

**COUNTY DEPOSITORY CONTRACT**

THE STATE OF TEXAS                    X

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF PANOLA                    X

That First State Bank & Trust Company, Carthage, **Texas** (the "Pledgor") does hereby state that it has pledged and deposited the securities listed in the attached pledge report as of April 30, 2023, with the custodial banks as indicated on trust receipts, copies of which have been delivered to the Panola County Treasurer of the market value of

One hundred and twenty nine million, seven hundred and sixty seven thousand, one hundred and sixty one and 45/100 (\$ 129,767,161.45) **DOLLARS** to be

held by such custodial banks upon the terms and conditions and for the purposes hereinafter set forth:

**NOW, THEREFORE**, as the above listed securities mature it is further agreed for the term of this contract that First State Bank & Trust Company, Carthage, **TEXAS** agrees to maintain pledged securities for Panola County at a market value amount equal to or greater than the total Panola County deposits exceeding the \$250,000 Federal Deposit Insurance Corporation coverage. The conditions of the above contract are such that the above bounden Pledgor First State Bank & Trust Company, Carthage, **TEXAS** was on the 23rd day of May, 2023, duly and legally chosen by the Commissioners' Court of Panola County, Texas, as County Depository for said county for a term having an initial period of four years commencing July 8, 2023, and a possible renewal period of up to two additional years, for a total possible term of six years and that ends on the 60th day immediately following the time fixed by law for the next selection of a depository. The initial four year term shall renew automatically for an additional two year period and shall be subject to the then-current terms and conditions unless a party provides written notice to the other at least 120 days prior to the expiration of the initial four year term that the two year renewal shall not apply. The Pledgor, upon its bidding has agreed to pay the County of Panola interest on "time deposits"

and “demand deposits” as outlined in the accepted depository bid during the term of this Depository Contract. A copy of the depository bid accepted is attached and a part of this contract.

At any time of the County’s choosing before the third year of this Depository Contract begins, the County and the Pledgor may negotiate for interest rates and financial terms which shall be effective for the final two years of this Depository Contract that are different from those stated in the depository bid.

Pledged securities must meet the requirements of Chapters 116 and 117 of the Texas Local Government Code and the Public Funds Collateral Act, Texas Government Code Chapter 2257. The custodial bank selected by Pledgor is subject to the approval of Panola County and must meet the requirements of Texas Government Code Section 2257.041.

**NOW, THEREFORE,** if the above bounden Pledgor, First State Bank & Trust Company, Carthage, **TEXAS**, shall faithfully do and perform all the duties and obligations devolving on it by law as a County Depository of Panola County, and shall upon presentation pay checks drawn on it by the County Treasurer of Panola County, Texas; on “demand deposits” accounts in such depository; and all checks drawn upon any “time deposit” account upon presentation, after the expiration of the period of notice required in the case of “time deposits”; and shall faithfully keep said County funds, and account for same according to law, and shall faithfully keep and account for all funds belonging to the County which are deposited with it under the requirements of Chapters 116 and 117 of the Texas Local Government Code, and the Public Funds Collateral Act, Texas Government Code Chapter 2257, and shall include State funds collected by the Tax Collector and other County offices, and shall also include trust funds in the possession of County and District Clerks and all federal grant funds and all other Panola County funds deposited and shall pay the interest at the time and at the rate hereinbefore stipulated in depository bid accepted on “time deposits” and “demand deposits”; and shall, at the expiration of the term for which it has been chosen, turn over to

its successor all the funds, property, and other things of value, coming into its hand as Depository, then and in that event this contract is to be and become null and void and the securities held by the custodial banks shall be released by the County from such pledge, otherwise, to remain in full force and effect, subject to the right of Panola County, Texas and the Commissioners' Court of Panola County, Texas to recover any loss, shortage or default on the part of First State Bank & Trust Company, Carthage, Texas arising by virtue of the violation of any or all of the conditions of this contract.

The preceding provision is given in addition to any remedy the County may have in any suit brought on this contract in any court in this State.

Any suit arising out of or in any way connected with this contract shall be tried in the County of Panola and State of Texas in any court therein having jurisdiction of the subject matter thereof.

**IN WITNESS** to all of which we have hereunto set our hands and the said First State Bank & Trust Company, Carthage, Texas has caused these presents to be signed with its name and by its President and attested and sealed with its corporate seal.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the party hereto has hereunto set his hand and seal.

PANOLA COUNTY, TEXAS

By: Rodger M. McLane  
Rodger McLane, County Judge

Date: May 23, 2023

**ACKNOWLEDGEMENT**

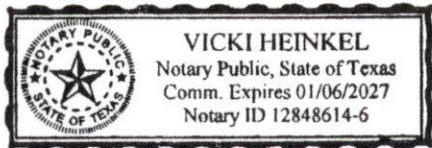
THE STATE OF TEXAS    X

COUNTY OF PANOLA    X

Before me, the undersigned authority, on this day personally appeared Judge Rodger McLane, known to me to be the person whose name is subscribed as the County Judge in fact for PANOLA COUNTY, TEXAS, and acknowledged that she executed the same as the act of her principal for the purpose contained therein.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 23rd day of May, 2023.

(SEAL)



Vicki Heinkel  
Notary Public, State of Texas

\*\*\*\*\*

[DEPOSITORY]

By: Kevin Smith

Title: CFO

Date: 5/24/23

ACKNOWLEDGEMENT

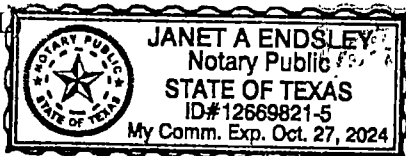
THE STATE OF TEXAS X

COUNTY OF PANOLA X

Before me, the undersigned authority, on this day personally appeared Kevin Smith, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that s/he executed the same as the act and deed of First State Bank + Trust, a corporation, for the purpose and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 24<sup>th</sup> day of May, 2023.

(SEAL)



Janet A. Endsley  
Notary Public, State of Texas



**CONDENSED STATEMENT OF CONDITION**  
**April 30, 2023**

**ASSETS**

Cash & Due from Banks	\$ 7,514,373
Investment Securities	\$ 375,523,410
Federal Funds Sold	\$ 218,000
Loans (Net)	\$ 173,198,014
Bank Premises, Furniture & Equipment	\$ 3,404,406
Other Assets	\$ 30,283,336
<b>Total Assets</b>	<b>\$ 590,141,539</b>

**LIABILITIES AND CAPITAL ACCOUNTS**

Deposits	\$ 528,397,408
Other Liabilities	\$ 18,087,641
Capital Stock	\$ 2,400,000
Surplus: Certified	\$ 11,600,000
Unrealized Gain/Loss on AFS Securities	\$ (26,286,775)
Unrealized Gain/Loss on HTM Securities	\$ (11,869,315)
Undivided Profits	\$ 67,812,580
<b>Total Liabilities &amp; Capital Accounts</b>	<b>\$ 590,141,539</b>

Unaudited

**Officers**

**David B. Murphy**, Chairman of the Board & CEO  
**Jim Payne**, Chairman Emeritus  
**Gene Giles**, President  
**Kevin Smith**, Chief Financial Officer  
**Lynn C. Vincent**, Public Relations  
**Carolyn Murphy**, General Counsel, HR, BSA Officer  
**Cody Cockerham**, Vice President  
**Ronnette Cooke**, Auditor & Compliance Officer  
**Chris Smith**, Vice President  
**Mike Whiddon**, Vice President  
**Mitch Davis**, Assistant Vice President  
**Jameson Ritter**, Controller  
**Lisa Thomas**, Convenience Bank Manager  
**Christy Whatley**, Operations Officer  
**Judy Davis**, Assistant Cashier  
**Missy Atkerson**, Assistant Cashier  
**Debbie Bellows**, Banking Officer  
**Tracy Hildebrand**, Banking Officer  
**Janet Endsley**, Banking Officer & HR  
**Melissa Edge**, Trust Officer  
**Kathy Porter**, IT Officer

**Board of Directors**

**David L. Anderson**  
**Dwain Brady**  
**J. R. Duke**

**Gene Giles**  
**Carolyn P. Murphy**  
**David B. Murphy**

**Jim D. Payne**  
**Kevin Smith**  
**Charles Thomas**

**Lynn C. Vincent**  
**Travis Wall**



DAVID B. MURPHY  
CHAIRMAN OF THE BOARD/CEO

P.O. BOX 579  
CARTHAGE, TEXAS 75633  
903.693.6606  
CELL: 318.347.0064  
DMURPHY@FSBCARTHAGE.COM

May 23, 2023

Dear Judge Rodger McLane and Panola County Commissioners;

On behalf of First State Bank & Trust Company, I would like to personally thank Panola County for the valued relationship that we have had for over seventy-five years. We hope to extend our relationship long into the future. We will continue to strive to provide you with the best possible customer service from our more than sixty employees.

As you may be aware, we are considered one of the strongest banks in the nation. We have been recognized as a “Best of Bauer Bank” which is awarded to banks that have maintained a 5-Star superior rating for 25 years or longer. Fewer than five percent of banks receive this distinction and we are proud to be one.

We pride our bank on being more than just a financial institution. We are people of your community who live, trade and pay taxes in Panola County. First State Bank & Trust Company contributes tens of thousands of dollars each year to the local community as well as hundreds of volunteer hours because we care about Panola County and its citizens.

I would like to thank you for the opportunity to bid on this proposal and hope that we can continue our long term business relationship for years to come.

Sincerely,

David Murphy  
Chairman and CEO



110 W. PANOLA  
P.O.BOX 579  
CARTHAGE, TEXAS 75633  
903.693.6606  
WWW.FSBCARTHAGE.COM

May 23, 2023

Hon. Rodger McLane County Judge;  
Hon. Billy Alexander, Commissioner, PCT #1;  
Hon. David Cole, Commissioner, PCT #2;  
Hon. Craig Lawless, Commissioner, PCT #3;  
Hon. Dale LaGrone, Commissioner, PCT #4;

COMMISSIONERS' COURT - PANOLA COUNTY, TEXAS

DEPOSITORY BID

To the Members of the Panola County Commissioners' Court:

First State Bank & Trust Company, Carthage, Texas (hereinafter called the Bidder) a banking corporation chartered and incorporated under the Laws of the State of Texas, and a member in good standing of the Federal Deposit Insurance Corporation, with:

Capital Stock -----	\$ 2,400,000
Surplus (Certified) -----	11,600,000
Undivided Profits and Reserves -----	29,660,000
TOTAL CAPITAL -----	43,660,000
 TOTAL ASSETS -----	 590,142,000

as verified by the attached Statement of Financial Condition as of close of business April 30, 2023 - the latest available date, certified to be in compliance with the statute:

SUBMIT: the following Bid as depository for Panola County, Texas, including any trust funds of Panola County officials, for the period ending July 7, 2027, in response to your public advertisement.

- (1) We agree to accept the deposits of Panola County, Texas, including any trust funds of Panola County officials and keep good and sufficient record of same, rendering statements and making necessary reports as may be required from time to time.
- (2) Furnish good and sufficient bond, and/or pledge of securities, as may be



required by law to cover the funds, with additional bond, and/or pledge of securities as may be required from time to time.

(3) Accept deposits into any of the various types of accounts offered by our Bank including interest bearing demand accounts (commonly called Super Now) and interest bearing limited transaction accounts (commonly called Money Market Accounts). Super-Now accounts will pay interest at 1.75% less than the discount yield of the 3 month U.S. Treasury Bill established by the first Treasury Bill auction each month. A minimum rate of the greater of .30% or the Bidder's stated rate as listed on its rate sheet shall apply to these accounts. No service charges shall be charged on any transaction account.

(4) Pay interest on "Time Deposits" as follows:

(a) Time Deposits of less than \$100,000.00

For time deposits in this category we will pay interest at the rate in effect for all bank customers. The following minimum rates shall apply to these deposits:

14 to 90 days -----	.35%
91 days or more-----	.35%

(b) Time Deposits of \$100,000.00 or more

For time deposits in this category we will pay interest at 0.75% less than the discount yield on U.S. Treasury Bills of the same maturity. Rates shall be determined by the "Asked" Market quotation as reported on the Wall Street Journal website. Rates will be based on a 365 day year (1 day equals 1/365<sup>th</sup> of one year) except for leap year rates will be based on a 366 day year (1 day equals 1/366<sup>th</sup> of one year). The greater of the following minimum rates shall also apply to these deposits:

The Bidder's stated rate as listed on its rate sheet plus 10 basis points or

14 to 90 days -----	.35%
91 days or more-----	.35%

(5) In the event a need arises for funds in any time deposit or Repurchase Agreement before the maturity date thereof, we will loan the County, upon the security of such time deposits, all or any portion thereof, at 1/4 of 1% above the rate being paid on such time deposit.


(6) Internet Banking - access to all services available on the Internet Banking System which includes viewing of account balances and account transactions, initiation of account transfers, initiation of stop payments, initiation of domestic wire transfers, viewing of check images as well as the ability to originate ACH files for payroll, bill payment and collections. Memo posted items are updated immediately.

(7) 24 Hour Automated Telephone Banking - provides the capability to transfer funds between checking accounts and obtain information on account balances, transactions and account history.

- (8) Positive Pay - The County will have the opportunity to transmit a file listing of issued checks to the bank. The transmitted file will then be used to verify valid check numbers and amounts prior to payment. Positive Pay is a system the Bidder strongly recommends that can be used to detect and prevent check fraud.
- (9) Check Remittance Solution - Equipment will be provided free of charge that will allow the County to scan checks and transmit their images to the bank for posting and clearing during end-of-day processing. The solution will automatically post payments to the accounts receivable journal as well as archive check images for quick research.
- (10) Bank E-Statements - The County will be able to access any or all Bank Statements electronically at the end of the statement period eliminating the need to pick up volumes of paper statements and expediting the availability of the information.
- (11) Any and all services currently offered while serving as your depository.
- (12) We believe our performance as your depository for the past biennium has been satisfactory to all departments of the County government. It is our desire and intent, if we are selected as your depository for the contract period ending July 7, 2027, to render the very best service possible, and we would invite any suggestions as to our improvement on past performance.
- (13) Evidencing our good faith in submitting this Bid, and in compliance with the statute, we hand you herewith, attached, our cashier's check in the amount of \$181,265.00, which shall be disposed of as provided by statute.

Respectfully submitted,

FIRST STATE BANK & TRUST COMPANY  
CARTHAGE, TEXAS

BY:   
David B. Murphy, Chairman of  
The Board and CEO

FIRST STATE BANK & TRUST COMPANY, CARTHAGE, TEXAS

CONDENSED STATEMENT OF CONDITION

AS OF APRIL 30, 2023


ASSETS

Cash & Due from Banks -----	\$ 7,514,373
Investment Securities:	
U. S. Government Agencies -----	160,722,691
State & Political Subdivisions -----	67,969,733
Other Securities -----	146,830,986
Federal Funds Sold -----	218,000
Loans -----	173,198,014
Bank Premises, Furniture, Equipment -----	3,404,406
Other Assets -----	<u>30,283,336</u>
 TOTAL ASSETS	 <u>\$ 590,141,539</u>

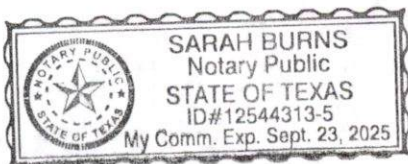
LIABILITIES AND CAPITAL ACCOUNTS

Deposits -----	\$ 528,397,408
Other Liabilities -----	<u>18,087,641</u>
 TOTAL LIABILITIES	 \$ 546,485,049
 Capital Stock -----	 \$ 2,400,000
Certified Surplus -----	11,600,000
Undivided Profits -----	<u>29,656,490</u>
 TOTAL CAPITAL ACCOUNTS	 <u>43,656,490</u>
 TOTAL LIABILITIES & CAPITAL ACCOUNTS	 <u>\$ 590,141,539</u>

The foregoing Condensed Statement of Condition of the First State Bank & Trust Company, Carthage, Texas, as of April 30, 2023, is true and correct to the best of my knowledge and belief.

  
Jameson Ritter, Controller

SUBSCRIBED TO BEFORE ME, this the 23<sup>rd</sup> day of May, 2023



  
Notary Public

**BY SIGNING** below, the bidder represents that they understand and acknowledge the foregoing provisions of this Bid Response Form, together with all exhibits, that all documents submitted in response to the Invitation to Bid shall comply with such provisions, that all statements of fact, and all representations and warranties made in the bidders submission of information in response to the Additional Bid Requirements are true, binding, and accurate, and that the signor is duly authorized to bind the bidder to the bidder's response to the Invitation for Bids.

By: *Kevin Smith*

Name: Kevin Smith

Title: Chief Financial Officer

Depository Institution: First State Bank & Trust Co.

**ACKNOWLEDGEMENT**

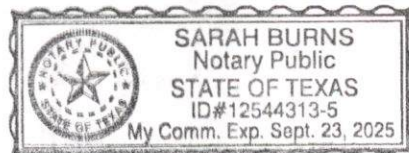
THE STATE OF TEXAS    X

COUNTY OF PANOLA    X

Before me, the undersigned authority, on this day personally appeared *Kevin Smith*, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that s/he executed the same as the act and deed of *First State Bank & Trust Co.*, a corporation, for the purpose and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the *22* day of *May*, 2023.

(SEAL)



*Sarah Burns*  
Notary Public, State of Texas

**Pledge Report by Maturity Date**  
Pledge A: Panola County - Texas

Safekkeeping Receipt	SK Code	Cusip	ID #	Current Face	Original Face	Description	ASC 320	Moody / S&P	Coupon	SC	Maturity	Book Value	Fair Value
	1006	83162CPK3	101594	69,984.76	5,750,000.00	SBAP 2005 20C-1 S/A-1ST	AFS		4.950		03/01/2025	69,951.01	67,632.00
	1006	83162CPN7	101626	71,405.37	5,200,000.00	SBAP 2005 20E-1 S/A-1ST	AFS		4.840		05/01/2025	71,384.17	69,095.98
	1005	31412RLR6	101862	55,723.64	2,750,000.00	FNMA #932836	AFS		3.000		12/01/2025	55,593.06	54,067.65
	1005	3128MCWE1	101868	81,504.63	4,500,000.00	FHLMC G #14045	AFS		3.500		02/01/2026	81,433.10	79,529.12
	1005	31375HD92	100966	2,772.48	2,500,000.00	FNMA #335028 ADJ RT	AFS		4.723		02/01/2026	2,772.48	2,772.48
	1005	3138A7G69	101874	66,584.34	4,500,000.00	FNMA #AH5620	AFS		4.000		02/01/2026	67,078.38	65,058.53
	1005	31376VPT3	101018	11,678.90	1,898,239.00	FNMA #366834 ADJ RT	AFS		3.095		11/01/2026	11,678.90	11,286.70
	1005	31376ZUJ5	101023	2,753.54	3,030,000.00	FNMA #370595 ADJ RT	AFS		4.825		03/01/2027	2,753.54	2,753.54
	1005	31376ZUJ5	101024	2,294.62	2,525,000.00	FNMA #370595 ADJ RT	AFS		4.825		03/01/2027	2,294.62	2,294.62
	1005	31376ZUJ4	101035	8,585.70	2,985,000.00	FNMA #370600 ADJ RT	AFS		5.454		04/01/2027	8,585.70	8,682.29
	1005	31371NJK2	101569	16,557.44	2,183,766.00	FNMA #256866	AFS		5.000		08/01/2027	16,532.82	16,361.29
	1006	83162CRK1	101625	199,991.56	5,200,000.00	SBAP 2007 20K-1 S/A-1ST	AFS		5.510		11/01/2027	200,118.17	195,885.34
	1006	83162CRK1	101663	192,299.58	5,000,000.00	SBAP 2007 20K-1 S/A-1ST	AFS		5.510		11/01/2027	193,196.27	188,351.29
	1005	3128MDL68	102049	514,089.24	5,250,000.00	FHLMC G #14649	AFS		2.500		01/01/2028	517,510.54	495,040.73
	1005	31307CKT4	102046	522,189.20	5,000,000.00	FHLMC J #23906	AFS		2.500		05/01/2028	525,924.37	490,335.66
	1005	3128MMRT2	102034	629,794.83	5,500,000.00	FHLMC G #18497	AFS		3.000		01/01/2029	641,205.83	602,693.97
	1005	3128MMS11	102057	825,055.99	6,100,000.00	FHLMC G #18529	AFS		2.500		10/01/2029	833,746.15	774,727.57
	1006	83162CTG8	101831	438,730.70	4,500,000.00	SBAP 2010 20E-1 S/A-1ST	AFS		4.110		05/01/2030	443,313.78	419,778.39
	1005	36225CPK6	101286	11,817.37	2,508,665.00	GNMA II #80425 ADJ RT	AFS		2.625		07/20/2030	11,801.62	11,389.08
	1005	31295LSX1	101297	6,964.95	5,000,000.00	FHLMC #787734 ARM	AFS		4.265		08/01/2030	6,964.95	7,049.25
	1006	83162CTL7	101850	363,844.36	3,250,000.00	SBAP 2010 20H-1 S/A-1ST	AFS		3.520		08/01/2030	364,813.20	344,265.37
	1005	36225CP26	101280	2,024.10	2,500,000.00	GNMA II #80440 ADJ RT	AFS		2.625		08/20/2030	2,024.10	1,950.86
	1006	83162CTR4	101840	368,515.82	2,500,000.00	SBAP 2010 20K-1 S/A-1ST	AFS		3.250		11/01/2030	369,090.41	346,440.21
	1006	83162CTU7	101865	362,791.30	3,500,000.00	SBAP 2011 20A-1 S/A-1ST	AFS		3.890		01/01/2031	363,334.04	345,799.25
	1005	3140J9H79	102160	1,180,874.66	3,500,000.00	FNMA #BMH4753	AFS		2.500		04/01/2031	1,155,561.85	1,110,022.18
	1006	3136B4KR8	102173	3,050,010.21	4,500,000.00	FNA 2019 M6-FA ADJ RT MTHLY-25TH	AFS		5.295		05/25/2031	3,050,010.21	2,995,140.53
	1005	31387EDR5	101343	5,800.38	6,000,000.00	FNMA #581612 ADJ RT	AFS		3.252		06/01/2031	5,800.38	5,929.72
	1005	31418CCM4	102115	711,573.72	3,000,000.00	FNMA #MA2775	AFS		2.500		10/01/2031	725,488.96	668,167.72
	1005	36225CTD8	101376	14,232.15	5,000,000.00	GNMA II #80547 ADJ RT	AFS		2.750		10/20/2031	14,261.61	13,690.08
	1005	31385H2E1	101353	5,929.40	5,000,000.00	FNMA #545373 ADJ RT	AFS		4.403		11/01/2031	5,929.40	6,141.64
	1005	31418CDH4	102118	863,362.71	3,500,000.00	FNMA #MA2803	AFS		2.500		11/01/2031	873,543.02	810,697.58
	1006	83162CUK7	101912	450,387.57	2,500,000.00	SBAP 2011 20K-1 S/A-1ST	AFS		2.870		11/01/2031	451,156.07	418,113.92
	1006	83162CUL5	101944	131,774.55	1,000,000.00	SBAP 2011 20L-1 S/A-1ST	AFS		2.870		12/01/2031	133,460.78	122,254.77
	1005	31295M6T2	101354	2,577.05	5,000,000.00	FHLMC #788982 ARM	AFS		4.355		01/01/2032	2,577.05	2,577.05
	1005	31418CFM1	102138	892,396.34	4,400,000.00	FNMA #MA2871	AFS		3.000		01/01/2032	910,134.09	853,995.41
	1006	83162CUP6	101917	271,243.54	2,400,000.00	SBAP 2012 20B-1 S/A-1ST	AFS		2.630		02/01/2032	271,657.49	250,030.62
	1005	3140J7MK8	102159	1,449,372.91	4,250,000.00	FNMA #BM3061	AFS		2.000		03/01/2032	1,382,830.13	1,331,158.43
	1006	83162CUR2	101918	718,677.73	4,500,000.00	SBAP 2012 20C-1 S/A-1ST	AFS		2.510		03/01/2032	719,777.40	662,324.21



(210) 224-5492  
(210) 224-8787

9601 McAllister Freeway, Suite 301, San Antonio, Texas 78216-4633

**II. Pledge & Safekeeping Reports**

**Pledge Report by Maturity Date**  
**Pledge A: Panola County - Texas**

First State Bank & Trust  
 Carthage, TX

Safekkeeping Receipt	SK Code	Cusip	ID #	Current Face	Original Face	Description	ASC	Moody / S&P	Coupon	SC	Maturity	Book Value	Fair Value
	1005	31389X5L3	101374	4,131.40	3,300,000.00	FNMA #639051 ADJ RT	AFS		3.290		04/01/2032	4,131.40	4,131.40
	1006	83162CU50	101922	286,464.81	2,000,000.00	SBAP 2012 20D-1 S/A-1ST	AFS		2.670		04/01/2032	286,838.98	263,962.84
	1006	3128PT7C7	101971	609,207.16	5,125,000.00	FHLMC C #91447	AFS		3.500		05/01/2032	634,898.24	570,046.56
	1006	83162CUU5	101943	674,782.22	3,500,000.00	SBAP 2012 20E-1 S/A-1ST	AFS		2.380		05/01/2032	679,634.45	621,202.41
	1005	31418AF29	102111	583,587.91	5,180,400.00	FNMA #MA1084	AFS		3.500		06/01/2032	609,204.56	547,168.38
	1005	36225CV29	101371	7,609.98	2,000,000.00	GNMA II #80632 ADJ RT	AFS		2.625		08/20/2032	7,617.76	7,344.87
	1005	36225CVY9	101363	28,197.48	6,000,000.00	GNMA II #80630 ADJ RT	AFS		2.625		08/20/2032	28,349.13	27,214.93
	1005	31418CPK4	102140	1,044,737.17	5,075,000.00	FNMA #MA3125	AFS		3.000		09/01/2032	1,065,588.26	1,000,825.56
	1006	83162CVA8	101947	355,089.91	2,000,000.00	SBAP 2012 20I-1 S/A-1ST	AFS		2.200		09/01/2032	357,232.17	323,229.16
	1006	83162CVA8	101948	887,724.77	5,000,000.00	SBAP 2012 20I-1 S/A-1ST	AFS		2.200		09/01/2032	892,572.71	810,514.14
	1005	3128PW58	101964	625,067.08	4,000,000.00	FHLMC C #91568	AFS		3.000		10/01/2032	645,785.36	566,525.64
	1005	36225CW85	101378	32,742.25	5,156,658.00	GNMA II #80670 ADJ RT	AFS		2.750		12/20/2032	32,791.02	31,520.84
	1005	31418AN87	101989	710,141.48	4,000,000.00	FNMA #MA1314	AFS		2.500		01/01/2033	717,446.47	623,548.60
	1005	36225CW36	101379	17,655.88	5,500,000.00	GNMA II #80665 ADJ RT	AFS		3.625		01/20/2033	17,670.88	17,255.28
	1005	36225CXL5	101380	33,378.60	5,000,000.00	GNMA II #80682 ADJ RT	AFS		3.625		03/20/2033	33,454.32	32,623.54
	1005	31336SNW4	101576	82,374.15	16,725,954.00	FHLMC #1B0805 ARM	AFS		3.336		04/01/2033	82,405.79	82,999.27
	1005	36225CY34	101393	23,734.18	4,999,500.00	GNMA II #80729 ADJ RT	AFS		2.625		08/20/2033	23,833.80	22,922.89
	1005	31402XWN2	101580	355,485.78	10,015,862.00	FNMA #741453 ADJ RT	AFS		4.243		10/01/2033	355,761.29	365,399.51
	1005	36225C3L8	101422	23,627.89	1,790,982.00	GNMA II #80802 ADJ RT	AFS		4.125		01/20/2034	23,748.63	23,695.22
	1005	36225C3P9	101421	21,527.35	5,000,000.00	GNMA II #80805 ADJ RT	AFS		3.625		01/20/2034	21,549.73	21,057.54
	1005	31349TAU5	101433	126,304.20	5,000,000.00	FHLMC #781819 ARM	AFS		3.954		08/01/2034	126,304.20	129,739.49
	1005	31405L6P9	101585	200,578.35	9,500,000.00	FNMA #792978 ADJ RT	AFS		3.910		08/01/2034	200,578.35	202,359.91
	1005	31349UDG0	101434	83,531.15	5,000,000.00	FHLMC #782803 ARM	AFS		4.362		11/01/2034	83,531.15	85,113.48
	1005	31418BK Y1	102085	453,750.46	3,200,000.00	FNMA #MA2110	AFS		3.500		12/01/2034	469,744.25	424,185.78
	1005	3128P8BF7	102086	595,509.03	3,000,000.00	FHLMC C #91838	AFS		3.500		06/01/2035	614,150.39	557,228.97
	1005	36225DTK0	101490	73,597.43	7,752,174.00	GNMA II #81453 ADJ RT	AFS		2.625		08/20/2035	73,597.43	71,361.59
	1005	3140QHQA6	102284	3,152,612.08	4,000,000.00	FNMA #CA9448	AFS		2.500		03/01/2036	3,305,411.96	2,900,403.11
	1005	31418CKJ2	102145	1,027,677.74	5,250,000.00	FNMA #MA2996	AFS		3.500		05/01/2037	1,056,214.59	964,571.90
	1006	83162CYW7	102146	1,183,246.91	2,500,000.00	SBAP 2017 20I-1 S/A-1ST	AFS		2.590		09/01/2037	1,176,887.66	1,082,525.37
	1005	31414CPM4	101586	29,457.78	2,919,349.00	FNMA #962228 ADJ RT	AFS		3.900		10/01/2037	29,464.34	29,695.57
	1006	83162CZA4	102147	1,331,157.64	2,500,000.00	SBAP 2017 20L-1 S/A-1ST	AFS		2.780		12/01/2037	1,332,920.88	1,218,261.38
	1005	3128P8GM7	102168	953,856.88	5,285,000.00	FHLMC C #92004	AFS		4.000		07/01/2038	980,225.01	918,474.75
	1005	31418CZ72	102166	696,340.86	4,700,000.00	FNMA #MA3465	AFS		4.000		09/01/2038	715,224.00	670,510.97
	1005	31418C3A0	102158	514,286.15	3,500,000.00	FNMA #MA3492	AFS		4.000		10/01/2038	520,377.48	495,209.35
	1005	36225EM82	101598	110,400.68	4,999,922.00	GNMA II #82182 ADJ RT	AFS		2.750		10/20/2038	110,400.68	107,322.65
	1005	36225EN57	101620	56,442.31	2,985,707.00	GNMA II #82211 ADJ RT	AFS		2.750		11/20/2038	56,442.31	54,658.93
	1005	36225EN57	101621	27,290.78	1,443,638.00	GNMA II #82211 ADJ RT	AFS		2.750		11/20/2038	27,290.78	26,360.26
	1005	36225EN57	101622	45,551.13	2,409,581.00	GNMA II #82211 ADJ RT	AFS		2.750		11/20/2038	45,551.13	43,997.99



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**II. Pledge & Safekeeping Reports**

**Pledge Report by Maturity Date**  
Pledge A: Panola County - Texas

Safekkeeping Receipt	SK Code	Cusip	ID #	Current Face	Original Face	Description	ASC 320	Moody / S&P	Coupon	SC	Maturity	Book Value	Fair Value
1005	36225EU67	101730	101730	249,401.60	5,000,000.00	GNMA II #82404 ADJ RT	AFS		2.750		10/20/2039	249,401.60	242,552.70
1005	3140X6WL1	102213	102213	1,491,523.14	3,000,000.00	FNMA #FM3350	AFS		3.500		04/01/2040	1,387,843.81	1,387,815.67
1005	31385Y2D6	101301	101301	18,943.48	4,000,000.00	FNMA #557072 ARM	AFS		4.866		06/01/2040	19,019.27	18,448.34
1005	3140FXGF3	102152	102152	1,627,068.08	5,800,000.00	FNMA #BF0197	AFS		4.000		09/01/2040	1,665,864.35	1,578,001.81
1005	36225E3Y6	101835	101835	176,299.15	5,000,000.00	GNMA II #82614 ADJ RT	AFS		2.625		09/20/2040	176,299.15	172,032.10
1005	36225E6I6	101846	101846	205,681.62	4,961,019.00	GNMA II #82672 ADJ RT	AFS		3.750		11/20/2040	205,681.62	206,988.89
1005	31418DXQ0	102278	102278	3,276,491.24	4,000,000.00	FNMA #MA4286	AFS		1.500		03/01/2041	3,311,794.90	2,671,364.26
1005	3133KYVB2	102287	102287	8,521,228.10	10,000,000.00	FHLMC #RB5110	AFS		1.500		05/01/2041	8,476,186.48	6,947,463.79
1005	3133KYVCO	102288	102288	8,337,919.60	10,000,000.00	FHLMC #RB5111	AFS		2.000		05/01/2041	8,504,188.35	7,063,781.26
1005	31418DY71	102290	102290	6,232,444.95	7,500,000.00	FNMA #MA4333	AFS		2.000		05/01/2041	6,352,314.29	5,280,049.46
1005	31418DZG0	102289	102289	6,408,276.08	7,500,000.00	FNMA #MA4342	AFS		1.500		05/01/2041	6,373,579.30	5,224,747.59
1005	31418D6K3	102314	102314	5,805,186.73	6,454,921.00	FNMA #MA4473	AFS		1.500		11/01/2041	5,757,625.59	4,733,041.31
1006	83165A3M4	102134	102134	1,206,566.53	3,000,000.00	SBA #522404 ADJ RT	AFS		8.034		05/25/2042	1,283,787.59	1,270,111.57
1006	83164MDK2	102133	102133	915,175.73	3,000,000.00	SBA #510006 ADJ RT	AFS		7.329		06/25/2042	954,662.92	948,079.13
1005	3136AWPW1	102139	102139	35,368.62	3,050,000.00	FNR 2017 40-GJ MTHLY-25TH	AFS		2.500		03/25/2043	35,368.62	34,687.93
1005	3137FQMZ3	102193	102193	2,537,810.00	5,000,000.00	FHLMC 4947-HA MTHLY-15TH	AFS		2.500		04/15/2043	2,579,264.54	2,309,167.35
1005	3132H7EP4	102151	102151	3,220,780.69	10,350,000.00	FHLMC U #99173	AFS		3.500		03/01/2045	3,225,275.98	3,045,147.49
1005	3140XDQY5	102318	102318	3,618,363.60	4,000,000.00	FNMA #FM9470	AFS		2.000		11/01/2046	3,662,184.14	2,974,973.32
1005	3140QNER9	102331	102331	4,696,890.15	5,000,000.00	FNMA #CB2843	AFS		2.000		02/01/2047	4,578,084.35	3,861,724.37
1005	31335BQB5	102154	102154	2,798,832.86	10,150,000.00	FHLMC G #61350	AFS		4.000		04/01/2047	2,865,730.75	2,724,926.18
1005	3140GTSB2	102144	102144	652,768.85	5,000,000.00	FNMA #BH5341	AFS		3.000		08/01/2047	656,288.99	589,593.06
1005	3140GTSB2	102148	102148	201,052.81	1,540,000.00	FNMA #BH5341	AFS		3.000		08/01/2047	202,137.02	181,041.77
1005	38383DUJA4	102321	102321	2,623,725.93	3,500,000.00	GNR 2021 193-BA MTHLY-20TH	AFS		0.750		11/20/2049	2,598,875.91	2,114,221.79
1005	31418DTP7	102390	102390	4,065,584.85	5,000,000.00	FNMA #MA4157	HTM		1.500		10/01/2050	3,411,767.79	3,162,262.72
1005	3132DWAD5	102380	102380	4,127,068.20	5,000,000.00	FHLMC #SD8104	HTM		1.500		11/01/2050	3,463,457.98	3,210,085.23
1005	3132DWAV5	102381	102381	4,633,951.47	5,000,000.00	FHLMC #SD8120	HTM		1.500		01/01/2051	3,888,501.22	3,604,345.38
1005	3133N3XW9	102387	102387	4,383,746.30	5,000,000.00	FHLMC #RE6093	HTM		1.500		04/01/2051	3,679,236.32	3,409,732.67
1005	3133N3XX7	102283	102283	4,597,860.52	5,500,000.00	FHLMC #RE6094	AFS		2.000		04/01/2051	4,584,256.42	3,780,303.45
1005	31418DYR7	102282	102282	6,080,810.96	7,000,000.00	FNMA #MA4319	AFS		2.000		04/01/2051	6,080,810.96	4,877,950.54
1005	31418DZE5	102286	102286	8,873,188.20	10,000,000.00	FNMA #MA4340	AFS		2.000		05/01/2051	8,866,627.27	7,117,960.66
1005	3133N3XS8	102382	102382	3,906,708.75	4,500,000.00	FHLMC #RE6100	HTM		2.000		06/01/2051	3,437,449.40	3,212,047.10
1005	3133N3Y17	102389	102389	5,562,765.66	6,000,000.00	FHLMC #RE6113	HTM		2.000		11/01/2051	4,891,353.64	4,573,636.39
1005	3136BJP33	102315	102315	4,539,467.85	5,000,000.00	FNR 2021 74-MC MTHLY-25TH	AFS		1.500		11/25/2051	4,531,873.45	3,823,920.92
1005	3133N3YT5	102332	102332	4,223,416.28	4,500,000.00	FHLMC #RE6122	AFS		2.500		02/01/2052	4,182,811.96	3,616,300.19



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*II. Pledge & Safekeeping Reports*

**Pledge Report by Maturity Date**  
Pledge A: Panola County - Texas

Safekkeeping Receipt	SK Code	Cusip	ID #	Current Face	Original Face	Description	ASC 320	Moody / S&P	Coupon	SC	Maturity	Book Value	Fair Value
Items	110			151,497,394.93	514,901,337.00				2.292			148,365,727.12	129,767,161.45

Status Codes : N = New Purchase S = Sold M = Matured C = Called O = Paid Off \* = Pre-refunded T = ASC 320 Transfer I = Impaired

Note: Refer to the U.S. Government and Agency Ratings report for ratings on treasury, agency and pass through securities.



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*II. Pledge & Safekeeping Reports*





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CARTHAGE, TEXAS 75633  
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To Whom It May Concern:

### Statement of Management's Responsibilities

The management of Carthage State Bancshares, Inc. (the "Company") is responsible for preparing the Company's annual financial statements in accordance with generally accepted accounting principles; for establishing and maintaining an adequate internal control structure and procedures for financial reporting, including controls over the preparation of regulatory financial statements in accordance with the Federal Financial Institutions Examination Council Instructions for Consolidated Reports of Condition and Income (call report instructions); and for complying with the Federal laws and regulations pertaining to insider loans and the Federal and, if applicable, State laws and regulations pertaining to dividend restrictions. The following subsidiary institutions of the Company that are subject to Part 363 are included in this statement of management's responsibilities: First State Bank & Trust Company - Carthage.

### Management's Assessment of Compliance with Designated Laws and Regulations

The management of Carthage State Bancshares, Inc. (the "Company") has assessed the Company's compliance with the Federal laws and regulations pertaining to insider loans and the Federal and, if applicable, State laws and regulations pertaining to dividend restrictions during the fiscal year that ended on December 31, 2022. Based upon its assessment, management has concluded that the Company complied with the Federal laws and regulations pertaining to insider loans and the Federal and, if applicable, State laws and regulations pertaining to dividend restrictions during the fiscal year that ended on December 31, 2022. The following subsidiary institutions of the Company that are subject to Part 363 are included in this assessment of compliance with these designated laws and regulations: First State Bank & Trust Company - Carthage.

**Carthage State Bancshares, Inc.**

David Murphy, President

4-28-23

Date

Kevin Smith, Secretary

4/28/23

Date

**CARTHAGE STATE BANCSHARES, INC.  
AND SUBSIDIARY**

**CARTHAGE, TEXAS**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2022 AND 2021**

**CARTHAGE STATE BANCSHARES, INC.  
AND SUBSIDIARY  
DECEMBER 31, 2022 AND 2021**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Carthage State Bancshares, Inc.  
Carthage, Texas

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the consolidated financial statements of Carthage State Bancshares, Inc. and subsidiary (a Texas corporation), which comprise the consolidated balance sheets as of December 31, 2022, and the related statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Carthage State Bancshares, Inc. as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Carthage State Bancshares, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 Carthage State Bancshares' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the 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 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, including omissions, 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 financial statements.

#### **TYLER OFFICE**

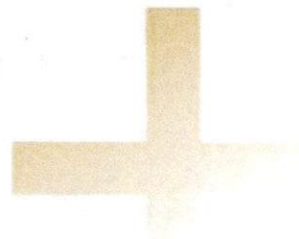
P: 903 597-6311  
3304 S Broadway Ave.  
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#### **LONGVIEW OFFICE**

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Longview, Texas 75605

#### **FRISCO OFFICE**

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8000 Warren Pkwy #103  
Frisco, Texas 75034



In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Carthage State Bancshares' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Carthage State Bancshares' 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.

#### ***2021 Unaudited Financial Statements***

The accompanying consolidated balance sheet of Carthage State Bancshares, Inc. as of December 31, 2021, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements were not audited, reviewed, or compiled by us, and accordingly, we do not express an opinion or any other form of assurance on them.

#### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information in Schedules I, II and III is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such 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 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Henry & Peter, P.C.*

Tyler, Texas  
April 28, 2023

**CARTHAGE STATE BANCSHARES, INC. AND SUBSIDIARY**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**

	2022	2021
<b>ASSETS</b>		
Cash and due from banks	\$ 4,916,982	\$ 5,205,041
Interest bearing deposits with other banks	8,022,535	2,500,082
Federal funds sold	-	442,000
Investment securities:		
Available-for-sale	314,437,890	408,164,626
Held-to-maturity	67,459,599	-
Certificates of deposit with other financial institutions	5,225,000	5,723,000
Restricted stock, at cost	375,139	716,939
Loans, net of allowance for loan and lease losses	169,707,314	158,643,181
Premises and equipment, net	3,556,986	3,913,853
Accrued interest receivable	2,521,823	2,421,408
Federal income tax receivable	7,532,926	(107,134)
Bank owned life insurance	18,344,671	17,885,184
Other assets	697,964	738,993
Total assets	\$ 602,798,829	\$ 606,247,173
<b>LIABILITIES</b>		
Noninterest-bearing deposits	\$ 98,468,635	\$ 87,889,075
Interest-bearing deposits:		
Savings, NOW and Money Market	230,396,140	221,525,952
Time deposits	176,712,718	155,503,684
Brokered deposits	49,998,000	49,998,000
Total deposits	555,575,493	514,916,711
Federal Home Loan Bank advances	-	6,000,000
Federal funds purchased	698,000	-
Salary continuation plan liabilities	2,553,712	2,337,792
Accrued interest payable and other liabilities	784,078	327,991
Total liabilities	559,611,283	523,582,494
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, \$100 par value; 24,000 shares authorized and issued; 23,037 outstanding	2,400,000	2,400,000
Retained earnings	80,090,695	79,077,135
Accumulated other comprehensive (loss) income	(37,852,409)	2,638,284
Treasury stock	(1,450,740)	(1,450,740)
Total stockholders' equity	43,187,546	82,664,679
Total liabilities and stockholders' equity	\$ 602,798,829	\$ 606,247,173

**CARTHAGE STATE BANCSHARES, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
<b>INTEREST AND DIVIDEND INCOME</b>		
Interest and fees on loans	\$ 8,839,760	\$ 8,923,477
Interest on deposits at other banks	208,744	134,281
Securities:		
Taxable	2,198,214	-
Tax-exempt	6,151,968	6,729,626
Interest on Federal funds sold	44,650	715
Dividend income on restricted stock	16,019	-
Total interest and dividend income	17,459,355	15,788,099
<b>INTEREST EXPENSE</b>		
Interest on deposits	2,870,092	1,640,430
Interest on Federal funds purchased	5,164	3,839
Interest on Federal Home Loan Bank advances	90,653	104,307
Total interest expense	2,965,909	1,748,576
Net interest income	14,493,446	14,039,523
<b>PROVISION FOR LOAN LOSSES</b>	37,483	300,019
Net interest income after provision for loan losses	14,455,963	13,739,504
<b>OTHER INCOME</b>		
Service charges and fees	2,187,659	2,105,415
Gain on sale and disposal of premises and equipment	315,058	-
Other noninterest income	549,106	525,335
Royalty income from shareholders' trust	823,774	547,255
Total other income	3,875,597	3,178,005
<b>OTHER EXPENSE</b>		
Salaries, wages, and other employee benefits	5,970,853	5,860,973
Occupancy and equipment	1,047,322	1,066,355
Realized losses on securities	237,201	-
Other operating expense	2,821,665	2,576,283
Total other expense	10,077,041	9,503,611
Income before federal income tax expense	8,254,519	7,413,898
<b>FEDERAL INCOME TAX EXPENSE</b>		
Current expense	1,276,687	1,140,141
Deferred benefit	(25,348)	(86,476)
Total federal income tax expense	1,251,339	1,053,665
<b>NET INCOME</b>	\$ 7,003,180	\$ 6,360,233

**CARTHAGE STATE BANCSHARES, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
<b>NET INCOME</b>	\$ 7,003,180	\$ 6,360,233
Other comprehensive (loss) income, net of tax:		
Change in unrealized losses on available-for-sale securities	(28,538,827)	5,652,548
Unrealized loss on securities transferred to held-to-maturity	(12,189,067)	-
Reclassification adjustment for losses realized	237,201	-
Total other comprehensive (loss) income, net of tax	(40,490,693)	5,652,548
<b>TOTAL COMPREHENSIVE (LOSS) INCOME</b>	<b>\$ (33,487,513)</b>	<b>\$ 12,012,781</b>



**CARTHAGE STATE BANCSHARES, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>TOTAL</u>	<u>CAPITAL STOCK</u>	<u>ADDITIONAL PAID-IN CAPITAL</u>	<u>RETAINED EARNINGS</u>	<u>ACCUMULATED OTHER COMPREHENSIVE INCOME / (LOSS)</u>	<u>TREASURY STOCK</u>
<b>Balance at December 31, 2020</b>	\$ 87,485,874	\$ 2,400,000	\$ -	\$ 78,245,782	\$ 8,290,832	\$ (1,450,740)
Net income	6,360,233	-	-	6,360,233	-	-
Other comprehensive loss	(5,652,548)	-	-	-	(5,652,548)	-
Dividends	(5,528,880)	-	-	(5,528,880)	-	-
<b>Balance at December 31, 2021</b>	<u>82,664,679</u>	<u>2,400,000</u>	<u>-</u>	<u>79,077,135</u>	<u>2,638,284</u>	<u>(1,450,740)</u>
Net income	7,003,180	-	-	7,003,180	-	-
Other comprehensive loss	(40,490,693)	-	-	-	(40,490,693)	-
Dividends	(5,989,620)	-	-	(5,989,620)	-	-
<b>Balance at December 31, 2022</b>	<u>\$ 43,187,546</u>	<u>\$ 2,400,000</u>	<u>\$ -</u>	<u>\$ 80,090,695</u>	<u>\$ (37,852,409)</u>	<u>\$ (1,450,740)</u>

**CARTHAGE STATE BANCSHARES, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 7,003,180	\$ 6,360,233
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	289,490	350,322
Net amortization of premium on securities	1,434,740	2,144,923
Provision for loan losses	37,483	300,019
Loss on sale of investment securities	237,201	-
Gain on sale and disposal of premises and equipment	(315,058)	-
Net gain on sales and writedowns of other real estate	(2,691)	(25,060)
Earnings on bank owned life insurance, net of costs	(459,487)	(440,328)
Change in assets and liabilities:		
Increase in accrued interest receivable	(100,415)	(4,148)
Decrease (increase) in other assets	38,029	(64,683)
Increase (decrease) in accrued interest payable and other liabilities	456,086	(77,765)
Increase in federal income tax receivable	(116,843)	(59,151)
Increase in salary continuation liabilities	215,920	201,362
Net cash provided by operating activities	8,717,635	8,685,724
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Change in certificates of deposit with other financial institutions	498,000	4,229,000
Available-for-sale securities:		
Proceeds from sales, calls and maturities	52,789,787	75,691,733
Purchases	(76,907,195)	(186,526,906)
Held-to-maturity securities:		
Proceeds from principal paydowns and maturities	698,695	-
Net change in restricted equity securities	341,800	2,140,000
Proceeds from sales of other real estate	54,700	-
Change in federal funds sold	442,000	(361,000)
Net (increase) decrease in loans	(11,150,625)	8,300,038
Purchase of premises and equipment	(86,862)	(136,511)
Proceeds from sale and disposal of premises and equipment	469,297	-
Net cash used in investing activities	(32,850,403)	(96,663,646)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in deposits	40,658,782	98,191,227
Payments of FHLB advances	(6,000,000)	(4,000,000)
Increase in federal funds purchased	698,000	-
Dividends paid	(5,989,620)	(5,528,880)
Net cash provided by financing activities	29,367,162	88,662,347
Increase in cash and cash equivalents	5,234,394	684,425
<b>CASH AND CASH EQUIVALENTS BEGINNING OF YEAR</b>	7,705,123	7,020,698
<b>CASH AND CASH EQUIVALENTS END OF YEAR</b>	\$ 12,939,517	\$ 7,705,123
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ 2,535,583	\$ 1,828,319
Cash paid for federal income taxes	\$ 1,300,450	\$ 1,072,410

**CARTHAGE STATE BANCSHARES, INC.  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of Carthage State Bancshares, Inc. (“CSB” or “Company”) and its subsidiary conform to accounting principles generally accepted in the United States of America and general practices within the banking industry. The following is a description of the more significant of those policies.

**NATURE OF OPERATIONS AND CUSTOMER CONCENTRATION**

Carthage State Bancshares Inc., primarily through its banking subsidiary, First State Bank & Trust Company (“Bank”), provides a broad range of commercial banking services. Its principal office is located in Carthage, Texas.

The Bank provides a variety of financial services to individuals and corporate customers through its current locations in Carthage (2), Texas, and the surrounding area. The Bank grants agribusiness, commercial, consumer and residential loans to customers located primarily in Panola County. The Bank’s primary deposit products are interest-bearing money market accounts and certificates of deposit.

**BASIS OF CONSOLIDATION**

The accompanying consolidated financial statements include the accounts of Carthage State Bancshares, Inc. and its subsidiary First State Bank & Trust Company. All significant intercompany accounts and transactions have been eliminated in consolidation. Additionally, the Company wholly owns the Shareholders Trust which holds royalties the Company acquired during a past foreclosure. All operating income from the royalties is received by the Company’s Trust Department, deposited and distributed to the Company shareholders on a quarterly basis. All material intercompany accounts and transactions have been eliminated in consolidations.

**USE OF ESTIMATES**

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

The determination of the adequacy of the allowance for loan losses is based on estimates that are particularly susceptible to significant changes in the economic environment and market conditions. The Company’s loans are generally secured by collateral. Although the Company has a diversified loan portfolio, its debtors’ ability to honor their contracts is heavily dependent upon economic conditions in the Company’s service area.

The majority of the Company’s loan portfolio consists of single-family residential and non-residential real estate loans in the Carthage, Texas area. The Company’s loan portfolio and the recovery of a substantial portion of the carrying amount of foreclosed real estate are susceptible to changes in local market conditions.

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 the economic conditions in the respective service areas. In addition, regulatory agencies, as an integral part of their examination process, periodically review the adequacy of the allowance for loan losses. Such agencies may require the Company to recognize additional losses based on their judgments about information available to them at the time of their examination. Because of these factors, it is reasonably possible that the allowance for loan losses may change materially in the near term; however, the amount of the change that is reasonably possible cannot be estimated.

Other significant estimates include the estimates of the fair value of investments held as available-for-sale.

**CARTHAGE STATE BANCSHARES, INC.**  
**AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**  
**CASH AND CASH EQUIVALENTS**

For the purpose of presentation in the Statements of Cash Flows, cash and cash equivalents are defined as cash and due from banks. Net cash flows are reported for loan and deposit transactions, and short-term borrowings with initial maturities less than 90 days.

**INVESTMENT SECURITIES**

The Company accounts for and classifies debt and equity securities in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification 320 (ASC 320), "*Accounting for Certain Investments in Debt and Equity Securities*" as follows:

**HELD-TO-MATURITY**

Debt securities that management has the positive intent and ability to hold until maturity are classified as held-to-maturity and are carried at their remaining unpaid principal balance, net of unamortized premiums or unaccreted discounts. Premiums are amortized and discounts are accreted using the interest method over the estimated remaining term of the underlying security. The Bank had no held-to-maturity securities as of December 31, 2021.

**AVAILABLE-FOR-SALE**

Debt securities that will be held for indefinite periods of time, including securities that may be sold in response to changes in market interest or prepayment rates, needs for liquidity and changes in the availability and yield of alternative investments, are classified as available-for-sale. These assets are carried at market value. Market value is determined using published quotes as of the close of business. Unrealized gains and losses on debt securities are excluded from earnings and reported net of tax as a separate component of retained earnings until realized.

Equity securities of the Bank that maintain readily determinable fair values are comprised of mutual funds. These securities are carried at cost, which is an immaterial departure from U. S. GAAP. Equity securities are included in available-for-sale securities, as presented in Note 3.

Gains and losses on sales are based on the amortized cost of the security sold. Declines in the fair value of individual securities below their cost that are other than temporary result in write-downs of the individual securities to their fair value. The related write-downs are included in earnings as realized losses. Management evaluates securities for other-than-temporary impairment on at least a quarterly basis, and more frequently when economic or market concerns warrant such evaluations. In estimating other-than-temporary impairment losses, management considers (1) the length of time and extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Bank to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

During 2022, the Company transferred approximately \$68,000,000 of debt securities from available-for-sale to held-to-maturity, which included a net unrealized loss of approximately \$12,000,000. This amount is recorded within accumulated other comprehensive loss and will be amortized over the term of the underlying securities as an adjustment of the yield.

**RESTRICTED EQUITY SECURITIES**

The Bank is a member of the Federal Home Loan Bank (FHLB) system. Members of the FHLB system are required to own a certain amount of stock based on the level of borrowings and other factors and may invest in additional amounts. The Bank also owns stock in the Independent Bankers Bank Corporation (IBFC). FHLB and IBFC stock are carried at cost, classified as restricted equity securities, and periodically reviewed for impairment based on the likelihood of ultimate recovery of par value.

**CARTHAGE STATE BANCSHARES, INC.  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**LOANS**

Loans that management has the intent and ability to hold for the foreseeable future, or until maturity or payoff, are reported at their outstanding principal balances adjusted for any charge-offs, the allowance for loan losses and any deferred fees or costs on originated loans. Unearned discounts on installment loans are recognized as income over the term of the loans using a method that approximates the interest method. Interest on other loans is calculated by using the simple interest method on daily balances of the principal amount outstanding.

**LEASE POOL PURCHASES**

The Bank purchased two separate pools of equipment lease loans from a national commercial lender and division of one of the largest public financial institutions in the United States of America. The commercial lender provides equipment and technology financing and leasing for manufacturers, distributors, resellers, franchise organizations, as well as direct financing options for small, mid-sized and Fortune 500 companies. The pools of lease loans invested in by the Bank provides a return of 5.50% and are collateralized by the leases. The Bank reserves for potential loss on investment through the allowance for loan and lease losses.

**NON-ACCRUAL LOANS**

Generally, loans are placed on non-accrual status at ninety days past due and interest is considered a loss, unless the loan is well-secured and in the process of collection. The accrual of interest on loans is discontinued when, in management's opinion, the borrower may be unable to meet payments as they become due. When interest accrual is discontinued, all unpaid accrued interest is reversed. Interest income is subsequently recognized only to the extent cash payments are received in excess of principal due. Loans are returned to accrual status when all principal and interest amounts contractually due are brought current and future payments are reasonably assured.

**IMPAIRED LOANS**

A loan is considered impaired when, based on current information and events, it is probable the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Management considers the past due status of the loans, excessive overdraft positions of the borrower in demand deposit accounts, negative changes in the borrower's cash flows and other financial information in determining which loans should be analyzed for impairment.

The method of accounting for impaired loans is consistent across the portfolio segments. Impairment is measured on a loan-by-loan basis by either the present value of expected future cash flows, discounted at the loan's effective interest rate, the loan's observable market price or the fair value of the collateral if the loan is collateral dependent. When the Company determines that foreclosure is probable, the Company measures the loan at the fair value of the collateral and recognizes any loss immediately. Groups of loans with similar risk characteristics, including individually evaluated loans not determined to be impaired, are collectively evaluated for impairment.

When a loan is determined to be impaired, the Company recognizes the impairment by creating a valuation allowance with a corresponding charge to loan allowance provision expense. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower. Loans classified as troubled debt restructurings are analyzed on an individual basis for impairment subsequent to the restructuring. An additional impairment is accounted for in the same manner as general impaired loans. Loans in all portfolio segments are charged-off when they are deemed to be uncollectible. At that time, the related credit loss is deducted from the allowance. Recoveries of previously charged-off amounts are recorded when received.

**CARTHAGE STATE BANCSHARES, INC.  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED  
ALLOWANCE FOR LOAN LOSSES**

The allowance for loan losses is management's estimate of credit losses inherent in the loan portfolio, including unfunded credit commitments, at the balance sheet date. The allowance for loan losses is established through a provision for loan losses charged to expense.

**METHODOLOGY**

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans. To perform this analysis, management divides the loan portfolio into portfolio segments, which are further divided into classes. A portfolio segment is the level at which management develops and documents a systematic methodology to determine the allowance for loan losses, and a segment class is the subdivision of a portfolio segment based on the initial measurement attribute, risk characteristics and methods for assessing risk.

Allowance levels for all portfolio segments are influenced by a number of factors, including, but not limited to, loan volume, delinquency rates and historical loss rates based on a rolling twelve quarter period. Historical loss rates are adjusted based on management's analysis of non-financial factors, including: changes in the Company's lending procedures and monitoring; national and local economic factors; portfolio trends; management's ability, experience and depth; the results of the loan portfolio review and changes in loan grades assigned; concentrations of credit risk and other external factors. In addition to these general factors, management also considers risks specific to the nature of the loans in each portfolio segment. While management attributes portions of the allowance for loan losses to individual impaired loans and specific loan portfolio segments, the entire allowance is available to absorb credit losses inherent in the total loan portfolio.

**METHODOLOGY**

Below is a summary of the segments of the Company's loan portfolio:

- Commercial:* This portfolio segment includes general secured and unsecured commercial loans which are not secured by real estate. Risks inherent to this portfolio segment include fluctuations in the local and national economy.
- Commercial real estate:* The commercial real estate portfolio segment includes all commercial loans that are secured by real estate, other than those included in the 1-4 family residential segment. The segment includes construction of both business and residential structures and real estate development loans. Risks inherent to this portfolio segment include fluctuations in property values and changes in the local and national economy impacting the sale of the finished structures.
- Consumer:* This portfolio segment consists of non-real estate loans to consumers. This includes unsecured revolving lines as well as secured loans such as auto and personal loans. The risks inherent to this portfolio segment include those factors that would impact the consumer's ability to meet their obligations under the loan. These include increases in the local unemployment rate and fluctuations in consumer and business sales.

**CARTHAGE STATE BANCSHARES, INC.  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED  
ALLOWANCE FOR LOAN LOSSES - CONTINUED  
METHODOLOGY - CONTINUED**

*1- 4 Family Residential:* This portfolio segment includes loans to both commercial and consumer borrowers secured by real estate for housing units of up to four families. Risks inherent to this portfolio segment include increases in the local unemployment rate, changes in the local economy, and factors that would impact the value of the underlying collateral, such as changes in property values.

*Agricultural:* The agricultural portfolio segment includes loans to companies in the dairy and cattle industries and farmers. Loans in the segment are secured by collateral including cattle, equipment and real estate. Risks inherent in this portfolio segment include adverse changes in climate, fluctuations in feed and cattle prices and changes in property values.

*Lease Financing Receivables:* This portfolio segment includes pools of equipment lease loans. The equipment loans are secured by individual financing leases for heavy equipment, machine tools, commercial vehicles, technology, and furniture for commercial, franchise, healthcare, hospitality and technology companies. Risks inherent to this portfolio segment include fluctuations in the local and national economy, consumer and business sales and factors that would impact the value of the underlying lease collateral such as changes in property values.

**CREDIT QUALITY INDICATORS**

The Company monitors the credit quality of the loans in the various segments by identifying and evaluating credit quality indicators specific to each segment class. This information is incorporated into management's analysis of the adequacy of the allowance for loan losses. Information for the credit quality indicators is updated monthly for classified assets and quarterly for the remainder of the portfolio. The following is a discussion of the primary credit quality indicators most closely monitored for the respective portfolio segment classes:

*Commercial:* In assessing risk associated with commercial loans, management considers the business's cash flow and the value of the underlying collateral to be the primary credit quality indicators.

*Commercial - real estate:*

*Construction:* In assessing the credit quality of construction loans, management considers the ability of the borrower to finance principal and interest payments in the event that he is unable to sell the completed structure to be a primary credit quality indicator. For real estate development loans, management also considers the likelihood of the successful sale of the constructed properties in the development.

*Other:* Management considers the strength of the borrower's cash flows and changes in property values to be key credit quality indicators of other commercial – real estate loans.

**CARTHAGE STATE BANCSHARES, INC.  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**ALLOWANCE FOR LOAN LOSSES - CONTINUED**

**CREDIT QUALITY INDICATORS - CONTINUED**

*Consumer:* Management considers the debt to income ratio of the borrower, the borrower's credit history, the availability of other credit to the borrower and the borrower's past-due history to be primary credit quality indicators for unsecured consumer loans. In addition, management also considers the estimated value of the underlying collateral in assessing secured consumer loans.

*1- 4 Family Residential:* Management considers changes in the local economy, changes in property values, and changes in local unemployment rates to be key credit quality indicators of the loans in the 1- 4 family residential loan segment.

*Agricultural:* In assessing risk associated with agricultural loans, management considers the borrower's cash flows, the value of the underlying collateral and sources for secondary repayment to be primary credit quality indicators.

*Lease Financing Receivables:* In assessing risk associated with this portfolio segment, management considers information provided by the commercial lender and the individual borrower's payment status.

**OTHER REAL ESTATE**

Real estate properties acquired through or in lieu of loan foreclosure are initially recorded at the lower of the Company's carrying amount or fair value less estimated selling cost at the date of foreclosure. Any write-downs based on the asset's fair value at the date of acquisition are charged to the allowance for loan losses. After foreclosure, valuations are periodically performed by management and any subsequent write-downs are recorded as a charge to operations, if necessary, to reduce the carrying value of a property to the lower of its cost or fair value less cost to sell. Impairment losses on property to be held and used are measured as the amounts by which the carrying amount of a property exceeds its fair value. Costs of significant property improvements are capitalized, whereas costs relating to holding property are expensed.

Physical possession of residential real estate property collateralizing a consumer mortgage loan occurs when the legal title is obtained upon completion of foreclosure or when the borrower conveys all interest in the property to satisfy the loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. These assets are subsequently accounted for at lower of cost or fair value less estimated cost to sell. If fair value declines subsequent to foreclosure, a valuation allowance is recorded through expense. Operating expenses, gains and losses on disposition, and changes in the valuation allowance are reported in other noninterest expense.

The carrying amount of foreclosed residential real estate properties held where physical possession has been obtained was \$-0- at December 31, 2022. The recorded investment in consumer mortgage loans secured by residential real estate properties where formal foreclosure procedures were in process was \$-0- at December 31, 2022.



**CARTHAGE STATE BANCSHARES, INC.**  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**  
**PREMISES AND EQUIPMENT**

Land is stated at cost. Other premises and equipment are stated at cost less accumulated depreciation. Depreciation and amortization expense are computed on the straight-line method over the estimated useful lives of the assets. At the time properties are disposed of, cost and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income. Maintenance and repairs which do not extend the life of bank premises and equipment are expensed as incurred, while major additions and improvements are capitalized. Gains and losses on dispositions are included in current operations.

**TRUST DEPARTMENT**

Assets of the Company's trust department, other than premises and equipment, recorded at the Bank, are not included in the accompanying consolidated financial statements because they are not assets of the Company. Trust department fees are recorded on the accrual basis; however, timing differences that could result from report cut-off were not considered material and therefore were not accrued.

**INCOME TAXES**

The Company uses the asset and liability method to account for income taxes, including recognition of deferred tax assets and liabilities for the anticipated future tax consequences attributable to differences between financial statement amounts and their respective tax bases. The Company reviews its deferred tax assets for recovery. A valuation allowance is established when the Company believes that it is more likely than not that some portion of its deferred tax assets will not be realized. Changes in the valuation allowance from period to period are included in the Company's tax provision in the period of change. The provision for income taxes recognizes the tax effects of all income and expense transactions in the statements of income, regardless of the year in which the transactions are reported for tax purposes, in accordance with the provisions of ASC Topic 740, *Accounting for Income Taxes* (ASC 740).

The Company accounts for uncertainties in income taxes in accordance with ASC 740. Due to the complexities of the tax code, actual payment of taxes could be different from any current estimate of tax liabilities. At December 31, 2022, the Company does not believe that there are any uncertain tax positions that would adversely impact the financial position or results of operations. Any interest and penalties on income tax assessments are calculated as a component of the provision for income taxes. The Company's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

**OFF-BALANCE SHEET FINANCIAL INSTRUMENTS**

In the ordinary course of business, the Company has entered into off-balance sheet financial instruments consisting of commitments to extend credit and standby letters of credit. Such financial instruments are recorded in the financial statements when they become payable.

**FAIR VALUES OF FINANCIAL INSTRUMENTS**

Fair values of financial instruments are estimated using relevant market information and other assumptions. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect the estimates. The fair value estimates of existing on and off-balance sheet financial instruments do not include the value of anticipated future business or the value of assets and liabilities not considered financial instruments.

**REGULATORY CAPITAL**

Banking regulations require the maintenance of certain capital levels. See Note 11 for information related to regulatory matters and capital requirements.

**CARTHAGE STATE BANCSHARES, INC.  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED  
ADVERTISING COSTS**

Advertising costs are expensed as incurred.

**COMPREHENSIVE INCOME**

Comprehensive income consists of net income and other comprehensive income. Other comprehensive income includes unrealized gains and losses on securities available-for-sale which are also recognized as separate components of equity.

**REVENUE FROM CONTRACTS WITH CUSTOMERS**

ASU 2014-09, *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, "Topic 606"), creates a single framework for recognizing revenue from contracts with customers that fall within its scope and revises when it is appropriate to recognize a gain (loss) from the transfer of nonfinancial assets, such as other real estate owned. The majority of the Bank's revenues come from interest income and other income associated with loans and securities, which are outside the scope of Topic 606. The Bank's services that fall within the scope of Topic 606 are presented within other income and are recognized as revenue as the Bank satisfies its obligation to the customer. Revenue sources within the scope of Topic 606 include service charges on deposit accounts, merchant service fees and other fees and charges. A description of service charges on deposit accounts, and debit card and ATM fees are provided below.

*Service charges on deposit accounts:* The Bank earns fees from deposit customers for transaction-based, account maintenance, and overdraft services. Transaction-based fees and overdraft fees are recognized at a point in time, since the customer generally has a right to cancel the depository arrangement at any time. The arrangement is considered a day-to-day contract with ongoing renewals and optional purchases, so the duration of the contract does not extend beyond the services already performed. Account maintenance fees, which relate primarily to monthly maintenance, are earned over the course of a month, representing the period over which the Company satisfies its performance obligation.

*Debit card and ATM fees:* Debit card and ATM fees include ATM usage fees and debit card interchange income. As with the transaction-based fees on deposit accounts, the ATM fees are recognized at the point in time that the Company fulfills the customer's request. The Company earns interchange fees from cardholder transactions processed through card association networks. Interchange rates are generally set by the card associations based upon purchase volumes and other factors. Interchange fees represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services provided to the cardholder.

*Trust Department income:* Trust Department (trust services) income includes fees and commission from investment management, administrative and advisory services primarily for individuals and to a lesser extent, partnerships and corporations. Revenue is recognized on an accrual basis at the time the services are performed and when the Bank has a right to invoice and are based on either the market value of the assets managed or the services provided.

*Gains (losses) on Sales of Other Real Estate Owned:* The Bank records a gain or loss from sales of other real estate owned when control of the property is considered to be transferred to the buyer in exchange for proceeds. Generally, transfer occurs when the deed is executed. When the Bank finances the sale by issuing a loan to facilitate, the Bank assesses the collectability of the purchase price and the ability of the buyer to service the loan obligations. Upon satisfaction of these criteria, the asset is derecognized and gain/loss is recognized.

**LOSS CONTINGENCIES**

Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated.

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**  
**TRANSFERS OF FINANCIAL ASSETS**

The Company accounts for transfers and servicing of financial assets in accordance with FASB ASC 860, *Transfers and Servicing*. 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 (1) the assets have been isolated from the Company, (2) the transferee obtains the right (free of conditions that constrain it from exercising that right) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before maturity.

**RECLASSIFICATIONS**

Certain reclassifications have been made in the prior year's financial statements to conform to the current year's presentation. These reclassifications had no impact on net income.

**ADOPTION OF NEW ACCOUNTING STANDARDS**

Effective January 1, 2022, the Company adopted the provisions of Accounting Standards Update (ASU) 2016-02, *Leases* (ASC 842), which changed the accounting and reporting of leases with terms exceeding 12 months. The Company applied the provisions of ASC 842 prospectively and measured its initial lease liabilities using remaining terms and discount rates as of January 1, 2022. The adoption of this new guidance did not have a material impact on the consolidated financial statements and did not result in the measurement and recording of a right-of-use asset and lease liability within the 2022 consolidated balance sheet.

**RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED**

ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*; In June 2016, the FASB issued this update that replaces the current incurred loss methodology for recognizing credit losses with a current expected credit loss model, which requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This amendment broadens the information that an entity must consider in developing its expected credit loss estimates. Additionally, the update amends the accounting for credit losses for available-for-sale debt securities and purchased financial assets with a more-than-insignificant amount of credit deterioration since origination. This update requires enhanced disclosures to help investors and other financial statement users better understand significant estimates and judgments used in estimating credit losses, as well as the credit quality and underwriting standards of a company's loan portfolio. The amendments in this update are effective for fiscal years beginning after December 15, 2022. Effective January 1, 2023, the Company adopted this guidance. The adoption was not material to the allowance for loan losses or retained earnings.

**NOTE 2 - RESTRICTIONS ON CASH**

The Bank is typically required to maintain reserve funds in cash or on deposit with the Federal Reserve Bank; however, in light of the shift to an ample reserve regime, the Federal Reserve Bank Board reduced reserve requirement ratios to zero percent for the indefinite future effective March 26, 2020. As a result, the Bank is no longer required to maintain certain daily reserve balances in cash or on deposit in accordance with Federal Reserve Bank requirements.

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**NOTE 3 - SECURITIES**

Investment securities at December 31, 2022 are summarized as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<u>Available-for-Sale Securities:</u>				
Corporate bonds	\$ 3,000,000	\$ -	\$ 5,700	\$ 2,994,300
Municipal securities	73,826,478	13,800	5,516,634	68,323,644
Mortgage-backed securities	193,602,184	460,232	21,871,937	172,190,479
Collateralized mortgage obligations	65,672,677	575,378	5,335,056	60,912,999
Asset backed securities	10,321,795	-	805,327	9,516,468
Equity securities	500,000	-	-	500,000
	<u>\$ 346,923,134</u>	<u>\$ 1,049,410</u>	<u>\$ 33,534,654</u>	<u>\$ 314,437,890</u>
<u>Held-to-Maturity Securities:</u>				
Municipal securities	\$ 20,776,231	\$ 40,217	\$ 484,640	\$ 20,331,808
Mortgage-backed securities	44,358,223	-	2,447,736	41,910,487
Collateralized mortgage obligations	2,325,145	-	136,199	2,188,946
	<u>\$ 67,459,599</u>	<u>\$ 40,217</u>	<u>\$ 3,068,575</u>	<u>\$ 64,431,241</u>

Investment securities at December 31, 2021 are summarized as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<u>Available-for-Sale Securities:</u>				
Corporate bonds	\$ 3,000,000	\$ 103,500	\$ -	\$ 3,103,500
Municipal securities	113,823,926	3,211,109	182,984	116,852,051
Mortgage-backed securities	226,324,582	2,570,786	2,254,111	226,641,257
Collateralized mortgage obligations	47,237,889	236,473	740,058	46,734,304
Asset backed securities	13,938,629	394,885	-	14,333,514
Equity securities	500,000	-	-	500,000
	<u>\$ 404,825,026</u>	<u>\$ 6,516,753</u>	<u>\$ 3,177,153</u>	<u>\$ 408,164,626</u>

There were no held-to-maturity securities as of December 31, 2021.

The Bank realized gross gains of \$75 and \$-0- and gross losses of \$237,276 and \$-0- during 2022 and 2021, respectively, from the sales of available-for-sale securities.

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**NOTE 3 - SECURITIES - CONTINUED**

Information pertaining to securities with gross unrealized losses, aggregated by investment category and length of time that individual securities have been in a continuous loss position is detailed in the following tables. At December 31, 2022 and 2021, the Company held 71 and 10 securities, respectively, which had been in continuous loss positions over twelve months. As of December 31, 2022 and 2021, respectively, of the securities in a loss position over twelve months, all were classified as available-for-sale.

	Total		Less than 12 months		More than 12 months	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
<u>December 31, 2022:</u>						
Corporate bonds	\$ 2,994,300	\$ 5,700	\$ 2,994,300	\$ 5,700	\$ -	\$ -
Municipal securities	81,251,693	6,001,274	62,835,378	3,311,718	18,416,315	2,689,556
Mortgage-backed securities	196,507,775	24,319,673	112,144,251	7,822,120	84,363,524	16,497,553
Collateralized mortgage obligations	37,910,503	5,471,255	15,850,586	611,365	22,059,917	4,859,890
Asset backed securities	9,516,468	805,327	6,660,568	514,436	2,855,900	290,891
	<u>\$ 328,180,739</u>	<u>\$ 36,603,229</u>	<u>\$ 200,485,083</u>	<u>\$ 12,265,339</u>	<u>\$ 127,695,656</u>	<u>\$ 24,337,890</u>
<u>December 31, 2021:</u>						
Municipal securities	\$ 16,467,346	\$ 182,984	\$ 14,024,587	\$ 127,635	\$ 2,442,759	\$ 55,349
Mortgage-backed securities	130,718,129	2,254,111	117,562,882	1,650,491	13,155,247	603,620
Collateralized mortgage obligations	29,902,747	740,058	29,902,747	740,058	-	-
	<u>\$ 177,088,222</u>	<u>\$ 3,177,153</u>	<u>\$ 161,490,216</u>	<u>\$ 2,518,184</u>	<u>\$ 15,598,006</u>	<u>\$ 658,969</u>

Unrealized losses are largely due to increases in market interest rates over the yields available at the time the underlying securities were purchased. Based on evaluation of available evidence, including recent changes in interest rates, credit rating information and information obtained from regulatory filings, management believes the declines in fair values for these securities are temporary.

Management informally evaluates securities for other-than-temporary impairment on a periodic basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. Should the impairment of any of these securities become other-than-temporary, the cost basis of the investment would be reduced and the resulting loss recognized in net income in the period the other-than-temporary impairment is identified.

Mortgage-backed securities are backed by pools of mortgages that are insured or guaranteed by the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA) or the Government National Mortgage Association (GNMA).

At December 31, 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 stockholders' equity.

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**NOTE 3 - SECURITIES - CONTINUED**

Expected maturities may differ from contractual maturities because borrowers and/or issuers may have the right to call or prepay obligations with or without call or prepayment penalties. The amortized cost and estimated fair values of securities at December 31, 2022 by contractual maturity are as follows.

	Available-for-Sale Securities		Held-to-Maturity Securities	
	Amortized Cost	Approximate Fair Value	Amortized Cost	Approximate Fair Value
Due within one year	\$ 5,320,715	\$ 5,305,653	\$ -	\$ -
Due after one year through five years	12,472,778	12,131,117	-	-
Due after five years through ten years	45,009,448	42,306,216	1,258,494	1,196,268
Due in ten years or more	284,120,193	254,694,904	66,201,105	63,234,973
	<u>\$ 346,923,134</u>	<u>\$ 314,437,890</u>	<u>\$ 67,459,599</u>	<u>\$ 64,431,241</u>

Investment securities carried at approximately \$226,305,798 and \$193,557,539 at December 31, 2022 and 2021, respectively, were pledged to secure public deposits or for other purposes required or permitted by law.

**NOTE 4 - LOANS AND ALLOWANCE FOR LOAN LOSSES**

The loan portfolio at December 31, 2022 and 2021 is summarized as follows:

	2022	2021
Agriculture	\$ 17,129,977	\$ 16,405,961
Commercial	9,011,419	9,321,272
Construction, Development, Land	3,649,016	3,307,597
Commercial real estate	17,913,606	17,368,631
Residential	96,970,183	87,284,549
Consumer	25,087,996	23,609,565
Lease Financing Receivables	1,759,012	3,073,210
Overdrafts	53,727	348,495
Total loans	<u>171,574,936</u>	<u>160,719,280</u>
Less:		
Unearned fees	-	-
Allowance for loan losses	<u>1,867,622</u>	<u>2,076,099</u>
Loans, net	<u>\$ 169,707,314</u>	<u>\$ 158,643,181</u>

Loans totaling \$144,152,000 and \$131,669,000 as of December 31, 2022 and 2021, respectively, were pledged as collateral.

The Company has entered into transactions with certain directors, executive officers, employees, significant stockholders and their affiliates. Such transactions were made in the ordinary course of business on substantially the same terms and conditions, including interest rates and collateral, as those prevailing at the same time for comparable transactions with other customers, and did not, in the opinion of management, involve more than normal credit risk or present other unfavorable features. Loans to such employees and related parties at December 31, 2022 and 2021, were approximately \$150,000 and \$166,000, respectively.

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**NOTE 4 - LOANS AND ALLOWANCE FOR LOAN LOSSES  
CREDIT QUALITY**

The Company closely monitors economic conditions and loan performance trends to manage and evaluate the exposure to credit risk. Key factors tracked by the Company and utilized in evaluating the credit quality of the loan portfolio include trends in delinquency ratios, the level of nonperforming assets, borrower's repayment capacity, and collateral coverage.

Assets are graded "pass" when the relationship exhibits virtually no or acceptable credit risk and indicates repayment ability, tolerable collateral coverage and reasonable performance history. Lending relationships exhibiting potentially significant credit risk and marginal repayment ability and/or asset protection are graded "watch" or "special mention." Assets 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 must have a well-defined weakness that jeopardizes the liquidation of the debt.

Substandard graded loans are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected. Assets are graded "doubtful" and are considered impaired when it is probable that all amounts due from a loan will not be collected according to the terms of the loan. The Company typically measures impairment based on the present value of expected future cash flows discounted at the loan's effective interest rate or based on the loan's observable market price or the fair value of the collateral if the loan is collateral-dependent.

High unemployment, the decline in home prices and other weak economic conditions resulting from the recent recession adversely affected the ability of consumers and businesses to meet their debt obligations and resulted in deterioration across all loan portfolios. As economic conditions improved, credit performance across the loan categories improved and stabilized. The following table summarizes the credit exposure in the loan portfolio as of December 31, 2022.

	Agriculture	Commerical	Construction, Development, Land	Commercial Real Estate	Residential	Consumer	Lease Financing Receivables	Total
Grade:								
Pass	\$ 15,824,296	\$ 7,617,653	\$ 3,521,704	\$ 17,689,340	\$ 92,986,376	\$ 23,810,025	\$ 1,151,611	\$162,601,005
Special Mention	789,855	119,676	71,282	-	75,554	129,572	607,401	1,793,340
Substandard	515,826	1,274,090	56,030	224,266	3,908,253	1,202,126	-	7,180,591
Doubtful	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-
Total	<u>\$ 17,129,977</u>	<u>\$ 9,011,419</u>	<u>\$ 3,649,016</u>	<u>\$ 17,913,606</u>	<u>\$ 96,970,183</u>	<u>\$ 25,141,723</u>	<u>\$ 1,759,012</u>	<u>\$171,574,936</u>

The following table summarizes the credit exposure in the loan portfolio as of December 31, 2021.

	Agriculture	Commerical	Construction, Development, Land	Commercial Real Estate	Residential	Consumer	Lease Financing Receivables	Total
Grade:								
Pass	\$ 14,782,394	\$ 7,691,174	\$ 3,108,736	\$ 16,838,035	\$ 83,055,085	\$ 22,884,463	\$ 2,298,763	\$150,658,650
Special Mention	806,019	160,697	81,470	372,622	607,377	88,091	774,447	2,890,723
Substandard	817,548	1,469,401	117,391	157,974	3,622,087	985,506	-	7,169,907
Doubtful	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-
Total	<u>\$ 16,405,961</u>	<u>\$ 9,321,272</u>	<u>\$ 3,307,597</u>	<u>\$ 17,368,631</u>	<u>\$ 87,284,549</u>	<u>\$ 23,958,060</u>	<u>\$ 3,073,210</u>	<u>\$160,719,280</u>

**CARTHAGE STATE BANCSHARES, INC.  
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**NOTE 4 - LOANS AND ALLOWANCE FOR LOAN LOSSES - CONTINUED  
CREDIT QUALITY - CONTINUED**

The following tables summarize the payment status of loans in the Company's total loan portfolio, including an aging of delinquent loans, and loans 90 days or more past due continuing to accrue interest as of December 31, 2022 and 2021, respectively.

<u>December 31, 2022:</u>	30 - 59 Days Past Due	60 - 89 Days Past Due	Greater than 90 Days	Total Past Due	Current	Total Loans	Recorded Investment > 90 Days and Accruing
Agriculture	\$ -	\$ -	\$ 39,011	\$ 39,011	\$ 17,090,966	\$ 17,129,977	\$ 39,011
Commercial	136,576	-	-	136,576	8,874,843	9,011,419	-
Construction, Development, Land	-	-	-	-	3,649,016	3,649,016	-
Commercial real estate	-	-	-	-	17,913,606	17,913,606	-
Residential	1,092,091	38,754	-	1,130,845	95,839,338	96,970,183	-
Consumer	199,817	141,024	-	340,841	24,800,882	25,141,723	-
Lease Financing Receivables	-	-	407,253	407,253	1,351,759	1,759,012	-
Total	<u>\$ 1,428,484</u>	<u>\$ 179,778</u>	<u>\$ 446,264</u>	<u>\$ 2,054,526</u>	<u>\$ 169,520,410</u>	<u>\$ 171,574,936</u>	<u>\$ 39,011</u>

<u>December 31, 2021:</u>	30 - 59 Days Past Due	60 - 89 Days Past Due	Greater than 90 Days	Total Past Due	Current	Total Loans	Recorded Investment > 90 Days and Accruing
Agriculture	\$ 49,987	\$ 140,294	\$ -	\$ 190,281	\$ 16,215,680	\$ 16,405,961	\$ -
Commercial	23,474	23,862	-	47,336	9,273,936	9,321,272	-
Construction, Development, Land	-	57,798	-	57,798	3,249,799	3,307,597	-
Commercial real estate	118,039	-	-	118,039	17,250,592	17,368,631	-
Residential	1,483,297	412,227	-	1,895,524	85,389,025	87,284,549	-
Consumer	414,005	82,644	-	496,649	23,461,411	23,958,060	-
Lease Financing Receivables	7,477	8,467	648,244	664,188	2,409,022	3,073,210	-
Total	<u>\$ 2,096,279</u>	<u>\$ 725,292</u>	<u>\$ 648,244</u>	<u>\$ 3,469,815</u>	<u>\$ 157,249,465</u>	<u>\$ 160,719,280</u>	<u>\$ -</u>

The following table presents information regarding nonperforming assets (loans on non-accrual status) as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Agriculture	\$ 146,962	\$ 402,851
Commercial	730,359	524,032
Construction, Development, Land	56,030	-
Commercial real estate	-	157,974
Residential	642,692	831,996
Consumer	304,158	410,668
Lease Financing Receivables	-	-
Total	<u>\$ 1,880,201</u>	<u>\$ 2,327,521</u>

If interest on non-accrual loans had been accrued, such income would have been \$167,649 in 2022 and \$265,638 in 2021. There were no commitments to lend additional funds to borrowers whose loans were classified as impaired.



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**NOTE 4 - LOANS AND ALLOWANCE FOR LOAN LOSSES - CONTINUED  
IMPAIRED LOANS AND TROUBLED DEBT RESTRUCTURINGS**

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due from the borrower in accordance with original contractual terms of the loan. Loans with insignificant delays or insignificant short falls in the amount of payments expected to be collected are not considered to be impaired. Loans defined as individually impaired, based on applicable accounting guidance, include larger balance nonperforming loans and troubled debt restructuring.

A troubled debt restructuring (“TDR”) is a restructuring in which a bank, for economic or legal reasons related to a borrower's financial difficulties, grants a concession to the borrower that it would not otherwise consider. The following table presents information regarding the Company’s TDRs as of December 31, 2022. The Company had no new TDRs in 2022 or 2021.

The following table presents information about the Company’s impaired loans at December 31, 2022.

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
<u>With no related allowance recorded:</u>					
Agriculture	\$ 85,000	\$ 85,010	\$ -	\$ 85,010	\$ 2,968
Commercial	47,814	57,396		57,396	15
Consumer	13,033	13,345	-	13,345	920
	<u>145,847</u>	<u>155,751</u>	<u>-</u>	<u>155,751</u>	<u>3,903</u>
<u>With allowance recorded:</u>					
Commercial	454,819	454,489	211,812	454,819	7,054
Consumer	50,222	51,115	5,497	51,115	568
	<u>505,041</u>	<u>505,604</u>	<u>217,309</u>	<u>505,934</u>	<u>7,622</u>
<u>Total:</u>					
Agriculture	\$ 85,000	\$ 85,010	\$ -	\$ 85,010	\$ 2,968
Commercial	502,633	511,885	211,812	512,215	7,069
Consumer	63,255	64,460	5,497	64,460	1,488
	<u>\$ 650,888</u>	<u>\$ 661,355</u>	<u>\$ 217,309</u>	<u>\$ 661,685</u>	<u>\$ 11,525</u>

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**NOTE 4 - LOANS AND ALLOWANCE FOR LOAN LOSSES - CONTINUED  
IMPAIRED LOANS AND TROUBLED DEBT RESTRUCTURINGS - CONTINUED**

The following table presents information about the Company's impaired loans at December 31, 2021.

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
<u>With no related allowance recorded:</u>					
Commercial	\$ 30,000	\$ 39,582	\$ -	\$ 39,582	\$ -
Consumer	18,955	19,320	-	19,320	-
	<u>48,955</u>	<u>58,902</u>	<u>-</u>	<u>58,902</u>	<u>-</u>
<u>With allowance recorded:</u>					
Commercial	100,612	107,847	10,612	107,847	-
	<u>100,612</u>	<u>107,847</u>	<u>10,612</u>	<u>107,847</u>	<u>-</u>
<u>Total:</u>					
Commercial	\$ 130,612	\$ 147,429	\$ 10,612	\$ 147,429	\$ -
Consumer	18,955	19,320	-	19,320	-
	<u>\$ 149,567</u>	<u>\$ 166,749</u>	<u>\$ 10,612</u>	<u>\$ 166,749</u>	<u>\$ -</u>

As part of the CARES Act, Section 4013, "Temporary Relief from Troubled Debt Restructuring," provided banks with the option to temporarily suspend certain requirements under U. S. GAAP (Generally Accepted Accounting Principles) related to TDRs. The Bank worked with borrowers impacted by COVID-19 and provided modifications that included interest only deferral or principal and interest deferral. Modifications granted were determined based on the borrowers' individual financial circumstances. Under Section 4013, certain loan modifications, when made in response to COVID-19 related difficulties, under qualifying circumstances, are not required to be reported as TDRs. Loans for which the borrower was allowed to temporarily defer payment are considered to be deferred in accordance with Section 4013 of the CARES Act and are not included in the TDR information presented above and in accompanying notes. As of December 31, 2021, these loans are back to performing in accordance with the agreed upon terms.

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**NOTE 4 - LOANS AND ALLOWANCE FOR LOAN LOSSES - CONTINUED  
ALLOWANCE FOR LOAN LOSSES**

An allowance is maintained for loan and lease losses that represent management's best estimate of probable loan and lease credit losses inherent in the Company's loan portfolio as of December 31, 2022. In determining the allowance for loan and lease losses, loans in the portfolio were disaggregated with similar credit risk characteristics into portfolio segments. See Note 1 "Summary of Significant Accounting Policies" for additional information. The allowance for loan and lease losses is increased through a provision for loan and lease losses charged to earnings and reduced by net charge-offs. Charge-offs of uncollectible amounts are deducted from the allowance and subsequent recoveries are added back.

The table below summarizes changes in the allowance for loan and lease losses, by portfolio segment, as of December 31, 2022.

	Agriculture	Commercial	Construction, Development, Land	Commercial Real Estate	Residential	Consumer	Lease Financing Receivables	Total
<b>Allowance for loan losses:</b>								
Beginning Balance	\$ 131,364	\$ 237,060	\$ 15,195	\$ 122,397	\$ 672,648	\$ 205,822	\$ 691,613	\$ 2,076,099
Charge-offs	(135,602)	(23,370)	-	-	(29,761)	(162,701)	(34,093)	(385,527)
Recoveries	58,321	-	-	-	3,888	77,358	-	139,567
Provisions	132,733	255,676	4,997	(21,283)	(26,552)	64,665	(372,753)	37,483
Ending Balance	\$ 186,816	\$ 469,366	\$ 20,192	\$ 101,114	\$ 620,223	\$ 185,144	\$ 284,767	\$ 1,867,622
Ending Balance: individually evaluated for impairment	\$ -	\$ 211,812	\$ -	\$ -	\$ -	\$ 5,497	\$ -	\$ 217,309
Ending Balance: collectively evaluated for impairment	\$ 186,816	\$ 257,554	\$ 20,192	\$ 101,114	\$ 620,223	\$ 179,647	\$ 284,767	\$ 1,650,313
Ending Balance: loans acquired with deteriorated credit quality	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Loans:</b>								
Ending Balance	\$ 17,129,977	\$ 9,011,419	\$ 3,649,016	\$ 17,913,606	\$ 96,970,183	\$ 25,141,723	\$ 1,759,012	\$ 171,574,936
Ending Balance: individually evaluated for impairment	\$ -	\$ 454,819	\$ -	\$ -	\$ -	\$ 50,222	\$ -	\$ 505,041
Ending Balance: collectively evaluated for impairment	\$ 17,129,977	\$ 8,556,600	\$ 3,649,016	\$ 17,913,606	\$ 96,970,183	\$ 25,091,501	\$ 1,759,012	\$ 171,069,895
Ending Balance: loans acquired with deteriorated credit quality	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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**NOTE 4 - LOANS AND ALLOWANCE FOR LOAN LOSSES - CONTINUED  
ALLOWANCE FOR LOAN LOSSES - CONTINUED**

The table below summarizes changes in the allowance for loan and lease losses, by portfolio segment, as of December 31, 2022.

	Agriculture	Commercial	Construction, Development, Land	Commercial Real Estate	Residential	Consumer	Lease Financing Receivables	Total
<b>Allowance for loan losses:</b>								
Beginning Balance	\$ 139,703	\$ 381,383	\$ 15,954	\$ 100,712	\$ 669,526	\$ 314,443	\$ 359,518	\$ 1,981,239
Charge-offs	(84,912)	(69,910)	-	-	-	(83,055)	(63,439)	(301,316)
Recoveries	17,691	5,158	-	-	-	73,308	-	96,157
Provisions	58,882	(79,571)	(759)	21,685	3,122	(98,874)	395,534	300,019
Ending Balance	\$ 131,364	\$ 237,060	\$ 15,195	\$ 122,397	\$ 672,648	\$ 205,822	\$ 691,613	\$ 2,076,099
Ending Balance: individually evaluated for impairment	\$ -	\$ 10,612	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,612
Ending Balance: collectively evaluated for impairment	\$ 131,364	\$ 226,448	\$ 15,195	\$ 122,397	\$ 672,648	\$ 205,822	\$ 691,613	\$ 2,065,487
Ending Balance: loans acquired with deteriorated credit quality	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Loans:</b>								
Ending Balance	\$ 16,405,961	\$ 9,321,272	\$ 3,307,597	\$ 17,368,631	\$ 87,284,549	\$ 23,958,060	\$ 3,073,210	\$ 160,719,280
Ending Balance: individually evaluated for impairment	\$ -	\$ 100,612	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,612
Ending Balance: collectively evaluated for impairment	\$ 16,405,961	\$ 9,220,660	\$ 3,307,597	\$ 17,368,631	\$ 87,284,549	\$ 23,958,060	\$ 3,073,210	\$ 160,618,668
Ending Balance: loans acquired with deteriorated credit quality	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

There have been no changes to the Company's accounting policies or methodology from the prior period that affected the current provision for credit losses.

**NOTE 5 - PREMISES AND EQUIPMENT**

Premises and equipment at December 31, 2022 and 2021 are summarized as follows:

	2022	2021
Land	\$ 739,606	\$ 903,311
Buildings and improvements	4,988,654	5,012,223
Construction in progress	3,983	53,350
Furniture, fixtures and equipment	2,529,233	2,421,081
Automobiles	61,739	48,129
	<u>8,323,215</u>	<u>8,438,094</u>
Less: accumulated depreciation	<u>4,766,229</u>	<u>4,524,241</u>
	<u>\$ 3,556,986</u>	<u>\$ 3,913,853</u>

Depreciation expense charged to income was \$248,320 and \$302,313 for the years ended December 31, 2022 and 2021, respectively. Amortization expense charged to income was \$41,170 and \$48,009 for the years ended December 31, 2022 and 2021, respectively.

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**NOTE 6 - DEPOSITS**

Deposit account balances at December 31, 2022 and 2021 are summarized as follows:

	<u>2022</u>	<u>2021</u>
Demand	\$ 99,861,039	\$ 89,178,549
NOW and money market investments	163,736,394	159,022,053
Savings	65,267,342	61,214,425
Certificates of deposit	214,194,523	192,462,732
Individual retirement accounts and other time deposits	12,516,195	13,038,952
	<u>\$ 555,575,493</u>	<u>\$ 514,916,711</u>

Certificates of deposit and other time deposits issued in denominations that meet or exceed the FDIC insurance limit of \$250,000 or more totaled \$133,883,000 and \$110,572,000 at December 31, 2022 and 2021, respectively.

At December 31, 2022, the scheduled maturities of time deposits were as follows:

2023	\$ 182,146,906
2024	38,679,992
2025	2,970,198
2026	1,926,968
2027	986,654
Thereafter	-
	<u>\$ 226,710,718</u>

Demand deposits and savings accounts of executive officers, directors, employees and significant stockholders were \$3,173,553 and \$3,371,444 at December 31, 2022 and 2021, respectively. Certificates of deposit of executive officers, directors, employees and significant stockholders were \$2,726,829 and \$2,391,148 at December 31, 2022 and 2021, respectively.

**NOTE 7 - FEDERAL HOME LOAN BANK ADVANCES**

Federal Home Loan Bank advances as of December 31, 2022 and 2021 are summarized in the following table.

	<u>2022</u>	<u>2021</u>
Balance at end of period	\$ -	\$ 6,000,000
Average amount outstanding during the period	\$ 4,313,836	\$ 5,537,863
Maximum amount outstanding during the period	\$ 18,200,000	\$ 10,000,000
Weighted average interest rate during the period	2.10%	1.88%
Interest rates at end of period	0%	0.13%

As a member of the FHLB system, excluding current borrowings, the Company has the ability to borrow up to a maximum total of \$87,904,509 subject to the level of qualified, pledgable loans and FHLB stock owned. The advances are collateralized by a blanket pledge of the Bank's single-family loans, multi-family loans, commercial loans, small business loans and FHLB stock owned by the Bank.

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**NOTE 8 - COMMITMENTS AND CONTINGENCIES**

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 and to reduce its own exposure to fluctuations in interest rates. These financial instruments include commitments to extend credit and standby letters of credit. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the balance sheet. The contract amounts of those instruments reflect the extent of involvement the Company has in particular classes of financial instruments.

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.

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 are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation of the counterparty. Collateral held varies, but largely consists of real estate, inventory, equipment and deposits.

Standby letters of credit are conditional commitments issued by the Banks to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. Collateral held for the standby letters of credit primarily consists of deposits and real estate; however, some letters are unsecured. Virtually all of the Company's loans, commitments, and letters-of-credit have been granted to customers in the Company's market area.

At December 31, 2022 and 2021, the Company had the following financial instruments whose approximate contract amounts represent credit risk:

	2022	2021
Commitments to extend credit	\$ 10,269,000	\$ 5,761,000
Standby letters of credit	528,000	75,000
	\$ 10,797,000	\$ 5,836,000

The Company maintains balances at certain financial institutions in excess of the FDIC insured limit. The financial strength and solvency of these institutions are routinely monitored.

The Company is also subject to claims and lawsuits which arise primarily in the ordinary course of business. Based on information presently available and advice received from legal counsel representing the Company in connection with such claims and lawsuits, it is the opinion of management that the disposition or ultimate determination of such claims and lawsuits will not have a material adverse effect on the financial position of the Company.

The Company maintains a line of credit with the FHLB. The amount available under the FHLB line is determined by a borrowing base calculation which considers securities and loans held by the Company. Advances under the line bear interest at a variable interest rate. Advances are secured by all deposit accounts held by the Company at the FHLB, certain mortgage loans, certain investment securities, all FHLB stock held by the Company and other collateral. See also Note 7.

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**NOTE 8 - COMMITMENTS AND CONTINGENCIES - CONTINUED**

The Bank maintains additional federal funds lines of credit with two unaffiliated financial institutions totaling \$30,000,000. At December 31, 2022, the Bank had approximately \$29,302,000 available in these federal funds lines-of-credit. The lines have variable interest rates based on the lending banks' daily federal funds rate and are unsecured. In addition, the Bank had \$-0- available through the Federal Reserve Bank Discount Window. When funded, this line of credit is secured by municipal bonds.

**NOTE 9 - EMPLOYEE BENEFITS**

**EMPLOYEE BENEFIT PLANS**

The Company has a defined contribution plan covering substantially all employees. The profit-sharing plan provides for employee deferrals, subject to certain limitations imposed by the Internal Revenue Code, with Company safe-harbor matching contributions at the rate of 100 percent up to 4 percent of each participant's base salary. The Company may also make discretionary contributions to the plan upon the approval of the Board of Directors. The Company's total contributions to the plan were \$ 291,695 in 2022 and \$277,941 in 2021.

The Company also has a money purchase plan in place that covers substantially all employees. Each participant must make mandatory employee contributions to the plan equal to 3 percent of their compensation in order to receive an allocation of the non-elective contribution and forfeitures for an allocation period. The Company will make a non-elective contribution in the amount of 8 percent of the participant's plan compensation. Employees are 100 percent fully vested in both the non-elective contribution and mandatory employee contribution amounts. The Company's total contributions to the plan were \$281,301 in 2022 and \$228,452 in 2021.

**BANK-OWNED LIFE INSURANCE**

In an effort to increase earnings and thereby offset increased compensation and benefit expenses associated with the Bank's defined contribution plan, medical insurance benefits and other similar expenses, the Bank has invested in Bank Owned Life Insurance ("BOLI"). As part of the BOLI investment, the Bank has purchased insurance contracts on the lives of certain key officers. The Bank is the owner and beneficiary of the life insurance contracts. The cash value of the life insurance was \$18,344,671 and \$17,885,184 at December 31, 2022 and 2021, respectively. The increase in the cash value of the life insurance included in other operating income in the accompanying consolidated statements of income, totaled \$459,487 and \$440,328 for 2022 and 2021, respectively.

**SALARY CONTINUATION PLANS**

The Company has two Salary Continuation Plans in place for key employees of the Company. The Company had total liabilities related to these plans of \$2,553,712 and \$2,337,792 and recorded expense of \$400,850 and \$386,294 as of December 31, 2022 and 2021, respectively.

**NOTE 10 - LEASES**

Long-term leases of office equipment have been assessed by the Company as being immaterial are not recorded on the consolidated balance sheets. This accounting policy produces operating results that do not differ materially from the guidance of ASC 842, *Leases*.

**NOTE 11 - REGULATORY MATTERS**

Banks and bank holding companies are subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and, additionally for banks, prompt corrective action regulations, involve quantitative measures of assets, liabilities, and certain off-balance-sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators. Failure to meet capital requirements can initiate regulatory action. Management believes as of December 31, 2022, the Bank meets all capital adequacy requirements to which they are subject.

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**NOTE 11 - REGULATORY MATTERS - CONTINUED**

Prompt corrective action regulations 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 year-end 2022 and 2021, the most recent regulatory notifications categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the institution's category.

In 2019, the federal banking agencies jointly issued a final rule that provides for an optional, simplified measure of capital adequacy, the community bank leverage ratio framework (CBLR framework), for qualifying community banking organizations, consistent with Section 201 of the Economic Growth, Regulatory Relief, and Consumer Protection Act. The final rule became effective on January 1, 2020 and was elected by the Bank as of December 31, 2020. In April 2020, the federal banking agencies issued an interim final rule that makes temporary changes to the CBLR framework, pursuant to section 4012 of the CARES Act, and a second interim final rule that provides a graduated increase in the community bank leverage ratio requirement after the expiration of the temporary changes implemented pursuant to section 4012 of the CARES Act.

The community bank leverage ratio removes the requirement for qualifying banking organizations to calculate and report risk-based capital but rather only requires a Tier 1 to average assets (leverage) ratio. Qualifying banking organizations that elect to use the community bank leverage ratio framework and that maintain a leverage ratio of greater than required minimums will be considered to have satisfied the generally applicable risk based and leverage capital requirements in the agencies' capital rules (generally applicable rule) and, if applicable, will be considered to have met the well capitalized ratio requirements for purposes of section 38 of the Federal Deposit Insurance Act. Under the interim final rules the community bank leverage ratio minimum requirement is 8.5% for calendar year 2021 and 9% for calendar year 2022 and beyond. The interim rule allows for a two-quarter grace period to correct a ratio that falls below the required amount, provided that the bank maintains a leverage ratio of 7.5% for calendar year 2021 and 8% for calendar year 2022 and beyond.

Under the final rule, an eligible banking organization can opt out of the CBLR framework and revert back to the risk-weighting framework without restriction. As of December 31, 2022 and 2021, the Bank was a qualifying community banking organization as defined by the federal banking agencies and elected to measure capital adequacy under the CBLR framework.

The following table outlines the regulatory components of the Banks' capital and capital ratios under the rules applicable at December 31, 2022 and 2021:

	<u>Actual</u>		<u>To Be Well Capitalized Under Prompt Corrective Action Provisions</u>	
	<u>Amount</u>	<u>Ratio</u>	<u>Amount</u>	<u>Ratio</u>
<b>December 31, 2022:</b>				
Leverage capital to average assets:	\$ 80,877,000	13.66%	\$ 58,733,045	9.00%
<b>December 31, 2021:</b>				
Leverage capital to average assets:	\$ 79,899,000	13.39%	\$ 49,691,760	8.50%



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**NOTE 12 - CONCENTRATION OF CREDIT RISK**

The Company grants agribusiness, commercial, consumer residential and other loans to customers located primarily in East Texas. Although the Company has a diversified loan portfolio, its debtors' ability to honor their contracts is primarily dependent upon the economies of Panola County.

All loans granted by the Company adhere to the Company's lending policies and procedures, and generally, all loan customers are depositors of the Company. The concentrations of credit by type of loan are set forth in Note 4. The amount of collateral obtained, if deemed necessary, is based on management's credit evaluation of the borrower. Collateral varies, but may include residential and commercial real estate, accounts receivable, inventory, and vehicles and equipment. All loans include exposure to some credit loss in the event of nonperformance of the customer. Management feels, however, that the reserve for loan losses is adequate to absorb any future losses in the loan portfolio.

Investment securities set forth in Note 3 are subject to credit risk due to the financial condition of the debtor and market conditions; however, most of the securities are acquired under the Company's investment policy which requires specific ratings for municipal bonds. Securities selected as available-for-sale are reported at fair market value. The mortgage-backed securities held by the Company consist solely of Government agency securities which are either directly or indirectly backed by the full faith and credit of the United States government.

**NOTE 13 - OTHER INCOME AND OTHER EXPENSE**

Other income consisted of the following for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Earnings on bank owned life insurance	\$ 459,486	\$ 440,328
Other operating income	89,620	85,007
	<u>\$ 549,106</u>	<u>\$ 525,335</u>

Other expenses consisted of the following for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Electronic Banking Services expense	\$ 146,236	\$ 139,299
IT Managed Services	253,923	238,048
Professional Fees	133,266	105,337
Core Processing Fees	344,015	308,253
Debit Card Network / Settlement Fees	361,177	363,718
ATM Network / Settlement Fees	146,662	113,105
Director Fees	325,600	319,000
FDIC Assessment	156,633	91,112
Other operating expenses	954,153	898,411
	<u>\$ 2,821,665</u>	<u>\$ 2,576,283</u>

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**NOTE 14 - FEDERAL INCOME TAXES**

The consolidated provision for federal income taxes consists of the following:

	<u>2022</u>	<u>2021</u>
Current tax expense	\$ 1,276,687	\$ 1,140,141
Deferred tax benefit	<u>(25,348)</u>	<u>(86,476)</u>
Total	<u>\$ 1,251,339</u>	<u>\$ 1,053,665</u>

The provision for federal income taxes differs from that computed by applying federal statutory rates to income before federal income tax expense, as indicated in the following analysis:

	<u>2022</u>	<u>2021</u>
Federal statutory income tax at 21%	\$ 1,733,449	\$ 1,556,919
Tax exempt interest income, net of disallowance	(347,474)	(397,889)
Earnings on cash surrender value of life insurance	(96,492)	(92,475)
Non deductible expenses	1,675	1,478
Other	<u>(39,819)</u>	<u>(14,368)</u>
Total	<u>\$ 1,251,339</u>	<u>\$ 1,053,665</u>

Federal income taxes receivable (payable) in the accompanying consolidated balance sheets were as follows:

	<u>2022</u>	<u>2021</u>
Current receivable (payable)	\$ 23,763	\$ (78,441)
Deferred receivable (payable)	<u>7,509,163</u>	<u>(28,693)</u>
Net Federal income taxes receivable (payable)	<u>\$ 7,532,926</u>	<u>\$ (107,134)</u>

The components of the deferred tax assets (liabilities) at December 31, 2022 and 2021, in the accompanying consolidated balance sheets consisted of the following:

	<u>2022</u>	<u>2021</u>
Deferred tax assets:		
Allowance for loan losses	\$ 392,200	\$ 435,981
Salary continuation plan	470,759	425,416
Unrealized loss on securities available-for-sale	<u>6,821,902</u>	<u>-</u>
Total deferred tax assets	<u>\$ 7,684,861</u>	<u>\$ 861,397</u>
Deferred tax liabilities:		
Unrealized gain on securities available-for-sale	\$ -	\$ 701,316
Premises and equipment	162,031	171,956
Other	<u>13,667</u>	<u>16,818</u>
Total deferred tax liabilities	<u>175,698</u>	<u>890,090</u>
Net deferred tax asset	<u>\$ 7,509,163</u>	<u>\$ (28,693)</u>

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**NOTE 15 - FAIR VALUE MEASUREMENTS**

ASC 820, "*Fair Value Measurements and Disclosures*," defines fair value, establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America and expands disclosures about fair value measurements. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1 Quoted prices in active markets for identical assets or liabilities
- Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practical to estimate fair value. There have been no changes in the methodologies used at December 31, 2022 and 2021.

Securities: Fair values for securities are based on quoted market prices or dealer quotes (Level 1). If a quoted market price is not available, fair value is estimated using quoted market prices for similar instruments (Level 2). The carrying values of restricted equity securities are approximately fair value.

Impaired loans: Valued on a loan-by-loan basis based on the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's observable market price or the fair value of the collateral if the loan is collateral dependent. When the Bank determines that foreclosure is probable, the Bank measures the loan at the fair value of the collateral. Real estate collateral fair value is based on recent appraisals performed by third-party appraisers. Non-real estate collateral fair value is based on recent appraisals, net book values per borrower financial statements, or aging reports, adjusted based on management's knowledge of the borrower and market conditions. Appraisals of collateral are performed by certified third-party appraisers and reviewed and approved by management. Adjustment for fair value that is below the recorded investment balance for each loan is recorded as specific allocations within the allowance for loan losses (Level 3).

Other real estate and repossessed assets: Other real estate owned and repossessed collateral are measured at fair value on a nonrecurring basis, but are subject to fair value adjustments in certain circumstances. These assets are valued at the date of repossession based on appraisals of the underlying property performed by third-party appraisers and are included in the tables below as of the periods indicated for which a nonrecurring change in fair value has been recorded during the reporting period (Level 3).

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**NOTE 15 - FAIR VALUE MEASUREMENTS - CONTINUED**

The following table summarizes quantitative disclosures about the fair value measurements for each category of financial assets carried at fair value as of December 31, 2022 and 2021. The Company had no financial liabilities carried at fair value at December 31, 2022 and 2021.

Fair value measurements for each category of financial assets carried at fair value at December 31, 2022 were:

Description:	December 31, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Corporate bonds	\$ 2,994,300	\$ -	\$ 2,994,300	\$ -
Municipal securities	68,323,644	-	68,323,644	-
Mortgage-backed securities	172,190,479	-	172,190,479	-
Collateralized mortgage obligations	60,912,999	-	60,912,999	-
Asset backed securities	9,516,468	-	9,516,468	-
Total assets at fair value on a recurring basis	313,937,890	-	313,937,890	-
Impaired loans:				
Agriculture	85,010	-	-	85,010
Commercial	512,215	-	-	512,215
Consumer	64,460	-	-	64,460
Total assets at fair value on a nonrecurring basis	4,102,584	-	-	4,102,584
Total	<u>\$318,040,474</u>	<u>\$ -</u>	<u>\$ 313,937,890</u>	<u>\$ 4,102,584</u>

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**NOTE 15 - FAIR VALUE MEASUREMENTS - CONTINUED**

Fair value measurements for each category of financial assets carried at fair value at December 31, 2021 were:

Description:	December 31, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Corporate bonds	\$ 3,103,500	\$ -	\$ 3,103,500	\$ -
Municipal securities	116,852,051	-	116,852,051	-
Mortgage-backed securities	226,641,257	-	226,641,257	-
Collateralized mortgage obligations	46,734,304	-	46,734,304	-
Asset backed securities	14,333,514	-	14,333,514	-
Total assets at fair value on a recurring basis	407,664,626	-	407,664,626	-
Impaired loans:				
Commercial	147,429	-	-	147,429
Consumer	19,320	-	-	19,320
Total assets at fair value on a nonrecurring basis	3,772,106	-	-	3,772,106
Total	<u>\$411,436,732</u>	<u>\$ -</u>	<u>\$ 407,664,626</u>	<u>\$ 3,772,106</u>

**NOTE 16 - SUBSEQUENT EVENTS**

The Company has evaluated subsequent events through April 28, 2023, the date on which the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

**CARTHAGE STATE BANCSHARES, INC. AND SUBSIDIARY**  
**CONSOLIDATING BALANCE SHEETS**  
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	Carthage State Bancshares, Inc.	First State Bank & Trust Company	Consolidating Eliminations	Consolidated
<b>ASSETS</b>				
Cash and due from banks	\$ 99,415	\$ 4,916,982	\$ (99,415)	\$ 4,916,982
Interest bearing deposits with other banks	-	8,022,535	-	8,022,535
Investment securities:				-
Available-for-sale	-	314,437,890	-	314,437,890
Held-to-maturity	-	67,459,599	-	67,459,599
Certificates of deposit with other financial institutions	-	5,225,000	-	5,225,000
Restricted stock, at cost	-	375,139	-	375,139
Investment in subsidiary	43,088,131	-	(43,088,131)	-
Loans, net of allowance for loan and lease losses	-	169,707,314	-	169,707,314
Premises and equipment, net	-	3,556,986	-	3,556,986
Accrued interest receivable	-	2,521,823	-	2,521,823
Federal income tax receivable	-	7,532,926	-	7,532,926
Bank owned life insurance	-	18,344,671	-	18,344,671
Other assets	-	697,964	-	697,964
Total assets	<u>\$ 43,187,546</u>	<u>\$ 602,798,829</u>	<u>\$ (43,187,546)</u>	<u>\$ 602,798,829</u>
<b>LIABILITIES</b>				
Noninterest-bearing deposits	\$ -	\$ 98,631,863	\$ (163,228)	\$ 98,468,635
Interest-bearing deposits:				
Savings, NOW and Money Market	-	230,396,140	-	230,396,140
Time deposits	-	176,712,718	-	176,712,718
Brokered deposits	-	49,998,000	-	49,998,000
Total deposits	-	555,738,721	(163,228)	555,575,493
Federal funds purchased	-	698,000	-	698,000
Salary continuation plan liabilities	-	2,553,712	-	2,553,712
Accrued interest payable and other liabilities	-	784,078	-	784,078
Total liabilities	-	559,774,511	(163,228)	559,611,283
<b>STOCKHOLDERS' EQUITY</b>				
Common stock, \$100 par value; 24,000 shares authorized and issued; 23,037 outstanding	2,400,000	2,400,000	(2,400,000)	2,400,000
Additional paid-in capital	-	11,600,000	(11,600,000)	-
Retained earnings	80,090,695	66,876,727	(66,876,727)	80,090,695
Accumulated other comprehensive (loss) income	(37,852,409)	(37,852,409)	37,852,409	(37,852,409)
Treasury stock	(1,450,740)	-	-	(1,450,740)
Total stockholders' equity	<u>43,187,546</u>	<u>43,024,318</u>	<u>(43,024,318)</u>	<u>43,187,546</u>
Total liabilities and stockholders' equity	<u>\$ 43,187,546</u>	<u>\$ 602,798,829</u>	<u>\$ (43,187,546)</u>	<u>\$ 602,798,829</u>

**CARTHAGE STATE BANCSHARES, INC. AND SUBSIDIARY**  
**CONSOLIDATING STATEMENTS OF INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Carthage State Bancshares, Inc.	First State Bank & Trust Company	Consolidating Eliminations	Consolidated
<b>INTEREST AND DIVIDEND INCOME</b>				
Interest and fees on loans	\$ -	\$ 8,839,760	\$ -	\$ 8,839,760
Interest on deposits at other banks	-	208,744	-	208,744
Securities:				-
Taxable	-	2,198,214	-	2,198,214
Tax-exempt	-	6,151,968	-	6,151,968
Interest on Federal funds sold	-	44,650	-	44,650
Dividend income on restricted stock	-	16,019	-	16,019
Total interest and dividend income	-	17,459,355	-	17,459,355
<b>INTEREST EXPENSE</b>				
Interest on deposits	-	2,870,092	-	2,870,092
Interest on Federal funds purchased	-	5,164	-	5,164
Interest on Federal Home Loan Bank advances	-	90,653	-	90,653
Other interest expense	-	-	-	-
Total interest expense	-	2,965,909	-	2,965,909
Net interest income	-	14,493,446	-	14,493,446
<b>PROVISION FOR LOAN LOSSES</b>				
Net interest income after provision for loan losses	-	37,483	-	37,483
	-	14,455,963	-	14,455,963
<b>OTHER INCOME</b>				
Service charges and fees	-	2,187,659	-	2,187,659
Net realized gain on sale of assets	-	315,058	-	315,058
Other noninterest income	-	549,106	-	549,106
Dividend income	5,310,740	-	(5,310,740)	-
Equity in earnings of subsidiary	1,801,640	-	(977,866)	823,774
Total other income	7,112,380	3,051,823	(6,288,606)	3,875,597
<b>OTHER EXPENSE</b>				
Salaries, wages, and other employee benefits	-	5,970,853	-	5,970,853
Occupancy and equipment	-	1,047,322	-	1,047,322
Realized losses on securities	-	237,201	-	237,201
Other operating expense	109,200	2,712,465	-	2,821,665
Total other expense	109,200	9,967,841	-	10,077,041
Income before federal income tax expense	7,003,180	7,539,945	(6,288,606)	8,254,519
<b>FEDERAL INCOME TAX EXPENSE</b>				
Current expense	-	1,276,687	-	1,276,687
Deferred benefit	-	(25,348)	-	(25,348)
Total federal income tax expense	-	1,251,339	-	1,251,339
<b>NET INCOME</b>	<b>\$ 7,003,180</b>	<b>\$ 6,288,606</b>	<b>\$ (6,288,606)</b>	<b>\$ 7,003,180</b>



**CARTHAGE STATE BANCSHARES, INC.**  
**CONSOLIDATING STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Carthage State Bancshares, Inc.	First State Bank & Trust Company	Consolidating Eliminations	Consolidated
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income	\$ 7,003,180	\$ 6,288,606	\$ (6,288,606)	\$ 7,003,180
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	-	289,490	-	289,490
Net amortization of premium on securities	-	1,434,740	-	1,434,740
Provision for loan losses	-	37,483	-	37,483
Loss on sale of investment securities	-	237,201	-	237,201
Gain on sale and disposal of premises and equipment	-	(315,058)	-	(315,058)
Net gain on sales and writedowns of other real estate	-	(2,691)	-	(2,691)
Equity in undistributed earnings of subsidiary	(971,640)	-	971,640	-
Earnings on bank owned life insurance, net of costs	-	(459,487)	-	(459,487)
Change in assets and liabilities:				
Increase in accrued interest receivable	-	(100,415)	-	(100,415)
Decrease (increase) in other assets	-	38,029	-	38,029
Increase (decrease) in accrued interest payable and other liabilities	-	456,086	-	456,086
Increase in federal income tax receivable	-	(116,843)	-	(116,843)
Increase in salary continuation liabilities	-	215,920	-	215,920
Net cash provided by operating activities	<u>6,031,540</u>	<u>8,003,061</u>	<u>(5,316,966)</u>	<u>8,717,635</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Change in certificates of deposit with other financial institutions	-	498,000	-	498,000
Available-for-sale securities:				
Proceeds from sales, calls and maturities	-	52,789,787	-	52,789,787
Purchase	-	(76,907,195)	-	(76,907,195)
Held-to-maturity securities:				
Proceeds from principal paydowns and maturities	-	698,695	-	698,695
Net change in restricted equity securities	-	341,800	-	341,800
Proceeds from sales of other real estate	-	54,700	-	54,700
Change in federal funds sold	-	442,000	-	442,000
Net (increase) decrease in loans	-	(11,150,625)	-	(11,150,625)
Purchase of premises and equipment	-	(86,862)	-	(86,862)
Proceeds from sale and disposal of premises and equipment	-	469,297	-	469,297
Net cash used in investing activities	<u>-</u>	<u>(32,850,403)</u>	<u>-</u>	<u>(32,850,403)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Increase in deposits	-	40,694,476	(35,694)	40,658,782
Proceeds from FHLB advances	-	-	-	-
Payments of FHLB advances	-	(6,000,000)	-	(6,000,000)
Increase in federal funds purchased	-	698,000	-	698,000
Dividends paid	(5,989,620)	(5,310,740)	5,310,740	(5,989,620)
Net cash provided by financing activities	<u>(5,989,620)</u>	<u>30,081,736</u>	<u>5,275,046</u>	<u>29,367,162</u>
Increase in cash and cash equivalents	41,920	5,234,394	(41,920)	5,234,394
Beginning of year	57,495	7,705,123	(57,495)	7,705,123
End of year	<u>\$ 99,415</u>	<u>\$ 12,939,517</u>	<u>\$ (99,415)</u>	<u>\$ 12,939,517</u>

**Federal Financial Institutions Examination Council**

**Consolidated Reports of Condition and Income for  
a Bank with Domestic Offices Only and Total Assets  
Less than \$5 Billion—FFIEC 051**

Report at the close of business March 31, 2023

(20230331)

This report is required by law: 12 U.S.C. §324 (State member banks);  
12 U.S.C. §1817 (State nonmember banks); 12 U.S.C. §161 (National  
banks); and 12 U.S.C. §1464 (Savings associations).

(RCON 9999)

This report form is to be filed by banks with domestic offices only and total assets  
less than \$5 billion, except such banks that (1) are advanced approaches institutions  
or are subject to Category III capital standards for regulatory capital purposes,  
(2) are large or highly complex institutions for deposit insurance assessment  
purposes, or (3) have elected, or have been required by their primary federal  
regulator, to file the FFIEC 041.

Unless the context indicates otherwise, the term "bank" in this  
report form refers to both banks and savings associations.

NOTE: Each bank's board of directors and senior management are  
responsible for establishing and maintaining an effective system of  
internal control, including controls over the Reports of Condition and  
Income. The Reports of Condition and Income are to be prepared in  
accordance with federal regulatory authority instructions. The Reports  
of Condition and Income must be signed by the Chief Financial  
Officer (CFO) of the reporting bank (or by the individual performing an  
equivalent function) and attested to by not less than two directors  
(trustees) for state nonmember banks and three directors for state  
member banks, national banks, and savings associations.

schedules) for this report date have been prepared in conformance  
with the instructions issued by the appropriate Federal regulatory  
authority and are true and correct to the best of my knowledge and  
belief.

We, the undersigned directors (trustees), attest to the correctness of  
the Reports of Condition and Income (including the supporting schedules)  
for this report date and declare that the Reports of Condition and  
Income have been examined by us and to the best of our knowledge  
and belief have been prepared in conformance with the instructions  
issued by the appropriate Federal regulatory authority and are true  
and correct.

I, the undersigned CFO (or equivalent) of the named bank, attest  
that the Reports of Condition and Income (including the supporting

Director (Trustee)

Director (Trustee)

Director (Trustee)

Signature of Chief Financial Officer (or Equivalent)

Date of Signature

**Submission of Reports**

Each bank must file its Reports of Condition and Income (Call Report)  
data by either:

- (a) Using computer software to prepare its Call Report and then  
submitting the report data directly to the FFIEC's Central Data  
Repository (CDR), an Internet-based system for data  
collection (<https://cdr.ffiec.gov/cdr/>), or
- (b) Completing its Call Report in paper form and arranging with  
a software vendor or another party to convert the data into  
the electronic format that can be processed by the CDR. The  
software vendor or other party then must electronically submit  
the bank's data file to the CDR.

To fulfill the signature and attestation requirement for the Reports of Condition and  
Income for this report date, attach your bank's completed signature page (or a  
photocopy or a computer-generated version of this page) to the hard-copy record  
of the data file submitted to the CDR that your bank must place in its files.

The appearance of your bank's hard-copy record of the submitted data file need  
not match exactly the appearance of the FFIEC's sample report forms, but should  
show at least the caption of each Call Report item and the reported amount.

For technical assistance with submissions to the CDR, please contact  
the CDR Help Desk by telephone at (888) CDR-3111, by fax at (703)  
774-3946, or by e-mail at [cdr.help@cdr.ffiec.gov](mailto:cdr.help@cdr.ffiec.gov).

FDIC Certificate Number

11559

(RSSD 9050)

**First State Bank & Trust Company**

Legal Title of Bank (RSSD 9017)

**CARTHAGE**

City (RSSD 9130)

**TX**

**75633**

State Abbreviation (RSSD 9200)

Zip Code (RSSD 9220)

Legal Entity Identifier (LEI)

**549300Z17PIHKTD1WE86**

(Report only if your institution already has an LEI.)(RCON 9224)

The estimated average burden associated with this information collection is 35.38 hours per respondent and is expected to vary by institution, depending on  
individual circumstances. Burden estimates include the time for reviewing instructions, gathering and maintaining data in the required form, and completing the information  
collection, but exclude the time for compiling and maintaining business records in the normal course of a respondent's activities. A Federal agency may not conduct or sponsor,  
and an organization (or a person) is not required to respond to a collection of information, unless it displays a currently valid OMB control number. Comments concerning the accuracy  
of this burden estimate and suggestions for reducing this burden should be directed to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington,  
DC 20503, and to one of the following: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551; Legislative and Regulatory  
Analysis Division, Office of the Comptroller of the Currency, Washington, DC 20219; Assistant Executive Secretary, Federal Deposit Insurance Corporation, Washington, DC 20429.

# Consolidated Reports of Condition and Income for a Bank with Domestic Offices Only and Total Assets Less than \$5 Billion

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For information or assistance, national banks, state nonmember banks, and savings associations should contact the FDIC's Data Collection and Analysis Section, 550 17th Street, NW, Washington, DC 20429, toll free on (800) 688-FDIC(3342), Monday through Friday between 8:00 a.m. and 5:00 p.m., Eastern Time. State member banks should contact their Federal Reserve District Bank.

### Contact Information for the Reports of Condition and Income

To facilitate communication between the Agencies and the bank concerning the Reports of Condition and Income, please provide contact information for (1) the Chief Financial Officer (or equivalent) of the bank signing the reports for this quarter, and (2) the person at the bank - other than the Chief Financial Officer (or equivalent) - to whom questions about the reports should be directed. If the Chief Financial Officer (or equivalent) is the primary contact for questions about the reports, please provide contact information for another person at the bank who will serve as a secondary contact for communications between the Agencies and the bank concerning the Reports of Condition and Income. Enter "none" for the contact's e-mail address or fax number if not available. Contact information for the Reports of Condition and Income is for the confidential use of the Agencies and will not be released to the public.

#### Chief Financial Officer (or Equivalent) Signing the Reports

Kevin Smith  
 Name (TEXT C490)  
 CFO  
 Title (TEXT C491)  
 KSmith@fsbcarthage.com  
 E-mail Address (TEXT C492)  
 (903) 693-6606 Ext. 264  
 Area Code/Phone Number/Extension (TEXT C493)  
 (903) 693-6241  
 Area Code/FAX Number (TEXT C494)

#### Other Person to Whom Questions about the Reports Should be Directed

Jameson Ritter  
 Name (TEXT C495)  
 Controller  
 Title (TEXT C496)  
 jbritter@fsbcarthage.com  
 E-mail Address (TEXT 4086)  
 (903) 291-2406  
 Area Code/Phone Number/Extension (TEXT 8902)  
 (903) 693-6241  
 Area code/FAX Number (TEXT 9116)

### Chief Executive Officer Contact Information

This information is being requested so the Agencies can distribute notifications about policy initiatives, deposit insurance assessments, and other matters directly to the Chief Executive Officers of reporting institutions. Notifications about other matters may include emergency notifications that may or may not also be sent to the institution's emergency contacts listed below. Please provide contact information for the Chief Executive Officer of the reporting institution. Enter "none" for the Chief Executive Officer's e-mail address or fax number if not available. Chief Executive Officer contact information is for the confidential use of the Agencies and will not be released to the public.

#### Chief Executive Officer

David Murphy  
 Name (TEXT FT42 )  
 dmurphy@fsbcarthage.com  
 E-mail Address (TEXT FT44)

(903) 693-6606 Ext. 259  
 Area Code/Phone Number/Extension (TEXT FT43)  
 (903) 693-6241  
 Area Code/FAX Number (TEXT FT45)

### Emergency Contact Information

This information is being requested so the Agencies can distribute critical, time sensitive information to emergency contacts at banks. Please provide primary contact information for a senior official of the bank who has decision-making authority. Also provide information for a secondary contact if available. Enter "none" for the contact's e-mail address or fax number if not available. Emergency contact information is for the confidential use of the Agencies and will not be released to the public.

#### Primary Contact

Kevin Smith  
 Name (TEXT C366)  
 CFO  
 Title (TEXT C367)  
 KSmith@fsbcarthage.com  
 E-mail Address (TEXT C368)  
 (903) 693-6606 Ext. 264  
 Area Code/Phone Number/Extension (TEXT C369)  
 (903) 693-6241  
 Area Code/FAX Number (TEXT C370)

#### Secondary Contact

David Murphy  
 Name (TEXT C371)  
 CEO  
 Title (TEXT C372)  
 dmurphy@fsbcarthage.com  
 E-mail Address (TEXT C373)  
 (903) 693-6606 Ext. 259  
 Area Code/Phone Number/Extension (TEXT C374)  
 (903) 693-6241  
 Area Code/FAX Number (TEXT C375)

## USA PATRIOT Act Section 314(a) Anti-Money Laundering Contact Information

This information is being requested to identify points-of-contact who are in charge of your bank's USA PATRIOT Act Section 314(a) information requests. Bank personnel listed could be contacted by law enforcement officers or the Financial Crimes Enforcement Network (FinCEN) for additional information related to specific Section 314(a) search requests or other anti-terrorist financing and anti-money laundering matters. Communications sent by FinCEN to the bank for purposes other than Section 314(a) notifications will state the intended purpose and should be directed to the appropriate bank personnel for review. Any disclosure of customer records to law enforcement officers or FinCEN must be done in compliance with applicable law, including the Right to Financial Privacy Act (12 U.S.C. 3401 et seq.).

Please provide information for a primary and secondary contact. Information for a third and fourth contact may be provided at the bank's option. Enter "none" for the contact's e-mail address if not available. This contact information is for the confidential use of the Agencies, FinCEN, and law enforcement officers and will not be released to the public.

### Primary Contact

Carolyn Murphy  
Name (TEXT C437)  
BSA Officer  
Title (TEXT C438)  
cmurphy@fsbcarthage.com  
E-mail Address (TEXT C439)  
(903) 693-6606 Ext. 260  
Area Code/Phone Number/Extension (TEXT C440)

### Secondary Contact

Ronnette Cooke  
Name (TEXT C442)  
Auditor  
Title (TEXT C443)  
RCooke@fsbcarthage.com  
E-mail Address (TEXT C444)  
(903) 693-6606 Ext. 273  
Area Code/Phone Number/Extension (TEXT C445)

### Third Contact

Name (TEXT C870)  
Title (TEXT C871)  
E-mail Address (TEXT C872)  
Area Code/Phone Number/Extension (TEXT C873)

### Fourth Contact

Name (TEXT C875)  
Title (TEXT C876)  
E-mail Address (TEXT C877)  
Area Code/Phone Number/Extension (TEXT C878)

**First State Bank & Trust Company**

Legal Title of Bank

**CARTHAGE**

City

**TX 75633**

State Zip Code

FDIC Certificate Number: 11559

Submitted to CDR on 4/17/2023 at 12:24 PM

**Consolidated Report of Income  
for the period January 1, 2023 – March 31, 2023**

**Schedule RI—Income Statement**

	Dollar Amounts in Thousands		RIAD	Amount	
1. Interest income:					
a. Interest and fee income on loans:					
(1) Loans secured by real estate:					
(a) Loans secured by 1-4 family residential properties	4435	1,173			1.a.(1)(a)
(b) All other loans secured by real estate	4436	420			1.a.(1)(b)
(2) Commercial and industrial loans	4012	149			1.a.(2)
(3) Loans to individuals for household, family, and other personal expenditures:					
(a) Credit cards	B485	0			1.a.(3)(a)
(b) Other (includes revolving credit plans other than credit cards, automobile loans, and other consumer loans)	B486	495			1.a.(3)(b)
(4) Not applicable					
(5) All other loans (1)	4058	107			1.a.(5)
(6) Total interest and fee income on loans (sum of items 1.a.(1)(a) through 1.a.(5))	4010	2,344			1.a.(6)
b. Income from lease financing receivables	4065	20			1.b.
c. Interest income on balances due from depository institutions (2)	4115	105			1.c.
d. Interest and dividend income on securities:					
(1) U.S. Treasury securities and U.S. Government agency obligations (excluding mortgage-backed securities)	B488	108			1.d.(1)
(2) Mortgage-backed securities	B489	1,954			1.d.(2)
(3) All other securities (includes securities issued by states and political subdivisions in the U.S.)	4060	546			1.d.(3)
e. Not applicable					
f. Interest income on federal funds sold and securities purchased under agreements to resell	4020	46			1.f.
g. Other interest income	4518	3			1.g.
h. Total interest income (sum of items 1.a.(6) through 1.g.)	4107	5,126			1.h.
2. Interest expense:					
a. Interest on deposits:					
(1) Transaction accounts (interest-bearing demand deposits, NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts)	4508	66			2.a.(1)
(2) Nontransaction accounts:					
(a) Savings deposits (includes MMDAs)	0093	517			2.a.(2)(a)
(b) Time deposits of \$250,000 or less	HK03	125			2.a.(2)(b)
(c) Time deposits of more than \$250,000	HK04	1,271			2.a.(2)(c)
b. Expense of federal funds purchased and securities sold under agreements to repurchase	4180	22			2.b.
c. Other interest expense	GW44	0			2.c.
d. Not applicable					
e. Total interest expense (sum of items 2.a through 2.c)	4073	2,001			2.e.
3. Net interest income (item 1.h minus 2.e)	4074	3,125			3.
4. Provision for loan and lease losses(3)	JJ33	0			4.

- (1) Includes interest and fee income on "Loans to depository institutions and acceptances of other banks," "Loans to finance agricultural production and other loans to farmers," "Obligations (other than securities and leases) of states and political subdivisions in the U.S.," and "Loans to nondepository financial institutions and other loans."
- (2) Includes interest income on time certificates of deposit not held for trading.
- (3) Institutions that have adopted ASU 2016-13 should report in item 4 the provisions for credit losses on all financial assets and off-balance-sheet credit exposures that fall within the scope of the standard.

**Schedule RI—Continued**

Dollar Amounts in Thousands	Year-to-date			
	RIAD	Amount		
5. Noninterest income:				
a. Income from fiduciary activities (1)	4070	11	5.a.	
b. Service charges on deposit accounts	4080	211	5.b.	
c. Not applicable				
d. Income from securities-related and insurance activities:				
(1) Fees and commissions from securities brokerage, investment banking, advisory, and underwriting activities	HT73	-3	5.d.(1)	
(2) Income from insurance activities(2)	HT74	21	5.d.(2)	
e. Not applicable				
f. Net servicing fees	B492	0	5.f.	
g. and h. Not applicable				
i. Net gains (losses) on sales of loans and leases	5416	0	5.i.	
j. Net gains (losses) on sales of other real estate owned	5415	0	5.j.	
k. Net gains (losses) on sales of other assets (3)	B496	-3	5.k.	
l. Other noninterest income*	B497	443	5.l.	
m. Total noninterest income (sum of items 5.a through 5.l)		4079	680	5.m.
6. a. Realized gains (losses) on held-to-maturity securities		3521	0	6.a.
b. Realized gains (losses) on available-for-sale debt securities		3196	0	6.b.
7. Noninterest expense:				
a. Salaries and employee benefits	4135	1,568	7.a.	
b. Expenses of premises and fixed assets (net of rental income) (excluding salaries and employee benefits and mortgage interest)	4217	152	7.b.	
c. (1) Goodwill impairment losses	C216	0	7.c.(1)	
(2) Amortization expense and impairment losses for other intangible assets	C232	0	7.c.(2)	
d. Other noninterest expense*	4092	790	7.d.	
e. Total noninterest expense (sum of items 7.a through 7.d)		4093	2,510	7.e.
8. a. Income (loss) before change in net unrealized holding gains (losses) on equity securities not held for trading, applicable income taxes, and discontinued operations (item 3 plus or minus items 4, 5.m, 6.a, 6.b, and 7.e)	HT69	1,295	8.a.	
b. Change in net unrealized holding gains (losses) on equity securities not held for trading (4)	HT70	0	8.b.	
c. Income (loss) before applicable income taxes and discontinued operations (sum of items 8.a and 8.b)	4301	1,295	8.c.	
9. Applicable income taxes (on item 8.c)	4302	208	9.	
10. Income (loss) before discontinued operations (item 8.c minus item 9)	4300	1,087	10.	
11. Discontinued operations, net of applicable income taxes*	FT28	0	11.	
12. Net income (loss) attributable to bank and noncontrolling (minority) interests (sum of items 10 and 11)	G104	1,087	12.	
13. LESS: Net income (loss) attributable to noncontrolling (minority) interests (if net income, report as a positive value; if net loss, report as a negative value)	G103	0	13.	
14. Net income (loss) attributable to bank (item 12 minus item 13)	4340	1,087	14.	

\* Describe on Schedule RI-E—Explanations.

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

(2) Includes underwriting income from insurance and reinsurance activities.

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

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

**Schedule RI—Continued**

Memoranda	Dollar Amounts in Thousands	Year-to-date		
		RIAD	Amount	
1. and 2. Not applicable				
3. Income on tax-exempt loans and leases to states and political subdivisions in the U.S. (included in Schedule RI, items 1.a and 1.b)		4313	2	M.3.
4. Income on tax-exempt securities issued by states and political subdivisions in the U.S. (included in Schedule RI, item 1.d.(3))		4507	362	M.4.
5. Number of full-time equivalent employees at end of current period (round to nearest whole number)			Number	
		4150	60	M.5.
Memorandum item 6 is to be completed by: (1) • banks with \$300 million or more in total assets, and • banks with less than \$300 million in total assets that have loans to finance agricultural production and other loans to farmers (Schedule RC-C, Part I, item 3) exceeding 5 percent of total loans				
6. Interest and fee income on loans to finance agricultural production and other loans to farmers (included in Schedule RI, item 1.a.(5))			Amount	
		4024	103	M.6.
7. If the reporting institution has applied push down accounting this calendar year, report the date of the institution's acquisition (see instructions)(2)		RIAD	Date	
		9106	00000000	M.7.
8. through 10. Not applicable				
11. Does the reporting bank have a Subchapter S election in effect for federal income tax purposes for the current tax year?		RIAD	YES / NO	
		A530	NO	M.11.
Memorandum item 12 is to be completed by banks that are required to complete Schedule RC-C, Part I, Memorandum items 8.b and 8.c, and is to be completed annually in the December report only.				
12. Noncash income from negative amortization on closed-end loans secured by 1-4 family residential properties (included in Schedule RI, item 1.a.(1)(a))		RIAD	Amount	
		F228	N/A	M.12.
13. Not applicable				
Memorandum item 14 is to be completed semiannually in the June and December reports only.				
14. Other-than-temporary impairment losses on held-to-maturity and available-for-sale debt securities recognized in earnings (Included in Schedule RI, items 6.a and 6.b)(3)		J321	N/A	M.14.
Memorandum item 15 is to be completed annually in the December report only by institutions with \$1 billion or more in total assets(1) that answered "Yes" to Schedule RC-E, Memorandum item 5.				
15. Components of service charges on deposit accounts (sum of Memorandum items 15.a through 15.d must equal Schedule RI, item 5.b):				
a. Consumer overdraft-related service charges levied on those transaction account and nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use		H032	N/A	M.15.a.
b. Consumer account periodic maintenance charges levied on those transaction account and nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use		H033	N/A	M.15.b.
c. Consumer customer automated teller machine (ATM) fees levied on those transaction account and nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use		H034	N/A	M.15.c.
d. All other service charges on deposit accounts		H035	N/A	M.15.d.

(1) The asset-size tests and the 5 percent of total loans test are based on the total assets and total loans reported on the June 30, 2022, Report of Condition.

(2) Report the date in YYYYMMDD format. For example, a bank acquired on March 1, 2023, would report 20230301.

(3) Memorandum item 14 is to be completed only by institutions that have not adopted ASU 2016-13.



**Schedule RI-A—Changes in Bank Equity Capital**

	Dollar Amounts in Thousands		
	RIAD	Amount	
1. Total bank equity capital most recently reported for the December 31, 2022, Reports of Condition and Income (i.e., after adjustments from amended Reports of Income)	3217	43,024	1.
2. Cumulative effect of changes in accounting principles and corrections of material accounting errors*	B507	0	2.
3. Balance end of previous calendar year as restated (sum of items 1 and 2)	B508	43,024	3.
4. Net income (loss) attributable to bank (must equal Schedule RI, item 14)	4340	1,087	4.
5. Sale, conversion, acquisition, or retirement of capital stock, net (excluding treasury stock transactions)	B509	0	5.
6. Treasury stock transactions, net	B510	0	6.
7. Changes incident to business combinations, net	4356	0	7.
8. LESS: Cash dividends declared on preferred stock	4470	0	8.
9. LESS: Cash dividends declared on common stock	4460	461	9.
10. Other comprehensive income(1)	B511	-467	10.
11. Other transactions with stockholders (including a parent holding company)* (not included in items 5, 6, 8, or 9 above)	4415	0	11.
12. Total bank equity capital end of current period (sum of items 3 through 11)(must equal Schedule RC, item 27.a)	3210	43,183	12.

\* Describe on Schedule RI-E—Explanations

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

**Schedule RI-B—Charge-offs and Recoveries on Loans and Leases and Changes in Allowances for Credit Losses**

**Part I. Charge-offs and Recoveries on Loans and Leases**

Part I includes charge-offs and recoveries through the allocated transfer risk reserve.

	(Column A) Charge-offs(1)		(Column B) Recoveries		
	Calendar year-to-date				
	RIAD	Amount	RIAD	Amount	
1. Loans secured by real estate:					
a. Construction, land development, and other land loans:					
(1) 1-4 family residential construction loans	C891	0	C892	0	1.a.(1)
(2) Other construction loans and all land development and other land loans	C893	0	C894	0	1.a.(2)
b. Secured by farmland	3584	0	3585	0	1.b.
c. Secured by 1-4 family residential properties:					
(1) Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	5411	0	5412	0	1.c.(1)
(2) Closed-end loans secured by 1-4 family residential properties:					
(a) Secured by first liens	C234	0	C217	0	1.c.(2)(a)
(b) Secured by junior liens	C235	0	C218	0	1.c.(2)(b)
d. Secured by multifamily (5 or more) residential properties	3588	0	3589	0	1.d.
e. Secured by nonfarm nonresidential properties:					
(1) Loans secured by owner-occupied nonfarm nonresidential properties	C895	0	C896	0	1.e.(1)
(2) Loans secured by other nonfarm nonresidential properties	C897	0	C898	0	1.e.(2)

(1) Include write-downs arising from transfers of loans to a held-for-sale account.

**Schedule RI-B Continued**

**Part I - Continued**

	(Column A) Charge-offs(1)		(Column B) Recoveries		
	Calendar year-to-date				
	RIAD	Amount	RIAD	Amount	
Dollar Amounts in Thousands					
2. and 3. Not applicable					
4. Commercial and industrial loans	4638	0	4608	0	4.
5. Loans to individuals for household, family, and other personal expenditures:					
a. Credit cards	B514	0	B515	0	5.a.
b. Automobile Loans	K129	0	K133	0	5.b.
c. Other (includes revolving credit plans other than credit cards and other consumer loans)	K205	0	K206	2	5.c.
6. Not applicable					
7. All other loans (2)	4644	18	4628	18	7.
8. Lease financing receivables	4266	65	4267	0	8.
9. Total (sum of items 1 through 8)	4635	83	4605	20	9.

(1) Include write-downs arising from transfers of loans to a held-for-sale account.

(2) Includes charge-offs and recoveries on "Loans to depository institutions and acceptances of other banks," "Loans to finance agricultural production and other loans to farmers," "Obligations (other than securities and leases) of states and political subdivisions in the U.S.," and "Loans to non-depository financial institutions and other loans."

**Memoranda**

	(Column A) Charge-offs(1)		(Column B) Recoveries		
	Calendar year-to-date				
	RIAD	Amount	RIAD	Amount	
Dollar Amounts in Thousands					
1. Loans to finance commercial real estate, construction, and land development activities (not secured by real estate) included in Schedule RI-B, part I, items 4 and 7, above	5409	0	5410	0	M.1.
2. Not applicable					
Memorandum item 3 is to be completed by:(2)					
• banks with \$300 million or more in total assets, and					
• banks with less than \$300 million in total assets that have loans to finance agricultural production and other loans to farmers (Schedule RC-C, Part I, item 3) exceeding 5 percent of total loans:					
3. Loans to finance agricultural production and other loans to farmers (included in Schedule RI-B, Part I, item 7, above)	4655	0	4665	0	M.3.

(1) Include write-downs arising from transfers of loans to a held-for-sale account

(2) The \$300 million asset-size test and the 5 percent of total loans test are based on the total assets and total loans reported on the June 30, 2022, Report of Condition.

**Schedule RI-B Continued**

Part II. Changes in Allowances for Credit Losses(1)

Dollar Amounts in Thousands

	(Column A) Loans and Leases Held for Investment		(Column B) Held-to-Maturity Debt Securities(2)		(Column C) Available-for-Sale Debt Securities(2)		
	RIAD	Amount	RIAD	Amount	RIAD	Amount	
1. Balance most recently reported for the December 31, 2022, Reports of Condition and Income (i.e., after adjustments from amended Reports of Income)	B522	1,868	JH88	0	JH94	0	1.
2. Recoveries (column A must equal Part I, item 9, column B, above)	4605	20	JH89	0	JH95	0	2.
3. LESS: Charge-offs (column A must equal Part I, item 9, column A, above less Schedule RI-B, Part II, item 4, column A)	C079	83	JH92	0	JH98	0	3.
4. LESS: Write-downs arising from transfers of financial assets(3)	5523	0	JJ00	0	JJ01	0	4.
5. Provisions for credit losses(4,5)	4230	0	JH90	0	JH96	0	5.
6. Adjustments* (see instructions for this schedule)	C233	0	JH91	0	JH97	0	6.
7. Balance end of current period (sum of items 1, 2, 5, and 6, less items 3 and 4)(column A must equal Schedule RC, item 4.c)	3123	1,805	JH93	0	JH99	0	7.

\* Describe on Schedule RI-E—Explanations.

- (1) Institutions that have not adopted ASU 2016-13 should report changes in the allowance for loan and lease losses in column A.
- (2) Columns B and C are to be completed only by institutions that have adopted ASU 2016-13.
- (3) Institutions that have not yet adopted ASU 2016-13, should report write-downs arising from transfers of loans to a held-for-sale account in item 4, column A.
- (4) Institutions that have not yet adopted ASU 2016-13 should report the provision for loan and lease losses in item 5, column A, and the amount reported must equal Schedule RI, item 4.
- (5) For institutions that have adopted ASU 2016-13, the sum of item 5, columns A through C, plus Schedule RI-B, Part II, Memorandum items 5 and 7, below, must equal Schedule RI, item 4.

**Memoranda**

Dollar Amounts in Thousands

	RIAD	Amount	
1. through 4. Not applicable.			
5. Provisions for credit losses on other financial assets measured at amortized cost (not included in item 5, above)(1)	JJ02	0	M.5
6. Allowance for credit losses on other financial assets measured at amortized cost (not included in item 7, above)(1)	RCON		
	JJ03	0	M.6
7. Provisions for credit losses on off-balance-sheet credit exposures(1)	RIAD		
	MG93	0	M.7

(1) Memorandum items 5, 6, and 7 are to be completed only by institutions that have adopted ASU 2016-13.

**Schedule RI-C – Disaggregated Data on the Allowance for Loan and Lease Losses**

Items 1 through 6 are to be completed semiannually in the June and December reports only by institutions with \$1 billion or more in total assets. (1)

Dollar Amounts in Thousands	(Column A) Recorded Investment(2)		(Column B) Allowance Balance(2)		
	RCON	Amount	RCON	Amount	
	<b>Loans and Leases Held for Investment:</b>				
1. Real estate loans:					
a. Construction loans	JJ04	N/A	JJ12	N/A	1.a
b. Commercial real estate loans	JJ05	N/A	JJ13	N/A	1.b
c. Residential real estate loans	JJ06	N/A	JJ14	N/A	1.c
2. Commercial loans(3)	JJ07	N/A	JJ15	N/A	2
3. Credit cards	JJ08	N/A	JJ16	N/A	3
4. Other consumer loans	JJ09	N/A	JJ17	N/A	4
5. Unallocated, if any			JJ18	N/A	5
6. Total (sum of items 1.a through 5)(4)	JJ11	N/A	JJ19	N/A	6

Items 7 through 11 are to be completed semiannually in the June and December reports only by institutions with \$1 billion or more in total assets. (1, 5)

Dollar Amounts in Thousands	Allowance Balance		
	RCON	Amount	
<b>Held-to-Maturity Securities:</b>			
7. Securities issued by states and political subdivisions in the U.S.	JJ20	N/A	7
8. Mortgage-backed securities (MBS) (including CMOs, REMICs, and stripped MBS)	JJ21	N/A	8
9. Asset-backed securities and structured financial products	JJ23	N/A	9
10. Other debt securities	JJ24	N/A	10
11. Total (sum of items 7 through 10)(6)	JJ25	N/A	11

(1) The \$1 billion asset-size test is based on the total assets reported on the June 30, 2022, Report of Condition.

(2) Institutions that have adopted ASU 2016-13 should report the amortized cost and the related allowance for credit losses by loan category in columns A and B, respectively.

(3) Include all loans and leases not reported as real estate loans, credit cards, or other consumer loans in items 1, 3, or 4 of Schedule RI-C.

(4) Item 6, column B, must equal Schedule RC, item 4.c.

(5) Only institutions that have adopted ASU 2016-13 are to complete items 7 through 11.

(6) Item 11 must equal Schedule RI-B, Part II, item 7, column B.

**Schedule RI-E—Explanations**

Schedule RI-E is to be completed each quarter on a calendar year-to-date basis, unless otherwise noted.

Detail all adjustments in Schedule RI-A and RI-B, all discontinued operations in Schedule RI, and all significant items of other noninterest income and other noninterest expense in Schedule RI. (See instructions for details.)

		Dollar Amounts in Thousands		Year-to-date		
				RIAD	Amount	
Items 1.a through 1.j and 2.a through 2.p are to be completed annually on a calendar year-to-date basis in the December report only.						
1. Other noninterest income (from Schedule RI, item 5.l) Itemize and describe amounts greater than \$100,000 that exceed 7 percent of Schedule RI, item 5.l:						
	a.	Income and fees from the printing and sale of checks		C013	N/A	1.a.
	b.	Earnings on/increase in value of cash surrender value of life insurance		C014	N/A	1.b.
	c.	Income and fees from automated teller machines (ATMs)		C016	N/A	1.c.
	d.	Rent and other income from other real estate owned		4042	N/A	1.d.
	e.	Safe deposit box rent		C015	N/A	1.e.
	f.	Bank card and credit card interchange fees		F555	N/A	1.f.
	g.	Income and fees from wire transfers not reportable as service charges on deposit accounts		T047	N/A	1.g.
TEXT						
	h.	4461 N/A		4461	N/A	1.h.
	i.	4462 N/A		4462	N/A	1.i.
	j.	4463 N/A		4463	N/A	1.j.
2. Other noninterest expense (from Schedule RI, item 7.d) Itemize and describe amounts greater than \$100,000 that exceed 7 percent of Schedule RI, item 7.d:						
	a.	Data processing expenses		C017	N/A	2.a.
	b.	Advertising and marketing expenses		0497	N/A	2.b.
	c.	Directors' fees		4136	N/A	2.c.
	d.	Printing, stationery, and supplies		C018	N/A	2.d.
	e.	Postage		8403	N/A	2.e.
	f.	Legal fees and expenses		4141	N/A	2.f.
	g.	FDIC deposit insurance assessments		4146	N/A	2.g.
	h.	Accounting and auditing expenses		F556	N/A	2.h.
	i.	Consulting and advisory expenses		F557	N/A	2.i.
	j.	Automated teller machine (ATM) and interchange expenses		F558	N/A	2.j.
	k.	Telecommunications expenses		F559	N/A	2.k.
	l.	Other real estate owned expenses		Y923	N/A	2.l.
	m.	Insurance expenses (not included in employee expenses, premises and fixed asset expenses, and other real estate owned expenses)		Y924	N/A	2.m.
TEXT						
	n.	4464 SOFTWARE MAINTENANCE		4464	N/A	2.n.
	o.	4467 MANAGED IT SERVICES		4467	N/A	2.o.
	p.	4468 N/A		4468	N/A	2.p.
3. Discontinued operations and applicable income tax effect (from Schedule RI, item 11) (itemize and describe each discontinued operation):						
TEXT						
a.(1)	FT29			FT29	0	3.a.(1)
(2)		Applicable income tax effect	FT30	0		3.a.(2)
b.(1)	FT31			FT31	0	3.b.(1)
(2)		Applicable income tax effect	FT32	0		3.b.(2)
4. Cumulative effect of changes in accounting principles and corrections of material accounting errors (from Schedule RI-A, item 2) (itemize and describe all such effects):						
	a.	Effect of adoption of current expected credit losses methodology - ASU 2016-13(1,2)		JJ26	N/A	4.a.
	b.	Not applicable				
TEXT						
	c.	B526		B526	0	4.c.
TEXT						
	d.	B527		B527	0	4.d.

(1) Only institutions that have adopted ASU 2016-13 should report an amount in item 4.a, if applicable.

(2) An institution should complete item 4.a in the quarter that it adopts ASU 2016-13 and in the quarter-end Call Reports for the remainder of that calendar year only.

**Schedule RI-E—Continued**

		Year-to-date			
					RIAD
Dollar Amounts in Thousands					
5. Other transactions with stockholders (including a parent holding company) (from Schedule RI-A, item 11) (itemize and describe all such transactions):					
TEXT					
a.	4498		4498	0	5.a.
b.	4499		4499	0	5.b.
6. Adjustments to allowances for credit losses(1) (from Schedule RI-B, Part II, item 6) (itemize and describe all adjustments):					
a. Initial allowances for credit losses recognized upon the acquisition of purchased credit-deteriorated assets on or after the effective date of ASU 2016-13(2)					
			JJ27	N/A	6.a
b. Effect of adoption of current expected credit losses methodology on allowances for credit losses (2,3)					
			JJ28	N/A	6.b
TEXT					
c.	4521		4521	0	6.c.
d.	4522		4522	0	6.d.
7. Other explanations (the space below is provided for the bank to briefly describe, at its option, any other significant items affecting the Report of Income):					
Comments?				YES / NO	
			4769	NO	7

Other explanations (please type or print clearly; 750 character limit):

TEXT ( 75 characters per line )

4769	

- (1) Institutions that have not adopted ASU 2016-13 should report adjustments to the allowance for loan and lease losses in items 6.c and 6.d, if applicable.
- (2) Only institutions that have adopted ASU 2016-13 should report amounts in items 6.a and 6.b, if applicable.
- (3) An institution should complete item 6.b in the quarter that it adopts ASU 2016-13 and in the quarter-end Call Reports for the remainder of that calendar year only.

**First State Bank & Trust Company**

Legal Title of Bank

**CARTHAGE**

City

**TX 75633**

State Zip Code

FDIC Certificate Number: 11559

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**Consolidated Report of Condition for Insured Banks  
and Savings Associations for March 31, 2023**

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

**Schedule RC—Balance Sheet**

Dollar Amounts in Thousands			RCON	Amount	
<b>Assets</b>					
1. Cash and balances due from depository institutions:					
a. Noninterest-bearing balances and currency and coin(1)			0081	7,600	1.a.
b. Interest-bearing balances(2)			0071	9,618	1.b.
2. Securities:					
a. Held-to-maturity securities (from Schedule RC-B, column A)(3)			JJ34	67,090	2.a.
b. Available-for-sale debt securities (from Schedule RC-B, column D)			1773	305,288	2.b.
c. Equity securities with readily determinable fair values not held for trading (4)			JA22	500	2.c.
3. Federal funds sold and securities purchased under agreements to resell:					
a. Federal funds sold			B987	392	3.a.
b. Securities purchased under agreements to resell(5, 6)			B989	0	3.b.
4. Loans and lease financing receivables (from Schedule RC-C):					
a. Loans and leases held for sale			5369	0	4.a.
b. Loans and leases held for investment			B528	176,496	4.b.
c. LESS: Allowance for loan and lease losses(7)			3123	1,804	4.c.
d. Loans and leases held for investment, net of allowance (item 4.b minus 4.c)			B529	174,692	4.d.
5. Trading assets			3545	0	5.
6. Premises and fixed assets (including capitalized leases)			2145	3,424	6.
7. Other real estate owned (from Schedule RC-M)			2150	75	7.
8. Investments in unconsolidated subsidiaries and associated companies			2130	0	8.
9. Direct and indirect investments in real estate ventures			3656	0	9.
10. Intangible assets (from Schedule RC-M)			2143	0	10.
11. Other assets (from Schedule RC-F)(6)			2160	29,276	11.
12. Total assets (sum of items 1 through 11)			2170	597,955	12.

(1) Includes cash items in process of collection and unposted debits.

(2) Includes time certificates of deposit not held for trading.

(3) Institutions that have adopted ASU 2016-13 should report in item 2.a amounts net of any applicable allowance for credit losses, and item 2.a should equal Schedule RC-B, item 8, column A, less Schedule RI-B, Part II, item 7, column B.

(4) Item 2.c is to be completed by all institutions - See the instructions for this item and the Glossary entry for "Securities Activities" for further detail on accounting for investments in equity securities.

(5) Includes all securities resale agreements, regardless of maturity.

(6) Institutions that have adopted ASU 2016-13 should report in items 3.b and 11 amounts net of any applicable allowance for credit losses.

(7) Institutions that have adopted ASU 2016-13 should report in item 4.c the allowance for credit losses on loans and leases.

**First State Bank & Trust Company**

Legal Title of Bank

FDIC Certificate Number: 11559

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**Schedule RC - Continued**

**Liabilities**

Dollar Amounts in Thousands			RCON	Amount	
13. Deposits:					
a. In domestic offices (sum of totals of columns A and C from Schedule RC-E)			2200	551,190	13.a.
(1) Noninterest-bearing(8)			6631	99,583	13.a.(1)
(2) Interest-bearing			6636	451,607	13.a.(2)
b. Not applicable					
14. Federal funds purchased and securities sold under agreements to repurchase:					
a. Federal funds purchased(9)			B993	0	14.a.
b. Securities sold under agreements to repurchase(10)			B995	0	14.b.
15. Trading liabilities			3548	0	15.
16. Other borrowed money (includes mortgage indebtedness) (from Schedule RC-M)			3190	0	16.
17. and 18. Not applicable					
19. Subordinated notes and debentures(11)			3200	0	19.

(8) Includes noninterest-bearing demand, time, and savings deposits.

(9) Report overnight Federal Home Loan Bank advances in Schedule RC, item 16, "Other borrowed money."

(10) Includes all securities repurchase agreements, regardless of maturity.

(11) Includes limited-life preferred stock and related surplus.



**First State Bank & Trust Company**

Legal Title of Bank  
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**Schedule RC - Continued**

Dollar Amounts in Thousands

	RCON	Amount	
Liabilities—continued			
20. Other liabilities (from Schedule RC-G)	2930	3,581	20.
21. Total liabilities (sum of items 13 through 20)	2948	554,771	21.
22. Not applicable			
<b>Equity Capital</b>			
<b>Bank Equity Capital</b>			
23. Perpetual preferred stock and related surplus	3838	0	23.
24. Common stock	3230	2,400	24.
25. Surplus (exclude all surplus related to preferred stock)	3839	11,600	25.
26. a. Retained earnings	3632	67,503	26.a.
b. Accumulated other comprehensive income(1)	B530	-38,319	26.b.
c. Other equity capital components (2)	A130	0	26.c.
27. a. Total bank equity capital (sum of items 23 through 26.c)	3210	43,184	27.a.
b. Noncontrolling (minority) interests in consolidated subsidiaries	3000	0	27.b.
28. Total equity capital (sum of items 27.a and 27.b)	G105	43,184	28.
29. Total liabilities and equity capital (sum of items 21 and 28)	3300	597,955	29.

**Memoranda**

To be reported with the March Report of Condition.

1. Indicate in the box at the right the number of the statement below that best describes the most comprehensive level of auditing work performed for the bank by independent external auditors as of any date during 2022.

RCON	Number
6724	4

M.1.

1a = An integrated audit of the reporting institution's financial statements and its internal control over financial reporting conducted in accordance with the standards of the American Institute of Certified Public Accountants (AICPA) or the Public Company Accounting Oversight Board (PCAOB) by an independent public accountant that submits a report on the institution

1b = An audit of the reporting institution's financial statements only conducted in accordance with the auditing standards of the AICPA or the PCAOB by an independent public accountant that submits a report on the institution

2a = An integrated audit of the reporting institution's parent holding company's consolidated financial statements and its internal control over financial reporting conducted in accordance with the standards of the AICPA or the PCAOB by an independent public accountant that submits a report on the consolidated holding company (but not on the institution separately)

2b = An audit of the reporting institution's parent holding company's consolidated financial statements only conducted in accordance with the auditing standards of the AICPA or the PCAOB by an independent public accountant that submits a report on the consolidated holding company (but not on the institution separately)

3 = This number is not to be used.

4 = Directors' examination of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm (may be required by state-chartering authority)

5 = Directors' examination of the bank performed by other external auditors (may be required by state-chartering authority)

6 = Review of the bank's financial statements by external auditors

7 = Compilation of the bank's financial statements by external auditors

8 = Other audit procedures (excluding tax preparation work)

9 = No external audit work

To be reported with the March Report of Condition.

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

RCON	Date
8678	1231

M.2.

(1) Includes, but is not limited to, net unrealized holding gains (losses) on available-for-sale securities, accumulated net gains (losses) on cash flow hedges, and accumulated defined benefit pension and other postretirement plan adjustments.

(2) Includes treasury stock and unearned Employee Stock Ownership Plan shares.

**Schedule RC-B—Securities**

Exclude assets held for trading.

Dollar Amounts in Thousands	Held-to-maturity				Available-for-sale				
	(Column A) Amortized Cost		(Column B) Fair Value		(Column C) Amortized Cost		(Column D) Fair Value		
	RCON	Amount	RCON	Amount	RCON	Amount	RCON	Amount	
1. U.S. Treasury securities	0211	0	0213	0	1286	0	1287	0	1.
2. U.S. Government agency and sponsored agency obligations (exclude mortgage-backed securities)(1)	HT50	0	HT51	0	HT52	13,682	HT53	12,916	2.
3. Securities issued by states and political subdivisions in the U.S.	8496	20,824	8497	20,244	8498	72,819	8499	67,358	3.
4. Mortgage-backed securities (MBS):									
a. Residential mortgage pass-through securities:									
(1) Issued or guaranteed by FNMA, FHLMC, or GNMA	HT54	43,963	HT55	41,005	HT56	183,179	HT57	161,032	4.a.(1)
(2) Other pass-through securities	G308	0	G309	0	G310	0	G311	0	4.a.(2)
b. Other residential mortgage-backed securities (include CMOs, REMICs, and stripped MBS):									
(1) Issued or guaranteed by U.S. Government agencies or sponsored agencies(2)	G312	2,303	G313	2,164	G314	58,891	G315	54,374	4.b.(1)
(2) Collateralized by MBS issued or guaranteed by U.S. Government agencies or sponsored agencies(2)	G316	0	G317	0	G318	0	G319	0	4.b.(2)
(3) All other residential MBS	G320	0	G321	0	G322	0	G323	0	4.b.(3)

(1) Includes Small Business Administration "Guaranteed Loan Pool Certificates"; U.S. Maritime Administration obligations; Export-Import Bank participation certificates; and obligations (other than mortgage-backed securities) issued by the Farm Credit System, the Federal Home Loan Bank System, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Resolution Funding Corporation, the Student Loan Marketing Association, and the Tennessee Valley Authority.

(2) U.S. Government agencies include, but are not limited to, such agencies as the Government National Mortgage Association (GNMA), the Federal Deposit Insurance Corporation (FDIC), and the National Credit Union Administration (NCUA). U.S. Government-sponsored agencies include, but are not limited to, such agencies as the Federal Home Loan Mortgage Corporation (FHLMC) and the Federal National Mortgage Association (FNMA).

**Schedule RC-B—Continued**

Dollar Amounts in Thousands	Held-to-maturity				Available-for-sale				
	(Column A) Amortized Cost		(Column B) Fair Value		(Column C) Amortized Cost		(Column D) Fair Value		
	RCON	Amount	RCON	Amount	RCON	Amount	RCON	Amount	
4. c. Commercial MBS:									
(1) Commercial mortgage pass-through securities:									
(a). Issued or guaranteed by FNMA, FHLMC or GNMA	K142	0	K143	0	K144	2,011	K145	1,676	4.c.(1)(a)
(b). Other pass-through securities	K146	0	K147	0	K148	0	K149	0	4.c.(1)(b)
4. c. (2) Other commercial MBS:									
(a). Issued or guaranteed by U.S. Government agencies or sponsored agencies(1)	K150	0	K151	0	K152	5,088	K153	4,995	4.c.(2)(a)
(b). All other commercial MBS	K154	0	K155	0	K156	0	K157	0	4.c.(2)(b)
5. Asset-backed securities and structured financial products:									
a. Asset-backed securities (ABS)	C026	0	C988	0	C989	0	C027	0	5.a.
b. Structured financial products	HT58	0	HT59	0	HT60	0	HT61	0	5.b.
6. Other debt securities:									
a. Other domestic debt securities	1737	0	1738	0	1739	3,000	1741	2,937	6.a.
b. Other Foreign debt securities	1742	0	1743	0	1744	0	1746	0	6.b.
7. Unallocated portfolio layer fair value hedge basis adjustments(2)					MG95	N/A			7.
8. Total (sum of items 1 through 7)(3)	1754	67,090	1771	63,413	1772	338,670	1773	305,288	8.

(1) U.S. Government agencies include, but are not limited to, such agencies as the Government National Mortgage Association (GNMA), the Federal Deposit Insurance Corporation (FDIC), and the National Credit Union Administration (NCUA). U.S. Government-sponsored agencies include, but are not limited to, such agencies as the Federal Home Loan Mortgage Corporation (FHLMC) and the Federal National Mortgage Association (FNMA).

(2) This item is to be completed by institutions that have adopted ASU 2022-01, as applicable.

(3) For institutions that have adopted ASU 2016-13, the total reported in column A must equal Schedule RC, item 2.a, plus Schedule RI-B, Part II, item 7, column B. For institutions that have not adopted ASU 2016-13, the total reported in column A must equal Schedule RC, item 2.a. For all institutions, the total reported in column D must equal Schedule RC, item 2.b.

**Schedule RC-B—Continued**

**Memoranda**

	Dollar Amounts in Thousands		
	RCON	Amount	
1. Pledged securities(1)	0416	233,305	M.1.
2. Maturity and repricing data for debt securities(1,2) (excluding those in nonaccrual status):			
a. Securities issued by the U.S. Treasury, U.S. Government agencies, and states and political subdivisions in the U.S.; other non-mortgage debt securities; and mortgage pass-through securities other than those backed by closed-end first lien 1-4 family residential mortgages with a remaining maturity or next repricing date of:(2,3)			
(1) Three months or less	A549	6,760	M.2.a.(1)
(2) Over three months through 12 months	A550	3,865	M.2.a.(2)
(3) Over one year through three years	A551	4,208	M.2.a.(3)
(4) Over three years through five years	A552	4,906	M.2.a.(4)
(5) Over five years through 15 years	A553	60,878	M.2.a.(5)
(6) Over 15 years	A554	25,095	M.2.a.(6)
b. Mortgage pass-through securities backed by closed-end first lien 1-4 family residential mortgages with a remaining maturity or next repricing date of:(2,4)			
(1) Three months or less	A555	731	M.2.b.(1)
(2) Over three months through 12 months	A556	4,055	M.2.b.(2)
(3) Over one year through three years	A557	716	M.2.b.(3)
(4) Over three years through five years	A558	868	M.2.b.(4)
(5) Over five years through 15 years	A559	31,190	M.2.b.(5)
(6) Over 15 years	A560	167,436	M.2.b.(6)
c. Other mortgage-backed securities (include CMOs, REMICs, and stripped MBS; exclude mortgage pass-through securities) with an expected average life of:(5)			
(1) Three years or less	A561	17,057	M.2.c.(1)
(2) Over three years	A562	44,615	M.2.c.(2)
d. Debt securities with a REMAINING MATURITY of one year or less (included in Memorandum items 2.a through 2.c above)	A248	3,865	M.2.d.
Memorandum item 3 is to be completed semiannually in the June and December reports only.			
3. Amortized cost of held-to-maturity securities sold or transferred to available-for-sale or trading securities during the calendar year-to-date (report the amortized cost at date of sale or transfer)	1778	N/A	M.3.
4. Structured notes (included in the held-to-maturity and available-for-sale accounts in Schedule RC-B, items 2, 3, 5, and 6):			
a. Amortized cost	8782	0	M.4.a.
b. Fair value	8783	0	M.4.b.

- (1) Includes held-to-maturity securities at amortized cost, available-for-sale debt securities at fair value, and equity securities with readily determinable fair values not held for trading (reported in Schedule RC, item 2.c) at fair value
- (2) Report fixed-rate debt securities by remaining maturity and floating-rate debt securities by next repricing date.
- (3) Sum of Memorandum items 2.a.(1) through 2.a.(6) plus any nonaccrual debt securities in the categories of debt securities reported in Memorandum item 2.a that are included in Schedule RC-N, item 10, column C, must equal Schedule RC-B, sum of items 1, 2, 3, 4.c.(1), 5, and 6, columns A and D, plus residential mortgage pass-through securities other than those backed by closed-end first lien 1-4 family residential mortgages included in Schedule RC-B, item 4.a, columns A and D.
- (4) Sum of Memorandum items 2.b.(1) through 2.b.(6) plus any nonaccrual mortgage pass-through securities backed by closed-end first lien 1-4 family residential mortgages included in Schedule RC-N, item 10, column C, must equal Schedule RC-B, item 4.a, sum of columns A and D, less the amount of residential mortgage pass-through securities other than those backed by closed-end first lien 1-4 family residential mortgages included in Schedule RC-B, item 4.a, columns A and D.
- (5) Sum of Memorandum items 2.c.(1) and 2.c.(2) plus any nonaccrual "Other mortgage-backed securities" included in Schedule RC-N, item 10, column C, must equal Schedule RC-B, sum of items 4.b and 4.c.(2), columns A and D.

## Schedule RC-C—Loans and Lease Financing Receivables

### Part I. Loans and Leases

Do not deduct the allowance for loan and lease losses or the allocated transfer risk reserve from amounts reported in this schedule.(1) Report

- (1) loans and leases held for sale at the lower of cost or fair value,
  - (2) loans and leases held for investment, net of unearned income, and
  - (3) loans and leases accounted for at fair value under a fair value option.
- Exclude assets held for trading and commercial paper.

Dollar Amounts in Thousands	RCON	Amount	
1. Loans secured by real estate:			
a. Construction, land development, and other land loans:			
(1) 1-4 family residential construction loans	F158	1,721	1.a.(1)
(2) Other construction loans and all land development and other land loans	F159	1,734	1.a.(2)
b. Secured by farmland (including farm residential and other improvements)	1420	12,033	1.b.
c. Secured by 1-4 family residential properties:			
(1) Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	1797	0	1.c.(1)
(2) Closed-end loans secured by 1-4 family residential properties:			
(a) Secured by first liens	5367	96,913	1.c.(2)(a)
(b) Secured by junior liens	5368	2,923	1.c.(2)(b)
d. Secured by multifamily (5 or more) residential properties	1460	981	1.d.
e. Secured by nonfarm nonresidential properties:			
(1) Loans secured by owner-occupied nonfarm nonresidential properties	F160	14,164	1.e.(1)
(2) Loans secured by other nonfarm nonresidential properties	F161	2,698	1.e.(2)
2. Loans to depository institutions and acceptances of other banks	1288	0	2.
3. Loans to finance agricultural production and other loans to farmers	1590	6,131	3.
4. Commercial and industrial loans	1766	9,122	4.
5. Not applicable			
6. Loans to individuals for household, family, and other personal expenditures (i.e., consumer loans) (includes purchased paper):			
a. Credit cards	B538	0	6.a.
b. Other revolving credit plans	B539	0	6.b.
c. Automobile Loans	K137	9,857	6.c.
d. Other consumer loans (includes single payment and installment, loans other than automobile loans, and all student loans)	K207	16,521	6.d.
7. Not applicable			
8. Obligations (other than securities and leases) of states and political subdivisions in the U.S.	2107	275	8.
9. Loans to nondepository financial institutions and other loans:			
a. Loans to nondepository financial institutions	J454	0	9.a.
b. Other loans	J464	75	9.b.
10. Lease financing receivables (net of unearned income)	2165	1,349	10.
11. LESS: Any unearned income on loans reflected in items 1-9 above	2123	0	11.
12. Total loans and leases held for investment and held for sale (sum of items 1 through 10 minus item 11) (must equal Schedule RC, sum of items 4.a and 4.b)	2122	<b>176,497</b>	12.

(1) Institutions that have adopted ASU 2016-13 should not deduct the allowance for credit losses on loans and leases or the allocated transfer risk reserve from amounts reported on this schedule.

**Schedule RC-C—Continued**

**Part I. Continued**

**Memoranda**

Dollar Amounts in Thousands	RCON	Amount	
Memorandum items 1.a.(1) through 1.f.(5) are to be completed semiannually in the June and December reports only. Memorandum item 1.g is to be completed quarterly.			
1. Loans restructured in troubled debt restructurings that are in compliance with their modified terms (included in Schedule RC-C, Part I, and not reported as past due or nonaccrual in Schedule RC-N, Memorandum item 1):			
a. Construction, land development, and other land loans:			
(1) 1 - 4 family residential construction loans	K158	N/A	M.1.a.(1)
(2) Other construction loans and all land development and other land loans	K159	N/A	M.1.a.(2)
b. Loans secured by 1-4 family residential properties	F576	N/A	M.1.b.
c. Secured by multifamily (5 or more) residential properties	K160	N/A	M.1.c.
d. Secured by nonfarm nonresidential properties:			
(1) Loans secured by owner-occupied nonfarm nonresidential properties	K161	N/A	M.1.d.(1)
(2) Loans secured by other nonfarm nonresidential properties	K162	N/A	M.1.d.(2)
e. Commercial and industrial loans	K256	N/A	M.1.e.
f. All other loans(include loans to individuals for household, family, and other personal expenditures)	K165	N/A	M.1.f.
Itemize loan categories included in Memorandum item 1.f, above that exceed 10 percent of total loans restructured in troubled debt restructurings that are in compliance with their modified terms(sum of Memorandum items 1.a through 1.f):			
(1) Loans secured by farmland	K166	N/A	M.1.f.(1)
(2) and (3) Not applicable			
(4) Loans to individuals for household, family, and other personal expenditures:			
(a) Credit cards	K098	N/A	M.1.f.(4)(a)
(b) Automobile Loans	K203	N/A	M.1.f.(4)(b)
(c) Other (includes revolving credit plans other than credit cards and other consumer loans)	K204	N/A	M.1.f.(4)(c)
Memorandum item 1.f.(5) is to be completed by:(1)			
- Banks with \$300 million or more in total assets			
- Banks with less than \$300 million in total assets that have loans to finance agricultural production and other loans to farmers (Schedule RC-C, Part I, item 3) exceeding 5 percent of total loans			
(5) Loans to finance agricultural production and other loans to farmers	K168	N/A	M.1.f.(5)
g. Total loans restructured in troubled debt restructurings that are in compliance with their modified terms (sum of Memorandum items 1.a.(1) through 1.f)	HK25	0	M.1.g.

(1) The \$300 million asset-size test and the 5 percent of total loans test are based on the total assets and total loans reported on the June 30, 2022, Report of Condition.

**Schedule RC-C—Continued**

**Part I. Continued**

**Memoranda — Continued**

Dollar Amounts in Thousands

	RCON	Amount	
2. Maturity and repricing data for loans and leases (excluding those in nonaccrual status):			
a. Closed-end loans secured by first liens on 1-4 family residential properties (reported in Schedule RC-C, Part I, item 1.c.(2)(a)) with a remaining maturity or next repricing date of:(1,2)			
(1) Three months or less	A564	3,793	M.2.a.(1)
(2) Over three months through 12 months	A565	9,829	M.2.a.(2)
(3) Over one year through three years	A566	24,575	M.2.a.(3)
(4) Over three years through five years	A567	7,762	M.2.a.(4)
(5) Over five years through 15 years	A568	50,347	M.2.a.(5)
(6) Over 15 years	A569	168	M.2.a.(6)
b. All loans and leases (reported in Schedule RC-C, Part I, items 1 through 10, above) EXCLUDING closed-end loans secured by first liens on 1-4 family residential properties (reported in Schedule RC-C, Part I, item 1.c.(2)(a), above) with a remaining maturity or next repricing date of:(1,3)			
(1) Three months or less	A570	5,614	M.2.b.(1)
(2) Over three months through 12 months	A571	11,637	M.2.b.(2)
(3) Over one year through three years	A572	22,805	M.2.b.(3)
(4) Over three years through five years	A573	25,391	M.2.b.(4)
(5) Over five years through 15 years	A574	12,841	M.2.b.(5)
(6) Over 15 years	A575	0	M.2.b.(6)
c. Loans and leases (reported in Schedule RC-C, Part I, items 1 through 10, above) with a REMAINING MATURITY of one year or less (excluding those in nonaccrual status)	A247	30,227	M.2.c.
3. Loans to finance commercial real estate, construction, and land development activities (not secured by real estate) included in Schedule RC-C, Part I, items 4 and 9(4)	2746	0	M.3.
Memorandum item 4 is to be completed semiannually in the June and December reports only.			
4. Adjustable-rate closed-end loans secured by first liens on 1-4 family residential properties (included in Schedule RC-C, Part I, item 1.c.(2)(a))	5370	N/A	M.4.
5. and 6. Not applicable			

- (1) Report fixed-rate loans and leases by remaining maturity and floating rate loans by next repricing date.
- (2) Sum of Memorandum items 2.a.(1) through 2.a.(6) plus total nonaccrual closed-end loans secured by first liens on 1-4 family residential properties included in Schedule RC-N, item 1.c.(2)(a), column C, must equal total closed-end loans secured by first liens on 1-4 family residential properties from Schedule RC-C, Part I, item 1.c.(2)(a).
- (3) Sum of Memorandum items 2.b.(1) through 2.b.(6), plus total nonaccrual loans and leases from Schedule RC-N, item 9, column C, minus nonaccrual closed-end loans secured by first liens on 1-4 family residential properties included in Schedule RC-N, item 1.c.(2)(a), column C, must equal total loans and leases from Schedule RC-C, Part I, sum of items 1 through 10, minus total closed-end loans secured by first liens on 1-4 family residential properties from Schedule RC-C, Part I, item 1.c.(2)(a).
- (4) Exclude loans secured by real estate that are included in Schedule RC-C, Part I, items 1.a through 1.e.

**Schedule RC-C—Continued**

**Part I. Continued**

**Memoranda — Continued**

Dollar Amounts in Thousands

	RCON	Amount	
Memorandum items 7.a, 7.b, and 8.a are to be completed by all banks semiannually in the June and December reports only.			
7. Purchased credit-impaired loans held for investment accounted for in accordance with FASB ASC 310-30 (former AICPA Statement of Position 03-3) (exclude loans held for sale):(1)			
a. Outstanding balance	C779	N/A	M.7.a.
b. Amount included in Schedule RC-C, Part I, items 1 through 9	C780	N/A	M.7.b.
8. Closed-end loans with negative amortization features secured by 1–4 family residential properties:			
a. Total amount of closed-end loans with negative amortization features secured by 1–4 family residential properties (included in Schedule RC-C, Part I, items 1.c.(2)(a) and (b))	F230	N/A	M.8.a.
Memorandum items 8.b and 8.c are to be completed annually in the December report only by banks that had closed-end loans with negative amortization features secured by 1–4 family residential properties (as reported in Schedule RC-C, Part I, Memorandum item 8.a.) as of the preceding December 31 report date that exceeded the lesser of \$100 million or 5 percent of total loans and leases held for investment and held for sale (as reported in Schedule RC-C, Part I, item 12).			
b. Total maximum remaining amount of negative amortization contractually permitted on closed-end loans secured by 1–4 family residential properties	F231	N/A	M.8.b.
c. Total amount of negative amortization on closed-end loans secured by 1–4 family residential properties included in the amount reported in Memorandum item 8.a above	F232	N/A	M.8.c.
9. Loans secured by 1-4 family residential properties in process of foreclosure (included in Schedule RC-C, Part I, items 1.c.(1), 1.c.(2)(a), and 1.c.(2)(b))	F577	0	M.9.
10. and 11. Not applicable			

Dollar Amounts in Thousands	(Column A) Fair Value of Acquired Loans and Leases at Acquisition Date		(Column B) Gross Contractual Amounts Receivable at Acquisition Date		(Column C) Best Estimate at Acquisition Date of Contractual Cash Flows Not Expected to be Collected		
	RCON	Amount	RCON	Amount	RCON	Amount	
Memorandum item 12 is to be completed semiannually in the June and December reports only.							
12. Loans (not subject to the requirements of FASB ASC 310-30 (former AICPA Statement of Position 03-3)) and leases held for investment that were acquired in business combinations with acquisition dates in the current calendar year(2)	GW45	N/A	GW46	N/A	GW47	N/A	M.12.

(1) Memorandum item 7 is to be completed only by institutions that have not yet adopted ASU 2016-13.

(2) Institutions that have adopted ASU 2016-13 should report only loans held for investment not considered purchased credit-deteriorated in Memorandum item 12.



**Schedule RC-C—Continued**

**Part I. Continued**

**Memoranda — Continued**

Dollar Amounts in Thousands	RCON	Amount	
Memorandum item 13 is to be completed by banks that had construction, land development, and other land loans (as reported in Schedule RC-C, Part I, item 1.a) that exceeded the sum of tier 1 capital (as reported in Schedule RC-R, Part I, item 26) plus the allowance for loan and lease losses or the allowance for credit losses on loans and leases, as applicable (as reported in Schedule RC, item 4.c) as of the preceding December 31 report date.			
13. Construction, land development, and other land loans with interest reserves:			
a. Amount of loans that provide for the use of interest reserves (included in Schedule RC-C, Part I, item 1.a)	G376	N/A	M.13.a.
b. Amount of interest capitalized from interest reserves on construction, land development, and other land loans that is included in interest and fee income on loans during the quarter (included in Schedule RI, item 1.a.(1)(b))	RIAD G377	N/A	M.13.b.
Memorandum item 14 is to be completed by all banks.	RCON		
14. Pledged loans and leases	G378	148,151	M.14.
Memorandum item 15 is to be completed for the December report only.			
15. Reverse mortgages:			
a. Reverse mortgages outstanding that are held for investment (included in Schedule RC-C, item 1.c, above):			
(1) Home Equity Conversion Mortgage (HECM) reverse mortgages	J466	N/A	M.15.a.(1)
(2) Proprietary reverse mortgages	J467	N/A	M.15.a.(2)
b. Estimated number of reverse mortgage loan referrals to other lenders during the year from whom compensation has been received for services performed in connection with the origination of the reverse mortgages:		Number	
(1) Home Equity Conversion Mortgage (HECM) reverse mortgages	J468	N/A	M.15.b.(1)
(2) Proprietary reverse mortgages	J469	N/A	M.15.b.(2)
c. Principal amount of reverse mortgage originations that have been sold during the year:		Amount	
(1) Home Equity Conversion Mortgage (HECM) reverse mortgages	J470	N/A	M.15.c.(1)
(2) Proprietary reverse mortgages	J471	N/A	M.15.c.(2)
Memorandum item 16 is to be completed by all banks in the June and December reports only.			
16. Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit that have converted to non-revolving closed-end status (included in item 1.c.(1) above)	LE75	N/A	M.16
Amounts reported in Memorandum items 17.a and 17.b will not be made available to the public on an individual institution basis.			
17. Eligible loan modifications under Section 4013, Temporary Relief from Troubled Debt Restructurings, of the 2020 Coronavirus Aid, Relief, and Economic Security Act:		Number	
a. Number of Section 4013 loans outstanding	LG24	0	M.17.a
b. Outstanding balance of Section 4013 loans	LG25	0	M.17.b

**Schedule RC-C—Continued**

**Part II. Loans to Small Businesses and Small Farms**

Schedule RC-C, Part II, Loans to Small Businesses and Small Farms, is to be completed semiannually in the June and December reports only.

Report the number and amount currently outstanding as of the report date of business loans with "original amounts" of \$1,000,000 or less and farm loans with "original amounts" of \$500,000 or less. The following guidelines should be used to determine the "original amount" of a loan:

- (1) For loans drawn down under lines of credit or loan commitments, the "original amount" of the loan is the size of the line of credit or loan commitment when the line of credit or loan commitment was most recently approved, extended, or renewed prior to the report date. However, if the amount currently outstanding as of the report date exceeds this size, the "original amount" is the amount currently outstanding on the report date.
- (2) For loan participations and syndications, the "original amount" of the loan participation or syndication is the entire amount of the credit originated by the lead lender.
- (3) For all other loans, the "original amount" is the total amount of the loan at origination or the amount currently outstanding as of the report date, whichever is larger.

**Loans to Small Businesses**

1. Indicate in the appropriate box at the right whether all or substantially all of the dollar volume of your bank's "Loans secured by nonfarm nonresidential properties" reported in Schedule RC-C, part I, items 1.e.(1) and 1.e.(2), and all or substantially all of the dollar volume of your bank's "Commercial and industrial loans" reported in Schedule RC-C, Part I, item 4, have original amounts of \$100,000 or less (If your bank has no loans outstanding in both of these two loan categories, place an "X" in the box marked "NO.")

RCON	YES / NO
6999	N/A

1.

If YES, complete items 2.a and 2.b below, skip items 3 and 4, and go to item 5.

If NO and your bank has loans outstanding in either loan category, skip items 2.a and 2.b, complete items 3 and 4 below, and go to item 5.

If NO and your bank has no loans outstanding in both loan categories, skip items 2 through 4, and go to item 5.

2. Report the total number of loans currently outstanding for each of the following Schedule RC-C, Part I, loan categories:

Number of Loans	
RCON	Number
5562	N/A
5563	N/A

a. "Loans secured by nonfarm nonresidential properties" reported in Schedule RC-C, Part I, items 1.e.(1) and 1.e.(2) (Note: Sum of items 1.e.(1) and 1.e.(2) divided by the number of loans should NOT exceed \$100,000.)

2.a.

b. "Commercial and industrial loans" reported in Schedule RC-C, Part I, item 4 (Note: Item 4 divided by the number of loans should NOT exceed \$100,000.)

2.b.

Dollar Amounts in Thousands	(Column A) Number of Loans		(Column B) Amount Currently Outstanding		
	RCON	Number	RCON	Amount	
3. Number and amount currently outstanding of "Loans secured by nonfarm nonresidential properties" reported in Schedule RC-C, Part I, items 1.e.(1) and 1.e.(2) (sum of items 3.a through 3.c must be less than or equal to Schedule RC-C, Part I, sum of items 1.e.(1) and 1.e.(2)):					
a. With original amounts of \$100,000 or less	5564	N/A	5565	N/A	3.a.
b. With original amounts of more than \$100,000 through \$250,000	5566	N/A	5567	N/A	3.b.
c. With original amounts of more than \$250,000 through \$1,000,000	5568	N/A	5569	N/A	3.c.
4. Number and amount currently outstanding of "Commercial and industrial loans" reported in Schedule RC-C, Part I, item 4 (sum of items 4.a through 4.c must be less than or equal to Schedule RC-C, Part I, item 4):					
a. With original amounts of \$100,000 or less	5570	N/A	5571	N/A	4.a.
b. With original amounts of more than \$100,000 through \$250,000	5572	N/A	5573	N/A	4.b.
c. With original amounts of more than \$250,000 through \$1,000,000	5574	N/A	5575	N/A	4.c.

**Schedule RC-C—Continued**

Part II. Continued

**Agricultural Loans to Small Farms**

5. Indicate in the appropriate box at the right whether all or substantially all of the dollar volume of your bank's "Loans secured by farmland (including farm residential and other improvements)" reported in Schedule RC-C, Part I, item 1.b, and all or substantially all of the dollar volume of your bank's "Loans to finance agricultural production and other loans to farmers" in reported in Schedule RC-C, part I, item 3, have original amounts of \$100,000 or less (If your bank has no loans outstanding in both of these two loan categories, place an "X" in the box marked "NO.")

RCON	YES / NO
6860	YES

5.

If YES, complete items 6.a and 6.b below, and do not complete items 7 and 8.

If NO and your bank has loans outstanding in either loan category, skip items 6.a and 6.b and complete items 7 and 8 below.

If NO and your bank has no loans outstanding in both loan categories, do not complete items 6 through 8.

6. Report the total number of loans currently outstanding for each of the following Schedule RC-C, Part I, loan categories:

Number of Loans	
RCON	Number
5576	125
5577	266

6.a.

6.b.

a. "Loans secured by farmland (including farm residential and other improvements)" reported in Schedule RC-C, Part I, item 1.b (Note: Item 1.b, divided by the number of loans should NOT exceed \$100,000.)

b. "Loans to finance agricultural production and other loans to farmers" in reported in Schedule RC-C, Part I, item 3 (Note: Item 3 divided by the number of loans should NOT exceed \$100,000.)

Dollar Amounts in Thousands	(Column A) Number of Loans		(Column B) Amount Currently Outstanding		
	RCON	Number	RCON	Amount	
7. Number and amount currently outstanding of "Loans secured by farmland (including farm residential and other improvements)" reported in Schedule RC-C, Part I, item 1.b (sum of items 7.a through 7.c must be less than or equal to Schedule RC-C, Part I, item 1.b):					
a. With original amounts of \$100,000 or less	5578	N/A	5579	N/A	7.a.
b. With original amounts of more than \$100,000 through \$250,000	5580	N/A	5581	N/A	7.b.
c. With original amounts of more than \$250,000 through \$500,000	5582	N/A	5583	N/A	7.c.
8. Number and amount currently outstanding of "Loans to finance agricultural production and other loans to farmers" reported in Schedule RC-C, Part I, item 3 (sum of items 8.a through 8.c must be less than or equal to Schedule RC-C, part I, item 3):					
a. With original amounts of \$100,000 or less	5584	N/A	5585	N/A	8.a.
b. With original amounts of more than \$100,000 through \$250,000	5586	N/A	5587	N/A	8.b.
c. With original amounts of more than \$250,000 through \$500,000	5588	N/A	5589	N/A	8.c.

**Schedule RC-E—Deposit Liabilities**

Dollar Amounts in Thousands	Transaction Accounts				Nontransaction Accounts		
	(Column A) Total Transaction Accounts (Including Total Demand Deposits)		(Column B) Memo: Total Demand Deposits(1) (Included in Column A)		(Column C) Total Nontransaction Accounts (Including MMDAs)		
	RCON	Amount	RCON	Amount	RCON	Amount	
Deposits of:							
1. Individuals, partnerships, and corporations	B549	24,907			B550	339,420	1.
2. U.S. Government	2202	0			2520	0	2.
3. States and political subdivisions in the U.S.	2203	9,463			2530	177,400	3.
4. Commercial banks and other depository institutions in the U.S.	B551	0			B552	0	4.
5. Banks in foreign countries	2213	0			2236	0	5.
6. Foreign governments and official institutions (including foreign central banks)	2216	0			2377	0	6.
7. Total (sum of items 1 through 6) (sum of columns A and C must equal Schedule RC, item 13.a)	2215	34,370	2210	20,464	2385	516,820	7.

**Memoranda**

Dollar Amounts in Thousands	RCON	Amount	
1. Selected components of total deposits (i.e., sum of item 7, columns A and C):			
Memorandum item 1.a is to be completed semiannually in the June and December reports only.			
a. Total Individual Retirement Accounts (IRAs) and Keogh Plan accounts	6835	N/A	M.1.a.
b. Total brokered deposits	2365	49,882	M.1.b.
c. Brokered deposits of \$250,000 or less (fully insured brokered deposits)(2)	HK05	49,882	M.1.c.
d. Maturity data for brokered deposits:			
(1) Brokered deposits of \$250,000 or less with a remaining maturity of one year or less (included in Memorandum item 1.c above)	HK06	16,666	M.1.d.(1)
(2) Not applicable			
(3) Brokered deposits of more than \$250,000 with a remaining maturity of one year or less (included in Memorandum item 1.b above)	K220	0	M.1.d.(3)
e. Preferred deposits (uninsured deposits of states and political subdivisions in the U.S. reported in item 3 above which are secured or collateralized as required under state law) (to be completed for the December report only)	5590	N/A	M.1.e.
f. Estimated amount of deposits obtained through the use of deposit listing services that are not brokered deposits	K223	0	M.1.f.
g. Total reciprocal deposits	JH83	0	M.1.g.
Memorandum items 1.h.(1) through 1.h.(4) and 1.i. are to be completed semiannually in the June and December reports only.			
h. Sweep deposits:			
(1) Fully insured, affiliate sweep deposits	MT87	N/A	M.1.h.(1)
(2) Not fully insured, affiliate sweep deposits	MT89	N/A	M.1.h.(2)
(3) Fully insured, non-affiliate sweep deposits	MT91	N/A	M.1.h.(3)
(4) Not fully insured, non-affiliate sweep deposits	MT93	N/A	M.1.h.(4)
i. Total sweep deposits that are not brokered deposits	MT95	N/A	M.1.i.

(1) Includes interest-bearing and noninterest-bearing demand deposits.

(2) The dollar amount used as the basis for reporting in Memorandum item 1.c reflects the deposit insurance limit in effect on the report date.

**Schedule RC-E—Continued**

**Memoranda — Continued**

Dollar Amounts in Thousands		RCON	Amount	
2. Components of total nontransaction accounts (sum of Memorandum items 2.a through 2.d must equal item 7, column C above):				
a. Savings deposits:				
(1) Money market deposit accounts (MMDAs)		6810	42,278	M.2.a.(1)
(2) Other savings deposits (excludes MMDAs)		0352	241,480	M.2.a.(2)
b. Total time deposits of less than \$100,000		6648	15,493	M.2.b.
c. Total time deposits of \$100,000 through \$250,000		J473	75,467	M.2.c.
d. Total time deposits of more than \$250,000		J474	142,102	M.2.d.
e. Individual Retirement Accounts (IRAs) and Keogh Plan accounts of \$100,000 or more included in Memorandum items 2.c and 2.d above		F233	6,505	M.2.e.
3. Maturity and repricing data for time deposits of \$250,000 or less:				
a. Time deposits of \$250,000 or less with a remaining maturity or next repricing date of:(1,2)				
(1) Three months or less		HK07	11,224	M.3.a.(1)
(2) Over three months through 12 months		HK08	39,614	M.3.a.(2)
(3) Over one year through three years		HK09	38,923	M.3.a.(3)
(4) Over three years		HK10	1,198	M.3.a.(4)
b. Time deposits of \$250,000 or less with a REMAINING MATURITY of one year or less (included in Memorandum items 3.a.(1) and 3.a.(2) above)(3)		HK11	50,823	M.3.b.
4. Maturity and repricing data for time deposits of more than \$250,000:				
a. Time deposits of more than \$250,000 with a remaining maturity or next repricing date of:(1,4)				
(1) Three months or less		HK12	100,169	M.4.a.(1)
(2) Over three months through 12 months		HK13	38,162	M.4.a.(2)
(3) Over one year through three years		HK14	2,942	M.4.a.(3)
(4) Over three years		HK15	829	M.4.a.(4)
b. Time deposits of more than \$250,000 with a REMAINING MATURITY of one year or less (included in Memorandum items 4.a.(1) and 4.a.(2) above)(3)		K222	138,331	M.4.b.

Memorandum item 5 is to be completed semiannually in the June and December reports only.

5. Does your institution offer one or more consumer deposit account products, i.e., transaction account or nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use?	RCON	YES / NO	
	P752	N/A	M.5.

Dollar Amounts in Thousands		RCON	Amount	
Memorandum items 6 and 7 are to be completed annually in the December report only by institutions with \$1 billion or more in total assets(5) that answered "Yes" to Memorandum 5 above.				
6. Components of total transaction account deposits of individuals, partnerships, and corporations (sum of Memorandum items 6.a and 6.b must be less than or equal to Schedule RC-E, item 1, column A):				
a. Total deposits in those noninterest-bearing transaction account deposit products intended primarily for individuals for personal, household, or family use				
		P753	N/A	M.6.a.
b. Total deposits in those interest-bearing transaction account deposit products intended primarily for individuals for personal, household, or family use				
		P754	N/A	M.6.b.

- (1) Report fixed-rate time deposits by remaining maturity and floating rate time deposits by next repricing date.
- (2) Sum of Memorandum items 3.a.(1) through 3.a.(4) must equal Schedule RC-E, sum of Memorandum items 2.b and 2.c.
- (3) Report both fixed-and floating-rate time deposits by remaining maturity. Exclude floating-rate time deposits with a next repricing date of one year or less that have a remaining maturity of over one year.
- (4) Sum of Memorandum items 4.a.(1) through 4.a.(4) must equal Schedule RC-E, Memorandum item 2.d.
- (5) The \$1 billion asset-size test is based on the total assets reported on the June 30, 2022, Report of Condition.

**Schedule RC-E—Continued**

**Memoranda — Continued**

Dollar Amounts in Thousands	RCON	Amount	
7. Components of total nontransaction account deposits of individuals, partnerships, and corporations (sum of Memorandum items 7.a.(1), 7.a.(2), 7.b.(1), and 7.b.(2) plus all time deposits of individuals, partnerships, and corporations must equal Schedule RC-E, item 1 column C):			
a. Money market deposit accounts (MMDAs) of individuals, partnerships, and corporations (sum of Memorandum items 7.a.(1) and 7.a.(2) must be less than or equal to Schedule RC-E, Memorandum item 2.a.(1) above):			
(1) Total deposits in those MMDA deposit products intended primarily for individuals for personal, household, or family use	P756	N/A	M.7.a.1
(2) Deposits in all other MMDAs of individuals, partnerships, and corporations	P757	N/A	M.7.a.2
b. Other savings deposit accounts of individuals, partnerships, and corporations (sum of Memorandum items 7.b.(1) and 7.b.(2) must be less than or equal to Schedule RC-E, Memorandum item 2.a.(2) above):			
(1) Total deposits in those other savings deposit account deposit products intended primarily for individuals for personal, household, or family use	P758	N/A	M.7.b.1
(2) Deposits in all other savings deposit accounts of individuals, partnerships, and corporations	P759	N/A	M.7.b.2

**First State Bank & Trust Company**

Legal Title of Bank

FDIC Certificate Number: 11559

Submitted to CDR on 4/17/2023 at 12:24 PM

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**Schedule RC-F—Other Assets(1)**

Dollar Amounts in Thousands				RCON	Amount	
1. Accrued interest receivable(2)				B556	1,808	1.
2. Net deferred tax assets(3)				2148	7,697	2.
3. Interest-only strips receivable (not in the form of a security)(4)				HT80	0	3.
4. Equity investments without readily determinable fair values(5)				1752	379	4.
5. Life insurance assets:						
a. General account life insurance assets				K201	18,464	5.a.
b. Separate account life insurance assets				K202	0	5.b.
c. Hybrid account life insurance assets				K270	0	5.c.
Items 6.a through 6.j are to be completed semiannually in the June and December reports only.						
6. All other assets						
(itemize and describe amounts greater than \$100,000 that exceed 25 percent of this item)				2168	928	6.
a. Prepaid expenses				2166	N/A	6.a.
b. Repossessed personal property (including vehicles)				1578	N/A	6.b.
c. Derivatives with a positive fair value held for purposes other than trading				C010	N/A	6.c.
d. FDIC loss-sharing indemnification assets				J448	N/A	6.d.
e. Computer software				FT33	N/A	6.e.
f. Accounts receivable				FT34	N/A	6.f.
g. Receivables from foreclosed government-guaranteed mortgage loans				FT35	N/A	6.g.
TEXT						
h. 3549 N/A				3549	N/A	6.h.
i. 3550 N/A				3550	N/A	6.i.
j. 3551 N/A				3551	N/A	6.j.
7. Total (sum of items 1 through 6) (must equal Schedule RC, item 11)				2160	29,276	7.

- (1) Institutions that have adopted ASU 2016-13 should report asset amounts in Schedule RC-F net of any applicable allowance for credit losses.
- (2) Include accrued interest receivable on loans, leases, debt securities, and other interest-bearing assets.  
Exclude accrued interest receivable on interest-bearing assets that is reported elsewhere on the balance sheet.
- (3) See discussion of deferred income taxes in Glossary entry on "income taxes."
- (4) Report interest-only strips receivable in the form of a security as available-for-sale securities in Schedule RC, item 2.b, or as trading assets in Schedule RC, item 5, as appropriate.
- (5) Include Federal Reserve stock, Federal Home Loan Bank stock, and bankers' bank stock.

**Schedule RC-G—Other Liabilities**

Dollar Amounts in Thousands				RCON	Amount	
1. a. Interest accrued and unpaid on deposits(1)				3645	663	1.a.
b. Other expenses accrued and unpaid (includes accrued income taxes payable)				3646	316	1.b.
2. Net deferred tax liabilities(2)				3049	0	2.
3. Allowance for credit losses on off-balance sheet credit exposures(3)				B557	0	3.
Items 4.a through 4.h are to be completed semiannually in the June and December reports only.						
4. All other liabilities						
(itemize and describe amounts greater than \$100,000 that exceed 25 percent of this item)				2938	2,602	4.
a. Accounts payable				3066	N/A	4.a.
b. Deferred compensation liabilities				C011	N/A	4.b.
c. Dividends declared but not yet payable				2932	N/A	4.c.
d. Derivatives with a negative fair value held for purposes other than trading				C012	N/A	4.d.
e. Operating lease liabilities				LB56	N/A	4.e.
TEXT						
f. 3552 N/A				3552	N/A	4.f.
g. 3553 N/A				3553	N/A	4.g.
h. 3554 N/A				3554	N/A	4.h.
5. Total (sum of items 1 through 4) (must equal Schedule RC, item 20)				2930	3,581	5.

- (1) For savings banks, include "dividends" accrued and unpaid on deposits.
- (2) See discussion of deferred income taxes in Glossary entry on "income taxes."
- (3) Institutions that have adopted ASU 2016-13 should report in item 3 the allowance for credit losses on those off-balance sheet credit exposures that fall within the scope of the standard.

**Schedule RC-K—Quarterly Averages (1)**

Dollar Amounts in Thousands		RCON	Amount	
<b>Assets</b>				
1. Interest-bearing balances due from depository institutions		3381	11,371	1.
2. U.S. Treasury securities and U.S. Government agency obligations(2) (excluding mortgage-backed securities)		B558	14,321	2.
3. Mortgage-backed securities(2)		B559	293,771	3.
4. All other debt securities(2) and equity securities with readily determinable fair values not held for trading(3)		B560	97,585	4.
5. Federal funds sold and securities purchased under agreements to resell		3365	4,073	5.
6. Loans:				
a. Total loans		3360	171,878	6.a.
b. Loans secured by real estate:				
(1) Loans secured by 1-4 family residential properties		3465	97,985	6.b.(1)
(2) All other loans secured by real estate		3466	33,220	6.b.(2)
c. Commercial and industrial loans		3387	9,011	6.c.
d. Loans to individuals for household, family, and other personal expenditures:				
(1) Credit cards		B561	0	6.d.(1)
(2) Other (includes revolving credit plans other than credit cards, automobile loans, and other consumer loans)		B562	25,633	6.d.(2)
7. Not applicable				
8. Lease financing receivables (net of unearned income)		3484	1,552	8.
9. Total assets(4)		3368	604,606	9.
<b>Liabilities</b>				
10. Interest-bearing transaction accounts (interest-bearing demand deposits, NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts)		3485	15,969	10.
11. Nontransaction accounts:				
a. Savings deposits (includes MMDAs)		B563	296,625	11.a.
b. Time deposits of \$250,000 or less		HK16	90,133	11.b.
c. Time deposits of more than \$250,000		HK17	137,637	11.c.
12. Federal funds purchased and securities sold under agreements to repurchase		3353	1,782	12.
13. To be completed by banks with \$100 million or more in total assets:(5) Other borrowed money (includes mortgage indebtedness)		3355	0	13.

**Memorandum**

Dollar Amounts in Thousands		RCON	Amount	
Memorandum item 1 is to be completed by:(5)				
<ul style="list-style-type: none"> <li>• banks with \$300 million or more in total assets, and</li> <li>• banks with less than \$300 million in total assets that have loans to finance agricultural production and other loans to farmers (Schedule RC-C, Part 1, item 3) exceeding 5 percent of total loans.</li> </ul>				
1. Loans to finance agricultural production and other loans to farmers		3386	6,224	M.1.

- (1) For all items, banks have the option of reporting either (1) an average of DAILY figures for the quarter, or (2) an average of WEEKLY figures (i.e., the Wednesday of each week of the quarter).
- (2) Quarterly averages for all debt securities should be based on amortized cost.
- (3) Quarterly averages for equity securities with readily determinable fair values should be based on fair value.
- (4) The quarterly average for total assets should reflect securities not held for trading as follows:
  - a) Debt securities at amortized cost. b) Equity securities with readily determinable fair values at fair value.
  - c) Equity investments without readily determinable fair values at their balance sheet carrying values (i.e., fair value or, if elected, cost minus impairment, if any, plus or minus changes resulting from observable price changes).
- (5) The asset-size tests and the 5 percent of total loans test are based on the total assets and total loans reported on the June 30, 2022, Report of Condition.



**Schedule RC-L—Off-Balance Sheet Items**

Please read carefully the instructions for the preparation of Schedule RC-L. Some of the amounts reported in Schedule RC-L are regarded as volume indicators and not necessarily as measures of risk.

Dollar Amounts in Thousands		RCON	Amount		
1. Unused commitments:					
a. Revolving, open-end lines secured by 1-4 family residential properties, e.g., home equity lines		3814	0	1.a.	
b. Credit card lines		3815	0	1.b.	
c. Commitments to fund commercial real estate, construction, and land development loans:					
(1) Secured by real estate:					
(a) 1-4 family residential construction loan commitments		F164	467	1.c.(1)(a)	
(b) Commercial real estate, other construction loan, and land development loan commitments		F165	4,445	1.c.(1)(b)	
(2) NOT secured by real estate		6550	0	1.c.(2)	
d. Not applicable					
e. Other unused commitments:					
(1) Commercial and industrial loans		J457	464	1.e.(1)	
(2) Loans to financial institutions		J458	0	1.e.(2)	
(3) All other unused commitments		J459	4,712	1.e.(3)	
2. Financial standby letters of credit		3819	503	2.	
3. Performance standby letters of credit		3821	0	3.	
4. Commercial and similar letters of credit		3411	0	4.	
5. Not applicable					
6. Securities lent and borrowed:					
a. Securities lent (including customers' securities lent where the customer is indemnified against loss by the reporting bank)		3433	0	6.a.	
b. Securities borrowed		3432	0	6.b.	
7. and 8. Not applicable					
Items 9.c through 9.f and 10.b through 10.e are to be completed semiannually in the June and December reports only.					
9. All other off-balance-sheet liabilities (exclude derivatives) (itemize and describe each component of this item over 25 percent of Schedule RC, item 27.a, "Total bank equity capital")					
a. and b. Not applicable		3430	0	9.	
c. Standby letters of credit issued by another party (e.g., a Federal Home Loan Bank) on the bank's behalf					
	C978		N/A	9.c.	
TEXT					
d.	3555	N/A	3555	N/A	9.d.
e.	3556	N/A	3556	N/A	9.e.
f.	3557	N/A	3557	N/A	9.f.
10. All other off-balance sheet assets (exclude derivatives) (itemize and describe each component of this item over 25 percent of Schedule RC, item 27.a, "Total bank equity capital")					
a. Not applicable		5591	0	10.	
TEXT					
b.	5592	N/A	5592	N/A	10.b.
c.	5593	N/A	5593	N/A	10.c.
d.	5594	N/A	5594	N/A	10.d.
e.	5595	N/A	5595	N/A	10.e.
Items 11.a and 11.b are to be completed semiannually in the June and December reports only.					
11. Year-to-date merchant credit card sales volume:					
a. Sales for which the reporting bank is the acquiring bank		C223	N/A	11.a.	
b. Sales for which the reporting bank is the agent bank with risk		C224	N/A	11.b.	

**Schedule RC-M—Memoranda**

Dollar Amounts in Thousands		RCON	Amount	
1. Extensions of credit by the reporting bank to its executive officers, directors, principal shareholders, and their related interests as of the report date:				
a. Aggregate amount of all extensions of credit to all executive officers, directors, principal shareholders, and their related interests		6164	148	1.a.
b. Number of executive officers, directors, and principal shareholders to whom the amount of all extensions of credit by the reporting bank (including extensions of credit to related interests) equals or exceeds the lesser of \$500,000 or 5 percent of total capital as defined for this purpose in agency regulations		6165	0	1.b.
2. Intangible assets:				
a. Mortgage servicing assets		3164	0	2.a.
(1) Estimated fair value of mortgage servicing assets		A590	0	2.a.(1)
b. Goodwill		3163	0	2.b.
c. All other intangible assets		JF76	0	2.c.
d. Total (sum of items 2.a, 2.b, and 2.c) (must equal Schedule RC, item 10)		2143	0	2.d.
3. Other real estate owned:				
a. Construction, land development, and other land		5508	0	3.a.
b. Farmland		5509	0	3.b.
c. 1-4 family residential properties		5510	75	3.c.
d. Multifamily (5 or more) residential properties		5511	0	3.d.
e. Nonfarm nonresidential properties		5512	0	3.e.
f. Total (sum of items 3.a through 3.e) (must equal Schedule RC, item 7)		2150	75	3.f.
4. Cost of equity securities with readily determinable fair values not held for trading (the fair value of which is reported in schedule RC, item 2.c)(1)				
		JA29		4.
5. Other borrowed money:				
a. Federal Home Loan Bank advances:				
(1) Advances with a remaining maturity or next repricing date of:(2)				
(a) One year or less		F055	0	5.a.(1)(a)
(b) Over one year through three years		F056	0	5.a.(1)(b)
(c) Over three years through five years		F057	0	5.a.(1)(c)
(d) Over five years		F058	0	5.a.(1)(d)
(2) Advances with a REMAINING MATURITY of one year or less (included in item 5.a.(1)(a) above)(3)				
		2651	0	5.a.(2)
(3) Structured advances (included in items 5.a.(1)(a)-(d) above)				
		F059	0	5.a.(3)
b. Other borrowings:				
(1) Other borrowings with a remaining maturity or next repricing date of:(4)				
(a) One year or less		F060	0	5.b.(1)(a)
(b) Over one year through three years		F061	0	5.b.(1)(b)
(c) Over three years through five years		F062	0	5.b.(1)(c)
(d) Over five years		F063	0	5.b.(1)(d)
(2) Other borrowings with a REMAINING MATURITY of one year or less (included in item 5.b.(1)(a) above)(5)				
		B571	0	5.b.(2)
c. Total (sum of items 5.a.(1)(a)-(d) and items 5.b.(1)(a)-(d)) (must equal Schedule RC, item 16)		3190	0	5.c.

- (1) Item 4 is to be completed only by insured state banks that have been approved by the FDIC to hold grandfathered equity investments. See instructions for this item and the Glossary entry for "Securities Activities" for further detail on accounting for investments in equity securities.
- (2) Report fixed-rate advances by remaining maturity and floating-rate advances by next repricing date.
- (3) Report both fixed- and floating-rate advances by remaining maturity. Exclude floating-rate advances with a next repricing date of one year or less that have a remaining maturity of over one year.
- (4) Report fixed-rate other borrowings by remaining maturity and floating-rate other borrowings by next repricing date.
- (5) Report both fixed- and floating-rate other borrowings by remaining maturity. Exclude floating-rate other borrowings with a next repricing date of one year or less that have a remaining maturity of over one year.

**Schedule RC-M—Continued**

Items 6 and 7 are to be completed annually in the December report only.

	Dollar Amounts in Thousands	RCON	YES / NO	
6.	Does the reporting bank sell private label or third-party mutual funds and annuities?	B569	YES	6.
7.	Assets under the reporting bank's management in proprietary mutual funds and annuities	B570	Amount N/A	7.

Items 8.a, 8.b, and 8.c are to be completed semiannually in the June and December reports only.

8. Internet website addresses and physical office trade names:

a. Uniform Resource Locator (URL) of the reporting institution's primary Internet website (home page), if any (Example: www.examplebank.com)

TEXT 4087	http://www.fsbcarthage.com	8.a.
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b. URLs of all other public-facing Internet websites that the reporting institution uses to accept or solicit deposits from the public, if any (Example: www.examplebank.biz):(1)

(1)	TE01 N528	N/A	8.b.(1)
(2)	TE02 N528	N/A	8.b.(2)
(3)	TE03 N528	N/A	8.b.(3)
(4)	TE04 N528	N/A	8.b.(4)
(5)	TE05 N528	N/A	8.b.(5)
(6)	TE06 N528	N/A	8.b.(6)
(7)	TE07 N528	N/A	8.b.(7)
(8)	TE08 N528	N/A	8.b.(8)
(9)	TE09 N528	N/A	8.b.(9)
(10)	TE10 N528	N/A	8.b.(10)

c. Trade names other than the reporting institution's legal title used to identify one or more of the institution's physical offices at which deposits are accepted or solicited from the public, if any:

(1)	TE01 N529	N/A	8.c.(1)
(2)	TE02 N529	N/A	8.c.(2)
(3)	TE03 N529	N/A	8.c.(3)
(4)	TE04 N529	N/A	8.c.(4)
(5)	TE05 N529	N/A	8.c.(5)
(6)	TE06 N529	N/A	8.c.(6)

Items 9, 11, 12, 14.a, and 14.b are to be completed annually in the December report only.

9.	Do any of the bank's Internet websites have transactional capability, i.e., allow the bank's customers to execute transactions on their accounts through the website?	RCON 4088	YES / NO YES	9.
10.	Secured liabilities:	RCON	Amount	
a.	Amount of "Federal funds purchased" that are secured (included in Schedule RC, item 14.a)	F064	0	10.a.
b.	Amount of "Other borrowings" that are secured (included in Schedule RC-M, items 5.b.(1)(a)-(d))	F065	0	10.b.
11.	Does the bank act as trustee or custodian for Individual Retirement Accounts, Health Savings Accounts, and other similar accounts?	RCON G463	YES / NO YES	11.
12.	Does the bank provide custody, safekeeping, or other services involving the acceptance of orders for the sale or purchase of securities?	G464	YES	12.
13.	Not applicable			
14.	Captive insurance and reinsurance subsidiaries:	RCON	Amount	
a.	Total assets of captive insurance subsidiaries(2)	K193	N/A	14.a.
b.	Total assets of captive reinsurance subsidiaries(2)	K194	N/A	14.b.

(1) Report only highest level URLs (for example, report www.examplebank.biz, but do not also report www.examplebank.biz/checking). Report each top level domain name used (for example, report both www.examplebank.biz and www.examplebank.net).

(2) Report total assets before eliminating intercompany transactions between the consolidated insurance or reinsurance subsidiary and other offices or consolidated subsidiaries of the reporting bank.

**Schedule RC-M—Continued**

Dollar Amounts in Thousands	RCON	Number	
Item 15 is to be completed by institutions that are required or have elected to be treated as a Qualified Thrift Lender.			
15. Qualified Thrift Lender (QTL) test:			
a. Does the institution use the Home Owners' Loan Act (HOLA) QTL test or the Internal Revenue Service Domestic Building and Loan Association (IRS DBLA) test to determine its QTL compliance? (for the HOLA QTL test, enter 1; for the IRS DBLA test, enter 2)	L133	N/A	15.a.
b. Has the institution been in compliance with the HOLA QTL test as of each month end during the quarter or the IRS DBLA test for its most recent taxable year, as applicable?	L135	N/A	15.b.
Item 16.a and, if appropriate, items 16.b (1) through 16.b(3) are to be completed annually in the December report only.			
16. International remittance transfers offered to consumers:(1)			
a. Estimated number of international remittance transfers provided by your institution during the calendar year ending on the report date	N523	N/A	16.a
Items 16.b.(1) through 16.b.(3) are to be completed by institutions that reported 501 or more international remittance transfers in item 16.a in either or both of the current report or the most recent prior report in which item 16.a was required to be completed.			
b. Estimated dollar value of remittance transfers provided by your institution and usage of regulatory exceptions during the calendar year ending on the report date :		Amount	
(1) Estimated dollar value of international remittance transfers	N524	N/A	16.b.(1)
(2) Estimated number of international remittance transfers for which your institution applied the permanent exchange rate exception	MM07	N/A	16.b.(2)
(3) Estimated number of international remittance transfers for which your institution applied the permanent covered third-party fee exception	MQ52	N/A	16.b.(3)
17. U.S. Small Business Administration Paycheck Protection Program (PPP) loans(2) and the Federal Reserve PPP Liquidity Facility (PPPLF):			
a. Number of PPP loans outstanding	LG26	0	17.a
		Amount	
b. Outstanding balance of PPP loans	LG27	0	17.b
c. Outstanding balance of PPP loans pledged to the PPPLF	LG28	0	17.c
d.Outstanding balance of borrowings from Federal Reserve Banks under the PPPLF with a remaining maturity of:			
1. One year or less	LL59	0	17.d.(1)
2. More than one year	LL60	0	17.d.(2)
e. Quarterly average amount of PPP loans pledged to the PPPLF and excluded from "Total assets for the leverage ratio" reported in Schedule RC-R, Part I, item 30	LL57	0	17.e
18. Money Market Mutual Fund Liquidity Facility (MMLF):			
a. Outstanding balance of assets purchased under the MMLF	LL61	0	18.a
b. Quarterly average amount of assets purchased under the MMLF and excluded from "Total assets for the leverage ratio" reported in Schedule RC-R, Part I, item 30	LL58	0	18.b

(1) Report information about international electronic transfers of funds offered to consumers in the United States that:

- (a) are "remittance transfers" as defined by subpart B of Regulation E (12 CFR § 1005.30(e)), or
- (b) would qualify as "remittance transfers" under subpart B of Regulation E (12 CFR § 1005.30(e)) but are excluded from that definition only because the provider is not providing those transfers in the normal course of its business. See 12 CFR § 1005.30(f).

For purposes of this item 16, such transfers are referred to as international remittance transfers.

Exclude transfers sent by your institution as a correspondent bank for other providers. Report information only about transfers for which the reporting institution is the provider.

(2) Paycheck Protection Program (PPP) covered loans as defined in sections 7(a)(36) and 7(a)(37) of the Small Business Act (15 U.S.C. 636(a)(36) and (37)).

Legal Title of Bank

FDIC Certificate Number: 11559

Submitted to CDR on 4/17/2023 at 12:24 PM

**Schedule RC-N—Past Due and Nonaccrual Loans, Leases, and Other Assets**

Dollar Amounts in Thousands	(Column A) Past due 30 through 89 days and still accruing		(Column B) Past due 90 days or more and still accruing		(Column C) Nonaccrual		
	RCON	Amount	RCON	Amount	RCON	Amount	
	1. Loans secured by real estate:						
a. Construction, land development, and other land loans:							
(1) 1-4 family residential construction loans	F172	0	F174	0	F176	0	1.a.(1)
(2) Other construction loans and all land development and other land loans	F173	311	F175	0	F177	55	1.a.(2)
b. Secured by farmland	3493	14	3494	0	3495	0	1.b
c. Secured by 1-4 family residential properties:							
(1) Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	5398	0	5399	0	5400	0	1.c.(1)
(2) Closed-end loans secured by 1-4 family residential properties:							
(a) Secured by first liens	C236	1,387	C237	0	C229	439	1.c.(2)(a)
(b) Secured by junior liens	C238	0	C239	0	C230	123	1.c.(2)(b)
d. Secured by multifamily (5 or more) residential properties	3499	0	3500	0	3501	0	1.d.
e. Secured by nonfarm nonresidential properties:							
(1) Loans secured by owner-occupied nonfarm nonresidential properties	F178	54	F180	0	F182	0	1.e.(1)
(2) Loans secured by other nonfarm nonresidential properties	F179	10	F181	0	F183	0	1.e.(2)
2. Loans to depository institutions and acceptances of other banks	B834	0	B835	0	B836	0	2
3. Not applicable							
4. Commercial and industrial loans	1606	97	1607	0	1608	680	4.
5. Loans to individuals for household, family, and other personal expenditures:							
a. Credit cards	B575	0	B576	0	B577	0	5.a.
b. Automobile loans	K213	109	K214	0	K215	103	5.b.
c. Other (includes revolving credit plans other than credit cards and other consumer loans)	K216	192	K217	0	K218	193	5.c.
6. Not applicable							
7. All other loans(1)	5459	39	5460	0	5461	139	7.
8. Lease financing receivables	1226	0	1227	0	1228	0	8.
9. Total loans and leases (sum of items 1 through 8)	1406	2,213	1407	0	1403	1,732	9.
10. Debt securities and other assets (exclude other real estate owned and other repossessed assets)	3505	0	3506	0	3507	0	10.

(1) Includes past due and nonaccrual "Loans to finance agricultural production and other loans to farmers," "Obligations (other than securities and leases) of states and political subdivisions in the U.S.," and "Loans to nondepository financial institutions and other loans."

**Schedule RC-N—Continued**

Amounts reported by loan and lease category in Schedule RC-N, items 1 through 8, include guaranteed and unguaranteed portions of past due and nonaccrual loans and leases. Report in item 11 below certain guaranteed loans and leases that have already been included in the amounts reported in items 1 through 8.

Dollar Amounts in Thousands	(Column A) Past due 30 through 89 days and still accruing		(Column B) Past due 90 days or more and still accruing		(Column C) Nonaccrual		
	RCON	Amount	RCON	Amount	RCON	Amount	
11. Loans and leases reported in items 1 through 8 above that are wholly or partially guaranteed by the U.S. Government, excluding loans and leases covered by loss-sharing agreements with the FDIC	K036	0	K037	0	K038	0	11.
a. Guaranteed portion of loans and leases included in item 11 above, excluding rebooked "GNMA loans"	K039	0	K040	0	K041	0	11.a.
b. Rebooked "GNMA loans" that have been repurchased or are eligible for repurchase included in item 11 above	K042	0	K043	0	K044	0	11.b.

**Memoranda**

Dollar Amounts in Thousands	(Column A) Past due 30 through 89 days and still accruing		(Column B) Past due 90 days or more and still accruing		(Column C) Nonaccrual		
	RCON	Amount	RCON	Amount	RCON	Amount	
Memorandum items 1.a.(1) through 1.f.(5) are to be completed semiannually in the June and December reports only. Memorandum item 1.g is to be completed quarterly.							
1. Loans restructured in troubled debt restructurings included in Schedule RC-N, items 1 through 7, above (and not reported in Schedule RC-C, Part I, Memorandum item 1):							
a. Construction, land development, and other land loans:							
(1) 1-4 family residential construction loans	K105	N/A	K106	N/A	K107	N/A	M.1.a.(1)
(2) Other construction loans and all land development and other land loans	K108	N/A	K109	N/A	K110	N/A	M.1.a.(2)
b. Loans secured by 1-4 family residential properties	F661	N/A	F662	N/A	F663	N/A	M.1.b.
c. Secured by multifamily (5 or more) residential properties	K111	N/A	K112	N/A	K113	N/A	M.1.c.
d. Secured by nonfarm nonresidential properties:							
(1) Loans secured by owner-occupied nonfarm nonresidential properties	K114	N/A	K115	N/A	K116	N/A	M.1.d.(1)
(2) Loans secured by other nonfarm nonresidential properties	K117	N/A	K118	N/A	K119	N/A	M.1.d.(2)
e. Commercial and industrial loans	K257	N/A	K258	N/A	K259	N/A	M.1.e.

**Schedule RC-N—Continued**

**Memoranda—Continued**

	(Column A) Past due 30 through 89 days and still accruing		(Column B) Past due 90 days or more and still accruing		(Column C) Nonaccrual		
	RCON	Amount	RCON	Amount	RCON	Amount	
Dollar Amounts in Thousands							
1.f. All other loans (include loans to individuals for household, family, and other personal expenditures)	K126	N/A	K127	N/A	K128	N/A	M.1.f.
Itemize loan categories included in Memorandum item 1.f, above that exceed 10 percent of total loans restructured in troubled debt restructurings that are past due 30 days or more or in nonaccrual status (sum of Memorandum items 1.a through 1.f, columns A through C):							
(1) Loans secured by farmland	K130	N/A	K131	N/A	K132	N/A	M.1.f.(1)
(2) and (3) Not applicable							
(4) Loans to individuals for household, family, and other personal expenditures:							
(a) Credit cards	K274	N/A	K275	N/A	K276	N/A	M.1.f.(4)(a)
(b) Automobile loans	K277	N/A	K278	N/A	K279	N/A	M.1.f.(4)(b)
(c) Other (includes revolving credit plans other than credit cards and other consumer loans)	K280	N/A	K281	N/A	K282	N/A	M.1.f.(4)(c)
Memorandum item 1.f.(5) is to be completed by:(1)							
• Banks with \$300 million or more in total assets							
• Banks with less than \$300 million in total assets that have loans to finance agricultural production and other loans to farmers (Schedule RC-C, part I, item 3) exceeding 5 percent of total loans							
(5) Loans to finance agricultural production and other loans to farmers	K138	N/A	K139	N/A	K140	N/A	M.1.f.(5)
1.g. Total loans restructured in troubled debt restructurings included in Schedule RC-N, items 1 through 7, above (sum of Memorandum items 1.a.(1) through 1.f.(2))	HK26	0	HK27	0	HK28	0	M.1.g.
2. Loans to finance commercial real estate, construction, and land development activities (not secured by real estate) included in Schedule RC-N, items 4 and 7, above	6558	0	6559	0	6560	0	M.2.
3. Not applicable							

(1) The \$300 million asset-size test and the 5 percent of total loans test are based on the total assets and total loans reported on the June 30, 2022, Report of Condition.  
 (2) Exclude amounts reported in Memorandum items 1.f.(1) through 1.f.(5) when calculating the total in Memorandum item 1.g.

**Schedule RC-N—Continued**

**Memoranda—Continued**

Dollar Amounts in Thousands	(Column A) Past due 30 through 89 days and still accruing		(Column B) Past due 90 days or more and still accruing		(Column C) Nonaccrual		
	RCON	Amount	RCON	Amount	RCON	Amount	
Memorandum item 4 is to be completed by:(1) • banks with \$300 million or more in total assets • banks with less than \$300 million in total assets that have loans to finance agricultural production and other loans to farmers (Schedule RC-C, Part I, item 3) exceeding 5 percent of total loans: 4. Loans to finance agricultural production and other loans to farmers (included in Schedule RC-N, item 7, above)	1594	0	1597	0	1583	0	M.4.
Memorandum item 5 is to be completed semi- annually in the June and December reports only. 5. Loans and leases held for sale (included in Schedule RC-N, items 1 through 8, above)	C240	N/A	C241	N/A	C226	N/A	M.5.
6. Not applicable							
Memorandum items 7, 8, 9.a, and 9.b are to be completed semiannually in the June and December reports only.							
7. Additions to nonaccrual assets during the previous six months					C410	N/A	M.7.
8. Nonaccrual assets sold during the previous six months					C411	N/A	M.8.

Dollar Amounts in Thousands	(Column A) Past due 30 through 89 days and still accruing		(Column B) Past due 90 days or more and still accruing		(Column C) Nonaccrual		
	RCON	Amount	RCON	Amount	RCON	Amount	
9. Purchased credit-impaired loans accounted for in accordance with FASB ASC 310-30 (former AICPA Statement of Position 03-3):(2) a. Outstanding balance	L183	N/A	L184	N/A	L185	N/A	M.9.a.
b. Amount included in Schedule RC-N, items 1 through 7, above	L186	N/A	L187	N/A	L188	N/A	M.9.b.

(1) The \$300 million asset-size test and the 5 percent of total loans test are based on the total assets and total loans reported on the June 30, 2022, Report of Condition.

(2) Memorandum items 9.a and 9.b should be completed only by institutions that have not yet adopted ASU 2016-13.



Legal Title of Bank

FDIC Certificate Number: 11559

Submitted to CDR on 4/17/2023 at 12:24 PM

### Schedule RC-O—Other Data for Deposit Insurance Assessments

All FDIC-insured depository institutions must complete Schedule RC-O each quarter on an "unconsolidated single FDIC certificate number basis," unless otherwise indicated (see instructions).

Dollar Amounts in Thousands		RCON	Amount	
1. Total deposit liabilities before exclusions (gross) as defined in Section 3(l) of the Federal Deposit Insurance Act and FDIC regulations		F236	551,855	1.
2. Total allowable exclusions, including interest accrued and unpaid on allowable exclusions		F237	0	2.
3. Not applicable				
4. Average consolidated total assets for the calendar quarter		K652	604,606	4.
a. Averaging method used				4.a.
(for daily averaging, enter 1, for weekly averaging, enter 2)	Number K653 1			
			Amount	
5. Average tangible equity for the calendar quarter(1)		K654	81,157	5.
6. Holdings of long-term unsecured debt issued by other FDIC-insured depository institutions		K655	0	6.
7. Unsecured "Other borrowings" with a remaining maturity of (sum of items 7.a through 7.d must be less than or equal to Schedule RC-M, items 5.b.(1)(a)-(d) minus item 10.b):				
a. One year or less		G465	0	7.a.
b. Over one year through three years		G466	0	7.b.
c. Over three years through five years		G467	0	7.c.
d. Over five years		G468	0	7.d.
8. Subordinated notes and debentures with a remaining maturity of (sum of items 8.a. through 8.d. must equal Schedule RC, item 19):				
a. One year or less		G469	0	8.a.
b. Over one year through three years		G470	0	8.b.
c. Over three years through five years		G471	0	8.c.
d. Over five years		G472	0	8.d.
9. Brokered reciprocal deposits (included in Schedule RC-E, Memorandum item 1.b)		G803	0	9.
Item 9.a is to be completed on a fully consolidated basis by all institutions that own another insured depository institution.				
a. Fully consolidated brokered reciprocal deposits		L190	N/A	9.a.
10. Banker's bank certification:				
Does the reporting institution meet both the statutory definition of a banker's bank and the business conduct test set forth in FDIC regulations?		K656	NO	10.
If the answer to item 10 is "YES," complete items 10.a and 10.b.			Amount	
a. Banker's bank deduction		K657	N/A	10.a.
b. Banker's bank deduction limit		K658	N/A	10.b.
11. Custodial bank certification:				
Does the reporting institution meet the definition of a custodial bank set forth in FDIC regulations?		K659	NO	11.
If the answer to item 11 is "YES," complete items 11.a and 11.b.(2)			Amount	
a. Custodial bank deduction		K660	N/A	11.a.
b. Custodial bank deduction limit		K661	N/A	11.b.

(1) See instructions for averaging methods. For deposit insurance assessment purposes, tangible equity is defined as Tier 1 capital as set forth in the banking agencies' regulatory capital standards and reported in Schedule RC-R, Part I, item 26, except as described in the instructions.

(2) If the amount reported in item 11.b is zero, item 11.a may be left blank.

**Schedule RC-O—Continued**

**Memoranda**

Dollar Amounts in Thousands		RCON	Amount	
1. Total deposit liabilities of the bank, including related interest accrued and unpaid, less allowable exclusions, including related interest accrued and unpaid (sum of Memorandum items 1.a.(1), 1.b.(1), 1.c.(1), and 1.d.(1) must equal Schedule RC-O, item 1 less item 2):				
a. Deposit accounts (excluding retirement accounts) of \$250,000 or less:(1)				
(1) Amount of deposit accounts (excluding retirement accounts) of \$250,000 or less		F049	231,764	M.1.a.(1)
(2) Number of deposit accounts (excluding retirement accounts) of \$250,000 or less	Number F050 11,614			M.1.a.(2)
b. Deposit accounts (excluding retirement accounts) of more than \$250,000:(1)				
(1) Amount of deposit accounts (excluding retirement accounts) of more than \$250,000		F051	307,950	M.1.b.(1)
(2) Number of deposit accounts (excluding retirement accounts) of more than \$250,000	Number F052 257			M.1.b.(2)
c. Retirement deposit accounts of \$250,000 or less:(1)				
(1) Amount of retirement deposit accounts of \$250,000 or less		F045	10,275	M.1.c.(1)
(2) Number of retirement deposit accounts of \$250,000 or less	Number F046 374			M.1.c.(2)
d. Retirement deposit accounts of more than \$250,000:(1)				
(1) Amount of retirement deposit accounts of more than \$250,000		F047	1,865	M.1.d.(1)
(2) Number of retirement deposit accounts of more than \$250,000	Number F048 6			M.1.d.(2)
Memorandum item 2 is to be completed by banks with \$1 billion or more in total assets.(2)				
2. Estimated amount of uninsured deposits including related interest accrued and unpaid (see instructions)(3)		5597	N/A	M.2
3. Has the reporting institution been consolidated with a parent bank or savings association in that parent bank's or parent savings association's Call Report? If so, report the legal title and FDIC Certificate Number of the parent bank or parent savings association:				
TEXT		RCON	FDIC Cert No.	
A545		A545	0	M.3.

(1) The dollar amounts used as the basis for reporting in Memorandum items 1.a through 1.d reflect the deposit insurance limits in effect on the report date.  
 (2) The \$1 billion asset-size test is based on the total assets reported on the June 30, 2022, Report of Condition.  
 (3) Uninsured deposits should be estimated based on the deposit insurance limits set forth in Memorandum items 1.a through 1.d.

**Schedule RC-R—Regulatory Capital**

**Part I. Regulatory Capital Components and Ratios**

Part I is to be completed on a consolidated basis.

Dollar Amounts in Thousands

	RCOA	Amount	
<b>Common Equity Tier 1 Capital</b>			
1. Common stock plus related surplus, net of treasury stock and unearned employee stock ownership plan (ESOP) shares	P742	14,000	1.
2. Retained earnings(1)	KW00	67,503	2.
a. To be completed only by institutions that have adopted ASU 2016-13:			
Does your institution have a CECL transition election in effect as of the quarter-end report date?			
(enter "0" for No; enter "1" for Yes with a 3-year CECL transition election;			
enter "2" for Yes with a 5-year 2020 CECL transition election)			
	RCOA		
	JJ29	0	2.a
	RCOA		
3. Accumulated other comprehensive income (AOCI)	B530	-38,319	3.
a. AOCI opt-out election (enter "1" for Yes; enter "0" for No.)			
	0=No	RCOA	
	1=Yes	P838	1
	RCOA	Amount	
	P839	0	4.
4. Common equity tier 1 minority interest includable in common equity tier 1 capital	P840	43,184	5.
5. Common equity tier 1 capital before adjustments and deductions (sum of items 1 through 4)			
<b>Common Equity Tier 1 Capital: Adjustments and Deductions</b>			
6. LESS: Goodwill net of associated deferred tax liabilities (DTLs)	P841	0	6.
7. LESS: Intangible assets (other than goodwill and mortgage servicing assets (MSAs)), net of associated DTLs	P842	0	7.
8. LESS: Deferred tax assets (DTAs) that arise from net operating loss and tax credit carryforwards, net of any related valuation allowances and net of DTLs	P843	0	8.
9. AOCI-related adjustments (if entered "1" for Yes in item 3.a, complete only items 9.a through 9.e; if entered "0" for No in item 3.a, complete only item 9.f):			
a. LESS: Net unrealized gains (losses) on available-for-sale debt securities (if a gain, report as a positive value; if a loss, report as a negative value)			
	P844	-26,370	9.a.
b. Not applicable			
c. LESS: Accumulated net gains (losses) on cash flow hedges (if a gain, report as a positive value; if a loss, report as a negative value)			
	P846	0	9.c.
d. LESS: Amounts recorded in AOCI attributed to defined benefit postretirement plans resulting from the initial and subsequent application of the relevant GAAP standards that pertain to such plans (if a gain, report as a positive value; if a loss, report as a negative value)			
	P847	0	9.d.
e. LESS: Net unrealized gains (losses) on held-to-maturity securities that are included in AOCI (if a gain, report as a positive value; if a loss, report as a negative value)			
	P848	-11,949	9.e.
f. To be completed only by institutions that entered "0" for No in item 3.a:			
LESS: Accumulated net gain (loss) on cash flow hedges included in AOCI, net of applicable income taxes, that relates to the hedging of items that are not recognized at fair value on the balance sheet (if a gain, report as a positive value; if a loss, report as a negative value)			
	P849	N/A	9.f.

(1) Institutions that have adopted ASU 2016-13 and have elected to apply the 3-year or the 5-year 2020 CECL transition provision should include the applicable portion of the CECL transitional amount or the modified CECL transitional amount, respectively, in this item.

**Schedule RC-R—Continued**

Part I — Continued

	Dollar Amounts in Thousands	RCOA	Amount	
10. Other deductions from (additions to) common equity tier 1 capital before threshold-based deductions:				
a. LESS: Unrealized net gain (loss) related to changes in the fair value of liabilities that are due to changes in own credit risk (if a gain, report as a positive value; if a loss, report as a negative value)		Q258	0	10.a.
b. LESS: All other deductions from (additions to) common equity tier 1 capital before threshold-based deductions		P850	0	10.b.
11. Not applicable				
12. Subtotal (item 5 minus items 6 through 10.b)		P852	81,503	12.
13. LESS: Investments in the capital of unconsolidated financial institutions net of associated DTLs, that exceed 25 percent of item 12		LB58	0	13.
14. LESS: MSAs, net of associated DTLs, that exceed 25 percent of item 12		LB59	0	14.
15. LESS: DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances and net of DTLs, that exceed 25 percent of item 12		LB60	0	15.
16. Not applicable				
17. LESS: Deductions applied to common equity tier 1 capital due to insufficient amounts of additional tier 1 capital and tier 2 capital (1) to cover deductions		P857	0	17.
18. Total adjustments and deductions for common equity tier 1 capital (sum of items 13 through 17)		P858	0	18.
19. Common equity tier 1 capital (item 12 minus item 18)		P859	81,503	19.
<b>Additional Tier 1 Capital</b>				
20. Additional tier 1 capital instruments plus related surplus		P860	0	20.
21. Non-qualifying capital instruments subject to phase out from additional tier 1 capital		P861	0	21.
22. Tier 1 minority interest not included in common equity tier 1 capital		P862	0	22.
23. Additional tier 1 capital before deductions (sum of items 20, 21, and 22)		P863	0	23.
24. LESS: Additional tier 1 capital deductions		P864	0	24.
25. Additional tier 1 capital (greater of item 23 minus item 24, or zero)		P865	0	25.
<b>Tier 1 Capital</b>				
26. Tier 1 capital (sum of items 19 and 25)		8274	81,503	26.
<b>Total Assets for the Leverage Ratio</b>				
27. Average total consolidated assets(2)		KW03	604,606	27.
28. LESS: Deductions from common equity tier 1 capital and additional tier 1 capital (sum of items 6, 7, 8, 10.b, 13 through 15, 17, and certain elements of item 24 - see instructions)		P875	0	28.
29. LESS: Other deductions from (additions to) assets for leverage ratio purposes		B596	0	29.
30. Total assets for the leverage ratio (item 27 minus items 28 and 29)		A224	604,606	30.

(1) An institution that has a CBLR framework election in effect as of the quarter-end report date is neither required to calculate tier 2 capital nor make any deductions that would have been taken from tier 2 capital as of the report date.

(2) Institutions that have adopted ASU 2016-13 and have elected to apply the 3-year or the 5-year 2020 CECL transition provision should include the applicable portion of the CECL transitional amount or the modified CECL transitional amount, respectively in item 27.

**Schedule RC-R—Continued**

Part I — Continued

**Leverage Ratio\***

	RCOA	Percentage	
31. Tier 1 leverage ratio (item 26 divided by item 30)	7204	13.4803%	31.
a. Does your institution have a community bank leverage ratio (CBLR) framework election in effect as of the quarter-end report date? (enter "1" for Yes; enter "0" for No)	0=No	RCOA	
	1=Yes	LE74	1 31.a.

If your institution entered "1" for Yes in item 31.a:

- Complete items 32 through 37 and, if applicable, items 38.a through 38.c,
- Do not complete items 39 through 54, and
- Do not complete Part II of Schedule RC-R.

If your institution entered "0" for No in item 31.a:

- Skip (do not complete) items 32 through 38.c,
- Complete items 39 through 54, as applicable, and
- Complete Part II of Schedule RC-R.

Item 31.b is to be completed only by non-advanced approaches institutions that elect to use the Standardized Approach for Counterparty Credit Risk (SA-CCR) for purposes of the standardized approach.

b. Standardized Approach for Counterparty Credit Risk opt-in election (enter "1" for Yes; leave blank for No.)	RCOA		31.b
	1=Yes	NC99	

**Qualifying Criteria and Other Information for CBLR Institutions\***

Dollar Amounts in Thousands	(Column A)		(Column B)		
	RCOA	Amount	RCOA	Percentage	
32. Total assets (Schedule RC, item 12); (must be less than \$10 billion)	2170	597,955			32.
33. Trading assets and trading liabilities (Schedule RC, sum of items 5 and 15). Report as a dollar amount in column A and as a percentage of total assets (5% limit) in column B	KX77	0	KX78	0.0000%	33.
34. Off-balance sheet exposures:					
a. Unused portion of conditionally cancellable commitments	KX79	4,913			34.a.
b. Securities lent and borrowed (Schedule RC-L, sum of items 6.a and 6.b)	KX80	0			34.b.
c. Other off-balance sheet exposures	KX81	503			34.c.
d. Total off-balance sheet exposures (sum of items 34.a through 34.c). Report as a dollar amount in column A and as a percentage of total assets (25% limit) in column B	KX82	5,416	KX83	0.9058%	34.d.
Dollar Amounts in Thousands	RCOA	Amount			
35. Unconditionally cancellable commitments	S540	5,175			35.
36. Investments in the tier 2 capital of unconsolidated financial institutions	LB61	0			36.
37. Allocated transfer risk reserve		3128		0	37.
38. Amount of allowances for credit losses on purchased credit-deteriorated assets:(1)					
a. Loans and leases held for investment	JJ30	0			38.a.
b. Held-to-maturity debt securities	JJ31	0			38.b.
c. Other financial assets measured at amortized cost	JJ32	0			38.c.

\* Report each ratio as a percentage, rounded to four decimal places, e.g., 12.3456.

(1) Items 38.a through 38.c should be completed only by institutions that have adopted ASU 2016-13.

**Schedule RC-R—Continued**

Part I — Continued

If your institution entered "0" for No in item 31.a, complete items 39 through 54, as applicable, and Part II of Schedule RC-R. If your institution entered "1" for Yes in item 31.a, do not complete items 39 through 54 or Part II of Schedule RC-R.

Dollar Amounts in Thousands		RCOA	Amount	
<b>Tier 2 Capital(1)</b>				
39. Tier 2 capital instruments plus related surplus		P866	N/A	39.
40. Non-qualifying capital instruments subject to phase out from tier 2 capital		P867	N/A	40.
41. Total capital minority interest that is not included in tier 1 capital		P868	N/A	41.
42. Allowance for loan and lease losses includable in tier 2 capital(2,3)		5310	N/A	42.
43. Not applicable.				
44. Tier 2 capital before deductions (sum of items 39 through 42)		P870	N/A	44.
45. LESS: Tier 2 capital deductions		P872	N/A	45.
46. Tier 2 capital (greater of item 44 minus item 45, or zero)		5311	N/A	46.
Total Capital				
47. Total capital (sum of items 26 and 46)		3792	N/A	47.
Total Risk-Weighted Assets				
48. Total risk-weighted assets (from Schedule RC-R, Part II, item 31)		A223	N/A	48.
Risk-Based Capital Ratios*				
		RCOA	Percentage	
49. Common equity tier 1 capital ratio (item 19 divided by item 48)		P793	N/A	49.
50. Tier 1 capital ratio (item 26 divided by item 48)		7206	N/A	50.
51. Total capital ratio (item 47 divided by item 48)		7205	N/A	51.
Capital Buffer*				
		RCOA	Percentage	
52. Institution-specific capital conservation buffer necessary to avoid limitations on distributions and discretionary bonus payments		H311	N/A	52.
Dollar Amounts in Thousands		RCOA	Amount	
53. Eligible retained income (4)		H313	N/A	53.
54. Distributions and discretionary bonus payments during the quarter(5)		H314	N/A	54.

\* Report each ratio and buffer as a percentage, rounded to four decimal places, e.g., 12.3456.

- (1) An institution that has a CBLR framework election in effect as of the quarter-end report date is neither required to calculate tier 2 capital nor make any deductions that would have been taken from tier 2 capital as of the report date.
- (2) Institutions that have adopted ASU 2016-13 should report the amount of adjusted allowances for credit losses (AACL), as defined in the regulatory capital rule, includable in tier 2 capital in item 42.
- (3) Institutions that have adopted ASU 2016-13 and have elected to apply the 3 year or the 5 year 2020 CECL transition provision should subtract the applicable portion of the AACL transitional amount or modified AACL transitional amount, respectively from the AACL, as before defined in the regulatory capital rule, determining the amount of AACL includable in tier 2 capital. See instructions for further detail on the CECL transition provisions.
- (4) Institutions must complete item 53 only if the amount reported in item 52 above is less than or equal to 2.5000 percent.
- (5) Institutions must complete item 54 only if the amount reported in Schedule RC-R, Part I, item 52, in the Call Report for the previous calendar quarter-end report date was less than or equal to 2.5000 percent.

### Schedule RC-R—Continued

Part II. Risk-Weighted Assets

Institutions that entered "1." for Yes in Schedule RC-R, Part I, item 31.a, do not have to complete Schedule RC-R, Part II. Institutions are required to assign a 100 percent risk weight to all assets not specifically assigned a risk weight under Subpart D of the federal banking agencies' regulatory capital rules(1) and not deducted from tier 1 or tier 2 capital. Items 1 through 25 (column A through column U, as applicable) are to be completed semiannually in the June and December reports only.

	(Column A) Totals From Schedule RC Amount	(Column B) Adjustments to Totals Reported in Column A Amount	(Column C) Amount	Allocation by Risk-Weight Category				(Column G) Amount	(Column H) Amount
				(Column D) 2% Amount	(Column E) 4% Amount	(Column F) 10% Amount	(Column G) 20% Amount		
				(Column D) Amount	(Column E) Amount	(Column F) Amount	(Column G) Amount		
Dollar Amounts in Thousands									
Balance Sheet Asset Categories (2)									
1. Cash and balances due from depository institutions	RCON D957 N/A	RCON S396 N/A	RCON D958 N/A				RCON D959 N/A	RCON S397 N/A	1.
2. Securities:									
a. Held-to-maturity securities(3)	RCON D961 N/A	RCON S399 N/A	RCON D962 N/A	RCON H174 N/A	RCON H175 N/A		RCON D963 N/A	RCON D964 N/A	2.a.
b. Available-for-sale debt securities and equity securities with readily determinable fair values not held for trading	RCON JAZ1 N/A	RCON S402 N/A	RCON D967 N/A	RCON H176 N/A	RCON H177 N/A		RCON D968 N/A	RCON D969 N/A	2.b.
3. Federal funds sold and securities purchased under agreements to resell:									
a. Federal funds sold under agreements to resell	RCON D971 N/A	RCON H172 N/A	RCON D972 N/A				RCON D973 N/A	RCON S410 N/A	3.a.
b. Securities purchased under agreements to resell	RCON H171 N/A								3.b.
4. Loans and leases held for sale:									
a. Residential mortgage exposures	RCON S413 N/A	RCON S414 N/A	RCON H173 N/A				RCON S415 N/A	RCON S416 N/A	4.a.
b. High volatility commercial real estate exposures	RCON S419 N/A	RCON S420 N/A	RCON H174 N/A				RCON H175 N/A	RCON H176 N/A	4.b.

(1) For national banks and federal savings associations, 12 CFR Part 3; for state member banks, 12 CFR Part 217; and for state nonmember banks and state savings associations 12 CFR Part 324.

(2) All securitization exposures held as on-balance sheet assets of the reporting institution are to be excluded from items 1 through 8 and are to be reported instead in item 9.

(3) Institutions that have adopted ASU 2016-13 and have reported held-to-maturity securities net of allowances for credit losses in item 2.a, column A, should report as a negative number in item 2.a, column B, those allowances for credit losses eligible for inclusion in tier 2 capital, which excludes allowances for credit losses on purchased credit-deteriorated assets.

**Schedule RC-R—Continued**

Part II — Continued

Institutions are required to assign a 100 percent risk weight to all assets not specifically assigned a risk weight under Subpart D of the federal banking agencies' regulatory capital rules(1) and not deducted from tier 1 or tier 2 capital. Items 1 through 25 (column A through column U, as applicable) are to be completed semiannually in the June and December reports only.

	(Column I)	(Column J)
	Allocation by Risk-Weight Category	Amount
	100%	150%
	Amount	Amount
Dollar Amounts in Thousands		
Balance Sheet Asset Categories(2)		
1. Cash and balances due from depository institutions	RCON D960	RCON S398
2. Securities :	N/A	N/A
a. Held-to-maturity securities(3)	RCON D965	RCON S400
b. Available-for-sale debt securities and equity securities with readily determinable fair values not held for trading	N/A	N/A
3. Federal funds sold and securities purchased under agreements to resell:		
a. Federal funds sold	RCON D974	RCON S411
b. Securities purchased under agreements to resell	N/A	N/A
4. Loans and leases held for sale:		
a. Residential mortgage exposures	RCON S417	N/A
b. High volatility commercial real estate exposures	RCON H177	RCON S421
	N/A	N/A

(1) For national banks and federal savings associations, 12 CFR Part 3; for state member banks, 12 CFR Part 217; and for state nonmember banks and state savings associations 12 CFR Part 324.

(2) All securitization exposures held as on-balance sheet assets of the reporting institution are to be excluded from items 1 through 8 and are to be reported instead in item 9.

(3) Institutions that have adopted ASU 2016-13 and have reported held-to-maturity securities net of allowances for credit losses in item 2.a, column A, should report as a negative number in item 2.a, column B, those allowances for credit losses eligible for inclusion in tier 2 capital, which excludes allowances for credit losses on purchased credit-deteriorated assets.



**Schedule RC-R—Continued**

Part II — Continued

(Column K)	(Column L)	(Column M)	(Column N)	(Column O)	(Column P)	(Column Q)
Allocation by Risk-Weight Category						
250%(2) Amount	300% Amount	400% Amount	600% Amount	625% Amount	937.5% Amount	1250% Amount
Dollar Amounts in Thousands						
Balance Sheet Asset Categories(continued)						
1. Cash and balances due from depository institutions						
2. Securities :						
a. Held-to-maturity securities						
b. Available-for-sale debt securities and equity securities with readily determinable fair values not held for trading	RCON S405 N/A		RCON S406 N/A			
3. Federal funds sold and securities purchased under agreements to resell:						
a. Federal funds sold						
b. Securities purchased under agreements to resell						
4. Loans and leases held for sale:						
a. Residential mortgage exposures						
b. High volatility commercial real estate exposures						

(1) Includes, for example, investments in mutual funds/investment funds, exposures collateralized by securitization exposures or mutual funds, separate account bank-owned life insurance, and default fund contributions to central counterparties

**Schedule RC-R—Continued**

Part II — Continued

	(Column R)	(Column S)
	Application of Other Risk-Weighting Approaches(1)	Risk-Weighted Asset Amount
Dollar Amounts in Thousands		
Balance Sheet Asset Categories(continued)		
1. Cash and balances due from depository institutions		
2. Securities:		
a. Held-to-maturity securities		
b. Available-for-sale debt securities and equity securities with readily determinable fair values not held for trading	RCON H271	RCON H272
3. Federal funds sold and securities purchased under agreements to resell:	N/A	N/A
a. Federal funds sold		
b. Securities purchased under agreements to resell		
4. Loans and leases held for sale:		
a. Residential mortgage exposures	RCON H273	RCON H274
b. High volatility commercial real estate exposures	N/A	N/A
	RCON H275	RCON H276
	N/A	N/A

(1) Includes, for example, investments in mutual funds/investment funds, exposures collateralized by securitization exposures or mutual funds, separate account bank-owned life insurance, and default fund contributions to central counterparties

**Schedule RC-R—Continued**

Part II — Continued

	(Column A) Totals from Schedule RC Amount	(Column B) Adjustments to Totals Reported in Column A Amount	(Column C) through (Column H) Allocation by Risk-Weight Category				(Column H) Amount
			(Column C) 0% Amount	(Column D) 2% Amount	(Column E) 4% Amount	(Column F) 10% Amount	
Dollar Amounts in Thousands							
4. Loans and leases held for sale (continued):							
c. Exposures past due 90 days or more or on nonaccrual(1)	RCON S423 N/A	RCON S424 N/A	RCON S425 N/A	RCON HJ78 N/A	RCON HJ79 N/A	RCON S426 N/A	RCON S427 N/A
	RCON S431 N/A	RCON S432 N/A	RCON S433 N/A	RCON HJ80 N/A	RCON HJ81 N/A	RCON S434 N/A	RCON S435 N/A
d. All other exposures							
5. Loans and leases held for investment:(2)							
a. Residential mortgage exposures	RCON S439 N/A	RCON S440 N/A	RCON H178 N/A			RCON S441 N/A	RCON S442 N/A
	RCON S445 N/A	RCON S446 N/A	RCON H179 N/A			RCON H180 N/A	RCON H181 N/A
b. High volatility commercial real estate exposures							
c. Exposures past due 90 days or more or on nonaccrual(3)	RCON S449 N/A	RCON S450 N/A	RCON S451 N/A	RCON HJ82 N/A	RCON HJ83 N/A	RCON S452 N/A	RCON S453 N/A
	RCON S457 N/A	RCON S458 N/A	RCON S459 N/A	RCON HJ84 N/A	RCON HJ85 N/A	RCON S460 N/A	RCON S461 N/A
d. All other exposures							
6. LESS: Allowance for loan and lease losses(4)	RCON 3123 N/A	RCON 3123 N/A					

(1) For loans and leases held for sale, exclude residential mortgage exposures, high volatility commercial real estate exposures, or sovereign exposures that are past due 90 days or more or on nonaccrual.

(2) Institutions that have adopted ASU 2016-13 should report as a positive number in column B of items 5.a through 5.d, as appropriate, any allowances for credit losses on purchased credit-deteriorated assets reported in column A of items 5.a through 5.d, as appropriate.

(3) For loans and leases held for investment, exclude residential mortgage exposures, high volatility commercial real estate exposures, or sovereign exposures that are past due 90 days or more or on nonaccrual.

(4) Institutions that have adopted ASU 2016-13 should report the allowance for credit losses on loans and leases in item 6, columns A and B.

**Schedule RC-R—Continued**

Part II — Continued

	(Column I)	(Column J)
	Allocation by Risk-Weight Category	
	100% Amount	150% Amount
4. Loans and leases held for sale (continued):		
c. Exposures past due 90 days or more or on nonaccrual(1)	RCON S428	RCON S429
	N/A	N/A
	RCON S436	RCON S437
	N/A	N/A
4.c.		
4.d.		
d. All other exposures.		
5. Loans and leases held for investment:(2)		
a. Residential mortgage exposures	RCON S443	
	N/A	
5.a.		
b. High volatility commercial real estate exposures	RCON H182	RCON S447
	N/A	N/A
5.b.		
c. Exposures past due 90 days or more or on nonaccrual(3)	RCON S454	RCON S455
	N/A	N/A
5.c.		
d. All other exposures	RCON S462	RCON S463
	N/A	N/A
5.d.		
6. LESS: Allowance for loan and lease losses(4)		
6.		

(1) For loans and leases held for sale, exclude residential mortgage exposures, high volatility commercial real estate exposures, or sovereign exposures that are past due 90 days or more or on nonaccrual.

(2) Institutions that have adopted ASU 2016-13 should report as a positive number in column B of items 5.a through 5.d, as appropriate, any allowances for credit losses on purchased credit-deteriorated assets reported in column A of items 5.a through 5.d, as appropriate.

(3) For loans and leases held for investment, exclude residential mortgage exposures, high volatility commercial real estate exposures, or sovereign exposures that are past due 90 days or more or on nonaccrual.

(4) Institutions that have adopted ASU 2016-13 should report the allowance for credit losses on loans and leases in item 6, columns A and B.

**Schedule RC-R—Continued**

Part II — Continued

	(Column K)	(Column L)	(Column M)	(Column N)	(Column O)	(Column P)	(Column Q)
	Allocation by Risk-Weight Category						
Dollar Amounts in Thousands	250%(2) Amount	300% Amount	400% Amount	600% Amount	625% Amount	937.5% Amount	1250% Amount
4. Loans and leases held for sale (continued):							
c. Exposures past due 90 days or more or on nonaccrual(2)							
d. All other exposures							
5. Loans and leases held for investment:							
a. Residential mortgage exposures							
b. High volatility commercial real estate exposures							
c. Exposures past due 90 days or more or on nonaccrual(3)							
d. All other exposures							
6. LESS: Allowance for loan and lease losses							

4.c.  
4.d.  
5.a.  
5.b.  
5.c.  
5.d.  
6.

(1) Includes, for example, investments in mutual funds/investment funds, exposures collateralized by securitization exposures or mutual funds, separate account bank-owned life insurance, and default fund contributions to central counterparties.

(2) For loans and leases held for sale, exclude residential mortgage exposures, high volatility commercial real estate exposures, or sovereign exposures that are past due 90 days or more or on nonaccrual.

(3) For loans and leases held for investment, exclude residential mortgage exposures, high volatility commercial real estate exposures, or sovereign exposures that are past due 90 days or more or on nonaccrual.

**Schedule RC-R—Continued**

Part II — Continued

	(Column R)		(Column S)
	Exposure Amount	Risk-Weighted Asset Amount	Application of Other Risk-Weighting Approaches(1)
Dollar Amounts in Thousands			
4. Loans and leases held for sale (continued):			
c. Exposures past due 90 days or more or on nonaccrual(2)	RCON H277	RCON H278	
	N/A	N/A	
	RCON H279	RCON H280	4.c.
	N/A	N/A	4.d.
d. All other exposures			
5. Loans and leases held for investment:			
a. Residential mortgage exposures	RCON H281	RCON H282	
b. High volatility commercial real estate exposures	N/A	N/A	5.a.
c. Exposures past due 90 days or more or on nonaccrual(3)	RCON H283	RCON H284	
	N/A	N/A	5.b.
	RCON H285	RCON H286	
	N/A	N/A	5.c.
	RCON H287	RCON H288	
	N/A	N/A	5.d.
d. All other exposures			
6. LESS: Allowance for loan and lease losses			6.

(1) Includes, for example, investments in mutual funds/investment funds, exposures collateralized by securitization exposures or mutual funds, separate account bank-owned life insurance, and default fund contributions to central counterparties.

(2) For loans and leases held for sale, exclude residential mortgage exposures, high volatility commercial real estate exposures, or sovereign exposures that are past due 90 days or more or on nonaccrual.

(3) For loans and leases held for investment, exclude residential mortgage exposures, high volatility commercial real estate exposures, or sovereign exposures that are past due 90 days or more or on nonaccrual.

**Schedule RC-R—Continued**

Part II — Continued

	(Column A) Totals from Schedule RC Amount	(Column B) Adjustments to Totals Reported in Column A Amount	Allocation by Risk-Weight Category					(Column H) Amount
			(Column C) 0% Amount	(Column D) 2% Amount	(Column E) 4% Amount	(Column F) 10% Amount	(Column G) 20% Amount	
Dollar Amounts in Thousands	RCON D976	RCON S466	RCON D977	RCON HJ86	RCON HJ87	RCON D978	RCON D979	
	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
	RCON D981	RCON S469	RCON D982	RCON HJ88	RCON HJ89	RCON D983	RCON D984	
	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
7. Trading assets								
8. All other assets(1,2,3)								
a. Separate account bank-owned life insurance								
b. Default fund contributions to central counterparties								

(1) Includes premises and fixed assets; other real estate owned; investments in unconsolidated subsidiaries and associated companies; direct and indirect investments in real estate ventures; intangible assets; and other assets

(2) Institutions that have adopted ASU 2016-13 and have elected to apply the 3-year or the 5-year 2020 CECL transition provision should report as a positive number in item 8, column B, the applicable portion of the DTA transitional amount as determined in accordance with the 3-year or the 5-year 2020 CECL transition rule, respectively.

(3) Institutions that have adopted ASU 2016-13 and have reported any assets net of allowances for credit losses in item 8, column A, should report as a negative number in item 8, column B, those allowances for credit losses eligible for inclusion in tier 2 capital, which excludes allowances for credit losses on purchased credit-deteriorated assets.

7.

8.

8.a.

8.b.

**Schedule RC-R—Continued**

Part II — Continued

	(Column I)	(Column J)
	Allocation by Risk-Weight Category	Allocation by Risk-Weight Category
	100%	150%
	Amount	Amount
	RCON D980	RCON S467
	N/A	N/A
	RCON D985	RCON H185
	N/A	N/A

Dollar Amounts in Thousands

- 7. Trading assets
- 8. All other assets(1,2,3)
  - a. Separate account bank-owned life insurance
  - b. Default fund contributions to central counterparties

(1) Includes premises and fixed assets; other real estate owned; investments in unconsolidated subsidiaries and associated companies; direct and indirect investments in real estate ventures; intangible assets; and other assets  
 (2) Institutions that have adopted ASU 2016-13 and have elected to apply the CECL transition provision should report as a positive number in item 8, column B, the applicable portion of the DTA transitional amount.  
 (3) Institutions that have adopted ASU 2016-13 and have reported any assets net of allowances for credit losses in item 8, column A, should report as a negative number in item 8, column B, those allowances for credit losses eligible for inclusion in tier 2 capital, which excludes allowances for credit losses on purchased credit-deteriorated assets.



**Schedule RC-R—Continued**

Part II — Continued

	(Column K)	(Column L)	(Column M)	(Column N)	(Column O)	(Column P)	(Column Q)
	Allocation by Risk-Weight Category						
Dollar Amounts in Thousands	250%(2) Amount	300% Amount	400% Amount	600% Amount	625% Amount	937.5% Amount	1250% Amount
7. Trading assets	RCON H293 N/A	RCON H186 N/A RCON H188 N/A	RCON H290 N/A RCON S470 N/A	RCON H187 N/A RCON S471 N/A			
8. All other assets(2)							
a. Separate account bank-owned life insurance							
b. Default fund contributions to central counterparties							

7.

8.

8.a.

8.b.

(1) Includes, for example, investments in Mutual funds/investment funds, exposures collateralized by securitization exposures or mutual funds, separate account bank-owned life insurance, and default fund contributions to central counterparties.  
 (2) Includes premises and fixed assets; other real estate owned; investments in unconsolidated subsidiaries and associated companies; direct and indirect investments in real estate ventures; intangible assets; and other assets.

**Schedule RC-R--Continued**

Part II -- Continued

	(Column R)	(Column S)
	Application of Other Risk-Weighting Approaches(1)	
	Exposure Amount	Risk-Weighted Asset Amount
	Amount	Amount
Dollar Amounts in Thousands	RCON H291	RCON H292
7. Trading assets	N/A	N/A
8. All other assets(2)	RCON H294	RCON H295
a. Separate account	N/A	N/A
bank-owned life insurance	RCON H296	RCON H297
b. Default fund	N/A	N/A
contributions to central counterparties	RCON H298	RCON H299
	N/A	N/A

(1) Includes, for example, investments in mutual funds/investment funds, exposures collateralized by securitization exposures or mutual funds, separate account bank-owned life insurance, and default fund contributions to central counterparties.

(2) Includes premises and fixed assets; other real estate owned; investments in unconsolidated subsidiaries and associated companies; direct and indirect investments in real estate ventures; intangible assets; and other assets.

**Schedule RC-R—Continued**

Part II — Continued

	Dollar Amounts in Thousands				
	(Column A) Totals	(Column B) Adjustments to Totals Reported in Column A	Column Q Allocation by Risk-Weight Category (Exposure Amount)	(Column T) Total Risk-Weighted Asset Amount by Calculation Methodology	(Column U)
	Amount	Amount	1250% Amount	SSFA(1) Amount	Gross-Up Amount
Securitization Exposures: On- and Off-Balance Sheet					
9. On-balance sheet securitization exposures:					
a. Held-to-maturity securities(2)	RCON S475 N/A	RCON S476 N/A	RCON S477 N/A	RCON S478 N/A	RCON S479 N/A
b. Available-for-sale securities	RCON S480 N/A	RCON S481 N/A	RCON S482 N/A	RCON S483 N/A	RCON S484 N/A
c. Trading assets	RCON S485 N/A	RCON S486 N/A	RCON S487 N/A	RCON S488 N/A	RCON S489 N/A
d. All other on-balance sheet securitization exposures	RCON S490 N/A	RCON S491 N/A	RCON S492 N/A	RCON S493 N/A	RCON S494 N/A
10. Off-balance sheet securitization exposures	RCON S495 N/A	RCON S496 N/A	RCON S497 N/A	RCON S498 N/A	RCON S499 N/A

(1) Simplified Supervisory Formula Approach  
 (2) Institutions that have adopted ASU 2016-13 and have reported held-to-maturity securities net of allowances for credit losses in item 9.a, column A, should report as a negative number in item 9.a, column B, those allowances for credit losses eligible for inclusion in tier 2 capital, which excludes allowances for credit losses on purchased credit-deteriorated assets.

**Schedule RC-R—Continued**

Part II — Continued

(Column A) Totals from Schedule RC	(Column B) Adjustments to Totals Reported in Column A	(Column C) through (Column F) Allocation by Risk-Weight Category				(Column H)
		(Column C)	(Column D)	(Column E)	(Column F)	
Amount	Amount	0%	2%	4%	10%	50%
RCON 2170	RCON S500	RCON D987	RCON HJ90	RCON HJ91	RCON D988	RCON D989
N/A	N/A	N/A	N/A	N/A	N/A	N/A

Dollar Amounts in Thousands

11. Total balance sheet Assets(1)

(Column I) Allocation by Risk-Weight Category	(Column J)
100% Amount	150% Amount
RCON D990	RCON S503
N/A	N/A

Dollar Amounts in Thousands

11. Total balance sheet Assets(1)

(Column K)	(Column L)	(Column M)	(Column N)	(Column O)	(Column P)	(Column Q)	(Column R)
250%(2) Amount	300% Amount	400% Amount	600% Amount	625% Amount	937.5% Amount	1250% Amount	Application of Other Risk- Weighting Approaches Exposure Amount
RCON S504	RCON S505	RCON S506	RCON S507	RCON S508	RCON S509	RCON S510	RCON H300
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Dollar Amounts in Thousands

11. Total balance sheet Assets(1)

(1) For each of columns A through R of item 11, report the sum of items 1 through 9. For item 11, the sum of columns B through R must equal column A. Item 11, column A, must equal Schedule RC, item 12.

**Schedule RC-R—Continued**

Part II — Continued

Dollar Amounts in Thousands	(Column A) Face, Notional, or Other Amount	CCF (1)	(Column B) Credit Equivalent Amount(2)	Allocation by Risk-Weight Category					(Column H)
				(Column C) 0% Amount	(Column D) 2% Amount	(Column E) 4% Amount	(Column F) 10% Amount	(Column G) 20% Amount	
Derivatives, Off-Balance Sheet Items, and Other Items Subject to Risk Weighting (Excluding Securitization Exposures)(3)	RCON D991 N/A	1.0	RCON D992 N/A	RCON D993 N/A	RCON HJ92 N/A	RCON HJ93 N/A	RCON D994 N/A	RCON D995 N/A	12.
12. Financial standby letters of credit	RCON D997 N/A	0.5	RCON D998 N/A	RCON D999 N/A	RCON G603 N/A	RCON G604 N/A	RCON G609 N/A	RCON G610 N/A	13.
13. Performance standby letters of credit and transaction-related contingent items	RCON G606 N/A	0.2	RCON G607 N/A	RCON G608 N/A	RCON HJ94 N/A	RCON HJ95 N/A	RCON G609 N/A	RCON G610 N/A	14.
14. Commercial and similar letters of credit with an original maturity of one year or less	RCON G612 N/A	1.0	RCON G613 N/A	RCON G614 N/A	RCON G615 N/A	RCON G616 N/A	RCON G615 N/A	RCON G616 N/A	15.
15. Retained recourse on small business obligations sold with recourse									

(1) Credit conversion factor.

(2) Column A multiplied by credit conversion factor. For each of items 12 through 21, the sum of columns C through J plus column R must equal column B.

(3) All derivatives and off-balance sheet items that are securitization exposures are to be excluded from items 12 through 21 and are to be reported instead in item 10.

**Schedule RC-R—Continued**

Part II — Continued

	Dollar Amounts in Thousands		(Column I)	(Column J)
	Allocation by Risk-Weight Category	Amount		
Derivatives, Off-Balance Sheet Items, and Other Items Subject to Risk-Weighting (Excluding Securitization Exposures)(3)	100%	150%		
12. Financial standby letters of credit	RCON D996 N/A	RCON S511 N/A		12.
13. Performance standby letters of credit and transaction-related contingent items	RCON G605 N/A	RCON S512 N/A		13.
14. Commercial and similar letters of credit with an original maturity of one year or less	RCON G611 N/A	RCON S513 N/A		14.
15. Retained recourse on small business obligations sold with recourse	RCON G617 N/A	RCON S514 N/A		15.

(3) All derivatives and off-balance sheet items that are securitization exposures are to be excluded from items 12 through 21 and are to be reported instead in item 10.

**Schedule RC-R—Continued**

Part II — Continued

	(Column A) Face, Notional, or Other Amount	CCF (1)	(Column B) Credit Equivalent Amount(2)	(Column C)			(Column D)			(Column E)			(Column F)	(Column G)
				0% Amount	2% Amount	4% Amount	10% Amount	20% Amount	Allocation by Risk-Weight Category	Risk-Weight Category				
Dollar Amounts in Thousands														
16. Repo-style transactions(3)	RCON S515 N/A	1.0	RCON S516 N/A	RCON S517 N/A	RCON S518 N/A	RCON S519 N/A						RCON S520 N/A		16.
17. All other off-balance sheet liabilities	RCON G618 N/A	1.0	RCON G619 N/A	RCON G620 N/A								RCON G621 N/A		17.
18. Unused commitments (exclude unused commitments to asset-backed commercial paper conduits):														
a. Original maturity of one year or less	RCON S525 N/A	0.2	RCON S526 N/A	RCON S527 N/A	RCON HJ96 N/A	RCON HJ97 N/A						RCON S528 N/A		18.a.
b. Original maturity exceeding one year	RCON G624 N/A	0.5	RCON G625 N/A	RCON G626 N/A	RCON HJ98 N/A	RCON HJ99 N/A						RCON G627 N/A		18.b.
19. Unconditionally cancelable commitments	RCON S540 N/A	0.0	RCON S541 N/A											19.
20. Over-the-counter derivatives														20.
21. Centrally cleared derivatives														21.
22. Unsettled transactions (failed trades)(4)	RCON H191 N/A			RCON H193 N/A										22.

(1) Credit conversion factor.

(2) For items 16 through 19, column A multiplied by credit conversion factor.

(3) Includes securities purchased under agreements to resell (reverse repos), securities sold under agreements to repurchase (repos), securities borrowed, and securities lent.

(4) For item 22, the sum of columns C through Q must equal column A.

**Schedule RC-R—Continued**

Part II — Continued

	Allocation by Risk-Weight Category		
	(Column H)	(Column I)	(Column J)
	50%	100%	150%
Dollar Amounts in Thousands	Amount	Amount	Amount
16. Repo-style transactions(3)	RCON S521 N/A	RCON S522 N/A	RCON S523 N/A
17. All other off-balance sheet liabilities	RCON G622 N/A	RCON G623 N/A	RCON S524 N/A
18. Unused commitments (exclude unused commitments to asset-backed commercial paper conduits):			
a. Original maturity of one year or less	RCON S529 N/A	RCON S530 N/A	RCON S531 N/A
b. Original maturity exceeding one year	RCON G628 N/A	RCON G629 N/A	RCON S539 N/A
19. Unconditionally cancelable commitments			
20. Over-the-counter derivatives	RCON S546 N/A	RCON S547 N/A	RCON S548 N/A
21. Centrally cleared derivatives	RCON S555 N/A	RCON S556 N/A	RCON S557 N/A
22. Unsettled transactions (failed trades)(4)	RCON H195 N/A	RCON H196 N/A	RCON H197 N/A

(3) Includes securities purchased under agreements to resell (reverse repos), securities sold under agreements to repurchase (repos), securities borrowed, and securities lent.

(4) For item 22, the sum of columns C through Q must equal column A.



**Schedule RC-R—Continued**

Part II — Continued

	(Column O)	(Column P)	(Column Q)	(Column R)		(Column S)
				Allocation by Risk-Weight Category	Application of Other Risk-Weighting Approaches(1)	
	62.5%	937.5%	12.50%	Credit Equivalent Amount	Risk-Weighted Asset Amount	
	Amount	Amount	Amount	Amount	Amount	
Dollar Amounts in Thousands				RCON H301	RCON H302	
16. Repo-style transactions(2)				N/A	N/A	16.
17. All other off-balance sheet liabilities						17.
18. Unused commitments (exclude unused commitments to asset-backed commercial paper conduits):						
a. Original maturity of one year or less				RCON H303	RCON H304	18.a.
b. Original maturity exceeding one year				N/A	N/A	
19. Unconditionally cancelable commitments				RCON H307	RCON H308	18.b.
20. Over-the-counter derivatives				N/A	N/A	
21. Centrally cleared derivatives						19.
22 . Unsettled transactions (failed trades)(3)	RCON H198	RCON H199	RCON H200	RCON H309	RCON H310	20.
	N/A	N/A	N/A	N/A	N/A	21.
						22.

(1) Includes, for example, exposures collateralized by securitization exposures or mutual funds.

(2) Includes securities purchased under agreements to resell (reverse repos), securities sold under agreements to repurchase (repos), securities borrowed, and securities lent.

(3) For item 22, the sum of columns C through Q must equal column A.

**Schedule RC-R—Continued**

Part II — Continued

		(Column C)	(Column D)	(Column E)	(Column F)	(Column G)	(Column H)	(Column I)	(Column J)
		Allocation by Risk-Weight Category							
Dollar Amounts in Thousands		0% Amount	2% Amount	4% Amount	10% Amount	20% Amount	50% Amount	100% Amount	150% Amount
23.	Total assets, derivatives, off-balance sheet items, and other items subject to risk weighting by risk-weight category (for each of columns C through P, sum of items 11 through 22; for column Q, sum of items 10 through 22)	RCON G630 N/A	RCON S558 N/A	RCON S559 N/A	RCON S560 N/A	RCON G631 N/A	RCON G632 N/A	RCON G633 N/A	RCON S561 N/A
24.	Risk-weight factor	X 0%	X 2%	X 4%	X 10%	X 20%	X 50%	X 100%	X 150%
25.	Risk-weighted assets by risk-weight category (for each column, item 23 multiplied by item 24)	RCON G634 N/A	RCON S569 N/A	RCON S570 N/A	RCON S571 N/A	RCON G635 N/A	RCON G636 N/A	RCON G637 N/A	RCON S572 N/A

**Schedule RC-R—Continued**

Part II — Continued

(Column K)	(Column L)	(Column M)	(Column N)	(Column O)	(Column P)	(Column Q)
Allocation by Risk-Weight Category						
250%(1) Amount	300% Amount	400% Amount	600% Amount	625% Amount	937.5% Amount	1250% Amount
Dollar Amounts in Thousands						
23. Total assets, derivatives, off-balance sheet items, and other items subject to risk weighting by risk-weight category (for each of columns C through P, sum of items 11 through 22; for column Q, sum of items 10 through 22)	RCON S562 N/A	RCON S563 N/A	RCON S564 N/A	RCON S565 N/A	RCON S566 N/A	RCON S568 N/A
24. Risk-weight factor	X 250%	X 300%	X 400%	X 600%	X 625%	X 1250%
25. Risk-weighted assets by risk-weight category (for each column, item 23 multiplied by item 24)	RCON S573 N/A	RCON S574 N/A	RCON S575 N/A	RCON S576 N/A	RCON S577 N/A	RCON S578 N/A
Totals						
Amount						
RCON S580						
N/A						
RCON S581						
N/A						
RCON B704						
N/A						
RCON A222						
N/A						
RCON 3128						
N/A						
RCON G641						
N/A						

Items 26 through 31 are to be completed quarterly.

Dollar Amounts in Thousands

26. Risk-weighted assets base for purposes of calculating the allowance for loan and lease losses 1.25 percent threshold(1)	N/A	26.
27. Standardized market-risk weighted assets (applicable only to banks that are covered by the market risk capital rules)	N/A	27.
28. Risk-weighted assets before deductions for excess allowance for loan and lease losses and allocated transfer risk reserve (2,3)	N/A	28.
29. LESS: Excess allowance for loan and lease losses(4,5)	N/A	29.
30. LESS: Allocated transfer risk reserve	N/A	30.
31. Total risk-weighted assets (item 28 minus items 29 and 30)	N/A	31.

(1) For institutions that have adopted ASU 2016-13, the risk-weighted assets base reported in item 26 is for purposes of calculating the adjusted allowances for credit losses (AACL) 1.25 percent threshold.

(2) Sum of items 2.b through 20, column S; items 9.a, 9.b, 9.c, 9.d, and 10, columns T and U; item 25, columns C through Q; and item 27 (if applicable).

(3) For institutions that have adopted ASU 2016-13, the risk-weighted assets reported in item 28 represents the amount of risk-weighted assets before deductions for excess AACL and allocated transfer risk reserve.

(4) Institutions that have adopted ASU 2016-13 should report the excess AACL.

(5) Institutions that have adopted ASU 2016-13 and have elected to apply the 3-year or the 5-year 2020 CECL transition provision should subtract the applicable portion of the AACL transitional amount or the modified AACL transitional amount, respectively, from the AACL, as defined in the regulatory capital rule, before determining the amount of excess AACL.

**First State Bank & Trust Company**

Legal Title of Bank  
 FDIC Certificate Number: 11559  
 Submitted to CDR on 4/17/2023 at 12:24 PM

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**Schedule RC-R—Continued**

Part II — Continued

Memoranda

		Dollar Amounts in Thousands		RCON	Amount
Memorandum items 1, 2, and 3 are to be completed semiannually in the June and December reports only.					
1. Current credit exposure across all derivative contracts covered by the regulatory capital rules				G642	N/A

M.1

		With a remaining maturity of					
		(Column A) One year or less		(Column B) Over one year through five years		(Column C) Over five years	
Dollar Amounts in Thousands		RCON	Amount	RCON	Amount	RCON	Amount
2. Notional principal amounts of over-the-counter derivative contracts:							
a. Interest rate		S582	N/A	S583	N/A	S584	N/A
b. Foreign exchange rate and gold		S585	N/A	S586	N/A	S587	N/A
c. Credit (investment grade reference asset)		S588	N/A	S589	N/A	S590	N/A
d. Credit (non-investment grade reference asset)		S591	N/A	S592	N/A	S593	N/A
e. Equity		S594	N/A	S595	N/A	S596	N/A
f. Precious metals (except gold)		S597	N/A	S598	N/A	S599	N/A
g. Other		S600	N/A	S601	N/A	S602	N/A
3. Notional principal amounts of centrally cleared derivative contracts:							
a. Interest rate		S603	N/A	S604	N/A	S605	N/A
b. Foreign exchange rate and gold		S606	N/A	S607	N/A	S608	N/A
c. Credit (investment grade reference asset)		S609	N/A	S610	N/A	S611	N/A
d. Credit (non-investment grade reference asset)		S612	N/A	S613	N/A	S614	N/A
e. Equity		S615	N/A	S616	N/A	S617	N/A
f. Precious metals (except gold)		S618	N/A	S619	N/A	S620	N/A
g. Other		S621	N/A	S622	N/A	S623	N/A

M.2.a.  
 M.2.b.  
 M.2.c.  
 M.2.d.  
 M.2.e.  
 M.2.f.  
 M.2.g.  
 M.3.a.  
 M.3.b.  
 M.3.c.  
 M.3.d.  
 M.3.e.  
 M.3.f.  
 M.3.g.

		Dollar Amounts in Thousands		RCON	Amount
4. Amount of allowances for credit losses on purchased credit-deteriorated assets:(1)					
a. Loans and leases held for investment				JJ30	N/A
b. Held-to-maturity debt securities				JJ31	N/A
c. Other financial assets measured at amortized cost				JJ32	N/A

M.4.a.  
 M.4.b.  
 M.4.c.

(1) Memorandum items 4.a through 4.c should be completed quarterly only by institutions that have adopted ASU-2016-13.

**Schedule RC-T—Fiduciary and Related Services**

- |  |              |                 |    |
|--|--------------|-----------------|----|
| 1. Does the institution have fiduciary powers? (If "NO," do not complete Schedule RC-T.)   | RCON<br>A345 | YES / NO<br>YES | 1. |
| 2. Does the institution exercise the fiduciary powers it has been granted?   | RCON<br>A346 | YES / NO<br>YES | 2. |
| 3. Does the institution have any fiduciary or related activity (in the form of assets or accounts) to report in this schedule? (If "NO," do not complete the rest of Schedule RC-T.) | RCON<br>B867 | YES / NO<br>YES | 3. |

If the answer to item 3 is "YES," complete the applicable items of Schedule RC-T, as follows:

Institutions with total fiduciary assets (item 10, sum of columns A and B) greater than \$1 billion (as of the preceding December 31 report date) or with gross fiduciary and related services income greater than 10 percent of revenue (net interest income plus noninterest income) for the preceding calendar year must complete:

- Items 4 through 22 and Memorandum item 3 quarterly,
- Items 23 through 26 annually with the December report, and
- Memorandum items 1, 2, and 4 annually with the December report.

Institutions with total fiduciary assets (item 10, sum of columns A and B) greater than \$250 million but less than or equal to \$1 billion (as of the preceding December 31 report date) that do not meet the fiduciary income test for quarterly reporting must complete:

- Items 4 through 22 and Memorandum item 3 semiannually with the June and December reports,
- Items 23 through 26 annually with the December report, and
- Memorandum items 1, 2, and 4 annually with the December report.

Institutions with total fiduciary assets (item 10, sum of columns A and B) less than or equal to \$250 million (as of the preceding December 31) that do not meet the fiduciary income test for quarterly reporting must complete:

- Items 4 through 13 annually with the December report, and
- Memorandum items 1 through 3 annually with the December report.
- Institutions with total fiduciary assets greater than \$100 million but less than or equal to \$250 million (as of the preceding December 31 report date) that do not meet the fiduciary income test for quarterly reporting must also complete Memorandum item 4 annually with the December report.

Dollar Amounts in Thousands

	(Column A) Managed Assets		(Column B) Non-Managed Assets		(Column C) Number of Managed Accounts		(Column D) Number of Non-Managed Accounts
	Amount		Amount		Number		Number
Fiduciary and Related Assets	RCON B868		RCON B869		RCON B870		RCON B871
4. Personal trust and agency accounts	N/A		N/A		N/A		N/A
5. Employee benefit and retirement-related trust and agency accounts:	RCON B872		RCON B873		RCON B874		RCON B875
a. Employee benefit-defined contribution	N/A		N/A		N/A		N/A
b. Employee benefit-defined benefit	RCON B876		RCON B877		RCON B878		RCON B879
c. Other employee benefit and retirement-related accounts	N/A		N/A		N/A		N/A
	RCON B880		RCON B881		RCON B882		RCON B883
	N/A		N/A		N/A		N/A
	RCON B884		RCON B885		RCON C001		RCON C002
6. Corporate trust and agency accounts	N/A		N/A		N/A		N/A
7. Investment management and investment advisory agency accounts	RCON B886		RCON J253		RCON B888		RCON J254
	N/A		N/A		N/A		N/A
8. Foundation and endowment trust and agency accounts	RCON J255		RCON J256		RCON J257		RCON J258
	N/A		N/A		N/A		N/A
	RCON B890		RCON B891		RCON B892		RCON B893
9. Other fiduciary accounts	N/A		N/A		N/A		N/A
10. Total fiduciary accounts (sum of items 4 through 9)	RCON B894		RCON B895		RCON B896		RCON B897
	N/A		N/A		N/A		N/A

**Schedule RC-T—Continued**

	(Column A) Managed Assets	(Column B) Non-Managed Assets	(Column C) Number of Managed Accounts	(Column D) Number of Non-Managed Accounts	
	Amount	Amount	Number	Number	
Dollar Amounts in Thousands					
11. Custody and safekeeping accounts		RCON B898		RCON B899	11.
12. Not applicable		N/A		N/A	
13. Individual Retirement Accounts, Health Savings Accounts, and other similar accounts (included in items 5.c and 11)	RCON J259	RCON J260	RCON J261	RCON J262	13.
	N/A	N/A	N/A	N/A	

	Dollar Amounts in Thousands		
	RIAD	Amount	
Fiduciary and Related Services Income			
14. Personal trust and agency accounts	B904	N/A	14.
15. Employee benefit and retirement-related trust and agency accounts:			
a. Employee benefit—defined contribution	B905	N/A	15.a.
b. Employee benefit—defined benefit	B906	N/A	15.b.
c. Other employee benefit and retirement-related accounts	B907	N/A	15.c.
16. Corporate trust and agency accounts	A479	N/A	16.
17. Investment management and investment advisory agency accounts	J315	N/A	17.
18. Foundation and endowment trust and agency accounts	J316	N/A	18.
19. Other fiduciary accounts	A480	N/A	19.
20. Custody and safekeeping accounts	B909	N/A	20.
21. Other fiduciary and related services income	B910	N/A	21.
22. Total gross fiduciary and related services income (sum of items 14 through 21) (must equal Schedule RI, item 5.a)	4070	N/A	22.
23. LESS: Expenses	C058	N/A	23.
24. LESS: Net losses from fiduciary and related services	A488	N/A	24.
25. PLUS: Intracompany income credits for fiduciary and related services	B911	N/A	25.
26. Net fiduciary and related services income	A491	N/A	26.

Memoranda	(Column A) Personal Trust and Agency and Investment Management Agency Accounts		(Column B) Employee Benefit and Retirement-Related Trust and Agency Accounts		(Column C) All Other Accounts		
	RCON	Amount	RCON	Amount	RCON	Amount	
Dollar Amounts in Thousands							
1. Managed assets held in fiduciary accounts:							
a. Noninterest-bearing deposits	J263	N/A	J264	N/A	J265	N/A	M.1.a.
b. Interest-bearing deposits	J266	N/A	J267	N/A	J268	N/A	M.1.b.
c. U.S. Treasury and U.S. Government agency obligations	J269	N/A	J270	N/A	J271	N/A	M.1.c.
d. State, county, and municipal obligations	J272	N/A	J273	N/A	J274	N/A	M.1.d.
e. Money market mutual funds	J275	N/A	J276	N/A	J277	N/A	M.1.e.
f. Equity mutual funds	J278	N/A	J279	N/A	J280	N/A	M.1.f.
g. Other mutual funds	J281	N/A	J282	N/A	J283	N/A	M.1.g.
h. Common trust funds and collective investment funds	J284	N/A	J285	N/A	J286	N/A	M.1.h.
i. Other short-term obligations	J287	N/A	J288	N/A	J289	N/A	M.1.i.
j. Other notes and bonds	J290	N/A	J291	N/A	J292	N/A	M.1.j.
k. Investments in unregistered funds and private equity investments	J293	N/A	J294	N/A	J295	N/A	M.1.k.

**Schedule RC-T—Continued**

**Memoranda—Continued**

Dollar Amounts in Thousands	(Column A) Personal Trust and Agency and Investment Management Agency Accounts		(Column B) Employee Benefit and Retirement-Related Trust and Agency Accounts		(Column C) All Other Accounts		
	RCON	Amount	RCON	Amount	RCON	Amount	
1. i. Other common and preferred stocks	J296	N/A	J297	N/A	J298	N/A	M.1.i.
m. Real estate mortgages	J299	N/A	J300	N/A	J301	N/A	M.1.m.
n. Real estate	J302	N/A	J303	N/A	J304	N/A	M.1.n.
o. Miscellaneous assets	J305	N/A	J306	N/A	J307	N/A	M.1.o.
p. Total managed assets held in fiduciary accounts (for each column, sum of Memorandum items 1.a through 1.o)	J308	N/A	J309	N/A	J310	N/A	M.1.p.

Dollar Amounts in Thousands	(Column A) Managed Assets		(Column B) Number of Managed Accounts		
	RCON	Amount	RCON	Number	
1. q. Investments of managed fiduciary accounts in advised or sponsored mutual funds	J311	N/A	J312	N/A	M.1.q.

Dollar Amounts in Thousands	(Column A) Number of Issues		(Column B) Principal Amount Outstanding		
	RCON	Number	RCON	Amount	
2. Corporate trust and agency accounts:	RCON B928				
a. Corporate and municipal trusteeships	B927	N/A		N/A	M.2.a
(1) Issues reported in Memorandum item 2.a. that are in default	J313	N/A		N/A	M.2.a.(1)
b. Transfer agent, registrar, paying agent, and other corporate agency	B929	N/A			M.2.b.

Memorandum items 3.a through 3.h are to be completed by banks with collective investment funds and common trust funds with a total market value of \$1 billion or more as of the preceding December 31 report date.

Memorandum items 3.h only is to be completed by banks with collective investment funds and common trust funds with a total market value of less than \$1 billion as of the preceding December 31 report date.

Dollar Amounts in Thousands	(Column A) Number of Funds		(Column B) Market Value of Fund Assets		
	RCON	Number	RCON	Amount	
3. Collective investment funds and common trust funds:	RCON B932				
a. Domestic equity	B931	N/A	B932	N/A	M.3.a.
b. International/Global equity	B933	N/A	B934	N/A	M.3.b.
c. Stock/Bond blend	B935	N/A	B936	N/A	M.3.c.
d. Taxable bond	B937	N/A	B938	N/A	M.3.d.
e. Municipal bond	B939	N/A	B940	N/A	M.3.e.
f. Short term investments/Money market	B941	N/A	B942	N/A	M.3.f.
g. Specialty/Other	B943	N/A	B944	N/A	M.3.g.
h. Total collective investment funds (sum of Memorandum items 3.a through 3.g)	B945	N/A	B946	N/A	M.3.h.

**Schedule RC-T—Continued**

**Memoranda—Continued**

Dollar Amounts in Thousands

	(Column A) Gross Losses Managed Accounts		(Column B) Gross Losses Non-Managed Accounts		(Column C) Recoveries		
	RIAD	Amount	RIAD	Amount	RIAD	Amount	
4. Fiduciary settlements, surcharges, and other losses:							
a. Personal trust and agency accounts	B947	N/A	B948	N/A	B949	N/A	M.4.a.
b. Employee benefit and retirement-related trust and agency accounts	B950	N/A	B951	N/A	B952	N/A	M.4.b.
c. Investment management and investment advisory agency accounts	B953	N/A	B954	N/A	B955	N/A	M.4.c.
d. Other fiduciary accounts and related services	B956	N/A	B957	N/A	B958	N/A	M.4.d.
e. Total fiduciary settlements, surcharges, and other losses (sum of Memorandum items 4.a through 4.d) (sum of columns A and B minus column C must equal Schedule RC-T, item 24)	B959	N/A	B960	N/A	B961	N/A	M.4.e.

Person to whom questions about Schedule RC-T—Fiduciary and Related Services should be directed:

N/A

Name and Title (TEXT B962)

N/A

E-mail Address (TEXT B926)

N/A

Area Code/Phone Number/Extension (TEXT B963)

N/A

Area Code/FAX Number (TEXT B964)



## Schedule SU—Supplemental Information

All institutions must complete the indicator questions with either a "Yes" or a "No." For questions for which the response is "Yes," the corresponding items must be completed.

		Dollar Amounts in Thousands		RCON	YES / NO	
<b>Derivatives</b>						
1.	Does the institution have any derivative contracts?			FT00	NO	1.
					Amount	
a.	Total gross notional amount of interest rate derivatives held for trading			A126	N/A	1.a.
b.	Total gross notional amount of all other derivatives held for trading			FT01	N/A	1.b.
c.	Total gross notional amount of interest rate derivatives not held for trading			8725	N/A	1.c.
d.	Total gross notional amount of all other derivatives not held for trading			FT02	N/A	1.d.
<b>1-4 Family Residential Mortgage Banking Activities</b>						
2.	For the two calendar quarters preceding the current calendar quarter, did the institution meet one or both of the following mortgage banking activity thresholds: (1) Sales of 1-4 family residential mortgage loans during the calendar quarter exceeded \$10 million, or (2) 1-4 family residential mortgage loans held for sale or trading as of calendar quarter-end exceeded \$10 million?			RCON	YES / NO	
				FT03	NO	2.
					Amount	
a.	Principal amount of 1-4 family residential mortgage loans sold during the quarter			FT04	N/A	2.a.
b.	Quarter-end amount of 1-4 family residential mortgage loans held for sale or trading			FT05	N/A	2.b.
<b>Assets and Liabilities Measured at Fair Value on a Recurring Basis</b>						
3.	Does the institution use the fair value option to measure any of its assets or liabilities?			RCON	YES / NO	
				FT06	NO	3.
					Amount	
a.	Aggregate amount of fair value option assets			HK18	N/A	3.a.
b.	Aggregate amount of fair value option liabilities			HK19	N/A	3.b.
				RIAD		
c.	Year-to-date net gains (losses) recognized in earnings on fair value option assets			F551	N/A	3.c.
d.	Year-to-date net gains (losses) recognized in earnings on fair value option liabilities			F553	N/A	3.d.
<b>Servicing, Securitization and Asset Sale Activities</b>						
4.	Does the institution have any assets it has sold and securitized with servicing retained or with recourse or other seller-provided credit enhancements?			RCON	YES / NO	
				FT07	NO	4.
					Amount	
a.	Total outstanding principal balance of assets sold and securitized by the reporting institution with servicing retained or with recourse or other seller-provided credit enhancements			FT08	N/A	4.a.
5.	Does the institution have any assets it has sold with recourse or other seller-provided credit enhancements but has not securitized?				YES / NO	
				FT09	NO	5.
					Amount	
a.	Total outstanding principal balance of assets sold by the reporting institution with recourse or other seller-provided credit enhancements, but not securitized by the reporting institution			FT10	N/A	5.a.
6.	Does the institution service any closed-end 1- 4 family residential mortgage loans for others or does it service more than \$10 million of other financial assets for others?				YES / NO	
				FT11	NO	6.
					Amount	
a.	Total outstanding principal balance of closed-end 1- 4 family residential mortgage loans serviced for others plus the total outstanding principal balance of other financial assets serviced for others if more than \$10 million			FT12	N/A	6.a.
<b>Variable Interest Entities</b>						
7.	Does the institution have any consolidated variable interest entities?				YES / NO	
				FT13	NO	7.
					Amount	
a.	Total assets of consolidated variable interest entities(1)			FT14	N/A	7.a.
b.	Total liabilities of consolidated variable interest entities			FT15	N/A	7.b.

(1) Institutions that have adopted ASU 2016-13 should report assets net of any applicable allowance for credit losses.

**Schedule SU—Continued**

All institutions must complete the indicator questions with either a "Yes" or a "No." For questions for which the response is "Yes," the corresponding items must be completed.

Dollar Amounts in Thousands		RCON	YES / NO	
<b>Credit Card Lending Specialized Items</b>				
8. Does the institution, together with affiliated institutions, have outstanding credit card receivables that exceed \$500 million as of the report date or is the institution a credit card specialty bank as defined for Uniform Bank Performance Report purposes?		FT16	NO	8.
a. Outstanding credit card fees and finance charges included in credit cards to individuals for household, family, and other personal expenditures (retail credit cards)		C391	N/A	8.a.
		RIAD		
		C389	N/A	8.b.
b. Separate valuation allowance for uncollectible retail credit card fees and finance charges		C390	N/A	8.c.
c. Amount of allowance for loan and lease losses attributable to retail credit card fees and finance charges(1)		C388	N/A	8.d.
d. Uncollectible retail credit card fees and finance charges reversed against year-to-date income				
<b>FDIC Loss-Sharing Agreements</b>				
9. Does the institution have assets covered by FDIC loss-sharing agreements?		FT17	NO	9.
			Amount	
a. Loans and leases covered by FDIC loss-sharing agreements		FT18	N/A	9.a.
b. Past due and nonaccrual loans and leases covered by FDIC loss-sharing agreements:				
(1) Past due 30 through 89 days and still accruing		FT19	N/A	9.b.(1)
(2) Past due 90 days or more and still accruing		FT20	N/A	9.b.(2)
(3) Nonaccrual		FT21	N/A	9.b.(3)
c. Portion of past due and nonaccrual covered loans and leases that is protected by FDIC loss-sharing agreements:				
(1) Past due 30 through 89 days and still accruing		K102	N/A	9.c.(1)
(2) Past due 90 days or more and still accruing		K103	N/A	9.c.(2)
(3) Nonaccrual		K104	N/A	9.c.(3)
d. Other real estate owned covered by FDIC loss-sharing agreements		FT22	N/A	9.d.
e. Portion of covered other real estate owned that is protected by FDIC loss-sharing agreements		K192	N/A	9.e.

(1) Institutions that have adopted ASU 2016-13 should report in item 8.c the amount of allowance for credit losses on loans and leases attributable to retail credit card fees and finance charges.



# REPORT OF CONDITION

Consolidating domestic subsidiaries of

**First State Bank & Trust Company**

**in the state of TX at close of business on March 31, 2023**

published in response to call made by (Enter additional information below)


## Statement of Resources and Liabilities

Dollar Amounts in Thousands

### ASSETS

Cash and balances due from depository institutions:

Noninterest-bearing balances and currency and coin	7,600
Interest-bearing balances	9,618

Securities:

Held-to-maturity securities	67,090
Available-for-sale securities	305,288
Equity securities with readily determinable fair values not held for trading	500

Federal funds sold and securities purchased under agreements to resell:

Federal funds sold	392
Securities purchased under agreements to resell	0

Loans and lease financing receivables:

Loans and leases held for sale	0
Loans and leases held for investment	176,496
LESS: Allowance for loan and lease losses	1,804
Loans and leases held for investment, net of allowance	174,692

Trading Assets

0

Premises and fixed assets (including capitalized leases)

3,424

Other real estate owned

75

Investments in unconsolidated subsidiaries and associated companies

0

Direct and indirect investments in real estate ventures

0

Other intangible assets (from Schedule RC-M)

0

Other assets

29,276

Total assets

597,955

# REPORT OF CONDITION (Continued)

## LIABILITIES

Dollar Amounts in Thousands

### Deposits:

In domestic offices		551,190
Noninterest-bearing	99,583	
Interest-bearing	451,607	
Federal funds purchased and securities sold under agreements to repurchase:		
Federal funds purchased		0
Securities sold under agreements to repurchase		0
Trading liabilities		0
Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases)		0
Subordinated notes and debentures		0
Other liabilities		3,581
<b>Total liabilities</b>		<b>554,771</b>

### EQUITY CAPITAL

Bank Equity Capital		
Perpetual preferred stock and related surplus		0
Common stock		2,400
Surplus (excludes all surplus related to preferred stock)		11,600
Retained earnings		67,503
Accumulated other comprehensive income		-38,319
Other equity capital components		0
<b>Total bank equity capital</b>		<b>43,184</b>
Noncontrolling (minority) interest in consolidated subsidiaries		0
<b>Total equity capital</b>		<b>43,184</b>
<b>Total liabilities and equity capital</b>		<b>597,955</b>

We, the undersigned directors (trustees), attest to the correctness of the Reports of Condition and Income (including the supporting schedules) for this report date and declare that the Reports of Condition and Income have been examined by us and to the best of our knowledge and belief have been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and are true and correct.

**I, Kevin Smith, CFO**

( Name, Title )

of the above named bank do hereby declare that this Report of Condition is true and correct to the best of my knowledge and belief.

Director #1

Director #2

Director #3

I do hereby attest that this Disclosure Statement has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true and correct in the best of my knowledge and belief.

\_\_\_\_\_  
Officer's Signature

\_\_\_\_\_  
Officer's Title

\_\_\_\_\_  
Date