Great Western Bancorp, Inc.
Form 424B4
July 28, 2015
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Filed Pursuant to Rule 424(b)(4)

Registration Statement No. 333-205702

PROSPECTUS

12,563,269 Shares

Common Stock

A subsidiary of National Australia Bank Limited, or NAB, our principal stockholder, is offering 12,563,269 shares of common stock of Great Western Bancorp, Inc. We will not receive any of the proceeds from the sale of the shares sold by the NAB selling stockholder. Concurrently with the completion of this offering, we expect to repurchase from the NAB selling stockholder 2,666,518 shares of our common stock having an aggregate repurchase price of approximately $60 million, at a price per share equal to the per share proceeds, before expenses, to the NAB selling stockholder. We refer to this share purchase transaction as the Direct Share Repurchase.

Our common stock is listed on the New York Stock Exchange (NYSE) under the symbol GWB . The last reported sale price of our common stock on the NYSE on July 27, 2015 was $24.00 per share.

Following the completion of this offering (assuming the underwriters option to purchase additional shares of common stock is exercised in full) and the Direct Share Repurchase, NAB expects to have fully divested its ownership of our common stock.

We are an emerging growth company as defined in the Jumpstart Our Business Startups Act of 2012 and have elected to take advantage of certain reduced public company reporting and disclosure requirements in this prospectus, and we may take advantage of those reduced reporting and disclosure requirements in future filings.

Shares of our common stock are not saving accounts or deposits and are not insured by the Federal Deposit Insurance Corporation or any other government agency.

Investing in our common stock involves significant risks. See Risk Factors beginning on page 25 of this prospectus for a discussion of certain risks you should consider before deciding to invest in our common stock.

	Per Share	Total
Public offering price	$ 23.50	$ 295,236,821.50
Underwriting discount*	$ 0.99875	$ 12,547,564.91
Proceeds, before expenses, to the NAB selling stockholder	$ 22.50125	$ 282,689,256.59

* We refer you to Underwriting beginning on page 214 of this prospectus for additional information regarding underwriting compensation.

The NAB selling stockholder has granted the underwriters an option to purchase up to an additional 1,256,327 shares of our common stock at the public offering price less the underwriting discount, within 30 days from the date of this prospectus.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares of common stock against payment in New York, New York on or about July 31, 2015.

Joint Book-Running Managers

BofA Merrill Lynch **Deutsche Bank Securities** **J.P. Morgan**

Co-Managers

RBC Capital Markets

Keefe, Bruyette & Woods **Macquarie Capital** **Sandler O Neill + Partners, L.P.** **Stephens Inc.**

A Stifel Company

The date of this prospectus is July 27, 2015.

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Explanatory Note

Unless we state otherwise or the context otherwise requires, references in this prospectus to:

we, our, us and our company refer to:

Great Western Bancorporation, Inc. and its consolidated subsidiaries, for all periods prior to the completion of the Formation Transactions; and

Great Western Bancorp, Inc., a Delaware corporation, and its consolidated subsidiaries, for all periods after the completion of the Formation Transactions;

Great Western refers to Great Western Bancorporation, Inc. but not its consolidated subsidiaries, for all periods prior to the completion of the Formation Transactions, and Great Western Bancorp, Inc. but not its consolidated subsidiaries, for all periods after the completion of the Formation Transactions;

our bank refers to Great Western Bank, a South Dakota banking corporation;

BHC Act refers to the U.S. Bank Holding Company Act of 1956, as amended;

Direct Share Repurchase refers to our repurchase from the NAB selling stockholder of a number of shares of our common stock equal to $60 million divided by the per share proceeds, before expenses, to the NAB selling stockholder, as shown on the cover of this prospectus, rounded down to the nearest whole share, or 2,666,518 shares.

Federal Reserve refers to the Board of Governors of the Federal Reserve System;

NAB refers to National Australia Bank Limited, an Australian public company and our principal stockholder;

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NAB selling stockholder refers to National Americas Holdings LLC, a Delaware limited liability company and a wholly owned, indirect subsidiary of NAB, through which NAB owns shares of our capital stock;

the Non-Control Date refers to the date NAB ceases to control us for purposes of the BHC Act, as provided for in a written determination from the Federal Reserve to NAB or as provided for in a written notice by NAB to Great Western to such effect;

our stock refers to our common stock and our non-voting common stock;

our states refer to the seven states (South Dakota, Iowa, Nebraska, Colorado, Arizona, Kansas and Missouri) in which we currently conduct our businesses;

our markets and our footprint refer to the geographic markets within our states in which we currently conduct our businesses;

fiscal year refers to our fiscal year, which is based on a twelve-month period ending September 30 of each year (e.g., fiscal year 2014 refers to the twelve-month period ending September 30, 2014);

our peers refer, collectively, to all publicly listed U.S. bank holding companies with total assets between $5 billion and $15 billion at March 31, 2015, and all peer data is obtained from SNL Financial LC, or SNL Financial;

our IPO refers to the initial public offering of 18,400,000 shares of our common stock by the NAB selling stockholder completed on October 20, 2014; and

the Formation Transactions refer to a series of transactions completed on October 17, 2014 and undertaken in preparation for our IPO, which were comprised of:

- the cash contribution by National Americas Holdings LLC to Great Western Bancorp, Inc. in an amount equal to the total stockholder s equity of Great Western Bancorporation, Inc;

- the sale by National Americas Investment, Inc., a Delaware corporation and wholly owned, indirect subsidiary of NAB, of all outstanding capital stock of Great Western Bancorporation, Inc. to Great Western Bancorp, Inc. for an amount in cash equal to the total stockholder s equity of Great Western Bancorporation, Inc.; and the merger of Great Western Bancorporation, Inc. with and into Great Western Bancorp, Inc., with Great Western Bancorp, Inc. continuing as the surviving corporation and succeeding to all the assets, liabilities and business of Great Western Bancorporation, Inc.

About this Prospectus

We, NAB, the NAB selling stockholder and the underwriters have not authorized anyone to provide any information other than that contained in this prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We, NAB, the NAB selling stockholder and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are not, and NAB, the NAB selling stockholder and the underwriters are not, making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus. This prospectus includes references to information contained on, or that can be accessed through, our website. Information contained on, or that can be accessed through, our website is not part of, and is not incorporated into, this prospectus.

We have proprietary rights to trademarks, trade names and service marks appearing in this prospectus that are important to our business. This prospectus also contains additional trademarks, trade names and service marks belonging to NAB or one of its affiliates. Solely for convenience, the trademarks, trade names and service marks appearing in this prospectus are without the® and symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensors to these trademarks, trade names and service marks. All trademarks, trade names and service marks appearing in this prospectus are the property of their respective owners.

Any discrepancies included in this prospectus between totals and the sums of the percentages and dollar amounts presented are due to rounding.

Industry and Market Data

Within this prospectus, we reference certain industry and sector information and statistics. We have obtained this information and statistics from various independent, third party sources. Nothing in the data used or derived from third party sources should be construed as advice. Some data and other information are also based on our good faith estimates, which are derived from our review of internal surveys and independent sources. We believe that these external sources and estimates are reliable, but have not independently verified them. Statements as to our market position are based on market data currently available to us. Although we are not aware of any misstatements regarding the demographic, economic, employment, industry and trade association data presented herein, these estimates involve inherent risks and uncertainties and are based on assumptions that are subject to change.

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Implications of Being an Emerging Growth Company

As a company with less than $1.0 billion in revenues during our last fiscal year, we qualify as an emerging growth company under the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. An emerging growth company may take advantage of reduced reporting requirements and is relieved of certain other significant requirements that are otherwise generally applicable to public companies. As an emerging growth company:

- we are exempt from the requirement to obtain an attestation and report from our auditors on management s assessment of our internal control over financial reporting under the Sarbanes-Oxley Act of 2002;
- we are permitted to provide less extensive disclosure about our executive compensation arrangements; and
- we are not required to give our stockholders non-binding advisory votes on executive compensation or golden parachute arrangements.

We have elected to take advantage of the scaled disclosure requirements and other relief described above in this prospectus and may take advantage of these exemptions for so long as we remain an emerging growth company. We will remain an emerging growth company until the end of our current fiscal year.

In addition to scaled disclosure and the other relief described above, the JOBS Act permits us an extended transition period for complying with new or revised accounting standards affecting public companies. We have elected not to take advantage of this extended transition period, which means that the financial statements included in this prospectus, as well as any financial statements that we file in the future, will be subject to all new or revised accounting standards generally applicable to public companies.

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PROSPECTUS SUMMARY

This summary provides a brief overview of important information regarding key aspects of the offering contained elsewhere in this prospectus. This summary does not contain all of the information that you should consider before deciding to invest in our common stock. You should read this entire prospectus carefully, including the more detailed information regarding the risks of purchasing our common stock in the sections titled Risk Factors and Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and the related notes thereto, before making an investment decision.

Our Business

We are a full-service regional bank holding company focused on relationship-based business and agribusiness banking. We serve our customers through 158 branches in attractive markets in seven states: South Dakota, Iowa, Nebraska, Colorado, Arizona, Kansas and Missouri. We were established more than 70 years ago and have achieved strong market positions by developing and maintaining extensive local relationships in the communities we serve. By leveraging our business and agribusiness focus, presence in attractive markets, highly efficient operating model and robust approach to risk management, we have achieved significant and profitable growth both organically and through disciplined acquisitions. We have successfully completed eight acquisitions since 2006, including our 2010 Federal Deposit Insurance Corporation, or FDIC, assisted acquisition of TierOne Bank, which represented approximately $2.5 billion in acquired assets.

Our net income was $46.4 million for the six months ended March 31, 2015 and $105.0 million for the twelve months ended September 30, 2014, representing a compound annual growth rate, or CAGR, of 18% from fiscal year 2009 to fiscal year 2014 and a 9% increase from fiscal year 2013 to fiscal year 2014. Our total assets were $9.78 billion at March 31, 2015, and, on an annualized basis, our net charge-offs for the six months ended March 31, 2015 represented 0.23% of our average total loans. Since fiscal year 2009, we have also operated with efficiency ratios superior to our peer median. For a discussion of the manner in which our efficiency ratios are calculated, see Our Competitive Strengths Highly Efficient Operating Model. For fiscal year 2014, we achieved a return on average total assets of 1.14% and a return on average tangible common equity of 16.6%. For more information on our return on average tangible common equity, see Summary Historical Consolidated Financial and Operating Information.

The following table illustrates our net income over the periods indicated:

Net Income ($MM)(1)

(1) For the fiscal years ended September 30, except as otherwise indicated.

We focus on business and agribusiness banking, complemented by retail banking and wealth management services. Our loan portfolio consists primarily of business loans, comprised of commercial and industrial, or C&I, loans and commercial real estate, or CRE, loans, and agribusiness loans. At March 31, 2015, our business and agribusiness loans collectively accounted for 86% of our total loan portfolio. In addition, 62% of our aggregate loan portfolio, comprising our CRE loans (representing 38% of our aggregate loan portfolio), residential real estate loans (representing 13% of our aggregate loan portfolio) and agriculture real estate loans (representing 12% of our aggregate loan portfolio), was primarily secured by interests in real estate predominantly located in the states in which we operate at March 31, 2015. In addition, some of our other lending occasionally involves taking real estate as primary or secondary collateral. We offer small and mid-sized businesses a focused suite of financial products and have established strong relationships across a diversified range of sectors, including key areas supporting regional growth such as agribusiness services, freight and transport, healthcare and tourism. We have developed extensive expertise in agribusiness lending, which serves one of the most prominent industries across our markets, and we offer a variety of financial services designed to meet the specific needs of our agribusiness customers. We also provide a range of deposit and loan products to our retail customers through several channels, including our branch network, online banking system, mobile banking applications and customer care centers. In our wealth management business, we seek to expand our private banking, financial planning, investment management and insurance operations to better position us to capture an increased share of the business of managing the private wealth of many of our business and agribusiness customers.

Our banking model seeks to balance the best of being a big enough & small enough bank, providing capabilities typical of a much larger bank, such as diversified product specialists, customized banking solutions and multiple delivery channels, with a customer-focused culture usually associated with smaller banks. Our focus on balancing these capabilities with a service-oriented culture is embedded within our operations and is enhanced by focusing on our core competencies. We are well recognized within our markets for our relationship-based banking model that provides for local, efficient decision making. We believe we serve our customers in a manner that is responsive, flexible and accessible. Our relationship bankers strive to build deep, long-term relationships with customers and understand the customers specific needs to identify appropriate financial solutions. We believe we have been successful in attracting customers from larger competitors because of our flexible approach and the speed and efficiency with which we provide banking solutions to our customers while maintaining disciplined underwriting standards.

For a discussion of our preliminary financial results for the three months ended June 30, 2015, see Recent Developments.

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Market Opportunity

We operate 158 branches located in 115 communities in seven states. In 2007, we began operating in Arizona with our acquisition of Sunstate Bank. In 2009, we expanded our footprint into Colorado through our acquisition of First Community Bank s Colorado franchise. In 2010, we significantly expanded our presence in Nebraska through our acquisition of TierOne Bank.

Geographic Footprint

We believe that the states in which we operate present attractive opportunities for our banking model.

The economies of Nebraska, Iowa and South Dakota are growing. According to the Bureau of Economic Analysis of the U.S. Department of Commerce, or the Bureau of Economic Analysis, real GDP growth in these states from 2010 to 2014 has been faster than national real GDP growth, with real GDP in these states growing at a CAGR of 2.1%, compared to 1.9% for the nation. According to the Bureau of Labor Statistics of the U.S. Department of Labor, overall unemployment rates for May 2015 in these states were also below the 5.5% U.S. national seasonally adjusted unemployment rate for May 2015, with Nebraska having the lowest unemployment rate in the country and South Dakota and Iowa tied for 5th lowest seasonally adjusted unemployment rate in the country.

Markets in each of Arizona and Colorado are recognized as fast-growing and dynamic economies. For example, according to data from SNL Financial, the populations of Phoenix and Denver are expected to grow by 5.3% and 9.9%, respectively, from 2014 through 2019. The U.S. Census Bureau estimates that, as of July 1, 2013, Phoenix had a population of 1.5 million and was the 6th largest city in the United States. According to Moody s Analytics, Arizona ranks 1st among U.S. states for projected employment growth from 2013 through 2018 and Colorado ranks 5th.

Nebraska, Iowa, South Dakota, Arizona and Colorado are each home to a number of small and mid-sized businesses across a diverse range of sectors and together serve as the corporate headquarters for several Fortune 500 companies. The economies within these states represent a diverse range of industries, with manufacturing, trade, agriculture, professional and business services, finance and insurance, and government accounting for approximately 57% of GDP in these states in 2014 according to the Bureau of Economic Analysis. We expect strong population and job growth will lead to an increased need for business banking services, more deposits and an increased credit demand to fund ongoing capital investments and working capital, cash management solutions and credit cards, among other products and services. We believe integrated banking support is important to providing a focused suite of services to meet the evolving needs of business customers in our markets.

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Agribusiness customers in Nebraska, Iowa, South Dakota, Arizona and Colorado produce and raise a variety of grains, proteins and other produce, including corn, soybeans, wheat, dairy products, beef cattle, hogs and vegetables. These products are consumed globally as foods and also serve as inputs for goods made by other industries. Agriculture, as defined by the Bureau of Economic Analysis, has grown faster than the U.S. economy as a whole, with real agricultural GDP growing at a CAGR of 1.7% nationally from 2000 to 2014 compared to a CAGR of 1.6% for the United States over the same period. Although the agricultural economy has been more subdued over the last one to two years, principally due to lower grain prices, the value of U.S. agricultural exports is also expected to grow by 26% from 2014 through 2023 according to the United States Department of Agriculture, or USDA. In addition, there has been a growing emphasis on research and development and technology in the agricultural sector, with consumers and producers focused on sustainable methods of food production, particularly with a view to decreasing their reliance on non-renewable inputs.

We believe increasing demand for agricultural products and changing agricultural industry dynamics will continue to drive the need for banking services in our markets, particularly from banks such as ours that understand, and provide products and services that specifically address, the unique needs of our agribusiness customers. We believe that we are well positioned to continue to serve the banking needs of small and mid-sized businesses and the agribusiness sector.

Our Competitive Strengths

We attribute our success to the following competitive strengths, among others:

Focus on Business Banking

We focus on business banking which has contributed significantly to our profitability and growth. As of March 31, 2015, business banking accounted for approximately 61% of our loan portfolio, with C&I loans representing 23%, owner-occupied CRE loans representing 16% and other CRE loans representing 22% of our total loan portfolio. From September 30, 2009 through March 31, 2015, our business banking loan portfolio has grown at a CAGR of 14%. We believe we have developed a strong brand and market reputation in business banking within the markets we serve by focusing on our core competencies. We provide business banking services to small and mid-sized businesses across a diverse range of industries that support economic growth in the markets in which our business banking customers operate. We offer our business banking customers focused banking services designed to meet the specific needs of their businesses. We have a significant presence in attractive markets, particularly markets such as Omaha, Des Moines and Sioux Falls, which we believe are located in growing economies and present opportunities to increase our business banking activities.

Specialized Agribusiness Expertise

In addition to business banking, we focus on agribusiness banking. According to the American Bankers Association, at March 31, 2015, we were ranked the 6th-largest farm lender bank in the United States measured by total dollar volume of farm loans. We have been providing banking services to the agricultural community since our bank was founded in 1935. We have developed extensive expertise and brand recognition in agribusiness lending, which is one of the fastest growing industries in our markets and is the largest single industry sector that we serve. At March 31, 2015, our agribusiness loan portfolio was balanced among the major types of agricultural production in our footprint grains (primarily corn, soybeans and wheat) representing 36% of our agribusiness loan portfolio, proteins (primarily beef cattle, dairy products and hogs) representing 48% of our agribusiness loan portfolio, and other (including cotton and vegetables) representing 16% of our agribusiness loan portfolio. We have grown our agribusiness lending significantly in recent years through our focus on expansion within the markets in our footprint and the recruitment of specialist relationship bankers with a deep understanding of, and strong relationships with customers in, the agriculture industry. Our agribusiness loan

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portfolio represented 25% of our total loan portfolio at March 31, 2015, and has grown at a CAGR of 19% from September 30, 2009 to March 31, 2015. In our most recent fiscal year, our agribusiness loan portfolio grew 6% from September 30, 2013 to September 30, 2014. In addition, we estimate that approximately 14% of our C&I loans and owner-occupied CRE loans are agriculture-related loans, as of March 31, 2015.

Track Record of Strong and Disciplined Growth

We have a track record of combining organic expansion with strategic acquisitions to achieve strong overall growth. Our record of steadily growing and successfully operating our business is demonstrated by our:

- Balance sheet growth: From September 30, 2009 to March 31, 2015, we have grown our total assets at a CAGR of 12%, our loan portfolio at a CAGR of 14% and our deposit base at a CAGR of 13%. This growth was primarily generated by our acquisition of TierOne Bank in 2010, which represented approximately $2.5 billion of our $3.1 billion total asset growth in fiscal year 2010. From September 30, 2013 to September 30, 2014 our total assets, loan portfolio and deposit base grew by 3%, 7% and 1%, respectively, as our loan growth drove continued asset growth, despite being offset by a reduction in the size of our investment portfolio. At March 31, 2015, our total assets, loans and deposits grew by 4%, 4% and 6%, respectively, to $9.78 billion in total assets, $7.07 billion in loans and $7.49 billion in deposits compared with September 30, 2014;

- Earnings growth: We have increased our net income to $105.0 million for fiscal year 2014, representing a CAGR of 18% from fiscal year 2009 and an increase of 9% from fiscal year 2013. Our net income was $46.4 million for the six months ended March 31, 2015; and

- Return on assets and equity: For fiscal year 2014, we achieved a 1.14% return on average total assets and a 16.6% return on average tangible common equity.

For more information on our return on average tangible common equity, see Summary Historical Consolidated Financial and Operating Information.

We have achieved organic growth by increasing our market share in select markets and entering new markets. We have been successful at recruiting and retaining relationship bankers with extensive industry expertise. We have also developed streamlined processes that allow us to be responsive, flexible and accessible to our customers, which we believe has allowed us to attract new customers and grow our loan portfolio and deposit base. We have achieved this growth while maintaining strong asset quality, with annual net charge-offs peaking at 88 basis points of average loans for fiscal year 2011 and declining to 14 basis points of average loans for fiscal year 2014. The average tax equivalent yield on loans, other than loans acquired with deteriorated credit quality, was 4.91% for the first six months of fiscal year 2015, a decrease of 23 basis points compared to 5.14% for the same period in fiscal year 2014.

Our organic growth has been supplemented by our disciplined acquisition strategy led by our experienced management team. We seek to maximize the success of our acquisitions through a well-established integration process. We have successfully leveraged our business banking model with our specialized agribusiness expertise to expand our footprint through eight acquisitions since 2006, including our 2010 FDIC-assisted acquisition of TierOne Bank, which represented approximately $2.5 billion in acquired assets. We expect to continue to opportunistically pursue acquisitions consistent with our strategic objectives, although we do not have any current agreements, arrangements or understandings regarding future acquisitions.

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The following chart shows our loan portfolio and the portion of our loans acquired through acquisitions completed since September 30, 2009:

Loans ($BN)(1)(2)

(1) At September 30 of each year, other than as of March 31, 2015.
(2) Acquired loans includes all loans acquired in acquisitions completed after September 30, 2009.

Through organic growth and acquisitions, we have grown our total loan portfolio to $7.1 billion at March 31, 2015. As illustrated above, from September 30, 2009 to March 31, 2015 our total loan portfolio, less acquired loans, has grown from $3.4 billion to $6.7 billion, representing a CAGR of 13%.

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Highly Efficient Operating Model

We believe our highly efficient and scalable operating model has enabled us to operate profitably, remain competitive, increase market share and develop new business. We emphasize company-wide operating principles focused on proactive expense management, targeted investment, disciplined lending practices and focused product offerings. We have achieved cost efficiencies by consolidating our branch network through the closure of less profitable locations and through our demonstrated success in acquiring and integrating banks. We have also achieved significant cost efficiencies through the use of the *Kaizen* & *Lean* principles, which are management techniques for improving processes and reducing waste, to eliminate redundancies and improve the efficient allocation of resources throughout our operations. We believe our focus on operating efficiency has contributed significantly to our return on equity, return on assets and net income and is reflected in our efficiency ratios presented below.

Efficiency Ratios[1]

PeerMedian Source: SNL Financial.

(1) For the twelve months ended September 30, other than the six months ended March 31, 2015.

(2) One financial measure we use to evaluate our operational efficiency is our efficiency ratio, which is not presented in accordance with U.S. GAAP. We calculate our efficiency ratio as the ratio of our tangible noninterest expense, which excludes amortization of core deposits and other intangible assets, to our total revenue (equal to the sum of net interest income and noninterest income) on a fully taxable equivalent basis. For more information on this measure, including a reconciliation to the most directly comparable U.S. GAAP financial measure, see Summary Historical Consolidated Financial and Operating Information.

(3) Our peers refer, collectively, to all publicly listed U.S. bank holding companies with total assets between $5 billion and $15 billion at March 31, 2015. For each period, the peer group excludes any bank holding company for which data was not available for such period. SNL Financial calculates peer efficiency ratios for all twelve-month periods as the ratio of noninterest expense, which excludes amortization of intangible assets, to the sum of net interest income on a fully taxable equivalent basis and noninterest income. We calculated peer efficiency ratios for the six months ended March 31, 2015 based on the same methodology, with data obtained from SNL Financial.

Disciplined Risk Management

Risk management is a core competency of our business, and we believe that our risk management approach is more robust than that of most U.S. banks our size. Following the acquisition of us by NAB, we expanded our risk management staff significantly to conform to NAB s global standards. We have also implemented comprehensive policies and procedures for credit underwriting and monitoring of our loan portfolio, including strong credit practices among our relationship bankers, allowing credit decisions to be made efficiently on a local basis consistent with our underwriting standards. We were able to remain profitable while maintaining strong

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asset quality through the financial crisis, in part due to our focus on our core business and adherence to our disciplined risk management. We believe our robust approach to risk management has enabled us to grow our loan portfolio without compromising credit quality. By focusing on our core areas of expertise, we largely avoided higher-risk lending practices that impacted other lenders in the industry during 2009 to 2011.

The following chart shows our annual net charge-offs as a percentage of average loans for fiscal year 2009 through fiscal year 2014, and for the six months ended March 31, 2015, compared to the median of our peers:

Annual Net Charge-offs as a Percentage of Average Loans(1)

PeerMedian Source: SNL Financial.

(1) For the twelve months ended September 30, other than the six months ended March 31, 2015. Information for the six months ended March 31, 2015 is computed on an annualized basis. For each period, the peer group excludes any bank holding company for which data was not available for such period.

(2) Our peers refer, collectively, to all publicly listed U.S. bank holding companies with total assets between $5 billion and $15 billion at March 31, 2015.

(3) Our net charge-offs increased for the six months ended March 31, 2015 due to higher credit-related charges of approximately $14 million incurred during the period. As a result of these charge-offs, our annual net charge-offs as a percentage of average loans increased to 0.23%. For a discussion of these credit-related charges, see Management s Discussion and Analysis of Financial Condition and Results of Operations for more information.

Experienced Management Team With Local Market Experience

Our senior management team, led by Ken Karels, our President and Chief Executive Officer, has a long and successful history of managing financial institutions in the region and, in particular, significant experience in business and agribusiness lending, with an average of over 25 years of banking experience. Our senior management team has a demonstrated track record of managing profitable growth, successfully executing and integrating acquisitions, improving operating efficiencies, maintaining a strong risk management culture and implementing a relationship-based and service-focused approach to banking.

Our Business Strategy

We believe that stable long-term growth and profitability are the result of building strong customer relationships while maintaining disciplined underwriting standards. We plan to focus on originating high-quality loans and growing our low-cost deposit base through our relationship-based business and agribusiness banking.

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We believe that continuing to focus on our core strengths will enable us to gain market share, continue to improve our operational efficiency and increase profitability. The key components of our strategy for continued success and future growth include the following:

Attract and Retain High-Quality Relationship Bankers

A key component of our growth in our existing markets and entry into new markets has been our ability to attract and retain high-quality relationship bankers. We have recruited approximately 58 new business and agribusiness relationship bankers since January 1, 2011 (out of a total of approximately 181 business and agribusiness relationship bankers at June 30, 2015), with average industry experience of 17 years when hired. We believe we have been successful in recruiting qualified relationship bankers due primarily to our decentralized management approach, focused product suite and flexible and customer-focused culture while continuing to provide sophisticated banking capabilities to serve our customers needs. We intend to continue to hire experienced relationship bankers to execute our relationship-driven banking model. We utilize a variable compensation structure designed to incentivize our relationship bankers by tying their compensation to their individual overall performance and the performance of the loans that they help originate, which we measure based on revenues, return on assets and asset quality/risk, among other things. We believe this structure establishes the appropriate incentives to maximize performance and satisfy our risk management objectives. By leveraging the strong networks and reputation of our experienced relationship bankers, we believe we can continue to grow our loan portfolio and deposit base as well as cross-sell other products and services.

Optimize Footprint in Existing and Complementary Markets

We pursue attractive growth opportunities to expand within our existing footprint and enter new markets aligned with our business model and strategic plans. We believe we can increase our presence in under-represented areas in our existing markets and broaden our footprint in attractive markets adjacent and complementary to our current markets by continuing our emphasis on business and agribusiness banking. Our branch strategy is guided by our ability to recruit experienced relationship bankers in under-represented and new markets. These bankers expand our banking relationships into these markets prior to opening a branch, which increases our likelihood of expanding profitably by developing an asset base before we establish a branch in that market. We will continue to opportunistically consider opening new branches. We intend to capitalize on growth opportunities we believe exist in growing economies in and adjacent to our existing markets.

Deepen Customer Relationships

We believe that our reputation, expertise and relationship-based banking model enable us to deepen our relationships with our customers. We look to leverage our relationships with existing customers by cross-selling our products and services. We have sought to grow our low-cost customer deposit base by attracting more deposits from our business and agribusiness customers. We offer alternative cash management solutions intended to help retain business customers. We seek to expand and enhance our wealth management platform through focused product offerings that we believe will appeal to our more affluent customers. We intend to continue to capitalize on opportunities to capture more business from existing customers throughout our banking network.

Continue to Improve Efficiency and Lower Costs

We believe that our focus on operational efficiency, even in light of incremental costs from being a public company, is critical to our profitability and future growth. We intend to carefully manage our cost structure and continuously refine and implement internal processes to create further efficiencies and enhance our earnings. We continue to optimize our branch network and have commenced reviews of additional internal processes and our vendor relationships, with a view to identifying opportunities to further improve efficiency and enhance earnings. In March 2015, we closed three branches in Omaha and two branches in Sioux Falls while opening a new

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Business Banking center in Omaha to improve our operating efficiency and better serve our customers. We are also continuing our efforts to shift our deposit base to lower-cost customer deposits, a strategic initiative that has been primarily responsible for driving our cost of deposit funding down since September 30, 2012. We believe our scalable systems, risk management infrastructure and operating model will better enable us to achieve further operational efficiencies as we grow our business.

Opportunistically Pursue Acquisitions

Our management team has extensive expertise and a successful track record in evaluating, executing and integrating attractive, franchise enhancing acquisitions. We will continue to consider acquisitions that are consistent with our business strategy and financial model as opportunities arise. Illustrated below, as of September 30 of each indicated year, is the growth in our total assets as a result of our acquisitions in that fiscal year.

(1) Acquired assets are the total of the fair value of assets acquired and the net cash and cash equivalents received at the time of acquisition in each indicated year.

We believe acquisition opportunities will continue to arise within our markets, as well as in familiar and complementary markets.

Recent Developments

All references to net interest income, net interest margin, interest income on loans other than loans acquired with deteriorated credit quality, yield on loans acquired with deteriorated credit quality and the related non-GAAP adjusted measure of each item are presented on a fully-tax equivalent (FTE) basis unless otherwise noted. Any discrepancies included in this prospectus between totals and the sums of percentages and dollar amounts presented, or between rounded dollar amounts, are due to rounding.

On July 27, 2015, we announced preliminary financial results for the three months ended June 30, 2015. We have not filed our Quarterly Report on Form 10-Q for the three months ended June 30, 2015 and, therefore, our operating results for the period are subject to completion of our normal quarter-end closing and review procedures, which may result in changes to these results. These results are not necessarily indicative of the results that may be expected for any future period and should be read in conjunction with the sections titled Management s Discussion and Analysis of Financial Condition and Results of Operations and our financial statements and related notes thereto presented elsewhere in this prospectus. For additional information relating to our preliminary financial results, see Exhibit 99.1 to the registration statement of which this prospectus forms a part.

Our net income was $28.8 million, or $0.50 per share, for the quarter ended June 30, 2015, compared to net income of $22.5 million, or $0.39 per share, for the same quarter of fiscal year 2014. The results for the quarter included a $1.6 million nonrecurring net gain realized on the sale of a closed branch location and other branch closure related activities, which contributed approximately $0.02 per share after tax. Net interest income and noninterest expense each improved compared to the same quarter in fiscal year 2014, partially offset by higher provision for loan losses. Fiscal year-to-date net income was $75.3 million, or $1.30 per share, compared to $77.1 million, or $1.33 per share, for the same period of fiscal year 2014.

Net interest income increased $4.9 million, or 6%, from $81.3 million for the third quarter of fiscal year 2014 to $86.2 million for the third quarter of fiscal year 2015. Loan interest income drove the majority of the increase, while lower deposit interest expense offset a reduction in interest income from the investment portfolio.

Net interest margin was 3.95%, 3.89% and 4.03%, respectively, for the quarters ended June 30, 2015, March 31, 2015 and June 30, 2014 and 3.92% and 3.99%, respectively, for the nine months ended June 30, 2015 and June 30, 2014. Adjusted net interest margin, which adjusts for the realized gain (loss) on interest rate swaps, was 3.70%, 3.64% and 3.80%, respectively, and 3.67% and 3.77%, respectively, for the same periods.

Net interest margin and adjusted net interest margin declined compared to the third quarter of fiscal year 2014 primarily due to lower asset yields, partially offset by a continued reduction in cost of deposits. The yield on loans, excluding loans acquired with deteriorated credit quality was 21 basis points lower in the third quarter of fiscal year 2015 compared to the same quarter in fiscal year 2014, while the investment portfolio yield decreased by 15 basis points over the same period. Total cost of deposits decreased by 5 basis points. On a sequential quarter basis, the increase in net interest margin and adjusted net interest margin was primarily due to a higher investment portfolio yield, a stabilized loan yield and a reduction in the cost of deposits. A portion of the stabilization in loan yield was due to $0.4 million of incremental interest income recognized on the workout of two acquired loans in the third quarter of fiscal year 2015 and $0.5 million of interest income reversed in the previous quarter when loans were placed on nonaccrual status. Adjusted net interest margin is a non-GAAP measure. For more information on this measure, including a reconciliation to the most directly comparable U.S. GAAP financial measure, see Summary Historical Consolidated Financial and Operating Information.

Loan growth for the quarter ended June 30, 2015 was $172.8 million, bringing fiscal year-to-date growth to $457.8 million, an increase of 6.7% compared to September 30, 2014. Fiscal year-to-date growth remained balanced across the business and agriculture lending components of the portfolio including commercial non-real estate, commercial real estate and agriculture and, as of June 30, 2015, business and agriculture lending represented 86% of our total loan portfolio. No single industry represented more than 8% of our commercial non-real estate portfolio. Our commercial real estate portfolio remained diversified among the sub-components of the portfolio comprising the following percentages of our total loans: 16% owner occupied CRE, 14% non-owner occupied, 4% construction and development and 4% multifamily residential real estate. Our agriculture portfolio remained diversified with 37% grain, 49% protein (including 28% cattle, 15% dairy and 6% hogs) and 14% specialty crops (including 2% cotton).

Increased lending volume during the quarter represents growth in each of the major geographic areas we use to manage our markets. As of June 30, 2015, our loans remained diversified across our operating regions with 33% in Iowa/Kansas/Missouri, 25% in South Dakota, 20% in Arizona/Colorado, 19% in Nebraska and 3% in other areas. Our balance of loans acquired with deteriorated credit quality continued to decline and decreased by $840 million, or 88%, compared to September 30, 2010.

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Our total deposits contracted by $130.0 million during the quarter, reducing fiscal year-to-date growth to $305.5 million, an increase of 4.3% compared to September 30, 2014. Net deposit outflows are typical for our bank in the third fiscal quarter due to seasonal outflows. FHLB borrowings increased by $115.5 million during the quarter to offset deposit outflows and fund loan growth. The average cost of deposits for the quarter was 0.31%, down 5 basis points compared to the same quarter in fiscal year 2014, driven in part by a change in deposit mix. At June 30, 2015, our deposit mix consisted of $4.56 billion in interest-bearing demand accounts, $1.36 billion in non-interest-bearing demand accounts and $1.44 billion in time accounts. Municipal public deposits comprised $884 million of our total deposits at June 30, 2015, $577 million of which were required to be collateralized. Our deposit portfolio also remained diversified across our operating regions with 33% in Nebraska, 31% in Iowa/Kansas/Missouri, 21% in South Dakota and 16% in Arizona/Colorado.

Provision for loan losses was $4.4 million for the quarter ended June 30, 2015, compared to $1.5 million in the same quarter of fiscal year 2014. Net charge-offs for the quarter were $0.9 million, or 0.05% of total loans on an annualized basis, bringing fiscal year-to-date net charge-offs to $9.0 million, or 0.17% of total loans on an annualized basis. For the comparable periods in fiscal year 2014, net charge-offs were $1.6 million, or 0.10% of total loans on an annualized basis, and $6.8 million, or 0.14% of loans on an annualized basis, respectively. The ratio of allowance for loan losses to total loans increased from 0.74% at March 31, 2015 to 0.77% at June 30, 2015.

At June 30, 2015, nonperforming loans were $68.1 million, with $8.3 million of the balance covered by FDIC loss-sharing arrangements. Total nonperforming loans decreased by $6.2 million, or 8%, during the quarter, while non-covered nonaccrual loans increased by $13.3 million, or 29%. The majority of the increase in non-covered nonaccrual loans was driven by loans whose loss-sharing coverage expired during the quarter for which management has a workout plan in place and does not currently expect to incur credit losses in the future. OREO balances declined by $21.6 million, or 50%, during the quarter, primarily due to the liquidation of one longstanding problem asset.

Loans on Watch status were $322.3 million as of June 30, 2015, a decrease of $62.2 million, or 16%, during the quarter. The majority of the decrease occurred in the commercial non-real estate segment, with smaller decreases in the commercial real estate and agriculture segments. While it is too early to project grain farmers yields and market conditions resulting from the fall harvest, management is not aware of any notable deterioration in borrowers financial condition or outlook for their 2015 financial performance but will continue to monitor closely.

Our noninterest income was $10.0 million for the quarter ended June 30, 2015, a decrease of $0.3 million, or 3%, compared to the third quarter of fiscal year 2014. Included within noninterest income are the changes in fair value of certain loans for which we have elected the fair value option and the net gain (loss), realized and unrealized, of the related derivatives used to manage the interest rate risk on these loans. On a net basis, these two components of noninterest income represented a $1.5 million decrease as product and service fees included in noninterest income increased $1.2 million, or 9%, compared to the same quarter in fiscal year 2014. This increase was primarily attributable to increases in net gain on sale of loans (i.e., the mortgage loans originated by us), which increased by $0.6 million, or 44%, and other noninterest income, which also increased by $0.6 million, or 43%, primarily driven by our portion of recoveries related to acquired loans. Our efficiency ratio was 46.4% for the quarter, compared to an increase of 54.8% for the same quarter of fiscal year 2014, and was 48.8% for the first nine months of fiscal year 2015, compared to 50.9% for the same period in the previous year. Our efficiency ratio is a non-GAAP measure. For more information on this measure, including a reconciliation to the most directly comparable U.S. GAAP financial measure, see Summary Historical Consolidated Financial and Operating Information.

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Our total noninterest expense was $46.4 million for the quarter ended June 30, 2015, a decrease of $7.8 million, or 14%, compared to the same quarter in fiscal year 2014. The decrease in noninterest expense was primarily driven by:

- a $6.4 million reduction in other noninterest expense, which included a $5.2 million reduction in net OREO costs and a net nonrecurring gain in the third quarter of fiscal year 2015 of approximately $1.6 million related to branch closure activities;
- a $2.3 million reduction in amortization of intangible assets; and
- a $1.7 million reduction in net occupancy expenses stemming from a significant fluctuation in real estate taxes incurred between the two periods; partially offset by
- a $2.5 million increase in salaries and employee benefits, which includes increases in salaries and health insurance costs.

Capital levels remained consistent throughout the quarter. Tier 1 and total capital ratios were 11.5% and 12.5%, respectively, as of June 30, 2015, compared to 11.6% and 12.6%, respectively, as of March 31, 2015. Our common equity tier 1 capital ratio was 10.8% as of June 30, 2015 and as of March 31, 2015. Our Tier 1 leverage ratio was 9.4% as of June 30, 2015 and 9.3% as of March 31, 2015.

On July 27, 2015, our board of directors declared a dividend of $0.12 per common share payable on August 28, 2015 to owners of record as of close of business on August 14, 2015. The aggregate dividend payment will be $6.9 million.

Our Structure

Prior to our IPO in 2014, we were an indirect, wholly-owned subsidiary of National Australia Bank Limited, or NAB. We were formed to be the publicly traded holding company for our bank, and prior to the completion of the Formation Transactions described below, we did not engage in any business or other activities other than in connection with our formation and the IPO. NAB traces its history back to the establishment of the Bank of Australasia in 1858. NAB is a large Australian financial institution incorporated in 1893 and listed on the Australian Securities Exchange. NAB operates in Australia, New Zealand, the United Kingdom, the United States and parts of Asia. Other than our business, NAB s U.S. operations primarily consist of wholesale banking operations used by NAB to obtain financing for its Australian operations and facilitate the provision of financing and risk management products to its Australian clients and international clients with significant Australian operations. NAB s wealth management business also has operations in the United States designed to facilitate access to U.S. investment opportunities by NAB s Australian clients.

On October 17, 2014, we completed a series of internal reorganization transactions, which we refer to as the Formation Transactions, as a result of which Great Western Bancorp, Inc. succeeded to all the assets, liabilities and business of Great Western Bancorporation, Inc. For additional information related to the Formation Transactions, see Management s Discussion and Analysis of Financial Condition and Results of Operations Key Factors Affecting our Business and Financial Statements Formation Transactions.

Direct Share Repurchase from the NAB Selling Stockholder

On July 24, 2015, we entered into a Share Repurchase Agreement with the NAB selling stockholder, pursuant to which we will acquire from the NAB selling stockholder, subject to certain terms and conditions, a number of shares of our common stock equal to $60 million divided by the per share proceeds, before expenses, to the NAB selling stockholder, as shown on the cover of this prospectus, rounded down to the nearest whole share, or 2,666,518 shares. We refer to this share repurchase transaction as the Direct Share Repurchase . We will pay the NAB selling stockholder an aggregate purchase price of approximately $60 million.

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The Direct Share Repurchase and the entry into the Share Repurchase Agreement were each authorized by a special committee of our board of directors, which was formed for the sole purpose of considering the Direct Share Repurchase. The special committee retained an independent financial advisor for purposes of its deliberations.

Pursuant to the Share Repurchase Agreement, the Direct Share Repurchase will be subject to a number of conditions (unless waived by us), including:

- the successful completion of this offering; and

- the receipt by the special committee of a fairness opinion, in form satisfactory to the special committee, from D. A. Davidson & Co., the special committee s financial advisor.

The Direct Share Repurchase will be funded with our existing cash on hand.

Although, as described above, the closing of the Direct Share Repurchase is conditioned on the closing of this offering (among other conditions), the closing of this offering is not conditioned on the closing of the Direct Share Repurchase, and there can be no assurances that the Direct Share Repurchase will be completed even if this offering is completed. As a result, the NAB selling stockholder may continue to hold shares of our common stock following the completion of this offering.

The Share Repurchase Agreement is filed as an exhibit to the registration statement of which this prospectus is part.

Our Relationship with NAB

On August 29, 2014, NAB publicly announced its intent to divest itself of our bank over time, subject to market conditions, consistent with its strategy of focusing on its core Australian and New Zealand franchises. On October 20, 2014, we completed the IPO of our common stock in which the NAB selling stockholder sold 18,400,000 shares of our common stock, representing 31.8% of our outstanding common stock. On May 6, 2015, we completed a secondary offering of our common stock in which the NAB selling stockholder sold 23,000,000 shares, representing 39.7% of our outstanding common stock.

This offering of 12,563,269 shares of our common stock by the NAB selling stockholder, representing 76.21% of its beneficial ownership interest in our outstanding common stock prior to this offering, is the third stage of NAB s planned divestment. Following the completion of this offering (assuming the underwriters option to purchase additional shares of common stock is exercised in full) and the Direct Share Repurchase, NAB expects to have fully divested its ownership of our common stock.

Prior to our IPO, as an indirect, wholly-owned subsidiary of NAB, we historically received financial and administrative support from NAB and its affiliates and engaged in business transactions with them. For a discussion of these transactions, see Our Relationship with NAB and Certain Other Related Party Transactions Relationship with NAB.

In connection with our IPO, we and NAB entered into certain agreements that provide a framework for our ongoing relationship, including a Stockholder Agreement governing NAB s rights as a stockholder, a Transitional Services Agreement pursuant to which NAB has agreed to continue to provide us with certain services for a transition period and a Registration Rights Agreement requiring that we register shares of our common stock beneficially owned by NAB under certain circumstances. For further information regarding these agreements with NAB, see Our Relationship with NAB and Certain Other Related Party Transactions Relationship with NAB.

NAB s rights under these agreements generally terminate on the Non-Control Date, which will occur on the date on which NAB ceases to control us for purposes of the BHC Act and delivers a notice to such effect, or a non-control notice, to us. A determination that an entity no longer controls a bank holding company for purposes of the BHC Act takes into consideration a variety of factors, including the percentage of voting securities held, the percentage of stockholders equity held, the existence of director and management interlocks, the existence of business or other relationships between the parties and the willingness of such entity to enter into certain types of passivity commitments. We expect the Non-Control Date to occur upon the completion of this offering and the Direct Share Repurchase but it is possible that it will be delayed until a later date. In that case, NAB s rights under the agreements will continue for some period of time following the offering until NAB delivers a non-control notice to us. NAB s delivery of a non-control notice to us, and therefore the Non-Control Date, could be delayed if NAB continues to beneficially own any shares of our outstanding common stock following the offering, which would be the case if the underwriters option to purchase additional shares of common stock is not exercised at all or is not exercised in full. We expect that NAB will deliver a non-control notice to us, and that the Non-Control Date will occur, on the first day that NAB no longer beneficially owns any shares of our outstanding common stock.

The agreements summarized below have been filed as exhibits to the registration statement of which this prospectus forms a part.

Stockholder Agreement. Under the Stockholder Agreement, dated October 20, 2014, NAB has certain consent and other rights with respect to our business until the Non-Control Date. As a result, NAB historically has had significant control over us. See Our Relationship with NAB and Certain Other Related Party Transactions Relationship with NAB Stockholder Agreement. The Stockholder Agreement provides NAB with the following rights, among others:

- the ability to nominate candidates for election to our board of directors (with the number of designees depending on the level of NAB s beneficial ownership of our outstanding common and non-voting common stock, as described below);

- the right to have its designees to our board of directors serve on committees of the board of directors in certain circumstances;

- consent rights giving NAB the ability to veto mergers, acquisitions, changes to our capital stock, business activities, corporate governance and various other significant corporate actions, such as incurring or guaranteeing certain additional indebtedness, entering into or terminating joint venture relationships, amending our constituent documents, amending or terminating certain material contracts, settling material litigation or entering into material written agreements with a regulatory agency, we may pursue;

the right to continue to access our internal information and to be consulted on our public disclosures and filings before we publish them;

access rights to our independent auditor and our internal audit function (through the head of internal audit), including work papers and relevant personnel, and cooperation rights with respect to NAB s independent auditor; and

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the right to exchange shares of our common stock for shares of our non-voting common stock for so long as NAB beneficially owns shares of our common stock, which will permit NAB to reduce its voting interest in our common stock and corresponding ability to control us for U.S. bank regulatory purposes.

Certain rights under the Stockholder Agreement will terminate on the earlier to occur of (i) May 6, 2016, the one-year anniversary of the first date when NAB ceased to directly or indirectly beneficially own at least 50% of our outstanding common stock, and (ii) the Non-Control Date. These rights include, for example, NAB s right to designate for nomination and election a majority of our board of directors. If NAB continues to control us for purposes of the BHC Act after May 6, 2016, NAB will have the right to designate for nomination and election a number of individuals equal to the number of independent directors nominated to serve on our board of directors (other than any independent directors who have been designated by NAB) minus two until such time as NAB ceases to have such control. After the Non-Control Date, NAB will have the right to designate one nominee for election to our board of directors as long as NAB continues to beneficially own at least 5% of our outstanding common stock and non-voting common stock. NAB s right to have its designees to our board of directors serve on committees of our board extends until NAB no longer controls us for purposes of the BHC Act, or such earlier time as may be required to satisfy the independence requirements under NYSE listing standards. NAB s consent rights to veto certain actions we may desire to take extends until the Non-Control Date.

NAB s information rights generally extend until NAB no longer controls us for purposes of the BHC Act or is no longer required to consolidate our financial results with theirs. For example, as long as NAB is required under applicable accounting standards to consolidate our financial statements with theirs, and in any case for all financial periods commencing before the earlier of (i) May 6, 2016 and (ii) the Non-Control Date, we are required to provide NAB with full access to information and data relating to our business and financial results, including full access to our independent auditor and internal audit function. We also are required to provide NAB with access to business and financial information and data for so long as NAB is required under applicable accounting standards to account for its investment in us under the equity accounting method. For so long as NAB controls us for purposes of the BHC Act, (i) NAB also has reasonable access and cooperation rights with respect to our independent auditor and internal audit function, (ii) we are required to consult and coordinate with NAB with respect to public disclosures and filings, (iii) we may not change our independent auditor without NAB s consent and (iv) neither of us can take any action that could cause the other party s auditor to not be independent. With limited exceptions, NAB will not be entitled to any of the rights described above after it no longer owns any shares of our outstanding common stock. NAB will, however, have limited information access rights to the extent necessary to comply with regulatory or supervisory reporting obligations or inquiries or other legitimate business needs for a period of ten years following the Non-Control Date, subject to extension under certain circumstances. The Stockholder Agreement may not be assigned by either party, except with the other party s written consent.

Transitional Services Agreement. We entered into a Transitional Services Agreement with NAB governing the continued provision of certain services to us by NAB or its affiliates for the applicable transition period. These services include continuing to act as a counterparty to us on specified interest rate swaps consistent with past practice and providing fair value calculations related to specified loans and interest rate swaps, access to certain reporting systems and applications, certain risk, credit rating and tax oversight currently provided to us by a branch of NAB and certain insurance coverage under NAB s group-wide insurance policies. The fees for each of these services have been negotiated on arms -length terms and are consistent with the fees we historically have paid to NAB and its affiliates for these services as part of NAB s consolidated group. We currently expect to incur aggregate annual costs of approximately $1.8 million for all services provided by NAB under the Transitional Services Agreement, though our actual costs may vary. Unless earlier terminated by us or NAB, the Transitional Services Agreement terminates with respect to each service to be provided thereunder on the dates specified in the agreement, which range in duration. Most services to be provided by NAB or its affiliates will terminate on the Non-Control Date, and a smaller number of services will terminate on May 6, 2016. Accordingly, we expect that most services provided under the agreement will terminate upon the completion of

this offering and the Direct Share Repurchase. The Transitional Services Agreement may not be assigned by either party, except with the other party s written consent. See Our Relationship with NAB and Certain Other Related Party Transactions Relationship with NAB Transitional Services Agreement.

Registration Rights Agreement. Pursuant to the Registration Rights Agreement, dated October 20, 2014, upon NAB s request, we must use our reasonable best efforts to file a registration statement for, and affect the registration under applicable federal and state securities laws of, any shares of our common stock beneficially owned by NAB. See Our Relationship with NAB and Certain Other Related Party Transactions Relationship with NAB Registration Rights Agreement.

Termination of NAB s Controlling Interest. Because NAB expects to fully divest its ownership of our common stock in this offering and the Direct Share Repurchase, we expect NAB to cease to control us for purposes of the BHC Act and for the Non-Control Date to occur following the completion of this offering and the Direct Share Repurchase. NAB s delivery of a non-control notice to us, and therefore the Non-Control date, could be delayed if NAB continues to beneficially own any shares of our outstanding common stock upon the completion of this offering as would be the case if the underwriters option to purchase additional shares of common stock is not exercised at all or is not exercised in full. In this case, NAB could continue to exercise control over us for a period of time following completion of the offering because its rights under the agreements it has entered into with us would continue until the Non-Control Date, when NAB delivers a non-control notice to us. NAB s contractual veto rights with respect to our business, together with its control of our board of directors, could deprive stockholders of an opportunity to receive a premium for their shares of common stock as part of a sale of our company, among other opportunities. See Risk Factors Risks Related to NAB s Beneficial Ownership of Our Common Stock NAB has significant control over us, and its interests may conflict with ours or our other stockholders in the future.

Current NAB Employees and Appointees. Prior to our IPO, our Chief Financial Officer and Chief Risk Officer were employees of NAB or its subsidiary, Bank of New Zealand. In connection with our IPO, we entered into employment agreements with our Chief Financial Officer and Chief Risk Officer, whose employment with NAB, or Bank of New Zealand, as applicable, terminated and was transferred to us when the agreements became effective upon the completion of our IPO. See Our Relationship with NAB and Certain Other Related Party Transactions Related Party Transactions with NAB. Further, five of Great Western Bancorp, Inc. s current directors were nominated by NAB. See Management Directors and Executive Officers.

Historical Transactions with NAB. NAB and its affiliates have provided certain services to us historically, including acting as counterparty, pursuant to an ISDA master agreement with our bank, on approximately $1.05 billion in total notional amount of interest rate swaps outstanding at March 31, 2015 and providing the services discussed above that are currently provided pursuant to the Transitional Services Agreement. In addition, we have borrowed from NAB from time to time, including through a revolving credit agreement and through certain subordinated capital notes, although we intend to repay our outstanding indebtedness to NAB in connection with this offering. See Our Relationship with NAB and Certain Other Related Party Transactions Related Party Transactions with NAB. Notwithstanding these historical funding transactions, we are not reliant on NAB and its affiliates to satisfy funding requirements associated with our business.

Risks Relating to Our Company

An investment in our common stock involves substantial risks and uncertainties. Investors should carefully consider all of the information in this prospectus, including the detailed discussion of these risks under Risk Factors beginning on page 25, prior to investing in our common stock. Some of the more significant risks include the following:

Our business may be adversely affected by conditions in the financial markets and economic conditions in the markets in which we and our customers operate generally and in the Midwest region in particular.

We focus on originating business and agricultural loans, both of which may involve greater risk than residential mortgage lending and are dependent for repayment on various factors outside of the borrower s control.

Repayment of our agricultural loans is dependent on the successful operation of the farm property and on the health of the agricultural industry.

A continuation of the current low interest rate environment or subsequent movements in interest rates may have an adverse effect on our profitability.

Our business depends on our ability to successfully manage risk, including credit, interest rate, liquidity and operational risks.

Our allowance for loan losses and our credit marks on acquired loan portfolios may be insufficient which could lead to additional losses on loans beyond those currently anticipated.

Our credit-related charges may be higher in the future and loans on our Watch list may result in additional charge-offs in the future.

Severe weather, natural disasters, acts of war or terrorism or other external events could significantly impact our business.

We may not be able to attract and retain key personnel and other skilled employees, successfully execute our strategic plan or manage our growth.

We operate in a highly competitive industry and market area.

We may not be able to report our future financial results accurately and timely as a publicly listed company if we fail to maintain an effective system of disclosure controls and procedures and internal control over financial reporting, or if we fail to remediate the material weakness identified relating to the design and operation of our internal control over financial reporting.

Following the completion of this offering and the Direct Share Repurchase, NAB may continue to have significant control over us.

Our amended and restated certificate of incorporation designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of stockholder-initiated actions and proceedings, which could limit our stockholders ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or agents.

We are subject to extensive regulation, and legislative or regulatory actions, including possible enforcement actions, taken now or in the future could have a significant adverse effect on our operations.

Our Corporate Information

Our principal executive office is located at 100 N. Phillips Ave, Sioux Falls, South Dakota 57104. Our telephone number is (605) 334-2548, and our website address is greatwesternbank.com. The information contained on our website is not a part of, or incorporated by reference into, this prospectus.

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THE OFFERING

Common stock offered by the NAB selling stockholder	12,563,269 shares
Option to purchase additional shares from the NAB selling stockholder	1,256,327 shares
Common and non-voting common stock outstanding	55,219,596 shares of common stock and no shares of non-voting common stock, reflecting the expected repurchase by us from the NAB selling stockholder of 2,666,518 shares of common stock in the Direct Share Repurchase.
Use of proceeds	We will not receive any of the proceeds from the sale of the shares of common stock being sold in this offering. All of the shares in this offering are being sold by the NAB selling stockholder.
Direct share repurchase from the NAB selling stockholder	Concurrently with the completion of this offering, we expect to repurchase from the NAB selling stockholder 2,666,518 shares of our common stock having an aggregate purchase price of approximately $60 million and a price per share equal to the per share proceeds, before expenses, to the NAB selling stockholder, as shown on the cover of this prospectus. See Our Relationship with NAB and Certain Other Related Party Transactions Direct Share Repurchase from the NAB selling stockholder for more information.
Dividend policy	On April 28, 2015, our board of directors declared a cash dividend of $0.12 per common share payable on May 29, 2015 to owners of record as of May 15, 2015.
	The declaration of all future dividends, if any, will be at the discretion of our board of directors and will depend on many factors, including the financial condition, earnings and liquidity requirements of our company and Great Western Bank, regulatory constraints, corporate law and contractual restrictions, and any other factors that our board of directors deems relevant in making such a determination. Our ability to pay dividends is subject to restrictions under applicable banking laws and regulations. In addition, dividends from Great Western Bank are the principal source of funds for the payment of dividends on our stock. Our bank is subject to certain restrictions under banking laws and regulations

that may limit its ability to pay dividends to us. Therefore, there can be no assurance that we will pay any dividends to holders of our stock, or as to the amount of any such dividends. See Dividend Policy and Dividends for more information.

Principal stockholder	Following the completion of this offering (assuming the underwriters option to purchase additional shares of common stock is exercised in full) and the Direct Share Repurchase, NAB expects to have fully divested its ownership of our common stock. For additional information regarding our relationship with NAB, see Our Relationship with NAB and Certain Other Related Party Transactions Relationship with NAB.
Preemptive rights	Purchasers of our common stock sold in this offering will not have any preemptive rights.
Listing	Our common stock is listed on the NYSE under the symbol GWB .
Risk factors	Investing in our common stock involves significant risks. See Risk Factors beginning on page 25 for a discussion of certain risks that you should consider before deciding to invest in our common stock.

The number of shares of our common stock outstanding excludes 897,222 shares of our common stock reserved and available for issuance under our equity incentive plans, the Great Western Bancorp, Inc. 2014 Omnibus Incentive Compensation Plan and the Great Western Bancorp, Inc. 2014 Non-Employee Director Plan. Unless we specifically state otherwise, the information in this prospectus assumes no exercise of the underwriters option to purchase additional shares of our common stock from the NAB selling stockholder.

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SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING INFORMATION

You should read the summary historical consolidated financial and operating data set forth below in conjunction with the sections titled Management s Discussion and Analysis of Financial Condition and Results of Operations and Capitalization, as well as our consolidated financial statements and the related notes included elsewhere in this prospectus. The historical financial information as of and for the fiscal years ended September 30, 2014, 2013 and 2012 is derived from our audited financial statements included elsewhere in this prospectus. The historical financial information as of and for the six-month periods ended March 31, 2015 and 2014 is derived from our unaudited financial statements included elsewhere in this prospectus, which have been prepared on the same basis as our audited consolidated financial statements. Our historical results may not be indicative of our future performance. In addition, results for the six-month periods ended March 31, 2015 and 2014 may not be indicative of the results that may be expected for the full fiscal year. The historical financial information below also contains non-GAAP financial measures, which have not been audited. For information relating to our preliminary financial results for the three months ended June 30, 2015, see Recent Developments and Management s Discussion and Analysis of Financial Condition and Results of Operations and Exhibit 99.1 to the registration statement of which this prospectus forms a part.

	At and for the six months ended March 31,		At and for the fiscal year ended September 30,		
	2015	2014	2014	2013	2012
	(dollars in thousands)				
Income Statement Data:					
Interest and dividend income	$ 178,782	$ 173,657	$ 352,476	$ 349,634	$ 339,142
Interest expense	15,248	16,559	32,052	39,161	50,971
Net interest income	163,534	157,098	320,424	310,473	288,171
Provision (recovery) for loan losses	12,998	(3,565)	684	11,574	30,145
Net interest income, after provision (recovery) for loan losses	150,536	160,663	319,740	298,899	258,026
Noninterest income	14,836	20,966	39,781	59,832	67,946
Noninterest expense	95,529	97,626	200,222	208,590	208,819
Income before income taxes	69,843	84,003	159,299	150,141	117,153
Provision for income taxes	23,422	29,428	54,347	53,898	44,158
Net income	$ 46,421	$ 54,575	$ 104,952	$ 96,243	$ 72,995
Other Financial Info / Performance Ratios:					
Net interest margin[6]	3.90%	3.99%	4.02%	3.99%	3.94%
Adjusted net interest margin[2] [6]	3.66%	3.77%	3.79%	3.81%	3.81%

Efficiency ratio(3)	50.1%	49.0%	50.4%	50.6%	52.8%
Return on average total assets(6)	0.96%	1.19%	1.14%	1.07%	0.85%
Return on average common equity(6)	6.44%	7.70%	7.34%	6.97%	5.40%
Return on average tangible common equity(1) (6)	13.8%	17.9%	16.6%	17.5%	15.0%
Balance Sheet Data:					
Loans(4)	$ 7,072,465	$ 6,531,763	$ 6,787,467	$ 6,362,673	$ 6,138,574
Allowance for loan losses	52,426	47,153	47,518	55,864	71,878
Securities	1,402,508	1,316,338	1,341,242	1,480,449	1,581,875
Goodwill	697,807	697,807	697,807	697,807	697,807
Total assets	9,781,645	9,274,880	9,371,429	9,134,258	9,008,252
Total deposits	7,487,698	7,252,684	7,052,180	6,948,208	6,884,515
Total liabilities	8,312,093	7,837,224	7,950,339	7,717,044	7,619,689
Total stockholders equity	1,469,552	1,437,656	1,421,090	1,417,214	1,388,563

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	At and for the six months ended March 31, 2015	At and for the six months ended March 31, 2014	At and for the fiscal year ended September 30, 2014	At and for the fiscal year ended September 30, 2013	At and for the fiscal year ended September 30, 2012
	(dollars in thousands)				
Asset Quality Ratios:					
Nonperforming loans / total loans	1.05%	1.40%	1.16%	2.03%	2.76%
Allowance for loan losses / total loans	0.74%	0.72%	0.70%	0.88%	1.17%
Net charge-offs / average total loans(6)	0.23%	0.16%	0.14%	0.44%	0.54%
Capital Ratios:					
Tier 1 capital ratio	11.6%	12.4%	11.8%	12.4%	11.9%
Total capital ratio	12.6%	13.6%	12.9%	13.8%	13.7%
Tier 1 leverage ratio	9.3%	9.4%	9.1%	9.2%	8.3%
Tangible common equity to tangible assets(5)	8.4%	8.4%	8.2%	8.2%	7.8%

(1) Two of the financial measures we use to evaluate our profitability and performance are cash net income and return on average tangible common equity, which are not presented in accordance with U.S. generally accepted accounting principles, or U.S. GAAP. We compute our cash net income by adding to net income (and thereby effectively excluding) amortization expense relating to intangible assets and related tax effects that have accumulated as a result of the acquisition of us by NAB and our various acquisitions of other institutions as described in Management s Discussion and Analysis of Financial Condition and Results of Operations Key Factors Affecting Our Business and Financial Statements Goodwill and Amortization of Other Intangibles. We compute our return on average tangible common equity as the ratio of our cash net income to our average tangible common equity, which is calculated by subtracting (and thereby effectively excluding) amounts related to the effect of goodwill and other intangible assets described above from our average common equity. We believe each of these measures is helpful in highlighting trends associated with our financial condition and results of operations by providing net income and return information based on our cash payments and receipts during the applicable period.

The following table shows our cash net income and return on average tangible common equity as well as reconciliations to our net income and return on average common equity, respectively, for the periods indicated:

	Six months ended March 31, 2015	Six months ended March 31, 2014	Fiscal year ended September 30, 2014	Fiscal year ended September 30, 2013	Fiscal year ended September 30, 2012
	(dollars in thousands)				
Cash net income and return on average tangible common equity:					
Net income	$ 46,421	$ 54,575	$ 104,952	$ 96,243	$ 72,995
Add: Amortization of intangible assets	4,691	9,379	16,215	19,290	19,646
Add: Tax on amortization of intangible assets	(440)	(1,622)	(3,244)	(3,244)	(3,244)

Cash net income	$ 50,607	$ 62,332	$ 117,923	$ 112,289	$ 89,397
Average common equity	$ 1,445,984	$ 1,421,478	$ 1,430,772	$ 1,380,296	$ 1,352,069
Less: Average goodwill and other intangible assets	709,935	721,652	719,573	738,140	756,149
Average tangible common equity	$ 736,049	$ 699,826	$ 711,199	$ 642,156	$ 595,920
Return on average common equity	6.44%	7.70%	7.34%	6.97%	5.40%
Return on average tangible common equity*	13.8%	17.9%	16.6%	17.5%	15.0%

* Calculated as cash net income divided by average tangible common equity.

(2) Two of the financial measures we use to evaluate our profitability and efficiency are adjusted net interest margin and adjusted yield on loans other than loans acquired with deteriorated credit quality, which are not

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presented in accordance with U.S. GAAP. We compute each measure by including the current realized gain (loss) on derivatives we use to manage interest rate risk on certain of our loans, as described in Management s Discussion and Analysis of Financial Condition and Results of Operations Key Factors Affecting Our Business and Financial Statements Loans and Interest Rate Swaps Accounted for at Fair Value. We believe that these measures are helpful in highlighting trends in our business that may not otherwise be apparent when relying solely on our U.S. GAAP-calculated results because we believe the current realized gain (loss) on the derivatives economically offsets the interest income earned on the related loans.

The following table shows our adjusted net interest margin as well as a reconciliation to our net interest margin and our adjusted yield on loans other than loans acquired with deteriorated credit quality as well as a reconciliation to unadjusted yield for the periods indicated:

	Six months ended March 31,		Fiscal year ended September 30,		
	2015	2014	2014	2013	2012
	(dollars in thousands)				
Adjusted net interest income and adjusted net interest margin (fully tax-equivalent basis):					
Net interest income	$ 163,534	$ 157,098	$ 320,424	$ 310,473	$ 288,171
Add: Tax equivalent adjustment	3,094	2,139	4,663	3,541	2,111
Net interest income (FTE)	$ 166,628	$ 159,237	$ 325,087	$ 314,014	$ 290,282
Add: Current realized derivative gain (loss)	(10,589)	(8,677)	(18,255)	(14,217)	(9,931)
Adjusted net interest income (FTE)	$ 156,039	$ 150,560	$ 306,832	$ 299,797	$ 280,351
Average interest-earning assets	$ 8,558,582	$ 8,012,542	$ 8,093,861	$ 7,862,860	$ 7,367,085
Net interest margin	3.90%	3.99%	4.02%	3.99%	3.94%
Adjusted net interest margin	3.66%	3.77%	3.79%	3.81%	3.81%
Adjusted interest income and adjusted yield (fully tax-equivalent basis) on loans other than acquired with deteriorated credit quality, net:					
Interest income	$ 161,689	$ 156,562	$ 318,775	$ 304,904	$ 286,530
Add: Tax equivalent adjustment	3,094	2,139	4,663	3,541	2,111
Interest income (FTE)	$ 164,783	$ 158,701	$ 323,438	$ 308,445	$ 288,641
Add: Current realized derivative gain (loss)	(10,589)	(8,677)	(18,255)	(14,217)	(9,931)

Adjusted interest income (FTE)	$ 154,194	$ 150,024	$ 305,183	$ 294,228	$ 278,710
Average Loans, other than loans acquired with deteriorated credit quality	$ 6,727,508	$ 6,186,621	$ 6,311,857	$ 5,876,116	$ 5,093,013
Yield	4.91%	5.14%	5.12%	5.25%	5.67%
Adjusted yield	4.60%	4.86%	4.84%	5.01%	5.47%

(3) One of the financial measures we use to evaluate our operational efficiency is our efficiency ratio, which is not presented in accordance with U.S. GAAP. We compute our efficiency ratio as the ratio of our tangible noninterest expense to our total revenue (equal to the sum of our net interest income and noninterest income). For purposes of this calculation, our noninterest expense is adjusted to exclude amounts related to the amortization of core deposits and other intangibles, which are non-cash expense items, and our total revenue is adjusted to include the tax-related benefit associated with our tax-advantaged loans and investments. We believe that our efficiency ratio is helpful in highlighting trends in our business that may not otherwise be apparent when relying solely on our U.S. GAAP-calculated results by eliminating fluctuations in non-cash expense items which do not represent cash flow expenditures during the relevant period and by reflecting all tax-related benefits associated with our loan and investment portfolio.

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The following table shows our efficiency ratio as well as a reconciliation with the components used in the calculation for the periods indicated:

	Six months ended March 31,		Fiscal year ended September 30,		
	2015	2014	2014	2013	2012
	(dollars in thousands)				
Efficiency ratio:					
Total revenue	$ 178,370	$ 178,064	$ 360,205	$ 370,305	$ 356,117
Plus: Tax equivalent adjustment	3,094	2,139	4,663	3,541	2,111
Total revenue (FTE)	$ 181,464	$ 180,203	$ 364,868	$ 373,846	$ 358,228
Noninterest expense	$ 95,529	$ 97,625	$ 200,222	$ 208,590	$ 208,819
Less: Amortization of core deposit and other intangibles	4,626	9,379	16,215	19,290	19,646
Tangible noninterest expense	$ 90,903	$ 88,246	$ 184,007	$ 189,300	$ 189,173
Efficiency ratio	50.1%	49.0%	50.4%	50.6%	52.8%

(4) Loans include unpaid principal balance net of unamortized discount on acquired loans and unearned net deferred fees and costs and loans in process.

(5) One of the financial measures we use to evaluate our financial condition is our tangible common equity to tangible assets ratio, which is not presented in accordance with U.S. GAAP. We compute this figure as the ratio of our tangible common equity to our tangible assets, each of which we calculate by subtracting (and thereby effectively excluding) the value of our goodwill and other intangible assets. We believe this measure is helpful in highlighting the common equity component of our capital and because of its focus by federal bank regulators when reviewing the health and strength of financial institutions in recent years, and when considering regulatory approvals for certain actions, including capital actions.

The following table shows our tangible common equity to tangible assets ratio as well as a reconciliation with the components used in its calculation for the periods indicated:

	March 31,		September 30,		
	2015	2014	2014	2013	2012
	(dollars in thousands)				
Tangible common equity and tangible common equity to tangible assets:					
Total stockholders equity	$ 1,469,552	$ 1,437,656	$ 1,421,090	$ 1,417,214	$ 1,388,563
	707,410	718,872	712,036	728,251	747,552

Less: Goodwill, core deposits and other intangibles					
Tangible common equity	$ 762,142	$ 718,784	$ 709,054	$ 688,963	$ 641,011
Total assets	$ 9,781,645	$ 9,274,880	$ 9,371,429	$ 9,134,258	$ 9,008,252
Less: Goodwill, core deposits and other intangibles	707,410	718,872	712,036	728,251	747,552
Tangible assets	$ 9,074,235	$ 8,556,008	$ 8,659,393	$ 8,406,007	$ 8,260,700
Tangible common equity to tangible assets	8.4%	8.4%	8.2%	8.2%	7.8%

(6) Calculated as an annualized percentage for the six months ended March 31, 2015 and 2014, as applicable.

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RISK FACTORS

Investing in our common stock involves a significant degree of risk. The material risks and uncertainties that management believes affect us are described below. Before investing in our common stock, you should carefully consider the risks and uncertainties described below, in addition to the other information contained in this prospectus. Any of the following risks, as well as risks that we do not know or currently deem immaterial, could have a material adverse effect on our business, financial condition or results of operations. As a result, the trading price of our common stock could decline, and you could lose some or all of your investment. Further, to the extent that any of the information in this prospectus constitutes forward-looking statements, the risk factors below are cautionary statements identifying important factors that could cause actual results to differ materially from those expressed in any forward-looking statements made by us or on our behalf. See Cautionary Note Regarding Forward-Looking Statements.

Risks Related to Our Business

Our business may be adversely affected by conditions in the financial markets and economic conditions generally and in our states in particular.

Our financial performance generally, and in particular the ability of our borrowers to pay interest on and repay principal of outstanding loans and the value of collateral securing those loans, as well as demand for loans and other products and services we offer and whose success we rely on to drive our future growth, is highly dependent upon the business environment in the markets in which we operate, principally in our states, and in the United States as a whole. Unlike larger banks that are more geographically diversified, we provide banking and financial services to customers in South Dakota, Iowa, Nebraska, Colorado, Arizona, Kansas and Missouri. The economic conditions in these local markets may be different from, and in some instances worse than, the economic conditions in the United States as a whole. Some elements of the business environment that affect our financial performance include short-term and long-term interest rates, the prevailing yield curve, inflation and price levels (particularly for agricultural commodities), monetary policy, unemployment and the strength of the domestic economy and the local economy in the markets in which we operate. Unfavorable market conditions can result in a deterioration in the credit quality of our borrowers and the demand for our products and services, an increase in the number of loan delinquencies, defaults and charge-offs, additional provisions for loan losses, adverse asset values and an overall material adverse effect on the quality of our loan portfolio. Unfavorable or uncertain economic and market conditions can be caused by declines in economic growth, business activity or investor or business confidence; limitations on the availability or increases in the cost of credit and capital; increases in inflation or interest rates; high unemployment; natural disasters; state or local government insolvency; or a combination of these or other factors.

In recent years, the U.S. economy has faced a severe economic crisis including a major recession from which it is slowly recovering. Business growth across a wide range of industries and regions in the United States remains reduced, and local governments and many businesses continue to experience financial difficulty. Since the recession, economic growth has been slow and uneven, unemployment levels generally remain elevated and there are continuing concerns related to the level of U.S. government debt and fiscal actions that may be taken to address that debt. There can be no assurance that economic conditions will continue to improve, and these conditions could worsen. Economic pressure on consumers and uncertainty regarding continuing economic improvement may result in changes in consumer and business spending, borrowing and saving habits. Such conditions could have a material adverse effect on the credit quality of our loans or our business, financial condition or results of operations.

The agricultural economy in our states has been affected by recent declines in prices and the rates of price growth for various crops. Weaker crop prices themselves could increase the risk of default on agricultural loans. Similarly, weaker crop prices could reduce the cash flows generated by farms and the value of agricultural land in our local markets and thereby increase the risk of default by our borrowers or reduce the foreclosure value of agricultural land and equipment that serve as collateral for certain of our loans. For example, in the second quarter of fiscal 2015, we performed a review on a substantial portion of our grain farming loan portfolio, identifying loans potentially affected by declines in agricultural commodity prices and lower collateral values. Further declines in commodity prices or collateral values may increase the incidence of default by our borrowers. Moreover, weaker crop prices might threaten farming operations in the United States, reducing market demand for agricultural lending. In particular, farm income has seen recent declines as a result of lower crop prices and some drought conditions. In line with the downturn in farm income, farmland prices are coming under pressure.

In addition, certain local economies in our states rely to varying extents on manufacturing, which has experienced steep declines in the United States over the last decade. Declines in agriculture or manufacturing in these local economies may cause the local commercial environment to decline, which may impact the credit quality of our borrowers or reduce the demand for our products or services. Declines in manufacturing also may negatively affect the market for, and the value of, any industrial equipment or machinery and any raw materials used as collateral for any loans in our portfolio. Further, because unemployment is now slightly lower in certain of our states than nationwide, the economies of our states may not improve as much as the economies of other regions in any nationwide economic recovery.

We focus on originating business loans (in the form of commercial and industrial loans and commercial real estate loans), which may involve greater risk than residential mortgage lending.

As of March 31, 2015, our business lending, which consists of our C&I and CRE loans, represented approximately $4.33 billion, or 61%, of our loan portfolio. Our C&I loans and CRE loans secured by borrower-occupied property, or owner-occupied CRE loans, which together form the core of our business banking focus, totaled approximately $2.77 billion, or 39%, of our loan portfolio at March 31, 2015, with undisbursed loan commitments for these loans amounting to an additional $712 million. We also had approximately $1.56 billion of other CRE loans (*i.e.*, construction and development loans, multifamily residential real estate loans and CRE loans secured by commercial property that is not borrower-occupied) at March 31, 2015, or 22% of our loan portfolio, including construction and development loans representing approximately 20% of our other CRE loans. Because payments on C&I loans, owner-occupied CRE loans and other CRE loans are often dependent on the successful operation or development of the property or business involved, repayment of such loans may be more sensitive than other types of loans to adverse conditions in the real estate market or the general economy. Collateral of all types, and particularly that of a specialized nature, may also experience significant declines in value in the short/medium term or the longer term. These types of loans may have a greater risk of loss than residential mortgage lending, in part because these loans are generally larger or more complex to underwrite than residential mortgages. In particular, real estate construction, acquisition and development loans have certain risks not present in other types of loans, including risks associated with construction cost overruns, project completion risk, general contractor credit risk and risks associated with the ultimate sale or use of the completed construction. If a decline in economic conditions or other issues cause difficulties for our borrowers of these types of business loans, if we fail to evaluate the credit of these loans accurately when we underwrite them or if we do not continue to monitor adequately the performance of these loans, our lending portfolio could experience delinquencies, defaults and credit losses that could have a material adverse effect on our business, financial condition or results of operations.

In addition to business loans, much of our lending is agricultural, and agricultural loans are dependent for repayment on the successful operation and management of the farm property, the health of the agricultural industry broadly, and in the location of the borrower in particular, and other factors outside of the borrower s control.

At March 31, 2015, our agricultural loans, consisting primarily of agricultural operating loans (*e.g.*, loans to farm and ranch owners and operators) and agricultural real estate loans, were $1.75 billion, representing 25% of our total loan portfolio. At March 31, 2015, agricultural operating loans totaled $909 million, or 13% of our loan portfolio; and agricultural real estate loans totaled $839 million, or 12%, of our loan portfolio. The primary livestock of our customers to whom we have extended agricultural loans include dairy cows, hogs and feeder

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cattle, and the primary crops of our customers to whom we have extended agricultural loans include corn, soybeans and, to a lesser extent, cotton and wheat. In addition, we estimate that approximately 14% of our C&I loans and owner-occupied CRE loans were agriculture-related loans at March 31, 2015.

Agricultural markets are highly sensitive to real and perceived changes in the supply and demand of agricultural products. As over 84% of our agricultural lending (excluding C&I loans and owner-occupied CRE loans) is to farms producing grain, beef cattle, dairy products or hogs, our performance is closely related to the performance of, and supply and demand in, these agricultural sub-sectors. Weaker crop prices, particularly for grains, could reduce the value of agricultural land in our local markets and thereby increase the risk of default by our borrowers or reduce the foreclosure value of agricultural land and equipment that serves as collateral for certain of our loans.

Our agricultural loans are dependent on the profitable operation and management of the farm property securing the loan and its cash flows. The success of a farm property may be affected by many factors outside the control of the borrower, including:

- adverse weather conditions (such as hail, drought and floods), restrictions on water supply or other conditions that prevent the planting of a crop or limit crop yields;
- loss of crops or livestock due to disease or other factors;
- declines in the market prices or demand for agricultural products (both domestically and internationally), for any reason;
- increases in production costs (such as the costs of labor, rent, feed, fuel and fertilizer);
- adverse changes in interest rates, currency exchange rates, agricultural land values or other factors that may affect delinquency levels and credit losses on agricultural loans;
- the impact of government policies and regulations (including changes in price supports, subsidies, government-sponsored crop insurance, minimum ethanol content requirements for gasoline, tariffs, trade barriers and health and environmental regulations);
- access to technology and the successful implementation of production technologies; and
- changes in the general economy that could affect the availability of off-farm sources of income and prices of real estate for borrowers.

Declines in agricultural commodity prices may have a particularly negative effect on certain farm borrowers. Lower prices for agricultural products may cause farm revenues to decline and farm operators may be unable to reduce expenses as quickly as their revenues decline. In addition, many farms are dependent on a limited number of key individuals whose injury or death could significantly affect the successful operation of the farm. If the cash flow from a farming operation is diminished, the borrower s ability to repay the loan may be impaired. Consequently, agricultural loans may involve a greater degree of risk than residential mortgage lending, particularly in the case of loans that are unsecured or secured by rapidly depreciating assets such as farm equipment (some of which is highly specialized with a limited or no market for resale) or assets such as livestock or crops. In such cases, any repossessed collateral for a defaulted agricultural operating loan may not provide an adequate source of repayment of the outstanding loan balance as a result of the greater likelihood of damage, loss or depreciation or because the assessed value of the collateral exceeds the eventual realization value.

Our business is significantly dependent on the real estate markets where we operate, as a significant portion of our loan portfolio is secured by real estate.

At March 31, 2015, 62% of our aggregate loan portfolio, comprising our CRE loans (representing 38% of our aggregate loan portfolio), residential real estate loans (representing 13% of our aggregate loan portfolio) and agriculture real estate loans (representing 12% of our aggregate loan portfolio), was primarily secured by interests in real estate predominantly located in the states in which we operate. In addition, some of our other lending occasionally involves taking real estate as primary or secondary collateral. Real property values in these states may be different from, and in some instances worse than, real property values in other markets or in the United States as a whole, and may be affected by a variety of factors outside of our control and the control of our borrowers, including national and local economic conditions generally. Declines in real property prices, including prices for homes, commercial properties and farmland, in the states in which we operate could result in a deterioration of the credit quality of our borrowers, an increase in the number of loan delinquencies, defaults and charge-offs, and reduced demand for our products and services generally. Our CRE loans, in particular, totaled approximately $2.67 billion at March 31, 2015, or 38% of our loan portfolio, and may have a greater risk of loss than residential mortgage loans, in part because these loans are generally larger or more complex to underwrite. Agricultural real estate loans may be affected by similar factors to those that affect agricultural loans generally, including adverse weather conditions, disease and declines in the market prices for agricultural products or farm real estate. In addition, declines in real property values in the states in which we operate could reduce the value of any collateral we realize following a default on these loans and could adversely affect our ability to continue to grow our loan portfolio consistent with our underwriting standards. Our failure to effectively mitigate these risks could have a material adverse effect on our business, financial condition or results of operations.

We are subject to interest rate risk.

Fluctuations in interest rates may negatively impact our banking business and may weaken demand for some of our products. Our earnings and cash flows are largely dependent on net interest income, which is the difference between the interest income we receive from interest-earning assets (*e.g.*, loans and investment securities) and the interest expense we pay on interest-bearing liabilities (*e.g.*, deposits and borrowings). The level of net interest income is primarily a function of the average balance of interest-earning assets, the average balance of interest-bearing liabilities and the spread between the yield on such assets and the cost of such liabilities. These factors are influenced by both the pricing and mix of interest-earning assets and interest-bearing liabilities. Interest rates are volatile and highly sensitive to many factors that are beyond our control, such as economic conditions and policies of various governmental and regulatory agencies, and, in particular the monetary policy of the Federal Open Market Committee of the Federal Reserve System, or the FOMC. In recent years, it has been the policy of the FOMC and the U.S. Treasury to maintain interest rates at historically low levels through its targeted federal funds rate and the purchase of U.S. Treasury and mortgage-backed securities. As a result, yields on securities we have purchased, and market rates on the loans we have originated, have been at levels lower than were available prior to 2008. Consequently, the average yield on our interest-earning assets has decreased during the current low interest rate environment. If a low interest rate environment persists, our net interest income may further decrease. This would be the case because our ability to lower our interest expense has been limited at these interest rate levels, while the average yield on our interest-earning assets has continued to decrease. Moreover, as interest rates begin to increase, if our floating rate interest-earning assets do not reprice faster than our interest-bearing liabilities in a rising rate environment, our net interest income could be adversely affected. If our net interest income decreases, this could have an adverse effect on our profitability, including the value of our investments.

Changes in monetary policy, including changes in interest rates, could influence not only the interest we receive on loans and securities and the amount of interest we pay on deposits and borrowings, but also our ability to originate loans and deposits. Historically, there has been an inverse correlation between the demand for loans and interest rates. Loan origination volume usually declines during periods of rising or high interest rates and increases during periods of declining or low interest rates. Changes in interest rates also have a significant impact on the carrying value of certain of our assets, including loans, real estate and investment securities, on our balance sheet. We may incur debt in the future and that debt may also be sensitive to interest rates.

The cost of our deposits is largely based on short-term interest rates, the level of which is driven primarily by the FOMC s actions. However, the yields generated by our loans and securities are often difficult to re-price and are typically driven by longer-term interest rates, which are set by the market or, at times, the FOMC s actions, and vary over time. The level of net interest income is therefore influenced by movements in such interest rates and the pace at which such movements occur. If the interest rates paid on our deposits and other borrowings increase at a faster pace than the interest rates on our loans and other investments, our net interest income may decline and, with it, a decline in our earnings may occur. Our net interest income and earnings would be similarly affected if the interest rates on our interest-earning assets declined at a faster pace than the interest rates on our deposits and other borrowings. Any substantial, unexpected, prolonged change in market interest rates could have a material adverse effect on our business, financial condition or results of operations.

Changes in interest rates can also affect the level of loan refinancing activity, which impacts the amount of prepayment penalty income we receive on loans we hold. Because prepayment penalties are recorded as interest income when received, the extent to which they increase or decrease during any given period could have a significant impact on the level of net interest income and net income we generate during that time. A decrease in our prepayment penalty income resulting from any change in interest rates or as a result of regulatory limitations on our ability to charge prepayment penalties could therefore adversely affect our net interest income, net income or results of operations.

Changes in interest rates can also affect the slope of the yield curve. A decline in the current yield curve or a flatter or inverted yield curve could cause our net interest income and net interest margin to contract, which could have a material adverse effect on our net income and cash flows, as well as the value of our assets. An inverted yield curve may also adversely affect the yield on investment securities by increasing the prepayment risk of any securities purchased at a premium.

Changes in interest rates could also have a negative impact on our results of operations by reducing the ability of borrowers to repay their current loan obligations or by reducing our margins and profitability. As of March 31, 2015, 44% of our loans were advanced to our customers on a variable or adjustable-rate basis and another 14% of our loans were advanced to our customers on a fixed-rate basis where we utilized derivative instruments to swap our economic exposure to a variable-rate basis. As a result, an increase in interest rates could result in increased loan defaults, foreclosures and charge-offs and could necessitate further increases to the allowance for loan losses, any of which could have a material adverse effect on our business, financial condition or results of operations. In addition, a decrease in interest rates could negatively impact our margins and profitability.

As of March 31, 2015, we had $1.37 billion of noninterest-bearing demand deposits and $4.59 billion of interest-bearing demand deposits. The prohibition restricting depository institutions from paying interest on demand deposits, such as checking accounts, was repealed effective on July 21, 2011 as part of the Dodd-Frank Act. We then began offering interest-bearing corporate checking accounts. Current interest rates for this product are very low because of current market conditions and, so far, the impact of the repeal has not been significant to us. However, we do not know what market rates will eventually be and, therefore, we cannot estimate at this time the long-term impact of the repeal on our interest expense on deposits. If we need to offer higher interest rates on checking accounts to maintain current clients or attract new clients, our interest expense will increase, perhaps materially. Furthermore, if we fail to offer interest in a sufficient amount to keep these demand deposits, our core deposits may be reduced, which would require us to obtain funding in other ways or risk slowing our future asset growth.

Our business depends on our ability to successfully manage credit risk.

The operation of our business requires us to manage credit risk. As a lender, we are exposed to the risk that our borrowers will be unable to repay their loans according to their terms, and that the collateral securing repayment of their loans, if any, may not be sufficient to ensure repayment. In addition, there are risks inherent in making any loan, including risks with respect to the period of time over which the loan may be repaid, risks relating to proper loan underwriting, risks resulting from changes in economic and industry conditions and risks inherent in dealing with individual borrowers, including the risk that a borrower may not provide information to us about its business in a timely manner, and/or may present inaccurate or incomplete information to us, and risks relating to the value of collateral. In order to manage credit risk successfully, we must, among other things, maintain disciplined and prudent underwriting standards and ensure that our bankers follow those standards. The weakening of these standards for any reason, such as an attempt to attract higher yielding loans, a lack of

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discipline or diligence by our employees in underwriting and monitoring loans, the inability of our employees to adequately adapt policies and procedures to changes in economic or any other conditions affecting borrowers and the quality of our loan portfolio, may result in loan defaults, foreclosures and additional charge-offs and may necessitate that we significantly increase our allowance for loan losses, each of which could adversely affect our net income. As a result, our inability to successfully manage credit risk could have a material adverse effect on our business, financial condition or results of operations.

An important feature of our credit risk management system is our use of an internal credit risk rating and control system through which we identify, measure, monitor and mitigate existing and emerging credit risk of our customers. As this process involves detailed analyses of the customer or credit risk, taking into account both quantitative and qualitative factors, it is subject to human error. In exercising their judgment, our employees may not always be able to assign an accurate credit rating to a customer or credit risk, which may result in our exposure to higher credit risks than indicated by our risk rating and control system. Although our management seeks to address possible credit risk proactively, it is possible that we will not identify credit risk in our loan portfolio and that we may fail to manage credit risk effectively. Although management does not anticipate a significant negative trend in future charge-offs as a result of the 34% increase in loans on our Watch list as of March 31, 2015, it is possible that loans on Watch status will result in future charge-offs.

Some of our tools and metrics for managing credit risk and other risks are based upon our use of observed historical market behavior and assumptions. We rely on quantitative models to measure risks and to estimate certain financial values. Models may be used in such processes as determining the pricing of various products, grading loans and extending credit, measuring interest rate and other market risks, predicting losses, assessing capital adequacy and calculating regulatory capital levels, as well as estimating the value of financial instruments and balance sheet items. Poorly designed or implemented models present the risk that our business decisions based on information incorporating such models will be adversely affected due to the inadequacy of that information. Moreover, our models may fail to predict future risk exposures if the information used in the model is incorrect, obsolete or not sufficiently comparable to actual events as they occur, or if our model assumptions prove incorrect. We seek to incorporate appropriate historical data in our models, but the range of market values and behaviors reflected in any period of historical data is not at all times predictive of future developments in any particular period and the period of data we incorporate into our models may turn out to be inappropriate for the future period being modeled. In such case, our ability to manage risk would be limited and our risk exposure and losses could be significantly greater than our models indicated.

Our allowance for loan losses, our fair value adjustments related to credit on loans for which we have elected the fair value option and our credit marks (which reduce the fair value) on acquired loan portfolios may be insufficient, which could lead to additional losses on loans beyond those currently anticipated.

We maintain an allowance for loan losses, which is a reserve established through a provision for loan losses charged to expense representing management s best estimate of probable losses that have been incurred within our existing portfolio of loans, fair value adjustments related to credit risk on our loans for which we have elected the fair value option and credit marks, which are estimates of expected credit losses that reduce the fair value of certain loans acquired through acquisitions. The allowance, in the judgment of management, is necessary to reserve for estimated loan losses and risks inherent in the portfolio. The level of the allowance reflects management s continuing evaluation of specific credit risks; the quality of the loan portfolio; the value of the underlying collateral; the level of nonaccruing loans; incurred losses inherent in the current loan portfolio; and economic, political and regulatory conditions. The determination of the appropriate level of the allowance for loan losses inherently involves a high degree of subjectivity and requires us to make significant estimates of current credit risks, all of which may undergo material changes. One of our most critical accounting estimates made in connection with the preparation of consolidated financial statements in conformity with U.S. GAAP is the allowance for loan losses. We also establish fair value adjustments related to our estimates of expected credit losses for loans accounted for using the fair value option.

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The application of the acquisition method of accounting in our acquisitions has impacted our allowance for loan losses. Under the acquisition method of accounting, loans we acquired were recorded in our consolidated financial statements at their fair value at the time of acquisition and the related allowance for loan loss was eliminated because credit quality, among other factors, was considered in the determination of fair value. To the extent that the estimates we made at the time of acquisition prove to be inadequate based on changing facts and circumstances arising from reporting period to reporting period, we may incur losses (some of which may be covered by our loss-sharing arrangements with the FDIC) associated with the acquired loans.

Although our management has established an allowance for loan losses it believes is adequate to absorb probable and reasonably estimable losses in our loan portfolio, this allowance may not be adequate. We could sustain credit losses that are significantly higher than the amount of our allowance for loan losses. Higher credit losses could arise for a variety of reasons, such as growth in our loan portfolio, changes in economic conditions affecting borrowers, new information regarding our loans and other factors within and outside our control. If agricultural commodity prices or real estate values were to decline or if economic conditions in one or more of our principal markets were to deteriorate unexpectedly, additional loan losses not incorporated in the existing allowance for loan losses might occur. For example, we incurred higher total credit related charges of approximately $14 million, including approximately $2.6 million of OREO charges, for the three months ended March 31, 2015. This compares to approximately $7 million for the three months ended December 31, 2014. These higher charges were primarily driven by a small number of C&I lending exposures. Although management believes these changes were driven by customer-specific developments and are not indicative of credit concerns across our loan portfolio, there may be other credit issues we have not identified in our loan portfolio or may not identify in the future. As a result, for any number of reasons, we may incur higher credit-related charges in the future, which may be significant. Losses in excess of the existing allowance for loan losses will reduce our net income and could have a material adverse effect on our business, financial condition or results of operations. A severe downturn in the economy generally or affecting the business and assets of individual customers would generate increased charge-offs and a need for higher reserves. In particular, a severe decrease in agricultural commodity prices or farmland prices could cause higher credit losses and a large allowance for loan losses, principally in our agricultural loan portfolios.

In addition, bank regulatory agencies will periodically review our allowance for loan losses and the value attributed to nonaccrual loans or to real estate we acquire through foreclosure. Such regulatory agencies may require us to adjust our determination of the value for these items, increase our allowance for loan losses or reduce the carrying value of owned real estate, reducing our net income. Further, if charge-offs in future periods exceed the allowance for loan losses, we may need additional adjustments to increase the allowance for loan losses. These adjustments could have a material adverse effect on our business, financial condition or results of operations.

We are subject to liquidity risk that may affect our ability to meet our obligations and grow our business.

Liquidity risk is the risk that we will not be able to meet our obligations, including financial commitments, as they come due and is inherent in our operations. This risk can increase due to a number of factors, including an over-reliance on a particular source of funding (including, for example, short-term and overnight funding) or market-wide phenomena such as market dislocation and major disasters. Like many banking companies, we rely on customer deposits to meet a considerable portion of our funding, and we continue to seek customer deposits to maintain this funding base. We obtain deposits directly from retail and commercial customers and through brokerage firms that offer our deposit products to their customers. As of March 31, 2015, we had $7.12 billion in direct deposits (which includes deposits from banks and financial institutions and deposits related to prepaid cards) and $368 million in deposits originated through brokerage firms (including network deposit sweeps). A key part of our liquidity plan and funding strategy is to expand our direct deposits as a source of funding. However, these deposits are subject to potentially dramatic fluctuations in availability or price due to certain factors outside our control, such as a loss of confidence by customers in us or the banking sector generally, customer perceptions of our financial health and general reputation, increasing competitive pressures from other financial services firms for retail or corporate customer deposits, changes in interest rates and returns on other investment classes, which could result in significant outflows of deposits within short periods of time or significant changes in pricing necessary to maintain current customer deposits or attract additional deposits.

Competition among U.S. banks for customer deposits is intense, may increase the cost of retaining current deposits or procuring new deposits, and may otherwise negatively affect our ability to grow our deposit base. Any changes we make to the rates offered on our deposit products to remain competitive with other financial institutions may adversely affect our profitability and liquidity. Interest-bearing accounts earn interest at rates established by management based on competitive market factors. Maintaining and attracting new deposits is integral to our business and a major decline in deposits or failure to attract deposits in the future, including any such decline or failure related to an increase in interest rates paid by our competitors on interest-bearing accounts, could have an adverse effect on our results of operations and financial condition. In addition, our ability to originate and maintain deposits could be adversely affected by the loss of our association with NAB and NAB s strategic plan to exit its investment in our business. The demand for the deposit products we offer may also be reduced due to a variety of factors, such as demographic patterns, changes in customer preferences, reductions in consumers disposable income, regulatory actions that decrease customer access to particular products, or the availability of competing products. An inability to grow, or any material decrease in, our deposits could have a material adverse effect on our cost of funds and our ability to satisfy our liquidity needs. Further, the consequences of our liquidity risk may be more severe than other institutions because we do not currently have a credit rating from any major agency.

Maintaining a diverse and appropriate funding strategy remains challenging, and any tightening of credit markets could have a material adverse impact on us. In particular, our funding from corporate and financial institution counterparties may cease to be available if such counterparties seek to reduce their credit exposures to banks and other financial institutions, which could be reflected, for example, in reductions in unsecured deposits supplied by these counterparties. Under such circumstances, we may need to seek funds from alternative sources, potentially at higher costs than our current sources.

Severe weather, natural disasters, acts of war or terrorism or other external events could significantly impact our business.

Severe weather, natural disasters, widespread disease or pandemics, acts of war or terrorism or other adverse external events could have a significant impact on our ability to conduct business. In addition, such events could affect the stability of our deposit base, impair the ability of borrowers to repay outstanding loans, impair the value of collateral securing loans, cause significant property damage, result in loss of revenue or cause us to incur additional expenses. Because of the concentration of agricultural loans in our lending portfolio and the volume of our borrowers in regions dependent on agriculture, we could be disproportionally affected relative to others in the case of external events such as floods, droughts, and hail effecting the agricultural conditions in the markets we serve. The occurrence of any of these events in the future could have a material adverse effect on our business, financial condition or results of operations.

We may not be able to attract and retain key personnel and other skilled employees.

Our success depends, in large part, on the skills of our management team and our ability to retain, recruit and motivate key officers and employees. Our senior management team has significant industry experience, and their knowledge and relationships would be difficult to replace. Leadership changes will occur from time to time, and we cannot predict whether significant resignations will occur or whether we will be able to recruit additional qualified personnel. Competition for senior executives and skilled personnel in the financial services and banking industry is intense, which means the cost of hiring, incentivizing and retaining skilled personnel may continue to increase. We need to continue to attract and retain key personnel and to recruit qualified individuals to succeed existing key personnel to ensure the continued growth and successful operation of our business. In addition, as a provider of relationship-based commercial and agribusiness banking services, we must attract and retain qualified banking personnel to continue to grow our business, and competition for such personnel can be intense. Our

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ability to effectively compete for senior executives and other qualified personnel by offering competitive compensation and benefit arrangements may be restricted by applicable banking laws and regulations as discussed in Supervision and Regulation Incentive Compensation. The loss of the services of any senior executive or other key personnel, or the inability to recruit and retain qualified personnel in the future, could have a material adverse effect on our business, financial condition or results of operations. In addition, to attract and retain personnel with appropriate skills and knowledge to support our business, we may offer a variety of benefits, which could reduce our earnings or have a material adverse effect on our business, financial condition or results of operations.

We operate in a highly competitive industry and market area.

We operate in the highly competitive financial services industry and face significant competition for customers from financial institutions located both within and beyond our principal markets. We compete with commercial banks, savings banks, credit unions, non-bank financial services companies and other financial institutions operating within or near the areas we serve, particularly nationwide and regional banks and larger community banking institutions that target the same customers we do. We also face competition for agricultural loans from participants in the nationwide Farm Credit System and global banks. In addition, as customer preferences and expectations continue to evolve, technology has lowered barriers to entry and made it possible for non-banks to offer products and services traditionally provided by banks, such as automatic transfer and automatic payment systems. Customer loyalty can be influenced by a competitor s new products, especially offerings that could provide cost savings or a higher return to the customer. We may not be able to compete successfully with other financial institutions in our market, and we may have to pay higher interest rates to attract deposits, accept lower yields to attract loans and pay higher wages for new employees, resulting in reduced profitability. Further, increased lending activity by competing banks following the recent recession has led to increased competitive pressures on loan rates and terms for high-quality credits. Continued loan pricing pressure could have a further negative effect on our loan yields and net interest margin.

Many of our non-bank competitors are not subject to the same extensive regulations that govern our activities and may have greater flexibility in competing for business. Several of our competitors are also larger and have significantly more resources, greater name recognition and larger market shares than we do, enabling them to maintain numerous banking locations, provide technology-based banking tools we do not provide, maintain a wider range of product offerings, mount extensive promotional and advertising campaigns and be more aggressive than us in competing for loans and deposits. The financial services industry could become even more competitive as a result of legislative, regulatory and technological changes and continued consolidation. In addition, some of our current commercial banking customers may seek alternative banking sources as they develop needs for credit facilities larger than we may be able to accommodate. Our inability to compete successfully in the markets in which we operate could have a material adverse effect on our business, financial condition or results of operations.

We may not be able to successfully execute our strategic plan or manage our growth.

Our growth strategy requires us to manage several different elements simultaneously. Sustainable growth requires that we manage our risks by following prudent loan underwriting standards, balancing loan and deposit growth without increasing interest rate risk or compressing our net interest margin, maintaining more than adequate capital at all times, hiring and retaining qualified employees and successfully implementing strategic projects and initiatives. Our growth strategy may also change from time to time as a result of various internal and external factors. Our inability to manage our growth successfully could have a material adverse effect on our business, financial condition or results of operations.

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We may be adversely affected by risks associated with completed and potential acquisitions.

We plan to continue to grow our business organically. However, from time to time, we may consider potential acquisition opportunities that we believe support our business strategy and may enhance our profitability. Acquisitions involve numerous risks, including:

- incurring time and expense associated with identifying and evaluating potential acquisitions and negotiating potential transactions, resulting in management s attention being diverted from the operation of our existing business;
- using inaccurate estimates and judgments to evaluate credit, operations, management and market risks with respect to the target institution or assets;
- the risk that the acquired business will not perform to our expectations;
- difficulties, inefficiencies or cost overruns in integrating and assimilating the organizational cultures, operations, technologies, services and products of the acquired business with ours;
- the risk of key vendors not fulfilling our expectations or not accurately converting data;
- entering geographic and product markets in which we have limited or no direct prior experience;
- the potential loss of key employees;
- the potential for liabilities and claims arising out of the acquired businesses; and
- the risk of not receiving required regulatory approvals or such approvals being restrictively conditional.

In addition, we face significant competition from numerous other financial services institutions, many of which will have greater financial resources than we do, when considering acquisition opportunities. Accordingly, attractive acquisition opportunities may not be available to us. There can be no assurance that we will be successful in identifying or completing any future acquisitions.

Acquisitions of financial institutions also involve operational risks and uncertainties, and acquired companies may have unknown or contingent liabilities with no corresponding accounting allowance, exposure to unexpected asset quality problems that require write-downs or write-offs (as well as restructuring and impairment or other charges), difficulty retaining key employees and customers and other issues that could negatively affect our business. We may not be able to realize any projected cost savings, synergies or other benefits associated with any such acquisition we complete. Acquisitions typically involve the payment of a premium over book and market values and, therefore, some dilution of our tangible book value and net income per common share may occur in connection with any future transaction. Failure to successfully integrate the entities we acquire into our existing operations could increase our operating costs significantly and have a material adverse effect on our business, financial condition and results of operations.

Failed bank acquisitions involve risks similar to acquiring operating banks even though the FDIC might provide assistance to mitigate certain risks, such as sharing in exposure to loan losses and providing indemnification against certain liabilities of the failed institution. However, because these acquisitions are typically conducted by the FDIC in a manner that does not allow the time typically taken for a due diligence review or for preparing the integration of an acquired institution, we may face additional risks in transactions with the FDIC. These risks include, among other things, accuracy or completeness of due diligence materials, the loss of customers and core deposits, strain on management resources related to collection and management of problem loans and problems related to integration and retention of personnel and operating systems. There can be no assurance that we will be successful in overcoming these risks or any other problems encountered in connection with acquisitions (including FDIC-assisted transactions), nor that any FDIC-assisted opportunities will be available to us in our markets. Our inability to overcome these risks could have a material adverse effect on our business, financial condition or results of operations.

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In addition, we must generally satisfy a number of meaningful conditions prior to completing any acquisition, including, in certain cases, federal and state bank-regulatory approval. Bank regulators consider a number of factors when determining whether to approve a proposed transaction, including the effect of the transaction on financial stability and the ratings and compliance history of all institutions involved, including the CRA, examination results and anti-money laundering and Bank Secrecy Act compliance records of all institutions involved. The process for obtaining required regulatory approvals has become substantially more difficult as a result of the financial crisis, which could affect our future business. We may fail to pursue, evaluate or complete strategic and competitively significant business opportunities as a result of our inability, or our perceived inability, to obtain any required regulatory approvals in a timely manner or at all.

Any proposed acquisition must in certain circumstances be approved by NAB until the Non-Control Date pursuant to the Stockholder Agreement, and, until such time as we cease to be a subsidiary of NAB for purposes of the Corporations Act 2001 (Cth), by the Australian Prudential Regulation Authority, or APRA. In addition, as long as NAB controls us for purposes of the BHC Act, NAB s regulatory status may impact our regulatory status, and hence our ability to expand by acquisition or engage in new activities, and NAB would be required to obtain BHC Act approvals for such acquisitions or activities as well. See Supervision and Regulation Regulatory Impact of Control by NAB.

New lines of business, products, product enhancements or services may subject us to additional risks.

From time to time, we may implement or acquire new lines of business or offer new products and product enhancements as well as new services within our existing lines of business. There are substantial risks and uncertainties associated with these efforts, particularly in instances where the markets are not fully developed. In acquiring, developing or marketing new lines of business, products, product enhancements or services, we may invest significant time and resources, although we may not assign the appropriate level of resources or expertise necessary to make these new lines of business, products, product enhancements or services successful or to realize their expected benefits. Further, initial timetables for the introduction and development of new lines of business, products, product enhancements or services may not be achieved, and price and profitability targets may not prove feasible. External factors, such as compliance with regulations, competitive alternatives and shifting market preferences, may also impact the ultimate implementation of a new line of business or offerings of new products, product enhancements or services. Furthermore, any new line of business, product, product enhancement or service could have a significant impact on the effectiveness of our system of internal controls. Until the time when NAB ceases to control us for purposes of the BHC Act, any material change from the scope of our business immediately prior to our IPO must also be approved by NAB pursuant to the Stockholder Agreement we entered into with NAB in connection with our IPO. Failure to successfully manage these risks in the development and implementation of new lines of business or offerings of new products, product enhancements or services could have a material adverse effect on our business, financial condition or results of operations.

If our techniques for managing risk are ineffective, we may be exposed to material unanticipated losses.

In order to manage the significant risks inherent in our business, we must maintain effective policies, procedures and systems that enable us to identify, monitor and control our exposure to material risks, such as credit, operational, legal and reputational risks. Our risk management methods may prove to be ineffective due to their design, their implementation or the degree to which we adhere to them, or as a result of the lack of adequate, accurate or timely information or otherwise. If our risk management efforts are ineffective, we could suffer losses that could have a material adverse effect on our business, financial condition or results of operations. In addition, we could be subject to litigation, particularly from our customers, and sanctions or fines from regulators. Our techniques for managing the risks we face may not fully mitigate the risk exposure in all economic or market environments, including exposure to risks that we might fail to identify or anticipate.

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Reductions in interchange fees would reduce our associated income.

An interchange fee is a fee merchants pay to the interchange network in exchange for the use of the network s infrastructure and payment facilitation, and which is paid to debit, credit and prepaid card issuers to compensate them for the costs associated with card issuance and operation. In the case of credit cards, this includes the risk associated with lending money to customers. We earn interchange fees on these card transactions, including $5.9 million in fees during the fiscal year ended September 30, 2014, and $3.0 million during the six months ended March 31, 2015. Merchants, trying to decrease their operating expenses, have sought to, and have had some success at, lowering interchange rates. In particular, the Durbin Amendment to the Dodd-Frank Act limited the amount of interchange fees that may be charged for debit and prepaid card transactions. Several recent events and actions indicate a continuing focus on interchange fees by both regulators and merchants. Beyond pursuing litigation, legislation and regulation, merchants are also pursuing alternate payment platforms as a means to lower payment processing costs. To the extent interchange fees are further reduced, our income from those fees will be reduced, which could have a material adverse effect on our business and results of operations. In addition, the payment card industry is subject to the operating regulations and procedures set forth by payment card networks, and our failure to comply with these operating regulations, which may change from time to time, could subject us to various penalties or fees or the termination of our license to use the payment card networks, all of which could have a material adverse effect on our business, financial condition or results of operations.

Operational risks are inherent in our business.

Our operations depend on our ability to process a very large number of transactions efficiently and accurately while complying with applicable laws and regulations. Operational risk and losses can result from internal and external fraud; errors by employees or third parties; failure to document transactions properly or to obtain proper authorization; failure to comply with applicable regulatory requirements and conduct of business rules; equipment failures, including those caused by natural disasters or by electrical, telecommunications or other essential utility outages; business continuity and data security system failures, including those caused by computer viruses, cyber-attacks or unforeseen problems encountered while implementing major new computer systems or upgrades to existing systems; or the inadequacy or failure of systems and controls, including those of our suppliers or counterparties. Although we have implemented risk controls and loss mitigation actions, and substantial resources are devoted to developing efficient procedures, identifying and rectifying weaknesses in existing procedures and training staff, it is not possible to be certain that such actions have been or will be effective in controlling each of the operational risks faced by us. Any weakness in these systems or controls, or any breaches or alleged breaches of such laws or regulations, could result in increased regulatory scrutiny, enforcement actions or legal proceedings and could have an adverse impact on our business, financial condition or results of operations.

Cyber-attacks or other security breaches could have a material adverse effect on our business.

In the normal course of business, we collect, process and retain sensitive and confidential information regarding our customers. We also have arrangements in place with other third parties through which we share and receive information about their customers who are or may become our customers. Although we devote significant resources and management focus to ensuring the integrity of our systems through information security and business continuity programs, our facilities and systems, and those of third party service providers, are vulnerable to external or internal security breaches, acts of vandalism, computer viruses, misplaced or lost data, programming or human errors or other similar events.

Information security risks for financial institutions like us have increased recently in part because of new technologies, the use of the Internet and telecommunications technologies (including mobile devices) to conduct financial and other business transactions and the increased sophistication and activities of organized crime, perpetrators of fraud, hackers, terrorists and others. In addition to cyber-attacks or other security breaches involving the theft of sensitive and confidential information, hackers recently have engaged in attacks against large financial institutions, particularly denial of service attacks, that are designed to disrupt key business services, such as customer-facing web sites. We are not able to anticipate or implement effective preventive measures against all security breaches of these types, especially because the techniques used change frequently and because attacks can originate from a wide variety of sources. We employ detection and response mechanisms designed to contain and mitigate security incidents, but early detection may be thwarted by sophisticated attacks and malware designed to avoid detection.

We also face risks related to cyber-attacks and other security breaches in connection with credit card transactions that typically involve the transmission of sensitive information regarding our customers through various third parties, including merchant acquiring banks, payment processors, payment card networks (*e.g.*, Visa, MasterCard) and our processors. Some of these parties have in the past been the target of security breaches and cyber-attacks, and because the transactions involve third parties and environments such as the point of sale that we do not control or secure, future security breaches or cyber-attacks affecting any of these third parties could impact us through no fault of our own, and in some cases we may have exposure and suffer losses for breaches or attacks relating to them. We also rely on numerous other third party service providers to conduct other aspects of our business operations and face similar risks relating to them. While we regularly conduct security assessments on these third parties, we cannot be sure that their information security protocols are sufficient to withstand a cyber-attack or other security breach.

The access by unauthorized persons to, or the improper disclosure by us of, confidential information regarding our customers or our own proprietary information, software, methodologies and business secrets could result in significant legal and financial exposure, supervisory liability, damage to our reputation or a loss of confidence in the security of our systems, products and services, which could have a material adverse effect on our business, financial condition or results of operations. In addition, recently there have been a number of well-publicized attacks or breaches affecting others in our industry that have heightened concern by consumers generally about the security of using credit cards, which have caused some consumers, including our customers, to use our credit cards less in favor of alternative methods of payment and has led to increased regulatory focus on, and potentially new regulations relating to, these matters. Further cyber-attacks or other breaches in the future, whether affecting us or others, could intensify consumer concern and regulatory focus and result in reduced use of our cards and increased costs, all of which could have a material adverse effect on our business. To the extent we are involved in any future cyber-attacks or other breaches, our brand and reputation could be affected, would could also have a material adverse effect on our business, financial condition or results of operations.

Our information systems may experience an interruption or breach in security.

Our communications, information and technology systems supporting our operations are important to our efficiency and vulnerable to unforeseen problems. Our operations depend on our ability, as well as that of third party service providers, to protect computer systems and network infrastructure against damage from fires, other natural disasters or pandemics; power or telecommunications failures; acts of terrorism or wars or other catastrophic events; or other physical break-ins. Any damage or failure that causes interruptions in operations or disruptions in our business could result in liability to clients, regulatory intervention or reputational harm and, thus, could have a material adverse effect on our business, financial condition or results of operations.

We rely heavily on communications and information systems to conduct our business. Any failure, interruption or breach in security of these systems could result in failures or disruptions in our customer relationship management, general ledger, deposit, loan or other systems. Moreover, if any such failures, interruptions or security breaches do occur, they may not be adequately addressed. If we experience a disruption in the provision of any functions or services performed by third parties, we may have difficulty in finding alternate providers on terms favorable to us and in reasonable timeframes. The occurrence of any failures, interruptions or security breaches of our communications and information systems could damage our reputation, result in a loss of customer business, subject us to additional regulatory scrutiny or expose us to civil litigation and possible financial liability, any of which could have a material adverse effect on our business, financial condition or results of operations.

We continually encounter technological change.

The financial services industry is continually undergoing rapid technological change with frequent introductions of new, technology-driven products and services. The effective use of technology increases efficiency and enables financial institutions to better serve customers and to reduce costs. Our future success depends, in part, upon our ability to address the needs of our customers by using technology to provide products and services that will satisfy customer demands, as well as to create additional efficiencies in our operations. Many of our competitors have substantially greater resources to invest in technological improvements than we do. We may not be able to effectively implement new, technology-driven products and services or be successful in marketing these products and services to our customers. In addition, the implementation of technological changes and upgrades to maintain current systems and integrate new ones may also cause service interruptions, transaction processing errors and system conversion delays and may cause us to fail to comply with applicable laws. Failure to successfully keep pace with technological change affecting the financial services industry and avoid interruptions, errors and delays could have a material adverse effect on our business, financial condition or results of operations.

We expect that new technologies and business processes applicable to the consumer credit industry will continue to emerge, and these new technologies and business processes may be better than those we currently use. Because the pace of technological change is high and our industry is intensely competitive, we may not be able to sustain our investment in new technology as critical systems and applications become obsolete or as better ones become available. A failure to maintain current technology and business processes could cause disruptions in our operations or cause our products and services to be less competitive, all of which could have a material adverse effect on our business, financial condition or results of operations.

Our ability to maintain, attract and retain customer relationships is highly dependent on our reputation.

Our customers rely on us to deliver superior, personalized financial services with the highest standards of ethics, performance, professionalism and compliance. Damage to our reputation could undermine the confidence of our current and potential customers in our ability to provide high-quality financial services. Such damage could also impair the confidence of our counterparties and vendors and ultimately affect our ability to effect transactions. Maintenance of our reputation depends not only on our success in maintaining our service-focused culture and controlling and mitigating the various risks described herein, but also on our success in identifying and appropriately addressing issues that may arise in areas such as potential conflicts of interest, anti-money laundering, client personal information and privacy issues, customer and other third party fraud, record-keeping, regulatory investigations and any litigation that may arise from the failure or perceived failure of us to comply with legal and regulatory requirements. Maintaining our reputation also depends on our ability to successfully prevent third parties from infringing on the Great Western Bank brand and associated trademarks and our other intellectual property. Defense of our reputation, trademarks and other intellectual property, including through litigation, could result in costs that could have a material adverse effect on our business, financial condition or results of operations.

Employee misconduct could expose us to significant legal liability and reputational harm.

We are vulnerable to reputational harm because we operate in an industry in which integrity and the confidence of our customers are of critical importance. Our employees could engage in misconduct that adversely affects our business. For example, if an employee were to engage in fraudulent, illegal or suspicious activities, we could be subject to regulatory sanctions and suffer serious harm to our reputation (as a consequence of the negative perception resulting from such activities), financial position, customer relationships and ability to attract new customers. Our business often requires that we deal with confidential information. If our employees were to improperly use or disclose this information, even if inadvertently, we could suffer serious harm to our reputation, financial position and current and future business relationships. It is not always possible to deter employee misconduct, and the precautions we take to detect and prevent this activity may not always be effective. Misconduct by our employees, or even unsubstantiated allegations of misconduct, could result in a material adverse effect on our business, financial condition or results of operations.

We may be adversely affected by changes in the actual or perceived soundness or condition of other financial institutions.

Financial services institutions that deal with each other are interconnected as a result of trading, investment, liquidity management, clearing, counterparty and other relationships. Within the financial services industry, loss of public confidence, including through default by any one institution, could lead to liquidity challenges or to defaults by other institutions. Concerns about, or a default by, one institution could lead to significant liquidity problems and losses or defaults by other institutions, as the commercial and financial soundness of many financial institutions is closely related as a result of these credit, trading, clearing and other relationships. Even the perceived lack of creditworthiness of, or questions about, a counterparty may lead to market-wide liquidity problems and losses or defaults by various institutions. This systemic risk may adversely affect financial intermediaries, such as clearing agencies, banks and exchanges with which we interact on a daily basis or key funding providers such as the Federal Home Loan Banks, any of which could have a material adverse effect on our access to liquidity or otherwise have a material adverse effect on our business, financial condition or results of operations.

We may need to raise additional capital in the future, and such capital may not be available when needed or at all.

We may need to raise additional capital, in the form of additional debt or equity, in the future to have sufficient capital resources and liquidity to meet our commitments and fund our business needs and future growth, particularly if the quality of our assets or earnings were to deteriorate significantly. Our ability to raise additional capital, if needed, will depend on, among other things, conditions in the capital markets at that time, which are outside of our control, and our financial condition. Economic conditions and a loss of confidence in financial institutions may increase our cost of funding and limit access to certain customary sources of capital, including inter-bank borrowings, repurchase agreements and borrowings from the discount window of the Federal Reserve System.

We may not be able to obtain capital on acceptable terms or at all. Any occurrence that may limit our access to the capital markets, such as a decline in the confidence of debt purchasers, depositors of our bank or counterparties participating in the capital markets or other disruption in capital markets, may adversely affect our capital costs and our ability to raise capital and, in turn, our liquidity. Further, if we need to raise capital in the future, we may have to do so when many other financial institutions are also seeking to raise capital and would then have to compete with those institutions for investors. An inability to raise additional capital on acceptable terms when needed could have a material adverse effect on our business, financial condition or results of operations.

The value of our securities in our investment portfolio may decline in the future.

As of March 31, 2015, we owned $1.40 billion of investment securities. The fair value of our investment securities may be adversely affected by market conditions, including changes in interest rates, and the occurrence of any events adversely affecting the issuer of particular securities in our investments portfolio. We analyze our securities on a quarterly basis to determine if an other-than-temporary impairment has occurred. The process for determining whether impairment is other-than-temporary usually requires complex, subjective judgments about the future financial performance of the issuer in order to assess the probability of receiving all contractual

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principal and interest payments on the security. Because of changing economic and market conditions affecting issuers, we may be required to recognize other-than-temporary impairment in future periods, which could have a material adverse effect on our business, financial condition or results of operations.

The value of our goodwill and other intangible assets may decline in the future.

As of March 31, 2015, we had $707.4 million of goodwill and other intangible assets. Goodwill represents the cost in excess of the fair value of net assets acquired (including identifiable intangibles) in transactions accounted for as business acquisitions. We review our goodwill for impairment at least annually, or more frequently if events or changes in circumstances indicate that the carrying value of the asset might be impaired. We determine impairment by comparing the implied fair value of the goodwill with the carrying amount of that goodwill. If the carrying amount of the goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to the excess. A significant decline in our expected future cash flows, a material change in interest rates, a significant adverse change in the business climate, slower growth rates, a significant or sustained decline in the price of our common stock or the sale of our common stock substantially below our book value per share may necessitate taking charges in the future related to the impairment of our goodwill and other intangible assets. We cannot provide assurance that we will not be required to record any charges for goodwill impairment in the future. If we conclude that a write-down of goodwill and other intangible assets has become necessary, we will record the appropriate charge in the period in which it becomes known to us, which could have a material adverse effect on our business, financial condition or results of operations. A decline in the value of goodwill is recognized as an expense to lower earnings, but does not affect regulatory capital ratios.

We rely on the mortgage secondary market for some of our liquidity.

We originate and sell mortgage loans and their servicing rights, including $214.3 million of mortgage loans sold during fiscal year 2014 and $133.9 million during the six months ended March 31, 2015. We rely on Federal National Mortgage Association, or FNMA, and other purchasers to purchase loans in order to reduce our credit risk and provide funding for additional loans we desire to originate. We cannot provide assurance that these purchasers will not materially limit their purchases from us due to capital constraints or other factors, including, with respect to FNMA, a change in the criteria for conforming loans. In addition, various proposals have been made to reform the U.S. residential mortgage finance market, including the role of FNMA. The exact effects of any such reforms are not yet known, but may limit our ability to sell conforming loans to FNMA. In addition, mortgage lending is highly regulated, and our inability to comply with all federal and state regulations and investor guidelines regarding the origination, underwriting documentation and servicing of mortgage loans may also impact our ability to continue selling mortgage loans. If we are unable to continue to sell loans in the secondary market, our ability to fund, and thus originate, additional mortgage loans may be adversely affected, which could have a material adverse effect on our business, financial condition or results of operations.

We are subject to a variety of risks in connection with any sale of loans we may conduct.

When we sell mortgage loans we are required to make customary representations and warranties to the purchaser about the mortgage loans and the manner in which they were originated and serviced. If any of these representations and warranties are incorrect, we may be required to indemnify the purchaser for any related losses, or we may be required to repurchase or provide substitute mortgage loans for part or all of the affected loans. We may also be required to repurchase loans as a result of borrower fraud or in the event of early payment default by the borrower on a loan we have sold. If the level of repurchase and indemnity activity becomes material, it could have a material adverse effect on our liquidity, business, financial condition or results of operations.

Mortgage lending is highly regulated. Our inability to comply with all federal and state regulations and investor guidelines regarding the origination, underwriting documentation and servicing of mortgage loans may impact our ability to continue selling mortgage loans.

In addition, we must report as held for sale any loans which we have undertaken to sell, whether or not a purchase agreement for the loans has been executed. We may therefore be unable to ultimately complete a sale for part or all of the loans we classify as held for sale. We must exercise our judgment in determining when loans must be reclassified from held for investment status to held for sale status under applicable accounting guidelines. Any failure to accurately report loans as held for sale could result in regulatory investigations and monetary penalties. Any of these actions could have a material adverse effect on our business, financial condition or results of operations. Our policy is to carry loans held for sale at the lower of cost or fair value. As a result, prior to being sold, any loans classified as held for sale may be adversely affected by market conditions, including changes in interest rates, and by changes in the borrower s creditworthiness, and the value associated with these loans, including any loans originated for sale in the secondary market, may decline prior to being sold. We may be required to reduce the value of any loans we mark held for sale as a result, which could have a material adverse effect on our business, financial condition or results of operations.

The appraisals and other valuation techniques we use in evaluating and monitoring loans secured by real property may not accurately describe the net value of the collateral that we can realize.

In considering whether to make a loan secured by real property, we generally require an appraisal of the property. However, an appraisal is only an estimate of the value of the property at the time the appraisal is made, and, as real estate values may change significantly in value in relatively short periods of time (especially in periods of heightened economic uncertainty), this estimate may not accurately describe the net value of the real property collateral after the loan is made. As a result, we may not be able to realize the full amount of any remaining indebtedness when we foreclose on and sell the relevant property. In addition, we rely on appraisals and other valuation techniques to establish the value of our OREO and to determine certain loan impairments. If any of these valuations are inaccurate, our consolidated financial statements may not reflect the correct value of our OREO, and our allowance for loan losses may not reflect accurate loan impairments. This could have a material adverse effect on our business, financial condition or results of operations.

Our operations could be interrupted if certain external vendors on which we rely experience difficulty, terminate their services or fail to comply with banking laws and regulations.

We depend to a significant extent on relationships with third party service providers. Specifically, we utilize third party core banking services and receive credit card and debit card services, branch capture services, Internet banking services and services complementary to our banking products from various third party service providers. If these third party service providers experience difficulties or terminate their services and we are unable to replace them with other service providers, our operations could be interrupted. It may be difficult for us to replace some of our third party vendors, particularly vendors providing our core banking, credit card and debit card services, in a timely manner if they were unwilling or unable to provide us with these services in the future for any reason. If an interruption were to continue for a significant period of time, it could have a material adverse effect on our business, financial condition or results of operations. Even if we are able to replace them, it may be at higher cost to us, which could have a material adverse effect on our business, financial condition or results of operations. In addition, if a third party provider fails to provide the services we require, fails to meet contractual requirements, such as compliance with applicable laws and regulations, or suffers a cyber-attack or other security breach, our business could suffer economic and reputational harm that could have a material adverse effect on our business, financial condition or results of operations.

We rely on dividends and other payments from our bank for substantially all of our revenue.

We are a separate and distinct legal entity from our bank, and we receive substantially all of our operating cash flows from dividends and other payments from our bank. These dividends and payments are the principal source of funds to pay dividends on our capital stock and interest and principal on any debt we may have. Various federal and state laws and regulations limit the amount of dividends that our bank may pay to us. Also, our right to participate in a distribution of assets upon a subsidiary s liquidation or reorganization is subject to the

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prior claims of the subsidiary s creditors. In the event our bank is unable to pay dividends to us, we may not be able to service debt, pay obligations, or pay dividends on our common stock. The inability to receive dividends from our bank could have a material adverse effect on our business, financial condition or results of operations.

Loans that we make through certain federal programs are dependent on the federal government s continuation and support of these programs and on our compliance with their requirements.

We participate in various U.S. government agency guarantee programs, including programs operated by the United States Department of Agriculture, Small Business Administration, Farm Service Administration and the United States Department of the Interior. We are responsible for following all applicable U.S. government agency regulations, guidelines and policies whenever we originate loans as part of these guarantee programs. If we fail to follow any applicable regulations, guidelines or policies associated with a particular guarantee program, any loans we originate as part of that program may lose the associated guarantee, exposing us to credit risk we would not otherwise be exposed to or underwritten as part of our origination process for U.S. government agency guaranteed loans, or result in our inability to continue originating loans under such programs. The loss of any guarantees for loans we have extended under U.S. government agency guarantee programs or the loss of our ability to participate in such programs could have a material adverse effect on our business, financial condition or results of operations.

We depend on the accuracy and completeness of information about clients and counterparties.

In deciding whether to extend credit or enter into other transactions, and in evaluating and monitoring our loan portfolio on an ongoing basis, we may rely on information furnished by or on behalf of customers and counterparties, including financial statements, credit reports and other financial information. We may also rely on representations of those customers or counterparties or of other third parties, such as independent auditors, as to the accuracy and completeness of that information. Reliance on inaccurate, incomplete, fraudulent or misleading financial statements, credit reports or other financial or business information, or the failure to receive such information on a timely basis, could result in loan losses, reputational damage or other effects that could have a material adverse effect on our business, financial condition or results of operations.

Downgrades to the credit rating of the U.S. government or of its securities or any of its agencies by one or more of the credit ratings agencies could have a material adverse effect on general economic conditions, as well as our business.

On August 5, 2011, Standard & Poor s cut the credit rating of the U.S. federal government s long-term sovereign debt from AAA to AA+, while also keeping its outlook negative. Moody s had lowered its own outlook for the same debt to Negative on August 2, 2011, and Fitch also lowered its outlook for the same debt to Negative, on November 28, 2011. In 2013, both Moody s and Standard & Poor s revised their outlooks from Negative to Stable, and on March 21, 2014, Fitch revised its outlook from Negative to Stable. Further downgrades of the U.S. federal government s sovereign credit rating, and the perceived creditworthiness of U.S. government-backed obligations, could impact our ability to obtain funding that is collateralized by affected instruments and our ability to access capital markets on favorable terms. Such downgrades could also affect the pricing of funding, when funding is available. A downgrade of the credit rating of the U.S. government, or of its agencies, government-sponsored enterprises or related institutions, agencies or instrumentalities, may also adversely affect the market value of such instruments and, further, exacerbate the other risks to which we are subject and any related adverse effects on our business, financial condition or results of operations.

Our internal controls, processes and procedures may fail or be circumvented.

Our internal controls, disclosure controls, processes and procedures, and corporate governance policies and procedures are based in part on certain assumptions and can provide only reasonable (not absolute) assurances that the objectives of the system are met. Any failure or circumvention of our controls, processes and procedures or failure to comply with regulations related to controls, processes and procedures could necessitate changes in those controls, processes and procedures, which may increase our compliance costs, divert management attention from our business or subject us to regulatory actions and increased regulatory scrutiny. Any of these could have a material adverse effect on our business, financial condition or results of operations.

Our accounting estimates and risk management processes rely on analytical and forecasting techniques and models.

Our accounting policies and methods are fundamental to how we record and report our financial condition and results of operations. Our management must exercise judgment in selecting and applying many of these accounting policies and methods so they comply with U.S. GAAP and reflect management s judgment of the most appropriate manner to report our financial condition and results. In some cases, management must select the accounting policy or method to apply from two or more alternatives, any of which may be reasonable under the circumstances, yet which may result in our reporting materially different results than would have been reported under a different alternative.

Certain accounting policies are critical to presenting our financial condition and results. They require management to make difficult, subjective or complex judgments about matters that are uncertain. Materially different amounts could be reported under different conditions or using different assumptions or estimates. These critical accounting policies include credit risk management, the allowance for loan losses and unfunded commitments, FDIC indemnification asset and clawback liability, goodwill, core deposits and other intangibles and income taxes. Because of the uncertainty of estimates involved in these matters, we may be required to do one or more of the following: significantly increase the allowance for loan losses or sustain loan losses that are significantly higher than the reserve provided; recognize significant impairment on goodwill and other intangible asset balances; reduce the carrying value of an asset measured at fair value; or significantly increase our accrued tax liability. Any of these could have a material adverse effect on our business, financial condition or results of operations. For a discussion of our critical accounting policies, see Management s Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies and the Impact of Accounting Estimates.

We rely extensively on models in managing many aspects of our business, and these models may be inaccurate or misinterpreted.

We rely extensively on models in managing many aspects of our business, including liquidity and capital planning, customer selection, credit and other risk management, pricing, reserving and collections management. The models may prove in practice to be less predictive than we expect for a variety of reasons, including errors in constructing, interpreting or using the models or inaccurate assumptions (*e.g.*, failures to update assumptions appropriately or in a timely manner). Our assumptions may be inaccurate for many reasons as they often involve matters that are inherently difficult to predict and beyond our control (*e.g.*, macroeconomic conditions and their impact on behavior) and often involve complex interactions between a number of variables, factors and other assumptions. The errors or inaccuracies in our models may be material, and could lead us to make wrong or sub-optimal decisions in managing our business, and this could have a material adverse effect on our business, financial condition or results of operations.

We may have exposure to tax liabilities that are larger than we anticipate.

The tax laws applicable to our business activities, including the laws of the United States, South Dakota and other jurisdictions, are subject to interpretation and may change over time. From time to time, legislative initiatives, such as proposals for fundamental federal tax reform and corporate tax rate changes, which may impact our effective tax rate and could adversely affect our deferred tax assets or our tax positions or liabilities. The taxing authorities in the jurisdictions in which we operate may challenge our tax positions, which could increase our effective tax rate and harm our financial position and results of operations. In addition, our future income taxes could be adversely affected by earnings being higher than anticipated in jurisdictions that have higher statutory tax rates or by changes in tax laws, regulations or accounting principles. We are subject to audit and review by U.S. federal and state tax authorities. Any adverse outcome of such a review or audit could have a negative effect on our financial position and results of operations. In addition, the determination of our provision for income taxes and other liabilities requires significant judgment by management. Although we believe that our estimates are reasonable, the ultimate tax outcome may differ from the amounts recorded in our financial statements and could have a material adverse effect on our financial results in the period or periods for which such determination is made.

Fulfilling our public company financial reporting and other regulatory obligations will be expensive and time consuming and may strain our resources.

As a public company, we are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and are required to implement specific corporate governance practices and adhere to a variety of reporting requirements under the Sarbanes-Oxley Act of 2002, or Sarbanes-Oxley, and the related rules and regulations of the SEC, as well as the rules of the NYSE. The Exchange Act requires us to file annual, quarterly and current reports with respect to our business and financial condition. Sarbanes-Oxley requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. Our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of September 30, 2014 due to the material weakness in our internal control over financial reporting described in Management s Discussion and Analysis of Financial Condition and Results of Operations Internal Control Over Financial Reporting, and we anticipate that they will reach the same conclusion as of June 30, 2015. Compliance with these requirements places significant demands on our legal, accounting and finance staff and on our accounting, financial and information systems and has increased, and may continue to increase, our legal and accounting compliance costs as well as our compensation expense from historical levels. For example, we have hired additional accounting, finance and legal staff, and engaged external tax advisors to replace the oversight role previously performed by NAB staff. Many of these expenses are not reflected in our results of operations for fiscal year 2014 but are reflected in our first and second quarter 2015 results and we anticipate that they may adversely affect our future financial results. We will also need to appoint additional independent directors to our board following the termination of NAB s right to appoint a majority of our directors. These additional efforts may strain our resources and divert management s attention from other business concerns, which could have a material adverse effect on our business, financial condition or results of operations.

In accordance with Section 404 of Sarbanes-Oxley, our management will be required to conduct an annual assessment of the effectiveness of our internal control over financial reporting and include a report on these internal controls in the annual reports we will file with the SEC on Form 10-K. Our Form 10-K for the year ended September 30, 2014 does not include such a report due to the transition period established by rules of the SEC for newly public companies. Our independent registered public accounting firm will not be required to formally attest to the effectiveness of our internal controls until the later of the year following the first annual report required to be filed with the SEC and the date on which we are no longer an emerging growth company as defined in the JOBS Act. When required, this process will require significant documentation of policies, procedures and systems, review of that documentation by our internal auditing and accounting staff and our outside independent registered public accounting firm, and testing of our internal control over financial reporting by our internal auditing and accounting staff and our outside independent registered public accounting firm. This process will involve considerable time and attention, may strain our internal resources, and will increase our operating costs. We may experience higher than anticipated operating expenses and outside auditor fees during the implementation of these changes and thereafter. If our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock could be negatively affected, and we could become subject to investigations by the

NYSE, the SEC or other regulatory authorities, which could require additional financial and management resources.

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If we are not able to satisfy the requirements of Section 404 of Sarbanes-Oxley, we may be subject to adverse regulatory consequences and there could be a negative reaction in the financial markets due to a loss of investor confidence in us and the reliability of our financial statements. This could have a material adverse effect on business, financial condition or results of operations.

We may not be able to report our future financial results accurately and timely as a publicly listed company if we fail to maintain an effective system of disclosure controls and procedures and internal control over financial reporting, or if we fail to remediate the material weakness identified relating to the design and operation of our internal control over financial reporting.

As a publicly traded company, we are subject to the financial reporting standards prescribed under U.S. GAAP and SEC rules, which are more extensive than the standards applicable to us as a wholly owned subsidiary of NAB prior to our IPO. Complying with these heightened financial reporting standards has required us to implement enhancements to the design and operation of our internal control over financial reporting. In the process of preparing additional disclosures required by the SEC for public companies contained within our consolidated financial statements under these requirements in connection with our IPO, during the third quarter of fiscal year 2014, we concluded a material weakness existed in the design and operation of our internal control over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis. The material weakness identified resulted primarily from a lack of sufficient resources and personnel within the accounting function engaged in the preparation and review of our consolidated financial statements and a lack of formal controls and procedures with respect to our internal review of the accuracy and completeness of our application of SEC rules to our consolidated financial statements. See Management s Discussion and Analysis of Financial Condition and Results of Operations Internal Control Over Financial Reporting for more information. The material weakness did not affect our reported net income or stockholder s equity for any financial reporting period or materially affect our reported total assets and total liabilities for any financial reporting period.

Following identification of the material weakness, we implemented a number of controls and procedures designed to improve our control environment. In particular, we included additional members of our accounting and financial reporting staff in the preparation and review of the consolidated financial statements for the year ended September 30, 2014 and quarters ended December 31, 2014 and March 31, 2015 and implemented a more formal preparation and review hierarchy designed to identify and resolve potential errors on a timely basis. We have also contracted with two independent consulting firms to assist us in the preparation of our consolidated financial statements. In addition, within our financial reporting function, we have hired additional personnel with SEC publicly traded company reporting experience to assist with the preparation and review of future financial statements and have allocated a greater number of our employees to assist with these processes. Specifically, in March 2015, we hired additional experienced, qualified personnel within our financial reporting function to assist with the preparation and review of future financial statements. Although we believe these changes to our control environment will be sufficient to remediate our previously identified material weakness, we believe that further reporting periods are required to confirm the remediation as well as the ongoing effectiveness of the revised control environment. We may be unsuccessful in implementing all remedial measures we may undertake, and these measures may not significantly improve or remediate the material weakness identified in the design and operating effectiveness of our internal control over financial reporting, which, in future periods, could impact our ability to report our financial results accurately or on a timely basis. As a result of the material weakness, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of September 30, 2014 and we anticipate that they will reach the same conclusion as of June 30, 2015.

More generally, if we are unable to meet the demands that have been placed upon us as a public company, including the requirements of Sarbanes-Oxley, we may be unable to accurately report our financial results in future periods, or report them within the timeframes required by law or stock exchange regulations. Failure to

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comply with Sarbanes-Oxley, when and as applicable, could also potentially subject us to sanctions or investigations by the SEC or other regulatory authorities. Under such circumstances, we may be unable to implement the necessary internal controls in a timely manner, or at all, and future material weaknesses may exist or may be discovered. If we fail to implement the necessary improvements, or if material weaknesses or other deficiencies occur, our ability to accurately and timely report our financial position could be impaired, which could result in late filings of our annual and quarterly reports under the Exchange Act, restatements of our consolidated financial statements, a decline in our stock price, suspension or delisting of our common stock from the NYSE and could have a material adverse effect on our business, results of operations or financial condition. Even if we are able to report our financial statements accurately and in a timely manner, any failure in our efforts to implement the improvements or disclosure of material weaknesses in our future filings with the SEC could cause our reputation to be harmed and our stock price to decline significantly.

We have not performed an evaluation of our internal control over financial reporting, as contemplated by Section 404 of Sarbanes-Oxley, nor have we engaged our independent registered public accounting firm to perform an audit of our internal control over financial reporting as of any balance sheet date reported in our financial statements. Had we performed such an evaluation or had our independent registered public accounting firm performed an audit of our internal control over financial reporting, additional control deficiencies, including additional material weaknesses and significant deficiencies, may have been identified. In addition, the JOBS Act provides that, so long as we qualify as an emerging growth company, we will be exempt from the provisions of Section 404(b) of Sarbanes-Oxley, which would require that our independent registered public accounting firm provide an attestation report on the effectiveness of our internal control over financial reporting. We may take advantage of this exemption so long as we qualify as an emerging growth company.

We are an emerging growth company within the meaning of the Securities Act, and because we have elected to take advantage of certain exemptions from various reporting and other requirements applicable to emerging growth companies, our common stock could be less attractive to investors.

For as long as we remain an emerging growth company, as defined in the JOBS Act, we will have the option to take advantage of certain exemptions from various reporting and other requirements that are applicable to other public companies that are not emerging growth companies, including not being required to comply with the auditor attestation requirements of Section 404 of Sarbanes-Oxley, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We have taken and expect to continue to take advantage of these and other exemptions until we are no longer an emerging growth company. We will cease to be an emerging growth company at the end of our current fiscal year.

The JOBS Act provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended, or the Securities Act, for complying with new or revised accounting standards. We have elected not to take advantage of this extended transition period, which means that the financial statements included in this prospectus, as well as any financial statements that we file in the future, will be subject to all new or revised accounting standards generally applicable to public companies. Our decision to opt out of the extended transition period is irrevocable.

We are subject to environmental liability risk associated with our bank branches and any real estate collateral we acquire upon foreclosure.

During the ordinary course of business, we may foreclose on and take title to properties securing certain loans that we have originated or acquired. We also have an extensive branch network, owning separate branch locations throughout the areas we serve. For any real property that we may possess, there is a risk that hazardous or toxic substances could be found on these properties. If hazardous or toxic substances are found, we may be

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liable for remediation costs, as well as for personal injury and property damage and costs of complying with applicable environmental regulatory requirements. Failure to comply with such requirements can result in penalties. Environmental laws may require us to incur substantial expenses and may materially reduce the affected property s value or limit our ability to use or sell the affected property. In addition, future laws or more stringent interpretations or enforcement policies with respect to existing laws may increase our exposure to environmental liability. Environmental reviews of real property before initiating foreclosure actions may not be sufficient to detect all potential environmental hazards. The remediation costs and any other financial liabilities associated with an environmental hazard could have a material adverse effect on our business, financial condition or results of operations.

We may be alleged to have infringed upon intellectual property rights owned by others, or may be unable to protect our intellectual property.

Competitors or other third parties may allege that we, or consultants or other third parties retained or indemnified by us, infringe on their intellectual property rights. We also may face allegations that our employees have misappropriated intellectual property of their former employers or other third parties. Given the complex, rapidly changing and competitive technological and business environment in which we operate, and the potential risks and uncertainties of intellectual property-related litigation, an assertion of an infringement claim against us may cause us to spend significant amounts to defend the claim (even if we ultimately prevail); to pay significant money damages; to lose significant revenues; to be prohibited from using the relevant systems, processes, technologies or other intellectual property; to cease offering certain products or services or to incur significant license, royalty or technology development expenses. Moreover, it has become common in recent years for individuals and groups to purchase intellectual property assets for the sole purpose of making claims of infringement and attempting to extract settlements from companies like ours. Even in instances where we believe that claims and allegations of intellectual property infringement against us are without merit, defending against such claims is time consuming and expensive and could result in the diversion of time and attention of our management and employees. In addition, although in some cases a third party may have agreed to indemnify us for such costs, such indemnifying party may refuse, or be unable, to uphold its contractual obligations.

Moreover, we rely on a variety of measures to protect our intellectual property and proprietary information, including copyrights, trademarks, patents and controls on access and distribution. These measures may not prevent misappropriation or infringement of our intellectual property or proprietary information and a resulting loss of competitive advantage, and in any event, we may be required to litigate to protect our intellectual property and proprietary information from misappropriation or infringement by others, which is expensive, could cause a diversion of resources and may not be successful. Third parties may challenge, invalidate or circumvent our intellectual property, or our intellectual property may not be sufficient to provide us with competitive advantages. In addition, the usage of branding that could be confused with ours could create negative perceptions and risks to our brand and reputation. Our competitors or other third parties may independently design around or develop technology similar to ours or otherwise duplicate our services or products such that we could not assert our intellectual property rights against them. In addition, our contractual arrangements may not effectively prevent disclosure of our intellectual property or confidential and proprietary information or provide an adequate remedy in the event of an unauthorized disclosure.

We may be subject to claims and litigation pertaining to our fiduciary responsibilities.

Some of the services we provide, such as trust and investment services, require us to act as fiduciaries for our customers and others. From time to time, third parties make claims and take legal action against us pertaining to the performance of our fiduciary responsibilities. If these claims and legal actions are not resolved in a manner favorable to us, we may be exposed to significant financial liability or our reputation could be damaged. Either of these results may adversely impact demand for our products and services or otherwise have a material adverse effect on our business, financial condition or results of operations.

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Changes in our accounting policies or in accounting standards could materially affect how we report our financial results and condition.

From time to time, the Financial Accounting Standards Board, or the FASB, and SEC change the financial accounting and reporting standards that govern the preparation of our financial statements. As a result of changes to financial accounting or reporting standards, whether promulgated or required by the FASB or other regulators, we could be required to change certain of the assumptions or estimates we have previously used in preparing our financial statements, which could negatively impact how we record and report our results of operations and financial condition generally. For additional information on the key areas for which assumptions and estimates are used in preparing our financial statements, see Management s Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies and the Impact of Accounting Estimates.

Risks Related to the Regulatory Oversight of Our Business

The banking industry is highly regulated, and the regulatory framework, together with any future legislative or regulatory changes, may have a significant adverse effect on our operations.

The banking industry is extensively regulated and supervised under both federal and state laws and regulations that are intended primarily for the protection of depositors, customers, federal deposit insurance funds and the banking system as a whole, not for the protection of our stockholders and creditors. We are subject to regulation and supervision by the Federal Reserve, and our bank is subject to regulation and supervision by the FDIC and the South Dakota Division of Banking. The laws and regulations applicable to us govern a variety of matters, including permissible types, amounts and terms of loans and investments we may make, the maximum interest rate that may be charged, the amount of reserves our bank must hold against deposits it takes, the types of deposits our bank may accept and the rates it may pay on such deposits, maintenance of adequate capital and liquidity, changes in the control of us and our bank, restrictions on dividends and establishment of new offices by our bank. We must obtain approval from our regulators before engaging in certain activities, and there can be no assurance that any regulatory approvals we may require will be obtained, either in a timely manner or at all. Our regulators also have the ability to compel us to, or restrict us from, taking certain actions entirely, such as actions that our regulators deem to constitute an unsafe or unsound banking practice. Our failure to comply with any applicable laws or regulations, or regulatory policies and interpretations of such laws and regulations, could result in sanctions by regulatory agencies, civil money penalties or damage to our reputation, all of which could have a material adverse effect on our business, financial condition or results of operations.

Since the recent financial crisis, federal and state banking laws and regulations, as well as interpretations and implementations of these laws and regulations, have undergone substantial review and change. In particular, the Dodd-Frank Act drastically revised the laws and regulations under which we operate. Financial institutions generally have also been subjected to increased scrutiny from regulatory authorities. These changes and increased scrutiny may result in increased costs of doing business, decreased revenues and net income, may reduce our ability to effectively compete to attract and retain customers, or make it less attractive for us to continue providing certain products and services. Any future changes in federal and state law and regulations, as well as the interpretations and implementations of such laws and regulations, could affect us in substantial and unpredictable ways, including those listed above or other ways that could have a material adverse effect on our business, financial condition or results of operations.

We will be subject to heightened regulatory requirements if we exceed $10 billion in assets.

Based on our historic organic growth rates, we expect that our total assets and our bank s total assets could exceed $10 billion over the next two to five years, or sooner if we engage in any acquisitions. The Dodd-Frank Act and its implementing regulations impose various additional requirements on bank holding companies with $10 billion or more in total assets, including compliance with portions of the Federal Reserve s enhanced prudential oversight requirements and annual stress testing requirements. In addition, banks with $10 billion or

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more in total assets are primarily examined by the CFPB with respect to various federal consumer financial protection laws and regulations. Currently, our bank is subject to regulations adopted by the CFPB, but the FDIC is primarily responsible for examining our bank s compliance with consumer protection laws and those CFPB regulations. As a relatively new agency with evolving regulations and practices, there is uncertainty as to how the CFPB s examination and regulatory authority might impact our business.

Compliance with these requirements may necessitate that we hire additional compliance or other personnel, design and implement additional internal controls, or incur other significant expenses, any of which could have a material adverse effect on our business, financial condition or results of operations. Compliance with the annual stress testing requirements, part of which must be publicly disclosed, may also be misinterpreted by the market generally or our customers and, as a result, may adversely affect our stock price or our ability to retain our customers or effectively compete for new business opportunities. To ensure compliance with these heightened requirements when effective, our regulators may require us to fully comply with these requirements or take actions to prepare for compliance even before our or our bank s total assets equal or exceed $10 billion. As a result, we may incur compliance-related costs before we might otherwise be required, including if we do not continue to grow at the rate we expect or at all. Our regulators may also consider our preparation for compliance with these regulatory requirements when examining our operations generally or considering any request for regulatory approval we may make, even requests for approvals on unrelated matters.

We will continue to be subject to regulation and supervision as a subsidiary of NAB until the Non-Control Date.

As long as we continue to be controlled by NAB for purposes of the BHC Act, NAB s regulatory status may impact our regulatory status and hence our ability to expand by acquisition or engage in new activities. For example, unsatisfactory examination ratings or enforcement actions regarding NAB could impact our ability or preclude us from obtaining any necessary approvals or informal clearance for the foregoing. Furthermore, to the extent that we are required to obtain regulatory approvals under the BHC Act to make acquisitions or expand our activities, as long as NAB controls us, NAB would also be required to obtain BHC Act approvals for such acquisitions or activities as well. In addition, while NAB has effective control of the GWB board, we are subject to regulation and supervision by APRA through APRA s prudential regulation of NAB and its banking subsidiaries. See Supervision and Regulation Regulatory Impact of Control by NAB for more information.

We expect NAB to cease to control us for purposes of the BHC Act and the Non-Control Date to occur upon the completion of this offering and the Direct Share Repurchase but it is possible that NAB will continue to control us for some period of time following the offering. The Non-Control Date could be delayed if NAB continues to beneficially own any shares of our outstanding common stock following the offering, which would be the case if the underwriters option to purchase additional shares of common stock is not exercised at all or is not exercised in full. We expect that the Non-Control Date will occur on the first day that NAB no longer beneficially owns any shares of our outstanding common stock.

We are required to act as a source of financial and managerial strength for our bank in times of stress.

Under federal law and longstanding Federal Reserve policy, we are expected to act as a source of financial and managerial strength to our bank, and to commit resources to support our bank if necessary. We may be required to commit additional resources to our bank at times when we may not be in a financial position to provide such resources or when it may not be in our, or our stockholders or creditors , best interests to do so. Providing such support is more likely during times of financial stress for us and our bank, which may make any capital we are required to raise to provide such support more expensive than it might otherwise be. In addition, any capital loans we make to our bank are subordinate in right of payment to depositors and to certain other indebtedness of our bank. In the event of our bankruptcy, any commitment by us to a federal banking regulator to maintain the capital of our bank will be assumed by the bankruptcy trustee and entitled to priority of payment.

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We may be subject to more stringent capital requirements in the future.

We are subject to regulatory requirements specifying minimum amounts and types of capital that we must maintain. From time to time, the regulators change these regulatory capital adequacy guidelines. If we fail to meet these minimum capital guidelines and other regulatory requirements, we or our subsidiaries may be restricted in the types of activities we may conduct and we may be prohibited from taking certain capital actions, such as paying dividends and repurchasing or redeeming capital securities.

In particular, the capital requirements applicable to us under the recently adopted capital rules implementing the Basel III capital framework in the United States have begun to be phased-in starting on January 1, 2015. As these rules take effect, we will be required to satisfy additional, more stringent, capital adequacy standards than we have in the past. In addition, if we become subject to annual stress testing requirements, our stress test results may have the effect of requiring us to comply with even greater capital requirements. While we expect to meet the requirements of the new Basel III-based capital rules, we may fail to do so. In addition, these requirements could have a negative impact on our ability to lend, grow deposit balances, make acquisitions or make capital distributions in the form of dividends or share repurchases. Higher capital levels could also lower our return on equity.

Litigation and regulatory actions, including possible enforcement actions, could subject us to significant fines, penalties, judgments or other requirements resulting in increased expenses or restrictions on our business activities.

Our business is subject to increased litigation and regulatory risks as a result of a number of factors, including the highly regulated nature of the financial services industry and the focus of state and federal prosecutors on banks and the financial services industry generally. This focus has only intensified since the recent financial crisis, with regulators and prosecutors focusing on a variety of financial institution practices and requirements, including foreclosure practices, compliance with applicable consumer protection laws (including, in foreign jurisdictions, products similar to our fixed-term tailored business loan products), classification of held for sale assets and compliance with anti-money laundering statutes, the Bank Secrecy Act and sanctions imposed by the Office of Foreign Assets Control of the U.S. Department of the Treasury.

In the normal course of business, from time to time, we are or have been named as a defendant in various legal actions, including arbitrations, class actions and other litigation, arising in connection with our business activities. Certain of the legal actions included claims for substantial compensatory or punitive damages or claims for indeterminate amounts of damages. In addition, while the arbitration provisions in certain of our customer agreements historically have limited our exposure to consumer class action litigation, there can be no assurance that we will be successful in enforcing our arbitration clause in the future. We may also, from time to time, be the subject of subpoenas, requests for information, reviews, investigations and proceedings (both formal and informal) by governmental agencies regarding our business. Any such legal or regulatory actions may subject us to substantial compensatory or punitive damages, significant fines, penalties, obligations to change our business practices or other requirements resulting in increased expenses, diminished income and damage to our reputation. Our involvement in any such matters, even if the matters are ultimately determined in our favor, could also cause significant harm to our reputation and divert management attention from the operation of our business. Further, any settlement, consent order or adverse judgment in connection with any formal or informal proceeding or investigation by government agencies may result in litigation, investigations or proceedings as other litigants and government agencies begin independent reviews of the same activities. As a result, the outcome of legal and regulatory actions could be material to our business, results of operations, financial condition and cash flows depending on, among other factors, the level of our earnings for that period, and could have a material adverse effect on our business, financial condition or results of operations.

Increases in FDIC insurance premiums may adversely affect our earnings.

Our bank s deposits are insured by the FDIC up to legal limits and, accordingly, our bank is subject to FDIC deposit insurance assessments. We generally cannot control the amount of premiums our bank will be required to pay for FDIC insurance. Once our bank exceeds $10 billion in assets, the method for calculating its FDIC assessments will change and we expect our bank s FDIC assessments will increase as a result. See Supervision and Regulation Deposit Insurance. In addition, the FDIC recently increased the deposit insurance fund s target reserve ratio to 2.0% of insured deposits following the Dodd-Frank Act s elimination of the 1.5% cap on the insurance fund s reserve ratio and has put in place a restoration plan to restore the deposit insurance fund to its 1.35% minimum reserve ratio mandated by the Dodd-Frank Act by September 30, 2020. Additional increases in assessment rates may be required in the future to achieve this targeted reserve ratio. In addition, higher levels of bank failures in recent years and increases in the statutory deposit insurance limits have increased resolution costs to the FDIC and put pressure on the deposit insurance fund. In response, the FDIC increased assessment rates on insured institutions, charged a special assessment to all insured institutions as of June 30, 2009, and required banks to prepay three years worth of premiums on December 30, 2009. If there are additional financial institution failures, our bank may be required to pay even higher FDIC insurance premiums than the recently increased levels, or the FDIC may charge additional special assessments. Future increases of FDIC insurance premiums or special assessments could have a material adverse effect on our business, financial condition or results of operations.

We are subject to the CRA and fair lending laws, and our failure to comply with these laws could lead to material penalties.

The CRA, the Equal Credit Opportunity Act, the Fair Housing Act and other fair lending laws and regulations impose nondiscriminatory lending requirements on financial institutions. The U.S. Department of Justice and other federal agencies are responsible for enforcing these laws and regulations. A successful challenge to an institution s performance under the CRA or fair lending laws and regulations could result in a wide variety of sanctions, including the required payment of damages and civil money penalties, injunctive relief, imposition of restrictions on mergers and acquisitions activity and restrictions on expansion. Private parties may also have the ability to challenge an institution s performance under fair lending laws in private class action litigation. The costs of defending, and any adverse outcome from, any such challenge could damage our reputation or could have a material adverse effect on our business, financial condition or results of operations.

Regulations relating to privacy, information security and data protection could increase our costs, affect or limit how we collect and use personal information and adversely affect our business opportunities.

We are subject to various privacy, information security and data protection laws, including requirements concerning security breach notification, and we could be negatively impacted by these laws. For example, our business is subject to the Gramm-Leach-Bliley Act which, among other things: (i) imposes certain limitations on our ability to share nonpublic personal information about our customers with nonaffiliated third parties; (ii) requires that we provide certain disclosures to customers about our information collection, sharing and security practices and afford customers the right to opt out of any information sharing by us with nonaffiliated third parties (with certain exceptions) and (iii) requires we develop, implement and maintain a written comprehensive information security program containing safeguards appropriate based on our size and complexity, the nature and scope of our activities, and the sensitivity of customer information we process, as well as plans for responding to data security breaches. Various state and federal banking regulators and states have also enacted data security breach notification requirements with varying levels of individual, consumer, regulatory or law enforcement notification in certain circumstances in the event of a security breach. Moreover, legislators and regulators in the United States are increasingly adopting or revising privacy, information security and data protection laws that potentially could have a significant impact on our current and planned privacy, data protection and information security-related practices, our collection, use, sharing, retention and safeguarding of consumer or employee information, and some of our current or planned business activities. This could also increase our costs of compliance and business operations and could reduce income from certain business initiatives. This includes increased privacy-related enforcement activity at the federal level, by the Federal Trade Commission, as well as at the state level, such as with regard to mobile applications.

Compliance with current or future privacy, data protection and information security laws (including those regarding security breach notification) affecting customer or employee data to which we are subject could result

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in higher compliance and technology costs and could restrict our ability to provide certain products and services, which could have a material adverse effect on our business, financial conditions or results of operations. Our failure to comply with privacy, data protection and information security laws could result in potentially significant regulatory or governmental investigations or actions, litigation, fines, sanctions and damage to our reputation, which could have a material adverse effect on our business, financial condition or results of operations.

Our use of third party vendors and our other ongoing third party business relationships are subject to increasing regulatory requirements and attention.

We regularly use third party vendors as part of our business. We also have substantial ongoing business relationships with other third parties. These types of third party relationships are subject to increasingly demanding regulatory requirements and attention by our federal bank regulators. Recent regulation requires us to enhance our due diligence, ongoing monitoring and control over our third party vendors and other ongoing third party business relationships. In certain cases we may be required to renegotiate our agreements with these vendors to meet these enhanced requirements, which could increase our costs. We expect that our regulators will hold us responsible for deficiencies in our oversight and control of our third party relationships and in the performance of the parties with which we have these relationships. As a result, if our regulators conclude that we have not exercised adequate oversight and control over our third party vendors or other ongoing third party business relationships or that such third parties have not performed appropriately, we could be subject to enforcement actions, including civil money penalties or other administrative or judicial penalties or fines as well as requirements for customer remediation, any of which could have a material adverse effect our business, financial condition or results of operations.

Risks Related to Our FDIC-Assisted Acquisition of TierOne Bank

Our bank has purchased certain assets and assumed certain liabilities of TierOne Bank in an FDIC-assisted transaction.

On June 4, 2010, our bank acquired certain assets and assumed certain liabilities of TierOne Bank from the FDIC in an assisted transaction, which could present additional risks to our business. Although this transaction provides for FDIC assistance to our bank to mitigate certain risks, such as sharing exposure to loan losses and providing indemnification against certain liabilities of the former TierOne Bank, we are still subject to some of the same risks we face in acquiring another bank in a negotiated transaction, including risks associated with maintaining customer relationships and failure to realize the anticipated acquisition benefits in the amounts and within the timeframes we expect. Our ability to seek indemnification under the commercial loss-sharing arrangement, which covered $77 million in loans at March 31, 2015, terminated in June of 2015, and the single-family loss-sharing arrangement, which covered $111 million in loans at March 31, 2015, terminates in June of 2020.

Our decisions regarding the fair value of assets acquired and our estimated loss-sharing indemnification asset may be inaccurate.

We make various assumptions and judgments about the collectability of acquired loan portfolios, including the creditworthiness of borrowers and the value of the real estate and other assets serving as collateral for the repayment of secured loans. In the FDIC-assisted transaction, we recorded a fair value adjustment and a related loss-sharing indemnification asset, representing 80% of expected credit losses. We have subsequently analyzed the portfolio on a regular basis, taking into account historical loss experience, volume and classification of loans, volume and trends in delinquencies and nonaccruals, local economic conditions and other pertinent information. As a result of these analyses, we have recorded allowance for loan losses, partially offset by additional indemnification assets, to address subsequent impairment in certain loans and pools of loans. While we believe that our current levels of fair value adjustments and allowance for loan losses are adequate to absorb future losses

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that may occur in the acquired loan portfolio, if our assumptions are incorrect, our actual losses could be higher than estimated and increased loss reserves may be needed to respond to different economic conditions or adverse developments in the acquired loan portfolio. Any increase in future loan losses could have a material adverse effect on our business, financial condition or results of operations.

Our ability to obtain reimbursement under the loss-sharing agreements on covered assets depends on our compliance with the terms of the loss-sharing agreements.

The loss-sharing agreements contain specific terms and conditions regarding the management of the covered assets that our bank must follow to receive reimbursement on losses from the FDIC. At March 31, 2015, $187.6 million of loans and $8.6 million of OREO was eligible for reimbursement to our bank. Under the loss-sharing agreements, our bank must, among other things:

- manage and administer the covered assets in a manner consistent with its usual and prudent business and banking practices and, with respect to single family shared-loss loans, the procedures (including collection procedures) customarily employed by our bank in servicing and administering mortgage loans for its own account and the servicing procedures established by FNMA or the Federal Home Loan Mortgage Corporation, as in effect from time to time, and in accordance with accepted mortgage servicing practices of prudent lending institutions;

- exercise its best judgment in managing, administering and collecting amounts on covered assets;

- use commercially reasonable efforts to maximize recoveries with respect to losses on single family shared-loss assets and best efforts to maximize collections with respect to commercial shared-loss assets;

- retain sufficient staff to perform the duties under the loss-sharing agreements;

- adopt and implement accounting, reporting, record-keeping and similar systems with respect to the commercial shared-loss assets;

- comply with the terms of the modification guidelines approved by the FDIC or another federal agency for any single-family shared-loss loan;

- provide notice with respect to proposed transactions pursuant to which a third party or affiliate will manage, administer or collect any commercial shared-loss assets;

- file monthly and quarterly certificates with the FDIC specifying the amount of losses, charge-offs and recoveries;

undergo periodic reviews by the FDIC and their agents to assess our bank s operations and compliance with these requirements; and

maintain books and records sufficient to ensure and document compliance with the terms of the loss-sharing agreements.

The terms of the loss-sharing agreements are extensive and failure to comply with any of the guidelines could result in a specific asset or group of assets permanently losing their loss-sharing coverage. No assurances can be given that we will manage the covered assets in such a way as to always maintain loss-sharing coverage on all such assets and fully recover the value of our loss-sharing asset, and any loss-sharing coverage could have a material adverse effect on our business, financial condition or results of operations.

Risks Related to NAB s Beneficial Ownership of Our Common Stock

NAB has significant control over us, and its interests may conflict with ours or our other stockholders in the future.

Prior to this offering, NAB indirectly beneficially owns approximately 28.5% of our common stock and has significant control over us. Upon the completion of this offering (assuming the underwriters option to purchase additional shares of common stock is exercised in full) and the Direct Share Repurchase, NAB expects to have fully divested its ownership of our common stock and to no longer control us for purposes of the BHC Act but it is possible that NAB will continue to control us for some period of time following the offering.

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Under the Stockholder Agreement, NAB is entitled to designate nominees for election to our board of directors (the number of which will depend on its level of ownership) and make certain appointments to committees of our board of directors. Until the earlier of (i) the Non-Control Date and (ii) May 6, 2016, which will be the one-year anniversary of the date when NAB ceased to directly or indirectly beneficially own 50% of our outstanding common stock, NAB has the right to designate a majority of the nominees for election to our board of directors. If NAB continues to control us for purposes of the BHC Act following May 6, 2016, NAB will have the right to designate for nomination and election a number of individuals equal to the number of independent directors nominated to serve on our board of directors (other than any independent directors who have been designated by NAB) minus two until such time as NAB ceases to have such control. Following the Non-Control Date, NAB will have the right to designate one nominee for election to our board of directors so long as NAB continues to beneficially own at least 5% of our outstanding common stock. Because we expect the Non-Control Date to occur upon the completion of this offering and the Direct Share Repurchase, we expect these rights to terminate following this offering.

Until the Non-Control Date, which we expect will occur upon the completion of this offering and the Direct Share Repurchase, we will be required to obtain NAB s prior written approval before undertaking (or permitting or authorizing any of our subsidiaries to undertake) various significant corporate actions, including engaging in certain business activities, entrance into mergers or consolidations, entrance into amendments to or terminations of material agreements, issuance of capital stock (subject to certain exceptions), incurrence or guarantee of indebtedness in excess of certain thresholds (subject to certain exceptions), termination of our or our bank s Chief Executive Officer or Chief Financial Officer (other than for cause) and certain other significant transactions.

Until NAB has fully divested its ownership of our common stock, NAB s contractual rights, including its veto rights with respect to our business, could deprive stockholders of an opportunity to receive a premium for their shares of common stock as part of a sale of our company, and could affect the market price of our common stock. NAB s interests may differ from our interests or those of our other stockholders. NAB has access to our internal information in the same manner and to the same extent as we provided immediately prior to our IPO and may affect the management of our business, or exercise its voting power, consent rights or information access in a manner unfavorable to our other stockholders. Moreover, NAB may be able to exercise its veto and other rights under the Stockholder Agreement for an extended period of time, depending on when NAB ceases to control us for purposes of the BHC Act. In addition, while NAB has effective control of the GWB board, we are subject to regulation and supervision by APRA through APRA s prudential regulation of NAB and its banking subsidiaries. See Risks Related to the Regulatory Oversight of Our Business. Accordingly, NAB s control over us and the consequences of such control could have a material adverse effect on our business and business prospects and negatively impact the trading price of our common stock.

We may fail to replicate or replace functions, systems and infrastructure provided to us by NAB prior to our IPO, and NAB may fail to perform the services provided for in the Transitional Services Agreement.

Although, historically, we have operated largely as a standalone company without significant services being received from NAB, NAB has provided certain financial, personnel and administrative support to us. NAB has no obligation to provide any support to us other than the limited services being provided pursuant to the Transitional Services Agreement. Under this agreement, NAB has agreed to continue to provide us with certain services NAB provided to us prior to the IPO for the applicable transitional period, including continuing to act as a counterparty to us on interest rate swaps and providing fair value calculations related to specified loans and interest rate swaps consistent with past practice, access to certain reporting systems and applications, certain risk, credit rating and tax oversight currently provided to us by NAB and certain insurance coverage under NAB s group-wide insurance policies, for a period of time following our IPO. NAB has also agreed to continue to provide us with access to NAB systems required for us to continue reporting to NAB financial and other information consistent with our status as a consolidated NAB subsidiary.

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We are currently expanding our infrastructure to replicate or replace the services provided by NAB under the Transitional Services Agreement that we will continue to need in the operation of our business following the termination of that agreement. Although we have negotiated the terms of the Transitional Services Agreement on an arms -length basis, we cannot provide assurance that we could obtain these services at the same or better levels or at the same or lower costs from third party providers. As a result, when NAB ceases providing these services to us, either as a result of the termination of the Transitional Services Agreement or a failure by NAB to perform its obligations under the Transitional Services Agreement, our costs of procuring these services or comparable replacement services may increase, may result in service interruptions and may divert management attention from other aspects of our operations. In particular, our cost of procuring insurance coverage for our business could increase following the termination of the Transitional Services Agreement as we lose the ability to leverage NAB s relationships with insurance providers. While we do not expect any increase in cost associated with replicating and replacing services provided to us under the Transitional Services Agreement to be material, there is a risk that these costs could have a material adverse effect on our business, financial condition or results of operations. Most services to be provided by NAB or its affiliates will terminate on the Non-Control Date, and a smaller number of services will terminate on May 6, 2016. Accordingly, we expect that most services provided under the agreement will terminate upon the completion of this offering and the Direct Share Repurchase.

Because NAB no longer owns a majority of our common stock, we may no longer rely on certain of the exemptions from the corporate governance requirements of the NYSE available for controlled companies.

Following the completion of our secondary offering on May 6, 2015, we ceased to be a controlled company within the meaning of the corporate governance listing standards of the NYSE because NAB owned less than 50% of our outstanding common stock. As a controlled company, we elected not to comply with certain corporate governance requirements of the NYSE. Under the rules of the NYSE, in order for our shares to remain listed on the NYSE upon ceasing to qualify as a controlled company, we are required to comply fully with all NYSE corporate governance requirements, including having a majority of independent directors, before the end of a one year transition period commencing on the day we ceased to be a controlled company (or by May 6, 2016). We must also transition to having only independent directors on our corporate governance and nominating committee and compensation committee.

As a controlled company, under the NYSE corporate governance listing requirements and pursuant to the Stockholder Agreement, we were not required to comply with the requirements to have a majority of independent directors or to have the corporate governance and nominating committee and compensation committee of our board of directors consist entirely of independent directors and we are not required to comply with these requirements until May 6, 2016. Consequently, six of the nine members of our board of directors, and one member of each of the corporate governance and nominating committee and compensation committee of our board of directors, do not currently qualify as independent directors under the applicable rules of the NYSE. As a result, investors in our common stock currently do not have certain of the protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the NYSE and will not have such protections until new directors are appointed to our board of directors.

NAB may not complete the divestiture of our common stock that it owns as planned or at all.

NAB has announced that it intends to divest itself of our bank over time, subject to market conditions, consistent with its strategy of focusing on its core Australian and New Zealand franchises. Our IPO, through which NAB indirectly sold 18,400,000 shares of our common stock, representing 31.8% of our outstanding shares of common stock, was the first stage of NAB s planned divestment. The offering and sale by NAB of 23,000,000 shares, representing 39.7% of our outstanding common stock, that was completed on May 6, 2015, was the second stage of NAB s planned divestment. Prior to giving effect to this offering, NAB continues to beneficially own 28.5% of our outstanding common stock. This offering of 12,563,269 shares of our common stock by the NAB selling stockholder, representing 76.21% of its ownership interest in our outstanding capital stock prior to this offering, is the third stage of NAB s planned divestment. Following the completion of this offering (assuming the underwriters option to purchase additional shares of common stock is exercised in full) and the Direct Share Repurchase, NAB expects to have fully divested its ownership of our common stock.

Although NAB has indicated that it intends to divest 100% of its ownership in our company over time, subject to market conditions and other considerations, it may not be able to do so. Any delay by NAB in completing, or uncertainty about its ability or intention to complete, the divestiture of our common stock that it owns on the planned timetable, on the contemplated terms (including at the contemplated capital and liquidity levels), or at all, could have a material adverse effect on our company and the market price for our common stock.

The completion of the Direct Share Repurchase is subject to conditions and there can be no assurance that the Direct Share Repurchase will occur.

The completion of this offering is not conditioned upon the closing of the Direct Share Repurchase. Accordingly, the possibility exists that this offering will be completed and the Direct Share Repurchase will not have been completed, for example due to the failure to satisfy or waive one or more closing conditions to the Direct Share Repurchase. In such circumstances, the shares of common stock that would otherwise have been repurchased by us in the Direct Share Repurchase would remain owned by the NAB selling stockholder, which would increase the NAB selling stockholder s proportionate share of our outstanding common stock above what it would have been had the Direct Share Repurchase been completed. In addition, in such a circumstance, the number of shares of our common stock outstanding immediately following this offering would be higher than it would be if the Direct Share Repurchase were to have been completed. Finally, to the extent we sought to repurchase our common stock through other means, we might face higher repurchase costs.

Conflicts of interest and other disputes may arise between NAB and us that may be resolved in a manner unfavorable to us and our other stockholders.

Conflicts of interest and other disputes may arise between NAB and us in connection with our past and ongoing relationships, and any future relationships we may establish in a number of areas, including, but not limited to, the following:

Contractual Arrangements. We entered into several agreements with NAB prior to the completion of our IPO that provide a framework for our ongoing relationship with NAB, including a Stockholder Agreement, Transitional Services Agreement and a Registration Rights Agreement. The Stockholder Agreement provides NAB with certain governance rights, including board and committee membership rights, and approval rights over our business, and obligates us to comply with certain covenants including certain information rights, access privileges and confidentiality matters. For example, we are required to obtain the written consent of NAB prior to engaging in certain acquisitions and similar transactions, acquiring or disposing of assets, liabilities or securities with a value in excess of $5 million or entering into, terminating or modifying a material contract, among other matters relating to our business and structure, for so long as NAB continues to control us for purposes of the BHC Act. The Transitional Services Agreement governs the continued provision of certain services to us by NAB for specified transition periods. The Registration Rights Agreement governs our obligation to register shares of our common stock beneficially owned by NAB under certain circumstances. Disagreements regarding the rights and obligations of NAB or us under each of these agreements could create conflicts of interest for certain of our directors and officers, as well as actual disputes that may be resolved in a manner unfavorable to us and our other stockholders. Interruptions to or problems with services provided under the Transitional Services Agreement could result in conflicts between us and NAB that increase our costs both for the processing of business and the potential remediation of disputes. Although we believe each of these agreements contains commercially reasonable terms, the terms of these agreements may later prove not to be in the best interests of our future stockholders or may contain terms more or less favorable than we could obtain from third parties. In addition, certain of our officers negotiating these agreements may appear to have conflicts of interest as a result of their employment with NAB or Bank of New Zealand at the time these agreements were negotiated. However, we subsequently entered into employment agreements with these individuals, and they are no longer employed by NAB or Bank of New Zealand, as applicable.

Competing Business Activities. In the ordinary course of its business, NAB may also engage in activities where NAB s interests conflict or are competitive with our or our other stockholders interests. These activities may include NAB s interests in any transactions it conducts with us (including any interest rate swaps we enter into with NAB to manage the interest rate risk associated with certain of our long-term fixed-rate loans), any exercise by NAB of its rights to register and sell additional stock under the Registration Rights Agreement or, subject to the terms of the Stockholder Agreement, any investments by NAB in, or business activities conducted by NAB for, one or more of our competitors. Any of these disputes or conflicts of interests that arise may be resolved in a manner adverse to us or to our stockholders other than NAB and its affiliates. Subject to the non-competition restrictions contained in the Stockholder Agreement, NAB also may pursue acquisition and other opportunities that may be part of or complementary to our business, and, as a result, those acquisition opportunities may not be available to us. As a result, our future competitive position and growth potential could be adversely affected.

Cross Officerships, Directorships and Stock Ownership. Those members of our board of directors nominated by NAB may have, or appear to have, conflicts of interest with respect to certain of our operations as a result of any roles they may have as officers or employees of NAB or any of its affiliates or any investments or interests they may own in companies that compete with our business. The ownership interests of our directors or executive officers in the common stock of NAB could create, or appear to create, conflicts of interest when directors and executive officers are faced with decisions that could have different implications for the two companies. For example, these decisions could relate to (i) the nature, quality and cost of services rendered to us by NAB, (ii) disagreement over the desirability of a potential business or acquisition opportunity or business plans, (iii) employee retention or recruiting or (iv) our dividend policy.

Business Opportunities. Our amended and restated certificate of incorporation provides that, to the fullest extent permitted by law, none of NAB or any of its affiliates will have any duty to refrain from (i) engaging in a corporate opportunity in the same or similar lines of business in which we or our affiliates now engage or propose to engage or (ii) otherwise competing with us or our affiliates. As a result of these charter provisions, our future competitive position and growth potential could be adversely affected.

These and other conflicts of interest and potential disputes could have a material adverse effect on our business, financial condition, results of operations or on the market price of our common stock.

Risks Related to Our Common Stock

Our stock price may be volatile, and our stockholders could lose part or all of their investment as a result.

Stock price volatility may make it more difficult for our stockholders to resell their common stock when they want and at prices they find attractive. Our stock price may fluctuate significantly in response to a variety of factors including, among other things:

actual or anticipated variations in our quarterly results of operations;

recommendations or research reports about us or the financial services industry in general published by securities analysts;

the failure of securities analysts to cover, or continue to cover, us;

operating and stock price performance of other companies that investors deem comparable to us;

news reports relating to trends, concerns and other issues in the financial services industry;

perceptions in the marketplace regarding us, our competitors or other financial institutions;

future sales of our common stock;

departure of our management team or other key personnel;

new technology used, or services offered, by competitors;

significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors;

failure to integrate acquisitions or realize anticipated benefits from acquisitions;

changes or proposed changes in laws or regulations, or differing interpretations thereof affecting our business, or enforcement of these laws and regulations;

litigation and governmental investigations; and

geopolitical conditions such as acts or threats of terrorism or military conflicts.

If any of the foregoing occurs, it could cause our stock price to fall and may expose us to litigation that, even if our defense is successful, could distract our management and be costly to defend. General market fluctuations, industry factors and general economic and political conditions and events such as economic slowdowns or recessions, interest rate changes or credit loss trends could also cause our stock price to decrease regardless of operating results.

We may not pay dividends on our common stock in the future.

Holders of our common stock are entitled to receive only such dividends as our board of directors may declare out of funds legally available for such payments. Our board of directors may, in its sole discretion, change the amount or frequency of dividends or discontinue the payment of dividends entirely. In addition, we are a bank holding company, and our ability to declare and pay dividends is dependent on certain federal regulatory considerations, including the guidelines of the Federal Reserve regarding capital adequacy and dividends. In addition, our ability to pay dividends depends primarily on our receipt of dividends from our bank, the payment of which is subject to numerous limitations under federal and state banking laws, regulations and policies. See Supervision and Regulation Dividends; Stress Testing. As a consequence of these various limitations and restrictions, we may not be able to make, or may have to reduce or eliminate, the payment of dividends on our common stock. Any change in the level of our dividends or the suspension of the payment thereof could have a material adverse effect on the market price of our common stock.

Future sales of our common stock in the public market could lower our stock price, and any additional capital raised by us through the sale of equity or convertible securities may dilute the ownership interests of our stockholders.

The market price of our common stock could decline as a result of sales of a large number of shares of our common stock available for sale or from the perception that such sales could occur. These sales, or the possibility that these sales may occur, also may make it more difficult for us to raise additional capital by selling equity securities in the future, at a time and price that we deem appropriate.

As of the date of this prospectus, we had a total of 57,886,114 outstanding shares of common stock. Of the outstanding shares, approximately 41,400,000 are freely tradable without restriction or further registration under the Securities Act, except that any shares held by our affiliates, as that term is defined under Rule 144 of the Securities Act, may be sold only in compliance with certain limitations under applicable law. All the shares sold in this offering will be freely tradable without restriction, except for shares acquired by any of our affiliates.

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Immediately after this offering and the Direct Share Repurchase, the public market for our common stock will include the 12,563,269 shares of common stock that are being sold in this offering (or 13,819,596 shares if the underwriters exercise their option to purchase additional shares in full).

In connection with our IPO, we also entered into the Registration Rights Agreement with NAB which grants NAB demand and piggyback registration rights with respect to the shares of our common stock that NAB beneficially owns. Until NAB no longer owns any of our common stock, NAB may exercise its demand and piggyback registration rights at any time, subject to certain limitations, and any shares of our common stock registered pursuant to NAB s registration rights will be freely tradable in the public market, other than any shares acquired by any of our affiliates.

We have also filed a registration statement registering 897,222 shares of our common stock for issuance pursuant to awards granted under our equity incentive plans. We have granted awards covering 295,730 shares of our common stock under these plans as of March 31, 2015. We may increase the number of shares registered for this purpose from time to time. Once we issue these shares, their holders will be able to sell them in the public market.

We, NAB, the NAB selling stockholder and our directors and executive officers have entered into lock-up arrangements under which we and they have agreed that we and they will not sell, directly or indirectly, any common stock for a period of 45 days from the date of this prospectus (subject to certain exceptions) without the prior written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated, Deutsche Bank Securities Inc. and J.P. Morgan Securities LLC. See Underwriting.

We cannot predict the size of future issuances or sales of our common stock or the effect, if any, that future issuances or sales of shares of our common stock may have on the market price of our common stock. Sales or distributions of substantial amounts of our common stock (including shares issued in connection with an acquisition), or the perception that such sales could occur, may cause the market price of our common stock to decline.

Certain banking laws and certain provisions of our certificate of incorporation may have an anti-takeover effect.

Provisions of federal banking laws, including regulatory approval requirements, could make it difficult for a third party to acquire us, even if doing so would be perceived to be beneficial to our stockholders. Acquisition of 10% or more of any class of voting stock of a bank holding company or depository institution, including shares of our common stock, generally creates a rebuttable presumption that the acquirer controls the bank holding company or depository institution. Also, a bank holding company must obtain the prior approval of the Federal Reserve before, among other things, acquiring direct or indirect ownership or control of more than 5% of the voting shares of any bank, including our bank.

There also are provisions in our amended and restated certificate of incorporation and amended and restated bylaws, such as limitations on the ability to call a special meeting of our stockholders, and the classification of our board of directors into three separate classes each serving for three-year terms, that may be used to delay or block a takeover attempt. In addition, our board of directors is authorized under our amended and restated certificate of incorporation to issue shares of our preferred stock, and determine the rights, terms conditions and privileges of such preferred stock, without stockholder approval. These provisions may effectively inhibit a non-negotiated merger or other business combination, which, in turn, could have a material adverse effect on the market price of our common stock.

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Our amended and restated certificate of incorporation designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or agents.

Our amended and restated certificate of incorporation provides that, unless we consent in writing to an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees or agents to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, or DGCL, our amended and restated certificate of incorporation or our amended and restated bylaws or (iv) any action asserting a claim that is governed by the internal affairs doctrine, in each case subject to the Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein and the claim not being one which is vested in the exclusive jurisdiction of a court or forum other than the Court of Chancery or for which the Court of Chancery does not have subject matter jurisdiction. Any person purchasing or otherwise acquiring any interest in any shares of our capital stock shall be deemed to have notice of and to have consented to this provision of our amended and restated certificate of incorporation. This choice of forum provision may limit our stockholders ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, employees or agents, which may discourage such lawsuits against us and our directors, officers, employees and agents even though an action, if successful, might benefit our stockholders. Stockholders who do bring a claim in the Court of Chancery could face additional litigation costs in pursuing any such claim, particularly if they do not reside in or near Delaware. The Court of Chancery may also reach different judgments or results than would other courts, including courts where a stockholder considering an action may be located or would otherwise choose to bring the action, and such judgments or results may be more favorable to us than to our stockholders. Alternatively, if a court were to find this provision of our amended and restated certificate of incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs which could have a material adverse effect on our business, financial condition or results of operations.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of Section 27A of the Securities Act, and Section 21E of the Exchange Act. These forward-looking statements reflect our current views with respect to, among other things, future events and our financial performance. These statements are often, but not always, made through the use of words or phrases such as may, might, should, could, predict, potential, believe, expect, cont anticipate, seek, estimate, intend, plan, projection, would, annualized and outlook, or the negative ve words or other comparable words or phrases of a future or forward-looking nature. These forward-looking statements are not historical facts, and are based on current expectations, estimates and projections about our industry, management s beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our control. Accordingly, we caution you that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions, estimates and uncertainties that are difficult to predict. Although we believe that the expectations reflected in these forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements.

A number of important factors could cause our actual results to differ materially from those indicated in these forward-looking statements, including those factors identified in Risk Factors or Management s Discussion and Analysis of Financial Condition and Results of Operations or the following:

- current and future economic and market conditions in the United States generally or in our states in particular, including the rate of growth and employment levels;

- the effect of the current low interest rate environment or changes in interest rates on our net interest income, net interest margin, our investments, and our mortgage originations, mortgage servicing rights and mortgages held for sale;

- the geographic concentration of our operations, and our concentration on originating business and agribusiness loans;

- the relative strength or weakness of the agricultural and commercial credit sectors and of the real estate markets in the markets in which our borrowers are located;

- declines in the market prices for agricultural products for any reason;

- our ability to effectively execute our strategic plan and manage our growth;

- our ability to successfully manage our credit risk and the sufficiency of our allowance for loan loss;

our credit-related charges may be higher in the future and loans on our Watch list may result in charge-offs in the future;

our ability to attract and retain skilled employees or changes in our management personnel;

our ability to effectively compete with other financial services companies and the effects of competition in the financial services industry on our business;

changes in the demand for our products and services;

the effectiveness of our risk management and internal disclosure controls and procedures;

fluctuations in the values of our assets and liabilities and off-balance sheet exposures;

our ability to attract and retain customer deposits;

our access to sources of liquidity and capital to address our liquidity needs;

possible changes in trade, monetary and fiscal policies of, and other activities undertaken by, governments, agencies, central banks and similar organizations;

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our ability to identify and address cyber-security risks;

any failure or interruption of our information and communications systems;

our ability to keep pace with technological changes;

our ability to successfully develop and commercialize new or enhanced products and services;

possible impairment of our goodwill and other intangible assets, or any adjustment of the valuation of our deferred tax assets;

the effects of problems encountered by other financial institutions;

the effects of geopolitical instability, including war, terrorist attacks, and man-made and natural disasters;

the effects of the failure of any component of our business infrastructure provided by a third party;

the impact of, and changes in applicable laws, regulations and accounting standards and policies;

market perceptions associated with our separation from NAB and other aspects of our business;

our likelihood of success in, and the impact of, litigation or regulatory actions;

our inability to receive dividends from our bank and to service debt, pay dividends to our common stockholders and satisfy obligations as they become due;

the effect of NAB s beneficial ownership of our outstanding common stock and the control it may retain over our business following the offering;

the incremental costs of operating as a standalone public company;

our ability to remediate the material weakness identified relating to the design and operation of our internal control over financial reporting and our ability to report our future financial results accurately and timely as a publicly listed company if we fail to maintain an effective system of disclosure controls and procedures and internal control over financial reporting;

our ability to meet our obligations as a public company, including our obligations under Section 404 of Sarbanes-Oxley;

our ability to retain service providers to perform oversight or control functions or services that have otherwise been performed in the past by NAB; and

damage to our reputation from any of the factors described above, in Risk Factors or in Management s Discussion and Analysis of Financial Condition and Results of Operations.

The foregoing factors should not be considered an exhaustive list and should be read together with the other cautionary statements included in this prospectus. If one or more events related to these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may differ materially from what we anticipate. Accordingly, you should not place undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made, and we do not undertake any obligation to update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

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USE OF PROCEEDS

We will not receive any of the proceeds from the sale of the shares of common stock being sold in this offering. All of the shares in this offering are being sold by the NAB selling stockholder. See Security Ownership of Certain Beneficial Owners and Management. All proceeds from the sale of these shares, net of underwriters discounts and offering expenses, will be received by the NAB selling stockholder, a subsidiary of NAB.

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DIVIDEND POLICY AND DIVIDENDS

Dividend Policy

On April 28, 2015, our board of directors declared a cash dividend of $0.12 per common share payable on May 29, 2015 to owners of record as of May 15, 2015.

Although we expect to pay dividends according to our dividend policy, we may elect not to pay dividends. Any future declarations of dividends will be at the discretion of our board of directors. In determining the amount of any future dividends, our board of directors will take into account: (i) our financial results; (ii) our available cash, as well as anticipated cash requirements (including debt servicing); (iii) our capital requirements and the capital requirements of our subsidiaries (including our bank); (iv) contractual, legal, tax and regulatory restrictions on, and implications of, the payment of dividends by us to our stockholders or by our bank to us; (v) general economic and business conditions; and (vi) any other factors that our board of directors may deem relevant. Therefore, there can be no assurance that we will pay any dividends to holders of our stock, or as to the amount of any such dividends. See Risk Factors Risks Related to Our Common Stock We may not pay dividends on our common stock in the future and Material U.S. Federal Tax Considerations for Non-U.S. Holders of Our Common Stock Dividends.

Our ability to declare and pay dividends on our stock is also subject to numerous limitations applicable to bank holding companies under federal and state banking laws, regulations and policies. Federal bank regulators are authorized to determine under certain circumstances relating to the financial condition of a bank holding company or a bank that the payment of dividends would be an unsafe or unsound practice and to prohibit payment thereof. In addition, under the DGCL, we may only pay dividends from legally available surplus or, if there is no such surplus, out of our net profits for the fiscal year in which the dividend is declared and the preceding fiscal year. Surplus is generally defined as the excess of the fair value of our total assets over the sum of the fair value of our total liabilities plus the aggregate par value of our issued and outstanding capital stock.

Because we are a holding company and do not engage directly in other business activities of a material nature, our ability to pay dividends on our stock depends primarily upon our receipt of dividends from our bank, the payment of which is subject to numerous limitations under federal and state banking laws, regulations and policies. In general, dividends by our bank may only be declared from its net profits and may be declared no more than once per calendar quarter. The approval of the South Dakota Director of Banking is required if our bank seeks to pay aggregate dividends during any calendar year that would exceed the sum of its net profits from the year to date and retained net profits from the preceding two years, minus any required transfers to surplus. Moreover, under the Federal Deposit Insurance Act, or FDIA, an insured depository institution may not pay any dividends if the institution is undercapitalized or if the payment of the dividend would cause the institution to become undercapitalized. In addition, the federal bank regulatory agencies have issued policy statements providing that FDIC-insured depository institutions and their holding companies should generally pay dividends only out of their current operating earnings. See Supervision and Regulation Dividends; Stress Testing for more information on federal and state banking laws, regulations and policies limiting our and our bank s ability to declare and pay dividends. The current and future dividend policy of our bank is also subject to the discretion of its board of directors. Our bank is not obligated to pay dividends to us. For additional information, see Risk Factors Risks Related to Our Business We rely on dividends and other payments from our bank for substantially all of our revenue and Risk Factors Risks Related to Our Common Stock We may not pay dividends on our common stock in the future.

None of the indentures governing our outstanding junior subordinated debentures contain covenants limiting our ability or the ability of our subsidiaries to pay dividends, absent a default under the terms of the indenture, or under our guarantee of the trust preferred securities issued by our affiliate that owns the applicable debentures, or a deferral of the payment of interest on such debentures in accordance with the terms of the applicable indenture.

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Under our amended and restated certificate of incorporation, holders of our common stock and non-voting common stock are equally entitled to receive ratably such dividends as may be declared from time to time by our board of directors out of legally available funds. No shares of our non-voting common stock are outstanding at the time of this offering and no such shares will be outstanding immediately following this offering.

Our Historical Dividends

On January 28 and April 28, 2015, our board of directors declared cash dividends of $0.12 per common share payable on February 23 and May 29, 2015, respectively, to owners of record as of February 12 and May 15, 2015, respectively. Prior to our IPO, Great Western Bancorporation, Inc., or GWBI, declared and paid dividends to National Americas Investment, Inc., or NAI, as the sole beneficial owner of its common stock, on a semi-annual basis. GWBI declared and paid to NAI no dividends during the first three months of fiscal year 2015 and $102.0 million, $41.4 million and $41.8 million during fiscal years 2014, 2013 and 2012, respectively.

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PRICE RANGE OF OUR COMMON STOCK

Our common stock has been listed on the NYSE under the symbol GWB since October 15, 2014. The following table sets forth, for the periods indicated, the high and low sale prices in dollars on the NYSE for our common stock with respect to the periods indicated.

	High	Low
October 15, 2014 through December 31, 2014	$ 23.73	$ 17.40
For the quarter ended March 31, 2015	$ 24.59	$ 19.76
For the quarter ended June 30, 2015	$ 25.54	$ 21.86
For the quarter ending September 30, 2015 (through July 27, 2015)	$ 25.34	$ 22.75

On July 27, 2015, the last reported sale price for our common stock on the NYSE was $24.00 per share. As of July 27, 2015, there were approximately 91 stockholders of record of our common stock. These figures do not reflect the beneficial ownership or shares held in nominee name, nor do they include holders of any restricted stock units.

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CAPITALIZATION

The following table shows our capitalization, including regulatory capital ratios, at March 31, 2015 on an actual basis and on a pro forma basis, giving effect to the Direct Share Repurchase as if it had occurred on March 31, 2015. Pro forma amounts assume that approximately 2,666,518 shares of our common stock are repurchased from the NAB selling stockholder in the Direct Share Repurchase based on an aggregate purchase price of $60 million.

You should read the following table in conjunction with the sections titled Selected Historical Consolidated Financial and Operating Information and Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes appearing elsewhere in this prospectus.

	At March 31, 2015	
	Actual	Pro Forma
	(dollars in thousands)	
Debt:		
Short-Term Borrowings		
Securities sold under agreements to repurchase	$ 160,390	$ 160,390
Related party notes payable[1]	5,500	5,500
FHLB advances and other short-term borrowings	19	19
Total short-term borrowings	$ 165,909	$ 165,909
Long-Term Borrowings		
Securities sold under agreements to repurchase	$ 2,953	$ 2,953
FHLB advances	475,000	475,000
Related party notes payable[1]	35,795	35,795
Subordinated debentures	56,083	56,083
Total long-term borrowings	$ 569,831	$ 569,831
Stockholders Equity:		
Common stock, par value $0.01 per share on an as adjusted basis (500,000,000 shares authorized, 57,886,114 shares outstanding (Actual))	$ 579	$ 579
Non-voting common stock, par value $0.01 per share on an as adjusted basis (50,000,000 shares authorized, no shares outstanding)		
Treasury stock, at cost		(60,000)
Additional paid-in capital	1,260,844	1,260,844
Retained earnings	206,018	206,018
Accumulated other comprehensive (loss)	2,111	2,111
Total stockholders equity	1,469,552	1,409,552
Total capitalization[2]	$ 2,205,292	$ 2,145,292

Capital Ratios:

Tier 1 capital ratio	11.6%	10.7%
Total capital ratio	12.6%	11.8%
Tier 1 leverage ratio	9.3%	8.7%
Tangible common equity to tangible assets(3)	8.4%	7.8%

(1) At or shortly following the closing of this offering, we intend to repay all of our outstanding indebtedness owed to NAB, reflected in Short-Term Borrowings Related party notes payable and Long-Term Borrowings Related party notes payable, which totaled $41.3 million at March 31, 2015, consisting of a $35.8 million subordinated note and $5.5 million in outstanding borrowings under a line of credit. We intend to fund the debt repayment with available cash and the net proceeds of an anticipated private placement of subordinated debt securities.

(2) Excludes 897,222 shares of our common stock reserved and available for future issuance under our equity incentive plans.

(3) Our tangible common equity to tangible assets ratio is a non-GAAP financial measure. For more information on this financial measure, including a reconciliation to the most directly comparable U.S. GAAP financial measure, see Prospectus Summary Summary Historical Consolidated Financial and Operating Information.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING INFORMATION

You should read the selected historical consolidated financial and operating data set forth below in conjunction with the sections titled Management s Discussion and Analysis of Financial Condition and Results of Operations and Capitalization, as well as our consolidated financial statements and the related notes included elsewhere in this prospectus. The historical financial information as of and for the fiscal years ended September 30, 2014, 2013 and 2012 is derived from our audited financial statements included elsewhere in this prospectus. The historical financial information as of and for the six-month periods ended March 31, 2015 and 2014 is derived from our unaudited financial statements included elsewhere in this prospectus, which have been prepared on the same basis as our audited consolidated financial statements. Our historical results may not be indicative of our future performance. In addition, results for the six-month periods ended March 31, 2015 and 2014 may not be indicative of the results that may be expected for the full fiscal year. The historical financial information below also contains non-GAAP financial measures, which have not been audited. For information relating to our preliminary financial results for the three months ended June 30, 2015, see Prospectus Summary Recent Developments and Management s Discussion and Analysis of Financial Condition and Results of Operations and Exhibit 99.1 to the registration statement of which this prospectus forms a part.

	At and for the six months ended March 31,		At and for the fiscal year ended September 30,		
	2015	2014	2014	2013	2012
			(dollars in thousands)		
Income Statement Data:					
Interest and dividend income	$ 178,782	$ 173,657	$ 352,476	$ 349,634	$ 339,142
Interest expense	15,248	16,559	32,052	39,161	50,971
Net interest income	163,534	157,098	320,424	310,473	288,171
Provision (recovery) for loan losses	12,998	(3,565)	684	11,574	30,145
Net interest income, after provision (recovery) for loan losses	150,536	160,663	319,740	298,899	258,026
Noninterest income	14,836	20,966	39,781	59,832	67,946
Noninterest expense	95,529	97,626	200,222	208,590	208,819
Income before income taxes	69,843	84,003	159,299	150,141	117,153
Provision for income taxes	23,422	29,428	54,347	53,898	44,158
Net income	$ 46,421	$ 54,575	$ 104,952	$ 96,243	$ 72,995
Other Financial Info / Performance Ratios:					
Net interest margin[2]	3.90%	3.99%	4.02%	3.99%	3.94%
Adjusted net interest margin[1] [2]	3.66%	3.77%	3.79%	3.81%	3.81%
Efficiency ratio[1]	50.1%	49.0%	50.4%	50.6%	52.8%

Return on average total assets(2)	0.96%	1.19%	1.14%	1.07%	0.85%
Return on average common equity(2)	6.44%	7.70%	7.34%	6.97%	5.40%
Return on average tangible common equity(1) (2)	13.8%	17.9%	16.6%	17.5%	15.0%
Balance Sheet Data:					
Loans(3)	$ 7,072,465	$ 6,531,763	$ 6,787,467	$ 6,362,673	$ 6,138,574
Allowance for loan losses	52,426	47,153	47,518	55,864	71,878
Securities	1,402,508	1,316,338	1,341,242	1,480,449	1,581,875
Goodwill	697,807	697,807	697,807	697,807	697,807
Total assets	9,781,645	9,274,880	9,371,429	9,134,258	9,008,252
Total deposits	7,487,698	7,252,684	7,052,180	6,948,208	6,884,515
Total liabilities	8,312,093	7,837,224	7,950,339	7,717,044	7,619,689
Total stockholders equity	1,469,552	1,437,656	1,421,090	1,417,214	1,388,563
Asset Quality Ratios:					
Nonperforming loans / total loans	1.05%	1.40%	1.16%	2.03%	2.76%
Allowance for loan losses / total loans	0.74%	0.72%	0.70%	0.88%	1.17%
Net charge-offs / average total loans(2)	0.23%	0.16%	0.14%	0.44%	0.54%

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	At and for the six months ended March 31,		At and for the fiscal year ended September 30,		
	2015	2014	2014	2013	2012
	(dollars in thousands)				
Capital Ratios:					
Tier 1 capital ratio	11.6%	12.4%	11.8%	12.4%	11.9%
Total capital ratio	12.6%	13.6%	12.9%	13.8%	13.7%
Tier 1 leverage ratio	9.3%	9.4%	9.1%	9.2%	8.3%
Tangible common equity to tangible assets(1)	8.4%	8.4%	8.2%	8.2%	7.8%

(1) This is a non-GAAP financial measure. For more information on this non-GAAP financial measure, including a reconciliation to the most directly comparable U.S. GAAP financial measure, see Prospectus Summary Summary Historical Consolidated Financial and Operating Information.

(2) Calculated as an annualized percentage for the three months ended March 31, 2015 and 2014, as applicable.

(3) Loans include unpaid principal balance net of unamortized discount on acquired loans and unearned net deferred fees and costs and loans in process.

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MANAGEMENT S DISCUSSION AND ANALYSIS

OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The historical consolidated financial data discussed below reflects our historical results of operations and financial condition and should be read in conjunction with our financial statements and related notes thereto presented elsewhere in this prospectus. In addition to historical financial data, this discussion includes certain forward-looking statements regarding events and trends that may affect our future results. Such statements are subject to risks and uncertainties that could cause our actual results to differ materially. See Cautionary Note Regarding Forward-Looking Statements. For a more complete discussion of the factors that could affect our future results, see Risk Factors.

All references to net interest income, net interest margin, interest income on loans other than loans acquired with deteriorated credit quality, yield on loans acquired with deteriorated credit quality and the related non-GAAP adjusted measure of each item are presented on a fully-tax equivalent (FTE) basis unless otherwise noted. Any discrepancies included in this prospectus between totals and the sums of percentages and dollar amounts presented, or between rounded dollar amounts, are due to rounding.

Overview

We are a full-service regional bank holding company focused on relationship-based business and agribusiness banking. We serve our customers through 158 branches in attractive markets in seven states: South Dakota, Iowa, Nebraska, Colorado, Arizona, Kansas and Missouri. During the quarter ended March 31, 2015, we closed three branches in Omaha, Nebraska and two branches in Sioux Falls, South Dakota. We do not believe these branch closures will have a material impact on our revenue in future periods and expect that we will achieve some cost savings in future periods as a result of the closures.

We were established more than 70 years ago and have achieved strong market positions by developing and maintaining extensive local relationships in the communities we serve. By leveraging our business and agribusiness focus, presence in attractive markets, highly efficient operating model and robust approach to risk management, we have achieved significant and profitable growth both organically and through disciplined acquisitions. We provide financial results based on a fiscal year ending September 30 as a single reportable segment.

Growth in our loan portfolio, which totaled $7.07 billion at March 31, 2015, has driven growth in our total assets during fiscal years 2013 and 2014 and in the first and second quarters of fiscal year 2015. From September 30, 2009 to September 30, 2014, we have grown our total assets at a CAGR of 12%, our loan portfolio at a CAGR of 15% and our deposit base at a CAGR of 13%. This growth was primarily generated by our acquisition of TierOne Bank in 2010, which represented approximately $2.5 billion of our $3.1 billion total asset growth in fiscal year 2010. From September 30, 2013 to September 30, 2014, our total assets, loan portfolio and deposit base grew by 3%, 7% and 1%, respectively, as our loan growth drove continued asset growth, despite being offset by a reduction in the size of our investment portfolio. We achieved this overall loan growth while adhering to our strategy of focusing growth in the commercial non-real estate and agriculture segments of our portfolio, along with certain sub-segments of commercial real estate loans. Our commercial non-real estate loans represent a range of sectors, including key areas such as agribusiness services, freight and transport, healthcare and tourism. Our agriculture loan portfolio remains well diversified across the range of crops and livestock produced in our markets, including grains (primarily corn, soybeans and wheat), proteins (primarily beef cattle, dairy products and hogs) and other (including cotton and vegetables). Adjusted for the effect of fixed-to-floating interest rate swaps matching certain of our fixed-rate loans, our loan portfolio generally has a short duration, with an average tenor of 1.4 years.

Both loans and deposits grew during the quarter ending March 31, 2015. Total loans increased $85.7 million during the quarter and from $6.79 billion at September 30, 2014 to $7.07 billion at March 31, 2015, representing a fiscal year-to-date increase of $285.0 million or 4.2%. Year-to-date loan growth remains balanced across the business and agriculture lending components of the portfolio including commercial non-real estate, commercial real estate and agriculture. Consistent with our expectations at the end of the first fiscal quarter, the agriculture portfolio did contract slightly during the second quarter as a result of our customers calendar year-end tax planning. The overall loan portfolio remains well diversified across a number of segments, industries and geographies. Deposits increased from $7.05 billion at September 30, 2014 to $7.49 billion at March 31, 2015, an increase of $435.5 million or 6.2%. Deposit growth during the second quarter was $248.5 million. The growth during the second quarter was focused within interest-bearing business and consumer transaction accounts, while noninterest-bearing transaction account and certificate of deposit balances each declined. Our deposit growth is typically focused within our first and second fiscal quarters and we do expect some seasonal deposit outflow in the third fiscal quarter driven by our customers income tax needs and other factors.

We believe our overall asset quality remains strong, but some of our asset quality metrics declined during the second quarter of fiscal year 2015. At March 31, 2015, nonperforming loans were $74.3 million, with $27.8 million of the balance at March 31, 2015, covered by FDIC loss-sharing arrangements. Total nonperforming loans represent a 6% improvement compared to September 30, 2014, but increased 9% since December 31, 2014. OREO balances have declined by $6.0 million since September 30, 2014, with $8.6 million of the $43.6 million of total OREO as of March 31, 2015 covered by FDIC loss-sharing arrangements. For more information related to these charges, see Key Factors Affecting Our Business and Financial Statements Asset Quality and Loss-Sharing Arrangements.

Net income was $105.0 million for fiscal year 2014, an increase of $8.7 million, or 9%, compared to $96.2 million for fiscal year 2013, and an increase of $32.0 million compared to fiscal year 2012. Our net interest margin increased to 4.02% for fiscal year 2014 from 3.99% for fiscal year 2013. Adjusted net interest margin, which adjusts for the current realized gain (loss) on interest rate swaps, and which we believe is a more representative measure of our performance, was 3.79% for fiscal year 2014, a decline of 2 basis points compared to 3.81% for fiscal year 2013, primarily due to competition for loan pricing across our footprint that was partially offset by improvements in our deposit funding cost. Our noninterest income declined during fiscal year 2014 primarily as a result of slower home mortgage activity, particularly refinancings, and a reduction in gains on sales of investment securities. For more information on our adjusted net interest margin, including a reconciliation to the most directly comparable U.S. GAAP financial measure, see Prospectus Summary Summary Historical Consolidated Financial and Operating Information.

Net income was $19.7 million for the second quarter of fiscal year 2015, a decrease of $6.2 million, or 24%, compared to the second quarter of fiscal year 2014. Higher credit-related charges of $14.0 million incurred during the quarter were the primary driver of the lower net income, including provision for loan losses of $9.7 million, a $12.4 million pre-tax increase compared to the same quarter in fiscal year 2014 in which we experienced a $2.7 million release of provision for loan losses, and $4.3 million of other credit-related charges that impacted other financial statement line items. Increased net interest income and lower noninterest expense partially offset the increase in credit-related charges. Fiscal year-to-date net income was $46.4 million, compared to $54.6 million for the same period of fiscal year 2014.

Net interest margin was 3.89%, 3.91% and 3.96%, respectively, for the quarters ended March 31, 2015, December 31, 2014, and March 31, 2014 and 3.90% and 3.99%, respectively, for the six months ended March 31, 2015 and March 31, 2014. Adjusted net interest margin, which reflects the realized gain (loss) on interest rate swaps, was 3.64%, 3.67% and 3.73%, respectively, and 3.66% and 3.77%, respectively, for the same periods. We believe our adjusted net interest margin is more representative of our underlying performance and is the measure we use internally to evaluate our results. Net interest margin and adjusted net interest margin declined compared to the second quarter of fiscal year 2014 primarily due to reduced asset yields. Pricing on new loans continued to be impacted by competitive pressures in the market and the continued near-zero benchmark interest rate environment, while investment portfolio yields have also declined. These reductions in asset yields were partially offset by a 4 basis point reduction in the cost of deposits over the same period, driven in part by a continued favorable change in deposit mix. For more information on our adjusted net interest margin, including a reconciliation of each to the most directly comparable U.S. GAAP financial measure, see Prospectus Summary Summary Historical Consolidated Financial and Operating Information.

Net income for the quarter represents earnings per common share of $0.34, compared to $0.45 in the comparable period, and is $0.80 fiscal year-to-date compared to $0.94 for the same period in fiscal year 2014. On April 28, 2015, our board of directors declared a dividend of $0.12 per common share payable on May 29, 2015 to owners of record as of the close of business on May 15, 2015.

We believe our operating efficiency is a key component of our growth and profitability. We continue to monitor salary and benefits costs, optimize our branch network (which resulted in the net closure of 25 branches between September 30, 2012 and March 31, 2015) and focus on our core business and agribusiness banking competencies. Our efficiency ratio decreased to 50.4% for fiscal year 2014, compared to 50.6% for fiscal year 2013 and 52.8% for fiscal year 2012, driven by lower tangible noninterest expense, partially offset by lower revenue. Our operating efficiency helped drive returns on average total assets and average tangible common equity for fiscal year 2014 which were 1.14% and 16.6%, respectively, compared to 1.07% and 17.5%, respectively, for fiscal year 2013. While we have incurred and expect to continue to incur additional costs associated with operating as a public company, we believe our efficiency initiatives, including continuing to optimize our branch network, will allow us to continue our historically efficient operations. For more information on our efficiency ratio and return on average tangible common equity, including a reconciliation of each to the most directly comparable U.S. GAAP financial measure, see Prospectus Summary Summary Historical Consolidated Financial and Operating Information.

We have achieved significant and profitable growth organically and through disciplined acquisitions. We have successfully completed eight acquisitions since 2006, including our 2010 FDIC-assisted acquisition of TierOne Bank, which represented approximately $2.5 billion in acquired assets.

We maintain a solid funding position supported substantially by customer deposits, which have continued to grow in recent years. Our deposit balances were $7.05 billion at September 30, 2014, an increase of $104.0 million compared with September 30, 2013 and an increase of $167.7 million compared with September 30, 2012. In fiscal year 2013, we began a strategic initiative to transition the composition of our deposit portfolio away from higher-cost term deposits (such as certificates of deposit, or CDs) toward more cost-effective transaction accounts (such as negotiable order of withdrawal, or NOW, accounts, money market deposit accounts, or MMDAs, and savings accounts). As a result, CDs have decreased to 27% of our average deposits for fiscal year 2014 compared to 37% for fiscal year 2013. The effects of this initiative have included a decline in our deposit-related interest expense, with average cost of deposits at 0.36% for fiscal year 2014, a decline of 12 basis points compared with fiscal year 2013 and 32 basis points compared with fiscal year 2012. This initiative has also led to slower overall growth in deposits compared to previous years, driven by the runoff of higher cost CD balances, more than offset by growth in transaction accounts. We expect to continue to drive a transformation in our funding by focusing on attracting business deposits by leveraging our agribusiness and business banking relationships.

Our capital position was strong in fiscal year 2014, with Tier 1 capital, total capital and Tier 1 leverage ratios of 11.8%, 12.9% and 9.1%, respectively, at September 30, 2014, compared to 12.4%, 13.8% and 9.2%, respectively, as of September 30, 2013. Our capital position remained stable during the first half of fiscal year 2015, with Tier 1 capital, total capital and Tier 1 leverage ratios of 11.6%, 12.6% and 9.3%, respectively, at March 31, 2015 compared to 11.8%, 12.9% and 9.1%, respectively, at December 31, 2014. The primary driver of the decrease in capital ratios was our adoption of the Basel III rules on January 1, 2015. This drove an increase in risk weighted assets of approximately $256 million, primarily related to the provisions surrounding unused lines of credit and, to a lesser extent, high-volatility commercial real estate. Our Common Equity Tier 1 ratio calculated under the new capital rules was 10.8% at March 31, 2015. Our tangible common equity to tangible assets ratio was 8.4% at March 31, 2015 compared to 8.3% at December 31, 2014. For more information on our tangible common equity to tangible assets ratio, including a reconciliation to the most directly comparable U.S. GAAP financial measure, see Prospectus Summary Summary Historical Consolidated Financial and Operating Information.

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Until our IPO, which occurred in October 2014, we were a wholly owned subsidiary of NAB, and our results have been part of NAB s consolidated business operations since NAB acquired us in 2008. NAB is a large financial institution incorporated in Australia and listed on the Australian Securities Exchange with operations in Australia, New Zealand, the United Kingdom, the United States and parts of Asia. Historically, NAB and its affiliates have provided financial and administrative support to us. In connection with our IPO, we and NAB entered into certain agreements that provide a framework for our ongoing relationship, including a Stockholder Agreement governing NAB s rights as our principal stockholder and a Transitional Services Agreement pursuant to which NAB has agreed to continue to provide us with certain services for a transition period. We do not expect our costs associated with these services to be significant.

Recent Developments

On July 27, 2015, we announced our preliminary financial results for the three months ended June 30, 2015. We have not filed our Quarterly Report on Form 10-Q for the three months ended June 30, 2015 and, therefore, our operating results for the period are subject to completion of our normal quarter-end closing and review procedures, which may result in changes to these results. For additional information related to our preliminary results, see Prospectus Summary Recent Developments and Exhibit 99.1 to the registration statement of which this prospectus forms a part.

Set forth below is a summary of our financial highlights for the period:

- Our net income was $28.8 million, or $0.50 per share, for the three months ended June 30, 2015, compared to net income of $22.5 million, or $0.39 per share, for the same quarter of fiscal year 2014. For the nine months ended June 30, 2015, our net income was $75.3 million, or $1.30 per share, compared to $77.1 million, or $1.33 per share, for the same period of fiscal year 2014.

- Our continuing noninterest expense management contributed to an efficiency ratio of 46.4% for the three months ended June 30, 2015.

- Our total loans grew $172.8 million during the quarter bringing fiscal year to date growth to $457.8 million, or 6.7%, during the nine month period ended June 30, 2015.

- Our deposits contracted by $130.0 million during the quarter reflecting seasonal outflows, reducing fiscal year-to-date growth to $305.5 million, an increase of 4.3% compared to September 30, 2014.

Provision for loan losses was $4.4 million for the quarter ended June 30, 2015, compared to $1.5 million in the same quarter of fiscal year 2014. Net charge-offs for the quarter were $0.9 million, or 0.05% of total loans on an annualized basis, bringing fiscal year-to-date net charge-offs to $9.0 million, or 0.17% of total loans on an annualized basis. For the comparable periods in fiscal year 2014, net charge-offs were $1.6 million, or 0.10% of total loans on an annualized basis, and $6.8 million, or 0.14% of loans on an annualized basis, respectively. Net charge-offs for the quarter were minimal at $0.91 million, concentrated within the commercial non-real estate ($0.39 million) and agriculture ($0.40 million) segments of our loan portfolio. The ratio of allowance for loan losses to total loans increased from 0.74% at March 31, 2015 to 0.77% at June 30, 2015.

At June 30, 2015, nonperforming loans were $68.1 million, with $8.3 million of the balance covered by FDIC loss-sharing arrangements. Total nonperforming loans decreased by $6.2 million, or 8%, during the quarter, while non-covered nonaccrual loans increased by $13.3 million, or 29%. The majority of the increase in non-covered nonaccrual loans was driven by loans whose loss-sharing coverage expired during the quarter for which management has a workout plan in place and does not currently expect to incur credit losses in the future.

At June 30, 2015, the ratio of our allowance for loan losses to nonaccrual loans, excluding the portion of loans guaranteed by the U.S. government, was 101% and nonaccrual loans, excluding the portion of nonaccrual loans guaranteed by the U.S. government, was 0.76% of our total loans.

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OREO balances declined by $21.6 million, or 50%, during the quarter, driven primarily by the liquidation of one longstanding problem asset. Loans on Watch status were $322.3 million as of June 30, 2015, a decrease of $62.2 million, or 16%, during the quarter. The majority of the decrease occurred in the commercial non-real estate segment, with smaller decreases in the commercial real estate and agriculture segments. While it is too early to project grain farmers yields and market conditions resulting from the fall harvest, management is not aware of any notable deterioration in borrowers financial condition or outlook for their 2015 financial performance but will continue to monitor closely.

Total credit-related charges declined significantly compared to the elevated levels incurred in the March 2015 quarter. A summary of total credit-related charges incurred during the current, prior and comparable quarters is presented below:

GREAT WESTERN BANCORP, INC.

Summary of Credit-Related Charges (Unaudited)

(Dollars in thousands)

		For the three months ended:		
Item	**Included within F/S Line Item(s):**	**June 30, 2015**	**March 31, 2015**	**June 30, 2014**
Provision for loan losses	Provision for loan losses	$ 4,410	$ 9,679	$ 1,500
Net OREO charges	1) Net (gain) loss from sale of repossessed property and other assets			
	2) Other noninterest expense	1,067	2,634	6,267
Reversal of interest income on nonaccrual loans	Interest income on loans	(100)	517	(98)
Loan fair value adjustment related to credit	Net increase (decrease) in fair value of loans at fair value	31	1,184	(689)
Total		**$ 5,408**	**$ 14,014**	**$ 6,980**

Key Factors Affecting Our Business and Financial Statements

Initial Public Offering

On October 14, 2014, we priced an IPO of our common stock in which the NAB selling stockholder sold existing shares of our common stock. Prior to the IPO, we were a wholly owned subsidiary of NAB. After completion of the IPO, and the exercise by the underwriters in the IPO of an option to purchase additional shares of our common stock, NAB s ownership interest was reduced to approximately 68.2%. Following the sale by the NAB selling stockholder of 23,000,000 shares of our common stock on May 6, 2015, NAB owned approximately 28.5% of our common stock. Following the completion of this offering (assuming the underwriters option is exercised in full) and the Direct Share Repurchase, NAB expects to have fully exited its investment in our common stock.

Formation Transactions

On October 17, 2014, Great Western Bancorp, Inc. completed the Formation Transactions, which were a series of internal reorganization transactions comprised of:

- a cash contribution by National Americas Holdings LLC to Great Western Bancorp, Inc. in an amount equal to the total stockholder s equity of Great Western Bancorporation, Inc.;

- the sale by National Americas Investment, Inc. of all outstanding capital stock of Great Western Bancorporation, Inc. to Great Western Bancorp, Inc. for an amount in cash equal to the total stockholder s equity of Great Western Bancorporation, Inc.; and the merger of Great Western Bancorporation, Inc. with and into Great Western Bancorp, Inc., with Great Western Bancorp, Inc. continuing as the surviving corporation and succeeding to all the assets, liabilities and business of Great Western Bancorporation, Inc.

As a result of these transactions, Great Western Bancorp, Inc. succeeded to the business of Great Western Bancorporation, Inc. The Formation Transactions did not result in a change in our business or our management team, however. Following the completion of the Formation Transactions, and in connection with the completion of our IPO, we entered into the Stockholder Agreement, the Transitional Services Agreement and the Registration Rights Agreement with NAB, as our principal stockholder.

Economic Conditions

Our loan portfolio can be affected in several ways by changes in economic conditions in our local markets and across the country. For example, declining local economic prospects can reduce borrowers willingness to take out new loans or our expectations of their ability to repay existing loans, while declining national conditions can limit the markets for our commercial and agribusiness borrowers products. Conversely, rising consumer and business confidence can increase demand for loans to fund consumption and investments, which can lead to opportunities for us to grant new loans and further develop our banking relationships with our customers. Some elements of the business environment that affect our financial performance include short-term and long-term interest rates, inflation and price levels (particularly for agricultural commodities), monetary policy, unemployment and the strength of the domestic economy and the local economy in the markets in which we operate. Because commercial non-real estate and owner-occupied CRE borrowers are particularly exposed to external economic conditions such as consumer sentiment, repayment of commercial non-real estate loans and owner-occupied CRE loans may be more sensitive than other types of loans to adverse conditions in the real estate market or the general economy. These loans totaled approximately $2.77 billion, or 39%, of our loan portfolio as of March 31, 2015. In addition, agricultural loans, which comprised 25% of our loan portfolio as of March 31, 2015, depend on the health of the agricultural industry broadly and in the location of the borrower in particular and on commodity prices. Overall, our markets continue to experience moderate economic growth, although leading indicators point to some softening. Farm income has seen recent declines as a result of lower crop prices and some drought conditions. The United States Department of Agriculture forecasts that 2015 net farm income will be down more than 32 percent from their 2014 forecast. In line with the downturn in farm income, farmland prices are coming under pressure. Declines in economic conditions in our local markets, or in farm incomes or farmland prices, could negatively impact our financial results.

See Risk Factors Risks Related to Our Business Our business may be adversely affected by conditions in the financial markets and economic conditions generally and in our states in particular.

Interest Rates

Net interest income is our largest source of income and is the difference between the interest income we receive from interest-earning assets (e.g., loans and investment securities) and the interest expense we pay on interest-bearing liabilities (e.g., deposits and borrowings). The level of net interest income is primarily a function of the average balance of interest-earning assets, the average balance of interest-bearing liabilities and the spread between the yield on such assets and the cost of such liabilities. These factors are influenced by both the pricing and mix of interest-earning assets and interest-bearing liabilities. Interest rates can be volatile and are highly sensitive to many factors beyond our control, such as economic conditions, the policies of various governmental and regulatory agencies and, in particular, the monetary policy of the FOMC.

A continuation of the current low interest rate environment or subsequent movements in interest rates may have an adverse effect on our profitability, including the value of our investments. If a low interest rate environment persists, our net interest income may further decrease. This would be the case because our ability to lower our interest expense has been limited at current low interest rate levels, while the average yield on our interest-earning assets has continued to decrease. Moreover, as interest rates begin to increase, if our floating rate interest-earning assets do not reprice faster than our interest-bearing liabilities in a rising rate environment, our net interest income could be adversely affected. If our net interest income decreases, this could have an adverse effect on our profitability.

The cost of our deposits and short-term borrowings is largely based on short-term interest rates, the level of which is driven primarily by the Federal Reserve s actions. However, the yields generated by our loans and securities are typically driven by longer-term interest rates, which are dictated by the market or, at times, the Federal Reserve s actions, and generally vary from day to day. The level of net interest income is therefore influenced by movements in such interest rates, the changing mix in our funding sources and the pace at which such movements occur. In 2013 and 2014, short-term and long-term interest rates were very low by historical standards, with many benchmark rates, such as the federal funds rate and one- and three-month LIBOR, near zero. Further declines in the yield curve or a decline in longer-term yields relative to short-term yields (a flatter yield curve) would have an adverse impact on our net interest margin and net interest income. Increases in the yield curve or an increase in longer-term yields relative to short-term yields (a steeper yield curve) would have a positive impact on our net interest margin and net interest income.

See Risk Factors Risks Related to Our Business We are subject to interest rate risk and Quantitative and Qualitative Disclosures About Market Risk.

Asset Quality and Loss-Sharing Arrangements

Our asset quality remained strong during fiscal year 2014 with continued declines in total nonperforming loans, net charge-offs and allowance for loan losses. These declines helped drive reductions in our provision for loan losses. While our asset quality metrics remained strong through the first quarter of fiscal year 2015, we incurred higher credit-related charges in the second quarter related to a small number of C&I lending exposures and higher OREO charges. We had credit related charges of $14.0 million, including $2.6 million of net OREO charges for the three months ended March 31, 2015. This compares to $7.2 million for the three months ended December 31, 2014. The increase is primarily driven by a small number of C&I lending exposures and higher OREO charges that we believe are driven by customer-specific developments. We may have higher credit-related charges in the future.

We continue to run off assets from our acquisition of TierOne Bank that are not part of our core lending business, including non-owner-occupied CRE loans and construction and development loans, particularly those outside our footprint. At March 31, 2015, we had approximately $209.3 million of loans acquired as part of the TierOne Bank acquisition, representing approximately 3% of our overall loan portfolio. The majority of our loans acquired from TierOne Bank are subject to loss-sharing arrangements with the FDIC where we are indemnified by the FDIC for 80% of our losses associated with any covered loans. Our ability to seek indemnification under the commercial loss-sharing arrangement, which covered $77 million in loans at March 31, 2015, terminated in June of 2015, and the single-family loss-sharing arrangement, which covered $111 million in loans at March 31, 2015, terminates in June of 2020. The amount of reimbursement we receive as a result of these indemnity payments, and the amount of income derived from the underlying loans, has decreased over time as the volume of covered loans we continue to hold declines. To date, we have not had any indemnity claims arising from the FDIC loss-sharing arrangements rejected by the FDIC. Future indemnity claims may be denied if we fail to comply with the requirements of our loss-sharing arrangements with the FDIC, which could result in additional losses and charge-offs related to these loans. See Risk Factors Risks Related to Our FDIC-Assisted Acquisition of TierOne Bank Our ability to obtain reimbursement under the loss-sharing agreements on covered assets depends on our compliance with the terms of the loss-sharing agreements.

Banking Laws and Regulations

We are subject to extensive supervision and regulation under federal and state banking laws. See Supervision and Regulation and Risk Factors Risks Related to the Regulatory Oversight of Our Business. Financial institutions have been subject to increased regulatory scrutiny in recent years as significant structural changes in the bank regulatory framework have been adopted in response to the recent financial crisis. In particular, federal bank regulators have increased regulatory expectations generally and with respect to consumer compliance, economic sanctions, anti-money laundering and Bank Secrecy Act requirements. As a result of these heightened expectations, we may incur additional costs associated with legal compliance that may affect our financial results in the future.

Payment of Interest on Demand Deposits. In addition, effective July 2011, the Dodd-Frank Act repealed the prohibition restricting depository institutions from paying interest on demand deposits, such as checking accounts. We have begun offering an interest-bearing corporate checking account, but interest rates on this product remain low due to current market conditions. Consequently, this change has not significantly affected our financial results. If interest rates on this product increase in the future, our business may be affected.

Basel III and Its Implementing Regulations. In July 2013, the federal bank regulators approved new regulations implementing the Basel III capital framework and various provisions of the Dodd-Frank Act. These regulations became effective for us on January 1, 2015, subject to phase-in of various provisions. The most significant changes from the current risk-based capital guidelines applicable to us are the revisions affecting the numerator in regulatory capital calculations and the increased risk weightings for higher-volatility CRE loans, for revolving lines of credit of less than one year in duration and for past-due and impaired loans. See Capital for further information.

Interchange Fees. We are currently subject to the interchange fee cap adopted under the Durbin Amendment to the Dodd-Frank Act as a result of NAB s ownership of us. Once NAB no longer controls us for bank regulatory purposes, we may be able to qualify for the small issuer exemption from the interchange fee cap depending on our total assets at the time. The small issuer exemption applies to any debit card issuer that, together with its affiliates, has total assets of less than $10 billion as of the end of the previous calendar year. In the event we qualify for the small issuer exemption, we will once again become subject to the interchange fee cap beginning July 1 following the time when our total assets reach or exceed $10 billion. Reliance on the small issuer exemption would not exempt us from federal regulations prohibiting network exclusivity arrangements or from routing restrictions, however, and those regulations have negatively affected the interchange income we have received from our debit card network.

Heightened Prudential Requirements. We and our bank both currently have less than $10 billion in total consolidated assets. Following the fourth consecutive quarter (and any applicable phase-in period) where we or our bank exceeds this threshold, as applicable, we or our bank, as applicable, will become subject to a number of additional requirements (such as annual stress testing requirements implemented pursuant to the Dodd-Frank Act and general oversight by the CFPB) that will impose additional compliance costs on our business. See Supervision and Regulation Heightened Requirements for Bank Holding Companies with $10 Billion or More in Assets. While neither we nor our bank is currently subject to these requirements, we have begun analyzing these rules to ensure we are prepared to comply with the rules when and if they become applicable. For example, we have begun running periodic and selective stress tests on liquidity, interest rates and certain areas of our loan portfolio to prepare for compliance with FDIC stress testing requirements.

Competition

Our profitability and growth are affected by the highly competitive nature of the financial services industry. We compete with commercial banks, savings banks, credit unions, non-bank financial services companies and other financial institutions operating within the areas we serve, particularly nationwide and regional banks and larger community banks that target the same customers we do. We also face competition for agribusiness loans from participants in the nationwide Farm Credit System and global banks. Recently, we have seen increased competitive pressures on loan rates and terms for high-quality credits, driven in part by the prolonged low-interest rate environment. Continued loan pricing pressure may continue to affect our financial results in the future. See Risk

Factors Risks Related to Our Business We operate in a highly competitive industry and market area.

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Operational Efficiency

We believe that our focus on operational efficiency is critical to our profitability and future growth, and our management has adopted numerous processes to improve our level of operational efficiency. In contrast to some competitor banks, our business offers a focused range of profitable products. In addition, instead of using multiple information technology solutions, we have increased the efficiency of our operations by using a single integrated third party core processing system across all of our locations. We continue to optimize our branch network and have commenced reviews of additional internal processes and our vendor relationships, with a view to identifying opportunities to further improve efficiency and enhance earnings. We are also continuing our efforts to shift our deposit base to lower-cost customer deposits, a strategic initiative that has been primarily responsible for driving our cost of deposit funding down since September 30, 2012. To foster a culture of operational efficiency, we have implemented the management principles of *Kaizen & Lean* across all of our front-office and back-office operations. We feel that appropriate use of these management principles both encourages efficiency and contributes to the efficient integration of acquired businesses.

We incurred additional one-time and recurring expenses to support our operations as a standalone public company following the completion of our IPO in October 2014, including expenses related to compliance with applicable legal and financial reporting standards and expansion of our investor relations and corporate communications functions. Many of these expenses are not reflected in our results of operations for fiscal year 2014 but are reflected in our first quarter 2015 results and will adversely affect our future financial results. See Risk Factors Risks Related to Our Business Fulfilling our public company financial reporting and other regulatory obligations will be expensive and time consuming and may strain our resources.

Goodwill and Amortization of Other Intangibles

Since 2006, we have completed eight acquisitions. We accounted for these transactions using the acquisition method of accounting, under which the acquired company s net assets are recorded at fair value at the date of acquisition and the difference between the purchase price and fair value of the net assets acquired is recorded as goodwill, if positive, and as bargain purchase gain, if negative.

At March 31, 2015, we had $697.8 million of goodwill, $622.4 million of which relates to the acquisition of us by NAB in 2008 and was pushed down to our balance sheet, with the balance relating to subsequent acquisitions completed by us. Under relevant accounting guidance, we are required to review goodwill for impairment annually, or more frequently if events or circumstances indicate that the fair value of our business may be less than its carrying value. We determine impairment by comparing the implied fair value of the goodwill with the carrying amount of that goodwill. If the carrying amount of the goodwill exceeds the implied fair value of that goodwill, evidence of impairment is present and we will measure the impairment and potentially record an impairment loss in the amount of the excess of the carrying amount over the fair value. The valuation of goodwill is dependent on forward-looking expectations related to nationwide and local economic conditions and our associated financial performance. A significant decline in our expected future cash flows, a material change in interest rates, a significant adverse change in the business climate, slower growth rates, or a significant or sustained decline in the price of our common stock may necessitate taking charges in the future related to the impairment of our goodwill and other intangible assets. In addition, other factors, such as a sale of our common stock by our principal stockholder at a price below our book value per share, could negatively impact the implied fair value of our goodwill. Our recognition of any such impairment could adversely affect our business and future financial results. See Risk Factors Risks Related to Our Business The value of our goodwill and other intangible assets may decline in the future.

As a result of the acquisitions we have completed and the acquisition of us by NAB in 2008, we also have recorded intangible assets related to core deposits, brand intangibles, customer relationships and other intangibles. Each of these intangible assets is amortized as noninterest expense according to a specified schedule. The most significant component of these intangibles relates to our core deposits, of which $13.8 million was amortized as noninterest expense during fiscal year 2014. Total scheduled amortization for all intangible assets includes approximately $7 million for fiscal year 2015, approximately $3 million for fiscal year 2016 and immaterial amounts for fiscal years 2017 through 2023. For additional information on these intangible assets and their respective amortization schedules, see Note 1. Nature of Operations and Summary of Significant Accounting Policies Core Deposits and Other Intangibles and Note 12. Core Deposits and Other Intangibles contained in our audited consolidated financial statements included elsewhere in this prospectus.

Loans and Interest Rate Swaps Accounted for at Fair Value

In the normal course of business, we enter into fixed-rate loans having original maturities of 5 years or greater (typically between 5 and 15 years) with certain of our business and agribusiness banking customers to assist them in facilitating their risk management strategies. We mitigate our interest rate risk associated with these loans by entering into equal and offsetting fixed-to-floating interest rate swap agreements for these loans with NAB London Branch. We have elected to account for the loans at fair value under Accounting Standards Codification, or ASC, 825 *Fair Value Option.* Changes in the fair value of these loans are recorded in earnings as a component of noninterest income in the relevant period. We also record an adjustment for credit risk in noninterest income based on our loss history for similar loans, adjusted for our assessment of existing market conditions for the specific portfolio of loans. If a specific relationship becomes impaired, we measure the estimated credit loss and record that amount through the credit risk adjustment.

The related interest rate swaps are recognized as either assets or liabilities in our financial statements and any realized or unrealized gains or losses on these swaps are recorded in earnings as a component of noninterest income. The hedges are fully effective from an interest rate risk perspective, as unrealized gains and losses on our swaps are directly offset by changes in fair value of the hedged loans (i.e., swap interest rate risk adjustments are directly offset by associated loan interest rate risk adjustments). Consequently, any changes in noninterest income associated with changes in fair value resulting from interest rate movement, as opposed to changes in credit quality, on the loans are directly offset by equal and opposite charges to, or reductions in, noninterest income for the related interest rate swap. To ensure the correlation of movements in fair value between the interest rate swap and the related loan, we pass on all economic costs associated with our hedging activity resulting from loan customer prepayments (partial or full) to the borrower. For additional information about the treatment of interest rate swaps and related loans in our financial statements, see Note 22. Fair Value of Financial Instruments and Interest Rate Risk in our audited consolidated financial statements included elsewhere in this prospectus.

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Results of Operations Three and Six Month Periods Ended March 31, 2015 and 2014

Overview

The following table highlights certain key financial and performance information for the periods ended March 31, 2015 and 2014:

	For the three months ended March 31, 2015	2014
	(dollars in thousands, except per share amounts)	
Operating Data:		
Interest and dividend income (FTE)	$ 89,794	$ 85,993
Interest expense	7,579	7,929
Noninterest income	6,936	10,140
Noninterest expense	48,438	49,326
Provision for loan losses	9,679	(2,690)
Net income	19,724	25,971
Earnings per common share	$ 0.34	$ 0.45
Performance Ratios:		
Net interest margin (FTE)	3.89%	3.96%
Adjusted net interest margin (FTE)[1]	3.64%	3.73%
Return on average total assets	0.83%	1.15%
Return on average common equity	5.49%	7.41%
Return on average tangible common equity[1]	11.8%	17.3%
Efficiency ratio[1]	51.7%	50.6%

(1) This is a non-GAAP financial measure we believe is helpful to interpreting our financial results. For more information on this non-GAAP financial measure, including a reconciliation to the most directly comparable U.S. GAAP financial measure, see Prospectus Summary Summary Historical Consolidated Financial and Operating Information.

	For the six months ended March 31, 2015	2014
	(dollars in thousands, except per share amounts)	
Operating Data:		

Interest and dividend income (FTE)	$ 181,876	$ 175,796
Interest expense	15,248	16,559
Noninterest income	14,836	20,966
Noninterest expense	95,529	97,625
Provision for loan losses	12,998	(3,565)
Net income	46,421	54,575
Earnings per common share	$ 0.80	$ 0.94
Performance Ratios:		
Net interest margin (FTE)	3.90%	3.99%
Adjusted net interest margin (FTE)(1)	3.66%	3.77%
Return on average total assets	0.96%	1.19%
Return on average common equity	6.44%	7.70%
Return on average tangible common equity(1)	13.8%	17.9%
Efficiency ratio(1)	50.1%	49.0%

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(1) This is a non-GAAP financial measure we believe is helpful to interpreting our financial results. For more information on this non-GAAP financial measure, including a reconciliation to the most directly comparable U.S. GAAP financial measure, see Prospectus Summary Summary Historical Consolidated Financial and Operating Information.

Net Interest Income

The following tables presents net interest income, net interest margin and adjusted net interest margin for the three and six month periods ended March 31, 2015 and 2014:

	For the three months ended March 31,	
	2015	2014
	(dollars in thousands)	
Net interest income:		
Total interest and dividend income (FTE)	$ 89,794	$ 85,993
Less: Total interest expense	7,579	7,929
Net interest income (FTE)	82,215	78,064
Less: Provision for loan losses	9,679	(2,690)
Net interest income after provision for loan losses (FTE)	$ 72,536	$ 80,754
Net interest margin (FTE) and adjusted net interest margin (FTE):		
Average interest-earning assets	$ 8,560,477	$ 8,001,112
Average interest-bearing liabilities	$ 8,106,234	$ 7,683,451
Net interest margin (FTE)	3.89%	3.96%
Adjusted net interest margin (FTE)[1]	3.64%	3.73%

(1) For more information on this non-GAAP financial measure, including a reconciliation to the most directly comparable U.S. GAAP financial measure, see Prospectus Summary Summary Historical Consolidated Financial and Operating Information.

	For the six months ended March 31,	
	2015	2014
	(dollars in thousands)	
Net interest income:		
Total interest and dividend income (FTE)	$ 181,876	$ 175,796
Less: Total interest expense	15,248	16,559
Net interest income (FTE)	166,628	159,237
Less: Provision for loan losses	12,998	(3,565)

Net interest income after provision for loan losses (FTE)	$ 153,630	$ 162,802
Net interest margin (FTE) and adjusted net interest margin (FTE):		
Average interest-earning assets	$ 8,558,582	$ 8,012,542
Average interest-bearing liabilities	$ 8,131,966	$ 7,723,912
Net interest margin (FTE)	3.90%	3.99%
Adjusted net interest margin (FTE)[1]	3.66%	3.77%

(1) For more information on this non-GAAP financial measure, including a reconciliation to the most directly comparable U.S. GAAP financial measure, see Prospectus Summary Summary Historical Consolidated Financial and Operating Information.

Net interest income was $82.2 million for the second quarter of fiscal year 2015 compared to $78.1 million for the same quarter in fiscal year 2014, an increase of 5%. The increase was driven by higher interest income on loans, attributable to loan growth over the previous year and more gross income related to the portion of the portfolio acquired with deteriorated credit quality, and lower deposit interest expense, partially offset by lower interest income on the investment portfolio. Compared to the same quarter in fiscal year 2014, the investment portfolio represented a smaller portion of total interest-earning assets driven by higher loan growth compared to deposit growth over the year and a higher average cash position, which was funded in part by investment portfolio run-off. Net interest margin was 3.89% for the second quarter of fiscal year 2015, compared with 3.96% for the same period in fiscal year 2014. Adjusted net interest margin was 3.64% and 3.73%, respectively, over the same periods. The lower net interest margin and adjusted net interest margin were attributable to lower asset yields, partially offset by a reduction in cost of deposits. For more information on our adjusted net interest margin and adjusted net interest income, including a reconciliation of each to the most directly comparable U.S. GAAP financial measure, see Prospectus Summary Summary Historical Consolidated Financial and Operating Information.

Net interest income was $166.6 million for the first six months of fiscal year 2015, compared to $159.2 million for the same period in fiscal year 2014, an increase of 5%. Similar to the quarterly period, the increase was driven by higher interest income on loans and lower deposit interest expense, partially offset by lower investment portfolio interest income. Net interest margin was 3.90% for the first six months of fiscal year 2015, compared to 3.99% for the same period in fiscal year 2014, while adjusted net interest margin was 3.66% and 3.77%, respectively, for the same periods. The decreases were driven by lower asset yields and a higher average cash balance, due in part to the impact of the our largest shareholder holding our initial public offering proceeds on deposit in our bank for the majority of the first quarter of fiscal year 2015, partially offset by lower cost of deposits.

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The following table presents the distribution of average assets, liabilities and equity, interest income and resulting yields on average interest-earning assets, and interest expense and rates on average interest-bearing liabilities for the current and comparable three and six month periods. Loans on nonaccrual status, totaling $74.3 million at March 31, 2015 and $91.6 million at March 31, 2014, are included in the average balances below. Any interest that had accrued as of the date of nonaccrual is immediately reversed as a reduction to interest income, while any interest subsequently recovered is recorded in the period of recovery. Tax-exempt loans and securities, totaling $539.1 million at March 31, 2015 and $384.8 million at March 31, 2014, are typically entered at lower interest rate arrangements than comparable non-exempt loans and securities. The amount of interest income reflected below has been adjusted to include the amount of tax benefit realized in the period and as such is presented on a fully-tax equivalent basis, the calculation of which is outlined in the discussion of non-GAAP items later in this section. Loans acquired with deteriorated credit quality represent loans accounted for in accordance with ASC 310-30 *Accounting for Purchased Loans* that were credit impaired at the time we acquired them. Loans other than loans acquired with deteriorated credit quality represent loans we have originated and loans we have acquired that were not credit impaired at the time we acquired them.

	For the three months ended					
	March 31, 2015			March 31, 2014		
	Average Balance	Interest (FTE)	Yield / Cost[1]	Average Balance	Interest (FTE)	Yield / Cost[1]
Assets						
Cash and due from banks	$ 265,929	$ 160	0.24%	$ 191,031	$ 117	0.25%
Investment securities	1,334,460	5,650	1.72%	1,381,475	6,836	2.01%
Loans, other than loans acquired with deteriorated credit quality, net[2]	6,828,510	81,907	4.86%	6,224,179	78,155	5.09%
Loans acquired with deteriorated credit quality, net	131,578	2,077	6.40%	204,428	885	1.76%
Loans, net	6,960,088	83,984	4.89%	6,428,607	79,040	4.99%
Total interest-earning assets	8,560,477	89,794	4.25%	8,001,113	85,993	4.36%
Noninterest-earning assets	1,093,229			1,155,039		
Total assets	$ 9,653,706	$ 89,794	3.77%	$ 9,156,152	$ 85,993	3.81%
Liabilities and Stockholders Equity						
Noninterest-bearing deposits	$ 1,282,530			$ 1,216,315		
NOW, MMDA and savings deposits	4,447,606	$ 3,266	0.30%	3,978,103	$ 2,318	0.24%
CDs	1,567,763	2,718	0.70%	1,940,266	4,113	0.86%
Total deposits	7,297,899	5,984	0.33%	7,134,684	6,431	0.37%
Securities sold under agreements to repurchase	182,386	150	0.33%	192,333	143	0.30%
FHLB advances and other borrowings	528,571	893	0.69%	259,056	803	1.26%
Related party notes payable	41,295	227	2.23%	41,295	226	2.22%
Subordinated debentures and other	56,083	325	2.35%	56,083	326	2.36%

Total borrowings	808,335	1,595	0.80%	548,767	1,498	1.11%
Total interest-bearing liabilities	8,106,234	$ 7,579	0.38%	7,683,451	$ 7,929	0.42%
Noninterest-bearing liabilities	89,341			51,768		
Stockholders equity	1,458,131			1,420,933		
Total liabilities and stockholders equity	$ 9,653,706			$ 9,156,152		
Net interest spread			3.39%			3.39%
Net interest income and net interest margin (FTE)		$ 82,215	3.89%		$ 78,064	3.96%
Less: Tax equivalent adjustment		$ 1,590			$ 1,107	
Net interest income and net interest margin ties to Consolidated Statements of Comprehensive Income		$ 80,625	3.82%		$ 76,957	3.90%

(1) Annualized for all partial-year periods.

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(2) Interest income includes $0.1 million and $0.9 million for the second quarter of fiscal year 2015 and 2014, respectively, resulting from accretion of purchase accounting discount associated with acquired loans.

	For the six months ended					
	March 31, 2015			March 31, 2014		
	Average Balance	Interest (FTE)	Yield / Cost(1)	Average Balance	Interest (FTE)	Yield / Cost(1)
Assets						
Cash and due from banks	$ 354,415	$ 444	0.25%	$ 195,307	$ 301	0.31%
Investment securities	1,335,348	11,600	1.74%	1,428,379	14,020	1.97%
Loans, other than loans acquired with deteriorated credit quality, net(2)	6,727,508	164,783	4.91%	6,186,621	158,701	5.14%
Loans acquired with deteriorated credit quality, net	141,311	5,049	7.17%	202,235	2,774	2.75%
Loans, net	6,868,819	169,832	4.96%	6,388,856	161,475	5.07%
Total interest-earning assets	8,558,582	181,876	4.26%	8,012,542	175,796	4.40%
Noninterest-earning assets	1,097,254			1,189,536		
Total assets	$ 9,655,836	$ 181,876	3.78%	$ 9,202,078	$ 175,796	3.83%
Liabilities and Stockholders Equity						
Noninterest-bearing deposits	$ 1,387,396			$ 1,226,039		
NOW, MMDA and savings deposits	4,298,739	$ 5,918	0.28%	3,934,543	$ 4,566	0.23%
CDs	1,625,814	6,081	0.75%	1,956,472	8,744	0.90%
Total deposits	7,311,949	11,999	0.33%	7,117,054	13,310	0.38%
Securities sold under agreements to repurchase	175,111	296	0.34%	198,207	289	0.29%
FHLB advances and other borrowings	547,528	1,839	0.67%	311,273	1,840	1.19%
Related party notes payable	41,295	459	2.23%	41,295	460	2.23%
Subordinated debentures and other	56,083	655	2.34%	56,083	660	2.36%
Total borrowings	820,017	3,249	0.79%	606,858	3,249	1.07%
Total interest-bearing liabilities	8,131,966	$ 15,248	0.38%	7,723,912	$ 16,559	0.43%
Noninterest-bearing liabilities	77,886			56,688		
Stockholders equity	1,445,984			1,421,478		
Total liabilities and stockholders equity	$ 9,655,836			$ 9,202,078		
Net interest spread			3.40%			3.40%
Net interest income and net interest margin (FTE)		$ 166,628	3.90%		$ 159,237	3.99%
Less: Tax equivalent adjustment		$ 3,094			$ 2,139	

Net interest income and net interest margin ties to Consolidated Statements of Comprehensive Income	$ 163,534	3.83%	$ 157,098	3.93%

(1) Annualized for all partial-year periods.
(2) Interest income includes $0.2 million and $1.2 million for the first six months of fiscal year 2015 and 2014, respectively, resulting from accretion of purchase accounting discount associated with acquired loans.

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Interest and Dividend Income

The following tables present interest and dividend income for the three and six month periods ended March 31, 2015 and 2014:

	Three months ended March 31, 2015	Three months ended March 31, 2014
	(dollars in thousands)	
Interest and dividend income:		
Loans	$ 82,394	$ 77,933
Taxable securities	5,379	6,623
Nontaxable securities	13	14
Dividends on securities	258	199
Federal funds sold and other	160	117
Total interest and dividend income (GAAP)	88,204	84,886
Tax equivalent adjustment	1,590	1,107
Total interest and dividend income (FTE)	$ 89,794	$ 85,993

	Six months ended March 31, 2015	Six months ended March 31, 2014
	(dollars in thousands)	
Interest and dividend income:		
Loans	$ 166,738	$ 159,336
Taxable securities	11,066	13,592
Nontaxable securities	26	28
Dividends on securities	508	400
Federal funds sold and other	444	301
Total interest and dividend income (GAAP)	178,782	173,657
Tax equivalent adjustment	3,094	2,139
Total interest and dividend income (FTE)	$ 181,876	$ 175,796

Total interest and dividend income consists primarily of interest income on loans and interest and dividend income on our investment portfolio. Total interest and dividend income was $89.8 million for the second quarter of fiscal year 2015, compared to $86.0 million for the same period of fiscal year 2014, an increase of 4%. Total interest and dividend income was $181.9 million for the first six months of fiscal year 2015, compared to $175.8 million for the same period of fiscal year 2014, an increase of 3%. Significant components of interest and dividend income are described in further detail below.

Loans. Interest income on all loans increased to $84.0 million in second quarter of fiscal year 2015 from $79.0 million in the first quarter of fiscal year 2014, an increase of 6% between the two periods. The growth was driven primarily by higher average loan balances driven by organic loan origination over the course of the year, partially offset by lower overall loan yields as a result of pricing pressure on new and renewed loans. Interest income on loans acquired with deteriorated credit quality increased $1.2 million between the two periods, primarily driven by lower amortization of the indemnification assets related to these loans in the current period as those assets related to the commercial FDIC loss-sharing arrangement are nearly fully amortized.

Interest income on all loans increased to $169.8 million in the first six months of fiscal year 2015 from $161.5 million in the same period of fiscal year 2014, an increase of 5%. Similar to the quarterly period, the growth was driven by higher average loan balances due to organic growth, partially offset by lower overall loan yields. Interest income on loans acquired with deteriorated credit quality increased $2.3 million between the two periods, again primarily driven by lower amortization of the indemnification assets related to these loans in the current period.

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Our yield on loans is affected by market interest rates, the level of adjustable-rate loan indices, interest rate floors and caps, customer repayment activity, the level of loans held for sale, portfolio mix, and the level of nonaccrual loans. The average tax equivalent yield on loans, other than loans acquired with deteriorated credit quality, was 4.86% for the second quarter of fiscal year 2015, a decrease of 23 basis points compared to 5.09% for the same period in fiscal year 2014. Adjusted for the current realized gain (loss) on derivatives we use to manage interest rate risk on certain of our loans at fair value, which we believe represents the underlying economics of the transactions, the adjusted yield on loans, other than loans acquired with deteriorated credit quality, was 4.55% for the current quarter, a 26 basis point decrease compared to the second quarter of fiscal year 2014. The average tax equivalent yield on loans, other than loans acquired with deteriorated credit quality, was 4.91% for the first six months of fiscal year 2015, a decrease of 23 basis points compared to 5.14% for the same period in fiscal year 2014. Adjusted for the current realized gain (loss) on derivatives, the adjusted yield on loans, other than loans acquired with deteriorated credit quality, was 4.60% and 4.86%, respectively, for the same periods. These decreases continue to be attributable to the competitive interest rate environment for high quality commercial and agricultural credits across our footprint and a prolonged rate cycle with short-term rates at or near zero.

The average yield on loans acquired with deteriorated credit quality was 6.40% for the second quarter of fiscal year 2015, compared to 1.76% for the comparable period in fiscal year 2014 and 7.17% for the first six months of fiscal year 2015 compared to 2.75% for the same period in fiscal year 2014. The yield on this portion of the portfolio is heavily impacted by the amortization rates for the related FDIC indemnification assets, which we pass through interest income, and which was much higher in fiscal year 2014 as a result of overall credit-quality improvement in the acquired portfolio and the upcoming expiration of the commercial FDIC loss-sharing arrangement. While we do not expect consistent high yields on this portion of the portfolio going forward, the portfolio continues to run off and represents a very small portion of the overall loan portfolio with average balances of $131.6 million for the second quarter of fiscal year 2015 and $204.4 million for the same period of fiscal year 2014, 2% and 3% of the total average loan portfolio, respectively.

Average net loan balances for the second quarter of fiscal year 2015 were $6.96 billion, representing an 8% increase compared to the same period in fiscal year 2014. The growth was focused in the CRE, commercial non-real estate (C&I) and agribusiness segments of the portfolio.

Loan-related fee income of $2.3 million is included in interest income for the second quarter of fiscal year 2015 compared to $1.8 million for the same period in fiscal year 2014. Loan-related fee income was $4.5 million for the first six months of fiscal year 2015 compared to $3.9 million for the same period of fiscal year 2014. In addition, certain fees collected at loan origination are considered to be a component of yield on the underlying loans and are deferred and recognized into income over the life of the loans. Amortization related to the FDIC indemnification assets of $2.1 million and $4.7 million for the second quarter of fiscal years 2015 and 2014, respectively, and $4.6 million and $7.9 million for the first six months of fiscal years 2015 and 2014, respectively, is included as a reduction to interest income.

Investment Portfolio. Interest and dividend income on investments includes income earned on investment securities and FHLB stock. During the second quarter of fiscal year 2015, the balance of our investment portfolio increased by $138.5 million, or 11%, to $1.40 billion. The increase was driven by investment purchases made during the quarter as a result of strong deposit growth and excess liquidity invested to earn additional interest income. Interest and dividend income on investments decreased from $6.8 million in the second quarter of fiscal year 2014 to $5.7 million in the second quarter of fiscal year 2015, a decrease of 17%, driven both by lower average balances in the portfolio and a reduction in yield from 2.01% in the second quarter of fiscal year 2014 to 1.72% for the same period in fiscal year 2015. Interest and dividend income on investments decreased from $14.0 million in the first six months of fiscal year 2014 to $11.6 million for the same period in fiscal year 2015, also a decrease of 17%, driven both by lower average balances in the portfolio and a reduction in yield from 1.97% to 1.74% over the same period.

The weighted average life of the portfolio was 2.9 years and 3.1 years at March 31, 2015 and September 30, 2014, respectively. Average investments represented 16% and 17% of total average interest-earning assets in the

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second quarter of fiscal years 2015 and 2014, respectively, and 16% and 18% for the first six months of fiscal years 2015 and 2014, respectively. The carrying value of investment securities and FHLB stock was $1.43 billion as of March 31, 2015.

Interest Expense

The following tables present interest expense for the periods ended March 31, 2015 and 2014:

	Three months ended March 31,	
	2015	**2014**
	(dollars in thousands)	
Interest expense:		
Deposits	$ 5,984	$ 6,431
Securities sold under agreements to repurchase	150	143
FHLB advances and other borrowings	893	803
Related party notes payable	227	226
Subordinated debentures and other	325	326
Total interest expense	$ 7,579	$ 7,929

	Six months ended March 31,	
	2015	**2014**
	(dollars in thousands)	
Interest expense:		
Deposits	$ 11,999	$ 13,310
Securities sold under agreements to repurchase	296	289
FHLB advances and other borrowings	1,839	1,840
Related party notes payable	459	460
Subordinated debentures and other	655	660
Total interest expense	$ 15,248	$ 16,559

Total interest expense consists primarily of interest expense on five components of our balance sheet: deposits, securities sold under agreements to repurchase, FHLB advances and other borrowings, related party notes payable and our outstanding subordinated debentures. Total interest expense decreased to $7.6 million in the second quarter of fiscal year 2015 from $7.9 million for the same quarter in fiscal year 2014, a decrease of 4%, despite an increase in average interest-bearing liabilities from $7.68 billion to $8.11 billion over the same period, driven primarily by lower cost of deposits and lower average cost of FHLB advances. The average cost of total interest-bearing liabilities was 0.38% for the second quarter of fiscal year 2015, compared to 0.42% for the same period in fiscal year 2014. Total interest expense was $15.2 million for the first six months of fiscal year 2015, a decrease of 8% compared to $16.6 million for the same period in fiscal year 2014. The average cost of total interest-bearing liabilities was 0.38% for the first six months of fiscal year 2015, compared to 0.43% for the same period in fiscal year 2014. Significant components of interest expense are described in further detail below.

Deposits. Interest expense on deposits, consisting of checking accounts, MMDAs, NOW accounts, savings accounts and CDs, was $6.0 million in the second quarter of fiscal year 2015 compared with $6.4 million in the second quarter of fiscal year 2014, a decrease of $0.4 million, or 7%. Average deposit balances were $7.30 billion and $7.13 billion, respectively, for the same periods. The average rate declined from 0.37% for the second quarter of fiscal year 2014 to 0.33% for the same period in fiscal year 2015.

Interest expense on deposits was $12.0 million for the first six months of fiscal year 2015, a reduction of $1.3 million, or 10%, compared to the same period in fiscal year 2014. Average deposit balances were $7.31 billion and $7.12 billion, respectively, and the average rate declined from 0.38% to 0.33%, respectively, for the same periods.

Average non-interest-bearing demand account balances comprised 19% of average total deposits for the current quarter, compared with 18% for the comparable quarter. Total average other liquid accounts, consisting of money market and savings accounts, continued to increase to 59% of total average deposits for the current quarter, compared to 55% of total average deposits for the comparable quarter, while CD accounts represented 22% of average total deposits in the current quarter, compared to 27% in the comparable quarter. These trends in the composition of our deposit portfolio represent a continuation of our strategy over the last three fiscal years to move away from more costly CD accounts toward more cost-effective transaction accounts as well as our focus on gathering business deposits, which are typically transaction accounts by nature. This transition, as well as continued low benchmark interest rates, have driven a significant decrease in our cost of deposits over that time frame.

FHLB Advances and Other Borrowings. Interest expense on FHLB advances and other borrowings was $0.9 million for the second quarter of fiscal year 2015, compared to $0.8 million for the same period in fiscal year 2014, reflecting weighted average cost of 0.69% and 1.26%, respectively. Our average balance for FHLB advances and other borrowings increased to $528.6 million in the current quarter compared to $259.1 million in the comparable quarter. Interest expense on FHLB advances and other borrowings was $1.8 million for the first half of fiscal year 2015 and for the first half of fiscal year 2014, representing a weighted average cost of 0.67% and 1.19%, respectively. The amount of FHLB advances outstanding has increased over the past 12 months to fund a portion of the strong loan growth we have achieved, which has outpaced deposit growth over the same period, despite the fact that we repaid $100 million of FHLB advances in the current quarter. Average FHLB advances and other borrowings as a proportion of total average interest-bearing liabilities were 7% for the current quarter compared to 4% for the comparable quarter. The average rate paid on FHLB advances is impacted by market rates and the various terms and repricing frequency of the specific outstanding borrowings in each year. Our total outstanding FHLB advances were $475.0 million at March 31, 2015 compared to $575.0 million at December 31, 2014 and September 30, 2014. The weighted average contractual rate paid on our FHLB advances was 0.71% at March 31, 2015 and 0.62% at September 30, 2014. The average tenor of our FHLB advances was 47 months and 56 months at March 31, 2015 and September 30, 2014, respectively. The amount of other borrowings and related interest expense as of and for the current quarter were immaterial.

We must collateralize FHLB advances by pledging real estate loans or investments. We pledge more assets than required by our current level of borrowings in order to maintain additional borrowing capacity. Although we may substitute other loans for such pledged loans, we are restricted in our ability to sell or otherwise pledge these loans without substituting collateral or prepaying a portion of the FHLB advances. At March 31, 2015, we had pledged $2.2 billion of loans to the FHLB, against which we had borrowed $475.0 million.

Subordinated Debentures and Other. Interest expense on our outstanding subordinated debentures was $0.3 million in both the current and comparable quarters and $0.7 million in the first six months of both the current and prior fiscal years. At March 31, 2015 and September 30, 2014, the weighted average contractual rate on outstanding subordinated notes was 2.29%.

Securities Sold Under Agreements to Repurchase; Related Party Notes Payable. Securities sold under agreements to repurchase represent retail repurchase agreements with customers and, together, with our related party notes payable, represent a small portion of our overall funding profile. The interest expense associated with these two classes of liabilities remained largely consistent between the current quarter and comparable quarter.

Rate and Volume Variances

Net interest income is affected by changes in both volume and interest rates. Volume changes are caused by increases or decreases during the year in the level of average interest-earning assets and average interest-bearing liabilities. Rate changes result from increases or decreases in the yields earned on assets or the rates paid on liabilities.

The following tables present the current and comparable quarter and the first six months of the current and prior fiscal year and a summary of the changes in interest income and interest expense resulting from changes in

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the volume of average asset and liability balances and changes in the average yields or rates compared with the preceding fiscal year. If significant, the change in interest income or interest expense due to both volume and rate has been prorated between the volume and the rate variances based on the dollar amount of each variance. The table illustrates the continued benefit of balance sheet growth, mainly within loans funded by cost-effective deposit growth, partially offset by a reduction in net interest margin most pronounced in loan yield.

	Current Quarter vs Comparable Quarter		
	Volume	Rate	Total
	(dollars in thousands)		
Increase (decrease) in interest income:			
Cash and due from banks	$ 45	$ (2)	$ 43
Investment securities	(228)	(958)	(1,186)
Loans, other than acquired with deteriorated credit quality	7,357	(3,605)	3,752
Loans, acquired with deteriorated credit quality	(415)	1,607	1,192
Loans	6,942	(1,998)	4,944
Total increase (decrease)	6,759	(2,958)	3,801
Increase (decrease) in interest expense:			
NOW, MMDA & savings deposits	295	653	948
CDs	(716)	(679)	(1,395)
Securities sold under agreements to repurchase	(8)	15	7
FHLB advances and other borrowings	571	(481)	90
Related party notes payable		1	1
Subordinated debentures and other		(1)	(1)
Total increase (decrease)	142	(492)	(350)
Increase (decrease) in net interest income (FTE)	$ 6,617	$ (2,466)	$ 4,151

	Current 6 month period vs Comparable 6 month period		
	Volume	Rate	Total
	(dollars in thousands)		
Increase (decrease) in interest income:			
Cash and due from banks	$ 208	$ (65)	$ 143
Investment securities	(876)	(1,544)	(2,420)
Loans, other than acquired with deteriorated credit quality	13,464	(7,382)	6,082
Loans, acquired with deteriorated credit quality	(1,048)	3,323	2,275
Loans	12,416	(4,059)	8,357

Total increase (decrease)	11,748	(5,668)	6,080
Increase (decrease) in interest expense:			
NOW, MMDA & savings deposits	449	903	1,352
CDs	(1,356)	(1,307)	(2,663)
Securities sold under agreements to repurchase	(36)	43	7
FHLB advances and other borrowings	1,012	(1,013)	(1)
Related party notes payable		(1)	(1)
Subordinated debentures and other		(5)	(5)
Total increase (decrease)	69	(1,380)	(1,311)
Increase (decrease) in net interest income (FTE)	$ 11,679	$ (4,288)	$ 7,391

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Provision for Loan Losses

We recognized provision for loan losses of $9.7 million for the second quarter of fiscal year 2015 compared to a release of provision for loan losses of $2.7 million for the comparable period in fiscal year 2014, an increase of $12.4 million between the two periods. This change was driven by an increase in a specific allowance required for a small number of primarily C&I loan exposures that deteriorated during the quarter, and to a lesser extent, an increase in loan growth and the effect on the allowance of recording higher net charge-offs during the current quarter compared to recent quarters. Provision for loan losses was $13.0 million for the first six months of fiscal year 2015 compared to a release of provision for loan losses of $3.6 million for the same period in fiscal year 2014, an increase of $16.6 million. The table below outlines the components of provision for loan losses in each period presented. All loans acquired with deteriorated credit quality for which we recognized improvements or impairments in the periods presented are covered by FDIC loss-sharing arrangements. We did not record any meaningful provision for loans covered by FDIC loss-sharing arrangements related to loans other than loans acquired with deteriorated credit quality in any of the periods presented.

(Dollars in thousands)	**Three months ended March 31, 2015**	**Three months ended March 31, 2014**	**Six months ended March 31, 2015**	**Six months ended March 31, 2014**
Provision for loan losses, core*	$ 9,970	$ (500)	$ 13,609	$ (1,625)
Provision for loan losses, loans acquired with deteriorated credit quality	(291)	(2,190)	(611)	(1,940)
Provision for loan losses, total	$ 9,679	$ (2,690)	$ 12,998	$ (3,565)

* As presented above, the core loan portfolio includes originated loans, other than loans for which we have elected the fair value option, and loans we acquired that we did not determine were acquired with deteriorated credit quality.

Total Credit-Related Charges

In addition to the higher provision for loan losses we incurred during the current fiscal quarter compared to the same quarter in fiscal year 2014, we recognized other credit-related charges during the quarter. We believe that the following table, which summarizes each component of the total credit-related charges incurred during the current, prior and comparable quarters, is helpful to understanding the overall impact on our quarterly results of operations. Net OREO charges include OREO operating costs, valuation adjustments and gain (loss) on sale of OREO properties, each of which entered OREO as a result of the former borrower failing to perform on a loan obligation. Reversal of interest income on nonaccrual loans occurs when we become aware that a loan, for which we had been recognizing interest income, will no longer be able to perform according to the terms and conditions of the loan agreement, including repayment of interest owed to us. Loan fair value adjustments related to credit relate to the portion of our loan portfolio for which we have elected the *Fair Value Option*; these amounts reflect expected credit losses in the portfolio.

(Dollars in thousands)		**For the three months ended:**		
Item	**Included within F/S Line Item(s):**	**March 31, 2015**	**December 31, 2014**	**March 31, 2014**

Provision for loan losses	Provision for loan losses	$ 9,679	$ 3,319	$ (2,690)
Net OREO charges	1) Net (gain) loss from sale of repossessed property and other assets			
	2) Other noninterest expense	2,634	1,846	1,219
Reversal of interest income on nonaccrual loans	Interest income on loans	517	(162)	6
Loan fair value adjustment related to credit	Net increase (decrease) in fair value of loans at fair value	1,184	2,223	(683)
Total		$ 14,014	$ 7,226	$ (2,148)

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Noninterest Income

The following table presents noninterest income for the periods ended March 31, 2015 and 2014:

	Three months ended March 31,	
	2015	2014
	(dollars in thousands)	
Non-interest income:		
Service charges and other fees	$ 8,871	$ 9,370
Net gain on sale of loans	1,580	947
Casualty insurance commissions	233	298
Investment center income	654	589
Net gain on sale of securities		6
Trust department income	938	1,000
Other	1,150	1,636
Subtotal, product and service fees	13,426	13,846
Net increase (decrease) in fair value of loans at fair value	15,208	8,730
Net realized and unrealized gain (loss) on derivatives	(21,698)	(12,436)
Subtotal, loans at fair value and related derivatives	(6,490)	(3,706)
Total noninterest income	$ 6,936	$ 10,140

	Six months ended March 31,	
	2015	2014
	(dollars in thousands)	
Non-interest income:		
Service charges and other fees	$ 19,269	$ 20,032
Net gain on sale of loans	3,124	2,563
Casualty insurance commissions	549	556
Investment center income	1,227	1,180
Net gain on sale of securities	51	6
Trust department income	2,006	1,905
Other	2,605	2,703
Subtotal, product and service fees	28,831	28,945
Net increase (decrease) in fair value of loans at fair value	32,308	(380)
Net realized and unrealized gain (loss) on derivatives	(46,303)	(7,599)
Subtotal, loans at fair value and related derivatives	(13,995)	(7,979)

Total noninterest income	$ 14,836	$ 20,966

Our noninterest income is comprised of the various fees we charge our customers for products and services we provide and the impact of changes in fair value of loans for which we have elected the fair value treatment and realized and unrealized gains (losses) on the related interest rate swaps we utilize to manage interest rate risk on these loans. While we are required under U.S. GAAP to present both components within total noninterest income, we believe it is helpful to analyze the two broader components of noninterest income separately to better understand the underlying performance of the business.

Noninterest income was $6.9 million for the second quarter of fiscal year 2015, compared to $10.1 million for the comparable period in fiscal year 2014, a decrease of 32%, and $14.8 million for the first six months of fiscal year 2015, compared to $21.0 million for the same period in fiscal year 2014, a decrease of 29%.

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Product and Service Fees. We recognized $13.4 million of noninterest income related to product and service fees in the second quarter of fiscal year 2015, a decrease of $0.4 million, or 3%, compared to the same period in fiscal year 2014. Net gain on sale of loans, which represents the fees we earn originating and selling home mortgages into the secondary market, increased $0.6 million between the two periods, while service charges and other fees (primarily deposit account OD and NSF fees) and other noninterest income each declined by $0.5 million. The impact in other noninterest income primarily represents a decrease in the portion of recoveries related to loans we acquired in a charged-off status we are entitled to retain.

Noninterest income related to product and services fees was $28.8 million for the first six months of fiscal year 2015 compared to $28.9 million for the same period in fiscal year 2014. Net gain on sale of loans increased $0.6 million, driven by higher mortgage origination volumes, while service charges and other fees decreased by $0.8 million. We believe the decrease in deposit account service charges and fees is representative of changing customer behavior and a shift in mix toward more business deposit accounts, which typically carry higher average balances but incur fewer fees on a relative basis.

Loans at fair value and related derivatives. As discussed in Analysis of Financial Condition Derivatives, changes in the fair value of loans for which we have elected the fair value treatment and realized and unrealized gains and losses on the related derivatives are recognized within noninterest income. For the second quarter of fiscal year 2015, these items accounted for $(6.5) million of noninterest income compared to $(3.7) million for the same period in fiscal year 2014. The change was driven by a $1.9 million difference in the changes in fair value of the loans related to credit risk and a $0.9 million increase in the realized loss on the derivatives driven primarily by volume growth. For the first six months of fiscal year 2015, these items accounted for $(14.0) million of noninterest income compared to $(8.0) million for the same period of fiscal year 2014. The change was driven by a $4.1 million difference in the changes in fair value of the loans related to credit risk and a $1.9 million increase in the realized loss on the derivatives driven primarily by volume growth. We believe that the current realized loss on the derivatives economically offsets the interest income earned on the related loans; we present elsewhere the adjusted net interest income and adjusted net interest margin reflecting the metrics we use to manage the business.

Noninterest Expense

The following table presents noninterest expense for the periods ended March 31, 2015 and 2014:

	Three months ended March 31,	
	2015	**2014**
	(dollars in thousands)	
Noninterest expense:		
Salaries and employee benefits	$ 24,673	$ 23,029
Occupancy expenses, net	3,984	4,486
Data processing	4,708	4,723
Equipment expenses	925	995
Advertising	946	1,088
Communication expenses	1,225	1,242
Professional fees	3,603	3,105
Net (gain) loss from sale of repossessed property and other assets	(16)	(278)

Amortization of core deposits and other intangibles	2,313	4,691
Other	6,077	6,246
Total noninterest expense	$ 48,438	$ 49,327

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	Six months ended March 31, 2015	2014
	(dollars in thousands)	
Noninterest expense:		
Salaries and employee benefits	$ 48,761	$ 47,050
Occupancy expenses, net	8,008	4,719
Data processing	9,536	9,751
Equipment expenses	1,881	2,022
Advertising	1,674	2,172
Communication expenses	2,398	2,356
Professional fees	7,175	6,003
Net (gain) loss from sale of repossessed property and other assets	(384)	(849)
Amortization of core deposits and other intangibles	4,626	9,379
Other	11,854	11,023
Total noninterest expense	$ 95,529	$ 97,626

Our noninterest expense consists primarily of salaries and employee benefits, net occupancy expenses, data processing, professional fees and amortization of core deposits and other intangibles. Noninterest expense was $48.4 million in the second quarter of fiscal year 2015 compared to $49.3 million for the same period in fiscal year 2014, a decrease of 2% or $0.9 million. Adjusted for the amortization of intangible assets, our tangible noninterest expenses were $46.1 million in the second quarter of fiscal year 2015, a 3% increase over the same period in fiscal year 2014. Our efficiency ratio was 51.7% for the current quarter and 50.6% for the comparable quarter. Noninterest expense was $95.5 million in the first six months of fiscal year 2015 compared to $97.6 million for the same period in fiscal year 2014, a decrease of 2% or $2.1 million. Adjusted for the amortization of intangible assets, our tangible noninterest expenses were $90.9 million in the first six months of fiscal year 2015, a 3% increase over the same period in fiscal year 2014. Our efficiency ratio was 50.1% and 49.0%, respectively, for the same periods. For more information on our tangible noninterest expense and efficiency ratio, including a reconciliation of each to the most directly comparable U.S. GAAP financial measures, see Prospectus Summary Summary Historical Consolidated Financial and Operating Information.

The quarterly increase in tangible noninterest expenses compared to the second quarter of fiscal year 2014 was primarily driven by a $1.6 million increase in salaries and employee benefits, primarily related to favorable nonrecurring events in the comparable period, and a $0.5 million increase in professional fees, including audit and insurance costs related to being a public company which we expect to continue going forward, partially offset by a $0.5 million decrease in net occupancy costs driven by cost savings generated by branch closures completed in previous fiscal years. On a fiscal year-to-date basis, the increase in tangible noninterest expense was also driven by higher salaries and employee benefits and professional fees, partially offset by lower occupancy costs and advertising. Although not included in tangible noninterest expense, amortization of core deposits and other intangibles also decreased substantially between the two periods, driven entirely by lower scheduled amortization as these assets continue to be amortized.

Provision for Income Taxes

The provision for income taxes varies due to the amount of taxable income, the level of tax-advantaged assets and the rates charged by federal and state authorities. The provision for income taxes of $9.7 million for the second quarter of fiscal year 2015 represents an effective tax rate of 33.0%, compared to provision of $14.5 million or an effective tax rate of 35.8% for the comparable period. The provision for income taxes of $23.4 million for the first six months of fiscal year 2015 represents an effective tax rate of 33.5% compared to an effective tax rate of 35.0% for the same period in fiscal year 2014. In each case, the decrease in rate is primarily due to a larger amount of tax exempt interest and the mix of state and local taxes we recognized. We have historically calculated our provision for income taxes as though we were a standalone company and we do not expect any material changes in our provisioning for income taxes as a result of our initial public offering.

Return on Assets and Equity

The table below presents our return on average total assets, return on average common equity, average common equity to average assets ratio and net income per average common share at and for the dates presented:

	At and for the three months ended March 31,	
	2015	**2014**
Return on average total assets	0.83%	1.15%
Return on average common equity	5.49%	7.41%
Average common equity to average assets ratio	15.10%	15.52%
Net income per average common share[1]	$ 0.34	$ 0.45

(1) Net income per average common share for the three months ended March 31, 2014 is calculated using the 57,886,114 shares outstanding after the stock split we effected on October 17, 2014 for purposes of comparability. We have calculated that the amount of share dilution during the current quarter was marginal and, as such, diluted EPS equals EPS for all periods presented.

	At and for the six months ended March 31,	
	2015	**2014**
Return on average total assets	0.96%	1.19%
Return on average common equity	6.44%	7.70%
Average common equity to average assets ratio	14.97%	15.45%
Net income per average common share[1]	$ 0.80	$ 0.94

(1) Net income per average common share for the six months ended March 31, 2014 is calculated using the 57,886,114 shares outstanding after the stock split we effected on October 17, 2014 for purposes of comparability. We have calculated that the amount of share dilution during the current quarter was marginal and, as such, diluted EPS equals EPS for all periods presented.

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Results of Operations Fiscal Years Ended September 30, 2014, 2013 and 2012

Overview

The following table highlights certain key financial and performance information at and for the years ended September 30, 2014, 2013 and 2012:

	At and for the fiscal year ended September 30,		
	2014	2013	2012
	(dollars in thousands)		
Operating Data:			
Interest and dividend income (FTE)	$ 357,139	$ 353,175	$ 341,253
Interest expense	32,052	39,161	50,971
Noninterest income	39,781	59,832	67,946
Noninterest expense	200,222	208,590	208,819
Provision for loan losses	684	11,574	30,145
Net income	104,952	96,243	72,995
Earnings per common share	$ 1.81	$ 1.66	$ 1.26
Performance Ratios:			
Net interest margin	4.02%	3.99%	3.94%
Adjusted net interest margin(1)	3.79%	3.81%	3.81%
Return on average total assets	1.14%	1.07%	0.85%
Return on average tangible common equity(1)	16.6%	17.5%	15.0%
Efficiency ratio(1)	50.4%	50.6%	52.8%
Balance Sheet and Other Information:			
Total assets	$ 9,371,429	$ 9,134,258	$ 9,008,252
Loans(2)	6,787,467	6,362,673	6,138,574
Allowance for loan losses	47,518	55,864	71,878
Deposits	7,052,180	6,948,208	6,884,515
Stockholder s equity	1,421,090	1,417,214	1,388,563
Tangible common equity(1)	709,054	688,963	641,011
Tier 1 capital ratio	11.8%	12.4%	11.9%
Total capital ratio	12.9%	13.8%	13.7%
Tier 1 leverage ratio	9.1%	9.2%	8.3%
Tangible common equity / tangible assets(1)	8.2%	8.2%	7.8%
Nonperforming loans / total loans	1.16%	2.03%	2.76%
Net charge-offs / average total loans	0.14%	0.44%	0.54%
Allowance for loan losses / total loans	0.70%	0.88%	1.17%

(1) This is a non-GAAP financial measure. For more information on this non-GAAP financial measure, including a reconciliation to the most directly comparable U.S. GAAP financial measure, see Prospectus Summary Summary Historical Consolidated Financial and Operating Information.

(2) Loans include unpaid principal balance net of unamortized discount on acquired loans and unearned net deferred fees and costs and loans in process.

Our total assets were $9.37 billion at September 30, 2014, compared with $9.13 billion at September 30, 2013 and $9.01 billion at September 30, 2012. The increase in total assets in each year was principally attributable to organic loan growth, partially offset by reductions in the investment portfolio. At September 30, 2014, loans as shown above were $6.79 billion, an increase of $424.8 million, or 7%, from $6.36 billion at September 30, 2013 and an increase of $648.9 million compared to September 30, 2012. This growth was primarily driven by targeted growth in agricultural and commercial lending. In our most recent fiscal year, total deposits grew 1% to $7.05 billion from September 30, 2013 to September 30, 2014.

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For the fiscal year ended September 30, 2014:

net income was $105.0 million, an increase of $8.7 million, or 9%, compared with fiscal year 2013, due in large part to continued improvement in the overall credit quality of our lending portfolio, leading to lower net charge-offs compared to fiscal year 2013 and a $10.9 million pre-tax reduction in provision for loan losses;

net interest margin was 4.02%, an increase of 3 basis points compared with fiscal year 2013, however, our adjusted net interest margin, which adjusts for the current realized gain (loss) on interest rate swaps, and which we believe is a more representative measure of our performance, decreased 2 basis points to 3.79% compared with fiscal year 2013. The decrease in our adjusted net interest margin was primarily due to yield pressures driven by a prolonged low-rate environment driving interest income on loans and investments downward, partially offset by a reduction in interest expense from our strategic efforts undertaken to transition the composition of our deposit portfolio away from higher-cost term deposits toward more cost-effective transaction accounts;

net interest income was $325.1 million, an increase of $11.1 million, or 4%, compared with fiscal year 2013, and our adjusted net interest income was $306.8 million, a 2% increase compared with fiscal year 2013. The increase in our adjusted net interest income is primarily due to 3% growth in average interest-earning assets, which slightly outpaced growth in interest-bearing liabilities;

provision for loan losses was $0.7 million, a decrease of $10.9 million, or 94%, compared with fiscal year 2013. The decrease was driven by continued improvement in our incurred loss history and reductions in impaired loans requiring specific reserves for loan losses;

noninterest income was $39.8 million, a decrease of $20.1 million, or 34%, compared with fiscal year 2013, due in large part to an $8.2 million decrease in gains on sales of originated home mortgage loans, a $5.5 million reduction in other noninterest income, which was largely driven by lower incentive payments received from vendors, and a $3.2 million net decrease related to loans at fair value and the corresponding interest rate swaps;

noninterest expense was $200.2 million, a decrease of $8.4 million, or 4%, compared with fiscal year 2013. The decrease in our noninterest expense was driven by our focus on right-sizing our branch footprint, continued devotion of resources to process improvement initiatives across the organization and a reduction in total salary and employee benefit costs. The total amount of amortization of intangible assets also decreased $3.1 million, or 16%, compared to fiscal year 2013 and contributed to the overall decrease; and

return on average total assets increased 7 basis points, from 1.07% for fiscal year 2013 to 1.14% for fiscal year 2014, while return on average tangible common equity declined from 17.5% to 16.6% over the same period, driven by higher average equity balances.

Our adjusted net interest margin and return on average tangible common equity discussed above are non-GAAP financial measures. For more information on these financial measures, including a reconciliation to the most directly comparable U.S. GAAP financial measures, see Prospectus Summary Summary Historical Consolidated Financial and Operating Information.

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Net Interest Income

The following table presents net interest income, net interest margin and adjusted net interest margin for fiscal years 2014, 2013 and 2012:

	Fiscal year ended September 30, 2014	2013	2012
	(dollars in thousands)		
Net interest income:			
Total interest and dividend income (FTE)	$ 357,139	$ 353,175	$ 341,253
Less: Total interest expense	32,052	39,161	50,971
Net interest income (FTE)	325,087	314,014	290,282
Less: Provision for loan losses	684	11,574	30,145
Net interest income after provision for loan losses (FTE)	$ 324,403	$ 302,440	$ 260,137
Net interest margin (FTE) and adjusted net interest margin (FTE):			
Average interest-earning assets	8,093,861	7,862,860	7,367,085
Average interest-bearing liabilities	7,752,325	7,560,749	7,149,294
Net interest margin (FTE)	4.02%	3.99%	3.94%
Adjusted net interest margin (FTE)(1)	3.79%	3.81%	3.81%

(1) This is a non-GAAP financial measure. For more information on this financial measure, including a reconciliation to the most directly comparable U.S. GAAP financial measure, see Prospectus Summary Summary Historical Consolidated Financial and Operating Information.

Net interest income was $325.1 million in fiscal year 2014, compared to $314.0 million in fiscal year 2013 and $290.3 million in fiscal year 2012. Adjusted for the current realized gain (loss) on interest rate swaps, which we believe is more representative of our performance, our adjusted net interest income increased to $306.8 million in fiscal year 2014 from $299.8 million in fiscal year 2013 and $280.4 million in fiscal year 2012, increases of 2% and 7%, respectively. Our average interest-earning assets grew slightly faster than our average interest-bearing liabilities during fiscal year 2014. In fiscal year 2014, the average yield on interest-earning assets decreased 8 basis points to 4.41% while the average rate on interest-bearing liabilities decreased 11 basis points to 0.41%. Net interest margin was 4.02% in fiscal year 2014, compared with 3.99% in fiscal year 2013 and 3.94% in fiscal year 2012. Adjusted net interest margin remained consistent over the period at 3.79% for fiscal year 2014 and 3.81% in each of fiscal years 2013 and 2012. For more information on our adjusted net interest margin and adjusted net interest income, including a reconciliation of each to the most directly comparable U.S. GAAP financial measure, see Prospectus Summary Summary Historical Consolidated Financial and Operating Information.

The following table presents the distribution of average assets, liabilities and equity, interest income and resulting yields on average interest-earning assets, and interest expense and rates on average interest-bearing liabilities for each of the last three fiscal years. Loans on nonaccrual status (excluding those loans covered by an FDIC loss-sharing arrangement), totaling $43.9 million at September 30, 2014, $81.5 million at September 30, 2013 and $93.8 million at

September 30, 2012 are included in the average balances below. Any interest that had accrued as of the date of nonaccrual is immediately reversed as a reduction to interest income, while any interest subsequently recovered is recorded in the period of recovery. Tax-exempt loans and securities, totaling $436.2 million at September 30, 2014, $340.2 million at September 30, 2013 and $273.9 million at September 30, 2012, are typically entered at lower interest rate arrangements than comparable non-exempt loans and securities. The amount of interest income reflected below has been adjusted to include the amount of tax benefit realized on tax-advantaged loans and securities in the period and as such is presented on a fully-tax equivalent basis, the calculation of which is outlined in the discussion of non-GAAP items in Prospectus Summary Summary Historical Consolidated Financial and Operating Information.
Loans acquired with deteriorated credit quality

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represent loans accounted for in accordance with ASC 310-30 Accounting for Purchased Loans that were credit impaired at the time we acquired them. Loans other than loans acquired with deteriorated credit quality represent loans we have originated and loans we have acquired that were not credit impaired at the time we acquired them.

	Fiscal year ended September 30,								
	2014			2013			2012		
	Average Balance	Interest (FTE)	Yield / Rate	Average Balance	Interest (FTE)	Yield / Rate	Average Balance	Interest (FTE)	Yield / Rate
Assets:									
Cash and due from banks	$ 167,982	$ 455	0.27%	$ 132,517	$ 336	0.25%	$ 141,722	$ 331	0.23%
Investment securities	1,419,354	27,411	1.93%	1,575,343	29,588	1.88%	1,746,789	33,791	1.93%
Loans, other than loans acquired with deteriorated credit quality, net[1]	6,311,857	323,438	5.12%	5,876,116	308,445	5.25%	5,093,013	288,641	5.67%
Loans acquired with deteriorated credit quality, net	194,668	5,835	3.00%	278,884	14,806	5.31%	385,561	18,490	4.80%
Loans, net	6,506,525	329,273	5.06%	6,155,000	323,251	5.25%	5,478,574	307,131	5.61%
Total interest-earning assets	8,093,861	357,139	4.41%	7,862,860	353,175	4.49%	7,367,085	341,253	4.63%
Noninterest-earning assets	1,149,957			1,158,231			1,210,866		
Total Assets	$ 9,243,818	$ 357,139	3.86%	$ 9,021,091	$ 353,175	3.91%	$ 8,577,951	$ 341,253	3.98%
Liabilities and Equity:									
Non-interest demand deposits	$ 1,242,097			$ 1,159,581			$ 973,551		
NOW, MMDA and savings deposits	3,952,765	$ 9,329	0.24%	3,296,745	$ 6,921	0.21%	2,748,001	$ 6,967	0.25%
CDs	1,909,269	16,435	0.86%	2,447,553	26,196	1.07%	2,799,666	37,449	1.34%
Total deposits	7,104,131	25,764	0.36%	6,903,879	33,117	0.48%	6,521,218	44,416	0.68%
Securities sold under agreements to repurchase	193,901	600	0.31%	230,516	644	0.28%	226,955	1,014	0.45%
FHLB advances and other borrowings	356,915	3,452	0.97%	328,976	3,103	0.94%	303,743	3,098	1.02%

Related party notes payable	41,295	921	2.23%	41,295	950	2.30%	41,295	1,007	2.44%
Subordinated debentures and other	56,083	1,315	2.34%	56,083	1,347	2.40%	56,083	1,436	2.56%
Total borrowings	648,194	6,288	0.97%	656,870	6,044	0.92%	628,076	6,555	1.04%
Total interest-bearing liabilities	7,752,325	32,052	0.41%	7,560,749	39,161	0.52%	7,149,294	50,971	0.71%
Noninterest-bearing other liabilities	60,721			80,047			76,587		
Equity	1,430,772			1,380,295			1,352,070		
Total Liabilities and Equity	$ 9,243,818			$ 9,021,091			$ 8,577,951		
Net interest spread			3.45%			3.39%			3.27%
Net interest income and net interest margin (FTE)		$ 325,087	4.02%		$ 314,014	3.99%		$ 290,282	3.94%
Less: Tax equivalent adjustment		$ 4,663			$ 3,541			$ 2,111	
Net interest income and net interest margin ties to Consolidated Statements of Comprehensive Income		$ 320,424	3.96%		$ 310,473	3.95%		$ 288,171	3.91%

(1) Interest income includes $1.8 million, $1.1 million and $6.3 million for fiscal years 2014, 2013 and 2012, respectively, resulting from accretion of purchase accounting discount associated with acquired loans.

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Interest and Dividend Income

The following table presents interest and dividend income for fiscal years 2014, 2013 and 2012:

	Fiscal year ended September 30,		
	2014	2013	2012
	(dollars in thousands)		
Interest and dividend income:			
Loans	$ 324,610	$ 319,710	$ 305,020
Taxable securities	26,363	28,552	32,581
Nontaxable securities	80	127	180
Dividends on securities	968	909	1,030
Federal funds sold and other	455	336	331
Total interest and dividend income (GAAP)	352,476	349,634	339,142
Tax equivalent adjustment	4,663	3,541	2,111
Total interest and dividend income (FTE)	$ 357,139	$ 353,175	$ 341,253

Total interest and dividend income consists primarily of interest income on loans and interest and dividend income on our investment portfolio. Total interest and dividend income was $357.1 million for fiscal year 2014, compared to $353.2 million for fiscal year 2013 and $341.3 million for fiscal year 2012. Significant components of interest and dividend income are described in further detail below.

Loans. Interest income on all loans increased to $329.3 million in fiscal year 2014 from $323.3 million in fiscal year 2013, an increase of 2% during fiscal year 2014. In particular, interest income on our loans, other than loans acquired with deteriorated credit quality, increased $15.0 million, or 5%, to $323.4 million for fiscal year 2014 from $308.4 million for fiscal year 2013, primarily as a result of growth in this portion of our loan portfolio. Interest income on loans acquired with deteriorated credit quality decreased $9.0 million, or 61%, to $5.8 million for fiscal year 2014 from $14.8 million for fiscal year 2013, primarily as a result of continued runoff in this portion of our loan portfolio and acceleration of amortization of the FDIC indemnification assets for those loans covered by FDIC loss-sharing arrangements as the overall cash flow expectations related to that portion of the portfolio continue to improve.

Interest income on all loans increased to $323.3 million in fiscal year 2013 from $307.1 million in fiscal year 2012, an increase of 5% during fiscal year 2013. In particular, interest income on our loans, other than loans acquired with deteriorated credit quality, increased $19.8 million, or 7%, to $308.4 million for fiscal year 2013 from $288.6 million for fiscal year 2012, primarily as a result of growth in this portion of our loan portfolio. Interest income on loans acquired with deteriorated credit quality decreased $3.7 million, or 20%, to $14.8 million for fiscal year 2013 from $18.5 million for fiscal year 2012, primarily as a result of continued runoff in this portion of our loan portfolio.

Our yield on loans is affected by market rates, the level of adjustable-rate loan indices, interest rate floors and caps, customer repayment activity, the level of loans held for sale, portfolio mix and the level of nonaccrual loans. The average yield on loans, other than loans acquired with deteriorated credit quality, was 5.12% for fiscal year 2014, a decrease of 13 basis points compared to 5.25% for fiscal year 2013, which represented a decrease of 42 basis points from 5.67% for fiscal year 2012. Adjusted for the current realized gain (loss) on derivatives we use to manage interest rate risk on certain of our loans at fair value, which we believe represents the underlying economics of the transactions, the adjusted yield on loans, other than loans acquired with deteriorated credit quality, was 4.84% for fiscal year 2014, a decrease of 17 basis points compared to 5.01% in fiscal year 2013, which in turn was a decrease of 46 basis points from 5.47% for fiscal year 2012. These decreases are attributable to the competitive interest rate environment for high quality commercial and agricultural credits across our footprint and a prolonged rate cycle with short-term rates at or near zero. The average yield on loans acquired with deteriorated credit quality was 3.00% for fiscal year 2014, compared to 5.31% for fiscal year 2013 and

4.80% for fiscal year 2012. The yield on this portion of the portfolio is heavily impacted by the amortization rates for the related FDIC indemnification assets, which we pass through interest income. These rates have generally been accelerated over the course of fiscal year 2014, leading to lower net interest income and lower yield for the portfolio.

Average net loan balances for fiscal year 2014 were $6.51 billion, an increase of $351.5 million, or 6% compared to $6.16 billion for fiscal year 2013, which in turn was an increase of $676.4 million, or 12%, compared to $5.48 billion for fiscal year 2012. Growth in our loan portfolio is attributable to organic growth, primarily in commercial non-real estate, agriculture, and targeted commercial real estate lending in fiscal year 2014 and, in fiscal year 2013, to our acquisition of North Central Bancshares, Inc. in June 2012, which contributed approximately $311.6 million of outstanding loan balances, as well as organic growth through the year, primarily in our agriculture and commercial non-real estate loan categories.

Loan-related fee income of $8 million is included in interest income for fiscal year 2014 compared to $9 million for fiscal year 2013 and $8 million for fiscal year 2012. In addition, certain fees collected at loan origination are considered to be a component of yield on the underlying loans and are deferred and recognized into income over the life of the loans. Amortization related to the FDIC indemnification assets of $14.6 million, $14.8 million and $21.7 million for fiscal years 2014, 2013 and 2012, respectively, is included as a reduction to interest income.

Investment Portfolio. Interest and dividend income on investments includes income earned on investment securities and FHLB stock. In fiscal year 2014, our investment portfolio decreased from $1.48 billion as of September 30, 2013 to $1.34 billion as of September 30, 2014, a decrease of 9%, driven primarily by the fact that our loans grew faster than our deposits, and certain holdings were liquidated or not reinvested upon maturity to fund loan growth. Concurrently, the composition of the portfolio changed from substantially all residential agency mortgage-backed securities in periods prior to September 30, 2013 to include holdings in U.S. Treasury securities, which comprised 17% of the portfolio as of September 30, 2014. We elected to invest in these securities primarily for interest rate risk management reasons. Interest and dividend income on investments decreased from $29.6 million in fiscal year 2013 to $27.4 million in fiscal year 2014, a decrease of 7%, driven entirely by the decrease in average balance of the portfolio, as overall yields increased 5 basis points year-over-year from 1.88% in fiscal year 2013 to 1.93% in fiscal year 2014.

In fiscal year 2013, our investment portfolio consisted primarily of mortgage-backed securities, substantially all of which were residential agency mortgage-backed securities. Interest and dividend income on investments decreased to $29.6 million in fiscal year 2013, from $33.8 million in fiscal year 2012, a decrease of 12%. The average balance in our investment portfolio was $1.58 billion in fiscal year 2013 and $1.75 billion in fiscal year 2012, a decrease of 10%, while the average yield decreased from 1.93% to 1.88%, a decrease of 5 basis points. The volume decrease is due to overall balance sheet composition, as the loan portfolio grew faster than the deposit portfolio, with the investment portfolio decreased to balance liquidity and funding requirements. Due to the rate environment and specific securities available in the market, funds from maturing securities and new funds available for investment in fiscal year 2012 and the first half of fiscal year 2013 were invested in purchases of new holdings of investment securities that generated much lower yields than the previous return levels in the portfolio, leading to lower total income and lower weighted yields.

The weighted average life of the portfolio was 3.1 years, 3.9 years and 2.6 years at September 30, 2014, 2013 and 2012, respectively. Average investments in fiscal years 2014, 2013 and 2012 were 18%, 20% and 24%, respectively, of total average interest-earning assets. The carrying value of investment securities and FHLB stock was $1.38 billion, $1.51 billion and $1.61 billion, respectively as of the end of the last three fiscal years.

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Interest Expense

The following table presents interest expense for fiscal years 2014, 2013 and 2012:

	Fiscal year ended September 30,		
	2014	2013	2012
	(dollars in thousands)		
Interest expense:			
Deposits	$ 25,764	$ 33,117	$ 44,416
Securities sold under agreements to repurchase	600	644	1,014
FHLB advances and other borrowings	3,452	3,103	3,098
Related party notes payable	921	950	1,007
Subordinated debentures and other	1,315	1,347	1,436
Total interest expense	$ 32,052	$ 39,161	$ 50,971

Total interest expense consists primarily of interest expense on five components: deposits, securities sold under agreements to repurchase, FHLB advances and other borrowings, related party notes payable and our outstanding subordinated debentures. Total interest expense decreased to $32.1 million in fiscal year 2014, from $39.2 million in fiscal year 2013, a decrease of $7.1 million, or 18%. Total interest expense decreased to $39.2 million in fiscal year 2013, from $51.0 million in fiscal year 2012, a decrease of $11.8 million, or 23%. Average interest-bearing liabilities increased to $7.75 billion in fiscal year 2014 from $7.56 billion in fiscal year 2013 and $7.15 billion in fiscal year 2012, increases of $0.19 billion, or 3%, and $0.41 billion, or 6%, respectively. The average cost of total interest-bearing liabilities decreased to 0.41% in fiscal year 2014, compared to 0.52% in fiscal year 2013 and 0.71% in fiscal year 2012. Significant components of interest expense are described in further detail below.

Deposits. Interest expense on deposits, consisting of checking accounts, MMDAs, NOW accounts, savings accounts and CDs, was $25.8 million in fiscal year 2014 compared with $33.1 million in fiscal year 2013, a decrease of $7.4 million, or 22%. Interest expense on deposits was $33.1 million in fiscal year 2013 compared with $44.4 million in fiscal year 2012, a decrease of $11.3 million, or 25%. Average deposit balances were $7.10 billion in fiscal year 2014, compared with $6.90 billion in fiscal year 2013 and $6.52 billion for fiscal year 2012. Our average deposits increased 3% during fiscal year 2014, and the average rate paid on deposits decreased 12 basis points to 0.36% during fiscal year 2014. At September 30, 2014, our total deposits were $7.05 billion, an increase of 1% compared to September 30, 2013.

Average non-interest-bearing demand account balances comprised 17% of average total deposits for fiscal year 2014 and fiscal year 2013, compared with 15% for fiscal year 2012. Total average other liquid accounts, consisting of money market and savings accounts, continued to increase in fiscal year 2014 to 56% of total average deposits, compared to 48% of total average deposits for fiscal year 2013 and 42% in fiscal year 2012, while CD accounts decreased in fiscal year 2014 to 27% of total average deposits from 35% in fiscal year 2013 and 43% in fiscal year 2012. This shift in our deposit composition accounted for much of the improvement in the cost of our deposit funding among these three periods.

FHLB Advances and Other Borrowings. Interest expense on FHLB advances and other borrowings was $3.5 million for fiscal year 2014, compared to $3.1 million for both fiscal year 2013 and fiscal year 2012, reflecting weighted average cost of 0.97%, 0.94% and 1.02%, respectively. Our average balance for FHLB advances and other borrowings increased to $356.9 million in fiscal year 2014 from $329.0 million in fiscal year 2013 and $303.7 million in fiscal year 2012, an increase of 8% in each period. Average FHLB advances and other borrowings as a proportion of total average interest-bearing liabilities were 5% for fiscal year 2014 and 4% for both fiscal year 2013 and fiscal year 2012. The average rate paid on FHLB advances is impacted by market rates and the various terms and repricing frequency of the specific outstanding borrowings in each year. Our total outstanding FHLB advances were $575.0 million at September 30, 2014, compared with $390.5 million at

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September 30, 2013 and $305.5 million at September 30, 2012. The weighted average contractual rate paid on our FHLB advances was 0.62% at September 30, 2014, 1.05% at September 30, 2013 and 1.04% at September 30, 2012, with the significant decrease in fiscal year 2014 reflecting lower rates offered on long-term variable rate advances taken during the second half of the year. The average tenor of our FHLB advances was 56 months, 25 months and 10 months at September 30, 2014, 2013 and 2012, respectively. The amount of other borrowings and related interest expense are immaterial in each of fiscal years 2014, 2013 and 2012.

We must collateralize FHLB advances by pledging real estate loans or investments. We pledge more assets than required by our current level of borrowings in order to maintain additional borrowing capacity. Although we may substitute other loans for such pledged loans, we are restricted in our ability to sell or otherwise pledge these loans without substituting collateral or prepaying a portion of the FHLB advances. At September 30, 2014, we had pledged $2.1 billion of loans to the FHLB, against which we had borrowed $575.0 million.

Subordinated Debentures and Other. Interest expense on our outstanding subordinated debentures was $1.3 million for fiscal years 2014 and 2013 and $1.4 million for fiscal year 2012. At September 30, 2014, September 30, 2013 and September 30, 2012, the weighted average contractual rate on outstanding subordinated notes was 2.29%, 2.31% and 2.45%, respectively.

Securities Sold Under Agreements to Repurchase; Related Party Notes Payable. Securities sold under agreements to repurchase represent retail repurchase agreements with customers and, together, with our related party notes payable, represent a small portion of our overall funding profile. The interest expense associated with these two classes of liabilities remained largely consistent through the periods disclosed.

Rate and Volume Variances

Net interest income is affected by changes in both volume and interest rates. Volume changes are caused by increases or decreases during the year in the level of average interest-earning assets and average interest-bearing liabilities. Rate changes result from increases or decreases in the yields earned on assets or the rates paid on liabilities.

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The following table presents for each of the last two fiscal years a summary of the changes in interest income and interest expense resulting from changes in the volume of average asset and liability balances and changes in the average yields or rates compared with the preceding fiscal year. If significant, the change in interest income or interest expense due to both volume and rate has been prorated between the volume and the rate variances based on the dollar amount of each variance. The table illustrates a trend of continued balance sheet growth over the last two fiscal years, while margins remain under pressure, particularly on the asset side of the balance sheet, despite improvements in our overall cost of deposits. The rate impact related to loans in each period reflects continued pressure on loan pricing as a result of strong competition in the markets where we operate and the prolonged low-interest rate environment. The table also illustrates the favorable impact to rate and volume attributes of strategic efforts undertaken in fiscal years 2014 and 2013 to shift the balance of our deposit portfolio away from CDs toward more cost-effective NOW accounts, MMDAs and savings accounts and to more closely monitor deposit pricing and exceptions to rates set internally for specific deposit products.

	2014 vs. 2013			2013 vs. 2012		
	Volume	**Rate**	**Total**	**Volume**	**Rate**	**Total**
			(dollars in thousands)			
Increase (decrease) in interest income:						
Cash and due from banks	$ 95	$ 24	$ 119	$ (16)	$ 21	$ 5
Investment securities	(3,046)	869	(2,177)	(3,242)	(961)	(4,203)
Loans, other than acquired with deteriorated credit quality	22,072	(7,079)	14,993	38,082	(18,278)	19,804
Loans, acquired with deteriorated credit quality	(3,674)	(5,297)	(8,971)	(6,009)	2,325	(3,684)
Loans	18,398	(12,376)	6,022	32,073	(15,953)	16,120
Total increase (decrease)	15,447	(11,483)	3,964	28,815	(16,893)	11,922
Increase (decrease) in interest expense:						
NOW, MMDA & savings deposits	1,482	926	2,408	(330)	284	(46)
CDs	(5,165)	(4,596)	(9,761)	(4,346)	(6,906)	(11,252)
Securities sold under agreements to repurchase	(136)	92	(44)	16	(386)	(370)
FHLB advances and other borrowings	269	80	349	56	(51)	5
Related party notes payable		(29)	(29)		(57)	(57)
Subordinated debentures and other		(32)	(32)		(90)	(90)
Total increase (decrease)	(3,550)	(3,559)	(7,109)	(4,604)	(7,206)	(11,810)
Increase (decrease) in net interest income	$ 18,997	$ (7,924)	$ 11,073	$ 33,419	$ (9,687)	$ 23,732

Provision for Loan Losses

We recognized a provision for loan losses of $0.7 million for fiscal year 2014 compared to a provision for loan losses of $11.6 million for fiscal year 2013, a reduction of $10.9 million, or 94%. A reduction in both the level of impaired loans requiring specific reserves and in our incurred loss history resulted in a $4.5 million provision for loan losses for fiscal year 2014 related to the portion of our loan portfolio that was not acquired with deteriorated credit quality or for which we have elected the fair value option, which represented a reduction of $9.2 million, or 67%, related to this portion of the portfolio compared to fiscal year 2013. We believe the reduction in provision for loan losses compared to the prior fiscal year, despite continued growth in this portion of the portfolio and the level of charge-offs that we recognized during fiscal year 2014, is representative of improvement in the overall credit quality of the portfolio. We also recorded a net improvement of $3.8 million during fiscal year 2014 associated with loans acquired with deteriorated credit quality. This compares to an improvement of $2.1 million related to this portion of the portfolio recorded in fiscal year 2013. All loans acquired with deteriorated credit quality for which we recognized an improvement in fiscal year 2014 are covered by FDIC loss-sharing arrangements. We recorded provision for loan losses of $1.7 million, included in the $4.5 million noted previously, related to loans covered by FDIC loss-sharing arrangements related to loans other than loans acquired with deteriorated credit quality during fiscal year 2014. The net change in the amount of provision for loan losses related to this portion of the portfolio was driven by improvements in the level of customer principal and interest cash flows that we received and expect to receive in future periods.

We recognized a provision for loan losses of $11.6 million for fiscal year 2013 compared to a provision for loan losses of $30.1 million for fiscal year 2012, a reduction of $18.5 million, or 62%. A reduction in both the level of impaired loans requiring specific reserves and in our incurred loss history resulted in a $13.7 million provision for loan losses for fiscal year 2013 related to the portion of our loan portfolio that was not acquired with deteriorated credit quality or for which we have elected the fair value option, which represented a reduction of $2.7 million, or 17%, related to this portion of the portfolio compared to fiscal year 2012. We also recorded a net improvement of $2.1 million during fiscal year 2013 associated with loans acquired with deteriorated credit quality. This compares to provision for loan losses of $13.8 million related to this portion of the portfolio recorded in fiscal year 2012, a reduction of $15.9 million. All loans acquired with deteriorated credit quality for which we recognized an improvement in fiscal year 2013 are covered by FDIC loss-sharing arrangements; we had no provision associated with our loans covered by FDIC loss-sharing arrangements other than loans acquired with deteriorated credit quality during fiscal year 2013. The change in the amount of provision for loan losses related to this portion of the portfolio was driven by improvements in the level of customer principal and interest cash flows that we received and expect to receive in future periods.

Noninterest Income

The following table presents noninterest income for fiscal years 2014, 2013 and 2012:

	Fiscal year ended September 30,		
	2014	**2013**	**2012**
	(dollars in thousands)		
Non-interest income:			
Service charges and other fees	$ 40,204	$ 41,692	$ 38,937
Net gain on sale of loans	5,539	13,724	11,794
Casualty insurance commissions	1,073	1,426	1,383
Investment center income	2,417	3,137	1,847
Net gain on sale of securities	90	917	7,305
Trust department income	3,738	3,545	3,241
Gain on acquisition of business			3,950
Other	4,993	10,463	13,696
Subtotal, product and service fees	58,054	74,904	82,153
Net increase (decrease) in fair value of loans at fair value	11,904	(41,160)	15,093
Net realized and unrealized gain (loss) on derivatives	(30,177)	26,088	(29,300)
Subtotal, loans at fair value and related derivatives	(18,273)	(15,072)	(14,207)
Total noninterest income	$ 39,781	$ 59,832	$ 67,946

Our noninterest income is comprised of the various fees we charge our customers for products and services we provide and the impact of changes in fair value of loans for which we have elected the fair value treatment and realized and unrealized gains (losses) on the related interest rate swaps we utilize to manage interest rate risk on these loans. While we are required under US GAAP to present both components within total noninterest income, we believe it is helpful to analyze the two broader components of noninterest income separately to better understand the underlying performance of the business.

Noninterest income was $39.8 million for fiscal year 2014, compared with $59.8 million for fiscal year 2013, a decrease of $20.1 million or 34%. The principal drivers of the decrease were an $8.2 million decrease in gains on home mortgage loans sold into the secondary market, a $5.5 million decrease in other noninterest income primarily resulting from lower vendor incentive payments earned during the year and a $3.2 million net decrease related to loans at fair value and the corresponding interest rate swaps.

Noninterest income was $59.8 million for fiscal year 2013, compared with $67.9 million for fiscal year 2012, a decrease of 12%. The principal drivers of the decrease were declines in gains on sales of investment securities and a $4.0 million bargain purchase gain recorded on the purchase of North Central Bancshares, Inc. in fiscal year 2012 that was not a recurring item. Significant components of noninterest income are described in further detail below.

Service Charges and Other Fees. Service charges and other fees are primarily fees charged to deposit customers, including OD/NSF fees, commercial deposit account analysis and other charges, and ATM interchange and foreign activity fees. Service charges and other fees decreased to $40.2 million in fiscal year 2014 from $41.7 million in fiscal year 2013, a decrease of 4%. The decrease was driven primarily by a $1.8 million decrease in net OD/NSF fees generated by consumer and business checking accounts. Although this portion of our deposit base continues to grow, we believe this decrease is driven by a shift toward more business accounts with higher average balances and fewer average OD/NSF occurrences.

Service charges and other fees increased to $41.7 million in fiscal year 2013 from $38.9 million in fiscal year 2012, an increase of 7%. The increase was primarily driven by higher ATM usage volumes, an increase in customer OD/NSF fees, and charges generated from the launch of a new fee-based consumer checking product offering.

Because of our ownership by NAB, we are subject to the limitations on permissible interchange fees contained in the Durbin Amendment to the Dodd-Frank Act, and the implementing regulations, which are reflected in the ATM interchange income we generated during fiscal years 2014, 2013 and 2012. We estimate that the annual impact of this limitation is approximately $6.0 million.

Net Gain on Sale of Loans. The net gain on the sale of $214.3 million in aggregate principal balance of loans was $5.5 million in fiscal year 2014. In comparison, the net gain on sale of loans was $13.7 million on loan sales of $450.0 million in fiscal year 2013 and $11.8 million on loan sales of $417.0 million in fiscal year 2012. Our average gain as a percentage of loans sold decreased approximately 50 basis points in fiscal year 2014 compared to fiscal year 2013 and approximately 30 basis points compared to 2012, as we reduced pricing to the end customer in order to defend market share. Our loan sale activity in all three fiscal years was primarily the sale of conforming residential mortgage loans to FNMA, other commercial banks and, to a lesser extent, various state-sponsored first-time homebuyer programs. Net gain on sales of loans fluctuates with the volume of loans sold, the type of loans sold and market conditions such as the current interest rate environment. The volume of loans that we sell depends upon conditions in the mortgage origination, loan securitization and secondary loan sale markets. Volumes were substantially lower in fiscal year 2014 compared to fiscal years 2013 and 2012 as the increased rates in the home mortgage market during the year substantially slowed refinance activity that had driven a significant portion of our revenues in the prior two fiscal years; this decrease was partially offset by a reduction in costs incurred in our mortgage business.

Investment Center Income. Investment center income consists of revenues from the investment advisory and wealth management services, other than trust services, we make available to our customers. Investment center income was $2.4 million in fiscal year 2014, compared to $3.1 million for fiscal year 2013 and $1.8 million for fiscal year 2012. The decrease in fiscal year 2014 was primarily driven by turnover of our investment staff and related customer attrition, whereas the increase in fiscal year 2013 was primarily the result of an increase in assets under management based on positive market conditions and trends.

Net Gain on Sale of Securities. Net gain on sale of securities represents the difference between gross sale proceeds and carrying value at amortized cost of investment securities sold during the period. We received total proceeds related to security sales of $542.8 million during fiscal year 2012, generating net gains of $7.3 million,

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compared to the $0.9 million of gains on the sale of securities on total proceeds of $72.4 million during fiscal year 2013 and $0.1 million of gains on the sale of securities on total proceeds of $47.2 million during fiscal year 2014. The decrease in each year is primarily attributable to lower volumes of security sales in each year relative to the prior year.

Net increase (decrease) in fair value of loans at fair value; Net realized and unrealized gain (loss) on derivatives. In the normal course of business, we use interest rate swaps to manage our interest rate risk. The interest rate swap agreements are entered into in order to facilitate the risk management strategies of a small number of commercial real estate, commercial non-real estate and agriculture fixed-rate loan customers with original maturities 5 years or greater, and typically 5 to 15 years. We mitigate this risk by entering into equal and offsetting interest rate swap agreements with NAB. Changes in the fair value of the loans, whether driven by interest or credit, are recorded in Net increase (decrease) in fair value of loans at fair value within noninterest income. The related interest rate swaps are recognized as either assets or liabilities in our financial statements and any gains or losses, realized or unrealized, on these swaps are recorded in Net realized and unrealized gain (loss) on derivatives within noninterest income. Changes in fair value of the loans related to interest rates and unrealized gains (losses) on the derivatives related to interest rates offset in any reporting period. Therefore, the net impact to noninterest income in any reporting period represents the changes in fair value of the loans related to credit and the realized gains (losses) on the derivatives. We believe that, economically, the realized gains (losses) on the derivatives more appropriately offset the interest income recognized on the related loans and have presented non-GAAP adjusted net interest income and adjusted net interest margin to adjust for the underlying economics as outlined in Prospectus Summary Summary Historical Consolidated Financial and Operating Information. For more information on these accounting arrangements, see Key Factors Affecting Our Business and Financial Statements Loans and Interest Rates Swaps Accounted for at Fair Value.

Other income. Other income includes rental income derived from leasing certain portions of bank-owned real estate, vendor incentive payments and other miscellaneous income items. Other income decreased to $5.0 million in fiscal year 2014 compared to $10.5 million in fiscal year 2013 and $13.7 million in fiscal year 2012, driven primarily by a decrease in the amount of vendor incentives earned.

Noninterest Expense

The following table presents noninterest expense for fiscal years 2014, 2013 and 2012:

	Fiscal year ended September 30,		
	2014	2013	2012
	(dollars in thousands)		
Noninterest expense:			
Salaries and employee benefits	$ 95,105	$ 100,660	$ 97,689
Occupancy expenses, net	17,526	18,532	17,366
Data processing	19,548	18,980	15,270
Equipment expenses	4,350	4,518	5,438
Advertising	4,746	6,267	8,169
Communication expenses	4,510	4,609	4,826
Professional fees	12,233	12,547	13,049
Net (gain) loss from sale of repossessed property and other assets	(2,451)	(2,788)	(6,822)
Amortization of core deposits and other intangibles	16,215	19,290	19,646

Other	28,440	25,975	34,188
Total noninterest expense	$ 200,222	$ 208,590	$ 208,819

Our noninterest expense consists primarily of salaries and employee benefits, net occupancy expenses, data processing, professional fees and amortization of core deposits and other intangibles. Noninterest expense decreased to $200.2 million in fiscal year 2014 from $208.6 million in fiscal year 2013, a decrease of 4%.

Adjusted for amortization of intangible assets, our tangible noninterest expenses decreased 3% from $189.3 million in fiscal year 2013 to $184.0 million in fiscal year 2014. Our efficiency ratio was 50.4% for fiscal year 2014 and 50.6% for fiscal year 2013. The decline in our tangible noninterest expenses was driven primarily by lower salaries and employee benefits and lower net occupancy expenses. For more information on our tangible noninterest expense and efficiency ratio, including a reconciliation of each to the most directly comparable U.S. GAAP financial measures, see Prospectus Summary Summary Historical Consolidated Financial and Operating Information.

Noninterest expense decreased marginally to $208.6 million in fiscal year 2013 from $208.8 million in fiscal year 2012. Adjusted for amortization of intangible assets, our tangible noninterest expenses increased marginally from $189.2 million in fiscal year 2012 to $189.3 million in fiscal year 2013. Our efficiency ratio was 50.6% for fiscal year 2013 and 52.8% for fiscal year 2012, a decrease of 4%. The reduction in tangible noninterest expense was driven primarily by decreases in costs related to OREO, including valuation declines and property maintenance and protection, and integration expenses. For more information on our tangible noninterest expense and efficiency ratio, including a reconciliation of each to the most directly comparable U.S. GAAP financial measures, see Prospectus Summary Summary Historical Consolidated Financial and Operating Information. Significant components of noninterest expense are described in further detail below.

Salaries and Employee Benefits. Salaries and employee benefits are the largest component of noninterest expense and include the cost of incentive compensation, benefit plans, health insurance and payroll taxes. These expenses were $95.1 million for fiscal year 2014, a 6% decrease from $100.7 million for fiscal year 2013. The decrease was primarily driven by steps we took to streamline our retail management structure and savings realized from a net closure of 21 branches during fiscal years 2013 and 2014. Salaries and employee benefits were $100.7 million for fiscal year 2013, a 3% increase from $97.7 million for fiscal year 2012. The increase was driven primarily by the impact of a standard annual increase in wages and higher costs of employee benefits including health insurance, retirement plan contributions and other fringe benefits.

Occupancy Expenses. Occupancy costs were $17.5 million for fiscal year 2014, $18.5 million for fiscal year 2013 and $17.4 million for fiscal year 2012. Occupancy expenses relate to our branch network and administrative office locations throughout our footprint, including both owned and leased locations. The reduction in fiscal year 2014 was primarily driven by savings related to branch closures, whereas the increase in fiscal year 2013 was spread over all classes of expenses, including utilities, rent, insurance and real estate taxes.

Data Processing. These expenses include payments to vendors who provide software, data processing, and services on an outsourced basis, costs related to supporting and developing Internet-based activities, credit card rewards provided to our customers and depreciation of bank-owned hardware and software. Expenses for data processing were $19.5 million for fiscal year 2014, a 3% increase from $19.0 million for fiscal year 2013. The year-over-year increase was primarily driven by higher credit card rewards paid to customers due to increased purchase activity volumes. Expenses for data processing were $19.0 million for fiscal year 2013, a 24% increase from $15.3 million for fiscal year 2012. The year-over-year increase was primarily driven by higher depreciation and third party vendor expenditures, mostly related to online and mobile applications, and higher credit card processing expenses on increased volumes.

Advertising. Advertising expenses declined by $1.5 million to $4.7 million in fiscal year 2014 and by $1.9 million to $6.3 million for fiscal year 2013. The decrease was a result of more focused marketing campaigns.

Professional Fees. Professional fees include legal services required to complete transactions, resolve legal matters or delinquent loans, our FDIC and FICO assessments, and the cost of accountants and other consultants. These expenses were $12.2 million for fiscal year 2014, a 3% decrease from $12.5 million for fiscal year 2013, which similarly was a 4% decrease from $13.0 million for fiscal year 2012. The decrease in fiscal year 2014 was driven largely by reduced legal expenses which primarily relates to overall improvements in asset quality and fewer problem assets to consume third-party costs, while the decrease in fiscal year 2013 was primarily driven by a 66% decline in consulting fees resulting from a renewed focus on controlling third party expenses.

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Net Gain from Sale of Repossessed Property and Other Assets. Our net gain on the sale of repossessed property and other assets was $2.5 million for fiscal year 2014, a decline of $0.3 million from $2.8 million for fiscal year 2013, consistent with a decrease of approximately 20% of book value of OREO assets sold year-over-year. Net gain on the sale of repossessed property and other assets was $2.8 million for fiscal year 2013, a decline of $4.0 million from $6.8 million for fiscal year 2012. This decline was primarily the result of a decrease in the number and carrying value of properties held as OREO and available for sale, resulting in fewer sales and lower cumulative gains in fiscal year 2013 compared to fiscal year 2012.

Amortization of Core Deposits and Other Intangibles. Amortization of core deposits and other intangibles represents the scheduled amortization of specifically-identifiable intangible assets arising from acquisitions, including NAB s acquisition of us as well as subsequent acquisitions completed by us. The most significant component of amortization of core deposits and other intangibles relates to core deposit intangible assets, which represented $13.8 million in fiscal year 2014 compared to $16.8 million in fiscal year 2013 and $17.2 million in fiscal year 2012. The intangible assets currently recorded are scheduled to amortize through May 2023. Total scheduled amortization for all intangible assets includes approximately $7 million for fiscal year 2015, approximately $3 million for fiscal year 2016 and immaterial amounts for fiscal years 2017 through 2023.

Other. Other noninterest expenses include costs related to OREO, business development and professional membership fees, travel and entertainment costs and costs specific to integrating newly acquired banks. Other noninterest expenses increased from $26.0 million in fiscal year 2013 to $28.4 million in fiscal year 2014, an increase of 9%. The increase was driven primarily by a $4.7 million increase in net OREO costs which was related in large part to a valuation adjustment related to a specific construction and development loan that was foreclosed during the year, partially offset by reductions across other categories of expenses. Other noninterest expenses decreased from $34.2 million in fiscal year 2012 to $26.0 million in fiscal year 2013, a decrease of 24%. The decrease was driven primarily by a $6.5 million decrease in net OREO costs and a $7.1 million decrease in integration expenses, partially offset by a $2.5 million increase related to the FDIC clawback liability recorded in conjunction with our FDIC loss-sharing arrangements.

Provision for Income Taxes

The provision for income taxes varies due to the amount of taxable income, the investments in tax-advantaged securities and tax credit funds and the rates charged by federal and state authorities. The provision for income taxes of $54.3 million in fiscal year 2014 represents an effective tax rate of 34.1%, compared to $53.9 million or 35.9% for fiscal year 2013 and $44.2 million or 37.7% for fiscal year 2012, with the decrease in rate over a three-year period primarily due to a larger amount of tax exempt interest and the mix of state and local taxes we recognized. We have historically calculated our provision for income taxes as though we were a standalone company and we do not expect any material changes in our provisioning for income taxes as a result of our initial public offering.

Return on Assets and Equity

The table below presents our return on average total assets, return on average common equity, dividend payout ratio, average common equity to average assets ratio and net income per average common share at and for the dates presented:

	At and for the fiscal year ended September 30,		
	2014	**2013**	**2012**

Return on average total assets	1.14%	1.07%	0.85%
Return on average common equity	7.34%	6.97%	5.40%
Dividend payout ratio	97%	43%	57%
Average common equity to average assets ratio	15.48%	15.30%	15.76%
Net income per average common share(1)	$ 1.81	$ 1.66	$ 1.26

(1) Net income per average common share is calculated using 57,886,114 shares outstanding after the stock split we effected on October 17, 2014.

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Analysis of Financial Condition

Loan Portfolio

The following table presents our loan portfolio by category at the end of the most recent quarter and at the end of each of the last five fiscal years:

	March 31, 2015	September 30, 2014	2013	2012	2011	2010
		(dollars in thousands)				
Unpaid principal balance:						
Commercial non-real estate[1]						
Loans, other than loans acquired with deteriorated credit quality	$ 1,650,445	$ 1,562,540	$ 1,469,834	$ 1,334,760	$ 941,009	$ 875,458
Loans acquired with deteriorated credit quality	7,411	9,100	11,922	19,042	29,859	83,343
Total	1,657,856	1,571,640	1,481,756	1,353,802	970,868	958,801
Agriculture[1]						
Loans, other than loans acquired with deteriorated credit quality	$ 1,748,366	$ 1,681,209	$ 1,587,248	$ 1,396,472	$ 1,091,755	$ 923,015
Loans acquired with deteriorated credit quality						
Total	1,748,366	1,681,209	1,587,248	1,396,472	1,091,755	923,015
Commercial real estate[1]						
Loans, other than loans acquired with deteriorated credit quality	$ 2,632,361	$ 2,476,935	$ 2,208,816	$ 2,196,543	$ 2,083,289	$ 2,113,863
Loans acquired with deteriorated credit quality	40,894	64,259	103,158	167,556	259,179	430,498
Total	2,673,255	2,541,194	2,311,974	2,364,099	2,342,468	2,544,361
Residential real estate						
Loans, other than loans acquired with deteriorated credit quality	$ 803,250	$ 789,386	$ 765,390	$ 757,947	$ 532,198	$ 616,412
Loans acquired with deteriorated credit quality	101,864	112,219	141,079	182,278	244,498	376,128
Total	905,114	901,605	906,469	940,225	776,696	992,540
Consumer						
Loans, other than loans acquired with deteriorated	$ 78,570	$ 88,163	$ 97,874	$ 119,644	$ 87,409	$ 103,825

credit quality						
Loans acquired with deteriorated credit quality	1,466	1,923	3,603	7,592	15,742	65,645
Total	80,036	90,086	101,477	127,236	103,151	169,470
Other lending						
Loans, other than loans acquired with deteriorated credit quality	$ 35,433	$ 34,243	$ 24,630	$ 15,028	$ 7,814	$ 21,684
Loans acquired with deteriorated credit quality			81	386	456	524
Total	35,433	34,243	24,711	15,414	8,270	22,208
Total loans, other than loans acquired with deteriorated credit quality	6,948,425	$ 6,632,476	$ 6,153,792	$ 5,820,394	$ 4,743,474	$ 4,654,257
Total loans acquired with deteriorated credit quality	151,635	187,501	259,843	376,854	549,734	956,138
Total unpaid principal balance	7,100,060	6,819,977	6,413,635	6,197,248	5,293,208	5,610,395
Less: Unamortized discount on acquired loans	(21,774)	(25,638)	(34,717)	(55,836)	(94,475)	(184,622)
Less: Unearned net deferred fees and costs and loans in process	(5,821)	(6,872)	(16,245)	(2,838)	(4,692)	(5,053)
Total loans	7,072,465	6,787,467	6,362,673	6,138,574	5,194,041	5,420,720
Allowance for loan losses	(52,426)	(47,518)	(55,864)	(71,878)	(71,543)	(55,620)
Loans, net	$ 7,020,039	$ 6,739,949	$ 6,306,809	$ 6,066,696	$ 5,122,498	$ 5,365,100

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(1) Unpaid principal balance for commercial non-real estate, agriculture and commercial real estate loans includes fair value adjustments associated with long-term fixed-rate loans where we have entered into interest rate swaps to hedge our interest rate risk. See Key Factors Affecting Our Business and Financial Statements Loans and Interest Rate Swaps Accounted for at Fair Value for more information.

From September 30, 2010 to September 30, 2014, net of the change in the balance of acquired credit-impaired loans from our acquisition of TierOne Bank that are accounted for in accordance with ASC 310-30 *Accounting for Purchased Loans*, our loan portfolio grew at a CAGR of 7%. During fiscal year 2014, we continued to focus growth efforts on our commercial non-real estate, agriculture, and certain commercial real estate loan categories. Over the same time period, residential real estate and consumer loans continue to gradually run off in real dollar terms and as a percentage of the portfolio. A large portion of those loans are acquired and continue to run off faster than we originate similar loans.

During the second quarter of fiscal year 2015, total loans grew by 1.2%, or $85.7 million. The growth was primarily focused in the CRE, C&I, and agriculture segments of the portfolio. Over the same time period, residential real estate, consumer and other loan balances remained generally stable.

The following tables present an analysis of the unpaid principal balance of our loan portfolio at March 31, 2015 and September 30, 2014, by borrower and collateral type and by each of the four major geographic areas we use to manage our markets.

	March 31, 2015						
	Nebraska	Iowa/ Kansas/ Missouri	South Dakota	Arizona/ Colorado	Other	Total	%
	(dollars in thousands)						
Commercial non-real estate(1)	$ 294,125	$ 825,978	$ 278,237	$ 207,207	$ 52,309	$ 1,657,856	23.3%
Agriculture(1)	177,825	434,750	623,349	500,972	11,470	1,748,366	24.6%
Commercial real estate(1)	650,636	735,182	687,493	547,332	52,612	2,673,255	37.8%
Residential real estate	226,465	316,316	169,012	131,764	61,557	905,114	12.7%
Consumer	23,656	25,927	23,330	5,113	2,010	80,036	1.1%
Other lending						35,433	0.5%
Total	$ 1,372,707	$ 2,338,153	$ 1,781,421	$ 1,392,388	$ 179,958	$ 7,100,060	100%
% by location	19.3%	32.9%	25.1%	19.6%	3.1%	100%	

(1) Unpaid principal balance for commercial non-real estate, agriculture and commercial real estate loans includes fair value adjustments associated with long-term fixed-rate loans where we have entered into interest rate swaps to hedge our interest rate risk. See Key Factors Affecting Our Business and Financial Statements Loans and Interest Rate Swaps Accounted for at Fair Value for more information.

(2) Balances in this column represent acquired workout loans and certain other loans managed by our staff, commercial and consumer credit card loans, fair value adjustments related to acquisitions and loans for which we have elected the fair value option, which could result in a negative carrying amount in the event of a net negative fair value adjustment.

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	September 30, 2014						
	Nebraska	Iowa / Kansas / Missouri	South Dakota	Arizona / Colorado	Other[(2)]	Total	%
	(dollars in thousands)						
Commercial non-real estate[(1)]	$ 369,688	$ 710,259	$ 267,581	$ 189,163	$ 34,949	$ 1,571,640	23.0%
Agriculture[(1)]	139,922	451,859	575,755	512,207	1,466	1,681,209	24.7%
Commercial real estate[(1)]	547,788	746,986	660,007	527,505	58,908	2,541,194	37.3%
Residential real estate	227,114	319,152	159,908	129,151	66,280	901,605	13.2%
Consumer	26,266	28,844	26,452	6,038	2,486	90,086	1.3%
Other lending					34,243	34,243	0.5%
Total	$ 1,310,778	$ 2,257,100	$ 1,689,703	$ 1,364,064	$ 198,332	$ 6,819,977	100%
% by location	19.2%	33.1%	24.8%	20.0%	2.9%	100%	

(1) Unpaid principal balance for commercial non-real estate, agriculture and commercial real estate loans includes fair value adjustments associated with long-term fixed-rate loans where we have entered into interest rate swaps to hedge our interest rate risk. See Key Factors Affecting Our Business and Financial Statements Loans and Interest Rate Swaps Accounted for at Fair Value for more information.

(2) Balances in this column represent acquired workout loans and certain other loans managed by our staff, commercial and consumer credit card loans, fair value adjustments related to acquisitions and loans for which we have elected the fair value option, which could result in a negative carrying amount in the event of a net negative fair value adjustment.

The following table presents additional detail regarding our agriculture, CRE and residential real estate loans at September 30, 2014 and March 31, 2015:

	March 31, 2015 (dollars in thousands)	Sept. 30, 2014 (dollars in thousands)
Commercial non-real estate	$ 1,657,856	$ 1,571,640
Agriculture real estate	839,368	783,405
Agriculture operating loans	908,998	897,804
Agriculture	1,748,366	1,681,209
Construction and development	310,011	314,000
Owner-occupied CRE	1,110,074	1,151,868
Non-owner-occupied CRE	1,011,274	922,395
Multifamily residential real estate	241,896	152,931
Commercial real estate	2,673,255	2,541,194
Home equity lines of credit	337,558	340,819

Closed-end first lien	444,720	438,708
Closed-end junior lien	53,157	63,626
Residential construction	69,679	58,452
Residential real estate	905,114	901,605
Consumer	80,036	90,086
Other	35,433	34,243
Total unpaid principal balance	$ 7,100,060	$ 6,819,977

Commercial Non-Real Estate. Commercial non-real estate, or business lending, represents one of our core competencies. We believe that providing a tailored range of integrated products and services, including lending, to small- and medium-enterprise customers is the business at which we excel and through which we can generate favorable returns for our stockholders. We offer a number of different products including working capital and

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other shorter-term lines of credit, fixed-rate loans over a wide range of terms including our tailored business loans, for which we enter into matching interest rate swaps that give us floating payments for all deals over five years, and variable-rate loans with varying terms. During fiscal year 2014, commercial non-real estate lending grew by $89.4 million, or 6%.

Agriculture. Agriculture loans include farm operating loans and loans collateralized by farm land. According to the American Bankers Association, at December 31, 2014, we were ranked the seventh-largest farm lender bank in the United States measured by total dollar volume of farm loans, and we take great pride in our knowledge of the agricultural industry across our footprint. We consider agriculture lending one of our core competencies. In 2008, agriculture loans comprised approximately 15% of our overall loan portfolio, compared to 25% as of March 31, 2015. We target a 20% to 30% portfolio composition for agriculture loans according to our risk appetite statement approved by our board of directors. Within our agriculture portfolio, loans are diversified across a wide range of subsectors with the majority of the portfolio concentrated within various types of grain, livestock and dairy products, and across different geographical segments within our footprint.

Commercial Real Estate. CRE includes both owner-occupied CRE and non-owner-occupied CRE and construction and development lending. While CRE lending will remain a significant component of our overall loan portfolio, we are committed to managing our exposure to riskier construction and development deals specifically, and to CRE lending in general, by targeting relationships with relatively low loan-to-value positions, priced to reflect the amount of risk we accept as the lender. This focus on rebalancing the portfolio is reflected in the fact that CRE lending comprised nearly 50% of the portfolio at the time of the NAB acquisition in 2008, compared to 38% as of March 31, 2015.

Residential Real Estate. Residential real estate lending reflects 1-to-4-family real estate construction loans, closed-end first-lien mortgages (primarily single-family long-term first mortgages resulting from acquisitions of other banks), closed-end junior-lien mortgages and home equity lines of credit, or HELOCs. Our closed-end first-lien mortgages include a small percentage of single-family first mortgages that we originate and cannot subsequently sell into the secondary market, including jumbo products, adjustable-rate mortgages and rural home mortgages. Conversely, a large percentage of our total single-family first mortgage originations are sold into the secondary market in order to meet our interest rate risk management objectives.

Consumer. Our consumer lending offering comprises a relatively small portion of our total loan portfolio, and predominantly reflects small-balance secured and unsecured products marketed by our retail branches.

Other Lending. Other lending includes all other loan relationships that do not fit within the categories above, primarily consumer and commercial credit cards and customer deposit account overdrafts.

The following table presents the maturity distribution of our loan portfolio as of March 31, 2015. The maturity dates were determined based on the contractual maturity date of the loan:

	1 Year or Less	>1 Through 5 Years	>5 Years	Total
		(dollars in thousands)		
Maturity distribution:				
Commercial non-real estate	$ 688,205	$ 473,996	$ 495,655	$ 1,657,856

Agriculture	776,020	644,767	327,579	1,748,366
Commercial real estate	378,913	1,163,203	1,131,139	2,673,255
Residential real estate	117,968	401,967	385,179	905,114
Consumer	15,847	48,474	15,715	80,036
Other lending	35,433			35,433
Total	$ 2,012,386	$ 2,732,407	$ 2,355,267	$ 7,100,060

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The following table presents the distribution, as of March 31, 2015, of our loans that were due after one year between fixed and variable interest rates:

	Fixed	Variable	Total
		(dollars in thousands)	
Maturity distribution:			
Commercial non-real estate	$ 628,413	$ 341,238	$ 969,651
Agriculture	746,895	225,451	972,346
Commercial real estate	1,158,396	1,135,946	2,294,342
Residential real estate	211,766	575,380	787,146
Consumer	56,990	7,199	64,189
Total	$ 2,802,460	$ 2,285,214	$ 5,087,674

OREO

In the normal course of business, we obtain title to parcels of real estate and other assets when borrowers are unable to meet their contractual obligations and we initiate foreclosure proceedings, or via deed in lieu of foreclosure actions. OREO assets are considered nonperforming assets. When we obtain title to an asset, we evaluate how best to maintain and protect our interest in the property and seek to liquidate the assets at an acceptable price in a timely manner. Our total OREO carrying value was $43.6 million as of March 31, 2015, a decrease of $0.1 million and $6.0 million compared to December 31, 2014 and September 30, 2014, respectively. The amount of OREO covered by FDIC loss-sharing arrangements was $8.6 million as of March 31, 2015 and $10.6 million as of September 30, 2014. The following table presents our OREO balances for the period indicated:

	Quarter ended March 31, 2015	Six months ended March 31, 2015	Fiscal year ended Sept. 30, 2014	2013	2012
				(dollars in thousands)	
Beginning balance	$ 43,442	$ 49,580	$ 57,422	$ 68,526	$ 99,640
Additions to OREO	5,545	6,914	33,502	28,980	62,158
Valuation adjustments and other	(3,185)	(5,295)	(14,074)	(6,884)	(14,060)
Sales	(2,237)	(7,634)	(27,270)	(33,200)	(79,212)
Ending balance	$ 43,565	$ 43,565	$ 49,580	$ 57,422	$ 68,526

Investments

The following table presents the amortized cost of each category of our investment portfolio at the dates indicated:

March 31, 2015	Sept. 30, 2014	2013	2012

		(dollars in thousands)		
U.S. Treasury securities	$ 271,753	$ 222,868	$	$ 5,005
U.S. Agency securities	74,345			
Mortgage-backed securities:				
Government National Mortgage Association	945,299	1,113,363	1,470,822	1,502,442
Federal National Mortgage Association	48,495		1	1
Small Business Assistance Program	51,086			
States and political subdivision securities	2,107	2,188	3,513	5,757
Corporate debt securities	4,996	11,732	11,889	32,878
Other	1,006	1,006	5,449	5,449
Total	$ 1,399,087	$ 1,351,157	$ 1,491,674	$ 1,551,532

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We have historically invested excess deposits in high-quality, liquid investment securities including residential agency mortgage-backed securities and, to a lesser extent, U.S. Treasury securities, corporate debt securities and issuances of U.S. states and political subdivisions. Our investment portfolio serves as a means to collateralize FHLB borrowings and public funds deposits, to earn net spread income on excess deposits and to maintain liquidity and balance interest rate risk. Dating to the beginning of fiscal year 2011, the portfolio composition was heavily weighted toward Government National Mortgage Association residential agency mortgage-backed securities to fit the risk appetite and financial return targets of NAB; however, we rebalanced approximately $100 million of the portfolio into non-GNMA mortgage-backed securities in the second quarter of fiscal year 2015 to balance our interest rate risk exposures. U.S. Treasury securities comprised 20% of the total market value of the portfolio as of March 31, 2015. Since September 30, 2014, the carrying value of the portfolio has increased by $61.3 million, or 4.5%.

The following tables present the aggregate amortized cost of each investment category of the investment portfolio and the weighted average yield for each investment category for each maturity period at September 30, 2014 and March 31, 2015. Maturities of mortgage-backed securities may differ from contractual maturities because the mortgages underlying the securities may be called or prepaid without any penalties. The weighted-average yield on these assets is presented below based on the contractual rate, as opposed to a tax equivalent yield concept.

	March 31, 2015													
	Due in one year or less		Due after one year through five years		Due after five years through ten years		Due after ten years		Mortgage-backed securities		Securities without contractual maturities		Total	
	Amounts	Weighted average return	Amounts	Weighted average return	Amounts	Weighted average return	Amounts	Weighted average return	Amounts	Weighted average return	Amounts	Weighted average return	Amounts	W av r
easury s	$	%	$ 271,753	1.39%	$	%	$	%	$		$	%	$ 271,753	
ge-backed s	74,345	1.78%		%		%		%	1,044,880	1.76%		%	1,119,225	
nd ion s	1,817	5.18%	290	3.46%	0	%		%		%		%	2,107	
te debt s		%			4,996	1.78%		%				%	4,996	
		%				%		%			1,006	%	1,006	
	$ 76,162	1.86%	$ 272,043	1.40%	$ 4,996	1.78%	$	%	$ 1,044,880	1.76%	$ 1,006	%	$ 1,399,087	

September 30, 2014						
Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years	Mortgage-backed securities	Securities without contractual maturities	Total

	Amount	Weighted average return	Amount	Weighted average return	Amount	Weighted average return	Amount	Weighted average return	Amount	Weighted average return	Amount	Weighted average return	Amount	We av re
						(dollars in thousands)								
easury es	$	%	$ 222,868	1.33%	$	%	$	%	$	%	$	%	$ 222,868	
ge-backed es		%		%		%		%	1,113,363	1.87%		%	1,113,363	
nd l sion es	470	5.78%	414	3.41%	1,304	5.30%		%		%		%	2,188	
ate debt es	6,737	2.41%		%	4,995	1.75%		%		%		%	11,732	
		%		%		%		%		%	1,006	%	1,006	
	$ 7,207	2.63%	$ 223,282	1.33%	$ 6,299	2.48%	$	%	$ 1,113,363	1.87%	$ 1,006	%	$ 1,351,157	

Asset Quality

We place an asset on nonaccrual status when any installment of principal or interest is more than 90 days past due (except for loans that are well secured and in the process of collection) or earlier when management determines the ultimate collection of all contractually due principal or interest to be unlikely. Restructured loans for which we grant payment or significant interest rate concessions are placed on nonaccrual status until collectability improves and a satisfactory payment history is established, generally by the receipt of at least six consecutive payments. Our collection policies related to delinquent and charged-off loans are highly focused on individual relationships, and we believe that these policies are in compliance with all applicable laws and regulations.

The following table presents the dollar amount of nonaccrual loans, OREO, restructured performing loans and accruing loans over 90 days past due, at the end of the dates indicated. Loans covered by FDIC loss-sharing arrangements are generally pooled with other similar loans and are generally accreting purchase discount into income each period. Subject to compliance with the applicable loss-sharing agreement, we are generally indemnified by the FDIC at a rate of 80% for any future credit losses on loans covered by FDIC loss-sharing arrangements through June 4, 2015 for commercial loans and June 4, 2020 for single-family real estate loans.

	March 31, 2015	2014	2013	Sept. 30, 2012	2011	2010
			(dollars in thousands)			
Nonaccrual loans[1]						
Commercial non-real estate						
Loans covered by FDIC loss-sharing arrangements	$ 1,900	$ 2,126	$ 2,947	$ 9,898	$ 18,223	$ 43,774
Loans not covered by FDIC loss-sharing arrangements	9,015	4,908	6,641	7,394	12,359	14,168
Total	10,915	7,034	9,588	17,292	30,582	57,942
Agriculture						
Loans covered by FDIC loss-sharing arrangements	$	$	$	$	$	$ 2,197
Loans not covered by FDIC loss-sharing arrangements	18,860	11,453	8,236	3,757	6,200	5,109
Total	18,860	11,453	8,236	3,757	6,200	7,306
Commercial real estate						
Loans covered by FDIC loss-sharing arrangements	$ 15,788	$ 21,995	$ 31,151	$ 48,822	$ 120,141	$ 179,341
Loans not covered by FDIC loss-sharing arrangements	10,836	20,767	57,652	71,455	116,465	45,741
Total	26,624	42,762	88,803	120,277	236,606	225,082
Residential real estate						
Loans covered by FDIC loss-sharing arrangements	$ 10,132	$ 10,839	$ 13,401	$ 16,890	$ 21,513	$ 37,323
Loans not covered by FDIC loss-sharing arrangements	7,690	6,671	8,746	10,798	7,377	6,334
Total	17,822	17,510	22,147	27,688	28,890	43,657
Consumer						
Loans covered by FDIC loss-sharing arrangements	$	$	$	$	$ 17	$ 1,173

Loans not covered by FDIC loss-sharing arrangements	111	146	226	401	823	686
Total	111	146	226	401	840	1,859
Other lending						
Loans covered by FDIC loss-sharing arrangements	$	$	$	$	$	$
Loans not covered by FDIC loss-sharing arrangements						
Total						

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	March 31, 2015	2014	2013	Sept. 30, 2012	2011	2010
			(dollars in thousands)			
Total nonaccrual loans covered by FDIC loss-sharing arrangements	$ 27,820	$ 34,960	$ 47,499	$ 75,610	$ 159,894	$ 263,808
Total nonaccrual loans not covered by FDIC loss-sharing arrangements	46,512	43,945	81,501	93,805	143,224	72,038
Total nonaccrual loans	74,332	78,905	129,000	169,415	303,118	335,846
OREO	43,565	49,580	57,422	68,526	99,640	132,988
Total nonperforming assets	$ 117,897	$ 128,485	$ 186,422	$ 237,941	$ 402,758	$ 468,834
Restructured performing loans	58,122	36,837	39,130	40,009	14,244	
Total nonperforming and restructured assets	$ 176,019	$ 165,322	$ 225,552	$ 277,950	$ 417,002	$ 468,834
Accruing loans 90 days or more past due	$ 183	$ 28	$ 227	$ 1,832	$ 352	$ 203
Nonperforming restructured loans included in total nonaccrual loans	$ 15,188	$ 20,415	$ 63,140	$ 50,305	$ 14,244	*
Nonaccretable difference outstanding related to loans acquired with deteriorated credit quality	$ 55,720	$ 62,606	$ 92,541	$ 179,199	$ 303,413	$ 495,665
Percent of total assets						
Nonaccrual loans(1)						
Loans not covered by FDIC loss-sharing arrangements	0.48%	0.47%	0.89%	1.04%	1.75%	0.87%
Total	0.76%	0.84%	1.41%	1.88%	3.70%	4.05%
OREO	0.45%	0.53%	0.63%	0.76%	1.22%	1.61%
Nonperforming assets(2)	1.21%	1.37%	2.04%	2.64%	4.92%	5.66%
Nonperforming and restructured assets(2)	1.80%	1.76%	2.47%	3.09%	5.09%	5.66%

* Information not available for periods indicated.

(1) Includes nonperforming restructured loans.

(2) Includes nonaccrual loans, which includes nonperforming restructured loans.

Fiscal Year Ended September 30, 2014. At September 30, 2014, our nonperforming assets were approximately 1.37% of total assets, compared to 2.04% at September 30, 2013.

Excluding loans covered by FDIC loss-sharing arrangements, we had simple average nonaccrual loans of $62.7 million outstanding during fiscal year 2014. Based on the average loan portfolio yield for these loans for the year of 4.95%, we estimate that we would have received approximately $3 million to $4 million of additional interest income during the year if that entire portion of the portfolio had been performing. During the same period, the amount of net interest income that we recorded on these loans was immaterial.

We have experienced a decline in nonaccrual loans and total nonperforming assets in both total-dollar terms and as a percentage of total assets since both measures peaked in fiscal year 2011. Most notably, nonaccrual commercial real estate loans not covered by FDIC loss-sharing arrangements have declined from $116.5 million at September 30, 2011 to $20.8 million at September 30, 2014, a reduction of 82%. This change was driven by our focused workout through restructure and foreclosure of a number of problem loans that were written primarily prior to 2009, supported by our overall focus on managing our exposure to construction and development loans, in particular, which we believe are relatively riskier than other types of CRE loans, including

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owner-occupied CRE loans. Nonaccrual agriculture loans not covered by FDIC loss-sharing arrangements have increased since the end of fiscal year 2011; however, this increase was driven by a small number of specific loans that we do not believe are representative of our broader agriculture lending portfolio. Further, this increase is proportionate to growth in our overall agriculture loan portfolio since September 30, 2011. Our OREO assets decreased by $7.8 million from September 30, 2013 to September 30, 2014.

Nonaccrual loans covered by FDIC loss-sharing arrangements have declined by 87% since peaking after our acquisition of TierOne Bank in fiscal year 2010, and we expect these loans to continue to decline due to the expiration of the commercial loss-sharing arrangement on June 4, 2015.

Three Months Ended March 31, 2015. At March 31, 2015, our nonperforming assets were 1.21% of total assets, compared to 1.37% at September 30, 2014.

Excluding loans covered by FDIC loss-sharing arrangements, we had average nonaccrual loans (calculated as a two-point average) of $45.2 million outstanding during the first six months of fiscal year 2015. Based on the average loan portfolio yield for these loans for the quarter, we estimate that interest income would have been less than $1 million higher during the quarter had these loans been accruing. During the same period, the amount of net interest income that we recorded on these loans was immaterial.

Nonaccrual loans not covered by FDIC loss-sharing arrangements increased by $2.6 million compared to September 30, 2014, and by $7.5 million compared to December 31, 2014. Since September 30, 2014, C&I nonaccrual loans have increased by $4.1 million, driven primarily by deterioration of four specific relationships that triggered the majority of the increased credit-related charges in the current quarter, agriculture nonaccrual loans have increased $7.4 million, primarily driven by the deterioration of three specific relationships, and CRE nonaccrual loans have decreased $9.9 million, primarily driven by the liquidation of one customer s business, which triggered a partial charge-off in the first fiscal quarter.

Nonaccrual loans covered by FDIC loss-sharing arrangements continued to decline and are down $7.1 million since September 30, 2014, and we expect these loans to continue to decline due to the expiration of the commercial loss-sharing arrangement on June 4, 2015 and the natural runoff through payment or foreclosure of the underlying assets.

We consistently monitor all loans internally rated watch or worse because that rating indicates we have identified some potential weakness emerging; but loans rated watch will not necessarily become problem loans or become impaired. Aside from the loans on the watch list, we do not believe we have any potential problem loans that are not already identified as nonaccrual, past due or restructured as it is our policy to promptly reclassify loans as soon as we become aware of doubts as to the borrowers ability to meet repayment terms. We do not have any material interest-bearing assets that would be disclosed as nonperforming loans or restructured performing loans if they were loans.

As noted previously, watch rated loans increased 34% between December 31, 2014 and March 31, 2015. During the same time period, substandard and doubtful loans have also increased. Total past due loans have decreased during that time period. Some of the increase in watch loans reflects proactive management of potential credit exposures resulting from a broad-based review of our loan portfolio in conjunction with the credit-related charges described in this quarterly report, while some of the increase is seasonal in nature and representative of normal business cycles. We do not anticipate a significant negative trend in future charge-offs as a result of the increase in watch or substandard loans.

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When we grant concessions to borrowers that we would not otherwise grant if not for the borrowers financial difficulties, such as reduced interest rates or extensions of loan periods, we consider these modifications troubled debt restructurings, or TDRs. The table below outlines total TDRs, split between performing and nonperforming loans, at each of the dates indicated:

	March 31, 2015	2014	Sept. 30, 2013	2012
		(dollars in thousands)		
Commercial non-real estate				
Performing TDRs	$ 10,165	$ 6,753	$ 4,769	$ 14,235
Nonperforming TDRs	1,445	1,785	5,007	5,719
Total	11,610	8,538	9,776	19,954
Agriculture				
Performing TDRs	$ 2,159	$ 3,780	$ 4,326	$ 410
Nonperforming TDRs	6,377	9,994	7,268	352
Total	8,536	13,774	11,594	762
Commercial real estate				
Performing TDRs	$ 45,160	$ 25,177	$ 29,373	$ 25,323
Nonperforming TDRs	5,424	6,884	49,736	41,955
Total	50,584	32,061	79,109	67,278
Residential real estate				
Performing TDRs	$ 618	$ 1,112	$ 662	$ 41
Nonperforming TDRs	1,929	1,730	1,100	2,279
Total	2,547	2,842	1,762	2,320
Consumer				
Performing TDRs	$ 20	$ 35	$	$
Nonperforming TDRs	13	22	29	
Total	33	57	29	
Other lending				
Performing TDRs	$	$	$	$
Nonperforming TDRs				
Total				
Total performing TDRs	$ 58,122	$ 36,857	$ 39,130	$ 40,009
Total nonperforming TDRs	15,188	20,415	63,140	50,305
Total TDRs	$ 73,310	$ 57,272	$ 102,270	$ 90,314

We entered into loss-sharing arrangements with the FDIC related to certain assets (loans and OREO) acquired from TierOne Bank on June 4, 2010. We are generally indemnified by the FDIC at a rate of 80% for any future credit losses through June 4, 2015 for commercial loans and OREO and June 4, 2020 for single-family real estate loans and OREO.

The table below presents nonaccrual loans, TDRs, and OREO covered by loss-sharing arrangements; a rollforward of the allowance for loan losses for loans covered by loss-sharing arrangements; a rollforward of allowance for loan losses for only those loans purchased with deteriorated credit quality covered by loss-sharing arrangements; and a rollforward of OREO covered by loss-sharing arrangements at and for the periods presented.

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	At and for the six months ended March 31, 2015	At and for the fiscal year ended Sept. 30, 2014	2013	2012	2011	2010
			(dollars in thousands)			
Assets covered by FDIC loss-sharing arrangements						
Nonaccrual loans[1]	$ 27,820	$ 34,960	$ 47,499	$ 75,610	$ 159,894	$ 263,808
TDRs	2,593	5,293	6,145	1,939	1,859	
OREO	8,575	10,628	24,412	44,332	83,417	108,578
Allowance for loan losses, loans covered by FDIC loss-sharing arrangements						
Balance at beginning of period	$ 5,108	$ 7,246	$ 14,470	$ 12,542	$	$
Additional impairment recorded	119	2,364	2,509	20,232	18,841	
Recoupment of previously-recorded impairment	(899)	(4,482)	(5,095)	(6,387)	(874)	
Charge-offs		(20)	(4,638)	(11,917)	(5,425)	
Recoveries						
Balance at end of period	$ 4,328	$ 5,108	$ 7,246	$ 14,470	$ 12,542	$
OREO covered by FDIC loss-sharing arrangement						
Balance at beginning of period	$ 10,628	$ 24,412	$ 44,332	$ 83,417	$ 108,578	$
Additions to OREO	1,635	1,785	6,100	28,395	66,299	123,167
Valuation adjustments and other	(1,031)	(3,750)	(3,754)	(11,851)	(33,280)	(7,749)
Sales	(2,657)	(11,819)	(22,266)	(55,629)	(58,180)	(6,840)
Balance at end of period	$ 8,575	$ 10,628	$ 24,412	$ 44,332	$ 83,417	$ 108,578

(1) Includes nonperforming restructured loans.

Allowance for Loan Losses

We establish an allowance for the inherent risk of probable losses within our loan portfolio. The allowance for loan losses is management s best estimate of probable credit losses that are incurred in the loan portfolio. We determine the allowance for loan losses based on an ongoing evaluation, driven primarily by monitoring changes in loan risk grades, delinquencies and other credit risk indicators, which is an inherently subjective process. We consider the uncertainty related to certain industry sectors and the extent of credit exposure to specific borrowers within the portfolio. In addition, we consider concentration risks associated with the various loan portfolios and current economic conditions that might impact the portfolio. All of these estimates are susceptible to significant change. Changes to the allowance for loan losses are made by charges to the provision for loan losses. Loans deemed to be uncollectible are charged off against the allowance for loan losses. Recoveries of amounts previously charged-off are credited to the allowance for loan losses.

Our allowance for loan losses consists of two components. For non-impaired loans, we calculate a weighted average ratio of 12-, 36- and 60-month historical realized losses by collateral type; adjust as necessary for our interpretation of current economic conditions and current portfolio trends including credit quality, concentrations, aging of the portfolio and/or significant policy and underwriting changes not entirely covered by the calculated historical loss rates; and apply the loss rates to outstanding loan balances in each collateral category. We calculate the weighted average ratio of 12-, 36- and 60-month historical realized losses for each collateral type by dividing the average net annual charge-offs by the average outstanding loans of such type subject to the calculation for each of the 12-, 36- and 60-month periods, then averaging those three results. For impaired loans,

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we estimate our exposure for each individual relationship, given the current payment status of the loan, the present value of expected payments and the value of the underlying collateral as supported by third party appraisals, broker s price opinions, and/or the borrower s audited financial statements, each adjusted for liquidation costs. Any shortfall between the liquidation value of the underlying collateral and the recorded investment value of the loan is considered the required specific reserve amount. Actual losses in any period may exceed allowance amounts. We evaluate and adjust our allowance for loan losses, and the allocation of the allowance between loan categories, each month.

The following table presents an analysis of our allowance for loan losses, including provisions for loan losses, charge-offs and recoveries, for the periods indicated:

	At and for the six months ended March 31, 2015	2014	At and for the fiscal year ended Sept. 30, 2013	2012	2011	2010
			(dollars in thousands)			
Allowance for loan losses:						
Balance at beginning of period	$ 47,518	$ 55,864	$ 71,878	$ 71,543	$ 55,620	$ 33,762
Provision charged to expense	13,800	4,456	13,650	16,300	43,810	48,711
Purchase accounting adjustment						
Impairment of loans acquired with deteriorated credit quality	(802)	(3,772)	(2,076)	13,845	17,967	
Charge-offs:						
Commercial non-real estate	(8,524)	(5,380)	(3,636)	(7,304)	(9,482)	(10,966)
Agriculture	(27)	(2,429)	(4,069)	(49)	(1,075)	(1,155)
Commercial real estate	(1,652)	(3,199)	(19,648)	(24,854)	(32,862)	(11,911)
Residential real estate	(120)	(631)	(1,766)	(1,625)	(3,900)	(5,207)
Consumer	(57)	(211)	(244)	(1,137)	(526)	(192)
Other lending	(831)	(1,893)	(1,851)	(1,764)	(1,521)	(1,044)
Total charge-offs	(11,211)	(13,743)	(31,214)	(36,733)	(49,366)	(30,475)
Recoveries:						
Commercial non-real estate	2,143	1,439	1,206	1,386	1,156	1,853
Agriculture	79	58	22	160	201	3
Commercial real estate	95	1,470	689	3,268	761	830
Residential real estate	113	233	279	630	379	218
Consumer	47	156	396	226	241	27

Other lending	644	1,357	1,034	1,253	774	691
Total recoveries	3,121	4,713	3,626	6,923	3,512	3,622
Net loan (charge-offs) recoveries	(8,090)	(9,030)	(27,588)	(29,810)	(45,854)	(26,853)
Balance at end of period	$ 52,426	$ 47,518	$ 55,864	$ 71,878	$ 71,543	$ 55,620
Average total loans for the period(1)	$ 6,868,819	$ 6,556,818	$ 6,223,009	$ 5,549,685	$ 5,226,325	$ 4,147,054
Total loans at period end(1)	$ 7,072,465	$ 6,787,467	$ 6,362,673	$ 6,138,574	$ 5,194,041	$ 5,420,720
Ratios						
Net charge-offs (recoveries) to average total loans	0.23%	0.14%	0.44%	0.54%	0.88%	0.65%
Allowance for loan losses to:						
Total loans	0.74%	0.70%	0.88%	1.17%	1.38%	1.03%
Nonaccruing loans(2)	112.72%	108.13%	68.54%	76.62%	49.95%	77.21%

(1) Loans include unpaid principal balance net of unamortized discount on acquired loans and unearned net deferred fees and costs and loans in process.

(2) Nonaccruing loans excludes loans covered by FDIC loss-sharing arrangements.

Fiscal Year Ended September 30, 2014. In fiscal year 2014, we recorded net charge-offs of $9.0 million, compared to net charge-offs of $27.6 million in fiscal year 2013 and $29.8 million in fiscal year 2012. Net charge-offs as a percentage of average total loans were 0.14% in fiscal year 2014 compared to 0.44% in fiscal year 2013 and 0.54% in fiscal year 2012.

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Total charge-offs and net charge-offs have each decreased since fiscal year 2011. The majority of charge-offs in fiscal years 2011, 2012 and 2013 were related to commercial real estate loans, primarily loans that were written prior to 2009. We believe this continued decline is reflective of our focus on managing our exposure to non-owner-occupied commercial real estate and construction and development loans, which we believe are relatively riskier than owner-occupied CRE loans, and represents that the majority of our most problematic commercial real estate loans have been worked out of our portfolio. Agriculture charge-offs increased in fiscal years 2013 and 2014; however, these increases are related to a small number of specific loans and, we believe, are not representative of underlying issues in our broader agriculture portfolio.

At September 30, 2014, the allowance for loan losses was 0.70% of our total loan portfolio, compared with 0.88% at September 30, 2013. Our allowance for loan losses, both in total dollars and as a percentage of total loans, has declined since September 30, 2013. Since that point in time we have experienced a consistent decline in annual net charge-offs as a percentage of total loans which impacts the allowance calculation for non-impaired loans and a reduction in nonperforming (and typically impaired) loans which generally require higher specific reserves. Additionally, certain of our loans which are carried at fair value, totaling $985 million and $842 million at September 30, 2014 and September 30, 2013, respectively, have no associated allowance for loan losses, but rather have a fair value adjustment related to credit risk, which is reflected in interest income, thus driving the overall ratio of allowance for loan losses to total loans lower. The amount of fair value adjustment related to credit risk on these loans was $6.0 million at each of September 30, 2014 and September 30, 2013.

Six Months Ended March 31, 2015. In the first six months of fiscal year 2015, we recorded net charge-offs of $8.1 million, representing 0.23% of average total loans on an annualized basis, a 9 basis point increase compared to 0.14% for fiscal year 2014. The charge-offs we recorded during the first six months were primarily related to a small number of loans in the C&I portfolio.

At March 31, 2015, the allowance for loan losses was 0.74% of our total loan portfolio, a 4 basis point increase compared with 0.70% at September 30, 2014. The provision recorded during the quarter was predominantly driven by a small number of C&I relationships that deteriorated during the quarter.

Additionally, certain of our loans which are carried at fair value, totaling $1.06 billion and $985 million at March 31, 2015 and September 30, 2014, respectively, have no associated allowance for loan losses, but rather have a fair value adjustment related to credit risk, which is reflected in noninterest income, thus driving the overall ratio of allowance for loan losses to total loans lower. The amount of fair value adjustment related to credit risk on these loans was $5.5 million and $6.0 million at March 31, 2015 and September 30, 2014, respectively.

The following tables present management s historical allocation of the allowance for loan losses by loan category, in both dollars and percentage of our total allowance for loan losses, to specific loans in those categories at the dates indicated:

	March 31, 2015	2014	2013	Sept. 30, 2012	2011	2010
			(dollars in thousands)			
Allocation of allowance for loan losses:						
Commercial non-real estate	$ 15,957	$ 10,550	$ 11,222	$ 18,979	$ 16,450	$ 14,687
Agriculture	12,222	10,655	9,296	6,906	2,509	2,298
Commercial real estate	15,736	16,884	22,562	30,234	40,733	31,593

Residential real estate	7,495	8,342	11,779	14,761	10,758	6,026
Consumer	189	264	312	542	832	624
Other lending	827	823	693	456	261	392
Total	$ 52,426	$ 47,518	$ 55,864	$ 71,878	$ 71,543	$ 55,620

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	March 31, 2015	2014	2013	Sept. 30, 2012	2011	2010
Allocation of allowance for loan losses:						
Commercial non-real estate	30.4%	22.2%	20.1%	26.4%	23.0%	26.4%
Agriculture	23.3%	22.4%	16.6%	9.6%	3.5%	4.1%
Commercial real estate	30.0%	35.5%	40.4%	42.1%	56.9%	56.8%
Residential real estate	14.3%	17.6%	21.1%	20.5%	15.0%	10.8%
Consumer	0.4%	0.6%	0.6%	0.8%	1.2%	1.1%
Other lending	1.6%	1.7%	1.2%	0.6%	0.4%	0.7%

Management will continue to evaluate the loan portfolio and assess economic conditions in order to determine future allowance levels and the amount of loan loss provisions. We review the appropriateness of our allowance for loan losses on a monthly basis. Management monitors closely all past due and restructured loans in assessing the appropriateness of its allowance for loan losses. In addition, we follow procedures for reviewing and grading all substantial commercial and agriculture relationships at least annually. Based predominantly upon the review and grading process, we determine the appropriate level of the allowance in response to our assessment of the probable risk of loss inherent in our loan portfolio. Management will make additional loan loss provisions when the results of its problem loan assessment methodology or overall allowance appropriateness test indicate additional provisions are required.

The review of problem loans is an ongoing process during which management may determine that additional charge-offs are required or additional loans should be placed on nonaccrual status. We recorded provision for loan losses of $0.7 million during fiscal year 2014. We recorded provisions for loan losses of $11.6 million and $30.1 million during fiscal years 2013 and 2012, respectively, and $9.7 million during the second quarter of fiscal year 2015. We have also recorded an allowance for unfunded lending-related commitments that represents our estimate of incurred losses on the portion of lending commitments that borrowers have not advanced. The balance of the allowance for unfunded lending-related commitments was $0.4 million at March 31, 2015, September 30, 2014 and September 30, 2013.

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Deposits

We obtain funds from depositors by offering consumer and business demand deposit accounts, MMDAs, NOW accounts, savings accounts and term CDs. At September 30, 2014 and September 30, 2013, our total deposits were $7.05 billion and $6.95 billion, respectively. Deposits increased 1% at September 30, 2014 as compared to September 30, 2013. At March 31, 2015 and September 30, 2014, our total deposits were $7.49 billion and $7.05 billion, respectively, an increase of 6.1%. Our accounts are federally insured by the FDIC up to the legal maximum. We advertise in newspapers, on the Internet and on television and radio to attract deposits and perform limited direct telephone solicitation of potential institutional depositors such as investment managers, public depositors and pension plans. We have significantly shifted the composition of our deposit portfolio away from CDs toward demand, NOW, MMDA and savings accounts over the last 27 months. This has dramatically reduced our overall cost of deposit funding, in addition to the fact that we have greatly increased adherence to internally published rate offerings for various types of deposit account offerings. The following table presents the balances and weighted average cost of our deposit portfolio at the following dates:

	March 31, 2015		September 30, 2014		2013		2012	
	Amount	Weighted Avg. Cost	Amount	Weighted Avg. Cost	Amount	Weighted Avg. Cost	Amount	Weighted Avg. Cost
	(dollars in thousands)							
Non-interest-bearing demand	$ 1,374,589	%	$ 1,303,015	%	$ 1,199,427	%	$ 1,076,437	%
NOW accounts, money market and savings	4,587,655	0.29%	4,005,471	0.24%	3,601,796	0.21%	3,037,382	0.22%
Time certificates, $100,000 or more	631,958	0.84%	733,376	0.98%	850,817	1.04%	1,178,095	1.36%
Other time certificates	893,496	0.64%	1,010,318	0.82%	1,296,168	0.97%	1,592,601	1.27%
Total	$ 7,487,698	0.32%	$ 7,052,180	0.36%	$ 6,948,208	0.42%	$ 6,884,515	0.62%

Municipal public deposits constituted $1.05 billion and $1.00 billion of our deposit portfolio at March 31, 2015, and September 30, 2014, respectively, of which $764 million and $760 million, respectively, were required to be collateralized. Our top 10 depositors were responsible for 10% and 9% of our total deposits at March 31, 2015 and September 30, 2014, respectively.

The following table presents deposits by region:

	March 31, 2015	Sept. 30, 2014	2013	2012
	(dollars in thousands)			
Nebraska	$ 2,431,567	$ 2,366,196	$ 2,455,229	$ 2,481,965
Iowa / Kansas / Missouri	2,333,988	2,096,212	2,103,593	1,827,833
South Dakota	1,481,484	1,431,737	1,315,652	1,428,004

Arizona / Colorado	1,239,353	1,105,535	1,038,201	1,100,562
Corporate and other	1,306	52,500	35,533	46,151
Total deposits	$ 7,487,698	$ 7,052,180	$ 6,948,208	$ 6,884,515

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We fund a portion of our assets with CDs that have balances of $100,000 or more and that have maturities generally in excess of six months. At March 31, 2015 and September 30, 2014, our CDs of $100,000 or more totaled $632 million and $733 million, respectively. The following table presents the maturities of our CDs of $100,000 or more and less than $100,000 in size at March 31, 2015:

	Greater than or equal to $100,000	Less than $100,000
	(dollars in thousands)	
Remaining maturity:		
Three months or less	$ 152,816	$ 177,041
Over three through six months	110,453	159,603
Over six through twelve months	158,754	267,397
Over twelve months	209,935	289,455
Total	$ 631,958	$ 893,496
Percent of total deposits	8.4%	11.9%

At September 30, 2014 and September 30, 2013, our CDs of $100,000 or more totaled $733 million and $851 million, respectively. The following table presents the maturities of our CDs of $100,000 or more and less than $100,000 in size at September 30, 2014:

	Greater than or equal to $100,000	Less than $100,000
	(dollars in thousands)	
Remaining maturity:		
Three months or less	$ 162,461	$ 238,132
Over three through six months	123,192	195,454
Over six through twelve months	212,494	236,031
Over twelve months	235,229	340,701
Total	$ 733,376	$ 1,010,318
Percent of total deposits	10.4%	14.3%

At September 30, 2014 and September 30, 2013, the average remaining maturity of all CDs was approximately 13 months. The average CD amount per account was approximately $28,581 and $29,538 at September 30, 2014 and September 30, 2013, respectively. At March 31, 2015 and September 30, 2014, the average remaining maturity of all CDs was approximately 13 months. The average CD amount per account was approximately $27,569 and $28,581 at March 31, 2015 and September 30, 2014, respectively.

We have acquired term CDs that matured prior to September 30, 2014 from a source that was deemed to be a broker. The total amount of these deposits was approximately $0.4 million at September 30, 2013. We no longer acquire deposits from this source.

Derivatives

In the normal course of business, we enter into fixed-rate loans having original maturities of 5 years or greater (typically between 5 and 15 years) with certain of our commercial and agribusiness banking customers to assist them in facilitating their risk management strategies. We mitigate our interest rate risk associated with these loans by entering into equal and offsetting fixed-to-floating interest rate swap agreements for these loans with NAB London Branch. We have elected to account for the loans at fair value under ASC 825 Fair Value Option. Changes in the fair value of these loans are recorded in earnings as a component of noninterest income in the relevant period. The related interest rate swaps are recognized as either assets or liabilities in our financial statements and any gains or losses on these swaps are recorded in earnings as a component of noninterest income. The economic hedges are fully effective from an interest rate risk perspective, as gains and losses on our swaps are directly offset by changes in fair value of the hedged loans (i.e., swap interest rate risk adjustments are directly offset by associated loan interest rate risk adjustments). Consequently, any changes in noninterest income associated with changes in fair value resulting from interest rate movement, as opposed to changes in credit quality, on the loans are directly offset by equal and opposite charges to or reductions in noninterest income for the related interest rate swap. To ensure the correlation of movements in fair value between the interest rate swap and the related loan, we pass on all economic costs associated with our hedging activity resulting from loan customer prepayments (partial or full) to the customer.

Short-Term Borrowings

Our primary sources of short-term borrowings include securities sold under repurchase agreements and certain FHLB advances maturing within 12 months. The following table presents certain information with respect to only our borrowings with original maturities less than 12 months for the periods noted:

	At and for the six months ended March 31,	As of and for the fiscal year ended Sept. 30,		
	2015	2014	2013	2012
	(dollars in thousands)			
Short-term borrowings:				
FHLB advances	$	$	$ 50,000	$ 150,000
Securities sold under agreements to repurchase	160,390	157,979	213,940	231,247
Related party notes payable	5,500	5,500	5,500	5,500
Other short-term borrowings	19	94	107	121
Total short-term borrowings	$ 165,909	$ 163,573	$ 269,547	$ 386,868
Maximum amount outstanding at any month-end during the period	$ 218,278	$ 264,345	$ 387,769	$ 447,274
Average amount outstanding during the period	$ 187,838	$ 205,483	$ 315,611	$ 347,937
Weighted average rate for the period[1]	0.33%	0.42%	0.30%	0.36%
Weighted average rate as of date indicated	0.34%	0.37%	0.29%	0.34%

(1) Calculated as an annualized percentage for the six months ended March 31, 2015.

Great Western also has a $10 million revolving line of credit issued by NAB that is due on demand. Amounts outstanding under the line of credit bear interest at a rate equal to the London inter-bank offered rate, or LIBOR, for three-month U.S. dollar deposits plus 125 basis points, with interest payable quarterly. The interest rate is recalculated every quarter and was 1.52% at March 31, 2015. There were outstanding advances of $5.5 million on this line of credit at each of March 31, 2015 and September 30, 2014. We incurred $0.1 million in interest expense on outstanding amounts under the line of credit during each of fiscal years 2014, 2013 and 2012. We incurred an immaterial amount of interest expense related to this facility during the quarter.

Other Borrowings

Great Western has outstanding $56.1 million of junior subordinated debentures to affiliated trusts in connection with the issuance of trust preferred securities by such trusts as of March 31, 2015 and September 30, 2014. We are permitted under applicable laws and regulations to count these trust preferred securities as part of our Tier 1 capital.

Great Western also has outstanding a subordinated capital note issued to NAB New York Branch having an aggregate principal amount of approximately $35.8 million maturing in June 2018. Interest on the note is payable quarterly and accrues at a rate equal to LIBOR for three-month U.S. dollar deposits plus 205 basis points. The interest rate on the note is recalculated every quarter and was 2.32% at March 31, 2015. We incurred $0.2 million in interest expense on the outstanding note during the quarter. Subject to receipt of regulatory approval, we may prepay the note at any time, in whole but not in part, without penalty.

At or shortly following the closing of this offering, we intend to repay all of our outstanding indebtedness owed to NAB, which totaled $41.3 million at March 31, 2015, consisting of a $35.8 million subordinated note and $5.5 million in outstanding borrowings under a line of credit. We intend to fund the debt repayment with available cash and the net proceeds of an anticipated private placement of subordinated debt securities.

Off-Balance Sheet Commitments, Commitments, Guarantees and Contractual Obligations

The following table summarizes the maturity of our contractual obligations and other commitments to make future payments at March 31, 2015. Customer deposit obligations categorized as not determined include noninterest-bearing demand accounts, NOW accounts, MMDAs and passbook accounts.

	Less Than 1 Year	1 to 2 Years	2 to 5 Years	>5 Years	Not Determined	Total
			(dollars in thousands)			
Contractual Obligations:						
Customer deposits	$ 1,026,064	$ 263,948	$ 216,390	$ 19,052	$ 5,962,244	$ 7,487,698
Securities sold under agreement to repurchase		2,871			160,472	163,343
FHLB advances and other borrowings	95,019	60,000	125,000	195,000		475,019
Related party notes payable	5,500		35,795			41,295
Subordinated debentures(1)				56,083		56,083
Accrued interest payable	4,469					4,469
Interest on FHLB advances	3,002	1,975	4,651	3,557		13,185
Interest on related party notes payable(1)	818	818	1,022			2,658
Other Commitments:						
Commitments to extend credit non-credit card	$ 1,172,840	$ 147,602	$ 277,671	$ 13,170	$	$ 1,729,816
Commitments to extend credit credit card	176,241					176,241
Letters of credit	53,314					53,314

(1) The outstanding balance of our $10 million line of credit with NAB New York Branch and our subordinated debentures can be prepaid at any time without penalty; therefore, no future interest payments, other than those already accrued, are reflected.

Instruments with Off-Balance Sheet Risk

In the normal course of business, we enter into various transactions that are not included in our consolidated financial statements in accordance with U.S. GAAP. These transactions include commitments to extend credit to our customers and letters of credit. Commitments to extend credit are agreements to lend to a customer provided there is no violation of any condition established in the commitment. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Letters of credit are conditional commitments issued primarily to support or guarantee the performance of a customer s obligations to a third party. The credit risk involved in issuing letters of credit is essentially the same as originating a loan to the customer. We manage the risks associated with these arrangements by evaluating each customer s creditworthiness prior to issuance through a process similar to that used by us in deciding whether to extend credit to the customer.

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The following table presents the total notional amounts of all commitments by us to extend credit and letters of credit as of the dates indicated:

	March 31, 2015	2014	Sept. 30, 2013	2012
	(dollars in thousands)			
Commitments to extend credit	$ 1,906,057	$ 1,939,544	$ 1,713,869	$ 1,451,680
Letters of credit	53,314	54,381	51,893	61,111
Total	$ 1,959,371	$ 1,993,925	$ 1,765,762	$ 1,512,791

Liquidity

Liquidity refers to our ability to maintain cash flow that is adequate to fund operations and meet present and future financial obligations through either the sale or maturity of existing assets or by obtaining additional funding through liability management. We consider the effective and prudent management of liquidity to be fundamental to our health and strength. Our objective is to manage our cash flow and liquidity reserves so that they are adequate to fund our obligations and other commitments on a timely basis and at a reasonable cost.

Our liquidity risk is managed through a comprehensive framework of policies and limits overseen by our bank s asset and liability committee. We continuously monitor and make adjustments to our liquidity position by adjusting the balance between sources and uses of funds as we deem appropriate. Our primary measures of liquidity include monthly cash flow analyses under ordinary business activities and conditions and under situations simulating a severe run on our bank. We also monitor our bank s deposit to loan ratio to ensure high quality funding is available to support our strategic lending growth objectives, and have internal management targets for the FDIC s liquidity ratio, net short-term non-core funding dependence ratio and non-core liabilities to total assets ratio. The results of these measures and analyses are incorporated into our contingency funding plan, which provides the basis for the identification of our liquidity needs.

Great Western. Great Western s primary source of liquidity is cash obtained from dividends by our bank. We primarily use our cash for the payment of dividends, when and if declared by our board of directors, and the payment of interest on our outstanding junior subordinated debentures and related party notes payable. We also use cash, as necessary, to satisfy the needs of our bank through equity contributions and for acquisitions. At March 31, 2015, Great Western had $12.8 million of cash. During the second quarter of fiscal year 2015, we declared and paid a dividend of $0.12 per share. The outstanding amounts under our revolving line of credit with NAB and subordinated capital note issued to NAB New York Branch together totaled $41.3 million at March 31, 2015. We also may issue senior or subordinated debt to manage our liquidity in the future from time to time. Our management believes that the sources of available liquidity are adequate to meet all reasonably foreseeable short-term and intermediate-term demands.

Great Western Bank. Our bank maintains sufficient liquidity by maintaining minimum levels of excess cash reserves (measured on a daily basis), a sufficient amount of unencumbered, highly liquid assets and access to contingent funding with the FHLB. At March 31, 2015, our bank had cash of $358.4 million and $1.4 billion of highly-liquid securities held in our investment portfolio, of which $1.05 billion were pledged as collateral on public deposits, securities sold under agreements to repurchase, and for other purposes as required or permitted by law. The balance could be sold to meet liquidity requirements. Our bank also had $475.0 million in FHLB borrowings at March 31, 2015, with additional available lines of $796 million. Our bank primarily uses liquidity to meet loan requests and commitments (including commitments under letters of credit), to accommodate outflows in deposits and to take advantage of interest rate market opportunities. At March 31, 2015, we had a total of $1.96 billion of outstanding exposure under commitments to extend credit and issued letters of credit. Our management believes that the sources of available liquidity are adequate to meet all our bank s reasonably foreseeable short-term and intermediate-term demands.

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Capital

As a bank holding company, we must comply with the capital requirements established by the Federal Reserve, and our bank must comply with the capital requirements established by the FDIC. The current risk-based guidelines applicable to us and our bank are based on the Basel I framework, as implemented by the federal bank regulators.

The following table presents our regulatory capital ratios at March 31, 2015 and the standards for both well-capitalized depository institutions and minimum capital requirements. Our capital ratios exceeded applicable regulatory requirements.

	Actual		Minimum Capital Requirement Ratio	Well Capitalized Ratio
	Capital Amount	Ratio		
	(dollars in thousands)			
Great Western				
Tier 1 capital	$ 833,982	11.6%	4.0%	6.0%
Total capital	908,385	12.6%	8.0%	10.0%
Tier 1 leverage	833,982	9.3%	4.0%	5.0%
Great Western Bank				
Tier 1 capital	$ 853,175	11.9%	4.0%	6.0%
Total capital	906,101	12.6%	8.0%	10.0%
Tier 1 leverage	853,175	9.6%	4.0%	5.0%

At March 31, 2015 and September 30, 2014, our Tier 1 capital included an aggregate of $56.1 million of trust preferred securities issued by our subsidiaries. At March 31, 2015, our Tier 2 capital included $52.4 million of the allowance for loan losses and $21.5 million of an intercompany subordinated capital note, subject to phase-out and a current haircut of 60%. At September 30, 2014, our Tier 2 capital included $47.5 million of the allowance for loan losses and $21.5 million of an intercompany subordinated capital note, subject to phase-out and a current haircut of 60%. Our total risk-weighted assets were $7.19 billion at March 31, 2015.

In July 2013, the federal bank regulators approved capital rules implementing the Basel III capital framework and various provisions of the Dodd-Frank Act (the New Capital Rules). We and our bank were required to comply with these rules as of January 1, 2015, subject to the phase-in of certain provisions. In addition to other changes, the New Capital Rules establish a new common equity Tier 1 capital ratio. Our Common Equity Tier 1 capital ratio calculated under the new capital rules was 10.8% at March 31, 2015. At March 31, 2015, our bank s common equity Tier 1 capital ratio was 10.8%.

The New Capital Rules also make changes to the calculation of Tier 1 capital and total capital, as well as changing the risk weightings associated with calculating our risk weighted assets. We believe the most significant changes from the current risk-based capital guidelines currently applicable to us will be the increased risk weightings for higher-volatility CRE, revolving lines of credit with less than a one year term and on past-due and impaired loans. In addition, our outstanding trust preferred securities will continue to qualify as additional Tier 1 capital under the New Capital Rules until we exceed $15 billion in consolidated total assets. At March 31, 2015, our Tier 1 capital ratio calculated under the New Capital Rules was 11.6%, and our bank s Tier 1 capital ratio calculated under the New Capital Rules was 11.6%.

Internal Control Over Financial Reporting

Until our IPO in October 2014, we were a wholly owned subsidiary of NAB, and our results have been included in NAB s consolidated financial statements since NAB acquired us in 2008. As a result, we have historically reported our financial results to NAB under International Financial Reporting Standards (IFRS), which were applicable to us as a wholly owned subsidiary of NAB. In accordance with the terms of the

Stockholder Agreement we entered into with NAB, we are required to report our financial results to NAB under IFRS until such time as NAB is no longer required under IFRS to account in its financial statements for its holdings in our business under an equity method of accounting (unless our obligation is terminated earlier by NAB). In addition, as regulated financial institutions, we and our bank have also reported our financial results under U.S. GAAP for an extended period of time, as required under the financial reporting regulatory regime applicable to financial institutions and their holding companies in the U.S. We are required to report financial results under U.S. GAAP to the Federal Reserve, and our bank is required to report financial results under U.S. GAAP to the FDIC and the South Dakota Division of Banking.

As a publicly traded company, we are subject to the financial reporting standards prescribed under U.S. GAAP and SEC rules, which are more extensive than the standards applicable to us as a wholly owned subsidiary of NAB prior to our IPO. Complying with these heightened financial reporting standards has required us to implement enhancements to the design and operation of our internal control over financial reporting. In the process of preparing additional disclosures required by the SEC for public companies contained within our consolidated financial statements under these requirements in connection with our IPO, during the third quarter of fiscal year 2014, we concluded a material weakness existed in the design and operation of our internal control over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis. The material weakness identified resulted primarily from a lack of sufficient resources and personnel within the accounting function engaged in the preparation and review of our consolidated financial statements and a lack of formal controls and procedures with respect to our internal review of the accuracy and completeness of our application of SEC rules to our consolidated financial statements. The material weakness did not affect our reported net income or stockholder s equity for any financial reporting period or materially affect our reported total assets and total liabilities for any financial reporting period.

Following identification of the material weakness, we implemented a number of controls and procedures designed to improve our control environment. In particular, we included additional members of our accounting and financial reporting staff in the preparation and review of the consolidated financial statements for the year ended September 30, 2014 and the quarters ended March 31, 2015 and December 31, 2014, and have implemented a more formal preparation and review hierarchy designed to identify and resolve potential errors on a timely basis. We have also contracted with two independent consulting firms to assist us in the preparation of our consolidated financial statements. In addition, within our financial reporting function, we have hired additional personnel with SEC publicly traded company reporting experience to assist with the preparation and review of future financial statements and have allocated a greater number of our employees to assist with these processes. Specifically, in March 2015, we hired additional experienced, qualified personnel within our financial reporting function to assist with the preparation and review of future financial statements.

Although we believe these changes to our control environment will be sufficient to remediate our previously identified material weakness, we believe that further reporting periods are required to confirm the remediation as well as the ongoing effectiveness of the revised control environment. We may be unsuccessful in implementing all remedial measures we may undertake, and these measures may not significantly improve or remediate the material weakness identified in the design and operating effectiveness of our internal control over financial reporting, which, in future periods, could impact our ability to report our financial results accurately or on a timely basis. As a result of the material weakness, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of September 30, 2014 and we anticipate that they will reach the same conclusion as of June 30, 2015.

More generally, if we are unable to meet the demands that have been placed upon us as a public company, including the requirements of Sarbanes-Oxley, we may be unable to accurately report our financial results in future periods, or report them within the timeframes required by law or stock exchange regulations. Failure to comply with Sarbanes-Oxley, when and as applicable, could also potentially subject us to sanctions or investigations by the SEC or other regulatory authorities. Under such circumstances, we may be unable to

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implement the necessary internal controls in a timely manner, or at all, and future material weaknesses may exist or may be discovered. If we fail to implement the necessary improvements, or if material weaknesses or other deficiencies occur, our ability to accurately and timely report our financial position could be impaired, which could result in late filings of our annual and quarterly reports under the Exchange Act, restatements of our consolidated financial statements, a decline in our stock price, suspension or delisting of our common stock from the NYSE and could have a material adverse effect on our business, results of operations or financial condition. Even if we are able to report our financial statements accurately and in a timely manner, any failure in our efforts to implement the improvements or disclosure of material weaknesses in our future filings with the SEC could cause our reputation to be harmed and our stock price to decline significantly.

We have not performed an evaluation of our internal control over financial reporting, as contemplated by Section 404 of Sarbanes-Oxley, nor have we engaged our independent registered public accounting firm to perform an audit of our internal control over financial reporting as of any balance sheet date reported in our financial statements. Had we performed such an evaluation or had our independent registered public accounting firm performed an audit of our internal control over financial reporting, additional control deficiencies, including additional material weaknesses and significant deficiencies, may have been identified. In addition, the JOBS Act provides that, so long as we qualify as an emerging growth company, we will be exempt from the provisions of Section 404(b) of Sarbanes-Oxley, which would require that our independent registered public accounting firm provide an attestation report on the effectiveness of our internal control over financial reporting. We may take advantage of this exemption so long as we qualify as an emerging growth company.

Impact of Inflation and Changing Prices

Our financial statements included in this prospectus have been prepared in accordance with U.S. GAAP, which requires us to measure financial position and operating results primarily in terms of historic dollars. Changes in the relative value of money due to inflation or recession generally are not considered. The primary effect of inflation on our operations is reflected in increased operating costs. In our management s opinion, changes in interest rates affect the financial condition of a financial institution to a far greater degree than changes in the inflation rate. While interest rates are greatly influenced by changes in the inflation rate, they do not necessarily change at the same rate or in the same magnitude as the inflation rate. Interest rates are highly sensitive to many factors that are beyond our control, including changes in the expected rate of inflation, the influence of general and local economic conditions and the monetary and fiscal policies of the United States government, its agencies and various other governmental regulatory authorities.

Recent Accounting Pronouncements

In December 2011, the FASB issued Accounting Standards Update, or ASU, 2011-11 *Disclosures about Offsetting Assets and Liabilities*. Under the ASU, an entity is required to disclose both gross and net information about instruments and transactions eligible for offset in the balance sheet, as well as instruments and transactions subject to an agreement similar to a master netting agreement. In January 2013, the FASB released ASU 2013-01 *Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities*, which amended ASU 2011-11 to specifically include only derivatives accounted for under Topic 815, repurchase and reverse repurchase agreements, and securities borrowing and lending transactions that are either offset or subject to an enforceable master netting arrangement. The disclosure requirements became effective for annual reporting periods beginning on or after January 1, 2013, and interim periods therein, with retrospective application required. The adoption of these accounting pronouncements did not have a material impact on our consolidated financial statements.

In January 2014, the FASB issued ASU 2014-04 *Receivables Troubled Debt Restructurings by Creditors (Subtopic 310-40): Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure.* The update amends existing literature to eliminate diversity in practice by clarifying and defining when an in substance repossession or foreclosure occurs. The terms in substance a repossession or foreclosure and physical possession are not currently defined in the accounting literature, resulting in diversity in practice when a creditor derecognizes a loan receivable and recognizes the real estate property collateralizing the loan receivable as an asset. Additionally, the update requires interim and annual disclosures of both the amount of foreclosed residential real estate property and the recorded investment in consumer mortgage loans collateralized by residential real estate property that are in the process of foreclosure. The update is effective for annual periods and the interim periods within those annual periods beginning after December 15, 2014. The adoption of the update to existing standards is not expected to have a material impact on our consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09 *Revenue from Contracts with Customers (Topic 606),* which does not apply to financial instruments. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. The amendments can be applied retrospectively to each prior reporting period or retrospectively with the cumulative effect of initially applying this update recognized at the date of initial application. Early application is not permitted. The Company is assessing the impact of ASU 2014-09 on its accounting and disclosures.

Critical Accounting Policies and the Impact of Accounting Estimates

Our discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to allowance for loan losses, credit risks, estimated loan lives, interest rate risk, investments, intangible assets, income taxes, contingencies, litigation and other operational risks. We base these estimates on our historical experience and on various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Credit Risk Management

Our strategy for credit risk management includes well-defined, centralized credit policies, uniform underwriting criteria and ongoing risk monitoring and review processes for all credit exposures. The strategy also emphasizes diversification on a geographic, industry and customer level; regular credit examinations; and management reviews of loans exhibiting deterioration of credit quality. The credit risk management strategy also includes a credit risk assessment process that performs assessments of compliance with commercial and consumer credit policies, risk ratings, and other critical credit information. Loan decisions are documented with respect to the borrower s business, purpose of the loan, evaluation of the repayment source and the associated risks, evaluation of collateral, covenants and monitoring requirements and risk rating rationale.

For purposes of managing credit risk, we separate our loan portfolio into a number of classes, including: commercial non-real estate, agriculture, CRE, residential real estate, consumer and other lending.

The commercial non-real estate lending class includes loans made to small and middle market businesses and loans made to public sector customers. Loans in this class are secured by the operations and cash flows of the borrowers, and any guarantors. Historical loss history and updated loan-to-value information on collateral-dependent loans are the primary factors in determining the allowance for loan losses for the commercial non real estate lending class. Key risk characteristics relevant to the commercial non real estate lending class include the industry and geography of the borrower s business, purpose of the loan, repayment source, borrower s debt capacity and financial performance, loan covenants and nature of pledged collateral. We consider these risk characteristics in assigning risk ratings and estimating environmental factors considered in determining the allowance for loan losses.

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The agriculture lending class includes loans made to small and mid-size agricultural individuals and businesses. Loans in this class are secured by agricultural real estate, production, cash flows and any guarantors. Historical loss history and updated loan-to-value information on collateral-dependent loans are the primary factors in determining the allowance for loan losses for the agriculture lending class. Key risk characteristics relevant to the agriculture lending class include the geography of the borrower s operations, commodity prices and weather patterns, purpose of the loan, repayment source, borrower s debt capacity and financial performance, loan covenants, and nature of pledged collateral. We consider these risk characteristics in assigning risk ratings and estimating environmental factors considered in determining the allowance for loan losses.

The CRE lending class includes loans made to small and middle market businesses, including multifamily properties. Loans in this class are secured by CRE. Historical loss history and updated loan-to-value information on collateral-dependent loans are the primary factors in determining the allowance for loan losses for the CRE lending class. Key risk characteristics relevant to the CRE lending class include the industry and geography of the borrower s business, purpose of the loan, repayment source, borrower s debt capacity and financial performance, loan covenants, and nature of pledged collateral. We consider these risk characteristics in assigning risk ratings and estimating environmental factors considered in determining the allowance for loan losses.

The residential real estate lending class includes loans made to consumer customers including residential mortgages, residential construction loans and home equity loans and lines. These loans are typically fixed-rate loans secured by residential real estate. Home equity lines are revolving accounts giving the borrower the ability to draw and repay balances repeatedly, up to a maximum commitment, and are secured by residential real estate. Home equity lines typically have variable-rate terms that are benchmarked to a prime rate. Historical loss history is the primary factor in determining the allowance for loan losses for the residential real estate lending class. Key risk characteristics relevant to residential real estate lending class loans primarily relate to the borrower s capacity and willingness to repay and include unemployment rates and other economic factors, and customer payment history. These risk characteristics, among others, are reflected in the environmental factors considered in determining the allowance for loan losses.

The consumer lending class includes loans made to consumer customers including loans secured by automobiles and other installment loans, and the other lending class includes credit card loans and unsecured revolving credit lines. Historical loss history is the primary factor in determining the allowance for loan losses for the consumer and other lending classes. Key risk characteristics relevant to loans in the consumer and other lending classes primarily relate to the borrower s capacity and willingness to repay and include unemployment rates and other economic factors, and customer payment history. These risk characteristics, among others, are reflected in the environmental factors considered in determining the allowance for loan losses.

We classify all non-consumer loans by credit quality ratings. These ratings are Pass, Watch, Substandard, Doubtful, and Loss. Loans with a Pass and Watch rating represent those loans not classified on our rating scale for problem credits, with loans with a Watch rating being monitored and updated at least quarterly by management. Substandard loans are those where a well-defined weakness has been identified that may put full collection of contractual cash flows at risk. Doubtful loans are those where a well-defined weakness has been identified and a loss of contractual cash flows is known. Substandard and doubtful loans are monitored and updated monthly. All loan risk ratings are updated and monitored on a continuous basis. We generally do not risk rate consumer loans unless a default event such as bankruptcy or extended nonperformance takes place. Alternatively, standard credit scoring systems are used to assess credit risks of consumer loans.

Allowance for Loan Losses and Unfunded Commitments

We maintain an allowance for loan losses at a level management believes is appropriate to reserve for credit losses inherent in our loan portfolio. The allowance for loan losses is determined based on an ongoing evaluation, driven primarily by monitoring changes in loan risk grades, delinquencies and other credit risk indicators, that is inherently subjective.

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We consider the uncertainty related to certain industry sectors and the extent of credit exposure to specific borrowers within the portfolio. In addition, consideration is given to concentration risks associated with the various loan portfolios and current economic conditions that might impact the portfolio. We also consider changes, if any, in underwriting activities, the loan portfolio composition (including product mix and geographic, industry, or customer-specific concentrations), trends in loan performance, the level of allowance coverage relative to similar banking institutions and macroeconomic factors, such as changes in unemployment rates, gross domestic product and consumer bankruptcy filings.

All of these estimates are susceptible to significant change. Changes to the allowance for loan losses are made by charges to the provision for loan losses, which is reflected in the consolidated statement of comprehensive income. Loans deemed to be uncollectible are charged off against the allowance for loan losses. Recoveries of amounts previously charged-off are credited to the allowance for loan losses.

The allowance for loan losses consists of reserves for probable losses that have been identified related to specific borrowing relationships that are individually evaluated for impairment, which we refer to in this prospectus as the specific reserve, as well as probable losses inherent in our loan portfolio that are not specifically identified, which we refer to in this prospectus as the collective reserve.

The specific reserve relates to impaired loans. A loan is impaired when, based on current information and events, it is probable that we will be unable to collect all amounts due (interest as well as principal) according to the contractual terms of the loan agreement. Specific reserves are determined on a loan-by-loan basis based on management s best estimate of our exposure, given the current payment status of the loan, the present value of expected payments, and the value of any underlying collateral. Impaired loans also include loans modified in troubled debt restructurings where concessions have been granted to borrowers experiencing financial difficulties. These concessions could include a reduction in the interest rate on the loan, payment extensions, forgiveness of principal, forbearance or other actions intended to maximize collection. Generally, the impairment related to troubled debt restructurings is measured based on the fair value of the collateral, less cost to sell, or the present value of expected payments relative to the unpaid principal balance. If the impaired loan is identified as collateral dependent, then the fair value of the collateral method of measuring the amount of the impairment is used. This method requires obtaining an independent appraisal of the collateral and applying a discount factor to the appraised value, if necessary, and including costs to sell.

Management s estimate for collective reserves reflects losses incurred in the loan portfolio as of the consolidated balance sheet reporting date. Incurred loss estimates are primarily based on historical loss experience and portfolio mix. Incurred loss estimates may be adjusted to reflect current economic conditions and current portfolio trends including credit quality, concentrations, aging of the portfolio, and/or significant policy and underwriting changes.

While management uses the best information available to establish the allowance for loan losses, future adjustments may be necessary if economic conditions differ substantially from the assumptions used in performing the estimates.

Unfunded residential mortgage loan commitments entered into in connection with mortgage loans to be held for sale are considered derivatives and recorded at fair value on the consolidated balance sheet with changes in fair value recorded in other interest income. All other unfunded loan commitments are generally related to providing credit facilities to customers and are not considered derivatives. For purchased loans, the fair value of the unfunded credit commitments is considered in determination of the fair value of the loans recorded at the date of acquisition. Reserves for credit exposure on all other unfunded credit commitments are recorded in other liabilities.

FDIC Indemnification Asset and Clawback Liability

We entered into two loss-sharing agreements with the FDIC in connection with our FDIC-assisted acquisition of TierOne Bank, one covering certain single family residential mortgage loans and one covering commercial loans and other assets. The agreements cover a portion of realized losses on loans, foreclosed real estate and certain other assets. We have recorded assets on the consolidated balance sheets that is, indemnification assets representing estimated future amounts recoverable from the FDIC.

Fair values of loans covered by the loss-sharing agreements at the acquisition date were estimated based on projected cash flows available based on the expected probability of default, default timing and loss given default, the expected reimbursement rates (generally 80%) from the FDIC and other relevant terms of the loss-sharing agreements. The initial fair value was established by discounting these expected cash flows with a market discount rate for instruments with like maturity and risk characteristics.

The loss-sharing assets are measured separately from the related loans and foreclosed real estate and recorded as an FDIC indemnification asset on the consolidated balance sheets because they are not contractually embedded in the loans and are not transferrable with the loans should we choose to dispose of them. Subsequent to the acquisition date, reimbursements received from the FDIC for actual incurred losses reduce the carrying amount of the loss-sharing assets. Reductions to expected losses, to the extent such reductions to expected losses are the result of an improvement to the actual or expected cash flows from the covered assets, also reduce the carrying amount of the loss-sharing assets. Additional expected losses, to the extent such expected losses result in the recognition of an allowance for loan losses, increase the carrying amount of the loss-sharing assets. The corresponding accretion or amortization is recorded as a component of interest income on the consolidated statements of comprehensive income. Although these assets are contractual receivables from the FDIC, there are no contractual interest rates.

As part of the loss-sharing agreements, we also assumed a liability, which we refer to as the FDIC Clawback Liability, to be paid within 45 days subsequent to the maturity or termination of the loss-sharing agreements that is contingent upon actual losses incurred over the life of the agreements relative to expected losses considered in the consideration paid at acquisition date and the amount of losses reimbursed to us under the loss-sharing agreements. The liability was recorded at fair value as of the acquisition date. The fair value was based on a discounted cash flow calculation that considered the formula defined in the loss-sharing agreements and projected losses. The difference between the fair value at acquisition date and the projected losses is amortized through other noninterest expense. As projected losses and reimbursements are updated, as described above, the FDIC Clawback Liability is adjusted and a gain or loss is recorded in other noninterest expense.

Goodwill

Goodwill represents the cost in excess of the fair value of net assets acquired (including identifiable intangibles) in transactions accounted for as business acquisitions. Goodwill is evaluated annually for impairment on the basis of a single reportable segment, consistent with how we prepare and evaluate our financial results. We perform our impairment evaluation in the fourth quarter of each fiscal year. If the implied fair value of goodwill is lower than its carrying amount, goodwill impairment is indicated and goodwill is written down to its implied fair value. Subsequent increases in goodwill are not recognized in the consolidated financial statements. For a discussion of the risks related to our goodwill, see Risk Factors Risks Related to Our Business The value of our goodwill and other intangible assets may decline in the future.

Core Deposits and Other Intangibles

Intangible assets consist of core deposits, brand intangible, customer relationships and other intangibles. Core deposits represent the identifiable intangible value assigned to core deposit bases arising from purchase acquisitions. Brand intangible represents the value associated with our bank s charter and our name. Customer relationships intangible represents the identifiable intangible value assigned to customer relationships arising from a purchase acquisition.

Other intangibles represent contractual franchise arrangements under which the franchiser grants the franchisee the right to perform certain functions within a designated geographical area.

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The methods and lives used to amortize intangible assets are as follows:

Intangible	Method	Years
Core deposit	Straight-line or effective yield	4.75 6.20
Brand intangible	Straight-line	15
Customer relationships	Straight-line	8.5
Other intangibles	Straight-line	5

Intangible assets are evaluated for impairment if indicators of impairment are identified.

Income Taxes

We file a consolidated income tax return with our bank. Income taxes are allocated pursuant to a tax-sharing arrangement, whereby we pay federal and state income taxes as if we were filing on a standalone basis. Income tax expense includes two components: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over income. We determine deferred income taxes using the liability, or balance sheet, method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax basis of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur. Deferred income tax expense results from changes in deferred tax assets and liabilities between periods.

Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more likely than not that some portion or all of a deferred tax asset will not be realized.

Liabilities related to uncertain tax positions are recognized if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination (including upon resolution of the related appeals or litigation processes, if any). References to more likely than not refer to a likelihood of more than 50 percent. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information.

The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances, and information available at the reporting date and is subject to management s judgment.

We recognize interest and/or penalties related to income tax matters in other interest and noninterest expense.

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QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our primary market risk is interest rate risk, which is defined as the risk of loss of net interest income or net interest margin because of changes in interest rates.

We seek to measure and manage the potential impact of interest rate risk. Interest rate risk occurs when interest-earning assets and interest-bearing liabilities mature or re-price at different times, on a different basis or in unequal amounts. Interest rate risk also arises when our assets, liabilities and off-balance sheet contracts each respond differently to changes in interest rates, including as a result of explicit and implicit provisions in agreements related to such assets and liabilities and in off-balance sheet contracts that alter the applicable interest rate and cash flow characteristics as interest rates change. The two primary examples of such provisions that we are exposed to are the duration and rate sensitivity associated with indeterminate-maturity deposits (e.g., non-interest-bearing checking accounts, NOW accounts, savings accounts and MMDAs) and the rate of prepayment associated with fixed-rate lending and mortgage-backed securities. Interest rates may also affect loan demand, credit losses, mortgage origination volume and other items affecting earnings.

Our management of interest rate risk is overseen by our bank s asset and liability committee based on a risk management infrastructure approved by our board of directors that outlines reporting and measurement requirements. In particular, this infrastructure sets limits and management targets, calculated monthly, for various metrics, including our economic value sensitivity, our economic value of equity and net interest income simulations involving parallel shifts in interest rate curves, steepening and flattening yield curves, and various prepayment and deposit duration assumptions. Our risk management infrastructure also requires a periodic review of all key assumptions used, such as identifying appropriate interest rate scenarios, setting loan prepayment rates based on historical analysis, non-interest-bearing and interest-bearing demand deposit durations based on historical analysis, and the targeted investment term of capital.

We manage the interest rate risk associated with our interest-bearing liabilities by managing the interest rates and tenors associated with our borrowings from the FHLB and deposits from our customers that we rely on for funding. In particular, from time to time we use special offers on deposits to alter the interest rates and tenors associated with our interest-bearing liabilities. We manage the interest rate risk associated with our interest-earning assets by managing the interest rates and tenors associated with our investment and loan portfolios, from time to time purchasing and selling investment securities and selling residential mortgage loans in the secondary market.

We rely on interest rate swaps to hedge our interest rate exposure on commercial non-real estate, CRE and agricultural loans with fixed interest rates of more than 5 years, such as our tailored business loans. As of March 31, 2015, we had a notional amount of $1.05 billion of interest rate swaps outstanding. The overall effectiveness of our hedging strategies is subject to market conditions, the quality of our execution, the accuracy of our valuation assumptions, the associated counterparty credit risk and changes in interest rates.

We do not engage in speculative trading activities relating to interest rates, foreign exchange rates, commodity prices, equities or credit.

We do not maintain a portfolio of mortgage servicing rights.

Evaluation of Interest Rate Risk

We use a net interest income simulation model to measure and evaluate potential changes in our net interest income. We run various hypothetical interest rate scenarios at least monthly and compare these results against a scenario with no changes in interest rates. Our net interest income simulation model incorporates various assumptions, which we believe are reasonable but which may have a significant impact on results such as: (1) the timing of changes in interest rates, (2) shifts or rotations in the yield curve, (3) re-pricing characteristics for

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market-rate-sensitive instruments on and off balance sheet, (4) differing sensitivities of financial instruments due to differing underlying rate indices, (5) varying loan prepayment speeds for different interest rate scenarios, (6) the effect of interest rate limitations in our assets, such as floors and caps, (7) the effect of our interest rate swaps, and (8) overall growth and repayment rates and product mix of assets and liabilities. Because of limitations inherent in any approach used to measure interest rate risk, simulation results are not intended as a forecast of the actual effect of a change in market interest rates on our results but rather as a means to better plan and execute appropriate asset-liability management strategies and manage our interest rate risk.

Potential changes to our net interest income in hypothetical rising and declining rate scenarios calculated as of September 30, 2014 are presented in the following table. The projections assume (1) immediate, parallel shifts downward of the yield curve of 100 basis points and immediate, parallel shifts upward of the yield curve of 100, 200, 300 and 400 basis points and (2) gradual shifts downward of 100 basis points over 12 months and gradual shifts upward of 100, 200, 300 and 400 basis points over 12 months. In the current interest rate environment, a downward shift of the yield curve of 200, 300 and 400 basis points does not provide us with meaningful results. In a downward parallel shift of the yield curve, interest rates at the short-end of the yield curve are not modeled to decline any further than 0%. For the immediate-shift scenarios, we assume short-term rates follow a forward yield curve throughout the forecast period that is dictated by the instantaneously shocked yield curve from the as of date. In the gradual-shift scenarios, we take each rate across the yield curve from the as of date and shock it by 1/12th of the total change in rates each month for twelve months.

	Estimated Increase (Decrease) in Net Interest Income	
Change in Market Interest Rates as of September 30, 2014	**Fiscal Year Ending September 30, 2015**	**Fiscal Year Ending September 30, 2016**
Immediate Shifts		
+400 basis points	14.20%	7.63%
+300 basis points	10.65%	5.90%
+200 basis points	7.00%	4.08%
+100 basis points	3.32%	2.20%
-100 basis points	(1.650)%	(2.140)%
Gradual Shifts		
+400 basis points	1.95%	
+300 basis points	1.23%	
+200 basis points	0.57%	
+100 basis points	0.01%	
-100 basis points	(0.390)%	

We primarily use interest rate swaps to ensure that long-term fixed-rate loans are effectively re-priced as short-term rates change, which we believe would allow us to achieve these results. The results of this simulation analysis are hypothetical, and a variety of factors might cause actual results to differ substantially from what is depicted. For example, if the timing and magnitude of interest rate changes differ from those projected, our net interest income might vary significantly. Non-parallel yield curve shifts such as a flattening or steepening of the yield curve or changes in interest rate spreads, would also cause our net interest income to be different from that depicted. An increasing interest rate environment could reduce projected net interest income if deposits and other short-term liabilities re-price faster than expected or faster than our assets re-price. Actual results could differ from those projected if we grow assets and liabilities faster or slower than estimated, if we experience a net outflow of deposit liabilities or if our mix of assets and liabilities otherwise changes. Actual results could also differ from those projected if we experience substantially different repayment speeds in our loan portfolio than those assumed in the simulation model. Finally, these simulation results do not contemplate all the actions that we may undertake in response to potential or actual changes in interest rates, such as changes to our loan, investment, deposit, funding or hedging strategies.

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BUSINESS

Our Business

We are a full-service regional bank holding company focused on relationship-based business and agribusiness banking. We serve our customers through 158 branches in attractive markets in seven states: South Dakota, Iowa, Nebraska, Colorado, Arizona, Kansas and Missouri. We were established more than 70 years ago and have achieved strong market positions by developing and maintaining extensive local relationships in the communities we serve. By leveraging our business and agribusiness focus, presence in attractive markets, highly efficient operating model and robust approach to risk management, we have achieved significant and profitable growth both organically and through disciplined acquisitions. We have successfully completed eight acquisitions since 2006, including our 2010 FDIC-assisted acquisition of TierOne Bank, which represented approximately $2.5 billion in acquired assets.

Our net income was $46.4 million for the six months ended March 31, 2015 and $105.0 million for the twelve months ended September 30, 2014, representing a compound annual growth rate, or CAGR, of 18% from fiscal year 2009 to fiscal year 2014 and a 9% increase from fiscal year 2013 to fiscal year 2014. Our total assets were $9.78 billion at March 31, 2015, and, on an annualized basis, our net charge-offs for the six months ended March 31, 2015 represented 0.23% of our average total loans. Since fiscal year 2009, we have also operated with efficiency ratios superior to our peer median. For a discussion of the manner in which our efficiency ratios are calculated, see Our Competitive Strengths Highly Efficient Operating Model. For fiscal year 2014, we achieved a return on average total assets of 1.14% and a return on average tangible common equity of 16.6%. For more information on our return on average tangible common equity, see Prospectus Summary Summary Historical Consolidated Financial and Operating Information.

The following table illustrates our net income over the periods indicated:

Net Income ($MM)(1)

(1) For the fiscal years ended September 30, except as otherwise indicated.

We focus on business and agribusiness banking, complemented by retail banking and wealth management services. Our loan portfolio consists primarily of business loans, comprised of C&I loans and CRE loans, and agribusiness loans. At March 31, 2015, our business and agribusiness loans collectively accounted for 86% of our total loan portfolio. In addition, 62% of our aggregate loan portfolio, comprising our CRE loans (representing 38% of our aggregate loan portfolio), residential real estate loans (representing 13% of our aggregate loan portfolio) and agriculture real estate loans (representing 12% of our aggregate loan portfolio), was primarily

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secured by interests in real estate predominantly located in the states in which we operate at March 31, 2015. In addition, some of our other lending occasionally involves taking real estate as primary or secondary collateral. We offer small and mid-sized businesses a focused suite of financial products and have established strong relationships across a diversified range of sectors, including key areas supporting regional growth such as agribusiness services, freight and transport, healthcare and tourism. We have developed extensive expertise in agribusiness lending, which serves one of the most prominent industries across our markets, and we offer a variety of financial services designed to meet the specific needs of our agribusiness customers. We also provide a range of deposit and loan products to our retail customers through several channels, including our branch network, online banking system, mobile banking applications and customer care centers. In our wealth management business, we seek to expand our private banking, financial planning, investment management and insurance operations to better position us to capture an increased share of the business of managing the private wealth of many of our business and agribusiness customers.

Our banking model seeks to balance the best of being a big enough & small enough bank, providing capabilities typical of a much larger bank, such as diversified product specialists, customized banking solutions and multiple delivery channels, with a customer-focused culture usually associated with smaller banks. Our focus on balancing these capabilities with a service-oriented culture is embedded within our operations and is enhanced by focusing on our core competencies. We are well recognized within our markets for our relationship-based banking model that provides for local, efficient decision making. We believe we serve our customers in a manner that is responsive, flexible and accessible. Our relationship bankers strive to build deep, long-term relationships with customers and understand the customers specific needs to identify appropriate financial solutions. We believe we have been successful in attracting customers from larger competitors because of our flexible approach and the speed and efficiency with which we provide banking solutions to our customers while maintaining disciplined underwriting standards.

Market Opportunity

We operate 158 branches located in 115 communities in seven states. In 2007, we began operating in Arizona with our acquisition of Sunstate Bank. In 2009, we expanded our footprint into Colorado through our acquisition of First Community Bank s Colorado franchise. In 2010, we significantly expanded our presence in Nebraska through our acquisition of TierOne Bank.

Geographic Footprint

We believe that the states in which we operate present attractive opportunities for our banking model.

The economies of Nebraska, Iowa and South Dakota are growing. According to the Bureau of Economic Analysis of the U.S. Department of Commerce, or the Bureau of Economic Analysis, real GDP growth in these states from 2010 to 2014 has been faster than national real GDP growth, with real GDP in these states growing at

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a CAGR of 5.1, 4.6 and 4.3, respectively, compared to 1.9% for the nation. According to the Bureau of Labor Statistics of the U.S. Department of Labor, overall unemployment rates for May 2015 in these states were also below the 5.5% U.S. national seasonally adjusted unemployment rate for May 2015, with Nebraska having the lowest unemployment rate in the country and South Dakota and Iowa tied for 5th lowest seasonally adjusted unemployment rate in the country.

Markets in each of Arizona and Colorado are recognized as fast-growing and dynamic economies. For example, according to data from SNL Financial, the populations of Phoenix and Denver are expected to grow by 5.3% and 9.9%, respectively, from 2014 through 2019. The U.S. Census Bureau estimates that, as of July 1, 2013, Phoenix had a population of 1.5 million and was the 6th largest city in the United States. According to Moody s Analytics, Arizona ranks 1st among U.S. states for projected employment growth from 2013 through 2018 and Colorado ranks 5th.

Nebraska, Iowa, South Dakota, Arizona and Colorado are each home to a number of small and mid-sized businesses across a diverse range of sectors and together serve as the corporate headquarters for several Fortune 500 companies. The economies within these states represent a diverse range of industries, with manufacturing, trade, agriculture, professional and business services, finance and insurance, and government accounting for approximately 56% of real GDP in these states in 2014 according to the Bureau of Economic Analysis. We expect strong population and job growth will lead to an increased need for business banking services, more deposits and an increased credit demand to fund ongoing capital investments and working capital, cash management solutions and credit cards, among other products and services. We believe integrated banking support is important to providing a focused suite of services to meet the evolving needs of business customers in our markets.

Agribusiness customers in Nebraska, Iowa, South Dakota, Arizona and Colorado produce and raise a variety of grains, proteins and other produce, including corn, soybeans, wheat, dairy products, beef cattle, hogs and vegetables. These products are consumed globally as foods and also serve as inputs for goods made by other industries. Agriculture, as defined by the Bureau of Economic Analysis, has grown faster than the U.S. economy as a whole, with real agricultural GDP growing at a CAGR of 1.7% nationally from 2000 to 2014 compared to a CAGR of 1.6% for the United States over the same period. Although the agricultural economy has been more subdued over the last one to two years, principally due to lower grain prices, the value of U.S. agricultural exports is also expected to grow by 26% from 2014 through 2023 according to the USDA. In addition, there has been a growing emphasis on research and development and technology in the agricultural sector, with consumers and producers focused on sustainable methods of food production, particularly with a view to decreasing their reliance on non-renewable inputs.

We believe increasing demand for agricultural products and changing agricultural industry dynamics will continue to drive the need for banking services in our markets, particularly from banks such as ours that understand, and provide products and services that specifically address, the unique needs of our agribusiness customers. We believe that we are well positioned to continue to serve the banking needs of small and mid-sized businesses and the agribusiness sector.

Our Competitive Strengths

We attribute our success to the following competitive strengths, among others:

Focus on Business Banking

We focus on business banking, which has contributed significantly to our profitability and growth. As of March 31, 2015, business banking accounted for approximately 61% of our loan portfolio, with C&I loans representing 23%, owner-occupied CRE loans representing 16% and other CRE loans representing 22% of our total loan portfolio. From September 30, 2009 through March 31, 2015, our business banking loan portfolio has

grown at a CAGR of 14%. We believe we have developed a strong brand and market reputation in business banking within the markets we serve by focusing on our core competencies. We provide business banking services to small and mid-sized businesses across a diverse range of industries that support economic growth in the markets in which our business banking customers operate. We offer our business banking customers focused banking services designed to meet the specific needs of their businesses. We have a significant presence in attractive markets, particularly markets such as Omaha, Des Moines and Sioux Falls, which we believe are located in growing economies and present opportunities to increase our business banking activities.

Specialized Agribusiness Expertise

In addition to business banking, we focus on agribusiness banking. According to the American Bankers Association, at March 31, 2015, we were ranked the 6th-largest farm lender bank in the United States measured by total dollar volume of farm loans. We have been providing banking services to the agricultural community since our bank was founded in 1935. We have developed extensive expertise and brand recognition in agribusiness lending, which is one of the fastest growing industries in our markets and is the largest single industry sector that we serve. At March 31, 2015, our agribusiness loan portfolio was balanced among the major types of agricultural production in our footprint grains (primarily corn, soybeans and wheat) representing 36% of our agribusiness loan portfolio, proteins (primarily beef cattle, dairy products and hogs) representing 48% of our agribusiness loan portfolio, and other (including cotton and vegetables) representing 16% of our agribusiness loan portfolio. We have grown our agribusiness lending significantly in recent years through our focus on expansion within the markets in our footprint and the recruitment of specialist relationship bankers with a deep understanding of, and strong relationships with customers in, the agriculture industry. Our agribusiness loan portfolio represented 25% of our total loan portfolio at March 31, 2015, and has grown at a CAGR of 19% from September 30, 2009 to March 31, 2015. In our most recent fiscal year, our agribusiness loan portfolio grew 6% from September 30, 2013 to September 30, 2014. In addition, we estimate that approximately 14% of our C&I loans and owner-occupied CRE loans are agriculture-related loans, as of March 31, 2015.

Track Record of Strong and Disciplined Growth

We have a track record of combining organic expansion with strategic acquisitions to achieve strong overall growth. Our record of steadily growing and successfully operating our business is demonstrated by our:

Balance sheet growth: From September 30, 2009 to March 31, 2015, we have grown our total assets at a CAGR of 12%, our loan portfolio at a CAGR of 14% and our deposit base at a CAGR of 13%. From September 30, 2013 to September 30, 2014 our total assets, loan portfolio and deposit base grew by 3%, 7% and 1%, respectively, as our loan growth drove continued asset growth, despite being offset by a reduction in the size of our investment portfolio. At March 31, 2015, our total assets, loans and deposits grew by 4%, 4% and 6%, respectively, to $9.78 billion in total assets, $7.07 billion in loans and $7.49 billion in deposits compared with September 30, 2014;

Earnings growth: We have increased our net income to $105.0 million for fiscal year 2014, representing a CAGR of 18% from fiscal year 2009 and an increase of 9% from fiscal year 2013. Our net income was $46.4 million for the six months ended March 31, 2015; and

Return on assets and equity: For fiscal year 2014, we achieved a 1.14% return on average total assets and a 16.6% return on average tangible common equity.

For more information on our return on average tangible common equity, see Prospectus Summary Summary Historical Consolidated Financial and Operating Information.

We have achieved organic growth by increasing our market share in select markets and entering new markets. We have been successful at recruiting and retaining relationship bankers with extensive industry expertise. We have also developed streamlined processes that allow us to be responsive, flexible and accessible to our customers, which we believe has allowed us to attract new customers and grow our loan portfolio and deposit base. We have achieved this growth while maintaining strong asset quality, with annual net charge-offs peaking at 88 basis points of average loans for fiscal year 2011 and declining to 14 basis points of average loans for fiscal year 2014. The average tax equivalent yield on loans, other than loans acquired with deteriorated credit quality, was 4.91% for the first six months of fiscal year 2015, a decrease of 23 basis points compared to 5.14% for the same period in fiscal year 2014.

Our organic growth has been supplemented by our disciplined acquisition strategy led by our experienced management team. We seek to maximize the success of our acquisitions through a well-established integration process. We have successfully leveraged our business banking model with our specialized agribusiness expertise to expand our footprint through eight acquisitions since 2006, including our 2010 FDIC-assisted acquisition of TierOne Bank, which represented approximately $2.5 billion in acquired assets. We expect to continue to opportunistically pursue acquisitions consistent with our strategic objectives, although we do not have any current agreements, arrangements or understandings regarding future acquisitions.

The following chart shows our loan portfolio and the portion of our loans acquired through acquisitions completed since September 30, 2009:

Loans ($BN)(1)(2)

(1) At September 30 of each year, other than as of March 31, 2015.
(2) Acquired loans includes all loans acquired in acquisitions completed after September 30, 2009.

Through organic growth and acquisitions, we have grown our total loan portfolio to $7.1 billion at March 31, 2015. As illustrated above, from September 30, 2009 to March 31, 2015 our total loan portfolio, less acquired loans, has grown from $3.4 billion to $6.7 billion, representing a CAGR of 13%.

Highly Efficient Operating Model

We believe our highly efficient and scalable operating model has enabled us to operate profitably, remain competitive, increase market share and develop new business. We emphasize company-wide operating principles focused on proactive expense management, targeted investment, disciplined lending practices and focused product offerings. We have achieved cost efficiencies by consolidating our branch network through the closure of less profitable locations and through our demonstrated success in acquiring and integrating banks. We have also

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achieved significant cost efficiencies through the use of the *Kaizen& Lean* principles, which are management techniques for improving processes and reducing waste, to eliminate redundancies and improve the efficient allocation of resources throughout our operations. We believe our focus on operating efficiency has contributed significantly to our return on equity, return on assets and net income and is reflected in our efficiency ratios presented below.

Efficiency Ratios(1)

PeerMedian Source: SNL Financial.

(1) For the twelve months ended September 30, other than the six months ended March 31, 2015.

(2) One financial measure we use to evaluate our operational efficiency is our efficiency ratio, which is not presented in accordance with U.S. GAAP. We calculate our efficiency ratio as the ratio of our tangible noninterest expense, which excludes amortization of core deposits and other intangible assets, to our total revenue (equal to the sum of net interest income and noninterest income) on a fully taxable equivalent basis. For more information on each of these measures, including a reconciliation to the most directly comparable U.S. GAAP financial measure, see Prospectus Summary Summary Historical Consolidated Financial and Operating Information.

(3) Our peers refer, collectively, to all publicly listed U.S. bank holding companies with total assets between $5 billion and $15 billion at March 31, 2015. For each period, the peer group excludes any bank holding company for which data was not available for such period. SNL Financial calculates peer efficiency ratios for all twelve-month periods as the ratio of noninterest expense, which excludes amortization of intangible assets, to the sum of net interest income on a fully taxable equivalent basis and noninterest income. We calculated peer efficiency ratios for the six months ended March 31, 2015 based on the same methodology, with data obtained from SNL Financial.

Disciplined Risk Management

Risk management is a core competency of our business, and we believe that our risk management approach is more robust than that of most U.S. banks our size. Following the acquisition of us by NAB, we expanded our risk management staff significantly to conform to NAB s global standards. We have also implemented comprehensive policies and procedures for credit underwriting and monitoring of our loan portfolio, including strong credit practices among our relationship bankers, allowing credit decisions to be made efficiently on a local basis consistent with our underwriting standards. We were able to remain profitable while maintaining strong asset quality through the financial crisis, in part due to our focus on our core business and adherence to our disciplined risk management. We believe our robust approach to risk management has enabled us to grow our loan portfolio without compromising credit quality. By focusing on our core areas of expertise, we largely avoided higher-risk lending practices that impacted other lenders in the industry during 2009 to 2011.

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The following chart shows our annual net charge-offs as a percentage of average loans for fiscal year 2009 through fiscal year 2014, and for the six months ended March 31, 2015, compared to the median of our peers:

Annual Net Charge-offs as a Percentage of Average Loans[(1)]

PeerMedian Source: SNL Financial.

(1) For the twelve months ended September 30, other than the six months ended March 31, 2015. Information for the six months ended March 31, 2015 is computed on an annualized basis. For each period, the peer group excludes any bank holding company for which data was not available for such period.

(2) Our peers refer, collectively, to all publicly listed U.S. bank holding companies with total assets between $5 billion and $15 billion at March 31, 2015.

(3) Our net charge-offs increased for the six months ended March 31, 2015 due to higher credit-related charges of approximately $14 million incurred during the period. As a result of these charge-offs, our annual net charge-offs as a percentage of average loans increased to 0.23%. For a discussion of these credit-related charges, see Management s Discussion and Analysis of Financial Condition and Results of Operations for more information.

Experienced Management Team With Local Market Experience

Our senior management team, led by Ken Karels, our President and Chief Executive Officer, has a long and successful history of managing financial institutions in the region and, in particular, significant experience in business and agribusiness lending, with an average of over 25 years of banking experience. Our senior management team has a demonstrated track record of managing profitable growth, successfully executing and integrating acquisitions, improving operating efficiencies, maintaining a strong risk management culture and implementing a relationship-based and service-focused approach to banking.

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Our Business Strategy

We believe that stable long-term growth and profitability are the result of building strong customer relationships while maintaining disciplined underwriting standards. We plan to focus on originating high-quality loans and growing our low-cost deposit base through our relationship-based business and agribusiness banking. We believe that continuing to focus on our core strengths will enable us to gain market share, continue to improve our operational efficiency and increase profitability. The key components of our strategy for continued success and future growth include the following:

Attract and Retain High-Quality Relationship Bankers

A key component of our growth in our existing markets and entry into new markets has been our ability to attract and retain high-quality relationship bankers. We have recruited approximately 58 new business and agribusiness relationship bankers since January 1, 2011 (out of a total of approximately 181 business and agribusiness relationship bankers at June 30, 2015), with average industry experience of 17 years when hired. We believe we have been successful in recruiting qualified relationship bankers due primarily to our decentralized management approach, focused product suite and flexible and customer-focused culture while continuing to provide sophisticated banking capabilities to serve our customers needs. We intend to continue to hire experienced relationship bankers to execute our relationship-driven banking model. We utilize a variable compensation structure designed to incentivize our relationship bankers by tying their compensation to their individual overall performance and the performance of the loans that they help originate, which we measure based on revenues, return on assets and asset quality/risk, among other things. We believe this structure establishes the appropriate incentives to maximize performance and satisfy our risk management objectives. By leveraging the strong networks and reputation of our experienced relationship bankers, we believe we can continue to grow our loan portfolio and deposit base as well as cross-sell other products and services.

Optimize Footprint in Existing and Complementary Markets

We pursue attractive growth opportunities to expand within our existing footprint and enter new markets aligned with our business model and strategic plans. We believe we can increase our presence in under-represented areas in our existing markets and broaden our footprint in attractive markets adjacent and complementary to our current markets by continuing our emphasis on business and agribusiness banking. Our branch strategy is guided by our ability to recruit experienced relationship bankers in under-represented and new markets. These bankers expand our banking relationships into these markets prior to opening a branch, which increases our likelihood of expanding profitably by developing an asset base before we establish a branch in that market. We will continue to opportunistically consider opening new branches. We intend to capitalize on growth opportunities we believe exist in growing economies in and adjacent to our existing markets.

Deepen Customer Relationships

We believe that our reputation, expertise and relationship-based banking model enables us to deepen our relationships with our customers. We look to leverage our relationships with existing customers by cross-selling our products and services. We have sought to grow our low-cost customer deposit base by attracting more deposits from our business and agribusiness customers. We offer alternative cash management solutions intended to help retain business customers. We seek to expand and enhance our wealth management platform through focused product offerings that we believe will appeal to our more affluent customers. We intend to continue to capitalize on opportunities to capture more business from existing customers throughout our banking network.

Continue to Improve Efficiency and Lower Costs

We believe that our focus on operational efficiency, even in light of incremental costs from being a public company, is critical to our profitability and future growth. We intend to carefully manage our cost structure and continuously refine and implement internal processes to create further efficiencies and enhance our earnings. We

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continue to optimize our branch network and have commenced reviews of additional internal processes and our vendor relationships, with a view to identifying opportunities to further improve efficiency and enhance earnings. In March 2015, we closed three branches in Omaha and two branches in Sioux Falls while opening a new Business Banking center in Omaha to improve our operating efficiency and better serve our customers. We are also continuing our efforts to shift our deposit base to lower-cost customer deposits, a strategic initiative that has been primarily responsible for driving our cost of deposit funding down since September 30, 2012. We believe our scalable systems, risk management infrastructure and operating model will better enable us to achieve further operational efficiencies as we grow our business.

Opportunistically Pursue Acquisitions

Our management team has extensive expertise and a successful track record in evaluating, executing and integrating attractive, franchise-enhancing acquisitions. We will continue to consider acquisitions that are consistent with our business strategy and financial model as opportunities arise. Illustrated below, as of September 30 of each indicated year, is the growth in our total assets as a result of our acquisitions in that fiscal year.

(1) Acquired assets are the total of the fair value of assets acquired and the net cash and cash equivalents received at the time of acquisition in each indicated year.

We believe acquisition opportunities will continue to arise within our markets, as well as in familiar and complementary markets.

Our Business Lines

Business Banking

Business banking is a key focus of our business model and is one of our core competencies. We provide business banking services to small and mid-sized businesses across a diverse range of industries, including key sectors supporting regional growth such as ancillary agribusiness services (*e.g.*, farm equipment suppliers and grain and seed merchants), freight and transport, healthcare (*e.g.*, hospitals, physicians, care facilities and dentists) and tourism. We offer our business banking customers a focused range of financial products, including

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loans, lines of credit, cash management services, online business deposit and wire transfer services, in addition to checking and savings accounts and corporate credit cards. At March 31, 2015, business banking represented $2.34 billion in deposits and $4.33 billion in loans, representing 31% and 61%, respectively, of our total volumes.

Our business banking model is based on a fundamental understanding of the communities we serve and the banking needs of our customers. Our bank employs experienced relationship bankers across our footprint, each of whom offers our bank s suite of business banking products and services to our customers. Our relationship bankers strive to build deep, long-term customer relationships with our banking customers and to understand our customers specific needs to identify appropriate financial solutions.

Our business banking lending portfolio comprises C&I and CRE loans. C&I loans represent one of our core competencies in business banking. We offer a focused range of lending products to our C&I customers, including working capital and other shorter-term lines of credit, fixed-rate loans over a wide range of terms, including our tailored business loans, and variable-rate loans with varying terms. CRE loans include both owner-occupied CRE and non-owner-occupied CRE loans, multifamily residential real estate loans and construction and development loans. CRE lending is a significant component of our overall loan portfolio, but we are focused on managing our exposure to construction and development lending, in particular, which we believe is relatively riskier than other types of CRE lending, including owner-occupied CRE lending. The composition of our business lending, as of March 31, 2015, is as follows:

	March 31, 2015						
	Nebraska	Iowa / Kansas / Missouri	South Dakota	Arizona / Colorado	Other[1]	Total	% of Total Loan Unpaid Principal Balance
	(dollars in thousands)						
C&I loans	294,125	825,978	278,237	207,207	52,309	1,657,856	23.3%
Owner-occupied CRE loans	231,063	384,223	224,436	267,463	2,889	1,110,074	15.6%
Non-owner-occupied CRE loans	195,777	243,215	338,088	196,751	37,443	1,011,274	14.2%
Construction and development loans	99,523	71,921	81,415	51,883	5,269	310,011	4.4%
Multifamily residential real estate loans	124,273	35,823	43,554	31,235	7,011	241,896	3.4%
Total business loans	944,761	1,561,160	965,730	754,539	104,921	4,331,111	61.1%

(1) Balances in this column represent acquired workout loans and certain other loans managed by our staff, commercial credit card loans, fair value adjustments related to acquisitions and loans for which we have elected the fair value option, which could result in a negative carrying amount in the event of a net negative fair value adjustment.

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The compositions of our C&I and CRE loan portfolios, aggregated by customer exposure as of March 31, 2015, are diversified across loan sizes, as set forth below:

C&I and CRE Loan Portfolio Compositions

C&I *CRE*

Agribusiness Banking

In addition to business banking, we consider agribusiness lending one of our core competencies. We have developed extensive expertise in agribusiness lending and provide loans and banking services to agribusiness customers across our geographic footprint. We predominantly lend to grain and protein producers who produce a range of agricultural commodities. Our agribusiness customers range in size from small, family farms to large, commercial farming operations.

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At March 31, 2015, our gross agribusiness loan portfolio was $1.75 billion, representing 25% of our bank s $7.10 billion in total gross lending. Our agribusiness loan portfolio is balanced among the major types of agricultural production undertaken in our footprint, with grains (primarily corn, soybeans and wheat) representing 36% of our agribusiness loan portfolio; proteins representing 48% of our agribusiness loan portfolio (primarily beef cattle, dairy products and hogs); and other products representing 16% of our agribusiness loan portfolio (including cotton, trees, fruits and nuts and vegetables, among others), as set forth below:

Agribusiness Loan Portfolio

The composition of our agribusiness lending portfolio is also geographically diversified across our locations in our four business regions, as set forth below:

	March 31, 2015	
	Agribusiness Loans	% of Agribusiness Loan Portfolio
	(dollars in thousands)	
South Dakota	623,349	35.7%
Arizona and Colorado	500,972	28.7%
Iowa, Kansas and Missouri	434,750	24.9%
Nebraska	177,825	10.2%
Other[1]	11,470	0.7%
Total	1,748,366	100.0%

(1) Balances in this row represent acquired workout loans and certain other loans managed by our staff, fair value adjustments related to acquisitions and loans for which we have elected the fair value option, which could result in a negative carrying amount in the event of a net negative fair value adjustment.

We offer a number of products to meet our agribusiness customers banking needs, from short-term working capital funding to long-term land-related lending, as well as other tailored services. Through relationships with insurance agencies, we offer and sell crop insurance that can provide farms with options for financial protection from various events, including flood, drought, hail, fire, disease, insect damage, wildfire and earthquake. We service our agribusiness customers through dedicated relationship bankers with deep industry/sector knowledge, supplemented by a team of local bankers focused on agriculture who build long-term relationships with customers.

Retail Banking

Retail banking provides a source of low-cost funds and deposit-related fee income. Our branch network consists of 158 branch offices located in 115 communities. Our branch network enhances our ability to gather deposits, expand our brand presence, service our customers needs, originate loans and maintain our lending relationships.

We offer traditional banking products to our retail customers, including checking accounts, savings and money market accounts, individual retirement accounts, or IRAs, and CDs. As the banking industry continues to experience broader customer acceptance of online and mobile banking tools for conducting basic banking functions and retail customers use branch locations with less frequency than they have historically, we serve our customers through a wide range of non-branch channels, including online, telephone and mobile banking platforms. In addition, we continue to optimize our branch network and have closed less profitable branches. We continue to strive to optimize the effectiveness of our distribution channels and increase our operational efficiency to adapt to increasing customer preferences for self-service banking capabilities. We have ATMs at 156, or 98%, of our branches and have another 31 company-owned ATMs at off-site locations. We are part of the MoneyPass, SHAZAM and NETS networks, enabling our customers to take out cash surcharge-free and service charge-free at over 25,000 ATM locations across the country.

Our retail branch network is spread among our four regions as follows:

	March 31, 2015	
	Number of branches	**% of branches**
South Dakota	23	15%
Arizona and Colorado	28	18%
Iowa, Kansas and Missouri	56	35%
Nebraska	51	32%
Total	158	100%

We also provide a variety of loan products to individuals. At March 31, 2015, our residential real estate and consumer portfolio was $985 million, representing 14% of our total lending, and comprised residential mortgage loans, home equity loans and home equity lines of credit and general lines of credit, and auto loans and other loans. We also have a small amount of consumer credit card balances outstanding. In addition to retail loans held in our portfolio, we also originate residential mortgage loans for resale (including their servicing) on the secondary market and, in the six months ended March 31, 2015, we originated $132.5 million of these loans. We have a retail and mortgage loan officer base of 399 individuals. Home equity originations (including residential mortgages) are sourced almost exclusively through our branch network. Our home equity loan portfolio is conservatively underwritten, including assessment of the borrower s FICO score and the loan-to-value ratio. See Loans Underwriting Principles for discussion of our credit underwriting standards.

Wealth Management

We also provide our customers with a selection of wealth management solutions, including financial planning, private banking, investment management and trust services through associations with third party vendors, including a registered broker-dealer and investment adviser. Our investment representatives offer our customers investment management services through our branch network that entail overseeing and recommending investment allocations between asset classes based on review of a client s risk tolerance, and they can offer and sell insurance solutions, including life insurance. We also offer trust services, including personal trusts and estate planning. At March 31, 2015 our investment representatives had $507 million in assets under management, and, through our trust services group, we had $728 million in assets under management, for a combined total of $1.235 billion in assets under management. Enhancing and expanding our wealth management business is an important component of our strategic plan, as we believe it can deepen our customer relationships, create cross-selling opportunities and drive stable and recurring revenue.

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Loans

Overview

Our loan portfolio consists primarily of C&I, CRE and agribusiness loans. We also originate residential real estate loans, personal loans, home equity loans, lines of credit, credit cards and auto loans. As described below, our loan portfolio is diversified across our customer base, geographically, and across industries.

The following chart sets forth the composition of our loan portfolio by loan category as of March 31, 2015:

Our underwriting standards, discussed below, require portfolio diversification across geographies, industries and customers. Our lending is spread among our four geographic regions, with each region representing between 19% and 33% of our lending portfolio at March 31, 2015. Within each region, our lending is also diversified across our lending categories referenced above. We are also diversified within these categories. For example, within agribusiness lending, our portfolio is diversified across grain, protein and other types of agribusiness, and we offer our customers federally subsidized crop insurance for a range of crops. Our C&I and owner-occupied CRE lending categories are well diversified, with no individual industry comprising more than 7% of lending in these combined categories. See Our Business Lines Agribusiness Banking for information about the composition of our agribusiness loan portfolio and Our Business Lines Business Banking for information about the composition of our business banking loan portfolio. At a customer level, our largest exposure represents 1% of our total loan book, and our top ten loan exposures represent 6% of our total lending at March 31, 2015.

Underwriting Principles

General. We apply consistent credit principles in our assessment of lending proposals, whether CRE, commercial non-real estate, agriculture, residential real estate, consumer or other lending. We are cash flow-focused lenders, which means our assessment of any potential loan includes an analysis of whether the customer can generate sufficient cash flow, not only in normal operating conditions but in a range of circumstances, to ensure the likelihood that the borrowers repayment obligations to our bank can be fully met. Our underwriting procedures include an assessment of the borrower s cash flow sustainability, the acceptability of the borrowing purpose, the borrower s liquidity, collateral quality and adequacy, industry dynamics, and management capability, integrity and experience. For residential real estate, consumer and other lending, our underwriting process is intended to assess the prospective borrower s credit standing and ability to repay (which we analyze

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based on the borrower s cash flow, liquidity, credit standing, employment history and overall financial condition) and the value and adequacy of any collateral.

We establish conservative collateral guidelines that recognize the potential effects of volatility or deterioration of the value of collateral we accept, such as real estate, inventory, receivables and machinery. We manage this risk in a number of ways, including through advance rate guidelines for the various types of collateral we typically accept. In addition, where we take real estate as collateral, and for some other specialized assets, we require assessment of value based on appropriate methodology and benchmarks. For our larger real estate commitments, this can include an independent third party appraisal review and, where appropriate, additional reviews.

We also assess the presence and viability of one or more acceptable secondary sources of repayment to mitigate potential future borrower cash flow deterioration. To improve the reliability of secondary sources of repayment, we prefer originating loans on a secured basis, and at March 31, 2015, less than 1% of our total lending was on an unsecured basis. We typically engage in unsecured lending only in situations involving long-standing customers of sound net worth and above-average liquidity with strong repayment ability (other than in connection with credit cards we issue).

We have a delegated commitment authorities framework that provides a conservative level of lending authority to our bankers commensurate with their role and lending experience. Commitments above the lending thresholds established for a banker require the approval, depending on the size of the commitment, of our regional credit managers, central credit senior managers, Chief Credit Officer or Chief Risk Officer or, for our largest commitments, our transactional credit committee. Loan analyses and decisions are documented and form part of the loan s continual monitoring and relationship management record. We believe this framework provides the necessary separation of authority and independence in the credit underwriting process while providing flexibility to expedite appropriate credit decisions and provide competitive customer service.

Agribusiness. The underwriting principles described above generally apply to our agribusiness lending, although our assessment of cash flow sustainability, acceptability of borrowing purpose, borrower liquidity, industry environment, and management capability, integrity and experience are considered in light of the unique attributes of agribusiness lending. For example, we review the adequacy and sustainability of an agribusiness customer s operating cash flows to determine adequate coverage of interest and principal repayments, and, generally, require a minimum of 1.25 times average coverage over a medium term of two to five years. We ensure that we understand the purpose of the loan and are willing to fund it. We work with the borrower to select the appropriate funding facility, such as working capital funding for short-term needs, medium-term borrowing to fund purchases of durables like machinery or equipment and long-term real estate loans, which are typically committed for five to ten years, with a maximum of 15 years. All of our agribusiness real estate loans are fully amortizing, based on full loan repayment over 15 to 25 years, and, for fixed-rate loans longer than five years, we typically enter into matching fixed-to-floating interest rate swaps as described in Management s Discussion and Analysis of Financial Condition and Results of Operations Key Factors Affecting Our Business and Financial Statements Loans and Interest Rate Swaps Accounted for at Fair Value.

As described above, we establish conservative collateral guidelines for our lending that recognize the volatility of asset prices. We also tailor the structure of certain loans, apply additional policies and require appropriate covenants to ensure our bank is well protected against the key potential risks. For livestock, we adopt conservative valuations to reduce the effects of cyclical trends before applying our collateral guidelines. For growing grain crops, we generally limit our lending to the coverage provided by crop insurance.

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As is the case with all types of lending, external risks beyond a customer s business and operations can affect repayment. Our agribusiness lending, in particular, is subject to several external risks that we manage in various ways, including:

Price cycles and volatility Agricultural commodity prices are both cyclical and volatile, and we seek to manage these factors by diversifying our portfolio across a range of agribusiness customers including grain producers and protein producers (e.g., generally low grain prices assist protein producers since their businesses use grains as inputs) and by determining and applying appropriate advance rate guidelines to agricultural commodities used as collateral, as discussed above.

Weather, disease and other perils Severe weather, natural disasters, acts of war or terrorism and other external events could significantly impact our business and the business of our borrowers. We seek to mitigate our exposure to this risk through our geographic diversification across seven states and a number of agricultural products. Federally subsidized crop insurance coverage is also available for over 120 kinds of crops, typically for 50% to 85% of a grower s average yield, against various agriculture-related perils, including flood, drought, hail, fire, disease, insect damage, wildlife and earthquake.

Land prices As discussed above, we focus on cash flow lending, which helps farms to ensure that they have sufficient cash flow to service debt and support their businesses, and generally take land as secondary collateral, with conservative advance rate guidelines in assessing collateral adequacy.

Deposits

Deposits are our primary source of funds to support our revenue-generating assets. We offer traditional deposit products to businesses and other customers with a variety of rates and terms. Deposits at our bank are insured by the FDIC up to statutory limits. We price our deposit products with a view to maximizing our share of each customer s financial services business and prudently managing our cost of funds. At March 31, 2015, we held $7.49 billion of total deposits, which have grown at a CAGR of 13% from September 30, 2009 to March 31, 2015. At March 31, 2015, our deposit base consisted of $1.37 billion, or 18%, in checking accounts, $4.59 billion, or 61%, in money market checking, savings and passbook accounts, and $1.53 billion, or 20%, in CDs and IRAs.

Our deposit base is diversified across our geographic footprint, as illustrated by the following table showing the composition of our deposit base by the geographic region of our branches at March 31, 2015:

		March 31, 2015	
State	**Number of Branches**	**Deposits (in millions)**	**% of Deposits**
Nebraska	53	2,432	32.5%
Iowa, Kansas and Missouri	54	2,334	31.2%
South Dakota	23	1,481	19.8%
Arizona and Colorado	28	1,239	16.6%
Corporate and other		2	0.0%

Total	158	7,488	100%

Our deposit base is also diversified by client type. As of March 31, 2015, no individual depositor represented more than 2% of our total deposits, and our top ten depositors represented 10% of our total deposits. The composition of our deposit mix has recently changed with an increased proportion of non-interest-bearing deposits and a lower proportion of more expensive time deposits as a result of a strategic initiative launched during fiscal year 2013. This shift in deposit mix has been largely responsible for the recent declines in our average cost of deposits from 0.79% at September 30, 2011 to 0.32% at March 31, 2015. At March 31, 2015, our deposit base included $1.00 billion of municipal deposits, against which $760 million was required to be collateralized. These deposits were from municipalities representing approximately 581 customers with an average balance per customer of $1.73 million.

The graph below shows our non-interest-bearing deposits, interest-bearing demand deposits and time deposits at the end of each period, as well as weighted average costs of deposits for each period presented:

(1) At September 30.
(2) At March 31, 2015.
(3) Weighted average cost of deposits presented for the twelve months ended September 30, other than the six months ended March 31, 2015.

Risk Oversight and Management

Risk management is a core competency of our business. As a result of the acquisition of us by NAB, we have expanded our risk management staff and risk capabilities significantly in recent years. We believe that our risk management is more robust than that of most banks our size. These robust risk capabilities are embedded into our operations.

Our risk management consists of comprehensive policies and processes and seeks to emphasize personal ownership and accountability for risk with all our employees. We expect our people to focus on managing our risks, and we support this with appropriate oversight and governance and 78 risk management employees as of June 30, 2015. We delegate authority for our risk management oversight and governance to a number of executive management committees, each responsible for overseeing various aspects of our risk management process. Various board committees provide oversight over our risk management function. The roles of each of the committees of our board of directors regarding risk management are discussed under Board of Directors, Committees and Governance Board Oversight of Risk Management.

Our executive risk committee is responsible for oversight and governance of all risks across the enterprise. These responsibilities include monitoring our bank s overall risk profile to ensure it remains within the board-approved risk appetite and adjusting activities as appropriate, assessing new and emerging risks, monitoring our risk management culture, assessing acceptability of the risk impacts of any material changes (or additions) to our products, vendor relationships, partnerships or other processes and overseeing compliance with regulatory expectations and requirements. The executive risk committee is chaired by our President and Chief Executive Officer and includes our Chief Risk Officer and executives representing our business and support areas together with senior risk managers. The executive risk committee is supported by the following four subcommittees, each with specific responsibility to monitor, oversee and approve changes in their respective areas of focus relating to risks: asset & liability committee, operational risk & compliance committee, transactional credit committee and technology committee. Our transactional credit committee reviews and approves our largest lending exposures (i.e., those over $25 million).

Our Chief Risk Officer leads our integrated risk management function that oversees all enterprise risk, including credit risk, compliance risk, regulatory risk, operational risk, legal risk, reputational risk and strategic risk, as well as overseeing ongoing enhancements to our risk management processes. Our Chief Risk Officer, a member of our executive committee, reports to our President and Chief Executive Officer and has direct access to the risk committee of our board of directors. In addition, our executive leadership team and other members of management have responsibility for oversight and management of risk across business and operational lines.

Risk Framework and Appetite

Our risk framework is structured to guide decisions regarding the appropriate balance between risk and return considerations in our business. Our risk framework is informed by our strategy, risk appetite and financial plans approved by our board of directors. This framework includes risk policies, procedures, limits and targets and reporting. Our board of directors approves our stated risk appetites, which set forth the amount and type of risk we are willing to accept in pursuit of our strategy, business and financial objectives. Our risk appetites provide the context for our risk management tools, including, among others, risk policies, delegated authorities, limits, portfolio composition, underwriting standards and operational processes.

We manage risk through three lines of defense that allocate responsibility and accountability for risk management throughout our business. Our first line of defense is our business lines and support functions, which are accountable for being aware of and managing the risks in their respective business areas and for operating within our established risk framework and appetite. Our second line of defense is our risk team, which provides monitoring, control, oversight and advice on risk to our business lines, and our third line of defense is our internal audit function, which provides independent oversight that risks are being managed to an acceptable level and that our internal control frameworks are operating effectively.

Credit Risk Management

Credit risk is the potential for loss arising from a customer, counterparty or issuer failing to meet its contractual obligations to us. Our strategy for managing credit risk includes well-defined, centralized credit policies, uniform underwriting criteria, clearly delegated authority levels and accountability, ongoing risk monitoring and review processes for credit exposures and portfolio diversification by geography, industry and customer. We segment our loan portfolio into a number of asset classes for purposes of developing and documenting our credit risk management procedures and determining associated allowance for loan losses, including real estate, CRE, commercial non-real estate, agriculture, consumer and other lending. For a discussion of our underwriting standards, see Loans Underwriting Principles.

We emphasize regular credit examinations and management reviews of loans with deteriorating credit quality as part of our credit risk management strategy. As part of this process, we perform assessments of asset quality, compliance with commercial and consumer credit policies and other critical credit information. We also monitor and update risk ratings on our non-consumer loans on an ongoing basis. With respect to consumer loans, we typically use standard credit scoring systems to assess our credit risks. We also rely on a dedicated risk asset review team to provide independent assurance of portfolio asset quality and policy compliance.

We have well-established procedures for managing loans that either show early signs of weakness or appear to have actually weakened. These procedures include moving a loan to our watch list when we have early concerns. Loans on our watch list receive more intense focus, along with more senior-level monitoring and reporting, a requirement of higher credit authority approval for any further lending increase and action plans for improving the prospects for such loans. Loans that we rate substandard (or lower) will generally fall under the management or consultation of our strategic business services team, or SBS, our specialist loan rehabilitations,

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workout and OREO asset team. These loans are actively managed, with the primary goal of SBS rehabilitating the loans to performing status. If rehabilitation is not feasible, a loan workout strategy is developed and put into execution to maximize our bank s recovery of loan proceeds and other costs to which it is legally entitled.

SBS also oversees the litigation of troubled assets, when appropriate. In addition, appropriate reserves and charge-offs are made based on assessment of potential realization levels and related costs.

Our non-lending activities also give rise to credit risk, including exposures resulting from our investment in securities and our entry into interest rate swap contracts for balance sheet hedging purposes. For more information on these activities, see Management s Discussion and Analysis of Financial Condition and Results of Operations Analysis of Financial Condition Investments and Management s Discussion and Analysis of Financial Condition and Results of Operations Analysis of Financial Condition Derivatives.

Operational Risk

Operational risk is the risk of loss arising from inadequate or failed processes, people or systems, external events (such as natural disasters), or compliance, reputational or legal matters. We have a framework in place that includes the reporting and assessment of any operational risk events, including narrowly avoided operational risk events, and the assessment of our mitigating strategies within our key business lines. This framework is implemented through our policies, processes and reporting requirements, including those governing business and information technology continuity, information security and cyber-security, technological capability, fraud-risk management, operational risk profiling and vendor management. Our operational risk review process is a core part of our assessment of any material new or modified business or support initiative.

Our operational risks related to legal and compliance matters are heightened by the heavily regulated environment in which we operate. We have designed our processes and systems, and provide education of applicable legal and regulatory standards to our employees, to comply with these requirements. For information on the legal framework in which we operate, and which our operational risk processes and systems are designed to address, see Supervision and Regulation.

Competition

The financial services industry and each of the markets in which we operate in particular are highly competitive. We face strong competition in gathering deposits, making loans and obtaining client assets for management by our investment or trust operations. We compete for deposits and loans by seeking to provide a higher level of personal service than is generally offered by our larger competitors, many of whom have more assets, capital and resources and higher lending limits than we do and may be able to conduct more intensive and broader based promotional efforts to reach both commercial and retail customers. We also compete based on advertising impact and interest rates. Our principal competitors for deposits, loans and client assets for management by our investment or trust operations include U.S. Bank, Wells Fargo, Bank of America, First National Bank of Omaha and various other nationwide, regional and community banks operating in our markets.

Competition for deposits is also affected by the ease with which customers can transfer deposits from one institution to another. Our cost of funds fluctuates with market interest rates and may be affected by higher rates being offered by other financial institutions. In certain interest rate environments, additional significant competition for deposits may be expected to arise from corporate and government debt securities and money market mutual funds. Our management believes that our most direct competition for deposits comes from nationwide and regional banks, savings banks and associations, credit unions, insurance companies, money market funds, brokerage firms, other non-bank financial services companies and service-focused community banks that target the same customers we do.

We compete for loans principally through the quality of service we provide to borrowers while maintaining competitive interest rates, loan fees and other loan terms. We emphasize personalized relationship banking services and the local and efficient decision-making of our banking businesses. Because of economies of scale, our larger, nationwide competitors may offer loan pricing that is more attractive than loan pricing we can offer. Our most direct competition for loans comes from larger regional and national banks, savings banks and associations, credit unions, insurance companies and service-focused community banks that target the same customers we do. We also face competition for agribusiness loans from participants in the nationwide Farm Credit System and global banks.

We compete for wealth management clients on the basis of the level of investment performance, fees and personalized client service. Our competition in wealth management services comes primarily from other institutions, particularly larger regional and national banks, providing similar services, wealth management companies and brokerage firms, many of which are larger than us and provide a wider array of products and services.

Intellectual Property

In the highly competitive banking industry in which we operate, intellectual property is important to the success of our business. We own a variety of trademarks, service marks, trade names and logos and spend time and resources maintaining this intellectual property portfolio. We control access to our intellectual property through license agreements, confidentiality procedures, non-disclosure agreements with third parties, employment agreements and other contractual rights to protect our intellectual property.

Information Technology Systems

We devote significant resources to maintain stable, reliable, efficient and scalable information technology systems. We utilize a single, highly integrated core processing system from a third party vendor across our business that improves cost efficiency and acquisition integration. We work with our third party vendors to monitor and maximize the efficiency of our use of their applications. We use integrated systems to originate and process loans and deposit accounts, which reduces processing time, improves customer experience and reduces costs. Most customer records are maintained digitally. We are also currently executing several initiatives to enhance our online and mobile banking services to further improve the overall client experience. We continue to rely on NAB for certain non-core banking information technology needs during a transition period following our IPO. See Our Relationship with NAB and Certain Other Related Party Transactions Relationship with NAB Transitional Services Agreement.

Protecting our systems to ensure the safety of our customers information is critical to our business. We use multiple layers of protection to control access and reduce risk, including conducting a variety of vulnerability and penetration tests on our platforms, systems and applications to reduce the risk that any attacks are successful. To protect against disasters, we have a backup offsite core processing system and recovery plans.

We invested in an enterprise data warehouse system in order to capture, analyze and report key metrics associated with customer and product profitability. Data that previously was arduous to collect across multiple systems is now available daily through standard and ad hoc reports to assist with managing our business and competing effectively in the marketplace.

Employees

As of June 30, 2015, we had 1,490 total employees, which included 1,320 full-time employees, 157 part-time employees and 13 temporary employees. Of our 1,490 employees, 1,104 are in core banking (i.e., non-line of business branch network employees, including relationship bankers), 81 employees are in lines of business (e.g., mortgage, credit cards, investments), 33 employees are in finance, 148 employees are in support services (i.e., employees in operations, IT and projects), 78 employees are in risk management and 46 employees are in other functions. We believe our relationship with our employees to be generally good. We have not experienced any material employment-related issues or interruptions of services due to labor disagreements and are not a party to any collective bargaining agreements.

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Properties

Our corporate headquarters is located at 100 N. Phillips Ave, Sioux Falls, South Dakota 57104, and we have two leased facilities in Sioux Falls for our data center and operations centers. In addition to our corporate headquarters, we operate from 158 branch offices located in 115 communities in South Dakota, Iowa, Nebraska, Colorado, Arizona, Kansas and Missouri. We lease 34 of our branch offices, all on market terms, and we own the remainder of our offices, including our main office. All of our banking offices are in free-standing, permanent facilities. We generally believe our existing and contracted-for facilities are adequate to meet our requirements.

Legal Proceedings

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

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SUPERVISION AND REGULATION

We and our subsidiaries are subject to extensive regulation under federal and state banking laws that establish a comprehensive framework for our operations. This framework may materially impact our growth potential and financial performance and is intended primarily for the protection of depositors, customers, federal deposit insurance funds and the banking system as a whole, not for the protection of our stockholders and creditors. Significant elements of the statutes, regulations and policies applicable to us and our subsidiaries are described below. This description is qualified in its entirety by reference to the full text of the statutes, regulations and policies described.

Regulatory Agencies

Great Western is a bank holding company under the BHC Act. Consequently, Great Western and its subsidiaries are subject to supervision, regulation and examination by the Federal Reserve. The BHC Act provides generally for umbrella regulation of bank holding companies and functional regulation of holding company subsidiaries by applicable regulatory agencies. Great Western Bank, our bank subsidiary, is an FDIC-insured commercial bank chartered under the laws of South Dakota. Our bank is not a member of the Federal Reserve System. Consequently, the FDIC and the South Dakota Division of Banking are the primary regulators of our bank and also regulate our bank s subsidiaries. As the owner of a South Dakota-chartered bank, Great Western is also subject to supervision and examination by the South Dakota Division of Banking. Great Western is also subject to the disclosure and regulatory requirements of the Exchange Act administered by the SEC, and the rules adopted by the NYSE applicable to listed companies. We offer certain insurance and investment products through one of our bank s subsidiaries that is subject to regulation and supervision by applicable state insurance regulatory agencies and by FINRA as a result of a contractual relationship we have with a third party broker-dealer relating to the provision of some of wealth management and investment services to customers.

Regulatory Impact of Control by NAB

As long as we are controlled by NAB for purposes of the BHC Act, NAB s regulatory status may impact our regulatory status as well as our regulatory burden and hence our ability to expand by acquisition or engage in new activities. For example, unsatisfactory examination ratings or enforcement actions regarding NAB could impact our ability to obtain or preclude us from obtaining any necessary approvals or informal clearance for the foregoing. Furthermore, to the extent that we are required to obtain regulatory approvals under the BHC Act to make acquisitions or expand our activities, as long as NAB controls us, NAB would also be required to obtain BHC Act approvals for such acquisitions or activities as well. In addition, U.S. regulatory restrictions and requirements on non-U.S. banks such as NAB that have a certain amount of assets may result in additional restrictions and burdens on us that would not otherwise be applicable. We expect NAB to cease controlling us for purposes of the BHC Act following the completion of this offering and the Direct Share Repurchase but it is possible that NAB will continue to control us for some period of time following the offering. The Non-Control Date could be delayed if NAB continues to beneficially own any shares of our outstanding common stock following the offering, which would be the case if the underwriters option to purchase additional shares of common stock is not exercised at all or is not exercised in full. We expect that the Non-Control Date will occur on the first day that NAB no longer beneficially owns any shares of our outstanding common stock.

NAB is an Australian authorized deposit-taking institution regulated by APRA under the Banking Act 1959 (Cth), or the Banking Act. NAB does not guarantee our obligations. Pursuant to the Banking Act, APRA has issued a legally enforceable prudential standard that restricts associations between an authorized deposit-taking institution (such as NAB) and its related entities. Any provision of material financial support by NAB to us or our bank would need to comply with the requirements of the prudential standard.

APRA also has broad powers under the Banking Act to give legally enforceable directions to NAB in circumstances, for example, where it considers that NAB has not complied with prudential standards or that it is in the interests of NAB s deposit holders to do so. In the event that NAB becomes unlikely to be able to meet its

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obligations, APRA has the power to take control of NAB s business or appoint an administrator for NAB s affairs. The priority of creditors of NAB in the event that NAB is unable to meet its obligations is governed by various Australian laws, including the Banking Act. The Banking Act provides that the assets of NAB in Australia are to be available to meet liabilities to certain governmental agencies and deposit holders in Australia in priority to all other liabilities.

Permissible Activities for Bank Holding Companies

In general, the BHC Act limits the business of bank holding companies to banking, managing or controlling banks and other activities that the Federal Reserve has determined to be so closely related to banking as to be a proper incident thereto.

Bank holding companies that qualify and elect to be treated as financial holding companies may engage in a broad range of additional activities that are (i) financial in nature or incidental to such financial activities or (ii) complementary to a financial activity and do not pose a substantial risk to the safety and soundness of depository institutions or the financial system generally. These activities include securities underwriting and dealing, insurance underwriting and making merchant banking investments. We have not elected to be treated as a financial holding company and currently have no plans to make a financial holding company election.

The BHC Act does not place territorial restrictions on permissible non-banking activities of bank holding companies. The Federal Reserve has the power to order any bank holding company or its subsidiaries to terminate any activity or to terminate its ownership or control of any subsidiary when the Federal Reserve has reasonable grounds to believe that continuing such activity, ownership or control constitutes a serious risk to the financial soundness, safety or stability of any bank subsidiary of the bank holding company.

Permissible Activities for Banks

As a South Dakota-chartered commercial bank, our bank s business is generally limited to activities permitted by South Dakota law and any applicable federal laws. Under the South Dakota Banking Code, our bank may generally engage in all usual banking activities, including taking commercial and saving deposits; lending money on personal and real security; issuing letters of credit; buying, discounting, and negotiating promissory notes, bonds, drafts and other forms of indebtedness; buying and selling currency and, subject to certain limitations, certain investment securities; engaging in all facets of the insurance business and maintaining safe deposit boxes on premises. Subject to prior approval by the Director of the South Dakota Division of Banking, our bank may also permissibly engage in any activity permissible as of January 1, 2008 for a national bank doing business in South Dakota.

South Dakota law also imposes restrictions on our bank s activities and corporate governance requirements intended to ensure the safety and soundness of our bank. For example, South Dakota law requires our bank s officers to be elected annually and the election of each officer to be confirmed by the Director of the South Dakota Division of Banking. In addition, South Dakota law also requires at least 75% of our bank s board of directors be U.S. citizens. Our bank is also restricted under South Dakota law from investing in certain types of investment securities and is generally limited in the amount of money it can lend to a single borrower or invest in securities issued by a single issuer (in each case, 20% of our bank s capital stock and surplus plus 10% of our bank s undivided profits).

Acquisitions by Bank Holding Companies

The BHC Act, the Bank Merger Act, the South Dakota Banking Code and other federal and state statutes regulate acquisitions of commercial banks and other FDIC-insured depository institutions. We must obtain the prior approval of the Federal Reserve before (i) acquiring more than 5% of the voting stock of any FDIC-insured depository institution or other bank holding company (other than directly through our bank), (ii) acquiring all or substantially all of the assets of any bank or bank holding company or (iii) merging or consolidating with any other bank holding company. Under the Bank Merger Act, the prior approval of the FDIC is required for our bank to merge with another bank or purchase all or substantially all of the assets or assume any of the deposits of another FDIC-insured depository institution. In reviewing applications seeking approval of merger and acquisition transactions, bank regulators consider, among other things, the competitive effect and public benefits of the transactions, the capital position and managerial resources of the combined organization, the risks to the stability of the U.S. banking or financial system, the applicant s performance record under the CRA, the applicant s compliance with fair housing and other consumer protection laws and the effectiveness of all organizations involved in combating money laundering activities. In addition, failure to implement or maintain adequate compliance programs could cause bank regulators not to approve an acquisition where regulatory approval is required or to prohibit an acquisition even if approval is not required.

Dividends; Stress Testing

Great Western is a legal entity separate and distinct from its banking and other subsidiaries. As a bank holding company, Great Western is subject to certain restrictions on its ability to pay dividends under applicable banking laws and regulations. Federal bank regulators are authorized to determine under certain circumstances relating to the financial condition of a bank holding company or a bank that the payment of dividends would be an unsafe or unsound practice and to prohibit payment thereof. In particular, federal bank regulators have stated that paying dividends that deplete a banking organization s capital base to an inadequate level would be an unsafe and unsound banking practice and that banking organizations should generally pay dividends only out of current operating earnings. In addition, in the current financial and economic environment, the Federal Reserve has indicated that bank holding companies should carefully review their dividend policy and has discouraged payment ratios that are at maximum allowable levels unless both asset quality and capital are very strong.

A significant portion of our income comes from dividends from our bank, which is also the primary source of our liquidity. In addition to the restrictions discussed above, our bank is subject to limitations under South Dakota law regarding the level of dividends that it may pay to us. In general, dividends by our bank may only be declared from its net profits and may be declared no more than once per calendar quarter. The approval of the South Dakota Director of Banking is required if our bank seeks to pay aggregate dividends during any calendar year that would exceed the sum of its net profits from the year to date and retained net profits from the preceding two years, minus any required transfers to surplus.

In October 2012, as required by the Dodd-Frank Act, the Federal Reserve and the FDIC published final rules regarding company-run stress testing. These rules require bank holding companies and banks with average total consolidated assets greater than $10 billion to conduct an annual company-run stress test of capital, consolidated earnings and losses under one base and at least two stress scenarios provided by the federal bank regulators. Although our assets are currently below this threshold, we have nevertheless commenced a project to ensure that we are able to meet these requirements in a timely fashion. Neither we nor our bank is currently subject to the stress testing requirements, but we expect that once we are subject to those requirements, the Federal Reserve, the FDIC and the South Dakota Division of Banking will consider our results and those of our bank as an important factor in evaluating our and our bank s capital adequacy, any proposed acquisitions by us or by our bank and whether any proposed dividends or stock repurchases by us or by our bank may be an unsafe or unsound practice.

Transactions with Affiliates

Transactions between our bank and its subsidiaries, on the one hand, and Great Western or any other subsidiary, on the other hand, are regulated under federal banking law. The Federal Reserve Act imposes quantitative and qualitative requirements and collateral requirements on covered transactions by our bank with, or for the benefit of, its affiliates, and generally requires those transactions to be on terms at least as favorable to our bank as if the transaction were conducted with an unaffiliated third party. Covered transactions are defined by statute to include a loan or extension of credit, as well as a purchase of securities issued by an affiliate, a purchase of assets (unless otherwise exempted by the Federal Reserve) from the affiliate, certain derivative transactions that create a credit exposure to an affiliate, the acceptance of securities issued by the affiliate as collateral for a loan, and the issuance of a guarantee, acceptance or letter of credit on behalf of an affiliate. In general, any such transaction by our bank or its subsidiaries must be limited to certain thresholds on an individual and aggregate basis and, for credit transactions with any affiliate, must be secured by designated amounts of specified collateral.

Federal law also limits a bank s authority to extend credit to its directors, executive officers and 10% stockholders, as well as to entities controlled by such persons. Among other things, extensions of credit to insiders are required to be made on terms that are substantially the same as, and follow credit underwriting procedures that are not less stringent than, those prevailing for comparable transactions with unaffiliated persons. Also, the terms of such extensions of credit may not involve more than the normal risk of non-repayment or present other unfavorable features and may not exceed certain limitations on the amount of credit extended to such persons individually and in the aggregate.

Source of Strength

Federal Reserve policy and federal law require bank holding companies to act as a source of financial and managerial strength to their subsidiary banks. Under this requirement, we are expected to commit resources to support our bank, including at times when we may not be in a financial position to provide such resources, and it may not be in our, or our stockholders or creditors , best interests to do so. In addition, any capital loans we make to our bank are subordinate in right of payment to depositors and to certain other indebtedness of our bank. In the event of our bankruptcy, any commitment by us to a federal bank regulatory agency to maintain the capital of our bank will be assumed by the bankruptcy trustee and entitled to priority of payment.

Regulatory Capital Requirements

The Federal Reserve monitors the capital adequacy of our holding company on a consolidated basis, and the FDIC and the South Dakota Division of Banking monitor the capital adequacy of our bank. The current risk-based capital standards used by our regulators, parts of which are currently in the process of being phased-in, are based on the December 2010 final capital framework for strengthening international capital standards, known as Basel III, of the Basel Committee on Banking Supervision, or the Basel Committee. Prior to January 1, 2015, however, the risk based capital standards applicable to us and our bank, known as the general risk-based capital guidelines, were based on the 1988 capital accord, known as Basel I, of the Basel Committee.

General Risk-Based Capital Guidelines

The general risk-based guidelines were intended to make regulatory capital requirements sensitive to differences in credit and market risk profiles among banks and bank holding companies, to account for off-balance sheet exposure and to minimize disincentives for holding liquid assets. Assets and off-balance sheet items were assigned to weighted risk categories, and capital was classified in one of the two following tiers depending on its characteristic:

Tier 1 (Core) Capital Tier 1 capital included common equity, retained earnings, qualifying non-cumulative perpetual preferred stock, minority interests in equity accounts of consolidated subsidiaries (and, under existing standards, a limited amount of qualifying trust preferred securities at the holding company level), less goodwill, most intangible assets and certain other assets.

Tier 2 (Supplementary) Capital Tier 2 capital included perpetual preferred stock and trust preferred securities not meeting the definition of Tier 1 capital, qualifying mandatory convertible debt securities, qualifying subordinated debt and a limited amount of allowances for loan and lease losses.

Under the general risk-based capital guidelines, we were required to maintain Tier 1 capital and total capital (that is, Tier 1 capital plus Tier 2 capital, less certain deductions) equal to at least 4% and 8%, respectively, of our total risk-weighted assets (including various off-balance sheet items such as letters of credit). Our bank was required to maintain similar capital ratios. To be considered well capitalized under the regulatory framework for a variety of purposes, we and our bank were required to maintain Tier 1 and total capital ratios of at least 6% and 10%, respectively.

Basel III and the New Capital Rules

In July 2013, the federal bank regulators approved final rules, or the New Capital Rules, implementing the Basel III framework and various provisions of the Dodd-Frank Act. The New Capital Rules substantially revise the risk-based capital requirements applicable to bank holding companies and banks, including us and our bank, compared to the general risk-based capital guidelines. The New Capital Rules revise the components of capital and address other issues affecting the numerator in regulatory capital ratio calculations. The New Capital Rules also address risk weights and other issues affecting the denominator in regulatory capital ratio calculations, including by replacing the existing risk-weighting approach derived from Basel I with a more risk-sensitive approach based, in part, on the standardized approach adopted by the Basel Committee in its 2004 capital accords, known as Basel II. The New Capital Rules also implement the requirements of Section 939A of the Dodd-Frank Act to remove references to credit ratings from the federal bank regulators rules. Subject to a phase-in period for various provisions, the New Capital Rules became effective for us and for our bank beginning on January 1, 2015.

The New Capital Rules, among other things, (i) introduce a new capital measure called Common Equity Tier 1, or CET1, (ii) specify that Tier 1 capital consists of CET1 and Additional Tier 1 capital instruments meeting specified requirements, (iii) define CET1 narrowly by requiring that most deductions/adjustments to regulatory capital measures be made to CET1 and not to the other components of capital and (v) expand the scope of the deductions/adjustments to capital as compared to prior regulations.

Under the New Capital Rules, the minimum capital ratios as of January 1, 2015 are (i) 4.5% CET1 to risk-weighted assets, (ii) 6% Tier 1 capital (that is, CET1 plus Additional Tier 1 capital) to risk-weighted assets and (iii) 8% total capital (that is, Tier 1 capital plus Tier 2 capital) to risk-weighted assets.

The New Capital Rules also introduce a new capital conservation buffer designed to absorb losses during periods of economic stress. The capital conservation buffer is composed entirely of CET1, on top of these minimum risk-weighted asset ratios. In addition, the New Capital Rules provide for a countercyclical capital buffer applicable only to certain covered institutions. We do not expect the countercyclical capital buffer to be applicable to us or our bank. Banking institutions with a ratio of CET1 to risk-weighted assets above the minimum but below the capital conservation buffer (or below the combined capital conservation buffer and countercyclical capital buffer, when the latter is applied) will face constraints on dividends, equity repurchases and compensation based on the amount of the shortfall.

The implementation of the capital conservation buffer will begin on January 1, 2016 at the 0.625% level and will be phased in over a three-year period (increasing by 0.625% on each subsequent January 1, until it reaches 2.5% on January 1, 2019). When fully phased-in, the New Capital Rules will require us, and our bank, to maintain such additional capital conservation buffer of 2.5% of CET1, effectively resulting in minimum ratios of (i) 7% CET1 to risk-weighted assets, (ii) 8.5% Tier 1 capital to risk-weighted assets, and (iii) 10.5% total capital to risk-weighted assets.

The New Capital Rules provide for a number of deductions from and adjustments to CET1. These include, for example, the requirement that mortgage servicing rights, certain deferred tax assets and significant investments in non-consolidated financial entities be deducted from CET1 to the extent that any one such category exceeds 10% of CET1 or all such categories in the aggregate exceed 15% of CET1. Implementation of the deductions and other adjustments to CET1 began on January 1, 2015 and will be phased in over a four-year period (beginning at 40% on January 1, 2015 and an additional 20% per year thereafter). The New Capital Rules also generally preclude certain hybrid securities, such as trust preferred securities, from being counted as Tier 1 capital for most bank holding companies. Bank holding companies such as us who had less than $15 billion in

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assets as of December 31, 2009 (and who continue to have less than $15 billion in assets) are permitted to include trust preferred securities issued prior to May 19, 2010 as Additional Tier 1 capital under the New Capital Rules, however.

The New Capital Rules also prescribe a new standardized approach for risk weightings that expands the risk-weighting categories from the prior four Basel I-derived categories (0%, 20%, 50% and 100%) to a much larger and more risk-sensitive number of categories, depending on the nature of the assets, generally ranging from 0%, for U.S. government and agency securities, to 600%, for certain equity exposures, and resulting in higher risk weights for a variety of asset categories.

With respect to our bank, the New Capital Rules also revise the prompt corrective action regulations pursuant to Section 38 of the FDIA, including minimum requirements for us and our bank to be well capitalized. See Prompt Corrective Action Framework.

We believe that, as of March 31, 2015, we and our bank would meet all capital adequacy requirements under the New Capital Rules on a fully phased-in basis as if such requirements were then in effect.

Leverage Requirements

Bank holding companies and banks are also currently required to comply with minimum leverage requirements, measured based on the ratio of a bank holding company s or a bank s, as applicable, Tier 1 capital to adjusted quarterly average total assets (as defined for regulatory purposes). These requirements necessitate a minimum Tier 1 leverage ratio of 4% for all bank holding companies and banks. To be considered well capitalized under the regulatory framework for prompt corrective action, our bank must maintain minimum Tier 1 leverage ratios of at least 5%. See Prompt Corrective Action Framework.

Liquidity Regulations

Historically, the regulation and monitoring of bank and bank holding company liquidity has been addressed as a supervisory matter, without required formulaic measures. The Basel III final framework requires banks and bank holding companies to measure their liquidity against specific liquidity tests that, although similar in some respects to liquidity measures historically applied by banks and regulators for management and supervisory purposes, going forward would be required by regulation. One test, referred to as the liquidity coverage ratio, or LCR, is designed to ensure that the banking entity maintains an adequate level of unencumbered high-quality liquid assets equal to the entity s expected net cash outflow for a 30-day time horizon (or, if greater, 25% of its expected total cash outflow) under an acute liquidity stress scenario. The other test, referred to as the net stable funding ratio, or NSFR, is designed to promote more medium- and long-term funding of the assets and activities of banking entities over a one-year time horizon. These requirements will incentivize banking entities to increase their holdings of U.S. Treasury securities and other sovereign debt as a component of assets and increase the use of long-term debt as a funding source.

In September 2014, the federal bank regulators approved final rul