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STATESSECURITIES AND EXCHANGE COMMISSIONWashington, D.C. 20549Â ____FORM 10-Q ____â˘’ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the quarterly period ended JuneÂ 30, 2024 Â â˘ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the transition period from __________ to __________ Â Â Â Â Â Â Â Â Â Â Â Â Commission file number 000-18911 ____GLACIER BANCORP, INC.(Exact name of registrant as specified in its charter)Â ____Montana81-0519541(State or other jurisdiction of incorporation or organization)(IRS Employer Identification No.)49 Commons LoopKalispell,Montana59901(Address of principal executive offices)(Zip Code)(406)756-4200(Registrantâ€™s telephone number, including area code)Â ____Securities registered pursuant to Section 12(b) of the Act:Title of each classTrading Symbol(s)Name of each exchange on which registeredCommon Stock, $0.01 par valueGBCIThe New York Stock ExchangeIndicate by check mark whether the registrant (1)Â has filed all reports required to be filed by SectionÂ 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)Â has been subject to such filing requirements for the past 90 days.Â Â Â Â â˘’Â Â YesÂ Â Â Â â˘ NoIndicate 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 (Â§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).Â Â Â Â â˘’Â YesÂ Â Â Â â˘ NoIndicate 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 â€œlarge accelerated filer,â€ â€œaccelerated filer,â€ â€œsmaller reporting company,â€ and â€œemerging growth companyâ€ in Rule 12b-2 of the Exchange Act.Large accelerated filerâ˘’AcceleratedÂ filerâ˘Non-accelerated filerâ˘SmallerÂ reportingÂ companyâ˘Emerging growth companyâ˘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. â˘Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).Â Â Â â˘Â YesÂ Â Â Â â˘’Â Â NoThe number of shares of Registrantâ€™s common stock outstanding on JulyÂ 15, 2024 was 113,394,669. No preferred shares are issued or outstanding.TABLE OF CONTENTSÂ Â ABBREVIATIONS/ACRONYMSÂ ACL or allowance â€“ allowance for credit lossesALCO â€“ Asset Liability CommitteeASC â€“ Accounting Standards CodificationTMASU â€“ Accounting Standards UpdateATM â€“ automated teller machineBank â€“ Glacier BankBTFP - Bank Term Funding Program of the Federal Reserve BankCDE â€“ Certified Development EntityCDFI Fund â€“ Community Development Financial Institutions FundCECL â€“ current expected credit lossesCEO â€“ Chief Executive OfficerCFO â€“ Chief Financial OfficerCFGW â€“ Community Financial Group, Inc.Company â€“ Glacier Bancorp, Inc.COVID-19 â€“ coronavirus disease of 2019DDA â€“ demand deposit accountFannie Mae â€“ Federal National Mortgage AssociationFASB â€“ Financial Accounting Standards BoardFDIC â€“ Federal Deposit Insurance CorporationFHLB â€“ Federal Home Loan BankFinal Rules â€“ final rules implemented by the federal banking agencies that established a Â Â new comprehensive regulatory capital frameworkFRB â€“ Federal Reserve BankFreddie Mac â€“ Federal Home Loan Mortgage CorporationGAAP â€“ accounting principles generally accepted in the United States of AmericaGDP â€“ gross domestic productGinnie Mae â€“ Government National Mortgage AssociationInterest rate locks - residential real estate derivatives for commitmentsLIBOR â€“ London Interbank Offered RateLIHTC â€“ Low Income Housing Tax CreditMBFD - Modifications to borrowers experiencing financial difficultyNMTC â€“ New Markets Tax CreditNOW â€“ negotiable order of withdrawalNRSRO â€“ Nationally Recognized Statistical Rating OrganizationsOCI â€“ other comprehensive incomeOREO â€“ other real estate ownedPCD â€“ purchased credit-deterioratedPPP â€“ Paycheck Protection ProgramRepurchase agreements â€“ securities sold under agreements to repurchaseROU â€“ right-of-useS&P â€“ Standard and Poorâ€™sSBA â€“ United States Small Business AdministrationSEC â€“ United States Securities and Exchange CommissionTBA â€“ to-be-announcedTDR â€“ troubled debt restructuringVIE â€“ variable interest entityWheatland â€“ Wheatland BankGLACIER BANCORP, INC.UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITIONÂ (Dollars in thousands, except per share data)June 30,2024December 31,2023AssetsCash on hand and in banks$271,107Â 246,525Â Interest bearing cash deposits529,672Â 1,107,817Â Cash and cash equivalents800,779Â 1,354,342Â Debt securities, available-for-sale4,499,541Â 4,785,719Â Debt securities, held-to-maturity3,400,403Â 3,502,411Â Total debt securities7,899,944Â 8,288,130Â Loans held for sale, at fair value39,745Â 15,691Â Loans receivable16,851,991Â 16,198,082Â Allowance for credit losses(200,955)(192,757)Loans receivable, net16,651,036Â 16,005,325Â Premises and equipment, net451,515Â 421,791Â Other real estate owned and foreclosed assets630Â 1,503Â Accrued interest receivable102,279Â 94,526Â Deferred tax asset155,834Â 159,070Â Core deposit intangible, net43,028Â 31,870Â Goodwill1,023,762Â 985,393Â Non-marketable equity securities121,810Â 12,755Â Bank-owned life insurance187,793Â 171,101Â Other assets327,185Â 201,132Â Total assets$27,805,340Â 27,742,629Â LiabilitiesNon-interest bearing deposits$6,093,430Â 6,022,980Â Interest bearing deposits14,008,329Â 13,906,187Â Securities sold under agreements to repurchase1,629,504Â 1,486,850Â Federal Home Loan Bank advances2,350,000Â â€”Â FRB Bank Term Fundingâ€”Â 2,740,000Â Other borrowed funds88,149Â 81,695Â Subordinated debentures133,024Â 132,943Â Accrued interest payable31,000Â 125,907Â Other liabilities334,459Â 225,786Â Total liabilities24,667,895Â 24,722,348Â Commitments and Contingent Liabilitiesâ€”Â â€”Â Stockholdersâ€™ EquityPreferred shares, $0.01 par value per share, 1,000,000 shares authorized, none issued or outstandingâ€”Â â€”Â Common stock, $0.01 par value per share, 234,000,000 shares authorized at Â Â JuneÂ 30, 2024 and DecemberÂ 31, 2023, respectively1,134Â 1,109Â Paid-in capital2,445,479Â 2,350,104Â Retained earnings - substantially restricted1,045,483Â 1,043,181Â Accumulated other comprehensive loss(354,651)(374,113)Total stockholdersâ€™ equity3,137,445Â 3,020,281Â Total liabilities and stockholdersâ€™ equity$27,805,340Â 27,742,629Â Number of common stock shares issued and outstanding113,394,092Â 110,888,942Â See accompanying notes to unaudited condensed consolidated financial statements.4GLACIER BANCORP, INC.UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONSÂ Three Months endedSix Months ended(Dollars in thousands, except per share data)June 30,2024June 30,2023June 30,2024June 30,2023Interest IncomeInvestment securities$42,165Â 47,658Â 98,383Â 91,300Â Residential real estate loans21,754Â 17,076Â 42,518Â 32,914Â Commercial loans188,326Â 164,587Â 369,798Â 320,269Â Consumer and other loans21,589Â 18,044Â 42,537Â 34,770Â Total interest income273,834Â 247,365Â 553,236Â 479,253Â Interest ExpenseDeposits67,852Â 31,700Â 135,048Â 44,245Â Securities sold under agreements to repurchase13,566Â 8,607Â 26,164Â 13,213Â Federal Home Loan Bank advances24,179Â 3,305Â 28,428Â 26,910Â FRB Bank Term Fundingâ€”Â 29,899Â 27,097Â 32,931Â Other borrowed funds353Â 443Â 697Â 939Â Subordinated debentures1,406Â 1,431Â 2,844Â 2,843Â Total interest expense107,356Â 75,385Â 220,278Â 121,081Â Net Interest Income166,478Â 171,980Â 332,958Â 358,172Â Provision for credit losses3,518Â 2,773Â 11,767Â 8,243Â Net interest income after provision for credit losses162,960Â 169,207Â 321,191Â 349,929Â Non-Interest IncomeService charges and other fees19,422Â 18,967Â 37,985Â 36,738Â Miscellaneous loan fees and charges4,821Â 4,162Â 9,183Â 8,129Â Gain on sale of loans4,669Â 3,528Â 8,031Â 5,928Â (Loss) gain on sale of securities(12)(23)4Â (137)Other income3,304Â 2,445Â 6,990Â 6,316Â Total non-interest income32,204Â 29,079Â 62,193Â 56,974Â Non-Interest ExpenseCompensation and employee benefits84,434Â 78,764Â 170,223Â 160,241Â Occupancy and equipment11,594Â 10,827Â 23,477Â 22,492Â Advertising and promotions4,362Â 3,733Â 8,345Â 7,968Â Data processing9,387Â 8,402Â 18,546Â 16,511Â Other real estate owned and foreclosed assets149Â 14Â 174Â 26Â Regulatory assessments and insurance5,393Â 5,314Â 13,154Â 10,217Â Core deposit intangibles amortization3,017Â 2,427Â 5,777Â 4,876Â Other expenses22,616Â 21,123Â 53,099Â 43,255Â Total non-interest expense140,952Â 130,604Â 292,795Â 265,586Â Income Before Income Taxes54,212Â 67,682Â 90,589Â 141,317Â Federal and state income tax expense9,504Â 12,727Â 13,254Â 25,151Â Net Income$44,708Â 54,955Â 77,335Â 116,166Â Basic earnings per share$0.39Â 0.50Â 0.68Â 1.05Â Diluted earnings per share$0.39Â 0.50Â 0.68Â 1.05Â Dividends declared per share$0.33Â 0.33Â 0.66Â 0.66Â Average outstanding shares - basic113,390,539Â 110,870,964Â 112,941,341Â 110,847,806Â Average outstanding shares - diluted113,405,491Â 110,875,535Â 112,981,531Â 110,879,654Â See accompanying notes to unaudited condensed consolidated financial statements.5GLACIER BANCORP, INC.UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOMEÂ Â Three Months endedSix Months ended(Dollars in thousands)June 30,2024June 30,2023June 30,2024June 30,2023Net Income$44,708Â 54,955Â 77,335Â 116,166Â Other Comprehensive Income (Loss), Net of TaxAvailable-For-Sale and Transferred Securities: Unrealized gains (losses) on available-for-sale securities23,558Â (29,628)25,595Â 47,838Â Reclassification adjustment for (gains) losses included in net incomeâ€”Â â€”Â (29)31Â Reclassification adjustment for securities transferred from available-for-sale to held-to-maturity1,029Â 1,307Â 2,037Â 3,188Â Tax effect(6,169)7,157Â (6,926)(12,902)Net of tax amount18,418Â (21,164)20,677Â 38,155Â Cash Flow Hedge:Unrealized gains on derivatives used for cash flow hedges270Â 1,922Â 927Â 1,886Â Reclassification adjustment for gains included in net income(1,288)(1,113)(2,548)(2,087)Tax effect254Â (204)406Â 51Â Net of tax amount(764)605Â (1,215)(150)Total other comprehensive income (loss), net of tax17,654Â (20,559)19,462Â 38,005Â Total Comprehensive Income$62,362Â 34,396Â 96,797Â 154,171Â See accompanying notes to unaudited condensed consolidated financial statements.6GLACIER BANCORP, INC.UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERSâ€™ EQUITYThree Months ended JuneÂ 30, 2024 and 2023 (Dollars in thousands, except per share data)Common StockPaid-in CapitalRetainedEarnings-Substantially RestrictedAccumulatedOther Compre-hensive (Loss) IncomeÂ SharesAmountTotalBalance at April 1, 2023110,868,713Â $1,109Â 2,344,514Â 991,509Â (410,228)2,926,904Â Net incomeâ€”Â â€”Â â€”Â 54,955Â â€”Â 54,955Â Other comprehensive lossâ€”Â â€”Â â€”Â â€”Â (20,559)(20,559)Cash dividends declared ($0.33 per share)â€”Â â€”Â â€”Â (36,682)â€”Â (36,682)Stock issuances under stock incentive plans5,174Â â€”Â â€”Â â€”Â â€”Â â€”Â Stock-based compensation and related taxesâ€”Â â€”Â 1,908Â â€”Â â€”Â 1,908Â Balance at June 30, 2023110,873,887Â $1,109Â 2,346,422Â 1,009,782Â (430,787)2,926,526Â Balance at April 1, 2024113,388,590Â $1,134Â 2,443,584Â 1,038,294Â (372,305)3,110,707Â Net incomeâ€”Â â€”Â â€”Â 44,708Â â€”Â 44,708Â Other comprehensive incomeâ€”Â â€”Â â€”Â â€”Â 17,654Â 17,654Â Cash dividends declared ($0.33per share)â€”Â â€”Â â€”Â (37,519)â€”Â (37,519)Stock issuances under stock incentive plans5,502Â â€”Â â€”Â â€”Â â€”Â â€”Â Stock-based compensation and related taxesâ€”Â â€”Â 1,895Â â€”Â â€”Â 1,895Â Balance at June 30, 2024113,394,092Â $1,134Â 2,445,479Â 1,045,483Â (354,651)3,137,445Â See accompanying notes to unaudited condensed consolidated financial statements.7GLACIER BANCORP, INC.UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERSâ€™ EQUITYSix Months ended JuneÂ 30, 2024 and 2023 Â (Dollars in thousands, except per share data)Common StockPaid-in CapitalRetainedEarnings-Substantially RestrictedAccumulatedOther Compre-hensive (Loss) IncomeÂ SharesAmountTotalBalance at January 1, 2023110,777,780Â $1,108Â 2,344,005Â 966,984Â (468,792)2,843,305Â Net incomeâ€”Â â€”Â â€”Â 116,166Â â€”Â 116,166Â Other comprehensive incomeâ€”Â â€”Â â€”Â â€”Â 38,005Â 38,005Â Cash dividends declared ($0.66 per share)â€”Â â€”Â â€”Â (73,368)â€”Â (73,368)Stock issuances under stock incentive plans96,107Â 1Â (1)â€”Â â€”Â â€”Â Stock-based compensation and related taxesâ€”Â â€”Â 2,418Â â€”Â â€”Â 2,418Â Balance at June 30, 2023110,873,887Â $1,109Â 2,346,422Â 1,009,782Â (430,787)2,926,526Â Balance at January 1, 2024110,888,942Â $1,109Â 2,350,104Â 1,043,181Â (374,113)3,020,281Â Net incomeâ€”Â â€”Â â€”Â 77,335Â â€”Â 77,335Â Other comprehensive incomeâ€”Â â€”Â â€”Â â€”Â 19,462Â 19,462Â Cash dividends declared ($0.66 per share)â€”Â â€”Â â€”Â (75,033)â€”Â (75,033)Stock issued in connection with acquisitions2,389,684Â 24Â 92,361Â â€”Â â€”Â 92,385Â Stock issuances under stock incentive plans115,466Â 1Â (1)â€”Â â€”Â â€”Â Stock-based compensation and related taxesâ€”Â â€”Â 3,015Â â€”Â â€”Â 3,015Â Balance at June 30, 2024113,394,092Â $1,134Â 2,445,479Â 1,045,483Â (354,651)3,137,445Â See accompanying notes to unaudited condensed consolidated financial statements.8GLACIER BANCORP, INC.UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWSÂ Â Six Months ended(Dollars in thousands)June 30,2024June 30,2023Operating ActivitiesNet income$77,335Â 116,166Â Adjustments to reconcile net income to net cash provided by operating activities:Provision for credit losses11,767Â 8,243Â Net amortization of debt securities6,598Â 7,523Â Net amortization of purchase accounting adjustments Â Â and deferred loan fees and costs(1,258)2,154Â Origination of loans held for sale(292,073)(200,375)Proceeds from loans held for sale295,111Â 247,440Â Gain on sale of loans(8,031)(5,928)(Gain) loss on sale of securities(4)137Â Bank-owned life insurance income, net(2,229)(1,928)Stock-based compensation, net of tax benefits3,084Â 3,181Â Depreciation and amortization of premises and equipment14,334Â 13,624Â Loss (gain) on sale and write-downs of other real estate owned, net52Â (56)Amortization of core deposit intangibles5,777Â 4,876Â Amortization of investments in variable interest entities13,041Â 10,508Â Net increase in accrued interest receivable(4,230)(4,813)Net increase in other assets(2,003)(6,059)Net (decrease) increase in accrued interest payable(95,509)43,411Â Net decrease in other liabilities(15,819)(18,577)Net cash provided by operating activities5,943Â 219,527Â Investing ActivitiesSales of available-for-sale debt securities160,558Â 29,972Â Maturities, prepayments and calls of available-for-sale debt securities316,640Â 318,448Â Purchases of available-for-sale debt securities(3,164)â€”Â Maturities, prepayments and calls of held-to-maturity debt securities100,011Â 106,040Â Principal collected on loans1,678,959Â 1,469,343Â Loan originations(1,910,512)(2,248,230)Net additions to premises and equipment(18,143)(20,243)Proceeds from sale of other real estate owned926Â 87Â Proceeds from redemption of non-marketable equity securities109,634Â 628,801Â Purchases of non-marketable equity securities(214,825)(556,800)Proceeds from bank-owned life insurance193Â 1,787Â Investments in variable interest entities(27,909)(12,001)Net cash received from acquisitions30,903Â â€”Â Net cash provided by (used in) investing activities223,271Â (282,796)See accompanying notes to unaudited condensed consolidated financial statements.9GLACIER BANCORP, INC.UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)Â Â Six Months ended(Dollars in thousands)June 30,2024June 30,2023Financing ActivitiesNet decrease in deposits$(443,951)(597,957)Net increase in securities sold under agreements to repurchase142,654Â 410,946Â Net increase (decrease) in short-term Federal Home Loan Bank advances491,500Â (1,800,000)Proceeds from short-term FRB Bank Term Funding advancesâ€”Â 2,740,000Â Repayments of short-term FRB Bank Term Funding(2,740,000)â€”Â Proceeds from long-term Federal Home Loan Bank advances1,800,000Â â€”Â Net increase (decrease) in other borrowed funds6,220Â (1,735)Cash dividends paid(37,745)(36,886)Tax withholding payments for stock-based compensation(1,455)(1,774)Net cash (used in) provided by financing activities(782,777)712,594Â Net (decrease) increase in cash, cash equivalents and restricted cash(553,563)649,325Â Cash, cash equivalents and restricted cash at beginning of period1,354,342Â 401,995Â Cash, cash equivalents and restricted cash at end of period$800,779Â 1,051,320Â Supplemental Disclosure of Cash Flow InformationCash paid during the period for interest$315,786Â 77,670Â Cash paid during the period for income taxes13,513Â 15,296Â Supplemental Disclosure of Non-Cash Investing and Financing ActivitiesSale and refinancing of other real estate ownedâ€”Â 23Â Transfer of loans to other real estate owned$104Â 74Â Right-of-use assets obtained in exchange for new lease liabilities280Â 674Â Equity investments obtained in exchange for delayed equity contributions15,148Â 34,712Â Dividends declared during the period but not paid37,615Â 36,781Â AcquisitionsFair value of common stock shares issued92,385Â â€”Â Cash consideration771Â â€”Â Fair value of assets acquired777,659Â â€”Â Liabilities assumed684,503Â â€”Â See accompanying notes to unaudited condensed consolidated financial statements.10GLACIER BANCORP, INC.NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTSÂ Note 1. Nature of Operations and Summary of Significant Accounting PoliciesGeneralGlacier Bancorp, Inc. (â€œCompanyâ€) is a Montana corporation headquartered in Kalispell, Montana. The Company provides a full range of banking services to individuals and businesses in Montana, Idaho, Utah, Washington, Wyoming, Colorado, Arizona and Nevada through its wholly-owned bank subsidiary, Glacier Bank (â€œBankâ€). The Company offers a wide range of banking products and services, including: 1) retail banking; 2) business banking; 3) real estate, commercial, agriculture and consumer loans; and 4) mortgage origination and loan servicing. The Company serves individuals, small to medium-sized businesses, community organizations and public entities.In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments necessary for a fair presentation of the results for the interim periods. All such adjustments are of a normal recurring nature. These interim financial statements do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America (â€œGAAPâ€) for complete financial statements and they should be read in conjunction with the consolidated financial statements and notes thereto contained in the Companyâ€™s Annual Report on Form 10-K for the year ended DecemberÂ 31, 2023. Operating results for the six months ended JuneÂ 30, 2024 are not necessarily indicative of the results anticipated for the year ending DecemberÂ 31, 2024. The condensed consolidated statement of financial condition of the Company as of DecemberÂ 31, 2023 has been derived from the audited consolidated statements of the Company as of that date. The Company is a defendant in legal proceedings arising in the normal course of business. In the opinion of management, the disposition of pending litigation will not have a material affect on the Companyâ€™s consolidated financial position, results of operations or liquidity.Material estimates that are particularly susceptible to significant change include: 1) the determination of the allowance for credit losses (â€œACLâ€ or â€œallowanceâ€) on loans; 2) the valuation of debt securities; 3) the valuation of real estate acquired in connection with foreclosures or in satisfaction of loans; and 4) the evaluation of goodwill impairment. For the determination of the ACL on loans and real estate valuation estimates, management obtains independent appraisals (new or updated) for significant items. Estimates relating to the investment valuations are obtained from independent third parties. Estimates relating to the evaluation of goodwill for impairment are determined based on internal calculations using independent party inputs. Principles of ConsolidationThe consolidated financial statements of the Company include the parent holding company and the Bank, which consists of seventeen bank divisions and a corporate division. The corporate division includes the Bankâ€™s investment portfolio, wholesale borrowings and other centralized functions. The Bank divisions operate under separate names, management teams and advisory directors. The Company considers the Bank to be its sole operating segment as the Bank 1) engages in similar bank business activity from which it earns revenues and incurs expenses; 2) the operating results of the Bank are regularly reviewed by the Chief Executive Officer (â€œCEOâ€) (i.e., the chief operating decision maker) who makes decisions about resources to be allocated to the Bank; and 3) financial information is available for the Bank. All significant inter-company transactions have been eliminated in consolidation.The Bank has subsidiary interests in variable interest entities (â€œVIEâ€) for which the Bank has both the power to direct the VIEâ€™s significant activities and the obligation to absorb losses or right to receive benefits of the VIE that could potentially be significant to the VIE. These subsidiary interests are included in the Companyâ€™s consolidated financial statements. The Bank also has subsidiary interests in VIEs for which the Bank does not have a controlling financial interest and is not the primary beneficiary. These subsidiary interests are not included in the Companyâ€™s consolidated financial statements. For additional information on the Bankâ€™s interest in VIEs, see Note 7. The parent holding company owns non-bank subsidiaries that have issued trust preferred securities. The trust subsidiaries are not included in the Companyâ€™s consolidated financial statements. The Company's investments in the trust subsidiaries are included in other assets on the Company's statements of financial condition.11On January 31, 2024, the Company completed the acquisition of Community Financial Group, Inc. and its wholly-owned subsidiary, Wheatland Bank (â€œWheatlandâ€), a community bank based in Spokane, Washington. The business combination was accounted for using the acquisition method, with the results of operations included in the Companyâ€™s consolidated financial statements as of the acquisition date. For additional information relating to mergers and acquisitions, see Note 14. Cash, Cash Equivalents and Restricted CashCash and cash equivalents include cash on hand, cash held as demand deposits at various banks and the Federal Reserve Bank (â€œFRBâ€), interest bearing deposits, federal funds sold, and liquid investments with original maturities of three months or less. Interest bearing deposits are maintained at other financial institutions as collateral for certain derivative contracts and are considered restricted cash. The Company had $0 and $17,440,000 of restricted cash held as collateral for derivative contracts as of JuneÂ 30, 2024 and DecemberÂ 31, 2023, respectively. The Bank is required to maintain an average reserve balance with either the FRB or in the form of cash on hand at a reserve rate determined by the FRB. Effective March 26, 2020, the FRB Board reduced the reserve requirement ratio to zero percent. The required reserve balance at JuneÂ 30, 2024 was $0. Debt SecuritiesDebt securities for which the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity and are carried at amortized cost. Debt securities held primarily for the purpose of selling in the near term are classified as trading securities and are reported at fair value, with unrealized gains and losses included in income. Debt securities not classified as held-to-maturity or trading are classified as available-for-sale and are reported at fair value with unrealized gains and losses, net of income taxes, as a separate component of other comprehensive income (â€œOCIâ€). Premiums and discounts on debt securities are amortized or accreted into income using a method that approximates the interest method. The objective of the interest method is to calculate periodic interest income at a constant effective yield. The Company does not have any debt securities classified as trading securities. When the Company acquires another entity, it records the debt securities at fair value.The Company reviews and analyzes the various risks that may be present within the investment portfolio on an ongoing basis, including market risk, credit risk and liquidity risk. Market risk is the risk to an entityâ€™s financial condition resulting from adverse changes in the value of its holdings arising from movements in interest rates, foreign exchange rates, equity prices or commodity prices. The Company assesses the market risk of individual debt securities as well as the investment portfolio as a whole. Credit risk, broadly defined, is the risk that an issuer or counterparty will fail to perform on an obligation. The credit rating of a security is considered the primary credit quality indicator for debt securities. Liquidity risk refers to the risk that a security will not have an active and efficient market in which the security can be sold.A debt security is investment grade if the issuer has adequate capacity to meet its commitment over the expected life of the investment, i.e., the risk of default is low and full and timely repayment of interest and principal is expected. To determine investment grade status for debt securities, the Company conducts due diligence of the creditworthiness of the issuer or counterparty prior to acquisition and ongoing thereafter consistent with the risk characteristics of the security and the overall risk of the investment portfolio. Credit quality due diligence takes into account the extent to which a security is guaranteed by the U.S. government and other agencies of the U.S. government. The depth of the due diligence is based on the complexity of the structure, the size of the security, and takes into account material positions and specific groups of securities or stratifications for analysis and review of similar risk positions. The due diligence includes consideration of payment performance, collateral adequacy, internal analyses, third party research and analytics, external credit ratings and default statistics.The Company has acquired debt securities through acquisitions and if the securities have more than insignificant credit deterioration since origination, they are designated as purchased credit-deteriorated (â€œPCDâ€) securities. An ACL is determined using the same methodology as with other debt securities. The sum of a PCD securityâ€™s fair value and associated ACL becomes its initial amortized cost basis. The difference between the initial amortized cost basis and the par value of the debt security is a noncredit discount or premium, which is amortized into interest income over the life of the security. Subsequent changes to the ACL are recorded through provision for credit losses.For additional information relating to debt securities, see Note 2.12Allowance for Credit Losses - Available-for-Sale Debt SecuritiesFor available-for-sale debt securities in an unrealized loss position, the Company first assesses whether it intends to sell, or it is more-likely-than-not that it will be required to sell the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the securityâ€™s amortized cost basis is written down to fair value through loss on sale of securities. For the available-for-sale securities that do not meet the aforementioned criteria, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors. In such assessment, the Company considers the extent to which fair value is less than amortized cost, if there are any changes to the investment grade of the security by a rating agency, and if there are any adverse conditions that impact the security. If this assessment indicates a credit loss exists, the present value of the cash flows expected to be collected from the security is compared to the amortized cost basis of the security. If the present value of the cash flows expected to be collected is less than the amortized cost basis, a potential credit loss exists and an ACL is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost. Any estimated credit losses that have not been recorded through an ACL are recognized in OCI.The Company has elected to exclude accrued interest from the estimate of credit losses for available-for-sale debt securities. As part of its non-accrual policy, the Company charges-off uncollectable interest at the time it is determined to be uncollectable. Allowance for Credit Losses - Held-to-Maturity Debt SecuritiesFor estimating the allowance for held-to-maturity (â€œHTMâ€) debt securities that share similar risk characteristics with other securities, such securities are pooled based on major security type. For pools of such securities with similar risk characteristics, the historical lifetime probability of default and severity of loss in the event of default is derived or obtained from external sources and adjusted for the expected effects of reasonable and supportable forecasts over the expected lives of the securities on those historical credit losses. Expected credit losses on securities in the held-to-maturity portfolio that do not share similar risk characteristics with any of the pools of debt securities are individually measured based on net realizable value, or the difference between the discounted value of the expected future cash flows, based on the original effective interest rate, and the recorded amortized cost basis of the securities. The Company has elected to exclude accrued interest from the estimate of credit losses for held-to-maturity debt securities. As part of its non-accrual policy, the Company charges off uncollectable interest at the time it is determined to be uncollectable. Loans Held for SaleLoans held for sale generally consist of long-term, fixed rate, conforming, single-family residential real estate loans intended to be sold on the secondary market. Loans held for sale are recorded at fair value and may or may not be sold with servicing rights released. Changes in fair value are recognized in non-interest income. Fair value elections are made at the time of origination based on the Companyâ€™s fair value election policy.Loans ReceivableThe Companyâ€™s loan segments or classes are based on the purpose of the loan and consist of residential real estate, commercial real estate, other commercial, home equity, and other consumer loans. Loans that are intended at origination to be held-to-maturity are reported at the unpaid principal balance less net charge-offs and adjusted for deferred fees and costs on originated loans and unamortized premiums or discounts on acquired loans. Interest income is accrued on the unpaid principal balance. Fees and costs on originated loans and premiums or discounts on acquired loans are deferred and subsequently amortized or accreted as a yield adjustment over the expected life of the loan utilizing the interest or straight-line methods. The interest method is utilized for loans with scheduled payment terms and the objective is to calculate periodic interest income at a constant effective yield. The straight-line method is utilized for revolving lines of credit or loans with no scheduled payment terms. When a loan is paid off prior to maturity, the remaining unamortized fees and costs on originated loans and unamortized premiums or discounts on acquired loans are immediately recognized as interest income. Loans that are 30 days or more past due based on payments received and applied to the loan are considered delinquent. Loans are designated non-accrual and the accrual of interest is discontinued when the collection of the contractual principal or interest is unlikely. A loan is typically placed on non-accrual when principal or interest is due and has remained unpaid for 90 days or more. When a loan is placed on non-accrual status, interest previously accrued but not collected is reversed against current period interest income. Subsequent payments on non-accrual loans are applied to the outstanding principal balance if doubt remains as to the ultimate collectability of the loan. Interest accruals are not resumed on partially charged-off impaired loans. For other loans on non-accrual, interest accruals are resumed on such loans only when they are brought fully current with respect to interest and principal and when, in the judgment of management, the loans are estimated to be fully collectible as to both principal and interest.13The Company has acquired loans through acquisitions, some of which have experienced more than insignificant credit deterioration since origination. The Company considers all acquired non-accrual loans to be PCD loans. In addition, the Company considers loans accruing 90 days or more past due or substandard loans to be PCD loans. An ACL is determined using the same methodology as other loans held for investment. The ACL determined on a collective basis is allocated to individual loans. The sum of a loanâ€™s fair value and ACL becomes the initial amortized cost basis. The difference between the initial amortized cost basis and the par value of the loan is a noncredit discount or premium, which is amortized into interest income over the life of the loan. Subsequent changes to the ACL are recorded through provision for credit losses.For additional information relating to loans, see Note 3.Allowance for Credit Losses - Loans ReceivableThe ACL for loans receivable represents managementâ€™s estimate of credit losses over the expected contractual life of the loan portfolio. The estimate is determined based on the amortized cost of the loan portfolio including the loan balance adjusted for charge-offs, recoveries, deferred fees and costs, and loan discount and premiums. Recoveries are included only to the extent that such amounts were previously charged-off. The Company has elected to exclude accrued interest from the estimate of credit losses for loans. Determining the adequacy of the allowance is complex and requires a high degree of judgment by management about the effect of matters that are inherently uncertain. Subsequent evaluations of the then-existing loan portfolio, in light of the factors then prevailing, may result in significant changes in the allowance in those future periods.The allowance is increased for estimated credit losses which are recorded as expense. The portion of loans and overdraft balances determined by management to be uncollectable are charged-off as a reduction to the allowance and recoveries of amounts previously charged-off increase the allowance. The Companyâ€™s charge-off policy is consistent with bank regulatory standards. Consumer loans generally are charged-off when the loan becomes over 120 days delinquent. Real estate acquired as a result of foreclosure or by deed-in-lieu of foreclosure is classified as other real estate owned (â€œOREOâ€) until such time as it is sold. The expected credit loss estimate process involves procedures to consider the unique characteristics of each of the Companyâ€™s loan portfolio segments, which consist of residential real estate, commercial real estate, other commercial, home equity, and other consumer loans. When computing the allowance levels, credit loss assumptions are estimated using a model that categorizes loan pools based on loss history, credit and risk characteristics, including current conditions and reasonable and supportable forecasts about the future. The Company has determined a four consecutive quarter forecasting period is a reasonable and supportable period. Expected credit loss for periods beyond reasonable and supportable forecast periods are determined based on a reversion method which reverts back to historical loss estimates over a four consecutive quarter period on a straight-line basis.Credit quality is assessed and monitored by evaluating various attributes and the results of those evaluations are utilized in underwriting new loans and the process for estimating the expected credit losses. The following paragraphs describe the risk characteristics relevant to each portfolio segment.Residential Real Estate.Â Residential real estate loans are secured by owner-occupied 1-4 family residences. Repayment of these loans is primarily dependent on the personal income and credit rating of the borrowers. Credit risk in these loans is impacted by economic conditions within the Companyâ€™s market areas that affect the value of the residential property securing the loans and affect the borrowers' personal incomes. Mitigating risk factors for this loan segment include a large number of borrowers, geographic dispersion of market areas and the loans are originated for relatively smaller amounts.Commercial Real Estate.Â Commercial real estate loans typically involve larger principal amounts, and repayment of these loans is generally dependent on the successful operation of the property securing the loan and/or the business conducted on the property securing the loan. Credit risk in these loans is impacted by the creditworthiness of a borrower, valuation of the property securing the loan and conditions within the local economies in the Companyâ€™s diverse geographic market areas.Commercial.Â Commercial loans consist of loans to commercial customers for use in financing working capital needs, equipment purchases and business expansions. The loans in this category are repaid primarily from the cash flow of a borrowerâ€™s principal business operation. Credit risk in these loans is driven by creditworthiness of a borrower and the economic conditions that impact the cash flow stability from business operations across the Companyâ€™s diverse geographic market areas.14Home Equity.Â Home equity loans consist of junior lien mortgages and first and junior lien lines of credit (revolving open-end and amortizing closed-end) secured by owner-occupied 1-4 family residences. Repayment of these loans is primarily dependent on the personal income and credit rating of the borrowers. Credit risk in these loans is impacted by economic conditions within the Companyâ€™s market areas that affect the value of the residential property securing the loans and affect the borrowers' personal incomes. Mitigating risk factors for this loan segment are a large number of borrowers, geographic dispersion of market areas and the loans are originated for terms that range from 10 to 15 years.Other Consumer.Â The other consumer loan portfolio consists of various short-term loans such as automobile loans and loans for other personal purposes. Repayment of these loans is primarily dependent on the personal income of the borrowers. Credit risk is driven by consumer economic factors (such as unemployment and general economic conditions in the Companyâ€™s diverse geographic market areas) and the creditworthiness of a borrower. The allowance is impacted by loan volumes, delinquency status, credit ratings, historical loss experiences, estimated prepayment speeds, weighted average lives and other conditions influencing loss expectations, such as reasonable and supportable forecasts of economic conditions. The methodology for estimating the amount of expected credit losses reported in the allowance has two basic components: 1) individual loans that do not share similar risk characteristics with other loans and the measurement of expected credit losses for such individual loans; and 2) the expected credit losses for pools of loans that share similar risk characteristics.Loans that do not Share Similar Risk Characteristics with Other Loans. For a loan that does not share similar risk characteristics with other loans, expected credit loss is measured based on the net realizable value, that is, the difference between the discounted value of the expected future cash flows, based on the original effective interest rate, and the amortized cost basis of the loan. For these loans, the expected credit loss is equal to the amount by which the net realizable value of the loan is less than the amortized cost basis of the loan (which is net of previous charge-offs and deferred loan fees and costs), except when the loan is collateral-dependent, that is, when foreclosure is probable or the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. In these cases, expected credit loss is measured as the difference between the amortized cost basis of the loan and the fair value of the collateral. The fair value of the collateral is adjusted for the estimated cost to sell if repayment or satisfaction of a loan is dependent on the sale (rather than only on the operation) of the collateral. The Company has determined that non-accrual loans do not share similar risk characteristics with other loans and these loans are individually evaluated for estimated allowance for credit losses. The Company, through its credit monitoring process, may also identify other loans that do not share similar risk characteristics and individually evaluate such loans. The starting point for determining the fair value of collateral is to obtain external appraisals or evaluations (new or updated). The valuation techniques used in preparing appraisals or evaluations (new or updated) include the cost approach, income approach, sales comparison approach, or a combination of the preceding valuation techniques. The Companyâ€™s credit department reviews appraisals, giving consideration to the highest and best use of the collateral. The appraisals or evaluations (new or updated) are reviewed at least quarterly and more frequently based on current market conditions, including deterioration in a borrowerâ€™s financial condition and when property values may be subject to significant volatility. Adjustments may be made to the fair value of the collateral after review and acceptance of the collateral appraisal or evaluation (new or updated).Loans that Share Similar Risk Characteristics with other Loans. For estimating the allowance for loans that share similar risk characteristics with other loans, such loans are segregated into loan segments. Loans are designated into loan segments based on loans pooled by product types and similar risk characteristics or areas of risk concentration. In determining the ACL, the Company derives an estimated credit loss assumption from a model that categorizes loan pools based on loan type. This model calculates an expected loss percentage for each loan segment by considering the non-discounted simple annual average historical loss rate of each loan segment (calculated through an â€œopen poolâ€ method), multiplying the loss rate by the amortized loan balance and incorporating that segmentâ€™s internally generated prepayment speed assumption and contractually scheduled remaining principal pay downs on a loan level basis. The annual historical loss rates are adjusted over a reasonable economic forecast period by a multiplier that is calculated based upon current national economic forecasts as a proportion of each segmentâ€™s historical average loss levels. The Company will then revert from the economic forecast period back to the historical average loss rate in a straight-line basis. After the reversion period, the loans will be assumed to experience their historical loss rate for the remainder of their contractual lives. The model applies the expected loss rate over the projected cash flows at the individual loan level and then aggregates the losses by loan segment in determining their quantitative allowance. The Company will also include qualitative adjustments to adjust the ACL on loan segments to the extent the current or future market conditions are believed to vary substantially from historical conditions in regards to:15â€¢lending policies and procedures;â€¢international, national, regional and local economic business conditions, developments, or environmental conditions that affect the collectability of the portfolio, including the condition of various markets;â€¢the nature and volume of the loan portfolio including the terms of the loans;â€¢the experience, ability, and depth of the lending management and other relevant staff;â€¢the volume and severity of past due and adversely classified or graded loans and the volume of non-accrual loans;â€¢the quality of our loan review system;â€¢the value of underlying collateral for collateralized loans;â€¢the existence and effect of any concentrations of credit, and changes in the level of concentrations; andâ€¢the effect of external factors such as competition and legal and regulatory requirements on the level of estimated credit losses in the existing portfolio. The Company regularly reviews loans in the portfolio to assess credit quality indicators and to determine the appropriate loan classification and grading in accordance with applicable bank regulations. The primary credit quality indicator for residential, home equity and other consumer loans is the days past due status, which consists of the following categories: 1) performing loans; 2) 30 to 89 days past due loans; and 3) non-accrual and 90 days or more past due loans. The primary credit quality indicator for commercial real estate and commercial loans is the Companyâ€™s internal risk rating system, which includes the following categories: 1) pass loans; 2) special mention loans; 3) substandard loans; and 4) doubtful or loss loans. Such credit quality indicators are regularly monitored and incorporated into the Companyâ€™s allowance estimate. The following paragraphs further define the internal risk ratings for commercial real estate and commercial loans. Pass Loans. These ratings represent loans that are of acceptable, good or excellent quality with very limited to no risk. Loans that do not have one of the following ratings are considered pass loans. Special Mention Loans. These ratings represent loans that are designated as special mention per the regulatory definition. Special mention loans are currently protected but are potentially weak. The credit risk may be relatively minor yet constitute an undue and unwarranted risk in light of the circumstances surrounding a specific loan. The rating may be used to identify credit with potential weaknesses that if not corrected may weaken the loan to the point of inadequately protecting the Bankâ€™s credit position. Examples include a lack of supervision, inadequate loan agreement, condition, or control of collateral, incomplete, or improper documentation, deviations from lending policy, and adverse trends in operations or economic conditions.Substandard Loans. This rating represents loans that are inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged. A loan so classified must have a well-defined weakness that jeopardizes the liquidation of the debt. These loans are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected. Loss potential, while existing in the aggregated amount of substandard loans, does not have to exist in an individual loan classified substandard.Doubtful/Loss Loans. A loan classified as doubtful has the characteristics that make collection in full, on the basis of currently existing facts, conditions, and values, highly improbable. The possibility of loss is extremely high, but because of pending factors, which may work to the advantage and strengthening of the loan, its classification as loss is deferred until its more exact status may be determined. Pending factors include proposed merger, acquisition, or liquidation procedures, capital injection, perfecting liens on additional collateral and refinancing plans. Loans are classified as loss when they are deemed to be not collectible and of such little value that continuance as an active asset of the Bank is not warranted. Loans classified as loss must be charged-off. Assignment of this classification does not mean that an asset has absolutely no recovery or salvage value, but that it is not practical or desirable to defer writing off a basically worthless asset, even though partial recovery may be attained in the future.ModificationsThe Company identifies modifications to borrowers experiencing financial difficulty (â€œMBFDâ€) as a loan that has been modified for the borrower that is experiencing financial difficulties. The Company considers some of the indicators that a borrower is experiencing financial difficulty to be: currently in payment default on any of their debt, declaring bankruptcy, going concern, borrowerâ€™s securities have been delisted, and other indicators of inability to meet obligations. This list does not include all potential indicators of a borrowerâ€™s financial difficulties. Each debt modification is separately negotiated with the borrower and includes terms and conditions that reflect the borrowerâ€™s prospective ability to service their obligations as modified. The allowance for credit losses on loans that are considered MBFDâ€™s are measured using the same method as all other loans held for investment.16Allowance for Credit Losses - Off-Balance Sheet Credit ExposuresThe Company maintains a separate allowance for credit losses for off-balance sheet credit exposures, including unfunded loan commitments. Such ACL is included in other liabilities on the Companyâ€™s statements of financial condition. The Company estimates the amount of expected losses by calculating a commitment usage factor over the contractual period for exposures and applying the loss factors used in the allowance for credit loss methodology to the results of the usage calculation to estimate the liability for credit losses related to unfunded commitments for each loan segment. No credit loss estimate is reported for off-balance sheet credit exposures that are unconditionally cancellable by the Bank or for unfunded amounts under such arrangements that may be drawn prior to the cancellation of the arrangement. Provision for Credit LossesThe Company recognizes provision for credit losses on the allowance for off-balance sheet credit exposures (e.g., unfunded loan commitments) together with provision for credit losses on the loan portfolio in the income statement line item provision for credit losses. The following table presents the provision for credit losses on the loan portfolio and off-balance sheet exposures: Three Months endedSix Months ended(Dollars in thousands)June 30,2024June 30,2023June 30,2024June 30,2023Provision for credit loss loans$5,066Â 5,254Â 14,157Â 11,514Â Provision for credit loss unfunded(1,548)(2,481)(2,390)(3,271)Total provision for credit losses$3,518Â 2,773Â 11,767Â 8,243Â There was no provision for credit losses on debt securities for the six months ended JuneÂ 30, 2024, and 2023, respectively.Premises and EquipmentPremises and equipment are accounted for at cost less depreciation. Depreciation is computed on a straight-line method over the estimated useful lives or the term of the related lease. The estimated useful life for office buildings is 15 to 40 years and the estimated useful life for furniture, fixtures, and equipment is 3 to 10 years. Interest is capitalized for any significant building projects. LeasesThe Company leases certain land, premises and equipment from third parties. A lessee lease is classified as an operating lease unless it meets certain criteria (e.g., lease contains option to purchase that Company is reasonably certain to exercise), in which case it is classified as a finance lease. These leases are included in net premises and equipment as right-of-use (â€œROUâ€) assets. The operating leases have other liabilities on the Companyâ€™s statements of financial condition and lease expense for lease payments is recognized on a straight-line basis over the lease term. The finance leases have liabilities that are included in other borrowed funds on the Companyâ€™s statements of financial condition. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. An ROU asset represents the right to use the underlying asset for the lease term and also includes any direct costs and payments made prior to lease commencement and excludes lease incentives. When an implicit rate is not available, an incremental borrowing rate based on the information available at commencement date is used in determining the present value of the lease payments. A lease term may include an option to extend or terminate the lease when it is reasonably certain the option will be exercised. The Company accounts for lease and non-lease components (e.g., common-area maintenance) together as a single combined lease component for all asset classes. The Company has elected to recognize payments for short-term leases of 12 months or less on a straight-line basis over the lease term, and exclude such leases from the Companyâ€™s statements of financial condition. Renewal and termination options are considered when determining short-term leases. Leases are accounted for on an individual lease level.Lease improvements incurred at the inception of the lease are recorded as an asset and depreciated over the initial term of the lease and lease improvements incurred subsequently are depreciated over the remaining term of the lease. The Company also leases certain premises and equipment to third parties. A lessor lease is classified as an operating lease unless it meets certain criteria that would classify it as either a sales-type lease or a direct financing lease. For additional information relating to leases, see Note 4.17Other Real Estate OwnedProperty acquired by foreclosure or deed-in-lieu of foreclosure is initially recorded at fair value, less estimated selling cost, at acquisition date (i.e., cost of the property). The Company is considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan upon the occurrence of either the Company obtaining legal title to the property or the borrower conveying all interest in the property through a deed-in-lieu or similar agreement. Fair value is determined as the amount that could be reasonably expected in a current sale between a willing buyer and a willing seller in an orderly transaction between market participants at the measurement date. Subsequent to the initial acquisition, if the fair value of the asset, less estimated selling cost, is less than the cost of the property, a loss is recognized in other expense and the asset carrying value is reduced. Gain or loss on disposition of OREO is recorded in non-interest income or non-interest expense, respectively. In determining the fair value of the properties on the date of transfer and any subsequent estimated losses of net realizable value, the fair value of other real estate acquired by foreclosure or deed-in-lieu of foreclosure is determined primarily based upon appraisal or evaluation of the underlying property value.Business Combinations and Intangible AssetsAcquisition accounting requires the total purchase price to be allocated to the estimated fair values of assets acquired and liabilities assumed, including certain intangible assets. Goodwill is recorded if the purchase price exceeds the net fair value of assets acquired and a bargain purchase gain is recorded in other income if the net fair value of assets acquired exceeds the purchase price.Adjustment of the allocated purchase price may be related to fair value estimates for which all information has not been obtained of the acquired entity known or discovered during the allocation period, the period of time required to identify and measure the fair values of the assets and liabilities acquired in the business combination. The allocation period is generally limited to one year following consummation of a business combination.Core deposit intangible represents the intangible value of depositor relationships resulting from deposit liabilities assumed in acquisitions and is amortized using an accelerated method based on an estimated runoff of the related deposits. The core deposit intangible is evaluated for impairment and recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable, with any changes in estimated useful life accounted for prospectively over the revised remaining life.The Company tests goodwill for impairment at the reporting unit level annually during the third quarter. The Company has identified that each of the Bank divisions are reporting units (i.e., components of the Glacier Bank operating segment) given that each division has a separate management team that regularly reviews its respective division financial information; however, the reporting units are aggregated into a single reporting unit due to the reporting units having similar economic characteristics.The goodwill of a reporting unit is tested for impairment between annual tests if an event occurs or circumstances change that would more-likely-than-not reduce the fair value of a reporting unit below its carrying amount. Examples of events and circumstances that could trigger the need for interim impairment testing include:â€¢a significant change in legal factors or in the business climate;â€¢an adverse action or assessment by a regulator;â€¢unanticipated competition;â€¢a loss of key personnel;â€¢a more-likely-than-not expectation that a reporting unit or a significant portion of a reporting unit will be sold or otherwise disposed of; andâ€¢the testing for recoverability of a significant asset group within a reporting unit. For the goodwill impairment assessment, the Company has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying value. The Company elected to bypass the qualitative assessment for its 2023 and 2022 annual goodwill impairment testing and proceed directly to the goodwill impairment assessment. The goodwill impairment process requires the Company to make assumptions and judgments regarding fair value. The Company calculates an implied fair value and if the implied fair value is less than the carrying value, an impairment loss is recognized for the difference. For additional information relating to goodwill, see Note 5.Loan Servicing RightsFor residential real estate loans that are sold with servicing retained, servicing rights are initially recorded at fair value in other assets and gain on sale of loans. Fair value is based on market prices for comparable mortgage servicing contracts. The 18servicing asset is subsequently measured using the amortization method which requires the servicing rights to be amortized into non-interest income in proportion to, and over the period of, the estimated future net servicing income of the underlying loans. Loan servicing rights are evaluated for impairment based upon the fair value of the servicing rights compared to the carrying value. Impairment is recognized through a valuation allowance, to the extent that fair value is less than the carrying value. If the Company later determines that all or a portion of the impairment no longer exists, a reduction in the valuation allowance may be recorded. Changes in the valuation allowance are recorded in other income. The fair value of the servicing assets are subject to significant fluctuations as a result of changes in estimated actual prepayment speeds and default rates and losses.Servicing fee income is recognized in other income for fees earned for servicing loans. The fees are based on contractual percentage of the outstanding principal; or a fixed amount per loan and is recorded when earned. The amortization of loan servicing fees is netted against loan servicing fee income. For additional information relating to loan servicing rights, see Note 6.Equity SecuritiesNon-marketable equity securities primarily consist of Federal Home Loan Bank (â€œFHLBâ€) stock. FHLB stock is restricted because such stock may only be sold to FHLB at its par value. Due to restrictive terms, and the lack of a readily determinable fair value, FHLB stock is carried at cost and evaluated for impairment. The investments in FHLB stock are required investments related to the Companyâ€™s borrowings from FHLB. FHLB obtains its funding primarily through issuance of consolidated obligations of the FHLB system. The U.S. government does not guarantee these obligations, and each of the regional FHLBs is jointly and severally liable for repayment of each otherâ€™s debt. The Company also has an insignificant amount of equity securities that are included in other assets on the Companyâ€™s statements of financial condition. Equity securities with readily determinable fair values are measured at fair value and changes in fair value are recognized in other income. Equity securities without readily determinable fair values are carried at cost, minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment. Federal Reserve Bank Term Funding ProgramDuring the first quarter 2023, the FRB offered a new Bank Term Funding Program (â€œBTFPâ€) for eligible depository institutions. The BTFP offered loans of up to one year in length to institutions pledging collateral eligible for purchase by the FRB in open market operations such as U.S. Treasuries, U.S. Agency securities, and U.S. agency mortgage-backed securities. The assets were valued at par for pledging purposes. The Company paid off the BTFP loans in the first quarter of 2024.Other BorrowingsBorrowings of the Companyâ€™s consolidated variable interest entities and finance lease arrangements are included in other borrowings. For additional information relating to VIEâ€™s, see Note 7. Bank-Owned Life InsuranceThe Company maintains bank-owned life insurance policies on certain current and former employees and directors, which are recorded at their cash surrender values as determined by the insurance carriers. The appreciation in the cash surrender value of the policies is recognized as a component of other non-interest income in the Companyâ€™s statements of operations. Derivatives and Hedging ActivitiesThe Company is exposed to certain risks relating to its ongoing operations. The primary risk managed by using derivative instruments is interest rate risk. Interest rate cap contracts have been entered into to manage interest rate risk associated with variable rate borrowings and were designated as cash flow hedges. Interest rate swap contracts have been entered into to manage interest rate risk associated with fixed rate debt securities and were designated as fair value hedges. The Company does not enter into derivative instruments for trading or speculative purposes.The fair value hedges and cash flow hedges were recognized as other assets or other liabilities on the Companyâ€™s statements of financial condition and were measured at fair value. For the fair value hedges, the gain or loss on the derivative, as well as the offsetting loss or gain on the hedged item attributable to the hedged risk, are recognized in current earnings as fair values change. For a cash flow hedge, the gain or loss on the derivative is reported in other comprehensive income and is reclassified into earnings in the same periods during which the hedged transaction affects earnings. Cash flows resulting from the fair value hedges and cash flow hedges were classified in the Companyâ€™s cash flow statement in the same category as the cash flows of the items being hedged. 19The Company formally documents the relationship between derivatives and hedged items, as well as the risk-management objective and the strategy for undertaking hedge transactions at the inception of the hedging relationship. This documentation includes linking fair value or cash flow hedges to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions. The Company also formally assesses, both at the hedgeâ€™s inception and on an ongoing basis, whether the derivative instruments that are designated are highly effective in offsetting changes in fair values or cash flows of the hedged items. The Company has elected not to offset the fair value amounts recognized for derivative instruments and the fair value amounts recognized for the right to reclaim cash collateral arising from derivative instruments recognized at fair value executed with the same counterparty under a master netting arrangement.For additional information relating to the derivatives and hedging activity, see Note 9.Revenue RecognitionThe Company recognizes revenue when services or products are transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled. The Companyâ€™s principal source of revenue is interest income from debt securities and loans. Revenue from contracts with customers within the scope of ASC Topic 606 was $45,407,000 and $43,200,000 for the six months ended JuneÂ 30, 2024 and 2023, respectively, and largely consisted of revenue from service charges and other fees from deposits (e.g., overdraft fees, ATM fees, debit card fees). Due to the short-term nature of the Companyâ€™s contracts with customers, an insignificant amount of receivables related to such revenue was recorded at JuneÂ 30, 2024 and DecemberÂ 31, 2023 and there were no impairment losses recognized. Policies specific to revenue from contracts with customers include the following:Service Charges. Revenue from service charges consists of service charges and fees on deposit accounts under depository agreements with customers to provide access to deposited funds and, when applicable, pay interest on deposits. Service charges on deposit accounts may be transactional or non-transactional in nature. Transactional service charges occur in the form of a service or penalty and are charged upon the occurrence of an event (e.g., overdraft fees, ATM fees, wire transfer fees). Transactional service charges are recognized as services are delivered to and consumed by the customer, or as penalty fees are charged. Non-transactional service charges are charges that are based on a broader service, such as account maintenance fees and dormancy fees, and are recognized on a monthly basis.Debit Card Fees. Revenue from debit card fees includes interchange fee income from debit cards processed through card association networks. Interchange fees represent a portion of a transaction amount that the Company and other involved parties retain to compensate themselves for giving the cardholder immediate access to funds. Interchange rates are generally set by the card association networks and are based on purchase volumes and other factors. The Company records interchange fees as services are provided. Accounting Guidance Adopted in 2024The ASC is the Financial Accounting Standards Board (â€œFASBâ€) officially recognized source of authoritative GAAP applicable to all public and non-public non-governmental entities. Rules and interpretive releases of the Securities and Exchange Commission (â€œSECâ€) under the authority of the federal securities laws are also sources of authoritative GAAP for the Company as an SEC registrant. All other accounting literature is non-authoritative. The following provides a description of a recently adopted Accounting Standards Updates (â€œASUâ€) that could have a material effect on the Companyâ€™s financial position or results of operations.ASU 2023-02 - Investments Equity Method and Joint Ventures. In March 2023, FASB amended Topic ASC 323 relating to accounting for investments in tax credit structures using the proportional amortization method. The amendments in this Update allow reporting entities to consistently account for equity investments made primarily for the purpose of receiving income tax credits and other income tax benefits. Previously, the accounting standards limited the proportional amortization method to account for qualifying investment in low-income-housing tax credit structures. The proportional amortization method results in the cost of the investment being amortized in proportion to the income tax credits and other income tax benefits received, with the amortization of the investment and the tax credits being presented net in the income statement as a component of income tax expense (benefit). The amendments in this Update permit an entity to elect to account for their tax equity investments, regardless of the tax credit program from which the income tax credits are received, using the proportional amortization method if certain conditions are met. The amendments are effective for public business entities beginning with the first interim and annual reporting periods after December 15, 2023. The Company adopted the amendments beginning January 1, 2024 for each tax credit program. The Company adjusted its processes and procedures related to the amendments and there was no material impact to the Companyâ€™s financial position and results of operations.20Accounting Guidance Pending Adoption in 2024The following provides a description of a recently issued but not yet effective ASU that could have a material effect on the Companyâ€™s financial position or results of operations.ASU 2023-09 - Income Tax Disclosures. In December 2023, FASB amended topic 740 related to certain income tax disclosures (the â€œUpdateâ€). The amendments provide updates related to the rate reconciliation and income taxes paid disclosures to improve transparency of income disclosures by requiring (1) consistent categories and greater disaggregation of information in the rate reconciliation and (2) income taxes paid disaggregated by jurisdiction. Other amendments in the Update improve the effectiveness and comparability of disclosures and remove disclosures that are no longer considered cost beneficial or relevant. The amendments are effective for public business entities beginning with the first annual reporting period after December 15, 2024 with early adoption permitted in any annual period. The amendments in this Update should be applied on a prospective basis and retrospective application is permitted. The Company is currently evaluating the impact of this Update, but does not expect the adoption of this guidance to have a material impact to the financial statements, including related disclosures, or significant impact on its current processes.Note 2. Debt SecuritiesThe following tables present the amortized cost, the gross unrealized gains and losses and the fair value of the Companyâ€™s debt securities:Â June 30, 2024(Dollars in thousands)AmortizedCostGrossUnrealizedGainsGrossUnrealizedLossesFairValueAvailable-for-saleU.S. government and federal agency$484,694Â 16Â (27,202)457,508Â U.S. government sponsored enterprises322,921Â â€"Â (21,338)301,583Â State and local governments99,400Â 208Â (3,969)95,639Â Corporate bonds14,860Â â€"Â (620)14,240Â Residential mortgage-backed securities2,894,949Â 2Â (336,931)2,558,020Â Commercial mortgage-backed securities1,154,686Â 442Â (82,577)1,072,551Â Total available-for-sale$4,971,510Â 668Â (472,637)4,499,541Â Held-to-maturityU.S. government and federal agency856,307Â â€"Â (69,035)787,272Â State and local governments1,636,726Â 1,176Â (206,395)1,431,507Â Residential mortgage-backed securities907,370Â â€"Â (79,080)828,290Â Total held-to-maturity3,400,403Â 1,176Â (354,510)3,047,069Â Total debt securities$8,371,913Â 1,844Â (827,147)7,546,610Â 21Â December 31, 2023(Dollars in thousands)AmortizedCostGrossUnrealizedGainsGrossUnrealizedLossesFairValueAvailable-for-saleU.S. government and federal agency$485,005Â 11Â (29,669)455,347Â U.S. government sponsored enterprises321,993Â â€"Â (22,774)299,219Â State and local governments101,903Â 302Â (3,273)98,932Â Corporate bonds27,007Â 2Â (756)26,253Â Residential mortgage-backed securities3,166,589Â 7Â (355,333)2,811,263Â Commercial mortgage-backed securities1,180,756Â 519Â (86,570)1,094,705Â Total available-for-sale$5,283,253Â 841Â (498,375)4,785,719Â Held-to-maturityU.S. government and federal agency853,273Â â€"Â (65,472)787,801Â State and local governments1,650,000Â 2,843Â (181,192)1,471,651Â Residential mortgage-backed securities999,138Â â€"Â (78,396)920,742Â Total held-to-maturity3,502,411Â 2,843Â (325,060)3,180,194Â Total debt securities$8,785,664Â 3,684Â (823,435)7,965,913Â Maturity AnalysisThe following table presents the amortized cost and fair value of available-for-sale and held-to-maturity debt securities by contractual maturity at JuneÂ 30, 2024. Actual maturities may differ from expected or contractual maturities since some issuers have the right to prepay obligations with or without prepayment penalties.Â June 30, 2024Â Available-for-SaleHeld-to-Maturity(Dollars in thousands)Amortized CostFair ValueAmortized CostFair ValueDue within one year$54,947Â 52,934Â 8,550Â 8,513Â Due after one year through five years798,503Â 751,219Â 937,001Â 866,167Â Due after five years through ten years30,724Â 29,744Â 180,213Â 171,432Â Due after ten years37,701Â 35,073Â 1,367,269Â 1,172,667Â 921,875Â 868,970Â 2,493,033Â 2,218,779Â Mortgage-backed securities 14,049,635Â 3,630,571Â 907,370Â 828,290Â Total$4,971,510Â 4,499,541Â 3,400,403Â 3,047,069Â ______________________________1 Mortgage-backed securities, which have prepayment provisions, are not assigned to maturity categories due to fluctuations in their prepayment speeds.22Sales and Calls of Debt SecuritiesProceeds from sales and calls of debt securities and the associated gains and losses that have been included in earnings are listed below for the periods shown:Â Three Months endedSix Months ended(Dollars in thousands)June 30,2024June 30,2023June 30,2024June 30,2023Available-for-saleProceeds from sales and calls of debt securities$451Â 6Â 173,719Â 31,285Â Gross realized gains 1â€"Â â€"Â 29Â 145Â Gross realized losses 1â€"Â â€"Â â€"Â (176)Held-to-maturityProceeds from calls of debt securities650Â 5,835Â 6,185Â 10,470Â Gross realized gains 1â€"Â 1Â â€"Â 9Â Gross realized losses 1(12)(24)(25)(115)______________________________1 The gain or loss on the sale or call of each debt security is determined by the specific identification method.Allowance for Credit Losses - Available-For-Sale Debt SecuritiesIn assessing whether a credit loss existed on available-for-sale debt securities with unrealized losses, the Company compared the present value of cash flows expected to be collected from the debt securities with the amortized cost basis of the debt securities. In addition, the following factors were evaluated individually and collectively in determining the existence of expected credit losses:â€¢credit ratings from Nationally Recognized Statistical Rating Organizations (â€œNRSROâ€ entities such as Standard and Poorâ€™s [â€œS&Pâ€] and Moodyâ€™s);â€¢extent to which the fair value is less than cost;â€¢adverse conditions, if any, specifically related to the impaired securities, including the industry and geographic area;â€¢the overall deal and payment structure of the debt securities, including the investor entityâ€™s position within the structure, underlying obligors, financial condition and near-term prospects of the issuer, including specific events that may affect the issuerâ€™s operations or future earnings, and credit support or enhancements; andâ€¢failure of the issuer and underlying obligors, if any, to make scheduled payments of interest and principal.23The following tables summarize available-for-sale debt securities that were in an unrealized loss position for which an ACL has not been recorded, based on the length of time the individual securities have been in an unrealized loss position. The number of available-for-sale debt securities in an unrealized position is also disclosed.Â June 30, 2024Â NumberofSecuritiesLess than 12 Months12 Months or MoreTotal(Dollars in thousands)FairValueUnrealizedLossFairValueUnrealizedLossFairValueUnrealizedLossAvailable-for-saleU.S. government and federal agency52Â $1,333Â (27)453,101Â (27,175)454,434Â (27,202)U.S. government sponsored enterprises14Â â€"Â â€"Â 301,583Â (21,338)301,583Â (21,338)State and local governments95Â 13,011Â (72)62,830Â (3,897)75,841Â (3,969)Corporate bonds2Â â€"Â â€"Â 13,412Â (620)13,412Â (620)Residential mortgage-backed securities398Â 159Â (3)2,557,560Â (336,928)2,557,719Â (336,931)Commercial mortgage-backed securities152Â 33,593Â (1,656)1,017,756Â (80,921)1,051,349Â (82,577)Total available-for-sale713Â $48,096Â (1,758)4,406,242Â (470,879)4,454,338Â (472,637)Â Â December 31, 2023Â NumberofSecuritiesLess than 12 Months12 Months or MoreTotal(Dollars in thousands)FairValueUnrealizedLossFairValueUnrealizedLossFairValueUnrealizedLossAvailable-for-saleU.S. government and federal agency57Â $3,702Â (56)448,909Â (29,613)452,611Â (29,669)U.S. government sponsored enterprises14Â â€"Â â€"Â 299,220Â (22,774)299,220Â (22,774)State and local governments85Â 3,039Â (2)64,645Â (3,271)67,684Â (3,273)Corporate bonds4Â â€"Â â€"Â 23,262Â (756)23,262Â (756)Residential mortgage-backed securities402Â 1,430Â (44)2,809,482Â (355,289)2,810,912Â (355,333)Commercial mortgage-backed securities151Â 21,232Â (268)1,034,183Â (86,302)1,055,415Â (86,570)Total available-for-sale713Â $29,403Â (370)4,679,701Â (498,005)4,709,104Â (498,375)With respect to severity, the majority of available-for-sale debt securities with unrealized loss positions at JuneÂ 30, 2024 were issued by Federal National Mortgage Association (â€œFannie Maeâ€), Federal Home Loan Mortgage Corporation (â€œFreddie Macâ€), Government National Mortgage Association (â€œGinnie Maeâ€) and other agencies of the U.S. government or have credit ratings issued by one or more of the NRSRO entities in the four highest credit rating categories. All of the Companyâ€™s available-for-sale debt securities with unrealized loss positions at JuneÂ 30, 2024 have been determined to be investment grade.The Company did not have any past due available-for-sale debt securities as of JuneÂ 30, 2024 and DecemberÂ 31, 2023, respectively. Accrued interest receivable on available-for-sale debt securities totaled $8,762,000 and $9,319,000 at JuneÂ 30, 2024, and DecemberÂ 31, 2023, respectively, and was excluded from the estimate of credit losses. 24Based on an analysis of its available-for-sale debt securities with unrealized losses as of JuneÂ 30, 2024, the Company determined the decline in value was unrelated to credit losses and was primarily the result of changes in interest rates and market spreads subsequent to acquisition. The fair value of the debt securities is expected to recover as payments are received and the debt securities approach maturity. In addition, as of JuneÂ 30, 2024, management determined it did not intend to sell available-for-sale debt securities with unrealized losses, and there was no expected requirement to sell such securities before recovery of their amortized cost. As a result, no ACL was recorded on available-for-sale debt securities at JuneÂ 30, 2024. As part of this determination, the Company considered contractual obligations, regulatory constraints, liquidity, capital, asset/liability management and securities portfolio objectives and whether or not any of the Companyâ€™s investment securities were managed by third-party investment funds.Allowance for Credit Losses - Held-To-Maturity Debt SecuritiesThe Company measured expected credit losses on held-to-maturity debt securities on a collective basis by major security type and NRSRO credit ratings, which is the Companyâ€™s primary credit quality indicator for state and local government securities. The estimate of expected credit losses considered historical credit loss information that was adjusted for current conditions as well as reasonable and supportable forecasts. The following table summarizes the amortized cost of held-to-maturity municipal bonds aggregated by NRSRO credit rating:(Dollars in thousands)June 30,2024December 31,2023Municipal bonds held-to-maturityS&P: AAA / Moodyâ€™s:

Aaa$421,210Â 427,918Â S&P: AA+, AA, AA- / Moodyâ€™s: Aa1, Aa2, Aa31,176,551Â 1,182,894Â S&P: A+, A, A- / Moodyâ€™s: A1, A2, A334,915Â 37,742Â Not rated by either entity4,050Â 1,446Â Total municipal bonds held-to-maturity$1,636,726Â 1,650,000Â The Companyâ€™s municipal bonds in the held-to-maturity debt securities portfolio is primarily comprised of general obligation and revenue bonds with NRSRO ratings in the four highest credit rating categories. All of the Companyâ€™s municipal bonds that are classified as held-to-maturity debt securities at JuneÂ 30, 2024 have been determined to be investment grade. Held-to-maturity debt securities included in the Companyâ€™s U.S. government and federal agency and residential mortgage-backed security categories are issued and guaranteed by the U.S. Treasury, Fannie Mae, Freddie Mac, Ginnie Mae and other agencies of the U.S. government are considered to be zero-loss securities. This determination is in consideration of the explicit and implicit guarantees by the US Government, the US Governmentâ€™s ability to print its own currency, a history of no credit losses by the US Government and noted agencies and the current economic and financial condition of the United States and US Government providing no indication the zero-loss determination is unjustified. As of JuneÂ 30, 2024 and DecemberÂ 31, 2023, the Company did not have any held-to-maturity debt securities past due. Accrued interest receivable on held-to-maturity debt securities totaled $16,767,000 and $16,990,000 at JuneÂ 30, 2024 and DecemberÂ 31, 2023, respectively, and were excluded from the estimate of credit losses.Based on the Companyâ€™s evaluation, an insignificant amount of credit losses is expected on the held-to-maturity debt securities portfolio; therefore, no ACL was recorded at JuneÂ 30, 2024 or DecemberÂ 31, 2023.25Note 3. Loans Receivable, NetThe following table presents loans receivable for each portfolio segment of loans:.(Dollars in thousands)June 30,2024December 31,2023Residential real estate$1,771,528Â 1,704,544Â Commercial real estate10,713,964Â 10,303,306Â Other commercial3,066,028Â 2,901,863Â Home equity905,884Â 888,013Â Other consumer394,587Â 400,356Â Loans receivable16,851,991Â 16,198,082Â Allowance for credit losses(200,955)(192,757)Loans receivable, net$16,651,036Â 16,005,325Â Net deferred origination (fees) costs included in loans receivable$(25,875)(25,577)Net purchase accounting (discounts) premiums included in loans receivable$(23,865)(13,802)Accrued interest receivable on loans$75,845Â 67,362Â Substantially all of the Companyâ€™s loans receivable are with borrowers in the Companyâ€™s geographic market areas. Although the Company has a diversified loan portfolio, a substantial portion of borrowersâ€™ ability to service their obligations is dependent upon the economic performance in the Companyâ€™s markets. The Company had no significant purchases or sales of portfolio loans or reclassification of loans held for investment to loans held for sale during the six months ended JuneÂ 30, 2024. Allowance for Credit Losses - Loans ReceivableThe ACL is a valuation account that is deducted from the amortized cost basis to present the net amount expected to be collected on loans. The following tables summarize the activity in the ACL:Three Months ended June 30, 2024(Dollars in thousands)TotalResidential Real EstateCommercial Real EstateOther CommercialHome EquityOther ConsumerBalance at beginning of period$198,779Â 24,166Â 135,153Â 22,094Â 10,999Â 6,367Â Provision for credit losses5,066Â 471Â 1,582Â 1,081Â 210Â 1,722Â Charge-offs(4,135)â€”Â (395)(1,461)â€”Â (2,279)Recoveries1,245Â 16Â 6Â 505Â 52Â 666Â Balance at end of period$200,955Â 24,653Â 136,346Â 22,219Â 11,261Â 6,476Â Three Months ended June 30, 2023(Dollars in thousands)TotalResidential Real EstateCommercial Real EstateOther CommercialHome EquityOther ConsumerBalance at beginning of period$186,604Â 19,974Â 130,253Â 21,164Â 10,570Â 4,643Â Provision for credit losses5,254Â 880Â (750)1,660Â 577Â 2,887Â Charge-offs(3,790)(15)(69)(1,469)(98)(2,139)Recoveries1,317Â 8Â 164Â 442Â 4Â 699Â Balance at end of period$189,385Â 20,847Â 129,598Â 21,797Â 11,053Â 6,090Â 26Six Months ended June 30, 2024(Dollars in thousands)TotalResidential Real EstateCommercial Real EstateOther CommercialHome EquityOther ConsumerBalance at beginning of period$192,757Â 22,325Â 130,924Â 21,194Â 11,766Â 6,548Â Acquisitions3Â â€”Â 3Â â€”Â â€”Â â€”Â Provision for credit losses14,157Â 2,308Â 5,789Â 3,374Â (554)3,240Â Charge-offs(8,430)â€”Â (395)(3,393)(25)(4,617)Recoveries2,468Â 20Â 25Â 1,044Â 74Â 1,305Â Balance at end of period$200,955Â 24,653Â 136,346Â 22,219Â 11,261Â 6,476Â Six Months ended June 30, 2023(Dollars in thousands)TotalResidential Real EstateCommercial Real EstateOther CommercialHome EquityOther ConsumerBalance at beginning of period$182,283Â 19,683Â 125,816Â 21,454Â 10,759Â 4,571Â Provision for credit losses11,514Â 1,173Â 3,954Â 1,539Â 347Â 4,501Â Charge-offs(7,083)(20)(416)(2,241)(102)(4,304)Recoveries2,671Â 11Â 244Â 1,045Â 49Â 1,322Â Balance at end of period$189,385Â 20,847Â 129,598Â 21,797Â 11,053Â 6,090Â During the six months ended JuneÂ 30, 2024, the ACL increased primarily as a result of loan portfolio growth. The sizeable charge-offs in the other consumer loan segment was driven by deposit overdraft charge-offs which typically experience high charge-off rates and the amounts were comparable to historical trends. The other segments generally experience routine charge-offs and recoveries, with occasional large credit relationships charge-offs and recoveries that cause fluctuations from prior periods. During the six months ended JuneÂ 30, 2024, there have been no significant changes to the types of collateral securing collateral-dependent loans.Aging AnalysisThe following tables present an aging analysis of the recorded investment in loans:Â June 30, 2024(Dollars in thousands)TotalResidentialRealÂ EstateCommercialReal EstateOtherCommercialHomeEquityOtherConsumerAccruing loans 30-59 days past due$20,978Â 414Â 5,600Â 7,395Â 4,355Â 3,214Â Accruing loans 60-89 days past due28,700Â 3,082Â 11,590Â 12,409Â 883Â 736Â Accruing loans 90 days or more past due4,692Â 364Â 2,644Â 875Â 382Â 427Â Non-accrual loans with no ACL10,428Â 2,400Â 3,467Â 1,952Â 1,828Â 781Â Non-accrual loans with ACL2,258Â â€”Â 2,145Â â€”Â â€”Â 113Â Total past due andÂ Â non-accrual loans67,056Â 6,260Â 25,446Â 22,631Â 7,448Â 5,271Â Current loans receivable16,784,935Â 1,765,268Â 10,688,518Â 3,043,397Â 898,436Â 389,316Â Total loans receivable$16,851,991Â 1,771,528Â 10,713,964Â 3,066,028Â 905,884Â 394,587Â 27Â Â December 31, 2023(Dollars in thousands)TotalResidentialRealÂ EstateCommercialReal EstateOtherCommercialHomeEquityOtherConsumerAccruing loans 30-59 days past due$43,455Â 5,342Â 18,134Â 12,745Â 3,006Â 4,228Â Accruing loans 60-89 days past due6,512Â 729Â 2,439Â 774Â 1,527Â 1,043Â Accruing loans 90 days or more past due3,312Â 107Â 2,161Â 530Â 283Â 231Â Non-accrual loans with no ACL20,722Â 2,562Â 13,680Â 1,869Â 1,966Â 645Â Non-accrual loans with ACL94Â â€”Â â€”Â 7Â â€”Â 87Â Total past due and non-accrual loans74,095Â 8,740Â 36,414Â 15,925Â 6,782Â 6,234Â Current loans receivable16,123,987Â 1,695,804Â 10,266,892Â 2,885,938Â 881,231Â 394,122Â Total loans receivable$16,198,082Â 1,704,544Â 10,303,306Â 2,901,863Â 888,013Â 400,356Â The Company had $25,000 and $55,000 of interest reversed on non-accrual loans during the six months ended JuneÂ 30, 2024 and JuneÂ 30, 2023, respectively.Collateral-Dependent LoansA loan is considered collateral-dependent when the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. The collateral on the loans is a significant portion of what secures the collateral-dependent loans and significant changes to the fair value of the collateral can impact the ACL. During the six months ended JuneÂ 30, 2024, there were no significant changes to collateral which secures the collateral-dependent loans, whether due to general deterioration or other reasons. The following table presents the amortized cost basis of collateral-dependent loans by collateral type:Â June 30, 2024(Dollars in thousands)TotalResidentialRealÂ EstateCommercialReal EstateOtherCommercialHomeEquityOtherConsumerBusiness assets$11,620Â â€”Â 1Â 11,619Â â€”Â â€”Â Residential real estate11,355Â 2,395Â 6,344Â 606Â 1,809Â 201Â Other real estate28,485Â 5Â 26,879Â 1,204Â 20Â 377Â Other861Â â€”Â â€”Â 248Â â€”Â 613Â Total$52,321Â 2,400Â 33,224Â 13,677Â 1,829Â 1,191Â Â December 31, 2023(Dollars in thousands)TotalResidentialRealÂ EstateCommercialReal EstateOtherCommercialHomeEquityOtherConsumerBusiness assets$3,236Â â€”Â 6Â 3,230Â â€”Â â€”Â Residential real estate17,578Â 11,099Â 4,317Â 98Â 1,968Â 96Â Other real estate21,635Â 35Â 20,598Â 620Â 25Â 357Â Other595Â â€”Â â€”Â 15Â â€”Â 580Â Total$43,044Â 11,134Â 24,921Â 3,963Â 1,993Â 1,033Â 28Loan Modifications Made to Borrowers Experiencing Financial Difficulty The following disclosures for loan modifications made to borrowers experiencing financial difficulty (â€œMBFDâ€) are presented in accordance with ASC Topic 310. The following tables show the amortized cost basis at the end of the period of the loans modified to borrowers experiencing financial difficulty by segment: At or for the Three Months ended June 30, 2024Term Extension and Payment DeferralCombination - Term Extension and Interest Rate Reduction(Dollars in thousands)Amortized Cost Basis% of Total ClassAmortized Cost Basis% of Total ClassTotalCommercial real estate7,624Â 0.1Â %â€”Â â€”Â %7,624Â Other commercial680Â â€”Â %â€”Â â€”Â %680Â Total$8,304Â $â€”Â $8,304Â At or for the Three Months ended June 30, 2023Term Extension and Payment DeferralCombination - Term Extension and Interest Rate Reduction(Dollars in thousands)Amortized Cost Basis% of Total ClassAmortized Cost Basis% of Total ClassTotalCommercial real estate$2,014Â â€”Â %$â€”Â â€”Â %$2,014Â Other commercial3,424Â 0.1Â %25Â â€”Â %3,449Â Home equity52Â â€”Â %â€”Â â€”Â %52Â Total$5,490Â $25Â $5,515Â At or for the Six Months ended June 30, 2024Term Extension and Payment DeferralCombination - Term Extension and Interest Rate Reduction(Dollars in thousands)Amortized Cost Basis% of Total ClassAmortized Cost Basis% of Total ClassTotalResidential real estate$204Â â€”Â %$â€”Â â€”Â %$204Â Commercial real estate9,237Â 0.1Â %30,506Â 0.3Â %39,743Â Other commercial10,114Â 0.3Â %441Â â€”Â %10,555Â Total$19,555Â $30,947Â $50,502Â 29At or for the Six Months ended JuneÂ 30, 2023Term Extension and Payment DeferralPrincipal ForgivenessCombination - Term Extension and Interest Rate Reduction(Dollars in thousands)Amortized Cost Basis% of Total ClassAmortized Cost Basis% of Total ClassAmortized Cost Basis% of Total ClassTotalCommercial real estate$6,282Â 0.1Â %$â€”Â â€”Â %$338Â â€”Â %$6,620Â Other commercial5,166Â 0.2Â %â€”Â â€”Â %25Â â€”Â %5,191Â Home equity52Â â€”Â %â€”Â â€”Â %â€”Â â€”Â %52Â Other consumer18Â â€”Â %10Â â€”Â %â€”Â â€”Â %28Â Total$11,518Â $10Â $363Â $11,891Â The following tables describe the financial effect of the modifications made to borrowers experiencing financial difficulty by segment: At or for the Three Months ended June 30, 2024Weighted Average Interest Rate ReductionWeighted Average Term ExtensionPrincipal ForgivenessCommercial real estateâ€”%2 monthsâ€”Other commercialâ€”%2 monthsâ€”At or for the Three Months ended June 30, 2023Weighted Average Interest Rate ReductionWeighted Average Term ExtensionPrincipal ForgivenessCommercial real estateâ€”%1 monthâ€”Other commercialâ€”%7 monthsâ€”Home equityâ€”%10 monthsâ€”At or for the Six Months ended June 30, 2024Weighted Average Interest Rate ReductionWeighted Average Term ExtensionPrincipal ForgivenessResidential real estateâ€”%9 monthsâ€”Commercial real estate1.67%9 monthsâ€”Other commercialâ€”%9 monthsâ€”At or for the Six Months ended JuneÂ 30, 2023Weighted Average Interest Rate ReductionWeighted Average Term ExtensionPrincipal ForgivenessCommercial real estate0.12%1 year, 4 monthsâ€”Other commercialâ€”%1 yearâ€”Home equityâ€”%10 monthsâ€”Other consumerâ€”%8 months$10 thousandThere were no loans modified in the twelve months that had a payment default during the period at JuneÂ 30, 2024. There were $668,000 and $5,361,000 of additional unfunded commitments on MBFDs outstanding at JuneÂ 30, 2024 and DecemberÂ 31, 2023, respectively. At JuneÂ 30, 2024 and DecemberÂ 31, 2023, the Company had $48,000 and $98,000, respectively, of consumer mortgage loans secured by residential real estate properties for which formal foreclosure proceedings are in process. At JuneÂ 30, 2024 and DecemberÂ 31, 2023, the Company had $0 and $15,000, respectively, of OREO secured by residential real estate properties.30The following tables depict the performance of loans that have been modified in the last twelve months by segment: June 30, 2024(Dollars in thousands)TotalCurrent30-89 Days Past Due90 Days or More Past DueNon-AccrualResidential real estate$204Â 204Â â€”Â â€”Â â€”Â Commercial real estate39,743Â 39,359Â â€”Â â€”Â 384Â Other commercial10,555Â 10,015Â 99Â â€”Â 441Â Total$50,502Â 49,578Â 99Â â€”Â 825Â June 30, 2023(Dollars in thousands)TotalCurrent30-89 Days Past Due90 Days or More Past DueNon-AccrualCommercial real estate$6,620Â 1,461Â 3,545Â â€”Â 1,614Â Other commercial5,191Â 3,338Â 1,496Â 320Â 37Â Home equity52Â â€”Â â€”Â â€”Â 52Â Other consumer28Â 18Â 10Â â€”Â â€”Â Total$11,891Â 4,817Â 5,051Â 320Â 1,703Â Credit Quality IndicatorsThe Company categorizes commercial real estate and other commercial loans into risk categories based on relevant information about the ability of borrowers to service their obligations. The following tables present the amortized cost in commercial real estate and other commercial loans based on the Companyâ€™s internal risk rating. The date of a modification, renewal or extension of a loan is considered for the year of origination if the terms of the loan are as favorable to the Company as the terms are for a comparable loan to other borrowers with similar credit risk. 31Â June 30, 2024(Dollars in thousands)Gross Charge-OffsTotalPassSpecial MentionSubstandardDoubtful/LossCommercial real estate loansTerm loans by origination year2024 (year-to-date)$â€”Â 667,673Â 639,113Â 557Â 28,003Â â€”Â 2023â€”Â 1,336,519Â 1,332,961Â 3,161Â 397Â â€”Â 202272Â 2,522,314Â 2,469,577Â 38,297Â 14,440Â â€”Â 2021â€”Â 2,153,164Â 2,119,716 loansâ€”Â 292,344Â 287,423Â 3,347Â 1,573Â 1Â Total$395Â 10,713,964Â 10,517,765Â 86,193Â 109,983Â 23Â Other commercial loansTerm loans by origination year2024 (year-to-date)$2,536Â 194,955Â 194,258Â 550Â 8Â 139Â 202350Â 359,137Â 356,837Â 729Â 1,571Â â€”Â 202248Â 547,892Â 540,268Â 1,537Â 6,039Â 48Â 2021405Â 492,394Â 473,380Â 10,118Â 8,893Â loansâ€”Â 707,383Â 688,514Â 4,977Â 13,847Â 45Â Total$3,393Â 3,066,028Â 2,985,290Â 19,869Â 60,632Â 237Â 32Â December 31, 2023(Dollars in thousands)Gross Charge-OffsTotalPassSpecial MentionSubstandardDoubtful/LossCommercial real estate loansTerm loans by origination year2023$889Â $1,316,100Â 1,313,446Â 97Â 2,557Â â€”Â 2022430Â 2,547,939Â 2,520,484Â 12,855Â 14,600Â â€”Â 2021145Â 2,200,677Â 2,178,153Â 19,782Â 2,742Â â€”Â 2020â€”Â 1,130,117 loansâ€”Â 286,855Â 285,432Â 1Â 1,421Â 1Â Total$2,080Â $10,303,306Â 10,131,254Â 52,657Â 119,363Â 32Â Other commercial loansTerm loans by origination year2023$3,080Â $369,059Â 367,337Â â€”Â 1,603Â 119Â 2022406Â 566,295Â 561,567Â 3,319Â 1,408Â 1Â 2021â€”Â 531,558Â 519,151Â 10,187Â 2,218Â 2Â 202092Â 245,962Â 240,613Â â€”Â loansâ€”Â 594,542Â 577,953Â 11,977Â 4,612Â â€”Â Total$3,891Â $2,901,863Â 2,851,357Â 25,483Â 24,897Â 126Â 33For residential real estate, home equity and other consumer loan segments, the Company evaluates credit quality primarily on the aging status of the loan. The following tables present the amortized cost in residential real estate, home equity and other consumer loans based on payment performance:Â June 30, 2024(Dollars in thousands)Gross Charge-OffsTotalPerforming30-89 Days Past DueNon-Accrual and 90 Days or More Past DueResidential real estate loansTerm loans by origination year2024 (year-to-date)$â€”Â 62,011Â 61,830Â 181Â â€”Â 2023â€”Â 287,522Â 287,294Â 228Â â€”Â 2022â€”Â 668,416Â 666,781Â 1,295Â 340Â 2021â€”Â 472,164Â 471,137Â 1,027Â â€”Â 2020â€”Â 95,183Â 95,1 loansâ€”Â 60Â 60Â â€”Â â€”Â Total$â€”Â 1,771,528Â 1,765,268Â 3,496Â 2,764Â Home equity loansTerm loans by origination year2024 (year-to-date)$â€”Â â€”Â â€”Â â€”Â 202315Â 145Â 145Â â€”Â â€”Â 2022â€”Â â€”Â â€”Â â€”Â â€”Â 2021â€”Â 132Â 132Â â€”Â â€”Â 2020â€”Â â€”Â â€”Â â€”Â â€”Â Prior10Â 4,796Â 4,720Â â€”Â 7 loansâ€”Â 900,811Â 893,439Â 5,238Â 2,134Â Total$25Â 905,884Â 898,436Â 5,238Â 2,210Â Other consumer loansTerm loans by origination year2024 (year-to-date)$3,946Â 68,155Â 66,630Â 1,512Â 13Â 2023220Â 109,883Â 109,185Â 544Â 154Â 2022263Â 79,214Â 78,070Â 894Â 250Â 202195Â 50,932Â 50,101Â 345Â 486Â 202024Â 22,344Â 22,243Â 5 loansâ€”Â 39,949Â 39,437Â 509Â 3Â Total$4,617Â 394,587Â 389,316Â 3,950Â 1,321Â 34Â December 31, 2023(Dollars in thousands)Gross Charge-OffsTotalPerforming30-89 Days Past DueNon-Accrual and 90 Days or More Past DueResidential real estate loansTerm loans by origination year2023$â€”Â $234,568Â 233,753Â 815Â â€”Â 20225Â 673,782Â 671,196Â 2,586Â â€”Â 2021â€”Â 495,645Â 495,645Â â€”Â â€”Â 2020â€”Â 99,199Â 99,199Â â€”Â â€”Â 2019â€”Â 42,054Â 42,0 loansâ€”Â 468Â 468Â â€”Â â€”Â Total$20Â $1,704,544Â 1,695,804Â 6,071Â 2,669Â Home equity loansTerm loans by origination year2023$â€”Â $â€”Â â€”Â â€”Â â€”Â 2022â€”Â 20Â 20Â â€”Â â€”Â 202148Â â€”Â â€”Â â€”Â â€”Â 202050Â 21Â 21Â â€”Â â€”Â 2019â€”Â 178Â 178Â â€”Â â€”Â Prior31Â 5,492Â 5,277Â 11Â 20 loansâ€”Â 882,302Â 875,735Â 4,522Â 2,045Â Total$129Â $888,013Â 881,231Â 4,533Â 2,249Â Other consumer loansTerm loans by origination year2023$7,801Â $139,295Â 137,035Â 2,079Â 181Â 2022715Â 98,630Â 97,536Â 870Â 224Â 2021170Â 62,961Â 62,107Â 805Â 49Â 202085Â 29,143Â 29,012Â 119Â 12Â 201973Â 12,335Â 12,27 loansâ€”Â 40,678Â 39,489Â 1,182Â 7Â Total$8,975Â $400,356Â 394,122Â 5,271Â 963Â 35Note 4. LeasesThe Company leases certain land, premises and equipment from third parties. ROU assets for operating and finance leases are included in net premises and equipment and lease liabilities are included in other liabilities and other borrowed funds, respectively, on the Companyâ€™s statements of financial condition. The following table summarizes the Companyâ€™s leases:June 30, 2024December 31, 2023(Dollars in thousands)FinanceLeasesOperatingLeasesFinanceLeasesOperatingLeasesROU assets$31,495Â 31,222Â Accumulated depreciation(9,131)(6,940)Net ROU assets$22,364Â 37,885Â 24,282Â 40,781Â Lease liabilities$23,447Â 41,421Â 25,116Â 44,319Â Weighted-average remaining lease term11 years16 years11 years16 yearsWeighted-average discount rate3.6Â %3.7Â %3.6Â %3.7Â %Maturities of lease liabilities consist of the following:June 30, 2024(Dollars in thousands)FinanceLeasesOperatingLeasesMaturing within one year$4,740Â 4,517Â Maturing one year through two years4,751Â 4,649Â Maturing two years through three years4,761Â 4,505Â Maturing three years through four years2,672Â 3,992Â Maturing four years through five years583Â 3,508Â Thereafter10,842Â 35,780Â Total lease payments28,349Â 56,951Â Present value of lease paymentsShort-term3,971Â 3,063Â Long-term19,476Â 38,358Â Total present value of lease payments23,447Â 41,421Â Difference between lease payments and present value of lease payments$4,902Â 15,530Â The components of lease expense consist of the following:Three Months endedSix Months ended(Dollars in thousands)June 30,2024June 30,2023June 30,2024June 30,2023Finance lease costAmortization of ROU assets$1,101Â 1,032Â 2,191Â 2,058Â Interest on lease liabilities216Â 240Â 440Â 484Â Operating lease cost1,309Â 1,388Â 2,627Â 2,884Â Short-term lease cost110Â 172Â 233Â 377Â Variable lease cost291Â 409Â 755Â 852Â Sublease income(10)(10)(20)(23)Total lease expense$3,017Â 3,231Â 6,226Â 6,632Â 36Supplemental cash flow information related to leases is as follows:Three Months endedJune 30, 2024June 30, 2023(Dollars in thousands)FinanceLeasesOperatingLeasesFinanceLeasesOperatingLeasesCash paid for amounts included in the measurement of lease liabilitiesOperating cash flows$216Â 866Â 240Â 896Â Financing cash flows968Â N/A880Â N/ASix Months endedJune 30, 2024June 30, 2023(Dollars in thousands)FinanceLeasesOperatingLeasesFinanceLeasesOperatingLeasesCash paid for amounts included in the measurement of lease liabilitiesOperating cash flows$440Â 1,690Â 484Â 1,822Â Financing cash flows1,916Â N/A1,741Â N/AThe Company also leases office space to third parties through operating leases. Rent income from these leases for the six months ended JuneÂ 30, 2024 and 2023 was not significant. Note 5. GoodwillThe following schedule discloses the changes in the carrying value of goodwill:Three Months endedSix Months ended(Dollars in thousands)June 30,2024June 30,2023June 30,2024June 30,2023Net carrying value at beginning of period$1,023,762Â 985,393Â 985,393Â 985,393Â Acquisitions and adjustmentsâ€"Â â€"Â 38,369Â â€"Â Net carrying value at end of period$1,023,762Â 985,393Â 1,023,762Â 985,393Â The Company performed its annual goodwill impairment test during the third quarter of 2023 and determined the fair value of the aggregated reporting units exceeded the carrying value, such that the Companyâ€™s goodwill was not considered impaired. Changes in the economic environment, operations of the aggregated reporting units, or other factors could result in the decline in the fair value of the aggregated reporting units which could result in a goodwill impairment in the future. Accumulated impairment charges were $40,159,000 as of JuneÂ 30, 2024 and DecemberÂ 31, 2023. For additional information relating to current year acquisitions, see Note 14. 37Note 6. Loan ServicingMortgage loans that are serviced for others are not reported as assets, only the servicing rights are recorded and included in other assets. The following schedules disclose the change in the carrying value of mortgage servicing rights that is included in other assets, principal balances of loans serviced and the fair value of mortgage servicing rights: (Dollars in thousands)June 30,2024December 31,2023Carrying value at beginning of period$12,534Â 13,488Â Additions312Â 434Â Amortization(647)(1,388)Carrying value at end of period$12,199Â 12,534Â Principal balances of loans serviced for others$1,538,795Â 1,570,834Â Fair value of servicing rights$18,014Â 18,000Â Note 7. Variable Interest EntitiesA VIE is a partnership, limited liability company, trust or other legal entity that meets one of the following criteria: 1) the entityâ€™s equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support from other parties; 2) the holders of the equity investment at risk, as a group, lack the characteristics of a controlling financial interest; and 3) the voting rights of some holders of the equity investment at risk are disproportionate to their obligation to absorb losses or receive returns, and substantially all of the activities are conducted on behalf of the holder of equity investment at risk with disproportionately few voting rights. A VIE must be consolidated by the Company if it is deemed to be the primary beneficiary, which is the party involved with the VIE that has both: 1) the power to direct the activities of the VIE that most significantly affect the VIEâ€™s economic performance; and 2) the obligation to absorb the losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. The Companyâ€™s VIEs are regularly monitored to determine if any reconsideration events have occurred that could cause the primary beneficiary status to change. A previously unconsolidated VIE is consolidated when the Company becomes the primary beneficiary. A previously consolidated VIE is deconsolidated when the Company ceases to be the primary beneficiary or the entity is no longer a VIE. Consolidated Variable Interest EntitiesThe Company has equity investments in Certified Development Entities (â€œCDEâ€) which have received allocations of New Markets Tax Credits (â€œNMTCâ€). The NMTC program provides federal tax incentives to investors to make investments in distressed communities and promotes economic improvements through the development of successful businesses in these communities. The NMTC is available to investors over seven years and is subject to recapture if certain events occur during such period. The maximum exposure to loss in the CDEs is the amount of equity invested and credit extended by the Company. However, the Company has credit protection in the form of indemnification agreements, guarantees, and collateral arrangements. The Company has evaluated the variable interests held by the Company in each CDE (NMTC) investment and determined the Company does not individually meet the characteristics of a primary beneficiary; however, the related-party group does meet the criteria as a group and substantially all of the activities of the CDEs either involve or are conducted on behalf of the Company. As a result, the Company is the primary beneficiary of the CDEs and their assets, liabilities, and results of operations are included in the Companyâ€™s consolidated financial statements. The primary activities of the CDEs are recognized in commercial loans interest income and other borrowed funds interest expense on the Companyâ€™s statements of operations and the federal income tax credit allocations from the investments are recognized in the Companyâ€™s statements of operations as a component of income tax expense. Such related cash flows are recognized in loans originated, principal collected on loans and change in other borrowed funds. 38The Bank is also the sole member of certain tax credit funds that make direct investments in qualified affordable housing projects (e.g., Low-Income Housing Tax Credit [â€œLIHTCâ€] partnerships). As such, the Company is the primary beneficiary of these tax credit funds and their assets, liabilities, and results of operations are included in the Companyâ€™s consolidated financial statements. The following table summarizes the carrying amounts of the consolidated VIEsâ€™ assets and liabilities included in the Companyâ€™s statements of financial condition and are adjusted for intercompany eliminations. All assets presented can be used only to settle obligations of the consolidated VIEs and all liabilities presented consist of liabilities for which creditors and other beneficial interest holders therein have no recourse to the general credit of the Company.(Dollars in thousands)June 30,2024December 31,2023AssetsLoans receivable$131,963Â 136,527Â Accrued interest receivable748Â 376Â Other assets75,659Â 48,924Â Total assets$208,370Â 185,827Â LiabilitiesOther borrowed funds$64,702Â 56,578Â Accrued interest payable623Â 242Â Other liabilities20,409Â 182Â Total liabilities$85,734Â 57,002Â Unconsolidated Variable Interest EntitiesThe Company has equity investments in LIHTC partnerships, both directly and through tax credit funds, with carrying values of $192,528,000 and $83,962,000 as of JuneÂ 30, 2024 and DecemberÂ 31, 2023, respectively. The LIHTCs are indirect federal subsidies to finance low-income housing and are used in connection with both newly constructed and renovated residential rental buildings. Once a project is placed in service, it is generally eligible for the tax credit for ten years. To continue generating the tax credit and to avoid tax credit recapture, a LIHTC building must satisfy specific low-income housing compliance rules for a full fifteen years. The maximum exposure to loss in the VIEs is the amount of equity invested and credit extended by the Company. However, the Company has credit protection in the form of indemnification agreements, guarantees, and collateral arrangements. The Company has evaluated the variable interests held by the Company in each LIHTC investment and determined that the Company does not have controlling financial interests in such investments, and is not the primary beneficiary. The Company reports the investments in the unconsolidated LIHTCs as other assets on the Companyâ€™s statements of financial condition and any unfunded equity commitments in other liabilities. There were no impairment losses on the Companyâ€™s LIHTC investments during the six months ended JuneÂ 30, 2024 and 2023. Future unfunded contingent equity commitments related to the Companyâ€™s LIHTC investments at JuneÂ 30, 2024 are as follows: (Dollars in thousands)AmountYears ending DecemberÂ 31,2024$36,007Â 202542,427Â 202613,194Â 20271,594Â 2028649Â Thereafter2,547Â Total$96,418Â 39The Company has elected to use the proportional amortization method, and more specifically the practical expedient method, for the amortization of all eligible LIHTC investments and amortization expense is recognized as a component of income tax expense. The following table summarizes the amortization expense and the amount of tax credits and other tax benefits recognized for qualified affordable housing project investments during the periods presented. Three Months endedSix Months ended(Dollars in thousands)June 30,2024June 30,2023June 30,2024June 30,2023Amortization expense$5,204Â 3,959Â 10,388Â 7,908Â Tax credits and other tax benefits recognized6,808Â 5,288Â 13,610Â 10,571Â The Company also owns the following trust subsidiaries, each of which issued trust preferred securities as capital instruments: Glacier Capital Trust II, Glacier Capital Trust III, Glacier Capital Trust IV, Citizens (ID) Statutory Trust I, Bank of the San Juans Bancorporation Trust I, First Company Statutory Trust 2001, First Company Statutory Trust 2003, FNB (UT) Statutory Trust I and FNB (UT) Statutory Trust II. The trust subsidiaries have no assets, operations, revenues or cash flows other than those related to the issuance, administration and repayment of the securities held by third parties. The trust subsidiaries are not included in the Companyâ€™s consolidated financial statements because the sole asset of each trust subsidiary is a receivable from the Company, even though the Company owns all of the voting equity shares of the trust subsidiaries, has fully guaranteed the obligations of the trust subsidiaries and may have the right to redeem the third party securities under certain circumstances. The Company reports the trust preferred securities issued to the trust subsidiaries as subordinated debentures on the Companyâ€™s statements of financial condition.Note 8. Securities Sold Under Agreements to RepurchaseThe following table summarizes the carrying value of the Companyâ€™s securities sold under agreements to repurchase (â€œrepurchase agreementsâ€) by remaining contractual maturity of the agreements and category of collateral:Overnight and Continuous(Dollars in thousands)June 30,2024December 31,2023U.S. government and federal agency$â€"Â $113,509Â Residential mortgage-backed securities1,629,504Â 1,306,047Â Commercial mortgage-backed securitiesâ€"Â 67,294Â Total$1,629,504Â 1,486,850Â The repurchase agreements are secured by debt securities with carrying values of $1,920,503,000 and $1,800,829,000 at JuneÂ 30, 2024 and DecemberÂ 31, 2023, respectively. Securities are pledged to customers at the time of the transaction in an amount at least equal to the outstanding balance and are held in custody accounts by third parties. The fair value of collateral is continually monitored and additional collateral is provided as deemed appropriate. Note 9. Derivatives and Hedging ActivitiesCash Flow HedgesInterest Rate Cap Derivatives. The Company has purchased interest rate caps designated as cash flow hedges with notional amounts totaling $130,500,000 on its variable rate subordinated debentures and were determined to be fully effective during the six months ended JuneÂ 30, 2024. The interest rate caps require receipt of variable amounts from the counterparty when interest rates rise above the strike price in the contracts. The strike prices in the five year term contracts range from 1.5 percent to 2 percent. The variable rate is based on 90 days of compounded overnight SOFR plus a spread of 0.26161 percent. At JuneÂ 30, 2024 and DecemberÂ 31, 2023, the interest rate caps had a fair value of $3,285,000 and $4,990,000, respectively, and were reported as other assets on the Companyâ€™s statements of financial condition. Amortization recorded on the interest rate caps totaled $84,000 for the six months ended JuneÂ 30, 2024 and 2023, respectively, and was reported as a component of interest expense on subordinated debentures. 40The effect of cash flow hedge accounting on OCI for the periods ending JuneÂ 30, 2024 and 2023 was as follows:Three Months endedSix Months ended(Dollars in thousands)June 30,2024June 30,2023June 30,2024June 30,2023Amount of gain recognized in OCI$270Â 1,922Â 927Â 1,886Â Amount of gain reclassified from OCI to net income1,288Â 1,113Â 2,548Â 2,087Â Fair Value HedgesInterest Rate Swap Agreements. During 2023, the Company entered into fair value hedges for a closed pool of fixed rate debt securities. The instruments are designated as fair value hedges as the changes in the fair value of the interest rate swap are expected to offset changes in the fair value of the hedged item attributable to changes in the compounded overnight SOFR rate, the designated benchmark interest rate. These derivative contracts involve the receipt of floating rate interest from a counterparty in exchange for the Company making fixed-rate payments over the life of the contract, without the exchange of the underlying notional value. The following tables present the notional and estimated fair value amount of derivative positions outstanding: June 30, 2024Weighted Average(Dollars in thousands)Notional AmountAsset DerivativeLiability DerivativeRemaining MaturityReceive RatePay RateInterest rate swap - securities$1,500,000Â $2,771Â $462Â 1.7 yearsSOFR4.63Â %December 31, 2023Weighted Average(Dollars in thousands)Notional AmountAsset DerivativeLiability DerivativeRemaining MaturityReceive RatePay RateInterest rate swap - securities$1,500,000Â $â€"Â $17,988Â 2.1 yearsSOFR4.63Â %The following amounts were recorded on the balance sheet related to cumulative basis adjustments for fair value hedges: (Dollars in thousands)Amortized cost of the Hedged AssetsAmortized Cost of Fair Value Hedging Included in the Carrying Amount of the Hedged Assets Line item on the balance sheetJune 30,2024December 31,2023June 30,2024December 31,2023Investment securities available-for-sale$3,543,848Â $3,807,239Â $(2,309)$17,988Â The effects of the fair value hedge relationships on the income statement were as follows: Three Months EndedSix Months ended(Dollars in thousands)Location of Gain (Loss)June 30, 2024June 30, 2023June 30, 2024June 30, 2023Interest rate swapInterest income on investment securities$6,358Â $â€"Â $25,958Â â€"Â AFS debtÂ Â Â securitiesInterest income on investment securities(3,520)â€"Â (20,297)â€"Â 41Residential Real Estate DerivativesThe Company enters into residential real estate derivatives for commitments (â€œinterest rate locksâ€) to fund certain residential real estate loans to be sold into the secondary market. At JuneÂ 30, 2024 and DecemberÂ 31, 2023, loan commitments with interest rate lock commitments totaled $62,821,000 and $22,738,000, respectively. At JuneÂ 30, 2024 and DecemberÂ 31, 2023, the fair value of the related derivatives on the interest rate lock commitments was $1,045,000 and $604,000, respectively, and was included in other assets with corresponding changes recorded in gain on sale of loans. The Company enters into free-standing derivatives to mitigate interest rate risk for most residential real estate loans to be sold. These derivatives include forward commitments to sell to-be-announced (â€œTBAâ€) securities which are used to economically hedge the interest rate risk associated with such loans and unfunded commitments. At JuneÂ 30, 2024 and DecemberÂ 31, 2023, TBA commitments were $47,000,000 and $22,000,000, respectively. At JuneÂ 30, 2024 and DecemberÂ 31, 2023, the fair value of the related derivatives on the TBA securities was $76,000 and $350,000, respectively, and was included in other liabilities with corresponding changes recorded in gain on sale of loans. The Company does not enter into a commitment to sell these loans to an investor until the loan is funded and is ready to be delivered to the investor. Due to the forward sales commitments being short-term in nature, the corresponding derivatives are not significant. For all other residential real estate loans to be sold, the Company enters into â€œbest effortsâ€ forward sales commitments for the future delivery of loans to third party investors when interest rate lock commitments are entered into in order to economically hedge the effect of changes in interest rates resulting from its commitments to fund the loans. Forward sales commitments on a â€œbest effortsâ€ basis are not designated in hedge relationships until the loan is funded. Note 10. Other ExpensesOther expenses consists of the following:Â Three Months endedSix Months ended(Dollars in thousands)June 30,2024June 30,2023June 30,2024June 30,2023Consulting and outside services$5,285Â 5,085Â $10,012Â 9,166Â Mergers and acquisition expenses1,783Â 211Â 7,508Â 563Â Debit card expenses3,300Â 2,762Â 6,882Â 5,727Â VIE amortization and other expenses854Â 1,218Â 4,162Â 3,746Â Loan expenses1,635Â 1,774Â 3,934Â 3,481Â Checking and operating expenses1,817Â 1,050Â 3,335Â 1,716Â Telephone1,501Â 1,475Â 3,052Â 3,054Â Employee expenses1,602Â 1,952Â 3,034Â 3,247Â Business development1,084Â 1,169Â 2,732Â 2,530Â Postage1,187Â 1,008Â 2,433Â 2,126Â Printing and supplies769Â 692Â 1,490Â 1,536Â Accounting and audit fees177Â 2Â 999Â 1,026Â Legal fees534Â 562Â 957Â 887Â (Gain) loss on dispositions of fixed assets(1,503)1Â (2,538)(14)Other2,591Â 2,162Â 5,107Â 4,464Â Total other expenses$22,616Â 21,123Â $53,099Â 43,255Â 42Note 11. Accumulated Other Comprehensive (Loss) IncomeThe following table illustrates the activity within accumulated other comprehensive (loss) income by component, net of tax:Â (Dollars in thousands)(Losses) Gains on Available-For-Sale and Transferred Debt Securities(Losses) Gains on Derivatives Used for Cash Flow HedgesTotalBalance at January 1, 2023$(474,338)5,546Â (468,792)Other comprehensive income before reclassifications35,749Â 1,410Â 37,159Â Reclassification adjustments for gains (losses) and transfers included in net income24Â (1,560)(1,536)Reclassification adjustments for amortization included in net income for transferred securities2,382Â â€"Â 2,382Â Net current period other comprehensive income (loss)38,155Â (150)38,005Â Balance at June 30, 2023$(436,183)5,396Â (430,787)Balance at January 1, 2024$(377,728)3,615Â (374,113)Other comprehensive income before reclassifications19,188Â 695Â 19,883Â Reclassification adjustments for losses and transfers included in net income(22)(1,910)(1,932)Reclassification adjustments for amortization included in net income for transferred securities1,511Â â€"Â 1,511Â Net current period other comprehensive income (loss)20,677Â (1,215)19,462Â Balance at June 30, 2024$(357,051)2,400Â (354,651)Note 12. Earnings Per ShareBasic earnings per share is computed by dividing net income by the weighted-average number of shares of common stock outstanding during the period presented. Diluted earnings per share is computed by including the net increase in shares as if dilutive outstanding restricted stock units were vested and stock options were exercised, using the treasury stock method.Basic and diluted earnings per share has been computed based on the following:Â Three Months endedSix Months ended(Dollars in thousands, except per share data)June 30,2024June 30,2023June 30,2024June 30,2023Net income available to common stockholders, basic and diluted$44,708Â 54,955Â $77,335Â 116,166Â Average outstanding shares - basic113,390,539Â 110,870,964Â 112,941,341Â 110,847,806Â Add: dilutive restricted stock units and stock options14,952Â 4,571Â 40,190Â 31,848Â Average outstanding shares - diluted113,405,491Â 110,875,535Â 112,981,531Â 110,879,654Â Basic earnings per share$0.39Â 0.50Â $0.68Â 1.05Â Diluted earnings per share$0.39Â 0.50Â $0.68Â 1.05Â Restricted stock units and stock options excluded from the diluted average outstanding share calculation 1136,673Â 288,413Â 136,673Â 250,651Â ______________________________1 Anti-dilution occurs when the unrecognized compensation cost per share of a restricted stock unit or the exercise price of a stock option exceeds the market price of the Companyâ€™s stock.43Note 13. Fair Value of Assets and LiabilitiesFair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. There is a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair value are as follows:Level 1Â Â Â Â Quoted prices in active markets for identical assets or liabilitiesLevel 2Â Â Â Â 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 for substantially the full term of the assets or liabilitiesLevel

3Â Â Â Â Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilitiesTransfers in and out of Level 1 (quoted prices in active markets), Level 2 (significant other observable inputs) and Level 3 (significant unobservable inputs) are recognized on the actual transfer date. There were no transfers between fair value hierarchy levels during the six month periods ended JuneÂ 30, 2024 and 2023.Recurring MeasurementsThe following is a description of the inputs and valuation methodologies used for assets and liabilities measured at fair value on a recurring basis, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the period ended JuneÂ 30, 2024.Debt securities, available-for-sale. The fair value for available-for-sale debt securities is estimated by obtaining quoted market prices for identical assets, where available. If such prices are not available, fair value is based on independent asset pricing services and models, the inputs of which are market-based or independently sourced market parameters, including but not limited to, yield curves, interest rates, volatilities, market spreads, prepayments, defaults, recoveries, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. Where Level 1 or Level 2 inputs are not available, such securities are classified as Level 3 within the hierarchy.Fair value determinations of available-for-sale debt securities are the responsibility of the Companyâ€™s corporate accounting and treasury departments. The Company obtains fair value estimates from independent third party vendors on a monthly basis. The vendorsâ€™ pricing system methodologies, procedures and system controls are reviewed to ensure they are appropriately designed and operating effectively. The Company reviews the vendorsâ€™ inputs for fair value estimates and the recommended assignments of levels within the fair value hierarchy. The review includes the extent to which markets for debt securities are determined to have limited or no activity, or are judged to be active markets. The Company reviews the extent to which observable and unobservable inputs are used as well as the appropriateness of the underlying assumptions about risk that a market participant would use in active markets, with adjustments for limited or inactive markets. In considering the inputs to the fair value estimates, the Company places less reliance on quotes that are judged to not reflect orderly transactions, or are non-binding indications. In assessing credit risk, the Company reviews payment performance, collateral adequacy, third party research and analyses, credit rating histories and issuersâ€™ financial statements. For those markets determined to be inactive or limited, the valuation techniques used are models for which management has verified that discount rates are appropriately adjusted to reflect illiquidity and credit risk. Loans held for sale, at fair value. Loans held for sale measured at fair value, for which an active secondary market and readily available market prices exist, are initially valued at the transaction price and are subsequently valued by using quoted prices for similar assets, adjusted for specific attributes of that loan or other observable market data, such as outstanding commitments from third party investors. Loans held for sale measured at fair value are classified within Level 2. Included in gain on sale of loans were net gains of $434,000 and $335,000 for the six month periods ended JuneÂ 30, 2024 and 2023, respectively, from the changes in fair value of loans held for sale measured at fair value. Electing to measure loans held for sale at fair value reduces certain timing differences and better matches changes in fair value of these assets with changes in the value of the derivative instruments used to economically hedge them without the burden of complying with the requirements for hedge accounting.Loan interest rate lock commitments. Fair value estimates for loan interest rate lock commitments were based upon the estimated sales price, origination fees, direct costs, interest rate changes, etc. and were obtained from an independent third 44party. The components of the valuation were observable or could be corroborated by observable market data and, therefore, were classified within Level 2 of the valuation hierarchy. Forward commitments to sell TBA securities. Forward commitments to sell TBA securities are used to economically hedge the interest rate risk associated with certain loan commitments. The fair value estimates for the TBA commitments were based upon the estimated sale of the TBA hedge obtained from an independent third party. The components of the valuation were observable or could be corroborated by observable market data and, therefore, were classified within Level 2 of the valuation hierarchy. Interest rate cap derivative financial instruments. Fair value estimates for interest rate cap derivative financial instruments were based upon the discounted cash flows of known payments plus the option value of each caplet which incorporates market rate forecasts and implied market volatilities. The components of the valuation were observable or could be corroborated by observable market data and, therefore, were classified within Level 2 of the valuation hierarchy. The Company also obtained and compared the reasonableness of the pricing from independent third party valuations.Interest rate swap derivative financial instruments. Fair value estimates for interest rate swap derivative financial instruments were based upon the estimated amounts to settle the contracts considering current interest rates and were calculated using discounted cash flows. The inputs used to determine fair value included the compounded overnight SOFR rate to estimate variable rate cash inflows and the overnight SOFR swap rate to estimate the discount rate. The estimated variable rate cash inflows were compared to the fixed rate outflows and such difference was discounted to a present value to estimate the fair value of the interest rate swaps. The components of the valuation were observable or could be corroborated by observable market data and, therefore, were classified within Level 2 of the valuation hierarchy. The Company also obtained and compared the reasonableness of the pricing from independent third party valuations.The following tables disclose the fair value measurement of assets and liabilities measured at fair value on a recurring basis:Â Â Â Â Fair Value MeasurementsAt the End of the Reporting Period Using(Dollars in thousands)Fair Value JuneÂ 30, 2024Quoted PricesinÂ ActiveÂ Marketsfor IdenticalAssets(Level 1)SignificantOtherObservableInputs(Level 2)SignificantUnobservableInputs(Level 3)Debt securities, available-for-saleU.S. government and federal agency$457,508Â â€”Â 457,508Â â€”Â U.S. government sponsored enterprises301,583Â â€”Â 301,583Â â€”Â State and local governments95,639Â â€”Â 95,639Â â€”Â Corporate bonds14,240Â â€”Â 14,240Â â€”Â Residential mortgage-backed securities2,558,020Â â€”Â 2,558,020Â â€”Â Commercial mortgage-backed securities1,072,551Â â€”Â 1,072,551Â â€”Â Loans held for sale, at fair value39,745Â â€”Â 39,745Â â€”Â Interest rate caps3,285Â â€”Â 3,285Â â€”Â Interest rate locks1,045Â â€”Â 1,045Â â€”Â Interest rate swap2,771Â â€”Â 2,771Â â€”Â Total assets measured at fair valueÂ on a recurring basis$4,546,387Â â€”Â 4,546,387Â â€”Â TBA hedge$76Â â€”Â 76Â â€”Â Interest rate swap462Â â€”Â 462Â â€”Â Total liabilities measured at fair value on a recurring basis$538Â â€”Â 538Â â€”Â 45Â Â Fair Value MeasurementsAt the End of the Reporting Period Using(Dollars in thousands)Fair Value December 31, 2023Quoted PricesinÂ ActiveÂ Marketsfor IdenticalAssets(Level 1)SignificantOtherObservableInputs(Level 2)SignificantUnobservableInputs(Level 3)Debt securities, available-for-saleU.S. government and federal agency$455,347Â â€”Â 455,347Â â€”Â U.S. government sponsored enterprises299,219Â â€”Â 299,219Â â€”Â State and local governments98,932Â â€”Â 98,932Â â€”Â Corporate bonds26,253Â â€”Â 26,253Â â€”Â Residential mortgage-backed securities2,811,263Â â€”Â 2,811,263Â â€”Â Commercial mortgage-backed securities1,094,705Â â€”Â 1,094,705Â â€”Â Loans held for sale, at fair value15,691Â â€”Â 15,691Â â€”Â Interest rate caps4,990Â â€”Â 4,990Â â€”Â Interest rate locks604Â â€”Â 604Â â€”Â Total assets measured at fair value on a recurring basis$4,807,004Â â€”Â 4,807,004Â â€”Â TBA hedge$350Â â€”Â 350Â â€”Â Interest rate swap17,988Â â€”Â 17,988Â â€”Â Total liabilities measured at fair value on a recurring basis$18,338Â â€”Â 18,338Â â€”Â Non-recurring MeasurementsThe following is a description of the inputs and valuation methodologies used for assets recorded at fair value on a non-recurring basis, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the period ended JuneÂ 30, 2024.Other real estate owned. OREO is initially recorded at fair value less estimated cost to sell, establishing a new cost basis. OREO is subsequently accounted for at lower of cost or fair value less estimated cost to sell. Estimated fair value of OREO is based on appraisals or evaluations (new or updated). OREO is classified within Level 3 of the fair value hierarchy.Collateral-dependent loans, net of ACL. Fair value estimates of collateral-dependent loans that are individually reviewed are based on the fair value of the collateral, less estimated cost to sell. Collateral-dependent individually reviewed loans are classified within Level 3 of the fair value hierarchy.The Companyâ€™s credit department reviews appraisals for OREO and collateral-dependent loans, giving consideration to the highest and best use of the collateral. The appraisal or evaluation (new or updated) is considered the starting point for determining fair value. The valuation techniques used in preparing appraisals or evaluations (new or updated) include the cost approach, income approach, sales comparison approach, or a combination of the preceding valuation techniques. The key inputs used to determine the fair value of the collateral-dependent loans and OREO include selling costs, discounted cash flow rate or capitalization rate, and adjustment to comparables. Valuations and significant inputs obtained by independent sources are reviewed by the Company for accuracy and reasonableness. The Company also considers other factors and events in the environment that may affect the fair value. The appraisals or evaluations (new or updated) are reviewed at least quarterly and more frequently based on current market conditions, including deterioration in a borrowerâ€™s financial condition and when property values may be subject to significant volatility. After review and acceptance of the collateral appraisal or evaluation (new or updated), adjustments to the impaired loan or OREO may occur. The Company generally obtains appraisals or evaluations (new or updated) annually.46The following tables disclose the fair value measurement of assets with a recorded change during the period resulting from re-measuring the assets at fair value on a non-recurring basis:Â Â Fair Value MeasurementsAt the End of the Reporting Period Using(Dollars in thousands)Fair Value JuneÂ 30, 2024Quoted PricesinÂ ActiveÂ Marketsfor IdenticalAssets(Level 1)SignificantOtherObservableInputs(Level 2)SignificantUnobservableInputs(Level 3)Other real estate owned$120Â â€”Â â€”Â 120Â Collateral-dependent impaired loans, net of ACL$2,590Â â€”Â â€”Â 2,590Â Total assets measured at fair valueÂ Â on a non-recurring basis$2,710Â â€”Â â€”Â 2,710Â Â Â Fair Value MeasurementsAt the End of the Reporting Period Using(Dollars in thousands)Fair Value December 31, 2023Quoted PricesinÂ ActiveÂ Marketsfor IdenticalAssets(Level 1)SignificantOtherObservableInputs(Level 2)SignificantUnobservableInputs(Level 3)Other real estate owned$166Â â€”Â â€”Â 166Â Collateral-dependent impaired loans, net of ACL1,332Â â€”Â â€”Â 1,332Â Total assets measured at fair valueÂ Â on a non-recurring basis$1,498Â â€”Â â€”Â 1,498Â Non-recurring Measurements Using Significant Unobservable Inputs (Level 3)The following tables present additional quantitative information about assets measured at fair value on a non-recurring basis and for which the Company has utilized Level 3 inputs to determine fair value:Â Fair Value JuneÂ 30, 2024Quantitative Information about Level 3 Fair Value Measurements(Dollars in thousands)Valuation TechniqueUnobservable InputRange(Weighted-Average) 1Other real estate owned$120Â Sales comparison approachSelling costs10.0% - 10.0% (10.0%)Collateral-dependentÂ Â impaired loans, net of ACL$1,226Â Cost approachSelling costs10.0% - 10.0% (10.0%)1,103Â Sales comparison approachSelling costs10.0% - 20.0% (10.8%)Adjustment to comparables0.0% - 0.0% (0.0%)261Â Combined approachSelling costs10.0% - 10.0% (10.0%)$2,590Â 47Â Fair Value December 31, 2023Quantitative Information about Level 3 Fair Value Measurements(Dollars in thousands)Valuation TechniqueUnobservable InputRange(Weighted-Average) 1Other real estate owned$166Â Sales comparison approachSelling costs0.0% - 10.0% (8.1%)Collateral-dependent impaired loans, net of ACL$1,258Â Cost approachSelling costs10.0% - 10.0% (10.0%)74Â Sales comparison approachSelling Costs10.0% - 10.0% (10.0%)$1,332Â _______________________________1 The range for selling cost inputs represents reductions to the fair value of the assets.Fair Value of Financial InstrumentsThe following tables present the carrying amounts, estimated fair values and the level within the fair value hierarchy of the Companyâ€™s financial instruments not carried at fair value. Receivables and payables due in one year or less, equity securities without readily determinable fair values and deposits with no defined or contractual maturities are excluded. There have been no significant changes in the valuation techniques during the period ended JuneÂ 30, 2024.Cash and cash equivalents: fair value is estimated at book value.Debt securities, held-to-maturity: fair value for held-to-maturity debt securities is estimated in the same manner as available-for sale debt securities, which is described above.Loans receivable, net of ACL: the loans were fair valued on an individual basis, with consideration given to the loans' underlying characteristics, including account types, remaining terms and balance, interest rates, past delinquencies, current market rates, etc. The model utilizes a discounted cash flow approach to estimate the fair value of the loans using various assumptions such as prepayment speeds, projected default probabilities, losses given defaults, etc. The discounted cash flow approach models the credit losses directly in the projected cash flows. The model applies various assumptions regarding credit, interest, and prepayment risks for the loans based on loan types, payment types and fixed or variable classifications. Term Deposits: fair value of term deposits is estimated by discounting the future cash flows using rates of similar deposits with similar maturities. The market rates used were obtained from an independent third party based on current rates offered by the Companyâ€™s regional competitors. FHLB advances: fair value of advances is estimated based on borrowing rates currently available to the Company for advances with similar terms and maturities. FRB borrowing: fair value of borrowings through the FRB is estimated based on borrowing rates currently available to the Company through the FRB Bank Term Funding facility with similar terms and maturities. Repurchase agreements and other borrowed funds: fair value of term repurchase agreements and other term borrowings is estimated based on current repurchase rates and borrowing rates currently available to the Company for repurchases and borrowings with similar terms and maturities. The estimated fair value for overnight repurchase agreements and other borrowings is book value.Subordinated debentures: fair value of the subordinated debt is estimated by discounting the estimated future cash flows using current estimated market rates obtained from an independent third party.Off-balance sheet financial instruments: unused lines of credit and letters of credit represent the principal categories of off-balance sheet financial instruments. The fair value of commitments is based on fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the counterpartiesâ€™ credit standing. The fair value of unused lines of credit and letters of credit is not material; therefore, such commitments are not included in the following tables.48Â Â Fair Value MeasurementsAt the End of the Reporting Period Using(Dollars in thousands)Carrying Amount JuneÂ 30, 2024Quoted PricesinÂ ActiveMarkets forIdentical Assets(Level 1)SignificantOtherObservableInputs(Level 2)SignificantUnobservableInputs(Level 3)Financial assetsCash and cash equivalents$800,779Â 800,779Â â€”Â â€”Â Debt securities, held-to-maturity3,400,403Â â€”Â 3,047,069Â â€”Â Loans receivable, net of ACL16,651,036Â â€”Â â€”Â 16,545,486Â Total financial assets$20,852,218Â 800,779Â 3,047,069Â 16,545,486Â Financial liabilitiesTerm deposits$3,064,613Â â€”Â 3,107,289Â â€”Â FHLB advances2,350,000Â â€”Â 2,345,808Â â€”Â Repurchase agreements and Â Â other borrowed funds1,717,653Â â€”Â 1,717,653Â â€”Â Subordinated debentures133,024Â â€”Â 121,446Â â€”Â Total financial liabilities$7,265,290Â â€”Â 7,292,196Â â€”Â Â Â Fair Value MeasurementsAt the End of the Reporting Period Using(Dollars in thousands)Carrying Amount December 31, 2023Quoted PricesinÂ ActiveMarkets forIdentical Assets(Level 1)SignificantOtherObservableInputs(Level 2)SignificantUnobservableInputs(Level 3)Financial assetsCash and cash equivalents$1,354,342Â 1,354,342Â â€”Â â€”Â Debt securities, held-to-maturity3,502,411Â â€”Â 3,180,194Â â€”Â Loans receivable, net of ACL16,005,325Â â€”Â â€”Â 16,133,681Â Total financial assets$20,862,078Â 1,354,342Â 3,180,194Â 16,133,681Â Financial liabilitiesTerm deposits$2,915,393Â â€”Â 2,955,521Â â€”Â FRB Bank Term Funding2,740,000Â â€”Â 2,738,031Â â€”Â Repurchase agreements and Â Â other borrowed funds1,568,545Â â€”Â 1,568,545Â â€”Â Subordinated debentures132,943Â â€”Â 119,768Â â€”Â Total financial liabilities$7,356,881Â â€”Â 7,381,865Â â€”Â 49Note 14. Mergers and AcquisitionsOn JanuaryÂ 31, 2024, the Company acquired 100% percent of the outstanding common stock of Community Financial Group, Inc. (â€œCFGWâ€) and its wholly-owned subsidiary, Wheatland Bank (â€œWheatlandâ€), a community bank based in Spokane, Washington. Wheatland provides banking services to individuals and businesses in Washington with locations in Chelan, Wenatchee, Ellensburg, Yakima, Quincy, Moses Lake, Pasco, Odessa, Davenport, Ritzville, and Spokane. Wheatland merged into the Bank and became a new bank division headquartered in Spokane and the Bankâ€™s existing Washington-based division, North Cascades Bank, combined with the new Wheatland division. The preliminary value of the Wheatland acquisition was $93,156,000 and as part of the transaction, the Company issued 2,389,684 shares of its common stock and paid $771,000 in cash in exchange for all of Wheatlandâ€™s outstanding shares of common stock. The fair value of the Company shares issued was determined on the basis of the closing market price of the Companyâ€™s common stock on the JanuaryÂ 31, 2024 acquisition date. The excess of the preliminary fair value of consideration transferred over total identifiable net assets was recorded as goodwill. The goodwill arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the Bank and Wheatland. None of the goodwill is deductible for income tax purposes as the acquisition was accounted for as a tax-free exchange.The assets and liabilities of Wheatland were recorded on the Companyâ€™s consolidated statements of financial condition at their preliminary estimated fair values as of the acquisition date and the results of operations have been included in the Companyâ€™s consolidated statements of operations since that date. The following table discloses the preliminary fair value estimates of the consideration transferred, the total identifiable net assets acquired and the resulting goodwill arising from the Wheatland acquisition. The Company is continuing to obtain information to determine the fair values of assets acquired and liabilities assumed.(Dollars in thousands)WheatlandJanuary 31,2024Fair value of consideration transferredFair value of Company shares issued$92,385Â Cash consideration771Â Total fair value of consideration transferred93,156Â Recognized amounts of identifiable assets acquired and liabilities assumedIdentifiable assets acquiredCash and cash equivalents31,674Â Debt securities187,183Â Loans receivable, net of ACL452,737Â Core deposit intangible 116,936Â Accrued income and other assets50,760Â Total identifiable assets acquired739,290Â Liabilities assumedDeposits616,955Â Borrowings58,500Â Accrued expenses and other liabilities9,048Â Total liabilities assumed684,503Â Total identifiable net assets54,787Â Goodwill recognized$38,369Â _______________________________1 The core deposit intangible for the acquisition was determined to have an estimated life of 10 years.The preliminary fair values of the Wheatland assets acquired include loans with preliminary fair values of $452,740,000. The gross principal and contractual interest due under the Wheatland contracts was $468,882,000. The Company evaluated the loans at the acquisition date and determined there were PCD loans of $1,655,000 with an ACL of $3,000. 50The Company incurred $7,254,000 of expenses in connection with the Wheatland acquisition during the six months ended JuneÂ 30, 2024. Mergers and acquisition expenses are included in other expense in the Company's consolidated statements of operations and consist of third-party costs and employee severance expenses. Total income consisting of net interest income and non-interest income of the acquired operations of Wheatland was approximately $14,676,000 and net loss was approximately $7,062,000 from JanuaryÂ 31, 2024 to JuneÂ 30, 2024. The following unaudited pro forma summary presents consolidated information of the Company as if the Wheatland acquisition had occurred on January 1, 2023:Three Months endedSix Months ended(Dollars in thousands)June 30,2024June 30,2023June 30,2024June 30,2023Net interest income and non-interest income$198,682Â 208,228Â 397,607Â 429,155Â Net income44,708Â 56,685Â 75,310Â 119,043Â Note 15. Subsequent EventOn July 19, 2024, the Bank completed the acquisition of six Montana branch locations (the â€œbranchesâ€) of Rocky Mountain Bank Division of HTLF Bank. The acquisition resulted in the Company paying a deposit premium of $25,240,000 to acquire the Branches. As of July 19, 2024, the acquired Branches had preliminary gross loans of $290,026,000, and deposits of $395,080,000. The Branches are located in Billings, Bozeman, Plentywood, Stevensville, and Whitehall. The Branches will be combined with existing divisions of the Bank operating in Montana. 51Item 2. Managementâ€™s Discussion and Analysis of Financial Condition and Results of OperationsThe following managementâ€™s discussion and analysis is intended to provide a more comprehensive review of the Companyâ€™s operating results and financial condition than can be obtained from reading the Consolidated Financial Statements alone. The discussion should be read in conjunction with the Consolidated Financial Statements and the notes thereto included in â€œPart I. Item 1. Financial Statements.â€FORWARD-LOOKING STATEMENTSThis Form 10-Q may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, statements about the Companyâ€™s plans, objectives, expectations and intentions that are not historical facts, and other statements identified by words such as â€œexpects,â€ â€œanticipates,â€ â€œintends,â€ â€œplans,â€ â€œbelieves,â€ â€œshould,â€ â€œprojects,â€ â€œseeks,â€ â€œestimatesâ€ or other comparable words or phrases of a future or forward-looking nature. These forward-looking statements are based on current beliefs and expectations of management and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the Companyâ€™s control. In addition, these forward-looking statements are based on assumptions that are subject to change. The following factors, among others, including additional factors identified in the sections titled â€œRisk Factors,â€ â€œBusinessâ€ and â€œManagementâ€™s Discussion and Analysis of Financial Condition and Results of Operationsâ€, as applicable, in this report and in the Companyâ€™s 2023 Annual Report on Form 10-K, could cause actual results to differ materially from the anticipated results:â€¢risks associated with lending and potential adverse changes in the credit quality of the Companyâ€™s loan portfolio;â€¢changes in monetary and fiscal policies, including interest rate policies of the Federal Reserve Board, which could adversely affect the Companyâ€™s net interest income and margin, the fair value of its financial instruments, profitability, and stockholdersâ€™ equity;â€¢legislative or regulatory changes, including increased FDIC insurance rates and assessments, changes in the review and regulation of banks and bank mergers, or increased banking and consumer protection regulations, that may adversely affect the Companyâ€™s business and strategies;â€¢risks related to overall economic conditions, including the impact on the economy of a rising interest rate environment, inflationary pressures, and geopolitical instability, including the wars in Ukraine and the Middle East;â€¢risks associated with the Companyâ€™s ability to negotiate, complete, and successfully integrate any future acquisitions;â€¢costs or difficulties related to the completion and integration of pending or future acquisitions;â€¢impairment of the goodwill recorded by the Company in connection with acquisitions, which may have an adverse impact on earnings and capital;â€¢reduction in demand for banking products and services, whether as a result of changes in customer behavior, economic conditions, banking environment, or competition;â€¢deterioration of the reputation of banks and the financial services industry, which could adversely affect the Company's ability to obtain and maintain customers;â€¢material failure, potential interruption or breach in security of the Companyâ€™s systems or changes in technological which could expose the Company to cybersecurity risks, fraud, system failures, or direct liabilities; â€¢changes in the competitive landscape, including as may result from new market entrants or technologies or further consolidation in the financial services industry, which may result in the creation or further growth of larger competitors or new market entrants with greater financial resources;â€¢risks presented by public stock market volatility, which could adversely affect the market price of the Companyâ€™s common stock and the ability to raise additional capital or grow through acquisitions;â€¢risks associated with dependence on the Chief Executive Officer (â€œCEOâ€), the senior management team and the Presidents of Glacier Bank (the â€œBankâ€) divisions; â€¢risks related to natural disasters, including droughts, fires, floods, earthquakes, pandemics, and other unexpected events;â€¢risks associated with managing risks involved in the foregoing; andâ€¢effects of any reputational damage to the Company resulting from any of the foregoing.Forward-looking statements speak only as of the date of this Form 10-Q. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.52MANAGEMENTâ€™S DISCUSSION AND ANALYSISOF FINANCIAL CONDITION AND RESULTS OF OPERATIONSFinancial Highlights Â At or for the Three Months endedAt or for the Six Months ended(Dollars in thousands, except per share and market data)Jun 30,2024Mar 31,2024Jun 30,2023Jun 30,2024Jun 30,2023Operating resultsNet income$44,708Â 32,627Â 54,955Â 77,335Â 116,166Â Basic earnings per share$0.39Â 0.29Â 0.50Â 0.68Â 1.05Â Diluted earnings per share$0.39Â 0.29Â 0.50Â 0.68Â 1.05Â Dividends declared per share$0.33Â 0.33Â 0.33Â 0.66Â 0.66Â Market value per shareClosing$37.32Â 40.28Â 31.17Â 37.32Â 31.17Â High$40.18Â 42.75Â 42.21Â 42.75Â 50.03Â Low$34.35Â 34.74Â 26.77Â 34.35Â 26.77Â Selected ratios and other dataNumber of common stock shares outstanding113,394,092113,388,590110,873,887113,394,092110,873,887Average outstanding shares - basic113,390,539112,492,142110,870,964112,941,341110,847,806Average outstanding shares - diluted113,405,491112,554,402110,875,535112,981,531110,879,654Return on average assets Â Â (annualized)0.66Â %0.47Â %0.81Â %0.56Â %0.87Â %Return on average equity Â Â (annualized)5.77Â %4.25Â %7.52Â %5.01Â %8.03Â %Efficiency ratio67.97Â %74.41Â %62.73Â %71.17Â %61.52Â %Loan to deposit ratio84.03Â %82.04Â %79.92Â %84.03Â %79.92Â %Number of full time equivalent employees3,3993,4383,3693,3993,369Number of locations231232222231222Number of ATMs286285274286274The Company reported net income of $44.7 million for the current quarter, an increase of $12.1 million, or 37 percent from the prior quarter net income of $32.6 million and a decrease of $10.2 million, or 19 percent, from the $55.0 million of net income for the prior year second quarter. Diluted earnings per share for the current quarter was $0.39 per share, an increase of 34 percent from the prior quarter diluted earnings per share of $0.29 per share and a decrease of 22 percent from the prior year second quarter diluted earnings per share of $0.50. The decrease in net income compared to the prior year second quarter was primarily due to the significant increase in funding costs over the prior year second quarter combined with the increased costs associated with the acquisition of Wheatland. 53On January 31, 2024, the Companyâ€™s completed the acquisition of Community Financial Group, Inc., the parent company of Wheatland Bank (collectively, â€œWheatlandâ€), headquartered in Spokane, Washington. Wheatland has 14 branches in eastern Washington and was combined with the North Cascades Bank division, with combined operations under the name Wheatland Bank, division of Glacier Bank. The Companyâ€™s results of operations and financial condition include the Wheatland acquisition beginning on the acquisition date. The following table discloses the preliminary fair value estimates of select classifications of assets and liabilities acquired:Wheatland(Dollars in thousands)January 31, 2024Total assets$777,659Â Debt securities187,183Loans receivable450,403Non-interest bearing deposits277,651Interest bearing deposits339,304Borrowings58,500Financial Condition AnalysisAssetsThe following table summarizes the Companyâ€™s assets as of the dates indicated:$ Change from(Dollars in thousands)Jun 30,2024Mar 31,2024Dec 31,2023Jun 30,2023Mar 31,2024Dec 31,2023Jun 30,2023Cash and cash equivalents$800,779Â 788,660Â 1,354,342Â 1,051,320Â 12,119Â (553,563)(250,541)Debt securities, available-for-sale4,499,541Â 4,629,073Â 4,785,719Â 4,999,820Â (129,532)(286,178)(500,279)Debt securities, held-to-maturity3,400,403Â 3,451,583Â 3,502,411Â 3,608,289Â (51,180)(102,008)(207,886)Total debt securities7,899,944Â 8,080,656Â 8,288,130Â 8,608,109Â (180,712)(388,186)(708,165)Loans receivableResidential real estate1,771,528Â 1,752,514Â 1,704,544Â 1,588,175Â 19,014Â 66,984Â 183,353Â Commercial real estate10,713,964Â 10,672,269Â 10,303,306Â 10,220,751Â 41,695Â 410,658Â 493,213Â Other commercial3,066,028Â 3,030,608Â 2,901,863Â 2,888,810Â 35,420Â 164,165Â 177,218Â Home equity905,884Â 883,062Â 888,013Â 862,240Â 22,822Â 17,871Â 43,644Â Other consumer394,587Â 394,049Â 400,356Â 394,986Â 538Â (5,769)(399)Loans receivable16,851,991Â 16,732,502Â 16,198,082Â 15,954,962Â 119,489Â 653,909Â 897,029Â Allowance for credit losses(200,955)(198,779)(192,757)(189,385)(2,176)(8,198)(11,570)Loans receivable, net16,651,036Â 16,533,723Â 16,005,325Â 15,765,577Â 117,313Â 645,711Â 885,459Â Other assets2,453,581Â 2,419,131Â 2,094,832Â 2,102,673Â 34,450Â 358,749Â 350,908Â Total assets$27,805,340Â 27,822,170Â 27,742,629Â 27,527,679Â (16,830)62,711Â 277,661Â The $801 million cash balance at June 30, 2024 decreased $554 million from the prior year end as cash was utilized to partially fund the maturity of the BTFP at the end of the prior quarter. Total debt securities of $7.900 billion at June 30, 2024 decreased $181 million, or 2 percent, during the current quarter and decreased $708 million, or 8 percent, from the prior year second quarter. Debt securities represented 28 percent of total assets at June 30, 2024 compared to 30 percent at December 31, 2023 and 31 percent at June 30, 2023.54The loan portfolio of $16.852 billion at June 30, 2024 increased $119 million, or 3 percent annualized, during the current quarter and increased $897 million, or 6 percent, from the prior year second quarter. Excluding the Wheatland acquisition, the loan portfolio increased $204 million, or 3 percent annualized, during the first half of 2024 and increased $447 million, or 3 percent, from the prior year second quarter.LiabilitiesThe following table summarizes the Companyâ€™s liabilities as of the dates indicated:$ Change from(Dollars in thousands)Jun 30,2024Mar 31,2024Dec 31,2023Jun 30,2023Mar 31,2024Dec 31,2023Jun 30,2023DepositsNon-interest bearing deposits$6,093,430Â 6,055,069Â 6,022,980Â 6,458,394Â 38,361Â 70,450Â (364,964)NOW and DDA accounts5,219,838Â 5,376,605Â 5,321,257Â 5,154,442Â (156,767)(101,419)65,396Â Savings accounts2,862,034Â 2,949,908Â 2,833,887Â 2,808,571Â (87,874)28,147Â 53,463Â Money market deposit accounts2,858,850Â 3,002,942Â 2,831,624Â 3,094,302Â (144,092)27,226Â (235,452)Certificate accounts3,064,613Â 3,039,190Â 2,915,393Â 2,014,104Â 25,423Â 149,220Â 1,050,509Â Core deposits, total20,098,765Â 20,423,714Â 19,925,141Â 19,529,813Â (324,949)173,624Â 568,952Â Wholesale deposits2,994Â 3,809Â 4,026Â 478,417Â (815)(1,032)(475,423)Deposits, total20,101,759Â 20,427,523Â 19,929,167Â 20,008,230Â (325,764)172,592Â 93,529Â Securities sold under agreements to repurchase1,629,504Â 1,540,008Â 1,486,850Â 1,356,862Â 89,496Â 142,654Â 272,642Â Federal Home Loan Bank advances2,350,000Â 2,140,157Â â€”Â â€”Â 209,843Â 2,350,000Â 2,350,000Â FRB Bank Term Fundingâ€”Â â€”Â 2,740,000Â 2,740,000Â â€”Â (2,740,000)(2,740,000)Other borrowed funds88,149Â 88,814Â 81,695Â 75,819Â (665)6,454Â 12,330Â Subordinated debentures133,024Â 132,984Â 132,943Â 132,863Â 40Â 81Â 161Â Other liabilities365,459Â 381,977Â 351,693Â 287,379Â (16,518)13,766Â 78,080Â Total liabilities$24,667,895Â 24,711,463Â 24,722,348Â 24,601,153Â (43,568)(54,453)66,742Â Total core deposits of $20.099 billion at June 30, 2024 decreased $325 million, or 2 percent, during the current quarter and increased $569 million, or 3 percent, from the prior year second quarter. Excluding the Wheatland acquisition, total core deposits decreased $48.0 million, or 25 basis points, from the prior year second quarter. Non-interest bearing deposits of $6.093 billion increased $38.4 million, or 3 percent annualized, during the current quarter. Non-interest bearing deposits represented 30 percent of total deposits at both June 30, 2024 and December 31, 2023 compared to 32 percent at June 30, 2023.FHLB borrowings of $2.350 billion increased $210 million, or 10 percent, during the quarter. Upon maturity in the prior quarter, the Company paid off its $2.740 billion BTFP borrowings with a combination of $2.140 billion in FHLB borrowings and cash. See â€œAdditional Managementâ€™s Discussion and Analysis - Source of Funds - Borrowersâ€ for additional information regarding borrowings. 55Stockholdersâ€™ EquityThe following table summarizes the stockholdersâ€™ equity balances as of the dates indicated:$ Change from(Dollars in thousands, except per share data)Jun 30,2024Mar 31,2024Dec 31,2023Jun 30,2023Mar 31,2024Dec 31,2023Jun 30,2023Common equity$3,492,096Â 3,483,012Â 3,394,394Â 3,357,313Â 9,084Â 97,702Â 134,783Â Accumulated other comprehensive loss(354,651)(372,305)(374,113)(430,787)17,654Â 19,462Â 76,136Â Total stockholdersâ€™ equity3,137,445Â 3,110,707Â 3,020,281Â 2,926,526Â 26,738Â 117,164Â 210,919Â Goodwill and core deposit intangible, net(1,066,790)(1,069,808)(1,017,263)(1,022,118)3,018Â (49,527)(44,672)Tangible stockholdersâ€™ equity$2,070,655Â 2,040,899Â 2,003,018Â 1,904,408Â 29,756Â 67,637Â 166,247Â Stockholdersâ€™ equity to total assets11.28Â %11.18Â %10.89Â %10.63Â %Tangible stockholdersâ€™ equity to total tangible assets7.74Â %7.63Â %7.49Â %7.18Â %Book value per common share$27.67Â 27.43Â 27.24Â 26.40Â 0.24Â 0.43Â 1.27Â Tangible book value per common share$18.26Â 18.00Â 18.06Â 17.18Â 0.26Â 0.20Â 1.08Â Tangible stockholdersâ€™ equity of $2.071 billion at June 30, 2024 increased $67.6 million, or 3 percent, compared to the prior year end and was primarily due to $92.4 million of Company common stock issued for the acquisition of Wheatland. The increase was partially offset by the increase in goodwill and core deposits associated with the acquisition of Wheatland. Tangible book value per common share of $18.26 at the current quarter end increased $0.20 per share, or 1 percent, from the prior year end and increased $1.08 per share, or 6 percent, from the prior year second quarter.Cash DividendOn June 25, 2024, the Companyâ€™s Board of Directors declared a quarterly cash dividend of $0.33 per share. The current quarter dividend of $0.33 per share was consistent with the dividend declared in the prior quarter and the prior year second quarter. The dividend was payable July 18, 2024 to shareholders of record on July 9, 2024. The dividend was the Companyâ€™s 157th consecutive regular dividend. Future cash dividends will depend on a variety of factors, including net income, capital levels, asset quality, general economic conditions and regulatory considerations. 56Operating Results for Three Months Ended JuneÂ 30, 2024Â Compared to MarchÂ 31, 2024, and JuneÂ 30, 2023Income SummaryThe following table summarizes income for the periods indicated:Â Â Three Months ended$ Change from(Dollars in thousands)Jun 30,2024Mar 31,2024Jun 30,2023Mar 31,2024Jun 30,2023Net interest incomeInterest income$273,834279,402247,365(5,568)26,469Â Interest expense107,356112,92275,385(5,566)31,971Â Total net interest income166,478166,480171,980(2)(5,502)Non-interest incomeService charges and other fees19,42218,56318,967859Â 455Â Miscellaneous loan fees and charges4,8214,3624,162459Â 659Â Gain on sale of loans4,6693,3623,5281,307Â 1,141Â (Loss) gain on sale of investments(12)16(23)(28)11Â Other income3,3043,6862,445(382)859Â Total non-interest income32,20429,98929,0792,215Â 3,125Â Total income$198,682196,469201,0592,213Â (2,377)Net interest margin (tax-equivalent)2.68Â %2.59Â %2.74Â %Net Interest IncomeThe current quarter interest income of $274 million decreased $5.6 million, or 2 percent, over the prior quarter and was driven by the decrease in cash balances used to partially pay off of the BTFP borrowings at the end of the first quarter of the current year. The current quarter interest income increased $26.5 million, or 11 percent, from the prior year second quarter was due to the increase in the loan yields and the increase in average balances of the loan portfolio. The loan yield of 5.58 percent in the current quarter increased 12 basis points from the prior quarter loan yield of 5.46 percent and increased 46 basis points from the prior year second quarter loan yield of 5.12 percent. The current quarter interest expense of $107 million decreased $5.6 million, or 5 percent, over the prior quarter and was primarily attributable to the payoff of the BTFP borrowings. The current quarter interest expense increased $32.0 million, or 42 percent, over the prior year second quarter primarily the result of an increase in rates on deposits and borrowings. Core deposit cost (including non-interest bearing deposits) was 1.36 percent for the current quarter compared to 1.34 percent in the prior quarter and 0.57 percent for the prior year second quarter. The total cost of funding (including non-interest bearing deposits) of 1.80 percent in the current quarter decreased 4 basis points from the prior quarter which was driven by the decrease in borrowings. The current quarter cost of funds increased 54 basis points from the prior year second quarter which was the result of the increased deposit rates.The net interest margin as a percentage of earning assets, on a tax-equivalent basis, for the current quarter was 2.68 percent, an increase of 9 basis points from the prior quarter net interest margin of 2.59 percent and was primarily driven by a decrease in average cash and wholesale funding balances resulting from the payoff of BTFP borrowings at the end of the first quarter of 2024 as well as an increase in loan yields. Excluding the 4 basis points from discount accretion and 1 basis point from non-accrual interest, the core net interest margin was 2.63 percent in the current quarter compared to 2.55 percent in the prior quarter.57Non-interest IncomeNon-interest income for the current quarter totaled $32.2 million, which was an increase of $2.2 million, or 7 percent, over the prior quarter and an increase of $3.1 million, or 11 percent, over the prior year second quarter. Service charges and other fees of $19.4 million for the current quarter increased $859 thousand, or 5 percent, compared to the prior quarter and increased $455 thousand, or 2 percent, compared to the prior year second quarter. Gain on the sale of residential loans of $4.7 million for the current quarter increased $1.3 million, or 39 percent, compared to the prior quarter and increased $1.1 million, or 32 percent, from the prior year second quarter. Non-interest ExpenseThe following table summarizes non-interest expense for the periods indicated:Â Â Three Months ended$ Change from(Dollars in thousands)Jun 30,2024Mar 31,2024Jun 30,2023Mar 31,2024Jun 30,2023Compensation and employee benefits$84,434Â 85,789Â 78,764Â (1,355)5,670Â Occupancy and equipment11,594Â 11,883Â 10,827Â (289)767Â Advertising and promotions4,362Â 3,983Â 3,733Â 379Â 629Â Data processing9,387Â 9,159Â 8,402Â 228Â 985Â Other real estate owned149Â 25Â 14Â 124Â 135Â Regulatory assessments and insurance5,393Â 7,761Â 5,314Â (2,368)79Â Core deposit intangibles amortization3,017Â 2,760Â 2,427Â 257Â 590Â Other expenses22,616Â 30,483Â 21,123Â (7,867)1,493Â Total non-interest

expense$140,952Â 151,843Â 130,604Â (10,891)10,348Â Total non-interest expense of $141 million for the current quarter decreased $10.9 million, or 7 percent, over the prior quarter and increased $10.3 million, or 8 percent, over the prior year second quarter. Compensation and employee benefits of $84.4 million decreased $1.4 million from the prior quarter and was primarily driven by a decrease in performance-related compensation. Compensation and employee benefits increased $5.7 million, or 7 percent, from the prior year second quarter and was driven by annual salary increases and increases from the acquisition of Wheatland. Regulatory assessment and insurance of $5.4 million decreased $2.4 million, or 31 percent, from the prior quarter and was primarily attributable to the prior quarter accrual adjustment of the FDIC special assessment for the estimated losses associated with the bank failures in March of 2023. Other expenses of $22.6 million decreased $7.9 million, or 26 percent, from the prior quarter which was primarily attributable to a $3.9 million decrease in acquisition-related expenses and a $2.5 million decrease in expenses associated with equity investments in tax credits. Efficiency RatioThe efficiency ratio was 67.97 percent in the current quarter compared to 74.41 percent in the prior quarter and 62.73 percent in the prior year second quarter. The decrease from the prior quarter was principally driven by the decreased operating costs, including acquisition-related costs, from the Wheatland acquisition. The increase in the efficiency ratio from prior year second quarter was the combined impact of the expenses related to the Wheatland acquisition and a decrease in net interest income.58Provision for Credit Losses for LoansThe following table summarizes provision for credit losses for loans, net charge-offs and select ratios relating to provision for credit losses for the previous eight quarters: (Dollars in thousands)Provision for Credit Losses on LoansNet Charge-Offs (Recoveries)Allowance forCredit LossesasÂ aÂ Percentof LoansAccruingLoans 30-89DaysÂ PastÂ DueasÂ aÂ PercentÂ ofLoansNon-PerformingAssets toTotalÂ Sub-sidiary AssetsSecond quarter 2024$5,066Â $2,890Â 1.19Â %0.29Â %0.06Â %First quarter 20249,091Â 3,072Â 1.19Â %0.37Â %0.09Â %Fourth quarter 20234,181Â 3,695Â 1.19Â %0.31Â %0.09Â %Third quarter 20235,095Â 2,209Â 1.19Â %0.09Â %0.15Â %Second quarter 20235,254Â 2,473Â 1.19Â %0.16Â %0.12Â %First quarter 20236,260Â 1,939Â 1.20Â %0.16Â %0.12Â %Fourth quarter 20226,060Â 1,968Â 1.20Â %0.14Â %0.12Â %Third quarter 20228,382Â 3,154Â 1.20Â %0.07Â %0.13Â %Net charge-offs for the current quarter were $2.9 million compared to $3.1 million in the prior quarter and $2.5 million for the prior year second quarter. Net charge-offs of $2.9 million included $2.2 million in deposit overdraft net charge-offs and $716 thousand of net loan charge-offs.The current quarter credit loss expense of $3.5 million included $5.1 million of credit loss expense from loans and $1.6 million of credit loss benefit from unfunded loan commitments. For the first half of the current year, the provision for credit losses included $5.3 million of provision for credit losses on loans and $818 thousand of provision for credit losses on unfunded loan commitments from the acquisition of Wheatland.The determination of the allowance for credit losses (â€œACLâ€ or â€œallowanceâ€) on loans and the related provision for credit losses is a critical accounting estimate that involves managementâ€™s judgments about the loan portfolio that impact credit losses. For additional information on the allowance, see the Allowance For Credit Losses section under â€œAdditional Managementâ€™s Discussion and Analysis.â€59Operating Results for Six Months Ended JuneÂ 30, 2024Â Compared to JuneÂ 30, 2023Income SummaryThe following table summarizes income for the periods indicated:Â Â Six Months ended(Dollars in thousands)Jun 30,2024Jun 30,2023$ Change% ChangeNet interest incomeInterest income$553,236479,25373,983Â 15Â %Interest expense220,278121,08199,197Â 82Â %Total net interest income332,958358,172(25,214)(7)%Non-interest incomeService charges and other fees37,98536,7381,247Â 3Â %Miscellaneous loan fees and charges9,1838,1291,054Â 13Â %Gain on sale of loans8,0315,9282,103Â 35Â %Gain (loss) on sale of debt securities4(137)141Â (103)%Other income6,9906,316674Â 11Â %Total non-interest income62,19356,9745,219Â 9Â %Total income$395,151415,146(19,995)(5)%Net interest margin (tax-equivalent)2.64Â %2.91Â %Net Interest IncomeNet-interest income of $333 million for the first half of 2024 decreased $25.2 million, or 7 percent, over 2023 and was primarily driven by increased interest expense which outpaced the increase in interest income. Interest income of $553 million for 2024 increased $74.0 million, or 15 percent, from the prior year and was primarily attributable to the increase in the loan portfolio and an increase in loan yields. The loan yield was 5.52 percent during the first half of 2024, an increase of 45 basis points from the prior year first half loan yield of 5.07 percent. Interest expense of $220 million for the first half of 2024 increased $99 million, or 82 percent, over the same period in the prior year and was primarily the result of higher interest rates on deposits. Core deposit cost (including non-interest bearing deposits) was 1.35 percent for the first six months of 2024 compared to 0.40 percent for the same period in the prior year. The total funding cost (including non-interest bearing deposits) for the first six months of 2024 was 1.82 percent, which was an increase of 79 basis points over the first six months of the prior year funding cost of 1.03 percent.The net interest margin as a percentage of earning assets, on a tax-equivalent basis, during the first half of 2024 was 2.64 percent, a 27 basis points decrease from the net interest margin of 2.91 percent for the first half of the prior year. Excluding the 3 basis points from discount accretion and 1 basis point from non-accrual interest, the core net interest margin was 2.60 percent in the first half of the current year compared to 2.90 percent in the prior year first half.Non-interest IncomeNon-interest income of $62.2 million for the first six months of 2024 increased $5.2 million, or 9 percent, over the same period last year. Gain on sale of residential loans of $8.0 million for the first six months of 2024 increased by $2.1 million, or 35 percent, over the first six months of the prior year.60Non-interest ExpenseThe following table summarizes non-interest expense for the periods indicated:Â Â Six Months ended(Dollars in thousands)Jun 30,2024Jun 30,2023$ Change% ChangeCompensation and employee benefits$170,223Â $160,241Â $9,982Â 6Â %Occupancy and equipment23,477Â 22,492Â 985Â 4Â %Advertising and promotions8,345Â 7,968Â 377Â 5Â %Data processing18,546Â 16,511Â 2,035Â 12Â %Other real estate owned174Â 26Â 148Â 569Â %Regulatory assessments and insurance13,154Â 10,217Â 2,937Â 29Â %Core deposit intangibles amortization5,777Â 4,876Â 901Â 18Â %Other expenses53,099Â 43,255Â 9,844Â 23Â %Total non-interest expense$292,795Â $265,586Â $27,209Â 10Â %Total non-interest expense of $293 million for the first half of 2024 increased $27.2 million, or 10 percent, over the same period in the prior year. Compensation and employee benefits expense of $170 million in the first six months of 2024 increased $10.0 million, or 6 percent, over the same period in the prior year and was driven by annual salary increases and the acquisition of Wheatland. Data processing expenses of $18.5 million for the first half of 2024 increased $2.0 million, or 12 percent, from the same period in the prior year. Regulatory assessments and insurance expense of $13.2 million for the first half of 2024 increased $2.9 million, or 29 percent, over the same period in the prior year which was principally due to the accrual adjustment for the FDIC special assessment. Other expenses of $53.1 million for the first half of 2024 increased $9.8 million, or 23 percent, from the first half of the prior year and was primarily driven by an increase of $6.9 million of acquisition-related expenses, which was partially offset by gains of $2.5 million from the sale of former branch facilities and disposal of fixed assets. Efficiency RatioThe efficiency ratio was 71.17 percent for the first six months of 2024 compared to 61.52 percent for the same period of 2023. The increase from the prior year was primarily attributable to the increase in interest expense in the current year that outpaced the increase in interest income and increased non-interest expense.Provision for Credit LossesThe provision for credit loss expense was $11.8 million for the first half of 2024, an increase of $3.5 million, or 43 percent, over the same period in the prior year and was primarily attributable to $5.3 million from the acquisition of Wheatland. Net charge-offs for the first half of 2024 were $6.0 million compared to $4.4 million in the first half of 2023.61ADDITIONAL MANAGEMENTâ€™S DISCUSSION AND ANALYSISInvestment ActivityThe Companyâ€™s investment securities primarily consist of debt securities classified as either available-for-sale or held-to-maturity. Non-marketable equity securities primarily consist of capital stock issued by the FHLB of Des Moines.Debt SecuritiesDebt securities classified as available-for-sale are carried at estimated fair value and debt securities classified as held-to-maturity are carried at amortized cost. Unrealized gains or losses, net of tax, on available-for-sale debt securities are reflected as an adjustment to other comprehensive income. The Companyâ€™s debt securities are summarized below:June 30, 2024December 31, 2023June 30, 2023(Dollars in thousands)Carrying AmountPercentCarrying AmountPercentCarrying AmountPercentAvailable-for-saleU.S. government and federal agency$457,508Â 6Â %$455,347Â 5Â %$446,841Â 5Â %U.S. government sponsored enterprises301,583Â 4Â %299,219Â 4Â %291,107Â 3Â %State and local governments95,639Â 1Â %98,932Â 1Â %100,204Â 1Â %Corporate bonds14,240Â 1Â %26,253Â 1Â %25,940Â 1Â %Residential mortgage-backed securities2,558,020Â 32Â %2,811,263Â 34Â %3,020,445Â 35Â %Commercial mortgage-backed securities1,072,551Â 14Â %1,094,705Â 13Â %1,115,283Â 13Â %Total available-for-sale4,499,541Â 58Â %4,785,719Â 58Â %4,999,820Â 58Â %Held-to-maturityU.S. government and federal agency856,307Â 11Â %853,273Â 10Â %850,234Â 10Â %State and local governments1,636,726Â 20Â %1,650,000Â 20Â %1,665,346Â 19Â %Residential mortgage-backed securities907,370Â 11Â %999,138Â 12Â %1,092,709Â 13Â %Total held-to-maturity3,400,403Â 42Â %3,502,411Â 42Â %3,608,289Â 42Â %Total debt securities$7,899,944Â 100Â %$8,288,130Â 100Â %$8,608,109Â 100Â %The Companyâ€™s debt securities were primarily comprised of U.S. government and federal agency and mortgage-backed securities. State and local government securities are largely exempt from federal income tax and the Companyâ€™s federal statutory income tax rate of 21 percent is used in calculating the tax-equivalent yields on the tax-exempt securities. Mortgage-backed securities largely consists of short, weighted-average life U.S. agency guaranteed residential and commercial mortgage pass-through securities and to a lesser extent, short, weighted-average life U.S. agency guaranteed residential collateralized mortgage obligations. Combined, the mortgage-backed securities provide the Company with ongoing liquidity as scheduled and pre-paid principal is received on the securities. State and local government securities carry different risks that are not as prevalent in other security types. The Company evaluates the investment grade quality of its securities in accordance with regulatory guidance. Investment grade securities are those where the issuer has an adequate capacity to meet the financial commitments under the security for the projected life of the investment. An issuer has an adequate capacity to meet financial commitments if the risk of default by the obligor is low and the full and timely payment of principal and interest are expected. In assessing credit risk, the Company may use credit ratings from Nationally Recognized Statistical Rating Organizations (â€œNRSROâ€ entities such as S&P and Moodyâ€™s) as support for the evaluation; however, they are not solely relied upon. There have been no significant differences in the Companyâ€™s internal evaluation of the creditworthiness of any issuer when compared with the ratings assigned by the NRSROs.62The following table stratifies the state and local government securities by the associated NRSRO ratings. The highest issued rating was used to categorize the securities in the table for those securities where the NRSRO ratings were not at the same level.June 30, 2024December 31, 2023(Dollars in thousands)AmortizedCostFairValueAmortizedCostFairValueS&P: AAA / Moodyâ€™s: Aaa$438,822Â 391,069Â 446,206Â 402,932Â S&P: AA+, AA, AA- / Moodyâ€™s: Aa1, Aa2, Aa31,237,206Â 1,077,191Â 1,244,344Â 1,107,064Â S&P: A+, A, A- / Moodyâ€™s: A1, A2, A352,485Â 51,594Â 55,511Â 55,101Â Not rated by either entity7,613Â 7,292Â 5,842Â 5,486Â Total$1,736,126Â 1,527,146Â 1,751,903Â 1,570,583Â State and local government securities largely consist of both taxable and tax-exempt general obligation and revenue bonds. The following table stratifies the state and local government securities by the associated security type.June 30, 2024December 31, 2023(Dollars in thousands)AmortizedCostFairValueAmortizedCostFairValueGeneral obligation - unlimited$373,640Â 348,125Â 383,400Â 361,728Â General obligation - limited182,450Â 161,599Â 183,078Â 165,993Â Revenue1,141,301Â 982,005Â 1,146,341Â 1,006,088Â Certificate of participation36,072Â 32,835Â 36,396Â 34,144Â Other2,663Â 2,582Â 2,688Â 2,630Â Total$1,736,126Â 1,527,146Â 1,751,903Â 1,570,583Â The following table outlines the five states in which the Company owns the highest concentrations of state and local government securities.June 30, 2024December 31, 2023(Dollars in thousands)AmortizedCostFairValueAmortizedCostFairValueNew York$371,072Â 330,471Â 372,926Â 334,583Â Texas121,009Â 108,187Â 125,906Â 114,753Â Michigan81,132Â 75,452Â 82,575Â 79,012Â California113,134Â 103,519Â 113,983Â 104,960Â Washi
other states951,973Â 821,696Â 958,274Â 846,862Â Total$1,736,126Â 1,527,146Â 1,751,903Â 1,570,583Â 63The following table presents the carrying amount and weighted-average yield of available-for-sale and held-to-maturity debt securities by contractual maturity at JuneÂ 30, 2024. Weighted-average yields are based upon the amortized cost of securities and are calculated using the interest method which takes into consideration premium amortization, discount accretion and mortgage-backed securitiesâ€™ prepayment provisions. Weighted-average yields on tax-exempt debt securities exclude the federal income tax benefit. One Year or LessAfter One through Five YearsAfter Five through Ten YearsAfter Ten YearsMortgage-Backed Securities 1Total(Dollars in thousands)AmountYieldAmountYieldAmountYieldAmountYieldAmountYieldAmountYieldAvailable-for-saleU.S. government and federal agency$47,798Â 0.79Â %$399,424Â 1.10Â %$2,366Â 6.12Â %$7,920Â 4.79Â %$â€"Â â€"Â %$457,508Â 1.15Â %U.S. government sponsored enterprisesâ€"Â â€"Â %301,583Â 1.29Â %â€"Â â€"Â %â€"Â â€"Â %â€"Â â€"Â %301,583Â 1.29Â %State and local governments5,136Â 1.69Â %40,436Â 1.88Â %23,742Â 2.63Â %26,325Â 2.50Â %â€"Â â€"Â %95,639Â 2.23Â %Corporate bondsâ€"Â â€"Â %9,776Â 3.66Â %3,636Â 4.00Â %828Â 0.46Â %â€"Â â€"Â %14,240Â 3.58Â %Residential mortgage-backed securitiesâ€"Â â€"Â %â€"Â â€"Â %â€"Â â€"Â %â€"Â â€"Â %2,558,020Â 1.22Â %2,558,020Â 1.22Â %Commercial mortgage-backed securitiesâ€"Â â€"Â %â€"Â â€"Â %â€"Â â€"Â %â€"Â â€"Â %1,072,551Â 2.54Â %1,072,551Â 2.55Â %Total available-for-sale52,934Â 0.87Â %751,219Â 1.25Â %29,744Â 3.08Â %35,073Â 2.97Â %3,630,571Â 1.60Â %4,499,541Â 1.55Â %Held-to-maturityU.S. government and federal agencyâ€"Â â€"Â %856,307Â 1.62Â %â€"Â â€"Â %â€"Â â€"Â %â€"Â â€"Â %856,307Â 1.62Â %State and local governments8,550Â 2.57Â %80,694Â 3.07Â %180,213Â 3.14Â %1,367,269Â 2.47Â %â€"Â â€"Â %1,636,726Â 2.58Â %Residential mortgage-backed securitiesâ€"Â â€"Â %â€"Â â€"Â %â€"Â â€"Â %â€"Â â€"Â %907,370Â 1.63Â %907,370Â 1.63Â %Total held-to-maturity8,550Â 2.57Â %937,001Â 1.74Â %180,213Â 3.14Â %1,367,269Â 2.47Â %907,370Â 1.63Â %3,400,403Â 2.08Â %Total debtÂ Â securities$61,484Â 1.10Â %$1,688,220Â 1.51Â %$209,957Â 3.13Â %$1,402,342Â 2.49Â %$4,537,941Â 1.60Â %$7,899,944Â 1.77Â %______________________________1 Mortgage-backed securities, which have prepayment provisions, are not assigned to maturity categories due to fluctuations in their prepayment speeds.Based on an analysis of its available-for-sale debt securities with unrealized losses as of JuneÂ 30, 2024, the Company determined their decline in value was unrelated to credit loss and was primarily the result of interest rate changes and market spreads subsequent to acquisition. The fair value of the debt securities is expected to recover as payments are received and the debt securities approach maturity. In addition, the Company determined an insignificant amount of credit losses is expected on the held-to-maturity debt securities portfolio; therefore, no ACL has been recognized at JuneÂ 30, 2024.For additional information on the Companyâ€™s debt securities, see Note 2 to the Consolidated Financial Statements in â€œPart I. ItemÂ 1. Financial Statements.â€Equity securitiesNon-marketable equity securities primarily consist of capital stock issued by the FHLB of Des Moines and are carried at cost less impairment. The Company also has an insignificant amount of equity securities that are included in other assets on the Companyâ€™s statements of financial condition.Non-marketable equity securities and equity securities without readily determinable fair values are evaluated for impairment whenever events or circumstances suggest the carrying value may not be recoverable. Based on the Companyâ€™s evaluation of its investments in non-marketable equity securities and equity securities without readily determinable fair values as of JuneÂ 30, 2024, the Company determined that none of such securities were impaired.64Lending ActivityThe Company focuses its lending activities primarily on the following types of loans: 1) first-mortgage, conventional loans secured by residential properties, particularly single-family; 2) commercial lending, including agriculture and public entities; and 3) installment lending for consumer purposes (e.g., home equity, automobile, etc.). Supplemental information regarding the Companyâ€™s loan portfolio and credit quality based on regulatory classification is provided in the section captioned â€œLoans by Regulatory Classificationâ€ included in â€œPart I. Item 2. Managementâ€™s Discussion and Analysis of Financial Condition and Results of Operations.â€ The regulatory classification of loans is based primarily on the type of collateral for the loans. Loan information included in â€œPart I. Item 2. Managementâ€™s Discussion and Analysis of Financial Condition and Results of Operationsâ€ is based on the Companyâ€™s loan segments, which are based on the purpose of the loan, unless otherwise noted as a regulatory classification. The following table summarizes the Companyâ€™s loan portfolio as of the dates indicated:Â June 30, 2024December 31, 2023June 30, 2023(Dollars in thousands)AmountPercentAmountPercentAmountPercentResidential real estate$1,771,528Â 11Â %$1,704,544Â 11Â %$1,588,175Â 10Â %Commercial real estate10,713,964Â 64Â %10,303,306Â 64Â %10,220,751Â 65Â %Other commercial3,066,028Â 18Â %2,901,863Â 18Â %2,888,810Â 18Â %Home equity905,884Â 6Â %888,013Â 6Â %862,240Â 5Â %Other consumer394,587Â 2Â %400,356Â 2Â %394,986Â 3Â %Loans receivable16,851,991Â 101Â %16,198,082Â 101Â %15,954,962Â 101Â %Allowance for credit losses(200,955)(1)%(192,757)(1)%(189,385)(1)%Loans receivable, net$16,651,036Â 100Â %$16,005,325Â 100Â %$15,765,577Â 100Â %The largest category of the Companyâ€™s loan portfolio is Commercial Real Estate (â€œCREâ€). An additional breakdown of the Companyâ€™s CRE portfolio follows. June 30, 2024(Dollars in thousands)Owner OccupiedNon-Owner OccupiedTotalPercent of total CREOffice$687,903Â $747,622Â $1,435,525Â 13.4Â %Multi-familyâ€"Â 1,233,024Â 1,233,02411.5Â %Retail403,850Â 725,292Â 1,129,14210.5Â %Industrial and warehouse760,337Â 423,062Â 1,183,39911.0Â %Medical and nursing247,930Â 340,533Â 588,4635.5Â %Mini and RV

Storage10,084Â 554,832Â 564,9165.3Â %Hotelâ€"Â 548,141Â 548,1415.1Â %Agriculture real estate537,727Â â€"Â 537,7275.0Â %Land77,928Â 405,359Â 483,2874.5Â %Restaurant and
entertainment225,457Â 88,349Â 313,8062.9Â %Automotive and transportation252,805Â 36,238Â 289,0432.7Â %Other commercial real estate1,993,155Â 414,336Â 2,407,49122.5Â %Total
commercial real estate$5,197,176Â $5,516,788Â $10,713,964Â 100Â %65The following table summarizes the Companyâ€™s CRE portfolio by geographic location, including occupancy as of the
dates indicated: (Dollars in thousands)June 30, 2024AmountPercent of total
CREMontana$2,838,595Â 26.5Â %Utah1,904,293Â 17.8Â %Idaho1,519,961Â 14.2Â %Arizona1,255,311Â 11.7Â %Colorado1,104,049Â 10.3Â %Wyoming767,573Â 7.2Â %Nevada742,770Â 6.9Â %
commercial real estate$10,713,964Â 100Â %The CRE portfolio is comprised of loans made to purchase, construct and finance commercial real estate properties. On average, the balances are
small and geographically disbursed across our eight-state footprint. Specifically, our CRE portfolio has an average loan balance of $777Â thousand with an average loan-to-value ratio
(â€œLTVâ€) of 59% as of JuneÂ 30, 2024. Due to the recent trends in the banking industry, there has been increased risk associated with commercial real estate loans, including with respect to
the higher vulnerability of these credits to pressure as interest rates remain elevated and market conditions in many large metropolitan areas continue to show signs of stress. The Company has
limited exposure to the office building sector in central business districts as the office portfolio is generally diversified in suburban and rural markets with strong occupancy levels. The
Company maintains a practice of regular and ongoing loan reviews, stress tests, and sensitivity analyses to assess the level of risk in the loan portfolio. Loan reviews include monitoring past due
rates, non-performing trends, concentrations, LTVâ€™s, among other qualitative factors. Loan policies are robust and are updated as needed to meet the strategic and risk mitigation goals of
the company.66Non-performing AssetsThe following table summarizes information regarding non-performing assets at the dates indicated:Â At or for the Six Months endedAt or for the Three
Months endedAt or for the Year endedAt or for the Six Months ended(Dollars in thousands)June 30,2024March 31,2024December 31,2023June 30,2023Other real estate owned and foreclosed
assets$630Â 891Â 1,503Â â€"Â Accruing loans 90 days or more past due4,692Â 3,796Â 3,312Â 3,876Â Non-accrual loans12,686Â 20,738Â 20,816Â 28,094Â Total non-performing
assets$18,008Â 25,425Â 25,631Â 31,970Â Non-performing assets as a percentage of subsidiary assets0.06Â %0.09Â %0.09Â %0.12Â %ACL as a percentage of non-performing
loans1,116Â %810Â %799Â %592Â %Accruing loans 30-89 days past due$49,678Â 62,423Â 49,967Â 24,863Â U.S. government guarantees included in non-performing
assets$1,228Â 1,490Â 1,503Â 1,035Â Interest income 1$354Â 283Â 1,085Â 706Â ______________________________1Amounts represent estimated interest income that would have been recognized
on loans accounted for on a non-accrual basis as of the end of each period had such loans performed pursuant to contractual terms.Non-performing assets of $18.0 million at June 30, 2024
decreased $7.4 million, or 29 percent, over the prior quarter and decreased $14.0 million, or 44 percent, over the prior year second quarter. Non-performing assets as a percentage of
subsidiary assets at June 30, 2024 was 0.06 percent compared to 0.09 percent in the prior quarter and 0.12 percent in the prior year second quarter. Early stage delinquencies (accruing loans
30-89 days past due) of $49.7 million at June 30, 2024 decreased $12.7 million from the prior quarter and increased $24.8 million from the prior year second quarter. Early stage delinquencies
as a percentage of loans at June 30, 2024 were 0.29 percent compared to 0.37 percent for the prior quarter end and 0.16 percent for the prior year second quarter. Most of the Companyâ€™s
non-performing assets are secured by real estate, and based on the most current information available to management, including updated appraisals or evaluations (new or updated), the
Company believes the value of the underlying real estate collateral is adequate to minimize significant charge-offs or losses to the Company. Through pro-active credit administration, the
Company works closely with its borrowers to seek favorable resolution to the extent possible, thereby attempting to minimize net charge-offs or losses to the Company. With very limited
exceptions, the Company does not disburse additional funds on non-performing loans. Instead, the Company proceeds to collection and foreclosure actions in order to reduce the Companyâ€™s
exposure to loss on such loans.For additional information on accounting policies relating to non-performing assets, see Note 1 to the Consolidated Financial Statements in â€œPart I. Item 1.
Financial Statements.â€Modifications to Borrowers Experiencing Financial DifficultyThe company identifies modifications to borrowers experiencing financial difficulty (â€œMBFDâ€) as a loan
that has been modified for the borrower that is experiencing financial difficulties. The Company considers some of the indicators that a borrower is experiencing financial difficulty to be:
currently in payment default on any of their debt, declaring bankruptcy, going concern, borrowerâ€™s securities have been delisted, and other indicators of inability to meet obligations. Each
debt modification is separately negotiated with the borrower and includes terms and conditions that reflect the borrowerâ€™s prospective ability to service their obligations as modified. Such
loans at JuneÂ 30, 2024 had an amortized cost of $50.5 million. 67Other Real Estate Owned and Foreclosed AssetsThe book value of loans prior to the acquisition of collateral and transfer of the
loans into other real estate owned (â€œOREOâ€) and other foreclosed assets during 2024 was $180 thousand. The fair value of the loan collateral acquired in foreclosure during 2024 was $104
thousand. The following table sets forth the changes in OREO for the periods indicated:At or for the Six Months endedAt or for the Three Months endedAt or for the Year endedAt or for the Six
Months ended(Dollars in thousands)June 30,2024March 31,2024December 31,2023June 30,2023Balance at beginning of period$1,503Â 1,503Â 32Â 32Â Additions104Â 16Â 1,563Â 74Â Capital
improvements1Â 1Â â€"Â â€"Â Write-downs(16)â€"Â (8)â€"Â Sales(962)(629)(84)(54)Balance at end of period$630Â 891Â 1,503Â 52Â Allowance for Credit Losses - Loans ReceivableThe
following table summarizes the allocation of the ACL as of the dates indicated:Â June 30, 2024December 31, 2023June 30, 2023(Dollars in thousands)ACLPercent of
ACLÂ inCategoryPercentofÂ LoansÂ inCategoryACLPercent of ACLÂ inCategoryPercentofÂ LoansÂ inCategoryACLPercent of ACLÂ inCategoryPercentofÂ LoansÂ inCategoryResidential real
estate$24,653Â 12Â %11Â %$22,325Â 12Â %11Â %$20,847Â 11Â %10Â %Commercial real estate136,346Â 68Â %64Â %130,924Â 68Â %64Â %129,598Â 68Â %64Â %Other
commercial22,219Â 11Â %18Â %21,194Â 11Â %18Â %21,797Â 12Â %18Â %Home equity11,261Â 6Â %5Â %11,766Â 6Â %5Â %11,053Â 6Â %6Â %Other
consumer6,476Â 3Â %2Â %6,548Â 3Â %2Â %6,090Â 3Â %2Â %Total$200,955Â 100Â %100Â %$192,757Â 100Â %100Â %$189,385Â 100Â %100Â %68The following table summarizes the ACL
experience for the periods indicated:At or for the Six Months endedAt or for the Three Months endedAt or for the Year endedAt or for the Six Months ended(Dollars in thousands)June
30,2024March 31,2024December 31,2023June 30,2023Balance at beginning of period$192,757Â 192,757Â 182,283Â 182,283Â Acquisitions3Â 3Â â€"Â â€"Â Provision for credit
losses14,157Â 9,091Â 20,790Â 11,514Â Net (charge-offs) recoveriesResidential real estate20Â 4Â (3)(9)Commercial real estate(370)19Â (1,640)(172)Other commercial(2,349)(1,393)(2,256)
(1,196)Home equity49Â (3)38Â (53)Other consumer(3,312)(1,699)(6,455)(2,982)Net charge-offs(5,962)(3,072)(10,316)(4,412)Balance at end of
period$200,955Â 198,779Â 192,757Â 189,385Â ACL as a percentage of total loans1.19Â %1.19Â %1.19Â %1.19Â %Non-accrual loans as a percentage of total
loans0.08Â %0.12Â %0.13Â %0.18Â %ACL as a percentage of non-accrual loans1,584.07Â %958.52Â %926.01Â %674.11Â %The following table summarizes net charge-offs as a percentage of
average loans for the periods indicated: June 30,2024March 31,2024December 31,2023June 30,2023Residential real estateâ€"Â %â€"Â %â€"Â %â€"Â %Commercial real estateâ€"Â %â€"Â %
(0.02)%â€"Â %Other commercial(0.08)%(0.07)%(0.08)%(0.04)%Home equity0.01Â %.â€"Â %(0.01)%Other consumer(0.84)%(0.22)%(1.64)%(0.70)%Total net charge-offs(0.04)%(0.02)%(0.07)%
(0.03)%The current quarter credit loss expense of $3.5 million included $5.1 million of credit loss expense from loans and $1.6 million of credit loss benefit from unfunded loan commitments.
For the first half of the current year, the provision for credit losses included $5.3 million of provision for credit losses on loans and $818 thousand of provision for credit losses on unfunded loan
commitments from the acquisition of Wheatland. The Companyâ€™s ACL of $201 million is considered adequate to absorb the estimated credit losses from any segment of its loan portfolio. For
the periods ended JuneÂ 30, 2024 and 2023, the Company believes the ACL is commensurate with the risk in the Companyâ€™s loan portfolio and is directionally consistent with the change in
the quality of the Companyâ€™s loan portfolio. At the end of each quarter, the Company analyzes its loan portfolio and maintains an ACL at a level that is appropriate and determined in
accordance with accounting principles generally accepted in the United States of America (â€œGAAPâ€). Determining the adequacy of the ACL involves a high degree of judgment and is
inevitably imprecise as the risk of loss is difficult to quantify. The ACL methodology is designed to reasonably estimate the probable credit losses within the Companyâ€™s loan portfolio.
Accordingly, the ACL is maintained within a range of estimated losses. The determination of the ACL on loans, including credit loss expense and net charge-offs, is a critical accounting estimate
that involves managementâ€™s judgments about the loan portfolio that impact credit losses, including the credit risk inherent in the loan portfolio, economic forecasts nationally and in the local
markets in which the Company operates, trends and changes in collateral values, delinquencies, non-performing assets, net charge-offs, credit-related policies and personnel, and other
environmental factors. 69In determining the allowance, the loan portfolio is separated into pools of loans that share similar risk characteristics which are the Companyâ€™s loan segments. The
Company then derives estimated loss assumptions from its model by loan segment. The loss assumptions are then applied to each segment of loan to estimate the ACL on the pooled loans. For
any loans that do not share similar risk characteristics, the estimated credit losses are determined on an individual loan basis and such loans primarily consist of non-accrual loans. An estimated
credit loss is recorded on individually reviewed loans when the fair value of a collateral-dependent loan or the present value of the loanâ€™s expected future cash flows (discounted at the loans
original effective interest rate) is less than the amortized cost of the loan. The Company provides commercial banking services to individuals, small to medium-sized businesses, community
organizations and public entities from 231 locations, including 195 branches, across Montana, Idaho, Utah, Washington, Wyoming, Colorado, Arizona and Nevada. The states in which the
Company operates have diverse economies and markets that are tied to commodities (crops, livestock, minerals, oil and natural gas), tourism, real estate and land development and an
assortment of industries, both manufacturing and service-related. Thus, the changes in the global, national, and local economies are not uniform across the Companyâ€™s geographic locations.
The geographic dispersion of these market areas helps to mitigate the risk of credit loss. The Companyâ€™s model of seventeen bank divisions with separate management teams is also a
significant benefit in mitigating and managing the Companyâ€™s credit risk. This model provides substantial local oversight to the lending and credit management function and requires
multiple reviews of larger loans before credit is extended.The primary responsibility for credit risk assessment and identification of problem loans rests with the loan officer of the account. This
continuous process of identifying non-performing loans is necessary to support managementâ€™s evaluation of the ACL adequacy. An independent loan review function verifying credit risk
ratings evaluates the loan officerâ€™s and managementâ€™s evaluation of the loan portfolio credit quality. The ACL evaluation is well documented and approved by the Companyâ€™s Board.
In addition, the policy and procedures for determining the balance of the ACL are reviewed annually by the Companyâ€™s Board, the internal audit department, independent credit reviewers
and state and federal bank regulatory agencies.Although the Company continues to actively monitor economic trends and regulatory developments, no assurance can be given that the Company
will not, in any particular period, sustain losses that are significant relative to the ACL amount, or that subsequent evaluations of the loan portfolio applying managementâ€™s judgment about
then current factors will not require significant changes in the ACL. Under such circumstances, additional credit loss expense could result.For additional information regarding the ACL, its
relation to credit loss expense and risks related to asset quality, see Note 3 to the Consolidated Financial Statements in â€œPart I. ItemÂ 1. Financial Statements.â€70Loans by Regulatory
ClassificationSupplemental information regarding identification of the Companyâ€™s loan portfolio and credit quality based on regulatory classification is provided in the following tables. The
regulatory classification of loans is based primarily on the type of collateral for the loans. There may be differences when compared to loan tables and loan amounts appearing elsewhere which
reflect the Companyâ€™s internal loan segments which are based on the purpose of the loan.The following table summarizes the Companyâ€™s loan portfolio by regulatory
classification:Â Loans Receivable, by Loan Type% Change from(Dollars in thousands)Jun 30,2024Mar 31,2024Dec 31,2023Jun 30,2023Mar 31,2024Dec 31,2023Jun 30,2023Custom and owner
occupied construction$233,978Â $273,835Â $290,572Â $315,651Â (15)%(19)%(26)%Pre-sold and spec construction198,219Â 223,294Â 236,596Â 306,440Â (11)%(16)%(35)%Total residential
construction432,197Â 497,129Â 527,168Â 622,091Â (13)%(18)%(31)%Land development209,794Â 215,828Â 232,966Â 238,897Â (3)%(10)%(12)%Consumer land or
lots190,781Â 188,635Â 187,545Â 182,251Â 1Â %2Â %5Â %Unimproved land108,763Â 103,032Â 87,739Â 91,157Â 6Â %24Â %19Â %Developed lots for operative
builders57,140Â 47,591Â 56,142Â 65,134Â 20Â %2Â %(12)%Commercial lots99,036Â 92,748Â 87,185Â 94,334Â 7Â %14Â %5Â %Other
construction810,536Â 915,782Â 900,547Â 1,039,192Â (11)%(10)%(22)%Total land, lot, and other construction1,476,050Â 1,563,616Â 1,552,124Â 1,710,965Â (6)%(5)%(14)%Owner
occupied3,087,814Â 3,057,348Â 3,035,768Â 2,934,724Â 1Â %2Â %5Â %Non-owner occupied3,941,786Â 3,920,696Â 3,742,916Â 3,714,531Â 1Â %5Â %6Â %Total commercial real
estate7,029,600Â 6,978,044Â 6,778,684Â 6,649,255Â 1Â %4Â %6Â %Commercial and
industrial1,400,896Â 1,371,201Â 1,363,479Â 1,370,393Â 2Â %3Â %2Â %Agriculture962,384Â 929,420Â 772,458Â 770,378Â 4Â %25Â %25Â %1st
lien2,353,912Â 2,276,638Â 2,127,989Â 1,956,205Â 3Â %11Â %20Â %Junior lien56,049Â 51,579Â 47,230Â 46,616Â 9Â %19Â %20Â %Total 1-4
family2,409,961Â 2,328,217Â 2,175,219Â 2,002,821Â 4Â %11Â %20Â %Multifamily residential1,027,962Â 881,117Â 796,538Â 664,859Â 17Â %29Â %55Â %Home equity lines of
credit974,000Â 947,652Â 979,891Â 940,048Â 3Â %(1)%4Â %Other consumer220,755Â 223,566Â 229,154Â 231,519Â (1)%(4)%(5)%Total
consumer1,194,755Â 1,171,218Â 1,209,045Â 1,171,567Â 2Â %(1)%2Â %States and political subdivisions777,426Â 848,454Â 834,947Â 812,688Â (8)%(7)%
(4)%Other180,505Â 191,121Â 204,111Â 214,951Â (6)%(12)%(16)%Total loans receivable, including loans held for sale16,891,736Â 16,759,537Â 16,213,773Â 15,989,968Â 1Â %4Â %6Â %Less
loans held for sale 1(39,745)(27,035)(15,691)(35,006)47Â %153Â %14Â %Total loans
receivable$16,851,991Â $16,732,502Â $16,198,082Â $15,954,962Â 1Â %4Â %6Â %______________________________1 Loans held for sale are primarily 1st lien 1-4 family loans.71The following
table summarizes the Companyâ€™s non-performing assets by regulatory classification:Â Non-performingÂ Assets,byÂ LoanÂ TypeNon-AccrualLoansAccruingLoansÂ 90Â Days
orMoreÂ PastÂ DueOREO(Dollars in thousands)Jun 30,2024Mar 31,2024Dec 31,2023Jun 30,2023Jun 30,2024Jun 30,2024Jun 30,2024Custom and owner occupied
construction$206Â 210Â 214Â 219Â 206Â â€"Â â€"Â Pre-sold and spec construction2,908Â 1,049Â 763Â 1,548Â 2,145Â 763Â â€"Â Total residential
construction3,114Â 1,259Â 977Â 1,767Â 2,351Â 763Â â€"Â Land developmentâ€"Â 28Â 35Â 118Â â€"Â â€"Â â€"Â Consumer land or lots429Â 144Â 96Â 239Â 201Â 228Â â€"Â Unimproved
landâ€"Â â€"Â â€"Â 43Â â€"Â â€"Â â€"Â Developed lots for operative builders608Â 608Â 608Â 608Â â€"Â 608Â â€"Â Commercial lots47Â 2,205Â 47Â 188Â â€"Â 47Â â€"Â Other
construction25Â â€"Â â€"Â 12,884Â 25Â â€"Â â€"Â Total land, lot and other construction1,109Â 2,985Â 786Â 14,080Â 226Â 883Â â€"Â Owner
occupied1,992Â 1,501Â 1,838Â 2,251Â 999Â 561Â 432Â Non-owner occupied257Â 8,853Â 11,016Â 4,450Â â€"Â 257Â â€"Â Total commercial real
estate2,249Â 10,354Â 12,854Â 6,701Â 999Â 818Â 432Â Commercial and
industrial2,044Â 1,698Â 1,971Â 1,339Â 1,297Â 747Â â€"Â Agriculture2,442Â 2,855Â 2,558Â 2,564Â 2,396Â 46Â â€"Â 1st lien2,923Â 2,930Â 2,664Â 2,794Â 2,217Â 706Â â€"Â Junior
lien492Â 69Â 180Â 273Â 353Â 139Â â€"Â Total 1-4 family3,415Â 2,999Â 2,844Â 3,067Â 2,570Â 845Â â€"Â Multifamily residential385Â 395Â 395Â â€"Â 385Â â€"Â â€"Â Home equity lines of
credit2,145Â 1,892Â 2,043Â 1,256Â 1,770Â 375Â â€"Â Other consumer1,089Â 927Â 1,187Â 1,116Â 692Â 199Â 198Â Total
consumer3,234Â 2,819Â 3,230Â 2,372Â 2,462Â 574Â 198Â Other16Â 61Â 16Â 132Â â€"Â 16Â â€"Â Total$18,008Â 25,425Â 25,631Â 32,022Â 12,686Â 4,692Â 630Â 72The following table
summarizes the Companyâ€™s accruing loans 30-89 days past due by regulatory classification:Â AccruingÂ 30-89Â DaysÂ DelinquentÂ Loans, byÂ LoanÂ Type% Change from(Dollars in
thousands)Jun 30,2024Mar 31,2024Dec 31,2023Jun 30,2023Mar 31,2024Dec 31,2023Jun 30,2023Custom and owner occupied construction$1,323Â $4,784Â $2,549Â $324Â (72)%
(48)%308Â %Pre-sold and spec construction816Â 1,181Â 1,219Â 129Â (31)%(33)%533Â %Total residential construction2,139Â 5,965Â 3,768Â 453Â (64)%(43)%372Â %Land
developmentâ€"Â 59Â 163Â 244Â (100)%(100)%(100)%Consumer land or lots411Â 332Â 624Â 565Â 24Â %(34)%(27)%Unimproved land158Â 575Â â€"Â â€"Â (73)%n/mn/mCommercial
lotsâ€"Â 1,225Â 2,159Â 3,404Â (100)%(100)%(100)%Other construction21Â 1,248Â â€"Â 1,114Â (98)%n/m(98)%Total land, lot and other construction590Â 3,439Â 2,946Â 5,327Â (83)%(80)%
(89)%Owner occupied4,326Â 2,991Â 2,222Â 1,053Â 45Â %95Â %311Â %Non-owner occupied8,119Â 18,118Â 14,471Â 8,595Â (55)%(44)%(6)%Total commercial real
estate12,445Â 21,109Â 16,693Â 9,648Â (41)%(25)%29Â %Commercial and
industrial17,591Â 14,806Â 12,905Â 2,096Â 19Â %36Â %739Â %Agriculture5,288Â 3,922Â 594Â 871Â 35Â %790Â %507Â %1st lien2,637Â 5,626Â 3,768Â 1,115Â (53)%(30)%137Â %Junior
lien17Â 145Â 1Â 385Â (88)%1,600Â %(96)%Total 1-4 family2,654Â 5,771Â 3,769Â 1,500Â (54)%(30)%77Â %Home equity lines of credit5,432Â 3,668Â 4,518Â 2,021Â 48Â %20Â %169Â %Other
consumer2,192Â 1,948Â 3,264Â 1,714Â 13Â %(33)%28Â %Total consumer7,624Â 5,616Â 7,782Â 3,735Â 36Â %(2)%104Â %Other1,347Â 1,795Â 1,510Â 1,233Â (25)%
(11)%9Â %Total$49,678Â $62,423Â $49,967Â $24,863Â (20)%(1)%100Â %______________________________n/m - not measurable73The following table summarizes the Companyâ€™s charge-offs

and recoveries by regulatory classification:Â NetÂ Charge-OffsÂ (Recoveries), Year-to-Date Period Ending,By Loan TypeCharge-OffsRecoveries(Dollars in thousands)Jun 30,2024Mar 31,2024Dec 31,2023Jun 30,2023Jun 30,2024Jun 30,2024Pre-sold and spec construction(4)(4)(15)(8)â€”Â 4Â Land development(1)(1)(135)(132)â€”Â 1Â Consumer land or lots(22)(1)(19)(14)â€”Â 22Â Unimproved land5Â â€”Â â€”Â â€”Â 5Â â€”Â Commercial lots319Â â€”Â â€”Â â€”Â 319Â â€”Â Other constructionâ€”Â â€”Â 889Â â€”Â â€”Â â€”Â Total land, lot and other construction301Â (2)735Â (146)324Â 23Â Owner occupied(73)(3)(59)(76)â€”Â 73Â Non-owner occupied(2)(1)799Â 299Â â€”Â 2Â Total commercial real estate(75)(4)740Â 223Â â€”Â 75Â Commercial and industrial644Â 328Â 364Â (18)1,149Â 505Â Agriculture68Â 68Â â€”Â â€”Â 68Â â€”Â 1st lien(22)(4)66Â 101Â â€”Â 22Â Junior lien(55)(5)24Â 38Â 10Â 65Â Total 1-4 family(77)(9)90Â 139Â 10Â 87Â Multifamily residentialâ€”Â â€”Â (136)â€”Â â€”Â â€”Â Home equity lines of credit1Â 5Â (6)56Â 15Â 14Â Other consumer493Â 251Â 1,097Â 401Â 709Â 216Â Total consumer494Â 256Â 1,091Â 457Â 724Â 230Â Other4,611Â 2,439Â 7,447Â 3,765Â 6,155Â 1,544Â Total$5,962Â 3,072Â 10,316Â 4,412Â 8,430Â 2,468Â Sources of FundsThe Companyâ€™s deposits have traditionally been the principal source of funds for use in lending and other business purposes. The Company also obtains funds from repayment of loans and debt securities, securities sold under agreements to repurchase (â€œrepurchase agreementsâ€), wholesale deposits, advances from FHLB, Federal Reserve facilities, and other borrowings. Loan repayments are a relatively stable source of funds, while interest bearing deposit inflows and outflows are significantly influenced by general interest rate levels and market conditions. Borrowings and advances may be used on a short-term basis to compensate for reductions in normal sources of funds such as deposit inflows at less than projected levels. Borrowings also may be used on a long-term basis to support expanded activities, match maturities of longer-term assets or manage interest rate risk.DepositsThe Company has several deposit programs designed to attract both short-term and long-term deposits from the general public by providing a wide selection of accounts and rates. These programs include non-interest bearing deposit accounts and interest bearing deposit accounts such as NOW, DDA, savings, money market deposits, fixed rate certificates of deposit with maturities ranging from three months to five years, negotiated-rate jumbo certificates, and individual retirement accounts. These deposits are obtained primarily from individual and business residents in the Bankâ€™s geographic market areas. Wholesale deposits are 74obtained through various programs and include brokered deposits classified as NOW, DDA, money market deposits and certificate accounts. The Companyâ€™s deposits are summarized below:June 30, 2024December 31, 2023June 30, 2023(Dollars in thousands)AmountPercentAmountPercentAmountPercentNon-interest bearing deposits$6,093,430Â 30Â %$6,022,980Â 30Â %$6,458,394Â 32Â %NOW and DDA accounts5,219,838Â 26Â %5,321,257Â 27Â %5,154,442Â 26Â %Savings accounts2,862,034Â 14Â %2,833,887Â 14Â %2,808,571Â 14Â %Money market deposit accounts2,858,850Â 14Â %2,831,624Â 14Â %3,094,302Â 16Â %Certificate accounts3,064,613Â 16Â %2,915,393Â 15Â %2,014,104Â 10Â %Wholesale deposits2,994Â â€”Â %4,026Â â€”Â %478,417Â 2Â %Total interest bearing deposits14,008,329Â 70Â %13,906,187Â 70Â %13,549,836Â 68Â %Total deposits$20,101,759Â 100Â %$19,929,167Â 100Â %$20,008,230Â 100Â %BorrowingsThe Company borrows money through repurchase agreements. This process involves the selling of one or more of the securities in the Companyâ€™s investment portfolio and simultaneously entering into an agreement to repurchase the same securities at an agreed upon later date, typically overnight. A rate of interest is paid for the agreed period of time. The Bank enters into repurchase agreements with local municipalities, and certain customers, and has adopted procedures designed to ensure proper transfer of title and safekeeping of the underlying securities. In addition to retail repurchase agreements, the Company periodically enters into wholesale repurchase agreements as additional funding sources. The Company has not entered into reverse repurchase agreements. The Bank is a member of the FHLB of Des Moines, which is one of eleven banks that comprise the FHLB system. The Bank is required to maintain a certain level of activity-based stock in order to borrow or to engage in other transactions with the FHLB of Des Moines. Additionally, the Bank is subject to a membership capital stock requirement that is based upon an annual calibration tied to the total assets of the Bank. The borrowings are collateralized by eligible categories of loans and debt securities (principally, securities which are obligations of, or guaranteed by, the U.S. government and its agencies), provided certain standards related to credit-worthiness have been met. Advances are made pursuant to several different credit programs, each of which has its own interest rates and range of maturities. The Bankâ€™s maximum amount of FHLB advances is limited to the lesser of a fixed percentage of the Bankâ€™s total assets or the discounted value of eligible collateral. FHLB advances fluctuate to meet seasonal and other withdrawals of deposits and to expand lending or investment opportunities of the Company. During the first quarter 2023, the Federal Reserve Bank (â€œFRBâ€) offered a new Bank Term Funding Program (â€œBTFPâ€) to eligible depository institutions. The BTFP offered loans of up to one year in length to institutions pledging collateral eligible for purchase by the FRB in open market operations such as U.S. Treasuries, U.S. Agency securities, and U.S. agency mortgage-backed securities. These assets were valued at par value. During 2023 the Company borrowed $2.740 billion from the BTFP which enabled the Company to pay off higher rate FHLB advances and support its liquidity position. In the first quarter of 2024, the Company paid-off all of the BTFP borrowings through a combination of the FHLB borrowings and additional sources of liquidity. Additionally, the Company has other sources of secured and unsecured borrowing lines from various sources that may be used from time to time.Short-term borrowingsA critical component of the Companyâ€™s liquidity and capital resources is access to short-term borrowings to fund its operations. Short-term borrowings are accompanied by increased risks managed by the Bankâ€™s Asset Liability Committee (â€œALCOâ€) such as rate increases or unfavorable change in terms which would make it more costly to obtain future short-term borrowings. The Companyâ€™s short-term borrowing sources include FHLB advances, federal funds purchased and retail and wholesale repurchase agreements. The Company also has access to the short-term discount window borrowing programs (i.e., primary credit) of the FRB as well as a line of credit with a large national banking institution. FHLB advances and certain other short-term borrowings may be renewed as long-term borrowings to decrease certain risks such as liquidity or interest rate risk; however, the reduction in risks are weighed against the increased cost of funds and other risks.75Subordinated DebenturesIn addition to funds obtained in the ordinary course of business, the Company formed or acquired financing subsidiaries for the purpose of issuing or holding trust preferred securities that entitle the investor to receive cumulative cash distributions thereon. Subordinated debentures were issued in conjunction with the trust preferred securities and the terms of the subordinated debentures and trust preferred securities are the same. For regulatory capital purposes, the trust preferred securities are included in Tier 2 capital at JuneÂ 30, 2024. The subordinated debentures outstanding as of JuneÂ 30, 2024 were $133 million, including fair value adjustments from acquisitions.Contractual Obligations and Off-Balance Sheet Arrangements In the normal course of business, there may be various outstanding commitments to obtain funding and to extend credit, such as letters of credit and unfunded loan commitments, which are not reflected in the accompanying condensed consolidated financial statements. The Company assessed the off-balance sheet credit exposures as of JuneÂ 30, 2024 and determined its ACL of $16.9 million was adequate to absorb the estimated credit losses.Off-balance sheet arrangements also include any obligation related to a variable interest held in an unconsolidated entity. The Company does not anticipate any material losses as a result of these transactions. For additional information regarding the Companyâ€™s interests in unconsolidated variable interest entities (â€œVIEâ€), see Note 7 to the Unaudited Consolidated Financial Statements in â€œPart I. ItemÂ 1. Financial Statements.â€76Liquidity RiskIn the normal course of business, the Company has commitments that require material cash requirements for customer deposits outflows, repurchase agreements, borrowed funds, lease obligations, off-balance sheet obligations, operating expenses and other contractual obligations. The source of funding for such requirements includes loan repayments, customer deposit inflows, borrowings, revenue from operations, and capital resources. Liquidity risk is the possibility that the Company will not be able to fund present and future obligations as they come due because of an inability to liquidate assets or obtain adequate funding at a reasonable cost. The objective of liquidity management is to maintain cash flows adequate to meet current and future needs for credit demand, deposit withdrawals, maturing liabilities and corporate operating expenses. Effective liquidity management entails three elements:1.assessing on an ongoing basis, the current and expected future needs for funds, and ensuring that sufficient funds or access to funds exist to meet those needs at the appropriate time;2.providing for an adequate cushion of liquidity to meet unanticipated cash flow needs that may arise from potential adverse circumstances ranging from high probability/low severity events to low probability/high severity; and3.balancing the benefits between providing for adequate liquidity to mitigate potential adverse events and the cost of that liquidity.The Company has a wide range of versatility in managing the liquidity and asset/liability mix. The Bankâ€™s ALCO meets regularly to assess liquidity risk, among other matters. The Company monitors liquidity and contingency funding alternatives through management reports of liquid assets (e.g., debt securities), both unencumbered and pledged, as well as borrowing capacity, both secured and unsecured, including off-balance sheet funding sources. The Company evaluates its potential funding needs across alternative scenarios and maintains contingency funding plans consistent with the Companyâ€™s access to diversified sources of contingent funding. The following table identifies certain liquidity sources and capacity available to the Company as of the dates indicated:(Dollars in thousands)June 30,2024December 31,2023FHLB advancesBorrowing capacity$4,460,869Â 4,444,588Â Amount utilized(2,350,000)â€”Â Letters of credit and other pledged collateral(4,988)(2,327)Amount available$2,105,881Â 4,442,261Â FRB discount windowBorrowing capacity$1,960,093Â 1,916,312Â Amount utilizedâ€”Â â€”Â Amount available$1,960,093Â 1,916,312Â FRB Bank Term Funding ProgramBorrowing capacity$â€”Â 2,853,209Â Amount utilizedâ€”Â (2,740,000)Amount available$â€”Â $113,209Â Unsecured lines of credit available$575,000Â 565,000Â Unencumbered debt securitiesU.S. government and federal agency$610,811Â 473,084Â U.S. government sponsored enterprises293,654Â â€”Â State and local governments892,073Â 998,923Â Corporate bonds14,240Â 26,253Â Residential mortgage-backed securities1,129,565Â 127,328Â Commercial mortgage-backed securities869,730Â 183,048Â Total unencumbered debt securities 1$3,810,073Â 1,808,636Â ______________________________1 Total unencumbered debt securities at JuneÂ 30, 2024, included $2.0 billion classified as AFS and $1.8 billion classified as HTM. Total unencumbered debt securities at DecemberÂ 31, 2023, included $441.5 million classified as AFS, and $1.4 billion classified as HTM. 77Capital ResourcesMaintaining capital strength continues to be a long-term objective of the Company. Abundant capital is necessary to sustain growth, provide protection against unanticipated declines in asset values, and to safeguard the funds of depositors. Capital is also a source of funds for loan demand and enables the Company to effectively manage its assets and liabilities. The Company has the capacity to issue 234,000,000 shares of common stock of which 113,394,092 have been issued as of JuneÂ 30, 2024. The Company also has the capacity to issue 1,000,000 shares of preferred stock of which none have been issued as of JuneÂ 30, 2024. Conversely, the Company may decide to utilize a portion of its strong capital position, as it has done in the past, to repurchase shares of its outstanding common stock, depending on market price and other relevant considerations.The Federal Reserve has adopted capital adequacy guidelines that are used to assess the adequacy of capital in supervising a bank holding company. The federal banking agencies issued final rules (â€œFinal Rulesâ€) that established a comprehensive regulatory capital framework based on the recommendation of the Basel Committee on Banking Supervision and certain requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The Final Rules require the Company to hold a 2.5 percent capital conservation buffer designed to absorb losses during periods of economic stress. As of JuneÂ 30, 2024, management believes the Company and Bank meet all capital adequacy requirements to which they are subject and there are no conditions or events subsequent to this date that management believes have changed the Companyâ€™s or Bankâ€™s risk-based capital category.The following table illustrates the Bankâ€™s regulatory capital ratios and the Federal Reserveâ€™s capital adequacy guidelines as of JuneÂ 30, 2024:Total Capital (To Risk-Weighted Assets)Tier 1 Capital (To Risk-Weighted Assets)Common Equity Tier 1 (To Risk-Weighted Assets)Leverage Ratio/Tier 1 Capital (To Average Assets)Glacier Bank actual regulatory ratios13.78Â %12.69Â %12.69Â %9.09Â %Minimum capital requirements8.00Â %6.00Â %4.50Â %4.00Â %Minimum capital requirements plus capital conservation buffer10.50Â %8.50Â %7.00Â %N/AWell capitalized requirements10.00Â %8.00Â %6.50Â %5.00Â %Federal and State Income TaxesThe Company files a consolidated federal income tax return using the accrual method of accounting. All required tax returns have been timely filed. Financial institutions are subject to the provisions of the Internal Revenue Code of 1986, as amended, in the same general manner as other corporations. The federal statutory corporate income tax rate is 21 percent. Within the Companyâ€™s geographic footprint under Montana, Idaho, Utah, Colorado and Arizona law, financial institutions are subject to a corporation income tax, which incorporates or is substantially similar to applicable provisions of the Internal Revenue Code. The corporation income tax is imposed on federal taxable income, subject to certain adjustments. State taxes are incurred at the rate of 6.75 percent in Montana, 5.80 percent in Idaho, 4.65 percent in Utah, 4.40 percent in Colorado and 4.90 percent in Arizona. Washington, Wyoming and Nevada do not impose a corporate income tax. The Company is also required to file in states other than the eight states in which it has properties.78The following table summarizes information relevant to the Companyâ€™s federal and state income taxes:Â Six Months ended(Dollars in thousands)June 30,2024June 30,2023Income Before Income Taxes$90,589Â 141,317Â Federal and state income tax expense13,254Â 25,151Â Net Income$77,335Â 116,166Â Effective tax rate 114.6Â %17.8Â %Income from tax-exempt debt securities, municipal loans and leases$42,139Â 39,517Â Benefits from federal income tax credits$13,610Â 10,573Â ______________________________1The current and prior yearâ€™s low effective income tax rates are due to income from tax-exempt debt securities, municipal loans and leases and benefits from federal income tax credits.Tax expense of $13.3 million for the first six months of 2024 decreased $11.9 million, or 47 percent, over the prior year. The effective tax rate for the first six months of 2024 was 14.6 percent compared to 17.8 percent for the same period in the prior year. The decrease in tax expense and the resulting effective tax rate was the result of a combination of increased federal tax credits and a decrease in the pre-tax income. The Company has equity investments in Certified Development Entities (â€œCDEâ€) which have received allocations of New Markets Tax Credits (â€œNMTCâ€). Administered by the Community Development Financial Institutions Fund (â€œCDFI Fundâ€) of the U.S. Department of the Treasury, the NMTC program is aimed at stimulating economic and community development and job creation in low-income communities. The federal income tax credits received are claimed over a seven-year credit allowance period. The Company also has equity investments in Low-Income Housing Tax Credits (â€œLIHTCâ€) which are indirect federal subsidies used to finance the development of affordable rental housing for low-income households. The federal income tax credits are claimed over a ten-year credit allowance period. The Company has investments of $14.0 million in Qualified School Construction bonds whereby the Company receives quarterly federal income tax credits in lieu of taxable interest income. The federal income tax credits on these debt securities are subject to federal and state income tax.Following is a list of expected federal income tax credits to be received in the years indicated.Â (Dollars in thousands)NewMarketsTaxÂ CreditsLow-IncomeHousingTax CreditsDebtSecuritiesTaxÂ CreditsTotal2024$7,277Â 22,036Â 610Â 29,923Â 20255,797Â 26,732Â 452Â 32,981Â 20265,192Â 27,625Â 220Â 33,037Â 20275,370Â 25,830Â 42Â 31,242Â 20283,35
Balance SheetThe following schedule provides 1) the total dollar amount of interest and dividend income of the Company for earning assets and the average yields; 2) the total dollar amount of interest expense on interest bearing liabilities and the average rates; 3) net interest and dividend income and interest rate spread; and 4) net interest margin (tax-equivalent).Three Months ended Six Months endedÂ June 30, 2024June 30, 2024(Dollars in thousands)AverageBalanceInterest andDividendsAverageYield/RateAverageBalanceInterest andDividendsAverageYield/RateAssetsResidential real estate loans$1,796,787Â $21,754Â 4.84Â %$1,771,985Â $42,518Â 4.80Â %Commercial loans 113,740,455Â 189,939Â 5.56Â %13,626,941Â 372,984Â 5.50Â %Consumer and other loans1,290,587Â 21,589Â 6.73Â %1,286,988Â 42,537Â 6.65Â %Total loans 216,827,829Â 233,282Â 5.58Â %16,685,914Â 458,039Â 5.52Â %Tax-exempt investment securities 31,707,269Â 15,111Â 3.54Â %1,713,819Â 30,268Â 3.53Â %Taxable investment securities 4, 57,042,885Â 29,461Â 1.67Â %7,609,930Â 72,938Â 1.92Â %Total earning assets25,577,983Â 277,854Â 4.37Â %26,009,663Â 561,245Â 4.34Â %Goodwill and intangibles1,068,250Â 1,060,102Â Non-earning assets754,491Â 683,020Â Total assets$27,400,724Â $27,752,785Â LiabilitiesNon-interest bearing deposits$6,026,709Â $â€”Â â€”Â %$5,996,627Â $â€”Â â€”Â %NOW and DDA accounts5,221,883Â 15,728Â 1.21Â %5,248,793Â 31,646Â 1.21Â %Savings accounts2,914,538Â 6,014Â 0.83Â %2,907,594Â 11,669Â 0.81Â %Money market deposit accounts2,904,438Â 14,467Â 2.00Â %2,926,366Â 28,860Â 1.98Â %Certificate accounts3,037,638Â 31,593Â 4.18Â %3,019,176Â 62,768Â 4.18Â %Total core deposits20,105,206Â 67,802Â 1.36Â %20,098,556Â 134,943Â 1.35Â %Short-term borrowingsWholesale deposits 63,726Â 50Â 5.50Â %3,846Â 105Â 5.50Â %Repurchase agreements1,597,887Â 13,566Â 3.41Â %1,555,642Â 26,164Â 3.38Â %FHLB advances787,747Â 9,750Â 4.90Â %455,295Â 11,303Â 4.91Â %FRB Bank Term Fundingâ€”Â â€”Â â€”Â %1,241,538Â 27,097Â 4.39Â %Total short-term borrowings2,389,360Â 23,366Â 3.87Â %3,256,321Â 64,669Â 3.93Â %Long-term borrowingsFHLB advances1,220,000Â 14,429Â 4.68Â %723,956Â 17,125Â 4.68Â %Subordinated debentures and other borrowed funds224,778Â 1,759Â 3.15Â %221,525Â 3,541Â 3.21Â %Total interest bearing liabilities23,939,344Â 107,356Â 1.80Â %24,300,358Â 220,278Â 1.82Â %Other liabilities344,105Â 350,329Â Total liabilities24,283,449Â 24,650,687Â Stockholdersâ€™ EquityStockholdersâ€™ equity3,117,275Â 3,102,098Â Total liabilities and stockholdersâ€™ equity$27,400,724Â $27,752,785Â Net interest income (tax-equivalent)$170,498Â $340,967Â Net interest spread (tax-equivalent)2.57Â %2.52Â %Net interest margin (tax-

equivalent)2.68Â %2.64Â %80Average Balance Sheet - continued______________________________1Includes tax effect of $1.6 million and $3.2 million on tax-exempt municipal loan and lease income for the six months ended JuneÂ 30, 2024, and 2023, respectively.2Total loans are gross of the allowance for credit losses, net of unearned income and include loans held for sale. Non-accrual loans were included in the average volume for the entire period.3Includes tax effect of $2.2 million and $4.4 million on tax-exempt debt securities income for the six months ended JuneÂ 30, 2024, and 2023, respectively.4Includes interest income of $1.9 million and $2.1 million on average interest-bearing cash balances of $143.0 million and $176.9 million for the three months ended JuneÂ 30, 2024, and 2023, respectively.5Includes tax effect of $211 thousand and $426 thousand on federal income tax credits for the six months ended JuneÂ 30, 2024, and 2023, respectively.6Wholesale deposits include brokered deposits classified as NOW, DDA, money market deposit and certificate accounts with contractual maturities.Rate/Volume AnalysisNet interest income can be evaluated from the perspective of relative dollars of change in each period. Interest income and interest expense, which are the components of net interest income, are shown in the following table on the basis of the amount of any increases (or decreases) attributable to changes in the dollar levels of the Companyâ€™s interest earning assets and interest bearing liabilities (â€œvolumeâ€) and the yields earned and paid on such assets and liabilities (â€œrateâ€). The change in interest income and interest expense attributable to changes in both volume and rates has been allocated proportionately to the change due to volume and the change due to rate.Six Months ended June 30, 20242024 vs. 2023Â Increase (Decrease) Due to:(Dollars in thousands)VolumeRateNetInterest incomeResidential real estate loans$5,187Â 4,417Â 9,604Â Commercial loans (tax-equivalent)22,681Â 26,973Â 49,654Â Consumer and other loans2,048Â 5,719Â 7,767Â Investment securities (tax-equivalent)(5,338)11,766Â 6,428Â Total interest income24,578Â 48,875Â 73,453Â Interest expenseNOW and DDA accounts349Â 21,597Â 21,946Â Savings accounts(27)10,119Â 10,092Â Money market deposit accounts(1,997)14,849Â 12,852Â Certificate accounts17,077Â 34,228Â 51,305Â Wholesale deposits(5,403)11Â (5,392)Repurchase agreements4,682Â 8,269Â 12,951Â FHLB advances1,756Â (238)1,518Â FRB Bank Term Funding(5,835)â€”Â (5,835)Subordinated debentures and other borrowed funds246Â (487)(241)Total interest expense10,848Â 88,348Â 99,196Â Net interest income (tax-equivalent)$13,730Â (39,473)(25,743)Net interest income (tax-equivalent) decreased $25.7 million for the six months ended JuneÂ 30, 2024 compared to the same period in 2023. The interest income for the first six months of 2024 increased over the same period last year primarily from loan growth and increased loan yields. The increase in interest expense for the first six months of 2023 was primarily the result of an increase in interest rates.81Market Risk Market risk is the risk of loss in a financial instrument arising from adverse changes in market rates/prices such as interest rates, foreign currency exchange rates, commodity prices, and equity prices. The Companyâ€™s primary market risk exposure is interest rate risk.Interest Rate RiskInterest rate risk is the potential for loss of future earnings resulting from adverse changes in the level of interest rates. Interest rate risk results from many factors and could have a significant impact on the Companyâ€™s net interest income, which is the Companyâ€™s primary source of net income. Net interest income is affected by a myriad of variables, including changes in interest rates, the relationship between rates on interest bearing assets and liabilities, the impact of the interest fluctuations on asset prepayments and the mix of interest bearing assets and liabilities. Although interest rate risk is inherent in the banking industry, banks are expected to have sound risk management practices in place to measure, monitor and control interest rate exposures. The objective of interest rate risk management is to appropriately manage the risks associated with interest rate fluctuations. The process includes identification and management of the sensitivity of net interest income to changing interest rates. Net interest income simulationThe Company uses a detailed and dynamic simulation model to quantify the estimated exposure of net interest income (â€œNIIâ€) to sustained interest rate changes. While ALCO routinely monitors simulated NII sensitivity over rolling two-year and five-year horizons, it also utilizes additional tools to monitor potential longer-term interest rate risk. The simulation model captures the impact of changing interest rates on the interest income received and interest expense paid on all assets and liabilities reflected on the Companyâ€™s statements of financial condition. This sensitivity analysis is compared to ALCO policy limits which specify a maximum tolerance level for NII exposure over a one year and two year horizon, assuming no balance sheet growth. The ALCO policy rate scenarios include upward and downward shifts in interest rates for 100 bps, 200 bps, 300 bps, and 400 bps scenarios with instantaneous and parallel changes in current market yield curves. The ALCO policy also includes 200 bps and 400 bps rate scenarios with gradual parallel shifts in interest rates over 12-month and 24-month periods, respectively. Other non-parallel rate movement scenarios are also modeled to determine the potential impact on net interest income. The additional scenarios are adjusted as the economic environment changes and provide ALCO additional interest rate risk monitoring tools to evaluate current market conditions. The following is indicative of the Companyâ€™s overall NII sensitivity analysis as of JuneÂ 30, 2024.Â Estimated SensitivityRate ScenariosOne YearTwo Years-400 bp Rate ramp(1.86Â %)(2.50Â %)-200 bp Rate ramp(1.66Â %)(2.78Â %)-200 bp Rate shock(1.19Â %)(2.73Â %)-100 bp Rate shock(0.86Â %)(0.56Â %)+100 bp Rate shock(5.53Â %)(4.22Â %)+200 bp Rate shock(11.24Â %)(8.67Â %)+200Â bp Rate ramp(6.51Â %)(7.76Â %)+400 bp Rate ramp(6.57Â %)(11.38Â %)The preceding sensitivity analysis does not represent a forecast and should not be relied upon as being indicative of expected operating results. Growth in the Companyâ€™s core deposit franchise, updated deposit pricing assumptions, and other balance sheet changes It is important to note that these hypothetical estimates are based upon numerous assumptions that are specific to our Company and thus may not be directly comparable to other institutions. These assumptions include: the nature and timing of interest rate levels including, but not limited to, yield curve shape, prepayments on loans and securities, deposit decay rates, pricing decisions on loans and deposits and reinvestment/replacement of asset and liability cash flows. While assumptions are developed based upon current economic and local market conditions, the Company cannot make any assurances as to the predictive nature of these assumptions including how customer preferences or competitor influences might change. Also, as market conditions vary from those assumed in the sensitivity analysis, actual results will also differ due to prepayment/refinancing levels likely deviating from those assumed, the varying impact of interest rate caps or floors on adjustable rate assets, the potential effect of changing debt service levels on customers with adjustable rate loans, depositor early withdrawals and product preference changes, and other internal and external variables. Furthermore, the sensitivity analysis does not reflect actions that ALCO might take in responding to or anticipating changes in interest rates.82Item 3. Quantitative and Qualitative Disclosure about Market RiskSee â€œMarket Riskâ€ of this Managementâ€™s Discussion and Analysis of Financial Condition and Results of Operations in this Form 10-Q. Item 4. Controls and ProceduresEvaluation of Disclosure Controls and ProceduresThe Companyâ€™s Chief Executive Officer and Chief Financial Officer have reviewed and evaluated the effectiveness of the Companyâ€™s disclosure controls and procedures (as required by Exchange Act Rules 240.13a-15(b) and 15d-14(c)) as of JuneÂ 30, 2024. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Companyâ€™s current disclosure controls and procedures are effective and timely, providing them with material information relating to the Company required to be disclosed in the reports the Company files or submits under the Exchange Act.Changes in Internal ControlsThere have not been any changes in the Companyâ€™s internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the second quarter of 2024, to which this report relates that have materially affected, or are reasonably likely to materially affect the Companyâ€™s internal control over financial reporting. PART II â€“ OTHER INFORMATIONÂ Item 1. Legal ProceedingsThe Company is involved in various claims, legal actions and complaints which arise in the ordinary course of business. In the Companyâ€™s opinion, all such matters are adequately covered by insurance, are without merit or are of such kind, or involve such amounts, that unfavorable disposition would not have a material adverse effect on the financial condition or results of operations of the Company.Item 1A. Risk FactorsThe Company believes there have been no material changes from the risk factors previously disclosed in the Companyâ€™s 2023 Annual Report on Form 10-K. The risks and uncertainties described in the 2023 Annual Report on Form 10-K should be carefully reviewed. These are not the only risks and uncertainties that the Company faces. Additional risks and uncertainties that the Company does not currently know about or that we currently believe are immaterial, or that the Company has not predicted, may also harm our business operations or adversely affect the Company. If any of these risks or uncertainties actually occurs, the Companyâ€™s business, financial condition, operating results or liquidity could be adversely affected.83Item 2. Unregistered Sales of Equity Securities and Use of Proceeds(a)Not Applicable(b)Not Applicable(c)Not ApplicableItem 3. Defaults upon Senior Securities(a)Not Applicable(b)Not ApplicableItem 4. Mine Safety DisclosuresNot ApplicableItem 5. Other Information(a)Not Applicable(b)Not Applicable(c)None84Item 6. ExhibitsÂ 31.1Â Â Â Â Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes - Oxley Act of 200231.2Â Â Â Â Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes - Oxley Act of 200232Â Â Â Â Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes - Oxley Act of 2002101.INSÂ Â Â Â XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.101.SCHÂ Â Â Â XBRL Taxonomy Extension Schema Document101.CALÂ Â Â Â XBRL Taxonomy Extension Calculation Linkbase Document101.DEFÂ Â Â Â XBRL Taxonomy Extension Definition Linkbase Document101.LABÂ Â Â Â XBRL Taxonomy Extension Labels Linkbase Document101.PREÂ Â Â Â XBRL Taxonomy Extension Presentation Linkbase Document104Â Â Â Â Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)85SIGNATURESPursuant 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.Â GLACIER BANCORP, INC. August 2, 2024/s/ Randall M. CheslerRandall M. CheslerPresident and CEOAugust 2, 2024/s/ Ron J. CopherRon J. CopherExecutive Vice President and CFO86DocumentExhibit 31.1CERTIFICATIONSI, Randall M. Chesler, certify that:1.I have reviewed this Quarterly Report on Form 10-Q of Glacier Bancorp, 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 registrantâ€™s other certifying officer 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 registrantâ€™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 registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™s most recent fiscal quarter (the registrantâ€™s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrantâ€™s internal control over financial reporting; and5.The registrantâ€™s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s auditors and the audit committee of the registrantâ€™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 registrantâ€™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 registrantâ€™s internal control over financial reporting.August 2, 2024/s/ Randall M. CheslerRandall M. CheslerPresident/CEODocumentExhibit 31.2CERTIFICATIONSI, Ron J. Copher, certify that:1.I have reviewed this Quarterly Report on Form 10-Q of Glacier Bancorp, 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 registrantâ€™s other certifying officer 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 registrantâ€™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 registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™s most recent fiscal quarter (the registrantâ€™s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrantâ€™s internal control over financial reporting; and5.The registrantâ€™s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s auditors and the audit committee of the registrantâ€™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 registrantâ€™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 registrantâ€™s internal control over financial reporting.August 2, 2024/s/ Ron J. CopherRon J. CopherExecutive Vice President/CFODocumentExhibit 32CERTIFICATION PURSUANT TO18 U.S.C. SECTION 1350,AS ADOPTED PURSUANT TOSECTION 906 OF THE SARBANES-OXLEY ACT OF 2002In connection with the Quarterly Report of Glacier Bancorp, Inc. (â€œCompanyâ€) on Form 10-Q for the period ended JuneÂ 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (â€œReportâ€), we, Randall M. Chesler, President and Chief Executive Officer, and Ron J. Copher, Executive Vice President and Chief Financial Officer, of the Company, certify, pursuant to 18 U.S.C. SectionÂ 1350, as adopted pursuant to SectionÂ 906 of the Sarbanes-Oxley Act of 2002, that:(1)The Report fully complies with the requirements of SectionÂ 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and(2)The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.A signed original of this written statement required by SectionÂ 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by SectionÂ 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.August 2, 2024/s/ Randall M. CheslerRandall M. CheslerPresident/CEOAugust 2, 2024/s/ Ron J. CopherRon J. CopherExecutive Vice President/CFO