(loss)	—	—	101,345	(11,096)	—	90,249						
Balance – July 1, 2024	\$ 55,057	\$ 1,132,301	\$ 2,984,152	\$ (605,634)	\$ (338,529)	\$ 3,227,347						
Total comprehensive income	—	—	109,643	209,778	—	319,421						
Dividends (\$0.39 per share)	—	—	(20,299)	—	—	(20,299)	—	—	(19,178)	—	—	(19,178)
Purchase of treasury stock	—	—	—	—	—	—	—	—	—	—	(201)	(201)

Issuances of equity awards, net of forfeitures	—	—	—	—	—	—	—	(256)	—	—	256	—
Recognition of equity-based compensation	—	5,769	—	—	—	5,769	—	4,846	—	—	—	4,846
Sale of treasury stock	—	55	—	—	47	102	—	112	—	—	77	189
Exercise of stock options	—	(12)	—	—	39	27	—	1,379	—	—	1,718	3,097
Common stock issuance costs	—	(1,317)	—	—	—	(1,317)	—	(32)	—	—	—	(32)
Balance – June 30, 2024	\$ 55,057	\$ 1,132,301	\$ 2,984,152	\$ (605,634)	\$ (338,529)	\$ 3,227,347						
Balance – September 30, 2024	\$ 55,057	\$ 1,138,350	\$ 3,074,617	\$ (395,856)	\$ (336,679)	\$ 3,535,489						

	Accumulated Other						Accumulated Other					
	Common Stock	Capital Surplus	Retained Earnings	Comprehensive (Loss) Income	Treasury Stock	Total	Common Stock	Capital Surplus	Retained Earnings	Comprehensive (Loss) Income	Treasury Stock	Total
Balance – January 1, 2023	\$ 55,057	\$ 1,125,949	\$ 2,536,086	\$ (702,735)	\$ (347,264)	\$ 2,667,093	\$ 55,057	\$ 1,125,949	\$ 2,536,086	\$ (702,735)	\$ (347,264)	\$ 2,667,093
Total comprehensive income	—	—	182,547	16,904	—	199,451						
Dividends (\$0.76 per share)	—	—	(37,185)	—	—	(37,185)						
Total comprehensive income (loss)	—	—	279,101	(89,636)	—	189,465						
Dividends (\$1.14 per share)	—	—	(55,772)	—	—	(55,772)						
Purchase of treasury stock	—	—	—	—	(7,902)	(7,902)	—	—	—	—	(8,096)	(8,096)
Issuances of equity awards, net of forfeitures	—	(9,764)	—	—	10,483	719	—	(10,115)	—	—	10,834	719
Recognition of equity-based compensation	—	8,455	—	—	—	8,455	—	11,983	—	—	—	11,983
Sale of treasury stock	—	115	—	—	140	255	—	167	—	—	216	383
Exercise of stock options	—	222	—	—	520	742	—	255	—	—	629	884
Balance – June 30, 2023	\$ 55,057	\$ 1,124,977	\$ 2,681,448	\$ (685,831)	\$ (344,023)	\$ 2,831,628						
Balance – September 30, 2023	\$ 55,057	\$ 1,128,239	\$ 2,759,415	\$ (792,371)	\$ (343,681)	\$ 2,806,659						
Balance – January 1, 2024	\$ 55,057	\$ 1,134,363	\$ 2,810,824	\$ (556,935)	\$ (342,890)	\$ 3,100,419	\$ 55,057	\$ 1,134,363	\$ 2,810,824	\$ (556,935)	\$ (342,890)	\$ 3,100,419
Total comprehensive income (loss)	—	—	211,603	(48,699)	—	162,904						
Dividends (\$0.78 per share)	—	—	(38,275)	—	—	(38,275)						
Total comprehensive income	—	—	321,246	161,079	—	482,325						
Dividends (\$1.17 per share)	—	—	(57,453)	—	—	(57,453)						
Purchase of treasury stock	—	—	—	—	(7,537)	(7,537)	—	—	—	—	(7,738)	(7,738)

Issuances of equity awards, net of forfeitures	—	(10,964)	—	—	11,667	703	—	(11,220)	—	—	11,923	703
Recognition of equity-based compensation	—	10,040	—	—	—	10,040	—	14,886	—	—	—	14,886
Sale of treasury stock	—	125	—	—	107	232	—	237	—	—	184	421
Exercise of stock options	—	54	—	—	124	178	—	1,433	—	—	1,842	3,275
Common stock issuance costs	—	(1,317)	—	—	—	(1,317)	—	(1,349)	—	—	—	(1,349)
Balance – June 30, 2024	\$ 55,057	\$ 1,132,301	\$ 2,984,152	\$ (605,634)	\$ (338,529)	\$ 3,227,347						
Balance – September 30, 2024	\$ 55,057	\$ 1,138,350	\$ 3,074,617	\$ (395,856)	\$ (336,679)	\$ 3,535,489						

See Notes to Consolidated Financial Statements.

UMB FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, dollars in thousands)

	For the Six Months Ended June 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
OPERATING ACTIVITIES				
Net income	\$ 211,603	\$ 182,547	\$ 321,246	\$ 279,101
Adjustments to reconcile net income to net cash provided by operating activities:				
Provision for credit losses	24,050	36,250	42,050	41,227
Net amortization of premiums and discounts from acquisition	1,361	531	2,457	800
Depreciation and amortization	27,110	30,063	40,057	44,576
Amortization of debt issuance costs	438	438	657	657
Deferred income tax benefit	(6,853)	(10,649)	(6,798)	(11,437)
Net increase in trading securities and other earning assets	(10,888)	(10,907)	(17,746)	(6,529)
(Gains) losses on investment securities, net	(7,504)	4,424	(10,127)	4,153
Gains on sales of assets	(1,803)	(4,360)	(3,210)	(4,301)
Amortization of securities premiums, net of discount accretion	13,652	21,892	20,666	32,516
Originations of loans held for sale	(36,862)	(31,862)	(60,019)	(49,300)
Gains on sales of loans held for sale, net	(942)	(608)	(1,516)	(1,218)
Proceeds from sales of loans held for sale	38,013	30,629	60,779	49,672
Equity-based compensation	10,743	9,174	15,589	12,702
Changes in:				
Accrued income	(16,371)	(1,156)	2,852	(19,363)
Accrued expenses and taxes	(36,132)	16,139	(1,687)	77,577
Other assets and liabilities, net	(41,105)	(117,137)	(113,093)	(63,208)
Net cash provided by operating activities	168,510	155,408	292,157	387,625

INVESTING ACTIVITIES

Securities held to maturity:

Maturities, calls and principal repayments

211,226 214,861 329,830 336,216

Purchases

(56,998) (149,912) (97,027) (186,010)

Securities available for sale:

Sales

19,153 68 19,154 22,193

Maturities, calls and principal repayments

6,334,100 843,812 7,104,618 1,005,538

Purchases

(6,439,464) (502,731) (6,893,491) (522,134)

Equity securities with readily determinable fair values:

Purchases

(176) (118) (265) (194)

Equity securities without readily determinable fair values:

Sales

32,148 4,790 34,267 4,883

Maturities, calls and principal repayments

45,002 300,874 56,561 314,881

Purchases

(31,257) (356,646) (43,488) (397,752)

Payment of low-income housing tax credit (LIHTC) investment commitments

(17,930) (23,110) (29,456) (31,251)

Net increase in loans

(924,936) (1,456,857) (1,727,556) (1,859,649)

Net (increase) decrease in fed funds sold and resell agreements

(2,118) 638,759 (153,890) 710,394

Net cash activity from acquisitions and divestitures

(108,706) (793) (109,046) (793)

Net (increase) decrease in interest-bearing balances due from other financial institutions

(10,254) 60,091 (24,426) 38,552

Purchases of premises and equipment

(8,067) (17,091) (14,026) (23,132)

Proceeds from sales of premises and equipment

2,533 4,369 4,197 4,075

Net cash used in investing activities

(955,744) (439,634) (1,544,044) (584,183)

7

FINANCING ACTIVITIES

Net increase (decrease) in demand and savings deposits

1,715,593 (1,395,026) 4,920,541 (1,633,496)

Net (decrease) increase in time deposits

(990,882) 2,276,354 (1,010,808) 2,426,115

Net increase (decrease) in fed funds purchased and repurchase agreements

97,389 (171,584)

Net decrease in fed funds purchased and repurchase agreements

(96,347) (464,565)

Proceeds from short-term debt

500,000 32,006,000 500,000 32,856,000

Repayment of short-term debt

(1,000,000) (30,206,000) (1,250,000) (30,556,000)

Cash dividends paid

(38,542) (36,871) (57,602) (55,312)

Payment of common stock issuance costs

(1,317) — (1,349) —

Proceeds from exercise of stock options and sales of treasury shares

410 997 3,696 1,267

Purchases of treasury stock

(7,537) (7,902) (7,738) (8,096)

Net cash provided by financing activities

275,114 2,465,968 3,000,393 2,565,913

(Decrease) increase in cash and cash equivalents

(512,120) 2,181,742

Increase in cash and cash equivalents

1,748,506 2,369,355

Cash and cash equivalents at beginning of period

5,528,258 1,557,874 5,528,258 1,557,874

Cash and cash equivalents at end of period

\$ 5,016,138 \$ 3,739,616 \$ 7,276,764 \$ 3,927,229

Supplemental disclosures:

Income tax payments	\$ 56,247	\$ 49,656	\$ 76,076	\$ 67,372
Total interest payments	586,618	371,211	879,867	577,907

Noncash disclosures:

Acquisition of low-income housing tax credit investments	\$ 3,000	\$ 34,831	\$ 24,316	\$ 56,922
Commitment to fund low-income housing tax credit investments	3,000	34,831	24,316	56,922
Transfer of loans to other real estate owned	793	—	828	—

See Notes to Consolidated Financial Statements.

UMB FINANCIAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX NINE MONTHS ENDED JUNE SEPTEMBER 30, 2024 (UNAUDITED)

1. Financial Statement Presentation

The Consolidated Financial Statements include the accounts of UMB Financial Corporation and its subsidiaries (collectively, the Company) after the elimination of all intercompany transactions. In the opinion of management of the Company, all adjustments relating to items that are of a normal recurring nature and necessary for a fair presentation of the financial position and results of operations have been made. The results of operations and cash flows for the interim periods presented may not be indicative of the results of the full year ending December 31, 2024. The financial statements should be read in conjunction with "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" within this Quarterly Report on Form 10-Q (the Form 10-Q) and in conjunction with the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed with the Securities and Exchange Commission (SEC) on February 22, 2024 (the Form 10-K).

The Company is a financial holding company, which offers a wide range of banking and other financial services to its customers through its branches and offices. The Company's national bank, UMB Bank, National Association (the Bank), has its principal office in Missouri and also has branches in Arizona, Colorado, Illinois, Kansas, Nebraska, Oklahoma, and Texas. The Company also has offices in Pennsylvania, South Dakota, Indiana, Utah, Minnesota, California, Wisconsin, Iowa, Delaware, and New York.

2. Summary of Significant Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. These estimates and assumptions also impact reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. A summary of the significant accounting policies to assist the reader in understanding the financial presentation is provided in the Notes to Consolidated Financial Statements in the Form 10-K.

Cash and cash equivalents

Cash and cash equivalents includes Cash and due from banks and amounts due from the Federal Reserve Bank (FRB). Cash on hand, cash items in the process of collection, and amounts due from correspondent banks are included in Cash and due from banks. Amounts due from the FRB are interest-bearing for all periods presented and are included in the Interest-bearing due from banks line on the Company's Consolidated Balance Sheets.

This table provides a summary of cash and cash equivalents as presented on the Consolidated Statements of Cash Flows as of June 30, 2024 September 30, 2024 and June 30, 2023 September 30, 2023 (in thousands):

	June 30,		September 30,	
	2024	2023	2024	2023
Due from the FRB	\$ 4,551,419	\$ 3,308,089	\$ 6,498,695	\$ 3,472,524
Cash and due from banks	464,719	431,527	778,069	454,705
Cash and cash equivalents at end of period	\$ 5,016,138	\$ 3,739,616	\$ 7,276,764	\$ 3,927,229

Also included in the Interest-bearing due from banks, but not considered cash and cash equivalents, are interest-bearing accounts held at other financial institutions, which totaled \$89.0 103.2 million and \$61.0 82.0 million at June 30, 2024 September 30, 2024 and June 30, 2023 September 30, 2023, respectively.

Per Share Data

Basic net income per share is computed based on the weighted average number of shares of common stock outstanding during each period. Diluted quarter-to-date net income per share includes the dilutive effect of 229,629 303,425 and 154,136 236,920 shares issuable upon the exercise of stock options and nonvested restricted stock units granted by the Company and outstanding at June 30, 2024 September 30, 2024 and 2023, respectively. Diluted year-to-date net income per share includes the dilutive effect of 247,979 265,667 and 232,622 245,043 shares issuable upon the exercise of stock options and nonvested restricted stock units granted by the Company and outstanding at June 30, 2024 September 30, 2024 and 2023, respectively.

Certain options and restricted stock units issued under employee benefits plans were excluded from the computation of diluted earnings per share because they were anti-dilutive. For the three and six nine months ended June 30, 2024 September 30, 2024, there were no outstanding stock options or restricted stock units excluded from the computation of diluted income per share. For the three and six nine months ended June 30, 2023 September 30, 2023 there were 266,768 57,883 and 215,902 209,245, respectively, outstanding stock options and restricted stock units excluded from the computation of diluted income per share because their inclusion would have been anti-dilutive.

Derivatives

The Company records all derivatives on the Consolidated Balance Sheets at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the Company has elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Currently, ten 13 of the Company's derivatives are designated in qualifying hedging relationships. However, the remainder of the Company's derivatives are not designated in qualifying hedging relationships, as the derivatives are not used to manage risks within the Company's assets or liabilities. All changes in fair value of the Company's non-designated derivatives and fair value hedges are recognized directly in earnings. Changes in fair value of the Company's cash flow hedges are recognized in accumulated other comprehensive income (AOCI) and are reclassified to earnings when the hedged transaction affects earnings.

3. New Accounting Pronouncements

Troubled Debt Restructurings In March 2022, the FASB issued Accounting Standards Update (ASU) No. 2022-02, "Financial Instruments – Credit Losses: Troubled Debt Restructurings and Vintage Disclosures." The ASU eliminated the accounting guidance for troubled debt restructurings (TDR) by creditors and enhanced disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty. The amendments also added requirements to disclose current-period gross write-offs by year of origination for financing receivables and net investments in leases, disclosed by credit-quality indicator and class of financing receivable. The amendments in this update were adopted prospectively on January 1, 2023. The adoption of the amendments had no impact on the Consolidated Financial Statements aside from additional and revised financial statement disclosures. See Note 4, "Loans and Allowance for Credit Losses" for related disclosures.

Equity-Method Investments In March 2023, the FASB issued ASU No. 2023-02, "Investments-Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method." The ASU allows entities to elect to account for qualifying tax equity investments using the proportional amortization method, regardless of the program giving rise to the related income tax credits. Previously, this method was only available for qualifying tax equity investments in low-income housing tax credit structures. The Company adopted the amended guidance on January 1, 2024, upon which the Company elected to continue the use of the practical expedient under ASC 323-740-35-4 to account for low-income housing tax credit and historic tax credit investments. Under the practical expedient, the cost of a tax equity investment is amortized in proportion to income tax credits only and is recorded on a net basis within income tax expense. The adoption of this amendment did not have any impact on the Consolidated Financial Statements aside from annual disclosures which will be included in the Company's Annual Report on Form 10-K.

Income Taxes In December 2023, the FASB issued ASU No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." The ASU is intended to enhance the transparency and decision usefulness of income tax disclosures. The amendments in this update require additional disclosures primarily related to the rate

reconciliation and income taxes paid information. The amendments in this update are effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The adoption of this accounting pronouncement will have no impact on the Consolidated Financial Statements aside from additional disclosures.

4. Loans and Allowance for Credit Losses

Loan Origination/Risk Management

The Company has certain lending policies and procedures in place that are designed to minimize the level of risk within the loan portfolio. Diversification of the loan portfolio manages the risk associated with fluctuations in economic conditions. Authority levels are established for the extension of credit to ensure consistency throughout the Company. It is necessary that policies, processes, and practices implemented to control the risks of individual credit transactions and portfolio segments are sound and adhered to. The Company maintains an independent loan review department that reviews and validates the risk assessment on a continual basis. Management regularly evaluates the results of the loan reviews. The loan review process complements and reinforces the risk identification and assessment decisions made by lenders and credit personnel, as well as the Company's policies and procedures.

Commercial and industrial loans are underwritten after evaluating and understanding the borrower's ability to operate profitably and prudently expand its business. Commercial loans are made based on the identified cash flows of the borrower and on the underlying collateral provided by the borrower. The cash flows of the borrower, however, may not be as expected and the collateral securing these loans may fluctuate in value. Most commercial loans are secured by the assets being financed or other business assets such as accounts receivable or inventory and may incorporate a personal guarantee. In the case of loans secured by accounts receivable, the availability of funds for the repayment of these loans may be substantially dependent on the ability of the borrower to collect amounts from its customers.

Specialty lending loans include Asset-based loans, which are offered primarily in the form of revolving lines of credit to commercial borrowers that do not generally qualify for traditional bank financing. Asset-based loans are underwritten based primarily upon the value of the collateral pledged to secure the loan, rather than on the borrower's general financial condition. The Company utilizes pre-loan due diligence techniques, monitoring disciplines, and loan management practices common within the asset-based lending industry to underwrite loans to these borrowers.

Commercial real estate loans are subject to underwriting standards and processes similar to commercial loans, in addition to those of real estate loans. These loans are viewed primarily as cash flow loans and secondarily as loans secured by real estate. Commercial real estate lending typically involves higher loan principal amounts, and the repayment of these loans is largely dependent on the successful operation of the property securing the loan or the business conducted on the property securing the loan. The Company requires that an appraisal of the collateral be made at origination and on an as-needed basis, in conformity with current market conditions and regulatory requirements. The underwriting standards address both owner and non-owner-occupied real estate. Also included in Commercial real estate are Construction loans that are underwritten using feasibility studies, independent appraisal reviews, sensitivity analysis or absorption and lease rates, and financial analysis of the developers and property owners. Construction loans are based upon estimates of costs and value associated with the complete project. Construction loans often involve the disbursement of substantial funds with repayment substantially dependent on the success of the ultimate project. Sources of repayment for these types of loans may be pre-committed permanent loans, sales of developed property or an interim loan commitment from the Company until permanent financing is obtained. These loans are closely monitored by on-site inspections and are considered to have higher risks than other real estate loans due to their repayment being sensitive to interest rate changes, governmental regulation of real property, economic conditions, completion of the construction project, and the availability of long-term financing.

Consumer real estate loans, including residential real estate and home equity loans, are underwritten based on the borrower's loan-to-value percentage, collection remedies, and overall credit history.

Consumer loans are underwritten based on the borrower's repayment ability. The Company monitors delinquencies on all of its consumer loans and leases. The underwriting and review practices combined with the

relatively small loan amounts that are spread across many individual borrowers, minimizes risk. Consumer loans and leases that are 90 days past due or more are considered non-performing.

Credit cards include both commercial and consumer credit cards. Commercial credit cards are generally unsecured and are underwritten with criteria similar to commercial loans, including an analysis of the borrower's cash flow, available business capital, and overall creditworthiness of the borrower. Consumer credit cards are underwritten based on the borrower's repayment ability. The Company monitors delinquencies on all of its consumer credit cards and periodically reviews the distribution of credit scores relative to historical periods to monitor credit risk on its consumer credit card loans. During the first quarter of 2024, the Company purchased a co-branded credit card portfolio. The purchase included \$109.4 million in credit card receivables.

Credit risk is a potential loss resulting from nonpayment of either the primary or secondary exposure. Credit risk is mitigated with formal risk management practices and a thorough initial credit-granting process including consistent underwriting standards and approval process. Control factors or techniques to minimize credit risk include knowing the client, understanding total exposure, analyzing the client and debtor's financial capacity, and monitoring the client's activities. Credit risk and portions of the portfolio risk are managed through concentration considerations, average risk ratings, and other aggregate characteristics.

Loan Aging Analysis

The following tables provide a summary of loan classes and an aging of past due loans at **June 30, 2024**, **September 30, 2024** and December 31, 2023 (in thousands):

	June 30, 2024						September 30, 2024					
	30-89 Days Past Due and Accruing	Greater than 90 Days Past Due and Accruing	Nonaccrual Loans	Total Past Due	Current	Total Loans	30-89 Days Past Due and Accruing	Greater than 90 Days Past Due and Accruing	Nonaccrual Loans	Total Past Due	Current	Total Loans
Loans												
Commercial and industrial	\$ 2,713	\$ 260	\$ 5,266	\$ 8,239	\$ 10,225,221	\$ 10,233,460	\$ 1,646	\$ —	\$ 6,682	\$ 8,328	\$ 10,663,344	\$ 10,671,672
Specialty lending	—	—	—	—	524,242	524,242	—	—	—	—	473,267	473,267
Commercial real estate	1,398	—	628	2,026	9,447,587	9,449,613	1,917	—	598	2,515	9,778,484	9,780,999
Consumer real estate	813	—	7,416	8,229	3,013,059	3,021,288	921	76	11,575	12,572	3,098,507	3,111,079
Consumer	122	1	53	176	158,992	159,168	136	8	29	173	166,258	166,431
Credit cards	12,738	5,383	380	18,501	550,767	569,268	11,350	7,049	407	18,806	562,930	581,736
Leases and other	—	—	—	—	240,423	240,423	—	—	—	—	205,607	205,607
Total loans	\$ 17,784	\$ 5,644	\$ 13,743	\$ 37,171	\$ 24,160,291	\$ 24,197,462	\$ 15,970	\$ 7,133	\$ 19,291	\$ 42,394	\$ 24,948,397	\$ 24,990,791

	December 31, 2023					
	30-89 Days Past Due and Accruing	Greater than 90 Days Past Due and Accruing	Nonaccrual Loans	Total Past Due	Current	Total Loans
Loans						
Commercial and industrial	\$ 2,851	\$ —	\$ 7,033	\$ 9,884	\$ 9,920,045	\$ 9,929,929
Specialty lending	—	—	—	—	498,786	498,786
Commercial real estate	1,848	—	737	2,585	8,891,341	8,893,926
Consumer real estate	1,137	—	5,058	6,195	2,954,437	2,960,632
Consumer	104	55	28	187	163,104	163,291
Credit cards	5,343	3,056	285	8,684	415,272	423,956
Leases and other	—	—	71	71	301,893	301,964
Total loans	\$ 11,283	\$ 3,111	\$ 13,212	\$ 27,606	\$ 23,144,878	\$ 23,172,484

The Company sold consumer real estate loans with proceeds of \$38.0 60.8 million and \$30.6 49.7 million in the secondary market without recourse during the six nine months ended June 30, 2024 September 30, 2024 and 2023, respectively.

The Company has ceased the recognition of interest on loans with a carrying value of \$13.7 19.3 million and \$13.2 million at June 30, 2024 September 30, 2024 and December 31, 2023, respectively. Restructured loans totaled \$315 200 thousand and \$548 thousand at June 30, 2024 September 30, 2024 and December 31, 2023, respectively. Loans 90 days past due and still accruing interest amounted to \$5.6 7.1 million and \$3.1 million at June 30, 2024 September 30, 2024 and December 31, 2023, respectively. All interest accrued but not received for loans placed on nonaccrual is reversed against interest income. There was an insignificant amount of interest reversed related to loans on nonaccrual during 2024 and 2023. Nonaccrual loans with no related allowance for credit losses totaled \$13.7 19.3 million and \$13.2 million at June 30, 2024 September 30, 2024 and December 31, 2023, respectively.

The following tables provide the amortized cost of nonaccrual loans with no related allowance for credit losses by loan class at June 30, 2024 September 30, 2024 and December 31, 2023 (in thousands):

	June 30, 2024		September 30, 2024	
	Nonaccrual Loans	Amortized Cost of Nonaccrual Loans with no related Allowance	Nonaccrual Loans	Amortized Cost of Nonaccrual Loans with no related Allowance
<u>Loans</u>				
Commercial and industrial	\$ 5,266	\$ 5,266	\$ 6,682	\$ 6,682
Specialty lending	—	—	—	—
Commercial real estate	628	628	598	598
Consumer real estate	7,416	7,416	11,575	11,575
Consumer	53	53	29	29
Credit cards	380	380	407	407
Leases and other	—	—	—	—
Total loans	\$ 13,743	\$ 13,743	\$ 19,291	\$ 19,291

	December 31, 2023	
	Nonaccrual Loans	Amortized Cost of Nonaccrual Loans with no related Allowance
<u>Loans</u>		
Commercial and industrial	\$ 7,033	\$ 7,033
Specialty lending	—	—
Commercial real estate	737	737
Consumer real estate	5,058	5,058
Consumer	28	28
Credit cards	285	285
Leases and other	71	71
Total loans	\$ 13,212	\$ 13,212

Amortized Cost

The following tables provide a summary of the amortized cost balance of each of the Company's loan classes disaggregated by collateral type and origination year as of June 30, 2024 September 30, 2024 and December 31, 2023, as well as the gross charge-offs by loan class and origination year for the six nine months ended June 30, 2024 September 30, 2024 (in thousands):

June 30, 2024									
Amortized Cost Basis by Origination Year - Term Loans									
Loan Segment and Type	2024	2023	2022	2021	2020	Prior	Amortized Cost - Revolving Loans	Amortized Cost - Revolving Loans Converted to Term Loans	Total
Commercial and industrial:									
Equipment/Accounts									
Receivable/Inventory	\$ 782,641	\$ 1,546,824	\$ 1,209,935	\$ 904,950	\$ 356,949	\$ 227,748	\$ 5,044,452	\$ 514	\$ 10,074,013
Agriculture	10,867	6,330	4,315	2,766	619	483	125,743	—	151,123
Overdrafts	—	—	—	—	—	—	8,324	—	8,324
Total Commercial and industrial	793,508	1,553,154	1,214,250	907,716	357,568	228,231	5,178,519	514	10,233,460
Current period charge-offs	—	598	36	22	11	327	—	—	994
Specialty lending:									
Asset-based lending	5,612	—	9,563	33,655	31,090	—	444,322	—	524,242
Total Specialty lending	5,612	—	9,563	33,655	31,090	—	444,322	—	524,242
Current period charge-offs	—	—	—	—	—	—	—	—	—
Commercial real estate:									
Owner-occupied	105,871	270,193	614,370	460,640	315,017	321,826	50,747	—	2,138,664
Non-owner-occupied	312,363	621,502	933,021	762,453	422,244	385,016	32,140	—	3,468,739
Farmland	33,930	49,749	66,826	37,507	190,011	27,872	103,891	8	509,794
5+ Multi-family	72,818	34,695	135,950	210,771	29,219	20,205	8,257	—	511,915
1-4 Family construction	16,957	25,950	62,218	—	—	—	2,640	—	107,765
General construction	160,794	590,556	1,413,608	462,013	4,136	590	81,039	—	2,712,736
Total Commercial real estate	702,733	1,592,645	3,225,993	1,933,384	960,627	755,509	278,714	8	9,449,613
Current period charge-offs	—	—	—	236	—	14	—	—	250
Consumer real estate:									
HELOC	—	—	555	120	305	5,189	366,560	963	373,692
First lien: 1-4 family	176,648	389,382	558,875	659,467	528,452	290,962	—	—	2,603,786
Junior lien: 1-4 family	8,576	11,338	11,115	6,373	3,355	2,968	85	—	43,810
Total Consumer real estate	185,224	400,720	570,545	665,960	532,112	299,119	366,645	963	3,021,288
Current period charge-offs	—	1	—	—	—	—	175	—	176
Consumer:									
Revolving line	35	—	—	—	—	—	79,465	301	79,801
Auto	5,012	9,386	4,744	2,831	1,345	593	—	—	23,911
Other	2,082	3,511	15,570	25,855	454	872	7,112	—	55,456
Total Consumer	7,129	12,897	20,314	28,686	1,799	1,465	86,577	301	159,168
Current period charge-offs	—	25	38	—	—	2	604	—	669
Credit cards:									
Consumer	—	—	—	—	—	—	317,953	—	317,953
Commercial	—	—	—	—	—	—	251,315	—	251,315
Total Credit cards	—	—	—	—	—	—	569,268	—	569,268
Current period charge-offs	—	—	—	—	—	—	7,246	—	7,246

Leases and other:									
Leases	—	—	—	—	—	1,681	—	—	1,681
Other	16,743	90,070	59,490	14,715	13,380	11,482	32,862	—	238,742
Total Leases and other	16,743	90,070	59,490	14,715	13,380	13,163	32,862	—	240,423
Current period charge-offs	—	—	—	—	—	—	—	—	—
Total loans	\$ 1,710,949	\$ 3,649,486	\$ 5,100,155	\$ 3,584,116	\$ 1,896,576	\$ 1,297,487	\$ 6,956,907	\$ 1,786	\$ 24,197,462
September 30, 2024									
Amortized Cost Basis by Origination Year - Term Loans									
Loan Segment and Type	2024	2023	2022	2021	2020	Prior	Amortized Cost - Revolving Loans	Amortized Cost - Revolving Loans Converted to Term Loans	Total
Commercial and industrial:									
Equipment/Accounts Receivable/Inventory	\$ 1,662,078	\$ 1,421,119	\$ 1,061,876	\$ 842,182	\$ 317,214	\$ 203,349	\$ 4,989,858	\$ 2,371	\$ 10,500,047
Agriculture	12,739	5,889	3,605	2,697	462	246	135,047	400	161,085
Overdrafts	—	—	—	—	—	—	10,540	—	10,540
Total Commercial and industrial	1,674,817	1,427,008	1,065,481	844,879	317,676	203,595	5,135,445	2,771	10,671,672
Current period charge-offs	—	599	43	22	11	404	807	—	1,886
Specialty lending:									
Asset-based lending	5,116	—	8,794	31,436	30,811	—	397,110	—	473,267
Total Specialty lending	5,116	—	8,794	31,436	30,811	—	397,110	—	473,267
Current period charge-offs	—	—	—	—	—	—	—	—	—
Commercial real estate:									
Owner-occupied	247,729	283,630	608,943	453,630	303,346	299,824	50,839	540	2,248,481
Non-owner-occupied	521,219	563,528	889,388	783,800	408,997	329,944	33,080	—	3,529,956
Farmland	44,144	47,678	58,890	36,959	187,088	26,481	102,243	324	503,807
5+ Multi-family	73,224	34,690	184,269	228,306	29,018	20,091	8,751	—	578,349
1-4 Family construction	28,607	12,076	55,920	—	—	—	3,113	—	99,716
General construction	286,145	679,619	1,429,098	349,096	4,093	563	70,972	1,104	2,820,690
Total Commercial real estate	1,201,068	1,621,221	3,226,508	1,851,791	932,542	676,903	268,998	1,968	9,780,999
Current period charge-offs	—	—	—	236	—	14	—	—	250
Consumer real estate:									
HELOC	90	—	460	202	284	4,868	366,946	1,271	374,121
First lien: 1-4 family	301,109	376,391	573,604	647,758	510,430	282,829	—	—	2,692,121
Junior lien: 1-4 family	11,346	10,839	10,490	6,025	3,220	2,842	75	—	44,837
Total Consumer real estate	312,545	387,230	584,554	653,985	513,934	290,539	367,021	1,271	3,111,079
Current period charge-offs	—	49	57	—	—	27	175	—	308
Consumer:									
Revolving line	35	—	—	—	—	—	84,132	316	84,483
Auto	7,559	8,378	4,077	2,362	976	392	—	—	23,744
Other	4,984	3,155	14,303	25,743	372	832	8,815	—	58,204
Total Consumer	12,578	11,533	18,380	28,105	1,348	1,224	92,947	316	166,431
Current period charge-offs	—	24	76	1	—	2	923	—	1,026
Credit cards:									
Consumer	—	—	—	—	—	—	314,163	—	314,163
Commercial	—	—	—	—	—	—	267,573	—	267,573

Total Credit cards	—	—	—	—	—	—	581,736	—	581,736
Current period charge-offs	—	—	—	—	—	—	15,098	—	15,098
Leases and other:									
Leases	—	—	—	—	—	1,510	—	—	1,510
Other	18,596	61,169	58,484	13,690	13,268	11,280	27,610	—	204,097
Total Leases and other	18,596	61,169	58,484	13,690	13,268	12,790	27,610	—	205,607
Current period charge-offs	—	—	—	—	4	—	—	—	4
Total loans	\$ 3,224,720	\$ 3,508,161	\$ 4,962,201	\$ 3,423,886	\$ 1,809,579	\$ 1,185,051	\$ 6,870,867	\$ 6,326	\$ 24,990,791

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December 31, 2023									
Amortized Cost Basis by Origination Year - Term Loans									
Loan Segment and Type	2023	2022	2021	2020	2019	Prior	Amortized Cost - Revolving Loans	Amortized Cost - Revolving Loans Converted to Term Loans	Total
Commercial and industrial:									
Equipment/Accounts Receivable/Inventory	\$ 1,787,301	\$ 1,486,609	\$ 1,123,732	\$ 412,276	\$ 202,827	\$ 97,130	\$ 4,615,872	\$ 6,336	\$ 9,732,083
Agriculture	13,934	5,840	3,785	920	477	239	169,173	—	194,368
Overdrafts	—	—	—	—	—	—	3,478	—	3,478
Total Commercial and industrial	1,801,235	1,492,449	1,127,517	413,196	203,304	97,369	4,788,523	6,336	9,929,929
Specialty lending:									
Asset-based lending	13,938	16,103	35,466	32,229	—	—	401,050	—	498,786
Total Specialty lending	13,938	16,103	35,466	32,229	—	—	401,050	—	498,786
Commercial real estate:									
Owner-occupied	276,284	629,514	499,020	335,133	152,539	215,373	30,842	—	2,138,705
Non-owner-occupied	556,369	901,614	849,496	449,547	293,531	185,679	36,313	—	3,272,549
Farmland	75,418	71,087	39,128	195,750	15,608	19,700	89,291	—	505,982
5+ Multi-family	34,714	27,668	240,724	29,840	16,861	4,982	9,274	—	364,063
1-4 Family construction	49,327	51,360	—	—	—	—	3,286	3,394	107,367
General construction	574,661	1,340,152	515,289	4,220	636	130	70,172	—	2,505,260
Total Commercial real estate	1,566,773	3,021,395	2,143,657	1,014,490	479,175	425,864	239,178	3,394	8,893,926
Consumer real estate:									
HELOC	150	650	—	497	82	4,958	355,105	1,364	362,806
First lien: 1-4 family	419,312	585,401	682,008	548,859	158,228	165,197	2	—	2,559,007
Junior lien: 1-4 family	12,117	11,943	6,861	3,927	2,117	1,769	85	—	38,819
Total Consumer real estate	431,579	597,994	688,869	553,283	160,427	171,924	355,192	1,364	2,960,632
Consumer:									
Revolving line	48	—	—	—	—	—	56,272	—	56,320

Auto	11,509	6,013	3,922	2,170	1,088	158	—	—	24,860
Other	4,853	22,147	26,125	574	365	1,243	26,804	—	82,111
Total Consumer	16,410	28,160	30,047	2,744	1,453	1,401	83,076	—	163,291
Credit cards:									
Consumer	—	—	—	—	—	—	197,095	—	197,095
Commercial	—	—	—	—	—	—	226,861	—	226,861
Total Credit cards	—	—	—	—	—	—	423,956	—	423,956
Leases and other:									
Leases	—	—	—	—	610	1,106	—	—	1,716
Other	100,484	95,909	16,968	16,949	1,620	13,966	54,352	—	300,248
Total Leases and other	100,484	95,909	16,968	16,949	2,230	15,072	54,352	—	301,964
Total loans	\$ 3,930,419	\$ 5,252,010	\$ 4,042,524	\$ 2,032,891	\$ 846,589	\$ 711,630	\$ 6,345,327	\$ 11,094	\$ 23,172,484

Accrued interest on loans totaled \$130.8 million and \$119.6 million as of June 30, 2024 and September 30, 2024, respectively, and is included in the Accrued income line on the Company's Consolidated Balance Sheets. The total amount of accrued interest is excluded from the amortized cost basis of loans presented above. Further, the Company has elected not to measure an allowance for credit losses for accrued interest receivable.

Credit Quality Indicators

As part of the on-going monitoring of the credit quality of the Company's loan portfolio, management tracks certain credit quality indicators including trends related to the risk grading of specified classes of loans, net charge-offs, non-performing loans, and general economic conditions.

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The Company utilizes a risk grading matrix to assign a rating to each of its commercial, commercial real estate, and construction real estate loans. Changes in credit risk are monitored on a continuous basis and changes in risk ratings are made when identified. The loan ratings are summarized into the following categories: Non-watch list, Watch, Pass, Special Mention, Substandard, and Doubtful. Any loan not classified in one of the categories described below is considered to be a Non-watch list Pass loan. A description of the general characteristics of the loan rating categories is as follows:

- **Watch** – This rating represents credit exposure that presents higher than average risk and warrants greater than routine attention by Company personnel due to conditions affecting the borrower, the borrower's industry, or the economic environment. These conditions have resulted in some degree of uncertainty that results in higher-than-average credit risk. These loans are considered pass-rated credits.
- **Special Mention** – This rating reflects a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or the borrower's credit position at some future date. The rating is not adversely classified and does not expose an institution to sufficient risk to warrant adverse classification.
- **Substandard** – This rating represents an asset inadequately protected by the current sound worth and paying capacity of the borrower or of the collateral pledged, if any. Assets so classified must have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. Loans in this category are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected. Loss potential, while existing in the aggregate amount of substandard assets, does not have to exist in individual assets classified as substandard.
- **Doubtful** – This rating represents an asset that has all the weaknesses inherent in an asset classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, based on currently existing facts, conditions and values, highly questionable and improbable. The possibility of loss is extremely high, but because of certain important and reasonably specific pending factors, which may work to the advantage of strengthening the asset, its classification as an estimated loss is deferred until its more exact status may be determined. Pending factors include proposed merger, acquisition, liquidation procedures, capital injection, or perfecting liens.

Commercial and industrial

A discussion of the credit quality indicators that impact each type of collateral securing Commercial and industrial loans is included below:

Equipment, accounts receivable, and inventory General commercial and industrial loans are secured by working capital assets and non-real estate assets. The general purpose of these loans is for financing capital expenditures and current operations for commercial and industrial entities. These assets are short-term in nature. In the case of accounts receivable and inventories, the repayment of debt is reliant upon converting assets into cash or through goods and services being sold and collected. Collateral-based risk is due to aged short-term assets, which can be indicative of underlying issues with the borrower and lead to the value of the collateral being overstated.

Agriculture Agricultural loans are secured by non-real estate agricultural assets. These include shorter-term assets such as equipment, crops, and livestock. The risks associated with loans to finance crops or livestock include the borrower's ability to successfully raise and market the commodity. Adverse weather conditions and other natural perils can dramatically affect farmers' or ranchers' production and ability to service debt. Volatile commodity prices present another significant risk for agriculture borrowers. Market price volatility and production cost volatility can affect both revenues and expenses.

Overdrafts Commercial overdrafts are typically short-term and unsecured. Some commercial borrowers tie their overdraft obligation to their line of credit, so any draw on the line of credit will satisfy the overdraft.

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Based on the factors noted above for each type of collateral, the Company assigns risk ratings to borrowers based on their most recently assessed financial position.

The following tables provide a summary of the amortized cost balance by collateral type and risk rating as of **June 30, 2024**, **September 30, 2024** and December 31, 2023 (in thousands):

Risk by Collateral	June 30, 2024								
	Amortized Cost Basis by Origination Year - Term Loans							Amortized Cost - Revolving Loans	
								Amortized Cost - Revolving Loans	Amortized Cost - Revolving Loans
	2024	2023	2022	2021	2020	Prior	Loans	Converted to Term Loans	Total
Equipment/Accounts Receivable/Inventory									
Non-watch list – Pass	\$ 707,825	\$ 1,446,289	\$ 1,118,254	\$ 774,479	\$ 353,615	\$ 219,411	\$ 4,748,980	\$ 457	\$ 9,369,310
Watch – Pass	24,539	88,891	21,630	114,494	2,906	3,959	91,813	8	348,240
Special Mention	31,449	4,686	64,295	10,226	84	—	100,076	—	210,816
Substandard	18,114	6,958	5,756	5,751	344	4,378	103,583	49	144,933
Doubtful	714	—	—	—	—	—	—	—	714
Total Equipment/Accounts Receivable/Inventory	\$ 782,641	\$ 1,546,824	\$ 1,209,935	\$ 904,950	\$ 356,949	\$ 227,748	\$ 5,044,452	\$ 514	\$ 10,074,013
Agriculture									
Non-watch list – Pass	\$ 3,593	\$ 6,234	\$ 2,064	\$ 2,766	\$ 619	\$ 483	\$ 81,258	\$ —	\$ 97,017
Watch – Pass	—	96	1,564	—	—	—	42,127	—	43,787
Special Mention	—	—	35	—	—	—	1,498	—	1,533
Substandard	7,274	—	652	—	—	—	860	—	8,786
Doubtful	—	—	—	—	—	—	—	—	—
Total Agriculture	\$ 10,867	\$ 6,330	\$ 4,315	\$ 2,766	\$ 619	\$ 483	\$ 125,743	\$ —	\$ 151,123

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December 31, 2023									
Risk by Collateral	Amortized Cost Basis by Origination Year - Term Loans						Amortized Cost - Revolving Loans	Amortized Cost - Revolving Loans Converted to Term Loans	Total
	2023	2022	2021	2020	2019	Prior			
Equipment/Accounts									
Receivable/Inventory									
Non-watch list – Pass	\$ 1,728,443	\$ 1,381,481	\$ 1,059,277	\$ 402,632	\$ 184,561	\$ 92,979	\$ 4,242,095	\$ 6,194	\$ 9,097,662
Watch – Pass	38,940	81,233	55,928	8,809	9,620	1,627	230,990	49	427,196
Special Mention	3,000	17,857	5,186	214	—	—	39,059	—	65,316
Substandard	15,708	6,038	3,341	621	8,646	2,524	103,728	93	140,699
Doubtful	1,210	—	—	—	—	—	—	—	1,210
Total Equipment/Accounts									
Receivable/Inventory	\$ 1,787,301	\$ 1,486,609	\$ 1,123,732	\$ 412,276	\$ 202,827	\$ 97,130	\$ 4,615,872	\$ 6,336	\$ 9,732,083
Agriculture									
Non-watch list – Pass	\$ 13,934	\$ 5,122	\$ 3,785	\$ 839	\$ 477	\$ 239	\$ 159,565	\$ —	\$ 183,961
Watch – Pass	—	—	—	—	—	—	—	—	—
Special Mention	—	66	—	—	—	—	1,236	—	1,302
Substandard	—	652	—	81	—	—	8,372	—	9,105
Doubtful	—	—	—	—	—	—	—	—	—
Total Agriculture	\$ 13,934	\$ 5,840	\$ 3,785	\$ 920	\$ 477	\$ 239	\$ 169,173	\$ —	\$ 194,368
September 30, 2024									
Risk by Collateral	Amortized Cost Basis by Origination Year - Term Loans						Amortized Cost - Revolving Loans	Amortized Cost - Revolving Loans Converted to Term Loans	Total
	2024	2023	2022	2021	2020	Prior			
Equipment/Accounts									
Receivable/Inventory									
Pass	\$ 1,611,855	\$ 1,395,688	\$ 995,069	\$ 820,239	\$ 316,176	\$ 198,413	\$ 4,781,179	\$ 875	\$ 10,119,494
Special Mention	2,453	22,583	10,773	9,845	62	—	88,962	—	134,678
Substandard	46,628	2,848	56,034	12,098	976	4,936	119,717	210	243,447
Doubtful	1,142	—	—	—	—	—	—	1,286	2,428
Total Equipment/Accounts									
Receivable/Inventory	\$ 1,662,078	\$ 1,421,119	\$ 1,061,876	\$ 842,182	\$ 317,214	\$ 203,349	\$ 4,989,858	\$ 2,371	\$ 10,500,047
Agriculture									
Pass	\$ 4,575	\$ 5,889	\$ 3,605	\$ 2,697	\$ 462	\$ 246	\$ 132,801	\$ 400	\$ 150,675
Special Mention	—	—	—	—	—	—	—	—	—
Substandard	8,164	—	—	—	—	—	2,246	—	10,410
Doubtful	—	—	—	—	—	—	—	—	—
Total Agriculture	\$ 12,739	\$ 5,889	\$ 3,605	\$ 2,697	\$ 462	\$ 246	\$ 135,047	\$ 400	\$ 161,085
December 31, 2023									

Risk by Collateral	Amortized Cost Basis by Origination Year - Term Loans							Amortized	
								Cost -	
							Amortized	Revolving	
							Cost -	Loans	
	2023	2022	2021	2020	2019	Prior	Revolving	Converted to	
							Loans	Term Loans	Total
Equipment/Accounts									
Receivable/Inventory									
Pass	\$ 1,767,383	\$ 1,462,714	\$ 1,115,205	\$ 411,441	\$ 194,181	\$ 94,606	\$ 4,473,085	\$ 6,243	\$ 9,524,858
Special Mention	3,000	17,857	5,186	214	—	—	39,059	—	65,316
Substandard	15,708	6,038	3,341	621	8,646	2,524	103,728	93	140,699
Doubtful	1,210	—	—	—	—	—	—	—	1,210
Total Equipment/Accounts									
Receivable/Inventory	\$ 1,787,301	\$ 1,486,609	\$ 1,123,732	\$ 412,276	\$ 202,827	\$ 97,130	\$ 4,615,872	\$ 6,336	\$ 9,732,083
Agriculture									
Pass	\$ 13,934	\$ 5,122	\$ 3,785	\$ 839	\$ 477	\$ 239	\$ 159,565	\$ —	\$ 183,961
Special Mention	—	66	—	—	—	—	1,236	—	1,302
Substandard	—	652	—	81	—	—	8,372	—	9,105
Doubtful	—	—	—	—	—	—	—	—	—
Total Agriculture	\$ 13,934	\$ 5,840	\$ 3,785	\$ 920	\$ 477	\$ 239	\$ 169,173	\$ —	\$ 194,368

Specialty lending

A discussion of the credit quality indicators that impact each type of collateral securing Specialty loans is included below:

Asset-based lending General asset-based loans are secured by accounts receivable, inventory, equipment, and real estate. The purpose of these loans is for financing current operations for commercial customers. The repayment of debt is reliant upon collection of the accounts receivable within 30 to 90 days or converting assets into

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cash or through goods and services being sold and collected. The Company tracks each individual borrower credit risk based on their loan to collateral position. Any borrower position where the underlying value of collateral is below the fair value of the loan is considered out-of-margin and inherently higher risk.

The following table provides a summary of the amortized cost balance by risk rating for asset-based loans as of **June 30, 2024**, **September 30, 2024** and December 31, 2023 (in thousands):

Risk	Asset-based lending		Asset-based lending	
	June 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
In-margin	\$ 524,242	\$ 498,786	\$ 473,267	\$ 498,786
Out-of-margin	—	—	—	—
Total	<u>\$ 524,242</u>	<u>\$ 498,786</u>	<u>\$ 473,267</u>	<u>\$ 498,786</u>

Commercial real estate

A discussion of the credit quality indicators that impact each type of collateral securing Commercial real estate loans is included below:

Owner-occupied Owner-occupied loans are secured by commercial real estate. These loans are often longer tenured and susceptible to multiple economic cycles. The loans rely on the owner-occupied operations to service

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debt which cover a broad spectrum of industries. Real estate debt can carry a significant amount of leverage for a borrower to maintain.

Non-owner-occupied Non-owner-occupied loans are secured by commercial real estate. These loans are often longer tenured and susceptible to multiple economic cycles. The key element of risk in this type of lending is the cyclical nature of real estate markets. Although national conditions affect the overall real estate industry, the effect of national conditions on local markets is equally important. Factors such as unemployment rates, consumer demand, household formation, and the level of economic activity can vary widely from state to state and among metropolitan areas. In addition to geographic considerations, markets can be defined by property type. While all sectors are influenced by economic conditions, some sectors are more sensitive to certain economic factors than others.

Farmland Farmland loans are secured by real estate used for agricultural purposes such as crop and livestock production. Assets used as collateral are long-term assets that carry the ability to have longer amortizations and maturities. Longer terms carry the risk of added susceptibility to market conditions. The limited purpose of some Agriculture-related collateral affects credit risk because such collateral may have limited or no other uses to support values when loan repayment problems emerge.

5+ Multi-family 5+ multi-family loans are secured by a multi-family residential property. The primary risks associated with this type of collateral are largely driven by economic conditions. The national and local market conditions can change with unemployment rates or competing supply of multi-family housing. Tenants may not be able to afford their housing or have better options and this can result in increased vacancy. Rents may need to be lowered to fill apartment units. Increased vacancy and lower rental rates not only drive the borrower's ability to repay debt but also contribute to how the collateral is valued.

1-4 Family construction 1-4 family construction loans are secured by 1-4 family residential real estate and are in the process of construction or improvements being made. The predominant risk inherent to this portfolio is the risk associated with a borrower's ability to successfully complete a project on time and within budget. Market conditions also play an important role in understanding the risk profile. Risk from adverse changes in market conditions from the start of development to completion can result in deflated collateral values.

General construction General construction loans are secured by commercial real estate in process of construction or improvements being made and their repayment is dependent on the collateral's completion. Construction lending presents unique risks not encountered in term financing of existing real estate. The predominant risk inherent to this portfolio is the risk associated with a borrower's ability to successfully complete a

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project on time and within budget. Commercial properties under construction are susceptible to market and economic conditions. Demand from prospective customers may erode after construction begins because of a general economic slowdown or an increase in the supply of competing properties.

Based on the factors noted above for each type of collateral, the Company assigns risk ratings to borrowers based on their most recently assessed financial position.

The following tables provide a summary of the amortized cost balance by collateral type and risk rating as of **June 30, 2024** **September 30, 2024** and December 31, 2023 (in thousands):

September 30, 2024	
Amortized Cost Basis by Origination Year - Term Loans	

Risk by Collateral	2024	2023	2022	2021	2020	Prior	Amortized Cost - Revolving Loans	Amortized Cost - Revolving Loans Converted to Term Loans	Total
Owner-occupied									
Pass	\$ 212,334	\$ 283,561	\$ 606,230	\$ 451,594	\$ 298,553	\$ 293,345	\$ 50,839	\$ 540	\$ 2,196,996
Special Mention	30,803	—	1,046	1,993	4,787	—	—	—	38,629
Substandard	4,592	69	1,667	43	6	6,479	—	—	12,856
Doubtful	—	—	—	—	—	—	—	—	—
Total Owner-occupied	\$ 247,729	\$ 283,630	\$ 608,943	\$ 453,630	\$ 303,346	\$ 299,824	\$ 50,839	\$ 540	\$ 2,248,481
Non-owner-occupied									
Pass	\$ 520,732	\$ 550,501	\$ 864,388	\$ 783,800	\$ 408,997	\$ 329,944	\$ 33,080	\$ —	\$ 3,491,442
Special Mention	487	13,027	25,000	—	—	—	—	—	38,514
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total Non-owner-occupied	\$ 521,219	\$ 563,528	\$ 889,388	\$ 783,800	\$ 408,997	\$ 329,944	\$ 33,080	\$ —	\$ 3,529,956
Farmland									
Pass	\$ 25,330	\$ 45,345	\$ 46,487	\$ 36,959	\$ 186,094	\$ 19,999	\$ 101,243	\$ —	\$ 461,457
Special Mention	999	—	12,403	—	—	—	1,000	—	14,402
Substandard	17,815	2,333	—	—	994	6,482	—	324	27,948
Doubtful	—	—	—	—	—	—	—	—	—
Total Farmland	\$ 44,144	\$ 47,678	\$ 58,890	\$ 36,959	\$ 187,088	\$ 26,481	\$ 102,243	\$ 324	\$ 503,807
5+ Multi-family									
Pass	\$ 73,224	\$ 34,690	\$ 184,269	\$ 228,306	\$ 29,018	\$ 20,091	\$ 8,751	\$ —	\$ 578,349
Special Mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total 5+ Multi-family	\$ 73,224	\$ 34,690	\$ 184,269	\$ 228,306	\$ 29,018	\$ 20,091	\$ 8,751	\$ —	\$ 578,349
1-4 Family construction									
Pass	\$ 28,607	\$ 12,076	\$ 55,920	\$ —	\$ —	\$ —	\$ 3,113	\$ —	\$ 99,716
Special Mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total 1-4 Family construction	\$ 28,607	\$ 12,076	\$ 55,920	\$ —	\$ —	\$ —	\$ 3,113	\$ —	\$ 99,716
General construction									
Pass	\$ 286,036	\$ 679,619	\$ 1,429,098	\$ 349,096	\$ 4,093	\$ 553	\$ 70,972	\$ 1,104	\$ 2,820,571
Special Mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	10	—	—	10
Doubtful	109	—	—	—	—	—	—	—	109
Total General construction	\$ 286,145	\$ 679,619	\$ 1,429,098	\$ 349,096	\$ 4,093	\$ 563	\$ 70,972	\$ 1,104	\$ 2,820,690

June 30, 2024

Risk by Collateral	Amortized Cost Basis by Origination Year - Term Loans						Amortized Cost - Revolving Loans	Amortized Cost - Revolving Loans Converted to Term Loans	Total
	2024	2023	2022	2021	2020	Prior			
Owner-occupied									
Non-watch list – Pass	\$ 70,359	\$ 269,802	\$ 605,110	\$ 455,012	\$ 298,300	\$ 305,352	\$ 50,018	\$ —	\$ 2,053,953
Watch – Pass	3,112	—	4,932	2,052	9,794	8,150	—	—	28,040
Special Mention	31,112	—	4,328	3,530	6,916	355	729	—	46,970
Substandard	1,288	391	—	46	7	7,969	—	—	9,701
Doubtful	—	—	—	—	—	—	—	—	—
Total Owner-occupied	\$ 105,871	\$ 270,193	\$ 614,370	\$ 460,640	\$ 315,017	\$ 321,826	\$ 50,747	\$ —	\$ 2,138,664
Non-owner-occupied									
Non-watch list – Pass	\$ 258,093	\$ 606,497	\$ 885,435	\$ 718,707	\$ 400,706	\$ 385,016	\$ 32,140	\$ —	\$ 3,286,594
Watch – Pass	54,270	15,005	47,586	19,637	21,538	—	—	—	158,036
Special Mention	—	—	—	24,109	—	—	—	—	24,109
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total Non-owner-occupied	\$ 312,363	\$ 621,502	\$ 933,021	\$ 762,453	\$ 422,244	\$ 385,016	\$ 32,140	\$ —	\$ 3,468,739
Farmland									
Non-watch list – Pass	\$ 19,884	\$ 47,391	\$ 57,439	\$ 37,507	\$ 185,319	\$ 24,277	\$ 103,655	\$ 8	\$ 475,480
Watch – Pass	93	—	1,460	—	4,220	—	236	—	6,009
Special Mention	—	2,358	425	—	472	3,443	—	—	6,698
Substandard	13,953	—	7,502	—	—	152	—	—	21,607
Doubtful	—	—	—	—	—	—	—	—	—
Total Farmland	\$ 33,930	\$ 49,749	\$ 66,826	\$ 37,507	\$ 190,011	\$ 27,872	\$ 103,891	\$ 8	\$ 509,794
5+ Multi-family									
Non-watch list – Pass	\$ 72,818	\$ 34,695	\$ 135,950	\$ 210,771	\$ 29,219	\$ 20,205	\$ 8,257	\$ —	\$ 511,915
Watch – Pass	—	—	—	—	—	—	—	—	—
Special Mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total 5+ Multi-family	\$ 72,818	\$ 34,695	\$ 135,950	\$ 210,771	\$ 29,219	\$ 20,205	\$ 8,257	\$ —	\$ 511,915
1-4 Family construction									
Non-watch list – Pass	\$ 16,957	\$ 25,950	\$ 62,218	\$ —	\$ —	\$ —	\$ 2,640	\$ —	\$ 107,765
Watch – Pass	—	—	—	—	—	—	—	—	—
Special Mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total 1-4 Family construction	\$ 16,957	\$ 25,950	\$ 62,218	\$ —	\$ —	\$ —	\$ 2,640	\$ —	\$ 107,765
General construction									
Non-watch list – Pass	\$ 160,169	\$ 590,556	\$ 1,413,608	\$ 454,042	\$ 4,136	\$ 573	\$ 81,039	\$ —	\$ 2,704,123
Watch – Pass	341	—	—	—	—	6	—	—	347
Special Mention	173	—	—	—	—	—	—	—	173
Substandard	—	—	—	7,971	—	11	—	—	7,982
Doubtful	111	—	—	—	—	—	—	—	111
Total General construction	\$ 160,794	\$ 590,556	\$ 1,413,608	\$ 462,013	\$ 4,136	\$ 590	\$ 81,039	\$ —	\$ 2,712,736

December 31, 2023									
Risk by Collateral	Amortized Cost Basis by Origination Year - Term Loans						Amortized Cost - Revolving Loans	Amortized Cost - Revolving Loans Converted to Term Loans	Total
	2023	2022	2021	2020	2019	Prior			
Owner-occupied									
Non-watch list – Pass	\$ 269,735	\$ 607,418	\$ 461,179	\$ 319,610	\$ 130,428	\$ 209,707	\$ 30,113	\$ —	\$ 2,028,190
Watch – Pass	2,105	18,701	24,164	8,769	15,547	4,324	—	—	73,610
Special Mention	—	1,609	12,911	6,741	4,015	—	729	—	26,005
Substandard	4,444	1,786	766	13	2,549	1,342	—	—	10,900
Doubtful	—	—	—	—	—	—	—	—	—
Total Owner-occupied	\$ 276,284	\$ 629,514	\$ 499,020	\$ 335,133	\$ 152,539	\$ 215,373	\$ 30,842	\$ —	\$ 2,138,705
Non-owner-occupied									
Non-watch list – Pass	\$ 481,902	\$ 798,936	\$ 773,032	\$ 449,547	\$ 217,240	\$ 175,924	\$ 36,313	\$ —	\$ 2,932,894
Watch – Pass	49,933	102,678	51,402	—	76,291	9,755	—	—	290,059
Special Mention	24,534	—	24,404	—	—	—	—	—	48,938
Substandard	—	—	658	—	—	—	—	—	658
Doubtful	—	—	—	—	—	—	—	—	—
Total Non-owner-occupied	\$ 556,369	\$ 901,614	\$ 849,496	\$ 449,547	\$ 293,531	\$ 185,679	\$ 36,313	\$ —	\$ 3,272,549
Farmland									
Non-watch list – Pass	\$ 48,615	\$ 62,321	\$ 38,681	\$ 195,234	\$ 11,735	\$ 19,168	\$ 89,241	\$ —	\$ 464,995
Watch – Pass	—	273	125	—	—	—	50	—	448
Special Mention	2,358	428	—	493	3,627	—	—	—	6,906
Substandard	24,445	8,065	322	23	246	532	—	—	33,633
Doubtful	—	—	—	—	—	—	—	—	—
Total Farmland	\$ 75,418	\$ 71,087	\$ 39,128	\$ 195,750	\$ 15,608	\$ 19,700	\$ 89,291	\$ —	\$ 505,982
5+ Multi-family									
Non-watch list – Pass	\$ 34,714	\$ 27,668	\$ 240,724	\$ 29,840	\$ 16,861	\$ 4,982	\$ 9,274	\$ —	\$ 364,063
Watch – Pass	—	—	—	—	—	—	—	—	—
Special Mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total 5+ Multi-family	\$ 34,714	\$ 27,668	\$ 240,724	\$ 29,840	\$ 16,861	\$ 4,982	\$ 9,274	\$ —	\$ 364,063
1-4 Family construction									
Non-watch list – Pass	\$ 49,327	\$ 51,360	\$ —	\$ —	\$ —	\$ —	\$ 3,286	\$ 3,394	\$ 107,367
Watch – Pass	—	—	—	—	—	—	—	—	—
Special Mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total 1-4 Family construction	\$ 49,327	\$ 51,360	\$ —	\$ —	\$ —	\$ —	\$ 3,286	\$ 3,394	\$ 107,367
General construction									
Non-watch list – Pass	\$ 572,847	\$ 1,340,152	\$ 507,276	\$ 4,220	\$ 625	\$ 117	\$ 70,172	\$ —	\$ 2,495,409

Watch – Pass	1,554	—	—	—	11	—	—	—	1,565
Special Mention	180	—	—	—	—	—	—	—	180
Substandard	—	—	8,013	—	—	13	—	—	8,026
Doubtful	80	—	—	—	—	—	—	—	80
Total General construction	\$ 574,661	\$ 1,340,152	\$ 515,289	\$ 4,220	\$ 636	\$ 130	\$ 70,172	\$ —	\$ 2,505,260

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December 31, 2023									
Amortized Cost Basis by Origination Year - Term Loans									
Risk by Collateral	2023	2022	2021	2020	2019	Prior	Amortized Cost - Revolving Loans	Amortized Cost - Revolving Loans Converted to Term Loans	Total
Owner-occupied									
Pass	\$ 271,840	\$ 626,119	\$ 485,343	\$ 328,379	\$ 145,975	\$ 214,031	\$ 30,113	\$ —	\$ 2,101,800
Special Mention	—	1,609	12,911	6,741	4,015	—	729	—	26,005
Substandard	4,444	1,786	766	13	2,549	1,342	—	—	10,900
Doubtful	—	—	—	—	—	—	—	—	—
Total Owner-occupied	\$ 276,284	\$ 629,514	\$ 499,020	\$ 335,133	\$ 152,539	\$ 215,373	\$ 30,842	\$ —	\$ 2,138,705
Non-owner-occupied									
Pass	\$ 531,835	\$ 901,614	\$ 824,434	\$ 449,547	\$ 293,531	\$ 185,679	\$ 36,313	\$ —	\$ 3,222,953
Special Mention	24,534	—	24,404	—	—	—	—	—	48,938
Substandard	—	—	658	—	—	—	—	—	658
Doubtful	—	—	—	—	—	—	—	—	—
Total Non-owner-occupied	\$ 556,369	\$ 901,614	\$ 849,496	\$ 449,547	\$ 293,531	\$ 185,679	\$ 36,313	\$ —	\$ 3,272,549
Farmland									
Pass	\$ 48,615	\$ 62,594	\$ 38,806	\$ 195,234	\$ 11,735	\$ 19,168	\$ 89,291	\$ —	\$ 465,443
Special Mention	2,358	428	—	493	3,627	—	—	—	6,906
Substandard	24,445	8,065	322	23	246	532	—	—	33,633
Doubtful	—	—	—	—	—	—	—	—	—
Total Farmland	\$ 75,418	\$ 71,087	\$ 39,128	\$ 195,750	\$ 15,608	\$ 19,700	\$ 89,291	\$ —	\$ 505,982
5+ Multi-family									
Pass	\$ 34,714	\$ 27,668	\$ 240,724	\$ 29,840	\$ 16,861	\$ 4,982	\$ 9,274	\$ —	\$ 364,063
Special Mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total 5+ Multi-family	\$ 34,714	\$ 27,668	\$ 240,724	\$ 29,840	\$ 16,861	\$ 4,982	\$ 9,274	\$ —	\$ 364,063
1-4 Family construction									
Pass	\$ 49,327	\$ 51,360	\$ —	\$ —	\$ —	\$ —	\$ 3,286	\$ 3,394	\$ 107,367
Special Mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—

Total 1-4 Family construction	\$ 49,327	\$ 51,360	\$ —	\$ —	\$ —	\$ —	\$ 3,286	\$ 3,394	\$ 107,367
General construction									
Pass	\$ 574,401	\$ 1,340,152	\$ 507,276	\$ 4,220	\$ 636	\$ 117	\$ 70,172	\$ —	\$ 2,496,974
Special Mention	180	—	—	—	—	—	—	—	180
Substandard	—	—	8,013	—	—	13	—	—	8,026
Doubtful	80	—	—	—	—	—	—	—	80
Total General construction	\$ 574,661	\$ 1,340,152	\$ 515,289	\$ 4,220	\$ 636	\$ 130	\$ 70,172	\$ —	\$ 2,505,260

Consumer real estate

A discussion of the credit quality indicators that impact each type of collateral securing Consumer real estate loans is included below:

HELOC HELOC loans are revolving lines of credit secured by 1-4 family residential property. The primary risk is the borrower's inability to repay debt. Revolving notes are often associated with HELOCs that can be secured by real estate without a 1st lien priority. Collateral is susceptible to market volatility impacting home values or economic downturns.

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First lien: 1-4 family First lien 1-4 family loans are secured by a first lien on 1-4 family residential property. These term loans carry longer maturities and amortizations. The longer tenure exposes the borrower to multiple economic cycles, coupled with longer amortizations that result in smaller principal reduction early in the life of the loan. Collateral is susceptible to market volatility impacting home values.

Junior lien: 1-4 family Junior lien 1-4 family loans are secured by a junior lien on 1-4 family residential property. The Company's primary risk is the borrower's inability to repay debt and not being in a first lien position. Collateral is susceptible to market volatility impacting home values or economic downturns.

A borrower is considered non-performing if the Company has ceased the recognition of interest and the loan is placed on non-accrual. Charge-offs and borrower performance are tracked on a loan origination vintage basis. Certain vintages, based on their maturation cycle, could be at higher risk due to collateral-based risk factors.

The following tables provide a summary of the amortized cost balance by collateral type and risk rating as of **June 30, 2024**, **September 30, 2024** and December 31, 2023 (*in thousands*):

Risk by Collateral	June 30, 2024									September 30, 2024					
	Amortized Cost Basis by Origination Year - Term Loans									Amortized Cost Basis by Origination Year - Term Loans					
							Amortized Cost - Revolving Loans	Amortized Cost - Converted Revolving to Term Loans	Total						
	2024	2023	2022	2021	2020	Prior				2024	2023	2022	2021	2020	Prior
HELOC															
Performing	\$ —	\$ —	\$ 555	\$ 120	\$ 285	\$ 4,070	\$ 366,560	\$ 800	\$ 372,390	\$ 90	\$ —	\$ 460	\$ 202	\$ 265	\$ 3,76
Non-performing	—	—	—	—	20	1,119	—	163	1,302	—	—	—	—	19	1,09
Total HELOC	\$ —	\$ —	\$ 555	\$ 120	\$ 305	\$ 5,189	\$ 366,560	\$ 963	\$ 373,692	\$ 90	\$ —	\$ 460	\$ 202	\$ 284	\$ 4,86
First lien: 1-4 family															
Performing	\$ 176,356	\$ 388,187	\$ 555,488	\$ 659,384	\$ 528,298	\$ 290,051	\$ —	\$ —	\$ 2,597,764	\$ 300,778	\$ 374,444	\$ 568,721	\$ 646,282	\$ 510,281	\$ 281,84

Non-performing	292	1,195	3,387	83	154	911	—	—	6,022	331	1,947	4,883	1,476	149	98
Total First lien: 1-4 family	\$ 176,648	\$ 389,382	\$ 558,875	\$ 659,467	\$ 528,452	\$ 290,962	\$ —	\$ —	\$ 2,603,786	\$ 301,109	\$ 376,391	\$ 573,604	\$ 647,758	\$ 510,430	\$ 282,82
Junior lien: 1-4 family															
Performing	\$ 8,576	\$ 11,318	\$ 11,084	\$ 6,373	\$ 3,355	\$ 2,926	\$ 85	\$ —	\$ 43,717	\$ 11,346	\$ 10,821	\$ 10,460	\$ 6,025	\$ 3,220	\$ 2,80
Non-performing	—	20	31	—	—	42	—	—	93	—	18	30	—	—	4
Total Junior lien: 1-4 family	\$ 8,576	\$ 11,338	\$ 11,115	\$ 6,373	\$ 3,355	\$ 2,968	\$ 85	\$ —	\$ 43,810	\$ 11,346	\$ 10,839	\$ 10,490	\$ 6,025	\$ 3,220	\$ 2,84

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December 31, 2023

Amortized Cost Basis by Origination Year - Term Loans

Risk by Collateral	2023	2022	2021	2020	2019	Prior	Amortized Cost - Revolving Loans	Amortized Cost - Revolving Loans Converted to Term Loans	Total
HELOC									
Performing	\$ 150	\$ 579	\$ —	\$ 466	\$ 82	\$ 3,737	\$ 355,047	\$ 1,308	\$ 361,369
Non-performing	—	71	—	31	—	1,221	58	56	1,437
Total HELOC	\$ 150	\$ 650	\$ —	\$ 497	\$ 82	\$ 4,958	\$ 355,105	\$ 1,364	\$ 362,806
First lien: 1-4 family									
Performing	\$ 418,766	\$ 583,711	\$ 681,921	\$ 548,736	\$ 158,037	\$ 164,315	\$ 2	\$ —	\$ 2,555,488
Non-performing	546	1,690	87	123	191	882	—	—	3,519
Total First lien: 1-4 family	\$ 419,312	\$ 585,401	\$ 682,008	\$ 548,859	\$ 158,228	\$ 165,197	\$ 2	\$ —	\$ 2,559,007
Junior lien: 1-4 family									
Performing	\$ 12,094	\$ 11,911	\$ 6,861	\$ 3,927	\$ 2,117	\$ 1,722	\$ 85	\$ —	\$ 38,717
Non-performing	23	32	—	—	—	47	—	—	102
Total Junior lien: 1-4 family	\$ 12,117	\$ 11,943	\$ 6,861	\$ 3,927	\$ 2,117	\$ 1,769	\$ 85	\$ —	\$ 38,819

Consumer

A discussion of the credit quality indicators that impact each type of collateral securing Consumer loans is included below:

Revolving line Consumer Revolving lines of credit are secured by consumer assets other than real estate. The primary risk associated with this collateral is related to market volatility and the value of the underlying financial assets.

Auto Direct consumer auto loans are secured by new and used consumer vehicles. The primary risk with this collateral class is the rate at which the collateral depreciates.

Other This category includes Other consumer loans made to an individual. The primary risk for this category is for those loans where the loan is unsecured. This collateral type also includes other unsecured lending such as consumer overdrafts.

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A borrower is considered non-performing if the Company has ceased the recognition of interest and the loan is placed on non-accrual. Charge-offs and borrower performance are tracked on a loan origination vintage basis. Certain vintages, based on their maturation cycle, could be at higher risk due to collateral-based risk factors.

The following tables provide a summary of the amortized cost balance by collateral type and risk rating as of June 30, 2024, September 30, 2024 and December 31, 2023 (in thousands):

Risk by Collateral	June 30, 2024										September 30, 2024									
	Amortized Cost Basis by Origination Year - Term Loans										Amortized Cost Basis by Origination Year - Term Loans									
	2024	2023	2022	2021	2020	Prior	Amortized Cost - Revolving		Total		2024	2023	2022	2021	2020	Prior	Amortized Cost - Revolving		Total	
							Loans	to Term									Loans	to Term		
Revolving line																				
Performing	\$ 35	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 79,465	\$ 301	\$ 79,801		\$ 35	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 84,132	\$ 316	\$ 84,448	
Non-performing	—	—	—	—	—	—	—	—	—		—	—	—	—	—	—	—	—	—	—
Total																				
Revolving line	\$ 35	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 79,465	\$ 301	\$ 79,801		\$ 35	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 84,132	\$ 316	\$ 84,448	
Auto																				
Performing	\$ 5,012	\$ 9,386	\$ 4,715	\$ 2,820	\$ 1,345	\$ 593	\$ —	\$ —	\$ 23,871		\$ 7,559	\$ 8,378	\$ 4,077	\$ 2,353	\$ 976	\$ 391	\$ —	\$ —	\$ 23,356	
Non-performing	—	—	29	11	—	—	—	—	40		—	—	—	9	—	1	—	—	—	
Total Auto	\$ 5,012	\$ 9,386	\$ 4,744	\$ 2,831	\$ 1,345	\$ 593	\$ —	\$ —	\$ 23,911		\$ 7,559	\$ 8,378	\$ 4,077	\$ 2,362	\$ 976	\$ 392	\$ —	\$ —	\$ 23,356	
Other																				
Performing	\$ 2,068	\$ 3,511	\$ 15,570	\$ 25,855	\$ 454	\$ 872	\$ 7,112	\$ —	\$ 55,442		\$ 4,971	\$ 3,155	\$ 14,303	\$ 25,737	\$ 372	\$ 832	\$ 8,815	\$ —	\$ 58,000	
Non-performing	14	—	—	—	—	—	—	—	14		13	—	—	6	—	—	—	—	—	
Total																				
Other	\$ 2,082	\$ 3,511	\$ 15,570	\$ 25,855	\$ 454	\$ 872	\$ 7,112	\$ —	\$ 55,456		\$ 4,984	\$ 3,155	\$ 14,303	\$ 25,743	\$ 372	\$ 832	\$ 8,815	\$ —	\$ 58,014	

December 31, 2023

Amortized Cost Basis by Origination Year - Term Loans

Risk by Collateral	2023	2022	2021	2020	2019	Prior	Amortized Cost - Revolving Loans	Amortized Cost - Revolving Loans Converted to Term Loans	Total
Revolving line									
Performing	\$ 48	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 56,272	\$ —	\$ 56,320
Non-performing	—	—	—	—	—	—	—	—	—
Total Revolving line	\$ 48	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 56,272	\$ —	\$ 56,320
Auto									
Performing	\$ 11,509	\$ 6,013	\$ 3,908	\$ 2,170	\$ 1,088	\$ 158	\$ —	\$ —	\$ 24,846
Non-performing	—	—	14	—	—	—	—	—	14
Total Auto	\$ 11,509	\$ 6,013	\$ 3,922	\$ 2,170	\$ 1,088	\$ 158	\$ —	\$ —	\$ 24,860
Other									
Performing	\$ 4,853	\$ 22,133	\$ 26,125	\$ 574	\$ 365	\$ 1,243	\$ 26,804	\$ —	\$ 82,097
Non-performing	—	14	—	—	—	—	—	—	14
Total Other	\$ 4,853	\$ 22,147	\$ 26,125	\$ 574	\$ 365	\$ 1,243	\$ 26,804	\$ —	\$ 82,111

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Credit cards

A discussion of the credit quality indicators that impact Credit card loans is included below:

Consumer Consumer credit card loans are revolving loans made to individuals. The primary risk associated with this collateral class is credit card debt which is generally unsecured; therefore, repayment depends primarily on a borrower's willingness and capacity to repay. The highly competitive environment for credit card lending provides consumers with ample opportunity to hold several credit cards from different issuers and to pay only minimum monthly payments on outstanding balances. In such an environment, borrowers may become over-extended and unable to repay, particularly in times of an economic downturn or a personal catastrophic event.

The consumer credit card portfolio is segmented by borrower payment activity. Transactors are defined as accounts that pay off their balance by the end of each statement cycle. Revolvers are defined as an account that carries a balance from one statement cycle to the next. These accounts incur monthly finance charges, and, sometimes, late fees. Revolvers are inherently higher risk and are tracked by credit score.

Commercial Commercial credit card loans are revolving loans made to small and commercial businesses. The primary risk associated with this collateral class is credit card debt which is generally unsecured; therefore, repayment depends primarily on a borrower's willingness and capacity to repay. Borrowers may become over-extended and unable to repay, particularly in times of an economic downturn or a catastrophic event.

The commercial credit card portfolio is segmented by current and past due payment status. A borrower is past due after 30 days. In general, commercial credit card customers do not have incentive to hold a balance resulting in paying interest on credit card debt as commercial customers will typically have other debt obligations with lower interest rates in which they can utilize for capital.

The following table provides a summary of the amortized cost balance of consumer credit cards by risk rating as of June 30, 2024, September 30, 2024 and December 31, 2023 (in thousands):

Risk	Consumer		Consumer	
	June 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Transactor accounts	\$ 104,667	\$ 74,330	\$ 90,627	\$ 74,330

Revolver accounts (by credit score):

Less than 600	14,588	7,140	16,299	7,140
600-619	6,970	3,572	8,588	3,572
620-639	12,356	5,343	14,044	5,343
640-659	19,158	9,536	20,142	9,536
660-679	20,547	9,642	20,147	9,642
680-699	22,913	11,220	23,960	11,220
700-719	24,613	13,489	25,532	13,489
720-739	21,620	12,896	22,461	12,896
740-759	18,967	12,434	18,927	12,434
760-779	17,983	12,955	18,570	12,955
780-799	16,660	11,822	17,353	11,822
800-819	10,868	7,808	10,984	7,808
820-839	5,175	4,054	5,503	4,054
840+	868	854	1,026	854
Total	\$ 317,953	\$ 197,095	\$ 314,163	\$ 197,095

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The following table provides a summary of the amortized cost balance of commercial credit cards by risk rating as of June 30, 2024 September 30, 2024 and December 31, 2023 (in thousands):

Risk	Commercial		Commercial	
	June 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Current	\$ 235,311	\$ 207,520	\$ 250,571	\$ 207,520
Past Due	16,004	19,341	17,002	19,341
Total	\$ 251,315	\$ 226,861	\$ 267,573	\$ 226,861

Leases and other

A discussion of the credit quality indicators that impact each type of collateral securing Leases and other loans is included below:

Leases Leases are either loans to individuals for household, family and other personal expenditures or are loans related to all other direct financing and leveraged leases on property for leasing to lessees other than for household, family and other personal expenditure purposes. All leases are secured by the lease between the lessor and the lessee. These assignments grant the creditor a security interest in the rent stream from any lease, an important source of cash to pay the note in case of the borrower's default.

Other Other loans are loans that are obligations of states and political subdivisions in the U.S., loans to non-depository financial institutions, loans for purchasing or carrying securities, or all other non-consumer loans. Risk associated with other loans is tied to the underlying collateral by each type of loan. Collateral is generally equipment, accounts receivable, inventory, 1-4 family residential construction and susceptible to the same risks mentioned with those collateral types previously. Other risks consist of collateral that is secured by the stock of a non-depository financial institution, which can be unlisted stock with a limited market for the stock, or volatility of asset values driven by market performance.

Based on the factors noted above for each type of collateral, the Company assigns risk ratings to borrowers based on their most recently assessed financial position.

The following table provides a summary of the amortized cost balance by collateral type and risk rating as of June 30, 2024 September 30, 2024 and December 31, 2023 (in thousands):

Leases	Other	Leases	Other
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Risk	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Non-watch list – Pass	\$ 1,681	\$ 1,716	\$ 237,909	\$ 285,497				
Watch – Pass	—	—	808	14,655				
Pass	\$ 1,510	\$ 1,716	\$ 204,072	\$ 300,152				
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	25	96	—	—	25	96
Doubtful	—	—	—	—	—	—	—	—
Total	\$ 1,681	\$ 1,716	\$ 238,742	\$ 300,248	\$ 1,510	\$ 1,716	\$ 204,097	\$ 300,248

Allowance for Credit Losses

The allowance for credit losses (ACL) is a valuation account that is deducted from loans' and held-to-maturity (HTM) securities' amortized cost bases to present the net amount expected to be collected on the instrument. Loans and HTM securities are charged off against the ACL when management believes the balance has become uncollectible. Expected recoveries are included in the allowance and do not exceed the aggregate of amounts previously charged-off and expected to be charged-off.

Management estimates the allowance balance using relevant available information, from internal and external sources, related to past events, current conditions, and reasonable and supportable economic forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses and is tracked over an economic cycle to capture a 'through the cycle' loss history. Adjustments to historical loss information are made for

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differences in current loan-specific risk characteristics such as differences in portfolio industry-based segmentation,

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risk rating and credit score changes, average prepayment rates, changes in environmental conditions, or other relevant factors. For economic forecasts, the Company uses the Moody's baseline scenario. The Company has developed a dynamic reasonable and supportable forecast period that ranges from one to three years and changes based on economic conditions. Due to current economic conditions, the Company's reasonable and supportable forecast period is one year. After the reasonable and supportable forecast period, the Company reverts to historical losses. The reversion method applied to each portfolio can either be cliff or straight-line over four quarters.

The ACL is measured on a collective (pool) basis when similar risk characteristics exists. The ACL also incorporates qualitative factors which represent adjustments to historical credit loss experience for items such as concentrations of credit and results of internal loan review. The Company has identified the following portfolio segments and measures the allowance for credit losses using the following methods. The Company's portfolio segmentation consists of Commercial and industrial, Specialty lending, Commercial real estate, Consumer real estate, Consumer, Credit cards, Leases and other, and Held-to-maturity securities. Multiple modeling techniques are used to measure credit losses based on the portfolio.

The ACL for Commercial and industrial and Leases and other segments are measured using a probability of default and loss given default method. Primary risk drivers within the segment are risk ratings of the individual loans along with changes of macro-economic variables. The economic variables utilized are typically comprised of leading and lagging indicators. The ACL for Commercial and industrial loans is calculated by modeling probability of default (PD) over future periods multiplied by historical loss given default rates (LGD) multiplied by contractual exposure at default minus any estimated prepayments and charge offs.

Collateral positions for Specialty lending loans are continuously monitored by the Company and the borrower is required to continually adjust the amount of collateral securing the loan. Credit losses are measured for any position where the amortized cost basis is greater than the fair value of the collateral. The ACL for specialty lending loans is

calculated by using a bottom-up approach comparing collateral values to outstanding balances.

The ACL for the Commercial real estate segment is measured using a PD and LGD method. Primary risk characteristics within the segment are risk ratings of the individual loans, along with changes of macro-economic variables, such as interest rates, CRE price index, median household income, construction activity, farm income, and vacancy rates. The ACL for Commercial real estate loans is calculated by modeling PD over future periods based on peer bank data. The PD loss rate is then multiplied by historical LGD multiplied by contractual exposure at default minus any estimated prepayments and charge offs.

The ACL for the Consumer real estate and Consumer segments are measured using an origination vintage loss rate method applied to the loans' amortized cost balance. The primary risk driver within the segments is year of origination along with changes of macro-economic variables such as unemployment and the home price index.

The Credit card segment contains both consumer and commercial credit cards. The ACL for Consumer credit cards is measured using a PD and LGD method for Revolvers and average historical loss rates across a defined lookback period for Transactors. The PD and LGD method used for Revolvers is similar in nature to the method used in the Commercial and industrial and Commercial real estate segments. Primary risk drivers within the segment are credit ratings of the individual card holders along with changes of macro-economic variables such as unemployment and retail sales. The ACL for Commercial credit cards is measured using roll-rate loss rate method based on days past due.

The ACL for the State and political HTM securities segment is measured using a loss rate method based on historical bond rating transitions. Primary risk drivers within the segment are bond ratings in the portfolio along with changes of macro-economic conditions. There is no ACL for the U.S. Agency and GSE mortgage-backed HTM securities portfolios as they are considered to be agency-backed securities with no risk of loss as they are either explicitly or implicitly guaranteed by the U.S. government. For further discussion on these securities, including the aging and amortized cost balance of HTM securities, see Note 5, "Securities."

See the credit quality indicators presented previously for a summary of current risk in the Company's portfolio. Changes in economic forecasts will affect all portfolio segments, updated financial records from

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borrowers will affect portfolio segments by risk rating, updated credit scores will affect consumer credit cards,

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payment performance will affect consumer and commercial credit card portfolio segments, and updated bond credit ratings will affect held-to-maturity securities. The Company actively monitors all credit quality indicators for risk changes that will influence the current estimate.

Expected credit losses are estimated over the contractual term of the loans, adjusted for prepayments when appropriate. The contractual term excludes expected extensions, renewals, and modifications unless either of the following applies: management has a reasonable expectation at the reporting date that a concessionary loan term has been granted to a borrower experiencing financial difficulty or the extension or renewal options are included in the original or modified contract at the reporting date and are not unconditionally cancelable by the Company.

Credit card receivables do not have stated maturities. In determining the estimated life of a credit card receivable, management first estimates the future cash flows expected to be received and then applies those expected future cash flows to the credit card balance. Expected credit losses for credit cards are determined by estimating the amount and timing of principal payments expected to be received as payment for the balance outstanding as of the reporting period until the expected payments have been fully allocated. The ACL is recorded for the excess of the balance outstanding as of the reporting period over the expected principal payments.

Loans that do not share risk characteristics are evaluated on an individual basis. Loans evaluated individually include loans on nonaccrual, loans that include modifications deemed concessionary made to borrowers experiencing financial difficulty, or any loans specifically identified, and are excluded from the collective evaluation. When it is determined that payment of interest or recovery of all principal is questionable, expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for

undiscounted selling costs as appropriate. All loans are classified as collateral dependent if placed on non-accrual or include modifications made to borrowers experiencing financial difficulty.

ALLOWANCE FOR CREDIT LOSSES AND RECORDED INVESTMENT IN LOANS

This table provides a rollforward of the allowance for credit losses by portfolio segment for the three and **six** **nine** months ended **June 30, 2024** **September 30, 2024** and **June 30, 2023** **September 30, 2023** (in thousands):

	Three Months Ended June 30, 2024											Three Months Ended September 30, 2024										
	Commercial					Leases						Commercial					Leases					
	and industrial	Specialty lending	Commercial real estate	Consumer real estate	Consumer	Credit cards	and other	Total - Loans	HTM	Total		and industrial	Specialty lending	Commercial real estate	Consumer real estate	Consumer	Credit cards	and other	Total - Loans	HTM	Total	
Allowance for credit losses:	Allowance for credit losses:											Allowance for credit losses:										
Beginning balance	\$ 139,824	\$ —	\$ 66,291	\$ 3,399	\$ 531	\$ 14,557	\$ 1,557	\$ 226,159	\$ 3,820	\$ 229,979		\$ 150,526	\$ —	\$ 68,862	\$ 3,567	\$ 632	\$ 13,936	\$ 1,644	\$ 239,167	\$ 2,956	\$ 242,123	
Charge-offs	(50)	—	—	(2)	(261)	(3,545)	—	(3,858)	—	(3,858)		(892)	—	—	(132)	(357)	(3,545)	—	(3,858)	—	(3,858)	
Recoveries	366	1	—	4	22	609	—	1,002	—	1,002		219	1	—	22	40	609	—	1,002	—	1,002	
Provision	10,386	(1)	2,571	166	340	2,315	87	15,864	(864)	15,000		7,630	(1)	3,238	287	188	2,315	87	15,864	(864)	15,000	
Ending balance - ACL	\$ 150,526	\$ —	\$ 68,862	\$ 3,567	\$ 632	\$ 13,936	\$ 1,644	\$ 239,167	\$ 2,956	\$ 242,123		\$ 157,483	\$ —	\$ 72,100	\$ 3,744	\$ 503	\$ 13,936	\$ 1,644	\$ 239,167	\$ 2,956	\$ 242,123	
Allowance for credit losses on off-balance sheet credit exposures:	Allowance for credit losses on off-balance sheet credit exposures:											Allowance for credit losses on off-balance sheet credit exposures:										
Beginning balance	\$ 4,092	\$ 186	\$ 460	\$ 117	\$ 9	\$ —	\$ 160	\$ 5,024	\$ 64	\$ 5,088		\$ 2,205	\$ —	\$ 1,681	\$ 80	\$ 13	\$ —	\$ 115	\$ 4,094	\$ 44	\$ 4,138	
Provision	(1,887)	(186)	1,221	(37)	4	—	(45)	(930)	(20)	(950)		231	—	(235)	5	3	—	(45)	(930)	(20)	(950)	
Ending balance - ACL on off-balance sheet	\$ 2,205	\$ —	\$ 1,681	\$ 80	\$ 13	\$ —	\$ 115	\$ 4,094	\$ 44	\$ 4,138		\$ 2,436	\$ —	\$ 1,446	\$ 85	\$ 16	\$ —	\$ 115	\$ 4,094	\$ 44	\$ 4,138	

	Three Months Ended June 30, 2023											Three Months Ended September 30, 2023										
	Commercial					Leases						Commercial					Leases					
	and industrial	Specialty lending	Commercial real estate	Consumer real estate	Consumer	Credit cards	and other	Total - Loans	HTM	Total		and industrial	Specialty lending	Commercial real estate	Consumer real estate	Consumer	Credit cards	and other	Total - Loans	HTM	Total	
Allowance for credit losses:	Allowance for credit losses:											Allowance for credit losses:										

Beginning balance	\$ 154,484	\$ 922	\$ 40,514	\$ 5,616	\$ 453	\$ 6,471	\$ 2,049	\$ 210,509	\$ 2,341	\$ 212,850	\$ 163,810	\$ —	\$ 42,192	\$ 6,527	\$ 417	\$
Charge-offs	—	—	—	(21)	(411)	(2,066)	—	(2,498)	—	(2,498)	(1,908)	(762)	—	(11)	(254)	
Recoveries	2,098	—	21	5	100	413	—	2,637	—	2,637	445	—	—	6	32	
Provision	7,228	(922)	1,657	927	275	2,413	(65)	11,513	487	12,000	(4,129)	762	3,524	304	303	
Ending balance - ACL	\$ 163,810	\$ —	\$ 42,192	\$ 6,527	\$ 417	\$ 7,231	\$ 1,984	\$ 222,161	\$ 2,828	\$ 224,989	\$ 158,218	\$ —	\$ 45,716	\$ 6,826	\$ 498	\$
Allowance for credit losses on off-balance sheet credit exposures:	Allowance for credit losses on off-balance sheet credit exposures:										Allowance for credit losses on off-balance sheet credit exposures:					
Beginning balance	\$ 2,178	\$ 186	\$ 418	\$ 124	\$ 13	\$ —	\$ 62	\$ 2,981	\$ 107	\$ 3,088	\$ 3,079	\$ 186	\$ 430	\$ 119	\$ 12	\$
Provision	901	—	12	(5)	(1)	—	115	1,022	(22)	1,000	1,013	—	30	(2)	(3)	
Ending balance - ACL on off-balance sheet	\$ 3,079	\$ 186	\$ 430	\$ 119	\$ 12	\$ —	\$ 177	\$ 4,003	\$ 85	\$ 4,088	\$ 4,092	\$ 186	\$ 460	\$ 117	\$ 9	\$

	Six Months Ended June 30, 2024											Nine Months Ended September 30, 2024					
	Commercial and Specialty					Leases						Commercial and Specialty					
	industrial	lending	real estate	real estate	Consumer	Credit cards	and other	Total - Loans	HTM	Total		industrial	lending	real estate	real estate	Consumer	
Allowance for credit losses:	Allowance for credit losses:											Allowance for credit losses:					
Beginning balance	\$ 155,658	\$ —	\$ 45,507	\$ 6,941	\$ 1,089	\$ 7,935	\$ 2,608	\$ 219,738	\$ 3,258	\$ 222,996		\$ 155,658	\$ —	\$ 45,507	\$ 6,941	\$ 1,089	\$
Charge-offs	(994)	—	(250)	(176)	(669)	(7,246)	—	(9,335)	—	(9,335)		(1,886)	—	(250)	(308)	(1,026)	
Recoveries	1,618	2	—	610	98	1,134	—	3,462	—	3,462		1,837	3	—	632	138	
Provision	(5,756)	(2)	23,605	(3,808)	114	12,113	(964)	25,302	(302)	25,000		1,874	(3)	26,843	(3,521)	302	
Ending balance - ACL	\$ 150,526	\$ —	\$ 68,862	\$ 3,567	\$ 632	\$ 13,936	\$ 1,644	\$ 239,167	\$ 2,956	\$ 242,123		\$ 157,483	\$ —	\$ 72,100	\$ 3,744	\$ 503	\$
Allowance for credit losses on off-balance sheet credit exposures:	Allowance for credit losses on off-balance sheet credit exposures:											Allowance for credit losses on off-balance sheet credit exposures:					
Beginning balance	\$ 4,092	\$ 186	\$ 460	\$ 117	\$ 9	\$ —	\$ 160	\$ 5,024	\$ 64	\$ 5,088		\$ 4,092	\$ 186	\$ 460	\$ 117	\$ 9	\$
Provision	(1,887)	(186)	1,221	(37)	4	—	(45)	(930)	(20)	(950)		(1,656)	(186)	986	(32)	7	
Ending balance - ACL on off-balance sheet	\$ 2,205	\$ —	\$ 1,681	\$ 80	\$ 13	\$ —	\$ 115	\$ 4,094	\$ 44	\$ 4,138		\$ 2,436	\$ —	\$ 1,446	\$ 85	\$ 16	\$

	Six Months Ended June 30, 2023										Nine Months Ended September 30, 2023					
	Commercial and industrial	Specialty lending	Commercial real estate	Consumer real estate	Consumer	Credit cards	Leases and other	Total - Loans	HTM	Total	Commercial and industrial	Specialty lending	Commercial real estate	Consumer real estate	Consumer	Credit cards
Allowance for credit losses:	Allowance for credit losses:										Allowance for credit losses:					
Beginning balance	\$ 136,737	\$ —	\$ 39,370	\$ 6,148	\$ 494	\$ 6,866	\$ 2,221	\$ 191,836	\$ 2,407	\$ 194,243	\$ 136,737	\$ —	\$ 39,370	\$ 6,148	\$ 494	\$ 6,866
Charge-offs	(2,819)	—	(21)	(1,142)	(680)	(3,670)	—	(8,332)	—	(8,332)	(4,727)	(762)	(21)	(1,153)	(934)	(3,670)
Recoveries	2,886	1	21	18	122	780	—	3,828	—	3,828	3,331	1	21	24	154	780
Provision	27,006	(1)	2,822	1,503	481	3,255	(237)	34,829	421	35,250	22,877	761	6,346	1,807	784	3,255
Ending balance - ACL	\$ 163,810	\$ —	\$ 42,192	\$ 6,527	\$ 417	\$ 7,231	\$ 1,984	\$ 222,161	\$ 2,828	\$ 224,989	\$ 158,218	\$ —	\$ 45,716	\$ 6,826	\$ 498	\$ 7,231
Allowance for credit losses on off-balance sheet credit exposures:	Allowance for credit losses on off-balance sheet credit exposures:										Allowance for credit losses on off-balance sheet credit exposures:					
Beginning balance	\$ 2,178	\$ 186	\$ 418	\$ 124	\$ 13	\$ —	\$ 62	\$ 2,981	\$ 107	\$ 3,088	\$ 2,178	\$ 186	\$ 418	\$ 124	\$ 13	\$ 62
Provision	901	—	12	(5)	(1)	—	115	1,022	(22)	1,000	1,914	—	42	(7)	(4)	115
Ending balance - ACL on off-balance sheet	\$ 3,079	\$ 186	\$ 430	\$ 119	\$ 12	\$ —	\$ 177	\$ 4,003	\$ 85	\$ 4,088	\$ 4,092	\$ 186	\$ 460	\$ 117	\$ 9	\$ 177

The allowance for credit losses on off-balance sheet credit exposures is recorded in the Accrued expenses and taxes line of the Company's Consolidated Balance Sheets. See Note 10 "Commitments, Contingencies and Guarantees."

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Collateral Dependent Financial Assets

The following tables provide the amortized cost balance of financial assets considered collateral dependent as of [June 30, 2024](#), [September 30, 2024](#) and December 31, 2023 (in thousands):

Loan Segment and Type	June 30, 2024			September 30, 2024		
	Amortized Cost of Collateral Dependent Assets	Related Allowance for Credit Losses	Amortized Cost of Collateral Dependent Assets with no related Allowance	Amortized Cost of Collateral Dependent Assets	Related Allowance for Credit Losses	Amortized Cost of Collateral Dependent Assets with no related Allowance
Commercial and industrial:						

Equipment/Accounts												
Receivable/Inventory	\$	5,266	\$	—	\$	5,266	\$	6,682	\$	—	\$	6,682
Agriculture		—		—		—		—		—		—
Total Commercial and industrial		5,266		—		5,266		6,682		—		6,682
Specialty lending:												
Asset-based lending		—		—		—		—		—		—
Total Specialty lending		—		—		—		—		—		—
Commercial real estate:												
Owner-occupied		514		—		514		501		—		501
Non-owner-occupied		—		—		—		—		—		—
Farmland		152		—		152		135		—		135
5+ Multi-family		—		—		—		—		—		—
1-4 Family construction		—		—		—		—		—		—
General construction		122		—		122		119		—		119
Total Commercial real estate		788		—		788		755		—		755
Consumer real estate:												
HELOC		1,301		—		1,301		1,718		—		1,718
First lien: 1-4 family		6,022		—		6,022		9,769		—		9,769
Junior lien: 1-4 family		93		—		93		88		—		88
Total Consumer real estate		7,416		—		7,416		11,575		—		11,575
Consumer:												
Revolving line		—		—		—		—		—		—
Auto		39		—		39		10		—		10
Other		14		—		14		19		—		19
Total Consumer		53		—		53		29		—		29
Leases and other:												
Leases		—		—		—		—		—		—
Other		—		—		—		—		—		—
Total Leases and other		—		—		—		—		—		—
Total loans	\$	13,523	\$	—	\$	13,523	\$	19,041	\$	—	\$	19,041

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December 31, 2023

Loan Segment and Type	Amortized Cost of Collateral Dependent Assets	Related Allowance for Credit Losses	Amortized Cost of Collateral Dependent Assets with no related Allowance
Commercial and industrial:			
Equipment/Accounts Receivable/Inventory	\$ 7,033	\$ —	\$ 7,033
Agriculture	—	—	—
Total Commercial and industrial	7,033	—	7,033
Specialty lending:			
Asset-based lending	—	—	—
Total Specialty lending	—	—	—
Commercial real estate:			
Owner-occupied	632	—	632
Non-owner-occupied	—	—	—
Farmland	175	—	175
5+ Multi-family	—	—	—
1-4 Family construction	—	—	—
General construction	93	—	93
Total Commercial real estate	900	—	900
Consumer real estate:			
HELOC	1,437	—	1,437
First lien: 1-4 family	3,519	—	3,519
Junior lien: 1-4 family	102	—	102
Total Consumer real estate	5,058	—	5,058
Consumer:			
Revolving line	—	—	—
Auto	14	—	14
Other	14	—	14
Total Consumer	28	—	28
Leases and other:			
Leases	—	—	—
Other	71	—	71
Total Leases and other	71	—	71
Total loans	\$ 13,090	\$ —	\$ 13,090

Modifications made to Borrowers Experiencing Financial Difficulty

In the normal course of business, the Company may execute loan modifications with borrowers. These modifications are analyzed to determine whether the modification is considered concessionary, long term and made to a borrower experiencing financial difficulty. The Company's modifications generally include interest rate adjustments, principal reductions, and amortization and maturity date extensions. These modifications allow the borrower short-term cash relief to allow them to improve their financial condition. If a loan modification is determined to be made to a borrower experiencing financial difficulty, the loan is considered collateral dependent and evaluated as part of the ACL as described above in the Allowance for Credit Losses section of this note.

For the three and six months ended June 30, 2024 September 30, 2024, the Company had no new modifications. For the nine months ended September 30, 2024, the Company had two modifications on residential real estate loans made to borrowers experiencing financial difficulty with a total pre-modification loan balance of \$291 thousand and a total

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thousand and a total post-modification loan balance of \$293 thousand. For the three and six-months nine-months ended June 30, 2023 September 30, 2023, the Company had no new modifications.

The Company had no commitments to lend to borrowers experiencing financial difficulty for which the Company has modified an existing loan as of June 30, 2024 September 30, 2024 and 2023. The Company monitors loan payments on an on-going basis to determine if a loan is considered to have a payment default. Determination of payment default involves analyzing the economic conditions that exist for each customer and their ability to generate positive cash flows during the loan term. For the three and six nine months ended June 30, 2024 September 30, 2024 and 2023, the Company had no loan modifications made to borrowers experiencing financial difficulty for which there was a payment default within the 12 months following the modification date.

5. Securities

Securities Available for Sale

This table provides detailed information about securities available for sale at June 30, 2024 September 30, 2024 and December 31, 2023 (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value					
June 30, 2024									
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value					
September 30, 2024									
U.S. Treasury	\$ 809,122	\$ 773	\$ (6,825)	\$ 803,070	\$ 872,876	\$ 12,144	\$ (2,480)	\$ 882,540	
U.S. Agencies	661,737	—	(2,651)	659,086	161,852	864	(895)	161,821	
Mortgage-backed	4,315,860	812	(545,477)	3,771,195	4,415,662	16,395	(394,116)	4,037,941	
State and political subdivisions	1,315,005	110	(100,388)	1,214,727	1,323,422	2,275	(66,451)	1,259,246	
Corporates	346,030	—	(25,675)	320,355	340,200	22	(17,820)	322,402	
Collateralized loan obligations	338,285	942	(287)	338,940	351,367	892	(211)	352,048	
Total	\$ 7,786,039	\$ 2,637	\$ (681,303)	\$ 7,107,373	\$ 7,465,379	\$ 32,592	\$ (481,973)	\$ 7,015,998	

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value					
December 31, 2023									
U.S. Treasury	\$ 1,308,689	\$ 254	\$ (10,201)	\$ 1,298,742					
U.S. Agencies	162,406	252	(2,937)	159,721					
Mortgage-backed	4,128,576	949	(508,740)	3,620,785					
State and political subdivisions	1,359,744	2,218	(74,987)	1,286,975					
Corporates	382,069	—	(30,794)	351,275					
Collateralized loan obligations	351,376	811	(1,072)	351,115					
Total	\$ 7,692,860	\$ 4,484	\$ (628,731)	\$ 7,068,613					

The following table presents contractual maturity information for securities available for sale at June 30, 2024 September 30, 2024 (in thousands):

	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in 1 year or less	\$ 898,944	\$ 892,089	\$ 417,594	\$ 413,416
Due after 1 year through 5 years	1,452,834	1,422,180	1,502,487	1,501,582
Due after 5 years through 10 years	612,812	574,807	569,856	545,745
Due after 10 years	505,589	447,102	559,780	517,314
Total	3,470,179	3,336,178	3,049,717	2,978,057
Mortgage-backed securities	4,315,860	3,771,195	4,415,662	4,037,941
Total securities available for sale	\$ 7,786,039	\$ 7,107,373	\$ 7,465,379	\$ 7,015,998

Securities may be disposed of before contractual maturities due to sales by the Company or because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

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For the six nine months ended June 30, 2024 September 30, 2024 and September 30, 2023, there were \$19.2 million in proceeds from sales of securities available for sale. For the six months ended June 30, 2023, there were and \$68 22.2 thousand million, respectively, in proceeds from sales of securities available for sale. Securities transactions resulted in gross realized gains of \$139 thousand and no gross realized losses for the six nine months ended June 30, 2024 September 30, 2024. There were \$no 154 thousand of gross realized gains and \$2 thousand of gross realized losses for the six nine months ended June 30, 2023 September 30, 2023.

There were \$8.8 9.4 billion and \$10.1 billion of securities pledged to secure U.S. Government deposits, other public deposits, certain trust deposits, derivative transactions, and repurchase agreements at June 30, 2024 September 30, 2024 and December 31, 2023, respectively.

Accrued interest on securities available for sale totaled \$36.4 31.0 million and \$31.6 million as of June 30, 2024 September 30, 2024 and December 31, 2023, respectively, and is included in the Accrued income line on the Company's Consolidated Balance Sheets. The total amount of accrued interest is excluded from the amortized cost of available-for-sale securities presented above. Further, the Company has elected not to measure an ACL for accrued interest receivable.

The following table shows the Company's available-for-sale investments' gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at June 30, 2024 September 30, 2024 and December 31, 2023 (in thousands):

	Less than 12 months			12 months or more			Total			Less than 12 months			12 months or more		
	Count	Fair Value	Unrealized Losses	Count	Fair Value	Unrealized Losses	Count	Fair Value	Unrealized Losses	Count	Fair Value	Unrealized Losses	Count	Fair Value	Unrealized Losses
June 30, 2024	Count	Fair Value	Unrealized Losses	Count	Fair Value	Unrealized Losses	Count	Fair Value	Unrealized Losses	Count	Fair Value	Unrealized Losses	Count	Fair Value	Unrealized Losses
September 30, 2024	Count	Fair Value	Unrealized Losses	Count	Fair Value	Unrealized Losses	Count	Fair Value	Unrealized Losses	Count	Fair Value	Unrealized Losses	Count	Fair Value	Unrealized Losses
Description of Securities															
U.S. Treasury	60	\$ 414,665	\$ (2,430)	13	\$ 172,775	\$ (4,395)	73	\$ 587,440	\$ (6,825)	7	\$ 77,337	\$ (220)	10	\$ 145,491	\$
U.S. Agencies	13	571,388	(728)	7	87,698	(1,923)	20	659,086	(2,651)	—	—	—	7	88,736	
Mortgage-backed	54	360,634	(3,343)	848	3,262,160	(542,134)	902	3,622,794	(545,477)	13	116,390	(440)	837	3,276,187	(3)
State and political subdivisions	306	214,127	(11,309)	1,677	958,321	(89,079)	1,983	1,172,448	(100,388)	90	70,861	(7,580)	1,588	942,468	(9)
Corporates	—	—	—	249	320,355	(25,675)	249	320,355	(25,675)	—	—	—	243	320,380	(6)
Collateralized loan obligations	12	89,819	(135)	9	66,473	(152)	21	156,292	(287)	16	111,998	(135)	6	40,506	
Total	445	\$ 1,650,633	\$ (17,945)	2,803	\$ 4,867,782	\$ (663,358)	3,248	\$ 6,518,415	\$ (681,303)	126	\$ 376,586	\$ (8,375)	2,691	\$ 4,813,768	\$ (4)

	Less than 12 months			12 months or more			Total		
	Count	Fair Value	Unrealized Losses	Count	Fair Value	Unrealized Losses	Count	Fair Value	Unrealized Losses
December 31, 2023	Count	Fair Value	Unrealized Losses	Count	Fair Value	Unrealized Losses	Count	Fair Value	Unrealized Losses
Description of Securities									
U.S. Treasury	8	\$ 509,946	\$ (267)	63	\$ 745,573	\$ (9,934)	71	\$ 1,255,519	\$ (10,201)
U.S. Agencies	—	—	—	16	116,324	(2,937)	16	116,324	(2,937)

Mortgage-backed	14	19,154	(476)	852	3,526,296	(508,264)	866	3,545,450	(508,740)
State and political subdivisions				1,47			1,86		
	388	200,835	(9,202)	6	890,545	(65,785)	4	1,091,380	(74,987)
Corporates	—	—	—	267	351,275	(30,794)	267	351,275	(30,794)
Collateralized loan obligations	1	4,246	(4)	32	210,872	(1,068)	33	215,118	(1,072)
Total				2,70			3,11		
	411	\$ 734,181	\$ (9,949)	6	\$ 5,840,885	\$ (618,782)	7	\$ 6,575,066	\$ (628,731)

The unrealized losses in the Company's investments were caused by changes in interest rates, and not from a decline in credit of the underlying issuers. The U.S. Treasury, U.S. Agency, and GSE mortgage-backed securities are all considered to be agency-backed securities with no risk of loss as they are either explicitly or implicitly guaranteed by the U.S. government. The changes in fair value in the agency-backed portfolios are solely driven by change in interest rates caused by changing economic conditions. The Company has no knowledge of any underlying credit issues and the cash flows underlying the debt securities have not changed and are not expected to be impacted by changes in interest rates.

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For the State and political subdivision portfolio, the majority of the Company's holdings are in general obligation bonds, which have a very low historical default rate due to issuers generally having unlimited taxing authority to service the debt. For the State and political, Corporate, and Collateralized loan obligations portfolios, the Company has a robust process for monitoring credit risk, including both pre-purchase and ongoing post-purchase credit reviews and analysis. The Company monitors credit ratings of all bond issuers in these segments and reviews available financial data, including market and sector trends.

During the ~~six~~nine months ended ~~June 30, 2023~~ September 30, 2023, the Company recorded a \$4.9 million impairment on one Corporate available-for-sale security.

As of ~~June 30, 2024~~ September 30, 2024 and December 31, 2023, there was no ACL related to the Company's available-for-sale securities as the decline in fair value did not result from credit issues.

Securities Held to Maturity

The following table provides detailed information about securities held to maturity at ~~June 30, 2024~~ September 30, 2024 and December 31, 2023, respectively (*in thousands*):

	Amortized	Gross	Gross		Allowance	Net Carrying						
June 30, 2024	Cost	Unrealized	Unrealized	Fair Value	for Credit	Amount						
		Gains	Losses		Losses							
September 30, 2024	Amortized	Gross	Gross		Allowance	Net Carrying						
	Cost	Unrealized	Unrealized	Fair Value	for Credit	Amount						
		Gains	Losses		Losses							
U.S. Agencies	\$ 116,270	\$ —	\$ (2,273)	\$ 113,997	\$ —	\$ 116,270	\$ 116,301	\$ —	\$ (1,068)	\$ 115,233	\$ —	\$ 116,301
Mortgage-backed	2,632,661	—	(421,856)	2,210,805	—	2,632,661	2,574,440	50	(312,069)	2,262,421	—	2,574,440
State and political subdivisions	2,800,659	13,939	(225,992)	2,588,606	(2,956)	2,797,703	2,786,731	6,870	(257,283)	2,536,318	(2,762)	2,783,969
Total	\$ 5,549,590	\$ 13,939	\$ (650,121)	\$ 4,913,408	\$ (2,956)	\$ 5,546,634	\$ 5,477,472	\$ 6,920	\$ (570,420)	\$ 4,913,972	\$ (2,762)	\$ 5,474,710
	Amortized	Gross	Gross		Allowance	Net Carrying						
December 31, 2023	Cost	Unrealized	Unrealized	Fair Value	for Credit	Amount						
		Gains	Losses		Losses							
U.S. Agencies	\$ 123,210	\$ —	\$ (2,686)	\$ 120,524	\$ —	\$ 123,210						
Mortgage-backed	2,738,253	18	(356,657)	2,381,614	—	2,738,253						
State and political subdivisions	2,830,405	21,021	(170,197)	2,681,229	(3,258)	2,827,147						

Total	\$	5,691,868	\$	21,039	\$	(529,540)	\$	5,183,367	\$	(3,258)	\$	5,688,610
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The following table presents contractual maturity information for securities held to maturity at **June 30, 2024** **September 30, 2024** (in thousands):

	Amortized		Fair		Amortized		Fair	
	Cost		Value		Cost		Value	
Due in 1 year or less	\$	232,274	\$	229,504	\$	212,587	\$	211,059
Due after 1 year through 5 years		222,096		216,413		231,096		221,526
Due after 5 years through 10 years		802,704		754,813		818,833		739,559
Due after 10 years		1,659,855		1,501,873		1,640,516		1,479,407
Total		2,916,929		2,702,603		2,903,032		2,651,551
Mortgage-backed securities		2,632,661		2,210,805		2,574,440		2,262,421
Total securities held to maturity	\$	5,549,590	\$	4,913,408	\$	5,477,472	\$	4,913,972

Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

There were no sales of securities held to maturity during the **six** **nine** months ended **June 30, 2024** **September 30, 2024** or 2023.

During the year ended December 31, 2022, securities with an amortized cost of \$4.1 billion and a fair value of \$3.8 billion were transferred from the available-for-sale classification to the held-to-maturity classification as the Company has the positive intent and ability to hold these securities to maturity. The transfers of securities were

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made at fair value at the time of transfer. The unrealized holding loss at the time of transfer is retained in AOCI and will be amortized over the remaining life of the securities, offsetting the related amortization of discount or premium on the transferred securities. No gains or losses were recognized at the time of the transfers. The amortized cost balance of securities held to maturity in the tables above includes a net unamortized unrealized loss of **\$189.5** **179.8** million and **\$207.2** million at **June 30, 2024** **September 30, 2024** and **December 31, 2023, respectively.**

Accrued interest on securities held to maturity totaled **\$26.9** **23.2** million and \$27.2 million as of **June 30, 2024** **September 30, 2024** and December 31, 2023, respectively, and is included in the Accrued income line on the Company's Consolidated Balance Sheets. The total amount of accrued interest is excluded from the amortized cost of held-to-maturity securities presented above. Further, the Company has elected not to measure an ACL for accrued interest receivable.

The following table shows the Company's held-to-maturity investments' gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at **June 30, 2024** **September 30, 2024** and December 31, 2023, respectively (in thousands):

	Less than 12 months			12 months or more			Total			Less than 12 months			12 months or more		
	Count	Fair Value	Unrealized Losses	Count	Fair Value	Unrealized Losses	Count	Fair Value	Unrealized Losses	Count	Fair Value	Unrealized Losses	Count	Fair Value	Unrealized Losses
June 30, 2024															
September 30, 2024															
U.S.															
Agencies	—	\$ —	\$ —	10	\$ 113,997	\$ (2,273)	10	\$ 113,997	\$ (2,273)	—	\$ —	\$ —	10	\$ 115,233	\$ (1,000)
Mortgage-backed	4	2,141	(47)	265	2,208,664	(421,809)	269	2,210,805	(421,856)	—	—	—	263	2,258,726	(312,000)
State and political subdivisions	56	273,506	(13,253)	1,432	1,850,868	(212,739)	1,488	2,124,374	(225,992)	52	274,996	(20,419)	1,422	1,928,875	(236,000)
Total	60	\$ 275,647	\$ (13,300)	1,707	\$ 4,173,529	\$ (636,821)	1,767	\$ 4,449,176	\$ (650,121)	52	\$ 274,996	\$ (20,419)	1,695	\$ 4,302,834	\$ (550,000)
	Less than 12 months			12 months or more			Total								

	Unrealized			Unrealized			Unrealized		
<u>December 31, 2023</u>	Count	Fair Value	Losses	Count	Fair Value	Losses	Count	Fair Value	Losses
U.S. Agency	—	\$ —	\$ —	11	\$ 120,524	\$ (2,686)	11	\$ 120,524	\$ (2,686)
Mortgage-backed	2	1,469	(14)	263	2,377,922	(356,643)	265	2,379,391	(356,657)
State and political subdivisions				1,34			1,48		
	146	570,950	(22,557)	3	1,612,442	(147,640)	9	2,183,392	(170,197)
Total				1,61			1,76		
	148	\$ 572,419	\$ (22,571)	7	\$ 4,110,888	\$ (506,969)	5	\$ 4,683,307	\$ (529,540)

The unrealized losses in the Company's held-to-maturity portfolio were caused by changes in the interest rate environment. The U.S. Agency and GSE mortgage-backed securities are considered to be agency-backed securities with no risk of loss as they are either explicitly or implicitly guaranteed by the U.S. government. Therefore, the Company's expected lifetime loss for these portfolios is zero and there is no ACL recorded for these portfolios. The Company has no knowledge of any underlying credit issues and the cash flows underlying the debt securities have not changed and are not expected to be impacted by changes in interest rates.

For the State and political subdivision portfolio, the Company's holdings are in general obligation bonds as well as private placement bonds, which have very low historical default rates due to issuers generally having unlimited taxing authority to service the debt. The Company has a robust process for monitoring credit risk, including both pre-purchase and ongoing post-purchase credit reviews and analysis. The Company monitors credit ratings of all bond issuers in these segments and reviews available financial data, including market and sector trends. The underlying bonds are evaluated for credit losses in conjunction with management's estimate of the ACL based on credit rating.

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The following tables show the amortized cost basis by credit rating of the Company's held-to-maturity investments at **June 30, 2024**, **September 30, 2024** and December 31, 2023 (in thousands):

	Amortized Cost Basis by Credit Rating - HTM Debt Securities							Amortized Cost Basis by Credit Rating - HTM Debt Securities						
<u>June 30, 2024</u>	AAA	AA	A	BBB	BB	CCC-C	Total							
<u>September 30, 2024</u>	AAA	AA	A	BBB	BB	CCC-C	Total							
<u>State and political subdivisions:</u>														
Competitive	\$ —	\$ 9,080	\$ 442,509	\$ 641,441	\$ 30,112	\$ 22,134	\$ 1,145,276	\$ —	\$ —	\$ 433,791	\$ 655,355	\$ 26,259	\$ 22,062	\$ 1,137,407
Utilities	1,577,195	—	52,788	25,400	—	—	1,655,383	759,859	762,380	99,953	26,432	640	—	1,649,264
Total state and political subdivisions	<u>\$ 1,577,195</u>	<u>\$ 9,080</u>	<u>\$ 495,297</u>	<u>\$ 666,841</u>	<u>\$ 30,112</u>	<u>\$ 22,134</u>	<u>\$ 2,800,659</u>	<u>\$ 759,859</u>	<u>\$ 762,380</u>	<u>\$ 533,744</u>	<u>\$ 681,787</u>	<u>\$ 26,899</u>	<u>\$ 22,062</u>	<u>\$ 2,784,941</u>

	Amortized Cost Basis by Credit Rating - HTM Debt Securities							
<u>December 31, 2023</u>	AAA	AA	A	BBB	BB	B	CCC-C	Total
<u>State and political subdivisions:</u>								
Competitive	\$ —	\$ 7,704	\$ 464,349	\$ 641,743	\$ 30,734	\$ 15,326	\$ 2,649	\$ 1,162,505
Utilities	757,381	795,448	87,736	26,720	615	—	—	1,667,900
Total state and political subdivisions	<u>\$ 757,381</u>	<u>\$ 803,152</u>	<u>\$ 552,085</u>	<u>\$ 668,463</u>	<u>\$ 31,349</u>	<u>\$ 15,326</u>	<u>\$ 2,649</u>	<u>\$ 2,830,405</u>

Competitive held-to-maturity securities include not-for-profit enterprises that provide public functions such as housing, higher education or healthcare, but do so in a competitive environment. It also includes project financings that can have relatively high enterprise risk, such as deals backed by revenues from sports or convention facilities or

start-up transportation ventures.

Utilities and general obligation are public enterprises providing essential services with a monopoly or near-monopoly over the service area. This includes environmental utilities (water, sewer, solid waste), power utilities (electric distribution and generation, gas), and transportation utilities (airports, parking, toll roads, mass transit, ports).

The following table presents the aging of past due held-to-maturity securities at June 30, 2024 (in thousands):

	30-89 Days Past Due and Accruing	Greater than 90 Days Past Due and Accruing	Non- Accrual	Total Past Due	Current	Total
June 30, 2024						
<u>State and political subdivisions:</u>						
Competitive	\$ 40,570	\$ —	\$ —	\$ 40,570	\$ 1,104,706	\$ 1,145,276
Utilities	—	—	—	—	1,655,383	1,655,383
Total state and political subdivisions	\$ 40,570	\$ —	\$ —	\$ 40,570	\$ 2,760,089	\$ 2,800,659

All held-to-maturity securities were current and not past due at September 30, 2024 and December 31, 2023.

Trading Securities

There were net unrealized gains on trading securities of \$6.44 thousand and net unrealized losses of \$1.248 thousand at June 30, 2024 September 30, 2024 and 2023, respectively. Net unrealized gains and losses are included in trading and investment banking income on the Company's Consolidated Statements of Income. Securities sold not yet purchased totaled \$10.8 11.3 million and \$8.0 million at June 30, 2024 September 30, 2024 and December 31, 2023, respectively, and are classified within the Other liabilities line of the Company's Consolidated Balance Sheets.

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Other Securities

The table below provides detailed information for Other securities at June 30, 2024 September 30, 2024 and December 31, 2023 (in thousands):

	June 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
FRB and FHLB stock	\$ 65,172	\$ 87,672	\$ 53,922	\$ 87,672
Equity securities with readily determinable fair values	11,355	11,228	11,783	11,228
Equity securities without readily determinable fair values	371,123	394,035	399,772	394,035
Total	\$ 447,650	\$ 492,935	\$ 465,477	\$ 492,935

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Investment in FRB stock is based on the capital structure of the investing bank, and investment in FHLB stock is mainly tied to the level of borrowings from the FHLB. These holdings are carried at cost. Equity securities with readily determinable fair values are generally traded on an exchange and market prices are readily available. Equity securities without readily determinable fair values include equity investments which are held by a subsidiary qualified as a Small Business Investment Company, as well as investments in low-income housing partnerships within the areas the Company serves. Unrealized gains or losses on equity securities with and without readily determinable fair values are recognized in the Investment securities gains, net line of the Company's Consolidated Statements of Income.

Investment Securities Gains, Net

The table below presents the components of Investments securities gains (losses) gains, net for the three and six nine months ended June 30, 2024 September 30, 2024 and June 30, 2023 September 30, 2023 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023	2024	2023	2024	2023
Investment securities (losses) gains, net								
Investment securities gains (losses), net								
Available-for-sale debt securities:								
Gains realized on sales	\$ —	\$ —	\$ 139	\$ —	\$ —	\$ 154	\$ 139	\$ 154
Losses realized on sales	—	—	—	(2)	—	—	—	(2)
Impairment of AFS security	—	(125)	—	(4,925)	—	—	—	(4,925)
Equity securities with readily determinable fair values:								
Fair value adjustments, net	(26)	(62)	(49)	26	340	(223)	291	(197)
Equity securities without readily determinable fair values:								
Fair value adjustments, net	(2,565)	1,087	(3,015)	477	738	340	(2,277)	817
Sales	724	—	10,429	—	1,545	—	11,974	—
Total investment securities (losses) gains, net	\$ (1,867)	\$ 900	\$ 7,504	\$ (4,424)				
Total investment securities gains (losses), net	\$ 2,623	\$ 271	\$ 10,127	\$ (4,153)				

6. Goodwill and Other Intangibles

Changes in the carrying amount of goodwill for the periods ended June 30, 2024 September 30, 2024 and December 31, 2023 by reportable segment are as follows (in thousands):

	Commercial Banking	Institutional Banking	Personal Banking	Total
Balances as of January 1, 2024	\$ 63,113	\$ 76,492	\$ 67,780	\$ 207,385
Balances as of June 30, 2024	\$ 63,113	\$ 76,492	\$ 67,780	\$ 207,385
Balances as of January 1, 2023	\$ 63,113	\$ 76,492	\$ 67,780	\$ 207,385
Balances as of December 31, 2023	\$ 63,113	\$ 76,492	\$ 67,780	\$ 207,385

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	Commercial Banking	Institutional Banking	Personal Banking	Total
Balances as of January 1, 2024	\$ 63,113	\$ 76,492	\$ 67,780	\$ 207,385
Balances as of September 30, 2024	\$ 63,113	\$ 76,492	\$ 67,780	\$ 207,385
Balances as of January 1, 2023	\$ 63,113	\$ 76,492	\$ 67,780	\$ 207,385

Balances as of December 31, 2023	\$ 63,113	\$ 76,492	\$ 67,780	\$ 207,385
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The following table lists the finite-lived intangible assets that continue to be subject to amortization as of **June 30, 2024** September 30, 2024 and December 31, 2023 (*in thousands*):

	As of June 30, 2024			As of September 30, 2024		
	Core Deposit Intangible Assets	Customer Relationships	Total	Core Deposit Intangible Assets	Customer Relationships	Total
Gross carrying amount	\$ 2,345	\$ 86,460	\$ 88,805	\$ 2,345	\$ 86,800	\$ 89,145
Accumulated amortization	1,368	20,296	21,664	1,484	22,097	23,581
Net carrying amount	\$ 977	\$ 66,164	\$ 67,141	\$ 861	\$ 64,703	\$ 65,564

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	As of December 31, 2023		
	Core Deposit Intangible Assets	Customer Relationships	Total
Gross carrying amount	\$ 2,345	\$ 109,978	\$ 112,323
Accumulated amortization	1,135	40,176	41,311
Net carrying amount	\$ 1,210	\$ 69,802	\$ 71,012

The following table has the aggregate amortization expense recognized in each period (*in thousands*):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Aggregate amortization expense	\$ 1,911	\$ 2,117	\$ 3,871	\$ 4,415

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Aggregate amortization expense	\$ 1,917	\$ 2,124	\$ 5,788	\$ 6,539

The following table lists estimated amortization expense of intangible assets in future periods (*in thousands*):

For the six months ending December 31, 2024	\$ 3,823	
For the three months ending December 31, 2024	\$ 1,917	
For the year ending December 31, 2025	7,487	7,510
For the year ending December 31, 2026	6,628	6,650
For the year ending December 31, 2027	4,655	4,678
For the year ending December 31, 2028	4,544	4,566

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7. Borrowed Funds

The components of the Company's short-term and long-term debt are as follows (in thousands):

	June 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Short-term debt:				
Federal Home Loan Bank 5.51% and 5.04%, respectively	\$ 500,000	\$ 1,000,000		
Federal Reserve Bank Term Funding Program 4.76% and 4.83%, respectively	800,000	800,000		
Federal Home Loan Bank 5.47% and 5.04%, respectively	\$ 250,000	\$ 1,000,000		
Federal Reserve Discount Window 4.76% and 4.83%, respectively	800,000	800,000		
Total short-term debt	1,300,000	1,800,000	1,050,000	1,800,000
Long-term debt:				
Trust Preferred Securities:				
Marquette Capital Trust I Subordinated Debentures 6.92%	18,760	18,607		
Marquette Capital Trust II Subordinated Debentures 6.92%	19,274	19,132		
Marquette Capital Trust III Subordinated Debentures 7.11%	7,572	7,517		
Marquette Capital Trust IV Subordinated Debentures 7.20%	30,567	30,356		
Marquette Capital Trust I Subordinated Debentures 6.89%	18,840	18,607		
Marquette Capital Trust II Subordinated Debentures 6.89%	19,348	19,132		
Marquette Capital Trust III Subordinated Debentures 6.51%	7,600	7,517		
Marquette Capital Trust IV Subordinated Debentures 6.81%	30,678	30,356		
Subordinated notes 3.70%, net of issuance costs	199,456	199,232	199,569	199,232
Subordinated notes 6.25%, net issuance costs	108,616	108,403		
Subordinated notes 6.25%, net of issuance costs	108,723	108,403		
Total long-term debt	384,245	383,247	384,758	383,247
Total borrowed funds	\$ 1,684,245	\$ 2,183,247	\$ 1,434,758	\$ 2,183,247

The Company assumed long-term debt obligations from the acquisition of Marquette Financial Companies (Marquette) consisting of debt obligations payable to four unconsolidated trusts (Marquette Capital Trust I, Marquette Capital Trust II, Marquette Capital Trust III, and Marquette Capital Trust IV) that previously issued trust preferred securities. These long-term debt obligations had an aggregate contractual balance of \$103.1 million and had a carrying value of \$76.2 million and \$75.6 million as of June 30, 2024, September 30, 2024 and December 31, 2023, respectively. Interest rates on trust preferred securities are tied to the three-month term Secured Overnight Financing Rate (SOFR) with spreads ranging from 133 basis points to 160 basis points and reset quarterly. The trust preferred securities have maturity dates ranging from January 2036 to September 2036.

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In September 2020, the Company issued \$200.0 million of 3.70% fixed-to-fixed rate subordinated notes that mature on September 17, 2030. The notes bear interest at the rate of 3.70% per annum, payable semi-annually on each March 17 and September 17. The Company may redeem the notes, in whole or in part, on September 17, 2025, or on any interest payment date thereafter. Unamortized debt issuance costs related to these notes totaled \$0.5 million and \$0.8 million as of June 30, 2024, September 30, 2024 and December 31, 2023, respectively. Proceeds from the issuance of the notes were used for general corporate purposes, including contributing Tier 1 capital into the Bank.

In September 2022, the Company issued \$110.0 million of 6.25% fixed-to-fixed rate subordinated notes that mature on September 28, 2032. The notes bear interest at the rate of 6.25% per annum, payable semi-annually on each March 28 and September 28. The Company may redeem the notes, in whole or in part, on September 28, 2027, or on any interest payment date thereafter. Unamortized debt issuance costs related to these notes totaled \$1.4 million and \$1.6 million as of June 30, 2024, September 30, 2024 and December 31, 2023, respectively. Proceeds from the issuance of the notes were used for general corporate purposes, including contributing Tier 1 capital into the Bank.

The Company is a member bank of the FHLB of Des Moines. Through this relationship, the Company purchased \$32.7 million of FHLB stock and has access to additional liquidity and funding sources through FHLB advances. The Company's borrowing capacity is dependent upon the amount of collateral the Company places at the FHLB.

The Company had **two one** short-term **advances totaling advance** for **\$500.0 250.0** million outstanding at FHLB of Des Moines as of **June 30, 2024 September 30, 2024**. **This advance matured in October 2024**. Additionally, **in the first quarter of during** 2024, the FHLB of Des Moines issued a letter of credit for \$150.0 million on behalf of the Company to secure deposits. This letter of credit expired in **July October** 2024 and was subsequently renewed with an expiration date in **October 2024 January 2025**. The Company's borrowing capacity with the FHLB was **\$1.4 1.6** billion as of **June 30, 2024 September 30, 2024**.

The Company had an \$800.0 million short-term borrowing outstanding with the Federal Reserve Bank's Bank Term Funding Program (BTFP) as of **June 30, 2024 September 30, 2024**. **The BTFP borrowing was repaid in October 2024 in advance of its maturity**. The Company's remaining borrowing capacity with the BTFP

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was **\$15.0 18.0** million and its remaining borrowing capacity at the Federal Reserve Discount Window was **\$11.3 11.8** billion as of **June 30, 2024 September 30, 2024**.

The Company has a revolving line of credit with Wells Fargo Bank, N.A. which allows the Company to borrow up to \$30.0 million for general working capital purposes. The interest rate applied to borrowed balances will be at the Company's option either 1.40% above Term SOFR or 1.75% below the prime rate on the date of an advance. The Company pays a 0.4% unused commitment fee for unused portions of the line of credit. The Company currently has no outstanding balance on this line of credit.

The Company enters into sales of securities with simultaneous agreements to repurchase (repurchase agreements). The Company utilizes repurchase agreements to facilitate the needs of customers and to facilitate secured short-term funding needs. Repurchase agreements are stated at the amount of cash received in connection with the transaction. The Company monitors collateral levels on a continuous basis and may be required to provide additional collateral based on the fair value of the underlying securities. Securities pledged as collateral under repurchase agreements are maintained with the Company's safekeeping agents.

The table below presents the remaining contractual maturities of repurchase agreements outstanding at **June 30, 2024 September 30, 2024** and December 31, 2023, in addition to the various types of marketable securities that have been pledged as collateral for these borrowings (*in thousands*):

	As of June 30, 2024				As of September 30, 2024				
	Remaining Contractual Maturities of the Agreements				Remaining Contractual Maturities of the Agreements				
	2-29 Days	30-90 Days	Over 90 Days	Total	Overnight	2-29 Days	30-90 Days	Over 90 Days	Total
Repurchase agreements, secured by:									
U.S. Treasury	\$ 182,760	\$ —	\$ 36,229	\$ 218,989	\$ 194,111	\$ —	\$ —	\$ —	\$ 194,111
U.S. Agencies	1,734,527	194,506	43,271	1,972,304	1,444,382	31,560	339,979	500	1,816,421
Total repurchase agreements	\$ 1,917,287	\$ 194,506	\$ 79,500	\$ 2,191,293	\$ 1,638,493	\$ 31,560	\$ 339,979	\$ 500	\$ 2,010,532

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	As of December 31, 2023			
	Remaining Contractual Maturities of the Agreements			
	2-29 Days	30-90 Days	Over 90 Days	Total
Repurchase agreements, secured by:				
U.S. Treasury	\$ 119,528	\$ —	\$ 43,618	\$ 163,146
U.S. Agencies	1,711,014	186,289	45,382	1,942,685
Total repurchase agreements	\$ 1,830,542	\$ 186,289	\$ 89,000	\$ 2,105,831

8. Business Segment Reporting

The Company has strategically aligned its operations into the following three reportable segments: Commercial Banking, Institutional Banking, and Personal Banking (collectively, the Business Segments, and each, a Business Segment). The Company's senior executive officers regularly evaluate the Business Segment financial results produced by the Company's internal reporting system in deciding how to allocate resources and assess performance for individual Business Segments. For comparability purposes, amounts in all periods are based on methodologies in effect at June 30, 2024 September 30, 2024. Previously reported results have been reclassified in this Form 10-Q to conform to the Company's current organizational structure.

The following summaries provide information about the activities of each Business Segment:

Commercial Banking serves the commercial banking and treasury management needs of the Company's small to middle-market businesses through a variety of products and services. Such services include commercial loans, commercial real estate financing, commercial credit cards, letters of credit, loan syndication services, and consultative services. In addition, the Company's specialty lending group offers a variety of business solutions including asset-based lending, mezzanine debt and minority equity investments. Treasury management services include depository services, account reconciliation and cash management tools such as, accounts payable and receivable solutions, electronic funds transfer and automated payments, controlled disbursements, lockbox services and remote deposit capture services.

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Institutional Banking is a combination of banking services, fund services, asset management services and healthcare services provided to institutional clients. This segment also provides fixed income sales, trading and underwriting, corporate trust and escrow services, as well as institutional custody. Institutional Banking includes UMB Fund Services, Inc., which provides fund administration and accounting, transfer agency services, and other services to mutual fund and alternative investment groups. Healthcare services provides healthcare payment solutions including custodial services for health savings accounts (HSAs) and private label, multipurpose debit cards to insurance carriers, third-party administrators, software companies, employers, and financial institutions.

Personal Banking combines consumer banking and wealth management services offered to clients and delivered through personal relationships and the Company's bank branches, ATM network and internet banking. Products offered include deposit accounts, retail credit cards, installment loans, home equity lines of credit, and residential mortgages. The range of client services extends from a basic checking account to estate planning and trust services and includes private banking, brokerage services, and insurance services in addition to a full spectrum of investment advisory, trust, and custody services.

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Business Segment Information

Business Segment financial results for the three and six nine months ended June 30, 2024 September 30, 2024 and June 30, 2023 September 30, 2023 were as follows (in thousands):

	Three Months Ended June 30, 2024				Three Months Ended September 30, 2024			
	Commercial	Institutional	Personal	Total	Commercial	Institutional	Personal	Total
	Banking	Banking	Banking		Banking	Banking	Banking	
Net interest income	\$ 160,487	\$ 51,502	\$ 33,119	\$ 245,108	\$ 167,769	\$ 45,341	\$ 34,266	\$ 247,376
Provision for credit losses				14,050				18,000
	11,480	846	1,724		15,764	435	1,801	

Noninterest income	27,720	95,092	22,107	144,919	30,223	100,687	27,833	158,743
Noninterest expense	85,780	95,531	67,756	249,067	85,198	102,565	64,691	252,454
Income (loss) before taxes	90,947	50,217	(14,254)	126,910	97,030	43,028	(4,393)	135,665
Income tax expense (benefit)	17,858	9,297	(1,590)	25,565	18,527	8,147	(652)	26,022
Net income (loss)	\$ 73,089	\$ 40,920	\$ (12,664)	\$ 101,345	\$ 78,503	\$ 34,881	\$ (3,741)	\$ 109,643
Average assets	\$ 21,153,000	\$ 14,367,000	\$ 6,956,000	\$ 42,476,000	\$ 21,525,000	\$ 14,596,000	\$ 7,146,000	\$ 43,267,000

	Three Months Ended June 30, 2023				Three Months Ended September 30, 2023			
	Commercial	Institutional	Personal	Total	Commercial	Institutional	Personal	Total
	Banking	Banking	Banking		Banking	Banking	Banking	
Net interest income	\$ 144,389	\$ 50,397	\$ 30,825	\$ 225,611	\$ 148,666	\$ 43,133	\$ 30,488	\$ 222,287
Provision for credit losses	11,055	234	1,711	13,000	3,010	423	1,544	4,977
Noninterest income	25,666	86,813	25,603	138,082	23,091	86,521	23,705	133,317
Noninterest expense	85,896	91,591	63,186	240,673	81,767	87,502	62,172	231,441
Income (loss) before taxes	73,104	45,385	(8,469)	110,020	86,980	41,729	(9,523)	119,186
Income tax expense (benefit)	12,996	8,011	(1,097)	19,910	16,181	7,797	(1,346)	22,632
Net income (loss)	\$ 60,108	\$ 37,374	\$ (7,372)	\$ 90,110	\$ 70,799	\$ 33,932	\$ (8,177)	\$ 96,554
Average assets	\$ 20,888,000	\$ 12,756,000	\$ 6,721,000	\$ 40,365,000	\$ 20,838,000	\$ 12,232,000	\$ 6,454,000	\$ 39,524,000

	Six Months Ended June 30, 2024				Nine Months Ended September 30, 2024			
	Commercial	Institutional	Personal	Total	Commercial	Institutional	Personal	Total
	Banking	Banking	Banking		Banking	Banking	Banking	
Net interest income	\$ 317,734	\$ 101,362	\$ 65,446	\$ 484,542	\$ 485,503	\$ 146,703	\$ 99,712	\$ 731,918
Provision for credit losses	19,000	1,325	3,725	24,050	34,763	1,760	5,527	42,050
Noninterest income	70,686	187,808	45,669	304,163	100,908	288,495	73,503	462,906
Noninterest expense	178,199	195,907	129,765	503,871	263,397	298,472	194,456	756,325
Income (loss) before taxes	191,221	91,938	(22,375)	260,784	288,251	134,966	(26,768)	396,449
Income tax expense (benefit)	35,153	16,828	(2,800)	49,181	53,747	25,016	(3,560)	75,203
Net income (loss)	\$ 156,068	\$ 75,110	\$ (19,575)	\$ 211,603	\$ 234,504	\$ 109,950	\$ (23,208)	\$ 321,246
Average assets	\$ 21,314,000	\$ 13,984,000	\$ 6,948,000	\$ 42,246,000	\$ 21,386,000	\$ 14,194,000	\$ 7,006,000	\$ 42,586,000

	Nine Months Ended September 30, 2023			
	Commercial	Institutional	Personal	Total
	Banking	Banking	Banking	
Net interest income	\$ 444,083	\$ 148,615	\$ 96,896	\$ 689,594
Provision for credit losses	35,110	754	5,363	41,227
Noninterest income	71,658	257,573	72,368	401,599
Noninterest expense	251,667	268,464	189,035	709,166
Income (loss) before taxes	228,964	136,970	(25,134)	340,800
Income tax expense (benefit)	40,727	24,405	(3,433)	61,699
Net income (loss)	\$ 188,237	\$ 112,565	\$ (21,701)	\$ 279,101
Average assets	\$ 20,425,000	\$ 12,476,000	\$ 6,571,000	\$ 39,472,000

	Six Months Ended June 30, 2023			
	Commercial	Institutional	Personal Banking	Total
	Banking	Banking		
Net interest income	\$ 295,416	\$ 105,482	\$ 66,409	\$ 467,307
Provision for credit losses	32,099	331	3,820	36,250
Noninterest income	48,568	171,051	48,663	268,282
Noninterest expense	169,900	180,962	126,863	477,725
Income (loss) before taxes	141,985	95,240	(15,611)	221,614
Income tax expense (benefit)	24,638	16,523	(2,094)	39,067
Net income (loss)	\$ 117,347	\$ 78,717	\$ (13,517)	\$ 182,547
Average assets	\$ 20,209,000	\$ 12,603,000	\$ 6,631,000	\$ 39,443,000

9. Revenue Recognition

The following is a description of the principal activities from which the Company generates revenue that are within the scope of ASC Topic 606, *Revenue from Contracts with Customers*:

Trust and securities processing – Trust and securities processing income consists of fees earned on personal and corporate trust accounts, custody of securities services, trust investments and wealth management services, and mutual fund and alternative asset servicing. The performance obligations related to this revenue include items such as performing full bond trustee service administration, investment advisory services, custody and record-keeping services, and fund administrative and accounting services. These fees are part of long-term contractual agreements and the performance obligations are satisfied upon completion of service and fees are generally a fixed flat monthly rate or based on a percentage of the account's market value per the contract with the customer. These fees are primarily recorded within the Company's Institutional and Personal Banking segments.

Trading and investment banking – Trading and investment banking income consists of income earned related to the Company's trading securities portfolio, including futures hedging, dividends, bond underwriting, and other securities incomes. The vast majority of this revenue is recognized in accordance with ASC 320, *Debt and Equity Securities*, and is out of the scope of ASC 606. A portion of trading and investment banking represents fees earned for management fees, commissions, and underwriting of corporate bond issuances. The performance obligations related to these fees include reviewing the credit worthiness of the customer, ensuring appropriate regulatory approval and participating in due diligence. The fees are fixed per the bond prospectus and the performance obligations are satisfied upon registration approval of the bonds by the applicable regulatory agencies. Revenue is recognized at the point in time upon completion of service and when approval is granted by the regulators.

Service charges on deposits – Service charges on deposit accounts represent monthly analysis fees recognized for the services related to customer deposit accounts, including account maintenance and depository transactions processing fees. Commercial Banking and Institutional Banking depository accounts charge fees in accordance with the customer's pricing schedule while Personal Banking account holders are generally charged a flat service fee per month. Deposit service charges for the healthcare accounts included in the Institutional Banking segment are priced according to either standard pricing schedules with individual account holders or according to service agreements between the Company and employer groups or third-party administrators. The Company satisfies the performance obligation related to providing depository accounts monthly as transactions are processed and deposit service charge revenue is recorded monthly. These fees are recognized within all Business Segments.

Insurance fees and commissions – Insurance fees and commissions includes all insurance-related fees earned, including commissions for individual life, variable life, group life, health, group health, fixed annuity, and variable annuity insurance contracts. The performance obligations related to these revenues primarily represent the placement of insurance policies with the insurance company partners. The fees are based on the contracts with insurance company partners and the performance obligations are satisfied when the terms of the policy have been agreed to and the insurance policy becomes effective.

Brokerage fees – Brokerage fees represent income earned related to providing brokerage transaction services, including commissions on equity and commodity trades, and fees for investment management, advisory and administration. The performance obligations related to transaction services are executing the specified trade and are priced according to the customer's fee schedule. Such income is recognized at a point in time as the trade occurs and the performance obligation is fulfilled. The performance obligations related to investment management, advisory and administration include allocating customer assets across a wide range of mutual funds and other investments, on-going account monitoring and re-balancing of the portfolio. These performance obligations are satisfied over time and the related revenue is calculated monthly based on the assets under management of each customer. All material performance obligations are satisfied as of the end of each accounting period.

Bankcard fees – Bankcard fees primarily represent income earned from interchange revenue from MasterCard and Visa for the Company's processing of debit, credit, HSA, and flexible spending account transactions. Additionally, the Company earns income and incentives related to various referrals of customers to card programs.

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The performance obligation for interchange revenue is the processing of each transaction through the Company's access to the banking system. This performance obligation is completed for each individual transaction and income is recognized per transaction in accordance with interchange rates established by MasterCard and Visa. The performance obligations for various referral and incentive programs include either referring customers to certain card products or issuing exclusively branded cards for certain customer segments. The pricing of these incentive and referral programs are in accordance with the agreement with the individual card partner. These performance obligations are completed as the referrals are made or over a period of time when the Company is exclusively issuing branded cards. For the three months ended **June 30, 2024** **September 30, 2024** and **June 30, 2023** **September 30, 2023**, the Company had \$**10.4** **10.2** million and \$**10.7** **9.6** million of expense, respectively, recorded within the Bankcard fees line on the Company's Consolidated Income Statements related to rebates and rewards programs that are outside of the scope of ASC 606. For the **six** **nine** months ended **June 30, 2024** **September 30, 2024** and **June 30, 2023** **September 30, 2023**, the Company had \$**18.3** **28.5** million and \$**20.7** **30.3** million of expense, respectively, related to these rebates and rewards programs. All material performance obligations are satisfied as of the end of each accounting period.

Investment securities gains, net – In the regular course of business, the Company recognizes gains and losses on the sale of available-for-sale securities. Additionally, the Company recognizes gains and losses on equity securities with readily determinable fair values and equity securities without readily determinable fair values. These gains and losses are recognized in accordance with ASC 321, *Equity Securities*, and are outside of the scope of ASC 606.

Other income – The Company recognizes other miscellaneous income through a variety of other revenue streams, the most material of which include letter of credit fees, certain loan origination fees, gains on the sale of assets, derivative income, and bank-owned and company-owned life insurance income. These revenue streams are outside of the scope of ASC 606 and are recognized in accordance with the applicable U.S. GAAP. The remainder of Other income is primarily earned through transactions with personal banking customers, including wire transfer service charges, stop payment charges, and fees for items like money orders and cashier's checks. The performance obligations of these types of fees are satisfied as transactions are completed and revenue is recognized upon transaction execution according to established fee schedules with the customers.

The Company had no material contract assets, contract liabilities, or remaining performance obligations as of **June 30, 2024** **September 30, 2024**. Total receivables from revenue recognized under the scope of ASC 606 were \$**88.8** **88.1** million and \$86.6 million as of **June 30, 2024** **September 30, 2024** and December 31, 2023, respectively. These receivables are included as part of the Other assets line on the Company's Consolidated Balance Sheets.

The following table depicts the disaggregation of noninterest income according to revenue stream and Business Segment for the three and **six** **nine** months ended **June 30, 2024** **September 30, 2024** and **June 30, 2023** **September 30, 2023**. As stated in Note 8, "Business Segment Reporting," for comparability purposes, amounts in all periods are based on methodologies in

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effect at **June 30, 2024** **September 30, 2024** and previously reported results have been reclassified in this Form 10-Q to conform to the Company's current organizational structure.

Disaggregated revenue is as follows (in thousands):

NONINTEREST INCOME	Three Months Ended June 30, 2024					Three Months Ended September 30, 2024				
	Commercial Banking	Institutional Banking	Personal Banking	Revenue (Expense) out of Scope of ASC 606	Total	Commercial Banking	Institutional Banking	Personal Banking	Revenue (Expense) out of Scope of ASC	
									606	Total
Trust and securities processing	\$ —	\$ 55,310	\$ 14,700	\$ —	\$ 70,010	\$ —	\$ 59,843	\$ 14,379	\$ —	\$ 74,222
Trading and investment banking	—	501	—	4,960	5,461	—	211	—	6,907	7,118
Service charges on deposit accounts	10,492	10,424	1,317	28	22,261	10,543	8,119	1,401	26	20,089
Insurance fees and commissions	—	—	267	—	267	—	—	282	—	282
Brokerage fees	65	12,079	1,876	—	14,020	68	13,689	1,992	—	15,749
Bankcard fees	18,775	8,499	5,455	(10,383)	22,346	18,776	8,421	5,377	(10,180)	22,394
Investment securities losses, net	—	—	—	(1,867)	(1,867)					
Investment securities gains, net	—	—	—	2,623	2,623					
Other	162	788	659	10,812	12,421	1,169	674	740	13,683	16,266
Total Noninterest income	\$ 29,494	\$ 87,601	\$ 24,274	\$ 3,550	\$ 144,919	\$ 30,556	\$ 90,957	\$ 24,171	\$ 13,059	\$ 158,743

NONINTEREST INCOME	Three Months Ended June 30, 2023					Three Months Ended September 30, 2023				
	Commercial Banking	Institutional Banking	Personal Banking	Revenue (Expense) out of Scope of ASC 606	Total	Commercial Banking	Institutional Banking	Personal Banking	Revenue (Expense) out of Scope of ASC	
									606	Total
Trust and securities processing	\$ —	\$ 48,413	\$ 13,176	\$ —	\$ 61,589	\$ —	\$ 52,939	\$ 13,729	\$ —	\$ 66,668
Trading and investment banking	—	155	—	4,645	4,800	—	118	—	3,653	3,771
Service charges on deposit accounts	9,778	10,159	1,420	24	21,381	9,845	9,917	1,292	26	21,080
Insurance fees and commissions	—	—	225	—	225	—	—	272	—	272
Brokerage fees	65	11,687	1,852	—	13,604	69	11,353	1,978	—	13,400
Bankcard fees	16,868	6,662	5,698	(10,649)	18,579	16,763	6,337	5,483	(9,287)	19,296
Investment securities gains, net	—	—	—	900	900	—	—	—	271	271
Other	165	520	612	15,707	17,004	223	839	653	6,844	8,559
Total Noninterest income	\$ 26,876	\$ 77,596	\$ 22,983	\$ 10,627	\$ 138,082	\$ 26,900	\$ 81,503	\$ 23,407	\$ 1,507	\$ 133,317

Six Months Ended June 30, 2024					Nine Months Ended September 30, 2024				
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NONINTEREST INCOME	Revenue (Expense) out					Revenue (Expense)				
	Commercial Banking	Institutional Banking	Personal Banking	of Scope of ASC 606	Total	Commercial Banking	Institutional Banking	Personal Banking	out of Scope of ASC 606	Total
Trust and securities processing	\$ —	\$ 110,551	\$ 28,937	\$ —	\$ 139,488	\$ —	\$ 170,394	\$ 43,316	\$ —	\$ 213,710
Trading and investment banking	—	546	—	10,377	10,923	—	757	—	17,284	18,041
Service charges on deposit accounts	20,843	19,519	2,601	55	43,018	31,386	27,638	4,002	81	63,107
Insurance fees and commissions	—	—	550	—	550	—	—	832	—	832
Brokerage fees	133	23,402	3,645	—	27,180	201	37,091	5,637	—	42,929
Bankcard fees	35,323	16,656	10,601	(18,266)	44,314	54,099	25,077	15,978	(28,446)	66,708
Investment securities gains, net	—	—	—	7,504	7,504	—	—	—	10,127	10,127
Other	300	1,587	1,334	27,965	31,186	1,469	2,261	2,074	41,648	47,452
Total Noninterest income	\$ 56,599	\$ 172,261	\$ 47,668	\$ 27,635	\$ 304,163	\$ 87,155	\$ 263,218	\$ 71,839	\$ 40,694	\$ 462,906

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NONINTEREST INCOME	Six Months Ended June 30, 2023					Nine Months Ended September 30, 2023				
	Commercial Banking	Institutional Banking	Personal Banking	Revenue (Expense) out of Scope of ASC 606	Total	Commercial Banking	Institutional Banking	Personal Banking	Revenue (Expense) out of Scope of ASC 606	Total
Trust and securities processing	\$ —	\$ 97,592	\$ 26,356	\$ —	\$ 123,948	\$ —	\$ 150,531	\$ 40,085	\$ —	\$ 190,616
Trading and investment banking	—	313	—	9,795	10,108	—	431	—	13,448	13,879
Service charges on deposit accounts	18,305	20,898	3,295	42	42,540	28,150	30,815	4,587	68	63,620
Insurance fees and commissions	—	—	499	—	499	—	—	771	—	771
Brokerage fees	128	23,482	3,670	—	27,280	197	34,835	5,648	—	40,680
Bankcard fees	32,500	13,340	11,292	(20,381)	36,751	49,263	19,677	16,775	(29,668)	56,047
Investment securities losses, net	—	—	—	(4,424)	(4,424)	—	—	—	(4,153)	(4,153)
Other	390	978	1,318	28,894	31,580	613	1,817	1,971	35,738	40,139
Total Noninterest income	\$ 51,323	\$ 156,603	\$ 46,430	\$ 13,926	\$ 268,282	\$ 78,223	\$ 238,106	\$ 69,837	\$ 15,433	\$ 401,599

10. Commitments, Contingencies and Guarantees

In the normal course of business, the Company is party to financial instruments with off-balance-sheet risk in order to meet the financing needs of its customers and to reduce its own exposure to fluctuations in interest rates. These financial instruments include commitments to extend credit, commercial letters of credit, standby letters of credit, forward foreign exchange contracts and spot foreign exchange contracts. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the

amounts recognized in the Consolidated Balance Sheets. The contractual or notional amount of those instruments reflects the extent of involvement the Company has in particular classes of financial instruments. Many of the commitments expire without being drawn upon; therefore, the total amount of these commitments does not necessarily represent the future cash requirements of the Company.

The Company's exposure to credit loss in the event of nonperformance by the counterparty to the financial instruments for commitments to extend credit, commercial letters of credit, and standby letters of credit is represented by the contract or notional amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

The following table summarizes the Company's off-balance sheet financial instruments (*in thousands*):

	Contractual or Notional Amount		Contractual or Notional Amount	
	June 30,	December 31,	September 30,	December 31,
	2024	2023	2024	2023
Commitments to extend credit for loans (excluding credit card loans)	\$ 12,567,848	\$ 12,831,831	\$ 12,875,899	\$ 12,831,831
Commitments to extend credit under credit card loans	5,349,134	4,286,604	5,439,782	4,286,604
Commercial letters of credit	673	1,224	647	1,224
Standby letters of credit	415,274	407,574	416,842	407,574
Forward contracts	42,063	26,471	78,086	26,471
Spot foreign exchange contracts	116,289	4,830	36,241	4,830
Commitments to extend credit for securities purchased under agreements to resell	50,000	—	60,000	—

Allowance for Credit Losses on Off-Balance Sheet Credit Exposures

The Company estimates expected credit losses over the contractual period in which the Company is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancelable by the Company. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life. The estimate is based on expected utilization rates by portfolio segment. Utilization rates are influenced by historical trends and current conditions.

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The expected utilization rates are applied to the total commitment to determine the expected amount to be funded. The allowance for off-balance sheet credit exposure is calculated by applying portfolio segment expected credit loss rates to the expected amount to be funded.

The following categories of off-balance sheet credit exposures have been identified:

Revolving Lines of Credit: includes commercial, construction, agriculture, personal, and home-equity. Risks inherent to revolving lines of credit often are related to the susceptibility of an individual or business experiencing unpredictable cash flow or financial troubles, thus leading to payment default. During these financial troubles, the borrower could have less than desirable assets collateralizing the revolving line of credit. The financial strain the borrower is experiencing could lead to drawing against the line without the ability to pay the line down.

Non-Revolving Lines of Credit: includes commercial and personal. Lines that do not carry a revolving feature are generally associated with a specific expenditure or project, such as to purchase equipment or the construction of real estate. The predominate risk associated with non-revolving lines is the diversion of funds for other expenditures. If funds get diverted, the contributory value to collateral suffers.

Letters of Credit: includes standby letters of credit. Generally, a standby letter of credit is established to provide assurance to the beneficiary that the applicant will perform certain obligations arising out of a separate transaction between the beneficiary and applicant. These obligations might be the performance of a service or delivery of a product. If the obligations are not met, it gives the beneficiary, the right to draw on the letter of credit.

The ACL for off-balance sheet credit exposures was \$4.1 million and \$5.1 million at June 30, 2024, September 30, 2024 and December 31, 2023, respectively, and was recorded in the Accrued expenses and taxes line of the Company's Consolidated Balance Sheets. There was no provision for off-balance sheet credit exposures recorded for the three months ended September 30, 2024. For the three and six months ended June 30, 2024, September 30, 2024, a reduction of \$1.0 million of provision was recorded for off-

balance sheet credit exposures. For the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023**, provision of \$1.0 million **and \$2.0 million, respectively**, was recorded for off-balance sheet credit exposures. Provision for off-balance sheet credit exposure is recorded in the Provision for credit losses line of the Company's Consolidated Statements of Income.

11. Derivatives and Hedging Activities

Risk Management Objective of Using Derivatives

The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity, and credit risk, primarily by managing the amount, sources, and duration of its assets and liabilities. Specifically, the Company enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. The Company's derivative financial instruments are used to manage differences in the amount, timing, and duration of the Company's known or expected cash receipts and its known or expected cash payments principally related to the Company's loans and borrowings. The Company also has interest rate derivatives that result from a service provided to certain qualifying customers and, therefore, are not used to manage interest rate risk of the Company's assets or liabilities. The Company has entered into an offsetting position for each of these derivative instruments with a matching instrument from another financial institution in order to minimize its net risk exposure resulting from such transactions.

Fair Values of Derivative Instruments on the Consolidated Balance Sheets

The table below presents the fair value of the Company's derivative financial instruments as of **June 30, 2024** **September 30, 2024** and December 31, 2023. The Company's derivative assets and derivative liabilities are located within Other assets and Other liabilities, respectively, on the Company's Consolidated Balance Sheets.

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Derivative fair values are determined using valuation techniques including discounted cash flow analysis on the expected cash flows from each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves, foreign

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exchange rates, and implied volatilities. The Company incorporates credit valuation adjustments to appropriately reflect both its own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. In adjusting the fair value of its derivative contracts for the effect of nonperformance risk, the Company has considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts, and guarantees.

This table provides a summary of the fair value of the Company's derivative assets and liabilities as of **June 30, 2024** **September 30, 2024** and December 31, 2023 (*in thousands*):

	Derivative Assets		Derivative Liabilities		Derivative Assets		Derivative Liabilities	
	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Fair Value								
Interest Rate Products:								
Derivatives not designated as hedging instruments	\$ 114,133	\$ 99,574	\$ 119,943	\$ 105,016	\$ 88,602	\$ 99,574	\$ 92,969	\$ 105,016
Derivatives designated as hedging instruments								
	97,838	61,922	—	67	169,912	61,922	109	67
Total	\$ 211,971	\$ 161,496	\$ 119,943	\$ 105,083	\$ 258,514	\$ 161,496	\$ 93,078	\$ 105,083

Fair Value Hedges of Interest Rate Risk

The Company is exposed to changes in the fair value of certain of its fixed-rate assets and liabilities due to changes in interest rates. Interest rate swaps designated as fair value hedges involve making fixed rate payments to a counterparty in exchange for the Company receiving variable rate payments over the life of the agreements without the exchange of the underlying notional amount. As of both **June 30, 2024** **September 30, 2024** and December 31, 2023, the Company did not have any interest rate swaps that were designated as fair value hedges of interest rate risk.

During 2022 and 2023, the Company terminated 10 fair value hedges of interest rate risk associated with the Company's municipal bond securities. For **both** the three months ended **June 30, 2024** **September 30, 2024** and 2023 the Company reclassified \$1.2 million and \$1.3 million, respectively, from AOCI to Interest income in connection with these terminated hedges. For the **six** nine months ended **June 30, 2024** **September 30, 2024** and 2023 the Company reclassified **\$3.8** **4.9** million and **\$2.2** **3.5** million, respectively, from AOCI to Interest income in connection with these terminated hedges. The unrealized gain on the terminated fair value hedges remaining in AOCI was **\$52.1** **51.2** million net of tax, and \$55.0 million net of tax, as of **June 30, 2024** **September 30, 2024** and December 31, 2023, respectively. The hedging adjustments will be amortized through the contractual maturity date of each respective hedged item.

For derivatives designated and that qualify as fair value hedges, the gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in Interest income in the Consolidated Statements of Income.

Cash Flow Hedges of Interest Rate Risk

The Company's objective in using interest rate derivatives is to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily uses interest rate swaps, floors, and floor spreads as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. As of **June 30, 2024** **September 30, 2024** and December 31, 2023, the Company had two interest rate swaps that were designated as cash flow hedges of interest rate risk associated with the Company's variable-rate subordinated debentures issued by Marquette Capital Trusts III and IV. These swaps had an aggregate notional amount of \$51.5 million at both **June 30, 2024** **September 30, 2024** and December 31, 2023.

Interest rate floors designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty if interest rates fall below the strike rate on the contract in exchange for an upfront premium. Interest

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rate floor spreads designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty if interest rates fall below the purchased floor rate on the contract in exchange for an upfront premium, and involve payment of variable-rate amounts to the counterparty if interest rates fall below the sold floor rate on the contract. As of **June 30, 2024** **September 30, 2024**, the Company had **eight** **11** interest rate floors and floor spreads with an aggregate notional amount

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of **\$2.0** **2.5** billion that were designated as cash flow hedges of interest rate risk. As of December 31, 2023, the Company had three interest rate floors and floor spreads with an aggregate notional amount of \$1.0 billion that were designated as cash flow hedges of interest rate risk.

In 2020, the Company terminated an interest rate floor designated as a cash flow hedge. **The As of December 31, 2023, the** gross unrealized gain on the terminated interest rate floor remaining in AOCI was **\$489 thousand net of tax, and \$2.0 million net of tax, as tax.** As of **June 30, 2024 and December 31, 2023, respectively, September 30, 2024 there**

was no gross unrealized gain on the terminated interest rate floor remaining in AOCI. The unrealized gain will be was reclassified into Interest income as the underlying forecasted transactions impact earnings through the original maturity of the hedged forecasted transactions.

For derivatives designated and that qualify as cash flow hedges of interest rate risk, the gain or loss on the derivative is recorded in AOCI and is subsequently reclassified into interest expense and interest income in the period during which the hedged forecasted transaction affects earnings. Amounts reported in AOCI related to interest rate swap derivatives will be reclassified to Interest expense as interest payments are received or paid on the Company's hedged items. Amounts reported in AOCI related to interest rate floor and floor spread derivatives will be reclassified to Interest income as interest payments are received or paid on the Company's items. The Company expects to reclassify \$1.2 0.7 million from AOCI as a reduction to Interest expense and \$6.7 6.6 million from AOCI as a reduction to Interest income during the next 12 months. As of June 30, 2024 September 30, 2024, the Company is hedging its exposure to the variability in future cash flows for forecasted transactions over a maximum period of 12.2 12.0 years.

Non-designated Hedges

The remainder of the Company's derivatives are not designated in qualifying hedging relationships. Derivatives not designated as hedges are not speculative and result from a service the Company provides to certain customers. The Company executes interest rate swaps with commercial banking customers to facilitate their respective risk management strategies. Those interest rate swaps are simultaneously offset by interest rate swaps that the Company executes with a third party, such that the Company minimizes its net risk exposure resulting from such transactions. As the interest rate swaps associated with this program do not meet the strict hedge accounting requirements, changes in the fair value of both the customer swaps and the offsetting swaps are recognized directly in earnings. The changes in the fair value of both the customer swaps and the offsetting swaps are recognized in Other noninterest expense in the Consolidated Statements of Income. As of June 30, 2024 September 30, 2024, the Company had 276 292 interest rate swaps with an aggregate notional amount of \$5.0 5.1 billion related to this program. As of December 31, 2023, the Company had 258 interest rate swaps with an aggregate notional amount of \$4.3 billion.

Effect of Derivative Instruments on the Consolidated Statements of Income and Accumulated Other Comprehensive Income

This table provides a summary of the amount of gain or loss recognized in Interest income and Other noninterest expense in the Consolidated Statements of Income related to the Company's derivative assets and liabilities for the three and six months ended June 30, 2024 September 30, 2024 and June 30, 2023 September 30, 2023 (in thousands):

	Amount of Gain (Loss) Recognized			
	For the Three Months Ended		For the Six Months Ended	
	June 30,	June 30,	June 30,	June 30,
	2024	2023	2024	2023
Interest Rate Products				
Derivatives not designated as hedging instruments	\$ (14)	\$ 51	\$ 67	\$ (22)
Total	\$ (14)	\$ 51	\$ 67	\$ (22)
Interest Rate Products				
Derivatives designated as hedging instruments:				
Fair value adjustments on derivatives	\$ —	\$ 656	\$ —	\$ 849
Fair value adjustments on hedged items	—	(657)	—	(847)
Total	\$ —	\$ (1)	\$ —	\$ 2

	For the Three Months Ended		For the Nine Months Ended	
	September 30,	September 30,	September 30,	September 30,
	2024	2023	2024	2023
Interest Rate Products				
Derivatives not designated as hedging instruments	\$ (94)	\$ 82	\$ (27)	\$ 60
Total	<u>\$ (94)</u>	<u>\$ 82</u>	<u>\$ (27)</u>	<u>\$ 60</u>
Interest Rate Products				
Derivatives designated as hedging instruments:				
Fair value adjustments on derivatives	\$ —	\$ 55	\$ —	\$ 904
Fair value adjustments on hedged items	—	(55)	—	(902)
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2</u>

These tables provide a summary of the effect of hedges on AOCI in the Consolidated Statements of Comprehensive Income related to the Company's derivative assets and liabilities for the three and **six** **nine** months ended **June 30, 2024** September 30, 2024 and **June 30, 2023** September 30, 2023 *(in thousands)*:

	For the Three Months Ended June 30, 2024						For the Three Months Ended September 30, 2024					
				Gain	Loss					Gain	Loss	
	(Loss) Gain	Recognized	Gain	Reclassified	Reclassified		Gain (Loss)	Recognized	Loss	Gain	Reclassified	Reclassified
Derivatives in	Recognized	in OCI	in OCI	from AOCI	into	into	Recognized	in OCI	in OCI	from AOCI	into	into
Cash Flow	in OCI on	Included	Excluded	into	Included	Excluded	in OCI on	Included	Excluded	into	Included	Excluded
Hedging	Derivative	Component	Component	Earnings	Component	Component	Derivative	Component	Component	Earnings	Component	Component
Relationships												
Interest rate												
floor and												
floor spreads	\$ (9,622)	\$ (12,657)	\$ 3,035	\$ 514	\$ 1,538	\$ (1,024)	\$ 42,906	\$ 62,860	\$ (19,954)	\$ 116	\$ 958	\$ (
Interest rate												
swaps	847	847	—	376	376	—	(2,461)	(2,461)	—	373	373	
Total	<u>\$ (8,775)</u>	<u>\$ (11,810)</u>	<u>\$ 3,035</u>	<u>\$ 890</u>	<u>\$ 1,914</u>	<u>\$ (1,024)</u>	<u>\$ 40,445</u>	<u>\$ 60,399</u>	<u>\$ (19,954)</u>	<u>\$ 489</u>	<u>\$ 1,331</u>	<u>\$ (</u>

	For the Three Months Ended June 30, 2023						For the Three Months Ended September 30, 2023					
				Gain	Loss					Gain	Loss	
	Gain	Recognized	Gain	Reclassified	Reclassified		Gain	Recognized	Gain	Reclassified	Reclassified	
Derivatives in	Recognized	in OCI	in OCI	from AOCI	into	into	Recognized	in OCI	in OCI	from AOCI	into	into
Cash Flow	in OCI on	Included	Excluded	into	Included	Excluded	in OCI on	Included	Excluded	into	Included	Excluded
Hedging	Derivative	Component	Component	Earnings	Component	Component	Derivative	Component	Component	Earnings	Component	Component
Relationships												
Interest rate												
floor	\$ —	\$ —	\$ —	\$ 1,205	\$ 1,766	\$ (561)	\$ —	\$ —	\$ —	\$ 1,164	\$ 1,731	\$ (5
Interest rate												
swaps	1,848	1,848	—	296	296	—	3,927	3,927	—	371	371	
Total	<u>\$ 1,848</u>	<u>\$ 1,848</u>	<u>\$ —</u>	<u>\$ 1,501</u>	<u>\$ 2,062</u>	<u>\$ (561)</u>	<u>\$ 3,927</u>	<u>\$ 3,927</u>	<u>\$ —</u>	<u>\$ 1,535</u>	<u>\$ 2,102</u>	<u>\$ (5</u>

	For the Six Months Ended June 30, 2024					
	(Loss) Gain	(Loss) Gain	Gain	Gain	Gain	Loss
	Recognized in	Recognized in	Recognized in	Reclassified	Reclassified	Reclassified
Derivatives in Cash Flow Hedging Relationships	OCI on	OCI Included	OCI Excluded	from AOCI into	from AOCI into	from AOCI into
	Derivative	Component	Component	Earnings	Earnings Included	Earnings
Interest rate floor	\$ (25,158)	\$ (37,713)	\$ 12,555	\$ 1,217	\$ 3,126	\$ (1,909)
Interest rate swaps	2,725	2,725	—	751	751	—

Total	\$ (22,433)	\$ (34,988)	\$ 12,555	\$ 1,968	\$ 3,877	\$ (1,909)
For the Six Months Ended June 30, 2023						
	Gain Recognized in OCI on Derivative	Gain Recognized in OCI Included Component	Gain Recognized in OCI Excluded Component	Gain Reclassified from AOCI into Earnings	Gain Reclassified from AOCI into Earnings Included Component	Loss Reclassified from AOCI into Earnings Excluded Component
Derivatives in Cash Flow Hedging Relationships						
Interest rate floor	\$ —	\$ —	\$ —	\$ 2,436	\$ 3,552	\$ (1,116)
Interest rate swaps	321	321	—	560	560	—
Total	\$ 321	\$ 321	\$ —	\$ 2,996	\$ 4,112	\$ (1,116)

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For the Nine Months Ended September 30, 2024						
	Gain Recognized in OCI on Derivative	Gain Recognized in OCI Included Component	Loss Recognized in OCI Excluded Component	Gain Reclassified from AOCI into Earnings	Gain Reclassified from AOCI into Earnings Included Component	Loss Reclassified from AOCI into Earnings Excluded Component
Derivatives in Cash Flow Hedging Relationships						
Interest rate floors and floor spreads	\$ 17,748	\$ 25,147	\$ (7,399)	\$ 1,333	\$ 4,084	\$ (2,751)
Interest rate swaps	264	264	—	1,124	1,124	—
Total	\$ 18,012	\$ 25,411	\$ (7,399)	\$ 2,457	\$ 5,208	\$ (2,751)
For the Nine Months Ended September 30, 2023						
	Gain Recognized in OCI on Derivative	Gain Recognized in OCI Included Component	Gain Recognized in OCI Excluded Component	Gain Reclassified from AOCI into Earnings	Gain Reclassified from AOCI into Earnings Included Component	Loss Reclassified from AOCI into Earnings Excluded Component
Derivatives in Cash Flow Hedging Relationships						
Interest rate floor	\$ —	\$ —	\$ —	\$ 3,600	\$ 5,283	\$ (1,683)
Interest rate swaps	4,248	4,248	—	931	931	—
Total	\$ 4,248	\$ 4,248	\$ —	\$ 4,531	\$ 6,214	\$ (1,683)

Credit-risk-related Contingent Features

The Company has agreements with certain of its derivative counterparties that contain a provision that if the Company defaults on any of its indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, then the Company could also be declared in default on its derivative obligations.

The Company has minimum collateral posting thresholds with certain of its derivative counterparties. At [June 30, 2024](#) [September 30, 2024](#), the Company had not posted any collateral as there were no derivatives in a net liability position. If the Company had breached any of these provisions at [June 30, 2024](#) [September 30, 2024](#), it could have been required to settle its obligations under the agreements at the termination value.

12. Fair Value Measurements

The following table presents information about the Company's assets and liabilities measured at fair value on a recurring basis as of [June 30, 2024](#) [September 30, 2024](#), and December 31, 2023, and indicates the fair value hierarchy of the valuation techniques utilized by the Company to determine such fair value.

Fair values determined by Level 1 inputs utilize quoted prices in active markets for identical assets and liabilities that the Company has the ability to access. Fair values determined by Level 2 inputs utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves

that are observable at commonly quoted intervals. Level 3 inputs are unobservable inputs for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. In certain cases, the inputs used to measure fair value may fall into different levels of the hierarchy. In such cases, the fair value is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

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Assets and liabilities measured at fair value on a recurring basis as of June 30, 2024 September 30, 2024 and December 31, 2023 (in thousands):

Description	Fair Value Measurement at June 30, 2024				Fair Value Measurement at September 30, 2024			
	June 30, 2024	Quoted Prices in Active	Significant Other	Significant	September 30, 2024	Quoted Prices in	Significant	Significant
		Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)		Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Assets								
U.S. Treasury	\$ 2,570	\$ 2,570	\$ —	\$ —	\$ 1,611	\$ 1,611	\$ —	\$ —
U.S. Agencies	652	—	652	—				
Mortgage-backed State and political subdivisions	—	—	—	—	10,221	—	10,221	—
Corporates	19,177	—	19,177	—	14,443	—	14,443	—
Trading – other	6,470	6,470	—	—	9,160	9,160	—	—
Trading securities	112	112	—	—	404	404	—	—
	28,981	9,152	19,829	—	35,839	11,175	24,664	—
U.S. Treasury	803,070	803,070	—	—	882,540	882,540	—	—
U.S. Agencies	659,086	—	659,086	—	161,821	—	161,821	—
Mortgage-backed State and political subdivisions	3,771,195	—	3,771,195	—	4,037,941	—	4,037,941	—
Corporates	1,214,727	—	1,214,727	—	1,259,246	—	1,259,246	—
Collateralized loan obligations	320,355	320,355	—	—	322,402	322,402	—	—
Available-for-sale securities	338,940	—	338,940	—	352,048	—	352,048	—
Equity securities with readily determinable fair values	7,107,373	1,123,425	5,983,948	—	7,015,998	1,204,942	5,811,056	—
Company-owned life insurance	11,355	11,355	—	—	11,783	11,783	—	—
Bank-owned life insurance	74,270	—	74,270	—	77,853	—	77,853	—
Derivatives	531,912	—	531,912	—	536,131	—	536,131	—
Total	211,971	—	211,971	—	258,514	—	258,514	—
	\$ 7,965,862	\$ 1,143,932	\$ 6,821,930	\$ —	\$ 7,936,118	\$ 1,227,900	\$ 6,708,218	\$ —
Liabilities								
Derivatives	\$ 119,943	\$ —	\$ 119,943	\$ —	\$ 93,078	\$ —	\$ 93,078	\$ —
Securities sold not yet purchased	10,808	—	10,808	—	11,293	—	11,293	—
Total	\$ 130,751	\$ —	\$ 130,751	\$ —	\$ 104,371	\$ —	\$ 104,371	\$ —

Description	Fair Value Measurement at December 31, 2023				Fair Value Measurement at December 31, 2023			
	December 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	December 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets								
U.S. Treasury	\$ 881	\$ 881	\$ —	\$ —	\$ 881	\$ 881	\$ —	\$ —
U.S. Agencies	—	—	—	—				
Mortgage-backed State and political subdivisions	1,738	—	1,738	—	1,738	—	1,738	—
Corporates	13,482	—	13,482	—	13,482	—	13,482	—
Trading – other	1,974	1,974	—	—	1,974	1,974	—	—
Trading securities	18	18	—	—	18	18	—	—
U.S. Treasury	18,093	2,873	15,220	—	18,093	2,873	15,220	—
U.S. Agencies	1,298,742	1,298,742	—	—	1,298,742	1,298,742	—	—
Mortgage-backed State and political subdivisions	159,721	—	159,721	—	159,721	—	159,721	—
Corporates	3,620,785	—	3,620,785	—	3,620,785	—	3,620,785	—
Collateralized loan obligations	1,286,975	—	1,286,975	—	1,286,975	—	1,286,975	—
Available for sale securities	351,275	351,275	—	—	351,275	351,275	—	—
Equity securities with readily determinable fair values	351,115	—	351,115	—	351,115	—	351,115	—
Company-owned life insurance	7,068,613	1,650,017	5,418,596	—	7,068,613	1,650,017	5,418,596	—
Bank-owned life insurance	11,228	11,228	—	—	11,228	11,228	—	—
Derivatives	69,727	—	69,727	—	69,727	—	69,727	—
Total	523,960	—	523,960	—	523,960	—	523,960	—
	161,496	—	161,496	—	161,496	—	161,496	—
	<u>\$ 7,853,117</u>	<u>\$ 1,664,118</u>	<u>\$ 6,188,999</u>	<u>\$ —</u>	<u>\$ 7,853,117</u>	<u>\$ 1,664,118</u>	<u>\$ 6,188,999</u>	<u>\$ —</u>
Liabilities								
Derivatives	\$ 105,083	\$ —	\$ 105,083	\$ —	\$ 105,083	\$ —	\$ 105,083	\$ —
Securities sold not yet purchased	8,018	—	8,018	—	8,018	—	8,018	—
Total	<u>\$ 113,101</u>	<u>\$ —</u>	<u>\$ 113,101</u>	<u>\$ —</u>	<u>\$ 113,101</u>	<u>\$ —</u>	<u>\$ 113,101</u>	<u>\$ —</u>

Valuation methods for instruments measured at fair value on a recurring basis

The following methods and assumptions were used to estimate the fair value of each class of financial instruments measured on a recurring basis:

Trading Securities Fair values for trading securities (including financial futures), are based on quoted market prices where available. If quoted market prices are not available, fair values are based on quoted market prices for similar securities.

Available-for-Sale Securities Fair values are based on quoted market prices or dealer quotes, if available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities. Prices are provided by third-party pricing services and are based on observable market inputs. On an annual basis, the Company compares a sample of these prices to other independent sources for the same securities. Additionally, throughout the year, if securities are sold, comparisons are made between the pricing services prices and the market prices at which the securities were sold. Variances are analyzed, and, if appropriate, additional research is conducted with the third-party pricing services. Based on this research, the pricing services may affirm or revise their quoted price. No significant adjustments have been made to the prices provided by the pricing services. The pricing services also provide documentation on an ongoing basis that includes reference data, inputs and methodology by asset class, which is reviewed to ensure that security placement within the fair value hierarchy is appropriate.

Equity securities with readily determinable fair values Fair values are based on quoted market prices.

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Company-owned Life Insurance Fair value is equal to the cash surrender value of the life insurance policies.

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Bank-owned Life Insurance Fair value is equal to the cash surrender value of the life insurance policies.

Derivatives Fair values are determined using valuation techniques including discounted cash flow analysis on the expected cash flows from each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves, foreign exchange rates, and implied volatilities. The Company incorporates credit valuation adjustments to appropriately reflect both its own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. In adjusting the fair value of its derivative contracts for the effect of nonperformance risk, the Company has considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts, and guarantees.

Securities sold not yet purchased Fair values are based on quoted market prices or dealer quotes, if available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities. Prices are provided by third-party pricing services and are based on observable market inputs.

Assets measured at fair value on a non-recurring basis as of June 30, 2024 September 30, 2024 and December 31, 2023 (in thousands):

Description	Fair Value Measurement at June 30, 2024 Using					Fair Value Measurement at September 30, 2024 Using				
	June 30, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Losses Recognized During the Six Months Ended June 30	September 30, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total (Losses) Gains Recognized During the Nine Months Ended September 30
Collateral dependent assets	\$ 422	\$ —	\$ —	\$ 422	\$ (235)	\$ 2,399	\$ —	\$ —	\$ 2,399	\$ (906)
Other real estate owned	276	—	—	276	(42)	227	—	—	227	12
Total	\$ 698	\$ —	\$ —	\$ 698	\$ (277)	\$ 2,626	\$ —	\$ —	\$ 2,626	\$ (894)

Fair Value Measurement at December 31, 2023 Using

Description	December 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Gains Recognized During the Twelve Months Ended December 31
Collateral dependent assets	\$ 2,796	\$ —	\$ —	\$ 2,796	\$ 141
Other real estate owned	1,738	—	—	1,738	66
Total	\$ 4,534	\$ —	\$ —	\$ 4,534	\$ 207

Valuation methods for instruments measured at fair value on a non-recurring basis

The following methods and assumptions were used to estimate the fair value of each class of financial instruments measured on a non-recurring basis:

Collateral Dependent Assets Collateral dependent assets are assets evaluated as part of the ACL on an individual basis. Those assets for which there is an associated allowance are considered financial assets measured at fair value on a non-recurring basis. Adjustments are recorded on certain assets to reflect write-downs that are based on the external appraised value of the underlying collateral. The external appraisals are generally based on recent sales of comparable properties which are then adjusted for the unique characteristics of the property being valued. In the case of non-real estate collateral, reliance is placed on a variety of sources, including external estimates of value and judgments based on the experience and expertise of internal specialists within the Company's property

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management group and the Company's credit department. The valuations of the collateral dependent assets are

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reviewed on a quarterly basis. Because many of these inputs are not observable, the measurements are classified as Level 3.

Other real estate owned Other real estate owned consists of loan collateral which has been repossessed through foreclosure. This collateral is comprised of commercial and residential real estate and other non-real estate property, including auto, recreational and marine vehicles. Other real estate owned is recorded as held for sale initially at the fair value of the collateral less estimated selling costs. The initial valuation of the foreclosed property is obtained through an appraisal process similar to the process described in the collateral dependent assets paragraph above. Subsequent to foreclosure, valuations are reviewed quarterly and updated periodically, and the assets may be marked down further, reflecting a new cost basis. Fair value measurements may be based upon appraisals, third-party price opinions, or internally developed pricing methods and those measurements are classified as Level 3.

Fair value disclosures require disclosure of the fair value of financial assets and financial liabilities, including those financial assets and financial liabilities that are not measured and reported at fair value on a recurring basis or non-recurring basis.

The estimated fair value of the Company's financial instruments at **June 30, 2024**, **September 30, 2024** and December 31, 2023 are as follows (*in thousands*):

Fair Value Measurement at June 30, 2024 Using	Fair Value Measurement at September 30, 2024 Using
-----------------------------------------------	----------------------------------------------------

		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Estimated Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Estimated Fair Value
Carrying Amount						Carrying Amount			
FINANCIAL ASSETS									
Cash and short-term investments	\$ 5,352,599	\$ 5,105,137	\$ 247,462	\$ —	\$ 5,352,599	\$ 7,779,169	\$ 7,379,935	\$ 399,234	\$ 7,779,169
Securities available for sale	7,107,373	1,123,425	5,983,948	—	7,107,373	7,015,998	1,204,942	5,811,056	7,015,998
Securities held to maturity (exclusive of allowance for credit losses)	5,549,590	—	4,913,408	—	4,913,408	5,477,472	—	4,913,972	4,913,972
Trading securities	28,981	9,152	19,829	—	28,981	35,839	11,175	24,664	35,839
Other securities	447,650	11,355	436,295	—	447,650	465,477	11,783	453,694	465,477
Loans (exclusive of allowance for credit losses)	24,201,673	—	24,082,288	—	24,082,288	24,995,967	—	25,164,755	25,164,755
Derivatives	211,971	—	211,971	—	211,971	258,514	—	258,514	258,514
FINANCIAL LIABILITIES									
Demand and savings deposits	34,434,861	34,434,861	—	—	34,434,861	37,639,809	37,639,809	—	37,639,809
Time deposits	2,082,709	—	2,082,709	—	2,082,709	2,062,783	—	2,070,381	2,070,381
Other borrowings	3,517,033	25,740	3,491,293	—	3,517,033	3,073,297	12,765	3,060,532	3,073,297
Long-term debt	384,245	—	414,417	—	414,417	384,758	—	419,863	419,863
Derivatives	119,943	—	119,943	—	119,943	93,078	—	93,078	93,078
OFF-BALANCE SHEET ARRANGEMENTS									
Commitments to extend credit for loans					5,666				8,672
Commitments to extend resell agreements					250				292
Commercial letters of credit					69				102
Standby letters of credit					2,097				3,241

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Fair value measurement at December 31, 2023 Using

	Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Estimated Fair Value
FINANCIAL ASSETS					
Cash and short-term investments	\$ 5,852,347	\$ 5,612,003	\$ 240,344	\$ —	\$ 5,852,347
Securities available for sale	7,068,613	1,650,017	5,418,596	—	7,068,613
Securities held to maturity (exclusive of allowance for credit losses)	5,691,868	—	5,183,367	—	5,183,367
Trading securities	18,093	2,873	15,220	—	18,093
Other securities	492,935	11,228	481,707	—	492,935
Loans (exclusive of allowance for credit losses)	23,176,904	—	22,969,788	—	22,969,788
Derivatives	161,496	—	161,496	—	161,496
FINANCIAL LIABILITIES					
Demand and savings deposits	32,719,268	32,719,268	—	—	32,719,268
Time deposits	3,073,591	—	3,073,591	—	3,073,591
Other borrowings	3,919,644	13,813	3,905,831	—	3,919,644
Long-term debt	383,247	—	413,896	—	413,896
Derivatives	105,083	—	105,083	—	105,083
OFF-BALANCE SHEET ARRANGEMENTS					
Commitments to extend credit for loans					11,523
Commitments to extend resell agreements					208
Commercial letters of credit					138
Standby letters of credit					4,047

Cash and short-term investments The carrying amounts of cash and due from banks, federal funds sold and resell agreements are reasonable estimates of their fair values.

Securities held to maturity For U.S. Agency and mortgage-backed securities, as well as general obligation bonds in the State and political subdivision portfolio, fair values are based on quoted market prices or dealer quotes, if available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities. Prices are provided by third-party pricing services and are based on observable market inputs. On an annual basis, the Company compares a sample of these prices to other independent sources for the same securities. Variances are analyzed, and, if appropriate, additional research is conducted with the third-party pricing services. Based on this research, the pricing services may affirm or revise their quoted price. No significant adjustments have been made to the prices provided by the pricing services. The pricing services also provide documentation on an ongoing basis that includes reference data, inputs and methodology by asset class, which is reviewed to ensure that security placement within the fair value hierarchy is appropriate. For private placement bonds in the State and political subdivision portfolio, fair values are estimated by discounting the future cash flows using current market rates.

Other securities Amount consists of FRB and FHLB stock held by the Company, equity securities with readily determinable fair values, and equity securities without readily determinable fair values, including equity-method investments and other miscellaneous investments. The carrying amount of the FRB and FHLB stock equals its fair value because the shares can only be redeemed by the FRB and FHLB at their carrying amount. Equity securities with readily determinable fair values are measured at fair value using quoted market prices. Equity securities without readily determinable fair values are carried at cost, which approximates fair value.

Loans Fair values are estimated for portfolios with similar financial characteristics. Loans are segregated by type, such as commercial, real estate, consumer, and credit card. Each loan category is further segmented into fixed and variable interest rate categories. The fair value of loans are estimated by discounting the future cash flows. The

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discount rates used are estimated using comparable market rates for similar types of instruments adjusted to be commensurate with the credit risk, overhead costs, and optionality of such instruments.

Demand and savings deposits The fair value of demand deposits and savings accounts is the amount payable on demand at **June 30, 2024** **September 30, 2024** and December 31, 2023.

Time deposits The fair value of fixed-maturity certificates of deposit is estimated by discounting the future cash flows using the rates that are currently offered for deposits of similar remaining maturities.

Other borrowings The carrying amounts of federal funds purchased, repurchase agreements and other short-term debt are reasonable estimates of their fair value because of the short-term nature of their maturities. Federal funds purchased are classified as Level 1 based on availability of quoted market prices and repurchase agreements and other short-term debt are classified as Level 2.

Long-term debt Rates currently available to the Company for debt with similar terms and remaining maturities are used to estimate fair value of existing debt.

Other off-balance sheet instruments The fair value of loan commitments and letters of credit are determined based on the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreement and the present creditworthiness of the counterparties. Neither the fees earned during the year on these instruments nor their fair value at period-end are significant to the Company's consolidated financial position.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis of Financial Condition and Results of Operations highlights the material changes in the results of operations and changes in financial condition of the Company for the three and **six nine** months ended **June 30, 2024** **September 30, 2024**. It should be read in conjunction with the accompanying Consolidated Financial Statements, Notes to Consolidated Financial Statements and other financial information appearing elsewhere in this Form 10-Q and the Form 10-K. Results of operations for the periods included in this review are not necessarily indicative of results to be attained during any future period.

CAUTIONARY NOTICE ABOUT FORWARD-LOOKING STATEMENTS

From time to time the Company has made, and in the future will make, 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 "believe," "expect," "anticipate," "intend," "estimate," "project," "outlook," "forecast," "target," "trend," "plan," "goal," or other words of comparable meaning or future-tense or conditional verbs such as "may," "will," "should," "would," or "could." Forward-looking statements convey the Company's expectations, intentions, or forecasts about future events, circumstances, results, or aspirations, in each case as of the date such forward-looking statements are made.

This Form 10-Q, including any information incorporated by reference in this Form 10-Q, contains forward-looking statements. The Company also may make forward-looking statements in other documents that are filed or furnished with the Securities and Exchange Commission. In addition, the Company may make forward-looking statements orally or in writing to investors, analysts, members of the media, or others.

All forward-looking statements, by their nature, are subject to assumptions, risks, and uncertainties, which may change over time and many of which are beyond the Company's control. You should not rely on any forward-looking statement as a prediction or guarantee about the future. Actual future objectives, strategies, plans, prospects, performance, conditions, or results may differ materially from those set forth in any forward-looking statement. While no list of assumptions, risks, or uncertainties could be complete, some of the factors that may cause actual results or other future events, circumstances, or aspirations to differ from those in forward-looking statements include:

- local, regional, national, or international business, economic, or political conditions or events;
- changes in laws or the regulatory environment, including as a result of financial-services legislation or regulation;
- changes in monetary, fiscal, or trade laws or policies, including as a result of actions by central banks or supranational authorities;
- changes in accounting standards or policies;
- shifts in investor sentiment or behavior in the securities, capital, or other financial markets, including changes in market liquidity or volatility or changes in interest or currency rates;
- changes in spending, borrowing, or saving by businesses or households;
- the Company's ability to effectively manage capital or liquidity or to effectively attract or deploy deposits;
- changes in any credit rating assigned to the Company or its affiliates;
- adverse publicity or other reputational harm to the Company;

- changes in the Company's corporate strategies, the composition of its assets, or the way in which it funds those assets;
- the Company's ability to develop, maintain, or market products or services or to absorb unanticipated costs or liabilities associated with those products or services;

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- the Company's ability to innovate to anticipate the needs of current or future customers, to successfully compete in its chosen business lines, to increase or hold market share in changing competitive environments, or to deal with pricing or other competitive pressures;
- changes in the credit, liquidity, or other condition of the Company's customers, counterparties, or competitors;
- the Company's ability to effectively deal with economic, business, or market slowdowns or disruptions;
- judicial, regulatory, or administrative investigations, proceedings, disputes, or rulings that create uncertainty for, or are adverse to, the Company or the financial-services industry;
- the Company's ability to address changing or stricter regulatory or other governmental supervision or requirements;
- the Company's ability to maintain secure and functional financial, accounting, technology, data processing, or other operating systems or facilities, including its capacity to withstand cyber-attacks;
- the adequacy of the Company's corporate governance, risk-management framework, compliance programs, or internal controls, including its ability to control lapses or deficiencies in financial reporting or to effectively mitigate or manage operational risk;
- the efficacy of the Company's methods or models in assessing business strategies or opportunities or in valuing, measuring, monitoring, or managing positions or risk;
- the Company's ability to keep pace with changes in technology that affect the Company or its customers, counterparties, or competitors;
- mergers, acquisitions, or dispositions, including the Company's ability to integrate acquisitions and divest assets;
- the Company's ability to complete the announced merger with Heartland Financial, USA Inc. (HTLF), including the planned issuance of shares of the Company's common stock in connection with the merger;
- the Company's ability to manage the expenses associated with the merger with HTLF and the impact these expenses may have on the Company's financial results;
- the Company's ability to obtain, or timing of obtaining, required regulatory approvals and the approval of each entity's shareholders;
- the benefits from the merger may not be fully realized or may take longer to realize than expected;
- the Company's ability to promptly and effectively integrate the merger of HTLF;
- the adequacy of the Company's succession planning for key executives or other personnel;
- the Company's ability to grow revenue, control expenses, or attract and retain qualified employees;
- natural disasters, war, terrorist activities, including instability in the Middle East and Russia's military action in Ukraine, pandemics, and their effects on economic and business environments in which the Company operates;
- macroeconomic and adverse developments and uncertainties related to the collateral effects of the collapse of, and challenges for, domestic and international banks, including the impacts to the U.S. and global economies and reputational harm to the U.S. banking system;
- decreases in the utilization of, or demand for, office space caused by shifts to work-from-home and hybrid work environments; or
- other assumptions, risks, or uncertainties described in the Notes to Consolidated Financial Statements (Item 1) and Management's Discussion and Analysis of Financial Condition and Results of Operations (Item 2) in this Form 10-Q, in the Risk Factors (Item 1A) in the Form 10-K, or in any of the Company's quarterly or current reports

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Any forward-looking statement made by the Company or on its behalf speaks only as of the date that it was made. The Company does not undertake to update any forward-looking statement to reflect the impact of events, circumstances, or results that arise after the date that the statement was made, except as required by applicable securities laws. You, however, should consult further disclosures (including disclosures of a forward-looking nature) that the Company may make in any subsequent Annual Report on Form 10-K, Quarterly Report on Form 10-Q, or Current Report on Form 8-K.

Overview

The Company focuses on the following four core financial objectives. Management believes these objectives will guide its efforts to achieve its vision, to deliver *the* Unparalleled Customer Experience, all while seeking to improve net income and strengthen the balance sheet while undertaking prudent risk management.

The first financial objective is to continuously improve operating efficiencies. The Company has focused on identifying efficiencies that simplify our organizational and reporting structures, streamline back-office functions, and take advantage of synergies and newer technologies among various platforms and distribution networks. The Company has identified and expects to continue identifying ongoing efficiencies through the normal course of business that, when combined with increased revenue, will contribute to improved operating leverage. During the **second third** quarter of 2024, total revenue increased **\$26.3 million \$50.5 million**, or **7.2% 14.2%**, as compared to the **second third** quarter of 2023, while noninterest expense increased **\$8.4 million \$21.0 million**, or **3.5% 9.1%**, for the same period. As part of the initiative to improve operating efficiencies, the Company continues to invest in technological advances that it believes will help management drive operating leverage in the future through improved data analysis and automation. The Company also continues to evaluate core systems and will invest in enhancements that it believes will yield operating efficiencies.

The second financial objective is to increase net interest income through profitable loan and deposit growth and the optimization of the balance sheet. During the **second third** quarter of 2024, the Company had an increase in net interest income of **\$19.5 million \$25.1 million**, or **8.6% 11.3%**, from the same period in 2023. The change in net interest income was driven by increased average loan growth and higher rates, partially offset by higher interest expense due to an unfavorable mix shift in the composition of liabilities. These changes are driven by the higher interest rate environment compared to the **second third** quarter of 2023. The increase in interest income was driven by a **\$1.6 billion**, or **7.3% 7.2%**, increase in average loans, driven by organic loan growth, coupled with the impact of higher short-term and long-term interest rates. The funding for these assets was driven primarily by a **\$3.3 billion \$4.5 billion**, or **15.8% 21.0%**, increase in average interest-bearing deposits, offset by a decrease in average borrowed funds of **\$1.4 billion \$1.1 billion**, or **44.4% 43.8%**, compared to the same period in 2023. Net interest margin, on a tax-equivalent basis, increased **seven three** basis points compared to the same period in 2023, primarily due to increased loan yields and earning asset mix, and the benefit of free funds, partially offset by the cost and mix of interest-bearing liabilities. Net interest spread **contracted increased** by **four three** basis points during the same period. The Company expects to see continued volatility in the economic markets resulting from governmental responses to inflation and reversionary signs in the economy. These changing conditions could have impacts on the balance sheet and income statement of the Company for the remainder of the year.

The third financial objective is to grow the Company's revenue from noninterest sources. The Company seeks to grow noninterest revenues throughout all economic and interest rate cycles, while positioning itself to benefit in periods of economic growth. Noninterest income increased **\$6.8 million \$25.4 million**, or **5.0% 19.1%**, to **\$144.9 million \$158.7 million** for the three months ended **June 30, 2024 September 30, 2024**, compared to the same period in 2023. See greater detail below under Noninterest Income. The Company continues to emphasize its asset management, brokerage, bankcard services, healthcare services, and treasury management businesses. For the three months ended **June 30, 2024 September 30, 2024**, noninterest income represented **37.2% 39.1%** of total revenue, compared to **38.0% 37.5%** for the same period in 2023. The recent economic changes have impacted fee income, especially those with assets tied to market values and interest rates.

The fourth financial objective is effective capital management. The Company places a significant emphasis on maintaining a strong capital position, which management believes promotes investor confidence, provides access to funding sources under favorable terms, and enhances the Company's ability to capitalize on business growth and acquisition opportunities. The Company continues to maximize shareholder value through a mix of reinvesting in

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organic growth, evaluating acquisition opportunities that complement the Company's strategies, increasing

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dividends over time, and appropriately utilizing a share repurchase program. At **June 30, 2024 September 30, 2024**, the Company had **\$3.2 billion \$3.5 billion** in total shareholders' equity. This is an increase of **\$395.7 million \$728.8 million**, or **14.0% 26.0%**, compared to total shareholders' equity at **June 30, 2023 September 30, 2023**. At **June 30,**

2024 September 30, 2024, the Company had a total risk-based capital ratio of 13.08% 13.14%. The Company did not repurchase shares of common stock during the second third quarter of 2024, except for shares acquired pursuant to the Company's share-based incentive programs.

On April 28, 2024, the Company entered into an Agreement and Plan of Merger (the Merger Agreement) with HTLF, a Delaware corporation, and Blue Sky Merger Sub Inc., a Delaware corporation and wholly owned subsidiary of the Company. The Merger Agreement and the merger were unanimously approved by the boards of directors of the Company and HTLF. Pending regulatory approval and approval by the shareholders of the Company and HTLF, the merger is expected to close in the first quarter of 2025. Under the terms of the Merger Agreement, HTLF stockholders will receive a fixed exchange ratio of 0.55 shares of the Company's common stock for each share of HTLF stock, with a total market value of approximately \$2.0 billion.

Additionally, on April 29, 2024, the Company also announced that in connection with the execution of the Merger Agreement, it entered into a forward sale agreement with BofA Securities, Inc. or its affiliate to issue 2,800,000 shares of its common stock for approximate proceeds of \$201.6 million. The underwriters were granted an option to purchase up to an additional 420,000 shares of the Company's common stock exercisable within 30 days of April 28, 2024. The underwriters exercised this option in full on April 30, 2024, upon which the Company entered into an additional forward sale agreement relating to the 420,000 shares of the Company's common stock. The forward purchase agreement is classified as an equity instrument under ASC 815-40, *Contracts in Entity's Own Equity*.

The rapid rise in interest rates during 2022 and 2023, the resulting industry-wide reduction in the fair value of securities portfolios, and the bank runs that led to the failures of some financial institutions in March of 2023, among other events, have resulted in significant volatility in the U.S. banking sector and heightened focus on liquidity, uninsured deposits, deposit composition, unrecognized investment losses, and capital.

During November 2023, the Federal Deposit Insurance Corporation (the FDIC) approved a final rule to implement a special assessment to recover the losses to the Deposit Insurance Fund (the DIF) associated with protecting uninsured depositors following the closures of certain financial institutions in March of 2023. The assessment base for the special assessment is equal to an insured depository institution's uninsured deposits as of December 31, 2022, adjusted to exclude the first \$5 billion, and will be collected at an annual rate of 13.4 basis points for eight quarterly assessment periods. The Company's portion of this special assessment was \$52.8 million and was recognized in noninterest expense during the fourth quarter of 2023. During 2024, the FDIC increased the estimated loss attributable to the 2023 bank failures, which in turn increased the special assessment the FDIC will charge to insured depository institutions. The FDIC also announced that the special assessment will be collected for an additional two quarters beyond the initial eight-quarter collection period, at an estimated quarterly rate of 1.9 basis points. The projected number of additional quarters and the estimated rate applicable to those quarters is subject to change based on future adjustments to estimated losses or amendments to the assessment base. The Company recorded \$9.2 million \$7.5 million of expense related to the updated special assessment during the six nine months ended June 30, 2024 September 30, 2024 and its impacts are discussed below.

Earnings Summary

The following is a summary regarding the Company's earnings for the second third quarter of 2024. The changes identified in the summary are explained in greater detail below. The Company recorded net income of \$101.3 million \$109.6 million for the three-month period ended June 30, 2024 September 30, 2024, compared to net income of \$90.1 million \$96.6 million for the same period a year earlier. Basic earnings per share for the second third quarter of 2024 were \$2.08 \$2.25 per share (\$2.07 \$2.23 per share fully-diluted) compared to \$1.86 \$1.99 per share (\$1.85 \$1.98 per share fully-diluted) for the second third quarter of 2023. Return on average assets and return on average common shareholders' equity for the three-month period ended June 30, 2024 September 30, 2024 were 0.96% 1.01% and 12.73% 12.63%, respectively, compared to 0.90% 0.97% and 12.56% 13.25%, respectively, for the three-month period ended June 30, 2023 September 30, 2023.

The Company recorded net income of \$211.6 million \$321.2 million for the six-month nine-month period ended June 30, 2024 September 30, 2024, compared to net income of \$182.5 million \$279.1 million for the same period a year earlier. Basic earnings per share for the six-month

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nine-month period ended June 30, 2024 September 30, 2024 were \$4.34 \$6.59 per share (\$4.32 \$6.56 per share fully-diluted) compared to \$3.77 \$5.76 per share (\$3.75 \$5.73 per share fully-diluted) for the same period in 2023. Return on average assets and return on average common

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shareholders' equity for the six-month nine-month period ended June 30, 2024 September 30, 2024 were 1.01% and 13.41% 13.13%, respectively, compared to 0.93% 0.95% and 13.14% 13.18%, respectively, for the six-month nine-month period ended June 30, 2023 September 30, 2023.

Net interest income for the three and six-month nine-month periods ended June 30, 2024 September 30, 2024 increased \$19.5 million \$25.1 million, or 8.6% 11.3%, and increased \$17.2 million \$42.3 million, or 3.7% 6.1%, respectively, compared to the same periods in 2023. For the three-month period ended June 30, 2024 September 30, 2024, average earning assets increased by \$2.0 billion \$3.7 billion, or 5.2% 9.8%, and for the six-month nine-month period ended June 30, 2024 September 30, 2024, they increased by \$2.7 billion \$3.0 billion, or 7.2% 8.1%, compared to the same periods in 2023. Net interest margin, on a tax-equivalent basis, increased to 2.51% 2.46% and decreased to 2.50% 2.49% for the three and six-month nine-month periods ended June 30, 2024 September 30, 2024, respectively, compared to 2.44% 2.43% and 2.59% 2.54% for the same periods in 2023.

The provision for credit losses increased by \$1.1 million \$13.0 million for the three-month period ended June 30, 2024 September 30, 2024 and decreased increased by \$12.2 million \$0.8 million for the six-month nine-month period ended June 30, 2024 September 30, 2024, as compared to the same periods in 2023. These changes were driven by loan growth, portfolio credit metric changes, and changes in macro-economic metrics in the current period as compared to the prior periods. The Company's nonperforming loans decreased \$5.6 million increased \$2.2 million to \$13.7 million \$19.3 million at June 30, 2024 September 30, 2024, compared to June 30, 2023 September 30, 2023. The ACL on loans as a percentage of total loans remained flat at 0.99% increased three basis points to 1.00% as of June 30, 2024 September 30, 2024, compared to June 30, 2023 September 30, 2023. For a description of the Company's methodology for computing the ACL, please see the summary discussion in the "Provision and Allowance for Credit Losses" section included below.

Noninterest income increased by \$6.8 million \$25.4 million, or 5.0% 19.1%, for the three-month period ended June 30, 2024 September 30, 2024, and increased by \$35.9 million \$61.3 million, or 13.4% 15.3%, for the six-month nine-month period ended June 30, 2024 September 30, 2024, compared to the same periods in 2023. These changes are discussed in greater detail below under Noninterest Income.

Noninterest expense increased by \$8.4 million \$21.0 million, or 3.5% 9.1%, for the three-month period ended June 30, 2024 September 30, 2024, and increased by \$26.1 million \$47.2 million, or 5.5% 6.6%, for the six-month nine-month period ended June 30, 2024 September 30, 2024, compared to the same periods in 2023. These changes are discussed in greater detail below under Noninterest Expense.

Net Interest Income

Net interest income is a significant source of the Company's earnings and represents the amount by which interest income on earning assets exceeds the interest expense paid on liabilities. The volume of interest-earning assets and the related funding sources, the overall mix of these assets and liabilities, and the rates paid on each affect net interest income. Net interest income for the three and six-month nine-month periods ended June 30, 2024 September 30, 2024 increased \$19.5 million \$25.1 million, or 8.6% 11.3%, and increased \$17.2 million \$42.3 million, or 3.7% 6.1%, compared to the same periods in 2023.

Table 1 shows the impact of earning asset rate changes compared to changes in the cost of interest-bearing liabilities. As illustrated in this table, net interest spread for the three months ended June 30, 2024 decreased four September 30, 2024 increased three basis points as compared to the same period in 2023. Net interest margin for the three months ended June 30, 2024 September 30, 2024 increased seven three basis points compared to the same period in 2023. Net interest spread for the six-month nine-month period ended June 30, 2024 September 30, 2024 decreased by 21 12 basis points as compared to the same period in 2023. Net interest margin for the six-month nine-month period ended June 30, 2024 September 30, 2024 decreased by nine five basis points compared to the same period in 2023. The changes for three-month period ended June 30, 2024 September 30, 2024 are primarily due to increased average loan balances and rates, and the benefit of free funds, partially offset by higher interest costs due to unfavorable mix shift in the composition of liabilities. The changes for the six-month nine-month period ended June 30, 2024 September 30, 2024 were related to the cost and mix of interest-bearing liabilities, partially offset by increased loan volumes, repricing of earning assets, and the benefit of interest free funds. The impact of the increased cost and mix of interest-bearing liabilities had a significant impact in the second third quarter of 2024. The cost of interest-bearing liabilities increased 57 36 basis points from the second third quarter of 2023 while the yield on earning assets increased 53 39 basis points compared to the same period. The cost of interest-bearing liabilities increased 82 66 basis points for the six-month nine-month period ended June 30, 2024 September 30, 2024 as compared to the same period in 2023 while the yield on earning assets increased 61 54 basis points compared to the same period. Earning asset balance increases have been primarily driven by higher average loan loans and increased interest-bearing due from banks balances. The Company expects to see continued volatility in the economic markets and governmental responses to changes in the economy. These changing conditions could have impacts on the

balance sheet and income statement of the Company for the remainder of the year. For the impact of the contribution from free funds, see the Analysis of Net Interest Margin within Table 2 below. Table 2 also illustrates how the changes in volume and interest rates have resulted in an increase in net interest income.

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Table 1

AVERAGE BALANCE SHEETS/YIELDS AND RATES (tax-equivalent basis) (unaudited, dollars in thousands)

The following table presents, for the periods indicated, the average earning assets and resulting yields, as well as the average interest-bearing liabilities and resulting yields, expressed in both dollars and rates. All average balances are daily average balances. The average yield on earning assets without the tax-equivalent basis adjustment would have been 5.38% 5.41% for the three-month period ended June 30, 2024 September 30, 2024, and 4.84% 5.01% for the same period in 2023. The average yield on earning assets without the tax-equivalent basis adjustment would have been 5.31% 5.35% for the six-month nine-month period ended June 30, 2024 September 30, 2024, and 4.70% 4.80% for the same period in 2023.

	Three Months Ended June 30,				Three Months Ended September 30,			
	2024		2023		2024		2023	
	Average Balance	Average Yield/Rate	Average Balance	Average Yield/Rate	Average Balance	Average Yield/Rate	Average Balance	Average Yield/Rate
ASSETS								
Loans, net of unearned interest	\$ 23,805,829	6.77 %	\$ 22,191,601	6.20 %	\$ 24,387,163	6.79 %	\$ 22,751,467	6.41 %
Securities:								
Taxable	9,033,829	2.74	9,228,103	2.37	9,122,386	2.77	8,964,467	2.37
Tax-exempt	3,640,028	3.47	3,819,884	3.36	3,601,976	3.43	3,783,890	3.37
Total securities	12,673,857	2.95	13,047,987	2.66	12,724,362	2.96	12,748,357	2.66
Federal funds and resell agreements	246,132	6.00	276,459	5.64	328,240	6.05	303,864	5.96
Interest-bearing due from banks	3,486,907	5.44	2,707,740	5.07	3,562,746	5.36	1,548,867	5.26
Other earning assets	26,381	6.95	12,538	5.37	19,743	6.37	17,327	5.31
Total earning assets	40,239,106	5.44	38,236,325	4.91	41,022,254	5.47	37,369,882	5.08
Allowance for credit losses	(228,369)		(216,876)		(239,950)		(227,878)	
Other assets	2,465,492		2,345,714		2,484,538		2,381,496	
Total assets	\$ 42,476,229		\$ 40,365,163		\$ 43,266,842		\$ 39,523,500	
LIABILITIES AND SHAREHOLDERS' EQUITY								
Interest-bearing deposits	\$ 24,237,726	3.99 %	\$ 20,939,638	3.27 %	\$ 25,789,850	4.05 %	\$ 21,315,761	3.57 %
Federal funds and repurchase agreements	2,421,727	4.66	2,336,929	4.25	2,298,240	4.69	2,027,382	4.52
Borrowed funds	1,744,448	5.66	3,137,267	5.17	1,464,393	5.61	2,605,897	5.28
Total interest-bearing liabilities	28,403,901	4.15	26,413,834	3.58	29,552,483	4.18	25,949,040	3.82
Noninterest-bearing demand deposits	10,103,035		10,535,325		9,502,106		10,014,686	
Other liabilities	767,687		539,172		757,379		667,920	
Shareholders' equity	3,201,606		2,876,832		3,454,874		2,891,854	
Total liabilities and shareholders' equity	\$ 42,476,229		\$ 40,365,163		\$ 43,266,842		\$ 39,523,500	
Net interest spread		1.29 %		1.33 %		1.29 %		1.26 %
Net interest margin		2.51		2.44		2.46		2.43

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	Six Months Ended June 30,				Nine Months Ended September 30,			
	2024		2023		2024		2023	
	Average Balance	Average Yield/Rate	Average Balance	Average Yield/Rate	Average Balance	Average Yield/Rate	Average Balance	Average Yield/Rate
ASSETS								
Loans, net of unearned interest	\$ 23,579,936	6.70 %	\$ 21,734,142	6.05 %	\$ 23,850,976	6.73 %	\$ 22,076,977	6.17 %
Securities:								
Taxable	9,149,309	2.70	9,288,392	2.34	9,140,270	2.72	9,179,230	2.35
Tax-exempt	3,686,075	3.44	3,832,505	3.36	3,657,837	3.44	3,816,122	3.36
Total securities	12,835,384	2.91	13,120,897	2.64	12,798,107	2.93	12,995,352	2.64
Federal funds and resell agreements	226,288	5.99	363,341	5.29	260,520	6.01	343,297	5.49
Interest-bearing due from banks	3,395,466	5.44	2,127,343	4.77	3,451,537	5.41	1,935,029	4.90
Other earning assets	22,137	7.10	10,907	5.77	21,333	6.88	13,071	5.56
Total earning assets	40,059,211	5.38	37,356,630	4.77	40,382,473	5.41	37,363,726	4.87
Allowance for credit losses	(225,243)		(206,559)		(230,181)		(213,744)	
Other assets	2,411,681		2,292,479		2,433,597		2,322,171	
Total assets	\$ 42,245,649		\$ 39,442,550		\$ 42,585,889		\$ 39,472,153	
LIABILITIES AND SHAREHOLDERS' EQUITY								
Interest-bearing deposits	\$ 23,848,724	3.92 %	\$ 20,294,984	2.97 %	\$ 24,500,489	3.96 %	\$ 20,638,982	3.18 %
Federal funds and repurchase agreements	2,403,240	4.66	2,399,090	4.04	2,367,985	4.67	2,273,826	4.18
Borrowed funds	1,963,971	5.49	2,174,157	5.22	1,796,230	5.53	2,319,652	5.25
Total interest-bearing liabilities	28,215,935	4.09	24,868,231	3.27	28,664,704	4.12	25,232,460	3.46
Noninterest-bearing demand deposits	10,084,722		11,223,478		9,889,099		10,816,120	
Other liabilities	772,430		549,787		764,733		591,919	
Shareholders' equity	3,172,562		2,801,054		3,267,353		2,831,654	
Total liabilities and shareholders' equity	\$ 42,245,649		\$ 39,442,550		\$ 42,585,889		\$ 39,472,153	
Net interest spread		1.29 %		1.50 %		1.29 %		1.41 %
Net interest margin		2.50		2.59		2.49		2.54

Table 2 presents the dollar amount of change in net interest income and margin due to volume and rate. Table 2 also reflects the effect that interest-free funds have on net interest margin. The average balance of interest-free funds (total earning assets less interest-bearing liabilities) increased \$12.7 million \$48.9 million and decreased \$645.1 million \$413.5 million for the three and six-month nine-month periods ended June 30, 2024 September 30, 2024, respectively, compared to the same periods in 2023. The benefit from interest-free funds was flat and increased 11 and 12 seven basis points in the three and six-month nine-month periods ended June 30, 2024 September 30, 2024, respectively, compared to the same periods in 2023, primarily due to increased short-term interest rates.

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Table 2

ANALYSIS OF CHANGES IN NET INTEREST INCOME AND MARGIN (unaudited, dollars in thousands)

ANALYSIS OF CHANGES IN NET INTEREST INCOME

	Three Months Ended			Six Months Ended			Three Months Ended			Nine Months Ended		
	June 30, 2024 and 2023			June 30, 2024 and 2023			September 30, 2024 and 2023			September 30, 2024 and 2023		
	Volume	Rate	Total	Volume	Rate	Total	Volume	Rate	Total	Volume	Rate	Total
Change in interest earned on:												
Loans	\$ 25,475	\$ 31,882	\$ 57,357	\$ 58,927	\$ 75,555	\$ 134,482	\$ 26,670	\$ 22,245	\$ 48,915	\$ 85,908	\$ 97,489	\$ 183,397
Securities:												
Taxable	(1,185)	8,180	6,995	(1,612)	16,669	15,057	940	9,071	10,011	(683)	25,751	25,068
Tax-exempt	(1,472)	999	(473)	(2,233)	1,787	(446)	(1,656)	530	(1,126)	(3,858)	2,286	(1,572)
Federal funds sold and resell agreements	(449)	234	(215)	(3,939)	1,135	(2,804)	359	64	423	(3,626)	1,245	(2,381)
Interest-bearing due from banks	10,319	2,649	12,968	33,626	7,864	41,490	27,054	364	27,418	60,814	8,094	68,908
Trading	213	57	270	360	81	441	32	45	77	378	140	518
Interest income	32,901	44,001	76,902	85,129	103,091	188,220	53,399	32,319	85,718	138,933	135,005	273,938
Change in interest incurred on:												
Interest-bearing deposits	29,062	40,913	69,975	58,632	107,319	165,951	43,139	27,541	70,680	101,814	134,817	236,631
Federal funds purchased and repurchase agreements	901	2,435	3,336	85	7,611	7,696	3,116	878	3,994	3,055	8,635	11,690
Other borrowed funds	(19,409)	3,503	(15,906)	(5,543)	2,881	(2,662)	(16,063)	2,018	(14,045)	(21,376)	4,669	(16,707)
Interest expense	10,554	46,851	57,405	53,174	117,811	170,985	30,192	30,437	60,629	83,493	148,121	231,614
Net interest income	\$ 22,347	\$ (2,850)	\$ 19,497	\$ 31,955	\$ (14,720)	\$ 17,235	\$ 23,207	\$ 1,882	\$ 25,089	\$ 55,440	\$ (13,116)	\$ 42,324

ANALYSIS OF NET INTEREST MARGIN										
	Three Months Ended June 30,			Six Months Ended June 30,			Three Months Ended September 30,			Nine Months E
	2024	2023	Change	2024	2023	Change	2024	2023	Change	2024
Average earning assets	\$ 40,239,106	\$ 38,236,325	\$ 2,002,781	\$ 40,059,211	\$ 37,356,630	\$ 2,702,581	\$ 41,022,254	\$ 37,369,882	\$ 3,652,372	\$ 40,382,473
Interest-bearing liabilities	28,403,901	26,413,834	1,990,067	28,215,935	24,868,231	3,347,704	29,552,483	25,949,040	3,603,443	28,664,704
Interest-free funds	\$ 11,835,205	\$ 11,822,491	\$ 12,714	\$ 11,843,276	\$ 12,488,399	\$ (645,123)	\$ 11,469,771	\$ 11,420,842	\$ 48,929	\$ 11,717,769
Free funds ratio (interest-free funds to average earning assets)	29.41 %	30.92 %	(1.51) %	29.56 %	33.43 %	(3.87) %	27.96 %	30.56 %	(2.60) %	29.02 %
Tax-equivalent yield on earning assets	5.44	4.91	0.53	5.38	4.77	0.61	5.47	5.08	0.39	5.41
Cost of interest-bearing liabilities	4.15	3.58	0.57	4.09	3.27	0.82	4.18	3.82	0.36	4.12
Net interest spread	1.29	1.33	(0.04)	1.29	1.50	(0.21)	1.29	1.26	0.03	1.29

Benefit of interest-free funds	1.22	1.11	0.11	1.21	1.09	0.12	1.17	1.17	—	1.20
Net interest margin	2.51%	2.44%	0.07%	2.50%	2.59%	(0.09)%	2.46%	2.43%	0.03%	2.49%

Provision and Allowance for Credit Losses

The ACL represents management's judgment of the total expected losses included in the Company's loan portfolio as of the balance sheet date. The Company's process for recording the ACL is based on the evaluation of the Company's lifetime historical loss experience, management's understanding of the credit quality inherent in the loan portfolio, and the impact of the current economic environment, coupled with reasonable and supportable economic forecasts.

A mathematical calculation of an estimate is made to assist in determining the adequacy and reasonableness of management's recorded ACL. To develop the estimate, the Company follows the guidelines in ASC 326, *Financial Instruments – Credit Losses*. The estimate reserves for assets held at amortized cost and any related credit

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deterioration in the Company's available-for-sale debt security portfolio. Assets held at amortized cost include the Company's loan book and held-to-maturity security portfolio.

The process involves the consideration of quantitative and qualitative factors relevant to the specific segmentation of loans. These factors have been established over decades of financial institution experience and include economic observation and loan loss characteristics. This process is designed to produce a lifetime estimate of the losses, at a reporting date, that includes evaluation of historical loss experience, current economic conditions, reasonable and supportable forecasts, and the qualitative framework outlined by the Office of the Comptroller of the Currency in the published 2020 Interagency Policy Statement. This process allows management to take a holistic view of the recorded ACL reserve and ensure that all significant and pertinent information is considered.

The Company considers a variety of factors to ensure the safety and soundness of its estimate including a strong internal control framework, extensive methodology documentation, credit underwriting standards which encompass the Company's desired risk profile, model validation, and ratio analysis. If the Company's total ACL estimate, as determined in accordance with the approved ACL methodology, is either outside a reasonable range based on review of economic indicators or by comparison of historical ratio analysis, the ACL estimate is an outlier and management will investigate the underlying reason(s). Based on that investigation, issues or factors that previously had not been considered may be identified in the estimation process, which may warrant adjustments to estimated credit losses.

The ending result of this process is a recorded consolidated ACL that represents management's best estimate of the total expected losses included in the loan portfolio, held-to-maturity securities, and credit deterioration in available-for-sale securities.

Based on the factors above, management of the Company recorded \$14.1 million \$18.0 million as provision for credit losses for the three-month period ended June 30, 2024 September 30, 2024, as compared to \$13.0 million \$5.0 million for the same period in 2023. For the six-month nine-month period ended June 30, 2024 September 30, 2024, management of the Company recorded \$24.1 million \$42.1 million as provision for credit losses, as compared to \$36.3 million \$41.2 million for the same period in 2023. These changes are the result of applying the methodology for computing the ACL, coupled with the impacts of the current and forecasted economic environment. As illustrated in Table 3 below, the ACL on loans remained flat at 0.99% increased three basis points to 1.00% of total loans as of June 30, 2024 September 30, 2024, compared to June 30, 2023 September 30, 2023.

Table 3 presents a summary of the Company's ACL for the six-month nine-month periods ended June 30, 2024 September 30, 2024 and 2023, and for the year ended December 31, 2023. Net charge-offs were \$5.9 million \$14.3 million for the six-month nine-month period ended June 30, 2024 September 30, 2024, compared to \$4.5 million \$9.1 million for the same period in 2023. See "Credit Risk Management" under "Item 3. Quantitative and Qualitative Disclosures About Market Risk" in this report for information relating to nonaccrual loans, past due loans, restructured loans and other credit risk matters.

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Table 3

ANALYSIS OF ALLOWANCE FOR CREDIT LOSSES (unaudited, dollars in thousands)

	Six Months Ended		Year Ended	Nine Months Ended		Year Ended
	June 30,		December 31,	September 30,		December 31,
	2024	2023	2023	2024	2023	2023
Allowance – January 1	\$ 222,996	\$ 194,243	\$ 194,243	\$ 222,996	\$ 194,243	\$ 194,243
Provision for credit losses	25,000	35,250	39,227	43,000	39,227	39,227
Charge-offs:						
Commercial and industrial	(994)	(2,819)	(5,047)	(1,886)	(4,727)	(5,047)
Specialty lending	—	—	(762)	—	(762)	(762)
Commercial real estate	(250)	(21)	(266)	(250)	(21)	(266)
Consumer real estate	(176)	(1,142)	(1,185)	(308)	(1,153)	(1,185)
Consumer	(669)	(680)	(1,232)	(1,026)	(934)	(1,232)
Credit cards	(7,246)	(3,670)	(9,181)	(15,098)	(6,181)	(9,181)
Leases and other	—	—	—	(4)	—	—
Total charge-offs	(9,335)	(8,332)	(17,673)	(18,572)	(13,778)	(17,673)
Recoveries:						
Commercial and industrial	1,618	2,886	5,295	1,837	3,331	5,295
Specialty lending	2	1	1	3	1	1
Commercial real estate	—	21	111	—	21	111
Consumer real estate	610	18	45	632	24	45
Consumer	98	122	211	138	154	211
Credit cards	1,134	780	1,536	1,632	1,125	1,536
Leases and other	—	—	—	3	—	—
Total recoveries	3,462	3,828	7,199	4,245	4,656	7,199
Net charge-offs	(5,873)	(4,504)	(10,474)	(14,327)	(9,122)	(10,474)
Allowance for credit losses – end of period	\$ 242,123	\$ 224,989	\$ 222,996	\$ 251,669	\$ 224,348	\$ 222,996
Allowance for credit losses on loans	\$ 239,167	\$ 222,161	\$ 219,738	\$ 248,907	\$ 221,462	\$ 219,738
Allowance for credit losses on held-to-maturity securities	2,956	2,828	3,258	2,762	2,886	3,258
Loans at end of period, net of unearned interest	24,197,462	22,483,542	23,172,484	24,990,791	22,881,689	23,172,484
Held-to-maturity securities at end of period	5,549,590	5,810,591	5,691,868	5,477,472	5,732,583	5,691,868
Total assets at amortized cost	29,747,052	28,294,133	28,864,352	30,468,263	28,614,272	28,864,352
Average loans, net of unearned interest	23,577,409	21,732,120	22,334,942	23,848,264	22,074,844	22,334,942
Allowance for credit losses on loans to loans at end of period	0.99%	0.99%	0.95%	1.00%	0.97%	0.95%
Allowance for credit losses – end of period to total assets at amortized cost	0.81%	0.80%	0.77%	0.83%	0.78%	0.77%
Allowance as a multiple of net charge-offs	20.50x	24.77x	21.29x	13.15x	18.40x	21.29x
Net charge-offs to average loans	0.05%	0.04%	0.05%	0.08%	0.06%	0.05%

Noninterest Income

A key objective of the Company is the growth of noninterest income to provide a diverse source of revenue not directly tied to interest rates. Fee-based services are typically non-credit related and are not generally affected by fluctuations in interest rates.

The Company offers multiple fee-based products and services, which management believes will more closely align with customer demands. The Company is currently emphasizing fee-based products and services including trust and securities processing, bankcard, securities trading and brokerage, and cash and treasury management. Management believes that it can offer these products and services both efficiently and profitably, as most have common platforms and support structures.

Table 4

SUMMARY OF NONINTEREST INCOME (unaudited, dollars in thousands)

	Three Months Ended		Dollar	Percent	Three Months Ended		Dollar	Percent
	June 30,		Change	Change	September 30,		Change	Change
	2024	2023	24-23	24-23	2024	2023	24-23	24-23
Trust and securities processing	\$ 70,010	\$ 61,589	\$ 8,421	13.7 %	\$ 74,222	\$ 66,668	\$ 7,554	11.3 %
Trading and investment banking	5,461	4,800	661	13.8	7,118	3,771	3,347	88.8
Service charges on deposits	22,261	21,381	880	4.1	20,089	21,080	(991)	(4.7)
Insurance fees and commissions	267	225	42	18.7	282	272	10	3.7
Brokerage fees	14,020	13,604	416	3.1	15,749	13,400	2,349	17.5
Bankcard fees	22,346	18,579	3,767	20.3	22,394	19,296	3,098	16.1
Investment securities (losses) gains, net	(1,867)	900	(2,767)	(307.4)				
Investment securities gains, net	2,623	271	2,352	867.9				
Other	12,421	17,004	(4,583)	(27.0)	16,266	8,559	7,707	90.0
Total noninterest income	\$ 144,919	\$ 138,082	\$ 6,837	5.0 %	\$ 158,743	\$ 133,317	\$ 25,426	19.1 %

	Six Months Ended		Dollar	Percent	Nine Months Ended		Dollar	Percent
	June 30,		Change	Change	September 30,		Change	Change
	2024	2023	24-23	24-23	2024	2023	24-23	24-23
Trust and securities processing	\$ 139,488	\$ 123,948	\$ 15,540	12.5 %	\$ 213,710	\$ 190,616	\$ 23,094	12.1 %
Trading and investment banking	10,923	10,108	815	8.1	18,041	13,879	4,162	30.0
Service charges on deposits	43,018	42,540	478	1.1	63,107	63,620	(513)	(0.8)
Insurance fees and commissions	550	499	51	10.2	832	771	61	7.9
Brokerage fees	27,180	27,280	(100)	(0.4)	42,929	40,680	2,249	5.5
Bankcard fees	44,314	36,751	7,563	20.6	66,708	56,047	10,661	19.0
Investment securities gains (losses), net	7,504	(4,424)	11,928	269.6	10,127	(4,153)	14,280	343.8
Other	31,186	31,580	(394)	(1.2)	47,452	40,139	7,313	18.2
Total noninterest income	\$ 304,163	\$ 268,282	\$ 35,881	13.4 %	\$ 462,906	\$ 401,599	\$ 61,307	15.3 %

Noninterest income increased by **\$6.8 million** **\$25.4 million**, or **5.0%** **19.1%**, during the three-month period ended **June 30, 2024** **September 30, 2024**, and increased **\$35.9 million** **\$61.3 million**, or **13.4%** **15.3%**, during the **six-month** **nine-month** period ended **June 30, 2024** **September 30, 2024**, compared to the same periods in 2023. Table 4 above summarizes the components of noninterest income and the respective year-over-year comparison for each category.

Trust and securities processing income consists of fees earned on personal and corporate trust accounts, custody of securities services, trust investments and wealth management services, mutual fund assets, and alternative asset servicing. The increase in these fees for the three and **six-month** **nine-month** periods ended **June 30, 2024** **September 30, 2024**, compared to the same periods in 2023, was primarily due to an increase in fund services and corporate trust revenues. For the three-month period ended **June 30, 2024** **September 30, 2024**, fund services revenue increased **\$5.6 million** **\$5.2 million**, or **16.1%** **13.6%**, corporate trust revenue increased **\$1.5 million** **\$1.8 million**, or **11.4%** **12.4%**, and trust income increased **\$1.3 million** **\$0.6 million**, or **9.8%** **4.2%**, compared to the same period in 2023. For the **six-month** **nine-month** period ended **June 30, 2024** **September 30, 2024**, fund services revenue increased **\$10.6 million** **\$15.8 million**, or **15.3%** **14.7%**, corporate trust revenue increased **\$2.5 million** **\$4.3 million**, or **9.0%** **10.2%**, and trust services revenue increased **\$2.5 million** **\$3.1 million**, or **9.1%** **7.4%**, compared to the same period in 2023. The recent volatile markets have impacted the income in this category. Since trust and securities processing fees are primarily asset-based, which are highly correlated to the change in market value of the assets, the related income for the remainder of the year will be affected by changes in the securities markets. Management continues to emphasize sales of services to both new and existing clients as well as increasing and improving the distribution channels.

Trading and investment banking fees for the three-month period ended **June 30, 2024** **September 30, 2024** increased **\$0.7 million** **\$3.3 million**, or **13.8%** **88.8%**, and increased **\$0.8 million** **\$4.2 million**, or **8.1%** **30.0%**, for the **six-month** **nine-month** period ended **June 30, 2024** **September 30, 2024** compared to the same periods in 2023. These

changes were primarily driven by the volatile market's impact on trading volume. The income in this category is market driven and impacted by general increases or decreases in trading volume.

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Service charges on deposit accounts for the three-month period ended June 30, 2024 increased \$0.9 million September 30, 2024 decreased \$1.0 million, or 4.1% 4.7%, and increased decreased \$0.5 million, or 1.1% 0.8%, for the six-month nine-month period ended June 30, 2024 September 30, 2024. The increase decrease for the

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three-month and nine-month period was were driven by increased decreased healthcare income related to customer transfer and conversion fees. The increase for the six-month period was driven by higher corporate service charge income.

Brokerage fees for the three-month period ended June 30, 2024 September 30, 2024 increased \$0.4 million \$2.3 million, or 3.1% 17.5%, and increased \$2.2 million, or 5.5%, for the nine-month period ended September 30, 2024, compared to the same period in 2023. For the six-month period ended June 30, 2024, brokerage fees decreased \$0.1 million, or 0.4%, compared to the same period periods in 2023. The changes in the three-month and six-month nine-month periods were driven by 12b-1 fees and money market income.

Bankcard fees for the three and six-month nine-month periods ended June 30, 2024 September 30, 2024 increased \$3.8 million \$3.1 million, or 20.3% 16.1%, and increased \$7.6 million \$10.7 million, or 20.6% 19.0%, respectively, as compared to the same periods in 2023. The increase was driven by increased interchange income for the three-month period and increased interchange coupled with lower rewards and rebate costs. costs in the nine-month period.

Investment securities gains, net for the three and six-month nine-month periods ended June 30, 2024 decreased \$2.8 million September 30, 2024 increased \$2.4 million, or 307.4% 867.9%, and increased \$11.9 million \$14.3 million, or 269.6% 343.8%, respectively, compared to the same periods in 2023. The decrease increase for the three-month period ended June 30, 2024 September 30, 2024, was primarily driven by a change net gains on dispositions of, and increased valuations in valuation of one of the Company's securities without readily determinable fair values during the second third quarter of 2024. The increase for the six-month nine-month period was driven by a net gain of \$8.6 million \$12.0 million on the disposition dispositions of two of the Company's securities without readily determinable market value fair values during the first quarter of 2024, coupled with a \$4.9 million impairment loss on one Corporate available-for-sale security during the same period in 2023. The income in this category is highly correlated to the change in market value of the assets, and the related income for the remainder of the year will be affected by changes in the securities markets. The Company's investment portfolio is continually evaluated for opportunities to improve its performance and risk profile relative to market conditions and the Company's interest rate expectations. This can result in differences from quarter to quarter in the amount of realized gains or losses on this portfolio.

Other noninterest income for the three-month period ended June 30, 2024 September 30, 2024, decreased \$4.6 million increased \$7.7 million, or 27.0% 90.0%, compared to the same period in 2023, driven by a \$4.0 million gain recognized in the second quarter of 2023, a decrease of \$2.2 million increase in company-owned life insurance partially offset by increases income, a \$1.1 million gain on the sale of \$0.5 million a building, a \$0.9 million increase in derivative syndication fees, and a \$0.7 million increase in bank-owned life insurance income, respectively. income. For the six-month nine-month period, other noninterest income decreased \$0.4 million increased \$7.3 million, or 1.2% 18.2%, compared to the same period in 2023, primarily driven by a \$2.5 million decrease \$2.1 million increase in bank-owned life insurance income, a \$1.5 million increase in company-owned life insurance and a \$1.9 million decrease in derivative income, offset by a gain on sale of land of \$1.8 million received in during the first quarter, a gain of 2024 \$1.1 million on the sale of a building in the third quarter, and an increase increases of \$1.4 million \$0.9 million in bank-owned life insurance. both syndication fees and foreign currency valuation. These increases are offset by a decrease in derivative income of \$1.9 million.

Table 5

SUMMARY OF NONINTEREST EXPENSE (unaudited, dollars in thousands)

Three Months Ended	Dollar	Percent	Three Months Ended	Dollar	Percent
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	June 30,		Change	Change	September 30,		Change	Change
	2024	2023	24-23	24-23	2024	2023	24-23	24-23
Salaries and employee benefits	\$ 142,861	\$ 143,312	\$ (451)	(0.3)%	\$ 146,984	\$ 133,380	\$ 13,604	10.2%
Occupancy, net	11,723	11,746	(23)	(0.2)	12,274	12,283	(9)	(0.1)
Equipment	15,603	17,086	(1,483)	(8.7)	15,988	17,204	(1,216)	(7.1)
Supplies and services	3,404	4,195	(791)	(18.9)	4,967	3,213	1,754	54.6
Marketing and business development	6,598	7,124	(526)	(7.4)	6,817	6,631	186	2.8
Processing fees	29,701	26,572	3,129	11.8	29,697	26,016	3,681	14.1
Legal and consulting	16,566	7,059	9,507	134.7	9,518	7,230	2,288	31.6
Bankcard	11,818	8,307	3,511	42.3	12,482	8,852	3,630	41.0
Amortization of other intangible assets	1,911	2,117	(206)	(9.7)	1,917	2,124	(207)	(9.7)
Regulatory fees	2,568	6,123	(3,555)	(58.1)	4,686	6,153	(1,467)	(23.8)
Other	6,314	7,032	(718)	(10.2)	7,124	8,355	(1,231)	(14.7)
Total noninterest expense	\$ 249,067	\$ 240,673	\$ 8,394	3.5%	\$ 252,454	\$ 231,441	\$ 21,013	9.1%

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	Six Months Ended		Dollar	Percent	Nine Months Ended		Dollar	Percent
	June 30,		Change	Change	September 30,		Change	Change
	2024	2023	24-23	24-23	2024	2023	24-23	24-23
Salaries and employee benefits	\$ 285,867	\$ 285,810	\$ 57	0.0%	\$ 432,851	\$ 419,190	\$ 13,661	3.3%
Occupancy, net	23,993	23,923	70	0.3	36,267	36,206	61	0.2
Equipment	32,106	34,935	(2,829)	(8.1)	48,094	52,139	(4,045)	(7.8)
Supplies and services	6,705	8,070	(1,365)	(16.9)	11,672	11,283	389	3.4
Marketing and business development	12,623	12,459	164	1.3	19,440	19,090	350	1.8
Processing fees	57,637	49,812	7,825	15.7	87,334	75,828	11,506	15.2
Legal and consulting	24,460	14,344	10,116	70.5	33,978	21,574	12,404	57.5
Bankcard	22,385	15,440	6,945	45.0	34,867	24,292	10,575	43.5
Amortization of other intangible assets	3,871	4,415	(544)	(12.3)	5,788	6,539	(751)	(11.5)
Regulatory fees	21,963	11,674	10,289	88.1	26,649	17,827	8,822	49.5
Other	12,261	16,843	(4,582)	(27.2)	19,385	25,198	(5,813)	(23.1)
Total noninterest expense	\$ 503,871	\$ 477,725	\$ 26,146	5.5%	\$ 756,325	\$ 709,166	\$ 47,159	6.6%

Noninterest expense increased \$8.4 million \$21.0 million, or 3.5% 9.1%, and increased \$26.1 million \$47.2 million, or 5.5% 6.6%, for the three and six-month nine-month periods ended June 30, 2024 September 30, 2024, respectively, compared to the same periods in 2023. Table 5 above summarizes the components of noninterest expense and the respective year-over-year comparison for each category.

Salaries and employee benefits decreased increased by \$0.5 million \$13.6 million, or 0.3% 10.2%, and was flat increased \$13.7 million, or 3.3%, for the three and six-month nine-month periods ended June 30, 2024 September 30, 2024, respectively, compared to the same periods in 2023. Salaries and wages expense increased \$2.0 million \$5.4 million, or 2.3% 6.5%, and increased \$2.4 million \$7.9 million, or 1.4% 3.1%, for the three and six-month nine-month periods ended June 30, 2024 September 30, 2024, respectively, compared to the same periods in 2023. Bonus and commission expense decreased \$0.7 million increased \$3.6 million, or 2.2% 12.4%, and decreased \$0.1 million increased \$3.5 million, or 0.2% 4.1%, for the three and six-month nine-month periods ended June 30, 2024 September 30, 2024, respectively, compared to the same periods in 2023. 2023, driven by increased company performance. Employee benefits expense decreased \$1.7 million increased \$4.6 million, or 6.7% 22.7%, and decreased increased \$2.3 million, or 4.0% 2.9%, for the three and six-month nine-month periods ended June 30, 2024 September 30, 2024, respectively, compared to the same periods in 2023, driven by changes in deferred compensation expense and medical benefit expense.

Equipment expense decreased **\$1.5 million** **\$1.2 million**, or **8.7%** **7.1%**, and **\$2.8 million** **\$4.0 million**, or **8.1%** **7.8%**, for the three and **six-month** **nine-month** periods ended **June 30, 2024** **September 30, 2024**, respectively, compared to the same periods in 2023, primarily due to decreased software expense.

Processing fees increased **\$3.1 million** **\$3.7 million**, or **11.8%** **14.1%**, and **\$7.8 million** **\$11.5 million**, or **15.7%** **15.2%**, for the three and **six-month** **nine-month** periods ended **June 30, 2024** **September 30, 2024**, respectively, compared to the same periods in 2023, primarily due to increased software subscription costs.

Legal and consulting expense increased **\$9.5 million** **\$2.3 million**, or **134.7%** **31.6%**, and **\$10.1 million** **\$12.4 million**, or **70.5%** **57.5%**, for the three and **six-month** **nine-month** periods ended **June 30, 2024** **September 30, 2024**, respectively, compared to the same periods in 2023, primarily due to expense related to the recently announced acquisition of HTLF.

Bankcard expense increased **\$3.5 million** **\$3.6 million**, or **42.3%** **41.0%**, and **\$6.9 million** **\$10.6 million**, or **45.0%** **43.5%**, for the three and **six-month** **nine-month** periods ended **June 30, 2024** **September 30, 2024**, respectively, compared to the same periods in 2023 primarily driven by higher administrative expense.

Regulatory fees decreased **\$3.6 million** **\$1.5 million**, or **58.1%** **23.8%**, and increased **\$10.3 million** **\$8.8 million**, or **88.1%** **49.5%**, for the three and **six-month** **nine-month** periods ended **June 30, 2024** **September 30, 2024**, respectively, compared to the same periods in 2023 primarily driven by adjustments to the FDIC special assessment liability.

Other expense decreased **\$0.7 million** **\$1.2 million**, or **10.2%** **14.7%**, and **\$4.6 million** **\$5.8 million**, or **27.2%** **23.1%**, for the three and **six-month** **nine-month** periods ended **June 30, 2024** **September 30, 2024**, respectively, compared to the same periods in 2023. For both periods, the decrease was driven by lower operational losses.

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Income Tax Expense

The Company's effective tax rate was **18.9%** **19.0%** for the **six** **nine** months ended **June 30, 2024** **September 30, 2024**, compared to **17.6%** **18.1%** for the same period in 2023. The increase in the effective tax rate **for in** 2024 is primarily attributable to a smaller portion of income being earned from tax-exempt municipal securities and **a decrease** **higher non-deductible acquisition costs** in **excess** tax benefits associated with stock compensation recorded in the first six months of 2024 compared to the same period **a year earlier, 2024**.

Strategic Lines of Business

The Company has strategically aligned its operations into the following three reportable Business Segments: Commercial Banking, Institutional Banking, and Personal Banking. The Company's senior executive officers regularly evaluate Business Segment financial results produced by the Company's internal reporting system in deciding how to allocate resources and assess performance for individual Business Segments. For comparability purposes, amounts in all periods are based on methodologies in effect at **June 30, 2024** **September 30, 2024**. Previously reported results have been reclassified in this Form 10-Q to conform to the Company's current organizational structure.

Table 6

Commercial Banking Operating Results (unaudited, dollars in thousands)

Commercial Banking Operating Results (continued, dollars in thousands)

	Three Months Ended		Dollar	Percent	Three Months Ended		Dollar	Percent
	June 30,		Change	Change	September 30,		Change	Change
	2024	2023	24-23	24-23	2024	2023	24-23	24-23
Net interest income	\$ 160,487	\$ 144,389	\$ 16,098	11.1 %	\$ 167,769	\$ 148,666	\$ 19,103	12.8 %
Provision for credit losses	11,480	11,055	425	3.8	15,764	3,010	12,754	423.7
Noninterest income	27,720	25,666	2,054	8.0	30,223	23,091	7,132	30.9
Noninterest expense	85,780	85,896	(116)	(0.1)	85,198	81,767	3,431	4.2
Income before taxes	90,947	73,104	17,843	24.4	97,030	86,980	10,050	11.6
Income tax expense	17,858	12,996	4,862	37.4	18,527	16,181	2,346	14.5
Net income	\$ 73,089	\$ 60,108	\$ 12,981	21.6 %	\$ 78,503	\$ 70,799	\$ 7,704	10.9 %

	Six Months Ended		Dollar	Percent	Nine Months Ended		Dollar	Percent
	June 30,		Change	Change	September 30,		Change	Change

	2024	2023	24-23	24-23	2024	2023	24-23	24-23
Net interest income	\$ 317,734	\$ 295,416	\$ 22,318	7.6%	\$ 485,503	\$ 444,083	\$ 41,420	9.3%
Provision for credit losses	19,000	32,099	(13,099)	(40.8)	34,763	35,110	(347)	(1.0)
Noninterest income	70,686	48,568	22,118	45.5	100,908	71,658	29,250	40.8
Noninterest expense	178,199	169,900	8,299	4.9	263,397	251,667	11,730	4.7
Income before taxes	191,221	141,985	49,236	34.7	288,251	228,964	59,287	25.9
Income tax expense	35,153	24,638	10,515	42.7	53,747	40,727	13,020	32.0
Net income	\$ 156,068	\$ 117,347	\$ 38,721	33.0%	\$ 234,504	\$ 188,237	\$ 46,267	24.6%

For the six-month nine-month period ended June 30, 2024 September 30, 2024, Commercial Banking net income increased \$38.7 million \$46.3 million, or 33.0% 24.6%, to \$156.1 million \$234.5 million, as compared to the same period in 2023. Net interest income increased \$22.3 million \$41.4 million, or 7.6% 9.3%, for the six-month nine-month period ended June 30, 2024 September 30, 2024, compared to the same period in 2023, driven by strong loan growth, earning asset mix changes, and the increase in short-term interest rates. Provision for credit losses decreased \$13.1 million \$0.3 million for the period, driven by portfolio metric changes and changes in macro-economic metrics in 2024 as compared to 2023, partially offset by loan growth. 2023. Noninterest income increased \$22.1 million \$29.3 million, or 45.5% 40.8%, compared to the same period in 2023, primarily due to an increase increases of \$10.7 million \$13.1 million in investment security gains, an increase of \$5.0 million \$6.4 million in bankcard income, an increase of \$3.2 million \$4.9 million in miscellaneous other income driven by a legal settlement in the first quarter of 2024 and an increase of \$2.5 million increased life insurance income, and \$3.2 million in service charges on deposit accounts. Noninterest expense increased \$8.3 million \$11.7 million, or 4.9% 4.7%, to \$178.2 million \$263.4 million for the six-month nine-month period ended June 30, 2024 September 30, 2024, compared to the same period in 2023. This increase was driven by a \$5.0 million increase in regulatory fees driven by the FDIC special assessment, an increase of \$1.8 million \$5.6 million in technology, service, and overhead expenses, an increase \$2.0 million in salary and employee benefit expense, an increase of \$2.0 million in bankcard expense, an increase of \$1.2 million in processing fees, and a \$0.9 million increase in legal marketing and consulting expense, and an increase of \$0.8 million in processing fees. business

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development. These increases were partially offset by a decrease of \$0.8 million in other expense driven by lower operational losses in the current period.

Table 7

Institutional Banking Operating Results (unaudited, dollars in thousands)

	Three Months Ended		Dollar	Percent	Three Months Ended		Dollar	Percent
	June 30,		Change	Change	September 30,		Change	Change
	2024	2023	24-23	24-23	2024	2023	24-23	24-23
Net interest income	\$ 51,502	\$ 50,397	\$ 1,105	2.2%	\$ 45,341	\$ 43,133	\$ 2,208	5.1%
Provision for credit losses	846	234	612	261.5	435	423	12	2.8
Noninterest income	95,092	86,813	8,279	9.5	100,687	86,521	14,166	16.4
Noninterest expense	95,531	91,591	3,940	4.3	102,565	87,502	15,063	17.2
Income before taxes	50,217	45,385	4,832	10.6	43,028	41,729	1,299	3.1
Income tax expense	9,297	8,011	1,286	16.1	8,147	7,797	350	4.5
Net income	\$ 40,920	\$ 37,374	\$ 3,546	9.5%	\$ 34,881	\$ 33,932	\$ 949	2.8%

	Six Months Ended		Dollar	Percent	Nine Months Ended		Dollar	Percent
	June 30,		Change	Change	September 30,		Change	Change
	2024	2023	24-23	24-23	2024	2023	24-23	24-23
Net interest income	\$ 101,362	\$ 105,482	\$ (4,120)	(3.9)%	\$ 146,703	\$ 148,615	\$ (1,912)	(1.3)%
Provision for credit losses	1,325	331	994	300.3	1,760	754	1,006	133.4
Noninterest income	187,808	171,051	16,757	9.8	288,495	257,573	30,922	12.0
Noninterest expense	195,907	180,962	14,945	8.3	298,472	268,464	30,008	11.2
Income before taxes	91,938	95,240	(3,302)	(3.5)	134,966	136,970	(2,004)	(1.5)

Income tax expense	16,828	16,523	305	1.8	25,016	24,405	611	2.5
Net income	\$ 75,110	\$ 78,717	\$ (3,607)	(4.6)%	\$ 109,950	\$ 112,565	\$ (2,615)	(2.3)%

For the six-month nine-month period ended June 30, 2024 September 30, 2024, Institutional Banking net income decreased \$3.6 million \$2.6 million, or 4.6% 2.3%, to \$110.0 million, as compared to the same period last year. Net interest income decreased \$4.1 million \$1.9 million, or 3.9% 1.3%, compared to the same period last year, driven by higher deposit interest expense due to the increase in short-term interest rates. Provision for credit losses increased \$1.0 million for the period, driven by portfolio metric changes and changes in macro-economic metrics in 2024 as compared to 2023. Noninterest income increased \$16.8 million \$30.9 million, or 9.8% 12.0%, primarily due to increases of \$13.0 million \$19.9 million in trust and securities processing income driven by higher fund services and corporate trust revenue, an increase of \$2.8 million \$4.9 million in bankcard income, an increase of \$4.2 million in bond trading income, an increase of \$2.3 million in brokerage income, and an increase of \$0.9 million \$1.4 million in bond trading other income. These increases were partially offset by a decrease of \$3.2 million in service charges on deposit accounts. Noninterest expense increased \$14.9 million \$30.0 million, or 8.3% 11.2%, primarily driven by increases of \$4.5 million \$9.8 million in technology, service, and overhead expenses, \$9.2 million in salaries and employee benefits expense, \$4.3 million in regulatory fees driven by the FDIC special assessment, \$3.9 million \$7.4 million in bankcard expense, \$2.8 million \$4.7 million in processing fees, \$1.2 million in equipment expense and \$0.9 million \$1.1 million in legal and consulting expense, and \$1.1 million in equipment expense. These increases were partially offset by a decrease of \$2.8 million \$3.1 million in operational losses.

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Table 8

Personal Banking Operating Results (unaudited, dollars in thousands)

	Three Months Ended		Dollar	Percent	Three Months Ended		Dollar	Percent
	June 30,		Change	Change	September 30,		Change	Change
	2024	2023	24-23	24-23	2024	2023	24-23	24-23
Net interest income	\$ 33,119	\$ 30,825	\$ 2,294	7.4 %	\$ 34,266	\$ 30,488	\$ 3,778	12.4 %
Provision for credit losses	1,724	1,711	13	0.8	1,801	1,544	257	16.6
Noninterest income	22,107	25,603	(3,496)	(13.7)	27,833	23,705	4,128	17.4
Noninterest expense	67,756	63,186	4,570	7.2	64,691	62,172	2,519	4.1
Loss before taxes	(14,254)	(8,469)	(5,785)	(68.3)	(4,393)	(9,523)	5,130	53.9
Income tax benefit	(1,590)	(1,097)	(493)	(44.9)	(652)	(1,346)	694	51.6
Net loss	\$ (12,664)	\$ (7,372)	\$ (5,292)	(71.8)%	\$ (3,741)	\$ (8,177)	\$ 4,436	54.2 %

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	Six Months Ended		Dollar	Percent	Nine Months Ended		Dollar	Percent
	June 30,		Change	Change	September 30,		Change	Change
	2024	2023	24-23	24-23	2024	2023	24-23	24-23
Net interest income	\$ 65,446	\$ 66,409	\$ (963)	(1.5)%	\$ 99,712	\$ 96,896	\$ 2,816	2.9%
Provision for credit losses	3,725	3,820	(95)	(2.5)	5,527	5,363	164	3.1
Noninterest income	45,669	48,663	(2,994)	(6.2)	73,503	72,368	1,135	1.6

Noninterest expense	129,765	126,863	2,902	2.3	194,456	189,035	5,421	2.9
Loss before taxes	(22,375)	(15,611)	(6,764)	(43.3)	(26,768)	(25,134)	(1,634)	(6.5)
Income tax benefit	(2,800)	(2,094)	(706)	(33.7)	(3,560)	(3,433)	(127)	(3.7)
Net loss	\$ (19,575)	\$ (13,517)	\$ (6,058)	(44.8)%	\$ (23,208)	\$ (21,701)	\$ (1,507)	(6.9)%

For the six-month nine-month period ended June 30, 2024 September 30, 2024, Personal Banking net income decreased \$6.1 million \$1.5 million, or 44.8% 6.9%, to a net loss of \$19.6 million \$23.2 million, as compared to the same period in 2023. Net interest income decreased \$1.0 million increased \$2.8 million, or 1.5% 2.9%, compared to the same period last year due to higher deposit interest expense driven by loan growth and the increase in short-term interest rates. Provision for credit losses decreased increased \$0.1 million for the period, driven by portfolio metric changes and changes in macro-economic metrics in 2024 as compared to 2023. Noninterest income decreased \$3.0 million increased \$1.1 million, or 6.2% 1.6%, for the same period primarily driven by a decrease of \$4.9 million in investment securities gains, partially offset by an increase of \$2.6 million \$3.2 million in trust and securities processing income, income, partially offset by a decrease of \$2.0 million in investment securities gains. Noninterest expense increased \$2.9 million \$5.4 million, or 2.3% 2.9%, primarily due to increases of \$3.7 million \$5.0 million in technology, service, and overhead expenses, \$1.5 million in salaries and \$1.3 million employee benefits, and \$1.0 million in bankcard expense, partially offset by a decrease of \$2.2 million \$1.6 million in operational losses.

Balance Sheet Analysis

Total assets of the Company increased \$457.7 million \$3.5 billion, or 1.0% 7.9%, as of June 30, 2024 September 30, 2024, compared to December 31, 2023, primarily due to an increase of \$1.0 billion \$1.8 billion, or 4.4% 7.8%, in loan balances. This balances and an increase was partially offset by a decrease of \$519.4 million \$1.4 billion, or 10.1% 27.9%, in interest-bearing due from banks.

Total assets of the Company increased \$3.2 billion \$6.0 billion, or 7.8% 14.5%, as of June 30, 2024 September 30, 2024, compared to June 30, 2023 September 30, 2023, primarily due to an increase in loan balances interest-bearing due from banks of \$1.7 billion \$3.0 billion, or 7.6% 85.7%, an increase of \$1.3 billion \$2.1 billion, or 37.7% 9.2%, in interest-bearing due from banks, loan balances, and an increase of \$197.4 million \$433.7 million, or 1.5% 3.5% in total securities.

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Table 9

SELECTED FINANCIAL INFORMATION (unaudited, dollars in thousands)

	June 30,		December 31,	September 30,		December 31,
	2024	2023	2023	2024	2023	2023
Total assets	\$ 44,469,414	\$ 41,243,042	\$ 44,011,674	\$ 47,496,428	\$ 41,464,682	\$ 44,011,674
Loans, net of unearned interest	24,201,673	22,487,361	23,176,904	24,995,967	22,884,513	23,176,904
Total securities	13,133,594	12,936,242	13,271,509	12,994,786	12,561,046	13,271,509
Interest-bearing due from banks	4,640,418	3,369,911	5,159,802	6,601,866	3,556,076	5,159,802
Total earning assets	42,223,147	39,113,352	41,853,559	44,991,853	39,249,838	41,853,559
Total deposits	36,517,570	33,520,461	35,792,859	39,702,592	33,431,752	35,792,859
Total borrowed funds	3,901,278	4,232,863	4,302,891	3,458,055	4,440,370	4,302,891

Loans represent the Company's largest source of interest income. In addition to growing the commercial loan portfolio, management believes its middle market commercial business and its consumer business, including home equity and credit card loan products, are the market niches that represent its best opportunity to cross-sell fee-related services and generate additional noninterest income for the Company.

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Actual loan balances totaled ~~\$24.2 billion~~ ~~\$25.0 billion~~ as of ~~June 30, 2024~~ ~~September 30, 2024~~, and increased ~~\$1.0 billion~~ ~~\$1.8 billion~~, or ~~4.4%~~ ~~7.8%~~, compared to December 31, 2023, and increased ~~\$1.7 billion~~ ~~\$2.1 billion~~, or ~~7.6%~~ ~~9.2%~~, compared to ~~June 30, 2023~~ ~~September 30, 2023~~. Compared to December 31, 2023, commercial real estate loans increased ~~\$555.7 million~~ ~~\$887.1 million~~, or ~~6.2%~~ ~~10.0%~~, commercial and industrial loans increased ~~\$303.5 million~~ ~~\$741.7 million~~, or ~~3.1%~~ ~~7.5%~~, and credit card loans increased ~~\$145.3 million~~ ~~\$157.8 million~~, or ~~34.3%~~ ~~37.2%~~. Compared to ~~June 30, 2023~~ ~~September 30, 2023~~, commercial real estate loans increased ~~\$1.2 billion~~ ~~\$1.0 billion~~, or ~~14.3%~~ ~~11.4%~~, commercial and industrial loans increased ~~\$332.1 million~~ ~~\$882.0 million~~, or ~~3.4%~~ ~~9.0%~~, credit card loans increased ~~\$124.1 million~~, or ~~27.9%~~, and consumer real estate loans increased ~~\$102.9 million~~ ~~\$186.6 million~~, or ~~3.5%~~ ~~6.4%~~, and credit card loans increased ~~\$131.2 million~~, or ~~29.1%~~. The increase in credit card loans in both periods is related to the purchase of \$109.4 million in co-branded credit card receivables during the first quarter of 2024. See further information in Note 4, "Loans and Allowance for Credit Losses" in the Notes to Consolidated Financial Statements.

As of ~~June 30, 2024~~ ~~September 30, 2024~~ and December 31, 2023, commercial real estate loans comprised approximately 39.1% and 38.4%, respectively, of the Company's loan portfolio. Commercial real estate loans generally involve a greater degree of credit risk than consumer real estate loans because they typically have larger balances and are more affected by adverse conditions in the economy. Because payments on loans secured by commercial real estate often depend upon the successful operation and management of the properties and the businesses which operate from within them, repayment of such loans may be affected by factors outside the borrower's control, such as adverse conditions in the real estate market or the economy or changes in government regulations. In recent years, commercial real estate markets have been particularly impacted by the economic disruption resulting from the COVID-19 pandemic. The COVID-19 pandemic has also been a catalyst for the evolution of various remote work options, which could impact the long-term performance of some types of office properties within our commercial real estate portfolio. Due to these risks, the Company is actively monitoring its exposure to commercial real estate.

Generally, these loans are made for investment and real estate development or working capital and business expansion purposes and are primarily secured by real estate with a maximum loan-to-value of 80%. Most of these properties are non-owner occupied and have guarantees as additional security. The Company's investment CRE portfolio (which includes non-owner occupied and construction loans) totaled 27.7% and 26.5% of total Company loans as of ~~June 30, 2024~~ ~~September 30, 2024~~ and December 31, 2023, respectively. The average investment CRE loan was approximately ~~\$6.7 million~~ ~~\$6.9 million~~ and \$5.8 million, as of ~~June 30, 2024~~ ~~September 30, 2024~~ and December 31, 2023, respectively, and 91% and 90% are recourse loans as of ~~June 30, 2024~~ ~~both September 30, 2024~~ and December 31, 2023, respectively. These loans have an average loan-to-value of 57% as of both ~~June 30, 2024~~ ~~September 30, 2024~~ and December 31, 2023.

The properties securing the commercial real estate portfolio are diverse in terms of type and geographic location. This diversity helps reduce exposure to adverse economic events that affect any single market or industry. Notwithstanding, commercial real estate loans, in general, may be more adversely impacted by conditions in the real estate market or the economy.

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The following table presents the Company's investment CRE (which includes non-owner occupied and construction loans) by industry. The table separately discloses the top five industries as a percentage of the Company's loan portfolio as of either period presented, while the remainder are included in "Other."

Table 10

	Investment CRE loans by industry as a percentage of total Company Loans		Investment CRE loans by industry as a percentage of total Company Loans	
	June 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Industrial	8.1 %	8.0 %	8.1 %	8.0 %
Multifamily	6.5	5.0	6.8	5.0
Office building	4.2	4.2	4.1	4.2
Hotel	2.0	2.0		
Retail	2.0	2.2	1.9	2.2
Hotel	1.9	2.0		
Other	5.0	5.1	4.8	5.1
		%		
Total Investment CRE	27.7 %	26.5	27.7 %	26.5 %

The following table presents the Company's investment CRE (which includes non-owner occupied and construction loans) by state. The table separately discloses all states that represent at least 5.0% of the Company's investment CRE portfolio as of either period presented, while the remainder are included in "All Others."

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Table 11

	Investment CRE loans by State		Investment CRE loans by State	
	June 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Missouri	14.8 %	14.9 %	14.5 %	14.9 %
Arizona	12.1	11.9	11.7	11.9
Texas	11.0	12.1	11.4	12.1
Colorado	9.4	9.8	9.3	9.8
Utah	6.9	6.3	7.0	6.3
Florida	5.2	5.0	6.0	5.0
All others	40.6	40.0	40.1	40.0
Total Investment CRE	100.0 %	100.0 %	100.0 %	100.0 %

The shift to work-from-home and hybrid work environments has caused a decreased utilization of, and demand for, office space. The Company is actively monitoring its exposure to office space in its non-owner occupied commercial real estate portfolio. The average loan size in the Company's office portfolio was approximately \$9.3 million and \$9.2 million as of both June 30, 2024 September 30, 2024 and December 31, 2023, respectively. The average loan-to-value of the office portfolio was 63% and 64% as of June 30, 2024 both September 30, 2024 and December 31, 2023, respectively, and 84% are recourse loans as of the end of both periods. Further, only 23% and 30% of the Company's office portfolio as of June 30, 2024 September 30, 2024 and December 31, 2023, respectively, is in central business districts, which have been more heavily impacted by the shift to remote work. The remainder of the Company's office portfolio is in suburban or medical properties.

The table below presents the Company's portfolio of office commercial real estate by the metropolitan statistical area (MSAs) in which the loan collateral is located. The table separately discloses all MSAs that represent at least 5.0% of the Company's office commercial real estate portfolio as of either period presented, while the remainder are included in "All Others."

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Table 12

	Office CRE loans by MSA		Office CRE loans by MSA	
	June 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Dallas-Fort Worth-Arlington, TX	22.0 %	22.7 %	22.1 %	22.7 %
Jacksonville, FL	9.1	9.1	9.0	9.1
Kansas City, MO-KS	8.2	7.8	8.4	7.8
Tampa-St. Petersburg-Clearwater, FL	7.0	6.8	7.0	6.8
St. Louis, MO-IL	6.8	6.7	6.8	6.7
Raleigh-Cary, NC	5.9	5.9	5.8	5.9

Cincinnati-Middletown, OH-KY-IN	5.6	5.1	5.5	5.1
Milwaukee-Waukesha-West Allis, WI	5.2	5.2	5.2	5.2
Phoenix-Mesa-Scottsdale, AZ	5.0	4.5	5.0	4.5
All others	25.2	26.2	25.2	26.2
Total Office CRE	100.0 %	100.0 %	100.0 %	100.0 %

Nonaccrual, past due and restructured loans are discussed under "Credit Risk Management" within "Item 3. Quantitative and Qualitative Disclosures About Market Risk" in this report.

Investment Securities

The Company's investment portfolio contains trading, AFS, and HTM securities, as well as FRB stock, FHLB stock, and other miscellaneous investments. Investment securities totaled \$13.1 billion \$13.0 billion as of June 30, 2024 September 30, 2024, and \$13.3 billion as of December 31, 2023, and comprised 31.1% 28.9% and 31.9% of the Company's earning assets, respectively, as of those dates.

The Company's AFS securities portfolio comprised 54.1% 54.0% of the Company's total securities portfolio at June 30, 2024 September 30, 2024 and 53.3% at December 31, 2023. The Company's AFS securities portfolio provides liquidity as a

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result of the composition and average life of the underlying securities. This liquidity can be used to fund loan growth or to offset the outflow of traditional funding sources. The average life of the AFS securities portfolio was 54.2 55.4 months at June 30, 2024 September 30, 2024, compared to 52.6 months at December 31, 2023, and 58.7 61.7 months at June 30, 2023 September 30, 2023. In addition to providing a potential source of liquidity, the AFS securities portfolio can be used as a tool to manage interest rate sensitivity. The Company's goal in the management of its AFS securities portfolio is to maximize return within the Company's parameters of liquidity goals, interest rate risk, and credit risk.

Management expects collateral pledging requirements for public funds, loan demand, and deposit funding to be the primary factors impacting changes in the level of AFS securities. There were \$8.8 billion \$9.4 billion and \$10.1 billion of securities pledged to secure U.S. Government deposits, other public deposits, certain trust deposits, derivative transactions, and repurchase agreements at June 30, 2024 September 30, 2024 and December 31, 2023, respectively.

The Company's HTM securities portfolio consists of U.S. agency-backed securities, mortgage-backed securities, general obligation bonds, and private placement bonds. The HTM portfolio, net of the ACL, totaled \$5.5 billion and \$5.7 billion at June 30, 2024 September 30, 2024 and December 31, 2023, respectively. The average life of the HTM portfolio was 8.8 8.7 years at June 30, 2024 September 30, 2024, compared to 8.4 years at December 31, 2023, and 8.6 9.5 years at June 30, 2023 September 30, 2023.

The securities portfolio generates the Company's second largest component of interest income. The securities portfolio achieved an average yield on a tax-equivalent basis of 2.92% 2.93% for the six-month nine-month period ended June 30, 2024 September 30, 2024, compared to 2.64% for the same period in 2023.

At June 30, 2024 September 30, 2024, the unrealized pre-tax net loss on the AFS securities portfolio was \$678.7 million \$449.4 million, or 8.7% 6.0% of the \$7.8 billion \$7.5 billion amortized cost value, an increase a decrease of \$54.4 million \$174.9 million as compared to December 31, 2023. At June 30, 2024 September 30, 2024, the unrealized pre-tax net loss on the securities designated as HTM was \$636.2 million \$563.5 million, or 11.5% 10.3% of amortized cost value, compared to \$508.5 million at December 31, 2023. During 2022, the Company transferred securities with an amortized cost balance of \$4.1 billion and a fair value of \$3.8 billion from the AFS category to the HTM category. The transfer of securities was made at fair value at the time of transfer. The

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remaining balance of unrealized pre-tax losses related to transferred securities was \$189.5 million \$179.8 million as of June 30, 2024 September 30, 2024, and \$207.2 million as of December 31, 2023, and was included in the amortized cost balance of HTM securities. See further information in Note 5, "Securities" in the Notes to Consolidated Financial Statements.

Deposits and Borrowed Funds

Deposits increased \$724.7 million \$3.9 billion, or 2.0% 10.9%, from December 31, 2023 to June 30, 2024 September 30, 2024 and increased \$3.0 billion \$6.3 billion, or 8.9% 18.8%, from June 30, 2023 September 30, 2023 to June 30, 2024 September 30, 2024. Total interest-bearing balances increased \$820.8 million, partially offset by a decrease of \$96.1 million in \$3.2 billion and noninterest-bearing deposits increased \$710.3 million from December 31, 2023 to June 30, 2024 September 30, 2024. Total interest-bearing deposits increased \$3.1 billion, partially offset by a decrease of \$108.3 million in \$4.7 billion and noninterest-bearing deposits increased \$1.6 billion from June 30, 2023 September 30, 2023 to June 30, 2024 September 30, 2024. Deposits can fluctuate at quarter-end due to the operational nature of our commercial and institutional clients. The shift from noninterest-bearing to interest-bearing deposits is related to the recent increases in short-term and long-term interest rates, as well as recent industry volatility. Noninterest-bearing deposits were 83.0% 32.3%, 33.9%, and 36.2% 33.7% of total deposits at June 30, 2024 September 30, 2024, December 31, 2023, and June 30, 2023 September 30, 2023, respectively.

Deposits represent the Company's primary funding source for its asset base. In addition to the core deposits garnered by the Company's retail branch structure, the Company continues to focus on its cash management services, as well as its trust and investment company servicing businesses, in order to attract and retain additional deposits. Management believes a strong core deposit composition is one of the Company's key strengths given its competitive product mix.

As of June 30, 2024 September 30, 2024, there were an estimated \$25.3 billion \$28.6 billion of uninsured deposits, an increase of \$0.9 billion \$4.2 billion as compared to December 31, 2023, and an increase of \$3.3 billion \$7.9 billion as compared to June 30, 2023 September 30, 2023. Estimated uninsured deposits comprised approximately 69.2% 72.2%, 68.2%, and 65.5% 62.0% of total deposits as of June 30, 2024 September 30, 2024, December 31, 2023, and June 30, 2023 September 30, 2023, respectively. A portion of these uninsured deposits represent affiliate deposits and collateralized deposits. Affiliate deposits represent deposit accounts owned by the wholly owned subsidiaries of UMB Financial Corporation that are on deposit at UMB Bank, n.a. Collateralized deposits are public fund deposits or corporate trust deposits that are collateralized by high quality securities within the investment portfolio.

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Excluding affiliate deposits of \$2.0 billion \$2.6 billion and collateralized deposits of \$5.3 billion \$5.4 billion, the adjusted estimated uninsured deposits were \$18.0 billion \$20.7 billion as of June 30, 2024 September 30, 2024. The adjusted ratio of estimated uninsured deposits, excluding affiliate and collateralized deposits, as a percentage of total deposits was approximately 49.4% 52.2% as of June 30, 2024 September 30, 2024. The adjusted ratio of estimated uninsured deposits, excluding affiliate and collateralized deposits, as a percentage of total deposits was approximately 45.3% as of December 31, 2023, and 40.9% 42.6% as of June 30, 2023 September 30, 2023.

The Company participates in the IntraFi Cash Service program, which allows its customers to place deposits into the program to receive reciprocal FDIC insurance coverage. The Company had \$1.2 billion, \$1.2 billion, and \$1.0 billion \$1.3 billion of deposits in the program as of June 30, 2024 September 30, 2024, December 31, 2023, and June 30, 2023 September 30, 2023, respectively.

Long-term debt totaled \$384.2 million \$384.8 million as of June 30, 2024 September 30, 2024, compared to \$383.2 million as of December 31, 2023, and \$382.3 million \$382.8 million as of June 30, 2023 September 30, 2023.

In September 2022, the Company issued \$110.0 million in aggregate subordinated notes due in September 2032. The Company received \$107.9 million, after deducting underwriting discounts and commissions and offering expenses, and used the proceeds from the offering for general corporate purposes, including, among other uses, contributing Tier 1 capital into the Bank. The subordinated notes were issued with a fixed-to-fixed rate of 6.25% and an effective rate of 6.64%, due to issuance costs, with an interest rate reset date of September 2027.

In September 2020, the Company issued \$200.0 million in aggregate subordinated notes due in September 2030. The Company received \$197.7 million, after deducting underwriting discounts and commissions and offering expenses, and used the proceeds from the offering for general corporate purposes, including, among other uses, contributing Tier 1 capital into the Bank. The subordinated notes were issued with a fixed-to-fixed rate of 3.70% and an effective rate of 3.93%, due to issuance costs, with an interest rate reset date of September 2025.

The remainder of the Company's long-term debt was assumed from the acquisition of Marquette Financial Companies (Marquette) and consists of debt obligations payable to four unconsolidated trusts (Marquette Capital

Trust I, Marquette Capital Trust II, Marquette Capital Trust III, and Marquette Capital Trust IV) that previously issued trust preferred securities. These long-term debt obligations have an aggregate contractual balance of \$103.1 million. Interest rates on trust preferred securities are tied to the three-month term SOFR with spreads ranging from 133 basis points to 160 basis points and reset quarterly. The trust preferred securities have maturity dates ranging from January 2036 to September 2036.

The Company has a revolving line of credit with Wells Fargo Bank, N.A. which allows the Company to borrow up to \$30.0 million for general working capital purposes. The interest rate applied to borrowed balances will be at the Company's option either 1.40% above SOFR or 1.75% below the prime rate on the date of an advance. The Company pays a 0.4% unused commitment fee for unused portions of the revolving line of credit. As of June September 30, 2024, the Company had no advances outstanding on this revolving line of credit.

Short-term debt totaled \$1.3 billion \$1.1 billion as June 30, 2024 September 30, 2024 and consisted of two a short-term borrowings borrowing with the FHLB of Des Moines totaling \$500.0 million for \$250.0 million and an \$800.0 million borrowing with the BTFP. One The FHLB borrowing has a principal balance of \$250.0 million and an interest rate of 5.54% and matured in July 2024, while the other has a principal balance of \$250.0 million and had an interest rate of 5.47% and is due matured in the third quarter of October 2024. The BTFP borrowing has had a rate of 4.76% and is due was repaid in the first quarter advance of 2025. The level of borrowings could be impacted by earning asset mix changes its maturity in the Company's balance sheet from the impacts of recent industry volatility. October 2024. See further information in Note 7, "Borrowed Funds" in the Notes to Consolidated Financial Statements.

Federal funds purchased and securities sold under agreements to repurchase totaled \$2.2 billion \$2.0 billion as of June 30, 2024 September 30, 2024, \$2.1 billion at December 31, 2023, and \$2.1 billion \$1.8 billion at June 30, 2023 September 30, 2023. Repurchase agreements are transactions involving the exchange of investment funds by the customer for securities by the Company under an agreement to repurchase the same or similar issues at an agreed-upon price and date. The level of borrowings could be impacted by earning asset mix changes in the Company's balance sheet from the impacts of recent industry volatility.

Capital and Liquidity

The Company places a significant emphasis on the maintenance of a strong capital position, which promotes investor confidence, provides access to funding sources under favorable terms, and enhances the Company's ability to capitalize on business growth and acquisition opportunities. Higher levels of liquidity, however, bear corresponding costs, measured in terms of lower yields on short-term, more liquid earning assets and higher expenses for extended liability maturities. The Company manages capital for each subsidiary based upon the subsidiary's respective risks and growth opportunities as well as regulatory requirements.

Total shareholders' equity was \$3.2 billion \$3.5 billion at June 30, 2024 September 30, 2024, a \$126.9 million \$435.1 million increase as compared to December 31, 2023, and a \$395.7 million \$728.8 million increase compared to June 30, 2023 September 30, 2023.

The Company's Board of Directors authorized, at its April 30, 2024 and April 26, 2022 meetings, the repurchase of up to one million shares and two million shares, respectively, of the Company's common stock during the twelve months following each meeting (each a Repurchase Authorization). On July 25, 2023, the Company's Board of Directors approved the repurchase of up to one million shares of the Company's common stock, which terminated on April 30, 2024. During the six-month nine-month periods ended June 30, 2024 September 30, 2024 and June 30, 2023 September 30, 2023, the Company did not repurchase shares of common stock pursuant to any of its announced Repurchase Authorizations, but did acquire shares pursuant to the Company's share-based incentive programs.

At the Company's quarterly board meeting, the Board of Directors declared a \$0.39 \$0.40 per share quarterly cash dividend payable on October 1, 2024 January 2, 2025, to shareholders of record at the close of business on September 10, 2024 December 10, 2024.

On April 28, 2024, the Company entered into the Merger Agreement with HTLF, a Delaware corporation and Blue Sky Merger Sub Inc., a Delaware corporation and wholly owned subsidiary of the Company. The Merger Agreement and the merger were unanimously approved by the boards of directors of the Company and HTLF. Pending regulatory approval and approval by the shareholders of the Company and HTLF, the merger is expected to close in the first quarter of 2025. Under the terms of the Merger Agreement, HTLF stockholders will receive a fixed exchange ratio of 0.55 shares of the Company's common stock for each share of HTLF stock, with a total market value of approximately \$2.0 billion.

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Additionally, on April 29, 2024, the Company also announced that in connection with the execution of the Merger Agreement, it entered into a forward sale agreement with BofA Securities, Inc. or its affiliate to issue 2,800,000 shares of its common stock for approximate proceeds of \$201.6 million. The underwriters were granted an option to purchase up to an additional 420,000 shares of the Company's common stock exercisable within 30 days of April 28, 2024. The underwriters exercised this option in full on April 30, 2024, upon which the Company entered into an additional forward sale agreement relating to the 420,000 shares of the Company's common stock. The forward purchase agreement is classified as an equity instrument under ASC 815-40, *Contracts in Entity's Own Equity*.

Through the Company's relationship with the FHLB of Des Moines, the Company owns \$32.7 million \$21.4 million of FHLB stock and has access to additional liquidity and funding sources through FHLB advances. The Company's borrowing capacity is dependent upon the amount of collateral the Company places at the FHLB. The Company had two a short-term advances totaling \$500.0 million advance for \$250.0 million outstanding at the FHLB of Des Moines as of June 30, 2024 September 30, 2024. This borrowing matured in October 2024. Additionally, in the first quarter of during 2024, the FHLB of Des Moines issued a letter of credit for \$150.0 million on behalf of the Company to secure deposits. This letter of credit expired in July October 2024, was renewed, and will expire in October 2024. January 2025. The Company's remaining borrowing capacity with the FHLB was \$1.4 billion \$1.6 billion as of June 30, 2024 September 30, 2024.

The Company had an \$800.0 million short-term borrowing outstanding with the Federal Reserve Bank's BTFP as of June 30, 2024 September 30, 2024. This borrowing was repaid in October 2024 in advance of its maturity. As of June 30, 2024 September 30, 2024, the Company's remaining borrowing capacity with the BTFP was \$15.0 million \$18.0 million and its remaining borrowing capacity at the Federal Reserve Discount Window was \$11.3 billion \$11.8 billion.

In addition to borrowing capacity with the FHLB and at the Federal Reserve Discount Window as described above, the Company had additional liquidity of \$7.9 billion \$11.4 billion available via cash, unpledged bond collateral, the federal funds market, and the IntraFi Cash Service program as of June 30, 2024 September 30, 2024.

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Risk-based capital guidelines established by regulatory agencies set minimum capital standards based on the level of risk associated with a financial institution's assets. The Company has implemented the Basel III regulatory capital rules adopted by the FRB. Basel III capital rules include a minimum ratio of common equity tier 1 capital to risk-weighted assets of 4.5% and a minimum tier 1 risk-based capital ratio of 6%. A financial institution's total capital is also required to equal at least 8% of risk-weighted assets.

The risk-based capital guidelines indicate the specific risk weightings by type of asset. Certain off-balance sheet items (such as standby letters of credit and binding loan commitments) are multiplied by credit conversion factors to translate them into balance sheet equivalents before assigning them specific risk weightings. The Company is also required to maintain a leverage ratio equal to or greater than 4%. The leverage ratio is calculated as the ratio of tier 1 core capital to total average assets, less goodwill and intangibles.

U.S. banking agencies in December 2018 approved a final rule to address the impact of CECL on regulatory capital by allowing banking organizations the option to phase in the day-one impact of CECL until the first quarter of 2023. In March 2020, the U.S. banking agencies issued an interim final rule that provides banking organizations with an alternative option to delay for two years an estimate of CECL's effect on regulatory capital, relative to the incurred loss methodology's effect on regulatory capital, followed by a three-year transition period. The Company elected this alternative option instead of the one described in the December 2018 rule.

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The Company's capital position as of **June 30, 2024** **September 30, 2024** is summarized in the table below and exceeded regulatory requirements.

Table 13

RATIOS	Three Months Ended		Six Months Ended		Three Months Ended		Nine Months Ended	
	June 30,		June 30,		September 30,		September 30,	
	2024	2023	2024	2023	2024	2023	2024	2023
Common equity tier 1 capital ratio	11.14 %	10.65 %	11.14 %	10.65 %	11.22 %	10.77 %	11.22 %	10.77 %
Tier 1 risk-based capital ratio	11.14	10.65	11.14	10.65	11.22	10.77	11.22	10.77
Total risk-based capital ratio	13.08	12.59	13.08	12.59	13.14	12.68	13.14	12.68
Leverage ratio	8.50	8.16	8.50	8.16	8.58	8.55	8.58	8.55
Return on average assets	0.96	0.90	1.01	0.93	1.01	0.97	1.01	0.95
Return on average equity	12.73	12.56	13.41	13.14	12.63	13.25	13.13	13.18
Average equity to assets	7.54	7.13	7.51	7.10	7.99	7.32	7.67	7.17

The Company's per share data is summarized in the table below.

Per Share Data	Three Months Ended		Six Months Ended		Three Months Ended		Nine Months Ended	
	June 30,		June 30,		September 30,		September 30,	
	2024	2023	2024	2023	2024	2023	2024	2023
Earnings – basic	\$ 2.08	\$ 1.86	\$ 4.34	\$ 3.77	\$ 2.25	\$ 1.99	\$ 6.59	\$ 5.76
Earnings – diluted	2.07	1.85	4.32	3.75	2.23	1.98	6.56	5.73
Cash dividends	0.39	0.38	0.78	0.76	0.39	0.38	1.17	1.14
Dividend payout ratio	18.8 %	20.4 %	18.0 %	20.2 %	17.3 %	19.1 %	17.8 %	19.8 %
Book value	\$ 66.21	\$ 58.36	\$ 66.21	\$ 58.36	\$ 72.45	\$ 57.83	\$ 72.45	\$ 57.83

Off-balance Sheet Arrangements

The Company's main off-balance sheet arrangements are loan commitments, commercial and standby letters of credit, futures contracts and forward exchange contracts, which have maturity dates rather than payment due dates. See Note 10, "Commitments, Contingencies and Guarantees" in the Notes to Consolidated Financial Statements for detailed information on these arrangements. The level of the outstanding commitments could be impacted by volatility in the economic markets and governmental responses to inflation, geopolitical tensions, and supply chain constraints. These changing conditions could have impacts on the consolidated balance sheets of the Company for the remainder of the year

Critical Accounting Policies and Estimates

The preparation of these Consolidated Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its estimates and judgments, including those related to customers and suppliers, allowance for credit losses, bad debts,

investments, financing operations, long-lived assets, taxes, other contingencies, and litigation. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which have formed the basis for making such judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Under different assumptions or conditions, actual results may differ from the recorded estimates.

A summary of critical accounting policies is listed in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of the Form 10-K.

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Risk Management

Market risk is a broad term for the risk of economic loss due to adverse changes in the fair value of a financial instrument. These changes may be the result of various factors, including interest rates, foreign exchange prices, commodity prices, or equity prices. Financial instruments that are subject to market risk can be classified either as held for trading or held for purposes other than trading.

The Company is subject to market risk primarily through the effect of changes in interest rates of its assets held for purposes other than trading. The following discussion of interest rate risk, however, combines instruments held for trading and instruments held for purposes other than trading because the instruments held for trading represent such a small portion of the Company's portfolio that the interest rate risk associated with them is immaterial.

Interest Rate Risk

In the banking industry, a major risk exposure is changing interest rates. To minimize the effect of interest rate changes to net interest income and exposure levels to economic losses, the Company manages its exposure to changes in interest rates through asset and liability management within guidelines established by its Asset Liability Committee (ALCO) and approved by the Board. The ALCO is responsible for approving and ensuring compliance with asset/liability management policies, including interest rate exposure. The Company's primary method for measuring and analyzing consolidated interest rate risk is the Net Interest Income Simulation Analysis. The Company also uses a Net Portfolio Value model to measure market value risk under various rate change scenarios and a gap analysis to measure maturity and repricing relationships between interest-earning assets and interest-bearing liabilities at specific points in time. On a limited basis, the Company uses hedges such as swaps, rate floors, floor spreads, and futures contracts to manage interest rate risk on certain loans, securities, and trust preferred securities. See further information in Note 11 "Derivatives and Hedging Activities" in the Notes to the Consolidated Financial Statements.

Overall, the Company manages interest rate risk by positioning the balance sheet to maximize net interest income while maintaining an acceptable level of interest rate and credit risk, remaining mindful of the relationship among profitability, liquidity, interest rate risk, and credit risk.

Net Interest Income Modeling

The Company's primary interest rate risk tool, the Net Interest Income Simulation Analysis, measures interest rate risk and the effect of interest rate changes on net interest income and net interest margin. This analysis incorporates all of the Company's assets and liabilities together with assumptions that reflect the current interest rate environment. Through these simulations, management estimates the impact on net interest income of a

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200-basis-point upward or a 300-basis-point downward gradual change (e.g. ramp) and immediate change (e.g. shock) of market interest rates over a two year period. In ramp scenarios, rates change gradually for a one-year period and remain constant in year two. In shock scenarios, rates change immediately and the change is sustained for the remainder of the two-year scenario horizon. Assumptions are made to project rates for new loans and deposits based on historical analysis, management outlook and repricing

strategies. Asset prepayments and other market risks are developed from industry estimates of prepayment speeds and other market changes. The results of these simulations can be significantly influenced by assumptions utilized and management evaluates the sensitivity of the simulation results on a regular basis.

Table 14 shows the net interest income increase or decrease over the next two years as of **June 30, 2024** **September 30, 2024** and 2023 based on hypothetical changes in interest rates and a constant sized balance sheet with runoff being replaced.

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Table 14

MARKET RISK (unaudited)

Change in basis points	Hypothetical change in interest rate – Rate Ramp				Hypothetical change in interest rate – Rate Ramp			
	Year One		Year Two		Year One		Year Two	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
	Percentage change	Percentage change	Percentage change	Percentage change	Percentage change	Percentage change	Percentage change	Percentage change
200	(1.8)%	(2.1)%	2.9%	1.8%	(3.3)%	(2.1)%	1.9%	2.4%
100	(0.9)	(1.3)	1.5	0.7	(1.7)	(1.0)	0.8	1.2
Static	—	—	—	—	—	—	—	—
(100)	1.9	0.2	0.3	(1.9)	3.3	1.1	1.4	(1.3)
(200)	4.0	1.0	0.7	(3.0)	6.6	2.4	2.6	(2.2)
(300)	6.2	n/a	0.9	n/a	9.9	n/a	2.5	n/a
Change in basis points	Hypothetical change in interest rate – Rate Shock				Hypothetical change in interest rate – Rate Shock			
	Year One		Year Two		Year One		Year Two	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
	Percentage change	Percentage change	Percentage change	Percentage change	Percentage change	Percentage change	Percentage change	Percentage change
200	1.6%	1.4%	5.2%	4.3%	(2.0)%	1.2%	3.7%	5.6%
100	0.8	0.4	2.6	2.0	(1.1)	0.6	1.7	2.8
Static	—	—	—	—	—	—	—	—
(100)	0.5	(1.2)	(1.0)	(2.8)	3.2	(0.6)	0.2	(2.9)
(200)	1.3	(2.5)	(1.9)	(6.1)	6.3	(0.7)	(0.0)	(5.7)
(300)	2.2	n/a	(3.2)	n/a	8.4	n/a	(2.2)	n/a

The Company is **positioned relatively neutral liability sensitive** to changes in interest rates in the next year. Net interest income is predicted to decrease in all upward rate **ramp** scenarios and increase in all **upward downward rate shock** scenarios. In down rate scenarios, net interest income is predicted to increase in rate ramp and shock scenarios. In year two, net interest income is predicted to increase in all upward rate scenarios. In down rate scenarios net interest income is predicted to increase in rate ramp scenarios and decrease in rate shock **scenarios, scenarios except for the down 100bps shock scenario**. The Company's ability to price deposits consistent with its historical approach is a key assumption in these scenarios.

Trading Account

The Company carries securities in a trading account that is maintained according to Board-approved policy and procedures. The policy limits the amount and type of securities that can be carried in the trading account, requires compliance with any limits under applicable law and regulations, and mandates the use of a value-at-risk methodology to manage price volatility risks within financial parameters. The risk associated with the carrying of trading securities is offset by utilizing financial instruments including exchange-traded financial futures as well as short sales of U.S. Treasury and Corporate securities. The trading securities and related hedging instruments are

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marked-to-market daily. The trading account had a balance of ~~\$29.0 million~~ ~~\$35.8 million~~ as of ~~June 30, 2024~~ ~~September 30, 2024~~, \$18.1 million as of December 31, 2023, and ~~\$28.9 million~~ ~~\$24.5 million~~ as of ~~June 30, 2023~~ ~~September 30, 2023~~. Securities sold not yet purchased (i.e., short positions) totaled ~~\$10.8 million~~ ~~\$11.3 million~~ at ~~June 30, 2024~~ ~~September 30, 2024~~, \$8.0 million as of December 31, 2023, and ~~\$7.2 million~~ ~~\$9.7 million~~ at ~~June 30, 2023~~ ~~September 30, 2023~~ and are classified within the Other liabilities line of the Company's Consolidated Balance Sheets.

The Company is subject to market risk primarily through the effect of changes in interest rates of its assets held for purposes other than trading. The discussion in Table 14 above of interest rate risk, however, combines instruments held for trading and instruments held for purposes other than trading, because the instruments held for trading represent such a small portion of the Company's portfolio that the interest rate risk associated with them is immaterial.

Other Market Risk

The Company has minimal foreign currency risk as a result of foreign exchange contracts. See Note 10 "Commitments, Contingencies and Guarantees" in the notes to the Consolidated Financial Statements.

Credit Risk Management

Credit risk represents the risk that a customer or counterparty may not perform in accordance with contractual terms. The Company utilizes a centralized credit administration function, which provides information on the Bank's risk levels, delinquencies, an internal ranking system and overall credit exposure. Loan requests are centrally reviewed to ensure the consistent application of the loan policy and standards. In addition, the Company has an internal loan review staff that operates independently of the Bank. This review team performs periodic examinations of the Bank's loans for credit quality, documentation and loan administration. The respective regulatory authorities governing the Bank also review loan portfolios.

A primary indicator of credit quality and risk management is the level of nonperforming loans. Nonperforming loans include both nonaccrual loans and restructured loans on nonaccrual. The Company's nonperforming loans ~~decreased \$5.6 million~~ ~~increased \$2.2 million~~ to ~~\$13.7 million~~ ~~\$19.3 million~~ at ~~June 30, 2024~~ ~~September 30, 2024~~, compared to ~~June 30, 2023~~ ~~September 30, 2023~~, and increased ~~\$531 thousand~~ ~~\$6.1 million~~, compared to December 31, 2023.

The Company had \$1.9 million and \$1.7 million of other real estate owned as of ~~June 30, 2024~~ ~~September 30, 2024~~ and December 31, 2023, respectively. Loans past due more than 90 days and still accruing interest totaled ~~\$5.6 million~~ ~~\$7.1 million~~ as of ~~June 30, 2024~~ ~~September 30, 2024~~, compared to ~~\$10.7 million~~ ~~\$3.0 million~~ at ~~June 30, 2023~~ ~~September 30, 2023~~ and \$3.1 million as of December 31, 2023.

A loan is generally placed on nonaccrual status when payments are past due 90 days or more and/or when management has considerable doubt about the borrower's ability to repay on the terms originally contracted. The accrual of interest is discontinued and recorded thereafter only when received in cash.

Certain loans are restructured to provide a reduction or deferral of interest or principal due to deterioration in the financial condition of the respective borrowers. The Company had ~~\$315~~ ~~\$200~~ thousand of restructured loans at ~~June 30, 2024~~ ~~September 30, 2024~~, \$3.2 million at ~~June 30, 2023~~ ~~September 30, 2023~~, and \$548 thousand at December 31, 2023.

Table 15

LOAN QUALITY (unaudited, dollars in thousands)

	June 30,		December 31,	September 30,		December 31,
	2024	2023	2023	2024	2023	2023
Nonaccrual loans	\$ 13,587	\$ 16,821	\$ 12,828	\$ 19,248	\$ 14,519	\$ 12,828
Restructured loans on nonaccrual	156	2,526	384	43	2,523	384
Total nonperforming loans	13,743	19,347	13,212	19,291	17,042	13,212
Other real estate owned	1,888	—	1,738	1,851	—	1,738
Total nonperforming assets	\$ 15,631	\$ 19,347	\$ 14,950	\$ 21,142	\$ 17,042	\$ 14,950
Loans past due 90 days or more	\$ 5,644	\$ 10,675	\$ 3,111	\$ 7,133	\$ 3,044	\$ 3,111
Restructured loans accruing	159	678	164	157	665	164
Allowance for credit losses on loans	239,167	222,161	219,738	248,907	221,462	219,738
Ratios:						
Nonperforming loans as a percent of loans	0.06 %	0.09 %	0.06 %	0.08 %	0.07 %	0.06 %
Nonperforming assets as a percent of loans plus other real estate owned	0.06	0.09	0.06	0.08	0.07	0.06
Nonperforming assets as a percent of total assets	0.04	0.05	0.03	0.04	0.04	0.03
Loans past due 90 days or more as a percent of loans	0.02	0.05	0.01	0.03	0.01	0.01
Allowance for credit losses on loans as a percent of loans	0.99	0.99	0.95	1.00	0.97	0.95
Allowance for credit losses on loans as a multiple of nonperforming loans	17.40x	11.48x	16.63x	12.90x	13.00x	16.63x

Liquidity Risk

Liquidity represents the Company's ability to meet financial commitments through the maturity and sale of existing assets or availability of additional funds. The Company believes that the most important factor in the preservation of liquidity is maintaining public confidence that facilitates the retention and growth of a large, stable supply of core deposits and wholesale funds. Ultimately, the Company believes public confidence is generated through profitable operations, sound credit quality and a strong capital position. The primary source of liquidity for the Company is regularly scheduled payments on and maturity of assets, which include **\$7.1 billion** **\$7.0 billion** of high-quality securities available for sale as of **June 30, 2024** **September 30, 2024**. The liquidity of the Company and the Bank is also enhanced by its activity in the federal funds market and by its core deposits. Additionally, management believes it can raise debt or equity capital in the future, should the need arise.

Another factor affecting liquidity is the amount of deposits and customer repurchase agreements that have pledging requirements. All customer repurchase agreements require collateral in the form of a security. The U.S. Government, other public entities, and certain trust depositors require the Company to pledge securities if their deposit balances are greater than the FDIC-insured deposit limitations. These pledging requirements affect liquidity risk in that the related security cannot otherwise be disposed of due to the pledging restriction. There were **\$8.8 billion** **\$9.4 billion** and \$10.1 billion of securities pledged to secure U.S. Government deposits, other public deposits, certain trust deposits, derivative transactions, and repurchase agreements at **June 30, 2024** **September 30, 2024** and December 31, 2023, respectively.

The Company also has other commercial commitments that may impact liquidity. These commitments include unused commitments to extend credit, standby letters of credit and financial guarantees, and commercial letters of credit. The total amount of these commercial commitments at **June 30, 2024** **September 30, 2024** was **\$18.4 billion** **\$18.8 billion**. Since many of these commitments expire without being drawn upon, the total amount of these commercial commitments does not necessarily represent the future cash requirements of the Company.

The Company's cash requirements consist primarily of dividends to shareholders, debt service, operating expenses, and treasury stock purchases. Management fees and dividends received from bank and non-bank subsidiaries traditionally have been sufficient to satisfy these requirements and are expected to be sufficient in the future. The Bank is subject to various rules regarding payment of dividends to the Company. For the most part, the Bank can pay dividends at least equal to its current year's earnings without seeking prior regulatory approval. The

Company also uses cash to inject capital into its bank and non-bank subsidiaries to maintain adequate capital as well as fund strategic initiatives.

In September 2022, the Company issued \$110.0 million in aggregate subordinated notes due in September 2032. The Company received \$107.9 million, after deducting underwriting discounts and commissions and offering expenses, and used the proceeds from the offering for general corporate purposes, including, among other uses, contributing Tier 1 capital into the Bank. The subordinated notes were issued with a fixed-to-fixed rate of 6.25% and an effective rate of 6.64%, due to issuance costs, with an interest rate reset date of September 2027.

In September 2020, the Company issued \$200.0 million in aggregate subordinated notes due in September 2030. The Company received \$197.7 million, after deducting underwriting discounts and commissions and offering expenses, and used the proceeds from the offering for general corporate purposes, including, among other uses, contributing Tier 1 capital into the Bank. The subordinated notes were issued with a fixed-to-fixed rate of 3.70% and an effective rate of 3.93%, due to issuance costs, with an interest rate reset date of September 2025.

To enhance general working capital needs, the Company has a revolving line of credit with Wells Fargo Bank, N.A., which allows the Company to borrow up to \$30.0 million for general working capital purposes. The interest rate applied to borrowed balances will be at the Company's option, either 1.4% above SOFR or 1.75% below the prime rate on the date of an advance. The Company pays a 0.4% unused commitment fee for unused portions of the line of credit. The Company had no advances outstanding as of **June 30, 2024** **September 30, 2024**.

The Company is a member bank of the FHLB. The Company owns **\$32.7 million** **\$21.4 million** of FHLB stock and has access to additional liquidity and funding sources through FHLB advances. The Company's borrowing capacity is dependent upon the amount of collateral the Company places at the FHLB. The Company had **two a \$250.0 million** short-term **advances** **advance** outstanding at FHLB of Des Moines **for \$250.0 million each** as of **June 30, 2024** **September 30, 2024**, at an interest **rates rate** of **5.54%** and **5.47%**, **respectively**. **This borrowing matured in October 2024**. Additionally, **in the first quarter of during** 2024, the FHLB of Des Moines issued a letter of credit for \$150.0 million on behalf of the Company to secure deposits. This letter of credit expired in **July October** 2024, was renewed, and will expire in **October 2024**. **January 2025**. The Company's remaining borrowing capacity with the FHLB was **\$1.4 billion** **\$1.6 billion** as of **June 30, 2024** **September 30, 2024**.

The Company had an \$800.0 million short-term borrowing outstanding with the Federal Reserve Bank's BTFP as of **June 30, 2024** **September 30, 2024** at an interest rate of 4.76%. **This borrowing was repaid in October 2024 in advance of its maturity**. As of **June 30, 2024** **September 30, 2024**, the Company's remaining borrowing capacity with the BTFP was **\$15.0 million** **\$18.0 million** and its remaining borrowing capacity at the Federal Reserve Discount Window was **\$11.3 billion** **\$11.8 billion**.

In addition to borrowing capacity with the FHLB and at the Federal Reserve Discount Window as described above, the Company had additional liquidity of **\$7.9 billion** **\$11.4 billion** available via cash, unpledged bond collateral, the federal funds market, and the IntraFi Cash Service program as of **June 30, 2024** **September 30, 2024**.

Operational Risk

Operational risk generally refers to the risk of loss resulting from the Company's operations, including those operations performed for the Company by third parties. This would include but is not limited to the risk of fraud by employees or persons outside the Company, the execution of unauthorized transactions by employees or others, errors relating to transaction processing, breaches of the internal control system and compliance requirements, and unplanned interruptions in service. This risk of loss also includes the potential legal or regulatory actions that could arise as a result of an operational deficiency, or as a result of noncompliance with applicable regulatory standards. The Company must comply with a number of legal and regulatory requirements.

The Company operates in many markets and relies on the ability of its employees and systems to properly process a high number of transactions. In the event of a breakdown in internal control systems, improper operation of systems or improper employee actions, the Company could suffer financial loss, face regulatory action and suffer damage to its reputation. In order to address this risk, management maintains a system of internal controls with the objective of providing proper transaction authorization and execution, safeguarding of assets from misuse or theft, and ensuring the reliability of financial and other data.

The Company maintains systems of internal controls that provide management with timely and accurate information about the Company's operations. These systems have been designed to manage operational risk at appropriate levels given the Company's financial strength, the environment in which it operates, and considering factors such as competition and regulation. The Company has also established procedures that are designed to ensure that policies relating to conduct, ethics, and business practices are followed on a uniform basis. In certain cases, the Company has experienced losses from operational risk. Such losses have included the effects of operational errors that the Company has

discovered and included as expense in the statement of income. While there can be no assurance that the Company will not suffer such losses in the future, management continually monitors and works to improve its internal controls, systems, and corporate-wide processes and procedures.

ITEM 4. CONTROLS AND PROCEDURES

The Sarbanes-Oxley Act of 2002, as amended, requires the Chief Executive Officer and the Chief Financial Officer to make certain certifications under this Form 10-Q with respect to the Company's disclosure controls and procedures and internal control over financial reporting. The Company has a Code of Ethics that expresses the values that drive employee behavior and maintains the Company's commitment to the highest standards of ethics.

Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's "disclosure controls and procedures" (as such term is defined in Rule 13a-15(e) and Rule 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)) as of the end of the period covered by this Form 10-Q. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this Form 10-Q, the Company's disclosure controls and procedures were effective for ensuring that the Company's SEC filings are recorded, processed, summarized, and reported within the time period required and that information required to be disclosed by the Company is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures.

Internal Control Over Financial Reporting

There has been no change in the Company's internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) during the **Six-month** **nine-month** period ended **June 30, 2024** **September 30, 2024** that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In the normal course of business, the Company and its subsidiaries are named defendants in various legal proceedings. In the opinion of management, after consultation with legal counsel, none of these lawsuits are expected to have a materially adverse effect on the financial position, results of operations, or cash flows of the Company.

ITEM 1A. RISK FACTORS

There were no material changes to the risk factors as previously disclosed in response to Item 1A to Part I of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023, or in response to Item 1A to Part II of the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2024.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The table below sets forth the information with respect to purchases made by or on behalf of the Company or any "affiliated purchaser" (as defined in Rule 10b-18(a)(3) under the Exchange Act) of our common stock during the three-month period ended **June 30, 2024** **September 30, 2024**.

ISSUER PURCHASE OF EQUITY SECURITIES

Period	Total Number of Shares (or Units) Purchased (1)	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs (2)	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
April 1 - April 30, 2024	—	\$ —	—	1,000,000
May 1 - May 31, 2024	—	—	—	1,000,000
June 1 - June 30, 2024	—	—	—	1,000,000

Total		\$		
Period	Total Number of Shares (or Units) Purchased (1)	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs (2)	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
July 1 - July 31, 2024	2,051	\$ 98.03	—	1,000,000
August 1 - August 31, 2024	—	—	—	1,000,000
September 1 - September 30, 2024	—	—	—	1,000,000
Total	2,051	\$ 98.03	—	

(1) Includes shares acquired pursuant to the Company's share-based incentive programs. Under the terms of the Company's share-based incentive programs, the Company accepts previously owned shares of common stock surrendered to satisfy tax withholding obligations associated with equity compensation. These purchases do not count against the maximum value of shares remaining available for purchase under Repurchase Authorizations.

(2) Includes shares acquired under the Board of Directors approved Repurchase Authorization(s).

On July 25, 2023, the Company announced a plan to repurchase up to one million shares of common stock, which terminated April 30, 2024. On April 30, 2024, the Company announced a plan to repurchase up to one million shares of common stock, which will terminate on April 29, 2025. The Company has not made any repurchases other than through the Repurchase Authorizations, but did acquire share pursuant to the Company's share-based incentive programs. The Company is not currently engaging in repurchases. In the future, it may determine to resume repurchases. All share purchases pursuant to the Repurchase Authorizations are intended to be within the scope of Rule 10b-18 promulgated under the Exchange Act. Rule 10b-18 provides a safe harbor for purchases in a given day if the Company satisfies the manner, timing and volume conditions of the rule when purchasing its own shares of common stock.

ITEM 5. OTHER INFORMATION

On September 13, 2024, three foundations and trusts that are related interests of Chairman and Chief Executive Officer J. Mariner Kemper adopted a single, pre-arranged stock sale plan in accordance with Rule 10b5-1(c) (Rule 10b5-1) under the Exchange Act for the sale of shares of the Company's common stock (the "2025

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Plan"). The 2025 Plan was entered into during an open trading window in accordance with the Company's requirements regarding transactions in the Company's securities and is intended to satisfy the affirmative defense conditions of Rule 10b5-1. The 2025 Plan provides for the monthly sale of an initial number of shares of the Company's common stock once the market price of the Company's common stock meets or exceeds certain minimum threshold prices as specified in the 2025 Plan. Should the market price of the Company's shares meet or exceed secondary and tertiary pricing thresholds as specified in the 2025 Plan, up to double and triple the initial number of shares in the aggregate may be sold in that month, respectively. Sales under the 2025 Plan may occur beginning in January of 2025 (after conclusion of the applicable cooling off period following adoption of the 2025 Plan) and end no later than December 31, 2025. The aggregate number of shares of common stock of the Company that will be available for sale under the 2025 Plan will vary depending on the market price achieved but will not exceed a maximum of 105,024 shares in aggregate.

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ITEM 6. EXHIBITS

2.1	Agreement and Plan of Merger, dated as of April 28, 2024, by and among Heartland Financial USA, Inc., UMB Financial Corporation and Blue Sky Merger Sub Inc. (incorporated by reference to Annex A to the join proxy statement/prospectus forming a part of the registration statement on Form S-4 and filed with the Commission on July 2, 2024).
3.1	Restated Articles of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006 and filed with the Commission on May 9, 2006).
3.2	Bylaws, amended as of April 13, 2023 (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K dated April 13, 2023 and filed with the Commission on April 13, 2023).
31.1	CEO Certification pursuant to Section 302 of the Sarbanes-Oxley Act filed herewith.
31.2	CFO Certification pursuant to Section 302 of the Sarbanes-Oxley Act filed herewith.
32.1	CEO Certification pursuant to Section 906 of the Sarbanes-Oxley Act filed herewith.
32.2	CFO Certification pursuant to Section 906 of the Sarbanes-Oxley Act filed herewith.
101.INS	XBRL Instance Document – The instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document filed herewith.
104	The cover page of our Form 10-Q for the quarter ended June 30, 2024 September 30, 2024 , formatted in iXBRL.

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SIGNATURES

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

UMB FINANCIAL CORPORATION

/s/ David C. Odgers

David C. Odgers

Chief Accounting Officer

Date: **August 1, 2024** **October 31, 2024**

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CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT

I, J. Mariner Kemper, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q as of, and for the period ended **June 30, 2024** **September 30, 2024** of UMB Financial Corporation;

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 the 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 1, 2024** **October 31, 2024**

/s/ J. Mariner Kemper

J. Mariner Kemper

Chief Executive Officer

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT

I, Ram Shankar, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q as of, and for the period ended **June 30, 2024** **September 30, 2024** of UMB Financial Corporation;

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 the 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 1, 2024 October 31, 2024

/s/ Ram Shankar

Ram Shankar

Chief Financial Officer

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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 Quarterly Report on Form 10-Q as of, and for the period ended June 30, 2024 September 30, 2024, of UMB Financial Corporation (the Company) filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, J. Mariner Kemper, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- 1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 1, 2024 October 31, 2024

/s/ J. Mariner Kemper

J. Mariner Kemper

Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to UMB Financial Corporation and will be retained by UMB Financial Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

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 Quarterly Report on Form 10-Q as of, and for the period ended **June 30, 2024** **September 30, 2024**, of UMB Financial Corporation (the Company) filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ram Shankar, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- 1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: **August 1, 2024** **October 31, 2024**

/s/ Ram Shankar

Ram Shankar

Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to UMB Financial Corporation and will be retained by UMB Financial Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

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