

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

FORM 10-Q

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

For the quarterly period ended June 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 001-35968

**MIDWESTONE FINANCIAL GROUP, INC.**

(Exact name of Registrant as specified in its charter)

Iowa

42-1206172

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

102 South Clinton Street, Iowa City, IA 52240

(319) 356-5800

(Address of principal executive offices, including zip code)

(Registrant's telephone number, including area code)

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common stock, \$1.00 par value	MOFG	The Nasdaq Stock Market LLC

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 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 type="checkbox"/>	Accelerated filer	<input checked="" 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

As of August 1, 2024, there were 15,773,468 shares of common stock, \$1.00 par value per share, outstanding.

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**Form 10-Q Quarterly Report**  
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**PART I – FINANCIAL INFORMATION****Glossary of Acronyms, Abbreviations, and Terms**

As used in this report, references to "MidWest One", "we", "our", "us", the "Company", and similar terms refer to the consolidated entity consisting of MidWestOne Financial Group, Inc. and its wholly-owned subsidiaries. MidWest One Bank or the "Bank" refers to MidWest One's bank subsidiary, MidWestOne Bank.

The acronyms, abbreviations, and terms listed below are used in various sections of this Quarterly Report on Form 10-Q ("Form 10-Q"), including "Item 1. Financial Statements" and "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations."

ACL	Allowance for Credit Losses	FHLB	Federal Home Loan Bank
AFS	Available for Sale	FHLBC	Federal Home Loan Bank of Chicago
AOCI	Accumulated Other Comprehensive Income	FHLBDM	Federal Home Loan Bank of Des Moines
ASC	Accounting Standards Codification	FHLMC	Federal Home Loan Mortgage Corporation
ASU	Accounting Standards Update	FNBF	First National Bank in Fairfield
ATM	Automated Teller Machine	FNBM	First National Bank of Muscatine
Basel III Rules	A comprehensive capital framework and rules for U.S. banking organizations approved by the FRB and the FDIC in 2013	FNMA	Federal National Mortgage Association
BHCA	Bank Holding Company Act of 1956, as amended	FRB	Board of Governors of the Federal Reserve System
BOD	Bank of Denver	GAAP	U.S. Generally Accepted Accounting Principles
BOLI	Bank Owned Life Insurance	GLBA	Gramm-Leach-Bliley Act of 1999
CAA	Consolidated Appropriations Act, 2021	GNMA	Government National Mortgage Association
CARES Act	Coronavirus Aid, Relief and Economic Security Act	ICS	Insured Cash Sweep
CDARS	Certificate of Deposit Account Registry Service	IOFB	Iowa First Bancshares Corp.
CECL	Current Expected Credit Loss	LIBOR	The London Inter-bank Offered Rate
CMO	Collateralized Mortgage Obligations	MBEFD	Loan Modification for Borrowers Experiencing Financial Difficulty
COVID-19	Coronavirus Disease 2019	MBS	Mortgage-Backed Securities
CRA	Community Reinvestment Act	PCD	Purchase Credit Deteriorated
CRE	Commercial Real Estate	PPP	Paycheck Protection Program
DCF	Discounted Cash Flows	ROU	Right-of-Use
DNVB	Denver Bankshares, Inc.	RPA	Credit Risk Participation Agreement
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act	RRE	Residential Real Estate
ECL	Expected Credit Losses	SBA	U.S. Small Business Administration
EVE	Economic Value of Equity	SEC	U.S. Securities and Exchange Commission
FASB	Financial Accounting Standards Board	SOFR	Secured Overnight Financing Rate
FDIC	Federal Deposit Insurance Corporation		

**Item 1. Financial Statements (unaudited).**

**MIDWESTONE FINANCIAL GROUP, INC.  
CONSOLIDATED BALANCE SHEETS**

	June 30, 2024	December 31, 2023
<i>(unaudited) (dollars in thousands, except per share amounts)</i>		
<b>ASSETS</b>		
Cash and due from banks	\$ 66,228	\$ 76,237
Interest earning deposits in banks	35,340	5,479
Federal funds sold	—	11
Total cash and cash equivalents	101,568	81,727
Debt securities available for sale at fair value	771,034	795,134
Held to maturity securities at amortized cost	1,053,080	1,075,190
Total securities	1,824,114	1,870,324
Loans held for sale	2,850	1,045
Gross loans held for investment	4,304,619	4,138,352
Unearned income, net	(17,387)	(11,405)
Loans held for investment, net of unearned income	4,287,232	4,126,947
Allowance for credit losses	(53,900)	(51,500)
Total loans held for investment, net	4,233,332	4,075,447
Premises and equipment, net	91,793	85,742
Goodwill	69,388	62,477
Other intangible assets, net	27,939	24,069
Foreclosed assets, net	6,053	3,929
Other assets	224,621	222,780
Total assets	<u>\$ 6,581,658</u>	<u>\$ 6,427,540</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Noninterest bearing deposits	\$ 882,472	\$ 897,053
Interest bearing deposits	4,529,947	4,498,620
Total deposits	5,412,419	5,395,673
Short-term borrowings	414,684	300,264
Long-term debt	114,839	123,296
Other liabilities	96,430	83,929
Total liabilities	6,038,372	5,903,162
Shareholders' equity		
Preferred stock, no par value; authorized 500,000 shares; no shares issued and outstanding	—	—
Common stock, \$1.00 par value; authorized 30,000,000 shares; issued shares of 16,581,017 and 16,581,017; outstanding shares of 15,773,468 and 15,694,306	16,581	16,581
Additional paid-in capital	300,831	302,157
Retained earnings	306,030	294,784
Treasury stock at cost, 807,549 and 886,711 shares	(22,021)	(24,245)
Accumulated other comprehensive loss	(58,135)	(64,899)
Total shareholders' equity	543,286	524,378
Total liabilities and shareholders' equity	<u>\$ 6,581,658</u>	<u>\$ 6,427,540</u>

See accompanying notes to consolidated financial statements.

**MIDWESTONE FINANCIAL GROUP, INC.**  
**CONSOLIDATED STATEMENTS OF INCOME**

(unaudited) (dollars in thousands, except per share amounts)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
<b>Interest income</b>				
Loans, including fees	\$ 61,643	\$ 49,726	\$ 119,590	\$ 96,216
Taxable investment securities	9,228	9,734	18,688	20,178
Tax-exempt investment securities	1,663	1,822	3,373	3,949
Other	242	68	660	312
Total interest income	<u>72,776</u>	<u>61,350</u>	<u>142,311</u>	<u>120,655</u>
<b>Interest expense</b>				
Deposits	28,942	20,117	56,668	35,436
Short-term borrowings	5,409	2,118	10,384	3,904
Long-term debt	2,078	2,153	4,181	4,277
Total interest expense	<u>36,429</u>	<u>24,388</u>	<u>71,233</u>	<u>43,617</u>
Net interest income	36,347	36,962	71,078	77,038
Credit loss expense	1,267	1,597	5,956	2,530
Net interest income after credit loss expense	<u>35,080</u>	<u>35,365</u>	<u>65,122</u>	<u>74,508</u>
<b>Noninterest income</b>				
Investment services and trust activities	3,504	3,119	7,007	6,052
Service charges and fees	2,156	2,047	4,300	4,055
Card revenue	1,907	1,847	3,850	3,595
Loan revenue	1,525	909	2,381	2,329
Bank-owned life insurance	668	616	1,328	1,218
Investment securities gains (losses), net	33	(2)	69	(13,172)
Other	11,761	210	12,369	623
Total noninterest income	<u>21,554</u>	<u>8,746</u>	<u>31,304</u>	<u>4,700</u>
<b>Noninterest expense</b>				
Compensation and employee benefits	20,985	20,386	41,915	39,993
Occupancy expense of premises, net	2,435	2,574	5,248	5,320
Equipment	2,530	2,435	5,130	4,606
Legal and professional	2,253	1,682	4,312	3,418
Data processing	1,645	1,521	3,005	2,884
Marketing	636	1,142	1,234	2,128
Amortization of intangibles	1,593	1,594	3,230	3,346
FDIC insurance	1,051	862	1,993	1,611
Communications	191	260	387	521
Foreclosed assets, net	138	(6)	496	(34)
Other	2,304	2,469	4,376	4,445
Total noninterest expense	<u>35,761</u>	<u>34,919</u>	<u>71,326</u>	<u>68,238</u>
Income before income tax expense	20,873	9,192	25,100	10,970
Income tax expense	5,054	1,598	6,012	1,979
<b>Net income</b>	<u>\$ 15,819</u>	<u>\$ 7,594</u>	<u>\$ 19,088</u>	<u>\$ 8,991</u>
<b>Per common share information</b>				
Earnings - basic	\$ 1.00	\$ 0.48	\$ 1.21	\$ 0.57
Earnings - diluted	\$ 1.00	\$ 0.48	\$ 1.21	\$ 0.57
Dividends paid	\$ 0.2425	\$ 0.2425	\$ 0.4850	\$ 0.4850

See accompanying notes to consolidated financial statements.

**MIDWESTONE FINANCIAL GROUP, INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

<i>(unaudited) (dollars in thousands)</i>	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
<b>Net income</b>	\$ 15,819	\$ 7,594	\$ 19,088	\$ 8,991
<b>Other comprehensive income (loss), net of tax:</b>				
Unrealized gain (loss) from AFS debt securities:				
Unrealized net gain (loss) on debt securities AFS	3,023	(8,795)	5,174	(9,080)
Reclassification adjustment for (gains) losses included in net income	(33)	2	(69)	13,172
Reclassification of the change in fair value of AFS debt securities attributable to change in hedged risk	104	—	986	—
Income tax (expense) benefit	(783)	2,222	(1,541)	(1,038)
Unrealized net gain (loss) on AFS debt securities, net of reclassification adjustments	2,311	(6,571)	4,550	3,054
Reclassification of AFS debt securities to HTM:				
Amortization of the net unrealized loss from the reclassification of AFS debt securities to HTM	489	601	990	1,182
Income tax expense	(124)	(152)	(251)	(299)
Amortization of net unrealized loss from the reclassification of AFS debt securities to HTM, net	365	449	739	883
Unrealized gain (loss) from cash flow hedging instruments:				
Unrealized net gains in cash flow hedging instruments	778	3,321	3,550	3,459
Reclassification adjustment for net gain in cash flow hedging instruments included in income	(787)	(238)	(1,575)	(238)
Income tax (expense) benefit	2	(780)	(500)	(815)
Unrealized net gains (losses) on cash flow hedge instruments, net of reclassification adjustment	(7)	2,303	1,475	2,406
<b>Other comprehensive income (loss), net of tax</b>	<b>2,669</b>	<b>(3,819)</b>	<b>6,764</b>	<b>6,343</b>
<b>Comprehensive income</b>	<b>\$ 18,488</b>	<b>\$ 3,775</b>	<b>\$ 25,852</b>	<b>\$ 15,334</b>

See accompanying notes to consolidated financial statements.

**MIDWESTONE FINANCIAL GROUP, INC.**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**

**Three Months Ended June 30,**

(unaudited) (dollars in thousands, except per share amounts)	Common Stock					Accumulated Other Comprehensive Income (Loss)		Total
	Par Value	Paid-in Capital	Retained Earnings	Treasury Stock				
Balance at March 31, 2023	\$ 16,581	\$ 300,966	\$ 286,767	\$ (24,779)	\$ (78,885)	\$ 500,650	\$ 500,650	
Net income	—	—	7,594	—	—	7,594	7,594	
Other comprehensive loss	—	—	—	—	—	(3,819)	(3,819)	
Release/lapse of restriction on RSUs (9,798 shares, net)	—	(267)	(9)	271	—	—	(5)	
Share-based compensation	—	725	—	—	—	—	725	
Dividends paid on common stock (\$0.2425 per share)	—	—	(3,804)	—	—	—	(3,804)	
Balance at June 30, 2023	\$ 16,581	\$ 301,424	\$ 290,548	\$ (24,508)	\$ (82,704)	\$ 501,341	\$ 501,341	
Balance at March 31, 2024	\$ 16,581	\$ 300,845	\$ 294,066	\$ (22,648)	\$ (60,804)	\$ 528,040	\$ 528,040	
Net income	—	—	15,819	—	—	15,819	15,819	
Other comprehensive income	—	—	—	—	—	2,669	2,669	
Release/lapse of restriction on RSUs (22,997 shares, net)	—	(598)	(30)	627	—	—	(1)	
Share-based compensation	—	584	—	—	—	—	584	
Dividends paid on common stock (\$0.2425 per share)	—	—	(3,825)	—	—	—	(3,825)	
Balance at June 30, 2024	\$ 16,581	\$ 300,831	\$ 306,030	\$ (22,021)	\$ (58,135)	\$ 543,286	\$ 543,286	

**Six Months Ended June 30,**

(unaudited) (dollars in thousands, except per share amounts)	Common Stock					Accumulated Other Comprehensive Income (Loss)		Total
	Par Value	Paid-in Capital	Retained Earnings	Treasury Stock				
Balance at December 31, 2022	\$ 16,581	\$ 302,085	\$ 289,289	\$ (26,115)	\$ (89,047)	\$ 492,793	\$ 492,793	
Net income	—	—	8,991	—	—	8,991	8,991	
Other comprehensive income	—	—	—	—	—	6,343	6,343	
Release/lapse of restriction on RSUs (61,146 shares, net)	—	(2,034)	(127)	1,607	—	—	(554)	
Share-based compensation	—	1,373	—	—	—	—	1,373	
Dividends paid on common stock (\$0.4850 per share)	—	—	(7,605)	—	—	—	(7,605)	
Balance at June 30, 2023	\$ 16,581	\$ 301,424	\$ 290,548	\$ (24,508)	\$ (82,704)	\$ 501,341	\$ 501,341	
Balance at December 31, 2023	\$ 16,581	\$ 302,157	\$ 294,784	\$ (24,245)	\$ (64,899)	\$ 524,378	\$ 524,378	
Net income	—	—	19,088	—	—	19,088	19,088	
Other comprehensive income	—	—	—	—	—	6,764	6,764	
Release/lapse of restriction on RSUs (79,162 shares, net)	—	(2,551)	(197)	2,224	—	—	(524)	
Share-based compensation	—	1,225	—	—	—	—	1,225	
Dividends paid on common stock (\$0.4850 per share)	—	—	(7,645)	—	—	—	(7,645)	
Balance at June 30, 2024	\$ 16,581	\$ 300,831	\$ 306,030	\$ (22,021)	\$ (58,135)	\$ 543,286	\$ 543,286	

**MIDWESTONE FINANCIAL GROUP, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS**

(unaudited) (dollars in thousands)	Six Months Ended June 30,	
	2024	2023
<b>Operating Activities:</b>		
Net income	\$ 19,088	\$ 8,991
Adjustments to reconcile net income to net cash provided by operating activities:		
Credit loss expense	5,956	2,530
Depreciation, amortization, and accretion	5,752	6,207
Net change in premises and equipment due to writedown or sale	78	61
Share-based compensation	1,225	1,373
Net (gain) loss on call or sale of debt securities available for sale	(69)	13,172
Net change in foreclosed assets due to writedown or sale	287	(31)
Net gain on sale of loans held for sale	(600)	(837)
Origination of loans held for sale	(29,834)	(26,151)
Proceeds from sales of loans held for sale	28,629	24,779
Increase in cash surrender value of bank-owned life insurance	(1,328)	(1,218)
(Increase) decrease in deferred income taxes, net	(123)	3
Gain on branch sale	(11,056)	—
Change in:		
Other assets	8,375	10,273
Other liabilities	8,440	1,736
<b>Net cash provided by operating activities</b>	<b>\$ 34,820</b>	<b>\$ 40,888</b>
<b>Investing Activities:</b>		
Purchases of equity securities	\$ (500)	\$ —
Proceeds from sales of debt securities available for sale	52,323	218,667
Proceeds from maturities and calls of debt securities available for sale	56,542	75,781
Purchases of debt securities available for sale	(28,376)	(54,690)
Proceeds from maturities and calls of debt securities held to maturity	22,141	30,053
Net increase in loans held for investment	(116,809)	(177,153)
Purchases of premises and equipment	(1,149)	(1,307)
Proceeds from sale of foreclosed assets	50	134
Proceeds from sale of premises and equipment	7	880
Net cash paid in business acquisition	(28,621)	—
Net cash received in divestiture of branches	43,732	—
<b>Net cash (used in) provided by investing activities</b>	<b>\$ (660)</b>	<b>\$ 92,365</b>
<b>Financing Activities:</b>		
Net (decrease) increase in:		
Deposits	\$ (74,470)	\$ (23,563)
Short-term borrowings	76,920	(29,819)
Payments on finance lease liability	(100)	(89)
Payments of Federal Home Loan Bank borrowings	(6,000)	(11,000)
Payments of other long-term debt	(2,500)	(2,500)
Taxes paid relating to the release/lapse of restriction on RSUs	(524)	(554)
Dividends paid	(7,645)	(7,605)
<b>Net cash used in financing activities</b>	<b>\$ (14,319)</b>	<b>\$ (75,130)</b>
<b>Net change in cash and cash equivalents</b>	<b>\$ 19,841</b>	<b>\$ 58,123</b>
Cash and cash equivalents at beginning of period	81,727	86,435
<b>Cash and cash equivalents at end of period</b>	<b>\$ 101,568</b>	<b>\$ 144,558</b>



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	Six Months Ended June 30,	
	2024	2023
(unaudited) (dollars in thousands)		
Supplemental disclosures of cash flow information:		
Cash paid during the period for interest	\$ 64,584	\$ 39,016
Cash paid during the period for income taxes, net of refunds	2,317	1,115
Supplemental schedule of non-cash investing and financing activities:		
Transfer of loans to foreclosed assets, net	\$ 2,461	\$ —
Supplemental schedule of non-cash investing activities from acquisition:		
Non-cash assets acquired:		
Investment securities	\$ 52,493	\$ —
Total loans held for investment, net	207,095	—
Premises and equipment	11,091	—
Assets held for sale	2,379	—
Goodwill	8,641	—
Core deposit intangible	7,100	—
Other assets	4,987	—
Total non-cash assets acquired	<u>\$ 293,786</u>	<u>\$ —</u>
Liabilities assumed:		
Deposits	\$ 224,248	\$ —
Short-term borrowings	37,500	—
Other liabilities	<u>3,417</u>	<u>—</u>
Total liabilities assumed	<u>\$ 265,165</u>	<u>\$ —</u>
Supplemental schedule of non-cash investing activities from divestiture:		
Non-cash assets divested:		
Total loans held for investment, net	\$ 161,359	\$ —
Premises and equipment	3,511	—
Goodwill	1,730	—
Other assets	<u>375</u>	<u>—</u>
Total non-cash assets divested	<u>\$ 166,975</u>	<u>\$ —</u>
Liabilities divested:		
Deposits	\$ 133,296	\$ —
Other liabilities	231	—
Total liabilities divested	<u>\$ 133,527</u>	<u>\$ —</u>

See accompanying notes to consolidated financial statements.

**MidWestOne Financial Group, Inc.**  
**Notes to Consolidated Financial Statements**  
**(Unaudited)**

**1. Nature of Business and Significant Accounting Policies**

**Nature of Business**

The Company, an Iowa corporation formed in 1983, is a bank holding company under the BHCA and a financial holding company under the GLBA. Our principal executive offices are located at 102 South Clinton Street, Iowa City, Iowa 52240.

The Company owns all of the outstanding common stock of MidWest One Bank, an Iowa state non-member bank chartered in 1934 with its main office in Iowa City, Iowa. We operate primarily through MidWestOne Bank, our bank subsidiary.

On January 31, 2024, the Company completed the acquisition of DNVB, a bank holding company whose wholly-owned banking subsidiary was BOD. Immediately following completion of the acquisition, BOD was merged with and into the Bank. As consideration for the merger, the Company paid cash in the amount of \$32.6 million.

On June 7, 2024, MidWestOne Bank completed the sale of its Florida banking operations for a 7.5% deposit premium, which consisted of one MidWestOne Bank branch in each of Naples and Ft. Myers, Florida.

**Basis of Presentation**

The accompanying interim condensed consolidated financial statements are prepared in accordance with GAAP for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Article 10 of Regulation S-X of the Securities Exchange Act of 1934. Accordingly, certain disclosures accompanying annual consolidated financial statements are omitted. In the opinion of management, all significant intercompany accounts and transactions have been eliminated and adjustments, consisting solely of normal recurring accruals and considered necessary for the fair presentation of financial statements for the interim periods, have been included. The current period's results of operations are not necessarily indicative of the results that ultimately may be achieved for the year. The interim condensed consolidated financial statements and notes thereto should be read in conjunction with the audited consolidated financial statements and notes thereto included in our Form 10-K for the year ended December 31, 2023, filed with the SEC on March 8, 2024.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect: (1) the reported amounts of assets and liabilities, (2) the disclosure of contingent assets and liabilities at the date of the financial statements, and (3) the reported amounts of revenues and expenses during the reporting period. These estimates are based on information available to management at the time the estimates are made. Actual results could differ from those estimates. The results for the three and six months ended June 30, 2024 may not be indicative of results for the year ending December 31, 2024, or for any other period.

All significant accounting policies followed in the preparation of the quarterly financial statements are disclosed in the Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on March 8, 2024.

**Segment Reporting**

The Company's activities are considered to be one reportable segment for financial reporting purposes. The Company is engaged in the business of commercial and retail banking and trust and investment management services with operations throughout central and eastern Iowa, the Minneapolis/St. Paul metropolitan area, southwestern Wisconsin, Denver, Colorado, and, until June 7, 2024, Naples and Ft. Myers, Florida. Substantially all income is derived from a diverse base of commercial, mortgage and retail lending activities, and investments.

**Effect of New Financial Accounting Standards**

**Accounting Guidance Pending Adoption at June 30, 2024**

On March 12, 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (ASC 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. ASC 848 contains optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform. Certain optional expedients and exceptions for contract modifications and hedging relationships were amended in ASU 2021-01, *Reference Rate Reform (Topic 848): Scope Refinement*, issued on January 7, 2021. In addition, ASU 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset*

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*Date of Topic 848*, deferred the sunset date of Topic 848 from December 31, 2022 to December 31, 2024, after which time entities will no longer be permitted to apply the relief in Topic 848. The adoption of ASU 2020-04 is not expected to have a material impact on the Company's consolidated financial statements.

On November 27, 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280) - Improvements to Reportable Segment Disclosures*. Enhanced disclosures about significant segment expenses are included within this ASU. The amendments are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with an option to early adopt. The amendments should be applied retrospectively to all prior periods presented in the financial statements, with the segment expense categories and amounts disclosed in prior periods being based on the significant segment expense categories identified and disclosed in the period of adoption. The Company is currently evaluating the impact of ASU 2023-07.

On December 14, 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740) - Improvements to Income Tax Disclosures*. Additional transparency about income tax information through improvements to income tax disclosures, primarily related to the rate reconciliation and income taxes paid information, will be required. The amendments are effective for annual periods beginning after December 15, 2024, with an option to early adopt. The amendments should be applied on a prospective basis, with retrospective application being permitted. The Company is currently evaluating the impact of ASU 2023-09.

## **Accounting Guidance Adopted in 2024**

On March 29, 2023, the FASB issued ASU 2023-02, *Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method*. Under this ASU, if certain conditions are met, a reporting entity may elect to account for its tax equity investments by using the proportional amortization method regardless of the program from which it receives income tax credits. The amendments are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years, with an option to early adopt. The amendments must be applied on either a modified retrospective or a retrospective basis, with certain exceptions for low-income-housing tax credit structures that are not accounted for using the proportional amortization method. The adoption of ASU 2023-02 was applied on a modified retrospective basis and did not have a material impact on the Company's consolidated financial statements.

## **2. Business Combinations and Divestitures**

### Business Combinations:

On January 31, 2024, the Company acquired 100% of the equity of DNVB through a merger and acquired its wholly-owned banking subsidiary, Bank of Denver, for cash consideration of \$32.6 million. The primary reason for the acquisition was to increase our presence in Denver, Colorado. Immediately following the completion of the acquisition, BOD was merged with and into the Bank.

The assets acquired and liabilities assumed have been accounted for under the acquisition method of accounting. The assets and liabilities, both tangible and intangible, were recorded at their fair values as of the January 31, 2024 acquisition date net of any applicable tax effects using a methodology similar to the Company's legacy assets and liabilities (refer to [Note 14. Fair Value of Financial Instruments and Fair Value Measurements](#) for additional information regarding the fair value methodology). Initial accounting for the assets acquired and liabilities assumed was incomplete at June 30, 2024. Thus, such amounts recognized in the financial statements have been determined to be provisional. The excess of the consideration paid over the fair value of the net assets acquired is recorded as goodwill. This goodwill is not deductible for tax purposes. The revenue and earnings amount specific to DNVB since the acquisition date that are included in the consolidated results for the three and six months ended June 30, 2024 are not readily determinable. The disclosures of these amounts are impracticable due to the merging of certain processes and systems at the acquisition date.

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The table below summarizes the amounts recognized as of the acquisition date for each major class of assets acquired and liabilities assumed:

(in thousands)	January 31, 2024	
<b>Merger consideration</b>		
Cash consideration	\$	32,600
<b>Identifiable net assets acquired, at fair value</b>		
Assets acquired		
Cash and due from banks	\$	462
Interest earning deposits in banks		3,517
Debt securities		52,493
Loans held for investment		207,095
Premises and equipment		13,470
Core deposit intangible		7,100
Other assets		4,987
Total assets acquired		289,124
Liabilities assumed		
Deposits	\$	(224,248)
Short-term borrowings		(37,500)
Other liabilities		(3,417)
Total liabilities assumed		(265,165)
Identifiable net assets acquired, at fair value		23,959
<b>Goodwill</b>	\$	8,641

For illustrative purposes only, the following table presents certain unaudited pro forma information for the three and six months ended June 30, 2024 and June 30, 2023. This unaudited, estimated pro forma information was calculated as if DNVB had been acquired as of the beginning of the year prior to the date of acquisition. This unaudited pro forma information combines the historical results of DNVB and the Company and includes adjustments for the estimated impact of certain fair value purchase accounting, interest expense, acquisition-related expenses, and income tax expense for the respective periods. The pro forma information is not indicative of what would have occurred had the acquisition occurred as of the beginning of the year prior to the acquisition. Additionally, MidWest One expects to achieve further operating cost savings and other business synergies, including revenue growth as a result of the acquisition, which are not reflected in the pro forma amounts that follow. As a result, actual amounts would have differed from the unaudited pro forma information presented.

(in thousands, except per share amounts)	Unaudited					
	Three Months Ended		Six Months Ended			
	June 30,		June 30,			
	2024	2023	2024	2023	2024	2023
Total revenues	\$ 57,791	\$ 48,610	\$ 103,075	\$ 87,573		
Net income (loss)	\$ 16,407	\$ 7,339	\$ 22,812	\$ 5,547		
EPS - basic	\$ 1.04	\$ 0.47	\$ 1.45	\$ 0.35		
EPS - diluted	\$ 1.04	\$ 0.47	\$ 1.45	\$ 0.35		

The following table summarizes acquisition and divestiture-related expenses incurred during the three and six months ended June 30, 2024 and June 30, 2023, which are included in the respective income statement line items, for the periods indicated:

(in thousands)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
<b>Noninterest Expense</b>				
Compensation and employee benefits	\$ 73	\$ —	\$ 314	\$ 70
Occupancy expense of premises, net	—	—	152	—
Equipment	28	—	177	—
Legal and professional	462	—	1,035	—
Data processing	251	—	312	65
Marketing	—	—	32	—
Communications	8	—	9	—
Other	32	—	137	1
<b>Total acquisition and divestiture-related expenses</b>	<b>\$ 854</b>	<b>\$ —</b>	<b>\$ 2,168</b>	<b>\$ 136</b>



Divestitures:

On June 7, 2024, the Bank completed the sale of its Florida banking operations for a 7.5% deposit premium, which consisted of one bank branch in each of Naples and Ft. Myers, Florida. The sale of our Florida banking operations resulted in a gain on sale of \$11.1 million that was recorded in other revenue.

The following is a summary of the assets and liabilities related to the branch sale:

	June 7, 2024
<b>Assets</b>	
Cash and due from banks	\$ 353
Loans held for investment, net of unearned income	163,302
Allowance for credit losses	(1,943)
Total loans held for investment, net	161,359
Premises and equipment	3,511
Goodwill	1,730
Other assets	375
<b>Total assets</b>	<b>\$ 167,328</b>
<b>Liabilities</b>	
Deposits	\$ 133,296
Other liabilities	231
<b>Total liabilities</b>	<b>\$ 133,527</b>

**3. Debt Securities**

At June 30, 2024, there was \$6.2 million of net unrealized after tax loss remaining in accumulated other comprehensive loss, related to the transfer of securities classified as available for sale to held to maturity on January 1, 2022.

The following tables summarize the amortized cost, gross unrealized gains and losses and the resulting fair value of debt securities as of the dates indicated:

(in thousands)	As of June 30, 2024					
	Amortized Cost <sup>(1)</sup>	Gross Unrealized		Gross Unrealized Losses	Allowance for Credit Loss related to Debt Securities	
		Gains	Losses		Fair Value	
<b>Available for Sale</b>						
U.S. Treasury securities	\$ 250	\$ —	\$ —	\$ —	\$ 250	
State and political subdivisions	122,727	1	8,826	—	113,902	
Mortgage-backed securities	5,232	4	140	—	5,096	
Collateralized loan obligations	52,563	168	64	—	52,667	
Collateralized mortgage obligations	195,077	23	22,472	—	172,628	
Corporate debt securities	468,082	114	41,705	—	426,491	
<b>Total available for sale debt securities</b>	<b>\$ 843,931</b>	<b>\$ 310</b>	<b>\$ 73,207</b>	<b>\$ —</b>	<b>\$ 771,034</b>	
<b>Held to Maturity</b>						
State and political subdivisions	\$ 531,332	\$ —	\$ 77,366	\$ —	\$ 453,966	
Mortgage-backed securities	71,993	—	12,879	—	59,114	
Collateralized mortgage obligations	449,755	—	105,463	—	344,292	
<b>Total held to maturity debt securities</b>	<b>\$ 1,053,080</b>	<b>\$ —</b>	<b>\$ 195,708</b>	<b>\$ —</b>	<b>\$ 857,372</b>	

<sup>(1)</sup> Amortized cost for the held to maturity securities includes \$0.2 million of unamortized gain in state and political subdivisions, \$76 thousand of unamortized gains in mortgage-backed securities and \$8.8 million of unamortized losses in collateralized mortgage obligations related to the re-classification of securities from available for sale to held to maturity on January 1, 2022.

As of December 31, 2023								
(in thousands)	Amortized Cost <sup>(1)</sup>	Gross		Gross		Allowance for Credit		
		Unrealized Gains	Unrealized Losses	Unrealized Losses	Loss related to Debt Securities	Fair Value		
<b>Available for Sale</b>								
State and political subdivisions	\$ 139,482	\$ 2	\$ 9,345	\$ —	\$ —	\$ 130,139		
Mortgage-backed securities	5,448	5	142	—	—	5,311		
Collateralized loan obligations	50,541	135	239	—	—	50,437		
Collateralized mortgage obligations	190,304	—	21,108	—	—	169,196		
Corporate debt securities	487,361	57	47,367	—	—	440,051		
<b>Total available for sale debt securities</b>	<b>\$ 873,136</b>	<b>\$ 199</b>	<b>\$ 78,201</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 795,134</b>		
<b>Held to Maturity</b>								
State and political subdivisions	\$ 532,422	\$ —	\$ 65,932	\$ —	\$ —	\$ 466,490		
Mortgage-backed securities	74,904	—	11,635	—	—	63,269		
Collateralized mortgage obligations	467,864	—	102,360	—	—	365,504		
<b>Total held to maturity debt securities</b>	<b>\$ 1,075,190</b>	<b>\$ —</b>	<b>\$ 179,927</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 895,263</b>		

<sup>(1)</sup> Amortized cost for the held to maturity securities includes \$0.2 million of unamortized gain in state and political subdivisions, \$58 thousand of unamortized gains in mortgage-backed securities and \$9.7 million of unamortized losses in collateralized mortgage obligations related to the re-classification of securities from available for sale to held to maturity on January 1, 2022.

Investment securities with a fair value of \$ 1.16 billion at each of June 30, 2024 and December 31, 2023 were pledged on public deposits, securities sold under agreements to repurchase and for other purposes, as required or permitted by law.

Accrued interest receivable on available for sale debt securities and held to maturity debt securities is recorded within 'Other Assets,' and is excluded from the estimate of credit losses. At June 30, 2024 the accrued interest receivable on available for sale debt securities and held to maturity debt securities totaled \$5.1 million and \$3.6 million, respectively. At December 31, 2023 the accrued interest receivable on available for sale debt securities and held to maturity debt securities totaled \$5.5 million and \$3.7 million, respectively.

The following table presents debt securities AFS in an unrealized loss position for which an allowance for credit losses has not been recorded as of June 30, 2024, aggregated by investment category and length of time in a continuous loss position:

Available for Sale (in thousands, except number of securities)	Number of Securities	As of June 30, 2024					
		Less than 12 Months		12 Months or More		Total	
		Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
State and political subdivisions	132	\$ 1,372	\$ 80	\$ 110,214	\$ 8,746	\$ 111,586	\$ 8,826
Mortgage-backed securities	21	100	1	4,677	139	4,777	140
Collateralized loan obligations	3	13,039	42	2,878	22	15,917	64
Collateralized mortgage obligations	21	47,816	679	119,410	21,793	167,226	22,472
Corporate debt securities	127	—	—	417,973	41,705	417,973	41,705
<b>Total</b>	<b>304</b>	<b>\$ 62,327</b>	<b>\$ 802</b>	<b>\$ 655,152</b>	<b>\$ 72,405</b>	<b>\$ 717,479</b>	<b>\$ 73,207</b>

As of June 30, 2024, 132 state and political subdivisions securities with total unrealized losses of \$ 8.8 million were held by the Company. Management evaluated these securities through a process that included consideration of credit agency ratings and payment history. In addition, management evaluated securities by considering the yield spread to treasury securities and the most recent financial information available. Based on this evaluation, management concluded that the decline in fair value was not attributable to credit losses.

As of June 30, 2024, 21 mortgage-backed securities, and 21 collateralized mortgage obligations with unrealized losses totaling \$ 22.6 million were held by the Company. Management evaluated the payment history of these securities. In addition, management considered the implied U.S. government guarantee of these agency securities and the level of credit enhancement for non-agency securities. Based on this evaluation, management concluded that the decline in fair value was not attributable to credit losses.

As of June 30, 2024, 3 collateralized loan obligations with unrealized losses of \$ 0.1 million were held by the Company. Management evaluated these securities through a process that included consideration of credit agency ratings, priority of cash flows and the amount of over-collateralization. In addition, management may evaluate securities by considering the yield spread to treasury securities and the most recent financial information available. Based on this evaluation, management concluded that the decline in fair value was not attributable to credit losses.

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As of June 30, 2024, 127 corporate debt securities with total unrealized losses of \$ 41.7 million were held by the Company. Management evaluated these securities by considering credit agency ratings and payment history. In addition, management evaluated securities by considering the yield spread to treasury securities and the most recent financial information available. Based on this evaluation, management concluded that the decline in fair value was not attributable to credit losses.

The following table presents debt securities AFS in an unrealized loss position for which an allowance for credit losses has not been recorded as of December 31, 2023, aggregated by investment category and length of time in a continuous loss position:

Available for Sale	Number of Securities	As of December 31, 2023						Total	
		Less than 12 Months		12 Months or More		Fair Value	Unrealized Losses		
		Fair Value	Unrealized Losses	Fair Value	Unrealized Losses				
(in thousands, except number of securities)									
State and political subdivisions	149	\$ 8,417	\$ 492	\$ 114,713	\$ 8,853	\$ 123,130	\$ 9,345		
Mortgage-backed securities	19	—	—	4,906	142	4,906	142		
Collateralized loan obligations	2	17,696	239	—	—	17,696	239		
Collateralized mortgage obligations	20	6,278	90	127,792	21,018	134,070	21,108		
Corporate debt securities	133	2,377	80	429,222	47,287	431,599	47,367		
Total	323	\$ 34,768	\$ 901	\$ 676,633	\$ 77,300	\$ 711,401	\$ 78,201		

The Company evaluates debt securities held to maturity for current expected credit losses. There were no debt securities held to maturity classified as nonaccrual or past due as of June 30, 2024. Held-to-maturity securities are evaluated on a quarterly basis using historical probability of default and loss given default information specific to the investment category. If this evaluation determines that credit losses exist, an allowance for credit loss is recorded and included in earnings as a component of credit loss expense. Based on this evaluation, management concluded that no allowance for credit loss for these securities was required.

Proceeds and gross realized gains and losses on debt securities available for sale for the three and six months ended June 30, 2024 and 2023, were as follows:

(in thousands)	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Proceeds from sales of debt securities available for sale	\$ —	\$ —	\$ 52,323	\$ 218,667
Gross realized losses from sales of debt securities available for sale <sup>(1)</sup>	—	—	—	(13,170)
Net realized loss from sales of debt securities available for sale <sup>(1)</sup>	\$ —	\$ —	\$ —	\$ (13,170)

<sup>(1)</sup> The difference in investment security gains, net reported herein as compared to the Consolidated Statements of Income is associated with the net realized gain from the call of debt securities of \$33 thousand and \$69 thousand for the three and six months ended June 30, 2024, respectively, with \$ thousand net realized loss from the call of debt securities recorded during the three and six months ended June 30, 2023.

The contractual maturity distribution of investment debt securities at June 30, 2024 is shown below. Expected maturities of MBS, CLO and CMO may differ from contractual maturities because the mortgages underlying the securities may be called or prepaid without any penalties. Therefore, these securities are not included in the maturity categories in the following summary.

(in thousands)	Available for Sale		Held to Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	\$ 79,950	\$ 78,771	\$ 12,280	\$ 11,902
Due after one year through five years	355,490	327,084	148,692	134,904
Due after five years through ten years	131,097	113,941	258,869	216,714
Due after ten years	24,522	20,847	111,491	90,446
	\$ 591,059	\$ 540,643	\$ 531,332	\$ 453,966
Mortgage-backed securities	5,232	5,096	71,993	59,114
Collateralized loan obligations	52,563	52,667	—	—
Collateralized mortgage obligations	195,077	172,628	449,755	344,292
Total	\$ 843,931	\$ 771,034	\$ 1,053,080	\$ 857,372

#### 4. Loans Receivable and the Allowance for Credit Losses

The composition of loans by class of receivable was as follows:

(in thousands)	As of	
	June 30, 2024	December 31, 2023
Agricultural	\$ 107,983	\$ 118,414
Commercial and industrial	1,120,983	1,075,003
Commercial real estate:		
Construction & development	351,646	323,195
Farmland	183,641	184,955
Multifamily	430,054	383,178
Commercial real estate-other	1,348,515	1,333,982
Total commercial real estate	2,313,856	2,225,310
Residential real estate:		
One- to four- family first liens	492,541	459,798
One- to four- family junior liens	176,105	180,639
Total residential real estate	668,646	640,437
Consumer	75,764	67,783
Loans held for investment, net of unearned income	4,287,232	4,126,947
Allowance for credit losses	(53,900)	(51,500)
Total loans held for investment, net	<u>\$ 4,233,332</u>	<u>\$ 4,075,447</u>

Loans with unpaid principal in the amount of \$1.25 billion and \$1.13 billion at June 30, 2024 and December 31, 2023, respectively, were pledged to the FHLB as collateral for borrowings.

#### Non-accrual and Delinquent Status

Loans are placed on non-accrual when (1) payment in full of principal and interest is no longer expected or (2) principal or interest has been in default for 90 days or more for all loan types, except owner occupied residential real estate, which are moved to non-accrual at 120 days or more past due, unless the loan is both well secured with marketable collateral and in the process of collection. All loans rated doubtful or worse, and certain loans rated substandard, are placed on non-accrual.

A non-accrual loan may be restored to an accrual status when (1) all past due principal and interest has been paid (excluding renewals and modifications that involve the capitalizing of interest) or (2) the loan becomes well secured with marketable collateral and is in the process of collection. An established track record of performance is also considered when determining accrual status.

Loans are considered past due or delinquent when the contractual principal or interest due in accordance with the terms of the loan agreement or any portion thereof remains unpaid after the due date of the scheduled payment.

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The following tables present the amortized cost basis of loans based on delinquency status:

(in thousands)	Age Analysis of Past-Due Financial Assets						90 Days or More Past Due And Accruing	
	30 - 59 Days Past		60 - 89 Days Past		90 Days or More Past			
	Current	Due	Due	Due	Total			
<b>June 30, 2024</b>								
Agricultural	\$ 107,502	\$ —	\$ 60	\$ 421	\$ 107,983	\$ —		
Commercial and industrial	1,104,010	493	—	16,480	1,120,983	—		
Commercial real estate:								
Construction and development	351,202	213	231	—	351,646	—		
Farmland	180,388	1,851	—	1,402	183,641	—		
Multifamily	429,783	271	—	—	430,054	—		
Commercial real estate-other	1,345,528	436	97	2,454	1,348,515	—		
Total commercial real estate	2,306,901	2,771	328	3,856	2,313,856	—		
Residential real estate:								
One- to four- family first liens	485,926	3,506	1,927	1,182	492,541	338		
One- to four- family junior liens	175,090	298	367	350	176,105	6		
Total residential real estate	661,016	3,804	2,294	1,532	668,646	344		
Consumer	75,371	189	99	105	75,764	89		
<b>Total</b>	<b>\$ 4,254,800</b>	<b>\$ 7,257</b>	<b>\$ 2,781</b>	<b>\$ 22,394</b>	<b>\$ 4,287,232</b>	<b>\$ 433</b>		
(in thousands)	Age Analysis of Past-Due Financial Assets						90 Days or More Past Due And Accruing	
	30 - 59 Days Past		60 - 89 Days Past		90 Days or More			
	Current	Due	Due	Past Due	Total			
<b>December 31, 2023</b>								
Agricultural	\$ 117,852	\$ 338	\$ —	\$ 224	\$ 118,414	\$ —		
Commercial and industrial	1,058,301	440	401	15,861	1,075,003	—		
Commercial real estate:								
Construction and development	323,165	30	—	—	323,195	—		
Farmland	182,759	677	352	1,167	184,955	—		
Multifamily	383,178	—	—	—	383,178	—		
Commercial real estate-other	1,327,727	2,129	1,290	2,836	1,333,982	—		
Total commercial real estate	2,216,829	2,836	1,642	4,003	2,225,310	—		
Residential real estate:								
One- to four- family first liens	453,212	3,572	1,741	1,273	459,798	468		
One- to four- family junior liens	179,339	356	690	254	180,639	—		
Total residential real estate	632,551	3,928	2,431	1,527	640,437	468		
Consumer	67,622	118	28	15	67,783	—		
<b>Total</b>	<b>\$ 4,093,155</b>	<b>\$ 7,660</b>	<b>\$ 4,502</b>	<b>\$ 21,630</b>	<b>\$ 4,126,947</b>	<b>\$ 468</b>		

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The following table presents the amortized cost basis of loans on non-accrual status, amortized cost basis of loans on non-accrual status with no allowance for credit losses recorded, and loans past due 90 days or more and still accruing by class of loan:

(in thousands)	Nonaccrual		Nonaccrual with no Allowance for Credit		90 Days or More Past Due And Accruing	
	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Agricultural	\$ 421	\$ 235	\$ 219	\$ 12	\$ —	\$ —
Commercial and industrial	16,645	17,770	12,116	12,549	—	—
Commercial real estate:						
Construction and development	—	—	—	—	—	—
Farmland	1,530	1,654	1,390	1,490	—	—
Multifamily	—	—	—	—	—	—
Commercial real estate-other	2,717	3,441	2,454	853	—	—
Total commercial real estate	4,247	5,095	3,844	2,343	—	—
Residential real estate:						
One- to four- family first liens	2,535	1,888	1,290	455	338	468
One- to four- family junior liens	796	876	121	—	6	—
Total residential real estate	3,331	2,764	1,411	455	344	468
Consumer	51	27	—	—	89	—
Total	<u><u>\$ 24,695</u></u>	<u><u>\$ 25,891</u></u>	<u><u>\$ 17,590</u></u>	<u><u>\$ 15,359</u></u>	<u><u>\$ 433</u></u>	<u><u>\$ 468</u></u>

The interest income recognized on loans that were on nonaccrual for the three months ended June 30, 2024 and June 30, 2023 was \$ 123 thousand and \$38 thousand, respectively. The interest income recognized on loans that were on nonaccrual for the six months ended June 30, 2024 and June 30, 2023 was \$252 thousand and \$94 thousand, respectively.

**Credit Quality Information**

The Company aggregates loans into risk categories based on relevant information about the ability of borrowers to service their debt, such as: current financial information, historical payment experience, credit documentation, and other factors. The Company analyzes loans individually to classify the loans as to credit risk. This analysis includes non-homogenous loans, such as agricultural, commercial and industrial, commercial real estate and non-owner occupied residential real estate loans. Loans not meeting the criteria described below that are analyzed individually are considered to be pass-rated. The Company uses the following definitions for risk ratings:

**Special Mention/Watch** - A special mention/watch asset has potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the Company's credit position at some future date. Special mention/watch assets are not adversely classified and do not expose the Company to sufficient risk to warrant adverse classification.

**Substandard** - Substandard loans are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected.

**Doubtful** - Loans classified as doubtful have all the weaknesses inherent in those classified as substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently known facts, conditions and values, highly questionable and improbable.

**Loss** - Loans classified as loss are considered uncollectible and of such little value that their continuance as bankable assets is not warranted. This classification does not mean that the loan has absolutely no recovery or salvage value but rather it is not practical or desirable to defer writing off this basically worthless asset even though partial recovery may be affected in the future.

Homogenous loans, including owner occupied residential real estate and consumer loans, are not individually risk rated. Instead, these loans are categorized based on performance: performing and nonperforming. Nonperforming loans include those loans on nonaccrual and loans greater than 90 days past due and on accrual.

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The following tables set forth the amortized cost basis of loans by class of receivable by credit quality indicator, and vintage, in addition to the current period gross write-offs by class of receivable and vintage, based on the most recent analysis performed, as of June 30, 2024. As of June 30, 2024, there were no 'loss' rated credits.

June 30, 2024 (in thousands)	Term Loans by Origination Year							Revolving		Total
	2024	2023	2022	2021	2020	Prior	Loans			
<b>Agricultural</b>										
Pass	\$ 9,931	\$ 8,394	\$ 10,678	\$ 6,426	\$ 2,177	\$ 1,599	\$ 64,512	\$ 103,717		
Special mention / watch	147	215	443	245	100	478	1,365	2,993		
Substandard	30	—	222	156	212	213	440	1,273		
Doubtful	—	—	—	—	—	—	—	—		
Total	\$ 10,108	\$ 8,609	\$ 11,343	\$ 6,827	\$ 2,489	\$ 2,290	\$ 66,317	\$ 107,983		
<b>Commercial and industrial</b>										
Pass	\$ 85,109	\$ 161,638	\$ 194,275	\$ 182,208	\$ 107,822	\$ 125,602	\$ 179,462	\$ 1,036,116		
Special mention / watch	93	7,736	17,163	897	3,055	5,626	10,159	44,729		
Substandard	468	654	732	2,952	76	33,875	1,381	40,138		
Doubtful	—	—	—	—	—	—	—	—		
Total	\$ 85,670	\$ 170,028	\$ 212,170	\$ 186,057	\$ 110,953	\$ 165,103	\$ 191,002	\$ 1,120,983		
<b>CRE - Construction and development</b>										
Pass	\$ 51,903	\$ 148,008	\$ 112,679	\$ 27,381	\$ 3,077	\$ 1,242	\$ 5,723	\$ 350,013		
Special mention / watch	623	—	—	—	—	—	467	1,090		
Substandard	—	312	231	—	—	—	—	543		
Doubtful	—	—	—	—	—	—	—	—		
Total	\$ 52,526	\$ 148,320	\$ 112,910	\$ 27,381	\$ 3,077	\$ 1,242	\$ 6,190	\$ 351,646		
<b>CRE - Farmland</b>										
Pass	\$ 13,716	\$ 25,478	\$ 41,723	\$ 43,094	\$ 16,797	\$ 16,846	\$ 2,397	\$ 160,051		
Special mention / watch	820	—	5,858	3,979	5,675	644	865	17,841		
Substandard	566	384	382	499	1,183	2,735	—	5,749		
Doubtful	—	—	—	—	—	—	—	—		
Total	\$ 15,102	\$ 25,862	\$ 47,963	\$ 47,572	\$ 23,655	\$ 20,225	\$ 3,262	\$ 183,641		
<b>CRE - Multifamily</b>										
Pass	\$ 16,937	\$ 42,485	\$ 121,613	\$ 106,455	\$ 71,270	\$ 21,265	\$ 1,722	\$ 381,747		
Special mention / watch	11,109	—	452	271	16,650	12,333	—	40,815		
Substandard	—	—	—	7,492	—	—	—	7,492		
Doubtful	—	—	—	—	—	—	—	—		
Total	\$ 28,046	\$ 42,485	\$ 122,065	\$ 114,218	\$ 87,920	\$ 33,598	\$ 1,722	\$ 430,054		
<b>CRE - Other</b>										
Pass	\$ 40,075	\$ 159,183	\$ 312,547	\$ 243,668	\$ 223,127	\$ 179,759	\$ 68,353	\$ 1,226,712		
Special mention / watch	526	8,013	6,468	3,611	4,311	6,261	5,698	34,888		
Substandard	1,311	243	26,141	17,959	16,761	24,500	—	86,915		
Doubtful	—	—	—	—	—	—	—	—		
Total	\$ 41,912	\$ 167,439	\$ 345,156	\$ 265,238	\$ 244,199	\$ 210,520	\$ 74,051	\$ 1,348,515		
<b>RRE - One- to four- family first liens</b>										
Pass / Performing	\$ 38,297	\$ 58,650	\$ 130,613	\$ 92,734	\$ 51,605	\$ 96,948	\$ 13,562	\$ 482,409		
Special mention / watch	56	723	706	64	593	1,755	—	3,897		
Substandard / Nonperforming	—	1,260	897	550	104	3,424	—	6,235		
Doubtful	—	—	—	—	—	—	—	—		
Total	\$ 38,353	\$ 60,633	\$ 132,216	\$ 93,348	\$ 52,302	\$ 102,127	\$ 13,562	\$ 492,541		

**RRE - One- to four- family junior liens**

Performing	\$ 9,492	\$ 18,965	\$ 25,328	\$ 16,535	\$ 6,921	\$ 8,880	\$ 89,182	\$ 175,303
Nonperforming	—	—	395	69	22	316	—	802
Total	<u>\$ 9,492</u>	<u>\$ 18,965</u>	<u>\$ 25,723</u>	<u>\$ 16,604</u>	<u>\$ 6,943</u>	<u>\$ 9,196</u>	<u>\$ 89,182</u>	<u>\$ 176,105</u>
<b>Consumer</b>								
Performing	\$ 11,129	\$ 26,788	\$ 13,575	\$ 7,707	\$ 3,137	\$ 7,526	\$ 5,762	\$ 75,624
Nonperforming	—	46	77	—	17	—	—	140
Total	<u>\$ 11,129</u>	<u>\$ 26,834</u>	<u>\$ 13,652</u>	<u>\$ 7,707</u>	<u>\$ 3,154</u>	<u>\$ 7,526</u>	<u>\$ 5,762</u>	<u>\$ 75,764</u>

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June 30, 2024 (in thousands)	Term Loans by Origination Year							Revolving Loans			Total
	2024	2023	2022	2021	2020	Prior					
<b>Total by Credit Quality Indicator Category</b>											
Pass	\$ 255,968	\$ 603,836	\$ 924,128	\$ 701,966	\$ 475,875	\$ 443,261	\$ 335,731	\$ 3,740,765			
Special mention / watch	13,374	16,687	31,090	9,067	30,384	27,097	18,554		146,253		
Substandard	2,375	2,853	28,605	29,608	18,336	64,747	1,821		148,345		
Doubtful	—	—	—	—	—	—	—		—	—	
Performing	20,621	45,753	38,903	24,242	10,058	16,406	94,944		250,927		
Nonperforming	—	46	472	69	39	316	—		942		
<b>Total</b>	<b>\$ 292,338</b>	<b>\$ 669,175</b>	<b>\$ 1,023,198</b>	<b>\$ 764,952</b>	<b>\$ 534,692</b>	<b>\$ 551,827</b>	<b>\$ 451,050</b>	<b>\$ 4,287,232</b>			
<b>Term Loans by Origination Year</b>											
June 30, 2024 (in thousands)	Term Loans by Origination Year							Revolving Loans			
	2024	2023	2022	2021	2020	Prior				Total	
<b>Year-to-date Current Period Gross Write-offs</b>											
Agricultural	\$ —	\$ —	\$ —	\$ 4	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 4	
Commercial and industrial	—	42	330	145	29	222	—		768		
CRE - Construction and development	—	—	—	—	—	—	—		—	—	
CRE - Farmland	—	—	—	—	—	—	—		—	—	
CRE - Multifamily	—	—	—	—	—	—	—		—	—	
CRE - Other	—	—	—	—	—	35	—		35		
RRE - One-to-four-family first liens	—	—	53	22	—	—	—		75		
RRE - One-to-four-family junior liens	—	—	—	—	—	—	—		—	—	
Consumer	—	338	196	3	1	12	—		550		
<b>Total Current Period Gross Write-offs</b>	<b>\$ —</b>	<b>\$ 380</b>	<b>\$ 579</b>	<b>\$ 174</b>	<b>\$ 30</b>	<b>\$ 269</b>	<b>\$ —</b>	<b>\$ —</b>	<b>1,432</b>		

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The following tables set forth the amortized cost basis of loans by class of receivable by credit quality indicator and vintage based on the most recent analysis performed, as of December 31, 2023. As of December 31, 2023, there were no 'loss' rated credits.

December 31, 2023 (in thousands)	Term Loans by Origination Year						Prior	Revolving Loans	Total
	2023	2022	2021	2020	2019				
<b>Agricultural</b>									
Pass	\$ 11,859	\$ 12,149	\$ 8,352	\$ 2,752	\$ 689	\$ 1,139	\$ 71,680	\$ 108,620	
Special mention / watch	266	550	670	91	5	522	3,705	5,809	
Substandard	709	193	302	208	—	224	2,349	3,985	
Doubtful	—	—	—	—	—	—	—	—	—
<b>Total</b>	<b>\$ 12,834</b>	<b>\$ 12,892</b>	<b>\$ 9,324</b>	<b>\$ 3,051</b>	<b>\$ 694</b>	<b>\$ 1,885</b>	<b>\$ 77,734</b>	<b>\$ 118,414</b>	
<b>Commercial and industrial</b>									
Pass	\$ 176,021	\$ 224,924	\$ 193,011	\$ 117,326	\$ 25,555	\$ 116,661	\$ 147,690	\$ 1,001,188	
Special mention / watch	2,541	416	3,209	3,385	193	272	14,692	24,708	
Substandard	897	2,921	2,010	561	8,507	29,432	4,779	49,107	
Doubtful	—	—	—	—	—	—	—	—	—
<b>Total</b>	<b>\$ 179,459</b>	<b>\$ 228,261</b>	<b>\$ 198,230</b>	<b>\$ 121,272</b>	<b>\$ 34,255</b>	<b>\$ 146,365</b>	<b>\$ 167,161</b>	<b>\$ 1,075,003</b>	
<b>CRE - Construction and development</b>									
Pass	\$ 99,803	\$ 163,126	\$ 43,189	\$ 3,393	\$ 821	\$ 700	\$ 9,552	\$ 320,584	
Special mention / watch	1,097	—	464	—	—	—	—	467	2,028
Substandard	343	240	—	—	—	—	—	—	583
Doubtful	—	—	—	—	—	—	—	—	—
<b>Total</b>	<b>\$ 101,243</b>	<b>\$ 163,366</b>	<b>\$ 43,653</b>	<b>\$ 3,393</b>	<b>\$ 821</b>	<b>\$ 700</b>	<b>\$ 10,019</b>	<b>\$ 323,195</b>	
<b>CRE - Farmland</b>									
Pass	\$ 25,666	\$ 44,907	\$ 47,068	\$ 18,863	\$ 6,587	\$ 14,845	\$ 1,642	\$ 159,578	
Special mention / watch	1,229	6,898	2,409	5,982	—	965	276	17,759	
Substandard	1,830	210	1,542	1,052	926	2,029	29	7,618	
Doubtful	—	—	—	—	—	—	—	—	—
<b>Total</b>	<b>\$ 28,725</b>	<b>\$ 52,015</b>	<b>\$ 51,019</b>	<b>\$ 25,897</b>	<b>\$ 7,513</b>	<b>\$ 17,839</b>	<b>\$ 1,947</b>	<b>\$ 184,955</b>	
<b>CRE - Multifamily</b>									
Pass	\$ 32,077	\$ 96,969	\$ 111,032	\$ 77,532	\$ 8,701	\$ 6,508	\$ 4,208	\$ 337,027	
Special mention / watch	5,318	1,237	277	18,984	7,850	4,586	—	38,252	
Substandard	—	—	7,572	327	—	—	—	7,899	
Doubtful	—	—	—	—	—	—	—	—	—
<b>Total</b>	<b>\$ 37,395</b>	<b>\$ 98,206</b>	<b>\$ 118,881</b>	<b>\$ 96,843</b>	<b>\$ 16,551</b>	<b>\$ 11,094</b>	<b>\$ 4,208</b>	<b>\$ 383,178</b>	
<b>CRE - Other</b>									
Pass	\$ 199,698	\$ 295,066	\$ 256,718	\$ 250,676	\$ 77,509	\$ 90,170	\$ 51,827	\$ 1,221,664	
Special mention / watch	364	1,306	3,300	4,823	4,282	2,395	3,856	20,326	
Substandard	325	26,555	19,253	19,103	8,242	17,876	638	91,992	
Doubtful	—	—	—	—	—	—	—	—	—
<b>Total</b>	<b>\$ 200,387</b>	<b>\$ 322,927</b>	<b>\$ 279,271</b>	<b>\$ 274,602</b>	<b>\$ 90,033</b>	<b>\$ 110,441</b>	<b>\$ 56,321</b>	<b>\$ 1,333,982</b>	
<b>RRE - One- to four- family first liens</b>									
Pass / Performing	\$ 62,644	\$ 125,777	\$ 92,767	\$ 54,028	\$ 19,674	\$ 81,660	\$ 13,283	\$ 449,833	
Special mention / watch	629	716	36	620	1,827	319	—	4,147	
Substandard / Nonperforming	1,156	191	738	165	164	3,404	—	5,818	
Doubtful	—	—	—	—	—	—	—	—	—
<b>Total</b>	<b>\$ 64,429</b>	<b>\$ 126,684</b>	<b>\$ 93,541</b>	<b>\$ 54,813</b>	<b>\$ 21,665</b>	<b>\$ 85,383</b>	<b>\$ 13,283</b>	<b>\$ 459,798</b>	
<b>RRE - One- to four- family junior liens</b>									
Performing	\$ 23,551	\$ 29,919	\$ 18,733	\$ 7,292	\$ 2,590	\$ 7,867	\$ 89,810	\$ 179,762	
Nonperforming	—	192	—	25	23	637	—	877	
<b>Total</b>	<b>\$ 23,551</b>	<b>\$ 30,111</b>	<b>\$ 18,733</b>	<b>\$ 7,317</b>	<b>\$ 2,613</b>	<b>\$ 8,504</b>	<b>\$ 89,810</b>	<b>\$ 180,639</b>	
<b>Consumer</b>									
Performing	\$ 26,028	\$ 14,319	\$ 10,042	\$ 4,421	\$ 1,451	\$ 7,350	\$ 4,145	\$ 67,756	
Nonperforming	—	22	—	—	3	2	—	27	

<u>Total</u>	<u>\$ 26,028</u>	<u>\$ 14,341</u>	<u>\$ 10,042</u>	<u>\$ 4,421</u>	<u>\$ 1,454</u>	<u>\$ 7,352</u>	<u>\$ 4,145</u>	<u>\$ 67,783</u>
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December 31, 2023 (in thousands)	Term Loans by Origination Year						Revolving Loans			Total
	2023	2022	2021	2020	2019	Prior				
<b>Total by Credit Quality Indicator Category</b>										
Pass	\$ 607,768	\$ 962,918	\$ 752,137	\$ 524,570	\$ 139,536	\$ 311,683	\$ 299,882	\$ 3,598,494		
Special mention / watch	11,444	11,123	10,365	33,885	14,157	9,059	22,996	113,029		
Substandard	5,260	30,310	31,417	21,416	17,839	52,965	7,795	167,002		
Doubtful	—	—	—	—	—	—	—	—	—	
Performing	49,579	44,238	28,775	11,713	4,041	15,217	93,955	247,518		
Nonperforming	—	214	—	25	26	639	—	904		
<b>Total</b>	<b>\$ 674,051</b>	<b>\$ 1,048,803</b>	<b>\$ 822,694</b>	<b>\$ 591,609</b>	<b>\$ 175,599</b>	<b>\$ 389,563</b>	<b>\$ 424,628</b>	<b>\$ 4,126,947</b>		
<b>Term Loans by Origination Year</b>										
December 31, 2023 (in thousands)	Term Loans by Origination Year						Revolving Loans			Total
	2023	2022	2021	2020	2019	Prior				
<b>Year-to-date Current Period Gross Write-offs</b>										
Agricultural	\$ —	\$ 8	\$ 1	\$ 17	\$ 2	\$ —	\$ —	\$ —	\$ 28	
Commercial and industrial	239	343	223	133	464	45	—	—	1,447	
CRE - Construction and development	—	—	—	—	—	—	—	—	—	
CRE - Farmland	—	—	—	—	—	—	—	—	—	
CRE - Multifamily	—	—	—	—	—	—	—	—	—	
CRE - Other	—	—	—	—	—	2,337	—	—	2,337	
RRE - One-to-four-family first liens	—	—	—	—	—	36	—	—	36	
RRE - One-to-four-family junior liens	—	19	—	—	—	—	—	—	19	
Consumer	—	621	30	12	12	10	—	—	685	
<b>Total Current Period Gross Write-offs</b>	<b>\$ 239</b>	<b>\$ 991</b>	<b>\$ 254</b>	<b>\$ 162</b>	<b>\$ 478</b>	<b>\$ 2,428</b>	<b>\$ —</b>	<b>\$ —</b>	<b>4,552</b>	

**Allowance for Credit Losses**

The following are the economic factors utilized by the Company for its loan credit loss estimation process at June 30, 2024, and the forecast for each factor at that date: (1) Midwest unemployment – increases over the next four forecasted quarters; (2) National unemployment - increases over the next three forecasted quarters, with a decrease in the fourth forecasted quarter; (3) year-to-year change in national retail sales - increases over the next four forecasted quarters; (4) year-to-year change in CRE Index - decreases over the next four forecasted quarters; and (5) year-to-year change in U.S. GDP - increases over the next four forecasted quarters. In addition, management utilized qualitative factors to adjust the calculated ACL as appropriate. Qualitative factors are based on management's judgment of company, market, industry or business specific data, changes in underlying loan composition of specific portfolios, trends relating to credit quality, delinquency, non-performing and adversely rated loans, and reasonable and supportable forecasts of economic conditions.

The increase in the ACL between June 30, 2024 and December 31, 2023 reflects \$ 3.1 million of day 1 credit loss expense related to acquired DNVB loans, as well as additional reserve taken to support loan growth. Partially offsetting these identified increases was a \$1.9 million reduction to the ACL for allowance allocated to the loans sold with our Florida banking operations. Net loan charge-offs were \$0.5 million for the three months ended June 30, 2024 as compared to net loan charge-offs of \$0.9 million for the three months ended June 30, 2023. Net loan charge-offs were \$ 0.7 million for the six months ended June 30, 2024 as compared to net loan charge-offs of \$1.2 million for the six months ended June 30, 2023.

We have made a policy election to report interest receivable as a separate line on the balance sheet. Accrued interest receivable, which is recorded within 'Other Assets', totaled \$20.6 million at June 30, 2024.

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The changes in the allowance for credit losses by portfolio segment were as follows:

(in thousands)	For the Three Months Ended June 30, 2024 and 2023								
	Commercial and		Commercial Real		Residential Real				
	Agricultural	Industrial	Estate	Estate	Consumer	Total			
<b>For the Three Months Ended June 30, 2024</b>									
Beginning balance	\$ 648	\$ 21,882	\$ 26,772	\$ 5,014	\$ 1,584	\$ 55,900			
Allocated to banking office sale	—	(51)	(1,795)	(94)	(3)	(1,943)			
Charge-offs	—	(469)	—	(56)	(260)	(785)			
Recoveries	—	223	6	4	28	261			
Credit loss expense (benefit) <sup>(1)</sup>	(246)	1,423	(659)	(209)	158	467			
Ending balance	<u>\$ 402</u>	<u>\$ 23,008</u>	<u>\$ 24,324</u>	<u>\$ 4,659</u>	<u>\$ 1,507</u>	<u>\$ 53,900</u>			
<b>For the Three Months Ended June 30, 2023</b>									
Beginning balance	\$ 513	\$ 22,345	\$ 21,833	\$ 4,545	\$ 564	\$ 49,800			
Charge-offs	—	(189)	(812)	(33)	(125)	(1,159)			
Recoveries	1	195	6	16	44	262			
Credit loss expense (benefit) <sup>(1)</sup>	103	570	884	(135)	75	1,497			
Ending balance	<u>\$ 617</u>	<u>\$ 22,921</u>	<u>\$ 21,911</u>	<u>\$ 4,393</u>	<u>\$ 558</u>	<u>\$ 50,400</u>			

(1) The difference in the credit loss expense reported herein as compared to the Consolidated Statements of Income is associated with the credit loss expense of \$0.8 million and \$0.1 million related to off-balance sheet credit exposures for the three months ended June 30, 2024 and June 30, 2023, respectively.

(in thousands)	For the Six Months Ended June 30, 2024 and 2023								
	Commercial and		Commercial Real		Residential Real				
	Agricultural	Industrial	Estate	Estate	Consumer	Total			
<b>For the Six Months Ended June 30, 2024</b>									
Beginning balance	\$ 613	\$ 21,743	\$ 23,759	\$ 4,762	\$ 623	\$ 51,500			
Allocated in banking office sale	—	(51)	(1,795)	(94)	(3)	(1,943)			
Charge-offs	(4)	(768)	(35)	(75)	(550)	(1,432)			
Recoveries	355	269	14	13	68	719			
Credit loss expense (benefit) <sup>(1)</sup>	(562)	1,815	2,381	53	1,369	5,056			
Ending balance	<u>\$ 402</u>	<u>\$ 23,008</u>	<u>\$ 24,324</u>	<u>\$ 4,659</u>	<u>\$ 1,507</u>	<u>\$ 53,900</u>			
<b>For the Six Months Ended June 30, 2023</b>									
Beginning balance	\$ 923	\$ 22,855	\$ 20,123	\$ 4,678	\$ 621	\$ 49,200			
Charge-offs	(1)	(509)	(830)	(33)	(273)	(1,646)			
Recoveries	27	270	11	20	88	416			
Credit loss (benefit) expense <sup>(1)</sup>	(332)	305	2,607	(272)	122	2,430			
Ending balance	<u>\$ 617</u>	<u>\$ 22,921</u>	<u>\$ 21,911</u>	<u>\$ 4,393</u>	<u>\$ 558</u>	<u>\$ 50,400</u>			

(1) The difference in the credit loss expense reported herein as compared to the Consolidated Statements of Income is associated with the credit loss expense of \$0.9 million and \$0.1 million related to off-balance sheet credit exposures for the six months ended June 30, 2024 and June 30, 2023, respectively.

The composition of the allowance for credit losses by portfolio segment based on evaluation method was as follows:

(in thousands)	As of June 30, 2024								
	Commercial and		Commercial Real		Residential Real				
	Agricultural	Industrial	Estate	Estate	Consumer	Total			
<b>Loans held for investment, net of unearned income</b>									
Individually evaluated for impairment	\$ 219	\$ 16,024	\$ 6,320	\$ 1,564	\$ —	\$ 24,127			
Collectively evaluated for impairment	107,764	1,104,959	2,307,536	667,082	75,764	4,263,105			
Total	<u>\$ 107,983</u>	<u>\$ 1,120,983</u>	<u>\$ 2,313,856</u>	<u>\$ 668,646</u>	<u>\$ 75,764</u>	<u>\$ 4,287,232</u>			
<b>Allowance for credit losses:</b>									
Individually evaluated for impairment	\$ —	\$ 1,671	\$ 44	\$ 104	\$ —	\$ 1,819			
Collectively evaluated for impairment	402	21,337	24,280	4,555	1,507	52,081			
Total	<u>\$ 402</u>	<u>\$ 23,008</u>	<u>\$ 24,324</u>	<u>\$ 4,659</u>	<u>\$ 1,507</u>	<u>\$ 53,900</u>			



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(in thousands)	As of December 31, 2023					
	Commercial and		Commercial Real		Residential Real	
	Agricultural	Industrial	Estate	Estate	Consumer	Total
<b>Loans held for investment, net of unearned income</b>						
Individually evaluated for impairment	\$ 11	\$ 17,231	\$ 10,932	\$ 983	\$ —	\$ 29,157
Collectively evaluated for impairment	<u>118,403</u>	<u>1,057,772</u>	<u>2,214,378</u>	<u>639,454</u>	<u>67,783</u>	<u>4,097,790</u>
Total	<u><u>\$ 118,414</u></u>	<u><u>\$ 1,075,003</u></u>	<u><u>\$ 2,225,310</u></u>	<u><u>\$ 640,437</u></u>	<u><u>\$ 67,783</u></u>	<u><u>\$ 4,126,947</u></u>
<b>Allowance for credit losses:</b>						
Individually evaluated for impairment	\$ —	\$ 2,616	\$ 705	\$ 16	\$ —	\$ 3,337
Collectively evaluated for impairment	<u>613</u>	<u>19,127</u>	<u>23,054</u>	<u>4,746</u>	<u>623</u>	<u>48,163</u>
Total	<u><u>\$ 613</u></u>	<u><u>\$ 21,743</u></u>	<u><u>\$ 23,759</u></u>	<u><u>\$ 4,762</u></u>	<u><u>\$ 623</u></u>	<u><u>\$ 51,500</u></u>

The following tables present the amortized cost basis of collateral dependent loans, by the primary collateral type, which are individually evaluated to determine expected credit losses, and the related ACL allocated to these loans:

(in thousands)	As of June 30, 2024					
	Primary Type of Collateral					
	Real Estate	Equipment	Other	Total	ACL Allocation	
Agricultural	\$ 219	\$ —	\$ —	\$ 219	\$ —	\$ —
Commercial and industrial	16,024	—	—	16,024	1,671	1,671
Commercial real estate:						
Farmland	3,686	—	—	3,686	—	—
Commercial real estate-other	2,468	—	166	2,634	44	44
Residential real estate:						
One- to four- family first liens	1,290	—	—	1,290	—	—
One- to four- family junior liens	274	—	—	274	104	104
Total	<u><u>\$ 23,961</u></u>	<u><u>\$ —</u></u>	<u><u>\$ 166</u></u>	<u><u>\$ 24,127</u></u>	<u><u>\$ 1,819</u></u>	<u><u>\$ 1,819</u></u>

(in thousands)	As of December 31, 2023					
	Primary Type of Collateral					
	Real Estate	Equipment	Other	Total	ACL Allocation	
Agricultural	\$ 11	\$ —	\$ —	\$ 11	\$ —	\$ —
Commercial and industrial	15,991	—	1,240	17,231	2,616	2,616
Commercial real estate:						
Farmland	5,403	—	—	5,403	—	—
Commercial real estate-other	5,350	—	179	5,529	705	705
Residential real estate:						
One- to four- family first liens	481	—	—	481	—	—
One- to four- family junior liens	—	—	502	502	16	16
Total	<u><u>\$ 27,236</u></u>	<u><u>\$ —</u></u>	<u><u>\$ 1,921</u></u>	<u><u>\$ 29,157</u></u>	<u><u>\$ 3,337</u></u>	<u><u>\$ 3,337</u></u>

**Loan Modifications to Borrowers Experiencing Financial Difficulty**

Occasionally, the Company may modify loans to borrowers who are experiencing financial difficulty. Loan modifications to borrowers experiencing financial difficulty may be in the form of principal forgiveness, term extension, an other-than-insignificant payment delay, interest rate reduction, or combination thereof.

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The following tables present the amortized cost basis of loans as of June 30, 2024 and June 30, 2023 that were modified during the three and six months ended June 30, 2024 and June 30, 2023 and experiencing financial difficulty at the time of the modification by class and by type of modification:

For the Three Months and Six Months Ended June 30, 2024

(dollars in thousands)	Combination:										Total Class of Financing Receivable
	Term					Principal Forgiveness, & Interest Rate Reduction			Payment		
	Principal Forgiveness		Payment Delay		Term Extension	Interest Rate Reduction	Interest Rate Reduction	Term Extension, Delay & Term Extension			
<b>Three Months Ended June 30, 2024</b>											
Commercial and industrial	\$ —	\$ —	\$ 78	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	0.01 %
CRE - Construction and development	—	—	231	—	—	—	—	—	—	—	0.07 %
CRE - Farmland	—	—	381	—	—	—	—	—	—	—	0.21 %
CRE - Other	—	—	4,910	—	—	—	—	—	—	—	0.36 %
RRE - One- to four- family first liens	—	—	393	—	—	—	—	—	—	—	0.08 %
<b>Total</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 5,993</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b> </b>
<b>Six Months Ended June 30, 2024</b>											
Commercial and industrial	\$ —	\$ —	\$ 453	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	0.04 %
CRE - Construction and development	—	—	231	—	—	—	—	—	—	—	0.07 %
CRE - Farmland	—	—	381	—	—	—	—	—	—	—	0.21 %
CRE - Other	—	—	5,107	—	—	—	—	—	—	—	0.38 %
RRE - One- to four- family first liens	—	252	393	—	—	—	—	—	—	—	0.13 %
RRE - One- to four- family junior liens	—	—	136	—	—	—	—	—	—	—	0.08 %
<b>Total</b>	<b>\$ —</b>	<b>\$ 252</b>	<b>\$ 6,701</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b> </b>

For the Three Months and Six Months Ended June 30, 2023

(dollars in thousands)	Combination:										Total Class of Financing Receivable
	Term					Principal Forgiveness, & Interest Rate Reduction			Payment		
	Principal Forgiveness		Payment Delay		Term Extension	Interest Rate Reduction	Interest Rate Reduction	Term Extension, Delay & Term Extension			
<b>Three Months Ended June 30, 2023</b>											
Agricultural	\$ —	\$ 15	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	0.01 %
Commercial and industrial	—	272	732	—	—	—	—	—	192	—	0.11 %
CRE - Farmland	—	—	1,843	—	—	—	—	—	—	—	1.01 %
CRE - Other	—	158	—	—	—	—	—	—	—	—	0.01 %
RRE - One- to four- family first liens	—	—	80	—	—	—	—	—	—	—	0.02 %
<b>Total</b>	<b>\$ —</b>	<b>\$ 445</b>	<b>\$ 2,655</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 192</b>	<b>\$ —</b>	<b>\$ —</b>	<b> </b>
<b>Six Months Ended June 30, 2023</b>											
Agricultural	\$ —	\$ 15	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	0.01 %
Commercial and industrial	—	272	778	—	112	305	192	—	—	—	0.15 %
CRE - Farmland	—	—	1,843	—	—	—	—	—	—	—	1.01 %
CRE - Other	—	158	—	—	—	—	—	—	—	—	0.01 %
RRE - One- to four- family first liens	—	—	80	—	—	—	—	—	—	—	0.02 %
<b>Total</b>	<b>\$ —</b>	<b>\$ 445</b>	<b>\$ 2,701</b>	<b>\$ —</b>	<b>\$ 112</b>	<b>\$ 305</b>	<b>\$ 192</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b> </b>

The Company has \$5 thousand of additional commitments to lend amounts to the borrowers included in the previous tables as of June 30, 2024 and had no commitments as of June 30, 2023. For the three and six months ended June 30, 2024, the Company had two modified loans totaling \$0.6 million and 8 modified loans totaling \$0.9 million, respectively, to borrowers experiencing financial difficulty that redefaulted within 12 months subsequent to the modification. For the three and six months ended June 30, 2023, the Company had four modified loans totaling \$0.9 million to borrowers experiencing financial difficulty that redefaulted within 12 months subsequent to the modification.



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The following tables present the performance, as of June 30, 2024 and June 30, 2023, of loans that were modified while the borrower was experiencing financial difficulty at the time of modification in the last 12 months:

(in thousands)	As of June 30, 2024					Total
	Current	30 - 59 Days Past Due	60 - 89 Days Past Due	90 Days or More Past Due		
Commercial and industrial	\$ 522	\$ —	\$ —	\$ —	\$ —	\$ 522
CRE - Construction and development	312	—	—	231	—	543
CRE - Farmland	381	—	—	—	352	733
CRE - Other	10,662	—	—	—	—	10,662
RRE - One- to four- family first liens	645	—	—	—	—	645
RRE - One- to four- family junior liens	149	—	—	—	—	149
<b>Total</b>	<b>\$ 12,671</b>	<b>\$ —</b>	<b>\$ 231</b>	<b>\$ 352</b>	<b>\$ —</b>	<b>\$ 13,254</b>

  

(in thousands)	As of June 30, 2023					Total
	Current	30 - 59 Days Past Due	60 - 89 Days Past Due	90 Days or More Past Due		
Agricultural	\$ —	\$ 15	\$ —	\$ —	\$ —	\$ 15
Commercial and industrial	968	—	—	690	—	1,658
CRE - Farmland	1,843	—	—	—	—	1,843
CRE - Other	158	—	—	—	—	158
RRE - One- to four- family first liens	80	—	—	—	—	80
<b>Total</b>	<b>\$ 3,049</b>	<b>\$ 15</b>	<b>\$ 690</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 3,754</b>

The following tables present the financial effect of the loan modifications presented above to borrowers experiencing financial difficulty for the three and six months ended June 30, 2024 and June 30, 2023:

(dollars in thousands)	Principal Forgiveness	Weighted Average Term Extension		(Months)
		Weighted Average Interest Rate Reduction	(Months)	
<b>Three Months Ended June 30, 2024</b>				
Commercial and industrial	\$ —	— %	—	26.0
CRE - Construction and development	—	—	—	0.8
CRE - Farmland	—	—	—	5.4
CRE - Other	—	—	—	7.1
RRE - One- to four- family first liens	—	—	—	210.1
<b>Total</b>	<b>\$ —</b>	<b>— %</b>	<b>—</b>	<b>20.4</b>
<b>Six Months Ended June 30, 2024</b>				
Commercial and industrial	\$ —	— %	—	8.1
CRE - Construction and development	—	—	—	0.8
CRE - Farmland	—	—	—	5.4
CRE - Other	—	—	—	7.1
RRE - One- to four- family first liens	—	—	—	210.1
RRE - One- to four- family junior liens	—	—	—	122.0
<b>Total</b>	<b>\$ —</b>	<b>— %</b>	<b>—</b>	<b>21.1</b>

(dollars in thousands)	Principal Forgiveness	Weighted Average Interest Rate Reduction	Weighted Average Term Extension (Months)
<b>Three Months Ended June 30, 2023</b>			
Commercial and industrial	\$ —	— %	6.5
CRE - Farmland	—	—	0.9
RRE - One- to four- family first liens	—	—	3.9
<b>Total</b>	<b>\$ —</b>	<b>— %</b>	<b>2.9</b>
<b>Six Months Ended June 30, 2023</b>			
Commercial and industrial	\$ 63	1.25 %	8.3
CRE - Farmland	—	—	0.9
CRE - Other	18	7.00	2.5
RRE - One- to four- family first liens	—	—	3.9
<b>Total</b>	<b>\$ 81</b>	<b>1.25 %</b>	<b>4.1</b>

## 5. Derivatives, Hedging Activities and Balance Sheet Offsetting

The following table presents the total notional amounts and gross fair values of the Company's derivatives as of the dates indicated. The derivative asset and liability balances are presented on a gross basis, prior to the application of master netting agreements, as included in other assets and other liabilities, respectively, on the consolidated balance sheets. The fair values of the Company's derivative instrument assets and liabilities are summarized as follows:

(in thousands)	As of June 30, 2024			As of December 31, 2023		
	Notional Amount	Fair Value		Notional Amount	Fair Value	
		Assets	Liabilities		Assets	Liabilities
<b>Designated as hedging instruments:</b>						
Fair value hedges:						
Interest rate swaps - loans	\$ 50,111	\$ 2,577	\$ 416	\$ 41,101	\$ 2,071	\$ 902
Interest rate swaps - securities	150,000	174	20	150,000	—	821
Cash flow hedges						
Interest rate swaps	200,000	2,651	—	200,000	940	264
<b>Total</b>	<b>\$ 400,111</b>	<b>\$ 5,402</b>	<b>\$ 436</b>	<b>\$ 391,101</b>	<b>\$ 3,011</b>	<b>\$ 1,987</b>
<b>Not designated as hedging instruments:</b>						
Interest rate swaps	\$ 614,745	\$ 23,221	\$ 23,232	\$ 432,648	\$ 22,028	\$ 22,038
Rpas - protection sold	53,133	6	—	18,778	4	—
Rpas - protection purchased	30,633	—	3	31,145	—	9
Interest rate lock commitments	3,537	49	—	1,461	50	—
Interest rate forward loan sales contracts	3,551	13	—	2,075	—	23
<b>Total</b>	<b>\$ 705,599</b>	<b>\$ 23,289</b>	<b>\$ 23,235</b>	<b>\$ 486,107</b>	<b>\$ 22,082</b>	<b>\$ 22,070</b>

### Derivatives Designated as Hedging Instruments

The Company uses derivative instruments to hedge its exposure to economic risks. Certain hedging relationships are formally designated and qualify for hedge accounting under GAAP as fair value or cash flow hedges.

**Fair Value Hedges** - Derivatives are designated as fair value hedges to limit the Company's exposure to changes in the fair value of assets or liabilities due to movements in interest rates. The Company entered into pay-fixed receive-floating interest rate swaps to manage its exposure to changes in fair value in certain fixed-rate assets, including AFS debt securities and loans. The gain or loss on the loan fair value hedge derivative, as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in interest income. The change in the fair value of the available for sale securities attributable to changes in the hedged risk is recorded in accumulated other comprehensive income and subsequently reclassified into interest income, as applicable, in the same period(s) to offset the changes in the fair value of the swap, which is also recognized in interest income.

**Cash Flow Hedges** - Derivatives are designated as cash flow hedges in order to minimize the variability in cash flows of earning assets or forecasted transactions caused by movement in interest rates. The Company has previously entered into pay-fixed receive-variable interest rate swaps to hedge against adverse fluctuations in interest rates by reducing exposure to variability in cash flows relating to interest payments on the Company's variable rate debt, including brokered deposits. The

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gain or loss on the derivatives is recorded in accumulated other comprehensive income and subsequently reclassified into interest expense, as applicable, in the same period(s) during which the hedged transaction affects earnings. During the 12 months following June 30, 2024, the Company estimates that an additional \$2.2 million of income will be reclassified into interest expense.

The table below presents the effect of cash flow hedge accounting on AOCI for the three and six months ended June 30, 2024 and 2023:

	Amount of Gain (Loss) Recognized in AOCI on Derivative		Location of Gain (Loss) Reclassified from AOCI into Income		Amount of Gain (Loss) Reclassified from AOCI into Income	
	Three Months Ended June 30,		Income		Three Months Ended June 30,	
	2024	2023	2024	2023	2024	2023
(in thousands)						
Interest rate swaps	\$ 778	\$ 3,321	Interest Expense		\$ 787	\$ 238
	Six Months Ended June 30,		Six Months Ended June 30,			
(in thousands)	2024	2023			2024	2023
Interest rate swaps	\$ 3,550	\$ 3,459	Interest Expense		\$ 1,575	\$ 238

The table below presents the effect of the Company's derivative financial instruments designated as hedging instruments on the consolidated statements of income for the periods indicated:

	Location and Amount of Gain or Loss Recognized in Income on Hedging Relationships							
	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2024		2023		2024		2023	
	Interest	Interest	Interest	Interest	Interest	Interest	Interest	Interest
(in thousands)	Income	Other Income	Income	Other Income	Income	Other Income	Income	Other Income
Income and expense included in the consolidated statements of income related to the effects of fair value or cash flow hedges are recorded	\$ 483	\$ —	\$ 190	\$ —	\$ 891	\$ —	\$ 349	\$ —

**The effects of fair value and cash flow hedging:**

Gain (loss) on fair value hedging relationships in subtopic 815-20:

Interest contracts - loans:								
Hedged items	(233)	—	(27)	—	(997)	—	535	—
Derivative designated as hedging instruments	507	—	658	—	1,530	—	255	—
Interest contracts - securities:								
Hedged items	(103)	—	—	—	(986)	—	—	—
Derivative designated as hedging instruments	284	—	—	—	1,343	—	—	—

As of June 30, 2024, the following amounts were recorded on the balance sheet related to cumulative basis adjustment for fair value hedges:

	Line Item in the Balance Sheet in Which the Hedged Item is Included	Carrying Amount of the Hedged Assets		Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount of the Hedged Asset	
		(in thousands)			
Loans		\$	47,070	\$	(3,292)
Securities		\$	149,582	\$	(418)

**Derivatives Not Designated as Hedging Instruments**

**Interest Rate Swaps** - The Company periodically enters into commercial loan interest rate swap agreements in order to provide commercial loan customers with the ability to convert from variable to fixed interest rates. These derivative contracts relate to transactions in which the Company enters into an interest rate swap with a customer, while simultaneously entering into an offsetting interest rate swap with an institutional counterparty.

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**Credit Risk Participation Agreements** -The Company enters into RPAs to manage the credit exposure on interest rate contracts associated with a syndicated loan or participation agreement. The Company may enter into protection purchased RPAs with institutional counterparties to decrease or increase its exposure to a borrower. Under the RPA, the Company will receive or make payment if a borrower defaults on the related interest rate contract. The notional amount of the RPAs reflects the Company's pro-rata share of the derivative instrument.

**Interest Rate Forward Loan Sales Contracts & Interest Rate Lock Commitments** - The Company enters into forward delivery contracts to sell residential mortgage loans at specific prices and dates in order to hedge the interest rate risk in its portfolio of mortgage loans held for sale and its residential mortgage interest rate lock commitments.

The following table presents the net gains (losses) recognized on the consolidated statements of income related to the derivatives not designated as hedging instruments for the periods indicated:

(in thousands)	Location in the Consolidated Statements of Income	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
		2024	2023	2024	2023
Interest rate swaps	Other income	\$ —	\$ —	\$ 1	\$ —
RPAs	Other income	2	—	7	69
Interest rate lock commitments	Loan revenue	(28)	(32)	(1)	62
Interest rate forward loan sales contracts	Loan revenue	21	49	36	19
<b>Total</b>		<b>\$ (5)</b>	<b>\$ 17</b>	<b>\$ 43</b>	<b>\$ 150</b>

Offsetting of Derivatives

The Company has entered into agreements with certain counterparty financial institutions, which include master netting agreements. However, the Company has elected to account for all derivatives with counterparty institutions on a gross basis. The Company manages the risk of default by its borrower counterparties through its normal loan underwriting and credit monitoring policies and procedures.

The table below presents gross derivatives and the respective collateral received or pledged in the form of other financial instruments as of June 30, 2024 and December 31, 2023, which are generally marketable securities and/or cash. The collateral amounts in the table below are limited to the outstanding balances of the related asset or liability (after netting is applied); thus instances of over-collateralization are not shown. Further, the net amounts of derivative assets or liabilities can be reconciled to the tabular disclosure of fair value. The tabular disclosure of fair value provides the location that derivative assets and liabilities are presented on the consolidated balance sheets.

(in thousands)	Gross Amounts Recognized	Gross Amounts Offset in the Balance Sheet	Gross Amounts Not Offset in the Balance Sheet			
			Net Amounts presented in the Balance Sheet	Financial Instruments	Cash Collateral Received / Paid	
					Net Assets /Liabilities	
<b>As of June 30, 2024</b>						
Asset Derivatives	\$ 28,691	\$ —	\$ 28,691	\$ —	\$ 17,444	\$ 11,247
Liability Derivatives	23,671	—	23,671	—	1,230	22,441
<b>As of December 31, 2023</b>						
Asset Derivatives	\$ 25,093	\$ —	\$ 25,093	\$ —	\$ 15,549	\$ 9,544
Liability Derivatives	24,057	—	24,057	—	2,420	21,637

Credit-risk-related Contingent Features

The Company has an unsecured federal funds line with its institutional derivative counterparties. The Company has an agreement with its institutional derivative counterparties that contains a provision under which 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 also has an agreement with its derivative counterparties that contains a provision under which the Company could be declared in default on its derivative obligations if repayment of the underlying indebtedness is accelerated by the lender due to the Company's default on the indebtedness. As of June 30, 2024, fair value of derivatives in a net liability position, which includes accrued interest but excludes any adjustment for nonperformance risk, related to these agreements was \$5.6 million.

## 6. Goodwill and Intangible Assets

The following table presents the changes in the carrying amount of goodwill for the period indicated:

(in thousands)	As of June 30, 2024	December 31, 2023
Goodwill, beginning of period	\$ 62,477	\$ 62,477
Established in acquisition	8,641	—
Allocated to divestiture	(1,730)	—
Total goodwill, end of period	\$ 69,388	\$ 62,477

As indicated in [Note 2, Business Combinations](#), the Company acquired a core deposit intangible in connection with its acquisition of DNVB on January 31, 2024 with an estimated fair value of \$7.1 million, which will be amortized over its estimated useful life of 10 years.

The following table presents the gross carrying amount, accumulated amortization, and net carrying amount of other intangible assets as of the dates indicated:

(in thousands)	As of June 30, 2024			As of December 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Core deposit intangible	\$ 65,345	\$ (44,562)	\$ 20,783	\$ 58,245	\$ (41,499)	\$ 16,746
Customer relationship intangible	5,265	(5,160)	105	5,265	(5,008)	257
Other	2,700	(2,689)	11	2,700	(2,674)	26
	<u>\$ 73,310</u>	<u>\$ (52,411)</u>	<u>\$ 20,899</u>	<u>\$ 66,210</u>	<u>\$ (49,181)</u>	<u>\$ 17,029</u>
Indefinite-lived trade name intangible			7,040			7,040
Total other intangible assets, net			<u>\$ 27,939</u>			<u>\$ 24,069</u>

The following table provides the estimated future amortization expense for the remaining six months of the year ending December 31, 2024 and the succeeding annual periods:

(in thousands)	Customer			Total
	Core Deposit Intangible	Relationship Intangible	Other	
2024	\$ 2,826	\$ 87	\$ 9	\$ 2,922
2025	4,924	18	2	4,944
2026	3,840	—	—	3,840
2027	2,757	—	—	2,757
2028	2,110	—	—	2,110
Thereafter	4,326	—	—	4,326
Total	<u>\$ 20,783</u>	<u>\$ 105</u>	<u>\$ 11</u>	<u>\$ 20,899</u>

## 7. Other Assets

The components of the Company's other assets as of June 30, 2024 and December 31, 2023 were as follows:

(in thousands)	June 30, 2024	December 31, 2023
Bank-owned life insurance	\$ 99,367	\$ 98,039
Interest receivable	30,202	29,768
FHLB stock	5,096	5,806
Mortgage servicing rights	13,094	13,333
Operating lease right-of-use assets, net	1,784	2,337
Federal and state income taxes, current	—	1,556
Federal and state income taxes, deferred	28,577	31,218
Derivative assets	28,691	25,093
Other receivables/assets	17,810	15,630
	<u>\$ 224,621</u>	<u>\$ 222,780</u>



## 8. Deposits

The following table presents the composition of our deposits as of the dates indicated:

(in thousands)	June 30, 2024	December 31, 2023
Noninterest bearing deposits	\$ 882,472	\$ 897,053
Interest checking deposits	1,284,243	1,320,435
Money market deposits	1,043,376	1,105,493
Savings deposits	745,639	650,655
Time deposits of \$250 and under	999,301	973,253
Time deposits over \$250	457,388	448,784
<b>Total deposits</b>	<b>\$ 5,412,419</b>	<b>\$ 5,395,673</b>

The Company had \$24.5 million and \$15.2 million in reciprocal time deposits as of June 30, 2024 and December 31, 2023, respectively. Included in money market deposits at June 30, 2024 and December 31, 2023 were \$114.7 million and \$128.0 million, respectively, of interest-bearing reciprocal deposits. Included in noninterest bearing deposits at June 30, 2024 and December 31, 2023 were \$52.0 million and \$58.0 million, respectively, of noninterest-bearing reciprocal deposits. These reciprocal deposits are part of the IntraFi Network Deposits program, which is used by financial institutions to distribute deposits that exceed the FDIC insurance coverage limits to numerous institutions in order to provide insurance coverage for all participating deposits.

In addition, included above within the time deposits of "\$250 thousand and under" was \$196.0 million of brokered deposits as of June 30, 2024 and \$ 221.0 million as of December 31, 2023.

As of June 30, 2024 and December 31, 2023, the Company had public entity deposits, which were collateralized by investment securities balances of \$227.9 million and \$183.4 million, respectively.

## 9. Short-Term Borrowings

The following table summarizes our short-term borrowings as of the dates indicated:

(in thousands)	June 30, 2024		December 31, 2023	
	Weighted Average Rate	Balance	Weighted Average Rate	Balance
Securities sold under agreements to repurchase	0.67 %	\$ 5,684	0.72 %	\$ 5,064
Federal Home Loan Bank advances	5.52	4,000	5.64	10,200
Federal Reserve Bank borrowings	4.77	405,000	4.82	285,000
<b>Total</b>	<b>4.72 %</b>	<b>\$ 414,684</b>	<b>4.78 %</b>	<b>\$ 300,264</b>

Securities Sold Under an Agreement to Repurchase - Securities sold under agreements to repurchase are agreements in which the Company acquires funds by selling assets to another party under a simultaneous agreement to repurchase the same assets at a specified price and date. The Company enters into repurchase agreements and also offers a demand deposit account product to customers that sweeps their balances in excess of an agreed upon target amount into overnight repurchase agreements. All securities sold under agreements to repurchase are recorded on the face of the balance sheet.

Federal Home Loan Bank Advances - The Bank has a secured line of credit with the FHLBDM. Advances from the FHLBDM are collateralized primarily by one- to four-family residential, commercial and agricultural real estate first mortgages equal to various percentages of the total outstanding notes. See [Note 4. Loans Receivable and the Allowance for Credit Losses](#) of the notes to the consolidated financial statements.

Federal Funds Purchased - The Bank has unsecured federal funds lines totaling \$ 135.0 million from multiple correspondent banking relationships. There were no borrowings from such lines at either June 30, 2024 or December 31, 2023.

Federal Reserve Bank Borrowing - At June 30, 2024 and December 31, 2023, the Company had no Federal Reserve Discount Window borrowings, while its borrowing capacity was \$413.5 million as of June 30, 2024 and \$ 428.8 million as of December 31, 2023. At June 30, 2024 and December 31, 2023, the Company had \$405.0 million and \$285.0 million, respectively, of Bank Term Funding Program borrowings. The FRB announced that effective March 11, 2024, no additional loans would be made under the Bank Term Funding Program. As of June 30, 2024 and December 31, 2023, investment securities consisting primarily of corporate debt, state and political subdivisions, mortgage backed, and collateralized mortgage obligations were pledged to the Federal Reserve Bank of Chicago, with a market value of \$771.3 million and \$797.6 million, respectively.

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Unsecured Line of Credit - The Company has a credit agreement with a correspondent bank with a revolving commitment of \$ 25.0 million. The credit agreement was amended on September 19, 2023 such that the revolving commitment matures on September 30, 2024, with no updates made to the fee structure or the interest rate. Fees are paid on the average daily unused revolving commitment in the amount of 0.30% per annum. Interest is payable at a rate equal to the monthly reset term SOFR rate plus 1.55%. The Company had no borrowing outstanding under this revolving credit facility as of both June 30, 2024 and December 31, 2023.

## **10. Long-Term Debt**

### Junior Subordinated Notes Issued to Capital Trusts

The table below summarizes the terms of each issuance of junior subordinated notes outstanding as of the dates indicated:

(in thousands)	Face Value	June 30, 2024		December 31, 2023		June 30, 2024		December 31, 2023		Maturity Date	Callable Date
		2024	2023	2024	2023	Rate	Rate	2024	2023		
ATBancorp Statutory Trust I	\$ 7,732	\$ 6,992	\$ 6,970	1.68% Margin		7.28 %	7.33 %	06/15/2036	06/15/2011		
ATBancorp Statutory Trust II	12,372	11,068	11,034	1.65% Margin		7.25 %	7.30 %	09/15/2037	06/15/2012		
Barron Investment Capital Trust I	2,062	1,875	1,861	2.15% Margin		7.76 %	7.77 %	09/23/2036	09/23/2011		
Central Bancshares Capital Trust II	7,217	6,983	6,964	3.50% Margin		9.10 %	9.15 %	03/15/2038	03/15/2013		
MidWestOne Statutory Trust II	15,464	15,464	15,464	1.59% Margin		7.19 %	7.24 %	12/15/2037	12/15/2012		
<b>Total</b>	<b>\$ 44,847</b>	<b>\$ 42,382</b>	<b>\$ 42,293</b>								

<sup>(1)</sup> Interest rate is equal to the Three-month CME Term SOFR + 0.26% Spread + Applicable Margin

The trust preferred securities are subject to mandatory redemption, in whole or in part, upon repayment of the junior subordinated notes at the stated maturity date or upon redemption of the junior subordinated notes. Each trust's ability to pay amounts due on the trust preferred securities is solely dependent upon the Company making payment on the related junior subordinated notes. The Company's obligation under the junior subordinated notes and other relevant trust agreements, in aggregate, constitutes a full and unconditional guarantee by the Company of each trust's obligations under the trust preferred securities issued by each trust. The Company has the right to defer payment of interest on the junior subordinated notes and, therefore, distributions on the trust preferred securities, for up to five years, but not beyond the stated maturity date in the table above. During any such deferral period the Company may not pay cash dividends on its stock and generally may not repurchase its stock.

### Subordinated Debentures

On July 28, 2020, the Company completed the private placement offering of \$ 65.0 million of its subordinated notes, of which \$ 63.75 million have been exchanged for subordinated notes registered under the Securities Act of 1933. The 5.75% fixed-to-floating rate subordinated notes are due July 30, 2030. At June 30, 2024, 100% of the subordinated notes qualified as Tier 2 capital. Per applicable Federal Reserve rules and regulations, the amount of the subordinated notes qualifying as Tier 2 regulatory capital will be phased-out by 20% of the amount of the subordinated notes in each of the five years beginning on the fifth anniversary preceding the maturity date of the subordinated notes. At June 30, 2024 and December 31, 2023, the Company had outstanding subordinated debentures of \$64.2 million and \$64.1 million, respectively.

### Other Long-Term Debt

Other long-term borrowings were as follows as of June 30, 2024 and December 31, 2023:

(in thousands)		June 30, 2024		December 31, 2023	
		Weighted Average Rate	Balance	Weighted Average Rate	Balance
Finance lease payable		8.89 %	\$ 504	8.89 %	\$ 604
FHLB borrowings		2.23	250	3.11	6,262
Note payable to unaffiliated bank		6.88	7,500	6.89	10,000
<b>Total</b>		<b>6.86 %</b>	<b>\$ 8,254</b>	<b>5.56 %</b>	<b>\$ 16,866</b>

On June 7, 2022, pursuant to a credit agreement with a correspondent bank, the Company entered into a \$ 35.0 million term note payable maturing on June 30, 2027. Principal and interest are payable quarterly, and began on September 30, 2022. Interest accrues at the monthly reset term SOFR plus 1.55%. The credit agreement includes customary covenants requiring the

Company to, among other things, maintain minimum levels of both regulatory capital and certain financial ratios; the Company certifies compliance with the covenants on a quarterly basis. On February 12, 2024, the credit agreement, including certain of its covenants, was amended.

As a member of the FHLBDM, the Bank may borrow funds from the FHLB, provided the Bank is able to pledge an adequate amount of qualified assets to secure the borrowings. In addition, the FHLB has established a credit capacity limit to the Bank that is equal to 45% of the Bank's total assets. This credit capacity limit includes short-term and long-term borrowings, federal funds, letters of credit and other sources of credit exposure to the FHLB. Advances from the FHLB are collateralized primarily by one- to four-family residential, commercial and agricultural real estate first mortgages equal to various percentages of the total outstanding notes. See [Note 4. Loans Receivable and the Allowance for Credit Losses](#) of the notes to the unaudited consolidated financial statements. As of June 30, 2024, there was \$250 thousand of FHLB borrowings due in 2024.

## 11. Earnings per Share

The following table presents the computation of basic and diluted earnings per common share for the periods indicated:

(dollars in thousands, except per share amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
<b>Basic Earnings Per Share:</b>				
Net income	\$ 15,819	\$ 7,594	\$ 19,088	\$ 8,991
Weighted average shares outstanding	15,763,414	15,680,386	15,743,056	15,665,103
Basic earnings per common share	\$ <u>1.00</u>	\$ <u>0.48</u>	\$ <u>1.21</u>	\$ <u>0.57</u>
<b>Diluted Earnings Per Share:</b>				
Net income	\$ 15,819	\$ 7,594	\$ 19,088	\$ 8,991
Weighted average shares outstanding, including all dilutive potential shares	15,780,935	15,689,314	15,775,110	15,687,729
Diluted earnings per common share	\$ <u>1.00</u>	\$ <u>0.48</u>	\$ <u>1.21</u>	\$ <u>0.57</u>

## 12. Regulatory Capital Requirements and Restrictions on Subsidiary Cash

Regulatory Capital and Reserve Requirement - The Company (on a consolidated basis) and the Bank are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's consolidated financial statements. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

As of June 30, 2024 and December 31, 2023, the Bank was not required to maintain reserve balances in cash on hand or on deposit with Federal Reserve Banks, and therefore no amounts were held in reserve for each of these periods.

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A comparison of the Company's and the Bank's capital with the corresponding minimum regulatory requirements in effect at June 30, 2024 and December 31, 2023, is presented below:

(dollars in thousands)	Actual		For Capital Adequacy Purposes With Capital Conservation Buffer <sup>(1)</sup>		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
<b>At June 30, 2024</b>						
Consolidated:						
Total capital/risk weighted assets	\$675,817	12.62%	\$562,159	10.50%	N/A	N/A
Tier 1 capital/risk weighted assets	554,283	10.35	455,081	8.50	N/A	N/A
Common equity tier 1 capital/risk weighted assets	511,901	9.56	374,773	7.00	N/A	N/A
Tier 1 leverage capital/average assets	554,283	8.29	267,327	4.00	N/A	N/A
MidWestOne Bank:						
Total capital/risk weighted assets	\$673,406	12.61%	\$560,759	10.50%	\$534,056	10.00%
Tier 1 capital/risk weighted assets	616,872	11.55	453,948	8.50	427,245	8.00
Common equity tier 1 capital/risk weighted assets	616,872	11.55	373,839	7.00	347,137	6.50
Tier 1 leverage capital/average assets	616,872	9.24	267,151	4.00	333,939	5.00
<b>At December 31, 2023</b>						
Consolidated:						
Total capital/risk weighted assets	\$668,748	12.53%	\$560,596	10.50%	N/A	N/A
Tier 1 capital/risk weighted assets	554,177	10.38	453,816	8.50	N/A	N/A
Common equity tier 1 capital/risk weighted assets	511,884	9.59	373,731	7.00	N/A	N/A
Tier 1 leverage capital/average assets	554,177	8.58	258,487	4.00	N/A	N/A
MidWestOne Bank:						
Total capital/risk weighted assets	\$656,027	12.49%	\$551,658	10.50%	\$525,388	10.00%
Tier 1 capital/risk weighted assets	606,456	11.54	446,580	8.50	420,310	8.00
Common equity tier 1 capital/risk weighted assets	606,456	11.54	367,772	7.00	341,502	6.50
Tier 1 leverage capital/average assets	606,456	9.39	258,339	4.00	322,924	5.00

<sup>(1)</sup> Includes a capital conservation buffer of 2.50%.

### 13. Commitments and Contingencies

Credit-related financial instruments - The Bank is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, commitments to sell loans, and standby letters of credit. These instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the balance sheets.

The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments. The following table summarizes the Bank's commitments as of the dates indicated:

(in thousands)	June 30, 2024		December 31, 2023	
	\$	\$	\$	\$
Commitments to extend credit	\$ 1,194,005		\$ 1,203,001	
Commitments to sell loans		2,850		1,045
Standby letters of credit		6,599		7,795
Total	<u>\$ 1,203,454</u>		<u>\$ 1,211,841</u>	

The Bank's exposure to credit loss in the event of nonperformance by the counterparty to the financial instrument for commitments to extend credit is represented by the contractual amount of those instruments. Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, is based on management's credit evaluation of the party. Collateral held varies, but may include accounts receivable, crops, livestock, inventory, property and equipment, residential real estate and income-producing commercial properties.

Commitments to sell loans are agreements to sell loans held for sale to third parties at an agreed upon price.

Standby letters of credit are conditional commitments issued to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements and, generally, have terms of one year or



less. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Bank holds collateral, which may include accounts receivable, inventory, property, equipment and income-producing properties, that support those commitments, if deemed necessary. In the event the customer does not perform in accordance with the terms of the agreement with the third party, the Bank would be required to fund the commitment. The maximum potential amount of future payments the Bank could be required to make is represented by the contractual amount shown in the summary above. If the commitment is funded, the Bank would be entitled to seek recovery from the customer.

**Liability for Off-Balance Sheet Credit Losses** - The Company records a liability for off-balance sheet credit losses through a charge to credit loss expense (or a reversal of credit loss expense) on the Company's consolidated statements of income and other liabilities on the Company's consolidated balance sheets. At June 30, 2024 and December 31, 2023, the liability for off-balance-sheet credit losses totaled \$5.5 million and \$4.6 million, respectively. For the six months ended June 30, 2024, \$0.9 million credit loss expense was recorded, with \$0.1 million credit loss expense recorded for the six months ended June 30, 2023.

**Litigation** - In the normal course of business, the Company and its subsidiaries have been named, from time to time, as defendants in various legal actions. Certain of the actual or threatened legal actions may include claims for substantial compensatory and/or punitive damages or claims for indeterminate amounts of damages. Management, after consulting with legal counsel, is of the opinion that the ultimate liability, if any, resulting from these pending or threatened actions and proceedings will not have a material effect on the financial statements of the Company.

**Concentrations of credit risk** - Substantially all of the Bank's loans, commitments to extend credit and standby letters of credit have been granted to customers in the Bank's market areas. Although the loan portfolio of the Bank is diversified, approximately 65% of the loans are real estate loans, excluding farmland, and approximately 7% are agriculturally related. The concentrations of credit by type of loan are set forth in [Note 4. Loans Receivable and the Allowance for Credit Losses](#). Commitments to extend credit are primarily related to commercial loans and home equity loans. Standby letters of credit were granted primarily to commercial borrowers. Investments in securities issued by state and political subdivisions involve certain governmental entities within Iowa, California, and Minnesota. The carrying value of investment securities of Iowa, California and Minnesota political subdivisions totaled 12%, 12%, and 10%, respectively, as of June 30, 2024.

#### **14. Fair Value of Financial Instruments and Fair Value Measurements**

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

- Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
- Level 2 – Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

For additional information regarding the valuation methodologies used to measure the Company's assets recorded at fair value, and for estimating fair value for financial instruments not recorded at fair value, see Note 1. Nature of Business and Significant Accounting Policies and Note 20. Estimated Fair Value of Financial Instruments and Fair Value Measurements to the consolidated financial statements in the Company's 2023 Annual Report on Form 10-K, filed with the SEC on March 8, 2024.

The Company uses fair value to measure certain assets and liabilities on a recurring basis, primarily available for sale debt securities, derivatives and mortgage servicing rights. For assets measured at the lower of cost or fair value, the fair value measurement criteria may or may not be met during a reporting period, and such measurements are therefore considered "nonrecurring" for purposes of disclosing the Company's fair value measurements. Fair value is used on a nonrecurring basis to adjust carrying values for collateral dependent individually analyzed loans and foreclosed assets.

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**Recurring Basis**

The following tables summarize assets and liabilities measured at fair value on a recurring basis as of June 30, 2024 and December 31, 2023, by level within the fair value hierarchy:

(in thousands)	Fair Value Measurement at June 30, 2024 Using				
	Total	Level 1	Level 2	Level 3	
<b>Assets:</b>					
Available for sale debt securities:					
U.S. Treasury securities	\$ 250	\$ —	\$ 250	\$ —	
State and political subdivisions	113,902	—	113,902	—	
Mortgage-backed securities	5,096	—	5,096	—	
Collateralized loan obligations	52,667	—	52,667	—	
Collateralized mortgage obligations	172,628	—	172,628	—	
Corporate debt securities	426,491	—	426,491	—	
Derivative assets	28,691	—	28,642	49	
Mortgage servicing rights	13,094	—	13,094	—	
<b>Liabilities:</b>					
Derivative liabilities	\$ 23,671	\$ —	\$ 23,671	\$ —	
Fair Value Measurement at December 31, 2023 Using					
(in thousands)	Total	Level 1	Level 2	Level 3	
<b>Assets:</b>					
Debt securities available for sale:					
State and political subdivisions	\$ 130,139	\$ —	\$ 130,139	\$ —	
Mortgage-backed securities	5,311	—	5,311	—	
Collateralized loan obligations	50,437	—	50,437	—	
Collateralized mortgage obligations	169,196	—	169,196	—	
Corporate debt securities	440,051	—	440,051	—	
Derivative assets	25,093	—	25,043	50	
Mortgage servicing rights	13,333	—	13,333	—	
<b>Liabilities:</b>					
Derivative liabilities	\$ 24,057	\$ —	\$ 24,057	\$ —	

There were no transfers of assets between Level 3 and other levels of the fair value hierarchy during the six months ended June 30, 2024 or the year ended December 31, 2023. Changes in the fair value of available for sale debt securities, including the changes attributable to the hedged risk, are included in other comprehensive income.

The following table presents the valuation technique, significant unobservable inputs, and quantitative information about the unobservable inputs used for fair value measurements of the financial instruments held by the Company and categorized within Level 3 of the fair value hierarchy at the dates indicated:

(dollars in thousands)	Fair Value at					Weighted Average	
	December 31,		Valuation Techniques(s)	Unobservable Input	Range of Inputs		
	June 30, 2024	2023					
Quoted or published market prices of similar instruments, adjusted for factors such as pull-through rate assumptions							
Interest rate lock commitments	\$ 49	\$ 50	through rate assumptions	Pull-through rate	60% - 100%	86%	

**Nonrecurring Basis**

The following table presents assets measured at fair value on a nonrecurring basis at the dates indicated:

(in thousands)	Fair Value Measurement at June 30, 2024 Using				
	Total	Level 1	Level 2	Level 3	
Collateral dependent individually analyzed loans	\$ 2,409	\$ —	\$ —	\$ —	\$ 2,409
Foreclosed assets, net	6,053	—	—	—	6,053

## Fair Value Measurement at December 31, 2023 Using

(in thousands)	Total	Level 1	Level 2	Level 3
Collateral dependent individually analyzed loans	\$ 6,524	\$ —	\$ —	\$ 6,524
Foreclosed assets, net	3,929	—	—	3,929

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The following table presents the valuation technique(s), unobservable inputs, and quantitative information about the unobservable inputs used for fair value measurements of the financial instruments held by the Company and categorized within Level 3 of the fair value hierarchy at the dates indicated:

(dollars in thousands)	Fair Value at						Weighted Average	
	December 31,		Valuation Techniques(s)	Unobservable Input	Range of Inputs			
	June 30, 2024	2023			—% -	8%		
Collateral dependent individually analyzed loans	\$ 2,409	\$ 6,524	Fair value of collateral	Valuation adjustments	—%	- 8%	5%	
Foreclosed assets, net	\$ 6,053	\$ 3,929	Fair value of collateral	Valuation adjustments	7%	- 19%	14%	

Changes in assumptions or estimation methodologies may have a material effect on these estimated fair values.

[Carrying Amount and Estimated Fair Value of Financial Instruments](#)

The carrying amount and estimated fair value of financial instruments at June 30, 2024 and December 31, 2023 were as follows:

(in thousands)	June 30, 2024						
	Carrying Amount	Estimated Fair Value	Level 1		Level 2		Level 3
			—	—	—	—	
<b>Financial assets:</b>							
Cash and cash equivalents	\$ 101,568	\$ 101,568	\$ 101,568	\$ —	\$ —	\$ —	—
Debt securities available for sale	771,034	771,034	—	—	771,034	—	—
Debt securities held to maturity	1,053,080	857,372	—	—	857,372	—	—
Loans held for sale	2,850	2,898	—	—	2,898	—	—
Loans held for investment, net	4,233,332	4,112,203	—	—	—	4,112,203	—
Interest receivable	30,202	30,202	—	—	30,202	—	—
FHLB stock	5,096	5,096	—	—	5,096	—	—
Derivative assets	28,691	28,691	—	—	28,642	49	—
<b>Financial liabilities:</b>							
Noninterest bearing deposits	882,472	882,472	882,472	—	—	—	—
Interest bearing deposits	4,529,947	4,507,277	3,073,258	1,434,019	—	—	—
Short-term borrowings	414,684	414,684	414,684	—	—	—	—
Finance leases payable	504	504	—	504	—	—	—
FHLB borrowings	250	236	—	236	—	—	—
Junior subordinated notes issued to capital trusts	42,382	38,065	—	38,065	—	—	—
Subordinated debentures	64,203	61,589	—	61,589	—	—	—
Other long-term debt	7,500	7,500	—	7,500	—	—	—
Derivative liabilities	23,671	23,671	—	23,671	—	—	—

December 31, 2023

(in thousands)	Carrying	Estimated		Level 1	Level 2	Level 3
	Amount	Fair Value				
<b>Financial assets:</b>						
Cash and cash equivalents	\$ 81,727	\$ 81,727	\$ 81,727	\$ —	\$ —	\$ —
Debt securities available for sale	795,134	795,134	—	795,134	—	—
Debt securities held to maturity	1,075,190	895,263	—	895,263	—	—
Loans held for sale	1,045	1,083	—	1,083	—	—
Loans held for investment, net	4,075,447	3,953,368	—	—	3,953,368	—
Interest receivable	29,768	29,768	—	29,768	—	—
FHLB stock	5,806	5,806	—	5,806	—	—
Derivative assets	25,093	25,093	—	25,043	—	50
<b>Financial liabilities:</b>						
Noninterest bearing deposits	897,053	897,053	897,053	—	—	—
Interest bearing deposits	4,498,620	4,489,322	3,076,582	1,412,740	—	—
Short-term borrowings	300,264	300,264	300,264	—	—	—
Finance leases payable	604	604	—	604	—	—
FHLB borrowings	6,262	6,199	—	6,199	—	—
Junior subordinated notes issued to capital trusts	42,293	37,938	—	37,938	—	—
Subordinated debentures	64,137	61,940	—	61,940	—	—
Other long-term debt	10,000	10,000	—	10,000	—	—
Derivative liabilities	24,057	24,057	—	24,057	—	—

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## 15. Leases

The Company's lease commitments consist primarily of real estate property for banking offices and office space with terms extending through 2045. Substantially all of our leases are classified as operating leases, with the Company only holding one existing finance lease for a banking office location with a lease term through 2025.

(in thousands)	Classification	June 30, 2024	December 31, 2023
Operating lease right-of-use assets	Other assets	\$ 1,784	\$ 2,337
Finance lease right-of-use asset	Premises and equipment, net	207	255
<b>Total right-of-use assets</b>		<b>\$ 1,991</b>	<b>\$ 2,592</b>
Operating lease liability	Other liabilities	\$ 2,427	\$ 3,078
Finance lease liability	Long-term debt	504	604
<b>Total lease liabilities</b>		<b>\$ 2,931</b>	<b>\$ 3,682</b>
Weighted-average remaining lease term:	Operating leases	11.86 years	10.20 years
	Finance lease	2.17 years	2.67 years
Weighted-average discount rate:	Operating leases	4.79 %	4.43 %
	Finance lease	8.89 %	8.89 %

The following table represents lease costs and other lease information. As the Company elected, for all classes of underlying assets, not to separate lease and non-lease components and instead to account for them as a single lease component, the variable lease cost primarily represents variable payments such as common area maintenance and utilities.

(in thousands)		Three Months Ended		Six Months Ended	
		June 30,		June 30,	
		2024	2023	2024	2023
<b>Lease Costs</b>					
Operating lease cost		\$ 233	\$ 296	\$ 621	\$ 588
Variable lease cost		7	4	14	11
Interest on lease liabilities <sup>(1)</sup>		11	15	24	32
Amortization of right-of-use assets		24	24	48	48
<b>Net lease cost</b>		<b>\$ 275</b>	<b>\$ 339</b>	<b>\$ 707</b>	<b>\$ 679</b>
<b>Other Information</b>					
Cash paid for amounts included in the measurement of lease liabilities:					
Operating cash flows from operating leases		\$ 694	\$ 592	\$ 1,516	\$ 1,197
Operating cash flows from finance lease		11	15	24	32
Finance cash flows from finance lease		51	45	100	89
Supplemental non-cash information on lease liabilities:					
Right-of-use assets obtained in exchange for new operating lease liabilities		39	—	195	311

<sup>(1)</sup>Included in long-term debt interest expense in the Company's consolidated statements of income. All other lease costs in this table are included in occupancy expense of premises, net.

Future minimum payments for finance leases and operating leases with initial or remaining terms of one year or more for the remaining six months ending December 31, 2024 and the succeeding annual periods were as follows:

(in thousands)	Finance Leases	Operating Leases
December 31, 2024	\$ 126	\$ 333
December 31, 2025	254	559
December 31, 2026	172	447
December 31, 2027	—	302
December 31, 2028	—	138
Thereafter	—	1,600
Total undiscounted lease payment	\$ 552	\$ 3,379
Amounts representing interest	(48)	(952)
<b>Lease liability</b>	<b>\$ 504</b>	<b>\$ 2,427</b>



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**16. Accumulated Other Comprehensive Income (Loss)**

The following tables summarize the changes in accumulated other comprehensive income (loss) by component, net of tax:

For the Three Months Ended June 30,					
(in thousands)	Unrealized Gain (Loss) from AFS Debt Securities	Reclassification of AFS Debt Securities to HTM	(Loss) from Cash Flow Hedging Instruments	Unrealized Gain	Total
<b>Balance, March 31, 2023</b>	<u><u>\$ (82,227)</u></u>	<u><u>\$ 3,239</u></u>	<u><u>\$ 103</u></u>	<u><u>\$ (78,885)</u></u>	
Other comprehensive (loss) income before reclassifications	(6,571)	449	2,481	(3,641)	
Amounts reclassified from AOCI	—	—	(178)	(178)	
Net current-period other comprehensive (loss) income	(6,571)	449	2,303	(3,819)	
<b>Balance, June 30, 2023</b>	<u><u>\$ (88,798)</u></u>	<u><u>\$ 3,688</u></u>	<u><u>\$ 2,406</u></u>	<u><u>\$ (82,704)</u></u>	
<b>Balance, March 31, 2024</b>	<u><u>\$ (67,676)</u></u>	<u><u>\$ 4,885</u></u>	<u><u>\$ 1,987</u></u>	<u><u>\$ (60,804)</u></u>	
Other comprehensive income before reclassifications	2,258	365	581	3,204	
Amounts reclassified from AOCI	53	—	(588)	(535)	
Net current-period other comprehensive income (loss)	2,311	365	(7)	2,669	
<b>Balance, June 30, 2024</b>	<u><u>\$ (65,365)</u></u>	<u><u>\$ 5,250</u></u>	<u><u>\$ 1,980</u></u>	<u><u>\$ (58,135)</u></u>	
For the Six Months Ended June 30,					
(in thousands)	Unrealized Gain (Loss) from AFS Debt Securities	Reclassification of AFS Debt Securities to HTM	(Loss) from Cash Flow Hedging Instruments	Unrealized Gain	Total
<b>Balance, December 31, 2022</b>	<u><u>\$ (91,852)</u></u>	<u><u>\$ 2,805</u></u>	<u><u>\$ —</u></u>	<u><u>\$ (89,047)</u></u>	
Other comprehensive (loss) income before reclassifications	(6,784)	883	2,584	(3,317)	
Amounts reclassified from AOCI	9,838	—	(178)	9,660	
Net current-period other comprehensive income	3,054	883	2,406	6,343	
<b>Balance, June 30, 2023</b>	<u><u>\$ (88,798)</u></u>	<u><u>\$ 3,688</u></u>	<u><u>\$ 2,406</u></u>	<u><u>\$ (82,704)</u></u>	
<b>Balance, December 31, 2023</b>	<u><u>\$ (69,915)</u></u>	<u><u>\$ 4,511</u></u>	<u><u>\$ 505</u></u>	<u><u>\$ (64,899)</u></u>	
Other comprehensive income before reclassifications	3,865	739	2,652	7,256	
Amounts reclassified from AOCI	685	—	(1,177)	(492)	
Net current-period other comprehensive income	4,550	739	1,475	6,764	
<b>Balance, June 30, 2024</b>	<u><u>\$ (65,365)</u></u>	<u><u>\$ 5,250</u></u>	<u><u>\$ 1,980</u></u>	<u><u>\$ (58,135)</u></u>	

The following table presents reclassifications out of AOCI:

(in thousands)	Three-Months Ended June 30,		Six-Months Ended June 30,	
	2024	2023	2024	2023
Investment securities (gains) losses, net	\$ (33)	\$ 2	\$ (69)	\$ 13,172
Interest income	104	—	986	—
Interest expense	(787)	(238)	(1,575)	(238)
Income tax (expense) benefit	181	58	166	(3,274)
<b>Net of tax</b>	<u><u>\$ (535)</u></u>	<u><u>\$ (178)</u></u>	<u><u>\$ (492)</u></u>	<u><u>\$ 9,660</u></u>

**17. Subsequent Events**

The Company has evaluated events that have occurred subsequent to June 30, 2024 and has concluded there are no other subsequent events that would require recognition in the accompanying consolidated financial statements.

On July 23, 2024, the board of directors of the Company declared a cash dividend of \$ 0.2425 per share payable on September 17, 2024 to shareholders of record as of the close of business on September 3, 2024.



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

**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Form 10-Q contains certain "forward-looking statements" within the meaning of such term in the Private Securities Litigation Reform Act of 1995. We and our representatives may, from time to time, make written or oral statements that are "forward-looking" and provide information other than historical information. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any results, levels of activity, performance or achievements expressed or implied by any forward-looking statement. These factors include, among other things, the factors listed below. Forward-looking statements, which may be based upon beliefs, expectations and assumptions of our management and on information currently available to management, are generally identifiable by the use of words such as "believe," "expect," "anticipate," "should," "could," "would," "plans," "intend," "project," "estimate," "forecast," "may" or similar expressions. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those expressed in, or implied by, these statements. Readers are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date made. Additionally, we undertake no obligation to update any statement in light of new information or future events, except as required under federal securities law.

Our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors that could have an impact on our ability to achieve operating results, growth plan goals and future prospects include, but are not limited to, the following:

- the risks of mergers or branch sales (including the recent sale of our Florida banking operations and the acquisition of DNVB), including, without limitation, the related time and costs of implementing such transactions, integrating operations as part of these transactions and possible failures to achieve expected gains, revenue growth and/or expense savings from such transactions;
- credit quality deterioration, pronounced and sustained reduction in real estate market values, or other uncertainties, including the impact of inflationary pressures on economic conditions and our business, resulting in an increase in the allowance for credit losses, an increase in the credit loss expense, and a reduction in net earnings;
- the effects of sustained high interest rates, including on our net income and the value of our securities portfolio;
- changes in the economic environment, competition, or other factors that may affect our ability to acquire loans or influence the anticipated growth rate of loans and deposits and the quality of the loan portfolio and loan and deposit pricing;
- fluctuations in the value of our investment securities;
- governmental monetary and fiscal policies;
- changes in and uncertainty related to benchmark interest rates used to price loans and deposits;
- legislative and regulatory changes, including changes in banking, securities, trade, and tax laws and regulations and their application by our regulators and any changes in response to the recent failures of other banks;
- the ability to attract and retain key executives and employees experienced in banking and financial services;
- the sufficiency of the allowance for credit losses to absorb the amount of actual losses inherent in our existing loan portfolio;
- our ability to adapt successfully to technological changes to compete effectively in the marketplace;
- credit risks and risks from concentrations (by geographic area and by industry) within our loan portfolio;
- the effects of competition from other commercial banks, thrifts, mortgage banking firms, consumer finance companies, credit unions, securities brokerage firms, insurance companies, money market and other mutual funds, financial technology companies, and other financial institutions operating in our markets or elsewhere or providing similar services;
- the failure of assumptions underlying the establishment of allowances for credit losses and estimation of values of collateral and various financial assets and liabilities;
- volatility of rate-sensitive deposits;
- operational risks, including data processing system failures or fraud;
- asset/liability matching risks and liquidity risks;
- the costs, effects and outcomes of existing or future litigation;
- changes in general economic, political, or industry conditions, nationally, internationally or in the communities in which we conduct business, including the risk of a recession;
- changes in accounting policies and practices, as may be adopted by state and federal regulatory agencies and the FASB;
- war or terrorist activities, including the ongoing Israeli-Palestinian conflict and the Russian invasion of Ukraine, widespread disease or pandemic, or other adverse external events, which may cause deterioration in the economy or cause instability in credit markets;
- the occurrence of fraudulent activity, breaches, or failures of our or our third-party vendors' information security controls or cyber-security related incidents, including as a result of sophisticated attacks using artificial intelligence and similar tools;
- the imposition of tariffs or other domestic or international governmental policies impacting the value of the agricultural or other products of our borrowers;
- potential changes in federal policy and at regulatory agencies as a result of the upcoming 2024 presidential election;
- the concentration of large deposits from certain clients who have balances above current FDIC insurance limits;
- the effects of recent developments and events in the financial services industry, including the large-scale deposit withdrawals over a short period of time that resulted in recent bank failures; and
- factors and risks described under "Risk Factors" in our Annual Report on Form 10-K and in other reports we file with the SEC.

We qualify all of our forward-looking statements by the foregoing cautionary statements. Because of these risks and other uncertainties, our actual future results, performance or achievement, or industry results, may be materially different from the results indicated by these forward-looking statements. In addition, our past results of operations are not necessarily indicative of our future results.

## OVERVIEW

The Company provides financial services to individuals, businesses, governmental units and institutional customers located primarily in the upper Midwest through its bank subsidiary, MidWestOne Bank. The Bank has locations throughout central and eastern Iowa, the Minneapolis/St. Paul metropolitan area, southwestern Wisconsin, and Denver, Colorado.

On January 31, 2024, the Company completed the acquisition of DNVB, a bank holding company headquartered in Denver, Colorado, and the parent company of BOD. Immediately following completion of the acquisition, BOD was merged with and into the Bank. As consideration for the merger, we paid cash of \$32.6 million.

On June 7, 2024, the Bank completed the sale of its Florida banking operations for a 7.5% deposit premium, which consisted of one bank branch in each of Naples and Ft. Myers, Florida.

The Bank is focused on delivering relationship-based business and personal banking products and services. The Bank provides commercial loans, real estate loans, agricultural loans, credit card loans, and consumer loans. The Bank also provides deposit products including demand and interest checking accounts, savings accounts, money market accounts, and time deposits. Complementary to our loan and deposit products, the Bank also provides products and services including treasury management, Zelle, online and mobile banking, credit and debit cards, ATMs, and safe deposit boxes. The Bank also has wealth management services through which it offers the administration of estates, trusts, and conservatorships, as well as financial planning, investment advisory, and brokerage services (the latter of which is provided through an arrangement with a third-party registered broker-dealer).

Our results of operations are significantly affected by our net interest income. Results of operations are also affected by noninterest income and expense, credit loss expense and income tax expense. Significant external factors that impact our results of operations include general economic and competitive conditions, as well as changes in market interest rates, government policies, and actions of regulatory authorities.

The following discussion and analysis should be read in conjunction with the consolidated financial statements and related notes and the statistical information and financial data appearing in this report as well as our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on March 8, 2024. Results of operations for the three and six months ended June 30, 2024 are not necessarily indicative of results to be attained for any other period.

## FINANCIAL SUMMARY

The Company reported net income for the three months ended June 30, 2024 of \$15.8 million, an increase of \$8.2 million, compared to \$7.6 million of net income for the three months ended June 30, 2023, with diluted earnings per share of \$1.00 and \$0.48, for the three months ended June 30, 2024 and 2023, respectively. For the six months ended June 30, 2024, the Company reported net income of \$19.1 million, an increase of \$10.1 million, compared to \$9.0 million of net income for the six months ended June 30, 2023, with diluted earnings per share of \$1.21 and \$0.57 for the respective annual periods.

The period as of and for the three and six months ended June 30, 2024 was also highlighted by the following results:

### Balance Sheet:

- Total assets increased to \$6.58 billion at June 30, 2024 from \$6.43 billion at December 31, 2023, driven primarily by acquired DNVB assets and organic loan growth, partially offset by the loans divested in the sale of our Florida banking operations and lower investment securities balances.
- At June 30, 2024 the total amount of the held to maturity debt securities was \$1.05 billion and the total amount of the debt securities available for sale was \$771.0 million. There were \$1.08 billion of held to maturity debt securities at December 31, 2023, while the total amount of the debt securities available for sale was \$795.1 million at that date.
- Gross loans held for investment increased \$166.3 million, from \$4.14 billion at December 31, 2023, to \$4.30 billion at June 30, 2024, due primarily to acquired DNVB loans and organic loan growth, partially offset by loans divested in the sale of our Florida banking operations.
- The allowance for credit losses was \$53.9 million, or 1.26% of total loans at June 30, 2024, compared with \$51.5 million, or 1.25% of total loans, at December 31, 2023. The increase in the ACL primarily reflected the \$3.1 million of day 1 credit loss expense related to acquired DNVB loans, as well as an additional reserve taken to support organic loan growth, partially offset by the \$1.9 million of allowance divested in the sale of our Florida banking operations.
- Nonperforming assets increased \$0.9 million, from \$30.3 million at December 31, 2023, to \$31.2 million at June 30, 2024.
- Total deposits increased \$16.7 million, from \$5.40 billion at December 31, 2023, to \$5.41 billion at June 30, 2024, due primarily to assumed DNVB deposits, partially offset by deposits divested in the sale of our Florida banking operations.
- Short-term borrowings increased to \$414.7 million at June 30, 2024, from \$300.3 million at December 31, 2023, and long-term debt decreased to \$114.8 million at June 30, 2024, from \$123.3 million at December 31, 2023.
- The Company was well-capitalized with a total risk-based capital ratio of 12.62% at June 30, 2024.

**Income Statement:**

*Three Months Ended:*

- Tax equivalent net interest income (a non-GAAP financial measure - see the "Non-GAAP Presentations" section for a reconciliation to the most comparable GAAP equivalent) was \$37.7 million for the second quarter of 2024, a decrease of \$0.4 million, from \$38.1 million in the second quarter of 2023. The decrease in tax equivalent net interest income was due primarily to an increase in interest expense on interest-bearing deposits and borrowed funds of \$8.8 million and \$3.2 million, respectively, in addition to a decrease of \$0.7 million in interest income earned from investment securities. Partially offsetting these identified decreases in tax equivalent net interest income was an increase of \$12.1 million in loan interest income.
- Credit loss expense of \$1.3 million was recorded during the second quarter of 2024, compared to \$1.6 million credit loss expense recorded in the second quarter of 2023. Credit loss expense in the current quarter reflected an additional liability of \$0.8 million for unfunded loan commitments, coupled with an additional reserve taken to support organic loan growth.
- Noninterest income increased \$12.8 million, from \$8.7 million in the second quarter of 2023, to \$21.6 million in the second quarter of 2024, due primarily to the \$11.1 million gain recognized in connection with the sale of our Florida banking operations, which was recorded in other revenue.
- Noninterest expense increased \$0.8 million, from \$34.9 million in the second quarter of 2023, to \$35.8 million in the second quarter of 2024, primarily due to increases of \$0.6 million in both compensation and employee benefits and legal and professional expenses, partially offset by a decline of \$0.5 million in marketing.

*Six Months Ended:*

- Tax equivalent net interest income (a non-GAAP financial measure - see the "Non-GAAP Presentations" section for a reconciliation to the most comparable GAAP equivalent) was \$73.7 million for the six months ended June 30, 2024, a decrease of \$5.7 million from the six months ended June 30, 2023. The decrease in tax equivalent net interest income was due primarily to an increase in interest expense on interest-bearing deposits and borrowed funds of \$21.2 million and \$6.4 million, respectively, in addition to a decrease of \$2.3 million in interest income earned from investment securities. Partially offsetting these identified decreases in tax equivalent net interest income was an increase of \$23.8 million in loan interest income.
- Credit loss expense of \$6.0 million was recorded in the first six months of 2024, as compared to credit loss expense of \$2.5 million for the first six months of 2023. Credit loss expense in the first six months of 2024 reflected \$3.2 million of expense for acquired DNVB loans, an additional liability of \$0.9 million for unfunded loan commitments, coupled with an additional reserve taken to support organic loan growth.
- Noninterest income increased \$26.6 million, from \$4.7 million for the six months ended June 30, 2023, to \$31.3 million in the first six months of 2024, due primarily to investment securities losses, net of \$13.2 million recorded in 2023 as part of a balance sheet repositioning, which did not recur in 2024, coupled with the \$11.1 million gain recognized in connection with the sale of our Florida banking operations, which was recorded in other revenue.
- Noninterest expense increased \$3.1 million, from \$68.2 million for the six months ended June 30, 2023, to \$71.3 million in the first six months of 2024, primarily due to increases of \$1.9 million, \$0.9 million, \$0.5 million, and \$0.5 million in compensation and employee benefits, legal and professional, foreclosed assets, net, and equipment expenses. Partially offsetting these increases was a decline of \$0.9 million in marketing expense.

**Critical Accounting Estimates**

Management has identified the accounting policies related to the ACL, fair value of assets acquired and liabilities assumed in a business combination, and the annual impairment testing of goodwill and other intangible assets to be critical accounting policies. Information about our critical accounting estimates is included under Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on March 8, 2024, and there have been no material changes in these critical accounting policies since December 31, 2023.

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**RESULTS OF OPERATIONS**

**Comparison of Operating Results for the Three Months Ended June 30, 2024 and June 30, 2023**

**Summary**

(dollars in thousands, except per share amounts)	<b>As of or for the Three Months Ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
Net Interest Income	\$ 36,347	\$ 36,962
Noninterest Income	21,554	8,746
Total Revenue, Net of Interest Expense	57,901	45,708
Credit Loss Expense	1,267	1,597
Noninterest Expense	35,761	34,919
Income Before Income Tax Expense	20,873	9,192
Income Tax Expense	5,054	1,598
Net Income	15,819	7,594
Diluted Earnings Per Share	\$ 1.00	\$ 0.48
Return on Average Assets	0.95 %	0.47 %
Return on Average Equity	11.91	6.03
Return on Average Tangible Equity <sup>(1)</sup>	15.74	8.50
Efficiency Ratio <sup>(1)</sup>	56.29	71.13
Dividend Payout Ratio	24.25	50.52
Common Equity Ratio	8.25	7.69
Tangible Common Equity Ratio <sup>(1)</sup>	6.88	6.40
Book Value per Share	\$ 34.44	\$ 31.96
Tangible Book Value per Share <sup>(1)</sup>	28.27	26.26

(1) A non-GAAP financial measure. See "Non-GAAP Financial Measures" for a reconciliation to the most comparable GAAP equivalents.

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**Net Interest Income**

The following table shows consolidated average balance sheets, detailing the major categories of assets and liabilities, the interest income earned on interest-earning assets, the interest expense paid for interest-bearing liabilities, and the related yields and costs for the periods indicated:

	Three Months Ended June 30,					
	2024			2023		
	Average Balance	Interest Income/ Expense	Average Yield/ Cost	Average Balance	Interest Income/ Expense	Average Yield/ Cost
<b>(dollars in thousands)</b>						
<b>ASSETS</b>						
Loans, including fees <sup>(1)(2)(3)</sup>	\$ 4,419,697	\$ 62,581	5.69 %	\$ 4,003,717	\$ 50,439	5.05 %
Taxable investment securities	1,520,253	9,228	2.44	1,698,003	9,734	2.30
Tax-exempt investment securities <sup>(2)(4)</sup>	322,092	2,040	2.55	345,934	2,253	2.61
Total securities held for investment <sup>(2)</sup>	1,842,345	11,268	2.46	2,043,937	11,987	2.35
Other	20,452	242	4.76	9,078	68	3.00
Total interest earning assets <sup>(2)</sup>	\$ 6,282,494	\$ 74,091	4.74 %	\$ 6,056,732	\$ 62,494	4.14 %
Other assets	431,079			409,078		
<b>Total assets</b>	<b>\$ 6,713,573</b>			<b>\$ 6,465,810</b>		
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>						
Interest checking deposits	\$ 1,297,356	\$ 3,145	0.97 %	\$ 1,420,741	\$ 1,971	0.56 %
Money market deposits	1,072,688	7,821	2.93	999,436	5,299	2.13
Savings deposits	738,773	2,673	1.46	603,905	288	0.19
Time deposits	1,470,956	15,303	4.18	1,490,332	12,559	3.38
Total interest bearing deposits	4,579,773	28,942	2.54	4,514,414	20,117	1.79
Securities sold under agreements to repurchase	5,300	10	0.76	159,583	423	1.06
Other short-term borrowings	442,546	5,399	4.91	132,495	1,695	5.13
Total short-term borrowings	447,846	5,409	4.86	292,078	2,118	2.91
Long-term debt	120,256	2,078	6.95	135,329	2,153	6.38
Total borrowed funds	568,102	7,487	5.30	427,407	4,271	4.01
Total interest bearing liabilities	\$ 5,147,875	\$ 36,429	2.85 %	\$ 4,941,821	\$ 24,388	1.98 %
Noninterest bearing deposits	935,151			940,103		
Other liabilities	96,553			78,898		
Shareholders' equity	533,994			504,988		
<b>Total liabilities and shareholders' equity</b>	<b>\$ 6,713,573</b>			<b>\$ 6,465,810</b>		
Net interest income <sup>(2)</sup>		\$ 37,662			\$ 38,106	
Net interest spread <sup>(2)</sup>			1.89 %			2.16 %
Net interest margin <sup>(2)</sup>			2.41 %			2.52 %
Total deposits <sup>(5)</sup>	\$ 5,514,924	\$ 28,942	2.11 %	\$ 5,454,517	\$ 20,117	1.48 %
Cost of funds <sup>(6)</sup>			2.41 %			1.66 %

- (1) Average balance includes nonaccrual loans.
- (2) Tax equivalent (a non-GAAP financial measure - see the "Non-GAAP Presentations" section for a reconciliation to the most comparable GAAP equivalent). The federal statutory tax rate utilized was 21%.
- (3) Interest income includes net loan fees, loan purchase discount accretion and tax equivalent adjustments. Net loan fees were \$337 thousand and \$79 thousand for the three months ended June 30, 2024 and June 30, 2023, respectively. Loan purchase discount accretion was \$1.3 million and \$1.0 million for the three months ended June 30, 2024 and June 30, 2023, respectively. Tax equivalent adjustments were \$938 thousand and \$713 thousand for the three months ended June 30, 2024 and June 30, 2023, respectively. The federal statutory tax rate utilized was 21%.
- (4) Interest income includes tax equivalent adjustments of \$377 thousand and \$431 thousand for the three months ended June 30, 2024 and June 30, 2023, respectively. The federal statutory tax rate utilized was 21%.
- (5) Total deposits is the sum of total interest bearing deposits and noninterest bearing deposits. The cost of total deposits is calculated as annualized interest expense on deposits divided by average total deposits.
- (6) Cost of funds is calculated as annualized total interest expense divided by the sum of average total deposits and borrowed funds.

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The following table shows changes to tax equivalent net interest income (a non-GAAP financial measure - see the "Non-GAAP Presentations" section for a reconciliation to the most comparable GAAP equivalent) attributable to (i) changes in volume and (ii) changes in rate. Changes attributable to both rate and volume have been allocated proportionately to the change due to volume and the change due to rate.

(in thousands)	Three Months Ended June 30, 2024 Compared to 2023		
	Change due to		
	Volume	Yield/Cost	Net
<b>Increase (decrease) in interest income:</b>			
Loans, including fees <sup>(1)</sup>	\$ 5,470	\$ 6,672	\$ 12,142
Taxable investment securities	(1,067)	561	(506)
Tax-exempt investment securities <sup>(1)</sup>	(159)	(54)	(213)
<b>Total securities held for investment <sup>(1)</sup></b>	<b>(1,226)</b>	<b>507</b>	<b>(719)</b>
Other	118	56	174
<b>Change in interest income <sup>(1)</sup></b>	<b>4,362</b>	<b>7,235</b>	<b>11,597</b>
<b>Increase (decrease) in interest expense:</b>			
Interest checking deposits	(183)	1,357	1,174
Money market deposits	412	2,110	2,522
Savings deposits	77	2,308	2,385
Time deposits	(166)	2,910	2,744
<b>Total interest-bearing deposits</b>	<b>140</b>	<b>8,685</b>	<b>8,825</b>
Securities sold under agreements to repurchase	(320)	(93)	(413)
Other short-term borrowings	3,779	(75)	3,704
<b>Total short-term borrowings</b>	<b>3,459</b>	<b>(168)</b>	<b>3,291</b>
Long-term debt	(255)	180	(75)
<b>Total borrowed funds</b>	<b>3,204</b>	<b>12</b>	<b>3,216</b>
<b>Change in interest expense</b>	<b>3,344</b>	<b>8,697</b>	<b>12,041</b>
<b>Change in net interest income</b>	<b>\$ 1,018</b>	<b>\$ (1,462)</b>	<b>\$ (444)</b>
Percentage increase in net interest income over prior period			(1.2)%

(1) Tax equivalent, using a federal statutory tax rate of 21%.

Our tax equivalent net interest income for the second quarter of 2024 was \$37.7 million, a decrease of \$0.4 million, or 1.2%, as compared to \$38.1 million for the second quarter of 2023. The decrease in tax equivalent net interest income in the second quarter of 2024 as compared to the second quarter of 2023 was due primarily to an increase in interest expense on interest bearing deposits and borrowed funds of \$8.8 million and \$3.2 million, respectively, due to higher costs and volumes. The decrease in tax equivalent net interest income was also due to a decrease of \$0.7 million, or 6.0%, in interest income earned from investment securities, which stemmed from lower volumes. Partially offsetting these decreases was an increase of \$12.1 million, or 24.1%, in loan interest income due primarily to higher yields coupled with increased volumes from acquired DNVB loans, organic loan growth, and additional line of credit usage. The increased loan volumes were partially offset by loans divested in the sale of our Florida banking operations.

The tax equivalent net interest margin for the second quarter of 2024 declined to 2.41% from 2.52% for the second quarter of 2023, driven by higher funding costs and volumes, partially offset by higher interest earning asset volumes and yields. The cost of interest bearing liabilities increased 87 bps to 2.85%, due to interest bearing deposit costs of 2.54%, short-term borrowing costs of 4.86%, and long-term debt costs of 6.95%, which increased 75 bps, 195 bps and 57 bps, respectively from the second quarter of 2023. Partially offsetting these identified decreases to tax equivalent net interest margin from the second quarter of 2023, was the increase in loan yields of 64 bps.

#### Credit Loss Expense

Credit loss expense of \$1.3 million was recorded during the second quarter of 2024, as compared to \$1.6 million of credit loss expense recorded in the second quarter of 2023. Credit loss expense in the current quarter reflected an additional liability of \$0.8 million for unfunded loan commitments, coupled with an additional reserve taken to support organic loan growth. Net charge-offs were \$0.5 million in the second quarter of 2024, as compared to net charge-offs of \$0.9 million in the second quarter of 2023. The estimation model utilized by the Company is sensitive to changes in the following forecast inputs: (1) Midwest and national unemployment, (2) year-to-year change in national retail sales, (3) year-to-year change in the CRE Index, and (4) year-to-year change in U.S. GDP. In addition, management utilized qualitative factors to adjust the calculated ACL as appropriate. Qualitative factors are based on management's judgment of company, market, industry or business specific data, changes in underlying loan composition of specific portfolios, trends relating to credit quality, delinquency, non-performing and adversely rated loans, and reasonable and supportable forecasts of economic conditions.

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**Noninterest Income**

The following table presents significant components of noninterest income and the related dollar and percentage change from period to period:

(dollars in thousands)	Three Months Ended June 30,			\$ Change	% Change
	2024	2023			
Investment services and trust activities	\$ 3,504	\$ 3,119	\$ 385		12.3 %
Service charges and fees	2,156	2,047	109		5.3
Card revenue	1,907	1,847	60		3.2
Loan revenue	1,525	909	616		67.8
Bank-owned life insurance	668	616	52		8.4
Investment securities gains (losses), net	33	(2)	35		n/m
Other	11,761	210	11,551		n/m
<b>Total noninterest income</b>	<b>\$ 21,554</b>	<b>\$ 8,746</b>	<b>\$ 12,808</b>		<b>146.4 %</b>

(n/m) - Not meaningful

Total noninterest income for the second quarter of 2024 increased \$12.8 million to \$21.6 million, from \$8.7 million in the second quarter of 2023, primarily due to the sale of our Florida banking operations, which resulted in a gain on sale of \$11.1 million that was recorded in other revenue. Loan revenue increased \$0.6 million and reflected the favorable year-over-year change in the fair value of our mortgage servicing rights, from a negative adjustment of \$581 thousand in the second quarter of 2023 to a positive adjustment of \$129 thousand in the second quarter of 2024. Also contributing to the increase in noninterest income compared to the second quarter of 2023, was an increase of \$0.5 million in customer back to back swap origination fee income, which was recorded in other revenue, and an increase of \$0.4 million in investment services and trust activities revenue, driven by growth in assets under administration and market valuation.

**Noninterest Expense**

The following table presents significant components of noninterest expense and the related dollar and percentage change from period to period:

(dollars in thousands)	Three Months Ended June 30,			\$ Change	% Change
	2024	2023			
Compensation and employee benefits	\$ 20,985	\$ 20,386	\$ 599		2.9 %
Occupancy expense of premises, net	2,435	2,574	(139)		(5.4)
Equipment	2,530	2,435	95		3.9
Legal and professional	2,253	1,682	571		33.9
Data processing	1,645	1,521	124		8.2
Marketing	636	1,142	(506)		(44.3)
Amortization of intangibles	1,593	1,594	(1)		(0.1)
FDIC insurance	1,051	862	189		21.9
Communications	191	260	(69)		(26.5)
Foreclosed assets, net	138	(6)	144		n/m
Other	2,304	2,469	(165)		(6.7)
<b>Total noninterest expense</b>	<b>\$ 35,761</b>	<b>\$ 34,919</b>	<b>\$ 842</b>		<b>2.4 %</b>

(n/m) - Not meaningful

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The following table summarizes the acquisition and divestiture-related expenses incurred during the three months ended June 30, 2024 and June 30, 2023, which are included in the respective income statement line items, for the periods indicated:

	Three Months Ended June 30,	
	2024	2023
<b>Merger-related expenses:</b> (dollars in thousands)		
Compensation and employee benefits	\$ 73	\$ —
Equipment	28	—
Legal and professional	462	—
Data processing	251	—
Communications	8	—
Other	32	—
<b>Total merger-related expenses</b>	<b>\$ 854</b>	<b>\$ —</b>

Noninterest expense for the second quarter of 2024 increased \$0.8 million, or 2.4%, to \$35.8 million from \$34.9 million for the second quarter of 2023, primarily due to increases of \$0.6 million in both compensation and employee benefits and legal and professional expenses. The increase in compensation and employee benefits expenses was primarily driven by annual compensation adjustments, increased headcount as a result of the DNVB acquisition, increased incentive and commission expense, and merger-related expenses. The increase in legal and professional expenses stemmed primarily from higher merger-related expenses. Partially offsetting these increases was a decline of \$0.5 million in marketing expenses.

#### Income Tax Expense

Our effective income tax rate, or income tax expense divided by income before income tax expense, was 24.2% for the three months ended June 30, 2024, as compared to an effective tax rate of 17.4% for the three months ended June 30, 2023. The increase reflected taxable income attributed to the Florida banking operations sale exceeding book income due to the non-deductible goodwill allocated to the Florida banking operations. The effective tax rate for the full year 2024 is expected to be in the range of 21 to 23%.

#### Comparison of Operating Results for the Six Months Ended June 30, 2024 and June 30, 2023

##### Summary

(dollars in thousands, except per share amounts)	As of and for the Six Months Ended June 30,	
	2024	2023
Net Interest Income	\$ 71,078	\$ 77,038
Noninterest Income	31,304	4,700
<b>Total Revenue, Net of Interest Expense</b>	<b>102,382</b>	<b>81,738</b>
Credit Loss Expense	5,956	2,530
Noninterest Expense	71,326	68,238
Income Before Income Tax Expense	25,100	10,970
Income Tax Expense	6,012	1,979
Net Income	19,088	8,991
Diluted Earnings Per Share	\$ 1.21	\$ 0.57
Return on Average Assets	0.58 %	0.28 %
Return on Average Equity	7.23	3.61
Return on Average Tangible Equity <sup>(1)</sup>	9.98	5.65
Efficiency Ratio <sup>(1)</sup>	62.83	66.56
Dividend Payout Ratio	40.08	85.09
Common Equity Ratio	8.25	7.69
Tangible Common Equity Ratio <sup>(1)</sup>	6.88	6.40
Book Value per Share	\$ 34.44	\$ 31.96
Tangible Book Value per Share <sup>(1)</sup>	28.27	26.26

(1) A non-GAAP financial measure. See "Non-GAAP Financial Measures" for a reconciliation to the most comparable GAAP equivalents.



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**Net Interest Income**

The following table shows consolidated average balance sheets, detailing the major categories of assets and liabilities, the interest income earned on interest-earning assets, the interest expense paid for interest-bearing liabilities, and the related yields and costs for the periods indicated:

(dollars in thousands)	Six Months Ended June 30,					
	2024			2023		
	Average Balance	Interest Income/ Expense	Average Yield/ Cost	Average Balance	Interest Income/ Expense	Average Yield/ Cost
<b>ASSETS</b>						
Loans, including fees <sup>(1)(2)(3)</sup>	\$ 4,358,957	\$ 121,448	5.60 %	\$ 3,935,791	\$ 97,645	5.00 %
Taxable investment securities	1,538,928	18,688	2.44	1,754,382	20,178	2.32
Tax-exempt investment securities <sup>(2)(4)</sup>	325,414	4,137	2.56	371,381	4,902	2.66
Total securities held for investment <sup>(2)</sup>	1,864,342	22,825	2.46	2,125,763	25,080	2.38
Other	25,529	660	5.20	16,919	312	3.72
Total interest-earning assets <sup>(2)</sup>	<u><u>\$ 6,248,828</u></u>	<u><u>\$ 144,933</u></u>	<u><u>4.66 %</u></u>	<u><u>\$ 6,078,473</u></u>	<u><u>\$ 123,037</u></u>	<u><u>4.08 %</u></u>
Other assets	425,648			416,304		
Total assets	<u><u>\$ 6,674,476</u></u>			<u><u>\$ 6,494,777</u></u>		
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>						
Interest checking deposits	\$ 1,299,413	\$ 6,035	0.93 %	\$ 1,468,030	\$ 3,820	0.52 %
Money market deposits	1,087,616	15,886	2.94	965,180	8,568	1.79
Savings deposits	716,458	4,720	1.32	628,338	560	0.18
Time deposits	1,458,969	30,027	4.14	1,454,210	22,488	3.12
Total interest-bearing deposits	<u><u>4,562,456</u></u>	<u><u>56,668</u></u>	<u><u>2.50</u></u>	<u><u>4,515,758</u></u>	<u><u>35,436</u></u>	<u><u>1.58</u></u>
Securities sold under agreements to repurchase	5,315	21	0.79	152,734	873	1.15
Other short-term borrowings	426,036	10,363	4.89	121,959	3,031	5.01
Total short-term borrowings	<u><u>431,351</u></u>	<u><u>10,384</u></u>	<u><u>4.84</u></u>	<u><u>274,693</u></u>	<u><u>3,904</u></u>	<u><u>2.87</u></u>
Long-term debt	121,761	4,181	6.91	137,258	4,277	6.28
Total borrowed funds	<u><u>553,112</u></u>	<u><u>14,565</u></u>	<u><u>5.30</u></u>	<u><u>411,951</u></u>	<u><u>8,181</u></u>	<u><u>4.00</u></u>
Total interest-bearing liabilities	<u><u>\$ 5,115,568</u></u>	<u><u>\$ 71,233</u></u>	<u><u>2.80 %</u></u>	<u><u>\$ 4,927,709</u></u>	<u><u>\$ 43,617</u></u>	<u><u>1.78 %</u></u>
Noninterest bearing deposits	935,564			984,592		
Other liabilities	92,581			80,690		
Shareholders' equity	530,763			501,786		
Total liabilities and shareholders' equity	<u><u>\$ 6,674,476</u></u>			<u><u>\$ 6,494,777</u></u>		
Net interest income <sup>(2)</sup>		<u><u>\$ 73,700</u></u>			<u><u>\$ 79,420</u></u>	
Net interest spread <sup>(2)</sup>			1.86 %			2.30 %
Net interest margin <sup>(2)</sup>			2.37 %			2.63 %
Total deposits <sup>(5)</sup>	\$ 5,498,020	\$ 56,668	2.07 %	\$ 5,500,350	\$ 35,436	1.30 %
Cost of funds <sup>(6)</sup>			2.37 %			1.49 %

- (1) Average balance includes nonaccrual loans.
- (2) Tax equivalent. The federal statutory tax rate utilized was 21%.
- (3) Interest income includes net loan fees, loan purchase discount accretion and tax equivalent adjustments. Net loan fees were \$574 million and \$174 thousand for the six months ended June 30, 2024 and June 30, 2023, respectively. Loan purchase discount accretion was \$2.4 million and \$2.2 million for the six months ended June 30, 2024 and June 30, 2023, respectively. Tax equivalent adjustments were \$1.9 million and \$1.4 million for the six months ended June 30, 2024 and June 30, 2023, respectively. The federal statutory tax rate utilized was 21%.
- (4) Interest income includes tax equivalent adjustments of \$0.8 million and \$1.0 million for the six months ended June 30, 2024 and June 30, 2023, respectively. The federal statutory tax rate utilized was 21%.
- (5) Total deposits is the sum of total interest bearing deposits and noninterest bearing deposits. The cost of total deposits is calculated as annualized interest expense on deposits divided by average total deposits.
- (6) Cost of funds is calculated as annualized total interest expense divided by the sum of average total deposits and borrowed funds.



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The following table shows changes to tax equivalent net interest income attributable to (i) changes in volume and (ii) changes in rate. Changes attributable to both rate and volume have been allocated proportionately to the change due to volume and the change due to rate.

(in thousands)	Six Months Ended June 30, 2024 Compared to 2023		
	Change due to		
	Volume	Yield/Cost	Net
<b>Increase (decrease) in interest income:</b>			
Loans, including fees <sup>(1)</sup>	\$ 11,248	\$ 12,555	\$ 23,803
Taxable investment securities	(2,522)	1,032	(1,490)
Tax-exempt investment securities <sup>(1)</sup>	(587)	(178)	(765)
Total securities held for investment <sup>(1)</sup>	<u>(3,109)</u>	<u>854</u>	<u>(2,255)</u>
Other	195	153	348
Change in interest income <sup>(1)</sup>	<u>8,334</u>	<u>13,562</u>	<u>21,896</u>
<b>Increase (decrease) in interest expense:</b>			
Interest checking deposits	(479)	2,694	2,215
Money market deposits	1,207	6,111	7,318
Savings deposits	90	4,070	4,160
Time deposits	75	7,464	7,539
Total interest-bearing deposits	<u>893</u>	<u>20,339</u>	<u>21,232</u>
Securities sold under agreements to repurchase	(644)	(208)	(852)
Other short-term borrowings	7,407	(75)	7,332
Total short-term borrowings	<u>6,763</u>	<u>(283)</u>	<u>6,480</u>
Long-term debt	(506)	410	(96)
Total borrowed funds	<u>6,257</u>	<u>127</u>	<u>6,384</u>
Change in interest expense	<u>7,150</u>	<u>20,466</u>	<u>27,616</u>
Change in net interest income	<u>\$ 1,184</u>	<u>\$ (6,904)</u>	<u>\$ (5,720)</u>
Percentage (decrease) increase in net interest income over prior period			(7.2)%

(1) Tax equivalent, using a federal statutory tax rate of 21%.

Our tax equivalent net interest income for the six months ended June 30, 2024 was \$73.7 million, a decrease of \$5.7 million, or 7.2%, as compared to \$79.4 million for the six months ended June 30, 2023. This decrease in tax equivalent net interest income was due primarily to an increase in interest expense on interest bearing deposits and borrowed funds of \$21.2 million and \$6.4 million, respectively, due to higher costs and volumes. The decrease in tax equivalent net interest income was also due to a decrease of \$2.3 million, or 9.0%, in interest income earned from investment securities, which stemmed from lower volumes. Partially offsetting these decreases was an increase of \$23.8 million, or 24.4%, in loan interest income due primarily to higher yields coupled with increased volumes from acquired DNVB loans, organic loan growth, and additional line of credit usage. The increased loan volumes were partially offset by loans divested in the sale of our Florida banking operations.

The tax equivalent net interest margin for the six months ended June 30, 2024 was 2.37%, or 26 basis points lower than the tax equivalent net interest margin of 2.63% for the six months ended June 30, 2023. The cost of interest-bearing deposits increased 92 basis points for the six months ended June 30, 2024, compared to the six months ended June 30, 2023, while the cost of borrowed funds increased 130 basis points for the six months ended June 30, 2024, compared to the six months ended June 30, 2023. The increase in the cost of interest-bearing liabilities was a result of higher market interest rates, which reflect increases in the target federal funds rate. Partially offsetting these identified decreases to tax equivalent net interest margin from the six months ended June 30, 2023, was the increase in loan yields of 60 bps, which primarily reflected new loan production originated at higher yields.

#### Credit Loss Expense

Credit loss expense of \$6.0 million was recorded in the first six months of 2024, as compared to credit loss expense of \$2.5 million for the first six months of 2023. Credit loss expense in the first six months of 2024 reflected \$3.2 million of day 1 credit loss expense related to the DNVB acquisition, an additional liability of \$0.9 million on unfunded loan commitments, coupled with an additional reserve taken to support organic loan growth. Net charge-offs in the first six months of 2024 were \$0.7 million, as compared to net charge-offs of \$1.2 million in the first six months of 2023. The estimation model utilized by the Company is sensitive to changes in the following forecast inputs: (1) Midwest and national unemployment, (2) year-to-year change in national retail sales, (3) year-to-year change in the CRE Index, and (4) year-to-year change in U.S. GDP. In addition, management utilized qualitative factors to adjust the calculated ACL as appropriate. Qualitative factors are based on management's judgment of company, market, industry or business specific data, changes in underlying loan composition of

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specific portfolios, trends relating to credit quality, delinquency, non-performing and adversely rated loans, and reasonable and supportable forecasts of economic conditions.

**Noninterest Income**

The following table presents the significant components of noninterest income and the related dollar and percentage change from period to period:

(dollars in thousands)	Six Months Ended June 30,		\$ Change	% Change
	2024	2023		
Investment services and trust activities	\$ 7,007	\$ 6,052	\$ 955	15.8 %
Service charges and fees	4,300	4,055	245	6.0
Card revenue	3,850	3,595	255	7.1
Loan revenue	2,381	2,329	52	2.2
Bank-owned life insurance	1,328	1,218	110	9.0
Investment securities gains (losses), net	69	(13,172)	13,241	n/m
Other	12,369	623	11,746	n/m
<b>Total noninterest income</b>	<b>\$ 31,304</b>	<b>\$ 4,700</b>	<b>\$ 26,604</b>	<b>566.0 %</b>

(n/m) - Not meaningful

Total noninterest income for the first six months of 2024 increased \$26.6 million to \$31.3 million, from \$4.7 million during the same period of 2023, primarily due to investment securities losses, net of \$13.2 million recorded in the first quarter of 2023 as part of a balance sheet repositioning, which did not recur in 2024, coupled with the sale of our Florida banking operations, which resulted in a gain on sale of \$11.1 million that was recorded in other revenue. Also contributing to the increase in noninterest income compared to the first six months of 2023, was a \$1.0 million increase in investment services and trust activities revenue, driven by growth in assets under administration and market valuation.

**Noninterest Expense**

The following table presents the significant components of noninterest expense and the related dollar and percentage change from period to period:

(dollars in thousands)	Six Months Ended June 30,		\$ Change	% Change
	2024	2023		
Compensation and employee benefits	\$ 41,915	\$ 39,993	\$ 1,922	4.8 %
Occupancy expense of premises, net	5,248	5,320	(72)	(1.4)
Equipment	5,130	4,606	524	11.4
Legal and professional	4,312	3,418	894	26.2
Data processing	3,005	2,884	121	4.2
Marketing	1,234	2,128	(894)	(42.0)
Amortization of intangibles	3,230	3,346	(116)	(3.5)
FDIC insurance	1,993	1,611	382	23.7
Communications	387	521	(134)	(25.7)
Foreclosed assets, net	496	(34)	530	n/m
Other	4,376	4,445	(69)	(1.6)
<b>Total noninterest expense</b>	<b>\$ 71,326</b>	<b>\$ 68,238</b>	<b>\$ 3,088</b>	<b>4.5 %</b>

(n/m) - Not meaningful

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The following table summarizes the acquisition and divestiture-related expenses incurred during the six months ended June 30, 2024 and June 30, 2023, which are included in the respective income statement line items, for the periods indicated:

<b>Merger-related expenses:</b> (dollars in thousands)	<b>Six Months Ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
Compensation and employee benefits	\$ 314	\$ 70
Occupancy expense of premises, net	152	—
Equipment	177	—
Legal and professional	1,035	—
Data processing	312	65
Marketing	32	—
Communications	9	—
Other	137	1
<b>Total merger-related expenses</b>	<b>\$ 2,168</b>	<b>\$ 136</b>

Noninterest expense for the six months ended June 30, 2024 was \$71.3 million, an increase of \$3.1 million, or 4.5%, from \$68.2 million for the six months ended June 30, 2023, primarily due to increases of \$1.9 million, \$0.9 million, \$0.5 million, and \$0.5 million in compensation and employee benefits, legal and professional, foreclosed assets, net, and equipment expenses. The increase in compensation and employee benefits expense was primarily driven by annual compensation adjustments, increased headcount as a result of the DNVB acquisition, increased incentive and commission expense, and merger-related expenses. The increase in legal and professional expense stemmed primarily from higher merger-related expenses. The increase in foreclosed assets, net, was primarily due to a \$0.3 million write-down of other real estate owned. The increase in equipment expense reflected higher software costs and merger-related expenses. Partially offsetting these increases was a decline of \$0.9 million in marketing expense.

**Income Tax Expense**

Our effective income tax rate, or income tax expense divided by income before tax expense, was 24.0% for the first six months of 2024, as compared to an effective tax rate of 18.0% for the first six months of 2023. The increase in the effective tax rate reflected the taxable income attributed to the Florida banking operations sale exceeding book income due to the non-deductible goodwill allocated to the Florida banking operations, coupled with higher taxable income and a decreased benefit from tax exempt income. The effective tax rate for the full year 2024 is expected to be in the range of 21.0 to 23.0%.

**FINANCIAL CONDITION**

The table below presents the major categories of the Company's balance sheet as of the dates indicated:

(dollars in thousands)	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>\$ Change</b>	<b>% Change</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 101,568	\$ 81,727	\$ 19,841	24.3 %
Loans held for sale	2,850	1,045	1,805	172.7
Debt securities available for sale at fair value	771,034	795,134	(24,100)	(3.0)
Held to maturity securities at amortized cost	1,053,080	1,075,190	(22,110)	(2.1)
Loans held for investment, net of unearned income	4,287,232	4,126,947	160,285	3.9
Allowance for credit losses	(53,900)	(51,500)	(2,400)	4.7
Total loans held for investment, net	4,233,332	4,075,447	157,885	3.9
Other assets	419,794	398,997	20,797	5.2
<b>Total assets</b>	<b>\$ 6,581,658</b>	<b>\$ 6,427,540</b>	<b>\$ 154,118</b>	<b>2.4 %</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
Total deposits	\$ 5,412,419	\$ 5,395,673	\$ 16,746	0.3 %
Total borrowings	529,523	423,560	105,963	25.0
Other liabilities	96,430	83,929	12,501	14.9
Total shareholders' equity	543,286	524,378	18,908	3.6
<b>Total liabilities and shareholders' equity</b>	<b>\$ 6,581,658</b>	<b>\$ 6,427,540</b>	<b>\$ 154,118</b>	<b>2.4 %</b>

## Debt Securities

The composition of debt securities available for sale and held to maturity as of the dates indicated was as follows:

(dollars in thousands)	June 30, 2024		December 31, 2023	
	Balance	% of Total	Balance	% of Total
<b>Available for Sale</b>				
U.S. Treasuries	\$ 250	— %	\$ —	— %
States and political subdivisions	113,902	14.8	130,139	16.4
Mortgage-backed securities	5,096	0.7	5,311	0.7
Collateralized loan obligations	52,667	6.8	50,437	6.3
Collateralized mortgage obligations	172,628	22.4	169,196	21.3
Corporate debt securities	426,491	55.3	440,051	55.3
Fair value of debt securities available for sale	<u>\$ 771,034</u>	<u>100.0 %</u>	<u>\$ 795,134</u>	<u>100.0 %</u>
<b>Held to Maturity</b>				
States and political subdivisions	\$ 531,332	50.5 %	\$ 532,422	49.5 %
Mortgage-backed securities	71,993	6.8	74,904	7.0
Collateralized mortgage obligations	449,755	42.7	467,864	43.5
Amortized cost of debt securities held to maturity	<u>\$ 1,053,080</u>	<u>100.0 %</u>	<u>\$ 1,075,190</u>	<u>100.0 %</u>

As of June 30, 2024, there was \$310 thousand of gross unrealized gains and \$73.2 million of gross unrealized losses in our debt securities available for sale portfolio for a net unrealized loss of \$72.9 million. As of June 30, 2024 there were no gross unrealized gains and \$195.7 million of gross unrealized losses in our held to maturity debt securities.

See [Note 3. Debt Securities](#) to our consolidated financial statements for additional information related to debt securities.

## Loans

The composition of our loan portfolio by type of loan was as follows, as of the dates indicated:

(dollars in thousands)	June 30, 2024		December 31, 2023	
	Balance	% of Total	Balance	% of Total
<b>Agricultural</b>				
Agricultural	\$ 107,983	2.5 %	\$ 118,414	2.9 %
Commercial and industrial	1,120,983	26.1	1,075,003	26.0
Commercial real estate	2,313,856	54.0	2,225,310	54.0
Residential real estate	668,646	15.6	640,437	15.5
Consumer	75,764	1.8	67,783	1.6
Loans held for investment, net of unearned income	<u>\$ 4,287,232</u>	<u>100.0 %</u>	<u>\$ 4,126,947</u>	<u>100.0 %</u>
Loans held for sale	<u>\$ 2,850</u>	<u>—</u>	<u>\$ 1,045</u>	<u>—</u>

Loans held for investment, net of unearned income, at June 30, 2024, increased \$160.3 million, or 3.9%, from December 31, 2023 to \$4.29 billion, driven primarily by loans acquired in the DNVB acquisition, organic loan growth, and higher line of credit usage, partially offset by gross loans of \$163.6 million divested as part of the sale of our Florida banking operations. See [Note 4. Loans Receivable and the Allowance for Credit Losses](#) to our consolidated financial statements for additional information related to our loan portfolio. Our loan to deposit ratio increased to 79.21% as of June 30, 2024, as compared to 76.49% as of December 31, 2023.

Commitments under standby letters of credit, unused lines of credit and other conditionally approved credit lines totaled approximately \$1.20 billion and \$1.21 billion as of June 30, 2024 and December 31, 2023, respectively.

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The composition of our commercial real estate loan portfolio as of June 30, 2024 was as follows:

(dollars in thousands)	Amount	% of Total Loans
Construction & Development	\$ 351,646	8.2 %
Farmland	183,641	4.3
Multifamily	430,054	10.0
CRE Other:		
NOO CRE Office	157,129	3.7
OO CRE Office	84,649	2.0
Industrial and Warehouse	407,294	9.5
Retail	262,030	6.1
Hotel	112,757	2.6
Other	324,656	7.6
<b>Total CRE</b>	<b>\$ 2,313,856</b>	<b>54.0 %</b>

### Nonperforming Assets

The following table sets forth information concerning nonperforming loans by class of receivable and our nonperforming assets at June 30, 2024 and December 31, 2023:

(in thousands)	June 30, 2024	December 31, 2023
Nonaccrual loans held for investment	\$ 24,695	\$ 25,891
Accruing loans contractually past due 90 days or more	433	468
<b>Total nonperforming loans</b>	<b>25,128</b>	<b>26,359</b>
Foreclosed assets, net	6,053	3,929
<b>Total nonperforming assets</b>	<b>31,181</b>	<b>30,288</b>
Nonaccrual loans ratio <sup>(1)</sup>	0.58 %	0.63 %
Nonperforming loans ratio <sup>(2)</sup>	0.59 %	0.64 %
Nonperforming assets ratio <sup>(3)</sup>	0.47 %	0.47 %

<sup>(1)</sup> Nonaccrual loans ratio is calculated as nonaccrual loans divided by loans held for investment, net of unearned income, at the end of the period.

<sup>(2)</sup> Nonperforming loans ratio is calculated as total nonperforming loans divided by loans held for investment, net of unearned income, at the end of the period.

<sup>(3)</sup> Nonperforming assets ratio is calculated as total nonperforming assets divided by total assets at the end of the period.

Compared to December 31, 2023, nonperforming loans and asset ratios improved, with declines in both ratios of 5 basis points.

#### Loan Review and Classification Process for Agricultural, Commercial and Industrial, and Commercial Real Estate Loans:

The Bank maintains a loan review and classification process which involves multiple officers of the Bank and is designed to assess the general quality of credit underwriting and to promote early identification of potential problem loans. All commercial and agricultural loan officers are charged with the responsibility of risk rating all loans in their portfolios and updating the ratings, positively or negatively, on an ongoing basis as conditions warrant. Risk ratings are selected from an 8-point scale with ratings as follows: ratings 1-4 Satisfactory (pass), rating 5 Special Mention/Watch (potential weakness), rating 6 Substandard (well-defined weakness), rating 7 Doubtful, and rating 8 Loss.

When a loan officer originates a new loan, based upon proper loan authorization, they document the credit file with an offering sheet summary, supplemental underwriting analysis, relevant financial information and collateral evaluations. This information is used in the determination of the initial loan risk rating. Segregation of owner-occupied and non-owner occupied residential real estate loans is made at the time of origination. The Bank's loan review department undertakes independent credit reviews of relationships based on either criteria established by loan policy, risk-focused sampling, or random sampling. Credit relationships with larger exposure may pose incrementally higher risks. As a result, the Bank's loan review department is required to review all credit relationships with total exposure of \$7.5 million or more at least annually. In addition, the individual loan reviews consider such items as: loan type; nature, type and estimated value of collateral; borrower and/or guarantor estimated financial strength; most recently available financial information; related loans and total borrower exposure; and current and anticipated performance of the loan. The results of such reviews are presented to both executive management and the audit committee of the Company's board of directors.

Through the review of delinquency reports, updated financial statements or other relevant information, the lending officer and/or loan review personnel may determine that a loan relationship has weakened to the point that a Special Mention/Watch (risk rating 5) or Classified (risk ratings 6 through 8) status is warranted. At least quarterly, the loan strategy committee will meet to

discuss loan relationships with total exposure of \$1.0 million or above that are Special Mention/Watch rated credits, loan relationships with total exposure of \$500 thousand and above that are Substandard or worse rated credits, as well as loan relationships with total exposure of \$250 thousand and above that are on non-accrual. Loan relationships outside these designated thresholds are reviewed upon request. The lending officer is charged with preparing a loan strategy summary worksheet that outlines the background of the credit problem, current repayment status of the loans, current collateral evaluation and a workout plan of action. This plan may include goals to improve the credit rating, assist the borrower in moving the loans to another institution and/or collateral liquidation. All such reports are presented to the loan strategy committee. The minutes of the loan strategy committee meetings are provided to the board of directors of the Bank.

Depending upon the individual facts and circumstances and the result of the classified/watch review process, loan officers and/or loan review personnel may categorize a loan relationship as requiring an individual analysis. Once that determination has occurred, the credit analyst will complete an individually analyzed worksheet that contains an evaluation of the collateral (for collateral-dependent loans) based upon the estimated collateral value, adjusting for current market conditions and other local factors that may affect collateral value. Loan review personnel may also complete an independent individual analysis when deemed necessary. These judgmental evaluations may produce an initial specific allowance for recognition in the Company's allowance for credit losses calculation. An analysis for the underlying collateral value of each individually analyzed loan relationship is completed in the last month of the quarter. The individually analyzed worksheets are reviewed by the Credit Administration department prior to quarter-end. The board of directors of the Bank on a quarterly basis reviews the classified/watch reports including changes in credit grades of 5 or higher as well as all individually analyzed loans, the related allowances and foreclosed assets, net.

The review process also provides for the upgrade of loans that show improvement since the last review. All requests for an upgrade of a credit are approved by the proper authority based upon the aggregate credit exposure before the rating can be changed.

#### Loan Modifications for Borrowers Experiencing Financial Difficulty

Infrequently, the Company makes modification to certain loans in order to alleviate temporary difficulties in the borrower's financial condition and/or constraints on the borrower's ability to repay a loan, and to minimize potential losses to the Company. GAAP requires that certain types of modifications be reported, including:

- Principal forgiveness.
- Interest rate reduction.
- An other than-insignificant payment delay.
- Term extension.

During the three months ended June 30, 2024, the amortized cost of the loans that were modified to borrowers in financial distress was \$6.0 million, which represented 0.14% of total loans held for investment, net of unearned income. For the six months ended June 30, 2024, the amortized cost of the loans that were modified to borrowers in financial distress was \$7.0 million, which represented 0.16% of total loans held for investment, net of unearned income.

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**Allowance for Credit Losses**

The following table sets forth the allowance for credit losses by loan portfolio segments compared to the percentage of loans to total loans by loan portfolio segment for the periods indicated:

(dollars in thousands)	June 30, 2024		December 31, 2023	
	% of Loans in Each Segment to Total Loans		% of Loans in Each Segment to Total Loans	
	Allowance for Credit Losses	Segment to Total Loans	Allowance for Credit Losses	Segment to Total Loans
Agricultural	\$ 402	2.5 %	\$ 613	2.9 %
Commercial and industrial	23,008	26.1	21,743	26.0
Commercial real estate	24,324	54.0	23,759	54.0
Residential real estate	4,659	15.6	4,762	15.5
Consumer	1,507	1.8	623	1.6
Total	<u><u>\$ 53,900</u></u>	<u><u>100.0 %</u></u>	<u><u>\$ 51,500</u></u>	<u><u>100.0 %</u></u>
Allowance for credit losses ratio <sup>(1)</sup>		1.26 %		1.25 %
Allowance for credit losses to nonaccrual loans ratio <sup>(2)</sup>		218.26 %		198.91 %

<sup>(1)</sup> Allowance for credit losses ratio is calculated as allowance for credit losses divided by loans held for investment, net of unearned income at the end of the period.

<sup>(2)</sup> Allowance for credit losses to nonaccrual loans ratio is calculated as allowance for credit losses divided by nonaccrual loans at the end of the period.

The following tables set forth the net (charge-offs) recoveries by loan portfolio segments for the periods indicated:

(in thousands)	For the Three Months Ended June 30, 2024 and 2023					
	Commercial and Industrial		Commercial Real Estate		Residential Real Estate	
	Agricultural	Industrial	Estate	Estate	Consumer	Total
<b>For the Three Months Ended June 30, 2024</b>						
Charge-offs	\$ —	\$ (469)	\$ —	\$ (56)	\$ (260)	\$ (785)
Recoveries	—	223	6	4	28	261
Net (charge-offs) recoveries	<u><u>\$ —</u></u>	<u><u>\$ (246)</u></u>	<u><u>\$ 6</u></u>	<u><u>\$ (52)</u></u>	<u><u>\$ (232)</u></u>	<u><u>\$ (524)</u></u>
Net (charge-off) recovery ratio <sup>(1)</sup>	— %	(0.02) %	— %	— %	(0.02) %	(0.05)%
<b>For the Three Months Ended June 30, 2023</b>						
Charge-offs	\$ —	\$ (189)	\$ (812)	\$ (33)	\$ (125)	\$ (1,159)
Recoveries	1	195	6	16	44	262
Net (charge-offs) recoveries	<u><u>\$ 1</u></u>	<u><u>\$ 6</u></u>	<u><u>\$ (806)</u></u>	<u><u>\$ (17)</u></u>	<u><u>\$ (81)</u></u>	<u><u>\$ (897)</u></u>
Net (charge-off) recovery ratio <sup>(1)</sup>	— %	— %	(0.08) %	— %	(0.01) %	(0.09)%

(in thousands)	For the Six Months Ended June 30, 2024 and 2023					
	Commercial and Industrial		Commercial Real Estate		Residential Real Estate	
	Agricultural	Industrial	Estate	Estate	Consumer	Total
<b>For the Six Months Ended June 30, 2024</b>						
Charge-offs	\$ (4)	\$ (768)	\$ (35)	\$ (75)	\$ (550)	\$ (1,432)
Recoveries	355	269	14	13	68	719
Net (charge-offs) recoveries	<u><u>\$ 351</u></u>	<u><u>\$ (499)</u></u>	<u><u>\$ (21)</u></u>	<u><u>\$ (62)</u></u>	<u><u>\$ (482)</u></u>	<u><u>\$ (713)</u></u>
Net (charge-off) recovery ratio <sup>(1)</sup>	0.02 %	(0.02) %	— %	— %	(0.02) %	(0.03)%
<b>For the Six Months Ended June 30, 2023</b>						
Charge-offs	\$ (1)	\$ (509)	\$ (830)	\$ (33)	\$ (273)	\$ (1,646)
Recoveries	27	270	11	20	88	416
Net (charge-offs) recoveries	<u><u>\$ 26</u></u>	<u><u>\$ (239)</u></u>	<u><u>\$ (819)</u></u>	<u><u>\$ (13)</u></u>	<u><u>\$ (185)</u></u>	<u><u>\$ (1,230)</u></u>
Net (charge-off) recovery ratio <sup>(1)</sup>	— %	(0.01) %	(0.04) %	— %	(0.01) %	(0.06)%

<sup>(1)</sup> Net (charge-off) recovery ratio is calculated as the annualized net (charge-offs) recoveries divided by average loans held for investment, net of unearned income and average loans held for sale, during the period.

**Actual Results:** Our ACL as of June 30, 2024 was \$53.9 million, which was 1.26% of loans held for investment, net of unearned income as of that date.

This compares with an ACL of \$51.5 million as of December 31, 2023, which was 1.25% of loans held for investment, net of unearned income. The increase in the ACL primarily reflected the \$3.1 million of day 1 credit

loss expense related to the acquired DNVB loans, as well as an additional reserve taken to support organic loan growth, partially offset by the \$1.9 million of allowance divested in the sale of our Florida banking operations. The liability for off-balance sheet credit exposures totaled \$5.5 million as of June 30, 2024 and \$4.6 million as of December 31, 2023, and is included in 'Other liabilities' on the balance sheet.

The Company recorded a credit loss expense related to loans of \$5.1 million for the six months ended June 30, 2024, as compared to credit loss expense related to loans of \$2.4 million for the six months ended June 30, 2023. Gross charge-offs for the first six months of 2024 totaled \$1.4 million, while there were \$0.7 million in gross recoveries of previously charged-off loans. The ratio of annualized net charge-offs to average loans for the first six months of 2024 was 0.03% compared to 0.06% for the six months ended June 30, 2023.

**Economic Forecast:** At June 30, 2024, the economic forecast used by the Company showed the following: (1) Midwest unemployment – increases over the next four forecasted quarters; (2) National unemployment - increases over the next three forecasted quarters, with a decrease in the fourth forecasted quarter; (3) year-to-year change in national retail sales - increases over the next four forecasted quarters; (4) year-to-year change in CRE Index - decreases over the next four forecasted quarters; and (5) year-to-year change in U.S. GDP - increases over the next four forecasted quarters.. In addition, management utilized qualitative factors to adjust the calculated ACL as appropriate. Qualitative factors are based on management's judgment of company, market, industry or business specific data, changes in underlying loan composition of specific portfolios, trends relating to credit quality, delinquency, non-performing and adversely rated loans, and reasonable and supportable forecasts of economic conditions.

**Loan Policy:** We review all nonaccrual relationships greater than \$250 thousand individually on a quarterly basis to measure any amount to be recognized in the Company's allowance for credit losses by analyzing the borrower's ability to repay amounts owed, collateral deficiencies, and other relevant factors. We review loans 90 days or more past due that are still accruing interest no less than quarterly to determine if the asset is both well secured and in the process of collection. If not, such loans are placed on non-accrual status. Upon the Company's determination that a loan balance has been deemed uncollectible, the uncollectible balance is charged-off.

Based on the inherent risk in the loan portfolio, management believed that as of June 30, 2024, the ACL was adequate; however, there is no assurance losses will not exceed the ACL. In addition, growth in the loan portfolio or general economic deterioration may require the recognition of additional credit loss expense in future periods. See [Note 4. Loans Receivable and the Allowance for Credit Losses](#) to our unaudited consolidated financial statements for additional information related to the allowance for credit losses.

## Deposits

The composition of deposits was as follows:

(in thousands)	As of June 30, 2024		As of December 31, 2023	
	Balance	% of Total	Balance	% of Total
Noninterest bearing deposits	\$ 882,472	16.3 %	\$ 897,053	16.6 %
Interest checking deposits	1,284,243	23.7	1,320,435	24.5
Money market deposits	1,043,376	19.3	1,105,493	20.5
Savings deposits	745,639	13.8	650,655	12.1
Total non-maturity deposits	3,955,730	73.0	3,973,636	73.7
Time deposits of \$250 and under	999,301	18.5	973,253	18.0
Time deposits over \$250	457,388	8.5	448,784	8.3
Total time deposits	\$ 1,456,689	27.0 %	\$ 1,422,037	26.3 %
Total deposits	\$ 5,412,419	100.0 %	\$ 5,395,673	100.0 %

Deposits increased \$16.7 million from December 31, 2023, or 0.3%, primarily due to the \$224.2 million of deposits assumed in the DNVB acquisition, which more than offset the \$133.3 million of deposits divested as part of the sale of our Florida banking operations. Brokered time deposits of \$196.0 million and \$221.0 million at June 30, 2024 and December 31, 2023, respectively, are included in the table above within "Time deposits of \$250 and under". Core deposits, which include the total of all deposits other than time deposits over \$250 thousand and non-reciprocal brokered deposits, were approximately 87.9% of our total deposits as of June 30, 2024, compared to 87.6% at December 31, 2023. See [Note 8. Deposits](#) to our consolidated financial statements for additional information related to our deposits.

## Short-Term Borrowings and Long-Term Debt

The following table sets forth the composition of short-term borrowings and long-term debt as of the dates presented:

(dollars in thousands)	June 30, 2024	December 31, 2023
Securities sold under agreements to repurchase	\$ 5,684	\$ 5,064
Federal Home Loan Bank advances	4,000	10,200
Federal Reserve Bank borrowings	405,000	285,000
Total short-term borrowings	<u>\$ 414,684</u>	<u>\$ 300,264</u>
Junior subordinated notes issued to capital trusts	42,382	42,293
Subordinated debentures	64,203	64,137
Finance lease payable	504	604
Federal Home Loan Bank borrowings	250	6,262
Other long-term debt	7,500	10,000
Total long-term debt	<u>\$ 114,839</u>	<u>\$ 123,296</u>

See [Note 9. Short-Term Borrowings](#) and [Note 10. Long-Term Debt](#) to our unaudited consolidated financial statements for additional information related to short-term borrowings and long-term debt.

## Capital Resources

### Shareholders' Equity and Capital Adequacy

The following table summarizes certain equity capital ratios and book value per share amounts of the Company at the dates presented:

	June 30, 2024	December 31, 2023
Common equity ratio	8.25 %	8.16 %
Tangible common equity ratio <sup>(1)</sup>	6.88 %	6.90 %
Total risk-based capital ratio	12.62 %	12.53 %
Tier 1 risk-based capital ratio	10.35 %	10.38 %
Common equity tier 1 risk-based capital ratio	9.56 %	9.59 %
Tier 1 leverage ratio	8.29 %	8.58 %
Book value per share	\$ 34.44	\$ 33.41
Tangible book value per share <sup>(1)</sup>	\$ 28.27	\$ 27.90

<sup>(1)</sup>A non-GAAP financial measure - see the "Non-GAAP Presentations" section for a reconciliation to the most comparable GAAP equivalent.

**Shareholders' Equity:** Total shareholders' equity was \$543.3 million as of June 30, 2024, compared to \$524.4 million as of December 31, 2023, an increase of \$18.9 million, or 3.6%, due primarily to an increase in retained earnings, and a reduction in each of accumulated other comprehensive loss and treasury stock, partially offset by a decline in additional paid-in capital.

**Capital Adequacy:** Risk-based capital guidelines require the classification of assets and some off-balance-sheet items in terms of credit-risk exposure and the measuring of capital as a percentage of the risk-adjusted asset totals. Management believed that, as of June 30, 2024, the Company and the Bank met all capital adequacy requirements to which we were subject. As of that date, the Bank was "well capitalized" under regulatory prompt corrective action provisions. See [Note 12. Regulatory Capital Requirements and Restrictions on Subsidiary Cash](#) to our unaudited consolidated financial statements for additional information related to our capital.

### Stock Compensation

Restricted stock units were granted to certain officers of the Company on February 15, 2024, in the aggregate amount of 104,326. Restricted stock units were also granted to directors of the Company and the Bank on May 15, 2024, in the aggregate amount of 17,264. Additionally, during the first six months of 2024, 100,470 shares of common stock were issued in connection with the vesting of previously awarded grants of restricted stock units, of which 21,308 shares were surrendered by grantees to satisfy tax requirements, and 6,883 unvested restricted stock units were forfeited.

### Liquidity

Liquidity risk management involves meeting the cash flow requirements of depositors and borrowers. We conduct liquidity risk management on both a daily and long-term basis, and adjust our investments in liquid assets based on expected loan demand,

projected loan maturities and payments, expected deposit flows, yields available on interest-bearing deposits, and the objectives of our asset/liability management program. Generally, excess liquidity is invested in short-term U.S. government and agency securities, short- and medium-term state and political subdivision securities, and other investment securities. Our most liquid assets are cash and due from banks, interest-bearing bank deposits, and federal funds sold. The balances of these assets are dependent on our operating, investing, and financing activities during any given period.

Cash and cash equivalents are summarized in the table below:

(dollars in thousands)	As of June 30, 2024	As of December 31, 2023
Cash and due from banks	\$ 66,228	\$ 76,237
Interest-bearing deposits	35,340	5,479
Federal funds sold	—	11
<b>Total</b>	<b>\$ 101,568</b>	<b>\$ 81,727</b>

Generally, our principal sources of funds are deposits, advances from the FHLB, principal repayments on loans, proceeds from the sale of loans, proceeds from the maturity and sale of investment securities, our federal funds lines, and funds provided by operations. While scheduled loan amortization and maturing interest-bearing deposits are relatively predictable sources of funds, deposit flows and loan prepayments are greatly influenced by economic conditions, the general level of interest rates, and competition. We utilized particular sources of funds based on comparative costs and availability. The Bank maintains unsecured lines of credit with several correspondent banks and secured lines with the Federal Reserve Bank of Chicago and the FHLB that would allow us to borrow funds on a short-term basis, if necessary. We also hold debt securities classified as available for sale that could be sold to meet liquidity needs if necessary.

Net cash provided by operations was another major source of liquidity. The net cash provided by operating activities was \$34.8 million for the six months ended June 30, 2024 and \$40.9 million for the six months ended June 30, 2023.

#### **Inflation**

The effects of price changes and inflation can vary substantially for most financial institutions. While management believes that inflation affects the growth of total assets, it is difficult to assess its overall impact on the Company. The price of one or more of the components of the Consumer Price Index may fluctuate considerably and thereby influence the overall Consumer Price Index without having a corresponding effect on interest rates or upon the cost of those goods and services normally purchased by us. Inflation and related increases in market rates by the Federal Reserve generally decrease the market value of investments and loans held and may adversely affect liquidity, earnings and shareholders' equity. Ongoing higher inflation levels and higher interest rates could have a negative impact on both our consumer and commercial borrowers. We anticipate our noninterest income may be adversely affected in future periods as a result of sustained high interest rates and inflationary pressure, which negatively impact mortgage originations and mortgage banking revenue. Additionally, the economic impact of the sustained higher levels of inflation and higher interest rates could place increased demand on our liquidity if we experience significant credit deterioration and as we meet borrowers' needs. There is also a risk that additional interest rate increases to fight inflation could lead to a recession.

#### **Off-Balance-Sheet Arrangements**

During the normal course of business, we are a party to financial instruments with off-balance-sheet risk in order to meet the financing needs of our customers. These financial instruments include commitments to extend credit, commitments to sell loans, and standby letters of credit. We follow the same credit policy (including requiring collateral, if deemed appropriate) to make such commitments as is followed for those loans that are recorded in our financial statements.

Our exposure to credit losses in the event of nonperformance is represented by the contractual amount of the commitments. Management does not expect any significant losses as a result of these commitments, and also expects to have sufficient liquidity available to cover these off-balance-sheet instruments. Off-balance-sheet transactions are more fully discussed in [Note 13. Commitments and Contingencies](#) to our unaudited consolidated financial statements.

#### **Contractual Obligations**

There have been no material changes to the Company's contractual obligations existing at December 31, 2023, as disclosed in the Annual Report on Form 10-K, filed with the SEC on March 8, 2024.

#### **Non-GAAP Financial Measures**

Certain ratios and amounts not in conformity with GAAP are provided to evaluate and measure the Company's operating performance and financial condition, including return on average tangible equity, tangible common equity, tangible book value

per share, tangible common equity ratio, efficiency ratio, net interest margin (tax equivalent), and core net interest margin. Management believes these ratios and amounts provide investors with useful information regarding the Company's profitability, financial condition and capital adequacy, consistent with how management evaluates the Company's financial performance.

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The following tables provide a reconciliation of each non-GAAP measure to the most comparable GAAP equivalent:

Return on Average Tangible Equity	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
<b>(Dollars in thousands)</b>				
Net income	\$ 15,819	\$ 7,594	\$ 19,088	\$ 8,991
Intangible amortization, net of tax <sup>(1)</sup>	1,195	1,196	2,423	2,510
Tangible net income	\$ 17,014	\$ 8,790	\$ 21,511	\$ 11,501
Average shareholders' equity	\$ 533,994	\$ 504,988	\$ 530,763	\$ 501,786
Average intangible assets, net	(99,309)	(90,258)	(97,302)	(91,125)
Average tangible equity	\$ 434,685	\$ 414,730	\$ 433,461	\$ 410,661
Return on average equity	11.91 %	6.03 %	7.23 %	3.61 %
Return on average tangible equity <sup>(2)</sup>	15.74 %	8.50 %	9.98 %	5.65 %

(1) Computed assuming a combined marginal income tax rate of 25%.

(2) Annualized tangible net income divided by average tangible equity.

**Tangible Common Equity/Tangible Book Value per Share /**

Tangible Common Equity Ratio	June 30, 2024	December 31, 2023
	(Dollars in thousands, except per share data)	
Total shareholders' equity	\$ 543,286	\$ 524,378
Intangible assets, net	(97,327)	(86,546)
Tangible common equity	\$ 445,959	\$ 437,832
Total assets	\$ 6,581,658	\$ 6,427,540
Intangible assets, net	(97,327)	(86,546)
Tangible assets	\$ 6,484,331	\$ 6,340,994
Book value per share	\$ 34.44	\$ 33.41
Tangible book value per share <sup>(1)</sup>	\$ 28.27	\$ 27.90
Shares outstanding	15,773,468	15,694,306
Equity to assets ratio	8.25 %	8.16 %
Tangible common equity ratio <sup>(2)</sup>	6.88 %	6.90 %

(1) Tangible common equity divided by shares outstanding.

(2) Tangible common equity divided by tangible assets.

Efficiency Ratio	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
<b>(dollars in thousands)</b>				
Total noninterest expense	\$ 35,761	\$ 34,919	\$ 71,326	\$ 68,238
Amortization of intangibles	(1,593)	(1,594)	(3,230)	(3,346)
Merger-related expenses	(854)	—	(2,168)	(136)
Noninterest expense used for efficiency ratio	\$ 33,314	\$ 33,325	\$ 65,928	\$ 64,756
Net interest income, tax equivalent <sup>(1)</sup>	\$ 37,662	\$ 38,106	\$ 73,700	\$ 79,420
Noninterest income	21,554	8,746	31,304	4,700
Investment security (gains) losses, net	(33)	2	(69)	13,172
Net revenues used for efficiency ratio	\$ 59,183	\$ 46,854	\$ 104,935	\$ 97,292
Efficiency ratio <sup>(2)</sup>	56.29 %	71.13 %	62.83 %	66.56 %

(1) The federal statutory tax rate utilized was 21%.

(2) Noninterest expense adjusted for amortization of intangibles and merger-related expenses divided by the sum of tax equivalent net interest income, noninterest income and net investment securities (gains) losses, net.

Net Interest Margin, Tax Equivalent/Core Net Interest Margin (dollars in thousands)	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Net interest income	\$ 36,347	\$ 36,962	\$ 71,078	\$ 77,038
Tax equivalent adjustments:				
Loans <sup>(1)</sup>	938	713	1,858	1,429
Securities <sup>(1)</sup>	377	431	764	953
Net interest income, tax equivalent	\$ 37,662	\$ 38,106	\$ 73,700	\$ 79,420
Loan purchase discount accretion	(1,261)	(984)	(2,413)	(2,173)
Core net interest income	\$ 36,401	\$ 37,122	\$ 71,287	\$ 77,247
Net interest margin	2.33 %	2.45 %	2.29 %	2.56 %
Net interest margin, tax equivalent <sup>(2)</sup>	2.41 %	2.52 %	2.37 %	2.63 %
Core net interest margin <sup>(3)</sup>	2.33 %	2.46 %	2.29 %	2.56 %
Average interest earning assets	\$ 6,282,494	\$ 6,056,732	\$ 6,248,828	\$ 6,078,473

(1) The federal statutory tax rate utilized was 21%.

(2) Annualized tax equivalent net interest income divided by average interest earning assets.

(3) Annualized core net interest income divided by average interest earning assets.

### **Item 3. Quantitative and Qualitative Disclosures about Market Risk.**

In general, market risk is the risk of change in asset values due to movements in underlying market rates and prices. Interest rate risk is the risk to earnings and capital arising from movements in interest rates. Interest rate risk is the most significant market risk affecting us as other types of market risk, such as foreign currency exchange rate risk and commodity price risk, do not arise in the normal course of our business activities.

In addition to interest rate risk, economic conditions in recent years have made liquidity risk (namely, funding liquidity risk) a more prevalent concern among financial institutions. In general, liquidity risk is the risk of being unable to fund an entity's obligations to creditors (including, in the case of banks, obligations to depositors) as such obligations become due and/or fund its acquisition of assets.

#### **Liquidity Risk**

Liquidity refers to our ability to fund operations, to meet depositor withdrawals, to provide for our customers' credit needs, and to meet maturing obligations and existing commitments. Our liquidity principally depends on cash flows from operating activities, investment in and maturity of assets, changes in balances of deposits and borrowings, and our ability to borrow funds.

Net cash inflows from operating activities were \$34.8 million in the first six months of 2024, compared with \$40.9 million in the first six months of 2023. Net cash outflows from investing activities were \$0.7 million in the first six months of 2024, compared to net cash inflows of \$92.4 million in the comparable six month period of 2023. Net cash outflows from financing activities in the first six months of 2024 were \$14.3 million, compared with net cash outflows of \$75.1 million for the same period of 2023.

To manage liquidity risk, the Bank has several sources of liquidity in place to maximize funding availability and increase the diversification of funding sources. The criteria for evaluating the use of these sources include volume concentration (percentage of liabilities), cost, volatility, and the fit with the current asset/liability management plan. These acceptable sources of liquidity include:

- Federal Funds Lines
- Federal Reserve Bank Discount Window/Bank Term Funding Program
- Federal Home Loan Bank Advances
- Brokered Deposits
- Brokered Repurchase Agreements

**Federal Funds Lines** - Federal funds positions provide a source of short-term liquidity funding for the Bank. Unsecured federal funds purchased lines are viewed as a volatile liability and are not used as a long-term funding solution, especially when used to fund long-term assets. The current federal funds purchased limit is 10% of total assets, or the amount of established federal funds lines, whichever is smaller. As of June 30, 2024, the Bank maintains several unsecured federal funds lines totaling \$135.0 million, which lines are tested annually to ensure availability.

Federal Reserve Bank Discount Window and Bank Term Funding Program - The Federal Reserve Bank Discount Window and the BTFP are additional sources of liquidity, particularly during periods of economic uncertainty or stress. Effective March 11, 2024, no new loans will be made under the BTFP. As of June 30, 2024, the Bank had investment securities consisting primarily of corporate debt, state and political subdivisions, mortgage backed, and collateralized mortgage obligations, with an approximate market value of \$771.3 million, pledged to the Federal Reserve Bank of Chicago for liquidity purposes and had additional borrowing capacity of \$413.5 million. There were no outstanding borrowings through the FRB Discount Window at June 30, 2024. There were \$405.0 million of Bank Term Funding Program borrowings outstanding at June 30, 2024.

Federal Home Loan Bank Advances - FHLB advances provide both a source of liquidity and long-term funding for the Bank. All credit exposure, including advances and federal funds borrowings from the FHLBDM are collateralized primarily by one- to four-family residential, commercial and agricultural real estate first mortgages equal to various percentages of the total outstanding notes. The current credit limit established by the FHLBDM is equal to 45% of the Bank's total assets. This credit capacity limit includes short-term and long-term borrowings, federal funds, letters of credit, and other sources of credit exposure to the FHLB. As of June 30, 2024, the Bank had \$4.0 million short-term FHLB advances and \$0.3 million in long-term FHLB borrowings and additional borrowing capacity of \$861.1 million.

Brokered Deposits and Reciprocal Deposits - The Bank has brokered time deposit and non-maturity deposit relationships available to diversify its funding sources. Brokered deposits offer several benefits relative to other funding sources, such as: maturity structures which cannot be duplicated in the current retail market, deposit gathering which does not cannibalize the existing deposit base, the unsecured nature of these liabilities, and the ability to quickly generate funds. The Bank's internal policy limits the use of brokered deposits as a funding source to no more than 20% of total assets. Board approval is required to exceed this limit. The Bank must maintain a "well capitalized" rating to access brokered deposits without FDIC waiver. An "adequately capitalized" rating requires an FDIC waiver to access brokered deposits and an "undercapitalized" rating prohibits the Bank from using brokered deposits. The Company had brokered deposits of \$196.0 million as of June 30, 2024 and \$221.0 million as of December 31, 2023.

Under a final rule that was issued by the FDIC in December 2018, financial institutions that are considered "well capitalized" qualify for the exemption of certain reciprocal deposits from being considered brokered deposits. Such exemption is limited to the lesser of 20 percent of total liabilities or \$5.0 billion, with some exceptions for financial institutions that do not meet such criteria. At June 30, 2024, the Company had \$24.5 million of reciprocal time deposits, \$114.7 million of reciprocal interest bearing non-maturity deposits, and \$52.0 million non-interest bearing non-maturity deposits that qualified for the brokered deposit exemption. These reciprocal deposits are part of the IntraFi Network Deposits program, which is used by financial institutions to spread deposits that exceed the FDIC insurance coverage limits out to numerous institutions in order to provide insurance coverage for all participating deposits.

Brokered Repurchase Agreements - Brokered repurchase agreements may be established with approved brokerage firms and banks. Repurchase agreements create rollover risk (the risk that a broker will discontinue the relationship due to market factors) and are not used as a long-term funding solution, especially when used to fund long-term assets. Collateral requirements and availability are evaluated and monitored. The current policy limit for brokered repurchase agreements is 15% of total assets. There were no outstanding brokered repurchase agreements at June 30, 2024.

#### **Interest Rate Risk**

Interest rate risk is defined as the exposure of net interest income and fair value of financial instruments (interest-earning assets, deposits and borrowings) to movements in interest rates. The Company's results of operations depend to a large degree on its net interest income and its ability to manage interest rate risk. The Company considers interest rate risk to be a significant market risk. The major sources of the Company's interest rate risk are timing differences in the maturity and re-pricing characteristics of assets and liabilities, changes in the shape of the yield curve, changes in customer behavior and changes in relationships between rate indices (basis risk). Management measures these risks and their impact in various ways, including through the use of income simulation and valuation analyses. Multiple interest rate scenarios are used in this analysis which include changes in interest rates, spread narrowing and widening, yield curve twists and changes in assumptions about customer behavior in various interest rate scenarios. A mismatch between maturities, interest rate sensitivities and prepayment characteristics of assets and liabilities results in interest-rate risk. Like most financial institutions, we have material interest-rate risk exposure to changes in both short-term and long-term interest rates, as well as variable interest rate indices (e.g., the prime rate or SOFR).

The Bank's asset and liability committee meets regularly and is responsible for reviewing its interest rate sensitivity position and establishing policies to monitor and limit exposure to interest rate risk. Our asset and liability committee seeks to manage interest rate risk under a variety of rate environments by structuring our balance sheet and off-balance-sheet positions in such a

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way that changes in interest rates do not have a large negative impact. The risk is monitored and managed within approved policy limits.

We use a third-party service to model and measure our exposure to potential interest rate changes. For various assumed hypothetical changes in market interest rates, numerous other assumptions are made, such as prepayment speeds on loans and securities backed by mortgages, the slope of the Treasury yield-curve, the rates and volumes of our deposits, and the rates and volumes of our loans. There are two primary tools used to evaluate interest rate risk: net interest income simulation and economic value of equity ("EVE"). In addition, interest rate gap is reviewed to monitor asset and liability repricing over various time periods.

**Net Interest Income Simulation** - Management utilizes net interest income simulation models to estimate the near-term effects of changing interest rates on its net interest income. Net interest income simulation involves projecting net interest income under a variety of scenarios, which include varying the level of interest rates and shifts in the shape of the yield curve. Management exercises its best judgment in making assumptions regarding events that management can influence, such as non-contractual deposit re-pricings, and events outside management's control, such as customer behavior on loan and deposit activity and the effect that competition has on both loan and deposit pricing. These assumptions are subjective and, as a result, net interest income simulation results will differ from actual results due to the timing, magnitude and frequency of interest rate changes, changes in market conditions, customer behavior and management strategies, among other factors. We perform various sensitivity analyses on assumptions of deposit attrition and deposit re-pricing.

The following table presents the anticipated effect on net interest income over a twelve month period if short- and long-term interest rates were to sustain an immediate decrease of 100 basis points or 200 basis points, or an immediate increase of 100 basis points or 200 basis points:

(dollars in thousands)	Immediate Change in Rates			
	-200	-100	+100	+200
<b>June 30, 2024</b>				
Dollar change	\$ (335)	\$ (926)	\$ 823	\$ 1,220
Percent change	(0.2)%	(0.6)%	0.5 %	0.8 %
<b>December 31, 2023</b>				
Dollar change	\$ 1,280	\$ (347)	\$ 229	\$ 111
Percent change	0.9 %	(0.2)%	0.2 %	0.1 %

As of June 30, 2024, 36.8% of the Company's earning asset balances will reprice or are expected to pay down in the next twelve months, and 40.0% of the Company's deposit balances are low cost or no cost deposits.

**Economic Value of Equity** - Management also uses EVE to measure risk in the balance sheet that might not be taken into account in the net interest income simulation analysis. Net interest income simulation highlights exposure over a relatively short time period, while EVE analysis incorporates all cash flows over the estimated remaining life of all balance sheet positions. The valuation of the balance sheet, at a point in time, is defined as the discounted present value of asset cash flows minus the discounted present value of liability cash flows. EVE analysis addresses only the current balance sheet and does not incorporate the run-off replacement assumptions that are used in the net interest income simulation model. As with the net interest income simulation model, EVE analysis is based on key assumptions about the timing and variability of balance sheet cash flows and does not take into account any potential responses by management to anticipated changes in interest rates.

**Interest Rate Gap** - The interest rate gap is the difference between interest-earning assets and interest-bearing liabilities re-pricing within a given period and represents the net asset or liability sensitivity at a point in time. An interest rate gap measure could be significantly affected by external factors such as loan prepayments, early withdrawals of deposits, changes in the correlation of various interest-bearing instruments, competition, or a rise or decline in interest rates.

## **Item 4. Controls and Procedures.**

### **Disclosure Controls and Procedures**

The Company's management, including the Chief Executive Officer, the Chief Financial Officer, and the Chief Accounting Officer, evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) or Rule 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including the Company's Chief Executive Officer, the Chief Financial Officer, and the Chief Accounting Officer,

to allow timely decisions regarding required disclosure. Based on this evaluation, the Chief Executive Officer, the Chief Financial Officer, and the Chief Accounting Officer, have concluded that the Company's disclosure controls and procedures were effective as of June 30, 2024.

The effectiveness of our or any system of disclosure controls and procedures is subject to certain limitations, including the exercise of judgment in designing, implementing, and evaluating the controls and procedures, the assumptions used in identifying the likelihood of future events, and the inability to eliminate misconduct completely. As a result, there can be no assurance that our disclosure controls and procedures will prevent all errors or fraud or ensure that all material information will be made known to appropriate management in a timely fashion. By their nature, our or any system of disclosure controls and procedures can provide only reasonable assurance regarding management's control objectives.

**Changes in Internal Control over Financial Reporting**

There were no changes in the Company's internal controls over financial reporting (as defined in Rule 13a-15(f) and Rule 15d-15(f) under the Exchange Act) that occurred during the quarter ended June 30, 2024 that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

## **PART II – OTHER INFORMATION**

### **Item 1. Legal Proceedings.**

We and our subsidiaries are from time to time parties to various legal actions arising in the normal course of business. We believe that there is no threatened or pending proceeding, other than ordinary routine litigation incidental to the Company's business, against us or our subsidiaries or of which our property is the subject, which, if determined adversely, would have a material adverse effect on our consolidated business or financial condition.

### **Item 1A. Risk Factors.**

There have been no material changes to the risk factors set forth under Part I, Item 1A "Risk Factors" in the Company's Form 10-K for the fiscal year ended December 31, 2023, filed with the SEC on March 8, 2024.

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

#### **Repurchase of Equity Securities**

The following table sets forth information about the Company's purchases of its common stock during the second quarter of 2024:

	Total Number of Shares Purchased <sup>(1)</sup>	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs <sup>(2)</sup>	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Program
April 1 - 30, 2024	—	\$ —	—	\$ 15,000,000
May 1 - 31, 2024	30	21.66	—	15,000,000
June 1 - 30, 2024	—	—	—	15,000,000
<b>Total</b>	<b>30</b>	<b>\$ 21.66</b>	<b>—</b>	<b>\$ 15,000,000</b>

(1) During the three months ended June 30, 2024, no shares were repurchased by the Company under the current share repurchase program, while 30 shares were surrendered by employees of the Company to pay withholding taxes on vesting of restricted stock unit awards.

(2) On April 27, 2023, the Board of Directors of the Company approved the current share repurchase program, allowing for the repurchase of up to \$15.0 million of the Company's common stock through December 31, 2025. Since April 28, 2023 and through June 30, 2024, the Company repurchased no shares of common stock, leaving \$15.0 million available to be repurchased.

### **Item 3. Defaults Upon Senior Securities.**

None.

### **Item 4. Mine Safety Disclosures.**

Not Applicable.

### **Item 5. Other Information.**

During the fiscal quarter ended June 30, 2024, none of the Company's directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."

**Item 6. Exhibits.**

Exhibit Number	Description	Incorporated by Reference to:
<a href="#">3.1</a>	Amended and Restated Articles of Incorporation of MidWestOne Financial Group, Inc. filed with the Secretary of State of the State of Iowa on March 14, 2008	Exhibit 3.3 to the Company's Amendment No. 1 to Registration Statement on Form S-4 (File No. 333-147628) filed with the SEC on January 14, 2008
<a href="#">3.2</a>	Articles of Amendment (First Amendment) to the Amended and Restated Articles of Incorporation of MidWestOne Financial Group, Inc. filed with the Secretary of State of the State of Iowa on January 23, 2009	Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on January 23, 2009
<a href="#">3.3</a>	Articles of Amendment (Second Amendment) to the Amended and Restated Articles of Incorporation of MidWestOne Financial Group, Inc. filed with the Secretary of State of the State of Iowa on February 4, 2009 (containing the Certificate of Designations for the Company's Fixed Rate Cumulative Perpetual Preferred Stock, Series A)	Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on February 6, 2009
<a href="#">3.4</a>	Articles of Amendment (Third Amendment) to the Amended and Restated Articles of Incorporation of MidWestOne Financial Group, Inc., filed with the Secretary of State of the State of Iowa on April 21, 2017	Exhibit 3.1 to the Company's Form 10-Q for the quarter ended March 31, 2017, filed with the SEC on May 4, 2017
<a href="#">3.5</a>	Third Amended and Restated Bylaws, as Amended of MidWestOne Financial Group, Inc. as of October 18, 2022	Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on October 19, 2022
<a href="#">4.1</a>	Form of MidWestOne Financial Group, Inc. 2023 Equity Incentive Plan Restricted Stock Unit Award Agreement	Exhibit 4.7 to the Company's Form S-8 filed with the SEC on May 5, 2023
<a href="#">4.2</a>	Form of MidWestOne Financial Group, Inc. 2023 Equity Incentive Plan Performance-Based Restricted Stock Unit Award Agreement	Exhibit 4.8 to the Company's Form S-8 filed with the SEC on May 5, 2023
<a href="#">10.1</a>	Third Amendment to the Credit Agreement by and between MidWestOne Financial Group, Inc. and U.S. Bank National Association dated February 12, 2024	Exhibit 10.11 to the Company's Annual Report on Form 10-K filed with the SEC on March 8, 2024
<a href="#">31.1</a>	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a)	Filed herewith
<a href="#">31.2</a>	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a)	Filed herewith
<a href="#">31.3</a>	Certification of Principal Accounting Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a)	Filed herewith
<a href="#">32.1</a>	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith
<a href="#">32.2</a>	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith
<a href="#">32.3</a>	Certification of Principal Accounting Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith
101	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Income, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Shareholders' Equity, (v) Consolidated Statements of Cash Flows, and (vi) Notes to Consolidated Financial Statements, tagged as blocks of text and including detailed tags.	Filed herewith
101.SCH	Inline XBRL Taxonomy Extension Schema Document	Filed herewith
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	Filed herewith
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	Filed herewith
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	Filed herewith

**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, thereunto duly authorized.

**MidWESTONE FINANCIAL GROUP, INC.**

Dated: August 6, 2024

By: /s/ CHARLES N. REEVES

**Charles N. Reeves**

**Chief Executive Officer**

(Principal Executive Officer)

By: /s/ BARRY S. RAY

**Barry S. Ray**

**Chief Financial Officer**

(Principal Financial Officer)

By: /s/ JOHN J. RUPPEL

**John J. Ruppel**

**Chief Accounting Officer**

(Principal Accounting Officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER**

**PURSUANT TO EXCHANGE ACT RULE 13a - 14(a) / 15d - 14(a) AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Charles N. Reeves, Chief Executive Officer of MidWest One Financial Group, Inc., certify that:

- 1) I have reviewed this Quarterly Report on Form 10-Q of MidWest One Financial Group, Inc.;
- 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 officers 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 officers 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.

/s/ CHARLES N. REEVES

Charles N. Reeves

Chief Executive Officer

Date: August 6, 2024

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER**

**PURSUANT TO EXCHANGE ACT RULE 13a - 14(a) / 15d - 14(a) AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Barry S. Ray, Chief Financial Officer of MidWest One Financial Group, Inc., certify that:

- 1) I have reviewed this Quarterly Report on Form 10-Q of MidWest One Financial Group, Inc.;
- 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 officers 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 officers 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.

/s/ BARRY S. RAY

Barry S. Ray  
Chief Financial Officer

Date: August 6, 2024

**CERTIFICATION OF PRINCIPAL ACCOUNTING OFFICER**

**PURSUANT TO EXCHANGE ACT RULE 13a - 14(a) / 15d - 14(a) AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, John J. Ruppel, Chief Accounting Officer of MidWest One Financial Group, Inc., certify that:

- 1) I have reviewed this Quarterly Report on Form 10-Q of MidWest One Financial Group, Inc.;
- 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 officers 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 officers 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.

/s/ JOHN J. RUPPEL

John J. Ruppel

Chief Accounting Officer

Date: August 6, 2024

**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 of MidWest One Financial Group, Inc. on Form 10-Q for the period ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Charles N. Reeves, the Chief Executive Officer of MidWestOne Financial Group, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (a) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (b) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of MidWestOne Financial Group, Inc.

*/s/ CHARLES N. REEVES*

Charles N. Reeves  
Chief Executive Officer  
Date: August 6, 2024

*This certification accompanies this Form 10-Q and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that Section.*

**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 of MidWest One Financial Group, Inc. on Form 10-Q for the period ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Barry S. Ray, the Chief Financial Officer of MidWestOne Financial Group, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (a) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (b) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of MidWestOne Financial Group, Inc.

/s/ BARRY S. RAY

\_\_\_\_\_  
Barry S. Ray  
Chief Financial Officer

Date: August 6, 2024

*This certification accompanies this Form 10-Q and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that Section.*

**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 of MidWest One Financial Group, Inc. on Form 10-Q for the period ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John J. Ruppel, the Chief Accounting Officer of MidWestOne Financial Group, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (a) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (b) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of MidWestOne Financial Group, Inc.

*/s/ JOHN J. RUPPEL*

John J. Ruppel  
Chief Accounting Officer  
Date: August 6, 2024

*This certification accompanies this Form 10-Q and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that Section.*