REFINITIV

DELTA REPORT

10-Q

PFC - PREMIER FINANCIAL CORP

10-Q - JUNE 30, 2023 COMPARED TO 10-Q - MARCH 31, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1100
CHANGES	530
DELETIONS	163
ADDITIONS	407

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, June 30, 2023

OR

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

For the transition period from _____________ to _______________

Commission File Number: 0-26850

Premier Financial Corp.
(Exact Name of Registrant as Specified in its Charter)

Ohio	**34-1803915**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
601 Clinton Street Defiance, OH	**43512**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: **(419) 785-8700**

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

Trading

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
~~Common Stock, Par Value $0.01 Per Share~~	**PFC**	~~The NASDAQ Stock Market~~

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

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

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

As of May 1, 2023 July 31, 2023, the registrant had 35,728,266 35,730,187 shares of common stock, $.01 par value per share, outstanding.

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PREMIER FINANCIAL CORP.

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PART I-FINANCIAL INFORMATION

PREMIER FINANCIAL CORP.

Consolidated Condensed Statements of Financial Condition
(UNAUDITED)
(Amounts in Thousands, except share and per share data)

	March 31, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Assets				
Cash and cash equivalents:				
Cash and amounts due from depository institutions	**$ 68,628**	$ 88,257	**$ 71,096**	$ 88,257
Interest-bearing deposits	**88,399**	39,903	**50,631**	39,903
	157,027	128,160	**121,727**	128,160
Securities available-for-sale, carried at fair value	**998,128**	1,040,081	**961,123**	1,040,081
Equity securities, carried at fair value	**6,387**	7,832	**6,458**	7,832

Loans held for sale, carried at fair value	**119,6 04**	115,25 1	**128,0 79**	115,25 1
Loans receivable, net of allowance for credit losses of $74,273 at March 31, 2023 and $72,816 at December 31, 2022, respectively	**6,501 ,556**	6,387, 804		
Loans receivable, net of allowance for credit losses of $75,921 at June 30, 2023 and $72,816 at December 31, 2022, respectively			**6,632 ,647**	6,387, 804
Mortgage servicing rights	**20,65 4**	21,171	**20,16 0**	21,171
Accrued interest receivable	**29,38 8**	28,709	**30,05 6**	28,709
Federal Home Loan Bank stock	**37,05 6**	29,185	**39,88 7**	29,185
Bank owned life insurance	**170,8 41**	170,71 3	**171,8 56**	170,71 3
Premises and equipment	**55,98 2**	55,541	**55,73 6**	55,541
Real estate and other assets held for sale	**393**	619	**561**	619
Goodwill	**317,9 88**	317,98 8	**295,6 02**	317,98 8
Core deposit and other intangibles	**17,80 4**	19,074	**14,29 8**	19,074
Other assets	**129,5 08**	133,21 4	**138,0 21**	133,21 4
Total assets	**$ 8,562 ,316**	$ 8,455, 342	**$ 8,616 ,211**	$ 8,455, 342
Liabilities and stockholders' equity				
Liabilities:				
Deposits	**$ 6,774 ,031**	$ 6,906, 719	**$ 6,994 ,432**	$ 6,906, 719
Advances from the Federal Home Loan Bank	**658,0 00**	428,00 0	**455,0 00**	428,00 0
Subordinated debentures	**85,12 3**	85,103	**85,16 6**	85,103
Advance payments by borrowers	**26,30 0**	34,188	**26,04 5**	34,188

Reserve for credit losses - unfunded commitments	**6,577**	6,816	**5,708**	6,816
Other liabilities	**97,835**	106,795	**112,889**	106,795
Total liabilities	**7,647,866**	7,567,621	**7,679,240**	7,567,621
Stockholders' equity:				
Preferred stock, $.01 par value per share: 37,000 shares authorized; no shares issued	**—**	—	**—**	—
Preferred stock, $.01 par value per share: 4,963,000 shares authorized; no shares issued	**—**	—	**—**	—
Common stock, $.01 par value per share: 50,000,000 shares authorized; 43,297,260 and 43,297,260 shares issued and 35,701,244 and 35,591,277 shares outstanding at March 31, 2023 and December 31, 2022, respectively	**306**	306		
Common stock, $.01 par value per share: 50,000,000 shares authorized; 43,297,260 and 43,297,260 shares issued and 35,726,703 and 35,591,277 shares outstanding at June 30, 2023 and December 31, 2022, respectively			**306**	306
Additional paid-in capital	**689,807**	691,453	**689,579**	691,453
Accumulated other comprehensive loss, net of tax of $(40,859) and $(46,323), respectively	**(153,709)**	(173,460)		
Accumulated other comprehensive loss, net of tax of $(45,203) and $(46,323), respectively			**(168,721)**	(173,460)
Retained earnings	**510,021**	502,909	**547,336**	502,909
Treasury stock, at cost, 7,596,016 shares at March 31, 2023 and 7,705,983 shares at December 31, 2022	**(131,975)**	(133,487)		

Treasury stock, at cost, 7,570,557 shares at June 30, 2023 and 7,705,983 shares at December 31, 2022			**(131, 529)**	(133,4 87)
Total stockholders’ equity	**914,4 50**	887,72 1	**936,9 71**	887,72 1
Total liabilities and stockholders’ equity	**8,562 $,316**	8,455, $ 342	**8,616 $,211**	8,455, $ 342

See accompanying notes.

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PREMIER FINANCIAL CORP.

Consolidated Condensed Statements of Income
(UNAUDITED)
(Amounts in Thousands, except per share data)

	Three Months Ended March 31,		**Three Months Ended June 30,**		**Six Months Ended June 30,**	
	2023	2022	**2023**	2022	**2023**	2022
Interest Income						
Loans	**76,05 $ 7**	55,24 $ 1	**81,61 $ 6**	56,56 $ 7	**157,6 $ 74**	111,8 $ 08
Investment securities:						
Taxable	**6,608**	4,610	**6,407**	5,328	**13,01 4**	9,938
Non-taxable	**653**	869	**590**	869	**1,243**	1,738
Interest-bearing deposits	**444**	46	**641**	120	**1,085**	166
FHLB stock dividends	**394**	59	**905**	174	**1,299**	233
Total interest income	**84,15 6**	60,82 5	**90,15 9**	63,05 8	**174,3 15**	123,8 83
Interest Expense						
Deposits	**21,45 8**	2,222	**26,82 5**	2,671	**48,28 3**	4,893

FHLB advances and other	5,336	13	8,217	527	13,554	540
Subordinated debentures	1,075	696	1,125	763	2,199	1,459
Notes payable	—	—	—	1	—	1
Total interest expense	27,869	2,931	36,167	3,962	64,036	6,893
Net interest income	56,287	57,894	53,992	59,096	110,279	116,990
Credit loss expense (benefit) - loans and leases	3,944	626				
Credit loss expense (benefit) - unfunded commitments	(238)	309				
Net interest income after credit (benefit) loss expense	52,581	56,959				
Credit loss expense - loans and leases			1,410	5,151	5,354	5,777
Credit loss (benefit) expense - unfunded commitments			(870)	1,415	(1,108)	1,724
Net interest income after credit loss expense (benefit)			53,452	52,530	106,033	109,489
Non-interest Income						
Service fees and other charges	6,428	6,000	7,190	6,676	13,618	12,676
Insurance commissions	4,725	4,639	4,131	4,334	8,856	8,973
Mortgage banking (loss) income	(274)	4,252				
Gain on sale of securities available for sale	34	—				
Mortgage banking income			2,940	1,948	2,666	6,200
Gain on sale of non-mortgage loans			71	—	71	—
Gain on sale insurance agency			36,296	—	36,296	—
(Loss) gain on sale of securities available for sale			(7)	—	27	—

Gain (loss) on equity securities	**(1,445)**	(643)	**71**	(1,161)	**(1,374)**	(1,804)
Wealth management income	**1,485**	1,477	**1,537**	1,414	**3,022**	2,891
Income from Bank Owned Life Insurance	**1,417**	996	**1,015**	983	**2,432**	1,979
Other non-interest income	**92**	142	**102**	171	**194**	313
Total non-interest income	**12,462**	16,863	**53,346**	14,365	**65,808**	31,228
Non-interest Expense						
Compensation and benefits	**25,658**	25,541	**24,175**	22,334	**49,833**	47,875
Occupancy	**3,574**	3,700	**3,320**	3,494	**6,894**	7,194
FDIC insurance premium	**1,288**	593	**1,786**	802	**3,074**	1,395
Financial institutions tax	**852**	1,191	**961**	1,074	**1,813**	2,265
Data processing	**3,863**	3,335	**3,640**	3,442	**7,503**	6,777
Amortization of intangibles	**1,270**	1,438	**1,223**	1,380	**2,493**	2,818
Transaction costs			**3,652**	—	**3,652**	—
Other non-interest expense	**6,286**	5,497	**5,738**	6,563	**12,024**	12,060
Total non-interest expense	**42,791**	41,295	**44,495**	39,089	**87,286**	80,384
Income before income taxes	**22,252**	32,527	**62,303**	27,806	**84,555**	60,333
Income tax expense	**4,103**	6,170	**13,912**	5,446	**18,015**	11,616
Net income	**$ 18,149**	$ 26,357	**$ 48,391**	$ 22,360	**$ 66,540**	$ 48,717
Earnings per common share						
Basic	**$ 0.51**	$ 0.73	**$ 1.35**	$ 0.63	**$ 1.86**	$ 1.36
Diluted	**$ 0.51**	$ 0.73	**$ 1.35**	$ 0.63	**$ 1.86**	$ 1.36

See accompanying notes.

PREMIER FINANCIAL CORP.

Consolidated Condensed Statements of Comprehensive Income (Loss)
(UNAUDITED)
(Amounts in Thousands)

	Three Months Ended March 31,		Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	**2023**	2022	**2023**	2022
Net income	**$ 18,149**	$ 26,357	**$ 48,391**	$ 22,360	**$ 66,540**	$ 48,717
Other comprehensive income (loss):						
Unrealized gains (losses) on securities available for sale	**18,399**	(74,193)	**(15,290)**	(53,212)	**3,109**	(127,405)
Reclassification adjustment for securities (gains) losses included in net income	**(34)**	—	**7**	—	**(27)**	—
Income tax effect	**(3,857)**	15,580	**3,210**	11,174	**(647)**	26,754
Net of tax amount	**14,508**	(58,613)	**(12,073)**	(42,038)	**2,435**	(100,651)
Unrealized gain (loss) on balance sheet swap	**8,586**	(16,241)	**(1,563)**	(13,710)	**7,023**	(29,951)
Reclassification adjustment for cash flow hedge derivatives gains included in net income	**(1,949)**	(793)	**(2,511)**	2,041	**(4,460)**	1,248
Income tax effect	**(1,394)**	3,578	**1,135**	2,450	**(259)**	6,028
Net of tax amount	**5,243**	(13,456)	**(2,939)**	(9,219)	**2,304**	(22,675)

Total other comprehensive income (loss)	**19,751**	(72,069)	**(15,012)**	(51,257)	**4,739**	(123,326)
Comprehensive income (loss)	**$ 37,900**	$ (45,712)	**$ 33,379**	$ (28,897)	**$ 71,279**	$ (74,609)

See accompanying notes.

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PREMIER FINANCIAL CORP.

Consolidated Statement of Changes in Stockholders' Equity

(UNAUDITED)

(Amounts in Thousands, except share and per share data)

Preferred Stock	Common Shares	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock	Total Stockholders Equity	Preferred Stock	Common Shares	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock	Total Stockholders Equity

Balance at January 1, 2023	$ —	35,591,277	$ 306	$ 691,453	$ (173,460)	$ 502,909	$ (133,487)	$ 887,721	$ —	35,591,277	$ 306	$ 691,453	$ (173,460)	$ 502,909	$ (133,487)	$ 887,721
Net income						18,149		18,149						18,149		18,149
Other comprehensive income					19,751			19,751					19,751			19,751
Deferred compensation plan		9,196		75			(75)	—		9,196		75			(75)	—
Stock based compensation expenses		753		112			13	125		753		112			13	125

Vesting of incentive plans		62,0661		(1,078)			1,078	—		62,0661		(1,078)			1,078	—
Restricted share issuance		60,526		(755)			1,051	296		60,526		(755)			1,051	296
Restricted share forfeitures		(22,178)					(54)	(544)		(22,178)					(54)	(544)
Shares repurchased		(391)					(11)	(11)		(391)					(11)	(11)
Common stock dividend payment ($0.31 per share)						(11,037)		(11,037)						(11,037)		(11,037)

Balance at March 31, 2023	$ —	35,701,244	$ 306	$ 689,807	$ (153,709)	$ 510,021	$ (131,975)	$ 914,450	$ —	35,701,244	$ 306	$ 689,807	$ (153,709)	$ 510,021	$ (131,975)	$ 914,450
Net income														48,391		48,391
Other comprehensive income (loss)													(15,012)			(15,012)
Deferred compensation plan												(13)			13	—
Stock based compensation expenses										1,232		282			21	303

Vesting of incentive plans		4,173		(72)			72	—
Restricted share issuance		26,545		(461)			461	—
Restricted share forfeitures		(6,491)		36			(121)	(85)
Shares repurchased								—
Common stock dividend payment ($0.31 per share)						(11,076)		(11,076)

Balance at June 30, 2023	$ —	35,726,703	$ 306	$ 689,579	$ (168,721)	$ 547,336	$ (131,529)	$ 936,971

	Preferred Stock	Common Stock Shares	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock	Total Stockholders Equity	Preferred Stock	Common Stock Shares	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock	Total Stockholders Equity
Balance at January 1, 2022	$ —	36,383,613	$ 306	$ 691,132	$ (3,428)	$ 443,517	$ (108,031)	$ 1,023,496	$ —	36,383,613	$ 306	$ 691,132	$ (3,428)	$ 443,517	$ (108,031)	$ 1,023,496
Net income						26,357		26,357						26,357		26,357
Other comprehensive loss					(72,069)			(72,069)					(72,069)			(72,069)

Deferred compensation plan		9,933		(14)			14	—		9,933		(14)			14	—
Vesting of incentive plans		5,660		760			246	1,006		5,660		760			246	1,006
Restricted share issuance		19,936		(597)			351	(246)		19,936		(597)			351	(246)
Restricted share forfeitures		(5,398)		69			(285)	(216)		(5,398)		69			(285)	(216)
Shares repurchased		(793,166)					(24,245)	(24,245)		(793,166)					(24,245)	(24,245)
Common stock dividend payment ($0.30 per share)						(10,787)		(10,787)						(10,787)		(10,787)

Balance at March 31, 2022	$ —	35,620,578	$ 306	$ 691,350	$ (75,497)	$ 459,087	$ (131,950)	$ 943,296	$ —	35,620,578	$ 306	$ 691,350	$ (75,497)	$ 459,087	$ (131,950)	$ 943,296
Net income														22,360		22,360
Other comprehensive income (loss)													(51,257)			(51,257)
Deferred compensation plan												(14)			14	—
Stock based compensation expenses												157				157
Vesting of incentive plans										5,547		(167)			167	—

Restricted share issuance		24,256		(421)			421	—
Restricted share forfeitures		(4,033)					(118)	(118)
Shares repurchased		(90,870)					(2,623)	(2,623)
Common stock dividend payment ($0.30 per share)						(10,668)		(10,668)
Balance at June 30, 2022	$ —	35,555,478	$ 306	$ 690,905	$ (126,754)	$ 470,779	$ (134,089)	$ 901,147

See accompanying notes.

PREMIER FINANCIAL CORP.

Consolidated Condensed Statements of Cash Flows

(UNAUDITED)

(Amounts in Thousands)

	Three Months Ended March 31,		Six Months Ended June 30,	
	2023	**2022**	**2023**	**2022**
Operating Activities				
Net income	**$ 18,149**	$ 26,357	**$ 66,540**	$ 48,717
Adjustments to reconcile net income to net cash provided by operating activities:				
Provision for credit losses	**3,706**	935	**4,246**	7,501
Depreciation	**1,348**	1,466	**2,657**	2,884
Amortization of premium and discounts on loans, securities, deposits and debt obligations	**4,090**	1,882	**2,813**	5,162
Amortization of mortgage servicing rights, net of impairment charges/recoveries	**1,325**	170	**2,472**	1,251
Amortization of intangibles	**1,270**	1,438	**2,493**	2,818
Change in deferred taxes	**615**	193	**(1,645)**	(606)
Proceeds from the sale of loans held for sale	**72,365**	122,952	**136,185**	187,315
Originations of loans held for sale	**(78,363)**	(112,308)	**(149,069)**	(168,157)
Mortgage banking loss (gain), net	**837**	(2,543)		
Mortgage banking gain, net			**(1,405)**	(3,710)
Gain on sale of insurance agency, net			**(32,644)**	—
Loss (gain) on sale / write-down of real estate and other assets held for sale	**36**	(6)	**34**	(65)
Loss (gain) on sale of available for sale securities	**(34)**	—		
Loss (gain) on equity securities	**1,445**	643		
Gain on sale of available for sale securities			**(27)**	—
Loss on equity securities			**1,374**	1,804
Stock based compensation expense	**421**	760	**724**	917

Restricted stock forfeitures for taxes and option exercises	**(544)**	(216)	**(629)**	(334)
Income from bank owned life insurance	**(994)**	(996)	**(2,009)**	(1,979)
Changes in:				
Accrued interest receivable and other assets	**(2,838)**	(20,83 8)	**(7,067)**	(35,10 5)
Other liabilities	**(2,325)**	12,124	**11,710**	24,327
Net cash provided by operating activities	**20,509**	32,013	**36,753**	72,740
Investing Activities				
Proceeds from maturities, calls and pay-downs of available-for-sale securities	**42,940**	32,299	**60,657**	56,756
Proceeds from sale of available-for-sale securities	**16,238**	—	**21,377**	—
Proceeds from sale of premises and equipment, real estate and other assets held for sale	**348**	44	**580**	309
Purchases of available-for-sale securities	**—**	(122,4 59)	**(2,346)**	(122,4 57)
Purchases of equity securities			**—**	(1,000)
Net change in Federal Home Loan Bank stock	**(7,871)**	(3,747)	**(10,70 2)**	(12,40 6)
Cash received in disposition			**47,354**	—
Purchases of premises and equipment, net	**(1,789)**	(548)	**(3,294)**	(1,342)
Investment in bank owned life insurance	**866**	—	**866**	—
Net increase in loans receivable	**(120,9 71)**	(91,41 6)	**(242,5 58)**	(601,8 54)
Net cash used in investing activities	**(70,23 9)**	(185,8 27)	**(128,0 66)**	(681,9 94)
Financing Activities				
Net (decrease) increase in deposits and advance payments by borrowers	**(140,3 55)**	31,046		
Net increase in deposits and advance payments by borrowers			**80,004**	250,40 5
Net change in Federal Home Loan Bank advances	**230,00 0**	150,00 0	**27,000**	380,00 0
Net cash paid for repurchase of common stock	**(11)**	(24,24 5)	**(11)**	(26,86 8)

Cash dividends paid on common stock	**(11,037)**	(10,787)	**(22,113)**	(21,455)
Net cash provided by financing activities	**78,597**	146,014	**84,880**	582,082
Increase (decrease) in cash and cash equivalents	**28,867**	(7,800)		
Decrease in cash and cash equivalents			**(6,433)**	(27,172)
Cash and cash equivalents at beginning of period	**128,160**	161,566	**128,160**	161,566
Cash and cash equivalents at end of period	**$ 157,027**	$ 153,766	**$ 121,727**	$ 134,394
Supplemental cash flow information:				
Interest paid	**$ 27,665**	$ 3,430	**$ 59,870**	$ 6,707
Income taxes paid	**—**	—	**7,488**	7,110
Initial recognition of right-of-use asset	**25**	—	**25**	—
Initial recognition of lease liability	**25**	—	**25**	—
Transfers from loans to real estate and other assets held for sale	**—**	—	**—**	—

See accompanying notes.

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PREMIER FINANCIAL CORP.

Notes to Consolidated Condensed Financial Statements (UNAUDITED)

March 31, June 30, 2023 and 2022

1. Basis of Presentation

Premier Financial Corp. (“Premier” or the “Company”) is a financial holding company that conducts business through its wholly-owned subsidiaries, Premier Bank (the "Bank"), First Insurance Group of the Midwest, Inc. (“First Insurance”), PFC Risk Management Inc. (“PFC Risk Management”), and PFC Capital, LLC (“PFC Capital”). All significant intercompany transactions and balances are eliminated in consolidation. Premier’s stock is traded on the NASDAQ Global Select Market under the ticker PFC.

The Bank is primarily engaged in community banking. It attracts deposits from the general public through its offices and website, and uses those and other available sources of funds to originate residential real estate loans, commercial real estate loans, commercial loans, home improvement and home equity loans and consumer loans. In addition, the Bank invests in U.S. Treasury and federal government agency obligations, obligations of states and political subdivisions, mortgage-backed securities ("MBS") that are issued by federal agencies, collateralized mortgage obligations (“CMOs”), and corporate bonds. The Bank’s deposits are insured by the Federal Deposit Insurance Corporation (“FDIC”). The Bank is a member of the Federal Home Loan Bank (“FHLB”) System.

First Insurance is an insurance agency that conducts business throughout Premier’s markets. First Insurance offers property and casualty insurance, life insurance and group health insurance.

PFC Risk Management is a wholly-owned insurance company subsidiary of the Company that insures the Company and its subsidiaries against certain risks unique to the operations of the Company and for which insurance may not be currently available or economically feasible in today’s insurance marketplace. PFC Risk Management pools resources with several other similar insurance company subsidiaries of financial institutions to help minimize the risk allocable to each participating insurer.

PFC Capital was formed as an Ohio limited liability company in 2016 for the purpose of providing mezzanine funding for customers. Mezzanine loans are offered by PFC Capital to customers in the Company’s market area and are expected to be repaid from the cash flow from operations of the business.

The consolidated condensed statement of financial condition at December 31, 2022, was derived from the audited financial statements at that date, which were included in Premier’s Annual Report on Form 10-K for the year ended December 31, 2022 ("2022 Form 10-K").

First Insurance was an insurance agency that conducted business throughout Premier’s markets. First Insurance offered property and casualty insurance, life insurance and group health insurance. On June 30, 2023, the Company completed the sale of substantially all of the assets (including $24.7 million of goodwill and intangibles) of First Insurance Group to Risk Strategies Corporation (“Buyer”). Consideration included a combination of cash and a subordinated note resulting in net cash received of $47.4 million after certain transaction costs at closing, the assumption of certain leases, and contingent consideration subject to certain performance criteria by the Buyer to be determined after the year ended December 31, 2026. The Company recorded a pre-tax gain on sale of $36.3 million, transaction costs of $3.7 million and taxes of $8.5 million for a $24.1 million increase to equity at June 30, 2023.

The accompanying consolidated condensed financial statements as of March 31, 2023 June 30, 2023, and for the three and six months ended March 31, 2023 June 30, 2023 and 2022 have been prepared by the Company without audit and do not include information or footnotes necessary for the complete presentation of financial condition, results of operations, and cash flows in conformity with accounting principles generally accepted in the United States ("GAAP"). These

consolidated condensed financial statements should be read in conjunction with the financial statements and notes thereto included in the 2022 Form 10-K. However, in the opinion of management, all adjustments, consisting of only normal recurring items, necessary for the fair presentation of the financial statements have been made. The results for the three and six months ended March 31, 2023June 30, 2023, are not necessarily indicative of the results that may be expected for the entire year.

2. Significant Accounting Policies

Accounting Standards Update

ASU No. 2020-04: Reference Rate Reform – Facilitation of the Effects of Reference Rate Reform on Financial Reporting (Topic 848): On March 12, 2020, the FASB issued Accounting Standards Update (ASU) 2020-4, "Reference Rate Reform ("ASC 848"): Facilitation of the Effects of Reference Rate Reform on Financial Reporting." ASC 848 contains optional expedients and exceptions for applying generally accepted accounting principles to contract modifications and hedging relationships, subject to meeting certain criteria, that reference LIBOR or another reference rates expected to be discontinued. The Company has formed a cross-functional project team to lead the transition from LIBOR to adoption of alternative reference rates which include Secured Overnight Financing Rate ("SOFR"). The Company identified outstanding loans with LIBOR-based rates and obtained updated reference rate language either at the time of renewal or through separate amendment, or otherwise established that an alternate reference rate will apply after June 30, 2023. Additionally, management is utilizing the timeline guidance published by the Alternative Reference Rates Committee to develop and achieve internal milestones during this transitional period. The Company has adhered to the International Swaps and Derivatives Association 2020 IBOR Fallbacks Protocol that was released on October 23, 2020. The Company discontinued the use of new LIBOR-based loans by December 31, 2021, according to regulatory guidelines. On December 21, 2022, the FASB issued ASU 2022-06, "Reference Rare Reform (Topic 848): Deferral of the Sunset of Date of

Topic 848," which extends the sunset date of ASC Topic 848, "Reference Rate Reform," to December 31, 2024.

ASU No. 2022-02, Troubled Debt Restructurings and Vintage Disclosures: On March 30, 2022, the FASB issued ASU 2022-02, "Troubled Debt Restructurings and Vintage Disclosures" which eliminated troubled debt restructuring ("TDR") accounting for entities that have adopted ASU 2016-13, the current expected credit loss ("CECL") model and added new vintage disclosures for gross write-offs. The elimination of TDR accounting could be adopted either prospectively for loan modifications or on a modified retrospective basis that could result in a cumulative effect adjustment to retained earnings in the period of adoption. The Company adopted ASU 2022-02 on January 1, 2023 on a modified retrospective basis. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements. Therefore, the Company did not make an adjustment to retained earnings. The effect of adoption is included in provision for 2023.

ASU No. 2023-01, Leases (Topic 842): Common Control Arrangements: On March 27, 2023, the FASB issued ASU 2023-01 “Leases (Topic 842): Common Control Arrangements” in order to improve the guidance for applying this topic to arrangements between entities under common control. This ASU also requires all entities to amortize leasehold improvements associated with common control leases over the useful life to the common control group. ASU 2023-01 is effective for the Company for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted, however, if an entity adopts these amendments in an interim period, it must adopt them as of the beginning of the fiscal year that includes the interim period. The Company does not anticipate any material effect on the Company upon adoption.

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3. Fair Value

FASB ASC Topic 820, Fair Value Measurements, defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability. The price in the principal (or most advantageous) market used to measure the fair value of the asset or liability shall not be adjusted for transaction costs. An orderly transaction is a transaction that assumes exposure to the market for a period prior to the measurement date to allow for marketing activities that are usual and customary for transactions involving such assets and liabilities; it is not a forced transaction. Market participants are buyers and sellers in the principal market that are (i) independent, (ii) knowledgeable, (iii) able to transact and (iv) willing to transact.

FASB ASC Topic 820 requires the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The income approach uses valuation techniques to convert future amounts, such as cash flows or earnings, to a single present amount on a discounted basis. The cost approach is based on the amount that currently would be required to replace the service capacity of an asset (replacement cost). Valuation techniques should be consistently applied. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on the best information available. In that regard, FASB ASC Topic 820 established a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

- *Level 1*: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

- *Level 2*: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These might include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (such as interest rates, prepayment speeds, credit risks, etc.) or inputs that are derived principally from or corroborated by market data by a correlation or other means.

- *Level 3*: Unobservable inputs for determining fair value of assets and liabilities that reflect an entity's own assumptions about the assumptions that market participants would use in pricing the assets or liabilities.

A description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

Available-for-sale securities - Securities classified as available for sale are generally reported at fair value utilizing Level 2 inputs where the Company obtains fair value measurements from an independent pricing service that uses matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2 inputs). The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows and the bonds' terms and conditions, among other things. Securities in Level 2 include U.S. federal government agencies, MBS, asset-backed securities ("ABS"), corporate bonds and municipal securities.

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Equity securities – These securities are reported at fair value utilizing Level 1 inputs where the Company obtains fair value measurements from a broker.

Loans held for sale, carried at fair value – The Company has elected the fair value option for all loans held for sale originated after January 31, 2020.

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The fair value of conventional loans held for sale is determined using the current 15 day forward contract price for either 15 or 30 year conventional mortgages (Level 2). The fair value of permanent construction loans held for sale is determined using the current 5 day forward contract price for 15 or 30 years conventional mortgages which is then adjusted for unobservable market data such as estimated fall out rates and estimated time from origination to completion of construction (Level 3).

Collateral dependent loans - Fair values for individually analyzed collateral dependent loans are generally based on appraisals obtained from licensed real estate appraisers and in certain circumstances consideration of offers obtained to purchase properties prior to foreclosure. Appraisals for commercial real estate generally use three methods to derive value: cost, sales or market comparison and income approach. The cost method bases value on the cost to replace the current property. Value of market comparison approach evaluates the sales price of similar properties in the same market area. The income approach considers net operating income generated by the property and an investor's required return. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available. Comparable sales adjustments are based on known sales prices of similar type and similar use properties and duration of time that the property has been on the market to sell. Such adjustments made in the appraisal process are typically significant and result in a Level 3 classification of the inputs for determining fair value.

Real estate held for sale - Assets acquired through or instead of loan foreclosure are initially recorded at fair value less costs to sell when acquired, establishing a new cost basis. These assets are then reviewed monthly by members of the asset review committee for valuation changes and are accounted for at lower of cost or fair value less estimated costs to sell. Fair value is commonly based on recent real estate appraisals which may utilize a single valuation approach or a combination of approaches including cost, comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available. Such adjustments may be significant and typically result in a Level 3 classification of the inputs for determining fair value.

Appraisals for both individually analyzed collateral-dependent loans and other real estate owned ("OREO") are performed by certified general appraisers (for commercial properties) or certified residential appraisers (for residential properties) whose qualifications and licenses have been reviewed and verified by the Company. Once received, a member of the Company's asset quality or collections department reviews the assumptions and approaches utilized in the appraisal. Appraisal values are discounted from 0% to 30% to account for other factors that may impact the value of collateral. In determining the value of individually analyzed collateral dependent loans and OREO, significant unobservable inputs may be used, which include but are not limited to: physical condition of comparable properties sold, net operating income generated by the property and investor rates of return.

Mortgage servicing rights - On a quarterly basis, mortgage servicing rights are evaluated for impairment based upon the fair value of the rights as compared to the carrying amount. If the carrying amount of an individual tranche exceeds fair value, impairment is recorded on that tranche so that the servicing asset is carried at fair value. Fair value is determined at a tranche level based on a model that calculates the present value of estimated future net servicing income. The valuation model utilizes assumptions that market participants would use in estimating future net servicing income and are validated against available market data (Level 2).

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Mortgage banking derivative - The fair value of mortgage banking derivatives are evaluated monthly based on derivative valuation models using quoted prices for similar assets adjusted for specific attributes of the commitments and other observable market data at the valuation date (Level 2).

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Interest rate swaps – The Company periodically enters into interest rate swap agreements with its commercial customers who desire a fixed rate loan term that is longer than the Company is willing to extend. The Company then enters into a reciprocal swap agreement with a third party that offsets the interest rate risk from the interest rate swap extended to the customer. The interest rate swaps are derivative instruments which are carried at fair value on the statement of financial condition. The Company uses an independent third party to perform a market valuation analysis for both swap positions (Level 2).

The Company also enters into cash flow and fair value hedge derivative instruments to hedge the risk of variability in cash flows (future interest payments) attributable to changes in the contractually specified LIBOR benchmark interest rate on the Company's floating rate loan pool. pool, fixed rate mortgage loan pool and FHLB advances. The Company uses an independent third party to perform a market valuation analysis for these derivatives (Level 2).

The following table summarizes the financial assets measured at fair value on a recurring basis segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

Assets and Liabilities Measured on a Recurring Basis

March 31, 2023	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value				
June 30, 2023					Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
	(In Thousands)				(In Thousands)			
Assets:								
Available for sale securities:								
Obligations of U.S. federal government corporations and agencies	$ —	$ 97,639	$ —	$ 97,639	$ —	$ 96,176	$ —	$ 96,176

Mortgage-backed securities	—	166, 760	—	166, 760	—	161, 199	—	161, 199
Collateralized mortgage obligations	—	248, 382	—	248, 382	—	238, 993	—	238, 993
Asset-backed securities	—	159, 637	—	159, 637	—	151, 087	—	151, 087
Corporate bonds	—	63,7 59	—	63,7 59	—	60,5 40	—	60,5 40
Obligations of state and political subdivisions	—	212, 565	—	212, 565	—	204, 818	—	204, 818
US Treasuries	49, 386	—	—	49,3 86	48, 310	—	—	48,3 10
Equity securities	6,3 87	—	—	6,38 7	6,4 58	—	—	6,45 8
Loans held for sale, at fair value	—	22,3 24	97, 280	119, 604	—	16,6 17	111, 462	128, 079
Interest rate swaps	—	4,18 0	—	4,18 0	—	3,17 9	—	3,17 9
Cash flow/ Fair value hedge derivative					—	4,52 4	—	4,52 4
Mortgage banking derivatives					—	3,42 6	—	3,42 6
Liabilities:								
Interest rate swaps	—	4,18 0	—	4,18 0	—	3,17 9	—	3,17 9
Cash flow hedge derivative	—	33,3 95	—	33,3 95				
Mortgage banking derivatives	—	1,34 8	—	1,34 8				
Cash flow hedge derivatives					—	38,7 96	—	38,7 96

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December 31, 2022	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
	(In Thousands)				(In Thousands)			
Assets:								
Available for sale securities:								
Obligations of U.S. federal government corporations and agencies	$ —	$ 95,909	$ —	$ 95,909	$ —	$ 95,909	$ —	$ 95,909
Mortgage-backed securities	—	167,589	—	167,589	—	167,589	—	167,589
Collateralized mortgage obligations	—	249,805	—	249,805	—	249,805	—	249,805
Asset-backed securities	—	192,504	—	192,504	—	192,504	—	192,504
Corporate bonds	—	64,482	—	64,482	—	64,482	—	64,482
Obligations of state and political subdivisions	—	221,594	—	221,594	—	221,594	—	221,594
US Treasuries	48,198	—	—	48,198	48,198	—	—	48,198
Equity securities	7,832	—	—	7,832	7,832	—	—	7,832
Loans held for sale, at fair value	—	23,589	91,662	115,251	—	23,589	91,662	115,251
Interest rate swaps	—	4,494	—	4,494	—	4,494	—	4,494
Mortgage banking derivatives	—	1,349	—	1,349	—	1,349	—	1,349
Liabilities:								
Interest rate swaps	—	4,494	—	4,494	—	4,494	—	4,494

Cash flow hedge derivative	—	40,032	—	40,032				
Cash flow hedge derivatives					—	40,032	—	40,032

The table below presents a reconciliation of assets that are measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the three and six months ended March 31, 2023 June 30, 2023 and 2022. There were no securities that were measured at Level 3 for the three and six months ended March 31, 2023 June 30, 2023 and 2022.

	Construction loans held for sale		**Construction loans held for sale**			
	Three Months Ended March 31,		**Three Months Ended June 30,**		**Six Months Ended June 30,**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Balance of recurring Level 3 assets at beginning of period	**$ 91,662**	$ 134,167	**$ 97,280**	$ 116,484	**$ 91,662**	$ 134,167
Total gains (losses) for the period						
Included in change in fair value of loans held for sale	**5,971**	(13,459)	**(990)**	(6,331)	**4,981**	(19,790)
Originations	**23,181**	36,343	**24,321**	37,264	**47,502**	73,607
Sales	**(23,534)**	(40,567)	**(9,149)**	(30,402)	**(32,683)**	(70,969)
Balance of recurring Level 3 assets at end of period	**$ 97,280**	$ 116,484	**$ 111,462**	$ 117,015	**$ 111,462**	$ 117,015

For Level 3 assets and liabilities measured at fair value on a recurring basis, the significant unobservable inputs used in the fair value measurements were as follows:

March 31, 2023	**Fair Value**	**Valuation Technique**	**Unobservable Inputs**	**Range of Inputs**

June 30, 2023					Fair Value	Valuation Technique	Unobservable Inputs	Range of Inputs
	(Dollars in Thousands)					(Dollars in Thousands)		
Construction loans held for sale	$ 97,280	Adjusted secondary market pricing	Adjustments	0.00% - 0.14%	$ 111,462	Adjusted secondary market pricing	Adjustments	0.00% - 0.26%

December 31, 2022	Fair Value	Valuation Technique	Unobservable Inputs	Range of Inputs
		(Dollars in Thousands)		
Construction loans held for sale	$ 91,662	Adjusted secondary market pricing	Adjustments	0.00% - 1.04%

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The following table summarizes the financial assets measured at fair value on a non-recurring basis segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

Assets and Liabilities Measured on a Non-Recurring Basis

March 31, 2023	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value				
June 30, 2023					Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
	(In Thousands)				(In Thousands)			
Individually analyzed loans								

Commercial real estate	$ —	$ —	$ 5,260	$ 5,260	$ —	$ —	$ 5,173	$ 5,173
Commercial	—	—	4,861	4,861	—	—	1,251	1,251
Mortgage servicing rights	$ —	$ 2,513	$ —	$ 2,513	$ —	$ 1,407	$ —	$ 1,407

December 31, 2022	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
		(In Thousands)		
Individually analyzed loans				
Commercial real estate	$ —	$ —	$ 3,512	$ 3,512
Commercial	—	—	5,492	5,492
Mortgage servicing rights	$ —	$ 5,126	$ —	$ 5,126

For Level 3 assets and liabilities measured at fair value on a non-recurring basis as of March 31, 2023June 30, 2023, the significant unobservable inputs used in the fair value measurements were as follows:

	Fair Value	Valuation Technique	Unobservable Inputs	Range of Inputs	Weighted Average
			(Dollars in Thousands)		
Individually analyzed Loans- Applies to loan classes with an appraisal valuation	$ 6,263	Appraisals which utilize sales comparison, net income and cost approach	Discounts for collection issues and changes in market conditions	10-50%	22.46 %

	Fair Value	Valuation Technique	Unobservable Inputs	Range of Inputs	Weighted Average
			(Dollars in Thousands)		

Individually analyzed Loans- Applies to loan classes with an appraisal valuation	**$**	**6,424**	Appraisals which utilize sales comparison, net income and cost approach	Discounts for collection issues and changes in market conditions	**10-50%**	**13.73%**

For Level 3 assets and liabilities measured at fair value on a non-recurring basis as of December 31, 2022, the significant unobservable inputs used in the fair value measurements were as follows:

		Fair Value	Valuation Technique	Unobservable Inputs	Range of Inputs	Weighted Average
				(Dollars in Thousands)		
Individually analyzed Loans- Applies to loan classes with an appraisal valuation	$	5,146	Appraisals which utilize sales comparison, net income and cost approach	Discounts for collection issues and changes in market conditions	10-50%	28.29%

The Company has elected the fair value option for new applications accepted after January 31, 2020, and subsequently originated for residential mortgage and permanent construction loans held for sale. These loans are intended for sale and the Company believes that fair value is the best indicator of the resolution of these loans. Interest income is recorded based on the contractual terms of the loan and in accordance with the Company's policies.

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The aggregate fair value of the residential mortgage loans held for sale at March 31, 2023June 30, 2023 and December 31, 2022 was $22.316.6 million and $23.6 million, respectively, and they had a contractual balance of $23.417.4 million and $25.3 million, respectively, for these same periods. The difference between the fair value and the contractual balance is recorded in gains and losses on the sale of loans held for sale. For the three and six months ended March 31, 2023June 30, 2023, $367,00021,000 and $389,000, respectively, was recorded in gains on the sale of loans held for sale for the change in fair value. For the three and six months ended March 31, 2022June 30, 2022,

$1.5 157,000 and $(1.3) million, respectively, was recorded in losses gains (losses) on the sale of loans held for sale for the change in fair value.

The aggregate fair value of the permanent construction loans held for sale at March 31, 2023 June 30, 2023 and December 31, 2022, was $97.3 111.5 million and $91.7 million, respectively, and they had a contractual balance of $102.7 117.9 million and $103.1 million, respectively, for these same periods. The difference between the fair value and the contractual balance is recorded in gains and losses on the sale of loans held for sale. For the three and six months ended March 31, 2023 June 30, 2023, $(990,000) and $6.0 5.0 million, respectively, was recorded in gains (losses) on the sale of loans held for sale for the change in fair value. For the three and six months ended March 31, 2022 June 30, 2022, $13.4 6.3 million and $19.8 million, respectively, was recorded in losses on the sale of loans held for sale for the change in fair value.

In accordance with FASB ASC Topic 825, the Fair Value Measurements tables are a comparative condensed consolidated statement of financial condition based on carrying amount and estimated fair values of financial instruments as of March 31, 2023, and December 31, 2022. Accordingly, the aggregate fair value amounts presented do not represent the underlying value to Premier.

Much of the information used to arrive at “fair value” is highly subjective and judgmental in nature and therefore the results may not be precise. Subjective factors include, among other things, estimated cash flows, risk characteristics and interest rates, all of which are subject to change. With the exception of investment securities, the Company’s financial instruments are not readily marketable and market prices do not exist. Since negotiated prices for the instruments, which are not readily marketable, depend greatly on the motivation of the buyer and seller, the amounts that will actually be realized or paid per settlement or maturity of these instruments could be significantly different.

The carrying amount of cash and cash equivalents, as a result of their short-term nature, is considered to be equal to fair value and are classified as Level 1.

It was not practicable to determine the fair value of FHLB stock due to restrictions placed on its transferability.

The Company’s loans were valued on an individual basis, with consideration given to the loans’ underlying characteristics, including account types, remaining terms (in months), annual interest rates or coupons, interest types, past delinquencies, timing of principal and interest payments, current market rates, loss exposures, and remaining balances. The model utilizes a discounted cash flow (“DCF”) approach to estimate the fair value of the loans using assumptions for the coupon rates, remaining maturities, prepayment speeds, projected default probabilities, losses given defaults, and estimates of prevailing discount rates. The DCF 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. The estimated fair value of individually analyzed loans is based on the fair value of the collateral, less estimated cost to sell, or the present value of the loan's expected future cash flows (discounted at the loan's effective interest rate). All individually analyzed loans are classified as Level 3 within the valuation hierarchy.

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The fair value of non-interest bearing deposits are considered equal to the amount payable on demand at the reporting date (i.e. carrying value) and are classified as Level 1. The fair value of savings, checking and certain money market accounts are equal to their carrying amounts and are a Level 1 classification. Fair values of fixed rate certificates of deposit are estimated using a DCF calculation that applies interest rates currently being offered on certificates to a schedule of aggregated expected monthly maturities on time deposits resulting in a Level 2 classification.

The carrying value of notes payable, as a result of their short-term nature, is considered to be equal to fair value and are classified as Level 1.

The fair values of securities sold under repurchase agreements are equal to their carrying amounts resulting in a Level 1 classification. The carrying value of floating rate subordinated debentures was considered to be the carrying value as the debt is floating rate and can be prepaid at any time without penalty. The carrying value of fixed rate subordinated debt is estimated using a DCF calculation that applies interest rates currently being offered in the market to the expected maturity of the debt resulting in a Level 2 classification.

FHLB advances with maturities greater than 90 days are valued based on a DCF analysis, using interest rates currently being quoted for similar characteristics and maturities resulting in a Level 2 classification. The cost or value of any call or put options is based on the estimated cost to settle the option at March 31, 2023 June 30, 2023.

The carrying value and estimated fair values of financial instruments at March 31, 2023 June 30, 2023 and December 31, 2022, were as follows:

Fair Value Measurements at March 31, 2023 (In Thousands)	Fair Value Measurements at June 30, 2023 (In Thousands)

	Carrying Value	Total	Level 1	Level 2	Level 3	Carrying Value	Total	Level 1	Level 2	Level 3
Financial Assets:										
Cash and cash equivalents	$ 157,027	$ 157,027	$ 157,027	$ —	$ —	$ 121,727	$ 121,727	$ 121,727	$ —	$ —
Federal Home Loan Bank Stock	37,056	N/A	N/A	N/A	N/A	39,887	N/A	N/A	N/A	N/A
Loans receivable, net	6,501,556	6,267,202	—	—	6,267,202	6,632,647	6,254,545	—	—	6,254,545
Accrued interest receivable	29,388	29,388	29,388	—	—	30,056	30,056	30,056	—	—
Financial Liabilities:										
Deposits	$ 6,774,031	$ 6,778,208	$ 5,605,298	$ 1,172,910	$ —	$ 6,994,432	$ 6,996,180	$ 5,359,067	$ 1,637,113	$ —
Advances from Federal Home Loan Bank	658,000	657,994	—	657,994	—	455,000	455,038	—	455,038	—
Subordinated debentures	85,123	73,758	—	—	73,758	85,166	72,675	—	—	72,675

Fair Value Measurements at December 31, 2022 (In Thousands)

	Carrying Value	Total	Level 1	Level 2	Level 3
Financial Assets:					
Cash and cash equivalents	$ 128,160	$ 128,160	$ 128,160	$ —	$ —
Federal Home Loan Bank Stock	29,185	N/A	N/A	N/A	N/A
Loans receivable, net	6,387,804	6,129,814	—	—	6,129,814
Accrued interest receivable	28,709	28,709	28,709	—	—
Financial Liabilities:					
Deposits	$ 6,906,719	$ 6,881,110	$ 5,852,952	$ 1,028,158	$ —
Advances from Federal Home Loan Bank	428,000	427,999	—	427,999	$ —
Subordinated debentures	85,103	76,989	—	—	76,989

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4. Stock Compensation Plans

Premier has established equity based compensation plans for its directors and employees. On February 27, 2018, the Board adopted, and the shareholders approved at the 2018 Annual Shareholders Meeting, the Premier Financial Corp. 2018 Equity Incentive Plan (the “2018 Equity Plan”). The 2018 Equity Plan replaced all existing plans, although the Company’s former equity plans remain in existence to the extent there were outstanding grants thereunder at the time the 2018 Equity Plan was approved. In addition, as a result of the Company's merger (the "Merger") with United Community Federal Corp. ("UCFC"), Premier assumed certain outstanding stock options granted under UCFC’s Amended and Restated 2007 Long-Term Incentive Plan (the “UCFC 2007 Plan”) and UCFC’s 2015 Long Term Incentive Plan, which has since been renamed as the “Premier Financial Corp. 2015 Long Term Incentive Plan” (the “2015 Plan”). Premier also assumed the shares available for future issuance under the 2015 Plan as of the effective date of the Merger, with appropriate adjustments to the number of shares available to reflect the Merger. The stock options assumed from UCFC in the Merger remain subject to the terms of the 2015 Plan, but became exercisable solely to purchase shares of Premier, with appropriate adjustments to the number of shares subject to the assumed stock options and the exercise price of such stock options. Besides certain options previously issued under the First Defiance Financial Corp. 2010 Equity Incentive Plan, all awards currently outstanding are issued under the 2018

Equity Plan or the 2015 Plan. The 2018 Equity Plan and the 2015 Plan were each amended and restated in February 2022 to align certain administrative components of the plans in addition to enhancing certain governance components. New awards will be made under either the 2018 Equity Plan or the 2015 Plan as the Company determines. The 2018 Equity Plan allows for issuance of up to 900,000 common shares through the award of options, restricted stock, stock, stock appreciation rights, or other stock-based awards. The 2015 Plan allows for the issuance of up to 1.2 million common shares, as adjusted for the Merger, through the award of options, stock, restricted stock, stock units, stock appreciation rights, or performance stock awards.

Beginning in 2023, directors were able to elect to receive stock in lieu of cash for their director fees. In the first quarter half of 2023, the company Company recognized $6,000 39,000 in expense for 753 1,985 shares that were issued to directors. directors in lieu of cash fees.

The Company maintains Long-Term Equity Incentive Plans (each, an "LTIP") for select members of management (the "Executive LTIP") and a Key Employee and Commercial Lender Plan (the "Key Plan"). Under the Executive LTIP, participants may earn between 20% to 50% of their salary for potential payout in the form of (1) equity awards based on the achievement of certain corporate performance targets over a three-year period. period and (2) beginning in 2023, restricted stock awards (“RSAs”). The Company granted 66,482 performance stock units ("PSUs") to the participants under the Executive LTIP during the first quarter half of 2023, which represents the maximum target award. The value of PSU awards issued in 2021, 2022 and 2023 under the Executive LTIP will be determined individually at the end of each respective 36 month performance period ending December 31. The benefits earned under these LTIPs PSUs will be paid out in equity in the first quarter following the end of the performance period. The participants will receive all or a portion of the award if their employment is terminated by the Company without cause, by the participant in certain situations, or by death, disability or retirement of the participant. The RSAs issued under the Executive LTIP vest incrementally over three years, being fully vested upon the third anniversary of the grant date. The Company granted 21,169 RSAs under the Executive LTIP in the first quarter of 2023.

The maximum amount of compensation expense that may be earned for the PSUs at March 31, 2023 June 30, 2023 is approximately $5.6 6.1 million in the aggregate. However, the estimated expense that is expected to be earned as of March 31, 2023 June 30, 2023 is $3.5 4.1 million, of which $865,000 1.6 million was unrecognized at March 31, 2023 June 30, 2023, and will be recognized over the remaining performance periods. A reduction in expense of $338,000 201,000 and $539,000 was recorded during

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the three and six months ended March 31, 2023June 30, 2023, respectively, compared to expense of $499,00088,000 and $411,000 for the three and six months ended March 31, 2022.June 30, 2022, respectively.

Beginning in 2022, under the Key Plan, the participants were granted restricted stock awards ("RSAs") based upon the achievement of certain targets in the prior year. Prior to 2022, restricted stock units ("RSUs") were issued to participants under the same plan. The participants can earn from 5% to 10% of their salary in

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RSAs or RSUs that vest three years from the date of grant. The Company granted 25,044 in RSAs and 19,612 RSUsRSAs in the first quarter of 2023 and 2022, respectively, as a payout under the Key Plan.

In the threesix months ended March 31, 2023June 30, 2023, the Company also granted 13,65517,832 discretionary RSAs that vest over a three year time period.

At March 31, 2023, a total of 159,938 RSAs were outstanding. Compensation expense is recognized over the performance or vesting period. Total expense of $444,000482,000 and $928,000 was recorded during the three and six months ended March 31, 2023June 30, 2023, respectively, compared to expense of $262,000245,000 and $506,000 for the three and six months ended March 31, 2022.June 30, 2022, respectively. Approximately $546,0001.2 million and $2.1 million is included within other liabilities at March 31, 2023June 30, 2023 and December 31, 2022, respectively, related to the cash portion of the Company's Short-Term Incentive Plans.

The following table sets forth Premier's performance and restricted stock activity during the threesix months ended March 31, 2023June 30, 2023:

Performance Stock Units	Restricted Stock Units	Restricted Stock Awards	Performance Stock Units	Restricted Stock Units	Restricted Stock Awards

Unvested Shares	Shares	Weighted-Average Grant Date Fair Value	Shares	Weighted-Average Grant Date Fair Value	Shares	Weighted-Average Grant Date Fair Value	Shares	Weighted-Average Grant Date Fair Value	Shares	Weighted-Average Grant Date Fair Value	Shares	Weighted-Average Grant Date Fair Value
Unvested at January 1, 2023	229,813	$ 29.12	31,796	$ 28.44	99,412	$ 29.14	229,813	$ 29.12	31,796	$ 28.44	99,412	$ 29.14
Granted	66,482	24.78	—	—	60,526	24.84	66,482	24.78	—	—	87,071	23.09
Vested	(55,435)	26.48	(6,626)	22.41	—	—	(55,435)	26.48	(10,799)	26.60	(21,799)	29.72
Forfeited	(23,298)	26.48	—	—	—	—	(23,298)	26.48	(1,167)	33.26	(2,795)	24
Unvested at March 31, 2023	217,562	$ 28.75	25,170	$ 30.03	159,938	$ 27.51						

Unvested at June 30, 2023	217,562	$ 28.75	19,830	$ 29.16	161,889	$ 25.90

As of March 31, 2023 June 30, 2023, 29,661 options to acquire Premier shares were outstanding at option prices based on the market value of the underlying shares on the date the options were granted. All options expire ten years from the date of grant. Vested options of retirees expire on the earlier of the scheduled expiration date or one year after the retirement date.

The fair value of each option award is estimated on the date of grant using the Black-Scholes model. Expected volatilities are based on historical volatilities of the Company's common shares. The Company uses historical data to estimate option exercise and post-vesting termination behavior. The expected term of options granted is based on historical data and represents the period of time that options granted are expected to be outstanding, which takes into account that the options are not transferable. The risk-free interest rate for the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of the grant.

There were no options granted during the three six months ended March 31, 2023 June 30, 2023 and 2022.

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Following is stock option activity under the plans during the three six months ended March 31, 2023 June 30, 2023:

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in 000's)	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in 000's)
Options outstanding, January 1, 2023	29,661	$ 22.54			29,661	$ 22.54		
Forfeited or cancelled	—	—			—	—		
Exercised	—	—			—	—		
Granted	—	—			—	—		
Options outstanding, March 31, 2023	29,661	$ 22.54	3.84	$ 43,909				
Exercisable at March 31, 2023	29,661	$ 22.54	3.84	$ 43,909				
Options outstanding, June 30, 2023					29,661	$ 22.54	3.59	$ 9
Exercisable at June 30, 2023					29,661	$ 22.54	3.59	$ 9

As of March 31, 2023June 30, 2023, there was a de minimus amount of total unrecognized compensation costs related to unvested stock options granted under the Company's equity plans. The cost is expected to be recognized over a weighted-average period of one month.

5. Dividends on Common Stock

Premier declared and paid a $0.62 per common stock dividend in the first six months of 2023 and declared and paid a $0.60 per common stock dividend in the first six months of 2022. Premier declared and paid a $0.31 per common stock dividend in the firstsecond quarter of 2023 and declared and paid a $0.30 per common stock dividend in the firstsecond quarter of 2022.

6. Earnings Per Common Share

Basic earnings per share are calculated using the two-class method. The two-class method is an earnings allocation formula under which earnings per share is calculated from common stock and participating securities according to dividends declared and participation rights in undistributed earnings. Under this method, all earnings distributed and undistributed, are allocated to participating securities and common shares based on their respective rights to receive dividends. Unvested share-based payment awards that contain non-forfeitable rights to dividends are considered participating securities (i.e., unvested restricted stock), not subject to performance based measures.

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The following table sets forth the computation of basic and diluted earnings per common share:

	Three Months Ended March 31,		Three Months Ended June 30,		Six Months Ended June 30,	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
	(In Thousands, except per share data)		(In Thousands, except per share data)			
Basic Earnings Per Share:						
Net income available to common shareholders	**$ 18,149**	$ 26,357	**$ 48,391**	$ 22,360	**$ 66,540**	$ 48,717
Less: income allocated to participating securities	**42**	35	**19**	17	**104**	54
Net income allocated to common shareholders	**18,107**	26,322	**48,372**	22,343	**66,436**	48,663
Weighted average common shares outstanding including participating securities	**35,649**	36,026	**35,722**	35,608	**35,686**	35,816
Less: Participating securities	**43**	48	**(28)**	27	**15**	40
Average common shares	**35,606**	35,978	**35,750**	35,581	**35,671**	35,776
Basic earnings per common share	**$ 0.51**	$ 0.73	**$ 1.35**	$ 0.63	**$ 1.86**	$ 1.36

Diluted Earnings Per Share:						
Net income allocated to common shareholders	**$ 18,107**	$ 26,322	**$ 48,372**	$ 22,343	**$ 66,436**	$ 48,663
Weighted average common shares outstanding for basic earnings per common share	**35,606**	35,978	**35,750**	35,581	**35,671**	35,776
Add: Dilutive effects of stock options and restricted stock units	**113**	112	**50**	101	**79**	104
Average shares and dilutive potential common shares	**35,719**	36,090	**35,800**	35,682	**35,750**	35,880
Diluted earnings per common share	**$ 0.51**	$ 0.73	**$ 1.35**	$ 0.63	**$ 1.86**	$ 1.36

There were 627932 and 750 shares for the three and six months ended March 31, 2023June 30, 2023, respectively, that were excluded from the diluted earnings per common share calculation. There were 16,20618,462 and 17,261 shares for the three and six months ended March 31, 2022June 30, 2022, respectively, that were excluded from the dilutive earnings per common share calculation.

7. Investment Securities

The following is a summary of available-for-sale securities:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Loss	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Loss	Fair Value
		(In Thousands)				(In Thousands)		
At March 31, 2023								
At June 30, 2023								
Available-for-Sale Securities:								
Obligations of U.S. government corporations and agencies	**$ 116,965**	**$ —**	**$ (19,326)**	**$ 97,639**	**$ 116,781**	**$ —**	**$ (20,605)**	**$ 96,176**
Mortgage-backed securities	**196,976**	**—**	**(30,216)**	**166,760**	**193,147**	**—**	**(31,948)**	**161,199**

Collateralized mortgage obligations	295,303	—	(46,921)	248,382	292,120	—	(53,127)	238,993
Asset-backed securities	166,044	315	(6,722)	159,637	157,152	310	(6,375)	151,087
Corporate bonds	71,427	—	(7,668)	63,759	71,312	—	(10,772)	60,540
Obligations of state and political subdivisions	257,170	141	(44,746)	212,565	251,715	13	(46,910)	204,818
US Treasuries	55,925	—	(6,539)	49,386	55,860	—	(7,550)	48,310
Total Available-for-Sale	$ 1,159,810	$ 456	$ (162,138)	$ 998,128	$ 1,138,087	$ 323	$ (177,287)	$ 961,123

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Loss	Fair Value
		(In Thousands)		
At December 31, 2022				
Available-for-sale				
Obligations of U.S. government corporations and agencies	$ 117,150	$ —	$ (21,241)	$ 95,909
Mortgage-backed securities	200,548	—	(32,959)	167,589
Collateralized mortgage obligations	299,731	—	(49,926)	249,805
Asset-backed securities	200,312	517	(8,325)	192,504
Corporate bonds	71,543	—	(7,061)	64,482
Obligations of state and political subdivisions	274,856	92	(53,354)	221,594
US Treasuries	55,987	—	(7,789)	48,198
Total Available-for-Sale	$ 1,220,127	$ 609	$ (180,655)	$ 1,040,081

The amortized cost and fair value of the investment securities portfolio at March 31, 2023 June 30, 2023, are shown below by contractual maturity. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. For purposes of the maturity table, MBS, CMOs and ABS, which are not due at a single maturity date, have not been allocated over the maturity groupings. These securities may mature earlier than their weighted-average contractual maturities because of principal prepayments.

	Available-for-Sale		Available-for-Sale	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(In Thousands)		(In Thousands)	
Due in one year or less	$ 623	$ 624	$ 363	$ 364
Due after one year through five years	43,817	40,481	42,504	38,777
Due after five years through ten years	230,273	201,039	229,349	194,741
Due after ten years	226,774	181,205	223,452	175,962
MBS/CMO/ABS	658,323	574,779	642,419	551,279
	$ 1,159,810	$ 998,128	$ 1,138,087	$ 961,123

Investment securities with a carrying amount of $793.1 669.1 million and $759.8 million at March 31, 2023 June 30, 2023 and December 31, 2022, respectively, were pledged as collateral.

The following tables summarize Premier's securities that were in an unrealized loss position at March 31, 2023 June 30, 2023 and December 31, 2022:

Duration of Unrealized Loss Position			Duration of Unrealized Loss Position		
Less than 12 Months	12 Months or Longer	Total	Less than 12 Months	12 Months or Longer	Total

	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss	Fair Value	Unrealized Loss
	(In Thousands)						(In Thousands)					
At March 31, 2023												
At June 30, 2023												
Available-for-sale securities:												
Obligations of U.S. government corporations and agencies	$ —	$ —	$ 97,639	$ (19,326)	$ 97,639	$ (19,326)	$ —	$ —	$ 96,176	$ (20,605)	$ 96,176	$ (20,605)
Mortgage-backed securities	3,678	(117)	163,082	(30,099)	166,760	(30,216)	3,472	(164)	157,727	(31,784)	161,199	(31,948)
Collateralized mortgage obligations	—	—	248,382	(46,921)	248,382	(46,921)	2,339	(7)	236,654	(53,120)	238,993	(53,127)

Asset-backed securities	3,697	(4)	128,276	(6,718)	131,973	(6,722)	—	—	122,421	(6,375)	122,421	(6,375)
Corporate bonds	8,723	(800)	55,036	(6,868)	63,759	(7,668)	7,060	(940)	53,480	(9,832)	60,540	(10,772)
Obligations of state and political subdivisions	18,293	(412)	177,794	(44,334)	196,087	(44,746)	17,988	(401)	182,578	(46,509)	200,566	(46,910)
US Treasuries	—		49,386	(6,539)	49,386	(6,539)	—		48,310	(7,550)	48,310	(7,550)
Total available-for-sale	$ 34,391	$ (1,333)	$ 919,595	$ (160,805)	$ 953,986	$ (162,138)	$ 30,859	$ (1,512)	$ 897,346	$ (175,775)	$ 928,205	$ (177,287)

	Duration of Unrealized Loss Position					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss	Fair Value	Unrealized Loss
	(In Thousands)					

At December 31, 2022						
Available-for-sale securities:						
Obligations of U.S. government corporations and agencies	$ 64,394	$ (11,158)	$ 31,513	$ (10,083)	$ 95,907	$ (21,241)
Mortgage-backed securities-residential	40,908	(4,184)	126,681	(28,775)	167,589	(32,959)
Collateralized mortgage obligations	60,676	(11,985)	159,129	(37,941)	219,805	(49,926)
Asset-backed securities	45,534	(1,499)	113,580	(6,826)	159,114	(8,325)
Corporate bonds	49,114	(4,960)	15,368	(2,101)	64,482	(7,061)
Obligations of state and political subdivisions	106,610	(13,378)	98,063	(39,976)	204,673	(53,354)
US Treasuries	19,891	(3,448)	28,309	(4,341)	48,200	(7,789)
Total available-for-sale	$ 387,127	$ (50,612)	$ 572,643	$ (130,043)	$ 959,770	$ (180,655)

The Company had $34,000 7,000 in realized losses and $27,000 in realized gains from the sale of available-for-sale securities in the three and six months ended March 31, 2023. June 30, 2023, respectively. For the three and six months ended March 31, 2022 June 30, 2022, the Company realized no gains or losses from the sale of investment securities. It is expected that the securities would not be settled at less than the amortized cost of the Company's investment because the decline in fair value is attributable to changes in interest rates and relative spreads and not credit quality. Management does not intend to sell these investments and it is not expected that the Company will be required to sell the investments before recovery of its amortized cost basis less any current period credit loss. basis.

Quarterly, the Company evaluates if any security has a fair value less than its amortized cost. Once these securities are identified, in order to determine whether a decline in fair value resulted from a credit loss or other factors, the Company performs further analysis as outlined below:

- Review the extent to which the fair value is less than the amortized cost and observe tl security's

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lowest credit rating as reported by third-party credit ratings companies.

- Any security that has a loss rate greater than 3%, credit rating below investment grade or not rated by a third-party credit ratings company would be subjected to additional analysis that may include, but is not limited to: changes in market interest rates, changes in securities credit ratings, security type, service area economic factors, financial performance of the issuer/or obligor of the underlying issue and third-party guarantee.

- If the Company determines that a credit loss exists, the credit portion of the allowance will l measured using a DCF analysis using the effective interest rate as of the security's purcha date. The amount of credit loss the Company records will be limited to the amount by which tl amortized cost exceeds the fair value. As of March 31, 2023 June 30, 2023, manageme determined that no credit loss exists and that the unrealized losses are due to the increas interest rate environment.

At March 31, 2023 June 30, 2023 and December 31, 2022, the Company held preferred and common stock of various bank holding companies totaling $6.4 6.5 million and $7.8 million, respectively. During the three and six months ended March 31, 2023 June 30, 2023, an unrealized a realized gain of $71,000 and a realized loss of $1.4 million, was respectively, were recorded within gain (loss) on equity securities on the Consolidated Condensed Statements of Income. During the three and six months ended March 31, 2022 June 30, 2022, $643,000 1.2 million and $1.8 million of unrealized realized losses, respectively, were recorded within gain (loss) on equity securities on the Consolidated Condensed Statements of Income.

8. Loans

Loan segments have been identified by evaluating the portfolio based on collateral and credit risk characteristics. Loans receivable consist of the following:

	March 31, 2023	December 31, 2022	June 30, 2023	December 31, 2022
	(In Thousands)		(In Thousands)	
Real Estate:				
Residential	**$ 1,624,331**	$ 1,535,574	**$ 1,711,632**	$ 1,535,574
Commercial	**2,813,441**	2,762,311	**2,848,410**	2,762,311
Construction	**1,185,947**	1,278,255	**1,039,689**	1,278,255

	5,623,719	5,576,140	**5,599,731**	5,576,140
Other Loans:				
Commercial	**1,061,142**	1,055,180	**1,069,372**	1,055,180
Home equity and improvement	**271,676**	277,613	**272,792**	277,613
Consumer finance	**212,299**	213,405	**210,390**	213,405
	1,545,117	1,546,198	**1,552,554**	1,546,198
Loans before deferred loan origination fees and costs	**7,168,836**	7,122,338	**7,152,285**	7,122,338
Deduct:				
Undisbursed construction loan funds	**(604,228)**	(672,775)	**(455,653)**	(672,775)
Net deferred loan origination fees and costs	**11,221**	11,057	**11,936**	11,057
Allowance for credit losses	**(74,273)**	(72,816)	**(75,921)**	(72,816)
Total loans	**$ 6,501,556**	$ 6,387,804	**$ 6,632,647**	$ 6,387,804

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The Company has responded to the COVID-19 pandemic in numerous ways, including by actively participating in the Paycheck Protection Program ("PPP") and distributing $636.9 million to small businesses in our markets. As of March 31, 2023June 30, 2023, the Company had $791,000577,000 in PPP loans that remained unpaid and were included in commercial other loans in the above loan table. As of December 31, 2022, the Company had $1.1 million in PPP loans.

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The following table presents the amortized cost basis of collateral-dependent loans by class of loans and collateral type as of March 31, 2023June 30, 2023 and December 31, 2022 (in thousands):

	March 31, 2023	June 30, 2023

	Real Estate	Equipment and Machinery	Inventory and Receivables	Vehicles	Total	Real Estate	Equipment and Machinery	Inventory and Receivables	Vehicles	Total
Real Estate:										
Residential	$ 50	$ —	$ —	$ —	$ 50	$ —	$ —	$ —	$ —	$ —
Commercial	12,787	—	1,190	—	13,977	—	—	—	—	—
Construction	—	—	—	—	—	12,934	—	1,190	—	14,124
Other Loans:										
Commercial	2,026	447	3,858	31	6,362	2,075	1,900	5,139	881	9,995
Home equity and improvement	—	—	—	—	—	—	—	—	—	—
Consumer finance	—	—	—	—	—	—	—	—	—	—
Total	$ 14,863	$ 447	$ 5,048	$ 31	$ 20,389	$ 15,009	$ 1,900	$ 6,329	$ 881	$ 24,119

	December 31, 2022				
	Real Estate	Equipment and Machinery	Inventory and Receivables	Vehicles	Total
Real Estate:					
Residential	$ 51	$ —	$ —	$ —	$ 51
Commercial	10,708	—	2,716	—	13,424
Construction	—	—	—	—	—
Other Loans:					
Commercial	2,161	523	3,858	—	6,542
Home equity and improvement	—	—	—	—	—
Consumer finance	—	—	—	—	—
Total	$ 12,920	$ 523	$ 6,574	$ —	$ 20,017

Non-performing loans include both smaller balance homogeneous loans that are collectively evaluated for impairment and individually analyzed loans. All loans greater than 90 days and greater past due are placed on non-accrual status. The following table presents the current balance of the aggregate amounts of non-performing assets, comprised of non-performing loans and real estate owned as of the dates indicated:

	March 31, 2023	**December 31, 2022**	**June 30, 2023**	**December 31, 2022**
	(In Thousands)		(In Thousands)	
Non-accrual loans with reserve	**$ 19,925**	$ 20,369	**$ 24,726**	$ 20,369
Non-accrual loans without reserve	**14,452**	13,453	**12,265**	13,453
Loans 90 days plus past due and still accruing	**—**	—	**—**	—
Total non-performing loans	**34,377**	33,822	**36,991**	33,822
Real estate and other assets held for sale	**393**	619	**561**	619
Total non-performing assets	**$ 34,770**	$ 34,441	**$ 37,552**	$ 34,441

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The following table presents the aging of the amortized cost in past due and non-accrual loans as of March 31, 2023 June 30, 2023, by class of loans (in thousands):

	Current	30 - 59 days	60 - 89 days	90 + days	Total Past Due	Total Non-Accrual	Current	30 - 59 days	60 - 89 days	90 + days	Total Past Due	Total Non-Accrual
Real Estate:												
Residential	$ 1,608,696	$ 228	$ 4,254	$ 5,224	$ 9,706	$ 6,763	$ 1,691,587	$ 109	$ 6,455	$ 7,886	$ 14,450	$ 9,334
Commercial	2,804,630	760	21	10,122	10,903	14,187	2,844,252	194	444	6,167	6,805	14,018
Construction	581,575	—	144	—	144	—	583,751	—	285	—	285	—
Other Loans:												
Commercial	1,050,336	494	252	4,703	5,449	5,142	1,054,469	4,234	57	4,944	9,235	6,686

Home equity and improvement	266,094	1,571	426	1,363	3,360	1,879	266,742	2,158	628	1,194	3,980	1,692
Consumer finance	208,619	2,976	534	2,243	5,753	2,508	206,855	2,537	1,198	1,953	5,688	2,373
PCD	17,031	431	253	2,849	3,533	3,898	16,936	296	809	2,428	3,533	2,888
Total Loans	$ 6,536,981	$ 6,460	$ 5,884	$ 26,504	$ 388,848	$ 34,377	$ 6,664,592	$ 9,528	$ 9,876	$ 24,572	$ 43,976	$ 36,991

The following table presents the aging of the recorded investment in past due and non-accrual loans as of December 31, 2022, by class of loans (in thousands):

	Current	30 - 59 days	60 - 89 days	90 + days	Total Past Due	Total Non-Accrual
Real Estate:						
Residential	$ 1,516,135	$ 279	$ 6,350	$ 6,203	$ 12,832	$ 7,724
Commercial	2,751,933	327	878	11,477	12,682	13,396
Construction	605,043	298	139	—	437	—
Other Loans:						
Commercial	1,044,898	413	128	4,635	5,176	4,862
Home equity and improvement	269,183	4,342	489	1,190	6,021	1,637

Consumer finance	209,062	2,763	1,397	2,227	6,387	2,401
PCD	17,082	603	495	2,651	3,749	3,802
Total Loans	$ 6,413,336	$ 9,025	$ 9,876	$ 28,383	$ 47,284	$ 33,822

Loan Modifications

As of January 1, 2023, the Company adopted the modified retrospective method under ASU 2022-02, "Trouble Debt Restructurings and Vintage Disclosures" which eliminated trouble debt restructuring accounting for entities that have adopted ASU 2016-13, the current expected credit losses model.

Occasionally, the Company modifies loans by providing principal forgiveness on certain of its real estate loans. When principal forgiveness is provided, the amortized cost basis of the loan is written off against the allowance for credit losses. The amount of the principal forgiveness is deemed to be uncollectible; therefore, that portion of the loan is written off, resulting in a reduction of amortized cost basis and a corresponding adjustments to the allowance for credit losses. In some cases, the Company will modify a certain loan by providing multiple types of concessions. Typically, one type of concession, such as a term extension, is granted initially. If the borrower continues to experience financial difficulty, another concession, such as principal forgiveness or reduction of rate, may be granted.

Of the loans modified as of March 31, 2023 June 30, 2023, none $4.4 million were on non-accrual status and partial charge-offs have in some cases been taken against the outstanding balance. The allowance for credit losses incorporates an estimate of lifetime expected credit losses and is recorded on each loan upon loan origination or acquisition. The starting

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starting point for the estimate of the allowance for credit losses is historical loss information, which includes losses from modifications of loans to borrowers experiencing financial difficulty. The company uses probability of default/loss given default, discounted cash flows or remaining life method to determine the allowance for credit losses. An assessment of whether a borrower is experiencing financial difficulty is made on the date of a modification. Because the effect of most modifications made to borrowers experiencing financial difficulty is already included in the allowance for credit losses because of the measurement methodologies used to estimate the allowance, a change to the allowance for credit losses is generally not recorded upon modification.

The following table shows the amortized cost basis at the end of the reporting period of the loans modified to borrowers experiencing financial difficulty, disaggregated by loan category and type of modification granted during the three and six months ended March 31, 2023June 30, 2023. The percentage of the amortized cost basis of loans that were modified to borrowers experiencing financial difficulty as compared to the amortized cost basis of each class of loan category is also presented below:

	Loans Modifications Made to Borrowers Experiencing Financial Difficulty Three Months Ended March 31, 2023 (Dollars in Thousands)		Loans Modifications Made to Borrowers Experiencing Financial Difficulty Three Months Ended June 30, 2023 (Dollars in Thousands)		Loans Modifications Made to Borrowers Experiencing Financial Difficulty Six Months Ended June 30, 2023 (Dollars in Thousands)	
	Term Extension		Term Extension		Term Extension	
Loan Type	Amortized Cost Basis	Percent of total loans by category	Amortized Cost Basis	Percent of total loans by category	Amortized Cost Basis	Percent of total loans by category
Real Estate:						
Residential	$ —	—	$ 109	0.01 %	109	0.01 %
Commercial	373	0.01 %	4,431	0.16 %	4,798	0.17 %
Construction	—	—	—	—	—	—
Other Loans:						
Commercial	39	0.00 %	—	—	38	0.00 %

Home equity and improvement	—	—	—	—	—	—
Consumer finance	—	—	—	—	—	—
Total	**$ 412**		**$ 4,540**		**$ 4,945**	

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The following table describes the financial effect of the modifications made to borrowers experiencing financial difficulty:

	Term Extension
Loan Type	**Financial Effect**
Real Estate:	
Residential	-Term extended from 7 year balloon to 30 years
Commercial	Added -Added 12 months to the life of the loan, which reduced monthly payment amounts for the borrower. -Term extension 10 yr term/ 20 yr am to 12 month interest only
Other Loans:	
Commercial	Added -Added 84 months to the life of the loan to term out 2 year balloon, which reduced monthly payment amounts for the borrower.
	Rate Reduction
Loan Type	**Financial Effect**
Real Estate:	

Commercial	-Interest rate reduction 11.08% to 5.00% -Interest rate reduction 10.65% to 5.00%

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Upon the Company's determination that a modified loan (or portion of a loan) has subsequently been deemed uncollectible, the loan (or a portion of the loan) is written off. Therefore, the amortized cost basis of the loan is reduced by the uncollectible amount and the allowance for credit losses is adjusted by the same amount.

There were no modification loans that had a payment default during the quarter ended March 31, 2023June 30, 2023 and were modified in the twelve months prior to that default to borrowers experiencing financial difficulty.

The Company closely monitors the performance of the loans that were modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. The modified loans are current and have not experienced delinquency as of March 31, 2023June 30, 2023.

Credit Quality Indicators

Loans are categorized into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. Loans are analyzed individually by classifying the loans by credit risk. This analysis includes all non-homogeneous loans, such as commercial and commercial real estate loans and certain homogeneous mortgage, home equity and consumer loans. This analysis is performed on a quarterly basis. Premier uses the following definitions for risk ratings:

Special Mention. Loans classified as special mention have a potential weakness that deserves management’s close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.

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

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

Loans not meeting the criteria above that are analyzed individually as part of the above described process are considered to be pass rated loans. As of March 31, 2023June 30, 2023, and based on the most recent analysis performed, the risk category of loans by class of loans is as follows (in thousands):

Class	Unclassified	Special Mention	Substandard	Doubtful	Total classified	Total	Unclassified	Special Mention	Substandard	Doubtful	Total classified	Total
Real Estate:												
Residential	$ 1,610,097	$ 493	$ 7,812	$ —	$ 7,812	$ 1,618,402	$ 1,695,235	$ 484	$ 10,318	$ —	$ 10,318	$ 1,706,037
Commercial	2,752,132	41,677	21,724	—	21,724	2,815,533	2,801,710	20,751	28,596	—	28,596	2,851,057

Construction	581,719	—	—	—	—	581,719	575,703	8,333	—	—	—	584,036
Other Loans:												
Commercial	1,015,372	33,090	7,323	—	7,323	1,055,785	1,021,363	27,376	14,965	—	14,965	1,063,704
Home equity and improvement	267,587	—	1,867	—	1,867	269,454	269,038	—	1,684	—	1,684	270,722
Consumer finance	211,895	—	2,477	—	2,477	214,372	210,348	—	2,195	—	2,195	212,543
PCD	13,177	3,683	3,704	—	3,704	20,564	13,981	3,786	2,702	—	2,702	20,469

Total Loans (1)	$ 6,451,979	$ 78,943	$ 44,907	$ —	$ 44,907	$ 6,575,829	$ 6,587,378	$ 60,730	$ 60,460	$ —	$ 60,460	$ 6,708,568

(1) Total loans are net of undisbursed funds and deferred fees and costs.

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As of December 31, 2022, and based on the most recent analysis performed, the risk category of loans by class of loans is as follows (in thousands):

Class	Unclassified	Special Mention	Substandard	Doubtful	Total classified	Total	Unclassified	Special Mention	Substandard	Doubtful	Total classified	Total
Real Estate:												
Residential	1,519,657	935	8,375	—	8,375	1,528,967	$ 1,519,657	$ 935	$ 8,375	$ —	$ 8,375	$ 1,528,967
Commercial	2,698,292	46,029	20,294	—	20,294	2,764,615	2,698,292	46,029	20,294	—	20,294	2,764,615

Construction	605,480	—	—	—	—	605,480	605,480	—	—	—	—	605,480
Other Loans:												
Commercial	1,016,925	26,319	6,830	—	6,830	1,050,074	1,016,925	26,319	6,830	—	6,830	1,050,074
Home equity and improvement	273,613	—	1,591	—	1,591	275,204	273,613	—	1,591	—	1,591	275,204
Consumer finance	213,078	—	2,371	—	2,371	215,449	213,078	—	2,371	—	2,371	215,449
PCD	13,904	2,590	4,337	—	4,337	20,831	13,904	2,590	4,337	—	4,337	20,831

Total Loans (1)	$ 6,340,949	$ 75,873	$ 43,798	$ —	$ 43,798	$ 6,460,620
	$ 6,340,949	$ 75,873	$ 43,798	$ —	$ 43,798	$ 6,460,620

(1) Total loans are net undisbursed loan funds and deferred fees and costs

The following tables present the amortized cost basis of loans by credit quality indicator and class of loans as of March 31, 2023 June 30, 2023 and December 31, 2022 (in thousands).

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	Term of loans by origination							
	2023	2022	2021	2020	2019	Prior	Revolving Loans	Total
As of March 31, 2023 June 30, 2023								
Real Estate								
Residential:								
Current-period gross charge-offs	$ —	$ —	$ — 217	$ —	$ —	$ 5 66	$ —	$ 5 283
Risk Rating								
Unclassified	$ 42,003 72,488	$ 343,450 436,861	$ 463,431 446,915	$ 331,088 323,345	$ 92,532 90,711	$ 335,784 322,786	$ 1,809 2,129	$ 1,610,097 1,695,235
Special Mention	—	—	—	178 175	—	315 309	—	493 484
Substandard	— 117	325 1,298	1,366 1,536	976 1,390	721 651	4,424 5,326	—	7,812 10,318
Doubtful	—	—	—	—	—	—	—	—
Total	$ 42,003 72,605	$ 343,775 438,159	$ 464,797 448,451	$ 332,242 324,910	$ 93,253 91,362	$ 340,523 328,421	$ 1,809 2,129	$ 1,618,402 1,706,037

Commercial:									
						1,557 2			
Current-period gross charge-offs	$ —	$ —	$ —	$ —	$ 112 —	$ 0	$ —	$ 1,669 20	
Risk Rating									
		585,730	530,145	520,817	320,220	714,615			
	66,836 1	600,50	529,54	508,61	314,83	705,27	13,769 17,	2,752,132	
Unclassified	$ 25,474	$ 2	$ 5	$ 1	$ 9	$ 1	$ 468	$ 2,801,710	
		213 1,4	1,961 4,			322 13,			
Special Mention	—	59	096	2,012	—	042	39,071 142	110	4 1 , 6 7 7 2 0 , 7 5 1
			2,087 1	2,750 2,	4,833 4,	11,649		21,724 28,	
Substandard	— 51	274 270	95	705	828	20,415	131 132	596	
Doubtful	—	—	—	—	—	—	—	—	
		586,217	534,193	523,567	325,375	765,335			
	66,836 1	602,23	533,83	513,32	319,66	738,72	14,010 17,	2,815,533	
Total	$ 25,525	$ 1	$ 6	$ 8	$ 7	$ 8	$ 742	$ 2,851,057	
Construction:									
Current-period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	
Risk Rating									
		355,461	160,963						
	13,934 4	343,25	142,49	40,998	10,363			581,719 5	
Unclassified	$ 6,056	$ 7	$ 5	$ 41,942	$ 1,953	$ —	$ —	$ 75,703	
Special Mention	—	—	—	—	— 8,333	—	—	— 8,333	
Substandard	—	—	—	—	—	—	—	—	
Doubtful	—	—	—	—	—	—	—	—	

Total	$ 13,934 4 6,056	$ 355,461 343,25 7	$ 160,963 142,49 5	$ 40,998 41,942	$ 10,363 10,286	$ —	$ - —	$ 581,719 5 84,036
Other Loans								
Commercial:								
Current-period gross charge-offs	$ —	$ —	$ —	$ —	$ 498	$ —	$ —	$ 498 2 $2
Risk Rating								
Unclassified	51,429 8 $ 4,763	261,813 259,14 $ 9	196,844 178,86 $ 7	82,463 $ 71,140	46,141 $ 42,385	39,007 $ 34,794	337,675 35 $ 0,265	1,015,372 $ 1,021,363
Special Mention	668 4,58 6	2,075 1, 215	5,523 7, 891	4,985 2 90	1,260 5 11	6,127 4, 080	12,452 8,8 03	33,090 27, 376
Substandard	—	283 814	31 4,08 0	3,897 4, 815	92 474	326 2,0 40	2,694 2,74 2	7,323 14,9 65
Doubtful	—	—	—	—	—	—	—	—
Total	52,097 8 $ 9,349	264,171 261,17 $ 8	202,398 190,83 $ 8	91,345 $ 76,245	47,493 $ 43,370	45,460 $ 40,914	352,821 36 $ 1,810	1,055,785 $ 1,063,704
Home equity and Improvement:								
Current-period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ 9 22	$ 15 99	$ 24 121
Risk Rating								
Unclassified	4,692 10 $,650	28,615 $ 27,538	20,528 $ 19,957	5,129 4, $ 841	3,447 3, $ 255	30,684 $ 29,125	174,492 17 $ 3,672	267,587 2 $ 69,038
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	30 49	14	—	28	440 358	1,355 1,23 5	1,867 1,68 4
Doubtful	—	—	—	—	—	—	—	—
Total	4,692 10 $,650	28,645 $ 27,587	20,542 $ 19,971	5,129 4, $ 841	3,475 3, $ 283	31,124 $ 29,483	175,847 17 $ 4,907	269,454 2 $ 70,722
Consumer Finance:								
Current-period gross charge-offs	$ —	$ 268 85	$ 97 56	$ 36 63	$ 41 9	$ 6 8	$ 1 50	$ 449 271
Risk Rating								

	2022	2021	2020	2019	2018	Prior	Revolving Loans	Total
Unclassified	$ 16,885 31,040	$ 123,154 113,854	$ 30,347 27,648	$ 15,678 14,231	$ 11,755 10,204	$ 4,819 3,538	$ 9,257 9,833	$ 211,895 210,348
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	958 1,059	545 412	553 405	282 251	70 68	69 —	2,477 2,195
Doubtful	—	—	—	—	—	—	—	—
Total	$ 16,885 31,040	$ 124,112 114,913	$ 30,892 28,060	$ 16,231 14,636	$ 12,037 10,455	$ 4,889 3,606	$ 9,326 9,833	$ 214,372 212,543
PCD:								
Current-period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ 63 46	$ 5 1	$ 68 47
Risk Rating								
Unclassified	$ —	$ —	$ —	$ —	$ 127 121	$ 12,629 13,220	$ 421 640	$ 13,177 13,981
Special Mention	—	—	—	—	—	758 795	2,925 2,991	3,683 3,786
Substandard	—	—	—	—	1 —	3,500 2,360	203 342	3,704 2,702
Doubtful	—	—	—	—	—	—	—	—
Total	$ —	$ —	$ —	$ - —	$ 128 121	$ 16,887 16,375	$ 3,549 3,973	$ 20,564 20,469

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	Term of loans by origination							
	2022	2021	2020	2019	2018	Prior	Revolving Loans	Total
As of December 31, 2022								
Real Estate								

Residential:								
Risk Rating								
Pass	$ 264,884	$ 474,992	$ 335,982	$ 93,548	$ 51,710	$ 296,089	$ 2,452	$ 1,519,657
Special Mention	—	—	180	30	80	78	567	935
Substandard	280	1,648	1,614	922	517	3,394	—	8,375
Doubtful	—	—	—	—	—	—	—	—
Total	$ 265,164	$ 476,640	$ 337,776	$ 94,500	$ 52,307	$ 299,561	$ 3,019	$ 1,528,967
Commercial:								
Risk Rating								
Pass	$ 582,384	$ 506,386	$ 517,790	$ 324,210	$ 194,240	$ 557,728	$ 15,554	$ 2,698,292
Special Mention	161	3,614	—	593	25,395	15,561	705	46,029
Substandard	115	2,104	527	4,612	4,455	8,348	133	20,294
Doubtful	—	—	—	—	—	—	—	—
Total	$ 582,660	$ 512,104	$ 518,317	$ 329,415	$ 224,090	$ 581,637	$ 16,392	$ 2,764,615
Construction:								
Risk Rating								
Pass	$ 348,570	$ 182,755	$ 53,161	$ 20,994	$ —	$ —	$ —	$ 605,480
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Total	$ 348,570	$ 182,755	$ 53,161	$ 20,994	$ —	$ —	$ —	$ 605,480
Other Loans								
Commercial:								
Risk Rating								
Pass	$ 266,501	$ 208,663	$ 90,014	$ 49,887	$ 23,719	$ 22,515	$ 355,626	$ 1,016,925
Special Mention	1,891	4,094	3,913	1,533	1,160	5,365	8,363	26,319
Substandard	16	119	3,897	4	190	204	2,400	6,830
Doubtful	—	—	—	—	—	—	—	—
Total	$ 268,408	$ 212,876	$ 97,824	$ 51,424	$ 25,069	$ 28,084	$ 366,389	$ 1,050,074
Home equity and Improvement:								

Risk Rating								
Pass	$ 30,009	$ 21,116	$ 5,387	$ 3,592	$ 1,849	$ 30,509	$ 181,151	$ 273,613
Special Mention	—	—	—	—	—	—	—	—
Substandard	44	14	—	28	32	502	971	1,591
Doubtful	—	—	—	—	—	—	—	—
Total	$ 30,053	$ 21,130	$ 5,387	$ 3,620	$ 1,881	$ 31,011	$ 182,122	$ 275,204
Consumer Finance:								
Risk Rating								
Pass	$ 133,194	$ 33,109	$ 17,219	$ 13,681	$ 4,022	$ 2,529	$ 9,324	$ 213,078
Special Mention	—	—	—	—	—	—	—	—
Substandard	676	483	668	316	62	34	132	2,371
Doubtful	—	—	—	—	—	—	—	—
Total	$ 133,870	$ 33,592	$ 17,887	$ 13,997	$ 4,084	$ 2,563	$ 9,456	$ 215,449
PCD:								
Risk Rating								
Pass	$ —	$ —	$ —	$ 131	$ 369	$ 13,117	$ 287	$ 13,904
Special Mention	—	—	—	—	—	292	2,298	2,590
Substandard	—	—	—	2	22	3,697	616	4,337
Doubtful	—	—	—	—	—	—	—	—
Total	$ —	$ —	$ —	$ 133	$ 391	$ 17,106	$ 3,201	$ 20,831

Allowance for Credit Losses

The Company has adopted ASU 2016-13 (Topic 326 – Credit Losses) to calculate the ACL, which requires a projection of credit loss over the contract lifetime of the credit adjusted for prepayment tendencies. This

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valuation account is deducted from the loans amortized cost basis to present the net amount expected to be collected on the loan. The ACL is adjusted through the provision for credit losses and reduced by net charge offs of loans.

The credit loss estimation process involves procedures that consider the unique characteristics of the Company’s portfolio segments. These segments are further disaggregated into the loan pools for monitoring. When computing allowance levels, a model of risk characteristics, such as loss history and delinquency status, along with current conditions and a supportable forecast is used to determine credit loss assumptions.

The Company is generally utilizing two methodologies to analyze loan pools, DCF and probability of default/loss given default (“PD/LGD”).

A default can be triggered by one of several different asset quality factors including past due status, non-accrual status, modification status or if the loan has had a charge-off. The PD/LGD utilizes charge off data from the Federal Financial Institutions Examination Council to construct a default rate. This default rate is further segmented based on the risk of the credit assigning a higher default rate to riskier credits.

The DCF methodology was selected as the most appropriate for loan segments with longer average lives and regular payment structures. The DCF model has two key components, the loss driver analysis combined with a cash flow analysis. The contractual cash flow is adjusted for PD/LGD and prepayment speed to establish a reserve level. The prepayment studies are updated quarterly by a third-party for each applicable pool. The Company estimates losses over an approximate one-year forecast period using Moody’s baseline economic forecasts, and then reverts to longer term historical loss experience over a three-year period.

The remaining life method was selected for the consumer direct loan segment since the pool contains loans with many different structures and payment streams and collateral. The weighted average remaining life uses an average annual charge-off rate applied to the contractual term, further adjusted for estimated prepayments to determine the unadjusted historical charge-off rate for the remaining balance of assets.

Portfolio Segments	Loan Pool	Methodology	Loss Drivers
Residential real estate	1-4 Family nonowner occupied	DCF	National unemployment
	1-4 Family owner occupied	DCF	National unemployment
Commercial real estate	Commercial real estate nonowner occupied	DCF	National unemployment
	Commercial real estate owner occupied	DCF	National unemployment

	Multi Family	DCF	National unemployment
	Agriculture Land	DCF	National unemployment
	Other commercial real estate	DCF	National unemployment
Construction secured by real estate	Construction Other	PD/LGD	Call report loss history
	Construction Residential	PD/LGD	Call report loss history
Commercial	Commercial working capital	PD/LGD	Call report loss history
	Agriculture production	PD/LGD	Call report loss history
	Other commercial	PD/LGD	Call report loss history
Home equity and improvement	Home equity and improvement	PD/LGD	Call report loss history
Consumer finance	Consumer direct	Remaining life	Call report loss history
	Consumer indirect	DCF	National unemployment

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According to the accounting standard, an entity may make an accounting policy election not to measure an ACL for accrued interest receivable if the entity writes off the applicable accrued interest receivable balance in a timely manner. The Company has made the accounting policy election not to measure an ACL for accrued interest receivables for all loan segments. Current policy dictates that a loan will be placed on nonaccrual status, with the current accrued interest receivable balance being written off, upon the loan being 90 days delinquent or when the loan is deemed to be collateral dependent and the collateral analysis shows less than 1.2 times discounted collateral coverage based on a current assessment of the value of the collateral.

In addition, ASC Topic 326 requires the Company to establish a liability for anticipated credit losses for unfunded commitments. To accomplish this, the company must first establish a loss expectation for extended (funded) commitments. This loss expectation, expressed as a ratio to the amortized cost basis, is then applied to the portion of unfunded commitments not considered unilaterally cancelable and is considered by the company's management as likely to fund over the life of the instrument. At March 31, 2023June 30, 2023, the Company had $1.71.5 billion in unfunded commitments and set aside $6.65.7 million in anticipated credit losses. This reserve is recorded in other liabilities as opposed to the ACL.

The determination of ACL is complex and the Company makes decisions on the effects of matters that are inherently uncertain. Evaluations of the loan portfolio and individual credits require certain estimates, assumptions and judgments as to the facts and circumstances related to particular situations or credits. There may be significant changes in the ACL in future periods determined by prevailing factors at that point in time along with future forecasts.

The following table discloses allowance for credit loss ("ACL") activity for the three and six months ended March 31, 2023June 30, 2023 and 2022 by portfolio segment (in thousands):

Three Months Ended March 31, 2023	Residential Real Estate	Commercial Real Estate	Construction	Commercial	Home Equity and Improvement	Consumer Finance	Total

Three Months Ended June 30, 2023	Residential Real Estate	Commercial Real Estate	Construction	Commercial	Home Equity and Improvement	Consumer Finance	Total

Beginning Allowance	$ 16,711	$ 34,218	$ 4,025	$ 11,769	$ 4,044	$ 2,049	$ 72,816	$ 18,229	$ 33,831	$ 3,882	$ 12,525	$ 3,654	$ 2,152	$ 74,273
Charge-Offs	(5)	(1,669)	—	(511)	(79)	(449)	(2,713)	(304)	(20)	—	(8)	(121)	(291)	(744)
Recoveries	22	12	—	96	21	75	226	23	59	—	807	36	57	982
Provisions	1,501	1,270	(143)	1,171	(332)	477	3,944	970	881	(51)	(223)	(170)	3	1,410
Ending Allowance	$ 18,229	$ 33,831	$ 3,882	$ 12,525	$ 3,654	$ 2,152	$ 74,273	$ 18,918	$ 34,751	$ 3,831	$ 13,101	$ 3,399	$ 1,921	$ 75,921

Three Months Ended March 31, 2022	Residential Real Estate	Commercial Real Estate	Construction	Commercial	Home Equity and Improvement	Consumer Finance	Total

Six Months Ended June 30, 2023								Residential Real Estate	Commercial Real Estate	Construction	Commercial	Home Equity and Improvement	Consumer Finance	Total
Beginning Allowance	$ 12,029	$ 32,399	$ 3,004	$ 13,410	$ 4,221	$ 1,405	$ 66,468	$ 16,711	$ 34,218	$ 4,025	$ 11,769	$ 4,044	$ 2,049	$ 72,816
Charge-Offs	(140)	(7)	—	(10)	(29)	(103)	(289)	(309)	(1,689)	—	(519)	(200)	(740)	(3,457)
Recoveries	81	59	—	102	34	114	390	45	71	—	903	57	132	1,208
Provisions	(330)	1,750	(391)	319	(307)	(415)	626	2,471	2,151	(194)	948	(502)	480	5,354
Ending Allowance	$ 11,640	$ 34,201	$ 2,613	$ 13,821	$ 3,919	$ 1,001	$ 67,195	$ 18,918	$ 34,751	$ 3,831	$ 13,101	$ 3,399	$ 1,921	$ 75,921

Three Months Ended June 30, 2022	Residential Real Estate	Commercial Real Estate	Construction	Commercial	Home Equity and Improvement	Consumer Finance	Total
Beginning Allowance	$ 11,640	$ 34,201	$ 2,613	$ 13,821	$ 3,919	$ 1,001	$ 67,195
Charge-Offs	(861)	(137)	(16)	(5,303)	(248)	(138)	(6,703)
Recoveries	673	455	3	184	79	37	1,431
Provisions	2,661	433	399	1,060	253	345	5,151
Ending Allowance	$ 14,113	$ 34,952	$ 2,999	$ 9,762	$ 4,003	$ 1,245	$ 67,074

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Six Months Ended June 30, 2022	Residential Real Estate	Commercial Real Estate	Construction	Commercial	Home Equity and Improvement	Consumer Finance	Total
Beginning Allowance	$ 12,029	$ 32,399	$ 3,004	$ 13,410	$ 4,221	$ 1,405	$ 66,468
Charge-Offs	(1,001)	(144)	(16)	(5,313)	(277)	(241)	(6,992)
Recoveries	754	514	3	286	113	151	1,821
Provisions	2,331	2,183	8	1,379	(54)	(70)	5,777
Ending Allowance	$ 14,113	$ 34,952	$ 2,999	$ 9,762	$ 4,003	$ 1,245	$ 67,074

Purchased Credit Deteriorated Loans

Under ASU Topic 326, when loans are purchased with evidence of more than insignificant deterioration of credit, they are accounted for as PCD. PCD loans acquired in a transaction are marked to fair value and a mark on yield is recorded. In addition, an adjustment is made to the ACL for the expected loss on the acquisition date. These loans are assessed on a regular basis and subsequent adjustments to the ACL are recorded on the income statement. The outstanding balance and related allowance on these loans as of March 31, 2023 June 30, 2023 and December 31, 2022 is as follows (in thousands):

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	As of March 31, 2023		As of December 31, 2022		As of June 30, 2023		As of December 31, 2022	
	Loan Balance	**ACL Balance**	**Loan Balance**	**ACL Balance**	**Loan Balance**	**ACL Balance**	**Loan Balance**	**ACL Balance**
	(In Thousands)		(In Thousands)		(In Thousands)		(In Thousands)	
Real Estate:								
Residential	**$ 11,332**	**$ 159**	$ 11,546	$ 139	**$ 11,164**	**$ 144**	$ 11,546	$ 139
Commercial	**1,442**	**34**	1,544	34	**1,375**	**43**	1,544	34
Construction	**—**	**—**	—	—	**—**	**—**	—	—
	12,774	**193**	13,090	173	**12,539**	**187**	13,090	173
Other Loans:								
Commercial	**5,313**	**588**	5,058	594	**5,628**	**563**	5,058	594
Home equity and improvement	**2,222**	**61**	2,409	80	**2,070**	**62**	2,409	80
Consumer finance	**255**	**5**	274	5	**232**	**5**	274	5
	7,790	**654**	7,741	679	**7,930**	**630**	7,741	679
Total	**$ 20,564**	**$ 847**	$ 20,831	$ 852	**$ 20,469**	**$ 817**	$ 20,831	$ 852

Foreclosure Proceedings

Consumer mortgage loans collateralized by residential real estate property that are in the process of foreclosure totaled $3.5 5.3 million as of March 31, 2023 June 30, 2023, and $4.3 million as of December 31, 2022.

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9. Mortgage Banking

Net revenues from the sales and servicing of mortgage loans consisted of the following:

	Three Months Ended March 31,		Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022	2023	2022
	(In Thousands)		(In Thousands)			
Mortgage banking (loss) gain, net	**$ (837)**	$ 2,543				
Mortgage banking gain, net			**$ 2,242**	$ 1,166	**$ 1,405**	$ 3,710
Mortgage loans servicing revenue (expense):						
Mortgage loans servicing revenue	**1,888**	1,879	**1,845**	1,862	**3,733**	3,741
Amortization of mortgage servicing rights	**(1,219)**	(1,403)	**(1,277)**	(1,375)	**(2,496)**	(2,778)
Mortgage servicing rights valuation adjustments	**(106)**	1,233	**130**	295	**24**	1,527
	563	1,709	**698**	782	**1,261**	2,490
Net (expense) revenue from sale and servicing of mortgage loans	**$ (274)**	$ 4,252				
Net revenue from sale and servicing of mortgage loans			**$ 2,940**	$ 1,948	**$ 2,666**	$ 6,200

The unpaid principal balance of residential mortgage loans serviced for third parties was $2.94 billion and $2.96 billion at March 31, 2023 June 30, 2023 and December 31, 2022.

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Activity for capitalized mortgage servicing rights and the related valuation allowance follows for the three and six months ended March 31, 2023 June 30, 2023 and 2022:

Three Months Ended March 31,		Three Months Ended June 30,		Six Months Ended June 30,	
2023	2022	2023	2022	2023	2022

	(In Thousands)		(In Thousands)			
Mortgage servicing assets:						
Balance at beginning of period	**$ 21,858**	$ 22,244	**$ 21,447**	$ 22,189	**$ 21,858**	$ 22,244
Loans sold, servicing retained	**808**	1,348	**653**	1,059	**1,461**	2,407
Amortization	**(1,219)**	(1,403)	**(1,277)**	(1,375)	**(2,496)**	(2,778)
Carrying value before valuation allowance at end of period	**21,447**	22,189	**20,823**	21,873	**20,823**	21,873
Valuation allowance:						
Balance at beginning of period	**(687)**	(2,707)	**(793)**	(1,474)	**(687)**	(2,707)
Impairment recovery (charges)	**(106)**	1,233				
Impairment recovery			**130**	294	**24**	1,527
Balance at end of period	**(793)**	(1,474)	**(663)**	(1,180)	**(663)**	(1,180)
Net carrying value of MSRs at end of period	**$ 20,654**	$ 20,715	**$ 20,160**	$ 20,693	**$ 20,160**	$ 20,693
Fair value of MSRs at end of period	**$ 28,165**	$ 25,996	**$ 25,044**	$ 26,927	**$ 25,044**	$ 26,927

Amortization of mortgage servicing rights is computed based on payments and payoffs of the related mortgage loans serviced. Estimates of future amortization expense are not easily estimable.

The Company had no accrual for secondary market buy-back activity at March 31, 2023 June 30, 2023 or December 31, 2022 based on management's estimate of potential losses from this activity. There was no expense or credit recognized in the three and six months ended March 31, 2023 June 30, 2023 and 2022.

10. Leases

The Company's lease agreements have maturity dates ranging from April 2023 to September 2044, some of which include options for multiple five and ten year year extensions. The weighted average remaining life of the lease term for these leases was 13.0 13.5 years as of March 31, 2023 June

30, 2023 and 13.29 years as of December 31, 2022. The weighted average discount rate for leases was 2.41 2.45% as of March 31, 2023 June 30, 2023 and 2.52% as of December 31, 2022.

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The total operating lease costs were $681,000 577,000 and $1.3 million for the three and six months ended March 31, 2023 June 30, 2023 and $542,000 540,000 and $1.1 million for the three and six months ended March 31, 2022 June 30, 2022. The right-of-use asset, included in other assets, was were $15.5 11.1 million and $14.9 million at March 31, 2023 June 30, 2023 and December 31, 2022, respectively. The lease liabilities, included in other liabilities, were $16.2 11.7 million and $15.6 million as of March 31, 2023 June 30, 2023 and December 31, 2022, respectively.

Undiscounted cash flows included in lease liabilities have expected contractual payments as follows:

(In Thousands)	March 31, 2023	June 30, 2023
Remainder of 2023	$ 2,854	$ 2,715
2024	1,977	1,743
2025	1,675	1,447
2026	1,419	1,247
2027	1,290	1,118
Thereafter	11,172	10,564
Total undiscounted minimum lease payments	20,387	18,834
Present value adjustment	(4,210)	(7,145)
Total lease liabilities	$ 16,177	$ 11,689

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11. Deposits

A summary of deposit balances is as follows:

	March 31, 2023	December 31, 2022	June 30, 2023	December 31, 2022
	(In Thousands)		(In Thousands)	

Non-interest-bearing checking accounts	**$ 1,649,726**	$ 1,869,509	**$ 1,573,837**	$ 1,869,509
Interest-bearing checking and money market accounts	**3,179,844**	3,185,440	**3,036,528**	3,185,440
Savings deposits	**775,728**	798,003	**748,702**	798,003
Retail certificates of deposit less than $250,000	**708,818**	645,318	**753,867**	645,318
Retail certificates of deposit greater than $250,000	**305,046**	264,741	**468,261**	264,741
Brokered deposits	**154,869**	143,708	**413,237**	143,708
	$ 6,774,031	$ 6,906,719	**$ 6,994,432**	$ 6,906,719

12. Borrowings

The Company's FHLB advances and junior subordinated debentures owed to unconsolidated subsidiary trusts and subordinated debentures are comprised of the following:

	March 31, 2023	**December 31, 2022**	**June 30, 2023**	**December 31, 2022**
	(In Thousands)		(In Thousands)	
FHLB Advances:				
Single maturity fixed rate advances	**$ —**	$ 195,000	**$ 125,000**	$ 195,000
Overnight advances	**658,000**	233,000	**330,000**	233,000
Total	**$ 658,000**	$ 428,000	**$ 455,000**	$ 428,000
First Defiance Statutory Trust I due December 2035	**$ 20,619**	$ 20,619	**$ 20,619**	$ 20,619
First Defiance Statutory Trust II due June 2037	**15,464**	15,464	**15,464**	15,464
Junior subordinated debentures owed to unconsolidated subsidiary trusts	**$ 36,083**	$ 36,083	**$ 36,083**	$ 36,083
Subordinated debentures	**$ 49,041**	$ 49,020	**$ 49,083**	$ 49,020

At March 31, 2023June 30, 2023, the Company hashad $658.0455.0 million of outstanding FHLB advances with maturity dates in 2023. There was $428.0 million in outstanding FHLB advances at December 31, 2022 with maturity dates in 2023. The Company's available borrowing capacity at the FHLB was $1.4 billion and $1.5 billion as of March 31, 2023June 30, 2023 and December 31, 2022,

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December 31, 2022, respectively. The Company has an available credit line at the Federal Reserve Bank Discount Window of $44.5376.1 million and $43.9 million as of March 31, 2023June 30, 2023 and December 31, 2022, respectively, which has not been drawn upon. The Company also has a $50 million credit line at US Bank as of March 31, 2023June 30, 2023 and December 31, 2022, respectively, which also was not drawn upon.

In September 2020, the Company completed the issuance of $50.0 million aggregate principal amount, fixed-to-floating rate subordinated notes due September 30, 2030 in a private offering exempt from the registration requirements under the Securities Act of 1933, as amended. The notes carry a fixed rate of 4.0% for five years at which time they will convert to a floating rate based on the secured overnight borrowing rate, plus a spread of 388.5 basis points. The Company may, at its option, beginning September 30, 2025, redeem the notes, in whole or in part, from time to time, subject to certain conditions. The net proceeds from the sale were approximately $48.7 million, after deducting the estimated offering expenses. The Company has used, and intends to continue using, the net proceeds for general corporate purposes, which may include, without limitation, providing capital to support its growth organically or through strategic acquisitions, repaying indebtedness, in financing investments, capital expenditures, repurchasing its common shares and for investments in the Bank as regulatory capital. The subordinated debentures are included in "Total Capital", as such term is defined under current regulatory guidelines and interpretations.

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In March 2007, the Company sponsored an affiliated trust, First Defiance Statutory Trust II ("Trust Affiliate II") that issued $15.0 million of Guaranteed Capital Trust Securities ("Trust Preferred Securities"). In connection with this transaction, the Company issued $15.5 million of Junior Subordinated Deferrable Interest Debentures ("Subordinated Debentures") to Trust Affiliate II. The Company formed Trust Affiliate II for the purpose of issuing Trust Preferred Securities to third-party investors and investing the proceeds from the sale of these capital securities solely in Subordinated Debentures of the Company. The Subordinated Debentures held by Trust Affiliate II are the sole assets of that trust. The Company is not considered the primary beneficiary of Trust Affiliate II (variable interest entity), therefore the trust is not consolidated in the Company's financial statements, but rather the Subordinated Debentures are shown as a liability. Distributions on the Trust Preferred Securities issued by Trust Affiliate II are payable quarterly at a variable rate equal to the three-month LIBOR rate plus 1.5%1.5%. As a result of the discontinuation of LIBOR, beginning with the distribution on December 15, 2023, distributions will be calculated at a variable rate equal to the three-month SOFR rate plus 1.5%. The coupon rate payable on the Trust Preferred Securities issued by Trust Affiliate II was 6.37% as of March 31, 2023 June 30, 2023, and 6.27% as of December 31, 2022.

The Trust Preferred Securities issued by Trust Affiliate II are subject to mandatory redemption, in whole or part, upon repayment of the Subordinated Debentures. The Company has entered into an agreement that fully and unconditionally guarantees the Trust Preferred Securities subject to the terms of the guarantee. The Trust Preferred Securities and Subordinated Debentures mature on September 15, 2037, but can be redeemed at the Company’s option at any time.

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The Company also sponsored an affiliated trust, First Defiance Statutory Trust I (“Trust Affiliate I”) that issued $20.0 million of Trust Preferred Securities in 2005. In connection with this transaction, the Company issued $20.6 million of Subordinated Debentures to Trust Affiliate I. Trust Affiliate I was formed for the purpose of issuing Trust Preferred Securities to third-party investors and investing the proceeds from the sale of these capital securities solely in Subordinated Debentures of the Company. The Junior Debentures held by Trust Affiliate I are the sole assets of the trust. The Company is not considered the primary beneficiary of Trust Affiliate I (variable interest entity), therefore the trust is not consolidated in the Company’s financial statements, but rather the subordinated debentures are shown as a liability. Distributions on the Trust Preferred Securities issued by Trust Affiliate I are payable quarterly at a variable rate equal to the three-month LIBOR rate plus 1.38%1.38%. As a result of the discontinuation of LIBOR, beginning with the distribution on December 15, 2023, distributions will be calculated at a varaible rate equal to the three-month SOFR rate plus 1.38%. The coupon rate payable on the Trust Preferred Securities issued by Trust Affiliate I was 6.25% and 6.15% on March 31, 2023 June 30, 2023 and December 31, 2022, respectively.

The Trust Preferred Securities issued by Trust Affiliate I are subject to mandatory redemption, in whole or in part, upon repayment of the Subordinated Debentures. The Company has entered into an agreement that fully and unconditionally guarantees the Trust Preferred Securities subject to the terms of the guarantee. The Trust Preferred Securities and Subordinated Debentures mature on December 15, 2035, but can be redeemed at the Company’s option at any time now.

The Subordinated Debentures related to the Trust Preferred Securities may be included in Tier 1 capital (with certain limitations applicable) under current regulatory guidelines and interpretations.

Interest on both issues of Trust Preferred Securities may be deferred for a period of up to five years at the option of the issuer.

13. Commitments, Guarantees and Contingent Liabilities

Loan commitments are made to accommodate the financial needs of Premier's customers in the form of unfunded loans or unused lines of credit and result in market risk. Standby letters of credit commit the Company to make payments on behalf of customers when certain specified future events occur. They primarily are issued to facilitate customers' trade transactions.

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Both arrangements have credit risk, essentially the same as that involved in extending loans to customers, and are subject to the Company's normal credit policies. Collateral (e.g., securities, receivables, inventory and equipment) is obtained based on a credit assessment of the customer.

The Company's maximum obligation to extend credit for loan commitments (unfunded loans and unused lines of credit) and standby letters of credit outstanding as of the periods stated below were as follows (in thousands):

	March 31, 2023	**December 31, 2022**	**June 30, 2023**	**December 31, 2022**
Commitments to make loans	**$ 820,570**	$ 957,533	**$ 653,935**	$ 957,533
Unused lines of credit	**1,072,405**	1,044,875	**1,040,552**	1,044,875
Standby letters of credit	**17,884**	18,632	**18,288**	18,632
Total	**$ 1,910,859**	$ 2,021,040	**$ 1,712,775**	$ 2,021,040

Commitments to make loans are generally made for periods of 60 days or less.

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14. Income Taxes

The Company and its subsidiaries are subject to U.S. federal income tax as well as income tax in the states of Indiana and West Virginia. The Company is no longer subject to examination by income taxing authorities for years before 2019. The Company also currently operates in the states of Ohio, Michigan and Pennsylvania which tax financial institutions based on their equity rather than their income.

The components of income tax expense (benefit) are as follows:

	For the Three Months Ended March 31,		For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022	2023	2022
	(In Thousands)		(In Thousands)		(In Thousands)	
Current:						
Federal	**$ 3,352**	$ 5,814	**$ 16,035**	$ 6,053	**$ 19,387**	$ 11,867
State and local	**136**	163	**137**	192	**273**	355
Deferred	**615**	193	**(2,260)**	(799)	**(1,645)**	(606)
	$ 4,103	$ 6,170	**$ 13,912**	$ 5,446	**$ 18,015**	$ 11,616

The effective tax rates differ from federal statutory rate applied to income due to the following:

	For the Three Months Ended March 31,		For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022	2023	2022
	(In Thousands)		(In Thousands)		(In Thousands)	
Tax expense at statutory rate (21%)	**$ 4,673**	$ 6,830				
Tax expense at statutory rate (21%)			**$ 13,084**	$ 5,840	**$ 17,757**	$ 12,670
Increases (decreases) in taxes from:						
State income tax - net of federal tax benefit	**107**	128	**109**	152	**216**	280
Tax exempt interest income, net of TEFRA	**(140)**	(186)	**(123)**	(188)	**(263)**	(374)
Bank owned life insurance	**(298)**	(209)	**(213)**	(206)	**(511)**	(415)

Captive insurance	**(92)**	(105)	**(154)**	(96)	**(246)**	(201)
Other	**(147)**	(288)	**1,209**	(56)	**1,062**	(344)
Total	**$ 4,103**	$ 6,170	**$ 13,912**	$ 5,446	**$ 18,015**	$ 11,616

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15. Derivative Financial Instruments

At March 31, 2023June 30, 2023, the Company had approximately $39.838.4 million of interest rate lock commitments and $304.0310.0 million of forward sales of mortgage backed securities. These commitments are considered derivatives. The Company had $35.9 million of interest rate lock commitments and $254.0 million of forward commitments at December 31, 2022.

The fair value of these mortgage banking derivatives are reflected by a derivative asset recorded in other assets in the Consolidated Statements of Financial Condition. The table below provides data about the carrying values of these derivative instrument assets:

	March 31, 2023	December 31, 2022
	(In Thousands)	
Derivatives not designated as hedging instruments		
Mortgage Banking Derivatives	**$ (1,348)**	$ 1,349

	June 30, 2023	December 31, 2022
	(In Thousands)	
Derivatives not designated as hedging instruments		
Mortgage Banking Derivatives	**$ 3,426**	$ 1,349

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The table below provides data about the amount of gains and losses recognized in income on derivative instruments not designated as hedging instruments. The difference in derivative carrying value at March 31, 2023June 30, 2023 and 2022 represents a fair value adjustment that runs through mortgage banking income.

	Three Months Ended March 31,		Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022	2023	2022
	(In Thousands)			(In Thousands)		
Derivatives not designated as hedging instruments						
Mortgage Banking Derivatives – (Loss) Gain	**$ (2,697)**	$ 7,587	**$ 4,774**	$ (8,072)	**$ 2,077**	$ (485)

Interest Rate Swaps

The Company maintains an interest rate protection program for commercial loan customers. Under this program, the Company provides a customer with a fixed rate loan while creating a variable rate asset for the Company by the customer entering into an interest rate swap with terms that match the loan. The Company offsets its risk exposure by entering into an offsetting interest rate swap with an unaffiliated institution. The Company had interest rate swaps associated with commercial loans with a notional value of $86.381.1 million and fair value of $4.23.2 million in other assets and $4.23.2 million in other liabilities at March 31, 2023June 30, 2023. As of December 31, 2022, the Company had interest rate swaps associated with commercial loans with a notional value of $67.3 million and fair value of $4.5 million in other assets and $4.5 million in other liabilities. For the three and six months ended March 31, 2023June 30, 2023, $191,00082,000 and $273,000, respectively, flowed through noninterest income. For the three and six months ended March 31, 2022June 30, 2022, $1,000 flowed through noninterest income.

Interest Rate SwapSwaps Designated as Cash Flow Hedge and Fair Value Hedge

In May 2021, the Company entered into derivative instruments designated as a cash flow hedge. In June 2023, the Company entered into derivative instruments designated as a fair value hedge. For a derivative instrument that is designated and qualifies as a cash flow or fair value hedge, the change in fair value of the derivative instrument is reported as a component of other comprehensive income (loss) and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings.

An interest rate swap with notional amount totaling $250.0 million as of March 31, 2023June 30, 2023 was designated as a cash flow hedge to hedge the risk of variability in cash flows (future interest receipts) attributable to changes in the contractually specified LIBOR benchmark interest rate on the Company’s floating rate loan pool. The specified benchmark interest rate will switch from LIBOR to SOFR after June 30, 2023. The gross aggregate fair value of the swap of $33.438.8 million is recorded in other liabilities in the unaudited Consolidated Balance Sheets at March 31, 2023 June 30, 2023, with changes in fair value recorded net of tax in other comprehensive income

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(loss). As of December 31, 2022, the gross aggregate fair value of the swap of $40.0 million was recorded in other liabilities in the Consolidated Balance Sheets. A summary of the interest-rate interest rate swap designated as a cash flow hedge is presented below (dollars in thousands):

	March 31, 2023		December 31, 2022		June 30, 2023		December 31, 2022	
Notional amount	**$**	**250,000**	$	250,000	**$**	**250,000**	$	250,000
Weighted average fixed receive rates		**1.437 %**		1.437 %		**1.437 %**		1.437 %
Weighted average variable 1-month LIBOR pay rates		**4.860 %**		4.392 %		**5.218 %**		4.392 %
Weighted average remaining maturity (in years)		**7.8**		8.1		**7.5**		8.1
Fair value	**$**	**(33,395)**	$	(40,032)	**$**	**(38,796)**	$	(40,032)

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Three $125.0 million interest rate swaps with a notional amount totaling $375.0 million as of June 30, 2023 were designated as fair value hedges to mitigate the risk of further interest rate increases and the subsequent impact on the valuation of the $1.3 billion associated pool of fixed rate mortgages. The gross fair value of the swaps of $3.2 million are recorded in other assets in the unaudited Consolidated Balance Sheets at June 30, 2023, with changes in fair value offsetting to the fixed rate mortgage loan pool. The Company expects the hedges to remain effective during the remaining terms of the swaps. A summary of the interest rate swaps designated as fair value hedges are presented below (dollars in thousands):

	June 30, 2023	
Notional amount Fair Value Hedge	**$**	**375,000**
Weighted average fixed pay rates		**4.113 %**

Weighted average variable SOFR receive rates		5.070 %
Weighted average remaining maturity (in years)		2.8
Fair value	$	3,196

An interest rate swap with a notional amount totaling $125.0 million as of June 30, 2023 was designated as a cash flow hedge to hedge the risk of variability in cash flows attributable to changes in the contractually specified benchmark interest rate on the Company's short-term fixed rate FHLB advances. The gross aggregate fair value of the swap of $1.3 million is recorded in other assets in the unaudited Consolidated Balance Sheets at June 30, 2023, with changes recorded net of tax in other comprehensive income (loss). The Company expects the hedge to remain effective during the remaining term of the swap. A summary of the interest rate swap designated as a cash flow hedge is presented below (dollars in thousands):

	June 30, 2023	
Notional amount Cash Flow Hedge	$	125,000
Weighted average fixed pay rates		4.160 %
Weighted average variable SOFR receive rates		5.170 %
Weighted average remaining maturity (in years)		2.0
Fair value	$	1,328

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16. Other Comprehensive (Loss) Income

The before and after tax amounts allocated to each component of other comprehensive income (loss) are presented in the table below. Reclassification adjustments related to securities available for sale are included in gains on sale of securities in the accompanying consolidated condensed statements of income.

	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount
		(In Thousands)			(In Thousands)	
Three Months Ended March 31, 2023						

Three Months Ended June 30, 2023						
Securities available for sale and transferred securities:						
Change in net unrealized gains during the period	$ 18,399	$ (3,864)	$ 14,535	$ (15,290)	$ 3,211	$ (12,079)
Reclassification adjustment for net gains included in net income	(34)	7	(27)	7	(1)	6
Cash flow hedge derivatives						
Change in net unrealized gains during the period	8,586	(1,803)	6,783	(1,563)	652	(911)
Reclassification adjustment for net gains included in net income	(1,949)	409	(1,540)	(2,521)	483	(2,028)
Total other comprehensive income	$ 25,002	$ (5,251)	$ 19,751	$ (19,357)	$ 4,345	$ (15,012)
Six Months Ended June 30, 2023						
Securities available for sale and transferred securities:						
Change in net unrealized gain/loss during the period				$ 3,109	$ (653)	$ 2,456
Reclassification adjustment for net gains included in net income				(27)	6	(21)
Cash flow hedge derivatives						
Change in net unrealized gain/loss during the period				7,023	(1,151)	5,872
Reclassification adjustment for net gains included in net income				(4,460)	892	(3,568)
Total other comprehensive loss				$ 5,645	$ (906)	$ 4,739

	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount
		(In Thousands)			(In Thousands)	
Three Months Ended March 31, 2022						
Three Months Ended June 30, 2022						
Securities available for sale and transferred securities:						
Change in net unrealized losses during the period	$ (74,193)	$ 15,580	$ (58,613)	$ (53,212)	$ 11,174	$ (42,038)
Reclassification adjustment for net gains included in net income	—	—	—	—	—	—
Cash flow hedge derivatives						
Change in net unrealized losses during the period	(16,241)	3,411	(12,830)	(13,710)	2,879	(10,831)
Reclassification adjustment for net gains included in net income	(793)	167	(626)	2,041	(429)	1,612
Total other comprehensive loss	$ (91,227)	$ 19,158	$ (72,069)	$ (64,881)	$ 13,624	$ (51,257)
Six Months Ended June 30, 2022						
Securities available for sale and transferred securities:						
Change in net unrealized gain/loss during the period				$ (127,405)	$ 26,754	$ (100,651)
Reclassification adjustment for net gains included in net income				—	—	—
Cash flow hedge derivatives						
Change in net unrealized gain/loss during the period				(29,951)	6,290	(23,661)

Reclassification adjustment for net gains included in net income	1,248	(262)	986
Total other comprehensive loss	$ (156,108)	$ 32,782	$ (123,326)

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Activity in accumulated other comprehensive income (loss), net of tax, was as follows:

	Securities Available For Sale	**Post-retirement Benefit**	**Cash Flow Hedge Derivatives**	**Accumulated Other Comprehensive Income (Loss)**	**Securities Available For Sale**	**Post-retirement Benefit**	**Cash Flow Hedge Derivatives**	**Accumulated Other Comprehensive Income (Loss)**
	(In Thousands)				(In Thousands)			
Balance January 1, 2023	**$ (142,236)**	**$ 402**	**$ (31,626)**	**$ (173,460)**	**$ (142,236)**	**$ 402**	**$ (31,626)**	**$ (173,460)**
Other comprehensive income before reclassifications	**14,535**	**—**	**6,783**	**21,318**	**2,456**	**—**	**5,872**	**8,328**
Amounts reclassified from accumulated other comprehensive income	**(27)**	**—**	**(1,540)**	**(1,567)**	**(21)**	**—**	**(3,568)**	**(3,589)**

Net other comprehensive income during period	**14,508**	**—**	**5,243**	**19,751**	**2,435**	**—**	**2,304**	**4,739**
Balance March 31, 2023	**$ (127,728)**	**$ 402**	**$ (26,383)**	**$ (153,709)**				
Balance June 30, 2023					**$ (139,801)**	**$ 402**	**$ (29,322)**	**$ (168,721)**
Balance January 1, 2022	$ (4,023)	$ (79)	$ 674	$ (3,428)	$ (4,023)	$ (79)	$ 674	$ (3,428)
Other comprehensive loss before reclassifications	(58,613)	—	(12,830)	(71,443)	(100,651)	—	(23,661)	(124,312)
Amounts reclassified from accumulated other comprehensive loss	—	—	(626)	(626)	—	—	986	986
Net other comprehensive loss during period	(58,613)	—	(13,456)	(72,069)	(100,651)	—	(22,675)	(123,326)
Balance March 31, 2022	$ (62,636)	$ (79)	$ (12,782)	$ (75,497)				
Balance June 30, 2022					$ (104,674)	$ (79)	$ (22,001)	$ (126,754)

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

Forward-Looking Information

This quarterly report, as well as other publicly available documents, including those incorporated herein by reference, may contain certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the Private Securities Litigation Reform Act of 1995. These statements may include, but are not limited to, statements regarding projections, forecasts, goals and plans of Premier and its management, future movements of interests, loan or deposit production levels, future credit quality ratios, future strength in the market area, and growth projections. These statements do not describe historical or current facts and may be identified by words such as “intend,” “intent,” “believe,” “expect,” “estimate,” “target,” “plan,” “anticipate,” or similar words or phrases, or future or conditional verbs such as “will,” “would,” “should,” “could,” “might,” “may,” “can,” or similar verbs. There can be no assurances that the forward-looking statements included in this quarterly report will prove to be accurate. In light of the significant uncertainties in the forward-looking statements, the inclusion of such information should not be regarded as a representation by Premier or any other persons, that our objectives and plans will be achieved.

Forward-looking statements involve numerous risks and uncertainties, any one or more of which could affect Premier’s business and financial results in future periods and could cause actual results to differ materially from plans and projections. These risks and uncertainties include, but not limited to: financial markets, our customers, and our business and results of operation; changes in interest rates; disruptions in the mortgage market; risks and uncertainties inherent in general and local banking, insurance and mortgage conditions; political uncertainty; uncertainty in U.S. fiscal or monetary policy; uncertainty concerning or disruptions relating to tensions surrounding the current socioeconomic landscape; competitive factors specific to markets in which Premier and its subsidiaries operate; increasing competition for financial products from other financial institutions and nonbank financial technology companies; future interest rate levels; legislative or regulatory rulemaking or actions; capital market conditions; security breaches or unauthorized disclosure of confidential customer or Company information; interruptions in the effective operation of information and transaction processing systems of Premier or Premier’s vendors and service providers; failures or delays in integrating or adopting new technology; the impact of the cessation of LIBOR interest rates and implementation of a replacement rate; and other risks and uncertainties detailed from time to time in our Securities and Exchange

Commission (“SEC”) filings, including our Annual Report on Form 10-K for the year ended December 31, 2022, (the “2022 Form 10-K”) and any amendments thereto. Any one or more of these factors have affected or could in the future affect Premier’s business and financial results in future periods and could cause actual results to differ materially from plans and projections.

All forward-looking statements made in this quarterly report are based on information presently available to the management of Premier and speak only as of the date on which they are made. We assume no obligation to update any forward-looking statements, whether as a result of new information, future developments or otherwise, except as may be required by law.

Non-GAAP Financial Measures

In addition to results presented in accordance with GAAP, this report includes non-GAAP financial measures. The Company believes these non-GAAP financial measures provide additional information that is useful to investors in helping to understand the underlying performance and trends of the Company. The Company monitors the non-GAAP financial measures and the Company’s management believes they are helpful to investors because they provide an additional tool to use in evaluating the Company’s financial and business trends

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and operating results. In addition, the Company’s management uses these non-GAAP measures to compare the Company’s performance to that of prior periods for trend analysis and for budgeting and planning purposes. Fully taxable-equivalent (“FTE”) is an adjustment to net interest income to reflect tax-exempt income on an equivalent before-tax basis.

Non-GAAP financial measures have inherent limitations, which are not required to be uniformly applied and are not audited. Readers should be aware of these limitations and should be cautious with respect to the use of such measures. To mitigate these limitations, the Company has practices in place to ensure that these measures are calculated using the appropriate GAAP or regulatory components in their entirety and to ensure that our performance is properly reflected to facilitate consistent period-to-period comparisons. The Company’s method of calculating these non-GAAP measures may differ from methods used by other companies. Although the Company believes the non-GAAP financial measures disclosed in this report enhance investors' understanding of our business and performance, these non-GAAP measures should not be considered in isolation, or as a substitute for those financial measures prepared in accordance with GAAP.

The following tables present a reconciliation of non-GAAP measures to their respective GAAP measures for the three and six months ended March 31, 2023June 30, 2023 and 2022.

Reconciliations of Net Interest Income on an FTE basis, Net Interest Margin and Efficiency Ratio

	Three Months Ended March 31,		Three Months Ended June 30,		Six Months Ended June 30,	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
	(In Thousands)		(In Thousands)			
Net interest income (GAAP)	**$ 56,287**	$ 57,894	**$ 53,992**	$ 59,096	**$ 110,279**	$ 116,990
Add: FTE adjustment	**104**	229	**67**	225	**170**	453
Net interest income on a FTE basis (1)	**$ 56,391**	$ 58,123	**$ 54,059**	$ 59,321	**$ 110,449**	$ 117,443
Non-interest income-less securities gains/losses (2)	**$ 13,873**	$ 17,514	**$ 53,282**	$ 15,526	**67,155**	$ 33,032
Non-interest expense (3)	**42,791**	41,303	**44,495**	39,089	**87,286**	80,384
Average interest-earning assets net of average unrealized gains/losses on securities (4)	**7,783,850**	6,754,862	**7,951,520**	7,051,661	**7,871,629**	6,904,082
Ratios:						
Net interest margin (1) / (4)	**2.90 %**	3.44 %	**2.72 %**	3.36 %	**2.81 %**	3.40 %
Efficiency ratio (3) / (1) + (2)	**60.90 %**	54.61 %	**41.45 %**	52.23 %	**49.15 %**	53.42 %

Critical Accounting Policies

Premier has established various accounting policies that govern the application of GAAP in the preparation of its consolidated financial statements. The significant accounting policies of Premier are described in the notes to the consolidated financial statements. Certain accounting policies involve significant judgments and assumptions by management, which have a material impact on the carrying value of certain assets and liabilities and management considers such accounting policies to be critical accounting policies. The judgments and assumptions used by management are based on historical experience and other factors, which are believed to be reasonable under the circumstances. Because of the nature of the judgments and assumptions made by management, actual results could differ from these judgments and estimates, which could have a material impact on the carrying value of assets and liabilities and the results of operations of Premier.

General

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General

Premier is a financial holding company that conducts business through its wholly-owned subsidiaries, the Bank, First Insurance, PFC Risk Management, and PFC Capital.

The Bank is an Ohio state-chartered bank headquartered in Youngstown, Ohio. It conducts operations through 75 banking center offices, 10 9 loan offices and serves clients through a team of wealth professionals. These operations are located in Ohio, Michigan, Indiana, Pennsylvania and West Virginia. The Bank provides a broad range of financial services including checking accounts, savings accounts, certificates of deposit, real estate mortgage loans, commercial loans, consumer loans, home equity loans and trust and wealth management services through its extensive branch network.

First Insurance is a wholly-owned subsidiary of the Company. First Insurance is an insurance agency that conducts business throughout the Company's markets. First Insurance offers property and casualty insurance, life insurance and group health insurance.

PFC Risk Management is a wholly-owned insurance company subsidiary of the Company that insures the Company and its subsidiaries against certain risks unique to the operations of the Company and for which insurance may not be currently available or economically feasible, in today's insurance marketplace. PFC Risk Management pools resources with several other similar insurance company subsidiaries of financial institutions to help minimize the risk allocable to each participating insurer. On April 10, 2023, the IRS issued IR-2023-74 proposing regulations that classify 831(b) captives with less than a 65% claims loss ratio as a "listed transaction". We are currently reviewing the proposed regulations and consulting with tax advisors to understand the impact on PFC Risk Management if the final regulations are substantially similar to the proposed regulations. The ultimate impact of the proposal and the impact on the Company is uncertain.

PFC Capital was formed as an Ohio limited liability company in 2016 for the purpose of providing mezzanine funding for customers. Mezzanine loans are offered by PFC Capital to customers in the

Company's market area and are expected to be repaid from the cash flow from operations of the business.

First Insurance was an insurance agency that conducted business throughout the Company's markets prior to July 1, 2023. First Insurance offered property and casualty insurance, life insurance and group health insurance. Substantially all the assets of First Insurance were sold to Risk Strategies Corporation on June 30, 2023.

Regulation – The Company is subject to regulation, examination and oversight by the Federal Reserve Board ("Federal Reserve") and the SEC. The Bank is subject to regulation, examination and oversight by the FDIC and the Division of Financial Institutions of the Ohio Department of Commerce ("ODFI"). In addition, the Bank is subject to regulations of the Consumer Financial Protection Bureau ("CFPB"), which was established by the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") and has broad powers to adopt and enforce consumer protection regulations. The Company and the Bank must file periodic reports with the Federal Reserve, and examinations are conducted periodically by the Federal Reserve, the FDIC and the ODFI to determine whether the Company and the Bank are in compliance with various regulatory requirements and are operating in a safe and sound manner. The Company is also subject to various Ohio laws which restrict takeover bids, tender offers and control-share acquisitions involving public companies which have significant ties to Ohio.

Changes in Financial Condition

At March 31, 2023June 30, 2023, the Company's total assets amounted to $8.6 billion compared to $8.5 billion at December 31, 2022. The increase is primarily attributable to growth in net loans of $113.7 million$244.8 million from $6.4 billion at December 31, 2022 to $6.5 billion$6.6 billion at March 31, 2023June 30, 2023. The increase was mainly due to an increase in residential loans as the Company sold fewer loans due to higher yields on holding loans than selling loans. Loans held for sale increased from $115.3 million at December 31, 2022 to $119.6 million$128.1 million at March 31, 2023June 30, 2023. The increase in net loans was funded by a decrease in securities, an increase in deposits and advances from the FHLB offset by a decline in deposits. Deposits decreased $132.7 million from $6.9 billion at December 31, 2022 to $6.8 billion as of March 31, 2023. Non-interest bearing deposits decreased $219.8 million since December 31, 2022 to $1.6 billion during the three months ended March 31, 2023, while non-brokered interest-bearing deposits grew $75.9 million to $5.0 billion during the same period. Brokered deposits increased $11.2 million in the three months ended March 31, 2023 to $154.9 million compared to $143.7 million at December 31, 2022. FHLB.

Securities decreased $79.0 million to $961.1 million at June 30, 2023 compared to December 31, 2022. As lower yielding securities mature, cash flows are being utilized for funding loans. Equity securities decreased $1.4 million to $6.5 million in the first half of 2023.

Goodwill and intangibles both decreased during the year as a result of the sale of First Insurance. Goodwill decreased from $318.0 million at December 31, 2022 to $295.6 million at June 30, 2023 and intangibles were $14.3 million at June 30, 2023 compared to $19.1 million at December 31, 2022.

Deposits increased $87.7 million from $6.9 billion at December 31, 2022 to $7.0 billion as of June 30, 2023. Non-interest bearing deposits decreased $295.7 million since December 31, 2022 to $1.6 billion during the six months ended June 30, 2023, while non-brokered interest-bearing deposits grew $113.9 million to $5.0 billion during the same period. Brokered deposits increased $269.5 million in the six months ended June 30, 2023 to $413.2 million compared to $143.7 million at December 31, 2022.

Stockholders' equity increased $26.7 million$49.3 million from $887.7 million at December 31, 2022 to $914.5 million$937.0 million at March 31, 2023June 30, 2023. The increase in stockholders' equity was primarily due to earnings after dividends including the impact of the sale of First Insurance. In addition, there was an increase in accumulated other comprehensive income ("AOCI"). The increase in AOCI is primarily related to an after-tax $14.5 million$2.4 million positive valuation adjustment on the available-for-sale securities portfolio. At March 31, 2023June 30, 2023, 1,199,6331,199,634 common shares remained available for repurchase under the Company's existing repurchase program.

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Average Balances, Net Interest Income and Yields Earned and Rates Paid

The following table presents for the periods indicated the total dollar amount of interest from average interest-earning assets and the resultant yields, as well as the interest expense on average interest-bearing liabilities, expressed both in thousands of dollars and rates, and the net interest margin. The table reports interest income from tax-exempt loans and investment on a fully tax-equivalent basis. All average balances are based upon daily balances (dollars in thousands).

	Three Months Ended March 31,		**Three Months Ended June 30,**	
	2023	**2022**	**2023**	**2022**

	Average Balance	Interest (1)	Yield/ Rate (2)	Average Balance	Interest (1)	Yield/ Rate (2)	Average Balance	Interest (1)	Yield/ Rate (2)	Average Balance	Interest (1)	Yield/ Rate (2)
Interest-earning assets:												
Loans receivable	$ 6,535,080	$ 76,063	4.66 %	$ 5,382,825	$ 55,248	4.11 %	$ 6,714,240	$ 81,622	4.86 %	$ 5,667,853	$ 56,573	3.99 %
Securities	1,183,361	7,359	2.49	1,250,321	5,701	1.82	1,155,451	7,058	2.44	1,288,073	6,416	1.99
Interest bearing deposits	35,056	444	5.07	109,757	46	0.17	36,730	641	6.98	76,401	120	0.63
FHLB stock	30,353	394	5.19	11,959	59	1.97	45,099	905	8.09	19,334	174	3.60
Total interest-earning assets	7,783,850	84,260	4.33	6,754,862	61,054	3.62	7,951,520	90,226	4.54	7,051,661	63,283	3.59
Non-interest-earning assets	649,250			786,552			646,266			690,889		

Total assets	**$ 8,433,100**			$ 7,541,414			**$ 8,597,786**			$ 7,742,550		
Interest-bearing liabilities:												
Deposits	**$ 5,078,510**	**$ 21,458**	**1.69 %**	$ 4,600,801	$ 2,222	0.19 %	**$ 5,195,727**	**$ 26,825**	**2.07 %**	$ 4,614,223	$ 2,671	0.23 %
FHLB advances and other	**467,311**	**5,336**	**4.57**	16,278	13	0.32	**653,923**	**8,217**	**5.03**	234,945	527	0.90
Subordinated debentures	**85,114**	**1,075**	**5.05**	84,988	696	3.28	**85,146**	**1,125**	**5.29**	85,020	763	3.59
Notes payable							**—**	**—**	**—**	428	1	0.93
Total interest-bearing liabilities	**5,630,935**	**27,869**	**1.98**	4,702,067	2,931	0.25	**5,934,796**	**36,167**	**2.44**	4,934,616	3,962	0.32
Non-interest bearing deposits	**1,755,011**	**—**	—	1,713,416	—	—	**1,603,878**	**—**	—	1,771,634	—	—

Total including non-interest bearing demand deposits	**7,385,946**	**27,869**	**1.51**	6,415,483	2,931	0.18	**7,538,674**	**36,167**	**1.92**	6,706,250	3,962	0.24
Other non-interest-bearing liabilities	**145,567**			92,115			**137,671**			114,453		
Total liabilities	**7,531,513**			6,507,598			**7,676,345**			6,820,703		
Stockholders' equity	**901,587**			1,033,816			**921,441**			921,847		
Total liabilities and stockholders' equity	**$ 8,433,100**			$ 7,541,414			**$ 8,597,786**			$ 7,742,550		
Net interest income; interest rate spread		**$ 56,391**	**2.35 %**		$ 58,123	3.37 %		**$ 54,059**	**2.10 %**		$ 59,321	3.27 %
Net interest margin (3)			**2.90 %**			3.44 %			**2.72 %**			3.36 %

Average interest-earning assets to average interest-bearing liabilities	**138%**	144%	**134%**	143%

(1) Interest on certain tax-exempt loans and securities is not taxable for federal income tax purposes. In order to compa the tax-exempt yields on these assets to taxable yields, the interest earned on these assets is adjusted to a pre-t equivalent amount based on the marginal corporate federal income tax rate of 21%.

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(2) Annualized

(3) Net interest margin is net interest income divided by average interest-earning assets. See Non-GAAP Financial Measu discussion for further details.

	Six Months Ended June 30,					
	2023			**2022**		
	Average Balance	**Interest (1)**	**Yield/ Rate (2)**	**Average Balance**	**Interest (1)**	**Yield/ Rate (2)**
Interest-earning assets:						
Loans receivable	**$ 6,625,155**	**$ 157,684**	**4.76 %**	$ 5,526,127	$ 111,821	4.05 %
Securities	**1,172,809**	**14,417**	**2.46**	1,269,301	12,116	1.91
Interest bearing deposits	**35,898**	**1,085**	**6.04**	92,987	233	0.50
FHLB stock	**37,767**	**1,299**	**6.88**	15,667	166	2.12
Total interest-earning assets	**7,871,629**	**174,485**	**4.43**	6,904,082	124,336	3.60
Non-interest-earning assets	**644,269**			722,806		

Total assets	**$ 8,515,898**			$ 7,626,888		
Interest-bearing liabilities:						
Deposits	**$ 5,137,442**	**$ 48,283**	**1.88 %**	$ 4,607,549	$ 4,893	0.21 %
FHLB advances and other	**561,133**	**13,554**	**4.83**	126,215	540	0.86
Subordinated debentures	**85,130**	**2,199**	**5.17**	85,004	1,459	3.43
Notes payable	**—**	**—**	—	215	1	0.93
Total interest-bearing liabilities	**5,783,705**	**64,036**	**2.21**	4,818,983	6,893	0.29
Non-interest bearing deposits	**1,679,027**	**—**	—	1,742,686	—	—
Total including non-interest bearing demand deposits	**7,462,732**	**64,036**	**1.72**	6,561,669	6,893	0.21
Other non-interest-bearing liabilities	**141,597**			103,346		
Total liabilities	**7,604,329**			6,665,015		
Stockholders' equity	**911,569**			961,873		
Total liabilities and stockholders' equity	**$ 8,515,898**			$ 7,626,888		
Net interest income; interest rate spread		**$ 110,449**	**2.22 %**		$ 117,443	3.31 %
Net interest margin (3)			**2.81 %**			3.40 %
Average interest-earning assets to average interest-bearing liabilities			**136 %**			143 %

(1) Interest on certain tax-exempt loans and securities is not taxable for federal income tax purposes. In order to compa the tax-exempt yields on these assets to taxable yields, the interest earned on these assets is adjusted to a pre-t equivalent amount based on the marginal corporate federal income tax rate of 21%.

(2) Annualized

(3) Net interest margin is net interest income divided by average interest-earning assets. See Non-GAAP Financial Measu discussion for further details.

Results of Operations

Three months ended March 31, 2023 June 30, 2023 and 2022

For the three months ended March 31, 2023 June 30, 2023, the Company reported net income of $18.1 million $48.4 million compared to net income of $26.4 million $22.4 million for the three months ended March 31, 2022 June 30, 2022. On a per share basis, basic and diluted earnings per common share were $0.51 $1.35 for the three months ended March 31, 2023 June 30, 2023 and basic and diluted income earnings per common share were $0.73 $0.63 for the three months ended March 31, 2022 June 30, 2022. The changes from 2022 to 2023 are primarily due to the sale of First Insurance and fluctuations in interest on loans and deposits, provision for credit losses, and mortgage banking income, which are described in further detail below.

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Net Interest Income

The Company's net interest income is determined by its interest rate spread (i.e. the difference between the yields on its interest-earning assets and the rates paid on its interest-bearing liabilities) and the relative amounts of interest-earning assets and interest-bearing liabilities.

Net interest income was $56.3 million $54.0 million for the quarter ended March 31, 2023 June 30, 2023, down from $57.9 million $59.1 million for the same period in 2022. Average earning assets for the quarter ended March 31, 2023 June 30, 2023 were $7.8 billion $8.0 billion compared to $6.8 billion $7.1 billion for the quarter ended March 31, 2022 June 30, 2022. The tax-equivalent net interest margin was 2.90% 2.72% for the quarter ended March 31, 2023 June 30, 2023, a decrease of 54 64 basis points from 3.44% 3.36% for the same period in 2022. The decrease in margin between the 2023 and 2022 quarters was primarily due to funding cost increasing at a faster pace than the company Company earned on assets. The yield on interest-earning assets increased 71 95 basis points to 4.33% 4.54% for the quarter ended March 31, 2023 June 30, 2023 compared to 3.62% 3.59% for the same period in 2022. The cost of interest-bearing liabilities between the two periods increased 173 212 basis points to 1.98% 2.44% in the first second quarter of 2023 from 0.25% 0.32% in the first second quarter of 2022.

Interest income increased $23.3 million $27.1 million to $84.2 million $90.2 million for the quarter ended March 31, 2023 June 30, 2023, from $60.8 million $63.1 million for the quarter ended March 31, 2022 June 30, 2022. This increase is primarily due to an increase in interest on loans and securities. Income from loans increased to $76.1 million $81.6 million for the quarter ended March 31, 2023 June 30, 2023, compared to $55.2 million $56.6 million for the same period in 2022 due to an increase in average loan balances to $6.5 billion $6.7 billion for the three months ended March 31, 2023 June 30, 2023 from $5.4 billion $5.7 billion for the first second quarter of 2022. The yield on loans increased 55 87 basis points in 2023 to 4.66% 4.86% compared to 4.11% 3.99% in the first second quarter of 2022. Interest income from investments increased $1.8 million $800,000 in the first second quarter of 2023 to $7.3 million $7.0 million compared to $5.5 million $6.2 million in the same period in 2022 primarily due to an increase in yield on securities of 67 45 basis points to 2.49% 2.44% for the three months ended March 31, 2023 June 30, 2023, compared to 1.82% 1.99% for the same period in 2022. Income from interest-earning deposits increased to $398,000 $641,000 in the first second quarter of 2023 compared to $46,000 $120,000 for the same period in 2022. Average balances on interest-earning deposits decreased $74.7 million $39.7 million to $35.1 million $36.7 million in the first second quarter of 2023 from $109.8 million $76.4 million for the same period in 2022. The yield earned on interest-earning deposits increased 490 635 basis points in the first second quarter of 2023 compared to the same period in 2022.

Interest expense increased $24.9 million $32.2 million to $27.9 million $36.2 million in the first second quarter of 2023 compared to $2.9 million $4.0 million for the same period in 2022. An increase in the cost of interest-bearing liabilities of 173 212 basis points is the primary reason for this change. Interest expense related to interest-bearing deposits was $21.5 million $26.8 million in the first second quarter of 2023 compared to $2.2 million $2.7 million for the same period in 2022. Interest expense recognized by the Company related to FHLB advances was $5.3 million $8.2 million in the first second quarter of 2023 compared to $13,000 $527,000 for the same period in 2022. Expenses on subordinated debentures and notes payable increased to $1.1 million in the first

second quarter of 2023 compared to $696,000 $763,000 for the same period in 2022 due to increased rates on the variable-rate junior subordinated debentures.

Allowance for Credit Losses

The ACL represents management's assessment of the estimated credit losses the Company will receive over the life of the loan. ACL requires a projection of credit losses over the contract lifetime of the credit adjusted for prepayment tendencies. Management analyzes the adequacy of the ACL regularly through reviews of the loan portfolio. Consideration is given to economic conditions, changes in interest rates and the effect of such changes on collateral values and borrower's ability to pay, changes in the composition of the loan portfolio and trends in past due and non-performing loan balances. The ACL is a material estimate that is susceptible to significant fluctuation and is established through a provision for credit losses based on management's evaluation of the inherent risk in the loan portfolio. In addition to extensive in-house loan monitoring procedures, the Company utilizes an outside party to conduct an independent loan review of commercial loan and commercial real estate loan relationships. The Company's goal is to have 45-50% of the portfolio reviewed annually using a risk based approach. Management utilizes the results of this outside loan review to assess the effectiveness of its internal

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loan grading system as well as to assist in the assessment of the overall adequacy of the ACL associated with these types of loans.

The ACL is made up of two basic components. The first component of the allowance for credit loss is the specific reserve in which the Company sets aside reserves based on the analysis of individual analyzed credits. In establishing specific reserves, the Company analyzes all substandard, doubtful and loss graded loans quarterly and makes judgments about the risk of loss based on the cash flow of the borrower, the value of any collateral and the financial strength of any guarantors. If the loan is individually analyzed and cash flow dependent, then a specific reserve is established for the discount on the net present value of expected future cash flows. If the loan is individually analyzed and collateral dependent, then any shortfall is either charged off or a specific reserve is established. The Company also considers the impacts of any Small Business Administration or Farm Service Agency guarantees. The specific reserve portion of the ACL was $1.9 million$2.6 million as of March 31, 2023June 30, 2023, and $2.4 million as of December 31, 2022.

The second component is a general reserve, which is used to record loan loss reserves for groups of homogeneous loans in which the Company estimates the potential losses over the contractual lifetime of the loan adjusted for prepayment tendencies. In addition, the future economic environment is incorporated in projection with loss expectations to revert to the long-run historical mean after such time as management can no longer make or obtain a reasonable and supportable forecast. For purposes of the general reserve analysis, the six loan portfolio segments are further segregated into fifteen different loan pools to allocate the ACL. Residential real estate is further segregated into owner occupied and nonowner occupied for ACL. Commercial real estate is split into owner occupied, nonowner occupied, multifamily, agriculture land and other commercial real estate. Commercial credits are comprised of commercial working capital, agriculture production and other commercial credits. Construction is broken out into construction other and residential construction and consumer is broken out into consumer direct, consumer indirect and home equity. The Company utilizes three different methodologies to analyze loan pools.

The DCF methodology was selected as the appropriate method for loan segments with longer average lives and regular payment structures. This method is applied to a majority of the Company's real estate loans. DCF generates cash flow projections at the instrument level where payment expectations are adjusted for prepayment and curtailment to produce an expected cash flow stream that is net of estimated credit losses. This expected cash flow stream is compared to the contractual cash flows to establish a valuation account for these loans.

The PD/LGD methodology was selected as most appropriate for loan segments with average lives of three years or less and/or irregular payment structures. This methodology was used for home equity and commercial portfolios. A loan is considered to default if one of the following is detected:

- Becomes 90 days or more past due;
- Is placed on nonaccrual;
- Is marked as a modification; or
- Is partially or wholly charged-off.

The default rate is measured on the current life of the loan segment using a weighted average of the maximum possible quarters. The PD is then combined with a LGD derived from historical charge-off data to construct a default rate. This loss rate is then supplemented with adjustments for reasonable and supportable forecasts of relevant economic indicators, particularly the unemployment rate forecast from the Federal Open Market Committee's Summary of Economic Projections. LGD is determined on a dollar-ratio basis, measuring the ratio of net charged off principal to defaulted principal.

The consumer portfolio contains loans with many different payment structures, payment streams and collateral. The remaining life method was deemed most appropriate for consumer direct loans and DCF for consumer indirect. The weighted average remaining life uses an annual charge-off rate over several vintages to estimate credit losses. The average annual charge-off rate is applied to the contractual term adjusted for prepayments. The DCF method was selected for consumer indirect due to the loan segments' longer average remaining life in addition to regular payment structure.

Additionally, CECL requires a reasonable and supportable forecast when establishing the ACL. The Company estimates losses over an approximate one-year forecast period using Moody’s baseline economic forecasts, and then reverts to longer term historical loss experience over a three-year period.

The quantitative general allowance increased to $16.2 million $17.1 million at March 31, 2023 June 30, 2023, up from $15.0 million at December 31, 2022. As a part of the CECL model in certain calculations, especially discounted cash flows, DCF, projected loan losses are correlated to the levels of the unemployment rate over the life of the loans in addition to the fluctuation of loan balances. The increase in the quantitative general allowance during 2023 is attributed to loan growth.

In addition to the quantitative analysis, a qualitative analysis is performed each quarter to provide additional general reserves on loan portfolios that are not individually analyzed for various factors. The overall qualitative factors are based on nine sub-factors. The nine sub-factors have been aggregated into three qualitative factors: economic, environment and risk.

ECONOMIC

1) Changes in international, national and local economic business conditions developments, including the condition of various market segments.

2) Changes in the value of underlying collateral for collateral dependent loans.

ENVIRONMENT

3) Changes in the nature and volume in the loan portfolio.

4) The existence and effect of any concentrations of credit and changes in the level of concentrations.

5) Changes in lending policies and procedures, including underwriting standards collection, charge-off and recovery practices.

6) Changes in the quality and breadth of the loan review process.

7) Changes in the experience, ability and depth of lending management and staff.

RISK

8) Changes in the trends of the volume and severity of delinquent and classified loans changes in the volume of non-accrual loans and other loan modifications.

9) Changes in other external factors, such as regulatory, legal and technolo environments.

The qualitative analysis indicated a general reserve of $56.2 million at March 31, 2023June 30, 2023, compared to $55.4 million at December 31, 2022. Overall, the factors decreased slightly in the firstsecond quarter as a result of favorable trends in the risk factors listed above and were partially offset by an increase in the economic and environmental factors.

The Company's general reserve percentages for main loan segments, not otherwise classified, ranged from 0.66%0.647% for construction other loans to 1.52%1.303% for commercial working capital loans at March 31, 2023June 30, 2023.

Under ASU Topic 326, when loans are purchased with evidence of more than insignificant deterioration of credit, they are accounted for as purchase credit deteriorated ("PCD"). PCD loans acquired in a transaction are marked to fair value and a mark on yield is recorded. In addition, an adjustment is made to the ACL for the expected loss through retained earnings on the acquisition date. These loans are assessed on a regular basis and subsequent adjustments to the ACL are recorded on the income statement. The outstanding balance and related allowance on these loans as of March 31, 2023,June 30, 2023 is $20.6 million$817,000 and $847,000, respectively.

As a result of the quantitative and qualitative analyses, along with the change in specific reserves and the change in net charge-offs in the quarter, the Company's provision for credit losses for the three and six months ended March 31, 2023June 30, 2023 was an expense of $3.9 million.$1.4 million and $5.4 million, respectively. This is compared to an expense of $626,000$5.2 million and $5.8 million for the three and six months ended March 31, 2022.June 30, 2022, respectively. The ACL was $74.3 million$75.9 million at March 31, 2023,June 30, 2023 and $67.2 million at December 31, 2022. The ACL represented 1.13% of loans, net of undisbursed loan funds and deferred fees and costs at March 31, 2023June 30, 2023, compared to 1.13% at December 31, 2022. In management's opinion, the overall ACL of $74.3 million$75.9 million as of March 31, 2023June 30, 2023 is adequate to cover current estimated credit losses.

Management also assesses the value of OREO as of the end of each accounting period and recognizes write-downs to the value of that real estate in the income statement if conditions dictate. In the threesix months ended March 31, 2023June 30, 2023, total write-downs of real estate held for sale and other repossessed assets were $52,000.$4,000. Management believes that the values recorded at March 31, 2023June 30, 2023 for OREO and repossessed assets represent the realizable value of such assets.

Total classified loans increased to $44.9 million$60.5 million at March 31, 2023June 30, 2023, compared to $43.8 million at December 31, 2022, an increase of $1.1 million$16.7 million. Management monitors collateral values of all loans included on the watch list that are collateral dependent and believes that allowances for such loans at March 31, 2023June 30, 2023 were appropriate. Of the $34.4 million$37.0 million in non-accrual loans at March 31, 2023June 30, 2023, $7.9 million$12.4 million, or 23.0%33.5%, are less than 90 days past due. Non-performing assets include loans that are on non-accrual, OREO and other assets held for sale. Non-performing assets at March 31, 2023June 30, 2023 and December 31, 2022 by category, were as follows:

	June 30, 2023	December 31, 2022
	(In Thousands)	
Non-performing loans:		
Residential real estate	**$ 9,334**	$ 7,724
Commercial real estate	**14,018**	13,396
Construction	**—**	—
Commercial	**6,686**	4,862
Home equity and improvement	**1,692**	1,637
Consumer finance	**2,373**	2,401
PCD	**2,888**	3,802
Total non-performing loans	**36,991**	33,822
Real estate owned	**561**	619
Total repossessed assets	**561**	619
Total nonperforming assets	**$ 37,552**	$ 34,441
Total nonperforming assets as a percentage of total assets	**0.44 %**	0.41 %
Total nonperforming assets as a percentage of total loans plus OREO*	**0.56 %**	0.53 %
ACL as a percent of total nonperforming assets	**202.18 %**	211.42 %

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	March 31,	December 31,

	2023	2022
	(In Thousands)	
Non-performing loans:		
Residential real estate	**$ 6,763**	$ 7,724
Commercial real estate	**14,187**	13,396
Construction	**—**	—
Commercial	**5,142**	4,862
Home equity and improvement	**1,879**	1,637
Consumer finance	**2,508**	2,401
PCD	**3,898**	3,802
Total non-performing loans	**34,377**	33,822
Real estate owned	**393**	619
Total repossessed assets	**393**	619
Total nonperforming assets	**$ 34,770**	$ 34,441
Total nonperforming assets as a percentage of total assets	**0.41 %**	0.41 %
Total nonperforming assets as a percentage of total loans plus OREO*	**0.53 %**	0.53 %
ACL as a percent of total nonperforming assets	**213.61 %**	211.42 %

* Total loans are net of undisbursed loan funds and deferred fees and costs.

PCD loans account for 11.3%7.8% of non-performing loans at March 31, 2023June 30, 2023. Excluding non-performing PCD loans, non-performing loans in the commercial loan category represented 0.49%0.63% of the total loans in that category at March 31, 2023June 30, 2023, compared to 0.46% for the same category at December 31, 2022. Non-performing loans in the non-residential and multi-family residential real estate loan category were 0.50%0.49% of the total loans in this category at March 31, 2023June 30, 2023, compared to 0.48% at December 31, 2022. Non-performing loans in the residential loan category represented 0.42%0.55% of the total loans in that category at March 31, 2023June 30, 2023, compared to 0.51% for the same category at December 31, 2022.

The Bank's Special Assets Committee meets monthly to review the status of work-out strategies for all criticized relationships, which include all non-accrual loans. Based on such factors as anticipated collateral values in liquidation scenarios, cash flow projections, assessment of net worth of guarantors and all other factors which may mitigate risk of loss, the Special Assets Committee makes recommendations regarding proposed charge-offs which are then approved by the Committee.

The following tables detail net charge-offs/recoveries and non-accrual loans by loan type.

	For the Three Months Ended March 31, 2023		As of March 31, 2023		For the Six Months Ended June 30, 2023		As of June 30, 2023	
	Net Charge-offs (Recovery)	% of Total Net Charge-offs	Nonaccrual Loans	% of Total Non-Accrual Loans	Net Charge-offs (Recovery)	% of Total Net Charge-offs	Nonaccrual Loans	% of Total Non-Accrual Loans
	(In Thousands)		(In Thousands)		(In Thousands)		(In Thousands)	
Residential	$ (16)	(0.64)%	$ 6,763	19.67%	$ 243	10.81%	$ 9,334	25.23%
Commercial real estate	1,657	66.63%	14,187	41.27%	1,618	71.94%	14,018	37.90%
Construction	—	—	—	—	—	—	—	—
Commercial	402	16.16%	5,142	14.96%	(403)	(17.92)%	6,686	18.07%
Home equity and improvement	3	0.12%	1,879	5.47%	89	3.96%	1,692	4.57%
Consumer finance	375	15.08%	2,508	7.30%	605	26.90%	2,373	6.42%
PCD	66	2.65%	3,898	11.33%	97	4.31%	2,888	7.81%
Total	$ 2,487	100.00%	$ 34,377	100.00%	$ 2,249	100.00%	$ 36,991	100.00%

For the Six Months Ended June 30, 2022		As of December 31, 2022	
Net Charge-offs (Recovery)	% of Total Net Charge-offs	Nonaccrual Loans	% of Total Non-Accrual Loans
(In Thousands)		(In Thousands)	

Residential	$	244	4.72 %	$	7,724	22.84 %
Commercial real estate		(369)	(7.14)%		13,396	39.61 %
Construction		13	0.25 %		—	—
Commercial		5,032	97.31 %		4,862	14.37 %
Home equity and improvement		124	2.40 %		1,637	4.84 %
Consumer finance		120	2.32 %		2,401	7.10 %
PCD		7	0.14 %		3,802	11.24 %
Total	$	5,171	100.00 %	$	33,822	100.00 %

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	For the Three Months Ended March 31, 2022			As of December 31, 2022		
	Net Charge-offs (Recovery)		% of Total Net Charge-offs	Nonaccrual Loans		% of Total Non-Accrual Loans
	(In Thousands)			(In Thousands)		
Residential	$	82	(81.19)%	$	7,724	22.84 %
Commercial real estate		(52)	51.49 %		13,396	39.61 %
Construction		—	—		—	—
Commercial		(89)	88.12 %		4,862	14.37 %
Home equity and improvement		(14)	13.86 %		1,637	4.84 %
Consumer finance		19	(18.81)%		2,401	7.10 %
PCD		(47)	46.53 %		3,802	11.24 %
Total	$	(101)	100.00 %	$	33,822	100.00 %

For the Quarter Ended					For the Quarter Ended				
1st Qtr 2023	4th Qtr 2022	3rd Qtr 2022	2nd Qtr 2022	1st Qtr 2022	2nd Qtr 2023	1st Qtr 2023	4th Qtr 2022	3rd Qtr 2022	2nd Qtr 2022
				(In Thousands)					

Allowance at beginning of period	**$ 72,816**	$ 70,626	$ 67,074	$ 67,195	$ 66,468	**$ 74,273**	$ 72,816	$ 70,626	$ 67,074	$ 67,195
Provision for credit losses	**3,944**	3,020	3,706	5,151	626	**1,410**	3,944	3,020	3,706	5,151
Charge-offs:										
Residential	**5**	38	15	832	140	**283**	5	38	15	832
Commercial real estate	**1,669**	93	206	137	7	**20**	1,669	93	206	137
Construction	**—**	—	—	16	—	**—**	—	—	—	16
Commercial	**498**	—	29	5,303	10	**2**	498	—	29	5,303
Home equity and improvement	**24**	19	47	216	20	**121**	24	19	47	216
Consumer finance	**449**	540	185	136	102	**271**	449	540	185	136
PCD	**68**	367	—	63	10	**47**	68	367	—	63
Total charge-offs	**2,713**	1,057	482	6,703	289	**744**	2,713	1,057	482	6,703
Recoveries	**226**	227	328	1,431	390	**982**	226	227	328	1,431

Net charge-offs (recoveries)	**2,487**	830	154	5,272	(101)	**(238)**	2,487	830	154	5,272
Ending allowance	**$ 74,273**	$ 72,816	$ 70,626	$ 67,074	$ 67,195	**$ 75,921**	$ 74,273	$ 72,816	$ 70,626	$ 67,074

The following table sets forth information concerning the allocation of the Company's ACL by loan categories at the dates indicated.

	March 31, 2023		December 31, 2022		September 30, 2022		June 30, 2022		March 31, 2022	
	Amount	Percent of total loans by category	Amount	Percent of total loans by category	Amount	Percent of total loans by category	Amount	Percent of total loans by category	Amount	Percent of total loans by category
	(Dollars In Thousands)									
Residential	**$ 18,229**	**22.7 %**	$ 16,711	21.6 %	$ 16,311	21.4 %	$ 14,113	21.0 %	$ 11,640	20.7 %
Commercial real estate	**33,831**	**39.3 %**	34,218	38.8 %	32,712	38.6 %	34,952	40.4 %	34,201	42.3 %
Construction	**3,882**	**16.5 %**	4,025	17.9 %	3,286	17.9 %	2,999	16.7 %	2,613	15.0 %
Commercial	**12,525**	**14.8 %**	11,769	14.8 %	12,282	15.1 %	9,762	15.1 %	13,821	15.4 %
Home equity and improvement	**3,654**	**3.8 %**	4,044	3.9 %	4,210	3.9 %	4,003	4.1 %	3,919	4.4 %
Consumer finance	**2,152**	**3.0 %**	2,049	3.0 %	1,825	3.1 %	1,245	2.7 %	1,001	2.2 %
	$ 74,273	**100.0 %**	$ 72,816	100.0 %	$ 70,626	100.0 %	$ 67,074	100.0 %	$ 67,195	100.0 %

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	June 30, 2023		March 31, 2023		December 31, 2022		September 30, 2022		June 30, 2022	
	Amount	Percent of total loans by category	Amount	Percent of total loans by category	Amount	Percent of total loans by category	Amount	Percent of total loans by category	Amount	Percent of total loans by category
	(Dollars In Thousands)									
Residential	**$ 18,918**	**23.9 %**	$ 18,229	22.7 %	$ 16,711	21.6 %	$ 16,311	21.4 %	$ 14,113	21.0 %
Commercial real estate	**34,751**	**39.8 %**	33,831	39.3 %	34,218	38.8 %	32,712	38.6 %	34,952	40.4 %

Construction	**3,831**	**14.5 %**	3,882	16.5 %	4,025	17.9 %	3,286	17.9 %	2,999	16.7 %
Commercial	**13,101**	**15.0 %**	12,525	14.8 %	11,769	14.8 %	12,282	15.1 %	9,762	15.1 %
Home equity and improvement	**3,399**	**3.8 %**	3,654	3.8 %	4,044	3.9 %	4,210	3.9 %	4,003	4.1 %
Consumer finance	**1,921**	**3.0 %**	2,152	3.0 %	2,049	3.0 %	1,825	3.1 %	1,245	2.7 %
	$ 75,921	**100.0 %**	$ 74,273	100.0 %	$ 72,816	100.0 %	$ 70,626	100.0 %	$ 67,074	100.0 %

Key Asset Quality Ratio Trends

	1st Qtr 2023	4th Qtr 2022	3rd Qtr 2022	2nd Qtr 2022	1st Qtr 2022	2nd Qtr 2023	1st Qtr 2023	4th Qtr 2022	3rd Qtr 2022	2nd Qtr 2022
Allowance for credit losses / loans*	**1.13 %**	1.13 %	1.14 %	1.14 %	1.25 %	**1.13 %**	1.13 %	1.13 %	1.14 %	1.14 %
Allowance for credit losses / non-performing assets	**213.61 %**	211.42 %	210.49 %	190.57 %	141.31 %	**202.18 %**	213.61 %	211.42 %	210.49 %	190.57 %
Allowance for credit losses / non-performing loans	**216.05 %**	215.29 %	213.13 %	193.10 %	142.07 %	**205.24 %**	216.05 %	215.29 %	213.13 %	193.10 %
Non-performing assets / loans plus OREO*	**0.53 %**	0.53 %	0.54 %	0.60 %	0.88 %	**0.56 %**	0.53 %	0.53 %	0.54 %	0.60 %
Non-performing assets / total assets	**0.41 %**	0.41 %	0.41 %	0.44 %	0.63 %	**0.44 %**	0.41 %	0.41 %	0.41 %	0.44 %
Net charge-offs / average loans (annualized)	**0.15 %**	0.05 %	0.01 %	0.37 %	(0.01)%	**(0.01)%**	0.15 %	0.05 %	0.01 %	0.37 %

* Total loans are net of undisbursed funds and deferred fees and costs.

Non-Interest Income

Total non-interest income decreased $4.4 million increased $38.9 million in the first second quarter of 2023 to $12.5 million $53.3 million from $16.9 million $14.4 million for the same period in 2022. 2022 primarily as a result of the sale of First Insurance.

Service Fees. Service fees and other charges increased by $428,000 $514,000 from $6.0 million $6.7 million for the three months ended March 31, 2022 June 30, 2022 to $6.4 million $7.2 million for the same period in 2023.

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Mortgage Banking Activity. In the first second quarter of 2023, a loss income of $274,000 $2.9 million was recorded for mortgage banking compared to income of $4.3 million $1.9 million in the first second quarter of 2022. Mortgage banking gains decreased $3.4 million increased $1.0 million to a loss gain of $837,000 $2.2 million in the first second quarter of 2023 from a gain of $2.5 million $1.2 million in the first second quarter of 2022. This decrease increase was primarily from a decrease an increase in hedge valuations as market rates decreased. increased. Mortgage loan servicing revenue was $1.8 million in the second quarter of 2023 compared to $1.9 million in the first same quarter of both 2023 and in 2022. Amortization of mortgage servicing rights decreased to $1.2 million $1.3 million in the first second quarter of 2023 from $1.4 million in the first second quarter of 2022. The valuation adjustment in mortgage servicing assets was $(274,000) $130,000 in the first second quarter of 2023 compared with an adjustment of $1.2 million $295,000 in the first second quarter of 2022. These fluctuations have primarily resulted from changes in the level of interest rates and prepayment speeds.

Gain on Sale of Insurance Agency. The Company sold First Insurance to Risk Strategies Corporation in the second quarter of 2023 and recognized a gain on the sale of $36.3 million.

Gain (loss) on Sale of Available-for-Sale Securities. The Company sold $5.0 million of available-for-sale securities during the first second quarter of 2023 resulting in a gain loss of $34,000 $7,000 compared to no activity for the same period in 2022.

Gain (loss) on Equity Securities. The Company recognized an unrealized loss a gain on equity securities of $1.4 million $71,000 for the first second quarter of 2023, compared to an unrealized a loss of $643,000 $1.2 million for the first second quarter of 2022. These amounts are attributable to changes in valuations in the equity securities portfolio as a result of market conditions.

Insurance Commissions. Insurance commissions were $4.7 $4.1 million and $4.6 million $4.3 million for the first second quarter of 2023 and 2022, respectively. As a result of the sale of First Insurance, the Company does not expect to generate insurance commission income after June 30, 2023.

***Wealth Management Income*.** Income from wealth management was $1.5 million and $1.4 million for the first second quarter of 2023 and 2022. 2022, respectively.

***Bank-Owned Life Insurance ("BOLI")*.** Income from BOLI increased to $1.4 million $1.0 million in the first second quarter of 2023 from $996,000 $983,000 for the same period in 2022 due to the recognition of claim gains in 2023. There were no claim gains recognized in 2022.

Other Non-Interest Income. Other non-interest income decreased to $92,000 $102,000 in the first second quarter of 2023 from $142,000 $171,000 in the same period in 2022.

Non-Interest Expense

Non-interest expense increased $1.5 million $5.4 million to $42.8 million $45.0 million for the first second quarter of 2023 compared to $41.3 million $39.1 million for the same period in 2022. 2022, primarily as a result of the sale of First Insurance. As a result of the sale of First Insurance, the Company expects expenses to decline after June 30, 2023.

Compensation and Benefits. Compensation and benefits increased slightly to $25.7 million $24.2 million in the first second quarter of 2023, compared to $25.5 million $22.3 million in the first second quarter of 2022.

Occupancy. Occupancy expense decreased to $3.6 million $3.3 million in the first second quarter of 2023 compared to $3.7 million $3.5 million in the first second quarter of 2022. This decrease was due to the closure of one branch loan production office in 2022. 2023.

FDIC Insurance Premium. The premiums on FDIC insurance increased to $1.3 million $1.8 million for the three months ended March 31, 2023 June 30, 2023 compared to $593,000 $802,000 for the first quarter three months ended June 30, 2022. The primary reason for the increase was the FDIC increased the initial base deposit insurance rate uniformly by 2 basis points in 2023.

Financial Institutions Tax. The Company's financial institutions tax decreased to $852,000 $961,000 in the first second quarter of 2023 compared to $1.2 million $1.1 million in the first second quarter of 2022 as a result of lower equity at the end of 2022.

Data Processing. Data processing costs increased to $3.9 million $3.6 million in the first second quarter of 2023, from $3.3 million $3.4 million in the first second quarter of 2022.

Amortization of Intangibles. Expense from the amortization of intangibles decreased to $1.3 million $1.2 million in the first second quarter of 2023 from $1.4 million in the first second quarter of 2022. The decrease is primarily related to the amortization of core deposit intangibles over the past year.

Transaction Costs. Transaction costs were $3.7 million in the second quarter of 2023 as a result of the sale of First Insurance. There were no transaction costs in 2022.

Other Non-Interest Expenses. Other non-interest expenses increased $789,000 decreased $825,000 to $6.3 million $5.7 million for the three months ended March 31, 2023 June 30, 2023, compared to $5.5 million $6.6 million for the same quarter in 2022.

Six Months Ended June 30, 2023 and 2022

On a consolidated basis, the Company's net income for the six months ended June 30, 2023 was $66.5 million compared to income of $48.7 million for the same period in 2022. On a per share basis, basic and diluted earnings per common share for the six months ended June 30, 2023 were both $1.86, compared to basic and diluted earnings per common share of $1.36 for the same period in 2022. The changes from 2022 to 2023 are primarily due to the sale of First Insurance and fluctuations in interest on loans and deposits, provision for credit losses, and mortgage banking income, which are described in further detail below.

Net Interest Income

Net interest income was $110.3 million for the first six months of 2023 compared to $117.0 million in the first six months of 2022. Average interest-earning assets increased to $7.9 billion in the first six months of 2023 compared to $6.9 billion in the first six months of 2022. This increase was primarily due to organic loan growth offset by a decline in average securities.

For the six months ended June 30, 2023, total interest income was $174.3 million compared to $123.9 million for the same period in 2022. Interest expense increased by $57.1 million to $64.0 million for the six months ended June 30, 2023, compared to $6.9 million for the same period in 2022.

Net interest margin for the first six months of 2023 was 2.81%, down 59 basis points from the 3.40% margin reported for the six months ended June 30, 2022. The decrease in net interest margin was primarily due the increase in rate on interest bearing liabilities outpacing the increases in repricing of interest bearing assets.

Provision for Credit Losses

The provision for credit losses on loans and unfunded commitments was $4.2 million for the six months ended June 30, 2023, compared to $7.5 million for the six months ended June 30, 2022. Charge-offs for the first six months of 2023 were $3.5 million and recoveries of previously charged off loans totaled $1.2 million for net charge-offs of $2.2 million. By comparison, $7.0 million of charge-offs were recorded in the same period of 2022 and $1.8 million of recoveries were realized for net charge-offs of $5.2 million. The current year provision expense is primarily due to loan growth, whereas the prior year provision expense was primarily due to charge-offs on one commercial relationship.

Non-Interest Income

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Total non-interest income increased $34.6 million to $65.8 million for the six months ended June 30, 2023 from $31.2 million recognized for the same period in 2022, primarily as a result of the sale of First Insurance.

Service Fees. Service fees and other charges were $13.6 million for the first six months of 2023, an increase of $942,000 from the same period in 2022.

Mortgage Banking Activity. Total revenue from the sale and servicing of mortgage loans decreased $3.5 million to $2.7 million for the six months ended June 30, 2023, down from $6.2 million for the same period in 2022, which was primarily attributable to compressed margins and lower saleable mix. Mortgage banking gains decreased $2.3 million to $1.4 million for the first six months of 2023 from $3.7 million for the same period in 2022. Mortgage loan servicing revenue was steady at $3.7 million in the first six months of 2023 and 2022. The amortization of mortgage servicing rights decreased from an expense of $2.8 million for the first six months of 2022 to an expense of $2.5 million for the first six months of 2023. The Company recorded a positive valuation adjustment of $24,000 in the first six months of 2023 compared to a positive adjustment of $1.5 million in the first six months of 2022.

Gain on Sale of Insurance Agency. The Company sold First Insurance to Risk Strategies Corporation in the second quarter of 2023 and recognized a gain on the sale of $36.3 million.

Gain (loss) on Equity Securities.The Company recognized a loss on equity securities of $1.4 million for the six months ended June 30, 2023, compared to a loss of $1.8 million for the six months ended June 30, 2022. These amounts are attributable to changes in valuations in the equity securities portfolio as a result of market conditions.

Insurance Commission Income. Income from the sale of insurance was $8.9 million in the first six months of 2023 compared to $9.0 for the same period in 2022. As a result of the sale of First

Insurance, the Company does not expect to generate insurance commission income after June 30, 2023.

Wealth Management Income. Income in this category was $3.0 million in the first six months of 2023, compared to $2.9 million in the first six months of 2022.

Income from Bank Owned Life Insurance. Income from BOLI was $2.4 million in the first six months of 2023, compared to $2.0 million in the first six months of 2022. The Company received $423,000 in claim gains in the first six months of 2023. No claim gains were received in 2022.

Other Non-Interest Income. Other non-interest income for the first six months of 2023 was $194,000 compared to $313,000 in the first six months of 2022.

Non-Interest Expense

Non-interest expense was $87.3 million for the first six months of 2023, up from $80.4 million for the same period in 2022, primarily as a result of the sale of First Insurance. As a result of the sale of First Insurance, the Company expects expenses to decline after June 30, 2023.

Compensation and Benefits. Compensation and benefits increased to $49.8 million for the six months ended June 30, 2023, compared to $47.9 million for the same period in 2022 primarily due to costs related to higher staffing levels to meet the Company's growth initiatives.

Occupancy. Occupancy expense decreased by $300,000 to $6.9 million for the six months ended June 30, 2023, compared to $7.2 million in the same period in 2022. This can be primarily attributed to the closure of one loan production office in 2023.

Data Processing. Data processing costs were $7.5 million in the first six months of 2023, an increase of $726,000 from $6.8 million in same period for 2022.

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Amortization of Intangibles. Intangible amortization decreased by $325,000 to $2.5 million in the six months ended June 30, 2023, compared to $2.8 million for the same period in 2022.

Transaction Costs. Transaction costs were $3.7 million in the six months ended June 30, 2023 as a result of the sale of First Insurance. There were no transaction costs in 2022.

Other Non-Interest Expenses. Other non-interest expenses decreased $36,000 to $12.0 million for the first six months of 2023 from $12.1 million for the same period in 2022.

Liquidity

As a regulated financial institution, the Company is required to maintain appropriate levels of "liquid" assets to meet short-term funding requirements. The Company's liquidity, primarily represented by cash and cash equivalents, is a result of its operating, investing and financing activities.

The principal source of funds for the Company are deposits, loan repayments, maturities of securities, borrowings from financial institutions and other funds provided by operations. The Bank also has the ability to borrow from the FHLB. While scheduled loan repayments and maturing investments are relatively predictable, deposit flows and early loan repayments are more influenced by interest rates, general economic conditions and competition. Investments in liquid assets maintained by the Company and the Bank are based upon management's assessment of (i) the need for funds, (ii) expected deposit flows, (iii) yields available on short-term liquid assets, and (iv) objectives of the asset and liability management program.

The Bank's Asset/Liability Committee ("ALCO") is responsible for establishing and monitoring liquidity guidelines, policies and procedures. ALCO uses a variety of methods to monitor the liquidity position of the Bank including liquidity analyses that measure potential sources and uses of funds over future periods out to one year. ALCO also performs contingency funding analyses to determine the Bank's ability to meet potential liquidity needs under stress scenarios that cover varying time horizons ranging from immediate to longer term.

At March 31, 2023June 30, 2023, the Bank had $1.6 billion$2.8 billion of on-hand liquidity, defined as cash and cash equivalents, unencumbered securities, and additional FHLB borrowing capacity.capacity and the Federal Reserve Discount Window and Borrower-In-Custody Collateral Programs.

Liquidity risk arises from the possibility that the Company may not be able to meet its financial obligations and operating cash needs or may become overly reliant upon external funding sources. In order to manage this risk, the Company's Board of Directors has established a Liquidity Policy that identifies primary sources of

liquidity, establishes procedures for monitoring and measuring liquidity and quantifies minimum liquidity requirements. This policy designates ALCO as the body responsible for meeting these objectives. ALCO reviews liquidity on a quarterly basis and approves significant changes in strategies that affect balance sheet or cash flow positions. Management reviews liquidity on a monthly basis.

Capital Resources

Capital is managed at the Bank and on a consolidated basis. Capital levels are maintained based on regulatory capital requirements and the economic capital required to support credit, market, liquidity and operational risks inherent in the business, as well as flexibility needed for future growth and new business opportunities.

In July 2013, the Federal Reserve and FDIC approved the final rules implementing the Basel Committee on Banking Supervision's capital guidelines for U.S. banks (commonly known as Basel III). The Company is in compliance with the Basel III guidelines.

The Company met each of the well-capitalized ratio guidelines at March 31, 2023 June 30, 2023. The following table indicates the capital ratios for the Company (consolidated) and the Bank at March 31, 2023 June 30, 2023 and December 31, 2022 (in thousands):

	March 31, 2023					
	Actual		Minimum Required for Adequately Capitalized		Minimum Required to be Well Capitalized for Prompt Corrective Action	
	Amount	**Ratio**	**Amount**	**Ratio(1)**	**Amount**	**Ratio**
CET1 Capital (to Risk-Weighted Assets)						
Consolidated	$ 737,448	10.01 %	$ 331,682	4.5 %	N/A	N/A
Premier Bank	$ 782,641	10.66 %	$ 330,399	4.5 %	$ 477,243	6.5 %
Tier 1 Capital						
Consolidated	$ 772,448	9.35 %	$ 330,563	4.0 %	N/A	N/A
Premier Bank	$ 782,641	9.50 %	$ 329,700	4.0 %	$ 412,124	5.0 %
Tier 1 Capital (to Risk Weighted Assets)						
Consolidated	$ 772,448	10.48 %	$ 442,242	6.0 %	N/A	N/A
Premier Bank	$ 782,641	10.66 %	$ 440,532	6.0 %	$ 587,376	8.0 %
Total Capital (to Risk Weighted Assets)						

Consolidated	$ 902,451	12.24 %	$ 589,656	8.0 %	N/A	N/A
Premier Bank	$ 862,644	11.75 %	$ 587,376	8.0 %	$ 734,220	10.0 %

(1) Excludes capital conservation buffer of 2.50%

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	June 30, 2023					
	Actual		Minimum Required for Adequately Capitalized		Minimum Required to be Well Capitalized for Prompt Corrective Action	
	Amount	Ratio	Amount	Ratio(1)	Amount	Ratio
CET1 Capital (to Risk-Weighted Assets)						
Consolidated	$ 800,874	10.85 %	$ 332,187	4.5 %	N/A	N/A
Premier Bank	$ 838,045	11.41 %	$ 330,647	4.5 %	$ 477,601	6.5 %
Tier 1 Capital						
Consolidated	$ 835,874	9.87 %	$ 338,797	4.0 %	N/A	N/A
Premier Bank	$ 838,045	9.95 %	$ 336,939	4.0 %	$ 421,174	5.0 %
Tier 1 Capital (to Risk Weighted Assets)						
Consolidated	$ 835,874	11.32 %	$ 442,916	6.0 %	N/A	N/A
Premier Bank	$ 838,045	11.41 %	$ 440,863	6.0 %	$ 587,817	8.0 %
Total Capital (to Risk Weighted Assets)						
Consolidated	$ 966,696	13.10 %	$ 590,555	8.0 %	N/A	N/A
Premier Bank	$ 918,857	12.51 %	$ 587,817	8.0 %	$ 734,771	10.0 %

(1) Excludes capital conservation buffer of 2.50%

	December 31, 2022					
	Actual		Minimum Required for Adequately Capitalized		Minimum Required to be Well Capitalized for Prompt Corrective Action	
	Amount	Ratio	Amount	Ratio(1)	Amount	Ratio
CET1 Capital (to Risk-Weighted Assets)						
Consolidated	$ 728,883	9.91 %	$ 331,019	4.5 %	N/A	N/A
Premier Bank	$ 775,907	10.58 %	$ 330,008	4.5 %	$ 476,678	6.5 %
Tier 1 Capital						
Consolidated	$ 763,883	9.37 %	$ 326,094	4.0 %	N/A	N/A
Premier Bank	$ 775,907	9.55 %	$ 324,949	4.0 %	$ 406,187	5.0 %
Tier 1 Capital (to Risk Weighted Assets)						
Consolidated	$ 763,883	10.38 %	$ 441,359	6.0 %	N/A	N/A
Premier Bank	$ 775,907	10.58 %	$ 440,011	6.0 %	$ 586,681	8.0 %
Total Capital (to Risk Weighted Assets)						
Consolidated	$ 892,663	12.14 %	$ 588,478	8.0 %	N/A	N/A
Premier Bank	$ 854,687	11.65 %	$ 586,681	8.0 %	$ 733,352	10.0 %

(1) Excludes capital conservation buffer of 2.50%.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As discussed in detail in the Company's 2022 Form 10-K, the Company's ability to maximize net income is dependent on management's ability to plan and control net interest income through management of the pricing and mix of assets and liabilities. Because a large portion of assets and liabilities of the Company are monetary in

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nature, changes in interest rates and monetary or fiscal policy affect its financial condition and can have significant impact on the net income of the Company.

The Company monitors its exposure to interest rate risk on a quarterly basis through simulation analysis that measures the impact changes in interest rates can have on net interest income. The simulation technique analyzes the effect of a presumed 100 basis point shift in interest rates (which is consistent with management's estimate of the range of potential interest rate fluctuations) and takes into account prepayment speeds on amortizing financial instruments, loan and deposit volumes and rates, borrowings, derivative positions and non-maturity deposit assumptions (such as beta and decay rates) and capital requirements.

The table below presents, for the twelve months subsequent to March 31, 2023 June 30, 2023 and December 31, 2022, an estimate of the change in net interest income that would result from an immediate (shock) change in interest rates, moving in a parallel fashion over the entire yield curve, relative to the measured base case scenario. Based on our net interest income simulation as of March 31, 2023 June 30, 2023, net interest income sensitivity to changes in interest rates for the twelve months subsequent to March 31, 2023 June 30, 2023, decreased in the rising rate environment and increased in the falling rate environment for the shock compared to the sensitivity profile for the twelve months subsequent to December 31, 2022. The change in modeling results from the prior period shown is largely due to increased re-pricing expectations on deposits which increased liability sensitivity for the period.

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	Impact on Future Annual Net Interest Income		**Impact on Future Annual Net Interest Income**	
Immediate Change in Interest Rates	**March 31, 2023**	**December 31, 2022**	**June 30, 2023**	**December 31, 2022**
+ 400	**(6.88)%**	-0.22%	**(6.20)%**	(0.22)%
+ 300	**(4.85)%**	0.07%	**(4.60)%**	0.07%

+ 200	**(3.07)%**	0.12%	**(3.10)%**	0.12%
+ 100	**(1.47)%**	0.10%	**(1.50)%**	0.10%
- 100	**2.84%**	1.44%	**1.50%**	1.44%
- 200	**5.14%**	2.12%	**2.80%**	2.12%
- 300	**5.05%**	0.66%	**3.70%**	0.66%
- 400	**5.23%**	(1.63)%	**3.30%**	(1.63)%

To analyze the impact of changes in interest rates in a more realistic manner, non-parallel interest rate scenarios are also simulated. These non-parallel interest rate scenarios indicate that net interest income may increase from the base case scenario should the yield curve flatten, become inverted or steepen.change by different increments on different points on the curve.

In addition to the simulation analysis, Premier also uses an economic value of equity ("EVE") analysis to measure risk in the balance sheet incorporating all cash flows over the estimated remaining life of all balance sheet positions. The EVE analysis generally calculates the net present value of Premier's assets and liabilities in

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rate shock environments that range from -400 basis points to +400 basis points. The results of this analysis are reflected in the following tables for the quarter ended March 31, 2023June 30, 2023, and the year ended December 31, 2022.

	March 31, 2023	**December 31, 2022**	**June 30, 2023**	**December 31, 2022**
Change in Rates	**Economic Value of Equity % Change**	**Economic Value of Equity % Change**	**Economic Value of Equity % Change**	**Economic Value of Equity % Change**
+400 bp	**(7.90)%**	(5.39)%	**(20.00)%**	(5.39)%
+ 300 bp	**(5.26)%**	(3.39)%	**(15.40)%**	(3.39)%
+ 200 bp	**(3.60)%**	(2.32)%	**(10.50)%**	(2.32)%
+ 100 bp	**(1.89)%**	(1.25)%	**(5.20)%**	(1.25)%
0 bp	**—**	—	**—**	—
- 100 bp	**0.95%**	0.39%	**4.80%**	0.39%
- 200 bp	**1.74%**	0.49%	**8.70%**	0.49%
- 300 bp	**0.37%**	(1.46)%	**10.80%**	(1.46)%

- 400 bp	**(6.29)%**	(5.98)%	**8.70%**	(5.98)%

Item 4. Controls and Procedures

An evaluation of the Company's disclosure controls and procedures was carried out under the supervision and with the participation of the Company’s management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the Company’s disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of March 31, 2023June 30, 2023. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company’s disclosure controls and procedures were effective. No changes occurred in the Company’s internal controls over financial reporting during the quarter ended March 31, 2023June 30, 2023, that materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II-OTHER INFORMATION

Item 1. Legal Proceedings

Premier and its subsidiaries are involved in various legal proceedings that arise in the ordinary course of its business. While the ultimate liability with respect to litigation matters and claims cannot be determined at this

time, management believes any resulting liability and other amounts relating to pending matters are not likely to be material to the Company’s consolidated financial position or results of operations.

Item 1A. Risk Factors

There are no material changes from the risk factors set forth under Part I, Item 1A, “Risk Factors” in the 2022 Form 10-K.

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

The following table provides information regarding Premier’s purchases of its common stock during the three-month period ended March 31, 2023June 30, 2023:

Period	Total Number of Shares Purchased(2)	Average Price Paid Per Share		Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs(1)
Beginning Balance, January 1, 2023					1,200,024
January 1 - January 31, 2023	207	$	27.32	207	1,199,817
February 1 - February 28, 2023	20,229		24.79	138	1,199,679
March 1 - March 31, 2023	2,133		22.14	46	1,199,633
Total	22,569	$	24.57	391	1,199,633

Period	Total Number of Shares Purchased(1)	Average Price Paid Per Share		Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs(2)
Beginning Balance, March 31, 2023					1,199,634
April 1 - April 30, 2023	3,696	$	20.73	—	1,199,634
May 1 - May 31, 2023	131		14.22	—	1,199,634
June 1 - June 30, 2023	2,664		16.02	—	1,199,634
Total	6,491	$	18.67	—	1,199,634

(1) Of this amount, 6,491 shares were obtained in fulfillment of tax obligations from vesting of restricted stock compensati and were not part of the publicly announced repurchase program.

(2) On January 26, 2021, the Company announced that its Board of Directors authorized a program for the repurchase of to 2,000,000 shares of outstanding common stock. On January 25, 2022, the Company announced that its Board Directors approved an increase in the Company's repurchasing authorization to up to 2,000,000 shares of outstandi common stock. There is no expiration date for the repurchase program.

(2) Of this amount, 22,178 shares were obtained in fulfillment of tax obligations from vesting of restricted sto compensation and were not part of the publicly announced repurchase program.

Premier discovered that it issued approximately 77,847 more shares of the Company’s common stock in connection with its employee share purchase plan (“ESPP”) than were registered on July 2, 2014 on the previously filed Registration Statement on Form S-8 (File No. 333-197203), as amended on July 17, 2018, relating to the ESPP. Because the Company sponsors the ESPP, it is required to register shares issued through the ESPP even though all ESPP shares are purchased by Broadridge Corporate Issuer Solutions, Inc., the plan administrator, in the open market. The Company filed a new registration statement on Form S-8 to register future shares issued through the ESPP on November 7, 2022.

The Company has always treated the shares issued through the ESPP as outstanding for financial reporting purposes. The Company believes that it has always provided the employee-participants in the ESPP with the same information they would have received had the additional shares been registered. Original purchasers of the unregistered ESPP shares may have rescission rights with respect to such shares under applicable federal securities laws for up to one year following the date of acquisition of the shares. These rescission rights represent a potential liability to the Company. In addition, the Company may be subject to civil and other penalties by regulatory authorities as a result of the failure to register these transactions. During the three months ended March 31, 2023, the Company purchased 391 shares of stock that were previously held in the ESPP.

Item 3. Defaults upon Senior Securities

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Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

(a) None.

(b) None.

(c) On May 4, 2023, Mr. Dennis E. Rose Jr., the Chief Strategy Officer of the Company, adopted a trading arrangement for the sale of shares of stock (a "Rule 10b5-1 Trading Plan") that is intended to satisfy the affirmative defense conditions of Exchange Act Rule 10b5-1(c). Mr. Rose Jr.'s Rule 10b5-1 Trading Plan, which shall terminate on December 20, 2024, provides for the sale of up to 13,309 shares of common stock pursuant to the terms of the Rule 10b5-1 Trading Plan.

Item 6. Exhibits

Exhibit 3.1	Second Amended and Restated Articles of Incorporation of Premier Financial Corp. (incorporated herein by reference to Exhibit 3.2 in Registrant's Form 8-K filed June 22, 2020 (File No. 000-26850))
Exhibit 3.2	Second Amended and Restated Code of Regulations of Premier Financial Corp. (reflecting all amendments) (incorporated herein by reference to Exhibit 3.3 in Registrant's Form 8-K filed June 22, 2020 (File No. 000-26850))
Exhibit 31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Exhibit 32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Exhibit 101 The following financial information from the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023June 30, 2023 is formatted in Inline XBRL: (i) Unaudited Consolidated Condensed Statements of Financial Condition at March 31, 2023June 30, 2023 and December 31, 2022; (ii) Unaudited Consolidated Condensed Statements of Income for the three and six months ended March 31, 2023June 30, 2023 and 2022; (iii) Unaudited Consolidated Condensed Statements of Comprehensive Income for the three and six months ended March 31, 2023June 30, 2023 and 2022; (iv) Unaudited Consolidated Condensed Statements of Changes in Stockholders' Equity for the three and six months ended March 31, 2023June 30, 2023 and 2022; (v) Unaudited Consolidated Condensed Statements of Cash Flows for the threesix months ended March 31, 2023June 30, 2023 and 2022; and (vi) Notes to Unaudited Consolidated Condensed Financial Statements.

Exhibit 104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

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

Premier Financial Corp.
(Registrant)

Date: May 5, 2023August 4, 2023

By: /s/ Gary M. Small
Gary M. Small
President and Chief Executive Officer (Principal Executive Officer)

Date: May 5, 2023August 4, 2023

By: /s/ Paul D. Nungester, Jr.
Paul D. Nungester, Jr.

Executive Vice President and
Chief Financial Officer (Principal Financial and Accounting Officer)

EXHIBIT 31.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT

I, Gary M. Small, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Premier Financial Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

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

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

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

Date: May 5, August 4, 2023	/s/ Gary M. Small
	Gary M. Small President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT

I, Paul D. Nungester, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Premier Financial Corp.;

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

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

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

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

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

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

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

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

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

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

Date: May 5, August 4, 2023	/s/ Paul D. Nungester, Jr.
	Paul D. Nungester, Jr. Executive Vice President and Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Premier Financial Corp. (the "Company") on Form 10-Q for the period ending March 31, 2023 June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gary M. Small, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and in connection with this Quarterly Report on Form 10-Q, that:

1. The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and

2. The information contained in the Report fairly presents, in all material respects, the Company's financial condition and results of operations.

Date: May 5, August 4, 2023

/s/ Gary M. Small

Gary M. Small

Chief Executive Officer

A signed original of this written statement required by Section 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.

EXHIBIT 32.2

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

In connection with the Quarterly Report of Premier Financial Corp. (the "Company") on Form 10-Q for the period ending March 31, 2023 June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Paul D. Nungester, Jr., Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and in connection with this Quarterly Report on Form 10-Q, that:

1. The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and

2. The information contained in the Report fairly presents, in all material respects, the Company's financial condition and results of operations.

Date: May 5, August 4, 2023	/s/ Paul D. Nungester, Jr.
	Paul D. Nungester, Jr.
	Chief Financial Officer

A signed original of this written statement required by Section 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.

DISCLAIMER

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