



**City of Grand Forks
Staff Report**

**Committee of the Whole - NA
City Council - January 5, 2026**

APPROVED & ACCEPTED
by City Council
Maureen Storstad
Maureen Storstad
City Auditor
01/05/2026

Agenda Item: List of Designated Depositories

Submitted by: Mike Vatnsdal - Finance

Staff Recommended Action: Approve list of Designated Depositories for the City of Grand Forks.

Committee Recommended Action: N/A

Council Action: Motion by Berg, second by Sande to approve on consent agenda.
Motion passed unanimously.

BACKGROUND: Per North Dakota Century Code, in January of even-numbered years, Council shall designate depositories of public funds. The City has existing depository relationships with the following financial institutions: **Wells Fargo, US Bank, Alerus, Choice Financial, Frandsen Bank, Old National Bank (Formerly Bremer Bank), and American Federal Bank.**

While the City does not currently have a depository relationship with **Bell Bank**, the Finance Department has fielded several inquiries regarding certificate of deposit rates from Bell since establishing a branch in Grand Forks. As such, **Bell Bank** has requested to be included in the list of approved depositories if a situation were to arise where interest rates are advantageous to the City, and a depository relationship were to begin.

ANALYSIS AND FINDINGS OF FACT:

- Recommend to approve and designate the institutions listed above as depositories of City funds.
- All current City funds are adequately collateralized according to policy, collateral coverage being no less than 110% of deposits not covered by the FDIC.

SUPPORT MATERIALS

- Latest Financial/Annual Reports from the following banks: Wells Fargo, US Bank, Alerus, American Federal Bank, Choice Financial, Frandsen Bank, Old National Bank (Formerly Bremer Bank), and Bell Bank (New to the List of Designated Depositories).

Alerus Financial Corporation and Subsidiaries

Consolidated Balance Sheets

<i>(dollars in thousands, except share and per share data)</i>	December 31, 2024	December 31, 2023
Assets		
Cash and cash equivalents	\$ 61,239	\$ 129,893
Investment securities		
Trading	3,309	—
Available-for-sale, at fair value (amortized cost of \$686,556 and \$584,754, respectively)	588,053	486,736
Held-to-maturity, at amortized cost (fair value of \$236,986 and \$258,617, respectively, with an allowance for credit losses on investments of \$131 and \$213, respectively)	275,585	299,515
Loans held for sale	16,518	11,497
Loans	3,992,534	2,759,583
Allowance for credit losses on loans	(59,929)	(35,843)
Net loans	3,932,605	2,723,740
Land, premises and equipment, net	39,780	17,940
Operating lease right-of-use assets	13,438	5,436
Accrued interest receivable	20,075	15,700
Bank-owned life insurance	36,033	33,236
Goodwill	85,634	46,783
Other intangible assets, net	43,882	17,158
Servicing rights	7,918	2,052
Deferred income taxes, net	52,885	34,595
Other assets	84,719	83,432
Total assets	<u>\$ 5,261,673</u>	<u>\$ 3,907,713</u>
Liabilities and Stockholders' Equity		
Liabilities		
Deposits		
Noninterest-bearing	\$ 903,466	\$ 728,082
Interest-bearing	3,474,944	2,367,529
Total deposits	4,378,410	3,095,611
Short-term borrowings	238,960	314,170
Long-term debt	59,069	58,956
Operating lease liabilities	18,991	5,751
Accrued expenses and other liabilities	70,833	64,098
Total liabilities	<u>4,766,263</u>	<u>3,538,586</u>
Commitments and contingencies (Note 13)		
Stockholders' equity		
Preferred stock, \$1 par value, 2,000,000 shares authorized: 0 issued and outstanding	—	—
Common stock, \$1 par value, 30,000,000 shares authorized: 25,344,803 and 19,734,077 issued and outstanding	25,345	19,734
Additional paid-in capital	269,708	150,343
Retained earnings	273,723	272,705
Accumulated other comprehensive income (loss)	(73,366)	(73,655)
Total stockholders' equity	<u>495,410</u>	<u>369,127</u>
Total liabilities and stockholders' equity	<u>\$ 5,261,673</u>	<u>\$ 3,907,713</u>

See Accompanying Notes to Consolidated Financial Statements

Alerus Financial Corporation and Subsidiaries
Consolidated Statements of Income

	Year ended December 31,		
	2024	2023	2022
<i>(dollars and shares in thousands, except per share data)</i>			
Interest Income			
Loans, including fees	\$ 183,560	\$ 136,918	\$ 89,907
Investment securities			
Taxable	19,745	24,262	23,260
Exempt from federal income taxes	679	740	848
Other	17,595	2,963	1,562
Total interest income	221,579	164,883	115,577
Interest Expense			
Deposits	89,243	53,387	9,169
Short-term borrowings	22,584	20,976	4,339
Long-term debt	2,707	2,681	2,340
Total interest expense	114,534	77,044	15,848
Net interest income	107,045	87,839	99,729
Provision for credit losses	18,141	2,057	—
Net interest income after provision for credit losses	88,904	85,782	99,729
Noninterest Income			
Retirement and benefit services	64,365	65,294	67,135
Wealth	26,171	21,855	20,870
Mortgage banking	10,073	8,411	16,921
Service charges on deposit accounts	1,976	1,280	1,434
Net gains (losses) on investment securities	—	(24,643)	—
Other	12,345	8,032	4,863
Total noninterest income	114,930	80,229	111,223
Noninterest Expense			
Compensation	87,311	76,290	80,656
Employee taxes and benefits	22,967	20,051	21,915
Occupancy and equipment expense	7,766	7,477	7,605
Business services, software and technology expense	21,758	21,053	19,487
Intangible amortization expense	6,776	5,296	4,754
Professional fees and assessments	19,597	6,743	8,367
Marketing and business development	3,249	3,027	3,350
Supplies and postage	2,046	1,796	2,440
Travel	1,403	1,189	1,182
Mortgage and lending expenses	2,162	1,902	2,183
Other	5,640	5,333	6,831
Total noninterest expense	180,675	150,157	158,770
Income before income taxes	23,159	15,854	52,182
Income tax expense	5,379	4,158	12,177
Net income	\$ 17,780	\$ 11,696	\$ 40,005
Per Common Share Data			
Basic earnings per common share	\$ 0.84	\$ 0.59	\$ 2.12
Diluted earnings per common share	\$ 0.83	\$ 0.58	\$ 2.10
Dividends declared per common share	\$ 0.79	\$ 0.75	\$ 0.70
Average common shares outstanding	21,047	19,922	18,640
Diluted average common shares outstanding	21,321	20,143	18,884

See Accompanying Notes to Consolidated Financial Statements

Alerus Financial Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

<i>(dollars in thousands)</i>	Year ended December 31,		
	2024	2023	2022
Net Income	\$ 17,780	\$ 11,696	\$ 40,005
Other Comprehensive Income (Loss), Net of Tax			
Net change in unrealized gains (losses) on debt securities	(756)	33,897	(126,016)
Net change in unrealized gain (losses) on cash flow hedging derivatives	753	(297)	—
Net change in unrealized gain (losses) on other derivatives	389	(241)	—
Total other comprehensive income (loss), before tax	386	33,359	(126,016)
Income tax expense (benefit) related to items of other comprehensive income (loss)	97	8,373	(31,630)
Other comprehensive income (loss), net of tax	289	24,986	(94,386)
Total comprehensive income (loss)	\$ 18,069	\$ 36,682	\$ (54,381)

See Accompanying Notes to Consolidated Financial Statements

Alerus Financial Corporation and Subsidiaries

Consolidated Statements of Changes in Stockholders' Equity

Year ended December 31, 2024

<i>(dollars in thousands)</i>	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance December 31, 2021	17,213	\$ 92,878	\$ 253,567	\$ (4,255)	\$ 359,403
Net income	—	—	40,005	—	40,005
Other comprehensive income (loss)	—	—	—	(94,386)	(94,386)
Common stock repurchased	(26)	(712)	—	—	(738)
Common stock dividends	—	—	(13,146)	—	(13,146)
Stock issuance from the acquisition of Metro Phoenix Bank	2,681	61,149	—	—	63,830
Share-based compensation expense	10	1,894	—	—	1,904
Vesting of restricted stock	114	(114)	—	—	—
Balance as of December 31, 2022	19,992	\$ 155,095	280,426	\$ (98,641)	356,872
Cumulative effect of change in accounting principles, net of tax	—	—	(4,452)	—	(4,452)
Balance as of January 1, 2023	19,992	155,095	275,974	(98,641)	352,420
Net income	—	—	11,696	—	11,696
Other comprehensive income (loss)	—	—	—	24,986	24,986
Common stock repurchased	(375)	(6,263)	—	—	(6,638)
Common stock dividends	—	—	(14,965)	—	(14,965)
Share-based compensation expense	18	1,610	—	—	1,628
Vesting of restricted stock	99	(99)	—	—	—
Balance as of December 31, 2023	19,734	150,343	272,705	(73,655)	369,127
Net income	—	—	17,780	—	17,780
Other comprehensive income (loss)	—	—	—	289	289
Common stock repurchased	(9)	(267)	—	—	(276)
Common stock dividends	—	—	(16,762)	—	(16,762)
Stock issuance from the acquisition of HMN Financial, Inc.	5,548	118,054	—	—	123,602
Share-based compensation expense	—	1,650	—	—	1,650
Vesting of restricted stock	72	(72)	—	—	—
Balance as of December 31, 2024	25,345	\$ 269,708	\$ 273,723	\$ (73,366)	\$ 495,410

See Accompanying Notes to Consolidated Financial Statements

Alerus Financial Corporation and Subsidiaries
Consolidated Statements of Cash Flows

<i>(dollars in thousands)</i>	Year ended December 31,		
	2024	2023	2022
Operating Activities			
Net income	\$ 17,780	\$ 11,696	\$ 40,005
Adjustments to reconcile net income to net cash provided (used) by operating activities			
Deferred income taxes	(3,983)	893	913
Provision for credit losses	18,141	2,057	—
Depreciation and amortization	9,842	8,525	8,467
Amortization and accretion of premiums/discounts on investment securities	1,499	2,047	3,387
Amortization of operating lease right-of-use assets	5,038	(15)	(229)
Share-based compensation expense	1,650	1,628	1,904
Originations of loans held for sale	(305,019)	(296,831)	(604,763)
Proceeds on loans held for sale	309,905	302,252	653,302
Realized loss (gain) on loans sold	(8,995)	(7,323)	(11,616)
Servicing rights capitalized upon sale of mortgage loans	(224)	—	—
(Increase) in value of bank-owned life insurance	(862)	(877)	(835)
Realized loss (gain) on sale of premises and equipment	(3,941)	50	33
Realized loss (gain) on derivative instruments	(126)	365	2,006
Realized loss (gain) on sale of foreclosed assets	(1)	(17)	71
Realized loss (gain) on sale of investment securities	—	24,643	—
Realized loss (gain) on BOLI mortality	—	(1,196)	—
Change in fair value of mortgage servicing rights	(197)	—	—
Realized loss (gain) on servicing rights	—	(3)	(702)
Realized loss (gain) on sale of ESOP trustee line of business	—	(2,775)	—
Net change in:			
Accrued interest receivable	(1,345)	(2,831)	(3,241)
Other assets	1,288	(5,676)	5,291
Accrued expenses and other liabilities	(11,490)	(7,728)	8,973
Net cash provided (used) by operating activities	28,960	28,884	102,966
Investing Activities			
Proceeds from sales of trading investment securities	9,020	—	—
Purchases of trading investment securities	(11,757)	—	—
Proceeds from sales or calls of investment securities available-for-sale	130,415	171,758	—
Proceeds from maturities of investment securities available-for-sale	54,709	67,346	105,633
Purchases of investment securities available-for-sale	(98,350)	—	(95,600)
Proceeds from calls of investment securities held-to-maturity	613	242	963
Proceeds from maturities and paydowns of investment securities held-to-maturity	22,223	20,623	27,429
Net (increase) decrease in loans	(441,686)	(314,620)	(416,150)
Net (increase) decrease in FHLB stock	2,910	2,796	(15,556)
Net cash received (paid) for business combinations	8,610	—	101,511
Purchases of BOLI	(1,935)	—	—
Proceeds from BOLI mortality claim	—	2,828	—
Proceeds from sale of premises and equipment	7,460	—	—
Purchases of premises and equipment	(12,370)	(3,173)	(1,789)
Proceeds from sales of foreclosed assets	105	210	937
Net cash provided (used) by investing activities	(330,033)	(51,990)	(292,622)
Financing Activities			
Net increase (decrease) in deposits	324,950	180,127	(358,752)
Net increase (decrease) in short-term borrowings	(76,810)	(63,910)	378,080
Repayments of long-term debt	—	—	(203)
Cash dividends paid on common stock	(15,445)	(14,822)	(12,800)
Repurchase of common stock	(276)	(6,638)	(738)
Net cash provided (used) by financing activities	232,419	94,757	5,587
Net change in cash and cash equivalents	(68,654)	71,651	(184,069)
Cash and cash equivalents at beginning of year	129,893	58,242	242,311
Cash and cash equivalents at end of year	\$ 61,239	\$ 129,893	\$ 58,242

See Accompanying Notes to Consolidated Financial Statements

	Year ended		
	December 31,		
	2024	2023	2022
Supplemental Cash Flow Disclosures			
Interest paid	\$ 110,016	\$ 72,644	\$ 15,095
Income taxes paid	448	10,840	12,531
Cash dividends declared, not paid	5,073	3,757	3,615
Cash and cash equivalents acquired	—	—	101,696
Supplemental Disclosures of Noncash Investing and Financing Activities			
Loan collateral transferred to foreclosed assets	(73)	(195)	153
Premises and equipment transferred to other assets	2,086	—	—
Right-of-use assets obtained in exchange for new operating lease liabilities, net	9,373	1,868	4,266
Change in fair value hedges presented within residential real estate loans and other assets	98	(98)	—
Acquisitions			
Noncash assets acquired	1,021,762	—	297,745
Liabilities assumed	(979,117)	—	(354,358)
Issuance of common stock for the acquisition	(123,602)	—	(64,019)
Net noncash acquired	(80,957)	—	(120,632)

See Accompanying Notes to Consolidated Financial Statements

**AMERICAN FEDERAL CORPORATION
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and due from banks	\$ 11,941,442	\$ 14,609,411
Interest bearing deposits in banks	793,455	1,377,187
Cash and cash equivalents	12,734,897	15,986,598
Securities available for sale, at fair value (amortized cost \$62,846,625 and \$67,199,065 in 2024 and 2023, net of allowance for credit losses of \$0 and \$0 in 2024 and 2023)	61,200,844	65,416,907
Other securities	7,679,850	6,304,963
Loans held for sale	296,875	130,000
Loans, net of allowance for credit losses of \$6,985,791 and \$6,299,768 in 2024 and 2023	685,650,779	634,801,844
Interest receivable	11,494,005	9,549,372
Premises and equipment, net	10,307,173	10,653,396
Operating right of use assets	199,103	223,335
Mortgage servicing rights	3,291,037	3,305,189
Investment in life insurance contracts	993,001	987,227
Other assets	1,196,634	867,542
 Total assets	 <u>\$ 795,044,198</u>	 <u>\$ 748,226,373</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits	\$ 603,445,279	\$ 591,836,372
Short- and long-term debt	109,565,000	75,800,000
Junior subordinated debentures	6,141,060	6,134,100
Escrow accounts	462,858	410,487
Interest payable	780,668	687,098
Operating lease liabilities	196,673	220,905
Accrued expenses and other liabilities	4,137,452	3,988,900
 Total liabilities	 <u>724,728,990</u>	 <u>679,077,862</u>
STOCKHOLDERS' EQUITY		
Common stock, \$.001 par value; 40,000,000 shares authorized; 3,248,450 shares issued	3,248	3,248
Additional paid-in capital	14,333,416	13,238,285
Retained earnings	95,015,591	92,295,312
Treasury stock, at cost (1,682,705 shares in 2024 and 1,654,132 shares in 2023)	(37,391,266)	(34,606,176)
Accumulated other comprehensive loss	(1,645,781)	(1,782,158)
 Total stockholders' equity	 <u>70,315,208</u>	 <u>69,148,511</u>
 Total liabilities and stockholders' equity	 <u>\$ 795,044,198</u>	 <u>\$ 748,226,373</u>

See Notes to Consolidated Financial Statements

**AMERICAN FEDERAL CORPORATION
AND SUBSIDIARIES**
CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
INTEREST INCOME		
Loans, including fees	\$ 38,063,905	\$ 30,420,923
Securities and cash equivalents	3,509,963	3,621,990
Total interest income	<u>41,573,868</u>	<u>34,042,913</u>
INTEREST EXPENSE		
Deposits	10,099,573	6,492,773
Short- and long-term debt	6,417,923	2,578,999
Junior subordinated debentures	592,787	577,065
Total interest expense	<u>17,110,283</u>	<u>9,648,837</u>
NET INTEREST INCOME	24,463,585	24,394,076
PROVISION FOR CREDIT LOSSES	<u>750,000</u>	<u>-</u>
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	<u>23,713,585</u>	<u>24,394,076</u>
NONINTEREST INCOME		
Deposit fees and service charges	261,098	268,738
Loan servicing fees	1,055,759	845,204
Gain on sales of loans	294,244	92,913
Brokerage fees	1,242,726	1,075,403
Merchant fee income	412,847	650,907
Loss on sale of equity securities	(38,707)	-
Unrealized (losses) gains recognized on equity securities	(7,490)	17,644
Other	439,329	818,529
Total noninterest income	<u>3,659,806</u>	<u>3,769,338</u>
NONINTEREST EXPENSES		
Compensation and employee benefits	17,061,298	14,987,860
Occupancy	1,899,156	1,920,948
FDIC insurance	362,779	317,849
Data processing	1,190,591	1,026,043
Advertising	380,233	320,733
Operating lease expense	28,785	28,761
Other	2,110,270	3,401,996
Total noninterest expenses	<u>23,033,112</u>	<u>22,004,190</u>
NET INCOME	<u>\$ 4,340,279</u>	<u>\$ 6,159,224</u>
BASIC EARNINGS PER SHARE	<u>\$ 2.74</u>	<u>\$ 3.64</u>
DILUTED EARNINGS PER SHARE	<u>\$ 2.72</u>	<u>\$ 3.62</u>

**AMERICAN FEDERAL CORPORATION
AND SUBSIDIARIES**
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
NET INCOME	<u>\$ 4,340,279</u>	<u>\$ 6,159,224</u>
OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized gains (losses) on securities		
Unrealized gains (losses) on available for sale securities	<u>136,377</u>	<u>(112,434)</u>
Other comprehensive income (loss)	<u>136,377</u>	<u>(112,434)</u>
COMPREHENSIVE INCOME	<u>\$ 4,476,656</u>	<u>\$ 6,046,790</u>

**AMERICAN FEDERAL CORPORATION
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023**

	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total
BALANCE, DECEMBER 31, 2022	\$ 3,248	\$ 12,506,060	\$ 89,159,429	\$ (26,478,246)	\$ (1,669,724)	\$ 73,520,767
Net income	-	-	6,159,224	-	-	6,159,224
Other comprehensive loss	-	-	-	-	(112,434)	(112,434)
Cash dividends	-	-	(2,144,782)	-	-	(2,144,782)
Common stock transactions	-	684,900	-	189,790	-	874,690
Purchase of treasury stock	-	-	-	(8,317,720)	-	(8,317,720)
Stock option grants	-	47,325	-	-	-	47,325
Cumulative effect adjustment - adoption of ASC 326	-	-	(878,559)	-	-	(878,559)
BALANCE, DECEMBER 31, 2023	3,248	13,238,285	92,295,312	(34,606,176)	(1,782,158)	69,148,511
Net income	-	-	4,340,279	-	-	4,340,279
Other comprehensive income	-	-	-	-	136,377	136,377
Cash dividends	-	-	(1,620,000)	-	-	(1,620,000)
Common stock transactions	-	1,047,715	-	288,196	-	1,335,911
Purchase of treasury stock	-	-	-	(3,073,286)	-	(3,073,286)
Stock option grants	-	47,416	-	-	-	47,416
BALANCE, DECEMBER 31, 2024	\$ 3,248	\$ 14,333,416	\$ 95,015,591	\$ (37,391,266)	\$ (1,645,781)	\$ 70,315,208

See Notes to Consolidated Financial Statements

**AMERICAN FEDERAL CORPORATION
AND SUBSIDIARIES**
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
OPERATING ACTIVITIES		
Net income	\$ 4,340,279	\$ 6,159,224
Adjustments to reconcile net income to net cash from operating activities		
Provision for credit losses	750,000	-
Depreciation of premises and equipment	820,484	812,431
Changes in fair value of mortgage servicing rights	14,152	163,317
Amortization of fees, premiums and discounts, net	777,427	590,234
Unrealized loss (gain) on equity securities	7,490	(17,644)
Originations of loans held for sale	(13,765,005)	(4,087,149)
Proceeds from sales of loans	13,892,374	4,050,062
Gain on sales of loans	(294,244)	(92,913)
Noncash lease expense	24,232	23,882
Loss on disposals of premises and equipment, net	17,923	-
Loss on sales of securities	38,707	-
Stock option grants	47,416	47,325
(Losses) earnings from investments in life insurance contracts	(5,774)	49,200
Net changes in assets and liabilities		
Interest receivable	(1,944,633)	(2,122,969)
Other assets	(329,092)	1,323,255
Interest payable	93,570	401,870
Operating lease liabilities	(24,232)	(23,882)
Other liabilities	106,107	682,442
NET CASH FROM OPERATING ACTIVITIES	<u>4,567,181</u>	<u>7,958,685</u>
INVESTING ACTIVITIES		
Net increase in loans receivable	(51,553,090)	(61,048,190)
Purchases of		
Securities available for sale	(15,947,692)	(1,049,973)
Investments in government corporations	(16,953,600)	(13,569,000)
Proceeds from sales, maturities and principal payments of		
Securities available for sale	19,526,265	18,513,798
Investments in government corporations	15,227,400	10,387,800
Equity securities	305,116	-
Proceeds from life insurance contracts	-	400,000
Purchases of premises and equipment	(492,184)	(1,148,703)
NET CASH USED FOR INVESTING ACTIVITIES	<u>(49,887,785)</u>	<u>(47,514,268)</u>

Due Diligence Bank Performance Report

Bell Bank
Fargo, ND
(FDIC Cert.#19581)

Rated 5-Stars as of 11/24/2025 based on
financial data as of 06/30/2025

BauerFinancial.com



Bank and Credit Union data is compiled from financial data for the period noted, as reported to federal regulators. The financial data obtained from these sources is consistently reliable, although; the accuracy and completeness of the data cannot be guaranteed by BauerFinancial, Inc. BauerFinancial relies upon this data in its judgment and in rendering its opinion (e.g. determination of star ratings) as well as supplying the data fields incorporated herein. BauerFinancial, Inc. is not a financial advisor; it is an independent bank research firm. BauerFinancial is a registered trademark. Any unauthorized use of its content, logos, name, and/or Star-ratings is forbidden.

BauerFinancial's star ratings classify each institution based upon a complex formula factoring in current and historical data. The first level of evaluation is the capital level of the institution followed by other relevant data including, but not limited to: profitability, historical trends, loan delinquencies, repossessed assets, reserves, regulatory compliance, proposed regulations and asset quality. Negative trends are projected forward to compensate for the lag time in the data. BauerFinancial employs conservative measures when assigning these ratings and consequently our analysis may be lower than those supplied by other analysts or the institutions themselves. Four decades of experience has shown this to be a prudent course of action. As a general guideline, the following groupings were used:

5-Stars	Superior. These institutions are recommended by Bauer .
4-Stars	Excellent. These institutions are recommended by Bauer .
3½-Stars	Good.
3-Stars	Adequate.
2-Stars	Problematic.
1-Star	Troubled.
Zero-Stars	Our lowest rating.
FDIC	Institution has failed or is operating under FDIC conservatorship.

Capital Classifications: The regulatory capital classification may be altered by an active enforcement action, but in general are: Well-capitalized, Adequately capitalized, Undercapitalized, Significantly Undercapitalized, or Critically Undercapitalized.

Supervisory Actions: Indicates whether the institution's primary regulator has made public any current enforcement actions that could impact the safety and soundness of the institution. If so, the regulator will be noted. Search Regulatory Enforcement Actions via these links: [OCC](#) [FDIC](#) [FEDERAL RESERVE](#)

Total Assets: Indicate how big the institution is; some growth is good and desired, but too much growth too quickly can be difficult to digest.

Net Income: Year-to-date net income for the institution. Profitability ratios are Tax Equivalent (TE) for Sub S Corporations.

Key Capital Ratios: Regulatory minimums (to be considered Adequately Capitalized) are a Leverage Capital Ratio of 4% or greater; a Tier 1 Risk-based ratio of 6% or greater; a CET1 ratio of 4.5% or greater and a Total Risk-based capital ratio of at least 8%. If a bank has elected the Community Bank Leverage Framework, then its risk-based data is not reported. In these instances, you will see "N.R." in the risk-based capital ratio fields.

Asset Quality Ratios: For the most part with asset quality, a lower ratio is preferred. Exceptions pertain to Loan Loss Reserve Ratios. Loan Loss Reserves are intended to cover losses in the loan portfolio.

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BauerFinancial, Inc.
Due Diligence Bank Performance Report
FDIC Cert. #19581: Bell Bank - Fargo, ND

Established: 1966 **Sub S:** No **Trust:** **CRA:** Satisfactory **Supervisory Actions:** None

BauerFinancial's Star Rating: 06/30/2025 5-Stars 06/30/2024 5-Stars
Capital Classification: 06/30/2025 Well-Capitalized 06/30/2024 Well-Capitalized

Balance Sheet: (\$ millions)

Assets:	06/30/2025	06/30/2024
Cash & Due From Banks	\$1,052.138	\$830.116
Investments	\$174.036	\$138.003
Loans (net)	\$12,030.230	\$12,214.174
Repossessed R/E (REO)	\$0.277	\$0.000
Premises & Fixed Assets	\$362.342	\$282.674
Investments in Subsidiaries	\$7.690	\$6.270
Intangible Assets	\$209.132	\$204.616
Other Assets	\$230.445	\$254.523
Total Assets:	\$14,066.290	\$13,930.376

Liabilities & Owner's Equity:

Non-Interest Bearing Deposits	\$1,958.715	\$1,760.677
Interest Bearing Deposits	\$10,066.698	\$10,219.801
Fed Funds Purchased & Repos	\$28.530	\$29.405
Subordinated Debt	\$0.000	\$0.000
Other Borrowed Money	\$366.161	\$407.628
Other Liabilities	\$250.965	\$192.378
Total Liabilities:	\$12,671.069	\$12,609.889

Owner's Equity:

Preferred Stock	\$0.000	\$0.000
Common Stock & Surplus	\$451.222	\$451.222
Retained Earnings	\$948.877	\$878.124
Other Equity	\$(4.878)	\$(8.859)
Total Equity	\$1,395.221	\$1,320.487
Total Liabilities & Equity:	\$14,066.290	\$13,930.376

Income Statement: (Calendar year-to-date, \$ millions)

Interest Income:	\$341.518	\$341.429
- Interest Expense:	\$194.075	\$223.650
Net Interest Income:	\$147.443	\$117.779
- Provisions for Losses	\$0.000	\$0.840
+ Non Interest Income	\$114.037	\$113.926
- Personnel Expense	\$122.565	\$117.836
- Impair&Amort re: Intangibles	\$0.000	\$0.000
- Other Non Interest Expense	\$79.693	\$71.715
+ Gains(losses) Securities	\$0.000	\$0.000
- Tax Provision	\$15.890	\$11.458
+ Other Income (Expense)	\$(0.016)	\$(0.026)
Net Income:	\$43.316	\$29.830
Tier 1 Capital:	\$1,388.090	\$1,315.797
Total Risk Based Capital:	\$1,516.121	\$1,448.162

Key Capital Ratios:

	06/30/2025	06/30/2024
Leverage Capital Ratio:	9.89%	9.66%
Tier 1 Risk-based Capital Ratio:	11.94%	11.09%
Total Risk-based Capital Ratio:	13.04%	12.20%
Common Equity Tier 1 Ratio:	11.94%	11.09%
Total Equity % Total Assets	9.92%	9.48%

Asset Quality Ratios:

Nonperf. Assets/Total Assets:	0.62%	0.53%
Texas Ratio:	4.26%	5.91%
Repossessed Assets/Net Worth	0.02%	0.00%
Delinquent Loans/Net Worth:	6.25%	5.64%
Delinquent Loans/Total Loans:	0.72%	0.60%
Net Chgofts annualized/Loans:	0.02%	0.01%
Loan Loss Reserve/Total Loans	1.02%	1.01%
Loan Loss Reserve/Delq. Loans	141.83%	166.60%
Gvt Gtd % of Nonperforming Assets:	36.25%	1.57%

Liquidity & Performance:

Loans/Deposits:	101.07%	102.99%
Brokered Deposits/Total Deps.:	13.75%	10.44%
Non-core Funding Dependence:	13.54%	11.95%
Intangible Assets/Net Worth:	14.99%	15.50%
Investments in Subs./Net Worth:	0.55%	0.47%
Efficiency Ratio:	77.10%	81.51%
Avg. Assets Per Employee:	\$7.531	\$7.427
Net Interest Margin (Earn Assets):	2.20%	1.80%

Profitability:

Current quarter's profit/loss:	\$23.630	\$16.610
Year-to-date profit/loss:	\$43.316	\$29.830
Annualized Return on Assets (TE):	0.61%	0.43%
Annualized Return on Equity (TE):	6.32%	4.57%

Historical Data:

% Change in Assets (1 year):	0.98%	3.59%
% Change in Equity (1 year):	5.66%	5.42%
Net Inc. Last Calendar Year:	\$57.267	\$67.524
Net Inc. 2 Years Ago:	\$67.524	\$115.019

Holding Company Data:
(when available)

STATE BANKSHARES, INC.

Consolidated Assets:	\$14,204.564	\$14,145.866
Leverage Ratio:	10.83%	10.88%
Tier 1 Risk-based Capital Ratio:	13.06%	12.42%
Total Risk-based Capital Ratio:	14.15%	13.51%
Common Equity Tier 1 Ratio:	12.33%	11.70%
Year-to-Date Net Income:	\$45.516	\$32.266
Nonaccr Loans+ORE/Net Loans+ORE:	0.75%	0.62%
Equity Inv. Subs % Equity Cap:	97.03%	98.94%
Bank's Assets % of HC Assets:	99.03%	98.48%

2024 Shareholder Report



CLARIFY



SIMPLIFY



FOCUS





Brian L. Johnson

CHIEF EXECUTIVE OFFICER

THIS PAST YEAR once again brought significant changes and events to Choice. Our theme internally for 2024 was “Clarify, Simplify, Focus”, guiding our efforts on regulatory remediation as well as enhancing our teams, processes, and operating procedures. Choice must align with the evolving regulatory landscape and continuously adapt to a financial ecosystem where people conduct their banking relationships in line with how they live the rest of their lives, through technology.

PROGRESS ON REGULATORY INITIATIVES

Our team has made substantial progress in response to our consent order and increased regulatory focus across the Banking as a Service (BaaS) industry, especially as it pertains to Anti-Money Laundering (AML) and the Bank Secrecy Act (BSA). While the sufficiency of our efforts may be difficult to quantify, the board of directors and leadership have invested in the necessary resources to enhance our talent, validation processes, and technology products to meet these challenges.

COMMITMENT TO HYBRID BANKING

Our board of directors remains committed to the long-term strategy of “Hybrid Banking,” which is the combination of a traditional community bank and a technology bank, operating under the same management team, risk management processes, and banking infrastructure. We continue to believe that customers will ultimately choose how to do their business, and our mission is to meet customer expectations with an evolved platform that conforms to what will be the new regulatory norm. We believe this is a winning model for customers and shareholders.

"We continue to believe that customers will ultimately choose how to do their business, and our mission is to meet customer expectations with an evolved platform that conforms to what will be the new regulatory norm."

DIVESTMENT OF THE INSURANCE AGENCY

In 2024, we also made a significant strategic decision to divest our insurance agency to Vizance Inc., a private insurance company based out of Wisconsin. At the time of the sale, Choice Insurance had grown to approximately 100 employees, and the agency's revenue nearly tenfold over the past decade.

The decision to sell was driven by several factors:

- ✓ The value for insurance agencies across the nation has risen substantially over the last twenty-four months which has led several banks to also divest their agencies.
- ✓ The sale delivered a significant increase in tangible equity to the bank and our holding company which will ultimately allow the bank to grow. While challenging to lose a profitable agency, we believe we can eventually replace those earnings through the bank.

Continued...

CEO Update *(Continued)*

- ✓ The agency value was “blue sky” and not recognized on the bank’s balance sheet or in our stock’s tangible book value. The transaction unlocked that value and moved the stock’s book value from \$391 per share at the end of the 2nd quarter, to \$485 per share at the end of the 3rd quarter, following the sale.
- ✓ We structured a sale that leaves the Choice Insurance brand in place, via a licensing agreement, while securing a rental arrangement for those employees to remain in our buildings and in our communities.

While selling can be a difficult decision, the analysis overwhelmingly indicated it was the right decision for Choice, its shareholders, and the insurance employees. Like banking, insurance is becoming a scale-driven business that can be more competitive.

While the sale of the agency contributed to record income at the bank and holding company, our core banking business faced profitability challenges from investments in risk mitigation, rising operating costs, and a challenging interest rate environment which continued to compress net interest margins. However, Choice still performed well compared to our peers, as banks nationally continue to face profitability challenges despite loan losses being insignificant throughout the industry.

ADAPTING TO THE FUTURE

Looking ahead to 2025, we see opportunities for growth in business lines that will achieve higher levels of net interest income compared to 2024.

Because many of the investments in risk and remediation efforts during the prior year were non-recurring in nature, we anticipate a substantial reduction in expenses and improved margins as long as the state of our credit quality remains stable.

We continue to strive to create a bank that can be relevant in 2030 and beyond. Choice continues to evolve from all levels in terms of talent, products, and leadership. Part of this process is having the capabilities to serve customers on a national platform. We have added business lines that diversify our business revenues, specializing in areas such as self-storage and equipment financing, and we are looking at enhancements to our products in our local markets in North Dakota and Minnesota.

"We continue to strive to create a bank that can be relevant in 2030 and beyond."

EVOLUTION IN BOARD COMPOSITION

If Choice is conducting business from a national perspective, it is natural that our board composition reflects where we are headed into the next decade. We have three legacy board members retiring this year and they have been instrumental

in Choice's journey, and we thank them for their service to our shareholders.

We also anticipate welcoming three new board members who bring vast experience and a national geographic outlook. These members offer a broader perspective to our boardroom, drawing from their national banking experience.

The board of directors has witnessed great change over the last four to six years, as seen in the annual shareholder reports. This is unusual in the industry as most community bank boards become entrenched and stagnant. As a shareholder, it is noteworthy and commendable that our board has matched the bank's journey. I'm appreciative to have board members from larger more complex organizations, who can positively challenge us and bring value to both shareholders and our leadership team.

IN CLOSING

I continue to extend my gratitude to our team members, board of directors, and shareholders of Choice as we continue to navigate the opportunities and challenges ahead. We have strengthened our balance sheet, continued to build our operating capabilities, and significantly improved our risk and technology protocols.

Choice will continue to be a viable leader in our communities while continuing to deliver technology-driven solutions to the next generation of banking.

We believe that long term, this approach will increase enterprise value for shareholders and provide a competitive advantage in growing our customer base and profit levels. Our significant investment in human and operating capital will continue in the near term. Management and our board of directors believe that these investments, and the operating model Choice has put in place, align us with regulatory and industry expectations.

Our objectives remain the same: to deliver a PeopleFirst experience to our customers, employees, and communities. I am as passionate as ever about leading a team that consistently delivers for our shareholders.

Thank you for your continued support!

Take care,



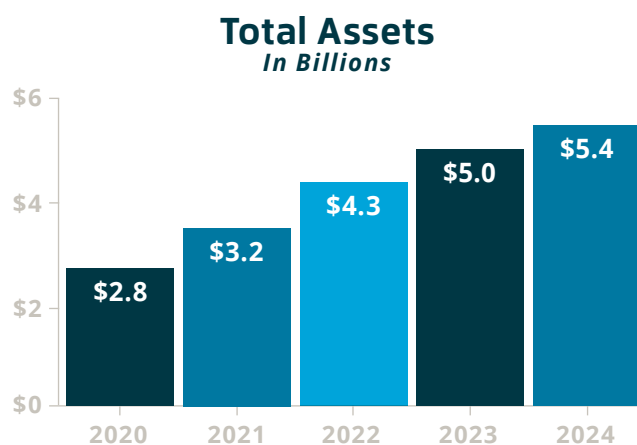
Choice Financial Holdings

2024 Financial Highlights

OPERATING RESULTS <i>(in thousands)</i>	2024	2023
Net Interest Income	\$137,068	\$141,005
Non-Interest Income	177,304	59,734
Total Revenue	\$314,372	\$200,739
Provision for Credit Losses	7,877	8,248
Non-Interest Expense	132,417	118,146
Income Before Taxes	\$ 174,078	\$74,345
Income Tax Expense	45,775	18,257
Net Income	\$128,303	\$56,088
Preferred Stock Dividends	1,225	4,478
Net Income Available to Common Shareholders	\$127,078	\$51,610
Common Stock Dividends	2,203	8,300
Net Retained Earnings	\$124,875	\$43,310
BALANCE SHEET <i>(in thousands)</i>	2024	2023
Cash and Equivalents	\$396,059	\$353,752
Securities	1,573,127	1,304,352
Loans and Leases, Net of Allowance	3,137,269	3,083,779
Goodwill & Intangibles	62,007	79,314
Bank Owned Life Insurance	102,569	65,176
Fixed Assets	25,363	26,705
Other Assets	116,272	84,016
Total Assets	\$5,412,666	\$4,997,094
Deposits	4,655,240	4,426,590
Trust Preferred	28,387	28,311
Other Liabilities	101,907	40,313
Total Liabilities	\$4,785,534	\$4,495,214
Preferred Stock	67,144	67,144
Common Stock (All Elements)	581,858	457,158
Accumulated Other Comprehensive Income	(21,870)	(22,422)
Total Equity	\$627,132	\$501,880
Outstanding Common Shares	1,174,963	1,173,569
Tangible Book Value (TBV)	\$565,125	\$422,566
Tangible Common Equity (TCE)	\$497,981	\$355,422

NOT AUDITED

PERFORMANCE METRICS	2024	2023
Return on Average Assets	2.54%	1.16%
Return on Average Equity	23.12%	12.20%
Efficiency Ratio	41.91%	51.96%
Community Bank Leverage Ratio	11.81%	9.56%
Earnings Per Share	\$109.20	\$47.79
Tangible Book Value Per Common Share	\$480.97	\$360.07
Tangible Common Equity Per Common Share	\$423.83	\$302.86



Common Stock Transaction Metrics at Year End

	2024	2023	2022	2021	2020	2019	2018
Trading Price per Share (Average of Last 10 Transactions)	\$531	\$672	\$613	\$405	\$335	\$313	\$300
Tangible Common Equity (TCE) per Share	\$424	\$303	\$254	\$229	\$188	\$150	\$136
Multiple of Trading Price to TCE per Share	1.25	2.22	2.42	1.77	1.78	2.09	2.21

2024 Choice Shareholder Statistics

As of 12/31/2024

549
Total
Shareholders

97
Employee
Shareholders

15
New
Shareholders

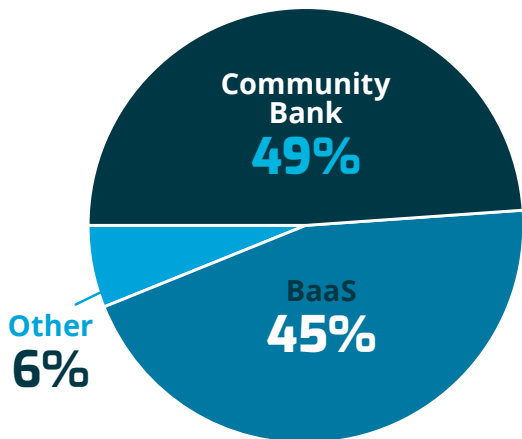
1,174,963
Outstanding
Common Shares

5,221
Shares Changed
Hands

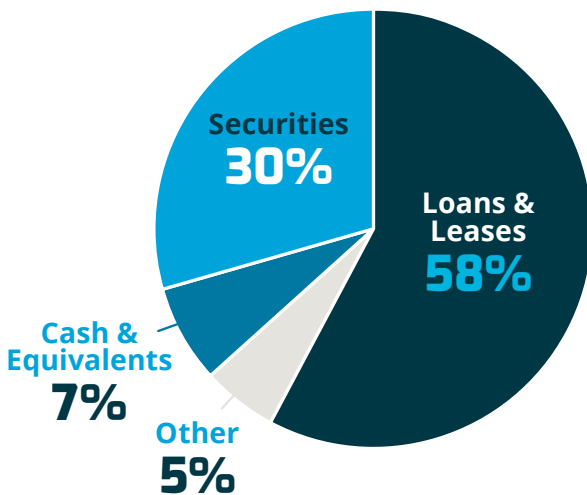
\$540
Average
Per/Share Price

2024 Financial Highlights *(Continued)*

Deposit Balance Composition

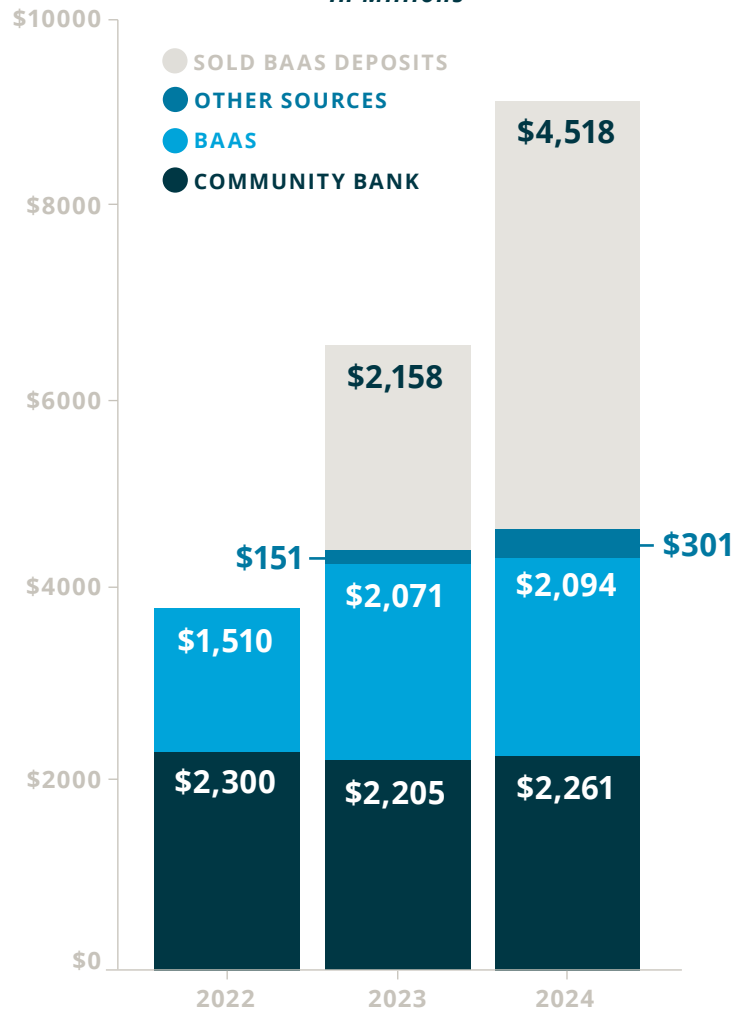


Asset Portfolio



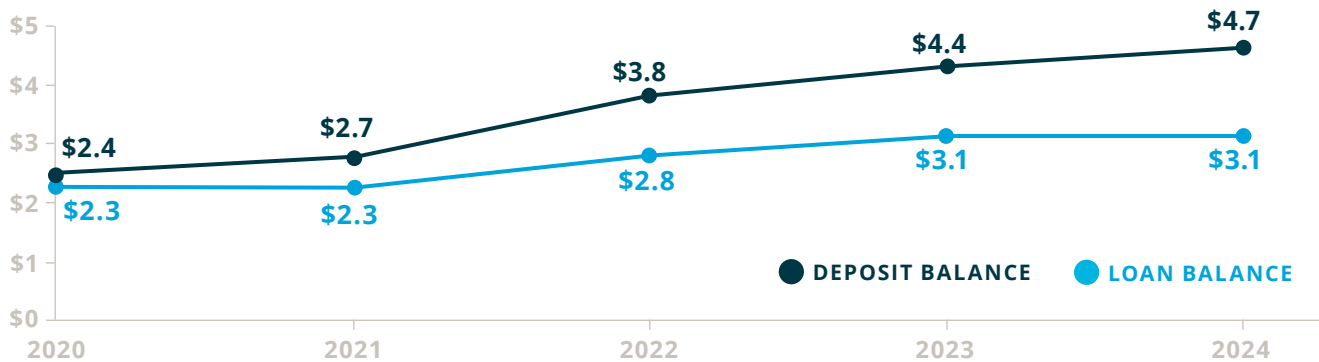
Total Deposits

In Millions



Total Deposit & Loan Balances

In Billions

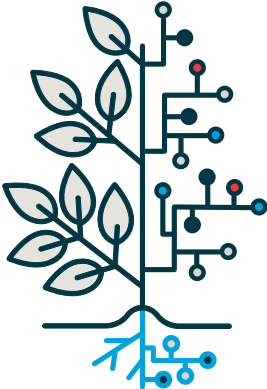


Building a Stronger Bank

Adopting a hybrid banking model allows Choice to innovate and grow by leveraging shared infrastructure for community banking and BaaS. This approach enhances financial stability, competitiveness, and growth; while reducing costs, diversifying revenue, and expanding the customer base. It also improves customer experience, provides a competitive edge, and strengthens the balance sheet.

What is a Hybrid Bank?

Community Bank
Physical Branches
Community-Based Banking



Banking as a Service (BaaS)
Digital/Cloud-Based Banking
Fintech Customers

The Shared Roots
Shared Leadership
Shared Risk Management
Shared Infrastructure and Technology



Choice Bank has its roots in rural, agricultural communities, where customer loyalty runs deep. The Hybrid Banking model creates incremental funding that helps to meet the needs of the bank.



Customers increasingly adopt and leverage technology when conducting their financial business. Hybrid Banking strategically explores both existing branch and branchless customer acquisition and service models while expanding focus on financial technology.



The Hybrid Banking model enables us to pursue new customers without large marketing expense. While Choice may not outpace *Too Big To Fail* banks in marketing to new customers, the Hybrid Bank community is closely connected and reasonably small, making reach far easier than the traditional model.



Historically, our bank has heavily relied on local deposits coupled with lending, reaching 95%-105% of deposits. We take pride in supporting our communities, particularly in business and agriculture, and Hybrid Banking deposits have helped create a stronger balance sheet, enhancing our liquidity and strategic options.



Lauris Molbert

CHAIR OF THE BOARD

As you learned in the report from our CEO, Brian Johnson, Choice Bank had a remarkable year financially considering the many investments made in employees, technology, and process improvements that will provide returns for years to come. I would like to share with you the significant progress that Choice Bank has made over the last year in strengthening governance, improving risk management, and addressing strategic priorities.

STRATEGY OF HYBRID BANKING

We remain committed to a strategy we call "hybrid banking." Through hybrid banking, we combine our traditional and strong community bank with the opportunities that come from providing banking services to fintech and other non-bank firms, often referred to as Banking as a Service (BaaS).

Our hybrid banking strategy means a continued strong emphasis on community banking, which is a focus on individuals, businesses, and organizations in our communities and providing access to tailored banking services through personalized customer service, local decision-making, and lending decisions that support the community. We call this "People First, Banking Second." Through our BaaS relationships, we can leverage our community banking offerings with enhanced digital platforms and provide access to a stronger balance sheet to support our lending and other banking activities at our community bank.

Our commitment to hybrid banking also reflects our intention to be relevant in the future of banking as the banking industry transforms by leveraging technologies, and as customers increasingly look to access banking services that are less generic in nature and more in tune with their specific needs.

EXECUTION OF STRATEGIC PRIORITIES

I am incredibly proud of our management and team members' performance and their execution of strategic priorities this past year. Through their extra efforts and smart work, great progress has been made on our strategic priorities, including:

Consent Order on BSA Compliance

As you know, in December of 2023, we entered into a consent order with our bank regulators to address and improve our compliance with the Bank Secrecy Act (BSA), which was in large part related to our BaaS activities. The consent order remains a critical area of focus for us, and we have dedicated substantial resources to meeting regulatory expectations, strengthening our internal controls, and reinforcing a culture of compliance across the organization. I am pleased to report that we have made significant progress in addressing our obligations under the order, and we remain committed to working collaboratively with regulators to resolve outstanding matters efficiently and effectively.

Capital Strategy/Insurance Agency Sale

We suspended dividends to our shareholders in 2024 to preserve capital and maintain a strong balance sheet given our rapid growth. Our conservative approach to capital preservation is consistent with, and based upon, our focus on growth and long-term opportunities.

To allow us to focus more intently on our core banking business and unlocking value for our shareholders, we decided in 2024 to sell the insurance agency that had been built over the years through organic growth and acquisitions. We were able to close a successful sale of our insurance agency in the third quarter of 2024. While we no longer own the insurance agency,

we continue to offer the same insurance services and products to our customers at Choice Bank in partnership with the new owner of the agency.

The sale of the insurance agency generated significant additional capital. As a result, the Board elected to resume payment of dividends late last year. We continue our desire to maintain a strong balance sheet and access to capital, and will continue to monitor and make quarterly decisions of whether to declare dividends given prevailing conditions and future opportunities.

Nomination of Members to the Board of Directors

The Board of Directors remains steadfast in its commitment to governance, oversight, accountability, and ensuring long-term value creation for our shareholders.

A key highlight of our governance enhancement efforts has been the nomination of three new Board members, each bringing deep expertise in banking, risk management, and executive leadership within large banking institutions. Their experience in the C-suite and navigating complex regulatory environments will strengthen the Board's ability to oversee management and ensure best-in-class governance practices. We are confident that their insights and leadership will contribute meaningfully to our institution's strategic direction and risk management framework.

Retirement of Board Members

At the same time we add new members to our Board of Directors, we want to recognize the retirement of three long-term members of our Board who elected not to seek another term on the Board. Directors Rodger Johnson, Clay Swanson, and Michael Zenk

have been invaluable in building Choice Bank through periods of growth and transformation. In fact, Rodger and Clay were members of the original Board when Choice Bank was founded, and Michael became part of Choice Bank after the acquisition of the Twin Cities based Venture Bank. We deeply appreciate their efforts, many contributions, and wish them the very best.

WHAT'S AHEAD

Looking ahead, we expect changes in the financial institution regulatory landscape under the Trump Administration. Based on early indications, we expect the Administration will take steps to reduce regulatory burdens and streamline supervisory oversight. We also are mindful of the risks and changes that could occur in the economy, credit, and markets from the change in administrations, including the impacts of proposed tariffs, shifts in government payments, and fiscal policy in general.

On behalf of the Board, I would like to share our deep gratitude to our employees for their extra efforts and dedication to Choice Bank. And, to our Shareholders, we thank you for your trust and confidence in choosing Choice Bank and your support as we remain focused on building an organization well positioned for long-term success.

All my very best,



Board of Directors

Current Board of Directors

OUR BOARD OF DIRECTORS brings a wealth of knowledge and diverse perspectives from various organizations. Their backgrounds span both smaller, locally-owned and operated companies, as well as larger, widely-known corporations such as Best Buy, Cargill, Medtronic, and General Mills. Our board membership maintains strong representation from our Midwest region and North Dakota roots, as well as a growing national presence and a level of sophistication that matches the direction in which the company is headed.



Jason Bristow
MINNEAPOLIS, MN

Board Member Since 2023

Mr. Bristow is a retired executive who most recently was Senior Vice President of Finance at Medtronic, overseeing the global Treasury and Tax functions and serving as Chair of Medtronic's Finance Executive Committee. Prior to joining Medtronic, Mr. Bristow spent 11 years as Treasurer of Amazon.com, and held CFO roles at two privately-traded companies in the technology space. Mr. Bristow also serves on the Board of Directors of Lowestoft Town Football Club and on the Board of Advisors of C2FO.



Kristi Carlson
MINNEAPOLIS, MN

Board Member Since 2023

Ms. Carlson is Senior Vice President, Finance – Tax, Treasury and Internal Audit for Best Buy. Ms. Carlson is responsible for global, direct and indirect tax policy, planning, compliance, accounting, controversy and risk management. In addition, she provides leadership and strategic direction for the global Treasury capability and has responsibility for the company's Internal Audit function. Prior to joining Best Buy in 2008, Ms. Carlson held a variety of tax, legal and finance roles at Northwest Airlines, Inc.



Paymon Farazi
MINNEAPOLIS, MN

Board Member Since 2022

Mr. Farazi is President of Signify Health, a healthcare services division of CVS Health focused on driving the transition to value-based care. He has decades of experience leading product, operations, and strategic teams across multiple industries including banking software, agribusiness, and high tech. Previously, Mr. Farazi was the Chief Product Officer at OptumInsight, a division of UnitedHealth Group. Mr. Farazi also previously held roles at both Cargill and Dell.



Brian L. Johnson
GRAND FORKS, ND

Board Member Since 2006

Mr. Johnson is the President & CEO of Choice Bank. He joined Choice in 1999 and previously served as President of banking locations in Walhalla, ND, and Grand Forks, ND, as well as Chief Credit Officer for the organization. Mr. Johnson has led growth of the organization from a \$600 million dollar community bank to a financial services company with over \$5.4 billion in assets. He has extensive M&A experience, growth-oriented strategies, and is an inspiring leader.



Lauris Molbert
DELRAY BEACH, FL

Board Member Since 2016

Mr. Molbert is the former CEO of TMI Hospitality, Inc., which owned and managed approximately 200 hotels in 26 states with more than 4,500 team members. He retired after completing the sale of TMI in 2017. Prior to TMI Hospitality, Molbert served as the COO and EVP of Otter Tail Corporation (Nasdaq: OTTR). While at OTTR, Lauris led the diversification of the company from solely a vertically integrated electric utility into a diversified holding company through acquisition and organic growth. Mr. Molbert currently serves as Chair of the Board of Trustees of Sanford Health, one of the largest health systems in the United States with over 45,000 employees and operations in 26 states and 10 countries.



Candace Muggerud
BISMARCK, ND

Board Member Since 2016

Ms. Muggerud is CEO and Founding Partner of Kat and Company, a full-service marketing and advertising agency servicing clients nationally for 30 years. In addition, she is the co-founder of the GoodHealthTV and North Dakota Health Network narrowcast systems, and the Living Local app. Previously, Ms. Muggerud was President of US Bank Bismarck and Senior Vice President US Bank regional banking overseeing small business markets in ND and SD. Her current civic service includes board positions with the National Association of Community Health Representatives, Abused Adult Resource Center, and the ND Multi-Partner Health Consortium.



Marie Pillai
MINNEAPOLIS, MN

Board Member Since 2023

Ms. Pillai has over 30 years of experience delivering fiduciary oversight and bottom-line results. She retired in 2019 as the Vice President, Chief Investment Officer and Treasurer at General Mills, where she oversaw an \$11 billion retirement plan portfolio; as Global Treasurer, she managed the liquidity and cash management policy and optimized the capital structure for the company improving cost of capital and credit profile in the wake of several transformative acquisitions. Ms. Pillai also held leadership roles at Siemen and Procter & Gamble. Ms. Pillai serves on the boards of the Putnam Funds, St. Paul/Minneapolis Archdiocese, Senior Advisor to Hunter Street LP; and Bush Foundation Investment Committee.



George Wald
DICKINSON, ND

Board Member Since 2014

Mr. Wald is the former President and CEO, and Director of Great Plains National Bank (Dickinson, ND), where he served until the organization merged with Choice in 2014. He served as Market President of Choice's Dickinson and Belfield locations and regional manager of locations in LaMoure and Ellendale until his retirement in 2018. Mr. Wald has extensive banking and industry regulatory experience. He served as Chair, board member, and officer of North Dakota Bankers Association (NDBA) and NDBA Services, Inc.; Board member of the North Dakota Credit Review Board; and Committee for Director Selection for the Federal Reserve.



John Wernz
CORCORAN, MN

Board Member Since 2022

Mr. Wernz is the Executive Director at Datalign, a FinTech start up, and is an Entrepreneur-in-Residence at Great Hill Partners, a leading Private Equity firm, both located in Boston. He was previously the Chief Marketing and Growth Officer for Wealth Enhancement Group, a private equity funded firm specializing in a comprehensive, team-based approach to wealth management. He helped the firm grow from from \$2.5B in assets under management to over \$50B. He serves as a board advisor to several growing tech companies, is a board member of the Pinky Swear Foundation.

Board of Directors

Welcome to our New Directors



Cathy Nash
ORLANDO, FL

Ms. Nash is a proven executive with over 30 years of experience leading strategy development, regulatory implementation, growth and diversification to drive shareholder value. She was President and CEO of Citizens Republic Bancorp, a \$9.7B publicly-traded commercial bank located in Flint, MI. She led the organization through the economic crisis. She also served as the CEO of Woodforest National Bank in Texas, where she introduced commercial banking and asset-based lending, more than doubling bottom line results. Prior to Woodforest National Bank, Ms. Nash also held leadership roles at SunTrust Corporation and Bank of Boston. For many years, Ms. Nash served on the Texas Economic Development committee for Governor George Abbott, as well as the Community Bank Advisory group for the Dallas Federal Reserve. Additionally, she was approached by Florida State University Law School to develop a course for the Juris Master program at Florida State University around risk and compliance, which she has taught alongside her former Chief Legal Counsel since 2017.



Randy Bryan
INLET BEACH, FL

Mr. Bryan is an advisor and private investor for early-stage companies and financial services firms, focusing on go-to-market plans, capital-raising strategies and introductions to capital providers. With over 20 years of senior leadership experience in the financial services industry, he has held executive roles at IBERIABANK, including Chief Transformation Officer and Chief Risk Officer, contributing to its growth from \$10B to \$85B in assets. Previous to IBERIABANK, Mr. Bryan held leadership roles at First Southern Bancorp and Capital One Bank. Key in his Capital One accomplishments were the development and implementation of the company's industry leading Information-Based Strategy and the renegotiated sale and integration of Hibernia into Capital One following Hurricane Katrina.





Andrew Jackson
NAPLES, FL

Mr. Jackson is a results-driven leader in Audit and Risk Management, recognized for re-engineering audit and risk management functions. With extensive experience in high-quality assurance services, he has enabled effective governance, risk management, internal control, and regulatory compliance improvements. He is a seasoned executive with over four decades of experience, most recently in roles at Huntington National Bank, TCF Financial, and First Horizon National Corp. At Huntington National Bank, he served as EVP, Risk Analytics and Model Risk Director, leading Model Validation, Governance activities, GRC management and advanced data/risk analytics. As EVP & Chief Risk Officer at TCF Financial, he oversaw Enterprise Risk Management, identifying \$3.5 million in cost savings and improving governance practices. Mr. Jackson also held roles at American Express, General Motors, Chemical Banking Corp, and the Federal Reserve Bank of New York.

Farewell to Retiring Board Members

As we reflect on another year, we extend our deepest gratitude to our retiring board members: Rodger Johnson, Clay Swanson, and Michael Zenk. As original board members, Mr. Johnson and Mr. Swanson have dedicated nearly 30 years of service and steadfast commitment and have been instrumental in shaping the foundation and growth of Choice. Mr. Zenk joined the board in 2018 as the former president and co-founder of Venture Bank. His expertise and guidance were invaluable during a pivotal time of integration and expansion.



Rodger Johnson
GRAND FORKS, ND
Board Member Since 1994



Clay Swanson
HOOPLE, ND
Board Member Since 1994



Michael Zenk
MAPLE PLAIN, MN
Board Member Since 2018

Leadership Team

Oversight Guided By Valuable Insights



Travis Barkve

**CHIEF STRATEGY
OFFICER**

Golden Valley, MN
23 Years with Choice



Molly Cook

**CHIEF RISK
OFFICER**

Golden Valley, MN
4 Years with Choice



Dan Dvorak

**CHIEF LEGAL
COUNSEL**

Golden Valley, MN
1 Year with Choice



Barry Fife

**CHIEF CREDIT
OFFICER**

Bloomington, MN
1 Year with Choice



Tim Heilman

**CHIEF INNOVATION
OFFICER**

West Fargo, ND
20 Years with Choice



Tom Jasper

**CHIEF OPERATING
OFFICER**

Golden Valley, MN
1 Year with Choice



Brian L. Johnson

**CHIEF EXECUTIVE
OFFICER**

Grand Forks, ND
25 Years with Choice



Chris Kildahl

**CHIEF FINANCIAL
OFFICER**

Fargo, ND
10 Years with Choice



Jay Lies

**CHIEF BANKING
OFFICER**

Fargo, ND
4 Years with Choice



Samantha Rinas

**CHIEF HUMAN
RESOURCE OFFICER**

Grand Forks, ND
16 Years with Choice



Shikhar Singh

**CHIEF TECHNOLOGY
OFFICER**

Golden Valley, MN
3 Years with Choice



Keith Sjostrom

**CHIEF AUDIT
OFFICER**

Golden Valley, MN
3 Months with Choice

2024 Choice Footprints Recipients



Choice Footprints is our annual recognition and reward program that highlights the achievements of top-performing team members that leave lasting footprints on our organization's growth and prosperity. Team members nominate their peers for this prestigious award based on their PeopleFirst passion and values. The Footprints finalists embrace a positive can-do attitude, continuously strive for excellence, and serve as a model of our PeopleFirst promise. In 2024, 371 nominations were submitted.

LEFT TO RIGHT

Steven Ouellette
Fargo, ND

Amber Norton
Grand Forks, ND

Lysette Oster
Fargo, ND

Enrique Ocon
Virtual IL

Abby O'Brien
Golden Valley, MN

Mark Sand
Steele, ND

Justin Lieberg*
Virtual MN

Jamie Satrom*
Virtual ND

Jane Karczeuski*
Virtual ND

Sara Okeson
Grand Forks, ND

Amanda Carlson
Fargo, ND

Brandon Reems
Bismarck, ND

Angie Haugen
LaMoure, ND

Eswari Jampani
Virtual TX

*** INDICATES A FOOTPRINTS WINNER WHO HAS THE HONOR OF DRIVING A CHOICE VIP VEHICLE FOR A YEAR.

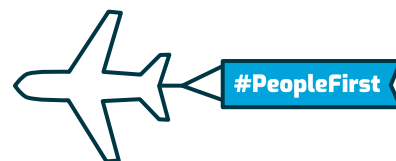


Brian Johnson announces the 2024 Choice Footprints Winners on stage at the 23rd Annual Choice Anniversary Party.



Brian Johnson reveals the "random" contestants on stage are actually the 2024 Choice Footprints Finalists during the 23rd Annual Choice Anniversary Party.

Community Impact



We believe that giving back to the communities we serve is not only a reflection of our core value, better the places we live, but also a vital part of who we are as an organization. Choice is dedicated to enhancing the quality of life and economic viability of families and businesses in the communities we serve. In addition, we continue to seek opportunities that specifically support our obligations as a financial institution to serve low-to-moderate income areas in our markets.

We are proud of the positive impact our community efforts have had. Through our annual fundraising events, charitable giving campaigns, and partnerships with programs that provide financial assistance in underserved markets, investing in our communities and bettering the places we live has always been our primary focus.



Hospice Fundraisers

Initially started in 2013 with humble beginnings in Fargo, our hospice fundraising efforts now involve hundreds of volunteers, dozens of organizations, and thousands of community members across the state. Together, we have raised over \$1,300,000 for the places we live.

SUPPORTING OUR COMMUNITIES THROUGH Affordable Housing Initiatives

CAG Minnesota Fund II

In partnership with 3 other banks, Choice funded \$8.5 million of a larger loan package to finance the refurbishment and operation portfolio of 283 single family dwellings located around Minneapolis / St. Paul. These homes will be sold to low- to moderate-income (LMI) first-time homebuyers.

Beyond Shelter

Through matching contributions of the Des Moines FHLB Community Impact Fund, Choice was able to fund \$200,000 to Beyond Shelter, which will serve as working capital to help deliver quality affordable housing projects throughout North Dakota.



In 2024, our employees gave **4,900** hours of **VOLUNTEER SERVICE**



Child Care Grant Program

There are 120,371 children needing care in ND, yet the licensed child care capacity statewide is only 36,529. Since 2021, Choice has granted nearly \$600,000 to 70 facilities to support stabilization and accessibility to child care throughout ND.

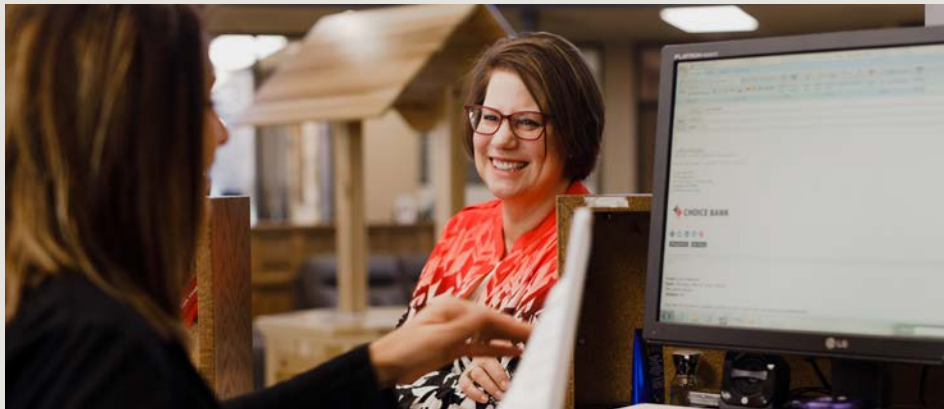
Wishing Well

In 2024, we granted 29 wishes across ND and MN. Some of these wishes include helping a rural senior meal program purchase more fresh food, purchasing new chainsaws for the Belfield Volunteer Fire Department, supporting a Minneapolis nursing home buy a bus to transport residents, and so much more!



75+

CHOICE BANK TEAM MEMBERS SERVING ON LOCAL BOARDS



#PeopleFirst

Consolidated Report of Income For the period January 1, 2025 — September 30, 2025

Schedule RI—Income Statement

	Dollar Amounts in Thousands		RIAD	Amount	
1. Interest income:					
a. Interest and fee income on loans:					
(1) Loans secured by real estate:					
(a) Loans secured by 1-4 family residential properties.....	4435	34,278			1.a.1.a.
(b) All other loans secured by real estate.....	4436	54,405			1.a.1.b.
(2) Commercial and industrial loans.....	4012	17,952			1.a.2.
(3) Loans to individuals for household, family, and other personal expenditures:					
(a) Credit cards.....	B485	0			1.a.3.a.
(b) Other (includes revolving credit plans other than credit cards, automobile loans, and other consumer loans).....	B486	3,832			1.a.3.b.
(4) Not applicable					
(5) All other loans (1).....	4058	8,790			1.a.5.
(6) Total interest and fee income on loans (sum of items 1.a.(1)(a) through 1.a.(5)).....	4010	119,257			1.a.6.
b. Income from lease financing receivables.....	4065	0			1.b.
c. Interest income on balances due from depository institutions (2).....	4115	2,830			1.c.
d. Interest and dividend income on securities:					
(1) U.S. Treasury securities and U.S. Government agency obligations (excluding mortgage-backed securities).....	B488	368			1.d.1.
(2) Mortgage-backed securities.....	B489	8,667			1.d.2.
(3) All other securities (includes securities issued by states and political subdivisions in the U.S.).....	4060	4,277			1.d.3.
e. Not applicable					
f. Interest income on federal funds sold and securities purchased under agreements to resell.....	4020	0			1.f.
g. Other interest income.....	4518	1,458			1.g.
h. Total interest income (sum of items 1.a.(6) through 1.g.).....	4107	136,857			1.h.
2. Interest expense:					
a. Interest on deposits:					
(1) Transaction accounts (interest-bearing demand deposits, NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts).....	4508	8,022			2.a.1.
(2) Nontransaction accounts:					
(a) Savings deposits (includes MMDAs).....	0093	10,469			2.a.2.a.
(b) Time deposits of \$250,000 or less.....	HK03	14,550			2.a.2.b.
(c) Time deposits of more than \$250,000.....	HK04	4,845			2.a.2.c.
b. Expense of federal funds purchased and securities sold under agreements to repurchase.....	4180	13			2.b.
c. Interest on trading liabilities and other borrowed money.....	4185	3,382			2.c.
d. Interest on subordinated notes and debentures.....	4200	0			2.d.
e. Total interest expense (sum of items 2.a through 2.d.).....	4073	41,281			2.e.
3. Net interest income (item 1.h minus 2.e.).....	4074	95,576			3.
4. Provisions for credit losses (3).....	JJ33	7,150			4.

1 Includes interest and fee income on "Loans to depository institutions and acceptances of other banks," "Loans to finance agricultural production and other loans to farmers," "Obligations (other than securities and leases) of states and political subdivisions in the U.S.," and "Loans to nondepository financial institutions and other loans."

2 Includes interest income on time certificates of deposit not held for trading.

3 Institutions should report in item 4 the provisions for credit losses on all financial assets and off-balance-sheet credit exposures.

Schedule RI—Continued

	Dollar Amounts in Thousands		Year-to-date		
			RIAD	Amount	
5. Noninterest income:					
a. Income from fiduciary activities (1).....	4070	2,258			5.a.
b. Service charges on deposit accounts.....	4080	2,880			5.b.
c. Trading revenue.....	A220	0			5.c.
d. Income from securities-related and insurance activities:					
(1) Fees and commissions from securities brokerage.....	C886	3,894			5.d.1.
(2) Investment banking, advisory, and underwriting fees and commissions.....	C888	0			5.d.2.
(3) Fees and commissions from annuity sales.....	C887	2,460			5.d.3.
(4) Underwriting income from insurance and reinsurance activities.....	C386	0			5.d.4.
(5) Income from other insurance activities.....	C387	177			5.d.5.
e. Venture capital revenue.....	B491	0			5.e.
f. Net servicing fees.....	B492	1,804			5.f.
g. Net securitization income.....	B493	0			5.g.
h. Not applicable					
i. Net gains (losses) on sales of loans and leases.....	5416	1,207			5.i.
j. Net gains (losses) on sales of other real estate owned.....	5415	132			5.j.
k. Net gains (losses) on sales of other assets (2).....	B496	(161)			5.k.
l. Other noninterest income*.....	B497	5,645			5.l.
m. Total noninterest income (sum of items 5.a through 5.l).....	4079	20,296			5.m.
6. a. Realized gains (losses) on held-to-maturity securities.....	3521	0			6.a.
b. Realized gains (losses) on available-for-sale debt securities.....	3196	9			6.b.
7. Noninterest expense:					
a. Salaries and employee benefits.....	4135	39,954			7.a.
b. Expenses of premises and fixed assets (net of rental income) (excluding salaries and employee benefits and mortgage interest).....	4217	5,014			7.b.
c. (1) Goodwill impairment losses.....	C216	0			7.c.1.
(2) Amortization expense and impairment losses for other intangible assets.....	C232	761			7.c.2.
d. Other noninterest expense*.....	4092	21,586			7.d.
e. Total noninterest expense (sum of items 7.a through 7.d).....	4093	67,315			7.e.
8. a. Income (loss) before change in net unrealized holding gains (losses) on equity securities not held for trading, applicable income taxes, and discontinued operations (item 3 plus or minus items 4, 5.m, 6.a, 6.b, and 7.e).....	HT69	41,416			8.a.
b. Change in net unrealized holding gains (losses) on equity securities not held for trading (3).....	HT70	(50)			8.b.
c. Income (loss) before applicable income taxes and discontinued operations (sum of items 8.a and 8.b).....	4301	41,366			8.c.
9. Applicable income taxes (on item 8.c).....	4302	3,709			9.
10. Income (loss) before discontinued operations (item 8.c minus item 9).....	4300	37,657			10.
11. Discontinued operations, net of applicable income taxes*.....	FT28	0			11.
12. Net income (loss) attributable to bank and noncontrolling (minority) interests (sum of items 10 and 11).....	G104	37,657			12.
13. LESS: Net income (loss) attributable to noncontrolling (minority) interests (if net income, report as a positive value; if net loss, report as a negative value).....	G103	0			13.
14. Net income (loss) attributable to bank (item 12 minus item 13).....	4340	37,657			14.

* Describe on Schedule RI-E - Explanations

1 For banks required to complete Schedule RC-T, items 14 through 22, income from fiduciary activities reported in Schedule RI, item 5.a, must equal the amount reported in Schedule RC-T, item 22.

2 Exclude net gains (losses) on sales of trading assets and held-to-maturity and available-for-sale debt securities.

3 Item 8.b is to be completed by all institutions. See the instructions for this item and the Glossary entry for "Securities Activities" for further detail on accounting for investments in equity securities.

Schedule RI—Continued

Memoranda

	Year-to-date		
	RIAD	Amount	
Dollar Amounts in Thousands			
1. Interest expense incurred to carry tax-exempt securities, loans, and leases acquired after August 7, 1986, that is not deductible for federal income tax purposes.....	RIAD	Amount	
	4513	0	M.1.
<i>Memorandum item 2 is to be completed by banks with \$1 billion or more in total assets ¹</i>			
2. Income from the sale and servicing of mutual funds and annuities (included in Schedule RI, item 8).....	8431	6,354	M.2.
3. Income on tax-exempt loans and leases to states and political subdivisions in the U.S. (included in Schedule RI, items 1.a and 1.b).....	4313	1,479	M.3.
4. Income on tax-exempt securities issued by states and political subdivisions in the U.S. (included in Schedule RI, item 1.d.(3)).....	4507	4,272	M.4.
5. Number of full-time equivalent employees at end of current period (round to the nearest whole number).....		Number	
	4150	445	M.5.
<i>Memorandum item 6 is to be completed by:</i> <ul style="list-style-type: none"> • banks with \$300 million or more in total assets, and • banks with less than \$300 million in total assets that have loans to finance agricultural production and other loans to farmers (Schedule RC-C, Part I, item 3) exceeding 5 percent of total loans 			
6. Interest and fee income on loans to finance agricultural production and other loans to farmers (included in Schedule RI, item 1.a.(5)).....	RIAD	Amount	
	4024	6,919	M.6.
7. If the reporting institution has applied pushdown accounting this calendar year, report the date of the institution's acquisition (see instructions) (2).....	RIAD	Date	
	9106	00000000	M.7.
8. Not applicable			
<i>Memorandum items 9.a and 9.b are to be completed by banks with \$10 billion or more in total assets ¹</i>			
9. Net gains (losses) recognized in earnings on credit derivatives that economically hedge credit exposures held outside the trading account:			
a. Net gains (losses) on credit derivatives held for trading.....	C889	NR	M.9.a.
b. Net gains (losses) on credit derivatives held for purposes other than trading.....	C890	NR	M.9.b.
<i>Memorandum item 10 is to be completed by banks with \$300 million or more in total assets ¹</i>			
10. Credit losses on derivatives (see instructions).....	A251	0	M.10.
11. Does the reporting bank have a Subchapter S election in effect for federal income tax purposes for the current tax year?.....	RIAD	YES / NO	
	A530	YES	M.11.
12. Not applicable			

¹ The asset-size tests and the 5 percent of total loans test are based on the total assets and total loans reported on the June 30, 2024, Report of Condition.

² Report the date in YYYYMMDD format. For example, a bank acquired on March 1, 2025, would report 20250301.

Schedule RI—Continued

Memoranda—Continued

	Year-to-date		
	RIAD	Amount	
Dollar Amounts in Thousands			
<i>Memorandum item 13 is to be completed by banks that have elected to account for assets and liabilities under a fair value option.</i>			
13. Net gains (losses) recognized in earnings on assets and liabilities that are reported at fair value under a fair value option:			
a. Net gains (losses) on assets.....	F551	NR	M.13.a.
(1) Estimated net gains (losses) on loans attributable to changes in instrument-specific credit risk.....	F552	NR	M.13.a.1.
b. Net gains (losses) on liabilities.....	F553	NR	M.13.b.
(1) Estimated net gains (losses) on liabilities attributable to changes in instrument-specific credit risk.....	F554	NR	M.13.b.1.
14. Not applicable			
<i>Memorandum item 15 is to be completed by institutions with \$1 billion or more in total assets¹ that answered "Yes" to Schedule RC-E, Memorandum item 5.</i>			
15. Components of service charges on deposit accounts (sum of Memorandum items 15.a through 15.d must equal Schedule RI, item 5.b):			
a. Consumer overdraft-related service charges levied on those transaction account and nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use.....	H032	1,457	M.15.a.
b. Consumer account periodic maintenance charges levied on those transaction account and nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use.....	H033	43	M.15.b.
c. Consumer customer automated teller machine (ATM) fees levied on those transaction account and nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use.....	H034	0	M.15.c.
d. All other service charges on deposit accounts.....	H035	1,380	M.15.d.

¹ The \$1 billion asset-size test is based on the total assets reported on the June 30, 2024, Report of Condition.

Schedule RI-A—Changes in Bank Equity CapitalFFIEC 041
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RI-5

Dollar Amounts in Thousands		RIAD	Amount	
1. Total bank equity capital most recently reported for the December 31, 2024, Reports of Condition and Income (i.e., after adjustments from amended Reports of Income).....		3217	347,960	1.
2. Cumulative effect of changes in accounting principles and corrections of material accounting errors*	B507		0	2.
3. Balance end of previous calendar year as restated (sum of items 1 and 2).....	B508		347,960	3.
4. Net income (loss) attributable to bank (must equal Schedule RI, item 14).....	4340		37,657	4.
5. Sale, conversion, acquisition, or retirement of capital stock, net (excluding treasury stock transactions).....	B509		0	5.
6. Treasury stock transactions, net.....	B510		0	6.
7. Changes incident to business combinations, net.....	4356		0	7.
8. LESS: Cash dividends declared on preferred stock.....	4470		0	8.
9. LESS: Cash dividends declared on common stock.....	4460		17,524	9.
10. Other comprehensive income (1).....	B511		31,452	10.
11. Other transactions with stockholders (including a parent holding company)* (not included in items 5, 6, 8, or 9 above).....	4415		0	11.
12. Total bank equity capital end of current period (sum of items 3 through 11) (must equal Schedule RC, item 27.a).....	3210		399,545	12.

* Describe on Schedule RI-E—Explanations.

1 Includes, but is not limited to, changes in net unrealized holding gains (losses) on available-for-sale debt securities, changes in accumulated net gains (losses) on cash flow hedges, and pension and other postretirement plan-related changes other than net periodic benefit cost.

Consolidated Report of Condition for Insured Banks and Savings Associations for September 30, 2025

All schedules are to be reported in thousands of dollars. Unless otherwise indicated, report the amount outstanding as of the last business day of the quarter.

Schedule RC—Balance Sheet

		Dollar Amounts in Thousands	RCON	Amount	
Assets					
1. Cash and balances due from depository institutions (from Schedule RC-A):					
a. Noninterest-bearing balances and currency and coin (1)			0081	40,358	1.a.
b. Interest-bearing balances (2)			0071	97,397	1.b.
2. Securities:					
a. Held-to-maturity securities (from Schedule RC-B, column A) (3)			JJ34	0	2.a.
b. Available-for-sale debt securities (from Schedule RC-B, column D)			1773	700,628	2.b.
c. Equity securities with readily determinable fair values not held for trading (4)			JA22	304	2.c.
3. Federal funds sold and securities purchased under agreements to resell:					
a. Federal funds sold			B987	0	3.a.
b. Securities purchased under agreements to resell (5,6)			B989	0	3.b.
4. Loans and lease financing receivables (from Schedule RC-C):					
a. Loans and leases held for sale			5369	7,494	4.a.
b. Loans and leases held for investment	B528	2,516,122			4.b.
c. LESS: Allowance for credit losses on loans and leases	3123	39,003			4.c.
d. Loans and leases held for investment, net of allowance (item 4.b minus 4.c)			B529	2,477,119	4.d.
5. Trading assets (from Schedule RC-D)			3545	0	5.
6. Premises and fixed assets (including right-of-use assets)			2145	39,129	6.
7. Other real estate owned (from Schedule RC-M)			2150	64	7.
8. Investments in unconsolidated subsidiaries and associated companies			2130	0	8.
9. Direct and indirect investments in real estate ventures			3656	0	9.
10. Intangible assets (from Schedule RC-M)			2143	145,691	10.
11. Other assets (from Schedule RC-F) (6)			2160	96,200	11.
12. Total assets (sum of items 1 through 11)			2170	3,604,384	12.
Liabilities					
13. Deposits:					
a. In domestic offices (sum of totals of columns A and C from Schedule RC-E)			2200	3,077,111	13.a.
(1) Noninterest-bearing (7)	6631	735,900			13.a.1.
(2) Interest-bearing	6636	2,341,211			13.a.2.
b. Not applicable					
14. Federal funds purchased and securities sold under agreements to repurchase:					
a. Federal funds purchased (8)			B993	0	14.a.
b. Securities sold under agreements to repurchase (9)			B995	16,844	14.b.
15. Trading liabilities (from Schedule RC-D)			3548	0	15.
16. Other borrowed money (includes mortgage indebtedness) (from Schedule RC-M)			3190	83,544	16.
17. and 18. Not applicable					
19. Subordinated notes and debentures (10)			3200	0	19.

1 Includes cash items in process of collection and unposted debits.
 2 Includes time certificates of deposit not held for trading.
 3 Institutions should report in item 2.a amounts net of any applicable allowance for credit losses, and item 2.a should equal Schedule RC-B, item 8, column A, less Schedule RI-B, Part II, item 7, column B.
 4 Item 2.c is to be completed by all institutions. See the instructions for this item and the Glossary entry for "Securities Activities" for further detail on accounting for investments in equity securities.
 5 Includes all securities resale agreements, regardless of maturity.
 6 Institutions should report in items 3.b and 11 amounts net of any applicable allowance for credit losses.
 7 Includes noninterest-bearing, demand, time, and savings deposits.
 8 Report overnight Federal Home Loan Bank advances in Schedule RC, item 16, "Other borrowed money."
 9 Includes all securities repurchase agreements, regardless of maturity.
 10 Includes limited-life preferred stock and related surplus.

Schedule RC—Continued

	Dollar Amounts in Thousands		RCON	Amount
Liabilities—continued				
20. Other liabilities (from Schedule RC-G).....	2930	27,340		20.
21. Total liabilities (sum of items 13 through 20).....	2948	3,204,839		21.
22. Not applicable				
Equity Capital				
Bank Equity Capital				
23. Perpetual preferred stock and related surplus.....	3838	0		23.
24. Common stock.....	3230	290		24.
25. Surplus (excludes all surplus related to preferred stock).....	3839	348,538		25.
26. a. Retained earnings.....	3632	113,249		26.a.
b. Accumulated other comprehensive income (1).....	B530	(62,532)		26.b.
c. Other equity capital components (2).....	A130	0		26.c.
27. a. Total bank equity capital (sum of items 23 through 26.c).....	3210	399,545		27.a.
b. Noncontrolling (minority) interests in consolidated subsidiaries.....	3000	0		27.b.
28. Total equity capital (sum of items 27.a and 27.b).....	G105	399,545		28.
29. Total liabilities and equity capital (sum of items 21 and 28).....	3300	3,604,384		29.

Memoranda

To be reported with the March Report of Condition.

1. Indicate in the box at the right the number of the statement below that best describes the most comprehensive level of auditing work performed for the bank by independent external auditors as of any date during 2024.....

RCON	Number
6724	NR

M.1.

- 1a = An integrated audit of the reporting institution's financial statements and its internal control over financial reporting conducted in accordance with the standards of the American Institute of Certified Public Accountants (AICPA) or the Public Company Accounting Oversight Board (PCAOB) by an independent public accountant that submits a report on the institution
- 1b = An audit of the reporting institution's financial statements only conducted in accordance with the auditing standards of the AICPA or the PCAOB by an independent public accountant that submits a report on the institution
- 2a = An integrated audit of the reporting institution's parent holding company's consolidated financial statements and its internal control over financial reporting conducted in accordance with the standards of the AICPA or the PCAOB by an independent public accountant that submits a report on the consolidated holding company (but not on the institution separately)
- 2b = An audit of the reporting institution's parent holding company's consolidated financial statements only conducted in accordance with the auditing standards of the AICPA or the PCAOB by an independent public accountant that submits a report on the consolidated holding company (but not on the institution separately)
- 3 = This number is not to be used
- 4 = Directors' examination of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm (may be required by state-chartering authority)
- 5 = Directors' examination of the bank performed by other external auditors (may be required by state-chartering authority)
- 6 = Review of the bank's financial statements by external auditors
- 7 = Compilation of the bank's financial statements by external auditors
- 8 = Other audit procedures (excluding tax preparation work)
- 9 = No external audit work

To be reported with the March Report of Condition.

2. Bank's fiscal year-end date (report the date in MMDD format).....

RCON	Date
8678	NR

M.2.

1 Includes, but is not limited to, net unrealized holding gains (losses) on available-for-sale securities, accumulated net gains (losses) on cash flow hedges, and accumulated defined benefit pension and other postretirement plan adjustments.
2 Includes treasury stock and unearned Employee Stock Ownership Plan shares.

OLD NATIONAL BANCORP
CONSOLIDATED BALANCE SHEETS

(dollars and shares in thousands, except per share data)	December 31,	
	2024	2023
Assets		
Cash and due from banks	\$ 394,450	\$ 430,866
Money market and other interest-earning investments	833,518	744,192
Total cash and cash equivalents	1,227,968	1,175,058
Equity securities, at fair value	91,996	80,372
Investment securities - available-for-sale, at fair value (amortized cost \$8,480,508 and \$7,684,889, respectively)	7,458,459	6,713,055
Investment securities - held-to-maturity, at amortized cost (fair value \$2,471,138 and \$2,601,188, respectively)	2,954,881	3,013,493
Federal Home Loan Bank/Federal Reserve Bank stock, at cost	378,705	365,588
Loans held-for-sale, at fair value	34,483	32,006
Loans:		
Commercial	10,288,560	9,512,230
Commercial real estate	16,307,486	14,140,629
Residential real estate	6,797,586	6,699,443
Consumer	2,892,255	2,639,625
Total loans, net of unearned income	36,285,887	32,991,927
Allowance for credit losses on loans	(392,522)	(307,610)
Net loans	35,893,365	32,684,317
Premises and equipment, net	588,970	565,396
Goodwill	2,175,251	1,998,716
Other intangible assets	120,847	102,250
Company-owned life insurance	859,851	767,902
Accrued interest receivable and other assets	1,767,496	1,591,683
Total assets	\$ 53,552,272	\$ 49,089,836
Liabilities		
Deposits:		
Noninterest-bearing demand	\$ 9,399,019	\$ 9,664,247
Interest-bearing:		
Checking and NOW	8,040,331	7,331,487
Savings	4,753,279	5,099,186
Money market	11,875,192	9,561,116
Time deposits	6,755,739	5,579,144
Total deposits	40,823,560	37,235,180
Federal funds purchased and interbank borrowings	385	390
Securities sold under agreements to repurchase	268,975	285,206
Federal Home Loan Bank advances	4,452,559	4,280,681
Other borrowings	689,618	764,870
Accrued expenses and other liabilities	976,825	960,609
Total liabilities	47,211,922	43,526,936
Commitments and contingencies (Note 20)		
Shareholders' Equity		
Preferred stock, 2,000 shares authorized, 231 shares issued and outstanding	230,500	230,500
Common stock, no par value, \$1.00 per share stated value, 600,000 shares authorized, 318,980 and 292,655 shares issued and outstanding, respectively	318,980	292,655
Capital surplus	4,570,865	4,159,924
Retained earnings	1,966,048	1,618,630
Accumulated other comprehensive income (loss), net of tax	(746,043)	(738,809)
Total shareholders' equity	6,340,350	5,562,900
Total liabilities and shareholders' equity	\$ 53,552,272	\$ 49,089,836

The accompanying notes to consolidated financial statements are an integral part of these statements.

OLD NATIONAL BANCORP
CONSOLIDATED STATEMENTS OF INCOME

(dollars and shares in thousands, except per share data)	Years Ended December 31,		
	2024	2023	2022
Interest Income			
Loans including fees:			
Taxable	\$ 2,139,437	\$ 1,815,390	\$ 1,177,816
Nontaxable	50,517	44,687	25,931
Investment securities:			
Taxable	323,703	263,210	204,004
Nontaxable	42,159	43,851	43,637
Money market and other interest-earning investments	45,835	39,683	2,814
Total interest income	2,601,651	2,206,821	1,454,202
Interest Expense			
Deposits	846,262	484,360	49,093
Federal funds purchased and interbank borrowings	3,262	11,412	5,021
Securities sold under agreements to repurchase	2,752	3,299	843
Federal Home Loan Bank advances	177,317	161,860	51,524
Other borrowings	41,275	42,737	19,785
Total interest expense	1,070,868	703,668	126,266
Net interest income	1,530,783	1,503,153	1,327,936
Provision for credit losses	110,619	58,887	144,799
Net interest income after provision for credit losses	1,420,164	1,444,266	1,183,137
Noninterest Income			
Wealth and investment services fees	116,791	107,784	100,851
Service charges on deposit accounts	78,175	71,945	72,501
Debit card and ATM fees	43,400	42,153	40,227
Mortgage banking revenue	26,237	16,319	23,015
Capital markets income	20,299	24,419	25,986
Company-owned life insurance	20,987	15,397	14,564
Debt securities gains (losses), net	(212)	(6,265)	(88)
Gain on sale of Visa Class B restricted shares	—	21,635	—
Gain on sale of health savings accounts	—	—	90,673
Other income	49,020	39,955	32,050
Total noninterest income	354,697	333,342	399,779
Noninterest Expense			
Salaries and employee benefits	603,095	546,364	575,626
Occupancy	110,429	106,676	100,421
Equipment	36,588	32,163	27,637
Marketing	45,607	39,511	32,264
Technology	88,797	80,343	84,865
Communication	17,337	16,980	18,846
Professional fees	35,291	27,335	39,046
FDIC assessment	44,681	56,730	19,332
Amortization of intangibles	27,528	24,155	25,857
Amortization of tax credit investments	13,329	15,367	10,961
Property optimization	—	1,559	26,818
Other expense	71,741	79,123	76,510
Total noninterest expense	1,094,423	1,026,306	1,038,183
Income before income taxes	680,438	751,302	544,733
Income tax expense	141,250	169,310	116,446
Net income	539,188	581,992	428,287
Preferred dividends	(16,135)	(16,135)	(14,118)
Net income applicable to common shareholders	\$ 523,053	\$ 565,857	\$ 414,169
Net income per common share - basic	\$ 1.69	\$ 1.95	\$ 1.51
Net income per common share - diluted	1.68	1.94	1.50
Weighted average number of common shares outstanding - basic	309,499	290,748	275,179
Weighted average number of common shares outstanding - diluted	311,001	291,855	276,688
Dividends per common share	\$ 0.56	\$ 0.56	\$ 0.56

The accompanying notes to consolidated financial statements are an integral part of these statements.

OLD NATIONAL BANCORP
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(dollars in thousands)	Years Ended December 31,		
	2024	2023	2022
Net income	\$ 539,188	\$ 581,992	\$ 428,287
Other comprehensive income (loss):			
Change in debt securities available-for-sale:			
Unrealized holding gains (losses) for the period	(21,205)	(31,355)	(1,004,054)
Reclassification for securities transferred to held-to-maturity	—	—	165,473
Reclassification adjustment for securities (gains) losses realized in income	212	6,265	88
Income tax effect	5,448	14,918	199,097
Unrealized gains (losses) on available-for-sale debt securities	(15,545)	(10,172)	(639,396)
Change in securities held-to-maturity:			
Adjustment for securities transferred from available-for-sale	—	—	(165,473)
Amortization of unrealized losses on securities transferred from available-for-sale	17,664	21,239	16,612
Income tax effect	(4,486)	(4,047)	36,197
Changes from securities held-to-maturity	13,178	17,192	(112,664)
Change in hedges:			
Net unrealized derivative gains (losses) on hedges	(24,192)	69,276	(45,132)
Reclassification adjustment for (gains) losses realized in net income	17,628	(15,067)	2,587
Income tax effect	1,697	(13,479)	10,453
Changes from hedges	(4,867)	40,730	(32,092)
Change in defined benefit pension plans:			
Amortization of net (gains) losses recognized in income	—	(182)	139
Income tax effect	—	45	(34)
Changes from defined benefit pension plans	—	(137)	105
Other comprehensive income (loss), net of tax	(7,234)	47,613	(784,047)
Comprehensive income (loss)	\$ 531,954	\$ 629,605	\$ (355,760)

The accompanying notes to consolidated financial statements are an integral part of these statements.

OLD NATIONAL BANCORP
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(dollars in thousands, except per share data)	Preferred Stock	Common Stock	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance, December 31, 2021	\$ —	\$ 165,838	\$ 1,880,545	\$ 968,010	\$ (2,375)	\$ 3,012,018
Net income	—	—	—	428,287	—	428,287
Other comprehensive income (loss)	—	—	—	—	(784,047)	(784,047)
First Midwest Bancorp, Inc. merger:						
Issuance of common stock	—	129,365	2,316,947	—	—	2,446,312
Issuance of preferred stock, net of issuance costs	230,500	—	13,219	—	—	243,719
Cash dividends:						
Common (\$0.56 per share)	—	—	—	(163,505)	—	(163,505)
Preferred (\$61.25 per share)	—	—	—	(14,118)	—	(14,118)
Common stock issued	—	52	757	—	—	809
Common stock repurchased	—	(3,960)	(67,222)	—	—	(71,182)
Share-based compensation expense	—	—	28,656	—	—	28,656
Stock activity under incentive compensation plans	—	1,608	1,363	(1,325)	—	1,646
Balance, December 31, 2022	230,500	292,903	4,174,265	1,217,349	(786,422)	5,128,595
Net income	—	—	—	581,992	—	581,992
Other comprehensive income (loss)	—	—	—	—	47,613	47,613
Cash dividends:						
Common (\$0.56 per share)	—	—	—	(163,895)	—	(163,895)
Preferred (\$70.00 per share)	—	—	—	(16,135)	—	(16,135)
Common stock issued	—	75	1,001	—	—	1,076
Common stock repurchased	—	(2,640)	(41,668)	—	—	(44,308)
Share-based compensation expense	—	—	27,910	—	—	27,910
Stock activity under incentive compensation plans	—	2,317	(1,584)	(681)	—	52
Balance, December 31, 2023	230,500	292,655	4,159,924	1,618,630	(738,809)	5,562,900
Net income	—	—	—	539,188	—	539,188
Other comprehensive income (loss)	—	—	—	—	(7,234)	(7,234)
Acquisition of CapStar Financial Holdings, Inc.	—	24,014	393,584	—	—	417,598
Cash dividends:						
Common (\$0.56 per share)	—	—	—	(175,028)	—	(175,028)
Preferred (\$70.00 per share)	—	—	—	(16,135)	—	(16,135)
Common stock issued	—	62	972	—	—	1,034
Common stock repurchased	—	(533)	(8,351)	—	—	(8,884)
Share-based compensation expense	—	—	32,283	—	—	32,283
Stock activity under incentive compensation plans	—	2,782	(7,547)	(607)	—	(5,372)
Balance, December 31, 2024	\$ 230,500	\$ 318,980	\$ 4,570,865	\$ 1,966,048	\$ (746,043)	\$ 6,340,350

The accompanying notes to consolidated financial statements are an integral part of these statements.

OLD NATIONAL BANCORP
CONSOLIDATED STATEMENTS OF CASH FLOWS

(dollars in thousands)	Years Ended December 31,		
	2024	2023	2022
Cash Flows From Operating Activities			
Net income	\$ 539,188	\$ 581,992	\$ 428,287
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation	38,104	38,180	36,436
Amortization of other intangible assets	27,528	24,155	25,857
Amortization of tax credit investments	13,329	15,367	10,961
Net premium amortization on investment securities	9,879	7,416	18,684
Accretion income related to acquired loans	(42,952)	(22,191)	(72,007)
Share-based compensation expense	32,283	27,910	28,656
Provision for credit losses	110,619	58,887	144,799
Debt securities (gains) losses, net	212	6,265	88
Gain on sale of Visa Class B restricted shares	—	(21,635)	—
Gain on sale of health savings accounts	—	—	(90,673)
Net (gains) losses on sales of loans and other assets	(7,778)	(3,074)	13,114
Increase in cash surrender value of company-owned life insurance	(20,987)	(15,397)	(14,564)
Residential real estate loans originated for sale	(889,812)	(473,478)	(570,111)
Proceeds from sales of residential real estate loans	902,873	472,537	620,958
(Increase) decrease in interest receivable	4,062	(34,637)	(52,911)
(Increase) decrease in other assets	(54,023)	(66,070)	(40,518)
Increase (decrease) in accrued expenses and other liabilities	(40,241)	(79,885)	327,369
Net cash flows provided by (used in) operating activities	622,284	516,342	814,425
Cash Flows From Investing Activities			
Cash received from merger, net	177,791	—	1,912,629
Sale of health savings accounts	—	—	(290,857)
Purchases of investment securities available-for-sale	(1,842,045)	(1,084,416)	(1,438,572)
Purchases of investment securities held-to-maturity	—	(1,941)	(170,675)
Purchases of Federal Home Loan Bank/Federal Reserve Bank stock	(13,129)	(99,158)	(147,394)
Purchases of equity securities	(7,244)	(28,408)	(6,348)
Proceeds from maturities, prepayments, and calls of investment securities available-for-sale	1,081,567	1,066,266	1,284,814
Proceeds from sales of investment securities available-for-sale	300,617	96,506	20,032
Proceeds from maturities, prepayments, and calls of investment securities held-to-maturity	72,916	94,511	83,962
Proceeds from sales of Federal Home Loan Bank/Federal Reserve Bank stock	14,438	47,738	108,698
Proceeds from sales of equity securities	3,080	24,636	53,029
Loan originations and payments, net	(1,215,292)	(2,673,593)	(3,071,765)
Proceeds from sales of commercial loans	63,434	757,593	—
Proceeds from company-owned life insurance death benefits	20,583	16,252	10,361
Proceeds from sale of premises and equipment and other assets	1,585	3,513	4,480
Purchases of premises and equipment and other assets	(30,269)	(38,375)	(37,901)
Net cash flows provided by (used in) investing activities	(1,371,968)	(1,818,876)	(1,685,507)
Cash Flows From Financing Activities			
Net increase (decrease) in:			
Deposits	1,028,256	2,234,350	(435,717)
Federal funds purchased and interbank borrowings	(5)	(581,099)	581,213
Securities sold under agreements to repurchase	(16,231)	(147,598)	(94,665)
Other borrowings	(110,170)	16,938	177,146
Payments for maturities of Federal Home Loan Bank advances	(1,300,243)	(2,250,149)	(2,102,506)
Proceeds from Federal Home Loan Bank advances	1,400,000	2,700,000	2,900,000
Cash dividends paid	(191,163)	(180,030)	(177,623)
Common stock repurchased	(8,884)	(44,308)	(71,182)
Common stock issued	1,034	1,076	809
Net cash flows provided by (used in) financing activities	802,594	1,749,180	777,475
Net increase (decrease) in cash and cash equivalents	52,910	446,646	(93,607)
Cash and cash equivalents at beginning of period	1,175,058	728,412	822,019
Cash and cash equivalents at end of period	\$ 1,227,968	\$ 1,175,058	\$ 728,412

The accompanying notes to consolidated financial statements are an integral part of these statements.

U.S. Bancorp

Consolidated Balance Sheet

At December 31 (Dollars in Millions)

2024

2023

Assets

Cash and due from banks	\$ 56,502	\$ 61,192
Investment securities		
Held-to-maturity (fair value \$66,275 and \$74,088, respectively)	78,634	84,045
Available-for-sale (\$320 and \$338 pledged as collateral, respectively) ^(a)	85,992	69,706
Loans held for sale (including \$2,251 and \$2,011 of mortgage loans carried at fair value, respectively)	2,573	2,201
Loans		
Commercial	139,484	131,881
Commercial real estate	48,859	53,455
Residential mortgages	118,813	115,530
Credit card	30,350	28,560
Other retail	42,326	44,409
Total loans	379,832	373,835
Less allowance for loan losses	(7,583)	(7,379)
Net loans	372,249	366,456
Premises and equipment	3,565	3,623
Goodwill	12,536	12,489
Other intangible assets	5,547	6,084
Other assets (including \$7,501 and \$3,548 of trading securities at fair value pledged as collateral, respectively) ^(a)	60,720	57,695
Total assets	\$ 678,318	\$ 663,491

Liabilities and Shareholders' Equity

Deposits		
Noninterest-bearing	\$ 84,158	\$ 89,989
Interest-bearing (including \$5,754 and \$2,818 of time deposits carried at fair value, respectively)	434,151	422,323
Total deposits	518,309	512,312
Short-term borrowings	15,518	15,279
Long-term debt	58,002	51,480
Other liabilities	27,449	28,649
Total liabilities	619,278	607,720
Shareholders' equity		
Preferred stock	6,808	6,808
Common stock, \$.01 par value per share, authorized: 4,000,000,000 shares; issued: 2024 and 2023 — 2,125,725,742 shares	21	21
Capital surplus	8,715	8,673
Retained earnings	76,863	74,026
Less cost of common stock in treasury: 2024 — 565,929,654 shares; 2023 — 567,732,687 shares	(24,065)	(24,126)
Accumulated other comprehensive income (loss)	(9,764)	(10,096)
Total U.S. Bancorp shareholders' equity	58,578	55,306
Noncontrolling interests	462	465
Total equity	59,040	55,771
Total liabilities and equity	\$ 678,318	\$ 663,491

^(a) Includes only collateral pledged by the Company where counterparties have the right to sell or pledge the collateral. See Notes to Consolidated Financial Statements.

U.S. Bancorp

Consolidated Statement of Income

Year Ended December 31 (Dollars and Shares in Millions, Except Per Share Data)

2024 2023 2022

	2024	2023	2022
Interest Income			
Loans	\$ 23,009	\$ 22,324	\$ 13,603
Loans held for sale	173	147	201
Investment securities	5,111	4,485	3,378
Other interest income	3,373	3,051	763
Total interest income	31,666	30,007	17,945
Interest Expense			
Deposits	11,688	8,775	1,872
Short-term borrowings	1,107	1,971	565
Long-term debt	2,582	1,865	780
Total interest expense	15,377	12,611	3,217
Net interest income	16,289	17,396	14,728
Provision for credit losses	2,238	2,275	1,977
Net interest income after provision for credit losses	14,051	15,121	12,751
Noninterest Income			
Card revenue	1,679	1,630	1,512
Corporate payment products revenue	773	759	698
Merchant processing services	1,714	1,659	1,579
Trust and investment management fees	2,660	2,459	2,209
Service charges	1,253	1,306	1,298
Commercial products revenue	1,523	1,372	1,105
Mortgage banking revenue	627	540	527
Investment products fees	330	279	235
Securities gains (losses), net	(154)	(145)	20
Other	641	758	273
Total noninterest income	11,046	10,617	9,456
Noninterest Expense			
Compensation and employee benefits	10,554	10,416	9,157
Net occupancy and equipment	1,246	1,266	1,096
Professional services	491	560	529
Marketing and business development	619	726	456
Technology and communications	2,074	2,049	1,726
Other intangibles	569	636	215
Merger and integration charges	155	1,009	329
Other	1,480	2,211	1,398
Total noninterest expense	17,188	18,873	14,906
Income before income taxes	7,909	6,865	7,301
Applicable income taxes	1,580	1,407	1,463
Net income	6,329	5,458	5,838
Net (income) loss attributable to noncontrolling interests	(30)	(29)	(13)
Net income attributable to U.S. Bancorp	\$ 6,299	\$ 5,429	\$ 5,825
Net income applicable to U.S. Bancorp common shareholders	\$ 5,909	\$ 5,051	\$ 5,501
Earnings per common share	\$ 3.79	\$ 3.27	\$ 3.69
Diluted earnings per common share	\$ 3.79	\$ 3.27	\$ 3.69
Average common shares outstanding	1,560	1,543	1,489
Average diluted common shares outstanding	1,561	1,543	1,490

See Notes to Consolidated Financial Statements.

U.S. Bancorp

Consolidated Statement of Comprehensive Income

Year Ended December 31 (Dollars in Millions)	2024	2023	2022
Net income	\$ 6,329	\$ 5,458	\$ 5,838
Other Comprehensive Income (Loss)			
Changes in unrealized gains (losses) on investment securities available-for-sale	(60)	1,500	(13,656)
Changes in unrealized gains (losses) on derivative hedges	(676)	(252)	(75)
Changes in debit valuation adjustments	1	—	—
Foreign currency translation	18	21	(10)
Changes in unrealized gains (losses) on retirement plans	245	(262)	526
Reclassification to earnings of realized (gains) losses	910	748	544
Income taxes related to other comprehensive income (loss)	(106)	(444)	3,207
Total other comprehensive income (loss)	332	1,311	(9,464)
Comprehensive income (loss)	6,661	6,769	(3,626)
Comprehensive (income) loss attributable to noncontrolling interests	(30)	(29)	(13)
Comprehensive income (loss) attributable to U.S. Bancorp	\$ 6,631	\$ 6,740	\$ (3,639)

See Notes to Consolidated Financial Statements.

U.S. Bancorp

Consolidated Statement of Shareholders' Equity

U.S. Bancorp Shareholders

(Dollars and Shares in Millions, Except Per Share Data)	Common Shares Outstanding	Preferred Stock	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total U.S. Bancorp Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance December 31, 2021	1,484	\$ 6,371	\$ 21	\$ 8,539	\$ 69,201	\$(27,271)	\$ (1,943)	\$ 54,918	\$ 469	\$ 55,387
Net income (loss)					5,825			5,825	13	5,838
Other comprehensive income (loss)							(9,464)	(9,464)		(9,464)
Preferred stock dividends ^(a)					(296)			(296)		(296)
Common stock dividends (\$1.88 per share)					(2,829)			(2,829)		(2,829)
Issuance of preferred stock		437						437		437
Issuance of common and treasury stock	48			(32)		2,071		2,039		2,039
Purchase of treasury stock	(1)					(69)		(69)		(69)
Distributions to noncontrolling interests									(13)	(13)
Net other changes in noncontrolling interests									(3)	(3)
Stock option and restricted stock grants				205				205		205
Balance December 31, 2022	1,531	\$ 6,808	\$ 21	\$ 8,712	\$ 71,901	\$(25,269)	\$ (11,407)	\$ 50,766	\$ 466	\$ 51,232
Change in accounting principle ^(b)					46			46		46
Net income (loss)					5,429			5,429	29	5,458
Other comprehensive income (loss)							1,311	1,311		1,311
Preferred stock dividends ^(c)					(350)			(350)		(350)
Common stock dividends (\$1.93 per share)					(3,000)			(3,000)		(3,000)
Issuance of common and treasury stock	28			(264)		1,205		941		941
Purchase of treasury stock	(1)					(62)		(62)		(62)
Distributions to noncontrolling interests									(29)	(29)
Net other changes in noncontrolling interests									(1)	(1)
Stock option and restricted stock grants				225				225		225
Balance December 31, 2023	1,558	\$ 6,808	\$ 21	\$ 8,673	\$ 74,026	\$(24,126)	\$ (10,096)	\$ 55,306	\$ 465	\$ 55,771
Net income (loss)					6,299			6,299	30	6,329
Other comprehensive income (loss)							332	332		332
Preferred stock dividends ^(d)					(352)			(352)		(352)
Common stock dividends (\$1.98 per share)					(3,110)			(3,110)		(3,110)
Issuance of common and treasury stock	6			(199)		234		35		35
Purchase of treasury stock	(4)					(173)		(173)		(173)
Distributions to noncontrolling interests									(30)	(30)
Net other changes in noncontrolling interests									(3)	(3)
Stock option and restricted stock grants				241				241		241
Balance December 31, 2024	1,560	\$ 6,808	\$ 21	\$ 8,715	\$ 76,863	\$(24,065)	\$ (9,764)	\$ 58,578	\$ 462	\$ 59,040

(a) Reflects dividends declared per share on the Company's Series A, Series B, Series J, Series K, Series L, Series M, Series N, and Series O Non-Cumulative Perpetual Preferred Stock of \$3,965.458, \$962.487, \$1,325.00, \$1,375.00, \$937.50, \$1,000.00, \$925.00, and \$1,050.00, respectively.

(b) Effective January 1, 2023, the Company adopted accounting guidance which removed the separate recognition and measurement of troubled debt restructurings. Upon adoption, the Company reduced its allowance for credit losses and increased retained earnings net of deferred taxes through a cumulative-effect adjustment.

(c) Reflects dividends declared per share on the Company's Series A, Series B, Series J, Series K, Series L, Series M, Series N, and Series O Non-Cumulative Perpetual Preferred Stock of \$6,439.904, \$1,503.518, \$1,325.00, \$1,375.00, \$937.50, \$1,000.00, \$925.00, and \$1,125.00, respectively.

(d) Reflects dividends declared per share on the Company's Series A, Series B, Series J, Series K, Series L, Series M, Series N and Series O Non-Cumulative Perpetual Preferred Stock of \$6,537.806, \$1,527.702, \$1,325.00, \$1,375.00, \$937.50, \$1,000.00, \$925.00, and \$1,125.00, respectively.

See Notes to Consolidated Financial Statements.

U.S. Bancorp

Consolidated Statement of Cash Flows

Year Ended December 31 (Dollars in Millions)

	2024	2023	2022
Operating Activities			
Net income attributable to U.S. Bancorp	\$ 6,299	\$ 5,429	\$ 5,825
Adjustments to reconcile net income to net cash provided by operating activities			
Provision for credit losses	2,238	2,275	1,977
Depreciation and amortization of premises and equipment	370	382	345
Amortization of intangibles	569	636	215
(Gain) loss on sale of loans held for sale	(184)	7	387
(Gain) loss on sale of securities and other assets	123	119	(188)
Loans originated for sale, net of repayments	(24,225)	(26,936)	(33,127)
Proceeds from sales of loans held for sale	24,008	26,686	38,895
Other, net	2,075	(151)	6,790
Net cash provided by operating activities	<u>11,273</u>	<u>8,447</u>	<u>21,119</u>
Investing Activities			
Proceeds from sales of available-for-sale investment securities	13,125	11,209	36,391
Proceeds from maturities of held-to-maturity investment securities	6,161	6,164	5,759
Proceeds from maturities of available-for-sale investment securities	6,006	6,314	14,927
Purchases of held-to-maturity investment securities	(246)	(932)	(7,091)
Purchases of available-for-sale investment securities	(35,886)	(8,342)	(24,592)
Net (increase) decrease in loans outstanding	(7,278)	3,829	(27,318)
Proceeds from sales of loans	645	5,707	4,420
Purchases of loans	(1,264)	(1,106)	(2,113)
Net (increase) decrease in securities purchased under agreements to resell	(3,859)	(2,404)	252
Net cash (paid for) received from acquisitions	(103)	(330)	12,257
Other, net	(1,835)	(1,184)	(5,392)
Net cash (used in) provided by investing activities	<u>(24,534)</u>	<u>18,925</u>	<u>7,500</u>
Financing Activities			
Net increase (decrease) in deposits	6,001	(12,291)	(17,215)
Net increase (decrease) in short-term borrowings	239	(16,508)	15,213
Proceeds from issuance of long-term debt	12,017	15,583	8,732
Principal payments or redemption of long-term debt	(6,042)	(4,084)	(6,926)
Proceeds from issuance of preferred stock	—	—	437
Proceeds from issuance of common stock	32	951	21
Repurchase of preferred stock	—	—	(1,100)
Repurchase of common stock	(173)	(62)	(69)
Cash dividends paid on preferred stock	(356)	(341)	(299)
Cash dividends paid on common stock	(3,092)	(2,970)	(2,776)
Other, net	(55)	—	—
Net cash provided by (used in) financing activities	<u>8,571</u>	<u>(19,722)</u>	<u>(3,982)</u>
Change in cash and due from banks	(4,690)	7,650	24,637
Cash and due from banks at beginning of period	61,192	53,542	28,905
Cash and due from banks at end of period	<u>\$ 56,502</u>	<u>\$ 61,192</u>	<u>\$ 53,542</u>
Supplemental Cash Flow Disclosures			
Cash paid for income taxes	\$ 499	\$ 645	\$ 767
Cash paid for interest	15,382	12,282	2,717
Noncash transfer of available-for-sale investment securities to held-to-maturity	—	—	40,695
Net noncash transfers to foreclosed property	24	26	23
Acquisitions			
Assets acquired (sold)	\$ 106	\$ (83)	\$ 106,209
Liabilities (assumed) sold	(3)	413	(95,753)
Net	<u>\$ 103</u>	<u>\$ 330</u>	<u>\$ 10,456</u>

See Notes to Consolidated Financial Statements.

Financial Statements

Wells Fargo & Company and Subsidiaries

Consolidated Statement of Income

(in millions, except per share amounts)	Year ended December 31,		
	2024	2023	2022
Interest income			
Debt securities	\$ 18,042	16,108	11,781
Loans held for sale	491	363	513
Loans	57,895	57,155	37,715
Equity securities	677	682	707
Other interest income	13,672	10,810	3,308
Total interest income	90,777	85,118	54,024
Interest expense			
Deposits	24,282	16,503	2,349
Short-term borrowings	5,311	3,848	582
Long-term debt	12,463	11,572	5,505
Other interest expense	1,045	820	638
Total interest expense	43,101	32,743	9,074
Net interest income	47,676	52,375	44,950
Noninterest income			
Deposit and lending-related fees	6,515	6,140	6,713
Investment advisory and other asset-based fees	9,775	8,670	9,004
Commissions and brokerage services fees	2,521	2,375	2,242
Investment banking fees	2,665	1,649	1,439
Card fees	4,342	4,256	4,355
Mortgage banking	1,047	829	1,383
Net gains from trading and securities	5,434	4,368	1,461
Other	2,321	1,935	2,821
Total noninterest income	34,620	30,222	29,418
Total revenue	82,296	82,597	74,368
Provision for credit losses	4,334	5,399	1,534
Noninterest expense			
Personnel	35,729	35,829	34,340
Technology, telecommunications and equipment	4,583	3,920	3,375
Occupancy	3,052	2,884	2,881
Operating losses	1,757	1,183	6,984
Professional and outside services	4,607	5,085	5,188
Advertising and promotion	869	812	505
Other	4,001	5,849	3,932
Total noninterest expense	54,598	55,562	57,205
Income before income tax expense	23,364	21,636	15,629
Income tax expense	3,399	2,607	2,251
Net income before noncontrolling interests	19,965	19,029	13,378
Less: Net income (loss) from noncontrolling interests	243	(113)	(299)
Wells Fargo net income	\$ 19,722	19,142	13,677
Less: Preferred stock dividends and other	1,116	1,160	1,115
Wells Fargo net income applicable to common stock	\$ 18,606	17,982	12,562
Per share information			
Earnings per common share	\$ 5.43	4.88	3.30
Diluted earnings per common share	5.37	4.83	3.27
Average common shares outstanding	3,426.1	3,688.3	3,805.2
Diluted average common shares outstanding	3,467.6	3,720.4	3,837.0

The accompanying notes are an integral part of these statements.

Wells Fargo & Company and Subsidiaries

Consolidated Statement of Comprehensive Income

(in millions)	Year ended December 31,		
	2024	2023	2022
Net income before noncontrolling interests	\$ 19,965	19,029	13,378
Other comprehensive income (loss), after tax:			
Net change in debt securities	(292)	1,271	(10,500)
Net change in derivatives and hedging activities	(268)	411	(1,090)
Defined benefit plans adjustments	160	68	154
Other	(196)	34	(178)
Other comprehensive income (loss), after tax	(596)	1,784	(11,614)
Total comprehensive income before noncontrolling interests	19,369	20,813	1,764
Less: Other comprehensive income from noncontrolling interests	—	2	2
Less: Net income (loss) from noncontrolling interests	243	(113)	(299)
Wells Fargo comprehensive income	\$ 19,126	20,924	2,061

The accompanying notes are an integral part of these statements.

Wells Fargo & Company and Subsidiaries

Consolidated Balance Sheet

(in millions, except shares)	Dec 31, 2024	Dec 31, 2023
Assets		
Cash and due from banks	\$ 37,080	33,026
Interest-earning deposits with banks	166,281	204,193
Federal funds sold and securities purchased under resale agreements	105,330	80,456
Debt securities:		
Trading, at fair value (includes assets pledged as collateral of \$86,142 and \$62,537)	121,205	97,302
Available-for-sale, at fair value (amortized cost of \$170,607 and \$137,155, and includes assets pledged as collateral of \$3,078 and \$5,055)	162,978	130,448
Held-to-maturity, at amortized cost (fair value \$193,779 and \$227,316)	234,948	262,708
Loans held for sale (includes \$4,713 and \$2,892 carried at fair value)	6,260	4,936
Loans	912,745	936,682
Allowance for loan losses	(14,183)	(14,606)
Net loans	898,562	922,076
Mortgage servicing rights (includes \$6,844 and \$7,468 carried at fair value)	7,779	8,508
Premises and equipment, net	10,297	9,266
Goodwill	25,167	25,175
Derivative assets	20,012	18,223
Equity securities (includes \$22,322 and \$19,841 carried at fair value; and assets pledged as collateral of \$9,774 and \$2,683)	60,644	57,336
Other assets (includes \$168 and \$49 carried at fair value)	73,302	78,815
Total assets (1)	\$ 1,929,845	1,932,468
Liabilities		
Noninterest-bearing deposits	\$ 383,616	360,279
Interest-bearing deposits (includes \$318 and \$1,297 carried at fair value)	988,188	997,894
Total deposits	1,371,804	1,358,173
Short-term borrowings (includes \$266 and \$219 carried at fair value)	108,806	89,559
Derivative liabilities	16,335	18,495
Accrued expenses and other liabilities (includes \$28,530 and \$25,335 carried at fair value)	78,756	71,210
Long-term debt (includes \$3,495 and \$2,308 carried at fair value)	173,078	207,588
Total liabilities (2)	1,748,779	1,745,025
Equity		
Wells Fargo stockholders' equity:		
Preferred stock – aggregate liquidation preference of \$19,376 and \$20,216	18,608	19,448
Common stock – \$1-2/3 par value, authorized 9,000,000,000 shares; issued 5,481,811,474 shares	9,136	9,136
Additional paid-in capital	60,817	60,555
Retained earnings	214,198	201,136
Accumulated other comprehensive loss	(12,176)	(11,580)
Treasury stock, at cost – 2,192,867,645 shares and 1,882,948,892 shares	(111,463)	(92,960)
Total Wells Fargo stockholders' equity	179,120	185,735
Noncontrolling interests	1,946	1,708
Total equity	181,066	187,443
Total liabilities and equity	\$ 1,929,845	1,932,468

- (1) Our consolidated assets at December 31, 2024 and 2023, include the following assets of certain variable interest entities (VIEs) that can only be used to settle the liabilities of those VIEs: Loans, \$11.2 billion and \$4.9 billion; all other assets, \$671 million and \$435 million; and Total assets, \$11.9 billion and \$5.3 billion, respectively.
- (2) Our consolidated liabilities at December 31, 2024 and 2023, include the following VIE liabilities for which the VIE creditors do not have recourse to Wells Fargo: Long-term debt, \$2.2 billion and \$0; Accrued expenses and other liabilities, \$124 million and \$115 million; and Total liabilities \$2.4 billion and \$1.15 billion, respectively.

The accompanying notes are an integral part of these statements.

Wells Fargo & Company and Subsidiaries

Consolidated Statement of Changes in Equity

(in millions)	Year ended December 31,		
	2024	2023	2022
Preferred stock			
Balance, beginning of period	\$ 19,448	19,448	20,057
Preferred stock issued	2,000	1,725	—
Preferred stock redeemed	(2,840)	(1,725)	(609)
Balance, end of period	\$ 18,608	19,448	19,448
Common stock			
Balance, beginning of period and end of period	\$ 9,136	9,136	9,136
Additional paid-in capital			
Balance, beginning of period	\$ 60,555	60,319	60,196
Stock-based compensation	1,281	1,122	1,002
Stock issued for employee plans, net	(1,162)	(986)	(900)
Other	143	100	21
Balance, end of period	\$ 60,817	60,555	60,319
Retained earnings			
Balance, beginning of period	\$ 201,136	187,968	180,146
Cumulative effect from change in accounting policy (1)	(158)	323	—
Balance, beginning of period, adjusted	200,978	188,291	180,146
Net income	19,722	19,142	13,677
Common stock dividends	(5,243)	(4,879)	(4,243)
Preferred stock dividends	(1,099)	(1,141)	(1,115)
Other	(160)	(277)	(497)
Balance, end of period	\$ 214,198	201,136	187,968
Accumulated other comprehensive income (loss)			
Balance, beginning of period	\$ (11,580)	(13,362)	(1,746)
Other comprehensive income (loss), after tax	(596)	1,782	(11,616)
Balance, end of period	\$ (12,176)	(11,580)	(13,362)
Treasury stock			
Balance, beginning of period	\$ (92,960)	(82,853)	(79,757)
Common stock issued	1,110	1,892	2,181
Common stock repurchased	(19,630)	(11,954)	(6,033)
Common stock issued to ESOP	—	—	747
Other	17	(45)	9
Balance, end of period	\$ (111,463)	(92,960)	(82,853)
Unearned ESOP shares			
Balance, beginning of period	\$ —	(429)	(646)
ESOP Preferred stock redeemed	—	—	646
Common stock issued to ESOP	—	—	(618)
Common stock released by ESOP	—	429	189
Balance, end of period	\$ —	—	(429)
Noncontrolling interests			
Balance, beginning of period	\$ 1,708	1,986	2,503
Net income (loss)	243	(113)	(299)
Other comprehensive income	—	2	2
Other	(5)	(167)	(220)
Balance, end of period	\$ 1,946	1,708	1,986
Total equity	\$ 181,066	187,443	182,213

(1) Effective January 1, 2024, we adopted ASU 2023-02 – Investments – Equity Method and Joint Ventures (Topic 323): *Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method*. For additional information, see Note 1 (Summary of Significant Accounting Policies). Effective January 1, 2023, we adopted ASU 2022-02 – Financial Instruments – Credit Losses (Topic 326): *Troubled Debt Restructurings and Vintage Disclosures*.

The accompanying notes are an integral part of these statements.

Wells Fargo & Company and Subsidiaries

Consolidated Statement of Cash Flows

(in millions)	Year ended December 31,		
	2024	2023	2022
Cash flows from operating activities:			
Net income before noncontrolling interests	\$ 19,965	19,029	13,378
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for credit losses	4,334	5,399	1,534
Changes in fair value of MSR and LHFS carried at fair value	265	851	(1,326)
Depreciation, amortization and accretion	7,558	6,271	6,832
Deferred income tax expense (benefit)	(911)	(50)	1,239
Other, net	(1,737)	7,149	(14,524)
Originations and purchases of loans held for sale	(37,992)	(30,365)	(74,910)
Proceeds from sales of and paydowns on loans originally classified as held for sale	31,824	26,793	65,418
Net change in:			
Debt and equity securities, held for trading	(20,491)	3,349	31,579
Derivative assets and liabilities	(3,794)	4,155	7,850
Other assets	3,192	(6,838)	(9,162)
Other accrued expenses and liabilities	822	4,615	(860)
Net cash provided by operating activities	3,035	40,358	27,048
Cash flows from investing activities:			
Net change in:			
Federal funds sold and securities purchased under resale agreements	(27,022)	(12,729)	(704)
Available-for-sale debt securities:			
Proceeds from sales	27,901	14,651	16,895
Paydowns and maturities	34,331	14,872	19,791
Purchases	(95,464)	(26,051)	(40,104)
Held-to-maturity debt securities:			
Paydowns and maturities	27,896	18,372	27,666
Purchases	—	(4,225)	(2,360)
Equity securities, not held for trading:			
Proceeds from sales and capital returns	3,812	2,244	4,326
Purchases	(8,363)	(5,811)	(6,984)
Loans:			
Loans originated, net of principal collected	18,663	11,691	(73,512)
Proceeds from sales of loans originally classified as held for investment	3,631	4,275	12,446
Purchases of loans	(843)	(1,637)	(741)
Other, net	(193)	391	805
Net cash provided (used) by investing activities	(15,651)	16,043	(42,476)
Cash flows from financing activities:			
Net change in:			
Deposits	13,631	(25,812)	(98,494)
Short-term borrowings	18,710	38,414	16,564
Long-term debt:			
Proceeds from issuance	29,014	49,071	53,737
Repayment	(55,582)	(22,886)	(19,587)
Preferred stock:			
Proceeds from issuance	1,997	1,722	—
Redeemed	(2,840)	(1,725)	—
Cash dividends paid	(1,099)	(1,141)	(1,115)
Common stock:			
Repurchased	(19,448)	(11,851)	(6,033)
Cash dividends paid	(5,133)	(4,789)	(4,178)
Other, net	(784)	(509)	(539)
Net cash provided (used) by financing activities	(21,534)	20,494	(59,645)
Net change in cash, cash equivalents, and restricted cash	(34,150)	76,895	(75,073)
Cash, cash equivalents, and restricted cash at beginning of period (1)	236,052	159,157	234,230
Cash, cash equivalents, and restricted cash at end of period (1)	\$ 201,902	236,052	159,157
Supplemental cash flow disclosures:			
Cash paid for interest	\$ 43,619	30,431	8,289
Net cash paid (refunded) for income taxes	1,664	(1,786)	3,376
Significant non-cash activities:			
Transfers from available-for-sale debt securities to held-to-maturity debt securities	—	3,687	50,132
Transfers from held-to-maturity debt securities to available-for-sale debt securities	—	23,919	—
Transfers from loans to loans held for sale	626	1,920	6,586
Reclassification of long-term debt to accrued expenses and other liabilities (2)	4,927	—	—

- (1) Includes Cash and due from banks and Interest-earning deposits with banks on our consolidated balance sheet and excludes time deposits, which are included in Interest-earning deposits with banks.
(2) Effective January 1, 2024, we reclassified unfunded commitment liabilities for affordable housing investments in connection with the adoption of ASU 2023-02. For additional information, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report.

The accompanying notes are an integral part of these statements.