AmeriBancShares, Inc.

AMERICAN NATIONAL BANK & TRUST

2023 ANNUAL REPORT

amnat.com

To Our Shareholders

Thank you for being a shareholder of AmeriBancShares, Inc.

Your investment continues to increase in value as the bank performed very positively in 2023, even as strong interest rate headwinds prevailed. Between March 2022 and July 2023, the Federal Open Market Committee raised the federal funds target rate by 525 basis points (5.25%), making this tightening cycle, which now appears to be over, the fastest in four decades. These rapid increases had the effect of tightening liquidity in the market, thereby raising the cost of funds.

When compared to 2022, our interest expense increased approximately $37.7 million or 232%. Notwithstanding these rapid rate increases and higher demand for deposits, our liquidity remains exceptional with a liquid assets to total liability ratio of approximately 19% at December 31, 2023. Banking institutions employ investments with varying maturities expanding from daily to many years, therefore matching rate risks between assets and liabilities is very challenging. Economic standards teach that the Fed achieves conditions that satisfy their dual mandate: Keep prices stable and maximize employment by adjusting rates. We, as bankers, must counter accordingly to ensure that a fair rate of return continues on stockholder investments. I am pleased to report that the Board and management employed all tools available to make certain that your investment remained secure and profitable.

As of December 31, 2023, total assets increased 25.1% to $2.1 billion. Loans increased 16.8% to $1.59 billion and total deposits increased 24.8% to $1.85 billion. Consolidated net income equated to $4.32 per share at $12.3 million. Total stockholders' equity increased to $154.7 million, despite having to take a one-time negative adjustment of $4.7 million for the effects of the initial adoption of the Current Expected Credit Losses (CECL) accounting standard. Asset quality remains satisfactory and stable. All of these benchmarks are very positive considering the economic climate of 2023. All branches continue to operate in exemplary fashion. Substantial growth has been experienced in Wichita Falls, Fort Worth, Denton, Dallas, Roanoke, and Flower Mound. Ancillary departments of the company continue to be paramount in efforts to increase growth and profitability.

The Trust and Wealth Management Group had an outstanding 2023. Total assets under management increased 24.7% to a record level of $2.165 billion, making us the 14th largest trust function in Texas. Net income for the department increased 31%. Chris Klemme joined our team in Dallas as Senior Vice President along with Vice President

To Our Shareholders

Thank you for being a shareholder of AmeriBancShares, Inc.

Shannon Odle. Chris is an experienced trust and estate attorney and will serve as the Dallas/Fort Worth area Trust Market Lead. Senior Vice President Kara Blanco has joined us in the Wichita Falls office. She is board-certified in estate planning and probate law by the Texas Board of Legal Specialization. Also, in Wichita Falls, Vice President Garrett Betts was hired to complement our investment team as a fixed-income portfolio manager. In addition to Wichita Falls we now have trust centers in Fort Worth, Dallas, Flower Mound, Denton, McKinney, Houston and Galveston. Our Trust and Wealth Management Group is well positioned to build upon its past accomplishments as we expand our reach.

The mortgage department is also experiencing strong growth. The interest rate climate has led to market volatility in the mortgage industry and challenges for customers looking to purchase a home. This has also created an opportunity to find really strong talent to add to our team. Senior Vice President Jeff Sicking, Vice President Meagan Hood, and Vice President Kristen Ripple, have joined our banking family to open a loan production office in Decatur.

All are highly experienced individuals and will provide a very positive influence as we enter that market with mortgage products. New loan production offices have also been opened in Waxahachie, Lake Kiowa, and Gainesville.

These are in addition to mortgage functions being offered in all existing bank branches. By diversifying across the metroplex, monthly production for the department has increased exponentially.

The bank has grown 142% over the past five years. This is considered exceptional by all standards. Funding for growth requires that the bank employ all sources available for deposit stability. Vice President Elizabeth Holland joined us in the Treasury Management to assist Senior Vice President Kyle Turnipseede and Vice President Noah Elrod as we seek to provide exceptional depositor opportunities to our customers. We have been able to expand our public fund deposits by continuing to invest in the communities in which we operate. Our public fund deposits now stand at $362.5 million, an increase of $278 million or 329% over the same period in 2022. To substantiate this growth, additional capital has been required. This increase has been reached organically through profits plus executed debt instruments and calculated capital offerings. As strategically planned, additional growth will again require increases in capital levels. This will provide future opportunities for stockholders to increase their investment in the bank by purchase of additional stock if so desired. More details will be available as we continue to monitor capital needs and growth potential.

As stated many times before, your investment in AmericBancshares, Inc. continues to be stable. Even with exceptional growth during an unprecedented interest rate climate, profits have remained adequate. Asset quality has continued to be satisfactory and reserves and capital are appropriate. Most importantly, the Board of Directors remains extremely active and involved in the strategic direction of the bank. Thank you for your investment and trust.

Dwight Berry
President & CEO

Financial Highlights

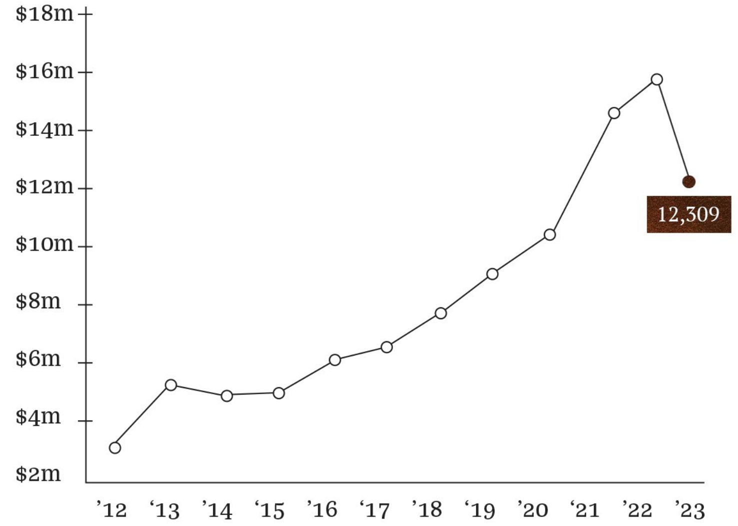
(In thousands of dollars, except share amounts)

	YEAR ENDED DECEMBER 31, 2023	YEAR ENDED DECEMBER 31, 2022	%CHANGE
Demand Deposits	$301,496	$283,958	6.18%
Total Deposits	$1,859,186	$1,489,721	24.80%
Total Assets	$2,139,791	$1,711,057	25.06%
Total Loans (net)	$1,595,338	$1,365,982	16.79%
Allowance for Loan Losses	$19,934	$15,457	28.96%
Return on Earning Assets	5.57%	4.23%	31.69%
Cost of Funds - Deposits	3.76%	1.37%	173.58%
Cost of Funds - Other Borrowings	3.11%	0.11%	2698.07%
Average Net Spread	1.81%	2.86%	-36.56%
Growth in Capital	$5,042	$21,021	-76.01%
Total Capital Beginning	$149,730	$128,709	16.33%
Total Capital Ending	$154,772	$149,730	3.37%
Interest Income	$99,693	$63,047	58.12%
Interest Expense	$54,033	$16,288	231.74%
Net Interest Income	$45,660	$46,759	-2.35%
Non-Interest Income	$19,034	$17,233	10.45%
Non-Interest Expense	$49,727	$41,812	18.93%
Profit Before Provision	$14,967	$22,180	-32.52%
Provision for Loan Losses	$ -	$2,500	-100.00%
Income Taxes	$2,658	$3,524	-24.57%
Net Income	$12,309	$16,156	-23.81%
Earnings Per Share	$4.32	$5.76	-24.97%
Dividends Paid	$0.50	$0.50	0.00%
Book Value	$54.75	$52.91	3.48%
Return on Average Assets	0.75%	1.15%	-35.19%
Return on Average Equity	7.22%	9.88%	-26.94%

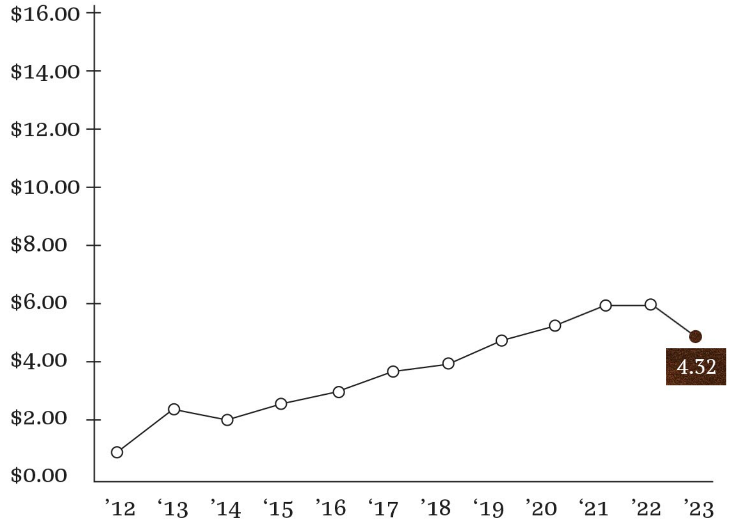
Year End Statistics

(In thousands of dollars, except share amounts)

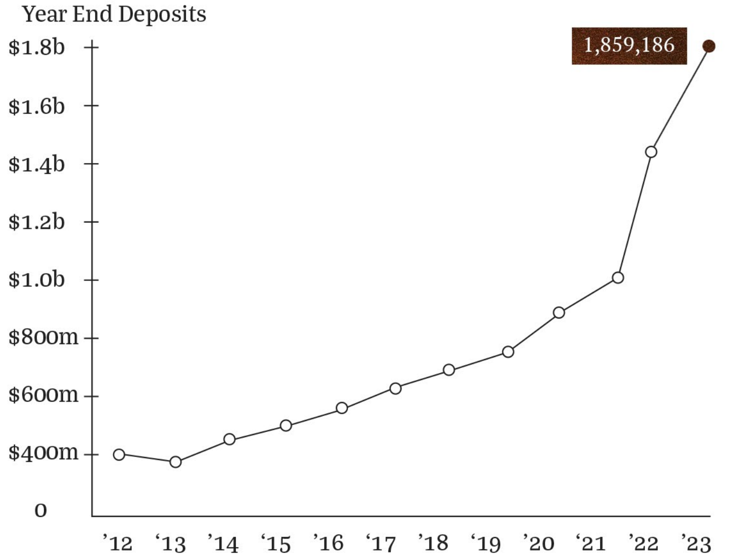
Consolidated Net Income



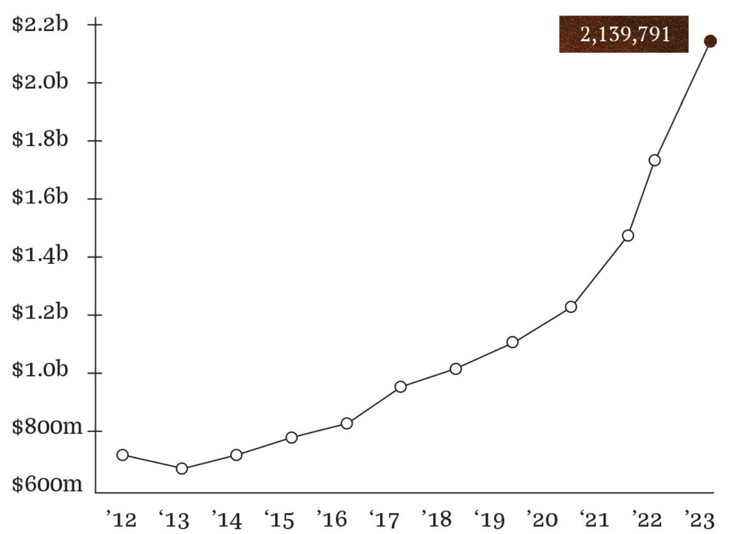
Earnings Per Share



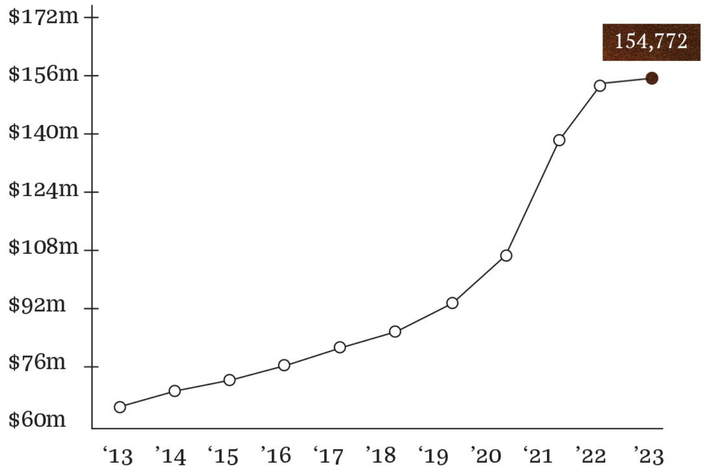
Year End Deposits



Year End Total Assets



Stockholders' Equity



AMERIBANCSHARES, INC.
AND SUBSIDIARIES

Consolidated Financial Statements
and Additional Information

December 31, 2023 and 2022

(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, 2023 and 2022 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, 2023 and 2022, 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.

We also have audited, in accordance with auditing standards generally accepted in the United States of America, the Company's internal control over financial reporting as of December 31, 2023, including controls over the preparation of regulatory financial statements in accordance with the instructions for the Consolidated Reports of Condition and Income (Call Report), and the Parent Company Only Financial Statements for Small Holding Companies (FR Y-9SP), based on criteria established in the *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated March 28, 2024 expressed an unmodified opinion thereon.

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 Consolidated 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.

Emphasis of Matter-Adoption of New Accounting Standard

As discussed in Note 1 to the consolidated financial statements, on January 1, 2023, the Company changed its accounting method for estimating losses from the incurred loss methodology (Incurred Loss) to the current expected credit loss (CECL) methodology by adopting new accounting guidance under ASC Topic 326, *Financial Instruments-Credit Losses*. The CECL methodology generally applies to financial assets measured at amortized cost, including loan receivables, debt securities held-to-maturity, certain off-balance sheet credit exposures. The change was adopted using the modified-retrospective and prospective approach transition methods. Accordingly, the accounting change has been applied as of the initial date of application, January 1, 2023 without restating the prior year's consolidated financial statements. Our opinion is not modified with respect to that matter.

Management's Responsibility for the Consolidated Financial Statements

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.

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.

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Auditor's Responsibility for the Audit of the Consolidated 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.

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 consolidated 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.

- 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 28, 2024 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 the reports on internal control over financial reporting is to describe the scope of our testing of internal control over financial reporting relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances to provide an opinion on the effectiveness of the entity's internal control over financial reporting. The purpose of the reports on compliance is to describe the scope of our testing on compliance and the results of that testing, but not to provide an opinion on the effectiveness of the entity's compliance with provisions of laws, regulations, contracts, grant agreements and other matters. 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 28, 2024

AMERIBANCSHARES, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

(In thousands of dollars, except share amounts)

	2023	2022
ASSETS		
Cash and due from banks	$ 201,587	$ 47,032
Interest bearing deposits in banks	143,845	106,603
Total cash and equivalents	345,432	153,635
Securities available for sale	101,020	100,837
Mortgage loans held for sale	3,606	2,955
Loans, net	1,591,732	1,363,027
Premises and equipment, net	37,123	37,432
Accrued interest receivable	6,780	4,606
Goodwill	4,220	4,220
Cash surrender value of life insurance	29,045	28,163
Other securities	7,161	5,143
Other assets	13,672	11,039
Total assets	$ 2,139,791	$ 1,711,057
LIABILITIES AND STOCKHOLDERS' EQUITY		
Demand deposits	$ 301,496	$ 283,958
Savings deposits	44,467	48,508
Money market and NOW accounts	951,567	916,141
Time certificates of deposit	561,656	241,114
Total deposits	1,859,186	1,489,721
Securities sold under agreements to repurchase	1,152	1,619
Other borrowings	50,000	-
Senior unsecured notes payable	49,275	49,186
Junior subordinated debentures	7,217	7,217
Accrued interest payable	2,161	914
Other liabilities	16,028	12,670
Total liabilities	1,985,019	1,561,327
Commitments and contingencies	-	-
Stockholders' equity:		
Common stock (par value $2.50; 5,000,000, shares authorized, 2,940,742 shares issued at both 2023 and 2022 and 2,826,927 and 2,829,885 outstanding at 2023 and 2022)	7,352	7,352
Surplus	55,277	55,286
Undivided profits	104,994	98,831
Treasury stock, at cost (113,815 and 110,857 shares at 2023 and 2022)	(5,077)	(3,804)
Notes rceivable secured by common stock	(2,733)	(1,576)
Accumulated other comprehensive loss, net of tax benefit of $1,340 in 2023 and $1,690 in 2022	(5,041)	(6,359)
Total stockholders' equity	154,772	149,730
Total liabilities and stockholders' equity	$ 2,139,791	$ 1,711,057

See accompanying notes to consolidated financial statements.

AMERIBANCSHARES, INC. AND SUBSIDIARIES

Consolidated Statements of Income

For the Years Ended December 31, 2023 and 2022

(In thousands of dollars, except earnings per share)

	2023	2022
Interest income:		
Interest and fees on loans	$ 85,754	$ 57,717
Interest on investment securities		
Taxable	6,138	3,079
Nontaxable	847	894
Interest on interest bearing deposits in banks	6,954	1,357
Total interest income	99,693	63,047
Interest expense:		
Interest on deposits	50,553	14,272
Interest on repurchase agreements	1	1
Interest on other borrowed funds	2,981	1,778
Interest on junior subordinated debentures	498	237
Total interest expense	54,033	16,288
Net interest income	45,660	46,759
Credit loss expense-loans	-	2,500
Net interest income after credit loss expense-loans	45,660	44,259
Other operating income:		
Service charges on deposit accounts	542	602
Trust fee income	9,561	7,668
Gain on sale of mortgage loans	1,648	1,757
Loan servicing fees	1,130	1,062
Title insurance premiums	1,486	2,284
Rent income	649	672
Other	4,018	3,188
Total other operating income	19,034	17,233
Other operating expenses:		
Salaries and employee benefits	32,446	27,812
Premises and equipment	3,873	3,490
Data processing expense	2,560	1,879
Other	10,848	8,631
Total other operating expenses	49,727	41,812
Income before income taxes	14,967	19,680
Provision for income taxes	2,658	3,524
Net income	$ 12,309	$ 16,156
Earnings per share	$ 4.32	$ 5.76

See accompanying notes to consolidated financial statements.

AMERIBANCSHARES, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2023 and 2022

(In thousands of dollars)

	2023	2022
Net income	$ 12,309	$ 16,156
Other comprehensive income (loss), net of tax:		
Change in net unrealized loss on securities available for sale, net of tax expense (benefit) of $350 and ($1,816) for 2023 and 2022, respectively	1,318	(6,829)
Less reclassification adjustment for gains on sales of securities available for sale, net of tax expense	-	-
Total other comprehensive income (loss)	1,318	(6,829)
Total comprehensive income	$ 13,627	$ 9,327

See accompanying notes to consolidated financial statements.

AMERIBANCSHARES, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Stockholders' Equity

For the Years Ended December 31, 2023 and 2022

(In thousands of dollars)

	Common Stock	Surplus	Undivided Profits	Treasury Stock	Unearned KSOP Stock	Notes Receivable Secured by Common Stock	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance January 1, 2022	$ 6,815	$ 41,635	$ 84,087	$ (3,971)	$ (327)	$ -	$ 470	$ 128,709
Net income	-	-	16,156	-	-	-	-	16,156
Sale of common stock	537	13,504	-	-	-	-	-	14,041
Sale of treasury stock	-	147	-	1,417	-	(1,576)	-	(12)
Purchase of treasury stock	-	-	-	(1,250)	-	-	-	(1,250)
KSOP stock earned	-	-	-	-	327	-	-	327
Other comprehensive loss	-	-	-	-	-	-	(6,829)	(6,829)
Dividends ($.50 per common share)	-	-	(1,412)	-	-	-	-	(1,412)
Balance December 31, 2022	7,352	55,286	98,831	(3,804)	-	(1,576)	(6,359)	149,730
Cumulative effect of change in accounting principle	-	-	(4,721)	-	-	-	-	(4,721)
Balance at January 1, 2023 (as adjusted for change in accounting principle)	7,352	55,286	94,110	(3,804)	-	(1,576)	(6,359)	145,009
Net income	-	-	12,309	-	-	-	-	12,309
Sale of treasury stock	-	(9)	-	1,279	-	(1,157)	-	113
Purchase of treasury stock	-	-	-	(2,552)	-	-	-	(2,552)
Other comprehensive income	-	-	-	-	-	-	1,318	1,318
Dividends ($.50 per common share)	-	-	(1,425)	-	-	-	-	(1,425)
Balance December 31, 2023	$ 7,352	$ 55,277	$ 104,994	$ (5,077)	$ -	$ (2,733)	$ (5,041)	$ 154,772

See accompanying notes to consolidated financial statements.

AMERIBANCSHARES, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2023 and 2022

(In thousands of dollars)

	2023	2022
Cash flows from operating activities:		
Net income	$ 12,309	$ 16,156
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,873	1,859
Credit loss expense-loans	-	2,500
Benefit from deferred taxes	(141)	(677)
Gain on sale of mortgage loans	(1,648)	(1,757)
Amortization of mortgage servicing rights	349	430
Gain on sale of premises and equipment	(30)	(46)
Amortization (net of accretion) on securities available for sale	63	241
Amortization of debt issue costs	89	74
Increase in cash surrender value of life insurance	(882)	(827)
Gain on surrender of cash value of life insurance	-	(274)
Proceeds from sales of mortgage loans	83,320	80,950
Mortgage loans funded	(82,323)	(81,108)
Mortgage servicing rights capitalized	(286)	(382)
Change in:		
Accrued interest receivable	(2,176)	(1,759)
Income taxes receivable	(506)	(351)
Miscellaneous other assets	(442)	(157)
Accrued interest payable	1,247	814
Income taxes payable	257	481
Other accrued expenses	1,208	(135)
Net cash provided by operating activities	12,281	16,032
Cash flows from investing activities:		
Proceeds from maturities, calls and paydowns of securities available for sale	276,256	78,797
Purchase of securities available for sale	(274,832)	(88,025)
Purchase of other securities	(2,019)	(1,040)
Purchase of cash value life insurance	-	(2,793)
Proceeds from redemption of cash value life insurance	-	1,265
Net increase in loans	(233,607)	(427,353)
Purchase of premises and equipment	(2,379)	(8,384)
Proceeds from sale of premises and equipment	846	688
Net cash used in investing activities	(235,735)	(446,845)
Cash flows from financing activities:		
Net increase in deposits	369,465	297,264
Net (decrease) increase in repurchase agreements	(467)	1,449
Net increase in senior unsecured notes payable	-	49,112
Net increase (decrease) in other borrowings	50,000	(27,921)
Sale of common stock	-	14,041
Sale of treasury stock	230	119
Purchase of treasury stock	(2,552)	(1,250)
Dividends paid	(1,425)	(1,412)
Net cash provided by financing activities	415,251	331,402
Net increase (decrease) in cash and cash equivalents	191,797	(99,411)
Cash and cash equivalents at beginning of year	153,635	253,046
Cash and cash equivalents at end of year	$ 345,432	$ 153,635

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, Flower Mound, and Roanoke, 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.

Accounting Standards Adopted in 2023

On January 1, 2023, the Company adopted ASU 2016-13 *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASC 326). This standard replaced the incurred loss methodology (Incurred Loss) with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including loan receivables and held to maturity debt securities, and some off-balance sheet credit exposures such as unfunded commitments to extend credit. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses. Purchased credit deteriorated (PCD) loans will receive an initial allowance at the acquisition date that represents an adjustment to the amortized cost basis of the loan, with no impact to earnings.

In addition, CECL made changes to the accounting for available for sale debt securities. CECL requires credit losses to be presented as an allowance rather than as a write-down on available for sale debt securities if management does not intend to sell and does not believe that it is more likely than not, they will be required to sell.

The Company adopted ASC 326 and all related subsequent amendments thereto effective January 1, 2023 using the modified retrospective approach for all financial assets measured at amortized cost and off-balance sheet credit exposures. The transition adjustment of the adoption of CECL included an increase to the allowance for credit losses-loans of approximately $4,576,000 which is presented as a reduction to net loans outstanding, and an increase to the allowance for credit losses-unfunded loan commitments of approximately $1,400,000, which is recorded within other liabilities. The Company recorded a net decrease to retained earnings of approximately $4,721,000 as of January 1, 2023 for the cumulative effect of adopting CECL, which reflects the transition adjustments noted above, net of the applicable deferred tax assets recorded. Results for reporting periods beginning after January 1, 2023 are presented under CECL while prior period amounts continue to be reported in accordance with previously applicable accounting standards (Incurred Loss).

In March 2022, the FASB issued Accounting Standards Update 2022-02, *Financial Instruments-Credit Losses (Topic 326); Trouble Debt Restructurings and Vintage Disclosures.* The amendments in this update require an entity measure and record the lifetime expected credit losses on an asset within the scope upon origination or acquisition and, accordingly, credit losses from loans modified as troubled debt restructurings (TDRs) have been incorporated into the allowance for credit losses-loans. The amendments relate to all entities after they have adopted ASU 2016-13. The amendments eliminate the TDR recognition and measurement guidance and instead require an entity evaluate whether the modification represents a new loan or a continuation of an existing loan. The Company adopted this standard during the first quarter of 2023 and the adoption of this standard did not have a material impact on the Company's consolidated financial statements.

The following table details the impact of the adoption of ASC 326 on the allowance for credit losses and retained earnings as of January 1, 2023:

	Pre-Adoption Allowance	Impact of Adoption	Post-Adoption Allowance	Cumulative Effect on Retained Earnings
Loans				
1-4 family construction	$ 818	$ (53)	$ 765	$ 42
Construction, land development, and other land	1,627	317	1,944	(250)
Revolving 1-4 family residential	1	(1)	-	1
1-4 family residential	1,888	218	2,106	(172)
Mutli-family residential	528	2	530	(2)
Nonfarm nonresidential - owner occupied	1,847	(46)	1,801	36
Nonfarm nonresidential - nonowner occupied	6,872	1,954	8,826	(1,543)
Farmland	147	157	304	(124)
Total real estate	13,728	2,548	16,276	(2,012)
Argiculture	5	2	7	(2)
Commercial and industrial	1,031	1,434	2,465	(1,133)
Consumer	170	275	445	(217)
Municipal	1	(1)	-	1
Nondepository financial institutions	294	230	524	(182)
Lease financing receivable	192	(23)	169	18
Overdrafts	-	-	-	-
Other loans	36	111	147	(88)
	$ 15,457	$ 4,576	$ 20,033	$ (3,615)
Off-balance sheet credit exposures	$ -	$ 1,400	$ 1,400	$ (1,106)

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 credit losses-loans 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 credit losses on loans, management obtains independent appraisals for significant collateral.

Material estimates that are particularly susceptible to significant change in the near-term relate to the determination of the allowance for credit losses and valuation of other real estate owned. While management uses available information to recognize losses on securities, loans, and other real estate owned, future provisions may be necessary based on changes in local economic conditions. In addition, banking regulators, as an integral part of their examination process, periodically review the Company's allowance for credit losses and other real estate losses and they may require the Company to record additional provisions for losses based on their judgment about information available to them at the time of their examination.

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.

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.

Interest income includes amortization of purchase premiums or discounts. Premiums and discounts on securities are generally amortized on the level-yield method without anticipating prepayments, except for mortgage-backed securities where prepayments are anticipated. Premiums on callable debt securities are amortized to their earliest call date. Gains and losses on sales are recorded on the trade date and determined using the specific identification method.

A debt security is placed on nonaccrual status at the time any principal or interest payments become 90 days delinquent. Interest accrued but not received for a security placed on nonaccrual is reversed against interest income. No accrued interest was reversed against interest income during the years ended December 31, 2023 and 2022.

Fair value of investment securities is determined based on methodologies in accordance with generally accepted accounting principles. Fair values are volatile and may be influenced by a number of factors, including market interest rates, prepayment speeds, discount rates and yield curves. Fair values for investment securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on the quoted prices of similar instruments or an estimate of fair value by using a range of fair value estimates in the market place as a result of the illiquid market specific to the type of security.

Loans

The Company grants commercial, real estate, and consumer loans to customers. The ability of the Company's debtors to honor their contracts are dependent upon the real estate and general economic conditions in this area.

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off generally are reported at their outstanding unpaid principal balances adjusted for charge offs, the allowance for credit losses-loans, and any deferred fees or costs on originated loans. Interest income is accrued on the unpaid principal balance. Fees associated with originating loans to the extent they exceed the direct loan origination costs are generally deferred and recognized over the life of the loan as an adjustment to yield.

Loans are considered past due if the required principal and interest payments have not been received as of the date such payments were due. Loans are placed on nonaccrual status when, in management's opinion, the borrower may be unable to meet payment obligations as they become due, as well as when required by regulatory provisions. In determining whether or not a borrower may be unable to meet payment obligations for each class of loans, management considers the borrower's debt service capacity through the analysis of current financial information, if available, and/or current information with regards to the Company's collateral position. Regulatory provisions would typically require the placement of a loan on nonaccrual status if (i) principal or interest has been in default for a period of 90 days or more unless the loan is both well secured and in the process of collection or (ii) full payment of principal and interest is not expected. Loans may be placed on nonaccrual status regardless of whether or not such loans are considered past due. When interest accrual is discontinued, all unpaid accrued interest is reversed. Interest income on nonaccrual loans is recognized only to the extent that cash payments are received in excess of principal due. A loan may be returned to accrual status when all the principal and interest amounts contractually due are brought current and future principal and interest amounts contractually due are reasonably assured, which is typically evidenced by a sustained period (at least six months) of repayment performance by the borrower.

Allowance for Credit Losses (ACL)

As discussed in the Accounting Standards Adopted in 2023 caption, the Company adopted *Accounting Standards Update (ASU) 2016-13, Financial Instruments-Credit Losses (ASC 326): Measurement of Credit Losses on Financial Instruments*, on January 1, 2023. In connection with the adoption of *ASC 326*, the Company revised certain accounting policies to align its significant accounting policies with the requirements of the new standard. The revised accounting policies are described below.

Allowance For Credit Losses (ACL)-Available for Sale Securities

For available for sale securities in an unrealized loss position, the Company assesses whether (i) the Company intends to sell or (ii) it is more likely than not that the Company will be required to sell the security before recovery of its amortized cost basis. If either case is affirmative, any previously recognized allowances are charged-off and the security's amortized cost is written down to fair value through income. If neither case is affirmative, the security is evaluated to determine whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency and any adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an ACL is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an ACL is recognized in other comprehensive income. Adjustments to the ACL are reported in the income statement as a component of credit loss expense, if applicable. Management has made the accounting policy election to exclude accrued interest receivable on available for sale securities from the estimate of credit losses. Available for sale securities are charged-off against the allowance or, in the absence of any allowance, written down through income when deemed uncollectible by management or when either of the aforementioned criteria regarding intent or requirement to sell is met.

Prior to the adoption of ASU 2016-13, declines in the fair value of held to maturity and available for sale securities below their cost that were deemed to be other than temporary were reflected in earnings as realized losses. In estimating other-than-temporary impairment losses prior to January 1, 2023, the Company considered, among other things, (i) the length of time and the extent to which the fair value had been less than cost, (ii) the financial condition and near-term prospects of the issuer and (iii) the intent and the ability to retain the investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

Allowance for Credit Losses (ACL)-Loans

The ACL on loans is a contra-asset valuation account, calculated in accordance with ASC 326, that is deducted from the amortized cost basis of loans to present the best estimate of the net amount expected to be collected. Loans are charged-off against the allowance when deemed uncollectible. Adjustments to the allowance are reported in the income statement as a component of credit loss expense. The Company has made the accounting policy election to exclude accrued interest receivable on loans from the estimate of credit losses. The Company estimates the allowance balance using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, delinquency level, or term, as well as for changes in environmental conditions, such as changes in unemployment rates, property values, or other relevant factors. Further information regarding the policies and methodology used to estimate the ACL on loans is presented in Note 4.

Allowance For Credit Losses (ACL) Off-Balance Sheet Credit Exposures

The Company maintains a separate ACL on off-balance sheet credit exposures, including unfunded loan commitments, financial guarantees, and letters of credit, which is included in other liabilities on the balance sheet, unless the obligation is unconditionally cancellable. The relating ACL is calculated in accordance with ASC 326 and is adjusted as a provision for (or reversal of) credit loss expense. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over the estimated life of such commitments. The allowance is calculated using the same aggregate reserve rates calculated for the funded portion of the loan segment and applied to the amount of commitments expected to fund.

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.

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.

Leases

Leases are classified as operating or finance leases at the lease commencement date. The Company leases certain office facilities and office equipment under operating leases. The Company also owns certain office facilities which are leased to outside parties under operating lessor leases; however, such leases are not significant. In 2022, the Company adopted certain accounting standard updates related to accounting for leases as further discussed below. Under the new standards, for operating leases other than those considered to be short-term, the Company recognizes lease right-of-use assets and related lease liabilities. Such amounts, if applicable, are reported as components of premises and equipment and other liabilities, respectively, in the consolidated balance sheet. The Company does not recognize short-term operating leases on the balance sheet (leases with terms of 12 months or less).

Lease payments over the expected term are discounted using the risk-free interest rate election. The Company considers renewal and termination options in the determination of the term of the lease. If it is reasonably certain that a renewal or termination option will be exercised, the effects of such options are included in the determination of the expected lease term. The Company has elected to treat property leases that include both lease and non-lease components in a contract as a single lease component.

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, 2023, the Company evaluated recent potential triggering events that might be indicators that goodwill was impaired. 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 2020.

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, 2023 and 2022, 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, 2023 and 2022.

Net Income Per Common Share

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

Revenue Recognition

In general, for revenue not associated with financial instruments, guarantees and lease contracts, the Company applies the following steps when recognizing revenue from contracts with customers: (i) identify the contract, (ii) identify the performance obligations, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations and (v) recognize revenue when a performance obligation is satisfied. The Company’s contracts with customers are generally short term in nature, typically due within one year or less or cancellable by the Company or the customer upon a short notice period. Performance obligations for customer contracts are generally satisfied at a single point in time, typically when the transaction is complete, or over time. For performance obligations satisfied over time, the Company primarily uses the output method, directly measuring the value of the products/services transferred to the customer, to determine when performance obligations have been satisfied. The Company typically receives payment from customers and recognizes revenue concurrent with the satisfaction of performance obligations. In most cases, this occurs within a single financial reporting period. For payments received in advance of the satisfaction of performance obligations, revenue recognition is deferred until such time as the performance obligations have been satisfied. In cases where the Company has not received payment despite satisfaction of performance obligations, an estimate of the amount due in the period performance obligations have been satisfied is accrued. For contracts with variable components, only amounts for which collection is probable are accrued. The Company generally acts in a principal capacity, on its own behalf, in most of its contracts with customers. In such transactions, revenue and the related costs to provide the services on a gross basis are accrued. In some cases, the Company may act in an agent capacity, deriving revenue through assisting other entities in transactions with customers. In such transactions, revenue and the related costs to provide services are recognized on a net basis. These transactions recognized on a net basis primarily relate to fees derived from customers' use of various interchange and ATM/debit card networks.

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 28, 2024, the date these consolidated financial statements were available to be issued.

Reclassification

For comparability, certain amounts in the 2022 financial statements have been reclassified, where appropriate, to conform with the financial presentation used in 2023.

2. Recent Accounting Pronouncements

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 adoption was permitted. The adoption of ASU 2017-04 did not have a material impact on the Company's consolidated financial statements.

In June 2022, the FASB issued Accounting Standards Update 2022-03, *Fair Value Measurement (Topic 820); Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions.* The amendments in this update clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The amendments also require certain disclosures for equity securities subject to contractual sale restrictions: (1) the fair value of equity securities subject to contractual sale restrictions reflected in the balance sheet, (2) the nature and remaining duration of the restriction(s), (3) the circumstances that could cause a lapse in the restriction(s). The amendments are effective for PBEs for fiscal years beginning after December 15, 2023 and interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2024 and interim periods within those fiscal years. Early adoption is permitted. The adoption of ASU 2022-03 is not expected to have a material impact on the Company's consolidated financial statements.

3. Investment Securities

The amortized cost, gross unrealized gains and losses and estimated fair values of the Company's investment securities as classified in the accompanying consolidated balance sheet are as follows (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Securities Available for Sale				
December 31, 2023:				
U.S. Treasury securities	$ 4,946	$ -	$ (1)	$ 4,945
U.S. Government Agency securities	32,149	-	(2,218)	29,931
Municipal securities	31,160	34	(411)	30,783
Mortgage-backed securities	23,146	-	(2,092)	21,054
Corporate securities	16,000	-	(1,693)	14,307
	$ 107,401	$ 34	$ (6,415)	$ 101,020
December 31, 2022:				
U.S. Treasury securities	$ -	$ -	$ -	$ -
U.S. Government Agency securities	32,140	-	(3,078)	29,062
Municipal securities	35,342	4	(846)	34,500
Mortgage-backed securities	25,405	-	(2,513)	22,892
Corporate securities	16,000	-	(1,617)	14,383
	$ 108,887	$ 4	$ (8,054)	$ 100,837

Accrued interest receivable on securities available for sale totaled approximately $674,000 and $587,000 at December 31, 2023 and 2022, respectively, and is included in accrued interest receivable in the accompanying consolidated balance sheets. Accrued interest is excluded from the estimate of credit losses.

Substantially all of the U.S. Treasury securities, U.S. Government Agency securities, and mortgage-backed securities included in the above table were issued by U.S. government entities and agencies. These securities are either explicitly or implicitly guaranteed by the U.S. government, are highly rated by major rating agencies, and have a long history of no credit losses. Substantially all of the securities in the municipal securities portfolio were issued by the State of Texas or political subdivisions or agencies within the State of Texas. At December 31, 2023 and 2022, there were no holdings of securities of any one issuer other than the U.S. Government and its agencies in an amount greater than 10% of shareholders' equity.

Investment securities with recorded values of approximately $79,442,000 and $82,547,000 at December 31, 2023 and 2022, respectively, were pledged to secure deposits and for other purposes as required by law.

Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. The amortized cost and estimated fair value of debt securities at December 31, 2023, by contractual maturity, are shown below (in thousands):

	Securities Available for Sale	
	Amortized Cost, Net	Fair Value
Due in one year or less	$ 8,171	$ 8,159
Due from one year to five years	49,991	47,461
Due from five years to ten years	26,093	24,346
Due after ten years	-	-
	84,255	79,966
Mortgage-backed securities	23,146	21,054
	$ 107,401	$ 101,020

There were no sales of available for sale securities during 2023 and 2022.

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, 2023 and 2022 are summarized as follows for securities available for sale (in thousands):

	Less than 12 Months		12 Months or More	
Securities Available for Sale	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2023:				
U.S. Treasury securities	$ 4,946	$ (1)	$ -	$ -
U.S. Government Agency securities	4,976	(23)	24,955	(2,195)
Municipal securities	2,731	(9)	19,122	(402)
Mortgage-backed securities	-	-	21,054	(2,092)
Corporate securities	2,272	(228)	12,035	(1,465)
	$ 14,925	$ (261)	$ 77,166	$ (6,154)
December 31, 2022:				
U.S. Government Agency securities	$ -	$ -	$ 29,062	$ (3,078)
Municipal securities	28,824	(578)	3,064	(268)
Mortgage-backed securities	13,943	(1,343)	8,949	(1,170)
Corporate securities	9,081	(919)	5,302	(698)
	$ 51,848	$ (2,840)	$ 46,377	$ (5,214)

As of December 31, 2023, no allowance for credit losses has been recognized on available for sale securities in an unrealized loss position as management believes the impairments detailed in the table above are temporary and does not believe any of the securities are impaired due to credit quality. This is based upon an analysis of the underlying risk characteristics, including credit ratings, and other qualitative factors related to the available for sale securities and in consideration of the Company's historical credit loss experience and internal forecasts. The issuers of these securities continue to make timely principal and interest payments under the contractual terms of the securities. As of December 31, 2023, 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 or repricing date or if market yields for such investments decline.

4. Loans and Allowance for Credit Losses-Loans

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

	2023	2022
Real estate:		
1-4 family construction	$ 72,878	$ 62,761
Construction, land development and other land	136,575	130,112
Revolving 1-4 family residential	112	239
1-4 family residential	257,520	163,801
Multi-family residential	52,175	59,580
Nonfarm nonresidential - owner occupied	168,206	160,239
Nonfarm nonresidential - nonowner occupied	628,951	574,066
Farmland	37,604	19,453
Total real estate	1,354,021	1,170,251
Agriculture	2,392	1,905
Commercial and industrial	100,757	90,570
Consumer	18,192	18,272
Municipal	252	314
Nondepository financial institutions	87,833	60,282
Lease financing receivables	30,824	30,052
Overdrafts	30	18
All other loans	20,035	9,111
	1,614,336	1,380,775
Unearned discount	(2,670)	(2,291)
Allowance for credit losses-loans	(19,934)	(15,457)
	$ 1,591,732	$ 1,363,027

The Company extends commercial and consumer credit primarily to customers in the state of Texas. At December 31, 2023 and 2022, 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.

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, 2023 and 2022, the Bank had total commercial real estate loans of approximately $1,058,785,000 and $986,758,000, respectively. Included in these amounts, the Bank had construction, land development, and other land loans representing 93% and 92%, respectively, of total risk-based capital at December 31, 2023 and 2022. The Bank had non-owner occupied commercial real estate loans representing 394% and 393%, respectively, of total risk-based capital at December 31, 2023 and 2022.

Loan maturities and rate sensitivity of the loan portfolio at December 31, 2023 and 2022, including mortgage loans held for sale less loans on nonaccrual, are as follows (in thousands):

	2023	2022
Fixed rate loans with a remaining maturity of:		
Three months or less	$ 69,786	$ 32,777
Over three months through twelve months	128,994	119,593
Over one year through five years	693,338	666,580
Over five years	205,883	171,088
Total fixed rate loans	$ 1,098,001	$ 990,038
Variable rate loans with a repricing frequency of:		
Quarterly or more frequently	$ 175,357	$ 145,713
Annually or more frequently, but less frequently than quarterly	33,960	3,949
Every five years or more frequently, but less frequently than annually	284,310	221,400
Less frequently than every five years	21,794	21,126
Total variable rate loans	$ 515,421	$ 392,188

Accrued Interest Receivable

Accrued interest receivable on loans totaled approximately $6,091,000 and $4,014,000 at December 31, 2023 and 2022, respectively, and is included in accrued interest receivable in the accompanying consolidated balance sheets. Accrued interest is excluded from the estimate of credit losses.

Nonaccrual Loans

Loans are considered past due if the required principal and interest payments have not been received as of the date such payments were due. Loans are placed on nonaccrual status when, in management's opinion, the borrower may be unable to meet payment obligations as they become due, as well as when required by regulatory provisions.

Nonaccrual loans, segregated by class of loans at December 31, 2023 under the Current Expected Credit Loss Method (CECL), and at December 31, 2022 under the Incurred Loss Method, is as follows, (in thousands):

	CECL December 31, 2023		Incurred Loss December 31, 2022
	Total Nonaccrual	Nonaccrual with No Credit Loss Allowance	Total Nonaccrual
Real estate:			
1-4 family construction	$ 192	$ 192	$ -
Construction, land development, and other land	-	-	-
Revolving 1-4 family residential	-	-	-
1-4 family residential	2,954	2,954	1,248
Multi-family residential	-	-	-
Nonfarm nonresidential - owner occupied	-	-	-
Nonfarm nonresidential - nonowner occupied	-	-	-
Farmland	-	-	-
Total real estate	3,146	3,146	1,248
Agriculture	-	-	-
Commercial and industrial	1,345	1,221	250
Consumer	29	29	6
Municipal	-	-	-
Nondepository financial institutions	-	-	-
Lease financing receivables	-	-	-
Overdrafts	-	-	-
All other loans	-	-	-
	$ 4,520	$ 4,396	$ 1,504

The Company recognized approximately $10,000 and $19,000 of income on nonaccrual loans for the years ending December 31, 2023 and 2022, respectively. Additionally, the Company reversed approximately $110,000 and $22,000 of interest income against accrued interest receivable during the years ended December 31, 2023 and 2022, respectively.

Impaired Loans

Prior to the adoption of ASC 326 on January 1, 2023, loans were reported as impaired when, based on current information and events, it was probable the Company would be unable to collect all amounts due in accordance with the original contractual terms of the loan agreement, including scheduled principal and interest payments. Impairment was evaluated in total for smaller-balance loans of a similar nature and on an individual loan basis for other loans. If a loan was impaired, a specific valuation allowance was allocated, if necessary, so that the loan was reported net, at the present value of estimated future cash flows using the loan's existing rate or at the fair value of collateral if repayment was expected solely from the collateral. Interest payments on impaired loans were typically applied to principal unless collectability of the principal amount was reasonably assured, in which case interest was recognized on a cash basis. Impaired loans, or portions thereof, were charged off when deemed uncollectible. Impaired loans may include loans modified in troubled debt restructurings where concessions have been granted to borrowers experiencing financial difficulties. Average impaired loans during the year ended December 31, 2022 were approximately $2,917,000. Following is a summary of information pertaining to impaired loans at December 31, 2022 (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
Real estate:						
1-4 family construction	$ -	$ -	$ -	$ -	$ -	$ -
Construction, land development and other land	-	-	-	-	-	-
Revolving 1-4 family residential	-	-	-	-	-	-
1-4 family residential	-	-	-	1,276	1,506	-
Multi-family residential	-	-	-	-	-	-
Nonfarm nonresidential - owner occupied	-	-	-	-	-	-
Nonfarm nonresidential - nonowner occupied	-	-	-	-	-	-
Farmland	-	-	-	1,799	1,799	-
Total real estate	-	-	-	3,075	3,305	-
Agriculture	-	-	-	-	-	-
Commercial and industrial	152	152	152	98	111	-
Consumer	-	-	-	6	14	-
Municipal	-	-	-	-	-	-
Nondepository financial institutions	-	-	-	-	-	-
Lease financing receivable	-	-	-	-	-	-
Overdrafts	-	-	-	-	-	-
All other loans	-	-	-	-	-	-
	$ 152	$ 152	$ 152	$ 3,179	$ 3,430	$ -

Collateral-Dependent Loans

The Company has certain loans for which repayment is dependent upon the operation or sale of collateral, as the borrower is experiencing financial difficulty. The underlying collateral can vary based upon the type of loan. The following provides more detail about the types of collateral that secure collateral dependent loans:

- Commercial real estate loans can be secured by either owner occupied commercial real estate or non-owner occupied investment commercial real estate. Typically, owner occupied commercial real estate loans are secured by office buildings, warehouses, manufacturing facilities and other commercial and industrial properties occupied by operating companies. Non-owner occupied commercial real estate loans are generally secured by office buildings and complexes, retail facilities, multifamily complexes, land under development, industrial properties, as well as other commercial or industrial real estate.

- Residential real estate loans are typically secured by first mortgages, and in some cases could be secured by a second mortgage.

- Home equity lines of credit are generally secured by second mortgages on residential real estate property.

- Commercial loans are generally secured by accounts receivable, inventory, equipment and other business assets.

- Consumer loans are generally secured by automobiles, motorcycles, recreational vehicles and other personal property. Some consumer loans are unsecured and have no underlying collateral.

The following table details the amortized cost of collateral-dependent loans as of December 31, 2023, (in thousands):

	Amount
Real estate:	
1-4 family construction	$ 192
Construction, land development, and other land	-
Revolving 1-4 family residential	-
1-4 family residential	2,954
Multifamily residential	-
Nonfarm nonresidential owner occupied	-
Nonfarm nonresidential nonowner occupied	-
Farmland	-
Total real estate	3,146
Agriculture	-
Commercial and industrial	1,345
Consumer	29
Municipal	-
Nondepository financial institutions	-
Lease financing receivable	-
Overdrafts	-
All other loans	-
	$ 4,520

Loan Modifications

Effective January 1, 2023, the Company adopted the provision of ASU 2022-02, which eliminated the TDR recognition and measurement guidance and instead require an entity evaluate whether the modification represents a new loan or a continuation of an existing loan.

At December 31, 2023 and 2022, the Company had loans that were both experiencing financial difficulty and modified totaling approximately $489,000 and $2,341,000, respectively. The Company had not allocated any specific reserves in regard to these loans at December 31, 2023 or 2022. The Company had no loans modified during 2023. During 2022, the Company had one loan in the approximate amount of $468,000 which was modified. The modifications involved deferral of payments. There were no significant loans that had been previously modified that subsequently defaulted during the years ended December 31, 2023 and 2022. The Company is not committed to lend additional funds to debtors whose loans have been modified.

Loans in Process of Foreclosure

At December 31, 2023, the Company had no loans for which foreclosure proceedings were in process.

Past Due Loans

The following is a summary of past due loans that continue to accrue interest at December 31, 2023 and 2022 (in thousands):

	30-59 Days Past Due	60-89 Days Past Due	Past Due 90 Days or More	Total
December 31, 2023:				
Real estate:				
1-4 family construction	$ 3,226	$ -	$ -	$ 3,226
Construction, land development and other land	3,241	-	-	3,241
Revolving 1-4 family residential	-	-	-	-
1-4 family residential	2,237	630	226	3,093
Multi-family residential	932	-	-	932
Nonfarm nonresidential - owner occupied	12	-	-	12
Nonfarm nonresidential - nonowner occupied	-	-	-	-
Farmland	501	-	-	501
Total real estate	10,149	630	226	11,005
Agriculture	1,097	-	-	1,097
Commercial and industrial	7,596	-	-	7,596
Consumer	1,396	86	-	1,482
Municipal	-	-	-	-
Nondepository financial institutions	-	-	-	-
Lease financing receivable	462	63	-	525
Overdrafts	-	-	-	-
All other loans	-	-	-	-
	$ 20,700	$ 779	$ 226	$ 21,705
December 31, 2022:				
Real estate:				
1-4 family construction	$ 1,736	$ -	$ -	$ 1,736
Construction, land development and other land	172	-	-	172
Revolving 1-4 family residential	-	-	-	-
1-4 family residential	1,884	2,173	124	4,181
Multi-family residential	-	-	-	-
Nonfarm nonresidential - owner occupied	-	9,445	-	9,445
Nonfarm nonresidential - nonowner occupied	1,970	-	-	1,970
Farmland	103	-	-	103
Total real estate	5,865	11,618	124	17,607
Agriculture	-	-	-	-
Commercial and industrial	1,472	397	-	1,869
Consumer	1,444	72	-	1,516
Municipal	-	-	-	-
Nondepository financial institutions	-	-	-	-
Lease financing receivable	326	118	-	444
Overdrafts	-	-	-	-
All other loans	-	-	-	-
	$ 9,107	$ 12,205	$ 124	$ 21,436

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. 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 Company'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 Company 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.

As of December 31, 2023 and 2022, and based on the most recent analysis performed, the risk category of loans by class of loans is as follows (in thousands):

	Pass	Special Mention	Substandard	Doubtful	Total
December 31, 2023:					
Real estate:					
1-4 family construction	$ 72,878	$ -	$ -	$ -	$ 72,878
Construction, land development and other land	136,383	-	192	-	136,575
Revolving 1-4 family residential	112	-	-	-	112
1-4 family residential	253,990	477	3,053	-	257,520
Multi-family residential	52,175	-	-	-	52,175
Nonfarm nonresidential - owner occupied	168,206	-	-	-	168,206
Nonfarm nonresidential - nonowner occupied	621,768	-	7,183	-	628,951
Farmland	37,604	-	-	-	37,604
Total real estate	1,343,116	477	10,428	-	1,354,021
Agriculture	2,392	-	-	-	2,392
Commercial and industrial	99,412	-	1,345	-	100,757
Consumer	18,163	-	29	-	18,192
Municipal	252	-	-	-	252
Nondepository financial institutions	87,833	-	-	-	87,833
Lease financing receivable	30,824	-	-	-	30,824
Overdrafts	30	-	-	-	30
All other loans	20,035	-	-	-	20,035
	$ 1,602,057	$ 477	$ 11,802	$ -	$ 1,614,336
December 31, 2022:					
Real estate:					
1-4 family construction	$ 62,761	$ -	$ -	$ -	$ 62,761
Construction, land development and other land	130,112	-	-	-	130,112
Revolving 1-4 family residential	239	-	-	-	239
1-4 family residential	161,949	500	1,352	-	163,801
Multi-family residential	59,580	-	-	-	59,580
Nonfarm nonresidential - owner occupied	152,941	-	7,298	-	160,239
Nonfarm nonresidential - nonowner occupied	574,066	-	-	-	574,066
Farmland	19,453	-	-	-	19,453
Total real estate	1,161,101	500	8,650	-	1,170,251
Agriculture	1,905	-	-	-	1,905
Commercial and industrial	90,320	-	250	-	90,570
Consumer	18,266	-	6	-	18,272
Municipal	314	-	-	-	314
Nondepository financial institutions	60,282	-	-	-	60,282
Lease financing receivable	30,052	-	-	-	30,052
Overdrafts	18	-	-	-	18
All other loans	9,111	-	-	-	9,111
	$ 1,371,369	$ 500	$ 8,906	$ -	$ 1,380,775

Allowance For Credit Losses (ACL)-Loans

The allowance for credit losses-loans represents management's best estimate of current expected credit losses on loans considering available information, from internal and external sources, relevant to assessing collectability over the loans' contractual terms, adjusted for expected prepayments. Credit loss expense related to loans reflects the totality of actions taken on all loans for a particular period including any necessary increases or decreases in the allowance related to changes in credit loss expectations associated with specific loans or pools of loans. 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 appropriateness of the allowance is dependent upon a variety of factors beyond the Company's control, including the performance of the loan portfolio, the economy, changes in interest rates and the view of the regulatory authorities toward loan classifications.

Management may also adjust its assumptions to account for differences between expected and actual losses from period to period. The variability of management's assumptions could alter the ACL on loans materially and impact future results of operations and financial condition. The loss estimation models and methods used to determine the allowance for credit losses are continually refined and enhanced.

Methodology

The Company is utilizing a third-party model to tabulate its estimate of current expected credit losses, using a weighted average remaining maturity (WARM) methodology. In accordance with ASC 326, the Company has segmented its loan portfolio based on similar risk characteristics which include type/purpose of the loans, underlying collateral and historical credit loss patterns.

The allowance is comprised of three distinct reserve components: (1) specific reserves related to loans individually evaluated, (2) quantitative reserves related to loans collectively evaluated, and (3) qualitative reserves related to loans collectively evaluated. A summary of the methodology the Company employs with respect to each of these components in order to evaluate the overall adequacy of the allowance for credit losses is as follows:

Specific Reserve for Loans Individually Evaluated

The Company identifies loan relationships that may have credit weaknesses. Such loan relationships are identified primarily through the analysis of loan evaluations and past due loan reports. Each loan so identified is then individually evaluated to determine whether it is probable that the Company will be unable to collect all amounts due in accordance with the contractual terms of the underlying loan agreement. The Company performs an analysis based on the fair value of the loan's collateral, which is generally determined utilizing current appraisals, less estimated selling costs if the loan is collateral dependent or the present value of expected future cash flows from the loan discounted at the loans effective interest rate. A specific reserve is established in an amount equal to the excess, if any, of the recorded investment in the loan over the fair value of its underlying collateral, less estimated costs to sell.

Quantitative Reserve for Loans Collectively Evaluated

The Company stratifies the loan portfolio into loan pools. Quantitative reserves relative to each loan pool are established using an allocation equaling 100% of the respective pool's average 12 month historical net loan charge-off rate (determined based upon the most recent twelve quarters) which is applied to the aggregate recorded investment of loans collectively evaluated over the estimated life of the pool.

Qualitative Reserve for Loans Collectively Evaluated

Management qualitatively adjusts model results for risk factors that are not considered within the modeling processes but are nonetheless relevant in assessing the expected credit losses within the loan pools. These qualitative factors (Q-Factors) and other qualitative adjustments may increase or decrease the estimate of expected credit losses by a calculated percentage or amount based upon the estimated level of risk. The various risks that may be considered in making Q-Factor and other qualitative adjustments include, among other things, the impact of (i) changes in lending policies and procedures, including changes in underwriting standards and practices for collections, write-offs, and recoveries, (ii) actual and expected changes in international, national, regional, and local economic and business conditions and developments that affect the collectability of the loan pools, (iii) changes in the nature and volume of the loan pools and in the terms of the underlying loans, (iv) changes in the experience, ability, and depth of the lending management and staff, (v) changes in volume and severity of past due financial assets, the volume of nonaccrual assets, and the volume and severity of adversely classified or graded assets, (vi) changes in the quality of the credit review function, (vii) changes in the value of the underlying collateral for loans that are non-collateral dependent, (viii) the existence, growth, and effect of any concentrations of credit and (ix) other factors such as the regulatory, legal and technological environments; competition; and events such as natural disasters or health pandemics. The qualitative adjustment factor for each loan pool is then applied over the expected life of the pool.

The following table presents details of the ACL-loans segregated by loan portfolio segment as of December 31, 2023, calculated in accordance with the CECL methodology described above, (in thousands):

	Modeled Expected Credit Losses	Q-Factor and Other Qualitative Adjustments	Specific Allocations	Total
December 31, 2023:				
Real estate:				
1-4 family construction	$ 113	$ 603	$ -	$ 716
Construction, land development and other land	320	1,787	-	2,107
Revolving 1-4 family residential	-	-	-	-
1-4 family residential	387	1,971	-	2,358
Multi-family residential	116	358	-	474
Nonfarm nonresidential - owner occupied	306	1,360	-	1,666
Nonfarm nonresidential - nonowner occupied	1,148	7,409	-	8,557
Farmland	23	310	-	333
Total real estate	2,413	13,798	-	16,211
Agriculture	2	5	-	7
Commercial and industrial	677	1,846	27	2,550
Consumer	248	156	-	404
Municipal	-	-	-	-
Nondepository financial institutions	-	496	-	496
Lease financing receivable	7	125	-	132
Overdrafts	-	-	-	-
All other loans	70	64	-	134
	$ 3,417	$ 16,490	$ 27	$ 19,934

Prior to the adoption of ASC 326, the Company's individual ALLL allocations were established for probable losses on specific loans. The Company's general ALLL allocations were 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. Further information pertaining to the allowance for loan losses (ALLL) at December 31, 2022 is as follows (in thousands):

	Loan Evaluation			ALLL Allocations		
	Individually	Collectively	Total	Individually	Collectively	Total ALLL
Real estate:						
1-4 family construction	$ -	$ 62,761	$ 62,761	$ -	$ 818	$ 818
Construction, land development and other lanc	-	130,112	130,112	-	1,627	1,627
Revolving 1-4 family residential	-	239	239	-	1	1
1-4 family residential	1,276	162,525	163,801	-	1,888	1,888
Multi-family residential	-	59,580	59,580	-	528	528
Nonfarm nonresidential - owner occupied	-	160,239	160,239	-	1,847	1,847
Nonfarm nonresidential - nonowner occupied	-	574,066	574,066	-	6,872	6,872
Farmland	1,799	17,654	19,453	-	147	147
Total real estate	3,075	1,167,176	1,170,251	-	13,728	13,728
Agriculture	-	1,905	1,905	-	5	5
Commercial and industrial	250	90,320	90,570	152	879	1,031
Consumer	6	18,266	18,272	-	170	170
Municipal	-	314	314	-	1	1
Nondepository financial institutions	-	60,282	60,282	-	294	294
Lease financing receivable	-	30,052	30,052	-	192	192
Overdrafts	-	18	18	-	-	-
All other loans	-	9,111	9,111	-	36	36
	$ 3,331	$ 1,377,444	$ 1,380,775	$ 152	$ 15,305	$ 15,457

Allowance for Credit Losses-Loans

An analysis of the allowance for credit losses-loans for the years ended December 31, 2023 and 2022 is as follows (in thousands):

	Beginning Balance	Cumulative Effect of Change in Accounting Principle	Credit Loss Expense (Reversal)	Charge-offs	Recoveries	Ending Balance
December 31, 2023:						
Real estate:						
1-4 family construction	$ 818	$ (53)	$ (49)	$ -	$ -	$ 716
Construction, land development and other la	1,627	317	163	-	-	2,107
Revolving 1-4 family residential	1	(1)	-	-	-	-
1-4 family residential	1,888	218	252	-	-	2,358
Multi-family residential	528	2	(56)	-	-	474
Nonfarm nonresidential - owner occupied	1,847	(46)	(135)	-	-	1,666
Nonfarm nonresidential - nonowner occupie	6,872	1,954	(269)	-	-	8,557
Farmland	147	157	29	-	-	333
Total real estate	13,728	2,548	(65)	-	-	16,211
Agriculture	5	2	-	-	-	7
Commercial and industrial	1,031	1,434	136	(78)	27	2,550
Consumer	170	275	(44)	(3)	6	404
Municipal	1	(1)	-	-	-	-
Nondepository financial institutions	294	230	(28)	-	-	496
Lease financing receivable	192	(23)	14	(51)	-	132
Overdrafts	-	-	-	-	-	-
All other loans	36	111	(13)	-	-	134
	$ 15,457	$ 4,576	$ -	$ (132)	$ 33	$ 19,934
December 31, 2022:						
Real estate:						
1-4 family construction	$ 509	$ -	$ 309	$ -	$ -	$ 818
Construction, land development and other la	1,612	-	15	-	-	1,627
Revolving 1-4 family residential	1	-	-	-	-	1
1-4 family residential	1,242	-	646	-	-	1,888
Multi-family residential	511	-	17	-	-	528
Nonfarm nonresidential - owner occupied	1,309	-	538	-	-	1,847
Nonfarm nonresidential - nonowner occupie	6,838	-	34	-	-	6,872
Farmland	113	-	34	-	-	147
Total real estate	12,135		1,593	-	-	13,728
Agriculture	8	-	(3)	-	-	5
Commercial and industrial	270	-	828	(67)	-	1,031
Consumer	294	-	(117)	(12)	5	170
Municipal	2	-	(1)	-	-	1
Nondepository financial institutions	80	-	214	-	-	294
Lease financing receivable	217	-	(17)	(8)	-	192
Overdrafts	-	-	-	-	-	-
All other loans	33	-	3	-	-	36
	$ 13,039	$ -	$ 2,500	$ (87)	$ 5	$ 15,457

5. Premises and Equipment

A summary of premises, equipment and land improvements and related accumulated depreciation at December 31, 2023 and 2022 is as follows (in thousands):

	Estimated Useful Lives	2023	2022
Land		$ 6,792	$ 6,792
Premises	5-40 years	26,267	26,209
Furniture, fixtures and equipment	3-10 years	12,370	11,945
Land improvements	5-20 years	893	495
Lease equipment	3-5 years	3,632	3,998
		49,954	49,439
Less accumulated depreciation		19,745	18,488
		30,209	30,951
Construction in progress		6,914	6,481
Totals		$ 37,123	$ 37,432

Depreciation expense amounted to approximately $1,873,000 and $1,859,000 in 2023 and 2022, 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 $405,984,000 and $413,196,000 at December 31, 2023 and 2022, respectively. Custodial escrow balances maintained in connection with the foregoing loan servicing, and included in demand deposits, were approximately $3,650,000 and $2,817,000 at December 31, 2023 and 2022, respectively.

Originated mortgage servicing rights capitalized at December 31, 2023 and 2022, are approximately $3,021,000 and $3,084,000, respectively, and are included in other assets in the accompanying consolidated balance sheets. The fair values of these rights were approximately $5,444,000 and $5,772,000 at December 31, 2023 and 2022, respectively. The fair value of servicing rights was determined using a weighted average discount rate of 10.25% and 11.25% for 2023 and 2022, respectively, and a weighted average conditional prepayment rate of 5.50% and 5.89% for 2023 and 2022, respectively.

A summary of the changes in servicing rights during 2023 and 2022 is as follows (in thousands):

	2023	2022
Balance at beginning of year	$ 3,084	$ 3,132
Origination	286	382
Amortization	(349)	(430)
Impairments	-	-
Balance at end of year	$ 3,021	$ 3,084

7. Goodwill

Goodwill in the amount of approximately $4,220,000 at December 31, 2023 and 2022, is included in the accompanying consolidated financial statements. At December 31, 2023 and 2022, 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 $119,017,000 and $69,062,000 at December 31, 2023 and 2022, respectively.

At December 31, 2023 and 2022, the scheduled maturities of certificates of deposit are as follows (in thousands):

	2023	2022
Less than three months	$ 65,140	$ 34,185
Four to twelve months	329,647	127,133
One to five years	165,210	78,033
Over five years	1,659	1,763
	$ 561,656	$ 241,114

9. Securities Sold Under Agreements to Repurchase

Securities sold under agreements to repurchase amounted to approximately $1,152,000 and $1,619,000 at December 31, 2023 and 2022, respectively. The agreements are predominantly secured by U.S. Government Agency securities with a fair value of approximately $2,500,000 at December 31, 2023 and $2,575,000 at December 31, 2022. The weighted average interest rate on these agreements was 0.10% at both December 31, 2023 and 2022. The agreements in the aggregate amount of approximately $1,152,000 at December 31, 2023 matured on January 1, 2024 and were renewed daily as necessary under normal operations.

The average balances of securities sold under agreements to repurchase amounted to approximately $1,300,000 and $900,000, respectively, for the years ending December 31, 2023 and 2022.

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. Outstanding advances amounted to $50,000,000 at December 31, 2023. There were no outstanding advances as of December 31, 2022. Outstanding advances at December 31, 2023 consist of FHLB Dallas Owns the Option (FOTO) advances. These advances are callable by the FHLB on the 16^{th} of each quarter after November 16, 2023, are fixed at 3.35%, and have a maturity date of August 16, 2033. As of both December 31, 2023 and 2022, the Bank has certain Direct Letters of Credit outstanding in the aggregate amounts of $312,495,000 and $65,150,000, respectively. 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 stated maturity dates ranging from January 31, 2024, through October 10, 2025. At December 31, 2023, the Bank has additional unused borrowing capacity with the FHLB of approximately $340,300,000.

Nexbank

At both December 31, 2023 and 2022, the Company has a revolving line of credit with Nexbank in the maximum amount of $30,000,000. There was no outstanding balance under this agreement at December 31, 2023 or 2022. The line of credit is collateralized by all issued and outstanding common stock of the Bank and requires monthly interest payments based on a variable interest rate of SOFR plus 3.25%, with a floor of 4.00% (8.55% at December 31, 2023), with all unpaid principal and interest due at maturity on June 24, 2024.

Other

Additionally, the Bank has unused federal funds lines available from other commercial banks of approximately $25,000,000 at December 31, 2023.

11. Senior Unsecured Notes Payable

At March 18, 2022, the Company completed a senior unsecured notes offering in the amount of $50,000,000, effectively refinancing its existing other borrowings with an unpaid principal balance of approximately $27,921,000 at December 31, 2021. The senior unsecured notes call for semi-annual interest payments beginning September 30, 2022 at a fixed rate of 3.75% and are redeemable beginning on March 31, 2027 (at which time they convert to a floating rate of three-month SOFR plus 201 basis points payable quarterly). The notes mature March 31, 2032. At December 31, 2023 and 2022, debt issue costs of approximately $725,000 and $814,000, respectively, are netted against the outstanding principal due of $50,000,000. The debt issue costs are being amortized over the life of the senior unsecured notes payable.

12. Junior Subordinated Debentures

The junior subordinated debentures of approximately $7,217,000 at December 31, 2023 and 2022 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, 2023 and 2022. Both the junior subordinated debentures and the related trust preferred securities yield an annual distribution rate of 3-month SOFR plus l.80% (7.45% at December 31, 2023 and 6.57% at December 31, 2022), 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.

13. Income Taxes

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

	2023	2022
Current income tax expense:		
Federal and state	$ 2,799	$ 4,201
Deferred income tax expense (benefit) arising from:		
Difference in tax and financial depreciation	(75)	12
Accounting for bad debt expense	21	(508)
Nonaccrual loan interest	(19)	(14)
Federal Home Loan Bank and other stock dividends	25	4
Deferred compensation benefits	(90)	(69)
Deferred loan fee income	(3)	(102)
Net deferred income tax (benefit) expense	(141)	(677)
Total income tax expense	$ 2,658	$ 3,524

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, 2023 and 2022 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 $6,295,000 and $5,249,000 at December 31, 2023 and 2022, 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):

	2023	2022
Deferred tax assets		
Excess of tax over financial cost for fixed assets	$ 41	$ 41
Allowance for loan and lease losses	4,186	3,246
Deferred compensation benefits	1,931	1,841
Deferred loan fee income	603	600
Nonaccrual loan interest	101	82
Unfunded commitments	294	-
Unrealized depreciation on securities available for sale	1,340	1,690
Total deferred tax assets	8,496	7,500
Deferred tax liabilities		
Depreciation	(1,161)	(1,236)
Federal Home Loan Bank stock dividends	(158)	(133)
Amortization	(882)	(882)
Total deferred tax liabilities	(2,201)	(2,251)
Total net deferred tax asset	$ 6,295	$ 5,249

Federal income taxes currently payable of approximately $292,000 and $545,000 at December 31, 2023 and 2022, respectively, are included in other liabilities.

In connection with the adoption of ASC 326 referred to in Note 1, the Company recognized a deferred tax asset of approximately $1,255,000 regarding the increase in the allowance for credit losses-loans and allowance for credit losses-off balance sheet exposures effective January 1, 2023.

14. Employee Benefits

KSOP Plan

The Company maintains an 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, 2023 and 2022, the KSOP had no borrowings outstanding. 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.

At December 31, 2023 and 2022, all unallocated shares have been allocated to the KSOP's participants. 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 2023 and 2022 was approximately $840,000 and $1,024,000, respectively. Employer matching salary contributions of approximately $149,000 and $288,000 were made in 2023 and 2022, 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 $917,000 and $813,000 for 2023 and 2022, respectively. The relating accrued liability under the agreements was approximately $9,115,000 and $8,687,000 at December 31, 2023 and 2022, 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, 2023 and 2022, respectively, the Company had approximately $25,702,000 and $24,898,000 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
2022 Plan	March 21, 2023	39,750	$ 70.05	January 31, 2025
2021 Plan	May 16, 2022	74,000	$ 70.00	January 31, 2024
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

The above options vest in four equal amounts every six months beginning each June 30 for the 2022, 2021, 2020, and 2019 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, 2023 and 2022 and changes during the years then ended are as follows:

	Option Price Per Share	Shares Under Option	Option Price Per Share	Shares Under Option
Outstanding at beginning of year	$50.00 to $70.00	132,500	$49.80 to $59.00	117,000
Granted during the year	$70.05	39,750	$70.00	74,000
Exercised during the year	$51.45	(58,500)	$49.90	(54,500)
Forfeited during the year	$50.00	(2,000)	$50.00	(4,000)
Outstanding at the end of year	$70.00 to $70.05	111,750	$50.00 to $70.00	132,500
Exercisable at end of year		91,875		95,500
Weighted average remaining contractual life (in months)		5.27		7.70

A summary of the status of the Company's nonvested shares at December 31, 2023 and 2022 and the changes during the years then ended are as follows:

	2023		2022	
	Shares	Weighted Average Grant Fair Value	Shares	Weighted Average Grant Fair Value
Nonvested at January 1	37,000	$ 1.83	35,000	$ 0.36
Granted during the year	39,750	3.59	74,000	1.83
Vested during the year	(56,875)	2.45	(70,000)	1.14
Forfeited during the year	-	-	(2,000)	0.37
Nonvested at December 31	19,875	$ 3.59	37,000	$ 1.83

The fair value of each option grant during 2023 and 2022 was estimated using the Black-Scholes option-pricing model with the following assumptions:

	2023	2022
Dividend yield	1.22%	1.22%
Expected life	2.08 years	2.08 years
Expected volatility	5.70%	5.70%
Risk-free interest rate	3.59%	2.58%

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.

During 2023 and 2022, certain stock option holders executed notes payable to the Company in lieu of cash payments for the exercise of their stock options under the 2019, 2020 and 2021 Plans. Collectively, stock options to own 49,000 shares and 29,000 shares, respectively, of the Company's stock were exercised in this manner resulting in an aggregate amount financed of approximately$2,485,000 and $1,445,000 at December 31, 2023 and 2022, respectively. Additionally, the Company permitted the financing of the related tax due under the exercise of these stocks options which collectively amounted to approximately $249,000 and $131,000 at December 31, 2023 and 2022, respectively. Both the stock option notes and the related tax notes call for quarterly interest payments at the applicable federal rate in effect on the exercise date (1.30% to 3.79%) and mature on various dates beginning on April 15, 2032 through April 15, 2033.

15. Related Party Transactions

At December 31, 2023 and 2023, 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 $12,932,000 and $14,457,000, respectively. During 2023, $1,337,000 of new loans were originated and repayments totaled approximately $2,862,000. Additionally, unfunded commitments related to these loans amounted to approximately $1,400,000 at December 31, 2023. 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.

16. Financial Instruments

The Company is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. Those instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the consolidated balance sheets.

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments. At December 31, 2023 and 2022, the approximate amounts of these financial instruments were as follows (in thousands):

	2023	2022
Commitments to extend credit	$ 341,737	$ 309,674
Standby letters of credit	6,973	7,961
Total	$ 348,710	$ 317,635

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Management evaluates each customer's credit worthiness 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 of the counterparty.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Standby letters of credit generally have fixed expiration dates or other termination clauses and may require payment of a fee. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Company's policy for obtaining collateral and the nature of such collateral is essentially the same as that involved in making commitments to extend credit.

Allowance For Credit Losses (ACL) Off-Balance Sheet Credit Exposures

The ACL on off-balance sheet credit exposures is a liability account, calculated in accordance with ASC 326, representing expected credit losses over the contractual period for which the Company are exposed to credit risk resulting from a contractual obligation to extend credit. No allowance is recognized if the Company has the unconditional right to cancel the obligation. Off-balance sheet credit exposures primarily consist of amounts available under outstanding lines of credit and letters of credit detailed in the table above. For the period of exposure, the estimate of expected credit losses considers both the likelihood that funding will occur and the amount expected to be funded over the estimated remaining life of the commitment or other off-balance sheet exposure. The likelihood and expected amount of funding are based on historical utilization rates. The amount of the allowance represents management's best estimate of expected credit losses on commitments expected to be funded over the contractual life of the commitment. Estimating credit losses on amounts expected to be funded uses the same methodology as described for loans in Note 4 as if such commitments were funded.

In connection with the adoption of ASC 326 discussed in Note 1, the Company made an adjustment effective January 1, 2023 of $1,400,000 related to the allowance for credit losses for off-balance sheet credit exposures. The Company recognized no credit loss expense on off-balance sheet credit exposures during 2023. At December 31, 2023, the Company had approximately $1,400,000 in the allowance for credit losses on off-balance sheet credit exposures.

17. <u>Commitments and Contingent Liabilities</u>

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.

18. <u>Concentrations of Credit</u>

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, 2023 and 2022, the Company had approximately $84,100,000 and $76,100,000, 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, 2023 and 2022, total deposits include approximately $318,580,000 and $193,157,000, 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.

19. <u>Fair Value Disclosure</u>

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, 2023 and 2022 were as follows (in thousands):

	Level 1	Level 2	Level 3
December 31, 2023:			
Available for sale securities	$ 4,945	$ 96,075	$ -
December 31, 2022:			
Available for sale securities	$ -	$ 100,837	$ -

(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, 2023 and 2022, 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, 2023:				
Financial assets - loans (CECL)	$ -	$ -	$ 97	$ 97
Other real estate owned	-	679	-	679
December 31, 2022:				
Financial assets - impaired loans (Incurred Loss)	$ -	$ -	$ -	$ -
Other real estate owned	-	183	-	183

During the years ended December 31, 2023 and 2022, certain loans were remeasured and reported at fair value through a specific valuation allowance allocation of the allowance for credit losses-loans based upon the fair value of the underlying collateral. For the year ended December 31, 2023, loans with a carrying value of $124,000 were reduced by specific valuation allowance allocations of approximately $27,000 to a total reported fair value of $97,000, based on collateral valuations utilizing Level 3 valuation inputs. For the year ended December 31, 2022, a loan with a carrying value of $152,000 was reduced by a specific valuation allowance allocation that fully reduced its reported fair value to zero, based on collateral valuation utilizing Level 3 valuation inputs

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, 2023, there were acquisitions of other real estate owned of approximately $496,000. There were no acquisitions of other real estate owned during the year ended December 31, 2022. During 2023 and 2022, there were no write downs of other real estate owned.

20. 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, 2023 and 2022, 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, 2023, 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.

Actual and required capital amounts and ratios of the Bank at December 31, 2023 and 2022 are presented below (in thousands):

			Minimum Required for Capital Adequacy Purposes		Minimum to be Well Capitalized under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2023:						
Total capital to risk weighted assets	$ 225,768	13.17%	$ 137,112	8.00%	$171,390	10.00%
Tier 1 (core) capital to risk weighted assets	204,434	11.93%	102,834	6.00%	137,112	8.00%
Common Tier 1 (CET1)	204,434	11.93%	77,126	4.50%	111,404	6.50%
Tier 1 (core) capital to average assets	204,434	9.85%	83,032	4.00%	103,790	5.00%
December 31, 2022:						
Total capital to risk weighted assets	$ 210,392	13.84%	$ 121,621	8.00%	$152,026	10.00%
Tier 1 (core) capital to risk weighted assets	194,925	12.82%	91,216	6.00%	121,621	8.00%
Common Tier 1 (CET1)	194,925	12.82%	68,412	4.50%	98,817	6.50%
Tier 1 (core) capital to average assets	194,925	11.57%	67,403	4.00%	84,253	5.00%

21. 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, 2023 and 2022 is presented as follows (in thousands):

	2023	2022
Cash transactions:		
Interest expense paid	$ 52,786	$ 15,477
Federal income taxes paid	$ 2,936	$ 4,020
Noncash transactions:		
Net unrealized appreciation (depreciation) on securities available for sale	$ 1,669	$ (8,645)
Financing of stock option exercise through the execution of notes payable	$ 1,157	$ 1,445
Loans foreclosed upon to other real estate owned	$ 496	$ -

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, 2023 and our report thereon dated March 28, 2024, 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 41, 42 and 43 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 28, 2024 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 the reports on internal control over financial reporting is to describe the scope of our testing of internal control over financial reporting relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances to provide an opinion on the effectiveness of the entity's internal control over financial reporting. The purpose of the reports on compliance is to describe the scope of our testing on compliance and the results of that testing, but not to provide an opinion on the effectiveness of the entity's compliance with provisions of laws, regulations, contracts, grant agreements and other matters. 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 28, 2024

12240 Inwood Rd. • Suite 220 • Dallas, TX 75244 • 214 / 363-9927 • Fax 214 / 363-9980

AMERIBANCSHARES, INC. AND SUBSIDIARIES

Consolidating Balance Sheet

December 31, 2023

(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	$ 7,097	$ 1	$ 3	$ 201,587	$ 401	$ 901	$ 3	$ (8,406)	$ 201,587
Interest bearing deposits in banks	500	-	-	143,845	1,004	35	-	(1,539)	143,845
Total cash and equivalents	7,597	1	3	345,432	1,405	936	3	(9,945)	345,432
Securities available for sale	-	-	-	101,020	-	-	-	-	101,020
Mortgage loans held for sale	-	-	-	3,606	-	-	-	-	3,606
Loans, net	-	-	-	1,586,061	-	27,921	-	(22,250)	1,591,732
Premises and equipment, net	-	-	-	31,393	3,014	2,716	-	-	37,123
Accrued interest receivable	15	-	-	10,250	-	-	-	(3,485)	6,780
Goodwill	-	-	-	4,200	20	-	-	-	4,220
Cash value of life insurance	-	-	-	29,045	-	-	-	-	29,045
Other securities	202,997	-	202,776	16,318	-	-	-	(414,930)	7,161
Other assets	1,124	-	-	12,292	19	237	-	-	13,672
Total assets	$ 211,733	$ 1	$202,779	$ 2,139,617	$ 4,458	$31,810	$ 3	$ (450,610)	$ 2,139,791
LIABILITIES AND STOCKHOLDERS' EQUITY									
Demand deposits	$ -	$ -	$ -	$ 309,902	$ -	$ -	$ -	$ (8,406)	$ 301,496
Savings deposits	-	-	-	44,467	-	-	-	-	44,467
Money market and NOW accounts	-	-	-	952,606	-	-	-	(1,039)	951,567
Time certificates of deposit	-	-	-	562,156	-	-	-	(500)	561,656
Total deposits	-	-	-	1,869,131	-	-	-	(9,945)	1,859,186
Securities sold under agreements to repurchase	-	-	-	1,152	-	-	-	-	1,152
Senior unsecured notes payable	49,275	-	-	-	-	-	-	-	49,275
Other borrowings	-	-	-	50,000	-	22,250	-	(22,250)	50,000
Junior subordinated debentures	7,217	-	-	-	-	-	-	-	7,217
Accrued interest payable	469	-	-	1,692	-	3,485	-	(3,485)	2,161
Other liabilities	-	-	-	14,866	65	1,097	-	-	16,028
Total liabilities	56,961	-	-	1,936,841	65	26,832	-	(35,680)	1,985,019
Commitments and contingencies	-	-	-	-	-	-	-	-	-
Stockholders' equity:									
Common stock	7,352	1	8	1,680	1	1	1	(1,692)	7,352
Surplus	55,277	256	95,926	82,106	-	-	-	(178,288)	55,277
Undivided profits	104,994	(256)	111,886	124,031	4,392	4,977	2	(245,032)	104,994
Treasury stock	(5,077)	-	-	-	-	-	-	-	(5,077)
Notes receivable secured by common stock	(2,733)	-	-	-	-	-	-	-	(2,733)
Accumulated other comprehensive, loss, net of tax benefit	(5,041)	-	(5,041)	(5,041)	-	-	-	10,082	(5,041)
Total stockholders' equity	154,772	1	202,779	202,776	4,393	4,978	3	(414,930)	154,772
Total liabilities and stockholders' equity	$ 211,733	$ 1	$202,779	$ 2,139,617	$ 4,458	$31,810	$ 3	$ (450,610)	$ 2,139,791

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, 2023

(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 & Eliminations Entries	Consolidated
Interest income:									
Interest and fees on loans	$ -	$ -	$ -	$ 85,041	$ -	$ 1,185	$ -	$ (472)	$ 85,754
Interest on investment securities:									
Taxable	-	-	-	6,138	-	-	-	-	6,138
Nontaxable	-	-	-	847	-	-	-	-	847
Interest on interest bearing deposits in banks	-	-	-	6,954	4	-	-	(4)	6,954
Total interest income	-	-	-	98,980	4	1,185	-	(476)	99,693
Interest expense:									
Interest on deposits	-	-	-	50,557	-	-	-	(4)	50,553
Interest on repurchase agreements	-	-	-	1	-	-	-	-	1
Interest on other borrowed funds	1,964	-	-	1,017	-	472	-	(472)	2,981
Interest on junior subordinated debentures	498	-	-	-	-	-	-	-	498
Total interest expense	2,462	-	-	51,575	-	472	-	(476)	54,033
Net interest income	(2,462)	-	-	47,405	4	713	-	-	45,660
Credit loss expense-loans	-	-	-	-	-	-	-	-	-
Net interest income after credit loss expense-loans	(2,462)	-	-	47,405	4	713	-	-	45,660
Other operating income:									
Service charges on deposit accounts	-	-	-	542	-	-	-	-	542
Trust fee income	-	-	-	9,561	-	-	-	-	9,561
Gain on sale of mortgage loans	-	-	-	1,648	-	-	-	-	1,648
Loan servicing fees	-	-	-	1,130	-	-	-	-	1,130
Title insurance premiums	-	-	-	-	1,486	-	-	-	1,486
Rent income	-	-	-	-	-	649	-	-	649
Earnings from subsidiaries	14,227	-	14,227	510	-	-	-	(28,964)	-
Other	62	-	-	3,283	626	62	3	(18)	4,018
Total other operating income	14,289	-	14,227	16,674	2,112	711	3	(28,982)	19,034
Other operating expenses									
Salaries and employee benefits	-	-	-	30,703	1,264	479	-	-	32,446
Premises and equipment	-	-	-	3,710	153	28	-	(18)	3,873
Data processing expense	-	-	-	2,560	-	-	-	-	2,560
Other	28	-	-	9,619	599	601	1	-	10,848
Total other operating expenses	28	-	-	46,592	2,016	1,108	1	(18)	49,727
Income before income taxes	11,799	-	14,227	17,487	100	316	2	(28,964)	14,967
Provision for (benefit from) income taxes	(510)	-	-	3,260	14	(106)	-	-	2,658
Net income	12,309	-	14,227	14,227	86	422	2	(28,964)	12,309
Other comprehensive income:									
Change in net unrealized loss on securities available for sale, net of taxes	1,318	-	1,318	1,318	-	-	-	(2,636)	1,318
Total other comprehensive loss	1,318	-	1,318	1,318	-	-	-	(2,636)	1,318
Total comprehensive income	$ 13,627	$ -	$ 15,545	$ 15,545	$ 86	$ 422	$ 2	$ (31,600)	$ 13,627

See accompanying independent auditor’s report on additional information.

AMERIBANCSHARES, INC. AND SUBSIDIARIES

Consolidating Statement of Cash Flows

For the Year ended December 31, 2023

(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	$ 12,309	$ -	$ 14,227	$ 14,227	$ 86	$ 422	$ 2	$ (28,964)	$ 12,309
Adjustments to reconcile net income to net									
cash provided by (used in) operating activities:									
Depreciation	-	-	-	1,296	89	488	-	-	1,873
Benefit from deferred taxes	-	-	-	(58)	(10)	(73)	-	-	(141)
Gain on sale of mortgage loans	-	-	-	(1,648)	-	-	-	-	(1,648)
Amortization of mortgage servicing rights	-	-	-	349	-	-	-	-	349
Gain on sale of premises and equipment	-	-	-	(14)	-	(16)	-	-	(30)
Net amortization on securities available for sale	-	-	-	63	-	-	-	-	63
Amortization of debt issue costs	89	-	-	-	-	-	-	-	89
Increase in cash surrender value of life insurance	-	-	-	(882)	-	-	-	-	(882)
Proceeds from sales of mortgage loans	-	-	-	83,320	-	-	-	-	83,320
Mortgage loans funded	-	-	-	(82,323)	-	-	-	-	(82,323)
Mortgage servicing rights capitalized	-	-	-	(286)	-	-	-	-	(286)
Unconsolidated earnings from subsidiary	(14,227)	-	(14,227)	(510)	-	-	-	28,964	-
Change in:									
Accrued interest receivable	(11)	-	-	(2,637)	-	-	-	472	(2,176)
Income tax receivable	(506)	-	-	-	-	-	-	-	(506)
Miscellaneous other assets	(117)	-	-	(497)	(4)	176	-	-	(442)
Accrued interest payable	-	-	-	1,247	-	472	-	(472)	1,247
Income taxes payable	-	-	-	257	-	-	-	-	257
Other accrued expenses	-	-	-	915	1	292	-	-	1,208
Net cash provided by (used in) operating activities	(2,463)	-	-	12,819	162	1,761	2	-	12,281
Cash flows from investing activities:									
Proceeds from maturities, calls and paydowns of									
securities available for sale	-	-	-	276,256	-	-	-	-	276,256
Purchase of securities available for sale	-	-	-	(274,832)	-	-	-	-	(274,832)
Purchase of other securities	-	-	-	(2,019)	-	-	-	-	(2,019)
Net increase in loans	-	-	-	(232,585)	-	(272)	-	(750)	(233,607)
Purchase of premises and equipment	-	-	-	(1,382)	-	(997)	-	-	(2,379)
Proceeds from sale of premises and equipment	-	-	-	56	-	790	-	-	846
Net cash used in investing activities	-	-	-	(234,506)	-	(479)	-	(750)	(235,735)
Cash flows from financing activities:									
Net increase in deposits	-	-	-	363,951	-	-	-	5,514	369,465
Net decrease in repurchase agreements	-	-	-	(467)	-	-	-	-	(467)
Net increase (decrease) in other borrowings	-	-	-	50,000	-	(750)	-	750	50,000
Sale of treasury stock	230	-	-	-	-	-	-	-	230
Purchase of treasury stock	(2,552)	-	-	-	-	-	-	-	(2,552)
Dividends paid	(1,425)	-	-	-	-	-	-	-	(1,425)
Net cash provided by (used in) financing activities	(3,747)	-	-	413,484	-	(750)	-	6,264	415,251
Net increase (decrease) in cash and cash equivalents	(6,210)	-	-	191,797	162	532	2	5,514	191,797
Cash and cash equivalents at beginning of period	13,807	1	3	153,635	1,243	404	1	(15,459)	153,635
Cash and cash equivalents at end of period	$ 7,597	$ 1	$ 3	$ 345,432	$ 1,405	$ 936	$ 3	$ (9,945)	$ 345,432

See accompanying independent auditor’s report on additional information.

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
Kimberly Box
Vice President / Loan Quality Control
Alisha Gunn
Vice President / Loan Administration
Clayton Hanson
Vice President / Loans
Rhona Kelton
Vice President / Loan Officer
Raquel Gutierrez
Assistant Vice President / Loan Servicing
Evan Knobloch
Assistant Vice President / Credit Analyst
Heather Harrison
Assistant Vice President / Credit Administration
Sharon Monson
Banking Officer
Toni Neal
Banking Officer

Operations and Support

Roy T. Olsen
Executive Vice President / Cashier / Human Resources Director
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 / Accounts Payable
Landon Spray
Vice President / Internal Audit Manager
Kyle Turnipseede
Vice President / Treasury Management Director
Karyn Wainscott
Vice President / Finance
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
Kara Blanco, JD
Senior Vice President / Chief Fiduciary Officer
Michael W. Boyle, CFIRS, CTFA
Senior Vice President / Director of Fiduciary Operations & Compliance
Curt Knobloch
Senior Vice President / Portfolio Manager
Kristin Little, CTFA
Senior Vice President / Trust Officer
Kelly J. Smith, CTFA
Senior Vice President / Market Manager
J. Scott Tucker, CTFA
Senior Vice President / Trust Officer
Paula Walmer
Senior Vice President / Trust Officer
Garrett Betts
Vice President / Portfolio Manager
Jackson Ford, CFP, CTFA
Vice President / Trust Officer
Jennifer Rea, CFIRS
Assistant Vice President / Trust Compliance Officer
Belinda Blackwell
Trust Officer
Nancy Bukowski
Trust Officer
Avery Leveridge
Trust Officer
Melody Taylor
Trust Officer
Miki Tucker
Trust Officer

Houston Trust & Investment Services

Beth Owens, JD
Senior Vice President / Market Manager
Jennifer Bryson
Senior Vice President / Trust Officer
Matthew Harry, JD
Vice President / Trust Officer

Officers & Directors

Mortgage Loan Division
Elmwood Office
J. Bradley Davidson
Executive Vice President / Division Manager
Natalie Eubanks
Senior Vice President / Mortgage Operations Manager
Angela Adams
Vice President / Lead Mortgage Processor
Marla Bailey
Vice President
Ashley Gonzales
Vice President / Closing
Reagan Bates
Assistant Vice President / Loan Officer
Jessica Lyons
Assistant Vice President / Loan Officer
Katelyn Miller
Assistant Vice President
Connie Black
Banking Officer
Nicole Boliver
Banking Officer
Jennifer Justus
Banking Officer
Blanton Stogdill
Banking Officer
Griselda Trevino
Assistant Vice President / Loan Officer
Kayla Payne
Assistant Vice President / Underwriter

Frisco Area – Mortgage Lending
Michael Bruegel
Senior Vice President
Josh Mayo
Vice President
Kevin Morris
Vice President
Jennifer Tufo
Assistant Vice President
Jessica Hall
Senior Loan Officer

Downtown Office
Mark Veitenheimer
Senior 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
Amanda Probst
Banking Officer / Branch Manager

Flower Mound Office
Ryan Schroer, CPA
Market President / Loans / Chief Risk Officer
Olivia Gibson
Senior Vice President / Credit Officer
Andy Crane
Senior Vice President / Loans
Joe D. Willard
Senior Vice President / Loans
Nathan DeBord
Vice President / Branch Manager
Mayra Scheer
Banking Officer / Teller
Noah Elrod
Vice President Treasury Management

Flower Mound Mortgage Division
Steve Dixon
Vice President / Loan Officer

Chillicothe Office
Susan Madl
Vice President / Branch Manager / Compliance Officer
Sandy McAllister
Assistant Vice President

Quanah Office
Travis Garrett III
Assistant Vice President / Branch Manager
Debra O'Neal
Banking Officer / Loan Officer

Dallas Loan Production Office
Richard Dopson
President / Dallas Region
William Maberry
Senior Vice President / Loans
Dragana Alperin
Vice President / Portfolio Manager
Amy Robertson
Banking Officer

Dallas/Fort Worth Trust & Investment Services
Chris Klemme, JD
Senior Vice President / Market Manager
Melissa Hill, CTFA
Senior Vice President / Trust Officer
Sheryl L. Kiser
Senior Vice President / Trust Officer
Darrin Salge, CFP, CTFA
Senior Vice President / Trust Officer
Shannon Odle
Vice President / Trust Officer
Shelly Cox
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 Mortgage Division
Kara Crum
Assistant Vice President / Underwriter

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

Officers & Directors

Fort Worth SBA Lending
David Green
Senior Vice President / Loans
Debra Cheek
Vice President / Operations Manager
Deandra Stevenson
Assistant Vice President / Underwriting Officer

Denton Office
Marty Rivers
Market President
Aaron Newquist
Senior Vice President / Loans
Jana Marshall
Vice President / Branch Manager
Stephanie Lamb
Vice President / Compliance Officer
Austin Anderson
Assistant Vice President
Megan Poeschl
Banking Officer / Loan Portfolio Manager
Joshua Herron
Banking Officer / Assistant Branch Manager
Elizabeth Holland
Vice President Treasury Management

Denton Mortgage Division
Dean (Barry) Wolzen
Senior Vice President
Tom Phillips
Mortgage Loan Officer

Roanoke Office
Hogan Page
Market President
Laura Craig
Senior Vice President / Mortgage Loans
Tanner Haydin
Vice President / Loans
Brandi Lewis
Assistant Vice President / Branch Manager

Gunter Loan Production Office
Lynn Reed
Vice President / Mortgage Loans
Olivia Ross
Banking Officer

Decatur LPO
Jeff Sicking
Senior Vice President / Mortgage Loan Officer
Meagan Hood
Vice President / Mortgage Loan Officer
Kristen Ripple
Vice President / Mortgage Loan Officer

American National Leasing Company
Robert E (Bob) Elmore
President
Eric Reed
Vice President / Leasing Officer
Jess Rathke
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
Hogan Page*
Marty Rivers*
Ryan Schroer*
Jeffrey Schultz*
Ty Thacker
Max Vordenbaum
Don "Bubba" Whatley*
Michael Winfrey*

***Advisory Director**

AmeriBancShares, Inc.
ANNUAL REPORT

NORTH TEXAS REGION

MAIN BRANCH
2732 Midwestern Parkway
Wichita Falls, TX 76308
(940) 397-2300 main

DOWNTOWN BRANCH
825 Scott Avenue
Wichita Falls, TX 76301
(940) 723-0172 main

ELMWOOD BRANCH
1920 Elmwood Ave N.
Wichita Falls, TX 76308
(940) 397-2333 main

ELMWOOD DRIVE-THRU
1925 Elmwood Ave N.
Wichita Falls, TX 76308
(940) 397-2473 main

ARCHER CITY BRANCH
108 West Main
Archer City, TX 76351
(940) 574-2707 main

CHILLICOTHE BRANCH
200 Ave. H South
Chillicothe, TX 79225
(940) 852-5161 main

IOWA PARK BRANCH
219 W. Park
Iowa Park, TX 76367
(940) 592-4321 main

QUANAH BRANCH
111 W. 4th St.
Quanah, TX 79252
(940) 663-5387 main

DALLAS FORT WORTH REGION

DENTON BRANCH
120 S. Carroll Blvd
Denton, TX 76201
(940) 310-6910 main

FORT WORTH BRANCH
1500 West 7th St.
Fort Worth, TX 76102
(817) 505-1530 main

FLOWER MOUND BRANCH
1201 Cross Timbers Road
Flower Mound, TX 75028
(972) 874-7600 main

ROANOKE BRANCH
409 N. Oak St., Suite 200
Roanoke, TX 76262
(469) 960-2030 main

LOAN PRODUCTION OFFICES

DALLAS LPO
17440 Dallas Pkwy, Suite 203
Dallas, TX 75287
(214) 974-6033 main

GUNTER MORTGAGE LPO
508 W Main
Gunter, TX 75058
(972) 483-5495 main

DECATUR LPO
203 W Walnut St., Suite 101
Decatur, TX 76234
(940) 627-0047 main

WAXAHACHIE LPO
133 Chieftain Dr., Suite 102
Waxahachie, TX 75165
(972) 935-9200 main

TRUST AND INVESTMENT CENTERS

WICHITA COUNTY
2732 Midwestern Pkwy
Wichita Falls, TX 76308
(940) 397-2420 main

TARRANT COUNTY
1500 West 7th St.
Fort Worth, TX 76102
(817) 505-2132 main

DENTON COUNTY
120 S. Carroll Blvd.
Denton, TX 76201
(469) 322-6202 main

HARRIS COUNTY
1235 N. Loop West, Suite 907
Houston, TX 77008
(713) 913-0972 main

DALLAS COUNTY
10000 N. Central Exp., Suite 800
Dallas, TX 75231
(214) 396-3883 main

COLLIN COUNTY
7300 St. Hwy 121 SB, Suite 510
McKinney, TX 75070
(214) 307-1664 main

GALVESTON COUNTY
907 S. Friendswood Dr., Suite 204
Friendswood, TX 77546
(713) 913-0973 main