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DELTA REPORT

10-Q

GBCI - GLACIER BANCORP, INC.

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	879
CHANGES	321
DELETIONS	238
ADDITIONS	320

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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the quarterly period ended September 30, 2023 March 31, 2024**

☐ **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 000-18911

GLACIER BANCORP, INC.
(Exact name of registrant as specified in its charter)

Montana	**81-0519541**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**
49 Commons Loop Kalispell, Montana	**59901**
(Address of principal executive offices)	**(Zip Code)**

(406) 756-4200

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value	GBCI	The New York Stock Exchange

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

The number of shares of Registrant's common stock outstanding on October 16, 2023 April 14, 2024 was 110,882,424. 113,388,590. No preferred shares are issued or outstanding.

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Part I. Financial Information

ABBREVIATIONS/ACRONYMS

ACL or allowance – allowance for credit losses

ALCO – Asset Liability Committee

ASC – Accounting Standards Codification™

ASU – Accounting Standards Update

ATM – automated teller machine

Bank – Glacier Bank

BTFP - Bank Term Funding Program of the Federal Reserve Bank

CDE – Certified Development Entity

CDFI Fund – Community Development Financial Institutions Fund

CECL – current expected credit losses

CEO – Chief Executive Officer

CFO – Chief Financial Officer

CFGW – Community Financial Group, Inc.

Company – Glacier Bancorp, Inc.

COVID-19 – coronavirus disease of 2019

DDA – demand deposit account

Fannie Mae – Federal National Mortgage Association

FASB – Financial Accounting Standards Board

FDIC – Federal Deposit Insurance Corporation

FHLB – Federal Home Loan Bank

Final Rules – final rules implemented by the federal banking agencies that established a new comprehensive regulatory capital framework

FRB – Federal Reserve Bank

Freddie Mac – Federal Home Loan Mortgage Corporation

GAAP – accounting principles generally accepted in the United States of America

GDP – gross domestic product

Ginnie Mae – Government National Mortgage Association

Interest rate locks - residential real estate derivatives for commitments

LIBOR – London Interbank Offered Rate

LIHTC – Low Income Housing Tax Credit

MBFD - Modifications to borrowers experiencing financial difficulty

NMTC – New Markets Tax Credit

NOW – negotiable order of withdrawal

NRSRO – Nationally Recognized Statistical Rating Organizations

OCI – other comprehensive income

OREO – other real estate owned

PCD – purchased credit-deteriorated

PPP – Paycheck Protection Program

Repurchase agreements – securities sold under agreements to repurchase

ROU – right-of-use

S&P – Standard and Poor's

SBA – United States Small Business Administration

SEC – United States Securities and Exchange Commission

TBA – to-be-announced

TDR – troubled debt restructuring

VIE – variable interest entity

Wheatland – Wheatland Bank

GLACIER BANCORP, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(Dollars in thousands, except per share data)	(Dollars in thousands, except per share data)		September 30, 2023	December 31, 2022	(Dollars in thousands, except per share data)	March 31, 2024	December 31, 2023
Assets	**Assets**						
Cash on hand and in banks	Cash on hand and in banks	$	264,067	300,194			
Cash on hand and in banks							
Cash on hand and in banks							
Interest bearing cash deposits							
Interest bearing cash deposits							
Interest bearing cash deposits	Interest bearing cash deposits		1,408,027	101,801			
Cash and cash equivalents	Cash and cash equivalents		1,672,094	401,995			
Debt securities, available-for-sale	Debt securities, available-for-sale		4,741,738	5,307,307			
Debt securities, held-to-maturity	Debt securities, held-to-maturity		3,553,805	3,715,052			
Total debt securities	Total debt securities		8,295,543	9,022,359			
Loans held for sale, at fair value	Loans held for sale, at fair value		29,027	12,314			
Loans receivable	Loans receivable		16,135,046	15,246,812			
Allowance for credit losses	Allowance for credit losses		(192,271)	(182,283)			
Loans receivable, net	Loans receivable, net		15,942,775	15,064,529			
Premises and equipment, net	Premises and equipment, net		415,343	398,100			
Other real estate owned and foreclosed assets							
Other real estate owned and foreclosed assets							
Other real estate owned and foreclosed assets	Other real estate owned and foreclosed assets		48	32			
Accrued interest receivable	Accrued interest receivable		104,476	83,538			
Deferred tax asset	Deferred tax asset		203,745	193,187			
Core deposit intangible, net	Core deposit intangible, net		34,297	41,601			
Goodwill	Goodwill		985,393	985,393			
Non-marketable equity securities	Non-marketable equity securities		11,330	82,015			

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Bank-owned life insurance	Bank-owned life insurance	170,175	169,068
Other assets	Other assets	199,315	181,244
Total assets	Total assets	$28,063,561	26,635,375
Liabilities	**Liabilities**		
Non-interest bearing deposits	Non-interest bearing deposits	$ 6,465,353	7,690,751
Non-interest bearing deposits			
Non-interest bearing deposits			
Interest bearing deposits	Interest bearing deposits	13,929,811	12,915,804
Securities sold under agreements to repurchase	Securities sold under agreements to repurchase	1,499,696	945,916
Federal Home Loan Bank advances	Federal Home Loan Bank advances	—	1,800,000
FRB Bank Term Funding	FRB Bank Term Funding	2,740,000	—
Other borrowed funds	Other borrowed funds	73,752	77,293
Subordinated debentures	Subordinated debentures	132,903	132,782
Accrued interest payable	Accrued interest payable	91,874	4,331
Other liabilities	Other liabilities	255,578	225,193
Other liabilities			
Other liabilities			
Total liabilities	Total liabilities	25,188,967	23,792,070
Commitments and Contingent Liabilities	**Commitments and Contingent Liabilities**	—	—
Stockholders' Equity	**Stockholders' Equity**		
Preferred shares, $0.01 par value per share, 1,000,000 shares authorized, none issued or outstanding	Preferred shares, $0.01 par value per share, 1,000,000 shares authorized, none issued or outstanding	—	—
Common stock, $0.01 par value per share, 234,000,000 shares authorized at September 30, 2023 and December 31, 2022, respectively		1,109	1,108
Preferred shares, $0.01 par value per share, 1,000,000 shares authorized, none issued or outstanding			
Preferred shares, $0.01 par value per share, 1,000,000 shares authorized, none issued or outstanding			

Common stock, $0.01 par value per share, 234,000,000 shares authorized at March 31, 2024 and December 31, 2023, respectively			
Paid-in capital	Paid-in capital	2,348,305	2,344,005
Retained earnings - substantially restricted	Retained earnings - substantially restricted	1,025,547	966,984
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(500,367)	(468,792)
Total stockholders' equity	Total stockholders' equity	2,874,594	2,843,305
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	$28,063,561	26,635,375
Number of common stock shares issued and outstanding	Number of common stock shares issued and outstanding	110,879,365	110,777,780

See accompanying notes to unaudited condensed consolidated financial statements.

GLACIER BANCORP, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

		Three Months ended		Nine Months ended		Three Months ended		
(Dollars in thousands, except per share data)	(Dollars in thousands, except per share data)	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	(Dollars in thousands, except per share data)	March 31, 2024	March 31, 2023
Interest Income	**Interest Income**							
Investment securities								
Investment securities								
Investment securities	Investment securities	$ 53,397	43,722	144,697	125,217			
Residential real estate loans	Residential real estate loans	18,594	13,738	51,508	42,279			
Commercial loans	Commercial loans	173,437	142,692	493,706	398,507			
Consumer and other loans	Consumer and other loans	19,478	14,250	54,248	38,552			
Total interest income	Total interest income	264,906	214,402	744,159	604,555			
Interest Expense	**Interest Expense**							
Deposits								
Deposits								
Deposits	Deposits	54,697	3,279	98,942	9,884			

Securities sold under agreements to repurchase	Securities sold under agreements to repurchase	10,972	675	24,185	1,435
Federal Home Loan Bank advances	Federal Home Loan Bank advances	—	3,318	26,910	4,628
FRB Bank Term Funding	FRB Bank Term Funding	30,229	—	63,160	—
Other borrowed funds	Other borrowed funds	489	214	1,428	698
Subordinated debentures	Subordinated debentures	1,465	1,589	4,308	3,590
Total interest expense	Total interest expense	97,852	9,075	218,933	20,235
Net Interest Income	**Net Interest Income**	167,054	205,327	525,226	584,320
Provision for credit losses	Provision for credit losses	3,539	8,341	11,782	13,839
Net interest income after provision for credit losses	Net interest income after provision for credit losses	163,515	196,986	513,444	570,481
Non-Interest Income	**Non-Interest Income**				
Service charges and other fees	Service charges and other fees	19,304	18,970	56,042	53,390
Service charges and other fees					
Service charges and other fees					
Miscellaneous loan fees and charges	Miscellaneous loan fees and charges	4,322	4,040	12,451	11,445
Gain on sale of loans	Gain on sale of loans	4,046	3,846	9,974	17,857
(Loss) gain on sale of debt securities		(65)	(85)	(202)	101
Gain (loss) on sale of securities					
Other income	Other income	2,633	3,635	8,949	9,456
Total non-interest income	Total non-interest income	30,240	30,406	87,214	92,249
Non-Interest Expense	**Non-Interest Expense**				
Compensation and employee benefits					
Compensation and employee benefits					

Compensation and employee benefits	Compensation and employee benefits		77,387	80,612	237,628	239,489
Occupancy and equipment	Occupancy and equipment		10,553	10,797	33,045	32,527
Advertising and promotions	Advertising and promotions		4,052	3,768	12,020	10,766
Data processing	Data processing		8,730	7,716	25,241	22,744
Other real estate owned and foreclosed assets	Other real estate owned and foreclosed assets		15	66	41	72
Regulatory assessments and insurance	Regulatory assessments and insurance		6,060	3,339	16,277	9,479
Core deposit intangibles amortization	Core deposit intangibles amortization		2,428	2,665	7,304	7,994
Other expenses	Other expenses		20,351	21,097	63,606	66,818
Total non-interest expense	Total non-interest expense		129,576	130,060	395,162	389,889
Income Before Income Taxes	**Income Before Income Taxes**		64,179	97,332	205,496	272,841
Federal and state income tax expense	Federal and state income tax expense		11,734	17,994	36,885	49,316
Net Income	**Net Income**	$	52,445	79,338	168,611	223,525
Basic earnings per share	Basic earnings per share	$	0.47	0.72	1.52	2.02
Diluted earnings per share	Diluted earnings per share	$	0.47	0.72	1.52	2.02
Dividends declared per share	Dividends declared per share	$	0.33	0.33	0.99	0.99
Average outstanding shares - basic	Average outstanding shares - basic		110,877,534	110,766,502	110,857,788	110,752,231
Average outstanding shares - diluted	Average outstanding shares - diluted		110,886,959	110,833,594	110,882,718	110,811,267

See accompanying notes to unaudited condensed consolidated financial statements.

GLACIER BANCORP, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

		Three Months ended		Nine Months ended	
(Dollars in thousands)	(Dollars in thousands)	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022

(Dollars in thousands)					
(Dollars in thousands)					
Net Income					
Net Income					
Net Income	**Net Income**	$ 52,445	79,338	168,611	223,525
Other Comprehensive Income (Loss), Net of Tax	**Other Comprehensive Income (Loss), Net of Tax**				
Other Comprehensive Income (Loss), Net of Tax					
Other Comprehensive Income (Loss), Net of Tax					
Available-For-Sale and Transferred Securities:	Available-For-Sale and Transferred Securities:				
Unrealized losses on available-for-sale securities		(93,822)	(228,991)	(45,984)	(706,968)
Available-For-Sale and Transferred Securities:					
Available-For-Sale and Transferred Securities:					
Unrealized gains on available-for-sale securities					
Unrealized gains on available-for-sale securities					
Unrealized gains on available-for-sale securities					
Reclassification adjustment for (gains) losses included in net income					
Reclassification adjustment for (gains) losses included in net income					
Reclassification adjustment for (gains) losses included in net income	Reclassification adjustment for (gains) losses included in net income	—	(15)	31	(780)
Reclassification adjustment for securities transferred from available-for-sale to held-to-maturity	Reclassification adjustment for securities transferred from available-for-sale to held-to-maturity	1,304	1,347	4,492	1,751
Reclassification adjustment for securities transferred from available-for-sale to held-to-maturity					
Reclassification adjustment for securities transferred from available-for-sale to held-to-maturity					
Tax effect					
Tax effect					
Tax effect	Tax effect	23,380	57,506	10,478	178,382
Net of tax amount	Net of tax amount	(69,138)	(170,153)	(30,983)	(527,615)
Net of tax amount					
Net of tax amount					
Cash Flow Hedge:	Cash Flow Hedge:				
Unrealized gains on derivatives used for cash flow hedges		654	3,132	2,540	7,002
Cash Flow Hedge:					
Cash Flow Hedge:					
Unrealized gains (losses) on derivatives used for cash flow hedges					
Unrealized gains (losses) on derivatives used for cash flow hedges					
Unrealized gains (losses) on derivatives used for cash flow hedges					
Reclassification adjustment for gains included in net income					

Reclassification adjustment for gains included in net income					
Reclassification adjustment for gains included in net income	Reclassification adjustment for gains included in net income	(1,244)	(165)	(3,331)	(167)
Tax effect	Tax effect	148	(750)	199	(1,727)
Tax effect					
Tax effect					
Net of tax amount	Net of tax amount	(442)	2,217	(592)	5,108
Total other comprehensive loss, net of tax		(69,580)	(167,936)	(31,575)	(522,507)
Total Comprehensive Income (Loss)		$ (17,135)	(88,598)	137,036	(298,982)
Net of tax amount					
Net of tax amount					
Total other comprehensive income, net of tax					
Total other comprehensive income, net of tax					
Total other comprehensive income, net of tax					
Total Comprehensive Income					
Total Comprehensive Income					
Total Comprehensive Income					

See accompanying notes to unaudited condensed consolidated financial statements.

GLACIER BANCORP, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
Three Months ended September 30, 2023 March 31, 2024 and 2022 2023

(Dollars in thousands, except per share data)	Common Stock Shares	Common Stock Amount	Paid-in Capital	Retained Earnings-Substantially Restricted	Accumulated Other Compre-hensive (Loss) Income	Total
Balance at July 1, 2022	110,766,287	$ 1,108	2,341,097	881,246	(327,212)	2,896,239
Net income	—	—	—	79,338	—	79,338
Other comprehensive loss	—	—	—	—	(167,936)	(167,936)
Cash dividends declared ($0.33 per share)	—	—	—	(36,639)	—	(36,639)
Stock issuances under stock incentive plans	667	—	—	—	—	—
Stock-based compensation and related taxes	—	—	1,355	—	—	1,355
Balance at September 30, 2022	110,766,954	$ 1,108	2,342,452	923,945	(495,148)	2,772,357
Balance at July 1, 2023	110,873,887	$ 1,109	2,346,422	1,009,782	(430,787)	2,926,526
Net income	—	—	—	52,445	—	52,445
Other comprehensive loss	—	—	—	—	(69,580)	(69,580)
Cash dividends declared ($0.33 per share)	—	—	—	(36,680)	—	(36,680)
Stock issuances under stock incentive plans	5,478	—	—	—	—	—
Stock-based compensation and related taxes	—	—	1,883	—	—	1,883
Balance at September 30, 2023	110,879,365	$ 1,109	2,348,305	1,025,547	(500,367)	2,874,594

See accompanying notes to unaudited condensed consolidated financial statements.

GLACIER BANCORP, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
Nine Months ended September 30, 2023 and 2022

(Dollars in thousands, except per share data)	Common Stock Shares	Common Stock Amount		Paid-in Capital	Retained Earnings-Substantially Restricted	Accumulated Other Comprehensive (Loss) Income	Total
Balance at January 1, 2022	110,687,533	$	1,107	2,338,814	810,342	27,359	3,177,622
Net income	—		—	—	223,525	—	223,525
Other comprehensive loss	—		—	—	—	(522,507)	(522,507)
Cash dividends declared ($0.99 per share)	—		—	—	(109,922)	—	(109,922)
Stock issuances under stock incentive plans	79,421		1	(1)	—	—	—
Stock-based compensation and related taxes	—		—	3,639	—	—	3,639
Balance at September 30, 2022	110,766,954	$	1,108	2,342,452	923,945	(495,148)	2,772,357
Balance at January 1, 2023	110,777,780	$	1,108	2,344,005	966,984	(468,792)	2,843,305
Net income	—		—	—	168,611	—	168,611
Other comprehensive income	—		—	—	—	(31,575)	(31,575)
Cash dividends declared ($0.99 per share)	—		—	—	(110,048)	—	(110,048)
Stock issuances under stock incentive plans	101,585		1	(1)	—	—	—
Stock-based compensation and related taxes	—		—	4,301	—	—	4,301
Balance at September 30, 2023	110,879,365	$	1,109	2,348,305	1,025,547	(500,367)	2,874,594

(Dollars in thousands, except per share data)	Common Stock Shares	Common Stock Amount		Paid-in Capital	Retained Earnings-Substantially Restricted	Accumulated Other Comprehensive (Loss) Income	Total
Balance at January 1, 2023	110,777,780	$	1,108	2,344,005	966,984	(468,792)	2,843,305
Net income	—		—	—	61,211	—	61,211
Other comprehensive income	—		—	—	—	58,564	58,564
Cash dividends declared ($0.33 per share)	—		—	—	(36,686)	—	(36,686)
Stock issuances under stock incentive plans	90,933		1	(1)	—	—	—
Stock-based compensation and related taxes	—		—	510	—	—	510
Balance at March 31, 2023	110,868,713	$	1,109	2,344,514	991,509	(410,228)	2,926,904
Balance at January 1, 2024	110,888,942	$	1,109	2,350,104	1,043,181	(374,113)	3,020,281
Net income	—		—	—	32,627	—	32,627
Other comprehensive income	—		—	—	—	1,808	1,808
Cash dividends declared ($0.33 per share)	—		—	—	(37,514)	—	(37,514)
Stock issued in connection with acquisitions	2,389,684		24	92,361	—	—	92,385
Stock issuances under stock incentive plans	109,964		1	(1)	—	—	—
Stock-based compensation and related taxes	—		—	1,120	—	—	1,120
Balance at March 31, 2024	113,388,590	$	1,134	2,443,584	1,038,294	(372,305)	3,110,707

See accompanying notes to unaudited condensed consolidated financial statements.

GLACIER BANCORP, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Nine Months ended	Three Months ended

(Dollars in thousands)	(Dollars in thousands)	September 30, 2023	September 30, 2022	(Dollars in thousands)	March 31, 2024	March 31, 2023
Operating Activities	**Operating Activities**					
Net income	Net income	$ 168,611	223,525			
Net income						
Net income						
Adjustments to reconcile net income to net cash provided by operating activities:	Adjustments to reconcile net income to net cash provided by operating activities:					
Provision for credit losses						
Provision for credit losses						
Provision for credit losses	Provision for credit losses	11,782	13,839			
Net amortization of debt securities	Net amortization of debt securities	11,745	24,274			
Net amortization of purchase accounting adjustments and deferred loan fees and costs	Net amortization of purchase accounting adjustments and deferred loan fees and costs	(2,879)	8,533			
Origination of loans held for sale	Origination of loans held for sale	(332,582)	(639,726)			
Origination of loans held for sale						
Origination of loans held for sale						
Proceeds from loans held for sale	Proceeds from loans held for sale	395,216	715,700			
Gain on sale of loans	Gain on sale of loans	(9,974)	(17,857)			
Loss (gain) on sale of debt securities		202	(101)			
(Gain) loss on sale of securities						
Bank-owned life insurance income, net						
Bank-owned life insurance income, net						
Bank-owned life insurance income, net	Bank-owned life insurance income, net	(2,915)	(2,698)			
Stock-based compensation, net of tax benefits	Stock-based compensation, net of tax benefits	4,577	4,218			

Depreciation and amortization of premises and equipment	Depreciation and amortization of premises and equipment	20,322	18,952
Gain on sale and write-downs of other real estate owned, net	Gain on sale and write-downs of other real estate owned, net	(118)	(125)
Amortization of core deposit intangibles	Amortization of core deposit intangibles	7,304	7,994
Amortization of investments in variable interest entities	Amortization of investments in variable interest entities	15,418	13,051
Amortization of investments in variable interest entities			
Amortization of investments in variable interest entities			
Net increase in accrued interest receivable	Net increase in accrued interest receivable	(20,939)	(16,627)
Net increase in other assets		(1,764)	(20,827)
Net increase in accrued interest payable		87,543	331
Net (decrease) increase in other liabilities		(2,038)	18,291
Net cash provided by operating activities		349,511	350,747
Net decrease (increase) in other assets			
Net (decrease) increase in accrued interest payable			
Net decrease in other liabilities			
Net cash (used in) provided by operating activities			
Investing Activities	**Investing Activities**		
Sales of available-for-sale debt securities	Sales of available-for-sale debt securities	29,972	—
Sales of available-for-sale debt securities			

Sales of available-for-sale debt securities			
Maturities, prepayments and calls of available-for-sale debt securities	Maturities, prepayments and calls of available-for-sale debt securities	479,442	914,036
Purchases of available-for-sale debt securities		—	(435,807)
Maturities, prepayments and calls of held-to-maturity debt securities	Maturities, prepayments and calls of held-to-maturity debt securities	159,502	159,349
Purchases of held-to-maturity debt securities		—	(511,195)
Maturities, prepayments and calls of held-to-maturity debt securities			
Maturities, prepayments and calls of held-to-maturity debt securities			
Principal collected on loans			
Principal collected on loans			
Principal collected on loans	Principal collected on loans	2,167,746	4,530,150
Loan originations	Loan originations	(3,133,352)	(5,984,286)
Net additions to premises and equipment	Net additions to premises and equipment	(36,492)	(16,909)
Proceeds from sale of other real estate owned	Proceeds from sale of other real estate owned	179	997
Proceeds from redemption of non-marketable equity securities	Proceeds from redemption of non-marketable equity securities	628,801	132,667
Purchases of non-marketable equity securities	Purchases of non-marketable equity securities	(558,117)	(160,798)
Proceeds from bank-owned life insurance	Proceeds from bank-owned life insurance	1,787	2,217
Investments in variable interest entities	Investments in variable interest entities	(22,342)	(32,866)
Net cash used in investing activities		(282,874)	(1,402,445)
Net cash received from acquisitions			
Net cash provided by (used in) investing activities			

See accompanying notes to unaudited condensed consolidated financial statements.

GLACIER BANCORP, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

(Dollars in thousands)		Nine Months ended September 30, 2023	Nine Months ended September 30, 2022
Financing Activities			
Net (decrease) increase in deposits	$	(210,838)	543,134
Net increase (decrease) in securities sold under agreements to repurchase		553,780	(133,311)
Net (decrease) increase in short-term Federal Home Loan Bank advances		(1,800,000)	705,000
Proceeds from long-term FRB Bank Term Funding advances		2,740,000	—
Net (decrease) increase in other borrowed funds		(4,196)	10,415
Cash dividends paid		(73,485)	(84,414)
Tax withholding payments for stock-based compensation		(1,799)	(1,600)
Net cash provided by financing activities		1,203,462	1,039,224
Net increase (decrease) in cash, cash equivalents and restricted cash		1,270,099	(12,474)
Cash, cash equivalents and restricted cash at beginning of period		401,995	437,686
Cash, cash equivalents and restricted cash at end of period	$	1,672,094	425,212
Supplemental Disclosure of Cash Flow Information			
Cash paid during the period for interest	$	131,390	19,904
Cash paid during the period for income taxes		17,841	40,917
Supplemental Disclosure of Non-Cash Investing and Financing Activities			
Transfer of debt securities from available-for-sale to held-to-maturity	$	—	2,154,475
Sale and refinancing of other real estate owned		23	—
Transfer of loans to other real estate owned		100	896
Right-of-use assets obtained in exchange for new lease liabilities		1,096	24,023
Dividends declared during the period but not paid		36,873	36,817

(Dollars in thousands)		Three Months ended March 31, 2024	Three Months ended March 31, 2023
Financing Activities			
Net decrease in deposits	$	(118,419)	(458,062)
Net increase in securities sold under agreements to repurchase		53,158	245,407
Net increase (decrease) in short-term Federal Home Loan Bank advances		281,657	(1,465,000)
Proceeds from short-term FRB Bank Term Funding advances		—	2,740,000
Repayments of short-term FRB Bank Term Funding		(2,740,000)	—
Proceeds from long-term Federal Home Loan Bank advances		1,800,000	—
Net increase (decrease) in other borrowed funds		6,967	(1,108)
Cash dividends paid		(314)	(292)
Tax withholding payments for stock-based compensation		(1,370)	(1,719)
Net cash (used in) provided by financing activities		(718,321)	1,059,226
Net (decrease) increase in cash, cash equivalents and restricted cash		(565,682)	1,127,539
Cash, cash equivalents and restricted cash at beginning of period		1,354,342	401,995
Cash, cash equivalents and restricted cash at end of period	$	788,660	1,529,534
Supplemental Disclosure of Cash Flow Information			
Cash paid during the period for interest	$	206,846	41,059
Cash paid during the period for income taxes		5	—
Supplemental Disclosure of Non-Cash Investing and Financing Activities			
Transfer of loans to other real estate owned	$	16	8
Right-of-use assets obtained in exchange for new lease liabilities		152	276
Equity investments obtained in exchange for delayed equity contributions		7,148	17,113

Dividends declared during the period but not paid	37,514	36,686
Acquisitions		
Fair value of common stock shares issued	92,385	—
Cash consideration	771	—
Fair value of assets acquired	777,659	—
Liabilities assumed	684,503	—

See accompanying notes to unaudited condensed consolidated financial statements.

GLACIER BANCORP, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Operations and Summary of Significant Accounting Policies

General

Glacier Bancorp, Inc. ("Company") is a Montana corporation headquartered in Kalispell, Montana. The Company provides a full range of banking services to individuals and businesses in Montana, Idaho, Utah, Washington, Wyoming, Colorado, Arizona and Nevada through its wholly-owned bank subsidiary, Glacier Bank ("Bank"). The Company offers a wide range of banking products and services, including: 1) retail banking; 2) business banking; 3) real estate, commercial, agriculture and consumer loans; and 4) mortgage origination and loan servicing. The Company serves individuals, small to medium-sized businesses, community organizations and public entities.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments necessary for a fair presentation of the results for the interim periods. All such adjustments are of a normal recurring nature. These interim financial statements do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America ("GAAP") for complete financial statements and they should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023. Operating results for the nine three months ended September 30, 2023 March 31, 2024 are not necessarily indicative of the results anticipated for the year ending December 31, 2023 December 31, 2024. The condensed consolidated statement of financial condition of the Company as of December 31, 2022 December 31, 2023 has been derived from the audited consolidated statements of the Company as of that date.

The Company is a defendant in legal proceedings arising in the normal course of business. In the opinion of management, the disposition of pending litigation will not have a material affect on the Company's consolidated financial position, results of operations or liquidity.

Material estimates that are particularly susceptible to significant change include: 1) the determination of the allowance for credit losses ("ACL" or "allowance") on loans; 2) the valuation of debt securities; 3) the valuation of real estate acquired in connection with foreclosures or in satisfaction of loans; and 4) the evaluation of goodwill impairment. For the determination of the ACL on loans and real estate valuation estimates, management obtains independent appraisals (new or updated) for significant items. Estimates relating to the investment valuations are obtained from independent third parties. Estimates relating to the evaluation of goodwill for impairment are determined based on internal calculations using independent party inputs.

Principles of Consolidation

The consolidated financial statements of the Company include the parent holding company and the Bank, which consists of seventeen bank divisions and a corporate division. The corporate division includes the Bank's investment portfolio, wholesale borrowings and other centralized functions. The Bank divisions operate under separate names, management teams and advisory directors. The Company considers the Bank to be its sole operating segment as the Bank 1) engages in similar bank business activity from which it earns revenues and incurs expenses; 2) the operating results of the Bank are regularly reviewed by the Chief Executive Officer ("CEO") (i.e., the chief operating decision maker) who makes decisions about resources to be allocated to the Bank; and 3) financial information is available for the Bank. All significant inter-company transactions have been eliminated in consolidation.

The Bank has subsidiary interests in variable interest entities ("VIE") for which the Bank has both the power to direct the VIE's significant activities and the obligation to absorb losses or right to receive benefits of the VIE that could potentially be significant to the VIE. These subsidiary interests are included in the Company's consolidated financial statements. The Bank also has subsidiary interests in VIEs for which the Bank does not have a controlling financial interest and is not the primary beneficiary. These subsidiary interests are not included in the Company's consolidated financial statements. For additional information on the Bank's interest in VIEs, see Note 7.

The parent holding company owns non-bank subsidiaries that have issued trust preferred securities. The trust subsidiaries are not included in the Company's consolidated financial statements. The Company's investments in the trust subsidiaries are included in other assets on the Company's statements of financial condition.

On January 31, 2024, the Company completed the acquisition of Community Financial Group, Inc. and its wholly-owned subsidiary, Wheatland Bank ("Wheatland"), a community bank based in Spokane, Washington. The business combination was accounted for using the acquisition method, with the results of operations included in the Company's consolidated financial statements as of the acquisition date. For additional information relating to mergers and acquisitions, see Note 14.

Cash, and Cash Equivalents and Restricted Cash

Cash and cash equivalents include cash on hand, cash held as demand deposits at various banks and the Federal Reserve Bank ("FRB"), interest bearing deposits, federal funds sold, and liquid investments with original maturities of three months or less. Interest bearing deposits are maintained at other financial institutions as collateral for certain derivative contracts and are considered restricted cash. The Company had $19,250,000 and $17,440,000 of restricted cash held as collateral for derivative contracts as of March 31, 2024 and December 31, 2023, respectively. The Bank is required to maintain an average reserve balance with either the FRB or in the form of cash on hand. hand at a reserve rate determined by the FRB. Effective March 26, 2020, the FRB Board reduced the reserve requirement ratio to zero percent. The required reserve balance at September 30, 2023 March 31, 2024 was $0.

Debt Securities

Debt securities for which the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity and are carried at amortized cost. Debt securities held primarily for the purpose of selling in the near term are classified as trading securities and are reported at fair value, with unrealized gains and losses included in income. Debt securities not classified as held-to-maturity or trading are classified as available-for-sale and are reported at fair value with unrealized gains and losses, net of income taxes, as a separate component of other comprehensive income ("OCI"). Premiums and discounts on debt securities are amortized or accreted into income using a method that approximates the interest method. The objective of the interest method is to calculate periodic interest income at a constant effective yield. The Company does not have any debt securities classified as trading securities. When the Company acquires another entity, it records the debt securities at fair value.

The Company reviews and analyzes the various risks that may be present within the investment portfolio on an ongoing basis, including market risk, credit risk and liquidity risk. Market risk is the risk to an entity's financial condition resulting from adverse changes in the value of its holdings arising from movements in interest rates, foreign exchange rates, equity prices or commodity prices. The Company assesses the market risk of individual debt securities as well as the investment portfolio as a whole. Credit risk, broadly defined, is the risk that an issuer or counterparty will fail to perform on an obligation. The credit rating of a security is considered the primary credit quality indicator for debt securities. Liquidity risk refers to the risk that a security will not have an active and efficient market in which the security can be sold.

A debt security is investment grade if the issuer has adequate capacity to meet its commitment over the expected life of the investment, i.e., the risk of default is low and full and timely repayment of interest and principal is expected. To determine investment grade status for debt securities, the Company conducts due diligence of the creditworthiness of the issuer or counterparty prior to acquisition and ongoing thereafter consistent with the risk characteristics of the security and the overall risk of the investment portfolio. Credit quality due diligence takes into account the extent to which a security is guaranteed by the U.S. government and other agencies of the U.S. government. The depth of the due diligence is based on the complexity of the structure, the size of the security, and takes into account material positions and specific groups of securities or stratification stratifications for analysis and review of similar risk positions. The due diligence includes consideration of payment performance, collateral adequacy, internal analyses, third party research and analytics, external credit ratings and default statistics.

The Company has acquired debt securities through acquisitions and if the securities have more than insignificant credit deterioration since origination, they are designated as purchased credit-deteriorated ("PCD") securities. An ACL is determined using the same methodology as with other debt securities. The sum of a PCD security's fair value and associated ACL becomes its initial amortized cost basis. The difference between the initial amortized cost basis and the par value of the debt security is a noncredit discount or premium, which is amortized into interest income over the life of the security. Subsequent changes to the ACL are recorded through provision for credit losses.

For additional information relating to debt securities, see Note 2.

Allowance for Credit Losses - Available-for-Sale Debt Securities

For available-for-sale debt securities in an unrealized loss position, the Company first assesses whether it intends to sell, or it is more-likely-than-not that it will be required to sell the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through other expense. For the available-for-sale securities that do not meet the aforementioned criteria, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors. In such assessment, the Company considers the extent to which fair value is less than amortized cost, if there are any changes to the investment grade of the security by a rating agency, and if there are any adverse conditions that impact the security. If this assessment indicates a credit loss exists, the present value of the cash flows expected to be collected from the security is compared to the amortized cost basis of the security. If the present value of the cash flows expected to be collected is less than the amortized cost basis, a potential credit loss exists and an ACL is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost. Any estimated credit losses that have not been recorded through an ACL are recognized in OCI.

The Company has elected to exclude accrued interest from the estimate of credit losses for available-for-sale debt securities. As part of its non-accrual policy, the Company charges-off uncollectable interest at the time it is determined to be uncollectable.

Allowance for Credit Losses - Held-to-Maturity Debt Securities

For estimating the allowance for held-to-maturity ("HTM") debt securities that share similar risk characteristics with other securities, such securities are pooled based on major security type. For pools of such securities with similar risk characteristics, the historical lifetime probability of default and severity of loss in the event of default is derived or obtained from external sources and adjusted for the expected effects of reasonable and supportable forecasts over the expected lives of the securities on those historical credit losses. Expected credit losses on securities in the held-to-maturity portfolio that do not share similar risk characteristics with any of the pools of debt securities are individually measured based on net realizable value, or the difference between the discounted value of the expected future cash flows, based on the original effective interest rate, and the recorded amortized cost basis of the securities.

The Company has elected to exclude accrued interest from the estimate of credit losses for held-to-maturity debt securities. As part of its non-accrual policy, the Company charges off uncollectable interest at the time it is determined to be uncollectable.

Loans Held for Sale

Loans held for sale generally consist of long-term, fixed rate, conforming, single-family residential real estate loans intended to be sold on the secondary market. Loans held for sale are recorded at fair value and may or may not be sold with servicing rights released. Changes in fair value are recognized in non-interest income. Fair value elections are made at the time of origination based on the Company's fair value election policy.

Loans Receivable

The Company's loan segments or classes are based on the purpose of the loan and consist of residential real estate, commercial real estate, other commercial, home equity, and other consumer loans. Loans that are intended at origination to be held-to-maturity are reported at the unpaid principal balance less net charge-offs and adjusted for deferred fees and costs on originated loans and unamortized premiums or discounts on acquired loans. Interest income is accrued on the unpaid principal balance. Fees and costs on originated loans and premiums or discounts on acquired loans are deferred and subsequently amortized or accreted as a yield adjustment over the expected life of the loan utilizing the interest or straight-line methods. The interest method is utilized for loans with scheduled payment terms and the objective is to calculate periodic interest income at a constant effective yield. The straight-line method is utilized for revolving lines of credit or loans with no scheduled payment terms. When a loan is paid off prior to maturity, the remaining unamortized fees and costs on originated loans and unamortized premiums or discounts on acquired loans are immediately recognized as interest income.

Loans that are 30 days or more past due based on payments received and applied to the loan are considered delinquent. Loans are designated non-accrual and the accrual of interest is discontinued when the collection of the contractual principal or interest is unlikely. A loan is typically placed on non-accrual when principal or interest is due and has remained unpaid for 90 days or more. When a loan is placed on non-accrual status, interest previously accrued but not collected is reversed against current period interest income. Subsequent payments on non-accrual loans are applied to the outstanding principal balance if doubt remains as to the ultimate collectability of the loan. Interest accruals are not resumed on partially charged-off impaired loans. For other loans on non-accrual, interest accruals are resumed on such loans only when they are brought fully current with respect to interest and principal and when, in the judgment of management, the loans are estimated to be fully collectible as to both principal and interest.

The Company has acquired loans through acquisitions, some of which have experienced more than insignificant credit deterioration since origination. The Company considers all acquired non-accrual loans to be PCD loans. In addition, the Company considers loans accruing 90 days or more past due or substandard loans to be PCD loans. An ACL is determined using the same methodology as other loans held for investment. The ACL determined on a collective basis is allocated to individual loans. The sum of a loan's fair value and ACL becomes the initial amortized cost basis. The difference between the initial amortized cost basis and the par value of the loan is a noncredit discount or premium, which is amortized into interest income over the life of the loan. Subsequent changes to the ACL are recorded through provision for credit losses.

For additional information relating to loans, see Note 3.

Allowance for Credit Losses - Loans Receivable

The ACL for loans receivable represents management's estimate of credit losses over the expected contractual life of the loan portfolio. The estimate is determined based on the amortized cost of the loan portfolio including the loan balance adjusted for charge-offs, recoveries, deferred fees and costs, and loan discount and premiums. Recoveries are included only to the extent that such amounts were previously charged-off. The Company has elected to exclude accrued interest from the estimate of credit losses for loans. Determining the adequacy of the allowance is complex and requires a high degree of judgment by management about the effect of matters that are inherently uncertain. Subsequent evaluations of the then-existing loan portfolio, in light of the factors then prevailing, may result in significant changes in the allowance in those future periods.

The allowance is increased for estimated credit losses which are recorded as expense. The portion of loans and overdraft balances determined by management to be uncollectable are charged-off as a reduction to the allowance and recoveries of amounts previously charged-off increase the allowance. The Company's charge-off policy is consistent with bank regulatory standards. Consumer loans generally are charged-off when the loan becomes over 120 days delinquent. Real estate acquired as a result of foreclosure or by deed-in-lieu of foreclosure is classified as other real estate owned ("OREO") until such time as it is sold.

The expected credit loss estimate process involves procedures to consider the unique characteristics of each of the Company's loan portfolio segments, which consist of residential real estate, commercial real estate, other commercial, home equity, and other consumer loans. When computing the allowance levels, credit loss assumptions are estimated using a model that categorizes loan pools based on loss history, credit and risk characteristics, including current conditions and reasonable and supportable forecasts about the future. The Company has determined a four consecutive quarter forecasting period is a reasonable and supportable period. Expected credit loss for periods beyond reasonable and supportable forecast periods are determined based on a reversion method which reverts back to historical loss estimates over a four consecutive quarter period on a straight-line basis.

Credit quality is assessed and monitored by evaluating various attributes and the results of those evaluations are utilized in underwriting new loans and the process for estimating the expected credit losses. The following paragraphs describe the risk characteristics relevant to each portfolio segment.

Residential Real Estate. Residential real estate loans are secured by owner-occupied 1-4 family residences. Repayment of these loans is primarily dependent on the personal income and credit rating of the borrowers. Credit risk in these loans is impacted by economic conditions within the Company's market areas that affect the value of the residential property securing the loans and affect the borrowers' personal incomes. Mitigating risk factors for this loan segment include a large number of borrowers, geographic dispersion of market areas and the loans are originated for relatively smaller amounts.

Commercial Real Estate. Commercial real estate loans typically involve larger principal amounts, and repayment of these loans is generally dependent on the successful operation of the property securing the loan and/or the business conducted on the property securing the loan. Credit risk in these loans is impacted by the creditworthiness of a borrower, valuation of the property securing the loan and conditions within the local economies in the Company's diverse geographic market areas.

Commercial. Commercial loans consist of loans to commercial customers for use in financing working capital needs, equipment purchases and business expansions. The loans in this category are repaid primarily from the cash flow of a borrower's principal business operation. Credit risk in these loans is driven by creditworthiness of a borrower and the economic conditions that impact the cash flow stability from business operations across the Company's diverse geographic market areas.

Home Equity. Home equity loans consist of junior lien mortgages and first and junior lien lines of credit (revolving open-end and amortizing closed-end) secured by owner-occupied 1-4 family residences. Repayment of these loans is primarily dependent on the personal income and credit rating of the borrowers. Credit risk in these loans is impacted by economic conditions within the Company's market areas that affect the value of the residential property securing the loans and affect the borrowers' personal incomes. Mitigating risk factors for this loan segment are a large number of borrowers, geographic dispersion of market areas and the loans are originated for terms that range from 10 to 15 years.

Other Consumer. The other consumer loan portfolio consists of various short-term loans such as automobile loans and loans for other personal purposes. Repayment of these loans is primarily dependent on the personal income of the borrowers. Credit risk is driven by consumer economic factors (such as unemployment and general economic conditions in the Company's diverse geographic market areas) and the creditworthiness of a borrower.

The allowance is impacted by loan volumes, delinquency status, credit ratings, historical loss experiences, estimated prepayment speeds, weighted average lives and other conditions influencing loss expectations, such as reasonable and supportable forecasts of economic conditions. The methodology for estimating the amount of expected credit losses reported in the allowance has two basic components: 1) individual loans that do not share similar risk characteristics with other loans and the measurement of expected credit losses for such individual loans; and 2) the expected credit losses for pools of loans that share similar risk characteristics.

Loans that do not Share Similar Risk Characteristics with Other Loans. For a loan that does not share similar risk characteristics with other loans, expected credit loss is measured based on the net realizable value, that is, the difference between the discounted value of the expected future cash flows, based on the original effective interest rate, and the amortized cost basis of the loan. For these loans, the expected credit loss is equal to the amount by which the net realizable value of the loan is less than the amortized cost basis of the loan (which is net of previous charge-offs and deferred loan fees and costs), except when the loan is collateral-dependent, that is, when foreclosure is probable or the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. In these cases, expected credit loss is measured as the difference between the amortized cost basis of the loan and the fair value of the collateral. The fair value of the collateral is adjusted for the estimated cost to sell if repayment or satisfaction of a loan is dependent on the sale (rather than only on the operation) of the collateral. The Company has determined that non-accrual loans do not share similar risk characteristics with other loans and these loans are individually evaluated for estimated allowance for credit losses. The Company, through its credit monitoring process, may also identify other loans that do not share similar risk characteristics and individually evaluate such loans. The starting point for determining the fair value of collateral is to obtain external appraisals or evaluations (new or updated). The valuation techniques used in preparing appraisals or evaluations (new or updated) include the cost approach, income approach, sales comparison approach, or a combination of the preceding valuation techniques. The Company's credit department reviews appraisals, giving consideration to the highest and best use of the collateral. The appraisals or evaluations (new or updated) are reviewed at least quarterly and more frequently based on current market conditions, including deterioration in a borrower's financial condition and when property values may be subject to significant volatility. Adjustments may be made to the fair value of the collateral after review and acceptance of the collateral appraisal or evaluation (new or updated).

Loans that Share Similar Risk Characteristics with other Loans. For estimating the allowance for loans that share similar risk characteristics with other loans, such loans are segregated into loan segments. Loans are designated into loan segments based on loans pooled by product types and similar risk characteristics or areas of risk concentration. In determining the ACL, the Company derives an estimated credit loss assumption from a model that categorizes loan pools based on loan type which is further segregated by the credit quality indicators. This model calculates an expected loss percentage for each loan segment by considering the non-discounted simple annual average historical loss rate of each loan segment (calculated through an "open pool" method), multiplying the loss rate by the amortized loan balance and incorporating that segment's internally generated prepayment speed assumption and contractually scheduled remaining principal pay downs on a loan level basis. The annual historical loss rates are adjusted over a reasonable economic forecast period by a multiplier that is calculated based upon current national economic forecasts as a proportion of each segment's historical average loss levels. The Company will then revert from the economic forecast period back to the historical average loss rate in a straight-line basis. After the reversion period, the loans will be assumed to experience their historical loss rate for the remainder of their contractual lives. The model applies the expected loss rate over the projected cash flows at the individual loan level and then aggregates the losses by loan segment in determining their quantitative allowance. The Company will also include qualitative adjustments to adjust the ACL on loan segments to the extent the current or future market conditions are believed to vary substantially from historical conditions in regards to:

- lending policies and procedures;
- international, national, regional and local economic business conditions, developments, or environmental conditions that affect the collectability of the portfolio, including the condition of various markets;
- the nature and volume of the loan portfolio including the terms of the loans;
- the experience, ability, and depth of the lending management and other relevant staff;
- the volume and severity of past due and adversely classified or graded loans and the volume of non-accrual loans;
- the quality of our loan review system;
- the value of underlying collateral for collateralized loans;
- the existence and effect of any concentrations of credit, and changes in the level of concentrations; and
- the effect of external factors such as competition and legal and regulatory requirements on the level of estimated credit losses in the existing portfolio.

The Company regularly reviews loans in the portfolio to assess credit quality indicators and to determine the appropriate loan classification and grading in accordance with applicable bank regulations. The primary credit quality indicator for residential, home equity and other consumer loans is the days past due status, which consists of the following categories: 1) performing loans; 2) 30 to 89 days past due loans; and 3) non-accrual and 90 days or more past due loans. The primary credit quality indicator for commercial real estate and commercial loans is the Company's internal risk rating system, which includes the following categories: 1) pass loans; 2) special mention loans; 3) substandard loans; and 4) doubtful or loss loans. Such credit quality indicators are regularly monitored and incorporated into the Company's allowance estimate. The following paragraphs further define the internal risk ratings for commercial real estate and commercial loans.

Pass Loans. These ratings represent loans that are of acceptable, good or excellent quality with very limited to no risk. Loans that do not have one of the following ratings are considered pass loans.

Special Mention Loans. These ratings represent loans that are designated as special mention per the regulatory definition. Special mention loans are currently protected but are potentially weak. The credit risk may be relatively minor yet constitute an undue and unwarranted risk in light of the circumstances surrounding a specific loan. The rating may be used to identify credit with potential weaknesses that if not corrected may weaken the loan to the point of inadequately protecting the Bank's credit position. Examples include a lack of supervision, inadequate loan agreement, condition, or control of collateral, incomplete, or improper documentation, deviations from lending policy, and adverse trends in operations or economic conditions.

Substandard Loans. This rating represents loans that are inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged. A loan so classified must have a well-defined weakness that jeopardizes the liquidation of the debt. These loans are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected. Loss potential, while existing in the aggregated amount of substandard loans, does not have to exist in an individual loan classified substandard.

Doubtful/Loss Loans. A loan classified as doubtful has the characteristics that make collection in full, on the basis of currently existing facts, conditions, and values, highly improbable. The possibility of loss is extremely high, but because of pending factors, which may work to the advantage and strengthening of the loan, its classification as loss is deferred until its more exact status may be determined. Pending factors include proposed merger, acquisition, or liquidation procedures, capital injection, perfecting liens on additional collateral and refinancing plans. Loans are classified as loss when they are deemed to be not collectible and of such little value that continuance as an active asset of the Bank is not warranted. Loans classified as loss must be charged-off. Assignment of this classification does not mean that an asset has absolutely no recovery or salvage value, but that it is not practical or desirable to defer writing off a basically worthless asset, even though partial recovery may be attained in the future.

Restructured Loans Modifications

On January 1, 2023, the Company adopted FASB ASU 2022-02, *Financial Instruments - Credit Losses, Troubled Debt Restructurings and Vintage Disclosures,* which eliminated the accounting guidance for TDRs troubled debt restructurings ("TDRs") by creditors in Accounting Standard Codification (ASC) ("ASC") Subtopic 310-40, and enhanced the disclosure requirements for certain loan refinancing and restructures by creditors when a borrower is experiencing financial difficulty. The company identifies modifications to borrowers experiencing financial difficulty ("MBFD") as a loan that has been modified for the borrower that is experiencing financial difficulties. The Company considers some of the indicators that a borrower is experiencing financial difficulty to be: currently in payment default on any of their debt, declaring bankruptcy, going concern, borrower's securities have been delisted, and other indicators of inability to meet obligations. This list does not include all potential indicators of a borrower's financial difficulties. The allowance for credit losses on a loans that are considered MBFD's are measured using the same method as all other loans held for investment.

Prior to the adoption of this guidance, restructured loans were considered to be a troubled debt restructuring ("TDR") TDR if the creditor, for economic or legal reasons related to the debtor's financial difficulties, grants a concession to the debtor that it would have not otherwise considered. The allowance for credit losses on a TDR were measured using the same method as all other loans held for investment.

Allowance for Credit Losses - Off-Balance Sheet Credit Exposures

The Company maintains a separate allowance for credit losses for off-balance sheet credit exposures, including unfunded loan commitments. Such ACL is included in other liabilities on the Company's statements of financial condition. The Company estimates the amount of expected losses by calculating a commitment usage factor over the contractual period for exposures and applying the loss factors used in the allowance for credit loss methodology to the results of the usage calculation to estimate the liability for credit losses related to unfunded commitments for each loan segment. No credit loss estimate is reported for off-balance sheet credit exposures that are unconditionally cancellable by the Bank or for unfunded amounts under such arrangements that may be drawn prior to the cancellation of the arrangement.

Provision for Credit Losses

The Company recognizes provision for credit losses on the allowance for off-balance sheet credit exposures (e.g., unfunded loan commitments) together with provision for credit losses on the loan portfolio in the income statement line item provision for credit losses.

The following table presents the provision for credit losses on the loan portfolio and off-balance sheet exposures:

			Three Months ended		Nine Months ended	
			Three Months ended			
			Three Months ended			
			Three Months ended			
(Dollars in thousands)						
(Dollars in thousands)						
(Dollars in thousands)	(Dollars in thousands)		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Provision for credit loss loans	Provision for credit loss loans	$	5,095	8,382	16,609	11,373
Provision for credit loss loans						
Provision for credit loss loans						
Provision for credit loss unfunded						
Provision for credit loss unfunded						
Provision for credit loss unfunded	Provision for credit loss unfunded		(1,556)	(41)	(4,827)	2,466
Total provision for credit losses	Total provision for credit losses	$	3,539	8,341	11,782	13,839
Total provision for credit losses						
Total provision for credit losses						

There was no provision for credit losses on debt securities for the nine three months ended September 30, 2023 March 31, 2024, and 2022, 2023, respectively.

Premises and Equipment

Premises and equipment are accounted for at cost less depreciation. Depreciation is computed on a straight-line method over the estimated useful lives or the term of the related lease. The estimated useful life for office buildings is 15 to 40 years and the estimated useful life for furniture, fixtures, and equipment is 3 to 10 years. Interest is capitalized for any significant building projects.

Leases

The Company leases certain land, premises and equipment from third parties. A lessee lease is classified as an operating lease unless it meets certain criteria (e.g., lease contains option to purchase that Company is reasonably certain to exercise), in which case it is classified as a finance lease. Operating These leases are included in net premises and equipment and as right-of-use (“ROU”) assets. The operating leases have other liabilities on the Company’s statements of financial condition and lease expense for lease payments is recognized on a straight-line basis over the lease term. Finance The finance leases have liabilities that are included in net premises and equipment and other borrowed funds on the Company’s statements of financial condition. Right-of-use (“ROU”) ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. An ROU asset represents the right to use the underlying asset for the lease term and also includes any direct costs and payments made prior to lease commencement and excludes lease incentives. When an implicit rate is not available, an incremental borrowing rate based on the information available at commencement date is used in determining the present value of the lease payments. A lease term may include an option to extend or terminate the lease when it is reasonably certain the option will be exercised. The Company accounts for lease and nonlease non-lease components (e.g., common-area maintenance) together as a single combined lease component for all asset classes. Short-term The Company has elected to recognize payments for short-term leases of 12 months or less are excluded from accounting guidance; as a result, the lease payments are recognized on a straight-line basis over the lease term, and the exclude these leases are not reflected on from the Company’s statements of financial condition. Renewal and termination options are considered when determining short-term leases. Leases are accounted for on an individual lease level.

Lease improvements incurred at the inception of the lease are recorded as an asset and depreciated over the initial term of the lease and lease improvements incurred subsequently are depreciated over the remaining term of the lease.

The Company also leases certain premises and equipment to third parties. A lessor lease is classified as an operating lease unless it meets certain criteria that would classify it as either a sales-type lease or a direct financing lease. For additional information relating to leases, see Note 4.

<u>Other Real Estate Owned</u>
Property acquired by foreclosure or deed-in-lieu of foreclosure is initially recorded at fair value, less estimated selling cost, at acquisition date (i.e., cost of the property). The Company is considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan upon the occurrence of either the Company obtaining legal title to the property or the borrower conveying all interest in the property through a deed-in-lieu or similar agreement. Fair value is determined as the amount that could be reasonably expected in a current sale between a willing buyer and a willing seller in an orderly transaction between market participants at the measurement date. Subsequent to the initial acquisition, if the fair value of the asset, less estimated selling cost, is less than the cost of the property, a loss is recognized in other expense and the asset carrying value is reduced. Gain or loss on disposition of OREO is recorded in non-interest income or non-interest expense, respectively. In determining the fair value of the properties on the date of transfer and any subsequent estimated losses of net realizable value, the fair value of other real estate acquired by foreclosure or deed-in-lieu of foreclosure is determined primarily based upon appraisal or evaluation of the underlying property value.

<u>Business Combinations and Intangible Assets</u>
Acquisition accounting requires the total purchase price to be allocated to the estimated fair values of assets acquired and liabilities assumed, including certain intangible assets. Goodwill is recorded if the purchase price exceeds the net fair value of assets acquired and a bargain purchase gain is recorded in other income if the net fair value of assets acquired exceeds the purchase price.

Adjustment of the allocated purchase price may be related to fair value estimates for which all information has not been obtained of the acquired entity known or discovered during the allocation period, the period of time required to identify and measure the fair values of the assets and liabilities acquired in the business combination. The allocation period is generally limited to one year following consummation of a business combination.

Core deposit intangible represents the intangible value of depositor relationships resulting from deposit liabilities assumed in acquisitions and is amortized using an accelerated method based on an estimated runoff of the related deposits. The core deposit intangible is evaluated for impairment and recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable, with any changes in estimated useful life accounted for prospectively over the revised remaining life.

The Company tests goodwill for impairment at the reporting unit level annually during the third quarter. The Company has identified that each of the Bank divisions are reporting units (i.e., components of the Glacier Bank Bank’s operating segment) given that each division has a separate management team that regularly reviews its respective division financial information; however, the reporting units are aggregated into a single reporting unit due to the reporting units having similar economic characteristics.

The goodwill of a reporting unit is tested for impairment between annual tests if an event occurs or circumstances change that would more-likely-than-not reduce the fair value of a reporting unit below its carrying amount. Examples of events and circumstances that could trigger the need for interim impairment testing include:

- a significant change in legal factors or in the business climate;
- an adverse action or assessment by a regulator;

- unanticipated competition;
- a loss of key personnel;
- a more-likely-than-not expectation that a reporting unit or a significant portion of a reporting unit will be sold or otherwise disposed of; and
- the testing for recoverability of a significant asset group within a reporting unit.

For the goodwill impairment assessment, the Company has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying value. The Company elected to bypass the qualitative assessment for its 2023 and 2022 annual goodwill impairment testing and proceed directly to the goodwill impairment assessment. The goodwill impairment process requires the Company to make assumptions and judgments regarding fair value. The Company calculates an implied fair value and if the implied fair value is less than the carrying value, an impairment loss is recognized for the difference. For additional information relating to goodwill, see Note 5.

<u>Loan Servicing Rights</u>
For residential real estate loans that are sold with servicing retained, servicing rights are initially recorded at fair value in other assets and gain on sale of loans. Fair value is based on market prices for comparable mortgage servicing contracts. The servicing asset is subsequently measured using the amortization method which requires the servicing rights to be amortized into non-interest income in proportion to, and over the period of, the estimated future net servicing income of the underlying loans.

Loan servicing rights are evaluated for impairment based upon the fair value of the servicing rights compared to the carrying value. Impairment is recognized through a valuation allowance, to the extent that fair value is less than the carrying value. If the Company later determines that all or a portion of the impairment no longer exists, a reduction in the valuation allowance may be recorded. Changes in the valuation allowance are recorded in other income. The fair value of the servicing assets are subject to significant fluctuations as a result of changes in estimated actual prepayment speeds and default rates and losses.

Servicing fee income is recognized in other income for fees earned for servicing loans. The fees are based on contractual percentage of the outstanding principal; or a fixed amount per loan and is recorded when earned. The amortization of loan servicing fees is netted against loan servicing fee income. For additional information relating to loan servicing rights, see Note 6.

Equity Securities

Non-marketable equity securities primarily consist of Federal Home Loan Bank ("FHLB") stock. FHLB stock is restricted because such stock may only be sold to FHLB at its par value. Due to restrictive terms, and the lack of a readily determinable fair value, FHLB stock is carried at cost and evaluated for impairment. The investments in FHLB stock are required investments related to the Company's borrowings from FHLB. FHLB obtains its funding primarily through issuance of consolidated obligations of the FHLB system. The U.S. government does not guarantee these obligations, and each of the regional FHLBs is jointly and severally liable for repayment of each other's debt.

The Company also has an insignificant amount of marketable equity securities that are included in other assets on the Company's statements of financial condition. Marketable equity Equity securities with readily determinable fair values are measured at fair value and changes in fair value are recognized in other income. Marketable equity Equity securities without readily determinable fair values are carried at cost, minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment.

Federal Reserve Bank Term Funding Program

During the first quarter of 2023, the FRB offered a new Bank Term Funding Program ("BTFP") for eligible depository institutions. The BTFP offers offered loans of up to one year in length to institutions pledging collateral eligible for purchase by the FRB in open market operations such as U.S. Treasuries, U.S. Agency securities, and U.S. agency mortgage-backed securities. These The assets will be were valued at par for pledging purposes. The Company paid off the BTFP loans in the first quarter of 2024.

Other Borrowings

Borrowings of the Company's consolidated variable interest entities and finance lease arrangements are included in other borrowings. For additional information relating to VIE's, see Note 7.

Bank-Owned Life Insurance

The Company maintains bank-owned life insurance policies on certain current and former employees and directors, which are recorded at their cash surrender values as determined by the insurance carriers. The appreciation in the cash surrender value of the policies is recognized as a component of other non-interest income in the Company's statements of operations.

Derivatives and Hedging Activities

The Company is exposed to certain risks relating to its ongoing operations. The primary risk managed by using derivative instruments is interest rate risk. Interest rate caps and interest rate swaps cap contracts have been entered into to manage interest rate risk associated with variable rate borrowings and were designated as cash flow hedges. Interest rate swap contracts have been entered into to manage interest rate risk associated with fixed rate debt securities and were designated as fair value hedges. The Company does not enter into derivative instruments for trading or speculative purposes.

These The fair value hedges and cash flow hedges were recognized as other assets or other liabilities on the Company's statements of financial condition and were measured at fair value. For the fair value hedges, the gain or loss on the derivative, as well as the offsetting loss or gain on the hedged item attributable to the hedged risk, are recognized in current earnings as fair values change. For a cash flow hedge, the gain or loss on the derivative is reported in other comprehensive income and is reclassified into earnings in the same periods during which the hedged transaction affects earnings. Cash flows resulting from the interest rate derivative financial instruments that were accounted for as fair value hedges of assets and liabilities cash flow hedges were classified in the Company's cash flow statement in the same category as the cash flows of the items being hedged.

The Company formally documents the relationship between derivatives and hedged items, as well as the risk-management objective and the strategy for undertaking hedge transactions at the inception of the hedging relationship. This documentation includes linking fair value or cash flow hedges to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions. The Company also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivative instruments that are designated are highly effective in offsetting changes in fair values or cash flows of the hedged items. The Company has elected not to offset the fair value amounts recognized for derivative instruments and the fair value amounts recognized for the right to reclaim cash collateral arising from derivative instruments recognized at fair value executed with the same counterparty under a master netting arrangement.

For additional information relating to the interest rate caps derivatives and residential real estate derivatives, hedging activity, see Note 9.

Revenue Recognition

The Company recognizes revenue when services or products are transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled. The Company's principal source of revenue is interest income from debt securities and loans. Revenue from contracts with customers within the scope of Accounting Standards Codification™ ("ASC") ASC Topic 606 was $65,938,000 $22,151,000 and $61,062,000 $20,879,000 for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively, and largely consisted of revenue from service charges and other fees from deposits (e.g., overdraft fees, ATM fees, debit card fees). Due to the short-term nature of the Company's contracts with customers, an insignificant amount of receivables related to such revenue was recorded at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 and there were no impairment losses recognized. Policies specific to revenue from contracts with customers include the following:

Service Charges. Revenue from service charges consists of service charges and fees on deposit accounts under depository agreements with customers to provide access to deposited funds and, when applicable, pay interest on deposits. Service charges on deposit accounts may be transactional or non-transactional in nature. Transactional service charges occur in the form of a service or penalty and are charged upon the occurrence of an event (e.g., overdraft fees, ATM fees, wire transfer fees). Transactional service charges are recognized as services are delivered to and consumed by the customer, or as penalty fees are charged. Non-transactional service charges are charges that are based on a broader service, such as account maintenance fees and dormancy fees, and are recognized on a monthly basis.

Debit Card Fees. Revenue from debit card fees includes interchange fee income from debit cards processed through card association networks. Interchange fees represent a portion of a transaction amount that the Company and other involved parties retain to compensate themselves for giving the cardholder immediate access to funds. Interchange rates are generally set by the card association networks and are based on purchase volumes and other factors. The Company records interchange fees as services are provided.

Accounting Guidance Adopted in 2023 2024

The ASC is the Financial Accounting Standards Board ("FASB") officially recognized source of authoritative GAAP applicable to all public and non-public non-governmental entities. Rules and interpretive releases of the Securities and Exchange Commission ("SEC") under the authority of the federal securities laws are also sources of authoritative GAAP for the Company as an SEC registrant. All other accounting literature is non-authoritative. The following provides a description of a recently adopted Accounting Standards Updates ("ASU") that could have a material effect on the Company's financial position or results of operations.

ASU 2022-02 - Troubled Debt Restructurings and Vintage Disclosures. In March 2022, FASB amended Subtopic ASC 310-40 and Subtopic 326-20 relating to post-current expected credit losses ("CECL") (ASU 2016-13) implementation areas including TDRs and vintage disclosures. The amendments in this Update eliminate the accounting guidance for TDRs by creditors in Subtopic 326-40, while enhancing disclosure requirements. The amendments to Subtopic 326-20 require an entity to disclose current-period gross write-offs by year of origination for financing receivables within the scope of Subtopic 326-20. For entities that have adopted CECL, the amendments are effective for public business entities the first interim and annual reporting periods beginning after December 15, 2022. Early adoption is permitted if an entity has adopted CECL and the entity may elect to adopt the amendments about TDRs and related disclosure enhancements separately from the amendments related to vintage

disclosures. The Company adopted the amendments beginning January 1, 2023. The Company adjusted its processes and procedures related to the amendments and it did not have a material impact to the Company's financial position and results of operations.

ASU 2020-04, ASU 2021-01, ASU 2022-06 - Reference Rate Reform. In March 2020, FASB amended topic 848 related to the facilitation of the effects of reference rate reform on financial reporting. The amendment provides optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on contracts, hedging relationships and other transactions that reference the London Interbank Offered Rate ("LIBOR"). These updates are effective immediately and may be applied prospectively to contract modifications made and hedging relationships entered into or evaluated on or before December 31, 2024. The Company has reviewed all of its LIBOR based products and all products have been adjusted to another index as LIBOR ceased to be published after June 30, 2023. The Company adjusted its processes and procedures related to the amendments and it did not have a material impact to the Company's financial position and results and operations.

Accounting Guidance Pending Adoption in 2023

The following provides a description of a recently issued but not yet effective ASU that could have a material effect on the Company's financial position or results of operations

ASU 2023-02 - Investments Equity Method and Joint Ventures. In March 2023, FASB amended Topic ASC 232 323 relating to accounting for investments in tax credit structures using the proportional amortization method. The amendments in this Update allow reporting entities to consistently account for equity investments made primarily for the purpose of receiving income tax credits and other income tax benefits. Currently Previously, the accounting standards limit limited the proportional amortization method to account for qualifying investment in low-income-housing tax credit structures. The proportional amortization method results in the cost of the investment being amortized in proportion to the income tax credits and other income tax benefits received, with the amortization of the investment and the tax credits being presented net in the income statement as a component of income tax expense (benefit). The amendments in this Update permit an entity to elect to account for their tax equity investments, regardless of the tax credit program from which the income tax credits are received, using the proportional amortization method if certain conditions are met. The amendments are effective for public business entities beginning with the first interim and annual reporting periods after December 15, 2023. Early The Company adopted the amendments beginning January 1, 2024 for each

tax credit program. The Company adjusted its processes and procedures related to the amendments and it did not have a material impact to the Company's financial position and results of operations.

Accounting Guidance Pending Adoption in 2024

The following provides a description of a recently issued but not yet effective ASU that could have a material effect on the Company's financial position or results of operations.

ASU 2023-09 - Income Tax Disclosures. In December 2023, FASB amended topic 740 related to certain income tax disclosures. The amendment provides updates related to the rate reconciliation and income taxes paid disclosures to improve transparency of income disclosures by requiring (1) consistent categories and greater disaggregation of information in the rate reconciliation and (2) income taxes paid disaggregated by jurisdiction. Other amendments in the Update improve the effectiveness and comparability of disclosures and remove disclosures that are no longer considered cost beneficial or relevant. The amendments are effective for public business entities beginning with the first annual reporting period after December 15, 2024 with early adoption is permitted in any interim periods. If an entity adopts the annual period. The amendments in an interim period, it shall adopt them as of the beginning of the fiscal year that includes the interim period. this Update should be applied on a prospective basis and retrospective application is permitted. The Company is currently evaluating its tax credit investments that may be impacted by the impact of this update, Update, but does not expect the adoption of this guidance to have a material impact to the financial statements. statements, including related disclosures, or significant impact on its current processes.

Note 2. Debt Securities

The following tables present the amortized cost, the gross unrealized gains and losses and the fair value of the Company's debt securities:

		September 30, 2023					March 31, 2024			
(Dollars in thousands)	(Dollars in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	(Dollars in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value

Available-for-sale	Available-for-sale				
U.S. government and federal agency					
U.S. government and federal agency					
U.S. government and federal agency	U.S. government and federal agency	$ 485,496	13	(41,364)	444,145
U.S. government sponsored enterprises	U.S. government sponsored enterprises	321,532	—	(31,701)	289,831
State and local governments	State and local governments	102,702	96	(6,085)	96,713
Corporate bonds	Corporate bonds	27,021	—	(1,117)	25,904
Residential mortgage-backed securities	Residential mortgage-backed securities	3,281,286	2	(470,394)	2,810,894
Commercial mortgage-backed securities	Commercial mortgage-backed securities	1,192,450	129	(118,328)	1,074,251
Total available-for-sale	Total available-for-sale	$5,410,487	240	(668,989)	4,741,738
Held-to-maturity	Held-to-maturity				
U.S. government and federal agency	U.S. government and federal agency	851,751	—	(93,899)	757,852
U.S. government and federal agency					
U.S. government and federal agency					
State and local governments	State and local governments	1,657,628	63	(311,437)	1,346,254
Residential mortgage-backed securities	Residential mortgage-backed securities	1,044,426	—	(110,065)	934,361
Total held-to-maturity	Total held-to-maturity	3,553,805	63	(515,401)	3,038,467
Total debt securities	Total debt securities	$8,964,292	303	(1,184,390)	7,780,205

		December 31, 2022					December 31, 2023			
(Dollars in thousands)	(Dollars in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	(Dollars in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale	Available-for-sale									
U.S. government and federal agency										
U.S. government and federal agency										
U.S. government and federal agency	U.S. government and federal agency	$ 487,320	23	(42,616)	444,727					

U.S. government sponsored enterprises	U.S. government sponsored enterprises	320,157	—	(32,793)	287,364
State and local governments	State and local governments	137,033	709	(4,749)	132,993
Corporate bonds	Corporate bonds	27,101	—	(992)	26,109
Residential mortgage-backed securities	Residential mortgage-backed securities	3,706,427	6	(439,092)	3,267,341
Commercial mortgage-backed securities	Commercial mortgage-backed securities	1,252,065	347	(103,639)	1,148,773
Total available-for-sale	Total available-for-sale	$5,930,103	1,085	(623,881)	5,307,307
Held-to-maturity	Held-to-maturity				
U.S. government and federal agency	U.S. government and federal agency	846,046	—	(83,796)	762,250
U.S. government and federal agency					
U.S. government and federal agency					
State and local governments	State and local governments	1,682,640	1,045	(248,233)	1,435,452
Residential mortgage-backed securities	Residential mortgage-backed securities	1,186,366	—	(109,276)	1,077,090
Total held-to-maturity	Total held-to-maturity	3,715,052	1,045	(441,305)	3,274,792
Total debt securities	Total debt securities	$9,645,155	2,130	(1,065,186)	8,582,099

Maturity Analysis

The following table presents the amortized cost and fair value of available-for-sale and held-to-maturity debt securities by contractual maturity at September 30, 2023 March 31, 2024. Actual maturities may differ from expected or contractual maturities since some issuers have the right to prepay obligations with or without prepayment penalties.

		September 30, 2023					March 31, 2024			
		Available-for-Sale		Held-to-Maturity			Available-for-Sale		Held-to-Maturity	
(Dollars in thousands)	(Dollars in thousands)	Amortized Cost	Fair Value	Amortized Cost	Fair Value	(Dollars in thousands)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due within one year	Due within one year	$ 1,315	1,302	4,558	4,533					
Due after one year through five years	Due after one year through five years	856,275	782,020	924,257	827,398					
Due after five years through ten years	Due after five years through ten years	38,723	36,427	172,780	159,696					
Due after ten years	Due after ten years	40,438	36,844	1,407,784	1,112,479					

		936,751	856,593	2,509,379	2,104,106
	930,128				
Mortgage-backed securities [1]	Mortgage-backed securities [1]	4,473,736	3,885,145	1,044,426	934,361
Total	Total	$5,410,487	4,741,738	3,553,805	3,038,467

[1] Mortgage-backed securities, which have prepayment provisions, are not assigned to maturity categories due to fluctuations in their prepayment speeds.

Sales and Calls of Debt Securities

Proceeds from sales and calls of debt securities and the associated gains and losses that have been included in earnings are listed below:

		Three Months ended		Nine Months ended	
(Dollars in thousands)	(Dollars in thousands)	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
(Dollars in thousands)					
(Dollars in thousands)					
Available-for-sale					
Available-for-sale					
Available-for-sale	Available-for-sale				
Proceeds from sales and calls of debt securities	Proceeds from sales and calls of debt securities	$ 410	16,745	31,695	88,011
Proceeds from sales and calls of debt securities					
Proceeds from sales and calls of debt securities					
Gross realized gains [1]					
Gross realized gains [1]					
Gross realized gains [1]	Gross realized gains [1]	—	15	145	795
Gross realized losses [1]	Gross realized losses [1]	—	—	(176)	(15)
Gross realized losses [1]					
Gross realized losses [1]					
Held-to-maturity					
Held-to-maturity					
Held-to-maturity	Held-to-maturity				
Proceeds from calls of debt securities	Proceeds from calls of debt securities	4,735	3,885	15,205	26,230
Proceeds from calls of debt securities					
Proceeds from calls of debt securities					
Gross realized gains [1]					
Gross realized gains [1]					
Gross realized gains [1]	Gross realized gains [1]	1	25	10	54
Gross realized losses [1]	Gross realized losses [1]	(66)	(125)	(181)	(733)
Gross realized losses [1]					
Gross realized losses [1]					

[1] The gain or loss on the sale or call of each debt security is determined by the specific identification method.

Allowance for Credit Losses - Available-For-Sale Debt Securities

In assessing whether a credit loss existed on available-for-sale debt securities with unrealized losses, the Company compared the present value of cash flows expected to be collected from the debt securities with the amortized cost basis of the debt securities. In addition, the following factors were evaluated individually and collectively in determining the existence of expected credit losses:

- credit ratings from Nationally Recognized Statistical Rating Organizations ("NRSRO" entities such as Standard and Poor's ["S&P"] and Moody's);
- extent to which the fair value is less than cost;
- adverse conditions, if any, specifically related to the impaired securities, including the industry and geographic area;
- the overall deal and payment structure of the debt securities, including the investor entity's position within the structure, underlying obligors, financial condition and near-term prospects of the issuer, including specific events which may affect the issuer's operations or future earnings, and credit support or enhancements; and
- failure of the issuer and underlying obligors, if any, to make scheduled payments of interest and principal.

The following table summarizes tables summarize available-for-sale debt securities that were in an unrealized loss position for which an ACL has not been recorded, based on the length of time the individual securities have been in an unrealized loss position. The number of available-for-sale debt securities in an unrealized position is also disclosed.

		September 30, 2023						
			Less than 12 Months		12 Months or More		Total	
(Dollars in thousands)	(Dollars in thousands)	Number of Securities	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Available-for-sale	Available-for-sale							
U.S. government and federal agency	U.S. government and federal agency	57	$ 2,724	(40)	437,769	(41,324)	440,493	(41,364)
U.S. government sponsored enterprises	U.S. government sponsored enterprises	14	—	—	289,831	(31,701)	289,831	(31,701)
State and local governments	State and local governments	108	17,903	(438)	62,015	(5,647)	79,918	(6,085)
Corporate bonds	Corporate bonds	5	—	—	25,028	(1,117)	25,028	(1,117)
Residential mortgage-backed securities	Residential mortgage-backed securities	414	1,598	(79)	2,809,172	(470,315)	2,810,770	(470,394)
Commercial mortgage-backed securities	Commercial mortgage-backed securities	159	57,493	(3,405)	1,000,441	(114,923)	1,057,934	(118,328)
Total available-for-sale	Total available-for-sale	757	$79,718	(3,962)	4,624,256	(665,027)	4,703,974	(668,989)

	March 31, 2024						
		Less than 12 Months		12 Months or More		Total	
(Dollars in thousands)	Number of Securities	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	U
U.S. government and federal agency							
U.S. government and federal agency							

		December 31, 2022						
			Less than 12 Months		12 Months or More		Total	
(Dollars in thousands)	(Dollars in thousands)	Number of Securities	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Available-for-sale	Available-for-sale							

	December 31, 2023					
		Less than 12 Months		12 Months or More		Total
(Dollars in thousands)	Number of Securities	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value

U.S. government and federal agency								
U.S. government and federal agency								
U.S. government and federal agency	U.S. government and federal agency	56	$ 4,150	(64)	435,375	(42,552)	439,525	(42,616)
U.S. government sponsored enterprises	U.S. government sponsored enterprises	14	—	—	287,364	(32,793)	287,364	(32,793)
State and local governments	State and local governments	121	71,512	(2,109)	20,753	(2,640)	92,265	(4,749)
Corporate bonds	Corporate bonds	5	25,146	(992)	—	—	25,146	(992)
Residential mortgage-backed securities	Residential mortgage-backed securities	441	301,548	(24,581)	2,965,512	(414,511)	3,267,060	(439,092)
Commercial mortgage-backed securities	Commercial mortgage-backed securities	157	673,102	(41,984)	435,176	(61,655)	1,108,278	(103,639)
Total available-for-sale	Total available-for-sale	794	$1,075,458	(69,730)	4,144,180	(554,151)	5,219,638	(623,881)

With respect to severity, the majority of available-for-sale debt securities with unrealized loss positions at September 30, 2023 March 31, 2024 have unrealized losses as a percentage of book value of less than five percent. A substantial portion of such securities were issued by Federal National Mortgage Association ("Fannie Mae"), Federal Home Loan Mortgage Corporation ("Freddie Mac"), Government National Mortgage Association ("Ginnie Mae") and other agencies of the U.S. government or have credit ratings issued by one or more of the NRSRO entities in the four highest credit rating categories. All of the Company's available-for-sale debt securities with unrealized loss positions at September 30, 2023 March 31, 2024 have been determined to be investment grade.

The Company did not have any past due available-for-sale debt securities as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. Accrued interest receivable on available-for-sale debt securities totaled $9,694,000 $9,315,000 and $10,518,000 $9,319,000 at September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023, respectively, and was excluded from the estimate of credit losses.

Based on an analysis of its available-for-sale debt securities with unrealized losses as of September 30, 2023 March 31, 2024, the Company determined the decline in value was unrelated to credit losses and was primarily the result of changes in interest rates and market spreads subsequent to acquisition. The fair value of the debt securities is expected to recover as payments are received and the debt securities approach maturity. In addition, as of September 30, 2023 March 31, 2024, management determined it did not intend to sell available-for-sale debt securities with unrealized losses, and there was no expected requirement to sell such securities before recovery of their amortized cost. As a result, no ACL was recorded on available-for-sale debt securities at September 30, 2023 March 31, 2024. As part of this determination, the Company considered contractual obligations, regulatory constraints, liquidity, capital, asset/liability management and securities portfolio objectives and whether or not any of the Company's investment securities were managed by third-party investment funds.

Allowance for Credit Losses - Held-To-Maturity Debt Securities

The Company measured expected credit losses on held-to-maturity debt securities on a collective basis by major security type and NRSRO credit ratings, which is the Company's primary credit quality indicator for state and local government securities. The estimate of expected credit losses considered historical credit loss information that was adjusted for current conditions as well as reasonable and supportable forecasts. The following table summarizes the amortized cost of held-to-maturity municipal bonds aggregated by NRSRO credit rating:

(Dollars in thousands)	(Dollars in thousands)	September 30, 2023	December 31, 2022	(Dollars in thousands)	March 31, 2024	December 31, 2023
Municipal bonds held-to-maturity	Municipal bonds held-to-maturity					
S&P: AAA / Moody's: Aaa						
S&P: AAA / Moody's: Aaa						
S&P: AAA / Moody's: Aaa	S&P: AAA / Moody's: Aaa	$ 429,432	430,542			

S&P: AA+, AA, AA- / Moody's: Aa1, Aa2, Aa3	S&P: AA+, AA, AA- / Moody's: Aa1, Aa2, Aa3	1,180,898	1,206,441
S&P: A+, A, A- / Moody's: A1, A2, A3	S&P: A+, A, A- / Moody's: A1, A2, A3	37,337	37,162
Not rated by either entity	Not rated by either entity	9,961	8,495
Not rated by either entity			
Not rated by either entity			
Total municipal bonds held-to-maturity	Total municipal bonds held-to-maturity	$1,657,628	1,682,640
Total municipal bonds held-to-maturity			
Total municipal bonds held-to-maturity			

The Company's municipal bonds in the held-to-maturity debt securities portfolio is primarily comprised of general obligation and revenue bonds with NRSRO ratings in the four highest credit rating categories. All of the Company's municipal bonds that are classified as held-to-maturity debt securities at September 30, 2023 March 31, 2024 have been determined to be investment grade. Held-to-maturity debt securities included in the Company's U.S. government and federal agency and residential mortgage-backed security categories are issued and guaranteed by the U.S. Treasury, Fannie Mae, Freddie Mac, Ginnie Mae and other agencies of the U.S. government are considered to be zero-loss securities. This determination is in consideration of the explicit and implicit guarantees by the US Government, the US Government's ability to print its own currency, a history of no credit losses by the US Government and noted agencies and the current economic and financial condition of the United States and US Government providing no indication the zero-loss determination is unjustified.

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company did not have any held-to-maturity debt securities past due. Accrued interest receivable on held-to-maturity debt securities totaled $21,890,000 $21,685,000 and $17,524,000 $16,990,000 at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, and were excluded from the estimate of credit losses.

Based on the Company's evaluation, an insignificant amount of credit losses is expected on the held-to-maturity debt securities portfolio; therefore, no ACL was recorded at September 30, 2023 March 31, 2024 or December 31, 2022 December 31, 2023.

Note 3. Loans Receivable, Net

The following table presents loans receivable for each portfolio segment of loans:

.

(Dollars in thousands)	(Dollars in thousands)	September 30, 2023	December 31, 2022	(Dollars in thousands)	March 31, 2024	December 31, 2023
Residential real estate	Residential real estate	$ 1,653,777	1,446,008			
Commercial real estate	Commercial real estate	10,292,446	9,797,047			
Other commercial	Other commercial	2,916,785	2,799,668			
Home equity	Home equity	869,963	822,232			
Other consumer	Other consumer	402,075	381,857			
Loans receivable	Loans receivable	16,135,046	15,246,812			
Allowance for credit losses	Allowance for credit losses	(192,271)	(182,283)			
Loans receivable, net	Loans receivable, net	$15,942,775	15,064,529			

Net deferred origination (fees) costs included in loans receivable	Net deferred origination (fees) costs included in loans receivable	$	(26,121)	(25,882)
Net purchase accounting (discounts) premiums included in loans receivable	Net purchase accounting (discounts) premiums included in loans receivable	$	(14,619)	(17,832)
Accrued interest receivable on loans	Accrued interest receivable on loans	$	72,017	54,971

Substantially all of the Company's loans receivable are with borrowers in the Company's geographic market areas. Although the Company has a diversified loan portfolio, a substantial portion of borrowers' ability to service their obligations is dependent upon the economic performance in the Company's markets.

The Company had no significant purchases or sales of portfolio loans or reclassification of loans held for investment to loans held for sale during the nine three months ended September 30, 2023 March 31, 2024.

Allowance for Credit Losses - Loans Receivable

The ACL is a valuation account that is deducted from the amortized cost basis to present the net amount expected to be collected on loans. The following tables summarize the activity in the ACL:

		Three Months ended September 30, 2023					
		Three Months ended March 31, 2024					
(Dollars in thousands)	(Dollars in thousands)	Total	Residential Real Estate	Commercial Real Estate	Other Commercial	Home Equity	Other Consumer
Balance at beginning of period	Balance at beginning of period	$189,385	20,847	129,598	21,797	11,053	6,090
Acquisitions							
Provision for credit losses	Provision for credit losses	5,095	848	1,415	306	534	1,992
Charge-offs	Charge-offs	(3,201)	—	(203)	(654)	—	(2,344)
Recoveries	Recoveries	992	2	42	322	37	589
Balance at end of period	Balance at end of period	$192,271	21,697	130,852	21,771	11,624	6,327

	Three Months ended March 31, 2024					
(Dollars in thousands)	Total	Residential Real Estate	Commercial Real Estate	Other Commercial	Home Equity	Other Consumer

		Three Months ended September 30, 2022					
(Dollars in thousands)		Total	Residential Real Estate	Commercial Real Estate	Other Commercial	Home Equity	Other Consumer
Balance at beginning of period	$	172,963	16,959	121,259	21,079	9,333	4,333
Provision for credit losses		8,382	1,473	3,093	1,785	142	1,889
Charge-offs		(3,865)	(17)	—	(1,502)	—	(2,346)
Recoveries		711	7	47	2	87	568
Balance at end of period	$	178,191	18,422	124,399	21,364	9,562	4,444

	Nine Months ended September 30, 2023					
(Dollars in thousands)	Total	Residential Real Estate	Commercial Real Estate	Other Commercial	Home Equity	Other Consumer

Balance at beginning of period	$ 182,283	19,683	125,816	21,454	10,759	4,571
Provision for credit losses	16,609	2,021	5,369	1,845	881	6,493
Charge-offs	(10,284)	(20)	(619)	(2,895)	(102)	(6,648)
Recoveries	3,663	13	286	1,367	86	1,911
Balance at end of period	$ 192,271	21,697	130,852	21,771	11,624	6,327

		Nine Months ended September 30, 2022												Three Months ended March 31, 2023
		Three Months ended March 31, 2023												
(Dollars in thousands)	(Dollars in thousands)	Total	Residential Real Estate	Commercial Real Estate	Other Commercial	Home Equity	Other Consumer	(Dollars in thousands)	Total	Residential Real Estate	Commercial Real Estate	Other Commercial	Home Equity	Other Consumer
Balance at beginning of period	Balance at beginning of period	$172,665	16,458	117,901	24,703	8,566	5,037							
Provision for credit losses	Provision for credit losses	11,373	1,910	6,635	(1,763)	742	3,849							
Provision for credit losses														
Provision for credit losses														
Charge-offs	Charge-offs	(10,905)	(17)	(1,642)	(3,105)	(45)	(6,096)							
Recoveries	Recoveries	5,058	71	1,505	1,529	299	1,654							
Balance at end of period	Balance at end of period	$178,191	18,422	124,399	21,364	9,562	4,444							

During the nine three months ended September 30, 2023 March 31, 2024, the ACL increased primarily as a result of loan portfolio growth.

The sizeable charge-offs in the other consumer loan segment is driven by deposit overdraft charge-offs which typically experience high charge-off rates and the amounts were comparable to historical trends. The other segments experience routine charge-offs and recoveries, with occasional large credit relationships charge-offs and recoveries that cause fluctuations from prior periods. During the nine three months ended September 30, 2023 March 31, 2024, there have been no significant changes to the types of collateral securing collateral-dependent loans.

Aging Analysis

The following tables present an aging analysis of the recorded investment in loans:

		September 30, 2023							March 31, 2024					
(Dollars in thousands)	(Dollars in thousands)	Total	Residential Real Estate	Commercial Real Estate	Other Commercial	Home Equity	Other Consumer	(Dollars in thousands)	Total	Residential Real Estate	Commercial Real Estate	Other Commercial	Home Equity	Other Consumer
Accruing loans 30-59 days past due	Accruing loans 30-59 days past due	$ 10,961	37	2,950	3,012	2,254	2,708							
Accruing loans 60-89 days past due	Accruing loans 60-89 days past due	4,292	735	598	782	1,452	725							
Accruing loans 90 days or more past due	Accruing loans 90 days or more past due	3,855	107	1,537	1,818	210	183							
Non-accrual loans with no ACL	Non-accrual loans with no ACL	38,348	2,672	31,514	1,586	1,553	1,023							
Non-accrual loans with ACL	Non-accrual loans with ACL	32	—	—	15	—	17							

Total past due and non-accrual loans	Total past due and non-accrual loans	57,488	3,551	36,599	7,213	5,469	4,656
Current loans receivable	Current loans receivable	16,077,558	1,650,226	10,255,847	2,909,572	864,494	397,419
Total loans receivable	Total loans receivable	$16,135,046	1,653,777	10,292,446	2,916,785	869,963	402,075

		December 31, 2022							December 31, 2023					
(Dollars in thousands)	(Dollars in thousands)	Total	Residential Real Estate	Commercial Real Estate	Other Commercial	Home Equity	Other Consumer	(Dollars in thousands)	Total	Residential Real Estate	Commercial Real Estate	Other Commercial	Home Equity	Other Consumer
Accruing loans 30-59 days past due	Accruing loans 30-59 days past due	$ 16,331	2,796	5,462	4,192	754	3,127							
Accruing loans 60-89 days past due	Accruing loans 60-89 days past due	4,636	142	2,865	297	529	803							
Accruing loans 90 days or more past due	Accruing loans 90 days or more past due	1,559	215	472	542	138	192							
Non-accrual loans with no ACL	Non-accrual loans with no ACL	31,036	2,236	22,943	3,790	1,234	833							
Non-accrual loans with ACL	Non-accrual loans with ACL	115	—	—	56	—	59							
Total past due and non-accrual loans	Total past due and non-accrual loans	53,677	5,389	31,742	8,877	2,655	5,014							
Current loans receivable	Current loans receivable	15,193,135	1,440,619	9,765,305	2,790,791	819,577	376,843							
Total loans receivable	Total loans receivable	$15,246,812	1,446,008	9,797,047	2,799,668	822,232	381,857							

The Company had $108,000 $25,000 and $801,000 $27,000 of interest reversed on non-accrual loans during the nine three months ended September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023, respectively.

Collateral-Dependent Loans

A loan is considered collateral-dependent when the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. The collateral on the loans is a significant portion of what secures the collateral-dependent loans and significant changes to the fair value of the collateral can impact the ACL. During 2023, the three months ended March 31, 2024, there were no significant changes to collateral which secures the collateral-dependent loans, whether due to general deterioration or other reasons. The following table presents the amortized cost basis of collateral-dependent loans by collateral type:

		September 30, 2023							March 31, 2024					
(Dollars in thousands)	(Dollars in thousands)	Total	Residential Real Estate	Commercial Real Estate	Other Commercial	Home Equity	Other Consumer	(Dollars in thousands)	Total	Residential Real Estate	Commercial Real Estate	Other Commercial	Home Equity	Other Consumer
Business assets	Business assets	$ 2,994	—	10	2,984	—	—							
Residential real estate	Residential real estate	7,234	2,605	2,617	147	1,550	315							
Other real estate	Other real estate	46,579	39	45,519	630	31	360							

Other	Other	678	—	—	19	—	659
Total	Total	$57,485	2,644	48,146	3,780	1,581	1,334

		December 31, 2022							December 31, 2023					
(Dollars in thousands)	(Dollars in thousands)	Total	Residential Real Estate	Commercial Real Estate	Other Commercial	Home Equity	Other Consumer	(Dollars in thousands)	Total	Residential Real Estate	Commercial Real Estate	Other Commercial	Home Equity	Other Consumer
Business assets	Business assets	$ 3,172	—	32	3,140	—	—							
Residential real estate	Residential real estate	5,061	2,407	990	318	1,201	145							
Other real estate	Other real estate	33,125	49	32,333	300	75	368							
Other	Other	1,155	—	—	530	—	625							
Total	Total	$42,513	2,456	33,355	4,288	1,276	1,138							

Loan Modifications Made to Borrowers Experiencing Financial Difficulty

On January 1, 2023, the Company adopted FASB ASU 2022-02, *Financial Instruments - Credit Losses Troubled Debt Restructurings and Vintage Disclosures,* which changed the disclosures and classifications of loans previously considered TDRs. The following disclosures for loan modifications made to borrowers experiencing financial difficulty ("MBFD") are presented in accordance with ASC Topic 310, whereas prior periods are presented in accordance with the prior guidance as disclosed in the Company's 2022 Annual Report Form 10-K. 310. The following tables shows show the amortized cost basis at the end of the period of the loans modified to borrowers experiencing financial difficulty by segment:

		At or for the Three Months ended September 30, 2023						
		Term Extension and Payment Deferral		Combination - Term Extension and Interest Rate Reduction				
		At or for the Three Months ended March 31, 2024						
		At or for the Three Months ended March 31, 2024						
		At or for the Three Months ended March 31, 2024						
		Interest Rate Reduction						
(Dollars in thousands)								
(Dollars in thousands)								
(Dollars in thousands)	(Dollars in thousands)	Amortized Cost Basis	% of Total Class of Financing Receivable		Amortized Cost Basis	% of Total Class of Financing Receivable		Total
Residential real estate	Residential real estate	$ 679	—	%	$ —	—	%	$ 679
Residential real estate								
Residential real estate								
Commercial real estate								
Commercial real estate								
Commercial real estate	Commercial real estate	32,090	0.3	%	2,534	—	%	34,624
Other commercial	Other commercial	5,069	0.2	%	1,176	—	%	6,245
Other commercial								
Other commercial								
Home equity								
Home equity								
Home equity	Home equity	—	—	%	—	—	%	—
Other consumer	Other consumer	102	—	%	550	0.1	%	652
Other consumer								
Other consumer								
Total	Total	$ 37,940			$ 4,260			$ 42,200
Total								

Total

	At or for the Three Months ended March 31, 2023
	At or for the Three Months ended March 31, 2023
	At or for the Three Months ended March 31, 2023
	Term Extension and Payment Deferral
	Term Extension and Payment Deferral
	Term Extension and Payment Deferral
(Dollars in thousands)	
(Dollars in thousands)	
(Dollars in thousands)	

	At or for the Nine Months ended September 30, 2023				
Commercial real estate					
	Term Extension and Payment Deferral		Combination - Term Extension and Interest Rate Reduction		
(Dollars in thousands)	Amortized Cost Basis	% of Total Class of Financing Receivable	Amortized Cost Basis	% of Total Class of Financing Receivable	Total
Residential real estate	$ 679	— %	$ —	— %	$ 679
Commercial real estate					
Commercial real estate Commercial real estate	37,880	0.4 %	2,869	— %	40,749
Other commercial Other commercial	10,398	0.4 %	1,199	— %	11,597
Home equity	51	— %	—	— %	51
Other commercial					
Other commercial					
Other consumer					
Other consumer					
Other consumer Other consumer	118	— %	550	0.1 %	668
Total Total	$ 49,126		$ 4,618		$ 53,744
Total					
Total					

The following table describes tables describe the financial effect of the modifications made to borrowers experiencing financial difficulty by segment:

	At or for the Three Months ended September 30, 2023 March 31, 2024		
	Weighted Average Interest Rate Reduction	Weighted Average Term Extension	Principal Forgiveness
Residential real estate	—%	1.7 years	
Commercial real estate	0.17% 1.24%	6 4 months	—
Other commercial	(0.04) —%	7 months 1.2 years	—
Home equity	—%	9 months	
Other consumer	(1.17) —%	1 year, 10 months month	—

	At or for the Nine Three Months ended September 30, 2023 March 31, 2023		
	Weighted Average Interest Rate Reduction	Weighted Average Term Extension	Principal Forgiveness
Commercial real estate	0.19% 2.11%	8 10 months	—
Other commercial	(0.04) —%	19 6 months	—
Other consumer	(1.17) —%	1 year, 10 8 months	$10 thousand

Loans that were modified in the twelve months that had a payment default during the period had an ending balance $25 thousand $2,159,000 at September 30, 2023 March 31, 2024, and were included in other commercial real estate loans. There were $2,753,000 and $5,361,000 of additional unfunded commitments on MBFDs outstanding at March 31, 2024 and December 31, 2023, respectively. At March 31, 2024 and December 31, 2023, the Company had $0 and $98,000, respectively, of consumer mortgage loans secured by residential real estate properties for which formal foreclosure proceedings are in process. At March 31, 2024 and December 31, 2023, the Company had $0 and $0, respectively, of OREO secured by residential real estate properties.

The following table depicts tables depict the performance of loans that have been modified in the last twelve months by segment:

		September 30, 2023				
		March 31, 2024				
(Dollars in thousands)	(Dollars in thousands)	Total	Current	30-89 Days Past Due	90 Days or More Past Due	Non-Accrual
Residential real estate	Residential real estate	$ 679	679	—	—	—
Commercial real estate	Commercial real estate	40,749	39,196	—	—	1,553
Other commercial	Other commercial	11,597	10,081	926	25	565
Home equity	Home equity	51	—	—	—	51
Other consumer	Other consumer	668	668	—	—	—
Total	Total	$53,744	50,624	926	25	2,169

	March 31, 2024				
(Dollars in thousands)	Total	Current	30-89 Days Past Due	90 Days or More Past Due	Non-Accrual

Additional Disclosures

The implementation of FASB ASU 2022-02, *Financial Instruments - Credit Losses Trouble Deb Restructings and Vintage Disclosures,* eliminated the guidance and disclosure requirements related to TDRs. The following tables represent disclosures for the prior period that are no longer required as of January 1, 2023, but are included in this Form 10-Q since the Company is required to disclose comparative information with respected to restructured loans. A restructured loan was considered a TDR if the creditor, for economic or legal reasons related to the debtor's financial difficulties, grants a concession to the debtor that it would not otherwise consider. The following tables present TDRs that occurred during the periods presented and the TDRs that occurred within the previous twelve months that subsequently defaulted during the periods presented:

	Three Months ended September 30, 2022					
(Dollars in thousands)	Total	Residential Real Estate	Commercial Real Estate	Other Commercial	Home Equity	Other Consumer
TDRs that occurred during the period						
Number of loans	4	—	1	3	—	—
Pre-modification recorded balance	$ 3,492	—	2,310	1,182	—	—
Post-modification recorded balance	$ 4,223	—	2,906	1,317	—	—

	Nine Months ended September 30, 2022					
(Dollars in thousands)	Total	Residential Real Estate	Commercial Real Estate	Other Commercial	Home Equity	Other Consumer
TDRs that occurred during the period						
Number of loans	9	1	3	5	—	—
Pre-modification recorded balance	$ 5,511	31	4,242	1,238	—	—
Post-modification recorded balance	$ 6,242	31	4,838	1,373	—	—

The modifications for the loans designated as TDRs during the nine months ended September 30, 2022 included one or a combination of the following: an extension of the maturity date, a reduction of the interest rate or a reduction in the principal amount.

In addition to the loans designated as TDRs during the prior periods provided in the preceding tables, the Company had TDRs with pre-modification loan balances of $1,227,000 for the nine months ended September 30, 2022, for which OREO was received in full or partial satisfaction of the loans. The majority of such TDRs were in Other Commercial for the nine months ended September 30, 2022. At December 31, 2022, the Company had $270,000, of consumer mortgage loans secured by residential real estate properties for which formal foreclosure proceedings were in process. At December 31, 2022, the Company did not have any OREO secured by residential real estate properties.

	March 31, 2023				
(Dollars in thousands)	Total	Current	30-89 Days Past Due	90 Days or More Past Due	Non-Accrual
Commercial real estate	$ 5,016	1,446	3,570	—	—
Other commercial	1,593	1,379	193	21	—
Other consumer	28	28	—	—	—
Total	$ 6,637	2,853	3,763	21	—

Credit Quality Indicators

The Company categorizes commercial real estate and other commercial loans into risk categories based on relevant information about the ability of borrowers to service their obligations. The following tables present the amortized cost in commercial real estate and other commercial loans based on the Company's internal risk rating and the gross charge-offs. rating. The date of a modification, renewal or extension of a loan is considered for the year of origination if the terms of the loan are as favorable to the Company as the terms are for a comparable loan to other borrowers with similar credit risk.

		September 30, 2023							March 31, 2024					
(Dollars in thousands)	(Dollars in thousands)	Gross Charge-Offs	Total	Pass	Special Mention	Substandard	Doubtful/ Loss	(Dollars in thousands)	Gross Charge-Offs	Total	Pass	Special Mention	Substandard	Doubtful/ Loss
Commercial real estate loans	Commercial real estate loans													
Term loans by origination year	Term loans by origination year													
2023 (year-to-date)		$ —	1,041,638	1,039,366	—	2,272	—							
Term loans by origination year														
Term loans by origination year														
2024 (year-to-date)														
2024 (year-to-date)														
2024 (year-to-date)														
2023														
2022	2022	305	2,598,013	2,589,388	—	8,625	—							
2021	2021	48	2,288,199	2,282,469	3,316	2,414	—							
2020	2020	—	1,164,141	1,158,471	—	5,670	—							
2019		—	707,223	673,300	—	33,923	—							
Prior	Prior	266	2,232,026	2,157,871	1,044	73,080	31							
Revolving loans	Revolving loans	—	261,206	260,843	1	361	1							
Total	Total	$ 619	10,292,446	10,161,708	4,361	126,345	32							
Total														
Total														
Other commercial loans	Other commercial loans													

Term loans by origination year	Term loans by origination year						
2023 (year-to-date)		$ 2,195	278,178	276,785	—	1,159	234
Term loans by origination year							
Term loans by origination year							
2024 (year-to-date)							
2024 (year-to-date)							
2024 (year-to-date)							
2023							
2022	2022	386	601,009	596,414	3,626	968	1
2021	2021	—	548,031	545,505	193	2,331	2
2020	2020	40	258,604	253,866	—	4,736	2
2019		—	163,795	158,454	—	5,339	2
Prior	Prior	274	478,591	471,124	98	7,369	—
Revolving loans	Revolving loans	—	588,577	575,621	7,547	5,409	—
Total	Total	$ 2,895	2,916,785	2,877,769	11,464	27,311	241
Total							
Total							

		December 31, 2022						December 31, 2023					
(Dollars in thousands)	(Dollars in thousands)	Total	Pass	Special Mention	Substandard	Doubtful/ Loss	(Dollars in thousands)	Gross Charge-Offs	Total	Pass	Special Mention	Substandard	Doubtful/ Loss
Commercial real estate loans	Commercial real estate loans												
Term loans by origination year	Term loans by origination year												
Term loans by origination year													
Term loans by origination year													
2023													
2023													
2023													
2022	2022	$2,584,831	2,578,558	—	6,273	—							
2021	2021	2,457,790	2,454,696	—	3,094	—							
2020	2020	1,274,852	1,269,254	—	5,598	—							
2019	2019	744,634	709,246	—	35,388	—							
2018		658,268	634,316	—	23,952	—							
Prior	Prior	1,851,965	1,787,941	1,416	62,576	32							
Revolving loans	Revolving loans	224,707	224,629	—	78	—							
Total	Total	$9,797,047	9,658,640	1,416	136,959	32							
Total													
Total													

Other commercial loans	Other commercial loans					
Term loans by origination year	Term loans by origination year					
Term loans by origination year						
Term loans by origination year						
2023						
2023						
2023						
2022	2022	$ 603,393	599,498	371	3,469	55
2021	2021	573,273	569,542	—	2,707	1,024
2020	2020	308,555	304,179	—	4,373	3
2019	2019	191,498	185,748	—	5,748	2
2018		140,122	135,727	—	4,394	1
Prior	Prior	404,319	398,523	114	5,322	360
Revolving loans	Revolving loans	578,508	567,770	—	10,604	134
Total	Total	$2,799,668	2,760,987	485	36,617	1,579
Total						
Total						

For residential real estate, home equity and other consumer loan segments, the Company evaluates credit quality primarily on the aging status of the loan. The following tables present the amortized cost in residential real estate, home equity and other consumer loans based on payment performance:

		September 30, 2023						March 31, 2024				
(Dollars in thousands)	(Dollars in thousands)	Gross Charge-Offs	Total	Performing	30-89 Days Past Due	Non-Accrual and 90 Days or More Past Due	(Dollars in thousands)	Gross Charge-Offs	Total	Performing	30-89 Days Past Due	Non-Accrual and 90 Days or More Past Due
Residential real estate loans	Residential real estate loans											
Term loans by origination year	Term loans by origination year											
2023 (year-to-date)		$ —	163,944	163,944	—	—						
Term loans by origination year												
Term loans by origination year												
2024 (year-to-date)												
2024 (year-to-date)												
2024 (year-to-date)												
2023												
2022	2022	5	667,972	667,863	109	—						
2021	2021	—	512,704	512,704	—	—						
2020	2020	—	101,111	101,111	—	—						

2019		—	42,480	42,480	—	—
Prior	Prior	15	164,869	161,427	663	2,779
Revolving loans	Revolving loans	—	697	697	—	—
Total	Total	$ 20	1,653,777	1,650,226	772	2,779
Total						
Total						
Home equity loans	Home equity loans					
Term loans by origination year	Term loans by origination year					
2023 (year-to-date)		$ —	—	—	—	—
Term loans by origination year						
Term loans by origination year						
2024 (year-to-date)						
2024 (year-to-date)						
2024 (year-to-date)						
2023						
2022	2022	—	—	—	—	—
2021	2021	48	—	—	—	—
2020	2020	50	23	23	—	—
2019		—	183	183	—	—
Prior	Prior	4	6,351	6,139	10	202
Revolving loans	Revolving loans	—	863,406	858,149	3,696	1,561
Total	Total	$ 102	869,963	864,494	3,706	1,763
Total						
Total						
Other consumer loans	Other consumer loans					
Term loans by origination year	Term loans by origination year					
2023 (year-to-date)		$ 5,766	116,739	114,684	1,956	99
Term loans by origination year						
Term loans by origination year						
2024 (year-to-date)						
2024 (year-to-date)						
2024 (year-to-date)						
2023						
2022	2022	544	108,500	107,466	682	352
2021	2021	137	67,923	67,493	384	46
2020	2020	76	34,794	34,680	100	14
2019		50	14,302	14,101	47	154
Prior	Prior	75	19,161	18,534	77	550
Revolving loans	Revolving loans	—	40,656	40,461	187	8

Total	Total	$6,648	402,075	397,419	3,433	1,223					
Total											
Total											

		December 31, 2022					December 31, 2023				
(Dollars in thousands)	(Dollars in thousands)	Total	Performing	30-89 Days Past Due	Non-Accrual and 90 Days or More Past Due	(Dollars in thousands)	Gross Charge-Offs	Total	Performing	30-89 Days Past Due	Non-Accrual and 90 Days or More Past Due
Residential real estate loans	Residential real estate loans										
Term loans by origination year	Term loans by origination year										
Term loans by origination year											
Term loans by origination year											
2023											
2023											
2023											
2022	2022	$ 543,469	543,023	446	—						
2021	2021	552,748	551,756	992	—						
2020	2020	116,810	116,543	136	131						
2019	2019	45,055	44,604	451	—						
2018		37,252	36,993	—	259						
Prior	Prior	149,292	146,318	913	2,061						
Revolving loans	Revolving loans	1,382	1,382	—	—						
Total	Total	$1,446,008	1,440,619	2,938	2,451						
Total											
Total											
Home equity loans	Home equity loans										
Term loans by origination year	Term loans by origination year										
Term loans by origination year											
Term loans by origination year											
2023											
2023											
2023											
2022	2022	$ 60	60	—	—						
2021	2021	77	77	—	—						
2020	2020	82	82	—	—						
2019	2019	225	195	—	30						
2018		594	594	—	—						
Prior	Prior	7,165	6,868	131	166						

Revolving loans	Revolving loans		814,029	811,701	1,152	1,176
Total	Total	$	822,232	819,577	1,283	1,372
Total						
Total						
Other consumer loans	Other consumer loans					
Term loans by origination year	Term loans by origination year					
Term loans by origination year						
Term loans by origination year						
2023						
2023						
2023						
2022	2022	$	152,685	149,702	2,825	158
2021	2021		94,210	93,749	421	40
2020	2020		49,257	48,990	212	55
2019	2019		20,432	20,166	96	170
2018			10,598	9,970	91	537
Prior	Prior		16,014	15,786	106	122
Revolving loans	Revolving loans		38,661	38,480	179	2
Total	Total	$	381,857	376,843	3,930	1,084
Total						
Total						

Note 4. Leases

The Company leases certain land, premises and equipment from third parties. ROU assets for operating and finance leases are included in net premises and equipment and lease liabilities are included in other liabilities and other borrowed funds, respectively, on the Company's statements of financial condition. The following table summarizes the Company's leases:

		September 30, 2023		December 31, 2022	
		March 31, 2024		December 31, 2023	
(Dollars in thousands)	(Dollars in thousands)	Finance Leases	Operating Leases	Finance Leases	Operating Leases
ROU assets	ROU assets	$30,801		30,254	
Accumulated depreciation	Accumulated depreciation	(5,856)		(2,760)	
Accumulated depreciation					
Accumulated depreciation					
Net ROU assets					
Net ROU assets					
Net ROU assets	Net ROU assets	$24,945	41,529	27,494	43,551
Lease liabilities	Lease liabilities	$25,618	44,962	28,204	46,579

Weighted-average remaining lease term	Weighted-average remaining lease term	11 years	16 years	12 years	17 years	Weighted-average remaining lease term	11 years	16 years	11 years	16 years
Weighted-average discount rate	Weighted-average discount rate	3.6 %	3.6 %	3.6 %	3.6 %	Weighted-average discount rate	3.6 %	3.7 %	3.6 %	3.7 %

Maturities of lease liabilities consist of the following:

		September 30, 2023				
March 31, 2024						March 31, 2024
(Dollars in thousands)	(Dollars in thousands)	Finance Leases	Operating Leases	(Dollars in thousands)	Finance Leases	Operating Leases
Maturing within one year	Maturing within one year	$ 4,568	4,689			
Maturing one year through two years	Maturing one year through two years	4,557	4,742			
Maturing two years through three years	Maturing two years through three years	4,566	4,565			
Maturing three years through four years	Maturing three years through four years	4,576	4,329			
Maturing four years through five years	Maturing four years through five years	1,578	3,810			
Thereafter	Thereafter	11,281	39,836			
Total lease payments	Total lease payments	31,126	61,971			
Present value of lease payments	Present value of lease payments					
Short-term	Short-term	3,710	3,160			
Short-term						
Short-term						
Long-term	Long-term	21,908	41,802			
Total present value of lease payments	Total present value of lease payments	25,618	44,962			
Difference between lease payments and present value of lease payments	Difference between lease payments and present value of lease payments	$ 5,508	17,009			

The components of lease expense consist of the following:

	Three Months ended	Nine Months ended
	Three Months ended	
	Three Months ended	
	Three Months ended	

(Dollars in thousands)	(Dollars in thousands)	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	(Dollars in thousands)	March 31, 2024	March 31, 2023
Finance lease cost	Finance lease cost							
Amortization of ROU assets								
Amortization of ROU assets								
Amortization of ROU assets	Amortization of ROU assets	$ 1,060	837	3,118	1,227			
Interest on lease liabilities	Interest on lease liabilities	239	200	723	334			
Operating lease cost	Operating lease cost	1,359	1,493	4,243	4,483			
Short-term lease cost	Short-term lease cost	151	101	528	314			
Variable lease cost	Variable lease cost	410	259	1,262	903			
Sublease income	Sublease income	(9)	(11)	(32)	(35)			
Total lease expense	Total lease expense	$ 3,210	2,879	9,842	7,226			

Supplemental cash flow information related to leases is as follows:

		Three Months ended								
		September 30, 2023		September 30, 2022						
		Three Months ended							Three Months ended	
		March 31, 2024					March 31, 2024		March 31, 2023	
(Dollars in thousands)	(Dollars in thousands)	Finance Leases	Operating Leases	Finance Leases	Operating Leases	(Dollars in thousands)	Finance Leases	Operating Leases	Finance Leases	Operating Leases
Cash paid for amounts included in the measurement of lease liabilities	Cash paid for amounts included in the measurement of lease liabilities									
Operating cash flows	Operating cash flows	$ 239	892	177	992					
Operating cash flows										
Operating cash flows										
Financing cash flows	Financing cash flows	892	N/A	757	N/A	Financing cash flows	948 N/A	N/A	861 N/A	N/A

	Nine Months ended			
	September 30, 2023		September 30, 2022	
(Dollars in thousands)	Finance Leases	Operating Leases	Finance Leases	Operating Leases
Cash paid for amounts included in the measurement of lease liabilities				
Operating cash flows	$ 723	2,714	335	3,011
Financing cash flows	2,633	N/A	1,039	N/A

The Company also leases office space to third parties through operating leases. Rent income from these leases for the nine three months ended September 30, 2023 March 31, 2024 and 2022 2023 was not significant.

Note 5. Goodwill

The following schedule discloses the changes in the carrying value of goodwill:

(Dollars in thousands)	(Dollars in thousands)	Three Months ended		Nine Months ended		(Dollars in thousands)		
		Three Months ended						
		Three Months ended						
		Three Months ended						
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022		March 31, 2024	March 31, 2023
Net carrying value at beginning of period	Net carrying value at beginning of period	$ 985,393	985,393	985,393	985,393			
Acquisitions and adjustments	Acquisitions and adjustments	—	—	—	—			
Net carrying value at end of period	Net carrying value at end of period	$ 985,393	985,393	985,393	985,393			
Net carrying value at end of period								
Net carrying value at end of period								

The Company performed its annual goodwill impairment test during the third quarter of 2023 and determined the fair value of the aggregated reporting units exceeded the carrying value, such that the Company's goodwill was not considered impaired. Changes in the economic environment, operations of the aggregated reporting units, or other factors could result in the decline in the fair value of the aggregated reporting units which could result in a goodwill impairment in the future. Accumulated impairment charges were $40,159,000 as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023. For additional information relating to current year acquisitions, see Note 14.

Note 6. Loan Servicing

Mortgage loans that are serviced for others are not reported as assets, only the servicing rights are recorded and included in other assets. The following schedules disclose the change in the carrying value of mortgage servicing rights that is included in other assets, principal balances of loans serviced and the fair value of mortgage servicing rights:

(Dollars in thousands)	(Dollars in thousands)	September 30, 2023	December 31, 2022
(Dollars in thousands)			
(Dollars in thousands)			
Carrying value at beginning of period			
Carrying value at beginning of period			
Carrying value at beginning of period	Carrying value at beginning of period	$ 13,488	12,839
Additions	Additions	362	2,461
Additions			
Additions			
Amortization			
Amortization			
Amortization	Amortization	(1,071)	(1,812)
Carrying value at end of period	Carrying value at end of period	$ 12,779	13,488
Carrying value at end of period			
Carrying value at end of period			

Principal balances of loans serviced for others			
Principal balances of loans serviced for others			
Principal balances of loans serviced for others	Principal balances of loans serviced for others	$ 1,593,761	1,661,294
Fair value of servicing rights	Fair value of servicing rights	$ 19,336	19,716
Fair value of servicing rights			
Fair value of servicing rights			

Note 7. Variable Interest Entities

A VIE is a partnership, limited liability company, trust or other legal entity that meets one of the following criteria: 1) the entity's equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support from other parties; 2) the holders of the equity investment at risk, as a group, lack the characteristics of a controlling financial interest; and 3) the voting rights of some holders of the equity investment at risk are disproportionate to their obligation to absorb losses or receive returns, and substantially all of the activities are conducted on behalf of the holder of equity investment at risk with disproportionately few voting rights. A VIE must be consolidated by the Company if it is deemed to be the primary beneficiary, which is the party involved with the VIE that has both: 1) the power to direct the activities of the VIE that most significantly affect the VIE's economic performance; and 2) the obligation to absorb the losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE.

The Company's VIEs are regularly monitored to determine if any reconsideration events have occurred that could cause the primary beneficiary status to change. A previously unconsolidated VIE is consolidated when the Company becomes the primary beneficiary. A previously consolidated VIE is deconsolidated when the Company ceases to be the primary beneficiary or the entity is no longer a VIE.

Consolidated Variable Interest Entities

The Company has equity investments in Certified Development Entities ("CDE") which have received allocations of New Markets Tax Credits ("NMTC"). The NMTC program provides federal tax incentives to investors to make investments in distressed communities and promotes economic improvements through the development of successful businesses in these communities. The NMTC is available to investors over seven years and is subject to recapture if certain events occur during such period. The maximum exposure to loss in the CDEs is the amount of equity invested and credit extended by the Company. However, the Company has credit protection in the form of indemnification agreements, guarantees, and collateral arrangements. The Company has evaluated the variable interests held by the Company in each CDE (NMTC) investment and determined the Company does not individually meet the characteristics of a primary beneficiary; however, the related-party group does meet the criteria as a group and substantially all of the activities of the CDEs either involve or are conducted on behalf of the Company. As a result, the Company is the primary beneficiary of the CDEs and their assets, liabilities, and results of operations are included in the Company's consolidated financial statements. The primary activities of the CDEs are recognized in commercial loans interest income and other borrowed funds interest expense on the Company's statements of operations and the federal income tax credit allocations from the investments are recognized in the Company's statements of operations as a component of income tax expense. Such related cash flows are recognized in loans originated, principal collected on loans and change in other borrowed funds.

The Bank is also the sole member of certain tax credit funds that make direct investments in qualified affordable housing projects (e.g., Low-Income Housing Tax Credit ["LIHTC"] partnerships). As such, the Company is the primary beneficiary of these tax credit funds and their assets, liabilities, and results of operations are included in the Company's consolidated financial statements.

The following table summarizes the carrying amounts of the consolidated VIEs' assets and liabilities included in the Company's statements of financial condition and are adjusted for intercompany eliminations. All assets presented can be used only to settle obligations of the consolidated VIEs and all liabilities presented consist of liabilities for which creditors and other beneficial interest holders therein have no recourse to the general credit of the Company.

(Dollars in thousands)	(Dollars in thousands)	September 30, 2023	December 31, 2022	(Dollars in thousands)	March 31, 2024	December 31, 2023
Assets	Assets					
Loans receivable						
Loans receivable						
Loans receivable	Loans receivable	$ 125,765	134,603			
Accrued interest receivable	Accrued interest receivable	629	370			
Other assets	Other assets	50,456	48,136			
Total assets	Total assets	$ 176,850	183,109			
Liabilities	Liabilities					
Other borrowed funds	Other borrowed funds	$ 48,134	49,089			

Other borrowed funds			
Other borrowed funds			
Accrued interest payable	Accrued interest payable	457	274
Other liabilities	Other liabilities	49	179
Total liabilities	Total liabilities	$ 48,640	49,542

Unconsolidated Variable Interest Entities

The Company has equity investments in LIHTC partnerships, both directly and through tax credit funds, with carrying values of $83,625,000 $189,607,000 and $72,918,000 $83,962,000 as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. The LIHTCs are indirect federal subsidies to finance low-income housing and are used in connection with both newly constructed and renovated residential rental buildings. Once a project is placed in service, it is generally eligible for the tax credit for ten years. To continue generating the tax credit and to avoid tax credit recapture, a LIHTC building must satisfy specific low-income housing compliance rules for a full fifteen years. The maximum exposure to loss in the VIEs is the amount of equity invested and credit extended by the Company. However, the Company has credit protection in the form of indemnification agreements, guarantees, and collateral arrangements. The Company has evaluated the variable interests held by the Company in each LIHTC investment and determined that the Company does not have controlling financial interests in such investments, and is not the primary beneficiary. The Company reports the investments in the unconsolidated LIHTCs as other assets on the Company's statements of financial condition. condition and any unfunded equity commitments in other liabilities. There were no impairment losses on the Company's LIHTC investments during the nine three months ended September 30, 2023 March 31, 2024 and 2022. 2023. Future unfunded contingent equity commitments related to the Company's LIHTC investments at September 30, 2023 March 31, 2024 are as follows:

(Dollars in thousands)	(Dollars in thousands)	Amount	(Dollars in thousands)	Amount
Years ending December 31,	Years ending December 31,			
2023		$ 11,216		
2024				
2024				
2024	2024	51,305		
2025	2025	29,097		
2026	2026	10,019		
2027	2027	351		
2028				
Thereafter	Thereafter	2,452		
Total	Total	$104,440		

The Company has elected to use the proportional amortization method, and more specifically the practical expedient method, for the amortization of all eligible LIHTC investments and amortization expense is recognized as a component of income tax expense. The following table summarizes the amortization expense and the amount of tax credits and other tax benefits recognized for qualified affordable housing project investments during the periods presented.

		Three Months ended		Nine Months ended	
		Three Months ended			
		Three Months ended			
		Three Months ended			
(Dollars in thousands)					
(Dollars in thousands)					
(Dollars in thousands)	(Dollars in thousands)	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Amortization expense	Amortization expense	$ 3,728	3,009	11,636	8,999
Amortization expense					
Amortization expense					
Tax credits and other tax benefits recognized	Tax credits and other tax benefits recognized	4,981	4,009	15,552	11,986

Tax credits and other tax benefits recognized

Tax credits and other tax benefits recognized

The Company also owns the following trust subsidiaries, each of which issued trust preferred securities as capital instruments: Glacier Capital Trust II, Glacier Capital Trust III, Glacier Capital Trust IV, Citizens (ID) Statutory Trust I, Bank of the San Juans Bancorporation Trust I, First Company Statutory Trust 2001, First Company Statutory Trust 2003, FNB (UT) Statutory Trust I and FNB (UT) Statutory Trust II. The trust subsidiaries have no assets, operations, revenues or cash flows other than those related to the issuance, administration and repayment of the securities held by third parties. The trust subsidiaries are not included in the Company's consolidated financial statements because the sole asset of each trust subsidiary is a receivable from the Company, even though the Company owns all of the voting equity shares of the trust subsidiaries, has fully guaranteed the obligations of the trust subsidiaries and may have the right to redeem the third party securities under certain circumstances. The Company reports the trust preferred securities issued to the trust subsidiaries as subordinated debentures on the Company's statements of financial condition.

Note 8. Securities Sold Under Agreements to Repurchase

The following table summarizes the carrying value of the Company's securities sold under agreements to repurchase ("repurchase agreements") by remaining contractual maturity of the agreements and category of collateral:

		Overnight and Continuous				
		Overnight and Continuous				
		Overnight and Continuous				
		Overnight and Continuous				
(Dollars in thousands)	(Dollars in thousands)	September 30, 2023	December 31, 2022	(Dollars in thousands)	March 31, 2024	December 31, 2023
U.S. government and federal agency	U.S. government and federal agency	$ 117,284	$ —			
Residential mortgage-backed securities	Residential mortgage-backed securities	1,300,892	945,916			
Residential mortgage-backed securities						
Residential mortgage-backed securities						
Commercial mortgage-backed securities						
Commercial mortgage-backed securities						
Commercial mortgage-backed securities	Commercial mortgage-backed securities	81,520	—			
Total	Total	$ 1,499,696	945,916			
Total						
Total						

The repurchase agreements are secured by debt securities with carrying values of $1,756,244,000 $1,834,904,000 and $1,378,962,000 $1,800,829,000 at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. Securities are pledged to customers at the time of the transaction in an amount at least equal to the outstanding balance and are held in custody accounts by third parties. The fair value of collateral is continually monitored and additional collateral is provided as deemed appropriate.

Note 9. Derivatives and Hedging Activities

Cash Flow Hedges

The Company is exposed to certain risk relating to its ongoing business operations. The primary risk managed by using derivative instruments is interest rate risk. Interest rate caps have been entered into to manage interest rate risk associated with forecasted variable rate borrowings.

Interest Rate Cap Derivatives. The Company has purchased interest rate caps designated as cash flow hedges with notional amounts totaling $130,500,000 on its variable rate subordinated debentures and were determined to be fully effective during the nine three months ended September 30, 2023 March 31, 2024. The interest rate caps require receipt of variable amounts from the counterparty when interest rates rise above the strike price in the contracts. The strike prices in the five year term contracts range from 1.5 percent to 2 percent. The variable rate is based on 90 days of compounded overnight SOFR plus a spread of 0.26161 percent. At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the interest rate caps had a fair value of $6,840,000 $4,345,000 and $7,757,000, $4,990,000, respectively, and were reported as other assets on the Company's statements of financial condition. Changes in fair value were recorded in OCI. Amortization recorded on the interest rate caps totaled $126,000 $42,000 for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively, and was reported as a component of interest expense on subordinated debentures.

The effect of cash flow hedge accounting on OCI for the periods ending September 30, 2023 March 31, 2024 and 2022 2023 was as follows:

Three Months ended
Three Months ended
Three Months ended
(Dollars in thousands)
(Dollars in thousands)

(Dollars in thousands)	(Dollars in thousands)	Three Months ended		Nine Months ended	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Amount of gain recognized in OCI	Amount of gain recognized in OCI	$ 654	3,132	2,540	7,002
Amount of gain reclassified from OCI to net income	Amount of gain reclassified from OCI to net income	1,244	165	3,331	167

Amount of gain recognized in OCI
Amount of gain recognized in OCI
Amount of gain reclassified from OCI to net income
Amount of gain reclassified from OCI to net income

Fair Value Hedges

Interest Rate Swap Agreements. During 2023, the Company entered into fair value hedges for a closed pool of fixed rate debt securities. The instruments are designated as fair value hedges as the changes in the fair value of the interest rate swap are expected to offset changes in the fair value of the hedged item attributable to changes in the compounded overnight SOFR rate, the designated benchmark interest rate. These derivative contracts involve the receipt of floating rate interest from a counterparty in exchange for the Company making fixed-rate payments over the life of the contract, without the exchange of the underlying notional value.

The following tables present the notional and estimated fair value amount of derivative positions outstanding:

	March 31, 2024					
				Weighted Average		
(Dollars in thousands)	Notional Amount	Asset Derivative	Liability Derivative	Remaining Maturity	Receive Rate	Pay Rate
Interest rate swap - securities	$ 1,500,000	$ 1,067	$ 2,279	1.9 years	SOFR	4.63 %

	December 31, 2023					
				Weighted Average		
(Dollars in thousands)	Notional Amount	Asset Derivative	Liability Derivative	Remaining Maturity	Receive Rate	Pay Rate
Interest rate swap - securities	$ 1,500,000	$ —	$ 17,988	2.1 years	SOFR	4.63 %

The following amounts were recorded on the balance sheet related to cumulative basis adjustments for fair value hedges:

(Dollars in thousands)	Amortized cost of the Hedged Assets		Amortized Cost of Fair Value Hedging Increase (Decrease) Included in the Carrying Amount of the Hedged Assets	
Line item on the balance sheet	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Investment securities available-for-sale	$ 3,678,606	$ 3,807,239	$ 1,212	$ 17,988

The effects of the fair value hedge relationships on the income statement were as follows:

		Three Months Ended	
(Dollars in thousands)	Location of Gain (Loss)	March 31, 2024	March 31, 2023
Interest rate swap	Interest income on investment securities	$ 3,078	$ —
AFS debt securities	Interest income on investment securities	(3,078)	—

Residential Real Estate Derivatives

The Company enters into residential real estate derivatives for commitments (“interest rate locks”) to fund certain residential real estate loans to be sold into the secondary market. At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, loan commitments with interest rate lock commitments totaled $46,995,000 $58,076,000 and $28,910,000, $22,738,000, respectively. At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the fair value of the related derivatives on the interest rate lock commitments was $789,000 $1,032,000 and $362,000, $604,000, respectively, and was included in other assets with corresponding changes recorded in gain on sale of loans. The Company enters into free-standing derivatives to mitigate interest rate risk for most residential real estate loans to be sold. These derivatives include forward commitments to sell to-be-announced (“TBA”) securities which are used to economically hedge the interest rate risk associated with such loans and unfunded commitments. At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, TBA commitments were $30,250,000 $34,250,000 and $21,000,000, $22,000,000, respectively. At September 30, 2023 the fair value was $331,000 March 31, 2024 and was included in other assets with corresponding changes recorded in gain on sale of loans. At December 31, 2022 December 31, 2023, the fair value of the related derivatives on the TBA securities was $188,000, $124,000 and $350,000, respectively, and was included in other liabilities with corresponding changes recorded in gain on sale of loans. The Company does not enter into a commitment to sell these loans to an investor until the loan is funded and is ready to be delivered to the investor. Due to the forward sales commitments being short-term in nature, the corresponding derivatives are not significant. For all other residential real estate loans to be sold, the Company enters into “best efforts” forward sales commitments for the future delivery of loans to third party investors when interest rate lock commitments are entered into in order to economically hedge the effect of changes in interest rates resulting from its commitments to fund the loans. Forward sales commitments on a “best efforts” basis are not designated in hedge relationships until the loan is funded.

Note 10. Other Expenses

Other expenses consists of the following:

		Three Months ended		Nine Months ended			Three Months ended	
(Dollars in thousands)	(Dollars in thousands)	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	(Dollars in thousands)	March 31, 2024	March 31, 2023
Mergers and acquisition expenses								
Consulting and outside services	Consulting and outside services	$ 3,697	3,462	12,863	11,871			
Debit card expenses	Debit card expenses	2,955	2,330	8,682	6,414			
VIE amortization and other expenses								
Loan expenses	Loan expenses	2,032	2,041	5,513	5,811			
VIE amortization and other expenses		1,603	1,744	5,349	5,457			
Business development								
Telephone								
Checking and operating expenses								
Employee expenses	Employee expenses	1,480	1,487	4,727	4,008			
Telephone		1,545	1,683	4,599	4,968			
Business development		1,399	1,705	3,929	4,002			
Postage	Postage	1,097	1,023	3,223	3,124			
Checking and operating expenses		713	618	2,429	1,804			
Accounting and audit fees								
Printing and supplies	Printing and supplies	798	1,020	2,334	3,047			

Legal fees	Legal fees	276	477	1,163	1,768
Accounting and audit fees		131	304	1,157	1,202
Mergers and acquisition expenses		279	891	842	9,153
Loss (gain) on dispositions of fixed assets		37	205	23	(1,062)
(Gain) loss on dispositions of fixed assets					
Other	Other	2,309	2,107	6,773	5,251
Total other expenses	Total other expenses	$ 20,351	21,097	63,606	66,818

Note 11. Accumulated Other Comprehensive (Loss) Income

The following table illustrates the activity within accumulated other comprehensive (loss) income by component, net of tax:

(Dollars in thousands)	(Dollars in thousands)	(Losses) Gains on Available-For-Sale and Transferred Debt Securities	(Losses) Gains on Derivatives Used for Cash Flow Hedges	Total	(Dollars in thousands)	(Losses) Gains on Available-For-Sale and Transferred Debt Securities	(Losses) Gains on Derivatives Used for Cash Flow Hedges	Total
Balance at January 1, 2022		$ 27,038	321	27,359				
Other comprehensive (loss) income before reclassifications		(528,317)	5,233	(523,084)				
Balance at January 1, 2023								
Other comprehensive income (loss) before reclassifications								
Reclassification adjustments for gains and transfers included in net income	Reclassification adjustments for gains and transfers included in net income	(583)	(125)	(708)				
Reclassification adjustments for amortization included in net income for transferred securities	Reclassification adjustments for amortization included in net income for transferred securities	1,285	—	1,285				
Net current period other comprehensive (loss) income	Net current period other comprehensive (loss) income	(527,615)	5,108	(522,507)				
Balance at September 30, 2022		$ (500,577)	5,429	(495,148)				
Balance at January 1, 2023		$ (474,338)	5,546	(468,792)				
Balance at March 31, 2023								

Balance at January 1, 2024				
Other comprehensive income before reclassifications	Other comprehensive income before reclassifications	(34,364)	1,898	(32,466)
Reclassification adjustments for gains and transfers included in net income	Reclassification adjustments for gains and transfers included in net income	24	(2,490)	(2,466)
Reclassification adjustments for amortization included in net income for transferred securities	Reclassification adjustments for amortization included in net income for transferred securities	3,357	—	3,357
	Net current period other comprehensive (loss) income	(30,983)	(592)	(31,575)
	Balance at September 30, 2023	$ (505,321)	4,954	(500,367)
Net current period other comprehensive income (loss)				
Balance at March 31, 2024				

Note 12. Earnings Per Share

Basic earnings per share is computed by dividing net income by the weighted-average number of shares of common stock outstanding during the period presented. Diluted earnings per share is computed by including the net increase in shares as if dilutive outstanding restricted stock units were vested and stock options were exercised, using the treasury stock method.

Basic and diluted earnings per share has been computed based on the following:

		Three Months ended		Nine Months ended		Three Months ended		
(Dollars in thousands, except per share data)	(Dollars in thousands, except per share data)	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	(Dollars in thousands, except per share data)	March 31, 2024	March 31, 2023
Net income available to common stockholders, basic and diluted	Net income available to common stockholders, basic and diluted	$ 52,445	79,338	168,611	223,525			
Average outstanding shares - basic	Average outstanding shares - basic	110,877,534	110,766,502	110,857,788	110,752,231			
Add: dilutive restricted stock units and stock options	Add: dilutive restricted stock units and stock options	9,425	67,092	24,930	59,036			

Average outstanding shares - diluted	Average outstanding shares - diluted	110,886,959	110,833,594	110,882,718	110,811,267
Basic earnings per share	Basic earnings per share	$ 0.47	0.72	1.52	2.02
Diluted earnings per share	Diluted earnings per share	$ 0.47	0.72	1.52	2.02
Restricted stock units and stock options excluded from the diluted average outstanding share calculation [1]	Restricted stock units and stock options excluded from the diluted average outstanding share calculation [1]	247,104	3,008	222,710	6,323

[1] Anti-dilution occurs when the unrecognized compensation cost per share of a restricted stock unit or the exercise price of a stock option exceeds the market price of the Company's stock.

Note 13. Fair Value of Assets and Liabilities

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. There is a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair value are as follows:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Transfers in and out of Level 1 (quoted prices in active markets), Level 2 (significant other observable inputs) and Level 3 (significant unobservable inputs) are recognized on the actual transfer date. There were no transfers between fair value hierarchy levels during the nine three month periods ended September 30, 2023 March 31, 2024 and 2022. 2023.

Recurring Measurements
The following is a description of the inputs and valuation methodologies used for assets and liabilities measured at fair value on a recurring basis, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the period ended September 30, 2023 March 31, 2024.

Debt securities, available-for-sale. The fair value for available-for-sale debt securities is estimated by obtaining quoted market prices for identical assets, where available. If such prices are not available, fair value is based on independent asset pricing services and models, the inputs of which are market-based or independently sourced market parameters, including but not limited to, yield curves, interest rates, volatilities, market spreads, prepayments, defaults, recoveries, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. Where Level 1 or Level 2 inputs are not available, such securities are classified as Level 3 within the hierarchy.

Fair value determinations of available-for-sale debt securities are the responsibility of the Company's corporate accounting and treasury departments. The Company obtains fair value estimates from independent third party vendors on a monthly basis. The vendors' pricing system methodologies, procedures and system controls are reviewed to ensure they are appropriately designed and operating effectively. The Company reviews the vendors' inputs for fair value estimates and the recommended assignments of levels within the fair value hierarchy. The review includes the extent to which markets for debt securities are determined to have limited or no activity, or are judged to be active markets. The Company reviews the extent to which observable and unobservable inputs are used as well as the appropriateness of the underlying assumptions about risk that a market participant would use in active markets, with adjustments for limited or inactive markets. In considering the inputs to the fair value estimates, the Company places less reliance on quotes that are judged to not reflect orderly transactions, or are non-binding indications. In assessing credit risk, the Company reviews payment performance, collateral adequacy, third party research and analyses, credit rating histories and issuers' financial statements. For those markets determined to be inactive or limited, the valuation techniques used are models for which management has verified that discount rates are appropriately adjusted to reflect illiquidity and credit risk.

Loans held for sale, at fair value. Loans held for sale measured at fair value, for which an active secondary market and readily available market prices exist, are initially valued at the transaction price and are subsequently valued by using quoted prices for similar assets, adjusted for specific attributes of that loan or other observable market data, such as outstanding commitments from third party investors. Loans held for sale measured at fair value are classified within Level 2. Included in gain on sale of loans were net gains losses of $370,000 $46,000 and net gains of $1,788,000 $119,000 for the nine three month periods ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively, from the changes in fair value of loans held for sale measured at fair value. Electing to measure loans held for sale at fair value reduces certain timing differences and better matches changes in fair value of these assets with changes in the value of the derivative instruments used to economically hedge them without the burden of complying with the requirements for hedge accounting.

Loan interest rate lock commitments. Fair value estimates for loan interest rate lock commitments were based upon the estimated sales price, origination fees, direct costs, interest rate changes, etc. and were obtained from an independent third party. The components of the valuation were observable or could be corroborated by observable market data and, therefore, were classified within Level 2 of the valuation hierarchy.

Forward commitments to sell TBA securities. Forward commitments to sell TBA securities are used to economically hedge the interest rate risk associated with certain loan commitments. The fair value estimates for the TBA commitments were based upon the estimated sale of the TBA hedge obtained from an independent third party. The components of the valuation were observable or could be corroborated by observable market data and, therefore, were classified within Level 2 of the valuation hierarchy.

Interest rate cap derivative financial instruments. Fair value estimates for interest rate cap derivative financial instruments were based upon the discounted cash flows of known payments plus the option value of each caplet which incorporates market rate forecasts and implied market volatilities. The components of the valuation were observable or could be corroborated by observable market data and, therefore, were classified within Level 2 of the valuation hierarchy. The Company also obtained and compared the reasonableness of the pricing from independent third party valuations.

Interest rate swap derivative financial instruments. Fair value estimates for interest rate swap derivative financial instruments were based upon the estimated amounts to settle the contracts considering current interest rates and were calculated using discounted cash flows. The inputs used to determine fair value included the compounded overnight SOFR rate to estimate variable rate cash inflows and the overnight SOFR swap rate to estimate the discount rate. The estimated variable rate cash inflows were compared to the fixed rate outflows and such difference was discounted to a present value to estimate the fair value of the interest rate swaps. The components of the valuation were observable or could be corroborated by observable market data and, therefore, were classified within Level 2 of the valuation hierarchy. The Company also obtained and compared the reasonableness of the pricing from independent third party valuations.

The following tables disclose the fair value measurement of assets and liabilities measured at fair value on a recurring basis:

			Fair Value Measurements At the End of the Reporting Period Using					Fair Value Measurements At the End of the Reporting Period Using		
(Dollars in thousands)	(Dollars in thousands)	Fair Value September 30, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	(Dollars in thousands)	Fair Value March 31, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities, available-for-sale	Debt securities, available-for-sale									
U.S. government and federal agency										
U.S. government and federal agency										
U.S. government and federal agency	U.S. government and federal agency	$ 444,145	—	444,145	—					
U.S. government sponsored enterprises	U.S. government sponsored enterprises	289,831	—	289,831	—					
State and local governments	State and local governments	96,713	—	96,713	—					
Corporate bonds	Corporate bonds	25,904	—	25,904	—					

Residential mortgage-backed securities	Residential mortgage-backed securities	2,810,894	—	2,810,894	—
Commercial mortgage-backed securities	Commercial mortgage-backed securities	1,074,251	—	1,074,251	—
Loans held for sale, at fair value	Loans held for sale, at fair value	29,027	—	29,027	—
Interest rate caps	Interest rate caps	6,840	—	6,840	—
Interest rate locks	Interest rate locks	789	—	789	—
Interest rate swap					
Interest rate swap					
Interest rate swap					
Total assets measured at fair value on a recurring basis					
TBA hedge	TBA hedge	331	—	331	—
Total assets measured at fair value on a recurring basis		$4,778,725	—	4,778,725	—
Interest rate swap					
Total liabilities measured at fair value on a recurring basis					

			Fair Value Measurements At the End of the Reporting Period Using					Fair Value Measurements At the End of the Reporting Period Using		
(Dollars in thousands)	(Dollars in thousands)	Fair Value December 31, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	(Dollars in thousands)	Fair Value December 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities, available-for-sale	Debt securities, available-for-sale									
U.S. government and federal agency										
U.S. government and federal agency										

U.S. government and federal agency	U.S. government and federal agency	$ 444,727	—	444,727	—
U.S. government sponsored enterprises	U.S. government sponsored enterprises	287,364	—	287,364	—
State and local governments	State and local governments	132,993	—	132,993	—
Corporate bonds	Corporate bonds	26,109	—	26,109	—
Residential mortgage-backed securities	Residential mortgage-backed securities	3,267,341	—	3,267,341	—
Commercial mortgage-backed securities	Commercial mortgage-backed securities	1,148,773	—	1,148,773	—
Loans held for sale, at fair value	Loans held for sale, at fair value	12,314	—	12,314	—
Interest rate caps	Interest rate caps	7,757	—	7,757	—
Interest rate locks	Interest rate locks	362	—	362	—
Total assets measured at fair value on a recurring basis	Total assets measured at fair value on a recurring basis	$5,327,740	—	5,327,740	—
TBA hedge	TBA hedge	$ 188	—	188	—
Interest rate swap					
Total liabilities measured at fair value on a recurring basis	Total liabilities measured at fair value on a recurring basis	$ 188	—	188	—

Non-recurring Measurements

The following is a description of the inputs and valuation methodologies used for assets recorded at fair value on a non-recurring basis, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the period ended September 30, 2023 March 31, 2024.

Other real estate owned. OREO is initially recorded at fair value less estimated cost to sell, establishing a new cost basis. OREO is subsequently accounted for at lower of cost or fair value less estimated cost to sell. Estimated fair value of OREO is based on appraisals or evaluations (new or updated). OREO is classified within Level 3 of the fair value hierarchy.

Collateral-dependent loans, net of ACL. Fair value estimates of collateral-dependent loans that are individually reviewed are based on the fair value of the collateral, less estimated cost to sell. Collateral-dependent individually reviewed loans are classified within Level 3 of the fair value hierarchy.

The Company's credit department reviews appraisals for OREO and collateral-dependent loans, giving consideration to the highest and best use of the collateral. The appraisal or evaluation (new or updated) is considered the starting point for determining fair value. The valuation techniques used in preparing appraisals or evaluations (new or updated) include the cost approach, income approach, sales comparison approach, or a combination of the preceding valuation techniques. The key inputs used to determine the fair value of the collateral-dependent loans and OREO include selling costs, discounted cash flow rate or capitalization rate, and adjustment to comparables. Valuations and significant inputs obtained by independent sources are reviewed by the Company for accuracy and reasonableness. The Company also considers other factors and events in the environment that may affect the fair value. The appraisals or evaluations (new or updated) are reviewed at least quarterly and more frequently based on current market conditions, including deterioration in a borrower's financial condition and when property values may be subject to significant volatility. After review and acceptance of the collateral appraisal or evaluation (new or updated), adjustments to the impaired loan or OREO may occur. The Company generally obtains appraisals or evaluations (new or updated) annually.

The following tables disclose the fair value measurement of assets with a recorded change during the period resulting from re-measuring the assets at fair value on a non-recurring basis:

			Fair Value Measurements At the End of the Reporting Period Using					Fair Value Measurements At the End of the Reporting Period Using		
(Dollars in thousands)	(Dollars in thousands)	Fair Value September 30, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	(Dollars in thousands)	Fair Value March 31, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Collateral-dependent impaired loans, net of ACL	Collateral-dependent impaired loans, net of ACL	$ 1,279	—	—	1,279					
Collateral-dependent impaired loans, net of ACL										
Collateral-dependent impaired loans, net of ACL										
Total assets measured at fair value on a non-recurring basis	Total assets measured at fair value on a non-recurring basis	$ 1,279	—	—	1,279					
Total assets measured at fair value on a non-recurring basis										
Total assets measured at fair value on a non-recurring basis										

			Fair Value Measurements At the End of the Reporting Period Using					Fair Value Measurements At the End of the Reporting Period Using		
(Dollars in thousands)	(Dollars in thousands)	Fair Value December 31, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	(Dollars in thousands)	Fair Value December 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Other real estate owned										
Collateral-dependent impaired loans, net of ACL	Collateral-dependent impaired loans, net of ACL	$ 1,360	—	—	1,360					

Total assets measured at fair value on a non-recurring basis	Total assets measured at fair value on a non-recurring basis	$ 1,360	—	—	1,360

Non-recurring Measurements Using Significant Unobservable Inputs (Level 3)

The following tables present additional quantitative information about assets measured at fair value on a non-recurring basis and for which the Company has utilized Level 3 inputs to determine fair value:

(Dollars in thousands)	Fair Value September 30, 2023 March 31, 2024	Quantitative Information about Level 3 Fair Value Measurements: Valuation Technique	Unobservable Input	Range (Weighted-Average) [1]
Collateral-dependent impaired loans, net of ACL	$ 1,273 1,248	Cost approach	Selling costs	10.0% - 10.0% (10.0%)
	6 33	Sales comparison approach	Selling costs	10.0% - 20.0% (18.4%)
	261	Combined approach	Selling costs	10.0% - 10.0% (10.0%)
	$ 1,279 1,542			

(Dollars in thousands)	Fair Value December 31, 2022 December 31, 2023	Quantitative Information about Level 3 Fair Value Measurements: Valuation Technique	Unobservable Input	Range (Weighted-Average) [1]
Other real estate owned	$ 166	Sales comparison approach	Selling costs	
Collateral-dependent impaired loans, net of ACL	$ 1,329 1,258	Cost approach	Selling costs	10.0% - 10.0% (10.0%)
	31 74	Sales comparison approach	Selling Costs	10.0% - 10.0% (10.0%)
	$ 1,360 1,332			

[1] The range for selling cost inputs represents reductions to the fair value of the assets.

Fair Value of Financial Instruments

The following tables present the carrying amounts, estimated fair values and the level within the fair value hierarchy of the Company's financial instruments not carried at fair value. Receivables and payables due in one year or less, equity securities without readily determinable fair values and deposits with no defined or contractual maturities are excluded. There have been no significant changes in the valuation techniques during the period ended September 30, 2023 March 31, 2024.

Cash and cash equivalents: fair value is estimated at book value.

Debt securities, held-to-maturity: fair value for held-to-maturity debt securities is estimated in the same manner as available-for sale debt securities, which is described above.

Loans receivable, net of ACL: The the loans were fair valued on an individual basis, with consideration given to the loans' underlying characteristics, including account types, remaining terms and balance, interest rates, past delinquencies, current market rates, etc. The model utilizes a discounted cash flow approach to estimate the fair value of the loans using various assumptions such as prepayment speeds, projected default probabilities, losses given defaults, etc. The discounted cash flow approach models the credit losses directly in the projected cash flows. The model applies various assumptions regarding credit, interest, and prepayment risks for the loans based on loan types, payment types and fixed or variable classifications.

Term Deposits: fair value of term deposits is estimated by discounting the future cash flows using rates of similar deposits with similar maturities. The market rates used were obtained from an independent third party based on current rates offered by the Company's regional competitors.

FHLB advances: fair value of advances is estimated based on borrowing rates currently available to the Company for advances with similar terms and maturities.

FRB borrowing: fair value of borrowings through the FRB is estimated based on borrowing rates currently available to the Company through the FRB Bank Term Funding facility with similar terms and maturities.

Repurchase agreements and other borrowed funds: fair value of term repurchase agreements and other term borrowings is estimated based on current repurchase rates and borrowing rates currently available to the Company for repurchases and borrowings with similar terms and maturities. The estimated fair value for overnight repurchase agreements and other borrowings is book value.

Subordinated debentures: fair value of the subordinated debt is estimated by discounting the estimated future cash flows using current estimated market rates obtained from an independent third party.

Off-balance sheet financial instruments: unused lines of credit and letters of credit represent the principal categories of off-balance sheet financial instruments. The fair value of commitments is based on fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the counterparties' credit standing. The fair value of unused lines of credit and letters of credit is not material; therefore, such commitments are not included in the following tables.

			Fair Value Measurements At the End of the Reporting Period Using					Fair Value Measurements At the End of the Reporting Period Using		
(Dollars in thousands)	(Dollars in thousands)	Carrying Amount September 30, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	(Dollars in thousands)	Carrying Amount March 31, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets	Financial assets									
Cash and cash equivalents										
Cash and cash equivalents										
Cash and cash equivalents	Cash and cash equivalents	$ 1,672,094	1,672,094	—	—					
Debt securities, held-to-maturity	Debt securities, held-to-maturity	3,553,805	—	3,038,467	—					
Loans receivable, net of ACL	Loans receivable, net of ACL	15,942,775	—	—	15,717,799					
Total financial assets	Total financial assets	$21,168,674	1,672,094	3,038,467	15,717,799					
Financial liabilities	Financial liabilities									
Term deposits	Term deposits	$ 2,742,017	—	2,780,108	—					
Term deposits										
Term deposits										
FHLB advances										
FRB Bank Term Funding		2,740,000	—	2,731,093	—					
Repurchase agreements and other borrowed funds										
Repurchase agreements and other borrowed funds										
Repurchase agreements and other borrowed funds	Repurchase agreements and other borrowed funds	1,573,448	—	1,573,448	—					
Subordinated debentures	Subordinated debentures	132,903	—	117,867	—					

Total financial liabilities	Total financial liabilities	$ 7,188,368	—	7,202,516	—

(Dollars in thousands)	(Dollars in thousands)	Carrying Amount December 31, 2022	Fair Value Measurements At the End of the Reporting Period Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	(Dollars in thousands)	Carrying Amount December 31, 2023	Fair Value Measurements At the End of the Reporting Period Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets	Financial assets									
Cash and cash equivalents										
Cash and cash equivalents										
Cash and cash equivalents	Cash and cash equivalents	$ 401,995	401,995	—	—					
Debt securities, held-to-maturity	Debt securities, held-to-maturity	3,715,052	—	3,274,792	—					
Loans receivable, net of ACL	Loans receivable, net of ACL	15,064,529	—	—	14,806,354					
Total financial assets	Total financial assets	$19,181,576	401,995	3,274,792	14,806,354					
Financial liabilities	Financial liabilities									
Term deposits	Term deposits	$ 880,589	—	874,850	—					
FHLB advances		1,800,000	—	1,799,936	—					
Term deposits										
Term deposits										
FRB Bank Term Funding										
FRB Bank Term Funding										
FRB Bank Term Funding										
Repurchase agreements and other borrowed funds	Repurchase agreements and other borrowed funds	1,023,209	—	1,023,209	—					
Subordinated debentures	Subordinated debentures	132,782	—	122,549	—					
Total financial liabilities	Total financial liabilities	$ 3,836,580	—	3,820,544	—					

Note 14. Mergers and Acquisitions

On January 31, 2024, the Company acquired 100% percent of the outstanding common stock of Community Financial Group, Inc. (“CFGW”) and its wholly-owned subsidiary, Wheatland Bank (“Wheatland”), a community bank based in Spokane, Washington. Wheatland provides banking services to individuals and businesses in Washington with locations in Chelan, Wenatchee, Ellensburg, Yakima, Quincy, Moses Lake, Pasco, Odessa, Davenport, Ritzville, Spokane, and Spokane Valley. Wheatland merged into the Bank and became a new bank division headquartered in Spokane and the Bank's existing Washington-based division, North Cascades Bank, combined with the new Wheatland division. The preliminary value of the Wheatland acquisition was $93,156,000 and as part of the transaction, the Company issued 2,389,684 shares of its common stock and paid $771,000 in cash in exchange for all of Wheatland's outstanding shares of common stock. The fair value of the Company shares issued was determined on the basis of the closing market price of the Company's common stock on the January 31, 2024 acquisition date. The excess of the preliminary fair value of consideration transferred over total identifiable net assets was recorded as goodwill. The goodwill arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the Bank and Wheatland. None of the goodwill is deductible for income tax purposes as the acquisition was accounted for as a tax-free exchange.

The assets and liabilities of Wheatland were recorded on the Company's consolidated statements of financial condition at their preliminary estimated fair values as of the acquisition date and the results of operations have been included in the Company's consolidated statements of operations since that date. The following table discloses the preliminary fair value estimates of the consideration transferred, the total identifiable net assets acquired and the resulting goodwill arising from the Wheatland acquisition. The Company is continuing to obtain information to determine the fair values of assets acquired and liabilities assumed.

(Dollars in thousands)		Wheatland January 31, 2024
Fair value of consideration transferred		
Fair value of Company shares issued	$	92,385
Cash consideration		771
Total fair value of consideration transferred		93,156
Recognized amounts of identifiable assets acquired and liabilities assumed		
Identifiable assets acquired		
Cash and cash equivalents		31,674
Debt securities		187,183
Loans receivable, net of ACL		452,737
Core deposit intangible [1]		16,936
Accrued income and other assets		50,760
Total identifiable assets acquired		739,290
Liabilities assumed		
Deposits		616,955
Borrowings		58,500
Accrued expenses and other liabilities		9,048
Total liabilities assumed		684,503
Total identifiable net assets		54,787
Goodwill recognized	$	38,369

[1] The core deposit intangible for the acquisition was determined to have an estimated life of 10 years.

The preliminary fair values of the Wheatland assets acquired include loans with preliminary fair values of $452,740,000. The gross principal and contractual interest due under the Wheatland contracts was $468,882,000. The Company evaluated the loans at the acquisition date and determined there were PCD loans of $1,655,000 with an ACL of $3,000.

The Company incurred $5,575,000 of expenses in connection with the Wheatland acquisition during the three months ended March 31, 2024. Mergers and acquisition expenses are included in other expense in the Company's consolidated statements of operations and consist of third-party costs and employee severance expenses.

Total income consisting of net interest income and non-interest income of the acquired operations of Wheatland was approximately $5,841,000 and net loss was approximately $7,650,000 from January 31, 2024 to March 31, 2024. The following unaudited pro forma summary presents consolidated information of the Company as if the Wheatland acquisition had occurred on January 1, 2023:

	Three Months ended		
(Dollars in thousands)		March 31, 2024	March 31, 2023
Net interest income and non-interest income	$	198,925	220,927
Net income		30,602	62,358

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

The following management's discussion and anlaysis is intended to provide a more comprehensive review of the Company's operating results and financial condition than can be obtained from reading the Consolidated Financial Statements alone. The discussion should be read in conjunction with the Consolidated Financial Statements and the notes thereto included in "Part I. Item 1. Financial Statements."

FORWARD-LOOKING STATEMENTS

This Form 10-Q may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, statements about the Company's plans, objectives, expectations and intentions that are not historical facts, and other statements identified by words such as "expects," "anticipates," "intends," "plans," "believes," "should," "projects," "seeks," "estimates" or other comparable words or phrases of a future or forward-looking nature. These forward-looking statements are based on current beliefs and expectations of management and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the Company's control. In addition, these forward-looking statements are based on assumptions that are subject to change. The following factors, among others, including additional factors identified in the sections titled "Risk Factors," "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations", as applicable, in this report and in the Company's 2022 2023 Annual Report on Form 10-K, could cause actual results to differ materially from the anticipated results:

- risks associated with lending and potential adverse changes in the credit quality of the Company's loan portfolio;
- changes in monetary and fiscal policies, including interest rate policies of the Federal Reserve Board, which may continue to could adversely affect the Company's net interest income and margin, the fair value of its financial instruments, profitability, and stockholders' equity;
- legislative or regulatory changes, including increased FDIC insurance rates and assessments, changes in the review and regulation of bank mergers, or increased banking and consumer protection regulations, that may adversely affect the Company's business; business and strategies;
- risks related to overall economic conditions, including the impact on the economy of a rising interest rate environment, inflationary pressures, and geopolitical instability, including the wars in Ukraine and the Middle East;
- risks associated with the Company's ability to negotiate, complete, and successfully integrate any future acquisitions;
- costs or difficulties related to the completion and integration of pending or future acquisitions;
- impairment of the goodwill recorded by the Company in connection with acquisitions, which may have an adverse impact on earnings and capital;
- reduction in demand for banking products and services, whether as a result of changes in customer behavior, economic conditions, banking environment, or competition;
- deterioration of the reputation of banks and the financial services industry, which could adversely affect the Company's ability to obtain and maintain customers;
- changes in the competitive landscape, including as may result from new market entrants or further consolidation in the financial services industry, resulting in the creation of larger competitors with greater financial resources;
- risks presented by continued public stock market volatility, which could adversely affect the market price of the Company's common stock and the ability to raise additional capital or grow through acquisitions;
- risks associated with dependence on the Chief Executive Officer ("CEO"), the senior management team and the Presidents of Glacier Bank (the "Bank") divisions;
- material failure, potential interruption or breach in security of the Company's systems or changes in technological which could expose the Company to cybersecurity risks, fraud, system failures, or direct liabilities;
- risks related to natural disasters, including droughts, fires, floods, earthquakes, pandemics, and other unexpected events;
- success in managing risks involved in the foregoing; and
- effects of any reputational damage to the Company resulting from any of the foregoing.

Forward-looking statements speak only as of the date of this Form 10-Q. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Financial Highlights

		At or for the Three Months ended				At or for the Nine Months ended	
(Dollars in thousands, except per share and market data)	(Dollars in thousands, except per share and market data)	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
(Dollars in thousands, except per share and market data)							
(Dollars in thousands, except per share and market data)							
Operating results							
Operating results							
Operating results	Operating results						
Net income	Net income	$ 52,445	54,955	61,211	79,338	168,611	223,525
Net income							
Net income							
Basic earnings per share							
Basic earnings per share							
Basic earnings per share	Basic earnings per share	$ 0.47	0.50	0.55	0.72	1.52	2.02

Diluted earnings per share	Diluted earnings per share	$	0.47	0.50	0.55	0.72	1.52	2.02
Diluted earnings per share								
Diluted earnings per share								
Dividends declared per share								
Dividends declared per share								
Dividends declared per share	Dividends declared per share	$	0.33	0.33	0.33	0.33	0.99	0.99
Market value per share	Market value per share							
Market value per share								
Market value per share								
Closing								
Closing								
Closing	Closing	$	28.50	31.17	42.01	49.13	28.50	49.13
High	High	$	36.45	42.21	50.03	56.10	50.03	60.69
High								
High								
Low								
Low								
Low	Low	$	26.84	26.77	37.07	46.08	26.77	44.43
Selected ratios and other data	Selected ratios and other data							
Selected ratios and other data								
Selected ratios and other data								
Number of common stock shares outstanding								
Number of common stock shares outstanding								
Number of common stock shares outstanding	Number of common stock shares outstanding		110,879,365	110,873,887	110,868,713	110,766,954	110,879,365	110,766,954
Average outstanding shares - basic	Average outstanding shares - basic		110,877,534	110,870,964	110,824,648	110,766,502	110,857,788	110,752,231
Average outstanding shares - basic								
Average outstanding shares - basic								
Average outstanding shares - diluted								
Average outstanding shares - diluted								
Average outstanding shares - diluted	Average outstanding shares - diluted		110,886,959	110,875,535	110,881,708	110,833,594	110,882,718	110,811,267
Return on average assets (annualized)	Return on average assets (annualized)		0.75 %	0.81 %	0.93 %	1.18 %	0.83 %	1.13 %
Return on average assets (annualized)								
Return on average assets (annualized)								

Return on average equity (annualized)							
Return on average equity (annualized)							
Return on average equity (annualized)	Return on average equity (annualized)	7.12 %	7.52 %	8.54 %	10.94 %	7.72 %	10.14 %
Efficiency ratio	Efficiency ratio	63.31 %	62.73 %	60.39 %	52.76 %	62.10 %	55.14 %
Dividend payout ratio		70.21 %	66.00 %	60.00 %	45.83 %	65.13 %	49.01 %
Efficiency ratio							
Efficiency ratio							
Loan to deposit ratio							
Loan to deposit ratio							
Loan to deposit ratio	Loan to deposit ratio	79.25 %	79.92 %	77.09 %	67.98 %	79.25 %	67.98 %
Number of full time equivalent employees	Number of full time equivalent employees	3,314	3,369	3,390	3,396	3,314	3,396
Number of full time equivalent employees							
Number of full time equivalent employees							
Number of locations							
Number of locations							
Number of locations	Number of locations	221	222	222	222	221	222
Number of ATMs	Number of ATMs	274	274	263	272	274	272
Number of ATMs							
Number of ATMs							

The Company reported net income of $52.4 million $32.6 million for the current quarter, a decrease of $26.9 million $28.6 million, or 34 47 percent, from the $79.3 million $61.2 million of net income for the prior year third first quarter. Diluted earnings per share for the current quarter was $0.47 $0.29 per share, a decrease of 35 47 percent from the prior year third first quarter diluted earnings per share of $0.72. $0.55. The decrease in net income compared to the prior quarter and prior year third first quarter was primarily due to the continued significant increase in funding costs which has outpaced over the increase year combined with the increased costs associated with the acquisition of Wheatland Bank. The current quarter included $5.7 million of acquisition-related expense and $6.1 million of credit loss expense from the acquisition of Wheatland Bank. Included in interest income. the current quarter non-interest expense was $1.5 million related to the FDIC increased loss estimates from the special assessment pursuant to a systemic risk determination.

Net income for the nine months ended September 30, 2023 was $169 million, a decrease of $54.9 million, or 25 percent, from the $224 million for the first nine months in the prior year, which was primarily driven by the increase in funding costs outpacing the increase in interest income. Diluted earnings per share for the first nine months of 2023 was $1.52 per share, a decrease of 25 percent from the prior year first nine months diluted earnings per share of $2.02.

On August 8, 2023 January 31, 2024, the Company announced Company's completed the signing acquisition of a definitive agreement to acquire Community Financial Group, Inc., the parent company of Wheatland Bank (collectively, "Wheatland"), headquartered in Spokane, Washington. Wheatland has 14 branches in eastern Washington and was combined with total assets the North Cascades Bank division, with combined operations under the name Wheatland Bank, division of $763 million, total loans of $491 million and total deposits of $609 million as of September 30, 2023. Glacier Bank. The Company's results of operations and financial condition include the Wheatland acquisition beginning on the acquisition date.The following table discloses the preliminary fair value estimates of select classifications of assets and liabilities acquired:

(Dollars in thousands)	Wheatland January 31, 2024
Total assets	$ 777,659
Debt securities	187,183
Loans receivable	450,403
Non-interest bearing deposits	277,651
Interest bearing deposits	339,304
Borrowings	58,500

During the current quarter, the Company announced the signing of a purchase and assumption agreement to purchase six Montana branches from the Rocky Mountain Bank division of HTLF. The branches will join Glacier Bank divisions operating in Montana. The branch acquisition is subject to required regulatory and shareholder approvals and other customary conditions of closing and is expected to be completed in the fourth third quarter of 2023. 2024.

Financial Condition Analysis

Assets

The following table summarizes the Company's assets as of the dates indicated:

						$ Change from		
					$ Change from			
					$ Change from			
					$ Change from			
(Dollars in thousands)	(Dollars in thousands)	Sep 30, 2023	Jun 30, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2023	Dec 31, 2022	Sep 30, 2022
Cash and cash equivalents	Cash and cash equivalents	$ 1,672,094	1,051,320	401,995	425,212	620,774	1,270,099	1,246,882
Cash and cash equivalents								
Cash and cash equivalents								
Debt securities, available-for-sale								
Debt securities, available-for-sale								
Debt securities, available-for-sale	Debt securities, available-for-sale	4,741,738	4,999,820	5,307,307	5,755,076	(258,082)	(565,569)	(1,013,338)
Debt securities, held-to-maturity	Debt securities, held-to-maturity	3,553,805	3,608,289	3,715,052	3,756,634	(54,484)	(161,247)	(202,829)
Debt securities, held-to-maturity								
Debt securities, held-to-maturity								
Total debt securities								
Total debt securities								
Total debt securities	Total debt securities	8,295,543	8,608,109	9,022,359	9,511,710	(312,566)	(726,816)	(1,216,167)
Loans receivable	Loans receivable							
Loans receivable								
Loans receivable								
Residential real estate								
Residential real estate								
Residential real estate	Residential real estate	1,653,777	1,588,175	1,446,008	1,368,368	65,602	207,769	285,409
Commercial real estate	Commercial real estate	10,292,446	10,220,751	9,797,047	9,582,989	71,695	495,399	709,457
Commercial real estate								
Commercial real estate								
Other commercial								
Other commercial								
Other commercial	Other commercial	2,916,785	2,888,810	2,799,668	2,729,717	27,975	117,117	187,068
Home equity	Home equity	869,963	862,240	822,232	793,556	7,723	47,731	76,407
Home equity								
Home equity								
Other consumer								
Other consumer								
Other consumer	Other consumer	402,075	394,986	381,857	376,603	7,089	20,218	25,472
Loans receivable	Loans receivable	16,135,046	15,954,962	15,246,812	14,851,233	180,084	888,234	1,283,813
Loans receivable								
Loans receivable								
Allowance for credit losses								
Allowance for credit losses								

Allowance for credit losses	Allowance for credit losses		(192,271)	(189,385)	(182,283)	(178,191)	(2,886)	(9,988)	(14,080)
Loans receivable, net	Loans receivable, net		15,942,775	15,765,577	15,064,529	14,673,042	177,198	878,246	1,269,733
Loans receivable, net									
Loans receivable, net									
Other assets									
Other assets									
Other assets	Other assets		2,153,149	2,102,673	2,146,492	2,122,990	50,476	6,657	30,159
Total assets	Total assets	$	28,063,561	27,527,679	26,635,375	26,732,954	535,882	1,428,186	1,330,607
Total assets									
Total assets									

The $789 million cash balance at March 31, 2024 decreased $566 million during the current quarter as cash was utilized to partially fund the maturity of the Bank Term Funding Program (“BTFP”). Total debt securities of $8.296 billion $8.081 billion at September 30, 2023 March 31, 2024 decreased $313 million, or 4 percent, $207 million during the current quarter and decreased $1.216 billion $782 million, or 13 9 percent, from the prior year third quarter. The Company continues to utilize cash flow from the securities portfolio to primarily fund loan growth and maintain a strong cash position. The Company increased its cash position by $621 million during the current quarter to further strengthen its liquidity position. year. Debt

securities represented 30 29 percent of total assets at September 30, 2023, March 31, 2024 compared to 34 30 percent at December 31, 2022, December 31, 2023 and 36 32 percent at September 30, 2022 March 31, 2023.

The loan portfolio of $16.135 billion $16.733 billion at March 31, 2024 increased $180 million $534 million, or 5 3 percent, annualized, during the current quarter and increased $1.214 billion, or 8 percent, from the prior year. Excluding the Wheatland acquisition, the loan portfolio increased $84.0 million, or 2 percent annualized, with the largest dollar increase in commercial real estate, which increased $71.7 million $63.9 million, or 3 2 percent annualized. The Excluding the Wheatland acquisition, the loan portfolio increased $1.284 billion $763 million, or 9 5 percent, from the prior year third first quarter with the largest dollar increase in commercial real estate loans, which increased $709 million $375 million, or 7 4 percent.

Liabilities

The following table summarizes the Company’s liabilities as of the dates indicated:

							$ Change from		
						$ Change from			
						$ Change from			
						$ Change from			
(Dollars in thousands)	(Dollars in thousands)		Sep 30, 2023	Jun 30, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2023	Dec 31, 2022	Sep 30, 2022
Deposits	Deposits								
Deposits									
Deposits									
Non-interest bearing deposits									
Non-interest bearing deposits									
Non-interest bearing deposits	Non-interest bearing deposits	$	6,465,353	6,458,394	7,690,751	8,294,363	6,959	(1,225,398)	(1,829,010)
NOW and DDA accounts	NOW and DDA accounts		5,253,367	5,154,442	5,330,614	5,462,707	98,925	(77,247)	(209,340)
NOW and DDA accounts									
NOW and DDA accounts									
Savings accounts									
Savings accounts									
Savings accounts	Savings accounts		2,872,362	2,808,571	3,200,321	3,305,333	63,791	(327,959)	(432,971)
Money market deposit accounts	Money market deposit accounts		2,994,631	3,094,302	3,472,281	3,905,676	(99,671)	(477,650)	(911,045)
Money market deposit accounts									
Money market deposit accounts									
Certificate accounts									

Certificate accounts								
Certificate accounts	Certificate accounts	2,742,017	2,014,104	880,589	907,560	727,913	1,861,428	1,834,457
Core deposits, total	Core deposits, total	20,327,730	19,529,813	20,574,556	21,875,639	797,917	(246,826)	(1,547,909)
Core deposits, total								
Core deposits, total								
Wholesale deposits								
Wholesale deposits								
Wholesale deposits	Wholesale deposits	67,434	478,417	31,999	4,003	(410,983)	35,435	63,431
Deposits, total	Deposits, total	20,395,164	20,008,230	20,606,555	21,879,642	386,934	(211,391)	(1,484,478)
Deposits, total								
Deposits, total								
Securities sold under agreements to repurchase								
Securities sold under agreements to repurchase								
Securities sold under agreements to repurchase	Securities sold under agreements to repurchase	1,499,696	1,356,862	945,916	887,483	142,834	553,780	612,213
Federal Home Loan Bank advances	Federal Home Loan Bank advances	—	—	1,800,000	705,000	—	(1,800,000)	(705,000)
Federal Home Loan Bank advances								
Federal Home Loan Bank advances								
FRB Bank Term Funding								
FRB Bank Term Funding								
FRB Bank Term Funding	FRB Bank Term Funding	2,740,000	2,740,000	—	—	—	2,740,000	2,740,000
Other borrowed funds	Other borrowed funds	73,752	75,819	77,293	77,671	(2,067)	(3,541)	(3,919)
Other borrowed funds								
Other borrowed funds								
Subordinated debentures								
Subordinated debentures								
Subordinated debentures	Subordinated debentures	132,903	132,863	132,782	132,742	40	121	161
Other liabilities	Other liabilities	347,452	287,379	229,524	278,059	60,073	117,928	69,393
Other liabilities								
Other liabilities								
Total liabilities	Total liabilities	$ 25,188,967	24,601,153	23,792,070	23,960,597	587,814	1,396,897	1,228,370
Total liabilities								
Total liabilities								

During Total deposits of $20.428 billion at March 31, 2024 increased $498 million, or 3 percent, during the current quarter and increased $279 million, or 1 percent, from the prior year first quarter. Excluding the Wheatland acquisition, total deposits decreased $119 million, or 1 percent, during the current quarter and decreased $338 million, or 2 percent, from the prior year first quarter. Non-interest bearing deposits represented 30 percent of total deposits at both March 31, 2024 and December 31, 2023 compared to 35 percent at March 31, 2023.

Upon maturity in the current quarter, the Company continued to focus on paid off its diversified deposit $2.740 billion BTFP borrowings with a combination of $2.140 billion in FHLB borrowings and repurchase agreement product offerings. Total deposits and retail repurchase agreements cash, resulting in a net reduction of $21.895 billion $600 million in borrowings. The FHLB borrowings of $2.140 billion at the current quarter end increased $530 million, or 10 included $340 million of overnight borrowings and $1.800 billion in term borrowings that will mature between March of 2025 and March of 2026 at a weighted average rate of 4.75 percent annualized, during the current quarter. With the increased core deposits, the Company allowed $411 million and a FHLB dividend adjusted weighted average rate of higher cost wholesale deposits to mature. Excluding wholesale deposits, core deposits and retail repurchase agreements increased $941 million, or 18 annualized 4.41 percent during the current quarter. Non-interest bearing deposits increased $7.0 million over the prior quarter, representing 32 percent of total core deposits at September 30, 2023 compared to 374.38 percent at December 31, 2022 and 38 percent at September 30, 2022.

The Company's liquidity position remains strong with solid core deposit customer relationships, excess cash, debt securities, and access to diversified borrowing sources. The Company has available liquidity from for the FHLB and Federal Reserve facilities, unpledged securities, brokered deposits, and other sources. matured BTFP borrowings.

Stockholders' Equity

The following table summarizes the stockholders' equity balances as of the dates indicated:

					$ Change from		
					$ Change from		
					$ Change from		
					$ Change from		
(Dollars in thousands, except per share data)	Sep 30, 2023	Jun 30, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2023	Dec 31, 2022	Sep 30, 2022
Common equity	$ 3,374,961	3,357,313	3,312,097	3,267,505	17,648	62,864	107,456
Common equity							
Common equity							
Accumulated other comprehensive income							
Accumulated other comprehensive income							
Accumulated other comprehensive income	(500,367)	(430,787)	(468,792)	(495,148)	(69,580)	(31,575)	(5,219)
Total stockholders' equity	2,874,594	2,926,526	2,843,305	2,772,357	(51,932)	31,289	102,237
Total stockholders' equity							
Total stockholders' equity							
Goodwill and core deposit intangible, net							
Goodwill and core deposit intangible, net							
Goodwill and core deposit intangible, net	(1,019,690)	(1,022,118)	(1,026,994)	(1,029,658)	2,428	7,304	9,968
Tangible stockholders' equity	$ 1,854,904	1,904,408	1,816,311	1,742,699	(49,504)	38,593	112,205
Tangible stockholders' equity							
Tangible stockholders' equity							
Stockholders' equity to total assets	10.24 %	10.63 %	10.67 %	10.37 %			
Stockholders' equity to total assets							
Stockholders' equity to total assets							
Tangible stockholders' equity to total tangible assets							
Tangible stockholders' equity to total tangible assets							
Tangible stockholders' equity to total tangible assets	6.86 %	7.18 %	7.09 %	6.78 %			
Book value per common share	$ 25.93	26.40	25.67	25.03	(0.47)	0.26	0.90
Book value per common share							
Book value per common share							

Tangible book value per common share	Tangible book value per common share	$	16.73	17.18	16.40	15.73	(0.45)	0.33	1.00
Tangible book value per common share									
Tangible book value per common share									

Tangible stockholders' equity of $1.855 billion $2.041 billion at September 30, 2023 decreased $49.5 million March 31, 2024 increased $37.9 million, or 3 2 percent, compared to the prior quarter due to an increase in net unrealized losses (after-tax) on available-for-sale debt securities during the current quarter. Tangible stockholders' equity increased $112 million, or 6 percent, from September 30, 2022, which and was primarily due to earnings retention. $92.4 million of Company common stock issued for the acquisition of Wheatland. The increase was partially offset by the increase in goodwill and core deposits associated the acquisition of Wheatland. Tangible book value per common share of $16.73 $18.00 at the current quarter end increased $0.33 decreased $0.06 per share, or 2 33 basis points, from the prior quarter and increased $0.84 per share, or 5 percent, from the prior year end. The tangible book value per common share increased $1.00 per share from the prior year third first quarter.

Cash Dividend

On September 27, 2023 March 27, 2024, the Company's Board of Directors declared a quarterly cash dividend of $0.33 per share. The current quarter dividend of $0.33 per share was consistent with the dividend declared in the prior quarter and the prior year third first quarter. The dividend was payable October 19, 2023 April 18, 2024 to shareholders of record on October 10, 2023 April 9, 2024. The dividend was the Company's 154th 156th consecutive regular dividend. Future cash dividends will depend on a variety of factors, including net income, capital levels, asset quality, general economic conditions and regulatory considerations.

Operating Results for Three Months Ended September 30, 2023 March 31, 2024
Compared to June 30, 2023, March 31, 2023 December 31, 2023, and September 30, 2022 March 31, 2023

Income Summary

The following table summarizes income for the periods indicated:

		Three Months ended				$ Change from			Three Months ended	$ Change from
(Dollars in thousands)	(Dollars in thousands)	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Sep 30, 2022	Jun 30, 2023	Mar 31, 2023	Sep 30, 2022		
Net interest income	Net interest income									
Net interest income										
Net interest income										
Interest income										
Interest income										
Interest income	Interest income	$ 264,906	247,365	199,637	214,402	17,541	65,269	50,504		
Interest expense	Interest expense	97,852	75,385	6,199	9,075	22,467	91,653	88,777		
Interest expense										
Interest expense										
Total net interest income										
Total net interest income										
Total net interest income	Total net interest income	167,054	171,980	193,438	205,327	(4,926)	(26,384)	(38,273)		
Non-interest income	Non-interest income									
Non-interest income										
Non-interest income										
Service charges and other fees										
Service charges and other fees										
Service charges and other fees	Service charges and other fees	19,304	18,967	17,309	18,970	337	1,995	334		
Miscellaneous loan fees and charges	Miscellaneous loan fees and charges	4,322	4,162	3,850	4,040	160	472	282		

Miscellaneous loan fees and charges								
Miscellaneous loan fees and charges								
Gain on sale of loans	Gain on sale of loans	4,046	3,528	4,996	3,846	518	(950)	200
Loss on sale of investments		(65)	(23)	(260)	(85)	(42)	195	20
Gain on sale of loans								
Gain on sale of loans								
Gain (loss) on sale of investments								
Gain (loss) on sale of investments								
Gain (loss) on sale of investments								
Other income								
Other income								
Other income	Other income	2,633	2,445	2,385	3,635	188	248	(1,002)
Total non-interest income	Total non-interest income	30,240	29,079	28,280	30,406	1,161	1,960	(166)
Total non-interest income								
Total non-interest income								
Total income	Total income	$ 197,294	201,059	221,718	235,733	(3,765)	(24,424)	(38,439)
Total income								
Total income								
Net interest margin (tax-equivalent)								
Net interest margin (tax-equivalent)								
Net interest margin (tax-equivalent)	Net interest margin (tax-equivalent)	2.58 %	2.74 %	3.23 %	3.34 %			

Net Interest Income

The current quarter interest income of $265 million $279 million increased $17.5 million $5.9 million, or 7 2 percent, over the prior quarter and was increased $47.5 million, or 20 percent, from the prior year first quarter. Both increases were primarily driven primarily by the increase in the loan yields and an the increase in interest-bearing cash. The current quarter interest income increased $50.5 million, or 24 percent, over average balances of the prior year third quarter and was principally due to loan growth and increased loan yields. portfolio. The loan yield of 5.27 5.46 percent in the current quarter increased 15 12 basis points from the prior quarter loan yield of 5.12 5.34 percent and increased 60 44 basis points from the prior year third first quarter loan yield of 4.67 5.02 percent.

The current quarter interest expense of $97.9 million $113 million increased $22.5 million $5.9 million, or 30 6 percent, over the prior quarter and increased $88.8 million $67.2 million, or 978 147 percent, over the prior year third first quarter primarily the result of an increase in rates on deposits and borrowings. Core deposit cost (including non-interest bearing deposits) was 1.03 1.34 percent for the current quarter compared to 0.57 1.24 percent in the prior quarter and 0.06 0.23 percent for the prior year third first quarter. The increase in core deposit costs during the current quarter of 10 basis points was the smallest increase since the fourth quarter of 2022. The total cost of funding (including non-interest bearing deposits) was 1.58 1.84 percent in the current quarter compared to 1.26 1.72 percent in the prior quarter and 0.15 0.79 percent in the prior year third first quarter, which was the result of the increased deposit and borrowing rates.

The current quarter experienced an increase in the net interest margin for the first time since the third quarter of 2022. The Company's net interest margin as a percentage of earning assets, on a tax-equivalent basis, for the current quarter was 2.58 2.59 percent compared to 2.74 2.56 percent in the prior quarter and 3.34 was primarily driven by the increase in loan yields outpacing the increase in deposit costs. Excluding the 3 basis points from discount accretion and the 1 basis point from recovery of non-accrual interest, the core net interest margin was 2.55 percent compared to 2.54 in the prior quarter and 3.07 percent in the prior year third quarter. Although the net interest margin has been negatively impacted by the increase in interest rates in the current year, the Company experienced a slower pace in the decline in the net interest margin during the current quarter. The current quarter decrease in net interest margin was 16 basis points compared to a decrease of 34 basis points in the prior quarter and a decrease of 22 basis points in the first quarter of the current year. The core net interest margin, excluding discount accretion, the impact from non-accrual interest and the impact from the Paycheck Protection Program ("PPP") loans, was 2.55 percent compared to 2.72 percent in the prior quarter and 3.29 percent in the prior year third quarter.

Non-interest Income

Non-interest income for the current quarter totaled $30.2 million $30.0 million, which was an increase a decrease of $1.2 million, $876 thousand, or 4 3 percent, over the prior quarter. Gain on the sale of residential loans of $4.0 million $3.4 million for the current quarter increased $518 thousand, $1.1 million, or 15 51 percent, compared to the prior quarter and increased $200 $962 thousand, or 5 40 percent, from the prior year third first quarter. Service charges and other fees of $19.3 million Included in the current quarter increased $337 thousand, or 2 percent, over the prior quarter and increased $334 thousand, or 2 percent, over gain on sale of securities was $1.7 million of gain on the prior year third quarter. sale of all of the Company's Visa class B shares.

Non-interest Expense

The following table summarizes non-interest expense for the periods indicated:

		Three Months ended				$ Change from			Three Months ended	$ Change from
(Dollars in thousands)	(Dollars in thousands)	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Sep 30, 2022	Jun 30, 2023	Mar 31, 2023	Sep 30, 2022		
Compensation and employee benefits	Compensation and employee benefits	$ 77,387	78,764	81,477	80,612	(1,377)	(4,090)	(3,225)		
Compensation and employee benefits										
Compensation and employee benefits										
Occupancy and equipment										
Occupancy and equipment										
Occupancy and equipment	Occupancy and equipment	10,553	10,827	11,665	10,797	(274)	(1,112)	(244)		
Advertising and promotions	Advertising and promotions	4,052	3,733	4,235	3,768	319	(183)	284		
Advertising and promotions										
Advertising and promotions										
Data processing										
Data processing										
Data processing	Data processing	8,730	8,402	8,109	7,716	328	621	1,014		
Other real estate owned	Other real estate owned	15	14	12	66	1	3	(51)		
Other real estate owned										
Other real estate owned										
Regulatory assessments and insurance										
Regulatory assessments and insurance										
Regulatory assessments and insurance	Regulatory assessments and insurance	6,060	5,314	4,903	3,339	746	1,157	2,721		
Core deposit intangibles amortization	Core deposit intangibles amortization	2,428	2,427	2,449	2,665	1	(21)	(237)		
Core deposit intangibles amortization										
Core deposit intangibles amortization										
Other expenses	Other expenses	20,351	21,123	22,132	21,097	(772)	(1,781)	(746)		
Other expenses										
Other expenses										
Total non-interest expense										
Total non-interest expense										
Total non-interest expense	Total non-interest expense	$129,576	130,604	134,982	130,060	(1,028)	(5,406)	(484)		

Total non-interest expense of $130 million $152 million for the current quarter decreased $1.0 million increased $19.6 million, or 79 basis points, 15 percent, over the prior quarter and decreased $484 thousand, increased $16.9 million, or 37 basis points, 12 percent, over the prior year third first quarter. Compensation In the prior quarter, the FDIC issued a special assessment for the estimated losses associated with the bank failures in March of 2023 of $6.0 million and employee benefits FDIC loss estimates were again increased in the current quarter resulting in an additional assessment of $1.5 million. Also included in the current quarter was a total of $10.7 million of non-interest expense associated with the Wheatland acquisition, including $5.0 million in operating expenses and $5.7 million in acquisition-related expenses. Excluding the $10.7 million impact of $77.4 million the

Wheatland acquisition and the $1.5 million FDIC special assessment, non-interest expense for the current quarter decreased $1.4 million, or 2 percent, from was $139.6 million. Excluding the $6.0 million FDIC special assessment, $459 thousand of acquisition-related expenses, and a $6.0 million reduction in accrued performance-related compensation, non-interest expense for the prior quarter was $131.7 million. As adjusted, total non-interest expense of $139.6 million for the current quarter increased $7.9 million, or 6 percent, over the prior quarter adjusted non-interest expense of $131.7 million, and decreased $3.2 million an increase of $5.0 million, or 4 percent, over the prior year third first quarter.

Compensation and employee benefits expense of $85.8 million for the current quarter which was driven primarily by decreases in accrued expenses for employee benefits. Regulatory assessments and insurance of $6.1 million, increased $2.7 million $14.4 million, or 81 20 percent, from the prior quarter and increased $4.3 million, or 5 percent, over the prior year third first quarter which was driven by the acquisition of Wheatland, annual salary increases and increases in other benefits. Excluding the prior quarter $6.0 million accrual reduction and the $2.2 million compensation from the Wheatland acquisition, compensation and employee benefit expenses for the current quarter increased $6.2 million, or 8 percent over the prior quarter.

Other expense of $30.5 million increased $7.1 million, or 30 percent, from the prior quarter and increased $8.4 million from the prior year first quarter with both increases primarily attributable to increased acquisition-related expenses. Included in other expenses was primarily due to the FDIC uniformly increasing all depository institutions premiums at the beginning acquisition-related expenses of $5.7 million in the current year. quarter, $459 thousand in the prior quarter and $352 thousand in the prior year first quarter.

Efficiency Ratio

The efficiency ratio was 63.31 74.4 percent in the current quarter compared to 62.73 65.20 percent in the prior quarter and 52.76 60.39 percent in the prior year third first quarter. The increase from the prior quarter and was principally driven by the increased operating costs, including acquisition-related costs, from the Wheatland acquisition. The increase in the efficiency ratio from prior year third first quarter was primarily attributable the combined impact of the expenses related to the increase Wheatland acquisition and a decrease in interest expense in the current quarter that outpaced the increase in net interest income.

Provision for Credit Losses for Loans

The following table summarizes provision for credit losses for loans, net charge-offs and select ratios relating to provision for credit losses for the previous eight quarters:

(Dollars in thousands)	Provision for Credit Losses on Loans	Net Charge-Offs (Recoveries)	Allowance for Credit Losses as a Percent of Loans	Accruing Loans 30-89 Days Past Due as a Percent of Loans	Non-Performing Assets to Total Sub-sidiary Assets
Third quarter 2023	$ 5,095	$ 2,209	1.19 %	0.09 %	0.15 %
Second quarter 2023	5,254	2,473	1.19 %	0.16 %	0.12 %
First quarter 2023	6,260	1,939	1.20 %	0.16 %	0.12 %
Fourth quarter 2022	6,060	1,968	1.20 %	0.14 %	0.12 %
Third quarter 2022	8,382	3,154	1.20 %	0.07 %	0.13 %
Second quarter 2022	(1,353)	1,843	1.20 %	0.12 %	0.16 %
First quarter 2022	4,344	850	1.28 %	0.12 %	0.24 %
Fourth quarter 2021	19,301	616	1.29 %	0.38 %	0.26 %

(Dollars in thousands)	Provision for Credit Losses on Loans	Net Charge-Offs (Recoveries)	Allowance for Credit Losses as a Percent of Loans	Accruing Loans 30-89 Days Past Due as a Percent of Loans	Non-Performing Assets to Total Sub-sidiary Assets
First quarter 2024	$ 9,091	$ 3,072	1.19 %	0.37 %	0.09 %
Fourth quarter 2023	4,181	3,695	1.19 %	0.31 %	0.09 %
Third quarter 2023	5,095	2,209	1.19 %	0.09 %	0.15 %
Second quarter 2023	5,254	2,473	1.19 %	0.16 %	0.12 %
First quarter 2023	6,260	1,939	1.20 %	0.16 %	0.12 %
Fourth quarter 2022	6,060	1,968	1.20 %	0.14 %	0.12 %
Third quarter 2022	8,382	3,154	1.20 %	0.07 %	0.13 %
Second quarter 2022	(1,353)	1,843	1.20 %	0.12 %	0.16 %

Net charge-offs for the current quarter were $2.2 million $3.1 million compared to $2.5 million $3.7 million in the prior quarter and $3.2 million $1.9 million for the prior year third first quarter. Net charge-offs of $2.2 million $3.1 million included $1.7 million $2.4 million in deposit overdraft net charge-offs and $544 $626 thousand of net loan charge-offs.

The Excluding the acquisition of Wheatland, the current quarter provision for credit loss expense for loans was $5.1 million $3.8 million, which was a decrease of $160 $361 thousand from the prior quarter and a $3.3 million $2.4 million decrease from the prior year third first quarter. Loan portfolio growth, composition, average loan size, credit quality considerations, economic forecasts and other environmental factors will continue to determine the level of the provision for credit losses for loans.

The determination of the allowance for credit losses ("ACL" or "allowance") on loans and the related provision for credit losses is a critical accounting estimate that involves management's judgments about the loan portfolio that impact credit losses. For additional information on the allowance, see the Allowance For Credit Losses section under "Additional Management's Discussion and Analysis."

Operating Results for Nine Months Ended September 30, 2023 Compared to September 30, 2022

Income Summary

The following table summarizes income for the periods indicated:

(Dollars in thousands)	Nine Months ended Sep 30, 2023	Nine Months ended Sep 30, 2022	$ Change	% Change
Net interest income				
Interest income	$ 744,159	604,555	139,604	23 %
Interest expense	218,933	20,235	198,698	982 %
Total net interest income	525,226	584,320	(59,094)	(10)%
Non-interest income				
Service charges and other fees	56,042	53,390	2,652	5 %
Miscellaneous loan fees and charges	12,451	11,445	1,006	9 %
Gain on sale of loans	9,974	17,857	(7,883)	(44)%
(Loss) gain on sale of debt securities	(202)	101	(303)	(300)%
Other income	8,949	9,456	(507)	(5)%
Total non-interest income	87,214	92,249	(5,035)	(5)%
Total income	$ 612,440	676,569	(64,129)	(9)%
Net interest margin (tax-equivalent)	2.79 %	3.26 %		

Net Interest Income

Net interest income of $525 million for the first nine months of 2023 decreased $59.1 million, or 10 percent, over the same period of 2022, and was primarily driven by increased interest expense. Interest income of $744 million for the first nine months in the current year increased $139.6 million, or 23 percent, from the same period in the prior year and was primarily attributable to the increase in the loan portfolio and an increase in loan yields. The loan yield was 5.14 percent for the first nine months of the current year, an increase of 54 basis points from the first nine months of the prior year loan yield of 4.60 percent.

Interest expense of $218.9 million for the first nine months of 2023 increased $199 million, or 982 percent, over the same period in the prior year and was the result of increased borrowings and higher interest rates on borrowings and deposits. Core deposit cost (including non-interest bearing deposits) was 0.62 percent for the nine months of 2023 compared to 0.06 percent for the same period in 2022. The total funding cost (including non-interest bearing deposits) for the first nine months of the current year was 1.22 percent, which was an increase of 110 basis points over the prior year first nine months of 0.12 percent.

The net interest margin as a percentage of earning assets, on a tax-equivalent basis, during the first nine months of 2023 was 2.79 percent, a 47 basis points decrease from the net interest margin of 3.26 percent for the same period in the prior year. The net interest margin, adjusted to exclude discount accretion, the impact from non-accrual interest and the impact from the PPP loans, was 2.77 percent for the first nine months of the current year, which was a 41 basis points decrease from the similarly adjusted margin of 3.18 percent in the same period of the prior year.

Non-interest Income

Non-interest income of $87.2 million for the first nine months of 2023 decreased $5.0 million, or 5 percent, over the same period last year and was primarily due to the decrease in gain on sale of residential loans which was partially offset by the increase in service charges and other fees. Gain on sale of residential loans of $10.0 million in the current year decreased by $7.9 million, or 44 percent, over the prior year, primarily as a result of the reduction in residential purchase and refinance activity as mortgage rates significantly increased during the current year. Miscellaneous loan fees of $12.5 million increased $1.0 million, or 9 percent, which was primarily driven by an increase in credit card interchange fees due to increased activity.

Non-interest Expense

The following table summarizes non-interest expense for the periods indicated:

(Dollars in thousands)	Nine Months ended Sep 30, 2023	Nine Months ended Sep 30, 2022	$ Change	% Change
Compensation and employee benefits	$ 237,628	$ 239,489	$ (1,861)	(1)%
Occupancy and equipment	33,045	32,527	518	2 %
Advertising and promotions	12,020	10,766	1,254	12 %
Data processing	25,241	22,744	2,497	11 %
Other real estate owned	41	72	(31)	(43)%

Regulatory assessments and insurance	16,277	9,479	6,798	72 %
Core deposit intangibles amortization	7,304	7,994	(690)	(9)%
Other expenses	63,606	66,818	(3,212)	(5)%
Total non-interest expense	$ 395,162	$ 389,889	$ 5,273	1 %

Total non-interest expense of $395 million for the first nine months of 2023 increased $5.3 million, or 1 percent, over the same period in the prior year. Regulatory assessments and insurance of $16.3 million for the first nine months of 2023 increased $6.8 million, or 72 percent, over the prior year and was primarily due to the FDIC uniformly increasing all depository institutions premiums beginning in 2023. Other expense of $63.6 million for the first nine months of 2023 decreased $3.2 million, or 5 percent, from the first nine months of the prior year and was primarily due to the decrease in acquisition-related expenses along with changes in several miscellaneous categories. Acquisition-related expenses were $842 thousand in the first nine months of the current year compared to $9.2 million in the same period of last year.

Efficiency Ratio

The efficiency ratio was 62.10 percent for the first nine months of 2023 compared to 55.14 percent for the same period last year. The increase from the prior year was primarily attributable to the increase in interest expense in the current year that outpaced the increase in interest income.

Provision for Credit Losses

The provision for credit loss expense was $11.8 million for the first nine months of 2023 and decreased $2.1 million, or 15 percent, over the same period of the prior year. The provision for credit loss expense for the first nine months of 2023 included provision for credit loss expense of $16.6 million on the loan portfolio and credit loss benefit of $4.8 million on the unfunded loan commitments. Net charge-offs during the first nine months of the current year were $6.6 million compared to $5.8 million during the same period of the prior year.

ADDITIONAL MANAGEMENT'S DISCUSSION AND ANALYSIS

Investment Activity

The Company's investment securities primarily consist of debt securities classified as either available-for-sale or held-to-maturity. Non-marketable equity securities consist of capital stock issued by the FHLB of Des Moines.

Debt Securities

Debt securities classified as available-for-sale are carried at estimated fair value and debt securities classified as held-to-maturity are carried at amortized cost. Unrealized gains or losses, net of tax, on available-for-sale debt securities are reflected as an adjustment to other comprehensive income. The Company's debt securities are summarized below:

	September 30, 2023		December 31, 2022		September 30, 2022	
(Dollars in thousands)	Carrying Amount	Percent	Carrying Amount	Percent	Carrying Amount	Percent
Available-for-sale						
U.S. government and federal agency	$ 444,145	5 %	$ 444,727	5 %	$ 443,466	5 %
U.S. government sponsored enterprises	289,831	3 %	287,364	3 %	288,532	3 %
State and local governments	96,713	1 %	132,993	1 %	411,855	4 %
Corporate bonds	25,904	1 %	26,109	1 %	83,731	1 %
Residential mortgage-backed securities	2,810,894	34 %	3,267,341	36 %	3,387,378	35 %

	March 31, 2024			December 31, 2023		
(Dollars in thousands)	Carrying Amount	Percent		Carrying Amount	Percent	
U.S. government and federal agency						
U.S. government and federal agency	$ 454,817	6	6 %	$455,347	5	5 %
U.S. government sponsored enterprises	306,626	4	4 %	299,219	4	4 %
State and local governments	97,382	1	1 %	98,932	1	1 %
Corporate bonds	14,206	1	1 %	26,253	1	1 %
Residential mortgage-backed securities	2,677,651	33	33 %	2,811,263	34	34 %

Commercial mortgage-backed securities	Commercial mortgage-backed securities	1,074,251	13 %	1,148,773	13 %	1,140,114	12 %	Commercial mortgage-backed securities	1,078,391	13	13 %	1,094,705	13	13 %
Total available-for-sale	Total available-for-sale	4,741,738	57 %	5,307,307	59 %	5,755,076	60 %	Total available-for-sale	4,629,073	58	58 %	4,785,719	58	58 %
Held-to-maturity	Held-to-maturity													
U.S. government and federal agency	U.S. government and federal agency	851,751	10 %	846,046	9 %	845,116	9 %							
U.S. government and federal agency														
U.S. government and federal agency									854,791		10 %	853,273		10 %
State and local governments	State and local governments	1,657,628	20 %	1,682,640	19 %	1,675,529	18 %	State and local governments	1,641,551	20	20 %	1,650,000	20	20 %
Residential mortgage-backed securities	Residential mortgage-backed securities	1,044,426	13 %	1,186,366	13 %	1,235,989	13 %	Residential mortgage-backed securities	955,241	12	12 %	999,138	12	12 %
Total held-to-maturity	Total held-to-maturity	3,553,805	43 %	3,715,052	41 %	3,756,634	40 %	Total held-to-maturity	3,451,583	42	42 %	3,502,411	42	42 %
Total debt securities	Total debt securities	$8,295,543	100 %	$9,022,359	100 %	$9,511,710	100 %	Total debt securities	$8,080,656	100	100 %	$8,288,130	100	100 %

The Company's debt securities were primarily comprised of U.S. government and federal agency and mortgage-backed securities. State and local government securities are largely exempt from federal income tax and the Company's federal statutory income tax rate of 21 percent is used in calculating the tax-equivalent yields on the tax-exempt securities. Mortgage-backed securities largely consists of short, weighted-average life U.S. agency guaranteed residential and commercial mortgage pass-through securities and to a lesser extent, short, weighted-average life U.S. agency guaranteed residential collateralized mortgage obligations. Combined, the mortgage-backed securities provide the Company with ongoing liquidity as scheduled and pre-paid principal is received on the securities.

State and local government securities carry different risks that are not as prevalent in other security types. The Company evaluates the investment grade quality of its securities in accordance with regulatory guidance. Investment grade securities are those where the issuer has an adequate capacity to meet the financial commitments under the security for the projected life of the investment. An issuer has an adequate capacity to meet financial commitments if the risk of default by the obligor is low and the full and timely payment of principal and interest are expected. In assessing credit risk, the Company may use credit ratings from Nationally Recognized Statistical Rating Organizations ("NRSRO" entities such as S&P and Moody's) as support for the evaluation; however, they are not solely relied upon. There have been no significant differences in the Company's internal evaluation of the creditworthiness of any issuer when compared with the ratings assigned by the NRSROs.

The following table stratifies the state and local government securities by the associated NRSRO ratings. The highest issued rating was used to categorize the securities in the table for those securities where the NRSRO ratings were not at the same level.

		September 30, 2023		December 31, 2022						
		March 31, 2024					March 31, 2024		December 31, 2023	
(Dollars in thousands)	(Dollars in thousands)	Amortized Cost	Fair Value	Amortized Cost	Fair Value	(Dollars in thousands)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
S&P: AAA / Moody's: Aaa	S&P: AAA / Moody's: Aaa	$ 447,938	370,423	456,074	395,371					
S&P: AA+, AA, AA- / Moody's: Aa1, Aa2, Aa3	S&P: AA+, AA, AA- / Moody's: Aa1, Aa2, Aa3	1,242,154	1,007,329	1,291,020	1,102,120					

S&P: A+, A, A- / Moody's: A1, A2, A3	S&P: A+, A, A- / Moody's: A1, A2, A3	55,202	52,909	58,045	56,865
S&P: BBB+, BBB, BBB- / Moody's: Baa1, Baa2, Baa3		—	—	—	—
Not rated by either entity					
Not rated by either entity					
Not rated by either entity	Not rated by either entity	15,036	12,306	14,534	14,089
Total	Total	$1,760,330	1,442,967	1,819,673	1,568,445
Total					
Total					

State and local government securities largely consist of both taxable and tax-exempt general obligation and revenue bonds. The following table stratifies the state and local government securities by the associated security type.

		September 30, 2023		December 31, 2022						
	March 31, 2024						March 31, 2024		December 31, 2023	
(Dollars in thousands)	(Dollars in thousands)	Amortized Cost	Fair Value	Amortized Cost	Fair Value	(Dollars in thousands)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
General obligation - unlimited	General obligation - unlimited	$ 388,377	347,601	421,698	389,762					
General obligation - limited	General obligation - limited	183,644	151,441	186,401	162,096					
Revenue	Revenue	1,149,133	911,050	1,171,971	981,486					
Certificate of participation	Certificate of participation	36,472	30,317	36,864	32,464					
Other	Other	2,704	2,558	2,739	2,637					
Total	Total	$1,760,330	1,442,967	1,819,673	1,568,445					

The following table outlines the five states in which the Company owns the highest concentrations of state and local government securities.

		September 30, 2023		December 31, 2022						
	March 31, 2024						March 31, 2024		December 31, 2023	
(Dollars in thousands)	(Dollars in thousands)	Amortized Cost	Fair Value	Amortized Cost	Fair Value	(Dollars in thousands)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
New York	New York	$ 373,646	308,278	382,529	324,651					
Texas	Texas	126,335	105,930	128,590	113,444					
Michigan	Michigan	83,801	74,606	89,372	82,649					
California	California	114,404	96,636	117,284	102,804					
Washington	Washington	98,434	84,841	103,106	92,411					
All other states	All other states	963,710	772,676	998,792	852,486					
Total	Total	$1,760,330	1,442,967	1,819,673	1,568,445					

The following table presents the carrying amount and weighted-average yield of available-for-sale and held-to-maturity debt securities by contractual maturity at September 30, 2023 March 31, 2024. Weighted-average yields are based upon the amortized cost of securities and are calculated using the interest method which takes into consideration premium amortization, discount accretion and mortgage-backed securities' prepayment provisions. Weighted-average yields on tax-exempt debt securities exclude the federal income tax benefit.

		One Year or Less		After One through Five Years		After Five through Ten Years		After Ten Years		Mortgage-Backed Securities [1]		Total			One Year or Less			
	One Year or Less																	
(Dollars in thousands)	(Dollars in thousands)	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	(Dollars in thousands)	Amount		Yield	Amount
Available-for-sale	Available-for-sale																	
U.S. government and federal agency																		
U.S. government and federal agency																		
U.S. government and federal agency	U.S. government and federal agency	$ 13	0.15 %	$ 431,405	1.07 %	$ 3,520	4.87 %	$ 9,207	4.72 %	$ —	— %	$ 444,145	1.17 %		$ 2	—	— %	$ 443,978
U.S. government sponsored enterprises	U.S. government sponsored enterprises	—	— %	289,831	1.29 %	—	— %	—	— %	—	— %	289,831	1.29 %	U.S. government sponsored enterprises	6,931	5.27	5.27 %	299,695
State and local governments	State and local governments	1,289	2.25 %	39,238	1.81 %	29,425	2.46 %	26,761	2.49 %	—	— %	96,713	2.21 %	State and local governments	4,594	1.83	1.83 %	39,989
Corporate bonds	Corporate bonds	—	— %	21,546	3.61 %	3,482	4.00 %	876	0.46 %	—	— %	25,904	3.56 %	Corporate bonds	—	—	— %	9,775
Residential mortgage-backed securities	Residential mortgage-backed securities	—	— %	—	— %	—	— %	—	— %	2,810,894	1.20 %	2,810,894	1.20 %	Residential mortgage-backed securities	—	—	— %	—
Commercial mortgage-backed securities	Commercial mortgage-backed securities	—	— %	—	— %	—	— %	—	— %	1,074,251	2.46 %	1,074,251	2.46 %	Commercial mortgage-backed securities	—	—	— %	—
Total available-for-sale	Total available-for-sale	1,302	2.24 %	782,020	1.25 %	36,427	2.85 %	36,844	2.98 %	3,885,145	1.53 %	4,741,738	1.51 %	Total available-for-sale	11,527	3.90	3.90 %	793,437
Held-to-maturity	Held-to-maturity																	
U.S. government and federal agency	U.S. government and federal agency	—	— %	851,751	1.62 %	—	— %	—	— %	—	— %	851,751	1.62 %					
U.S. government and federal agency																		
U.S. government and federal agency															—		— %	854,791
State and local governments	State and local governments	4,558	2.52 %	72,506	2.91 %	172,780	3.11 %	1,407,784	2.48 %	—	— %	1,657,628	2.57 %	State and local governments	5,212	2.48	2.48 %	79,419
Residential mortgage-backed securities	Residential mortgage-backed securities	—	— %	—	— %	—	— %	—	— %	1,044,426	1.63 %	1,044,426	1.63 %	Residential mortgage-backed securities	—	—	— %	—
Total held-to-maturity	Total held-to-maturity	4,558	2.52 %	924,257	1.72 %	172,780	3.11 %	1,407,784	2.48 %	1,044,426	1.63 %	3,553,805	2.06 %	Total held-to-maturity	5,212	2.48	2.48 %	934,210
Total debt securities	Total debt securities	$5,860	2.46 %	$1,706,277	1.49 %	$209,207	3.06 %	$1,444,628	2.50 %	$4,929,571	1.55 %	$8,295,543	1.73 %	Total debt securities	$16,739	3.46	3.46 %	$1,727,647

[1] Mortgage-backed securities, which have prepayment provisions, are not assigned to maturity categories due to fluctuations in their prepayment speeds.

Based on an analysis of its available-for-sale debt securities with unrealized losses as of September 30, 2023March 31, 2024, the Company determined their decline in value was unrelated to credit loss and was primarily the result of interest rate changes and market spreads subsequent to acquisition. The fair value of the debt securities is expected to recover as payments are received and the debt securities approach maturity. In addition, the Company determined an insignificant amount of credit losses is expected on the held-to-maturity debt securities portfolio; therefore, no ACL has been recognized at September 30, 2023March 31, 2024.

For additional information on the Company's debt securities, see Note 2 to the Consolidated Financial Statements in "Part I. Item 1. Financial Statements."

Equity securities

Non-marketable equity securities primarily consist of capital stock issued by the FHLB of Des Moines and are carried at cost less impairment. The Company also has an insignificant amount of marketable equity securities that are included in other assets on the Company's statements of financial condition.

Non-marketable equity securities and marketable equity securities without readily determinable fair values are evaluated for impairment whenever events or circumstances suggest the carrying value may not be recoverable. Based on the Company's evaluation of its investments in non-marketable equity securities and marketable equity securities without readily determinable fair values as of September 30, 2023 March 31, 2024, the Company determined that none of such securities were impaired.

Lending Activity

The Company focuses its lending activities primarily on the following types of loans: 1) first-mortgage, conventional loans secured by residential properties, particularly single-family; 2) commercial lending, including agriculture and public entities; and 3) installment lending for consumer purposes (e.g., home equity, automobile, etc.). Supplemental information regarding the Company's loan portfolio and credit quality based on regulatory classification is provided in the section captioned "Loans by Regulatory Classification" included in "Part I. Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations." The regulatory classification of loans is based primarily on the type of collateral for the loans. Loan information included in "Part I. Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" is based on the Company's loan segments, which are based on the purpose of the loan, unless otherwise noted as a regulatory classification. The following table summarizes the Company's loan portfolio as of the dates indicated:

		September 30, 2023		December 31, 2022		September 30, 2022			March 31, 2024			December 31, 2023			March 20
(Dollars in thousands)	(Dollars in thousands)	Amount	Percent	Amount	Percent	Amount	Percent	(Dollars in thousands)	Amount		Percent	Amount		Percent	A
Residential real estate	Residential real estate	$ 1,653,777	10 %	$ 1,446,008	9 %	$ 1,368,368	9 %	Residential real estate	$ 1,752,514	11	11 %	$ 1,704,544	11	11 %	$
Commercial real estate	Commercial real estate	10,292,446	65 %	9,797,047	65 %	9,582,989	65 %	Commercial real estate	10,672,269	65	65 %	10,303,306	64	64 %	
Other commercial	Other commercial	2,916,785	18 %	2,799,668	19 %	2,729,717	19 %	Other commercial	3,030,608	18	18 %	2,901,863	18	18 %	
Home equity	Home equity	869,963	5 %	822,232	5 %	793,556	5 %	Home equity	883,062	5	5 %	888,013	6	6 %	
Other consumer	Other consumer	402,075	3 %	381,857	3 %	376,603	3 %	Other consumer	394,049	2	2 %	400,356	2	2 %	
Loans receivable	Loans receivable	16,135,046	101 %	15,246,812	101 %	14,851,233	101 %	Loans receivable	16,732,502	101	101 %	16,198,082	101	101 %	
Allowance for credit losses	Allowance for credit losses	(192,271)	(1) %	(182,283)	(1) %	(178,191)	(1) %	Allowance for credit losses	(198,779)	(1)	(1)%	(192,757)	(1)	(1)%	
Loans receivable, net	Loans receivable, net	$15,942,775	100 %	$15,064,529	100 %	$14,673,042	100 %	Loans receivable, net	$16,533,723	100	100 %	$16,005,325	100	100 %	$

Non-performing Assets

The following table summarizes information regarding non-performing assets at the dates indicated:

		At or for the Nine Months ended	At or for the Six Months ended	At or for the Year ended	At or for the Nine Months ended
		At or for the Three Months ended			
		At or for the Three Months ended			
		At or for the Three Months ended			
(Dollars in thousands)					
(Dollars in thousands)					
(Dollars in thousands)	(Dollars in thousands)	September 30, 2023	June 30, 2023	December 31, 2022	September 30, 2022
Other real estate owned and foreclosed assets	Other real estate owned and foreclosed assets	$ 48	52	32	42
Other real estate owned and foreclosed assets					
Other real estate owned and foreclosed assets					
Accruing loans 90 days or more past due					
Accruing loans 90 days or more past due					
Accruing loans 90 days or more past due	Accruing loans 90 days or more past due	3,855	3,876	1,559	2,524
Non-accrual loans	Non-accrual loans	38,380	28,094	31,151	32,493
Non-accrual loans					

Non-accrual loans										
Total non-performing assets										
Total non-performing assets										
Total non-performing assets	Total non-performing assets	$	42,283		32,022		32,742		35,059	
Non-performing assets as a percentage of subsidiary assets	Non-performing assets as a percentage of subsidiary assets		0.15	%	0.12	%	0.12	%	0.13	%
Non-performing assets as a percentage of subsidiary assets										
Non-performing assets as a percentage of subsidiary assets										
ACL as a percentage of non-performing loans										
ACL as a percentage of non-performing loans										
ACL as a percentage of non-performing loans	ACL as a percentage of non-performing loans		455	%	592	%	557	%	508	%
Accruing loans 30-89 days past due	Accruing loans 30-89 days past due	$	15,253		24,863		20,967		10,922	
Accruing loans 30-89 days past due										
Accruing loans 30-89 days past due										
U.S. government guarantees included in non-performing assets										
U.S. government guarantees included in non-performing assets										
U.S. government guarantees included in non-performing assets	U.S. government guarantees included in non-performing assets	$	1,057		1,035		2,312		4,930	
Interest income [1]	Interest income [1]	$	1,479		706		1,450		1,116	
Interest income [1]										
Interest income [1]										

[1] Amounts represent estimated interest income that would have been recognized on loans accounted for on a non-accrual basis as of the end of each period had such loans performed pursuant to contractual terms.

Non-performing assets of $42.3 million $25.4 million at September 30, 2023 increased $10.3 million, March 31, 2024 decreased $206 thousand, or 32 1 percent, over the prior quarter and increased $7.2 million decreased $6.6 million, or 21 20 percent, over the prior year third first quarter. Non-performing assets as a percentage of subsidiary assets at September 30, 2023 March 31, 2024 was 0.15 0.09 percent compared to 0.12 0.09 percent in the prior quarter and 0.13 0.12 percent in the prior year third first quarter.

Early stage delinquencies (accruing loans 30-89 days past due) of $15.3 million $62.4 million at September 30, 2023 decreased $9.6 million March 31, 2024 increased $12.5 million from the prior quarter and decreased $5.7 million increased $37.4 million from prior year end. first quarter. The increase over the prior period was primarily isolated to one credit relationship of $18.1 million. Early stage delinquencies as a percentage of loans at September 30, 2023 was 0.09 March 31, 2024 were 0.37 percent compared to 0.16 0.31 percent for the prior quarter end and 0.14 0.16 percent for the prior year end. first quarter.

Most of the Company’s non-performing assets are secured by real estate, and based on the most current information available to management, including updated appraisals or evaluations (new or updated), the Company believes the value of the underlying real estate collateral is adequate to minimize significant charge-offs or losses to the Company. Through pro-active credit administration, the Company works closely with its borrowers to seek favorable resolution to the extent possible, thereby attempting to minimize net charge-offs or losses to the Company. With very limited exceptions, the Company does not disburse additional funds on non-performing loans. Instead, the Company proceeds to collection and foreclosure actions in order to reduce the Company’s exposure to loss on such loans.

For additional information on accounting policies relating to non-performing assets, see Note 1 to the Consolidated Financial Statements in “Part I. Item 1. Financial Statements.”

Modifications to Borrowers Experiencing Financial Difficulty

Modifications to borrowers experiencing financial difficulties are considered modification if the creditor, for economic or legal reasons related to the debtor’s financial difficulties, grants a concession to the debtor that it would not otherwise consider. Each debt modification is separately negotiated with the borrower and includes terms and conditions that reflect the borrower’s prospective ability to service their obligations as modified. Such loans at September 30, 2023 March 31, 2024 had an amortized cost of $53.7 million $66.9 million.

Other Real Estate Owned and Foreclosed Assets

The book value of loans prior to the acquisition of collateral and transfer of the loans into other real estate owned (“OREO”) and other foreclosed assets during 2023 2024 was $163 $35 thousand. The fair value of the loan collateral acquired in foreclosure during 2023 2024 was $100 $16 thousand. The following table sets forth the changes in OREO for the periods indicated:

		At or for the Nine Months ended	At or for the Six Months ended	At or for the Year ended	At or for the Nine Months ended
		At or for the Three Months ended			
		At or for the Three Months ended			
		At or for the Three Months ended			
(Dollars in thousands)	(Dollars in thousands)	September 30, 2023	June 30, 2023	December 31, 2022	September 30, 2022
(Dollars in thousands)					
(Dollars in thousands)					
Balance at beginning of period					
Balance at beginning of period					
Balance at beginning of period	Balance at beginning of period	$ 32	32	18	18
Additions	Additions	100	74	907	896
Additions					
Additions					
Capital improvements					
Capital improvements					
Capital improvements					
Write-downs					
Write-downs					
Write-downs					
Sales					
Sales					
Sales	Sales	(84)	(54)	(893)	(872)
Balance at end of period	Balance at end of period	$ 48	52	32	42
Balance at end of period					
Balance at end of period					

Allowance for Credit Losses - Loans Receivable

The following table summarizes the allocation of the ACL as of the dates indicated:

		September 30, 2023			December 31, 2022			September 30, 2022				March 31, 2024			
(Dollars in thousands)	(Dollars in thousands)	ACL	Percent of ACL in Category	Percent of Loans in Category	ACL	Percent of ACL in Category	Percent of Loans in Category	ACL	Percent of ACL in Category	Percent of Loans in Category	(Dollars in thousands)	ACL		Percent of ACL in Category	Percent of Loans in Category
Residential real estate	Residential real estate	$ 21,697	11 %	10 %	$ 19,683	10 %	10 %	$ 18,422	10 %	9 %	Residential real estate	$ 24,166	12	12 %	11 %
Commercial real estate	Commercial real estate	130,852	68 %	65 %	125,816	69 %	65 %	124,399	70 %	65 %	Commercial real estate	135,153	68	68 %	64 %
Other commercial	Other commercial	21,771	12 %	18 %	21,454	12 %	18 %	21,364	12 %	18 %	Other commercial	22,094	11	11 %	18 %
Home equity	Home equity	11,624	6 %	5 %	10,759	6 %	5 %	9,562	5 %	5 %	Home equity	10,999	6	6 %	5 %
Other consumer	Other consumer	6,327	3 %	2 %	4,571	3 %	2 %	4,444	3 %	3 %	Other consumer	6,367	3	3 %	2 %
Total	Total	$192,271	100 %	100 %	$182,283	100 %	100 %	$178,191	100 %	100 %	Total	$198,779	100	100 %	100 %

The following table summarizes the ACL experience for the periods indicated:

	At or for the Nine Months ended	At or for the Six Months ended	At or for the Year ended	At or for the Nine Months ended
	At or for the Three Months ended			

At or for the Three Months ended

At or for the Three Months ended

(Dollars in thousands)

(Dollars in thousands)

(Dollars in thousands)	(Dollars in thousands)	September 30, 2023	% of Average Loans	June 30, 2023	% of Average Loans	December 31, 2022	% of Average Loans	September 30, 2022	% of Average Loans
Balance at beginning of period	Balance at beginning of period	$ 182,283		182,283		172,665		172,665	
Balance at beginning of period									
Balance at beginning of period									
Acquisitions									
Acquisitions									
Acquisitions									
Provision for credit losses									
Provision for credit losses									
Provision for credit losses	Provision for credit losses	16,609		11,514		17,433		11,373	
Net (charge-offs) recoveries	Net (charge-offs) recoveries								
Net (charge-offs) recoveries									
Net (charge-offs) recoveries									
Residential real estate									
Residential real estate									
Residential real estate	Residential real estate	(7)	— %	(9)	— %	63	— %	54	— %
Commercial real estate	Commercial real estate	(333)	— %	(172)	— %	684	0.01 %	(137)	— %
Commercial real estate									
Commercial real estate									
Other commercial									
Other commercial									
Other commercial	Other commercial	(1,528)	(0.05) %	(1,196)	(0.04) %	(2,545)	(0.10) %	(1,576)	(0.06) %
Home equity	Home equity	(16)	— %	(53)	(0.01) %	250	0.03 %	254	0.03 %
Home equity									
Home equity									
Other consumer									
Other consumer									
Other consumer	Other consumer	(4,737)	(1.21) %	(2,982)	(0.70) %	(6,267)	(1.70) %	(4,442)	(1.22) %
Net charge-offs	Net charge-offs	(6,621)	(0.04) %	(4,412)	(0.03) %	(7,815)	(0.05) %	(5,847)	(0.04) %
Net charge-offs									
Net charge-offs									
Balance at end of period									
Balance at end of period									
Balance at end of period	Balance at end of period	$ 192,271		189,385		182,283		178,191	

ACL as a percentage of total loans	ACL as a percentage of total loans	1.19 %	1.19 %	1.20 %	1.20 %
ACL as a percentage of total loans					
ACL as a percentage of total loans					
Non-accrual loans as a percentage of total loans					
Non-accrual loans as a percentage of total loans					
Non-accrual loans as a percentage of total loans	Non-accrual loans as a percentage of total loans	0.24 %	0.18 %	0.20 %	0.22 %
ACL as a percentage of non-accrual loans	ACL as a percentage of non-accrual loans	500.97 %	674.11 %	585.16 %	548.40 %
ACL as a percentage of non-accrual loans					
ACL as a percentage of non-accrual loans					

The current quarter credit loss expense of $3.5 million $8.2 million included $5.1 million $5.3 million of provision for credit losses on loans and $818 thousand of provision for credit loss on unfunded loan commitments from the acquisition of Wheatland. Excluding the acquisition of Wheatland, the current quarter credit loss expense was $2.1 million, including a $3.8 million credit loss expense from loans and $1.6 million $1.7 million of credit loss benefit from unfunded loan commitments. The allowance for credit losses on loans ("ACL") ACL as a percentage of total loans outstanding at September 30, 2023 March 31, 2024 and December 31, 2023 was 1.19 percent compared to 1.20 percent in the prior year third quarter. at March 31, 2023. The Company's ACL of $192 million $199 million is considered adequate to absorb the estimated credit losses from any segment of its loan portfolio. For the periods ended September 30, 2023 March 31, 2024 and 2022, 2023, the Company believes the ACL is commensurate with the risk in the Company's loan portfolio and is directionally consistent with the change in the quality of the Company's loan portfolio.

At the end of each quarter, the Company analyzes its loan portfolio and maintains an ACL at a level that is appropriate and determined in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Determining the adequacy of the ACL involves a high degree of judgment and is inevitably imprecise as the risk of loss is difficult to quantify. The ACL methodology is designed to reasonably estimate the probable credit losses within the Company's loan portfolio. Accordingly, the ACL is maintained within a range of estimated losses. The determination of the ACL on loans, including credit loss expense and net charge-offs, is a critical accounting estimate that involves management's judgments about the loan portfolio that impact credit losses, including the credit risk inherent in the loan portfolio, economic forecasts nationally and in the local markets in which the Company operates, trends and changes in collateral values, delinquencies, non-performing assets, net charge-offs, credit-related policies and personnel, and other environmental factors.

In determining the allowance, the loan portfolio is separated into pools of loans that share similar risk characteristics which are the Company's loan segments. The Company then derives estimated loss assumptions from its model by loan segment which is further segregated by the credit quality indicators. segment. The loss assumptions are then applied to each segment of loan to estimate the ACL on the pooled loans. For any loans that do not share similar risk characteristics, the estimated credit losses are determined on an individual loan basis and such loans primarily consist of non-accrual loans. An estimated credit loss is recorded on individually reviewed loans when the fair value of a collateral-dependent loan or the present value of the loan's expected future cash flows (discounted at the loans original effective interest rate) is less than the amortized cost of the loan.

The Company provides commercial banking services to individuals, small to medium-sized businesses, community organizations and public entities from 221 232 locations, including 188 198 branches, across Montana, Idaho, Utah, Washington, Wyoming, Colorado, Arizona and Nevada. The states in which the Company operates have diverse economies and markets that are tied to commodities (crops, livestock, minerals, oil and natural gas), tourism, real estate and land development and an assortment of industries, both manufacturing and service-related. Thus, the changes in the global, national, and local economies are not uniform across the Company's geographic locations. The geographic dispersion of these market areas helps to mitigate the risk of credit loss. The Company's model of seventeen bank divisions with separate management teams is also a significant benefit in mitigating and managing the Company's credit risk. This model provides substantial local oversight to the lending and credit management function and requires multiple reviews of larger loans before credit is extended.

The primary responsibility for credit risk assessment and identification of problem loans rests with the loan officer of the account. This continuous process of identifying non-performing loans is necessary to support management's evaluation of the ACL adequacy. An independent loan review function verifying credit risk ratings evaluates the loan officer and management's evaluation of the loan portfolio credit quality. The ACL evaluation is well documented and approved by the Company's Board. In addition, the policy and procedures for determining the balance of the ACL are reviewed annually by the Company's Board, the internal audit department, independent credit reviewers and state and federal bank regulatory agencies.

Although the Company continues to actively monitor economic trends and regulatory developments, no assurance can be given that the Company will not, in any particular period, sustain losses that are significant relative to the ACL amount, or that subsequent evaluations of the loan portfolio applying management's judgment about then current factors will not require significant changes in the ACL. Under such circumstances, additional credit loss expense could result.

For additional information regarding the ACL, its relation to credit loss expense and risks related to asset quality, see Note 3 to the Consolidated Financial Statements in "Part I. Item 1. Financial Statements."

Loans by Regulatory Classification

Supplemental information regarding identification of the Company's loan portfolio and credit quality based on regulatory classification is provided in the following tables. The regulatory classification of loans is based primarily on the type of collateral for the loans. There may be differences when compared to loan tables and loan amounts appearing elsewhere which reflect the Company's internal loan segments which are based on the purpose of the loan.

The following table summarizes the Company's loan portfolio by regulatory classification:

		Loans Receivable, by Loan Type				% Change from			Loans Receivable, by Loan Type	% Change from
(Dollars in thousands)	(Dollars in thousands)	Sep 30, 2023	Jun 30, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2023	Dec 31, 2022	Sep 30, 2022		
Custom and owner occupied construction	Custom and owner occupied construction	$ 306,106	$ 315,651	$ 298,461	$ 288,977	(3)%	3 %	6 %		
Custom and owner occupied construction										
Custom and owner occupied construction										
Pre-sold and spec construction										
Pre-sold and spec construction										
Pre-sold and spec construction	Pre-sold and spec construction	287,048	306,440	297,895	291,146	(6)%	(4)%	(1)%		
Total residential construction	Total residential construction	593,154	622,091	596,356	580,123	(5)%	(1)%	2 %		
Total residential construction										
Total residential construction										
Land development										
Land development										
Land development	Land development	234,995	238,897	219,842	217,878	(2)%	7 %	8 %		
Consumer land or lots	Consumer land or lots	184,685	182,251	206,604	204,241	1 %	(11)%	(10)%		
Consumer land or lots										
Consumer land or lots										
Unimproved land										
Unimproved land										
Unimproved land	Unimproved land	87,089	91,157	104,662	101,684	(4)%	(17)%	(14)%		
Developed lots for operative builders	Developed lots for operative builders	62,485	65,134	60,987	62,800	(4)%	2 %	(1)%		
Developed lots for operative builders										
Developed lots for operative builders										
Commercial lots										
Commercial lots										
Commercial lots	Commercial lots	84,194	94,334	93,952	94,395	(11)%	(10)%	(11)%		
Other construction	Other construction	982,384	1,039,192	938,406	893,846	(5)%	5 %	10 %		
Other construction										
Other construction										
Total land, lot, and other construction										
Total land, lot, and other construction										
Total land, lot, and other construction	Total land, lot, and other construction	1,635,832	1,710,965	1,624,453	1,574,844	(4)%	1 %	4 %		
Owner occupied	Owner occupied	2,976,821	2,934,724	2,833,469	2,811,614	1 %	5 %	6 %		

Owner occupied								
Owner occupied								
Non-owner occupied								
Non-owner occupied								
Non-owner occupied	Non-owner occupied	3,765,266	3,714,531	3,531,673	3,448,044	1 %	7 %	9 %
Total commercial real estate	Total commercial real estate	6,742,087	6,649,255	6,365,142	6,259,658	1 %	6 %	8 %
Total commercial real estate								
Total commercial real estate								
Commercial and industrial								
Commercial and industrial								
Commercial and industrial	Commercial and industrial	1,363,198	1,370,393	1,377,888	1,308,272	(1)%	(1)%	4 %
Agriculture	Agriculture	785,208	770,378	735,553	770,282	2 %	7 %	2 %
Agriculture								
Agriculture								
1st lien								
1st lien								
1st lien	1st lien	2,054,497	1,956,205	1,808,502	1,738,151	5 %	14 %	18 %
Junior lien	Junior lien	47,490	46,616	40,445	36,677	2 %	17 %	29 %
Junior lien								
Junior lien								
Total 1-4 family								
Total 1-4 family								
Total 1-4 family	Total 1-4 family	2,101,987	2,002,821	1,848,947	1,774,828	5 %	14 %	18 %
Multifamily residential	Multifamily residential	714,822	664,859	622,185	574,366	8 %	15 %	24 %
Multifamily residential								
Multifamily residential								
Home equity lines of credit								
Home equity lines of credit								
Home equity lines of credit	Home equity lines of credit	950,204	940,048	872,899	841,143	1 %	9 %	13 %
Other consumer	Other consumer	233,980	231,519	220,035	219,036	1 %	6 %	7 %
Other consumer								
Other consumer								
Total consumer								
Total consumer								
Total consumer	Total consumer	1,184,184	1,171,567	1,092,934	1,060,179	1 %	8 %	12 %
States and political subdivisions	States and political subdivisions	833,618	812,688	797,656	776,875	3 %	5 %	7 %
States and political subdivisions								
States and political subdivisions								
Other								
Other								
Other	Other	209,983	214,951	198,012	193,526	(2)%	6 %	9 %

(Dollars in thousands)	(Dollars in thousands)							
Total loans receivable, including loans held for sale	Total loans receivable, including loans held for sale	16,164,073	15,989,968	15,259,126	14,872,953	1 %	6 %	9 %
Less loans held for sale [1]	Less loans held for sale [1]	(29,027)	(35,006)	(12,314)	(21,720)	(17)%	136 %	34 %
Total loans receivable	Total loans receivable	$16,135,046	$15,954,962	$15,246,812	$14,851,233	1 %	6 %	9 %

Total loans receivable, including loans held for sale
Total loans receivable, including loans held for sale
Less loans held for sale [1]
Less loans held for sale [1]
Total loans receivable
Total loans receivable

[1] Loans held for sale are primarily 1st lien 1-4 family loans.

The following table summarizes the Company's non-performing assets by regulatory classification:

Non-performing Assets, by Loan Type						Non-Accrual Loans	Accruing Loans 90 Days or More Past Due	OREO
(Dollars in thousands)	(Dollars in thousands)	Sep 30, 2023	Jun 30, 2023	Dec 31, 2022	Sep 30, 2022	Sep 30, 2023	Sep 30, 2023	Sep 30, 2023
Custom and owner occupied construction	Custom and owner occupied construction	$ 219	219	224	227	219	—	—
Pre-sold and spec construction	Pre-sold and spec construction	763	1,548	389	1,016	—	763	—
Total residential construction	Total residential construction	982	1,767	613	1,243	219	763	—
Land development	Land development	80	118	138	149	80	—	—
Consumer land or lots	Consumer land or lots	314	239	278	285	314	—	—
Unimproved land	Unimproved land	36	43	78	94	36	—	—
Developed lots for operative builders	Developed lots for operative builders	608	608	251	255	—	608	—
Commercial lots	Commercial lots	188	188	—	—	141	47	—
Other construction	Other construction	12,884	12,884	12,884	12,884	12,884	—	—

Non-performing Assets, by Loan Type
Non-performing Assets, by Loan Type
Non-performing Assets, by Loan Type

(Dollars in thousands)	Mar 31, 2024	Dec 31, 2023	Mar 31, 2023	Non-Accrual Loans	Accruing Loans 90 Days or More Past Due Mar 31, 2024	OREO Mar 31, 2024

Total land, lot and other construction	Total land, lot and other construction	14,110	14,080	13,629	13,667	13,455	655	—
Owner occupied	Owner occupied	1,445	2,251	2,076	2,687	1,326	119	—
Non-owner occupied	Non-owner occupied	15,105	4,450	805	820	15,105	—	—
Total commercial real estate	Total commercial real estate	16,550	6,701	2,881	3,507	16,431	119	—
Commercial and industrial	Commercial and industrial	1,367	1,339	3,326	3,453	907	460	—
Agriculture	Agriculture	2,450	2,564	2,574	4,102	2,449	1	—
1st lien	1st lien	2,766	2,794	2,678	2,149	2,644	107	15
Junior lien	Junior lien	363	273	166	139	147	216	—
Total 1-4 family	Total 1-4 family	3,129	3,067	2,844	2,288	2,791	323	15
Multifamily residential	Multifamily residential	—	—	4,535	4,635	—	—	—
Home equity lines of credit	Home equity lines of credit	1,612	1,256	1,393	1,550	1,402	210	—
Other consumer	Other consumer	942	1,116	911	555	726	183	33
Total consumer	Total consumer	2,554	2,372	2,304	2,105	2,128	393	33
Other	Other	1,141	132	36	59	—	1,141	—
Other								
Other								
Total	Total	$42,283	32,022	32,742	35,059	38,380	3,855	48

The following table summarizes the Company's accruing loans 30-89 days past due by regulatory classification:

		Accruing 30-89 Days Delinquent Loans, by Loan Type				% Change from			Accruing 30-89 Days Delinquent Loans, by Loan Type	% Change from
(Dollars in thousands)	(Dollars in thousands)	Sep 30, 2023	Jun 30, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2023	Dec 31, 2022	Sep 30, 2022		
Custom and owner occupied construction	Custom and owner occupied construction	$ —	$ 324	$ 1,082	$ 427	(100)%	(100)%	(100)%		
Custom and owner occupied construction										
Custom and owner occupied construction										
Pre-sold and spec construction										
Pre-sold and spec construction										
Pre-sold and spec construction	Pre-sold and spec construction	599	129	1,712	—	364 %	(65)%	n/m		
Total residential construction	Total residential construction	599	453	2,794	427	32 %	(79)%	40 %		
Total residential construction										
Total residential construction										
Land development										
Land development										
Land development	Land development	44	244	—	596	(82)%	n/m	(93)%		

Consumer land or lots	Consumer land or lots	528	565	442	—	(7)%	19 %	n/m
Consumer land or lots								
Consumer land or lots								
Unimproved land	Unimproved land	87	—	120	36	n/m	(28)%	142 %
Developed lots for operative builders		—	—	958	30	n/m	(100)%	(100)%
Unimproved land								
Unimproved land								
Commercial lots								
Commercial lots								
Commercial lots	Commercial lots	1,245	3,404	47	2,158	(63)%	2,549 %	(42)%
Other construction	Other construction	—	1,114	209	—	(100)%	(100)%	n/m
Other construction								
Other construction								
Total land, lot and other construction								
Total land, lot and other construction								
Total land, lot and other construction	Total land, lot and other construction	1,904	5,327	1,776	2,820	(64)%	7 %	(32)%
Owner occupied	Owner occupied	652	1,053	3,478	527	(38)%	(81)%	24 %
Owner occupied								
Owner occupied								
Non-owner occupied								
Non-owner occupied								
Non-owner occupied	Non-owner occupied	213	8,595	496	—	(98)%	(57)%	n/m
Total commercial real estate	Total commercial real estate	865	9,648	3,974	527	(91)%	(78)%	64 %
Total commercial real estate								
Total commercial real estate								
Commercial and industrial								
Commercial and industrial								
Commercial and industrial	Commercial and industrial	2,946	2,096	3,439	2,087	41 %	(14)%	41 %
Agriculture	Agriculture	604	871	1,367	641	(31)%	(56)%	(6)%
Agriculture								
Agriculture								
1st lien								
1st lien								
1st lien	1st lien	1,006	1,115	2,174	761	(10)%	(54)%	32 %
Junior lien	Junior lien	355	385	190	72	(8)%	87 %	393 %
Junior lien								
Junior lien								
Total 1-4 family								
Total 1-4 family								
Total 1-4 family	Total 1-4 family	1,361	1,500	2,364	833	(9)%	(42)%	63 %
Multifamily residential	Multifamily residential	—	—	492	—	n/m	(100)	n/m

Multifamily residential								
Multifamily residential								
Home equity lines of credit								
Home equity lines of credit								
Home equity lines of credit	Home equity lines of credit	3,638	2,021	1,182	1,004	80 %	208 %	262 %
Other consumer	Other consumer	1,821	1,714	1,824	1,089	6 %	— %	67 %
Other consumer								
Other consumer								
Total consumer	Total consumer	5,459	3,735	3,006	2,093	46 %	82 %	161 %
States and political subdivisions		—	—	28	—	n/m	(100)%	n/m
Total consumer								
Total consumer								
Other								
Other								
Other	Other	1,515	1,233	1,727	1,494	23 %	(12)%	1 %
Total	Total	$15,253	$24,863	$20,967	$10,922	(39)%	(27)%	40 %
Total								
Total								

n/m - not measurable

The following table summarizes the Company’s charge-offs and recoveries by regulatory classification:

		Net Charge-Offs (Recoveries), Year-to-Date Period Ending, By Loan Type				Charge-Offs	Recoveries		Net Charge-Offs (Recoveries), Year-to-Date Period Ending, By Loan Type			Charge-Offs	Recoveries
(Dollars in thousands)	(Dollars in thousands)	Sep 30, 2023	Jun 30, 2023	Dec 31, 2022	Sep 30, 2022	Sep 30, 2023	Sep 30, 2023	(Dollars in thousands)	Mar 31, 2024	Dec 31, 2023	Mar 31, 2023	Mar 31, 2024	Mar 31, 2024
Custom and owner occupied construction		$ —	—	17	17	—	—						
Pre-sold and spec construction													
Pre-sold and spec construction													
Pre-sold and spec construction	Pre-sold and spec construction	(12)	(8)	(15)	(12)	—	12						
Total residential construction	Total residential construction	(12)	(8)	2	5	—	12						
Land development	Land development	(134)	(132)	(34)	(24)	—	134						
Consumer land or lots	Consumer land or lots	(14)	(14)	(46)	(46)	—	14						
Unimproved land		—	—	—	—	—	—						
Other construction													
Other construction													
Other construction													
Total land, lot and other construction	Total land, lot and other construction	(148)	(146)	(80)	(70)	—	148						
Owner occupied	Owner occupied	(104)	(76)	555	229	16	120						
Non-owner occupied	Non-owner occupied	500	299	(242)	(4)	507	7						

Total commercial real estate	Total commercial real estate	396	223	313	225	523	127
Commercial and industrial	Commercial and industrial	(11)	(18)	(70)	395	616	627
Agriculture	Agriculture	—	—	(7)	(5)	—	—
1st lien	1st lien	98	101	(109)	(99)	111	13
Junior lien	Junior lien	32	38	(302)	(303)	49	17
Total 1-4 family	Total 1-4 family	130	139	(411)	(402)	160	30
Multifamily residential	Multifamily residential	—	—	136	—	—	—
Home equity lines of credit	Home equity lines of credit	20	56	(91)	(98)	102	82
Other consumer	Other consumer	816	401	451	257	999	183
Total consumer	Total consumer	836	457	360	159	1,101	265
Other	Other	5,430	3,765	7,572	5,540	7,884	2,454
Other							
Other							
Total	Total	$6,621	4,412	7,815	5,847	10,284	3,663

Sources of Funds

The Company's deposits have traditionally been the principal source of funds for use in lending and other business purposes. The Company also obtains funds from repayment of loans and debt securities, securities sold under agreements to repurchase ("repurchase agreements"), wholesale deposits, advances from FHLB, borrowings from the FRB, Federal Reserve facilities, and other borrowings. Loan repayments are a relatively stable source of funds, while interest bearing deposit inflows and outflows are significantly influenced by general interest rate levels and market conditions. Borrowings and advances may be used on a short-term basis to compensate for reductions in normal sources of funds such as deposit inflows at less than projected levels. Borrowings also may be used on a long-term basis to support expanded activities, match maturities of longer-term assets or manage interest rate risk.

Deposits

The Company has several deposit programs designed to attract both short-term and long-term deposits from the general public by providing a wide selection of accounts and rates. These programs include non-interest bearing deposit accounts and interest bearing deposit accounts such as NOW, DDA, savings, money market deposits, fixed rate certificates of deposit with maturities ranging from three months to five years, negotiated-rate jumbo certificates, and individual retirement accounts. These deposits are obtained primarily from individual and business residents in the Bank's geographic market areas. Wholesale deposits are obtained through various programs and include brokered deposits classified as NOW, DDA, money market deposits and certificate accounts. The Company's deposits are summarized below:

		September 30, 2023		December 31, 2022		September 30, 2022	
		March 31, 2024					
(Dollars in thousands)	(Dollars in thousands)	Amount	Percent	Amount	Percent	Amount	Percent
Non-interest bearing deposits	Non-interest bearing deposits	$ 6,465,353	32 %	$ 7,690,751	37 %	$ 8,294,363	38 %
NOW and DDA accounts	NOW and DDA accounts	5,253,367	26 %	5,330,614	26 %	5,462,707	25 %
Savings accounts	Savings accounts	2,872,362	14 %	3,200,321	16 %	3,305,333	15 %
Money market deposit accounts	Money market deposit accounts	2,994,631	15 %	3,472,281	17 %	3,905,676	18 %
Certificate accounts	Certificate accounts	2,742,017	13 %	880,589	4 %	907,560	4 %
Wholesale deposits	Wholesale deposits	67,434	— %	31,999	— %	4,003	— %

	March 31, 2024			December 31, 2023			
(Dollars in thousands)	Amount		Percent	Amount		Percent	Amou
Non-interest bearing deposits	$ 6,055,069	30	30 %	$ 6,022,980	30	30 %	$
NOW and DDA accounts	5,376,605	26	26 %	5,321,257	27	27 %	
Savings accounts	2,949,908	14	14 %	2,833,887	14	14 %	
Money market deposit accounts	3,002,942	15	15 %	2,831,624	14	14 %	
Certificate accounts	3,039,190	15	15 %	2,915,393	15	15 %	
Wholesale deposits	3,809	—	— %	4,026	—	— %	

Total interest bearing deposits	Total interest bearing deposits	13,929,811	68 %	12,915,804	63 %	13,585,279	62 %	Total interest bearing deposits	14,372,454	70	70 %	13,906,187	70	70 %	
Total deposits	Total deposits	$20,395,164	100 %	$20,606,555	100 %	$21,879,642	100 %	Total deposits	$20,427,523	100	100 %	$19,929,167	100	100 %	$

Borrowings

The Company borrows money through repurchase agreements. This process involves the selling of one or more of the securities in the Company's investment portfolio and simultaneously entering into an agreement to repurchase the same securities at an agreed upon later date, typically overnight. A rate of interest is paid for the agreed period of time. The Bank enters into repurchase agreements with local municipalities, and certain customers, and has adopted procedures designed to ensure proper transfer of title and safekeeping of the underlying securities. In addition to retail repurchase agreements, the Company periodically enters into wholesale repurchase agreements as additional funding sources. The Company has not entered into reverse repurchase agreements.

The Bank is a member of the FHLB of Des Moines, which is one of eleven banks that comprise the FHLB system. The Bank is required to maintain a certain level of activity-based stock in order to borrow or to engage in other transactions with the FHLB of Des Moines. Additionally, the Bank is subject to a membership capital stock requirement that is based upon an annual calibration tied to the total assets of the Bank. The borrowings are collateralized by eligible categories of loans and debt securities (principally, securities which are obligations of, or guaranteed by, the U.S. government and its agencies), provided certain standards related to credit-worthiness have been met. Advances are made pursuant to several different credit programs, each of which has its own interest rates and range of maturities. The Bank's maximum amount of FHLB advances is limited to the lesser of a fixed percentage of the Bank's total assets or the discounted value of eligible collateral. FHLB advances fluctuate to meet seasonal and other withdrawals of deposits and to expand lending or investment opportunities of the Company.

During the first quarter of 2023, the FRB Federal Reserve Bank ("FRB") offered a new Bank Term Funding Program ("BTFP") for to eligible depository institutions. The BTFP offers offered loans of up to one year in length to institutions pledging collateral eligible for purchase by the FRB in open market operations such as U.S. Treasuries, U.S. Agency securities, and U.S. agency mortgage-backed securities. These assets will be were valued at par. The par value. During 2023 the Company participated in borrowed $2.740 billion from the BTFP which enabled the Company to pay off higher rate FHLB advances and support its current cash liquidity position. In the first quarter of 2024, the Company paid-off all of the BTFP borrowings through a combination of the FHLB borrowings and additional sources of liquidity. The FHLB borrowings will mature between March 2025 and March 2026 at a weighted rate of 4.75 percent and a FHLB dividend adjusted weighted rate of 4.41 percent.

Additionally, the Company has other sources of secured and unsecured borrowing lines from various sources that may be used from time to time.

Short-term borrowings

A critical component of the Company's liquidity and capital resources is access to short-term borrowings to fund its operations. Short-term borrowings are accompanied by increased risks managed by the Bank's Asset Liability Committee ("ALCO") such as rate increases or unfavorable change in terms which would make it more costly to obtain future short-term borrowings. The Company's short-term borrowing sources include FHLB advances, FRB Bank Term Funding facility, federal funds purchased and retail and wholesale repurchase agreements. The Company also has access to the short-term discount window borrowing programs (i.e., primary credit) of the Federal Reserve Bank ("FRB") FRB as well as a line of credit with a large national banking institution. FHLB advances and certain other short-term borrowings may be renewed as long-term borrowings to decrease certain risks such as liquidity or interest rate risk; however, the reduction in risks are weighed against the increased cost of funds and other risks.

Subordinated Debentures

In addition to funds obtained in the ordinary course of business, the Company formed or acquired financing subsidiaries for the purpose of issuing or holding trust preferred securities that entitle the investor to receive cumulative cash distributions thereon. Subordinated debentures were issued in conjunction with the trust preferred securities and the terms of the subordinated debentures and trust preferred securities are the same. For regulatory capital purposes, the trust preferred securities are included in Tier 2 capital at September 30, 2023 March 31, 2024. The subordinated debentures outstanding as of September 30, 2023 March 31, 2024 were $133 million, including fair value adjustments from acquisitions.

Contractual Obligations and Off-Balance Sheet Arrangements

In the normal course of business, there may be various outstanding commitments to obtain funding and to extend credit, such as letters of credit and unfunded loan commitments, which are not reflected in the accompanying condensed consolidated financial statements. The Company assessed the off-balance sheet credit exposures as of September 30, 2023 March 31, 2024 and determined its ACL of $20.5 million $18.5 million was adequate to absorb the estimated credit losses.

Off-balance sheet arrangements also include any obligation related to a variable interest held in an unconsolidated entity. The Company does not anticipate any material losses as a result of these transactions. For additional information regarding the Company's interests in unconsolidated variable interest entities ("VIE"), see Note 7 to the Unaudited Consolidated Financial Statements in "Part I. Item 1. Financial Statements."

Liquidity Risk

In the normal course of business, the Company has commitments that require material cash requirements for customer deposits outflows, repurchase agreements, borrowed funds, lease obligations, off-balance sheet obligations, operating expenses and other contractual obligations. The source of funding for such requirements includes loan repayments, customer deposit inflows, borrowings, revenue from operations, and capital resources. Liquidity risk is the possibility that the Company will not be able to fund present and future obligations as they come due because of an inability to liquidate assets or obtain adequate funding at a reasonable cost. The objective of liquidity management is to maintain cash flows adequate to meet current and future needs for credit demand, deposit withdrawals, maturing liabilities and corporate operating expenses. Effective liquidity management entails three elements:

1. assessing on an ongoing basis, the current and expected future needs for funds, and ensuring that sufficient funds or access to funds exist to meet those needs at the appropriate time;

2. providing for an adequate cushion of liquidity to meet unanticipated cash flow needs that may arise from potential adverse circumstances ranging from high probability/low severity events to low probability/high severity; and
3. balancing the benefits between providing for adequate liquidity to mitigate potential adverse events and the cost of that liquidity.

The Company has a wide range of versatility in managing the liquidity and asset/liability mix. The Bank's ALCO meets regularly to assess liquidity risk, among other matters. The Company monitors liquidity and contingency funding alternatives through management reports of liquid assets (e.g., debt securities), both unencumbered and pledged, as well as borrowing capacity, both secured and unsecured, including off-balance sheet funding sources. The Company evaluates its potential funding needs across alternative scenarios and maintains contingency funding plans consistent with the Company's access to diversified sources of contingent funding.

The following table identifies certain liquidity sources and capacity available to the Company as of the dates indicated:

(Dollars in thousands)	(Dollars in thousands)	September 30, 2023	December 31, 2022	(Dollars in thousands)	March 31, 2024	December 31, 2023
FHLB advances	FHLB advances					
Borrowing capacity						
Borrowing capacity						
Borrowing capacity	Borrowing capacity	$4,328,436	4,358,079			
Amount utilized	Amount utilized	—	(1,800,000)			
Letters of credit	Letters of credit	(2,909)	(2,075)			
Amount available	Amount available	$4,325,527	2,556,004			
FRB discount window	FRB discount window					
Borrowing capacity	Borrowing capacity	$1,369,297	1,680,117			
Borrowing capacity						
Borrowing capacity						
Amount utilized	Amount utilized	—	—			
Amount available	Amount available	$1,369,297	1,680,117			
FRB Bank Term Funding Program	FRB Bank Term Funding Program					
Borrowing capacity						
Borrowing capacity						
Borrowing capacity	Borrowing capacity	$3,575,755	—			
Amount utilized	Amount utilized	(2,740,000)	—			
Amount available	Amount available	$ 835,755	$ —			
Unsecured lines of credit available	Unsecured lines of credit available	$ 745,000	805,000			
Unencumbered debt securities	Unencumbered debt securities					
U.S. government and federal agency						
U.S. government and federal agency						
U.S. government and federal agency	U.S. government and federal agency	$ 111,215	811,311			
U.S. government sponsored enterprises	U.S. government sponsored enterprises	—	286,480			
State and local governments	State and local governments	1,710,052	1,513,164			
Corporate bonds	Corporate bonds	25,904	26,109			
Residential mortgage-backed securities	Residential mortgage-backed securities	925	2,646,766			
Commercial mortgage-backed securities	Commercial mortgage-backed securities	136,103	970,300			

Total unencumbered debt securities [1]	Total unencumbered debt securities [1]	$1,984,199	6,254,130

[1] Total unencumbered debt securities at September 30, 2023 March 31, 2024, included $365.9 million $2.3 billion classified as AFS and $1.6 billion $1.9 billion classified as HTM. Total unencumbered debt securities at December 31, 2022 December 31, 2023, included $3.1 billion $441.5 million classified as AFS, and $3.1 billion $1.4 billion classified as HTM. During the first quarter, the Company pledged to the FRB's Bank Term Funding Program.

Capital Resources

Maintaining capital strength continues to be a long-term objective of the Company. Abundant capital is necessary to sustain growth, provide protection against unanticipated declines in asset values, and to safeguard the funds of depositors. Capital is also a source of funds for loan demand and enables the Company to effectively manage its assets and liabilities. The Company has the capacity to issue 234,000,000 shares of common stock of which 110,879,365 113,388,590 have been issued as of September 30, 2023 March 31, 2024. The Company also has the capacity to issue 1,000,000 shares of preferred stock of which none have been issued as of September 30, 2023 March 31, 2024. Conversely, the Company may decide to utilize a portion of its strong capital position, as it has done in the past, to repurchase shares of its outstanding common stock, depending on market price and other relevant considerations.

The Federal Reserve has adopted capital adequacy guidelines that are used to assess the adequacy of capital in supervising a bank holding company. The federal banking agencies issued final rules ("Final Rules") that established a comprehensive regulatory capital framework based on the recommendation of the Basel Committee on Banking Supervision and certain requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The Final Rules require the Company to hold a 2.5 percent capital conservation buffer designed to absorb losses during periods of economic stress. As of September 30, 2023 March 31, 2024, management believes the Company and Bank meet all capital adequacy requirements to which they are subject and there are no conditions or events subsequent to this date that management believes have changed the Company's or Bank's risk-based capital category.

The following table illustrates the Bank's regulatory capital ratios and the Federal Reserve's capital adequacy guidelines as of September 30, 2023 March 31, 2024:

		Total Capital (To Risk-Weighted Assets)	Tier 1 Capital (To Risk-Weighted Assets)	Common Equity Tier 1 (To Risk-Weighted Assets)	Leverage Ratio/ Tier 1 Capital (To Average Assets)		Total Capital (To Risk-Weighted Assets)	Tier 1 Capital (To Risk-Weighted Assets)	Common Equity Tier 1 (To Risk-Weighted Assets)	Leverage Ratio/ Tier 1 Capital (To Average Assets)
Glacier Bank actual regulatory ratios	Glacier Bank actual regulatory ratios	13.82 %	12.78 %	12.78 %	8.79 %	Glacier Bank actual regulatory ratios	13.86 %	12.77 %	12.77 %	8.88 %
Minimum capital requirements	Minimum capital requirements	8.00 %	6.00 %	4.50 %	4.00 %	Minimum capital requirements	8.00 %	6.00 %	4.50 %	4.00 %
Minimum capital requirements plus capital conservation buffer	Minimum capital requirements plus capital conservation buffer	10.50 %	8.50 %	7.00 %	N/A	Minimum capital requirements plus capital conservation buffer	10.50 %	8.50 %	7.00 %	N/A
Well capitalized requirements	Well capitalized requirements	10.00 %	8.00 %	6.50 %	5.00 %	Well capitalized requirements	10.00 %	8.00 %	6.50 %	5.00 %

On January 1, 2020, the Company adopted the current expected credit losses ("CECL") accounting standard that requires management's estimate of credit losses over the expected contractual lives of the Company's relevant financial assets. On March 27, 2020, in response to the COVID-19 pandemic, federal banking regulators issued an interim final rule to delay for two years the initial adoption impact of CECL on regulatory capital, followed by a three-year transition period to phase out the aggregate amount of the capital benefit provided during 2020 and 2021 (i.e., a five-year transition period). The Company has elected to utilize the five-year transition period. During the two-year delay, the Company added back to Common Tier 1 capital 100 percent of the initial adoption impact of CECL plus 25 percent of the cumulative quarterly changes in ACL (i.e., quarterly transitional amounts). Starting on January 1, 2022, the quarterly transitional amounts along with the initial adoption impact of CECL is being phased out of Common Tier 1 capital evenly over the a three-year period.

Federal and State Income Taxes

The Company files a consolidated federal income tax return using the accrual method of accounting. All required tax returns have been timely filed. Financial institutions are subject to the provisions of the Internal Revenue Code of 1986, as amended, in the same general manner as other corporations. The federal statutory corporate income tax rate is 21 percent.

Within the Company's geographic footprint under Montana, Idaho, Utah, Colorado and Arizona law, financial institutions are subject to a corporation income tax, which incorporates or is substantially similar to applicable provisions of the Internal Revenue Code. The corporation income tax is imposed on federal taxable income, subject to certain adjustments. State taxes are incurred at the rate of 6.75 percent in Montana, 5.80 percent in Idaho, 4.85 4.65 percent in Utah, 4.55 4.40 percent in Colorado and 4.90 percent in Arizona. Washington, Wyoming and Nevada do not impose a corporate income tax. The Company is also required to file in states other than the eight states in which it has properties.

The following table summarizes information relevant to the Company's federal and state income taxes:

		Nine Months ended			Three Months ended	
(Dollars in thousands)	(Dollars in thousands)	September 30, 2023	September 30, 2022	(Dollars in thousands)	March 31, 2024	March 31, 2023
Income Before Income Taxes	Income Before Income Taxes	$205,496	272,841			
Federal and state income tax expense	Federal and state income tax expense	36,885	49,316			
Net Income	Net Income	$168,611	223,525			
Effective tax rate 1	Effective tax rate 1	17.9 %	18.1 %	Effective tax rate 1	10.3 %	16.9 %
Income from tax-exempt debt securities, municipal loans and leases	Income from tax-exempt debt securities, municipal loans and leases	$ 59,588	59,082			
Benefits from federal income tax credits	Benefits from federal income tax credits	$ 15,552	7,977			

1 The current and prior year's low effective income tax rates are due to income from tax-exempt debt securities, municipal loans and leases and benefits from federal income tax credits.

Tax expense during the first quarter of 2024 was $3.8 million, a decrease of $4.0 million, or 52 percent, compared to the prior quarter and a decrease of $8.7 million, or 70 percent, from the prior year first quarter. The effective tax rate in the current quarter was 10.3 percent compared to 12.6 percent in the prior quarter and 16.9 percent in the prior year first quarter. The current quarter decrease in tax expense and the resulting effective tax rate was the result of a combination of increased federal income tax credits and a decrease in pre-tax income.

The Company has equity investments in Certified Development Entities ("CDE") which have received allocations of New Markets Tax Credits ("NMTC"). Administered by the Community Development Financial Institutions Fund ("CDFI Fund") of the U.S. Department of the Treasury, the NMTC program is aimed at stimulating economic and community development and job creation in low-income communities. The federal income tax credits received are claimed over a seven-year credit allowance period. The Company also has equity investments in Low-Income Housing Tax Credits ("LIHTC") which are indirect federal subsidies used to finance the development of affordable rental housing for low-income households. The federal income tax credits are claimed over a ten-year credit allowance period. The Company has investments of $14.7 million $14.0 million in Qualified School Construction bonds whereby the Company receives quarterly federal income tax credits in lieu of taxable interest income. The federal income tax credits on these debt securities are subject to federal and state income tax.

Following is a list of expected federal income tax credits to be received in the years indicated.

(Dollars in thousands)	(Dollars in thousands)	New Markets Tax Credits	Low-Income Housing Tax Credits	Debt Securities Tax Credits	Total	(Dollars in thousands)	New Markets Tax Credits	Low-Income Housing Tax Credits	Debt Securities Tax Credits	Total
2023		$ 7,408	16,822	642	24,872					
2024	2024	5,812	22,959	602	29,373					
2025	2025	4,332	25,439	451	30,222					
2026	2026	3,612	25,549	219	29,380					
2027	2027	3,612	23,607	42	27,261					
2028										
Thereafter	Thereafter	1,596	101,727	190	103,513					
		$ 26,372	216,103	2,146	244,621					
	$									

Average Balance Sheet

The following schedule provides 1) the total dollar amount of interest and dividend income of the Company for earning assets and the average yields; 2) the total dollar amount of interest expense on interest bearing liabilities and the average rates; 3) net interest and dividend income and interest rate spread; and 4) net interest margin (tax-equivalent).

		Three Months ended			Nine Months ended		
	Three Months ended						
		September 30, 2023			September 30, 2023		
(Dollars in thousands)	(Dollars in thousands)	Average Balance	Interest and Dividends	Average Yield/ Rate	Average Balance	Interest and Dividends	Average Yield/ Rate
Assets	**Assets**						
Residential real estate loans							
Residential real estate loans							
Residential real estate loans	Residential real estate loans	$ 1,649,947	$ 18,594	4.51 %	$ 1,570,911	$ 51,508	4.37 %
Commercial loans [1]	Commercial loans [1]	13,120,479	174,822	5.29 %	12,910,691	498,152	5.16 %
Consumer and other loans	Consumer and other loans	1,263,775	19,478	6.11 %	1,236,158	54,248	5.87 %
Total loans [2]	Total loans [2]	16,034,201	212,894	5.27 %	15,717,760	603,908	5.14 %
Tax-exempt investment securities [3]	Tax-exempt investment securities [3]	1,732,227	14,486	3.34 %	1,745,764	44,978	3.44 %
Taxable investment securities [4, 5]	Taxable investment securities [4, 5]	8,485,157	41,052	1.94 %	8,240,041	107,338	1.74 %
Total earning assets	Total earning assets	26,251,585	268,432	4.06 %	25,703,565	756,224	3.93 %
Goodwill and intangibles	Goodwill and intangibles	1,020,868			1,023,274		
Non-earning assets	Non-earning assets	528,145			510,332		
Non-earning assets							
Non-earning assets							
Total assets							
Total assets							
Total assets	Total assets	$27,800,598			$27,237,171		
Liabilities	**Liabilities**						
Liabilities							

	March 31, 2024				
(Dollars in thousands)	Average Balance			Interest and Dividends	
Residential real estate loans	$ 1,747,184	$	$20,764	4.75	
Commercial loans [1]	13,513,426	183,045		183,045	5
Consumer and other loans	1,283,388	20,948		20,948	6
Total loans [2]	16,543,998	224,757		224,757	5
Tax-exempt investment securities [3]	1,720,370	15,157		15,157	3
Taxable investment securities [4, 5]	8,176,974	43,477		43,477	2
Total earning assets	26,441,342	283,391		283,391	4

Liabilities													
Non-interest bearing deposits													
Non-interest bearing deposits													
Non-interest bearing deposits	Non-interest bearing deposits	$ 6,461,350	$ —	— %	$ 6,770,242	$ —	— %	$	5,966,546	$	$ —	—	
NOW and DDA accounts	NOW and DDA accounts	5,231,741	12,906	0.98 %	5,140,668	22,606	0.59 %	NOW and DDA accounts	5,275,703	15,918		15,918	1
Savings accounts	Savings accounts	2,840,620	3,492	0.49 %	2,930,420	5,070	0.23 %	Savings accounts	2,900,649	5,655		5,655	0
Money market deposit accounts	Money market deposit accounts	3,039,177	12,646	1.65 %	3,253,138	28,654	1.18 %	Money market deposit accounts	2,948,294	14,393		14,393	1
Certificate accounts	Certificate accounts	2,462,266	23,151	3.73 %	1,638,163	34,613	2.82 %	Certificate accounts	3,000,713	31,175		31,175	4
Total core deposits	Total core deposits	20,035,154	52,195	1.03 %	19,732,631	90,943	0.62 %	Total core deposits	20,091,905	67,141		67,141	1
Short-term borrowings	**Short-term borrowings**												
Wholesale deposits [6]	Wholesale deposits [6]	188,523	2,502	5.27 %	213,465	7,999	5.01 %						
Wholesale deposits [6]													
Wholesale deposits [6]									3,965			55	
Repurchase agreements	Repurchase agreements	1,401,765	10,972	3.11 %	1,238,139	24,185	2.61 %	Repurchase agreements	1,513,397	12,598		12,598	3
FHLB advances	FHLB advances	—	—	— %	738,004	26,910	4.81 %	FHLB advances	350,754	4,249		4,249	4
FRB Bank Term Funding	FRB Bank Term Funding	2,740,000	30,229	4.38 %	1,929,322	63,160	4.38 %	FRB Bank Term Funding	2,483,077	27,097		27,097	4
Total short-term borrowings	Total short-term borrowings	4,330,288	43,703	3.80 %	4,118,930	122,254	0.17 %	Total short-term borrowings	4,351,193	43,999		43,999	4
Long-term borrowings	**Long-term borrowings**												
Subordinated debentures and other borrowed funds	Subordinated debentures and other borrowed funds	208,336	1,954	3.72 %	208,891	5,737	3.67 %						
Subordinated debentures and other borrowed funds													
Subordinated debentures and other borrowed funds									218,271			1,782	
Total interest bearing liabilities	Total interest bearing liabilities	24,573,778	97,852	1.58 %	24,060,452	218,934	1.22 %	Total interest bearing liabilities	24,661,369	112,922		112,922	1
Other liabilities	Other liabilities	302,564			256,022								
Total liabilities	Total liabilities	24,876,342			24,316,474								
Total liabilities													
Total liabilities													
Stockholders' Equity													
Stockholders' Equity													
Stockholders' Equity	**Stockholders' Equity**												
Stockholders' equity	Stockholders' equity	2,924,256			2,920,697								

Stockholders' equity						
Stockholders' equity						
Total liabilities and stockholders' equity						
Total liabilities and stockholders' equity						
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	$27,800,598		$27,237,171		
Net interest income (tax-equivalent)	Net interest income (tax-equivalent)		$170,580		$537,290	
Net interest income (tax-equivalent)						
Net interest income (tax-equivalent)						
Net interest spread (tax-equivalent)						
Net interest spread (tax-equivalent)						
Net interest spread (tax-equivalent)	Net interest spread (tax-equivalent)		2.48 %		2.71 %	
Net interest margin (tax-equivalent)	Net interest margin (tax-equivalent)		2.58 %		2.79 %	Net interest margin (tax-equivalent)

1 Includes tax effect of $1.4 million $1.6 million and $4.4 million $1.8 million on tax-exempt municipal loan and lease income for the nine three months ended September 30, 2023 March 31, 2024, and 2022, 2023, respectively.

2 Total loans are gross of the allowance for credit losses, net of unearned income and include loans held for sale. Non-accrual loans were included in the average volume for the entire period.

3 Includes tax effect of $1.9 million $2.2 million and $7.0 million $3.3 million on tax-exempt debt securities income for the nine three months ended September 30, 2023 March 31, 2024, and 2022, 2023, respectively.

4 Includes interest income of $15.1 million $15.3 million and $7.3 million $2.1 million on average interest-bearing cash balances of $1,106.1 million $1.12 billion and $579.0 million $176.9 million for the three months ended September 30, 2023 March 31, 2024, and 2022, 2023, respectively.

5 Includes tax effect of $215 thousand and $644 $215 thousand on federal income tax credits for the nine three months ended September 30, 2023 March 31, 2024, and 2022, 2023, respectively.

6 Wholesale deposits include brokered deposits classified as NOW, DDA, money market deposit and certificate accounts with contractual maturities.

Rate/Volume Analysis

Net interest income can be evaluated from the perspective of relative dollars of change in each period. Interest income and interest expense, which are the components of net interest income, are shown in the following table on the basis of the amount of any increases (or decreases) attributable to changes in the dollar levels of the Company's interest earning assets and interest bearing liabilities ("volume") and the yields earned and paid on such assets and liabilities ("rate"). The change in interest income and interest expense attributable to changes in both volume and rates has been allocated proportionately to the change due to volume and the change due to rate.

		Nine Months ended 2023 vs. 2022						
		Three Months ended March 31, 2024 2024 vs. 2023				Three Months ended March 31, 2024 2024 vs. 2023		
		Increase (Decrease) Due to:				Increase (Decrease) Due to:		
(Dollars in thousands)	(Dollars in thousands)	Volume	Rate	Net	(Dollars in thousands)	Volume	Rate	Net
Interest income	Interest income							
Residential real estate loans								
Residential real estate loans								
Residential real estate loans	Residential real estate loans	$ 11,427	(2,198)	9,229				
Commercial loans (tax-equivalent)	Commercial loans (tax-equivalent)	40,612	54,465	95,077				
Consumer and other loans	Consumer and other loans	4,257	11,439	15,696				
Investment securities (tax-equivalent)	Investment securities (tax-equivalent)	(7,508)	23,028	15,520				

Total interest income	Total interest income	48,788	86,734	135,522
Interest expense	Interest expense			
NOW and DDA accounts				
NOW and DDA accounts				
NOW and DDA accounts	NOW and DDA accounts	(108)	20,352	20,244
Savings accounts	Savings accounts	(88)	4,322	4,234
Money market deposit accounts	Money market deposit accounts	(799)	25,220	24,421
Certificate accounts	Certificate accounts	1,620	30,577	32,197
Wholesale deposits	Wholesale deposits	908	7,054	7,962
Repurchase agreements	Repurchase agreements	462	22,288	22,750
FHLB advances	FHLB advances	5,230	17,052	22,282
FRB Bank Term Funding	FRB Bank Term Funding	63,160	—	63,160
Subordinated debentures and other borrowed funds	Subordinated debentures and other borrowed funds	406	1,042	1,448
Total interest expense	Total interest expense	70,791	127,907	198,698
Net interest income (tax-equivalent)	Net interest income (tax-equivalent)	$(22,003)	(41,173)	(63,176)

Net interest income (tax-equivalent) decreased $63.2 million $21.0 million for the nine three months ended September 30, 2023 March 31, 2024 compared to the same period in 2022. 2023. The interest income for the first nine three months of 2023 2024 increased over the same period last year primarily from loan growth and increased loan yields. The increase in interest expense for the first nine three months of 2023 was primarily the result of an increase in interest rates coupled with an increase in higher costs borrowings. rates.

Market Risk

Market risk is the risk of loss in a financial instrument arising from adverse changes in market rates/prices such as interest rates, foreign currency exchange rates, commodity prices, and equity prices. The Company's primary market risk exposure is interest rate risk.

Interest Rate Risk

Interest rate risk is the potential for loss of future earnings resulting from adverse changes in the level of interest rates. Interest rate risk results from many factors and could have a significant impact on the Company's net interest income, which is the Company's primary source of net income. Net interest income is affected by a myriad of variables, including changes in interest rates, the relationship between rates on interest bearing assets and liabilities, the impact of the interest fluctuations on asset prepayments and the mix of interest bearing assets and liabilities.

Although interest rate risk is inherent in the banking industry, banks are expected to have sound risk management practices in place to measure, monitor and control interest rate exposures. The objective of interest rate risk management is to appropriately manage the risks associated with interest rate fluctuations. The process includes identification and management of the sensitivity of net interest income to changing interest rates.

Net interest income simulation

The Company uses a detailed and dynamic simulation model to quantify the estimated exposure of net interest income ("NII") to sustained interest rate changes. While ALCO routinely monitors simulated NII sensitivity over rolling two-year and five-year horizons, it also utilizes additional tools to monitor potential longer-term interest rate risk. The simulation model captures the impact of changing interest rates on the interest income received and interest expense paid on all assets and liabilities reflected on the Company's statements of financial condition. This sensitivity analysis is compared to ALCO policy limits which specify a maximum tolerance level for NII exposure over a one year and two year horizon, assuming no balance sheet growth. The ALCO policy rate scenarios include upward and downward shifts in interest rates for 100 bps, 200 bps, 300 bps, and 400 bps scenarios with instantaneous and parallel changes in current market yield curves. The ALCO policy also includes 200 bps and 400 bps rate scenarios with gradual parallel shifts in interest rates over 12-month and 24-month periods, respectively. Other non-parallel rate movement scenarios are also modeled to determine the potential impact on net interest income. The additional scenarios are adjusted as the economic environment changes and provide ALCO additional interest rate risk monitoring tools to evaluate current market conditions. The following is indicative of the Company's overall NII sensitivity analysis as of September 30, 2023 March 31, 2024.

	Estimated Sensitivity	
Rate Scenarios	One Year	Two Years
-100 bps Rate shock	7.03 %	5.93 %
+100 bps Rate shock	(6.94 %)	(5.76 %)
+200 bps Rate shock	(13.39 %)	(11.04 %)
+200 bps Rate ramp	(8.03 %)	(10.64 %)
+300 bps Rate shock	(19.83 %)	(16.29 %)

	Estimated Sensitivity	
Rate Scenarios	One Year	Two Years
-400 bp Rate ramp	(0.14 %)	1.18 %
-200 bp Rate ramp	0.07 %	0.29 %
-200 bp Rate shock	(0.03 %)	(0.53 %)
-100 bp Rate shock	0.75 %	2.54 %
+100 bp Rate shock	(5.40 %)	(4.04 %)
+200 bp Rate shock	(11.02 %)	(8.24 %)
+200 bp Rate ramp	(6.63 %)	(8.00 %)
+400 bp Rate ramp	(6.67 %)	(12.25 %)

The preceding sensitivity analysis does not represent a forecast and should not be relied upon as being indicative of expected operating results. Growth in the Company's core deposit franchise, updated deposit pricing assumptions, and other balance sheet changes It is important to note that these hypothetical estimates are based upon numerous assumptions that are specific to our Company and thus may not be directly comparable to other institutions. These assumptions include: the nature and timing of interest rate levels including, but not limited to, yield curve shape, prepayments on loans and securities, deposit decay rates, pricing decisions on loans and deposits and reinvestment/replacement of asset and liability cash flows. While assumptions are developed based upon current economic and local market conditions, the Company cannot make any assurances as to the predictive nature of these assumptions including how customer preferences or competitor influences might change. Also, as market conditions vary from those assumed in the sensitivity analysis, actual results will also differ due to prepayment/refinancing levels likely deviating from those assumed, the varying impact of interest rate caps or floors on adjustable rate assets, the potential effect of changing debt service levels on customers with adjustable rate loans, depositor early withdrawals and product preference changes, and other internal and external variables. Furthermore, the sensitivity analysis does not reflect actions that ALCO might take in responding to or anticipating changes in interest rates.

Item 3. Quantitative and Qualitative Disclosure about Market Risk

See "Market Risk" of this Management's Discussion and Analysis of Financial Condition and Results of Operations in this Form 10-Q.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company's Chief Executive Officer and Chief Financial Officer have reviewed and evaluated the effectiveness of the Company's disclosure controls and procedures (as required by Exchange Act Rules 240.13a-15(b) and 15d-14(c)) as of September 30, 2023 March 31, 2024. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's current disclosure controls and procedures are effective and timely, providing them with material information relating to the Company required to be disclosed in the reports the Company files or submits under the Exchange Act.

Changes in Internal Controls

There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the third first quarter of 2023, 2024, to which this report relates that have materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

The Company is involved in various claims, legal actions and complaints which arise in the ordinary course of business. In the Company's opinion, all such matters are adequately covered by insurance, are without merit or are of such kind, or involve such amounts, that unfavorable disposition would not have a material adverse effect on the financial condition or results of operations of the Company.

Item 1A. Risk Factors

The Company believes there have been no material changes from the risk factors previously disclosed in the Company's 2022 2023 Annual Report on Form 10-K and Quarterly Report on Form 10-Q for the quarter ended March 31, 2023. 10-K. The risks and uncertainties described in those reports the 2023 Annual Report on Form 10-K should be carefully reviewed. These are not the only risks and uncertainties that the Company faces. Additional risks and uncertainties that the Company does not currently know about or that we currently believe are immaterial, or that the Company has not predicted, may also harm our business operations or adversely affect the Company. If any of these risks or uncertainties actually occurs, the Company's business, financial condition, operating results or liquidity could be adversely affected.

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

(a) Not Applicable

(b) Not Applicable

(c) Not Applicable

Item 3. Defaults upon Senior Securities

(a) Not Applicable

(b) Not Applicable

Item 4. Mine Safety Disclosures

Not Applicable

Item 5. Other Information

(a) Not Applicable

(b) Not Applicable

(c) None

Item 6. Exhibits

31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes - Oxley Act of 2002

31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes - Oxley Act of 2002

32 Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes - Oxley Act of 2002

101.INS XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.

101.SCH XBRL Taxonomy Extension Schema Document

101.CAL XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF XBRL Taxonomy Extension Definition Linkbase Document

101.LAB XBRL Taxonomy Extension Labels Linkbase Document

101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

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.

GLACIER BANCORP, INC.

November 1, 2023 May 7, 2024	/s/ Randall M. Chesler
	Randall M. Chesler
	President and CEO
November 1, 2023 May 7, 2024	/s/ Ron J. Copher
	Ron J. Copher
	Executive Vice President and CFO

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Exhibit 31.1

CERTIFICATIONS

I, Randall M. Chesler, certify that:

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

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

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

   (c) Evaluated the effectiveness of the 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 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.

November 1, 2023 May 7, 2024	/s/ Randall M. Chesler
	Randall M. Chesler
	President/CEO

Exhibit 31.2

CERTIFICATIONS

I, Ron J. Copher, certify that:

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

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

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

   (c) Evaluated the effectiveness of the 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 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.

November 1, 2023 May 7, 2024

/s/ Ron J. Copher

Ron J. Copher

Executive Vice President/CFO

Exhibit 32

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

In connection with the Quarterly Report of Glacier Bancorp, Inc. ("Company") on Form 10-Q for the period ended September 30, 2023 March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof ("Report"), we, Randall M. Chesler, President and Chief Executive Officer, and Ron J. Copher, Executive Vice President and Chief Financial Officer, of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

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

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by 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.

November 1, 2023 May 7, 2024	/s/ Randall M. Chesler
	Randall M. Chesler
	President/CEO
November 1, 2023 May 7, 2024	/s/ Ron J. Copher
	Ron J. Copher
	Executive Vice President/CFO

DISCLAIMER

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

REFINITIV