Central Bancompany

2023 Annual Report

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2023 ANNUAL REPORT

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Forward-Looking Statements

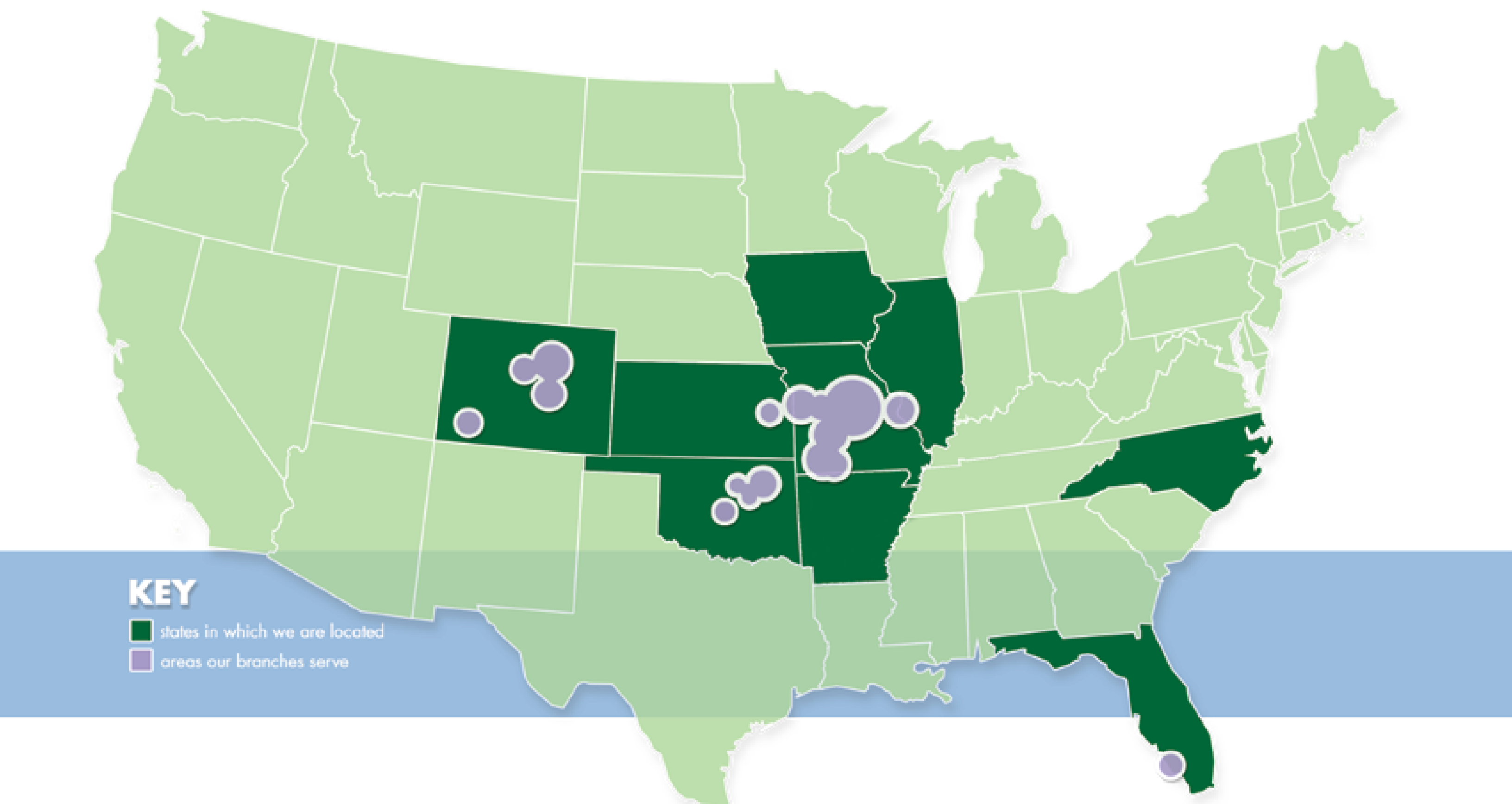
This annual report contains future-looking information and projections that are not statements of historical fact and that constitute “forward-looking statements” within the meaning of the federal securities laws.

These forward-looking statements include, but are not limited to, statements regarding the Company’s business plans and investment strategies, expectations with respect to investments in employees, branches and technologies, as well as net income growth; the Company’s profitability, the economic and interest rate environment; and the Company’s expenses. *Words or phrases such as "anticipate," "believe," "aim," "can," "conclude," "continue," "could," "estimate," "expect," " foresee," "goal," "intend," "may," "might," "outlook," "possible," "plan," "predict," "project," "potential," "seek," "should," "target," "will," "will likely," "would," or the negative of these terms or other comparable terminology, as well as similar expressions, are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.*

Forward-looking statements express management’s beliefs regarding future results or events, many of which, by their nature, are inherently uncertain and subject to significant business, economic and competitive risks, uncertainties and contingencies, many of which are outside of management’s control. Consequently, actual results and outcomes may differ, possibly materially, from the results or outcomes indicated in these forward-looking statements.

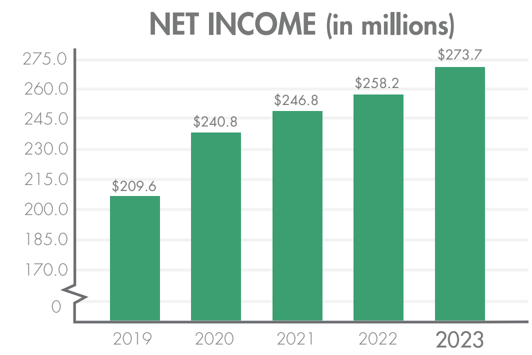
Factors that may cause actual results or outcomes to differ from those included in our forward-looking statements include, but are not limited to: disruptions in our business operations due to unforeseen risks or uncertainties; the magnitude, duration, and severity of the risks or uncertainties, pandemics, or other global disruption that may occur; changes in consumer demand for financial services; our ability to retain key management and employees; and general competitive, economic, political, and market conditions and fluctuations. The forward-looking statements contained in this annual report are made as of March 28, 2024, and are based on information available to management on such date. We do not undertake any obligation to update, supplement or correct any of these forward-looking statements.

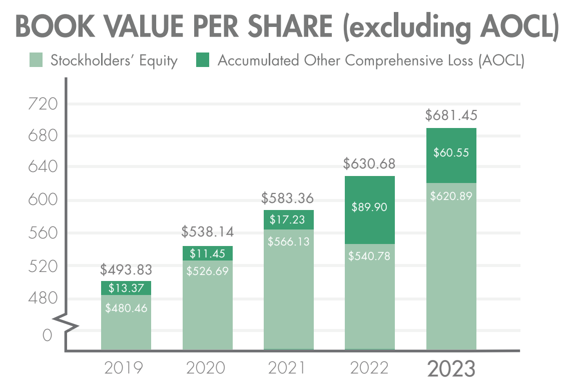
Table of Contents



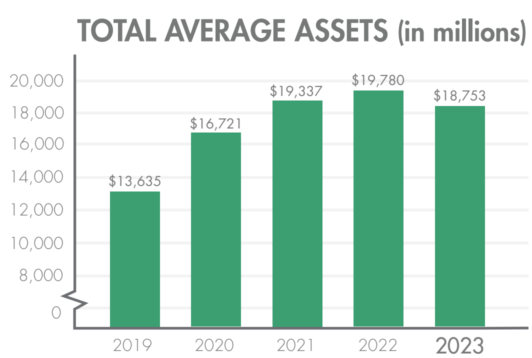
Financial Highlights

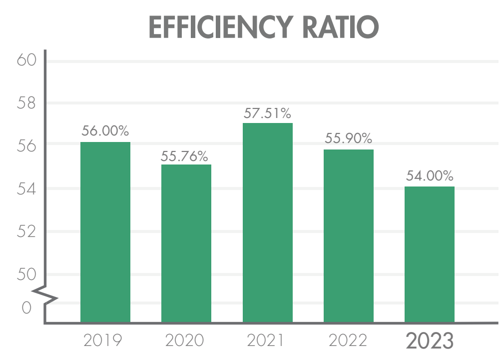
GROWTH

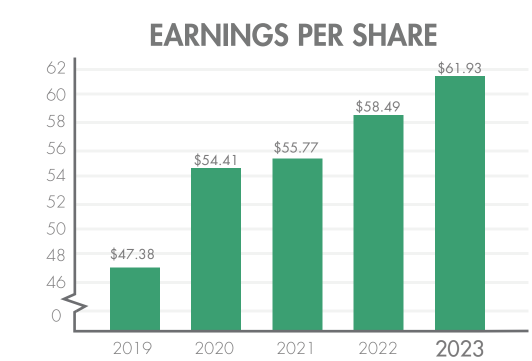


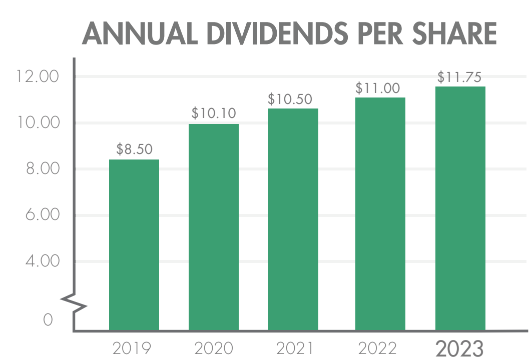


PERFORMANCE









Year in Review

For the Year	2023	2022
Interest Income	$800,652,000	608,705,000
Interest Expense	167,473,000	52,930,000
Net Interest Income	633,179,000	555,775,000
Provision for Credit Losses	16,252,000	13,715,000
Noninterest Income	206,880,000	231,249,000
Noninterest Expense	469,070,000	439,822,000
Income Taxes	81,044,000	75,267,000
Net Income	273,693,000	258,220,000
Average Daily Assets	18,753,282,000	19,779,723,000
Average Daily Deposits	14,774,745,000	15,748,838,000
Average Daily Loans	11,427,899,000	10,811,266,000
At Year-end		
Total Assets	$19,020,505,000	19,445,397,000
Investment Securities	5,083,610,000	6,529,440,000
Loans	11,520,730,000	11,257,491,000
Deposits	14,869,510,000	15,561,196,000
Accumulated Other Comprehensive Loss (AOCL)	-267,592,000	-396,913,000
Stockholders' Equity, Excluding AOCL	3,011,390,000	2,784,505,000
Number of Outstanding Shares	4,419,111	4,415,059
Per Share		
Net Income	$61.93	58.49
Dividends	11.75	11.00
Stockholders' Equity, Excluding AOCL	681.45	630.68

Dear Fellow Shareholders,

As I write this letter, another major bank's fragility is once again in the headlines. Despite ongoing uncertainty, 2023 played out far better than many feared. Inflation is not yet tamed but solidly declining, easing our operating cost pressures despite ongoing investments. GDP growth exceeded expectations supporting modest loan growth and keeping our credit costs at historically low levels. While the Federal Reserve's policies had the anticipated negative effect on our deposit balances and mortgage volumes, both have now appeared to stabilize.

Our unwavering commitment to a robust community banking model has continued to serve us well through all parts of the economic cycle. I am proud to share that 2023 was our 39th consecutive year of increased operating profit.

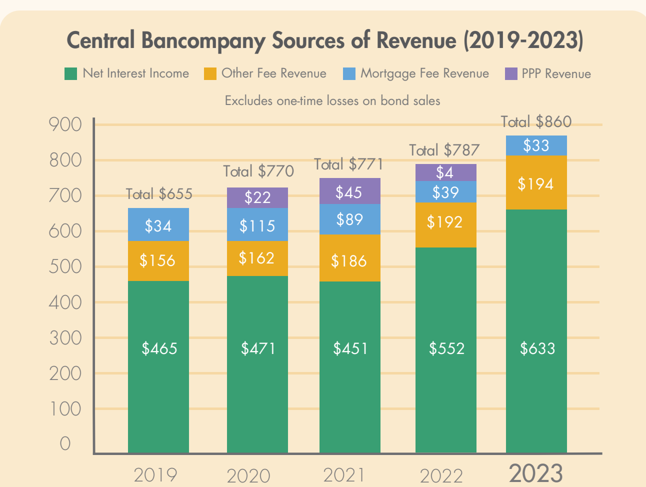
S. Bryan Cook,
Chairman & Chief Executive Officer

This commitment and these achievements have been recognized by reputable industry observers.

- This was our 16th consecutive year we have been named one of *Forbes Magazine's* "Best Banks in America" – every year since the list began.
- In Newsweek's inaugural year, it granted your Company the "Best Customer Service Bank in America" award.

Allow me to share a few additional financial highlights from 2023.

- Revenue increased to $840 million, 7% growth over 2022. Adjusted for one-time losses on bond sales, revenue increased to $860 million, 9% growth over 2022.
- Net income increased to $274 million, 6% growth over 2022. Adjusted for one-time losses on bond sales, operating income was up 12% year-over-year.
- Earnings per share increased to $61.93, a cumulative growth of 11% over the last three years and our dividend per share increased to $11.75, a cumulative growth of 12% over the last three years.



- Capital ratios continue to be robust with a total risk-based capital ratio of 22.75%, well above peers and regulatory requirements.

A detailed discussion of the financial results can be found in the Financial Review and the Independent Auditors' Report.

While current headlines suggest many financial institutions are currently retrenching, we are fortunate that our financial strength will allow us to continue to selectively invest for the long term. As you know, we have a plan to accelerate our growth. We call it "The Road Ahead." We again made progress on that multi-year growth plan in 2023, including branch expansion in Oklahoma City and Westminster, CO, customer-facing staff expansion in our wealth division, and a number of technology upgrades and conversions. These efforts and others planned in 2024 will contribute to our future success.

As we move forward, I want to take a moment to review our commitment to our stakeholders.

To our customers: We are pleased to share that our Customer Satisfaction Score edged up modestly in 2023 and remains close to double the industry average, despite challenges with several complicated technology upgrades and conversions.

We believe this is the direct result of our commitment to "LivingLEGENDARY," our new company service standards, which we launched in 2023.

living**LEGENDARY**

Moreover, our strong customer-facing technology (our mobile app store ratings of 4.8+ stars with 50,000+ reviews) continues to drive customer satisfaction. For customers looking to switch financial institutions in 2023 specifically, these operating attributes were amplified by our industry-leading financial strength. In 2023 our household growth topped 1.41%, putting us in the top quartile of banks across the country. I highly encourage you to read the article titled, "Taking Care of Family Business," on page 9, which presents two exemplary instances where our service standards and financial strength afforded customers the opportunity to grow with confidence amidst uncertainty.

To our communities: Our commitment to local leadership enables us to actively participate in the growth of each of our markets. Collectively, we estimate that our employees have again devoted more than 20,000 volunteer hours to support nonprofit organizations in 2023, and many take leadership roles in the organizations they serve. Of these service hours, we increased the hours dedicated to financial literacy by nearly 50%. Surveys indicate that 88% of adults leave high school unprepared to handle money in the real world. These financial literacy hours are delivered both one-on-one and in group settings, including: for children through our *Dollar Bill Kids Club*, high school students with our *Reality Check* and *ACE* programs, and adults through our *ProsperU* program. We are excited about and continue to expand the reach of these and other similar programs because they have a positive impact on our communities.

To our colleagues: Despite numerous ongoing initiatives, upgrades, and conversions in 2023, I am pleased to announce the employee satisfaction survey continued to indicate very high levels of employee morale – 86% of employees responded to our annual survey and of those respondents over 80% reported they would recommend a friend or family member to work for our company. High employee morale and providing a source of stability in these uncertain times has allowed us to retain and attract top talent in the industry. In 2023, we hired a new Chief Credit Officer, Chief Human Resources Officer, General Counsel, and President of our St. Louis market. With these additions and others, our ongoing succession planning efforts have made significant progress.

Outlook for 2024

While we hope the preponderance of economic forecasters calling for a soft landing in 2024 are correct, we are prepared for multiple outcomes. Much uncertainty in the economic outlook remains and hinges on several forces outside of our control, including impending regulatory actions.

- ***Quantitative Tightening:*** As discussed in my last two letters, the Federal Reserve's quantitative tightening policy to reduce the size of its balance sheet had the anticipated effect of draining deposits from the banking system in 2022 and 2023, causing banking fragility. That process appears likely to end in 2024 and we are already seeing signs of deposit stability.
- ***Interest Rates:*** It also appears likely the Federal Reserve will begin to lower interest rates at some point in 2024. When and by how much is highly uncertain, but we have positioned our balance sheet to minimize the impact of any likely scenario.
- ***Commercial Real Estate (CRE):*** The combination of fewer deposits in the banking system and higher interest rates is expected to complicate CRE refinancing in 2024 and beyond. We are already beginning to see related headlines emerge as I write this letter. Higher interest rates both impair the cash flow of CRE properties and lower their resale values. For banks who finance them, this means that both default probabilities and loss rates in default are set to rise. As a CRE lender, we envision that our credit cost may likely increase from low levels in 2023. That being said, we have historically outperformed the industry's loan loss ratios and have conservatively maintained above market loan loss reserves. Furthermore, our conservative loan structures, focus on relationship lending within our footprint, avoidance of key risk sectors like urban office towers, and managing concentrations are all a part of our core lending philosophy.
- ***Regulatory Tsunami:*** We are proud of our strong risk culture that allows us to ensure full compliance and high standing in all regulatory matters. This will continue to be the case in 2024. However, we are greatly concerned by the likely impact of proposed new regulations on our economy and our customers. Among other proposals, these new regulations would limit interchange, restrict overdraft protection, and expand requirements for small business lending. These proposals are expected to have the opposite of the intended effect, likely leading to increased prices and restricted availability.

2024 INITIATIVES

Our Road Ahead continues to be a driving force for our business lines and our market leaders. We have made solid progress in 2023 and have several ongoing initiatives slated for 2024:

- ***Branches:*** To expand our presence and serve more customers conveniently, we are anticipating breaking ground on four new branches across our St. Louis and Kansas City markets, with more to follow.
- ***People:*** We made several key customer-facing hires in our strategically important wealth and commercial services businesses in 2023 that will reach stride in 2024. We will continue to add modestly where we find attractive talent opportunities.
- ***Services:*** Amongst other new offerings, we are excited to be launching our new money management tool that includes AI-enabled cash flow forecasting, along with other convenient features.
- ***Mergers and Acquisitions:*** While nothing is currently visible, we remain hopeful that the relationships we cultivated in 2022 and 2023 will yield a transaction in 2024, now that some stability has returned to the sector.
- ***Technology:*** We are increasing our technology investment in 2024 and beyond. Recently, we completed an extensive review of our technology infrastructure and determined that a core modernization will best facilitate our long-term strategic agenda. This multi-year endeavor, code named "Project Keystone," will among other things, significantly speed up our time to market with new initiatives and provide critically important real-time processing capability. Once complete, your Company will again be at the forefront of technology in U.S. banking.

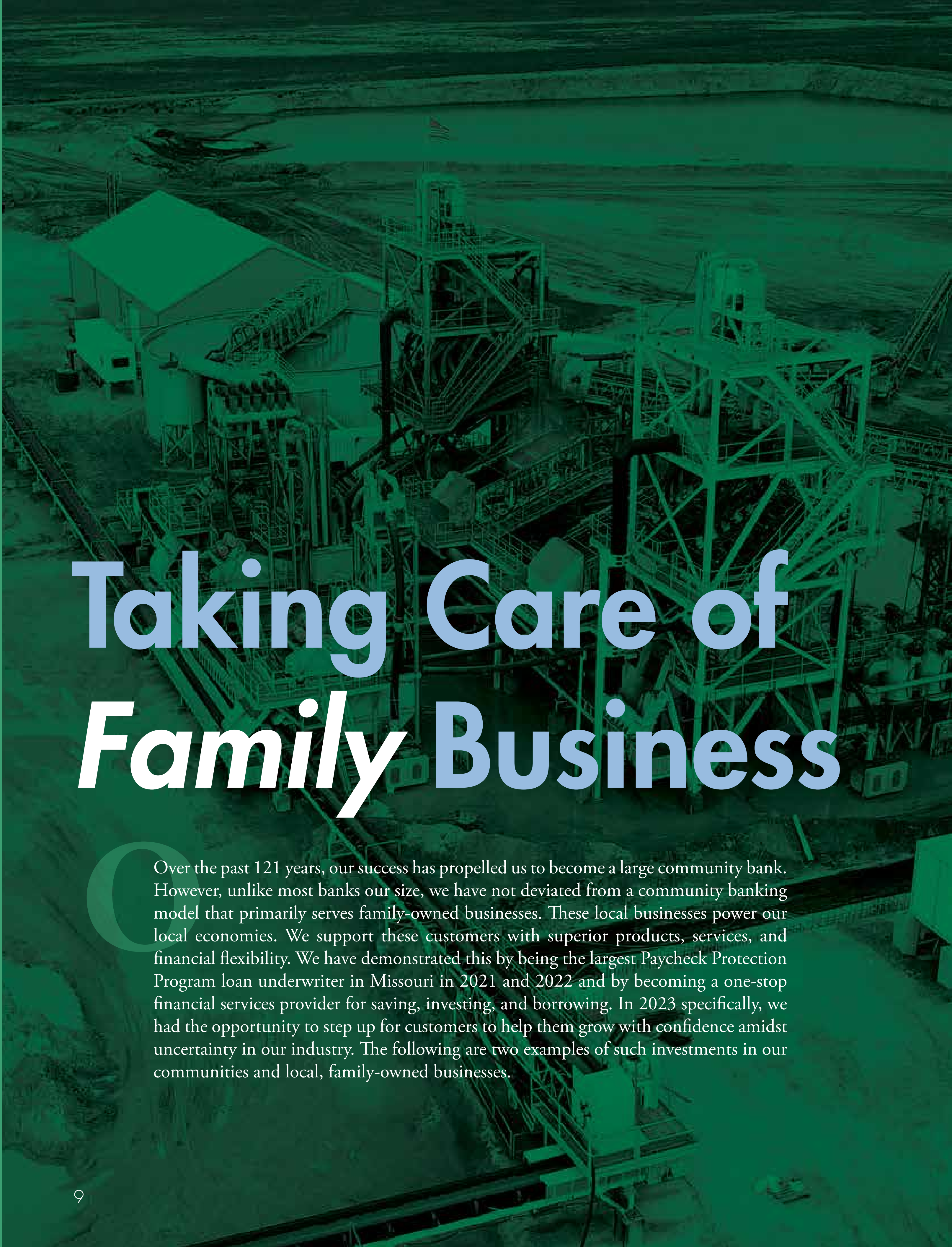
PROJECT KEYSTONE

As we move forward, we remain committed to our mission of providing exceptional service to our customers and delivering long-term value to our shareholders. We are excited about the opportunities ahead in 2024 and are currently hopeful that it will be our 40th consecutive year of increased profitability.

In closing, each year we recognize there will be challenges ahead and 2024 is no different. I want to thank our customers for trusting us with the most important part of their financial lives and our shareholders for their continued support. Our employees, who are inspirational and talented, are committed to meeting the challenges that lie ahead.

Thank you,

S. Bryan Cook, *Chairman & Chief Executive Officer*



Taking Care of *Family* Business

Over the past 121 years, our success has propelled us to become a large community bank. However, unlike most banks our size, we have not deviated from a community banking model that primarily serves family-owned businesses. These local businesses power our local economies. We support these customers with superior products, services, and financial flexibility. We have demonstrated this by being the largest Paycheck Protection Program loan underwriter in Missouri in 2021 and 2022 and by becoming a one-stop financial services provider for saving, investing, and borrowing. In 2023 specifically, we had the opportunity to step up for customers to help them grow with confidence amidst uncertainty in our industry. The following are two examples of such investments in our communities and local, family-owned businesses.

As a testament to the vital importance of local family-owned businesses, Farmer Companies started its construction and material manufacturing business in the early 1970's and now boasts a workforce of more than 2,000 individuals and more than $1 billion in annual sales. Central Bank has been proud to partner with Farmer Companies every step of the way, from the loan that got them started to supporting their rapid growth through the years, including their most recent large acquisition.

"Central Bank has always supported our growth through the years," said Kirk Farmer, President & CEO of Farmer Companies. "Through many of these expansions, we chose Central Bank as our local partner to help us achieve our goals due to their financial strength and stability, and because of their longstanding relationship with us."

In November 2023, Farmer Companies expanded their footprint westward by acquiring Folsom Ready Mix in the state of California, marking a significant milestone in their growth trajectory. The Farmer family seized this opportunity and turned to Central Bank for financing. When many financial institutions were pulling back due to troubles with capital and liquidity, Central Bank was able to make the deal.

"We have a great relationship with the Farmer family. It has spanned several decades and has fostered the growth of our company and theirs," said Mat Heinrich, Senior Vice President, Commercial Lending. "We enjoy working with the family, and we appreciate them continuing to allow us to be a part of their journey."

Our dedication to family-owned businesses is constantly expanding to incorporate new relationships. A great example is Alec Cook of Continental Siding in Kansas City, Missouri.

Alec's journey with Continental Siding began humbly, as a part-time door-to-door marketer while pursuing his college education on a full-time basis. His dedication and determination propelled him swiftly through the ranks, giving him several promotions, and eventually leading him to purchase the company in 2019, financed by Central Bank.

When he made the decision he wanted to own the company, it was Central Bank's deep-rooted connection to the local community and its unwavering support for family-owned businesses that resonated deeply with Alec. Central Bank stepped in to provide not just financial support, but also a shared commitment to the success of local communities.

CONTINENTAL SIDING

SEAMLESS POLYMER SIDING

Moreover, Alec didn't just want to own the company and operate at status quo. In 2023, he resolved to grow it and asked Central Bank to finance his expansion into new territories. Despite significant disruption in banking at the time, Central Bank was uniquely able to help support his strategic vision.

In the short time he has owned Continental Siding, Central Bank has helped finance new locations and increase his revenue by 97%.

"In partnering with Central Bank, I've found more than just a financial institution—I've found a true ally, a champion for local businesses, and a steward of our shared values," Alec said. "The choice to bank with Central Bank was clear, and it's one I'll continue to make, knowing that together, we can make a difference in our communities and beyond."

“Continental Siding is a strong local company,” said Bill Ferguson, President and CEO of Central Bank of the Midwest. “We knew supporting Alec's dreams and vision for expansion as a local Kansas City company would be a wise investment.”

*Footnote: Alec Cook is in no way related or affiliated with the Cook Family that has owned Central Bank for 4 generations.

Financial Review

Results of Operations

Central Bancompany, Inc., recorded net income of $273,693,000 in 2023, a $15,473,000 increase compared to 2022 net income of $258,220,000. Adjusted for one-time losses on bond sales, net income was $288,897,000, a $30,677,000 increase over 2022. Two key bank performance measures are the return on assets and the return on equity. The Company's return on average assets was 1.46% in 2023 compared to 1.31% in 2022. The return on equity was 11.46% in 2023 and 10.31% in 2022.

Average daily assets for the Company were $18.753 billion in 2023 compared to $19.780 billion in 2022. Consolidated assets of the Company on December 31, 2023, were $19.021 billion. Deposits decreased by 4.4% to $14.870 billion on December 31, 2023, and loans increased by 2.3% to $11.521 billion.

Stockholders' equity, excluding the impact of Accumulated Other Comprehensive Loss (AOCL), increased by 8.2% to $3,011,390,000 on December 31, 2023. Stockholder's equity, excluding the impacts of accumulated other comprehensive loss is a non-GAAP measure. This measure is not in accordance with, or a substitute for, GAAP, and may be different from or inconsistent with non-GAAP financial measures used by other companies. Book value per share, excluding AOCL, was $681.45 on December 31, 2023, compared to $630.68 on December 31, 2022. The Company's 2023 leverage ratio was 14.36% compared to 12.58% in 2022. Net Income per share was $61.93 in 2023 compared to $58.49 per share in 2022, a 5.9% increase; total dividends paid by the Company in 2023 were $51,921,000 or $11.75 per share compared to $48,616,000 in 2022 or $11.00 per share, a 6.8% increase.

Total revenue in 2023 amounted to $840 million, a $53 million, or 6.7% increase from 2022. Noninterest expense in 2023 was $469.1 million, a $29 million or 6.6% increase compared to 2022. The provision for credit losses in 2023 amounted to $16.3 million, an increase of $2.5 million. Following is a breakdown of the different components of each category and a discussion of the changes.

Net Interest Income

Net interest income comprises the major source of earnings for the Company. Net interest income is the difference between interest and fees earned by the Company from loans, securities, and other interest-bearing investments less interest paid on deposits and other interest-bearing liabilities.

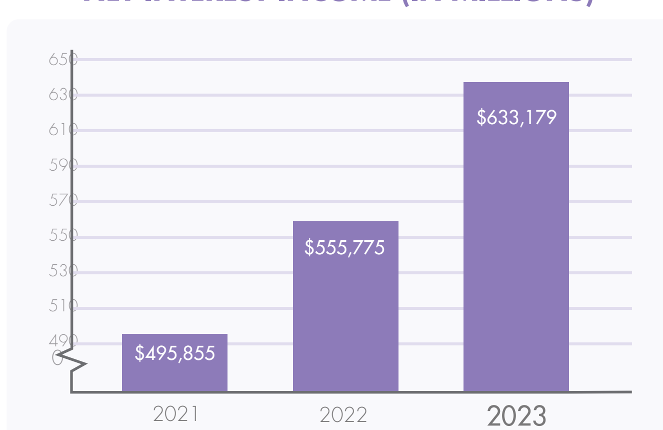
In measuring net interest income, it is necessary to evaluate all elements on a fully taxable equivalent basis (FTE). FTE adjusts for the tax-exempt status of interest earned on state and municipal investments of the Company and the nondeductible interest expense associated with funding certain tax-free investments.

Net interest income is affected by two factors: The volume of earning assets utilized by the Company and the net interest rate spread, which is the difference in the rate earned on loans and investments and the overall rate paid on deposits and other funding liabilities.

In 2023, net interest income was $633.2 million, up $77.4 million or 13.9% from 2022. The volume of average earning assets was $17.879 billion in 2023, a 5.2% decrease compared to 2022. Average loans increased by 5.7% to $11.428 billion while average deposits decreased by 6.2% to $14.775 billion. The Company's level of investment securities and short-term investments averaged $6.451 billion in 2023, a 19.9% decrease.

The Company's net interest margin increased from 2.94% in 2022 to 3.54% in 2023.

NET INTEREST INCOME (IN MILLIONS)



The loan portfolio yielded 5.66% in 2023 and 4.59% in 2022 while the yield on the investment portfolio was 2.16% in 2023 and 1.47% in 2022. The Company's cost to fund the earning assets was 1.04% in 2023 and 0.31% in 2022.

Allowance for Credit Losses

The Company accounts for losses in its loan portfolio on an expected credit loss basis. The measurement of expected credit losses is based on historical experience, current conditions, and reasonable and supportable forecasts. The allowance is funded with provisions that are charged to expense, thereby lowering operating earnings. The allowance is maintained at a level to cover expected losses in the loan portfolio.

The Company's provision for credit losses was $16.3 million in 2023 compared to $13.7 million in 2022. Net loan charge-offs were $14.1 million in 2023 and $8.5 million in 2022. Net loan charge-offs as a percentage of average loans were 0.12% in 2023 and 0.08% in 2022. The allowance for credit losses was $154.8 million on December 31, 2023 or 1.34% of outstanding loans; this compares to an allowance of $157.6 million on December 31, 2022 or 1.40% of loans.

Noninterest Income

Noninterest income is comprised of fees and commissions that are received from the products and services we provide to our customers. For 2023, total noninterest income was $206.9 million compared to $231.2 million in 2022, a 10.5% decrease. The Company recognized losses on the sale of available-for-sale (AFS) securities in 2023 to the sum of $18.9 million. Gains and losses on AFS securities are reported in investment securities gains and losses and are a component of noninterest income. Proceeds from the sale of AFS securities were reinvested in higher yielding assets, improving the Company's return on investments in future periods. Excluding investment securities gains and losses, noninterest income in 2023 decreased by 2.6% compared to 2022. Other external factors continue to impact noninterest income. Evolving regulatory guidance governing overdraft and non-sufficient fund (NSF) fees have contributed to service charge and commissions income being down approximately $3 million year-over-year. Additionally, mortgage banking revenues continue to be impacted by high interest rates. The following is a year-over-year comparison of noninterest income for 2023 versus 2022.

(In millions)	2023	2022	$ Change	% Change
Service Charges and Commissions	$ 54.4	$ 57.4	$ -3.0	-5.2%
Bankcard and Merchant Fees	67.4	66.6	0.8	1.2%
Fees for Fiduciary Services	40.2	38.2	2.0	5.2%
Mortgage Banking Revenues	33.1	38.9	-5.8	-14.9%
Brokerage Fees	19.5	20.1	-0.6	-3.0%
Investment Securities Gains (losses)	-18.9	-0.5	-18.4	3680.0%
Other	11.2	10.5	0.7	6.7%
Total Noninterest Income	$206.9	$231.2	-24.3	-10.5%

Noninterest Expense

Noninterest expense for 2023 was $469.1 million compared to $439.8 million in 2022, an increase of $29.3 million or 6.7%. Salaries, wages, employee benefits, and payroll taxes comprise about 57.9% of our total noninterest expenses. Total salary and benefits were $271.7 million in 2023 and $254.4 million in 2022, an increase of 6.8%. FDIC insurance expense increased $2.8 million due to an increase in the base assessment rate combined with a $1.1 million accrual during the fourth quarter of 2023 for a one-time special assessment by the FDIC to replenish the Deposit Insurance Fund following three large bank failures in 2023. Employee benefits and payroll taxes increased year-over-year due to a combination of increase in pension expense in 2023 associated with the rise in interest rates and an increase in the Company's contributions to its employee's medical and dental health plan. Changes in noninterest expense by major category between 2023 and 2022 are as follows:

(In millions)	2023	2022	$ Change	% Change
Salaries and Wages	$ 221.9	$ 211.4	$ 10.5	5.0%
Employee Benefits and Payroll Taxes	49.7	43.0	6.7	15.6%
Occupancy Expenses	28.6	28.2	0.4	1.4%
Equipment Costs	16.2	15.4	0.8	5.2%
Marketing and Business Development	19.1	17.2	1.9	11.0%
Computer Software and Maintenance	19.5	17.5	2.0	11.4%
Bankcard Processing and Other Costs	36.0	36.8	-0.8	-2.2%
Management and Consulting	12.0	12.0	0.0	0.0%
FDIC Insurance	5.5	2.7	2.8	103.7%
OMSR Amortization	6.7	8.0	-1.3	-16.3%
Information Services	6.0	5.3	0.7	13.2%
Correspondent Bank Charges	5.4	3.7	1.7	45.9%
Loan Collection and Other Real Estate Costs	3.0	2.6	0.4	15.4%
Travel, Meetings, and Entertainment	5.2	4.2	1.0	23.8%
Printing, Telecommunications, Postage	8.3	8.8	-0.5	-5.7%
Legal Fees	5.1	3.4	1.7	50.0%
Intangible Asset Amortization	4.0	3.5	0.5	14.3%
Other	16.9	16.1	0.8	5.0%
Total Noninterest Expense	$469.1	$439.8	$29.3	6.7%

The Company's consolidated efficiency ratio for 2023 was 54.0% compared to 55.9% for 2022.

Income Taxes

For 2023, the Company recorded an expense for income taxes of $81 million compared to $75.3 million in 2022. The 2023 expense is comprised of $68.4 million in Federal income tax, $9.7 million in State income tax, and $2.9 million in amortization of tax credit costs.

The Company's effective tax rate (Federal and State) amounted to 22.9% in 2023 and 22.6% in 2022.

5 YEAR Consolidated Average Balance Sheet

CENTRAL BANCOMPANY, INC. AND SUBSIDIARIES

Assets	2023	2022	2021	2020	2019
Cash & Due From Banks	$192,178,000	201,020,000	198,742,000	190,398,000	168,642,000
Investment Securities	5,993,378,000	6,509,442,000	5,383,453,000	4,567,481,000	3,363,369,000
Money Market Obligations	457,619,000	1,545,224,000	2,723,056,000	1,246,672,000	868,795,000
Loans Less Unearned Income	11,427,899,000	10,811,266,000	10,374,803,000	10,067,989,000	8,670,796,000
Allowance for Credit Loss	-153,886,000	-155,317,000	-154,159,000	-140,457,000	-132,228,0000
Net Loans	11,274,013,000	10,655,949,000	10,220,644,000	9,927,532,000	8,538,568,000
Other Assets	836,094,000	868,088,000	811,392,000	789,383,000	695,973,000
Total Assets	$18,753,282,000	19,779,723,000	19,337,287,000	16,721,466,000	13,635,347,000

Liabilities and Stockholders' Equity

Noninterest Bearing Demand Deposits	$5,513,929,000	6,073,019,000	5,779,320,000	4,607,624,000	3,368,629,000
Savings, NOW, & Money Market Deposits	7,915,978,000	8,516,596,000	7,998,218,000	6,732,864,000	5,438,204,000
Time Deposits	1,344,838,000	1,159,223,000	1,353,946,000	1,569,535,000	1,514,351,000
Total Deposits	14,774,745,000	15,748,838,000	15,131,484,000	12,910,023,000	10,321,184,000
Federal Funds Purchased & Repurchase Agreements	1,292,531,000	1,425,900,000	1,513,773,000	1,301,060,000	1,016,169,000
Borrowed Funds	0	0	3,750,000	5,000,000	2,296,000
Other Liabilities	115,361,000	213,774,000	247,629,000	251,335,000	217,341,000
Total Liabilities	16,182,637,000	17,388,512,000	16,896,636,000	14,467,418,000	11,556,990,000
Accumulated Other Comprehensive Loss (AOCL)	-361,452,000	-305,004,000	-62,712,000	-42,832,000	-54,339,000
Stockholders' Equity, Excluding AOCL	2,932,097,000	2,696,215,000	2,503,363,000	2,296,880,000	2,132,696,000
Total Liabilities & Stockholders’ Equity	$18,753,282,000	19,779,723,000	19,337,287,000	16,721,466,000	13,635,347,000

5 YEAR Consolidated Summary of Operations

CENTRAL BANCOMPANY, INC. AND SUBSIDIARIES

	2023	2022	2021	2020	2019
Interest Income	$ 800,652,000	608,705,000	516,942,000	534,087,000	538,614,000
Interest Expense	167,473,000	52,930,000	21,087,000	40,732,000	73,595,000
Net Interest Income	633,179,000	555,775,000	495,855,000	493,355,000	465,019,000
Provision for Credit Loss	16,252,000	13,715,000	6,146,000	27,153,000	14,025,000
Noninterest Income	206,880,000	231,249,000	275,456,000	276,601,000	190,262,000
Noninterest Expense	469,070,000	439,822,000	444,794,000	432,012,000	368,928,000
Income Before Taxes	354,737,000	333,487,000	320,371,000	310,791,000	272,328,000
Income Taxes	81,044,000	75,267,000	73,541,000	70,015,000	62,685,000
Net Income	$ 273,693,000	258,220,000	246,830,000	240,776,000	209,643,000

Financial Data of Market Banks

As of December 31, 2023

Market	Deposits	Loans
Greater Kansas City	2,987,644,000	2,241,336,000
Jefferson City - Central Bank	2,537,735,000	1,106,132,000
Boone County	2,197,091,000	1,626,667,000
Greater St. Louis	1,640,737,000	2,018,694,000
Springfield	1,524,145,000	1,344,486,000
Lake of the Ozarks	960,552,000	547,027,000
Jefferson City - Jefferson Bank	659,403,000	521,328,000
Branson	417,239,000	276,420,000
Sedalia	409,333,000	267,065,000
Oklahoma	392,010,000	746,141,000
Warrensburg	341,981,000	187,126,000
Audrain County	229,354,000	75,637,000
Moberly	218,434,000	75,173,000
Bank Central	69,347,000	469,396,000

KPMG LLP
Suite 1100
1000 Walnut Street
Kansas City, MO 64106-2162

Independent Auditors' Report

The Board of Directors
Central Bancompany, Inc.:

Opinion

We have audited the consolidated financial statements of Central Bancompany, Inc. and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

We also have audited, in accordance with auditing standards generally accepted in the United States of America (GAAS), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in the *Internal Control – Integrated Framework* (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 28, 2024 expressed an unmodified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

We conducted our audits in accordance with GAAS. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Notes 1 and 3 to the consolidated financial statements, in 2023, the Company adopted new accounting guidance related to ASC Topic 326, *Financial Instruments - Credit Losses*, for the recognition and measurement of credit losses as of January 1, 2023. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

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

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

KPMG

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

KPMG LLP

Kansas City, Missouri
March 28, 2024

CENTRAL BANCOMPANY, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

		2023	2022
Assets			
Cash and due from banks	$	233,476,000	249,734,000
Short-term interest-bearing deposits		1,447,487,000	638,592,000
Interest-bearing deposits		1,188,000	1,438,000
Federal funds sold and securities purchased under agreements to resell		3,665,000	6,678,000
Investment securities (note 2):			
Available for sale (AFS)		5,029,305,000	6,472,587,000
Held to maturity, net of allowance for credit losses of $26,000 at December 31, 2023 (fair value of $4,060,000 $4,724,000 in 2023 and 2022, respectively.)		4,033,000	4,727,000
Equity		50,246,000	52,126,000
Total investment securities		5,083,584,000	6,529,440,000
Loans (note 3)		11,485,288,000	11,223,613,000
Less allowance for credit losses (note 3)		(154,809,000)	(157,630,000)
Net loans		11,330,479,000	11,065,983,000
Loans held for sale		35,442,000	33,878,000
Land, buildings, and equipment, net (notes 5 and 12)		217,931,000	209,920,000
Deferred tax assets, net (note 7)		56,635,000	101,015,000
Foreclosed assets held for sale		4,344,000	5,000,000
Goodwill (note 6)		348,237,000	348,237,000
Core deposit and other intangibles (note 6)		10,042,000	13,562,000
Mortgage servicing rights (note 4)		33,876,000	37,788,000
Bank owned life insurance		24,758,000	24,230,000
Other assets		189,361,000	179,902,000
Total assets	$	19,020,505,000	19,445,397,000

See accompanying notes to consolidated financial statements.

CENTRAL BANCOMPANY, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

		2023	2022
Liabilities and Stockholders' Equity			
Deposits:			
Noninterest-bearing demand	$	5,378,324,000	5,918,812,000
Savings and interest-bearing demand		7,943,456,000	8,505,154,000
Time (note 8)		1,547,730,000	1,137,230,000
Total deposits		14,869,510,000	15,561,196,000
Federal funds purchased and securities sold under agreements to repurchase (note 9)		1,226,167,000	1,316,947,000
Other liabilities (note 12)		181,030,000	179,662,000
Total liabilities		16,276,707,000	17,057,805,000
Stockholders' equity:			
Class A voting common stock, $1 par value. Authorized, 3,993,779 shares; issued, 1,993,779 shares		1,994,000	1,994,000
Class B nonvoting common stock, $1 par value. Authorized, 7,962,278 shares; issued, 3,962,278 shares		3,962,000	3,962,000
Capital surplus		7,652,000	5,934,000
Retained earnings		3,085,304,000	2,859,483,000
Accumulated other comprehensive loss (note 15)		(267,592,000)	(396,913,000)
		2,831,320,000	2,474,460,000
Less treasury stock of 447,682 shares of Class A voting common stock in 2023 and 2022, respectively; 1,089,264 and 1,093,316 shares of Class B nonvoting common stock in 2023 and 2022, respectively		(87,522,000)	(86,868,000)
Total stockholders' equity		2,743,798,000	2,387,592,000
Total liabilities and stockholders' equity	$	19,020,505,000	19,445,397,000

See accompanying notes to consolidated financial statements.

CENTRAL BANCOMPANY, INC. AND SUBSIDIARIES

Consolidated Statements of Income

December 31, 2023 and 2022

	2023	2022
Interest income:		
Loans	$ 646,923,000	496,198,000
Investment securities	129,740,000	95,984,000
Federal funds sold and securities purchased under agreements to resell	23,989,000	16,523,000
Total interest income	800,652,000	608,705,000
Interest expense:		
Deposits	128,694,000	37,970,000
Federal funds purchased, securities sold under agreements to repurchase, and borrowed funds	38,779,000	14,960,000
Total interest expense	167,473,000	52,930,000
Net interest income	633,179,000	555,775,000
Provision for credit losses (note 3)	16,252,000	13,715,000
Net interest income after provision for credit losses	616,927,000	542,060,000
Other income:		
Service charges and commissions	54,421,000	57,384,000
Bankcard and merchant services	67,414,000	66,603,000
Brokerage services	19,451,000	20,048,000
Fees for fiduciary services	40,197,000	38,232,000
Mortgage banking revenues, net (note 4)	33,085,000	38,934,000
Other income	11,206,000	10,535,000
Investment securities (losses) gains, net	(18,894,000)	(487,000)
Total other income	206,880,000	231,249,000
Other expenses:		
Salaries and employee benefits (note 10)	271,667,000	254,401,000
Net occupancy (notes 5 and 12)	28,572,000	28,222,000
Equipment (notes 5 and 12)	16,209,000	15,441,000
Computer software and maintenance	19,490,000	17,543,000
Marketing and business development	19,053,000	17,167,000
FDIC insurance	5,463,000	2,774,000
Management and consulting fees	12,044,000	12,035,000
Bankcard	36,031,000	36,789,000
Other expenses	60,541,000	55,450,000
Total other expenses	469,070,000	439,822,000
Income before income taxes	354,737,000	333,487,000
Income taxes (note 7)	81,044,000	75,267,000
Net income	$ 273,693,000	258,220,000

See accompanying notes to consolidated financial statements.

CENTRAL BANCOMPANY, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

December 31, 2023 and 2022

		2023	2022
Net income	$	273,693,000	258,220,000
Reclassification adjustment for net losses on AFS securities included in net income, net of taxes		15,204,000	-
Unrealized gain (loss) on AFS securities, net of income taxes		107,416,000	(356,389,000)
Change in pension loss, net of income taxes		6,701,000	35,736,000
Other comprehensive income (loss)		129,321,000	(320,653,000)
Total comprehensive income (loss)	$	403,014,000	(62,433,000)

See accompanying notes to consolidated financial statements.

CENTRAL BANCOMPANY, INC. AND SUBSIDIARIES

Consolidated Statement of Stockholders' Equity

December 31, 2023 and 2022

		2023	2022
Common Stock:			
Balance at beginning and end of year, Class A, voting	$	1,994,000	1,994,000
Balance at beginning and end of year, Class B, nonvoting		3,962,000	3,962,000
Capital Surplus:			
Balance at beginning of year		5,934,000	5,460,000
Net change in capital surplus		1,718,000	474,000
Balance at end of year		7,652,000	5,934,000
Retained Earnings:			
Balance at beginning of year		2,859,483,000	2,649,879,000
Cumulative effect adjustment (1)		5,240,000	-
Cumulative effect adjustment (2)		(1,191,000)	-
Adjusted balance - January 1, 2023		2,863,532,000	2,649,879,000
Net income		273,693,000	258,220,000
Cash dividends ($11.75 per common share in 2023 and $11.00 per common share in 2022)		(51,921,000)	(48,616,000)
Balance at end of year		3,085,304,000	2,859,483,000
Accumulated other comprehensive loss:			
Balance at beginning of year		(396,913,000)	(76,260,000)
Other comprehensive (loss)		129,321,000	(320,653,000)
Balance at end of year		(267,592,000)	(396,913,000)
Treasury Stock:			
Balance at beginning of year		(86,868,000)	(79,374,000)
Net change in Treasury Stock		(654,000)	(7,494,000)
Balance at end of year		(87,522,000)	(86,868,000)
Total Stockholders' Equity	$	2,743,798,000	2,387,592,000

(1) Related to adoption of ASU No. 2016-13. See note 1, "Recent Accounting Pronouncements" for further detail.

(2) Represents the cumulative effect adjustment recorded for establishing an accrual for vacation earned but not yet taken.

See accompanying notes to consolidated financial statements.

CENTRAL BANCOMPANY, INC. AND SUBSIDIARIES

Consolidated Statement of Cash Flows

December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Net income	$ 273,693,000	258,220,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	19,565,000	28,061,000
Accretion of discounts and amortization of premiums, net	15,322,000	22,377,000
Deferred income taxes	2,633,000	6,907,000
Provision for credit losses	16,252,000	13,715,000
Gain on sale of loans, net	(23,648,000)	(9,777,000)
Purchases of trading securities	(5,273,000)	(124,000)
Sales of trading securities	5,288,000	122,000
Investment securities losses, net	18,894,000	487,000
Originations of mortgage loans held for sale	(1,163,209,000)	(1,389,125,000)
Proceeds from sales of mortgage loans held for sale	1,180,076,000	1,391,653,000
Increase in other assets	(4,925,000)	(25,836,000)
Increase in other liabilities	10,424,000	8,239,000
Net cash provided by operating activities	345,092,000	304,919,000
Cash flows from investing activities:		
Purchase of available-for-sale securities	(1,008,046,000)	(3,663,442,000)
Purchase of equity securities	—	(155,000)
Proceeds from sales of available-for-sale securities	662,970,000	139,595,000
Proceeds from sales of equity securities	103,000	31,396,000
Proceeds from maturities of available-for-sale securities	1,916,907,000	2,281,866,000
Proceeds from maturities of held-to-maturity securities	669,000	5,058,000
Net change in interest bearing deposits	250,000	498,000
Net increase in loans	(268,625,000)	(880,100,000)
Purchase of land, buildings, and equipment	(25,890,000)	(18,061,000)
Proceeds from sale of land, buildings, and equipment	1,489,000	5,959,000
Net cash provided by (used in) investing activities	1,279,827,000	(2,097,386,000)
Cash flows from financing activities:		
Decrease in deposits	(691,686,000)	(567,708,000)
Decrease in federal funds purchased and securities sold under agreements to repurchase	(90,780,000)	(104,424,000)
Dividends paid	(51,870,000)	(48,602,000)
Purchase of treasury stock	(959,000)	(7,556,000)
Net cash used in financing activities	(835,295,000)	(728,290,000)
Net increase (decrease) in cash and cash equivalents	789,624,000	(2,520,757,000)
Cash and cash equivalents at beginning of year	895,004,000	3,415,761,000
Cash and cash equivalents at end of year	$ 1,684,628,000	895,004,000
Cash and due from banks	$ 233,476,000	249,734,000
Short-term interest-bearing deposits	1,447,487,000	638,592,000
Federal funds sold and securities purchased under agreements to resell	3,665,000	6,678,000
Total cash and cash equivalents	$ 1,684,628,000	895,004,000
Supplemental disclosure of cash flow information:		
Interest paid	$ 161,178,000	51,625,000
Income taxes paid	71,342,000	62,074,000
Loans transferred to foreclosed assets held for sale	1,124,000	3,483,000

See accompanying notes to consolidated financial statements.

(1) Summary of Significant Accounting Policies

(a) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Central Bancompany, Inc., and its subsidiaries (collectively, the "Company"). Central Bancompany owns all the outstanding capital stock of The Central Trust Bank (the "Bank"), which is headquartered in Missouri. All intercompany accounts and transactions have been eliminated. The Company evaluated subsequent events for recognition or disclosure through March 28, 2024, the date on which the consolidated financial statements were issued. While the U.S. economy continued to be strong in 2023, record levels of inflation forced the Federal Reserve to aggressively hike interest rates and tighten monetary conditions resulting in failure of three prominent banks. High inflation and interest rates may adversely affect our business activities, financial condition, and results of operations. Such effects will depend on future developments, which are highly uncertain and difficult to predict. Meanwhile, continued risk from the banking crisis and an uncertain geopolitical climate may cause stress to the economic conditions in the U.S. and globally.

(b) Use of Estimates

Management has made a number of estimates and assumptions relating to the reporting of assets and statements in conformity with U.S. generally accepted accounting principles (GAAP). Actual results could differ from those estimates.

(c) Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the Company considers cash and due from banks, short-term interest-bearing deposits maturing within 90 days, and federal funds sold and securities purchased under agreements to resell maturing within 90 days to be cash equivalents. Interest-bearing deposits are interest-bearing securities held at other financial institutions but are not considered cash and cash equivalents.

(d) Investment Securities

Held-to-maturity securities ("HTM") are those that the Company has the positive intent and ability to hold to maturity. HTM securities are recorded at amortized cost, net of allowance for credit losses. Trading account securities ("Trading") are bought and held principally for the purpose of selling them in the near term. Equity securities ("Equity") include common and preferred stock with readily determinable fair value as well as certain equity securities without a readily determinable fair value. All other debt securities held by the Company are classified as available-for-sale ("AFS"). Trading, Equity, and AFS securities are recorded at fair value. For both Trading and Equity securities, gains and losses, both realized and unrealized, are included in earnings. Unrealized holding gains and losses, net of related tax effect, on available-for-sale securities are excluded from earnings and are reported as a separate component of accumulated other comprehensive income (loss) until realized. Realized gains and losses upon disposition of available-for-sale securities are included in income using the specific-identification method for determining the cost of the securities sold.

Purchased premiums and discounts on investment securities are amortized/accreted into interest income using the constant yield method based upon the remaining contractual maturity of the asset, adjusted for any expected prepayments.

(e) *Allowance for Credit Losses on Available-for-Sale Debt Securities*

For available-for-sale debt securities in an unrealized loss position, the entire loss in fair value is required to be recognized in current earnings if the Company intends to sell the securities or believes it more likely than not that it will be required to sell the security before the anticipated recovery. If neither condition is met, and the Company does not expect to recover the amortized cost basis, the Company determines whether the decline in fair value resulted from credit losses or other factors. If the assessment indicates that a credit loss exists, the present value of cash flows expected to be collected is compared to the amortized cost basis of the security. If the present value of cash flow expected to be collected is less than the amortized cost basis, a credit loss has occurred, and an allowance for credit losses is recorded. The allowance for credit losses is limited by the amount that the fair value is less than the amortized cost basis.

Changes in the allowance for credit losses are recorded as a provision for (or reversal of) credit losses on the consolidated statements of income. Losses are charged against the allowance for credit losses on securities when management believes the uncollectibility of an available-for-sale security is confirmed or when either of the conditions regarding intent or requirement to sell is met.

Accrued interest receivable on available-for-sale debt securities is excluded from the estimate of credit losses.

(f) Loans Held for Sale-Mortgage Banking

Loans held for sale-mortgage banking are accounted for at fair value pursuant to the fair value option permitted by ASC 825, *Financial Instruments.* The Company elected to take the fair value option for loans held for sale permitted by ASC 825, Financial Instruments beginning January 1, 2020. The fair value is based on secondary market prices for loans with similar characteristics, including an adjustment for embedded servicing value. Gains and losses from the changes in fair value are included in mortgage banking revenues, net.

(g) Loans

Interest on loans is accrued and credited to income based upon the principal amount outstanding using primarily a simple interest calculation. Fees associated with the origination of loans are deferred and amortized over the life of the loans and are shown as an adjustment to interest income using the straight-line method, which materially approximates the level-yield method. The accrual of interest on loans is discontinued when, in management's judgment, the interest is uncollectible in the normal course of business. When a loan is placed on non-accrual status, any interest previously accrued but not collected is reversed against current income. Interest received on nonaccrual loans is recognized on a cash basis. The loan is returned to accrual status only when the borrower has brought all past-due principal and interest payments current and, in the opinion of management, has demonstrated the ability to make future payments of principal and interest as scheduled.

(h) Allowance for Credit Losses on Loans

Effective January 1, 2023:

The allowance for credit losses on loans is a valuation amount that is deducted from the amortized cost basis of loans not held at fair value to present the net amount expected to be collected over the contractual term of the loans. The allowance for credit losses on loans is measured using relevant information about past events, including historical credit loss experience on loans with similar risk characteristics, current conditions, and reasonable and supportable forecasts that affect the collectability of the remaining cash flow over the contractual term of the loans. An allowance will be created upon origination or acquisition of a loan and is updated at subsequent reporting dates. The methodology is applied consistently for each reporting period and reflects management's current expectations of credit losses. Changes to the allowance for credit losses on loans resulting from periodic evaluations are recorded through increases or decreases to the credit loss expense for loans, which is recorded in provision for credit losses on the consolidated statements of income. Loans that are deemed to be uncollectible are charged off against the related allowance for credit losses on loans. The allowance for credit losses on loans is measured on a collective (pool) basis. Loans are aggregated into pools based on similar risk characteristics including borrower type, collateral type, and expected credit loss patterns. The allowance for credit losses on loans does not include an allowance for accrued interest.

Prior to January 1, 2023:

The Company performed ongoing reviews of its loan portfolio to assess collectability, with a detailed review as of the close of each calendar quarter. The balance in the allowance for loan losses account reflected the Company's estimate of the losses inherent in the portfolio based on these reviews. While these estimates were based on generally accepted accounting principles (GAAP) and industry norms for assessing collectability, actual outcomes may have differed from estimated results.

In compliance with ASC310-10, individual loans determined to be impaired were reviewed quarterly for impairment. Impaired loans consisted of all troubled debt restructurings and most non-accrual loans. To determine the individual impairment on those loans, the Company applied regulatory requirements to either charge the loan down or establish a reserve for any incurred loss.

Loans which were not impaired were segregated into pools of loans with common risk characteristics as required by ASC 450-20. The historical annualized loss rate for each pool was determined. In accordance with regulatory guidance, the historical loss rates were then adjusted for factors which, in the opinion of management, were expected to cause future loss rates to be higher or lower than past loss rates. Some of those factors were external such as current economic conditions and trends, and others were internal, such as changes in the composition and performance of the current loan portfolio. The combined quantitative and qualitative loss rates were then adjusted by an appropriate loss emergence period. The Company's ending allowance balance was the sum of the estimated required reserve on the various pools of loans plus the estimated required reserve on impaired loans.

(i) Land, Buildings, and Equipment

Land, buildings, and equipment are stated at cost less accumulated depreciation. Depreciation is computed on the straight-line or declining balance method depending upon the type of asset. The Company generally assigns depreciable lives of 25-30 years for buildings; 15 years for building improvements; 15 years for land improvements; and 3-7 years for furniture, equipment, and software. Maintenance and repair costs are charged to expense as incurred. Major improvements are individually considered and are capitalized or expensed as the facts dictate.

(j) Goodwill and Other Intangible Assets

Goodwill represents the excess of cost over equity in net assets of entities acquired. The Company accounts for goodwill in accordance with ASC 350, *Intangibles – Goodwill and Other*. Under ASC 350, goodwill and intangible assets that have indefinite useful lives are not amortized, but rather tested at least annually for impairment. Intangible assets that have finite useful lives continue to be amortized over 7 to 20 years. The Company performs an annual qualitative evaluation of goodwill as of December 31. No impairment was identified in 2023 or 2022.

(k) Foreclosed Assets

Foreclosed assets consist of property that has been formally repossessed. Collateral obtained through foreclosure is comprised of commercial and residential real estate and other non-real estate property, including automobiles. The assets are initially recorded at the lesser of the loan balance or fair value less estimated selling costs at the time of foreclosure, with any valuation adjustments charged to the allowance for credit losses. Subsequently, the asset is carried at fair value with unrealized losses and realized gains and losses on sale recorded in other expense.

(l) Income Taxes

The Company and its subsidiaries file a consolidated federal income tax return. State and local income tax returns are filed on a combined, consolidated, or separate return basis based upon each jurisdiction's laws and regulations. Certain income and expense items are accounted for differently for financial reporting purposes than for income tax purposes. Deferred income taxes are provided in recognition of these temporary differences at rates expected to be in effect when such differences reverse.

(m) Comprehensive Income

Comprehensive income is defined as the change in equity (net assets) of a business enterprise during a period from transactions and other events and circumstances from nonowner sources. For the Company, this includes net income, changes in unrealized gains and losses on available-for-sale investment securities, and the net periodic benefit cost related to the Company's defined benefit pension plan, net of applicable tax effects. The amounts recognized in accumulated other comprehensive loss related to the defined benefit pension plan are adjusted out of accumulated other comprehensive loss when they are subsequently recognized as components of net periodic benefit cost.

(n) Mortgage Banking

The fair value of retained mortgage servicing rights related to loans originated and sold is capitalized as an asset in accordance with ASC 860, *Accounting for Servicing of Financial Assets*, thereby increasing the gain on sale of the loan by the amount of the asset. Such mortgage servicing rights are amortized in proportion to and over the period of estimated net servicing income, considering appropriate prepayment assumptions. Any remaining unamortized amount is charged to expense if the related loan is repaid prior to maturity.

Management monitors the capitalized mortgage servicing rights on a disaggregated basis by stratum for impairment based on the fair value of those rights. Any impairment is recognized through a valuation allowance.

(o) Derivative Financial Instruments

ASC 815, *Derivatives and Hedging*, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. Accordingly, the Company records all derivatives at fair value.

The Company enters into interest rate lock commitments on certain mortgage loans related to mortgage banking operations on a best-efforts basis, which are commitments to originate loans whereby the interest rate on the loan is determined prior to funding. The Company also originates and sells certain loans related to mortgage banking operations on a mandatory delivery basis. To hedge interest rate risk, the Company sells short positions in mortgage-backed securities related to the loans sold on a mandatory delivery basis. The commitments to originate and short positions are accounted for as derivatives and carried at fair value in other assets and other liabilities with changes in fair value recorded in mortgage banking revenues, net.

The Company maintains an overall interest rate risk management strategy that permits the use of derivative instruments to modify exposure to interest rate risk. The Company's interest rate risk management strategy includes the ability to modify the repricing characteristics of certain assets and liabilities so that changes in interest rates do not adversely affect the net interest margin and cash flows. Interest rate swaps may be used on a limited basis as part of this strategy. The Company also make interest rate swap contracts available to customers who wish to modify their interest rate sensitivity. The Company offsets the interest rate risk of these swaps by purchasing matching contracts with offsetting pay/receive rates from other financial institutions.

(p) Securities Sold under Agreements to Repurchase

The Company enters into the sales of securities under agreements to repurchase as of a specified future date. Such repurchase agreements are considered financing agreements, and accordingly, the obligation to repurchase assets sold is reflected as a liability in the consolidated balance sheet of the Company. Repurchase agreements are collateralized by securities that are under the control of the Company.

(q) Recent Accounting Pronouncements

Credit Losses – In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*. The update replaces the current incurred loss methodology for recognizing credit losses with a current expected loss model, which requires the measurement of all expected credit losses for financial assets held at the report date based on historical experience, current conditions, and reasonable and supportable forecasts. The amendment broadens the information that the entity must consider in developing its expected credit loss estimates. Additionally, the update amends the accounting for credit losses on AFS debt securities. The update requires enhanced disclosures to help investors and other financial statement users better understand significant estimates and judgments used in estimated credit losses, as well as the credit quality and underwriting standards of a company's loan portfolio. Discussion of the impact of adoption is included below, as well as in Note 3, Loans and Allowance for Credit Losses and Note 2, Investment Securities**.**

The Company adopted CECL using the modified retrospective method for all financial assets measured at amortized cost and for unfunded lending commitments. Results for reporting periods beginning on or after January 1, 2023 are presented under CECL, while prior period amounts continue to be reported in accordance with prior GAAP standards. The Company recorded a net increase to retained earnings of $5.2 million as of January 1, 2023 for the cumulative effect of adopting CECL. The transition adjustment included a decrease to the allowance for credit losses of $6.0 million related to the loan portfolio, an increase to the allowance for credit losses related to HTM securities of $31,000.

On March 31, 2022, the FASB issued ASU 2022-02, *Financial Instruments – Credit Losses (Topic 326):Troubled Debt Restructuring and Vintage Disclosures,* which eliminated the accounting guidance on troubled debt restructurings ("TDRs") for creditors in ASC 310-40. ASU 2022-02 requires that an entity evaluate whether the modification represents a new loan or a continuation of an existing loan. The amendments also enhance existing disclosure requirements and introduce new requirements related to certain modifications of receivables made to borrowers experiencing financial difficulty. Further, it requires entities to disclose gross write-offs recorded in the current period by year of origination in the vintage disclosures on a year-to-date basis. The guidance was effective January 1, 2023. The adoption of this pronouncement did not have a significant effect on the Company's financial position, results of operations, or cash flows of the Company. The new required disclosures have been included in the notes to the consolidated financial statements.

Reference Rate Reform - The FASB issued ASU 2020-04, *Reference Rate Reform*, in March 2020. The amendments in the ASU provide optional expedients and exceptions for applying GAAP to loan and lease agreements, derivative contracts, and other transactions affected by the anticipated transition away from LIBOR toward new interest rate benchmarks. For loan and lease agreements that are modified because of reference rate reform and that meet certain scope guidance (i) modifications of loan agreements should be accounted for by prospectively adjusting the effective interest rate, and the modifications would be considered "minor" with the result that any existing unamortized origination fees/costs would carry forward and continue to be amortized and (ii) modifications of lease agreements should be accounted for as a continuation of the existing agreement, with no reassessments of the lease classification and the discount rate or remeasurements of lease payments that otherwise would be required for modifications not accounted for as separate contracts. ASU 2020-04 also provides numerous optional expedients for derivative accounting.

ASU 2020-04 is effective March 12, 2020, through December 31, 2022. However, on December 21, 2022, the FASB issued ASU 2022-06 which defers the sunset date of ASU 2020-04 to December 31, 2024. The details of ASU 2022-06 are described further below.

The Company anticipates that ASU 2020-04 will simplify any modifications executed between the selected start date and December 31, 2024, that are directly related to LIBOR transition by allowing prospective recognition of the continuation of the contract, rather than extinguishment of the old contract that would result in writing off unamortized fees/costs. Management will continue to actively assess the impacts of ASU 2020-04 and the related opportunities and risks involved in the LIBOR transition and does not believe it will have a significant impact on the Company's consolidated financial statements.

On December 21, 2022, the FASB issued ASU 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848,* which defers the sunset date under Topic 848 from December 31, 2022, to December 31, 2024. ASU 2022-06 aligns the temporary accounting relief guidance with the expected cessation date of LIBOR, which was postponed by the Financial Conduct Authority in March 2021 to June of 2023, a year after the sunset date under ASU 2020-04. The change did not have a significant impact on the Company's consolidated financial statements.

Derivatives and Hedging - In March 2022, the FASB issued ASU 2022-01, *Derivatives and Hedging (Topic 815): Fair Value Hedging - Portfolio Layer Method*, which allows multiple hedged layers to be designated for a single closed portfolio of financial assets resulting in a greater portion of the interest rate risk in the closed portfolio being eligible to be hedged. The amendments allow the flexibility to use different types of derivatives or combinations of derivatives to better align with risk management strategies. Furthermore, among other things, the amendments clarify that basis adjustments of hedged items in the closed portfolio should be allocated at the portfolio level and not the individual assets within the portfolio. ASU 2022-01 is effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. The Company does not expect the change to have a significant effect on the Company's consolidated financial statements.

Income Taxes – In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740) - Improvements to Income Tax Disclosures.* The Update establishes additional disclosure requirements regarding rate reconciliation and income taxes paid. This Update also removes certain existing disclosure requirements. This Update is effective for annual periods beginning after December 15, 2025. Early adoption is permitted. The amendments in this Update should be applied on a prospective basis, though retrospective application is permitted. Other than the inclusion of additional disclosures, the Company does not expect the change to have a significant effect on the Company's consolidated financial statements.

(2) Investment Securities

The table below includes the fair value of equity securities as of December 31, 2023 and 2022. Equity investments with no readily determinable fair value are carried at cost. Federal Home Loan Bank and Federal Reserve stock represent equity interests the Company is required to hold in the Federal Reserve Banks and Federal Home Loan Banks. These amounts are also carried at cost as they do not have a readily determinable fair value because ownership of these shares is restricted, and they lack a market.

Equity Securities		12/31/2023	12/31/2022
Common and preferred stocks with readily determinable fair value	$	2,212,000	4,059,000
Federal Home Loan Bank stock		10,830,000	10,894,000
Federal Reserve Bank stock		26,057,000	26,057,000
Other - no readily determinable fair value		11,147,000	11,116,000
Total equity securities	$	50,246,000	52,126,000

Included in the equity securities portfolio are holdings of VISA Class B shares. These shares have a carrying value of zero, as there have not been observable price changes in orderly transactions for identical or similar investments of the same issuer.

During 2023, $1,070,000 in net gains were recorded on common and preferred stock, consisting of $2,789,000 in gains realized on sales during 2023 and a $1,719,000 decrease in unrealized gains on the portfolio. In 2022, $612,000 in net losses were recorded on common and preferred stock, consisting of $42,000 in gains realized on sales during 2022 and $654,000 decrease in unrealized gains on the portfolio.

The following tables show the carrying amount, gross unrealized holding gains, gross unrealized holding losses, and fair value of AFS and HTM securities by security type at December 31, 2023 and 2022.

		Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair values	Allowance for credit losses	Net carrying amount
2023							
Available for sale:							
United States treasuries	$	1,634,429,000	—	(85,117,000)	1,549,312,000	—	1,549,312,000
United States debentures		1,065,318,000	57,000	(53,253,000)	1,012,122,000	—	1,012,122,000
United States agency mortgage-backed securities		2,592,784,000	1,501,000	(197,095,000)	2,397,190,000	—	2,397,190,000
Obligations of states and political subdivisions		34,764,000	114,000	(341,000)	34,537,000	—	34,537,000
Other securities		37,087,000	15,000	(958,000)	36,144,000	—	36,144,000
	$	5,364,382,000	1,687,000	(336,764,000)	5,029,305,000	—	5,029,305,000
Held to maturity:							
United States agency mortgage-backed securities	$	36,000	—	—	36,000	—	36,000
Obligations of states and political subdivisions		4,023,000	4,000	(3,000)	4,024,000	(26,000)	3,998,000
	$	4,059,000	4,000	(3,000)	4,060,000	(26,000)	4,034,000

		Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair values
2022					
Available for sale:					
United States treasuries	$	2,395,387,000	—	(160,242,000)	2,235,145,000
United States debentures		1,400,129,000	49,000	(94,635,000)	1,305,543,000
United States agency mortgage-backed securities		3,068,193,000	2,293,000	(241,325,000)	2,829,161,000
Obligations of states and political subdivisions		61,086,000	89,000	(1,089,000)	60,086,000
Other securities		43,874,000	23,000	(1,245,000)	42,652,000
	$	6,968,669,000	2,454,000	(498,536,000)	6,472,587,000
Held to maturity:					
United States agency mortgage-backed securities	$	51,000	—	(1,000)	50,000
Obligations of states and political subdivisions		4,676,000	6,000	(8,000)	4,674,000
	$	4,727,000	6,000	(9,000)	4,724,000

Accrued interest receivable totaled $16.9 million and $19.1 million at December 31, 2023 and 2022, respectively, and is included within other assets on the consolidated balance sheets.

The amortized cost and fair value of available-for-sale and held-to-maturity securities at December 31, 2023, by contractual maturity, are shown below:

		United States government obligations and government-sponsored enterprises		Obligations of states and political subdivisions		Other securities	
		Amortized cost	Fair value	Amortized cost	Fair value	Amortized cost	Fair value
Available for sale:							
Within 1 year	$	540,783,000	527,677,000	12,629,000	12,572,000	812,000	812,000
After 1 but within 5 years		2,158,964,000	2,033,757,000	19,884,000	19,736,000	25,000,000	24,196,000
After 5 but within 10 years		—	—	1,307,000	1,290,000	3,503,000	3,429,000
After 10 years		—	—	944,000	939,000	—	—
Mortgage – and asset-backed securities		2,592,784,000	2,397,190,000	—	—	7,772,000	7,707,000
	$	5,292,531,000	4,958,624,000	34,764,000	34,537,000	37,087,000	36,144,000
Held to maturity:							
Within 1 year	$	—	—	505,000	504,000	—	—
After 1 but within 5 years		—	—	2,802,000	2,803,000	—	—
After 5 but within 10 years		—	—	716,000	717,000	—	—
After 10 years		—	—	—	—	—	—
Mortgage – and asset-backed securities		36,000	36,000	—	—	—	—
	$	36,000	36,000	4,023,000	4,024,000	—	—

Proceeds from sales of available-for-sale securities in 2023 and 2022 were $662,970,000 and $139,595,000, respectively. Net losses of $19,964,000 and net gains of $83,000 were recognized on the sale of available-for-sale securities in 2023 and 2022, respectively. Management did not record an ACL on the remaining securities in an unrealized loss position at December 31, 2023 because scheduled coupon payments have been made, management anticipates that the entire principal balance will be collected as scheduled, and neither does the Company intend to sell the securities, nor is it more likely than not that the Company will be required to sell the securities before the recovery of the remaining amortized cost amount, which could be at maturity.

Other securities consist primarily of corporate bonds.

Investment securities and money market obligations with a carrying value of approximately $3,925,239,000 and $3,572,761,000 were pledged to secure public deposits, repurchase agreements, and borrowed funds at December 31, 2023 and 2022, respectively.

Allowance for credit losses on investment securities:

The Company adopted ASU 2016-13, Measurement of Credit Losses on Financial Instruments on January 1, 2023. The adoption of ASU 2016-13 had no impact to the Company's available-for-sale securities; however, the Company recorded an allowance for credit losses for HTM securities of $31,000 upon adoption of ASU 2016-13. At December 31, 2023, the Company recorded an allowance for credit losses of $26,000.

All securities not issued or guaranteed by the U.S. Government, its agencies, or sponsored enterprises are subject to a quarterly review to test for impairment. This process is required to adequately test for a range of credit and loss assumptions and does not rely primarily on credit ratings. This review was performed as of December 31, 2023 and revealed no matters that would warrant impairment and result in an allowance for credit losses. The Company determined that all unrealized losses are primarily attributable to changes in interest rates and current market conditions.

Special emphasis and analysis is placed on securities that have experienced a negative credit rating event, are below investment grade, or have an uncertain financial outlook. These securities are placed on a watch list and monitored for further developments. At December 31, 2023, the fair value of securities on this watch list was $2.8 million compared to $4.7 million at December 31, 2022.

The table below summarizes debt securities available-for-sale in an unrealized loss position, aggregated by length of impairment period, for which an allowance for credit losses has not been recorded at December 31, 2023. Unrealized losses on these available-for-sale securities have not been recognized as income because after review, the securities were deemed not to be impaired. The unrealized losses on these securities are primarily attributable to changes in interest rates and current market conditions. Additionally, management does not intend to sell the securities, and it is more likely than not that management will not be required to sell the securities prior to the anticipated recovery.

Gross unrealized losses on available-for-sale investment securities and the fair value of the related securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2023 and 2022 were as follows:

	Less than 12 months		12 months or more		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
2023						
Available for sale:						
United States government obligations and government-sponsored enterprises	$ 260,209,000	(1,669,000)	4,544,915,000	(333,796,000)	4,805,124,000	(335,465,000)
Obligations of states and political subdivisions	3,952,000	(11,000)	19,535,000	(330,000)	23,487,000	(341,000)
Other securities	—	—	32,442,000	(958,000)	32,442,000	(958,000)
	$ 264,161,000	(1,680,000)	4,596,892,000	(335,084,000)	4,861,053,000	(336,764,000)

	Less than 12 months		12 months or more		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
2022						
Available for sale:						
United States government obligations and government-sponsored enterprises	$ 2,904,288,000	(195,007,000)	3,138,483,000	(301,195,000)	6,042,771,000	(496,202,000)
Obligations of states and political subdivisions	26,545,000	(601,000)	21,005,000	(487,000)	47,550,000	(1,088,000)
Other securities	12,579,000	(311,000)	24,066,000	(935,000)	36,645,000	(1,246,000)
	$ 2,943,412,000	(195,919,000)	3,183,554,000	(302,617,000)	6,126,966,000	(498,536,000)

Gross unrealized losses on held-to-maturity investment securities and the fair value of the related securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2023 and 2022 were as follows:

	Less than 12 months		12 months or more		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
2023						
Held to maturity:						
United States government obligations and government-sponsored enterprises	$ —	—	33,000	—	33,000	—
Obligations of states and political subdivisions	449,000	(3,000)	—	—	449,000	(3,000)
	$ 449,000	(3,000)	33,000	—	482,000	(3,000)

	Less than 12 months		12 months or more		Total	
2022	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Held to maturity:						
United States government obligations and government-sponsored enterprises	50,000	(1,000)	—	—	50,000	(1,000)
Obligations of states and political subdivisions	$ 1,037,000	(8,000)	—	—	1,037,000	(8,000)
	$ 1,087,000	(9,000)	—	—	1,087,000	(9,000)

For obligations of states and political subdivisions, the Company's holdings are primarily in general obligation and revenue bonds. The Company monitors credit risk, including both pre-purchase and ongoing post-purchase credit reviews and analysis. The Company monitors credit ratings of all bond issuers in these segments and reviews available financial data, including market and sector trends. The underlying bonds are evaluated for credit losses in conjunction with management's estimate of the allowance for credit losses.

The following table shows the amortized cost basis by credit rating of the Company's held-to-maturity obligations of states and political subdivisions at December 31, 2023 and 2022.

2023		**Non-Rated**	**A**	**AA**	**AAA**	**Grand Total**
Obligations of states and political subdivisions	$	39,000	80,000	3,274,000	630,000	4,023,000

2022		**Non-Rated**	**A**	**AA**	**AAA**	**Grand Total**
Obligations of states and political subdivisions	$	43,000	730,000	3,273,000	630,000	4,676,000

All held-to-maturity securities were current and not past due at December 31, 2023 and 2022.

(3) Loans and Allowance for Credit Losses

Loans consisted of the following at December 31, 2023 and 2022:

		2023	2022
Commercial	$	8,246,337,000	8,241,156,000
Residential real estate		1,996,720,000	1,650,430,000
Individual		1,278,385,000	1,368,173,000
		11,521,442,000	11,259,759,000
Less unearned income		36,154,000	36,146,000
Total loans	$	11,485,288,000	11,223,613,000

Accrued interest receivable totaled $45.0 million and $37.0 million at December 31, 2023 and 2022, respectively, and is included within other assets on the consolidated balance sheets.

No loans were acquired by the Company in 2023 or 2022.

Loans made to officers and directors of the Company are summarized below. They were made in the ordinary course of business at market rates.

	2023
Balance at beginning of year	$ 275,903,000
New loans	40,403,000
Repayments	(45,468,000)
Other changes	5,777,000
Balance at end of year	$ 276,615,000

Mortgage loans held-for-sale at December 31, 2023 and 2022 totaled approximately $35,442,000 and $33,878,000, respectively. The Company determines at the time of origination whether mortgage loans will be held for the Company's portfolio or sold to the secondary market. Loans originated and intended for sale in the secondary market are recorded using the fair value option. The election of the fair value option aligns the accounting for these loans with the related economic hedges discussed in Note 16.

The Company has outstanding commitments to provide loans to customers and also has issued letters of credit. Loan 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. Letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. The credit risk involved in issuing letters of credit is essentially the same as is involved in extending loan facilities to customers. At December 31, 2023 and 2022, the Company had unfunded loan commitments of $3,163,854,000 and $3,644,585,000, respectively. Outstanding letters of credit as of December 31, 2023, and 2022 amounted to $93,324,000 and $82,518,000, respectively.

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 customer. Collateral held varies, but may include accounts receivable, inventory, property, plant, equipment, and income-producing commercial properties. The Company's banking markets are located throughout the states of Missouri, Kansas, Illinois, Iowa, Oklahoma, Colorado, North Carolina, Tennessee, Florida, and Arkansas and the Company's loan portfolio has no unusual geographic concentrations of credit risk beyond its market areas.

Allowance for Credit Losses

The allowance for credit losses is measured using an average historical model which incorporates relevant information about past events (including historical credit loss experience on loans with similar risk characteristics), current conditions, and reasonable and supportable forecasts that affect the collectability of the remaining cash flows over the contractual term of the loans. The allowance for credit losses is measured on a collective (pool) basis. Loans are aggregated into pools based on similar risk characteristics including borrower type and collateral type - real estate development, commercial real estate (CRE), owner-occupied CRE, commercial & industrial (C&I), and multifamily, and 1-4 family residential. Loans that do not share similar risk characteristics, primarily large loans on non-accrual status are evaluated on an individual basis.

For loans evaluated for credit losses on a collective basis, an average historical loss rate is calculated for each pool using the Company's historical net charge-offs (combined charge-offs and recoveries by observable historical reporting period) and outstanding loan balances during a lookback period. Lookback periods can be different based on the individual pool and represent management's credit expectations for the pool of loans over the remaining contractual period. Due to changes in portfolio composition, the Company's own historical loss rates are not fully reflective of loss expectations and have been augmented by industry and peer data. Therefore, the historical loss rates are augmented by peer data. The calculated average net charge-off rate is then adjusted for current conditions and reasonable and supportable forecasts. These adjustments increase or decrease the average historical loss rate to reflect expectations of future losses given a single path economic forecast of key macroeconomic variables including GDP, unemployment rate, various interest rates, HPI, and CREPI. The adjustments are based on results from various regression models projecting the impact of the macroeconomic variables to loss rates. The forecast is used for four quarters and then reverts back to historical averages using a four-quarter straight-line reversion method. The forecast adjusted loss rate is applied to the amortized cost of loans over the remaining contractual lives, adjusted for expected prepayments. The contractual term excludes expected extensions (except for contractual extensions at the option of the customer), renewals and modifications. Credit cards and certain similar consumer lines of credit, included in the individual loan totals, do not have stated maturities and therefore, for these loan classes, remaining contractual lives are determined by estimating future cash flows expected to be received from customers until payments have been fully allocated to outstanding balances. Additionally, the allowance for credit losses considers other qualitative factors not included in historical loss rates or macroeconomic forecast such as changes in portfolio composition, underwriting practices, or significant unique events or conditions.

Key model assumptions in the Company's allowance for credit loss model include the economic forecast, the reasonable and supportable forecast period, prepayment assumptions and qualitative factors applied for portfolio composition changes, underwriting practices, or significant unique events or conditions. The assumptions utilized in estimating the Company's allowance for credit losses at December 31, 2023 and January 1, 2023 are discussed below.

Key Assumption	December 31, 2023	January 1, 2023
Overall economic forecast	- Forecast provided by Oxford Economics - Expect the economy to experience a slowdown as consumer spending levels are believed to be unsustainable. - Inflation remains above targeted levels resulting in high interest rates and the first rate cut not occurring until later in the supportable period.	- Forecast provided by Oxford Economics - Expect the economy to experience a mild recession due to persistently high inflation and aggressive Federal Reserve (Fed) monetary policy tightening impacting consumer and business willingness to spend. - Inflation remains elevated resulting in ongoing rate increases from the Fed.
Reasonable and supportable period and related reversion period	- 4 quarter reasonable and supportable period - 4 quarter reversion to historical average loss rates using straight line method	- 4 quarter reasonable and supportable period - 4 quarter reversion to historical average loss rates using straight line method
Forecasted macro-economic variables	- Unemployment ranging from 3.8% to 4.5% - GDP of 1.2% - Prime rate is 8.5%, declining to 8.25% at the end of the supportable forecast	- Unemployment ranging from 3.8% to 4.8% - GDP of 0.1% - Prime rate is 7.75%
Prepayment assumptions	- Commercial loan prepayment speeds of 18.8% - Mortgage and HELOC prepayment speeds of 17.5% and 13.3% respectively - Consumer loan and credit card prepayment speeds of 15%	- Commercial loan prepayment speeds of 17.5% - Mortgage and HELOC prepayment speeds of 14.2% and 15.8% respectively - Consumer loan and credit card prepayment speeds of 15%
Qualitative factors	Qualitative adjustments for: - Impact of inflation and ongoing high rate environment on customer ability to repay - Increasing delinquencies, particularly in the consumer portfolio - Changes in portfolio composition, concentrations, and underwriting standards	Qualitative adjustments for: - Impact of inflation and ongoing high rate environment on customer ability to repay - Collateral values, particularly in the commercial portfolio - Changes in portfolio composition, concentrations, and underwriting standards

The liability for unfunded lending commitments utilizes the same model as the allowance for credit losses on loans, however, the liability for unfunded lending commitments incorporates an assumption for the portion of unfunded commitments that are expected to be funded. The unfunded commitments allowance is included within other liabilities on the consolidated balance sheets.

Sensitivity in the Allowance for Credit Loss Model

The allowance for credit losses is an estimate that requires significant judgment including projections of the macro-economic environment. The forecasted macro-economic environment continuously changes which can cause fluctuations in estimated expected losses.

The following is a summary of the activity in the allowance for credit losses on loans and the liability for unfunded lending commitments during the year ended December 31, 2023. Included within commercial loans are the following pools – real estate development & construction, commercial real estate (CRE), owner-occupied CRE, commercial & industrial (C&I), and multifamily residential loans. Included within residential real estate are 1-4 family residential and home equity loans. Included within individual loans are consumer and credit card loans.

		Commercial	Residential real estate	Individual	Total
For the year ended December 31, 2023:					
Allowance for credit losses on loans					
Balance at beginning of year	$	105,359,000	31,989,000	20,282,000	157,630,000
Adoption of ASU 2016-13		(28,299,000)	3,169,000	19,159,000	(5,971,000)
Balance at January 1, 2023, adjusted	$	77,060,000	35,158,000	39,441,000	151,659,000
Provision for credit losses on loans		2,307,000	3,020,000	11,892,000	17,219,000
Loans charged off		(4,155,000)	(1,297,000)	(18,266,000)	(23,718,000)
Recoveries on loans previously charged off		3,598,000	267,000	5,785,000	9,650,000
Balance at end of year	$	78,810,000	37,148,000	38,852,000	154,810,000
Liability for unfunded lending commitments					
Balance at beginning of year	$	1,344,000	175,000	6,000	1,525,000
Adoption of ASU 2016-13		4,000	—	—	4,000
Balance at January 1, 2023, adjusted	$	1,348,000	175,000	6,000	1,529,000
Provision for credit losses on unfunded lending commitments		(967,000)	12,000	(6,000)	(961,000)
Balance at end of year	$	381,000	187,000	—	568,000
Allowance for credit losses on loans and liability for unfunded lending commitments		79,191,000	37,335,000	38,852,000	155,378,000

Allowance for Loan Losses

The following is a summary of activity in the allowance for loan losses during the year ended December 31, 2022, calculated in accordance with the incurred loss methodology applicable to the Company prior to its adoption of CECL on January 1, 2023. The allowance for loan losses under the incurred loss method estimated probable loan losses inherent in the portfolio as of the balance sheet date, and using this methodology, groups of similar loans were evaluated collectively for impairment and certain specific loans were evaluated for impairment individually. The Company's estimate of the allowance under the incurred loss method was based on various judgments and assumptions made by management and was influenced by several qualitative factors which included historical loan loss experience by loan type, loss emergence periods, trends in delinquencies, collateral valuation, current regional and national economic factors, current loan portfolio composition and characteristics, portfolio risk ratings, and levels of non-performing assets.

		Commercial	Residential real estate	Individual	Total
For the year ended December 31, 2022:					
Balance at beginning of year	$	103,029,000	29,192,000	20,166,000	152,387,000
Provision for loan losses		3,345,000	2,578,000	7,792,000	13,715,000
Loans charged off		(4,686,000)	(7,000)	(11,859,000)	(16,552,000)
Recoveries on loans previously charged off		3,671,000	226,000	4,183,000	8,080,000
Balance at end of year	$	105,359,000	31,989,000	20,282,000	157,630,000

Age Analysis of Past Due and Nonaccrual Loans

The Company considers loans past due on the day following the contractual repayment date if the contractual repayment was not received by the Company as of the end of the business day. The following table provides aging information on the Company's past due and accruing loans, in addition to the balances of loans on non-accrual status, at December 31, 2023 and 2022.

		Current or less than 30 days past due	30 – 89 Days past due	90 Days past due and still accruing	Nonaccrual	Total
At December 31, 2023:						
Commercial	$	8,195,164,000	10,376,000	310,000	5,832,000	8,211,682,000
Residential real estate		1,981,521,000	5,173,000	1,783,000	7,282,000	1,995,759,000
Individual		1,256,062,000	16,390,000	145,000	5,250,000	1,277,847,000
Total	$	11,432,747,000	31,939,000	2,238,000	18,364,000	11,485,288,000

		Current or less than 30 days past due	30 – 89 Days past due	90 Days past due and still accruing	Nonaccrual	Total
At December 31, 2022:						
Commercial	$	8,183,380,000	10,610,000	438,000	11,366,000	8,205,794,000
Residential real estate		1,637,944,000	4,981,000	1,323,000	5,487,000	1,649,735,000
Individual		1,349,157,000	14,497,000	301,000	4,129,000	1,368,084,000
Total	$	11,170,481,000	30,088,000	2,062,000	20,982,000	11,223,613,000

Nonaccruing loans at December 31, 2023 and 2022 totaled approximately $18,364,000 and $20,982,000, respectively. At December 31, 2023 and 2022, the Company had $4.1 million and $9.2 million, respectively, of non-accrual business loans that had no allowance for credit loss. The interest income recorded on nonaccrual loans was approximately $1,058,000 and $1,018,000 in 2023 and 2022, respectively.

The following table provides information about the credit quality of the loan portfolio using the Company's internal rating system reflecting management's risk assessment. The *pass* category consists of a range of loan grades that reflect low to moderate, though still acceptable, risk. Loans are placed on *watch* status when (1) one or more weaknesses which could jeopardize timely liquidation exists; or (2) the margin or liquidity of an asset is sufficiently tenuous that adverse trends could result in a collection problem. Loans classified as *substandard* are inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified may have a well-defined weakness or weaknesses that jeopardize the repayment of the debt. Such loans are characterized by the distinct possibility that the Company may sustain some loss if the deficiencies are not corrected. Loans are placed on *nonaccrual* status when (1) deterioration in the financial condition of the borrower exists for which payment of full principal and interest is not expected, or (2) upon which principal or interest has been in default for a period of 90 days or more and the asset is not both well secured and in the process of collection.

Loans are analyzed for risk rating updates as part of the annual credit review process. For larger loans, rating assessments may be more frequent if relevant information is obtained earlier through debt covenant or overall relationship management. Smaller loans are monitored as identified by the loan officer based on the risk profile of the individual borrower or if the loan becomes past due related to credit issues. Loans rated Watch, Substandard or Non-accrual may be subject to more frequent review and monitoring processes. In addition to the regular monitoring performed by the market lending personnel and credit committees, loans are subject to review by the Loan Review Department which verifies the appropriateness of the risk ratings for the loans chosen as part of its risk-based review plan.

The risk category of loans in the portfolio as of December 31, 2023 are as follows:

	Term Loans Amortized Cost Basis by Origination Year							
(in thousands)	**2023**	**2022**	**2021**	**2020**	**2019**	**Prior**	**Revolving Loans Amortized Cost Basis**	**Total**
Commercial								
Risk Rating								
Pass	$ 1,117,525,000	1,673,590,000	1,399,741,000	735,105,000	592,798,000	1,758,015,000	759,128,000	8,035,902,000
Watch	11,708,000	36,202,000	7,466,000	12,216,000	23,087,000	23,815,000	10,417,000	124,911,000
Substandard	3,150,000	4,669,000	610,000	4,722,000	1,287,000	29,038,000	1,561,000	45,037,000
Non-accrual	44,000	728,000	1,896,000	705,000	129,000	2,330,000	-	5,832,000
Total Commercial	$ 1,132,427,000	1,715,189,000	1,409,713,000	752,748,000	617,301,000	1,813,198,000	771,106,000	8,211,682,000
Residential real estate								
Risk Rating								
Accrual	$ 466,637,000	492,610,000	360,837,000	156,093,000	81,307,000	212,563,000	218,430,000	1,988,477,000
Non-accrual	431,000	855,000	2,138,000	333,000	309,000	2,539,000	677,000	7,282,000
Total Residential Real Esta	$ 467,068,000	493,465,000	362,975,000	156,426,000	81,616,000	215,102,000	219,107,000	1,995,759,000
Individual								
Risk Rating								
Current	$ 511,259,000	298,318,000	176,816,000	97,324,000	28,641,000	21,791,000	121,913,000	1,256,062,000
30-89 days	2,888,000	6,242,000	3,904,000	1,926,000	505,000	726,000	199,000	16,390,000
90+ days	-	-	-	-	-	-	145,000	145,000
Non-accrual	559,000	1,660,000	1,270,000	982,000	242,000	537,000	-	5,250,000
Total Individual	514,706,000	306,220,000	181,990,000	100,232,000	29,388,000	23,054,000	122,257,000	1,277,847,000
Total Loans	$ 2,114,201,000	2,514,874,000	1,954,678,000	1,009,406,000	728,305,000	2,051,354,000	1,112,470,000	11,485,288,000

The risk category of loans in the portfolio as of December 31, 2022 are as follows:

	Commercial	Residential real estate	Individual	Total
At December 31, 2022:				
Pass	$ 8,052,490,000	1,628,990,000	1,362,002,000	11,043,482,000
Watch	110,135,000	4,819,000	481,000	115,435,000
Substandard	31,803,000	10,439,000	1,472,000	43,714,000
Nonaccrual	11,366,000	5,487,000	4,129,000	20,982,000
Total	$ 8,205,794,000	1,649,735,000	1,368,084,000	11,223,613,000

Collateral-dependent loans

The Company's collateral-dependent loans are comprised of large impaired loans where repayment of the loan is dependent on the sale or operation of the collateral. The Company requires that collateral-dependent loans be either over-collateralized or carry collateral equal to the amortized cost of the loan. The following table presents the amortized cost basis of collateral-dependent loans as of December 31, 2023 by the expected source of repayment.

		Real Estate	Business Assets	Total
Commercial	$	5,435,000	237,000	5,672,000
Residential real estate		2,144,000	57,000	2,201,000
Total	$	7,579,000	294,000	7,873,000

Modifications for borrowers experiencing financial difficulty

The Company adopted ASU 2022-02 on January 1, 2023 which required that the Company evaluate whether modifications represent a new loan or a continuation of existing loans. When borrowers are experiencing financial difficulty, the Company may agree to modify the contractual terms of a loan to a borrower to assist the borrower in repaying principal and interest owed to the Company.

The Company's modification of loans to borrowers experiencing financial difficulty are generally in the form of term extensions, repayment plans, payment deferrals, forbearance agreements, interest rate reductions, forgiveness of interest and/or fees, or any combination thereof. Commercial loans modified to borrowers experiencing financial difficulty are primarily loans that are substandard or non-accrual, where the maturity date was extended. Modifications on personal real estate loans are primarily those placed on forbearance plans, repayment plans, or deferral plans where monthly payments are suspended for a period of time or past due amounts are paid off over a certain period of time in the future or set up as a balloon payment at maturity. Modifications to certain credit card and other small consumer loans are often modified under debt counseling programs that can reduce the contractual rate, or, in certain instances, forgive certain fees and interest charges. Other consumer loans modified to borrowers experiencing financial difficulty consist of various other workout arrangements with consumer customers.

The following tables present the amortized cost at December 31, 2023 of loans that were modified during the year ended December 31, 2023.

	Term Extension	Payment Delay	Interest Rate Reduction	Interest/Fees Forgiven	Other	Total	% of Total Loan Category
Commercial	$ 23,026,000	—	—	10,326,000	459,000	33,811,000	0.41%
Residential real estate	645,000	1,524,000	659,000	—	—	2,828,000	0.14%
Individual	1,033,000	—	779,000	204,000	—	2,016,000	0.16%
Total	$ 24,704,000	1,524,000	1,438,000	10,530,000	459,000	38,655,000	0.34%

The estimate of lifetime expected losses utilized in the allowance for credit losses model is developed using average historical experience on loans with similar risk characteristics, which includes losses from modifications of loans to borrowers experiencing financial difficulty. As a result, a change to the allowance for credit losses is generally not recorded upon modification. For modifications to loans made to borrowers experiencing financial difficulty that are placed on nonaccrual status, the Company determines the allowance for credit losses on an individual evaluation, using the same process that it utilizes for other loans on nonaccrual status.

If a loan to a borrower experiencing financial difficulty is modified and subsequently deemed uncollectible, the allowance for credit losses continues to be based on individual evaluation, if that loan is already on nonaccrual status. For those loans, the allowance for credit losses is estimated using discounted expected cash flows or the fair value of collateral. If an accruing loan made to a borrower experiencing financial difficulty is modified and subsequently deemed uncollectible, the loan's risk rating is downgraded to nonaccrual status and the loan's related allowance for credit losses is determined based on individual evaluation, or if necessary, the loan is charged off and collection efforts begin.

The following tables summarize the financial impact of loan modifications and payment deferrals during the year ended December 31, 2023.

	Term Extension For the year ended December 31, 2023
Commercial	Extended maturity by a weighted average of 15.5 months.
Residential real estate	Extended maturty by a weighted average of 3.4 years.
Individual	Extended maturity by a weighted average of 6 months.

	Payment Delay For the year ended December 31, 2023
Residential real estate	Deferred certain payments by a weighted average of 5 months

	Interest Rate Reduction For the year ended December 31, 2023
Residential real estate	Reduced contractual interest from weighted average 7% to 6%
Individual	Reduced contractual interest rate from a weighted average 10.05% to5.71% for consumer loans and from a weighted average 22% to 6% on credit cards.

	Forgiveness of Interest/Fees For the year ended December 31, 2023
Commercial	Approximately $18,000 of interest and fees forgiven
Individual	Less than $1,000 of interest and fees forgiven

The Company had commitments of $4.2 million at December 31, 2023 to lend additional funds to borrowers experiencing financial difficulty and for whom the Company has modified the terms of loans in the form of principal forgiveness, an interest rate reduction, an other-than-insignificant payment delay, or a term extension during the current reporting period.

The following table provides the amortized cost basis of loans to borrowers experiencing financial difficulty that had a payment default during the twelve months ended December 31, 2023 and were modified on or after January 1, 2023 (the date we adopted ASU 2022-02) through December 31, 2023. For purposes of this disclosure, the Company considers "default" to mean 90 days or more past due as to interest or principal.

		Term Extension	Interest Rate Reduction	Total
Commercial	$	1,761,000	-	1,761,000
Residential real estate		304,000	479,000	783,000
Individual		688,000	-	688,000
Total	$	2,753,000	479,000	3,232,000

Troubled debt restructuring disclosures prior to the Company's adoption of ASU 2022-02

Restructured loans are those extended to borrowers who are experiencing financial difficulty and who have been granted a concession. Restructured loans are placed on non-accrual status if the Company does not believe it probable that amounts due under the contractual terms will be collected. Commercial performing restructured loans are primarily comprised of certain business, construction, and business real estate loans classified as substandard, but renewed at rates judged to be non-market. These loans are performing in accordance with their modified terms, and because the Company believes it probable that all amounts due under the modified terms of the agreements will be collected, interest on these loans is being recognized on an accrual basis. Troubled debt restructurings also include certain credit card and other small consumer loans under various debt management and assistance programs. Modifications to these loans involve removing the available line of credit, placing loans on amortizing status, and lowering the contractual interest rate. Certain personal real estate, revolving home equity and consumer loans were classified as consumer bankruptcy troubled debt restructurings because they were not reaffirmed by the borrower in bankruptcy proceedings. Interest on these loans is being recognized on an accrual basis, as the borrowers are continuing to make payments. Other consumer loans classified as trouble debt restructurings consist of various other workout arrangements with consumer customers.

The table below shows the outstanding balance of loans classified as troubled debt restructurings (TDR) at December 31, 2022. Nonperforming TDRs include all past-due and nonaccrual TDR loans.

		2022		
		Performing TDRs	**Nonperforming TDRs**	**Total TDRs**
Commercial	$	2,899,000	795,000	3,694,000
Residential real estate		2,533,000	1,379,000	3,912,000
Individual		—	56,000	56,000
Total loans	$	5,432,000	2,230,000	7,662,000

Interest income recognized on the restructured loans noted above was approximately $300,000 for the year ended December 31, 2022.

The Company has entered into commitments to lend additional funds of approximately $111,000 at December 31, 2023 to borrowers whose loans have been restructured and that are included in the TDR loan totals above.

Impaired Loans

The following Impaired loans disclosures were superseded by ASU 2016-13.

The table below shows the Company's balances of impaired loans at December 31, 2022:

		2022
Impaired loans with a specific allowance provided		
Commercial	$	588,000
Residential real estate		426,000
Individual		—
		1,014,000
Impaired loans with no specific allowance provided		
Commercial		25,574,000
Residential real estate		533,000
Individual		—
		26,107,000
Total impaired loans	$	27,121,000
Allowance related to impaired loans		
Commercial	$	120,000
Residential real estate		271,000
Individual		—
Total allowance related to impaired loans	$	391,000

Total average impaired loans during 2022 are shown in the table below:

		2022		
		Nonaccrual	Restructured and still accruing	Total
Average Impaired Loans:				
Commercial	$	12,775,000	3,789,000	16,564,000
Residential real estate		4,913,000	1,829,000	6,742,000
Individual		3,855,000	22,000	3,877,000
Total	$	21,543,000	5,640,000	27,183,000

(4) Mortgage Banking Activities

The Company originates mortgage loans and sells those loans to the Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), and other private investors. Typically, these loans are sold with servicing retained by the Bank. Loans sold with servicing retained in 2023 and 2022 aggregated $259,414,000 and $749,239,000, respectively. Loans serviced for investors aggregated $4,970,464,000 and $5,206,064,000 at December 31, 2023 and 2022, respectively.

Included in mortgage banking revenues in the accompanying consolidated statements of income for 2023 and 2022 are the following:

	2023	2022
Gains on sale of mortgage loans	$ 18,400,000	9,149,000
Gains on interest rate lock commitments (IRLC) and associated hedging*	1,980,000	16,823,000
Servicing fees	12,705,000	12,962,000
Mortgage banking revenues, net	$ 33,085,000	38,934,000

*For additional detail on this item see note 16.

Included in gain on sales of mortgage loans during 2023 and 2022 are capitalized mortgage servicing rights aggregating $2,806,000 and $8,371,000, respectively.

The following assumptions were used in determining the fair value of the capitalized mortgage servicing rights:

	2023	2022
Discount Rate	9.23%	9.72%
Prepayment Speed	7.00%	7.32%
Delinquency Rate	0.93%	0.76%

A summary of the mortgage servicing rights is as follows:

	2023	2022
Balance at beginning of year	$ 37,788,000	37,367,000
Capitalized mortgage servicing rights	2,806,000	8,371,000
Amortization	(6,718,000)	(7,950,000)
Change in valuation allowance	—	—
Balance at end of year	$ 33,876,000	37,788,000

The valuation allowance at December 31, 2023 and 2022 was $0, respectively.

The following table shows the estimated future amortization expense based on existing asset balances and the interest rate environment as of December 31, 2023. The Company's actual amortization expense in any given period may be different from the estimated amounts depending upon the addition of new intangible assets, changes in mortgage interest rates, prepayment speeds, and other market conditions.

Year:		
2024	$	4,531,000
2025		4,011,000
2026		3,572,000
2027		3,191,000
Thereafter		18,571,000

(5) Land, Buildings, and Equipment

A summary of land, buildings, and equipment at December 31, 2023 and 2022 is as follows:

	2023	2022
Land	$ 58,316,000	58,781,000
Buildings and improvements	296,157,000	276,221,000
Equipment	53,459,000	53,367,000
Right to use assets, net of amortization	32,198,000	32,692,000
	440,130,000	421,061,000
Less accumulated depreciation	222,199,000	211,141,000
	$ 217,931,000	209,920,000

The following table shows the estimated future depreciation expense based on existing asset balances as of December 31, 2023:

Year:		
2024	$	14,683,000
2025		12,497,000
2026		10,982,000
2027		9,114,000
2028		7,196,000
Thereafter		72,945,000

Depreciation of buildings charged to operating expense was approximately $8,548,000 and $9,007,000 in 2023 and 2022, respectively, and is included in net occupancy expense on the consolidated statements of income. Depreciation of equipment charged to operating expense was approximately $7,543,000 and $7,722,000 in 2023 and 2022, respectively, and is included in equipment expense on the consolidated statements of income.

(6) Goodwill and Intangible Assets

Goodwill and core deposit intangible assets are summarized in the following table:

	2023			2022		
	Gross carrying amount	Accumulated amortization	Net amount	Gross carrying amount	Accumulated amortization	Net amount
Amortizable intangible assets:						
Core deposit intangible assets	$ 26,052,000	(17,849,000)	8,203,000	26,052,000	(14,648,000)	11,404,000
Trust customer intangible asset	6,100,000	(4,261,000)	1,839,000	6,100,000	(3,942,000)	2,158,000
Goodwill	348,237,000	—	348,237,000	348,237,000	—	348,237,000

Aggregate amortization expense on core deposit and other intangible assets for the years ended December 31, 2023 and 2022 was $3,520,000 and $3,531,000, respectively. The following table shows the estimated future amortization expense for the next five years based on existing asset balances and the interest rate environment as of December 31, 2023. The Company's actual amortization expense in any given period may be different from the estimated amounts depending upon the addition of new intangible assets and other market conditions.

Year:	
2024	$ 3,388,000
2025	3,227,000
2026	2,483,000
2027	280,000
2028	271,000
Thereafter	393,000

(7) Income Taxes

The components of income tax expense on operations for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Current income tax expense:		
Federal	$ 69,013,000	60,677,000
State	9,398,000	7,683,000
Total current income tax expense	78,411,000	68,360,000
Deferred income tax expense:		
Federal	2,339,000	5,847,000
State	294,000	1,060,000
Total deferred income tax expense	2,633,000	6,907,000
Total income tax expense on operations	$ 81,044,000	75,267,000

The reasons for the difference between the effective tax rates of 22.9% and 22.6% for 2023 and 2022, respectively, and the current federal statutory income tax rate of 21%, are as follows:

	2023		2022	
	Amount	Percent	Amount	Percent
Income tax expense at federal statutory rate	$ 74,495,000	21.0	$ 70,032,000	21.0
Increase (reduction) in income taxes resulting from:				
Tax-exempt interest	(1,653,000)	(0.5)	(1,598,000)	(0.5)
Other tax-exempt income	(156,000)	(0.0)	(144,000)	(0.0)
Dividend exclusion	(45,000)	(0.0)	(43,000)	(0.0)
State income taxes, net of federal income tax	7,657,000	2.2	6,907,000	2.1
Nondeductible expenses	773,000	0.2	530,000	0.2
Federal tax credits, net of low income housing tax credit partnership amortization	(89,000)	(0.0)	(420,000)	(0.1)
Other, net	62,000	0.0	3,000	0.0
	$ 81,044,000	22.9	$ 75,267,000	22.6

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2023 and 2022 are presented below:

	2023	2022
Deferred tax assets:		
Loans, principally due to allowance for credit losses	$ 37,216,000	37,943,000
Accrued expenses	26,943,000	26,003,000
Buildings and equipment	2,373,000	2,999,000
Defined benefit plan	3,880,000	5,978,000
Unrealized loss on available-for-sale securities	79,882,000	118,266,000
Total gross deferred tax assets	150,294,000	191,189,000
Deferred tax liabilities:		
Prepaid pension expense	10,078,000	10,298,000
Mortgage servicing rights	8,113,000	9,009,000
Goodwill	34,717,000	33,040,000
Lease financing	37,945,000	35,019,000
Unrealized gain on equity securities	821,000	981,000
Other	1,985,000	1,827,000
Total gross deferred tax liabilities	93,659,000	90,174,000
Net deferred taxes	$ 56,635,000	101,015,000

The Company has not recorded a valuation allowance related to the net deferred tax assets at December 31, 2023 or 2022 due to historical and expected future earnings of the bank subsidiaries.

The Company classifies interest and penalties on uncertain tax benefits as income tax expense. In the normal course of business, the Company provides for uncertain tax positions and the related interest and penalties and adjusts its unrecognized tax benefits and related interest and penalties accordingly. Unrecognized tax benefits were unchanged during 2023, totaling $1.6 million at December 31, 2023.

Federal net operating loss (NOL) carryovers were acquired in certain acquisitions. The remaining amount of NOL carryover is $689,000 and $774,000 as of December 31, 2023 and 2022, respectively. The NOL expires in 2033. The annual use of the NOL is limited and the Company expects to use the remaining carryover before expiration.

With few exceptions, U.S. federal and state income tax returns for years prior to 2020 are no longer subject to examination by tax authorities.

(8) Deposits

Maturities of time deposits are as follows at December 31, 2023:

Year:	
2024	$ 1,367,106,000
2025	140,185,000
2026	25,940,000
2027	8,257,000
2028	6,000,000
Thereafter	242,000
	$ 1,547,730,000

Time deposits include certificates of deposit of $250,000 and over, totaling approximately $493,388,000 and $254,262,000 at December 31, 2023 and 2022, respectively. Interest expense on such deposits amounted to $19,182,000 and $3,569,000 in 2023 and 2022, respectively.

(9) Securities Sold under Agreements to Repurchase

The Company's obligation to repurchase securities sold at December 31, 2023 and 2022 totaled $1,103,676,000 and $1,166,718,000, respectively. These are short-term borrowings that generally have one day maturities. Information concerning securities sold under agreements to repurchase during the year is as follows:

	2023	2022
Average monthly balance during the year	$ 1,164,705,000	1,220,617,000
Maximum month-end balance during the year	1,299,276,000	1,271,283,000
Average interest rate during the year	2.60%	1.00%

Assets and liabilities relating to securities purchased under agreements to resell (resale agreements) and securities sold under agreements to repurchase (repurchase agreements) are presented gross in the consolidated balance sheet and the Company is not party to any offsetting arrangements associated with these agreements. Resale and repurchase agreements to purchase/sell securities are subject to an obligation to resell/repurchase the same or similar securities and are accounted for as collateralized financing transactions, not as sales and purchases of the securities portfolio. The securities collateral accepted or pledged in resale and repurchase agreements with other financial institutions also may be sold or re-pledged by the secured party but is usually delivered to and held by third party trustees.

The table below shows the remaining contractual maturities of repurchase agreements outstanding at December 31, 2023, in addition to the various types of marketable securities that have been pledged as collateral for these borrowings.

	Remaining Contractual Maturity of the Agreements			
	Overnight and continuous	Up to 90 days	Greater than 90 days	Total
December 31, 2023:				
Repurchase agreements, secured by:				
U.S. government and federal agency obligations	$ 103,332,000	—	—	103,332,000
Government-sponsored enterprise obligations	31,905,000	—	—	31,905,000
Mortgage-backed securities	968,439,000	—	—	968,439,000
Other	—	—	—	—
Total Repurchase agreements, gross amount recognized	$ 1,103,676,000	—	—	1,103,676,000

(10) Employee Benefit Plans

The Company has a noncontributory defined benefit pension plan, the Central Bancompany, Inc. Retirement Plan (the Plan), available to qualified employees, as defined under the Plan. On November 14, 2018, the Company's Board of Directors approved an amendment to freeze the Plan, effective December 31, 2018. After December 31, 2018, participants in the Plan stopped accruing additional benefits for future service or compensation. Participants retained benefits accumulated as of December 31, 2018 in accordance with the terms of the Plan.

The Company's funding policy is to contribute funds to an account maintained by the pension plan trustee, as necessary, to provide for the normal cost and amortization of the unfunded actuarial accrued liability. To the extent that these costs are fully covered by assets in the trust, a contribution might not be made in a particular year.

Assets held in the Plan are primarily government and government agency obligations, common stock, corporate bonds, mutual funds, and money market accounts. Certain executives also participate in a supplemental pension plan (the CERP) that the Company funds only as retirement benefits are disbursed. The CERP carries no segregated assets.

Benefit obligations of the CERP are shown in the table immediately below. In all other tables presented, the pension plan and the CERP are presented on a combined basis, even though the CERP is unfunded.

		2023	2022
Projected benefit obligation	$	16,013,000	16,626,000
Cumulative contributions in excess of net periodic benefit cost		18,441,000	19,203,000

The following items are components of net pension cost for the years ended December 31, 2023 and 2022:

		2023	2022
Interest cost on projected benefit obligation	$	13,366,000	10,180,000
Expected return on plan assets		(11,386,000)	(11,596,000)
Amortization of net (gain) loss		(56,000)	2,204,000
Net periodic pension cost	$	1,924,000	788,000

The following table sets forth the pension plans' funded status, using valuation dates of December 31, 2023 and 2022:

		2023	2022
Change in projected benefit obligation:			
Projected benefit obligation at prior valuation date	$	247,770,000	342,737,000
Interest cost		13,366,000	10,180,000
Benefits paid		(15,535,000)	(15,609,000)
Actuarial gain		2,879,000	(89,538,000)
Other		—	—
Projected benefit obligation at valuation date		248,480,000	247,770,000
Change in plan assets:			
Fair value of plan assets at beginning of year		246,685,000	293,799,000
Actual return (loss) on plan assets		23,119,000	(33,226,000)
Employer contributions		1,585,000	1,721,000
Benefits paid		(15,535,000)	(15,609,000)
Other		—	—
Fair value of plan assets at end of year		255,854,000	246,685,000
Funded status and net amount recognized at December 31	$	7,374,000	(1,085,000)

Amounts recognized on the December 31 balance sheet are as follows:

		2023	2022
Prepaid pension asset	$	42,091,000	43,194,000
Accrued benefit liability		(34,717,000)	(44,279,000)
Net amount recognized at December 31	$	7,374,000	(1,085,000)

Amounts not yet reflected in net periodic benefit cost and included in accumulated other comprehensive loss, on a pretax basis, at December 31, 2023 are as follows:

Accumulated other comprehensive loss, pretax	$ (16,277,000)
Cumulative employer contributions in excess of net periodic benefit cost	23,651,000
Net amount recognized on the December 31, 2023 balance sheet	$ 7,374,000

The following weighted average assumptions have been used at December 31, 2023 and 2022:

	2023	**2022**
Determination of benefit obligation at year-end:		
Discount rate	5.50%	5.55%
Determination of net periodic benefit cost for the year ended:		
Discount rate	5.55%	3.05%
Expected long-term rate of return on Plan assets	4.50%	4.50%

The expected return on pension plan assets is developed using inflation expectations and risk factors to arrive at a long-term nominal expected return for each asset class. The nominal expected return for each asset class is then weighted based on the target asset allocation to develop the expected long-term rate of return on plan assets.

The following table shows the Company's employer contributions and benefits paid for the years ended December 31, 2023 and 2022:

	2023	**2022**
Employer contributions	$ 1,585,000	1,721,000
Benefits paid	15,535,000	15,609,000

The weighted average asset allocations as of December 31, 2023 and 2022, by asset category, are as follows:

	Plan assets as of December 31,	
	2023	2022
Equity securities	36%	41 %
Fixed income	61	57
Cash and equivalents	3	2
Total	100%	100 %

The Plan's Investment Policy focuses on efficient allocation of capital among various asset classes to create a diversified portfolio in order to achieve the Plan's investment return objective of 4.5%. In making capital allocation decisions, the Trustee considers the expected return, standard deviation, and correlation of returns of various asset classes, as well as the current term structure of interest rates and current market conditions. In order to generate returns sufficient to meet actuarial estimates of the Plan's future obligations, the majority of the Plan's assets are typically invested in asset classes with higher expected rates of return, specifically equity securities. In order to limit risk, a lesser allocation is made to fixed income securities. Within strict policy ranges, the Trustee has discretion to increase or decrease the equity and fixed income allocations in response to changing market conditions. The Plan allocates a small percentage to real assets in the form of precious metals trusts.

The following benefit payments are expected to be paid:

Year:	
2024	$ 16,107,000
2025	16,668,000
2026	17,127,000
2027	17,463,000
2028	17,657,000
2029 – 2033	88,516,000

Following is a description of the valuation methodologies used for assets measured at fair value in the Plan:

Cash equivalents – Money market funds are valued at the closing price reported on the active market on which the funds are traded.

U.S. government and agency obligations – Federal agencies are priced utilizing industry-standard models that consider various assumptions, including time value, yield curves, volatility factors, prepayment speeds, default rates, loss severity, current market, and contractual prices for the underlying financial instruments, as well as other relevant economic measures. Substantially all these assumptions are observable in the marketplace, can be derived from observable data, or are supported by observable levels at which transactions are executed in the marketplace.

Corporate bonds - Corporate securities are valued using a type of matrix, or grid, pricing in which securities are benchmarked against the treasury rate based on credit rating. These model and matrix measurements are classified as Level 2 in the fair value hierarchy.

Mutual funds and common stocks – The fair value of these investments is based on quoted market prices from national securities exchanges.

The following table sets forth by level, within the fair value hierarchy, the pension plan's assets at fair value as of December 31, 2023:

		Fair value measurements at report date using		
	December 31, 2023	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other unobservable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Cash equivalents	$ 6,875,000	6,875,000	—	—
U.S. government and agency obligations	72,238,000	19,469,000	52,769,000	—
Common stocks	42,428,000	42,428,000	—	—
Corporate bonds	17,779,000	—	17,779,000	—
Mutual funds - fixed income	65,976,000	65,976,000	—	—
Mutual funds - equities	50,558,000	50,558,000	—	—
Total	$ 255,854,000	185,306,000	70,548,000	—

The following table sets forth by level, within the fair value hierarchy, the pension plan's assets at fair value as of December 31, 2022:

	December 31, 2022	Fair value measurements at report date using: Quoted prices in active markets for identical assets (Level 1)	Significant other unobservable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash equivalents	$ 5,145,000	5,145,000	—	—
U.S. government and agency obligations	87,935,000	38,559,000	49,376,000	—
Common stocks	47,521,000	47,521,000	—	—
Corporate bonds	4,866,000	—	4,866,000	—
Mutual funds - fixed income	48,011,000	48,011,000	—	—
Mutual funds - equities	53,207,000	53,207,000	—	—
Total	$ 246,685,000	192,443,000	54,242,000	—

The Company has established a Voluntary Employees Beneficiary Association Trust (VEBA) to fund the employee benefit plan covering medical and dental benefits. For the years ended December 31, 2023 and 2022, the Company contributed $14,884,000 and $12,779,000, respectively, to the VEBA.

The Company has established an employee savings plan under Section 401(k) of the Internal Revenue Code (the Code). Under this plan, employees are allowed to contribute a maximum of 75% of their base pay, subject to certain IRS limitations. The Company's matching contribution is equal to one-half of the employee's contribution up to a maximum of 6% of the employee's base pay. For the years ended December 31, 2023 and 2022, the Company contributed $4,029,000 and $3,864,000, respectively, to the 401(k) plan.

In 2019, with the freezing of the defined benefit pension plan effective December 31, 2018, the Company added to the defined contribution plan two additional benefits. Effective January 1, 2019, a Non-Elective Contribution (NEC) of 4% was given to all employees, except employees who are drawing a pension. NEC eligibility has an immediate entry date for employees age 18 or older. For the years ended December 31, 2023 and 2022, the Company contributed $7,733,000 and $7,410,000, respectively, to the 401(k) plan related to this benefit.

Also, in effect as of January 1, 2019, a Supplemental NEC of an additional 4% was given to employees who have been active ten plus years as of January 1, 2019 and not drawing a pension. This contribution will be given for five years. For the years ended December 31, 2023 and 2022, the Company expensed $2,379,000 and $2,239,000, respectively, related to the 4% contribution for ten year plus employees.

The Company maintains deferred compensation plans. The liability for the plans, aggregating $37,759,000 and $40,407,000 at December 31, 2023 and 2022, respectively, is recorded in other liabilities in the accompanying consolidated balance sheets. Total expenses under these arrangements, included in salaries and employee benefits, were $2,231,000 and $3,849,000 for the years ended December 31, 2023 and 2022, respectively.

(11) Capital Adequacy

Quantitative measures established by regulation to ensure capital adequacy require banks to maintain minimum amounts and ratios (set forth in the table below on a consolidated basis, amounts in thousands) of total and Tier 1 capital (as defined in the regulations) to risk-weighted assets, and of Tier 1 capital to average assets. At December 31, 2023, the Company met all capital requirements to which it is subject, and the Bank's capital position exceeded the regulatory definition of well-capitalized.

The Basel III minimum required ratios for well-capitalized banks (under prompt corrective action provisions) are 6.5% for Tier I common capital, 8.0% for Tier I capital, 10.0% for Total capital and 5.0% for the leverage ratio.

A summary of the Company's and its subsidiary's capital ratios at December 31, 2023 and 2022 is as follows:

(in 000's)	Actual		Minimum capital adequacy requirement		Well-capitalized requirement	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2023:						
Total risk-based capital (to risk-weighted assets):						
Company	$ 2,836,024	22.75%	$ 997,385	8.00%	$ —	—%
Central Trust Bank	1,677,031	13.48	994,909	8.00	1,243,636	10.00
Tier 1 capital (to risk-weighted assets):						
Company	2,680,621	21.50	748,039	6.00	—	—
Central Trust Bank	1,521,628	12.24	746,182	6.00	994,909	8.00
Tier 1 common equity capital (to risk-weighted assets):						
Company	2,680,621	21.50	561,029	4.50	—	—
Central Trust Bank	1,521,628	12.24	559,636	4.50	808,363	6.50
Tier 1 capital (to average assets):						
Company	2,680,621	14.36	746,740	4.00	—	—
Central Trust Bank	1,521,628	8.16	746,013	4.00	932,516	5.00

(in 000's)	Actual		Minimum capital adequacy requirement		Well-capitalized requirement	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2022:						
Total risk-based capital (to risk-weighted assets):						
Company	$ 2,610,542	20.40%	$ 1,023,755	8.00%	$ —	—%
Central Trust Bank	1,766,566	13.84	1,021,353	8.00	1,276,691	10.00
Tier 1 capital (to risk-weighted assets):						
Company	2,451,387	19.16	767,817	6.00	—	—
Central Trust Bank	1,607,411	12.59	766,014	6.00	1,021,353	8.00
Tier 1 common equity capital (to risk-weighted assets):						
Company	2,451,387	19.16	575,862	4.50	—	—
Central Trust Bank	1,607,411	12.59	574,511	4.50	829,849	6.50
Tier 1 capital (to average assets):						
Company	2,451,387	12.58	779,421	4.00	—	—
Central Trust Bank	1,607,411	8.31	773,824	4.00	967,280	5.00

(12) Leasing

Leases are recorded at market values at the inception of the lease and may contain escalations based on indexes tied to the consumer price index or other factors for an increase in the amount of the lease payment. Escalators are included in valuing of right to use assets under certain conditions. Lease value cash flows are discounted to present value in recording the right to use asset based on Federal Home Loan Bank advance rates. The Company has made the election not to separate lease and non-lease components for existing real estate leases when determining consideration within the lease contract. All the Company's lease agreements are classified as operating leases under ASC 842.

As of December 31, 2023 and 2022, the Company's assets included right to use assets for operating leases that had a weighted average lease term remaining of 25.1 years and 26.1 years and a weighted average discount rate of 3.8% and 3.7%, respectively. The Company's assets also included right to use assets for finance leases in 2023 and 2022 that had a weighted average lease term remaining of 3.1 years and 4.1 years and weighted average discount rate of 1.49% and 1.49%, respectively.

Operating lease cost recorded in net occupancy amounted to $3,615,000 and $3,562,000 in 2023 and 2022, respectively. Operating cash flows from operating leases were $3,270,000 and $3,437,000 in 2023 and 2022, respectively. As of December 31, 2023 and 2022, the right to use assets, reported within premises and equipment, net, totaled $32,198,000 and $32,692,000, respectively. The lease liability, reported within other liabilities, recognized on the financial statements as of December 31, 2023 and 2022 totaled $33,486,000 and $33,635,000, respectively.

As of December 31, 2023, undiscounted operating lease liabilities are scheduled to mature as follows:

Year:	
2024	$ 3,589,000
2025	3,148,000
2026	2,878,000
2027	2,525,000
2028	2,277,000
Thereafter	38,504,000

Operating expense and short-term lease costs totaled $3,814,000 and $3,753,000 in 2023 and 2022, respectively. Amortization of right to use assets charged to operating expense was approximately $2,398,000 and $2,353,000 in 2023 and 2022, respectively, and is included in net occupancy and equipment expense on the consolidated statements of income.

(13) Litigation

The Company and its subsidiaries are defendants in various claims, legal actions, and complaints arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, all such matters are adequately covered by insurance or reserves recorded by management or are of such nature that the unfavorable disposition of any, or all, such matters would not have a material adverse effect on the financial position of the Company.

(14) Fair Value Disclosures

Fair Value Hierarchy

The Company uses fair value measurements to record fair value adjustments to certain financial and nonfinancial assets and liabilities and to determine fair value disclosures. Various financial instruments such as available-for-sale and trading securities are recorded at fair value on a recurring basis. Additionally, from time to time, the Company may be required to record at fair value other assets and liabilities on a nonrecurring basis, such as loans, loans held for sale, mortgage servicing rights, and certain other investment securities. These nonrecurring fair value adjustments typically involve lower of cost or market accounting or write-downs of individual assets.

Fair value is defined 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. Depending on the nature of the asset or liability, the Company uses various valuation techniques and assumptions when estimating fair value, which are in accordance with ASC 820. ASC 820 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the assets or liabilities, either directly or indirectly (such as interest rates, yield curves, and prepayment speeds).
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value. These may be internally developed, using the Company's best information and assumptions that a market participant would consider.

When determining the fair value measurements for assets and liabilities required or permitted to be recorded or disclosed at fair value, the Company considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability. When possible, the Company looks to active and observable markets to price identical assets or liabilities. When identical assets and liabilities are not traded in active markets, the Company looks to market observable data for similar assets and liabilities.

Valuation Methods for Instruments Measured at Fair Value on a Recurring Basis

The following table presents assets and liabilities measured at fair value on a recurring basis (including items that are required to be measured at fair value) at December 31, 2023 and 2022.

		Fair value measurements at report date using		
	Fair Value December 31, 2023	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Loans held for sale	$ 35,442,000	—	35,442,000	—
Available-for-sale investment securities:				
U.S. government obligations and government-sponsored enterprises	4,958,624,000	1,549,312,000	3,409,312,000	—
Obligations of states and political subdivisions	34,537,000	—	34,537,000	—
Other securities	36,144,000	812,000	35,332,000	—
Equity investments	50,246,000	2,213,000	36,886,000	11,147,000
Derivatives *	10,178,000	—	10,178,000	—
Total assets	$ 5,125,171,000	1,552,337,000	3,561,687,000	11,147,000
Liabilities:				
Derivatives *	$ 9,125,000	—	9,125,000	—
Total liabilities	$ 9,125,000	—	9,125,000	—

* The fair value of each class of derivative is shown in Note 16.

		Fair value measurements at report date using		
	Fair Value December 31, 2022	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Loans held for sale	$ 33,878,000	—	33,878,000	—
Available-for-sale investment securities:				
U.S. government obligations and government-sponsored enterprises	6,369,848,000	2,235,145,000	4,134,703,000	—
Obligations of states and political subdivisions	60,087,000	—	60,087,000	—
Other securities	42,652,000	901,000	41,751,000	—
Equity investments	52,126,000	4,060,000	36,950,000	11,116,000
Derivatives *	12,004,000	—	12,004,000	—
Total assets	$ 6,570,595,000	2,240,106,000	4,319,373,000	11,116,000
Liabilities:				
Derivatives *	$ 10,756,000	—	10,756,000	—
Total liabilities	$ 10,756,000	—	10,756,000	—

* The fair value of each class of derivative is shown in Note 16.

Following is a description of the Company's valuation methodologies used for instruments measured at fair value on a recurring basis:

Securities

Securities are identified as trading, available-for-sale, or held-to-maturity at the time of purchase based upon the intent of management.

Trading securities are carried at fair value with unrealized gains and losses included in current period earnings.

Available-for-sale securities are accounted for in accordance with ASC 320 and are carried at fair value. Unrealized gains and losses are recorded, net of deferred income taxes, as accumulated other comprehensive income (loss) in shareholders' equity. Available-for-sale securities are separately identified as pledged to creditors if the creditor has the right to sell or re-pledge the collateral. This portfolio comprises the majority of the assets the Company records at fair value.

Held-to-maturity securities are carried at amortized cost.

The fair value of our securities, which consist primarily of obligations of the U.S. government and government sponsored enterprises (GSEs), is generally based on instrument-level pricing provided to us by a third-party pricing service which utilizes a combination of market quotations in an active market where available, and industry-standard models that consider various assumptions, including time value, yield curves, volatility factors, prepayment speeds, default rates, loss severity, current market and contractual prices for the underlying financial instruments, as well as other relevant economic measures. Substantially all these assumptions are observable in the marketplace, can be derived from observable data, or are supported by observable levels at which transactions are executed in the marketplace.

We periodically evaluate the pricing supplied by third-party pricing services by comparing the provided pricing with other sources including, but not limited to, recent transactions in similar instruments, dealer quotes and modeled values using various observable market inputs. Based on the results of such evaluations, management may choose to adjust prices obtained from third-party pricing services to more appropriately reflect its estimate of prices that could be realized in orderly transactions in the current market.

The various portions of the estimated fair value of the Company's equity securities are based on several inputs. Where quoted prices are available in an active market, the measurements are classified as Level 1. Equity securities which are infrequently traded or restricted, such as equity interests in the Federal Reserve and Federal Home Loan Bank, are classified as Level 2. The fair value of equity securities based on unobservable inputs and estimates are classified as Level 3.

Loans Held for Sale

Loans held for sale are carried at fair value. The portfolio consists primarily of residential real estate loans that are originated with the intent to sell. The Company contracts to sell the loans to FHLMC, FNMA, and other private investors. Fair value measurements on these loans held for sale are based on quoted market prices for similar loans in the secondary market and are classified as Level 2. No write-down was necessary at December 31, 2023 and 2022.

Derivatives

The Company's derivative instruments include interest rate swaps, interest rate lock commitments (IRLC) and to-be-announced (TBA) contracts for hedging our mortgage loan pipeline. Valuations for interest rate swaps are derived from a proprietary model whose significant inputs are readily observable market parameters, primarily yield curves used to calculate current exposure. The results of the model are constantly validated through comparison to active trading in the marketplace. The fair value measurements of interest rate swaps and floors are classified as Level 2 due to the observable nature of the significant inputs utilized. Derivatives relating to residential mortgage loan sale activity include commitments to originate mortgage loans held for sale, forward loan sale contracts, and forward commitments to sell TBA securities. The fair values of loan commitments and sale contracts are estimated using quoted market prices for loans similar to the underlying loans in these instruments. The valuations of loan commitments are further adjusted to include embedded servicing value and the probability of funding. These assumptions are considered Level 2 inputs and are significant to the loan commitment valuation; accordingly, the measurement of loan commitments is classified as Level 2. The fair value measurement of TBA contracts is based on security prices published on trading platforms and is classified as Level 2.

Valuation Methods for Instruments Measured at Fair Value on a Nonrecurring Basis

Following is a description of the Company's valuation methodologies used for other financial instruments measured at fair value on a nonrecurring basis:

Mortgage Servicing Rights

The Company initially measures its mortgage servicing rights at fair value and amortizes them over the period of estimated net servicing income. They are periodically assessed for impairment based on fair value at the reporting date. Mortgage servicing rights do not trade in an active market with readily observable prices. Accordingly, the fair value is estimated based on a valuation model, which calculates the present value of estimated future net servicing income. The model incorporates assumptions that market participants use in estimating future net servicing income, including estimates of prepayment speeds, market discount rates, cost to service, float earnings rates, and other ancillary income, including late fees. The fair value measurements are classified as Level 3. There was no valuation adjustment recorded on the mortgage servicing rights at December 31, 2023.

Collateral Dependent Loans

While the overall portfolio is not carried at fair value, adjustments are recorded on certain loans to reflect partial write-downs that are based on the value of the underlying collateral. Nonrecurring adjustments also include certain impairment amounts for collateral dependent loans when establishing the allowance for credit losses on loans. In determining the value of real estate collateral, the Company relies on external appraisals and assessment of property values by its internal staff. In the case of non-real estate collateral, reliance is placed on a variety of sources, including external estimates of value and judgments based on the experience and expertise of internal specialists. Because many of these inputs are not observable, the measurements are classified as Level 3.

Foreclosed Assets

Foreclosed assets consist of loan collateral, which has been repossessed through foreclosure. This collateral is comprised of commercial and residential real estate and other non-real estate property. Foreclosed assets are recorded as held for sale initially at the lower of the loan balance or fair value of the collateral less estimated selling costs. After foreclosure, valuations are updated periodically, and the assets may be marked down further, reflecting a new cost basis. Fair value measurements may be based upon appraisals, third-party price opinions, or internally developed pricing methods. These measurements are classified as Level 3.

Fair Value of Financial Instruments

The carrying amounts and estimated fair values of financial instruments held by the Company, in addition to a discussion of the methods used and assumptions made in computing the estimates, are set forth below.

Cash and Due from Banks, Short-term Interest-Bearing Deposits, Federal Funds Sold and Securities Purchased Under Agreement to Resell, and Accrued Interest Receivable

The carrying amounts for cash and due from banks, short-term interest-bearing deposits, and federal funds sold, and securities purchased under agreements to resell, and accrued interest receivable approximate fair value because they mature in 90 days or less and do not present unanticipated credit concerns.

Time Deposits

The fair value of time deposits is based on the discounted value of cash flows. Discount rates are based on the Company's approximate cost of obtaining similar maturity funding in the market. Their fair value measurement is classified as Level 3.

Held-to-Maturity Securities

The fair value of our held-to-maturity investment securities is generally based on instrument-level pricing provided to us by a third-party pricing service which utilizes a combination of market quotations in an active market where available, and industry standard models that consider various assumptions, including time value, yield curves, volatility factors, prepayment speeds, default rates, loss severity, current market and contractual prices for the underlying financial instruments, as well as other relevant economic measures. Substantially all these assumptions are observable in the marketplace, can be derived from observable data, or are supported by observable levels at which transactions are executed in the marketplace.

We periodically evaluate the pricing supplied by third-party pricing services by comparing the provided pricing with other sources including, but not limited to, recent transactions in similar instruments, dealer quotes and modeled values using various observable market inputs. Based on the results of such evaluations, management may choose to adjust prices obtained from third-party pricing services to more appropriately reflect its estimate of prices that could be realized in orderly transactions in the current market.

Loans

The estimated fair value of the Company's loan portfolio is based on the segregation of loans by type – commercial, residential mortgage, and consumer. Each loan category is further segmented into fixed and adjustable-rate interest categories. In estimating the fair value of each category of loan, the carrying amount of the loan is reduced by an allocation of the allowance for loan losses. Such allocation is based on management's loan classification system, which is designed to measure the credit risk inherent in each classification category.

The estimated fair value for variable rate loans is the carrying value of such loans, reduced by an allocation of the allowance for credit losses based on management's loan classification system.

The estimated fair value of fixed-rate loans is calculated by discounting the scheduled cash flows for each loan category – commercial, residential real estate, and consumer. The cash flows through maturity for each category of fixed-rate loans are aggregated for the Company. Prepayment estimates for residential real estate and installment consumer loans are based on estimates for similar instruments in the secondary market with similar maturity schedules and interest rates. Discount rates used for each loan category of fixed rate loans represent rates the Company believes are reflective of what the Company could sell loans for based on market conditions and the Company's assessment of credit quality.

Deposits

The fair value of deposits with no stated maturity is equal to the amount payable on demand. Such deposits include savings and interest and non-interest-bearing demand deposits. The fair value of demand deposits does not include the benefit that results from the low-cost funding provided by deposit liabilities compared to the cost of borrowing funds in the market. Because they are payable on demand, they are classified as Level 1 in the fair value hierarchy. The fair value of time deposits is based on the discounted value of cash flows. Discount rates are based on the Company's approximate cost of obtaining similar maturity funding in the market. Their fair value measurement is classified as Level 3.

Federal Funds Purchased and Securities Sold Under Agreements to Repurchase

The estimated fair value of federal funds purchased and securities sold under agreements to repurchase approximate their carrying values because of the short-term nature of these borrowings.

Accrued Interest Payable

The estimated fair value of accrued interest payable approximates the carrying value because of the short-term nature of the liability.

The estimated fair values of the Company's financial instruments are as follows:

	December 31, 2023			
	Carrying amount	Estimated Fair Value Level 1	Level 2	Level 3
Financial Assets				
Cash and due from banks and short-term interest bearing deposits	$ 1,680,963,000	1,680,963,000	—	—
Time deposits	1,188,000	—	—	1,187,000
Federal funds sold and securities purchased under agreements to resell	3,665,000	3,665,000	—	—
Investment securities				
Available for sale	5,029,305,000	1,550,124,000	3,479,181,000	—
Held to maturity	4,059,000	—	3,361,000	673,000
Equity	50,246,000	2,213,000	36,886,000	11,147,000
Loans				
Commercial	8,132,873,000	—	—	7,942,403,000
Residential real estate	1,958,611,000	—	—	1,832,386,000
Individual loans	1,238,994,000	—	—	1,231,444,000
Loans held for sale	35,442,000	—	35,442,000	—
Derivatives	10,178,000	—	10,178,000	—

	December 31, 2022			
	Carrying amount	Estimated Fair Value Level 1	Level 2	Level 3
Financial Assets				
Cash and due from banks and short-term interest bearing deposits	$ 888,326,000	888,326,000	—	—
Time deposits	1,438,000	—	—	1,435,000
Federal funds sold and securities purchased under agreements to resell	6,678,000	6,678,000	—	—
Investment securities				
Available for sale	6,472,587,000	2,236,046,000	4,236,541,000	—
Held to maturity	4,727,000	—	4,047,000	677,000
Equity	52,126,000	4,060,000	36,950,000	11,116,000
Loans				
Commercial	8,100,435,000	—	—	7,943,711,000
Residential real estate	1,617,746,000	—	—	1,540,757,000
Individual	1,347,802,000	—	—	1,322,631,000
Loans held for sale	33,878,000	—	33,878,000	—
Derivatives	12,004,000	—	12,004,000	—

	December 31, 2023			
	Carrying amount	Estimated Fair Value Level 1	Level 2	Level 3
Financial Liabilities				
Noninterest-bearing demand	$ 5,378,324,000	5,378,324,000	—	—
Savings and interest-bearing demand	7,943,456,000	7,943,456,000	—	—
Time deposits	1,547,730,000	—	—	1,529,269,000
Total deposits	$ 14,869,510,000	13,321,780,000	—	1,529,269,000
Federal funds purchased and securities sold under agreements to repurchase	$ 1,226,167,000	1,226,167,000	—	—
Accrued interest payable	8,701,000	8,701,000	—	—
Derivatives	9,125,000	—	9,125,000	—

	December 31, 2022			
	Carrying amount	Estimated Fair Value Level 1	Level 2	Level 3
Financial Liabilities				
Noninterest-bearing demand	$ 5,918,812,000	5,918,812,000	—	—
Savings and interest-bearing demand	8,505,154,000	8,505,154,000	—	—
Time deposits	1,137,230,000	—	—	1,106,489,000
Total deposits	$ 15,561,196,000	14,423,966,000	—	1,106,489,000
Federal funds purchased and securities sold under agreements to repurchase	$ 1,316,947,000	1,316,947,000	—	—
Accrued interest payable	2,406,000	2,406,000	—	—
Derivatives	10,756,000	—	10,756,000	—

Limitations

Fair value estimates are made at a specific point in time based on relevant market information and information about the financial instruments. These estimates do not reflect any premium or discount that could result from offering for sale at one time the Company's entire holdings of a particular financial instrument. Because no market exists for a significant portion of the Company's financial instruments, fair value estimates are based on judgments regarding future loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates are subjective, involve uncertainties and cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

(15) Accumulated Other Comprehensive Loss

The table below shows the activity and accumulated balances for components of other comprehensive loss.

The Company adopted ASU 2016-13 (CECL) on January 1, 2023, which changed the impairment model for available-for-sale debt securities. The new standard requires an allowance for credit losses when the present value of the cash flows expected to be collected is less than the security's amortized cost basis. See further discussion of the Company's CECL adoption in Note 2 and Note 3 to the consolidated financial statements. Further, the new standard superseded the guidance related to the other-than-temporary (OTTI), including the requirement to separately disclose the unrealized gains and losses on securities with OTTI. Prior to the Company's adoption of CECL, unrealized gains and losses on debt securities for which an OTTI has been recorded in current earnings were shown separately below. As a result of adopting CECL, the table below will separately disclose unrealized gains and losses on debt securities for which an allowance for credit losses has been recorded. During the year ended December 31, 2023, there were no securities for which an allowance for credit losses was recorded. During the year ended December 31, 2022, there were no unrealized gains and losses on securities with OTTI.

		Unrealized Gains/Losses on AFS Securities	Pension Plan	Total
Balance December 31, 2021	$	(21,426,000)	(54,834,000)	(76,260,000)
Other comprehensive income (loss) before reclassifications		(467,948,000)	46,922,000	(421,026,000)
Amounts reclassified from accumulated other comprehensive loss		—	—	—
Current period other comprehensive income (loss), before tax		(467,948,000)	46,922,000	(421,026,000)
Income tax (expense) benefit		111,559,000	(11,186,000)	100,373,000
Current period other comprehensive income (loss), net of tax		(356,389,000)	35,736,000	(320,653,000)
Balance December 31, 2022	$	(377,815,000)	(19,098,000)	(396,913,000)
Other comprehensive income (loss) before reclassifications	$	141,040,000	8,799,000	149,839,000
Reclassification adjustment for net losses on AFS securities included in net income		19,964,000	—	19,964,000
Current period other comprehensive income (loss), before tax		161,004,000	8,799,000	169,803,000
Income tax (expense) benefit		(38,384,000)	(2,098,000)	(40,482,000)
Current period other comprehensive income (loss), net of tax		122,620,000	6,701,000	129,321,000
Balance December 31, 2023	$	(255,195,000)	(12,397,000)	(267,592,000)

(16) Derivative Instruments

The Company's mortgage banking originates mortgage loans (interest rate locks) to be sold into the secondary market. The Company does not enter into a commitment to sell these loans at the time of the interest rate lock but instead enters into an agreement to sell the loan(s) after funding. The Company enters into free-standing derivatives to protect against movement in interest rates once the loan commitment is entered into. These derivatives are in the form of commitments to sell to-be-announced (TBA) securities which move in value in the opposite direction of the fixed rate loan commitments thereby economically protecting the Company from movement in interest rates during the period from the interest rate lock to the date the loan is sold into the secondary market.

As of December 31, 2023 and 2022, the amounts reflected in the Company's balance sheet in assets and liabilities for the value of the interest rate lock commitments, funded loans held for sale, and the corresponding commitments to sell the TBA securities were as follows:

		Notional Value 12/31/2023	Market Value 12/31/2023	Notional Value 12/31/2022	Market Value 12/31/2022
Interest Rate Lock Commitments	$	43,428,000	736,000	52,036,000	103,000
Loans Closed - Market Value Loans Held for Sale		24,655,000	981,000	15,413,000	395,000
TBA Derivative Value		59,500,000	(586,000)	58,500,000	(127,000)

The market value of the loan commitment pipeline is net of expenses.

The Company maintains an overall interest rate risk management strategy that permits the use of derivative instruments to modify exposure to interest rate risk. The Company's interest rate risk management strategy includes the ability to modify the repricing characteristics of certain assets and liabilities so that changes in interest rates do not adversely affect the net interest margin and cash flows. Interest rate swaps may be used on a limited basis as part of this strategy. The Company also sells interest rate swap contracts to customers who wish to modify their interest rate sensitivity. The Company offsets the interest rate risk of these swaps by purchasing matching contracts with offsetting pay/receive rates from other financial institutions. The Company's "Back-to-Back" swaps are accounted for as free-standing derivatives, and changes in their fair value are recorded in current earnings. These Back-to-Back swap contracts comprised a portion of the Company's swap portfolio at December 31, 2023 and 2022 with total notional amounts of $206.9 million and $205.4 million, respectively.

The Company also employs the use of "Critical Terms" swaps. While this strategy does not directly involve customers of the Bank, they are used to swap the interest rate structure of individual loans. By using Critical Terms, the Bank is able to mark-to-market the loan as well. For derivatives designated and that qualify as fair value hedges, the gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in earnings. The Company includes the gain or loss on the hedged items in the same line item as the offsetting loss or gain on the related derivatives. These structures had a notional amount of $12.1 million, with a fair value of $904,000 and a notional amount of $13.8 million, with a fair value of $1,272,000 at December 31, 2023 and 2022, respectively.

		Derivative Assets 12/31/23	Derivative Liabilities 12/31/23	Derivative Assets 12/31/22	Derivative Liabilities 12/31/22
Back to back swaps	$	8,539,000	8,539,000	10,629,000	10,629,000
Fair value hedges		904,000	—	1,272,000	0

(17) Revenue Recognition

Revenue should be recognized to reflect the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue from financial instruments, including revenue from loans and securities, is not included within this guidance. Noninterest revenue items that are subject to this guidance mainly include fees for bank card, trust, deposit account services, and consumer brokerage services and are discussed below and summarized in the table that follows.

Fees for Fiduciary Services

Trust and asset management income is primarily comprised of fees earned from the management and administration of trusts, settlement of estates, and other similar duties where Central Trust Company serves in a fiduciary capacity. The Company's performance obligation is generally satisfied over time and the resulting fees are recognized monthly, based upon the average monthly value of the assets under management and the applicable fee rate or otherwise as negotiated as a fee for service. Other transactional-based services, including but not limited to, tax return preparation and financial planning are available. The performance obligation for these services is generally satisfied, and related revenue recognized, at the completion of the service.

Deposit Accounts and Other Fees

Service charges on deposit accounts consist of account analysis fees (i.e., net fees earned on analyzed business and public checking accounts), monthly service fees, check orders, and other deposit account related fees. The Company's performance obligation for account analysis and monthly service fees is generally satisfied, and the related revenue recognized, when the service is provided and received immediately or in the following month.

The Company provides corporate cash management services to its business customers to meet their various transaction processing needs. Such services include deposit and check processing, lockbox, remote deposit, reconciliation, online banking, and other similar transaction processing services. The Company maintains unit prices for each type of service, and the customer is billed based on transaction volumes processed monthly.

Overdraft fees are charged to customers when daily checks and other withdrawals to customers' accounts exceed balances on hand. The daily overdraft charge is calculated and the fee is posted to the customer's account each day.

Other deposit related fees such as check orders, foreign ATM processing fees, stop payment fees, and cashier's checks are largely transactional based, and therefore, the Company's performance obligation is satisfied, and related revenue recognized, when the transaction is processed.

Bankcard Transaction Fees

Fees, exchange, and other service charges are primarily comprised of debit and credit card income, ATM fees, merchant services income, and other service charges. Debit and credit card income is primarily comprised of interchange fees earned whenever the Company's debit and credit cards are processed through card payment networks such as MasterCard. The fees earned are established by the settlement network and are dependent on the type of transaction processed but are typically based on a per unit charge. Interchange income is settled daily through the networks.

Consumer Brokerage Services

Consumer brokerage services revenue is comprised of commissions received upon the execution of purchases and sales of mutual fund shares and equity securities, in addition to certain limited insurance products in an agency capacity. Also, fees are earned on managed advisory programs. Payment from the customer is upon settlement for purchases and sales of securities, upon purchase for annuities and insurance products, and upon inception of the service period for advisory programs.

Other Non-Interest Income from Contracts with Customers

Other non-interest income consists mainly of gains on foreclosed assets as well as bank premises and equipment. Performance obligations for these services consist mainly of the execution of transactions for the sale of various properties. Fees from these revenue sources are recognized when the performance obligation is completed, at which time cash is received by the Company.

	2023	2022
Service charges and commissions		
Deposit account and other fees	$ 46,804,000	48,782,000
Other non-ASC 606 revenue	7,617,000	8,602,000
	$ 54,421,000	57,384,000
Bankcard and merchant service fees		
Bankcard transaction fees	$ 67,414,000	66,603,000
Brokerage services		
Consumer brokerage service fees	$ 19,451,000	20,048,000
Fees for fiduciary services		
Fiduciary service fees	$ 40,197,000	38,232,000
Other		
Gain on sale of bank premises and equipment	$ 999,000	488,000
Other non-ASC 606 revenue	10,207,000	10,047,000
	$ 11,206,000	10,535,000

Company History

1970 Central Bancompany incorporates as a multi-bank holding company that includes The Central Trust Bank and Jefferson Bank of Missouri, both in Jefferson City, MO

1972 First National Bank of Clayton joins Central Bancompany

1973 Acquired – The Guaranty Trust Company, Clayton, MO

1974 Acquired – Boone County National Bank, Columbia, MO

1977 Acquired – First National Bank of Mexico, Mexico, MO

Deployed first Automated Teller Machine (ATM)

1979 Acquired – City Bank & Trust Company, Moberly, MO

1980 Acquired – Empire Bank, Springfield, MO

1984 Reached **$1 Billion** in Total Assets

1985 The Central Trust Bank acquires Lake National Bank of Tuscumbia, Tuscumbia, MO

1986 Acquired – Bank of the Lake of the Ozarks, Osage Beach, MO

Launched credit card division

1988 Central Bank of Lake of the Ozarks acquires Camden County Bank, Camden, MO

Acquired – Ozark Mountain Bank, Branson, MO

1991 Empire Bank acquires Nixa Bank, Nixa, MO

1992 Acquired – Third National Bank of Sedalia, Sedalia, MO

1993 Acquired – First National Bank of Lee's Summit, Lee's Summit, MO

Added our **50th** Location

1994 Boone County National Bank acquires South County Bank, Ashland, MO

FNB of Audrain County acquires Laddonia State Bank, Laddonia, MO

Launched InvestorServices, a full-service brokerage division

1995 FNB of Missouri (previously FNB of Lee's Summit) acquires First State Bank of Buckner, Buckner, MO

Empire Bank acquires Webster County Bank and Pleasant Hope Bank, Springfield, MO

1997 Acquired – Bank of Warrensburg, Warrensburg, MO and renamed First Central Bank

Acquired – Farmers & Traders Bank, California, MO

Boone County National Bank acquires Mercantile Bank of Boonville, Boonville, MO

1998 First Central Bank acquires Bank of Higginsville, Higginsville, MO

FNB of St. Louis (previously FNB of Clayton) acquires Colonial Bank, Des Peres, MO

Launched Internet Banking

1999 Acquired – Bank of Jacomo, Blue Springs, MO

Boone County National Bank acquires State Bank of Hallsville and Sturgeon State Bank, Boone County, MO

The Central Trust Bank acquires Fulton Savings Bank, Fulton, MO

Farmers and Traders Bank, California, MO merges with The Central Trust Bank, Jefferson City, MO

2000 The Central Trust Bank acquires deposits from Union Planters Bank, California, MO

Reached **$5 Billion** in Total Assets

2001 FNB of St. Louis acquires Mid America Bank of St. Clair County, O'Fallon, IL

Expanded into the State of Illinois

Added our **100th** location

2004 Bank of Jacomo collapses into FNB of Missouri

Acquired – Community Bank and Trust Company, Tulsa, OK

First Central Bank acquires Higginsville, MO, branches of Bank Midwest

Expanded into the State of Oklahoma

2007 The Guaranty Trust Company collapses into the Central Trust Company, Jefferson City, MO

Acquired – ONB Bank, Tulsa, OK
Community Bank and Trust collapses into ONB Bank

Acquired – Metcalf Bank, Overland Park, KS

Acquired – First Kansas Bank & Trust Company, Gardner, KS

FNB of St. Louis acquires First National Bank of Millstadt, Millstadt, IL

Expanded into the State of Kansas

2008 FNB of Missouri, First Kansas Bank, and Metcalf Bank merge with Metcalf Bank, the surviving name

Empire Bank acquires The Greene County Bank, Strafford, MO

First Central Bank acquires Bank of Holden, Holden, MO

2009 Metcalf Bank acquires, through purchase and assumption agreement, American Sterling Bank, Sugarcreek, MO

2009 Central Trust Company acquires Springfield Trust Company, Springfield, MO

Recognized by *Forbes* as being a TOP TEN bank in America

2010 Empire Bank acquires Citizens National Bank, Springfield, MO

2011 TNB of Sedalia acquires Union Savings Bank, Sedalia, MO

2012 Metcalf Bank acquires, through purchase and assumption agreement, Heartland Bank, Leawood, KS

Reached **$10 Billion** in Total Assets

2013 Boone County National Bank acquires partial assets from Shelter Financial Bank, Columbia, MO

2014 Metcalf Bank acquires Bank of Belton, Belton, MO

FNB of Audrain County acquires the Vandalia branch from First State Community Bank

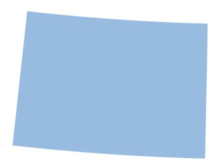
2015 Central Bank of the Midwest acquires Douglas County Bank, Lawrence, KS

Twelve of 13 charters are renamed under the **Central Bank** name

2017 The Central Trust Bank and Central Bank of Lake of the Ozarks acquire Bank Star One, New Bloomfield, MO

The Central Trust Bank creates Mortgage Central and opens offices in Colorado

Expanded into the State of Colorado



2018 Full-service branch opens in Colorado Springs, CO

2019 Central Bank of the Midwest acquires BankLiberty, Liberty, MO

Central Bank of the Midwest acquires Platte Valley Bank, Platte City, MO

2020 Surpassed **$15 Billion** in Total Assets

2021 Consolidated 13 Affiliate Bank Charters into one charter, "The Central Trust Bank."

Recognized by *Forbes* as being the 4th *"Best Banks in America."*

2022 Expanded into the State of Florida

Board of Directors & Senior Leadership

Central Bancompany Board of Directors

S. Bryan Cook, *Chairman & Chief Executive Officer*
Robert M. Robuck, *Vice Chairman*
John T. Ross, *President & Chief Operating Officer*
E. Stanley Kroenke, *President & CEO*, The Kroenke Group
Robert R. Hermann, Jr., *President & CEO*, Hermann Companies, Inc.
Charles E. Kruse, *President*, Charles Kruse Farms, Inc.
Richard H. McClure, *Lead Director*, World Wide Technology, *(Retired)*, UniGroup, Inc.
Michael K. Farmer, *President*, Farmer Companies
Edward D. "Chip" Robertson, Jr., *Attorney*, Bartimus Frickleton Robertson Rader P.C.
Charles Digges, Jr., The Insurance Group - Columbia

The Central Trust Bank Board of Directors

S. Bryan Cook, *Chairman*
Robert M. Robuck, *Vice Chairman*
Stephen E. Erdel, *Vice Chairman*
Kenneth W. Littlefield, *Vice Chairman*
John T. Ross, *Chief Executive Officer*
David P. Minton, *President*
Richard H. McClure, *Lead Director*, World Wide Technology, *(Retired)*, UniGroup, Inc.
Mark A. Adams, MD, *President*, Columbia Orthopaedic Group
J. Mark Cook, *CEO*, Central States Industrial Equipment
Laura Crowley-Coy, *General Manager*, Crowley Furniture
Kirk Farmer, *Owner*, Farmer Holding Company
Michael L. Kehoe, *Lt. Governor*, State of Missouri

Senior Leadership

S. Bryan Cook, *Chairman & Chief Executive Officer*
John T. Ross, *President & Chief Operating Officer*
Robert M. Robuck, *Vice Chairman*
Stephen E. Erdel, *Vice Chairman*
Kenneth W. Littlefield, *Vice Chairman*
Piyush P. Agarwal, *Executive Vice President*, Chief Financial Officer
Daniel H. Westhues, *Executive Vice President*, Chief Marketing & Retail Banking Officer
Daniel G. Stephen, *Executive Vice President*, Regional Affiliate Banks
Joe T. Henderson, *Executive Vice President*, Chief Credit Officer
Russell L. Goldammer, *Executive Vice President*, Chief Information Officer
Scott M. Kellett, *Executive Vice President*, Wealth Management
David P. Minton, *Executive Vice President*, Mortgage Banking
Jeremy W. Colbert, *Executive Vice President*, General Counsel & Corporate Secretary
W. Bradford Emmons, *Senior Vice President*, Treasurer
Paul J. Kleffner, *Senior Vice President*, Chief Audit Officer
Peter J. Langston, *Senior Vice President*, Loan Review
Lisa J. Pittman, *Senior Vice President*, Controller
Carey D. Schoeneberg, *Senior Vice President*, Chief Risk Officer
Shannon M. Thomason, *Senior Vice President*, Chief Compliance Officer
Matthew T. Tollerton, *Senior Vice President*, Digital Banking
Shawn D. Von Talge, *Senior Vice President*, Mortgage Banking
Cynthia A. Whaley, *Senior Vice President*, Commercial Banking Services
Abby L. Schafers, *Senior Vice President*, Chief Human Resources Officer

Our newest location in Westminster, Colorado, opened August 2023.

JEFFERSON CITY

Central Bank

Established in 1902
Founding member of Central Bancompany - 1970
President & CEO: L. Kenton Theroff

"Last year Central Bank renewed our focus on exceptional customer service, unwavering community support, stronger security, mobile-banking innovation, financial education with our new *Dollar Bill Club Kids Club*, and business/government partnerships. We are enthusiastic about the growth and progress of several exciting projects in the early stages of development in our communities, including plans for a convention center/hotel/parking structure, ambitious state building projects, innovation and improvements at our universities, and numerous area business expansions. We continue to nurture our strong relationships with the individuals, businesses, agencies and community organizations who are leading our progress." *- L. Kenton Theroff*

14 BRANCHES

774 EMPLOYEES

4,000+ COMMUNITY SERVICE HOURS

ADVISORY BOARD

David P. Minton
Kenneth W. Littlefield
Robert M. Robuck
Michael L. Kehoe
Clyde G. Lear
Jacob L. Vogel
Kirk Farmer
Joseph N. Scheppers
John B. Moseley

JEFFERSON CITY

Jefferson Bank

Established in 1967
Founding member of Central Bancompany - 1970
President & CEO: Brandy A. Bryant

"Reflecting on 2023, we are proud of our team for employing out of the box thinking to identify new and innovative opportunities for market growth. We utilized strong connections with our community and business partners to create outreach initiatives that brought banking to the customer and encouraged traffic into our facilities. The creation of *Captain Cash Kids Club*, our first-ever exclusive youth savings program, gave us the platform to lead a generational banking narrative. As this educational tool evolves, the opportunity to impact our local schools continues to grow. All of this helps us continue our mission of service to the Jefferson City community." *- Brandy A. Bryant*

ADVISORY BOARD

Bernard J. Fechtel
C. Roger Schrimpf
Jeffrey L. Patrick, MD

4 BRANCHES

95 EMPLOYEES

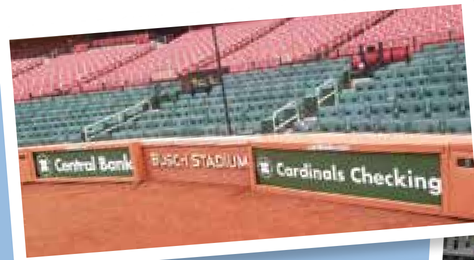
1,500+ COMMUNITY SERVICE HOURS

ST. LOUIS

Central Bank

Joined Central Bancompany in 1972

President & COO: Daniel G. Kleffner



"We feel privileged to serve St. Louis and surrounding communities. The local economy continues to be strong as evidenced by a low 3% unemployment rate and our extremely strong asset quality. We grew our loan portfolio in 2023, while keeping historically low delinquency rates. Our model of Legendary Service and community involvement and support resonate with our market. In 2024, we are beginning a multi-year branch expansion effort to increase our presence and better serve the greater St. Louis area." *- Daniel G. Kleffner*

ADVISORY BOARD

S. Bryan Cook
Richard J. Bagy, Jr.
Wayne R. Baker
Daniel B. Bruns
Robert C. Byrne, Jr.
Christopher Chivetta
Jeffrey S. Gershman
Daniel L. Human
Richard H. McClure
Daniel G. Stephen

16 BRANCHES

231 EMPLOYEES

800+ COMMUNITY SERVICE HOURS

BOONE COUNTY

Central Bank

Joined Central Bancompany in 1974

President & CEO: Edward W. Scavone

"Growing communities is a pillar of our strategic plan. Columbia and surrounding areas have always experienced vibrant growth and we are a part of that success. From providing free financial education through ProsperU, to being the largest Small Business Administration (SBA) lender in our market, to being a Council of Ten Investor in Regional Economic Development Inc., Central Bank demonstrates its commitment to our market each and every day." *- Edward W. Scavone*

15 BRANCHES

252 EMPLOYEES

1,000+ COMMUNITY SERVICE HOURS

ADVISORY BOARD

Stephen E. Erdel
Joseph T. Henderson
Mark A. Adams, MD
Jason A. Burchfield
Robert A. Gerding
Paul T. Land
Rick L. Means
Gary W. Thompson
Jennifer M. Hedrick

AUDRAIN COUNTY

Central Bank

Joined Central Bancompany in 1977

President: Tony Robertson

"We have been committed to the success of our communities since our local bank charter was established in 1883. Audrain County is a vibrant community with a strong agricultural foundation, built upon renewable fuels, light industry, distribution facilities, and our dynamic small business sector. We are proud to be part of the economic success of our communities." - *Tony Robertson*

2 BRANCHES

18 EMPLOYEES

200+ COMMUNITY SERVICE HOURS

ADVISORY BOARD

Michael Bunge
Sterling Oliver
Mike Miller
Jimmie Reading
Rita Jackson

MOBERLY

Central Bank

Joined Central Bancompany in 1979

President & CEO: Michael Riffel

"The Moberly community continues to work through its strategic plan to improve its business district and local neighborhoods. To encourage growth and redevelopment, the city is assisting with the razing of older properties and selling the lots to local developers at a reduced cost. Central Bank has been a large supporter of this project both strategically and by providing financing for some developers. These efforts have encouraged local business owners to improve and/or expand. The pride in our community is strong and we are excited about our future." - *Michael Riffel*

ADVISORY BOARD

John S. Meystrik
K. Mack Hils
J. Richard Truesdell
Barbara A. Westhues
Charles W. McKeown

3 BRANCHES

27 EMPLOYEES

700+ COMMUNITY SERVICE HOURS

OZARKS

Central Bank

Joined Central Bancompany in 1980

President & CEO: Joselyn E. Baldner

"The Springfield community is the hub of our vibrant regional economic area. We are growing with strong development and redevelopment activity, including a strategic focus on regionalism to capture all the assets available to our business community and residents. Central Bank promotes economic vitality and workforce development through strategic partnerships with healthcare, higher education, and private business." *- Joselyn E. Baldner*

ADVISORY BOARD

Joselyn E. Baldner
Michael J. Williamson
J. Mark Cook
Judi M. Samuel
John R. Twitty
Thomas B. Rankin
Mark M. McNay
Mark L. Walker
Mary Schrag

20 BRANCHES

255 EMPLOYEES

1,500+ COMMUNITY SERVICE HOURS

LAKE OF THE OZARKS

Central Bank

Joined Central Bancompany in 1986

President & CEO: James D. Judas, Jr.

"In 2023, the Lake experienced a strong economy. Real estate and boat sales were robust, and area restaurants continued to flourish. Through our strong business and local community partnerships, we have been fortunate to be part of this boom. People and businesses love the Lake of the Ozarks. So do we." *- James D. Judas, Jr.*

7 BRANCHES

150 EMPLOYEES

1,000+ COMMUNITY SERVICE HOURS

ADVISORY BOARD

Joe Jurgensmeyer
Danny D. Opie
Belinda K. Phillips
George Stanton
Robert C. Frazee

BRANSON

Central Bank

Joined Central Bancompany in 1988

President & CEO: Joseph F. Loth, Jr.

"Branson's economy is thriving. Tourism continues to increase, helping to fuel growth in our businesses and our community. Central Bank has made it a priority to play an active role in promoting the region and partnering with the business community to increase their capacity to serve. We are optimistic about 2024 and proud to be part of this vibrant and resilient region."- *Joseph F. Loth, Jr.*

6 BRANCHES

68 EMPLOYEES

2,000+ COMMUNITY SERVICE HOURS

ADVISORY BOARD

Brian Burney	Daniel Ruda
Patrick Cox	Rick Todd
Ann M. McDowell	Chris Vinton

SEDALIA

Central Bank

Joined Central Bancompany in 1992

President & CEO: Greg Eby

"In 2023, Sedalia demonstrated its resilience and adaptability in the face of challenges. With a strong foundation in manufacturing, healthcare, and agriculture, Sedalia continues to attract businesses and talent. Central Bank takes leadership positions within our community to help our area thrive. We are optimistic about the year ahead." - *Greg Eby*

ADVISORY BOARD

Larry Bahr	Kenneth D. Weymuth
Charles G. Kempton	Chris Squires
David Albrecht	Ruth Ferguson
Charles G. Marshall	Greg Wehrman

5 BRANCHES

71 EMPLOYEES

450+ COMMUNITY SERVICE HOURS

MIDWEST

Central Bank

Joined Central Bancompany in 1993

President & CEO: Bill Ferguson

"Kansas City and surrounding areas continue to experience positive momentum as we roll into 2024. From hosting the NFL Draft to winning back-to-back Super Bowls, the community is rallying around the city and looking forward to hosting the World Cup in 2026. Central Bank continues to leverage that momentum to grow each of our business lines as well as our overall banking presence in the 29 communities we serve." - *Bill Ferguson*

ADVISORY BOARD

Jeff Bethel
Alec Cook
Laura Crowley-Coy
Joe Flannery
Suzanne McCanles
Molly Nail
Jim Person
Rob Rogers

49 BRANCHES

440 EMPLOYEES

6,000+ COMMUNITY SERVICE HOURS

WARRENSBURG

Central Bank

Joined Central Bancompany in 1997

President & CEO: Marshall S. Abney

"The Warrensburg community saw some positive signs of growth and potential expansion in 2023. The University of Central Missouri, one of the largest economic drivers in our community, reported an increase in enrollment for the 2023/2024 school year. We were proud to show our support and increase our partnership with the University. Additionally, Whiteman Air Force Base has continued its expansion with the B-21 bomber currently in production. These signs of growth are encouraging, and we are positioned well to be part of our community's success. Central Bank was once again voted the Best Bank, Mortgage Lender, and Personal Loan Company in the area."- *Marshall S. Abney*

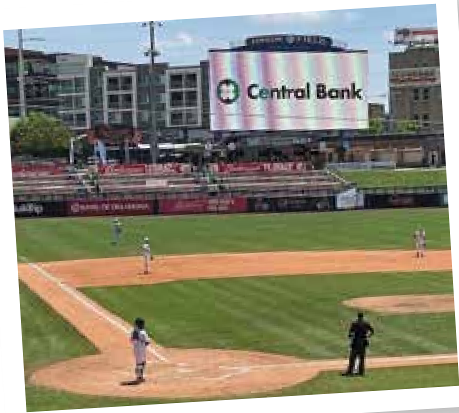
4 BRANCHES

54 EMPLOYEES

300+ COMMUNITY SERVICE HOURS

ADVISORY BOARD

Stephen L. Abney
Densil E. Allen
Daric E. Elwell
Barndon Badgley
Matt Lotspeich
Angela Phelps



OKLAHOMA

Central Bank

Joined Central Bancompany in 2004

President & CEO: John B. Allan

"A thriving job market, growing population, and access to big-city offerings including healthcare, sports, restaurants, and culture make Oklahoma a great place to live and work. We are in the heart of this boom. The Tulsa metro area will see the start of the largest economic development project in state history with the groundbreaking of a $1 billion factory for the manufacturing of solar panels. We supported our businesses and communities in 2023 as they grew and are optimistic about the future of Oklahoma." - *John B. Allan*

9 BRANCHES

85 EMPLOYEES

200+ COMMUNITY SERVICE HOURS

ADVISORY BOARD

S. Doug Terry
George S. Sharp
Clifton Taulbert
Rick Willhour
John Woolman

BANK CENTRAL

Established in 2017

President & CEO: David P. Minton

"What started as a small expansion into Colorado Springs with a mortgage team in 2017 has grown to a $470 million bank with four branches. This was made possible by taking the Company's strength, technology, and community-minded fundamentals and combining them with ambitious and talented team members. In 2023, we continued our expansion efforts with the opening of a new full-service branch in Westminster, a thriving and growing community located between Denver and Boulder.

In 2024, we added a new President and CEO, Baxter Fain, plus wealth management and private banking capabilities and increased commercial and mortgage lending production capacity. We are optimistic about the future of the Colorado operations and our continued growth." - *David P. Minton*

4 BRANCHES

76 EMPLOYEES

200+ COMMUNITY SERVICE HOURS

WEALTH MANAGEMENT

President & CEO: Scott M. Kellett

"In 2023, our wealth management division experienced remarkable growth, marked by record-breaking new business sales and client additions. This surge was propelled by our strengthened relationships with our market banking partners and external centers of influence. These collaborations have not only bolstered our market presence but also expanded our reach, enabling us to tap into new opportunities, including our expansion into Colorado and Florida.

Furthermore, the robust performance of equity markets in 2023 has been a significant tailwind for us, providing momentum as we progress into 2024. The recent soft landing engineered by the Federal Open Market Committee (FOMC) has helped to instill confidence in the economic landscape. While uncertainties persist, indications suggest that any potential recession in 2024 would likely be shallow in nature, barring any events of an extraordinary nature.

Looking ahead, we are positioning our clients to capitalize on the broadening participation in equity markets. We anticipate growth in corporate earnings and the continued expansion of price-to-earnings multiples, particularly as the FOMC has indicated a pause in its current interest rate hiking cycle, while signaling potential interest rate cuts later in the year. This environment presents compelling opportunities for our clients to further optimize their portfolios and achieve their financial objectives.

However, it's essential to acknowledge that market dynamics are subject to volatility, particularly in an election year, and risks may emerge unexpectedly. Therefore, we maintain a vigilant stance, continually monitoring market fluctuations and assessing both opportunities and potential downside risks to our economic and market forecasts." *- Scott M. Kellett*

CENTRAL INVESTMENT ADVISORS

103 LOCATIONS

58 EMPLOYEES

- 36 Financial Advisors (includes 16 CFPs & 4 MBAs)
- 4 Advisor Trainees
- 14 Client Service Specialists
- 4 HQ (Program Manager, Asst. Manager, Controller & ISI Manager)

CENTRAL TRUST COMPANY

146 EMPLOYEES

9 LOCATIONS

- Jefferson City
- Columbia
- Lake of the Ozarks
- Springfield
- Kansas City
- St. Louis
- Oklahoma City
- Naples
- Colorado

700+ COMBINED COMMUNITY SERVICE HOURS

"America's Best Customer Service Bank"

by *Newsweek*

Central Bancompany

Strong roots. Endless possibilities.

238 Madison Street, Jefferson City, Missouri 65101