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DELTA REPORT

10-Q

MOFG - MIDWESTONE FINANCIAL GROU

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

The following comparison report has been automatically generated

TOTAL DELTAS	1119
CHANGES	430
DELETIONS	346
ADDITIONS	343

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

FORM 10-Q

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

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

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 001-35968

MIDWESTONE FINANCIAL GROUP, INC.

(Exact name of Registrant as specified in its charter)

Iowa	42-1206172
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
102 South Clinton Street, Iowa City, IA 52240	(319) 356-5800
(Address of principal executive offices, including zip code)	(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, $1.00 par value	MOFG	The Nasdaq Stock Market LLC

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. x 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). x Yes ☐ No

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

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

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

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

As of November 1, 2023 May 3, 2024, there were 15,691,738 15,755,319 shares of common stock, $1.00 par value per share, outstanding.

MIDWEST*ONE* FINANCIAL GROUP, INC.
Form 10-Q Quarterly Report
Table of Contents

PART I – FINANCIAL INFORMATION

Glossary of Acronyms, Abbreviations, and Terms

As used in this report, references to "MidWest*One*", "we", "our", "us", the "Company", and similar terms refer to the consolidated entity consisting of MidWest*One* Financial Group, Inc. and its wholly-owned subsidiaries. MidWest*One* Bank or the "Bank" refers to MidWest*One*'s bank subsidiary, MidWest*One* Bank.

The acronyms, abbreviations, and terms listed below are used in various sections of this Quarterly Report on Form 10-Q ("Form 10-Q"), including "Item 1. Financial Statements" and "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations."

ACL	Allowance for Credit Losses	FHLB	Federal Home Loan Bank
AFS	Available for Sale	FHLBC	Federal Home Loan Bank of Chicago
AOCI	Accumulated Other Comprehensive Income	FHLBDM	Federal Home Loan Bank of Des Moines
ASC	Accounting Standards Codification	FHLMC	Federal Home Loan Mortgage Corporation
ASU	Accounting Standards Update	FNBF	First National Bank in Fairfield
ATM	Automated Teller Machine	FNBM	First National Bank of Muscatine
Basel III Rules	A comprehensive capital framework and rules for U.S. banking organizations approved by the FRB and the FDIC in 2013	FNMA	Federal National Mortgage Association
BHCA	Bank Holding Company Act of 1956, as amended	FRB	Board of Governors of the Federal Reserve System
BOLI BOD	Bank Owned Life Insurance of Denver	GAAP	U.S. Generally Accepted Accounting Principles
BOLI	Bank Owned Life Insurance	GLBA	Gramm-Leach-Bliley Act of 1999
CAA	Consolidated Appropriations Act, 2021	GLBA GNMA	Gramm-Leach-Bliley Act of 1999 Government National Mortgage Association
CARES Act	Coronavirus Aid, Relief and Economic Security Act	GNMA ICS	Government National Mortgage Association Insured Cash Sweep
CDARS	Certificate of Deposit Account Registry Service	ICS IOFB	Insured Cash Sweep Iowa First Bancshares Corp.
CECL	Current Expected Credit Loss	IOFB LIBOR	Iowa First Bancshares Corp. The London Inter-bank Offered Rate
CMO	Collateralized Mortgage Obligations	LIBOR MBEFD	The London Inter-bank Offered Rate Loan Modification for Borrowers Experiencing Financial Difficulty
COVID-19	Coronavirus Disease 2019	MBS	Mortgage-Backed Securities
CRA	Community Reinvestment Act	PCD	Purchase Credit Deteriorated
CRE	Commercial Real Estate	PPP	Paycheck Protection Program
DCF	Discounted Cash Flows	ROU	Right-of-Use
DNVB	Denver Bankshares, Inc.	RPA	Credit Risk Participation Agreement
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act	RRE	Residential Real Estate
ECL	Expected Credit Losses	SBA	U.S. Small Business Administration
EVE	Economic Value of Equity	SEC	U.S. Securities and Exchange Commission
FASB	Financial Accounting Standards Board	SOFR	Secured Overnight Financing Rate
FDIC	Federal Deposit Insurance Corporation	TDR	Troubled Debt Restructuring

Item 1. Financial Statements (unaudited).

MIDWEST*ONE* FINANCIAL GROUP, INC.
CONSOLIDATED BALANCE SHEETS

		September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
(unaudited) (dollars in thousands, except per share amounts)	*(unaudited) (dollars in thousands, except per share amounts)*				
ASSETS	**ASSETS**				
ASSETS					
ASSETS					
Cash and due from banks					
Cash and due from banks					
Cash and due from banks	Cash and due from banks	$ 71,015	$ 83,990		
Interest earning deposits in banks	Interest earning deposits in banks	3,773	2,445		
Federal funds sold					

Total cash and cash equivalents	Total cash and cash equivalents	74,788	86,435
Debt securities available for sale at fair value	Debt securities available for sale at fair value	872,770	1,153,547
Held to maturity securities at amortized cost	Held to maturity securities at amortized cost	1,085,751	1,129,421
Total securities	Total securities	1,958,521	2,282,968
Loans held for sale	Loans held for sale	2,528	612
Gross loans held for investment	Gross loans held for investment	4,078,060	3,854,791
Unearned income, net	Unearned income, net	(12,091)	(14,267)
Loans held for investment, net of unearned income	Loans held for investment, net of unearned income	4,065,969	3,840,524
Allowance for credit losses	Allowance for credit losses	(51,600)	(49,200)
Total loans held for investment, net	Total loans held for investment, net	4,014,369	3,791,324
Premises and equipment, net	Premises and equipment, net	85,589	87,125
Goodwill	Goodwill	62,477	62,477
Other intangible assets, net	Other intangible assets, net	25,510	30,315
Foreclosed assets, net	Foreclosed assets, net	—	103
Other assets	Other assets	244,036	236,517
Total assets	Total assets	$6,467,818	$6,577,876
LIABILITIES AND SHAREHOLDERS' EQUITY	**LIABILITIES AND SHAREHOLDERS' EQUITY**		
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES AND SHAREHOLDERS' EQUITY			
Noninterest bearing deposits			
Noninterest bearing deposits			
Noninterest bearing deposits	Noninterest bearing deposits	$ 924,213	$1,053,450
Interest bearing deposits	Interest bearing deposits	4,439,111	4,415,492
Total deposits	Total deposits	5,363,324	5,468,942
Short-term borrowings	Short-term borrowings	373,956	391,873
Long-term debt	Long-term debt	124,526	139,210
Other liabilities	Other liabilities	100,601	85,058
Total liabilities	Total liabilities	5,962,407	6,085,083
Shareholders' equity	Shareholders' equity		

Shareholders' equity			
Shareholders' equity			
Preferred stock, no par value; authorized 500,000 shares; no shares issued and outstanding	Preferred stock, no par value; authorized 500,000 shares; no shares issued and outstanding	—	—
Common stock, $1.00 par value; authorized 30,000,000 shares; issued shares of 16,581,017 and 16,581,017; outstanding shares of 15,691,738 and 15,623,977		16,581	16,581
Preferred stock, no par value; authorized 500,000 shares; no shares issued and outstanding			
Preferred stock, no par value; authorized 500,000 shares; no shares issued and outstanding			
Common stock, $1.00 par value; authorized 30,000,000 shares; issued shares of 16,581,017 and 16,581,017; outstanding shares of 15,750,471 and 15,694,306			
Additional paid-in capital	Additional paid-in capital	301,889	302,085
Retained earnings	Retained earnings	295,862	289,289
Treasury stock at cost, 889,279 and 957,040 shares		(24,315)	(26,115)
Treasury stock at cost, 830,546 and 886,711 shares			
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(84,606)	(89,047)
Total shareholders' equity	Total shareholders' equity	505,411	492,793
Total liabilities and shareholders' equity	Total liabilities and shareholders' equity	$6,467,818	$6,577,876

See accompanying notes to consolidated financial statements.

MIDWEST*ONE* FINANCIAL GROUP, INC.
CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended September 30,	**Nine Months Ended September 30,**
	Three Months Ended	
	Three Months Ended	
	Three Months Ended	
	March 31,	
	March 31,	
	March 31,	

(unaudited) (dollars in thousands, except per share amounts)					
(unaudited) (dollars in thousands, except per share amounts)					
(unaudited) (dollars in thousands, except per share amounts)	*(unaudited) (dollars in thousands, except per share amounts)*	**2023**	**2022**	**2023**	**2022**
Interest income	**Interest income**				
Interest income					
Interest income					
Loans, including fees					
Loans, including fees					
Loans, including fees	Loans, including fees	$ 51,870	$ 40,451	$ 148,086	$ 104,515
Taxable investment securities	Taxable investment securities	9,526	10,635	29,704	28,334
Taxable investment securities					
Taxable investment securities					
Tax-exempt investment securities					
Tax-exempt investment securities					
Tax-exempt investment securities	Tax-exempt investment securities	1,802	2,326	5,751	7,076
Other	Other	374	9	686	77
Other					
Other					
Total interest income					
Total interest income					
Total interest income	Total interest income	63,572	53,421	184,227	140,002
Interest expense	**Interest expense**				
Interest expense					
Interest expense					
Deposits					
Deposits					
Deposits	Deposits	23,128	5,035	58,564	11,118
Short-term borrowings	Short-term borrowings	3,719	767	7,623	1,115
Short-term borrowings					
Short-term borrowings					
Long-term debt					
Long-term debt					
Long-term debt	Long-term debt	2,150	1,886	6,427	4,975
Total interest expense	Total interest expense	28,997	7,688	72,614	17,208
Total interest expense					
Total interest expense					
Net interest income					
Net interest income					
Net interest income	Net interest income	34,575	45,733	111,613	122,794
Credit loss expense	Credit loss expense	1,551	638	4,081	3,920
Credit loss expense					
Credit loss expense					

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Net interest income after credit loss expense	Net interest income after credit loss expense	33,024	45,095	107,532	118,874
Noninterest income					
Net interest income after credit loss expense					
Net interest income after credit loss expense					
Noninterest income (loss)					
Noninterest income (loss)					
Noninterest income (loss)					
Investment services and trust activities					
Investment services and trust activities					
Investment services and trust activities	Investment services and trust activities	3,004	2,876	9,056	8,557
Service charges and fees	Service charges and fees	2,146	2,075	6,201	5,449
Service charges and fees					
Service charges and fees					
Card revenue					
Card revenue					
Card revenue	Card revenue	1,817	1,898	5,412	5,426
Loan revenue	Loan revenue	1,462	1,722	3,791	9,538
Loan revenue					
Loan revenue					
Bank-owned life insurance					
Bank-owned life insurance					
Bank-owned life insurance	Bank-owned life insurance	626	579	1,844	1,668
Investment securities gains (losses), net	Investment securities gains (losses), net	79	(163)	(13,093)	272
Investment securities gains (losses), net					
Investment securities gains (losses), net					
Other	Other	727	3,601	1,350	5,669
Total noninterest income		9,861	12,588	14,561	36,579
Other					
Other					
Total noninterest income (loss)					
Total noninterest income (loss)					
Total noninterest income (loss)					
Noninterest expense					
Noninterest expense					
Noninterest expense	**Noninterest expense**				
Compensation and employee benefits	Compensation and employee benefits	18,558	20,046	58,551	57,665
Compensation and employee benefits					
Compensation and employee benefits					
Occupancy expense of premises, net					
Occupancy expense of premises, net					
Occupancy expense of premises, net	Occupancy expense of premises, net	2,405	2,577	7,725	7,609
Equipment	Equipment	2,123	2,358	6,729	6,366

Equipment					
Equipment					
Legal and professional					
Legal and professional					
Legal and professional	Legal and professional	1,678	2,012	5,096	6,800
Data processing	Data processing	1,504	1,731	4,388	4,199
Data processing					
Data processing					
Marketing					
Marketing					
Marketing	Marketing	782	1,139	2,910	3,325
Amortization of intangibles	Amortization of intangibles	1,460	1,789	4,806	4,299
Amortization of intangibles					
Amortization of intangibles					
FDIC insurance					
FDIC insurance					
FDIC insurance	FDIC insurance	783	415	2,394	1,255
Communications	Communications	206	302	727	840
Communications					
Communications					
Foreclosed assets, net					
Foreclosed assets, net					
Foreclosed assets, net	Foreclosed assets, net	2	42	(32)	(66)
Other	Other	2,043	2,212	6,488	6,056
Other					
Other					
Total noninterest expense					
Total noninterest expense					
Total noninterest expense	Total noninterest expense	31,544	34,623	99,782	98,348
Income before income tax expense	Income before income tax expense	11,341	23,060	22,311	57,105
Income before income tax expense					
Income before income tax expense					
Income tax expense	Income tax expense	2,203	4,743	4,182	12,272
Income tax expense					
Income tax expense					
Net income					
Net income					
Net income	**Net income**	$ 9,138	$ 18,317	$ 18,129	$ 44,833
Per common share information	**Per common share information**				
Per common share information					
Per common share information					
Earnings - basic					
Earnings - basic					
Earnings - basic	Earnings - basic	$ 0.58	$ 1.17	$ 1.16	$ 2.86
Earnings - diluted	Earnings - diluted	$ 0.58	$ 1.17	$ 1.15	$ 2.86
Earnings - diluted					
Earnings - diluted					

Dividends paid	Dividends paid	$	0.2425	$	0.2375	$	0.7275	$	0.7125
Dividends paid									
Dividends paid									

See accompanying notes to consolidated financial statements.

MIDWEST*ONE* FINANCIAL GROUP, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Three Months Ended September 30,		Nine Months Ended September 30,	
		Three Months Ended			
		Three Months Ended			
		Three Months Ended			
		March 31,			
		March 31,			
		March 31,			
(unaudited) (dollars in thousands)					
(unaudited) (dollars in thousands)					
(unaudited) (dollars in thousands)	***(unaudited) (dollars in thousands)***	**2023**	**2022**	**2023**	**2022**
Net income	**Net income**	$ 9,138	$ 18,317	$ 18,129	$ 44,833
Net income					
Net income					
Other comprehensive income (loss), net of tax:					
Unrealized loss from AFS debt securities:					
Unrealized net loss on debt securities AFS		(4,578)	(42,935)	(13,658)	(121,179)
Reclassification adjustment for losses (gains) included in net income		(79)	163	13,093	(272)
Other comprehensive income, net of tax:					
Other comprehensive income, net of tax:					
Other comprehensive income, net of tax:					
Unrealized gain from AFS debt securities:					
Unrealized gain from AFS debt securities:					
Unrealized gain from AFS debt securities:					
Unrealized net gain (loss) on debt securities AFS					
Unrealized net gain (loss) on debt securities AFS					
Unrealized net gain (loss) on debt securities AFS					
Reclassification adjustment for (gains) losses included in net income					
Reclassification adjustment for (gains) losses included in net income					
Reclassification adjustment for (gains) losses included in net income					
Reclassification of the change in fair value of AFS debt securities attributable to change in hedged risk	Reclassification of the change in fair value of AFS debt securities attributable to change in hedged risk	454	—	454	—
Income tax benefit		1,065	10,823	27	31,358
Unrealized net loss on AFS debt securities, net of reclassification adjustments		(3,138)	(31,949)	(84)	(90,093)
Reclassification of the change in fair value of AFS debt securities attributable to change in hedged risk					

Reclassification of the change in fair value of AFS debt securities attributable to change in hedged risk					
Income tax (expense)					
Income tax (expense)					
Income tax (expense)					
Unrealized net gain on AFS debt securities, net of reclassification adjustments					
Unrealized net gain on AFS debt securities, net of reclassification adjustments					
Unrealized net gain on AFS debt securities, net of reclassification adjustments					
Reclassification of AFS debt securities to HTM:					
Reclassification of AFS debt securities to HTM:					
Reclassification of AFS debt securities to HTM:	Reclassification of AFS debt securities to HTM:				
Amortization of the net unrealized loss from the reclassification of AFS debt securities to HTM	Amortization of the net unrealized loss from the reclassification of AFS debt securities to HTM	586	746	1,768	3,152
Amortization of the net unrealized loss from the reclassification of AFS debt securities to HTM					
Amortization of the net unrealized loss from the reclassification of AFS debt securities to HTM					
Income tax expense					
Income tax expense					
Income tax expense	Income tax expense	(148)	(189)	(447)	(817)
Amortization of net unrealized loss from the reclassification of AFS debt securities to HTM, net	Amortization of net unrealized loss from the reclassification of AFS debt securities to HTM, net	438	557	1,321	2,335
Amortization of net unrealized loss from the reclassification of AFS debt securities to HTM, net					
Amortization of net unrealized loss from the reclassification of AFS debt securities to HTM, net					
Unrealized gain from cash flow hedging instruments:					
Unrealized gain from cash flow hedging instruments:					
Unrealized gain from cash flow hedging instruments:	Unrealized gain from cash flow hedging instruments:				
Unrealized net gains in cash flow hedging instruments	Unrealized net gains in cash flow hedging instruments	1,829	—	5,288	—
Unrealized net gains in cash flow hedging instruments					
Unrealized net gains in cash flow hedging instruments					
Reclassification adjustment for net gain in cash flow hedging instruments included in income					
Reclassification adjustment for net gain in cash flow hedging instruments included in income					
Reclassification adjustment for net gain in cash flow hedging instruments included in income	Reclassification adjustment for net gain in cash flow hedging instruments included in income	(761)	—	(999)	—
Income tax expense	Income tax expense	(270)	—	(1,085)	—
Income tax expense					
Income tax expense					

Unrealized net gains on cash flow hedge instruments, net of reclassification adjustment	Unrealized net gains on cash flow hedge instruments, net of reclassification adjustment	798	—	3,204	—
Other comprehensive income (loss), net of tax		(1,902)	(31,392)	4,441	(87,758)
Comprehensive income (loss)		$ 7,236	$ (13,075)	$ 22,570	$ (42,925)
Unrealized net gains on cash flow hedge instruments, net of reclassification adjustment					
Unrealized net gains on cash flow hedge instruments, net of reclassification adjustment					
Other comprehensive income, net of tax					
Other comprehensive income, net of tax					
Other comprehensive income, net of tax					
Comprehensive income					
Comprehensive income					
Comprehensive income					

See accompanying notes to consolidated financial statements.

MIDWEST*ONE* FINANCIAL GROUP, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Three Months Ended September 30,

(unaudited) (dollars in thousands, except per share amounts)	Common Stock Par Value	Common Stock Additional Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total
Balance at June 30, 2022	$ 16,581	$ 300,859	$ 262,395	$ (25,772)	$ (65,231)	$ 488,832
Net Income	—	—	18,317	—	—	18,317
Other comprehensive loss	—	—	—	—	(31,392)	(31,392)
Release/lapse of restriction on RSUs (2,280 shares, net)	—	(81)	(4)	58	—	(27)
Repurchase of common stock (14,586 shares)	—	—	—	(431)	—	(431)
Share-based compensation	—	640	—	—	—	640
Dividends paid on common stock ($0.2375 per share)	—	—	(3,710)	—	—	(3,710)
Balance at September 30, 2022	$ 16,581	$ 301,418	$ 276,998	$ (26,145)	$ (96,623)	$ 472,229
Balance at June 30, 2023	$ 16,581	$ 301,424	$ 290,548	$ (24,508)	$ (82,704)	$ 501,341
Net Income	—	—	9,138	—	—	9,138
Other comprehensive loss	—	—	—	—	(1,902)	(1,902)
Release/lapse of restriction on RSUs (6,615 shares, net)	—	(227)	(19)	193	—	(53)
Share-based compensation	—	692	—	—	—	692
Dividends paid on common stock ($0.2425 per share)	—	—	(3,805)	—	—	(3,805)
Balance at September 30, 2023	$ 16,581	$ 301,889	$ 295,862	$ (24,315)	$ (84,606)	$ 505,411

Nine Months Ended September 30,

(unaudited) (dollars in thousands, except per share amounts)	Common Stock Par Value	Common Stock Additional Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total
Balance at December 31, 2021	$ 16,581	$ 300,940	$ 243,365	$ (24,546)	$ (8,865)	$ 527,475
Net income	—	—	44,833	—	—	44,833
Other comprehensive loss	—	—	—	—	(87,758)	(87,758)
Release/lapse of restriction on RSUs (43,079 shares, net)	—	(1,359)	(42)	1,131	—	(270)

	Par Value	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total
Repurchase of common stock (91,401 shares)	—	—	—	(2,730)	—	(2,730)
Share-based compensation	—	1,837	—	—	—	1,837
Dividends paid on common stock ($0.7125 per share)	—	—	(11,158)	—	—	(11,158)
Balance at September 30, 2022	$ 16,581	$ 301,418	$ 276,998	$ (26,145)	$ (96,623)	$ 472,229
Balance at December 31, 2022	$ 16,581	$ 302,085	$ 289,289	$ (26,115)	$ (89,047)	$ 492,793
Net income	—	—	18,129	—	—	18,129
Other comprehensive income	—	—	—	—	4,441	4,441
Release/lapse of restriction on RSUs (67,761 shares, net)	—	(2,261)	(146)	1,800	—	(607)
Share-based compensation	—	2,065	—	—	—	2,065
Dividends paid on common stock ($0.7275 per share)	—	—	(11,410)	—	—	(11,410)
Balance at September 30, 2023	$ 16,581	$ 301,889	$ 295,862	$ (24,315)	$ (84,606)	$ 505,411

Three Months Ended March 31,

(unaudited) (dollars in thousands, except per share amounts)	Common Stock Par Value	Common Stock Additional Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total
Balance at December 31, 2022	$ 16,581	$ 302,085	$ 289,289	$ (26,115)	$ (89,047)	$ 492,793
Net income	—	—	1,397	—	—	1,397
Other comprehensive income	—	—	—	—	10,162	10,162
Release/lapse of restriction on RSUs (51,348 shares)	—	(1,767)	(118)	1,336	—	(549)
Share-based compensation	—	648	—	—	—	648
Dividends paid on common stock ($0.2425 per share)	—	—	(3,801)	—	—	(3,801)
Balance at March 31, 2023	$ 16,581	$ 300,966	$ 286,767	$ (24,779)	$ (78,885)	$ 500,650
Balance at December 31, 2023	$ 16,581	$ 302,157	$ 294,784	$ (24,245)	$ (64,899)	$ 524,378
Net income	—	—	3,269	—	—	3,269
Other comprehensive income	—	—	—	—	4,095	4,095
Release/lapse of restriction on RSUs (56,165 shares, net)	—	(1,953)	(167)	1,597	—	(523)
Share-based compensation	—	641	—	—	—	641
Dividends paid on common stock ($0.2425 per share)	—	—	(3,820)	—	—	(3,820)
Balance at March 31, 2024	$ 16,581	$ 300,845	$ 294,066	$ (22,648)	$ (60,804)	$ 528,040

MIDWEST*ONE* FINANCIAL GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

		Nine Months Ended September 30,				
	Three Months Ended March 31,					Three Months Ended March 31,
(unaudited) (dollars in thousands)	(unaudited) (dollars in thousands)	2023	2022	(unaudited) (dollars in thousands)	2024	2023
Operating Activities:	**Operating Activities:**					
Net income	Net income	$ 18,129	$ 44,833			
Net income						
Net income						

Adjustments to reconcile net income to net cash provided by operating activities:	Adjustments to reconcile net income to net cash provided by operating activities:		
Credit loss expense	Credit loss expense	4,081	3,920
Credit loss expense			
Credit loss expense			
Depreciation, amortization, and accretion			
Depreciation, amortization, and accretion			
Depreciation, amortization, and accretion	Depreciation, amortization, and accretion	9,420	7,511
Net change in premises and equipment due to writedown or sale	Net change in premises and equipment due to writedown or sale	68	500
Net change in premises and equipment due to writedown or sale			
Net change in premises and equipment due to writedown or sale			
Share-based compensation	Share-based compensation	2,065	1,837
Net loss (gain) on sale or call of debt securities available for sale		13,093	(272)
Net (gain) loss on call or sale of debt securities available for sale			
Net change in foreclosed assets due to writedown or sale			
Net change in foreclosed assets due to writedown or sale			
Net change in foreclosed assets due to writedown or sale	Net change in foreclosed assets due to writedown or sale	(29)	(71)
Net gain on sale of loans held for sale	Net gain on sale of loans held for sale	(912)	(1,705)
Origination of loans held for sale	Origination of loans held for sale	(41,650)	(81,490)
Proceeds from sales of loans held for sale	Proceeds from sales of loans held for sale	40,646	93,792
Increase in cash surrender value of bank-owned life insurance	Increase in cash surrender value of bank-owned life insurance	(1,844)	(1,668)
(Increase) decrease in deferred income taxes, net		(75)	4,082
Bargain purchase gain		—	(1,257)
Increase in deferred income taxes, net			
Change in:	Change in:		

Change in:			
Change in:			
Other assets			
Other assets			
Other assets	Other assets	(2,701)	(34,484)
Other liabilities	Other liabilities	15,543	36,791
Net cash provided by operating activities	**Net cash provided by operating activities**	$ 55,834	$ 72,319
Investing Activities:	**Investing Activities:**		
Purchases of equity securities			
Purchases of equity securities			
Purchases of equity securities	Purchases of equity securities	$ (750)	$ (1,250)
Proceeds from sales of debt securities available for sale	Proceeds from sales of debt securities available for sale	218,667	129,823
Proceeds from maturities and calls of debt securities available for sale	Proceeds from maturities and calls of debt securities available for sale	101,194	133,018
Purchases of debt securities available for sale	Purchases of debt securities available for sale	(54,690)	(386,278)
Proceeds from maturities and calls of debt securities held to maturity	Proceeds from maturities and calls of debt securities held to maturity	43,963	108,180
Proceeds from maturities and calls of debt securities held to maturity			
Proceeds from maturities and calls of debt securities held to maturity			
Net increase in loans held for investment	Net increase in loans held for investment	(224,068)	(215,738)
Purchases of premises and equipment	Purchases of premises and equipment	(2,280)	(1,980)
Proceeds from sale of foreclosed assets	Proceeds from sale of foreclosed assets	135	345
Proceeds from sale of premises and equipment	Proceeds from sale of premises and equipment	880	23
Net cash acquired in business acquisition		—	31,375
Net cash paid in business acquisition			
Net cash provided by (used in) investing activities		$ 83,051	$ (202,482)
Net cash (used in) provided by investing activities			
Net cash (used in) provided by investing activities			
Net cash (used in) provided by investing activities			
Financing Activities:	**Financing Activities:**		

Net (decrease) increase in:	Net (decrease) increase in:		
Net (decrease) increase in:			
Net (decrease) increase in:			
Deposits			
Deposits			
Deposits	Deposits	$(105,713)	$(101,501)
Short-term borrowings	Short-term borrowings	(17,917)	121,627
Payments on finance lease liability	Payments on finance lease liability	(135)	(121)
Payments of Federal Home Loan Bank borrowings		(11,000)	(21,000)
Proceeds from other long-term debt		—	25,000
Payments on finance lease liability			
Payments on finance lease liability			
Payments of other long-term debt	Payments of other long-term debt	(3,750)	(5,000)
Payments of other long-term debt			
Payments of other long-term debt			
Taxes paid relating to the release/lapse of restriction on RSUs			
Taxes paid relating to the release/lapse of restriction on RSUs			
Taxes paid relating to the release/lapse of restriction on RSUs	Taxes paid relating to the release/lapse of restriction on RSUs	(607)	(270)
Dividends paid	Dividends paid	(11,410)	(11,158)
Repurchase of common stock		—	(2,730)
Net cash (used in) provided by financing activities		$(150,532)	$ 4,847
Net cash provided by (used in) financing activities			
Net cash provided by (used in) financing activities			
Net cash provided by (used in) financing activities			
Net change in cash and cash equivalents	**Net change in cash and cash equivalents**	$ (11,647)	$(125,316)
Cash and cash equivalents at beginning of period	Cash and cash equivalents at beginning of period	86,435	203,830
Cash and cash equivalents at end of period	**Cash and cash equivalents at end of period**	$ 74,788	$ 78,514

Nine Months Ended September 30,	
Three Months Ended March 31,	**Three Months Ended March 31,**

(unaudited) (dollars in thousands)	(unaudited) (dollars in thousands)	2023	2022	(unaudited) (dollars in thousands)	2024	2023
Supplemental disclosures of cash flow information:	Supplemental disclosures of cash flow information:					
Cash paid during the period for interest	Cash paid during the period for interest	$65,992	$ 17,628			
Cash paid during the period for income taxes, net of refunds		1,456	8,229			
Cash paid during the period for interest						
Cash paid during the period for interest						
Supplemental schedule of non-cash investing and financing activities:	Supplemental schedule of non-cash investing and financing activities:					
Supplemental schedule of non-cash investing and financing activities:						
Supplemental schedule of non-cash investing and financing activities:						
Transfer of loans to foreclosed assets, net						
Transfer of loans to foreclosed assets, net						
Transfer of loans to foreclosed assets, net	Transfer of loans to foreclosed assets, net	$ 3	$ 20			
Transfer of premises and equipment to assets held for sale		—	1,349			
Transfer of debt securities available for sale to debt securities held to maturity		—	1,253,179			
Supplemental schedule of non-cash investing activities from acquisition:						
Supplemental schedule of non-cash investing activities from acquisition:						
Supplemental schedule of non-cash investing activities from acquisition:	Supplemental schedule of non-cash investing activities from acquisition:					
Non-cash assets acquired:	Non-cash assets acquired:					
Non-cash assets acquired:						
Non-cash assets acquired:						
Investment securities						
Investment securities						
Investment securities	Investment securities	$ —	$ 119,820			

Total loans held for investment, net	Total loans held for investment, net	—	281,326
Premises and equipment	Premises and equipment	—	7,363
Assets held for sale			
Goodwill			
Core deposit intangible	Core deposit intangible	—	16,500
Bank-owned life insurance		—	7,862
Other assets			
Other assets			
Other assets	Other assets	—	3,766
Total non-cash assets acquired	Total non-cash assets acquired	$ —	$ 436,637
Liabilities assumed:	Liabilities assumed:		
Deposits	Deposits	$ —	$ 463,638
Deposits			
Deposits			
Short-term borrowings	Short-term borrowings	—	1,541
FHLB borrowings		—	250
Other liabilities			
Other liabilities			
Other liabilities	Other liabilities	—	1,326
Total liabilities assumed	Total liabilities assumed	$ —	$ 466,755

See accompanying notes to consolidated financial statements.

MidWest*One* Financial Group, Inc.
Notes to Consolidated Financial Statements
(Unaudited)

1. Nature of Business and Significant Accounting Policies

Nature of Business

MidWest*One* Financial Group, Inc. (the "Company"), The Company, an Iowa corporation formed in 1983, is a bank holding company under the BHCA and a financial holding company under the GLBA. Our principal executive offices are located at 102 South Clinton Street, Iowa City, Iowa 52240.

The Company owns all of the outstanding common stock of MidWest*One* Bank, an Iowa state non-member bank chartered in 1934 with its main office in Iowa City, Iowa. We operate primarily through MidWest*One* Bank, our bank subsidiary.

On June 9, 2022 January 31, 2024, the Company acquired Iowa First Bancshares Corp., completed the acquisition of DNVB, a bank holding company whose wholly-owned banking subsidiaries were First National Bank of Muscatine and First National Bank in Fairfield, community banks located in Muscatine and Fairfield, Iowa, respectively. subsidiary was BOD. Immediately following the completion of the acquisition, First National Bank of Muscatine and First National Bank in Fairfield were BOD was merged with and into the Bank. As consideration for the merger, we paid cash in the amount of $46.7 million. $32.6 million.

Basis of Presentation

The accompanying interim condensed consolidated financial statements are prepared in accordance with GAAP for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Article 10 of Regulation S-X of the Securities Exchange Act of 1934. Accordingly, certain disclosures accompanying annual consolidated financial statements are omitted. In the opinion of management, all significant intercompany accounts and transactions have been eliminated and adjustments, consisting solely of normal recurring accruals and considered necessary for the fair presentation of financial statements for the interim periods, have been included. The current period's results of operations are not necessarily indicative of the results that ultimately may be achieved for the year. The interim condensed consolidated financial statements and notes thereto should be read in conjunction with the audited consolidated financial statements and notes thereto included in our Form 10-K for the year ended December 31, 2022 December 31, 2023, filed with the SEC on March 13, 2023 March 8, 2024.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect: (1) the reported amounts of assets and liabilities, (2) the disclosure of contingent assets and liabilities at the date of the financial statements, and (3) the reported amounts of revenues and expenses during the reporting period. These estimates are based on information available to management at the time the estimates are made. Actual results could differ from those estimates. The results for the three and nine months ended September 30, 2023 March 31, 2024 may not be indicative of results for the year ending December 31, 2023 December 31, 2024, or for any other period.

All significant accounting policies followed in the preparation of the quarterly financial statements are disclosed in the Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, filed with the SEC on March 13, 2023 March 8, 2024.

Segment Reporting

The Company's activities are considered to be one reportable segment for financial reporting purposes. The Company is engaged in the business of commercial and retail banking and trust and investment management services with operations throughout central and eastern Iowa, the Minneapolis/St. Paul metropolitan area, of Minnesota, southwestern Wisconsin, Naples and Fort Myers, Florida, and Denver, Colorado. Substantially all income is derived from a diverse base of commercial, mortgage and retail lending activities, and investments.

Effect of New Financial Accounting Standards

Accounting Guidance Pending Adoption at September 30, 2023 March 31, 2024

On March 12, 2020, the FASB issued ASU 2020-04, *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 GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform. Certain optional expedients and exceptions for contract modifications and hedging relationships were amended in ASU 2021-01, *Reference Rate Reform (Topic 848): Scope Refinement*, issued on January 7, 2021. In addition, ASU 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset*

Date of Topic 848, deferred the sunset date of Topic 848 from December 31, 2022 to December 31, 2024, after which time entities will no longer be permitted to apply the relief in Topic 848. The adoption of ASU 2020-04 is not expected to have a material impact on the Company's consolidated financial statements.

Accounting Guidance Adopted at September 30, 2023

On March 31, 2022 November 27, 2023, the FASB issued ASU 2022-02, 2023-07, *Financial Instruments Segment Reporting (Topic 280) - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Improvements to Reportable Segment Disclosures.* For creditors that have adoptedthe CECL accounting guidance Enhanced disclosures about significant segment expenses are included within ASU 2016-13, the amendments eliminate the accounting guidance for TDRs within ASC 310-40, while also enhancing the disclosure requirements for certain loan refinancings and restructurings when a borrower is experiencing financial difficulty. In addition, public business entities must also disclose current-period gross write-offs by year of origination for financing receivables and net investments in leases within the scope of ASC 326-20. this ASU. The amendments are effective for fiscal years beginning after December 15, 2022 December 15, 2023, and should be applied prospectively, interim periods within fiscal years beginning after December 15, 2024, with an option to apply early adopt. The amendments should be applied retrospectively to all prior periods presented in the financial statements, with the segment expense categories and amounts disclosed in prior periods being based on the significant segment expense categories identified and disclosed in the period of adoption. The Company is currently evaluating the impact of ASU 2023-07.

On December 14, 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740) - Improvements to Income Tax Disclosures*. Additional transparency about income tax information through improvements to income tax disclosures, primarily related to the rate reconciliation and income taxes paid information, will be required. The amendments are effective for annual periods beginning after December 15, 2024, with an option to early adopt. The amendments should be applied on a prospective basis, with retrospective application being permitted. The Company is currently evaluating the impact of ASU 2023-09.

Accounting Guidance Adopted in 2024

On March 29, 2023, the FASB issued ASU 2023-02, *Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method*. Under this ASU, if certain conditions are met, a reporting entity may elect to account for its tax equity investments by using the proportional amortization method regardless of the program from which it receives income tax credits. The amendments are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years, with an option to early adopt. The amendments must be applied on either a modified retrospective transition approach or a retrospective basis, with certain exceptions for low-income-housing tax credit structures that are not accounted for using the recognition and measurement of TDRs. proportional amortization method. The adoption of ASU 2022-02 2023-02 was applied prospectively on a modified retrospective basis and did not have a material impact on the Company's consolidated financial statements.

2. Business Combinations

On June 9, 2022 January 31, 2024, the Company acquired 100% of the equity of IOFB DNVB through a merger and acquired its wholly-owned subsidiaries FNBM and FNBF banking subsidiary, Bank of Denver, for cash consideration of $46.7 million $32.6 million. The primary reasons reason for the acquisition were was to enter the Muscatine, Iowa market and increase our presence in Fairfield, Iowa. Denver, Colorado. Immediately following the completion of the acquisition, FNBM and FNBF were BOD was merged with and into the Bank.

The assets acquired and liabilities assumed have been accounted for under the acquisition method of accounting. The assets and liabilities, both tangible and intangible, were recorded at their fair values as of the June 9, 2022 January 31, 2024 acquisition date net of any applicable tax effects using a methodology similar to the Company's legacy assets and liabilities (refer to Note 14. Fair Value of Financial Instruments and Fair Value Measurements for additional information regarding the fair value methodology). Initial accounting for the assets acquired and liabilities assumed was incomplete at March 31, 2024. Thus, such amounts recognized in the financial statements have been determined to be provisional. The bargain purchase gain, which is recorded in 'Other' noninterest income, was generated as a result excess of the estimated consideration paid over the fair value of identifiable the net assets acquired exceeding the merger consideration. Bargain purchase gains are is recorded net of deferred taxes and are treated as permanent differences, resulting in lower effective goodwill. This goodwill is not deductible for tax rate in the period recorded. purposes. The revenue and earnings amount specific to IOFB DNVB since the acquisition date that are included in the consolidated results for the three and nine months ended September 30, 2022 March 31, 2024 are not readily determinable. The disclosures of these amounts are impracticable due to the merging of certain processes and systems at the acquisition date.

The table below summarizes the amounts recognized as of the acquisition date for each major class of assets acquired and liabilities assumed:

(in thousands)		June 9, 2022 January 31, 2024
Merger consideration		
Cash consideration	**$**	**46,672 32,600**
Identifiable net assets acquired, at fair value		
Assets acquired		
Cash and due from banks	$	10,192 462
Interest earning deposits in banks		67,855 3,517
Debt securities		119,820 52,493
Loans held for investment		281,326 207,095
Premises and equipment		7,363 13,470
Core deposit intangible		16,500 7,100
Other assets		14,140 4,987
Total assets acquired		**517,196 289,124**
Liabilities assumed		
Deposits	$	(463,638) (224,248)
Short-term borrowings		(37,500)
Other liabilities		(3,117) (3,417)
Total liabilities assumed		**(466,755) (265,165)**
Identifiable net assets acquired, at fair value		**50,441 23,959**
Bargain Purchase Gain Goodwill	**$**	**3,769 8,641**

Of the $281.3 million net loans acquired, $11.0 million exhibited credit deterioration on the date of purchase. The following table provides a summary of these PCD loans at acquisition:

(in thousands)		June 9, 2022
Par value of PCD loans acquired	$	15,396
PCD ACL at acquisition		(3,371)
Non-credit discount on PCD loans		(1,005)
Purchase price of PCD loans	$	11,020

For illustrative purposes only, the following table presents certain unaudited pro forma information for the three and nine months ended September 30, 2022March 31, 2024 and March 31, 2023. This unaudited, estimated pro forma information was calculated as if IOFBDNVB had been acquired as of the beginning of the year prior to the date of acquisition. This unaudited pro forma information combines the historical results of IOFBDNVB and the Company and includes adjustments for the estimated impact of certain fair value purchase accounting, interest expense, acquisition-related expenses, and income tax expense for the respective periods. The pro forma information is not indicative of what would have occurred had the acquisition occurred as of the beginning of the year prior to the acquisition. Additionally, MidWest*One* expects to achieve further operating cost savings and other business synergies, including revenue growth as a result of the acquisition, which are not reflected in the pro forma amounts that follow. As a result, actual amounts would have differed from the unaudited pro forma information presented.

			Three Months Ended September 30,		Nine Months Ended September 30,
			Unaudited		
			Unaudited		
			Unaudited		
			Three Months Ended		
			Three Months Ended		
			Three Months Ended		
			March 31,		
			March 31,		
			March 31,		
(in thousands, except per share amounts)					
(in thousands, except per share amounts)					
(in thousands, except per share amounts)	(in thousands, except per share amounts)		2022		2022
Total revenues	Total revenues	$	55,954	$	165,053
Net Income		$	17,111	$	46,663
Total revenues					
Total revenues					
Net income (loss)					
Net income (loss)					
Net income (loss)					
EPS - basic					
EPS - basic					
EPS - basic	EPS - basic	$	1.10	$	2.98
EPS - diluted	EPS - diluted	$	1.09	$	2.97
EPS - diluted					
EPS - diluted					

The Company announced during the third quarter of 2023 the execution of a definitive merger agreement for the acquisition of DNVB, the parent company for the Bank of Denver.

The following table summarizes the DNVB acquisition-related expenses incurred during the three months ended March 31, 2024 and IOFB acquisition-related expenses incurred during the three months ended March 31, 2023, which are included in the respective income statement line items, for the periods indicated:

	Three Months Ended September 30,	Nine Months Ended September 30,
	Three Months Ended	
	Three Months Ended	
	Three Months Ended	

		March 31,			
		March 31,			
		March 31,			
(in thousands)					
(in thousands)					
(in thousands)	**(in thousands)**	**2023**	**2022**	**2023**	**2022**
Noninterest Expense	**Noninterest Expense**				
Noninterest Expense					
Noninterest Expense					
Compensation and employee benefits					
Compensation and employee benefits					
Compensation and employee benefits	Compensation and employee benefits	$ —	$ 132	$ 70	$ 282
Occupancy expense of premises, net	Occupancy expense of premises, net	—	—	—	1
Occupancy expense of premises, net					
Occupancy expense of premises, net					
Equipment					
Equipment					
Equipment	Equipment	—	14	—	25
Legal and professional	Legal and professional	11	193	11	894
Legal and professional					
Legal and professional					
Data processing					
Data processing					
Data processing	Data processing	—	304	65	380
Marketing	Marketing	—	90	—	162
Marketing					
Marketing					
Communications					
Communications					
Communications	Communications	—	—	—	3
Other	Other	—	30	1	45
Other					
Other					
Total acquisition-related expenses	Total acquisition-related expenses	$ 11	$ 763	$ 147	$ 1,792
Total acquisition-related expenses					
Total acquisition-related expenses					

3. Debt Securities

On January 1, 2022, the Company transferred, at fair value, $1.25 billion of mortgage-backed securities, collateralized mortgage obligations, and securities issued by state and political subdivisions from the available for sale classification to the held to maturity classification. The net unrealized after tax loss of $11.5 million associated with those re-classified securities remained in accumulated other comprehensive loss and will be amortized over the remaining life of the securities. At September 30, 2023 March 31, 2024, there was $7.4 $6.6 million of net unrealized after tax loss remaining in accumulated other comprehensive loss. No gains or losses were recognized in earnings at loss, related to the time transfer of the transfer. securities classified as available for sale to held to maturity on January 1, 2022.

The following tables summarize the amortized cost, gross unrealized gains and losses and the resulting fair value of debt securities as of the dates indicated:

As of September 30, 2023	**As of March 31, 2024**

(in thousands)	(in thousands)	Amortized Cost (1)	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Loss related to Debt Securities	Fair Value	(in thousands)	Amortized Cost (1)	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Loss related to Debt Securities	Fair Value
Available for Sale	**Available for Sale**											
U.S. Treasury securities												
U.S. Treasury securities												
U.S. Treasury securities												
State and political subdivisions												
State and political subdivisions												
State and political subdivisions	State and political subdivisions	$ 177,300	$ 1	$ 14,833	$ —	$162,468						
Mortgage-backed securities	Mortgage-backed securities	5,574	—	247	—	5,327						
Collateralized loan obligations	Collateralized loan obligations	52,697	6	250	—	52,453						
Collateralized mortgage obligations	Collateralized mortgage obligations	159,344	—	27,421	—	131,923						
Corporate debt securities	Corporate debt securities	586,612	60	66,073	—	520,599						
Total available for sale debt securities	Total available for sale debt securities	$ 981,527	$ 67	$108,824	$ —	$872,770						
Held to Maturity	**Held to Maturity**											
Held to Maturity												
Held to Maturity												
State and political subdivisions												
State and political subdivisions												
State and political subdivisions	State and political subdivisions	$ 532,885	$ —	$100,821	$ —	$432,064						
Mortgage-backed securities	Mortgage-backed securities	76,310	—	15,863	—	60,447						
Collateralized mortgage obligations	Collateralized mortgage obligations	476,556	—	120,704	—	355,852						
Total held to maturity debt securities	Total held to maturity debt securities	$1,085,751	$ —	$237,388	$ —	$848,363						

(1) Amortized cost for the held to maturity securities includes $223 thousand of unamortized gain in state and political subdivisions, $35 thousand of unamortized gains in mortgage-backed securities and $10.2 million of unamortized losses in collateralized mortgage obligations related to the re-classification of securities from available for sale to held to maturity on January 1, 2022.

(1) Amortized cost for the held to maturity securities includes $231 thousand of unamortized gain in state and political subdivisions, $74 thousand of unamortized gains in mortgage-backed securities and $9.3 million of unamortized losses in collateralized mortgage obligations related to the re-classification of securities from available for sale to held to maturity on January 1, 2022.

(1) Amortized cost for the held to maturity securities includes $231 thousand of unamortized gain in state and political subdivisions, $74 thousand of unamortized gains in mortgage-backed securities and $9.3 million of unamortized losses in collateralized mortgage obligations related to the re-classification of securities from available for sale to held to maturity on January 1, 2022.

	As of December 31, 2022				
(in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Loss related to Debt Securities	Fair Value
Available for Sale					
U.S. Government agencies and corporations	$ 7,598	$ —	$ 253	$ —	$ 7,345
State and political subdivisions	303,573	27	18,244	—	285,356
Mortgage-backed securities	6,165	11	232	—	5,944
Collateralized mortgage obligations	172,568	—	25,375	—	147,193
Corporate debt securities	771,836	125	64,252	—	707,709
Total available for sale debt securities	$ 1,261,740	$ 163	$ 108,356	$ —	$ 1,153,547
Held to Maturity					
State and political subdivisions	$ 538,746	$ —	$ 88,349	$ —	$ 450,397
Mortgage-backed securities	81,032	—	12,851	—	68,181
Collateralized mortgage obligations	509,643	—	103,327	—	406,316
Total held to maturity debt securities	$ 1,129,421	$ —	$ 204,527	$ —	$ 924,894

(in thousands)	As of December 31, 2023 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Loss related to Debt Securities	Fair Value
Available for Sale					
State and political subdivisions	$ 139,482	$ 2	$ 9,345	$ —	$ 130,139
Mortgage-backed securities	5,448	5	142	—	5,311
Collateralized loan obligations	50,541	135	239	—	50,437
Collateralized mortgage obligations	190,304	—	21,108	—	169,196
Corporate debt securities	487,361	57	47,367	—	440,051
Total available for sale debt securities	$ 873,136	$ 199	$ 78,201	$ —	$ 795,134
Held to Maturity					
State and political subdivisions	$ 532,422	$ —	$ 65,932	$ —	$ 466,490
Mortgage-backed securities	74,904	—	11,635	—	63,269
Collateralized mortgage obligations	467,864	—	102,360	—	365,504
Total held to maturity debt securities	$ 1,075,190	$ —	$ 179,927	$ —	$ 895,263

(1) Amortized cost for the held to maturity securities includes $227 thousand of unamortized gain in state and political subdivisions, $58 thousand of unamortized gains in mortgage-backed securities and $9.7 million of unamortized losses in collateralized mortgage obligations related to the re-classification of securities from available for sale to held to maturity on January 1, 2022.

Investment securities with a fair value of $1.27 billion $1.24 billion and $690.2 million $1.16 billion at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, were pledged on public deposits, securities sold under agreements to repurchase and for other purposes, as required or permitted by law.

Accrued interest receivable on available for sale debt securities and held to maturity debt securities is recorded within 'Other Assets,' and is excluded from the estimate of credit losses. At September 30, 2023 March 31, 2024 the accrued interest receivable on available for sale debt securities and held to maturity debt securities totaled $6.8 million $5.8 million and $3.5 million, respectively. At December 31, 2022 December 31, 2023 the accrued interest receivable on available for sale debt securities and held to maturity debt securities totaled $7.6 million $5.5 million and $3.7 million, respectively.

The following table presents debt securities AFS in an unrealized loss position for which an allowance for credit losses has not been recorded as of September 30, 2023 March 31, 2024, aggregated by investment category and length of time in a continuous loss position:

Available for Sale (in thousands, except number of securities)	Number of Securities	As of September 30, 2023 — Less than 12 Months Fair Value	Unrealized Losses	12 Months or More Fair Value	Unrealized Losses	Total Fair Value	Unrealized Losses
U.S. Treasury securities							
U.S. Treasury securities							
U.S. Treasury securities							
State and political subdivisions	200	$ 17,776	$ 969	$ 141,021	$ 13,864	$ 158,797	$ 14,833
Mortgage-backed securities	29	376	6	4,910	241	5,286	247

Available for Sale	Number of Securities	As of March 31, 20 — Less than 12 Months Fair Value	Unrealized Losses	1[…] Mon[…] or M[…] Fair Value	U[…]

Collateralized loan obligations	Collateralized loan obligations	4	39,870	250	—	—	39,870	250
Collateralized mortgage obligations	Collateralized mortgage obligations	20	6,628	27	125,295	27,394	131,923	27,421
Corporate debt securities	Corporate debt securities	142	4,130	75	493,017	65,998	497,147	66,073
Total	Total	395	$ 68,780	$ 1,327	$ 764,243	$ 107,497	$ 833,023	$ 108,824

As of September 30, 2023 March 31, 2024, 200 149 state and political subdivisions securities with total unrealized losses of $14.8 million $8.8 million were held by the Company. Management evaluated these securities through a process that included consideration of credit agency ratings and payment history. In addition, management evaluated securities by considering the yield spread to treasury securities and the most recent financial information available. Based on this evaluation, management concluded that the decline in fair value was not attributable to credit losses.

As of September 30, 2023 March 31, 2024, 29 21 mortgage-backed securities, and 20 22 collateralized mortgage obligations with unrealized losses totaling $27.7 million $22.8 million were held by the Company. Management evaluated the payment history of these securities. In addition, management considered the implied U.S. government guarantee of these agency securities and the level of credit enhancement for non-agency securities. Based on this evaluation, management concluded that the decline in fair value was not attributable to credit losses.

As of September 30, 2023 March 31, 2024, 4 3 collateralized loan obligations with unrealized losses of $0.3 million $0.2 million were held by the Company. Management evaluated these securities through a process that included consideration of credit agency ratings, priority of cash flows and the amount of over-collateralization. In addition, management may evaluate securities by considering the yield spread to treasury securities and the most recent financial information available. Based on this evaluation, management concluded that the decline in fair value was not attributable to credit losses.

As of September 30, 2023 March 31, 2024, 142 130 corporate debt securities with total unrealized losses of $66.1 million $44.4 million were held by the Company. Management evaluated these securities by considering credit agency ratings and payment history. In addition, management evaluated securities by considering the yield spread to treasury securities and the most recent financial information available. Based on this evaluation, management concluded that the decline in fair value was not attributable to credit losses.

The following table presents debt securities AFS in an unrealized loss position for which an allowance for credit losses has not been recorded as of December 31, 2022 December 31, 2023, aggregated by investment category and length of time in a continuous loss position:

			As of December 31, 2022								As of December 31, 2023					
			Less than 12 Months		12 Months or More		Total				Less than 12 Months		12 Months or More		Total	
Available for Sale	**Available for Sale**	Number of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	**Available for Sale**	Number of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
(in thousands, except number of securities)	(in thousands, except number of securities)															
U.S. Government agencies and corporations		8	$ 7,345	$ 253	$ —	$ —	$ 7,345	$ 253								
State and political subdivisions																
State and political subdivisions																
State and political subdivisions	State and political subdivisions	380	248,339	14,553	20,631	3,691	268,970	18,244								
Mortgage-backed securities	Mortgage-backed securities	27	5,323	231	45	1	5,368	232								
Collateralized loan obligations																
Collateralized mortgage obligations	Collateralized mortgage obligations	20	75,041	7,121	72,152	18,254	147,193	25,375								
Corporate debt securities	Corporate debt securities	159	369,441	21,679	288,329	42,573	657,770	64,252								
Total	Total	594	$ 705,489	$ 43,837	$ 381,157	$ 64,519	$ 1,086,646	$ 108,356								

The Company evaluates debt securities held to maturity for current expected credit losses. There were no debt securities held to maturity classified as nonaccrual or past due as of September 30, 2023 March 31, 2024. Held-to-maturity securities are evaluated on a quarterly basis using historical probability of default and loss given default information specific to the investment category. If this evaluation determines that credit losses exist, an allowance for credit loss is recorded and included in earnings as a component of credit loss expense. Based on this evaluation, management concluded that no allowance for credit loss for these securities was required.

Proceeds and gross realized gains and losses on debt securities available for sale for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, were as follows:

		Three Months Ended		Nine Months Ended	
		Three Months Ended			
		Three Months Ended			
		Three Months Ended			
(in thousands)	(in thousands)	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
(in thousands)					
(in thousands)					
Proceeds from sales of debt securities available for sale					
Proceeds from sales of debt securities available for sale					
Proceeds from sales of debt securities available for sale	Proceeds from sales of debt securities available for sale	$ —	$ 17,570	$ 218,667	$ 129,823
Gross realized losses from sales of debt securities available for sale		—	(167)	(13,170)	(167)
Gross realized losses from sales of debt securities available for sale(1)					
Gross realized losses from sales of debt securities available for sale(1)					
Gross realized losses from sales of debt securities available for sale(1)					
Net realized loss from sales of debt securities available for sale(1)					
Net realized loss from sales of debt securities available for sale(1)					

Net realized loss from sales of debt securities available for sale(1)	Net realized loss from sales of debt securities available for sale(1)	$ —	$ (167)	$ (13,170)	$ (167)

(1) The difference in investment security gains, net reported herein as compared to the Consolidated Statements of Income is associated with the net realized gain from the call of debt securities of $79 thousand and $77 thousand for the three and nine months ended September 30, 2023 and $4 thousand and $439 thousand for the three and nine months ended September 30, 2022.

(1) The difference in investment security gains, net reported herein as compared to the Consolidated Statements of Income is associated with the net realized gain from the call of debt securities of $36 thousand for the three months ended March 31, 2024, with no net realized gain from the call of debt securities recorded during the three months ended March 31, 2023.

(1) The difference in investment security gains, net reported herein as compared to the Consolidated Statements of Income is associated with the net realized gain from the call of debt securities of $36 thousand for the three months ended March 31, 2024, with no net realized gain from the call of debt securities recorded during the three months ended March 31, 2023.

(1) The difference in investment security gains, net reported herein as compared to the Consolidated Statements of Income is associated with the net realized gain from the call of debt securities of $36 thousand for the three months ended March 31, 2024, with no net realized gain from the call of debt securities recorded during the three months ended March 31, 2023.

The contractual maturity distribution of investment debt securities at September 30, 2023 March 31, 2024, is shown below. Expected maturities of MBS, CLO and CMO may differ from contractual maturities because the mortgages underlying the securities may be called or prepaid without any penalties. Therefore, these securities are not included in the maturity categories in the following summary.

		Available for Sale		Held to Maturity			Available for Sale		Held to Maturity	
(in thousands)	(in thousands)	Amortized Cost	Fair Value	Amortized Cost	Fair Value	(in thousands)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	Due in one year or less	$ 53,730	$ 52,581	$ 2,563	$ 2,495					
Due after one year through five years	Due after one year through five years	522,893	473,528	132,842	117,757					
Due after five years through ten years	Due after five years through ten years	158,373	133,485	232,569	186,814					
Due after ten years	Due after ten years	28,916	23,473	164,911	124,998					

		$763,912	$683,067	$ 532,885	$432,064
	$				
Mortgage-backed securities	Mortgage-backed securities	5,574	5,327	76,310	60,447
Collateralized loan obligations	Collateralized loan obligations	52,697	52,453	—	—
Collateralized mortgage obligations	Collateralized mortgage obligations	159,344	131,923	476,556	355,852
Total	Total	$981,527	$872,770	$1,085,751	$848,363

4. Loans Receivable and the Allowance for Credit Losses

The composition of loans by class of receivable was as follows:

		As of					
	As of						As of
(in thousands)	(in thousands)	September 30, 2023	December 31, 2022	(in thousands)	March 31, 2024		December 31, 2023
Agricultural	Agricultural	$ 111,950	$ 115,320				
Commercial and industrial	Commercial and industrial	1,078,773	1,055,162	Commercial and industrial	1,105,718	1,075,003	1,075,003
Commercial real estate:	Commercial real estate:						
Construction & development							
Construction & development							
Construction & development	Construction & development	331,868	270,991		403,571	323,195	323,195
Farmland	Farmland	182,621	183,913	Farmland	184,109	184,955	184,955
Multifamily	Multifamily	337,509	252,129	Multifamily	409,504	383,178	383,178
Commercial real estate-other	Commercial real estate-other	1,324,019	1,272,985	Commercial real estate-other	1,440,645	1,333,982	1,333,982
Total commercial real estate	Total commercial real estate	2,176,017	1,980,018	Total commercial real estate	2,437,829	2,225,310	2,225,310
Residential real estate:	Residential real estate:						
One- to four-family first liens	One- to four-family first liens	456,771	451,210				
One- to four- family first liens							
One- to four- family first liens					495,408		459,798
One- to four-family junior liens	One- to four-family junior liens	173,275	163,218	One- to four- family junior liens	182,001	180,639	180,639
Total residential real estate	Total residential real estate	630,046	614,428	Total residential real estate	677,409	640,437	640,437
Consumer	Consumer	69,183	75,596	Consumer	80,661	67,783	67,783

Loans held for investment, net of unearned income	Loans held for investment, net of unearned income	4,065,969	3,840,524	Loans held for investment, net of unearned income	4,414,646	4,126,947	4,126,947
Allowance for credit losses	Allowance for credit losses	(51,600)	(49,200)				
Total loans held for investment, net	Total loans held for investment, net	$4,014,369	$3,791,324				

Loans with unpaid principal in the amount of $1.14 billion $1.12 billion and $1.01 billion $1.13 billion at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, were pledged to the FHLB as collateral for borrowings.

Non-accrual and Delinquent Status

Loans are placed on non-accrual when (1) payment in full of principal and interest is no longer expected or (2) principal or interest has been in default for 90 days or more for all loan types, except owner occupied residential real estate, which are moved to non-accrual at 120 days or more past due, unless the loan is both well secured with marketable collateral and in the process of collection. All loans rated doubtful or worse, and certain loans rated substandard, are placed on non-accrual.

A non-accrual loan may be restored to an accrual status when (1) all past due principal and interest has been paid (excluding renewals and modifications that involve the capitalizing of interest) or (2) the loan becomes well secured with marketable collateral and is in the process of collection. An established track record of performance is also considered when determining accrual status.

Loans are considered past due or delinquent when the contractual principal or interest due in accordance with the terms of the loan agreement or any portion thereof remains unpaid after the due date of the scheduled payment.

The following tables present the amortized cost basis of loans based on delinquency status:

			Age Analysis of Past-Due Financial Assets				90 Days or More Past Due
			Age Analysis of Past-Due Financial Assets				And Accruing
(in thousands)	**(in thousands)**	**Current**	**30 - 59 Days Past Due**	**60 - 89 Days Past Due**	**90 Days or More Past Due**	**Total**	**90 Days or More Past Due And Accruing**
September 30, 2023							
March 31, 2024							
March 31, 2024							
March 31, 2024							
Agricultural							
Agricultural							
Agricultural	Agricultural	$ 111,713	$ —	$ 13	$ 224	$ 111,950	$ —
Commercial and industrial	Commercial and industrial	1,077,276	616	31	850	1,078,773	—
Commercial real estate:	Commercial real estate:						
Construction and development							
Construction and development							
Construction and development	Construction and development	331,868	—	—	—	331,868	—
Farmland	Farmland	181,352	30	—	1,239	182,621	—

Age Analysis of Past-Due Financial Assets

90 Days or More Past Due And Accruing

	Current	30 - 59 Days Past Due	60 - 89 Days Past Due	90 Days or More Past Due	Total	90 Days or More Past Due And Accruing
Multifamily	337,509	—	—	—	337,509	—
Commercial real estate-other	1,319,503	29	—	4,487	1,324,019	—
Total commercial real estate	2,170,232	59	—	5,726	2,176,017	—
Residential real estate:						
One- to four-family first liens	449,842	3,609	2,286	1,034	456,771	100
One- to four- family first liens						
One- to four- family first liens						
One- to four-family junior liens	172,936	202	23	114	173,275	—
Total residential real estate	622,778	3,811	2,309	1,148	630,046	100
Consumer	68,869	275	36	3	69,183	—
Total	$4,050,868	$4,761	$2,389	$7,951	$4,065,969	$ 100

Age Analysis of Past-Due Financial Assets

Age Analysis of Past-Due Financial Assets

Age Analysis of Past-Due Financial Assets

Age Analysis of Past-Due Financial Assets

(in thousands)	Current	30 - 59 Days Past Due	60 - 89 Days Past Due	90 Days or More Past Due	Total	90 Days or More Past Due And Accruing
December 31, 2022						
December 31, 2023						
December 31, 2023						
December 31, 2023						
Agricultural						
Agricultural						
Agricultural	$ 114,922	$ 100	$ —	$ 298	$ 115,320	$ —
Commercial and industrial	1,052,406	922	111	1,723	1,055,162	—
Commercial real estate:						
Construction and development						
Construction and development						
Construction and development	270,905	86	—	—	270,991	—
Farmland	182,115	729	—	1,069	183,913	—
Multifamily	252,129	—	—	—	252,129	—
Commercial real estate-other	1,266,874	5,574	45	492	1,272,985	—
Total commercial real estate	1,972,023	6,389	45	1,561	1,980,018	—
Residential real estate:						
One- to four-family first liens	446,066	3,177	954	1,013	451,210	565
One- to four- family first liens						
One- to four- family first liens						

One- to four-family junior liens	One- to four-family junior liens	161,989	301	78	850	163,218	—
Total residential real estate	Total residential real estate	608,055	3,478	1,032	1,863	614,428	565
Consumer	Consumer	75,443	110	17	26	75,596	—
Total	Total	$3,822,849	$10,999	$1,205	$5,471	$3,840,524	$ 565

The following table presents the amortized cost basis of loans on non-accrual status, amortized cost basis of loans on non-accrual status with no allowance for credit losses recorded, and loans past due 90 days or more and still accruing by class of loan:

		Nonaccrual		Nonaccrual with no Allowance for Credit Losses		90 Days or More Past Due And Accruing	
		Nonaccrual					
		Nonaccrual					
		Nonaccrual					
(in thousands)							
(in thousands)							
(in thousands)	(in thousands)	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Agricultural	Agricultural	$ 240	$ 377	$ 224	$ 281	$ —	$ —
Agricultural							
Agricultural							
Commercial and industrial							
Commercial and industrial							
Commercial and industrial	Commercial and industrial	18,472	2,728	12,585	1,049	—	—
Commercial real estate:	Commercial real estate:						
Commercial real estate:							
Commercial real estate:							
Construction and development							
Construction and development							
Construction and development	Construction and development	—	—	—	—	—	—
Farmland	Farmland	1,736	2,278	1,590	1,997	—	—
Farmland							
Farmland							
Multifamily							
Multifamily							
Multifamily	Multifamily	—	—	—	—	—	—
Commercial real estate-other	Commercial real estate-other	5,117	6,397	369	5,647	—	—
Commercial real estate-other							
Commercial real estate-other							
Total commercial real estate							
Total commercial real estate							
Total commercial real estate	Total commercial real estate	6,853	8,675	1,959	7,644	—	—
Residential real estate:	Residential real estate:						
Residential real estate:							
Residential real estate:							
One- to four- family first liens							
One- to four- family first liens							
One- to four-family first liens	One- to four-family first liens	2,339	2,275	546	928	100	565
One- to four-family junior liens	One- to four-family junior liens	969	1,165	—	—	—	—
One- to four- family junior liens							

One- to four- family junior liens							
Total residential real estate							
Total residential real estate							
Total residential real estate	Total residential real estate	3,308	3,440	546	928	100	565
Consumer	Consumer	14	36	—	—	—	—
Consumer							
Consumer							
Total							
Total							
Total	Total	$ 28,887	$ 15,256	$ 15,314	$ 9,902	$ 100	$ 565

The interest income recognized on loans that were on nonaccrual for the three months ended September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023 was $93 $129 thousand and $70 $56 thousand, respectively. The interest income recognized on loans that were on nonaccrual for the nine months ended September 30, 2023 and September 30, 2022 was $186 thousand and $345 thousand, respectively.

Credit Quality Information

The Company aggregates loans 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, and other factors. The Company analyzes loans individually to classify the loans as to credit risk. This analysis includes non-homogenous loans, such as agricultural, commercial and industrial, commercial real estate and non-owner occupied residential real estate loans. Loans not meeting the criteria described below that are analyzed individually are considered to be pass-rated. The Company uses the following definitions for risk ratings:

Special Mention/Watch - A special mention/watch asset has potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the Company's credit position at some future date. Special mention/watch assets are not adversely classified and do not expose the Company to sufficient risk to warrant adverse classification.

Substandard - Substandard loans 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 Company 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 known facts, conditions and values, highly questionable and improbable.

Loss - Loans classified as loss are considered uncollectible and of such little value that their continuance as bankable assets is not warranted. This classification does not mean that the loan has absolutely no recovery or salvage value but rather it is not practical or desirable to defer writing off this basically worthless asset even though partial recovery may be affected in the future.

Homogenous loans, including owner occupied residential real estate and consumer loans, are not individually risk rated. Instead, these loans are categorized based on performance: performing and nonperforming. Nonperforming loans include those loans on nonaccrual and loans greater than 90 days past due and on accrual.

The following table sets forth the amortized cost basis of loans by class of receivable by credit quality indicator, and vintage, in addition to the current period gross write-offs by class of receivable and vintage, based on the most recent analysis performed, as of September 30, 2023 March 31, 2024. As of September 30, 2023 March 31, 2024, there were no 'loss' rated credits.

September 30, 2023 (in thousands)	**Term Loans by Origination Year 2023**	**2022**	**2021**	**2020**	**2019**	**Prior**	**Revolving Loans**	**Total**
Agricultural								
Pass	$ 11,277	$ 13,087	$ 9,451	$ 3,268	$ 1,359	$ 1,155	$ 63,474	$ 103,071

March 31, 2024 (in thousands)	**Term Loans by Origination Year 2024**	**2023**	**2022**	**2021**	**2020**	**Prior**	**Total**
Agricultural							
Pass							

Special mention / watch	Special mention / watch	268	609	801	102	6	523	3,722	6,031
Substandard	Substandard	394	151	184	214	2	225	1,678	2,848
Doubtful	Doubtful	—	—	—	—	—	—	—	—
Total	Total	$ 11,939	$ 13,847	$ 10,436	$ 3,584	$ 1,367	$ 1,903	$ 68,874	$ 111,950
Commercial and industrial	**Commercial and industrial**								
Commercial and industrial									
Commercial and industrial									
Pass									
Pass									
Pass	Pass	$111,886	$243,011	$212,836	$129,482	$27,383	$119,645	$ 161,886	$1,006,129
Special mention / watch	Special mention / watch	1,437	766	652	4,646	8,101	7,825	13,751	37,178
Substandard	Substandard	1,471	2,571	2,440	1,344	717	22,571	4,352	35,466
Doubtful	Doubtful	—	—	—	—	—	—	—	—
Total	Total	$114,794	$246,348	$215,928	$135,472	$36,201	$150,041	$ 179,989	$1,078,773
CRE - Construction and development	**CRE - Construction and development**								
CRE - Construction and development									
CRE - Construction and development									
Pass									
Pass									
Pass	Pass	$ 69,354	$198,619	$ 47,522	$ 3,532	$ 833	$ 1,118	$ 9,754	$ 330,732
Special mention / watch	Special mention / watch	—	—	474	—	—	—	412	886
Substandard	Substandard	—	249	—	—	—	1	—	250
Doubtful	Doubtful	—	—	—	—	—	—	—	—
Total	Total	$ 69,354	$198,868	$ 47,996	$ 3,532	$ 833	$ 1,119	$ 10,166	$ 331,868
CRE - Farmland	**CRE - Farmland**								
CRE - Farmland									
CRE - Farmland									
Pass									
Pass									
Pass	Pass	$ 17,318	$ 50,872	$ 48,074	$ 19,438	$ 6,703	$ 16,056	$ 1,866	$ 160,327
Special mention / watch	Special mention / watch	1,237	2,761	2,456	6,104	—	1,180	804	14,542
Substandard	Substandard	1,592	118	1,545	1,103	1,058	2,306	30	7,752
Doubtful	Doubtful	—	—	—	—	—	—	—	—
Total	Total	$ 20,147	$ 53,751	$ 52,075	$ 26,645	$ 7,761	$ 19,542	$ 2,700	$ 182,621
CRE - Multifamily	**CRE - Multifamily**								
CRE - Multifamily									
CRE - Multifamily									
Pass									
Pass									
Pass	Pass	$ 28,961	$ 55,115	$112,033	$ 83,413	$ 8,800	$ 5,654	$ 33	$ 294,009
Special mention / watch	Special mention / watch	—	1,244	280	19,112	7,899	7,025	—	35,560

Substandard	Substandard	—	—	7,611	329	—	—	—	7,940
Doubtful	Doubtful	—	—	—	—	—	—	—	—
Total	Total	$ 28,961	$ 56,359	$119,924	$102,854	$16,699	$ 12,679	$ 33	$ 337,509
CRE - Other	**CRE - Other**								
CRE - Other									
CRE - Other									
Pass									
Pass									
Pass	Pass	$151,212	$292,139	$272,055	$264,462	$78,764	$ 97,815	$ 47,111	$1,203,558
Special mention / watch	Special mention / watch	1,520	25,905	21,389	4,639	4,290	3,301	3,947	64,991
Substandard	Substandard	324	2,104	1,704	20,414	12,067	18,018	839	55,470
Doubtful	Doubtful	—	—	—	—	—	—	—	—
Total	Total	$153,056	$320,148	$295,148	$289,515	$95,121	$119,134	$ 51,897	$1,324,019
RRE - One- to four- family first liens	**RRE - One- to four- family first liens**								
RRE - One- to four- family first liens									
RRE - One- to four- family first liens									
Pass / Performing									
Pass / Performing									
Pass / Performing	Pass / Performing	$ 52,320	$128,048	$ 94,709	$ 55,492	$20,236	$ 84,489	$ 11,312	$ 446,606
Special mention / watch	Special mention / watch	470	721	36	633	1,851	323	—	4,034
Substandard / Nonperforming	Substandard / Nonperforming	1,171	463	485	166	167	3,679	—	6,131
Doubtful	Doubtful	—	—	—	—	—	—	—	—
Total	Total	$ 53,961	$129,232	$ 95,230	$ 56,291	$22,254	$ 88,491	$ 11,312	$ 456,771
RRE - One- to four- family junior liens	**RRE - One- to four- family junior liens**								
RRE - One- to four- family junior liens									
RRE - One- to four- family junior liens									
Performing									
Performing									
Performing	Performing	$ 20,458	$ 31,327	$ 19,622	$ 7,643	$ 2,449	$ 8,322	$ 82,485	$ 172,306
Nonperforming	Nonperforming	—	—	—	26	203	740	—	969
Total	Total	$ 20,458	$ 31,327	$ 19,622	$ 7,669	$ 2,652	$ 9,062	$ 82,485	$ 173,275
Consumer	**Consumer**								
Consumer									
Consumer									
Performing									
Performing									
Performing	Performing	$ 21,003	$ 18,598	$ 11,481	$ 5,213	$ 1,821	$ 6,911	$ 4,143	$ 69,170
Nonperforming	Nonperforming	—	—	—	5	5	3	—	13
Total	Total	$ 21,003	$ 18,598	$ 11,481	$ 5,218	$ 1,826	$ 6,914	$ 4,143	$ 69,183

September 30, 2023 (in thousands)	**Term Loans by Origination Year**						**Revolving Loans**	**Total**
	2023	**2022**	**2021**	**2020**	**2019**	**Prior**		

Term Loans by Origination Year

Term Loans by Origination Year

Term Loans by Origination Year

March 31, 2024 (in thousands)

March 31, 2024 (in thousands)

March 31, 2024 (in thousands)

		2024	2023	2022	2021	2020	Prior		Total
Total by Credit Quality Indicator Category	**Total by Credit Quality Indicator Category**								
Total by Credit Quality Indicator Category									
Total by Credit Quality Indicator Category									
Pass									
Pass									
Pass	Pass	$442,328	$ 980,891	$796,680	$559,087	$144,078	$325,932	$ 295,436	$3,544,432
Special mention / watch	Special mention / watch	4,932	32,006	26,088	35,236	22,147	20,177	22,636	163,222
Substandard	Substandard	4,952	5,656	13,969	23,570	14,011	46,800	6,899	115,857
Doubtful	Doubtful	—	—	—	—	—	—	—	—
Performing	Performing	41,461	49,925	31,103	12,856	4,270	15,233	86,628	241,476
Nonperforming	Nonperforming	—	—	—	31	208	743	—	982
Total	Total	$493,673	$1,068,478	$867,840	$630,780	$184,714	$408,885	$ 411,599	$4,065,969

Term Loans by Origination Year

Term Loans by Origination Year

Term Loans by Origination Year

March 31, 2024

(in thousands)

March 31, 2024

(in thousands)

March 31, 2024

(in thousands)

		2024	2023	2022	2021	2020	Prior		Total
Year-to-date Current Period Gross Write-offs	**Year-to-date Current Period Gross Write-offs**								
Agricultural									
Agricultural									
Agricultural	Agricultural	$ —	$ 8	$ 1	$ 17	$ —	$ —	$ —	$ 26
Commercial and industrial	Commercial and industrial	30	256	143	115	431	45	—	1,020
CRE - Construction and development	CRE - Construction and development	—	—	—	—	—	—	—	—
CRE - Farmland	CRE - Farmland	—	—	—	—	—	—	—	—
CRE - Multifamily	CRE - Multifamily	—	—	—	—	—	—	—	—
CRE - Other	CRE - Other	—	—	—	—	—	830	—	830

RRE - One-to-four-family first liens	RRE - One-to-four-family first liens	—	—	—	—	—	35	—	35
RRE - One-to-four-family junior liens	RRE - One-to-four-family junior liens	—	19	—	—	—	—	—	19
Consumer	Consumer	—	424	9	3	11	4	—	451
Total Current Period Gross Write-offs	Total Current Period Gross Write-offs	$ 30	$ 707	$ 153	$ 135	$ 442	$ 914	$ —	$ 2,381

The following table sets forth the amortized cost basis of loans by class of receivable by credit quality indicator and vintage based on the most recent analysis performed, as of December 31, 2022 December 31, 2023. As of December 31, 2022 December 31, 2023, there were no 'loss' rated credits.

December 31, 2022 (in thousands)		Term Loans by Origination Year 2022	2021	2020	2019	2018	Prior	Revolving Loans	Total
		Term Loans by Origination Year							
		Term Loans by Origination Year							
		Term Loans by Origination Year							
December 31, 2023 (in thousands)									
December 31, 2023 (in thousands)									
December 31, 2023 (in thousands)		2023	2022	2021	2020	2019	Prior		Total
Agricultural	**Agricultural**								
Pass									
Pass									
Pass	Pass	$ 20,279	$ 12,511	$ 5,398	$ 2,883	$ 939	$ 1,063	$ 65,395	$ 108,468
Special mention / watch	Special mention / watch	143	1,012	115	36	—	604	1,655	3,565
Substandard	Substandard	48	646	366	4	7	302	1,914	3,287
Doubtful	Doubtful	—	—	—	—	—	—	—	—
Total	Total	$ 20,470	$ 14,169	$ 5,879	$ 2,923	$ 946	$ 1,969	$ 68,964	$ 115,320
Commercial and industrial	**Commercial and industrial**								
Pass	Pass	$ 262,500	$232,263	$151,567	$ 48,199	$ 27,680	$115,877	$ 163,205	$1,001,291
Pass									
Pass									
Special mention / watch	Special mention / watch	3,975	3,574	5,465	592	3,299	1,864	12,299	31,068
Substandard	Substandard	556	166	1,172	756	556	18,585	1,012	22,803
Doubtful	Doubtful	—	—	—	—	—	—	—	—
Total	Total	$ 267,031	$236,003	$158,204	$ 49,547	$ 31,535	$136,326	$ 176,516	$1,055,162
CRE - Construction and development	**CRE - Construction and development**								
Pass									
Pass									
Pass	Pass	$ 144,597	$ 73,832	$ 19,324	$ 989	$ 1,058	$ 549	$ 28,069	$ 268,418
Special mention / watch	Special mention / watch	1,787	499	—	—	—	—	—	2,286
Substandard	Substandard	281	—	—	—	—	6	—	287

Doubtful	Doubtful	—	—	—	—	—	—	—	—
Total	Total	$ 146,665	$ 74,331	$ 19,324	$ 989	$ 1,058	$ 555	$ 28,069	$ 270,991
CRE - Farmland	**CRE - Farmland**								
Pass	Pass	$ 55,251	$ 52,802	$ 28,744	$ 7,266	$ 8,406	$ 12,895	$ 1,946	$ 167,310
Pass									
Pass									
Special mention / watch	Special mention / watch	3,058	2,229	1,470	—	225	21	1,693	8,696
Substandard	Substandard	148	1,974	1,192	1,136	1,459	1,998	—	7,907
Doubtful	Doubtful	—	—	—	—	—	—	—	—
Total	Total	$ 58,457	$ 57,005	$ 31,406	$ 8,402	$ 10,090	$ 14,914	$ 3,639	$ 183,913
CRE - Multifamily	**CRE - Multifamily**								
Pass									
Pass									
Pass	Pass	$ 31,018	$ 93,907	$ 84,573	$ 17,137	$ 2,549	$ 5,161	$ 49	$ 234,394
Special mention / watch	Special mention / watch	1,000	—	1,567	—	5,931	1,178	—	9,676
Substandard	Substandard	—	7,725	334	—	—	—	—	8,059
Doubtful	Doubtful	—	—	—	—	—	—	—	—
Total	Total	$ 32,018	$101,632	$ 86,474	$ 17,137	$ 8,480	$ 6,339	$ 49	$ 252,129
CRE - Other	**CRE - Other**								
Pass	Pass	$ 322,753	$314,376	$296,368	$ 79,408	$ 31,041	$ 81,708	$ 51,064	$1,176,718
Pass									
Pass									
Special mention / watch	Special mention / watch	8,858	3,399	13,245	10,365	1,137	8,122	2,518	47,644
Substandard	Substandard	752	589	19,702	13,294	10,197	4,089	—	48,623
Doubtful	Doubtful	—	—	—	—	—	—	—	—
Total	Total	$ 332,363	$318,364	$329,315	$103,067	$ 42,375	$ 93,919	$ 53,582	$1,272,985
RRE - One- to four- family first liens	**RRE - One- to four- family first liens**								
Pass / Performing									
Pass / Performing									
Pass / Performing	Pass / Performing	$ 139,289	$103,534	$ 63,627	$ 23,831	$ 21,868	$ 77,967	$ 11,438	$ 441,554
Special mention / watch	Special mention / watch	1,074	611	672	1,920	150	702	—	5,129
Substandard / Nonperforming	Substandard / Nonperforming	175	438	174	175	674	2,891	—	4,527
Doubtful	Doubtful	—	—	—	—	—	—	—	—
Total	Total	$ 140,538	$104,583	$ 64,473	$ 25,926	$ 22,692	$ 81,560	$ 11,438	$ 451,210
RRE - One- to four- family junior liens	**RRE - One- to four- family junior liens**								
Performing	Performing	$ 37,296	$ 22,908	$ 8,906	$ 3,058	$ 3,757	$ 6,330	$ 79,798	$ 162,053
Performing									
Performing									
Nonperforming	Nonperforming	—	23	31	179	756	76	100	1,165
Total	Total	$ 37,296	$ 22,931	$ 8,937	$ 3,237	$ 4,513	$ 6,406	$ 79,898	$ 163,218
Consumer	**Consumer**								

Performing	Performing	$ 32,584	$ 18,979	$ 7,966	$ 3,489	$ 1,646	$ 6,641	$ 4,255	$ 75,560
Performing									
Performing									
Nonperforming	Nonperforming	—	2	16	9	4	5	—	36
Total	Total	$ 32,584	$ 18,981	$ 7,982	$ 3,498	$ 1,650	$ 6,646	$ 4,255	$ 75,596
Total by Credit Quality Indicator Category									
Pass		$ 975,687	$883,225	$649,601	$179,713	$ 93,541	$295,220	$ 321,166	$3,398,153
Special mention / watch		19,895	11,324	22,534	12,913	10,742	12,491	18,165	108,064
Substandard		1,960	11,538	22,940	15,365	12,893	27,871	2,926	95,493
Doubtful		—	—	—	—	—	—	—	—
Performing		69,880	41,887	16,872	6,547	5,403	12,971	84,053	237,613
Nonperforming		—	25	47	188	760	81	100	1,201
Total		$1,067,422	$947,999	$711,994	$214,726	$123,339	$348,634	$ 426,410	$3,840,524

December 31, 2023 (in thousands)	Term Loans by Origination Year 2023	2022	2021	2020	2019	Prior	Revolving Loans	Total
Total by Credit Quality Indicator Category								
Pass	$ 607,768	$ 962,918	$ 752,137	$ 524,570	$ 139,536	$ 311,683	$ 299,882	$ 3,598,494
Special mention / watch	11,444	11,123	10,365	33,885	14,157	9,059	22,996	113,029
Substandard	5,260	30,310	31,417	21,416	17,839	52,965	7,795	167,002
Doubtful	—	—	—	—	—	—	—	—
Performing	49,579	44,238	28,775	11,713	4,041	15,217	93,955	247,518
Nonperforming	—	214	—	25	26	639	—	904
Total	$ 674,051	$ 1,048,803	$ 822,694	$ 591,609	$ 175,599	$ 389,563	$ 424,628	$ 4,126,947

December 31, 2023 (in thousands)	Term Loans by Origination Year 2023	2022	2021	2020	2019	Prior	Revolving Loans	Total
Year-to-date Current Period Gross Write-offs								
Agricultural	$ —	$ 8	$ 1	$ 17	$ 2	$ —	$ —	$ 28
Commercial and industrial	239	343	223	133	464	45	—	1,447
CRE - Construction and development	—	—	—	—	—	—	—	—
CRE - Farmland	—	—	—	—	—	—	—	—
CRE - Multifamily	—	—	—	—	—	—	—	—
CRE - Other	—	—	—	—	—	2,337	—	2,337
RRE - One-to-four-family first liens	—	—	—	—	—	36	—	36
RRE - One-to-four-family junior liens	—	19	—	—	—	—	—	19
Consumer	—	621	30	12	12	10	—	685
Total Current Period Gross Write-offs	$ 239	$ 991	$ 254	$ 162	$ 478	$ 2,428	$ —	$ 4,552

Allowance for Credit Losses

The following are the economic factors utilized by the Company for its loan credit loss estimation process at September 30, 2023 March 31, 2024, and the forecast for each factor at that date: (1) Midwest unemployment – increases over the next four forecasted quarters; (2) Year-to-year year-to-year change in national retail sales - increases over the next four forecasted quarters; (3) Year-to-year year-to-year change in CRE Index - decreases in over the next four forecasted quarters; (4) Year-to-year year-to-year change in U.S. GDP - increases over the next four forecasted quarters; (5) Year-to-year year-to-year change in National Home Price Index – increases over the next two forecasted quarters, with declines in the third and fourth four forecasted quarters; and (6) Rental Vacancy rental vacancy - increases over the next four forecasted quarters. In addition, management utilized qualitative factors to adjust the calculated ACL as appropriate. Qualitative factors are based on management’s judgment of company, market, industry or business specific data, changes in underlying loan composition of specific portfolios, trends relating to credit quality, delinquency, non-performing and adversely rated loans, and reasonable and supportable forecasts of economic conditions.

The increase in the ACL between September 30, 2023 March 31, 2024 and December 31, 2022 is primarily driven by reserves December 31, 2023 reflects $3.1 million of day 1 credit loss expense related to acquired DNVB loans, individually evaluated for impairment. as well as additional reserve taken to support loan growth. Net loan charge-offs were $0.5 million $0.2 million for the three months ended September 30, 2023 March 31, 2024 as compared to net loan charge-offs of $0.6 million $0.3 million for the three months ended September 30, 2022. Net loan charge-offs were $1.7 million for the nine months ended September 30, 2023 as compared to net loan charge-offs of $3.1 million for the nine months ended September 30, 2022 March 31, 2023.

We have made a policy election to report interest receivable as a separate line on the balance sheet. Accrued interest receivable, which is recorded within 'Other Assets', totaled $19.0 million $20.6 million at September 30, 2023 March 31, 2024 and $15.3 million $19.7 million at December 31, 2022 December 31, 2023 and is excluded from the estimate of credit losses.

The changes in the allowance for credit losses by portfolio segment were as follows:

	For the Three Months Ended September 30, 2023 and 2022					
(in thousands)	Agricultural	Commercial and Industrial	Commercial Real Estate	Residential Real Estate	Consumer	Total
For the Three Months Ended September 30, 2023						
Beginning balance	$ 617	$ 22,921	$ 21,911	$ 4,393	$ 558	$ 50,400
Charge-offs	(25)	(511)	—	(21)	(178)	(735)
Recoveries	126	79	4	3	72	284
Credit loss expense (benefit)(1)	(181)	(426)	1,872	268	118	1,651
Ending balance	$ 537	$ 22,063	$ 23,787	$ 4,643	$ 570	$ 51,600
For the Three Months Ended September 30, 2022						
Beginning balance	$ 987	$ 21,166	$ 24,399	$ 5,174	$ 624	$ 52,350
Charge-offs	(248)	(280)	(135)	(52)	(255)	(970)
Recoveries	1	295	6	48	32	382
Credit loss expense (benefit) (1)	241	3,075	(3,322)	138	206	338
Ending balance	$ 981	$ 24,256	$ 20,948	$ 5,308	$ 607	$ 52,100

(1) The difference in the credit loss expense reported herein as compared to the Consolidated Statements of Income is associated with the credit loss (benefit) expense of $(0.1) million and $0.3 million related to off-balance sheet credit exposures for the three months ended September 30, 2023 and September 30, 2022, respectively.

		For the Nine Months Ended September 30, 2023 and 2022					
		For the Three Months Ended March 31, 2024 and 2023					
		For the Three Months Ended March 31, 2024 and 2023					
		For the Three Months Ended March 31, 2024 and 2023					
(in thousands)	(in thousands)	Agricultural	Commercial and Industrial	Commercial Real Estate	Residential Real Estate	Consumer	Total
For the Nine Months Ended September 30, 2023							
For the Three Months Ended March 31, 2024							
Beginning balance							
Beginning balance							
Beginning balance	Beginning balance	$ 923	$ 22,855	$ 20,123	$ 4,678	$ 621	$49,200
Charge-offs							
Charge-offs							
Charge-offs	Charge-offs	(26)	(1,020)	(830)	(54)	(451)	(2,381)
Recoveries	Recoveries	153	349	15	23	160	700
Credit loss expense (benefit)(1)	Credit loss expense (benefit)(1)	(513)	(121)	4,479	(4)	240	4,081

(in thousands)	Agricultural	Commercial and Industrial	Commercial Real Estate	Residential Real Estate	Consumer	Total

Ending balance	Ending balance	$ 537	$ 22,063	$ 23,787	$ 4,643	$ 570	$51,600
For the Nine Months Ended September 30, 2022							
For the Three Months Ended March 31, 2023							
For the Three Months Ended March 31, 2023							
For the Three Months Ended March 31, 2023							
Beginning balance	Beginning balance	$ 667	$ 17,294	$ 26,120	$ 4,010	$ 609	$48,700
PCD allowance established in acquisition		512	1,473	1,227	159	—	3,371
Beginning balance							
Beginning balance							
Charge-offs Charge-offs							
Charge-offs	Charge-offs	(249)	(843)	(2,319)	(90)	(540)	(4,041)
Recoveries	Recoveries	9	613	154	68	106	950
Credit loss (benefit) expense(1)		42	5,719	(4,234)	1,161	432	3,120
Credit loss expense (benefit) (1)							
Ending balance	Ending balance	$ 981	$ 24,256	$ 20,948	$ 5,308	$ 607	$52,100

(1) The difference in the credit loss expense reported herein as compared to the Consolidated Statements of Income is associated with the credit loss expense (benefit) of $0.0 million and $0.8 million related to off-balance sheet credit exposures for the nine months ended September 30, 2023 and September 30, 2022, respectively.

(1) The difference in the credit loss expense reported herein as compared to the Consolidated Statements of Income is associated with the credit loss expense of $0.1 million related to off-balance sheet credit exposures for the three months ended March 31, 2024, with no credit loss expense related to off-balance sheet credit exposures being recorded for the three months ended March 31, 2023.

(1) The difference in the credit loss expense reported herein as compared to the Consolidated Statements of Income is associated with the credit loss expense of $0.1 million related to off-balance sheet credit exposures for the three months ended March 31, 2024, with no credit loss expense related to off-balance sheet credit exposures being recorded for the three months ended March 31, 2023.

The composition of the allowance for credit losses by portfolio segment based on evaluation method was as follows:

As of September 30, 2023

		As of March 31, 2024					
(in thousands)	(in thousands)	Agricultural	Commercial and Industrial	Commercial Real Estate	Residential Real Estate	Consumer	Total
Loans held for investment, net of unearned income	**Loans held for investment, net of unearned income**						
Individually evaluated for impairment							
Individually evaluated for impairment							
Individually evaluated for impairment	Individually evaluated for impairment	$ 224	$ 17,687	$ 12,759	$ 1,167	$ —	$ 31,837
Collectively evaluated for impairment	Collectively evaluated for impairment	111,726	1,061,086	2,163,258	628,879	69,183	4,034,132
Total	Total	$ 111,950	$ 1,078,773	$ 2,176,017	$ 630,046	$ 69,183	$ 4,065,969
Allowance for credit losses:	**Allowance for credit losses:**						
Individually evaluated for impairment	Individually evaluated for impairment	$ —	$ 2,879	$ 1,128	$ 46	$ —	$ 4,053
Individually evaluated for impairment							
Individually evaluated for impairment							
Collectively evaluated for impairment	Collectively evaluated for impairment	537	19,184	22,659	4,597	570	47,547
Total	Total	$ 537	$ 22,063	$ 23,787	$ 4,643	$ 570	$ 51,600

						As of March 31, 2024
(in thousands)	Agricultural	Commercial and Industrial	Commercial Real Estate	Residential Real Estate	Consumer	Total

As of December 31, 2022

		As of December 31, 2023					
(in thousands)	(in thousands)	Agricultural	Commercial and Industrial	Commercial Real Estate	Residential Real Estate	Consumer	Total
Loans held for investment, net of unearned income	**Loans held for investment, net of unearned income**						
Individually evaluated for impairment							
Individually evaluated for impairment							
Individually evaluated for impairment	Individually evaluated for impairment	$ 2,531	$ 2,184	$ 15,768	$ 1,650	$ —	$ 22,133
Collectively evaluated for impairment	Collectively evaluated for impairment	112,789	1,052,978	1,964,250	612,778	75,596	3,818,391
Total	Total	$ 115,320	$ 1,055,162	$ 1,980,018	$ 614,428	$ 75,596	$ 3,840,524
Total							
Total							
Allowance for credit losses:	**Allowance for credit losses:**						
Individually evaluated for impairment							
Individually evaluated for impairment							

						As of December 31, 2023
(in thousands)	Agricultural	Commercial and Industrial	Commercial Real Estate	Residential Real Estate	Consumer	Total

Individually evaluated for impairment	$ 500	$ 600	$ 705	$ 180	$ —	$ 1,985
Collectively evaluated for impairment	423	22,255	19,418	4,498	621	47,215
Total	$ 923	$ 22,855	$ 20,123	$ 4,678	$ 621	$ 49,200
Total						
Total						

The following tables present the amortized cost basis of collateral dependent loans, by the primary collateral type, which are individually evaluated to determine expected credit losses, and the related ACL allocated to these loans:

	As of September 30, 2023				
	As of March 31, 2024				
(in thousands)	Primary Type of Collateral				
	Real Estate	Equipment	Other	Total	ACL Allocation
Agricultural	$ 12	$ 212	$ —	$ 224	$ —
Commercial and industrial	15,992	326	1,369	17,687	2,879
Commercial real estate:					
Construction and development					
Construction and development					
Construction and development	—	—	—	—	—
Farmland	5,582	—	—	5,582	—
Multifamily	—	—	—	—	—
Commercial real estate-other	6,991	—	186	7,177	1,128
Residential real estate:					
One- to four-family first liens	546	—	—	546	—
One- to four- family first liens					
One- to four- family first liens					
One- to four-family junior liens	—	—	621	621	46
Consumer	—	—	—	—	—

Total	Total	$ 29,123	$ 538	$2,176	$31,837	$ 4,053

		As of December 31, 2022				
		As of December 31, 2023				
		As of December 31, 2023				
		As of December 31, 2023				
(in thousands)	(in thousands)	Primary Type of Collateral				
(in thousands)		Primary Type of Collateral				
		Real Estate	Equipment	Other	Total	ACL Allocation
		Real Estate	Equipment	Other	Total	ACL Allocation
Agricultural	Agricultural	$ 68	$ 2,463	$ —	$ 2,531	$ 500
Commercial and industrial	Commercial and industrial	856	736	592	2,184	600
Commercial real estate:	Commercial real estate:					
Construction and development						
Construction and development						
Construction and development	Construction and development	—	—	—	—	—
Farmland	Farmland	4,515	—	—	4,515	—
Multifamily	Multifamily	—	—	—	—	—
Commercial real estate-other	Commercial real estate-other	11,006	—	247	11,253	705
Residential real estate:	Residential real estate:					
One- to four-family first liens	One- to four-family first liens	929	—	—	929	—
One- to four- family first liens						
One- to four- family first liens						
One- to four-family junior liens	One- to four-family junior liens	—	—	721	721	180
Consumer	Consumer	—	—	—	—	—
Total	Total	$ 17,374	$ 3,199	$1,560	$22,133	$ 1,985

Loan Modifications to Borrowers Experiencing Financial Difficulty

Occasionally, the Company may modify loans to borrowers who are experiencing financial difficulty. Loan modifications to borrowers experiencing financial difficulty may be in the form of principal forgiveness, term extension, an other-than-insignificant payment delay, interest rate reduction, or combination thereof.

The following table presents tables present the amortized cost basis of loans as of September 30, 2023 March 31, 2024 and March 31, 2023 that were modified during the three and nine months ended September 30, 2023 March 31, 2024 and March 31, 2023 and experiencing financial difficulty at the time of the modification by class and by type of modification:

For the Three Months Ended March 31, 2024

	For the Three Months and Nine Months Ended September 30, 2023									
					Combination:					
(dollars in thousands)	Principal Forgiveness	Payment Delay	Term Extension	Interest Rate Reduction	Term Extension & Interest Rate Reduction	Principal Forgiveness & Term Extension	Principal Forgiveness, Term Extension, & Interest Rate Reduction	Payment Delay & Term Extension	Total Class of Financing Receivable	
Three Months Ended September 30, 2023										
Commercial and industrial	$ —	$ —	$ 2,062	$ —	$ —	$ —	$ —	$ —	0.19	%
CRE - Other	—	—	1,368	—	—	—	—	—	0.10	%
Total	$ —	$ —	$ 3,430	$ —	$ —	$ —	$ —	$ —		
Nine Months Ended September 30, 2023										
Agricultural	$ —	$ 13	$ —	$ —	$ —	$ —	$ —	$ —	0.01	%
Commercial and industrial	—	264	2,820	—	103	302	—	188	0.34	%
CRE - Farmland	—	—	1,823	—	—	—	—	—	1.00	%
CRE - Other	—	158	1,368	—	—	—	—	—	0.12	%
RRE - One- to four-family first liens	—	—	49	—	—	—	—	—	0.01	%

For the Three Months Ended March 31, 2024

For the Three Months Ended March 31, 2024

Combination:

(dollars in thousands)

(dollars in thousands)

(dollars in thousands)	Principal Forgiveness	Payment Delay	Term Extension	Interest Rate Reduc
Three Months Ended March 31, 2024				
Commercial and industrial	$ — $	$ — $	$ 350 $	$ — $ $
CRE - Other	— — — 202	202 — — —		
RRE - One- to four-family first liens	— 253 253 —	— — —		

RRE - One- to four-family junior liens									RRE - One- to four-family junior liens	—	—	136	—
Total													
Total													
Total										$ —	$ 253	$ 688	$ —
Total	$ —	$ 435	$ 6,060	$ —	$ 103	$ 302	$ —	$ 188					

	For the Three Months Ended March 31, 2023								
					Combination:				
(dollars in thousands)	Principal Forgiveness	Payment Delay	Term Extension	Interest Rate Reduction	Term Extension & Interest Rate Reduction	Principal Forgiveness & Term Extension	Principal Forgiveness, Term Extension, & Interest Rate Reduction	Payment Delay & Term Extension	Total Class of Financing Receivable
Three Months Ended March 31, 2023									
Agricultural	$ —	$ 16	$ 1,502	$ —	$ —	$ —	$ —	$ —	1.42 %
Commercial and industrial	—	—	50	—	120	307	—	—	0.04 %
CRE - Other	—	—	—	—	—	—	20	—	— %
Total	$ —	$ 16	$ 1,552	$ —	$ 120	$ 307	$ 20	$ —	

The Company has no additional commitment commitments to lend amounts to the borrowers included in the previous table tables as of September 30, 2023 March 31, 2024 and March 31, 2023. For the three and nine months ended September 30, 2023 March 31, 2024, the Company had 8 9 modified loans totaling $0.3 million and $1.4 million to borrowers experiencing financial difficulty that redefaulted within 12 months subsequent to the modification. For the three months ended March 31, 2023, the Company had no modified loans totaling $1.1 million, respectively, to borrowers experiencing financial difficulty that redefaulted within 12 months subsequent to the modification.

The following table presents tables present the performance, as of September 30, 2023 March 31, 2024 and March 31, 2023, of loans that were modified while the borrower was experiencing financial difficulty at the time of modification in the last 12 months:

As of March 31, 2024

As of March 31, 2024

As of March 31, 2024

(in thousands)

(in thousands)

(in thousands)

		As of September 30, 2023				
(in thousands)		Current	30 - 59 Days Past Due	60 - 89 Days Past Due	90 Days or More Past Due	Total
Agricultural		$ —	$ —	$ 13	$ —	$ 13
Commercial and industrial	Commercial and industrial	3,490	188	—	—	3,678
Commercial and industrial						
Commercial and industrial						
CRE - Construction and development						
CRE - Construction and development						
CRE - Construction and development						
CRE - Farmland						
CRE - Farmland						
CRE - Farmland	CRE - Farmland	1,823	—	—	—	1,823

CRE - Other	CRE - Other	1,525	—	—	—	1,525
CRE - Other						
CRE - Other						
RRE - One- to four- family first liens	RRE - One- to four- family first liens	—	49	—	—	49
RRE - One- to four- family first liens						
RRE - One- to four- family first liens						
RRE - One- to four- family junior liens						
RRE - One- to four- family junior liens						
RRE - One- to four- family junior liens						
Total						
Total						
Total						
				As of March 31, 2023		
				As of March 31, 2023		
				As of March 31, 2023		
(in thousands)						
(in thousands)						
(in thousands)						
Agricultural						
Agricultural						
Agricultural						
Commercial and industrial						
Commercial and industrial						
Commercial and industrial						
CRE - Other						
CRE - Other						
CRE - Other						
Total	Total	$ 6,838	$ 237	$ 13	$ —	$ 7,088
Total						
Total						

The following table presents tables present the financial effect of the loan modifications presented above to borrowers experiencing financial difficulty for the three and nine months ended September 30, 2023 March 31, 2024 and March 31, 2023:

(dollars in thousands)	Principal Forgiveness	Weighted Average Interest Rate Reduction	Weighted Average Term Extension (Months)
Three Months Ended September 30, 2023			
Commercial and industrial	$ —	— %	9.9
CRE - Other	18	— %	5.3
Total	$ 18	— %	8.1
Nine Months Ended September 30, 2023			
Commercial and industrial	$ 63	1.25 %	9.2
CRE - Farmland	—	— %	0.9
CRE - Other	18	— %	5.3
RRE - One- to four- family first liens	—	— %	3.9
Total	$ 81	1.25 %	6.1

(dollars in thousands)	Principal Forgiveness		Weighted Average Interest Rate Reduction	Weighted Average Term Extension (Months)
Three Months Ended March 31, 2024				
Commercial and industrial	$	—	— %	4.4
CRE - Other		—	— %	5.4
RRE - One- to four- family junior liens		—	— %	122.0
Total	$	—	— %	27.9

(dollars in thousands)	Principal Forgiveness		Weighted Average Interest Rate Reduction	Weighted Average Term Extension (Months)
Three Months Ended March 31, 2023				
Agricultural	$	—	— %	2.37
Commercial and industrial		63	1.25	11.89
CRE - Other		18	7.00	2.47
Total	$	81	2.07 %	4.64

5. Derivatives, Hedging Activities and Balance Sheet Offsetting

The following table presents the total notional amounts and gross fair values of the Company's derivatives as of the dates indicated. The derivative asset and liability balances are presented on a gross basis, prior to the application of master netting agreements, as included in other assets and other liabilities, respectively, on the consolidated balance sheets. The fair values of the Company's derivative instrument assets and liabilities are summarized as follows:

(in thousands)	As of September 30, 2023 Notional Amount	Fair Value Assets	Fair Value Liabilities	As of December 31, 2022 Notional Amount	Fair Value Assets	Fair Value Liabilities
Designated as hedging instruments:						
Fair value hedges:						
Interest rate swaps - loans	$ 41,362	$ 3,262	$ 50	$ 24,018	$ 2,556	$ —
Interest rate swaps - securities	100,000	449	—	—	—	—
Cash flow hedges						
Interest rate swaps	200,000	4,289	—	—	—	—
Total	$ 341,362	$ 8,000	$ 50	$ 24,018	$ 2,556	$ —
Not designated as hedging instruments:						

(in thousands)	As of March 31, 2024 Notional Amount	Fair Value Assets	Fair Value Liabilities	As of December 31, 2023 Notional Amount	Fair Value Assets	Fair Value Liabilities
Fair value hedges:						
Fair value hedges:						
Interest rate swaps - loans						
Interest rate swaps - loans						
Interest rate swaps						
Interest rate swaps						

Not designated as hedging instruments:

Not designated as hedging instruments:

Interest rate swaps

Interest rate swaps

Interest rate swaps	Interest rate swaps	$	364,153	$ 23,408	$ 23,438	$ 331,197	$ 21,084	$ 21,087
RPAs - protection sold	RPAs - protection sold		186	—	—	—	—	—
RPAs - protection purchased	RPAs - protection purchased		24,701	—	—	9,421	—	—
Interest rate lock commitments	Interest rate lock commitments		1,474	18	—	1,372	7	—
Interest rate forward loan sales contracts	Interest rate forward loan sales contracts		3,382	22	—	1,400	8	—
Total	Total	$	393,896	$ 23,448	$ 23,438	$ 343,390	$ 21,099	$ 21,087

Derivatives Designated as Hedging Instruments

The Company uses derivative instruments to hedge its exposure to economic risks. Certain hedging relationships are formally designated and qualify for hedge accounting under GAAP as fair value or cash flow hedges.

Fair Value Hedges - Derivatives are designated as fair value hedges to limit the Company's exposure to changes in the fair value of assets or liabilities due to movements in interest rates. The Company entered into pay-fixed receive-floating interest rate swaps to manage its exposure to changes in fair value in certain fixed-rate assets. assets, including AFS debt securities and loans. The gain or loss on the loan fair value hedge derivative, as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in interest income. The change in the fair value of the available for sale securities attributable to changes in the hedged risk is recorded in accumulated other comprehensive income and subsequently reclassified into interest income, as applicable, in the same period(s) to offset the changes in the fair value of the swap, which is also recognized in interest income.

Cash Flow Hedges - Derivatives are designated as cash flow hedges in order to minimize the variability in cash flows of earning assets or forecasted transactions caused by movement in interest rates. The Company has previously entered into pay-fixed receive-variable interest rate swaps to hedge against adverse fluctuations in interest rates by reducing exposure to variability in cash

flows relating to interest payments on the Company's variable rate debt. debt, including brokered deposits. The gain or loss on the derivatives is recorded in accumulated other comprehensive income and subsequently reclassified into interest expense, as applicable, in the same period(s) during which the hedged transaction affects earnings. During the next 12 months, the Company estimates that an additional $3.0 million $2.2 million of income will be reclassified into interest expense.

The table below presents the effect of cash flow hedge accounting on AOCI for the three and nine months ended September 30, 2023 March 31, 2024 and 2022: 2023:

	Amount of Gain (Loss) Recognized in AOCI on Derivative	Location of Gain (Loss) Reclassified from AOCI into Income	Amount of Gain (Loss) Reclassified from AOCI into Income
	Three Months Ended September 30,		Three Months Ended September 30,

		Amount of Gain (Loss) Recognized in AOCI on Derivative								Amount of Gain (Loss) Recognized in AOCI on Derivative	Location of Gain (Loss) Reclassified from AOCI into Income	Amount of Gain (Loss) Reclassified from AOCI into Income
		Three Months Ended March 31,								Three Months Ended March 31,		Three Months Ended March 31,
(in thousands)	(in thousands)	2023	2022		2023	2022	(in thousands)	2024	2023		2024	2023
Interest rate swaps	Interest rate swaps	$ 1,829	$ —	Interest Expense	$ 761	$ —						
		Nine Months Ended September 30,			Nine Months Ended September 30,							
(in thousands)		2023	2022		2023	2022						
Interest rate swaps		$ 5,288	$ —	Interest Expense	$ 999	$ —						

The table below presents the effect of the Company's derivative financial instruments designated as hedging instruments on the consolidated statements of income for the periods indicated:

	Location and Amount of Gain or Loss Recognized in Income on Hedging Relationships
	Location and Amount of Gain or Loss Recognized in Income on Hedging Relationships
	Location and Amount of Gain or Loss Recognized in Income on Hedging Relationships
	For the Three Months Ended March 31,
	2024
	2024
	2024
(in thousands)	
(in thousands)	
(in thousands)	
Income and expense included in the consolidated statements of income related to the effects of fair value or cash flow hedges are recorded	
Income and expense included in the consolidated statements of income related to the effects of fair value or cash flow hedges are recorded	
Income and expense included in the consolidated statements of income related to the effects of fair value or cash flow hedges are recorded	
The effects of fair value and cash flow hedging:	
The effects of fair value and cash flow hedging:	
The effects of fair value and cash flow hedging:	

Gain (loss) on fair value hedging relationships in subtopic 815-20:

Gain (loss) on fair value hedging relationships in subtopic 815-20:

Gain (loss) on fair value hedging relationships in subtopic 815-20:

Interest contracts - loans:

Interest contracts - loans:

Interest contracts - loans:

Hedged items

Hedged items

Hedged items

Derivative designated as hedging instruments

Derivative designated as hedging instruments

Derivative designated as hedging instruments

Interest contracts - securities:

Interest contracts - securities:

Interest contracts - securities:

Hedged items

Hedged items

Hedged items

Derivative designated as hedging instruments

Derivative designated as hedging instruments

Derivative designated as hedging instruments

	Location and Amount of Gain or Loss Recognized in Income on Hedging Relationships							
	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2023		2022		2023		2022	
(in thousands)	Interest Income	Other Income	Interest Income	Other Income	Interest Income	Other Income	Interest Income	Other Income
Income and expense included in the consolidated statements of income related to the effects of fair value or cash flow hedges are recorded	$ 317	$ —	$ 24	$ —	$ 666	$ —	$ (147)	$ —
The effects of fair value and cash flow hedging:								
Gain (loss) on fair value hedging relationships in subtopic 815-20:								

Interest contracts - loans:								
Hedged items	(747)	—	(1,149)	—	(212)	—	(3,665)	—
Derivative designated as hedging instruments	964	—	1,175	—	1,219	—	3,519	—
Interest contracts - securities:								
Hedged items	(454)	—	—	—	(454)	—	—	—
Derivative designated as hedging instruments	560	—	—	—	560	—	—	—
Income statement effect of cash flow hedging relationships in subtopic 815-20:								
Interest contracts:								
Amount reclassified from AOCI into income	761	—	—	—	999	—	—	—

As of September 30, 2023 March 31, 2024, the following amounts were recorded on the balance sheet related to cumulative basis adjustment for fair value hedges:

Line Item in the Balance Sheet in Which the Hedged Item is Included	Line Item in the Balance Sheet in Which the Carrying Amount of the Hedged Assets	Hedging
(in thousands)		
Loans	$ 38,187 48,539	$
Securities	$ 99,546 149,937	$

Derivatives Not Designated as Hedging Instruments

Interest Rate Swaps - The Company periodically enters into commercial loan interest rate swap agreements in order to provide commercial loan customers with the ability to conver relate to transactions in which the Company enters into an interest rate swap with a customer, while simultaneously entering into an offsetting interest rate swap with an institutional co

Credit Risk Participation Agreements -The Company enters into RPAs to manage the credit exposure on interest rate contracts associated with a syndicated loan or participation RPAs with institutional counterparties to decrease or increase its exposure to a borrower. Under the RPA, the Company will receive or make payment if a borrower defaults on the reflects the Company's pro-rata share of the derivative instrument.

Interest Rate Forward Loan Sales Contracts & Interest Rate Lock Commitments - The Company enters into forward delivery contracts to sell residential mortgage loans at specifi portfolio of mortgage loans held for sale and its residential mortgage interest rate lock commitments.

The following table presents the net gains (losses) recognized on the consolidated statements of income related to the derivatives not designated as hedging instruments for the perio

		Location in the Consolidated Statements of Income	For the Three Months Ended September 30,	
(in thousands) (in thousands)		Location in the Consolidated Statements of Income	Location in the Consolidated Statements of Income Location in the Consolidated Statements of Income	
(in thousands)	(in thousands)	Location in the	2023	2022

Interest rate swaps	Interest rate swaps	**Consolidated Statements of Income**	$ (27)	$ 2	$ (27)
Interest rate swaps					
Interest rate swaps					
RPAs					
RPAs					
RPAs	RPAs	Other income	1	—	
Interest rate lock commitments	Interest rate lock commitments	Loan revenue	(51)	(149)	
Interest rate lock commitments					
Interest rate lock commitments					
Interest rate forward loan sales contracts					
Interest rate forward loan sales contracts					
Interest rate forward loan sales contracts	Interest rate forward loan sales contracts	Loan revenue	(5)	91	
Total	Total		$ (82)	$ (56)	$
Total					
Total					

Offsetting of Derivatives

The Company has entered into agreements with certain counterparty financial institutions, which include master netting agreements. However, the Company has elected to account
The Company manages the risk of default by its borrower counterparties through its normal loan underwriting and credit monitoring policies and procedures.

The table below presents gross derivatives and the respective collateral received or pledged in the form of other financial instruments as of September 30, 2023 March 31, 2024 ar marketable securities and/or cash. The collateral amounts in the table below are limited to the outstanding balances of the related asset or liability (after netting is applied); thus in amounts of derivative assets or liabilities can be reconciled to the tabular disclosure of fair value. The tabular disclosure of fair value provides the location that derivative assets and lia

(in thousands)	(in thousands)	Gross Amounts Recognized	Gross Amounts Offset in the Balance Sheet	Net Amounts presented in the Balance Sheet	Gross Amounts Not Offset in the Balance Sheet: Financial Instruments	Gross Amounts Not Offset in the Balance Sheet: Cash Collateral Received / Paid	Net Assets /Liabilities
As of September 30, 2023							
Asset Derivatives	Asset Derivatives	$ 31,448	$ —	$ 31,448	$ —	$ 22,762	$ 8,686
Liability Derivatives	Liability Derivatives	23,488	—	23,488	—	9,420	14,068

(in thousands)	Gross Amounts Recognized	Gross Amounts Offset in the Balance Sheet	Net Amounts presented in the Balance Sheet
As of March 31, 2024			
Asset Derivatives			
Asset Derivatives			

As of December 31, 2022

As of December 31, 2023

As of December 31, 2023

As of December 31, 2023

Asset Derivatives

Asset Derivatives

Asset Derivatives	Asset Derivatives	$	23,655	$	—	$ 23,655	$	—	$ 18,858	$ 4,797
Liability Derivatives	Liability Derivatives		21,087		—	21,087		—	3,460	17,627

Credit-risk-related Contingent Features

The Company has an unsecured federal funds line with its institutional derivative counterparties. The Company has an agreement with its institutional derivative counterparties that c of its indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, then the Company could also be declared in default on its deriv derivative counterparties that contains a provision under which the Company could be declared in default on its derivative obligations if repayment of the underlying indebtedness is indebtedness. As of September 30, 2023 March 31, 2024, fair value of derivatives in a net liability position, which includes accrued interest but excludes any adjustment for thousand. $4.5 million.

6. Goodwill and Intangible Assets

The following table presents the changes in the carrying amount of goodwill was $62.5 million as for the period indicated:

(in thousands)		As of March 31, 2024
Goodwill, beginning of period	$	62,477
Goodwill from the acquisition of DNVB		8,641
Total goodwill, end of period	$	71,118

As indicated in Note 2. Business Combinations, the Company acquired a core deposit intangible in connection with its acquisition of September 30, 2023 and as DNVB on Ja 2022. $7.1 million, which will be amortized over its estimated useful life of 10 years.

The following table presents the gross carrying amount, accumulated amortization, and net carrying amount of other intangible assets as of the dates indicated:

	As of September 30, 2023						
(in thousands)	Gross Carrying Amount		Accumulated Amortization		Net Carrying Amount		Gross Carrying Am
Core deposit intangible	$	58,245	$	(40,171)	$	18,074	$
Customer relationship intangible		5,265		(4,905)		360	
Other		2,700		(2,664)		36	
	$	66,210	$	(47,740)	$	18,470	$
Indefinite-lived trade name intangible	$	7,040					$

	As of March 31, 2024						
(in thousands)	Gross Carrying Amount		Accumulated Amortization		Net Carrying Amount		Gross Carrying Am
Core deposit intangible	$	65,345	$	(43,044)	$	22,301	$
Customer relationship intangible		5,265		(5,092)		173	
Other		2,700		(2,683)		17	
	$	73,310	$	(50,819)	$	22,491	$
Indefinite-lived trade name intangible						7,040	
Total other intangible assets, net					$	29,531	

The following table provides the estimated future amortization expense for the remaining three nine months of the year ending December 31, 2023 December 31, 2024 and the succe

(in thousands)	(in thousands)	Core Deposit Intangible	Customer Relationship Intangible	Other	Total	(in thousands)	Core Deposit Intangible	Customer Relations
2023		$ 1,328	$ 103	$ 10	$ 1,441			
2024								
2024								
2024	2024	4,705	239	24	4,968			
2025	2025	3,751	18	2	3,771			
2026	2026	2,797	—	—	2,797			
2027	2027	1,843	—	—	1,843			
2028								
Thereafter	Thereafter	3,650	—	—	3,650			
Total	Total	$ 18,074	$ 360	$ 36	$ 18,470			

7. Other Assets

The components of the Company's other assets as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 were as follows:

(in thousands)	(in thousands)	September 30, 2023	December 31, 2022	(in thousands)	March 31, 2024
Bank-owned life insurance	Bank-owned life insurance	$ 97,383	$ 95,539		
Interest receivable	Interest receivable	30,095	27,090		
FHLB stock	FHLB stock	14,869	19,248		
Mortgage servicing rights	Mortgage servicing rights	13,438	13,421		
Operating lease right-of-use assets, net	Operating lease right-of-use assets, net	2,593	2,492		
Federal and state income taxes, current	Federal and state income taxes, current	—	2,366		
Federal and state income taxes, deferred	Federal and state income taxes, deferred	37,641	39,071		
Derivative assets	Derivative assets	31,448	23,655		
Other receivables/assets	Other receivables/assets	16,569	13,635		
		$ 244,036	$ 236,517		
	$				

8. Deposits

The following table presents the composition of our deposits as of the dates indicated:

(in thousands)	(in thousands)	September 30, 2023	December 31, 2022	(in thousands)	March 31, 2024
Noninterest bearing deposits	Noninterest bearing deposits	$ 924,213	$ 1,053,450		
Interest checking deposits	Interest checking deposits	1,334,481	1,624,278		
Money market deposits	Money market deposits	1,127,287	937,340		
Savings deposits	Savings deposits	619,805	664,169		

Time deposits of $250 and under	Time deposits of $250 and under	923,709	559,466
Time deposits over $250	Time deposits over $250	433,829	630,239
Total deposits	Total deposits	$5,363,324	$5,468,942

The Company had $10.9 million $14.0 million and $4.3 million $15.2 million in reciprocal time deposits as of September 30, 2023 March 31, 2024 and December 31, 2022 Decemb
September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 were $149.6 million $132.7 million and $40.0 million $128.0 million, respectively, of interest-bearing
September 30, 2023 March 31, 2024 were $70.1 $64.2 million of noninterest-bearing reciprocal deposits, with no $58.0 million noninterest-bearing reciprocal deposits at December 31,

December 31, 2023. These reciprocal deposits are part of the IntraFi Network Deposits program, which is used by financial institutions to spread deposits that exceed the FDIC in
provide insurance coverage for all participating deposits. In addition, included within the Company had $220.1 time deposits of “$250 thousand and under” was $205.0 million of br
$126.8 million $221.0 million as of December 31, 2022 of brokered deposits. December 31, 2023.

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company had public entity deposits, that which were collateralized by investment s
million $183.4 million, respectively.

9. Short-Term Borrowings

The following table summarizes our short-term borrowings as of the dates indicated:

		September 30, 2023 March 31, 2024		December 31, 2022			March 31, 2024		
(in thousands)	(in thousands)	Weighted Average Rate	Balance	Weighted Average Rate	Balance	(in thousands)	Weighted Average Rate	Balance	Weighted Average Rat
Securities sold under agreements to repurchase	Securities sold under agreements to repurchase	0.73 %	$ 9,256	1.32 %	$156,373				
Federal Home Loan Bank advances	Federal Home Loan Bank advances	5.53	139,700	4.48	235,500				
Federal Reserve Bank borrowings	Federal Reserve Bank borrowings	5.03	225,000	—	—				
Federal Reserve Bank borrowings									
Federal Reserve Bank borrowings									
Unsecured line of credit									
Total	Total	5.11 %	$373,956	3.22 %	$391,873				

Securities Sold Under an Agreement to Repurchase - Securities sold under agreements to repurchase are agreements in which the Company acquires funds by selling assets to a
same assets at a specified price and date. The Company enters into repurchase agreements and also offers a demand deposit account product to customers that sweeps their bal
repurchase agreements. All securities sold under agreements to repurchase are recorded on the face of the balance sheet..

Federal Home Loan Bank Advances - The Bank has a secured line of credit with the FHLBDM. Advances from the FHLBDM are collateralized primarily by one- to four-family residen
to various percentages of the total outstanding notes. See Note 4. Loans Receivable and the Allowance for Credit Losses of the notes to the consolidated financial statements.

Federal Funds Purchased - The Bank has unsecured federal funds lines totaling $155.0 million from multiple correspondent banking relationships. There were no borrowings fro December 31, 2022 December 31, 2023.

Other Federal Reserve Bank Borrowing- At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company had no Federal Reserve Discount \ $515.4 million $421.4 million as of September 30, 2023 March 31, 2024 and $105.6 million $428.8 million as of December 31, 2022 December 31, 2023. At September 30, 2023 Ma Bank Term Funding Program borrowings, with borrowings. The FRB announced that effective March 11, 2024, no additional borrowing capacity of $224.3 million as of September Program. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Bank had municipal securities with a market value of $880.5 million and $115 Chicago to secure potential borrowings. were investment securities consisting primarily of corporate debt, state and political subdivisions, mortgage backed, and collateralized mortga million, respectively.

Unsecured Line of Credit - The Company has a credit agreement with a correspondent bank with a revolving commitment of $25.0 million. The credit agreement was amended on S on September 30, 2024, with no updates made to the fee structure or the interest rate. Fees are paid on the average daily unused revolving commitment in the amount of 0.30% pe term SOFR rate plus 1.55%. The Company had no balance $13.0 million outstanding under this revolving credit facility as of both September 30, 2023 and December 31, 2022 March

10. Long-Term Debt

Junior Subordinated Notes Issued to Capital Trusts

The table below summarizes the terms of each issuance of junior subordinated notes outstanding as of the dates indicated:

March 31, 2024

September 30, 2023

(in thousands)

(in thousands)	(in thousands)	Face Value	Book Value	Interest Rate	Rate	Maturity Date	Callable Date	(in thousands)	Face Value		Book Value				Interest Rate(1)	
ATBancorp Statutory Trust I	ATBancorp Statutory Trust I	$ 7,732	$ 6,959	Three-month CME Term SOFR + 0.26% Spread + 1.68% Margin	7.35 %	06/15/2036	06/15/2011	ATBancorp Statutory Trust I	$ 7,732	$	$ 6,980	$	$6,970		1.68% Margin	1.68% Margin
ATBancorp Statutory Trust II	ATBancorp Statutory Trust II	12,372	11,018	Three-month CME Term SOFR + 0.26% Spread + 1.65% Margin	7.32 %	09/15/2037	06/15/2012	ATBancorp Statutory Trust II	12,372	11,051	11,051	11,034		11,034		1.65% Marg
Barron Investment Capital Trust I	Barron Investment Capital Trust I	2,062	1,854	Three-month CME Term SOFR + 0.26% Spread + 2.15% Margin	7.81 %	09/23/2036	09/23/2011	Barron Investment Capital Trust I	2,062	1,868	1,868	1,861		1,861	2.15% Margin	2.15% Marg

Central Bancshares Capital Trust II	Central Bancshares Capital Trust II	7,217	6,954	Three-month CME Term SOFR + 0.26% Spread + 3.50% Margin	9.17 %	03/15/2038	03/15/2013	Central Bancshares Capital Trust II	7,217	6,974	6,974	6,964		6,964	3.50% Margin	3.50% Mar
MidWestOne Statutory Trust II	MidWestOne Statutory Trust II	15,464	15,464	Three-month CME Term SOFR + 0.26% Spread + 1.59% Margin	7.26 %	12/15/2037	12/15/2012	MidWestOne Statutory Trust II	15,464	15,464	15,464	15,464		15,464	1.59% Margin	1.59% Mar
Total	Total	$ 44,847	$ 42,249													
December 31, 2022																
ATBancorp Statutory Trust I		$ 7,732	$ 6,928	Three-month LIBOR + 1.68%	6.45 %	06/15/2036	06/15/2011									
ATBancorp Statutory Trust II		12,372	10,969	Three-month LIBOR + 1.65%	6.42 %	09/15/2037	06/15/2012									
Barron Investment Capital Trust I		2,062	1,832	Three-month LIBOR + 2.15%	6.88 %	09/23/2036	09/23/2011									
Central Bancshares Capital Trust II		7,217	6,923	Three-month LIBOR + 3.50%	8.27 %	03/15/2038	03/15/2013									
MidWestOne Statutory Trust II		15,464	15,464	Three-month LIBOR + 1.59%	6.36 %	12/15/2037	12/15/2012									
Total		$ 44,847	$ 42,116													

(1) Interest rate is equal to the Three-month CME Term SOFR + 0.26% Spread + Applicable Margin

(1) Interest rate is equal to the Three-month CME Term SOFR + 0.26% Spread + Applicable Margin

(1) Interest rate is equal to the Three-month CME Term SOFR + 0.26% Spread + Applicable Margin

The trust preferred securities are subject to mandatory redemption, in whole or in part, upon repayment of the junior subordinated notes at the stated maturity date or upon redemp amounts due on the trust preferred securities is solely dependent upon the Company making payment on the related junior subordinated notes. The Company's obligation under the j aggregate, constitutes a full and unconditional guarantee by the Company of each trust's obligations under the trust preferred securities issued by each trust. The Company has the ri and, therefore, distributions on the trust preferred securities, for up to five years, but not beyond the stated maturity date in the table above. During any such deferral period the Comp not repurchase its stock.

Subordinated Debentures

On July 28, 2020, the Company completed the private placement offering of $65.0 million of its subordinated notes, of which $63.75 million have been exchanged for subordinated fixed-to-floating rate subordinated notes are due July 30, 2030. At September 30, 2023 March 31, 2024, 100% of the subordinated notes qualified as Tier 2 capital. Per applica subordinated notes qualifying as Tier 2 regulatory capital will be phased-out by 20% of the amount of the subordinated notes in each of the five years beginning on the fifth annive March 31, 2024 and December 31, 2023, the Company had outstanding subordinated debentures of $64.2 million and $64.1 million, respectively.

Other Long-Term Debt

Other long-term borrowings were as follows as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

(in thousands)	(in thousands)	September 30, 2023 Weighted Average Rate	Balance	December 31, 2022 Weighted Average Rate	Balance	(in thousands)	March 31, 2024 Weighted Average Rate	Balance	Weighted Average
March 31, 2024									
Finance lease payable	Finance lease payable	8.89 %	$ 652	8.89 %	$ 787				
FHLB borrowings	FHLB borrowings	3.11	6,270	2.91	17,301				
Note payable to unaffiliated bank	Note payable to unaffiliated bank	6.88	11,250	5.67	15,000				
Total	Total	5.65 %	$ 18,172	4.30 %	$ 33,088				

On June 7, 2022, pursuant to a credit agreement with a correspondent bank, the Company entered into an unsecured a $35.0 million term note payable with a correspondent bank principal Principal and interest are payable quarterly, and began on September 30, 2022. Interest is payable accrues at the monthly reset term SOFR plus 1.55%. The credit agree among other things, maintain minimum levels of both regulatory capital and certain financial ratios; the Company certifies compliance with the covenants on a quarterly basis. On covenants, was amended.

As a member of the FHLBDM, the Bank may borrow funds from the FHLB, in amounts up to 45% of the Bank's total assets, provided the Bank is able to pledge an adequate amou FHLB has established a credit capacity limit to the Bank that is equal to 45% of the Bank's total assets. This credit capacity limit includes short-term and long-term borrowings, feder the FHLB. Advances from the FHLB are collateralized primarily

by one- to four-family residential, commercial and agricultural real estate first mortgages equal to various percentages of the total outstanding notes. See Note 4. Loans Receivable a consolidated financial statements.

As of September 30, 2023 March 31, 2024, FHLB borrowings were as follows:

(in thousands)	(in thousands)	Weighted Average Rate	Amount	(in thousands)	Weighted Average Rate
Due in 2024					
Due in 2024		3.11 %	6,250		
Valuation adjustment from acquisition accounting					
Valuation adjustment from acquisition accounting					
Valuation adjustment from acquisition accounting	Valuation adjustment from acquisition accounting		20		
Total	Total		$ 6,270		

11. Earnings per Share

The following table present presents the computation of basic and diluted earnings per common share for the periods indicated:

Three Months Ended September 30,

		Three Months Ended March 31,					
		Three Months Ended March 31,					
		Three Months Ended March 31,					
(dollars in thousands, except per share amounts)							
(dollars in thousands, except per share amounts)							
(dollars in thousands, except per share amounts)	(dollars in thousands, except per share amounts)		2023		2022		2023
Basic Earnings Per Share:	**Basic Earnings Per Share:**						
Basic Earnings Per Share:							
Basic Earnings Per Share:							
Net income							
Net income							
Net income	Net income	$	9,138	$	18,317	$	18,[illegible]
Weighted average shares outstanding	Weighted average shares outstanding		15,688,502		15,623,498		15,672,[illegible]
Weighted average shares outstanding							
Weighted average shares outstanding							
Basic earnings per common share							
Basic earnings per common share							
Basic earnings per common share	Basic earnings per common share	$	0.58	$	1.17	$	1[illegible]
Diluted Earnings Per Share:	**Diluted Earnings Per Share:**						
Diluted Earnings Per Share:							
Diluted Earnings Per Share:							
Net income							
Net income							
Net income	Net income	$	9,138	$	18,317	$	18,[illegible]
Weighted average shares outstanding, including all dilutive potential shares	Weighted average shares outstanding, including all dilutive potential shares		15,711,137		15,654,443		15,696,[illegible]
Weighted average shares outstanding, including all dilutive potential shares							
Weighted average shares outstanding, including all dilutive potential shares							
Diluted earnings per common share	Diluted earnings per common share	$	0.58	$	1.17	$	1[illegible]
Diluted earnings per common share							
Diluted earnings per common share							

12. Regulatory Capital Requirements and Restrictions on Subsidiary Cash

Regulatory Capital and Reserve Requirement - The Company (on a consolidated basis) and the Bank are subject to various regulatory capital requirements administered by t requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Bank was not required to maintain reserve balances in cash on hand or on deposit amounts were held in reserve for each of these periods was zero dollars. periods.

A comparison of the Company's and the Bank's capital with the corresponding minimum regulatory requirements in effect at September 30, 2023 March 31, 2024 and December 31, 2

			For Capital Adequacy Purposes With Capita[l] Buffer(1)	
	Actual			
(dollars in thousands)	Amount	Ratio	Amount	

At September 30, 2023				
Consolidated:				
Total capital/risk weighted assets(1)	$668,678	12.45%	$564,137	1(
Tier 1 capital/risk weighted assets(1)	553,807	10.31	456,682	
Common equity tier 1 capital/risk weighted assets(1)	511,558	9.52	376,091	
Tier 1 leverage capital/average assets	553,807	8.58	258,071	
Midwest*One* Bank:				
Total capital/risk weighted assets(1)	$662,831	12.36%	$563,166	1(
Tier 1 capital/risk weighted assets(1)	612,960	11.43	455,896	
Common equity tier 1 capital/risk weighted assets(1)	612,960	11.43	375,444	
Tier 1 leverage capital/average assets	612,960	9.51	257,931	
At December 31, 2022				
Consolidated:				
Total capital/risk weighted assets(1)	$653,380	12.07%	$568,452	1(
Tier 1 capital/risk weighted assets(1)	544,300	10.05	460,175	
Common equity tier 1 capital/risk weighted assets(1)	502,184	9.28	378,968	
Tier 1 leverage capital/average assets	544,300	8.35	260,891	
Midwest*One* Bank:				
Total capital/risk weighted assets(1)	$654,297	12.10%	$567,684	1(
Tier 1 capital/risk weighted assets(1)	610,217	11.29	459,554	
Common equity tier 1 capital/risk weighted assets(1)	610,217	11.29	378,456	
Tier 1 leverage capital/average assets	610,217	9.36	260,776	

	Actual		For Capital Adequacy Purposes With Capital Buffer(1)	
(dollars in thousands)	**Amount**	**Ratio**	**Amount**	
At March 31, 2024				
Consolidated:				
Total capital/risk weighted assets	$661,448	11.97%	$580,192	1(
Tier 1 capital/risk weighted assets	538,756	9.75	469,679	
Common equity tier 1 capital/risk weighted assets	496,419	8.98	386,795	
Tier 1 leverage capital/average assets	538,756	8.16	264,001	
Midwest*One* Bank:				
Total capital/risk weighted assets	$675,287	12.25%	$578,805	1(
Tier 1 capital/risk weighted assets	617,596	11.20	468,557	
Common equity tier 1 capital/risk weighted assets	617,596	11.20	385,870	
Tier 1 leverage capital/average assets	617,596	9.36	263,801	
At December 31, 2023				
Consolidated:				
Total capital/risk weighted assets	$668,748	12.53%	$560,596	1(
Tier 1 capital/risk weighted assets	554,177	10.38	453,816	
Common equity tier 1 capital/risk weighted assets	511,884	9.59	373,731	
Tier 1 leverage capital/average assets	554,177	8.58	258,487	
Midwest*One* Bank:				
Total capital/risk weighted assets	$656,027	12.49%	$551,658	1(
Tier 1 capital/risk weighted assets	606,456	11.54	446,580	
Common equity tier 1 capital/risk weighted assets	606,456	11.54	367,772	
Tier 1 leverage capital/average assets	606,456	9.39	258,339	

(1) Includes a capital conservation buffer of 2.50%.

13. Commitments and Contingencies

Credit-related financial instruments - The Bank is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its custom credit, commitments to sell loans, and standby letters of credit. These instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the balanc

The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments. The following table summarizes the Bank's cc

		September 30, 2023	December 31, 2022
March 31, 2024		March 31, 2024	
(in thousands)	(in thousands)		
Commitments to extend credit			
Commitments to extend credit			
Commitments to extend credit	Commitments to extend credit	$1,242,267	$1,190,607
Commitments to sell loans	Commitments to sell loans	2,528	612
Standby letters of credit	Standby letters of credit	9,078	18,398
Total	Total	$1,253,873	$1,209,617

The Bank's exposure to credit loss in the event of nonperformance by the counterparty to the financial instrument for commitments to extend credit is represented by the contractual agreements to lend to a customer as long as there is no violation of any condition established in the contract. Since many of the commitments are expected to expire without being represent future cash requirements. The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the evaluation of the party. Collateral held varies, but may include accounts receivable, crops, livestock, inventory, property and equipment, residential real estate and income-producing c

Commitments to sell loans are agreements to sell loans held for sale to third parties at an agreed upon price.

Standby letters of credit are conditional commitments issued to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public ar one year or less. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Bank holds collateral, which and income-producing properties, that support those commitments, if deemed necessary. In the event the customer does not perform in accordance with the terms of the agreem commitment. The maximum potential amount of future payments the Bank could be required to make is represented by the contractual amount shown in the summary above. If recovery from the customer.

Liability for Off-Balance Sheet Credit Losses - The Company records a liability for off-balance sheet credit losses through a charge to credit loss expense (or a reversal of credit loss and other liabilities on the Company's consolidated balance sheets. At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the liability for off-balanc million, respectively. For the nine months three-months ended September 30, 2023 March 31, 2024, no $0.1 million credit loss expense was recorded, while a with no credit loss e: months ended September 30, 2022 March 31, 2023.

Litigation - In the normal course of business, the Company and its subsidiaries have been named, from time to time, as defendants in various legal actions. Certain of the actua compensatory and/or punitive damages or claims for indeterminate amounts of damages. Management, after consulting with legal counsel, is of the opinion that the ultimate liability proceedings will not have a material effect on the financial statements of the Company.

Concentrations of credit risk - Substantially all of the Bank's loans, commitments to extend credit and standby letters of credit have been granted to customers in the Bank's mar approximately 65% 66% of the loans are real estate loans, excluding farmland, and approximately 7% are agriculturally related. The concentrations of credit by type of loan are set Losses. Commitments to extend credit are primarily related to commercial loans and home equity loans. Standby letters of credit were granted primarily to commercial borrowers. In involve certain governmental entities within Iowa, California, and Minnesota. The carrying value of investment securities of Iowa, California and Minnesota political subdivisions total 2023 March 31, 2024.

14. Fair Value of Financial Instruments and Fair Value Measurements

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liabili measurement date. There are three levels of inputs that may be used to measure fair values:

- Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
- Level 2 – Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active observable market data.
- Level 3 – Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

For additional information regarding the valuation methodologies used to measure the Company's assets recorded at fair value, and for estimating fair value for financial instruments Significant Accounting Policies and Note 20. Estimated Fair Value of Financial Instruments and Fair Value Measurements to the consolidated financial statements in the Company's

March 13, 2023 March 8, 2024.

The Company uses fair value to measure certain assets and liabilities on a recurring basis, primarily available for sale debt securities, derivatives and mortgage servicing rights. For measurement criteria may or may not be met during a reporting period, and such measurements are therefore considered "nonrecurring" "nonrecurring" for purposes of disclosing th nonrecurring basis to adjust carrying values for collateral dependent individually analyzed loans and other real estate owned. foreclosed assets.

Recurring Basis

The following tables summarize assets and liabilities measured at fair value on a recurring basis at the dates indicated, as of March 31, 2024 and December 31, 2023, by level within t

(in thousands)	(in thousands)	Fair Value Measurement at September 30, 2023 Using Total	Level 1	Level 2	Level 3	(in thousands)	Fair Value Measurement at Mar Total	Level 1
Assets:	Assets:							
Available for sale debt securities:	Available for sale debt securities:							
Available for sale debt securities:								
Available for sale debt securities:								
U.S. Treasury securities								
U.S. Treasury securities								
U.S. Treasury securities								
State and political subdivisions								
State and political subdivisions								
State and political subdivisions	State and political subdivisions	$162,468	$—	$162,468	$—			
Mortgage-backed securities	Mortgage-backed securities	5,327	—	5,327	—			
Collateralized loan obligations	Collateralized loan obligations	52,453	—	52,453	—			
Collateralized mortgage obligations	Collateralized mortgage obligations	131,923	—	131,923	—			
Corporate debt securities	Corporate debt securities	520,599	—	520,599	—			
Derivative assets	Derivative assets	31,448	—	31,430	18			
Mortgage servicing rights	Mortgage servicing rights	13,438	—	13,438	—			
Liabilities:	Liabilities:							
Liabilities:								
Liabilities:								
Derivative liabilities	Derivative liabilities	$ 23,488	$—	$ 23,488	$—			
Derivative liabilities								
Derivative liabilities								

(in thousands)	(in thousands)	Fair Value Measurement at December 31, 2022 Using Total	Level 1	Level 2	Level 3	(in thousands)	Fair Value Measurement at Decemb Total	Level 1
Assets:	Assets:							
Debt securities available for sale:	Debt securities available for sale:							
U.S. Government agencies and corporations		$ 7,345	$—	$ 7,345	$—			
Debt securities available for sale:								
Debt securities available for sale:								
State and political subdivisions								

State and political subdivisions					
State and political subdivisions	State and political subdivisions	285,356	—	285,356	—
Mortgage-backed securities	Mortgage-backed securities	5,944	—	5,944	—
Collateralized loan obligations					
Collateralized mortgage obligations	Collateralized mortgage obligations	147,193	—	147,193	—
Corporate debt securities	Corporate debt securities	707,709	—	707,709	—
Derivative assets	Derivative assets	23,655	—	23,648	7
Mortgage servicing rights	Mortgage servicing rights	13,421	—	13,421	—
Liabilities:	Liabilities:				
Liabilities:					
Liabilities:					
Derivative liabilities	Derivative liabilities	$ 21,087	$ —	$ 21,087	$ —
Derivative liabilities					
Derivative liabilities					

There were no transfers of assets between Level 3 and other levels of the fair value hierarchy during the nine three months ended September 30, 2023 March 31, 2024 or the year en value of available for sale debt securities, including the changes attributable to the hedged risk, are included in other comprehensive income.

The following table presents the valuation technique, significant unobservable inputs, and quantitative information about the unobservable inputs used for fair value measurements o within Level 3 of the fair value hierarchy at the dates indicated:

		Fair Value at											
		Fair Value at											
(dollars in thousands)													
(dollars in thousands)													
(dollars in thousands)	(dollars in thousands)	September 30, 2023	December 31, 2022	Valuation Techniques(s)	Unobservable Input	Range of Inputs	Weighted Average	March 31, 2024		December 31, 2023		Valuation Techniques(s)	
Interest rate lock commitments	Interest rate lock commitments	$ 18	$ 7	Quoted or published market prices of similar instruments, adjusted for factors such as pull-through rate assumptions	Pull-through rate	70% - 100%	85%	Interest rate lock commitments	$77	$	$ 50	Quoted or published market prices of similar instruments, adjusted for factors such as pull-through rate assumptions	Quoted or published instruments, adjuste through rate assump

<u>Nonrecurring Basis</u>

The following table presents assets measured at fair value on a nonrecurring basis at the dates indicated:

		Fair Value Measurement at September 30, 2023 Using					Fair Value Measurement at March 31, 2024 Using	
(in thousands)	(in thousands)	Total	Level 1	Level 2	Level 3	(in thousands)	Total	Level 1

Collateral dependent individually analyzed loans	Collateral dependent individually analyzed loans	$8,479	$—	$—	$8,479
Foreclosed assets, net					

		Fair Value Measurement at December 31, 2022 Using					Fair Value Measurement at December 31, 2023 Using	
(in thousands)	(in thousands)	Total	Level 1	Level 2	Level 3	(in thousands)	Total	Level 1
Collateral dependent individually analyzed loans	Collateral dependent individually analyzed loans	$3,159	$—	$—	$3,159			
Foreclosed assets, net	Foreclosed assets, net	103	—	—	103			

The following table presents the valuation technique(s), unobservable inputs, and quantitative information about the unobservable inputs used for fair value measurements of the fir Level 3 of the fair value hierarchy at the dates indicated:

(dollars in thousands)	(dollars in thousands)	Fair Value at September 30, 2023	Fair Value at December 31, 2022	Valuation Techniques(s)	Unobservable Input	Range of Inputs	Weighted Average	(dollars in thousands)	Fair Value at March 31, 2024			Fair Value at December 31, 2023	Valuation Techniques(s)		
Collateral dependent individually analyzed loans	Collateral dependent individually analyzed loans	$ 8,479	$ 3,159	Fair value of collateral	Valuation adjustments	— % - 55%	12%	Collateral dependent individually analyzed loans	$4,481	$	$	6,524	Fair value of collateral		Fair value of collateral
Foreclosed assets, net	Foreclosed assets, net	$ —	$ 103	Fair value of collateral	Valuation adjustments	N/A(1)		Foreclosed assets, net	$3,897	$	$	3,929	Fair value of collateral		Fair value of collateral

(1) Quantitative disclosures are not provided for foreclosed assets, net because there were no adjustments made to the appraisal valu

Changes in assumptions or estimation methodologies may have a material effect on these estimated fair values.

Carrying Amount and Estimated Fair Value of Financial Instruments

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

		September 30, 2023						March 31, 2024	
(in thousands)	(in thousands)	Carrying Amount	Estimated Fair Value	Level 1	Level 2	Level 3	(in thousands)	Carrying Amount	Estimated Fair Value
Financial assets:	**Financial assets:**								
Cash and cash equivalents									
Cash and cash equivalents									
Cash and cash equivalents	Cash and cash equivalents	$ 74,788	$ 74,788	$ 74,788	$ —	$ —			
Debt securities available for sale	Debt securities available for sale	872,770	872,770	—	872,770	—			

Debt securities held to maturity	Debt securities held to maturity	1,085,751	848,363	—	848,363	—
Loans held for sale	Loans held for sale	2,528	2,564	—	2,564	—
Loans held for investment, net	Loans held for investment, net	4,014,369	3,873,341	—	—	3,873,341
Interest receivable	Interest receivable	30,095	30,095	—	30,095	—
FHLB stock	FHLB stock	14,869	14,869	—	14,869	—
Derivative assets	Derivative assets	31,448	31,448	—	31,430	18
Financial liabilities:	**Financial liabilities:**					
Noninterest bearing deposits	Noninterest bearing deposits	924,213	924,213	924,213	—	—
Noninterest bearing deposits						
Noninterest bearing deposits						
Interest bearing deposits	Interest bearing deposits	4,439,111	4,424,216	3,081,572	1,342,644	—
Short-term borrowings	Short-term borrowings	373,956	373,956	373,956	—	—
Finance leases payable	Finance leases payable	652	652	—	652	—
FHLB borrowings	FHLB borrowings	6,270	6,269	—	6,269	—
Junior subordinated notes issued to capital trusts	Junior subordinated notes issued to capital trusts	42,249	37,900	—	37,900	—
Subordinated debentures	Subordinated debentures	64,105	62,809	—	62,809	—
Other long-term debt	Other long-term debt	11,250	11,250	—	11,250	—
Derivative liabilities	Derivative liabilities	23,488	23,488	—	23,488	—

		December 31, 2022						December 31, 2023	
(in thousands)	(in thousands)	Carrying Amount	Estimated Fair Value	Level 1	Level 2	Level 3	(in thousands)	Carrying Amount	Estimated Fair Value
Financial assets:	**Financial assets:**								
Cash and cash equivalents									
Cash and cash equivalents									
Cash and cash equivalents	Cash and cash equivalents	$ 86,435	$ 86,435	$ 86,435	$ —	$ —			
Debt securities available for sale	Debt securities available for sale	1,153,547	1,153,547	—	1,153,547	—			

Debt securities held to maturity	Debt securities held to maturity	1,129,421	924,894	—	924,894	—
Loans held for sale	Loans held for sale	612	622	—	622	—
Loans held for investment, net	Loans held for investment, net	3,791,324	3,702,527	—	—	3,702,527
Interest receivable	Interest receivable	27,090	27,090	—	27,090	—
FHLB stock	FHLB stock	19,248	19,248	—	19,248	—
Derivative assets	Derivative assets	23,655	23,655	—	23,648	7
Financial liabilities:	**Financial liabilities:**					
Noninterest bearing deposits	Noninterest bearing deposits	1,053,450	1,053,450	1,053,450	—	—
Noninterest bearing deposits						
Noninterest bearing deposits						
Interest bearing deposits	Interest bearing deposits	4,415,492	4,393,315	3,225,787	1,167,528	—
Short-term borrowings	Short-term borrowings	391,873	391,873	391,873	—	—
Finance leases payable	Finance leases payable	787	787	—	787	—
FHLB borrowings	FHLB borrowings	17,301	17,032	—	17,032	—
Junior subordinated notes issued to capital trusts	Junior subordinated notes issued to capital trusts	42,116	39,023	—	39,023	—
Subordinated debentures	Subordinated debentures	64,006	64,004	—	64,004	—
Other long-term debt	Other long-term debt	15,000	15,000	—	15,000	—
Derivative liabilities	Derivative liabilities	21,087	21,087	—	21,087	—

15. Leases

The Company's lease commitments consist primarily of real estate property for banking offices and office space with terms extending through 2045. Substantially all of our leases ar
one existing finance lease for a banking office location with a lease term through 2025.

(in thousands)	(in thousands)	Classification	September 30, 2023	December 31, 2022	(in thousands)	Classification		March 31, 2024
Operating lease right-of-use assets	Operating lease right-of-use assets	Other assets	$ 2,593	$ 2,492				

Finance lease right-of-use asset	Finance lease right-of-use asset	Premises and equipment, net	279	350			
Total right-of-use assets	Total right-of-use assets		$ 2,872	$ 2,842			
Operating lease liability	Operating lease liability	Other liabilities	$ 3,365	$ 3,359			
Operating lease liability							
Operating lease liability							
Finance lease liability	Finance lease liability	Long-term debt	652	787			
Total lease liabilities	Total lease liabilities		$ 4,017	$ 4,146			
Weighted-average remaining lease term:	Weighted-average remaining lease term:	Operating leases	9.78 years	9.23 years			
		Finance lease	2.92 years	3.67 years			
Weighted-average remaining lease term:							
Weighted-average remaining lease term:						Operating leases	10.6
	Finance lease					Finance lease	
Weighted-average discount rate:	Weighted-average discount rate:	Operating leases	4.33 %	4.23 %	Weighted-average discount rate:	Operating leases	4.54
		Finance lease	8.89 %	8.89 %			
	Finance lease					Finance lease	

The following table represents lease costs and other lease information. As the Company elected, for all classes of underlying assets, not to separate lease and non-lease componen the variable lease cost primarily represents variable payments such as common area maintenance and utilities.

		Three Months Ended		
		September 30,		
		Three Months Ended		
		Three Months Ended		
		Three Months Ended		
		March 31,		
		March 31,		
		March 31,		
(in thousands)				
(in thousands)				
(in thousands)	**(in thousands)**	**2023**	**2022**	**2023**
Lease Costs	**Lease Costs**			
Lease Costs				
Lease Costs				
Operating lease cost				
Operating lease cost				

Operating lease cost	Operating lease cost	$	297	$	290	$	885
Variable lease cost	Variable lease cost		4		7		15
Variable lease cost							
Variable lease cost							
Interest on lease liabilities(1)							
Interest on lease liabilities(1)							
Interest on lease liabilities(1)	Interest on lease liabilities(1)		15		19		47
Amortization of right-of-use assets	Amortization of right-of-use assets		24		24		72
Amortization of right-of-use assets							
Amortization of right-of-use assets							
Net lease cost							
Net lease cost							
Net lease cost	**Net lease cost**	$	340	$	340	$	1,019
Other Information	**Other Information**						
Other Information							
Other Information							
Cash paid for amounts included in the measurement of lease liabilities:							
Cash paid for amounts included in the measurement of lease liabilities:							
Cash paid for amounts included in the measurement of lease liabilities:	Cash paid for amounts included in the measurement of lease liabilities:						
Operating cash flows from operating leases	Operating cash flows from operating leases	$	602	$	553	$	1,799
Operating cash flows from operating leases							
Operating cash flows from operating leases							
Operating cash flows from finance lease	Operating cash flows from finance lease		15		19		47
Operating cash flows from finance lease							
Operating cash flows from finance lease							
Finance cash flows from finance lease							
Finance cash flows from finance lease							
Finance cash flows from finance lease	Finance cash flows from finance lease		46		41		135
Supplemental non-cash information on lease liabilities:	Supplemental non-cash information on lease liabilities:						
Supplemental non-cash information on lease liabilities:							
Supplemental non-cash information on lease liabilities:							
Right-of-use assets obtained in exchange for new operating lease liabilities	Right-of-use assets obtained in exchange for new operating lease liabilities		526		599		857
Right-of-use assets obtained in exchange for new operating lease liabilities							
Right-of-use assets obtained in exchange for new operating lease liabilities							

(1)Included in long-term debt interest expense in the Company's consolidated statements of income. All other lease costs in this table are included in occupancy expense of premises, net.

Future minimum payments for finance leases and operating leases with initial or remaining terms of one year or more for the remaining three-months nine-months ending December
were as follows:

(in thousands)	**(in thousands)**	**Finance Leases**	**Operating Leases**	**(in thousands)**	**Finance Leases**

December 31, 2023		$ 62	$ 318
December 31, 2024	December 31, 2024	250	1,047
December 31, 2025	December 31, 2025	254	568
December 31, 2026	December 31, 2026	172	430
December 31, 2027	December 31, 2027	—	302
December 31, 2028			
Thereafter	Thereafter	—	1,738
Total undiscounted lease payment	Total undiscounted lease payment	$ 738	$ 4,403
Amounts representing interest	Amounts representing interest	(86)	(1,038)
Lease liability	Lease liability	$ 652	$ 3,365

16. Accumulated Other Comprehensive Income (Loss)

The following table summarizes the changes in accumulated other comprehensive income (loss) by component, net of tax:

(in thousands)	Unrealized Gain (Loss) from AFS Debt Securities	Reclassification of AFS De Securities to HTM
Balance, December 31, 2022	$ (91,852)	$ 2
Other comprehensive (loss) income before reclassifications	(213)	
Amounts reclassified from AOCI	9,838	
Net current-period other comprehensive income	9,625	
Balance, March 31, 2023	$ (82,227)	$ 3
Balance, December 31, 2023	$ (69,915)	$ 4
Other comprehensive income before reclassifications	1,607	
Amounts reclassified from AOCI	632	
Net current-period other comprehensive income	2,239	
Balance, March 31, 2024	$ (67,676)	$ 4

The following table presents reclassifications out of AOCI:

(in thousands)	20
Investment securities (gains) losses, net	$
Interest income	
Interest expense	
Income tax expense	
Net of tax	$

17. Subsequent Events

The Company has evaluated events that have occurred subsequent to September 30, 2023 March 31, 2024 and has concluded there are no other subsequent events that would statements.

On October 24, 2023 April 25, 2024, the board of directors of the Company declared a cash dividend of $0.2425 per share payable on December 15, 2023 June 17, 2024 to shar
2023 June 3, 2024.

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Form 10-Q contains certain "forward-looking statements" within the meaning of such term in the Private Securities Litigation Reform Act of 1995. We and our representatives may, from time to time, make writte than historical information. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any results, levels of activity, performanc These factors include, among other things, the factors listed below. Forward-looking statements, which may be based upon beliefs, expectations and assumptions of our management and on information currently a as "believe," "expect," "anticipate," "should," "could," "would," "plans," "intend," "project," "estimate," "forecast," "may" or similar expressions. These forward-looking statements are subject to certain risks and u expressed in, or implied by, these statements. Readers are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date made. Additionally, we undertake no obl except as required under federal securities law.

Our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors that could have an impact on our ability to achieve operating results, growth plan goals and future prospects

- the risks of mergers (including with Iowa First Bancshares Corp. and Denver Bankshares, Inc.) or branch sales (including the sale of our Florida branches and the recent acquisition of DNVB), including, witho integrating operations as part of these transactions and possible failures to achieve expected gains, revenue growth and/or expense savings from such transactions;
- credit quality deterioration, pronounced and sustained reduction in real estate market values, or other uncertainties, including the impact of inflationary pressures on economic conditions and our business, re credit loss expense, and a reduction in net earnings;
- the effects of recent and potential additional significant increases in inflation and interest rates since 2020, including on our net income and the value of our securities portfolio;
- changes in the economic environment, competition, or other factors that may affect our ability to acquire loans or influence the anticipated growth rate of loans and deposits and the quality of the loan portfolio ar
- fluctuations in the value of our investment securities;
- governmental monetary and fiscal policies;
- changes in and uncertainty related to benchmark interest rates used to price loans and deposits;
- legislative and regulatory changes, including changes in banking, securities, trade, and tax laws and regulations and their application by our regulators, including the new 1.0% excise tax on stock buybacks failures of other banks;
- the ability to attract and retain key executives and employees experienced in banking and financial services;
- the sufficiency of the allowance for credit losses to absorb the amount of actual losses inherent in our existing loan portfolio;
- our ability to adapt successfully to technological changes to compete effectively in the marketplace;
- credit risks and risks from concentrations (by geographic area and by industry) within our loan portfolio;
- the effects of competition from other commercial banks, thrifts, mortgage banking firms, consumer finance companies, credit unions, securities brokerage firms, insurance companies, money market and other n operating in our markets or elsewhere or providing similar services;
- the failure of assumptions underlying the establishment of allowances for credit losses and estimation of values of collateral and various financial assets and liabilities;
- volatility of rate-sensitive deposits;
- operational risks, including data processing system failures or fraud;
- asset/liability matching risks and liquidity risks;
- the costs, effects and outcomes of existing or future litigation;
- changes in general economic, political, or industry conditions, nationally, internationally or in the communities in which we conduct business, including the risk of a recession;
- changes in accounting policies and practices, as may be adopted by state and federal regulatory agencies and the FASB;
- war or terrorist activities, including the ongoing Israeli-Palestinian conflict and the Russian Invasion invasion of Ukraine, widespread disease or pandemic, or other adverse external events, which may cause dete
- the occurrence of fraudulent activity, breaches, or failures of our or our third-party vendors' information security controls or cyber-security related incidents, including as a result of sophisticated attacks using artif
- the imposition of tariffs or other domestic or international governmental policies impacting the value of the agricultural or other products of our borrowers;
- effects potential changes in federal policy and at regulatory agencies as a result of the ongoing COVID-19 pandemic, including its effects on the economic environment, our customers, employees and supply ch
- the concentration of large deposits from certain clients who have balances above current FDIC insurance limits;
- the effects of recent developments and events in the financial services industry, including the large-scale deposit withdrawals over a short period of time at other banks that resulted in failure of those institutions
- factors and risks described under "Risk Factors" in this our Annual Report on Form 10-Q 10-K and in other reports we file with the SEC.

We qualify all of our forward-looking statements by the foregoing cautionary statements. Because of these risks and other uncertainties, our actual future results, performance or achievement, or industry results, ma statements. In addition, our past results of operations are not necessarily indicative of our future results.

OVERVIEW

The Company provides financial services to individuals, businesses, governmental units and institutional customers located primarily in the upper Midwest through its bank subsidiary and eastern Iowa, the Minneapolis/St. Paul metropolitan area, of Minnesota, southwestern Wisconsin, Naples and Fort Myers, Florida, and Denver, Colorado.

On January 31, 2024, the Company completed the acquisition of DNVB, a bank holding company headquartered in Denver, Colorado, and the parent company of BOD. Immediatel and into the Bank. As consideration for the merger, we paid cash of $32.6 million.

On September 25, 2023, the Company announced the execution of a definitive purchase and assumption agreement for the sale of its Florida operations to DFCU Financial. The trans quarter of June 2024, subject to customary regulatory approvals.

On September 27, 2023, the Company announced the execution of a definitive merger agreement for the acquisition of DNVB, the parent company for the Bank of Denver ("Bank of close in the first quarter of 2024 subject to customary approvals.

On June 9, 2022, the Company completed the acquisition of IOFB, a bank holding company headquartered in Muscatine, Iowa, and the parent company of FNBM and FNBF. Imm FNBF were merged with and into the Bank. As consideration for the merger, we paid cash of $46.7 million. The acquisition added to the Company's existing presence in Fairfield, Iowa

The Bank is focused on delivering relationship-based business and personal banking products and services. The Bank provides commercial loans, real estate loans, agricultura provides deposit products including demand and interest checking accounts, savings accounts, money market accounts, and time deposits. Complementary to our loan and deposit p treasury management, Zelle, online and mobile banking, credit and debit cards, ATMs, and safe deposit boxes. The Bank also has a trust department wealth management services estates, personal trusts, and conservatorships, and the management of real property. Finally, the Bank's investment services department offers as well as financial planning, investme which is provided through an agreement arrangement with a third-party registered broker-dealer).

Our results of operations are significantly affected by our net interest income. Results of operations are also affected by noninterest income and expense, credit loss expense and results of operations include general economic and competitive conditions, as well as changes in market interest rates, government policies, and actions of regulatory authorities.

The following discussion and analysis should be read in conjunction with the consolidated financial statements and related notes and the statistical information and financial data app for the year ended December 31, 2022 December 31, 2023, filed with the SEC on March 13, 2023 March 8, 2024. Results of operations for the three and nine months ended Septe results to be attained for any other period.

FINANCIAL SUMMARY

The Company reported net income for the three months ended September 30, 2023 March 31, 2024 of $9.1 million $3.3 million, a decrease an increase of $9.2 million $1.9 million, co months ended September 30, 2022 March 31, 2023, with diluted earnings per share of $0.58 $0.21 and $1.17, $0.09, respectively. For the nine months ended September 30, 2023, th $26.7 million, compared to $44.8 million of net income for the nine months ended September 30, 2022, with diluted earnings per share of $1.15 and $2.86 for the respective annual pe

The period as of and for the three and nine months ended September 30, 2023 March 31, 2024 was also highlighted by the following results:

Balance Sheet:

- Total assets decreased increased to $6.47 billion $6.75 billion at September 30, 2023 March 31, 2024 from $6.58 billion $6.43 billion at December 31, 2022 December 31, 20 acquisition of the sale of $231 million in book value of available for sale debt securities in the first quarter of 2023, coupled with a decline in held to maturity debt securities, DNV net of unearned income of $225.4 million. organic loan growth.
- At September 30, 2023 March 31, 2024 the total amount of the held to maturity debt securities was $1.09 billion $1.06 billion and the total amount of the debt securities availal billion $1.08 billion of held to maturity debt securities at December 31, 2022 December 31, 2023, while the total amount of the debt securities available for sale was $1.15 billion.
- Gross loans held for investment increased $223.3 million $294.9 million, from $3.85 billion $4.14 billion at December 31, 2022 December 31, 2023, to $4.08 billion $4.43 billi primarily driven by new acquired DNVB loans and organic loan production. growth.
- The allowance for credit losses was $51.6 million $55.9 million, or 1.27% of total loans at September 30, 2023 March 31, 2024, compared with $49.2 million $51.5 million, or 1. 2023. The increase in the ACL primarily reflected the $3.1 million of day 1 credit loss expense related to acquired DNVB loans, as well as reserve taken to support organic loan
- Nonperforming assets increased $13.1 million $2.9 million, from $15.9 million $30.3 million at December 31, 2022 December 31, 2023, to $29.0 million $33.2 million at Se commercial relationship. March 31, 2024.
- Total deposits decreased $105.6 million increased $189.6 million, from $5.47 billion $5.40 billion at December 31, 2022 December 31, 2023, to $5.36 billion $5.59 billion at S assumed in the DNVB acquisition.
- Short-term borrowings declined increased to $374.0 million $423.0 million at September 30, 2023 March 31, 2024, from $391.9 million $300.3 million at December 31, 2022 million $122.1 million at September 30, 2023 March 31, 2024, from $139.2 million $123.3 million at December 31, 2022 December 31, 2023.
- The Company is well-capitalized with a total risk-based capital ratio of 12.45% 11.97% at September 30, 2023 March 31, 2024.

Income Statement:

Three Months Ended:

- Tax equivalent net interest income (a non-GAAP financial measure - see the "Non-GAAP Presentations" section for a reconciliation to the most comparable GAAP equiva 2023, 2024, a decrease of $11.3 million $5.3 million, from $47.0 million $41.3 million in the third first quarter of 2022. 2023. The decrease in tax equivalent net interest income w bearing deposits and borrowed funds of $18.1 million $12.4 million and $3.2 million, respectively, in addition to a decrease of $1.8 million $1.5 million in interest income earne decreases in tax equivalent net interest income was an increase of $11.5 million $11.7 million in loan interest income.
- Credit loss expense of $1.6 $4.7 million was recorded during the third first quarter of 2023, 2024, compared to $0.6 $0.9 million credit loss expense recorded in the third first quar primarily attributable to individually evaluated loans.
- Noninterest income decreased $2.7 million, from $12.6 million in the third quarter reflected $3.2 million of 2022 to $9.9 million in the third quarter of 2023, primarily due to settlement recognized in the third quarter of 2022 that did not recur in the third quarter of 2023.
- Noninterest expense decreased $3.1 million, from $34.6 million in the third quarter of 2022, to $31.5 million in the third quarter of 2023, due primarily a decline of $1.5 millio benefits, incentive, and commission expenses, coupled with a $0.8 million decrease in merger-related expenses.

Nine Months Ended:

- Tax equivalent net interest income (a non-GAAP financial measure - see the "Non-GAAP Presentations" section for a reconciliation to the most comparable GAAP equivalen 2023, a decrease of $11.2 million from the nine months ended September 30, 2022. The decrease was a result of increases in interest expense on interest-bearing deposits ar coupled with a decline in interest income from investment securities of $0.4 million. Partially offsetting these amounts was an increase in loan interest income of $44.0 million, re
- Credit loss expense of $4.1 million was recorded in the first nine months of 2023, as compared to day 1 credit loss expense of $3.9 million for the first nine months of 2022. C attributable to loan growth and individually evaluated loans, while credit loss expense in the first nine months of 2022 reflected $3.1 million related to the acquired IOFB non established in the IOFB DNVB acquisition as well as a and reserve taken to support organic loan growth.
- Noninterest income decreased $22.0 million increased $13.8 million, from $36.6 million for the first nine months a loss of 2022 to $14.6 million in the first nine months of 2 investment securities loss related to balance sheet repositioning executed $4.0 million in the first quarter of 2023. An additional significant driver was an MSR fair value adjustm months quarter of 2024, primarily due to investment securities losses, net, of $13.2 million recorded in the first quarter of 2023 as compared to an adjustment part of $5.6 milli nine months quarter of 2022. In addition, the decrease also was due to a $4.3 million decline in other revenue, which primarily stemmed from a settlement in 2022 that dic recognized in connection with the IOFB acquisition in 2022. 2024.
- Noninterest expense increased $1.4 million $2.2 million, from $98.3 million for the first nine months ended September 30, 2022, to $99.8 million $33.3 million in the first nine noninterest expense was the first quarter of 2024, primarily due to an overall increase increases of $1.3 million, $0.4 million, and $0.4 million in all noninterest exper communications. The increases were largely due to a full nine months of operations of IOFB, an increase in severance expense of $0.9 million stemming from a voluntary ea and employee benefit increases. Partially offsetting these identified increases was benefits, equipment, and foreclosed assets, net, respectively, partially offset by a decline acquisition of IOFB. marketing.

Critical Accounting Estimates

Management has identified the accounting policies related to the ACL, fair value of assets acquired and liabilities assumed in a business combination, and the annual impairme accounting policies. Information about our critical accounting estimates is included under Item 7, “Management's Discussion and Analysis of Financial Condition and Results of Ope December 31, 2022 December 31, 2023, filed with the SEC on March 13, 2023 March 8, 2024, and there have been no material changes in these critical accounting policies since Dec

RESULTS OF OPERATIONS

Comparison of Operating Results for the Three Months Ended September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023

Summary

		As of or for the Three Months Ended September 30,				
	As of or for the Three Months Ended March 31,					
(dollars in thousands, except per share amounts)	**(dollars in thousands, except per share amounts)**	**2023**	**2022**	**(dollars in thousands, except per share amounts)**	**2024**	**2023**
Net Interest Income	Net Interest Income	$ 34,575	$ 45,733			
Noninterest Income	Noninterest Income	9,861	12,588			
Total Revenue, Net of Interest Expense	Total Revenue, Net of Interest Expense	44,436	58,321			
Credit Loss Expense	Credit Loss Expense	1,551	638			
Noninterest Expense	Noninterest Expense	31,544	34,623			
Income Before Income Tax Expense	Income Before Income Tax Expense	11,341	23,060			
Income Tax Expense	Income Tax Expense	2,203	4,743			
Net Income	Net Income	9,138	18,317			

Diluted Earnings Per Share	Diluted Earnings Per Share	$ 0.58	$ 1.17		
Return on Average Assets	Return on Average Assets	0.56 %	1.13 %		
Return on Average Assets					
Return on Average Assets				0.20 %	0.09 %
Return on Average Equity	Return on Average Equity	7.14	14.56		
Return on Average Tangible Equity(1)	Return on Average Tangible Equity(1)	9.68	19.32		
Efficiency Ratio(1)	Efficiency Ratio(1)	66.06	53.67		
Dividend Payout Ratio	Dividend Payout Ratio	41.81	20.30		
Common Equity Ratio	Common Equity Ratio	7.81	7.28		
Common Equity Ratio					
Common Equity Ratio					
Tangible Common Equity Ratio(1)	Tangible Common Equity Ratio(1)	6.54	5.90		
Book Value per Share	Book Value per Share	$ 32.21	$ 30.23		
Tangible Book Value per Share(1)	Tangible Book Value per Share(1)	26.60	24.17		

(1) A non-GAAP financial measure. See "Non-GAAP Financial Measures" for a reconciliation to the most comparable GAAP equivalents.

Net Interest Income

The following table shows consolidated average balance sheets, detailing the major categories of assets and liabilities, the interest income earned on interest-earning assets, the int yields and costs for the periods indicated:

		Three Months Ended September 30,							Three Months Ended March 31,			
		2023			2022				2024			2023
		Average Balance	Interest Income/ Expense	Average Yield/ Cost	Average Balance	Interest Income/ Expense	Average Yield/ Cost		Average Balance	Interest Income/ Expense	Average Yield/ Cost	Average Balance
(dollars in thousands)	**(dollars in thousands)**							**(dollars in thousands)**				
ASSETS	**ASSETS**											
Loans, including fees (1)(2)(3)												
Loans, including fees (1)(2)(3)												

Loans, including fees (1)(2)(3)	Loans, including fees (1)(2)(3)	$4,019,852	$52,605	5.19 %	$3,673,379	$41,124	4.44 %		$ 4,298,216	$	$58,867	5.51 %	$ 3,867,110	$
Taxable investment securities	Taxable investment securities	1,637,259	9,526	2.31	1,939,517	10,635	2.18							
Tax-exempt investment securities (2)(4)	Tax-exempt investment securities (2)(4)	341,330	2,234	2.60	431,898	2,922	2.68							
Total securities held for investment (2)	Total securities held for investment (2)	1,978,589	11,760	2.36	2,371,415	13,557	2.27							
Other	Other	34,195	374	4.34	6,070	9	0.59							
Total interest earning assets (2)	Total interest earning assets (2)	$6,032,636	$64,739	4.26 %	$6,050,864	$54,690	3.59 %	Total interest earning assets (2)	$6,215,160	$	$70,842	4.58 %	$6,100,456	$
Other assets	Other assets	420,179			406,783									
Total assets	Total assets	$6,452,815			$6,457,647									
Total assets														
Total assets														
LIABILITIES AND SHAREHOLDERS' EQUITY	**LIABILITIES AND SHAREHOLDERS' EQUITY**													
LIABILITIES AND SHAREHOLDERS' EQUITY														
LIABILITIES AND SHAREHOLDERS' EQUITY														
Interest checking deposits														
Interest checking deposits														
Interest checking deposits	Interest checking deposits	$1,354,597	$ 2,179	0.64 %	$1,725,000	$ 1,463	0.34 %		$ 1,301,470	$	$ 2,890	0.89	0.89 %	$ [illegible]
Money market deposits	Money market deposits	1,112,149	7,402	2.64	1,016,005	1,268	0.50							
Savings deposits	Savings deposits	603,628	749	0.49	710,836	297	0.17							
Time deposits	Time deposits	1,403,504	12,798	3.62	913,307	2,007	0.87							
Total interest bearing deposits	Total interest bearing deposits	4,473,878	23,128	2.05	4,365,148	5,035	0.46							
Securities sold under agreements to repurchase	Securities sold under agreements to repurchase	66,020	85	0.51	144,628	228	0.63							
Other short-term borrowings	Other short-term borrowings	277,713	3,634	5.19	83,086	539	2.57							
Other short-term borrowings														
Other short-term borrowings														
Total short-term borrowings	Total short-term borrowings	343,733	3,719	4.29	227,714	767	1.34							
Long-term debt	Long-term debt	125,737	2,150	6.78	159,125	1,886	4.70							
Total borrowed funds	Total borrowed funds	469,470	5,869	4.96	386,839	2,653	2.72							
Total interest bearing liabilities	Total interest bearing liabilities	$4,943,348	$28,997	2.33 %	$4,751,987	$ 7,688	0.64 %	Total interest bearing liabilities	$5,083,258	$	$34,804	2.75 %	$4,913,442	$
Noninterest bearing deposits	Noninterest bearing deposits	905,993			1,142,334									
Other liabilities	Other liabilities	95,408			64,063									
Other liabilities														
Other liabilities														

Shareholders' equity

Shareholders' equity

Shareholders' equity	Shareholders' equity	508,066				499,263									
Total liabilities and shareholders' equity	Total liabilities and shareholders' equity	$6,452,815				$6,457,647									
Net interest income (2)	Net interest income (2)		$35,742				$47,002								
Net interest spread(2)	Net interest spread(2)			1.93	%			2.95	%					1.83	%
Net interest margin(2)	Net interest margin(2)			2.35	%			3.08	%	Net interest margin(2)				2.33	%
Total deposits(5)	Total deposits(5)	$5,379,871	$23,128	1.71	%	$5,507,482	$ 5,035	0.36	%	$ 5,481,114	$	$27,726	2.03	2.03	% $
Cost of funds(6)	Cost of funds(6)			1.97	%			0.52	%	Cost of funds(6)				2.33	%

Total liabilities and shareholders' equity

Total liabilities and shareholders' equity

Net interest income (2)

Net interest income (2)

Net interest spread(2)

Net interest spread(2)

Total deposits(5)

Total deposits(5)

(1) Average balance includes nonaccrual loans.

(2) Tax equivalent. equivalent (a non-GAAP financial measure - see the "Non-GAAP Presentations" section for a reconciliation to the most comparable GAAP equivalent). The federal statutory tax rate utilized was 21%.

(3) Interest income includes net loan fees, loan purchase discount accretion and tax equivalent adjustments. Net loan fees were $141 $237 thousand and $35 $95 thousand for the three months ended September 30, 2023 purchase discount accretion was $791 thousand $1.2 million and $2.0 million $1.2 million for the three months ended September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023, respectively. Tax eq three months ended September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023, respectively. The federal statutory tax rate utilized was 21%.

(4) Interest income includes tax equivalent adjustments of $432 $387 thousand and $596 $522 thousand for the three months ended September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023, respect

(5) Total deposits is the sum of total interest-bearing deposits and noninterest bearing deposits. The cost of total deposits is calculated as annualized interest expense on deposits divided by average total deposits.

(6) Cost of funds is calculated as annualized total interest expense divided by the sum of average total deposits and borrowed funds.

The following table shows changes to tax equivalent net interest income (a non-GAAP financial measure - see the "Non-GAAP Presentations" section for a reconciliation to the m volume and (ii) changes in rate. Changes attributable to both rate and volume have been allocated proportionately to the change due to volume and the change due to rate.

		Three Months Ended September 30, 2023 Compared to 2022 Change due to				Three Months E 2024 Compa
		Change due to				
(in thousands)	(in thousands)	Volume	Yield/Cost	Net	(in thousands)	Volume
Increase (decrease) in interest income:	Increase (decrease) in interest income:					
Loans, including fees (1)	Loans, including fees (1)	$4,113	$ 7,368	$ 11,481		
Taxable investment securities	Taxable investment securities	(1,722)	613	(1,109)		

Loans, including fees (1)

Loans, including fees (1)

Tax-exempt investment securities (1)	Tax-exempt investment securities (1)	(602)	(86)	(688)
Total securities held for investment (1)	Total securities held for investment (1)	(2,324)	527	(1,797)
Other	Other	155	210	365
Change in interest income (1)	Change in interest income (1)	1,944	8,105	10,049
Increase (decrease) in interest expense:	**Increase (decrease) in interest expense:**			
Interest checking deposits	Interest checking deposits	(370)	1,086	716
Interest checking deposits				
Interest checking deposits				
Money market deposits	Money market deposits	133	6,001	6,134
Savings deposits	Savings deposits	(52)	504	452
Time deposits	Time deposits	1,566	9,225	10,791
Total interest-bearing deposits	Total interest-bearing deposits	1,277	16,816	18,093
Securities sold under agreements to repurchase	Securities sold under agreements to repurchase	(106)	(37)	(143)
Other short-term borrowings				
Other short-term borrowings				
Other short-term borrowings	Other short-term borrowings	2,156	939	3,095
Total short-term borrowings	Total short-term borrowings	2,050	902	2,952
Long-term debt	Long-term debt	(452)	716	264
Total borrowed funds	Total borrowed funds	1,598	1,618	3,216
Change in interest expense	Change in interest expense	2,875	18,434	21,309
Change in net interest income	Change in net interest income	$ (931)	$ (10,329)	$(11,260)
Percentage increase in net interest income over prior period	Percentage increase in net interest income over prior period			(24.0)% Percentage increase in net interest income over prior period

(1) Tax equivalent, using a federal statutory tax rate of 21%.

Our tax equivalent net interest income for the third first quarter of 2023 2024 was $35.7 million $36.0 million, a decrease of $11.3 million $5.3 million, or 24.0% 12.8%, as compared to
The decrease in tax equivalent net interest income in the third first quarter of 2023 2024 as compared to the third first quarter of 2022 2023 was due primarily to an increase in inter
$18.1 million $12.4 million and $3.2 million, respectively, due to higher costs and volumes. The decrease in tax equivalent net interest income was also due to a decrease of $1.8 mil

investment securities, which stemmed from lower volumes. Partially offsetting these decreases was an increase of $11.5 million $11.7 million, or 27.9% 24.7%, in loan interest incom and an increase in loan yield.

The tax equivalent net interest margin for the third first quarter of 2023 2024 declined to 2.35% 2.33% from 3.08% 2.75% for the third first quarter of 2022, 2023, driven by higher fund asset volumes and yields. The cost of interest bearing liabilities increased 169 116 bps to 2.33% 2.75%, due to interest bearing deposit costs of 2.05% 2.45%, short-term borrowing c which increased 159 107 bps, 295 200 bps and 208 67 bps, respectively from the third first quarter of 2022. 2023. Total interest earning assets yield increased 67 56 bps from the third f in loan and securities yields yield of 75 bps and 9 bps, respectively. 56 bps.

Credit Loss Expense

Credit loss expense of $1.6 $4.7 million was recorded during the third first quarter of 2023, 2024, with $0.6 million $0.9 million credit loss expense recorded in the third first quarte primarily attributable reflected $3.2 million of day 1 credit loss expense related to individually evaluated loans. the DNVB acquisition, as well as additional reserve taken to support orga the third first quarter of 2023 2024, as compared to net charge-offs of $0.6 million $0.3 million in the third first quarter of 2022. 2023. The estimation model utilized by the Company is unemployment, (2) year-to-year change in national retail sales, (3) year-to-year change in the CRE Index, (4) year-to-year change in U.S. GDP, (5) year-to-year change in the Natior addition, management utilized qualitative factors to adjust the calculated ACL as appropriate. Qualitative factors are based on management's judgment of company, market, i composition of specific portfolios, trends relating to credit quality, delinquency, non-performing and adversely rated loans, and reasonable and supportable forecasts of economic cond

Noninterest Income (Loss)

The following table presents significant components of noninterest income and the related dollar and percentage change from period to period:

		Three Months Ended September 30,					Three Months End		
(dollars in thousands)	(dollars in thousands)	2023	2022	$ Change	% Change	(dollars in thousands)	2024	2023	
Investment services and trust activities	Investment services and trust activities	$3,004	$ 2,876	$ 128	4.5 %	Investment services and trust activities	$ 3,503	$ 2,933	$
Service charges and fees	Service charges and fees	2,146	2,075	71	3.4				
Card revenue	Card revenue	1,817	1,898	(81)	(4.3)				
Loan revenue	Loan revenue	1,462	1,722	(260)	(15.1)				
Bank-owned life insurance	Bank-owned life insurance	626	579	47	8.1				
Investment securities gains (losses), net	Investment securities gains (losses), net	79	(163)	242	(148.5)				
Investment securities gains (losses), net									
Investment securities gains (losses), net							36	(13,170)	
Other	Other	727	3,601	(2,874)	(79.8)				
Total noninterest income		$9,861	$12,588	$(2,727)	(21.7) %				
Total noninterest income (loss)						Total noninterest income (loss)	$ 9,750	$ (4,046)	

Results are not meaningful (n/m)

Results are not meaningful (n/m)

Results are not meaningful (n/m)

Total noninterest income for the third first quarter of 2024 increased $13.8 million to $9.8 million, compared to a loss of $4.0 million in the first quarter of 2023, decreased $2.7 million, 2022, primarily due to the decline investment securities losses, net, of $2.9 million in other revenue stemming from a settlement recognized $13.2 million recorded in the third first qu which did not recur in the third first quarter of 2023. 2024. In addition, investment services and trust activities income increased $0.6 million compared to the first quarter of 2023, due t identified increases was a decline of $0.6 million in loan revenue, which primarily reflected the unfavorable year-over-year change in the fair value of our mortgage servicing rights, fr 2023 to a negative adjustment of $368 thousand in the first quarter of 2024.

Noninterest Expense

The following tables present significant components of noninterest expense and the related dollar and percentage change from period to period:

(dollars in thousands)	(dollars in thousands)	Three Months Ended September 30, 2023	2022	$ Change	% Change
Compensation and employee benefits	Compensation and employee benefits	$ 18,558	$ 20,046	$ (1,488)	(7.4) %
Occupancy expense of premises, net	Occupancy expense of premises, net	2,405	2,577	(172)	(6.7)
Equipment	Equipment	2,123	2,358	(235)	(10.0)
Legal and professional	Legal and professional	1,678	2,012	(334)	(16.6)
Data processing	Data processing	1,504	1,731	(227)	(13.1)
Marketing	Marketing	782	1,139	(357)	(31.3)
Amortization of intangibles	Amortization of intangibles	1,460	1,789	(329)	(18.4)
FDIC insurance	FDIC insurance	783	415	368	88.7
Communications	Communications	206	302	(96)	(31.8)
Foreclosed assets, net	Foreclosed assets, net	2	42	(40)	(95.2)
Other	Other	2,043	2,212	(169)	(7.6)
Total noninterest expense	Total noninterest expense	$ 31,544	$ 34,623	$ (3,079)	(8.9) %

(dollars in thousands)	Three Months Ended March 31, 2024		2023		
Compensation and employee benefits	$ 20,930	$	$ 19,607	$	$
Foreclosed assets, net	358	(28)	(28)	386	
Total noninterest expense					
Total noninterest expense	$ 35,565		$ 33,319		$

Results are not meaningful (n/m)

Results are not meaningful (n/m)

Results are not meaningful (n/m)

The following table summarizes the DNVB acquisition-related expenses incurred during the three months ended March 31, 2024 and IOFB acquisition-related expenses incurred dur in the respective income statement line items, for the periods indicated:

Merger-related expenses:	Merger-related expenses:	Three Months Ended September 30, 2023	2022	Three Months Ended March 31, Merger-related expenses: 2024
(dollars in thousands)	(dollars in thousands)			
Compensation and employee benefits	Compensation and employee benefits	$ —	$ 132	

Compensation and employee benefits			
Compensation and employee benefits			
Occupancy expense of premises, net			
Equipment	Equipment	—	14
Legal and professional	Legal and professional	11	193
Data processing	Data processing	—	304
Marketing	Marketing	—	90
Communications			
Other	Other	—	30
Total merger-related expenses	Total merger-related expenses	$ 11	$ 763

Noninterest expense for the third first quarter of 2024 increased $2.2 million, or 6.7%, to $35.6 million from $33.3 million for the first quarter of 2023, decreased $3.1 million primarily million from $34.6 million for the third quarter of 2022, with overall decreases in all noninterest expense categories except FDIC insurance. These decreases primarily reflected a $1. benefits, related to equipment, and foreclosed assets, net, respectively. The increase in compensation and employee benefits was primarily driven by annual compensation adjustm increased incentive and commission expenses, coupled with expense, and merger-related expenses. The increase in equipment reflected higher software costs and merger-related $0.8 million decrease $0.3 million write-down of other real estate owned. Partially offsetting these increases was a decline of $0.4 million in merger-related expenses.

marketing.

Income Tax Expense

Our effective income tax rate, or income taxes divided by income before taxes, was 19.4% 22.7% for the three months ended September 30, 2023 March 31, 2024, as compared to September 30, 2022 March 31, 2023. The effective tax rate for the full year 2023 2024 is expected to be in the range of 18% 21 to 20% 23%.

Comparison of Operating Results for the Nine Months Ended September 30, 2023 and September 30, 2022

Summary

	As
(dollars in thousands, except per share amounts)	2
Net Interest Income	$
Noninterest Income	
Total Revenue, Net of Interest Expense	
Credit Loss Expense	
Noninterest Expense	
Income Before Income Tax Expense	
Income Tax Expense	
Net Income	
Diluted Earnings Per Share	$
Return on Average Assets	
Return on Average Equity	
Return on Average Tangible Equity(1)	
Efficiency Ratio (1)	
Dividend Payout Ratio	
Common Equity Ratio	
Tangible Common Equity Ratio(1)	
Book Value per Share	$
Tangible Book Value per Share(1)	

(1) A non-GAAP financial measure. See "Non-GAAP Financial Measures" for a reconciliation to the most comparable GAAP equivalents.

Net Interest Income

The following table shows consolidated average balance sheets, detailing the major categories of assets and liabilities, the interest income earned on interest-earning assets, the inte
yields and costs for the periods indicated:

	Nine Months Ended Septemb			
	2023			
(dollars in thousands)	Average Balance	Interest Income/ Expense	Average Yield/ Cost	
ASSETS				
Loans, including fees (1)(2)(3)	$ 3,964,119	$ 150,250	5.07 %	$
Taxable investment securities	1,714,912	29,704	2.32	
Tax-exempt investment securities (2)(4)	361,254	7,136	2.64	
Total securities held for investment (2)	2,076,166	36,840	2.37	
Other	22,741	686	4.03	
Total interest-earning assets (2)	$ 6,063,026	$ 187,776	4.14 %	$
Other assets	417,610			
Total assets	$ 6,480,636			$
LIABILITIES AND SHAREHOLDERS' EQUITY				
Interest checking deposits	$ 1,429,804	$ 5,999	0.56 %	$
Money market deposits	1,014,708	15,970	2.10	
Savings deposits	620,011	1,309	0.28	
Time deposits	1,437,122	35,286	3.28	
Total interest-bearing deposits	4,501,645	58,564	1.74	
Securities sold under agreements to repurchase	123,512	958	1.04	
Other short-term borrowings	174,448	6,665	5.11	
Total short-term borrowings	297,960	7,623	3.42	
Long-term debt	133,375	6,427	6.44	
Total borrowed funds	431,335	14,050	4.36	
Total interest-bearing liabilities	$ 4,932,980	$ 72,614	1.97 %	$
Noninterest bearing deposits	958,104			
Other liabilities	85,650			
Shareholders' equity	503,902			
Total liabilities and shareholders' equity	$ 6,480,636			$
Net interest income (2)		$ 115,162		
Net interest spread (2)			2.17 %	
Net interest margin (2)			2.54 %	
Total deposits (5)	$ 5,459,749	$ 58,564	1.43 %	$
Cost of funds (6)			1.65 %	

(1) Average balance includes nonaccrual loans.

(2) Tax equivalent. The federal statutory tax rate utilized was 21%.

(3) Interest income includes net loan fees, loan purchase discount accretion and tax equivalent adjustments. Net loan fees were $315 million and $678 thousand for the nine months ended September 30, 2023 and Septem and $3.3 million for the nine months ended September 30, 2023 and September 30, 2022, respectively. Tax equivalent adjustments were $2.2 million and $1.8 million for the nine months ended September 30, 2023 an 21%.

(4) Interest income includes tax equivalent adjustments of $1.4 million and $1.8 million for the nine months ended September 30, 2023 and September 30, 2022, respectively. The federal statutory tax rate utilized was 21%

(5) Total deposits is the sum of total interest-bearing deposits and noninterest bearing deposits. The cost of total deposits is calculated as annualized interest expense on deposits divided by average total deposits.

(6) Cost of funds is calculated as annualized total interest expense divided by the sum of average total deposits and borrowed funds.

The following table shows changes to tax equivalent net interest income attributable to (i) changes in volume and (ii) changes in rate. Changes attributable to both rate and volume h and the change due to rate.

(in thousands)	**Volum**
Increase (decrease) in interest income:	
Loans, including fees (1)	$
Taxable investment securities	
Tax-exempt investment securities(1)	
Total securities held for investment(1)	
Other	
Change in interest income (1)	
Increase (decrease) in interest expense:	
Interest checking deposits	
Money market deposits	
Savings deposits	
Time deposits	
Total interest-bearing deposits	
Securities sold under agreements to repurchase	
Other short-term borrowings	
Total short-term borrowings	
Long-term debt	
Total borrowed funds	
Change in interest expense	
Change in net interest income	$
Percentage (decrease) increase in net interest income over prior period	

(1) Tax equivalent, using a federal statutory tax rate of 21%.

Our tax equivalent net interest income for the nine months ended September 30, 2023 was $115.2 million, a decrease of $11.2 million, or 8.9%, as compared to $126.4 million for th interest income was due primarily to an increase in interest expense on interest bearing deposits and borrowed funds of $47.4 million and $8.0 million, respectively, due to higher income was also due to a decrease of $0.4 million, or 1.0%, in interest income earned from investment securities, which stemmed from lower volumes. Partially offsetting these decre income due to organic loan growth and an increase in loan yield.

The tax equivalent net interest margin for the nine months ended September 30, 2023 was 2.54%, or 38 basis points lower than the tax equivalent net interest margin of 2.92% for th bearing deposits increased 138 basis points for the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022, while the cost of borrowe September 30, 2023, compared to the nine months ended September 30, 2022. The increase in the cost of interest-bearing liabilities was a result of higher market interest rates, offsetting these identified decreases to tax equivalent net interest margin were increases in the tax equivalent yield on loans and the tax equivalent yield on investment securities of resulting yield on interest-earning assets for the nine months ended September 30, 2023 was 82 basis points higher than the nine months ended September 30, 2022, which primar the shift in earning asset mix to a greater proportion of loans, which generally have higher yields than investment securities.

Credit Loss Expense

Credit loss expense of $4.1 million was recorded in the first nine months of 2023, as compared to credit loss expense of $3.9 million for the first nine months of 2022, an increase of $ of 2023 was primarily attributable to loan growth and individually evaluated loans. The credit loss expense recorded in the first nine months of 2022 primarily reflected $3.1 million rela unfunded loan commitments established in the IOFB acquisition, as well as a reserve taken to support loan growth. Net charge-offs in the first nine months of 2023 were $1.7 millio months of 2022. The estimation model utilized by the Company is sensitive to changes in the following forecast inputs: (1) Midwest

unemployment, (2) year-to-year change in national retail sales, (3) year-to-year change in the CRE Index, (4) year-to-year change in U.S. GDP, (5) year-to-year change in the N management utilized qualitative factors to adjust the calculated ACL as appropriate. Qualitative factors are based on management's judgment of company, market, industry or bu specific portfolios, trends relating to credit quality, delinquency, non-performing and adversely rated loans, and reasonable and supportable forecasts of economic conditions.

Noninterest Income

The following table presents the significant components of noninterest income and the related dollar and percentage change from period to period:

	Nine Month	
(dollars in thousands)	**2023**	**2022**
Investment services and trust activities	$ 9,056	$ 8,55
Service charges and fees	6,201	5,44
Card revenue	5,412	5,42
Loan revenue	3,791	9,53
Bank-owned life insurance	1,844	1,66
Investment securities gains (losses), net	(13,093)	27
Other	1,350	5,66
Total noninterest income	$ 14,561	$ 36,57

NM - Percentage change not considered meaningful.

Total noninterest income for the first nine months of 2023 decreased $22.0 million, or 60.2%, to $14.6 million from $36.6 million during the same period of 2022. The largest driver related to balance sheet repositioning executed in the first quarter of 2023. Also contributing to the decline in noninterest income was a decrease of $5.7 million in loan revenue, prim the first nine months of 2023, as compared to an adjustment of $5.6 million in the first nine months of 2022. In addition, the decrease was driven by the $4.3 million decline in other recur and the initial bargain purchase gain of $1.3 million recognized in connection with the IOFB acquisition in 2022.

Noninterest Expense

The following tables present the significant components of noninterest expense and the related dollar and percentage change from period to period:

	Nine Month	
(dollars in thousands)	**2023**	**2022**
Compensation and employee benefits	$ 58,551	$ 57,66
Occupancy expense of premises, net	7,725	7,60
Equipment	6,729	6,36
Legal and professional	5,096	6,80
Data processing	4,388	4,19
Marketing	2,910	3,32
Amortization of intangibles	4,806	4,29
FDIC insurance	2,394	1,25
Communications	727	84
Foreclosed assets, net	(32)	(6
Other	6,488	6,05
Total noninterest expense	$ 99,782	$ 98,34

The following table summarizes the DNVB and IOFB acquisition-related expenses, which are included in the respective income statement line items, for the periods indicated:

Merger-related expenses:	
(dollars in thousands)	
Compensation and employee benefits	$
Occupancy expense of premises, net	
Equipment	

Legal and professional	
Data processing	
Marketing	
Communications	
Other	
Total impact of merger-related expenses to noninterest expense	$

Noninterest expense for the nine months ended September 30, 2023 was $99.8 million, an increase of $1.4 million, or 1.5%, from $98.3 million for the nine months ended Septemb overall increase in all noninterest expense categories except legal and professional, marketing, and communications. The increases were largely due to a full nine months of ope expense was an increase in compensation and employee benefits, primarily due to a voluntary early retirement program, which was the primary driver of the $0.9 million increase employee benefit increases. Partially offsetting these identified increases was a decline in merger-related expenses associated with the acquisition of IOFB.

Income Tax Expense

Our effective income tax rate, or income taxes divided by income before taxes, was 18.7% for the first nine months of 2023, as compared to an effective tax rate of 21.5% for the first is expected to be in the range of 18-20%.

FINANCIAL CONDITION

The table below presents the major categories of the Company's balance sheet as of the dates indicated:

(dollars in thousands)	(dollars in thousands)	September 30, 2023	December 31, 2022	$
(dollars in thousands)				
(dollars in thousands)				
ASSETS				
ASSETS				
ASSETS	ASSETS			
Cash and cash equivalents	Cash and cash equivalents	$ 74,788	$ 86,435	$
Cash and cash equivalents				
Cash and cash equivalents				
Loans held for sale				
Loans held for sale				
Loans held for sale	Loans held for sale	2,528	612	
Debt securities available for sale at fair value	Debt securities available for sale at fair value	872,770	1,153,547	
Debt securities available for sale at fair value				
Debt securities available for sale at fair value				
Held to maturity securities at amortized cost				
Held to maturity securities at amortized cost				
Held to maturity securities at amortized cost	Held to maturity securities at amortized cost	1,085,751	1,129,421	
Loans held for investment, net of unearned income	Loans held for investment, net of unearned income	4,065,969	3,840,524	
Loans held for investment, net of unearned income				
Loans held for investment, net of unearned income				
Allowance for credit losses				
Allowance for credit losses				
Allowance for credit losses	Allowance for credit losses	(51,600)	(49,200)	
Total loans held for investment, net	Total loans held for investment, net	4,014,369	3,791,324	
Total loans held for investment, net				
Total loans held for investment, net				
Other assets				
Other assets				
Other assets	Other assets	417,612	416,537	

Total assets	Total assets	$	6,467,818	$	6,577,876	$
Total assets						
Total assets						
LIABILITIES AND SHAREHOLDERS' EQUITY						
LIABILITIES AND SHAREHOLDERS' EQUITY						
LIABILITIES AND SHAREHOLDERS' EQUITY	**LIABILITIES AND SHAREHOLDERS' EQUITY**					
Total deposits	Total deposits	$	5,363,324	$	5,468,942	$
Total deposits						
Total deposits						
Total borrowings						
Total borrowings						
Total borrowings	Total borrowings		498,482		531,083	
Other liabilities	Other liabilities		100,601		85,058	
Other liabilities						
Other liabilities						
Total shareholders' equity	Total shareholders' equity		505,411		492,793	
Total shareholders' equity						
Total shareholders' equity						
Total liabilities and shareholders' equity						
Total liabilities and shareholders' equity						
Total liabilities and shareholders' equity	Total liabilities and shareholders' equity	$	6,467,818	$	6,577,876	$

Debt Securities

The composition of debt securities available for sale and held to maturity as of the dates indicated was as follows:

		September 30, 2023		December 31, 2022			March 31, 2024		December 31,
(dollars in thousands)	(dollars in thousands)	Balance	% of Total	Balance	% of Total	(dollars in thousands)	Balance	% of Total	Balance
Available for Sale	Available for Sale								
U.S. Government agencies and corporations		$ —	— %	$ 7,345	0.6 %				
U.S. Treasuries									
U.S. Treasuries									
U.S. Treasuries							$ 247	— %	$
States and political subdivisions									
States and political subdivisions									
States and political subdivisions	States and political subdivisions	162,468	18.6	285,356	24.7				
Mortgage-backed securities	Mortgage-backed securities	5,327	0.6	5,944	0.5				
Collateralized loan obligations	Collateralized loan obligations	52,453	6.0	—	—				
Collateralized mortgage obligations	Collateralized mortgage obligations	131,923	15.1	147,193	12.8				
Corporate debt securities	Corporate debt securities	520,599	59.7	707,709	61.4				

Fair value of debt securities available for sale	Fair value of debt securities available for sale	$ 872,770	100.0 %	$1,153,547	100.0 %	Fair value of debt securities available for sale	$ 797,230	100.0	100.0 %	$ 795,134	

Held to Maturity **Held to Maturity**

Held to Maturity

Held to Maturity

States and political subdivisions

States and political subdivisions

States and political subdivisions	States and political subdivisions	$ 532,885	49.1	$ 538,746	47.7 %	$ 531,961	50.0	50.0	$	$	5
Mortgage-backed securities	Mortgage-backed securities	76,310	7.0	81,032	7.2 %	Mortgage-backed securities	73,668	6.9	6.9	74,904	
Collateralized mortgage obligations	Collateralized mortgage obligations	476,556	43.9	509,643	45.1 %	Collateralized mortgage obligations	459,310	43.1	43.1	467,864	
Amortized cost of debt securities held to maturity	Amortized cost of debt securities held to maturity	$1,085,751	100.0 %	$1,129,421	100.0 %						

Amortized cost of debt securities held to maturity

Amortized cost of debt securities held to maturity	$ 1,064,939	100.0 %		$

As of September 30, 2023 March 31, 2024, there was $67 $314 thousand of gross unrealized gains and $108.8 million $76.2 million of gross unrealized losses in our debt securitie million $75.9 million. As of September 30, 2023 March 31, 2024 there were no gross unrealized gains and $237.4 million $189.3 million of gross unrealized losses in our held to maturi

During the first quarter of 2023, the Company undertook balance sheet repositioning related to its debt securities portfolio. Specifically, the Company executed the sale of $231 millio $13.2 million and $220 million of proceeds that were used to pay off short-term borrowings and reinvest in higher yielding, floating rate securities.

See Note 3. Debt Securities to our consolidated financial statements for additional information related to debt securities.

Loans

The composition of our loan portfolio by type of loan was as follows: follows, as of the dates indicated:

		September 30, 2023		December 31, 2022			March 31, 2024			
(dollars in thousands)	**(dollars in thousands)**	**Balance**	**% of Total**	**Balance**	**% of Total**	**(dollars in thousands)**	**Balance**		**% of Total**	
Agricultural	Agricultural	$ 111,950	2.8 %	$ 115,320	3.0 %	Agricultural	$ 113,029	2.6	2.6	%
Commercial and industrial	Commercial and industrial	1,078,773	26.5	1,055,162	27.5					
Commercial real estate	Commercial real estate	2,176,017	53.5	1,980,018	51.6					

Commercial real estate

Commercial real estate

Residential real estate

Residential real estate

Residential real estate	Residential real estate	630,046	15.5	614,428	15.9					
Consumer	Consumer	69,183	1.7	75,596	2.0					
Loans held for investment, net of unearned income	Loans held for investment, net of unearned income	$4,065,969	100.0 %	$3,840,524	100.0 %	Loans held for investment, net of unearned income	$ 4,414,646	100.0	100.0	%

Loans held for sale	Loans held for sale	$ 2,528	$ 612

Loans held for investment, net of unearned income, at September 30, 2023 March 31, 2024, increased $225.4 million $287.7 million, or 5.9% 7.0%, from December 31, 2022 Dece
new loans acquired in the DNVB acquisition, organic loan production, draws on construction loans, growth, and higher line of credit usage during 2023. usage. See Note 4. Loans Rec
financial statements for additional information related to our loan portfolio. Our loan to deposit ratio increased to 75.81% 79.04% as of September 30, 2023 March 31, 2024 as comp
2023.

Commitments under standby letters of credit, unused lines of credit and other conditionally approved credit lines totaled approximately $1.25 billion $1.24 billion and $1.21 billion
2022 December 31, 2023, respectively.

The composition of our commercial real estate loan portfolio as of March 31, 2024 was as follows:

(dollars in thousands)	Amount
Construction & Development	$
Farmland	
Multifamily	
CRE Other:	
NOO CRE Office	
OO CRE Office	
Industrial and Warehouse	
Retail	
Hotel	
Other	
Total CRE	$

Nonperforming Assets

The following table sets forth information concerning nonperforming loans by class of receivable and our nonperforming assets at September 30, 2023 March 31, 2024 and December

(in thousands)	(in thousands)	September 30, 2023	December 31, 2022	(in thousands)	March 31, 2024	December 31
Nonaccrual loans held for investment						
Nonaccrual loans held for investment						
Nonaccrual loans held for investment	Nonaccrual loans held for investment	$ 28,887	$ 15,256			
Accruing loans contractually past due 90 days or more	Accruing loans contractually past due 90 days or more	100	565			
Total nonperforming loans	Total nonperforming loans	28,987	15,821			
Foreclosed assets, net	Foreclosed assets, net	—	103			
Total nonperforming assets	Total nonperforming assets	28,987	15,924			
Nonaccrual loans ratio (1)	Nonaccrual loans ratio (1)	0.71 %	0.40 %			
Nonaccrual loans ratio (1)						
Nonaccrual loans ratio (1)					0.64 %	

Nonperforming loans ratio (2)	Nonperforming loans ratio (2)	0.71 %	0.41 %	Nonperforming loans ratio (2)	0.66	%
Nonperforming assets ratio (3)	Nonperforming assets ratio (3)	0.45 %	0.24 %	Nonperforming assets ratio (3)	0.49	%

(1) Nonaccrual loans ratio is calculated as nonaccrual loans divided by loans held for investment, net of unearned income, at the end of the period.

(1) Nonaccrual loans ratio is calculated as nonaccrual loans divided by loans held for investment, net of unearned income, at the end of the period.

(1) Nonaccrual loans ratio is calculated as nonaccrual loans divided by loans held for investment, net of unearned income, at the end of the period.

(2) Nonperforming loans ratio is calculated as total nonperforming loans divided by loans held for investment, net of unearned income, at the end of the period.

(3) Nonperforming assets ratio is calculated as total nonperforming assets divided by total assets at the

Compared to December 31, 2022 December 31, 2023, nonperforming loans and asset ratios increased 30 remained stable, with slight increases in both ratios of 2 basis points and 2 single commercial relationship. points.

Loan Review and Classification Process for Agricultural, Commercial and Industrial, and Commercial Real Estate Loans:

The Bank maintains a loan review and classification process which involves multiple officers of the Bank and is designed to assess the general quality of credit underwriting an commercial and agricultural loan officers are charged with the responsibility of risk rating all loans in their portfolios and updating the ratings, positively or negatively, on an ongoing l point scale with ratings as follows: ratings 1- 4 Satisfactory (pass), rating 5 Special Mention/Watch (potential weakness), rating 6 Substandard (well-defined weakness), rating 7 Doubt

When a loan officer originates a new loan, based upon proper loan authorization, they document the credit file with an offering sheet summary, supplemental underwriting analysi information is used in the determination of the initial loan risk rating. Segregation of owner-occupied and non-owner occupied residential real estate loans is made at the time of origi loan risk rating. The Bank's loan review department undertakes independent credit reviews of relationships based on either criteria established by loan policy, risk-focused sampling may pose incrementally higher risks. As a result, the Bank's loan review department is required to review all credit relationships with total exposure of $5.0 million $7.5 million or consider such items as: loan type; nature, type and estimated value of collateral; borrower and/or guarantor estimated financial strength; most recently available financial informat anticipated performance of the loan. The results of such reviews are presented to both executive management and the audit committee of the Company's board of directors.

Through the review of delinquency reports, updated financial statements or other relevant information, the lending officer and/or loan review personnel may determine that a loan relat (risk rating 5) or Classified (risk ratings 6 through 8) status is warranted. At least quarterly, the loan strategy committee will meet to discuss loan relationships with total exposure of $1 loan relationships with total exposure of $500 thousand and above that are Substandard or worse rated credits, as well as loan relationships with total exposure of $250 thousand these designated thresholds are reviewed upon request. The lending officer is charged with preparing a loan strategy summary worksheet that outlines the background of the credit p evaluation and a workout plan of action. This plan may include goals to improve the credit rating, assist the borrower in moving the loans to another institution and/or collateral committee. The minutes of the loan strategy committee meetings are provided to the board of directors of the Bank.

Depending upon the individual facts and circumstances and the result of the classified/watch review process, loan officers and/or loan review personnel may categorize a loan relation has occurred, the credit analyst will complete an individually analyzed worksheet that contains an evaluation of the collateral (for collateral-dependent loans) based upon the estima other local factors that may affect collateral value. Loan review personnel may also complete an independent individual analysis when deemed necessary. These judgmental evalua the Company's allowance for credit losses calculation. An analysis for the underlying collateral value of each individually analyzed loan relationship is completed in the last month of by the Credit Administration department prior to quarter-end. The board of directors of the Bank on a quarterly basis reviews the classified/watch reports including changes in credit gr related allowances and foreclosed assets, net.

The review process also provides for the upgrade of loans that show improvement since the last review. All requests for an upgrade of a credit are approved by the proper authority be changed.

Loan Modifications for Borrowers Experiencing Financial Difficulty

Infrequently, the Company makes modification to certain loans in order to alleviate temporary difficulties in the borrower's financial condition and/or constraints on the borrower's Company. GAAP requires that certain types of modifications be reported, including:

- Principal forgiveness.
- Interest rate reduction.
- An other than-insignificant payment delay.
- Term extension.

During the three and nine months ended September 30, 2023 March 31, 2024, the amortized cost of the loans that were modified to borrowers in financial distress was $3.4 millio 0.09% and 0.18% 0.02% of total loans held for investment, net of unearned income for each respective period. income.

Allowance for Credit Losses

The following table sets forth the allowance for credit losses by loan portfolio segments compared to the percentage of loans to total loans by loan portfolio segment for the periods inc

		September 30, 2023					
		March 31, 2024					
		March 31, 2024					
		March 31, 2024					
(dollars in thousands)							
(dollars in thousands)							
(dollars in thousands)	(dollars in thousands)		Allowance for Credit Losses	% of Loans in Each Segment to Total Loans			Allowance for Credit Losses
Agricultural	Agricultural	$	537	2.8	%	$	923
Agricultural							
Agricultural							
Commercial and industrial							
Commercial and industrial							
Commercial and industrial	Commercial and industrial		22,063	26.5	%		22,855
Commercial real estate	Commercial real estate		23,787	53.5	%		20,123
Commercial real estate							
Commercial real estate							
Residential real estate							
Residential real estate							
Residential real estate	Residential real estate		4,643	15.5	%		4,678
Consumer	Consumer		570	1.7	%		621
Consumer							
Consumer							
Total	Total	$	51,600	100.0	%	$	49,200
Total							
Total							
Allowance for credit losses ratio(1)							
Allowance for credit losses ratio(1)							
Allowance for credit losses ratio(1)	Allowance for credit losses ratio(1)		1.27 %				1.28
Allowance for credit losses to nonaccrual loans ratio(2)	Allowance for credit losses to nonaccrual loans ratio(2)		178.63 %				322.50
Allowance for credit losses to nonaccrual loans ratio(2)							
Allowance for credit losses to nonaccrual loans ratio(2)							

(1) Allowance for credit losses ratio is calculated as allowance for credit losses divided by loans held for investment, net of unearned income at the end of the period.

(1) Allowance for credit losses ratio is calculated as allowance for credit losses divided by loans held for investment, net of unearned income at the end of the period.

(1) Allowance for credit losses ratio is calculated as allowance for credit losses divided by loans held for investment, net of unearned income at the end of the period. (1) Allowance for credit losses ratio is calculated as allowance for credit losses divided by loans held for investment, net of unearned income at the end of the period.

(2) Allowance for credit losses to nonaccrual loans ratio is calculated as allowance for credit losses divided by nonaccrual loans at the end of the period.

(2) Allowance for credit losses to nonaccrual loans ratio is calculated as allowance for credit losses divided by nonaccrual loans at the end of the period.

(2) Allowance for credit losses to nonaccrual loans ratio is calculated as allowance for credit losses divided by nonaccrual loans at the end of the period.

(2) Allowance for credit losses to nonaccrual loans ratio is calculated as allowance for credit losses divided by nonaccrual loans at the end of the period.

The following tables set table sets forth the net (charge-offs) recoveries by loan portfolio segments for the periods indicated:

For the Three Months Ended September 30, 2023 and 2022

For the Three Months Ended March 31, 2024 and 2023

For the Three Months Ended March 31, 2024 and 2023

For the Three Months Ended March 31, 2024 and 2023

(in thousands)	(in thousands)	Agricultural	Commercial and Industrial	Commercial Real Estate	Residential Real Estate	Consumer	Total
For the Three Months Ended September 30, 2023							
For the Three Months Ended March 31, 2024							
Charge-offs							
Charge-offs							
Charge-offs	Charge-offs	$ (25)	$ (511)	$ —	$ (21)	$ (178)	$ (735)
Recoveries	Recoveries	126	79	4	3	72	284
Net (charge-offs) recoveries	Net (charge-offs) recoveries	$ 101	$ (432)	$ 4	$ (18)	$ (106)	$ (451)
Net (charge-off) recovery ratio(1)	Net (charge-off) recovery ratio(1)	0.01 %	(0.04) %	— %	— %	(0.01) %	(0.04)%
Net (charge-off) recovery ratio(1)							
For the Three Months Ended September 30, 2022							
For the Three Months Ended March 31, 2023							
For the Three Months Ended March 31, 2023							
For the Three Months Ended March 31, 2023							
Charge-offs							
Charge-offs							
Charge-offs	Charge-offs	$ (248)	$ (280)	$ (135)	$ (52)	$ (255)	$ (970)
Recoveries	Recoveries	1	295	6	48	32	382
Net (charge-offs) recoveries	Net (charge-offs) recoveries	$ (247)	$ 15	$ (129)	$ (4)	$ (223)	$ (588)
Net (charge-off) recovery ratio(1)	Net (charge-off) recovery ratio(1)	(0.03) %	— %	(0.01) %	— %	(0.02) %	(0.06)%
Net (charge-off) recovery ratio(1)							

(in thousands)	Agricultural	Commercial and Industrial	Commercial Rea
Net (charge-off) recovery ratio(1)	0.03 %	(0.02) %	—

Net (charge-off) recovery ratio(1)	—	%	(0.03)	%	—	

	For the Nine Months Ended September 30, 2023 and 2022					
(in thousands)	Agricultural	Commercial and Industrial	Commercial Real Estate	Residential Real Estate	Consumer	Total
For the Nine Months Ended September 30, 2023						
Charge-offs	$ (26)	$ (1,020)	$ (830)	$ (54)	$ (451)	$(2,381)
Recoveries	153	349	15	23	160	700
Net (charge-offs) recoveries	$ 127	$ (671)	$ (815)	$ (31)	$ (291)	$(1,681)
Net (charge-off) recovery ratio(1)	— %	(0.02) %	(0.03) %	— %	(0.01) %	(0.06)%
For the Nine Months Ended September 30, 2022						
Charge-offs	$ (249)	$ (843)	$ (2,319)	$ (90)	$ (540)	$(4,041)
Recoveries	9	613	154	68	106	950
Net (charge-offs) recoveries	$ (240)	$ (230)	$ (2,165)	$ (22)	$ (434)	$(3,091)
Net (charge-off) recovery ratio(1)	(0.01) %	(0.01) %	(0.08) %	— %	(0.02) %	(0.12)%

(1) Net (charge-off) recovery ratio is calculated as the annualized net (charge-offs) recoveries divided by average loans held f held for sale, during the period.

(1) Net (charge-off) recovery ratio is calculated as the annualized net (charge-offs) recoveries divided by average loans held for investment, net of unearned income and average loans held for sale, during the period.

(1) Net (charge-off) recovery ratio is calculated as the annualized net (charge-offs) recoveries divided by average loans held for investment, net of unearned income and average loans held for sale, during the period.

Actual Results: Our ACL as of September 30, 2023 March 31, 2024 was $51.6 million $55.9 million, which was 1.27% of loans held for investment, net of unearned income as of that c of December 31, 2022 December 31, 2023, which was 1.28% 1.25% of loans held for investment, net of unearned income. The increase in the ACL primarily reflected the $3.1 mi loans, as well as an additional reserve taken to support organic loan growth and related to individually evaluated loans. growth. The liability for off-balance sheet credit exposures tota 2024 and December 31, 2022 $4.6 million as of December 31, 2023, and is included in 'Other liabilities' on the balance sheet.

The Company recorded a credit loss expense related to loans of $4.1 million $4.6 million for the nine three months ended September 30, 2023 March 31, 2024, as compared to credit nine three months ended September 30, 2022 March 31, 2023. Gross charge-offs for the first nine three months of 2023 2024 totaled $2.4 million $0.6 million, while there were $0.7 loans. The ratio of annualized net charge-offs to average loans for the first nine three months of 2023 2024 was 0.06% 0.02% compared to 0.12% 0.03% for the nine three months ende

Economic Forecast: At September 30, 2023 March 31, 2024, the economic forecast used by the Company showed the following: (1) Midwest unemployment – increases over the ne in national retail sales - increases over the next four forecasted quarters; (3) Year-to-year year-to-year change in CRE Index - decreases in over the next four forecasted quarters; (4 the next four forecasted quarters; (5) Year-to-year year-to-year change in National Home Price Index – increases over the next two forecasted quarters, with declines in the third ar vacancy - increases over the next four forecasted quarters. In addition, management utilized qualitative factors to adjust the calculated ACL as appropriate. Qualitative factors are

based on management's judgment of company, market, industry or business specific data, changes in underlying loan composition of specific portfolios, trends relating to credit qua reasonable and supportable forecasts of economic conditions.

Loan Policy: We review all nonaccrual loans relationships greater than $250,000 $250 thousand individually on a quarterly basis to measure any amount to be recognized in the Co ability to repay amounts owed, collateral deficiencies, and other relevant factors. In addition, PCD loans greater than $250,000 are evaluated individually to determine the required A performing in accordance with their modified contractual terms for a reasonable period of time may be included in the Company's existing pools based on the underlying risk chara determination that a modified loan (or a portion of a loan) has subsequently been deemed uncollectible, the loan (or a portion of the loan) is written off. Therefore, the amortized cost allowance for credit losses is adjusted by the same amount. We review loans 90 days or more past due that are still accruing interest no less than quarterly to determine if the asset loans are placed on non-accrual status. Upon the Company's determination that a loan balance has been deemed uncollectible, the uncollectible balance is charged-off.

Based on the inherent risk in the loan portfolio, management believed that as of September 30, 2023 March 31, 2024, the ACL was adequate; however, there is no assurance losses or general economic deterioration may require the recognition of additional credit loss expense in future periods. See Note 4. Loans Receivable and the Allowance for Credit Losses information related to the allowance for credit losses.

Deposits

The composition of deposits was as follows:

(in thousands)	(in thousands)	As of September 30, 2023 Balance	% of Total	As of December 31, 2022 Balance	% of Total
Noninterest bearing deposits	Noninterest bearing deposits	$ 924,213	17.2 %	$1,053,450	19.3 %
Interest checking deposits	Interest checking deposits	1,334,481	24.9	1,624,278	29.8
Money market deposits	Money market deposits	1,127,287	21.0	937,340	17.1
Savings deposits	Savings deposits	619,805	11.6	664,169	12.1
Total non-maturity deposits					
Time deposits of $250 and under	Time deposits of $250 and under	703,646	13.1	559,466	10.2
Total core deposits		4,709,432	87.8	4,838,703	88.5
Brokered deposits		220,063	4.1	126,767	2.4
Time deposits over $250	Time deposits over $250	433,829	8.1	503,472	9.1
Total non-core deposits		653,892	12.2	630,239	11.5
Total time deposits					
Total deposits	Total deposits	$5,363,324	100.0 %	$5,468,942	100.0 %

(in thousands)	As of March 31, 2024 Balance		% of Total		Balance
Noninterest bearing deposits	$ 920,764	16.5	16.5	%	$
Total time deposits	$ 1,463,656		26.2	%	$ 1,422,037
Total deposits	$ 5,585,236	100.0	100.0	%	$

Deposits decreased $105.6 million increased $189.6 million from December 31, 2022 December 31, 2023, or 1.9%. Brokered 3.5%, primarily due to the $224.2 million of deposits as of September 30, 2023 totaled $220.1 million "$250 thousand and under" is $205.0 million of brokered deposits at March 31, 2024, compared with $126.8 million $221.0 million 87.8% 87.9% of our total deposits were considered "core" deposits as of September 30, 2023 March 31, 2024, compared to 88.5% 87.6% at December 31, 2022 December 31, 2023 than time deposits greater than $250k $250 thousand and non-reciprocal brokered deposits. Deposit inflows and outflows are influenced by prevailing market interest rates, competitio

fluctuations in our business customers own liquidity needs and may also be influenced by recent developments in the financial services industry. See Note 8. Deposits to our consolid deposits.

Short-Term Borrowings and Long-Term Debt

The following table sets forth the composition of short-term borrowings and long-term debt as of the dates presented:

(dollars in thousands)	(dollars in thousands)	September 30, 2023	December 31, 2022	(dollars in thousands)	March 31, 2024

Securities sold under agreements to repurchase	Securities sold under agreements to repurchase	$ 9,256	$ 156,373
Federal Home Loan Bank advances	Federal Home Loan Bank advances	139,700	235,500
Federal Reserve Bank borrowings	Federal Reserve Bank borrowings	225,000	—
Federal Reserve Bank borrowings			
Federal Reserve Bank borrowings			
Line of credit			
Total short-term borrowings	Total short-term borrowings	$ 373,956	$ 391,873
Junior subordinated notes issued to capital trusts			
Junior subordinated notes issued to capital trusts			
Junior subordinated notes issued to capital trusts	Junior subordinated notes issued to capital trusts	42,249	42,116
Subordinated debentures	Subordinated debentures	64,105	64,006
Finance lease payable	Finance lease payable	652	787
Federal Home Loan Bank borrowings	Federal Home Loan Bank borrowings	6,270	17,301
Other long-term debt	Other long-term debt	11,250	15,000
Total long-term debt	Total long-term debt	$ 124,526	$ 139,210

See Note 9. Short-Term Borrowings and Note 10. Long-Term Debt to our unaudited consolidated financial statements for additional information related to short-term borrowings and lo

Capital Resources

Shareholders' Equity and Capital Adequacy

The following table summarizes certain equity capital ratios and book value per share amounts of the Company at the dates presented:

		September 30, 2023	December 31, 2022		March 31, 2024
		March 31, 2024			
Common equity ratio	Common equity ratio	7.81 %	7.49 %	Common equity ratio	7.83 %

Tangible common equity ratio(1)	Tangible common equity ratio(1)	6.54 %	6.17 %	Tangible common equity ratio(1)	6.43	%
Total risk-based capital ratio	Total risk-based capital ratio	12.45 %	12.07 %	Total risk-based capital ratio	11.97	%
Tier 1 risk-based capital ratio	Tier 1 risk-based capital ratio	10.31 %	10.05 %	Tier 1 risk-based capital ratio	9.75	%
Common equity tier 1 risk-based capital ratio	Common equity tier 1 risk-based capital ratio	9.52 %	9.28 %	Common equity tier 1 risk-based capital ratio	8.98	%
Tier 1 leverage ratio	Tier 1 leverage ratio	8.58 %	8.35 %	Tier 1 leverage ratio	8.16	%
Book value per share	Book value per share	$ 32.21	$ 31.54			
Tangible book value per share(1)	Tangible book value per share(1)	$ 26.60	$ 25.60			

(1)A non-GAAP financial measure - see the "Non-GAAP Presentations" section for a reconciliation to the most comparable GAAP equivalent.

Shareholders' Equity: Total shareholders' equity was $505.4 million $528.0 million as of September 30, 2023 March 31, 2024, compared to $492.8 million $524.4 million as of [million $3.7 million, or 2.6% 0.7%, primarily due to net income and driven by a decrease in the unrealized loss on available for sale debt securities, which decreased the negative bal stock, partially offset by a decline in additional paid-in capital and retained earnings.

Capital Adequacy: Risk-based capital guidelines require the classification of assets and some off-balance-sheet items in terms of credit-risk exposure and the measuring of capital believed that, as of September 30, 2023 March 31, 2024, the Company and the Bank met all capital adequacy requirements to which we were subject. As of that date, the Bank provisions. See Note 12. Regulatory Capital Requirements and Restrictions on Subsidiary Cash to our unaudited consolidated financial statements for additional information related to

Stock Compensation

Restricted stock units were granted to certain officers of the Company on February 15, 2023 February 15, 2024, in the aggregate amount of 80,745. In the second quarter, restricted on May 15, 2023, in the aggregate amount of 20,148, while during the third quarter, restricted stock units were granted to certain officers of the Company and the Bank on August during the first nine three months of 2023, 88,039 2024, 77,443 shares of common stock were issued in connection with the vesting of previously awarded grants of restricted st grantees to satisfy tax requirements, and 881 582 unvested restricted stock units were forfeited.

Liquidity

Liquidity management involves meeting the cash flow requirements of depositors and borrowers. We conduct liquidity management on both a daily and long-term basis, and adjust o projected loan maturities and payments, expected deposit flows, yields available on interest-bearing deposits, and the objectives of our asset/liability management program. Excess agency securities, short- and medium-term state and political subdivision securities, and other investment securities. Our most liquid assets are cash and due from banks, interest- these assets are dependent on our operating, investing, and financing activities during any given period.

Cash and cash equivalents are summarized in the table below.

(dollars in thousands)	(dollars in thousands)	As of September 30, 2023	As of December 31, 2022	(dollars in thousands)	As of March 31, 2024
Cash and due from banks	Cash and due from banks	$ 71,015	$ 83,990		

Interest-bearing deposits	Interest-bearing deposits	3,773	2,445
Federal funds sold			
Total	Total	$ 74,788	$ 86,435

Generally, our principal sources of funds are deposits, advances from the FHLB, principal repayments on loans, proceeds from the sale of loans, proceeds from the maturity and s provided by operations. While scheduled loan amortization and maturing interest-bearing deposits are relatively predictable sources of funds, deposit flows and loan prepayments ar interest rates,

and competition. We utilized particular sources of funds based on comparative costs and availability. The Bank maintains unsecured lines of credit with several correspondent banks a the FHLB that would allow us to borrow funds on a short-term basis, if necessary. We also hold debt securities classified as available for sale that could be sold to meet liquidity needs

Net cash provided by operations was another major source of liquidity. The net cash provided by operating activities was $55.8 million $9.6 million for the nine months three-n million $17.6 million for the nine months three-months ended September 30, 2022 March 31, 2023.

Inflation

The effects of price changes and inflation can vary substantially for most financial institutions. While management believes that inflation affects the growth of total assets, it is difficult t more of the components of the Consumer Price Index may fluctuate considerably and thereby influence the overall Consumer Price Index without having a corresponding effect normally purchased by us. Inflation and related increases in market rates by the Federal Reserve generally decrease the market value of investments and loans held and may adve higher inflation levels and higher interest rates could have a negative impact on both our consumer and commercial borrowers. We anticipate our noninterest income may be adve rates and inflationary pressure, which has begun to and will continue to adversely affect mortgage originations and mortgage banking revenue. Additionally, the economic impact o increased demand on our liquidity if we experience significant credit deterioration and as we meet borrowers' needs. There is also a risk that interest rate increases to fight inflation co

Off-Balance-Sheet Arrangements

During the normal course of business, we are a party to financial instruments with off-balance-sheet risk in order to meet the financing needs of our customers. These financial instrun loans, and standby letters of credit. We follow the same credit policy (including requiring collateral, if deemed appropriate) to make such commitments as is followed for those loans th

Our exposure to credit losses in the event of nonperformance is represented by the contractual amount of the commitments. Management does not expect any significant losses as a liquidity available to cover these off-balance-sheet instruments. Off-balance-sheet transactions are more fully discussed in Note 13. Commitments and Contingencies to our unaudited

Contractual Obligations

There have been no material changes to the Company's contractual obligations existing at December 31, 2022 December 31, 2023, as disclosed in the Annual Report on Form 10-K, t

Non-GAAP Financial Measures

Certain ratios and amounts not in conformity with GAAP are provided to evaluate and measure the Company’s operating performance and financial condition, including return on aver per share, tangible common equity ratio, efficiency ratio, net interest margin (tax equivalent), and core net interest margin. Management believes these ratios and amounts prov profitability, financial condition and capital adequacy, consistent with how management evaluates the Company’s financial performance.

The following tables provide a reconciliation of each non-GAAP measure to the most comparable GAAP equivalent:

	Three Months Ended		
Return on Average Tangible Equity	**September 30, 2023**	**September 30, 2022**	
(Dollars in thousands)			
Net income	$ 9,138	$ 18,317	$
Intangible amortization, net of tax (1)	1,095	1,342	
Tangible net income	$ 10,233	$ 19,659	$
Average shareholders' equity	$ 508,066	$ 499,263	$
Average intangible assets, net	(88,699)	(95,499)	
Average tangible equity	$ 419,367	$ 403,764	$

Return on average equity	7.14 %	14.56 %
Return on average tangible equity (2)	9.68 %	19.32 %

(1) Computed assuming a combined marginal income tax rate of 25%.

(2) Annualized tangible net income divided by average tangible equity.

Return on Average Tangible Equity	
(Dollars in thousands)	
Net income	$
Intangible amortization, net of tax (1)	
Tangible net income	$
Average shareholders' equity	$
Average intangible assets, net	
Average tangible equity	$
Return on average equity	
Return on average tangible equity (2)	

(1) Computed assuming a combined marginal income tax rate of 25%.

(2) Annualized tangible net income divided by average tangible equity.

Tangible Common Equity/Tangible Book Value per Share / Tangible Common Equity Ratio	March 3
(Dollars in thousands, except per share data)	
Total shareholders' equity	$
Intangible assets, net	
Tangible common equity	$
Total assets	$
Intangible assets, net	
Tangible assets	$
Book value per share	$
Tangible book value per share (1)	$
Shares outstanding	
Equity to assets ratio	
Tangible common equity ratio (2)	

(1) Tangible common equity divided by shares outstanding.

(2) Tangible common equity divided by tangible assets.

Efficiency Ratio	
(dollars in thousands)	
Total noninterest expense	$
Amortization of intangibles	
Merger-related expenses	
Noninterest expense used for efficiency ratio	$
Net interest income, tax equivalent(1)	$
Noninterest income (loss)	
Investment security (gains) losses, net	
Net revenues used for efficiency ratio	$

Efficiency ratio(2)

(1) The federal statutory tax rate utilized was 21%.

(2) Noninterest expense adjusted for amortization of intangibles and merger-related expenses divided by the sum of tax equivalent net interest income, noninterest income and net investment securities gains.

Tangible Common Equity/Tangible Book Value per Share / Tangible Common Equity Ratio	**Septembe**
(Dollars in thousands, except per share data)	
Total shareholders' equity	$
Intangible assets, net	
Tangible common equity	$
Total assets	$
Intangible assets, net	
Tangible assets	$
Book value per share	$
Tangible book value per share (1)	$
Shares outstanding	
Equity to assets ratio	
Tangible common equity ratio (2)	

(1) Tangible common equity divided by shares outstanding.

(2) Tangible common equity divided by tangible assets.

Efficiency Ratio	**Three Months Ended** September 30, 2023	**Three Months Ended** September 30, 2022
(dollars in thousands)		
Total noninterest expense	$ 31,544	$ 34,623
Amortization of intangibles	(1,460)	(1,789)
Merger-related expenses	(11)	(763)
Noninterest expense used for efficiency ratio	$ 30,073	$ 32,071
Net interest income, tax equivalent(1)	$ 35,742	$ 47,002
Noninterest income	9,861	12,588
Investment security losses (gains), net	(79)	163
Net revenues used for efficiency ratio	$ 45,524	$ 59,753
Efficiency ratio(2)	66.06 %	53.67 %

(1) The federal statutory tax rate utilized was 21%.

(2) Noninterest expense adjusted for amortization of intangibles and merger-related expenses divided by the sum of tax equivalent net interest income, noninterest income and net investment securities gains.

	Three Months Ended	**Nine Months Ended**
	Three Months Ended	
	Three Months Ended	
	Three Months Ended	
Net Interest Margin, Tax Equivalent/Core Net Interest Margin		
Net Interest Margin, Tax Equivalent/Core Net Interest Margin		

Net Interest Margin, Tax Equivalent/Core Net Interest Margin	**Net Interest Margin, Tax Equivalent/Core Net Interest Margin**	**September 30, 2023**	**September 30, 2022**	**September 30, 2023**	**September 30, 2022**
(dollars in thousands)	**(dollars in thousands)**				
(dollars in thousands)					
(dollars in thousands)					
Net interest income					
Net interest income					
Net interest income	Net interest income	$ 34,575	$ 45,733	$ 111,613	$ 122,794
Tax equivalent adjustments:	Tax equivalent adjustments:				
Tax equivalent adjustments:					
Tax equivalent adjustments:					
Loans (1)					
Loans (1)					
Loans (1)	Loans (1)	735	673	2,164	1,782
Securities (1)	Securities (1)	432	596	1,385	1,819
Securities (1)					
Securities (1)					
Net interest income, tax equivalent					
Net interest income, tax equivalent					
Net interest income, tax equivalent	Net interest income, tax equivalent	$ 35,742	$ 47,002	$ 115,162	$ 126,395
Loan purchase discount accretion	Loan purchase discount accretion	(791)	(2,015)	(2,964)	(3,275)
Loan purchase discount accretion					
Loan purchase discount accretion					
Core net interest income					
Core net interest income					
Core net interest income	Core net interest income	$ 34,951	$ 44,987	$ 112,198	$ 123,120
Net interest margin	Net interest margin	2.27 %	3.00 %	2.46 %	2.84 %
Net interest margin					
Net interest margin					
Net interest margin, tax equivalent (2)					
Net interest margin, tax equivalent (2)					
Net interest margin, tax equivalent (2)	Net interest margin, tax equivalent (2)	2.35 %	3.08 %	2.54 %	2.92 %
Core net interest margin (3)	Core net interest margin (3)	2.30 %	2.95 %	2.47 %	2.85 %
Core net interest margin (3)					
Core net interest margin (3)					
Average interest earning assets	Average interest earning assets	$6,032,636	$6,050,864	$6,063,026	$5,783,021

Average interest earning assets

Average interest earning assets

(1) The federal statutory tax rate utilized was 21%.

(1) The federal statutory tax rate utilized was 21%.

(1) The federal statutory tax rate utilized was 21%. (2) Annualized tax equivalent net interest income divided by average interest earning assets.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

In general, market risk is the risk of change in asset values due to movements in underlying market rates and prices. Interest rate risk is the risk to earnings and capital arising significant market risk affecting us as other types of market risk, such as foreign currency exchange rate risk and commodity price risk, do not arise in the normal course of our busines

In addition to interest rate risk, economic conditions in recent years have made liquidity risk (namely, funding liquidity risk) a more prevalent concern among financial institutions. In g obligations to creditors (including, in the case of banks, obligations to depositors) as such obligations become due and/or fund its acquisition of assets.

Liquidity Risk

Liquidity refers to our ability to fund operations, to meet depositor withdrawals, to provide for our customers' credit needs, and to meet maturing obligations and existing commitment activities, investment in and maturity of assets, changes in balances of deposits and borrowings, and our ability to borrow funds.

Net cash inflows from operating activities were $55.8 million $9.6 million in the first nine three months of 2023, 2024, compared with $72.3 million $17.6 million in the first nine three activities were $83.1 million $38.3 million in the first nine three months of 2023, 2024, compared to net cash outflows inflows of $202.5 million $132.5 million in the comparable nine-mo from financing activities in the first nine three months of 2023 2024 were $150.5 million $44.8 million, compared with net cash inflows outflows of $4.8 million $167.4 million for the same

To manage liquidity risk, the Bank has several sources of liquidity in place to maximize funding availability and increase the diversification of funding sources. The criteria for eva (percentage of liabilities), cost, volatility, and the fit with the current asset/liability management plan. These acceptable sources of liquidity include:

- Federal Funds Lines
- Federal Reserve Bank Discount Window/Bank Term Funding Program
- Federal Home Loan Bank Advances
- Brokered Deposits
- Brokered Repurchase Agreements

Federal Funds Lines - Federal funds positions provide a source of short-term liquidity funding for the Bank. Unsecured federal funds purchased lines are viewed as a volatile liability a used to fund long-term assets. The current federal funds purchased limit is 10% of total assets, or the amount of established federal funds lines, whichever is smaller. As of Se unsecured federal funds lines totaling $155.0 million, which lines are tested annually to ensure availability.

Federal Reserve Bank Discount Window and Bank Term Funding Program - The Federal Reserve Bank Discount Window and the Bank Term Funding Program BTFP are additio uncertainty or stress. The Effective March 11, 2024, no new loans will be made under the BTFP. As of March 31, 2024, the Bank has a borrowing capacity had investment secu subdivisions, mortgage backed, and collateralized mortgage obligations, with an approximate market value of $790.3 million pledged to the Federal Reserve Bank of Chicago limited As of September 30, 2023, the Bank had municipal securities with an approximate market value of $880.5 million pledged for liquidity purposes and had additional borrowing capa borrowings through the FRB Discount Window at September 30, 2023 March 31, 2024. There were $225.0 million $405.0 million of Bank Term Funding Program borrowings outstandi

Federal Home Loan Bank Advances - FHLB advances provide both a source of liquidity and long-term funding for the Bank. Advances All credit exposure, including advances an primarily by one- to four-family residential, commercial and agricultural real estate first mortgages equal to various percentages of the total outstanding notes. The current FHLB borr the Bank's total assets. This credit capacity limit includes short-term and long-term borrowings, federal funds, letters of credit, and other sources of credit exposure to the FHLB. A million of no short-term FHLB advances and $6.3 million in long-term FHLB borrowings and additional borrowing capacity of $673.3 million $795.9 million.

Brokered Deposits and Reciprocal Deposits - The Bank has brokered time deposit and non-maturity deposit relationships available to diversify its funding sources. Brokered deposits maturity structures which cannot be duplicated in the current retail market, deposit gathering which does not cannibalize the existing deposit base, the unsecured nature of these internal policy limits the use of brokered deposits as a funding source to no more than 10% 20% of total assets. Board approval is required to exceed this limit. The Bank must mainta FDIC waiver. An "adequately capitalized" rating requires an FDIC waiver to access brokered deposits and an "undercapitalized" rating prohibits the Bank from using brokered deposit as of September 30, 2023 March 31, 2024 and $126.8 million $221.0 million as of December 31, 2022 December 31, 2023.

Under a final rule that was issued by the FDIC in December 2018, financial institutions that are considered "well capitalized" qualify for the exemption of certain reciprocal deposi limited to the lesser of 20 percent of total liabilities or $5 billion $5.00 billion, with some exceptions for financial institutions that do not meet such criteria. At September 30, 2023 M reciprocal time deposits, $149.6 million $132.7 million of reciprocal interest bearing non-maturity deposits, and $70.1 million $64.2 million non-interest bearing non-maturity deposits th deposits are part of the IntraFi Network Deposits program, which is used by financial institutions to spread deposits that exceed the FDIC insurance coverage limits out to num participating deposits.

Brokered Repurchase Agreements - Brokered repurchase agreements may be established with approved brokerage firms and banks. Repurchase agreements create rollover risk (the factors) and are not used as a long-term funding solution, especially when used to fund long-term assets. Collateral requirements and availability are evaluated and monitored. 10% 15% of total assets. There were no outstanding brokered repurchase agreements at September 30, 2023 March 31, 2024.

Interest Rate Risk

Interest rate risk is defined as the exposure of net interest income and fair value of financial instruments (interest-earning assets, deposits and borrowings) to movements in interes degree on its net interest income and its ability to manage interest rate risk. The Company considers interest rate risk to be a significant market risk. The major sources of the Comp re-pricing characteristics of assets and liabilities, changes in the shape of the yield curve, changes in customer behavior and changes in relationships between rate indices (basis risk ways, including through the use of income simulation and valuation analyses. Multiple interest rate scenarios are used in this analysis which include changes in interest rates, spr assumptions about customer behavior in various interest rate scenarios. A mismatch between maturities, interest rate sensitivities and prepayment characteristics of assets and liab we have material interest-rate risk exposure to changes in both short-term and long-term interest rates, as well as variable interest rate indices (e.g., the prime rate or SOFR).

The Bank's asset and liability committee meets regularly and is responsible for reviewing its interest rate sensitivity position and establishing policies to monitor and limit exposure manage interest rate risk under a variety of rate environments by structuring our balance sheet and off-balance-sheet positions in such a way that changes in interest rates do not ha within approved policy limits.

We use a third-party service to model and measure our exposure to potential interest rate changes. For various assumed hypothetical changes in market interest rates, numerous oth and securities backed by mortgages, the slope of the Treasury yield-curve, the rates and volumes of our deposits, and the rates and volumes of our loans. There are two prima simulation and economic value of equity ("EVE"). In addition, interest rate gap is reviewed to monitor asset and liability repricing over various time periods.

Net Interest Income Simulation - Management utilizes net interest income simulation models to estimate the near-term effects of changing interest rates on its net interest income income under a variety of scenarios, which include varying the level of interest rates and shifts in the shape of the yield curve. Management exercises its best judgment in making such as non-contractual deposit re-pricings, and events outside management's control, such as customer behavior on loan and deposit activity and the effect that competition has on and, as a result,

net interest income simulation results will differ from actual results due to the timing, magnitude and frequency of interest rate changes, changes in market conditions, customer l perform various sensitivity analyses on assumptions of deposit attrition and deposit re-pricing.

The following table presents the anticipated effect on net interest income over a twelve month period if short- and long-term interest rates were to sustain an immediate decrease of 1 100 basis points or 200 basis points:

	Immediate Change in Rates		
(dollars in thousands)	-200	-100	
September 30, 2023			
Dollar change	$ 461	$ 225	$
Percent change	0.3 %	0.2 %	
December 31, 2022			
Dollar change	$ 8,398	$ 5,637	$
Percent change	5.2 %	3.5 %	

	Immediate Change in Rates		
(dollars in thousands)	-200	-100	
March 31, 2024			
Dollar change	$ 2,832	$ 1,273	$
Percent change	1.9 %	0.9 %	
December 31, 2023			
Dollar change	$ 1,280	$ (347)	$
Percent change	0.9 %	(0.2)%	

As of September 30, 2023 March 31, 2024, 29.9% 33.9% of the Company's earning asset balances will reprice or are expected to pay down in the next twelve months, and 42.1% 40 deposits.

Economic Value of Equity - Management also uses EVE to measure risk in the balance sheet that might not be taken into account in the net interest income simulation analysis. Ne short time period, while EVE analysis incorporates all cash flows over the estimated remaining life of all balance sheet positions. The valuation of the balance sheet, at a point in time minus the discounted present value of liability cash flows. EVE analysis addresses only the current balance sheet and does not incorporate the run-off replacement assumptions that a net interest income simulation model, EVE analysis is based on key assumptions about the timing and variability of balance sheet cash flows and does not take into account any interest rates.

Interest Rate Gap - The interest rate gap is the difference between interest-earning assets and interest-bearing liabilities re-pricing within a given period and represents the net as measure could be significantly affected by external factors such as loan prepayments, early withdrawals of deposits, changes in the correlation of various interest-bearing instruments

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

The Company's management, including the Chief Executive Officer, the Chief Financial Officer, and the Chief Accounting Officer, evaluated the effectiveness of the Company's disc Rule 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchar the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including the Company's C Accounting Officer,

to allow timely decisions regarding required disclosure. Based on this evaluation, the Chief Executive Officer, the Chief Financial Officer, and the Chief Accounting Officer, have co were effective as of September 30, 2023 March 31, 2024.

The effectiveness of our or any system of disclosure controls and procedures is subject to certain limitations, including the exercise of judgment in designing, implementing, and e identifying the likelihood of future events, and the inability to eliminate misconduct completely. As a result, there can be no assurance that our disclosure controls and procedures will will be made known to appropriate management in a timely fashion. By their nature, our or any system of disclosure controls and procedures can provide only reasonable assurance r

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal controls over financial reporting (as defined in Rule 13a-15(f) and Rule 15d-15(f) under the Exchange Act) that occurred during th 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.

We and our subsidiaries are from time to time parties to various legal actions arising in the normal course of business. We believe that there is no threatened or pending proceeding, business, against us or our subsidiaries or of which our property is the subject, which, if determined adversely, would have a material adverse effect on our consolidated business or fi

Item 1A. Risk Factors.

There have been no material changes to the risk factors set forth under Part I, Item 1A "Risk Factors" in the Company's Form 10-K for the fiscal year ended December 31, 2022 Dec 2024.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds, and Issuer Purchases of Equity Securities. Proceeds.

Repurchase of Equity Securities

The following table sets forth information about the Company's purchases of its common stock during the third first quarter of 2023: 2024:

	Total Number of Shares Purchased(1)	Average Price Paid per Share	Total Number of Shares Purchas Announced Progr
July 1 - 31, 2023	—	$ —	
August 1 - 31, 2023	2,382	22.37	
September 1 - 30, 2023	—	—	
Total	2,382	$ 22.37	

	Total Number of Shares Purchased(1)	Average Price Paid per Share	Total Number of Shares Purchas Announced Progr
January 1 - 31, 2024	—	$ —	
February 1 - 29, 2024	21,278	24.48	
March 1 - 31, 2024	—	—	

Total	21,278	$ 24.48	

(1) During the three months ended September 30, 2023March 31, 2024, no shares were repurchased by the Company under the current share repurchase program, while 2,38221
pay withholding taxes on vesting of restricted stock unit awards.

(2) On June 22, 2021, the Board of Directors of the Company approved a share repurchase program, allowing for the repurchase of up to $15.0 million of the Company's commo
replaced the Company's prior repurchase program, which was due to expire on December 31, 2021. Since June 23, 2021 and through April 27, 2023, the Company repurchased 40
leaving $3.0 million available to be repurchased.

On April 27, 2023, the Board of Directors of the Company approved a newthe current share repurchase program, allowing for the repurchase of up to $15.0 million of the Cor
repurchase program replaced the Company's prior repurchase program, adopted in June 2021, which was due to expire on December 31, 2023. Since April 28, 2023 and through Sep
shares of common stock, leaving $15.0 million available to be repurchased.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not Applicable.

Item 5. Other Information.

During the fiscal quarter ended September 30, 2023March 31, 2024, none of the Company's directors or executive officers adopted or terminated any contract, instruction or writte
intended to satisfy the affirmative defense conditions of Rule10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."

Item 6. Exhibits.

Exhibit Number	Description	Incor
3.1	Amended and Restated Articles of Incorporation of MidWest*One* Financial Group, Inc. filed with the Secretary of State of the State of Iowa on March 14, 2008	Exhibit 3.3 to the Company's Amendment I 147628) filed with the SEC on January 14,
3.2	Articles of Amendment (First Amendment) to the Amended and Restated Articles of Incorporation of MidWest*One* Financial Group, Inc. filed with the Secretary of State of the State of Iowa on January 23, 2009	Exhibit 3.1 to the Company's Current Repo
3.3	Articles of Amendment (Second Amendment) to the Amended and Restated Articles of Incorporation of MidWest*One* Financial Group, Inc. filed with the Secretary of State of the State of Iowa on February 4, 2009 (containing the Certificate of Designations for the Company's Fixed Rate Cumulative Perpetual Preferred Stock, Series A)	Exhibit 3.1 to the Company's Current Repo
3.4	Articles of Amendment (Third Amendment) to the Amended and Restated Articles of Incorporation of MidWest*One* Financial Group, Inc., filed with the Secretary of State of the State of Iowa on April 21, 2017	Exhibit 3.1 to the Company's Form 10-Q fo May 4, 2017
3.5	Third Amended and Restated Bylaws, as Amended of MidWest*One* Financial Group, Inc. as of October 18, 2022	Exhibit 3.1 to the Company's Current Repo
4.1	Form of MidWest*One* Financial Group, Inc. 2023 Equity Incentive Plan Restricted Stock Unit Award Agreement	Exhibit 4.7 to the Company's Form S-8 file
4.2	Form of MidWest*One* Financial Group, Inc. 2023 Equity Incentive Plan Performance-Based Restricted Stock Unit Award Agreement	Exhibit 4.8 to the Company's Form S-8 file
10.1	Third Amendment to the Credit Agreement by and between MidWestOne Financial Group, Inc. and U.S. Bank National Association dated February 12, 2024	
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a)	Filed herewith
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a)	Filed herewith
31.3	Certification of Principal Accounting Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a)	Filed herewith
32.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith
32.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith
32.3	Certification of Principal Accounting Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith
101	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024, formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Income, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Shareholders' Equity, (v) Consolidated Statements of Cash Flows, and (vi) Notes to Consolidated Financial Statements, tagged as blocks of text and including detailed tags.	Filed herewith
101.SCH	Inline XBRL Taxonomy Extension Schema Document	Filed herewith
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	Filed herewith
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	Filed herewith
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	Filed herewith

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 authorize

MIDWEST*ONE* FINANCIAL GROUP, INC.

Dated:	November 2, 2023 May 7, 2024	By:	/s/ CHARLES N. REEVES
			Charles N. Reeves
			Chief Executive Officer
			(Principal Executive Officer)
		By:	/s/ BARRY S. RAY
			Barry S. Ray
			Chief Financial Officer
			(Principal Financial Officer)
		By:	/s/ JOHN J. RUPPEL
			John J. Ruppel
			Chief Accounting Officer
			(Principal Accounting Officer)

61 57

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

PURSUANT TO EXCHANGE ACT RULE 13a - 14(a) / 15d - 14(a) AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-C

I, Charles N. Reeves, Chief Executive Officer of MidWest*One* Financial Group, Inc., certify that:

1) I have reviewed this Quarterly Report on Form 10-Q of MidWest*One* Financial Group, Inc.;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the stater 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 financia registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchang 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 the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during t

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance v

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusion: 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 registrai quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's

5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the regist 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 whicl 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/ CHARLES N. REEVES

Charles N. Reeves

Chief Executive Officer

Date: November 2, 2023 May 7, 2024

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

PURSUANT TO EXCHANGE ACT RULE 13a - 14(a) / 15d - 14(a) AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-O

I, Barry S. Ray, Chief Financial Officer of MidWest*One* Financial Group, Inc., certify that:

1) I have reviewed this Quarterly Report on Form 10-Q of MidWest*One* Financial Group, Inc.;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statem 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 registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange 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 the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during th

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance w

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions 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 registran quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's

5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registr 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 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/ BARRY S. RAY

Barry S. Ray

Chief Financial Officer

Date: November 2, 2023 May 7, 2024

CERTIFICATION OF PRINCIPAL ACCOUNTING OFFICER

PURSUANT TO EXCHANGE ACT RULE 13a - 14(a) / 15d - 14(a) AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-O

I, John J. Ruppel, Chief Accounting Officer of MidWest*One* Financial Group, Inc., certify that:

1) I have reviewed this Quarterly Report on Form 10-Q of MidWest*One* Financial Group, Inc.;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statem 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 registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange 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 the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during th

  b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance w

  c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions 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 registran quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's

5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registr 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 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/ JOHN J. RUPPEL

John J. Ruppel

Chief Accounting Officer

Date: November 2, 2023 May 7, 2024

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

In connection with the Quarterly Report of MidWest*One* Financial Group, Inc. on Form 10-Q for the period ended September 30, 2023 March 31, 2024, as filed with the Securities a Charles N. Reeves, the Chief Executive Officer of MidWest*One* Financial Group, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes

(a) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(b) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of MidWest*One* Financial

/s/ CHARLES N. REEVES

Charles N. Reeves

Chief Executive Officer

Date: November 2, 2023 May 7, 2024

This certification accompanies this Form 10-Q and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to

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

In connection with the Quarterly Report of MidWest*One* Financial Group, Inc. on Form 10-Q for the period ended September 30, 2023 March 31, 2024, as filed with the Securities a
Barry S. Ray, the Chief Financial Officer of MidWest*One* Financial Group, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley

(a) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(b) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of MidWest*One* Financial

/s/ BARRY S. RAY
Barry S. Ray
Chief Financial Officer
Date: November 2, 2023 May 7, 2024

This certification accompanies this Form 10-Q and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to

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

In connection with the Quarterly Report of MidWest*One* Financial Group, Inc. on Form 10-Q for the period ended September 30, 2023 March 31, 2024, as filed with the Securities a
John J. Ruppel, the Chief Accounting Officer of MidWest*One* Financial Group, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-C

(a) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(b) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of MidWest*One* Financial

/s/ JOHN J. RUPPEL
John J. Ruppel
Chief Accounting Officer
Date: November 2, 2023 May 7, 2024

This certification accompanies this Form 10-Q and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PE ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOE ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS RE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.