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## DELTA REPORT

### 10-Q

QCRH - QCR HOLDINGS INC

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

The following comparison report has been automatically generated

**TOTAL DELTAS** 2040

■ CHANGES	515
■ DELETIONS	816
■ ADDITIONS	709

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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 0-22208

**QCR HOLDINGS, INC.**

(Exact name of Registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**42-1397595**

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

**3551 7th Street, Moline, Illinois 61265**

(Address of principal executive offices, including zip code)

**(309) 736-3580**

(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, \$1.00 Par Value	QCRH	The Nasdaq Global Market

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes  No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date: As of **November 1, 2023** **May 1, 2024**, the Registrant had outstanding **16,732,384** **16,806,279** shares of common stock, \$1.00 par value per share.

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[Signatures](#)

Throughout this Quarterly Report on Form 10-Q, we use certain acronyms and abbreviations, as defined in Note 1 to the Consolidated Financial Statements.

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**QCR HOLDINGS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS (UNAUDITED)**  
**As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023**

	September 30, 2023	December 31, 2022
	(dollars in thousands)	
<b>Assets</b>		
Cash and due from banks	\$ 104,265	\$ 59,723
Federal funds sold	20,300	56,910
Interest-bearing deposits at financial institutions	60,350	67,360
Securities held to maturity, at amortized cost, net of allowance for credit losses	615,115	587,142
Securities available for sale, at fair value	281,279	340,960
<b>Total securities</b>	<b>896,394</b>	<b>928,102</b>
Loans receivable held for sale	278,893	1,480
Loans/leases receivable held for investment	6,327,414	6,137,391
Gross loans/leases receivable	6,606,307	6,138,871
Less allowance for credit losses	(87,669)	(87,706)
<b>Net loans/leases receivable</b>	<b>6,518,638</b>	<b>6,051,165</b>
Bank-owned life insurance	107,389	106,580
Premises and equipment, net	118,943	117,948
Restricted investment securities	43,748	42,501
Other real estate owned, net	120	133
Goodwill	139,027	137,607
Intangibles	14,537	16,759
Derivatives	291,295	177,631
Other assets	225,051	186,418
<b>Total assets</b>	<b>\$ 8,540,057</b>	<b>\$ 7,948,837</b>
<b>Liabilities and Stockholders' Equity</b>		
Liabilities:		
Deposits:		
Noninterest-bearing	\$ 1,027,791	\$ 1,262,981
Interest-bearing	5,467,061	4,721,236
<b>Total deposits</b>	<b>6,494,852</b>	<b>5,984,217</b>
Short-term borrowings	470	129,630
Federal Home Loan Bank advances	430,000	415,000
Subordinated notes	232,958	232,662
Junior subordinated debentures	48,698	48,602
Derivatives	320,220	200,701
Other liabilities	184,476	165,301
<b>Total liabilities</b>	<b>7,711,674</b>	<b>7,176,113</b>

<b>STATEMENT OF CHANGES IN EQUITY</b>			
	<b>March 31,</b>	<b>December 31,</b>	
	<b>2024</b>	<b>2023</b>	
	<i>(dollars in thousands)</i>		
<b>Stockholders' Equity:</b>			
Preferred stock, \$1 par value; shares authorized 250,000 September 2023 and December 2022 - no shares issued or outstanding			—
Common stock, \$1 par value; shares authorized 20,000,000 September 2023 - 16,731,646 shares issued and outstanding December 2022 - 16,795,942 shares issued and outstanding	16,732	16,796	
Additional paid-in capital	369,833	370,712	
Retained earnings	523,142	450,114	
Accumulated other comprehensive loss:			
Securities available for sale	(55,061)	(44,677)	
Derivatives	(26,263)	(20,221)	
<b>Total stockholders' equity</b>	<b>828,383</b>	<b>772,724</b>	
<b>Total liabilities and stockholders' equity</b>	<b>\$ 8,540,057</b>	<b>\$ 7,948,837</b>	
<b>Assets</b>			
Cash and due from banks	\$ 80,988	\$ 97,123	
Federal funds sold	4,150	35,450	
Interest-bearing deposits at financial institutions	72,870	104,919	
Securities held to maturity, at amortized cost, net of allowance for credit losses	718,623	683,504	
Securities available for sale, at fair value	290,980	299,655	
Securities trading, at fair value	22,258	22,369	
<b>Total securities</b>	<b>1,031,861</b>	<b>1,005,528</b>	
Loans receivable held for sale	275,344	2,594	
Loans/leases receivable held for investment	6,372,992	6,540,822	
Gross loans/leases receivable	6,648,336	6,543,416	
Less allowance for credit losses	(84,470)	(87,200)	
<b>Net loans/leases receivable</b>	<b>6,563,866</b>	<b>6,456,216</b>	
Bank-owned life insurance	109,090	108,222	
Premises and equipment, net	133,179	123,277	
Restricted investment securities	31,734	41,648	
Other real estate owned, net	784	1,347	
Goodwill	139,027	139,027	
Intangibles	13,131	13,821	
Derivatives	183,888	187,341	
Other assets	234,981	224,975	
<b>Total assets</b>	<b>\$ 8,599,549</b>	<b>\$ 8,538,894</b>	
<b>Liabilities and Stockholders' Equity</b>			
Liabilities:			
Deposits:			
Noninterest-bearing	\$ 955,167	\$ 1,038,689	
Interest-bearing	5,851,608	5,475,316	
<b>Total deposits</b>	<b>6,806,775</b>	<b>6,514,005</b>	
Short-term borrowings	2,700	1,500	
Federal Home Loan Bank advances	205,000	435,000	
Subordinated notes	233,170	233,064	

Junior subordinated debentures	48,763	48,731
Derivatives	211,677	215,735
Other liabilities	184,122	204,263
<b>Total liabilities</b>	<b>7,692,207</b>	<b>7,652,298</b>
<b>Stockholders' Equity:</b>		
Preferred stock, \$1 par value; shares authorized 250,000 March 2024 and December 2023 - no shares issued or outstanding	—	—
Common stock, \$1 par value; shares authorized 20,000,000 March 2024 - 16,807,056 shares issued and outstanding December 2023 - 16,749,254 shares issued and outstanding	16,807	16,749
Additional paid-in capital	371,157	370,814
Retained earnings	580,711	554,992
Accumulated other comprehensive loss:		
Securities available for sale	(38,756)	(35,980)
Derivatives	(22,577)	(19,979)
<b>Total stockholders' equity</b>	<b>907,342</b>	<b>886,596</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 8,599,549</b>	<b>\$ 8,538,894</b>

See Notes to Consolidated Financial Statements (Unaudited)

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	2023	2022	2024	2023
Interest and dividend income:				
Loans/leases, including fees:				
Taxable	\$ 73,396	\$ 58,143	\$ 77,131	\$ 66,634
Nontaxable	23,725	11,712	24,128	17,312
Securities:				
Taxable	3,788	3,304	4,261	3,366
Nontaxable	5,510	4,955	7,386	5,337
Interest-bearing deposits at financial institutions	1,206	380	1,200	821
Restricted investment securities	659	673	674	513
Federal funds sold	284	100	269	234

<b>Total interest and dividend income</b>	<b>108,568</b>	<b>79,267</b>	<b>115,049</b>	<b>94,217</b>
Interest expense:				
Deposits	43,575	12,570	51,416	29,780
Short-term borrowings	10	84	23	99
Federal Home Loan Bank advances	5,724	2,584	4,738	3,521
Other borrowings	—	53		
Subordinated notes	3,307	2,518	3,480	3,311
Junior subordinated debentures	697	689	693	696
<b>Total interest expense</b>	<b>53,313</b>	<b>18,498</b>	<b>60,350</b>	<b>37,407</b>
<b>Net interest income</b>	<b>55,255</b>	<b>60,769</b>	<b>54,699</b>	<b>56,810</b>
Provision for credit losses	3,806	—	2,969	3,928
<b>Net interest income after provision for credit losses</b>	<b>51,449</b>	<b>60,769</b>	<b>51,730</b>	<b>52,882</b>
Noninterest income:				
Trust fees	2,863	2,537	3,199	2,906
Investment advisory and management fees	947	921	1,101	879
Deposit service fees	2,107	2,214	2,022	2,028
Gains on sales of residential real estate loans, net	476	641	382	312
Gains on sales of government guaranteed portions of loans, net	—	50	24	30
Capital markets revenue	15,596	10,545	16,457	17,023
Securities losses, net			—	(463)
Earnings on bank-owned life insurance	1,807	605	868	707
Debit card fees	1,584	1,453	1,466	1,466
Correspondent banking fees	450	189	512	391
Loan related fee income	800	652	836	651
Fair value gain (loss) on derivatives	(336)	904		
Fair value loss on derivatives and trading securities			(163)	(427)
Other	299	384	154	339
<b>Total noninterest income</b>	<b>26,593</b>	<b>21,095</b>	<b>26,858</b>	<b>25,842</b>
Noninterest expense:				
Salaries and employee benefits	32,098	29,175	31,860	32,003
Occupancy and equipment expense	6,228	6,033	6,514	5,914
Professional and data processing fees	4,456	4,477	4,613	3,514
Acquisition costs	—	315		
Post-acquisition compensation, transition and integration costs	—	62	—	207
FDIC insurance, other insurance and regulatory fees	1,721	1,497	1,945	1,374
Loan/lease expense	826	390	378	556
Net cost of and gains/losses on operations of other real estate	3	19		
Net income from and gains/losses on operations of other real estate			(30)	(67)
Advertising and marketing	1,429	1,437	1,483	1,237
Communication and data connectivity	478	639	401	665
Supplies	335	289	275	305
Bank service charges	605	568	568	605
Correspondent banking expense	232	218	305	210
Intangibles amortization	691	787	690	766
Payment card processing	733	477	646	545
Trust expense	432	227	425	214
Other	814	1,136	617	737
<b>Total noninterest expense</b>	<b>51,081</b>	<b>47,746</b>	<b>50,690</b>	<b>48,785</b>

Net income before income taxes	26,961	34,118	27,898	29,959
Federal and state income tax expense	1,840	4,824	1,172	2,782
<b>Net income</b>	<b>\$ 25,121</b>	<b>\$ 29,294</b>	<b>\$ 26,726</b>	<b>\$ 27,157</b>
Basic earnings per common share	\$ 1.50	\$ 1.73	\$ 1.59	\$ 1.62
Diluted earnings per common share	\$ 1.49	\$ 1.71	\$ 1.58	\$ 1.60
Weighted average common shares outstanding	16,717,303	16,900,968	16,783,348	16,776,289
Weighted average common and common equivalent shares outstanding	16,847,951	17,110,691	16,910,675	16,942,132
Cash dividends declared per common share	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.06

See Notes to Consolidated Financial Statements (Unaudited)

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**QCR HOLDINGS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)**  
**Nine Three Months Ended September 30, 2023 March 31, 2024 and 2022 2023**

	2023	2022
	(dollars in thousands, except share data)	
<b>Interest and dividend income:</b>		
Loans/leases, including fees:		
Taxable	\$ 208,449	\$ 147,366
Nontaxable	60,582	26,489
Securities:		
Taxable	10,847	8,792
Nontaxable	15,715	13,750
Interest-bearing deposits at financial institutions	3,151	584
Restricted investment securities	1,677	1,439
Federal funds sold	741	114
<b>Total interest and dividend income</b>	<b>301,162</b>	<b>198,534</b>
<b>Interest expense:</b>		
Deposits	111,800	21,231
Short-term borrowings	142	87
Federal Home Loan Bank advances	11,898	3,447
Other borrowings	—	53
Subordinated notes	9,922	5,888

Junior subordinated debentures	2,130	1,926
<b>Total interest expense</b>	<b>135,892</b>	<b>32,632</b>
<b>Net interest income</b>	<b>165,270</b>	<b>165,902</b>
Provision for credit losses	11,340	8,284
<b>Net interest income after provision for loan/lease losses</b>	<b>153,930</b>	<b>157,618</b>
Noninterest income:		
Trust fees	8,613	7,997
Investment advisory and management fees	2,812	2,940
Deposit service fees	6,169	5,992
Gains on sales of residential real estate loans, net	1,288	1,943
Gains on sales of government guaranteed portions of loans, net	30	69
Capital markets revenue	55,109	29,971
Securities losses, net	(451)	—
Earnings on bank-owned life insurance	3,352	1,301
Debit card fees	4,639	3,959
Correspondent banking fees	1,197	710
Loan related fee income	2,221	1,814
Fair value gain (loss) on derivatives	(680)	2,242
Other	656	572
<b>Total noninterest income</b>	<b>84,955</b>	<b>59,510</b>
Noninterest expenses:		
Salaries and employee benefits	95,560	82,774
Occupancy and equipment expense	18,242	15,948
Professional and data processing fees	12,048	12,513
Acquisition costs	—	4,139
Post-acquisition compensation, transition and integration costs	207	4,858
FDIC insurance, other insurance and regulatory fees	5,022	4,201
Loan/lease expense	2,034	1,418
Net cost of (income from) and gains/losses on operations of other real estate	(64)	77
Advertising and marketing	4,401	3,396
Communication and data connectivity	1,614	1,626
Supplies	921	772
Bank service charges	1,831	1,719
Correspondent banking expense	663	630
Intangibles amortization	2,222	2,067
Payment card processing	1,820	1,365
Trust expense	983	609
Other	2,099	2,207
<b>Total noninterest expenses</b>	<b>149,593</b>	<b>140,319</b>
<b>Net income before income taxes</b>	<b>89,292</b>	<b>76,809</b>
Federal and state income tax expense	8,589	8,649
<b>Net income</b>	<b>\$ 80,703</b>	<b>\$ 68,160</b>
Basic earnings per common share	\$ 4.82	\$ 4.25
Diluted earnings per common share	\$ 4.79	\$ 4.20
Weighted average common shares outstanding	16,731,847	16,030,371
Weighted average common and common equivalent shares outstanding	16,863,203	16,243,921

Cash dividends declared per common share	\$ 0.18	\$ 0.18
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See Notes to Consolidated Financial Statements (Unaudited)

	Three Months Ended March 31,	
	2024	2023
	(dollars in thousands)	
Net income	\$ 26,726	\$ 27,157
<b>Other comprehensive income (loss):</b>		
Unrealized gains (losses) on securities available for sale:		
Unrealized holding gains (losses) arising during the period before tax	(3,246)	7,392
Less: reclassification adjusted for impairment gains (losses) included in net income before tax	445	(989)
Less: reclassification adjustment for sales losses included in net income before tax	—	(463)
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	(3,691)	8,844
Unrealized gains (losses) on derivatives:		
Unrealized holding gains (losses) arising during the period before tax	(3,604)	3,446
Less: reclassification adjustment for caplet amortization before tax	(121)	(201)
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	(3,483)	3,647
Other comprehensive income (loss), before tax	(7,174)	12,491
Tax expense (benefit)	(1,801)	3,166
Other comprehensive income (loss), net of tax	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	(5,373)	9,325
Comprehensive income	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	\$ 21,353	\$ 36,482

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**QCR HOLDINGS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)**  
**Three and Nine Months Ended September 30, 2023 and 2022**

	Three Months Ended September 30,	
	2023	2022
	(dollars in thousands)	
Net income	\$ 25,121	\$ 29,294
<b>Other comprehensive loss:</b>		
Unrealized losses on securities available for sale:		
Unrealized holding losses arising during the period before tax	(19,072)	(23,069)
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	(19,072)	(23,069)

Unrealized losses on derivatives:		
Unrealized holding losses arising during the period before tax	(7,019)	(8,955)
Less reclassification adjustment for caplet amortization before tax	(224)	(261)
	<hr/>	<hr/>
	(6,795)	(8,694)
Other comprehensive loss, before tax	(25,867)	(31,763)
Tax benefit	(6,452)	(6,980)
Other comprehensive loss, net of tax	<hr/>	<hr/>
	(19,415)	(24,783)
Comprehensive income	\$ 5,706	\$ 4,511
	<hr/>	<hr/>

	Nine Months Ended September 30,	
	2023	2022
	(dollars in thousands)	
Net income	\$ 80,703	\$ 68,160
Other comprehensive loss:		
Unrealized losses on securities available for sale:		
Unrealized holding losses arising during the period before tax	(14,808)	(76,814)
Less reclassification adjusted for impairment losses included in net income before tax	(989)	—
Less reclassification adjustment for sales losses included in net income before tax	(451)	—
	<hr/>	<hr/>
	(13,368)	(76,814)
Unrealized losses on derivatives:		
Unrealized holding losses arising during the period before tax	(9,152)	(23,769)
Less reclassification adjustment for caplet amortization before tax	(638)	(723)
	<hr/>	<hr/>
	(8,514)	(23,046)
Other comprehensive loss, before tax	(21,882)	(99,860)
Tax benefit	(5,456)	(23,451)
Other comprehensive loss, net of tax	<hr/>	<hr/>
	(16,426)	(76,409)
Comprehensive income (loss)	\$ 64,277	\$ (8,249)
	<hr/>	<hr/>

See Notes to Consolidated Financial Statements (Unaudited)

	Accumulated					Accumulated				
	Additional		Other			Additional		Other		
	Common	Paid-In	Retained	Comprehensive		Common	Paid-In	Retained	Comprehensive	
	Stock	Capital	Earnings	(Loss)	Total	Stock	Capital	Earnings	(Loss)	Total
(dollars in thousands)										
<b>Balance December 31, 2022</b>	\$ 16,796	\$ 370,712	\$ 450,114	\$ (64,898)	\$ 772,724					
Net income	—	—	27,157	—	27,157					
Other comprehensive income, net of tax	—	—	—	9,325	9,325					
Common cash dividends declared, \$0.06 per share	—	—	(1,010)	—	(1,010)					
Repurchase and cancellation of 152,500 shares of common stock										
as a result of a share repurchase program	(153)	(3,356)	(4,210)	—	(7,719)					
Stock-based compensation expense	—	953	—	—	953					
Issuance of common stock under employee benefit plans	71	(7)	—	—	64					
<b>Balance, March 31, 2023</b>	<b>\$ 16,714</b>	<b>\$ 368,302</b>	<b>\$ 472,051</b>	<b>\$ (55,573)</b>	<b>\$ 801,494</b>					
Net income	—	—	28,425	—	28,425					
Other comprehensive loss, net of tax	—	—	—	(6,336)	(6,336)					
Common cash dividends declared, \$0.06 per share	—	—	(1,003)	—	(1,003)					
Repurchase and cancellation of 22,500 shares of common stock										
as a result of a share repurchase program	(23)	(495)	(449)	—	(967)					
Stock-based compensation expense	—	673	—	—	673					
Issuance of common stock under employee benefit plans	23	380	—	—	403					
<b>Balance, June 30, 2023</b>	<b>\$ 16,714</b>	<b>\$ 368,860</b>	<b>\$ 499,024</b>	<b>\$ (61,909)</b>	<b>\$ 822,689</b>					
(dollars in thousands)										
<b>Balance December 31, 2023</b>						\$ 16,749	\$ 370,814	\$ 554,992	\$ (55,959)	\$ 886,596
Net income	—	—	25,121	—	25,121	—	—	26,726	—	26,726
Other comprehensive loss, net of tax	—	—	—	(19,415)	(19,415)	—	—	—	(5,373)	(5,373)
Common cash dividends declared, \$0.06 per share	—	—	(1,003)	—	(1,003)	—	—	(1,008)	—	(1,008)
Stock-based compensation expense	—	527	—	—	527	—	124	—	—	124
Issuance of common stock under employee benefit plans	18	446	—	—	464	58	219	—	—	277
<b>Balance, September 30, 2023</b>	<b>\$ 16,732</b>	<b>\$ 369,833</b>	<b>\$ 523,142</b>	<b>\$ (81,324)</b>	<b>\$ 828,383</b>					



Issuance of common stock under employee benefit plans	16	558	—	—	574
<b>Balance, June 30, 2022</b>	<b>\$ 17,064</b>	<b>\$ 375,358</b>	<b>\$ 400,790</b>	<b>\$ (50,074)</b>	<b>\$ 743,138</b>
Net income	—	—	29,294	—	29,294
Other comprehensive (loss), net of tax	—	—	—	(24,783)	(24,783)
Repurchase and cancellation of 190,000 shares of common stock					
as a result of a share repurchase program	(190)	(4,181)	(6,114)	—	(10,485)
Common cash dividends declared, \$0.06 per share	—	—	(1,012)	—	(1,012)
Stock-based compensation expense	—	382	—	—	382
Issuance of common stock under employee benefit plans	11	527	—	—	538
<b>Balance, September 30, 2022</b>	<b>\$ 16,885</b>	<b>\$ 372,086</b>	<b>\$ 422,958</b>	<b>\$ (74,857)</b>	<b>\$ 737,072</b>
<b>Balance, March 31, 2023</b>				<b>\$ 16,714</b>	<b>\$ 368,302</b>
				<b>\$ 472,051</b>	<b>\$ (55,573)</b>
					<b>\$ 801,494</b>

See Notes to Consolidated Financial Statements (Unaudited)

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### QCR HOLDINGS, INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

Nine Three Months Ended September 30, 2023 March 31, 2024 and 2022 2023

	2023	2022	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income	\$ 80,703	\$ 68,160	\$ 26,726	\$ 27,157
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	6,132	5,699	2,240	2,006
Provision for credit losses	11,340	8,284	2,969	3,928
Stock-based compensation expense	2,153	1,678	124	953
Deferred compensation expense accrued	4,188	3,027	1,652	1,272
Gains on other real estate owned, net	(84)	(19)	(52)	(85)
Amortization of premiums on securities, net	964	939	126	389

Caplet amortization	638	723	121	201
Fair value (gain) loss on derivatives	680	(2,242)		
Fair value loss on derivatives and trading securities			163	427
Ineffectiveness on fair value hedges			1	—
Securities losses, net	451	—	—	463
Loans originated for sale	(55,271)	(82,009)	(18,508)	(13,353)
Proceeds on sales of loans	57,171	88,010	20,980	13,766
Gains on sales of residential real estate loans	(1,288)	(1,943)	(382)	(312)
Gains on sales of government guaranteed portions of loans	(30)	(69)	(24)	(30)
Losses on sales and disposals of premises and equipment	386	520		
Gains on sales and disposals of premises and equipment			(2)	—
Amortization of intangibles	2,222	2,067	690	766
Accretion of acquisition fair value adjustments, net	(1,501)	(2,893)	(363)	(828)
Increase in cash value of bank-owned life insurance	(2,221)	(1,301)	(868)	(707)
Gain on bank-owned life insurance death benefits	(1,131)			
Increase in other assets	(34,126)	(33,840)	(9,843)	(13,148)
Decrease in other liabilities	13,973	21,843	(23,006)	(1,101)
<b>Net cash provided by operating activities</b>	<b>\$ 85,349</b>	<b>\$ 76,634</b>	<b>\$ 2,744</b>	<b>\$ 21,764</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Net (increase) decrease in federal funds sold	36,610	(15,840)		
Net decrease in interest-bearing deposits at financial institutions	7,010	49,593		
Net decrease in federal funds sold			31,300	40,545
Net (increase) decrease in interest-bearing deposits at financial institutions			32,049	(170,272)
Proceeds from sales of other real estate owned	295	223	615	218
Activity in securities portfolio:				
Purchases	(102,669)	(173,331)	(43,631)	(23,022)
Calls, maturities and redemptions	76,011	30,597	8,498	45,685
Paydowns	11,660	27,311	5,001	5,915
Sales	30,556	111,375	445	28,628
Activity in restricted investment securities:				
Purchases	(4,908)	(19,885)	(661)	(3,177)
Redemptions	3,661	2,159	10,575	13,764
Net increase in loans/leases originated and held for investment	(479,757)	(524,877)	(114,173)	(54,025)
Purchase of premises and equipment	(8,023)	(27,119)	(12,142)	(1,699)
Proceeds from sales of premises and equipment	510	413	2	—
Purchase of bank-owned life insurance	—	(10,000)		
Proceeds from bank-owned life insurance death benefits	2,543	—		
Net cash acquired from acquisition	—	144,973		
<b>Net cash used in investing activities</b>	<b>\$ (426,501)</b>	<b>\$ (404,408)</b>	<b>\$ (82,122)</b>	<b>\$ (117,440)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Net increase (decrease) in deposit accounts	510,635	(58,310)		
Net increase in deposit accounts			292,770	517,446
Net increase (decrease) in short-term borrowings	(129,160)	81,380	1,200	(128,530)
Activity in Federal Home Loan Bank advances:				
Term advances	135,000	—	—	135,000
Net change in short-term and overnight advances	(120,000)	320,000	(230,000)	(415,000)
Prepayments	—	(16,000)	—	—
Activity in other borrowings:				
Proceeds from other borrowings	—	10,000		

Calls, maturities and scheduled principal payments	—	(10,000)		
Proceeds from subordinated notes	—	100,000		
Payment of cash dividends on common stock	(3,026)	(2,933)	(1,004)	(1,013)
Proceeds from issuance of common stock, net	931	345	277	64
Repurchase and cancellation of shares	(8,686)	(47,916)	—	(7,719)
<b>Net cash provided by financing activities</b>	<b>\$ 385,694</b>	<b>\$ 376,566</b>	<b>\$ 63,243</b>	<b>\$ 100,248</b>
<b>Net increase in cash and due from banks</b>	<b>44,542</b>	<b>48,792</b>		
<b>Net increase (decrease) in cash and due from banks</b>			<b>(16,135)</b>	<b>4,572</b>
 Cash and due from banks, beginning	 59,723	 37,490	 97,123	 59,723
Cash and due from banks, ending	\$ 104,265	\$ 86,282	\$ 80,988	\$ 64,295

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	2023	2022	
	<i>(dollars in thousands)</i>		
<b>Supplemental disclosure of cash flow information, cash payments (receipts) for:</b>			
Interest	\$ (258,779)	\$ 32,046	
Income/franchise taxes	2,214	107	
<b>Supplemental schedule of noncash investing activities:</b>			
Change in accumulated other comprehensive income (loss), unrealized gains (losses) on securities available for sale and derivative instruments, net	(16,426)	(76,409)	
Increase in fair value of fair value hedges	3,997	—	
Transfers of loans to other real estate owned	218	326	
Increase (decrease) in the fair value of back-to-back interest rate swap assets and liabilities	110,641	(48,195)	
Dividends payable	1,003	1,012	
Transfer of loans to loans held for sale	277,995	—	
Measurement period adjustment to goodwill	1,420	—	
<b>Supplemental disclosure of cash flow information for acquisitions:</b>			
<b>Fair value of assets acquired:</b>			
Cash and due from banks	\$ —	\$ 171,844	
Interest-bearing deposits at financial institutions	—	17,134	
Securities	—	143,017	
Loans receivable, net	—	801,697	
Bank-owned life insurance	—	32,100	
Premises and equipment, net	—	16,257	
Restricted investment securities	—	2,220	
Other real estate owned	—	55	
Intangibles	—	10,264	
Other assets	—	23,685	
<b>Total assets acquired</b>	<b>\$ —</b>	<b>\$ 1,218,273</b>	

<b>Fair value of liabilities assumed:</b>			
Deposits	\$	—	\$ 1,076,573
FHLB advances		—	16,000
Subordinated debentures		—	19,621
Junior subordinated debentures		—	10,310
Other liabilities		—	15,225
<b>Total liabilities assumed</b>		<b>—</b>	<b>1,137,729</b>
<b>Net assets acquired</b>	<b>\$</b>	<b>—</b>	<b>\$ 80,544</b>
<b>Consideration paid:</b>			
Cash paid *	\$	—	\$ 26,871
Common stock		—	117,214
<b>Total consideration paid</b>		<b>—</b>	<b>144,085</b>
<b>Goodwill</b>	<b>\$</b>	<b>—</b>	<b>\$ 63,541</b>

\*Net cash acquired at closing totaled \$145.0 million for acquisition of Guaranty Bank in 2022.

	2024		
	(dollars in thousands)		
<b>Supplemental disclosure of cash flow information, cash payments (receipts) for:</b>			
Interest	\$ 59,566	\$ 38,053	
Income/franchise taxes	56	(299)	
<b>Supplemental schedule of noncash investing activities:</b>			
Change in accumulated other comprehensive income (loss), unrealized gains (losses) on securities available for sale and derivative instruments, net	(5,374)	9,325	
Transfers of loans to other real estate owned	—	61	
Transfer of loans to held for sale (for securitizations)	274,816	139,224	
Increase (decrease) in the fair value of back-to-back interest rate swap assets and liabilities	(4,816)	(46,248)	
Dividends payable	1,008	1,010	
Measurement period adjustment to goodwill	—	867	

See Notes to Consolidated Financial Statements (Unaudited)

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### Part I

#### Item 1

### QCR HOLDINGS, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

September 30, 2023 March 31, 2024

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of presentation:** The interim unaudited Consolidated Financial Statements contained herein should be read in conjunction with the audited Consolidated Financial Statements and accompanying notes to the consolidated financial statements for the fiscal year ended **December 31, 2022** **December 31, 2023**, included in the Company's Annual Report on Form 10-K filed with the SEC on **March 1, 2023** **February 29, 2024**. Accordingly, footnote disclosures, which would substantially duplicate the disclosures contained in the audited Consolidated Financial Statements, have been omitted.

The financial information of the Company included herein has been prepared in accordance with GAAP for interim financial reporting and has been prepared pursuant to the rules and regulations for reporting on Form 10-Q and Rule 10-01 of Regulation S-X. Such information reflects all adjustments (consisting of normal recurring adjustments) that are, in the opinion of management, necessary for a fair presentation of the financial position and results of operations for the periods presented. Any differences appearing between the numbers presented in financial statements and management's discussion and analysis are due to rounding. The results of the interim period ended **September 30, 2023** **March 31, 2024** are not necessarily indicative of the results expected for the year ending **December 31, 2023** **December 31, 2024**, or for any other period.

The acronyms and abbreviations identified below are used throughout this Quarterly Report on Form 10-Q. It may be helpful to refer back to this page as you read this report.

ACL: Allowance for credit losses	GFED: Guaranty	FRB: Federal Bancshares, Inc.	Reserve Bank of Chicago
AFS: Available for sale	GAAP: Generally Accepted Accounting Principles		
Allowance: Allowance for credit losses	HTM: Held to maturity	GFED: Guaranty	Federal Bancshares, Inc.
AOCI: Accumulated other comprehensive income (loss)	HTM: Held to maturity		
ASC: Accounting Standards Codification	LIBOR: London Inter-Bank Offered Rate		
ASC:ASU: Accounting Standards Codification Update	LIHTC: Low-income housing tax credit		
ASU: Accounting Standards Update	m2: m2 Equipment Finance, LLC		
BOLI: Bank-owned life insurance	NIM: Net interest margin		
BOLI: Bank-owned life insurance	NPA: Nonperforming asset	NIM: Net interest margin	
Caps: Interest rate cap derivatives	NPL: NPA: Nonperforming loan		
CECL: Current Expected Credit Losses	OBS: Off-balance sheet	NPL: Nonperforming loan	
Community National: Community National Bancorporation	OREO: Other real estate owned	OBS: Off-balance sheet	
Company: QCR Holdings, Inc.	OTTI: Other-than-temporary impairment	OREO: Other real estate owned	
COVID-19: Coronavirus Disease 2019	OTTI: Other-than-temporary impairment		
CRBT: Cedar Rapids Bank & Trust Company	PCAOB: Public Company Accounting Oversight Board		
CRE: Commercial real estate	PCD: Purchase credit deteriorated loan		
CRE: Commercial real estate	PCI: Purchased credit impaired		
CSB: Community State Bank	PPP: Paycheck Protection Program		
C&I: Commercial and industrial	Provision: Provision for credit losses		
EBA: Excess balance account	QCCT: Quad City Bank & Trust Company		
EPS: Earnings per share	ROAA: Return on average assets		
EBA: Excess balance account	ROAE: Return on average equity		
EPS: Earnings per share	ROAA: Return on average assets	SEC: Securities and Exchange Commission	
	ROAE: Return on average equity		
Exchange Act: Securities Exchange Act of 1934, as amended	SFG: Specialty Finance Group		
	SEC: Securities and Exchange Commission	SOFR: Secured Overnight Financing Rate	
FASB: Financial Accounting Standards Board	SFCB: Springfield First Community Bank	TA: Tangible assets	
FDIC: Federal Deposit Insurance Corporation	SFG: Specialty Finance Group	TCE: Tangible common equity	
Federal Reserve: Board of Governors of the Federal Reserve System	SOFR: Secured Overnight Financing Rate	TDR: Troubled debt restructuring	
FHLB: Federal Home Loan Bank	TA: Tangible Assets		
FRB: Federal Reserve Bank of Chicago	TBV: Tangible book value		
Guaranty: Guaranty Bank, formerly known as Springfield First Community Bank	TCE: Tangible common equity		
	TDRs: Troubled debt restructurings	TEY: Tax equivalent yield	
	TEY: Tax equivalent yield		

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The Consolidated Financial Statements include the accounts of the Company and its wholly owned subsidiaries which include the accounts of four commercial banks: QCBT, CRBT, CSB and GB. All four banks are state-chartered commercial banks and all are members of the Federal Reserve system. The Company also engages in direct financing lease contracts through m2, a wholly owned subsidiary of QCBT. The company also engages in wealth management services through its banking subsidiaries. All material intercompany transactions and balances have been eliminated in consolidation.

**The acquisition Credit quality indicators:** During the first quarter of GFED, 2024, the holding company of GB, headquartered in Springfield, Missouri, occurred on April 1, 2022. Company revised the risk rating scale used for credit quality monitoring. Previous risk rating scale and on April 2, 2022, GB was merged into SFCB, the Company's Springfield-based charter. The combined bank changed its name to Guaranty Bank. The financial results for the periods since the acquisition and merger definitions are included in this report. See Note 2 of the Company's Annual Report on Form 10-K filed with the SEC on February 29, 2024. With the exception of leases and equipment financing agreements, all loans are now risk rated utilizing the following internal risk rating scale:

1. Highest Quality (pass) – loans of the highest quality with no credit risk, including those fully secured by Bank certificates of deposit and U.S. government securities.
2. Superior Quality (pass) – loans with very strong credit quality. Borrowers have exceptionally strong earnings, liquidity, capital, cash flow coverage, and management ability. Includes loans secured by high quality, marketable securities, certificates of deposit from other institutions, and cash value of life insurance. Also includes loans supported by U.S. government, state, or municipal guarantees.
3. Good Quality (pass) – loans with good credit quality. Established borrowers with good financial condition, including earnings, liquidity, capital and cash flow coverage. Financial performance is above industry average. Management is capable and is very experienced. Collateral coverage, if applicable, is good. Includes loans secured by personal assets and business assets including equipment, accounts receivable, inventory, and real estate.
4. Moderate Quality (pass) – loans with moderate credit quality. Established borrowers with good financial condition, including earnings, liquidity, capital and cash flow coverage. Financial performance should be above industry averages. Management is capable and has more than adequate experience. Collateral coverage, if applicable, is more than adequate. Includes loans secured by personal assets and business assets including equipment, accounts receivable, inventory, and real estate.
5. Satisfactory Quality (pass) – loans with satisfactory credit quality. Established borrowers with satisfactory financial condition, including earnings, liquidity, capital, and cash flow coverage. Performance should be at or above industry averages. Management is capable with adequate experience. Collateral coverage, if applicable, is adequate. Includes loans secured by personal assets and business assets including equipment, accounts receivable, inventory, and real estate.
6. Fair Quality (pass) – loans with acceptable credit quality. The primary repayment source is adequate; however, management's ability to maintain consistent profitability is unproven or uncertain. Borrowers exhibit acceptable leverage and liquidity. May include new businesses with inexperienced management, performance at industry averages, or borrowers operating in highly cyclical or deteriorating industries.
7. Low Quality (pass) – loans with low credit quality. The primary repayment source remains adequate; however, management's ability to maintain consistent profitability remains unproven or uncertain. Borrowers exhibit moderate leverage and limited liquidity. May include new businesses with inexperienced management, performance below industry averages, or borrowers operating in highly cyclical or deteriorating industries.
8. Early Warning (pass) – loans where the borrowers have generally performed as agreed, however unfavorable financial trends exist or are anticipated. Earnings may be erratic, with marginal cash flow or declining sales. Borrowers reflect leveraged financial condition and/or marginal liquidity. Management may be new, and a track record of performance has yet to be developed. Financial information may be incomplete, and reliance on secondary repayment sources may be increasing.

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9. Special Mention – loans where the borrowers exhibit credit weaknesses or unfavorable financial trends requiring close monitoring. Weaknesses and adverse trends are more pronounced than Early Warning loans, and if left uncorrected, may jeopardize repayment according to the contractual terms. Currently, no loss of principal or interest is expected. Borrowers in this category have deteriorated to the point that it would be difficult to refinance with another lender. Special Mention should be assigned to borrowers in turnaround situations. This rating is intended as a transitional rating; therefore, it is generally not assigned to a borrower for a period of more than one year.
10. Substandard – loans which are inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if applicable. These loans have a well-defined weakness or weaknesses which jeopardize repayment according to the contractual terms. There is distinct loss potential if the weaknesses are not corrected. Includes loans with insufficient cash flow coverage which are collateral dependent, other real estate owned, and repossessed assets.
11. Doubtful – loans which have all the weaknesses inherent in a Substandard loan, with the added characteristic that existing weaknesses make full principal collection, based on current facts, conditions, and values, highly doubtful. The possibility of loss is extremely high, but because of pending factors, recognition of a loss is deferred until a more exact status can be determined. All doubtful loans will be placed on non-accrual, with all payments, including interest, applied to principal reduction.

The credit quality indicator for the year ended December 31, 2022 for additional information about the acquisition leases and merger, equipment financing agreements remains unchanged at performing and nonperforming status.

Recent accounting developments: In March 2020, the FASB issued ASU 2020-04, "Reference Rate Reform," which provides optional expedients and exceptions for applying GAAP to loan and lease agreements, derivative contracts, and other transactions affected by the anticipated transition away from LIBOR toward new interest rate benchmarks. ASU 2020-04 is effective March 12, 2020 through December 31, 2022. An entity may elect to apply ASU 2020-04 for contract modifications as of January 1, 2020, or prospectively from a date within an interim period that includes or is subsequent to March 12, 2020, up to the date that the financial statements are available to be issued. In December 2022, in response to the postponement of the cessation date of LIBOR, the FASB issued ASU 2022-06 which defers the sunset date of the ASU 2020-04 guidance to December 31, 2024, after which entities will no longer be permitted to apply the relief.

Management has assessed the impacts of ASU 2020-04 and the related opportunities and risks involved in the LIBOR transition. Specifically, management has identified all of the financial instruments with LIBOR exposure, which include certain commercial loans, interest rate swaps, interest rate caps, and certain securities. In securities and in all cases, management has determined a plan of transition from LIBOR to a different index. This transition occurred prior to the expiration of published LIBOR rates on June 30, 2023 and did not have a significant impact on the Company's financial statements.

In April 2022, the FASB issued ASU 2022-02, "Troubled Debt Restructurings and Vintage Disclosures." Under the standard, the accounting guidance on troubled debt restructurings for creditors in ASC 310-40 is eliminated and guidance on "vintage disclosures" is amended to require disclosure of current-period gross write-offs by year of origination. The ASU also updates the requirements related to accounting for credit losses under ASC 326 and adds enhanced disclosures for creditors with respect to loan refinancings and restructurings for borrowers experiencing financial difficulty. For public companies that have adopted ASC 326, the changes take effect in reporting periods beginning after December 15, 2022. This standard was adopted on January 1, 2023 and did not have a significant impact on the Company's financial statements.

In March 2023, the FASB issued ASU 2023-02, "Investments – Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method (a Consensus of the Emerging Issues Task Force)." Under the standard, the accounting guidance expands use of the proportional amortization method of accounting to equity investments in tax credit programs beyond those in LIHTC programs. The ASU also prescribes specific information reporting entities must disclose about tax credit investments each period. The ASU is effective for reporting periods beginning after December 31, 2023, for public business entities, with all other entities having an extra year to adopt. Entities will have the option of applying the ASU using either a modified retrospective or retrospective adoption approach. For some changes related to existing LIHTC investments, prospective application is permitted. The standard was adopted on January 1, 2024 and did not have a significant impact on the Company's financial statements.

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures." Under the standard, the accounting guidance expands the disclosures for reportable segments made by public entities to disclose significant expenses for reportable segments in both interim and annual reporting periods to enable investors to develop more decision-useful financial

analyses. The ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The standard is not expected to have a significant impact on the Company's financial statements.

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In December 2023, the FASB issued ASU 2023-09, *"Income Taxes (Topic 740): Improvements to Income Tax Disclosures."* Under the standard, the accounting guidance enhances the transparency and decision usefulness of income tax disclosures. Investors, lenders, creditors and other allocators of capital information will be able to use the expanded disclosures to better assess how an entity's operations and related tax risks and tax planning and operation opportunities affect its tax rate and prospects for future cash flows. The ASU is effective for public business entities for annual periods beginning after December 15, 2024. The standard is not expected to have a significant impact on the Company's financial statements.

In March 2024, the FASB issued ASU 2024-01, *"Compensation – Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards."* Under the standard, the accounting guidance improves GAAP by adding an illustrative example to demonstrate how an entity should apply the scope guidance of *"Topic 718, Compensation - Stock Compensation"* for profits interest and similar awards. The illustrative examples will benefit investors and other allocators of capital by providing them with more consistent information. The ASU is effective for public business entities for annual periods beginning after December 15, 2024, and interim periods within those annual periods. The standard is not expected to have an impact on the Company's financial statements.

**Reclassifications:** Certain amounts in the prior year's Consolidated Financial Statements have been reclassified, with no effect on net income or stockholders' equity, to conform with the current period presentation.

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**NOTE 2—INVESTMENT SECURITIES**

The amortized cost and fair value of investment securities as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** are summarized as follows:

	Allowance	Gross	Gross	Fair Value		Allowance	Gross	Gross	Fair Value	
	Amortized Cost	for Credit (Losses)	Unrealized Gains	Unrealized (Losses)		Cost	for Credit (Losses)	Unrealized Gains	Unrealized (Losses)	
(dollars in thousands)										
September 30, 2023:										

March 31, 2024										(dollars in thousands)				
Securities HTM:														
Municipal securities										\$ 614,245	\$ (180)	\$ 2,448	\$ (92,718)	\$ 523,795
Other securities										1,050	—	—	(26)	1,024
										<u>\$ 615,295</u>	<u>\$ (180)</u>	<u>\$ 2,448</u>	<u>\$ (92,744)</u>	<u>\$ 524,819</u>
										<u><u>\$ 717,776</u></u>	<u><u>\$ (202)</u></u>	<u><u>\$ 25,468</u></u>	<u><u>\$ (47,907)</u></u>	<u><u>\$ 695,135</u></u>
										<u><u>1,050</u></u>	<u><u>(1)</u></u>	<u><u>—</u></u>	<u><u>(14)</u></u>	<u><u>1,035</u></u>
										<u><u><u>\$ 718,826</u></u></u>	<u><u><u>\$ (203)</u></u></u>	<u><u><u>\$ 25,468</u></u></u>	<u><u><u>\$ (47,921)</u></u></u>	<u><u><u>\$ 696,170</u></u></u>
Securities AFS:														
U.S. treasuries and govt. sponsored agency securities										\$ 19,130	\$ —	\$ 13	\$ (3,141)	\$ 16,002
U.S. govt. sponsored agency securities														\$ 17,054
Residential mortgage-backed and related securities										66,433	—	—	(8,487)	57,946
Municipal securities										207,318	—	—	(57,546)	149,772
Asset-backed securities										16,226	—	144	(44)	16,326
Other securities										46,531	(989)	2	(4,311)	41,233
										<u>\$ 355,638</u>	<u>\$ (989)</u>	<u>\$ 159</u>	<u>\$ (73,529)</u>	<u>\$ 281,279</u>
										<u><u>\$ 342,660</u></u>	<u><u>\$ —</u></u>	<u><u>\$ 222</u></u>	<u><u>\$ (51,902)</u></u>	<u><u>\$ 290,980</u></u>

December 31, 2023:										
Securities HTM:										
Municipal securities	\$ 586,272	\$ (180)	\$ 5,292	\$ (56,798)	\$ 534,586	\$ 682,657	\$ (202)	\$ 33,385	\$ (36,639)	\$ 679,201
Other securities	1,050	—	—	—	1,050	1,050	(1)	44	(15)	1,078
	<u>\$ 587,322</u>	<u>\$ (180)</u>	<u>\$ 5,292</u>	<u>\$ (56,798)</u>	<u>\$ 535,636</u>	<u>\$ 683,707</u>	<u>\$ (203)</u>	<u>\$ 33,429</u>	<u>\$ (36,654)</u>	<u>\$ 680,279</u>
Securities AFS:										
U.S. govt. sponsored agency securities	\$ 19,745	\$ —	\$ 19	\$ (2,783)	\$ 16,981	\$ 17,399	\$ —	\$ 12	\$ (2,438)	\$ 14,973
Residential mortgage-backed and related securities	73,438	—	—	(7,223)	66,215	65,168	—	—	(5,972)	59,196
Municipal securities	239,812	—	66	(46,700)	193,178	206,566	—	11	(35,590)	170,987
Asset-backed securities	18,885	—	48	(205)	18,728	15,261	—	167	(5)	15,423
Other securities	48,631	—	27	(2,800)	45,858	44,239	(989)	—	(4,174)	39,076
	<u>\$ 400,511</u>	<u>\$ —</u>	<u>\$ 160</u>	<u>\$ (59,711)</u>	<u>\$ 340,960</u>	<u>\$ 348,633</u>	<u>\$ (989)</u>	<u>\$ 190</u>	<u>\$ (48,179)</u>	<u>\$ 299,655</u>

The Company's HTM municipal securities consist largely of private issues of municipal debt. The large majority of the municipalities are located within the Midwest. The municipal debt investments are underwritten using specific guidelines with ongoing monitoring.

The Company's residential mortgage-backed and related securities portfolio consists entirely of government sponsored or government guaranteed securities. The Company has not invested in private mortgage-backed securities or pooled trust preferred securities.

Gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position as of March 31, 2024 and December 31, 2023, are summarized in the tables below. Securities AFS, for which an allowance for credit losses has been provided, are not included in these disclosures as there are no unrealized losses remaining after consideration of the ACL.

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Gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position as of September 30, 2023 and December 31, 2022, are summarized in the tables below. Securities available-for-sale, for which an allowance for credit losses has been provided, are not included in these disclosures.

Less than 12 Months		12 Months or More		Total		Less than 12 Months		12 Months or More		Total	
Fair	Gross	Fair	Gross	Fair	Gross	Fair	Gross	Fair	Gross	Fair	Gross
Value	Losses	Value	Losses	Value	Losses	Value	Losses	Value	Losses	Value	Losses
(dollars in thousands)											
September 30, 2023:											

													(dollars in thousands)							
<b>March 31, 2024:</b>																				
Securities HTM:																				
Municipal securities																				
Other securities																				
\$ 235,313 \$ (20,751) \$ 237,690 \$ (71,967) \$ 473,003 \$ (92,718) \$ 45,235 \$ (1,286) \$ 316,062 \$ (46,621) \$ 361,297 \$ (47,907)																				
523 (26) — — 523 (26) — — 536 (14) 536 (14)																				
\$ 235,836 \$ (20,777) \$ 237,690 \$ (71,967) \$ 473,526 \$ (92,744) \$ 45,235 \$ (1,286) \$ 316,598 \$ (46,635) \$ 361,833 \$ (47,921)																				
Securities AFS:																				
U.S. treasuries and govt. sponsored																				
agency securities																				
\$ 1,649 \$ (1) \$ 13,377 \$ (3,140) \$ 15,026 \$ (3,141)																				
U.S. govt. sponsored																				
agency securities																				
\$ — \$ — \$ 13,579 \$ (2,622) \$ 13,579 \$ (2,622)																				
Residential																				
mortgage-backed																				
and related securities																				
77 (1) 57,869 (8,486) 57,946 (8,487) — — 55,878 (6,279) 55,878 (6,279)																				
Municipal securities																				
1,067 (38) 148,159 (57,508) 149,226 (57,546) — — 165,877 (39,238) 165,877 (39,238)																				
Asset-backed																				
securities																				
— — 10,521 (44) 10,521 (44) 2,686 (2) — — 2,686 (2)																				
Other securities																				
3,823 (427) 34,190 (3,884) 38,013 (4,311) 2,661 (339) 35,855 (3,422) 38,516 (3,761)																				
\$ 6,616 \$ (467) \$ 264,116 \$ (73,062) \$ 270,732 \$ (73,529) \$ 5,347 \$ (341) \$ 271,189 \$ (51,561) \$ 276,536 \$ (51,902)																				

Less than 12 Months		12 Months or More		Total		Less than 12 Months		12 Months or More		Total	
Gross		Gross		Gross		Gross		Gross		Gross	
Fair	Unrealized	Fair	Unrealized	Fair	Unrealized	Fair	Unrealized	Fair	Unrealized	Fair	Unrealized
Value	Losses	Value	Losses	Value	Losses	Value	Losses	Value	Losses	Value	Losses
(dollars in thousands)											

December 31, 2022:											
--------------------	--	--	--	--	--	--	--	--	--	--	--

(dollars in thousands)												
<b>December 31, 2023:</b>												
<b>Securities HTM:</b>												
Municipal securities	\$ 347,651	\$ (56,798)	\$ —	\$ —	\$ 347,651	\$ (56,798)	\$ 1,320	\$ (11)	\$ 289,891	\$ (36,628)	\$ 291,211	\$ (36,639)
Other securities							535	(15)	—	—	535	(15)
							\$ 1,855	\$ (26)	\$ 289,891	\$ (36,628)	\$ 291,746	\$ (36,654)
<b>Securities AFS:</b>												
U.S. treasuries and govt. sponsored agency securities	\$ 5,138	\$ (326)	\$ 10,591	\$ (2,457)	\$ 15,729	\$ (2,783)	\$ —	\$ —	\$ 14,018	\$ (2,438)	\$ 14,018	\$ (2,438)
U.S. govt. sponsored agency securities												
Residential mortgage-backed and related securities	48,469	(3,327)	17,690	(3,896)	66,159	(7,223)	—	—	59,118	(5,972)	59,118	(5,972)
Municipal securities	178,172	(42,661)	9,809	(4,039)	187,981	(46,700)	283	(2)	169,876	(35,588)	170,159	(35,590)
Asset-backed securities	13,684	(205)	—	—	13,684	(205)	—	—	3,804	(5)	3,804	(5)
Other securities	35,206	(2,404)	4,122	(396)	39,328	(2,800)	3,805	(393)	35,271	(3,781)	39,076	(4,174)
	\$ 280,669	\$ (48,923)	\$ 42,212	\$ (10,788)	\$ 322,881	\$ (59,711)	\$ 4,088	\$ (395)	\$ 282,087	\$ (47,784)	\$ 286,175	\$ (48,179)

At **September 30, 2023** **March 31, 2024**, the investment portfolio included **644,651** securities. Of this number, **621,527** securities were in an unrealized loss position. The aggregate losses of these securities totaled approximately **17.1%** **9.4%** of the total amortized cost of the portfolio. Of these **621,527** securities, there were **480,484** securities that had an unrealized loss for twelve months or more due to the current rate environment.

For the quarter ended March 31, 2023, the Company's impairment evaluation determined that one publicly traded debt security experienced a decline in fair value due to credit quality, rather than market factors. As a result, the Company recognized a credit loss expense of \$989 thousand in the first quarter and established an ACL on the related AFS security. For the **quarters** **quarter ended June 30, 2023 and September 30, 2023** **March 31, 2024**, there has been no change to the **remaining** ACL on the related AFS security. **security was removed as the security had been sold.**

The following table presents the activity in the allowance for credit losses for held to maturity and available for sale securities by major security type for the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022**.

Three Months Ended						Nine Months Ended						Three Months Ended					
September		September		September		March 31, 2024		March 31, 2024		March 31, 2023		Securities HTM		Securities AFS		Securities HTM	
September 30, 2023		30, 2022		September 30, 2023		30, 2022		Securities HTM		Securities AFS		Securities HTM		Securities AFS		Securities HTM	
Municipal securities	Corporate securities	Municipal securities	Municipal securities	Corporate securities	Municipal securities	Municipal securities	Total	Corporate securities	Municipal securities	Corporate securities	Municipal securities	Municipal securities	Other	Corporate securities	Municipal securities	Corporate securities	Municipal securities
(dollars in thousands)																	

											(dollars in thousands)				
Allowance for credit losses:															
Beginning balance											\$ 180	\$ 989	\$ 198	\$ 180	— \$ 198
Reduction due to sales											—	—	—	(544)	—
Provision for credit loss expense											—	—	—	(445)	—
Balance, ending											\$ 180	\$ 989	\$ 198	\$ 180	— \$ 989

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Trading securities had a fair value of \$22.3 million as of March 31, 2024 and \$22.4 million as of December 31, 2023 and consist of retained beneficial interests acquired in conjunction with Freddie Mac securitizations completed by the Company in 2023. The change in market value on trading securities for the three months ended March 31, 2024 was a net gain of \$19 thousand. See also Note 4 to the Consolidated Financial Statements for details of these securitizations.

There were no transfers of securities between classifications for the three months ended March 31, 2024 or 2023.

All sales of securities for the three months ended September 30, 2023 March 31, 2024 and 2022. All sales of securities for the nine months ended September 30, 2023 and 2022 2023 were securities identified as AFS.

Nine Months Ended		Three Months Ended	
September 30, 2023	September 30, 2022	March 31, 2024	March 31, 2023

Proceeds from sales of securities	\$ 30,568	\$ 111,375	\$ 445	\$ 28,628
Gross gains from sales of securities	56	—	—	44
Gross losses from sales of securities	(507)	—	—	(507)

The amortized cost and fair value of securities as of **September 30, 2023** **March 31, 2024** by contractual maturity are shown below. Expected maturities of residential mortgage-backed and related securities and asset-backed securities may differ from contractual maturities because the residential mortgages underlying the securities may be prepaid without any penalties. Therefore, these securities are not included in the maturity categories in the following table.

	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Securities HTM:				
Due in one year or less	\$ 1,907	\$ 1,882	\$ 1,702	\$ 1,691
Due after one year through five years	27,159	27,700	23,792	24,783
Due after five years	586,229	495,237	693,332	669,696
	<b>\$ 615,295</b>	<b>\$ 524,819</b>	<b>\$ 718,826</b>	<b>\$ 696,170</b>
Securities AFS:				
Due in one year or less	\$ 3,160	\$ 3,146	\$ 919	\$ 914
Due after one year through five years	14,338	12,239	17,054	16,069
Due after five years	255,481	191,622	248,244	203,641
	<b>272,979</b>	<b>207,007</b>	<b>266,217</b>	<b>220,624</b>
Residential mortgage-backed and related securities	66,433	57,946	62,350	56,071
Asset-backed securities	16,226	16,326	14,093	14,285
	<b>\$ 355,638</b>	<b>\$ 281,279</b>	<b>\$ 342,660</b>	<b>\$ 290,980</b>

Portions of the U.S. government sponsored agency securities and municipal securities as of **September 30, 2023** **March 31, 2024**, contain call options, which, at the discretion of the issuer, terminate the security at par and at predetermined dates prior to the stated maturity, summarized as follows:

	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Securities HTM:				
Municipal securities	\$ 230,493	\$ 194,222	\$ 284,307	\$ 276,852
Securities AFS:				
Municipal securities	205,747	148,235	204,865	165,649
Other securities	45,577	40,277	42,278	38,517
	<b>\$ 251,324</b>	<b>\$ 188,512</b>	<b>\$ 247,143</b>	<b>\$ 204,166</b>

As of **September 30, 2023** **March 31, 2024**, the Company's municipal securities portfolios were comprised of general obligation bonds issued by **81** **79** issuers with fair values totaling **\$80.4 million** **\$96.8 million** and revenue bonds, issued by **166** **165** issuers, primarily consisting of states, counties, towns, villages and school districts with fair values totaling **\$593.2 million** **\$765.0 million**. The Company also held investments in general obligation bonds in 18 states, including **seven** **eight** states in which the aggregate fair value exceeded \$5.0 million, and in revenue bonds in **30** **31** states, including 14 states in which the aggregate fair value exceeded \$5.0 million.

As of **December 31, 2022** **December 31, 2023**, the Company's municipal securities portfolios were comprised of general obligation bonds issued by **118** **82** issuers with fair values totaling **\$110.6 million** **\$99.4 million** and revenue bonds, issued by **181** **169** issuers, primarily consisting

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of states, counties, towns, villages and school districts with fair values totaling **\$617.2 million** **\$750.8 million**. The Company also held investments in general obligation bonds in **22** **18** states, including **seven** **eight** states in which the aggregate fair value exceeded \$5.0 million, and in revenue bonds in **29** **31** states, including **12** **15** states in which the aggregate fair value exceeded \$5.0 million.

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Both general obligation and revenue bonds are diversified across many issuers. As of **September 30, 2023** **March 31, 2024** and as of **December 31, 2022** **December 31, 2023**, the Company held revenue bonds of two issuers, both located in Ohio, of which the aggregate book or market value exceeded 5% of the Company's stockholders' equity. The issuers' financial conditions are strong and the sources of repayment are diversified. The Company monitors the investments and concentration closely. Of the general obligation and revenue bonds in the Company's portfolio, the majority are unrated bonds that represent small, private issuances. All unrated bonds were underwritten according to the Company's loan underwriting standards and have an average loan risk rating of 2, indicating **very high** **superior** quality. Additionally, many of these bonds are funding essential municipal services such as water, sewer, education, and medical facilities.

The Company's municipal securities are owned by the four charters, whose investment policies set forth limits for various subcategories within the municipal securities portfolio. The investments of each charter are monitored individually, and as of **September 30, 2023** **March 31, 2024**, all were within policy limitations approved by the Company's board of directors. Policy limits are calculated as a percentage of each charter's total risk-based capital.

As of **September 30, 2023** **March 31, 2024**, the Company's standard monitoring of its municipal securities portfolio had not uncovered any facts or circumstances resulting in significantly different credit ratings than those assigned by a nationally recognized statistical rating organization, or in the case of unrated bonds, the rating assigned using the credit underwriting standards.

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**NOTE 3 – LOANS/LEASES RECEIVABLE**

The composition of the loan/lease portfolio as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** is presented as follows:

	September 30, 2023 (dollars in thousands)	December 31, 2022 (dollars in thousands)	March 31, 2024 (dollars in thousands)	December 31, 2023 (dollars in thousands)
<b>C&amp;I:</b>				
C&I - revolving	\$ 299,588	\$ 296,869	\$ 326,129	\$ 325,243
C&I - other * / **	1,487,568	1,451,693		
C&I - other */**			1,470,609	1,481,778
	1,787,156	1,748,562	1,796,738	1,807,021
CRE - owner occupied	610,618	629,367	621,069	607,365
CRE - non-owner occupied	955,552	963,239	1,055,089	1,008,892
Construction and land development**	1,394,054	1,192,061	1,149,527	1,420,525

Multi-family**	1,156,980	963,803	1,303,566	996,143
Direct financing leases***	34,401	31,889	28,089	31,164
1-4 family real estate****	539,931	499,529	563,358	544,971
Consumer	127,615	110,421	130,900	127,335
	6,606,307	6,138,871	6,648,336	6,543,416
Allowance for credit losses	(87,669)	(87,706)	(84,470)	(87,200)
	<u>\$ 6,518,638</u>	<u>\$ 6,051,165</u>	<u>\$ 6,563,866</u>	<u>\$ 6,456,216</u>
*** Direct financing leases:				
Net minimum lease payments to be received	\$ 38,729	\$ 34,754	\$ 31,414	\$ 34,966
Estimated unguaranteed residual values of leased assets	165	165	165	165
Unearned lease/residual income	(4,493)	(3,030)	(3,490)	(3,967)
	34,401	31,889	28,089	31,164
Plus deferred lease origination costs, net of fees	100	226	53	75
	34,501	32,115	28,142	31,239
Less allowance for credit losses	(1,081)	(970)	(884)	(992)
	<u>\$ 33,420</u>	<u>\$ 31,145</u>	<u>\$ 27,258</u>	<u>\$ 30,247</u>

\* Includes equipment financing agreements outstanding at m2, totaling **\$306.6 million** **\$326.7 million** and **\$278.0 million** **\$319.5 million** as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, respectively.

\*\* As of **September 30, 2023** **March 31, 2024**, there were **C&I – other**, construction and land development and multi-family loans held for sale in preparation for securitization totaling **\$278.0 million** **\$274.8 million**. The balances in these loan classes as of **September 30, 2023** **March 31, 2024** were **\$359 thousand**, **\$12.7 million** **\$51.9 million** and **\$265.0 million** **\$222.9 million**, respectively. There were no loans held for sale in preparation for securitization at **December 31, 2022** **December 31, 2023**.

\*\*\* Management performs an evaluation of the estimated unguaranteed residual values of leased assets on an annual basis, at a minimum. The evaluation consists of discussions with reputable and current vendors, which is combined with management's expertise and understanding of the current states of particular industries to determine informal valuations of the equipment. As necessary and where available, management will utilize valuations by independent appraisers. The majority of leases with residual values contain a lease options rider, which requires the lessee to pay the residual value directly, finance the payment of the residual value, or extend the lease term to pay the residual value. In these cases, the residual value is protected and the risk of loss is minimal.

\*\*\*\* Includes residential real estate held for sale totaling **\$898 thousand** and **\$1.5 million** **\$2.6 million** as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, respectively.

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Accrued interest on loans, which is excluded from the amortized cost of loans, totaled **\$31.3 million** **\$34.0 million** and **\$24.3 million** **\$31.8 million** at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, respectively, and was included in other assets on the consolidated balance sheets.

Changes in **accretable discounts** on acquired loans for the three **and nine** months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, respectively, are presented as follows:

For the Three Months Ended		Nine Months Ended		For the Three Months Ended	
September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	March 31, 2024	March 31, 2023
Performing	Performing	Performing	Performing	Performing	Performing

	Loans	Loans	Loans	Loans	Loans	Loans
	(dollars in thousands)					
	(dollars in thousands)					
Balance at the beginning of the period	\$ (5,104)	\$ (12,989)	\$ (6,088)	\$ (1,533)	\$ (3,891)	\$ (6,088)
Discount added at acquisition	—	—	—	(13,381)		
Accretion recognized	540	1,148	1,524	3,073	352	849
Balance at the end of the period	<u>\$ (4,564)</u>	<u>\$ (11,841)</u>	<u>\$ (4,564)</u>	<u>\$ (11,841)</u>	<u>\$ (3,539)</u>	<u>\$ (5,239)</u>

The aging of the loan/lease portfolio by classes of loans/leases as of September 30, 2023 and December 31, 2022 is presented as follows:

Classes of Loans/Leases	As of September 30, 2023						
	Accruing Past						
	30-59 Days		60-89 Days		Due 90 Days or More		Nonaccrual
	Current	Past Due	Current	Past Due	More	Loans/Leases	Total
(dollars in thousands)							
C&I:							
C&I - revolving	\$ 299,588	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 299,588
C&I - other	1,464,582	6,609	6,155	—	—	10,222	1,487,568
CRE - owner occupied	606,998	133	—	—	—	3,487	610,618
CRE - non-owner occupied	950,286	88	—	—	—	5,178	955,552
Construction and land development	1,389,601	—	—	—	—	4,453	1,394,054
Multi-family	1,148,808	—	—	—	—	8,172	1,156,980
Direct financing leases	33,694	315	151	—	—	241	34,401
1-4 family real estate	537,271	—	405	—	—	2,255	539,931
Consumer	126,983	20	52	—	—	560	127,615
	<u>\$ 6,557,811</u>	<u>\$ 7,165</u>	<u>\$ 6,763</u>	<u>\$ —</u>	<u>\$ 34,568</u>	<u>\$ 6,606,307</u>	
As a percentage of total loan/lease portfolio	99.27 %	0.11 %	0.10 %	— %	0.52 %	100.00 %	

Classes of Loans/Leases	As of December 31, 2022						
	Accruing Past						
	30-59 Days		60-89 Days		Due 90 Days or More		Nonaccrual
	Current	Past Due	Current	Past Due	More	Loans/Leases	Total
(dollars in thousands)							
C&I							
C&I - revolving	\$ 296,869	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 296,869
C&I - other	1,442,629	4,800	1,124	—	5	3,135	1,451,693
CRE - owner occupied	625,611	1,166	—	—	—	2,590	629,367
CRE - non-owner occupied	962,444	421	—	—	—	374	963,239
Construction and land development	1,191,929	—	—	—	—	132	1,192,061
Multi-family	963,803	—	—	—	—	—	963,803
Direct financing leases	31,557	141	56	—	—	135	31,889

1-4 family real estate	495,936	1,030	517	—	2,046	499,529
Consumer	110,041	27	—	—	353	110,421
	<u>\$ 6,120,819</u>	<u>\$ 7,585</u>	<u>\$ 1,697</u>	<u>\$ 5</u>	<u>\$ 8,765</u>	<u>\$ 6,138,871</u>
As a percentage of total loan/lease portfolio	99.71 %	0.12 %	0.03 %	0.00 %	0.14 %	100.00 %

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The aging of the loan/lease portfolio by classes of loans/leases as of March 31, 2024 and December 31, 2023 is presented as follows:

Classes of Loans/Leases	As of March 31, 2024					
	Accruing Past					
	30-59 Days		60-89 Days		Due 90 Days or More	
	Current	Past Due	Past Due	More	Loans/Leases	Total
(dollars in thousands)						
C&I:						
C&I - revolving	\$ 324,707	\$ 836	\$ 586	\$ —	\$ —	\$ 326,129
C&I - other	1,445,236	10,014	4,100	1	11,258	1,470,609
CRE - owner occupied	618,123	184	116	—	2,646	621,069
CRE - non-owner occupied	1,053,325	—	—	—	1,764	1,055,089
Construction and land development	1,144,482	—	2,686	—	2,359	1,149,527
Multi-family	1,295,394	—	—	—	8,172	1,303,566
Direct financing leases	27,111	375	177	—	426	28,089
1-4 family real estate	557,301	3,515	—	141	2,401	563,358
Consumer	130,276	171	40	—	413	130,900
	<u>\$ 6,595,955</u>	<u>\$ 15,095</u>	<u>\$ 7,705</u>	<u>\$ 142</u>	<u>\$ 29,439</u>	<u>\$ 6,648,336</u>
As a percentage of total loan/lease portfolio	99.21 %	0.23 %	0.12 %	0.00 %	0.44 %	100.00 %

Classes of Loans/Leases	As of December 31, 2023					
	Accruing Past					
	30-59 Days		60-89 Days		Due 90 Days or More	
	Current	Past Due	Past Due	More	Loans/Leases	Total
(dollars in thousands)						
C&I						
C&I - revolving	\$ 325,243	\$ —	\$ —	\$ —	\$ —	\$ 325,243
C&I - other	1,459,818	4,848	5,603	1	11,508	1,481,778
CRE - owner occupied	604,602	—	83	—	2,680	607,365
CRE - non-owner occupied	1,003,267	631	—	—	4,994	1,008,892
Construction and land development	1,418,016	—	—	—	2,509	1,420,525
Multi-family	987,971	—	—	—	8,172	996,143
Direct financing leases	30,501	186	188	—	289	31,164
1-4 family real estate	538,229	3,883	534	85	2,240	544,971
Consumer	126,868	103	3	—	361	127,335

	<u>\$ 6,494,515</u>	<u>\$ 9,651</u>	<u>\$ 6,411</u>	<u>\$ 86</u>	<u>\$ 32,753</u>	<u>\$ 6,543,416</u>
As a percentage of total loan/lease portfolio	99.25 %	0.15 %	0.10 %	0.00 %	0.50 %	100.00 %

NPLs by classes of loans/leases as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** are presented as follows:

Classes of Loans/Leases	As of September 30, 2023					
	Accruing Past Due 90 Days or More		Nonaccrual Loans/Leases with an ACL		Nonaccrual Loans/Leases without an ACL	
	Due 90 Days or More	Loans/Leases with an ACL	Loans/Leases without an ACL	Total NPLs	Percentage of Total NPLs	
	(dollars in thousands)					
C&I:						
C&I - revolving	\$ —	\$ —	\$ —	\$ —	—	- %
C&I - other	—	7,521	2,701	10,222	29.57	
CRE - owner occupied	—	1,225	2,262	3,487	10.09	
CRE - non-owner occupied	—	2,040	3,138	5,178	14.98	
Construction and land development	—	1,930	2,523	4,453	12.88	
Multi-family	—	—	8,172	8,172	23.64	
Direct financing leases	—	152	89	241	0.70	
1-4 family real estate	—	1,861	394	2,255	6.52	
Consumer	—	560	—	560	1.62	
	<u>\$ —</u>	<u>\$ 15,289</u>	<u>\$ 19,279</u>	<u>\$ 34,568</u>	<u>100.00 %</u>	

Classes of Loans/Leases	As of December 31, 2022					As of March 31, 2024				
	Accruing Past Due 90 Days or More		Nonaccrual Loans/Leases with an ACL		Nonaccrual Loans/Leases without an ACL		Accruing Past Due 90 Days or More		Nonaccrual Loans/Leases with an ACL	
	Due 90 Days or More	Loans/Leases with an ACL	Loans/Leases without an ACL	Total NPLs	Percentage of Total NPLs	Due 90 Days or More	Loans/Leases with an ACL	Loans/Leases without an ACL	Total NPLs	Percentage of Total NPLs
	(dollars in thousands)									
C&I:										
C&I - revolving	\$ —	\$ —	\$ —	\$ —	- %	\$ —	\$ —	\$ —	\$ —	- %
C&I - other	5	2,775	360	3,140	35.80	1	8,616	2,642	11,259	38
CRE - owner occupied	—	1,738	852	2,590	29.53	—	1,353	1,293	2,646	9
	(dollars in thousands)									

CRE - non-owner occupied	—	68	306	374	4.26	—	1,764	—	1,764	6
Construction and land development	—	132	—	132	1.51	—	2,359	—	2,359	8
Multi-family	—	—	—	—	—	—	—	8,172	8,172	28
Direct financing leases	—	80	55	135	1.54	—	287	139	426	1
1-4 family real estate	—	1,641	405	2,046	23.33	141	1,660	741	2,542	9
Consumer	—	353	—	353	4.03	—	413	—	413	1
	<b>\$ 5</b>	<b>\$ 6,787</b>	<b>\$ 1,978</b>	<b>\$ 8,770</b>	<b>100.00 %</b>	<b>\$ 142</b>	<b>\$ 16,452</b>	<b>\$ 12,987</b>	<b>\$ 29,581</b>	<b>100 %</b>

The Company did not recognize any interest income on nonaccrual loans during the three and nine months ended September 30, 2023 and 2022.

Changes in the ACL loans/leases by portfolio segment for the three and nine months ended September 30, 2023 and 2022, respectively, are presented as follows:

	Three Months Ended September 30, 2023										
	CRE		CRE		Construction			1-4			
	C&I -	C&I -	Owner	Non-Owner	and Land	Multi-	Family	Real Estate	Consumer	Total	
	Revolving	Other*	Occupied	Occupied	Development	Family	Real Estate	Consumer	Total	(dollars in thousands)	
Balance, beginning	\$ 4,101	\$ 27,162	\$ 8,731	\$ 11,968	\$ 15,888	\$ 11,229	\$ 5,213	\$ 1,505	\$ 85,797		
Change in ACL for writedown of LHFS to fair value	—	—	—	—	—	175	—	—	175		
Provision	368	1,111	192	(313)	992	875	(45)	80	3,260		
Charge-offs	—	(1,734)	(14)	—	(38)	—	—	(30)	(1,816)		
Recoveries	—	215	3	26	—	—	—	9	253		
Balance, ending	<b>\$ 4,469</b>	<b>\$ 26,754</b>	<b>\$ 8,912</b>	<b>\$ 11,681</b>	<b>\$ 16,842</b>	<b>\$ 12,279</b>	<b>\$ 5,168</b>	<b>\$ 1,564</b>	<b>\$ 87,669</b>		

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Classes of Loans/Leases	As of December 31, 2023				
	Accruing Past Due 90 Days or	Nonaccrual Loans/Leases	Nonaccrual Loans/Leases	Percentage of Total NPLs	
	More	with an ACL	without an ACL	Total NPLs	Total NPLs
Nine Months Ended September 30, 2023					
CRE	CRE	Construction	1-4		

	C&I - Revolving	C&I - Other	Owner Occupied	Non-Owner Occupied	Land Development	Multi-Family Real Estate	Family Real Estate	Consumer	Total
	(dollars in thousands)								
<b>Balance, beginning</b>									
beginning	\$ 4,457	\$ 27,753	\$ 9,965	\$ 11,749	\$ 14,262	\$ 13,186	\$ 4,963	\$ 1,371	\$ 87,706
Change in ACL for writedown of LHFS to fair value	—	(5)	—	—	(147)	(3,659)	—	—	(3,811)
Provision	12	3,986	(834)	(99)	2,777	2,752	200	237	9,031
Charge-offs	—	(5,709)	(222)	—	(50)	—	—	(57)	(6,038)
Recoveries	—	729	3	31	—	—	5	13	781
<b>Balance, ending</b>	<b>\$ 4,469</b>	<b>\$ 26,754</b>	<b>\$ 8,912</b>	<b>\$ 11,681</b>	<b>\$ 16,842</b>	<b>\$ 12,279</b>	<b>\$ 5,168</b>	<b>\$ 1,564</b>	<b>\$ 87,669</b>

	(dollars in thousands)							
<b>C&amp;I:</b>								
C&I - revolving	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	- %
C&I - other	1	8,865	2,643	11,509	35			
CRE - owner occupied	—	530	2,150	2,680	8			
CRE - non-owner occupied	—	1,213	3,781	4,994	15			
Construction and land development	—	2,509	—	2,509	8			
Multi-family leases	—	—	8,172	8,172	25			
Direct financing leases	—	206	83	289	1			
1-4 family real estate	85	1,866	374	2,325	7			
Consumer	—	361	—	361	1			
	<b>\$ 86</b>	<b>\$ 15,550</b>	<b>\$ 17,203</b>	<b>\$ 32,839</b>	<b>100 %</b>			

The Company did not recognize any interest income on nonaccrual loans during the three months ended March 31, 2024 and 2023.

Changes in the ACL loans/leases by portfolio segment for the three months ended March 31, 2024 and 2023, respectively, are presented as follows:

	Three Months Ended March 31, 2024						
	CRE	CRE	Construction	1-4			
C&I -	C&I -	Owner	Non-Owner	and Land	Multi-	Family	

	Revolving	Other*	Occupied	Occupied	Development	Family	Real Estate	Consumer	Total
	(dollars in thousands)								
Balance, beginning	\$ 4,224	\$ 27,460	\$ 8,223	\$ 11,581	\$ 16,856	\$ 12,463	\$ 4,917	\$ 1,476	\$ 87,200
Change in ACL for writedown of LHFS									
to fair value	—	—	—	—	(513)	(2,864)	—	—	(3,377)
Provision	216	2,227	193	1,026	(3,606)	3,329	375	(24)	3,736
Charge-offs	—	(3,538)	—	—	—	—	(3)	(19)	(3,560)
Recoveries	—	466	—	—	—	—	—	5	471
Balance, ending	<u>\$ 4,440</u>	<u>\$ 26,615</u>	<u>\$ 8,416</u>	<u>\$ 12,607</u>	<u>\$ 12,737</u>	<u>\$ 12,928</u>	<u>\$ 5,289</u>	<u>\$ 1,438</u>	<u>\$ 84,470</u>

\* Included within the C&I – Other column are ACL on leases with a beginning balance of **\$1.0 million**, \$992 thousand, negative provision of **\$165** \$68 thousand, charge-offs of **\$133** \$89 thousand and recoveries of **\$43** \$49 thousand. ACL on leases was **\$1.1 million** \$884 thousand as of **September 30, 2023** **March 31, 2024**.

\*\* Included within the C&I – Other column are ACL on leases with a beginning balance of \$970 thousand, provision of \$224 thousand, charge-offs of \$186 thousand and recoveries of \$73 thousand. ACL on leases was \$1.1 million as of September 30, 2023.

	Three Months Ended September 30, 2022								
	C&I -		CRE		Construction		1-4		
	Revolving	Other*	Owner	Non-Owner	and Land	Multi-	Family		
							Real Estate	Consumer	Total
(dollars in thousands)									
Balance, beginning	\$ 5,179	\$ 28,093	\$ 11,065	\$ 12,049	\$ 16,388	\$ 12,783	\$ 5,513	\$ 1,355	\$ 92,425
Provision	1	1,652	(606)	(161)	(693)	437	(276)	(23)	331
Charge-offs	—	(1,915)	—	—	(562)	—	(5)	(7)	(2,489)
Recoveries	—	176	—	—	—	43	—	3	222
Balance, ending	<u>\$ 5,180</u>	<u>\$ 28,006</u>	<u>\$ 10,459</u>	<u>\$ 11,888</u>	<u>\$ 15,133</u>	<u>\$ 13,263</u>	<u>\$ 5,232</u>	<u>\$ 1,328</u>	<u>\$ 90,489</u>

	Nine Months Ended September 30, 2022						Three Months Ended March 31, 2023											
	CRE		CRE		Construction		1-4		CRE		CRE		Construction		1-4			
	C&I -	C&I -	Owner	Non-Owner	and Land	Multi-	Family	C&I -	C&I -	Owner	Non-Owner	and Land	Multi-	Family	C&I -	C&I -		
	Revolving	Other***	Occupied	Occupied	Development	Family	Real Estate	Consumer	Total	Revolving	Other*	Occupied	Occupied	Development	Family	Real Estate	Consumer	Total
(dollars in thousands)																		

															(dollars in thousands)																	
Balance, beginning															\$ 3,907	\$ 25,982	\$ 8,501	\$ 8,549	\$ 16,972	\$ 9,339	\$ 4,541	\$ 930	\$ 78,721	\$ 4,457	\$ 27,753	\$ 9,965	\$ 11,749	\$ 14,262	\$ 13,186	\$ 4,963	\$ 1,371	\$ 87,706
Initial ACL recorded for PCD loans															600	7	2,481	1,076	1,100	481	137	20	5,902	673	4,185	(529)	2,328	(2,377)	3,400	559	384	8,623
Provision**																																
Reduction of ACL for writedown of LHFS to fair value															—	—	—	—	—	(354)	(1,355)	—	—	(1,709)								
Provision																	180	557	(668)	878	1,349	(210)	302	70	2,458							
Charge-offs															—	(2,790)	—	(193)	(562)	—	(5)	(15)	(3,565)	—	(2,055)	(208)	—	(12)	—	—	—	(2,275)
Recoveries															—	622	6	128	—	43	—	9	808	—	382	—	5	—	—	5	1	393
Balance, ending															\$ 5,180	\$ 28,006	\$ 10,459	\$ 11,888	\$ 15,133	\$ 13,263	\$ 5,232	\$ 1,328	\$ 90,489	\$ 4,637	\$ 26,637	\$ 9,089	\$ 12,632	\$ 15,245	\$ 11,621	\$ 5,270	\$ 1,442	\$ 86,573

\* Included within the C&I – Other column are ACL on leases with adoption impact of \$1.6 million, \$970 thousand, provision of \$91 \$69 thousand, charge-offs of \$708 \$4 thousand and recoveries of \$65 \$18 thousand. ACL on leases was \$1.0 million \$1.1 million as of September 30, 2022.

\*\* Provision for the nine months ended September 30, 2022, included \$11.0 million related to the acquired Guaranty Bank non-PCD loans.

\*\*\* Included within the C&I - Other column are ACL on leases with a beginning balance of \$1.5 million, provision of \$249 thousand, charge-offs of \$931 thousand and recoveries of \$173 thousand. ACL on leases was \$1.0 million as of September 30, 2022 March 31, 2023.

The composition of the ACL loans/leases by portfolio segment based on evaluation method are as follows:

	As of September 30, 2023											
	Amortized Cost of Loans Receivable						Allowance for Credit Losses					
	Individually		Collectively		Individually		Collectively		Individually		Collectively	
	Evaluated for	Evaluated for	Evaluated for	Evaluated for	Credit Losses	Credit Losses	Total	Credit Losses	Credit Losses	Credit Losses	Credit Losses	Total
(dollars in thousands)												
C&I :												
C&I - revolving												
	\$ 3,358	\$ 296,230	\$ 299,588	\$ 944	\$ 3,525	\$ 4,469						

C&I - other*	19,468	1,502,501	1,521,969	2,380	24,374	26,754
	22,826	1,798,731	1,821,557	3,324	27,899	31,223
CRE - owner occupied	23,952	586,666	610,618	2,844	6,068	8,912
CRE - non-owner occupied	20,456	935,096	955,552	836	10,845	11,681
Construction and land development	4,453	1,389,601	1,394,054	307	16,535	16,842
Multi-family	9,539	1,147,441	1,156,980	427	11,852	12,279
1-4 family real estate	2,906	537,025	539,931	253	4,915	5,168
Consumer	717	126,898	127,615	72	1,492	1,564
	\$ 84,849	\$ 6,521,458	\$ 6,606,307	\$ 8,063	\$ 79,606	\$ 87,669

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The composition of the ACL loans/leases by portfolio segment based on evaluation method are as follows:

	As of March 31, 2024						
	Amortized Cost of Loans Receivable			Allowance for Credit Losses			
	Individually	Collectively		Individually	Collectively		
	Evaluated for	Evaluated for		Evaluated for	Evaluated for		
	Credit Losses	Credit Losses	Total	Credit Losses	Credit Losses	Total	
(dollars in thousands)							
C&I :							
C&I - revolving	\$ 3,920	\$ 322,209	\$ 326,129	\$ 965	\$ 3,475	\$ 4,440	
C&I - other*	24,191	1,474,507	1,498,698	3,759	22,856	26,615	
	28,111	1,796,716	1,824,827	4,724	26,331	31,055	
CRE - owner occupied	22,252	598,817	621,069	2,623	5,793	8,416	
CRE - non-owner occupied	19,391	1,035,698	1,055,089	1,068	11,539	12,607	
Construction and land development	2,573	1,146,954	1,149,527	791	11,946	12,737	
Multi-family	8,203	1,295,363	1,303,566	3	12,925	12,928	
1-4 family real estate	3,317	560,041	563,358	278	5,011	5,289	
Consumer	553	130,347	130,900	67	1,371	1,438	
	\$ 84,400	\$ 6,563,936	\$ 6,648,336	\$ 9,554	\$ 74,916	\$ 84,470	

\* Included within the C&I - Other category are leases individually evaluated of \$426 thousand with a related allowance for credit losses of \$81 thousand and leases collectively evaluated of \$27.7 million with a related allowance for credit losses of \$803 thousand.

	As of December 31, 2023						
	Amortized Cost of Loans Receivable			Allowance for Credit Losses			
	Individually	Collectively		Individually	Collectively		
	Evaluated for	Evaluated for		Evaluated for	Evaluated for		
	Credit Losses	Credit Losses	Total	Credit Losses	Credit Losses	Total	
(dollars in thousands)							
C&I :							
C&I - revolving	\$ 4,680	\$ 320,563	\$ 325,243	\$ 632	\$ 3,592	\$ 4,224	
C&I - other*	20,133	1,492,809	1,512,942	3,642	23,818	27,460	
	24,813	1,813,372	1,838,185	4,274	27,410	31,684	
CRE - owner occupied	22,709	584,656	607,365	2,426	5,797	8,223	
CRE - non-owner occupied	21,886	987,006	1,008,892	661	10,920	11,581	

Construction and land development	2,726	1,417,799	1,420,525	809	16,047	16,856
Multi-family	8,206	987,937	996,143	3	12,460	12,463
1-4 family real estate	3,128	541,843	544,971	289	4,628	4,917
Consumer	508	126,827	127,335	56	1,420	1,476
	<u>\$ 83,976</u>	<u>\$ 6,459,440</u>	<u>\$ 6,543,416</u>	<u>\$ 8,518</u>	<u>\$ 78,682</u>	<u>\$ 87,200</u>

\* Included within the C&I – Other category are leases individually evaluated of \$289 thousand with a related allowance for credit losses of \$68 thousand and leases collectively evaluated of \$30.9 million with a related allowance for credit losses of \$924 thousand.

The following table presents the amortized cost basis of collateral dependent loans, by the primary collateral type, which are individually evaluated to determine expected credit losses as of March 31, 2024 and December 31, 2023:

	As of March 31, 2024							
	Non							
	Commercial	Owner-occupied	Owner-Occupied	Owner Occupied				
	Assets	CRE	Real Estate	Real Estate	Securities	Equipment	Other	Total
(dollars in thousands)								
C & I:								
C&I - revolving	\$ 3,920	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,920
C&I - other*	5,680	—	—	—	5,184	12,573	754	24,191
	<u>9,600</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>5,184</u>	<u>12,573</u>	<u>754</u>	<u>28,111</u>
CRE - owner occupied	—	22,189	—	63	—	—	—	22,252
CRE - non-owner occupied	—	—	19,391	—	—	—	—	19,391
Construction and land development	—	—	2,573	—	—	—	—	2,573
Multi-family	—	—	8,203	—	—	—	—	8,203
1-4 family real estate	—	—	187	3,130	—	—	—	3,317
Consumer	—	—	119	393	—	—	41	553
	<u>\$ 9,600</u>	<u>\$ 22,189</u>	<u>\$ 30,473</u>	<u>\$ 3,586</u>	<u>\$ 5,184</u>	<u>\$ 12,573</u>	<u>\$ 795</u>	<u>\$ 84,400</u>

\* Included within the C&I – Other category are leases individually evaluated of \$426 thousand with primary collateral of equipment.

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	As of December 31, 2023							
	Non							
	Commercial	Owner-occupied	Owner-Occupied	Owner Occupied				
	Assets	CRE	Real Estate	Real Estate	Securities	Equipment	Other	Total
(dollars in thousands)								

C & I:											
C&I - revolving	\$	4,680	\$	—	\$	—	\$	—	\$	—	\$ 4,680
C&I - other*		871		—		—		—	5,191	13,249	822 20,133
	5,551		—		—		—	5,191	13,249	822	24,813
CRE - owner occupied	—	22,644		—	65	—	—	—	—	—	22,709
CRE - non-owner occupied	—	—	21,886	—	—	—	—	—	—	—	21,886
Construction and land development	—	150	2,576	—	—	—	—	—	—	—	2,726
Multi-family	—	—	8,206	—	—	—	—	—	—	—	8,206
1-4 family real estate	—	—	189	2,939	—	—	—	—	—	—	3,128
Consumer	—	—	119	365	—	—	—	—	24	—	508
	\$ 5,551	\$ 22,794	\$ 32,976	\$ 3,369	\$ 5,191	\$ 13,249	\$ 846	\$ 83,976			

\* Included within the C&I – Other category are leases individually evaluated at \$241 thousand with a related allowance for credit losses of \$55 thousand and leases collectively evaluated of \$34.2 million with a related allowance for credit losses of \$1.0 million.

As of December 31, 2022								
	Amortized Cost of Loans Receivable				Allowance for Credit Losses			
	Individually	Collectively		Individually	Collectively			
	Evaluated for	Evaluated for		Evaluated for	Evaluated for			
	Credit Losses	Credit Losses	Total	Credit Losses	Credit Losses	Total		
(dollars in thousands)								
C&I :								
C&I - revolving	\$ 3,386	\$ 293,483	\$ 296,869	\$ 961	\$ 3,496	\$ 4,457		
C&I - other*	9,358	1,474,224	1,483,582	1,445	26,308	27,753		
	12,744	1,767,707	1,780,451	2,406	29,804	32,210		
CRE - owner occupied	24,880	604,487	629,367	2,853	7,112	9,965		
CRE - non-owner occupied	21,588	941,651	963,239	869	10,880	11,749		
Construction and land development	10,394	1,181,667	1,192,061	13	14,249	14,262		
Multi-family	1,302	962,501	963,803	395	12,791	13,186		
1-4 family real estate	3,177	496,352	499,529	317	4,646	4,963		
Consumer	741	109,680	110,421	75	1,296	1,371		
	\$ 74,826	\$ 6,064,045	\$ 6,138,871	\$ 6,928	\$ 80,778	\$ 87,706		

\* Included within the C&I – Other category are leases individually evaluated of \$135 thousand with a related allowance for credit losses of \$24 thousand and leases collectively evaluated of \$31.8 million with a related allowance for credit losses of \$946 thousand.

The following table presents the amortized cost basis of collateral dependent loans, by the primary collateral type, which are individually evaluated to determine expected credit losses as of September 30, 2023 and December 31, 2022:

As of September 30, 2023													
	Non												
	Commercial		Owner-occupied		Owner-Occupied		Owner Occupied						
	Assets		CRE		Real Estate		Real Estate		Securities	Equipment	Other	Total	
(dollars in thousands)													
<b>C &amp; I:</b>													
C&I - revolving	\$	3,253	\$	—	\$	—	\$	—	\$	105	\$	—	3,358
C&I - other*		631		—		—		—	5,533	12,916	388		19,468
		3,884		—		—		—	5,533	13,021	388		22,826
CRE - owner occupied	—		23,888		—		64	—	—	—	—		23,952
CRE - non-owner occupied	—		—		20,456		—	—	—	—	—		20,456

Construction and land development	—	150	4,303	—	—	—	—	4,453
Multi-family	—	—	9,539	—	—	—	—	9,539
1-4 family real estate	—	—	27	2,879	—	—	—	2,906
Consumer	—	—	119	526	—	—	72	717
	<b>\$ 3,884</b>	<b>\$ 24,038</b>	<b>\$ 34,444</b>	<b>\$ 3,469</b>	<b>\$ 5,533</b>	<b>\$ 13,021</b>	<b>\$ 460</b>	<b>\$ 84,849</b>
	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

\* Included within the C&I – Other category are leases individually evaluated of \$241 thousand with primary collateral of equipment.

	As of December 31, 2022							
	Non							
	Commercial	Owner-occupied	Owner-Occupied	Owner Occupied	Securities	Equipment	Other	Total
	Assets	CRE	Real Estate	Real Estate	Securities	Equipment	Other	Total
(dollars in thousands)								
C & I:								
C&I - revolving	\$ 3,281	\$ —	\$ —	\$ —	\$ —	\$ 105	\$ —	\$ 3,386
C&I - other*	1,589	210	—	—	108	7,289	162	9,358
	<b>4,870</b>	<b>210</b>	<b>—</b>	<b>—</b>	<b>108</b>	<b>7,394</b>	<b>162</b>	<b>12,744</b>
CRE - owner occupied	—	24,814	—	66	—	—	—	24,880
CRE - non-owner occupied	—	—	21,588	—	—	—	—	21,588
Construction and land development	—	—	10,394	—	—	—	—	10,394
Multi-family	—	—	1,302	—	—	—	—	1,302
1-4 family real estate	—	—	33	3,144	—	—	—	3,177
Consumer	—	—	120	608	—	—	13	741
	<b>\$ 4,870</b>	<b>\$ 25,024</b>	<b>\$ 33,437</b>	<b>\$ 3,818</b>	<b>\$ 108</b>	<b>\$ 7,394</b>	<b>\$ 175</b>	<b>\$ 74,826</b>

\* Included within the C&I – Other category are For all loans except direct financing leases individually evaluated of \$135 thousand with primary collateral of equipment.

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For certain C&I loans, all CRE loans, certain construction and land development loans, all multifamily loans, certain 1-4 family residential loans and certain consumer loans, equipment financing agreements, the Company's credit quality indicator consists of internally assigned risk ratings. Each such loan is assigned a risk rating upon origination. The risk rating is reviewed every 15 months, at a minimum, and on an as-needed basis depending on the specific circumstances of the loan.

For certain C&I loans (including equipment financing agreements and direct financing leases), the Company's credit quality indicator is performance determined by delinquency status. Delinquency status is updated daily by the Company's loan system. For years prior to 2024, certain C&I loans (including equipment financing agreements and direct financing leases), certain construction and land development, certain 1-4 family real estate loans, and certain consumer loans, the Company's credit quality indicator is performance determined by delinquency status. Delinquency status is updated daily by the Company's loan system.

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The following tables show the credit quality indicator of loans by class of receivable and year of origination as of **September 30, 2023** **March 31, 2024**:

		As of September 30, 2023							As of March 31, 2024									
Internally Assigned Risk Rating		Term Loans							Term Loans									
		Amortized Cost Basis by Origination Year							Amortized Cost Basis by Origination Year									
		Revolving Loans							Revolving Loans									
		Amortized							Amortized									
		2023	2022	2021	2020	2019	Prior	Cost Basis	Total	2024	2023	2022	2021	2020	Prior	Cost Basis	Total	
(dollars in thousands)																		
(dollars in thousands)																		
C&I	revolving	-																
Pass																		
(Ratings 1 through 5)		\$	—	\$	—	\$	—	\$	—	\$	—	\$	272,848	\$	272,848			
Special Mention																		
(Rating 6)		—	—	—	—	—	—	—	23,632		—	—	23,632					
Substandard																		
(Rating 7)		—	—	—	—	—	—	—	3,108		—	—	3,108					

Doubtful																						
(Rating 8)	—																					
Pass											\$	—	\$	—								
Special											\$	—	\$	—								
Mention											—	—	—	—								
Substandard											—	—	—	—								
Doubtful											—	—	—	—								
Total C&I -											—	—	—	—								
revolving	\$	—	\$	—	\$	—	\$	—	\$	—	299,588	\$	299,588	\$	—							
C&I - other											\$	—	\$	—								
Pass											\$	—	\$	—								
(Ratings 1											\$	372,511	\$	318,783	\$	156,021						
through 5)	\$	372,511	\$	318,783	\$	156,021	\$	85,298	\$	69,736	\$	139,089	\$	—	\$	1,141,438						
Special											637	11,220	8,324	5,434	3,017	1,252	—					
Mention											—	3,152	5,675	—	9,301	29,884						
(Rating 6)	12,149	8,936	4,225	3,757	801	321	—	30,189	Substandard													
(Rating 7)	101	123	250	—	—	—	—	—	—	—	—	13	5,124	594	382	6,652	—					
Doubtful											—	—	—	—	—	—	12,765					
(Rating 8)	—	—	—	—	—	—	—	—	Total C&I -													
Pass											\$	108,985	\$	367,853	\$	273,527	\$	107,537	\$	63,794		
Special											\$	367,853	\$	273,527	\$	107,537	\$	63,794	\$	179,537		
Mention											—	—	—	—	—	—	—	—	—	1,101,233		
Substandard											—	—	—	—	—	—	—	—	—	29,884		
Doubtful											—	—	—	—	—	—	—	—	—	—		
Total C&I -											\$	384,761	\$	327,842	\$	160,496	\$	89,055	\$	73,689		
other	\$	384,761	\$	327,842	\$	160,496	\$	89,055	\$	73,689	\$	145,085	\$	—	\$	1,180,928	\$	109,622	\$	379,086		
CRE - owner											\$	286,975	\$	113,565	\$	67,193	\$	187,441	\$	—		
occupied	CRE - owner											—	—	—	—	—	—	—	—	—		
Pass											\$	17,144	\$	99,682	\$	123,235	\$	132,150	\$	107,501		
(Ratings 1											\$	71,080	\$	130,033	\$	148,170	\$	112,315	\$	30,875		
through 5)	\$	71,080	\$	130,033	\$	148,170	\$	112,315	\$	30,875	\$	62,220	\$	11,670	\$	566,363	\$	18,198	\$	105,304		
Special											—	—	—	—	—	—	—	—	—	23,651		
Mention											5,046	720	8,873	5,820	470	386	871	22,186	220	1,399	549	
(Rating 6)	5,046	720	8,873	5,820	470	386	871	22,186	Substandard											20,511		
(Rating 7)	1,945	711	1,044	16,045	1,186	1,138	—	22,069	Doubtful											—		
(Rating 8)	—	—	—	—	—	—	—	—	Total CRE -											—		
Pass											\$	17,144	\$	99,682	\$	123,235	\$	132,150	\$	107,501		
Special											—	—	—	—	—	—	—	—	—	23,651		
Mention											834	4,223	760	10,085	5,482	2,267	—	20,511	27	15,911	2,405	
Substandard											220	1,399	549	27	15,911	2,405	—	20,511	—	—	—	
Doubtful											—	—	—	—	—	—	—	—	—	—	—	
Total CRE -											\$	78,071	\$	131,464	\$	158,087	\$	134,180	\$	32,531		
owner	\$	78,071	\$	131,464	\$	158,087	\$	134,180	\$	32,531	\$	63,744	\$	12,541	\$	610,618	\$	18,198	\$	105,304		
occupied	CRE - non- owner											—	—	—	—	—	—	—	—	—	12,288	
occupied	CRE - non- owner											12,288	\$	621,069	\$	12,288	\$	621,069	\$	12,288	\$	621,069

Pass																			
(Ratings 1																			
through 5)	\$ 107,668	\$ 290,689	\$ 199,435	\$ 131,797	\$ 74,778	\$ 84,855	\$ 6,412	\$ 895,634											
Special																			
Mention																			
(Rating 6)	12,623	59	250	17,277	2,385	6,868	—	39,462											
Substandard																			
(Rating 7)	3,919	1,331	—	157	14,996	—	53	20,456											
Doubtful																			
(Rating 8)	—	—	—	—	—	—	—	—											
Pass									\$ 40,649	\$ 213,724	\$ 300,824	\$ 187,315	\$ 116,641	\$ 145,024	\$ 7,645	\$ 1,011,822			
Special																			
Mention									4,403	161	57	186	11,998	6,922	150	23,877			
Substandard									—	1,647	1,200	—	1,971	14,572	—	19,390			
Doubtful									—	—	—	—	—	—	—	—			
Total CRE -																			
non-owner																			
occupied	\$ 124,210	\$ 292,079	\$ 199,685	\$ 149,231	\$ 92,159	\$ 91,723	\$ 6,465	\$ 955,552	\$ 45,052	\$ 215,532	\$ 302,081	\$ 187,501	\$ 130,610	\$ 166,518	\$ 7,795	\$ 1,055,089			
Construction																			
and land																			
development																			
Pass																			
(Ratings 1																			
through 5)	\$ 353,940	\$ 491,807	\$ 286,614	\$ 187,894	\$ 8,686	\$ 8,083	\$ 26,905	\$ 1,363,929											
Special																			
Mention																			
(Rating 6)	—	—	10,109	—	—	—	—	10,109											
Substandard																			
(Rating 7)	413	2,773	1,267	—	—	—	—	4,453											
Doubtful																			
(Rating 8)	—	—	—	—	—	—	—	—											
Pass									\$ 92,918	\$ 470,029	\$ 316,429	\$ 154,364	\$ 71,968	\$ 2,871	\$ 29,656	\$ 1,138,235			
Special																			
Mention									4,918	3,801	—	—	—	—	—	8,719			
Substandard									—	—	1,367	1,206	—	—	—	2,573			
Doubtful									—	—	—	—	—	—	—	—			
Total																			
Construction																			
and land																			
development	\$ 354,353	\$ 494,580	\$ 297,990	\$ 187,894	\$ 8,686	\$ 8,083	\$ 26,905	\$ 1,378,491	\$ 97,836	\$ 473,830	\$ 317,796	\$ 155,570	\$ 71,968	\$ 2,871	\$ 29,656	\$ 1,149,527			
Multi-family																			
Pass																			
(Ratings 1																			
through 5)	\$ 246,633	\$ 224,208	\$ 239,039	\$ 230,271	\$ 110,450	\$ 95,149	\$ 96	\$ 1,145,846											
Special																			
Mention																			
(Rating 6)	1,595	—	—	—	—	—	—	1,595											
Substandard																			
(Rating 7)	—	—	8,208	1,331	—	—	—	9,539											
Doubtful																			
(Rating 8)	—	—	—	—	—	—	—	—											
Pass									\$ 40,832	\$ 172,829	\$ 300,506	\$ 270,933	\$ 310,484	\$ 197,811	\$ 287	\$ 1,293,682			



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Delinquency Status *	As of September 30, 2023										As of March 31, 2024									
	Term Loans										Term Loans									
	Amortized Cost Basis by Origination Year					Revolving					Amortized Cost Basis by Origination Year					Revolving				
	Loans					Loans					Loans					Amortized				
Delinquency Status *		2023	2022	2021	2020	2019	Prior	Cost Basis	Total		2024	2023	2022	2021	2020	Prior	Cost Basis	Total		
(dollars in thousands)																				
(dollars in thousands)																				
C&I - other																				
Performing	\$ 113,677	\$ 116,539	\$ 47,024	\$ 15,549	\$ 3,665	\$ 326	\$ —	\$ 296,780	\$ 49,148	\$ 129,715	\$ 91,484	\$ 33,559	\$ 10,159	\$ 1,714	\$ —	\$ 315,779				
Nonperforming	616	6,437	2,442	293	67	5	—	9,860	—	2,589	4,979	3,007	336	37	—	10,948				
Total C&I - other	<u>\$ 114,293</u>	<u>\$ 122,976</u>	<u>\$ 49,466</u>	<u>\$ 15,842</u>	<u>\$ 3,732</u>	<u>\$ 331</u>	<u>\$ —</u>	<u>\$ 306,640</u>	<u>\$ 49,148</u>	<u>\$ 132,304</u>	<u>\$ 96,463</u>	<u>\$ 36,566</u>	<u>\$ 10,495</u>	<u>\$ 1,751</u>	<u>\$ —</u>	<u>\$ 326,727</u>				
Construction and land development																				
Performing	\$ 13,912	\$ 1,306	\$ 274	\$ 10	\$ 2	\$ 59	\$ —	\$ 15,563												
Nonperforming	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Construction and land development	<u>\$ 13,912</u>	<u>\$ 1,306</u>	<u>\$ 274</u>	<u>\$ 10</u>	<u>\$ 2</u>	<u>\$ 59</u>	<u>\$ —</u>	<u>\$ 15,563</u>												
Direct financing leases																				
Performing	\$ 12,138	\$ 12,548	\$ 3,706	\$ 3,248	\$ 2,075	\$ 445	\$ —	\$ 34,160	\$ 172	\$ 11,787	\$ 9,851	\$ 2,449	\$ 2,037	\$ 1,367	\$ —	\$ 27,663				
Nonperforming	—	16	22	187	16	—	—	241	—	—	205	47	174	—	—	426				
Total Direct financing leases	<u>\$ 12,138</u>	<u>\$ 12,564</u>	<u>\$ 3,728</u>	<u>\$ 3,435</u>	<u>\$ 2,091</u>	<u>\$ 445</u>	<u>\$ —</u>	<u>\$ 34,401</u>	<u>\$ 172</u>	<u>\$ 11,787</u>	<u>\$ 10,056</u>	<u>\$ 2,496</u>	<u>\$ 2,211</u>	<u>\$ 1,367</u>	<u>\$ —</u>	<u>\$ 28,089</u>				
1-4 family real estate																				

Performing	\$ 56,490	\$ 58,926	\$ 80,455	\$ 69,330	\$ 15,705	\$ 51,527	\$ 80	\$ 332,513
Nonperforming	—	219	642	418	327	646	—	2,252
Total 1-4 family real estate	<u>\$ 56,490</u>	<u>\$ 59,145</u>	<u>\$ 81,097</u>	<u>\$ 69,748</u>	<u>\$ 16,032</u>	<u>\$ 52,173</u>	<u>\$ 80</u>	<u>\$ 334,765</u>
Consumer								
Performing	\$ 15,252	\$ 10,104	\$ 2,562	\$ 2,973	\$ 710	\$ 1,310	\$ 83,653	\$ 116,564
Nonperforming	—	5	21	13	—	187	54	280
Total Consumer	<u>\$ 15,252</u>	<u>\$ 10,109</u>	<u>\$ 2,583</u>	<u>\$ 2,986</u>	<u>\$ 710</u>	<u>\$ 1,497</u>	<u>\$ 83,707</u>	<u>\$ 116,844</u>
Total	<u>\$212,085</u>	<u>\$206,100</u>	<u>\$137,148</u>	<u>\$92,021</u>	<u>\$22,567</u>	<u>\$54,505</u>	<u>\$ 83,787</u>	<u>\$808,213</u>

\* Performing = loans/leases accruing and less than 90 days past due. Nonperforming = loans/leases on nonaccrual and accruing loans/leases that are greater than or equal to 90 days past due.

The following table shows the gross charge-offs of loans and leases by class of receivable and year of origination for the three and nine months ended September 30, 2023 March 31, 2024:

Classes of Loans/Leases	Three Months Ended September 30, 2023						Nine Months Ended September 30, 2023						Three Months Ended March 31, 2024								
	Gross Charge-off by Origination Year						Gross Charge-off by Origination Year						Gross Charge-off by Origination Year								
	2023	2022	2021	2020	2019	Prior	Total	2023	2022	2021	2020	2019	Prior	Total	2024	2023	2022	2021	2020	Prior	Total
(dollars in thousands)																					
C&I:																					
C&I:																					
C&I - revolving	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —		
C&I - other	41	1,130	192	204	5	29	1,601	41	2,990	1,063	1,053	238	138	5,523	7	678	2,033	522	33	176	3,449
CRE - owner occupied	—	—	—	—	—	14	14	—	—	208	—	—	14	222	—	—	—	—	—	—	—
CRE - non-owner occupied	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

Construction and land development	—	38	—	—	—	—	38	—	50	—	—	—	—	—	50	—	—	—	—	—	—
Multi-family	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Direct financing leases	—	34	55	41	3	—	133	—	71	55	41	18	1	186	—	—	10	24	42	13	89
1-4 family real estate	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3	3
Consumer	—	22	7	1	—	—	30	—	41	10	1	5	—	57	—	—	19	—	—	—	19
	\$ 41	\$ 1,224	\$ 254	\$ 246	\$ 8	\$ 43	\$ 1,816	\$ 41	\$ 3,152	\$ 1,336	\$ 1,095	\$ 261	\$ 153	\$ 6,038	\$ 7	\$ 678	\$ 2,062	\$ 546	\$ 75	\$ 192	\$ 3,560

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The following tables show the credit quality indicator of loans by class of receivable and year of origination as of December 31, 2022 December 31, 2023:

												(dollars in thousands)			
C&I - revolving															
Pass															
(Ratings 1 through 5)												\$ 275,888	\$ 275,888		
Special															
Mention															
(Rating 6)												17,595	17,595		
Substandard															
(Rating 7)												3,386	3,386		
Doubtful															
(Rating 8)															
Pass												\$ —	\$ —	\$ —	\$ —
Special															
Mention												—	—	—	—
Substandard												—	—	—	—
Doubtful												—	—	—	—
Total C&I - revolving												\$ 296,869	\$ 296,869	\$ 325,243	\$ 325,243
C&I - other															
Pass															
(Ratings 1 through 5)												\$ 496,445	\$ 279,412	\$ 127,803	\$ 87,054
Special												\$ 59,675	\$ 105,184	\$ —	\$ 1,155,573
Mention												9,542	679	901	723
Substandard												—	308	—	12,153
(Rating 7)												187	125	661	4,535
Doubtful												—	106	—	5,924
(Rating 8)															
Pass												\$ 430,764	\$ 301,225	\$ 128,057	\$ 68,882
Special												11,617	8,777	5,572	3,088
Mention												14	81	625	443
Substandard												—	—	2,108	5,320
Doubtful												—	—	—	—
Total C&I - other												\$ 506,174	\$ 280,216	\$ 129,365	\$ 92,312
CRE - owner occupied												\$ 59,985	\$ 105,598	\$ —	\$ 1,173,650
Pass												\$ 442,395	\$ 310,083	\$ 134,254	\$ 72,413
CRE - owner occupied												\$ 65,281	\$ 137,877	\$ —	\$ 1,162,303
Pass												\$ 90,708	\$ 124,388	\$ 139,598	\$ 109,483
Pass												\$ 28,702	\$ 58,214	\$ 12,959	\$ 564,052

Special																
Mention																
Substandard																
Doubtful																
Total CRE -																
owner																
occupied	\$ 156,151	\$ 182,611	\$ 165,311	\$ 35,451	\$ 28,285	\$ 47,829	\$ 13,729	\$ 629,367	\$ 97,754	\$ 125,663	\$ 148,311	\$ 131,028	\$ 30,480	\$ 61,170	\$ 12,959	\$ 607,365
CRE - non-																
owner																
occupied																
Pass																
(Ratings 1																
through 5)	\$ 310,163	\$ 221,953	\$ 173,478	\$ 89,337	\$ 56,898	\$ 40,923	\$ 7,510	\$ 900,262								
Special																
Mention																
(Rating 6)	2,824	882	18,920	—	12,917	6,198	—	41,741								
Substandard																
(Rating 7)	5,651	—	157	15,217	—	—	211	21,236								
Doubtful																
(Rating 8)	—	—	—	—	—	—	—	—								
Pass									\$ 200,214	\$ 276,055	\$ 195,013	\$ 119,428	\$ 72,136	\$ 78,346	\$ 7,406	\$ 948,598
Special																
Mention									16,842	58	223	12,057	2,359	6,719	150	38,408
Substandard									3,805	1,200	—	1,989	14,892	—	—	21,886
Doubtful									—	—	—	—	—	—	—	—
Total CRE -																
non-owner																
occupied	\$ 318,638	\$ 222,835	\$ 192,555	\$ 104,554	\$ 69,815	\$ 47,121	\$ 7,721	\$ 963,239	\$ 220,861	\$ 277,313	\$ 195,236	\$ 133,474	\$ 89,387	\$ 85,065	\$ 7,556	\$ 1,008,892
Construction																
and land																
development																
Pass																
(Ratings 1																
through 5)	\$ 479,016	\$ 330,434	\$ 240,778	\$ 31,607	\$ 30,300	\$ —	\$ 29,647	\$ 1,141,782								
Special																
Mention																
(Rating 6)	1,465	9,200	—	—	—	—	—	10,665								
Substandard																
(Rating 7)	132	10,262	—	—	—	—	—	10,394								
Doubtful																
(Rating 8)	—	—	—	—	—	—	—	—								
Pass									\$ 467,045	\$ 485,376	\$ 271,881	\$ 151,091	\$ 1,911	\$ 4,137	\$ 30,304	\$ 1,411,745
Special																
Mention									6,054	—	—	—	—	—	—	6,054
Substandard									—	1,517	1,209	—	—	—	—	2,726
Doubtful									—	—	—	—	—	—	—	—
Total																
Construction																
and land																
development	\$ 480,613	\$ 349,896	\$ 240,778	\$ 31,607	\$ 30,300	\$ —	\$ 29,647	\$ 1,162,841	\$ 473,099	\$ 486,893	\$ 273,090	\$ 151,091	\$ 1,911	\$ 4,137	\$ 30,304	\$ 1,420,525
Multi-family																



Total																
Consumer	\$ 793	\$ 801	\$ 505	\$ 122	\$ 366	\$ 621	\$ 10,226	\$ 13,434	\$ 17,897	\$ 9,524	\$ 2,585	\$ 3,036	\$ 622	\$ 1,975	\$ 91,696	\$ 127,335
Total	<u>\$1,762,189</u>	<u>\$1,348,190</u>	<u>\$988,473</u>	<u>\$412,583</u>	<u>\$294,259</u>	<u>\$215,046</u>	<u>\$366,274</u>	<u>\$5,387,014</u>	<u>\$1,568,667</u>	<u>\$1,509,090</u>	<u>\$1,064,173</u>	<u>\$820,731</u>	<u>\$316,184</u>	<u>\$442,683</u>	<u>\$471,249</u>	<u>\$6,192,777</u>

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As of December 31, 2022										As of December 31, 2023							
Delinquency	Term Loans								Term Loans								
	Amortized Cost Basis by Origination Year						Revolving		Amortized Cost Basis by Origination Year						Revolving		
							Loans								Loans		
Status *										Amortized							
Status *	2022	2021	2020	2019	2018	Prior	Cost Basis	Total	2023	2022	2021	2020	2019	Prior	Cost Basis	Total	

Direct financing leases																
Performing	\$ 14,578	\$ 5,172	\$ 5,700	\$ 4,398	\$ 1,536	\$ 370	\$ —	\$ 31,754	\$ 12,217	\$ 11,170	\$ 3,005	\$ 2,631	\$ 1,561	\$ 291	\$ —	\$ 30,875
Nonperforming	—	32	88	7	8	—	—	135	—	50	43	176	20	—	—	289
Total Direct financing leases	\$ 14,578	\$ 5,204	\$ 5,788	\$ 4,405	\$ 1,544	\$ 370	\$ —	\$ 31,889	\$ 12,217	\$ 11,220	\$ 3,048	\$ 2,807	\$ 1,581	\$ 291	\$ —	\$ 31,164
Construction and land development																
Performing	\$ 28,785	\$ 360	\$ 10	\$ 3	\$ 62	\$ —	\$ —	\$ 29,220								
Nonperforming	—	—	—	—	—	—	—	—								
Total Construction and land development	\$ 28,785	\$ 360	\$ 10	\$ 3	\$ 62	\$ —	\$ —	\$ 29,220								
1-4 family real estate																
Performing	\$ 69,094	\$ 92,762	\$ 75,153	\$ 17,089	\$ 11,381	\$ 48,136	\$ 90	\$ 313,705								
Nonperforming	267	524	487	279	8	448	—	2,013								
Total 1-4 family real estate	\$ 69,361	\$ 93,286	\$ 75,640	\$ 17,368	\$ 11,389	\$ 48,584	\$ 90	\$ 315,718								
Consumer																
Performing	\$ 14,685	\$ 3,844	\$ 3,717	\$ 1,123	\$ 1,140	\$ 1,325	\$ 70,974	\$ 96,808								
Nonperforming	7	—	—	—	3	59	110	179								
Total Consumer	\$ 14,692	\$ 3,844	\$ 3,717	\$ 1,123	\$ 1,143	\$ 1,384	\$ 71,084	\$ 96,987								
Total	\$ 298,706	\$ 173,708	\$ 110,850	\$ 31,060	\$ 15,942	\$ 50,417	\$ 71,174	\$ 751,857	\$ 162,966	\$ 121,162	\$ 46,100	\$ 15,770	\$ 4,212	\$ 429	\$ —	\$ 350,639

\* Performing = loans/leases accruing and less than 90 days past due. Nonperforming = loans/leases on nonaccrual and accruing loans/leases that are greater than or equal to 90 days past due.

The following table shows the amortized cost basis of the loans. There were no loans and leases modified to borrowers experiencing financial difficulty by class of receivable and type of concession granted for during the three and nine months ended September 30, 2023, March 31, 2024.

Classes of Loans/Leases	For the three months ended		For the nine months ended	
	September 30, 2023		September 30, 2023	
	Amortized Cost		Amortized Cost	
	Payment	% of Class of	Payment	% of Class of
Delay				
Receivable				
(dollars in thousands)				
Direct Financing Leases	\$ 90	— %	\$ 325	1 %

At September 30, 2023, there were no commitments to extend credit to any of the borrowers experiencing financial difficulty.

There were no loans. Any loan and lease modifications to borrowers experiencing financial difficulty that had a payment default during the three and nine months ended September 30, 2023, that had been modified in the twelve-month period prior to the default.

The Company closely monitors the performance of the loans and leases that are modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. None of these loan or lease modifications 2023 were past due as of September 30, 2023, immaterial.

Changes in the ACL for OBS exposures for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 are presented as follows:

	Three Months Ended		Nine Months Ended		Three Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	March 31, 2024	March 31, 2023
	(dollars in thousands)					
Balance, beginning	\$ 6,326	\$ 6,878	\$ 5,552	\$ 6,886	\$ 9,529	\$ 5,552
Provisions (credited) to expense	546	(331)	1,320	(339)	(322)	481
Balance, ending	\$ 6,872	\$ 6,547	\$ 6,872	\$ 6,547	\$ 9,207	\$ 6,033

#### NOTE 4. SECURITIZATIONS AND VARIABLE INTEREST ENTITIES

##### *Freddie Mac M and Q Series Securitizations*

In 2023, the Company completed two Freddie Mac sponsored securitizations. The Company retained beneficial interests which are classified as trading securities on the consolidated balance sheets. Details related to the securitizations and related VIEs can be found in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

At March 31, 2024, the Company determined it was not the primary beneficiary of these VIEs primarily because the Company did not have the power to direct the activities that most significantly impact the VIEs. Evaluation and assessment of VIEs for consolidation is performed on an ongoing basis by management. Any changes in facts and circumstances occurring since the previous primary beneficiary determination will be considered as part of this ongoing assessment.

The Company's total assets related to the VIEs as of March 31, 2024 and December 31, 2023 were \$22.3 million and \$22.4 million, respectively and there were no liabilities recorded. The Company's maximum exposure to loss associated with these VIEs consists of the capital invested plus any unfunded equity commitments that are binding. As of March 31, 2024, the maximum exposure to loss was \$31.8 million.

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#### NOTE 45 – DERIVATIVES AND HEDGING ACTIVITIES

Derivatives are summarized as follows as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023

	(dollars in thousands)				(dollars in thousands)			
Assets:								
Hedged Derivatives								
Cash Flow Hedges								
Interest rate caps		\$ 5,196	\$ 8,327	\$ 2,561	\$ 2,847			
Interest rate swaps		3,334	477	2,437	1,689			
Fair Value Hedges								
Interest rate swaps		3,977	—	1,083	—			
Unhedged Derivatives								
Interest rate caps		1,533	2,213	769	951			
Interest rate swaps		277,255	166,614	177,038	181,854			
	\$ 291,295	\$ 177,631	\$ 183,888	\$ 187,341				
Liabilities:								
Hedged Derivatives								
Cash Flow Hedges								
Interest rate swaps		(42,095)	(33,824)	(34,183)	(30,407)			
Interest rate collars		(870)	(263)	(456)	(166)			
Fair Value Hedges								
Interest rate swaps				—	(3,308)			
Unhedged Derivatives								
Interest rate swaps		(277,255)	(166,614)	(177,038)	(181,854)			
	\$ (320,220)	\$ (200,701)	\$ (211,677)	\$ (215,735)				

The Company uses interest rate swap, cap and collar instruments to manage interest rate risk related to the variability of interest payments due to changes in interest rates.

The Company has entered into interest rate caps to hedge against the risk of rising interest rates on liabilities. The liabilities consist of \$300.0 million of deposits and the benchmark rates hedged vary at 1-month SOFR, 3-month SOFR and the Prime Rate. The interest rate caps are designated as cash flow hedges in accordance with ASC 815. An initial premium of \$3.5 million was paid upfront for the caps executed. The details of the interest rate caps are as follows:

Hedged Item	Balance Sheet						Fair Value as of						Balance Sheet						Fair Value as of								
	Effective Date	Maturity Date	Location	Notional Amount	Strike Rate	September 30, 2023	December 31, 2022	Effective Date	Maturity Date	Location	Notional Amount	Strike Rate	March 31, 2024	December 31, 2023	Effective Date	Maturity Date	Location	Notional Amount	Strike Rate	March 31, 2024	December 31, 2023	Effective Date	Maturity Date	Location	Notional Amount	Strike Rate	March 31, 2024
(dollars in thousands)																											
Deposits	1/1/2020	1/1/2023	Derivatives - Assets	\$ 25,000	1.75 %	\$ (50)	(50)	1/1/2020	1/1/2024	Derivatives - Assets	\$ 25,000	1.75 %	-	(79)													
Deposits	1/1/2020	1/1/2024	Derivatives - Assets	\$ 25,000	1.75 %	157	714	1/1/2020	1/1/2024	Derivatives - Assets	\$ 50,000	1.57 %	-	-													
Deposits	1/1/2020	1/1/2024	Derivatives - Assets	\$ 50,000	1.57 %	474	1,566	1/1/2020	1/1/2024	Derivatives - Assets	\$ 25,000	1.80 %	-	-													
Deposits	1/1/2020	1/1/2024	Derivatives - Assets	\$ 25,000	1.80 %	237	783	1/1/2020	1/1/2025	Derivatives - Assets	\$ 25,000	1.75 %	633	672													
Deposits	1/1/2020	1/1/2025	Derivatives - Assets	\$ 25,000	1.75 %	1,010	1,264	1/1/2020	1/1/2025	Derivatives - Assets	\$ 50,000	1.57 %	1,285	1,503													
Deposits	1/1/2020	1/1/2025	Derivatives - Assets	\$ 50,000	1.57 %	2,212	2,700	1/1/2020	1/1/2025	Derivatives - Assets	\$ 25,000	1.80 %	643	751													
Deposits	1/1/2020	1/1/2025	Derivatives - Assets	\$ 25,000	1.80 %	1,106	1,350																				
				\$ 225,000		\$ 5,196	\$ 8,327							\$ 200,000		\$ 2,561	\$ 2,847										

The Company has entered into interest rate swaps to hedge against the risk of rising rates on one of its variable rate subordinated notes and its variable rate trust preferred securities. All of the interest rate swaps are designated as cash flow hedges in accordance with ASC 815. The details of the interest rate swaps are as follows:

Hedged Item	Balance Sheet				Fair Value as of		Balance Sheet				Fair Value as of				
	Effective Date	Maturity Date	Location	Notional Amount	Receive Rate	Pay Rate	September 30, 2023	December 31, 2022	Effective Date	Maturity Date	Location	Notional Amount	Receive Rate	Pay Rate	March 31, 2024
(dollars in thousands)															
(dollars in thousands)															
QCR Holdings Subordinated Note									3/1/2024	2/15/2028	Derivatives - Assets \$	65,000	5.34 %	4.02 % \$	21 \$
QCR Holdings Statutory Trust II	9/30/2018	9/30/2028	Derivatives - Assets \$	10,000	8.51 %	5.85 % \$	710 \$	464	9/30/2018	9/30/2028	Derivatives - Assets	10,000	8.44 %	5.85 %	512
QCR Holdings Statutory Trust III	9/30/2018	9/30/2028	Derivatives - Assets	8,000	8.51 %	5.85 %	568	372	9/30/2018	9/30/2028	Derivatives - Assets	8,000	8.44 %	5.85 %	409
QCR Holdings Statutory Trust V	7/7/2018	7/7/2028	Derivatives - Assets	10,000	7.12 %	4.54 %	691	459	7/7/2018	7/7/2028	Derivatives - Assets	10,000	7.14 %	4.54 %	500
Community National Statutory Trust II	9/20/2018	9/20/2028	Derivatives - Assets	3,000	7.83 %	5.17 %	212	140	9/20/2018	9/20/2028	Derivatives - Assets	3,000	7.76 %	5.17 %	153
Community National Statutory Trust III	9/15/2018	9/15/2028	Derivatives - Assets	3,500	7.42 %	4.75 %	247	163	9/15/2018	9/15/2028	Derivatives - Assets	3,500	7.34 %	4.75 %	178
Guaranty Bankshares Statutory Trust I	9/15/2018	9/15/2028	Derivatives - Assets	4,500	7.42 %	4.75 %	318	209	9/15/2018	9/15/2028	Derivatives - Assets	4,500	7.34 %	4.75 %	229

Guaranty															
Statutory															
Trust II*	5/23/2019	2/23/2026	Derivatives - Assets	10,310	7.09 %	4.09 %	588	477	5/23/2019	2/23/2026	Derivatives - Assets	10,310	7.03 %	4.09 %	435
				\$ 49,310			\$ 3,334	\$ 2,284				\$ 114,310			\$ 2,437
* Acquired on 4/1/2022 with GFED acquisition.															

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The Company has entered into interest rate swaps to hedge against the risk of declining interest rates on floating rate loans. The interest rate swaps are designated as cash flow hedges in accordance with ASC 815. The details of the interest rate swaps are as follows:

Hedged Item	Effective Date	Maturity Date	Balance Sheet				Fair Value as of				Balance Sheet				
			Location	Notional Amount	Receive Rate	Pay Rate	September 30, 2023	December 31, 2022	Effective Date	Maturity Date	Location	Notional Amount	Receive Rate	Pay Rate	
							(dollars in thousands)								
Loans	7/1/2021	7/1/2031	Derivatives - Liabilities	\$ 35,000	1.40 %	5.31 %	\$ (6,776)	\$ (5,646)	7/1/2021	7/1/2031	Derivatives - Liabilities	\$ 35,000	1.40 %	5.44 %	\$
Loans	7/1/2021	7/1/2031	Derivatives - Liabilities	50,000	1.40 %	5.31 %	\$ (9,680)	\$ (8,066)	7/1/2021	7/1/2031	Derivatives - Liabilities	50,000	1.40 %	5.44 %	
Loans	7/1/2021	7/1/2031	Derivatives - Liabilities	40,000	1.40 %	5.31 %	\$ (7,755)	\$ (6,464)	7/1/2021	7/1/2031	Derivatives - Liabilities	40,000	1.40 %	5.44 %	
Loans	10/1/2022	7/1/2031	Derivatives - Liabilities	25,000	1.30 %	5.31 %	\$ (4,877)	\$ (4,018)	10/1/2022	7/1/2031	Derivatives - Liabilities	25,000	1.30 %	5.33 %	
Loans	4/1/2022	4/1/2027	Derivatives - Liabilities	15,000	1.91 %	5.31 %	\$ (1,301)	\$ (1,144)	4/1/2022	4/1/2027	Derivatives - Liabilities	15,000	1.91 %	5.44 %	
Loans	4/1/2022	4/1/2027	Derivatives - Liabilities	50,000	1.91 %	5.31 %	\$ (4,335)	\$ (3,812)	4/1/2022	4/1/2027	Derivatives - Liabilities	50,000	1.91 %	5.44 %	
Loans	4/1/2022	4/1/2027	Derivatives - Liabilities	35,000	1.91 %	5.31 %	\$ (3,035)	\$ (2,669)	4/1/2022	4/1/2027	Derivatives - Liabilities	35,000	1.91 %	5.44 %	
Loans	4/1/2022	4/1/2027	Derivatives - Liabilities	50,000	1.91 %	5.31 %	\$ (4,336)	\$ (3,812)	4/1/2022	4/1/2027	Derivatives - Liabilities	50,000	1.91 %	5.44 %	
				\$ 300,000			\$ (42,095)	\$ (35,631)				\$ 300,000			\$

The Company uses interest rate collars in an effort to manage future interest rate exposure on variable rate loans. The collar hedging strategy stabilizes interest rate fluctuations by setting both a floor and a cap. The collar is designated as a cash flow hedge in accordance with ASC 815. The details of the interest rate collars are as follows:

Hedged Item	Effective Date	Maturity Date	Location	Fair Value as of				Effective Date				Maturity Date	Location	Notional Amount	Cap Strike Rate	Floor Strike Rate					
				Notional Amount	Cap Strike Rate	Floor Strike Rate	September 30, 2023	December 31, 2022	Effective Date	Maturity Date											
							(dollars in thousands)														
Loans	10/1/2022	10/1/2026	Derivatives - Liabilities	\$ 50,000	4.40 %	2.44 %	\$ (870)	\$ (263)	10/1/2022	10/1/2026	Derivatives - Liabilities	\$ 50,000	4.40 %	2.40 %							

The Company has entered into interest rate swaps to hedge against the risk of rising rates on loans. The interest rate swaps are designated as fair value hedges in accordance with ASC 815. The details of the interest rate swaps are as follows:

Hedged Item	Effective Date	Maturity Date	Location	Balance Sheet			Fair Value as of	Balance Sheet			Fair Value as of				
				Notional Amount	Receive Rate	Pay Rate		September 30, 2023	December 31, 2023	Effective Date	Maturity Date				
(dollars in thousands)															
Loans	7/12/2023	2/1/2026	Derivatives - Assets	\$ 25,000	5.31 %	4.38 %	\$ 204	N/A	7/12/2023	2/1/2026	Derivatives - Assets	\$ 25,000	5.33 %	4.38 %	\$ 61
Loans	7/12/2023	8/1/2026	Derivatives - Assets	30,000	5.31 %	4.21 %	304	N/A	7/12/2023	8/1/2026	Derivatives - Assets	30,000	5.33 %	4.21 %	87
Loans	7/12/2023	2/1/2027	Derivatives - Assets	32,500	5.31 %	4.08 %	409	N/A	7/12/2023	2/1/2027	Derivatives - Assets	32,500	5.33 %	4.08 %	107
Loans	7/12/2023	8/1/2027	Derivatives - Assets	32,500	5.31 %	3.98 %	488	N/A	7/12/2023	8/1/2027	Derivatives - Assets	32,500	5.33 %	3.98 %	129
Loans	7/12/2023	2/1/2028	Derivatives - Assets	30,000	5.31 %	3.90 %	532	N/A	7/12/2023	2/1/2028	Derivatives - Assets	30,000	5.33 %	3.90 %	138
Loans	7/12/2023	2/1/2026	Derivatives - Assets	15,000	5.31 %	4.38 %	123	N/A	7/12/2023	2/1/2026	Derivatives - Assets	15,000	5.33 %	4.38 %	36
Loans	7/12/2023	8/1/2026	Derivatives - Assets	15,000	5.31 %	4.21 %	152	N/A	7/12/2023	8/1/2026	Derivatives - Assets	15,000	5.33 %	4.21 %	43
Loans	7/12/2023	2/1/2027	Derivatives - Assets	15,000	5.31 %	4.08 %	189	N/A	7/12/2023	2/1/2027	Derivatives - Assets	15,000	5.33 %	4.08 %	50
Loans	7/12/2023	8/1/2027	Derivatives - Assets	15,000	5.31 %	3.98 %	225	N/A	7/12/2023	8/1/2027	Derivatives - Assets	15,000	5.33 %	3.98 %	60
Loans	7/12/2023	2/1/2028	Derivatives - Assets	15,000	5.31 %	3.90 %	267	N/A	7/12/2023	2/1/2028	Derivatives - Assets	15,000	5.33 %	3.90 %	69
Loans	7/12/2023	8/1/2025	Derivatives - Assets	15,000	5.31 %	4.60 %	90	N/A	7/12/2023	8/1/2025	Derivatives - Assets	15,000	5.33 %	4.60 %	29
Loans	7/12/2023	2/1/2026	Derivatives - Assets	20,000	5.31 %	4.38 %	163	N/A	7/12/2023	2/1/2026	Derivatives - Assets	20,000	5.33 %	4.38 %	49
Loans	7/12/2023	8/1/2026	Derivatives - Assets	20,000	5.31 %	4.21 %	203	N/A	7/12/2023	8/1/2026	Derivatives - Assets	20,000	5.33 %	4.21 %	58
Loans	7/12/2023	2/1/2027	Derivatives - Assets	20,000	5.31 %	4.08 %	252	N/A	7/12/2023	2/1/2027	Derivatives - Assets	20,000	5.33 %	4.08 %	67
Loans	7/12/2023	8/1/2027	Derivatives - Assets	25,000	5.31 %	3.98 %	376	N/A	7/12/2023	8/1/2027	Derivatives - Assets	25,000	5.33 %	3.98 %	100
				\$ 325,000			\$ 3,977	\$ N/A				\$ 325,000			\$ 1,083

Changes in fair values of derivative financial instruments accounted for as cash flow hedges, to the extent that they are included in the assessment of effectiveness, are recorded as a component of AOCI. Changes in fair values of derivative financial instruments accounted for as fair value hedges, to the extent that they are included in the assessment of effectiveness, are recorded as a component of **other assets or other liabilities**.

For derivative instruments that are designated as unhedged, the change in fair value of the derivative instrument is recognized into current earnings. The details of the unhedged interest **income/expense**, rate caps are as follows:

Effective Date	Maturity Date	Location	Balance Sheet			Fair Value as of
			Notional Amount	Strike Rate	March 31, 2024	December 31, 2023
(dollars in thousands)						
2/1/2020	2/1/2024	Derivatives - Assets	25,000	1.90 %	-	79
3/1/2020	3/3/2025	Derivatives - Assets	25,000	1.90 %	769	872
			\$ 50,000		\$ 769	\$ 951

The Company has also entered into interest rate swap contracts that are not designated as hedging instruments. These derivative contracts relate to transactions in which the Company enters into an interest rate swap with a customer while at

For derivative instruments that are designated as unhedged, the change in fair value of the derivative instrument is recognized into current earnings. The details of the unhedged interest rate caps are as follows:

Effective Date	Maturity Date	Location	Balance Sheet		Fair Value as of	
			Notional Amount	Strike Rate	September 30, 2023	December 31, 2022
(dollars in thousands)						
1/1/2020	1/3/2023	Derivatives - Assets	\$ 25,000	1.90 %	\$ -	\$ 3
2/1/2020	2/1/2024	Derivatives - Assets	25,000	1.90 %	310	822
3/1/2020	3/3/2025	Derivatives - Assets	25,000	1.90 %	1,223	1,388
			<b>\$ 75,000</b>		<b>\$ 1,533</b>	<b>\$ 2,213</b>

The Company has also entered into interest rate swap contracts that are not designated as hedging instruments. These derivative contracts relate to transactions in which the Company enters into an interest rate swap with a customer while at the same time entering into an equal and offsetting interest rate swap with a third-party financial institution, an upstream counterparty. Additionally, the Company receives an upfront, non-refundable fee from the upstream counterparty, dependent upon the pricing that is recognized upon receipt from the counterparty. Because the Company acts as an intermediary for the customer, changes in the fair value of the underlying derivative contracts, for the most part, offset each other and do not significantly impact the Company's results of operations.

Interest rate swaps that are not designated as hedging instruments are summarized as follows:

	September 30, 2023		December 31, 2022		March 31, 2024		December 31, 2023	
	Notional Amount	Estimated Fair Value	Notional Amount	Estimated Fair Value	Notional Amount	Estimated Fair Value	Notional Amount	Estimated Fair Value
(dollars in thousands)								
Non-Hedging Interest Rate Derivatives Assets:								
Interest rate swap contracts	\$ 2,967,392	\$ 277,255	\$ 2,528,949	\$ 166,614	\$ 3,508,720	\$ 177,038	\$ 3,308,024	\$ 181,854
Non-Hedging Interest Rate Derivatives Liabilities:								
Interest rate swap contracts	\$ 2,967,392	\$ 277,255	\$ 2,528,949	\$ 166,614	\$ 3,508,720	\$ 177,038	\$ 3,308,024	\$ 181,854

The effect of cash flow hedging and fair value accounting on the consolidated statements of income for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 are as follows:

	Three Months Ended September 30, 2023				Three Months Ended September 30, 2022			
	Interest and		Interest		Interest and		Interest	
	Dividend Income	Expense	Dividend Income	Expense	Dividend Income	Expense	Dividend Income	Expense

(dollars in thousands)						
<b>Income and expense line items presented in the consolidated statements</b>						
<b>of income</b>	\$	108,568	\$	53,313	\$	79,267
The effects of cash flow hedging:						
Gain on interest rate caps on deposits				(2,066)		(263)
Gain on interest rate swaps on junior subordinated debentures				(328)		73
Loss on interest rate swaps and collars on loans		(2,495)			(426)	
The effects of fair value hedging:						
Gain on interest rate swaps on loans		828				

	Nine Months Ended September 30, 2023		Nine Months Ended September 30, 2022	
	Interest and		Interest and	
	Dividend Income	Interest	Dividend Income	Interest
(dollars in thousands)				
<b>Income and expense line items presented in the consolidated statements</b>				
<b>of income</b>	\$	301,162	\$	135,892
The effects of cash flow hedging:				
Gain on interest rate caps on deposits			(5,522)	
Gain on interest rate swaps on junior subordinated debentures			(830)	
Loss on interest rate swaps and collars on loans		(6,757)		715
The effects of fair value hedging:				
Gain on interest rate swaps on loans		828		

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	Three Months Ended March 31, 2024		Three Months Ended March 31, 2023	
	Interest and		Interest and	
	Dividend Income	Interest	Dividend Income	Interest
(dollars in thousands)				
<b>Income and expense line items presented in the consolidated statements of income</b>				
<b>of income</b>	\$	115,049	\$	60,350
The effects of cash flow hedging:				
Gain on interest rate caps on deposits			(1,116)	
Gain on interest rate swaps on junior subordinated debentures			(336)	
Loss on interest rate swaps and collars on loans		(2,974)		(2,055)

The effects of fair value hedging:

Gain on interest rate swaps on loans 977

The Company's hedged interest rate swaps and non-hedged interest rate swaps are collateralized with cash and investment securities with carrying values as follows:

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
	(dollars in thousands)			
Cash	\$ 1,275	\$ 1,272	\$ 14,470	\$ 51,680
U.S govt. sponsored agency securities			6,285	6,413
Municipal securities	3,945	8,227	67,040	68,651
Residential mortgage-backed and related securities	5,778	29,257	21,730	23,358
	<b>\$ 10,998</b>	<b>\$ 38,756</b>	<b>\$ 109,525</b>	<b>\$ 150,102</b>

The Company may be exposed to credit risk in the event of non-performance by the counterparties to its interest rate derivative agreements.

The Company assesses the credit risk of its financial institution counterparties by monitoring publicly available credit ratings and financial information. Additionally, the Company manages financial institution counterparty credit risk by entering into interest rate derivatives only with primary and highly rated counterparties, and uses ISDA master agreements, central clearing mechanisms and counterparty limits. The agreements contain bilateral collateral agreements with the amount of collateral to be posted generally governed by the settlement value of outstanding swaps. The Company manages the risk of default by its borrower/customer counterparties through its normal loan underwriting and credit monitoring policies and procedures. The Company underwrites the combination of the base loan amount and potential swap exposure and focuses on high quality borrowers with strong collateral values. The majority of the Company's swapped loan portfolio consists of loans on projects, with loan-to-values, including the potential swap exposure, below 65%. The Company does not currently anticipate any losses from failure of interest rate derivative counterparties to honor their obligations.

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#### NOTE 56 – INCOME TAXES

A reconciliation of the expected federal income tax expense to the income tax expense included in the consolidated statements of income is as follows for the three and nine months ended September 30, 2023 March 31, 2024 and 2022; 2023:

	For the Three Months Ended September 30,				For the Nine Months Ended September 30,				For the Three Months Ended March 31,			
	2023		2022		2023		2022		2024		2023	
	% of		% of		% of		% of		% of		% of	
	Pretax	Pretax	Pretax	Pretax	Pretax	Pretax	Pretax	Pretax	Pretax	Pretax	Pretax	Pretax
	Amount	Income	Amount	Income	Amount	Income	Amount	Income	Amount	Income	Amount	Income
	(dollars in thousands)											
Computed "expected" tax expense	\$ 5,661	21.0 %	\$ 7,165	21.0 %	\$ 18,751	21.0 %	\$ 16,130	21.0 %	\$ 5,859	21.0 %	\$ 6,287	21.0 %
Tax exempt income, net	(3,705)	(13.7)	(3,003)	(8.8)	(10,103)	(11.3)	(7,701)	(10.0)	(3,775)	(13.5)	(3,216)	(10.7)
Bank-owned life insurance	(376)	(1.4)	(127)	(0.4)	(700)	(0.8)	(273)	(0.4)	(182)	(0.7)	(148)	(0.5)
State income taxes, net of federal benefit, current year	955	3.5	1,616	4.7	3,383	3.8	3,889	5.1	1,014	3.6	1,189	4.0
Provision adjustment from accounting method change	—	—	—	—	—	—	(1,181)	(1.5)	(86)	(0.3)	(177)	(0.6)
Tax credits	(202)	(0.7)	(359)	(1.1)	(411)	(0.5)	(690)	(1.2)	(596)	(2.1)	(413)	(1.4)
Income from tax credit equity investments	(449)	(1.7)	(337)	(1.0)	(1,340)	(1.5)	(939)	(1.2)	(470)	(1.7)	(398)	(1.3)
Acquisition costs	—	—	78	0.2	—	—	450	0.6	(592)	(2.1)	(342)	(1.2)
Excess tax benefit on stock options exercised and restricted stock awards vested	(7)	(0.0)	(46)	(0.1)	(451)	(0.5)	(520)	(0.7)	(470)	(1.7)	(398)	(1.3)
Other	(37)	(0.2)	(163)	(0.4)	(540)	(0.6)	(316)	(0.4)	(592)	(2.1)	(342)	(1.2)
Federal and state income tax expense	\$ 1,840	6.8 %	\$ 4,824	14.1 %	\$ 8,589	9.6 %	\$ 8,649	11.3 %	\$ 1,172	4.2 %	\$ 2,782	9.3 %

Effective January 1, 2024, the Company made an election to account for its LIHTC investments using the proportional amortization method under newly adopted accounting guidance. Under the proportional amortization method, the Company applies a practical expedient for its LIHTC investments and amortizes the initial cost of the qualifying investments in proportion to the income tax credits received in the current period as compared to the total income tax credits expected to be received over the life of the investment. For LIHTC investments, the Company amortized the initial cost of qualifying investments in proportion to the income tax credits and other income tax benefits received in the current period.

The following table summarizes the impact to the Consolidated Statements of Operations relative to the Company's tax credit programs for which it has elected to apply the proportional amortization method of accounting:

	For the Three Months Ended		
	March 31, 2024		December 31, 2023
	(dollars in thousands)		
Tax credits recognized	\$ 2,204	\$ 5,185	\$ 1,120
Other tax benefits recognized	729	2,037	508

Amortization	(2,061)	(5,090)	(964)
Net benefit included in income tax	872	2,132	664
Other income	—	—	—
Allocated income on investments	—	—	—
Net benefit included in noninterest income	—	—	—
Net benefit included in the Consolidated Statements of Operations	\$ 872	\$ 2,132	\$ 664

The Company did not recognize impairment losses resulting from the forfeiture or ineligibility of income tax credits or other circumstances during the quarters ending March 31, 2024, December 31, 2023 and March 31, 2023.

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[NOTE 67 - EARNINGS PER SHARE](#)

The following information was used in the computation of EPS on a basic and diluted basis:

	Three months ended		Nine months ended		Three months ended	
	September 30,		September 30,		March 31,	
	2023	2022	2023	2022	2024	2023
(dollars in thousands, except share data)						
Net income	\$ 25,121	\$ 29,294	\$ 80,703	\$ 68,160	\$ 26,726	\$ 27,157
Basic EPS	\$ 1.50	\$ 1.73	\$ 4.82	\$ 4.25	\$ 1.59	\$ 1.62
Diluted EPS	\$ 1.49	\$ 1.71	\$ 4.79	\$ 4.20	\$ 1.58	\$ 1.60
Weighted average common shares outstanding	16,717,303	16,900,968	16,731,847	16,030,371	16,783,348	16,776,289
Weighted average common shares issuable upon exercise of stock options and under the employee stock purchase plan	130,648	209,723	131,356	213,550	127,327	165,843
Weighted average common and common equivalent shares outstanding	16,847,951	17,110,691	16,863,203	16,243,921	16,910,675	16,942,132

## NOTE 78 – FAIR VALUE

Accounting guidance on fair value measurement uses a hierarchy intended to maximize the use of observable inputs and minimize the use of unobservable inputs. This hierarchy includes three levels and is based upon the valuation techniques used to measure assets and liabilities. The three levels are as follows:

- Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in markets;
- Level 2 – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument; and
- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Assets and liabilities measured at fair value on a recurring basis comprise the following at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**:

	Fair Value Measurements at Reporting Date Using					
	Quoted Prices		Significant			
	in Active		Other		Significant	
	Markets for		Observable		Unobservable	
	Identical Assets		Inputs		Inputs	
	Fair Value	(Level 1)	(Level 2)	(Level 3)	(dollars in thousands)	
<b>September 30, 2023; March 31, 2024:</b>						
Securities AFS:						
U.S. treasuries and govt. sponsored agency securities	\$ 16,002	14,442	\$ —	\$ 16,002	14,442	\$ —
Residential mortgage-backed and related securities	57,946	56,071	—	57,946	56,071	—
Municipal securities	149,772	166,693	—	149,772	166,693	—
Asset-backed securities	16,326	14,285	—	16,326	14,285	—
Other securities	41,233	39,489	—	41,233	39,489	—
Securities trading	22,258	—	—	—	22,258	—
Derivatives	291,295	183,888	—	291,295	183,888	—
Total assets measured at fair value	\$ 572,574	497,126	\$ —	\$ 572,574	474,868	\$ — 22,258
Derivatives	\$ 320,220	211,677	\$ —	\$ 320,220	211,677	\$ —
Total liabilities measured at fair value	\$ 320,220	211,677	\$ —	\$ 320,220	211,677	\$ —
<b>December 31, 2022; 2023:</b>						
Securities AFS:						
U.S. govt. sponsored agency securities	\$ 16,981	14,973	\$ —	\$ 16,981	14,973	\$ —
Residential mortgage-backed and related securities	66,215	59,196	—	66,215	59,196	—
Municipal securities	193,178	170,987	—	193,178	170,987	—
Asset-backed securities	18,728	15,423	—	18,728	15,423	—
Other securities	45,858	39,076	—	45,858	39,076	—
Securities trading	22,369	—	—	—	22,369	—
Derivatives	177,631	187,341	—	177,631	187,341	—
Total assets measured at fair value	\$ 518,591	509,365	\$ —	\$ 518,591	486,996	\$ — 22,369
Derivatives	\$ 200,701	215,735	\$ —	\$ 200,701	215,735	\$ —
Total liabilities measured at fair value	\$ 200,701	215,735	\$ —	\$ 200,701	215,735	\$ —

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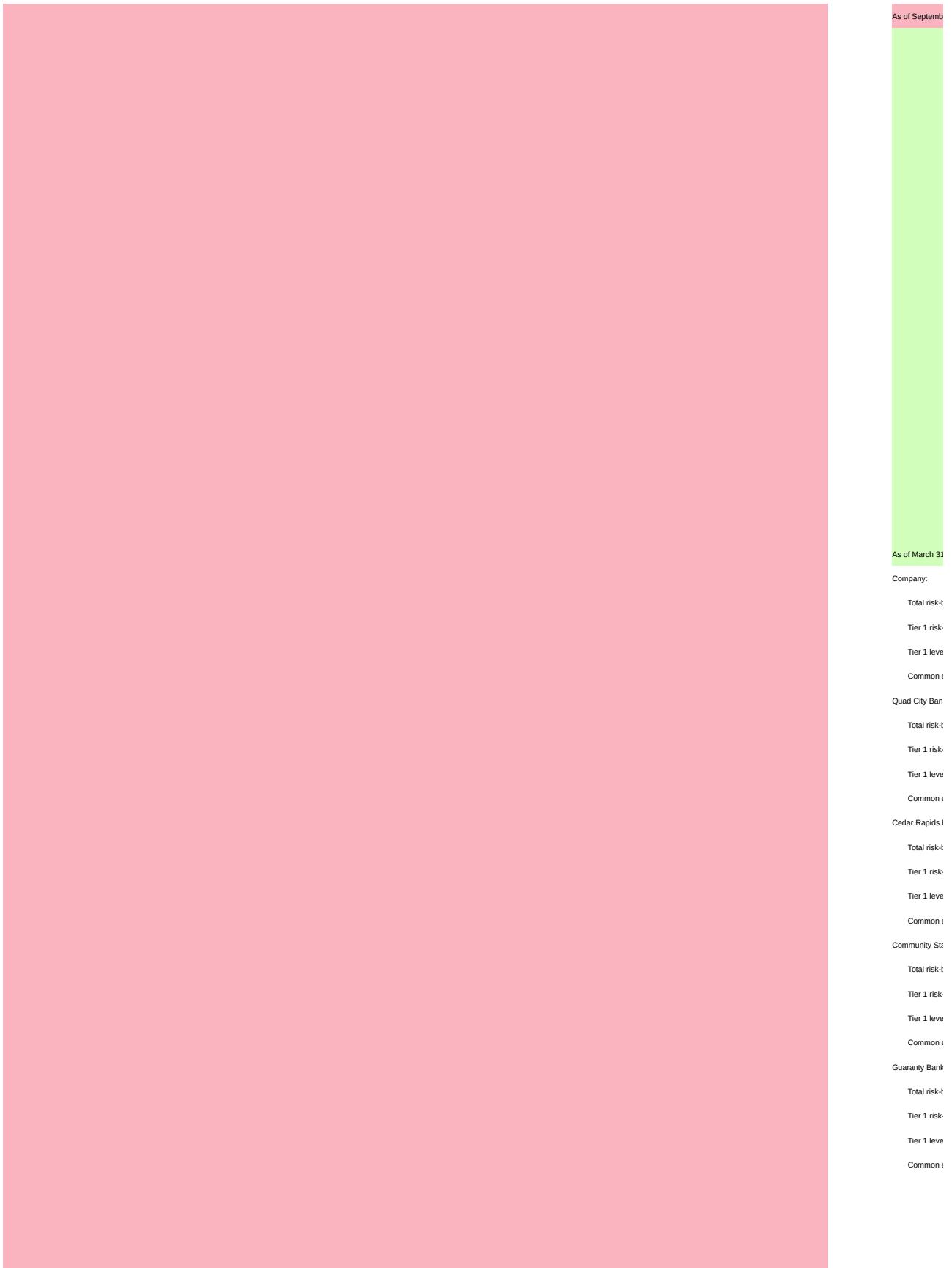
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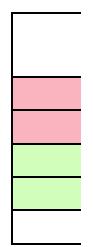
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	Less: Intangible assets
	TCE (non-GAAP)
	Total assets
	Less: Intangible assets
	TA (non-GAAP)
TCE/TA ratio (non-GAAP)	

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ADJUSTED NET INCOME	
Net income (loss)	Net income (loss)
Less: non-core items	Less: non-core items
Income:	Income:
Securitization	Securitization
Fair value	Fair value
Total non-core	Total non-core
Expense:	Expense:
Post-acquisition	Post-acquisition
Total non-core	Total non-core
	Adjusted net income
ADJUSTED EPS	
Adjusted net income	Adjusted net income
	Weighted average shares
	Weighted average shares
	Adjusted EPS (GAAP)
	Basic
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ADJUSTED ROA	
Adjusted net income	Adjusted net income
	Average Assets
	Adjusted ROA (GAAP)
	Adjusted ROA (non-GAAP)
ADJUSTED NIM	
Net interest income	Net interest income
	Plus: Tax equivalent
	Net interest income
	Less: Acquisition costs
	Adjusted net interest margin
	Average earning assets
	NIM (GAAP)
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	Adjusted NIM (non-GAAP)
EFFICIENCY RATE	
Noninterest expense	Noninterest expense

	Net interest income
	Noninterest income
	Total income
	Efficiency ratio
	Limitations and
	GAAP TO NON-GAAP RECONCILIATION
	TCE/TA RATIO
	Stockholders' equity
	Less: Intangibles
	TCE (non-GAAP)
	Total assets
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	TA (non-GAAP)
	TCE/TA ratio (non-GAAP)
	ADJUSTED NET INCOME
	Net income (GAAP)
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	Adjusted net income
	Average Assets
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	<b>ADJUSTED NIM</b>
	Net interest income
	Plus: Tax equivalent
	Net interest income
	Less: Acquisition costs
	Adjusted net interest margin
	Average earning assets
	NIM (GAAP)
	NIM (TEY) (non-GAAP)
	Adjusted NIM (TEY)
	<b>EFFICIENCY RATE</b>
	Noninterest expense
	Net interest income
	Noninterest income
	Total income
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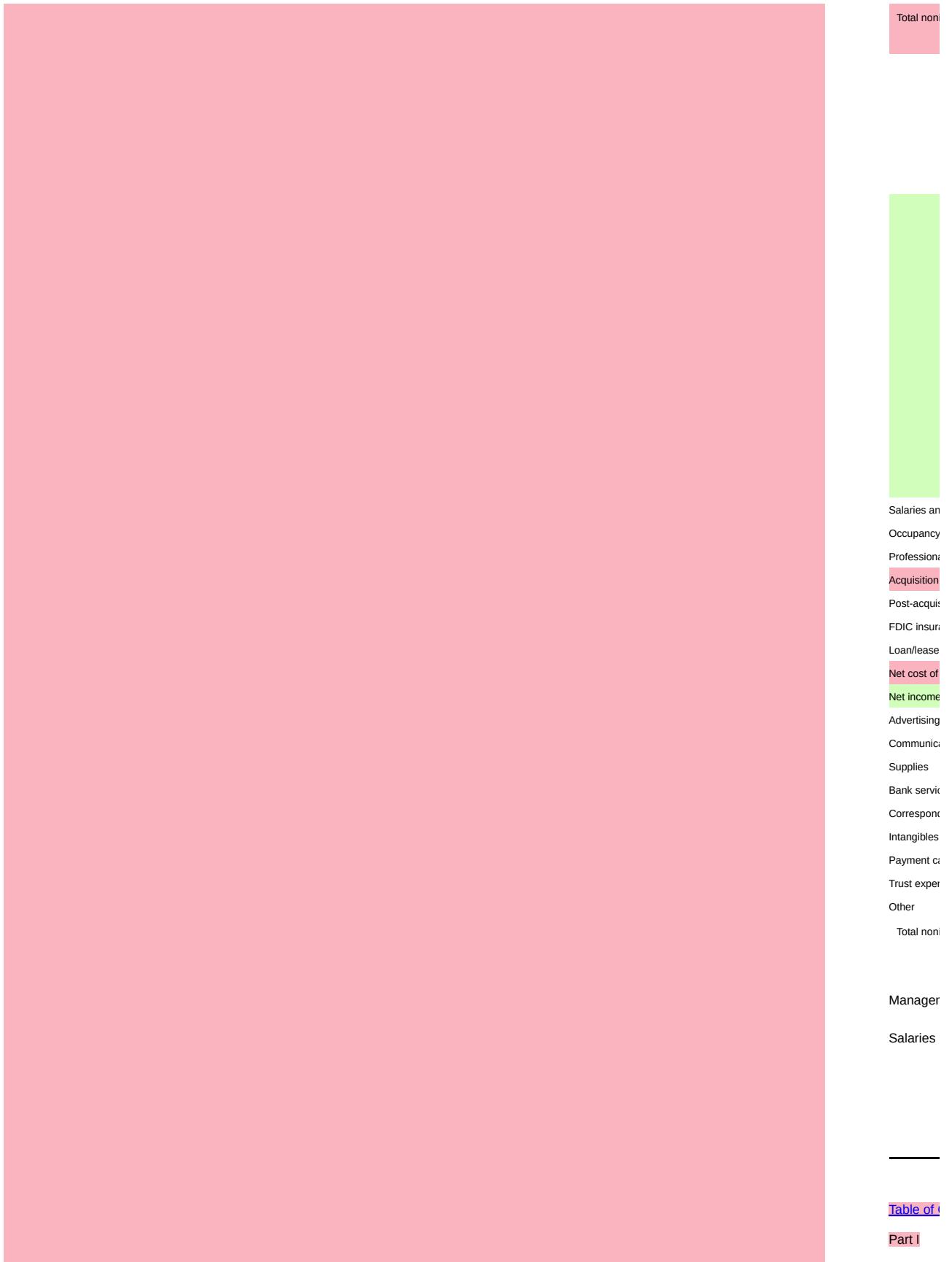
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Derivatives  
Other liabilities  
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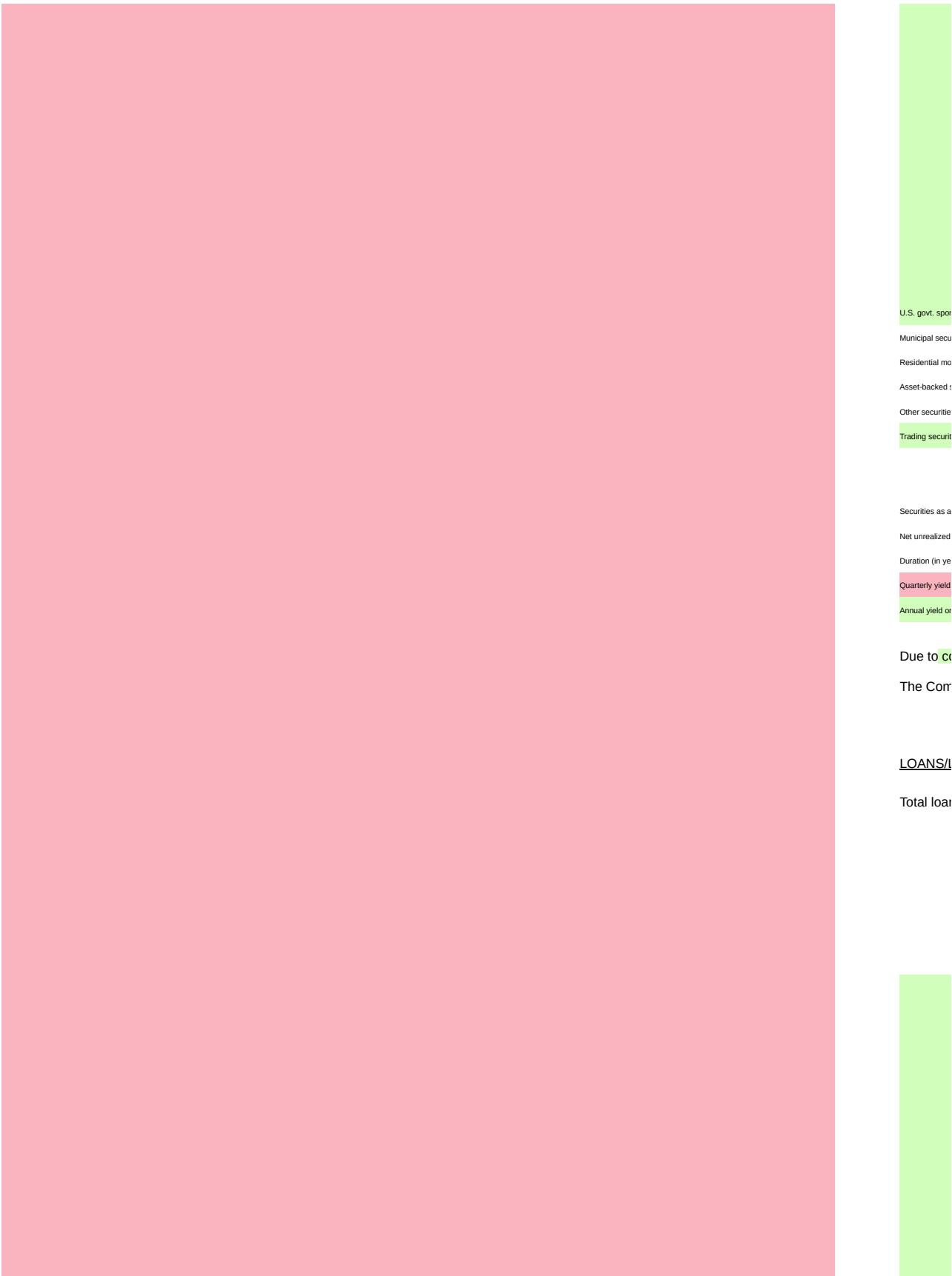
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Lessors of residential property
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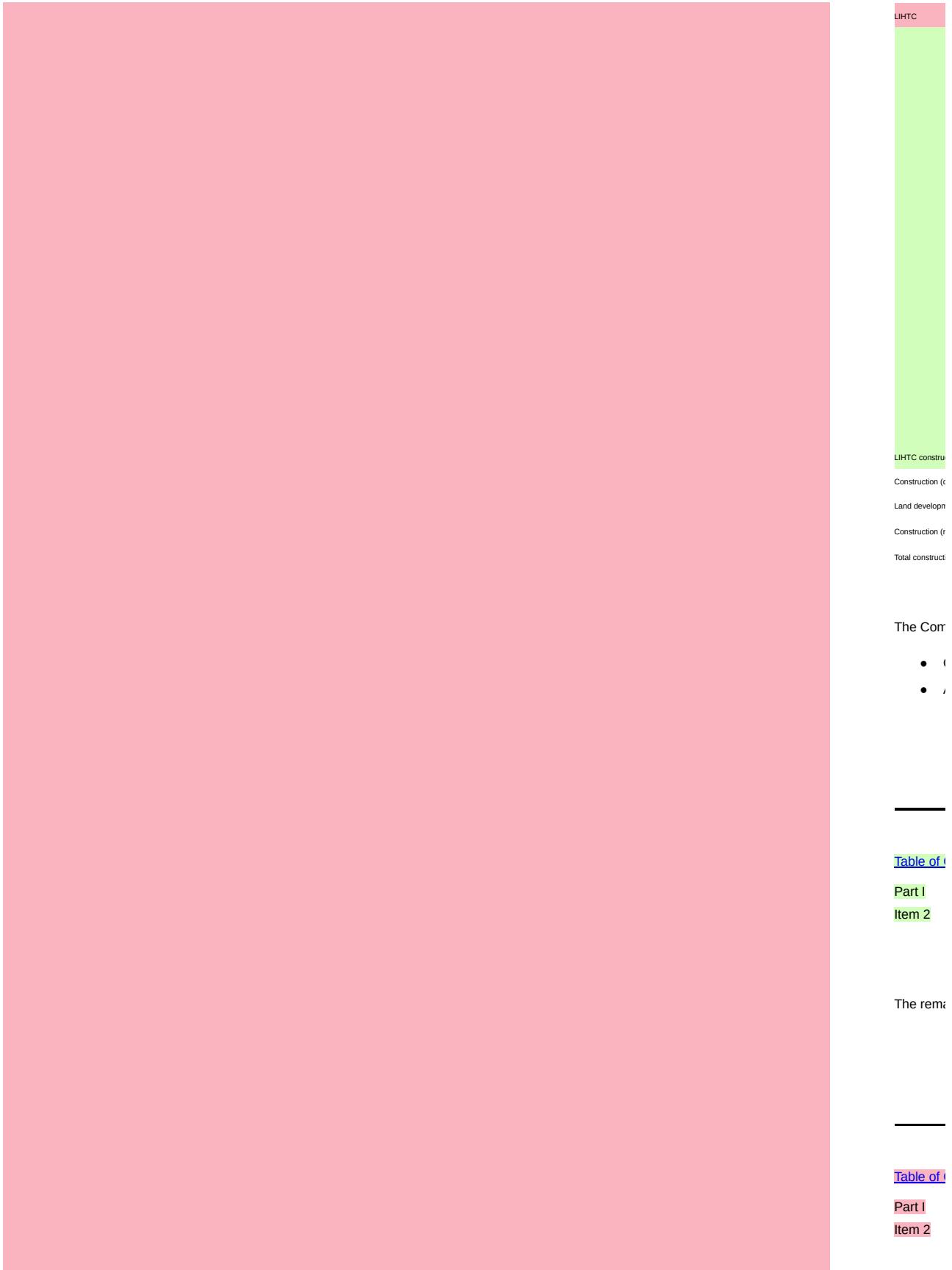
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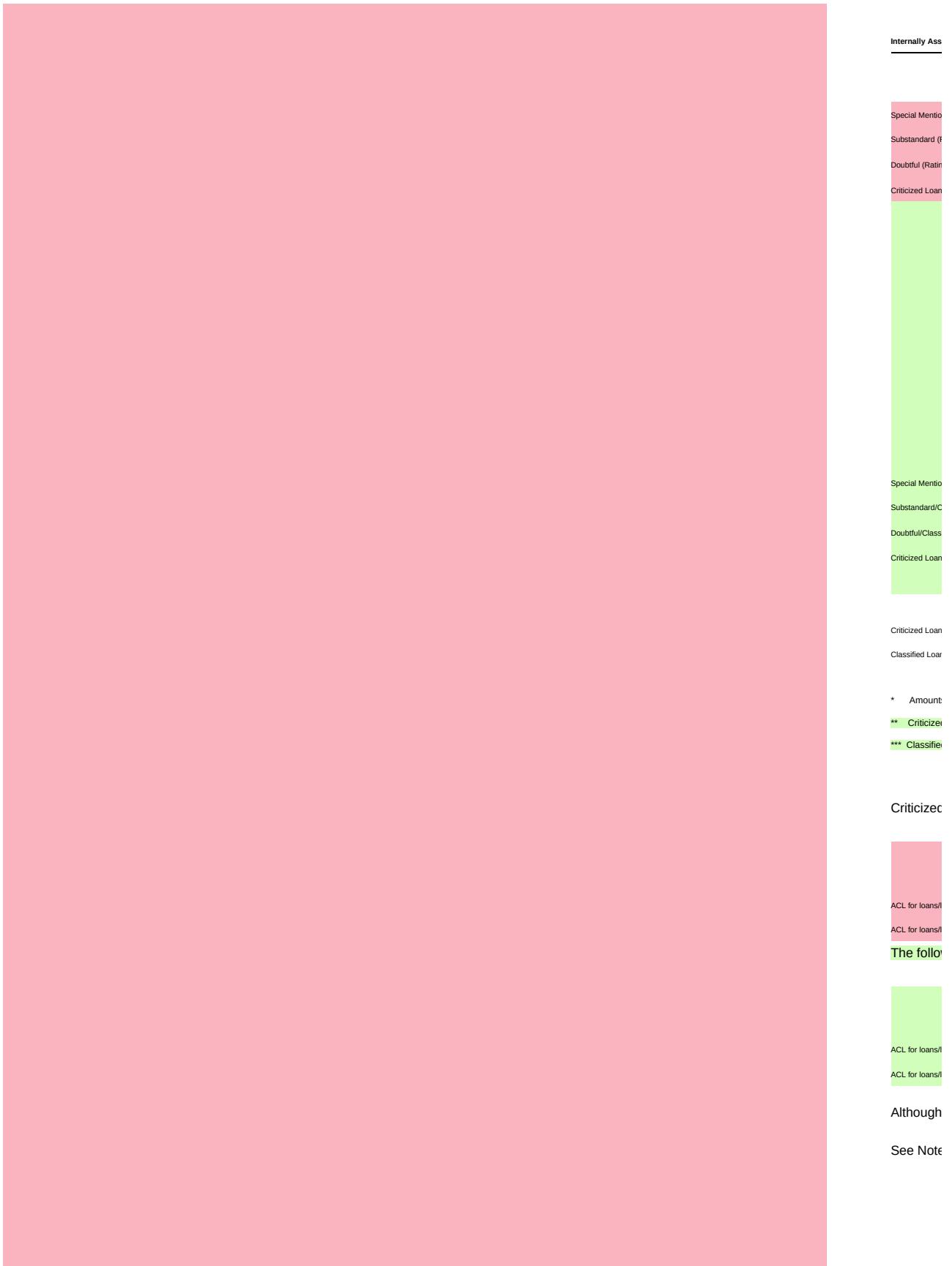
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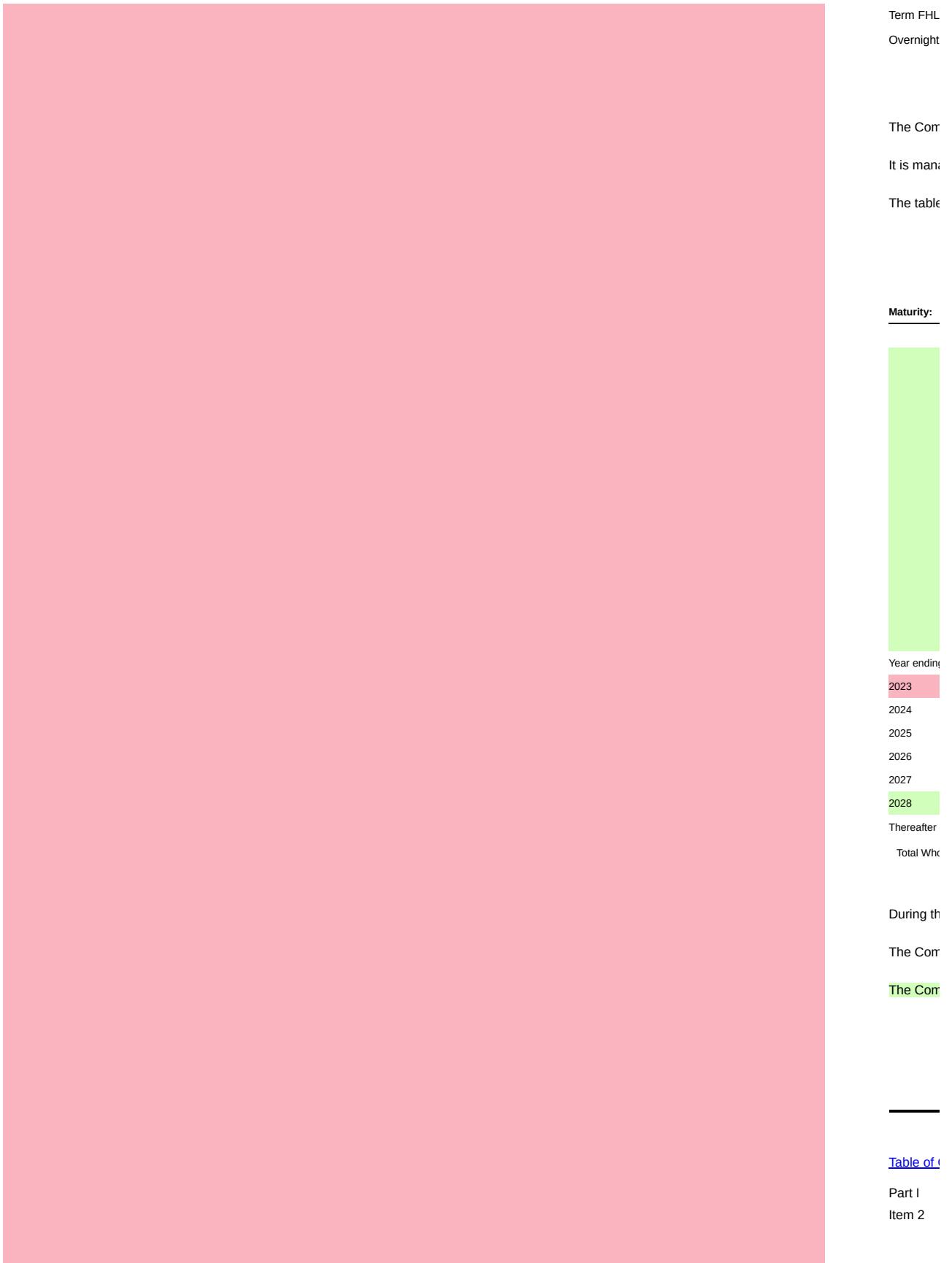
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	Item 1A

Item 2

Period

July 1-31, 20

August 1-31,

September 1

Total

Item 3

Item 4

Item 5

Table of I

Part II

Item 6

31.1

31.2

32.1

32.2

101

104

[Table of I](#)

Pursuant

Date

Date

Date

I, Larry J. Helling, certify that:

1. I have reviewed this quarterly report on Form 10-Q of QCR F
2. Based on my knowledge, this report does not contain any un
3. Based on my knowledge, the financial statements, and other

4. The registrant's other certifying officer and I are responsible for:

- Designed such disclosure controls and procedures, or
- Designed such internal control over financial reporting, and
- Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of such controls and procedures, based on our evaluation; and
- Disclosed in this report any change in the registrant's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, in this report, any market-related deficiency of the registrant's internal control over financial reporting that is reasonably likely to materially affect the registrant's internal control over financial reporting.

- All significant deficiencies and material weaknesses in the design of the registrant's internal control over financial reporting, whether or not remediated, and
- Any fraud, whether or not material, that involves management or employees who are involved in the registrant's internal control over financial reporting.

Date: November 8, 2023 May 9, 2024

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I, Todd A. Gipple, certify that:

- I have reviewed this quarterly report on Form 10-Q of QCR Holdings, Inc.
- Based on my knowledge, this report does not contain any untrue statements 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.
- 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.
- The registrant's other certifying officer and I are responsible for:

  - Designed such disclosure controls and procedures, or
  - Designed such internal control over financial reporting, and
  - Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of such controls and procedures, based on our evaluation; and
  - Disclosed in this report any change in the registrant's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

- The registrant's other certifying officer and I have disclosed, in this report, any market-related deficiency of the registrant's internal control over financial reporting that is reasonably likely to materially affect the registrant's internal control over financial reporting.

  - All significant deficiencies and material weaknesses in the design of the registrant's internal control over financial reporting, whether or not remediated, and
  - Any fraud, whether or not material, that involves management or employees who are involved in the registrant's internal control over financial reporting.

Date: November 8, 2023 May 9, 2024

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In connection with the Quarterly Report of QCR Holdings, Inc. (the "C

(1) The Report fully complies with the requirements of section

(2) The information contained in the Report fairly presents, in

/s/ Larry J. Helling

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Larry J. Helling

Chief Executive Officer

**November 8, 2023** **May 9, 2024**

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In connection with the Quarterly Report of QCR Holdings, Inc. (the "C

(1) The Report fully complies with the requirements of section

(2) The information contained in the Report fairly presents, in

/s/ Todd A. Gipple

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Todd A. Gipple

President

Chief Financial Officer

**November 8, 2023** **May 9, 2024**

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