

Balance Sheet Offsetting

The following table presents the Company's derivative positions and the potential effect of netting arrangements on its financial position as of the dates indicated:

	Gross Amount Not Offset in the Consolidated Balance Sheets					
	Gross Amount Recognized in the Consolidated Balance Sheets	Gross Amount Offset in the Consolidated Balance Sheets	Net Amount Presented in the Consolidated Balance Sheets	Cash Collateral Pledged (Received)	Net Amount	
(dollars in thousands)						
December 31, 2023						
Derivative assets:						
Interest rate swaps - Company ⁽¹⁾	\$ —	\$ —	\$ —	\$ —	\$ —	
Interest rate swaps - dealer bank ⁽¹⁾	8,327	—	8,327	(1,740)	6,587	
To-be-announced mortgage backed securities	—	—	—	—	—	
Total	<u>\$ 8,327</u>	<u>\$ —</u>	<u>\$ 8,327</u>	<u>\$ (1,740)</u>	<u>\$ 6,587</u>	
Derivative liabilities:						
Interest rate swaps - Company ⁽¹⁾	\$ 649	\$ —	\$ 649	\$ 550	\$ 99	
Interest rate swaps - customer ⁽²⁾	8,348	—	8,348	—	8,348	
To-be-announced mortgage backed securities	183	—	183	—	183	
Total	<u>\$ 9,180</u>	<u>\$ —</u>	<u>\$ 9,180</u>	<u>\$ 550</u>	<u>\$ 8,630</u>	
December 31, 2022						
Derivative assets:						
Interest rate swaps - Company ⁽¹⁾	\$ —	\$ —	\$ —	\$ —	\$ —	
Interest rate swaps - dealer bank ⁽¹⁾	6,277	—	6,277	(6,030)	247	
To-be-announced mortgage backed securities	—	—	—	—	—	
Total	<u>\$ 6,277</u>	<u>\$ —</u>	<u>\$ 6,277</u>	<u>\$ (6,030)</u>	<u>\$ 247</u>	
Derivative liabilities:						
Interest rate swaps - customer ⁽²⁾	\$ 6,277	\$ —	\$ 6,277	\$ 309	\$ 5,968	
To-be-announced mortgage backed securities	26	—	26	—	26	
Total	<u>\$ 6,303</u>	<u>\$ —</u>	<u>\$ 6,303</u>	<u>\$ 309</u>	<u>\$ 5,994</u>	

(1) The Company maintains a master netting agreement with each counterparty and settles collateral on a net basis for all interest rate swaps with counterparty banks.

(2) The Company manages its net exposure on its customer loan swaps by obtaining collateral as part of the normal loan policy and underwriting practices. The Company does not post collateral to its customers as part of its contract.

NOTE 26 Regulatory Matters

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's and the Bank's consolidated financial statements.