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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2025
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: 001-35654

NATIONAL BANK HOLDINGS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

27-0563799

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

7800 East Orchard Road, Suite 300, Greenwood Village, Colorado 80111
(Address of principal executive offices) (Zip Code)

Registrant's telephone, including area code: (303) 892-8715

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

<u>Title of each class:</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered:</u>
Class A Common Stock, Par Value \$0.01	NBHC	NYSE

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

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

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

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

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

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

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of April 25, 2025, the registrant had outstanding 38,094,318 shares of Class A voting common stock, each with \$0.01 par value per share, excluding 409,528 shares of restricted Class A common stock issued but not yet vested.

	<u>Page</u>
<u>Part I. Financial Information</u>	
<u>Item 1. Financial Statements (Unaudited)</u>	6
<u>Consolidated Statements of Financial Condition as of March 31, 2025 and December 31, 2024</u>	6
<u>Consolidated Statements of Operations for the three months ended March 31, 2025 and 2024</u>	7
<u>Consolidated Statements of Comprehensive Income for the three months ended March 31, 2025 and 2024</u>	8
<u>Consolidated Statements of Changes in Shareholders' Equity for the three months ended March 31, 2025 and 2024</u>	9
<u>Consolidated Statements of Cash Flows for the three months ended March 31, 2025 and 2024</u>	10
<u>Notes to Consolidated Financial Statements</u>	11
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	45
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	72
<u>Item 4. Controls and Procedures</u>	72
<u>Part II. Other Information</u>	
<u>Item 1. Legal Proceedings</u>	73
<u>Item 1A. Risk Factors</u>	73
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	73
<u>Item 5. Other Information</u>	73
<u>Item 6. Exhibits</u>	74

GLOSSARY OF ACRONYMS, ABBREVIATIONS AND TERMS

2023 Plan	2023 Omnibus Incentive Plan	GAAP	Generally accepted accounting principles
ACL	Allowance for credit losses	GDP	Gross domestic product
AFS	Available-for-sale	GNMA	Government National Mortgage Association
AIR	Accrued interest receivable	GSE	Government sponsored enterprises
AOCI	Accumulated other comprehensive income (loss)	HPI	Home price index
ASC	Accounting Standards Codification	HTM	Held-to-maturity
BOJH	Bank of Jackson Hole	ISDA	International Swaps and Derivative Association
BOJHT	Bank of Jackson Hole Trust	MBS	Mortgage-backed securities
Cambr	Cambr Solutions, LLC	MSR	Mortgage servicing right
CECL	Current expected credit loss	NBHC or the Company	National Bank Holdings Corporation
CRE	Commercial real estate	NCO	Net charge-offs
CSA	Credit Support Annexes	OREO	Other real estate owned
DCF	Discounted cash flow	PSU	Performance stock unit
ESPP	Employee Stock Purchase Plan	ROTA	Return on tangible assets
FDIC	Federal Deposit Insurance Corporation	SBA	Small Business Administration
FHA	Federal Housing Administration	SEC	Securities and Exchange Commission
FHLB	Federal Home Loan Bank	SOFR	Secured overnight financing rate
FHLMC	Federal Home Loan Mortgage Corporation	TDMs	Troubled debt modifications
Fintech	Financial technology	The Banks	NBH Bank and Bank of Jackson Hole Trust
FNMA	Federal National Mortgage Association	Transaction deposits	Demand, savings, and money market deposits
FRB	Federal Reserve Bank	TSR	Total shareholder return
FTE	Fully taxable equivalent		

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements do not discuss historical facts but instead relate to expectations, beliefs, plans, predictions, forecasts, objectives, assumptions or future events or performance. Forward-looking statements are generally identified by words such as “anticipate,” “believe,” “can,” “would,” “should,” “could,” “may,” “predict,” “seek,” “potential,” “will,” “estimate,” “target,” “plan,” “project,” “continuing,” “ongoing,” “expect,” “intend,” “goal,” “focus,” “maintains,” “future,” “ultimately,” “likely,” “ensure,” “strategy,” “objective,” and similar words or phrases. These statements are only predictions and involve estimates, known and unknown risks, assumptions and uncertainties. We have based these statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, liquidity, results of operations, business strategy and growth prospects.

Forward-looking statements involve certain important risks, uncertainties and other factors, any of which could cause actual results to differ materially from those in such statements and, therefore, you are cautioned not to place undue reliance on such statements. Factors that could cause actual results to differ from those discussed in the forward-looking statements include, but are not limited to:

- business and economic conditions along with external events both generally and in the financial services industry;
- susceptibility to credit risk and fluctuations in the value of real estate and other collateral securing a significant portion of our loan portfolio, including with regards to real estate acquired through foreclosure, and the accuracy of appraisals related to such real estate;
- the allowance for credit losses and fair value adjustments may be insufficient to absorb losses in our loan portfolio;
- our ability to maintain sufficient liquidity to meet the requirements of deposit withdrawals and other business needs;
- changes and uncertainty impacting monetary supply and the businesses of our clients and counterparties, including levels of market interest rates, inflation, currency values, monetary and fiscal policies, and the volatility of trading markets;
- changes in the fair value of our investment securities and the ability of companies in which we invest to commercialize their technology or product concepts;
- the loss of certain executive officers and key personnel;
- any service interruptions, cyber incidents or other breaches relating to our technology systems, security systems or infrastructure or those of our third-party providers;
- the occurrence of fraud or other financial crimes within our business;
- competition from other financial institutions and financial services providers and the effects of disintermediation within the banking business including consolidation within the industry;
- changes and uncertainty with respect to federal government lending programs like the SBA’s Preferred Lender Program and the FHA’s insurance programs, including the impact of a government shutdown on such programs;
- impairment of our mortgage servicing rights, disruption in the secondary market for mortgage loans, declines in real estate values, or being required to repurchase mortgage loans or reimburse investors;
- developments in technology, such as artificial intelligence, the success of our digital growth strategy, and our ability to incorporate innovative technologies in our business and provide products and services that satisfy our clients’ expectations for convenience and security;
- our ability to execute our organic growth and acquisition strategies;
- the accuracy of projected operating results for assets and businesses we acquire as well as our ability to drive organic loan growth to replace loans in our existing portfolio with comparable loans as loans are paid down;

[Table of Contents](#)

- changes and uncertainty with respect to federal, state and local laws, regulations, and policies along with executive orders applicable to our business, including tax laws, tariff policies, and Federal Reserve interest rate policies;
- our ability to comply with and manage costs related to extensive government regulation and supervision, including current and future regulations affecting bank holding companies and depository institutions;
- the application of any increased assessment rates imposed by the FDIC;
- claims or legal action brought against us by third parties or government agencies; and
- other factors, risks, trends and uncertainties described under “Part I, Item 1. Business,” “Part I, Item 1A. Risk Factors,” “Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” disclosed in our Annual Report on [Form 10-K](#) for the year ended December 31, 2024 and in our other filings with the SEC.

Any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events or circumstances, except as required by applicable law.

PART I: FINANCIAL INFORMATION

Item 1: FINANCIAL STATEMENTS.

NATIONAL BANK HOLDINGS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Financial Condition (Unaudited)

(In thousands, except share and per share data)

	March 31, 2025	December 31, 2024
ASSETS		
Cash and cash equivalents	\$ 246,298	\$ 127,848
Investment securities available-for-sale (at fair value)	634,376	527,547
Investment securities held-to-maturity (fair value of \$636,805 and \$451,386 at March 31, 2025 and December 31, 2024, respectively)	706,912	533,108
Non-marketable securities	76,203	76,462
Loans	7,646,296	7,751,143
Allowance for credit losses	(90,192)	(94,455)
Loans, net	7,556,104	7,656,688
Loans held for sale	11,885	24,495
Other real estate owned	615	662
Premises and equipment, net	204,567	196,773
Goodwill	306,043	306,043
Intangible assets, net	54,489	58,432
Other assets	301,378	299,635
Total assets	<u>\$ 10,098,870</u>	<u>\$ 9,807,693</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Deposits:		
Non-interest bearing demand deposits	\$ 2,215,313	\$ 2,213,685
Interest bearing demand deposits	1,337,905	1,411,860
Savings and money market	3,812,312	3,592,312
Time deposits	1,058,677	1,020,036
Total deposits	8,424,207	8,237,893
Securities sold under agreements to repurchase	20,749	18,895
Long-term debt, net	54,588	54,511
Federal Home Loan Bank advances	80,000	50,000
Other liabilities	190,018	141,319
Total liabilities	8,769,562	8,502,618
Shareholders' equity:		
Common stock, par value \$0.01 per share: 400,000,000 shares authorized; 51,487,888 and 51,487,888 shares issued; 38,094,105 and 38,054,482 shares outstanding at March 31, 2025 and December 31, 2024, respectively	515	515
Additional paid-in capital	1,168,433	1,167,431
Retained earnings	521,939	508,864
Treasury stock of 13,106,084 and 13,141,392 shares at March 31, 2025 and December 31, 2024, respectively, at cost	(301,531)	(301,694)
Accumulated other comprehensive loss, net of tax	(60,048)	(70,041)
Total shareholders' equity	1,329,308	1,305,075
Total liabilities and shareholders' equity	<u>\$ 10,098,870</u>	<u>\$ 9,807,693</u>

See accompanying notes to the consolidated interim financial statements.

NATIONAL BANK HOLDINGS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Operations (Unaudited)

(In thousands, except share and per share data)

	For the three months ended March 31,	
	2025	2024
Interest and dividend income:		
Interest and fees on loans	\$ 120,207	\$ 123,736
Interest and dividends on investment securities	8,737	6,617
Dividends on non-marketable securities	480	616
Interest on interest bearing bank deposits	539	763
Total interest and dividend income	129,963	131,732
Interest expense:		
Interest on deposits	41,267	43,998
Interest on borrowings	2,005	3,704
Total interest expense	43,272	47,702
Net interest income before provision for credit losses	86,691	84,030
Provision for credit loss expense	10,200	—
Net interest income after provision for credit losses	76,491	84,030
Non-interest income:		
Service charges	4,118	4,391
Bank card fees	4,194	4,578
Mortgage banking income	3,315	2,655
Bank-owned life insurance income	764	733
Other non-interest income	2,985	5,337
Total non-interest income	15,376	17,694
Non-interest expense:		
Salaries and benefits	34,362	36,520
Occupancy and equipment	10,837	9,941
Data processing	4,401	4,066
Marketing and business development	946	962
FDIC deposit insurance	1,326	1,345
Bank card expenses	1,103	1,349
Professional fees	1,423	1,646
Other non-interest expense	5,642	4,997
Other intangible assets amortization	1,977	2,008
Total non-interest expense	62,017	62,834
Income before income taxes	29,850	38,890
Income tax expense	5,619	7,499
Net income	\$ 24,231	\$ 31,391
Earnings per share—basic	\$ 0.63	\$ 0.82
Earnings per share—diluted	0.63	0.82
Common stock dividend	0.29	0.27
Weighted average number of common shares outstanding:		
Basic	38,068,455	38,031,358
Diluted	38,229,869	38,188,480

See accompanying notes to the consolidated interim financial statements.

NATIONAL BANK HOLDINGS CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income (Unaudited)
(In thousands)

	For the three months ended March 31,	
	2025	2024
Net income	\$ 24,231	\$ 31,391
Other comprehensive income (loss), net of tax:		
Securities available-for-sale:		
Net unrealized gains (losses) arising during the period, net of tax (expense) benefit of (\$3,033) and \$985 for the three months ended March 31, 2025 and 2024, respectively	9,716	(3,090)
Less: amortization of net unrealized holding gains to income, net of tax benefit of \$3 and \$8 for the three months ended March 31, 2025 and 2024, respectively	(8)	(25)
Cash flow hedges:		
Net unrealized gains arising during the period, net of tax expense of \$474 and \$48 for the three months ended March 31, 2025 and 2024, respectively	1,554	203
Less: reclassification for gains included in net income, net of tax expense of \$385 and \$269 for the three months ended March 31, 2025 and 2024, respectively	(1,269)	(896)
Other comprehensive income (loss)	9,993	(3,808)
Comprehensive income	<u>\$ 34,224</u>	<u>\$ 27,583</u>

See accompanying notes to the consolidated interim financial statements.

NATIONAL BANK HOLDINGS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Shareholders' Equity (Unaudited)

Three months ended March 31, 2025 and 2024

(In thousands, except share and per share data)

	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Accumulated other comprehensive (loss) income, net	Total
Balance, December 31, 2023	\$ 515	\$ 1,162,269	\$ 433,126	\$ (306,702)	\$ (76,401)	\$ 1,212,807
Net income	—	—	31,391	—	—	31,391
Stock-based compensation	—	1,576	—	—	—	1,576
Issuance of stock under purchase and equity compensation plans, including gain on reissuance of treasury stock of \$369, net	—	(72)	—	242	—	170
Cash dividends declared (\$0.27 per share)	—	—	(10,306)	—	—	(10,306)
Other comprehensive loss	—	—	—	—	(3,808)	(3,808)
Balance, March 31, 2024	\$ 515	\$ 1,163,773	\$ 454,211	\$ (306,460)	\$ (80,209)	\$ 1,231,830
Balance, December 31, 2024	\$ 515	\$ 1,167,431	\$ 508,864	\$ (301,694)	\$ (70,041)	\$ 1,305,075
Net income	—	—	24,231	—	—	24,231
Stock-based compensation	—	1,704	—	—	—	1,704
Issuance of stock under purchase and equity compensation plans, including gain on reissuance of treasury stock of \$1,374, net	—	(702)	—	163	—	(539)
Cash dividends declared (\$0.29 per share)	—	—	(11,156)	—	—	(11,156)
Other comprehensive income	—	—	—	—	9,993	9,993
Balance, March 31, 2025	\$ 515	\$ 1,168,433	\$ 521,939	\$ (301,531)	\$ (60,048)	\$ 1,329,308

See accompanying notes to the consolidated interim financial statements.

NATIONAL BANK HOLDINGS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Unaudited)

(In thousands)

	For the three months ended March 31,	
	2025	2024
Cash flows from operating activities:		
Net income	\$ 24,231	\$ 31,391
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit loss expense	10,200	—
Depreciation and amortization	6,328	6,021
Change in current income tax receivable	4,281	7,485
Change in deferred income taxes	4,560	(1,277)
Discount accretion, net of premium amortization on securities	(483)	(202)
Gain on sale of mortgages, net	(2,338)	(2,162)
Origination of loans held for sale, net of repayments	(72,646)	(62,542)
Proceeds from sales of loans held for sale	87,571	69,160
Originations of mortgage servicing rights	(62)	(115)
Proceeds from sales of mortgage servicing rights	2,360	—
Gain on sale of mortgage servicing rights	(646)	—
Gain on sale of fixed assets	(5)	(637)
Stock-based compensation	1,704	1,576
Operating lease payments	(1,625)	(1,637)
Change in other assets	(11,600)	(24,527)
Change in other liabilities	(12,205)	7,423
Net cash provided by operating activities	39,625	29,957
Cash flows from investing activities:		
Proceeds from non-marketable securities	15,700	27,114
Proceeds from maturities and paydowns of investment securities available-for-sale	48,436	45,662
Proceeds from maturities and paydowns of investment securities held-to-maturity	17,027	14,367
Proceeds from sales of other real estate owned	—	21
Purchases of non-marketable securities	(15,904)	(10,302)
Purchases of investment securities available-for-sale	(142,245)	(106,554)
Purchases of investment securities held-to-maturity	(190,624)	—
Purchases of premises and equipment, net	(10,166)	(5,482)
Net decrease in loans	138,351	128,793
Proceeds from the sale of loans	11,941	—
Net cash (used in) provided by investing activities	(127,484)	93,619
Cash flows from financing activities:		
Net increase in deposits	186,312	327,260
Net increase (decrease) in repurchase agreements and other short-term borrowings	1,854	(50)
Net advances from (payments to) the Federal Home Loan Bank	30,000	(340,000)
Issuance of stock under purchase and equity compensation plans	(583)	131
Proceeds from exercise of stock options	10	—
Payment of dividends	(11,284)	(10,312)
Net cash provided by (used in) financing activities	206,309	(22,971)
Increase in cash and cash equivalents	118,450	100,605
Cash and cash equivalents at beginning of the year	127,848	192,326
Cash and cash equivalents at end of period	\$ 246,298	\$ 292,931
<i>Supplemental disclosure of cash flow information during the period:</i>		
Cash paid for interest	\$ 42,858	\$ 45,172
Net tax (refunds) payments	(95)	76
<i>Supplemental schedule of non-cash activities:</i>		
Increase in loans purchased but not settled	\$ 60,350	\$ —
Loans transferred from loans held for sale to loans	23	333

See accompanying notes to the consolidated interim financial statements.

NATIONAL BANK HOLDINGS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
March 31, 2025

Note 1 Basis of Presentation

National Bank Holdings Corporation is a bank holding company that was incorporated in the State of Delaware in 2009. The Company is headquartered in Greenwood Village, Colorado, and its primary operations are conducted through its wholly owned subsidiaries NBH Bank and BOJHT. NBH Bank is a Colorado state-chartered bank and a member of the Federal Reserve System, and BOJHT is a Wyoming state-chartered bank and a member of the Federal Reserve System. The Company provides a variety of banking products to both commercial and consumer clients through a network of over 90 banking centers, as of March 31, 2025, located primarily in Colorado, the greater Kansas City region, Utah, Wyoming, Texas, New Mexico and Idaho, as well as through online and mobile banking products and services.

The accompanying interim unaudited consolidated financial statements serve to update the National Bank Holdings Corporation Annual Report on [Form 10-K](#) for the year ended December 31, 2024 and include the accounts of the Company and its wholly owned subsidiaries, NBH Bank, BOJHT and 2UniFi, LLC. The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. GAAP and, where applicable, with general practices in the banking industry or guidelines prescribed by bank regulatory agencies. However, they may not include all information and notes necessary to constitute a complete set of financial statements under GAAP applicable to annual periods and accordingly should be read in conjunction with the financial information contained in the Company's most recent [Form 10-K](#). The unaudited consolidated financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the results presented. All such adjustments are of a normal recurring nature. All significant intercompany balances and transactions have been eliminated in consolidation. Certain reclassifications of prior years' amounts are made whenever necessary to conform to current period presentation. The results of operations for the interim period are not necessarily indicative of the results that may be expected for the full year or any other interim period. All amounts are in thousands, except share data, or as otherwise noted.

GAAP requires management to make estimates that affect the reported amounts of assets, liabilities, revenues and expenses and disclosures of contingent assets and liabilities. By their nature, estimates are based on judgment and available information. Management has made significant estimates in certain areas, such as the fair values of financial instruments, contingent liabilities and the ACL. Because of the inherent uncertainties associated with any estimation process and future changes in market and economic conditions, it is possible that actual results could differ significantly from those estimates.

The Company's significant accounting policies followed in the preparation of the unaudited consolidated financial statements are disclosed in note 2 of the audited financial statements and notes for the year ended December 31, 2024 and are contained in the Company's Annual Report on [Form 10-K](#). There have been no significant changes to the application of significant accounting policies since December 31, 2024.

Note 2 Recent Accounting Pronouncements

The Company has not adopted any recent accounting pronouncements in addition to those disclosed in our Annual Report on [Form 10-K](#) for the year ended December 31, 2024, except for the following:

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The update requires public business entities to disclose specific categories related to rate reconciliation. It also requires more detailed information for reconciling items, provided certain quantitative thresholds are met. The amendments in this update will be applied on a prospective basis and are effective for fiscal years beginning after December 15, 2024. The update will not have a material impact on its financial statements apart from the inclusion of additional disclosures.

In March 2024, the FASB issued ASU 2024-01, *Compensation – Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards*. This update improves GAAP by adding an illustrative example that includes four fact patterns to demonstrate how an entity should apply the scope guidance in paragraph 718-10-15-3 to determine whether a profit interest award should be accounted for in accordance with Topic 718. The amendments in this update are effective for annual periods beginning after December 15, 2024, and interim periods within those annual periods. The Company adopted ASU 2024-01 on January 1, 2025 with no material impact to its financial statements.

Note 3 Investment Securities

The Company's investment securities portfolio is comprised of available-for-sale and held-to-maturity investment securities. These investment securities totaled \$1.3 billion at March 31, 2025 and included \$0.6 billion of available-for-sale securities and \$0.7 billion of held-to-maturity securities. At December 31, 2024, investment securities totaled \$1.0 billion and included \$0.5 billion of available-for-sale securities and \$0.5 billion of held-to-maturity securities.

Available-for-sale

Available-for-sale securities are summarized as follows as of the dates indicated:

	March 31, 2025			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
U.S. Treasury securities	\$ 72,507	\$ 756	\$ —	\$ 73,263
Mortgage-backed securities:				
Residential mortgage pass-through securities issued or guaranteed by U.S. government agencies or sponsored enterprises	228,732	588	(25,075)	204,245
Other residential MBS issued or guaranteed by U.S. government agencies or sponsored enterprises	408,063	927	(54,821)	354,169
Corporate debt	2,000	—	(27)	1,973
Other securities	726	—	—	726
Total investment securities available-for-sale	<u>\$ 712,028</u>	<u>\$ 2,271</u>	<u>\$ (79,923)</u>	<u>\$ 634,376</u>

	December 31, 2024			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
U.S. Treasury securities	\$ 24,958	\$ —	\$ (84)	\$ 24,874
Mortgage-backed securities:				
Residential mortgage pass-through securities issued or guaranteed by U.S. government agencies or sponsored enterprises	164,785	53	(29,793)	135,045
Other residential MBS issued or guaranteed by U.S. government agencies or sponsored enterprises	425,476	432	(60,970)	364,938
Corporate debt	2,000	—	(38)	1,962
Other securities	728	—	—	728
Total investment securities available-for-sale	<u>\$ 617,947</u>	<u>\$ 485</u>	<u>\$ (90,885)</u>	<u>\$ 527,547</u>

During the three months ended March 31, 2025 and 2024, purchases of available-for-sale securities totaled \$142.2 million and \$106.6 million, respectively. Maturities and paydowns of available-for-sale securities during the three months ended March 31, 2025 and 2024 totaled \$48.4 million and \$45.7 million, respectively. There were no sales of available-for-sale securities during the three months ended March 31, 2025 or 2024.

At March 31, 2025 and December 31, 2024, the Company's available-for-sale investment portfolio was primarily comprised of U.S. Treasury securities and mortgage-backed securities. All mortgage-backed securities were backed by GSE collateral such as FHLMC and FNMA and the government-owned agency GNMA.

[Table of Contents](#)

The tables below summarize the available-for-sale securities with unrealized losses as of the dates shown, along with the length of the impairment period:

	March 31, 2025					
	Less than 12 months		12 months or more		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Mortgage-backed securities:						
Residential mortgage pass-through securities issued or guaranteed by U.S. government agencies or sponsored enterprises	\$ 10,802	\$ (43)	\$ 133,239	\$ (25,032)	\$ 144,041	\$ (25,075)
Other residential MBS issued or guaranteed by U.S. government agencies or sponsored enterprises	9,951	(6)	261,676	(54,815)	271,627	(54,821)
Corporate debt	—	—	1,973	(27)	1,973	(27)
Total	<u>\$ 20,753</u>	<u>\$ (49)</u>	<u>\$ 396,888</u>	<u>\$ (79,874)</u>	<u>\$ 417,641</u>	<u>\$ (79,923)</u>

	December 31, 2024					
	Less than 12 months		12 months or more		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
U.S. Treasury securities	\$ —	\$ —	\$ 24,874	\$ (84)	\$ 24,874	\$ (84)
Mortgage-backed securities:						
Residential mortgage pass-through securities issued or guaranteed by U.S. government agencies or sponsored enterprises	—	—	132,935	(29,793)	132,935	(29,793)
Other residential MBS issued or guaranteed by U.S. government agencies or sponsored enterprises	41,426	(95)	264,621	(60,875)	306,047	(60,970)
Corporate debt	—	—	1,963	(38)	1,963	(38)
Total	<u>\$ 41,426</u>	<u>\$ (95)</u>	<u>\$ 424,393</u>	<u>\$ (90,790)</u>	<u>\$ 465,819</u>	<u>\$ (90,885)</u>

Management regularly monitors the investment securities portfolio in its entirety and further evaluates all of the available-for-sale securities in an unrealized loss position at each reporting period. The portfolio included 176 securities, which were in an unrealized loss position at March 31, 2025, compared to 180 securities at December 31, 2024. The unrealized losses in the Company's investment portfolio at March 31, 2025 were caused by changes in interest rates. The Company has no intention to sell these securities and believes it will not be required to sell the securities before the recovery of their amortized cost. Management believes that default of the available-for-sale securities is highly unlikely. FHLMC, FNMA and GNMA guaranteed mortgage-backed securities and U.S. Treasury securities have a long history of zero credit losses, an explicit guarantee by the U.S. government (although limited for FNMA and FHLMC securities) and yields that generally trade based on market views of prepayment and liquidity risk rather than credit risk.

Certain securities are pledged as collateral for public deposits, securities sold under agreements to repurchase and to secure borrowing capacity at the FRB, if needed. The fair value of available-for-sale investment securities pledged as collateral totaled \$245.4 million and \$238.6 million at March 31, 2025 and at December 31, 2024, respectively. The Company may also pledge available-for-sale investment securities as collateral for FHLB advances. No securities were pledged for this purpose at March 31, 2025 or December 31, 2024.

[Table of Contents](#)

A summary of the available-for-sale securities by maturity is shown in the following table as of March 31, 2025. Mortgage-backed securities may have actual maturities that differ from contractual maturities depending on the repayment characteristics and experience of the underlying financial instruments and are therefore not included in the table below. Additionally, the Company holds other available-for-sale securities with an amortized cost and fair value of \$0.7 million as of March 31, 2025 that have no stated contractual maturity date.

	March 31, 2025		
	Amortized cost	Fair value	Weighted average yield
U.S. Treasury securities			
After one but within five years	\$ 72,507	\$ 73,263	4.35%
Corporate debt			
After five but within ten years	2,000	1,973	5.78%

As of March 31, 2025 and December 31, 2024, AIR from available-for-sale investment securities totaled \$1.6 million and \$1.3 million, respectively, and was included within other assets in the consolidated statements of financial condition.

Held-to-maturity

Held-to-maturity investment securities are summarized as follows as of the dates indicated:

	March 31, 2025			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
U.S. Treasury securities	\$ 49,715	\$ —	\$ (284)	\$ 49,431
Mortgage-backed securities:				
Residential mortgage pass-through securities issued or guaranteed by U.S. government agencies or sponsored enterprises	262,594	148	(30,602)	232,140
Other residential MBS issued or guaranteed by U.S. government agencies or sponsored enterprises	394,603	1,448	(40,817)	355,234
Total investment securities held-to-maturity	<u>\$ 706,912</u>	<u>\$ 1,596</u>	<u>\$ (71,703)</u>	<u>\$ 636,805</u>

	December 31, 2024			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
U.S. Treasury securities	\$ 49,639	\$ —	\$ (480)	\$ 49,159
Mortgage-backed securities:				
Residential mortgage pass-through securities issued or guaranteed by U.S. government agencies or sponsored enterprises	271,105	51	(36,870)	234,286
Other residential MBS issued or guaranteed by U.S. government agencies or sponsored enterprises	212,364	—	(44,423)	167,941
Total investment securities held-to-maturity	<u>\$ 533,108</u>	<u>\$ 51</u>	<u>\$ (81,773)</u>	<u>\$ 451,386</u>

During the three months ended March 31, 2025, purchases of held-to-maturity securities totaled \$190.6 million. There were no purchases of held-to-maturity securities during the three months ended March 31, 2024. Maturities and paydowns of held-to-maturity securities totaled \$17.0 million and \$14.4 million during the three months ended March 31, 2025 and 2024, respectively.

[Table of Contents](#)

The held-to-maturity portfolio included 140 securities which were in an unrealized loss position as of March 31, 2025, compared to 160 securities at December 31, 2024. The tables below summarize the held-to-maturity securities with unrealized losses as of the dates shown, along with the length of the impairment period:

	March 31, 2025					
	Less than 12 months		12 months or more		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
U.S. Treasury securities	\$ —	\$ —	\$ 49,431	\$ (284)	\$ 49,431	\$ (284)
Mortgage-backed securities:						
Residential mortgage pass-through securities issued or guaranteed by U.S. government agencies or sponsored enterprises	29,190	(258)	184,104	(30,344)	213,294	(30,602)
Other residential MBS issued or guaranteed by U.S. government agencies or sponsored enterprises	26,868	(45)	162,392	(40,772)	189,260	(40,817)
Total	<u>\$ 56,058</u>	<u>\$ (303)</u>	<u>\$ 395,927</u>	<u>\$ (71,400)</u>	<u>\$ 451,985</u>	<u>\$ (71,703)</u>

	December 31, 2024					
	Less than 12 months		12 months or more		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
U.S. Treasury securities	\$ —	\$ —	\$ 49,159	\$ (480)	\$ 49,159	\$ (480)
Mortgage-backed securities:						
Residential mortgage pass-through securities issued or guaranteed by U.S. government agencies or sponsored enterprises	45,427	(880)	185,558	(35,990)	230,985	(36,870)
Other residential MBS issued or guaranteed by U.S. government agencies or sponsored enterprises	2,818	(51)	165,123	(44,372)	167,941	(44,423)
Total	<u>\$ 48,245</u>	<u>\$ (931)</u>	<u>\$ 399,840</u>	<u>\$ (80,842)</u>	<u>\$ 448,085</u>	<u>\$ (81,773)</u>

The Company does not measure expected credit losses on a financial asset, or group of financial assets, in which historical credit loss information adjusted for current conditions and reasonable and supportable forecasts results in an expectation that nonpayment of the amortized cost basis is zero. Management evaluated held-to-maturity securities noting they are backed by loans guaranteed by either U.S. government agencies or U.S. government sponsored entities, and management believes that default is highly unlikely given this governmental backing and long history without credit losses. Additionally, management notes that yields on which the portfolio generally trades are based upon market views of prepayment and liquidity risk and not credit risk. The Company has no intention to sell any held-to-maturity securities and believes it will not be required to sell any held-to-maturity securities before the recovery of their amortized cost.

The table below summarizes the credit quality indicators, by amortized cost, of held-to-maturity securities as of the dates shown:

	March 31, 2025	December 31, 2024
	AA+	AA+
U.S. Treasury securities	\$ 49,715	\$ 49,639
Mortgage-backed securities:		
Residential mortgage pass-through securities issued or guaranteed by U.S. government agencies or sponsored enterprises	262,594	271,105
Other residential MBS issued or guaranteed by U.S. government agencies or sponsored enterprises	394,603	212,364
Total investment securities held-to-maturity	<u>\$ 706,912</u>	<u>\$ 533,108</u>

Certain securities are pledged as collateral for public deposits, securities sold under agreements to repurchase and to secure borrowing capacity at the FRB, if needed. The carrying value of held-to-maturity investment securities pledged as collateral totaled \$539.8 million and \$500.5 million at March 31, 2025 and December 31, 2024, respectively. The Company may also pledge held-to-maturity investment securities as collateral for FHLB advances. No held-to-maturity investment securities were pledged for this purpose at March 31, 2025 or December 31, 2024.

[Table of Contents](#)

A summary of the held-to-maturity securities by maturity is shown in the following table as of March 31, 2025. Actual maturities of mortgage-backed securities may differ from scheduled maturities depending on the repayment characteristics and experience of the underlying financial instruments and are therefore not included in the table below.

	March 31, 2025		
	Amortized cost	Fair value	Weighted average yield
U.S. Treasury securities			
Within one year	\$ 24,993	\$ 24,970	3.18%
After one but within five years	24,722	24,461	3.10%
Total	<u>\$ 49,715</u>	<u>\$ 49,431</u>	3.14%

As of March 31, 2025 and December 31, 2024, AIR from held-to-maturity investment securities totaled \$2.0 million and \$0.9 million, respectively, and was included within other assets in the consolidated statements of financial condition.

Note 4 Non-marketable Securities

The carrying balance of non-marketable securities are summarized as follows as of the dates indicated:

	March 31, 2025	December 31, 2024
Federal Reserve Bank stock	\$ 24,062	\$ 24,062
Federal Home Loan Bank stock	3,625	3,922
Convertible preferred stock	20,508	20,508
Equity method investments	28,008	27,970
Total	<u>\$ 76,203</u>	<u>\$ 76,462</u>

Non-marketable securities included FRB stock, FHLB stock, convertible preferred stock and equity method investments. During the three months ended March 31, 2025, purchases of non-marketable securities totaled \$15.9 million, and proceeds from redemptions and sales of non-marketable securities totaled \$15.7 million. During the three months ended March 31, 2024, purchases of non-marketable securities totaled \$10.3 million, and proceeds from non-marketable securities totaled \$27.1 million. Purchases consisted primarily of FHLB stock, and proceeds consisted primarily of redemptions of FHLB stock. Changes in the Company's FHLB stock holdings were directly correlated to FHLB line of credit advances and paydowns.

FRB and FHLB stock

At March 31, 2025 and December 31, 2024, the Company held FRB stock and FHLB stock for regulatory or debt facility purposes. These are restricted securities which, lacking a market, are carried at cost. There have been no identified events or changes in circumstances that may have an adverse effect on the FRB and FHLB stock carried at cost.

Convertible preferred stock

Non-marketable securities includes convertible preferred stock without a readily determinable fair value. During the three months ended March 31, 2025 and 2024, the Company purchased zero and \$0.4 million, respectively, of convertible preferred stock.

Equity method investments

Non-marketable securities also include equity method investments totaling \$26.2 million at March 31, 2025 and December 31, 2024 and equity method investments without a readily determinable fair value totaling \$1.8 million at March 31, 2025 and December 31, 2024. Purchases of equity method investments during the three months ended March 31, 2025 and 2024 totaled \$0.5 million and \$0.6 million, respectively. During the three months ended March 31, 2025 and 2024, the Company recorded net unrealized losses on equity method investments totaling \$0.3 million and \$0.1 million, respectively. These gains and losses were recorded in other non-interest income in the Company's consolidated statements of operations. Carrying values of equity method investments without a readily determinable fair value are updated periodically and impairments may be taken to reflect a new basis. The Company recorded no impairment related to equity method investments without a readily determinable fair value for the three months ended March 31, 2025 or the year ended December 31, 2024.

Note 5 Loans

The loan portfolio is comprised of loans originated by the Company and loans that were acquired in connection with the Company's acquisitions. The tables below show the loan portfolio composition including carrying value by segment as of the dates shown. The carrying value of loans is net of discounts, fees, costs and fair value marks of \$27.5 million and \$30.1 million as of March 31, 2025 and December 31, 2024, respectively.

March 31, 2025		
	Total loans	% of total
Commercial	\$ 4,603,771	60.2%
Commercial real estate non-owner occupied	1,795,856	23.5%
Residential real estate	1,233,649	16.1%
Consumer	13,020	0.2%
Total	\$ 7,646,296	100.0%

December 31, 2024		
	Total loans	% of total
Commercial	\$ 4,670,430	60.2%
Commercial real estate non-owner occupied	1,812,338	23.4%
Residential real estate	1,253,838	16.2%
Consumer	14,537	0.2%
Total	\$ 7,751,143	100.0%

Information about delinquent and non-accrual loans is shown in the following tables at March 31, 2025 and December 31, 2024:

March 31, 2025						
	30-89 days past due and accruing	Greater than 90 days past due and accruing	Non-accrual loans	Total past due and non-accrual	Current	Total loans
Commercial:						
Commercial and industrial	\$ 8,408	\$ 912	\$ 24,224	\$ 33,544	\$ 1,943,250	\$ 1,976,794
Municipal and non-profit	—	—	—	—	1,116,995	1,116,995
Owner occupied commercial real estate	2,813	—	3,641	6,454	1,218,576	1,225,030
Food and agribusiness	3,687	—	587	4,274	280,678	284,952
Total commercial	14,908	912	28,452	44,272	4,559,499	4,603,771
Commercial real estate non-owner occupied:						
Construction	—	—	—	—	250,106	250,106
Acquisition/development	—	—	—	—	75,864	75,864
Multifamily	—	—	—	—	332,739	332,739
Non-owner occupied	196	—	—	196	1,136,951	1,137,147
Total commercial real estate non-owner occupied	196	—	—	196	1,795,660	1,795,856
Residential real estate:						
Senior lien	1,304	—	5,781	7,085	1,140,574	1,147,659
Junior lien	572	100	352	1,024	84,966	85,990
Total residential real estate	1,876	100	6,133	8,109	1,225,540	1,233,649
Consumer	23	—	35	58	12,962	13,020
Total loans	\$ 17,003	\$ 1,012	\$ 34,620	\$ 52,635	\$ 7,593,661	\$ 7,646,296

[Table of Contents](#)

	March 31, 2025		
	Non-accrual loans with a related allowance for credit loss	Non-accrual loans with no related allowance for credit loss	Non-accrual loans
Commercial:			
Commercial and industrial	\$ 13,049	\$ 11,175	\$ 24,224
Owner occupied commercial real estate	3,641	—	3,641
Food and agribusiness	1	586	587
Total commercial	16,691	11,761	28,452
Commercial real estate non-owner occupied:			
Non-owner occupied	—	—	—
Total commercial real estate non-owner occupied	—	—	—
Residential real estate:			
Senior lien	3,348	2,433	5,781
Junior lien	352	—	352
Total residential real estate	3,700	2,433	6,133
Consumer	35	—	35
Total loans	\$ 20,426	\$ 14,194	\$ 34,620

	December 31, 2024					
	30-89 days past due and accruing	Greater than 90 days past due and accruing	Non-accrual loans	Total past due and non-accrual	Current	Total loans
Commercial:						
Commercial and industrial	\$ 20,290	\$ 5,492	\$ 21,950	\$ 47,732	\$ 1,948,093	\$ 1,995,825
Municipal and non-profit	—	—	—	—	1,107,142	1,107,142
Owner occupied commercial real estate	1,611	9,447	195	11,253	1,252,891	1,264,144
Food and agribusiness	—	—	587	587	302,732	303,319
Total commercial	21,901	14,939	22,732	59,572	4,610,858	4,670,430
Commercial real estate non-owner occupied:						
Construction	—	—	—	—	250,335	250,335
Acquisition/development	—	—	—	—	82,862	82,862
Multifamily	—	—	—	—	320,781	320,781
Non-owner occupied	158	—	5,971	6,129	1,152,231	1,158,360
Total commercial real estate non-owner occupied	158	—	5,971	6,129	1,806,209	1,812,338
Residential real estate:						
Senior lien	952	—	6,747	7,699	1,161,568	1,169,267
Junior lien	133	—	505	638	83,933	84,571
Total residential real estate	1,085	—	7,252	8,337	1,245,501	1,253,838
Consumer	20	1	39	60	14,477	14,537
Total loans	\$ 23,164	\$ 14,940	\$ 35,994	\$ 74,098	\$ 7,677,045	\$ 7,751,143

	December 31, 2024		
	Non-accrual loans with a related allowance for credit loss	Non-accrual loans with no related allowance for credit loss	Non-accrual loans
Commercial:			
Commercial and industrial	\$ 12,746	\$ 9,204	\$ 21,950
Owner occupied commercial real estate	195	—	195
Food and agribusiness	1	586	587
Total commercial	12,942	9,790	22,732
Commercial real estate non-owner occupied:			
Non-owner occupied	5,971	—	5,971
Total commercial real estate non-owner occupied	5,971	—	5,971
Residential real estate:			
Senior lien	3,319	3,428	6,747
Junior lien	505	—	505
Total residential real estate	3,824	3,428	7,252
Consumer	39	—	39
Total loans	\$ 22,776	\$ 13,218	\$ 35,994

Loans are considered past due or delinquent when the contractual principal or interest due in accordance with the terms of the loan agreement remains unpaid after the due date of the scheduled payment. Loans to borrowers experiencing financial difficulties may be modified. Modified loans are discussed in more detail below. There was no interest income recognized from non-accrual loans during the three months ended March 31, 2025 or 2024.

The Company's internal risk rating system uses a series of grades, which reflect our assessment of the credit quality of loans based on an analysis of the borrower's financial condition, liquidity and ability to meet contractual debt service requirements and are categorized as "Pass," "Special mention," "Substandard" and "Doubtful". For a description of the general characteristics of the risk grades, refer to note 2 Summary of Significant Accounting Policies in our audited consolidated financial statements in our 2024 Annual Report on [Form 10-K](#).

[Table of Contents](#)

The amortized cost basis and current period gross charge-offs for all loans as determined by the Company's internal risk rating system and year of origination are shown in the following tables as of and for the three months ended March 31, 2025 and the year ended December 31, 2024:

	March 31, 2025						Revolving loans amortized cost basis	Revolving loans converted to term	Total
	Origination year								
	2025	2024	2023	2022	2021	Prior			
Commercial:									
Commercial and industrial:									
Pass	\$ 95,838	\$ 424,705	\$ 156,189	\$ 316,781	\$ 193,923	\$ 137,872	\$ 424,386	\$ 4,489	\$ 1,754,183
Special mention	—	2,262	28,767	8,911	14,030	14,355	39,494	305	108,124
Substandard	—	16,206	35,716	8,764	22,306	4,450	21,988	301	109,731
Doubtful	—	—	1,159	2,158	137	1,302	—	—	4,756
Total commercial and industrial	95,838	443,173	221,831	336,614	230,396	157,979	485,868	5,095	1,976,794
Gross charge-offs: Commercial and industrial	—	3,042	7,075	—	—	—	—	—	10,117
Municipal and non-profit:									
Pass	2,497	117,890	151,450	140,903	216,874	454,396	32,985	—	1,116,995
Total municipal and non-profit	2,497	117,890	151,450	140,903	216,874	454,396	32,985	—	1,116,995
Owner occupied commercial real estate:									
Pass	10,128	269,728	201,724	203,221	128,324	289,044	24,750	17	1,126,936
Special mention	—	17,761	1,664	8,892	16,228	15,383	—	—	59,928
Substandard	—	—	—	20,213	10,926	5,072	848	—	37,059
Doubtful	—	—	—	691	—	416	—	—	1,107
Total owner occupied commercial real estate	10,128	287,489	203,388	233,017	155,478	309,915	25,598	17	1,225,030
Gross charge-offs: Owner occupied commercial real estate	—	—	2,266	883	—	303	—	—	3,452
Food and agribusiness:									
Pass	295	14,124	9,421	64,934	6,180	33,492	144,709	293	273,448
Special mention	—	—	—	3,947	2,750	189	—	—	6,886
Substandard	—	—	—	—	774	3,430	414	—	4,618
Total food and agribusiness	295	14,124	9,421	68,881	9,704	37,111	145,123	293	284,952
Total commercial	108,758	862,676	586,090	779,415	612,452	959,401	689,574	5,405	4,603,771
Gross charge-offs: Commercial	—	3,042	9,341	883	—	303	—	—	13,569
Commercial real estate non-owner occupied:									
Construction:									
Pass	1,461	62,035	61,141	49,548	28,793	888	35,069	11,171	250,106
Total construction	1,461	62,035	61,141	49,548	28,793	888	35,069	11,171	250,106
Acquisition/development:									
Pass	568	16,572	4,000	25,689	19,229	8,452	(14)	—	74,496
Special mention	—	—	—	1,077	—	—	—	—	1,077
Substandard	—	—	—	—	—	291	—	—	291
Total acquisition/development	568	16,572	4,000	26,766	19,229	8,743	(14)	—	75,864
Multifamily:									
Pass	—	1,343	22,745	153,168	70,366	76,027	796	—	324,445
Special mention	—	—	—	8,294	—	—	—	—	8,294
Total multifamily	—	1,343	22,745	161,462	70,366	76,027	796	—	332,739
Non-owner occupied									
Pass	7,967	67,949	119,351	304,412	138,453	418,168	10,952	—	1,067,252
Special mention	—	5,245	1,295	33,039	12,709	16,932	(1)	—	69,219
Substandard	—	—	—	—	—	676	—	—	676
Total non-owner occupied	7,967	73,194	120,646	337,451	151,162	435,776	10,951	—	1,137,147
Gross charge-offs: Non-owner occupied	—	—	—	—	1,467	—	—	—	1,467
Total commercial real estate non-owner occupied	9,996	153,144	208,532	575,227	269,550	521,434	46,802	11,171	1,795,856
Gross charge-offs: Commercial real estate non-owner occupied	—	—	—	—	1,467	—	—	—	1,467
Residential real estate:									
Senior lien									
Pass	13,349	65,103	68,624	409,594	275,567	265,255	42,780	663	1,140,935
Special mention	—	—	—	—	—	15	—	—	15
Substandard	—	64	662	2,529	689	2,593	—	—	6,537
Doubtful	—	—	—	172	—	—	—	—	172
Total senior lien	13,349	65,167	69,286	412,295	276,256	267,863	42,780	663	1,147,659
Junior lien									
Pass	706	8,426	3,387	4,565	1,747	6,943	58,850	816	85,440
Special mention	—	—	—	—	—	27	—	—	27
Substandard	—	42	—	99	—	212	170	—	523
Total junior lien	706	8,468	3,387	4,664	1,747	7,182	59,020	816	85,990
Total residential real estate	14,055	73,635	72,673	416,959	278,003	275,045	101,800	1,479	1,233,649

[Table of Contents](#)

Consumer									
Pass	1,129	4,062	1,613	1,176	752	589	2,906	758	12,985
Substandard	—	—	—	—	—	35	—	—	35
Total consumer	1,129	4,062	1,613	1,176	752	624	2,906	758	13,020
Gross charge-offs: Consumer	201	10	—	—	—	—	4	—	215
Total loans	\$ 133,938	\$ 1,093,517	\$ 868,908	\$ 1,772,777	\$ 1,160,757	\$ 1,756,504	\$ 841,082	\$ 18,813	\$ 7,646,296
Gross charge-offs: Total loans	201	3,052	9,341	883	1,467	303	4	—	15,251

[Table of Contents](#)

	December 31, 2024						Revolving loans amortized cost basis	Revolving loans converted to term	
	Origination year								Total
	2024	2023	2022	2021	2020	Prior			
Commercial:									
Commercial and industrial:									
Pass	\$ 445,993	\$ 181,920	\$ 332,246	\$ 215,561	\$ 51,902	\$ 92,115	\$ 468,752	\$ 2,614	\$ 1,791,103
Special mention	8,005	32,319	13,753	17,496	12,915	5,552	16,146	651	106,837
Substandard	13,417	34,320	8,909	21,575	3,011	2,020	8,982	387	92,621
Doubtful	1,250	1,159	1,490	17	975	373	—	—	5,264
Total commercial and industrial	468,665	249,718	356,398	254,649	68,803	100,060	493,880	3,652	1,995,825
Gross charge-offs: Commercial and industrial	—	2,028	—	26	155	156	—	—	2,365
Municipal and non-profit:									
Pass	116,551	152,183	137,249	217,362	73,399	378,561	29,747	—	1,105,052
Special mention	—	—	—	170	1,920	—	—	—	2,090
Total municipal and non-profit	116,551	152,183	137,249	217,532	75,319	378,561	29,747	—	1,107,142
Owner occupied commercial real estate:									
Pass	269,810	205,119	225,766	131,547	83,791	232,653	20,912	8,990	1,178,588
Special mention	430	1,664	13,798	23,482	268	12,744	—	—	52,386
Substandard	—	7,180	15,266	3,397	1,243	4,759	847	—	32,692
Doubtful	—	—	—	—	—	478	—	—	478
Total owner occupied commercial real estate	270,240	213,963	254,830	158,426	85,302	250,634	21,759	8,990	1,264,144
Gross charge-offs: Owner occupied commercial real estate	—	—	13	—	—	—	—	—	13
Food and agribusiness:									
Pass	14,727	9,884	68,909	6,587	5,940	33,081	156,113	344	295,585
Special mention	—	—	4,045	2,898	—	204	—	—	7,147
Substandard	—	—	—	586	—	1	—	—	587
Total food and agribusiness	14,727	9,884	72,954	10,071	5,940	33,286	156,113	344	303,319
Gross charge-offs: Food and agribusiness	—	—	—	—	—	2,704	—	—	2,704
Total commercial	870,183	625,748	821,431	640,678	235,364	762,541	701,499	12,986	4,670,430
Gross charge-offs: Commercial	—	2,028	13	26	155	2,860	—	—	5,082
Commercial real estate non-owner occupied:									
Construction:									
Pass	55,139	59,137	54,735	33,859	917	—	46,548	—	250,335
Total construction	55,139	59,137	54,735	33,859	917	—	46,548	—	250,335
Acquisition/development:									
Pass	16,645	4,038	31,028	20,412	1,079	8,110	184	—	81,496
Special mention	—	—	1,072	—	—	—	—	—	1,072
Substandard	—	—	—	—	—	294	—	—	294
Total acquisition/development	16,645	4,038	32,100	20,412	1,079	8,404	184	—	82,862
Multifamily:									
Pass	1,363	16,470	138,872	70,419	45,700	31,034	853	—	304,711
Special mention	4,159	—	8,091	3,820	—	—	—	—	16,070
Total multifamily	5,522	16,470	146,963	74,239	45,700	31,034	853	—	320,781
Non-owner occupied									
Pass	68,192	143,857	303,998	143,085	125,374	304,162	11,018	—	1,099,686
Special mention	5,246	1,298	17,272	12,184	—	16,009	—	—	52,009
Substandard	—	—	—	5,516	—	694	—	—	6,210
Doubtful	—	—	—	455	—	—	—	—	455
Total non-owner occupied	73,438	145,155	321,270	161,240	125,374	320,865	11,018	—	1,158,360
Gross charge-offs: Non-owner occupied	—	—	293	—	—	4,422	—	—	4,715
Total commercial real estate non-owner occupied	150,744	224,800	555,068	289,750	173,070	360,303	58,603	—	1,812,338
Gross charge-offs: Commercial real estate non-owner occupied	—	—	293	—	—	4,422	—	—	4,715
Residential real estate:									
Senior lien									
Pass	66,465	77,136	415,279	280,209	100,990	174,830	46,053	583	1,161,545
Special mention	—	—	—	—	—	16	—	—	16
Substandard	64	663	3,422	700	394	2,270	—	—	7,513
Doubtful	—	—	172	—	—	21	—	—	193
Total senior lien	66,529	77,799	418,873	280,909	101,384	177,137	46,053	583	1,169,267
Junior lien									
Pass	6,870	3,498	4,614	1,789	1,964	5,488	59,331	311	83,865
Special mention	—	—	—	—	—	27	—	—	27
Substandard	44	—	240	—	89	134	172	—	679
Total junior lien	6,914	3,498	4,854	1,789	2,053	5,649	59,503	311	84,571
Total residential real estate	73,443	81,297	423,727	282,698	103,437	182,786	105,556	894	1,253,838
Consumer									
Pass	4,557	1,994	1,443	942	528	169	4,795	71	14,499
Substandard	—	—	—	—	—	38	—	—	38
Total consumer	4,557	1,994	1,443	942	528	207	4,795	71	14,537
Gross charge-offs: Consumer	877	23	30	3	—	48	—	—	981

[Table of Contents](#)

Total loans	\$ 1,098,927	\$ 933,839	\$ 1,801,669	\$ 1,214,068	\$ 512,399	\$ 1,305,837	\$ 870,453	\$ 13,951	\$ 7,751,143
Gross charge-offs: Total loans	877	2,051	336	29	155	7,330	—	—	10,778

Loans evaluated individually

We evaluate loans individually when they no longer share risk characteristics with pooled loans. These loans include loans on non-accrual status, loans in bankruptcy, and modified loans as described below. If a specific allowance is warranted based on the borrower's overall financial condition, the specific allowance is calculated based on discounted expected cash flows using the loan's initial contractual effective interest rate or the fair value of the collateral less selling costs for collateral-dependent loans.

A loan is considered collateral-dependent when the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. Management individually evaluates collateral-dependent loans with an amortized cost basis of \$250 thousand or more and includes collateral-dependent loans less than \$250 thousand within the general allowance population. The amortized cost basis of collateral-dependent loans over \$250 thousand was as follows at March 31, 2025 and December 31, 2024:

	March 31, 2025		
	Real property	Business assets	Total amortized cost basis
Commercial:			
Commercial and industrial	\$ 5,414	\$ 6,728	\$ 12,142
Owner occupied commercial real estate	6,034	949	6,983
Food and agribusiness	586	—	586
Total commercial	12,034	7,677	19,711
Residential real estate:			
Senior lien	3,634	—	3,634
Junior lien	222	—	222
Total residential real estate	3,856	—	3,856
Total loans	\$ 15,890	\$ 7,677	\$ 23,567
December 31, 2024			
	Real property	Business assets	Total amortized cost basis
Commercial:			
Commercial and industrial	\$ 6,281	\$ 4,924	\$ 11,205
Owner occupied commercial real estate	1,343	—	1,343
Food and agribusiness	586	—	586
Total commercial	8,210	4,924	13,134
Commercial real estate non-owner occupied:			
Non-owner occupied	5,971	—	5,971
Total commercial real estate non-owner occupied	5,971	—	5,971
Residential real estate:			
Senior lien	5,075	—	5,075
Junior lien	222	—	222
Total residential real estate	5,297	—	5,297
Total loans	\$ 19,478	\$ 4,924	\$ 24,402

[Table of Contents](#)

Loan modifications

The Company's policy is to review each prospective credit to determine the appropriateness and the adequacy of security or collateral prior to making a loan. In the event of borrower default, the Company seeks recovery in compliance with lending laws, the respective loan agreements, and credit monitoring and remediation procedures that may include modifying a loan to provide a concession by the Company to the borrower from their original terms due to borrower financial difficulties in order to facilitate repayment. The Company considers loans to borrowers experiencing financial difficulties, where such a concession is utilized, to be TDMs. TDMs may include principal forgiveness, interest rate reductions, other-than-insignificant-payment delays, term extensions or any combination thereof.

The following schedules present, by loan class, the amortized cost basis for loans to borrowers experiencing financial difficulty that remain outstanding and were modified and during the three months ended March 31, 2025 and 2024:

	As of and for the three months ended March 31, 2025	
	Payment delay	
	Amortized cost basis	% of loan class
Commercial:		
Commercial and industrial	\$ 3,526	0.2%
Owner occupied commercial real estate	2,195	0.2%
Total commercial	5,721	0.1%
Total loans	\$ 5,721	0.1%

	As of and for the three months ended March 31, 2024							
	Term extension		Payment Delay		Combination - interest rate reduction and term extension		Combination - term extension and payment delay	
	Amortized cost basis	% of loan class	Amortized cost basis	% of loan class	Amortized cost basis	% of loan class	Amortized cost basis	% of loan class
Commercial:								
Commercial and industrial	\$ —	0.0%	\$ 8,561	0.4%	\$ —	0.0%	\$ —	0.0%
Municipal and non-profit	—	0.0%	1,664	0.1%	—	0.0%	—	0.0%
Total commercial	—	0.0%	10,225	0.2%	—	0.0%	—	0.0%
Commercial real estate non-owner occupied:								
Non-owner occupied	18,770	1.8%	—	0.0%	—	0.0%	—	0.0%
Total commercial real estate non-owner occupied	18,770	1.0%	—	0.0%	—	0.0%	—	0.0%
Residential real estate:								
Senior lien	—	0.0%	869	0.1%	651	0.1%	382	0.0%
Total residential real estate	—	0.0%	869	0.1%	651	0.0%	382	0.0%
Total loans	\$ 18,770	0.2%	\$ 11,094	0.1%	\$ 651	0.0%	\$ 382	0.0%

[Table of Contents](#)

The following schedules present, by loan class, the payment status of loans that have been modified in the last twelve months as of the dates presented on an amortized cost basis:

	March 31, 2025			
	Current	30-89 days past due	90+ days past due	Non-accrual
Commercial:				
Commercial and industrial	\$ 5,014	\$ 7,454	\$ —	\$ 1,602
Owner occupied commercial real estate	2,195	—	—	—
Total commercial	7,209	7,454	—	1,602
Commercial real estate non-owner occupied:				
Non-owner occupied	158	—	—	—
Total commercial real estate non-owner occupied	158	—	—	—
Residential real estate:				
Senior lien	20	—	—	—
Junior lien	—	—	—	42
Total residential real estate	20	—	—	42
Total loans	\$ 7,387	\$ 7,454	\$ —	\$ 1,644

	March 31, 2024			
	Current	30-89 days past due	90+ days past due	Non-accrual
Commercial:				
Commercial and industrial	\$ 3,129	\$ —	\$ —	\$ 5,354
Owner occupied commercial real estate	1,664	—	—	—
Total commercial	4,793	—	—	5,354
Commercial real estate non-owner occupied:				
Non-owner occupied	5,298	—	—	13,472
Total commercial real estate non-owner occupied	5,298	—	—	13,472
Residential real estate:				
Senior lien	651	—	—	1,251
Total loans	\$ 10,742	\$ —	\$ —	\$ 20,077

Accrual of interest is resumed on loans that were previously on non-accrual only after the loan has performed sufficiently for a period of time. During the three months ended March 31, 2025, the Company had one TDM with an amortized cost totaling \$1.6 million that was modified within the past 12 months, utilizing a payment delay, that defaulted on its modified terms. During the three months ended March 31, 2024, the Company had four TDMs with amortized costs totaling \$18.8 million that were modified within the past 12 months, utilizing a term extension and payment delays, that defaulted on their modified terms. For purposes of this disclosure, the Company considers “default” to mean 90 days or more past due on principal or interest. The allowance for credit losses related to TDMs on non-accrual status is determined by individual evaluation, including collateral adequacy, using the same process as loans on non-accrual status which are not classified as TDMs.

The following schedules present the financial effect of the modifications made to borrowers experiencing financial difficulty as of and for the periods indicated:

	As of and for the three months ended March 31, 2025	
	Financial Effect	Payment delay
Commercial:		
Commercial and industrial	Delayed payments for a weighted average of 0.4 years	
Owner occupied commercial real estate	Delayed payments for a weighted average of 0.3 years	

[Table of Contents](#)

As of and for the three months ended March 31, 2024				
Financial effect				
	Term extension	Payment delay	Combination - Interest rate reduction and Term extension	Combination - Term extension and Payment delay
Commercial:				
Commercial and industrial		Delayed payments for a weighted average of 0.5 years		
Owner occupied commercial real estate		Delayed payments for a weighted average of 0.5 years		
Commercial real estate non-owner occupied:				
Non-owner occupied	Extended a weighted average of 0.3 years to the life of loans			
Residential real estate:				
Senior lien		Delayed payments for a weighted average of 0.3 years	Reduced weighted average contractual interest rate by 2.5% and extended a weighted average life of 30 years	Extended a weighted average of 0.7 years to the life of loans and delayed payments for a weighted average of 0.7 years

Note 6 Allowance for Credit Losses

The tables below detail the Company's allowance for credit losses as of the dates shown:

Three months ended March 31, 2025					
	Commercial	Non-owner occupied commercial real estate	Residential real estate	Consumer	Total
Beginning balance	\$ 48,552	\$ 26,136	\$ 19,426	\$ 341	\$ 94,455
Charge-offs	(13,569)	(1,467)	—	(215)	(15,251)
Recoveries	56	17	28	37	138
Provision expense (release) for credit losses	13,019	(1,192)	(1,147)	170	10,850
Ending balance	\$ 48,058	\$ 23,494	\$ 18,307	\$ 333	\$ 90,192

Three months ended March 31, 2024					
	Commercial	Non-owner occupied commercial real estate	Residential real estate	Consumer	Total
Beginning balance	\$ 45,304	\$ 32,665	\$ 19,550	\$ 428	\$ 97,947
Charge-offs	(24)	—	—	(254)	(278)
Recoveries	116	—	6	66	188
Provision expense (release) for credit losses	919	(1,827)	544	114	(250)
Ending balance	\$ 46,315	\$ 30,838	\$ 20,100	\$ 354	\$ 97,607

In evaluating the loan portfolio for an appropriate ACL level, excluding loans evaluated individually, loans were grouped into segments based on broad characteristics such as primary use and underlying collateral. Within the segments, the portfolio was further disaggregated into classes of loans with similar attributes and risk characteristics for purposes of developing the underlying data used within the discounted cash flow model including, but not limited to, prepayment and recovery rates as well as loss rates tied to macro-economic conditions within management's reasonable and supportable forecast. The ACL also includes subjective adjustments based upon qualitative risk factors including asset quality, loss trends, lending management, portfolio growth and loan review/internal audit results.

At March 31, 2025 and December 31, 2024, the allowance for credit losses totaled \$90.2 million and \$94.5 million, respectively. The decrease during the three months ended March 31, 2025 was primarily driven by the resolution of non-performing loans and changes

[Table of Contents](#)

in the CECL model's underlying macro-economic forecast. During the three months ended March 31, 2025, the Company recorded provision expense for credit losses on funded loans and unfunded loan commitments totaling \$10.2 million, primarily to cover a charge-off on one credit driven by suspected fraudulent activity by the borrower. The Company recorded zero provision expense for credit losses on funded loans and unfunded loan commitments during the first quarter of 2024. Net charge-offs on loans during the three months ended March 31, 2025 and 2024 totaled \$15.1 million and \$0.1 million, respectively.

The Company has elected to exclude AIR from the allowance for credit losses calculation. As of March 31, 2025 and December 31, 2024, AIR from loans totaled \$44.3 million and \$41.5 million, respectively.

Note 7 Goodwill and Intangible Assets

Goodwill and other intangible assets

In connection with our acquisitions, the Company's goodwill was \$306.0 million as of March 31, 2025. Goodwill is measured as the excess of the fair value of consideration paid over the fair value of net assets acquired. No goodwill impairment was recorded during the three months ended March 31, 2025 or the year ended December 31, 2024.

The gross carrying amount of other intangible assets and the associated accumulated amortization at March 31, 2025 and December 31, 2024, are presented as follows:

	March 31, 2025			December 31, 2024		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Core deposit intangible	\$ 91,566	\$ (56,747)	\$ 34,819	\$ 91,566	\$ (55,417)	\$ 36,149
Customer relationship intangible	17,000	(4,556)	12,444	17,000	(4,024)	12,976
Acquired technology intangible	2,300	(805)	1,495	2,300	(690)	1,610
Total	<u>\$ 110,866</u>	<u>\$ (62,108)</u>	<u>\$ 48,758</u>	<u>\$ 110,866</u>	<u>\$ (60,131)</u>	<u>\$ 50,735</u>

The Company is amortizing intangibles from acquisitions over a weighted average period of 9.8 years from the date of the respective acquisitions. The core deposit and customer relationship intangibles are being amortized over a weighted average period of 10 years, and the acquired technology intangible is being amortized over a weighted average period of five years. The Company recognized other intangible assets amortization expense of \$2.0 million during the three months ended March 31, 2025 and 2024.

The following table shows the estimated future amortization expense during the next five years for other intangible assets as of March 31, 2025:

Years ending December 31,	Amount
For the nine months ending December 31, 2025	\$ 5,809
For the year ending December 31, 2026	7,664
For the year ending December 31, 2027	7,542
For the year ending December 31, 2028	6,142
For the year ending December 31, 2029	5,790

Servicing Rights

Mortgage servicing rights

MSRs represent rights to service loans originated by the Company and sold to government-sponsored enterprises including FHLMC, FNMA, GNMA and FHLB and are included in other assets in the consolidated statements of financial condition. Mortgage loans serviced for others were \$0.3 billion and \$0.9 billion at March 31, 2025 and 2024, respectively.

[Table of Contents](#)

Below are the changes in the MSR for the periods presented:

	For the three months ended March 31,	
	2025	2024
Beginning balance	\$ 4,835	\$ 4,911
Originations	62	115
Sales	(1,811)	—
Amortization	(132)	(114)
Ending balance	2,954	4,912
Fair value of mortgage servicing rights	\$ 4,457	\$ 7,523

During the three months ended March 31, 2025, the Company sold rights to service loans totaling \$203.7 million in unpaid principal balances from our mortgage servicing rights portfolio. As a result of the sale, the book value of our mortgage servicing rights intangible decreased \$1.8 million and generated a pre-tax gain of \$0.6 million included in mortgage banking income in the consolidated statements of operations.

The fair value of MSR was determined based upon a discounted cash flow analysis. The cash flow analysis included assumptions for discount rates and prepayment speeds. Discount rates ranged from 10.0% to 10.5% and the constant prepayment speed ranged from 6.3% to 12.4% for the March 31, 2025 valuation. The discount rate ranged from 10.0% to 10.5%, and the constant prepayment speed ranged from 6.2% to 13.3% for the March 31, 2024 valuation. Included in mortgage banking income in the consolidated statements of operations was servicing income of \$0.9 million and \$0.4 million for the three months ended March 31, 2025 and 2024, respectively.

MSRs are evaluated and impairment is recognized to the extent fair value is less than the carrying amount. The Company evaluates impairment by stratifying MSR based on the predominant risk characteristics of the underlying loans, including loan type and loan term. The Company is amortizing the MSR in proportion to and over the period of the estimated net servicing income of the underlying loans.

The following table shows the estimated future amortization expense during the next five years for the MSR as of March 31, 2025:

Years ending December 31,	Amount
For the nine months ending December 31, 2025	\$ 253
For the year ending December 31, 2026	309
For the year ending December 31, 2027	273
For the year ending December 31, 2028	242
For the year ending December 31, 2029	215

SBA servicing asset

The SBA servicing asset represents the value associated with servicing small business real estate loans that have been sold to outside investors with servicing retained. The SBA servicing asset is evaluated and impairment is recognized to the extent fair value is less than the carrying amount. The Company evaluates impairment by stratifying the SBA servicing asset based on the predominant risk characteristics of the underlying loans, including loan type and loan term. The Company is amortizing the SBA servicing asset in proportion to and over the period of the estimated net servicing income of the underlying loans. The Company serviced \$125.0 million and \$132.0 million of SBA loans that have been sold into the secondary market as of March 31, 2025 and December 31, 2024, respectively. For the three months ended March 31, 2025 and 2024, the Company recognized SBA servicing asset fee income totaling \$0.2 million and \$0.1 million, respectively.

[Table of Contents](#)

Below are the changes in the SBA servicing asset for the periods presented:

	For the three months ended March 31,	
	2025	2024
Beginning balance	\$ 2,862	\$ 2,440
Originations	42	266
Disposals	(68)	(102)
Recovery	90	104
Amortization	(149)	(74)
Ending balance	2,777	2,634
Fair value of SBA servicing asset	<u>\$ 2,777</u>	<u>\$ 2,634</u>

The Company uses assumptions and estimates in determining the fair value of SBA loan servicing rights. These assumptions include prepayment speeds, discount rates, and other assumptions. The assumptions used in the valuation were based on input from buyers, brokers and other qualified personnel, as well as market knowledge. For the three months ended March 31, 2025 and 2024, the key assumptions used to determine the fair value of the Company's SBA loan servicing rights included weighted average lifetime constant prepayment rates equal to 15.7% and 15.8%, respectively, and weighted average discount rates equal to 9.3% and 10.2%, respectively.

The following table shows the estimated future amortization expense during the next five years for the SBA servicing asset as of March 31, 2025:

Years ending December 31,	Amount
For the nine months ending December 31, 2025	\$ 250
For the year ending December 31, 2026	304
For the year ending December 31, 2027	267
For the year ending December 31, 2028	235
For the year ending December 31, 2029	207

Note 8 Borrowings

Borrowings consist of securities sold under agreements to repurchase, long-term debt and FHLB advances.

Securities sold under agreements to repurchase

The Company enters into repurchase agreements to facilitate the needs of its clients. As of March 31, 2025 and December 31, 2024, the Company sold securities under agreements to repurchase totaling \$20.7 million and \$18.9 million, respectively. The Company pledged mortgage-backed securities with a fair value of approximately \$31.4 million and \$31.3 million as of March 31, 2025 and December 31, 2024, respectively, for these agreements. The Company monitors collateral levels on a continuous basis and may be required to provide additional collateral based on the fair value of the underlying securities. As of March 31, 2025 and December 31, 2024, the Company had \$10.6 million and \$12.4 million, respectively, of excess collateral pledged for repurchase agreements.

Federal Home Loan Bank advances

As a member of the FHLB, the Banks have access to a line of credit and term financing from the FHLB with total available credit of \$1.7 billion at March 31, 2025. The Company may utilize the FHLB line of credit as a funding mechanism for originated loans and loans held for sale. At March 31, 2025 and December 31, 2024, NBH Bank had \$80.0 million and \$50.0 million, respectively, of outstanding borrowings from the FHLB. The Banks may pledge investment securities and loans as collateral for FHLB advances. There were no investment securities pledged for FHLB advances at March 31, 2025 or December 31, 2024. Loans pledged were \$2.5 billion and \$2.6 billion at March 31, 2025 and December 31, 2024, respectively. The Company incurred \$1.1 million and \$3.2 million of interest expense related to FHLB advances and other short-term borrowings for the three months ended March 31, 2025 and 2024, respectively.

Long-term debt

The Company holds a subordinated note purchase agreement to issue and sell a fixed-to-floating rate note totaling \$40.0 million. The balance on the note at March 31, 2025 and December 31, 2024, net of long-term debt issuance costs totaling \$0.2 million, totaled \$39.8 million. During the three months ended March 31, 2025 and 2024, interest expense totaling \$0.3 million was recorded in the consolidated statements of operations.

The note is subordinated, unsecured and matures on November 15, 2031. Payments consist of interest only. Interest expense on the note is payable semi-annually in arrears and will bear interest at 3.00% per annum until November 15, 2026 (or any earlier redemption date). From November 15, 2026 until November 15, 2031 (or any earlier redemption date) payments will be made quarterly in arrears, and the interest rate shall reset quarterly to an interest rate per annum equal to the then current three-month term SOFR plus 203 basis points. The Company deployed the net proceeds from the sale of the note for general corporate purposes. Prior to November 5, 2026, the Company may redeem the note only under certain limited circumstances. Beginning on November 5, 2026 through maturity, the note may be redeemed, at the Company's option, on any scheduled interest payment date. Any redemption by the Company would be at a redemption price equal to 100% of the principal amount of the note being redeemed, together with any accrued and unpaid interest on the note being redeemed up to but excluding the date of redemption. The note is not subject to redemption at the option of the holder.

As part of the acquisition of BOJH on October 1, 2022, the Company assumed three subordinate note purchase agreements to issue and sell fixed-to-floating rate notes totaling \$15.0 million. The balance on the notes at March 31, 2025 and December 31, 2024, net of the fair value adjustment from the acquisition of \$0.3 million, totaled \$14.7 million. Interest expense related to the notes totaling \$0.1 million was recorded in the consolidated statements of operations during the three months ended March 31, 2025 and 2024.

The three notes, containing similar terms, are subordinated, unsecured and mature on June 15, 2031. Payments consist of interest only. Interest expense on the notes is payable semi-annually in arrears and will bear interest at 3.75% per annum until June 15, 2026 (or any earlier redemption date). From June 15, 2026 until June 15, 2031 (or any earlier redemption date) payments will be made quarterly in arrears, and the interest rate shall reset quarterly to an interest rate per annum equal to the then current three-month term SOFR plus 306 basis points. Prior to June 15, 2026, the Company may redeem the notes only under certain limited circumstances. Beginning on June 15, 2026 through maturity, the notes may be redeemed, at the Company's option, on any scheduled interest payment date. Any redemption by the Company would be at a redemption price equal to 100% of the principal amount of the notes being redeemed, together with any accrued and unpaid interest on the notes being redeemed up to but excluding the date of redemption. The notes are not subject to redemption at the option of the holder.

Note 9 Regulatory Capital

As a bank holding company that has elected to be treated as a financial holding company, the Company, NBH Bank and BOJHT are subject to regulatory capital adequacy requirements implemented by the Federal Reserve, in addition to those implemented by the FDIC for NBH Bank and BOJHT, including maintaining capital positions at the "well-capitalized" level. The federal banking agencies have risk based capital adequacy regulations intended to provide a measure of capital adequacy that reflects the degree of risk associated with a banking organization's operations. Under these regulations, assets are assigned to one of several risk categories, and nominal dollar amounts of assets and credit equivalent amounts of off-balance-sheet items are multiplied by a risk adjustment percentage for the category. Regulatory authorities can initiate certain mandatory actions if the Company, NBH Bank or BOJHT fail to meet the minimum capital requirements, which could have a material effect on our financial statements.

[Table of Contents](#)

Under the Basel III requirements, at March 31, 2025 and December 31, 2024, the Company and the Banks met all capital requirements, including the capital conservation buffer of 2.5%. The Company and the Banks had regulatory capital ratios in excess of the levels established for well-capitalized institutions, as detailed in the tables below:

	March 31, 2025					
	Actual		Required to be well capitalized under prompt corrective action provisions		Required to be considered adequately capitalized ⁽¹⁾	
	Ratio	Amount	Ratio	Amount	Ratio	Amount
Tier 1 leverage ratio:						
Consolidated	10.9%	\$ 1,053,193	N/A	N/A	4.0%	\$ 386,678
NBH Bank	9.9%	949,171	5.0%	\$ 481,570	4.0%	385,256
Bank of Jackson Hole Trust	31.4%	12,656	5.0%	2,013	4.0%	1,610
Common equity tier 1 risk based capital:						
Consolidated	13.6%	\$ 1,053,193	N/A	N/A	7.0%	\$ 541,814
NBH Bank	12.3%	949,171	6.5%	\$ 500,762	7.0%	539,282
Bank of Jackson Hole Trust	73.7%	12,656	6.5%	1,116	7.0%	1,202
Tier 1 risk based capital ratio:						
Consolidated	13.6%	\$ 1,053,193	N/A	N/A	8.5%	\$ 657,917
NBH Bank	12.3%	949,171	8.0%	\$ 616,322	8.5%	654,842
Bank of Jackson Hole Trust	73.7%	12,656	8.0%	1,373	8.5%	1,459
Total risk based capital ratio:						
Consolidated	15.5%	\$ 1,199,042	N/A	N/A	10.5%	\$ 812,720
NBH Bank	13.5%	1,040,004	10.0%	\$ 770,402	10.5%	808,922
Bank of Jackson Hole Trust	73.8%	12,672	10.0%	1,717	10.5%	1,803

	December 31, 2024					
	Actual		Required to be well capitalized under prompt corrective action provisions		Required to be considered adequately capitalized ⁽¹⁾	
	Ratio	Amount	Ratio	Amount	Ratio	Amount
Tier 1 leverage ratio:						
Consolidated	10.7%	\$ 1,037,550	N/A	N/A	4.0%	\$ 388,278
NBH Bank	9.5%	921,509	5.0%	\$ 483,533	4.0%	386,826
Bank of Jackson Hole Trust	31.0%	12,461	5.0%	2,013	4.0%	1,611
Common equity tier 1 risk based capital:						
Consolidated	13.2%	\$ 1,037,550	N/A	N/A	7.0%	\$ 550,074
NBH Bank	11.8%	921,509	6.5%	\$ 508,418	7.0%	547,528
Bank of Jackson Hole Trust	77.2%	12,461	6.5%	1,049	7.0%	1,129
Tier 1 risk based capital ratio:						
Consolidated	13.2%	\$ 1,037,550	N/A	N/A	8.5%	\$ 667,947
NBH Bank	11.8%	921,509	8.0%	\$ 625,746	8.5%	664,855
Bank of Jackson Hole Trust	77.2%	12,461	8.0%	1,291	8.5%	1,371
Total risk based capital ratio:						
Consolidated	15.1%	\$ 1,187,514	N/A	N/A	10.5%	\$ 825,111
NBH Bank	13.0%	1,016,471	10.0%	\$ 782,182	10.5%	821,291
Bank of Jackson Hole Trust	77.3%	12,462	10.0%	1,613	10.5%	1,694

(1) Includes the capital conservation buffer of 2.5%.

Note 10 Revenue from Contracts with Clients

Revenue is recognized when obligations under the terms of a contract with clients are satisfied. Below is the detail of the Company's revenue from contracts with clients, including service charges and other deposit account related fees, bank card fees and other non-interest income. Other non-interest income includes trust and wealth management fees and Cambr fee income.

[Table of Contents](#)

Service charges and other account-related fees

Service charge fees are primarily comprised of monthly service fees, check orders and other deposit account related fees. Other fees include revenue from processing wire transfers, bill pay service, cashier's checks and other services. The Company's performance obligation for account analysis fees and monthly service fees is generally satisfied, and the related revenue recognized, over the period in which the service is provided. Check orders and other deposit account-related fees are largely transactional based, and therefore, the Company's performance obligation is satisfied, and related revenue recognized, at a point in time. Payment for service charges on deposit accounts is primarily received immediately or in the following month through a direct charge to clients' accounts.

Bank card fees

Bank card fees are primarily comprised of debit card income, ATM fees, merchant services income and other fees. Debit card income is primarily comprised of interchange fees earned whenever the Company's debit cards are processed through card payment networks such as Visa. ATM fees are primarily generated when a Bank cardholder uses a non-Bank ATM or a non-Bank cardholder uses a Bank ATM. Merchant services income mainly represents fees charged to merchants to process their debit card transactions. The Company's performance obligation for bank card fees are largely satisfied, and related revenue recognized, when the services are rendered or upon completion. Payment is typically received immediately or in the following month.

Other non-interest income

Trust and wealth management fees

The trust and wealth management business offers separately managed investment account solutions and trustee services to clients. Services may include custody of securities, trust investments and wealth management services, directed trusts or fixed income portfolio management and irrevocable life insurance trusts. The Company charges an asset-based fee earned for personal and corporate accounts. Additional fees may include minimum annual fees, fees for additional tax reporting and preparation for irrevocable trust returns or annual flat fees for certain trusts. The performance obligations related to this revenue include items such as performing investment advisory services, custody and record-keeping services, and fund administrative and accounting services. The performance obligations are satisfied upon completion of service and fees are generally a fixed flat rate or based on a percentage of the account's market value per the contract with the client. These fees are recorded within other non-interest income in the consolidated statements of operations.

Cambr fee income

Cambr operates a deposit acquisition and processing platform that generates core deposits from accounts offered through third-party embedded finance companies. Cambr's platform facilitates the movement of embedded finance companies' client deposits into FDIC-insured accounts at banks within Cambr's network. Cambr generates fee income by charging a percentage-based fee of the client's deposit balance placed into the Cambr network. The performance obligation is satisfied upon completion of service, and Cambr fee income is recorded within other non-interest income in the consolidated statements of operations.

Other non-interest expense

Included within other non-interest expense are gains and losses from OREO sales, which are recognized when the Company meets its performance obligation to transfer title to the buyer. The gain or loss is measured as the excess of the proceeds received compared to the OREO carrying value. Sales proceeds are received in cash at the time of transfer.

[Table of Contents](#)

The following table presents non-interest income, segregated by revenue streams in-scope and out-of-scope of FASB ASC Topic 606 (“Topic 606”), and non-interest expense in-scope of Topic 606 for the three months ended March 31, 2025 and 2024:

	For the three months ended March 31,	
	2025	2024
Non-interest income		
<i>In-scope of Topic 606:</i>		
Service charges and other account-related fees	\$ 5,232	\$ 5,283
Bank card fees	4,194	4,578
Other non-interest income	1,396	1,147
Non-interest income (in-scope of Topic 606)	10,822	11,008
Non-interest income (out-of-scope of Topic 606)	4,554	6,686
Total non-interest income	\$ 15,376	\$ 17,694
Non-interest expense		
<i>In-scope of Topic 606:</i>		
Other non-interest expense	\$ —	\$ (2)
Total revenue in-scope of Topic 606	\$ 10,822	\$ 11,006

Contract acquisition costs

The Company utilizes the practical expedient which allows entities to expense immediately contract acquisition costs when the asset that would have resulted from capitalizing these costs would have been amortized in one year or less. The Company has not capitalized any contract acquisition costs.

Note 11 Stock-based Compensation and Benefits

The Company provides stock-based compensation in accordance with shareholder-approved plans.

To date, the Company has issued stock options, restricted stock and performance stock units under the plans. The Compensation Committee sets the option exercise price at the time of grant, but in no case is the exercise price less than the fair market value of a share of stock at the date of grant.

Stock options

At March 31, 2025, the Company had 560,386 stock options outstanding at a weighted average exercise price of \$32.93. No stock options were granted during the three months ended March 31, 2025. Stock option expense is a component of salaries and benefits in the consolidated statements of operations and totaled \$42.9 thousand and \$0.1 million for the three months ended March 31, 2025 and 2024, respectively. At March 31, 2025, there was \$0.1 million of total unrecognized compensation cost related to non-vested stock options granted under the plans. The cost is expected to be recognized over a weighted average period of 1.0 years.

Restricted stock awards

The Company issues primarily time-based restricted stock awards that vest over a range of a 1-3 year period. Restricted stock with time-based vesting was valued at the fair value of the shares on the date of grant as they are assumed to be held beyond the vesting period.

Performance stock units

The Company grants PSUs which represent initial target awards and do not reflect potential increases or decreases resulting from the final performance results, which are to be determined at the end of the three-year performance period (vesting date). The actual number of shares to be awarded at the end of the performance period will range from 0% - 150% of the initial target awards. For PSU components granted in 2024, one-third of the award is based on the Company’s cumulative earnings per share (EPS target), one-third is based on the Company’s relative ROTA, and one-third is based on the Company’s cumulative TSR during the performance period. On the vesting date, the Company’s annual ROTA will be compared to the respective ROTAs of companies comprising the S&P 600 Regional Banks group. The Company’s ranking will be averaged over the measurement period to determine the shares awarded. The fair value of the ROTA award was determined based on the closing stock price of the Company’s common stock on the grant date. On the vesting date, the Company’s TSR will be compared to the respective TSRs of the companies comprising the S&P 600 Regional Banks group at the grant date to determine the shares awarded. The fair value of the TSR target portion of the award was determined

[Table of Contents](#)

using a Monte Carlo Simulation at the grant date. The fair value of the EPS target portion of the award was determined based on the closing stock price of the Company's common stock on the grant date.

The weighted-average grant date fair value per unit for the awards granted during the year ended December 31, 2024 of the EPS target portion, ROTA target portion and TSR target portion were \$35.41, \$35.41, and \$34.91, respectively. The initial weighted-average performance price for the TSR target portion granted during 2024 was \$36.72. During the three months ended March 31, 2025, the Company awarded an additional 3,723 units due to final performance results related to performance stock units granted in 2022.

The following table summarizes restricted stock and performance stock unit activity during the three months ended March 31, 2025:

	Restricted stock shares	Weighted average grant- date fair value	Performance stock units	Weighted average grant- date fair value
Unvested at December 31, 2024	292,014	\$ 34.43	198,264	\$ 34.31
Granted	3,817	41.89	—	—
Adjustment due to performance	—	—	3,723	55.54
Vested	—	—	(51,658)	39.63
Forfeited	(8,132)	34.74	(2,374)	33.59
Unvested at March 31, 2025	287,699	\$ 34.52	147,955	\$ 33.00

As of March 31, 2025, the total unrecognized compensation cost related to the non-vested restricted stock awards and performance stock units totaled \$3.8 million and \$2.7 million, respectively, and is expected to be recognized over a weighted average period of approximately 1.8 years and 1.7 years, respectively. Expense related to non-vested restricted stock awards totaled \$1.1 million and \$1.0 million during the three months ended March 31, 2025 and 2024, respectively. Expense related to non-vested performance stock units totaled \$0.5 million during the three months ended March 31, 2025 and 2024. Expense related to non-vested restricted stock awards and units is a component of salaries and benefits expense in the Company's consolidated statements of operations.

Employee stock purchase plan

The 2014 ESPP is intended to be a qualified plan within the meaning of Section 423 of the Internal Revenue Code of 1986 and allows eligible employees to purchase shares of common stock through payroll deductions up to a limit of \$25,000 per calendar year and 2,000 shares per offering period. The price an employee pays for shares is 90.0% of the fair market value of Company common stock on the last day of the offering period. The offering periods are the six-month periods commencing on March 1 and September 1 of each year and ending on August 31 and February 28 (or February 29 in the case of a leap year) of each year. There are no vesting or other restrictions on the stock purchased by employees under the ESPP. Under the ESPP, the total number of shares of common stock reserved for issuance totaled 400,000 shares, of which 206,431 was available for issuance at March 31, 2025.

Under the ESPP, employees purchased 8,099 shares and 11,620 shares during the three months ended March 31, 2025 and 2024, respectively.

Note 12 Common Stock

The Company had 38,094,105 and 38,054,482 shares of Class A common stock outstanding at March 31, 2025 and December 31, 2024, respectively. Additionally, the Company had 287,699 and 292,014 shares outstanding at March 31, 2025 and December 31, 2024, respectively, of restricted Class A common stock issued but not yet vested under the 2023 Plan that are not included in shares outstanding until such time that they are vested; however, these shares do have voting and certain dividend rights during the vesting period.

On May 9, 2023, the Company's Board of Directors authorized a program to repurchase up to \$50.0 million of the Company's stock from time to time in either the open market or through privately negotiated transactions. The remaining authorization under the current program as of March 31, 2025 was \$50.0 million.

Note 13 Earnings Per Share

The Company calculates earnings per share under the two-class method, as certain non-vested share awards contain non-forfeitable rights to dividends. As such, these awards are considered securities that participate in the earnings of the Company. Non-vested shares are discussed further in note 11.

The Company had 38,094,105 and 37,806,148 shares of Class A common stock outstanding as of March 31, 2025 and 2024, respectively, exclusive of issued non-vested restricted shares. Certain stock options and non-vested restricted shares are potentially dilutive securities, but are not included in the calculation of diluted earnings per share because to do so would have been anti-dilutive for the three months ended March 31, 2025 and 2024.

The following table illustrates the computation of basic and diluted earnings per share for the three months ended March 31, 2025 and 2024:

	For the three months ended March 31,	
	2025	2024
Net income	\$ 24,231	\$ 31,391
Less: income allocated to participating securities	(182)	(64)
Income allocated to common shareholders	\$ 24,049	\$ 31,327
Weighted average shares outstanding for basic earnings per common share	38,068,455	38,031,358
Dilutive effect of equity awards	161,414	157,122
Weighted average shares outstanding for diluted earnings per common share	38,229,869	38,188,480
Basic earnings per share	\$ 0.63	\$ 0.82
Diluted earnings per share	0.63	0.82

The Company had 560,386 and 749,123 outstanding stock options to purchase common stock at weighted average exercise prices of \$32.93 and \$30.94 per share at March 31, 2025 and 2024, respectively, which have time-vesting criteria, and as such, any dilution is derived only for the timeframe in which the vesting criteria had been met and where the inclusion of those stock options is dilutive. The Company had 147,955 and 148,538 unvested performance stock units issued as of March 31, 2025 and 2024, respectively, which have performance, market and/or time-vesting criteria, and as such, any dilution is derived only for the timeframe in which the vesting criteria had been met and where the inclusion of those units is dilutive.

Note 14 Derivatives

Risk management objective of using derivatives

The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company has established policies stipulating that neither carrying value nor fair value at risk should exceed established guidelines. The Company has designed strategies to confine these risks within the established limits and identify appropriate trade-offs in the financial structure of its balance sheet. These strategies include the use of derivative financial instruments to help achieve the desired balance sheet repricing structure while meeting the desired objectives of its clients. Currently, the Company employs certain interest rate swaps that are designated as fair value hedges, cash flow hedges and economic hedges. The Company manages a matched book with respect to its derivative instruments in order to minimize its net risk exposure resulting from such transactions.

[Table of Contents](#)

Fair values of derivative instruments on the balance sheet

The table below presents the fair value of the Company's derivative financial instruments as well as their classification in the consolidated statements of financial condition as of March 31, 2025 and December 31, 2024. Information about the valuation methods used to measure fair value is provided in note 16.

	Balance Sheet location	Asset derivatives fair value		Balance Sheet location	Liability derivatives fair value	
		March 31, 2025	December 31, 2024		March 31, 2025	December 31, 2024
Derivatives designated as hedging instruments:						
Interest rate products	Other assets	\$ 25,082	\$ 31,864	Other liabilities	\$ 2,250	\$ 1,296
Total derivatives designated as hedging instruments		<u>\$ 25,082</u>	<u>\$ 31,864</u>		<u>\$ 2,250</u>	<u>\$ 1,296</u>
Derivatives not designated as hedging instruments:						
Interest rate products	Other assets	\$ 8,629	\$ 7,773	Other liabilities	\$ 8,638	\$ 7,780
Interest rate lock commitments	Other assets	683	282	Other liabilities	—	—
Forward contracts	Other assets	1	104	Other liabilities	85	10
Total derivatives not designated as hedging instruments		<u>\$ 9,313</u>	<u>\$ 8,159</u>		<u>\$ 8,723</u>	<u>\$ 7,790</u>

Cash flow hedges

The Company's objectives in using interest rate derivatives are to add stability to interest income and to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily uses floors and collars as part of its interest rate risk management strategy. Interest rate floors designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty if interest rates fall below the strike rate on the contract in exchange for an up-front premium. Interest rate collars designated as cash flow hedges involve the payments of variable-rate amounts if interest rates rise above the cap strike rate on the contract and receipt of variable-rate amounts if interest rates fall below the floor strike rate on the contract.

For derivatives that qualify and are designated as cash flow hedges of interest rate risk, the gain or loss on the derivative is recorded in accumulated other comprehensive income and subsequently reclassified into interest income in the same periods during which the hedged transaction affects earnings. Gains and losses on the derivative representing hedge components excluded from the assessment of effectiveness are recognized over the life of the hedge on a systematic and rational basis. The earnings recognition of excluded components is included in interest income. Amounts reported in accumulated other comprehensive income related to derivatives will be reclassified to interest income as interest payments are received on the Company's variable-rate assets. As of March 31, 2025, the Company had cash flow hedges with a notional amount of \$200.0 million. The Company expects to reclassify \$0.9 million from AOCI as a reduction to interest income during the next 12 months.

Fair value hedges

Interest rate swaps designated as fair value hedges involve the receipt of variable-rate amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without the exchange of the underlying notional amount. As of March 31, 2025 and December 31, 2024, the Company had interest rate swaps with a notional amount of \$346.7 million and \$348.5 million, respectively, which were designated as fair value hedges of interest rate risk.

[Table of Contents](#)

For derivatives designated and that qualify as fair value hedges, the gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in earnings. The Company includes the gain or loss on the hedged items in the same line item as the offsetting loss or gain on the related derivatives. The following table presents the Company's fixed-rate loans associated with the interest rate swaps and the loss included in loans receivable in the statements of financial condition as of the dates shown:

Line item in the consolidated statements of financial condition in which the hedged item is included	Carrying amount of hedged assets		Cumulative amount of fair value hedging adjustment included in the carrying amount of hedged assets ⁽¹⁾	
	March 31, 2025	December 31, 2024	March 31, 2025	December 31, 2024
Loans receivable	\$ 455,388	\$ 456,098	\$ (22,372)	\$ (28,698)

- (1) Fair value hedge adjustments included basis adjustments on terminated positions to be amortized through the contractual maturity date of each respective hedged item. Excluding those terminated positions, the fair value hedge adjustments consisted of losses totaling \$24.7 million and \$31.2 million as of March 31, 2025 and December 31, 2024, respectively.

Non-designated hedges

Derivatives not designated as hedges are not speculative and consist of interest rate swaps with commercial banking clients that facilitate their respective risk management strategies. Interest rate swaps are simultaneously hedged by offsetting interest rate swaps that the Company executes with a third party, such that the Company minimizes its net risk exposure resulting from such transactions. As the interest rate swaps associated with this program do not meet the strict hedge accounting requirements, changes in the fair value of both the client swaps and the offsetting swaps are recognized directly in earnings. As of March 31, 2025 and December 31, 2024, the Company had matched interest rate swap transactions with an aggregate notional amount of \$867.0 million and \$840.9 million, respectively, related to this program. Derivative fee income from non-designated hedges totaled \$0.2 million and \$0.9 million for the three months ended March 31, 2025 and 2024, respectively.

As part of its mortgage banking activities, the Company enters into interest rate lock commitments, which are commitments to originate loans where the interest rate on the loan is determined prior to funding and the clients have locked into that interest rate. The Company then locks in the loan and interest rate with an investor and commits to deliver the loan if settlement occurs ("best efforts") or commits to deliver the locked loan in a binding ("mandatory") delivery program with an investor. Fair value changes of certain loans under interest rate lock commitments are hedged with forward sales contracts of MBS. Forward sales contracts of MBS are recorded at fair value with changes in fair value recorded in non-interest income. Interest rate lock commitments and commitments to deliver loans to investors are considered derivatives. The market value of interest rate lock commitments and best efforts contracts are not readily ascertainable with precision because they are not actively traded in stand-alone markets. The Company determines the fair value of interest rate lock commitments and delivery contracts by measuring the fair value of the underlying assets. The fair value of the underlying assets is impacted by current interest rates, remaining origination fees, costs of production to be incurred and the probability that the interest rate lock commitments will close or will be funded.

Certain additional risks arise from these forward delivery contracts in that the counterparties to the contracts may not be able to meet the terms of the contracts. The Company does not expect any counterparty to any MBS contract to fail to meet its obligation. Additional risks inherent in mandatory delivery programs include the risk that, if the Company fails to deliver the loans subject to interest rate risk lock commitments, it will still be obligated to "pair off" MBS to the counterparty. Should this be required, the Company could incur significant costs in acquiring replacement loans and such costs could have an adverse effect on the consolidated financial statements.

The fair value of the mortgage banking derivative is recorded as a freestanding asset or liability with the change in value being recognized in current earnings during the period of change.

The Company had interest rate lock commitments with a notional value of \$38.9 million and forward contracts with a notional value of \$38.2 million at March 31, 2025. At December 31, 2024, the Company had interest rate lock commitments with a notional value of \$20.0 million and forward contracts with a notional value of \$29.2 million.

[Table of Contents](#)

Effect of derivative instruments in the consolidated statements of operations and accumulated other comprehensive income

The tables below present the effect of the Company's derivative financial instruments in the consolidated statements of operations for the three months ended March 31, 2025 and 2024:

Derivatives in hedging relationships	Location of gain (loss) recognized in income on derivatives	Amount of (loss) gain recognized in income on derivatives	
		For the three months ended March 31,	
		2025	2024
Fair value hedging relationships - Interest rate products	Interest and fees on loans	\$ (4,843)	\$ 9,093
Cash flow hedging relationships - Interest rate products	Interest and fees on loans	(355)	(513)
Total		\$ (5,198)	\$ 8,580

Hedged items	Location of gain (loss) recognized in income on hedged items	Amount of gain (loss) recognized in income on derivatives	
		For the three months ended March 31,	
		2025	2024
Interest rate products	Interest and fees on loans	\$ 6,326	\$ (6,548)

Derivatives not designated as hedging instruments	Location of gain (loss) recognized in income on derivatives	Amount of (loss) gain recognized in income on derivatives	
		For the three months ended March 31,	
		2025	2024
Interest rate products	Other non-interest expense	\$ (2)	\$ (232)
Interest rate lock commitments	Mortgage banking income	534	332
Forward contracts	Mortgage banking income	(178)	44
Total		\$ 354	\$ 144

The tables below present the effect of cash flow hedge accounting on AOCI as of the dates presented.

	For the three months ended March 31, 2025						
	Gain recognized in OCI on derivatives	Gain recognized in OCI included component	Gain recognized in OCI excluded component	Location of loss recognized from AOCI into income	Loss reclassified from AOCI into income	Loss reclassified from AOCI into income included component	Loss reclassified from AOCI into income excluded component
Derivatives in cash flow hedging relationships:							
Interest rate products	\$ 19	\$ 15	\$ 4	Interest income	\$ (355)	\$ (239)	\$ (116)

	For the three months ended March 31, 2024						
	Loss recognized in OCI on derivatives	Loss recognized in OCI included component	Loss recognized in OCI excluded component	Location of loss recognized from AOCI into income	Loss reclassified from AOCI into income	Loss reclassified from AOCI into income included component	Loss reclassified from AOCI into income excluded component
Derivatives in cash flow hedging relationships:							
Interest rate products	\$ (1,428)	\$ (1,002)	\$ (426)	Interest income	\$ (513)	\$ (395)	\$ (118)

Credit-risk-related contingent features

The Company has agreements with its derivative counterparties that contain a provision where if the Company defaults on any of its indebtedness for reasons other than an error or omission of an administrative or operational nature, 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 derivative obligations.

The Company also has agreements with certain of its derivative counterparties that contain a provision where if the Company fails to maintain its status as a well/adequately capitalized institution, then the counterparty has the right to terminate the derivative positions and the Company would be required to settle its obligations under the agreements.

As of March 31, 2025, the termination value of derivatives in a net liability position related to these agreements was zero. The Company has minimum collateral posting thresholds with certain of its derivative counterparties and, as of March 31, 2025, the Company had met these thresholds. If the Company had breached any of these provisions at March 31, 2025, it could have been required to settle its obligations under the agreements at the termination value.

Note 15 Commitments and Contingencies

In the normal course of business, the Company enters into various off-balance sheet commitments to help meet the financing needs of clients. These financial instruments include commitments to extend credit, commercial and consumer lines of credit and standby letters of credit. The same credit policies are applied to these commitments as the loans in the consolidated statements of financial condition; however, these commitments involve varying degrees of credit risk in excess of the amount recognized in the consolidated statements of financial condition. The total amounts of unused commitments do not necessarily represent future credit exposure or cash requirements, as commitments often expire without being drawn upon. However, the contractual amount of these commitments, offset by any additional collateral pledged, represents the Company's potential credit loss exposure.

Total unfunded commitments at March 31, 2025 and December 31, 2024 were as follows:

	March 31, 2025	December 31, 2024
Commitments to fund loans	\$ 563,568	\$ 663,859
Unfunded commitments under lines of credit	743,862	752,861
Commercial and standby letters of credit	12,561	10,760
Total unfunded commitments	<u>\$ 1,319,991</u>	<u>\$ 1,427,480</u>

Commitments to fund loans—Commitments to fund loans are legally binding agreements to lend to clients in accordance with predetermined contractual provisions provided there have been no violations of any conditions specified in the contract. These commitments are generally at variable interest rates and are for specific periods or contain termination clauses and may require the payment of a fee. The total amounts of unused commitments are not necessarily representative of future credit exposure or cash requirements, as commitments often expire without being drawn upon.

Unfunded commitments under lines of credit—In the ordinary course of business, the Company extends revolving credit to its clients. These arrangements may require the payment of a fee.

Commercial and standby letters of credit—The Company routinely issues commercial and standby letters of credit, which may be financial standby letters of credit or performance standby letters of credit. These are various forms of “back-up” commitments to guarantee the performance of a client to a third party. While these arrangements represent a potential cash outlay for the Company, the majority of these letters of credit will expire without being drawn upon. Letters of credit are subject to the same underwriting and credit approval process as traditional loans, and as such, many of them have various forms of collateral securing the commitment, which may include real estate, personal property, receivables or marketable securities.

Contingencies

Mortgage loans sold to investors may be subject to repurchase or indemnification in the event of specific default by the borrower or subsequent discovery that underwriting standards were not met. The Company established a reserve liability for expected losses related to these representations and warranties based upon management's evaluation of actual and historical loss history, delinquency trends or other documentation or deficiency findings in the portfolio and economic conditions. Charges against the reserve during the three months ended March 31, 2025 and 2024 totaling \$45 thousand and \$26 thousand, respectively, were primarily driven by early payoffs and repurchases. The repurchase reserve is included in other liabilities in the consolidated statements of financial condition.

The following table summarizes mortgage repurchase reserve activity for the periods presented:

	For the three months ended March 31,	
	2025	2024
Beginning balance	\$ 1,000	\$ 1,198
Provision released from operating expense, net	(90)	—
Charge-offs	(45)	(26)
Ending balance	<u>\$ 865</u>	<u>\$ 1,172</u>

In the ordinary course of business, the Company and NBH Bank may be subject to litigation. Based upon the available information and advice from the Company's legal counsel, management does not believe that any potential, threatened or pending litigation to which it is a party will have a material adverse effect on the Company's liquidity, financial condition or results of operations.

Note 16 Fair Value Measurements

The Company uses fair value measurements to record fair value adjustments to certain assets and liabilities and to disclose the fair value of its financial instruments. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. For disclosure purposes, the Company groups its financial and non-financial assets and liabilities into three different levels based on the nature of the instrument and the availability and reliability of the information that is used to determine fair value. The three levels are defined as follows:

- Level 1—Includes assets or liabilities in which the valuation methodologies are based on unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2—Includes assets or liabilities in which the inputs to the valuation methodologies are based on similar assets or liabilities in inactive markets, quoted prices for identical or similar assets or liabilities in inactive markets, and inputs other than quoted prices that are observable, such as interest rates, yield curves, volatilities, prepayment speeds and other inputs obtained from observable market input.
- Level 3—Includes assets or liabilities in which the inputs to the valuation methodology are based on at least one significant assumption that is not observable in the marketplace. These valuations may rely on management's judgment and may include internally-developed model-based valuation techniques.

Level 1 inputs are considered to be the most transparent and reliable and level 3 inputs are considered to be the least transparent and reliable. The Company assumes the use of the principal market to conduct a transaction of each particular asset or liability being measured and then considers the assumptions that market participants would use when pricing the asset or liability. Whenever possible, the Company first looks for quoted prices for identical assets or liabilities in active markets (level 1 inputs) to value each asset or liability. However, when inputs from identical assets or liabilities on active markets are not available, the Company utilizes market observable data for similar assets and liabilities. The Company maximizes the use of observable inputs and limits the use of unobservable inputs to occasions when observable inputs are not available. The need to use unobservable inputs generally results from the lack of market liquidity of the actual financial instrument or of the underlying collateral. While third-party price indications may be available in those cases, limited trading activity can challenge the observability of those inputs.

Changes in the valuation inputs used for measuring the fair value of financial instruments may occur due to changes in current market conditions or other factors. Such changes may necessitate a transfer of the financial instruments to another level in the hierarchy based on the new inputs used. The Company recognizes these transfers at the end of the reporting period that the transfer occurs. During the three months ended March 31, 2025 and 2024, there were no transfers of financial instruments between the hierarchy levels.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value, as well as the general classification of each instrument under the valuation hierarchy:

Fair Value of Financial Instruments Measured on a Recurring Basis

Investment securities available-for-sale—Investment securities available-for-sale are carried at fair value on a recurring basis. To the extent possible, observable quoted prices in an active market are used to determine fair value and, as such, these securities are classified as level 1. When quoted market prices in active markets for identical assets or liabilities are not available, quoted prices of securities with similar characteristics, discounted cash flows or other pricing characteristics are used to estimate fair values and the securities are then classified as level 2.

Loans held for sale—The Company has elected to record loans originated and intended for sale in the secondary market at estimated fair value. The portfolio consists primarily of fixed-rate residential mortgage loans that are sold within 45 days. The Company estimates fair value based on quoted market prices for similar loans in the secondary market and are classified as level 2.

Interest rate swap derivatives—The Company's derivative instruments are limited to interest rate swaps that may be accounted for as fair value hedges or non-designated hedges. The fair values of the swaps incorporate credit valuation adjustments in order to appropriately reflect nonperformance risk in the fair value measurements. The credit valuation adjustment is the dollar amount of the fair value adjustment related to credit risk and utilizes a probability weighted calculation to quantify the potential loss over the life of the trade. The credit valuation adjustments are calculated by determining the total expected exposure of the derivatives (which incorporates both the current and potential future exposure) and then applying the respective counterparties' credit spreads to the

[Table of Contents](#)

exposure offset by marketable collateral posted, if any. Certain derivative transactions are executed with counterparties who are large financial institutions, or dealers. ISDA Master Agreements and CSA are employed for all contracts with dealers. These contracts contain bilateral collateral arrangements. The fair value inputs of these financial instruments are determined using discounted cash flow analysis through the use of third-party models whose significant inputs are readily observable market parameters, primarily yield curves, with appropriate adjustments for liquidity and credit risk, and are classified as level 2.

Mortgage banking derivatives—The Company relies on a third-party pricing service to value its mortgage banking derivative financial assets and liabilities, which the Company classifies as a level 3 valuation. The external valuation model to estimate the fair value of its interest rate lock commitments to originate residential mortgage loans held for sale includes grouping the interest rate lock commitments by interest rate and terms, applying an average 86.2% estimated pull-through rate based on historical experience, and then multiplying by quoted investor prices determined to be reasonably applicable to the loan commitment groups based on interest rate, terms and rate lock expiration dates of the loan commitment groups. The Company also relies on an external valuation model to estimate the fair value of its forward commitments to sell residential mortgage loans (i.e., an estimate of what the Company would receive or pay to terminate the forward delivery contract based on market prices for similar financial instruments), which includes matching specific terms and maturities of the forward commitments against applicable investor pricing.

The tables below present the financial instruments measured at fair value on a recurring basis as of March 31, 2025 and December 31, 2024 in the consolidated statements of financial condition utilizing the hierarchy structure described above:

	March 31, 2025			
	Level 1	Level 2	Level 3	Total
Assets:				
Investment securities available-for-sale				
U.S. Treasuries	\$ 73,263	\$ —	\$ —	\$ 73,263
Mortgage-backed securities:				
Residential mortgage pass-through securities issued or guaranteed by U.S. government agencies or sponsored enterprises	—	204,245	—	204,245
Other residential MBS issued or guaranteed by U.S. government agencies or sponsored enterprises	—	354,169	—	354,169
Corporate debt	—	1,973	—	1,973
Loans held for sale	—	11,885	—	11,885
Interest rate swap derivatives	—	33,711	—	33,711
Mortgage banking derivatives	—	—	684	684
Total assets at fair value	<u>\$ 73,263</u>	<u>\$ 605,983</u>	<u>\$ 684</u>	<u>\$ 679,930</u>
Liabilities:				
Interest rate swap derivatives	\$ —	\$ 10,888	\$ —	\$ 10,888
Mortgage banking derivatives	—	—	85	85
Total liabilities at fair value	<u>\$ —</u>	<u>\$ 10,888</u>	<u>\$ 85</u>	<u>\$ 10,973</u>

[Table of Contents](#)

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Investment securities available-for-sale				
U.S. Treasuries	\$ 24,874	\$ —	\$ —	\$ 24,874
Mortgage-backed securities:				
Residential mortgage pass-through securities issued or guaranteed by U.S. government agencies or sponsored enterprises	—	135,045	—	135,045
Other residential MBS issued or guaranteed by U.S. government agencies or sponsored enterprises	—	364,938	—	364,938
Corporate debt	—	1,962	—	1,962
Loans held for sale	—	24,495	—	24,495
Interest rate swap derivatives	—	39,637	—	39,637
Mortgage banking derivatives	—	—	386	386
Total assets at fair value	<u>\$ 24,874</u>	<u>\$ 566,077</u>	<u>\$ 386</u>	<u>\$ 591,337</u>
Liabilities:				
Interest rate swap derivatives	\$ —	\$ 9,076	\$ —	\$ 9,076
Mortgage banking derivatives	—	—	10	10
Total liabilities at fair value	<u>\$ —</u>	<u>\$ 9,076</u>	<u>\$ 10</u>	<u>\$ 9,086</u>

The table below details the changes in level 3 financial instruments during the three months ended March 31, 2025:

	Mortgage banking derivatives, net
Balance at December 31, 2024	\$ 376
Gain included in earnings, net	356
Fees and (costs) included in earnings, net	(133)
Balance at March 31, 2025	<u>\$ 599</u>

Fair Value of Financial Instruments Measured on a Non-recurring Basis

Certain assets may be recorded at fair value on a non-recurring basis as conditions warrant. These non-recurring fair value measurements typically result from the application of lower of cost or fair value accounting or a write-down occurring during the period.

Individually evaluated loans—The Company records individually evaluated loans based on the fair value of the collateral when it is probable that the Company will be unable to collect all contractual amounts due in accordance with the terms of the loan agreement. The Company relies on third-party appraisals and internal assessments, utilizing a discount rate in the range of 6% - 32% with a weighted average discount rate of 10.8%, in determining the estimated fair values of these loans. The inputs used to determine the fair values of loans are considered level 3 inputs in the fair value hierarchy. At March 31, 2025, the Company maintained a specific reserve of \$6.0 million related to 16 loans with a carrying balance of \$22.1 million. At March 31, 2024, the Company maintained a specific reserve of \$9.8 million related to 13 loans with a carrying balance of \$38.2 million.

Mortgage servicing rights—MSRs represent the value associated with servicing residential real estate loans that have been sold to outside investors with servicing retained. The fair value for servicing assets is determined through discounted cash flow analysis and utilizes a discount rate and weighted average rate ranging from 10.0% to 10.5% at March 31, 2025 and prepayment speed assumption ranges of 6.3% to 12.4% with a weighted average rate of 6.4% at March 31, 2025. The weighted average MSRs are subject to impairment testing. The carrying values of these MSRs are reviewed quarterly for impairment based upon the calculation of fair value. For purposes of measuring impairment, the MSRs are stratified into certain risk characteristics including note type and note term. If the valuation model reflects a value less than the carrying value, MSRs are adjusted to fair value through a valuation allowance and the adjustment is included in mortgage banking income in the consolidated statements of operations. There was no MSR impairment during the three months ended March 31, 2025 or 2024. The inputs used to determine the fair values of MSRs are considered level 3 inputs in the fair value hierarchy.

[Table of Contents](#)

SBA servicing asset—The SBA servicing asset represents the value associated with servicing small business real estate loans that have been sold to outside investors with servicing retained. The fair value for the SBA servicing asset is determined through a discounted cash flow analysis and utilizes a weighted average discount rate of 9.3% and a weighted average lifetime constant prepayment rate of 15.7%. The SBA servicing asset is amortized over the period of the estimated future net servicing life of the underlying assets, and it is evaluated quarterly for impairment based upon the fair value of the rights as compared to their amortized cost. Impairment is recognized on the income statement to the extent the fair value is less than the capitalized amount of the SBA servicing asset. The Company recorded no impairment for the three months ended March 31, 2025 or 2024.

The Company may be required to record fair value adjustments on other available-for-sale and municipal securities valued at par on a non-recurring basis.

The tables below provide information regarding losses from the assets recorded at fair value on a non-recurring basis during the three months ended March 31, 2025 and 2024:

	March 31, 2025	
	Total	Losses from fair value changes
Individually evaluated loans	\$ 52,522	\$ 15,036

	March 31, 2024	
	Total	Losses from fair value changes
Individually evaluated loans	\$ 47,470	\$ 278

The Company did not record any liabilities measured at fair value on a non-recurring basis during the three months ended March 31, 2025 or 2024.

Note 17 Fair Value of Financial Instruments

The fair value of a financial instrument is the amount that would be exchanged between willing parties, other than in a forced liquidation. Fair value is determined based upon quoted market prices to the extent possible; however, in many instances, there are no quoted market prices for the Company's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques that may be significantly impacted by the assumptions used, including the discount rate and estimates of future cash flows. Changes in any of these assumptions could significantly affect the fair value estimates. The fair value of the financial instruments listed below does not reflect a premium or discount that could result from offering all of the Company's holdings of financial instruments at one time, nor does it reflect the underlying value of the Company, as ASC Topic 825 excludes certain financial instruments and all non-financial instruments from its disclosure requirements. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies and are based on the exit price concept within ASC Topic 825 and applied to this disclosure on a prospective basis. Considerable judgment is required to interpret market data in order to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange.

[Table of Contents](#)

The fair value of financial instruments at March 31, 2025 and December 31, 2024 are set forth below:

	Level in fair value measurement hierarchy	March 31, 2025		December 31, 2024	
		Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
ASSETS					
Cash and cash equivalents	Level 1	\$ 246,298	\$ 246,298	\$ 127,848	\$ 127,848
U.S. Treasury securities - AFS	Level 1	73,263	73,263	24,874	24,874
U.S. Treasury securities - HTM	Level 1	49,715	49,431	49,639	49,159
Mortgage-backed securities—residential mortgage pass-through securities issued or guaranteed by U.S. government agencies or sponsored enterprises available-for-sale	Level 2	204,245	204,245	135,045	135,045
Mortgage-backed securities—other residential mortgage-backed securities issued or guaranteed by U.S. government agencies or sponsored enterprises available-for-sale	Level 2	354,169	354,169	364,938	364,938
Municipal securities available-for-sale	Level 2	—	—	—	—
Corporate debt available-for-sale	Level 2	1,973	1,973	1,962	1,962
Other available-for-sale securities	Level 3	726	726	728	728
Mortgage-backed securities—residential mortgage pass-through securities issued or guaranteed by U.S. government agencies or sponsored enterprises held-to-maturity	Level 2	262,594	232,140	271,105	234,286
Mortgage-backed securities—other residential mortgage-backed securities issued or guaranteed by U.S. government agencies or sponsored enterprises held-to-maturity	Level 2	394,603	355,234	212,364	167,941
FHLB and FRB stock	Level 2	27,687	27,687	27,984	27,984
Loans receivable	Level 3	7,646,296	7,480,541	7,751,143	7,535,875
Loans held for sale	Level 2	11,885	11,885	24,495	24,495
Accrued interest receivable	Level 2	47,925	47,925	43,469	43,469
Interest rate swap derivatives	Level 2	33,711	33,711	39,637	39,637
Mortgage banking derivatives	Level 3	684	684	386	386
LIABILITIES					
Deposit transaction accounts	Level 2	7,365,530	7,365,530	7,217,857	7,217,857
Time deposits	Level 2	1,058,677	1,060,390	1,020,036	1,021,763
Securities sold under agreements to repurchase	Level 2	20,749	20,749	18,895	18,895
Long-term debt	Level 2	55,000	52,141	55,000	49,168
Federal Home Loan Bank advances	Level 2	80,000	80,000	50,000	50,000
Accrued interest payable	Level 2	15,183	15,183	15,146	15,146
Interest rate swap derivatives	Level 2	10,888	10,888	9,076	9,076
Mortgage banking derivatives	Level 3	85	85	10	10

Note 18 Business Segment

The Company has aligned its operations into one reportable segment. Key metrics used to evaluate the segment include consolidated net income and its major components. Revenue and expenses are consistent with the consolidated statement of operations, and the measure of segment assets is consistent with total consolidated assets on the balance sheet.

Item 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following management's discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes as of and for the three months ended March 31, 2025, and with our annual report on [Form 10-K](#) (file number 001-35654), which includes our audited consolidated financial statements and related notes as of and for the years ended December 31, 2024, 2023 and 2022. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions that may cause actual results to differ materially from management's expectations. Factors that could cause such differences are discussed in the section entitled "Cautionary Note Regarding Forward-Looking Statements" located elsewhere in this quarterly report and in Item 1A "Risk Factors" in the annual report on [Form 10-K](#), referenced above, and should be read herewith.

All amounts are in thousands, except share and per share data, or as otherwise noted.

Overview

Our focus is on building relationships by creating a win-win scenario for our clients and our Company. We believe in providing solutions and services to our clients that are based on fairness and simplicity. We have established a solid financial services franchise with a sizable presence for deposit gathering and building client relationships necessary for growth. We have executed on strategic acquisition opportunities to expand our presence in attractive markets and to diversify our revenue streams. Additionally, we are innovating and building strategic fintech partnerships with the goal of delivering a comprehensive digital financial ecosystem for our clients. We are focused on providing small and medium-sized businesses with alternative digital access to address borrowing, depository and cash management needs, while also providing information management and access to digital payment tools, under the safety of a regulated bank. We believe that our established presence in our core markets of Colorado, the greater Kansas City region, Utah, Wyoming, Texas, New Mexico and Idaho, as well as our ongoing investment in digital solutions and strategic acquisitions position us well for growth opportunities. As of March 31, 2025, we had \$10.1 billion in assets, \$7.6 billion in loans, \$8.4 billion in deposits, \$1.3 billion in equity and \$1.0 billion in assets under management in our trust and wealth management business.

Operating Highlights

Profitability and returns

- Net income totaled \$24.2 million, or \$0.63 per diluted share, for the three months ended March 31, 2025, compared to net income of \$31.4 million, or \$0.82 per diluted share, for the three months ended March 31, 2024. The decrease was largely driven by higher provision expense of \$10.2 million for the three months ended March 31, 2025 recorded primarily to cover a charge-off on one credit driven by suspected fraudulent activity by the borrower.
- The return on average tangible assets was 1.09% for the three months ended March 31, 2025, compared to 1.39% for the three months ended March 31, 2024.
- The return on average tangible common equity was 10.64% for the three months ended March 31, 2025, compared to 15.14% for the three months ended March 31, 2024.

Strategic execution

- Continued to invest in digital solutions for our clients through our financial eco-system, 2UniFi, for small and medium-sized businesses that we believe will increase access to financial services while reducing the costs of banking. In conjunction with the continued investment in the 2UniFi buildout, the Company incurred \$3.4 million and \$2.6 million of non-interest expense during the three months ended March 31, 2025 and 2024, respectively, primarily within salaries and benefits, occupancy and equipment, and professional fees.
- The Company prudently manages liquidity and maintains a profile focused on core deposits and stable, long-term and diversified funding sources, including access to Cambr platform deposits. The investment securities portfolio has a short average duration, and, at March 31, 2025, the Company's interest rate risk model indicated a fairly neutral position in terms of interest rate sensitivity.
- FTE pre-provision net revenue increased \$1.4 million to \$42.0 million during the three months ended March 31, 2025, compared to the same period in the prior year.

[Table of Contents](#)

Loan portfolio

- Total loans ended the quarter at \$7.6 billion, compared to \$7.8 billion at December 31, 2024.
- The Company generated loan fundings totaling \$255.7 million, during the three months ended March 31, 2025, with a weighted average new loan origination rate of 7.3%.
- The Company maintained a conservatively structured loan portfolio represented by diverse industries and concentrations with most industry sector concentrations at 15% or less of total loans and all concentration levels remain well below our self-imposed limits.
- Non-owner occupied CRE loans were 149.7% of the Company's risk based capital, or 23.5% of total loans, and no specific property type comprised more than 10.0% of total loans at March 31, 2025.
- The Company maintains little exposure to non-owner occupied CRE retail properties and office properties, comprising 2.0% and 1.3% of total loans, respectively, at March 31, 2025.
- Multifamily loans totaled \$333.8 million, or 4.4% of total loans at March 31, 2025.
- We do not originate high-dollar non-amortizing or balloon payment mortgage loans to our clients.

Credit quality

- Allowance for credit losses totaled 1.18% of total loans at March 31, 2025, compared to 1.22% at December 31, 2024.
- The Company recorded provision expense for credit losses totaling \$10.2 million, during the three months ended March 31, 2025. The elevated net charge-offs were driven by one credit as a result of suspected fraudulent activity by the borrower, which the Company believes is an isolated circumstance within the loan portfolio. There was no provision expense recorded during the three months ended March 31, 2024.
- Non-performing loans (comprised of non-accrual loans and non-accrual modified loans) totaled 0.45% of total loans at March 31, 2025, decreasing one basis point compared to December 31, 2024.
- Net charge-offs of \$15.1 million and \$0.1 million were recorded during the three months ended March 31, 2025 and 2024, respectively, and annualized net charge-offs to average total loans totaled 0.80% and zero for the three months ended March 31, 2025 and 2024, respectively.

Client deposit funded balance sheet

- Average total deposits for the three months ended March 31, 2025 increased \$41.5 million to \$8.3 billion, compared to \$8.2 billion for the three months ended March 31, 2024.
- Average transaction deposits for the three months ended March 31, 2025 and 2024 totaled \$7.2 billion.
- The mix of transaction deposits to total deposits was 87.4% and 88.3% at March 31, 2025 and 2024, respectively.
- Cost of deposits improved 12 basis points to 2.03% for the three months ended March 31, 2025, compared to the three months ended March 31, 2024, as a result of our disciplined deposit pricing over the last year as the Fed lowered rates.
- Approximately 78% of our deposits were FDIC insured at March 31, 2025.

Liquidity

- On-balance sheet liquidity totaled \$802.5 million at March 31, 2025 and was comprised of \$246.3 million of cash and \$556.2 million of unencumbered investments.
- Liquidity is monitored and managed to ensure that sufficient funds are available on-demand to meet our business needs. At March 31, 2025, the Company's available secured and committed borrowing capacity at the FHLB and Federal Reserve totaled \$2.5 billion. The Company also accesses a variety of other short-term and long-term unsecured funding sources, which includes access to Cambr platform deposits, multiple brokered deposit platform options and lines of credit.
- Our investment securities portfolio has a short average duration and is largely backed by U.S. government or government sponsored entities giving us confidence we will not realize material losses. Regarding the fair value of investment securities, our accumulated other comprehensive loss does not have a material impact on our capital position. Our tangible common equity capital ratio, which includes the accumulated other comprehensive loss, totaled 10.1% at March 31, 2025, compared to 10.2% at December 31, 2024.

[Table of Contents](#)

Revenues

- FTE net interest income increased 3.4% to \$88.6 million during the three months ended March 31, 2025, compared to \$85.7 million during the same period in the prior year.
- The FTE net interest margin widened 15 basis points to 3.93% for the three months ended March 31, 2025, compared to the three months ended March 31, 2024, as an 18 basis point improvement in the cost of funds outpaced a three basis point decrease in earning asset yields. The cost of funds totaled 2.07% for the three months ended March 31, 2025, compared to 2.25% during the three months ended March 31, 2024.
- Non-interest income totaled \$15.4 million during the three months ended March 31, 2025, compared to \$17.7 million for the three months ended March 31, 2024, primarily due to a \$2.4 million decrease in other non-interest income driven by timing of SBA loan gain on sales and swap fee income activity and a \$0.6 million gain from the sale of a banking center building included in the first quarter of 2024.

Expenses

- Non-interest expense decreased \$0.8 million to \$62.0 million during the three months ended March 31, 2025, compared to the same period in the prior year. Salaries and benefits decreased \$2.2 million primarily due to payroll tax credits realized during the first quarter of 2025. Data processing and occupancy and equipment increased \$1.2 million, driven by investments in technology.
- During the three months ended March 31, 2025, the FTE efficiency ratio, excluding other intangible assets amortization, improved 108 basis points to 57.74%, compared to the same period in the prior year.
- Income tax expense totaled \$5.6 million during the three months ended March 31, 2025, compared to \$7.5 million during the three months ended March 31, 2024. The effective tax rate for the three months ended March 31, 2025 was 18.8%, compared to 18.2% for the full year 2024.

Strong capital position

- Capital ratios continue to be well in excess of federal bank regulatory agency “well capitalized” thresholds. At March 31, 2025, our consolidated tier 1 leverage ratio was 10.89%, and our consolidated common equity tier 1 and tier 1 risk based capital ratios were 13.61%.
- At March 31, 2025, common book value per share was \$34.90. Tangible common book value per share increased \$0.66 to \$25.94, driven by the quarter’s earnings after covering the quarterly dividend and a \$0.26 improvement in accumulated other comprehensive loss.

Key Challenges

Macroeconomic pressures, including uncertainty in tariff policies, have resulted in volatility and uncertainty in the banking industry and many other industries. The sustained higher-interest rate environment, declines in the fair value of securities, lack of available funding, uninsured deposits, wait-and-see attitudes of clients, and risk from concentrations in loan and deposit segments along with declines in commercial real estate property values are drawing increased scrutiny on financial institutions. Liquidity within the financial services sector has tightened, and we expect the intense competition for deposits throughout our markets to continue. While these are widespread challenges for the banking industry, the Company has not experienced a material impact to our financial condition, operations, client base, liquidity, capital position or risk profile.

Additionally, we face continual challenges implementing our business strategy. These include growing our assets, particularly loans, and deposits amidst intense competition, changing interest rates, adhering to changes in the regulatory environment and identifying and consummating disciplined acquisition and other expansionary opportunities in a very competitive and inflationary environment. In connection with our digital growth strategy and our digital solution 2UniFi, we have made and will continue to make investments in and also partner with third-party fintech companies. The innovations these companies develop for utilization by 2UniFi may prove difficult to successfully integrate into our existing operations and may require additional operational and control systems to manage fraud, cybersecurity, operational, legal and compliance risks.

Future growth in our interest income will ultimately be dependent on our ability to originate high-quality loans and source other high-quality earning assets such as investment securities as well as our ability to access liquidity and manage our cost of funds. During the years ended December 31, 2023 and 2022, the Federal Reserve increased prevailing interest rates by a total of 100 and 425 basis

points, respectively. In the second half of 2024, the Federal Reserve decreased the prevailing interest rates by a total of 100 basis points. While further cuts in 2025 remain unclear, our future earnings will be impacted by the Federal Reserve's future interest rate policy decisions. Management employs risk management policies to monitor and limit exposure to changes in market rates, which is discussed in more detail in the Asset/Liability Management and Interest Rate Risk section of Management's Discussion and Analysis.

Performance Overview

In evaluating our consolidated statements of financial condition and results of operations financial statement line items, we evaluate and manage our performance based on key earnings indicators, balance sheet ratios, asset quality metrics and regulatory capital ratios, among others. The table below presents some of the primary performance indicators that we use to analyze our business on a regular basis for the periods indicated:

Key Metrics⁽¹⁾

	As of and for the three months ended		
	March 31, 2025	December 31, 2024	March 31, 2024
Return on average assets	0.99%	1.13%	1.28%
Return on average tangible assets ⁽²⁾	1.09%	1.23%	1.39%
Return on average tangible assets, adjusted ⁽²⁾⁽³⁾	1.09%	1.44%	1.39%
Return on average equity	7.42%	8.59%	10.30%
Return on average tangible common equity ⁽²⁾	10.64%	12.31%	15.14%
Return on average tangible common equity, adjusted ⁽²⁾⁽³⁾	10.64%	14.40%	15.14%
Loan to deposit ratio (end of period) ⁽⁴⁾	90.77%	94.09%	88.86%
Non-interest bearing deposits to total deposits (end of period)	26.30%	26.87%	26.92%
Net interest margin ⁽⁵⁾	3.85%	3.91%	3.70%
Net interest margin FTE ⁽²⁾⁽⁵⁾⁽⁶⁾	3.93%	3.99%	3.78%
Interest rate spread FTE ⁽²⁾⁽⁶⁾⁽⁷⁾	3.05%	3.06%	2.81%
Yield on earning assets ⁽⁸⁾	5.77%	5.90%	5.80%
Yield on earning assets FTE ⁽²⁾⁽⁶⁾⁽⁸⁾	5.85%	5.98%	5.88%
Cost of funds	2.07%	2.15%	2.25%
Cost of deposits	2.03%	2.12%	2.15%
Non-interest income to total revenue FTE ⁽⁶⁾⁽⁹⁾	14.79%	10.78%	17.11%
Efficiency ratio	60.76%	63.75%	61.77%
Efficiency ratio excluding other intangible assets amortization, adjusted FTE ⁽²⁾⁽³⁾⁽⁶⁾	57.74%	57.03%	58.82%
Pre-provision net revenue	\$ 40,050	\$ 36,704	\$ 38,890
Pre-provision net revenue FTE ⁽²⁾⁽⁶⁾	41,960	38,578	40,582
Pre-provision net revenue FTE, adjusted ⁽²⁾⁽³⁾⁽⁶⁾	41,960	45,160	40,582
Total Loans Asset Quality Data⁽⁴⁾⁽¹⁰⁾⁽¹¹⁾			
Non-performing loans to total loans	0.45%	0.46%	0.47%
Non-performing assets to total loans and OREO	0.46%	0.47%	0.53%
Allowance for credit losses to total loans	1.18%	1.22%	1.29%
Allowance for credit losses to non-performing loans	260.52%	262.42%	272.52%
Net charge-offs to average loans	0.80%	0.11%	0.00%

(1) Ratios are annualized.

(2) Represents a non-GAAP financial measure. See non-GAAP reconciliations below.

(3) Ratios are adjusted for loss on security sales in Q4 2024. See non-GAAP reconciliation below.

(4) Total loans are net of unearned discounts and fees.

(5) Net interest margin represents net interest income, including accretion income on interest earning assets, as a percentage of average interest earning assets.

(6) Presented on an FTE basis using the statutory rate of 21% for all periods presented. The taxable equivalent adjustments included above are \$1,910, \$1,874 and \$1,692 for the three months ended March 31, 2025, December 31, 2024 and March 31, 2024, respectively.

(7) Interest rate spread represents the difference between the weighted average yield on interest earning assets, including FTE income, and the weighted average cost of interest bearing liabilities. Ratio represents non-GAAP financial measure.

(8) Interest earning assets include assets that earn interest/accretion or dividends. Any market value adjustments on investment securities or loans are excluded from interest earning assets.

(9) Non-interest income to total revenue represents non-interest income divided by the sum of net interest income FTE and non-interest income. Ratio represents a non-GAAP financial measure.

(10) Non-performing loans consist of non-accruing loans and modified loans on non-accrual.

(11) Non-performing assets include non-performing loans and OREO.

About Non-GAAP Financial Measures

Certain financial measures and ratios we present, including “tangible assets,” “average tangible assets,” “return on average tangible assets,” “tangible common equity,” “tangible common equity to tangible assets,” “return on average tangible common equity,” “tangible common book value,” “tangible common book value per share,” “tangible common equity to tangible assets,” “net income excluding the impact of other intangible assets amortization expense, after tax,” “adjusted net income,” “adjusted earnings per share – diluted,” “adjusted return on average tangible assets,” “adjusted return on average tangible common equity,” “efficiency ratio excluding other intangible assets amortization FTE, adjusted for the loss on security sales,” “pre-provision net revenue,” “pre-provision net revenue FTE,” “pre-provision net revenue FTE, adjusted for the loss on security sales,” “non-interest income adjusted for the loss on security sales,” “non-interest expense excluding other intangible assets amortization,” and “fully taxable equivalent” metrics, are supplemental measures that are not required by, or are not presented in accordance with, U.S. generally accepted accounting principles (GAAP). We refer to these financial measures and ratios as “non-GAAP financial measures.” We consider the use of select non-GAAP financial measures and ratios to be useful for financial and operational decision making and useful in evaluating period-to-period comparisons. We believe that these non-GAAP financial measures provide meaningful supplemental information regarding our performance by excluding certain expenditures or assets that we believe are not indicative of our primary business operating results or by presenting certain metrics on an FTE basis. We believe that management and investors benefit from referring to these non-GAAP financial measures in assessing our performance and when planning, forecasting, analyzing and comparing past, present and future periods.

These non-GAAP financial measures should not be considered a substitute for financial information presented in accordance with GAAP and you should not rely on non-GAAP financial measures alone as measures of our performance. The non-GAAP financial measures we present may differ from non-GAAP financial measures used by our peers or other companies. We compensate for these limitations by providing the equivalent GAAP measures whenever we present the non-GAAP financial measures and by including a reconciliation of the impact of the components adjusted for in the non-GAAP financial measure so that both measures and the individual components may be considered when analyzing our performance.

A reconciliation of our GAAP financial measures to the comparable non-GAAP financial measures is as follows:

Tangible Common Book Value Ratios

	March 31, 2025	December 31, 2024	March 31, 2024
Total shareholders' equity	\$ 1,329,308	\$ 1,305,075	\$ 1,231,830
Less: goodwill and other intangible assets, net	(354,800)	(356,777)	(362,709)
Add: deferred tax liability related to goodwill	13,638	13,535	12,539
Tangible common equity (non-GAAP)	<u>\$ 988,146</u>	<u>\$ 961,833</u>	<u>\$ 881,660</u>
Total assets	\$ 10,098,870	\$ 9,807,693	\$ 9,967,476
Less: goodwill and other intangible assets, net	(354,800)	(356,777)	(362,709)
Add: deferred tax liability related to goodwill	13,638	13,535	12,539
Tangible assets (non-GAAP)	<u>\$ 9,757,708</u>	<u>\$ 9,464,451</u>	<u>\$ 9,617,306</u>
Tangible common equity to tangible assets calculations:			
Total shareholders' equity to total assets	13.16%	13.31%	12.36%
Less: impact of goodwill and other intangible assets, net	(3.03)%	(3.15)%	(3.19)%
Tangible common equity to tangible assets (non-GAAP)	<u>10.13%</u>	<u>10.16%</u>	<u>9.17%</u>
Tangible common book value per share calculations:			
Tangible common equity (non-GAAP)	\$ 988,146	\$ 961,833	\$ 881,660
Divided by: ending shares outstanding	38,094,105	38,054,482	37,806,148
Tangible common book value per share (non-GAAP)	<u>\$ 25.94</u>	<u>\$ 25.28</u>	<u>\$ 23.32</u>

Return on Average Tangible Assets and Return on Average Tangible Equity

	As of and for the three months ended		
	March 31, 2025	December 31, 2024	March 31, 2024
Net income	\$ 24,231	\$ 28,184	\$ 31,391
Add: adjustments, after tax (non-GAAP) ⁽¹⁾	—	5,048	—
Net income adjusted for the loss on security sales, after tax (non-GAAP) ⁽¹⁾	\$ 24,231	\$ 33,232	\$ 31,391
Net income	\$ 24,231	\$ 28,184	\$ 31,391
Add: impact of other intangible assets amortization expense, after tax	1,516	1,516	1,534
Net income excluding the impact of other intangible assets amortization expense, after tax (non-GAAP)	\$ 25,747	\$ 29,700	\$ 32,925
Net income excluding the impact of other intangible assets amortization expense, after tax (non-GAAP)	\$ 25,747	\$ 29,700	\$ 32,925
Add: adjustments, after tax (non-GAAP) ⁽¹⁾	—	5,048	—
Net income excluding the impact of other intangible assets amortization expense, adjusted for the loss on security sales, after tax (non-GAAP) ⁽¹⁾	\$ 25,747	\$ 34,748	\$ 32,925
Average assets	\$ 9,916,023	\$ 9,957,195	\$ 9,888,261
Less: average goodwill and other intangible assets, net of deferred tax liability related to goodwill	(342,425)	(344,417)	(351,383)
Average tangible assets (non-GAAP)	\$ 9,573,598	\$ 9,612,778	\$ 9,536,878
Average shareholders' equity	\$ 1,323,915	\$ 1,304,629	\$ 1,226,283
Less: average goodwill and other intangible assets, net of deferred tax liability related to goodwill	(342,425)	(344,417)	(351,383)
Average tangible common equity (non-GAAP)	\$ 981,490	\$ 960,212	\$ 874,900
Return on average assets	0.99%	1.13%	1.28%
Adjusted return on average assets (non-GAAP)	0.99%	1.33%	1.28%
Return on average tangible assets (non-GAAP)	1.09%	1.23%	1.39%
Adjusted return on average tangible assets (non-GAAP) ⁽¹⁾	1.09%	1.44%	1.39%
Return on average equity	7.42%	8.59%	10.30%
Adjusted return on average equity (non-GAAP)	7.42%	10.13%	10.30%
Return on average tangible common equity (non-GAAP)	10.64%	12.31%	15.14%
Adjusted return on average tangible common equity (non-GAAP) ⁽¹⁾	10.64%	14.40%	15.14%
(1) Adjustments:			
Loss on security sales (non-GAAP)	\$ —	\$ 6,582	\$ —
Tax benefit impact	—	(1,534)	—
Total adjustments after tax (non-GAAP)	\$ —	\$ 5,048	\$ —

Fully Taxable Equivalent Yield on Earning Assets and Net Interest Margin

	As of and for the three months ended		
	March 31, 2025	December 31, 2024	March 31, 2024
Interest income	\$ 129,963	\$ 136,086	\$ 131,732
Add: impact of taxable equivalent adjustment	1,910	1,874	1,692
Interest income FTE (non-GAAP)	<u>\$ 131,873</u>	<u>\$ 137,960</u>	<u>\$ 133,424</u>
Net interest income	\$ 86,691	\$ 90,131	\$ 84,030
Add: impact of taxable equivalent adjustment	1,910	1,874	1,692
Net interest income FTE (non-GAAP)	<u>\$ 88,601</u>	<u>\$ 92,005</u>	<u>\$ 85,722</u>
Average earning assets	\$ 9,139,904	\$ 9,177,840	\$ 9,127,330
Yield on earning assets	5.77%	5.90%	5.80%
Yield on earning assets FTE (non-GAAP)	5.85%	5.98%	5.88%
Net interest margin	3.85%	3.91%	3.70%
Net interest margin FTE (non-GAAP)	3.93%	3.99%	3.78%

Efficiency Ratio and Pre-Provision Net Revenue

	As of and for the three months ended		
	March 31, 2025	December 31, 2024	March 31, 2024
Net interest income	\$ 86,691	\$ 90,131	\$ 84,030
Add: impact of taxable equivalent adjustment	1,910	1,874	1,692
Net interest income FTE (non-GAAP)	<u>\$ 88,601</u>	<u>\$ 92,005</u>	<u>\$ 85,722</u>
Non-interest income	\$ 15,376	\$ 11,119	\$ 17,694
Add: loss on security sales (non-GAAP)	—	6,582	—
Non-interest income adjusted for the loss on security sales (non-GAAP)	<u>\$ 15,376</u>	<u>\$ 17,701</u>	<u>\$ 17,694</u>
Non-interest expense	\$ 62,017	\$ 64,546	\$ 62,834
Less: other intangible assets amortization	(1,977)	(1,977)	(2,008)
Non-interest expense excluding other intangible assets amortization (non-GAAP)	<u>\$ 60,040</u>	<u>\$ 62,569</u>	<u>\$ 60,826</u>
Efficiency ratio	60.76%	63.75%	61.77%
Efficiency ratio excluding other intangible assets amortization, adjusted for the loss on security sales FTE (non-GAAP)	57.74%	57.03%	58.82%
Pre-provision net revenue (non-GAAP)	\$ 40,050	\$ 36,704	\$ 38,890
Pre-provision net revenue, FTE (non-GAAP)	41,960	38,578	40,582
Pre-provision net revenue FTE, adjusted for the loss on security sales (non-GAAP)	41,960	45,160	40,582

Adjusted Net Income and Earnings Per Share

	As of and for the three months ended		
	March 31, 2025	December 31, 2024	March 31, 2024
Adjustments to net income:			
Net income	\$ 24,231	\$ 28,184	\$ 31,391
Add: loss on security sales, after tax (non-GAAP)	—	5,048	—
Adjusted net income (non-GAAP)	<u>\$ 24,231</u>	<u>\$ 33,232</u>	<u>\$ 31,391</u>
Adjustments to earnings per share:			
Earnings per share - diluted	\$ 0.63	\$ 0.73	\$ 0.82
Add: loss on security sales, after tax (non-GAAP)	—	0.13	—
Adjusted earnings per share - diluted (non-GAAP)	<u>\$ 0.63</u>	<u>\$ 0.86</u>	<u>\$ 0.82</u>

Application of Critical Accounting Policies and Significant Estimates

We use accounting principles and methods that conform to GAAP and general banking practices. We are required to apply significant judgment and make material estimates in the preparation of our financial statements and with regard to various accounting, reporting and disclosure matters. Assumptions and estimates are required to apply these principles where actual measurement is not possible or practical. The most significant of these estimates relate to the determination of the ACL.

Allowance for credit losses

The determination of the ACL, which represents management's estimate of lifetime credit losses inherent in our loan portfolio at the balance sheet date, involves a high degree of judgment and complexity. The Company estimates the ACL by first disaggregating the loan portfolio into segments based upon broad characteristics such as primary use and underlying collateral. Within these segments, the portfolio is further disaggregated into classes of loans with similar attributes and risk characteristics. The ACL is determined at the class level, analyzing loss history based upon specific loss drivers and risk factors affecting each loan class. The Company utilizes a DCF model developed within a third-party software tool that incorporates forecasts of certain national macroeconomic factors (reasonable and supportable forecasts) which drive the losses predicted in establishing the Company's ACL. Management accounts for the inherent uncertainty of the underlying economic forecast by reviewing and weighting alternate forecast scenarios. For periods beyond the reasonable and supportable forecast period, the Company reverts to historical long-term average loss rates on a straight-line basis. Additionally, the ACL calculation includes subjective adjustments for qualitative risk factors that are likely to cause estimated credit losses to differ from historical experience. Changes in these assumptions, estimates or the conditions surrounding them may have a material impact on our financial condition.

Future Accounting Pronouncements

In November 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures* (Topic 220): *Disaggregation of Income Statement Expenses*. The update requires public business entities to disclose specific components of certain expense categories. This includes expense categories such as employee compensation, depreciation, and intangible asset amortization. The amendments in this update are effective for fiscal years beginning after December 15, 2026 and are to be applied on a prospective basis with an option for retrospective application. Early adoption is permitted. The Company is evaluating the impact from ASU 2024-03, and does not expect the adoption of this pronouncement to have a material impact on its financial statements apart from the inclusion of additional disclosures.

Financial Condition

Total assets were \$10.1 billion at March 31, 2025, increasing \$291.2 million, or 3.0%, from December 31, 2024. Cash and cash equivalents increased \$118.5 million from December 31, 2024, and investment securities increased \$280.6 million. Loans totaled \$7.6 billion and \$7.8 billion at March 31, 2025 and December 31, 2024, respectively, and the allowance for credit losses totaled \$90.2 million and \$94.5 million at March 31, 2025 and December 31, 2024, respectively. During the three months ended March 31, 2025, lower-cost transaction deposits increased \$147.7 million to \$7.4 billion, compared to December 31, 2024. Total deposits increased \$186.3 million to \$8.4 billion at March 31, 2025, compared to December 31, 2024.

Investment securities

Available-for-sale

Total investment securities available-for-sale were \$634.4 million at March 31, 2025, compared to \$527.5 million at December 31, 2024. During the three months ended March 31, 2025 and 2024, purchases of available-for-sale securities totaled \$142.2 million and \$106.6 million, respectively. Paydowns and maturities totaled \$48.4 million and \$45.7 million during the three months ended March 31, 2025 and 2024, respectively.

[Table of Contents](#)

Available-for-sale investment securities are summarized in the following table as of the dates indicated. The weighted average yield was calculated based on amortized cost. Yields on tax-exempt securities have not been adjusted for tax-exempt status.

	March 31, 2025				December 31, 2024			
	Amortized cost	Fair value	Percent of portfolio	Weighted average yield	Amortized cost	Fair value	Percent of portfolio	Weighted average yield
Treasury securities	\$ 72,507	\$ 73,263	11.6%	4.35%	\$ 24,958	\$ 24,874	4.7%	2.55%
Mortgage-backed securities:								
Residential mortgage pass-through securities issued or guaranteed by U.S. government agencies or sponsored enterprises	228,732	204,245	32.2%	2.51%	164,785	135,045	25.6%	1.48%
Other residential MBS issued or guaranteed by U.S. government agencies or sponsored enterprises	408,063	354,169	55.8%	2.47%	425,476	364,938	69.2%	2.52%
Corporate debt	2,000	1,973	0.3%	5.78%	2,000	1,962	0.4%	5.86%
Other securities	726	726	0.1%	0.00%	728	728	0.1%	0.00%
Total investment securities available-for-sale	<u>\$ 712,028</u>	<u>\$ 634,376</u>	<u>100.0%</u>	<u>2.69%</u>	<u>\$ 617,947</u>	<u>\$ 527,547</u>	<u>100.0%</u>	<u>2.25%</u>

As of March 31, 2025 and December 31, 2024, nearly all of the available-for-sale investment portfolio was backed by mortgages. The residential mortgage pass-through securities portfolio is comprised of both fixed-rate and adjustable-rate FHLMC, FNMA and GNMA securities. The other mortgage-backed securities are comprised of securities backed by FHLMC, FNMA and GNMA securities.

Mortgage-backed securities may have actual maturities that differ from contractual maturities depending on the repayment characteristics and experience of the underlying financial instruments. The estimated weighted average life of the available-for-sale mortgage-backed securities portfolio was 4.8 years and 5.3 years at March 31, 2025 and December 31, 2024, respectively. This estimate is based on assumptions and actual results may differ. At March 31, 2025 and December 31, 2024, the duration of the total available-for-sale investment portfolio was 4.0 years and 4.3 years, respectively.

At March 31, 2025 and December 31, 2024, adjustable-rate securities comprised 12.5% and 5.9%, respectively, of the available-for-sale MBS portfolio. The remainder of the portfolio was comprised of fixed-rate amortizing securities with 10- to 30-year contractual maturities, with a weighted average coupon of 2.41% per annum and 2.31% per annum at March 31, 2025 and December 31, 2024, respectively.

The available-for-sale investment portfolio included \$79.9 million of unrealized losses and \$2.3 million of unrealized gains at March 31, 2025. At December 31, 2024, the available-for-sale investment portfolio included \$90.9 million of unrealized losses and \$0.5 million of unrealized gains. We believe any unrealized losses are a result of prevailing interest rates, and as such, we do not believe that any of the securities with unrealized losses were impaired. Management believes that default of the available-for-sale securities is highly unlikely. FHLMC, FNMA and GNMA guaranteed mortgage-backed securities and U.S. Treasury securities have a long history of zero credit losses, an explicit guarantee by the U.S. government (although limited for FNMA and FHLMC securities) and yields that generally trade based on market views of prepayment and liquidity risk rather than credit risk.

Our investment security portfolio consists of high-quality securities, which are largely backed by either U.S. government agencies or U.S. government sponsored entities. We regularly model liquidity stress scenarios to assess potential liquidity issues.

Held-to-maturity

Held-to-maturity investment securities totaled \$706.9 million at March 31, 2025, compared to \$533.1 million at December 31, 2024, an increase of \$173.8 million, or 32.6%. Purchases during the three months ended March 31, 2025 totaled \$190.6 million. There were no purchases of held-to-maturity securities during the three months ended March 31, 2024. Maturities and paydowns of held-to-maturity securities totaled \$17.0 million and \$14.4 million during the three months ended March 31, 2025 and 2024, respectively.

[Table of Contents](#)

Held-to-maturity investment securities are summarized as follows as of the dates indicated:

	March 31, 2025				December 31, 2024			
	Amortized cost	Fair value	Percent of portfolio	Weighted average yield	Amortized cost	Fair value	Percent of portfolio	Weighted average yield
Treasury securities	\$ 49,715	\$ 49,431	7.0%	3.14%	\$ 49,639	\$ 49,159	9.3%	3.14%
Mortgage-backed securities:								
Residential mortgage pass-through securities issued or guaranteed by U.S. government agencies or sponsored enterprises	262,594	232,140	37.2%	2.30%	271,105	234,286	50.9%	2.31%
Other residential MBS issued or guaranteed by U.S. government agencies or sponsored enterprises	394,603	355,234	55.8%	3.25%	212,364	167,941	39.8%	1.58%
Total investment securities held-to-maturity	<u>\$ 706,912</u>	<u>\$ 636,805</u>	<u>100.0%</u>	<u>2.89%</u>	<u>\$ 533,108</u>	<u>\$ 451,386</u>	<u>100.0%</u>	<u>2.10%</u>

The residential mortgage pass-through and other residential MBS held-to-maturity investment portfolios are comprised of fixed-rate FHLMC, FNMA and GNMA securities.

The fair value of the held-to-maturity investment portfolio included \$71.7 million of unrealized losses and \$1.6 million of unrealized gains at March 31, 2025. At December 31, 2024, the held-to-maturity investment portfolio included \$81.8 million of unrealized losses and \$51 thousand of unrealized gains.

The Company does not measure expected credit losses on a financial asset, or groups of financial assets, in which historical credit loss information adjusted for current conditions and reasonable and supportable forecasts results in an expectation that nonpayment of the amortized cost basis is zero. Management evaluated held-to-maturity securities noting they are backed by loans guaranteed by either U.S. government agencies or U.S. government sponsored entities, and management believes that default is highly unlikely given this governmental backing and long history without credit losses. Additionally, management notes that yields on which the portfolio generally trades are based upon market views of prepayment and liquidity risk and not credit risk. The Company has no intention to sell the securities and believes it will not be required to sell the securities before the recovery of their amortized cost.

Mortgage-backed securities may have actual maturities that differ from contractual maturities depending on the repayment characteristics and experience of the underlying financial instruments. The estimated weighted average expected life of the held-to-maturity mortgage-backed securities portfolio as of March 31, 2025 and December 31, 2024 was 4.7 years and 5.6 years, respectively. This estimate is based on assumptions and actual results may differ. The duration of the total held-to-maturity investment portfolio was 3.8 years and 4.4 years as of March 31, 2025 and December 31, 2024, respectively.

Non-marketable securities

The carrying balances of non-marketable securities are summarized as follows as of the dates indicated:

	March 31, 2025	December 31, 2024
Federal Reserve Bank stock	\$ 24,062	\$ 24,062
Federal Home Loan Bank stock	3,625	3,922
Convertible preferred stock	20,508	20,508
Equity method investments	28,007	27,970
Total	<u>\$ 76,203</u>	<u>\$ 76,462</u>

Non-marketable securities included FRB stock, FHLB stock, convertible preferred stock and equity method investments. During the three months ended March 31, 2025, purchases of non-marketable securities totaled \$15.9 million, and proceeds from redemptions and sales of non-marketable securities totaled \$15.7 million. During the three months ended March 31, 2024, purchases of non-marketable securities totaled \$10.3 million, and proceeds from redemptions and sales of non-marketable securities totaled \$27.1 million. Changes in the Company's FHLB stock holdings were directly correlated to FHLB line of credit advances and paydowns.

FRB and FHLB stock

At March 31, 2025 and December 31, 2024, the Company held FRB stock and FHLB stock for regulatory or debt facility purposes. These are restricted securities which, lacking a market, are carried at cost. There have been no identified events or changes in circumstances that may have an adverse effect on the FRB and FHLB stock carried at cost.

Convertible preferred stock

Non-marketable securities include convertible preferred stock without a readily determinable fair value. During the three months ended March 31, 2025 and 2024, the Company purchased zero and \$0.4 million of convertible preferred stock, respectively.

Equity method investments

Non-marketable securities also include equity method investments totaling \$26.2 million at March 31, 2025 and December 31, 2024 and equity method investments without a readily determinable fair value totaling \$1.8 million at March 31, 2025 and December 31, 2024. Purchases of equity method investments during the three months ended March 31, 2025 and 2024 totaled \$0.5 million and \$0.6 million, respectively. During the three months ended March 31, 2025 and 2024, the Company recorded net unrealized losses totaling \$0.3 million and \$0.1 million, respectively, on equity method investments. These gains and losses were recorded in other non-interest income in the Company's consolidated statements of operations. Carrying values of equity method investments without a readily determinable fair value are updated periodically and impairments may be taken to reflect a new basis. The Company recorded no impairment related to equity method investments without a readily determinable fair value for the three months ended March 31, 2025 or the year ended December 31, 2024.

[Table of Contents](#)

Loans overview

At March 31, 2025, our loan portfolio was comprised of loans originated by the Company and loans that were acquired in connection with the Company's acquisitions.

The table below shows the loan portfolio composition at the respective dates:

	March 31, 2025	December 31, 2024	March 31, 2025 vs. December 31, 2024 % Change
Originated:			
Commercial:			
Commercial and industrial	\$ 1,871,301	\$ 1,881,570	(0.5)%
Municipal and non-profit	1,116,724	1,106,865	0.9%
Owner-occupied commercial real estate	1,026,692	1,048,481	(2.1)%
Food and agribusiness	251,120	266,332	(5.7)%
Total commercial	4,265,837	4,303,248	(0.9)%
Commercial real estate non-owner occupied	1,136,176	1,123,718	1.1%
Residential real estate	915,139	922,328	(0.8)%
Consumer	11,955	12,773	(6.4)%
Total originated	6,329,107	6,362,067	(0.5)%
Acquired:			
Commercial:			
Commercial and industrial	105,493	114,255	(7.7)%
Municipal and non-profit	271	277	(2.2)%
Owner-occupied commercial real estate	198,338	215,663	(8.0)%
Food and agribusiness	33,832	36,987	(8.5)%
Total commercial	337,934	367,182	(8.0)%
Commercial real estate non-owner occupied	659,680	688,620	(4.2)%
Residential real estate	318,510	331,510	(3.9)%
Consumer	1,065	1,764	(39.6)%
Total acquired	1,317,189	1,389,076	(5.2)%
Total loans	\$ 7,646,296	\$ 7,751,143	(1.4)%

The Company maintains a granular and well-diversified loan portfolio with self-imposed concentration limits. At March 31, 2025, loans totaled \$7.6 billion, compared to \$7.8 billion at December 31, 2024.

Our commercial and industrial loan portfolio is highly diversified across industry sectors and geography. At March 31, 2025, there were no industry sectors representing more than 15.0% of our total loan portfolio. Key sectors included government/non-profit loans of \$827.9 million, or 10.8% of total loans, and health care/hospital loans of \$577.5 million, or 7.6% of total loans. The commercial and industrial portfolio also includes loans to companies that operate in the transportation industry. The transportation industry, trucking in particular, has experienced recent economic challenges. As a result of these industry challenges, some of the transportation loans may be subject to higher credit risk. The Company's exposure to this industry is small, consisting of \$186.6 million, or 2.4% of total loans, at March 31, 2025.

Non-owner occupied CRE loans were 149.7% of the Company's risk based capital, or 23.5% of total loans, and no specific property type comprised more than 10.0% of total loans. The Company maintains little exposure to non-owner occupied CRE retail properties and office properties, comprising 2.0% and 1.3% of total loans, respectively. Multifamily loans totaled \$333.8 million, or 4.4% of total loans, as of March 31, 2025.

The agriculture industry continues to be impacted by volatile commodity prices and generally by higher input costs, combining to stress margins. Our food and agribusiness portfolio is 3.7% of total loans and is well-diversified across food production, crop and livestock types. Crop and livestock loans represent 0.9% of total loans. We have maintained relationships with food and agribusiness clients that generally possess low leverage and, correspondingly, low bank debt to assets, minimizing any potential credit losses in the future.

New loan origination is a direct result of our ability to recruit and retain top banking talent, connect with clients in our markets and provide needed services at competitive rates. Loan fundings totaled \$1.6 billion over the trailing 12 months, led by commercial loan

[Table of Contents](#)

fundings of \$1.1 billion. Fundings are defined as closed-end funded loans and revolving lines of credit advances, net of any current period paydowns. Management utilizes this more conservative definition of fundings to better approximate the impact of fundings on loans outstanding and ultimately net interest income.

The following table represents new loan fundings for the periods presented:

	First quarter 2025	Fourth quarter 2024	Third quarter 2024	Second quarter 2024	First quarter 2024
Commercial:					
Commercial and industrial	\$ 108,594	\$ 146,600	\$ 93,711	\$ 241,910	\$ 53,978
Municipal and non-profit	12,506	49,175	35,677	28,785	14,564
Owner occupied commercial real estate	37,762	117,850	70,517	102,615	35,128
Food and agribusiness	1,338	15,796	19,205	11,040	(7,204)
Total commercial	160,200	329,421	219,110	384,350	96,466
Commercial real estate non-owner occupied	65,254	119,132	91,809	83,184	73,789
Residential real estate	29,300	30,750	47,322	36,124	29,468
Consumer	970	726	1,010	1,547	234
Total	\$ 255,724	\$ 480,029	\$ 359,251	\$ 505,205	\$ 199,957

Included in fundings are net fundings (paydowns) under revolving lines of credit totaling \$21,752, \$64,375, \$16,302, \$19,281 and \$(59,523) for the dates noted in the table above, respectively.

The tables below show the contractual maturities of our total loans for the dates indicated:

March 31, 2025					
	Due within 1 year	Due after 1 but within 5 years	Due after 5 but within 15 years	Due after 15 years	Total
Commercial:					
Commercial and industrial	\$ 248,744	\$ 1,402,953	\$ 314,927	\$ 10,170	\$ 1,976,794
Municipal and non-profit	41,842	158,105	617,438	299,610	1,116,995
Owner occupied commercial real estate	154,818	528,869	451,016	90,327	1,225,030
Food and agribusiness	132,032	49,886	88,845	14,189	284,952
Total commercial	577,436	2,139,813	1,472,226	414,296	4,603,771
Commercial real estate non-owner occupied	527,482	850,960	406,721	10,693	1,795,856
Residential real estate	29,979	195,358	282,075	726,237	1,233,649
Consumer	4,630	6,869	1,521	—	13,020
Total loans	\$ 1,139,527	\$ 3,193,000	\$ 2,162,543	\$ 1,151,226	\$ 7,646,296

December 31, 2024					
	Due within 1 year	Due after 1 but within 5 years	Due after 5 but within 15 years	Due after 15 years	Total
Commercial:					
Commercial and industrial	\$ 252,560	\$ 1,415,682	\$ 316,882	\$ 10,701	\$ 1,995,825
Municipal and non-profit	37,020	150,070	619,109	300,943	1,107,142
Owner occupied commercial real estate	117,650	571,133	483,754	91,607	1,264,144
Food and agribusiness	156,834	41,751	90,363	14,371	303,319
Total commercial	564,064	2,178,636	1,510,108	417,622	4,670,430
Commercial real estate non-owner occupied	501,501	860,890	437,674	12,273	1,812,338
Residential real estate	23,654	199,339	291,077	739,768	1,253,838
Consumer	4,967	7,418	2,152	—	14,537
Total loans	\$ 1,094,186	\$ 3,246,283	\$ 2,241,011	\$ 1,169,663	\$ 7,751,143

[Table of Contents](#)

The stated interest rate (which excludes the effects of non-refundable loan origination and commitment fees, net of costs and the accretion of fair value marks) of total loans with maturities over one year is as follows at the dates indicated:

	March 31, 2025					
	Fixed		Variable		Total	
	Balance	Weighted average rate	Balance	Weighted average rate	Balance	Weighted average rate
Commercial:						
Commercial and industrial	\$ 474,316	5.34%	\$ 1,253,734	7.18%	\$ 1,728,050	6.67%
Municipal and non-profit ⁽¹⁾	1,078,078	4.07%	19,448	5.32%	1,097,526	4.17%
Owner occupied commercial real estate	284,457	4.87%	785,755	7.25%	1,070,212	6.72%
Food and agribusiness	28,655	6.55%	124,265	8.51%	152,920	8.14%
Total commercial	1,865,506	4.62%	2,183,202	7.26%	4,048,708	6.08%
Commercial real estate non-owner occupied	459,963	4.68%	808,411	6.21%	1,268,374	5.66%
Residential real estate	485,494	4.26%	718,176	5.42%	1,203,670	4.95%
Consumer	6,169	6.63%	2,221	7.55%	8,390	6.88%
Total loans with > 1 year maturity	<u>\$ 2,817,132</u>	4.57%	<u>\$ 3,712,010</u>	6.68%	<u>\$ 6,529,142</u>	5.79%

	December 31, 2024					
	Fixed		Variable		Total	
	Balance	Weighted average rate	Balance	Weighted average rate	Balance	Weighted average rate
Commercial:						
Commercial and industrial	\$ 513,847	5.62%	\$ 1,229,419	7.40%	\$ 1,743,266	6.88%
Municipal and non-profit ⁽¹⁾	1,079,285	4.05%	19,535	5.42%	1,098,820	4.19%
Owner occupied commercial real estate	336,279	4.98%	810,215	7.34%	1,146,494	6.77%
Food and agribusiness	31,291	6.65%	115,193	8.49%	146,484	8.10%
Total commercial	1,960,702	4.73%	2,174,362	7.42%	4,135,064	6.19%
Commercial real estate non-owner occupied	476,661	4.71%	834,175	6.29%	1,310,836	5.71%
Residential real estate	501,738	4.27%	728,446	5.32%	1,230,184	4.89%
Consumer	6,917	6.49%	2,654	7.39%	9,571	6.74%
Total loans with > 1 year maturity	<u>\$ 2,946,018</u>	4.65%	<u>\$ 3,739,637</u>	6.76%	<u>\$ 6,685,655</u>	5.86%

- (1) Included in municipal and non-profit fixed-rate loans are loans totaling \$346,650 and \$348,473 that have been swapped to variable rates at current market pricing at March 31, 2025 and December 31, 2024, respectively. Included in the municipal and non-profit segment are tax-exempt loans totaling \$916,820 and \$920,425 with an FTE weighted average rate of 4.81% and 4.68% at March 31, 2025 and December 31, 2024, respectively.

Asset quality

Asset quality is fundamental to our success and remains a strong point, driven by our disciplined adherence to our self-imposed concentration limits across industry sector and real estate property type. Accordingly, for the origination of loans, we have established a credit policy that allows for responsive, yet controlled lending with credit approval requirements that are scaled to loan size. Within the scope of the credit policy, each prospective loan is reviewed in order to determine the appropriateness and the adequacy of the loan characteristics and the security or collateral prior to making a loan. We have established underwriting standards and loan origination procedures that require appropriate documentation, including financial data and credit reports. For loans secured by real property, we require property appraisals, title insurance or a title opinion, hazard insurance and flood insurance, in each case where appropriate.

Additionally, we have implemented procedures to timely identify loans that may become problematic in order to ensure the most beneficial resolution for the Company. Asset quality is monitored by our credit risk management department and evaluated based on quantitative and subjective factors such as the timeliness of contractual payments received. Additional factors that are considered, particularly with commercial loans over \$500,000, include the financial condition and liquidity of individual borrowers and guarantors, if any, and the value of our collateral. To facilitate the oversight of asset quality, loans are categorized based on the number of days past due and on an internal risk rating system, and both are discussed in more detail below.

The Company's policy is to review each prospective credit to determine the appropriateness and the adequacy of security or collateral prior to making a loan. In the event of borrower default, the Company seeks recovery in compliance with lending laws, the respective

[Table of Contents](#)

loan agreements, and credit monitoring and remediation procedures that may include modifying a loan to provide a concession by the Company to the borrower from their original terms due to borrower financial difficulties in order to facilitate repayment. Such modified loans are considered TDMs. TDMs may include principal forgiveness, interest rate reductions, other-than-insignificant-payment delays, term extensions or any combination thereof. TDMs are discussed further in note 5 of our consolidated financial statements. Assets that have been foreclosed on or acquired through deed-in-lieu of foreclosure are classified as OREO until sold, and are carried at the fair value of the collateral less estimated costs to sell, with any initial valuation adjustments charged to the ACL and any subsequent declines in carrying value charged to impairments on OREO.

Non-performing assets and past due loans

Non-performing assets consist of non-accrual loans and OREO. Interest income that would have been recorded had non-accrual loans performed in accordance with their original contract terms during the three months ended March 31, 2025 and 2024 was \$0.7 million and \$0.6 million, respectively.

Past due status is monitored as an indicator of credit deterioration. Loans are considered past due or delinquent when the contractual principal or interest due in accordance with the terms of the loan agreement remains unpaid after the due date of the scheduled payment. Loans that are 90 days or more past due are put on non-accrual status unless the loan is well secured and in the process of collection.

The following table sets forth the non-performing assets and past due loans as of the dates presented:

	March 31, 2025	December 31, 2024
Non-accrual loans:		
Non-accrual loans, excluding modified loans	\$ 30,162	\$ 32,556
Modified loans on non-accrual	4,458	3,438
Non-performing loans	34,620	35,994
OREO	615	662
Total non-performing assets	\$ 35,235	\$ 36,656
Loans 30-89 days past due and still accruing interest	\$ 17,003	\$ 23,164
Loans 90 days or more past due and still accruing interest	1,012	14,940
Non-accrual loans	34,620	35,994
Total past due and non-accrual loans	\$ 52,635	\$ 74,098
Accruing modified loans	\$ 17,998	\$ 15,282
Allowance for credit losses	90,192	94,455
Non-performing loans to total loans	0.45%	0.46%
Total 90 days past due and still accruing interest and non-accrual loans to total loans	0.47%	0.66%
Total non-performing assets to total loans and OREO	0.46%	0.47%
ACL to non-performing loans	260.52%	262.42%

During the three months ended March 31, 2025, total non-performing loans decreased \$1.4 million, or 3.8%, from December 31, 2024. Loans 30-89 days past due and still accruing interest improved eight basis points to 0.22% of total loans at March 31, 2025, compared to December 31, 2024. Loans 90 days or more past due and still accruing interest improved 18 basis points to 0.01% of total loans at March 31, 2025, compared to December 31, 2024.

Allowance for credit losses

The ACL represents the amount that we believe is necessary to absorb estimated lifetime credit losses inherent in the loan portfolio at the balance sheet date and involves a high degree of judgment and complexity. The Company utilizes a DCF model developed within a third-party software tool to establish expected lifetime credit losses for the loan portfolio. The ACL is calculated as the difference between the amortized cost basis and the projections from the DCF analysis. The DCF model allows for individual lifetime loan cash flow modeling, excluding extensions and renewals, using loan-specific interest rates and repayment schedules including estimated prepayment rates and loss recovery timing delays. The model incorporates forecasts of certain national macro-economic factors, including unemployment rates, HPI, retail sales and GDP, which drive correlated loss rates. The determination and application of the

[Table of Contents](#)

ACL accounting policy involves judgments, estimates and uncertainties that are subject to change. For periods beyond the reasonable and supportable forecast period, the Company reverts to historical long-term average loss rates on a straight-line basis.

We measure expected credit losses for groups of loans included in segments with similar risk characteristics. We have identified four primary loan segments within the ACL model that are further stratified into 11 loan classes to provide more granularity in analyzing loss history and to allow for more definitive qualitative adjustments based upon specific risk factors affecting each loan class. Generally, the underlying risk of loss for each of these loan segments will follow certain norms/trends in various economic environments. Loans that do not share risk characteristics are evaluated on an individual basis and are not included in the collective evaluation. Following are the loan classes within each of the four primary loan segments:

Commercial	Non-owner occupied commercial real estate	Residential real estate	Consumer
Commercial and industrial	Construction	Senior lien	Consumer
Owner occupied commercial real estate	Acquisition and development	Junior lien	
Food and agribusiness	Multifamily		
Municipal and non-profit	Non-owner occupied		

Loans on non-accrual, in bankruptcy and TDMs with a balance greater than \$250 thousand are excluded from the pooled analysis and are evaluated individually. If management determines that foreclosure is probable, expected credit losses are evaluated based on the criteria listed below, adjusted for selling costs as appropriate. Typically, these loans consist of commercial, commercial real estate and agriculture loans and exclude homogeneous loans such as residential real estate and consumer loans. Specific allowances are determined by collectively analyzing:

- the borrower's resources, ability and willingness to repay in accordance with the terms of the loan agreement;
- the likelihood of receiving financial support from any guarantors;
- the adequacy and present value of future cash flows, less disposal costs, of any collateral; and
- the impact current economic conditions may have on the borrower's financial condition and liquidity or the value of the collateral.

The resulting ACL for loans is calculated as the sum of the general reserves, specific reserves on individually evaluated loans, and qualitative factor adjustments. While these amounts are calculated by individual loan or by segment and class, the entire ACL is available for any loan that, in our judgment, should be charged off. The determination and application of the ACL accounting policy involves judgments, estimates, and uncertainties that are subject to change. Changes in these assumptions, estimates or the conditions surrounding them may have a material impact on our financial condition, liquidity or results of operations.

At March 31, 2025 and December 31, 2024, the allowance for credit losses totaled \$90.2 million and \$94.5 million, respectively. The decrease during the three months ended March 31, 2025 was primarily driven by the resolution of non-performing loans and changes in the CECL model's underlying macro-economic forecast. Specific reserves on loans totaled \$6.0 million at March 31, 2025, compared to \$6.4 million at December 31, 2024.

Net charge-offs on loans during the three months ended March 31, 2025 totaled \$15.1 million and were elevated due to an \$8.9 million net charge-off from one credit due to suspected fraud by the borrower, which the Company believes is an isolated circumstance within the loan portfolio. The ratio of annualized net charge-offs to average total loans totaled 0.80%. Net charge-offs on loans during the three months ended March 31, 2024 totaled \$0.1 million, and the ratio of annualized net charge-offs to average total loans was minimal.

The Company has elected to exclude AIR from the ACL calculation. As of March 31, 2025 and December 31, 2024, AIR from loans totaled \$44.3 million and \$41.5 million, respectively. When a loan is placed on non-accrual, any recorded AIR is reversed against interest income.

Total ACL

After considering the above-mentioned factors, we believe that the ACL of \$90.2 million is adequate to cover estimated lifetime losses inherent in the loan portfolio at March 31, 2025. However, it is likely that future adjustments to the ACL will be necessary. Any changes to the underlying assumptions, circumstances or estimates, including but not limited to changes in the underlying macro-economic forecast, used in determining the ACL, could negatively or positively affect the Company's results of operations, liquidity or financial condition.

The following schedules present, by class stratification, the changes in the ACL during the periods listed:

	As of and for the three months ended			
	March 31, 2025		March 31, 2024	
	Total ACL	% NCOs ⁽¹⁾	Total ACL	% NCOs ⁽¹⁾
Beginning allowance for credit losses	\$ 94,455		\$ 97,947	
Charge-offs:				
Commercial	(13,569)	0.72%	(24)	0.00%
Commercial real estate non owner-occupied	(1,467)	0.08%	—	0.00%
Residential real estate	—	0.00%	—	0.00%
Consumer	(215)	0.01%	(254)	0.01%
Total charge-offs	(15,251)		(278)	
Recoveries	138		188	
Net charge-offs	(15,113)	0.80%	(90)	0.00%
Provision expense for credit losses	10,850		(250)	
Ending allowance for credit losses	\$ 90,192		\$ 97,607	
Ratio of ACL to total loans outstanding at period end	1.18%		1.29%	
Ratio of ACL to total non-performing loans at period end	260.52%		272.52%	
Total loans	\$ 7,646,296		\$ 7,569,052	
Average total loans outstanding during the period	7,660,974		7,632,635	
Non-performing loans	34,620		35,817	

(1) Ratio of annualized net charge-offs to average total loans.

During the three months ended March 31, 2025, the Company recorded provision expense for credit losses on funded loans and unfunded loan commitments totaling \$10.2 million, primarily to cover a charge-off on one credit driven by suspected fraudulent activity by the borrower. The Company recorded zero provision expense for credit losses on funded loans and unfunded loan commitments during the first quarter of 2024.

The following tables present the allocation of the ACL and the percentage of the total amount of loans in each loan category listed as of the dates presented:

	March 31, 2025			
	Total loans	% of total loans	Related ACL	ACL as a % of total ACL
Commercial	\$ 4,603,771	60.2%	\$ 48,058	53.3%
Commercial real estate non-owner occupied	1,795,856	23.5%	23,494	26.0%
Residential real estate	1,233,649	16.1%	18,307	20.3%
Consumer	13,020	0.2%	333	0.4%
Total	\$ 7,646,296	100.0%	\$ 90,192	100.0%

[Table of Contents](#)

	December 31, 2024			
	Total loans	% of total loans	Related ACL	ACL as a % of total ACL
Commercial	\$ 4,670,430	60.2%	\$ 48,552	51.4%
Commercial real estate non-owner occupied	1,812,338	23.4%	26,136	27.7%
Residential real estate	1,253,838	16.2%	19,426	20.5%
Consumer	14,537	0.2%	341	0.4%
Total	\$ 7,751,143	100.0%	\$ 94,455	100.0%

Deposits

Deposits from banking clients serve as a primary funding source for our banking operations, and our ability to gather and manage deposit levels is critical to our success. Deposits not only provide a lower-cost funding source for our loans, but also provide a foundation for the client relationships that are critical to future loan growth. We maintain a granular and well diversified deposit base with no exposure to venture capital or crypto deposits. The following table presents information regarding our deposit composition at March 31, 2025 and December 31, 2024:

	March 31, 2025		December 31, 2024		Increase (decrease)	
					Amount	% Change
Non-interest bearing demand deposits	\$ 2,215,313	26.3%	\$ 2,213,685	26.9%	\$ 1,628	0.1%
Interest bearing demand deposits	1,337,905	15.9%	1,411,860	17.1%	(73,955)	(5.2)%
Savings accounts	620,987	7.4%	619,365	7.5%	1,622	0.3%
Money market accounts	3,191,325	37.9%	2,972,947	36.1%	218,378	7.3%
Total transaction deposits	7,365,530	87.5%	7,217,857	87.6%	147,673	2.0%
Time deposits < \$250,000	760,390	9.0%	731,710	8.9%	28,680	3.9%
Time deposits ≥ \$250,000	298,287	3.5%	288,326	3.5%	9,961	3.5%
Total time deposits	1,058,677	12.5%	1,020,036	12.4%	38,641	3.8%
Total deposits	\$ 8,424,207	100.0%	\$ 8,237,893	100.0%	\$ 186,314	2.3%

The following table shows uninsured time deposits by scheduled maturity as of March 31, 2025:

	March 31, 2025
Three months or less	\$ 54,698
Over 3 months through 6 months	36,519
Over 6 months through 12 months	97,816
Thereafter	46,348
Total uninsured time deposits	\$ 235,381

At March 31, 2025 and December 31, 2024, time deposits that were scheduled to mature within 12 months totaled \$814.7 million and \$822.6 million, respectively. Of the time deposits scheduled to mature within 12 months at March 31, 2025, \$250.8 million were in denominations of \$250 thousand or more, and \$563.9 million were in denominations less than \$250 thousand. Approximately 78% of our total deposits were FDIC insured at March 31, 2025. Additionally, the Company participates in the IntraFi Cash Service program, which allows depositors to receive reciprocal FDIC insurance coverage. The Company had \$0.9 billion and \$1.0 billion of deposits in the program as of March 31, 2025 and December 31, 2024, respectively.

Long-term debt

The Company holds a subordinated note purchase agreement to issue and sell a fixed-to-floating rate note totaling \$40.0 million. The balance on the note at March 31, 2025 and December 31, 2024, net of long-term debt issuance costs totaling \$0.2 million, totaled \$39.8 million. During the three months ended March 31, 2025 and 2024, interest expense totaling \$0.3 million was recorded in the consolidated statements of operations.

The note is subordinated, unsecured and matures on November 15, 2031. Payments consist of interest only. Interest expense on the note is payable semi-annually in arrears and will bear interest at 3.00% per annum until November 15, 2026 (or any earlier redemption date). From November 15, 2026 until November 15, 2031 (or any earlier redemption date) payments will be made quarterly in arrears,

[Table of Contents](#)

and the interest rate shall reset quarterly to an interest rate per annum equal to the then current three-month term SOFR plus 203 basis points. The Company deployed the net proceeds from the sale of the note for general corporate purposes. Prior to November 5, 2026, the Company may redeem the note only under certain limited circumstances. Beginning on November 5, 2026 through maturity, the note may be redeemed, at the Company's option, on any scheduled interest payment date. Any redemption by the Company would be at a redemption price equal to 100% of the principal amount of the note being redeemed, together with any accrued and unpaid interest on the note being redeemed up to but excluding the date of redemption. The note is not subject to redemption at the option of the holder.

As part of the acquisition of BOJH on October 1, 2022, the Company assumed three subordinate note purchase agreements to issue and sell fixed-to-floating rates totaling \$15.0 million. The balance on the notes at March 31, 2025 and December 31, 2024, net of a fair value adjustment related to the acquisition totaling \$0.3 million, totaled \$14.7 million. Interest expense related to the notes totaling \$0.1 million was recorded in the consolidated statements of operations during the three months ended March 31, 2025 and 2024.

The three notes, containing similar terms, are subordinated, unsecured and mature on June 15, 2031. Payments consist of interest only. Interest expense on the notes is payable semi-annually in arrears and will bear interest at 3.75% per annum until June 15, 2026 (or any earlier redemption date). From June 15, 2026 until June 15, 2031 (or any earlier redemption date) payments will be made quarterly in arrears, and the interest rate shall reset quarterly to an interest rate per annum equal to the then current three-month term SOFR plus 306 basis points. Prior to June 15, 2026, the Company may redeem the notes only under certain limited circumstances. Beginning on June 15, 2026 through maturity, the notes may be redeemed, at the Company's option, on any scheduled interest payment date. Any redemption by the Company would be at a redemption price equal to 100% of the principal amount of the notes being redeemed, together with any accrued and unpaid interest on the notes being redeemed up to but excluding the date of redemption. The notes are not subject to redemption at the option of the holder.

Other borrowings

As of March 31, 2025 and December 31, 2024, the Company sold securities under agreements to repurchase totaling \$20.7 million and \$18.9 million, respectively. In addition, as a member of the FHLB, the Company has access to a line of credit and term financing from the FHLB with total available credit of \$1.7 billion at March 31, 2025. The Company may utilize the FHLB line of credit as a funding mechanism for originated loans and loans held for sale. At March 31, 2025 and December 31, 2024, NBH Bank had \$80.0 million and \$50.0 million, respectively, of outstanding borrowings with the FHLB. The Company may pledge investment securities and loans as collateral for FHLB advances. There were no investment securities pledged at March 31, 2025 or December 31, 2024. Loans pledged were \$2.5 billion and \$2.6 billion at March 31, 2025 and December 31, 2024, respectively. The Company incurred \$1.1 million and \$3.2 million of interest expense related to FHLB advances or other short-term borrowings for the three months ended March 31, 2025 and 2024, respectively.

Regulatory Capital

Our subsidiary banks and the holding company are subject to the regulatory capital adequacy requirements of the Federal Reserve Board and the FDIC, as applicable. Failure to meet the minimum capital requirements can initiate certain mandatory and possibly further discretionary actions by regulators that could have a material adverse effect on us. At March 31, 2025 and December 31, 2024, our subsidiary banks and the consolidated holding company exceeded all capital ratio requirements under prompt corrective action and other regulatory requirements, as further detailed in note nine of our consolidated financial statements.

Results of Operations

Our net income depends largely on net interest income, which is the difference between interest income from interest earning assets and interest expense on interest bearing liabilities. Our results of operations are also affected by provisions for credit losses and non-interest income, such as service charges, bank card income, swap fee income, and gain on sale of mortgages. Our primary operating expenses, aside from interest expense, consist of salaries and benefits, occupancy costs, telecommunications data processing expense, FDIC deposit insurance and intangible assets amortization. Any expenses related to the resolution of problem assets are also included in non-interest expense.

Overview of results of operations

Net income totaled \$24.2 million and \$31.4 million, or \$0.63 and \$0.82 per diluted share, during the three months ended March 31, 2025 and 2024, respectively. The decrease compared to the prior year was largely driven by higher provision expense of \$10.2 million recorded during the first quarter of 2025 as a result of suspected fraud by the borrower. Fully taxable equivalent pre-provision net revenue increased \$1.4 million to \$42.0 million. The return on average tangible assets was 1.09% and 1.39% during the three months ended March 31, 2025 and 2024, respectively, and the return on average tangible common equity was 10.64% and 15.14%, respectively.

Net interest income

We regularly review net interest income metrics to provide us with indicators of how the various components of net interest income are performing. We regularly review: (i) our loan mix and the yield on loans; (ii) the investment portfolio and the related yields; (iii) our deposit mix and the cost of deposits; and (iv) net interest income simulations for various forecast periods.

The effects of trade-date accounting of investment securities for which the cash had not settled are not considered interest earning assets and are excluded from this presentation for timeframes prior to their cash settlement, as are the market value adjustments on the investment securities available-for-sale and loans.

[Table of Contents](#)

The table below presents the components of net interest income on an FTE basis for the three months ended March 31, 2025 and 2024.

	For the three months ended March 31, 2025			For the three months ended March 31, 2024		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest earning assets:						
Originated loans FTE ⁽¹⁾⁽²⁾⁽³⁾	\$ 6,335,931	\$ 102,221	6.54%	\$ 6,046,849	\$ 100,914	6.71%
Acquired loans	1,351,726	19,547	5.86%	1,611,521	24,289	6.06%
Loans held for sale	19,756	349	7.16%	12,017	225	7.53%
Investment securities available-for-sale	716,938	4,617	2.58%	751,168	4,103	2.18%
Investment securities held-to-maturity	635,961	4,120	2.59%	579,160	2,514	1.74%
Other securities	31,386	480	6.12%	35,036	616	7.03%
Interest earning deposits	48,206	539	4.53%	91,579	763	3.35%
Total interest earning assets FTE⁽²⁾	\$ 9,139,904	\$ 131,873	5.85%	\$ 9,127,330	\$ 133,424	5.88%
Cash and due from banks	\$ 77,237			\$ 102,583		
Other assets	794,374			756,230		
Allowance for credit losses	(95,492)			(97,882)		
Total assets	\$ 9,916,023			\$ 9,888,261		
Interest bearing liabilities:						
Interest bearing demand, savings and money market deposits	\$ 5,027,052	\$ 32,511	2.62%	\$ 4,947,811	\$ 36,413	2.96%
Time deposits	1,035,983	8,756	3.43%	990,041	7,584	3.08%
Federal Home Loan Bank advances	107,151	1,105	4.18%	228,236	3,181	5.61%
Other borrowings ⁽⁴⁾	50,277	382	3.08%	18,929	6	0.13%
Long-term debt, net	54,539	518	3.85%	54,229	518	3.84%
Total interest bearing liabilities	\$ 6,275,002	\$ 43,272	2.80%	\$ 6,239,246	\$ 47,702	3.07%
Demand deposits	\$ 2,197,300			\$ 2,280,997		
Other liabilities	119,806			141,735		
Total liabilities	8,592,108			8,661,978		
Shareholders' equity	1,323,915			1,226,283		
Total liabilities and shareholders' equity	\$ 9,916,023			\$ 9,888,261		
Net interest income FTE ⁽²⁾		\$ 88,601			\$ 85,722	
Interest rate spread FTE ⁽²⁾			3.05%			2.81%
Net interest earning assets	\$ 2,864,902			\$ 2,888,084		
Net interest margin FTE ⁽²⁾			3.93%			3.78%
Average transaction deposits	\$ 7,224,352			\$ 7,228,808		
Average total deposits	8,260,335			8,218,849		
Ratio of average interest earning assets to average interest bearing liabilities	145.66%			146.29%		

- (1) Originated loans are net of deferred loan fees, less costs, which are included in interest income over the life of the loan.
- (2) Presented on an FTE basis using the statutory tax rate of 21% for all periods presented. The taxable equivalent adjustments included above are \$1,910 and \$1,692 for the three months ended March 31, 2025 and 2024, respectively.
- (3) Loan fees included in interest income totaled \$3,323 and \$2,951 for the three months ended March 31, 2025 and 2024, respectively.
- (4) Other borrowings includes securities sold under agreements to repurchase and cash collateral received from counterparties in connection with derivative swap agreements.

Net interest income totaled \$86.7 million and \$84.0 million during the three months ended March 31, 2025 and 2024, respectively. Net interest income on an FTE basis totaled \$88.6 million and \$85.7 million during the three months ended March 31, 2025 and 2024, respectively. During the three months ended March 31, 2025, the FTE net interest margin widened 15 basis points to 3.93%, compared to the three months ended March 31, 2024 as a result of our disciplined loan and deposit pricing over the last twelve months as the Fed lowered rates. The yield on earning assets decreased three basis points, driven by a decrease in loan yields. During the three months ended March 31, 2025, the cost of funds improved 18 basis points to 2.07%, compared to the three months ended March 31, 2024.

Average loans comprised \$7.7 billion, or 84%, of total average interest earning assets during the three months ended March 31, 2025, and 2024.

[Table of Contents](#)

Average investment securities comprised 14.8% and 14.6% of total interest earning assets during the three months ended March 31, 2025 and 2024, respectively. Average interest bearing cash balances totaled \$48.2 million during the three months ended March 31, 2025, compared to \$91.6 million for the same period in the prior year.

Average interest bearing liabilities increased \$35.8 million during the three months ended March 31, 2025, compared to the three months ended March 31, 2024. The increase was primarily driven by higher interest bearing demand, savings and money market deposits totaling \$79.2 million, other borrowings totaling \$31.3 million and time deposits totaling \$45.9 million. The increase was partially offset by decreases in FHLB advances totaling \$121.1 million.

The following table summarizes the changes in net interest income on an FTE basis by major category of interest earning assets and interest bearing liabilities, identifying changes related to volume and changes related to rates for the three months ended March 31, 2025, compared to the three months ended March 31, 2024:

	Three months ended March 31, 2025 compared to Three months ended March 31, 2024		
	Increase (decrease) due to		
	Volume	Rate	Net
Interest income:			
Originated loans FTE ⁽¹⁾⁽²⁾⁽³⁾	\$ 4,664	\$ (3,357)	\$ 1,307
Acquired loans	(3,757)	(985)	(4,742)
Loans held for sale	137	(13)	124
Investment securities available-for-sale	(220)	734	514
Investment securities held-to-maturity	368	1,238	1,606
Other securities	(56)	(80)	(136)
Interest earning deposits	(485)	261	(224)
Total interest income	\$ 651	\$ (2,202)	\$ (1,551)
Interest expense:			
Interest bearing demand, savings and money market deposits	\$ 512	\$ (4,414)	\$ (3,902)
Time deposits	388	784	1,172
Other borrowings ⁽⁴⁾	238	138	376
Long-term debt, net	3	(3)	—
Federal Home Loan Bank advances	(1,249)	(827)	(2,076)
Total interest expense	(108)	(4,322)	(4,430)
Net change in net interest income	\$ 759	\$ 2,120	\$ 2,879

- (1) Originated loans are net of deferred loan fees, less costs, which are included in interest income over the life of the loan.
- (2) Presented on an FTE basis using the statutory tax rate of 21% for all periods presented. The taxable equivalent adjustments included above are \$1,910 and \$1,692 for the three months ended March 31, 2025 and 2024, respectively.
- (3) Loan fees included in interest income totaled \$3,323 and \$2,951 for the three months ended March 31, 2025 and 2024, respectively.
- (4) Other borrowings includes securities sold under agreements to repurchase and cash collateral received from counterparties in connection with derivative swap agreements.

Below is a breakdown of average deposits and the average rates paid during the periods indicated:

	For the three months ended			
	March 31, 2025		March 31, 2024	
	Average balance	Average rate paid	Average balance	Average rate paid
Non-interest bearing demand	\$ 2,197,300	0.00%	\$ 2,280,997	0.00%
Interest bearing demand	1,356,864	2.41%	1,417,972	2.99%
Money market accounts	3,044,138	3.04%	2,873,648	3.42%
Savings accounts	626,050	1.04%	656,191	0.86%
Time deposits	1,035,983	3.43%	990,041	3.08%
Total average deposits	\$ 8,260,335	2.03%	\$ 8,218,849	2.15%

Provision for credit losses

The provision for credit losses represents the amount of expense that is necessary to bring the ACL to a level that we deem appropriate to absorb estimated lifetime losses inherent in the loan portfolio and estimated losses inherent in unfunded loans as of the balance sheet date. The determination of the ACL, and the resultant provision for credit losses, is subjective and involves significant estimates and assumptions.

The Company recorded provision expense for credit losses on funded loans and unfunded loan commitments totaling \$10.2 million for the three months ended March 31, 2025, primarily to cover a charge-off on one credit driven by suspected fraudulent activity by the borrower. During the three months ended March 31, 2024, the Company recorded zero provision expense for credit losses on funded loans and unfunded loan commitments. The allowance for credit losses totaled 1.18% and 1.29% of total loans at March 31, 2025 and 2024.

Non-interest income

The table below details the components of non-interest income for the periods presented:

	For the three months ended March 31,		2025 vs 2024	
	2025	2024	Increase (decrease) Amount	% Change
Service charges	\$ 4,118	\$ 4,391	\$ (273)	(6.2)%
Bank card fees	4,194	4,578	(384)	(8.4)%
Mortgage banking income	3,315	2,655	660	24.9%
Bank-owned life insurance income	764	733	31	4.2%
Other non-interest income	2,985	5,337	(2,352)	(44.1)%
Total non-interest income	\$ 15,376	\$ 17,694	\$ (2,318)	(13.1)%

Non-interest income totaled \$15.4 million for the three months ended March 31, 2025, compared to \$17.7 million for the three months ended March 31, 2024. The decrease was primarily due to \$2.4 million lower other non-interest income driven by timing on SBA gain on loan sales, swap fee income activity and a \$0.6 million gain from the sale of a banking center building included in the first quarter of 2024.

Non-interest expense

The table below details the components of non-interest expense for the periods presented:

	For the three months ended March 31,		Three months	
	2025	2024	Increase (decrease) Amount	% Change
Salaries and benefits	\$ 34,362	\$ 36,520	\$ (2,158)	(5.9)%
Occupancy and equipment	10,837	9,941	896	9.0%
Data processing	4,401	4,066	335	8.2%
Marketing and business development	946	962	(16)	(1.7)%
FDIC deposit insurance	1,326	1,345	(19)	(1.4)%
Bank card expenses	1,103	1,349	(246)	(18.2)%
Professional fees	1,423	1,646	(223)	(13.5)%
Other non-interest expense	5,642	4,997	645	12.9%
Other intangible assets amortization	1,977	2,008	(31)	(1.5)%
Total non-interest expense	\$ 62,017	\$ 62,834	\$ (817)	(1.3)%

During the three months ended March 31, 2025, non-interest expense decreased \$0.8 million, or 1.3%, compared to the three months ended March 31, 2024. Salaries and benefits decreased \$2.2 million primarily due to payroll tax credits realized during the first quarter of 2025, which was partially offset by increases in occupancy and equipment and data processing totaling \$1.2 million, driven by investments in technology.

[Table of Contents](#)

Income taxes

Income tax expense totaled \$5.6 million and \$7.5 million for the three months ended March 31, 2025 and 2024, respectively. The decrease over the prior period was driven by lower pre-tax income. The effective tax rate for the three months ended March 31, 2025 and 2024 was 18.8% and 19.3%, respectively.

Additional information regarding income taxes can be found in note 19 of our audited consolidated financial statements in our 2024 Annual Report on [Form 10-K](#).

Liquidity and Capital Resources

Liquidity

Liquidity risk management is an important element in our asset/liability management. The Company maintains a robust liquidity profile at its holding company and the Banks collectively as well as separately. The Company is prudently managing liquidity in the current environment and maintains a liquidity profile focused on core deposits and stable long-term funding sources. Liquidity is supplemented with a variety of secured and unsecured wholesale funding sources across the maturity spectrum, which allows for the effective management of concentration and rollover risk. The Company's corporate treasury team measures liquidity needs through daily cash monitoring, weekly cash projections and monthly liquidity measures reviewed in conjunction with Board-approved liquidity policy limits. The Company also regularly conducts stress tests to its Board-approved contingency funding plan to assess potential liquidity outflows or funding concerns resulting from economic disruptions, volatility in the financial markets, unexpected credit events or other significant occurrences deemed problematic by management. These scenarios are incorporated into the contingency funding plan, which provides the basis for the identification of our liquidity needs and are monitored monthly by our Asset and Liability Committee.

The Company's primary sources of funds include revenue from interest income and noninterest income as well as cash flows from loan repayments, payments from securities related to maturities and amortization, the sale of loans, and funds generated by core deposits, in addition to the use of private debt offerings.

On-balance sheet liquidity is represented by our cash and cash equivalents, and unencumbered investment securities, and is detailed in the table below as of March 31, 2025 and December 31, 2024:

	March 31, 2025	December 31, 2024
Cash and due from banks	\$ 246,298	\$ 127,848
Unencumbered investment securities, at fair value	556,176	319,949
Total	<u>\$ 802,474</u>	<u>\$ 447,797</u>

Total on-balance sheet liquidity increased \$354.7 million at March 31, 2025, compared to December 31, 2024, due to higher unencumbered investment securities of \$236.2 million and higher cash and due from banks of \$118.5 million. As of March 31, 2025, approximately \$714.1 million of investment securities were pledged to secure client deposits and repurchase agreements.

The Company's investment portfolio remains positioned in liquid and readily marketable instruments and is a significant source of on-balance sheet collateral to secure borrowing capacity. Our investment securities portfolio is evaluated under established Asset and Liability Committee objectives and is structured as a liquidity portfolio, and only security fair values are used for the liquidity assessment. The fair value of total investment securities was \$1.3 billion at March 31, 2025, compared to \$1.0 billion at December 31, 2024. As of March 31, 2025, the fair value was inclusive of pre-tax net unrealized losses of \$79.9 million on the available-for-sale securities portfolio. Additionally, our held-to-maturity securities portfolio had \$71.7 million of pre-tax net unrealized losses. The gross unrealized gains and losses are detailed in note 3 of our consolidated financial statements. As of March 31, 2025, our investment securities portfolio consisted primarily of MBS, all of which were issued or guaranteed by U.S. government agencies or sponsored enterprises. The anticipated repayments and marketability of these securities offer substantial resources and flexibility to meet new loan demand, reinvest in the investment securities portfolio, or provide optionality for reductions in our deposit funding base. At March 31, 2025, the duration of the investment securities portfolio was 3.9 years and the weighted average life was 4.7 years.

As part of its liquidity management activities, the Company pledges collateral at its secured funding providers to ensure immediate availability of funding, which includes maintaining borrowing capacity at both the FHLB and the Federal Reserve. The Company does

[Table of Contents](#)

not consider borrowing capacity at the Federal Reserve a primary source of funding; however, it could be used as a potential source of funds in a stressed environment or during a market disruption. The amount of available contingent secured borrowing capacity may fluctuate based on the level of borrowings outstanding and level of assets pledged. The table below details those amounts as of the dates shown:

	March 31, 2025	December 31, 2024
Available FHLB borrowing capacity	\$ 1,652,991	\$ 1,697,259
Federal Reserve Bank discount window	808,616	880,892
Total off-balance sheet funds available	\$ 2,461,607	\$ 2,578,151

The Company had pledged \$2.5 billion and \$2.6 billion of loans as collateral to the FHLB at March 31, 2025 and December 31, 2024, respectively. FHLB borrowing capacity totaled \$1.7 billion at March 31, 2025 and December 31, 2024. At March 31, 2025, outstanding FHLB borrowings totaled \$80.0 million, leaving undrawn borrowing capacity of \$1.7 billion. At December 31, 2024, the Company had \$50.0 million of outstanding borrowings with the FHLB, leaving undrawn borrowing capacity of \$1.7 billion. At March 31, 2025, the Company's available secured and committed borrowing capacity at the FHLB and Federal Reserve totaled \$2.5 billion, compared to \$2.6 billion at December 31, 2024.

In addition to core deposit and secured funding, the Company also accesses a variety of other short-term and long-term unsecured funding sources, which includes access to Cambr platform deposits, multiple brokered deposit platform options and lines of credit. Management does not rely on any one source of liquidity and manages availability in response to changing balance sheet needs, as well as within prudently defined concentration and policy limits. The Company executes periodic test trades to assess the level of access and operational processes associated with its secured and unsecured funding sources.

We anticipate that the sources of funds discussed above will provide adequate funding and liquidity for at least a 12-month period and the foreseeable future, and we may utilize any combination of these funding sources for long-term liquidity needs if deemed prudent.

Our primary uses of funds are loan fundings, investment security purchases, withdrawals of deposits, capital expenditures, operating expenses, and share repurchases.

At present, financing activities primarily consist of changes in deposits and repurchase agreements, and advances from the FHLB, in addition to the payment of dividends and the repurchase of our common stock. Maturing time deposits represent a potential use of funds. As of March 31, 2025, \$814.7 million of time deposits were scheduled to mature within 12 months. Based on the current interest rate environment and market conditions, our consumer banking strategy is to focus on attracting and maintaining both lower-cost transaction accounts and time deposits.

During 2021, the Company entered into a subordinated note purchase agreement to issue and sell a fixed-to-floating note. The Company deployed the net proceeds from the sale of the note for general corporate purposes. The note is not subject to redemption at the option of the holder. Additionally, as part of the acquisition of BOJH on October 1, 2022, the Company assumed three subordinated note purchase agreements to issue and sell fixed-to-floating rate notes. The balance on all subordinated notes totaled \$54.6 million at March 31, 2025. At December 31, 2024, the balance on the notes, totaled \$54.5 million.

Capital

Under the Basel III requirements, at March 31, 2025, the Company, NBH Bank and BOJHT met all capital adequacy requirements, and the Banks had regulatory capital ratios in excess of the levels established for well-capitalized institutions. For more information on regulatory capital, see note 9 in our consolidated financial statements.

Our shareholders' equity is impacted by earnings, changes in unrealized gains and losses on securities, net of tax, stock-based compensation activity, share repurchases, shares issued in connection with acquisitions and the payment of dividends.

The Board of Directors has from time to time authorized multiple programs to repurchase shares of the Company's common stock either in open market or in privately negotiated transactions in accordance with applicable regulations of the SEC. On May 9, 2023, the Company's Board of Directors authorized a new program to repurchase up to \$50.0 million of the Company's stock. The remaining authorization under the program as of March 31, 2025 was \$50.0 million.

On April 30, 2025, our Board of Directors declared a quarterly dividend of \$0.30 per common share, payable on June 13, 2025 to shareholders of record at the close of business on May 30, 2025.

Asset/Liability Management and Interest Rate Risk

The Board of Directors meets as often as necessary, but no less than quarterly, to review financial statements, public filings, significant accounting policy changes, liquidity, interest rate risk and asset and liability management. The Board also oversees the performance of our internal audit function as well as serves as an independent and objective body to monitor and assess our compliance with legal and regulatory requirements as well as internal control systems. Management and the Board of Directors are responsible for managing interest rate risk and employing risk management policies that monitor and limit this exposure. Interest rate risk is measured using net interest income simulations and market value of portfolio equity analyses. These analyses use various assumptions, including the nature and timing of interest rate changes, yield curve shape, prepayments on loans and securities, deposit decay rates, pricing decisions on loans and deposits, and reinvestment/replacement of asset and liability cash flows.

Interest rate risk results from the following:

- *Repricing risk* — timing differences in the repricing and maturity of interest-earning assets and interest bearing liabilities;
- *Option risk* — changes in the expected maturities of assets and liabilities, such as borrowers' ability to prepay loans at any time and depositors' ability to redeem certificates of deposit before maturity;
- *Yield curve risk* — changes in the yield curve where interest rates increase or decrease in a nonparallel fashion; and
- *Basis risk* — changes in spread relationships between different yield curves.

The Asset Liability Committee, a cross-functional committee comprised of executive management and senior leaders, meets monthly to review, among other things, the sensitivity of the Company's assets and liabilities to interest rate changes, local and national market conditions and interest rates. The Asset Liability Committee also reviews the liquidity, capital, deposit mix, loan mix and investment positions of the Company. The Company's principal objective regarding asset and liability management is to evaluate interest rate risk within the balance sheet and pursue a controlled assumption of interest rate risk while preserving adequate levels of liquidity and capital.

Instantaneous parallel rate shift scenarios are modeled and utilized to evaluate risk and establish exposure limits for acceptable changes in net interest margin. These scenarios, known as rate shocks, simulate an instantaneous change in interest rates and utilize various assumptions, including, but not limited to, prepayments on loans and securities, deposit decay rates, pricing decisions on loans and deposits, reinvestment and replacement of asset and liability cash flows.

We also analyze the economic value of equity as a secondary measure of interest rate risk. This is a complementary measure to net interest income where the calculated value is the result of the market value of assets less the market value of liabilities. The economic value of equity is a longer term view of interest rate risk because it measures the present value of the future cash flows. The impact of changes in interest rates on this calculation is analyzed for the risk to our future earnings and is used in conjunction with the analyses on net interest income.

Our interest rate risk model indicated that the Company was in a fairly neutral position in terms of interest rate sensitivity at March 31, 2025. The table below illustrates the impact of an immediate and sustained 200 and 100 basis point increase and a 100 and 200 basis point decrease in interest rates on net interest income based on the interest rate risk model at March 31, 2025 and December 31, 2024:

Hypothetical shift in interest rates (in bps)	% change in projected net interest income	
	March 31, 2025	December 31, 2024
200	2.27%	1.72%
100	1.17%	0.87%
(100)	(1.48)%	(1.05)%
(200)	(2.93)%	(2.11)%

Many assumptions are used to calculate the impact of interest rate fluctuations. Actual results may be significantly different than our projections due to several factors, including the timing and frequency of rate changes, market conditions and the shape of the yield curve. The computations of interest rate risk shown above do not include actions that management may undertake to manage the risks

in response to anticipated changes in interest rates and actual results may also differ due to any actions taken in response to the changing rates.

As part of the asset/liability management strategy to manage primary market risk exposures expected to be in effect in future reporting periods, management has executed interest rate derivatives primarily using floors and collars. For further discussion of the Company's derivative contracts refer to note 14. The strategy with respect to liabilities has been to continue to emphasize transaction deposit growth, particularly non-interest or low interest bearing non-maturing deposit accounts while building long-term client relationships. Non-maturing deposit accounts totaled 87.4% of total deposits at March 31, 2025, compared to 87.6% at December 31, 2024.

Impact of Inflation and Changing Prices

An inflationary environment may impact our financial performance and may impact our clients, including but not limited to impacts on assets, earnings, capital levels and growth opportunities. While we plan to continue our disciplined approach to expense management, an inflationary environment may cause wage pressures and general increases in our cost of doing business, which may increase our non-interest expense.

Unlike most industrial companies, virtually all of our assets and liabilities are monetary in nature. As a result, changes in interest rates have a more significant impact on our performance than do changes in the general rate of inflation and changes in prices. Interest rate changes do not necessarily move in the same direction, nor have the same magnitude, as changes in the prices of goods and services.

Off-Balance Sheet Activities

In the normal course of business, we are a party to various contractual obligations, commitments and other off-balance sheet activities that contain credit, market, and operational risk that are not required to be reflected in our consolidated financial statements. The most significant of these are the loan commitments that we enter into to meet the financing needs of clients, including commitments to extend credit, commercial and consumer lines of credit and standby letters of credit. As of March 31, 2025 and December 31, 2024, we had loan commitments totaling \$1.3 billion and \$1.4 billion, respectively, and standby letters of credit totaling \$12.6 million and \$10.8 million, respectively. Unused commitments do not necessarily represent future credit exposure or cash requirements, as commitments often expire without being drawn upon.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The information called for by this item is provided under the caption *Asset/Liability Management and Interest Rate Risk* in Part I, Item 2-Management's Discussion and Analysis of Financial Condition and Results of Operations and is incorporated herein by reference.

Item 4. CONTROLS AND PROCEDURES.

Our management, with the participation of our principal executive officer and principal financial officer, conducted an evaluation of the effectiveness of our disclosure controls and procedures, as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as of March 31, 2025. Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective as of March 31, 2025.

During the most recently completed fiscal quarter, there were no changes made in the Company's internal controls over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II: OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS.

From time to time, we are a party to various litigation matters incidental to the conduct of our business. We are not presently party to any legal proceedings the resolution of which we believe would have a material adverse effect on our business, prospects, financial condition, liquidity, results of operation, cash flows or capital levels.

Item 1A. RISK FACTORS.

There have been no material changes to the risk factors disclosed in Item 1A. Risk Factors in our Annual Report on [Form 10-K](#) for the year ended December 31, 2024.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Maximum approximate dollar value of shares that may yet be purchased under the plans or programs ⁽²⁾
February 1 - February 28, 2025 ⁽¹⁾	817	\$ 42.57	—	50,000,000
March 1 - March 31, 2025 ⁽¹⁾	20,974	41.87	—	50,000,000
Total	21,791	41.90	—	

- (1) Represents shares purchased other than through publicly announced plans purchased pursuant to the Company's stock incentive plans at the then current market value in satisfaction of stock option exercise prices, settlements of restricted stock and tax withholdings.
- (2) On May 9, 2023, the Company's Board of Directors authorized a new program to repurchase up to \$50.0 million of the Company's stock from time to time in either the open market or through privately negotiated transactions. The remaining authorization under the program as of March 31, 2025 was \$50.0 million.

Item 5. OTHER INFORMATION.

None.

Item 6. EXHIBITS.

3.1	<u>Second Amended and Restated Certificate of Incorporation (incorporated herein by reference to Exhibit 3.1 to our Form S-1 Registration Statement (Registration No. 333-177971), filed August 22, 2012)</u>
3.2	<u>Second Amended and Restated By-Laws (incorporated herein by reference to Exhibit 3.2 to our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2014, filed November 7, 2014)</u>
10.1	<u>Employment Agreement, dated January 22, 2025, by and between Daniel Szniewajs and National Bank Holdings Corporation (filed herewith)</u>
31.1	<u>Certification of CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
31.2	<u>Certification of CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
32	<u>Certifications of CEO and CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
101.INS	XBRL Instance - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.DEF	XBRL Taxonomy Extension Definition
101.LAB	XBRL Taxonomy Extension Labels
101.PRE	XBRL Taxonomy Extension Presentation
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

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

National Bank Holdings Corporation

By /s/ Nicole Van Denabeele

Nicole Van Denabeele

Chief Financial Officer

(principal financial officer)

Date: April 30, 2025

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this “Agreement”) is made and entered into as of January 22, 2025 by and between Daniel Szniewajs (the “Executive”) and National Bank Holdings Corporation, a Delaware corporation (the “Company”); and

WHEREAS, the Company is desirous of continuing to employ the Executive in an executive capacity on the terms and conditions, and for the consideration, hereinafter set forth, and the Executive is desirous of remaining employed by the Company on such terms and conditions and for such consideration.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth below, including those set forth in Section 10, and for other good and valuable consideration, it is hereby covenanted and agreed by the Executive and the Company as follows:

1. Effective Date. This Agreement shall become binding and enforceable on January 22, 2025 (the “Effective Date”), subject to its execution by the Executive and the Company, and the Executive’s continued employment with the Company through the Effective Date. If the foregoing conditions are not satisfied, then this Agreement shall be null and void *ab initio* and of no force or effect.

2. Employment Period. The initial term of the Executive’s employment hereunder shall commence on the Effective Date and end on December 31, 2025 (the “Initial Employment Period”), unless terminated earlier pursuant to Section 5 of this Agreement; provided, however, that as of the expiration of (i) the Initial Employment Period and (ii) if applicable, any Renewal Period (as defined below), the Employment Period shall automatically be extended for a one-year period such that it will expire one year from the commencement of such extension (the “Renewal Period”), unless either party gives at least 90 days’ written notice prior to the expiration date of the then-current Employment Period (as defined below) of its intention not to further extend the Employment Period; and provided, further, that, upon the Company’s entering into a definitive agreement that if consummated would be a Change in Control (as defined below), the Employment Period shall automatically be extended to the date that is two years from the date of the consummation of such Change in Control (subject to renewal thereafter as set forth above), unless earlier terminated pursuant to Section 5 of this Agreement (the Initial Employment Period and each subsequent extension, if any, shall constitute the “Employment Period” unless terminated earlier pursuant to Section 5 of this Agreement).

3. Position and Duties. During the Employment Period, the Executive shall (a) serve in the position(s) and have the title(s) assigned to the Executive by the Chief Executive Officer of the Company (the “CEO”) from time to time, which position(s) shall be commensurate with the Executive’s education and experience and shall, as of the Effective Date, be Executive Vice President, Treasurer and Chief Corporate Development Officer, (b) have duties and responsibilities commensurate with the assigned position(s) and as are customarily exercised by a person holding such position(s) in a company of the size and nature of the Company as may be assigned from time to time, (c) report directly to the CEO, and (d) perform his duties at the

Company's corporate headquarters, subject to the Executive's performance of duties at, and travel to, such other offices of the Company and subsidiaries and controlled affiliates (the "Affiliated Entities") and/or other locations as shall be necessary to fulfill his duties.

4. Compensation. Subject to the terms of this Agreement, while the Executive is employed by the Company during the Employment Period, the Company shall compensate him for his services as follows:

(a) Base Salary. The Executive shall receive an annual base salary of no less than \$325,000, which shall be reviewed annually by the Compensation Committee of the Company's Board of Directors (the "Compensation Committee") pursuant to its normal performance review policies for senior executives and may be increased but not decreased (as in effect from time to time, "Annual Base Salary"). Such Annual Base Salary shall be payable in monthly or more frequent installments in accordance with the Company's payroll policies.

(b) Annual Incentive Payment. With respect to each fiscal year or portion of a fiscal year of the Company ending during the Employment Period, the Executive shall be eligible to receive an annual cash incentive payment (the "Incentive Payment") pursuant to the terms of the Company's annual cash incentive plan applicable to the Executive as in effect from time to time (the "Incentive Plan"), with the actual amount of any such Incentive Payment to be determined by the Compensation Committee pursuant to the terms of the Incentive Plan. The Executive's target Incentive Payment opportunity under the Incentive Plan for each fiscal year during the Employment Period shall be no less than 35% of his Annual Base Salary (as in effect from time to time, the "Target Incentive Payment"). The Target Incentive Payment shall be reviewed annually by the Compensation Committee pursuant to its normal performance review policies for senior executives and may be increased but not decreased. Any earned Incentive Payment shall be paid to the Executive pursuant to the terms of the Incentive Plan; provided, however, that any such Incentive Payment for a fiscal year shall be paid to the Executive no later than the 15th day of the third month following the close of such fiscal year (or the calendar year, where applicable), unless the Company or the Executive shall elect to defer the receipt of such Incentive Payment pursuant to an arrangement that meets the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code").

(c) Employee Benefits, Fringe Benefits and Perquisites. During the Employment Period, the Executive shall be provided with employee benefits, fringe benefits, and perquisites on a basis no less favorable than such benefits and perquisites are provided by the Company from time to time to the Company's other senior executives as in effect from time to time.

(d) Expense Reimbursement. Subject to the requirements of Section 8(a)(ii) of this Agreement (relating to in-kind benefits and reimbursements), during the Employment Period, the Company shall reimburse the Executive for all reasonable expenses incurred by him in the performance of his duties in accordance with the Company's policies applicable to senior executives as in effect from time to time.

(e) Stock Ownership Requirement. While employed by the Company, the Executive shall be subject to any stock ownership policy adopted by the Company in accordance with the guidelines as established by the Compensation Committee.

(f) Indemnification/Insurance. The Company shall defend, indemnify, and hold the Executive harmless to the full extent permitted by the general laws of the State of Colorado, its charter, or its bylaws now or hereafter in force. The Company also shall procure and maintain directors and officers liability insurance.

5. Termination of Employment.

(a) Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. If the Company determines in good faith that the Disability of the Executive has occurred during the Employment Period (pursuant to the definition of Disability set forth below), it may provide the Executive with written notice in accordance with Section 12(g) of this Agreement of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective on the 30th day after receipt of such notice by the Executive (the "Disability Effective Date"); provided that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties; and provided, further, that a Disability shall be determined to exist as provided hereinafter. For purposes of this Agreement, "Disability" shall mean the inability of the Executive to perform the Executive's duties with the Company on a full-time basis as a result of incapacity due to mental or physical illness, which inability exists for 180 days during any rolling 12-month period, as determined by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative.

(b) Cause. The Company may terminate the Executive's employment during the Employment Period either with or without Cause (as defined below). For purposes of this Agreement, "Cause" shall mean:

(i) the continued failure of the Executive to perform substantially the Executive's duties with the Company (other than any such failure resulting from incapacity due to mental or physical illness);

(ii) willful misconduct or gross neglect by the Executive in the performance of his duties to the Company;

(iii) the Executive's continued failure to adhere to the clear directions of the Company's CEO, to adhere to the Company's material written policies in all material respects, or to devote substantially all of the Executive's business time and efforts to the Company;

(iv) the Executive's conviction of or formal admission to or plea of guilty or *nolo contendere* to a charge of commission of, (A) a felony or (B) any crime involving serious moral turpitude; or

(v) the Executive's willful breach of any of the material terms or conditions of this Agreement.

In order to invoke a termination for Cause on any of the grounds enumerated under Section 5(b)(i), 5(b)(ii), 5(b)(iii), or 5(b)(v) of this Agreement, the Company must provide written notice to the Executive of the existence of such grounds within 30 days following the Company's knowledge of the existence of such grounds, specifying in reasonable detail the grounds constituting Cause, and the Executive shall have 30 days following receipt of such written notice (the "Executive's Cure Period") during which he may remedy the ground if such ground is reasonably subject to cure.

(c) Good Reason. The Executive's employment may be terminated by the Executive during the Employment Period with or without Good Reason (as defined below). For purposes of this Agreement, "Good Reason" shall mean, in the absence of the written consent of the Executive:

(i) a material diminution in the Executive's Annual Base Salary during the Employment Period;

(ii) the assignment to the Executive of any duties that are materially inconsistent with the Executive's position, duties or responsibilities (including reporting responsibilities) contemplated by this Agreement, or any other action by the Company that results in a material diminution in such position or the duties or responsibilities customarily associated with such position in a company of the size and nature of the Company; provided that following a Change in Control (as defined below), this clause (ii) shall relate to the Executive's position(s), duties and responsibilities as in effect immediately prior to the Change in Control;

(iii) during the two-year period following a Change in Control, any requirement by the Company that the Executive's services be rendered primarily at a location that is more than 50 miles from the Executive's primary employment location immediately prior to the Change in Control; or

(iv) any other material breach of this Agreement by the Company.

In order to invoke a termination for Good Reason, the Executive shall provide written notice to the Company of the existence of one or more of the conditions described in clauses (i) through (iii) of this Section 5(c) within 30 days following the Executive's knowledge of the initial existence of such condition or conditions, specifying in reasonable detail the conditions constituting Good Reason, and the Company shall have 30 days following receipt of such written notice (the "Cure Period") during which it may remedy the condition if such condition is reasonably subject to cure. In the event that the Company fails to remedy the condition constituting Good Reason during the applicable Cure Period, the Executive's "separation from service" (within the meaning of Section 409A of the Code) must occur, if at all, within 30 days following such Cure Period in order for such termination as a result of such condition to constitute a termination for Good Reason.

(d) Notice of Termination. Any termination by the Company for Cause, or by the Executive for Good Reason, shall be communicated by Notice of Termination (as defined

below) to the other party hereto given in accordance with Section 12(g) of this Agreement. For purposes of this Agreement, a “Notice of Termination” means a written notice that (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive’s employment under the provision so indicated, and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than 30 days after the giving of such notice or 30 days after the end of the Cure Period, if applicable, in the case of a termination by the Executive with Good Reason). The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance that contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive’s or the Company’s rights hereunder.

(e) Date of Termination. For purposes of this Agreement, “Date of Termination” means (i) if the Executive’s employment is terminated by the Company other than for Cause or Disability, or by the Executive without Good Reason, the date of receipt of the Notice of Termination or any later date specified therein within 30 days of such notice, as the case may be, (ii) if the Executive’s employment is terminated by the Executive with Good Reason, a date that is no later than 30 days after the Cure Period, if applicable, (iii) if the Executive’s employment is terminated by the Company for Cause, the date on which the Company, after providing for the Executive’s Cure Period, if applicable, notifies the Executive of such termination, and (iv) if the Executive’s employment is terminated by reason of death or Disability, the date of death or the Disability Effective Date, as the case may be.

6. Obligations of the Company upon Termination.

(a) Good Reason or Other Than for Cause, Death or Disability Prior to or More Than Two Years Following a Change in Control. If, during the Employment Period and prior to, or more than two years following, a Change in Control, the Company shall terminate the Executive’s employment other than for Cause, death, or Disability, or if the Executive shall terminate his employment for Good Reason, the Company shall pay to the Executive on the 45th day after the Date of Termination (except as otherwise required by law or provided below) or provide, as applicable, the following:

(i) A lump sum cash payment consisting of: (A) the Executive’s Annual Base Salary through the Date of Termination to the extent not yet paid; (B) any annual Incentive Payment earned by the Executive for a prior award period, not yet paid, provided that (other than any portion of such annual Incentive Payment that was previously deferred, which portion shall instead be paid in accordance with the applicable deferral arrangement and any election thereunder) such payment shall be made no later than the 15th day of the third month following the close of the fiscal year with respect to which such Incentive Payment is earned (the sum of the amounts described in clauses (A) and (B) above shall be hereinafter referred to as the “Accrued Obligations”);

(ii) Subject to Section 6(g), a prorated Incentive Payment for the year in which the Date of Termination occurs (the “Pro Rata Incentive Payment”) in an amount to

equal the product of (A) the amount determined by the Compensation Committee based on the Company's actual performance for the fiscal year in which the Date of Termination occurs and otherwise on a basis no less favorable than annual incentive award determinations are made by the Compensation Committee for the Company's executive officers, and (B) a fraction, the numerator of which is the number of days that have elapsed through the Date of Termination in the fiscal year of the Company in which the Date of Termination occurs, and the denominator of which is the number of days in such year, with such amount to be paid in a lump sum in cash on the date on which the Company otherwise makes cash incentive payments to executive officers for such fiscal year (other than any portion of such annual Incentive Payment that was deferred, which portion shall instead be paid in accordance with the applicable deferral arrangement and any election thereunder);

(iii) Subject to Section 6(g), a lump sum cash payment (the "Severance Payment") and, together with the Pro Rata Incentive Payment, the "Severance Benefits") equal to the sum of (A) the Executive's Annual Base Salary as in effect immediately prior to the Date of Termination, and (B) the greater of (x) the Target Incentive Payment for the year in which the Date of Termination occurs and (y) the Incentive Payment paid or payable to the Executive in respect of the fiscal year immediately prior to the year in which the Date of Termination occurs; and

(iv) To the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided or which the Executive is eligible to receive under any plan, program, policy, or practice or contract or agreement of the Company and the Affiliated Entities through the Date of Termination, and shall pay such unreimbursed expenses incurred through the Date of Termination as are subject to reimbursement pursuant to Section 4(d) (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

(b) Good Reason or Other Than for Cause, Death or Disability during the Two-Year Period Immediately Following a Change in Control. If, during the Employment Period and during the two-year period immediately following a Change in Control, the Company shall terminate the Executive's employment other than for Cause, death, or Disability, or if the Executive shall terminate his employment for Good Reason, the Company shall pay to the Executive on the 45th day after the Date of Termination (except as otherwise required by law or provided below) or provide, as applicable, the following:

(i) A lump sum cash payment equal to the Accrued Obligations;

(ii) Subject to Section 6(g), a lump sum cash payment (the "CIC Pro Rata Incentive Payment") in an amount equal to the product of (A) the Target Incentive Payment for the year in which the Date of Termination occurs (or, if greater, the fiscal year of the Company ending immediately prior to the year in which the Change in Control occurs), and (B) a fraction, the numerator of which is the number of days elapsed through the Date of Termination in the fiscal year in which the Date of Termination occurs and the denominator of which is the number of days in such year (other than any portion of such annual Incentive Payment that was deferred, which portion shall instead be paid in accordance with the applicable deferral arrangement and any election thereunder);

(iii) Subject to Section 6(g), a lump sum cash payment (the “CIC Severance Payment” and, together with the CIC Pro Rata Incentive Payment, the “CIC Severance Benefits”) equal to the sum of (A) two times the greater of (x) Executive’s Annual Base Salary as in effect immediately prior to the Date of Termination and (y) the Executive’s Annual Base Salary as in effect immediately prior to the Change in Control and (B) two times the greater of (x) the Target Incentive Payment for the year in which the Date of Termination occurs (or, if greater, the fiscal year of the Company ending immediately prior to the year in which the Change in Control occurs) and (y) the Incentive Payment paid or payable to the Executive in respect of the fiscal year immediately prior to the year in which the Change in Control occurs; and

(iv) To the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive the Other Benefits.

(c) Death or Disability. If the Executive’s employment is terminated by reason of the Executive’s death or Disability at any time during the Employment Period, this Agreement shall terminate without further obligations to the Executive, other than, if such termination occurs during the Employment Period, the obligation to pay or provide (i) the Accrued Obligations and (ii) the timely payment or provision of the Other Benefits. The Accrued Obligations, in the event of death, shall be paid to the Executive’s estate or beneficiary, as applicable, in a lump sum in cash within 30 days of the Date of Termination. With respect to the provision of Other Benefits, the term Other Benefits as utilized in this Section 6(c) shall include death or disability benefits under Company provided plans as in effect on the date of the Executive’s death with respect to senior executives of the Company and their beneficiaries generally.

(d) Cause; Other than for Good Reason. If the Executive’s employment shall be terminated by the Company for Cause, or if the Executive terminates his employment without Good Reason, at any time during the Employment Period, this Agreement shall terminate without further obligations to the Executive, other than, if such termination occurs during the Employment Period, the obligation to pay or provide (i) the Accrued Obligations (paid as set forth in Section 6(c) of this Agreement) and (ii) the timely payment or provision of the Other Benefits.

(e) Effect of Termination on Other Positions. If, on the Date of Termination, the Executive is a member of the Board of Directors of the Company (the “Board”) or the board of directors of any Affiliated Entities, or holds any other position with the Company or its Affiliated Entities, the Executive shall be deemed to have resigned from all such positions as of the Date of Termination. The Executive agrees to execute such documents and take such other actions as the Company may request to reflect such resignation.

(f) Full Settlement. The payments and benefits provided under this Section 6 (including, without limitation, the Other Benefits) shall be in full satisfaction of the Company’s obligations to the Executive under this Agreement upon his termination of employment, notwithstanding the remaining length of the Employment Period, and in no event shall the Executive be entitled to severance benefits (or other damages in respect of a termination of employment or claim for breach of this Agreement) beyond those specified in this Section 6.

(g) General Release. The Company's obligation to pay the Severance Benefits or CIC Severance Benefits, as applicable, is conditioned on the Executive's execution, delivery to the Company, and non-revocation of a general release of claims in favor of the Company and the Affiliated Entities, in substantially the form set forth in Exhibit A hereto, in the time period specified therein.

(h) "Change in Control" shall, for the purposes of this Agreement, be the first to occur following the Effective Date of:

(i) an acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 35% or more of either (A) the then-outstanding shares of common stock of the Company (the "Outstanding Company Common Stock"), or (B) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this Section 6(h)(i), the following acquisitions shall not constitute a Change in Control: (I) any acquisition directly from the Company, (II) any acquisition by the Company, (III) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Affiliated Entity, or (IV) any acquisition by any Affiliated Entity pursuant to a transaction which complies with clauses (A), (B), and (C) of subsection (iii) of this Section 6(h);

(ii) a change in the composition of the Board such that the individuals who, as of the Effective Date, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that, for purposes of this Section 6(h), any individual who becomes a member of the Board subsequent to the Effective Date whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of those individuals who are members of the Board and who were also members of the Incumbent Board (or deemed to be such pursuant to this proviso) shall be considered as though such individual were a member of the Incumbent Board; and provided, further, that any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board shall not be considered as a member of the Incumbent Board;

(iii) the consummation of a reorganization, merger, statutory share exchange, or consolidation or similar transaction involving the Company or any of its subsidiaries, or sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or securities of another entity by the Company or any of its subsidiaries (a "Business Combination"), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then-outstanding shares of common stock (or, for a noncorporate entity, equivalent securities) and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors (or, for a

noncorporate entity, equivalent securities), as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding any entity resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such entity resulting from such Business Combination) beneficially owns, directly or indirectly, 35% or more of, respectively, the then-outstanding shares of common stock (or, for a noncorporate entity, equivalent securities) of the entity resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such entity except to the extent that such ownership existed prior to the Business Combination, and (C) at least a majority of the members of the board of directors (or, for a noncorporate entity, equivalent body or committee) of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iv) the approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

7. No Mitigation; No Offset. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense, or other claim, right, or action that the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and such amounts shall not be reduced whether or not the Executive obtains other employment.

8. Section 409A; Forfeiture.

(a) Section 409A.

(i) General. It is intended that this Agreement shall comply with the provisions of Section 409A of the Code and the Treasury regulations relating thereto, or an exemption to Section 409A of the Code. Any payments that qualify for the "short-term deferral" exception, "separation pay" exception or another exception under Section 409A of the Code shall be paid to the maximum extent under the applicable exception. For purposes of the limitations on nonqualified deferred compensation under Section 409A of the Code, each payment of compensation under this Agreement shall be treated as a separate payment of compensation for purposes of applying the Section 409A of the Code deferral election rules and the exclusions under Section 409A of the Code for certain short-term deferral and separation pay amounts. All payments that constitute nonqualified deferred compensation for purposes of Section 409A of the Code that are to be made upon a termination of employment under this Agreement may only be made upon a "separation from service" within the meaning of Section 409A of the Code. In no event may the Executive, directly or indirectly, designate the calendar year of any payment under this Agreement that constitutes nonqualified deferred compensation for purposes of Section 409A of the Code. To the extent permitted under Section 409A of the Code or any IRS

or Department of Treasury rules or other guidance issued thereunder, the Company may, in consultation with the Executive, modify the Agreement in order to cause the provisions of the Agreement to comply with the requirements of Section 409A of the Code, so as to avoid the imposition of taxes and penalties on the Executive pursuant to Section 409A of the Code.

(ii) In-Kind Benefits and Reimbursements. Notwithstanding anything to the contrary in this Agreement, all (A) reimbursements and (B) in-kind benefits provided under this Agreement that constitute nonqualified deferred compensation for purposes of Section 409A of the Code shall be paid or provided in accordance with the requirements of Section 409A of the Code, including, where applicable, the requirement that (w) any reimbursement is for expenses incurred during the Executive's lifetime (or during a shorter period of time specified in this Agreement); (x) the amount of expenses eligible for reimbursement, or in kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in kind benefits to be provided, in any other calendar year; (y) the reimbursement of an eligible expense will be made no later than the last day of the calendar year following the year in which the expense is incurred; and (z) the right to reimbursement or in kind benefits is not subject to liquidation or exchange for another benefit.

(iii) Delay of Payments. Notwithstanding any other provision of this Agreement to the contrary, if the Executive is considered a "specified employee" for purposes of Section 409A of the Code (as determined in accordance with the methodology established by the Company as in effect on the date of termination), any payment that constitutes nonqualified deferred compensation within the meaning of Section 409A of the Code that is otherwise due to the Executive under this Agreement during the six-month period following his separation from service (as determined in accordance with Section 409A of the Code) on account of his separation from service shall be accumulated and paid to Executive on the first business day of the seventh month following his separation from service (the "Delayed Payment Date"). The Executive shall be entitled to interest on any delayed cash payments from the date of termination to the Delayed Payment Date at a rate equal to the applicable federal short-term rate in effect under Section 1274(d) of the Code for the month in which the Executive's separation from service occurs. If the Executive dies during the period between the Date of Termination and the Delayed Payment Date, the amounts and entitlements delayed on account of Section 409A of the Code shall be paid to the personal representative of his estate on the first to occur of the Delayed Payment Date or 30 days after the date of the Executive's death.

(iv) Separation from Service. Notwithstanding any contrary provision of this Agreement, with respect to any amounts or benefits that constitute nonqualified deferred compensation within the meaning of Section 409A of the Code, any references to termination of employment or the Executive's Date of Termination shall mean and refer to the date of his "separation from service," as that term is defined in Section 409A of the Code and Treasury Regulation Section 1.409A-1(h).

(b) Forfeiture. Notwithstanding any other provisions of this Agreement and in addition to and not in contravention of any clawback provision applicable to the Executive under the Dodd-Frank Wall Street Reform and Consumer Protection Act or other applicable laws in effect from time to time:

(i) If the Company is required to prepare an accounting restatement due to material noncompliance of the Company with any financial reporting requirement under the federal securities laws as a result of misconduct, the Executive shall reimburse the Company for all amounts received under any incentive compensation plans from the Company during the 12-month period following the first public issuance or filing with the Securities and Exchange Commission (whichever first occurs) of the financial document embodying such financial reporting requirement; and any profits realized from the sale of securities of the Company during that 12-month period, unless the application of this provision has been exempted by the Securities and Exchange Commission;

(ii) If the Compensation Committee shall determine that the Executive has engaged in a serious breach of conduct, the Compensation Committee may terminate any equity compensation award or require the Executive to repay any gain realized on the exercise of an award in accordance with the terms of such award or the equity compensation plan governing such award; and

(iii) If the Executive is found guilty of misconduct by any judicial or administrative authority in connection with any (A) formal investigation by the Securities and Exchange Commission or (B) other federal or state regulatory investigation, the Compensation Committee may require the repayment of any gain realized on the exercise of an award under any equity compensation plan without regard to the timing of the determination of misconduct in relation to the timing of the exercise of the award.

9. Limitation on Payments under Certain Circumstances.

(a) Anything in this Agreement to the contrary notwithstanding, in the event the Accounting Firm (as defined below) shall determine that receipt of all Payments (as defined below) would subject the Executive to the excise tax under Section 4999 of the Code, the Accounting Firm shall determine whether to reduce any of the Payments paid or payable pursuant to this Agreement (the “Agreement Payments”) so that the Parachute Value (as defined below) of all Payments, in the aggregate, equals the Safe Harbor Amount (as defined below). The Agreement Payments shall be so reduced only if the Accounting Firm determines that the Executive would have a greater Net After-Tax Receipt (as defined below) of aggregate Payments if the Agreement Payments were so reduced. If the Accounting Firm determines that the Executive would not have a greater Net After-Tax Receipt (as defined below) of aggregate Payments if the Agreement Payments were so reduced, the Executive shall receive all Agreement Payments to which the Executive is entitled hereunder.

(b) All determinations required to be made under this Section 9, including the assumptions to be utilized in arriving at such determination, shall be made by a nationally recognized certified public accounting firm or other professional organization that is a certified public accounting firm recognized as an expert in determinations and calculations for purposes of Section 280G of the Code that is selected by the Company prior to the date of the Change in Control for purposes of making the applicable determinations under this Section 9 and is reasonably acceptable to the Executive (the “Accounting Firm”). For purposes of all present value determinations required to be made under this Section 9, the Company and the Executive

elect to use the applicable federal rate that is in effect on the Effective Date pursuant to Treasury Regulations Section 1-280G, Q&A-32.

(c) If the Accounting Firm determines that aggregate Agreement Payments should be reduced so that the Parachute Value of all Payments, in the aggregate, equals the Safe Harbor Amount, the Company shall promptly give the Executive notice to that effect and a copy of the detailed calculation thereof. All determinations made by the Accounting Firm under this Section 9 shall be binding upon the Company and the Executive and shall be made as soon as reasonably practicable and in no event later than 15 days following the Date of Termination. For purposes of reducing the Agreement Payments so that the Parachute Value of all Payments, in the aggregate, equals the Safe Harbor Amount, only amounts payable under this Agreement (and no other Payments) shall be reduced. The reduction of the amounts payable hereunder, if applicable, shall be made by reducing the payments and benefits under the following sections in the following order: (i) first, any Payments under Section 6(b)(iii)(A); (ii) second, any other cash Payments that would be made upon a termination of the Executive's employment, beginning with payments that would be made last in time; (iii) third, all rights to payments, vesting, or benefits in connection with any options to purchase common stock that are performance-based vesting awards; (iv) fourth, all rights to payments, vesting, or benefits in connection with any restricted stock awards that are performance-based vesting awards; (v) fifth, all rights to payments, vesting, or benefits in connection with any options to purchase common stock that are time-based vesting awards; and (vi) sixth, all rights to any other payments or benefits shall be reduced, beginning with payments or benefits that would be received last in time. All fees and expenses of the Accounting Firm shall be borne solely by the Company.

(d) As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that amounts will have been paid or distributed by the Company to or for the benefit of the Executive pursuant to this Agreement which should not have been so paid or distributed ("Overpayment") or that additional amounts which will have not been paid or distributed by the Company to or for the benefit of the Executive pursuant to this Agreement could have been so paid or distributed ("Underpayment"), in each case, consistent with the calculation of the Safe Harbor Amount hereunder. In the event that the Accounting Firm, based upon the assertion of a deficiency by the Internal Revenue Service against either the Company or the Executive which the Accounting Firm believes has a high probability of success, determines that an Overpayment has been made, the Executive shall pay promptly (and in no event later than 60 days following the date on which the Overpayment is determined) pay any such Overpayment to the Company together with interest at the applicable federal rate provided for in Section 7872(f)(2) of the Code; provided, however, that no amount shall be payable by the Executive to the Company if and to the extent such payment would not either reduce the amount on which the Executive is subject to tax under Section 1 and Section 4999 of the Code or generate a refund of such taxes. In the event that the Accounting Firm, based upon controlling precedent or substantial authority, determines that an Underpayment has occurred, any such Underpayment shall be paid promptly (and in no event later than 60 days following the date on which the Underpayment is determined) by the Company to or for the benefit of the Executive together with interest at the applicable federal rate provided for in Section 7872(f)(2) of the Code.

(e) To the extent requested by the Executive, the Company shall cooperate with the Executive in good faith in valuing, and the Accounting Firm shall take into account the value of, services provided or to be provided by the Executive (including, without limitation, the Executive's agreeing to refrain from performing services pursuant to a covenant not to compete or similar covenant, including that set forth in Section 10 of this Agreement) before, on or after the date of a change in ownership or control of the Company (within the meaning of Q&A-2(b) of the final regulations under Section 280G of the Code), such that payments in respect of such services may be considered reasonable compensation within the meaning of Q&A-9 and Q&A-40 to Q&A-44 of the final regulations under Section 280G of the Code and/or exempt from the definition of the term "parachute payment" within the meaning of Q&A-2(a) of the final regulations under Section 280G of the Code in accordance with Q&A-5(a) of the final regulations under Section 280G of the Code.

(f) Definitions. The following terms shall have the following meanings for purposes of this Agreement:

(i) "Net After-Tax Receipt" shall mean the present value (as determined in accordance with Sections 280G(b)(2)(A)(ii) and 280G(d)(4) of the Code, taking into account the last sentence of Section 9(b) above) of a Payment net of all taxes imposed on the Executive with respect thereto under Sections 1 and 4999 of the Code and under applicable state and local laws, determined by applying the highest marginal rate under Section 1 of the Code and under state and local laws which applied to the Executive's taxable income for the immediately preceding taxable year, or such other rate(s) as the Accounting Firm determined to be likely to apply to the Executive in the relevant tax year(s).

(ii) "Parachute Value" of a Payment shall mean the present value as of the date of the change of control for purposes of Section 280G of the Code of the portion of such Payment that constitutes a "parachute payment" under Section 280G(b)(2) of the Code, as determined by the Accounting Firm for purposes of determining whether and to what extent the excise tax under Section 4999 of the Code will apply to such Payment.

(iii) "Payment" shall mean any payment or distribution in the nature of compensation (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of the Executive, whether paid or payable pursuant to this Agreement or otherwise.

(iv) "Safe Harbor Amount" shall mean 2.99 times the Executive's "base amount," within the meaning of Section 280G(b)(3) of the Code.

10. Restrictive Covenants.

(a) Return of Company Property. Upon his termination of employment for any reason, the Executive shall promptly return to the Company any keys, credit cards, passes, confidential documents or material, or other property belonging to the Company, and the Executive shall also return all writings, files, records, correspondence, notebooks, notes, and other documents and things (including any copies thereof) containing confidential information or

relating to the business or proposed business of the Company or the Affiliated Entities or containing any trade secrets relating to the Company or the Affiliated Entities, except any personal diaries, calendars, rolodexes, or personal notes or correspondence. For purposes of this Agreement, the term "trade secrets" shall have the meaning ascribed to it under the Uniform Trade Secrets Act as well as Colorado law, including but not limited to the whole or any portion or phase of any scientific or technical information, design, process, procedure, formula, improvement, confidential business or financial information, listing of names, addresses, or telephone numbers, or other information relating to the Company's business which is secret and of value, and which the Company has taken measures to protect and prevent the unauthorized disclosure and dissemination of. The Executive agrees to represent in writing to the Company upon termination of employment that he has complied with the foregoing provisions of this Section 10(a). Notwithstanding anything contained in this Section 10(a), for purposes of this Section 10(a), all references to the Company shall include its Affiliated Entities, whether or not specified.

(b) Mutual Nondisparagement. The Executive and the Company each agree that, following the Executive's termination of employment, neither the Executive nor the Company will make any public statements that materially disparage the other party. The Company shall not be liable for any breach of its obligations under this paragraph if it informs its directors and executive officers, as such term is defined in Rule 3b-7 promulgated under the Exchange Act of the content of its covenant hereunder and takes reasonable measures to ensure that such individuals honor the Company's agreement. Notwithstanding the foregoing, nothing in this Section 10(b) shall prohibit any person from making truthful statements when required by order of a court or other governmental or regulatory body having jurisdiction or to enforce any legal right including, without limitation, the terms of this Agreement.

(c) Confidential Information. The Executive agrees that, during his employment with the Company and at all times thereafter, he shall hold for the benefit of the Company all secret or confidential information, knowledge, or data relating to the Company or any of the Affiliated Entities, and their respective businesses, which shall have been obtained by the Executive during the Executive's employment by the Company or during his consultation with the Company after his termination of employment, and which shall not be or become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). Except in the good faith performance of his duties for the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required or permitted by law or legal process, communicate or divulge any such information, knowledge, or data to anyone other than the Company and those designated by it.

Notwithstanding the above confidentiality provisions, note that nothing in this Agreement, nor in any other confidentiality agreement, nor in the Company's policies should be interpreted as prohibiting the Executive from: (1) reporting possible violations of federal law or regulations, including any securities laws violations, to any governmental agency or entity, including but not limited to the Department of Justice, the U.S. Securities & Exchange Commission, the U.S. Congress, or any agency Inspector General; or (2) making any other disclosures that are protected under the whistleblower provisions of federal law or regulations; or (3) otherwise fully participating in any federal whistleblower programs.

Please refer to the National Bank Holdings Corporation Associate Handbook, a copy of which is available upon request, regarding the Executive's rights related to the disclosure of the Company's trade secrets.

(d) Nonsolicitation. The Executive agrees that, while he is employed by the Company and during the (i) two-year period following his termination of employment with the Company, if his employment terminated pursuant to Section 6(b), or (ii) one-year period following his termination of employment with the Company, if his employment terminated for any other reason other than as set forth in the preceding clause (i) (the "Restricted Period"), the Executive shall not directly or indirectly, (A) solicit any individual who is, on the Date of Termination (or was, during the six-month period prior to the Date of Termination), employed by the Company or the Affiliated Entities to terminate or refrain from renewing or extending such employment or to become employed by or become a consultant to any other individual or entity other than the Company or the Affiliated Entities, (B) initiate discussions with any such employee or former employee for any such purpose or authorize or knowingly cooperate with the taking of any such actions by any other individual or entity on behalf of the Executive's employer, or (C) induce or attempt to induce any customer or investor (in each case, whether former, current, or prospective), supplier, licensee, or other business relation of the Company or any of the Affiliated Entities to cease doing business with the Company or such Affiliated Entity, or in any way interfere with the relationship between any such customer, investor, supplier, licensee, or business relation, on the one hand, and the Company or any Affiliated Entity, on the other hand.

(e) Noncompetition. The Executive agrees that, during the Restricted Period, he will not engage in Competition (as defined below). The Executive shall be deemed to be engaging in "Competition" if he, directly or indirectly, in any geographic market in which, as of the Date of Termination, the Company has a physical presence material to its business operations (or where the Company is engaged in substantial activities to become a material physical presence), including, without limitation, the State of Colorado, the Kansas City (Missouri and Kansas) metropolitan area, the Dallas, Texas metropolitan area and the Austin, Texas metropolitan area, the State of New Mexico, the State of Wyoming, the State of Utah and the Boise, Idaho metropolitan area, ("Material Presence"), (i) owns, manages, operates, controls, or participates in the ownership, management, operation, or control of, (ii) is connected as an officer, employee, partner, director, consultant, or otherwise with, or (iii) has any financial interest in, any business (whether operated through a corporation or other entity) that is engaged in the commercial banking business or in any other financial services business that is competitive with any portion of the business conducted as of the Date of Termination by the Company or any of the Affiliated Entities, in each case if and only to the extent such business constitutes a Material Presence conducted by the Company or any of the Affiliated Entities within such geographic market. Ownership for personal investment purposes only of less than 2% of the voting stock of any publicly held corporation shall not constitute a violation hereof. Notwithstanding the foregoing, the restriction above shall not prohibit the Executive from employment with any subsidiary, division, affiliate, or unit of an entity (a "Related Unit") if that Related Unit does not engage in business that is in Competition with the Company, irrespective of whether some other Related Unit of that entity competes with the Company (as long as the Executive does not engage in or assist in the activities of any Related Unit that competes with the Company). Notwithstanding anything contained herein to the contrary, following a Change in

Control, references to the Company and the Affiliated Entities shall refer to the Company and its Affiliated Entities as of immediately prior to such Change in Control and the geographic market and the business scope of the restrictions in this Section 10(e) shall be limited to the geographic markets of the Company and the Affiliated Entities and the businesses conducted by the Company and the Affiliated Entities as of immediately prior to such Change in Control, without regard to when the Date of Termination occurs.

(f) Equitable Remedies. The Executive acknowledges that the Company would be irreparably injured by a violation of Section 10(b), 10(c), 10(d), 10(e) or 10(e), and he agrees that the Company, in addition to any other remedies available to it for such breach or threatened breach, on meeting the standards required by law, shall be entitled to a preliminary injunction, temporary restraining order, or other equivalent relief, restraining the Executive from any actual or threatened breach of Section 10(b), 10(c), 10(d), 10(e), or 10(e). If a bond is required to be posted in order for the Company to secure an injunction or other equitable remedy, the parties agree that said bond need not be more than a nominal sum.

(g) Severability; Blue Pencil. The Executive acknowledges and agrees that he has had the opportunity to seek advice of counsel in connection with the Agreement and that the restrictive covenants contained herein are reasonable in geographical scope, temporal duration, and that the limitations are reasonably necessary to protect the Company's legitimate interest in protecting its trade secrets, and other legally protectable business interests, and that Executive will not be precluded from gainful employment due to such obligations. If it is determined that any provision of this Section 10 is invalid or unenforceable including, without limitation, by virtue of the Executive's minimum annual compensation by the Company not meeting the statutory minimum requirements in the future (such as at the time of my termination of employment with the Company), the remainder of the provisions of this Section 10 shall not thereby be affected and shall be given full effect, without regard to the invalid portions. If any court or other decision-maker of competent jurisdiction determines that any of the covenants in this Section 10 is unenforceable because of the duration or geographic scope of such provision, then after such determination becomes final and unappealable, the duration or scope of such provision, as the case may be, shall be reduced so that such provision becomes enforceable, and in its reduced for, such provision shall be enforced.

(h) Notice of Immunity under the Defend Trade Secrets Act. Notwithstanding any other provision of this Agreement, Executive understands that he will not be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that is made (A) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney; and (B) solely for the purpose of reporting or investigating a suspected violation of law; or is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. If Executive files a lawsuit for retaliation by Company for reporting a suspected violation of law, he may disclose Company's trade secrets to his attorney and use the trade secret information in the court proceeding if he: (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to the court order.

11. Successors.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive. This Agreement and any rights and benefits hereunder shall inure to the benefit of and be enforceable by the Executive's legal representatives, heirs, or legatees. This Agreement and any rights and benefits hereunder shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(b) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation, or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to satisfy all of the obligations under this Agreement in the same manner and to the same extent that the Company would be required to satisfy such obligations if no such succession had taken place. As used in this Agreement, "Company," shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid that assumes and agrees to perform this Agreement by operation of law, or otherwise.

12. Miscellaneous.

(a) Amendment. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) Withholding. The Company may withhold from any amounts payable under this Agreement such federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(c) Applicable Law. The provisions of this Agreement shall be construed in accordance with the internal laws of the State of Colorado, without regard to the conflict of law provisions of any state.

(d) Dispute Resolution. Any controversy or claim arising out of or relating to this Agreement or the breach of this Agreement (other than a controversy or claim arising under Section 10 of this Agreement) that is not resolved by the Executive and the Company shall be submitted to arbitration in a location selected by the Company in accordance with Colorado law and the procedures of the American Arbitration Association. The determination of the arbitrator shall be conclusive and binding on the Company and the Executive and judgment may be entered on the arbitrator(s)' awards in any court having competent jurisdiction.

(e) Severability. The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of any other provision of this Agreement, and this Agreement will be construed as if such invalid or unenforceable provision were omitted (but only to the extent that such provision cannot be appropriately reformed or modified).

(f) Waiver of Breach. No waiver by any party hereto of a breach of any provision of this Agreement by any other party, or of compliance with any condition or provision of this Agreement to be performed by such other party, will operate or be construed as a waiver of any subsequent breach by such other party of any similar or dissimilar provisions and conditions at the same or any prior or subsequent time. The failure of any party hereto to take

any action by reason of such breach will not deprive such party of the right to take action at any time while such breach continues.

(g) Notices. Notices and all other communications provided for in this Agreement shall be in writing and shall be delivered personally or sent by registered or certified mail, return receipt requested, postage prepaid, or prepaid overnight courier to the parties at the addresses set forth below (or such other addresses as shall be specified by the parties by like notice):

to the Company:

National Bank Holdings Corporation
7800 E. Orchard Road, Suite 300
Greenwood Village, Colorado 80111
Attention: Legal Department

to the Executive:

At the address last on the records of the Company

Such notices, demands, claims, and other communications shall be deemed given in the case of delivery by overnight service with guaranteed next day delivery, the next day or the day designated for delivery or, in the case of certified or registered U.S. mail, five days after deposit in the U.S. mail; provided, however, that in no event shall any such communications be deemed to be given later than the date they are actually received.

(h) Survivorship. Upon the expiration or other termination of this Agreement, the respective rights and obligations of the parties hereto shall survive such expiration or other termination to the extent necessary to carry out the intentions of the parties under this Agreement.

(i) Entire Agreement. From and after the Effective Date, this Agreement shall constitute the entire agreement between the Company and the Executive with respect to the subject matter hereof (except as may be otherwise provided in an agreement entered into after the Effective Date) and shall supersede the Prior Agreement.

(j) Counterparts. This Agreement may be executed in separate counterparts, each of which shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

[Signature Page Follows]

IN WITNESS THEREOF, the Executive has hereunto set his hand, and the Company has caused these presents to be executed in its name and on its behalf, all as of the day and year first above written.

NATIONAL BANK HOLDINGS CORPORATION

By: _____/s/ G. Timothy Laney_____
Name: G. Timothy Laney
Title: Chairman, President & CEO

EXECUTIVE

_____/s/ Daniel Szniewajs_____
Daniel Szniewajs

[Signature Page to Szniewajs Employment Agreement]

RELEASE AGREEMENT

This Release Agreement (this “Agreement”) is made and entered into by and among National Bank Holdings Corporation, a Delaware corporation (the “Company”), and its subsidiary bank, NBH Bank, a Colorado state-chartered bank organized under the laws of Colorado, and all other divisions, and related, successor, and sister entities (together with the Company, “NBH”) and Daniel Szniewajs (the “Executive”).

WHEREAS, the Executive and the Company are parties to that certain Employment Agreement, dated as of January 22, 2025 (the “Employment Agreement”);

WHEREAS, the Executive’s employment shall end effective [];

WHEREAS, NBH and the Executive wish to resolve any and all disputes that exist between them or could exist between them; and

WHEREAS, the parties acknowledge that this Agreement is the result of good faith negotiations and compromise and nothing in this Agreement is intended to or will constitute an admission by NBH or any of its agents or employees of any liability to the Executive.

NOW, THEREFORE, in consideration of the Company agreeing to provide the compensation and benefits under Section 6 of the Employment Agreement to the Executive and of other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties, NBH and the Executive hereby agree as follows:

1. Full and General Release of Liability. The Executive hereby forever WAIVES, RELEASES, AND DISCHARGES National Bank Holdings Corporation, NBH Bank, all of their respective subsidiaries and divisions, including Bank Midwest, Community Banks of Colorado, Hillcrest Bank and any related, and affiliated entities, and all of their current and past employees, directors, officers, fiduciaries, owners, agents, successors, assigns, insurers, attorneys, and contractors, without limitation, exception, or reservation (the “Affiliates”), from any and all liability, actions, claims, demands, or lawsuits that the Executive may have had, presently has, or in the future may have, in connection with or arising out of the Executive’s employment with, or separation from, NBH. This release applies to any and all claims against NBH and/or the Affiliates, known or unknown, arising under contract or under federal, state, or local statutory or common (including civil tort) law, which have been asserted or which could have been asserted including, but not limited to, any and all claims under Title VII of the Civil Rights Act of 1964 (as amended), the Civil Rights Act of 1991, 42 U.S.C. § 1981, 42 U.S.C. § 1983, the Americans with Disabilities Act (as amended), the Rehabilitation Act, the Age Discrimination in Employment Act (as amended) (“ADEA”), the Family Medical Leave Act (as amended), the Genetic Information Non-Discrimination Act, the Employment Retirement Income Security Act (as amended), the Consolidated Omnibus Budget Reconciliation Act, the Kansas Acts Against Discrimination, the Kansas Age Discrimination in Employment Act, the Missouri Human Rights Act, the Colorado Anti-Discrimination Act (CADA), the Lawful Off-Duty Activities Statute (LODA), the Personnel Files Employee Inspection Right Statute, the Colorado Labor Peace Act, the Colorado Labor Relations Act, the Colorado Equal Pay Act, the Colorado Overtime and Minimum Pay Standards Order, the Colorado Healthy Families and

Workplaces Act, and the Colorado FAMLI, the Kansas Wage Payment Act, the Missouri wage payment statutes, and any other state statute or any state common law, including, but not limited to, any cause of action for wrongful termination, breach of contract, and any other federal, state, or local laws, including common law, to the maximum extent permitted by law, without limitation or exception. It is understood and agreed that this is a full and final release covering all known or unknown, undisclosed and unanticipated losses, wrongs, injuries, debts, claims, or damages to the Executive that may have arisen, or may arise from any act or omission prior to the date of execution of this Agreement arising out of or related, directly or indirectly, to the Executive's employment, or separation from employment with NBH, or to any professional relationship between the Executive and/or the employees, agents, representatives, and affiliates of NBH during the Executive's employment with NBH, as well as those alleged losses, wrongs, injuries, debts, claims, or damages now known or disclosed that have arisen, or may arise as a result of any act or omission. Notwithstanding anything to the contrary, the released claims do not include, and this Agreement does not release any: (a) rights to compensation and benefits provided under Section 6 of the Employment Agreement or under any other benefit plan, agreement, arrangement, or policy of NBH that is applicable to the Executive that, in each case, by its terms, contains obligations that are to be performed after the date hereof by NBH; (b) rights to indemnification the Executive may have under applicable law, the bylaws or certificate of incorporation of the Company, or any other agreement or any rights with respect to coverage under any director and officer liability policy, as a result of having served as an officer or director of NBH or any Affiliates; (c) claims that the Executive may not by law release through a settlement agreement such as this; or (d) claims the Executive may have as the holder or beneficial owner of securities (or other rights relating to securities) of the Company.

2. Executive Acknowledgements. The Executive acknowledges that as of the date the Executive executed this Agreement, the Executive (a) has not suffered a work-related injury that has not properly been disclosed to NBH; and (b) has disclosed to NBH any action/inaction the Executive took/failed to take during the Executive's employment with NBH that could give rise to a claim against NBH or the Affiliates, and/or any other third party.

3. Non-Interference. Nothing in this Agreement shall interfere with the Executive's right to file a charge, cooperate, or participate in an investigation or proceeding conducted by the Equal Employment Opportunity Commission, or any other federal or state regulatory or law enforcement agency. The consideration provided to Executive pursuant to Section 6 of the Employment Agreement, however, shall be the sole relief provided to the Executive for the claims that are released by the Executive pursuant to this Agreement and the Executive shall not be entitled to recover and agrees to waive any monetary benefits or recovery against NBH in connection with any such claim, charge, or proceeding, without regard to who has brought such charge or complaint.

4. Return of NBH Property. The Executive acknowledges that, as of the last day of employment, the Executive has returned and surrendered to NBH all NBH property and equipment (unless otherwise specified herein) pursuant to Section 10(a) of the Employment Agreement. The Executive acknowledges and agrees that all such materials are, and will always remain, the exclusive property of NBH.

5. Consideration and Revocation Periods; Counsel. The Executive acknowledges that the Executive has read this Agreement, has been given 21 calendar days to consider this Agreement, although the Executive may return it sooner if desired, and is hereby advised to consult with legal counsel regarding this Agreement. If the Executive signs this Agreement prior to the expiration of the 21-day period, the Executive hereby states that the Executive has voluntarily and knowingly decided to shorten the time period and that NBH has not induced the Executive to do so. The Executive further acknowledges that the Executive has seven calendar days to revoke this Agreement after executing the same. Notice of revocation should be sent, in writing, to the Legal Department, National Bank Holdings Corporation, 7800 E. Orchard Road, Suite 300, Greenwood Village, Colorado 80111. NBH hereby advises the Executive to consult with an attorney before signing this Agreement. This Agreement shall become effective on the eighth calendar day after its execution absent any revocation. The parties also agree that the release provided by the Executive in this Agreement does not include a release for claims under the ADEA arising after the date the Executive signs this Agreement.

6. No Admission. The execution of this Agreement does not and shall not constitute an admission by NBH of liability to the Executive. NBH specifically denies that it or its current or past insurers, agents, or employees have violated the Executive's rights under any federal, state, or local constitution, statute, law, or common law in connection with the Executive's employment, including the Executive's separation therefrom. Likewise, the execution of this Agreement does not and shall not constitute an admission by the Executive of liability to NBH.

7. Entire Agreement. This Agreement contains the entire agreement between and among the parties and cannot be modified in any respect in the future except in a writing signed by the parties hereto.

8. Severability. It is expressly understood to be the intent of the parties hereto that the terms and provisions of this Agreement are severable and if, at any time in the future or for any reasons, any term or provision in this Agreement is declared unenforceable, void, voidable, or otherwise invalid, the remaining terms and provisions shall remain valid and enforceable as written.

9. Governing Law. The terms and provisions of this Agreement shall be interpreted and enforced under the substantive law of the State of Colorado, to the extent state law applies, and under federal law, to the extent federal law applies.

10. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument. Any party to this Agreement may execute this Agreement by signing any such counterpart.

11. Headings. The headings to this Agreement are for convenience only, and are not to be used in the interpretation of the terms hereof.

12. Voluntary Signing. The Executive acknowledges that the Executive has read this Agreement and understands it and has signed it voluntarily.

PLEASE READ THIS AGREEMENT CAREFULLY; IT INCLUDES A RELEASE OF ALL
KNOWN AND UNKNOWN CLAIMS.

IN WITNESS WHEREOF, NBH has caused this Agreement to be executed by its duly
authorized officer, and the Executive has executed this Agreement, as of the dates written below.

EXECUTIVE

Daniel Szniewajs

DATE

NATIONAL BANK HOLDINGS CORPORATION

and

NBH BANK

By: _____
Name:
Title:

DATE

[Signature Page to Release Agreement]

Certifications of CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, G. Timothy Laney, Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of National Bank Holdings Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 30, 2025

/s/ G. Timothy Laney

G. Timothy Laney

Chairman and Chief Executive Officer

Certifications of CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Nicole Van Denabeele, Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of National Bank Holdings Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 30, 2025

/s/ Nicole Van Denabeele

Nicole Van Denabeele
Chief Financial Officer

Certifications of CEO and CFO 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 National Bank Holdings Corporation (the “Company”) on Form 10-Q for the period ended March 31, 2025, as filed with the Securities and Exchange Commission (the “Report”), each of the undersigned officers certifies pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his or her knowledge: (1) this Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: April 30, 2025

/s/ G. Timothy LaneyG. Timothy Laney
Chairman and Chief Executive Officer

Date: April 30, 2025

/s/ Nicole Van DenabeeleNicole Van Denabeele
Chief Financial Officer
