AmeriBancShares, Inc.

American National Bank & Trust

2021

Annual Report

AmeriBancShares, Inc. & Subsidiaries

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OUR SHAREHOLDERS

Dwight Berry
President & CEO

To Our Shareholders

Thank you for your confidence by being a stockholder of Ameribancshares, Inc.. Fiscal 2021 proved to be another record breaking year for our bank. Total assets increased 26.1% to $1.369 billion. Deposits grew 25.7% and loans increased 18.1%. Total capital increased $30 million as a result of strong earnings and a very successful capital raise campaign. Profitability increased 42.3% to $15 million for the year. Asset quality remains pristine therefore loan losses were very manageable. Underwriting practices remain conservative while loan growth continues to be dynamic. The commercial lending division of the bank is extremely strong with many seasoned lending personnel.

As all of the bank's branches are performing very well, additional expansion is occurring in new locations. A contract is in place to purchase a parcel located at the corner of North Dallas Tollway and Forest Ln in Dallas to establish a full service branch. Dallas market President Richard Dobson and his staff have operated a loan production office in the area for the past four years.

Expanding further, new staff has been hired to open a loan production office in Roanoke, Texas. Branch President Hogan Page and Senior Vice President Laura Craig are currently located at our Denton branch, but will soon relocate to Roanoke.

Laura Craig
Senior Vice President

Hogan Page
Market President

We are extremely pleased to have them join our team as both are highly experienced and very active in the Roanoke community. It has been the banks business model to hire seasoned successful bankers, and establish loan production offices until profitability can be measured, then expand into a full service facility.

Our title company, American National Title of Texas, moved to a beautiful new facility at 3800 Kell Boulevard in Wichita Falls. This allowed much needed space for title functions as the company grows. The mortgage department now completely occupies the entire facility that was shared with the title company at 1920 Elmwood Ave.

Craig Korbuly joined the bank as Executive Vice President and Chief Financial Officer at the beginning of 2021. He is highly experienced and brings great strength to the operational component of the institution. Blake Andrews has been named Chief Operating Officer in addition to his duties as President of the Wichita Falls branch office.

Craig Korbuly
Executive Vice President
Chief Financial Officer

Jennifer Bryson
Senior Vice President

Melissa Hill
Senior Vice President

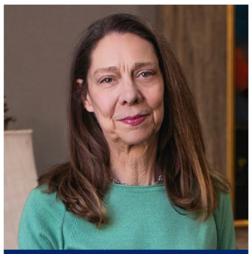
Jeffrey Schultz
Executive Vice President
Chief Investment Officer

Beth Owens
Senior Vice President

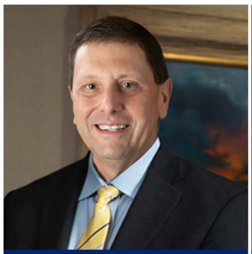
The Trust department continues to be very profitable and has been expanded into the Houston market. Beth Owens, Jennifer Bryson, and Melissa Hill, all Senior Vice Presidents, and Mathew Harry, Assistant Vice President, have done an outstanding job of establishing a trust operation in Houston. Under Executive Vice President Jeff Schultz's direction, the Trust Department has surpassed $1.6 billion of assets under management.

Exceptional leaders who will be greatly missed.

Three of our long time officers Linda Wilson, Sam Wilson, and Candy Stroud retired in 2021. Linda served many years as a Trust Officer, Sam was Branch President in Flower Mound, and Candy was the bank's teller supervisor. They were exceptional leaders and will be greatly missed.



Linda Wilson
Trust Officer



Sam Wilson
Market President

Candy Stroud
Teller Supervisor

2022 is going to be an exciting year. Your Board is actively involved within all areas of the bank in a comprehensive yet non-onerous manner. Policies and procedures are in place to enhance prudent decisions, and protecting your investment is our number one objective. We value your trust and support.

Dwight Berry
President & CEO

AmeriBancShares, Inc. & Subsidiaries

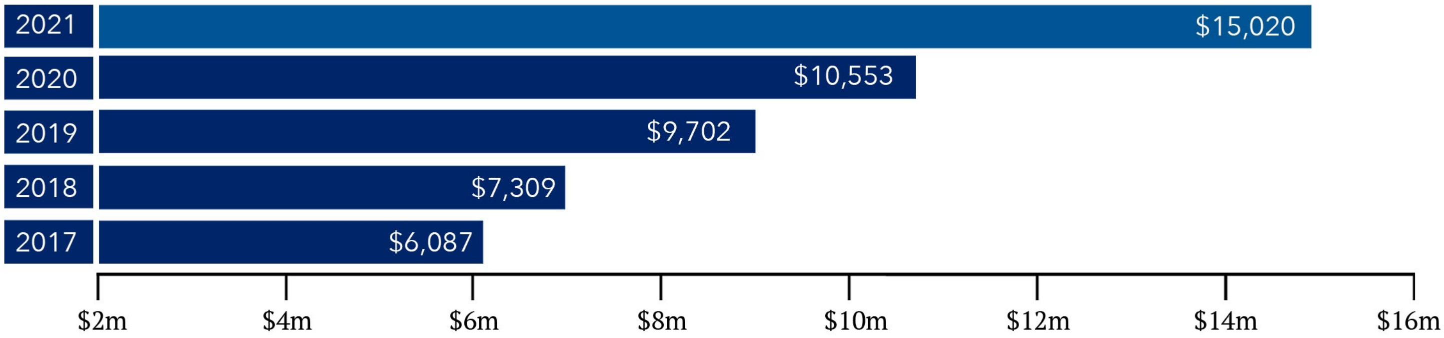
FINANCIAL HIGHLIGHTS

	YEAR ENDED DECEMBER 31, 2021	YEAR ENDED DECEMBER 31, 2020	%CHANGE
Demand Deposits	45,069	37,433	20.4%
Total Deposits	1,192,457	949,026	25.7%
Total Assets	1,369,236	1,085,839	26.1%
Total Loans (net)	938,093	794,476	18.1%
Allowance for Loan Losses	13,039	12,097	7.8%
Return on Earning Assets	3.40%	3.87%	-12.1%
Cost of Funds	0.54%	0.82%	-34.4%
Average Net Spread	2.86%	3.05%	-6.1%
Growth in Capital	30,190	10,509	187.3%
Total Capital Beginning	98,519	88,010	11.9%
Total Capital Ending	128,709	98,519	30.6%
Interest Income	44,493	40,548	9.7%
Interest Expense	5,466	6,141	-11.0%
Net Interest Income	39,027	34,407	13.4%
Non-Interest Income	18,559	17,792	4.4%
Non-Interest Expense	37,750	32,756	15.3%
Profit Before Provision	19,836	19,443	2.0%
Provision for Loan Losses	1,290	6,600	-80.5%
Income Taxes	3,526	2,290	54.0%
Net Income	15,020	10,553	42.3%
Earnings Per Share	6.28	4.53	38.6%
Dividends Paid	0.48	0.50	-4.7%
Book Value	49.59	42.26	17.3%
Return on Average Assets	1.29%	1.10%	16.9%
Return on Average Equity	11.73%	10.14%	15.7%

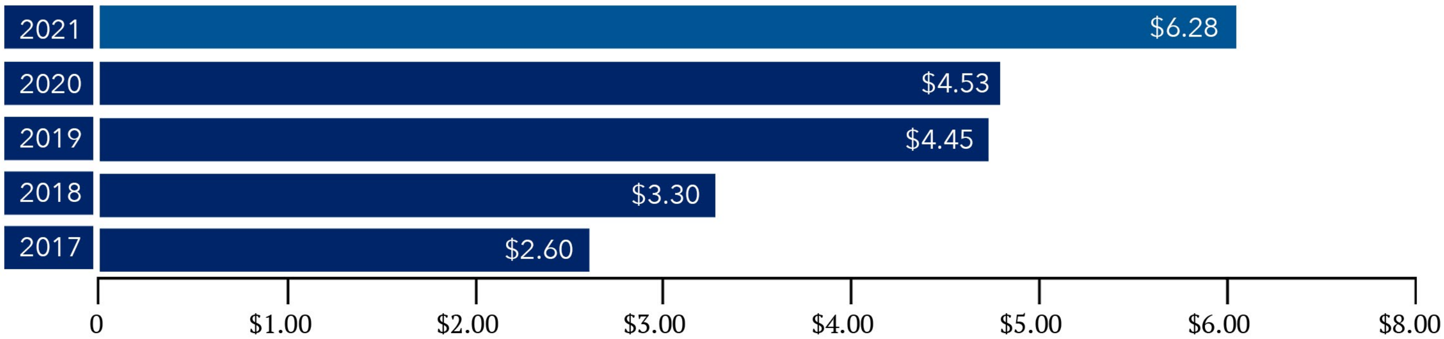
AmeriBancShares, Inc. & Subsidiaries

YEAR END STATISTICS

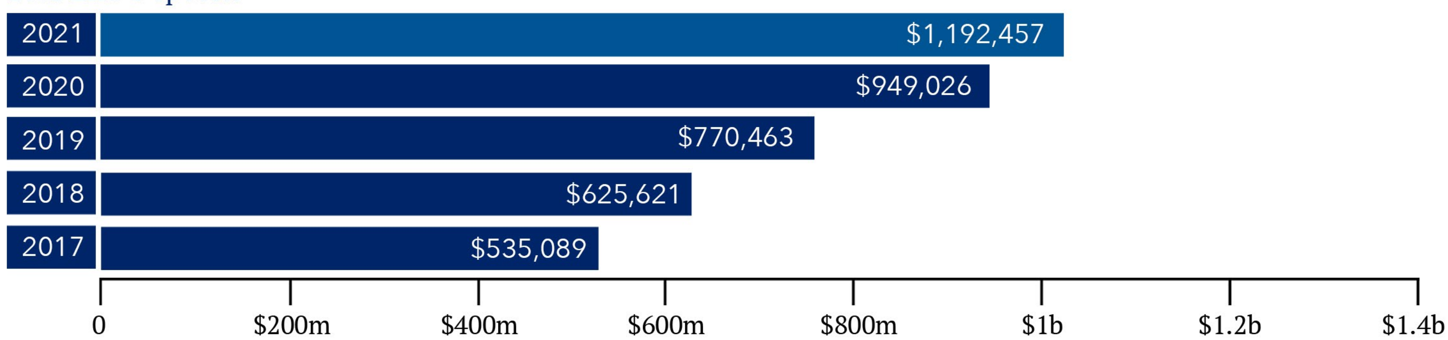
Consolidated Net Income



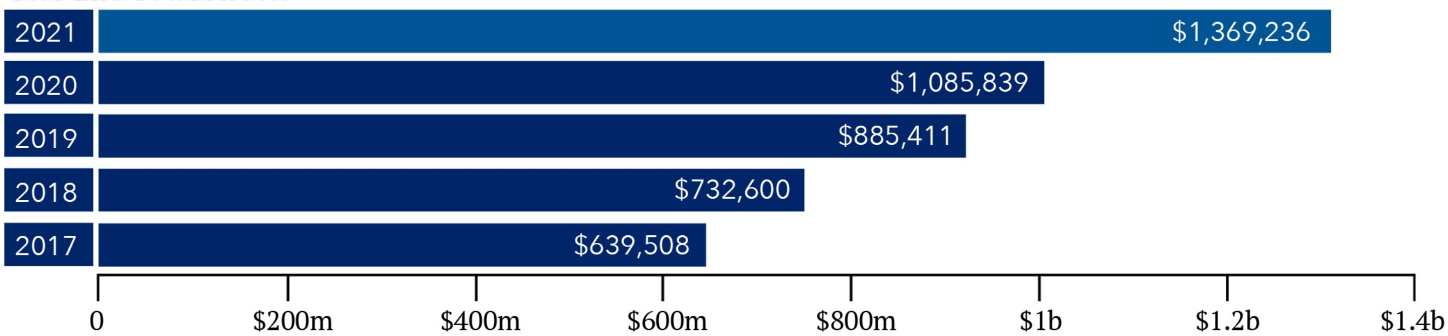
Earnings Per Share



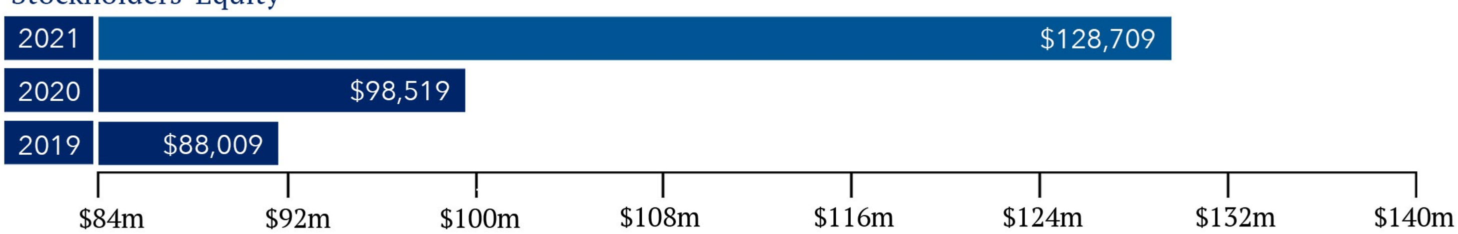
Year End Deposits



Year End Total Assets



Stockholders' Equity



AMERIBANCSHARES, INC.
AND SUBSIDIARIES

Consolidated Financial Statements
and Additional Information

December 31, 2021 and 2020

(With Independent Auditor's Report Thereon)

PAYNE & SMITH, LLC
Certified Public Accountants

Independent Auditor's Report

The Board of Directors
AmeriBancShares, Inc. and Subsidiaries
Wichita Falls, Texas

Report on the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of AmeriBancShares, Inc. and Subsidiaries (Company), which comprise the consolidated balance sheets as of December 31, 2021 and 2020 and the related consolidated statements of income, comprehensive income, changes in stockholders' equity and cash flows for the years then ended and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of AmeriBancShares, Inc. and Subsidiaries as of December 31, 2021 and 2020, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility for the Financial Statements

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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In performing an audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of the Company's internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Other Legal and Regulatory Requirements

In accordance with Government Auditing Standards, we have also issued reports dated March 18, 2022 on our consideration of the Company's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control over financial reporting and compliance.

Payne & Smith, LLC

March 18, 2022

AMERIBANCSHARES, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2021 and 2020

(In thousands of dollars, except share amounts)

	2021	2020
ASSETS		
Cash and due from banks	$ 161,055	$ 18,987
Interest bearing deposits in banks	91,991	98,034
Total cash and equivalents	253,046	117,021
Securities available for sale	100,495	94,058
Mortgage loans held for sale	1,040	7,731
Loans, net	938,093	794,476
Premises and equipment, net	31,549	29,027
Accrued interest receivable	2,846	3,428
Goodwill	4,220	4,220
Cash surrender value of life insurance	25,534	23,269
Other securities	4,104	3,500
Other assets	8,309	9,109
Total assets	$ 1,369,236	$ 1,085,839
LIABILITIES AND STOCKHOLDERS' EQUITY		
Demand deposits	$ 45,069	$ 37,433
Savings deposits	464,106	390,441
Money market and NOW accounts	538,958	401,422
Time certificates of deposit	144,324	119,730
Total deposits	1,192,457	949,026
Securities sold under agreements to repurchase	170	1,198
Other borrowings	27,921	18,996
Junior subordinated debentures	7,217	7,217
Accrued interest payable	100	135
Other liabilities	12,662	10,748
Total liabilities	1,240,527	987,320
Commitments and contingencies	-	-
Stockholders' equity:		
Common stock (par value $2.50; 5,000,000, shares authorized, 2,725,936 and 2,482,820 issued at 2021 and 2020 and 2,595,645 and 2,331,088 outstanding at 2021 and 2020)	6,815	6,207
Surplus	41,635	26,137
Undivided profits	84,087	70,242
Treasury stock, at cost 130,291 and 151,732 shares at 2021 and 2020)	(3,971)	(4,806)
Unearned KSOP stock	(327)	(638)
Accumulated other comprehensive income, net of tax expense of $125 in 2021 and $366 in 2020	470	1,377
Total stockholders' equity	128,709	98,519
Total liabilities and stockholders' equity	$ 1,369,236	$ 1,085,839

See accompanying notes to consolidated financial statements.

AMERIBANCSHARES, INC. AND SUBSIDIARIES

Consolidated Statements of Income

For the Years Ended December 31, 2021 and 2020

(In thousands of dollars, except earnings per share)

	2021	2020
Interest income:		
Interest and fees on loans	$ 42,155	$ 38,003
Interest on investment securities		
Taxable	1,252	1,339
Nontaxable	963	1,073
Interest on interest bearing deposits in banks	123	133
Total interest income	44,493	40,548
Interest expense:		
Interest on deposits	4,442	5,475
Interest on repurchase agreements	1	1
Interest on other borrowed funds	884	481
Interest on junior subordinated debentures	139	184
Total interest expense	5,466	6,141
Net interest income	39,027	34,407
Provision for loan losses	1,290	6,600
Net interest income after provision for loan losses	37,737	27,807
Other operating income:		
Service charges on deposit accounts	622	629
Trust fee income	6,734	5,495
Gain on sale of mortgage loans	4,226	6,345
Loan servicing fees	1,026	746
Title insurance premiums	2,199	1,761
Gain on sale of other real estate owned	-	57
Gain on sale of securities available for sale, net	-	6
Rent income	692	669
Other	3,060	2,084
Total other operating income	18,559	17,792
Other operating expenses:		
Salaries and employee benefits	24,377	21,173
Premises and equipment	3,113	2,428
Data processing expense	2,388	1,440
Loss on sale of other real estate owned	7	-
Other	7,865	7,715
Total other operating expenses	37,750	32,756
Income before income taxes	18,546	12,843
Provision for income taxes	3,526	2,290
Net income	$ 15,020	$ 10,553
Earnings per share	$ 6.28	$ 4.53

See accompanying notes to consolidated financial statements.

AMERIBANCSHARES, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2021 and 2020

(In thousands of dollars)

	2021	2020
Net income	$ 15,020	$ 10,553
Other comprehensive (loss) income, net of tax:		
Change in net unrealized gain on securities available for sale, net of tax (benefit) expense of ($241) and $144 for 2021 and 2020, respectively	(907)	542
Less reclassification adjustment for gains on sales of securities available for sale, net of tax expense of $1 for 2020	-	(5)
Total other comprehensive (loss) income	(907)	537
Total comprehensive income	$ 14,113	$ 11,090

See accompanying notes to consolidated financial statements.

AMERIBANCSHARES, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Stockholders' Equity

For the Years Ended December 31, 2021 and 2020

(In thousands of dollars)

	Common Stock	Surplus	Undivided Profits	Treasury Stock	Unearned KSOP Stock	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance January 1, 2020	$ 6,202	$ 26,035	$ 60,854	$ (4,952)	$ (969)	$ 840	$ 88,010
Net income	-	-	10,553	-	-	-	10,553
Sale of common stock	5	95	-	-	-	-	100
Sale of treasury stock	-	7	-	146	-	-	153
KSOP stock earned	-	-	-	-	331	-	331
Other comprehensive income	-	-	-	-	-	537	537
Dividends ($.50 per common share)	-	-	(1,165)	-	-	-	(1,165)
Balance December 31, 2020	6,207	26,137	70,242	(4,806)	(638)	1,377	98,519
Net income	-	-	15,020	-	-	-	15,020
Sale of common stock	608	15,661	-	-	-	-	16,269
Sale of treasury stock	-	(163)	-	835	-	-	672
KSOP stock earned	-	-	-	-	311	-	311
Other comprehensive loss	-	-	-	-	-	(907)	(907)
Dividends ($.50 per common share)	-	-	(1,175)	-	-	-	(1,175)
Balance December 31, 2021	$ 6,815	$ 41,635	$ 84,087	$ (3,971)	$ (327)	$ 470	$ 128,709

See accompanying notes to consolidated financial statements.

AMERIBANCSHARES, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2021 and 2020

(In thousands of dollars)

	2021	2020
Cash flows from operating activities:		
Net income	$ 15,020	$ 10,553
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,727	1,383
Provision for loan losses	1,290	6,600
Benefit from deferred taxes	(28)	(1,354)
Gain on sale of securities available for sale	-	(6)
Gain on sale of mortgage loans	(4,226)	(6,345)
Amortization of mortgage servicing rights	671	840
Loss (gain) on sale of other real estate owned	7	(57)
Gain on sale of premises and equipment	(16)	(56)
Amortization of premium on investment securities	383	448
Accretion of discount on investment securities	(18)	(99)
Increase in cash surrender value of life insurance	(106)	(98)
Proceeds from sales of mortgage loans	157,847	222,326
Mortgage loans funded	(146,930)	(218,304)
Mortgage servicing rights capitalized	(945)	(1,531)
Change in:		
Prepaid expenses	(313)	150
Accrued interest receivable	581	(751)
Income taxes receivable	(271)	62
Miscellaneous other assets	715	(3,749)
Accrued interest payable	(35)	(62)
Income taxes payable	1,325	(831)
Other taxes payable	19	5
Other accrued expenses	775	5,193
Net cash provided by operating activities	27,472	14,317
Cash flows from investing activities:		
Proceeds from maturities, calls and paydowns of securities available for sale	379,681	45,345
Proceeds from sales of securities available for sale	-	617
Purchase of securities available for sale	(387,631)	(54,618)
Purchase of other securities	(604)	(167)
Purchase of cash value life insurance	(2,159)	(655)
Net increase in loans	(144,502)	(146,549)
Purchase of premises and equipment	(4,864)	(7,972)
Proceeds from sale of premises and equipment	660	775
Proceeds from sale of other real estate owned	878	803
Net cash used in investing activities	(158,541)	(162,421)
Cash flows from financing activities:		
Net increase in deposits	243,431	178,561
Net (decrease) increase in repurchase agreements	(1,028)	408
Net increase in other borrowings	8,925	9,075
Sale of common stock	16,269	100
Sale of treasury stock	672	153
Dividends paid	(1,175)	(1,165)
Net cash provided by financing activities	267,094	187,132
Net increase in cash and cash equivalents	136,025	39,028
Cash and cash equivalents at beginning of year	117,021	77,993
Cash and cash equivalents at end of year	$ 253,046	$ 117,021

See accompanying notes to consolidated financial statements.

1. Summary of Significant Accounting Policies

The accounting and reporting policies of AmeriBancShares, Inc. and Subsidiaries (Company) conform to generally accepted accounting principles and prevailing practices within the banking industry. The Company carries its assets and liabilities principally on the historical cost basis and follows the accrual method of accounting.

Business

The Company provides a variety of financial services to individual and business customers through its locations in Wichita Falls, Iowa Park, Chillicothe, Quanah, Archer City, Dallas, Fort Worth and Flower Mound, Texas. The Company's primary deposit products are demand deposits, savings deposits, and certificates of deposit, and the primary lending products are commercial, real estate mortgages, and consumer loans. The Company also provides trust services, real estate title services and vehicle and equipment leasing services to individual and business customers through its various locations.

The accompanying consolidated financial statements include the accounts of AmeriBancShares, Inc. and its wholly-owned subsidiaries, ANB Realty Corp. and AmeriBancShares of Delaware, Inc. The financial statements also include American National Bank & Trust, which is a wholly-owned subsidiary of AmeriBancShares of Delaware Inc. (ABDI) and American National Leasing Company, Archer Title of Texas, Inc., and AmNat Insurance Services, Inc., which are wholly-owned subsidiaries of American National Bank & Trust (together referred to as Bank). All significant intercompany transactions have been eliminated.

Global Pandemic

The Company's business has been and continues to be impacted by the COVID-19 pandemic. As the pandemic is ongoing and dynamic in nature, there are many uncertainties related to COVID-19 including, among other things, its ultimate geographic spread; its severity; the duration of the outbreak; the impact to the Company's customers, employees and vendors; the impact to the financial services and banking industry; and the impact to the economy as a whole. COVID-19 has affected, and is expected to continue to affect, the Company's business, financial position and operating results. The Company's financial position is susceptible to the ability of loan customers to meet loan obligations. In light of the uncertainties, the ultimate adverse impact of COVID-19, if any, cannot be reliably estimated at this time.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure on contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The determination of the adequacy of the allowance for loan losses is based on estimates that are particularly susceptible to significant changes in the economic environment and market conditions. In connection with the determination of the estimated losses on loans, management obtains independent appraisals for significant collateral.

The Company's loans are generally secured by specific items of collateral including real property, consumer assets and business assets. Although the Company has a diversified loan portfolio, a substantial portion of its debtor's ability to honor their contracts is dependent on local economic conditions in the real estate industry. While management uses available information to recognize losses on loans, further reductions in the carrying amounts of loans may be necessary based on changes in local economic conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the estimated losses on loans. Such agencies may require the company to recognize additional losses based on their judgments about information available to them at the time of their examination.

Cash and Cash Equivalents

For purposes of recording cash flows, cash and cash equivalents include cash on hand, amounts due from banks, interest-bearing deposits in banks and federal funds sold. Generally, federal funds are purchased and sold for one-day periods.

Effective March 26, 2020, the FRB reduced the reserve requirement ratio to zero percent in an effort to support lending to households and businesses impacted by the COVID-19 pandemic.

Securities

Investment securities may be classified into three categories: held-to-maturity (HTM), available-for-sale (AFS) and trading.

Securities classified as held-to-maturity, which are those the Company has the positive intent and ability to hold to maturity, are reported at amortized cost. Securities classified as available-for-sale may be sold in response to changes in interest rates, liquidity needs, and for other purposes. Available-for-sale securities are reported at fair value and include securities not classified as held-to-maturity or trading. Trading securities are those held principally for the purpose of selling in the near future and are carried at fair value. The Company currently has no trading securities or held-to-maturity securities.

Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Unrealized holding gains and losses for available-for-sale securities are excluded from earnings and reported, net of any income tax effect, as a separate component of stockholders' equity. Realized gains and losses are reported in earnings based on the adjusted cost of the specific security sold.

Mortgage Loans Held for Sale

The mortgage loans held for sale are stated at the lower of cost or market. Such mortgage loans are aggregated by type for the purpose of valuation. Allowances which are necessary to reflect a reduction of the portfolio to the lower of cost or market are charged against income in the current period.

Loans and Allowance for Loan Losses

Loans are stated at the amount of unpaid principal, reduced by unearned discount and an allowance for loan losses. Interest on loans is calculated by using the simple interest method on daily balances of the principal amount outstanding. Fees associated with originating loans, to the extent they exceed the direct origination costs are generally deferred and recognized over the life of the loan as an adjustment of yield.

Impaired loans are generally placed on nonaccrual when a loan is specifically determined to be impaired or when principal or interest is delinquent for 90 days or more. Any unpaid interest previously accrued on those loans is reversed from income. Interest income generally is not recognized on specific impaired loans unless the likelihood of further loss is remote. Interest payments received on such loans are applied as a reduction of the loan principal balance. Interest income on other impaired loans is recognized only to the extent of interest payments received and are accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual.

A troubled debt restructured loan (TDR) is a loan which the Company, for reasons related to the borrower's financial difficulties, grants a concession to the borrower that the Company would not otherwise consider. The loan terms, which have been modified or restructured due to a borrower's financial difficulty, include, but are not limited to, a reduction in the stated interest rate; an extension of the maturity at an interest rate below current market; a reduction in the face amount of the debt; a reduction in the accrued interest; or re-aging, extensions, deferrals, renewals, and rewrites. A TDR loan is considered impaired in the year of modification and will be assessed periodically for further impairment.

Certain of the Company's borrowers are currently unable to meet their contractual payment obligations because of the adverse effects of COVID-19. To help mitigate these effects, loan customers may apply for a deferral of payments, or portions thereof, for up to 90 days. After 90 days, customers may apply for an additional deferral, and a portion of the Company's customers have requested such an additional deferral. In the absence of other intervening factors, such short-term modifications made on a good faith basis are not categorized as troubled debt restructurings, nor are loans granted payment deferrals related to COVID-19 reported as past due or placed on non-accrual status (provided the loans were not past due or on non-accrual status prior to the deferral). At December 31, 2021 and 2020, there were 4 and 37 loans, respectively, in COVID-19 related deferment with aggregate outstanding balances of approximately $610,000 and $47,153,000, respectively.

The allowance for loan losses is established through a provision for loan losses charged to expense, which represents management's best estimate of probable losses that have been incurred within the existing portfolio of loans. The allowance, in the judgment of management, is necessary to provide for estimated loan losses inherent in the loan portfolio. The allowance for loan losses includes allowance allocations calculated in accordance with ASC Topic 310, *Receivables* and allowance allocations calculated in accordance with ASC Topic 450, *Contingencies*. The level of the allowance reflects management's continuing evaluation of industry concentrations, specific credit risks, loan loss experience, current loan portfolio quality, present economic, political and regulatory conditions and unidentified losses inherent in the current loan portfolio, as well as trends in the foregoing. Portions of the allowance may be allocated for specific credits; however, the entire allowance is available for any credit that, in management's judgment, should be charged off. While management utilizes its best judgment and information available, the ultimate adequacy of the allowance is dependent upon a variety of factors beyond the Company's control, including the performance of the Company's loan portfolio, the economy, changes in interest rates and the view of the regulatory authorities toward loan classifications.

The Company's allowance for loan losses consists of three elements: (i) specific valuation allowances established for probable losses on specific loans; (ii) historical valuation allowances calculated based on historical loan loss experience for similar loans with similar characteristics and trends adjusted for general economic conditions and other qualitative risk factors both internal and external to the Company; and (iii) unallocated general valuation.

Servicing

Servicing assets are recognized as separate assets when rights are acquired through purchase or through sale of financial assets. Capitalized servicing rights are reported in other assets and are amortized into noninterest income in proportion to, and over the period of, the estimated life of the underlying loan portfolio.

Goodwill

Goodwill represents the excess of the cost of businesses acquired over the fair value of the net assets acquired. At least annually or more frequently if circumstances dictate, management assesses qualitative factors to determine whether the existence of events and circumstances indicates that it is more likely than not that goodwill is impaired. If, after assessing the totality of events and circumstances, management concludes that it is not more likely than not that goodwill is impaired, then no further action is taken. If, however, management concludes otherwise, then the fair value of goodwill is determined and tested for impairment by comparing the fair value with the carrying amount in accordance with ASC Topic 350, Intangibles-Goodwill and Other.

As of December 31, 2021, the Company evaluated recent potential triggering events that might be indicators that goodwill was impaired. The events include the economic disruption and uncertainty surrounding the COVID-19 pandemic and the circumstances surrounding recent volatility in the market price of crude oil. Based on this evaluation, the Company concluded that goodwill was not more than likely impaired as of that date.

Other Securities

Other securities include Federal Reserve Bank stock, Federal Home Loan Bank stock, and Bankers Bancorp stock. These are restricted equity securities, in that they can only be sold back to the respective institution or another member institution at par. Therefore they are less liquid than other marketable equity securities. The Company views its investment in restricted stock as a long-term investment. Accordingly, when evaluating for impairment, the value is determined based on the ultimate recovery of the par value, rather than recognizing temporary declines in fair value. No impairment has been recorded on these securities.

Other securities also include an investment in a Special Purpose Entity (see Note 11). The investment is carried at cost, minus any impairment, if any, plus or minus observable price changes in orderly transactions from similar investments.

Income Taxes

AmeriBancShares, Inc. files a consolidated income tax return with its subsidiaries. Federal income tax expense or benefit has been allocated on a separate return basis.

Deferred tax assets and liabilities are reflected at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

Accounting principles generally accepted in the United States of America require Company management to evaluate tax positions taken by the Company. Management evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require recognition or disclosure in the consolidated financial statements. Therefore, no liability for tax penalties has been included in the consolidated financial statements. With few exceptions, the Company is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for years before 2018.

Derivative Financial Instruments

Derivative financial instruments are recognized as assets and liabilities on the consolidated balance sheet and measured at fair value. From time to time, the Company uses interest rate swap agreements to hedge various exposures or to modify interest rate characteristics of various balance sheet accounts. Interest rate swaps are contracts in which a series of interest rate flows are exchanged over a prescribed period. The notational amount on which the interest payments are based is not exchanged. These swap agreements are derivative instruments and generally convert a portion of the Company's variable rate debt to a fixed rate (cash flow hedge). At December 31, 2021 and 2020, the Company had no outstanding interest rate swap agreements.

Mortgage loan commitments that relate to the origination of a mortgage that will be held for sale upon funding are considered derivative instruments. Loan commitments that are derivatives are recognized at fair value on the consolidated balance sheet in other assets and other liabilities with changes in their fair values recorded in noninterest income. The fair value of those commitments was insignificant at December 31, 2021 and 2020.

Net Income Per Common Share

Net income per common share is based on the weighted average number of common shares outstanding during the period.

Comprehensive Income

Comprehensive income includes both net income and other comprehensive income (loss), which includes the change in unrealized gains and losses on securities available for sale.

Fair Values of Financial Instruments

ASC Topic 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and requires certain disclosures about fair value measurements. In general, fair values of financial instruments are based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally developed models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. These adjustments may include amounts to reflect counterparty credit quality and the Company's creditworthiness, among other things, as well as unobservable parameters. Any such valuation adjustments are applied consistently over time.

Transfer of Financial Assets

Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (i) the assets have been isolated from the Company, (ii) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (iii) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Subsequent Events

The Company has evaluated subsequent events and transactions for potential recognition or disclosure through March 18, 2022, the date these consolidated financial statements were available to be issued.

Reclassification

For comparability, certain amounts in the 2020 financial statements have been reclassified, where appropriate, to conform with the financial presentation used in 2021.

2. **Recent Accounting Pronouncements**

In February 2016, the FASB issued Accounting Standards Update 2016-02, *Leases (Topic 842)*. The amendment to the Leases topic of the Accounting Standards Codification was to revise certain aspects of recognition, measurement, presentation, and disclosure of leasing transactions. The amended guidance and subsequent updates require lessees recognize the following for all leases (with the exception of short-term leases) at the commencement date (i) A lease liability, which is the lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (ii) A right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. The amendment will be effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Earlier application is permitted. In November 2021, the FASB issued Accounting Standards Update 2021-09, *Leases (Topic 842), Discount Rate for Lessees That Are Not Public Business Entities.* The update provides lessees that are not public business entities with a practical expedient that allows them to elect, as an accounting policy, to use a risk-free rate as the discount rate for all leases by making the risk-free rate election by class of underlying asset. The amendment requires that when the rate implicit in the lease is readily determinable for any individual lease, the lessee use that rate. Entities that have not yet adopted *Topic 842* are required to adopt the amendments in this update when they adopt *Topic 842*. This statement is not expected to have a material impact on the Company's consolidated financial statements.

In June 2016, the FASB issued Accounting Standards Update 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.* The update and subsequent updates require the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts and requires enhanced disclosures related to the significant estimates and judgments used in estimating credit losses. The guidance replaces the incurred loss model with a current expected loss model, which is referred to as the current expected credit loss (CECL) model. In addition, ASU 2016-13 amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. In April 2019, The FASB issued Accounting Standards Update 2019-04, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses (Topic 815), Derivatives and Hedging, and Financial Instruments* (*Topic 825*) to address certain codification improvements and to provide certain accounting policy electives related to accrued interest as well as the disclosure related to credit losses, among other things. In May 2019, the FASB issued Accounting Standards Update 2019-05, *Financial Instruments—Credit Losses* (*Topic 326*): *Targeted Transition Relief*, to provide transition relief in connection with the adoption of ASU 2016-03, whereby entities would have the option to irrevocably elect the fair value option for certain financial assets previously measured at amortized cost basis. The amendments for non-public business entities will be effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted as of the fiscal year beginning after December 15, 2018. The Company has formed a CECL committee and is evaluating the impact this amendment will have on the Company's consolidated financial statements. The adoption of ASU 2016-13 is not expected to have a significant impact on the regulatory capital ratios. The ultimate impact of adoption could be significantly different than current expectation as modeling processes will be significantly influenced by the composition, characteristics and quality of the loan and securities portfolios as the prevailing economic conditions and forecasts as of that date, notwithstanding any further refinements to the expected credit loss models.

In January 2017, the FASB issued Accounting Standards Update 2017-04, *Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment.* The update simplifies the measurement of goodwill impairment by eliminating the requirement that an entity compute the implied fair value of goodwill based on the fair values of its assets and liabilities to measure impairment. Instead, goodwill impairment will be measured as the difference between the fair value of the reporting unit and the carrying value of the reporting unit. ASU 2017-04 is effective for fiscal years beginning after December 15, 2022. Early application is permitted. In March 2021, the FASB issued Accounting Standards Update 2021-03, *Intangibles-Goodwill and Other (Topic 350), Accounting Alternative for Evaluating Triggering Events.* The amendments in this update provide private companies with an accounting alternative to elect to perform the goodwill impairment triggering event evaluation as of the end of the reporting period, whether the reporting period is an interim or annual period. The amendments in this update are effective on a prospective basis for fiscal years beginning after December 15, 2019. The adoption of ASU 2017-04 is not expected to have a material impact on the Company's consolidated financial statements.

In March 2020, the FASB issued Accounting Standards Update 2020-04, *Reference Rate Reform (Topic 848), Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. The update provides optional expedients and exceptions for accounting related to contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met. ASU 2020-04 applies only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform and do not apply to contract modifications made and hedging relationships entered into or evaluated after December 31, 2022, except for hedging relationships existing as of December 31, 2022, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationship. ASU 2020-4 was effective upon issuance and generally can be applied through December 31, 2022. The adoption of ASU 2020-04 did not have a material impact on the Company's consolidated financial statements. In January 2021, the FASB issued Accounting Standards Update 2021-01, *Reference Rate Reform (Topic 848), Scope.* The amendments in this update clarify that certain optional expedients and exceptions in *Topic 848* for contract modifications and hedge accounting apply to derivatives that are affected by the discounting transition. The update also amends the expedients and exceptions in ASC 848 to capture the incremental consequences of the scope clarification and to tailor the existing guidance to derivative instruments affected by the discounting transition. The amendments in this update are effectively immediately for all entities.

In August 2020, the FASB issued Accounting Standards Update 2020-08, *Codification Improvements to Subtopic 310-20, Receivables-Nonrefundable Fees and Other Costs.* The update clarifies the accounting for the amortization of purchase premiums for callable debt securities with multiple call dates. ASU 2020-08 is effective for fiscal years beginning after December 15, 2021. Early application is permitted. The adoption of ASU 2020-08 is not expected to have a material impact on the Company's consolidated financial statements.

In November 2021, the FASB issued Accounting Standards Update 2021-10, *Government Assistance (Topic 832); Disclosures by Business Entities about Government Assistance.* The update was issued to increase the transparency of government assistance including the disclosure of (1) the types of assistance, (2) an entity's accounting for the assistance, and (3) the effect of the assistance on an entity's financial statements. The amendments are effective for periods beginning after December 15, 2021.

3. Investment Securities

The amortized cost and estimated market values of investments in debt securities are as follows (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
Securities Available for Sale				
December 31, 2021:				
U.S. Treasury securities	$ 5,023	$ 7	$ -	$ 5,030
U.S. Government Agency securities	32,131	-	(302)	31,829
Municipal securities	37,681	1,012	(51)	38,642
Mortgage-backed securities	12,065	63	(177)	11,951
Corporate securities	13,000	94	(51)	13,043
	$ 99,900	$ 1,176	$ (581)	$ 100,495
December 31, 2020:				
U.S. Treasury securities	$ 10,114	$ 52	$ -	$ 10,166
U.S. Government Agency securities	30,027	36	(10)	30,053
Municipal securities	43,730	1,529	(25)	45,234
Mortgage-backed securities	2,944	93	-	3,037
Corporate securities	5,500	68	-	5,568
	$ 92,315	$ 1,778	$ (35)	$ 94,058

Proceeds from sales of available for sale securities for the year ended December 31, 2020 were approximately $618,000. Gross gains of approximately $6,000 were realized on sales of available for sale securities during 2020. There were no sales of available for sale securities during 2021.

Investment securities with recorded values of approximately $73,226,000 and $68,364,000 at December 31, 2021 and 2020, respectively, were pledged to secure deposits and for other purposes as required by law.

Unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, as of December 31, 2021 and 2020 are summarized as follows (in thousands):

	Less than 12 Months		12 Months or More	
Securities Available for Sale	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2021:				
U.S. Government Agency securities	$ 21,893	$ (237)	$ 4,935	$ (65)
Municipal securities	2,649	(21)	737	(30)
Mortgage-backed securities	9,978	(177)	-	-
Corporate securities	5,949	(51)	-	-
	$ 40,469	$ (486)	$ 5,672	$ (95)
December 31, 2020:				
U.S. Government Agency securities	$ 9,989	$ (10)	$ -	$ -
Municipal securities	768	(25)	-	-
	$ 10,757	$ (35)	$ -	$ -

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (i) the length of time and the extent to which the fair value has been less than cost, (ii) the financial condition and near-term prospects of the issuer, and (iii) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

As of December 31, 2021, management does not have the intent to sell any of the securities classified as available for sale in the table above and believes that it is more likely than not that the Company will not have to sell any such securities before a recovery of cost. The unrealized losses are largely due to increases in market interest rates over the yields available at the time the underlying securities were purchased. The fair value is expected to recover as the bonds approach their maturity date or repricing date or if market yields for such investments decline. Management does not believe any of the securities are impaired due to reasons of credit quality. Accordingly, as of December 31, 2021 and 2020, management believes the impairments detailed in the table above are temporary and no impairment loss has been recorded in the Company's consolidated statements of income.

4. Loans and Allowance for Loan Losses

A summary of loan categories is as follows (in thousands):

	2021	2020
Real estate:		
1-4 family construction	$ 24,614	$ 20,270
Construction, land development and other land	98,675	91,256
Revolving 1-4 family residential	227	222
1-4 family residential	86,837	74,013
Multi-family residential	45,841	52,941
Nonfarm nonresidential - owner occupied	92,184	71,218
Nonfarm nonresidential - nonowner occupied	481,596	316,809
Farmland	10,650	7,064
Total real estate	840,624	633,793
Agriculture	1,643	1,144
Commercial and industrial	43,724	65,506
Consumer	24,602	21,873
Municipal	380	1,725
Nondepository financial institutions	10,542	51,647
Lease financing receivables	26,396	21,662
Overdrafts	36	93
All other loans	5,030	10,555
	952,977	807,998
Unearned discount	(1,845)	(1,425)
Allowance for loan losses	(13,039)	(12,097)
	$ 938,093	$ 794,476

The Company extends commercial and consumer credit primarily to customers in the state of Texas. At December 31, 2021 and 2020, the majority of the Company's loans were collateralized with real estate. The real estate collateral provides an alternate source of repayment in the event of default by the borrower and may deteriorate in value during the time the credit is extended. The weakening of real estate markets may have an adverse effect on the Company's profitability and asset quality. If the Company were required to liquidate the collateral securing a loan to satisfy the debt during a period of reduced real estate values, earnings and capital could be adversely affected. Additionally, the Company has loans secured by inventory, accounts receivable, equipment, marketable securities, or other assets. The debtors' ability to honor their contracts on all loans is substantially dependent upon the general economic conditions of the region.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (Cares Act) was passed into law. Among other provisions, the Cares Act created the Paycheck Protection Program (PPP) for loans to small businesses to pay certain payroll, group health care benefit costs and qualifying mortgage, rent and utility payments. The PPP is administered by the Small Business Administration (SBA). A second legislative act was passed into law on April 24, 2020 to provide additional funding to the PPP. These first-draw loans had a contractual maturity of two years. Following new coronavirus stimulus legislation passed in December 2020, the SBA began accepting applications for second-draw PPP loans in January 2021 and closed the process on March 31, 2021. These second-draw loans had a contractual maturity of five years. All loans issued under the PPP have an interest rate of 1%. Under the PPP, a borrower may have a portion or all of its loan forgiven if the proceeds were for qualified expenditures within a "covered period." Loans deemed to meet the PPP criteria for loan forgiveness are reimbursed by the SBA. During 2021 and 2020, the Bank funded approximately $15,956,000 and $46,609,000, respectively, of PPP loans and received reimbursement from the SBA of approximately $44,252,000 and $13,581,000, respectively. At December 31, 2021 and 2020, the Bank had outstanding PPP loans of approximately $4,732,000 and $33,028,000, respectively, included in commercial loans. Management believes substantially all PPP loans outstanding at December 31, 2021 and 2020 meet the criteria for loan forgiveness and expect to receive future reimbursement from the SBA.

Sound risk management practices and appropriate levels of capital are essential elements of a sound commercial real estate lending program (CRE) for a financial institution. Concentrations of CRE exposures add a dimension of risk that compounds the risk inherent in individual loans. Interagency guidance on CRE concentrations describe sound risk management practices which include board and management oversight, portfolio management, management information systems, market analysis, portfolio stress testing and sensitivity analysis, credit underwriting standards, and credit risk review functions. Management believes it has implemented these practices in order to monitor its CRE. An institution which has reported loans for construction, land development, and other land loans representing 100% or more of total risk based capital, or total non-owner occupied commercial real estate loans representing 300% or more of the institutions total risk-based capital and the outstanding balance of commercial real estate loan portfolio has increased by 50% or more during the prior 36 months, may be identified for further supervisory analysis by regulators to assess the nature and risk posed by the concentration. At December 31, 2021 and 2020, the Bank had total commercial real estate loans of approximately $742,909,000 and $552,494,000, respectively. Included in these amounts, the Bank had construction, land development, and other land loans representing 73% and 89%, respectively, of total risk-based capital at December 31, 2021 and 2020. The Bank had non-owner occupied commercial real estate loans representing 387% and 385%, respectively, of total risk-based capital at December 31, 2021 and 2020.

Loan maturities and rate sensitivity of the loan portfolio at December 31, 2021 and 2020, including mortgage loans held for sale less loans on nonaccrual, are as follows (in thousands):

	2021	2020
Fixed rate loans with a remaining maturity of:		
Three months or less	$ 28,281	$ 30,067
Over three months through twelve months	85,064	82,337
Over one year through five years	459,029	423,142
Over five years	155,043	116,689
Total fixed rate loans	$ 727,417	$ 652,235
Variable rate loans with a repricing frequency of:		
Quarterly or more frequently	$ 86,279	$ 86,722
Annually or more frequently, but less frequently than quarterly	837	2,543
Every five years or more frequently, but less frequently than annually	122,672	71,265
Less frequently than every five years	15,688	677
Total variable rate loans	$ 225,476	$ 161,207

Allowance for Loan Losses

An analysis of the allowance for loan losses for the years ended December 31, 2021 and 2020 is as follows (in thousands):

	Beginning Balance	Provisions	Charge-offs	Recoveries	Ending Balance
December 31, 2021:					
Real estate:					
1-4 family construction	$ 313	$ 526	$ (330)	$ -	$ 509
Construction, land development and other land	1,581	31	-	-	1,612
Revolving 1-4 family residential	1	-	-	-	1
1-4 family residential	1,160	82	(25)	25	1,242
Multi-family residential	642	(131)	-	-	511
Nonfarm nonresidential - owner occupied	1,100	209	-	-	1,309
Nonfarm nonresidential - nonowner occupied	4,893	1,945	-	-	6,838
Farmland	82	31	-	-	113
Total real estate	9,772	2,693	(355)	25	12,135
Agriculture	8	-	-	-	8
Commercial and industrial	1,322	(1,053)	-	1	270
Consumer	292	19	(24)	7	294
Municipal	9	(7)	-	-	2
Nondepository financial institutions	427	(347)	-	-	80
Lease financing receivable	191	28	(2)	-	217
Overdrafts	-	-	-	-	-
All other loans	76	(43)	-	-	33
	$ 12,097	$ 1,290	$ (381)	$ 33	$ 13,039
December 31, 2020:					
Real estate:					
1-4 family construction	$ 230	$ 83	$ -	$ -	$ 313
Construction, land development and other land	821	760	-	-	1,581
Revolving 1-4 family residential	1	-	-	-	1
1-4 family residential	881	279	-	-	1,160
Multi-family residential	211	431	-	-	642
Nonfarm nonresidential - owner occupied	708	392	-	-	1,100
Nonfarm nonresidential - nonowner occupied	2,546	2,347	-	-	4,893
Farmland	76	6	-	-	82
Total real estate	5,474	4,298	-	-	9,772
Agriculture	8	-	-	-	8
Commercial and industrial	751	1,802	(1,518)	287	1,322
Consumer	246	41	(18)	23	292
Municipal	1	8	-	-	9
Nondepository financial institutions	128	299	-	-	427
Lease financing receivable	85	106	-	-	191
Overdrafts	-	-	-	-	-
All other loans	30	46	-	-	76
	$ 6,723	$ 6,600	$ (1,536)	$ 310	$ 12,097

The Company's individual ALLL allocations are established for probable losses on specific loans. The Company's collective ALLL allocations are established based upon historical loss experience for similar loans with similar characteristics and on economic conditions and other qualitative risk factors both internal and external to the Company. The allocation of a portion of the allowance for loan losses to one category does not preclude its availability to absorb losses in other categories. Further information pertaining to the allowance for loan losses (ALLL) at December 31, 2021 and 2020 is as follows (in thousands):

	Loan Evaluation			ALLL Allocations		
	Individually	Collectively	Total	Individually	Collectively	Total ALLL
December 31, 2021:						
Real estate:						
1-4 family construction	$ -	$ 24,614	$ 24,614	$ -	$ 509	$ 509
Construction, land development and other land	-	98,675	98,675	-	1,612	1,612
Revolving 1-4 family residential	-	227	227	-	1	1
1-4 family residential	1,062	85,775	86,837	-	1,242	1,242
Multi-family residential	-	45,841	45,841	-	511	511
Nonfarm nonresidential - owner occupied	-	92,184	92,184	-	1,309	1,309
Nonfarm nonresidential - nonowner occupied	-	481,596	481,596	-	6,838	6,838
Farmland	1,799	8,851	10,650	-	113	113
Total real estate	2,861	837,763	840,624	-	12,135	12,135
Agriculture	-	1,643	1,643	-	8	8
Commercial and industrial	81	43,643	43,724	-	270	270
Consumer	16	24,586	24,602	-	294	294
Municipal	-	380	380	-	2	2
Nondepository financial institutions	-	10,542	10,542	-	80	80
Lease financing receivable	-	26,396	26,396	-	217	217
Overdrafts	-	36	36	-	-	-
All other loans	-	5,030	5,030	-	33	33
	$ 2,958	$ 950,019	$ 952,977	$ -	$ 13,039	$ 13,039
December 31, 2020:						
Real estate:						
1-4 family construction	$ -	$ 20,270	$ 20,270	$ -	$ 313	$ 313
Construction, land development and other land	-	91,256	91,256	-	1,581	1,581
Revolving 1-4 family residential	-	222	222	-	1	1
1-4 family residential	1,629	72,384	74,013	-	1,160	1,160
Multi-family residential	-	52,941	52,941	-	642	642
Nonfarm nonresidential - owner occupied	-	71,218	71,218	-	1,100	1,100
Nonfarm nonresidential - nonowner occupied	-	316,809	316,809	-	4,893	4,893
Farmland	562	6,502	7,064	-	82	82
Total real estate	2,191	631,602	633,793	-	9,772	9,772
Agriculture	-	1,144	1,144	-	8	8
Commercial and industrial	90	65,416	65,506	-	1,322	1,322
Consumer	48	21,825	21,873	-	292	292
Municipal	-	1,725	1,725	-	9	9
Nondepository financial institutions	-	51,647	51,647	-	427	427
Lease financing receivable	-	21,662	21,662	-	191	191
Overdrafts	-	93	93	-	-	-
All other loans	-	10,555	10,555	-	76	76
	$ 2,329	$ 805,669	$ 807,998	$ -	$ 12,097	$ 12,097

Past Due and Nonaccrual Loans

The following is a summary of past due and non-accrual loans at December 31, 2021 and 2020 (in thousands):

	Past Due 30-89 Days Still Accruing	Past Due 90 Day or More Still Accruing	Non-accrual	Total Past Due and Non-accrual
December 31, 2021:				
Real estate:				
1-4 family construction	$ 26	$ -	$ -	$ 26
Construction, land development and other land	-	-	-	-
Revolving 1-4 family residential	-	-	-	-
1-4 family residential	1,294	552	1,033	2,879
Multi-family residential	-	-	-	-
Nonfarm nonresidential - owner occupied	-	-	-	-
Nonfarm nonresidential - nonowner occupied	-	-	-	-
Farmland	-	-	-	-
Total real estate	1,320	552	1,033	2,905
Agriculture	-	-	-	-
Commercial and industrial	35	-	81	116
Consumer	173	-	10	183
Municipal	-	-	-	-
Nondepository financial institutions	-	-	-	-
Lease financing receivable	-	-	-	-
Overdrafts	-	-	-	-
All other loans	-	-	-	-
	$ 1,528	$ 552	$ 1,124	$ 3,204
December 31, 2020:				
Real estate:				
1-4 family construction	$ -	$ -	$ -	$ -
Construction, land development and other land	17	-	-	17
Revolving 1-4 family residential	-	-	-	-
1-4 family residential	2,331	3,734	1,599	7,664
Multi-family residential	-	-	-	-
Nonfarm nonresidential - owner occupied	41	-	-	41
Nonfarm nonresidential - nonowner occupied	-	-	-	-
Farmland	-	1,906	562	2,468
Total real estate	2,389	5,640	2,161	10,190
Agriculture	-	-	-	-
Commercial and industrial	104	-	90	194
Consumer	2,411	-	36	2,447
Municipal	-	-	-	-
Nondepository financial institutions	-	-	-	-
Lease financing receivable	-	-	-	-
Overdrafts	-	-	-	-
All other loans	-	-	-	-
	$ 4,904	$ 5,640	$ 2,287	$ 12,831

Approximately $68,000 and $60,000 of additional interest would have been recognized if the loans on non-accrual had been on accrual status during 2021 and 2020, respectively. As stated in Note 1, there are approximately $610,000 and $47,153,000 of loans related to COVID-19 deferments at December 31, 2021 and 2020, respectively, that are not included in the above schedules.

Impaired Loans

Impaired loans may include loans modified in troubled debt restructurings where concessions have been granted to borrowers experiencing financial difficulties. Average impaired loans during 2021 and 2020 were approximately $3,396,000 and $3,831,000, respectively. Approximately $237,000 and $53,000 of interest income was recognized on impaired loans for the years ending December 31, 2021 and 2020, respectively. The following is a summary of information pertaining to impaired loans at December 31, 2021 and 2020 (in thousands):

	Impaired Loans with a Valuation Allowance			Impaired Loans without a Valuation Allowance		
	Recorded Investment	Unpaid Principal	Related Allowance	Recorded Investment	Unpaid Principal	Related Allowance
December 31, 2021:						
Real estate:						
1-4 family construction	$ -	$ -	$ -	$ -	$ -	$ -
Construction, land development and other land	-	-	-	-	-	-
Revolving 1-4 family residential	-	-	-	-	-	-
1-4 family residential	-	-	-	1,062	1,297	-
Multi-family residential	-	-	-	-	-	-
Nonfarm nonresidential - owner occupied	-	-	-	-	-	-
Nonfarm nonresidential - nonowner occupied	-	-	-	-	-	-
Farmland	-	-	-	1,799	1,799	-
Total real estate	-	-	-	2,861	3,096	-
Agriculture	-	-	-	-	-	-
Commercial and industrial	-	-	-	81	88	-
Consumer	-	-	-	16	19	-
Municipal	-	-	-	-	-	-
Nondepository financial institutions	-	-	-	-	-	-
Lease financing receivable	-	-	-	-	-	-
Overdrafts	-	-	-	-	-	-
All other loans	-	-	-	-	-	-
	$ -	$ -	$ -	$ 2,958	$ 3,203	$ -
December 31, 2020:						
Real estate:						
1-4 family construction	$ -	$ -	$ -	$ -	$ -	$ -
Construction, land development and other land	-	-	-	-	-	-
Revolving 1-4 family residential	-	-	-	-	-	-
1-4 family residential	-	-	-	1,629	1,868	-
Multi-family residential	-	-	-	-	-	-
Nonfarm nonresidential - owner occupied	-	-	-	-	-	-
Nonfarm nonresidential - nonowner occupied	-	-	-	-	-	-
Farmland	-	-	-	562	637	-
Total real estate	-	-	-	2,191	2,505	-
Agriculture	-	-	-	-	-	-
Commercial and industrial	-	-	-	90	91	-
Consumer	-	-	-	48	61	-
Municipal	-	-	-	-	-	-
Nondepository financial institutions	-	-	-	-	-	-
Lease financing receivable	-	-	-	-	-	-
Overdrafts	-	-	-	-	-	-
All other loans	-	-	-	-	-	-
	$ -	$ -	$ -	$ 2,329	$ 2,657	$ -

Troubled Debt Restructuring

Impaired loans include loans modified in troubled debt restructurings where concessions have been granted to borrowers experiencing financial difficulties. The restructuring of a loan is considered a troubled debt restructuring if both the borrower is experiencing financial difficulties and the creditor has granted a concession. Concessions may include interest rate reductions or below market interest rates, principal forgiveness, restructuring amortization schedules and other actions intended to minimize potential losses. At December 31, 2021 and 2020, the Company had TDRs totaling approximately $1,885,000 and $99,000, respectively. The Company had approximately $1,834,000 and $42,000 of performing TDRs at December 31, 2021 and 2020, respectively. During the year ended December 31, 2021, the Company had one loan in the approximate amount of $1,799,000 modified as a TDR. During the year ended December 31, 2020, the Company had two loans totaling approximately $18,000 modified as TDRs. These restructurings in 2021 and 2020 did not significantly impact the Company's determination of the allowance for loan losses. During the years ended December 31, 2021 and 2020, the Company had no significant TDRs that subsequently defaulted within twelve months following their modification.

Credit Quality Information

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt, including: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Company analyzes loans individually by classifying the loans as to credit risk. This analysis is performed on an ongoing basis. The Company uses the following definitions for risk ratings:

PASS: Loans classified as pass are loans with low to average risk.

SPECIAL MENTION: Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.

SUBSTANDARD: Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

DOUBTFUL: Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

The risk category of loans by class of loans at December 31, 2021 and 2020 is as follows (in thousands):

	Pass	Special Mention	Substandard	Doubtful	Total
December 31, 2021:					
Real estate:					
1-4 family construction	$ 24,614	$ -	$ -	$ -	$ 24,614
Construction, land development and other land	98,675	-	-	-	98,675
Revolving 1-4 family residential	227	-	-	-	227
1-4 family residential	85,276	421	1,140	-	86,837
Multi-family residential	45,841	-	-	-	45,841
Nonfarm nonresidential - owner occupied	84,764	7,420	-	-	92,184
Nonfarm nonresidential - nonowner occupied	474,127	-	7,469	-	481,596
Farmland	8,851	1,799	-	-	10,650
Total real estate	822,375	9,640	8,609	-	840,624
Agriculture	1,643	-	-	-	1,643
Commercial and industrial	43,643	-	81	-	43,724
Consumer	24,586	6	10	-	24,602
Municipal	380	-	-	-	380
Nondepository financial institutions	10,542	-	-	-	10,542
Lease financing receivable	26,396	-	-	-	26,396
Overdrafts	36	-	-	-	36
All other loans	5,030	-	-	-	5,030
	$ 934,631	$ 9,646	$ 8,700	$ -	$ 952,977
December 31, 2020:					
Real estate:					
1-4 family construction	$ 20,270	$ -	$ -	$ -	$ 20,270
Construction, land development and other land	91,256	-	-	-	91,256
Revolving 1-4 family residential	222	-	-	-	222
1-4 family residential	72,050	248	1,715	-	74,013
Multi-family residential	52,941	-	-	-	52,941
Nonfarm nonresidential - owner occupied	62,780	8,438	-	-	71,218
Nonfarm nonresidential - nonowner occupied	307,570	9,239	-	-	316,809
Farmland	4,597	1,905	562	-	7,064
Total real estate	611,686	19,830	2,277	-	633,793
Agriculture	1,144	-	-	-	1,144
Commercial and industrial	65,416	-	90	-	65,506
Consumer	21,825	-	48	-	21,873
Municipal	1,725	-	-	-	1,725
Nondepository financial institutions	51,647	-	-	-	51,647
Lease financing receivable	21,662	-	-	-	21,662
Overdrafts	93	-	-	-	93
All other loans	10,555	-	-	-	10,555
	$ 785,753	$ 19,830	$ 2,415	$ -	$ 807,998

5. Premises and Equipment

A summary of premises, equipment and land improvements and related accumulated depreciation at December 31, 2021 and 2020 is as follows (in thousands):

	Estimated Useful Lives		2021		2020
Land		$	6,652	$	4,737
Premises	5-40 years		26,191		17,383
Furniture, fixtures and equipment	3-10 years		11,286		11,526
Land improvements	5-20 years		635		635
Lease equipment	3-5 years		4,061		3,795
			48,825		38,076
Less accumulated depreciation			17,276		16,116
			31,549		21,960
Construction in progress			-		7,067
Totals		$	31,549	$	29,027

Depreciation expense amounted to approximately $1,727,000 and $1,383,000 in 2021 and 2020, respectively.

6. Mortgage Servicing Rights

Mortgage loans serviced for others are not included in the accompanying consolidated balance sheets. The unpaid principal balances of mortgage loans serviced for others was approximately $417,877,000 and $378,675,000 at December 31, 2021 and 2020, respectively. Custodial escrow balances maintained in connection with the foregoing loan servicing, and included in demand deposits, were approximately $2,489,000 and $2,821,000 at December 31, 2021 and 2020, respectively.

Originated mortgage servicing rights capitalized at December 31, 2021 and 2020, are approximately $3,132,000 and $2,858,000, respectively, and are included in other assets. The fair values of these rights were approximately $4,392,000 and $3,039,000 at December 31, 2021 and 2020, respectively. The fair value of servicing rights was determined using a weighted average discount rate of 10.25% for both 2021 and 2020, and a weighted average conditional prepayment rate of 9.11% and 13.86% for 2021 and 2020, respectively.

A summary of the changes in servicing rights is as follows (in thousands):

		2021		2020
Balance at beginning of year	$	2,858	$	2,167
Origination		945		1,531
Amortization		(671)		(840)
Impairments		-		-
Balance at end of year	$	3,132	$	2,858

7. Goodwill

Goodwill in the amount of approximately $4,220,000 at December 31, 2021 and 2020, is included in the accompanying consolidated financial statements. At December 31, 2021 and 2020, management has determined that it is not more likely than not that goodwill is impaired. Prior to the year ended December 31, 2002, goodwill was amortized over its estimated useful life. Accordingly, the amounts reflected for goodwill in the accompanying financial statements have been reduced by the relating accumulated amortization of approximately $507,000.

8. Deposits

Included in time deposits are certificates of deposit in amounts of $250,000 or more. The aggregate amount of short-term jumbo certificates of deposit, each with a minimum denomination of $250,000, was approximately $30,857,000 and $21,793,000 at December 31, 2021 and 2020, respectively.

At December 31, 2021 and 2020, the scheduled maturities of certificates of deposit are as follows (in thousands):

	2021	2020
Less than three months	$ 34,623	$ 29,595
Four to twelve months	54,001	52,242
One to five years	55,684	37,879
Over five years	16	14
	$ 144,324	$ 119,730

During 2006, the Company entered into a program in which certain eligible transaction deposits could be reclassified to savings deposits for regulatory reporting purposes and therefore reduce its reserve requirement with the Federal Reserve Bank (FRB). At December 31, 2020 the Company has reclassified $193,844,000 demand deposits and $157,311,000 NOW and Money Market deposits to savings deposits for regulatory reporting in connection with this program. At December 31, 2021, the Company has reclassified approximately $241,920,000 demand deposits and $172,699,000 NOW and Money Market deposits to savings deposits in connection with this program.

Notwithstanding the reduction in the reserve requirement ratio to zero percent, as discussed under the cash and cash equivalents caption in Note 1, the Company continues to utilize this program in the event the FRB reinstates the reserve requirement.

9. Securities Sold Under Agreements to Repurchase

Securities sold under agreements to repurchase amounted to approximately $170,000 and $1,198,000 at December 31, 2021 and 2020, respectively. The agreements are secured by U.S. Government Agency securities with a fair value of approximately $2,390,000 at December 31, 2021 and $1,222,000 at December 31, 2020. The weighted average interest rate on these agreements was 0.10% at both December 31, 2021 and 2020. The agreements of approximately $170,000 at December 31, 2021 matured on January 1, 2022 and were renewed daily as necessary under normal operations.

The average balances of securities sold under agreements to repurchase amounted to approximately $624,000 and $1,085,000, respectively, for the years ending December 31, 2021 and 2020.

10. Other Borrowings

Federal Home Loan Bank

Advances from the Federal Home Loan Bank (FHLB) are borrowings that are collateralized by a security agreement, which requires the borrowing bank to maintain a certain level of qualified first mortgage collateral in relation to the amount of outstanding debt. There were no outstanding advances as of December 31, 2021 or 2020. As of both December 31, 2021 and 2020, the Bank has certain Direct Letters of Credit outstanding in the aggregate amounts of $100,000,000. These Direct Letters of Credit reduce the Bank's available borrowing capacity and are being used to cover the pledging requirements for certain local municipal depositors. The Direct Letter of Credit agreements require the Bank to make quarterly fee payments based on the average outstanding balance of the municipalities. The Direct Letters of Credit have a stated maturity date of January 3, 2022. At December 31, 2021, the Bank has additional unused borrowing capacity with the FHLB of approximately $338,525,000.

Federal Reserve Bank

In conjunction with its participation in the Small Business Administration's Paycheck Protection Program (PPP), the Bank entered into a borrowing arrangement with the Federal Reserve Bank (FRB) whereby certain PPP loans the Bank had already funded were indirectly liquidated through return advances from the FRB. This borrowing arrangement, more commonly referred to as the Paycheck Protection Program Liquidity Facility (PPPLF), allowed eligible lenders to borrow from the FRB (on a non-recourse basis) at a fixed interest rate of 0.35%. Only PPP loans guaranteed by the Small Business Administration (SBA) were eligible to serve as collateral for the facility. Repayment terms and maturity dates matched those of the underlying PPP loans pledged; however, maturity dates could have been accelerated if certain of the underlying PPP loans went into default (and the eligible borrower sells the PPP loan to the SBA to realize on the guarantee) or if any of the underlying PPP loans pledged were forgiven by the SBA before their maturity dates. The outstanding balance of these advances at December 31, 2020 of approximately $4,074,000 has been included in other borrowings in the accompanying consolidated financial statements. The outstanding balance at December 31, 2020 was paid in full in March 2021.

Nexbank

At December 31, 2021 and 2020, the Company has a revolving line of credit with Nexbank in the maximum amounts of $30,000,000 and $20,000,000, respectively, with outstanding balances of approximately $27,921,000 and $14,922,000, respectively. The line of credit requires monthly interest payments based on a variable interest rate of LIBOR plus 3.25%, with a floor of 4.00% (4.00% at December 31, 2021), with all unpaid principal and interest due at maturity on June 25, 2022.

The principal outstanding of $27,921,000 and relating accrued interest due was paid on March 18, 2021 (see Note 20).

Other

Additionally, the Bank has unused federal funds lines available from other commercial banks of approximately $25,000,000 at December 31, 2021.

11. Junior Subordinated Debentures

The junior subordinated debentures of approximately $7,217,000 at December 31, 2021 and 2020 represent amounts payable to a Special Purpose Entity (SPE) in conjunction with the Company's sponsorship of the SPE. The SPE has one issuance outstanding totaling $7,000,000 in trust preferred securities and $217,000 in common stock (wholly-owned by the Company) at December 31, 2021 and 2020. Both the junior subordinated debentures and the related trust preferred securities yield an annual distribution rate of 3-month LIBOR plus l.80% (2.01% at December 31, 2021 and 2.04% at December 31, 2020), are redeemable at various dates beginning in June, 2010 and mature in June, 2035.

The trust preferred securities are tax-advantaged issues that currently qualify as Tier I capital for the Company. Distributions on these securities are included as interest expense on other borrowed funds. The underlying trust is a statutory business trust organized for the sole purpose of issuing trust preferred securities and investing the proceeds thereof in junior subordinated debentures of the Company, the sole asset of the trust. The preferred trust securities of the trust represent preferred beneficial interests in the assets of the trust and are subject to mandatory redemption upon payment of the junior subordinated debentures held by the trust. The common securities of the trust are wholly-owned by the Company. The trust's ability to pay amounts due on the trust preferred securities is solely dependent upon the Company making payment on the related junior subordinated debentures. The Company's obligations under the junior subordinated debentures and other relevant trust agreements, in aggregate, constitute a full and unconditional guarantee by the Company of the trust's obligations under the trust preferred securities issued by the trust.

The Dodd-Frank Act eliminated the use of trust preferred securities issued after May 19, 2010 as a component of Tier I capital for depository institution holding companies, such as the Company. However, because the Company had less than $15 billion of consolidated assets as June 30, 2011, the Company will be permitted to include any trust preferred securities issued before May 19, 2010 as an element of Tier I capital, but not be able to include any trust preferred securities issued after May 19, 2010 as a component of Tier I capital. Further, the Board of Governors of the Federal Reserve System (Board) has determined that trust preferred securities are restrictive core capital elements in computing Tier I capital of bank holding companies. The Board has limited restrictive core capital elements (as defined) to 25% of core capital elements. Accordingly, the Company is limited on the trust preferred securities which it can include in its Tier I capital.

12. Income Taxes

The provision for income taxes consists of the following (in thousands):

	2021	2020
Current income tax expense:		
Federal and state	$ 3,554	$ 3,644
Deferred income tax expense (benefit) arising from:		
Difference in tax and financial depreciation	207	39
Accounting for bad debt expense	(197)	(1,129)
Nonaccrual loan interest	(11)	34
Federal Home Loan Bank and other stock dividends	71	4
Deferred compensation benefits	(116)	(99)
Deferred loan fee income	18	(202)
Other	-	(1)
Net deferred income tax (benefit) expense	(28)	(1,354)
Total income tax expense	$ 3,526	$ 2,290

The difference between the consolidated financial statement income tax expense and amounts computed by applying the statutory federal income tax rate of 21% to consolidated income before taxes for the years ended December 31, 2021 and 2020 is primarily attributable to interest income on tax-exempt securities and tax-exempt increases in cash surrender value of life insurance partially offset by certain nondeductible expenses for tax purposes.

A net deferred federal income tax asset of approximately $2,757,000 and $2,488,000 at December 31, 2021 and 2020, respectively, is included in other assets. The accumulated tax effect of each type of income and expense item that gave rise to deferred taxes are as follows (in thousands):

	2021	2020
Deferred tax assets		
Excess of tax over financial cost for fixed assets	$ 41	$ 41
Allowance for loan and lease losses	2,738	2,541
Deferred compensation benefits	1,772	1,656
Deferred loan fee income	498	516
Nonaccrual loan interest	68	57
Total deferred tax assets	5,117	4,811
Deferred tax liabilities		
Depreciation	(1,224)	(1,017)
Federal Home Loan Bank stock dividends	(129)	(58)
Amortization	(882)	(882)
Net unrealized appreciation on securities available for sale	(125)	(366)
Total deferred tax liabilities	(2,360)	(2,323)
Total net deferred tax asset	$ 2,757	$ 2,488

Federal income taxes currently payable of approximately $417,000 at December 31, 2021, are included in other liabilities. Federal income taxes currently receivable of approximately $597,000 at December 31, 2020 are included in other assets.

13. Employee Benefits

KSOP Plan

The Company maintains a leveraged employee stock ownership 401(k) plan (KSOP). The KSOP periodically borrows from various lenders to acquire stock for future allocation to KSOP participants. At December 31, 2021 and 2020, the KSOP has a note payable to the Company in the approximate amounts of $327,000 and $638,000, respectively. The KSOP provides for voluntary employee salary reduction contributions, voluntary employee after-tax contributions, discretionary employer salary reduction matching contributions, and additional discretionary employer contributions which the Company uses to pay interest on KSOP debt and KSOP debt principal reductions as the Company desires to release unallocated KSOP shares to the KSOP participants.

As of December 31, 2021 and 2020, there were 12,462 and 14,873, respectively, unallocated shares in the KSOP. Dividends paid on unallocated shares are paid to the KSOP and are recorded as compensation expense. As shares are released from collateral, the Company reports compensation expense equal to the current market price of the shares. KSOP expense for 2021 and 2020 was approximately $1,063,000 and $873,000, respectively. Employee salary reduction contributions of approximately $997,000 and $809,000 were made in 2021 and 2020, respectively.

Deferred Compensation Plans

The Company maintains individually designed supplemental income plan agreements (agreements) with certain designated employees and directors. The agreements provide a deferred compensation benefit payable at retirement or death.

The Company's obligation under the agreements is recorded based upon the present value of the deferred compensation benefits. The Company's provision for expense under these agreements was approximately $989,000 and $906,000 for 2021 and 2020, respectively. The relating accrued liability under the agreements was approximately $8,362,000 and $7,810,000 at December 31, 2021 and 2020, respectively.

In connection with the funding of the agreements, the Company has purchased life insurance policies that it believes will fund the benefits payable pursuant to the agreements. The Company is owner and beneficiary of the life insurance policies. At December 31, 2021 and 2020, respectively, the Company had approximately $22,360,000 and $20,186,000 in cash surrender value related to these life insurance policies.

Stock Option Plans

The board of directors of the Company has adopted the following stock option plans:

Plan Description	Grant Date	Shares Approved	Strike Price	Expiration
2020 Supplemental Plan	July 1, 2021	6,000	$ 59.00	January 31, 2023
2020 Plan	March 16, 2021	66,000	$ 50.00	January 31, 2023
2019 Plan	January 21, 2020	58,000	$ 49.80	January 31, 2022
2018 Plan	February 19, 2019	58,000	$ 41.00	January 31, 2021

The above options vest in four equal amounts every six months beginning each June 30 for the 2020, 2019, and 2018 Plans and in three equal amounts every six months beginning December 31, 2021 for the 2020 Supplemental Plan.

A summary of option activity under the Option Plans as of December 31, 2021 and 2020 and changes during the years then ended are as follows:

	2021		2020	
	Option Price Per Share	Shares Under Option	Option Price Per Share	Shares Under Option
Outstanding at beginning of year	$41.00 to $49.80	103,000	$41.00	53,750
Granted during the year	$50.00 to $59.00	72,000	$49.80	58,000
Exercised during the year	$41.28	(48,000)	$41.00	(3,750)
Forfeited during the year	$49.88	(10,000)	$44.52	(5,000)
Outstanding at the end of year	$49.80 to $59.00	117,000	$41.00 - $49.80	103,000
Exercisable at end of year		82,000		75,000
Weighted average remaining contractual life		7.87		0.66

A summary of the status of the Company's nonvested shares at December 31, 2021 and 2020 and the changes during the years then ended are as follows:

	2021		2020	
	Shares	Weighted Average Grant Fair Value	Shares	Weighted Average Grant Fair Value
Nonvested at January 1	27,000	$ 1.24	29,000	$ 1.24
Granted during the year	72,000	0.37	58,000	0.57
Vested during the year	(62,000)	0.46	(55,000)	0.89
Forfeited during the year	(2,000)	0.37	(4,000)	1.07
Nonvested at December 31	35,000	$ 0.36	28,000	$ 0.57

The fair value of each option grant during 2021 and 2020 was estimated using the Black-Scholes option-pricing model with the following assumptions:

	2021	2020
Dividend yield	1.22%	1.22%
Expected life	2.08 years	2.08 years
Expected volatility	5.90%	2.15%
Risk-free interest rate	1.48% to 1.59%	1.59%

The expected volatility is based upon historical volatility of commercially insured banks in the state of Texas. The risk-free interest rates for periods within the contractual life of the awards are based on the U.S. Treasury yield in effect at the date of the grant. The expected life is based on historical exercise experience. The dividend yield assumption is based on the dividend history of the Company.

14. Related Party Transactions

At December 31, 2021 and 2020, certain officers and directors, and companies in which they have a 10 percent or more beneficial ownership, were indebted to the Company in the aggregate amount of approximately $15,677,000 and $22,386,000, respectively. During 2021, $2,765,000 of new loans were originated and repayments totaled approximately $9,474,000. Additionally, unfunded commitments related to these loans amounted to approximately $5,662,000 at December 31, 2021. All such loans were made in the ordinary course of business. All loans included in such transactions were made on substantially the same terms, including interest rates and collateral requirements, as those prevailing at the time for comparable transactions with other persons and did not involve more than the normal risk of loss or present other unfavorable features.

15. Commitments and Contingent Liabilities

The Company's consolidated financial statements do not reflect various commitments and contingent liabilities which arise in the normal course of business and which involve elements of credit risk, interest rate risk and liquidity risk. These commitments and contingent liabilities are commitments to extend credit and standby letters of credit. A summary of the Company's commitments and contingent liabilities at December 31, 2021 and 2020, are as follows (in thousands):

	2021	2020
Commitments to extend credit	$ 246,741	$ 167,413
Standby letters of credit	6,774	2,986
Total	$ 253,515	$ 170,399

Commitments to extend credit, and standby letters of credit all include exposure to some credit loss in the event of nonperformance of the customer. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by the Company upon extension of credit is based on management's credit evaluation. Collateral held varies but may include accounts receivable, inventory, property, plant and equipment, and income-producing commercial properties. Because these instruments have fixed maturity dates, and because many of them expire without being drawn upon, they do not generally present any significant liquidity risk to the Company. The Company has not incurred any significant losses on its commitments in either 2021 or 2020.

The Company is a party to litigation and claims arising in the normal course of business. Management, after consultation with legal counsel, believes that the liabilities, if any, arising from such litigation and claims will not be material to the Company's financial position or results of operations.

16. Concentrations of Credit

Substantially all of the Company's loans, commitments, credit card arrangements and standby letters of credit have been granted to customers in the Company's market area. Most customers are depositors of the Company. Investments in state and municipal securities also involve governmental entities within the Company's market area. The concentrations of credit by type of loan are set forth in Note 4. The distribution of commitments to extend credit approximates the distribution of loans outstanding. Commercial and standby letters of credit were granted primarily to commercial borrowers.

The Company occasionally maintains deposits and federal funds sold in excess of federally insured limits.

At December 31, 2021 and 2020, the Company had approximately $85,000,000 and $75,040,000, respectively, in due from banks and federal funds sold in excess of federally insured amounts. The risk is managed by maintaining all deposits in high quality financial institutions.

At December 31, 2021 and 2020, total deposits include approximately $166,446,000 and $137,739,000, respectively, from the five largest deposit customers. The customers' deposits are under no contractual obligation to the Company other than the maturity durations for various time certificates of deposit.

17. Fair Value Disclosure

The fair value of an asset or liability is the price that would be received to sell that asset or paid to transfer that liability in an orderly transaction occurring in the principal market (or most advantageous market in the absence of a principal market) for such asset or liability. In estimating fair value, the Company utilizes valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Such valuation techniques are consistently applied. Inputs to valuation techniques include the assumptions that market participants would use in pricing an asset or liability. ASC Topic 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

- *Level 1 Inputs* - Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

- *Level 2 Inputs* - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These might include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (such as interest rates, volatilities, prepayment speeds, credit risks, etc.) or inputs that are derived principally from or corroborated by market data by correlation or other means.

- *Level 3 Inputs* - Unobservable inputs for determining the fair values of assets or liabilities that reflect an entity's own assumptions about the assumptions that market participants would use in pricing the assets or liabilities.

In general, fair value is based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally developed models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. These adjustments may include amounts to reflect counterparty credit quality and the Company's creditworthiness, among other things, as well as unobservable parameters. Any such valuation adjustments are applied consistently over time. The Company's valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While management believes the Company's valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. Furthermore, the reported fair value amounts have not been comprehensively revalued since the presentation dates, and therefore, estimates of fair value after the balance sheet date may differ significantly from the amounts presented herein.

Assets and liabilities measured at fair value on a recurring basis at December 31, 2021 and 2020 were as follows (in thousands):

	Level 1	Level 2	Level 3
December 31, 2021:			
Available for sale securities	$ -	$ 100,495	$ -
December 31, 2020:			
Available for sale securities	$ -	$ 94,058	$ -

(1) Securities are measured at fair value on a recurring basis, generally monthly.

Certain financial and non-financial assets are measured at fair value on a non-recurring basis; that is, the instruments are not measured at fair value on an ongoing basis, but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment).

The following table summarizes financial assets and non-financial assets, measured at fair value on a non-recurring basis as of December 31, 2021 and 2020, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value (in thousands):

	Level 1	Level 2	Level 3	Total Fair Value
December 31, 2021:				
Financial assets - impaired loans	$ -	$ -	$ 2,958	$ 2,958
Other real estate owned	-	183	-	183
December 31, 2020:				
Financial assets - impaired loans	$ -	$ -	$ 2,329	$ 2,329
Other real estate owned	-	1,125	-	1,125

During the year ended December 31, 2021, certain impaired loans in the approximate amount of $2,958,000 were remeasured and reported at fair value. During the year ended December 31, 2020, certain impaired loans in the approximate amount of $2,329,000 were remeasured and reported at fair value. Upon remeasurement and further analysis of the underlying collateral, it was determined that no specific valuation allowance allocation of the allowance for loan losses was necessary either at December 31, 2021 or 2020.

Foreclosed assets are valued at the time the loan is foreclosed upon and the asset is transferred to other real estate owned. The value is based primarily on third-party appraisals, less estimated costs to sell. Appraisals based upon comparable sales result in a Level 2 classification while appraisals based upon expected cash flows of the property result in a Level 3 classification. The appraisals are generally discounted based on management's historical knowledge, changes in market conditions from the time of valuation, and/or management's expertise and knowledge of the customer and customer's business. Other real estate owned is reviewed and evaluated on at least an annual basis for additional impairment and adjusted accordingly, based on the same factors identified above. During the year ended December 31, 2021 and 2020, there were acquisitions of other real estate owned of approximately $274,000 and $807,000, respectively. The Company charged down other real estate owned approximately $330,000 during 2021. The Company had no write-downs of other real estate owned for the year ended December 31, 2020.

18. Stockholders' Equity and Regulatory Matters

The Bank is subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and prompt corrective action regulations, involve quantitative measures of assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Failure to meet capital requirements can initiate regulatory action. The net unrealized gain or loss on available for sale securities is not included in computing regulatory capital. Management believes as of December 31, 2021 and 2020, the Bank meets all capital adequacy requirements to which it is subject.

Prompt corrective action regulations for banking institutions provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required. At December 31, 2021, the most recent regulatory notifications categorized the Bank as well-capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the Bank's category.

Basel III added a 2.5% "capital conservation buffer" which was designed for banking institutions to absorb losses during periods of economic stress. Banking institutions with capital ratios below the minimum for capital adequacy purposes plus the capital conservation buffer may face constraints on dividends, equity repurchases and executive compensation relative to the amount of the shortfall.

Actual and required capital amounts and ratios of the Bank at December 31, 2021 and 2020 are presented below (in thousands):

			Minimum Required for Capital Adequacy Purposes		Minimum for Capital Adequacy Purposes Plus Capital Conservation Buffer		Minimum to be Well Capitalized under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2021:								
Total capital to risk weighted assets	$ 168,285	15.46%	$ 87,090	8.00%	$ 114,305	10.50%	$108,862	10.00%
Tier 1 (core) capital to risk weighted assets	155,236	14.26%	65,317	6.00%	92,533	8.50%	87,090	8.00%
Common Tier 1 (CET1)	155,236	14.26%	48,988	4.50%	76,204	7.00%	70,760	6.50%
Tier 1 (core) capital to average assets	155,236	11.96%	51,932	4.00%	51,932	4.00%	64,915	5.00%
December 31, 2020:								
Total capital to risk weighted assets	$ 124,923	13.71%	$ 72,891	8.00%	$ 95,670	10.50%	$ 91,114	10.00%
Tier 1 (core) capital to risk weighted assets	113,525	12.46%	54,668	6.00%	77,447	8.50%	72,891	8.00%
Common Tier 1 (CET1)	113,525	12.46%	41,001	4.50%	63,780	7.00%	59,224	6.50%
Tier 1 (core) capital to average assets	113,525	10.63%	42,725	4.00%	42,725	4.00%	53,406	5.00%

19. Statement of Cash Flows

The Company reports on a net basis its cash receipts and cash payments for time deposits accepted and repayments of those deposits, loans made to customers and principal collections on those loans.

The Company uses the indirect method to present cash flows from operating activities. Other supplemental cash flow information for the years ended December 31, 2021 and 2020 is presented as follows (in thousands):

	2021	2020
Cash transactions:		
Interest expense paid	$ 5,501	$ 6,203
Federal income taxes paid	$ 2,440	$ 4,353
Noncash transactions:		
Net unrealized (depreciation) appreciation on securities available for sale	$ (1,148)	$ 680
Loans foreclosed upon to other real estate owned	$ 274	$ 807
Chargeoffs of other real owned	$ (330)	$ -

20. Subsequent Events

On March 18, 2022, the Company closed on its placement of $50,000,000 of subordinated debt. Concurrent with its closure of the subordinated debt offering, the Company paid off its existing revolving line of credit with NexBank in the approximate outstanding amount of $27,921,000. The subordinated debt is for a term of ten years and calls for interest only payments at a fixed rate of 3.75% during the initial five year term and then resets to a floating rate of Three-Month Term SOFR plus 201 basis points during the final five year term. The subordinated debt is unsecured and matures March 31, 2032.

PAYNE & SMITH, LLC
Certified Public Accountants

Independent Auditor's Report

On Additional Information

The Board of Directors
AmeriBancShares, Inc. and Subsidiaries

We have audited the consolidated financial statements of AmerBancshares, Inc. and Subsidiaries as of and for the year ended December 31, 2021 and our report thereon dated March 18, 2022, which expressed an unmodified opinion on those financial statements, appears on page 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 35, 36 and 37 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and is not a required part of the consolidated financial statements. The consolidating information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Report on Other Regulatory Requirements

In accordance with *Government Auditing Standards,* we have also issued reports dated March 18, 2022 on our consideration of the Company's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control over financial reporting and compliance.

Payne & Smith, LLC

March 18, 2022

12240 Inwood Rd. • Suite 440 • Dallas, TX 75244 • 214 / 363-9927 • Fax 214 / 363-9980

AMERIBANCSHARES, INC. AND SUBSIDIARIES

Consolidating Balance Sheet

December 31, 2021

(In thousands of dollars)

	Ameri-BancShares, Inc.	ANB Realty Corp.	Ameri-BancShares of Delaware	American National Bank & Trust	Archer Title of Texas	American National Leasing Co	AMNAT Insurance Services	Reclassification and Eliminations Entries	Consolidated
ASSETS									
Cash and due from banks	$ 4,351	$ 1	$ 3	$ 161,055	$ 785	$ 289	$ 42	$ (5,471)	$ 161,055
Interest bearing deposits in banks	-	-	-	91,991	-	30	-	(30)	91,991
Total cash and equivalents	4,351	1	3	253,046	785	319	42	(5,501)	253,046
Securities available for sale	-	-	-	100,495	-	-	-	-	100,495
Mortgage loans held for sale	-	-	-	1,040	-	-	-	-	1,040
Loans, net	-	-	-	933,693	-	24,440	-	(20,040)	938,093
Premises and equipment, net	-	-	-	25,451	3,104	2,994	-	-	31,549
Accrued interest receivable	-	-	-	5,654	-	-	-	(2,808)	2,846
Goodwill	-	-	-	4,200	20	-	-	-	4,220
Cash value of life insurance	-	-	-	25,534	-	-	-	-	25,534
Other securities	159,292	-	159,072	11,869	-	-	-	(326,129)	4,104
Other assets	531	-	-	8,107	18	246	-	(593)	8,309
Total assets	$ 164,174	$ 1	$ 159,075	$ 1,369,089	$ 3,927	$27,999	$ 42	$ (355,071)	$ 1,369,236
LIABILITIES AND STOCKHOLDERS' EQUITY									
Demand deposits	$ -	$ -	$ -	$ 50,540	$ -	$ -	$ -	$ (5,471)	$ 45,069
Savings deposits	-	-	-	464,106	-	-	-	-	464,106
Money market and NOW accounts	-	-	-	538,988	-	-	-	(30)	538,958
Time certificates of deposit	-	-	-	144,324	-	-	-	-	144,324
Total deposits	-	-	-	1,197,958	-	-	-	(5,501)	1,192,457
Securities sold under areements to repurchase	-	-	-	170	-	-	-	-	170
Other borrowings	28,248	-	-	-	-	20,000	40	(20,367)	27,921
Junior subordinated debentures	7,217	-	-	-	-	-	-	-	7,217
Accrued interest payable	-	-	-	100	-	2,805	3	(2,808)	100
Other liabilities	-	-	-	11,789	242	897	-	(266)	12,662
Total liabilities	35,465	-	-	1,210,017	242	23,702	43	(28,942)	1,240,527
Commitments and contingencies	-	-	-	-	-	-	-	-	-
Stockholders' equity:									
Common stock	6,815	1	8	1,680	1	1	1	(1,692)	6,815
Surplus	41,635	256	73,926	60,106	-	-	-	(134,288)	41,635
Undivided profits	84,087	(256)	84,671	96,816	3,684	4,296	(2)	(189,209)	84,087
Treasury stock	(3,971)	-	-	-	-	-	-	-	(3,971)
Unearned KSOP stock	(327)	-	-	-	-	-	-	-	(327)
Accumulated other comprehensive, income, net of tax expense	470	-	470	470	-	-	-	(940)	470
Total stockholders' equity	128,709	1	159,075	159,072	3,685	4,297	(1)	(326,129)	128,709
Total liabilities and stockholders' equity	$ 164,174	$ 1	$ 159,075	$ 1,369,089	$ 3,927	$27,999	$ 42	$ (355,071)	$ 1,369,236

See accompanying independent auditor’s report on additional information.

AMERIBANCSHARES, INC. AND SUBSIDIARIES

Consolidating Statement of Income and Comprehensive Income

For the Year ended December 31, 2021

(In thousands of dollars)

	AmerI-BancShares Inc.	ANB Realy Corp	Ameri-BancShares of Delaware, Inc.	American National Bank & Trust	Archer Title of Texas	American National Leasing Co.	AMNAT Insurance Services	Reclassification & Eliminations Entries	Consolidated
Interest income:									
Interest and fees on loans	$ 30	$ -	$ -	$ 41,456	$ -	$ 764	$ -	$ (95)	$ 42,155
Interest on investment securities:									
Taxable	-	-	-	1,252	-	-	-	-	1,252
Nontaxable	-	-	-	963	-	-	-	-	963
Interest on interest bearing deposits in banks	-	-	-	123	-	-	-	-	123
Total interest income	30	-	-	43,794	-	764	-	(95)	44,493
Interest expense:									
Interest on deposits	-	-	-	4,442	-	-	-	-	4,442
Interest on repurchase agreements	-	-	-	1	-	-	-	-	1
Interest on other borrowed funds	881	-	-	3	-	95	-	(95)	884
Interest on junior subordinated debentures	139	-	-	-	-	-	-	-	139
Total interest expense	1,020	-	-	4,446	-	95	-	(95)	5,466
Net interest income	(990)	-	-	39,348	-	669	-	-	39,027
Provision for loan losses	-	-	-	1,290	-	-	-	-	1,290
Net interest income after provision for loan losses	(990)	-	-	38,058	-	669	-	-	37,737
Other operating income:									
Service charges on deposit accounts	-	-	-	622	-	-	-	-	622
Trust fee income	-	-	-	6,734	-	-	-	-	6,734
Gain on sale of mortgage loans	-	-	-	4,226	-	-	-	-	4,226
Loan servicing fees	-	-	-	1,026	-	-	-	-	1,026
Title insurance premiums	-	-	-	-	2,199	-	-	-	2,199
Rent income	-	-	-	-	-	692	-	-	692
Earnings from subsidiaries	15,805	-	15,805	1,304	-	-	-	(32,914)	-
Other	-	-	-	2,177	856	97	2	(72)	3,060
Total other operating income	15,805	-	15,805	16,089	3,055	789	2	(32,986)	18,559
Other operating expenses									
Salaries and employee benefits	-	-	-	22,915	1,086	376	-	-	24,377
Premises and equipment	-	-	-	3,030	125	30	-	(72)	3,113
Data processing expense	-	-	-	2,388	-	-	-	-	2,388
Loss on sale of other real estate owned	-	-	-	7	-	-	-	-	7
Other	3	-	-	6,485	774	603	-	-	7,865
Total other operating expenses	3	-	-	34,825	1,985	1,009	-	(72)	37,750
Income before income taxes	14,812	-	15,805	19,322	1,070	449	2	(32,914)	18,546
Provision for (benefit from) income taxes	(208)	-	-	3,517	225	(8)	-	-	3,526
Net income	15,020	-	15,805	15,805	845	457	2	(32,914)	15,020
Other comprehensive loss:									
Change in net unrealized loss on securities available for sale, net of taxes	(907)	-	(907)	(907)	-	-	-	1,814	(907)
Total other comprehensive loss	(907)	-	(907)	(907)	-	-	-	1,814	(907)
Total comprehensive income	$ 14,113	$ -	$ 14,898	$ 14,898	$ 845	$ 457	$ 2	$ (31,100)	$ 14,113

See accompanying independent auditor’s report on additional information.

AMERIBANCSHARES, INC. AND SUBSIDIARIES

Consolidating Statement of Cash Flows

For the Year ended December 31, 2021

(In thousands of dollars)

	Ameri-BancShares, Inc.	ANB Realty Corp	Ameri-BancShares, of Delaware, Inc.	American National Bank & Trust	Archer Title of Texas	American National Leasing Co.	AMNAT Insurance Services	Reclassification and Eliminations Entries	Consolidated
Cash flows from operating activities:									
Net income	$ 15,020	$ -	$ 15,805	$ 15,805	$ 845	$ 457	$ 2	$ (32,914)	$ 15,020
Adjustments to reconcile net income to net cash provided by operating activities:									
Depreciation	-	-	-	1,161	29	537	-	-	1,727
Provision for loan losses	-	-	-	1,290	-	-	-	-	1,290
Benefit from deferred taxes	-	-	-	(130)	49	53	-	-	(28)
Gain on sale of mortgage loans	-	-	-	(4,226)	-	-	-	-	(4,226)
Amortization of mortgage servicing rights	-	-	-	671	-	-	-	-	671
Loss on sale of other real estate owned	-	-	-	7	-	-	-	-	7
Gain on sale of premises and equipment	-	-	-	-	-	(16)	-	-	(16)
Amortization of premium on investment securities	-	-	-	383	-	-	-	-	383
Accretion of discount on investment securities	-	-	-	(18)	-	-	-	-	(18)
Increase in cash surrender value of life insurance	-	-	-	(106)	-	-	-	-	(106)
Proceeds from sales of mortgage loans	-	-	-	157,847	-	-	-	-	157,847
Mortgage loans funded	-	-	-	(146,930)	-	-	-	-	(146,930)
Mortgage servicing rights capitalized	-	-	-	(945)	-	-	-	-	(945)
Unconsolidated earnings from subsidiary	(15,805)	-	(15,805)	(1,304)	-	-	-	32,914	-
Change in:									
Prepaid expenses	-	-	-	(292)	(5)	(16)	-	-	(313)
Accrued interest receivable	-	-	-	487	-	-	-	94	581
Income tax receivable	(210)	-	-	-	-	(61)	-	-	(271)
Miscellaneous other assets	-	-	-	763	-	(48)	-	-	715
Accrued interest payable	-	-	-	(35)	-	94	-	(94)	(35)
Income taxes payable	-	-	-	1,149	176	-	-	-	1,325
Other taxes payable	-	-	-	19	-	-	-	-	19
Other accrued expenses	(41)	-	-	681	-	135	-	-	775
Net cash provided by (used in) operating activities	(1,036)	-	-	26,277	1,094	1,135	2	-	27,472
Cash flows from investing activities:									
Proceeds from maturities, calls and paydowns of securities available for sale	-	-	-	379,681	-	-	-	-	379,681
Purchase of securities available for sale	-	-	-	(387,631)	-	-	-	-	(387,631)
Purchase of other securities	(27,110)	-	(27,110)	(604)	-	-	-	54,220	(604)
Purchase of cash value life insurance	-	-	-	(2,159)	-	-	-	-	(2,159)
Dividends received from subsidiaries	1,175	-	1,178	-	-	-	-	(2,353)	-
Net increase in loans	311	-	-	(144,034)	-	(4,279)	-	3,500	(144,502)
Purchase of premises and equipment	-	-	-	(2,561)	(966)	(1,337)	-	-	(4,864)
Proceeds from sale of premises and equipment	-	-	-	-	-	660	-	-	660
Proceeds from sale of other real estate owned	-	-	-	878	-	-	-	-	878
Net cash provided by (used in) investing activities	(25,624)	-	(25,932)	(156,430)	(966)	(4,956)	-	55,367	(158,541)
Cash flows from financing activities:									
Net increase in deposits	-	-	-	245,349	-	-	-	(1,918)	243,431
Net decrease in repurchase agreements	-	-	-	(1,028)	-	-	-	-	(1,028)
Net increase (decrease) in other borrowings	13,000	-	-	(4,075)	-	3,500	-	(3,500)	8,925
Sale of common stock	16,269	-	-	-	-	-	-	-	16,269
Sale of treasury stock	672	-	-	-	-	-	-	-	672
Paid in capital from parent	-	-	27,110	27,110	-	-	-	(54,220)	-
Dividends paid	(1,175)	-	(1,175)	(1,178)	-	-	-	2,353	(1,175)
Net cash provided by financing activities	28,766	-	25,935	266,178	-	3,500	-	(57,285)	267,094
Net increase (decrease) in cash and cash equivalents	2,106	-	3	136,025	128	(321)	2	(1,918)	136,025
Cash and cash equivalents at beginning of period	2,245	1	-	117,021	657	640	40	(3,583)	117,021
Cash and cash equivalents at end of period	$ 4,351	$ 1	$ 3	$ 253,046	$ 785	$ 319	$ 42	$ (5,501)	$ 253,046

See accompanying independent auditor’s report on additional information.

AMERICAN NATIONAL BANK & TRUST

OFFICERS & DIRECTORS

Officers Administration
Dwight L. Berry
President & CEO
Blake Andrews, CPA
Wichita Falls Market President / COO
Craig Korbuly, CPA
Executive Vice President / CFO
Meagan Swenson
Assistant VP / Marketing Coordinator / Merchant Services

Loan Department
Craig Berry
Executive Vice President / Chief Lending Officer
Don "Bubba" Whatley
Executive Vice President / Commercial Lending
Bob Elmore
Senior Vice President / Loans
Lacey Slack
Senior Vice President / Chief Credit Officer / CRA Officer
Damon Whatley
Senior Vice President / Loans
Alisha Gunn
Vice President / Loan Administration
Rhona Kelton
Vice President / Loan Officer
Karyn Wainscott
Vice President / Loan Operations
Evan Knobloch
Assistant Vice President / Credit Analyst
Heather Harrison
Assistant Vice President / Credit Administration
Jennifer "Nikki" Morrison
Banking Officer
Toni Neal
Banking Officer

Operations and Support Personnel
Roy T. Olsen
Executive Vice President / Cashier / Human Resources Director
Elaine McKinney, CPA
Senior Vice President / Auditor
Camilo Canales
Vice President / Information Technology Officer
Jennifer Duncan
Vice President / BSA Officer
Betty "Jo" Fox
Vice President / Finance
Shelly Gray
Vice President / Teller Services
Donna Heaton
Vice President / Human Resources Manager
Shannon Killingsworth
Vice President / Deposit Services Operations
Patrick Martin
Vice President / Assistant Cashier / Deposit Operations
Cheyenne Patnode
Vice President / Compliance Officer
Kyle Turnipseede
Vice President / Treasury Management Director
Andrew Walmer
Vice President / Information Security Officer
Cathy Young
Vice President / Assistant Cashier / Treasury
Gloria Garcia
Assistant Vice President / Quality Control
Francis Ortiz
Assistant Vice President / Call Center Manager
Ashley Wylie
Assistant Vice President / Lobby Services

Wichita Falls Trust & Investment Services
Jeffrey Schultz, CFA, CTFA
Executive Vice President / Chief Investment Officer / Managing Director
Randy R. Martin, JD
Executive Vice President / Director of Fiduciary Services
Michael W. Boyle, CFIRS, CTFA
Senior Vice President / Director of Fiduciary Operations & Compliance
Kristin Morris, CTFA
Senior Vice President / Trust Officer
Kelly J. Smith, CTFA
Senior Vice President / Trust Officer
J. Scott Tucker, CTFA
Senior Vice President / Trust Officer
Linda Wilson
Senior Vice President / Trust Officer
Paula Walmer
Senior Vice President / Trust Officer
Curt Knobloch
Vice President / Trust Officer
Eric M. Reed
Vice President / Trust Officer
Jackson Ford, CFP, CTFA
Assistant Vice President / Trust Officer
Jennifer Rea, CFIRS
Trust Compliance Officer
Belinda Blackwell
Trust Officer
Donna Brumbalow
Trust Officer
Nancy Bukowski
Trust Officer
Melody Taylor
Trust Officer
Miki Tucker
Trust Officer

Houston Trust & Investment Services
Jennifer Bryson
Senior Vice President / Trust Officer
Diana Owens, JD
Senior Vice President / Trust Officer
Matthew Harry
Assistant Vice President / Trust Officer

Mortgage Loan Division Elmwood Office
J. Bradley Davidson
Executive Vice President / Division Manager
Natalie Eubanks
Senior Vice President / Mortgage Operations Manager
Kimberly Box
Vice President / Mortgage Compliance
Angela Adams
Assistant Vice President / Lead Mortgage Processor
Marla Bailey
Assistant Vice President
Ashley Gonzales
Assistant Vice President / Closing
Raquel Gutierrez
Assistant Vice President / Servicing
Jessica Lyons
Assistant Vice President / Loan Officer
Lindsey McCoy
Assistant Vice President / Mortgage Servicing
Reagan Bates
Banking Officer / Loan Officer
Karen Hill
Banking Officer
Sandy Lindsey
Banking Officer
Sharon Monson
Banking Officer
Griselda Trevino
Banking Officer / Loan Officer
Kayla Fincannon
Underwriting Officer
Carolyn Wellman
Underwriting Officer

OFFICERS & DIRECTORS

Downtown Office
Mark Veitenheimer
Vice President / Branch Manager / Loans
Amy Collier
Assistant Vice President / Assistant Branch Manager

Archer City Office
Straton Boone
Banking Officer / Branch Manager

Iowa Park Office
Blake Andrews
Wichita Falls Market President / COO

Flower Mound Office
Sam Wilson
Market President
Ryan Schroer, CPA
Market President / Loans / Chief Risk Officer
Olivia Bajaj
Senior Vice President / Credit Officer
Andy Crane
Senior Vice President / Loans
Joe D. Willard
Senior Vice President / Loans
Amy Robertson
Banking Officer
Mayra Scheer
Banking Officer / Teller

Flower Mound Trust & Investment Services
Sheryl L. Kiser
Senior Vice President / Trust Officer

Flower Mound Mortgage Division
Steve Dixon
Vice President / Loan Officer

Chillicothe Office
Susan Madl
Vice President / Branch Manager / Compliance Officer

Quanah Office
Sandy McAllister
Assistant Vice President / Branch Manager
Debra O'Neal
Banking Officer / Loan Officer

Dallas Loan Production Office
Richard Dopson
President / Dallas Region
William Maberry
Vice President / Loans
Dragana Alperin
Assistant Vice President / Portfolio Manager / Business Development Officer

Dallas Trust & Investment Services
Melissa Hill, CTFA
Senior Vice President / Trust Officer

Fort Worth Office
Michael Winfrey
Market President
Matt Tucker
Senior Vice President / Loans
Christie Johnson
Vice President / Credit Officer
Adella Dunn
Assistant Vice President / Portfolio Manager

Fort Worth Trust & Investment Services
Darrin Salge, CFP, CTFA
Senior Vice President / Trust Officer
Shelly Cox
Trust Officer

Fort Worth Mortgage Division
Jill Winfrey
Vice President / Loan Officer
Kara Crum
Underwriting Officer

Fort Worth Correspondent Banking
Craig Berry
Executive Vice President
Paul Scheurer
Senior Vice President

Fort Worth SBA Lending
David Green
Senior Vice President / Loans

Denton Office
Marty Rivers
Market President
Aaron Newquist
Senior Vice President / Loans
Andre Bailey
Vice President / Loans
Jana Marshall
Vice President / Branch Manager
Stephanie Lamb
Assistant Vice President
Austin Anderson
Business Development Officer

Denton Trust & Investment Services
Sheryl L. Kiser
Senior Vice President / Trust Officer

Denton Mortgage Division
Jeffrey Doyle
Mortgage Loan Officer
Tom Phillips
Mortgage Loan Officer

American National Leasing Company
Mike Cuba
President
Alisha Bowers
Vice President / Leasing Officer

American National Title of Texas
Zachary Beck
President
Jean Taylor
Vice President / Escrow Manager
Margaret Harney
Vice President / Title Examination Manager
Bobby Faulkner
Banking Officer
Marianna Dowdy
Banking Officer
Toni Strickland
Banking Officer
Allyson Moore
Banking Officer / Manager Henrietta Abstract

Directors
Mark Tucker - Chairman of the Board
Hank Anderson - Vice-Chairman of the Board
Dwight Berry - President and CEO
Blake Andrews*
Zachary Beck*
Craig Berry*
Kenny Bryant
Mike Cuba*
Todd Davenport
J. Bradley Davidson*
Richard Dopson*
Charlie Gibson
Ken Hogan
Tommy Isbell
Randy R. Martin*
Richard Naylor
John Osborne
Marty Rivers*
Jeffrey Schultz*
Ty Thacker
Max Vordenbaum
Don "Bubba" Whatley
Sam Wilson*
Michael Winfrey*

*Advisor Director

AmeriBancShares,Inc.

2021 ANNUAL REPORT

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DENTON BRANCH
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Denton, TX 76201
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(940) 322-2249 fax

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WICHITA FALLS LOCATIONS

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DOWNTOWN BRANCH
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(940) 761-4054 fax

ELMWOOD BRANCH
1920 Elmwood Ave N.
Wichita Falls, TX 76308
(940) 397-2333 main
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Saturday 8:00 – 12:00

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