

REFINITIV

# DELTA REPORT

## 10-Q

PFC - PREMIER FINANCIAL CORP

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

The following comparison report has been automatically generated

|              |      |
|--------------|------|
| TOTAL DELTAS | 1937 |
|--------------|------|

|   |     |
|---|-----|
|  CHANGES | 868 |
|---|-----|

|   |     |
|---|-----|
|  DELETIONS | 555 |
|---|-----|

|   |     |
|---|-----|
|  ADDITIONS | 514 |
|---|-----|

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, March 31, 2023 2024

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 0-26850

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

Ohio

(State or other jurisdiction of  
incorporation or organization)

601 Clinton Street

Defiance, OH

(Address of principal executive offices)

34-1803915

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

43512

(Zip Code)

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

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

| Title of each class | Trading   |   |
|---------------------|-----------|---|
|                     | Symbol(s) | Name of each exchange on which registered |

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 | <input checked="" type="checkbox"/> | Accelerated filer         | <input type="checkbox"/> |
| Non-accelerated filer   | <input type="checkbox"/>            | Smaller reporting company | <input type="checkbox"/> |
| Emerging growth company | <input type="checkbox"/>            |                           |                          |

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

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

As of **October 30, 2023** **April 29, 2024**, the registrant had **35,732,769** **35,813,096** shares of common stock, \$.01 par value per share, outstanding.

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PREMIER FINANCIAL CORP.

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**PART I-FINANCIAL INFORMATION**
**PREMIER FINANCIAL CORP.**

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

|  | Septem<br>ber 30,<br>2023 | Decem<br>ber 31,<br>2022 | March 31,<br>2024 | December 31,<br>2023 |
|--|---------------------------|--------------------------|-------------------|----------------------|
| <b>Assets</b>  |                           |                          |                   |                      |
| Cash and cash equivalents:   |                           |                          |                   |                      |
| Cash and amounts due from depository institutions  | 70,64                     | 88,25                    |                   |                      |
|  | \$ 2                      | \$ 7                     | \$ 57,956         | \$ 81,973            |
| Interest-bearing deposits  | 46,85                     | 39,90                    |                   |                      |
|  | 5                         | 3                        | 31,725            | 32,783               |
|  | 117,4                     | 128,1                    |                   |                      |
|  | 97                        | 60                       | 89,681            | 114,756              |
| Securities available-for-sale, carried at fair value   | 911,1                     | 1,040,                   |                   |                      |
|  | 84                        | 081                      | 1,014,433         | 946,708              |
| Equity securities, carried at fair value   | 5,860                     | 7,832                    | 5,736             | 5,773                |
| Loans held for sale, carried at fair value   | 135,2                     | 115,2                    |                   |                      |
|  | 18                        | 51                       | 137,523           | 145,641              |
| Loans receivable, net of allowance for credit losses of \$76,513 at September 30, 2023 and \$72,816 at December 31, 2022, respectively | 6,620,                    | 6,387,                   |                   |                      |
|  | 356                       | 804                      |                   |                      |
| Loans receivable, net of allowance for credit losses of \$76,679 at March 31, 2024 and \$76,512 at December 31, 2023, respectively     |                           |                          | 6,617,066         | 6,662,875            |
| Mortgage servicing rights  | 19,64                     | 21,17                    |                   |                      |
|  | 2                         | 1                        | 18,628            | 18,696               |

|   |                  |                  |                     |                     |
|---|------------------|------------------|---------------------|---------------------|
| Accrued interest receivable   | 34,648           | 28,709           | 34,795              | 33,446              |
| Federal Home Loan Bank stock  | 25,049           | 29,185           | 26,075              | 21,760              |
| Bank owned life insurance   | 172,906          | 170,713          | 182,203             | 181,544             |
| Premises and equipment  | 55,679           | 55,541           | 57,231              | 56,878              |
| Real estate and other assets held for sale  | 387              | 619              | 255                 | 243                 |
| Goodwill  | 295,602          | 317,988          | 295,602             | 295,602             |
| Core deposit and other intangibles  | 13,220           | 19,074           | 11,196              | 12,186              |
| Other assets  | 155,628          | 133,214          | 140,630             | 129,841             |
| <b>Total assets</b>   | <b>8,562,876</b> | <b>8,455,342</b> | <b>\$ 8,631,054</b> | <b>\$ 8,625,949</b> |
| <b>Liabilities and stockholders' equity</b>   |                  |                  |                     |                     |
| <b>Liabilities:</b>   |                  |                  |                     |                     |
| Deposits  | 7,065,639        | 6,906,719        | \$ 7,183,387        | \$ 7,143,046        |
| Advances from the Federal Home Loan Bank  | 339,000          | 428,000          | 253,000             | 280,000             |
| Subordinated debentures   | 85,197           | 85,103           | 85,261              | 85,229              |
| Advance payments by borrowers   | 22,781           | 34,188           | 16,861              | 23,277              |
| Reserve for credit losses - unfunded commitments  | 4,690            | 6,816            | 3,614               | 4,307               |
| Other liabilities   | 126,002          | 106,795          | 114,590             | 114,463             |
| <b>Total liabilities</b>  | <b>7,643,309</b> | <b>7,567,621</b> | <b>7,656,713</b>    | <b>7,650,322</b>    |
| <b>Stockholders' equity:</b>  |                  |                  |                     |                     |
| Preferred stock, \$.01 par value per share: 37,000 shares authorized; no shares issued    | —                | —                |                     |                     |
| Preferred stock, \$.01 par value per share: 4,963,000 shares authorized; no shares issued | —                | —                |                     |                     |

|   |           |           |           |           |
|---|-----------|-----------|-----------|-----------|
| Common stock, \$.01 par value per share: 50,000,000 shares authorized;<br>43,297,260 and 43,297,260 shares issued and 35,731,275 and 35,591,277<br>shares outstanding at September 30, 2023 and December 31, 2022, respectively | 306       | 306       |           |           |
| Preferred stock, \$.01 par value per share: 37,000 shares authorized; no<br>shares issued   |           |           | —         | —         |
| Preferred stock, \$.01 par value per share: 4,963,000 shares authorized; no<br>shares issued  |           |           | —         | —         |
| Common stock, \$.01 par value per share: 50,000,000 shares authorized;<br>43,297,260 and 43,297,260 shares issued and 35,816,760 and 35,729,593<br>shares outstanding at March 31, 2024 and December 31, 2023, respectively     |           |           | 306       | 306       |
| Additional paid-in capital  | 690,038   | 691,453   | 689,468   | 690,585   |
| Accumulated other comprehensive loss, net of tax of \$(53,239) and \$(46,323), respectively   | (200,282) | (173,460) |           |           |
| Accumulated other comprehensive loss, net of tax of \$(43,085) and \$(40,862), respectively   |           |           | (162,081) | (153,719) |
| Retained earnings   | 560,945   | 502,909   | 576,648   | 569,937   |
| Treasury stock, at cost, 7,565,985 shares at September 30, 2023 and 7,705,983<br>shares at December 31, 2022  | (131,440) | (133,487) |           |           |
| Treasury stock, at cost, 7,480,500 shares at March 31, 2024 and 7,567,667<br>shares at December 31, 2023  |           |           | (130,000) | (131,482) |
| Total stockholders' equity  | 919,567   | 887,721   | 974,341   | 975,627   |
| Total liabilities and stockholders' equity  | 8,562,876 | 8,455,342 | 8,631,054 | 8,625,949 |

See accompanying notes.

PREMIER FINANCIAL CORP.

Consolidated Condensed Statements of Income  
(UNAUDITED)

(Amounts in Thousands, except per share data)

|                           | Three Months Ended<br>September 30, |       | Nine Months Ended<br>September 30, |        | Three Months Ended<br>March 31, |           |
|---------------------------|-------------------------------------|-------|------------------------------------|--------|---------------------------------|-----------|
|                           | 2023                                | 2022  | 2023                               | 2022   | 2024                            | 2023      |
| <b>Interest Income</b>    |                                     |       |                                    |        |                                 |           |
| Loans                     | 86,                                 | 65,5  | 244,                               | 177,   |                                 |           |
|                           | \$ 612                              | \$ 59 | \$ 285                             | \$ 366 | \$ 87,597                       | \$ 76,057 |
| Investment securities:    |                                     |       |                                    |        |                                 |           |
| Taxable                   | 6,3                                 | 5,96  | 19,3                               | 15,9   |                                 |           |
|                           | 77                                  | 5     | 92                                 | 01     | 7,026                           | 6,608     |
| Non-taxable               |                                     |       | 1,80                               | 2,58   |                                 |           |
|                           | 566                                 | 849   | 9                                  | 8      | 576                             | 653       |
| Interest-bearing deposits |                                     |       | 1,73                               |        |                                 |           |
|                           | 652                                 | 221   | 7                                  | 387    | 609                             | 444       |
| FHLB stock dividends      |                                     |       | 1,98                               |        |                                 |           |
|                           | 690                                 | 510   | 9                                  | 743    | 534                             | 394       |
| Total interest income     | 94,                                 | 73,1  | 269,                               | 196,   |                                 |           |
|                           | 897                                 | 04    | 212                                | 985    | 96,342                          | 84,156    |
| <b>Interest Expense</b>   |                                     |       |                                    |        |                                 |           |
| Deposits                  | 34,                                 | 6,85  | 83,1                               | 11,7   |                                 |           |
|                           | 874                                 | 5     | 57                                 | 49     | 42,567                          | 21,458    |
| FHLB advances and other   | 4,5                                 | 2,06  | 18,1                               | 2,60   |                                 |           |
|                           | 97                                  | 9     | 50                                 | 9      | 3,039                           | 5,336     |
| Subordinated debentures   | 1,1                                 |       | 3,36                               | 2,32   |                                 |           |
|                           | 62                                  | 868   | 2                                  | 6      | 1,162                           | 1,075     |
| Notes payable             | —                                   | —     | —                                  | 1      | —                               | —         |
| Total interest expense    | 40,                                 | 9,79  | 104,                               | 16,6   |                                 |           |
|                           | 633                                 | 2     | 669                                | 85     | 46,768                          | 27,869    |



|   |         |        |         |         |        |         |
|---|---------|--------|---------|---------|--------|---------|
| Net interest income                                     | 54,264  | 63,312 | 164,543 | 180,300 | 49,574 | 56,287  |
| Credit loss expense - loans and leases                  | 245     | 3,706  | 5,599   | 9,483   | 560    | 3,944   |
| Credit loss (benefit) expense - unfunded commitments    | (1,018) | 306    | (2,126) | 2,030   | (693)  | (238)   |
| Net interest income after credit loss expense (benefit) | 55,037  | 59,300 | 161,070 | 168,787 | 49,707 | 52,581  |
| Non-interest Income                                     |         |        |         |         |        |         |
| Service fees and other charges                          | 6,947   | 6,545  | 20,564  | 19,221  | 6,467  | 6,428   |
| Insurance commissions                                   | —       | 3,488  | 8,856   | 12,043  | —      | 4,725   |
| Mortgage banking income                                 | 3,274   | 3,970  | 5,940   | 10,170  |        |         |
| Mortgage banking income (loss)                          |         |        |         |         | 2,350  | (274)   |
| Gain on sale of non-mortgage loans                      | —       | —      | 71      | —       | 67     | —       |
| Gain on sale insurance agency                           | —       | —      | 36,296  | —       |        |         |
| Gain on sale of securities available for sale           | —       | —      | 27      | —       | —      | 34      |
| Gain (loss) on equity securities                        | 256     | 43     | (1,118) | (1,760) |        |         |
| Loss on equity securities                               |         |        |         |         | (37)   | (1,445) |
| Wealth management income                                | 1,509   | 1,355  | 4,531   | 4,246   | 1,713  | 1,485   |
| Income from Bank Owned Life Insurance                   | 1,050   | 983    | 3,482   | 2,961   | 1,697  | 1,417   |
| Other non-interest income                               | 217     | 320    | 412     | 1,051   | 239    | 92      |
| Total non-interest income                               | 13,253  | 16,704 | 79,061  | 47,932  | 12,496 | 12,462  |
| Non-interest Expense                                    |         |        |         |         |        |         |
| Compensation and benefits                               | 21,813  | 24,522 | 71,646  | 72,397  | 23,394 | 25,658  |
| Occupancy   | 3,145   | 3,463  | 10,039  | 10,657  | 3,365  | 3,574   |

|                             |        |         |         |         |           |           |
|-----------------------------|--------|---------|---------|---------|-----------|-----------|
| FDIC insurance premium      | 1,3    |         | 4,42    | 2,37    |           |           |
|                             | 46     | 976     | 0       | 0       | 1,120     | 1,288     |
| Financial institutions tax  |        | 1,05    | 2,80    | 3,31    |           |           |
|                             | 989    | 0       | 2       | 5       | 1,035     | 852       |
| Data processing             | 4,0    | 3,12    | 11,5    | 9,89    |           |           |
|                             | 10     | 1       | 13      | 9       | 4,670     | 3,863     |
| Amortization of intangibles | 1,0    | 1,33    | 3,57    | 4,15    |           |           |
|                             | 78     | 8       | 1       | 6       | 990       | 1,270     |
| Transaction costs           |        |         | 3,65    |         |           |           |
|                             | —      | —       | 2       | —       |           |           |
| Other non-interest expense  | 5,6    | 6,62    | 17,6    | 18,6    |           |           |
|                             | 71     | 9       | 95      | 89      | 5,326     | 6,286     |
| Total non-interest expense  | 38,    | 41,0    | 125,    | 121,    |           |           |
|                             | 052    | 99      | 338     | 483     | 39,900    | 42,791    |
| Income before income taxes  | 30,    | 34,9    | 114,    | 95,2    |           |           |
|                             | 238    | 05      | 793     | 36      | 22,303    | 22,252    |
| Income tax expense          | 5,5    | 6,71    | 23,5    | 18,3    |           |           |
|                             | 51     | 0       | 66      | 24      | 4,514     | 4,103     |
| Net income                  | 24,    | 28,1    | 91,2    | 76,9    |           |           |
|                             | \$ 687 | \$ 95   | \$ 27   | \$ 12   | \$ 17,789 | \$ 18,149 |
| Earnings per common share   |        |         |         |         |           |           |
| Basic                       | 0.6    |         |         |         |           |           |
|                             | \$ 9   | \$ 0.79 | \$ 2.55 | \$ 2.15 | \$ 0.50   | \$ 0.51   |
| Diluted                     | 0.6    |         |         |         |           |           |
|                             | \$ 9   | \$ 0.79 | \$ 2.55 | \$ 2.15 | \$ 0.50   | \$ 0.51   |

See accompanying notes.

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## PREMIER FINANCIAL CORP.

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

|   | Three Months Ended September 30, |          | Nine Months Ended September 30, |          | Three Months Ended March 31, |           |
|---|----------------------------------|----------|---------------------------------|----------|------------------------------|-----------|
|   | 2023                             | 2022     | 2023                            | 2022     | 2024                         | 2023      |
| Net income  | 24,687                           | 28,195   | 91,222                          | 76,912   | \$ 17,789                    | \$ 18,149 |
| Other comprehensive income (loss):  |                                  |          |                                 |          |                              |           |
| Unrealized gains (losses) on securities available for sale  | (31,552)                         | (55,350) | (28,443)                        | (18,275) | (6,696)                      | 18,399    |
| Reclassification adjustment for securities (gains) losses included in net income                  | —                                | —        | (27)                            | —        | —                            | (34)      |
| Income tax effect   | 6,626                            | 11,624   | 5,979                           | 38,378   | 1,406                        | (3,857)   |
| Net of tax amount   | (24,926)                         | (43,726) | (22,491)                        | (14,437) | (5,290)                      | 14,508    |
| Unrealized gain (loss) on balance sheet swap  | (11,572)                         | (13,343) | (13,468)                        | (43,294) | (6,024)                      | 8,586     |
| Reclassification adjustment for cash flow hedge derivatives gains included in net income          | 3,525                            | (266)    | 7,985                           | 982      |                              |           |
| Reclassification adjustment for cash flow hedge derivatives (gains) losses included in net income |                                  |          |                                 |          | 2,136                        | (1,949)   |
| Income tax effect   | 1,412                            | 2,858    | 1,152                           | 8,886    | 816                          | (1,394)   |
| Net of tax amount   | (6,635)                          | (10,751) | (4,331)                         | (33,426) | (3,072)                      | 5,243     |

|   |          |          |          |          |          |           |
|---|----------|----------|----------|----------|----------|-----------|
| Total other comprehensive income (loss) | (31,561) | (54,477) | (26,822) | (17,780) |          |           |
|   |          |          |          |          | (8,362)  | 19,751    |
| Comprehensive income (loss)             | (6,874)  | (26,282) | 64,405   | (10,089) |          |           |
| Comprehensive income                    |          |          |          |          | \$ 9,427 | \$ 37,900 |

See accompanying notes.

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PREMIER FINANCIAL CORP.  
Consolidated Statement of Changes in Stockholders' Equity  
(UNAUDITED)  
(Amounts in Thousands, except share and per share data)



|         |    |    |    |     |
|---------|----|----|----|-----|
| Defer   |    |    |    |     |
| red     | 9  |    |    |     |
| comp    | ,  |    |    |     |
| ensati  | 1  |    | (  |     |
| on      | 9  | 7  | 7  |     |
| plan    | 6  | 5  | 5) | —   |
| Stock   |    |    |    |     |
| base    |    |    |    |     |
| d       |    |    |    |     |
| comp    |    |    |    |     |
| ensati  |    |    |    |     |
| on      | 7  | 1  |    |     |
| expe    | 5  | 1  | 1  | 12  |
| nses    | 3  | 2  | 3  | 5   |
| Vesti   | 6  | (  |    |     |
| ng of   | 2  | 1  | 1  |     |
| incent  | ,  | ,  | ,  |     |
| ive     | 0  | 0  | 0  |     |
| plans   | 6  | 7  | 7  |     |
|         | 1  | 8) | 8  | —   |
| Restri  | 6  |    |    |     |
| cted    | 0  |    | 1  |     |
| share   | ,  | (  | ,  |     |
| issua   | 5  | 7  | 0  |     |
| nce     | 2  | 5  | 5  | 29  |
|         | 6  | 5) | 1  | 6   |
| Restri  | (  |    |    |     |
| cted    | 2  |    |    |     |
| share   | 2  |    |    |     |
| forfeit | ,  |    | (  |     |
| ures    | 1  |    | 5  |     |
|         | 7  |    | 4  | (5  |
|         | 8) |    | 4) | 44) |
| Share   |    |    |    |     |
| s       | (  |    |    |     |
| repur   | 3  |    | (  |     |
| chase   | 9  |    | 1  | (1  |
| d       | 1) |    | 1) | 1)  |

[illegible]

|         |    |    |  |    |    |          |         |       |       |
|---------|----|----|--|----|----|----------|---------|-------|-------|
| Defer   |    |    |  |    |    |          |         |       |       |
| red     |    |    |  |    |    |          |         |       |       |
| comp    |    |    |  |    |    |          |         |       |       |
| ensati  |    | (  |  |    |    |          |         |       |       |
| on      |    | 1  |  | 1  |    |          |         |       |       |
| plan    |    | 3) |  | 3  |    | (13)     |         | 13    | —     |
| Stock   |    |    |  |    |    |          |         |       |       |
| base    |    |    |  |    |    |          |         |       |       |
| d       |    |    |  |    |    |          |         |       |       |
| comp    | 1  |    |  |    |    |          |         |       |       |
| ensati  | ,  |    |  |    |    |          |         |       |       |
| on      | 2  | 2  |  |    |    |          |         |       |       |
| expe    | 3  | 8  |  | 2  | 30 |          |         |       |       |
| nses    | 2  | 2  |  | 1  | 3  | 694      |         |       | 694   |
| Vesti   | 4  |    |  |    |    |          |         |       |       |
| ng of   | ,  |    |  |    |    |          |         |       |       |
| incent  | 1  | (  |  |    |    |          |         |       |       |
| ive     | 7  | 7  |  | 7  |    |          |         |       |       |
| plans   | 3  | 2) |  | 2  | —  | 37,978   | (668)   | 661   | (7)   |
| Restri  | 2  |    |  |    |    |          |         |       |       |
| cted    | 6  |    |  |    |    |          |         |       |       |
| share   | ,  | (  |  |    |    |          |         |       |       |
| issua   | 5  | 4  |  | 4  |    |          |         |       |       |
| nce     | 4  | 6  |  | 6  |    |          |         |       |       |
|         | 5  | 1) |  | 1  | —  | 64,988   | (1,130) | 1,130 | —     |
| Restri  | (  |    |  |    |    |          |         |       |       |
| cted    | 6  |    |  |    |    |          |         |       |       |
| share   | ,  |    |  | (  |    |          |         |       |       |
| forfeit | 4  |    |  | 1  |    |          |         |       |       |
| ures    | 9  | 3  |  | 2  | (8 |          |         |       |       |
|         | 1) | 6  |  | 1) | 5) | (15,799) |         | (322) | (322) |
| Share   |    |    |  |    |    |          |         |       |       |
| s       |    |    |  |    |    |          |         |       |       |
| repur   |    |    |  |    |    |          |         |       |       |
| chase   |    |    |  |    |    |          |         |       |       |
| d       |    |    |  |    | —  |          |         |       |       |





|         |    |    |    |    |
|---------|----|----|----|----|
| Stock   |    |    |    |    |
| base    |    |    |    |    |
| d       |    |    |    |    |
| comp    |    |    |    |    |
| ensati  |    |    |    |    |
| on      | 9  | 5  |    |    |
| expe    | 4  | 3  | 1  | 54 |
| nse     | 5  | 2  | 6  | 8  |
| Vesti   |    |    |    |    |
| ng of   |    |    |    |    |
| incent  | 5  |    |    |    |
| ive     | 4  | (  |    |    |
| plans   | 6  | 9) | 9  | —  |
| Restri  | 4  |    |    |    |
| cted    | ,  |    |    |    |
| share   | 0  | (  |    |    |
| issua   | 5  | 7  | 7  |    |
| nce     | 9  | 1) | 1  | —  |
| Restri  | (  |    |    |    |
| cted    | 2  |    |    |    |
| share   | ,  |    |    |    |
| forfeit | 4  |    | (  |    |
| ures    | 6  | 3  | 4  | (1 |
|         | 4) | 1  | 6) | 5) |
| Share   |    |    |    |    |
| s       |    |    |    |    |
| issue   |    |    |    |    |
| d       |    |    |    |    |
| under   | 1  |    |    |    |
| stock   | ,  |    |    |    |
| optio   | 4  | (  |    |    |
| n       | 8  | 1  | 2  |    |
| plan    | 6  | 1) | 6  | 15 |
| Share   |    |    |    |    |
| s       |    |    |    |    |
| repur   |    |    |    |    |
| chase   |    |    |    |    |
| d       |    |    |    | —  |



|         |     |   |     |     |      |     |      |
|---------|-----|---|-----|-----|------|-----|------|
| Com     |     |   |     |     |      |     |      |
| mon     |     |   |     |     |      |     |      |
| stock   |     |   |     |     |      |     |      |
| divide  |     |   |     |     |      |     |      |
| nd      |     |   |     | (   |      |     |      |
| paym    |     |   |     | 1   |      |     |      |
| ent     |     |   |     | 1   |      |     |      |
| (\$0.3  |     |   |     | ,   |      | (1  |      |
| 1 per   |     |   |     | 0   |      | 1,  |      |
| share   |     |   |     | 7   |      | 07  |      |
| )       |     |   |     | 8)  |      | 8)  |      |
| Balance | 3   |   |     |     |      |     |      |
| at      | 5   |   |     |     |      |     |      |
| Septem  | ,   |   |     | (   |      | (   |      |
| ber 30, | 7   | 6 | 2   | 5   | 1    |     |      |
| 2023    | 3   | 9 | 0   | 6   | 3    |     |      |
|         | 1   | 0 | 0   | 0   | 1    |     |      |
|         | ,   | , | ,   | ,   | ,    | 91  |      |
|         | 2   | 3 | 0   | 2   | 9    | 4   | 9,   |
|         | 7   | 0 | 3   | 8   | 4    | 4   | 56   |
|         | \$— | 5 | \$6 | \$8 | \$2) | \$5 | \$0) |
|         |     |   |     |     |      | \$7 |      |

|          |    |   |            |    |     |            |    |              |            |
|----------|----|---|------------|----|-----|------------|----|--------------|------------|
| Balance  |    |   |            |    |     |            |    |              |            |
| at March |    |   |            |    |     |            |    |              |            |
| 31, 2024 | \$ | — | 35,816,760 | \$ | 306 | \$ 689,468 | \$ | (162,081)    | \$ 576,648 |
|          |    |   |            |    |     |            |    | \$ (130,000) | \$ 974,341 |

|                                   |           |           |        | Accumulate |              |            |              |             |
|-----------------------------------|-----------|-----------|--------|------------|--------------|------------|--------------|-------------|
|                                   |           |           |        | d          |              |            |              |             |
|                                   |           | Common    |        | Other      |              |            | Total        |             |
|                                   | Preferred | Stock     | Common | Comprehen  | sive         | Retained   | Treasury     | Stockholder |
|                                   | Stock     | Shares    | Stock  | Paid-In    | Loss         | Earnings   | Stock        | s'          |
|                                   |           |           |        | Capital    |              |            |              | Equity      |
| Balance at January 1, 2023        |           | 35,591,27 |        |            |              |            |              |             |
|                                   | \$ —      | 7         | \$ 306 | \$ 691,453 | \$ (173,460) | \$ 502,909 | \$ (133,487) | \$ 887,721  |
| Net income                        |           |           |        |            |              | 18,149     |              | 18,149      |
| Other comprehensive income (loss) |           |           |        |            | 19,751       |            |              | 19,751      |
| Deferred compensation plan        |           | 9,196     |        | 75         |              |            | (75)         | —           |
| Stock based compensation expenses |           | 753       |        | 112        |              |            | 13           | 125         |
| Vesting of incentive plans        |           | 62,061    |        | (1,078)    |              |            | 1,078        | —           |
| Restricted share issuance         |           | 60,526    |        | (755)      |              |            | 1,051        | 296         |
| Restricted share forfeitures      |           | (22,178)  |        |            |              |            | (544)        | (544)       |
| Shares repurchased                |           | (391)     |        |            |              |            | (11)         | (11)        |

|  |      |           |        |            |              |            |              |            |
|--|------|-----------|--------|------------|--------------|------------|--------------|------------|
| Common stock dividend payment (\$0.31 per share) |      |           |        |            |              | (11,037)   |              | (11,037)   |
| Balance at March 31, 2023                        |      | 35,701,24 |        |            |              |            |              |            |
|  | \$ — | 4         | \$ 306 | \$ 689,807 | \$ (153,709) | \$ 510,021 | \$ (131,975) | \$ 914,450 |

See accompanying notes.

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|  | Preferred Stock | Common Stock Shares | Common Stock | Additional Paid-In Capital | Accumulated Other Comprehensive Loss | Retained Earnings | Treasury Stock | Total Stockholders Equity |
|--|-----------------|---------------------|--------------|----------------------------|--------------------------------------|-------------------|----------------|---------------------------|
| Balance at January 1, 2022                       |                 | 36,383,6            |              |                            |                                      |                   | (108,03        | 1,023,49                  |
|  | \$ —            | 13                  | \$ 306       | \$ 691,132                 | \$ (3,428)                           | \$ 443,517        | \$ 1)          | \$ 6                      |
| Net income                                       |                 |                     |              |                            |                                      | 26,357            |                | 26,357                    |
| Other comprehensive loss                         |                 |                     |              |                            | (72,069)                             |                   |                | (72,069)                  |
| Deferred compensation plan                       |                 | 9,933               |              | (14)                       |                                      |                   | 14             | —                         |
| Vesting of incentive plans                       |                 | 5,660               |              | 760                        |                                      |                   | 246            | 1,006                     |
| Restricted share issuance                        |                 | 19,936              |              | (597)                      |                                      |                   | 351            | (246)                     |
| Restricted share forfeitures                     |                 | (5,398)             |              | 69                         |                                      |                   | (285)          | (216)                     |
| Shares repurchased                               |                 | (793,166)           |              |                            |                                      |                   | (24,245)       | (24,245)                  |
| Common stock dividend payment (\$0.30 per share) |                 |                     |              |                            |                                      | (10,787)          |                | (10,787)                  |
| Balance at March 31, 2022                        |                 | 35,620,5            |              |                            |                                      |                   | (131,95        |                           |
|  | \$ —            | 78                  | \$ 306       | \$ 691,350                 | \$ (75,497)                          | \$ 459,087        | \$ 0)          | \$ 943,296                |
| Net income                                       |                 |                     |              |                            |                                      | 22,360            |                | 22,360                    |
| Other comprehensive income (loss)                |                 |                     |              |                            | (51,257)                             |                   |                | (51,257)                  |
| Deferred compensation plan                       |                 |                     |              | (14)                       |                                      |                   | 14             | —                         |
| Stock based compensation expenses                |                 |                     |              | 157                        |                                      |                   |                | 157                       |
| Vesting of incentive plans                       |                 | 5,547               |              | (167)                      |                                      |                   | 167            | —                         |
| Restricted share issuance                        |                 | 24,256              |              | (421)                      |                                      |                   | 421            | —                         |
| Restricted share forfeitures                     |                 | (4,033)             |              |                            |                                      |                   | (118)          | (118)                     |
| Shares repurchased                               |                 | (90,870)            |              |                            |                                      |                   | (2,623)        | (2,623)                   |

|  |      |          |        |            |          |            |         |            |
|--|------|----------|--------|------------|----------|------------|---------|------------|
| Common stock dividend payment (\$0.30 per share) |      |          |        |            |          | (10,668)   |         | (10,668)   |
| Balance at June 30, 2022                         |      | 35,555,4 |        |            | (126,75  |            | (134,08 |            |
|  | \$ — | 78       | \$ 306 | \$ 690,905 | \$ 4)    | \$ 470,779 | \$ 9)   | \$ 901,147 |
| Net income                                       |      |          |        |            |          | 28,195     |         | 28,195     |
| Other comprehensive income (loss)                |      |          |        |            | (54,477) |            |         | (54,477)   |
| Deferred compensation plan                       |      |          |        | (14)       |          |            | 14      | —          |
| Stock based compensation expenses                |      |          |        | 711        |          |            |         | 711        |
| Shares issued under stock option plan            |      | 3,000    |        |            |          |            | 53      | 53         |
| Restricted share issuance                        |      | 8,521    |        | (148)      |          |            | 148     | —          |
| Restricted share forfeitures                     |      | (4,315)  |        | 124        |          |            | (124)   | —          |
| Common stock dividend payment (\$0.30 per share) |      |          |        |            |          | (10,669)   |         | (10,669)   |
| Balance at September 30, 2022                    |      | 35,562,6 |        |            | (181,23  |            | (133,99 |            |
|  | \$ — | 84       | \$ 306 | \$ 691,578 | \$ 1)    | \$ 488,305 | \$ 8)   | \$ 864,960 |

See accompanying notes.

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PREMIER FINANCIAL CORP.  
Consolidated Condensed Statements of Cash Flows  
(UNAUDITED)  
(Amounts in Thousands)

|   | Nine Months Ended<br>September 30, |           | Three Months Ended<br>March 31, |           |
|---|------------------------------------|-----------|---------------------------------|-----------|
|   | 2023                               | 2022      | 2024                            | 2023      |
| <b>Operating Activities</b>   |                                    |           |                                 |           |
| Net income  | \$ 91,227                          | \$ 76,912 | \$ 17,789                       | \$ 18,149 |
| Adjustments to reconcile net income to net cash provided by operating activities:         |                                    |           |                                 |           |
| Provision for credit losses   | 3,473                              | 11,513    | (133)                           | 3,706     |
| Depreciation  | 3,980                              | 4,264     | 1,416                           | 1,348     |
| Amortization of premium and discounts on loans, securities, deposits and debt obligations | 4,301                              | 6,920     | 1,408                           | 4,090     |
| Amortization of mortgage servicing rights, net of impairment charges/recoveries           | 3,632                              | 2,504     | 775                             | 1,325     |
| Amortization of intangibles   | 3,571                              | 4,156     | 990                             | 1,270     |
| Change in deferred taxes  | (2,336)                            | (774)     | 1,338                           | 615       |
| Proceeds from the sale of loans held for sale   | 175,43                             | 264,25    |                                 |           |
|   | 0                                  | 3         | 54,553                          | 72,365    |

|  |           |           |          |           |
|--|-----------|-----------|----------|-----------|
| Originations of loans held for sale  | (193,511) | (227,175) | (45,859) | (78,363)  |
| Mortgage banking gain, net   | (3,989)   | (7,072)   |          |           |
| Gain on sale of insurance agency, net  | (32,644)  | —         |          |           |
| Loss (gain) on sale / write-down of real estate and other assets held for sale           | 99        | (78)      |          |           |
| Mortgage banking (loss) gain, net  |           |           | (1,283)  | 837       |
| Loss on sale / write-down of real estate and other assets held for sale                  |           |           | 22       | 36        |
| Gain on sale of available for sale securities  | (27)      | —         | —        | (34)      |
| Loss on equity securities  | 1,118     | 1,760     | 37       | 1,445     |
| Stock based compensation expense   | 1,272     | 1,628     | 687      | 421       |
| Restricted stock forfeitures for taxes and option exercises                              | (644)     | (334)     | (322)    | (544)     |
| Income from bank owned life insurance  | (3,060)   | (2,961)   | (1,185)  | (994)     |
| Changes in:  |           |           |          |           |
| Accrued interest receivable and other assets   | (20,540)  | (62,582)  | (11,254) | (2,838)   |
| Other liabilities  | 16,779    | 45,332    | (3,761)  | (2,325)   |
| Net cash provided by operating activities  | 48,131    | 118,266   | 15,218   | 20,509    |
| <b>Investing Activities</b>  |           |           |          |           |
| Proceeds from maturities, calls and pay-downs of available-for-sale securities           | 77,783    | 76,837    | 18,349   | 42,940    |
| Proceeds from sale of available-for-sale securities                                      | 21,377    | —         | —        | 16,238    |
| Proceeds from sale of equity securities  | 854       | —         |          |           |
| Proceeds from sale of premises and equipment, real estate and other assets held for sale | 906       | 475       | 131      | 348       |
| Purchases of available-for-sale securities   | (2,346)   | (122,458) | (93,877) | —         |
| Purchases of equity securities   | —         | (2,999)   |          |           |
| Net change in Federal Home Loan Bank stock   | 4,136     | (16,677)  | (4,315)  | (7,871)   |
| Cash received in disposition   | 47,354    | —         |          |           |
| Purchases of premises and equipment, net   | (4,560)   | (2,409)   | (1,769)  | (1,789)   |
| Investment in bank owned life insurance  | 867       | —         | 526      | 866       |
| Net increase in loans receivable   | (231,104) | (919,634) |          |           |
| Net decrease (increase) in loans receivable  |           |           | 44,723   | (120,971) |
| Net cash used in investing activities  | (84,733)  | (986,865) | (36,232) | (70,239)  |
| <b>Financing Activities</b>  |           |           |          |           |
| Net increase in deposits and advance payments by borrowers                               | 148,126   | 459,964   |          |           |
| Net increase (decrease) in deposits and advance payments by borrowers                    |           |           | 34,017   | (140,355) |

|  |           |           |           |            |
|--|-----------|-----------|-----------|------------|
| Net change in Federal Home Loan Bank advances                      | 411,00    |           |           |            |
|  | (89,000)  | 0         | (27,000)  | 230,000    |
| Net cash paid for repurchase of common stock                       | (11)      | (26,868)  | —         | (11)       |
| Proceeds from exercise of stock options                            | 15        | 53        |           |            |
| Cash dividends paid on common stock                                | (33,191)  | (32,124)  | (11,078)  | (11,037)   |
| Net cash provided by financing activities                          |           | 812,02    |           |            |
|  | 25,939    | 5         |           |            |
| Decrease in cash and cash equivalents                              | (10,663)  | (56,574)  |           |            |
| Net cash (used in) provided by financing activities                |           |           | (4,061)   | 78,597     |
| (Decrease) Increase in cash and cash equivalents                   |           |           | (25,075)  | 28,867     |
| Cash and cash equivalents at beginning of period                   | 128,16    | 161,56    |           |            |
|  | 0         | 6         | 114,756   | 128,160    |
| Cash and cash equivalents at end of period                         | 117,49    | 104,99    |           |            |
|  | \$ 7      | \$ 2      | \$ 89,681 | \$ 157,027 |
| <b>Supplemental cash flow information:</b>                         |           |           |           |            |
| Interest paid  | \$ 93,665 | \$ 16,529 | \$ 44,871 | \$ 27,665  |
| Income taxes paid  | 21,293    | 12,320    | —         | —          |
| Initial recognition of right-of-use asset                          | 505       | 643       | 839       | 25         |
| Initial recognition of lease liability                             | 505       | 643       | 839       | 25         |
| Transfers from loans to real estate and other assets held for sale | —         | —         |           |            |

See accompanying notes.

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PREMIER FINANCIAL CORP.  
Notes to Consolidated Condensed Financial Statements (UNAUDITED)  
September 30, March 31, 2024 and 2023 and 2022

## 1. Basis of Presentation

Premier Financial Corp. ("Premier" or the "Company") is a financial holding company that conducts business through its wholly-owned subsidiaries, Premier Bank (the "Bank"), First Insurance Group of the Midwest, Inc. ("First Insurance"), PFC Risk Management Inc. ("PFC Risk Management"), and PFC Capital, LLC ("PFC Capital"). All

significant intercompany transactions and balances are eliminated in consolidation. Premier's stock is traded on the NASDAQ Global Select Market under the ticker PFC.

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

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

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

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

PFC Risk Management Inc. ("PFC Risk Management") was a wholly-owned insurance company subsidiary of the Company that was formed to insure the Company and its subsidiaries against certain risks unique to the operations of the Company and for which insurance was not available or economically feasible, in the insurance marketplace. Due to pending changes in tax law, PFC Risk Management was dissolved and liquidated in December 2023.

The Company tests goodwill at least annually and, more frequently, if events or changes in circumstances indicate that it may be more likely than not that there is a possible impairment. Due to the ongoing impacts from the



closure of large, well-known regional banks in early 2023 that led to a significant decline in bank stock prices, the Company conducted a quantitative interim goodwill impairment assessment at September 30, 2023. The

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impairment assessment compares compared the fair value of identified reporting units with their carrying amount (including goodwill). If the carrying amount of a reporting unit exceeds its fair value, an impairment loss is recognized in an amount equal to the excess. The Company's interim assessment estimated fair value on an income approach that incorporated a discounted cash flow model that involves management assumptions and consideration of future

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economic forecasts available. In addition, the Company completed a qualitative evaluation at the Company's annual impairment evaluation date of November 30, 2023. Results of the interim annual assessment indicated no goodwill impairment as of September 30, 2023, the dates of the assessment. The Company will continue to monitor its goodwill for possible impairment.

The consolidated condensed statement of financial condition at December 31, 2022 December 31, 2023, was derived from the audited financial statements at that date, which were included in Premier's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 ("2022 2023 Form 10-K").

The accompanying consolidated condensed financial statements as of September 30, 2023 March 31, 2024, and for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 have been prepared by the Company without audit and do not include information or footnotes necessary for the complete presentation of financial condition, results of operations, and cash flows in conformity with accounting principles generally accepted in the United States ("GAAP"). These consolidated condensed financial statements should be read in conjunction with the financial statements and notes thereto included in the 2022 2023 Form 10-K. However, in the opinion of management, all adjustments, consisting of only normal recurring items, necessary for the fair presentation of the financial statements have been made. The results for the three and nine months ended September 30, 2023 March 31, 2024, are not necessarily indicative of the results that may be expected for the entire year.

2. Significant Accounting Policies

Accounting Standards Update ("ASU")

|              |              |            |   |      |        |          |            |              |   |
|--------------|--------------|------------|---|------|--------|----------|------------|--------------|---|
| ASU          | No.          | 2020-04:   | Reference   | Rate | Reform | 2023-06, | Disclosure | Improvements | - |
| Facilitation | Codification | Amendments | in Response to the Securities and Exchange Commission's ("SEC") |      |        |          |            |              |   |

**Disclosure Update and Simplification Initiative:** On October 9, 2023, the Financial Accounting Standards Board (the "FASB") issued ASU 2023-06 "Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative," which incorporates 14 of the **Effects** 27 disclosures referred by the SEC in Release No. 33-10532, "Disclosure Update and Simplification," that was issued Aug. 17, 2018. The changes modify the disclosure or presentation requirements of **Reference Rate Reform** a variety of topics including statement of cash flows, accounting changes and error corrections, earnings per share, interim reporting, commitments, debt, equity, derivatives and hedging, and secured borrowing and collateral. For entities subject to the SEC's existing disclosure requirements and for entities required to file or furnish financial statements with or to the SEC in preparation for the sale of or for purposes of issuing securities that are not subject to contractual restrictions on **Financial** transfer, the effective date for each amendment is the date on which the SEC removes that related disclosure from its rules. For all other entities, the amendments will be effective two years later. If the SEC has not removed the related disclosure from its regulations by June 30, 2027, the amendments will be removed from the codification and not become effective for any entity. This ASU is not expected to have a material effect on the Company's consolidated financial statements.

**ASU No. 2023-07, Segment Reporting (Topic 848):280) – Improvements to Reportable Segment Disclosures:** On March 12, 2020, the FASB issued Accounting Standards Update (ASU) 2020-4, "Reference Rate Reform ("ASC 848"): Facilitation of the Effects of Reference Rate Reform on Financial Reporting." ASC 848 contains optional expedients and exceptions for applying generally accepted accounting principles to contract modifications and hedging relationships, subject to meeting certain criteria, that reference LIBOR or another reference rates expected to be discontinued. The Company has formed a cross-functional project team to lead the transition from LIBOR to adoption of alternative reference rates which include Secured Overnight Financing Rate ("SOFR"). The Company identified outstanding loans with LIBOR-based rates and obtained updated reference rate language either at the time of renewal or through separate amendment, or otherwise established that an alternate reference rate will apply after June 30, 2023. Additionally, management is utilizing the timeline guidance published by the Alternative Reference Rates Committee to develop and achieve internal milestones during this transitional period. The Company has adhered to the International Swaps and Derivatives Association 2020 IBOR Fallbacks Protocol that was released on October 23, 2020. The Company discontinued the use of new LIBOR-based loans by December 31, 2021, according to regulatory guidelines. On December 21, 2022 November 27, 2023, the FASB issued ASU 2022-06, "Reference Rate Reform" 2023-07 "Segment Reporting (Topic 848) 820): Deferral Improvements to Reportable Segment Disclosure," which requires public entities to disclose significant expense categories and amounts for each reportable segment, an amount for and description of the **Sunset** composition of **Date** "other segment items," the title and position of **Topic 848,** which extends the **sunset date** entity's Chief Operating Decision Maker (the "CODM") and explanation of **ASC Topic 848, "Reference Rate Reform,"** how the CODM uses the reported measures of profit or loss to **December 31, 2024.**

assess segment performance, and – on an interim basis – certain segment-related disclosures that previously were required only on an annual basis. This ASU clarifies that entities with a single reportable segment are subject to both new and existing segment reporting requirements and that an entity is permitted to disclose multiple measures of segment profit or loss,

**ASU No. 2022-02, Troubled Debt Restructurings and Vintage Disclosures:** On March 30, 2022, the FASB issued ASU 2022-02, "Troubled Debt Restructurings and Vintage Disclosures" which eliminated troubled debt restructuring ("TDR") accounting for entities that have adopted ASU 2016-13, the current expected credit loss ("CECL") model

and added new vintage disclosures for gross write-offs. The elimination of TDR accounting could be adopted either prospectively for loan modifications or on a modified retrospective basis that could result 8

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in a cumulative effect adjustment provided that certain criteria are met. The amendments are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. Entities must adopt the changes to retained earnings in the period of adoption. The Company adopted ASU 2022-02 on January 1, 2023 segment reporting guidance on a modified retrospective basis. The adoption of this guidance did This ASU is not expected to have a material impact effect on the Company's Company's consolidated financial statements. Therefore, the Company did not make an adjustment to retained earnings. The effect of adoption is included in provision for 2023.

**ASU No. 2023-01, Leases 2023-09, Income Taxes (Topic 842): Common Control Arrangements: 740) – Improvements to Income Tax Disclosures:** On March 27, 2023 December 14, 2023, the FASB issued ASU 2023-01 “Leases 2023-09 “Income Taxes (Topic 842) 740): Common Control Arrangements” in order Improvements to Income Tax Disclosures,” to address requests for improved income tax disclosures from investors, lenders, creditors and other allocators of capital that use the financial statements to make capital allocation decisions. This ASU is intended to improve the guidance transparency of tax disclosures by requiring (1) consistent categories and greater disaggregation of information in the rate reconciliation and (2) income taxes paid disaggregated by jurisdiction, in addition to certain other amendments intended to improve the effectiveness of income tax disclosures. For public business entities, this ASU is effective for applying annual periods beginning after December 15, 2024. For other entities, this topic to arrangements between entities under common control. ASU is effective for annual periods beginning after December 15, 2025. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. This ASU also requires is not expected to have a material effect on the Company's consolidated financial statements.

**SEC Final Rules Not Yet Adopted**

**The Enhancement and Standardization of Climate-Related Disclosures for Investors:** On March 6, 2024, the SEC approved the final rule for these disclosures, requiring registrants to provide information about climate-related risks that materially impact or are reasonably likely to materially impact a registrant's strategy, results of operations, or financial condition. The rule applies to all entities to amortize leasehold improvements associated with common control leases over the useful life to the common control group. ASU 2023-01 is SEC reporting companies and may significantly increase reporting costs and complexities, including increased data collection and development of significant internal processes and controls. The final rule includes a phased-in compliance period, effective for the Company for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted, however, if an entity adopts these amendments in an interim period, it must adopt them as of the beginning of the fiscal year that includes ending December 31, 2025. On March 15, 2024, the

interim period. The Company does not anticipate any material effect on U.S. Court of Appeals granted an administrative stay of the Company upon adoption. climate-related disclosure rules recently adopted by the SEC.

### 3. Fair Value

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

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

- *Level 1:* Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- *Level 2:* Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These might include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (such as interest rates,

prepayment speeds, credit risks, etc.) or inputs that are derived principally from or corroborated by market data by a correlation or other means.

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- *Level 3: Unobservable inputs for determining the asset or liability and that are significant to the fair value of assets and liabilities that reflect an entity's own assumptions about (i.e., allowing for situations in which there is little or no market activity for the assumptions that market participants would use in pricing asset or liability at the assets or liabilities measurement date).*

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

**Available-for-sale securities** – Securities classified as available for sale are generally reported at fair value utilizing Level 2 inputs where the Company obtains fair value measurements from an independent pricing service that uses matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2 inputs). The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows and the bonds' terms and conditions, among other things. Securities in Level 2 include U.S. federal government agencies, MBS, asset-backed securities ("ABS"), corporate bonds and municipal securities. Securities in Level 1 include U.S. treasuries.

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

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

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

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

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

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

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

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



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

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**Cash flow and fair value hedge derivatives** – The Company also periodically enters into cash flow and fair value hedge derivative instruments to hedge the risk of variability in cash flows on the Company's Company's floating rate loan pool, fixed rate mortgage loan pool and FHLB advances. The Company uses an independent third party to perform a market valuation analysis for these derivatives (Level 2).

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

Assets and Liabilities Measured on a Recurring Basis

| September 30, 2023   | Level<br>1<br>Input<br>s | Level<br>2<br>Inputs | Level<br>3<br>Inputs | Total<br>Fair<br>Value |
|--|--------------------------|----------------------|----------------------|------------------------|
| March 31, 2024   | Level 1<br>Inputs        | Level 2<br>Inputs    | Level 3<br>Inputs    | Total<br>Fair Value    |
|  | (In Thousands)           |                      |                      |                        |
| Assets:  |                          |                      |                      |                        |
| Available for sale securities:                                   |                          |                      |                      |                        |
| Obligations of U.S. federal government corporations and agencies |                          | 92,2                 |                      | 92,2                   |
|  | \$ —                     | \$ 51                | \$ —                 | \$ 51                  |
| Mortgage-backed securities                                       |                          | 150,                 |                      | 150,                   |
|  | —                        | 294                  | —                    | 294                    |
|  |                          |                      |                      |                        |
|  | \$ —                     | \$ 113,804           | \$ —                 | \$ 113,804             |
|  | —                        | 165,940              | —                    | 165,940                |

|   |        |         |         |         |        |         |         |         |
|---|--------|---------|---------|---------|--------|---------|---------|---------|
| Collateralized mortgage obligations             | —      | 226,010 | —       | 226,010 | —      | 244,776 | —       | 244,776 |
| Asset-backed securities                         | —      | 144,016 | —       | 144,016 | —      | 177,064 | —       | 177,064 |
| Corporate bonds                                 | —      | 60,833  | —       | 60,833  | —      | 62,605  | —       | 62,605  |
| Obligations of state and political subdivisions | —      | 190,753 | —       | 190,753 | —      | 201,756 | —       | 201,756 |
| US Treasuries                                   | 47,027 | —       | —       | 47,027  | 48,488 | —       | —       | 48,488  |
| Equity securities                               | 5,860  | —       | —       | 5,860   | 5,736  | —       | —       | 5,736   |
| Loans held for sale, at fair value              | —      | 14,198  | 121,020 | 135,218 | —      | 13,094  | 124,429 | 137,523 |
| Interest rate swaps                             | —      | 3,471   | —       | 3,471   | —      | 2,844   | —       | 2,844   |
| Cash flow/ Fair value hedge derivative          | —      | 7,121   | —       | 7,121   |        |         |         |         |
| Mortgage banking derivatives                    | —      | 6,252   | —       | 6,252   |        |         |         |         |
| Mortgage banking derivatives - asset            |        |         |         |         |        | 256     |         | 256     |
| Cash flow/fair value hedge derivatives          |        |         |         |         | —      | 3,767   | —       | 3,767   |
| Liabilities:                                    |        |         |         |         |        |         |         |         |
| Interest rate swaps                             | —      | 3,471   | —       | 3,471   | —      | 2,838   | —       | 2,838   |
| Cash flow hedge derivatives                     | —      | 47,226  | —       | 47,226  |        |         |         |         |
| Cash flow/fair value hedge derivatives          |        |         |         |         | —      | 39,109  | —       | 39,109  |

|                                | Level 1<br>Inputs | Level 2<br>Inputs | Level 3<br>Inputs | Total<br>Fair<br>Value |                   |                   |                   |                     |
|--------------------------------|-------------------|-------------------|-------------------|------------------------|-------------------|-------------------|-------------------|---------------------|
| December 31, 2022              |                   |                   |                   |                        | Level 1<br>Inputs | Level 2<br>Inputs | Level 3<br>Inputs | Total Fair<br>Value |
| December 31, 2023              |                   |                   |                   |                        |                   |                   |                   |                     |
|                                | (In Thousands)    |                   |                   |                        | (In Thousands)    |                   |                   |                     |
| Assets:                        |                   |                   |                   |                        |                   |                   |                   |                     |
| Available for sale securities: |                   |                   |                   |                        |                   |                   |                   |                     |



|  |          |          |      |       |        |            |         |            |  |
|--|----------|----------|------|-------|--------|------------|---------|------------|--|
| Obligations of U.S. federal government corporations and agencies |          | 95,9     |      | 95,9  |        |            |         |            |  |
|  | \$ —     | \$ 09    | \$ — | \$ 09 |        |            |         |            |  |
| Obligations of U.S. government corporations and agencies         |          |          |      |       | \$ —   | \$ 101,598 | \$ —    | \$ 101,598 |  |
| Mortgage-backed securities                                       | 167,     | 167,     |      |       |        |            |         |            |  |
|  | — 589    | — 589    |      |       | —      | 156,508    | —       | 156,508    |  |
| Collateralized mortgage obligations                              | 249,     | 249,     |      |       |        |            |         |            |  |
|  | — 805    | — 805    |      |       | —      | 235,767    | —       | 235,767    |  |
| Asset-backed securities  | 192,     | 192,     |      |       |        |            |         |            |  |
|  | — 504    | — 504    |      |       | —      | 136,980    | —       | 136,980    |  |
| Corporate bonds  | 64,4     | 64,4     |      |       |        |            |         |            |  |
|  | — 82     | — 82     |      |       | —      | 62,420     | —       | 62,420     |  |
| Obligations of state and political subdivisions                  | 221,     | 221,     |      |       |        |            |         |            |  |
|  | — 594    | — 594    |      |       |        |            |         |            |  |
| Obligations of states and political subdivisions                 |          |          |      |       | —      | 204,258    | —       | 204,258    |  |
| US Treasuries  | 48,      | 48,1     |      |       |        |            |         |            |  |
|  | 198 — —  | 98       |      |       | 49,177 | —          | —       | 49,177     |  |
| Equity securities  | 7,8      | 7,83     |      |       |        |            |         |            |  |
|  | 32 — —   | 2        |      |       | 5,773  | —          | —       | 5,773      |  |
| Loans held for sale, at fair value                               | 23,5     | 91, 115, |      |       |        |            |         |            |  |
|  | — 89 662 | 251      |      |       | —      | 14,397     | 131,244 | 145,641    |  |
| Interest rate swaps  | 4,49     | 4,49     |      |       |        |            |         |            |  |
|  | — 4 —    | 4        |      |       | —      | 2,867      | —       | 2,867      |  |
| Mortgage banking derivatives                                     | 1,34     | 1,34     |      |       |        |            |         |            |  |
|  | — 9 —    | 9        |      |       |        |            |         |            |  |
| Cash flow / Fair value hedge derivatives                         |          |          |      |       | —      | 299        | —       | 299        |  |
| Liabilities:   |          |          |      |       |        |            |         |            |  |
| Interest rate swaps  | 4,49     | 4,49     |      |       |        |            |         |            |  |
|  | — 4 —    | 4        |      |       | —      | 2,867      | —       | 2,867      |  |
| Cash flow hedge derivatives                                      | 40,0     | 40,0     |      |       |        |            |         |            |  |
|  | — 32 —   | 32       |      |       |        |            |         |            |  |
| Cash flow / Fair value hedge derivatives                         |          |          |      |       | —      | 35,392     | —       | 35,392     |  |
| Mortgage banking derivatives - liability                         |          |          |      |       | —      | 4,750      | —       | 4,750      |  |

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The following table presents a reconciliation of assets that are measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the three and nine months ended September 30, 2023 March 31, 2024 and

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2022. 2023. There were no securities that were measured at Level 3 for the three and nine months ended September 30, 2023 March 31, 2024 and 2022. 2023.

|  | Construction loans held for sale |          |                   |          | Construction loans held for sale |           |
|--|----------------------------------|----------|-------------------|----------|----------------------------------|-----------|
|  | Three Months Ended               |          | Nine Months Ended |          | Three Months Ended               |           |
|  | September 30,                    |          | September 30,     |          | March 31,                        |           |
|  | 2023                             | 2022     | 2023              | 2022     | 2024                             | 2023      |
| Balance of recurring Level 3 assets at beginning of period | 111,462                          | 117,015  | 91,662            | 134,167  | \$ 131,244                       | \$ 91,662 |
| Total gains (losses) for the period                        |                                  |          |                   |          |                                  |           |
| Included in change in fair value of loans held for sale    | (5,856)                          | (7,627)  | (874)             | (27,417) | (357)                            | 5,971     |
| Originations   | 73,403                           | 31,245   | 224,405           | 95,311   | 19,659                           | 23,181    |
| Sales  | (57,989)                         | (35,180) | (194,173)         | (96,608) | (26,117)                         | (23,534)  |
| Balance of recurring Level 3 assets at end of period       | 121,020                          | 105,453  | 121,020           | 105,453  | \$ 124,429                       | \$ 97,280 |

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

|                    | Fair Value | Valuation Technique | Unobservable Inputs | Range of Inputs |
|--------------------|------------|---------------------|---------------------|-----------------|
| September 30, 2023 |            |                     |                     |                 |
| March 31, 2024     | Fair Value | Valuation Technique | Unobservable Inputs | Range of Inputs |

|                                  | (Dollars in Thousands) |                                   |      |          | (Dollars in Thousands) |                                   |             |               |
|----------------------------------|------------------------|-----------------------------------|------|----------|------------------------|-----------------------------------|-------------|---------------|
| Construction loans held for sale | 12                     | Adjusted secondary market pricing | 0.00 | % - 0.48 | \$ 124,429             | Adjusted secondary market pricing | Adjustments | 0.00% - 0.20% |

|                                  | Fair Value                        | Valuation Technique               | Unobservable Inputs    | Range of Inputs |
|----------------------------------|-----------------------------------|-----------------------------------|------------------------|-----------------|
| December 31, 2022                |                                   |                                   |                        |                 |
| December 31, 2023                |                                   |                                   |                        |                 |
|                                  | (Dollars in Thousands)            |                                   | (Dollars in Thousands) |                 |
| Construction loans held for sale | Adjusted secondary market pricing | 0.00                              | % - 1.04               | % - 0.0984%     |
|                                  | 91,6                              | Adjusted secondary market pricing | Adjustments            | 0.00% - 0.0984% |
|                                  | \$ 62                             | \$ 131,244                        |                        |                 |

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

#### Assets and Liabilities Measured on a Non-Recurring Basis

| September 30, 2023          | Level 1 Inputs | Level 2 Inputs | Level 3 Inputs | Total Fair Value |
|-----------------------------|----------------|----------------|----------------|------------------|
|                             | (In Thousands) |                |                |                  |
| Individually analyzed loans |                |                |                |                  |
| Commercial real estate      | \$ —           | \$ —           | \$ 5,635       | \$ 5,635         |
| Commercial                  | —              | —              | 5,939          | 5,939            |
| Mortgage servicing rights   | \$ —           | \$ 749         | \$ —           | \$ 749           |
| December 31, 2022           | Level 1 Inputs | Level 2 Inputs | Level 3 Inputs | Total Fair Value |
|                             | (In Thousands) |                |                |                  |
| Individually analyzed loans |                |                |                |                  |
| Commercial real estate      | \$ —           | \$ —           | \$ 3,512       | \$ 3,512         |
| Commercial                  | —              | —              | 5,492          | 5,492            |
| Mortgage servicing rights   | \$ —           | \$ 5,126       | \$ —           | \$ 5,126         |

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

|   | Fair Value | Valuation Technique   | Unobservable Inputs  | Range of Inputs | Weighted Average |
|---|------------|---|--|-----------------|------------------|
|   |            |   | (Dollars in Thousands)   |                 |                  |
| Individually analyzed Loans-<br>Applies to loan classes with an appraisal valuation | \$ 11,574  | Appraisals which utilize sales comparison, net income and cost approach | Discounts for collection issues and changes in market conditions | 10-50%          | 23.50 %          |

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

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

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

The aggregate fair value of the residential mortgage loans held for sale at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 was \$14.2 13.1 million and \$23.6 14.4 million, respectively, and they had a contractual balance of \$15.0 13.6 million and \$25.3 14.7 million, respectively, for these same periods. The difference between the fair value and the contractual balance is recorded in gains and losses on the sale of loans held for sale. For the three and nine months ended September 30, 2023 March 31, 2024, \$83,000 328,000 and \$473,000, respectively, was recorded in gains losses on the sale of loans held for sale for the change in fair value. For the three and nine months ended September 30, 2022 March 31, 2023, \$1.7 367,000 million and \$3.0 million, respectively, was recorded in losses gains on the sale of loans held for sale for the change in fair value.

The aggregate fair value of the permanent construction loans held for sale at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, was \$121.0 124.4 million and \$91.7 131.2 million, respectively, and they had a contractual balance of \$133.3 126.6 million and \$103.1 133.1 million, respectively, for these same periods. The difference between the fair value and the contractual balance is recorded in gains and losses on the sale of loans held for sale. For the three and nine months ended September 30, 2023 March 31, 2024, \$5.9 357,000 million and \$874,000, respectively, was recorded in losses on the sale of loans held for sale for the change in fair

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value. For the three and nine months ended September 30, 2022 March 31, 2023, \$7.66.0 million and \$27.4 million, respectively, was recorded in losses gains on the sale of loans held for sale for the change in fair value.

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

**Assets and Liabilities Measured on a Non-Recurring Basis**

| March 31, 2024              | Level 1<br>Inputs | Level 2<br>Inputs | Level 3<br>Inputs | Total Fair<br>Value |
|-----------------------------|-------------------|-------------------|-------------------|---------------------|
|                             | (In Thousands)    |                   |                   |                     |
| Individually analyzed loans |                   |                   |                   |                     |
| Commercial real estate      | \$ —              | \$ —              | \$ 11,335         | \$ 11,335           |
| Commercial                  | —                 | —                 | 4,593             | 4,593               |
| Mortgage servicing rights   | \$ —              | \$ 2,641          | \$ —              | \$ 2,641            |
| December 31, 2023           | Level 1<br>Inputs | Level 2<br>Inputs | Level 3<br>Inputs | Total Fair<br>Value |
|                             | (In Thousands)    |                   |                   |                     |
| Individually analyzed loans |                   |                   |                   |                     |
| Commercial real estate      | \$ —              | \$ —              | \$ 3,425          | \$ 3,425            |
| Commercial                  | —                 | —                 | 6,164             | 6,164               |
| Mortgage servicing rights   | \$ —              | \$ 2,744          | \$ —              | \$ 2,744            |

For Level 3 assets and liabilities measured at fair value on a non-recurring basis as of March 31, 2024, the significant unobservable inputs used in the fair value measurements were as follows:

|                                 | Fair<br>Value | Valuation<br>Technique   | Unobservable<br>Inputs   | Range of<br>Inputs | Weighted<br>Average |
|---------------------------------|---------------|--------------------------|--------------------------|--------------------|---------------------|
|                                 |               |                          | (Dollars in Thousands)   |                    |                     |
| Individually analyzed Loans-    |               | Appraisals which utilize |                          |                    |                     |
| Applies to loan classes with an |               | sales comparison, net    | Discounts for collection |                    |                     |
| appraisal valuation             | \$ 15,928     | income and cost          | issues and changes in    |                    |                     |
|                                 |               | approach                 | market conditions        | 20-50%             | 20.97%              |

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

|  | Fair<br>Value | Valuation<br>Technique | Unobservable<br>Inputs | Range of<br>Inputs | Weighted<br>Average |
|--|---------------|------------------------|------------------------|--------------------|---------------------|
|  |               |                        | (Dollars in Thousands) |                    |                     |

|                                 |    |       |                          |                          |        |        |
|---------------------------------|----|-------|--------------------------|--------------------------|--------|--------|
| Individually analyzed Loans-    | \$ | 9,589 | Appraisals which utilize | Discounts for collection | 10-50% | 27.60% |
| Applies to loan classes with an |    |       | sales comparison, net    | issues and changes in    |        |        |
| appraisal valuation             |    |       | income and cost          | market conditions        |        |        |
|                                 |    |       | approach                 |                          |        |        |

Fair value of financial instruments

Much of the information used to arrive at “fair value” is highly subjective and judgmental in nature and therefore the results may not be precise. Subjective factors include, among other things, estimated cash flows, risk characteristics and interest rates, all of which are subject to change. With the exception of investment

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securities, the Company’s financial instruments are not readily marketable and market prices do not exist. Since

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negotiated prices for the instruments, which are not readily marketable, depend greatly on the motivation of the buyer and seller, the amounts that will actually be realized or paid per settlement or maturity of these instruments could be significantly different.

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

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

The Company's loans were valued on an individual basis, with consideration given to the loans' underlying characteristics, including account types, remaining terms (in months), annual interest rates or coupons, interest types, past delinquencies, timing of principal and interest payments, current market rates, loss exposures, and remaining balances. The model utilizes a discounted cash flow (“DCF”) approach to estimate the fair value of the loans using assumptions for the coupon rates, remaining maturities, prepayment speeds, projected default probabilities, losses given defaults, and estimates of prevailing discount rates. The DCF approach models the credit losses directly in the projected cash flows. The model applies various assumptions regarding credit, interest, and prepayment risks for the loans based on loan types, payment types and fixed or variable classifications. The estimated fair value of individually analyzed loans is based on the fair value of the collateral, less estimated cost to

sell, or the present value of the loan’s expected future cash flows (discounted at the loan’s effective interest rate). All individually analyzed loans are classified as Level 3 within the valuation hierarchy.

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

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

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

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FHLB advances with maturities greater than 90 days are valued based on a DCF analysis, using interest rates currently being quoted for similar characteristics and maturities resulting in a Level 2 classification. The cost or value of any call or put options is based on the estimated cost to settle the option at September 30, 2023 March 31, 2024.

Subordinated Debt is valued utilizing the coupon rate, discount rate, weighted average life and duration. This debt is classified as Level 3.

The carrying value and estimated fair values of financial instruments at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, were as follows:

| Fair Value Measurements at<br>September 30, 2023<br>(In Thousands) | Fair Value Measurements at March 31, 2024<br>(In Thousands) |
|--|---|
|--|---|

|                                      | Carrying Value | Total     | Level 1   | Level 2   | Level 3   | Carrying Value | Total        | Level 1      | Level 2      | Level 3   |
|--------------------------------------|----------------|-----------|-----------|-----------|-----------|----------------|--------------|--------------|--------------|-----------|
| <b>Financial Assets:</b>             |                |           |           |           |           |                |              |              |              |           |
| Cash and cash equivalents            | 117,497        | 117,497   | 117,497   | —         | —         | \$ 89,681      | \$ 89,681    | \$ 89,681    | —            | —         |
| Federal Home Loan Bank Stock         | 25,049         | N/A       | N/A       | N/A       | N/A       | 26,075         | N/A          | N/A          | N/A          | N/A       |
| Loans receivable, net                | 6,620,356      | 6,262,215 | —         | —         | 6,262,215 | 6,617,066      | 6,122,388    | —            | —            | 6,122,388 |
| Accrued interest receivable          | 34,648         | 34,648    | 34,648    | —         | —         | 34,795         | 34,795       | 34,795       | —            | —         |
| <b>Financial Liabilities:</b>        |                |           |           |           |           |                |              |              |              |           |
| Deposits                             | 7,065,639      | 7,070,824 | 5,394,455 | 1,676,369 | —         | \$ 7,183,387   | \$ 7,169,903 | \$ 5,407,852 | \$ 1,762,051 | —         |
| Advances from Federal Home Loan Bank | 339,000        | 338,984   | —         | 338,984   | —         | 253,000        | 251,646      | —            | 251,646      | —         |
| Subordinated debentures              | 85,197         | 72,851    | —         | —         | 72,851    | 85,261         | 82,724       | —            | —            | 82,724    |

|                              | Fair Value Measurements at December 31, 2022<br>(In Thousands) |           |         |         |           | Fair Value Measurements at December 31, 2023<br>(In Thousands) |            |            |         |           |
|------------------------------|--|-----------|---------|---------|-----------|--|------------|------------|---------|-----------|
|                              | Carrying Value   | Total     | Level 1 | Level 2 | Level 3   | Carrying Value   | Total      | Level 1    | Level 2 | Level 3   |
| <b>Financial Assets:</b>     |  |           |         |         |           |  |            |            |         |           |
| Cash and cash equivalents    | 128,160  | 128,160   | 128,160 | —       | —         | \$ 114,756   | \$ 114,756 | \$ 114,756 | —       | —         |
| Federal Home Loan Bank Stock | 29,185   | N/A       | N/A     | N/A     | N/A       | 21,760   | N/A        | N/A        | N/A     | N/A       |
| Loans receivable, net        | 6,387,804  | 6,129,814 | —       | —       | 6,129,814 | 6,662,875  | 6,100,394  | —          | —       | 6,100,394 |
| Accrued interest receivable  | 28,709   | 28,709    | 28,709  | —       | —         | 33,446   | 33,446     | 33,446     | —       | —         |



|                        |      |      |      |      |      |              |              |              |              |        |  |
|------------------------|------|------|------|------|------|--------------|--------------|--------------|--------------|--------|--|
| Financial Liabilities: |      |      |      |      |      |              |              |              |              |        |  |
| Deposits               | 6,90 | 6,88 | 5,85 | 1,02 |      |              |              |              |              |        |  |
|                        | 6,71 | 1,11 | 2,95 | 8,15 |      |              |              |              |              |        |  |
|                        | \$ 9 | \$ 0 | \$ 2 | \$ 8 | \$ — | \$ 7,143,046 | \$ 7,099,593 | \$ 5,447,423 | \$ 1,652,170 | \$ —   |  |
| Advances from          |      |      |      |      |      |              |              |              |              |        |  |
| Federal Home           | 428, | 427, |      | 427, |      |              |              |              |              |        |  |
| Loan Bank              | 000  | 999  | —    | 999  | \$ — | 280,000      | 279,213      | —            | 279,213      | \$ —   |  |
| Subordinated           | 85,1 | 76,9 |      |      | 76,9 |              |              |              |              |        |  |
| debentures             | 03   | 89   | —    | —    | 89   | 85,229       | 84,231       | —            | —            | 84,231 |  |

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#### 4. Stock Compensation Plans

Premier has established equity based equity-based compensation plans for its directors and employees. On February 27, 2018, the Board adopted, and the shareholders approved at the 2018 Annual Shareholders Meeting, the Premier Financial Corp. 2018 Equity Incentive Plan (the “2018 Equity Plan”). The 2018 Equity Plan replaced all existing plans, although the Company’s former equity plans remain in existence to the extent there were outstanding grants thereunder at the time the 2018 Equity Plan was approved. In addition, as a result of the Company’s merger (the “Merger”) with United Community Federal Corp. (“UCFC”), Premier assumed certain outstanding stock options granted under UCFC’s Amended and Restated 2007 Long-Term Incentive Plan (the “UCFC 2007 Plan”) and UCFC’s 2015 Long Term Incentive Plan, which has since been renamed as the “Premier Financial Corp. 2015 Long Term Incentive Plan” (the “2015 Plan”). Premier also assumed the shares available for future issuance under the 2015 Plan as of the effective date of the Merger, with appropriate adjustments to the number of shares available to reflect the Merger. The stock options assumed from UCFC in the Merger remain subject to the terms of the 2015 Plan, but became exercisable solely to purchase shares of Premier, with appropriate adjustments to the number of shares subject to the assumed stock options and the exercise price of such stock options. Besides certain options previously issued under the First Defiance Financial Corp. 2010 Equity Incentive Plan, all awards currently outstanding are issued under the 2018 Equity Plan or the 2015 Plan. The 2018 Equity Plan and the 2015 Plan were each amended and restated in February 2022 to align certain administrative components of the plans in addition to enhancing certain governance components. New awards will be made under either the 2018 Equity Plan or the 2015 Plan as the Company determines. The 2018 Equity Plan allows for issuance of up to 900,000 common shares through the award of options, restricted stock, stock, stock appreciation rights, or other stock-based awards. The 2015 Plan allows for the issuance of up to 1.2 million common shares, as adjusted for the Merger, through the award of options, stock, restricted stock, stock units, stock appreciation rights, or performance stock awards.

Beginning in 2023, directors were able to elect to receive stock in lieu of cash for their director fees. In the first nine months of 2024, the Company did not issue any shares or recognize any expense for shares. In the first three months of 2023, the Company recognized \$60,000 6,000 in expense for 2,930 753 shares that were issued to directors in lieu of cash fees.

The Company maintains Long-Term Equity Incentive Plans (each, an "LTIP") for select members of management (the "Executive LTIP") and a Key Employee and Commercial Lender Plan (the "Key Plan"). Under the Executive LTIP, participants may earn between 20% to 50% of their salary for potential payout in the form of (1) equity awards based on the achievement of certain corporate performance targets over a three-year period and (2) beginning in 2023, restricted stock awards ("RSAs"). The Company granted 63,373 82,737 performance stock units ("PSUs") to the participants under the Executive LTIP during the first nine months of 2023, 2024, which represents the maximum target award. The value of PSU awards issued in 2021, 2022, 2023 and 2023 2024 under the Executive LTIP will be determined individually at the end of each respective 36 month performance period ending December 31. The benefits earned under these PSUs will be paid out in equity in the first quarter following the end of the performance period. The participants will receive all or a portion of the award if their employment is terminated by the Company without cause, by the participant in certain situations, or by death, disability or retirement of the participant. The RSAs issued under the Executive LTIP vest incrementally over three years, being fully vested upon the third anniversary of the grant date. The Company granted 21,169 28,702 RSAs under the Executive LTIP in the first quarter of 2023, 2024.

The maximum amount of compensation expense that may be earned for the PSUs at September 30, 2023 March 31, 2024 is approximately \$5.8 5.7 million in the aggregate. However, the estimated expense that is expected to be earned as of September 30, 2023 March 31, 2024 is \$3.9 3.8 million, of which \$1.4 2.8 million was unrecognized at September 30, 2023 March 31, 2024, and will be recognized over the remaining performance periods. Expense of \$33,000 176,000 and \$(506,000) was recorded during the three months

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the three and nine months ended September 30, 2023 March 31, 2024, respectively, compared to a reduction in expense of \$432,000 and \$842,000 338,000 for the three and nine months ended September 30, 2022, respectively, March 31, 2023.

Beginning in 2022, under the Key Plan, the participants were granted restricted stock awards ("RSAs") RSAs based upon the achievement of certain targets in the prior year. Prior to 2022, restricted stock units ("RSUs") were issued to participants under the same plan. The participants can earn from 5% to 10% of their salary in RSAs or RSUs that vest three years from the date of grant. The Company granted 25,044 31,139 in RSAs and 19,612 25,044 RSAs in the first quarter of 2023 2024 and 2022, 2023, respectively, as a payout under the Key Plan.

The following table sets forth Premier's performance and restricted stock activity during the **nine** **three** months ended **September 30, 2023** **March 31, 2024**:

REFINITIV 

Unvested at  
March 31,  
2024

226,269    \$    24.82    2,456    \$    32.26    210,506    \$    23.81

As of **September 30, 2023** **March 31, 2024**, 28,175 options to acquire Premier shares were outstanding at option prices based on the market value of the underlying shares on the date the options were granted. All options expire ten years from the date of grant. Vested options of retirees expire on the earlier of the scheduled expiration date or one year after the retirement date.

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

There were no options granted during the **nine** **three** months ended **September 30, 2023** **March 31, 2024** and **2022**. **2023**.

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Following is stock option activity under the plans during the **nine** **three** months ended **September 30, 2023** **March 31, 2024**:

|   | Options<br>Outstanding | Weighted<br>Average<br>Exercise<br>Price | Weighted<br>Average<br>Remaining<br>Contractual<br>Term (in<br>years) | Aggregate<br>Intrinsic<br>Value<br>(in 000's) |
|---|------------------------|--|---|---|
| Options outstanding, January 1, 2023    | 29,661                 | \$ 22.54                                 |   |   |
| Forfeited or cancelled                  | —                      | —  |   |   |
| Exercised                               | 1,486                  | 10.31                                    |   |   |
| Granted                                 | —                      | —  |   |   |
| Options outstanding, September 30, 2023 | 28,175                 | \$ 23.18                                 | 3.51  | \$ 2,714                                      |
| Exercisable at September 30, 2023       | 28,175                 | \$ 23.18                                 | 3.51  | \$ 2,714                                      |

Information related to the stock options plans is as follows:

|                                      | Three Months Ended                    |       | Nine Months Ended |       |
|--------------------------------------|---------------------------------------|-------|-------------------|-------|
|                                      | September 30,                         |       | September 30,     |       |
|                                      | 2023                                  | 2022  | 2023              | 2022  |
|                                      | (In thousands, except per share data) |       |                   |       |
| Proceeds of options exercised        | \$ 15                                 | \$ 53 | \$ 15             | \$ 53 |
| Related tax benefit recognized       | 3                                     | 6     | 3                 | 6     |
| Intrinsic value of options exercised | 12                                    | 29    | 12                | 29    |

|                                      | Options Outstanding | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term (in years) | Aggregate Intrinsic Value (in 000's) |
|--------------------------------------|---------------------|---------------------------------|--|--------------------------------------|
| Options outstanding, January 1, 2024 | 28,175              | \$ 23.18                        |  |                                      |
| Forfeited or cancelled               | —                   | —                               |  |                                      |
| Exercised                            | —                   | —                               |  |                                      |
| Granted                              | —                   | —                               |  |                                      |
| Options outstanding, March 31, 2024  | 28,175              | \$ 23.18                        | 3.01   | \$ 24,668                            |
| Exercisable at March 31, 2024        | 28,175              | \$ 23.18                        | 3.01   | \$ 24,668                            |

As of September 30, 2023 March 31, 2024, there was a de minimus amount of total unrecognized compensation costs related to unvested stock options granted under the Company's equity plans. The cost is expected to be recognized over a weighted-average period of one month.

## 5. Dividends on Common Stock

Premier declared and paid a \$0.93 per common stock dividend in the first nine months of 2023 and declared and paid a \$0.90 per common stock dividend in the first nine months of 2022. Premier declared and paid a \$0.31 per common stock dividend in the third quarter first three months of 2023 2024 and declared and paid a \$0.30 0.31 per common stock dividend in the third quarter first three months of 2022, 2023.

## 6. Earnings Per Common Share

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

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

|  | Three Months<br>Ended<br>September<br>30, |         | Nine Months<br>Ended<br>September<br>30, |         | Three Months Ended<br>March 31,       |           |
|--|---|---------|--|---------|---------------------------------------|-----------|
|  | 2023                                      | 2022    | 2023                                     | 2022    | 2024                                  | 2023      |
|  | (In Thousands, except per share data)     |         |  |         | (In Thousands, except per share data) |           |
| <b>Basic Earnings Per Share:</b>   |   |         |  |         |                                       |           |
| Net income available to common shareholders                                    | 24,6                                      | 28,1    | 91,2                                     | 76,9    |                                       |           |
|  | \$ 87                                     | \$ 95   | \$ 27                                    | \$ 12   | \$ 17,789                             | \$ 18,149 |
| Less: income allocated to participating securities                             | 40  | 22      | 133                                      | 80      | 75                                    | 42        |
| Net income allocated to common shareholders                                    | 24,6                                      | 28,1    | 91,0                                     | 76,8    |                                       |           |
|  | 47  | 73      | 94                                       | 32      | 17,714                                | 18,107    |
| Weighted average common shares outstanding including participating securities  | 35,7                                      | 35,6    | 35,7                                     | 35,7    |                                       |           |
|  | 31  | 10      | 01                                       | 46      | 35,772                                | 35,649    |
| Less: Participating securities   | 18  | 28      | 11                                       | 37      | 108                                   | 43        |
| Average common shares  | 35,7                                      | 35,5    | 35,6                                     | 35,7    |                                       |           |
|  | 13  | 82      | 90                                       | 09      | 35,664                                | 35,606    |
| Basic earnings per common share  | \$ 0.69                                   | \$ 0.79 | \$ 2.55                                  | \$ 2.15 | \$ 0.50                               | \$ 0.51   |
| <b>Diluted Earnings Per Share:</b>   |   |         |  |         |                                       |           |
| Net income allocated to common shareholders                                    | 24,6                                      | 28,1    | 91,0                                     | 76,8    |                                       |           |
|  | \$ 47                                     | \$ 73   | \$ 94                                    | \$ 32   | \$ 17,714                             | \$ 18,107 |
| Weighted average common shares outstanding for basic earnings per common share | 35,7                                      | 35,5    | 35,6                                     | 35,7    |                                       |           |
|  | 13  | 82      | 90                                       | 09      | 35,664                                | 35,606    |
| Add: Dilutive effects of stock options and restricted stock units              | 80  | 122     | 79                                       | 109     | 107                                   | 113       |

|   |         |         |         |         |         |         |
|---|---------|---------|---------|---------|---------|---------|
| Average shares and dilutive potential common shares | 35,793  | 35,704  | 35,769  | 35,818  | 35,771  | 35,719  |
| Diluted earnings per common share                   | \$ 0.69 | \$ 0.79 | \$ 2.55 | \$ 2.15 | \$ 0.50 | \$ 0.51 |

There were 4,705 and 9,287 53,416 shares for the three and nine months ended September 30, 2023, respectively, March 31, 2024 that were excluded from the diluted earnings per common share calculation. calculation as they were anti-dilutive. There were 17,644 and 18,437 627 shares for the three and nine months ended September 30, 2022, respectively, March 31, 2023 that were excluded from the dilutive earnings per common share calculation. calculation as they were anti-dilutive.

## 7. Investment Securities

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

|  | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Loss | Fair Value | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Loss | Fair Value |
|--|----------------|------------------------|-----------------------|------------|----------------|------------------------|-----------------------|------------|
|  | (In Thousands) |                        |                       |            | (In Thousands) |                        |                       |            |
| At September 30, 2023                                    |                |                        |                       |            |                |                        |                       |            |
| At March 31, 2024  |                |                        |                       |            |                |                        |                       |            |
| Available-for-Sale Securities:                           |                |                        |                       |            |                |                        |                       |            |
| Obligations of U.S. government corporations and agencies | 116,594        | —                      | (24,343)              | 92,251     | 133,335        | 10                     | (19,541)              | 113,804    |
| Mortgage-backed securities                               | 189,192        | —                      | (38,898)              | 150,294    | 197,658        | 24                     | (31,742)              | 165,940    |
| Collateralized mortgage obligations                      | 286,470        | —                      | (60,460)              | 226,010    | 296,001        | 19                     | (51,244)              | 244,776    |
| Asset-backed securities                                  | 149,586        | 287                    | (5,857)               | 144,016    | 181,617        | 290                    | (4,843)               | 177,064    |
| Corporate bonds  | 71,194         | —                      | (10,361)              | 60,833     | 71,010         | —                      | (8,405)               | 62,605     |
| Obligations of state and political subdivisions          | 250,869        | 5                      | (60,121)              | 190,753    | 246,643        | 5                      | (44,892)              | 201,756    |
| US Treasuries  | 55,796         | —                      | (8,769)               | 47,027     | 55,669         | —                      | (7,181)               | 48,488     |
| Total Available-for-Sale                                 | 1,119,701      | 292                    | (208,809)             | 911,184    | 1,181,933      | 348                    | (167,848)             | 1,014,433  |

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|  | Amorti<br>zed<br>Cost | Gross<br>Unrea<br>lized<br>Gains | Gross<br>Unreal<br>ized<br>Loss | Fair<br>Value |                   |                              |                             |            |
|--|-----------------------|----------------------------------|---------------------------------|---------------|-------------------|------------------------------|-----------------------------|------------|
|  |                       |                                  |                                 |               | Amortized<br>Cost | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Loss | Fair Value |
|  | (In Thousands)        |                                  |                                 |               | (In Thousands)    |                              |                             |            |
| At December 31, 2022                                     |                       |                                  |                                 |               |                   |                              |                             |            |
| At December 31, 2023                                     |                       |                                  |                                 |               |                   |                              |                             |            |
| Available-for-sale                                       |                       |                                  |                                 |               |                   |                              |                             |            |
| Obligations of U.S. government corporations and agencies | 117,1<br>\$ 50        | (21,2<br>\$ —                    | 95,90<br>\$ 41)                 | \$ 9          | \$ 120,398        | \$ —                         | \$ (18,800)                 | \$ 101,598 |
| Mortgage-backed securities                               | 200,5<br>48           | (32,9<br>—                       | 167,5<br>59)                    | 89            | 185,675           | —                            | (29,167)                    | 156,508    |
| Collateralized mortgage obligations                      | 299,7<br>31           | (49,9<br>—                       | 249,8<br>26)                    | 05            | 285,194           | 9                            | (49,436)                    | 235,767    |
| Asset-backed securities                                  | 200,3<br>12           | (8,32<br>517                     | 192,5<br>5)                     | 04            | 142,215           | 270                          | (5,505)                     | 136,980    |
| Corporate bonds  | 71,54<br>3            | (7,06<br>—                       | 64,48<br>1)                     | 2             | 71,092            | —                            | (8,672)                     | 62,420     |
| Obligations of state and political subdivisions          | 274,8<br>56           | (53,3<br>92                      | 221,5<br>54)                    | 94            | 247,204           | 15                           | (42,961)                    | 204,258    |
| US Treasuries  | 55,98<br>7            | (7,78<br>—                       | 48,19<br>9)                     | 8             | 55,732            | —                            | (6,555)                     | 49,177     |
| Total Available-for-Sale                                 | 1,220<br>\$ ,127      | (180,<br>\$ 609                  | 1,040<br>\$ 655)                | \$ ,081       | \$ 1,107,510      | \$ 294                       | \$ (161,096)                | \$ 946,708 |

The amortized cost and fair value of the investment securities portfolio at **September 30, 2023** **March 31, 2024**, are shown below by contractual maturity. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. For purposes of the maturity table, MBS, CMOs and ABS, which are not due at a single maturity date, have not been allocated over the maturity groupings. These securities may mature earlier than their weighted-average contractual maturities because of principal prepayments.

| Available-for-Sale | Available-for-Sale |
|--------------------|--------------------|
|--------------------|--------------------|



|  | Amortized           |                   | Amortized           |                     |
|--|---------------------|-------------------|---------------------|---------------------|
|  | Cost                | Fair Value        | Cost                | Fair Value          |
|  | (In Thousands)      |                   | (In Thousands)      |                     |
| Due in one year or less                | \$ 310              | \$ 308            | \$ 205              | \$ 205              |
| Due after one year through five years  | 75,091              | 66,804            | 82,780              | 75,854              |
| Due after five years through ten years | 196,907             | 162,316           | 207,422             | 179,181             |
| Due after ten years                    | 222,145             | 161,436           | 216,250             | 171,413             |
| MBS/CMO/ABS                            | 625,248             | 520,320           | 675,276             | 587,780             |
|  | <u>\$ 1,119,701</u> | <u>\$ 911,184</u> | <u>\$ 1,181,933</u> | <u>\$ 1,014,433</u> |

Investment securities with a carrying amount market value of \$636.2 621.6 million and \$759.8 638.2 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, were pledged as collateral.

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The following tables summarize Premier's securities that were in an unrealized loss position at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

|                       | Duration of Unrealized Loss Position |                                    |                                    | Duration of Unrealized Loss Position |                     |                |                       |                       |                       |
|-----------------------|--------------------------------------|------------------------------------|------------------------------------|--------------------------------------|---------------------|----------------|-----------------------|-----------------------|-----------------------|
|                       | Less than 12 Months                  | 12 Months or Longer                | Total                              | Less than 12 Months                  | 12 Months or Longer | Total          |                       |                       |                       |
|                       | Gross Unrealized Fair Value Losses   | Gross Unrealized Fair Value Losses | Gross Unrealized Fair Value Losses |                                      |                     |                |                       |                       |                       |
|                       | Fair Value                           | Fair Value                         | Fair Value                         | Fair Value                           | Fair Value          | Fair Value     | Gross Unrealized Loss | Gross Unrealized Loss | Gross Unrealized Loss |
|                       | (In Thousands)                       | (In Thousands)                     | (In Thousands)                     | (In Thousands)                       | (In Thousands)      | (In Thousands) | (In Thousands)        | (In Thousands)        | (In Thousands)        |
| At September 30, 2023 |                                      |                                    |                                    |                                      |                     |                |                       |                       |                       |
| At March 31, 2024     |                                      |                                    |                                    |                                      |                     |                |                       |                       |                       |

|  |       |       |       |        |       |        |           |          |            |              |            |              |
|--|-------|-------|-------|--------|-------|--------|-----------|----------|------------|--------------|------------|--------------|
| Available-for-sale securities:                           |       |       |       |        |       |        |           |          |            |              |            |              |
| Obligations of U.S. government corporations and agencies |       |       |       | (2     |       | (2     |           |          |            |              |            |              |
|  |       |       | 92    | 4,     | 92    | 4,     |           |          |            |              |            |              |
|  |       |       | ,2    | 34     | ,2    | 34     |           |          |            |              |            |              |
|  | \$ —  | \$ —  | \$ 51 | \$ 3)  | \$ 51 | \$ 3)  | \$ 7,132  | \$ (6)   | \$ 96,680  | \$ (19,535)  | \$ 103,812 | \$ (19,541)  |
| Mortgage-backed securities                               |       |       | 15    | (3     | 15    | (3     |           |          |            |              |            |              |
|  |       |       | 0,    | 8,     | 0,    | 8,     |           |          |            |              |            |              |
|  |       |       | 29    | 89     | 29    | 89     |           |          |            |              |            |              |
|  | —     | —     | 4     | 9)     | 4     | 9)     | 12,963    | (54)     | 150,635    | (31,688)     | 163,598    | (31,742)     |
| Collateralized mortgage obligations                      |       |       | 22    | (6     | 22    | (6     |           |          |            |              |            |              |
|  | 2,    |       | 3,    | 0,     | 6,    | 0,     |           |          |            |              |            |              |
|  | 25    | (9    | 75    | 36     | 01    | 45     |           |          |            |              |            |              |
|  | 5     | 4)    | 5     | 5)     | 0     | 9)     | 12,222    | (80)     | 223,518    | (51,164)     | 235,740    | (51,244)     |
| Asset-backed securities                                  |       |       | 11    |        | 11    |        |           |          |            |              |            |              |
|  |       |       | 8,    | (5,    | 8,    | (5,    |           |          |            |              |            |              |
|  |       |       | 86    | 85     | 86    | 85     |           |          |            |              |            |              |
|  | —     | —     | 0     | 7)     | 0     | 7)     | 27,511    | (57)     | 85,749     | (4,786)      | 113,260    | (4,843)      |
| Corporate bonds  |       |       |       | (1     |       | (1     |           |          |            |              |            |              |
|  |       |       | 60    | 0,     | 60    | 0,     |           |          |            |              |            |              |
|  |       |       | ,8    | 36     | ,8    | 36     |           |          |            |              |            |              |
|  | —     | —     | 33    | 1)     | 33    | 1)     | —         | —        | 62,605     | (8,405)      | 62,605     | (8,405)      |
| Obligations of state and political subdivisions          |       |       | 17    | (5     | 18    | (6     |           |          |            |              |            |              |
|  | 15    | (1,   | 4,    | 8,     | 9,    | 0,     |           |          |            |              |            |              |
|  | ,4    | 38    | 04    | 73     | 46    | 12     |           |          |            |              |            |              |
|  | 18    | 7)    | 5     | 4)     | 3     | 1)     | 8,485     | (89)     | 191,346    | (44,803)     | 199,831    | (44,892)     |
| US Treasuries  |       |       | 47    | (8,    | 47    | (8,    |           |          |            |              |            |              |
|  |       |       | ,0    | 76     | ,0    | 76     |           |          |            |              |            |              |
|  | —     |       | 27    | 9)     | 27    | 9)     | —         |          | 48,488     | (7,181)      | 48,488     | (7,181)      |
| Total available-for-sale                                 |       |       | 86    | (2     | 88    | (2     |           |          |            |              |            |              |
|  | 17    | (1,   | 7,    | 07     | 4,    | 08     |           |          |            |              |            |              |
|  | ,6    | 48    | 06    | ,3     | 73    | ,8     |           |          |            |              |            |              |
|  | \$ 73 | \$ 1) | \$ 5  | \$ 28) | \$ 8  | \$ 09) | \$ 68,313 | \$ (286) | \$ 859,021 | \$ (167,562) | \$ 927,334 | \$ (167,848) |

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

|  | <div> <div>Gross Unrealized Fair Value</div> <div>Gross Unrealized Fair Value</div> <div>Unrealized Losses</div> </div> |                   |            |                   |            |                   | <div> <div>Gross Unrealized Fair Value</div> <div>Gross Unrealized Fair Value</div> <div>Unrealized Losses</div> </div> |                   |            |                   |            |                   |
|--|---|-------------------|------------|-------------------|------------|-------------------|---|-------------------|------------|-------------------|------------|-------------------|
|  | Fair Value  | Unrealized Losses | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses | Fair Value  | Unrealized Losses | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses |
|  | (In Thousands)  |                   |            |                   |            |                   | (In Thousands)  |                   |            |                   |            |                   |
| At December 31, 2022                                     |   |                   |            |                   |            |                   |   |                   |            |                   |            |                   |
| At December 31, 2023                                     |   |                   |            |                   |            |                   |   |                   |            |                   |            |                   |
| Available-for-sale securities:                           |   |                   |            |                   |            |                   |   |                   |            |                   |            |                   |
| Obligations of U.S. government corporations and agencies | 64,394  | (1,158)           | 31,051     | (1,083)           | 95,907     | (1,124)           | \$ 3,986  | \$ (9)            | \$ 97,612  | \$ (18,791)       | \$ 101,598 | \$ (18,800)       |
| Mortgage-backed securities-residential                   | 40,908  | (4,184)           | 6,681      | (8,775)           | 7,589      | (2,909)           | —   | —                 | 156,508    | (29,167)          | 156,508    | (29,167)          |
| Collateralized mortgage obligations                      | 60,776  | (1,985)           | 15,912     | (3,915)           | 21,980     | (4,926)           | —   | —                 | 229,659    | (49,436)          | 229,659    | (49,436)          |
| Asset-backed securities                                  | 45,334  | (1,499)           | 3,580      | (6,826)           | 9,114      | (8,325)           | —   | —                 | 113,444    | (5,505)           | 113,444    | (5,505)           |
| Corporate bonds  | 49,114  | (4,960)           | 15,068     | (2,101)           | 64,482     | (7,061)           | —   | —                 | 62,420     | (8,672)           | 62,420     | (8,672)           |
| Obligations of state and political subdivisions          | 10,661  | (1,378)           | 98,030     | (3,976)           | 20,467     | (5,343)           | 10,595  | (111)             | 188,896    | (42,850)          | 199,491    | (42,961)          |
| US Treasuries  | 19,849  | (3,448)           | 28,033     | (4,343)           | 48,012     | (7,789)           | —   | —                 | 49,177     | (6,555)           | 49,177     | (6,555)           |
|  | 91  | 8                 | 09         | 1                 | 00         | 9                 |   |                   |            |                   |            |                   |

|                          |      |       |      |        |      |        |           |          |            |              |            |              |
|--------------------------|------|-------|------|--------|------|--------|-----------|----------|------------|--------------|------------|--------------|
| Total available-for-sale | 38   | (5    | 57   | (1     | 95   | (1     |           |          |            |              |            |              |
|                          | 7,   | 0,    | 2,   | 30     | 9,   | 80     |           |          |            |              |            |              |
|                          | 12   | 61    | 64   | ,0     | 77   | ,6     |           |          |            |              |            |              |
|                          | \$ 7 | \$ 2) | \$ 3 | \$ 43) | \$ 0 | \$ 55) | \$ 14,581 | \$ (120) | \$ 897,716 | \$ (160,976) | \$ 912,297 | \$ (161,096) |

The Company had no realized gains or losses and \$27,000 in realized gains from the sale of available-for-sale securities in the three and nine months ended September 30, 2023, respectively. March 31, 2024. For the three and nine months ended September 30, 2022 March 31, 2023, the Company realized had \$no 34,000 in realized gains or losses from the sale of investment securities. It is expected that the securities would not be settled at less than the amortized cost of the Company's investment because the decline in fair value is attributable to changes in interest rates and relative spreads and not credit quality. Management does not intend to sell these investments and it is not expected that the Company will be required to sell the investments before recovery of its amortized cost basis.

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

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

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

- Any security that has a loss rate greater than 3%, credit rating below investment grade or not rated by a third-party credit ratings company would be subjected to additional analysis that may include, but is not limited to: changes in market interest rates, changes in securities credit ratings, security type, service area economic factors, financial performance of the issuer/or obligor of the underlying issue and third-party guarantee.
- If the Company determines that a credit loss exists, the credit portion of the allowance will be measur using a DCF analysis using the effective interest rate as of the security's purchase date. The amount of cre loss the Company records will be limited to the amount by which the amortized cost exceeds the fair val As of September 30, 2023 March 31, 2024, management determined that no credit loss exists and that t unrealized losses are due to the increased interest rate environment.

At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company held preferred and common stock of various bank holding companies totaling \$5.95.7 million and \$7.85.8 million, respectively. During the three and nine months ended September 30, 2023 March 31, 2024, a realized gain of \$256,000 and a realized loss of \$1.137,000 million, respectively, were was recorded within gain (loss) on equity securities on the Consolidated Condensed Statements of Income. During the three and nine months ended September 30, 2022 March 31, 2023, an unrealized gain a realized loss of \$43,000 and a \$1.81.4 million realized loss, respectively, were was recorded within gain (loss) on equity securities on the Consolidated Condensed Statements of Income.

## 8. Loans

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

|   | September 30,<br>2023 | December 31,<br>2022 | March 31,<br>2024 | December 31,<br>2023 |
|---|-----------------------|----------------------|-------------------|----------------------|
|   | (In Thousands)        |                      | (In Thousands)    |                      |
| Real Estate:  |                       |                      |                   |                      |
| Residential   | \$ 1,797,676          | \$ 1,535,574         | \$ 1,816,416      | \$ 1,810,265         |
| Commercial  | 2,820,410             | 2,762,311            | 2,830,086         | 2,839,905            |
| Construction  | 921,438               | 1,278,255            | 759,226           | 838,823              |
|   | 5,539,524             | 5,576,140            | 5,405,728         | 5,488,993            |
| Other Loans:  |                       |                      |                   |                      |
| Commercial  | 1,039,465             | 1,055,180            | 1,031,037         | 1,056,803            |
| Home equity and improvement                           | 269,053               | 277,613              | 265,362           | 267,960              |
| Consumer finance                                      | 203,800               | 213,405              | 187,664           | 193,830              |
|   | 1,512,318             | 1,546,198            | 1,484,063         | 1,518,593            |
| Loans before deferred loan origination fees and costs | 7,051,842             | 7,122,338            | 6,889,791         | 7,007,586            |
| Deduct:   |                       |                      |                   |                      |
| Undisbursed construction loan funds                   | (367,299)             | (672,775)            | (208,923)         | (281,466)            |
| Net deferred loan origination fees and costs          | 12,326                | 11,057               | 12,877            | 13,267               |
| Allowance for credit losses                           | (76,513)              | (72,816)             | (76,679)          | (76,512)             |
| Total loans   | \$ 6,620,356          | \$ 6,387,804         | \$ 6,617,066      | \$ 6,662,875         |

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The Company responded to the COVID-19 pandemic in numerous ways, including by actively participating in the Paycheck Protection Program (“PPP”) and distributing \$636.9 million to small businesses in our markets. As of September 30, 2023, the Company had \$526,000 in PPP loans that remained unpaid and were included in commercial other loans in the above loan table. As of December 31, 2022, the Company had \$1.1 million in PPP loans.

The following table presents the amortized cost basis of collateral-dependent loans by class of loans and collateral type as of **September 30, 2023**, **March 31, 2024** and **December 31, 2022**, **December 31, 2023** (in thousands):

|                             | September 30, 2023 |                         |                           |         |       |        | March 31, 2024 |                         |                           |          |       |        |
|-----------------------------|--------------------|-------------------------|---------------------------|---------|-------|--------|----------------|-------------------------|---------------------------|----------|-------|--------|
|                             | Real Estate        | Equipment and Machinery | Inventory and Receivables | Vehicle | Other | Total  | Real Estate    | Equipment and Machinery | Inventory and Receivables | Vehicles | Other | Total  |
| Real Estate:                |                    |                         |                           |         |       |        |                |                         |                           |          |       |        |
| Residential                 | \$ —               | \$ —                    | \$ —                      | \$ —    | \$ —  | \$ —   | \$ —           | \$ —                    | \$ —                      | \$ —     | \$ —  | \$ —   |
| Commercial                  | 10,587             | —                       | 1,159                     | —       | —     | 11,746 | 7,256          | —                       | —                         | —        | —     | 7,256  |
| Construction                | —                  | —                       | —                         | —       | —     | —      | —              | —                       | —                         | —        | —     | —      |
| Other Loans:                |                    |                         |                           |         |       |        |                |                         |                           |          |       |        |
| Commercial                  | 2,022              | 8,437                   | 4,726                     | 4       | —     | 15,189 | 923            | 11,104                  | 3,733                     | 73       | —     | 15,833 |
| Home equity and improvement | —                  | —                       | —                         | —       | —     | —      | —              | —                       | —                         | —        | —     | —      |
| Consumer finance            | —                  | —                       | —                         | —       | —     | —      | —              | —                       | —                         | —        | —     | —      |



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

| As of<br>September<br>30, 2023                | Non-accrual with no<br>allocated allowance<br>for credit losses | Non-accrual with<br>allocated allowance<br>for credit losses | Loans past due<br>over 90 days<br>still accruing |  |   |   |  |
|---|---|--|--|--|---|---|--|
| As of March<br>31, 2024                       |   |  |  | Non-accrual with<br>no allocated<br>allowance for<br>credit losses | Non-accrual with<br>allocated<br>allowance for<br>credit losses | Loans past<br>due over 90<br>days still<br>accruing |  |
| Residential<br>real estate                    | \$ 333  | \$ 9,463   | \$ —   | \$ 520   | \$ 10,690   | \$ —  |  |
| Commercial<br>real estate                     | 3,752   | 7,186  | —  | 1,449  | 5,669   | —   |  |
| Construction                                  | —   | —  | —  | —  | —   | —   |  |
| Commercial                                    | 4,470   | 7,323  | —  | 2,924  | 9,597   | —   |  |
| Home equity<br>and<br>improvement             | —   | 1,133  | —  | —  | 1,847   | —   |  |
| Consumer<br>finance                           | —   | 2,821  | —  | —  | 3,483   | —   |  |
| PCD   | —   | 2,982  | —  |  |   |   |  |
| Purchase<br>credit<br>deteriorated<br>("PCD") |   |  |  | 885  | 1,967   |   |  |
| <b>Total</b>                                  | <b>\$ 8,555</b>   | <b>\$ 30,908</b>   | <b>\$ —</b>                                      | <b>\$ 5,778</b>  | <b>\$ 33,253</b>  | <b>\$ —</b>   |  |



| As of<br>December<br>31, 2022     | Non-accrual with no<br>allocated allowance<br>for credit losses |        | Non-accrual with<br>allocated allowance<br>for credit losses |        | Loans past due<br>over 90 days<br>still accruing |   |  |   |   |        |    |   |
|-----------------------------------|---|--------|--|--------|--|---|--|---|---|--------|----|---|
| As of<br>December<br>31, 2023     |   |        |  |        |  |   | Non-accrual with<br>no allocated<br>allowance for<br>credit losses | Non-accrual with<br>allocated<br>allowance for<br>credit losses | Loans past<br>due over 90<br>days still<br>accruing |        |    |   |
| Residential<br>real estate        | \$  | 419    | \$   | 7,305  | \$   | — | \$   | 572   | \$  | 12,456 | \$ | — |
| Commercial<br>real estate         |   | 7,844  |  | 5,552  |  | — |  | 196   |   | 5,775  |    | — |
| Constructio<br>n                  |   | —      |  | —      |  | — |  | —   |   | —      |    | — |
| Commercial<br>l                   |   | 4,551  |  | 311    |  | — |  | 150   |   | 8,499  |    | — |
| Home<br>equity and<br>improvement |   | —      |  | 1,637  |  | — |  | —   |   | 1,417  |    | — |
| Consumer<br>finance               |   | —      |  | 2,401  |  | — |  | —   |   | 3,433  |    | — |
| PCD                               |   | 654    |  | 3,148  |  | — |  | —   |   | 2,993  |    | — |
| Total                             | \$  | 13,468 | \$   | 20,354 | \$   | — | \$   | 918   | \$  | 34,573 | \$ | — |

The following table presents the aging of the amortized cost in past due and non-accrual loans as of **September 30, 2023** **March 31, 2024**, by class of loans (in thousands):

| Class        |             |                    |                    |                  |                 |  |              |              |              |           |                   |                          |
|--------------|-------------|--------------------|--------------------|------------------|-----------------|--|--------------|--------------|--------------|-----------|-------------------|--------------------------|
|              | Curr<br>ent | 30 -<br>59<br>days | 60 -<br>89<br>days | 90 +<br>day<br>s | Pas<br>t<br>Due | Tot<br>al<br>No<br>n-<br>Ac<br>cru<br>al | Current      | 30 - 59 days | 60 - 89 days | 90 + days | Total<br>Past Due | Total<br>Non-<br>Accrual |
| Real Estate: | 1,776,75    | 14                 | 7,4                | 23               | ,7              | 9,                                       |              |              |              |           |                   |                          |
| Residential  | \$ 7        | \$ 7               | \$ 20              | \$ 2             | \$ 99           | \$ 5                                     | \$ 1,797,600 | \$ 300       | \$ 5,336     | \$ 9,432  | \$ 15,068         | \$ 11,210                |

|                             |      |       |       |       |       |      |    |              |           |          |           |           |           |   |  |
|-----------------------------|------|-------|-------|-------|-------|------|----|--------------|-----------|----------|-----------|-----------|-----------|---|--|
|                             |      |       |       |       |       | 1    |    |              |           |          |           |           |           |   |  |
|                             | 2,8  |       |       |       |       | 0,   |    |              |           |          |           |           |           |   |  |
|                             | 16,  |       |       |       | 6,    | 6,   | 9  |              |           |          |           |           |           |   |  |
| Commercial                  | 86   |       |       |       | 28    | 33   | 3  |              |           |          |           |           |           |   |  |
|                             | 0    | 24    | 22    | 7     | 3     | 8    |    | 2,830,522    | 406       | 677      | 1,165     | 2,248     | 7,118     |   |  |
|                             | 55   |       |       |       |       |      |    |              |           |          |           |           |           |   |  |
| Construction                | 4,1  |       |       |       |       |      |    |              |           |          |           |           |           |   |  |
|                             | 39   | —     | —     | —     | —     | —    |    | 550,303      | —         | —        | —         | —         | —         | — |  |
| Other Loans:                |      |       |       |       |       |      |    |              |           |          |           |           |           |   |  |
|                             |      |       |       |       |       |      | 1  |              |           |          |           |           |           |   |  |
|                             | 1,0  |       |       |       |       | 1,   |    |              |           |          |           |           |           |   |  |
|                             | 28,  |       |       |       | 4,    | 6,   | 7  |              |           |          |           |           |           |   |  |
| Commercial                  | 29   | 1,4   | 21    | 94    | 61    | 9    |    |              |           |          |           |           |           |   |  |
|                             | 5    | 53    | 7     | 2     | 2     | 3    |    | 1,019,317    | 4,428     | 12       | 3,316     | 7,756     | 12,521    |   |  |
| Home equity and improvement |      |       |       |       |       |      |    |              |           |          |           |           |           |   |  |
|                             | 26   |       |       |       | 3,    | 1,   |    |              |           |          |           |           |           |   |  |
|                             | 3,1  | 2,3   | 90    | 65    | 95    | 3    |    |              |           |          |           |           |           |   |  |
|                             | 55   | 90    | 3     | 7     | 0     | 4    |    | 260,184      | 2,245     | 203      | 1,265     | 3,713     | 1,847     |   |  |
|                             |      |       |       |       |       |      | 2, |              |           |          |           |           |           |   |  |
|                             | 19   |       |       | 2,    | 6,    | 8    |    |              |           |          |           |           |           |   |  |
| Consumer finance            | 9,3  | 3,2   | 99    | 39    | 63    | 2    |    |              |           |          |           |           |           |   |  |
|                             | 43   | 44    | 2     | 9     | 5     | 0    |    | 182,408      | 3,187     | 1,237    | 2,998     | 7,422     | 3,483     |   |  |
|                             |      |       |       |       |       |      | 2, |              |           |          |           |           |           |   |  |
|                             | 15,  |       |       | 2,    | 3,    | 9    |    |              |           |          |           |           |           |   |  |
|                             | 84   | 22    | 38    | 53    | 14    | 8    |    |              |           |          |           |           |           |   |  |
| PCD                         | 5    | 9     | 0     | 7     | 6     | 3    |    | 13,902       | 227       | 661      | 2,414     | 3,302     | 2,852     |   |  |
|                             |      |       |       |       |       |      |    |              |           |          |           |           |           |   |  |
|                             |      |       |       |       |       |      | 3  |              |           |          |           |           |           |   |  |
|                             | 6,6  |       |       |       |       | 9,   |    |              |           |          |           |           |           |   |  |
|                             | 54,  |       |       | 25    | 42    | 4    |    |              |           |          |           |           |           |   |  |
|                             | 39   | 7,4   | 9,9   | ,0    | ,4    | 6    |    |              |           |          |           |           |           |   |  |
| Total Loans                 | \$ 4 | \$ 87 | \$ 34 | \$ 54 | \$ 75 | \$ 3 |    | \$ 6,654,236 | \$ 10,793 | \$ 8,126 | \$ 20,590 | \$ 39,509 | \$ 39,031 |   |  |

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The following table presents the aging of the recorded investment in past due and non-accrual loans as of **December 31, 2022** **December 31, 2023**, by class of loans (in thousands):

| Class                       | Total<br>Past Due<br>Total Non-accrual |              |              |           |          |             | Total<br>Non-accrual |              |              |           |           |             |
|-----------------------------|--|--------------|--------------|-----------|----------|-------------|----------------------|--------------|--------------|-----------|-----------|-------------|
|                             | Current                                | 30 - 59 days | 60 - 89 days | 90 + days | Past Due | Non-accrual | Current              | 30 - 59 days | 60 - 89 days | 90 + days | Past Due  | Non-accrual |
| Real Estate:                |  |              |              |           |          |             |                      |              |              |           |           |             |
| Residential                 | 1,516,135                              |              | 6,350        | 6,203     | 12,832   | 7,434       | \$ 1,786,537         | \$ 152       | \$ 8,302     | \$ 11,216 | \$ 19,670 | \$ 13,028   |
| Commercial                  | 2,751,933                              |              |              | 11,477    | 12,062   | 13,096      | 2,841,209            | 163          | 312          | 1,275     | 1,750     | 5,971       |
| Construction                | 605,043                                |              |              |           | 437      | —           | 557,249              | —            | 108          | —         | 108       | —           |
| Other Loans:                |  |              |              |           |          |             |                      |              |              |           |           |             |
| Commercial                  | 1,044,898                              |              |              |           | 5,176    | 4,862       | 1,051,034            | 191          | 2,446        | 1,132     | 3,769     | 8,649       |
| Home equity and improvement | 269,183                                | 4,342        |              | 1,190     | 6,021    | 1,737       | 262,404              | 2,084        | 635          | 958       | 3,677     | 1,417       |
| Consumer finance            | 209,062                                | 2,763        | 1,397        | 2,227     | 387      | 2,131       | 187,624              | 3,699        | 1,681        | 3,003     | 8,383     | 3,433       |
| PCD                         | 17,082                                 |              |              | 2,651     | 749      | 3,280       | 11,922               | 211          | 1,271        | 2,569     | 4,051     | 2,993       |
| Total Loans                 | \$ 336                                 | \$ 25        | \$ 76        | \$ 3      | \$ 84    | \$ 22       | \$ 6,697,979         | \$ 6,500     | \$ 14,755    | \$ 20,153 | \$ 41,408 | \$ 35,491   |

Loan Modifications

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

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

Of the loans modified as of September 30, 2023 March 31, 2024, \$4.47.0 million were on non-accrual status and partial charge-offs have in some cases been taken against the outstanding balance. The allowance for credit losses incorporates an estimate of lifetime expected credit losses and is recorded on each loan upon loan origination or acquisition. The starting point for the estimate of the allowance for credit losses is historical loss information, which includes losses from modifications of loans to borrowers experiencing financial difficulty. The company Company uses probability of default/loss given default, discounted cash flows or remaining life method to determine the allowance for credit losses. An assessment of whether a borrower is experiencing financial difficulty is made on the date of a modification. Because the effect of most modifications made to borrowers experiencing financial difficulty is already included in the allowance for credit losses because of the measurement methodologies used to estimate the allowance, a change to the allowance for credit losses is generally not recorded upon modification.

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The following table shows the amortized cost basis at the end of the reporting period of the loans modified to borrowers experiencing financial difficulty, disaggregated by loan category and type of modification granted during the three and nine months ended September 30, 2023 March 31, 2024. The percentage of the amortized cost basis of loans that were modified to borrowers experiencing financial difficulty as compared to the amortized cost basis of each class of loan category is also presented below:

| Loan Type                   | Loans Modifications Made to Borrowers Experiencing Financial Difficulty Three Months Ended September 30, 2023<br>(Dollars in Thousands) |  |                                    |  | Loans Modifications Made to Borrowers Experiencing Financial Difficulty Nine Months Ended September 30, 2023<br>(Dollars in Thousands) |        |                                    |  | Loans Modifications Made to Borrowers Experiencing Financial Difficulty Three Months Ended March 31, 2024<br>(Dollars in Thousands) |        |
|-----------------------------|---|--|------------------------------------|--|--|--------|------------------------------------|--|---|--------|
|                             | Term Extension  |  | Percent of total loans by category |  | Term Extension   |        | Percent of total loans by category |  | Term Extension  |        |
|                             | Amortized Cost Basis  |  |                                    |  | Amortized Cost Basis   |        |                                    |  | Amortized Cost Basis  |        |
|                             |   |  |                                    |  |  |        |                                    |  |   |        |
| Real Estate:                |   |  |                                    |  |  |        |                                    |  |   |        |
| Residential                 | \$ —  |  |                                    |  | 109  | 0.01 % |                                    |  | \$ —  |        |
| Commercial                  | 4,178   |  | 0.15 %                             |  | 8,900  | 0.32 % |                                    |  | 352   | 0.01 % |
| Construction                | —   |  | —                                  |  | —  | —      |                                    |  | —   | —      |
| Other Loans:                |   |  |                                    |  |  |        |                                    |  |   |        |
| Commercial                  | —   |  | —                                  |  | 37   | 0.00 % |                                    |  | 7,758   | 0.75 % |
| Home equity and improvement | —   |  | —                                  |  | —  | —      |                                    |  | —   | —      |
| Consumer finance            | —   |  | —                                  |  | —  | —      |                                    |  | —   | —      |
| Total                       | \$ 4,178  |  |                                    |  | \$ 9,046   |        |                                    |  | \$ 8,110  |        |

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

| Loan Type    | Term Extension   |  |
|--------------|------------------|--|
|              | Financial Effect |  |
| Real Estate: |                  |  |
| Residential  | Commercial       | -Term extended from 7 year balloon to 30 years   |
|              |                  | -Added 126 months to the life of the loan, which reduced monthly payment amounts for the |
|              | Commercial       | borrower. -Term extension 10 yr term/ 20 yr am to 12 month interest only                 |
| Other Loans: |                  |  |

|            |   |
|------------|---|
| Commercial | -Added -Demand Line termed out to 84 10 year months term        |
|            | -Demand Line termed out to the life of the loan to term out 2 5 |
|            | year year balloon, which reduced monthly payment amounts        |
|            | for the borrower. term  |
|            | -Term extended 5 months   |
|            | -Demand Line termed out to 192 months                           |
|            | -Term extended 189 months                                       |

| Loan Type                 | Rate Reduction   |
|---------------------------|--|
|                           | Financial Effect   |
| Real Estate: Other Loans: |  |
| Commercial                | -Interest rate reduction 11.08 10.5% to 8.5% to 5.00%        |
|                           | -Interest rate reduction 10.65% 11% (tied to 5.00% -Interest |
|                           | rate reduction 7.14% prime) to 4.50% 8.25% fixed             |

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

There were no modification loans that had a payment default during the quarter ended September 30, 2023 March 31, 2024 and were modified in the twelve months prior to that default to borrowers experiencing financial difficulty.

The Company closely monitors the performance of the loans that were modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. FourFive of the modified loans are

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current and three modified loans pertaining to one two commercial relationship relationships are on nonaccrual status as of September 30, 2023 March 31, 2024.

Credit Quality Indicators

Loans are categorized into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public

information, and current economic trends, among other factors. Loans are analyzed individually by classifying the loans by credit risk. This analysis includes all non-homogeneous loans, such as commercial and commercial real estate loans and certain homogeneous mortgage, mortgages, home equity and consumer loans. This analysis is performed on a quarterly basis. Premier uses the following definitions for risk ratings:

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

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

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

Loans not meeting the criteria above that are analyzed individually as part of the above described process are considered to be pass rated loans. As of September 30, 2023 March 31, 2024, and based on the most recent analysis performed, the risk category of loans by class of loans is as follows (in thousands):

| Class        | Special |      |      |      |        |       |              |         |             |          |            |              |
|--------------|---------|------|------|------|--------|-------|--------------|---------|-------------|----------|------------|--------------|
|              | Uncl    | Me   | Sub  | Do   | Total  | Total | Special      |         |             |          | Total      |              |
|              | assif   | nti  | stan | ubt  | class  | I     | Unclassified | Mention | Substandard | Doubtful | classified | Total        |
| Real Estate: |         |      |      |      |        |       |              |         |             |          |            |              |
|              |         |      |      |      |        | 1,79  |              |         |             |          |            |              |
|              | 1,781,  | 4    | 10,  |      |        | 2,    |              |         |             |          |            |              |
| Residential  | 42      | 2    | 70   |      | 10,    | 55    |              |         |             |          |            |              |
|              | \$ 7    | \$ 2 | \$ 7 | \$ — | \$ 707 | \$ 6  | \$ 1,799,974 | \$ 487  | \$ 12,207   | \$ —     | \$ 12,207  | \$ 1,812,668 |
|              |         | 5    |      |      |        | 2,    |              |         |             |          |            |              |
|              | 2,742,  | 4,   |      |      |        | 82    |              |         |             |          |            |              |
|              | 42,     | 5    | 26,  |      |        | 3,    |              |         |             |          |            |              |
| Commercial   | 46      | 2    | 20   |      | 26,    | 19    |              |         |             |          |            |              |
|              | 9       | 3    | 1    | —    | 201    | 3     | 2,753,838    | 53,456  | 25,476      | —        | 25,476     | 2,832,770    |
|              |         | 7,   |      |      |        | 55    |              |         |             |          |            |              |
|              | 54      | 8    |      |      |        | 4,    |              |         |             |          |            |              |
| Construction | 6,3     | 3    |      |      |        | 13    |              |         |             |          |            |              |
|              | 06      | 3    | —    | —    | —      | 9     | 542,803      | 7,500   | —           | —        | —          | 550,303      |

|                             |      |      |      |      |        |      |              |           |           |      |           |              |  |
|-----------------------------|------|------|------|------|--------|------|--------------|-----------|-----------|------|-----------|--------------|--|
| Other Loans:                |      |      |      |      |        |      |              |           |           |      |           |              |  |
|                             |      | 3    |      |      |        | 1,   |              |           |           |      |           |              |  |
|                             |      | 1,   |      |      |        | 03   |              |           |           |      |           |              |  |
|                             | 98   | 9    | 20,  |      |        | 4,   |              |           |           |      |           |              |  |
| Commercial                  | 2,8  | 3    | 08   |      | 20,    | 90   |              |           |           |      |           |              |  |
|                             | 91   | 0    | 6    | —    | 086    | 7    | 945,021      | 32,487    | 49,565    | —    | 49,565    | 1,027,073    |  |
| Home equity and improvement |      |      |      |      |        | 26   |              |           |           |      |           |              |  |
|                             | 26   |      |      |      |        | 7,   |              |           |           |      |           |              |  |
|                             | 5,9  |      | 1,1  |      | 1,1    | 10   |              |           |           |      |           |              |  |
|                             | 74   | —    | 31   | —    | 31     | 5    | 262,046      | —         | 1,851     | —    | 1,851     | 263,897      |  |
| Consumer finance            |      |      |      |      |        | 20   |              |           |           |      |           |              |  |
|                             | 20   |      |      |      |        | 5,   |              |           |           |      |           |              |  |
|                             | 3,3  |      | 2,6  |      | 2,6    | 97   |              |           |           |      |           |              |  |
|                             | 59   | —    | 19   | —    | 19     | 8    | 186,543      | —         | 3,287     | —    | 3,287     | 189,830      |  |
|                             |      | 2,   |      |      |        |      |              |           |           |      |           |              |  |
|                             | 13,  | 8    |      |      |        | 18   |              |           |           |      |           |              |  |
|                             | 37   | 1    | 2,8  |      | 2,8    | ,9   |              |           |           |      |           |              |  |
| PCD                         | 6    | 3    | 02   | —    | 02     | 91   | 12,006       | 2,485     | 2,713     | —    | 2,713     | 17,204       |  |
|                             |      |      |      |      |        |      |              |           |           |      |           |              |  |
|                             |      | 9    |      |      |        | 6,   |              |           |           |      |           |              |  |
|                             | 6,5  | 7,   |      |      |        | 69   |              |           |           |      |           |              |  |
|                             | 35,  | 5    | 63,  |      |        | 6,   |              |           |           |      |           |              |  |
| Total                       | 80   | 2    | 54   |      | 63,    | 86   |              |           |           |      |           |              |  |
| Loans (1)                   | \$ 2 | \$ 1 | \$ 6 | \$ — | \$ 546 | \$ 9 | \$ 6,502,231 | \$ 96,415 | \$ 95,099 | \$ — | \$ 95,099 | \$ 6,693,745 |  |

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

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As of **December 31, 2022** **December 31, 2023**, and based on the most recent analysis performed, the risk category of loans by class of loans is as follows (in thousands):



| Class                       | Special      |                 |             |          |                  |       |              |                 |             |          |                  |              |
|-----------------------------|--------------|-----------------|-------------|----------|------------------|-------|--------------|-----------------|-------------|----------|------------------|--------------|
|                             | Unclassified | Special Mention | Substandard | Doubtful | Total Classified | Total | Unclassified | Special Mention | Substandard | Doubtful | Total Classified | Total        |
| Real Estate:                |              |                 |             |          |                  |       |              |                 |             |          |                  |              |
|                             | 1,5          |                 |             |          |                  | 1,5   |              |                 |             |          |                  |              |
|                             | 19,          | 9               |             |          |                  | 28,   |              |                 |             |          |                  |              |
| Residential                 | 65           | 3               | 8,3         |          | 8,3              | 96    |              |                 |             |          |                  |              |
|                             | \$ 7         | \$ 5            | \$ 75       | \$ —     | \$ 75            | \$ 7  | \$ 1,791,663 | \$ 594          | \$ 13,950   | \$ —     | \$ 13,950        | \$ 1,806,207 |
|                             |              | 4               |             |          |                  |       |              |                 |             |          |                  |              |
|                             | 2,6          | 6,              |             |          |                  | 2,7   |              |                 |             |          |                  |              |
|                             | 98,          | 0               | 20,         |          |                  | 64,   |              |                 |             |          |                  |              |
| Commercial                  | 29           | 2               | 29          |          | 20,              | 61    |              |                 |             |          |                  |              |
|                             | 2            | 9               | 4           | —        | 294              | 5     | 2,765,898    | 50,784          | 26,277      | —        | 26,277           | 2,842,959    |
|                             | 60           |                 |             |          |                  | 60    |              |                 |             |          |                  |              |
| Construction                | 5,4          |                 |             |          |                  | 5,4   |              |                 |             |          |                  |              |
|                             | 80           | —               | —           | —        | —                | 80    | 549,867      | 7,490           | —           | —        | —                | 557,357      |
| Other Loans:                |              |                 |             |          |                  |       |              |                 |             |          |                  |              |
|                             |              | 2               |             |          |                  |       |              |                 |             |          |                  |              |
|                             | 1,0          | 6,              |             |          |                  | 1,0   |              |                 |             |          |                  |              |
|                             | 16,          | 3               |             |          |                  | 50,   |              |                 |             |          |                  |              |
| Commercial                  | 92           | 1               | 6,8         |          | 6,8              | 07    |              |                 |             |          |                  |              |
|                             | 5            | 9               | 30          | —        | 30               | 4     | 975,233      | 57,634          | 21,936      | —        | 21,936           | 1,054,803    |
| Home equity and improvement | 27           |                 |             |          |                  | 27    |              |                 |             |          |                  |              |
|                             | 3,6          |                 | 1,5         |          | 1,5              | 5,2   |              |                 |             |          |                  |              |
|                             | 13           | —               | 91          | —        | 91               | 04    | 264,663      | —               | 1,418       | —        | 1,418            | 266,081      |
| Consumer finance            | 21           |                 |             |          |                  | 21    |              |                 |             |          |                  |              |
|                             | 3,0          |                 | 2,3         |          | 2,3              | 5,4   |              |                 |             |          |                  |              |
|                             | 78           | —               | 71          | —        | 71               | 49    | 192,774      | —               | 3,233       | —        | 3,233            | 196,007      |
|                             |              | 2,              |             |          |                  |       |              |                 |             |          |                  |              |
|                             | 13,          | 5               |             |          |                  | 20,   |              |                 |             |          |                  |              |
|                             | 90           | 9               | 4,3         |          | 4,3              | 83    |              |                 |             |          |                  |              |
| PCD                         | 4            | 0               | 37          | —        | 37               | 1     | 12,899       | 197             | 2,877       | —        | 2,877            | 15,973       |







Home equity and Improvement:

|                                  |    |        |    |    |        |   |    |        |    |    |       |     |    |       |     |    |        |     |    |         |       |    |         |       |
|----------------------------------|----|--------|----|----|--------|---|----|--------|----|----|-------|-----|----|-------|-----|----|--------|-----|----|---------|-------|----|---------|-------|
|                                  |    |        |    |    |        |   |    |        |    | 8  |       |     |    |       |     |    |        |     |    |         |       |    |         |       |
| Current-period gross charge-offs | \$ | 21     | \$ | —  | \$     | — | \$ | —      | \$ | 71 | \$    | —   | \$ | 10    | —   | \$ | 38     | 80  | 1  |         |       |    |         |       |
| Risk Rating                      |    |        |    |    |        |   |    |        |    |    |       |     |    |       |     |    |        |     |    |         |       |    |         |       |
|                                  |    | 15,467 | 2, |    | 26,286 | 1 |    | 19,085 | 2  |    | 4,650 | 17, |    | 3,074 | 4,2 |    | 27,944 | 2   |    | 169,468 | 167,  |    | 265,974 | 26    |
| Unclassified                     | \$ | 793    |    | \$ | 8,446  |   | \$ | 3,796  |    | \$ | 419   |     | \$ | 61    |     | \$ | 8,025  |     | \$ | 306     |       | \$ | 2,046   |       |
| Special Mention                  |    | —      |    |    | —      |   |    | —      |    |    | —     |     |    | —     |     |    | —      |     |    | —       |       |    | —       |       |
| Substandard                      |    | —      |    |    | 49     | — |    | 14     | 84 |    | —     |     |    | —     |     |    | 188    | 381 |    | 880     | 1,386 |    | 1,131   | 1,851 |
| Doubtful                         |    | —      |    |    | —      |   |    | —      |    |    | —     |     |    | —     |     |    | —      |     |    | —       |       |    | —       |       |
|                                  |    | 15,467 | 2, |    | 26,335 | 1 |    | 19,099 | 2  |    | 4,650 | 17, |    | 3,074 | 4,2 |    | 28,132 | 2   |    | 170,348 | 168,  |    | 267,105 | 26    |
| Total                            | \$ | 793    |    | \$ | 8,446  |   | \$ | 3,880  |    | \$ | 419   |     | \$ | 61    |     | \$ | 8,406  |     | \$ | 692     |       | \$ | 3,897   |       |

Consumer Finance:

|                                  |    |        |    |    |         |    |    |        |      |    |        |     |    |       |     |    |       |     |    |       |       |    |         |       |
|----------------------------------|----|--------|----|----|---------|----|----|--------|------|----|--------|-----|----|-------|-----|----|-------|-----|----|-------|-------|----|---------|-------|
| Current-period gross charge-offs | \$ | 7      | —  | \$ | 33      | 66 | \$ | 21     | 226  | \$ | 26     | 100 | \$ | 13    | 18  | \$ | 180   | 27  | \$ | —     |       | \$ | 280     | 437   |
| Risk Rating                      |    |        |    |    |         |    |    |        |      |    |        |     |    |       |     |    |       |     |    |       |       |    |         |       |
|                                  |    | 39,531 | 13 |    | 105,885 |    |    | 24,918 | 9    |    | 12,575 | 2   |    | 8,679 | 9,9 |    | 2,400 | 7,3 |    |       |       |    | 203,359 | 18    |
| Unclassified                     | \$ | ,052   |    | \$ | 39,834  |    | \$ | 0,705  |      | \$ | 0,219  |     | \$ | 25    |     | \$ | 00    |     | \$ | 9,371 | 5,508 |    | \$      | 6,543 |
| Special Mention                  |    | —      |    |    | —       |    |    | —      |      |    | —      |     |    | —     |     |    | —     |     |    | —     |       |    | —       |       |
|                                  |    |        |    |    | 1,334   | 34 |    | 521    | 1,45 |    |        |     |    |       |     |    |       |     |    |       |       |    |         |       |
| Substandard                      |    | 109    | —  |    | 4       |    |    | 1      |      |    | 346    | 569 |    | 211   | 369 |    | 95    | 351 |    | 3     | 203   |    | 2,619   | 3,287 |
| Doubtful                         |    | —      |    |    | —       |    |    | —      |      |    | —      |     |    | —     |     |    | —     |     |    | —     |       |    | —       |       |
|                                  |    | 39,640 | 13 |    | 107,219 |    |    | 25,439 | 9    |    | 12,921 | 2   |    | 8,890 | 10, |    | 2,495 | 7,6 |    |       |       |    | 205,978 | 18    |
| Total                            | \$ | ,052   |    | \$ | 40,178  |    | \$ | 2,156  |      | \$ | 0,788  |     | \$ | 294   |     | \$ | 51    |     | \$ | 9,374 | 5,711 |    | \$      | 9,830 |

PCD:

|                                  |    |   |  |    |   |  |    |   |  |    |   |  |    |     |   |    |        |     |    |       |       |    |        |       |
|----------------------------------|----|---|--|----|---|--|----|---|--|----|---|--|----|-----|---|----|--------|-----|----|-------|-------|----|--------|-------|
| Current-period gross charge-offs | \$ | — |  | \$ | — |  | \$ | — |  | \$ | — |  | \$ | —   |   | \$ | 6      | 52  | \$ | —     |       | \$ | 6      | 52    |
| Risk Rating                      |    |   |  |    |   |  |    |   |  |    |   |  |    |     |   |    |        |     |    |       |       |    |        |       |
|                                  |    |   |  |    |   |  |    |   |  |    |   |  |    |     |   |    | 12,720 | 1   |    |       |       |    | 13,376 | 12,0  |
| Unclassified                     | \$ | — |  | \$ | — |  | \$ | — |  | \$ | — |  | \$ | 117 | — | \$ | 1,494  |     | \$ | 539   | 512   |    | \$     | 06    |
| Special Mention                  |    | — |  |    | — |  |    | — |  |    | — |  |    | —   |   |    | 724    | 174 |    | 2,089 | 2,311 |    | 2,813  | 2,485 |
|                                  |    |   |  |    |   |  |    |   |  |    |   |  |    |     |   |    | 2,462  | 2,7 |    |       |       |    |        |       |
| Substandard                      |    | — |  |    | — |  |    | — |  |    | — |  |    | —   |   |    | 13     |     |    | 340   | —     |    | 2,802  | 2,713 |
| Doubtful                         |    | — |  |    | — |  |    | — |  |    | — |  |    | —   |   |    | —      |     |    | —     |       |    | —      |       |
|                                  |    |   |  |    |   |  |    |   |  |    |   |  |    |     |   |    | 15,906 | 1   |    |       |       |    | 18,991 | 17,2  |
| Total                            | \$ | — |  | \$ | — |  | \$ | — |  | \$ | — |  | \$ | 117 | — | \$ | 4,381  |     | \$ | 2,968 | 2,823 |    | \$     | 04    |

| Term of loans by origination     |           |           |           |           |           |           |           |                    |  | T<br>o<br>t<br>a<br>l |
|----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--------------------|--|-----------------------|
|                                  | 2023      | 2022      | 2021      | 2020      | 2019      | 2018      | Prior     | Revolving<br>Loans |  |                       |
| As of December 31, 2022          | December  |           |           |           |           |           |           |                    |  |                       |
| 31, 2023                         |           |           |           |           |           |           |           |                    |  |                       |
| Real Estate                      |           |           |           |           |           |           |           |                    |  |                       |
| Residential:                     |           |           |           |           |           |           |           |                    |  |                       |
| Current-period gross charge-offs | \$ —      | \$ 3      | \$ 218    | \$ —      | \$ 6      | \$ 93     | \$ —      | \$ 320             |  |                       |
| Risk Rating                      |           |           |           |           |           |           |           |                    |  |                       |
| Pass                             | 264,884 4 | 474,992 6 | 335,982 4 | 93,548 30 | 51,710 86 | 296,089 2 | 2,452 1,1 | 1,519,657 1,       |  |                       |
| Unclassified                     | \$ 6,218  | \$ 25,993 | \$ 30,801 | \$ 5,077  | \$ ,103   | \$ 96,317 | \$ 54     | \$ 791,663         |  |                       |
| Special Mention                  | —         | —         | 180 —     | 30 170    | 80 33     | 78        | 567       | 935                |  |                       |
| Substandard                      | 280       | 1,648     | 1,614     | 922       | 517       | 3,394 391 | —         | 8,375 594          |  |                       |
| Substandard                      | 431       | 2,757     | 2,267     | 2,061     | 1,031     | 5,403     | —         | 13,950             |  |                       |
| Doubtful                         | —         | —         | —         | —         | —         | —         | —         | —                  |  |                       |
| Total                            | 265,164 4 | 476,640 6 | 337,776 4 | 94,500 30 | 52,307 87 | 299,561 3 | 3,019 1,1 | 1,528,967 1,       |  |                       |
|                                  | \$ 6,649  | \$ 28,750 | \$ 33,068 | \$ 7,308  | \$ ,167   | \$ 02,111 | \$ 54     | \$ 806,207         |  |                       |
| Commercial:                      |           |           |           |           |           |           |           |                    |  |                       |
| Current-period gross charge-offs | \$ —      | \$ —      | \$ —      | \$ 274    | \$ 399    | \$ 1,632  | \$ 14     | \$ 2,319           |  |                       |
| Risk Rating                      |           |           |           |           |           |           |           |                    |  |                       |
| Pass                             | 582,384 1 | 506,386 6 | 517,790 5 | 324,210 4 | 194,240 3 | 557,728 6 | 15,554 1  | 2,698,292 2,       |  |                       |
| Unclassified                     | \$ 87,446 | \$ 19,860 | \$ 16,527 | \$ 70,751 | \$ 05,114 | \$ 47,079 | \$ 9,121  | \$ 765,898         |  |                       |
| Special Mention                  | 161       | 3,614     | —         | 593 10,36 | 25,395 28 | 15,561 3, | 705 83    | 46,029 8,12        |  |                       |
| Substandard                      | 115 —     | 2,104 732 | 527 3,489 | 4,612 232 | 4,455 1,7 | 8,348 20, | 133 30    | 20,294 26,2        |  |                       |
|                                  |           |           |           |           | 51        | 043       |           | 77                 |  |                       |

|          |           |           |           |           |           |           |          |              |
|----------|-----------|-----------|-----------|-----------|-----------|-----------|----------|--------------|
| Doubtful | —         | —         | —         | —         | —         | —         | —        | —            |
|          | 582,660 1 | 512,104 6 | 518,317 5 | 329,415 4 | 224,090 3 | 581,637 6 | 16,392 1 | 2,764,615 2, |
| Total    | \$ 87,446 | \$ 30,953 | \$ 48,759 | \$ 74,307 | \$ 06,948 | \$ 75,246 | \$ 9,300 | \$ 842,959   |

Construction:

|                                  |      |      |      |      |      |      |      |      |
|----------------------------------|------|------|------|------|------|------|------|------|
| Current-period gross charge-offs | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — |
|----------------------------------|------|------|------|------|------|------|------|------|

Risk Rating

|                   |           |           |           |         |          |      |      |      |   |
|-------------------|-----------|-----------|-----------|---------|----------|------|------|------|---|
|                   |           |           |           |         |          |      |      |      | 6 |
|                   |           |           |           |         |          |      |      |      | 0 |
|                   |           |           |           |         |          |      |      |      | 5 |
|                   |           |           |           |         |          |      |      |      | 1 |
|                   |           |           |           |         |          |      |      |      | 4 |
|                   |           |           |           |         |          |      |      |      | 8 |
|                   |           |           |           |         |          |      |      |      | 0 |
|                   |           |           |           |         |          |      |      |      | 5 |
|                   |           |           |           |         |          |      |      |      | 4 |
|                   |           |           |           |         |          |      |      |      | 9 |
|                   |           |           |           |         |          |      |      |      | , |
|                   |           |           |           |         |          |      |      |      | 8 |
|                   |           |           |           |         |          |      |      |      | 6 |
| 348,570 5         | 182,755 3 | 53,161 12 | 20,994 44 |         |          |      |      |      |   |
| Pass Unclassified | \$ 1,807  | \$ 22,097 | \$ 5,035  | \$ ,114 | \$ 6,814 | \$ — | \$ — | \$ — | 7 |
|                   |           |           |           |         |          |      |      |      | — |
|                   |           |           |           |         |          |      |      |      | 7 |
|                   |           |           |           |         |          |      |      |      | , |
|                   |           |           |           |         |          |      |      |      | 4 |
|                   |           |           |           |         |          |      |      |      | 9 |
| Special Mention   | —         | 7,490     | —         | —       | —        | —    | —    | —    | 0 |
| Substandard       | —         | —         | —         | —       | —        | —    | —    | —    | — |
| Doubtful          | —         | —         | —         | —       | —        | —    | —    | —    | — |

|       |              |              |              |              |          |      |      |      |      |
|-------|--------------|--------------|--------------|--------------|----------|------|------|------|------|
| Total | \$ 348,570 5 | \$ 182,755 3 | \$ 53,161 12 | \$ 20,994 44 | \$ 6,814 | \$ — | \$ — | \$ — | \$ 6 |
|       | 1,807        | 29,587       | 5,035        | ,114         |          |      |      |      | 0    |
|       |              |              |              |              |          |      |      |      | 5    |
|       |              |              |              |              |          |      |      |      | 1    |
|       |              |              |              |              |          |      |      |      | 4    |
|       |              |              |              |              |          |      |      |      | 8    |
|       |              |              |              |              |          |      |      |      | 0    |
|       |              |              |              |              |          |      |      |      | 5    |
|       |              |              |              |              |          |      |      |      | 5    |
|       |              |              |              |              |          |      |      |      | 7    |
|       |              |              |              |              |          |      |      |      | 7    |
|       |              |              |              |              |          |      |      |      | 3    |
|       |              |              |              |              |          |      |      |      | 5    |
|       |              |              |              |              |          |      |      |      | 7    |

Other Loans

Commercial:

|                                  |            |           |           |           |           |           |            |              |  |
|----------------------------------|------------|-----------|-----------|-----------|-----------|-----------|------------|--------------|--|
| Current-period gross charge-offs | \$ —       | \$ 57     | \$ —      | \$ 1      | \$ 498    | \$ 65     | \$ 1,713   | \$ 2,334     |  |
| Risk Rating                      |            |           |           |           |           |           |            |              |  |
|                                  | 266,501 1  | 208,663 2 | 90,014 14 | 49,887 50 | 23,719 28 | 22,515 26 | 355,626    | 1,016,925 9  |  |
| Pass Unclassified                | \$ 21,527  | \$ 48,455 | \$ 8,220  | \$ ,554   | \$ ,427   | \$ ,799   | \$ 351,251 | \$ 75,233    |  |
|                                  | 1,891 9,55 | 4,094 2,4 | 3,913 14, | 1,533 10, | 1,160 1,6 | 5,365 3,8 | 8,363 14,  | 26,319 57,6  |  |
| Special Mention                  | 1          | 75        | 625       | 670       | 07        | 05        | 901        | 34           |  |
|                                  |            |           | 3,897 11, |           |           |           | 2,400 6,8  | 6,830 21,93  |  |
| Substandard                      | 16 —       | 119 929   | 205       | 4 767     | 190 991   | 204 1,170 | 74         | 6            |  |
| Doubtful                         | —          | —         | —         | —         | —         | —         | —          | —            |  |
|                                  | 268,408 1  | 212,876 2 | 97,824 17 | 51,424 61 | 25,069 31 | 28,084 31 | 366,389    | 1,050,074 1, |  |
| Total                            | \$ 31,078  | \$ 51,859 | \$ 4,050  | \$ ,991   | \$ ,025   | \$ ,774   | \$ 373,026 | \$ 054,803   |  |

Home equity and Improvement:

|                                  |            |           |           |           |           |           |            |             |  |
|----------------------------------|------------|-----------|-----------|-----------|-----------|-----------|------------|-------------|--|
| Current-period gross charge-offs | \$ —       | \$ —      | \$ —      | \$ —      | \$ 7      | \$ 30     | \$ 123     | \$ 160      |  |
| Risk Rating                      |            |           |           |           |           |           |            |             |  |
|                                  | 30,009 19, | 21,116 24 | 5,387 18, | 3,592 4,4 | 1,849 2,9 | 30,509 26 | 181,151    | 273,613 264 |  |
| Pass Unclassified                | \$ 554     | \$ ,870   | \$ 061    | \$ 05     | \$ 35     | \$ ,904   | \$ 167,934 | \$ ,663     |  |
| Special Mention                  | —          | —         | —         | —         | —         | —         | —          | —           |  |



|                                  |            |           |           |           |            |           |            |             |   |
|----------------------------------|------------|-----------|-----------|-----------|------------|-----------|------------|-------------|---|
| Substandard                      | 44         | 119       | 14        | —         | 28         | 32 255    | 502 1,030  | 971         | 1 |
|                                  |            |           |           |           |            |           |            |             | 5 |
|                                  |            |           |           |           |            |           |            |             | 9 |
|                                  |            |           |           |           |            |           |            |             | 1 |
|                                  |            |           |           |           |            |           |            |             | 1 |
|                                  |            |           |           |           |            |           |            |             | 4 |
|                                  |            |           |           |           |            |           |            |             | 1 |
|                                  |            |           |           |           |            |           |            |             | 8 |
| Doubtful                         | —          | —         | —         | —         | —          | —         | —          | —           | — |
|                                  | 30,053 19, | 21,130 24 | 5,387 18, | 3,620 4,4 | 1,881 2,9  | 31,011 27 | 182,122    | 275,204 266 |   |
| Total                            | \$ 554     | \$ ,989   | \$ 075    | \$ 05     | \$ 35      | \$ ,159   | \$ 168,964 | \$ ,081     |   |
| Consumer Finance:                |            |           |           |           |            |           |            |             |   |
| Current-period gross charge-offs | \$ —       | \$ 437    | \$ 260    | \$ 185    | \$ 95      | \$ 450    | \$ 51      | \$ 1,478    |   |
| Risk Rating                      |            |           |           |           |            |           |            |             |   |
|                                  | 133,194 4  | 33,109 98 | 17,219 22 | 13,681 11 | 4,022 7,3  | 2,529 1,7 | 9,324 7,0  | 213,078 192 |   |
| Pass Unclassified                | \$ 4,735   | \$ ,287   | \$ ,588   | \$ ,067   | \$ 37      | \$ 06     | \$ 54      | \$ ,774     |   |
| Special Mention                  | —          | —         | —         | —         | —          | —         | —          | —           |   |
| Substandard                      | 676 282    | 483 1,476 | 668 593   | 316 505   | 62 281     | 34 93     | 132 3      | 2,371 3,233 |   |
| Doubtful                         | —          | —         | —         | —         | —          | —         | —          | —           |   |
|                                  | 133,870 4  | 33,592 99 | 17,887 23 | 13,997 11 | 4,084 7,6  | 2,563 1,7 | 9,456 7,0  | 215,449 196 |   |
| Total                            | \$ 5,017   | \$ ,763   | \$ ,181   | \$ ,572   | \$ 18      | \$ 99     | \$ 57      | \$ ,007     |   |
| PCD:                             |            |           |           |           |            |           |            |             |   |
| Current-period gross charge-offs | \$ —       | \$ —      | \$ —      | \$ —      | \$ —       | \$ 122    | \$ 31      | \$ 153      |   |
| Risk Rating                      |            |           |           |           |            |           |            |             |   |
|                                  |            |           |           |           |            | 13,117 12 |            | 13,904 12,8 |   |
| Pass Unclassified                | \$ —       | \$ —      | \$ —      | \$ 131    | \$ 369 114 | \$ ,264   | \$ 287 521 | \$ 99       |   |
| Special Mention                  | —          | —         | —         | —         | —          | 292 197   | 2,298      | 2,590 197   |   |
|                                  |            |           |           |           |            | 3,697 2,5 |            |             |   |
| Substandard                      | —          | —         | —         | 2         | 22         | 62        | 616 315    | 4,337 2,877 |   |
| Doubtful                         | —          | —         | —         | —         | —          | —         | —          | —           |   |
|                                  |            |           |           |           |            | 17,106 15 | 3,201 83   | 20,831 15,9 |   |
| Total                            | \$ —       | \$ —      | \$ —      | \$ 133    | \$ 391 114 | \$ ,023   | \$ 6       | \$ 73       |   |
|                                  |            |           |           | 31        |            |           |            |             |   |

## Allowance for Credit Losses

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

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

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

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

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

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

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

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| Portfolio Segments                  | Loan Pool                                | Methodology    | Loss Drivers             |
|-------------------------------------|--|----------------|--------------------------|
| Residential real estate             | 1-4 Family nonowner occupied             | DCF            | National unemployment    |
|                                     | 1-4 Family owner occupied                | DCF            | National unemployment    |
| Commercial real estate              | Commercial real estate nonowner occupied | DCF            | National unemployment    |
|                                     | Commercial real estate owner occupied    | DCF            | National unemployment    |
|                                     | Multi Family                             | DCF            | National unemployment    |
|                                     | Agriculture Land                         | DCF            | National unemployment    |
|                                     | Other commercial real estate             | DCF            | National unemployment    |
| Construction secured by real estate | Construction Other                       | PD/LGD         | Call report loss history |
|                                     | Construction Residential                 | PD/LGD         | Call report loss history |
| Commercial                          | Commercial working capital               | PD/LGD         | Call report loss history |
|                                     | Agriculture production                   | PD/LGD         | Call report loss history |
|                                     | Other commercial                         | PD/LGD         | Call report loss history |
| Home equity and improvement         | Home equity and improvement              | PD/LGD         | Call report loss history |
| Consumer finance                    | Consumer direct                          | Remaining life | Call report loss history |
|                                     | Consumer indirect                        | DCF            | National unemployment    |

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

In addition, ASC Topic 326 requires the Company to establish a liability for anticipated credit losses for unfunded commitments. To accomplish this, the company Company must first establish a loss expectation for extended (funded) commitments. This loss expectation, expressed as a ratio to the amortized cost basis, is then applied to the portion of unfunded commitments not considered unilaterally cancelable and is considered by the company's Company's management as likely to fund over the life of the instrument. At September 30, 2023 March 31, 2024, the Company had \$1.41.3 billion in unfunded commitments and set aside \$4.73.6 million in anticipated credit losses. This reserve is recorded in other liabilities as opposed to the ACL.

The determination of ACL is complex and the Company makes decisions on the effects of matters that are inherently uncertain. Evaluations of the loan portfolio and individual credits require certain estimates, assumptions

and judgments as to the facts and circumstances related to particular situations or credits. There may be significant changes in the ACL in future periods determined by prevailing factors at that point in time along with future forecasts.

The following table discloses allowance for credit loss (“ACL”) activity for the three and nine months ended September 30, 2023 and 2022 by portfolio segment (in thousands):

|                                       | Residential | Commercial  | Construction | Commercial | Home Equity and Improvement | Consumer Finance | Total     |
|---------------------------------------|-------------|-------------|--------------|------------|-----------------------------|------------------|-----------|
| Three Months Ended September 30, 2023 | Real Estate | Real Estate | on           | al         | nt                          | Finance          | Total     |
| Beginning Allowance                   | \$ 18,918   | \$ 34,751   | \$ 3,831     | \$ 13,101  | \$ 3,399                    | \$ 1,921         | \$ 75,921 |
| Charge-Offs                           | (12)        | (69)        | —            | (259)      | (41)                        | (280)            | (661)     |
| Recoveries                            | 32          | 797         | —            | 114        | 20                          | 45               | 1,008     |
| Provisions                            | 85          | 535         | (1,129)      | 1,179      | (608)                       | 183              | 245       |
| Ending Allowance                      | \$ 19,023   | \$ 36,014   | \$ 2,702     | \$ 14,135  | \$ 2,770                    | \$ 1,869         | \$ 76,513 |

|                                      | Residential | Commercial  | Construction | Commercial | Home Equity and Improvement | Consumer Finance | Total     |
|--------------------------------------|-------------|-------------|--------------|------------|-----------------------------|------------------|-----------|
| Nine Months Ended September 30, 2023 | Real Estate | Real Estate | on           | al         | nt                          | Finance          | Total     |
| Beginning Allowance                  | \$ 16,711   | \$ 34,218   | \$ 4,025     | \$ 11,769  | \$ 4,044                    | \$ 2,049         | \$ 72,816 |
| Charge-Offs                          | (321)       | (1,758)     | —            | (778)      | (241)                       | (1,020)          | (4,118)   |
| Recoveries                           | 77          | 868         | —            | 1,017      | 77                          | 177              | 2,216     |
| Provisions                           | 2,556       | 2,686       | (1,323)      | 2,127      | (1,110)                     | 663              | 5,599     |
| Ending Allowance                     | \$ 19,023   | \$ 36,014   | \$ 2,702     | \$ 14,135  | \$ 2,770                    | \$ 1,869         | \$ 76,513 |

|                                       | Residential | Commercial  | Construction | Commercial | Home Equity and Improvement | Consumer Finance | Total     |
|---------------------------------------|-------------|-------------|--------------|------------|-----------------------------|------------------|-----------|
| Three Months Ended September 30, 2022 | Real Estate | Real Estate | on           | al         | nt                          | Finance          | Total     |
| Beginning Allowance                   | \$ 14,113   | \$ 34,952   | \$ 2,999     | \$ 9,762   | \$ 4,003                    | \$ 1,245         | \$ 67,074 |
| Charge-Offs                           | (15)        | (206)       | —            | (29)       | (47)                        | (185)            | (482)     |
| Recoveries                            | 77          | 48          | —            | 84         | 95                          | 24               | 328       |
| Provisions                            | 2,136       | (2,082)     | 287          | 2,465      | 159                         | 741              | 3,706     |
| Ending Allowance                      | \$ 16,311   | \$ 32,712   | \$ 3,286     | \$ 12,282  | \$ 4,210                    | \$ 1,825         | \$ 70,626 |

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|                                      |                  | Commercial       |                 |                  | Home Equity and Improvements |                  |                  |
|--------------------------------------|------------------|------------------|-----------------|------------------|------------------------------|------------------|------------------|
|                                      | Residential      | Commercial       | Construction    | Commercial       | Improvements                 | Consumer Finance | Total            |
| Nine Months Ended September 30, 2022 | Real Estate      | Real Estate      | on              | al               | nt                           | Finance          |                  |
| Beginning Allowance                  | \$ 12,029        | \$ 32,399        | \$ 3,004        | \$ 13,410        | \$ 4,221                     | \$ 1,405         | \$ 66,468        |
| Charge-Offs                          | (1,016)          | (350)            | (16)            | (5,342)          | (324)                        | (426)            | (7,474)          |
| Recoveries                           | 831              | 562              | 3               | 370              | 208                          | 175              | 2,149            |
| Provisions                           | 4,467            | 101              | 295             | 3,844            | 105                          | 671              | 9,483            |
| Ending Allowance                     | <u>\$ 16,311</u> | <u>\$ 32,712</u> | <u>\$ 3,286</u> | <u>\$ 12,282</u> | <u>\$ 4,210</u>              | <u>\$ 1,825</u>  | <u>\$ 70,626</u> |

The following table discloses ACL activity for the three months ended March 31, 2024 and 2023 by portfolio segment (in thousands):

|                                   |                  | Commercial       |                 |                  | Home Equity and Improvements |                  |                  |
|-----------------------------------|------------------|------------------|-----------------|------------------|------------------------------|------------------|------------------|
|                                   | Residential      | Commercial       | Construction    | Commercial       | Improvements                 | Consumer Finance | Total            |
| Three Months Ended March 31, 2024 | Real Estate      | Real Estate      | on              | al               | nt                           | Finance          |                  |
| Beginning Allowance               | \$ 17,215        | \$ 36,053        | \$ 3,159        | \$ 15,489        | \$ 2,703                     | \$ 1,893         | \$ 76,512        |
| Charge-Offs                       | (61)             | (13)             | —               | (82)             | (81)                         | (466)            | (703)            |
| Recoveries                        | 9                | 7                | —               | 216              | 14                           | 64               | 310              |
| Provisions                        | 3,047            | (2,907)          | (815)           | 254              | 228                          | 753              | 560              |
| Ending Allowance                  | <u>\$ 20,210</u> | <u>\$ 33,140</u> | <u>\$ 2,344</u> | <u>\$ 15,877</u> | <u>\$ 2,864</u>              | <u>\$ 2,244</u>  | <u>\$ 76,679</u> |

|                                   |                  | Commercial       |                 |                  | Home Equity and Improvements |                  |                  |
|-----------------------------------|------------------|------------------|-----------------|------------------|------------------------------|------------------|------------------|
|                                   | Residential      | Commercial       | Construction    | Commercial       | Improvements                 | Consumer Finance | Total            |
| Three Months Ended March 31, 2023 | Real Estate      | Real Estate      | on              | al               | nt                           | Finance          |                  |
| Beginning Allowance               | \$ 16,711        | \$ 34,218        | \$ 4,025        | \$ 11,769        | \$ 4,044                     | \$ 2,049         | \$ 72,816        |
| Charge-Offs                       | (5)              | (1,669)          | —               | (511)            | (79)                         | (449)            | (2,713)          |
| Recoveries                        | 22               | 12               | —               | 96               | 21                           | 75               | 226              |
| Provisions                        | 1,501            | 1,270            | (143)           | 1,171            | (332)                        | 477              | 3,944            |
| Ending Allowance                  | <u>\$ 18,229</u> | <u>\$ 33,831</u> | <u>\$ 3,882</u> | <u>\$ 12,525</u> | <u>\$ 3,654</u>              | <u>\$ 2,152</u>  | <u>\$ 74,273</u> |

## Purchased Credit Deteriorated Loans

Under ASU Topic 326, when loans are purchased with evidence of more than insignificant deterioration of credit, they are accounted for as PCD. PCD loans acquired in a transaction are marked to fair value and a mark on yield is recorded. In addition, an adjustment is made to the ACL for the expected loss on the acquisition date. These loans are assessed on a regular basis and subsequent adjustments to the ACL are recorded on the income statement. The outstanding balance and related allowance on these loans as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 is as follows (in thousands):

|                                | As of September 30,<br>2023 |                | As of December 31,<br>2022 |                | As of March 31, 2024 |                | As of December 31, 2023 |                |
|--------------------------------|-----------------------------|----------------|----------------------------|----------------|----------------------|----------------|-------------------------|----------------|
|                                | Loan<br>Balance             | ACL<br>Balance | Loan<br>Balance            | ACL<br>Balance | Loan<br>Balance      | ACL<br>Balance | Loan<br>Balance         | ACL<br>Balance |
|                                | (In Thousands)              |                | (In Thousands)             |                | (In Thousands)       |                | (In Thousands)          |                |
| Real Estate:                   |                             |                |                            |                |                      |                |                         |                |
| Residential                    | \$ 11,016                   | \$ 144         | \$ 11,546                  | \$ 139         | \$ 9,692             | \$ 143         | \$ 9,882                | \$ 126         |
| Commercial                     | 1,289                       | 50             | 1,544                      | 34             | 1,947                | 46             | 2,040                   | 50             |
| Construction                   | —                           | —              | —                          | —              | —                    | —              | —                       | —              |
|                                | 12,305                      | 194            | 13,090                     | 173            | 11,639               | 189            | 11,922                  | 176            |
| Other Loans:                   |                             |                |                            |                |                      |                |                         |                |
| Commercial                     | 4,522                       | 497            | 5,058                      | 594            | 3,937                | 244            | 1,968                   | 351            |
| Home equity and<br>improvement | 1,948                       | 65             | 2,409                      | 80             | 1,465                | 27             | 1,879                   | 54             |
| Consumer finance               | 216                         | 5              | 274                        | 5              | 163                  | 6              | 204                     | 5              |
|                                | 6,686                       | 567            | 7,741                      | 679            | 5,565                | 277            | 4,051                   | 410            |
| Total                          | \$ 18,991                   | \$ 761         | \$ 20,831                  | \$ 852         | \$ 17,204            | \$ 466         | \$ 15,973               | \$ 586         |

## Foreclosure Proceedings

Consumer mortgage loans collateralized by residential real estate property that are in the process of foreclosure totaled \$6.7 12.1 million as of September 30, 2023 March 31, 2024, and \$4.3 7.9 million as of December 31, 2022 December 31, 2023.

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## 9. Mortgage Banking

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

|   | Three Months<br>Ended<br>September<br>30, |      | Nine Months<br>Ended<br>September<br>30, |       | Three Months Ended<br>March 31, |          |
|---|---|------|--|-------|---------------------------------|----------|
|   | 2023                                      | 2022 | 2023                                     | 2022  | 2024                            | 2023     |
|   | (In Thousands)                            |      |  |       | (In Thousands)                  |          |
| Mortgage banking gain, net                                      | 2,58                                      | 3,36 | 3,9                                      | 7,07  |                                 |          |
|   | \$ 4                                      | \$ 3 | \$ 89                                    | \$ 2  |                                 |          |
| Mortgage banking gain (loss), net                               |   |      |  |       | \$ 1,283                        | \$ (837) |
| Mortgage loans servicing revenue (expense):                     |   |      |  |       |                                 |          |
| Mortgage loans servicing revenue                                | 1,85                                      | 1,86 | 5,5                                      | 5,60  |                                 |          |
|   | 0   | 1    | 83                                       | 2     | 1,842                           | 1,888    |
| Amortization of mortgage servicing rights                       | (1,2                                      | (1,3 | (3,7                                     | (4,1  |                                 |          |
|   | 91)                                       | 50)  | 87)                                      | 28)   | (1,238)                         | (1,219)  |
| Mortgage servicing rights valuation adjustments                 |   |      |  | 1,62  |                                 |          |
|   | 131                                       | 96   | 155                                      | 4     | 463                             | (106)    |
|   |   |      | 1,9                                      | 3,09  |                                 |          |
|   | 690                                       | 607  | 51                                       | 8     | 1,067                           | 563      |
| Net revenue from sale and servicing of mortgage loans           | 3,27                                      | 3,97 | 5,9                                      | 10,1  |                                 |          |
|   | \$ 4                                      | \$ 0 | \$ 40                                    | \$ 70 |                                 |          |
| Net revenue (expense) from sale and servicing of mortgage loans |   |      |  |       | \$ 2,350                        | \$ (274) |

The unpaid principal balance of residential mortgage loans serviced for third parties was \$2.91 billion and \$2.96 billion at September 30, 2023 both March 31, 2024 and December 31, 2023.

Activity for capitalized mortgage servicing rights and the related valuation allowance follows for the three and nine months ended September 30, 2023 March 31, 2024 and 2022: 2023:

|                                | Three Months<br>Ended<br>September 30, |       | Nine Months<br>Ended<br>September 30, |       | Three Months Ended<br>March 31, |           |
|--------------------------------|--|-------|---------------------------------------|-------|---------------------------------|-----------|
|                                | 2023                                   | 2022  | 2023                                  | 2022  | 2024                            | 2023      |
|                                | (In Thousands)                         |       |                                       |       | (In Thousands)                  |           |
| Mortgage servicing assets:     |  |       |                                       |       |                                 |           |
| Balance at beginning of period | 20,8                                   | 21,8  | 21,8                                  | 22,2  |                                 |           |
|                                | \$ 23                                  | \$ 73 | \$ 58                                 | \$ 44 | \$ 19,452                       | \$ 21,858 |

|  |       |       |       |       |           |
|--|-------|-------|-------|-------|-----------|
| Loans sold, servicing retained                             | 1,39  | 2,10  | 3,79  |       |           |
|  | 642   | 2     | 3     | 9     | 707       |
| Amortization   | (1,2  | (1,35 | (3,7  | (4,1  |           |
|  | 91)   | 0)    | 87)   | 28)   | (1,238)   |
| Carrying value before valuation allowance at end of period | 20,1  | 21,9  | 20,1  | 21,9  |           |
|  | 74    | 15    | 74    | 15    | 18,921    |
| Valuation allowance:                                       |       |       |       |       |           |
| Balance at beginning of period                             | (663) | (1,18 | (687) | (2,7  |           |
|  | 0)    | 07)   |       |       | (756)     |
| Impairment recovery  | 131   | 97    | 155   | 1,62  |           |
|  |       |       |       | 4     |           |
| Impairment recovery (charges)                              |       |       |       |       | 463       |
| Balance at end of period                                   | (532) | (1,08 | (532) | (1,0  |           |
|  | 3)    | 83)   |       |       | (293)     |
| Net carrying value of MSRs at end of period                | 19,6  | 20,8  | 19,6  | 20,8  |           |
|  | \$ 42 | \$ 32 | \$ 42 | \$ 32 | \$ 18,628 |
| Fair value of MSRs at end of period                        | 29,2  | 27,6  | 29,2  | 27,6  |           |
|  | \$ 67 | \$ 33 | \$ 67 | \$ 33 | \$ 27,599 |
|  |       |       |       |       | \$ 28,165 |

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

The Company had no accrual for secondary market buy-back activity at September 30, 2023 March 31, 2024 or December 31, 2022 December 31, 2023 based on management's estimate of potential losses from this activity. There was no expense or credit recognized in the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023.

## 10. Leases

The Company's lease agreements have maturity dates ranging from April 2023 2024 to September 2044, some of which include options for multiple five and ten year extensions. extensions. The weighted average remaining life of the lease term for these operating leases was 13.34 12.79 years as of September 30, 2023 March 31, 2024 and 13.29 13.27 years as of December 31, 2022 December 31, 2023. The weighted average remaining life of the lease term for finance leases was 6.74 years as of March 31, 2024 and

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6.87 years as of December 31, 2023. The weighted average discount rate for operating leases was 2.56% as of September 30, 2023 March 31, 2024 and 2.52% as of December 31, 2022 December 31, 2023. The weighted average discount rate for finance leases was 4.71% as of March 31, 2024 and 4.81% as of December 31, 2023.

The total operating lease costs were \$351,000 610,000 for the three months ended March 31, 2024 and \$1,668,000 million for the three and nine months ended September 30, 2023 and \$540,000 and \$1.6 million for the three and nine months ended September 30, 2022. March 31, 2023, respectively. The right-of-use asset, included in other assets, were \$13.6 million and \$14.9 million at September 30, 2023 and December 31, 2022, respectively. The lease liabilities, included in other liabilities, were \$14.0 million and \$15.6 13.5 million at March 31, 2024 and December 31, 2023, respectively. The lease liabilities, included in other liabilities, were \$14.4 million and \$13.9 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

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

| (In Thousands)                            | September 30, 2023 | March 31, 2024 |
|---|--------------------|----------------|
| Remainder of 2023                         | \$ 2,633           |                |
| 2024                                      | 1,665              |                |
| Remainder of 2024                         |                    | \$ 1,893       |
| 2025                                      | 1,371              | 1,593          |
| 2026                                      | 1,196              | 1,348          |
| 2027                                      | 1,118              | 1,270          |
| 2028                                      |                    | 1,126          |
| Thereafter                                | 10,564             | 9,637          |
| Total undiscounted minimum lease payments | 18,547             | 16,867         |
| Present value adjustment                  | (4,537)            | (2,418)        |
| Total lease liabilities                   | \$ 14,010          | \$ 14,449      |

## 11. Deposits

A summary of deposit balances is as follows:

|   | September 30,<br>2023 | December 31,<br>2022 | March 31,<br>2024 | December 31,<br>2023 |
|---|-----------------------|----------------------|-------------------|----------------------|
|   | (In Thousands)        |                      | (In Thousands)    |                      |
| Non-interest-bearing checking accounts                | \$ 1,545,595          | \$ 1,869,509         | \$ 1,467,161      | \$ 1,591,979         |
| Interest-bearing checking and money market accounts   | 3,138,609             | 3,185,440            | 3,284,200         | 3,177,369            |
| Savings deposits                                      | 710,251               | 798,003              | 656,491           | 678,076              |
| Retail certificates of deposit less than \$250,000    | 752,160               | 645,318              | 851,361           | 827,479              |
| Retail certificates of deposit greater than \$250,000 | 526,843               | 264,741              | 555,392           | 526,199              |
| Brokered deposits                                     | 392,181               | 143,708              | 368,782           | 341,944              |
|   | \$ 7,065,639          | \$ 6,906,719         | \$ 7,183,387      | \$ 7,143,046         |

## 12. Borrowings

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

|   | September 30,<br>2023 | December 31,<br>2022 | March 31, 2024 | December 31, 2023 |
|---|-----------------------|----------------------|----------------|-------------------|
|   | (In Thousands)        |                      | (In Thousands) |                   |
| FHLB Advances:  |                       |                      |                |                   |
| Single maturity fixed rate advances                                     | \$ 125,000            | \$ 195,000           | \$ 125,000     | \$ 125,000        |
| Overnight advances  | 214,000               | 233,000              | 128,000        | 155,000           |
| Total   | \$ 339,000            | \$ 428,000           | \$ 253,000     | \$ 280,000        |
| First Defiance Statutory Trust I due December 2035                      | \$ 20,619             | \$ 20,619            | \$ 20,619      | \$ 20,619         |
| First Defiance Statutory Trust II due June 2037                         | 15,464                | 15,464               | 15,464         | 15,464            |
| Junior subordinated debentures owed to unconsolidated subsidiary trusts | \$ 36,083             | \$ 36,083            | \$ 36,083      | \$ 36,083         |
| Subordinated debentures   | \$ 49,114             | \$ 49,020            | \$ 49,178      | \$ 49,146         |

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At September 30, 2023 March 31, 2024, the Company had \$339.0 253.0 million of outstanding FHLB advances with maturity dates in 2023, 2024. There was \$428.0 280.0 million in outstanding FHLB advances at December 31, 2022 December 31, 2023 with maturity dates in 2023, 2024. The Company's available borrowing capacity at the FHLB was \$1.3 1.4 billion as of September 30, 2023 March 31, 2024 and \$1.5 2.0 billion as of December 31, 2022 December 31, 2023, respectively. The Company has an available credit line at the Federal Reserve Bank Discount Window of \$345.7 691.0 million and \$43.9 531.5 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, which has not been drawn upon. The Company also has a \$50 50.0 million credit line at US Bank as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, which also was not drawn upon.

In September 2020, the Company completed the issuance of \$50.0 million aggregate principal amount, fixed-to-floating rate subordinated notes due September 30, 2030 in a private offering exempt from the registration requirements under the Securities Act of 1933, as amended. The notes carry a fixed rate of 4.0% for five years at which time they will convert to a floating rate based on the secured overnight borrowing rate, plus a spread of 388.5

basis points. The Company may, at its option, beginning September 30, 2025, redeem the notes, in whole or in part, from time to time, subject to certain conditions. The net proceeds from the sale were approximately \$48.7 million, after deducting the estimated offering expenses. The Company has used, and intends to continue using, the net proceeds for general corporate purposes, which may include, without limitation, providing capital to support its growth organically or through strategic acquisitions, repaying indebtedness, in financing investments, capital expenditures, repurchasing its common shares and for investments in the Bank as regulatory capital. The subordinated debentures are included in "Total Capital", as such term is defined under current regulatory guidelines and interpretations.

In March 2007, the Company sponsored an affiliated trust, First Defiance Statutory Trust II ("Trust Affiliate II") that issued \$15.0 million of Guaranteed Capital Trust Securities ("Trust Preferred Securities"). In connection with this transaction, the Company issued \$15.5 million of Junior Subordinated Deferrable Interest Debentures ("Subordinated Debentures") to Trust Affiliate II. The Company formed Trust Affiliate II for the purpose of issuing Trust Preferred Securities to third-party investors and investing the proceeds from the sale of these capital securities solely in Subordinated Debentures of the Company. The Subordinated Debentures held by Trust Affiliate II are the sole assets of that trust. The Company is not considered the primary beneficiary of Trust Affiliate II (variable interest entity), therefore, the trust is not consolidated in the Company's financial statements, but rather the Subordinated Debentures are shown as a liability. Distributions on the Trust Preferred Securities issued by Trust Affiliate II are payable quarterly at a variable rate equal to the three-month LIBOR rate plus 1.5%. As a result of the discontinuation of LIBOR, beginning with the distribution on December 15, 2023, distributions will be calculated at a variable rate equal to the three-month SOFR rate plus 1.5%. The coupon rate payable on the Trust Preferred Securities issued by Trust Affiliate II was 7.05 7.09% as of September 30, 2023 March 31, 2024, and 6.27 7.15% as of December 31, 2022 December 31, 2023.

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

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The Company also sponsored an affiliated trust, First Defiance Statutory Trust I ("Trust Affiliate I") that issued \$20.0 million of Trust Preferred Securities in 2005. In connection with this transaction, the Company issued \$20.6 million of Subordinated Debentures to Trust Affiliate I. Trust Affiliate I was formed for the purpose of issuing Trust Preferred Securities to third-party investors and investing the proceeds from the sale of these capital securities solely in Subordinated Debentures of the Company. The Junior Debentures held by Trust Affiliate I are the sole assets of

the trust. The Company is not considered the primary beneficiary of Trust Affiliate I (variable interest entity), therefore the trust is not consolidated in the Company's financial statements, but rather the subordinated debentures are shown as a liability. Distributions on the Trust Preferred Securities issued by Trust Affiliate I are payable quarterly at a variable rate equal to the three-month LIBOR rate plus 1.38%. As a result of the discontinuation of LIBOR, beginning with the distribution on December 15, 2023, distributions will be calculated at a variable rate equal to the three-month SOFR rate plus 1.38%. The coupon rate payable on the Trust Preferred Securities issued by Trust Affiliate I was 7.05% and 6.97% on September 30, 2023 and March 31, 2024 and December 31, 2022 and December 31, 2023, respectively.

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

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

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

### 13. Commitments, Guarantees and Contingent Liabilities

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

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

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

|                           | September 30, 2023 | December 31, 2022 | March 31, 2024 | December 31, 2023 |
|---------------------------|--------------------|-------------------|----------------|-------------------|
| Commitments to make loans | \$ 594,042         | \$ 957,533        | \$ 508,329     | \$ 407,532        |
| Unused lines of credit    | 1,053,287          | 1,044,875         | 1,053,413      | 1,024,838         |
| Standby letters of credit | 17,761             | 18,632            | 21,126         | 17,500            |
| Total                     | \$ 1,665,090       | \$ 2,021,040      | \$ 1,582,868   | \$ 1,449,870      |

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

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## 14. Income Taxes

The Company and its subsidiaries are subject to U.S. federal income tax as well as income tax in the states of Indiana and West Virginia. The Company is no longer subject to examination by income taxing authorities for years before 2019, 2020. The Company also currently operates in the states of Ohio, Michigan and Pennsylvania which tax financial institutions based on their equity rather than their income.

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

|                 | For the Three Months Ended September 30, |                 | For the Nine Months Ended September 30, |                  | For the Three Months Ended March 31, |                 |
|-----------------|--|-----------------|---|------------------|--------------------------------------|-----------------|
|                 | 2023                                     | 2022            | 2023                                    | 2022             | 2024                                 | 2023            |
|                 | (In Thousands)                           |                 | (In Thousands)                          |                  | (In Thousands)                       |                 |
| Current :       |  |                 |   |                  |                                      |                 |
| Federal         | \$ 6,105                                 | \$ 6,716        | \$ 25,492                               | \$ 18,581        | \$ 2,972                             | \$ 3,352        |
| State and local | 137                                      | 162             | 410                                     | 517              | 204                                  | 136             |
| Deferred        | (691)                                    | (168)           | (2,336)                                 | (774)            | 1,338                                | 615             |
|                 | <u>\$ 5,551</u>                          | <u>\$ 6,710</u> | <u>\$ 23,566</u>                        | <u>\$ 18,324</u> | <u>\$ 4,514</u>                      | <u>\$ 4,103</u> |

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

|                               | 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 |
|                               | (In Thousands)                           |          | (In Thousands)                          |       | (In Thousands)                       |      |
| Tax expense at statutory rate |  |          | 24,10                                   | 20,00 |                                      |      |
| (21%)                         | \$ 6,348                                 | \$ 7,330 | \$ 5                                    | \$ 0  |                                      |      |

|   |          |          |       |       |    |       |    |       |
|---|----------|----------|-------|-------|----|-------|----|-------|
| Tax expense at statutory rate (21%)           |          |          |       |       | \$ | 4,684 | \$ | 4,673 |
| Increases (decreases) in taxes from:          |          |          |       |       |    |       |    |       |
| State income tax - net of federal tax benefit | 108      | 129      | 324   | 409   |    | 161   |    | 107   |
| Tax exempt interest income, net of TEFRA      | (113)    | (180)    | (376) | (554) |    | (41)  |    | (140) |
| Bank owned life insurance                     | (221)    | (207)    | (732) | (622) |    | (356) |    | (298) |
| Captive insurance                             | (92)     | (125)    | (338) | (326) |    | —     |    | (92)  |
| Other   | (479)    | (237)    | 583   | (583) |    | 66    |    | (147) |
|   |          |          | 23,56 | 18,32 |    |       |    |       |
| Total   | \$ 5,551 | \$ 6,710 | \$ 6  | \$ 4  | \$ | 4,514 | \$ | 4,103 |

## 15. Derivative Financial Instruments

At September 30, 2023 March 31, 2024, the Company had approximately \$39.7 34.5 million of interest rate lock commitments and \$385.0 355.0 million of forward sales of mortgage backed securities. These commitments are considered derivatives. The Company had \$35.9 12.1 million of interest rate lock commitments and \$254.0 385.0 million of forward commitments at December 31, 2022 December 31, 2023.

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

|  | September 30,<br>2023 | December 31,<br>2022 | March 31, 2024 | December 31, 2023 |
|--|-----------------------|----------------------|----------------|-------------------|
|  | (In Thousands)        |                      | (In Thousands) |                   |
| <b>Derivatives not designated as hedging instruments</b> |                       |                      |                |                   |
| Mortgage Banking Derivatives                             | \$ 6,252              | \$ 1,349             | \$ 256         | \$ (4,750)        |

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The table below provides data about the amount of gains and losses recognized in income on derivative instruments not designated as hedging instruments. The difference in derivative carrying value at **September 30, 2023** **March 31, 2024** and **2022** **2023** represents a fair value adjustment that runs through mortgage banking income.

|  | Three Months Ended |       | Nine Months Ended |       | Three Months Ended |            |
|--|--------------------|-------|-------------------|-------|--------------------|------------|
|  | September 30,      |       | September 30,     |       | March 31,          |            |
|  | 2023               | 2022  | 2023              | 2022  | 2024               | 2023       |
|  | (In Thousands)     |       | (In Thousands)    |       | (In Thousands)     |            |
| <b>Derivatives not designated as hedging instruments</b> |                    |       |                   |       |                    |            |
| Mortgage Banking Derivatives                             | 2,8                | 13,3  | 4,9               | 12,9  |                    |            |
| – (Loss) Gain  | \$ 26              | \$ 86 | \$ 03             | \$ 01 | \$ 5,006           | \$ (2,697) |

## Interest Rate Swaps

The Company maintains an interest rate protection program for commercial loan customers. Under this program, the Company provides a customer with a fixed rate loan while creating a variable rate asset for the Company by the customer entering into an interest rate swap with terms that match the loan. The Company offsets its risk exposure by entering into an offsetting interest rate swap with an unaffiliated institution. The Company had interest rate swaps associated with commercial loans with a notional value of **\$80.4** **91.1** million and fair value of **\$3.5** **2.8** million in other assets and **\$3.5** **2.8** million in other liabilities at **September 30, 2023** **March 31, 2024**. As of **December 31, 2022** **December 31, 2023**, the Company had interest rate swaps associated with commercial loans with a notional value of **\$67.3** **83.7** million and fair value of **\$4.5** **2.9** million in other assets and **\$4.5** **2.9** million in other liabilities. For the three and nine months ended **September 30, 2023** **March 31, 2024**, **\$47,000** **33,000** and **\$319,000**, respectively, flowed through noninterest income. For the three and nine months ended **September 30, 2022** **March 31, 2023**, **\$(54,000)** **191,000** and **\$(53,000)** flowed through noninterest income.

## Interest Rate Swaps Designated as Cash Flow Hedge and Fair Value Hedge

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

the hedged item and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings.

An interest rate swap with notional amount totaling \$250.0 million as of **September 30, 2023** **March 31, 2024** was designated as a cash flow hedge to hedge the risk of variability in cash flows (future interest receipts) attributable to changes in the contractually specified benchmark interest rate on the Company's floating rate loan pool. The specified benchmark interest rate switched from LIBOR to SOFR after June 30, 2023. The gross aggregate fair value of the swap of **\$47.2** **39.1** million is recorded in other liabilities in the unaudited Consolidated Balance Sheets at **September 30, 2023** **March 31, 2024**, with changes in fair value recorded net of tax in other comprehensive income (loss). As of **December 31, 2022** **December 31, 2023**, the gross aggregate fair value of the swap of **\$40.0** **34.6** million was recorded in other liabilities in the Consolidated Balance Sheets. A summary of the interest rate swap designated as a cash flow hedge is presented below (dollars in thousands):

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|  | September 30,<br>2023 | December 31,<br>2022 | March 31, 2024 | December 31, 2023 |
|--|-----------------------|----------------------|----------------|-------------------|
| Notional amount                                  | \$ 250,000            | \$ 250,000           | \$ 250,000     | \$ 250,000        |
| Weighted average fixed receive rates             | 1.437 %               | 1.437 %              | 1.437 %        | 1.437 %           |
| Weighted average variable 1-month SOFR pay rates | 5.455 %               | 4.392 %              | 5.455 %        | 5.475 %           |
| Weighted average remaining maturity (in years)   | 7.2                   | 8.1                  | 6.6            | 6.9               |
| Fair value                                       | \$ (47,226)           | \$ (40,032)          | \$ (39,109)    | \$ (34,575)       |

Three \$125.0 million interest rate swaps with a notional amount totaling \$375.0 million as of **September 30, 2023** **March 31, 2024** were designated as fair value hedges to mitigate the risk of further interest rate increases and the subsequent impact on the valuation of the \$1.3 billion associated pool of fixed rate mortgages. The gross aggregate fair value of the swaps of **\$5.4** **2.8** million are recorded in other assets in the unaudited Consolidated Balance Sheets at **September 30, 2023** **March 31, 2024**, with changes in fair value offsetting to the fixed rate mortgage loan pool. **As of December 31, 2023, the gross aggregate fair value of the swap of \$0.8 million was recorded in other assets in the Consolidated Balance Sheets.** The Company expects the hedges to remain effective during the remaining terms of the swaps. A summary of the interest rate swaps designated as fair value hedges are presented below (dollars in thousands):



|  | September 30, 2023 | March 31, 2024 | December 31, 2023 |
|--|--------------------|----------------|-------------------|
| Notional amount Fair Value Hedge               | \$ 375,000         | \$ 375,000     | \$ 375,000        |
| Weighted average fixed pay rates               | 4.113 %            | 4.113 %        | 4.113 %           |
| Weighted average variable SOFR receive rates   | 5.330 %            | 5.329 %        | 5.350 %           |
| Weighted average remaining maturity (in years) | 2.5                | 1.9            | 2.2               |
| Fair value                                     | \$ 5,408           | \$ 2,821       | \$ (817)          |

An interest rate swap with a notional amount totaling \$125.0 million as of September 30, 2023 March 31, 2024 was designated as a cash flow hedge to hedge the risk of variability in cash flows attributable to changes in the contractually specified benchmark interest rate on the Company's short-term fixed rate FHLB advances. The gross aggregate fair value of the swap of \$1.70.9 million is recorded in other assets in the unaudited Consolidated Balance Sheets at September 30, 2023 March 31, 2024, with changes recorded net of tax in other comprehensive income (loss). As of December 31, 2023, the gross aggregate fair value of the swaps of \$0.3 million was recorded in other liabilities in the Consolidated Balance Sheets. The Company expects the hedge to remain effective during the remaining term of the swap. A summary of the interest rate swap designated as a cash flow hedge is presented below (dollars in thousands):

|  | September 30, 2023 | March 31, 2024 | December 31, 2023 |
|--|--------------------|----------------|-------------------|
| Notional amount Cash Flow Hedge                | \$ 125,000         | \$ 125,000     | \$ 125,000        |
| Weighted average fixed pay rates               | 4.160 %            | 4.160 %        | 4.160 %           |
| Weighted average variable SOFR receive rates   | 5.330 %            | 5.329 %        | 5.350 %           |
| Weighted average remaining maturity (in years) | 1.7                | 1.1            | 1.4               |
| Fair value                                     | \$ 1,713           | \$ 946         | \$ 300            |

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## 16. Other Comprehensive Income (Loss) Income

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

|  | Before<br>Tax<br>Amount<br>t | Tax<br>(Expense)<br>Benefit | Net of<br>Tax<br>Amount<br>t | Before Tax<br>Amount | Tax (Expense)<br>Benefit | Net of Tax<br>Amount |
|--|------------------------------|-----------------------------|------------------------------|----------------------|--------------------------|----------------------|
|  | (In Thousands)               |                             |                              | (In Thousands)       |                          |                      |
| Three Months Ended September 30, 2023                            |                              |                             |                              |                      |                          |                      |
| Securities available for sale and transferred securities:        |                              |                             |                              |                      |                          |                      |
| Change in net unrealized gains during the period                 | (31,55<br>\$ 2)              |                             | (24,9<br>\$ 26)              |                      |                          |                      |
| Reclassification adjustment for net gains included in net income | —                            | —                           | —                            |                      |                          |                      |
| Cash flow hedge derivatives                                      |                              |                             |                              |                      |                          |                      |
| Change in net unrealized gains during the period                 | (11,57<br>2)                 |                             | (9,37<br>6)                  |                      |                          |                      |
| Reclassification adjustment for net loss included in net income  | 3,525                        | (784)                       | 2,741                        |                      |                          |                      |
| Total other comprehensive income                                 | (39,59<br>\$ 9)              |                             | (31,5<br>\$ 61)              |                      |                          |                      |
| Nine Months Ended September 30, 2023                             |                              |                             |                              |                      |                          |                      |
| Three Months Ended March 31, 2024                                |                              |                             |                              |                      |                          |                      |
| Securities available for sale and transferred securities:        |                              |                             |                              |                      |                          |                      |
| Change in net unrealized gain/loss during the period             | (28,44<br>\$ 3)              |                             | (22,4<br>\$ 70)              | \$ (6,696)           | \$ 1,406                 | \$ (5,290)           |
| Reclassification adjustment for net gains included in net income | (27)                         | 6                           | (21)                         | —                    | —                        | —                    |
| Cash flow hedge derivatives                                      |                              |                             |                              |                      |                          |                      |
| Change in net unrealized gain/loss during the period             | (13,46<br>8)                 |                             | (10,6<br>40)                 | (6,024)              | 1,265                    | (4,759)              |
| Reclassification adjustment for net loss included in net income  | 7,985                        | (1,676)                     | 6,309                        | 2,136                | (449)                    | 1,687                |
| Total other comprehensive loss                                   | (33,95<br>\$ 3)              |                             | (26,8<br>\$ 22)              |                      |                          |                      |

|   |             |          |            |
|---|-------------|----------|------------|
| Total other comprehensive income (loss) | \$ (10,584) | \$ 2,222 | \$ (8,362) |
|---|-------------|----------|------------|

|  | Before Tax Amount | Tax (Expense) Benefit | Net of Tax Amount | Before Tax Amount | Tax (Expense) Benefit | Net of Tax Amount |
|--|-------------------|-----------------------|-------------------|-------------------|-----------------------|-------------------|
|  | (In Thousands)    |                       |                   | (In Thousands)    |                       |                   |
| Three Months Ended September 30, 2022                            |                   |                       |                   |                   |                       |                   |
| Securities available for sale and transferred securities:        |                   |                       |                   |                   |                       |                   |
| Change in net unrealized losses during the period                | (55,350)          | \$ 11,624             | (43,726)          |                   |                       |                   |
| Reclassification adjustment for net gains included in net income | —                 | —                     | —                 |                   |                       |                   |
| Cash flow hedge derivatives                                      |                   |                       |                   |                   |                       |                   |
| Change in net unrealized losses during the period                | (13,343)          | 2,802                 | (10,541)          |                   |                       |                   |
| Reclassification adjustment for net gains included in net income | (266)             | 56                    | (210)             |                   |                       |                   |
| Total other comprehensive loss                                   | (68,959)          |                       | (54,477)          |                   |                       |                   |
|  | \$ 9)             | \$ 14,482             | \$ 7)             |                   |                       |                   |
| Nine Months Ended September 30, 2022                             |                   |                       |                   |                   |                       |                   |
| Three Months Ended March 31, 2023                                |                   |                       |                   |                   |                       |                   |
| Securities available for sale and transferred securities:        |                   |                       |                   |                   |                       |                   |
| Change in net unrealized gain/loss during the period             | (182,755)         | \$ 38,378             | (144,377)         | \$ 18,399         | \$ (3,864)            | \$ 14,535         |
| Reclassification adjustment for net gains included in net income | —                 | —                     | —                 | (34)              | 7                     | (27)              |
| Cash flow hedge derivatives                                      |                   |                       |                   |                   |                       |                   |
| Change in net unrealized gain/loss during the period             | (43,294)          | 9,092                 | (34,202)          | 8,586             | (1,803)               | 6,783             |
| Reclassification adjustment for net gains included in net income | 982               | (206)                 | 776               | (1,949)           | 409                   | (1,540)           |
| Total other comprehensive loss                                   | (225,067)         |                       | (177,803)         |                   |                       |                   |
|  | \$ 67)            | \$ 47,264             | \$ 03)            |                   |                       |                   |
| Total other comprehensive income (loss)                          |                   |                       |                   | \$ 25,002         | \$ (5,251)            | \$ 19,751         |

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

|  | Securities<br>Available<br>For Sale | Post-<br>retirement<br>Benefit | Cash Flow<br>Hedge<br>Derivatives | Accumulated<br>Other<br>Comprehensive<br>Income (Loss) |
|--|-------------------------------------|--------------------------------|-----------------------------------|--|
|  | (In Thousands)                      |                                |                                   |  |
| Balance January 1, 2023  | \$ (142,236)                        | \$ 402                         | \$ (31,626)                       | \$ (173,460)   |
| Other comprehensive income before reclassifications              | (22,470)                            | —                              | (10,640)                          | (33,110)   |
| Amounts reclassified from accumulated other comprehensive income | (21)                                | —                              | 6,309                             | 6,288  |
| Net other comprehensive income during period                     | (22,491)                            | —                              | (4,331)                           | (26,822)   |
| Balance September 30, 2023                                       | <u>\$ (164,727)</u>                 | <u>\$ 402</u>                  | <u>\$ (35,957)</u>                | <u>\$ (200,282)</u>                                    |
| Balance January 1, 2022  | \$ (4,023)                          | \$ (79)                        | \$ 674                            | \$ (3,428)   |
| Other comprehensive loss before reclassifications                | (144,377)                           | —                              | (34,202)                          | (178,579)  |
| Amounts reclassified from accumulated other comprehensive loss   | —                                   | —                              | 776                               | 776  |
| Net other comprehensive loss during period                       | (144,377)                           | —                              | (33,426)                          | (177,803)  |
| Balance September 30, 2022                                       | <u>\$ (148,400)</u>                 | <u>\$ (79)</u>                 | <u>\$ (32,752)</u>                | <u>\$ (181,231)</u>                                    |

|  | Securities<br>Available<br>For Sale | Post-<br>retirement<br>Benefit | Cash Flow<br>Hedge<br>Derivatives | Accumulated<br>Other<br>Comprehensive<br>Income (Loss) |
|--|-------------------------------------|--------------------------------|-----------------------------------|--|
|  | (In Thousands)                      |                                |                                   |  |
| Balance January 1, 2024                                    | \$ (127,033)                        | \$ 393                         | \$ (27,079)                       | \$ (153,719)   |
| Other comprehensive income (loss) before reclassifications | (5,290)                             | —                              | (4,759)                           | (10,049)   |

|  |                     |               |                    |                     |
|--|---------------------|---------------|--------------------|---------------------|
| Amounts reclassified from accumulated other comprehensive income | —                   | —             | 1,687              | 1,687               |
| Net other comprehensive income (loss) during period              | (5,290)             | —             | (3,072)            | (8,362)             |
| Balance March 31, 2024   | <u>\$ (132,323)</u> | <u>\$ 393</u> | <u>\$ (30,151)</u> | <u>\$ (162,081)</u> |
| Balance January 1, 2023  | \$ (142,236)        | \$ 402        | \$ (31,626)        | \$ (173,460)        |
| Other comprehensive income (loss) before reclassifications       | 14,535              | —             | 6,783              | 21,318              |
| Amounts reclassified from accumulated other comprehensive income | (27)                | —             | (1,540)            | (1,567)             |
| Net other comprehensive income (loss) during period              | 14,508              | —             | 5,243              | 19,751              |
| Balance March 31, 2023   | <u>\$ (127,728)</u> | <u>\$ 402</u> | <u>\$ (26,383)</u> | <u>\$ (153,709)</u> |

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

### **Forward-Looking Information**

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

should not be regarded as a representation by Premier or any other persons, that our objectives and plans will be achieved.

Forward-looking statements involve numerous risks and uncertainties, any one or more of which could affect Premier's business and financial results in future periods and could cause actual results to differ materially from plans and projections. These risks and uncertainties include, but not limited to: financial markets, our customers, and our business and results of operation; changes in interest rates; disruptions in the mortgage market; risks and uncertainties inherent in general and local banking, insurance and mortgage conditions; political uncertainty; uncertainty in U.S. fiscal or monetary policy; policy, including interest rate policies of the Federal Reserve; uncertainty concerning or disruptions relating to tensions surrounding the current socioeconomic landscape; competitive factors specific to markets in which Premier and its subsidiaries operate; increasing competition for financial products from other financial institutions and nonbank financial technology companies; future interest rates and changes or volatility in interest rate levels; legislative or regulatory rulemaking or actions; capital market conditions; security breaches or unauthorized disclosure of confidential customer or Company information; interruptions in the effective operation of information and transaction processing systems of Premier or Premier's vendors and service providers; failures or delays in integrating or adopting new technology; the impact of the cessation of LIBOR interest rates and implementation of a replacement rate; and other risks and uncertainties detailed from time to time in our Securities and Exchange Commission ("SEC") filings, including our Annual Report on 2023 Form 10-K for the year ended December 31, 2022, (the "2022 Form 10-K") and any amendments thereto. Any one or more of these factors have affected or could in the future affect Premier's business and financial results in future periods and could cause actual results to differ materially from plans and projections.

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

## Non-GAAP Financial Measures

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

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

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

The following tables present a reconciliation of non-GAAP measures to their respective GAAP measures for the three and nine months ended **September 30, 2023**, **March 31, 2024** and **2022**.

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

|  | Three Months<br>Ended<br>September 30, |       | Nine Months<br>Ended<br>September 30, |       | Three Months Ended<br>March 31, |           |
|--|--|-------|---------------------------------------|-------|---------------------------------|-----------|
|  | 2023                                   | 2022  | 2023                                  | 2022  | 2024                            | 2023      |
|  | (In Thousands)                         |       |                                       |       | (In Thousands)                  |           |
| Net interest income (GAAP)   | 54,26                                  | 63,31 | 164,5                                 | 180,3 |                                 |           |
|  | \$ 4                                   | \$ 2  | \$ 43                                 | \$ 00 | \$ 49,574                       | \$ 56,287 |
| Add: FTE adjustment  | 54                                     | 198   | 225                                   | 652   | 75                              | 104       |
| Net interest income on a FTE basis (1)   | 54,31                                  | 63,51 | 164,7                                 | 180,9 |                                 |           |
|  | \$ 8                                   | \$ 0  | \$ 68                                 | \$ 52 | \$ 49,649                       | \$ 56,391 |
| Non-interest income-less securities gains/losses (2)                                     | 12,99                                  | 16,66 | 80,15                                 | 49,69 |                                 |           |
|  | \$ 7                                   | \$ 1  | 2                                     | \$ 2  | \$ 12,533                       | \$ 13,873 |
| Non-interest expense (3)   | 38,05                                  | 41,09 | 125,3                                 | 121,4 |                                 |           |
|  | 2                                      | 9     | 38                                    | 83    | 39,900                          | 42,791    |
| Average interest-earning assets net of average unrealized gains/losses on securities (4) | 7,969                                  | 7,477 | 7,904                                 | 7,097 |                                 |           |
|  | ,363                                   | ,795  | ,565                                  | ,421  | 7,956,887                       | 7,790,848 |
| Ratios:  |  |       |                                       |       |                                 |           |

|                                  |        |        |        |        |        |        |
|----------------------------------|--------|--------|--------|--------|--------|--------|
| Net interest margin (1) / (4)    | 2.73%  | 3.40%  | 2.78%  | 3.40%  | 2.50%  | 2.90%  |
| Efficiency ratio (3) / (1) + (2) | 56.53% | 51.26% | 51.18% | 52.67% | 64.17% | 60.90% |

## Critical Accounting Policies and Estimates

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

The Company tests goodwill at least annually and, more frequently, if events or changes in circumstances indicate that it may be more likely than not that there is a possible impairment. Due to the ongoing impacts from

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the closure of large, well-known regional banks in early 2023 that led to a significant decline in bank stock prices, the Company conducted a quantitative interim goodwill impairment assessment at September 30, 2023. The impairment assessment compares the fair value of identified reporting units with their carrying amount (including goodwill). If the carrying amount of a reporting unit exceeds its fair value, an impairment loss is recognized in an amount equal to the excess. The Company's interim assessment estimated fair value on an income approach that incorporated a discounted cash flow model that involves management assumptions and consideration of future economic forecasts available. Significant This impairment test used methodologies and key assumptions in the assessment were employed such as management's internal revenue and included, but were not limited to, prospective financial information, expense forecasts, growth rates, terminal value, rate estimates, discount rates, and comparable multiples from publicly traded companies in our industry. economic forecasts, all of which may be subjective and can impact results. Results of the interim assessment indicated no goodwill impairment as of September 30, 2023. Changes The Company will continue to monitor its goodwill for possible impairment. The Company also performs sensitivity analyses around assumptions as well as relevant events or circumstances in order to assess the economic environment, operations reasonableness of assumptions, and the resulting estimated fair value. While the Company's sensitivity analyses did not indicate risk of impairment as of September 30, 2023, future potential changes in assumptions may impact the estimated fair value of a reporting unit and cause the fair value of the reporting unit to be below its carrying value. Additionally, a reporting unit's carrying value could change based on market conditions, asset growth, or other adverse events the risk profile of those reporting units, which could result in



goodwill impairment as a result impact whether the fair value of a future evaluation. reporting unit is less than carrying value.

Premier has core deposit and other intangible assets resulting from acquisitions which are subject to amortization. Premier determines the amount of identifiable intangible assets based upon independent core deposit and customer relationship analyses at the time of the acquisition. Intangible assets with finite useful lives are evaluated for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. No events or changes in circumstances that would indicate that the carrying amount of any identifiable intangible assets may not be recoverable had occurred during the three months ended March 31, 2024.

## General

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

The Bank is an Ohio state-chartered bank headquartered in Youngstown, Ohio. It conducts operations through 7576 banking center offices, 9 loan offices and serves clients through a team of wealth professionals. These operations are located in Ohio, Michigan, Indiana Pennsylvania and West Virginia. Pennsylvania. The Bank provides a broad range of financial services including checking accounts, savings accounts, certificates of deposit, real estate mortgage loans, commercial loans, consumer loans, home equity loans and trust and wealth management services through its extensive branch network.

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

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

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

PFC Risk Management was a wholly-owned insurance company subsidiary of the Company that was formed to insure the Company and its subsidiaries against certain risks unique to the operations of the Company

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and for which insurance was not available or economically feasible in the insurance marketplace. Due to pending changes in tax law, PFC Risk Management was dissolved and liquidated in December 2023.

**Regulation** – The Company is subject to regulation, examination and oversight by the Federal Reserve Board ("Federal Reserve") and the SEC. The Bank is subject to regulation, examination and oversight by the FDIC and the Division of Financial Institutions of the Ohio Department of Commerce ("ODFI"). In addition, the Bank is subject to regulations of the Consumer Financial Protection Bureau ("CFPB"), which was established by the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") and has broad powers to adopt and enforce consumer protection regulations. The Company and the Bank must file periodic

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reports with the Federal Reserve, and examinations are conducted periodically by the Federal Reserve, the FDIC and the ODFI to determine whether the Company and the Bank are in compliance with various regulatory requirements and are operating in a safe and sound manner. The Company is also subject to various Ohio laws which restrict takeover bids, tender offers and control-share acquisitions involving public companies which have significant ties to Ohio.

### **Changes in Financial Condition**

At September 30, 2023, the Company's total assets amounted to increased \$5.1 million, totaling \$8.6 billion compared to \$8.5 billion at December 31, 2022 March 31, 2024 and December 31, 2023. The increase is primarily attributable to growth in net loans of \$232.6 million from \$6.4 billion at December 31, 2022 to \$6.6 billion at September 30, 2023. The increase was mainly due to an increase in residential loans as the Company sold fewer loans due to higher yields on holding loans than selling securities partially offset by a decline in loans. Loans held for sale increased from \$115.3 million at December 31, 2022 to \$135.2 million at September 30, 2023. The increase in net loans securities was funded by a decrease in securities and an increase in deposits partially offset by a decline in advances from the FHLB.

Securities decreased \$128.9 million increased \$67.7 million to \$911,000 \$1.0 billion at September 30, 2023 compared to December 31, 2022. As lower yielding securities mature, March 31, 2024 from \$946.7 million at December 31, 2023 as excess cash flows are being utilized for funding loans, were redeployed into higher yielding securities. Equity securities decreased \$2.0 million \$37,000 to \$5.9 million \$5.7 million in the first nine three months of 2023, 2024 compared to \$5.8 million at December 31, 2023.

Goodwill was \$295.6 million at March 31, 2024 and intangibles both December 31, 2023. Intangibles decreased during the year \$990,000 to \$11.2 million at March 31, 2024, compared to \$12.2 million at December 31, 2023, as a result of amortization in the sale of First Insurance. Goodwill decreased from \$318.0 million at December

31, 2022 to \$295.6 million at September 30, 2023 and intangibles were \$13.2 million at September 30, 2023 compared to \$19.1 million at December 31, 2022. first quarter.

Deposits increased \$158.9 million \$40.3 million from \$6.9 billion \$7.1 billion at December 31, 2022 December 31, 2023 to \$7.1 billion \$7.2 billion as of September 30, 2023 March 31, 2024. Non-interest bearing deposits decreased \$323.9 million \$124.8 million since December 31, 2022 December 31, 2023 to \$1.5 billion during the nine three months ended September 30, 2023 March 31, 2024, while non-brokered interest-bearing deposits grew \$234.4 million \$138.3 million to \$5.1 billion \$5.3 billion during the same period. Brokered deposits increased \$248.5 million \$26.8 million in the nine three months ended September 30, 2023 March 31, 2024 to \$392.2 million \$368.8 million compared to \$143.7 million \$341.9 million at December 31, 2022 December 31, 2023.

Stockholders' equity increased \$31.8 million decreased \$1.3 million from \$887.7 million \$975.6 million at December 31, 2022 December 31, 2023 to \$919.6 million \$974.3 million at September 30, 2023 March 31, 2024. The increase decrease in stockholders' equity was primarily due to earnings after dividends including the impact of the sale of First Insurance. This was partially offset by a decrease in accumulated other comprehensive income ("AOCI") primarily related to an after-tax \$22.5 million \$5.3 million valuation adjustment on the available-for-sale securities portfolio. At September 30, 2023 March 31, 2024, 1,199,634 common shares remained available for repurchase under the Company's existing repurchase program.

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

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

|                          | Three Months Ended September 30, |           |          |              |           |          |
|--------------------------|----------------------------------|-----------|----------|--------------|-----------|----------|
|                          | 2023                             |           |          | 2022         |           |          |
|                          | Average                          |           | Yield/   | Average      |           | Yield/   |
|                          | Interest (1)                     |           |          | Interest (1) |           |          |
|                          | Balance                          | )         | Rate (2) | Balance      | )         | Rate (2) |
| Interest-earning assets: |                                  |           |          |              |           |          |
| Loans receivable         | 6,763,23                         |           |          | 6,120,32     |           |          |
|                          | \$ 2                             | \$ 86,618 | 5.12 %   | \$ 4         | \$ 65,564 | 4.29 %   |

|   |           |           |        |           |           |        |
|---|-----------|-----------|--------|-----------|-----------|--------|
| Securities  | 1,137,730 | 6,991     | 2.46   | 1,261,527 | 7,006     | 2.22   |
| Interest bearing deposits   | 38,210    | 652       | 6.83   | 68,530    | 221       | 1.29   |
| FHLB stock  | 30,191    | 690       | 9.14   | 27,414    | 510       | 7.44   |
| Total interest-earning assets   | 7,969,363 |           |        | 7,477,795 |           |        |
|   | 3         | 94,951    | 4.77   | 5         | 73,301    | 3.92   |
| Non-interest-earning assets   | 612,856   |           |        | 683,594   |           |        |
| Total assets  | 8,582,219 |           |        | 8,161,389 |           |        |
|   | \$ 9      |           |        | \$ 9      |           |        |
| Interest-bearing liabilities:   |           |           |        |           |           |        |
| Deposits  | 5,490,945 |           |        | 4,846,419 |           |        |
|   | \$ 5      | \$ 34,874 | 2.54 % | \$ 9      | \$ 6,855  | 0.57 % |
| FHLB advances and other   | 355,576   | 4,597     | 5.17   | 377,533   | 2,069     | 2.19   |
| Subordinated debentures   | 85,179    | 1,162     | 5.46   | 85,049    | 868       | 4.08   |
| Notes payable   | 13        | —         | —      | —         | —         | —      |
| Total interest-bearing liabilities                                      | 5,931,713 |           |        | 5,309,001 |           |        |
|   | 3         | 40,633    | 2.74   | 1         | 9,792     | 0.74   |
| Non-interest bearing deposits   | 1,554,882 |           |        | 1,807,909 |           |        |
|   | 2         | —         | —      | 9         | —         | —      |
| Total including non-interest bearing demand deposits                    | 7,486,595 |           |        | 7,116,910 |           |        |
|   | 5         | 40,633    | 2.17   | 0         | 9,792     | 0.55   |
| Other non-interest-bearing liabilities                                  | 156,168   |           |        | 132,255   |           |        |
| Total liabilities   | 7,642,763 |           |        | 7,249,165 |           |        |
|   | 3         |           |        | 5         |           |        |
| Stockholders' equity  | 939,456   |           |        | 912,224   |           |        |
| Total liabilities and stockholders' equity                              | 8,582,219 |           |        | 8,161,389 |           |        |
|   | \$ 9      |           |        | \$ 9      |           |        |
| Net interest income; interest rate spread                               |           | \$ 54,318 | 2.03 % |           | \$ 63,509 | 3.18 % |
| Net interest margin (3)   |           |           | 2.73 % |           |           | 3.40 % |
| Average interest-earning assets to average interest-bearing liabilities |           |           | 134 %  |           |           | 141 %  |

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

(2) Annualized

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

|                               | Nine Months Ended September 30, |       |      |       |       |      | Three Months Ended March 31, |              |          |              |              |          |
|-------------------------------|---------------------------------|-------|------|-------|-------|------|------------------------------|--------------|----------|--------------|--------------|----------|
|                               | 2023                            |       |      | 2022  |       |      | 2024                         |              |          | 2023         |              |          |
|                               | Ave                             | Yie   |      | Ave   | Yie   |      | Average                      | Yield/       |          | Average      | Yield/       |          |
|                               | rage                            | ld/   |      | rage  | ld/   |      |                              |              |          |              |              |          |
|                               | Inter                           | Ra    |      | Inter | Ra    |      |                              |              |          |              |              |          |
|                               | Bala                            | est ( | te ( | Bala  | est ( | te ( | Balance                      | Interest (1) | Rate (2) | Balance      | Interest (1) | Rate (2) |
|                               | n                               | 1)    | 2)   | n     | 1)    | 2)   |                              |              |          |              |              |          |
|                               | nce                             |       |      | nce   |       |      |                              |              |          |              |              |          |
| Interest-earning assets:      |                                 |       |      |       |       |      |                              |              |          |              |              |          |
|                               | 6,6                             |       |      | 5,7   |       |      |                              |              |          |              |              |          |
|                               | 71,                             | 24    | 4.   | 26,   | 17    | 4.   |                              |              |          |              |              |          |
|                               | 68                              | 4,3   | 8    | 36    | 7,3   | 1    |                              |              |          |              |              |          |
| Loans receivable              | \$ 7                            | \$ 03 | 8%   | \$ 9  | \$ 85 | 3%   | \$ 6,745,823                 | \$ 87,603    | 5.19%    | \$ 6,535,080 | \$ 76,063    | 4.66%    |
|                               | 1,1                             |       |      | 1,2   |       |      |                              |              |          |              |              |          |
|                               | 60,                             | 21,   | 2.   | 66,   | 19,   | 2.   |                              |              |          |              |              |          |
|                               | 98                              | 40    | 4    | 68    | 12    | 0    |                              |              |          |              |              |          |
| Securities                    | 7                               | 8     | 6    | 1     | 2     | 1    | 1,152,346                    | 7,671        | 2.66     | 1,190,359    | 7,359        | 2.49     |
|                               | 36,                             |       | 6.   | 84,   |       | 0.   |                              |              |          |              |              |          |
| Interest bearing deposits     | 67                              | 1,7   | 3    | 74    | 38    | 6    |                              |              |          |              |              |          |
|                               | 7                               | 37    | 1    | 5     | 7     | 1    | 34,924                       | 609          | 6.98     | 35,056       | 444          | 5.07     |
|                               | 35,                             |       | 7.   | 19,   |       | 5.   |                              |              |          |              |              |          |
|                               | 21                              | 1,9   | 5    | 62    | 74    | 0    |                              |              |          |              |              |          |
| FHLB stock                    | 4                               | 89    | 3    | 6     | 3     | 5    | 23,794                       | 534          | 8.98     | 30,353       | 394          | 5.19     |
|                               | 7,9                             |       |      | 7,0   |       |      |                              |              |          |              |              |          |
|                               | 04,                             | 26    | 4.   | 97,   | 19    | 3.   |                              |              |          |              |              |          |
| Total interest-earning assets | 56                              | 9,4   | 5    | 42    | 7,6   | 7    | 7,956,887                    | 96,417       | 4.85     | 7,790,848    | 84,260       | 4.33     |
|                               | 5                               | 37    | 4    | 1     | 37    | 1    |                              |              |          |              |              |          |
| Non-interest-earning assets   | 63                              |       |      | 70    |       |      |                              |              |          |              |              |          |
|                               | 3,6                             |       |      | 9,5   |       |      |                              |              |          |              |              |          |
|                               | 83                              |       |      | 92    |       |      | 635,060                      |              |          | 642,252      |              |          |
|                               | 8,5                             |       |      | 7,8   |       |      |                              |              |          |              |              |          |
|                               | 38,                             |       |      | 07,   |       |      |                              |              |          |              |              |          |
|                               | 24                              |       |      | 01    |       |      |                              |              |          |              |              |          |
| Total assets                  | \$ 8                            |       |      | \$ 3  |       |      | \$ 8,591,947                 |              |          | \$ 8,433,100 |              |          |
| Interest-bearing liabilities: |                                 |       |      |       |       |      |                              |              |          |              |              |          |
|                               | 5,2                             |       |      | 4,6   |       |      |                              |              |          |              |              |          |
|                               | 56,                             | 83,   | 2.   | 88,   | 11,   | 0.   |                              |              |          |              |              |          |
|                               | 57                              | 15    | 1    | 04    | 74    | 3    |                              |              |          |              |              |          |
| Deposits                      | \$ 1                            | \$ 7  | 1%   | \$ 7  | \$ 9  | 3%   | \$ 5,650,823                 | \$ 42,567    | 3.01%    | \$ 5,078,510 | \$ 21,458    | 1.69%    |

|                      |      |     |    |      |     |    |              |        |      |              |        |      |
|----------------------|------|-----|----|------|-----|----|--------------|--------|------|--------------|--------|------|
|                      | 49   | 18, | 4. | 21   |     | 1. |              |        |      |              |        |      |
| FHLB advances        | 1,8  | 15  | 9  | 0,9  | 2,6 | 6  |              |        |      |              |        |      |
| and other            | 61   | 0   | 2  | 08   | 09  | 5  | 246,846      | 3,039  | 4.92 | 467,311      | 5,336  | 4.57 |
|                      | 85,  |     | 5. | 85,  |     | 3. |              |        |      |              |        |      |
| Subordinated         | 14   | 3,3 | 2  | 01   | 2,3 | 6  |              |        |      |              |        |      |
| debentures           | 7    | 62  | 6  | 9    | 26  | 5  | 85,242       | 1,162  | 5.45 | 85,114       | 1,075  | 5.05 |
|                      |      |     |    |      |     | 0. |              |        |      |              |        |      |
|                      |      |     |    | 14   |     | 9  |              |        |      |              |        |      |
| Notes payable        | 4    | —   | —  | 3    | 1   | 3  | —            | —      | —    | —            | —      | —    |
|                      | 5,8  |     |    | 4,9  |     |    |              |        |      |              |        |      |
|                      | 33,  | 10  | 2. | 84,  | 16, | 0. |              |        |      |              |        |      |
| Total interest-      | 58   | 4,6 | 3  | 11   | 68  | 4  |              |        |      |              |        |      |
| bearing liabilities  | 3    | 69  | 9  | 7    | 5   | 5  | 5,982,911    | 46,768 | 3.13 | 5,630,935    | 27,869 | 1.98 |
|                      | 1,6  |     |    | 1,7  |     |    |              |        |      |              |        |      |
|                      | 37,  |     |    | 64,  |     |    |              |        |      |              |        |      |
| Non-interest         | 19   |     |    | 66   |     |    |              |        |      |              |        |      |
| bearing deposits     | 1    | —   | —  | 6    | —   | —  | 1,493,520    | —      | —    | 1,755,011    | —      | —    |
|                      | 7,4  |     |    | 6,7  |     |    |              |        |      |              |        |      |
| Total including non- | 70,  | 10  | 1. | 48,  | 16, | 0. |              |        |      |              |        |      |
| interest bearing     | 77   | 4,6 | 8  | 78   | 68  | 3  |              |        |      |              |        |      |
| demand deposits      | 4    | 69  | 7  | 3    | 5   | 3  | 7,476,431    | 46,768 | 2.50 | 7,385,946    | 27,869 | 1.51 |
|                      | 14   |     |    | 11   |     |    |              |        |      |              |        |      |
| Other non-interest-  | 6,5  |     |    | 3,0  |     |    |              |        |      |              |        |      |
| bearing liabilities  | 07   |     |    | 89   |     |    | 140,956      |        |      | 145,567      |        |      |
|                      | 7,6  |     |    | 6,8  |     |    |              |        |      |              |        |      |
|                      | 17,  |     |    | 61,  |     |    |              |        |      |              |        |      |
|                      | 28   |     |    | 87   |     |    |              |        |      |              |        |      |
| Total liabilities    | 1    |     |    | 2    |     |    | 7,617,387    |        |      | 7,531,513    |        |      |
|                      | 92   |     |    | 94   |     |    |              |        |      |              |        |      |
|                      | 0,9  |     |    | 5,1  |     |    |              |        |      |              |        |      |
| Stockholders' equity | 67   |     |    | 41   |     |    |              |        |      |              |        |      |
|                      | 8,5  |     |    | 7,8  |     |    |              |        |      |              |        |      |
| Total liabilities    | 38,  |     |    | 07,  |     |    |              |        |      |              |        |      |
| and stockholders'    | 24   |     |    | 01   |     |    |              |        |      |              |        |      |
| equity               | \$ 8 |     |    | \$ 3 |     |    |              |        |      |              |        |      |
| Stockholders'        |      |     |    |      |     |    |              |        |      |              |        |      |
| equity               |      |     |    |      |     |    | 974,560      |        |      | 901,587      |        |      |
| Total liabilities    |      |     |    |      |     |    |              |        |      |              |        |      |
| and stockholders'    |      |     |    |      |     |    |              |        |      |              |        |      |
| equity               |      |     |    |      |     |    | \$ 8,591,947 |        |      | \$ 8,433,100 |        |      |

|                      |              |           |              |           |                  |              |                  |              |  |
|----------------------|--------------|-----------|--------------|-----------|------------------|--------------|------------------|--------------|--|
|                      | 16           | 2.        | 18           | 3.        |                  |              |                  |              |  |
| Net interest income; | 4,7          | 1         | 0,9          | 2         |                  |              |                  |              |  |
| interest rate spread | <u>\$ 68</u> | <u>5%</u> | <u>\$ 52</u> | <u>6%</u> | <u>\$ 49,649</u> | <u>1.72%</u> | <u>\$ 56,391</u> | <u>2.35%</u> |  |
|                      |              | 2.        |              | 3.        |                  |              |                  |              |  |
| Net interest margin  |              | 7         |              | 4         |                  |              |                  |              |  |
| (3)                  |              | <u>8%</u> |              | <u>0%</u> |                  | <u>2.50%</u> |                  | <u>2.90%</u> |  |
| Average interest-    |              |           |              |           |                  |              |                  |              |  |
| earning assets to    |              |           |              |           |                  |              |                  |              |  |
| average              |              | 1         |              | 1         |                  |              |                  |              |  |
| interest-bearing     |              | 3         |              | 4         |                  |              |                  |              |  |
| liabilities          |              | <u>6%</u> |              | <u>2%</u> |                  | <u>133%</u>  |                  | <u>138%</u>  |  |

- (1) Interest on certain tax-exempt loans and securities is not taxable for federal income tax purposes. In order to compare the tax-exer yields on these assets to taxable yields, the interest earned on these assets is adjusted to a pre-tax equivalent amount based on marginal corporate federal income tax rate of 21%.
- (2) Annualized
- (3) Net interest margin is net interest income divided by average interest-earning assets. See Non-GAAP Financial Measure discussion further details.

## Results of Operations

### Three months ended September 30, 2023 March 31, 2024 and 2022 2023

For the three months ended September 30, 2023 March 31, 2024, the Company reported net income of \$24.7 million \$17.8 million compared to net income of \$28.2 million \$18.1 million for the three months ended September 30, 2022 March 31, 2023. On a per share basis, basic and diluted earnings per common share were \$0.69 \$0.50 for the three months ended September 30, 2023 March 31, 2024 and basic and diluted earnings per common share were \$0.79 \$0.51 for the three months ended September 30, 2022 March 31, 2023. The changes from 2022 2023 to 2023 2024 are

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primarily due to the sale of First Insurance on June 30, 2023 and fluctuations in interest on loans and deposits, provision for credit losses, and mortgage banking income, which are described in further detail below.

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## Net Interest Income



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

Net interest income was \$54.3 million \$49.6 million for the quarter ended September 30, 2023 March 31, 2024, down from \$63.3 million \$56.3 million for the same period in 2022 2023. Average earning assets for the quarter ended September 30, 2023 March 31, 2024 were \$8.0 billion compared to \$7.5 billion \$7.8 billion for the quarter ended September 30, 2022 March 31, 2023. The tax-equivalent net interest margin was 2.73% 2.50% for the quarter ended September 30, 2023 March 31, 2024, a decrease of 67 40 basis points from 3.40% 2.90% for the same period in 2022 2023. The decrease in margin between the 2023 2024 and 2022 2023 quarters was primarily due to funding cost increasing at a faster pace than the Company earned on assets. The yield on interest-earning assets increased 85 52 basis points to 4.77% 4.85% for the quarter ended September 30, 2023 March 31, 2024 compared to 3.92% 4.33% for the same period in 2022 2023. The cost of interest-bearing liabilities between the two periods increased 200 115 basis points to 2.74% 3.13% in the third first quarter of 2023 2024 from 0.74% 1.98% in the third first quarter of 2022 2023.

Interest income increased \$21.8 million \$12.2 million to \$94.9 million \$96.3 million for the quarter ended September 30, 2023 March 31, 2024, from \$73.1 million \$84.2 million for the quarter ended September 30, 2022 March 31, 2023. This increase is primarily due to an increase in interest on loans. Income from loans increased to \$86.6 million \$87.6 million for the quarter ended September 30, 2023 March 31, 2024, compared to \$65.6 million \$76.1 million for the same period in 2022 2023 due to an increase in average loan balances to \$6.8 billion \$6.7 billion for the three months ended September 30, 2023 March 31, 2024 from \$6.1 billion \$6.5 billion for the third first quarter of 2022 2023. The yield on loans increased 83 53 basis points in 2023 the first quarter of 2024 to 5.12% 5.19% compared to 4.29% 4.66% in the third first quarter of 2022 2023. Interest income from investments was flat increased \$341,000 to \$7.6 million in third the first quarter of 2023 2024 compared to \$7.3 million for the same period in 2022 2023. This is primarily due to an increase in the yield on securities of 17 basis points to 2.66% for the three months ended March 31, 2024, compared to 2.49% for the same period in 2023, partially offset by a decrease in average balance of \$123.8 million offset by an increase in yield on securities of 24 basis points to 2.46% for the three months ended September 30, 2023, compared to 2.22% for the same period in 2022. \$38.0 million. Income from interest-earning deposits increased to \$652,000 \$609,000 in the third first quarter of 2023 2024 compared to \$221,000 \$444,000 for the same period in 2022 2023. Average balances on interest-earning deposits decreased \$30.3 million \$132,000 to \$38.2 million \$34.9 million in the third first quarter of 2023 2024 from \$68.5 million \$35.0 million for the same period in 2022 2023. The yield earned on interest-earning deposits increased 554 191 basis points in the third first quarter of 2023 2024 compared to the same period in 2022 2023.

Interest expense increased \$30.8 million \$18.9 million to \$40.6 million \$46.8 million in the third first quarter of 2023 2024 compared to \$9.8 million \$27.9 million for the same period in 2022 2023. An increase in the cost of interest-bearing liabilities of 200 115 basis points is the primary reason for this change. Interest expense related to interest-bearing deposits was \$34.9 million \$42.6 million in the third first quarter of 2023 2024 compared to \$6.9 million \$21.5 million for the same period in 2022 2023. Interest expense recognized by the Company related to FHLB advances was \$4.6 million \$3.0 million in the third first quarter of 2023 2024 compared to \$2.1 million \$5.3 million for the same period in 2022 2023. Expenses on subordinated debentures and notes payable increased to \$1.2 million in



the **third** first quarter of **2023** **2024** compared to **\$868,000** **\$1.1 million** for the same period in **2022** **2023** due to increased rates on the variable-rate junior subordinated debentures.

### Allowance for Credit Losses

The ACL represents management's assessment of the estimated credit losses the Company will receive over the life of the loan. ACL requires a projection of credit losses over the contract lifetime of the credit adjusted for prepayment tendencies. Management analyzes the adequacy of the ACL regularly through reviews of the loan portfolio. Consideration is given to economic conditions, changes in interest rates and the effect of such changes on collateral values and borrower's ability to pay, changes in the composition of the loan portfolio and trends in past due and non-performing loan balances. The ACL is a material estimate that is susceptible to significant fluctuation and is established through a provision for credit losses based on management's evaluation of the

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inherent risk in the loan portfolio. In addition to extensive in-house loan monitoring procedures, the Company utilizes an outside party to conduct an independent loan review of commercial loan and commercial real estate loan relationships. The Company's goal is to have 45-50% of the portfolio reviewed annually using a risk based approach. Management utilizes the results of this outside loan review to assess the effectiveness of its internal

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

The ACL is made up of two basic components. The first component of the allowance for credit loss is the specific reserve in which the Company sets aside reserves based on the analysis of individual analyzed credits. In establishing specific reserves, the Company analyzes all substandard, doubtful and loss graded loans quarterly and makes judgments about the risk of loss based on the cash flow of the borrower, the value of any collateral and the financial strength of any guarantors. If the loan is individually analyzed and cash flow dependent, then a specific reserve is established for the discount on the net present value of expected future cash flows. If the loan is individually analyzed and collateral dependent, then any shortfall is either charged off or a specific reserve is established. The Company also considers the impacts of any Small Business Administration or Farm Service Agency guarantees. The specific reserve portion of the ACL was **\$4.6 million** **\$4.5 million** as of **September 30, 2023** **March 31, 2024**, and **\$2.4 million** **\$4.3 million** as of **December 31, 2022** **December 31, 2023**.

The second component is a general reserve, which is used to record **loan credit** loss reserves for groups of homogeneous loans in which the Company estimates the potential losses over the contractual lifetime of the loan

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

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

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

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

The default rate is measured on the current life of the loan segment using a weighted average of the maximum possible quarters. The PD is then combined with a LGD derived from historical charge-off data to construct a default rate. This loss rate is then supplemented with adjustments for reasonable and supportable

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forecasts of relevant economic indicators, particularly the unemployment rate forecast from the Federal Open Market Committee's Summary of Economic Projections. LGD is determined on a dollar-ratio basis, measuring the ratio of net charged off principal to defaulted principal.

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

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

The quantitative general allowance increased to \$24.9 million \$31.2 million at September 30, 2023 March 31, 2024, up from \$15.0 million \$28.1 million at December 31, 2022 December 31, 2023. As a part of the CECL model in certain calculations, especially DCF, projected loan losses are correlated to the levels of the unemployment rate over the life of the loans in addition to the fluctuation of loan balances. The increase in the quantitative general allowance during 2023 2024 is attributed to changes in prepayment speeds, unemployment forecasts, risk migration and loss rates.

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

#### ECONOMIC

- 1) Changes in international, national and local economic business conditions and developn including the condition of various market segments.
- 2) Changes in the value of underlying collateral for collateral dependent loans.

#### ENVIRONMENT

- 3) Changes in the nature and volume in the loan portfolio.
- 4) The existence and effect of any concentrations of credit and changes in the level of concentrations.
- 5) Changes in lending policies and procedures, including underwriting standards and collection, ch off and recovery practices.
- 6) Changes in the quality and breadth of the loan review process.
- 7) Changes in the experience, ability and depth of lending management and staff.

## RISK

- 8) Changes in the trends of the volume and severity of delinquent and classified loans, and change in the volume of non-accrual loans and other loan modifications.
- 9) Changes in other external factors, such as regulatory, legal and technological environments.

The qualitative analysis indicated a general reserve of \$47.0 million \$41.0 million at September 30, 2023 March 31, 2024, compared to \$55.4 million \$44.1 million at December 31, 2022 December 31, 2023. Overall, the factors decreased in the third first quarter as a result of the twelve month trend showing improvement in the economic and environmental factors listed above.

The Company's general reserve percentages for main loan segments, not otherwise classified, ranged from 0.4865% 0.42% for construction other loans to 1.4183% 1.44% for CRE owner occupied loans at September 30, 2023 March 31, 2024.

Under ASU Topic 326, when loans are purchased with evidence of more than insignificant deterioration of credit, they are accounted for as purchase credit deteriorated ("PCD"). PCD loans acquired in a transaction are marked to fair value and a mark on yield is recorded. In addition, an adjustment is made to the ACL for the expected loss through retained earnings on the acquisition date. These loans are assessed on a regular basis and subsequent adjustments to the ACL are recorded on the income statement. The outstanding balance and related allowance on these loans as of September 30, 2023 March 31, 2024 is \$19.0 million \$17.2 million and \$761,000, \$466,000, respectively.

As a result of the quantitative and qualitative analyses, along with the change in specific reserves and the change in net charge-offs in the quarter, the Company's provision for credit losses for the three and nine months ended September 30, 2023 March 31, 2024 was an expense of \$245,000 and \$5.6 million, respectively. \$560,000. This is compared to an expense of \$3.7 million and \$9.5 million \$3.9 million for the three and nine months ended September 30, 2022, respectively. March 31, 2023. The ACL was \$76.7 million at March 31, 2024 and \$76.5 million at September 30, 2023 and \$67.2 million at December 31, 2022 December 31, 2023. The ACL represented 1.14% 1.15% of loans, net of undisbursed loan funds and deferred fees and costs at September 30, 2023 March 31, 2024, compared to 1.13% 1.14% at December 31, 2022 December 31, 2023. In management's opinion, the overall ACL of \$76.5 million \$76.7 million as of September 30, 2023 March 31, 2024 is adequate to cover current estimated credit losses.

Management also assesses the value of OREO as of the end of each accounting period and recognizes write-downs to the value of that real estate in the income statement if conditions dictate. In the nine three months ended September 30, 2023 March 31, 2024, total write-downs of real estate held for sale and other repossessed

assets were \$4,000. \$22,000. Management believes that the values recorded at September 30, 2023 March 31, 2024 for OREO and repossessed assets represent the realizable value of such assets.

Total classified loans increased to \$63.5 million \$95.1 million at September 30, 2023 March 31, 2024, compared to \$43.8 million \$69.7 million at December 31, 2022 December 31, 2023, an increase of \$19.7 million. \$25.4 million, mainly due to one commercial relationship. Management monitors collateral values of all loans included on the watch list that are collateral dependent and believes that allowances for such loans at September 30, 2023 March 31, 2024 were appropriate. Of the \$39.5 million \$39.0 million in non-accrual loans at September 30, 2023 March 31, 2024, \$14.4 million \$18.4 million, or 36.5% 47.2%, are less than 90 days past due. Non-performing assets include loans that are on non-accrual, OREO and other assets held for sale. Non-performing assets at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 by category, were as follows:

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|  | September 30,<br>2023 | December 31,<br>2022 |
|--|-----------------------|----------------------|
|  | (In Thousands)        |                      |
| Non-performing loans:  |                       |                      |
| Residential real estate  | \$ 9,795              | \$ 7,724             |
| Commercial real estate   | 10,938                | 13,396               |
| Construction   | —                     | —                    |
| Commercial   | 11,793                | 4,862                |
| Home equity and improvement  | 1,134                 | 1,637                |
| Consumer finance   | 2,820                 | 2,401                |
| PCD  | 2,983                 | 3,802                |
| Total non-performing loans   | 39,463                | 33,822               |
| Real estate owned  | 387                   | 619                  |
| Total repossessed assets   | 387                   | 619                  |
| Total nonperforming assets   | \$ 39,850             | \$ 34,441            |
| Total nonperforming assets as a percentage of total assets           | 0.47 %                | 0.41 %               |
| Total nonperforming assets as a percentage of total loans plus OREO* | 0.60 %                | 0.53 %               |
| ACL as a percent of total nonperforming assets                       | 192.00 %              | 211.42 %             |
|  | March 31,             | December 31,         |

|  | 2024           | 2023      |
|--|----------------|-----------|
|  | (In Thousands) |           |
| Non-performing loans:  |                |           |
| Residential real estate  | \$ 11,210      | \$ 13,028 |
| Commercial real estate   | 7,118          | 5,971     |
| Construction   | —              | —         |
| Commercial   | 12,521         | 8,649     |
| Home equity and improvement  | 1,847          | 1,417     |
| Consumer finance   | 3,483          | 3,433     |
| PCD  | 2,852          | 2,993     |
| Total non-performing loans   | 39,031         | 35,491    |
| Real estate owned  | 255            | 243       |
| Total repossessed assets   | 255            | 243       |
| Total nonperforming assets   | \$ 39,286      | \$ 35,734 |
| Total nonperforming assets as a percentage of total assets           | 0.46 %         | 0.41 %    |
| Total nonperforming assets as a percentage of total loans plus OREO* | 0.59 %         | 0.53 %    |
| ACL as a percent of total nonperforming assets                       | 195.18 %       | 214.12 %  |

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

PCD loans account for 7.6% 7.31% of non-performing loans at September 30, 2023 March 31, 2024. Excluding non-performing PCD loans, non-performing loans in the commercial loan category represented 1.13% 1.21% of the total loans in that category at September 30, 2023 March 31, 2024, compared to 0.46% 0.82% for the same category at December 31, 2022 December 31, 2023. Non-performing loans in the non-residential and multi-family residential real estate loan category were 0.39% 0.25% of the total loans in this category at September 30, 2023 March 31, 2024, compared to 0.48% 0.21% at December 31, 2022 December 31, 2023. Non-performing loans in the residential loan category represented 0.54% 0.62% of the total loans in that category at September 30, 2023 March 31, 2024, compared to 0.51% 0.72% for the same category at December 31, 2022 December 31, 2023.

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

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

|                             | For the Nine Months Ended September 30, 2023 |                            | As of September 30, 2023 |                              | For the Three Months Ended March 31, 2024 |                            | As of March 31, 2024 |                              |
|-----------------------------|--|----------------------------|--------------------------|------------------------------|---|----------------------------|----------------------|------------------------------|
|                             | Net Charge-offs (Recovery)                   | % of Total Net Charge-offs | Nonaccrual Loans         | % of Total Non-Accrual Loans | Net Charge-offs (Recovery)                | % of Total Net Charge-offs | Nonaccrual Loans     | % of Total Non-Accrual Loans |
|                             |  |                            |                          |                              |   |                            |                      |                              |
|                             |  |                            |                          |                              |   |                            |                      |                              |
|                             | (In Thousands)                               |                            | (In Thousands)           |                              | (In Thousands)                            |                            | (In Thousands)       |                              |
| Residential                 | \$ 224                                       | 11.78 %                    | \$ 9,795                 | 24.82 %                      | \$ 52                                     | 13.23 %                    | \$ 11,210            | 28.72 %                      |
| Commercial real estate      | 890  | 46.79 %                    | 10,938                   | 27.72 %                      | 6   | 1.53 %                     | 7,118                | 18.24 %                      |
| Construction                | —  | —                          | —                        | —                            | —   | —                          | —                    | —                            |
| Commercial                  | (216)  | (11.36) %                  | 11,793                   | 29.88 %                      | (157)                                     | (39.95) %                  | 12,521               | 32.08 %                      |
| Home equity and improvement | 239  | 12.57 %                    | 1,134                    | 2.87 %                       | 67  | 17.05 %                    | 1,847                | 4.73 %                       |
| Consumer finance            | 841  | 44.22 %                    | 2,820                    | 7.15 %                       | 375                                       | 95.42 %                    | 3,483                | 8.92 %                       |
| PCD                         | (76)   | (4.00) %                   | 2,983                    | 7.56 %                       | 50  | 12.72 %                    | 2,852                | 7.31 %                       |
| Total                       | \$ 1,902                                     | 100.00 %                   | \$ 39,466                | 100.00 %                     | \$ 393                                    | 100.00 %                   | \$ 39,031            | 100.00 %                     |

|             | For the Nine Months Ended September 30, 2022 |                            | As of December 31, 2022 |                              | For the Three Months Ended March 31, 2023 |                            | As of December 31, 2023 |                              |
|-------------|--|----------------------------|-------------------------|------------------------------|---|----------------------------|-------------------------|------------------------------|
|             | Net Charge-offs (Recovery)                   | % of Total Net Charge-offs | Nonaccrual Loans        | % of Total Non-Accrual Loans | Net Charge-offs (Recovery)                | % of Total Net Charge-offs | Nonaccrual Loans        | % of Total Non-Accrual Loans |
|             |  |                            |                         |                              |   |                            |                         |                              |
|             |  |                            |                         |                              |   |                            |                         |                              |
|             | (In Thousands)                               |                            | (In Thousands)          |                              | (In Thousands)                            |                            | (In Thousands)          |                              |
| Residential | \$ 194                                       | 3.64 %                     | \$ 7,724                | 22.84 %                      | \$ (16)                                   | (0.64) %                   | \$ 13,028               | 36.71 %                      |





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

|                 | Septem<br>ber 30,<br>2023   | June<br>30,<br>2023   | March<br>31,<br>2023  | Decem<br>ber 31,<br>2022  | Septem<br>ber 30,<br>2022   |                                    |          |                                    |          |                                    |           |                                    |           |                                    |           |        |           |        |           |
|-----------------|---|---|---|---|---|------------------------------------|----------|------------------------------------|----------|------------------------------------|-----------|------------------------------------|-----------|------------------------------------|-----------|--------|-----------|--------|-----------|
|                 |   |   |   |   |   | March 31, 2024                     |          | December 31, 2023                  |          | September 30, 2023                 |           | June 30, 2023                      |           | March 31, 2023                     |           |        |           |        |           |
|                 | P<br>er<br>ce<br>nt<br>of<br>to<br>tal<br>lo<br>an<br>s<br>by<br>ca | P<br>er<br>ce<br>nt<br>of<br>to<br>tal<br>lo<br>an<br>s<br>by<br>ca | P<br>er<br>ce<br>nt<br>of<br>to<br>tal<br>lo<br>an<br>s<br>by<br>ca | P<br>er<br>ce<br>nt<br>of<br>to<br>tal<br>lo<br>an<br>s<br>by<br>ca | P<br>er<br>ce<br>nt<br>of<br>to<br>tal<br>lo<br>an<br>s<br>by<br>ca |                                    |          |                                    |          |                                    |           |                                    |           |                                    |           |        |           |        |           |
|                 | A te<br>m g<br>ou or<br>nt y  | A te<br>m g<br>ou or<br>nt y  | A te<br>m g<br>ou or<br>nt y  | A te<br>m g<br>ou or<br>nt y  | A te<br>m g<br>ou or<br>nt y  | Percent<br>of<br>total<br>loans by |          | Percent<br>of<br>total<br>loans by |          | Percent<br>of<br>total<br>loans by |           | Percent<br>of<br>total<br>loans by |           | Percent<br>of<br>total<br>loans by |           |        |           |        |           |
|                 |   |   |   |   |   | Amount                             | category | Amount                             | category | Amount                             | category  | Amount                             | category  | Amount                             | category  |        |           |        |           |
|                 | (Dollars In Thousands)  |   |   |   |   | (Dollars In Thousands)             |          |                                    |          |                                    |           |                                    |           |                                    |           |        |           |        |           |
| Resid<br>ential | 1   | 1   | 1   | 1   | 1   |                                    |          |                                    |          |                                    |           |                                    |           |                                    |           |        |           |        |           |
|                 | 9   | 8   | 8   | 6   | 6   |                                    |          |                                    |          |                                    |           |                                    |           |                                    |           |        |           |        |           |
|                 | , 2   | , 2   | , 2   | , 2   | , 2   |                                    |          |                                    |          |                                    |           |                                    |           |                                    |           |        |           |        |           |
|                 | 0 5   | 9 3   | 2 2   | 7 1   | 3 1   |                                    |          |                                    |          |                                    |           |                                    |           |                                    |           |        |           |        |           |
|                 | 2 .   | 1 .   | 2 .   | 1 .   | 1 .   |                                    |          |                                    |          |                                    |           |                                    |           |                                    |           |        |           |        |           |
|                 | \$ 3  | 5 %   | \$ 8  | 9 %   | \$ 9  | 7 %                                | \$ 1     | 6 %                                | \$ 1     | 4 %                                | \$ 20,210 | 26.4 %                             | \$ 17,215 | 25.8 %                             | \$ 19,023 | 25.5 % | \$ 18,918 | 23.9 % | \$ 18,229 |

|         |         |         |         |         |         |           |         |           |         |           |         |           |         |           |         |  |  |  |  |  |
|---------|---------|---------|---------|---------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|--|--|--|--|--|
| Com     | 3       | 3       | 3       | 3       | 3       |           |         |           |         |           |         |           |         |           |         |  |  |  |  |  |
| merci   | 6       | 4       | 3       | 4       | 2       |           |         |           |         |           |         |           |         |           |         |  |  |  |  |  |
| al real | , 4     | , 3     | , 3     | , 3     | , 3     |           |         |           |         |           |         |           |         |           |         |  |  |  |  |  |
| estate  | 0 0     | 7 9     | 8 9     | 2 8     | 7 8     |           |         |           |         |           |         |           |         |           |         |  |  |  |  |  |
|         | 1 .     | 5 .     | 3 .     | 1 .     | 1 .     |           |         |           |         |           |         |           |         |           |         |  |  |  |  |  |
|         | 4 0%    | 1 8%    | 1 3%    | 8 8%    | 2 6%    | 33,140    | 41.1 %  | 36,053    | 40.5 %  | 36,014    | 40.0 %  | 34,751    | 39.8 %  | 33,831    | 39.3 %  |  |  |  |  |  |
| Const   | 2       | 3       | 3       | 4       | 3       |           |         |           |         |           |         |           |         |           |         |  |  |  |  |  |
| ructio  | , 1     | , 1     | , 1     | , 1     | , 1     |           |         |           |         |           |         |           |         |           |         |  |  |  |  |  |
| n       | 7 3     | 8 4     | 8 6     | 0 7     | 2 7     |           |         |           |         |           |         |           |         |           |         |  |  |  |  |  |
|         | 0 .     | 3 .     | 8 .     | 2 .     | 8 .     |           |         |           |         |           |         |           |         |           |         |  |  |  |  |  |
|         | 2 1%    | 1 5%    | 2 5%    | 5 9%    | 6 9%    | 2,344     | 11.0 %  | 3,159     | 12.0 %  | 2,702     | 13.1 %  | 3,831     | 14.5 %  | 3,882     | 16.5 %  |  |  |  |  |  |
| Com     | 1       | 1       | 1       | 1       | 1       |           |         |           |         |           |         |           |         |           |         |  |  |  |  |  |
| merci   | 4       | 3       | 2       | 1       | 2       |           |         |           |         |           |         |           |         |           |         |  |  |  |  |  |
| al      | , 1     | , 1     | , 1     | , 1     | , 1     |           |         |           |         |           |         |           |         |           |         |  |  |  |  |  |
|         | 1 4     | 1 5     | 5 4     | 7 4     | 2 5     |           |         |           |         |           |         |           |         |           |         |  |  |  |  |  |
|         | 3 .     | 0 .     | 2 .     | 6 .     | 8 .     |           |         |           |         |           |         |           |         |           |         |  |  |  |  |  |
|         | 5 7%    | 1 0%    | 5 8%    | 9 8%    | 2 1%    | 15,877    | 15.0 %  | 15,489    | 15.1 %  | 14,135    | 14.7 %  | 13,101    | 15.0 %  | 12,525    | 14.8 %  |  |  |  |  |  |
| Home    |         |         |         |         |         |           |         |           |         |           |         |           |         |           |         |  |  |  |  |  |
| equity  | 2       | 3       | 3       | 4       | 4       |           |         |           |         |           |         |           |         |           |         |  |  |  |  |  |
| and     | , ,     | , ,     | , ,     | , ,     | , ,     |           |         |           |         |           |         |           |         |           |         |  |  |  |  |  |
| impro   | 7 3     | 3 3     | 6 3     | 0 3     | 2 3     |           |         |           |         |           |         |           |         |           |         |  |  |  |  |  |
| vement  | 7 .     | 9 .     | 5 .     | 4 .     | 1 .     |           |         |           |         |           |         |           |         |           |         |  |  |  |  |  |
| nt      | 0 8%    | 9 8%    | 4 8%    | 4 9%    | 0 9%    | 2,864     | 3.9 %   | 2,703     | 3.8 %   | 2,770     | 3.8 %   | 3,399     | 3.8 %   | 3,654     | 3.8 %   |  |  |  |  |  |
| Cons    | 1       | 1       | 2       | 2       | 1       |           |         |           |         |           |         |           |         |           |         |  |  |  |  |  |
| umer    | , ,     | , ,     | , ,     | , ,     | , ,     |           |         |           |         |           |         |           |         |           |         |  |  |  |  |  |
| financ  | 8 2     | 9 3     | 1 3     | 0 3     | 8 3     |           |         |           |         |           |         |           |         |           |         |  |  |  |  |  |
| e       | 6 .     | 2 .     | 5 .     | 4 .     | 2 .     |           |         |           |         |           |         |           |         |           |         |  |  |  |  |  |
|         | 9 9%    | 1 0%    | 2 0%    | 9 0%    | 5 1%    | 2,244     | 2.7 %   | 1,893     | 2.8 %   | 1,869     | 2.9 %   | 1,921     | 3.0 %   | 2,152     | 3.0 %   |  |  |  |  |  |
|         | 7       | 7       | 7       | 7       | 7       |           |         |           |         |           |         |           |         |           |         |  |  |  |  |  |
|         | 6 1     | 5 1     | 4 1     | 2 1     | 0 1     |           |         |           |         |           |         |           |         |           |         |  |  |  |  |  |
|         | , 0     | , 0     | , 0     | , 0     | , 0     |           |         |           |         |           |         |           |         |           |         |  |  |  |  |  |
|         | 5 0     | 9 0     | 2 0     | 8 0     | 6 0     |           |         |           |         |           |         |           |         |           |         |  |  |  |  |  |
|         | 1 .     | 2 .     | 7 .     | 1 .     | 2 .     |           |         |           |         |           |         |           |         |           |         |  |  |  |  |  |
|         | \$ 3 0% | \$ 1 0% | \$ 3 0% | \$ 6 0% | \$ 6 0% | \$ 76,679 | 100.0 % | \$ 76,512 | 100.0 % | \$ 76,513 | 100.0 % | \$ 75,921 | 100.0 % | \$ 74,273 | 100.0 % |  |  |  |  |  |

**Key Asset Quality Ratio Trends**

| 3rd Qtr 2023 | 2nd Qtr 2023 | 1st Qtr 2023 | 4th Qtr 2022 | 3rd Qtr 2022 | 1st Qtr 2024 | 4th Qtr 2023 | 3rd Qtr 2023 | 2nd Qtr 2023 | 1st Qtr 2023 |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 3            | 3            | 3            | 2            | 2            | 2024         | 2023         | 2023         | 2023         | 2023         |

|   |          |          |         |         |         |          |          |          |          |          |
|---|----------|----------|---------|---------|---------|----------|----------|----------|----------|----------|
| Allowance for credit losses / loans*                      | 1.14 %   | 13 %     | 13 %    | 13 %    | 14 %    | 1.15 %   | 1.14 %   | 1.14 %   | 1.13 %   | 1.13 %   |
| Allowance for credit losses / non-performing assets       | 19.00 %  | 20.18 %  | 21.61 % | 21.42 % | 21.49 % | 195.18 % | 214.12 % | 192.00 % | 202.18 % | 213.61 % |
| Allowance for credit losses / non-performing loans        | 19.89 %  | 20.24 %  | 21.05 % | 21.29 % | 21.13 % | 196.46 % | 215.58 % | 193.89 % | 205.24 % | 216.05 % |
| Non-performing assets / loans plus OREO*                  | 0.60 %   | 0.56 %   | 0.53 %  | 0.53 %  | 0.54 %  | 0.59 %   | 0.53 %   | 0.60 %   | 0.56 %   | 0.53 %   |
| Non-performing assets / total assets                      | 0.47 %   | 0.44 %   | 0.41 %  | 0.41 %  | 0.41 %  | 0.46 %   | 0.41 %   | 0.47 %   | 0.44 %   | 0.41 %   |
| Net charge-offs / average loans (annualized)              | (0.02) % | (0.01) % | 0.15 %  | 0.05 %  | 0.01 %  |          |          |          |          |          |
| Net charge-offs (recoveries) / average loans - annualized |          |          |         |         |         | 0.02 %   | 0.13 %   | (0.02) % | (0.01) % | 0.15 %   |

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

## Non-Interest Income

Total non-interest income decreased \$3.5 million was \$12.5 million in the third first quarter of 2023 to \$13.3 million 2024 and 2023. Higher mortgage banking income and lower losses on securities were offset by the reduction in insurance commissions from \$16.7 million for the same period in 2022 primarily as a result of the sale of First Insurance on June 30, 2023. Insurance.

**Service Fees.** Service fees and other charges increased by \$402,000 \$39,000 from \$6.5 million \$6.4 million for the three months ended September 30, 2022 March 31, 2023 to \$6.9 million \$6.5 million for the same period in 2023, 2024.

**Mortgage Banking Activity.** In the third first quarter of 2023, 2024, income of \$3.3 million \$2.4 million was recorded for mortgage banking compared to income a loss of \$4.0 million \$274,000 in the third first quarter of 2022, 2023. Mortgage banking gains decreased \$779,000 increased \$2.1 million to a gain of \$2.6 million \$1.3 million in the third first quarter of 2023 2024 from a gain loss of \$3.4 million \$837,000 in the third first quarter of 2022 2023, primarily as a result of fluctuations in gain margins. Mortgage loan servicing revenue remained steady at \$1.9 million decreased slightly to \$1.8 million in the third first quarter of 2023 and 2022. 2024 compared to \$1.9 million for the same period in 2023. Amortization of mortgage servicing rights decreased to \$1.3 million remained steady at \$1.2 million in the third first quarter of 2023 from \$1.4 million in the third quarter of 2022. 2024 and 2023. The valuation adjustment in mortgage servicing assets was \$131,000 \$463,000 in the third first quarter of 2023 2024 compared with an adjustment of \$96,000 \$(106,000) in the third first quarter of 2022, 2023. These fluctuations have primarily resulted from changes in the level of interest rates and prepayment speeds.

**Gain (loss) on Equity Securities.** The Company recognized a gain/loss on equity securities of \$256,000/\$37,000 for the third first quarter of 2023, 2024, compared to a gain/loss of \$43,000/\$1.4 million for the third first quarter of 2022, 2023. The gain recognized in the third quarter of 2023 was largely a realized gain from the sale of a position while the amount for the second quarter of 2022 is losses are attributable to changes in valuations in the equity securities portfolio as a result of market conditions.

**Insurance Commissions.** Insurance commissions were \$3.5 million/\$4.7 million for the third first quarter of 2022, 2023. As a result of the sale of First Insurance, the Company did not generate insurance commission income after June 30, 2023.

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**Wealth Management Income.** Income from wealth management was \$1.5 million/\$1.7 million and \$1.4 million/\$1.5 million for the third first quarter of 2023, 2024 and 2022, 2023, respectively.

**Bank-Owned Life Insurance ("BOLI").** Income from BOLI increased to \$1.10 million/\$1.7 million in the third first quarter of 2023, 2024 from \$983,000/\$1.4 million for the same period in 2022, 2023. The Company recognized \$512,000 and \$423,000 in proceeds from claim gains in the first quarter of 2024 and 2023, respectively.

**Other Non-Interest Income.** Other non-interest income decreased/increased to \$217,000/\$239,000 in the third first quarter of 2023, 2024 from \$320,000/\$92,000 in the same period in 2022, 2023.

## Non-Interest Expense

Non-interest expense decreased \$3.0 million/\$2.9 million to \$38.1 million/\$39.9 million for the third first quarter of 2023, 2024 compared to \$41.1 million/\$42.8 million for the same period in 2022, 2023, primarily as a result of the sale of First Insurance on June 30, 2023.

**Compensation and Benefits.** Compensation and benefits decreased to \$21.8 million/\$23.4 million in the third first quarter of 2023, 2024, compared to \$24.5 million/\$25.7 million in the third first quarter of 2022, 2023, due to the sale of First Insurance. The decrease was partially offset by costs related to higher staffing levels and cost savings initiatives, higher base compensation.

**Occupancy.** Occupancy expense decreased to \$3.1 million/\$3.4 million in the third first quarter of 2023, 2024 compared to \$3.5 million/\$3.6 million in the third first quarter of 2022, 2023. This decrease was due to the closure of one loan production office in 2023 and the sale of First Insurance.

**FDIC Insurance Premium.** The premiums on FDIC insurance increased/decreased to \$1.1 million for the three months ended March 31, 2024 compared to \$1.3 million for the three months ended September 30, 2023.

compared to \$976,000 for the three months ended September 30, 2022 March 31, 2023. The primary reason for the increase was the FDIC increased the initial base deposit insurance rate uniformly by 2 basis points in 2023.

**Financial Institutions Tax.** The Company's financial institutions tax decreased increased to \$989,000 \$1.0 million in the third first quarter of 2023 2024 compared to \$1.1 million \$852,000 in the third first quarter of 2022 2023, as a result of lower higher equity at the end of 2022. 2023.

**Data Processing.** Data processing costs increased to \$4.0 million \$4.7 million in the third first quarter of 2024 from \$3.9 million in the first quarter of 2023, from \$3.1 million as a result of a new digital platform launched in the third fourth quarter of 2022. 2023.

**Amortization of Intangibles.** Expense from the amortization of intangibles decreased to \$1.1 million \$990,000 in the third first quarter of 2023 2024 from \$1.3 million in the third first quarter of 2022. 2023. The decrease is primarily related to the amortization of core deposit intangibles over the past year.

**Other Non-Interest Expenses.** Other non-interest expenses decreased \$958,000 \$960,000 to \$5.7 million \$5.3 million for the three months ended September 30, 2023 March 31, 2024, compared to \$6.6 million \$6.3 million for the same quarter in 2022.

## **Nine Months Ended September 30, 2023 and 2022**

On a consolidated basis, the Company's net income for the nine months ended September 30, 2023 was \$91.2 million compared to income of \$76.9 million for the same period in 2022. On a per share basis, basic and diluted earnings per common share for the nine months ended September 30, 2023 were both \$2.55, compared to basic and diluted earnings per common share of \$2.15 for the same period in 2022. The changes from 2022 to 2023 are primarily due to the sale of First Insurance on June 30, 2023 and fluctuations in interest on loans and deposits, provision for credit losses, and mortgage banking income, which are described in further detail below.

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## **Net Interest Income**

Net interest income was \$164.5 million for the first nine months of 2023 compared to \$180.3 million in the first nine months of 2022. Average interest-earning assets increased to \$8.0 billion in the first nine months of 2023 compared to \$7.1 billion in the first nine months of 2022. This increase was primarily due to organic loan growth offset by a decline in average securities.

For the nine months ended September 30, 2023, total interest income was \$269.2 million compared to \$197.0 million for the same period in 2022. Interest expense increased by \$88.0 million to \$104.7 million for the nine months ended September 30, 2023, compared to \$16.7 million for the same period in 2022.

Net interest margin for the first nine months of 2023 was 2.78%, down 62 basis points from the 3.40% margin reported for the nine months ended September 30, 2022. The decrease in net interest margin was primarily due the increase in rate on interest bearing liabilities outpacing the increases in repricing of interest bearing assets.

## Provision for Credit Losses

The provision for credit losses on loans and unfunded commitments was \$3.5 million for the nine months ended September 30, 2023, compared to \$11.5 million for the nine months ended September 30, 2022. Charge-offs for the first nine months of 2023 were \$4.1 million and recoveries of previously charged off loans totaled \$2.2 million for net charge-offs of \$1.9 million. By comparison, \$7.5 million of charge-offs were recorded in the same period of 2022 and \$2.1 million of recoveries were realized for net charge-offs of \$5.3 million. The current year provision expense is primarily due to loan growth, whereas the prior year provision expense was primarily due to charge-offs on one commercial relationship.

## Non-Interest Income

Total non-interest income increased \$31.1 million to \$79.1 million for the nine months ended September 30, 2023 from \$47.9 million recognized for the same period in 2022, primarily as a result of the sale of First Insurance on June 30, 2023.

**Service Fees.** Service fees and other charges were \$20.6 million for the first nine months of 2023, an increase of \$1.3 million from the same period in 2022.

**Mortgage Banking Activity.** Total revenue from the sale and servicing of mortgage loans decreased \$4.2 million to \$5.9 million for the nine months ended September 30, 2023, down from \$10.2 million for the same period in 2022, which was primarily attributable to compressed margins and lower saleable mix. Mortgage banking gains decreased \$3.1 million to \$4.0 million for the first nine months of 2023 from \$7.1 million for the same period in 2022. Mortgage loan servicing revenue was steady at \$5.6 million in the first nine months of 2023 and 2022. The amortization of mortgage servicing rights decreased from an expense of \$4.1 million for the first nine months of 2022 to an expense of \$3.8 million for the first nine months of 2023. The Company recorded a positive valuation adjustment of \$155,000 in the first nine months of 2023 compared to a positive adjustment of \$1.6 million in the first nine months of 2022.

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

**Gain (loss) on Equity Securities.** The Company recognized a loss on equity securities of \$1.1 million for the nine months ended September 30, 2023, compared to a loss of \$1.8 million for the nine months ended September 30, 2022. These amounts are attributable to changes in valuations in the equity securities portfolio as a result of market conditions.

**Insurance Commission Income.** Income from the sale of insurance was \$8.9 million in the first nine months of 2023 compared to \$12.0 for the same period in 2022. This decrease is due to the sale of First Insurance in the second quarter of 2023. The Company does not expect to generate insurance commission in the future.

**Wealth Management Income.** Income in this category was \$4.5 million in the first nine months of 2023, compared to \$4.2 million in the first nine months of 2022.

**Income from Bank Owned Life Insurance.** Income from BOLI was \$3.5 million in the first nine months of 2023, compared to \$3.0 million in the first nine months of 2022. The Company received \$423,000 in claim gains in the first nine months of 2023. No claim gains were received in 2022.

**Other Non-Interest Income.** Other non-interest income for the first nine months of 2023 was \$412,000 compared to \$1.1 million in the first nine months of 2022.

### **Non-Interest Expense**

Non-interest expense was \$125.3 million for the first nine months of 2023, up from \$121.5 million for the same period in 2022, primarily as a result of the sale of First Insurance on June 30, 2023.

**Compensation and Benefits.** Compensation and benefits decreased to \$71.6 million for the nine months ended September 30, 2023, compared to \$72.4 million for the same period in 2022 primarily due to the sale of First Insurance.

**Occupancy.** Occupancy expense decreased by \$618,000 to \$10.0 million for the nine months ended September 30, 2023, compared to \$10.7 million in the same period in 2022. This can be primarily attributed to the closure of one loan production office in 2023 and the sale of First Insurance.

**Data Processing.** Data processing costs were \$11.5 million in the first nine months of 2023, an increase of \$1.6 million from \$9.9 million in same period for 2022.

**Amortization of Intangibles.** Intangible amortization decreased by \$585,000 to \$3.6 million in the nine months ended September 30, 2023, compared to \$4.2 million for the same period in 2022.

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

**Other Non-Interest Expenses.** Other non-interest expenses decreased \$994,000 to \$17.7 million for the first nine months of 2023 from \$18.7 million for the same period in 2022.

### **Liquidity**

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

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

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The Bank's Asset/Liability Committee ("ALCO") is responsible for establishing and monitoring liquidity guidelines, policies and procedures. ALCO uses a variety of methods to monitor the liquidity position of the

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Bank including liquidity analyses that measure potential sources and uses of funds over future periods out to one year. ALCO also performs contingency funding analyses to determine the Bank's ability to meet potential liquidity needs under stress scenarios that cover varying time horizons ranging from immediate to longer term.

At September 30, 2023 March 31, 2024, the Company had approximately \$2.6 billion \$3.1 billion of on-hand liquidity, defined as comprised of cash and cash equivalents, unencumbered securities, additional FHLB and lines of credit borrowing capacity, brokered deposits subject to policy limits and the Federal Reserve Discount Window and Borrower-In-Custody Collateral Programs.

Liquidity risk arises from the possibility that the Company may not be able to meet its financial obligations and operating cash needs or may become overly reliant upon external funding sources. In order to manage this risk, the Company's Board of Directors has established a Liquidity Policy that identifies primary sources of liquidity, establishes procedures for monitoring and measuring liquidity and quantifies minimum liquidity requirements. This policy designates ALCO as the body responsible for meeting these objectives. ALCO reviews liquidity on a quarterly basis and approves significant changes in strategies that affect balance sheet or cash flow positions. Management reviews liquidity on a monthly basis.

### **Capital Resources**

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

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

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The Company met each of the well-capitalized ratio guidelines at September 30, 2023 March 31, 2024. The following table indicates the capital ratios for the Company (consolidated) and the Bank at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 (in thousands):

|   | September 30, 2023 |       |   |  |        |       | March 31, 2024 |        |   |  |            |       |
|---|--------------------|-------|---|--|--------|-------|----------------|--------|---|--|------------|-------|
|   |                    |       |   | Minimum Required to be Well Capitalized for Prompt Corrective Action |        |       |                |        |   | Minimum Required to be Well Capitalized for Prompt Corrective Action |            |       |
|   | Actual             |       | Minimum Required for Adequately Capitalized |  | Ratio  |       | Actual         |        | Minimum Required for Adequately Capitalized |  | Ratio      |       |
|   | Amount             | Ratio | Amount                                      | Ratio(1)   | Amount | Ratio | Amount         | Ratio  | Amount                                      | Ratio(1)   | Amount     | Ratio |
|   |                    |       |   |  |        |       |                |        |   |  |            |       |
| <b>CET1 Capital (to Risk-Weighted Assets)</b>   |                    |       |   |  |        |       |                |        |   |  |            |       |
| Consolidated                                    |                    | 1     |   |  |        |       |                |        |   |  |            |       |
|   | 81                 | 1.    | 329   |  |        |       |                |        |   |  |            |       |
|   | 6,1                | 1     | ,82   |  |        |       |                |        |   |  |            |       |
|   | \$ 08              | 3%    | \$ 6  | 4.5%   | N/A    | N/A   | \$ 834,706     | 11.90% | \$ 315,622                                  | 4.5%   | N/A        | N/A   |
| Premier Bank                                    |                    | 1     |   |  |        |       |                |        |   |  |            |       |
|   | 85                 | 1.    | 328   |  |        |       |                |        |   |  |            |       |
|   | 4,5                | 7     | ,36   |  | 474,   | 6.    |                |        |   |  |            |       |
|   | \$ 06              | 1%    | \$ 1  | 4.5%   | \$ 299 | 5%    | \$ 877,793     | 12.57% | \$ 314,252                                  | 4.5%   | \$ 453,920 | 6.5%  |
| <b>Tier 1 Capital</b>                           |                    |       |   |  |        |       |                |        |   |  |            |       |
| Consolidated                                    |                    | 1     |   |  |        |       |                |        |   |  |            |       |
|   | 85                 | 0.    | 339   |  |        |       |                |        |   |  |            |       |
|   | 1,1                | 0     | ,48   |  |        |       |                |        |   |  |            |       |
|   | \$ 08              | 3%    | \$ 0  | 4.0%   | N/A    | N/A   | \$ 869,706     | 10.28% | \$ 338,309                                  | 4.0%   | N/A        | N/A   |
| Premier Bank                                    |                    | 1     |   |  |        |       |                |        |   |  |            |       |
|   | 85                 | 0.    | 338   |  |        |       |                |        |   |  |            |       |
|   | 4,5                | 1     | ,44   |  | 423,   | 5.    |                |        |   |  |            |       |
|   | \$ 06              | 0%    | \$ 1  | 4.0%   | \$ 051 | 0%    | \$ 877,793     | 10.41% | \$ 337,182                                  | 4.0%   | \$ 421,477 | 5.0%  |
| <b>Tier 1 Capital (to Risk Weighted Assets)</b> |                    |       |   |  |        |       |                |        |   |  |            |       |

|  |       |    |      |      |        |     |            |        |            |      |            |       |  |  |  |
|--|-------|----|------|------|--------|-----|------------|--------|------------|------|------------|-------|--|--|--|
| Consolidated                                   | 1     |    |      |      |        |     |            |        |            |      |            |       |  |  |  |
|  | 85    | 1. | 439  |      |        |     |            |        |            |      |            |       |  |  |  |
|  | 1,1   | 6  | ,76  |      |        |     |            |        |            |      |            |       |  |  |  |
|  | \$ 08 | 1% | \$ 8 | 6.0% | N/A    | N/A | \$ 869,706 | 12.40% | \$ 420,830 | 6.0% | N/A        | N/A   |  |  |  |
| Premier Bank                                   | 1     |    |      |      |        |     |            |        |            |      |            |       |  |  |  |
|  | 85    | 1. | 437  |      |        |     |            |        |            |      |            |       |  |  |  |
|  | 4,5   | 7  | ,81  |      | 583,   | 8.  |            |        |            |      |            |       |  |  |  |
|  | \$ 06 | 1% | \$ 4 | 6.0% | \$ 752 | 0%  | \$ 877,793 | 12.57% | \$ 419,003 | 6.0% | \$ 558,671 | 8.0%  |  |  |  |
| <b>Total Capital (to Risk Weighted Assets)</b> |       |    |      |      |        |     |            |        |            |      |            |       |  |  |  |
| Consolidated                                   | 1     |    |      |      |        |     |            |        |            |      |            |       |  |  |  |
|  | 98    | 3. | 586  |      |        |     |            |        |            |      |            |       |  |  |  |
|  | 1,5   | 3  | ,35  |      |        |     |            |        |            |      |            |       |  |  |  |
|  | \$ 50 | 9% | \$ 8 | 8.0% | N/A    | N/A | \$ 999,533 | 14.25% | \$ 561,107 | 8.0% | N/A        | N/A   |  |  |  |
| Premier Bank                                   | 1     |    |      |      |        |     |            |        |            |      |            |       |  |  |  |
|  | 93    | 2. | 583  |      |        |     |            |        |            |      |            |       |  |  |  |
|  | 4,9   | 8  | ,75  |      | 729,   | 10  |            |        |            |      |            |       |  |  |  |
|  | \$ 48 | 1% | \$ 2 | 8.0% | \$ 690 | .0% | \$ 957,620 | 13.71% | \$ 558,671 | 8.0% | \$ 698,339 | 10.0% |  |  |  |

(1)

Excludes capital conservation buffer of 2.50%

|   | December 31, 2022 |       |      |  |          |    | December 31, 2023 |        |            |  |          |     |
|---|-------------------|-------|------|--|----------|----|-------------------|--------|------------|--|----------|-----|
|   |                   |       |      | Minimum Required to be Well Capitalized for Prompt Corrective Action |          |    |                   |        |            | Minimum Required to be Well Capitalized for Prompt Corrective Action |          |     |
|   | Actual            |       |      | Minimum Required for Adequately Capitalized                          |          |    | Actual            |        |            | Minimum Required for Adequately Capitalized                          |          |     |
|   | Amount            | Ratio |      | Amount   | Ratio(1) |    | Amount            | Ratio  |            | Amount   | Ratio(1) |     |
| <b>CET1 Capital (to Risk-Weighted Assets)</b> |                   |       |      |  |          |    |                   |        |            |  |          |     |
| Consolidated                                  | 728               |       |      | 331  |          |    |                   |        |            |  |          |     |
|   | ,88               | 9.    |      | ,01  | 4.       | N/ |                   |        |            |  |          |     |
|   | \$ 3              | 91%   | \$ 9 | 5%   | N/A      | A  | \$ 826,639        | 11.70% | \$ 318,003 | 4.5%   | N/A      | N/A |

|  |                    |                |                    |          |                      |     |            |        |            |      |            |       |
|--|--------------------|----------------|--------------------|----------|----------------------|-----|------------|--------|------------|------|------------|-------|
| Premier Bank   | 775<br>,90<br>\$ 7 | 10<br>.5<br>8% | 330<br>,00<br>\$ 8 | 4.<br>5% | 476,<br>6.<br>\$ 678 | 5%  | \$ 871,342 | 12.38% | \$ 316,676 | 4.5% | \$ 457,421 | 6.5%  |
| <b><u>Tier 1 Capital</u></b>                           |                    |                |                    |          |                      |     |            |        |            |      |            |       |
| Consolidated   | 763<br>,88<br>\$ 3 | 9.<br>37%      | 326<br>,09<br>\$ 4 | 4.<br>0% | N/A                  | A   | \$ 861,639 | 10.26% | \$ 335,772 | 4.0% | N/A        | N/A   |
| Premier Bank   | 775<br>,90<br>\$ 7 | 9.<br>55%      | 324<br>,94<br>\$ 9 | 4.<br>0% | 406,<br>5.<br>\$ 187 | 0%  | \$ 871,342 | 10.42% | \$ 334,641 | 4.0% | \$ 418,301 | 5.0%  |
| <b><u>Tier 1 Capital (to Risk Weighted Assets)</u></b> |                    |                |                    |          |                      |     |            |        |            |      |            |       |
| Consolidated   | 763<br>,88<br>\$ 3 | 10<br>.3<br>8% | 441<br>,35<br>\$ 9 | 6.<br>0% | N/A                  | A   | \$ 861,639 | 12.19% | \$ 424,005 | 6.0% | N/A        | N/A   |
| Premier Bank   | 775<br>,90<br>\$ 7 | 10<br>.5<br>8% | 440<br>,01<br>\$ 1 | 6.<br>0% | 586,<br>8.<br>\$ 681 | 0%  | \$ 871,342 | 12.38% | \$ 422,235 | 6.0% | \$ 562,980 | 8.0%  |
| <b><u>Total Capital (to Risk Weighted Assets)</u></b>  |                    |                |                    |          |                      |     |            |        |            |      |            |       |
| Consolidated   | 892<br>,66<br>\$ 3 | 12<br>.1<br>4% | 588<br>,47<br>\$ 8 | 8.<br>0% | N/A                  | A   | \$ 991,873 | 14.04% | \$ 565,339 | 8.0% | N/A        | N/A   |
| Premier Bank   | 854<br>,68<br>\$ 7 | 11<br>.6<br>5% | 586<br>,68<br>\$ 1 | 8.<br>0% | 733,<br>10<br>\$ 352 | .0% | \$ 951,576 | 13.52% | \$ 562,980 | 8.0% | \$ 703,725 | 10.0% |

(1)

Excludes capital conservation buffer of 2.50%.

### Item 3. Quantitative and Qualitative Disclosures About Market Risk

As discussed in detail in the Company's 2022 2023 Form 10-K, the Company's ability to maximize net income is dependent on management's ability to plan and control net interest income through management of the pricing and mix of assets and liabilities. Because a large portion of assets and liabilities of the Company are monetary in

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

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

The table below presents, for the twelve months subsequent to **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, an estimate of the change in net interest income that would result from an immediate (shock) change in interest rates, moving in a parallel fashion over the entire yield curve, relative to the measured base case scenario. Based on our net interest income simulation as of **September 30, 2023** **March 31, 2024**, net interest income sensitivity to changes in interest rates for the twelve months subsequent to **September 30, 2023** **March 31, 2024**, decreased in the rising rate environment and increased in the falling rate environment for the shock compared to the sensitivity profile for the twelve months subsequent to **December 31, 2022** **December 31, 2023**. The change in modeling results from the prior period shown is largely due to increased re-pricing expectations on deposits which increased liability sensitivity for the period.

| Immediate Change in Interest Rates | Impact on Future Annual Net Interest Income |                   | Impact on Future Annual Net Interest Income |                   |
|------------------------------------|---|-------------------|---|-------------------|
|                                    | September 30, 2023                          | December 31, 2022 | March 31, 2024                              | December 31, 2023 |
| + 400                              | (10.43)%                                    | (0.22)%           | (13.6)%                                     | (9.9)%            |
| + 300                              | (7.79)%                                     | 0.07%             | (10.1)%                                     | (7.3)%            |
| + 200                              | (5.14)%                                     | 0.12%             | (6.6)%                                      | (4.7)%            |
| + 100                              | (2.55)%                                     | 0.10%             | (3.1)%                                      | (2.3)%            |
| - 100                              | 2.63%                                       | 1.44%             | 3.3%  | 2.5%              |
| - 200                              | 5.17%                                       | 2.12%             | 6.5%  | 5.0%              |
| - 300                              | 7.24%                                       | 0.66%             | 9.4%  | 7.3%              |
| - 400                              | 8.65%                                       | (1.63)%           | 11.9%                                       | 9.2%              |

To analyze the impact of changes in interest rates in a more realistic manner, non-parallel interest rate scenarios are also simulated. These non-parallel interest rate scenarios indicate that net interest income may increase from the base case scenario should the yield curve change by different increments on different points on the curve. For example, in a steep down 200 basis points shock scenario where short-term rates (e.g., 1 year or less) decline while long-term rates (e.g., 7 years or more) remain generally unchanged, annual net interest income would increase by an estimated 8.36% 11.13% for the twelve months subsequent to September 30, 2023 March 31, 2024.

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

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rate shock environments that range from -400 basis points to +400 basis points. The results of this analysis are

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reflected in the following tables for the quarter ended September 30, 2023 March 31, 2024, and the year ended December 31, 2022 December 31, 2023.

| Change in Rates | September 30, 2023                | December 31, 2022                 | March 31, 2024                    | December 31, 2023                 |
|-----------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|                 | Economic Value of Equity % Change | Economic Value of Equity % Change | Economic Value of Equity % Change | Economic Value of Equity % Change |
| +400 bp         | (21.90)%                          | (5.39)%                           | (22.6)%                           | (30.7)%                           |
| + 300 bp        | (16.90)%                          | (3.39)%                           | (17.2)%                           | (23.4)%                           |
| + 200 bp        | (11.50)%                          | (2.32)%                           | (11.6)%                           | (15.7)%                           |
| + 100 bp        | (5.80)%                           | (1.25)%                           | (5.8)%                            | (7.7)%                            |
| 0 bp            | —                                 | —                                 |                                   |                                   |
| - 100 bp        | 5.60%                             | 0.39%                             | 5.5%                              | 7.1%                              |
| - 200 bp        | 10.60%                            | 0.49%                             | 10.3%                             | 12.4%                             |
| - 300 bp        | 14.40%                            | (1.46)%                           | 14.3%                             | 16.3%                             |
| - 400 bp        | 16.10%                            | (5.98)%                           | 15.6%                             | 12.9%                             |

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

An evaluation of the Company's disclosure controls and procedures was carried out under the supervision and with the participation of the Company's management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures (as defined in Rule Rules 13a-15(e) under the Exchange Act) as of September 30, 2023 March 31, 2024. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective. No changes occurred in the Company's internal controls over financial reporting during the quarter ended September 30, 2023 March 31, 2024, that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II-OTHER INFORMATION

Item 1. Legal Proceedings

Premier and its subsidiaries are involved in various legal proceedings that arise in the ordinary course of its business. While the ultimate liability with respect to litigation matters and claims cannot be determined at this time, management believes any resulting liability and other amounts relating to pending matters, individually or in the aggregate, are not likely to be material to the Company's consolidated financial position or results of operations.

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Item 1A. Risk Factors

There are no material changes from the risk factors set forth under Part I, Item 1A, "Risk Factors" in the 2022 2023 Form 10-K.

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

The following table provides information regarding Premier's purchases of its common stock during the three-month period ended September 30, 2023 March 31, 2024:

| Period | Total Number<br>of Shares<br>Purchased <sup>(1)</sup> | Average<br>Price Paid<br>Per Share | Total Number of<br>Shares<br>Purchased<br>as Part of<br>Publicly<br>Announced<br>Plans<br>or Programs | Maximum<br>Number<br>of Shares that<br>May<br>Yet Be<br>Purchased<br>Under the Plans<br>or Programs <sup>(2)</sup> |
|--------|---|------------------------------------|---|--|
|        |   |                                    |   |  |

|                                  |       |    |       |   |           |
|----------------------------------|-------|----|-------|---|-----------|
| Beginning Balance, June 30, 2023 |       |    |       |   | 1,199,634 |
| July 1 - July 31, 2023           | 575   | \$ | 16.37 | — | 1,199,634 |
| August 1 - August 31, 2023       | 1,043 |    | 20.68 | — | 1,199,634 |
| September 1 - September 30, 2023 | 846   |    | 17.99 | — | 1,199,634 |
| Total                            | 2,464 | \$ | 18.75 | — | 1,199,634 |

(1) Of this amount, 2,464 All of these shares were obtained in fulfillment of tax obligations from vesting of restricted and were not part of the publicly announced repurchase program.

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

### Item 3. Defaults upon Senior Securities

Not applicable.

### Item 4. Mine Safety Disclosures

Not applicable.

## **Item 5. Other Information**

(a) None.

(b) None.

(c) On May 4, 2023 During the three months ended March 31, 2024, Mr. Dennis E. Rose Jr., the Chief Strategy Officer no director or officer (as defined under Rule 16a-1 of the Company, Exchange Act) adopted a or terminated any Rule 10b5-1 trading arrangement for the sale or non-Rule 10b5-1 trading arrangement (in each case, as defined in Item 408(a) of shares of stock (a "Rule 10b5-1 Trading Plan") that is intended to satisfy the affirmative defense conditions of Exchange Act Rule 10b5-1(c) Regulation S-K). Mr. Rose Jr.'s Rule 10b5-1 Trading Plan, which shall terminate on December 20, 2024, provides for the sale of up to 13,309 shares of common stock pursuant to the terms of the Rule 10b5-1 Trading Plan.

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## **Item 6. Exhibits**

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

Exhibit 101     The following financial information from the Registrant's Quarterly Report on Form 10-Q for the quarter ended **September 30, 2023** **March 31, 2024** is formatted in Inline XBRL: (i) Unaudited Consolidated Condensed Statements of Financial Condition at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**; (ii) Unaudited Consolidated Condensed Statements of Income for the three **and nine** months ended **September 30, 2023** **March 31, 2024** and **2022**; **2023**; (iii) Unaudited Consolidated Condensed Statements of Comprehensive Income for the three **and nine** months ended **September 30, 2023** **March 31, 2024** and **2022**; **2023**; (iv) Unaudited Consolidated Condensed Statements of Changes in Stockholders' Equity for the three **and nine** months ended **September 30, 2023** **March 31, 2024** and **2022**; **2023**; (v) Unaudited Consolidated Condensed Statements of Cash Flows for the **nine** **three** months ended **September 30, 2023** **March 31, 2024** and **2022**; **2023**; and (vi) Notes to Unaudited Consolidated Condensed Financial Statements.

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

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SIGNATURES

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

Premier Financial Corp.  
(Registrant)

Date: **November 9, 2023** **May 2, 2024**

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

Date: **November 9, 2023** **May 2, 2024**

By: /s/ Paul D. Nungester, Jr.  
Paul D. Nungester, Jr.  
Executive Vice President and

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EXHIBIT 31.1

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

I, Gary M. Small, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Premier Financial Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures designed under our supervision, to ensure that material information relating to the registrant, including consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2023 May 2,  
2024

/s/ Gary M. Small

\_\_\_\_\_  
Gary M. Small  
President and  
Chief Executive Officer

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## EXHIBIT 31.2

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

I, Paul D. Nungester, Jr., certify that:

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



consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

- (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **November 9, 2023** May 2,  
2024

/s/ Paul D. Nungester, Jr.

Paul D. Nungester, Jr.  
Executive Vice President and  
Chief Financial Officer

## EXHIBIT 32.1

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

In connection with the Quarterly Report of Premier Financial Corp. (the "Company") on Form 10-Q for the period ending **September 30, 2023** **March 31, 2024** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gary M. Small, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and in connection with this Quarterly Report on Form 10-Q, that:

1. The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and
2. The information contained in the Report fairly presents, in all material respects, the Company's financial condition and results of operations.

Date: **November 9, 2023** **May 2,**  
**2024**

/s/ Gary M. Small

Gary M. Small  
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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## EXHIBIT 32.2

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

In connection with the Quarterly Report of Premier Financial Corp. (the "Company") on Form 10-Q for the period ending **September 30, 2023** **March 31, 2024** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Paul D. Nungester, Jr., Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and in connection with this Quarterly Report on Form 10-Q, that:

1. The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and
2. The information contained in the Report fairly presents, in all material respects, the Company's financial condition and results of operations.

Date: **November 9, 2023** May 2,  
2024

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/s/ Paul D. Nungester, Jr.

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Paul D. Nungester, Jr.  
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

## DISCLAIMER

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