evolution in banking

CNB Bank Shares, Inc.

annual report 2022

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Cover photo: racks of servers similar to those that CNB is now processing through in an outsourced environment

president's letter

Dear Fellow Stockholders:

Changes in the financial services industry seem to be accelerating. Looking back over my 45 years at CNB, I recall that there were more than 15,000 banking charters in the U.S. in the late 1970s. Today, there are only about 4,200 due to the liberalization of interstate branching laws early in my career, and subsequent merger and acquisition transactions. Much of that activity has slowed in recent years, as the stock value of bank buyers (often used as "currency" in an acquisition) has trended downward during a pandemic and while interest rates rise. There are still more than 72,000 branches of commercial banks, but even that number is in jeopardy of decline in an environment of digital banking and a workforce demanding work-from-home flexibility. Yet the speed of change is not so much in the number of charters or brick-and-mortar facilities as it is in technological advances.

The 2021 Report narrative mentioned some of the changes incorporated by CNB over the past several decades; more context will be provided here to aid understanding of this evolution. When I began my career, CNB posted daily work on ledger sheets with magnetic stripes that only retained the previous day's balances; statements were prepared by running the sheets through a copy machine. A regulatory change allowed for interest to be paid on checking accounts; the Bank then installed its first computer to be able to provide those types of accounts. With only 36k memory, that first machine was able to process all of our deposit, loan, and general ledger categories, information having previously been captured and sorted as the items flowed through a multi-pocket proof machine. Fast forward to 2022 (after CNB's five acquisitions and three de novo branch start-ups, as well as several mainframe upgrades): now the sheer volume, plus complexities of in-house processing, has finally given way to an out-sourced solution for CNB.

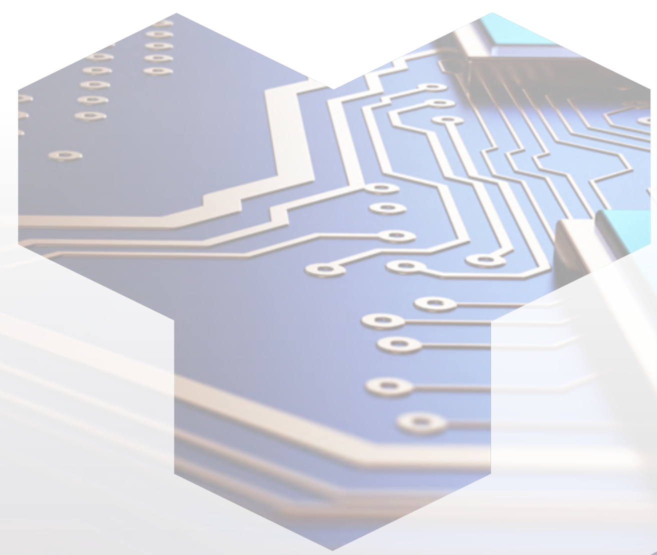
Advances in general processing during that period included use of account numbers and magnetic ink on debits and credits, so that we no longer had to manually alphabetize them; followed by photographing those items and transmitting the images rather than physically transporting the paper; and eventually providing both the images and the statements to customers via email. More recent innovations have defined a new industry, commonly referred to as "fintech" (short for financial technology). Rather than a bank only being able to offer the software services developed by whatever core processor it chooses, the institution can select fintech peripheral systems which attach to the core or are run separately, allowing community banks to stay current with emerging technologies. Financial regulators have even expanded qualifications to allow fintechs to apply for a banking charter, although most have chosen to simply partner with banks (i.e., sell their software and related services to their bank clients, prudently leaving regulatory compliance to the banks). At the bank level, CNB has partnered with several fintechs, which will be discussed in more detail in this Report. At the company level, CNB Bank Shares, Inc. has also elected to invest in two separate pools of fintech companies.

We characterize the adoption of such changes as a digital transformation. Each fintech innovation is carefully analyzed to determine if it is designed to help us deliver services our customers desire, from a company that's likely to be successful. CNB is well connected to the fintech world: CEO Shawn Davis serves as an Illinois delegate to the Independent Community Bankers Association, which coordinates one of the fintech investment pools; CBO Andy Tinberg chairs the new Innovation Committee of the Community Bankers Association of Illinois; and holding company director Spencer Cohn is also a director of Castle Creek Capital, a general partner to the other fintech pool in which CNB placed an investment. Our focus is to leverage fintech to improve efficiencies, maximize the customer experience, and together, enhance profitability.

This Annual Report summarizes the activities of our various departments during 2022, and reviews the ending financial statements. Our digital transformation is evident. Customers can anticipate additional account features and services to be added in 2023 and beyond. Yet we strive to never lose sight of the fact that paramount in importance is understanding our customers' financial needs, and providing a high level of personal attention that such understanding facilitates.

Respectfully,

James T. Ashworth,
President
CNB Bank Shares, Inc.



management report

Departmental Summaries

Operations (Maureen Oswald, Chief Operations Officer):
Several months before 2022, CNB staff began a review of our in-house computer processing operation, comparing it to other software and hardware options, both in-house and outsourced. Ultimately it was decided to stay with our core Fiserv software; however, we planned to convert to an off-site processing solution. It was not coincidental this major change coincided with the retirement of long-time employee Lisa Wolf, VP of Computer Operations. The review was aided by a consulting firm, and with their help, Maureen and staff worked with Fiserv to affect the move. Also heavily involved was Matt Turley, Chief Information Officer; Deborah McDowell, Senior Operations Officer; and staff from other departments of the Bank. The weekend of August 20th, 2022, CNB processed in-house for the last time in its 169-year history.

Although we continued with the same Fiserv core software, negotiations resulted in enhancements to the package, such as adding Fiserv's CyberProtect product. One feature is named Critical Vendor Monitoring, an ongoing process that detects and reports possible vulnerabilities, helping vendors to prevent network breaches. Another feature is Digital Rights, a web scanning process that looks for compromised debit cards, as well as for any "bad actors" impersonating CNB in emails, websites, and mobile apps. Additional protection is provided by Microsoft Intune, a cloud-based endpoint management solution that allows us to protect access and data on Bank-owned and users' personal devices.

CNB staff and community leaders gather for the ribbon cutting of the newly installed electric vehicle (EV) charging station located at the CNB W. Morton branch in Jacksonville, IL. Pictured are *(from left):* Officer Service Manager for the Jacksonville Area Convention & Visitors Bureau Madi Allen, Mayor Andy Ezard, CNB Vice President Matt Cors, CNB Market President Jodee Nell, CNB Vice President/Commercial Loan Officer Dan Henry, CNB Regional President Tony Heitzig, President of Jacksonville Regional Economic Development Corporation Kristin Jamison, and President of the Jacksonville Area Chamber of Commerce Lisa Musch.

Bank servers in the new outsourced facility will receive around-the-clock monitoring with on-site specialists dedicated to keep the systems running at optimal performance. This in turn frees up the CNB I.T. Department allowing focus of branch level networking and maintenance.

Earlier in the year CNB had installed Glia Digital Customer Service, an online keyboard and voice chat service to help us field customer questions. A Virtual Assistant has been added (also known in the fintech world as a Chat Bot), that can both directly answer questions or transition the call to a CNB Customer Service Representative at the caller's request. As early as 2019 CNB began offering DocuSign, software that facilitates sending forms and documents electronically to be signed by a customer with a validated electronic signature. DocuSign usage was significantly expanded in 2022 by most all CNB departments.

In 2023 CNB has begun an engagement with a fintech named Adlumin, a fully managed service that monitors our internal and external networks, and alerts us to any possible anomalies that can indicate an attempt to infiltrate our network. Adlumin also provides an employee education and awareness module which will mitigate likelihood of an attacker gaining access. To date, CNB has digitally transformed 26 processes, and counting. Several are simply a change to storing and accessing reports digitally rather than printing. Others have been automated using DocuSign. Adobe software allows us to combine documents used in compliance reviews, and make notations on electronic "work papers". Prologue integrates general ledger and accounts payable to eliminate manual posting and allocation. Slated for 2023 is the installation of Zelle, a person-to-person payment system for consumers; conversion to Q2 Digital Banking, which will give our customers a much better online and mobile banking experience, including integration to many 3rd party vendors; and Real Time Payments, or FedNow, services designed to allow instant payments to vendors, customers, and other businesses.

Credit Administration (Chris Williams, Chief Credit Officer):
During 2022, CNB's credit department processed 1,920 new loans totaling $470.8 million, originated by loan officers throughout our four regions. Chris Williams was also tasked with transitioning to a new accounting methodology for determining adequate loan loss reserves, labeled Current Expected Credit Losses, or CECL. The country's Financial Accounting Standards Board developed CECL in response to significant losses sustained by the industry during the Great Recession over a decade ago, granting ample time for institutions to adopt the changes. The department also helped coordinate three external loan reviews, which analyzed relationships totaling more than $400 million.

Mortgage/Consumer Lending (Matt Cors, Senior Consumer Loan Operations Officer):
Beginning in March of 2022, the Federal Reserve raised short-term interest rates seven times, from near zero to 4.5%, in their efforts to curb inflation. Long term rates followed suit. Loan demand has

Harold Baldock and Kyle Parks greet CNB's Kelly Dulakis as she makes a donation to the Taylorville Food Pantry.
CNB Taylorville purchased a hog at the 4-H Auction held at the Christian County Fair in July 2022 which sourced the donation to the food pantry.

naturally been impacted, especially in the residential mortgage business which had been robust with refinancing transactions in a low rate environment during 2020 and 2021. CNB's fixed-rate mortgage loan originations dropped 62% during 2022 from the previous year's totals. Such swings are common in this area of our business. However, both credit administration and mortgage/consumer lending staff participated in implementation of several fintech projects: DecisionPro now provides efficient electronic consumer loan underwriting and streamlined approval, while integrating with LaserPro for document preparation; MortgageBot was enhanced for front-end mortgage application processing, and will be further upgraded to deliver disclosures automatically to customers at time of application; likewise, ConsumerBot was added for front-end consumer loan applications, and will be integrated with DecisionPro; Quilo was implemented to provide a fully digital consumer loan product; and Botdoc is now available, providing a user-friendly way to securely send and receive sensitive documents in an encrypted environment.

Wealth Management Group and Trust (Darlene Ward, Senior Vice President of Trust):
During 2022 CNB's trust department migrated to a new accounting system which provides enhanced capabilities to clients. In recent years the trust department, that was primarily a combination of the trust and farm management operations housed in Carlinville, Alton, and Jacksonville, was significantly expanded to include the Wealth Management Group (WMG) located in Edwardsville/Glen Carbon. In 2022 the WMG continued to expand, including 50 new account relationships, adding approximately $50 million to assets under management. Beginning in 2023 a new Geofencing initiative will be implemented in collaboration with the marketing department to help prospect for new customers.

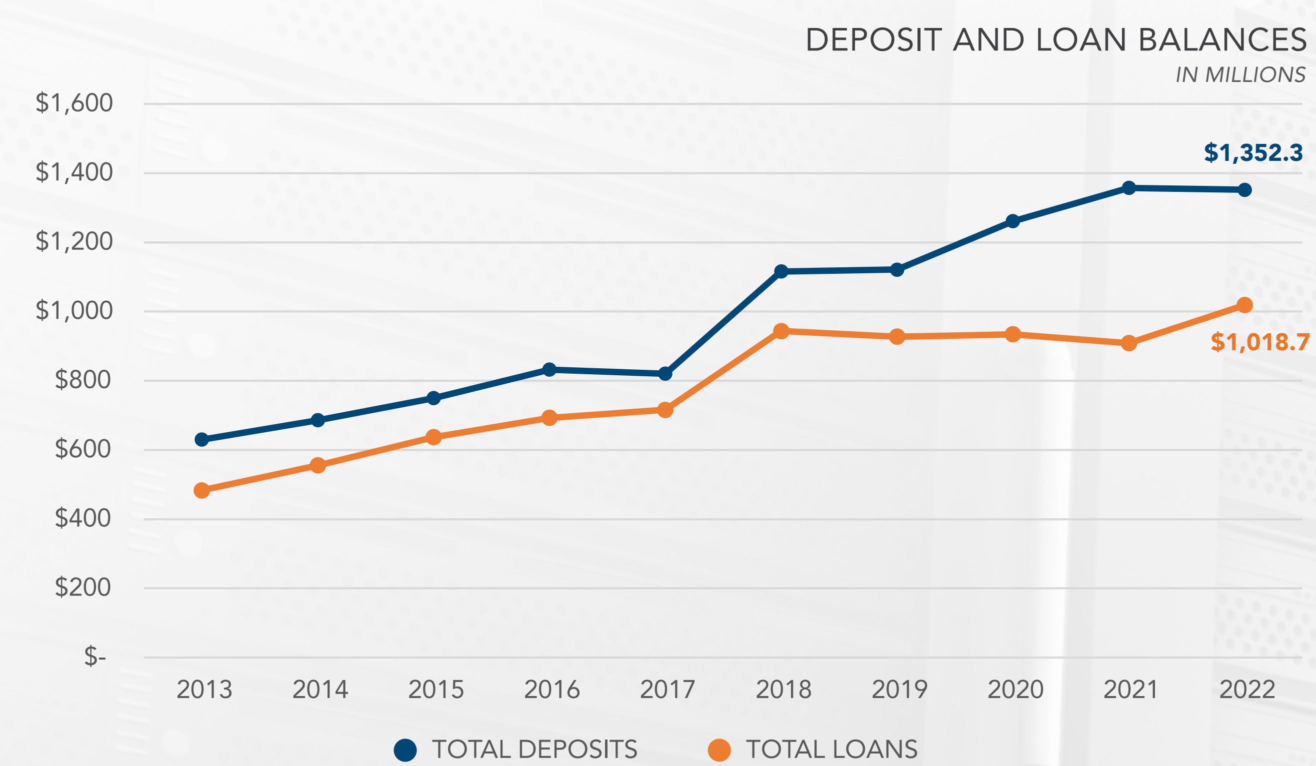
Marketing (Katie Ashworth, Director of Marketing & Communications):
The marketing department was reconfigured in 2022 due to a resignation and Katie's promotion. Certain duties were reassigned in order to have a full-time employee specifically focused on digital marketing. CNB began using QR codes to track success of marketing efforts. Customer Relationship Management was moved to be supervised under marketing, which also assisted with the creation of a fully staffed training department. The marketing department helped coordinate campaigns for introducing the customer base to the potential benefits of the Employee Retention Credit (ERC) under the Cares Act, and to the new Quilo consumer loan product. Also updated and improved were the processes and procedures for the Bank's Google business listings; BrightEdge to facilitate search engine optimization; and Kadince marketing software to help the compliance function document approvals. Another fintech partnership is with Chimney, which provides financial tools on CNB's website to engage customers and deliver personalized product recommendations and financial guidance.

For anywhere access to our investor relations web page containing information on CNB Bank Shares, Inc., stocks and current and past annual reports:
https://www.cnbil.com/About/holding-company/

Human Resources (Lori Schultz, Director of Human Resources):
Also reconfigured in 2022 was the HR department, again due to a resignation of the previous Director, and the hiring of Lori. Responsibilities of other staff were changed somewhat, including the addition of an experienced recruiter. All HR staff are being cross-trained within the department. A previous change to UKG software for payroll and other HR functions allows for upgrades, which has included paperless enrollment for selection of benefits and changes in coverage; this process ensures that information is correct and complete before submission, automatically adjusts payroll information, and transmits changes to insurance providers. Online employee surveys help us better understand perception of workplace culture and turnover, providing instantaneous results.

Sales and Service

(Andy Tinberg, Chief Banking Officer):
This general area refers to management of our Bank's core business: opening and processing deposit accounts, and making loans (plus, of course, related services). Andy manages four regional presidents, who in turn manage market



presidents and other senior staff at our eighteen branch locations. Since most fintech projects previously mentioned are to facilitate customer access or protect their data, sales and service line personnel are trained to help field any related questions or issues. CNB continues to develop the Universal Banker concept in our lobbies, by cross-training staff to handle a wide range of services. We are also now partnered with CNote, which will help us invest capital into underserved communities within our markets.

Region 1 (Gary Graham, Regional President: Carlinville; Hillsboro; Litchfield; Taylorville; Virden)
Region 2 (Tony Heitzig, Regional President: Brighton; Carrollton; Chapin; Jacksonville; Jerseyville; Pittsfield)
Regions 1 and 2 are primarily rural markets with an agricultural base to their economies. Good yields and relatively high grain prices contributed to a successful year, although increasing input costs are tempering net profits. Farmland values continue to be strong with per-acre sales for productive soil types ranging from $14,000 to more than $20,000. A number of retirements led to several promotions at these branches, emphasizing the importance of cross-training. Among a number of positive efforts to enhance communities and attract employers to the area, several municipalities are facilitating the installation of broadband Internet via fiber optic cable.

Region 3 (Dan Walsh, Regional President: Oak Forest; Palos Heights; Tinley Park)
Region 4 (Dan Jung, Regional President: Alton; Clayton, Mo.; Edwardsville/Glen Carbon)
Early in 2022 CNB created Region 4 by combining Alton with Clayton and Edwardsville/Glen Carbon, our three locations in the Metro East of St. Louis. Regions 3 and 4 comprise our urban/suburban markets, a healthy diversification to the rural economies where CNB was traditionally concentrated. Most of our larger non-ag business relationships are located here, including multi-family residential developers. Additional staff have been added and promoted to help us keep pace with growing loan demand in a recovering economy. In that effort CNB has aligned with several industry specific groups, such as Associated General Contractors, and STL Makes, in the St. Louis market. Yet in all of our regions, CNB offers a "community bank" style of service delivery, focused on each market's needs and relationship building. This includes consistent support of charitable campaigns and events, as well as sponsorship of neighborhood gatherings such as outdoor movies, and Community Appreciation Days.

Review of Financial Statements

(Diana Tone, Chief Financial Officer)
The Consolidated Balance Sheets on page 13 clearly display the large swings in balances due to effects of stimulus programs during the pandemic, and interest rate increases to combat inflation. In the two years prior to 2022, CNB grew its deposits at an unprecedented rate. During 2022 deposit balances were quite volatile as interest rates moved upward, but total deposits ended down less than 1% from the prior year-end. Note 7 on page 37 and the pie graph on page 10 show how our deposit customers moved balances from transaction and savings accounts to time deposits, taking advantage of rising rates for longer terms. Meanwhile, during the pandemic economic activity slowed considerably, and if it weren't for the PPP loan program in which CNB was an active participant, loan balances would have declined more than they did in 2021; in 2022 loan activity rebounded nicely, posting a 12.1% growth rate. The changing composition of the loan portfolio is shown in Note 4 on page 29. As deposits ebbed and flowed, CNB's cash position was also quite volatile, evident in the first two lines of the balance sheet, as well as the third line item "Investments in available-for-sale debt securities". With all that movement, total assets changed little, posting a 0.9% growth rate.

The most significant change on the balance sheets was under stockholders' equity with the huge decline of "Accumulated other comprehensive income", which comprises the required accounting methodology of lowering the investment portfolio's values as interest rates rise. As the bonds in the portfolio age, they will mature at par, so their values are recouped in the process. And of course, should interest rates begin to decline, the bond values would increase at a faster pace.

The Consolidated Statements of Income on page 14 show a 7.8% increase in total interest income, largely due to higher volume and rates earned on the investment portfolio; and although interest expense was up 32.4% due to rising rates, net interest income still managed a 5.4% increase. This was mostly offset by a 28.9% increase in provisions for possible loan losses and a 13.6% decline in total noninterest income. The latter was primarily impacted by declines in mortgage banking revenues due to less activity as interest rates rise, and decline in brokerage commissions as stock market values drop. With a 4.1% increase in noninterest expense, which is actually less than the inflation rate, the ending net income was down 9.1% from the 2021 level.

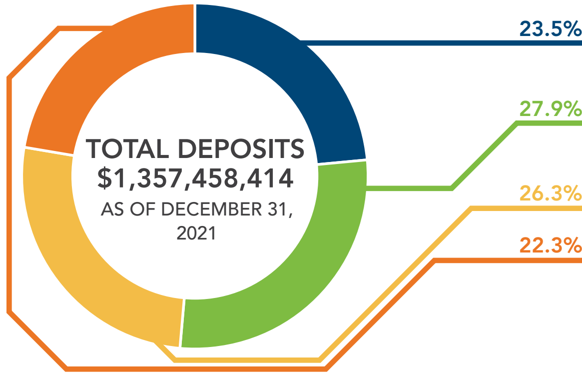
The Consolidated Statements of Stockholders' Equity on page 16 displays the customary increase in retained earnings from net income, partially offset by the $3.3 million of cash dividends to stockholders. Dividends per share were up 6.1% from the prior year. But the $49 million decline in other comprehensive income described above again represents the significant impact of rising interest rates. Note 17 on page 45 indicates that all of CNB's capital ratios exceed regulatory minimums for capital adequacy purposes and to be considered "well-capitalized".

The Consolidated Statements of Cash Flows on page 17 shows the decline in mortgage loans originated for sale in secondary market, the net increase in loans, and the decrease in deposits (especially in contrast to 2021's increase). Also noticeable is a decline in our investing activity, where purchases of available-for-sale debt securities were only slightly higher than proceeds from calls and maturities. Additional funding was provided by a $66 million increase from the prior year in net Federal Home Loan Bank borrowings.

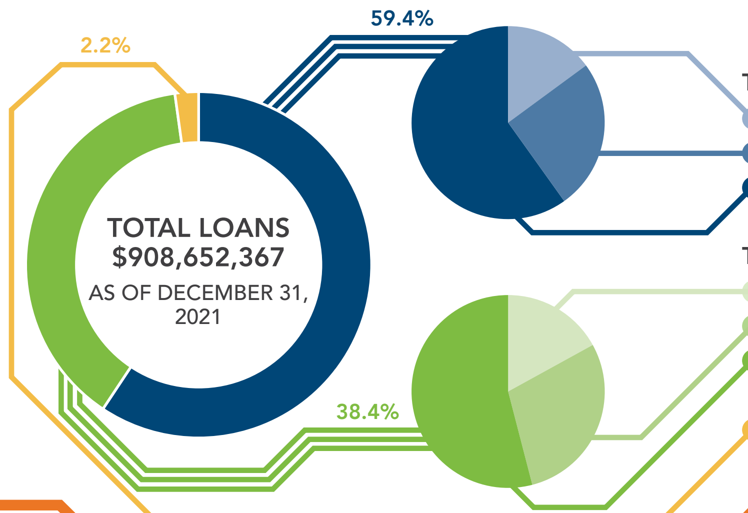
Shawn Davis

Shawn Davis,
President & CEO
CNB Bank & Trust, Inc.

CNB Lenders (from left) Amber Millburg (Jerseyville), Gina Cox (Brighton), and Tonya Scarborough (Alton) greet participants of the GGAR Golf Outing held at Belk Park Golf Course on September 15, 2022.



Non-Interest-bearing transaction accounts $319,142,332
Interest-bearing transaction accounts $378,296,131
Savings $356,836,319
Time deposits.......................... $303,183,632



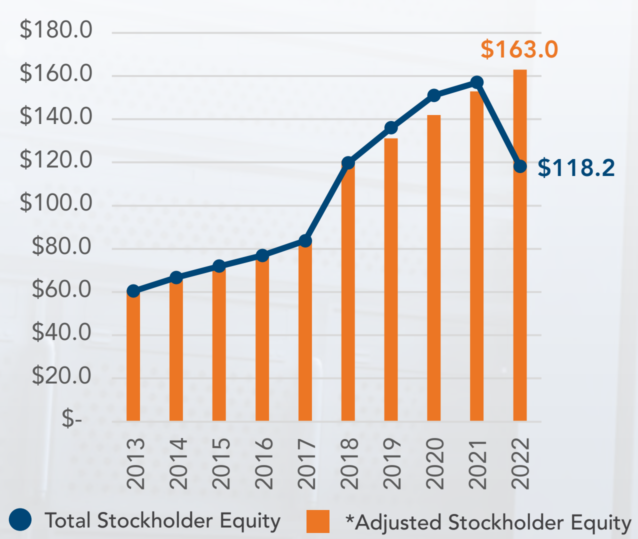
TOTAL COMMERCIAL LOANS.... $539,175,926
Agricultural Production.............. $80,644,053
Other....................................... $135,923,718
Real Estate $322,608,155

TOTAL REAL ESTATE LOANS...... $349,457,846
Construction.............................. $59,361,939
Residential.............................. $101,284,748
Farmland $188,811,159

TOTAL CONSUMER LOANS.... $20,018,595

TOTAL STOCKHOLDERS' EQUITY

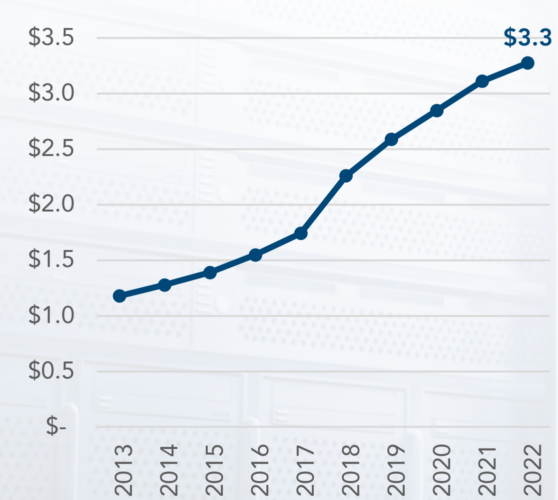
IN MILLIONS

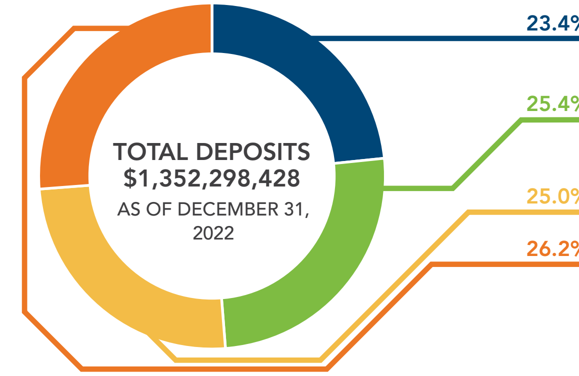


Stockholders' equity adjusted by reversing accumulated other comprehensive income. Amounts were also adjusted to consistently reflect the impact of the 20 for 1 stock split in 2017.

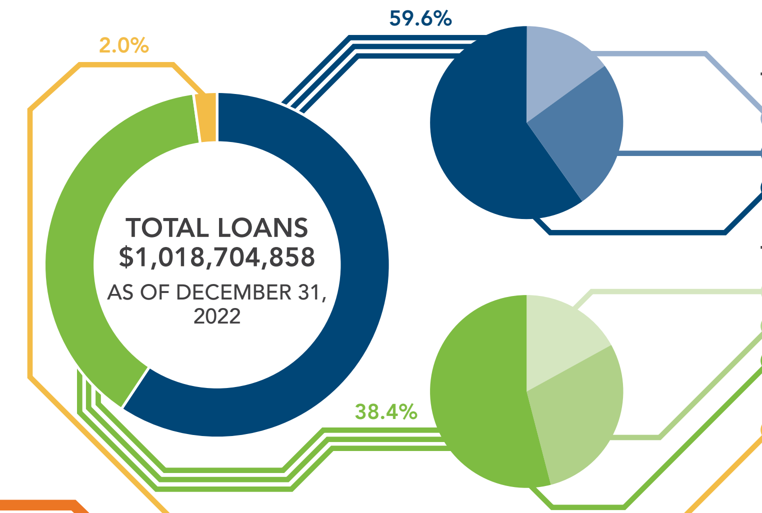
DIVIDENDS TO STOCKHOLDERS

IN MILLIONS





Non-Interest-bearing transaction accounts $315,942,732
Interest-bearing transaction accounts $343,471,585
Savings $338,519,964
Time deposits.......................... $354,382,147



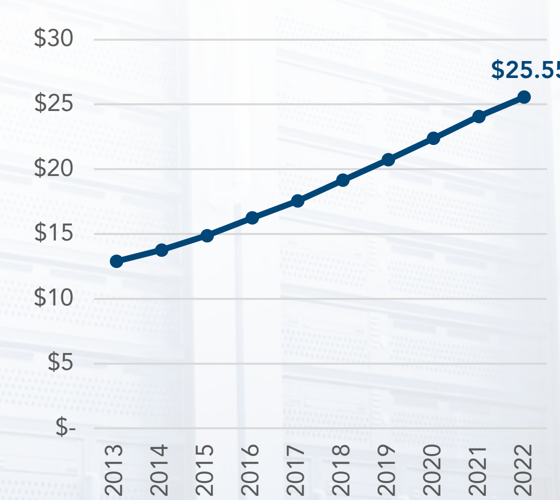
TOTAL COMMERCIAL LOANS.... $607,764,463
Agricultural Production.............. $90,274,860
Other....................................... $135,929,640
Real Estate $381,559,963

TOTAL REAL ESTATE LOANS...... $390,837,479
Construction.............................. $61,782,303
Residential.............................. $133,151,846
Farmland $195,903,330

TOTAL CONSUMER LOANS.... $20,102,916

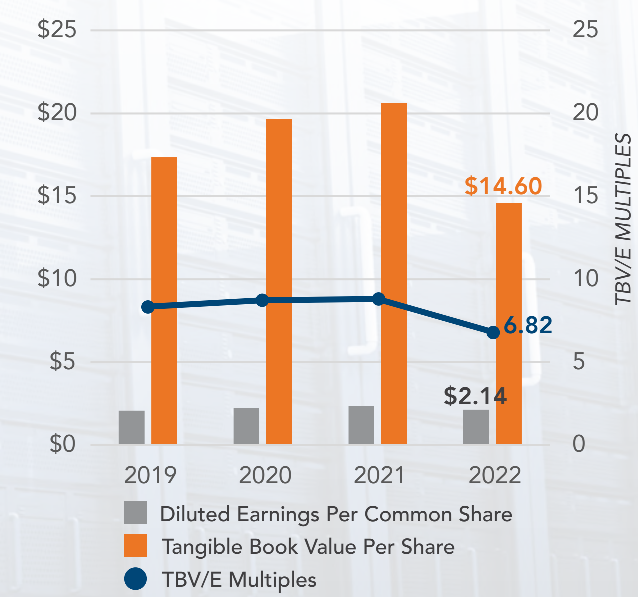
*ADJUSTED BOOK VALUE PER SHARE

IN DOLLARS



Stockholders' equity adjusted by reversing accumulated other comprehensive income. Amounts were also adjusted to consistently reflect the impact of the 20 for 1 stock split in 2017.

TANGIBLE BOOK VALUE / EARNINGS



ANDERS
CPAs + ADVISORS

Independent Auditors' Report

Board of Directors and Stockholders
CNB Bank Shares, Inc.
Carlinville, Illinois

Opinion

We have audited the accompanying consolidated financial statements of CNB Bank Shares, Inc. and Subsidiary, which comprise the consolidated balance sheets as of December 31, 2022 and 2021, 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of CNB Bank Shares, Inc. and Subsidiary as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We also audited in accordance with auditing standards generally accepted in the United States of America, CNB Bank Shares, Inc.'s and Subsidiary's internal control over financial reporting as of December 31, 2022, based on criteria for effective internal control described in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 24, 2023 expressed an unqualified opinion.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 CNB Bank Shares, Inc. and Subsidiary 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.

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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 CNB Bank Shares, Inc.'s and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Anders Minkler Huber & Helm LLP | 800 Market Street-Suite 500 | St. Louis, MO 63101-2501 | p (314) 655-5500 | f (314) 655-5501 | www.anderscpa.com

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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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, but not for the purpose of expressing an opinion on the effectiveness of CNB Bank Shares, Inc.'s and Subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CNB Bank Shares, Inc.'s and Subsidiary'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.

Other Information Included in the Company's Annual Report

Management is responsible for the other information included in the CNB Bank Shares, Inc. Annual Report. The other information comprises the annual report sections titled President's Letter, Management Report, Board of Directors, and Officer List, but it does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance on it.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Anders Minkler Huber & Helm LLP

February 24, 2023

CNB BANK SHARES, INC. AND SUBSIDIARY

Consolidated Balance Sheets

December 31, 2022 and 2021

ASSETS	2022	2021
Cash and due from banks (note 2)	$ 25,951,151	27,221,301
Interest-earning deposits in other financial institutions	32,490,163	79,360,329
Investments in available-for-sale debt securities (note 3)	438,059,596	502,225,565
Mortgage loans held for sale	309,875	284,993
Loans (notes 4 and 10)	1,018,704,858	908,652,367
Less:		
Deferred loan fees, net of related costs	(1,338,785)	(1,509,878)
Reserve for possible loan losses	(11,119,327)	(11,448,685)
Net loans	1,006,246,746	895,693,804
Bank premises and equipment, net (note 5)	17,935,335	18,811,266
Accrued interest receivable	10,179,922	8,785,085
Bank-owned life insurance policies (note 13)	13,117,834	12,907,510
Identifiable intangible assets, net of accumulated amortization of $2,105,072 and $1,637,288 at December 31, 2022 and 2021, respectively	3,615,462	4,599,414
Goodwill	21,415,712	21,415,712
Other assets (notes 6 and 8)	29,620,983	12,725,745
	$ 1,598,942,779	1,584,030,724

LIABILITIES AND STOCKHOLDERS' EQUITY	2022	2021
Deposits (note 7):		
Noninterest-bearing	$ 315,924,732	319,142,332
Interest-bearing	1,036,373,696	1,038,316,082
Total deposits	1,352,298,428	1,357,458,414
Short-term borrowings (note 9)	35,080,380	34,235,199
Accrued interest payable	1,097,561	344,607
Federal Home Loan Bank borrowings (note 10)	72,250,000	14,250,000
Notes payable (note 11)	3,098,328	4,394,437
Other liabilities (notes 6 and 13)	16,943,085	16,353,517
Total liabilities	1,480,767,782	1,427,036,174
Commitments and contingencies (notes 14 and 16)		
Stockholders' equity (notes 12, 15, and 17):		
Preferred stock and related surplus, $0.01 par value; 200,000 shares authorized, 9,745 shares issued and outstanding	19,352,310	19,352,310
Common stock, $0.05 par value; 20,000,000 shares authorized, 5,779,659 shares issued and 5,404,412 and 5,377,912 shares outstanding at December 31, 2022 and 2021, respectively	288,983	288,983
Surplus	18,411,385	18,896,783
Retained earnings	132,605,965	122,065,157
Treasury stock, at cost – 375,247 and 401,747 shares at December 31, 2022 and 2021, respectively	(7,655,082)	(7,665,099)
Accumulated other comprehensive income (loss)	(44,828,564)	4,056,416
Total stockholders' equity	118,174,997	156,994,550
	$ 1,598,942,779	1,584,030,724

See accompanying notes to consolidated financial statements.

CNB BANK SHARES, INC. AND SUBSIDIARY

Consolidated Statements of Income

Years ended December 31, 2022 and 2021

	2022	2021
Interest income:		
Interest and fees on loans (note 4)	$ 44,559,341	43,351,992
Interest on debt securities:		
Taxable	5,509,378	3,484,862
Exempt from federal income taxes	4,810,164	4,264,277
Interest on short-term investments	373,040	142,137
Total interest income	55,251,923	51,243,268
Interest expense:		
Interest on deposits (note 7)	5,084,195	3,961,208
Interest on short-term borrowings (note 9)	363,329	69,662
Interest on longer-term Federal Home Loan Bank borrowings (note 10)	438,894	317,835
Interest on notes payable (note 11)	145,752	206,477
Total interest expense	6,032,170	4,555,182
Net interest income	49,219,753	46,688,086
Provision for possible loan losses (note 4)	3,197,594	2,479,724
Net interest income after provision for possible loan losses	46,022,159	44,208,362
Noninterest income:		
Service charges on deposit accounts	1,908,582	1,648,224
Card-based revenue	2,231,321	2,237,618
Income from fiduciary activities	2,171,573	2,125,244
Mortgage banking revenues	1,787,642	3,347,371
Increase in cash surrender value of life insurance policies	210,324	211,617
Brokerage commissions	1,757,452	1,988,496
Gains (losses) on sales of available-for-sale securities (note 3)	(54,394)	–
Other noninterest income (note 5)	959,084	1,133,201
Total noninterest income	10,971,584	12,691,771
Noninterest expense:		
Salaries and employee benefits (notes 12 and 13)	23,309,117	22,632,312
Occupancy and equipment expense (notes 5 and 6)	6,353,007	6,075,933
Legal and professional fees	1,292,009	1,161,848
Postage, printing, and supplies	755,683	741,534
Amortization of intangible assets	1,279,755	1,362,198
Other real estate owned expense	1,849	21,088
Advertising expense	906,765	806,819
FDIC insurance assessments	634,221	619,621
Other noninterest expense	4,924,339	4,485,020
Total noninterest expense	39,456,745	37,906,373
Income before applicable income taxes	17,536,998	18,993,760
Applicable income tax expense (note 8)	3,681,475	3,751,756
Net income	$ 13,855,523	15,242,004

See accompanying notes to consolidated financial statements.

CNB BANK SHARES, INC. AND SUBSIDIARY

Consolidated Statements of Comprehensive Income

Years ended December 31, 2022 and 2021

	2022	2021
Net income	$ 13,855,523	15,242,004
Other comprehensive loss before tax:		
Market value adjustment for cash flow hedge	160,221	123,446
Net unrealized losses on available-for-sale securities	(62,094,337)	(6,534,887)
Less: reclassification of realized losses included in net income	(54,394)	–
Other comprehensive loss before tax	(61,879,722)	(6,411,441)
Income tax related to items of other comprehensive loss	(12,994,742)	(1,346,402)
Total other comprehensive loss, net of tax	(48,884,980)	(5,065,039)
Total comprehensive income (loss)	$ (35,029,457)	10,176,965

See accompanying notes to consolidated financial statements.

CNB BANK SHARES, INC. AND SUBSIDIARY

Consolidated Statements of Stockholders' Equity

Years ended December 31, 2022 and 2021

	Preferred stock and related surplus	Common stock	Surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income (loss)	Total stock-holders' equity
Balance at December 31, 2020	$ 19,352,310	288,983	19,223,115	109,936,005	(6,890,147)	9,121,455	151,031,721
Net income	–	–	–	15,242,004	–	–	15,242,004
Compensation expense recorded for stock options granted	–	–	27,276	–	–	–	27,276
Cash dividends paid – $0.49 per share	–	–	–	(3,112,852)	–	–	(3,112,852)
Purchase of 98,245 common shares for treasury	–	–	–	–	(2,756,085)	–	(2,756,085)
Stock options exercised – 112,345 common shares from treasury	–	–	(353,608)	–	1,981,133	–	1,627,525
Unrealized net holding losses on available-for-sale securities, net of related tax effect		–				(5,162,561)	(5,162,561)
Market value adjustment for cash flow hedge, net of related tax effect	–	–	–	–	–	97,522	97,522
Balance at December 31, 2021	19,352,310	288,983	18,896,783	122,065,157	(7,665,099)	4,056,416	156,994,550
Net income	–	–	–	**13,855,523**	–	–	**13,855,523**
Compensation expense recorded for stock options granted	–	–	**23,280**	–	–	–	**23,280**
Cash dividends paid – $0.52 per share	–	–	–	**(3,314,715)**	–	–	**(3,314,715)**
Purchase of 63,190 common shares for treasury	–	–	–	–	**(1,765,330)**	–	**(1,765,330)**
Stock options exercised – 89,690 common shares from treasury	–	–	**(508,678)**	–	**1,775,347**	–	**1,266,669**
Unrealized net holding losses on available-for-sale securities, net of related tax effect	–	–	–	–	–	**(49,011,555)**	**(49,011,555)**
Market value adjustment for cash flow hedge, net of related tax effect	–	–	–	–	–	**126,575**	**126,575**
Balance at December 31, 2022	**$ 19,352,310**	**288,983**	**18,411,385**	**132,605,965**	**(7,655,082)**	**(44,828,564)**	**118,174,997**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Years ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Net income	**$ 13,855,523**	15,242,004
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**7,907,273**	9,228,856
Provision for possible loan losses	**3,197,594**	2,479,724
Net cash gains on sales of mortgage loans in secondary market	**(637,435)**	(1,670,999)
Capitalized mortgage servicing rights	**(295,803)**	(813,585)
Net gains on sales of other real estate owned	**(32,196)**	(73,152)
Net losses on sale of available-for-sale debt securities	**54,394**	–
Deferred income tax expense (benefit)	**(230,344)**	(424,798)
Stock option expense	**23,280**	27,276
(Increase) decrease in accrued interest receivable	**(1,394,837)**	145,031
Increase (decrease) in accrued interest payable	**752,954**	(512,253)
Mortgage loans originated for sale in secondary market	**(29,605,182)**	(78,703,694)
Proceeds from mortgage loans sold in secondary market	**30,217,735**	83,029,499
Increase in cash surrender value of life insurance policies, net of mortality costs	**(210,324)**	(211,617)
Other operating activities, net	**(984,955)**	1,622,583
Net cash provided by operating activities	**22,617,677**	29,364,875
Cash flows from investing activities:		
Proceeds from calls and maturities of and principal payments on available-for-sale debt securities	**52,995,005**	81,999,196
Purchases of available-for-sale debt securities	**(59,732,573)**	(225,308,124)
Purchase of Federal Home Loan Bank stock	**(1,939,957)**	(241,000)
Net decrease (increase) in loans	**(113,750,536)**	24,434,258
Purchases of bank premises and equipment	**(668,453)**	(1,230,381)
Proceeds from redemption of life insurance contract	**–**	59,145
Proceeds from sale of available-for-sale debt securities	**3,726,065**	–
Proceeds from sale of other real estate owned	**36,746**	179,652
Net cash used in investing activities	**(119,333,703)**	(120,107,254)
Cash flows from financing activities:		
Net increase (decrease) in deposits	**(5,159,986)**	96,304,768
Net increase (decrease) in short-term borrowings	**845,181**	(2,354,163)
Proceeds from notes payable	**–**	1,500,000
Principal payments on notes payable	**(1,296,109)**	(2,748,872)
Proceeds from Federal Home Loan Bank borrowings	**82,000,000**	5,000,000
Payments of Federal Home Loan Bank borrowings	**(24,000,000)**	(13,000,000)
Stock options exercised	**1,266,669**	1,627,526
Purchase of treasury stock	**(1,765,330)**	(2,756,085)
Dividends paid	**(3,314,715)**	(3,112,852)
Net cash provided by financing activities	**48,575,710**	80,460,322
Net decrease in cash and cash equivalents	**(48,140,316)**	(10,282,057)
Cash and cash equivalents at beginning of year	**106,581,630**	116,863,687
Cash and cash equivalents at end of year	**$ 58,441,314**	106,581,630

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CNB Bank Shares, Inc. (the Company) provides a full range of banking services to individual and corporate customers throughout south-central Illinois, suburban southwestern Chicago, and the St. Louis metropolitan area, through its wholly owned subsidiary bank, CNB Bank & Trust, N.A. (the Bank). The Company and Bank are subject to competition from other financial and nonfinancial institutions providing financial products throughout the Company's market areas. Additionally, the Company and Bank are subject to the regulations of certain federal and state agencies and undergo periodic examinations by those regulatory agencies.

The accounting and reporting policies of the Company and Bank conform to generally accepted accounting principles within the financial services industry. In compiling the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates that are particularly susceptible to change in a short period of time include the determination of the reserve for possible loan losses; valuation of other real estate owned and stock options; and determination of possible impairment of intangible assets. Actual results could differ from those estimates.

Following is a description of the more significant of the Company's accounting policies:

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and Bank. All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Accounting

The Company and Bank utilize the accrual basis of accounting, which includes in the total of net income all revenues earned and expenses incurred, regardless of when actual cash payments are received or paid. The Company is also required to report comprehensive income, of which net income is a component. 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, including all changes in equity during a period, except those resulting from investments by, and distributions to, owners, and cumulative effects of any changes in accounting principles. The components of accumulated other comprehensive income (loss) are as follows at December 31, 2022 and 2021:

	2022	2021
Net unrealized gains (losses) on available-for-sale securities	**$ (56,852,903)**	5,187,040
Market value adjustment for cash flow hedge	**107,886**	(52,335)
Deferred tax effect	**11,916,453**	(1,078,289)
	$ (44,828,564)	4,056,416

Cash Flow Information

For purposes of the consolidated statements of cash flows, cash equivalents include cash and due from banks and interest-earning deposits in other financial institutions (all of which are payable upon demand). Certain balances maintained in other financial institutions generally exceed the level of deposits insured by the Federal Deposit Insurance Corporation (FDIC). Following is certain supplemental information relating to the Company's consolidated statements of cash flows for the years ended December 31, 2022 and 2021:

	2022	2021
Cash paid for:		
Interest	**$ 5,279,216**	5,067,435
Income taxes	**4,480,000**	3,719,557
Noncash transactions:		
Transfers to other real estate owned in settlement of loans	**–**	47,222
New lease standard right-of-use asset	**(969,739)**	–
New lease standard liability	**969,739**	–

Investments in Debt Securities

The Company classifies its debt securities into one of three categories at the time of purchase: trading, available-for-sale, or held-to-maturity. Trading securities would be bought and held principally for the purpose of selling them in the near term. Held-to-maturity securities are those securities which the Company has the ability and intent to hold until maturity. All other debt securities not included in trading or held-to-maturity are classified as available-for-sale.

Trading and available-for-sale securities are recorded at fair value. Held-to-maturity securities (for which no securities were so designated at December 31, 2022 and 2021) would be recorded at amortized cost, adjusted for the amortization of premiums or accretion of discounts. Holding gains and losses on trading securities (for which no securities were so designated at December 31, 2022 and 2021) would be included in earnings. Unrealized holding gains and losses, net of the related tax effect, on available-for-sale securities are excluded from earnings and reported as a component of other comprehensive income in stockholders' equity until realized. Transfers of securities between categories would be recorded at fair value at the date of transfer. Unrealized holding gains and losses would be recognized in earnings for any transfers into the trading category.

Mortgage-backed securities represent participating interests in pools of long-term first mortgage loans originated and serviced by the issuers of the securities. Amortization of premiums and accretion of discounts for mortgage-backed securities are recognized as interest income using the interest method, which considers the timing and amount of prepayments of the underlying mortgages in estimating future cash flows for individual mortgage-backed securities. For other debt securities, premiums and discounts are amortized or accreted over the lives of the respective securities, with consideration of historical and estimated prepayment rates, as an adjustment to yield using the interest method. Interest income is recognized when earned. Realized gains and losses from the sale of any securities classified as available-for-sale are included in earnings and are derived using the specific identification method for determining the cost of securities sold.

Declines in the fair value of debt securities below their cost that are deemed to be other-than-temporary are reflected in operations as realized losses. In estimating other-than-temporary impairment losses, management systematically evaluates investment securities for other-than-temporary declines in fair value on a quarterly basis. The analysis requires management to consider various factors, which include the present value of the cash flows expected to be collected compared to the amortized cost of the security, the duration and magnitude of the decline in value, the financial condition of the issuer or issuers, the structure of the security, and the intent to sell the security or whether it is more likely than not that the Company would be required to sell the security before its anticipated recovery in market value.

Loans

Interest on loans is credited to income based on the principal amount outstanding. Loans are considered delinquent whenever interest and/or principal payments have not been received when due. The recognition of interest income is generally discontinued when a loan becomes 90 days delinquent or when, in management's judgment, the interest is not collectible in the normal course of business. Subsequent payments received on such loans are applied to principal if any doubt exists as to the collectibility of such principal;

otherwise, such receipts are recorded as interest income. Loans are returned to accrual status when management believes full collectibility of principal and interest is expected. The Bank considers a loan impaired when all amounts due, both principal and interest, will not be collected in accordance with the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. When measuring impairment for such loans, the expected future cash flows of an impaired loan are discounted at the loan's effective interest rate. Alternatively, impairment is measured by reference to an observable market price, if one exists, or the fair value of the collateral for a collateral-dependent loan; however, the Company measures impairment based on the fair value of the collateral, using observable market prices, if foreclosure is probable.

Loan origination fees and certain direct loan origination costs are deferred and recognized as an adjustment to interest income over the lives of the related loans using the interest method. For loans originated under the Small Business Administration's (SBA) Paycheck Protection Program (PPP), origination fees, net of direct origination costs, are deferred and accreted into interest income over the lives of the PPP loans using the interest method.

The reserve for possible loan losses is available to absorb loan charge-offs. The reserve is increased by provisions charged to operations and is reduced by loan charge-offs less recoveries. Loans are partially or fully charged off when Bank management believes such amounts are uncollectible, either through collateral liquidation or cash payment. Management utilizes a systematic, documented approach in determining the appropriate level of the reserve for possible loan losses. The level of the reserve reflects management's continuing evaluation of industry concentrations; specific credit risks; loan loss experience; current loan portfolio quality; present economic, political, and regulatory conditions; and probable losses inherent in the current loan portfolio. The determination of the appropriate level of the reserve for possible loan losses inherently involves a degree of subjectivity and requires the Bank to make significant estimates of current credit risks and future trends, all of which may undergo material changes. Changes in economic conditions affecting borrowers, new information regarding existing loans, identification of additional problem loans, and other factors, both within and outside of the Bank's control, may require an increase in the reserve for possible loan losses.

Management believes the reserve for possible loan losses is adequate to absorb losses in the loan portfolio. While management uses available information to recognize losses on loans, future additions to the reserve may be necessary based on changes in economic conditions. Additionally, various regulatory agencies, as an integral part of the examination process, periodically review the Bank's reserve for possible loan losses. Such agencies may require the Bank to add to the reserve for possible loan losses based on their judgments and interpretations about information available to them at the time of their examinations.

Loans Acquired Through Transfer

Loans acquired through the completion of a transfer, including loans acquired in a business combination, that have evidence of deterioration of credit quality since origination and for which it is probable, at acquisition, that the Company will be unable to collect all contractually required payments receivable are initially recorded at fair value (as determined by the present value of expected future cash flows) with no valuation allowance. The difference between the undiscounted cash flows expected at acquisition and the investment in the loans, or the "accretable yield," is recognized as interest income using a model which approximates a level-yield method over the life of the loans. Contractually required payments for interest and principal that exceed the undiscounted cash flows expected at acquisition, or the "nonaccretable difference," are not recognized as a yield adjustment or as a loss accrual or a valuation allowance. Decreases in expected cash flows due to an inability to collect contractual cash flows are recognized as impairment through the provision for loan losses account. Any reserve for loan losses on these loans reflects only losses incurred after the acquisition (meaning the present value of all cash flows expected at acquisition that ultimately are not to be received). Any disposals of loans, including sales of loans, payments in full, or foreclosures, result in the removal of the loan from the loan pool at the carrying amount, with differences in actual results reflected in interest income.

Bank Premises and Equipment
Bank premises and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization of premises and equipment is computed over the expected lives of the assets or related lease term for leasehold improvements using the straight-line method. Estimated useful lives are generally 39 years for premises and 3 to 15 years for building and leasehold improvements, furniture, fixtures, and equipment. Expenditures for major renewals and improvements of bank premises and equipment are capitalized (including related interest costs), and those for maintenance and repairs are expensed as incurred.

Bank premises and equipment and other long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. In such situations, recoverability of assets to be held and used would be measured by a comparison of the carrying amount of the assets to future net cash flows expected to be generated by the assets. If such assets were considered to be impaired, the impairment to be recognized would be measured by the amount by which the carrying amount of the assets exceeded the fair value of the assets, using observable market prices. Assets to be disposed are reported at the lower of the carrying amount or fair value, less estimated selling costs.

Leases
Leases are classified as operating or financing leases at the lease commencement date. The Company leases certain locations and equipment. The Company records leases on the balance sheet in the form of a lease liability for the present value of future minimum payments under the lease terms and a right-of-use asset equal to the lease liability adjusted for items such as deferred or prepaid rent, lease incentives, and any impairment of the right-of-use asset. The discount rate used in determining the lease liability is based upon incremental borrowing rates the Company could obtain for similar loans as of the date of commencement or renewal. The Company does not record leases on the consolidated balance sheet that are classified as short-term.

At lease inception, the Company determines the lease term by considering the minimum lease term and all optional renewal periods that the Company is reasonably certain to renew. The lease term is also used to calculate straight-line rent expense. The depreciable life of leasehold improvements is limited by the estimated lease term, including renewals if they are reasonably certain to be renewed. The Company's leases do not contain residual value guarantees or material variable lease payments that will impact the Company's ability to pay dividends or cause the Company to incur additional expenses.

Operating lease expense consists of a single lease cost allocated over the remaining lease term on a straight-line basis, variable lease payments not included in the lease liability, and any impairment of the right-of-use asset. Rent expense and variable lease expense are included in occupancy and equipment expense on the Company's consolidated statements of income. The Company's variable lease expense includes rent escalators that are based on market conditions and include items such as common area maintenance, utilities, parking, property taxes, insurances, and other costs associated with the lease.

Other Real Estate Owned
Other real estate owned represents property acquired through foreclosure, or deeded to the Bank in lieu of foreclosure, for loans on which the borrowers have defaulted as to payment of principal and interest.

CNB BANK SHARES, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

Properties acquired are initially recorded at the lower of the Bank's carrying amount or fair value using observable market prices (less estimated selling costs), and carried in other assets in the consolidated balance sheets. Other real estate owned (all of which was residential real estate properties) at December 31, 2022 and 2021 totaled $0 and $4,550, respectively. Valuations are periodically performed by management, and an allowance for losses is established by means of a charge to noninterest expense if the carrying value of a property exceeds its fair value, less estimated selling costs. Subsequent increases in the fair value less estimated selling costs are recorded through a reversal of the allowance, but not below zero. Costs related to development and improvements of property are capitalized, while costs relating to holding the property are expensed. The Bank had $151,349 and $90,546 of residential real estate loans in process of foreclosure at December 31, 2022 and 2021, respectively.

Intangible Assets and Goodwill
Identifiable intangible assets include the mortgage servicing rights described below under "Mortgage Banking Operations" and core deposit premiums relating to the Company's various bank acquisitions, which are being amortized into noninterest expense on straight-line and accelerated bases over periods ranging from 10 to 15 years. Amortization of the core deposit intangible assets existing at December 31, 2022 will be $467,784 in 2023, $467,784 in 2024, $467,784 in 2025, $467,784 in 2026, $467,784 in 2027, and $233,892 thereafter.

The excess of the Company's consideration given in each subsidiary acquisition transaction over the fair value of the net assets acquired is recorded as goodwill, an intangible asset on the consolidated balance sheets. Goodwill is the Company's only intangible asset with an indefinite useful life, and the Company is required to test the intangible asset for impairment on an annual basis. Impairment is measured as the excess of carrying value over the fair value of an intangible asset with an indefinite life. No impairment write-downs were required in 2022 or 2021.

Federal Home Loan Bank and Federal Reserve Bank Stock
Included in other assets are the Bank's investments in the common stock of the Federal Home Loan Bank of Chicago, which is administered by the Federal Housing Finance Board, and Federal Reserve Bank stock. As a member of the Federal Home Loan Bank system, the Bank is required to maintain a minimum investment in the capital stock of the Federal Home Loan Bank of Chicago. National banks are also required to maintain stock in the Federal Reserve Bank. The Federal Home Loan Bank and Federal Reserve Bank stock is recorded at cost, which represents redemption value. At December 31, 2022 and 2021, the carrying amount of this investment was $4,226,207 and $2,286,250, respectively.

Securities Sold Under Repurchase Agreements
The Bank enters into sales of securities under agreements to repurchase at specified future dates. Such repurchase agreements are considered financing arrangements and, accordingly, the obligation to repurchase assets sold is reflected as a liability in the consolidated balance sheets. Repurchase agreements are collateralized by debt securities which are under the control of the Bank.

Reserve for Unfunded Commitments
A reserve for unfunded commitments is maintained at a level believed by management to be sufficient to absorb estimated probable losses related to unfunded credit facilities (including unfunded loan commitments and letters of credit) and is included in other liabilities in the consolidated balance sheets. The determination of the appropriate level of the reserve is based upon an evaluation of the unfunded credit facilities, including an assessment of historical commitment utilization experience and credit risk grading. Net adjustments to the reserve for unfunded commitments are included in other noninterest expense in the consolidated statements of income.

Income Taxes
The Company and Bank file consolidated federal and state income tax returns. Applicable income taxes are computed based on reported income and expenses, adjusted for permanent differences between reported and taxable income. Penalties and interest assessed by income taxing authorities are included in income tax expense in the year assessed, unless such amounts relate to an uncertain tax position. The Company had no uncertain tax positions at December 31, 2022 and 2021.

The Company uses the asset and liability method of accounting for income taxes, in which deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period which includes the enactment date.

The Company's consolidated federal and state income tax returns are generally subject to examination by the Internal Revenue Service and State of Illinois for three years after they are filed

Mortgage Banking Operations
The Bank's mortgage banking operations include the origination of long-term, fixed-rate residential mortgage loans for sale in the secondary market. Upon receipt of an application for a residential real estate loan, the Bank generally locks in an interest rate with the applicable investor and, at the same time, locks in an interest rate with the customer. This practice minimizes the exposure to risk resulting from interest rate fluctuations. Upon disbursement of the loan proceeds to the customer, the loan is delivered to the applicable investor. Sales proceeds are generally received shortly thereafter. Therefore, no loans held for sale are included in the Bank's loan portfolio at any point in time, except those loans for which the sale proceeds have not yet been received. Such loans are maintained at the lower of cost or fair value, based on the outstanding commitment from the applicable investors for such loans.

Loan origination fees are recognized upon the sale of the related loans and included in the consolidated statements of income as noninterest income from mortgage banking operations. Additionally, loan administration fees, representing income earned from servicing certain loans sold in the secondary market, are calculated on the outstanding principal balances of the loans serviced and recorded as noninterest income as earned.

For certain loans sold in the secondary market, the Bank retains the rights to service such loans. Accordingly, the Bank has recognized as separate assets the rights to service mortgage loans for others at the origination date of the loan. These capitalized mortgage servicing rights are included as identifiable intangible assets in the consolidated financial statements and are reviewed on a quarterly basis for impairment, based on the estimated fair value of those rights. The value of mortgage servicing rights is determined based on the present value of estimated future cash flows, using assumptions as to a current market discount rate, prepayment speeds, and servicing costs per loan. Mortgage servicing rights are amortized in proportion to, and over the period of, estimated net servicing income.

At December 31, 2022 and 2021, the Bank serviced loans totaling $321,947,634 and $338,285,723, respectively, and the net unamortized balances of mortgage servicing rights were $1,042,650 and $1,558,818, respectively. Amortization of mortgage servicing rights totaled $811,971 in 2022 and $894,414 in 2021. Amortization of the mortgage servicing rights existing at December 31, 2022 will be $566,776 in 2023, $316,809 in 2024, $126,673 in 2025, $29,643 in 2026, and $2,749 in 2027. No valuation reserve was required on the mortgage servicing rights at December 31, 2022 and 2021, as Company management believes that the

0.32% and 0.46% of total serviced loans represented by the mortgage servicing rights at December 31, 2022 and 2021, respectively, are less than the amount for which such servicing rights could be sold.

Financial Instruments
For purposes of information included in note 16 regarding disclosures about financial instruments, financial instruments are defined as cash, evidence of an ownership interest in an entity, or a contract that both (a) imposes on one entity a contractual obligation to deliver cash or another financial instrument to a second entity or to exchange other financial instruments on potentially unfavorable terms with the second entity, and (b) conveys to that second entity a contractual right to receive cash or another financial instrument from the first entity or to exchange other financial instruments on potentially favorable terms with the first entity.

Stock Options
Compensation costs relating to share-based payment transactions are recognized in the Company's consolidated financial statements over the period of service to which such compensation relates (generally the vesting period), and are measured based on the fair value of the equity or liability instruments issued. The grant date values of employee share options are estimated using option-pricing models adjusted for the unique characteristics of those instruments. If an equity award is modified after the grant date, incremental compensation cost would be recognized in an amount equal to the excess of the fair value of the modified award over the fair value of the original award immediately before the modification.

Derivative Instruments and Hedging Activities
The Company uses derivative instruments to assist in the management of interest rate sensitivity and to modify the repricing, maturity, and option characteristics of certain assets and liabilities. The only derivative instruments used by the Company are interest rate swaps. Derivative instruments are required to be measured at fair value and recognized as either assets or liabilities in the consolidated financial statements. Fair value represents the payment the Company would receive or pay if the item were sold or bought in a current transaction. Fair values are generally based on market quotes. The accounting for changes in fair value (gains or losses) of a hedged item is dependent on whether the related derivative is designated and qualifies for "hedge accounting." The Company assigns derivatives to one of three categories at the purchase date: fair value hedge, cash flow hedge, or nondesignated derivatives, and makes an assessment of the expected and ongoing hedge effectiveness of any derivative designated as a fair value hedge or cash flow hedge. Derivatives are included in other assets and other liabilities in the consolidated balance sheets.

The following is a summary of the Company's accounting policies for derivative financial instruments and hedging activities:

Fair Value Hedges
For derivatives designated as fair value hedges, the fair value of the derivative instrument and related hedged item would be recognized through the related interest income or expense, as applicable, except for the ineffective portion, which would be recorded in noninterest income or expense. All changes in fair value would be measured on a monthly basis. The swap agreement would be accounted for on an accrual basis, with the net interest differential being recognized as an adjustment to interest income or interest expense of the related asset or liability. The Company had no fair value hedge instruments at December 31, 2022 or 2021.

Cash Flow Hedges
Derivatives designated as cash flow hedges are accounted for at fair value. The effective portion of the change in fair value is recorded as a component of other comprehensive income in stockholders' equity. Amounts recorded in other comprehensive income are subsequently reclassified into interest income or expense when the underlying transaction affects earnings. The ineffective portion of the change in fair value is recorded in

noninterest income or expense. The swap agreements are accounted for on an accrual basis, with the net interest differential being recognized as an adjustment to interest income or interest expense of the related asset or liability. The Company classified all of its interest rate swaps at December 31, 2022 and 2021 as cash flow hedges.

Nondesignated Derivatives
Certain economic hedges are not designated as cash flow or fair value hedges for accounting purposes. These nondesignated derivatives do not meet the criteria for hedge accounting treatment. Changes in the fair value of these instruments would be recorded in interest income or expense at the end of each reporting period. The Company had no nondesignated derivatives at December 31, 2022 or 2021.

Fair Value Measurements
The Company uses fair value measurements to determine fair value disclosures. Fair value is 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. In determining fair value, the Company uses various methods, including market, income, and cost approaches. Based on these approaches, the Company often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Company is required to provide the following information according to the fair value hierarchy. Financial assets and liabilities carried or reported at fair value will be classified and disclosed in one of the following three categories:

- Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

- Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.

- Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or value assigned to such assets or liabilities.

While certain assets and liabilities may be recorded at the lower of cost or fair value as described above on a nonrecurring basis (e.g., impaired loans, loans held for sale, other real estate owned), the only assets or liabilities recorded at fair value on a recurring basis are the Company's investments in available-for-sale debt securities and derivative instruments. No other assets and liabilities are recorded at fair value on a recurring or nonrecurring basis. The derivative instruments are valued using Level 1 valuation inputs. The Company's available-for-sale debt securities are measured at fair value using Level 2 valuation inputs. For the securities valued using Level 2 inputs, the market valuation utilizes several sources which include observable inputs rather than "significant unobservable inputs" and, therefore, fall into the Level 2 category, and are based on dealer quotes, market spreads, the U.S. Treasury yield curve, trade execution data, market consensus, prepayment speeds, credit information, and the bonds' terms and conditions at the security level.

The following tables summarize the Company's assets and liabilities measured at fair value on a recurring basis as of December 31, 2022 and 2021:

	December 31, 2022			
	Quoted prices in active markets for identical assets (Level 1)	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total fair value**
Assets:				
Investments in available-for-sale debt securities:				
Obligations of U.S. government agencies and corporations	**$ –**	**21,846,714**	**–**	**21,846,714**
Obligations of states and political subdivisions	**–**	**260,955,767**	**–**	**260,955,767**
Mortgage-backed securities	**–**	**155,257,115**	**–**	**155,257,115**
Total available-for-sale debt securities	**–**	**438,059,596**	**–**	**438,059,596**
Derivative financial instruments	**$ 107,886**	**–**	**–**	**107,886**

	December 31, 2021			
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value
Assets:				
Investments in available-for-sale debt securities:				
Obligations of U.S. government agencies and corporations	$ –	15,639,850	–	15,639,850
Obligations of states and political subdivisions	–	286,589,835	–	286,589,835
Mortgage-backed securities	–	199,995,880	–	199,995,880
Total available-for-sale debt securities	–	502,225,565	–	502,225,565
Liabilities – derivative financial Instruments	$ 52,335	–	–	52,335

Adoption of New Accounting Standards
On January 1, 2022, the Company adopted ASU 2016-02 "Leases (Topic 842)" and subsequent amendments thereto, which requires the Company to recognize most leases on the balance sheet. The standard was adopted under a modified retrospective approach as of the date of adoption and elected to apply several of the available practical expedients, including:

- Carry over of historical lease determination and lease classification conclusions,
- Carry over of historical initial direct cost balances for existing leases,
- Accounting for lease and non-lease components in contracts in which the Company is a lessee as a single lease component.

Adoption of the leasing standard resulted in the recognition of operating right-of-use assets of $961,489, and operating lease liabilities of $961,489 as of January 1, 2022. These amounts were determined based on the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of the date of adoption. There was no material impact to the timing of expense or income recognition in the Company's consolidated income statements. Prior periods were not restated and continue to be presented under legacy GAAP. Disclosures of the Company's leasing activities are presented in Note 6 – Leases.

Subsequent Events

The Company has considered all events occurring subsequent to December 31, 2022 for possible disclosure through February 24, 2023, the date these consolidated financial statements were available to be issued.

NOTE 2 – CASH AND DUE FROM BANKS

The Bank is generally required to maintain certain daily reserve balances on hand in accordance with regulatory requirements. Effective March 26, 2020, the Federal Reserve Board reduced reserve requirements to zero percent.

NOTE 3 – INVESTMENTS IN DEBT SECURITIES

The amortized cost, gross unrealized gains and losses, and estimated fair value of debt securities classified as available-for-sale at December 31, 2022 and 2021 are as follows:

2022	**Amortized cost**	**Gross unreal-ized gains**	**Gross unreal-ized losses**	**Estimated fair value**
Obligations of U.S. government agencies and corporations	**$ 23,275,313**	**–**	**(1,428,599)**	**21,846,714**
Obligations of states and political subdivisions	**296,061,052**	**458,460**	**(35,563,745)**	**260,955,767**
Mortgage-backed securities	**175,576,134**	**3,753**	**(20,322,772)**	**155,257,115**
	$ 494,912,499	**462,213**	**(57,315,116)**	**438,059,596**

2021	Amortized cost	Gross unreal-ized gains	Gross unreal-ized losses	Estimated fair value
Obligations of U.S. government agencies and corporations	$ 15,015,323	629,858	(5,331)	15,639,850
Obligations of states and political subdivisions	282,142,281	5,494,635	(1,047,081)	286,589,835
Mortgage-backed securities	199,880,921	2,662,268	(2,547,309)	199,995,880
	$ 497,038,525	8,786,761	(3,599,721)	502,225,565

The amortized cost and estimated fair value of debt securities classified as available-for-sale at December 31, 2022, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because certain issuers have the right to call or prepay obligations with or without prepayment penalties.

	Amortized cost	**Estimated fair value**
Due one year or less	**$ 14,700,481**	**14,511,213**
Due one year through five years	**31,704,668**	**30,518,975**
Due five years through ten years	**86,617,815**	**80,226,044**
Due after ten years	**186,313,401**	**157,546,249**
Mortgage-backed securities	**175,576,134**	**155,257,115**
	$ 494,912,499	**438,059,596**

Provided below is a summary of securities which were in an unrealized loss position at December 31, 2022 and 2021:

	Less than 12 months		**12 months or more**		**Total**	
2022	**Estimated fair value**	**Unrealized losses**	**Estimated fair value**	**Unrealized losses**	**Estimated fair value**	**Unrealized losses**
Obligations of U.S. government agencies and corporations	**$ 17,589,827**	**856,538**	**4,256,888**	**572,061**	**21,846,715**	**1,428,599**
Obligations of states and political subdivisions	**142,099,962**	**18,720,467**	**83,831,618**	**16,843,278**	**225,931,580**	**35,563,745**
Mortgage-backed securities	**64,972,989**	**4,573,726**	**90,099,469**	**15,749,046**	**155,072,458**	**20,322,772**
	$224,662,778	**24,150,731**	**178,187,975**	**33,164,385**	**402,850,753**	**57,315,116**

	Less than 12 months		12 months or more		Total	
2021	Estimated fair value	Unrealized losses	Estimated fair value	Unrealized losses	Estimated fair value	Unrealized losses
Obligations of U.S. government agencies and corporations	$ 5,088,858	5,331	–	–	5,088,858	5,331
Obligations of states and political subdivisions	97,914,882	992,374	3,427,096	54,707	101,341,978	1,047,081
Mortgage-backed securities	104,715,421	2,057,024	19,715,012	490,285	124,430,433	2,547,309
	$207,719,161	3,054,729	23,142,108	544,992	230,861,269	3,599,721

The obligations of U.S. government agencies and corporations and mortgage-backed securities with unrealized losses are primarily issued from and guaranteed by the Federal Home Loan Bank, Federal National Mortgage Association, or Federal Home Loan Mortgage Corporation. Obligations of states and political subdivisions in an unrealized loss position are primarily comprised of bonds with adequate credit ratings, underlying collateral, and/or cash flow projections. The unrealized losses associated with these securities are not believed to be attributed to credit quality, but rather to changes in interest rates and temporary market movements. In addition, the Company does not intend to sell the securities with unrealized losses, and it is not more likely than not that the Company will be required to sell them before recovery of their amortized cost bases, which may be at maturity.

Gross gains of $8,125and gross losses of $62,519 resulting from sales of available-for-sale securities were realized during 2022. The tax benefit applicable to this net realized loss amounted to $11,423.

The carrying value of debt securities pledged to secure public funds, securities sold under repurchase agreements, certain short- and long-term borrowings, and for other purposes amounted to approximately $216,108,000 and $197,949,000 at December 31, 2022 and 2021, respectively. The Bank has also pledged letters of credit from the Federal Home Loan Bank of Chicago totaling $26,000,000 as additional collateral to secure public funds at December 31, 2022 and 2021.

NOTE 4 – LOANS

The composition of the loan portfolio at December 31, 2022 and 2021 is as follows:

	2022	2021
Commercial:		
Real estate	**$ 381,559,963**	322,608,155
Agricultural production	**90,274,860**	80,644,053
Other	**135,929,640**	135,923,718
Real estate:		
Construction	**61,782,303**	59,361,939
Residential	**133,151,846**	101,284,748
Farmland	**195,903,330**	188,811,159
Consumer	**20,102,916**	20,018,595
	$1,018,704,858	908,652,367

The Bank grants commercial, industrial, residential, agricultural, and consumer loans throughout south-central Illinois, suburban southwestern Chicago, and the St. Louis, Missouri metropolitan area. With the exception of agricultural credits, the Bank does not have any particular concentration of credit in any one economic sector; however, a substantial portion of the portfolio is concentrated in and secured by real estate in the Bank's market areas. The ability of the Bank's borrowers to honor their contractual obligations is dependent upon the local economies and their effect on the real estate market. Included in consumer loans are overdrafts of $335,715 and $1,114,768 at December 31, 2022 and 2021, respectively. During 2021 and 2020, the Bank originated 1,059 PPP loans totaling $47,394,079 and 946 PPP loans totaling $79,156,934, respectively. At December 31, 2022, five loans remained outstanding with a total balance of $765,169. Such loans are guaranteed by the SBA.

The following describe the risk characteristics relevant to each of the portfolio segments:

Commercial real estate loans are secured by various commercial property types (including office and industrial buildings, warehouses, small retail shopping centers, and various special purpose properties, including hotels, restaurants, and nursing homes), a majority of which are owner-occupied and in the Bank's market areas. The Bank originates commercial real estate loans with a typical term of three or five years with a fixed or adjustable rate feature generally tied to a designated public index. These loans are typically amortized over 15 or 25 years. Strict underwriting standards are in place that include, but are not limited to, independent appraisals, cash flow analyses, creditworthiness, experience, and management. For owner-occupied properties, the primary source of cash flow is from the ongoing operations and activities conducted by the party that owns the property. Nonowner-occupied properties are those loans where the primary source of repayment is derived from rental income associated with the property or the proceeds of the sale, refinancing, or permanent financing of the property.

Agricultural loans, i.e., those loans which fund crop production, livestock production, and capital purchases, are structured to coincide with the purpose or seasonality. Collateral support, determined repayment ability, and creditworthiness are all considered in the loan approval process.

Commercial business loans vary in type and include secured and unsecured commercial business loans for the purpose of financing equipment acquisition, expansion, working capital, and other general business purposes, including issuing letters of credit. The Company's commercial business loan portfolio is comprised of loans for a variety of purposes and generally is secured by equipment, machinery, and other business assets. The terms of these loans are generally for less than seven years. The loans are either negotiated on a fixed-rate basis or carry variable interest rates that float in accordance with a designated public index. Commercial credit decisions are based upon a complete credit review of the borrower. A determination is made as to the borrower's ability to repay in accordance with the proposed loan terms, as well as an overall assessment of the credit risks involved. Personal guarantees of borrowers are generally required. In evaluating a commercial business loan, the Bank considers debt service capabilities, actual and projected cash flows, and the borrower's inherent industry risks.

Construction lending generally involves a greater degree of risk than the Bank's other real estate lending. The construction phase of a loan generally lasts 9 to 18 months. As with the Bank's other loan types, the underwriting standards require proper loan-to-value coverage and the borrower's ability to service the debt. Prior to approval of the construction loan, the Bank determines that the borrower has the approval, capacity, and wherewithal to handle the permanent financing.

Residential real estate loans are predominantly collateralized by properties located in the Bank's market areas. The Bank adheres to strict underwriting standards that have been reviewed by the Board of Directors and the banking regulators. The underwriting standards include, but are not limited to, repayment capacity, creditworthiness, proper loan-to-value coverage, and proper lien positions supported by title policies.

Multifamily real estate loans are generally secured by apartment buildings and rental properties. Multifamily real estate loans are typically offered with interest rates that are fixed or adjust with a designated public index. When originating multifamily real estate loans, the Bank evaluates the qualifications and financial condition of the borrower, profitability, and expertise, as well as the value and condition of the mortgaged property securing the loans. The Bank also considers the financial resources of the borrower, the borrower's experience in owning and managing similar properties, the cash flow the property generates (i.e., the gross rental income minus associated expenses), and the borrower's global obligations to determine sustainable repayment capacity. Multifamily real estate loans are carefully underwritten to determine proper valuation of the property, as well as the ability to service the debt.

Home equity lines of credit are designed for owner-occupied homes. These are typically junior liens, thus the Bank pays particular attention to the loan-to-value coverage and the debt service capacity of the borrower. Strict underwriting standards are followed to ensure safe and sound lending.

Farm real estate loans are not unique to the Bank's market areas. The underwriting criteria is much the same as for other loans; i.e., loan-to-value coverage, repayment ability, and creditworthiness are paramount. Farm real estate loans may be structured to coincide with the seasonal nature of agriculture. In determining the loan-to-value coverage, the Bank utilizes appraisers that are familiar with agricultural real estate values.

Consumer loans are underwritten in a manner that verifies the borrower's capacity to pay, creditworthiness, and proper valuation of the collateral. The structure of the loan is dependent on the purpose and collateral being pledged as security.

At December 31, 2022 and 2021, the Bank has loans outstanding to the agricultural sector of $286,178,190 and $269,455,212, respectively, which comprised 28.1% and 29.7%, respectively, of the Bank's total loan portfolio. The Bank's agricultural credits are concentrated in the south-central Illinois area and are generally fully secured with either growing crops, farmland, livestock, and/or machinery and equipment. Such loans are subject to the overall national effects of the agricultural economy, as well as the local effects relating to their south-central Illinois location.

The aggregate amount of loans to executive officers and directors and loans made for the benefit of executive officers and directors was $2,324,787 and $792,071 at December 31, 2022 and 2021, respectively. Such loans were made in the normal course of business on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with other persons, and did not involve more than the normal risk of collectibility. A summary of activity for loans to executive officers and directors for the year ended December 31, 2022 is as follows:

Balance, December 31, 2021	$ 792,071
New loans made	1,999,512
Payments received	(466,796)
Balance, December 31, 2022	$ 2,324,787

Following is an analysis of the reserve for possible loan losses by loan type and those that have been specifically evaluated or evaluated in aggregate at December 31, 2022 and 2021:

	2022							
	Commercial			Real estate				
	Real estate	Agricultural production	Other	Construction	Residential	Farmland	Consumer	Total
Reserve for possible loan losses:								
Beginning balance	$ 3,669,742	1,030,705	4,263,050	433,534	848,882	834,654	368,118	11,448,685
Charge-offs	(184,788)	(20,000)	(3,075,632)	–	(131,899)	(242,755)	(57,632)	(3,712,706)
Recoveries	44,548	1,650	40,516	–	58,836	–	40,204	185,754
Provision	892,938	(215,442)	1,872,891	61,713	111,917	488,001	(14,424)	3,197,594
Ending balance	$ 4,422,440	796,913	3,100,825	495,247	887,736	1,079,900	336,266	11,119,327
Reserve allocations:								
Individually evaluated for impairment	$ 548,114	–	147,000	–	–	–	2,697	697,811
Collectively evaluated for impairment	3,874,326	796,913	2,953,825	495,247	887,736	1,079,900	333,569	10,421,516
Ending balance	$ 4,422,440	796,913	3,100,825	495,247	887,736	1,079,900	336,266	11,119,327
Loans:								
Individually evaluated for impairment	$ 10,471,402	585,116	4,875,635	–	1,494,133	13,005,283	178,368	30,609,937
Collectively evaluated for impairment	371,088,561	89,689,744	131,054,005	61,782,303	131,657,713	182,898,047	19,924,548	988,094,921
Ending balance	$ 381,559,963	90,274,860	135,929,640	61,782,303	133,151,846	195,903,330	20,102,916	1,018,704,858

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	2021							
	Commercial			Real estate				
	Real estate	Agricultural production	Other	Construction	Residential	Farmland	Consumer	Total
Reserve for possible loan losses:								
Beginning balance	$ 3,215,016	1,424,509	3,154,272	263,181	1,070,046	1,026,654	505,111	10,658,789
Charge-offs	(1,506,122)	–	(70,916)	–	(167,327)	–	(128,151)	(1,872,516)
Recoveries	35,388	33,084	19,813	–	35,142	–	59,261	182,688
Provision	1,925,460	(426,888)	1,159,881	170,353	(88,979)	(192,000)	(68,103)	2,479,724
Ending balance	$ 3,669,742	1,030,705	4,263,050	433,534	848,882	834,654	368,118	11,448,685
Reserve allocations:								
Individually evaluated for impairment	$ 8,500	10,000	1,694,140	–	48,304	77,000	22,452	1,860,396
Collectively evaluated for impairment	3,661,242	1,020,705	2,568,910	433,534	800,578	757,654	345,666	9,588,289
Ending balance	$ 3,669,742	1,030,705	4,263,050	433,534	848,882	834,654	368,118	11,448,685
Loans:								
Individually evaluated for impairment	$ 14,500,535	716,588	6,197,598	8,471,999	5,066,378	13,427,442	272,222	48,652,762
Collectively evaluated for impairment	308,107,620	79,927,465	129,726,120	50,889,940	96,218,370	175,383,717	19,746,373	859,999,605
Ending balance	$ 322,608,155	80,644,053	135,923,718	59,361,939	101,284,748	188,811,159	20,018,595	908,652,367

A summary of impaired loans by type for the years ended December 31, 2022 and 2021 is as follows:

	2022						
	Unpaid principal balance	Recorded investment with no reserve	Recorded investment with reserve	Total recorded investment	Related reserve	Average recorded investment	Interest income recognized
Commercial:							
Real estate	$ 3,082,634	403,737	2,369,747	2,773,484	548,114	2,367,556	2,582
Agricultural production	107,735	83,831	–	83,831	–	99,067	–
Other	1,136,868	291,376	634,673	926,049	147,000	2,867,653	16,942
Real estate:							
Construction	–	–	–	–	–	–	–
Residential	357,193	304,308	–	304,308	–	604,902	11,359
Farmland	4,591,005	3,831,574	–	3,831,574	–	4,084,407	11,687
Consumer	57,415	26,774	2,697	29,471	2,697	49,296	–
	$ 9,332,850	4,941,600	3,007,117	7,948,717	697,811	10,072,881	42,570

	2021						
	Unpaid principal balance	Recorded investment with no reserve	Recorded investment with reserve	Total recorded investment	Related reserve	Average recorded investment	Interest income recognized
Commercial:							
Real estate	$ 1,269,967	1,140,175	39,244	1,179,419	8,500	2,893,967	2,744
Agricultural production	123,918	16,183	103,830	120,013	10,000	65,535	–
Other	8,065,419	262,345	4,086,571	4,348,916	1,694,140	3,196,865	18,113
Real estate:							
Construction	–	–	–	–	–	–	–
Residential	620,276	420,908	151,336	572,244	48,304	617,241	18,137
Farmland	4,724,852	3,474,382	783,069	4,257,451	77,000	3,287,406	12,133
Consumer	113,262	41,733	38,393	80,126	22,452	76,996	–
	$ 14,917,694	5,355,726	5,202,443	10,558,169	1,860,396	10,138,010	51,127

Following is a summary of past-due loans by type and by number of days delinquent at December 31, 2022 and 2021:

	2022						
	30-59 days past due	60-89 days past due	Greater than 90 days	Total past due	Current	Total loans	Recorded investment > 90 days past due and accruing
Commercial:							
Real estate	$ 636,725	–	2,461,171	3,097,896	378,462,067	381,559,963	—
Agricultural production	–	–	83,831	83,831	90,191,029	90,274,860	—
Other	181,622	198,602	589,317	969,541	134,960,099	135,929,640	—
Real estate:							
Construction	–	194,079	–	194,079	61,588,224	61,782,303	—
Residential	865,321	143,209	128,695	1,137,225	132,014,621	133,151,846	—
Farmland	–	–	540,314	540,314	195,363,016	195,903,330	—
Consumer	221,897	15,648	3,078	240,623	19,862,293	20,102,916	—
	$ 1,905,565	551,538	3,806,406	6,263,509	1,012,441,349	1,018,704,858	—

	2021						
	30-59 days past due	60-89 days past due	Greater than 90 days	Total past due	Current	Total loans	Recorded investment > 90 days past due and accruing
Commercial:							
Real estate	$ 294,278	707,226	1,279,313	2,280,817	320,327,338	322,608,155	—
Agricultural production	–	43,233	145,164	188,397	80,455,656	80,644,053	—
Other	173,211	86,455	2,947,477	3,207,143	132,716,575	135,923,718	—
Real estate:							
Construction	–	–	–	–	59,361,939	59,361,939	—
Residential	1,135,783	142,120	121,160	1,399,063	99,885,685	101,284,748	—
Farmland	–	–	982,544	982,544	187,828,615	188,811,159	—
Consumer	95,437	63,288	40,745	199,470	19,819,125	20,018,595	5,302
	$ 1,698,709	1,042,322	5,516,403	8,257,434	900,394,933	908,652,367	5,302

Following is a summary of loans on nonaccrual status by type at December 31, 2022 and 2021:

	2022	2021
Commercial:		
Real estate	**$ 6,901,659**	10,243,833
Agricultural production	**205,655**	213,830
Other	**940,467**	4,191,968
Real estate:		
Construction	—	—
Residential	**802,334**	1,582,540
Farmland	**5,135,901**	6,444,879
Consumer	**127,099**	171,316
	$ 14,113,115	22,848,366

The Bank categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as current financial information, historical payment experience, collateral support, credit documentation, public information, and current economic trends, among other factors. The Bank analyzes loans individually on a continuous basis by classifying the loans as to credit risk. The Bank uses the following definitions for risk ratings:

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Notes to Consolidated Financial Statements

- Watch – Loans classified as watch have potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the Bank's credit position at some future date.

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

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

Loans not meeting the criteria above that are analyzed individually as part of the above-described process are considered pass-rated loans.

The following table presents the credit risk profile of the Bank's loan portfolio based on rating category as of December 31, 2022 and 2021:

	2022							
Grade	Commercial real estate	Agricultural production	Commercial other	Real estate construction	Residential real estate	Farmland	Consumer	Total
Pass	$ 371,088,561	89,689,744	131,054,005	61,782,303	131,657,713	182,898,047	19,924,548	988,094,921
Watch	1,238,253	379,461	2,882,981	–	149,538	7,795,111		12,445,344
Substandard	9,233,149	205,655	1,992,654	–	1,344,595	5,210,172	178,368	18,164,593
	$ 381,559,963	90,274,860	135,929,640	61,782,303	133,151,846	195,903,330	20,102,916	1,018,704,858

	2021							
Grade	Commercial real estate	Agricultural production	Commercial other	Real estate construction	Residential real estate	Farmland	Consumer	Total
Pass	$ 308,107,620	79,927,465	129,726,120	50,889,940	96,218,370	175,383,717	19,746,373	859,999,605
Watch	690,518	289,985	739,561	–	1,232,703	5,733,170	26,046	8,711,983
Substandard	13,810,017	426,603	2,658,037	8,471,999	3,833,675	7,694,272	246,176	37,140,779
Doubtful	–	–	2,800,000	–	–	–	–	2,800,000
	$ 322,608,155	80,644,053	135,923,718	59,361,939	101,284,748	188,811,159	20,018,595	908,652,367

The Bank seeks to assist customers that are experiencing financial difficulty by renegotiating loans within lending regulations and guidelines. A loan modification is considered a troubled debt restructuring when a concession has been granted to a borrower experiencing financial difficulties. The Bank's modifications generally include interest rate adjustments, and amortization and maturity date extensions. These modifications allow the borrowers short-term cash relief to allow them to improve their financial condition. The Bank's troubled debt restructured loans are considered impaired and are individually evaluated for impairment as part of the reserve for possible loan losses as described above.

The following table presents information regarding loan modifications during the years ended December 31, 2022 and 2021 which met the definition of troubled debt restructured loans:

	Year ended December 31, 2022			Year ended December 31, 2021		
	Number of loans	Pre-modification outstanding recorded balance	Post-modification outstanding recorded balance	Number of loans	Pre-modification outstanding recorded balance	Post-modification outstanding recorded balance
Commercial:						
Real estate	–	–	–	–	–	–
Agricultural production	–	–	–	–	–	–
Other	–	–	–	–	–	–
Real estate:						
Construction	–	–	–	–	–	–
Residential	2	28,577	28,577	–	–	–
Farmland	–	–	–	1	3,253,770	3,253,770
Consumer	–	–	–	1	32,774	32,774
	2	$ 28,577	28,577	2	$3,286,544	3,286,544

No restructured loans defaulted within 12 months of their restructuring in 2022 or 2021. The Bank had no commitments to extend additional credit on any loans classified as troubled debt restructured loans at December 31, 2022.

NOTE 5 – BANK PREMISES AND EQUIPMENT

A summary of Bank premises and equipment at December 31, 2022 and 2021 is as follows:

	2022	2021
Land	**$ 3,111,709**	3,111,709
Buildings and improvements	**20,470,771**	20,133,346
Furniture, fixtures, and equipment	**12,639,332**	12,330,994
	36,221,812	35,576,049
Less accumulated depreciation and amortization	**18,286,477**	16,764,783
	$ 17,935,335	18,811,266

Amounts charged to noninterest expense for depreciation and amortization aggregated $1,544,384 and $1,589,538 for the years ended December 31, 2022 and 2021, respectively.

The Company leases certain premises and equipment under noncancelable operating lease agreements that expire at various dates through 2026. Minimum rental commitments under these noncancelable operating lease agreements at December 31, 2022, for each of the next five years, and in the aggregate, are as follows:

Year ending December 31:	
2023	$ 294,026
2024	224,636
2025	57,715
2026	1,000
2027	–
Thereafter	–
Total minimum payments required	$ 577,377

CNB BANK SHARES, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

The Company also leases certain equipment under agreements that are cancelable with 30 to 90 days' notice. Total rent expense for 2021 was $421,989. Refer to Note 6 for lease disclosures under ASC 842 related to 2022.

NOTE 6 – LEASES

The Company enters into leases in the normal course of business primarily for premises and equipment. The Company's leases have remaining terms ranging up to four years, some of which include renewal options to extend the lease.

Right-of-use assets, included in other assets, totaled $637,973 and lease liabilities, included in other liabilities, totaled $644,343 at December 31, 2022.

The components of lease expense were as follows for the period ending December 31, 2022:

	2022
Operating lease expense	$ 342,100
Short-term lease expense	17,623
Variable lease expense	46,125
	$ 405,848

Future undiscounted lease payments for operating leases with initial terms of one year or more as of December 31, 2022, are as follows:

Year ending December 31:	
2023	$ 345,179
2024	250,663
2025	56,815
2026	–
Thereafter	–
Total undiscounted cash flows	$ 652,656
Less: present value discount	(8,314)
Total lease liabilities	$ 644,343

Supplemental lease information at December 31, 2022, are as follows:

	2022
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 335,430
Right of use assets obtained in exchange for new operating lease liabilities	$ 969,707
Operating lease weighted average remaining lease term (years)	2
Operating lease weighted average discount rate	1.31%

NOTE 7 – DEPOSITS

A summary of interest-bearing deposits at December 31, 2022 and 2021 is as follows:

	2022	2021
Interest-bearing transaction accounts	**$ 343,471,585**	378,296,131
Savings	**338,519,964**	356,836,319
Time deposits	**354,382,147**	303,183,632
	$ 1,036,373,696	1,038,316,082

Deposits of executive officers, directors, and their related interests at December 31, 2022 and 2021 totaled $3,699,245 and $3,040,494, respectively.

Interest expense on deposits for the years ended December 31, 2022 and 2021 is summarized as follows:

	2022	2021
Interest-bearing transaction accounts	**$ 1,656,199**	1,041,279
Savings	**1,436,987**	582,913
Time deposits	**1,991,009**	2,337,016
	$ 5,084,195	3,961,208

Time deposits meeting or exceeding the FDIC insurance limit of $250,000 totaled $85,691,579 and $66,914,295 at December 31, 2022 and 2021, respectively. Following are the maturities of time deposits for each of the next five years and in the aggregate at December 31, 2022:

Year ending December 31:	
2023	$ 226,054,016
2024	101,655,767
2025	22,275,606
2026	2,658,693
2027	1,738,065
	$ 354,382,147

NOTE 8 – INCOME TAXES

The components of income tax expense for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Current:		
Federal	**$ 2,350,901**	2,565,506
State	**1,560,918**	1,611,048
Deferred	**(230,344)**	(424,798)
	$ 3,681,475	3,751,756

A reconciliation of expected income tax expense computed by applying the federal statutory rate of 21% to income before applicable income taxes for the years ended December 31, 2022 and 2021 is as follows:

	2022	2021
Expected statutory federal income tax	**$ 3,682,770**	3,988,690
Tax-exempt interest and dividend income	**(997,117)**	(890,065)
State tax, net of related federal benefit	**1,233,125**	1,272,728
Stock options	**(127,724)**	(237,775)
Other, net	**(109,579)**	(381,822)
	$ 3,681,475	3,751,756

The tax effects of temporary differences that give rise to significant portions of deferred tax assets and liabilities at December 31, 2022 and 2021 are presented below:

	2022	2021
Deferred tax assets:		
Reserve for possible loan losses	**$ 3,025,205**	3,117,557
Deferred compensation	**2,539,740**	2,539,358
Purchase adjustments	**289,833**	396,310
Cash flow hedge	**–**	10,990
Available-for-sale securities – net loss	**11,939,110**	–
Other, net	**496,662**	479,972
Total deferred tax assets	**18,290,550**	6,544,187
Deferred tax liabilities:		
Bank premises and equipment	**(1,286,723)**	(1,411,792)
Intangible assets	**(1,364,893)**	(1,608,495)
Cash flow hedge	**(22,656)**	–
Available-for-sale securities – net gain	**–**	(1,089,279)
Other, net	**(141,938)**	(185,368)
Total deferred tax liabilities	**(2,816,210)**	(4,294,934)
Net deferred tax assets	**$ 15,474,340**	2,249,253

The Company is required to provide a valuation reserve on deferred tax assets when it is more likely than not that some portion of the assets will not be realized. The Company has not established a valuation reserve at December 31, 2022 and 2021, due to management's belief that all criteria for recognition have been met, including the existence of a history of taxes paid sufficient to support the realization of deferred tax assets.

NOTE 9 – SHORT-TERM BORROWINGS

Short-term borrowings consisted entirely of securities sold under repurchase agreements at December 31, 2022 and 2021, which are collateralized by debt securities consisting of $39,368,847 (which includes $34,569,106 of obligations of U.S. government agencies and corporations and mortgage-backed securities, and $4,799,741 of obligations of states and political subdivisions) at December 31, 2022. The Bank also occasionally borrows funds purchased on an overnight basis from unaffiliated financial institutions (including the Federal Home Loan Bank of Chicago) to meet short-term liquidity needs. The average balances, weighted average interest rates paid, and maximum month-end amounts outstanding for the years ended December 31, 2022 and 2021, and the average rates at each year-end for funds purchased and securities sold under repurchase agreements, are as follows:

	2022	2021
Average balance	**$ 30,041,122**	35,854,910
Weighted average interest rate paid during the year	**1.21%**	0.19%
Maximum amount outstanding at any month-end	**$ 37,364,396**	39,138,612
Average rate at end of year	**3.34%**	0.17%

NOTE 10 – FEDERAL HOME LOAN BANK BORROWINGS

At December 31, 2022, the Bank had fixed-rate advances outstanding with the Federal Home Loan Bank of Chicago, maturing as follows:

	Amount	Weighted average rate
Due in 2023	$ 45,000,000	4.17%
Due in 2024	11,000,000	4.02%
Due in 2025	4,000,000	4.54%
Due in 2026	7,250,000	3.46%
Due in 2027	5,000,000	3.94%
	$ 72,250,000	

At December 31, 2022, the Bank maintained a line of credit for $223,677,451 with the Federal Home Loan Bank of Chicago and had availability under this line of $125,090,379. Federal Home Loan Bank of Chicago advances are secured under a blanket agreement which assigns all Federal Home Loan Bank of Chicago stock, and one- to four-family mortgage, commercial real estate, multifamily real estate, and farmland loans totaling $362,870,862 at December 31, 2022.

NOTE 11 – NOTES PAYABLE

Following is a summary of the Company's notes payable at December 31, 2022 and 2021:

	2022	2021
Revolving line of credit note payable	$ –	–
Term notes payable	3,098,328	4,394,437
	$ 3,098,328	4,394,437

At December 31, 2022, the Company maintains two notes payable borrowing arrangements with an unaffiliated financial institution. The term note payable had an original balance of $6,700,000, with a balance of $3,098,328 and $4,394,437 at December 31, 2022 and 2021, respectively, maturing on May 31, 2025. Effective March 15, 2020, the term note payable was amended to require quarterly interest payments at a variable rate of 2.12% over LIBOR through June 15, 2020. After June 15, 2020, the term note payable requires quarterly principal and interest payments of approximately $360,000. Future principal payments are $1,345,135 in 2023, $1,396,015 in 2024, and $357,178 in 2025. The revolving line of credit note payable has a maximum availability of $2,000,000, matures on March 28, 2023, and requires quarterly interest payments at a variable rate of interest. The line of credit note payable is fully available at December 31, 2022 for future advances.

The notes payable are secured by the common stock of the Bank with a book value of approximately $118,055,000 at December 31, 2022, and include certain restrictions that, among other things, specify minimum levels for earnings, capital, and the reserve for possible loan losses, and maximum levels for nonperforming loans. Any of the financial ratios or covenants may be waived at the discretion of the lending institution. As of December 31, 2022 and 2021, the Company was in compliance with all of the financial ratios and covenants specified in the notes payable agreements or has received a waiver from the lender. Company management does not believe the covenants will restrict its future operations. The weighted average interest rate paid on the notes payable in 2022 and 2021 was 3.73%.

NOTE 12 – CAPITAL STOCK

The Company has authorized 20,000,000 shares of common stock with a par value of $0.05 per share. At December 31, 2022, 5,779,659 shares were issued and outstanding (including 375,247 shares held in treasury). Holders of the Company's common stock are entitled to one vote per share on all matters submitted to a shareholder vote, except that 4,000,000 shares of the authorized common shares are designated as nonvoting shares, none of which were issued at December 31, 2022. Holders of the Company's common stock are entitled to receive dividends when, as, and if declared by the Company's Board of Directors. In the event of liquidation of the Company, the holders of the Company's common stock are entitled to share ratably in the remaining assets after payment of all liabilities and any preferred stock outstanding.

The Company has authorized 200,000 shares of preferred stock, 9,745 of which has been issued at December 31, 2022, as described below. Preferred stock may be issued by the Company's Board of Directors from time to time, in series, at which time the terms of such series (par value per share, dividend rates and dates, cumulative or noncumulative, liquidation preferences, etc.) shall be fixed by the Board of Directors.

Castle Creek Transaction

On June 4, 2018, Castle Creek Capital Partners VI, LP (Castle Creek) purchased 525,459 shares of common stock and 9,745 shares of nonvoting Series A preferred stock for $10,436,557 ($19.86 per common share) and $19,352,310, respectively, from the Company. The Series A preferred stock has a par value of $0.01 per share and each share of preferred stock is convertible into 100 shares of common stock or nonvoting common stock. The purchase agreement restricts Castle Creek from purchasing more than 33.3% of the Company's total equity, and Castle Creek's ownership of voting common stock shall not exceed 9.9% of the total issued and outstanding voting common stock. Additionally, the purchase agreement provides subscription rights to Castle Creek granting it the opportunity to acquire from the Company additional Company securities to maintain its proportionate interest in the Company in the event of any offer or sale of any equity in the Company.

The Company's shareholders have approved various stock option plans under which options to purchase up to 3,400,000 shares of Company common stock were authorized for grants to directors, officers, and employees of the Company and Bank. Options to purchase Company common stock are granted at the fair value of a share of common stock on the grant date and measured as a level 3 financial instrument. Options granted to the officers and directors of the Company and Bank vest 20% each year and expire in ten years. At December 31, 2022, 1,695,210 options to purchase common shares are available for future grants.

A summary of the activity of nonvested options for the years ended December 31, 2022 and 2021 is as follows:

	Number of shares	Weighted average grant date fair value
Nonvested at December 31, 2020	126,391	0.68
Granted	35,535	0.00
Vested	(64,451)	0.27
Forfeited	(2,380)	0.16
Nonvested at December 31, 2021	95,095	0.35
Granted	17,300	0.00
Vested	(35,225)	0.53
Forfeited	(13,020)	0.59
Nonvested at December 31, 2022	64,150	0.36

Following is a summary of stock option activity for the years ended December 31, 2022 and 2021:

	Weighted average option price per share	Number of shares	Remaining contractual term (years)	Aggregate intrinsic value per option share
Outstanding at December 31, 2020	$ 15.67	502,885		
Granted	28.25	35,535		
Exercised	14.61	(112,345)		
Forfeited	17.40	(3,380)		
Outstanding at December 31, 2021	17.03	422,695	4.68	$ 12.54
Exercisable at December 31, 2021	$ 15.16	327,600	3.84	$ 14.41
Outstanding at December 31, 2021	$ 17.03	422,695		
Granted	29.63	17,300		
Exercised	14.12	(89,690)		
Forfeited	19.77	(20,420)		
Outstanding at December 31, 2022	18.31	329,885	4.33	$ 2.61
Exercisable at December 31, 2022	$ 16.28	265,735	3.54	$ 3.24

The fair value of options vested during 2022 and 2021 was $1,043,717 and $1,820,741, respectively. At December 31, 2022, the total unrecognized compensation expense related to nonvested stock options was $23,299 and the related weighted average period over which it is expected to be recognized in approximately 2.0 years.

During 2022 and 2021, 17,300 and 35,535 shares, respectively, were granted with a weighted average per share option price at the date of grant of $29.63 and $28.25, respectively. The fair value of such options, which is based on the market price on the date of grant, is amortized to expense over the five-year vesting period. The weighted average fair values of options granted in 2022 and 2021 were estimated at $0 for an option to purchase one share of Company common stock; however, the Company's common stock is not actively traded on any exchange. Accordingly, the availability of fair value information for the Company's common stock is limited. Several assumptions have been made in arriving at the estimated fair value of the options outstanding at December 31, 2022. These assumptions include no volatility in the Company's stock

price, 1.75% and 1.70% dividends paid on common stock in 2022 and 2021, respectively, an expected weighted average option life of ten years, and a risk-free interest rate approximating the ten-year U.S. Treasury bond on the grant date. Any change in these assumptions could have a significant impact on the effects of determining compensation costs, as disclosed herein.

Cash received from options exercised for the years ended December 31, 2022 and 2021 totaled $582,045 and $316,088, respectively. The actual tax benefit realized for the tax deductions from options exercised totaled $127,724 and $237,775 for the years ended December 31, 2022 and 2021, respectively.

During 2022 and 2021, the Company granted 73,440 and 54,120 stock appreciation rights, respectively, to various officers and employees of the Company and Bank, with a grant date value $29.63 and $28.25, respectively. The stock appreciation rights provide the recipient the opportunity to share in the appreciation of the Company's common stock. Each stock appreciation right vests one-fifth on its annual anniversary date, at which time the recipient is entitled to the appreciation of the Company's common stock over the original grant date value of the Company's common stock. A liability for this appreciation is recorded on each vesting date and, once fully vested, for any further appreciation in the Company's common stock until the stock appreciation right is exercised. Total expense related to the stock appreciation rights liability was $(231,024) and $159,395 in 2022 and 2021, respectively. Each stock appreciation right must be exercised within ten years of the grant date. At December 31, 2022 and 2021, a liability of $0 and $269,833, respectively, is included in other liabilities in the consolidated balance sheet for the vested balance of these stock appreciation rights. Such rights that were exercised or forfeited totaled 6,836 and 12,282, respectively, in 2022 and 10,845 and 15,765, respectively, in 2021. Total stock appreciation rights outstanding at December 31, 2022 and 2021 totaled 182,532 and 128,210, respectively.

NOTE 13 – EMPLOYEE BENEFIT PLANS

The Company maintains a defined contribution 401(k) plan to provide retirement benefits to substantially all of its employees. All employees meeting certain age and service requirements are eligible to participate in the plan. Under the 401(k) plan, the Company may make discretionary matching contributions to the plan, up to the amount of employee contributions, subject to certain limitations. Total contributions made by the Company under this plan were $906,255 and $943,266 for the years ended December 31, 2022 and 2021, respectively.

The Company and Bank maintain incentive deferral plans for certain of their directors and officers, allowing such participants to defer their current compensation earned as directors and officers, with the Company or Bank agreeing to pay to such participants, or their designated beneficiaries or survivors, the total amount of deferred compensation plus accumulated interest at or following retirement. Under the plans, interest is added to the accumulated deferred compensation at a periodic compound rate equal to the Company's return on equity from the previous year. The directors are expected to continue to render their normal service as directors to the Company or Bank from the date of the plan's inception until retirement.

The incentive deferral plans stipulate that, upon disability, termination, or death prior to retirement, the affected director (or his/her designated beneficiaries or survivors) would be vested in the total deferred compensation accumulated to that date, plus compounded interest. Payments under the plan may be made in a lump sum or periodically over a specified time period, with interest.

To fund the individual agreements with each director covered under the incentive deferral plans, the Company and Bank have purchased flexible-premium universal life insurance policies on the lives of such directors, payable upon death to the Company or Bank. Each life insurance policy has a cash surrender value feature that allows the Company or Bank to receive an amount in cash upon cancelation or lapse of the policy. The cash surrender value of the policies increases monthly, based upon an interest factor, net of mortality, administration, and early termination costs that are inherent in the contracts.

The Company and Bank recognize annual compensation expense equal to the sum of the compensation deferred under the incentive deferral plans by the affected directors, plus interest applied to the accumulated balance of the deferred compensation. The Company also administers deferred compensation plans assumed through acquisitions of other banks. The charge to expense for the deferred compensation plans reflects the accrual using the principal and interest method over the vesting period of the present value of benefits due each participant on the full eligibility date. An amount of $8,403,331 and $8,729,985 is included in other liabilities in the consolidated balance sheet at December 31, 2022 and 2021, respectively, representing the sum of all deferrals and interest additions accumulated to date.

NOTE 14 – LITIGATION

During the normal course of business, various legal claims have arisen which, in the opinion of management, will not result in any material liability to the Company.

NOTE 15 – PARENT COMPANY FINANCIAL INFORMATION

The Bank's dividends are the principal source of funds for the payment of dividends by the Company to its stockholders and for debt servicing. The Bank is subject to regulations by regulatory authorities that require the maintenance of minimum capital requirements, and is also limited to the earnings of the current year and two previous years for the payment of dividends, without obtaining the prior approval of the Office of the Comptroller of the Currency.

Following are condensed balance sheets as of December 31, 2022 and 2021 and the related condensed schedules of income and cash flows (in thousands of dollars) for the years then ended of the Company (parent company only):

Condensed Balance Sheets	**2022**	2021
Assets:		
Cash	**$ 274**	48
Investment in subsidiary bank	**118,055**	159,253
Life insurance policies	**736**	727
Income tax receivable	**1,666**	1,939
Market adjustment of cash flow hedge	**108**	–
Other assets	**984**	232
	$ 121,823	162,199
Liabilities:		
Market adjustment of cash flow hedge	**$ –**	52
Other liabilities	**550**	758
Notes payable	**3,098**	4,394
Total liabilities	**3,648**	5,204
Total stockholders' equity	**118,175**	156,995
Total liabilities and stockholders' equity	**$ 121,823**	162,199

Condensed Schedules of Income	**2022**	2021
Revenue:		
Cash dividends from subsidiary bank	**$ 6,000**	5,475
Other income	**32**	9
Total revenue	**6,032**	5,484
Expenses:		
Salaries and benefits	**(157)**	233
Interest expense	**146**	206
Legal and professional fees	**47**	83
Miscellaneous expenses	**179**	146
Total expenses	**215**	668
Income before income tax benefit and equity in undistributed net income of subsidiary bank	**5,817**	4,816
Income tax benefit	**226**	846
	6,043	5,662
Equity in undistributed net income of subsidiary bank	**7,813**	9,580
Net income	**$ 13,856**	15,242

Condensed Schedules of Cash Flows	**2022**	2021
Cash flows from operating activities:		
Net income	**$ 13,856**	15,242
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in undistributed earnings of subsidiary bank	**(7,813)**	(9,580)
Increase in cash surrender value of life insurance policies	**(9)**	(9)
Stock option expense	**23**	27
Other, net	**17**	(284)
Cash provided by operating activities	**6,074**	5,396
Cash flows from investing activities:		
Purchase of other assets	**(739)**	–
Cash used in investing activities	**(739)**	–
Cash flows from financing activities:		
Principal payments on notes payable	**(1,296)**	(2,749)
Proceeds from notes payable	**–**	1,500
Dividends paid	**(3,315)**	(3,113)
Purchase of treasury stock	**(1,765)**	(2,756)
Stock options exercised	**1,267**	1,628
Cash used in financing activities	**(5,109)**	(5,490)
Net increase (decrease) in cash	**226**	(94)
Cash at beginning of year	**48**	142
Cash at end of year	**$ 274**	48

NOTE 16 – DISCLOSURES ABOUT FINANCIAL INSTRUMENTS

The Bank issues financial instruments with off-balance sheet risk in the normal course of the business of meeting the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit and may involve, to varying degrees, elements of credit risk in excess of the amounts recognized in the consolidated balance sheets. The contractual amounts of those instruments reflect the extent of involvement the Company has in particular classes of financial instruments.

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as they do for financial instruments included on the consolidated balance sheets. Following is a summary of the Company's off-balance sheet financial instruments at December 31, 2022 and 2021:

	2022	2021
Financial instruments for which contractual amounts represent:		
Commitments to extend credit	**$ 224,008,260**	206,924,923
Standby letters of credit	**4,179,640**	4,620,157
	$ 228,187,900	211,545,080

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Of the total commitments to extend credit at December 31, 2022, $77,628,100 were made at fixed rates of interest. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since certain of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, is based on management's credit evaluation of the borrower. Collateral held varies, but is generally residential or income-producing commercial property or equipment on which the Bank generally has a superior lien.

Standby letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements and historically have not been drawn upon. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers.

On March 15, 2020, the Bank entered into an interest rate swap agreement with an unaffiliated financial institution to convert the variable interest rate on a loan to a fixed interest rate. The swap agreement provides for the Bank to pay a fixed rate of 3.73% and to receive a variable rate of interest based on a designated public index from the lender. The interest rate swap agreement expires March 15, 2025.

Information pertaining to the outstanding interest rate swap agreement at December 31, 2022 is as follows:

Notional amount	$ 3,098,328
Underlying loan balance	3,098,328
Fair value recorded in other assets	107,886

The notional amounts of derivative financial instruments do not represent amounts exchanged by parties and, therefore, are not a measure of the Bank's credit exposure through its use of these instruments. The credit exposure represents the accounting loss the Bank would incur in the event the counterparties failed completely to perform according to the terms of the derivative financial instruments and the collateral held to support the credit exposure was of no value.

NOTE 17 – REGULATORY MATTERS

The Company and Bank are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possible additional discretionary, actions by regulators that, if undertaken, could have a direct material effect on the Company's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and Bank must meet specific capital guidelines that

involve quantitative measures of the Company's and Bank's assets, liabilities, and certain off-balance sheet items, as calculated under regulatory accounting practices. The Company's and Bank's capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below) of Total, Tier 1, and Common Equity Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier 1 capital (as defined) to average assets (as defined). At December 31, 2021, the Company qualified for treatment under the Small Bank Holding Company Policy Statement (Regulation Y, Appendix C) and, therefore, is not subject to the consolidated capital rules at the bank holding company level. The Bank opted into the Community Bank Leverage Ratio ("CBLR") framework, beginning with the call report filed for the first quarter of 2020. At December 31, 2020, the Bank's CBLR ratio was 8.33% which exceeded all regulatory capital requirements under the CBLR framework and the Bank was considered to be "well-capitalized." The Bank opted out of the CBLR framework with the call report filed for the third quarter of 2021.

Banks and their bank holding companies that have less than $10 billion in total consolidated assets and meet other qualifying criteria, including a leverage ratio (equal to Tier 1 capital divided by average total consolidated assets) of greater than 9%, are eligible to opt into the CBLR framework. Qualifying community banking organizations that elect to use the CBLR framework and that maintain a leverage ratio of greater than 9% will be considered to have satisfied the generally applicable risk-based and leverage capital requirements in the agencies' capital rules (generally applicable rule) and, if applicable, will be considered to have met the well-capitalized ratio requirements for purposes of Section 38 of the Federal Deposit Insurance Act. Accordingly, a qualifying community banking organization that exceeds the 9% CBLR will be considered to have met: (i) the generally applicable risk-based and leverage capital requirements of the generally applicable capital rules; (ii) the capital ratio requirements in order to be considered well-capitalized under the prompt corrective action framework; and (iii) any other applicable capital or leverage requirements. A qualifying community banking organization that elects to be under the CBLR framework generally would be exempt from the current capital framework, including risk-based capital requirements and capital conservation buffer requirements. A banking organization meets the definition of a "qualifying community banking organization" if the organization has:

- A leverage ratio of greater than 9%;
- Total consolidated assets of less than $10 billion;
- Total off-balance sheet exposures (excluding derivatives other than sold credit derivatives and unconditionally cancellable commitments) of 25% or less of total consolidated assets; and
- Total trading assets plus trading liabilities of 5% or less of total consolidated assets.

Even though a banking organization meets the above-stated criteria, federal banking regulators have reserved the authority to disallow the use of the CBLR framework by a depository institution or depository institution holding company, based on the risk profile of the banking organization.

On April 6, 2020, the federal banking regulators, implementing the applicable provisions of the CARES Act, issued interim rules which modified the CBLR framework so that: (i) beginning in the second quarter 2020 and until the end of the year, a banking organization that has a leverage ratio of 8% or greater and meets certain other criteria may elect to use the CBLR framework; and (ii) community banking organizations will have until January 1, 2022, before the CBLR requirement is reestablished at greater than 9%. Under the interim rules, the minimum CBLR will be 8% beginning in the second quarter and for the remainder of calendar year 2020, 8.5% for calendar year 2021, and 9% thereafter. The interim rules also maintain a two-quarter grace period for a qualifying community banking organization whose leverage ratio falls no more than 1% below the applicable community bank leverage ratio.

Company management believes, as of December 31, 2022, that the Company and Bank meet all capital adequacy requirements to which they are subject. As of December 31, 2022 and 2021, the most recent notification from applicable regulatory authorities categorized the Bank as well-capitalized under the regulatory framework for prompt corrective action. To be categorized as a well-capitalized bank, a bank that has not opted to use the CBLR option must maintain minimum Total risk-based, Tier 1 risk-based, Common Equity Tier 1 risk-based, and Tier 1 leverage ratios as set forth in the table below. There are no conditions or events since those notifications that Company management believes have changed the Bank's risk category.

The Bank's actual capital amounts (in thousands) and ratios at December 31, 2022 and 2021 are presented in the following tables:

2022	Actual		For capital adequacy purposes		To be a well-capitalized bank under prompt corrective action provision	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(in thousands of dollars)			
Total capital (to risk-weighted assets):	$ 151,570	12.55%	$ 96,630	≥8.0%	$ 120,788	≥10.0%
Tier 1 capital (to risk-weighted assets):	$ 140,092	11.60%	$ 72,473	≥6.0%	$ 96,630	≥8.0%
Common Equity Tier 1 capital (to risk-weighted assets):	$ 140,092	11.60%	$ 54,355	≥4.5%	$ 78,512	≥6.5%
Tier 1 capital (to average assets):	$ 140,092	8.90%	$ 62,957	≥4.0%	$ 78,697	≥5.0%

2021	Actual		For capital adequacy purposes		To be a well-capitalized bank under prompt corrective action provision	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(in thousands of dollars)			
Total capital (to risk-weighted assets):	$ 143,750	13.28%	$ 86,606	≥8.0%	$ 108,258	≥10.0%
Tier 1 capital (to risk-weighted assets):	$ 131,943	12.19%	$ 64,955	≥6.0%	$ 86,606	≥8.0%
Common Equity Tier 1 capital (to risk-weighted assets):	$ 131,943	12.19%	$ 48,716	≥4.5%	$ 70,368	≥6.5%
Tier 1 capital (to average assets):	$ 131,943	8.39%	$ 62,907	≥4.0%	$ 78,634	≥5.0%

board of directors

CNB Bank Shares, Inc. and CNB Bank & Trust, N.A. Board of Directors *(front row from left):* Spencer Cohn[1], Andrew E. Tinberg[2], Richard Walden (Chairman)[1,2], James Ashworth[1,2], Shawn Davis[1,2], Rick Champley[2] *(back row from left):* Nancy Ruyle[1,2], John T. Boehm[2], Kyle Schumacher[2], Joe Heitz[2], Richard Foss[2], George Yard[2], Jim Salske[2], Peter Genta[2], Judith Baker[1,2]

[1] CNB Bank Shares, Inc. board member | [2] CNB Bank & Trust, N.A. board member

We welcome two new Board of Director members in 2022.

Kyle Schumacher
Owner of Beard Implement Company and family farmer

Spencer Cohn
Director, Castle Creek Capital LLC

CNB Bank Shares, Inc.

James Ashworth	President & Vice Chairman	Carlinville
Shawn Davis	Senior Vice President	Carlinville
Thomas DeRobertis Jr.	Vice President	Oak Forest
Diana Tone	Vice President & Chief Financial Officer	Jacksonville

CNB Bank & Trust, N.A.

Shawn Davis	President & Chief Executive Officer	Carlinville
Andrew Tinberg	Senior Executive Vice President & Chief Banking Officer	Oak Forest

BRANCH MANAGEMENT & LOANS

Gary Graham	Regional President	Carlinville
Anthony Heitzig	Regional President	Jerseyville
Daniel Jung	Regional President	Clayton
Daniel Walsh	Regional President	Oak Forest
Thomas Jelinek	Market President	Palos Heights
Paul Millard	Market President	Glen Carbon
Jodelle Nell	Market President	Jacksonville
David Hurley	Senior Vice President & Commercial Lending Team Leader	Carlinville
Evan Campbell	Senior Vice President & Commercial Lending Team Leader	Clayton
Craig Frankford	Vice President & Senior Commercial/Ag Loan Officer	Carlinville
Shaan Smith	Vice President & Senior Commercial/Ag Loan Officer	Jacksonville
Noelle Flesner	Vice President & Senior Commercial/Ag Loan Officer	Pittsfield
Ronald Norris	Vice President & Commercial/Ag Loan Officer	Litchfield
Michael LaTempt	Vice President & Commercial/Ag Loan Officer	Carrollton
Allan Krokos	Vice President & Commercial/Ag Loan Officer	Tinley Park
Gavin Weir Jr.	Vice President & Commercial/Ag Loan Officer	Palos Heights
Shannon Scheffel	Vice President & Commercial/Ag Loan Officer	Glen Carbon
Daniel Henry	Vice President & Commercial/Ag Loan Officer II	Chapin
Gordon Rahe	Vice President & Commercial/Ag Loan Officer II	Carrollton
Lisa Stambaugh	Vice President & Retail Loan Officer	Jacksonville
Lynn Eyman	Assistant Vice President & Commercial/Ag Loan Officer	Hillsboro
Matthew Slighton	Assistant Vice President & Commercial/Ag Loan Officer	Carlinville
William Vogt	Assistant Vice President & Commercial/Ag Loan Officer	Litchfield
Kimberly Andras	Assistant Vice President & Commercial/Ag Loan Officer	Chapin
Jack Tinberg	Assistant Vice President & Commercial/Ag Loan Officer	Oak Forest
Amy Roady	Assistant Vice President & Commercial/Ag Loan Officer	Alton
Susan Montgomery	Assistant Vice President & Retail Loan Officer	Taylorville
Kelly Dulakis	Assistant Vice President & Retail Loan Officer & Receptionist Supervisor	Taylorville
Carl Goebel	Commercial/Ag Loan Officer	Taylorville
Adelmo Marchiori IV	Commercial/Ag Loan Officer	Carlinville
Brad Wylder	Commercial/Ag Loan Officer	Virden
James Sanderson	Commercial/Ag Loan Officer	Pittsfield
Tammy Hughes	Retail Loan Officer	Carlinville
Regina Cox	Retail Loan Officer	Brighton
Amber Millburg	Retail Loan Officer	Jerseyville
Tonya Scarborough	Retail Loan Officer	Alton
Joseph Johnson	Assistant Commercial/Ag Loan Officer	Tinley Park
Charles Toland	Mortgage Originator	Oak Forest

MORTGAGE DEPARTMENT

Matthew Cors	Vice President & Senior Consumer Loan Operations Officer	Jacksonville
Stacy Winder	Mortgage Loan Servicing Supervisor	Jerseyville
Dawn Kamp	Lead Mortgage Loan Closer	Jerseyville
Kendra Sobol	Lead Mortgage Loan Processor	Jerseyville

MORTGAGE DEPARTMENT *(cont.)*

Linda Watkins	Lead Mortgage Loan Servicing Assistant	Jacksonville
Megan Baker	Lead Mortgage Loan Underwriter	Jerseyville
Michael Drake	Loss Mitigation Specialist	Alton

RETAIL BANKING

Jo Ann Garland	Vice President & Regional Deposit Support Officer	Jerseyville
Barbara Bergamo	Assistant Vice President & Regional Deposit Support Officer	Palos Heights
Angela LeVora	Assistant Vice President & Regional Universal Banker Manager	Carlinville
Jeanie Glass	Assistant Vice President & Regional Universal Banker Manager	Jerseyville
Alicia Vaulx	Assistant Vice President - Treasury Management & Business Development	Tinley Park
Debra Volante	Regional Universal Banker Manager	Tinley Park
Kendra Lane	Universal Banker Supervisor	Hillsboro
Meagan Marron	Universal Banker Supervisor	Taylorville
Donald Miller	Universal Banker Supervisor	Litchfield
Tina Carter	Universal Banker Supervisor	Carrollton
Angela Hunn	Universal Banker Supervisor	Brighton
Francesca Neff	Universal Banker Supervisor	Jacksonville
Michelle Opitz	Universal Banker Supervisor	Pittsfield
Paul Summers	Universal Banker Supervisor	Jerseyville
Heidi Werries	Universal Banker Supervisor	Jacksonville
Michelle Barnes	Universal Banker Supervisor	Oak Forest
Shelley Malik	Universal Banker Supervisor	Palos Heights
Stacey Butler	Universal Banker Supervisor	Alton
Carol Wills	Universal Banker Supervisor & IRA Specialist	Carlinville
Melissa Caldwell	Lead Universal Banker	Hillsboro
Carla Royer	Lead Universal Banker	Virden
Kaylen Fikan	Lead Universal Banker	Taylorville
Pamela Voyles	Lead Universal Banker	Litchfield
Brian Jacques	Lead Universal Banker	Pittsfield
Rochelle Schaefer	Lead Universal Banker	Jacksonville
Maranda Schmieder	Lead Universal Banker	Jerseyville
Suzanne Thing	Lead Universal Banker	Jacksonville
Nicole Balcom	Lead Universal Banker	Glen Carbon
Sandra Price	Lead Universal Banker	Clayton
Audrey Michiaels	Lead Universal Banker	Alton

TRUST DEPARTMENT & WEALTH MANAGEMENT GROUP

Darlene Ward	Senior Vice President of Trust	Alton
Darren Wright	Senior Vice President - Director of Fiduciary Investments	Glen Carbon
Deneen Messer	Vice President - Trust Officer I	Glen Carbon
Amy Warren	Vice President - Trust Officer I	Glen Carbon
Norma Bellcoff	Vice President - Trust Officer III	Glen Carbon
Bryan Gorman	Vice President - Trust Officer III	Alton
Mary Ferguson	Vice President - Trust Portfolio Manager II	Jacksonville
Alan Davies	Assistant Vice President - Trust Portfolio Manager II	Glen Carbon
Terry Daniels	Assistant Vice President & Director of Investment Research	Glen Carbon
Pamela Ramsey	Trust Administrator	Glen Carbon
Christina Kaus	Trust Administrator	Alton
Marian Toth	Trust Administrator	Carlinville
Kimberly Payne	Trust Compliance & Operations Coordinator	Alton
Victor Henson	Trust Officer III	Jacksonville
Wendi Bolin	Trust Operations Officer II	Glen Carbon
Olivia Pohlman	Trust Tax Manager & Assistant Portfolio Manager	Alton
Michael Oeser	Business Development Officer	Jacksonville

officer list

FINANCIAL RESOURCES GROUP

Robert Beard	Vice President & Financial Adviser	Jacksonville
James Martin	Vice President & Financial Adviser	Jacksonville

CORPORATE SERVICES

Thomas DeRobertis Jr.	Executive Vice President & Chief Risk Officer	Oak Forest
Diana Tone	Executive Vice President & Chief Financial Officer	Jacksonville
Sallie Bowers	Vice President & Senior Accounting Officer	Pittsfield
Heather Jones	Assistant Vice President & Director of Training	Taylorville
Lori Schultz	Director of Human Resources	Glen Carbon
Katie Ashworth	Director of Marketing & Communications	Carlinville
Kristine Schulte	Chief Compliance Officer	Jacksonville
Carol Fletcher	Director of AML Risk Management	Alton
Aaron Wilson	Human Resources Coordinator	Alton
Brooke Davis	Recruiter & Human Resources Generalist	Carlinville
Mark Lovekamp	AML Manager	Chapin
Kelly Wood	BSA/AML Compliance Officer	Oak Forest
Shari Skinkis	CRA Officer	Oak Forest
Shelley Tallant	Accounts Payable Supervisor	Jerseyville
Linda Wiser	Senior Executive Assistant	Carlinville
Karen Viehweg	Senior Executive Assistant	Carlinville
Ryan Petroline	Senior Marketing Assistant	Alton
Bradlee Slusser	Digital Marketing Assistant	Alton
Susan Snyder	Trainer	Carrollton
Dawna King	Senior Accounting Specialist	Jacksonville
Emily Melton	Accounting Specialist	Jacksonville

CREDIT ADMINISTRATION

Christopher Williams	Senior Vice President & Chief Credit Officer	Carlinville
Jodi Simons	Vice President of Loan Administration	Carlinville
Tara Meado	Loan Documentation Assistant & Processing Supervisor	Jerseyville
Debbie Cassata	Lead Lending Assistant	Oak Forest
Virginia Wetmore	Lead Lending Assistant	Carrollton
Zachary Meyer	Lead Loan Review Officer	Carlinville
Bryanne Heitzig	Commercial Credit Officer	Jerseyville
Sandra Lowry	Loan Administration Supervisor	Clayton
Jill Plato	Loan Administration Supervisor II	Jerseyville
Roberta Wyatt	Loan Administration Supervisor II	Oak Forest
Debora Zacha	Loan Administration Supervisor II	Alton

OPERATIONS

Maureen Oswald	Executive Vice President & Chief Operations Officer	Carlinville
Kent Brueggemann Jr.	Vice President & Director of Commercial Services & E-Banking	Clayton
Deborah McDowell	Vice President & Senior Operations Officer	Carlinville
Matthew Turley	Vice President & Chief Information Officer	Carlinville
Steven McKenzie	Technology Officer	Jerseyville
Mark Totsch	Technology Officer	Carlinville
Timothy Bradshaw	Technology Officer & Security Officer	Pittsfield
Kila Harris	Assistant Computer Operations Supervisor	Carlinville
Denise Sanders	Assistant Operations Officer	Jerseyville
Tiffany Peyton	Assistant Operations Officer	Carlinville
Aaron Shipley	Project Coordinator	Carlinville
Valerie Smith	Lead Computer Operator	Carlinville
Thomas Schofield	Document Management Specialist	Carlinville
Stephanie Rich	Loan Document Management Specialist	Jacksonville
Natalie Magnuson	E-Banking Coordinator	Jacksonville
Lori McCoy	Operations Specialist	Alton

PROUDLY SERVING 17 COMMUNITIES

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EDWARDSVILLE / GLEN CARBON | HILLSBORO | JACKSONVILLE | JERSEYVILLE
LITCHFIELD | OAK FOREST | PALOS HEIGHTS | PITTSFIELD | TAYLORVILLE
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