Board of Governors of the Federal Reserve System

Annual Report of Holding Companies—FR Y-6

Report at the close of business as of the end of fiscal year

This Report is required by law: Section 5(c)(1)(A) of the Bank Holding Company Act (12 U.S.C. § 1844(c)(1)(A)); sections 8(a) and 13(a) of the International Banking Act (12 U.S.C. §§ 3106(a) and 3108(a)); sections 11(a)(1), 25, and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); and sections 113, 165, 312, 618, and 809 of the Dodd-Frank Act (12 U.S.C. §§ 5361, 5365, 5412, 1850a(c)(1), and 5468(b)(1)). Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

This report form is to be filed by all top-tier bank holding companies, top-tier savings and loan holding companies, and U.S. intermediate holding companies organized under U.S. law, and by any foreign banking organization that does not meet the requirements of and is not treated as a qualifying foreign banking organization under Section 211.23 of Regulation K (12 C.F.R. § 211.23). (See page one of the general instructions for more detail of who must file.) The Federal Reserve may not conduct or sponsor, and an organization (or a person) is not required to respond to, an information collection unless it displays a currently valid OMB control number.

NOTE: The *Annual Report of Holding Companies* must be signed by one director of the top-tier holding company. This individual should also be a senior official of the top-tier holding company. In the event that the top-tier holding company does not have an individual who is a senior official and is also a director, the chairman of the board must sign the report. If the holding company is an ESOP/ESOT formed as a corporation or is an LLC, see the General Instructions for the authorized individual who must sign the report.

I, Pat Ware
Name of the Holding Company Director and Official

President and Director
Title of the Holding Company Director and Official

attest that the *Annual Report of Holding Companies* (including the supporting attachments) for this report date has been prepared in conformance with the instructions issued by the Federal Reserve System and are true and correct to the best of my knowledge and belief.

With respect to information regarding individuals contained in this report, the Reporter certifies that it has the authority to provide this information to the Federal Reserve. The Reporter also certifies that it has the authority, on behalf of each individual, to consent or object to public release of information regarding that individual. The Federal Reserve may assume, in the absence of a request for confidential treatment submitted in accordance with the Board's "Rules Regarding Availability of Information," 12 C.F.R. Part 261, that the Reporter and individual consent to public release of all details in the report concerning that individual.

Pat Ware
Signature of Holding Company Director and Official

03/30/2021
Date of Signature

Date of Report (top-tier holding company's fiscal year-end):

December 31, 2020
Month / Day / Year

N/A
Reporter's Legal Entity Identifier (LEI) (20-Character LEI Code)

Reporter's Name, Street, and Mailing Address

Amarillo National Bancorp, Inc.
Legal Title of Holding Company

P.O. Box 1
(Mailing Address of the Holding Company) Street / P.O. Box

City	State	Zip Code
Amarillo	TX	79105

410 S. Taylor Street, Amarillo, TX 79101
Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

Name	Title
Ross Kerns	CFO

806-378-8301
Area Code / Phone Number / Extension

806-378-8086
Area Code / FAX Number

ross.kerns@anb.com
E-mail Address

N/A
Address (URL) for the Holding Company's web page

For holding companies not registered with the SEC–
Indicate status of Annual Report to Shareholders:

- ☒ is included with the FR Y-6 report
- ☐ will be sent under separate cover
- ☐ is not prepared

For Federal Reserve Bank Use Only

RSSD ID ____________
C.I. ____________

Is confidential treatment requested for any portion of this report submission? (0=No, 1=Yes) 0

In accordance with the General Instructions for this report (check only one),

1. a letter justifying this request is being provided along with the report ☐
2. a letter justifying this request has been provided separately ☐

NOTE: Information for which confidential treatment is being requested must be provided separately and labeled as "confidential."

For Use By Tiered Holding Companies

Top-tiered holding companies must list the names, mailing address, and physical locations of each of their subsidiary holding companies below.

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

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(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

AMARILLO NATIONAL BANCORP, INC.
P.O. BOX 1
AMARILLO, TEXAS 79105

ATTACHMENT TO FR Y-6
December 31, 2020

Report Item 1:	Annual Report to Shareholders for Amarillo National Bancorp, Inc. and Amarillo National Bank
Response:	See Enclosure (61 pages)
Report Item 2a:	Organization Chart
Response:	See Enclosure (1 Page)
Report Item 2b:	Domestic Branch Listing
Response:	See Enclosure (1 Page)
Report Item 3:	Shareholders
Response	See Enclosure (3 Pages)
Report Item 4:	Insiders
Response:	See Enclosure (2 Pages)

AMARILLO NATIONAL BANCORP, INC.
AND CONSOLIDATED AFFILIATES

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS

December 31, 2020 and 2019

AMARILLO NATIONAL BANCORP, INC.
AND CONSOLIDATED AFFILIATES

December 31, 2020 and 2019

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To the Board of Directors
Amarillo National Bancorp, Inc. and Consolidated Affiliates
Amarillo, Texas

Independent Auditor's Report

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of Amarillo National Bancorp, Inc. and Consolidated Affiliates, which comprise the consolidated balance sheets as of December 31, 2020 and 2019 the related consolidated statements of income, comprehensive income, changes in stockholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Amarillo National Bancorp, Inc. and Consolidated Affiliates as of December 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

500 S. Taylor, Suite 200
P.O. Box 509
Amarillo, TX 79105-0509
Phone 806 / 371-7661

119 E. 4th St.
Hereford, TX 79045
Phone 806 / 364-4686

420 Florida St.
Pampa, TX 79065
Phone 806 / 665-8429

Other Matter
We have also audited, in accordance with auditing standards generally accepted in the United States of America, Amarillo National Bank's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013, and our report dated March 24, 2021 expressed an unqualified opinion on the effectiveness of Amarillo National Bank's internal control over financial reporting.

Johnson & Sheldon, PLLC

Johnson & Sheldon, PLLC
Amarillo, Texas
March 24, 2021

FINANCIAL STATEMENTS

AMARILLO NATIONAL BANCORP, INC. AND CONSOLIDATED AFFILIATES

CONSOLIDATED BALANCE SHEETS
December 31, 2020 and 2019
(in 000's)

Assets

	2020	2019
Cash and due from banks	$ 116,337	$ 110,926
Interest-bearing deposits at other banks	1,340,296	599,500
Investment securities available for sale	257,026	283,424
Investment securities held to maturity	33	50
Other investments	4,636	4,607
Mortgage loans held for sale	22,760	23,494
Loans, net of allowance for loan losses of $58,715 and $49,595, respectively	5,102,244	4,456,828
Other intangible assets, net	31,849	41,605
Goodwill	47,615	47,615
Loan servicing rights, net	7,678	3,676
Premises and equipment, net	83,546	84,567
Accrued Interest Receivable and other assets	63,889	62,140
Total Assets	$ 7,077,909	$ 5,718,432

Liabilities and Stockholders' Equity

	2020	2019
Liabilities		
Deposits:		
Non-interest-bearing demand deposits	$ 1,693,900	$ 1,216,090
Interest-bearing deposits	4,452,155	3,687,550
Total deposits	6,146,055	4,903,640
Federal funds purchased	117,100	86,625
Securities sold under repurchase agreements	58,660	30,170
Accrued interest and other liabilities	24,499	23,470
Other borrowings	6,000	15,897
Distributions due to shareholders	11,792	8,925
Total Liabilities	6,364,106	5,068,727
Stockholders' Equity		
Common stock	24,068	24,068
Additional paid-in capital	4,113	4,113
Retained earnings	680,586	614,207
Accumulated other comprehensive income (loss)	5,036	7,317
Total Stockholders' Equity	713,803	649,705
Total Liabilities and Stockholders' Equity	$ 7,077,909	$ 5,718,432

See accompanying notes and independent auditor's report

AMARILLO NATIONAL BANCORP, INC. AND CONSOLIDATED AFFILIATES

CONSOLIDATED STATEMENTS OF INCOME
Years Ended December 31, 2020 and 2019
(in 000's)

	2020	2019
Interest and Dividend Income		
Loans, including fees	$ 228,495	$ 232,305
Interest-bearing deposits at other banks	2,503	10,356
Investment securities	5,800	7,591
Dividend income on equity securities	234	297
Federal funds sold and other	-	12
Total interest income	237,032	250,561
Interest Expense		
Deposits	29,702	52,965
Federal funds purchased	333	1,494
Borrowed funds	321	729
Securities sold under agreements to repurchase	82	396
Total interest expense	30,438	55,584
Net Interest Income	206,594	194,977
Provision for Loan Losses	41,800	16,025
Net Interest Income After Provision for Loan Losses	164,794	178,952
Non-interest income		
Asset management fees	14,801	15,184
Service charges on deposit accounts	7,725	8,884
Gains on sales of loans	25,647	7,380
Brokerage commissions and fees	5,415	5,359
Other income	20,494	18,865
Total non-interest income	74,082	55,672
Non-interest Expense		
Salaries and employee benefits	85,152	78,695
Premises and equipment expense, net of rental income	12,133	11,061
Advertising	10,182	10,166
Data processing and license expense	10,399	10,182
Other expenses	26,756	27,473
Total non-interest expense	144,622	137,577
Net Income	$ 94,254	$ 97,047
Net income per share of common stock	$ 3.92	$ 4.03

See accompanying notes and independent auditor's report

AMARILLO NATIONAL BANCORP, INC. AND CONSOLIDATED AFFILIATES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years Ended December 31, 2020 and 2019
(in 000's)

	2020	2019
Net Income	$ 94,254	$ 97,047
Other Comprehensive Income		
Net change in unrealized gain (loss) on securities available for sale	1,317	6,464
Net change in unrecognized prior service cost on retiree healthcare benefits	(119)	(119)
Net Other Comprehensive Income (Loss)	1,198	6,345
Net Comprehensive Income	$ 95,452	$ 103,392

See accompanying notes and independent auditor's report

AMARILLO NATIONAL BANCORP, INC. AND CONSOLIDATED AFFILIATES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
Years Ended December 31, 2020 and 2019
(in 000's)

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance at December 31, 2018	$ 24,068	$ 4,113	$557,747	$ 972	$ 586,900
Comprehensive income:					
Net income for 2019	-	-	97,047	-	97,047
Other comprehensive income (loss):	-	-	-	6,345	6,345
Total	-	-	-	-	103,392
Distributions to shareholders	-	-	(40,587)	-	(40,587)
Balance at December 31, 2019	$ 24,068	$ 4,113	$614,207	$ 7,317	$ 649,705
Comprehensive income:					
Net income for 2020	-	-	94,254	-	94,254
Other comprehensive income (loss):	-	-	-	1,198	1,198
Total	-	-	-	-	95,452
Impact of ASU 2016-01 as of January 1, 2020	-	-	3,479	(3,479)	-
Distributions to shareholders	-	-	(31,354)	-	(31,354)
Balance at December 31, 2020	$ 24,068	$ 4,113	$680,586	$ 5,036	$ 713,803

See accompanying notes and independent auditor's report

AMARILLO NATIONAL BANCORP, INC. AND CONSOLIDATED AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2020 and 2019
(in 000's)

	2020	2019
Cash Flows from Operating Activities		
Net income	$ 94,254	$ 97,047
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of premises and equipment	5,429	3,515
Provision for loan losses	41,800	16,025
Amortization of intangibles	8,089	8,800
Amortization of mortgage servicing rights	2,144	1,006
Net (gain)/loss on sales of investments	(93)	(40)
Net amortization/(accretion) of premium/ (discount) on investment securities	301	(182)
Net gains on sales of loans	(19,501)	(6,489)
Capitalized mortgage servicing rights	(6,146)	(891)
Change in accrued interest receivable and other assets	(1,648)	(12,425)
Change in accrued interest payable and other liabilities	888	(3,225)
Net Cash Provided by Operating Activities	125,517	103,141
Cash Flows from Investing Activities		
Proceeds from maturities/sales of:		
Investment securities available for sale	2,994,489	2,715,331
Investment securities held to maturity	17	440
Purchases of:		
Investment securities available for sale	(2,966,959)	(2,589,779)
Change in other investments, net	(29)	(433)
Change in federal funds, net	30,475	31,550
Outlays for business acquisitions	-	(180,335)
Net change in loans	(666,934)	(420,965)
Proceeds from sales of other real estate	735	107
Purchases of premises and equipment	(3,924)	(22,555)
Net Cash Provided by/(Used for) Investing Activities	(612,130)	(466,639)
Cash Flows from Financing Activities		
Net change in checking accounts, NOW accounts and savings accounts	1,249,961	298,365
Net change in certificates of deposit	(7,545)	40,071
Net change in securities sold under agreements to repurchase	28,490	(4,661)
Repayments on other borrowings	(9,600)	(14,000)
Cash acquired from LNB	-	175,082
Distributions paid to shareholders	(28,486)	(39,216)
Net Cash Provided by/(Used for) Financing Activities	1,232,820	455,641
Net Change in Cash and Due From Banks	746,208	92,143
Cash and Due From Banks, beginning of year	710,426	618,283
Cash and Due From Banks, end of year	$ 1,456,634	$ 710,426
Supplemental Disclosures of Cash Flow Information		
Interest paid	$ 33,024	$ 53,743
Supplemental Disclosures of Noncash Investing Activities		
Other real estate acquired through foreclosure	$ 95	$ 756
Mortgage servicing rights allocated on sold loans	$ 6,146	$ 891

See accompanying notes and independent auditor's report

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Amarillo National Bancorp, Inc. (the Company) is a single bank holding company which owns 100% of Amarillo National Bank. Amarillo National Bank (the Bank) is a commercial bank with operations in Amarillo, Borger, Lubbock, Ft Worth, Austin and Bryan/College Station, Texas. The Bank provides retail, mortgage and commercial loans, deposit, ATM, investment and asset management services, principally to customers within the Texas markets listed. The Bank is subject to the regulation of certain federal agencies and undergoes periodic examination by those regulatory authorities. Circle A Title Company (Circle A), a wholly-owned subsidiary of the Bank, provides real estate title services to both residential and commercial customers throughout Texas.

Principles of Consolidation

The financial statements of Amarillo National Bancorp, Inc., together with its subsidiary Amarillo National Bank and its subsidiary Circle A Title Company, are presented on a consolidated basis. All significant intercompany accounts and transactions have been eliminated.

Investment in American Land Title, LLC

The Company is accounting for its investment in American Land Title, LLC, a 50% owned affiliate, by the equity method of accounting under which the Company's share of the net income of the affiliate is recognized as income in the Company's income statement and added to the investment account, and distributions received from the affiliate are treated as a reduction of the investment account. The Company's carrying value of its investment in American Land was approximately $1,439,000 and $1,253,000 as of December 31, 2020 and 2019 respectively.

Basis of Financial Statement Presentation and Use of Accounting Estimates

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America and general financial institution industry practices. In preparing the accompanying financial statements, management is required to make estimates and assumptions based on available information. These estimates and assumptions affect the amounts reported in the financial statements and the disclosures provided, and actual results could differ. Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for loan losses and fair value of financial instruments.

Comprehensive Income

Comprehensive income (loss) is defined as the change in equity of a business enterprise during the period from transactions and other events and circumstances from non-owner sources. The Company reports comprehensive income under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 220-10 *Comprehensive Income*, which establishes the rules for reporting and display of comprehensive income and its components, but has no effect on the Company's net income or total stockholders' equity for regulatory capital purposes. It requires unrealized gains and losses on the Company's available for sale securities and unrecognized prior service cost on retiree healthcare benefits to be included in other comprehensive income.

Business Combinations, Goodwill and Other Intangible Assets

The Company accounts for all business combinations under the purchase method of accounting. Tangible and intangible assets and liabilities of the acquired entity are recorded at fair value. Intangible assets with finite useful lives represent the future benefit associated with 1) noncompete agreements with certain former employees of the acquired entity, and 2) the acquisition of the core deposits. Values assigned to noncompete agreements are amortized on a straight-line basis over their contractual lives. Core deposits are amortized over ten years, utilizing a method that approximates the expected attrition of the deposits. Goodwill with an indefinite life is not amortized, but rather tested annually for impairment as of June 30 each year and totaled $47,615,000 at December 31, 2020 and 2019. There was no impairment recorded for the years ended December 31, 2020 and 2019.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Earnings Per Share
Earnings per common share are determined on the basis of the weighted-average number of common shares outstanding.

Asset Management Division
Assets administered by the Asset Management Division, other than cash on deposit, are not included in these consolidated financial statements as they are not assets of the Company.

Cash, Due from Banks and Cash Flows
For purposes of reporting cash flows, cash and due from banks includes cash on hand, amounts due from banks (including cash items in process of clearing), and interest-bearing deposits at other banks. Cash flows from loans, deposits, interest-bearing deposits at other banks, federal funds purchased and sold, and securities sold under agreements to repurchase are reported net.

Due to the nature of the Company's operations, amounts are maintained in due from bank accounts, which often exceed federally insured limits. Management regularly evaluates the credit risk associated with the counterparties to these transactions and believes that the Company is not exposed to any significant credit risk on cash and cash equivalents.

The Bank is required to maintain reserve balances in cash or on deposit with the Federal Reserve Bank, based on a percentage of deposits. The total of those required reserve balances included in cash and due from banks was $0 and approximately $50,836,000 as of December 31, 2020 and 2019, respectively. Effective March 15, 2020, the Board of the Federal Reserve Bank reduced reserve requirements for banks to zero in an effort to free up liquidity in the banking system; however, the Board may re-impose reserve requirements in future years.

Debt Securities
Debt securities are classified as held to maturity and carried at amortized cost when management has the positive intent and ability to hold them to maturity. Debt securities are classified as available for sale when they may be sold before maturity. Equity securities with readily determinable fair values are classified as available for sale. Securities available for sale are carried at fair value, with unrealized holding gains and losses reported in other comprehensive income. Interest income includes amortization of purchase premium or discount. Premiums are amortized to the first call date and discounts are amortized to contractual maturity.

Gains and losses on sales are determined on the basis of the cost of specific securities sold, and are included in income. Declines in the fair value of available-for-sale and held-to-maturity securities below their cost that are deemed to be other than temporary are reflected in earnings as realized losses. In estimating other-than-temporary impairment losses management considers the length of time and extent to which the security's fair value has been less than amortized cost, the financial condition and near-term prospects of the issuer, and the ability and intent of the Bank to hold the security for a period sufficient to allow for any anticipated recovery of fair value.

Equity Securities
Equity securities are carried at fair value, with changes in fair value reported in net income beginning January 1, 2020. Equity securities without readily determinable fair values are carried at cost, minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment.

Loans Held for Sale
Mortgage loans originated and intended for sale in the secondary market are carried at the lower of aggregate cost or fair value, as determined by outstanding commitments from investors. Net unrealized losses, if any, are recorded as a valuation allowance and charged to earnings.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Loans
Loans receivable that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are stated at the amount of unpaid principal, reduced by deferred loan fees and the allowance for loan losses. Interest income on loans is accrued based on interest rates applied to the principal amounts outstanding. Mortgage loan fee income, net of origination costs, is deferred and amortized on the interest method over the lives of the related loans. Certain commercial and consumer loan fees and direct costs, including amounts paid to auto dealers for contracts purchased by the Bank, are also generally deferred and amortized on the interest method over the lives of the related loans.

Loans are placed on nonaccrual status when management believes that the borrower's financial condition, after giving consideration to economic and business conditions and collection efforts, is such that collection of interest is doubtful. All interest accrued but not collected for loans that are placed on nonaccrual status or charged off is reversed against interest income. Interest collected on these loans is accounted for on the cash-basis or cost-recovery method, until the loans qualify for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured. Loans are charged off against the allowance for loan losses when management believes that the collectability of the principal is unlikely.

Allowance for Loan Losses
The allowance for loan losses is established by provisions charged to expense and is reduced by charge-offs, net of recoveries. Management's judgment in determining the adequacy of the allowance is generally based upon its evaluations of the collectability of loans, taking into consideration such factors as changes in the nature and volume of the loan portfolio, historical trends and current economic conditions that may affect the borrowers' abilities to pay, overall portfolio quality, and review of specific problem loans. The allowance for loan losses is evaluated on a regular basis by management and includes specific, general and unallocated components. The specific component relates to loans that are considered impaired. The general component covers both classified and non-classified loans and is based on historical loss experience adjusted for qualitative factors. An unallocated component is maintained for uncertainties such as current economic conditions that could affect management's estimate of probable losses as a whole.

Allowance for Loan Losses
A loan is impaired when it is probable the creditor will be unable to meet all contractual principal and interest payments due in accordance with the terms of the loan agreement. Impairment of larger commercial loans and commercial real estate loans is measured based on the present value of expected future cash flows discounted at the loan's effective interest rate or, as a practical expedient, at fair value of the collateral if the loan is collateral dependent or in foreclosure, as required by FASB ASC Topic 310-10-35-4 *Loan Impairment*. The amount of impairment, if any, and any subsequent changes are included in the allowance for loan losses, as specific reserves. Large groups of smaller balance homogenous loans are collectively evaluated for impairment. Individual consumer loans are not separately identified for impairment disclosures in the financial statements. Income recognition on impaired loans is recorded on the cash basis method.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Purchased Credit Impaired Loans
The Company purchased loans in connection with its acquisition of Commerce Financial Services, Inc. (CNFSI) and its wholly owned subsidiary Lubbock National Bank (LNB) March 4, 2019, some of which showed evidence of credit deterioration as of the acquisition since origination. These purchased credit impaired ("PCI") loans were recorded at the amount paid, such that there is no carryover of the seller's allowance for loan losses. After acquisition, losses are recognized by an increase in the allowance for loan losses. Over the life of the loan, expected cash flows continue to be estimated. If this subsequent estimate indicated that the present value of expected cash flows is less than the carrying amount, a charge to the allowance for loan loss is made through a provision. If the estimate indicates that the present value of the expected cash flows is greater than the carrying amount, it is recognized as part of future interest income.

Such PCI loans are accounted for individually, and the Company estimates the amount and timing of expected cash flows for each loan. The expected cash flows in excess of the amount paid is recorded as interest income over the remaining life of the loan (accretable yield). The excess of the loan's contractual principal and interest over expected cash flows is not amortized over the remaining life of the loan (nonaccretable difference).

For loans purchased that did not show evidence of credit deterioration, the difference between the fair value of the loan at the acquisition date and the loan's face value is being amortized as a yield adjustment over the estimated remaining life of the loan using the effective interest method.

Foreclosed Assets
Assets acquired through or instead of foreclosure are initially recorded at fair value less estimated costs to sell when acquired, by a charge to the allowance for loan losses. These assets are subsequently accounted for at the lower of cost or fair value less estimated costs to sell. If fair value declines subsequent to foreclosure, a valuation allowance is recorded through non-interest expense. Operating costs after acquisition are expensed as incurred.

Premises and Equipment
Premises and equipment are stated at cost less accumulated depreciation and amortization computed on the straight-line method over the estimated useful lives of the properties, generally ranging as follows:

Premises (including components)	7 to 40 years
Equipment	5 to 10 years
Bank automobiles	5 years

Cash Surrender Value of Banked Owned Life Insurance
Bank Owned Life Insurance ("BOLI") policies are reflected on the consolidated balance sheets at cash surrender value, net of other charges or amounts due that are probable at settlement. Changes in the net cash surrender value of the policies, as well as insurance proceeds received, are reflected in noninterest income on the consolidated statements of income.

Mortgage Loan Servicing Rights
When mortgage loans are sold with servicing retained, servicing rights are initially recorded at fair value with the income statement effect recorded in gains on sales of loans. Due to quoted market prices not being generally available for retained rights, management estimates their fair values based on a valuation model that calculates the present values of future expected cash flows. All classes of servicing rights retained are amortized monthly in proportion to, and over the period of, the estimated servicing income of the underlying loans.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Mortgage Loan Servicing Rights (continued)
Mortgage loan servicing rights recognized are evaluated quarterly by management for impairment based on estimated fair values of those rights. Fair values are estimated using discounted cash flows based on current market rates of interest. For purposes of measuring impairment, the rights must be stratified by one or more predominant risk characteristics of the underlying loans. Such characteristics include loan type, loan size, interest rate, date of origination and loan term. The amount of impairment recognized is the amount, if any, by which the amortized cost of the rights for each stratum exceed their estimated fair value. Changes in the amount of impairment are reported in other income in the statement of income.

Derivative Financial Instruments
At the inception of a derivative contract, the Company designates the derivative as one of three types based on the Company's intentions and belief as to likely effectiveness as a hedge. The three types are (1) a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment ("fair value hedge"), (2) a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow hedge"), or (3) an instrument with no hedging designation ("stand-alone derivative"). For a fair value hedge, the gain or loss on the derivative, as well as the offsetting loss or gain on the hedged item, are recognized in current earnings as fair values change. For a cash flow hedge, the gain or loss on the derivative is reported in other comprehensive income and is reclassified into earnings in the same periods during which the hedged transaction affects earnings. For both types of hedges, changes in the fair value of derivatives that are not highly effective in hedging the changes in fair value or expected cash flows of the hedged item are recognized immediately in current earnings as non-interest income.

Net cash settlements on derivatives that qualify for hedge accounting are recorded in interest income or interest expense, based on the item being hedged. Net cash settlements on derivatives that do not qualify for hedge accounting are reported in non-interest income. Cash flows on hedges are classified in the cash flow statement the same as the cash flows of the items being hedged.

The Company formally documents the relationship between derivatives and hedged items, as well as the risk-management objective and the strategy for undertaking hedge transactions at the inception of the hedging relationship. This documentation includes linking fair value or cash flow hedges to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions. The Company also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivative instruments that are used are highly effective in offsetting changes in fair values or cash flows of the hedged items. The Company discontinues hedge accounting when it determines that the derivative is no longer effective in offsetting changes in the fair value or cash flows of the hedged item, the derivative is settled or terminates, a hedged forecasted transaction is no longer probable, a hedged firm commitment is no longer firm, or treatment of the derivative as a hedge is no longer appropriate or intended.

When hedge accounting is discontinued, subsequent changes in fair value of the derivative are recorded as non-interest income. When a fair value hedge is discontinued, the hedged asset or liability is no longer adjusted for changes in fair value and the existing basis adjustment is amortized or accreted over the remaining life of the asset or liability. When a cash flow hedge is discontinued but the hedged cash flows or forecasted transactions are still expected to occur, gains or losses that were accumulated in other comprehensive income are amortized into earnings over the same periods which the hedged transactions will affect earnings.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative Financial Instruments (continued)
The fair value of derivative positions outstanding is included in other assets and other liabilities in the accompanying consolidated balance sheets. The Company has entered into certain interest rate swap contracts that are matched to specific fixed-rate commercial loans with its customers. These contracts have been designated as hedging instruments to hedge the risk of changes in the fair value of the underlying commercial loan due to changes in interest rates. The related contracts are structured so that the notional amounts reduce over time to generally match the expected amortization of the underlying loan.
The notional amounts and estimated fair values of derivatives designated as hedges follow (in thousands):

	December 31, 2020		December 31, 2019	
	Notional Amount	Estimated Fair Value	Notional Amount	Estimated Fair Value
With financial institution counterparties:	$ 94,840	$ (4,828)	$ 49,332	$ (1,604)

Mortgage Banking Derivatives
Commitments to fund mortgage loans (interest rate locks) to be sold into the secondary market and forward commitments for the future delivery of these mortgage loans are accounted for as stand-alone derivatives. The fair value of the interest rate lock is adjusted for the expected exercise of the commitment before the loan is funded. In order to hedge the change in interest rates resulting from its commitments to fund loans, the Company enters into forward commitments for the future delivery of mortgage loans when interest rate locks are entered into. Fair values of these mortgage derivatives are estimated based on changes in mortgage interest rates from the date the interest rate on the loan is locked. Changes in the fair values of these derivatives are included in net gains on sales of loans.

Mortgage loan derivatives at December 31, 2020 and 2019 (in thousands):

	2020	2019
Mortgage loan commitments (rate locks)	$ 59,032	$ 17,326
Notional mortgage loan forward commitments	$ 59,574	$ 15,687

Post-Retirement Healthcare Benefits
The Bank provides post-retirement healthcare benefits to certain former employees which meet certain eligibility requirements. At December 31, 2020 and 2019, the accumulated post-retirement benefit obligation was approximately $1,345,000 and $1,685,000, with partially funded plan assets held in trust of approximately $198,000 and $399,000, resulting in an unfunded benefit obligation of approximately $1,147,000 and $1,286,000, respectively. Net periodic post-retirement benefit cost recorded by the Bank in 2020 and 2019 was approximately ($216,000) and ($258,000), respectively.

Prior to 2019, the present value of the expected post-retirement benefit obligation was determined annually by an independent actuary and was the amount that resulted from applying actuarial assumptions to historical claims-cost data to estimate future annual incurred claims costs per participant and to adjust such estimates for the time value of money (through discounts for interest) and the probability of payment (by means of decrements, such as those for death, disability, or retirement) between the valuation date and the expected date of payment.

In 2017 the Plan was amended to eliminate the Plan’s responsibility for payment of insurance premiums for all retirees who retire after December 31, 2017. As a result of the amendment, in 2019 the Sponsor ceased the engagement of an actuary for estimation of the benefit obligation. Instead, management utilized expected payments provided by the actuary in their 2018 report to estimate annual amortization of the remaining benefit obligation. This calculated amortization was adjusted for an expected return on plan assets of 5% and a discount rate of 3.95% for changes in present value.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Post-Retirement Healthcare Benefits (continued)
For measurement purposes, a 5.0% weighted-average annual rate of increase in the average per capita cost of covered health care benefits was assumed for 2020 and 2019.

Income Taxes
The Company and its affiliates, with the consent of its stockholders, have elected to be taxed under sections of federal income tax law, which provide that, in lieu of corporation income taxes, the stockholders separately account for their pro rata shares of the Company's items of income, deductions, losses, and credits.

The Company complies with FASB ASC Topic 740-10, *Accounting for Uncertainty in Income Taxes*, which clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements, and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Management evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of this guidance. With few exceptions, the Company is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2016.

Advertising Costs
It is the policy of the Company to expense advertising costs as incurred.

Subsequent Events
Subsequent events were evaluated through March 24, 2021 which is the date the financial statements were available to be issued.

NOTE 2 - INVESTMENT SECURITIES

Year-end securities held to maturity and available for sale are summarized as follows (in thousands):

	2020				2019			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Held to Maturity								
Municipal securities	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Mortgage-backed securities	33	0	(0)	34	50	0	-	51
Total	$ 33	$ 0	$ (0)	$ 34	$ 50	$ 0	$ -	$ 51
Available for Sale								
U.S. Treasury securities	$ 24,862	$ 256	$ -	25,118	$ 69,441	$ 552	$ -	$ 69,993
U.S. Agency securities	124,944	347	10	125,281	105,176	177	239	105,115
Mortgage-backed securities	28,518	1,189	-	29,707	42,933	932	0	43,865
Municipal securities	54,707	1,955	15	56,648	36,185	1,015	13	37,186
Collateralized Mortgage Obligations	12,790	350	17	13,123	20,392	318	2	20,708
Equity securities	3,150	4,312	313	7,148	3,078	3,598	120	6,556
Total	$ 248,970	$ 8,410	$ 354	$257,025	$ 277,205	$ 6,593	$ 374	$283,424

Securities with a carrying value of approximately $246,988,000 and $243,227,000 were pledged to secure public funds, trust deposits, repurchase agreements and for other purposes as required by law as of December 31, 2020 and 2019, respectively.

Other investments include securities with limited marketability, such as restricted equity holdings in Federal Reserve Bank stock ($1,650,000), and Federal Home Loan Bank stock ($2,968,100), and are reported as other investments.

NOTE 2 - INVESTMENT SECURITIES (continued)

Year-end securities with unrealized losses segregated by length of time that individual securities have been in a continuous loss position are summarized as follows (in thousands):

	Less than 12 Months		More than 12 Months		Total	
2020	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Available for Sale						
U.S. Treasury securities	$ -	$ -	$ -	$ -	$ -	$ -
U.S. Agency securities	39,980	10	-	-	39,980	10
Mortgage-backed securities	71	0	13	0	84	0
Municipal securities	3,235	15	-	-	3,235	15
Collateralized Mortgage Obligations	3,339	17	-	-	3,339	17
Equity securities	-	-	545	313	545	313
Total	$ 46,625	$ 41	$ 559	$ 313	$ 47,184	$ 354
2019						
Available for Sale						
U.S. Treasury securities	$ -	$ -	$ -	$ -	$ -	$ -
U.S. Agency securities	24,826	174	39,926	64	64,752	239
Mortgage-backed securities	17	-	-	-	17	-
Municipal securities	2,489	12	1,604	1	4,092	13
Collateralized Mortgage Obligations	759	2	-	-		
Equity securities	-	-	117	120	117	120
Total	$ 28,091	$ 189	$ 41,646	$ 185	$ 69,737	$ 374

The Company did not record any unrealized losses shown above as other-than-temporary impairment, as management believes they were primarily attributable only to changes in market interest rates and temporary market conditions. Investment securities with unrealized losses are evaluated by management to determine if any impairment is other than temporary, requiring a write-down to fair value. Management considers the percentage loss on a security, duration of loss, average life of the security, credit rating and payment performance when evaluating securities for losses that are other than temporary. The Bank has the ability and intent to hold securities available for sale for a period of time sufficient for a recovery of cost.

The following table presents contractual maturity information for investment securities at December 31, 2020. Expected maturities may differ from contractual maturities because issuers have the right to call or prepay obligations with or without penalties (in thousands):

	Held to Maturity		Available for Sale	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Less than one year	$ -	$ -	$ 35,894	$ 36,248
One to five years	-	-	130,465	131,101
Six to ten years	-	-	26,781	27,573
Over ten years	-	-	11,372	12,125
Mortgage-backed securities	33	34	41,308	42,831
Equity securities	-	-	3,150	7,269
Total	$ 33	$ 34	$ 248,971	$ 257,146

NOTE 3 - LOANS

Major classifications of loans, most of which originate in Texas are as follows at December 31 (in thousands):

	2020	2019
Real Estate:		
Commercial Non-Owner Occupied	$ 339,227	$ 542,720
Installment Real Estate	283	547
Residential Mortgage	196,579	169,496
Residential Home Equity	55,394	53,920
	591,483	766,683
Commercial:		
Agriculture	636,932	683,100
Energy	576,181	567,331
Retail	907,985	686,156
Other Commercial	1,751,417	1,086,501
	3,872,515	3,023,088
Installment:		
Autos	644,911	648,977
Credit Cards/Other	74,809	91,170
	719,720	740,147
Totals	$ 5,183,718	$ 4,529,918

As of December 31, 2020 and 2019, the carrying value of mortgage loans held for sale included in real estate loans above, amounted to approximately $22,760,000 and $23,494,000 respectively. The carrying value of mortgage loans held for sale is net of unrealized losses of $0 as of December 31, 2020 and 2019. Aggregate net gains of approximately $19,501,000 and $6,489,000 were recognized from the sales of mortgage and other loans during 2020 and 2019, respectively.

The Bank has certain lending policies and procedures in place that are designed to maximize loan income within an acceptable level of risk. Management reviews and approves these policies and procedures on a regular basis. A reporting system supplements the review process by providing management with frequent reports related to loan production, loan quality, concentrations of credit, loan delinquencies and non-performing and potential problem loans. Commercial loans are made to all types of businesses for a variety of purposes. Diversification in the loan portfolio is a means of managing risk associated with fluctuations in economic conditions. The Bank's portfolio diversification can be summarized in portfolio segments that include real estate, commercial, and installment, with risk characteristics described as follows:

Real Estate Loans

The properties securing the Bank's real estate portfolio are diverse in terms of type and are generally located in the Bank's trade areas. This diversity in type of loan helps reduce the Bank's exposure to adverse economic events that affect any single market or industry. Management monitors and evaluates real estate loans based on collateral, geography and risk grade criteria. The Bank also utilizes third-party experts to provide insight and guidance about economic conditions and trends affecting market areas it serves. In addition, management tracks and monitors the level of owner-occupied commercial real estate loans versus non-owner occupied loans. The Bank's exposure to non-owner occupied commercial real estate at December 31, 2020, were approximately $577,320,000.

NOTE 3 - LOANS (continued)

With respect to loans to real estate developers and builders that are secured by non-owner occupied properties that the Bank may originate from time to time, the Bank generally requires the borrower to have had an existing relationship with the Bank and have a proven record of success.

Commercial Loans

Commercial loans are generally underwritten to existing cash flows of operating businesses. Debt coverage is provided by business cash flows and economic trends influenced by unemployment rates and other key economic indicators are closely correlated to the credit quality of these loans.

This segment also includes owner-occupied commercial real estate and agriculture real estate. Real estate loans used for agricultural purposes are typically dependent on commodity prices that are cyclical in nature; therefore, the risk associated with this type of real estate will vary with certain economic and environmental conditions that affect commodity prices.

Commercial loans are underwritten after evaluating and understanding the borrower's ability to operate profitably and prudently expand its business. Underwriting standards are designed to promote relationship banking rather than transactional banking. Once it is determined that the borrower's management possesses sound ethics and solid business acumen, the Bank's management examines current and projected cash flows to determine the ability of the borrower to repay their obligations as agreed.

Commercial loans are primarily made based on identified cash flows of borrowers and secondarily on the underlying collateral provided by borrowers. The cash flows of borrowers, however, may not be as expected and the collateral securing these loans may fluctuate in value. Most commercial loans are secured by the assets being financed or other business assets such as accounts receivable or inventory and may incorporate a personal guarantee; however, some short-term loans may be made on an unsecured basis. Many of the Bank’s agricultural production loans are secured by a Borrowing Base containing specific advance rates for certain types of collateral as defined in Loan Policy. In the case of loans secured specifically by accounts receivable, the availability of funds for the repayment of these loans may be substantially dependent on the ability of the borrower to collect amounts due from its customers.

Installment Loans

The installment loan portfolio is comprised of a large number of small loans scheduled to be amortized over a specific period of time. They are primarily made to individuals and include new and used vehicle loans, second mortgages on residential real estate, and unsecured loans. Economic trends determined by unemployment rates and other key economic indicators are closely correlated to the credit quality of these loans. Weak economic trends indicate the borrowers’ capacity to repay their obligations may be deteriorating.

The Bank originates installment loans utilizing a computer based-credit-scoring analysis to supplement the underwriting process. To monitor and manage consumer loan risk, policies and procedures are developed and modified, as needed, jointly by line and staff personnel. This activity, coupled with relatively small loan amounts that are spread across many individual borrowers, minimizes risk. Additionally, trend and outlook reports are reviewed by management on a regular basis. Underwriting standards for home equity loans are heavily influenced by statutory requirements, which include, but are not limited to, a maximum loan-to-value percentage of 80%, collection remedies, the number of such loans a borrower can have at one time and documentation requirements.

NOTE 3 - LOANS (continued)

Non-Accrual and Past Due Loans

Loans are considered past due if the required principal and interest payments have not been received as of the date such payments were due. Loans are placed on non-accrual status when, in management's opinion, the borrower may be unable to meet payment obligations as they become due, as well as when required by regulatory provisions. Loans may be placed on non-accrual status regardless of whether or not such loans are considered past due. When interest accrual is discontinued, all unpaid accrued interest is reversed. Interest income is subsequently recognized only to the extent cash payments are received in excess of all principal due. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Year-end non-accrual loans, segregated by class, are as follows at December 31 (in thousands):

	2020	2019
Real Estate:		
Commercial Non-Owner Occupied	$ 507	$ 1,673
Installment Real Estate	-	-
Residential Mortgage	-	-
Residential Home Equity	-	-
	507	1,673
Commercial:		
Agriculture	187	4,550
Energy	14,585	24,938
Retail	4,626	3,885
Other Commercial	3,289	2,795
	22,687	36,168
Installment:		
Autos	1,336	1,984
Credit Cards/Other	167	613
	1,503	2,597
Totals	$ 24,697	$ 40,438

NOTE 3 - LOANS (continued)

An age analysis of past due loans (including non-accrual loans), segregated by class of loans, as of December 31, 2020 were as follows (in thousands):

	30-89 Days	Greater Than 90 Days	Total Past Due	Current	Total Loans	90 Days Past Due Accruing
Real Estate:						
Commercial Non-Owner Occupied	$ 339	$ 507	$ 846	$ 338,381	339,227	$ -
Installment Real Estate	-	-	-	283	283	-
Residential Mortgage	568	542	1,110	195,469	196,579	542
Residential Home Equity	487	517	1,004	54,390	55,394	517
	1,394	1,566	2,960	588,523	591,483	1,059
Commercial:						
Agriculture Production	-	187	187	636,745	636,932	187
Energy	583	-	583	562,128	576,181	-
Retail	1,115	1,859	2,974	905,011	907,985	835
Other Commercial	3,095	6,425	9,520	1,741,897	1,751,417	203
	4,793	8,471	13,264	3,845,781	3,872,515	1,225
Installment:						
Autos	13,886	1,335	15,221	629,690	644,911	-
Credit Cards/Other	2,857	193	3,050	71,758	74,809	26
	16,743	1,528	18,271	701,448	719,720	26
Totals	$ 22,930	$ 11,565	$ 34,495	$5,135,752	$5,183,718	$ 2,310

NOTE 3 - LOANS (continued)

An age analysis of past due loans (including non-accrual loans), segregated by class of loans, as of December 31, 2019 were as follows (in thousands):

	30-89 Days	Greater Than 90 Days	Total Past Due	Current	Total Loans	90 Days Past Due Accruing
Real Estate:						
Commercial Non-Owner Occupied	$ -	$ -	$ -	$ 542,720	542,720	$ -
Installment Real Estate	-	-	-	547	547	-
Residential Mortgage	3,782	394	4,176	165,320	169,496	394
Residential Home Equity	-	-	-	53,920	53,920	-
	3,782	394	4,176	762,507	766,683	394
Commercial:						
Agriculture Production	-	1,017	1,017	682,083	683,100	-
Energy	4,140	17,434	21,574	545,757	567,331	-
Retail	2,539	3,211	5,750	680,406	686,156	
Other Commercial	1,060	16,610	17,669	1,068,832	1,086,501	430
	7,739	38,272	46,010	2,977,078	3,023,088	430
Installment:						
Autos	15,756	1,984	17,740	613,497	648,977	-
Credit Cards/Other	5,279	676	5,955	79,260	91,170	63
	21,035	2,660	23,695	692,757	740,147	63
Totals	$ 32,556	$ 41,326	$ 73,881	$4,432,342	$4,529,918	$ 887

Troubbled Debt Restructurings

A Loan modification is considered a troubled debt restructuring when two conditions are met: 1) the borrower is experiencing financial difficulties and 2) concessions are made by the Company that would not otherwise be considered for a borrower with similar credit characteristics. Common types of modifications include interest rate reductions, maturity extensions and modifications to principal amortization. Troubled debt restructurings during 2020 and 2019 were as follows (in thousands):

	2020		
	Number of Loans	Balance at Restructure	Balance at Year End
Real Estate:			
Commercial Non-Owner Occupied	-	$ -	$ -
Installment Real Estate	-	-	-
Residential Mortgage	-	-	-
Residential Home Equity	-	-	-
Commercial:			
Agriculture	-	-	-
Energy	-	-	-
Retail	-	-	-
Other Commercial	-	-	-
Installment:			
Autos	-	-	-
Credit Cards/Other	2	33	32
Totals	2	$ 33	$ 32

NOTE 3 - LOANS (continued)

	2019		
	Number of Loans	**Balance at Restructure**	**Balance at Year End**
Real Estate:			
Commercial Non-Owner Occupied	-	$ -	$ -
Installment Real Estate	-	-	-
Residential Mortgage	7	418	415
Residential Home Equity	-	-	-
Commercial:			
Agriculture	-	-	-
Energy	-	-	-
Retail	-	-	-
Other Commercial	-	-	-
Installment:			
Autos	-	-	-
Credit Cards/Other	3	36	40
Totals	10	$ 454	$ 455

The modifications during 2020 and 2019 primarily related to extended amortization periods and/or reducing collateral or interest rates, and did not significantly impact the Company's determination of the allowance for loan losses. As of December 31, 2020 and 2019, no TDR's had defaulted under their modified terms.

COVID-19 Loan Deferments

The Company is working with borrowers impacted by COVID-19 and providing modifications to include interest only deferral or principal and interest deferral. These modifications are excluded from troubled debt restructuring classification under Section 4013 of the CARES Act or under applicable interagency guidance of the federal banking regulators. As of December 31, 2020, the Company modified 315, 935, and 7,139 real estate, commercial and installment loans with outstanding balances or $44,163,893, $459,429,297, and $10,377,808, respectively.

Impaired Loans

A loan is considered impaired when, based on current information and events, it is probable the Bank will be unable to collect the scheduled payments of principal and interest when due according to the original contractual terms of the loan agreement. Impairment is evaluated in total for smaller-balance loans of a similar nature and on an individual loan basis for other loans. When a loan is impaired, the Bank measures impairment based on the present value of expected future cash flows discounted at the original contractual interest rate. A specific valuation allowance is allocated, if necessary, so that the loan is reported at that net present value. As a practical expedient, the Bank may measure impairment based on observable market price, or the fair value of the collateral if collateral dependent; a loan is collateral dependent if repayment is expected solely from the collateral. Impaired loans, or portions thereof, are charged off when deemed uncollectible.

NOTE 3 - LOANS (continued)

Impaired loans as of December 31, 2020 are included in the following table (in thousands). Interest income of approximately $1,936,000 was recognized on impaired loans in 2020 subsequent to their impairment determination.

	Unpaid Principal Balance	Recorded Investment With No Allowance	Recorded Investment With Allowance	Total Recorded Investment	Related Allowance	Average Recorded Investment
Real Estate:						
Commercial Non-Owner Occupied	$ 1,224	$ 507	$ -	$ -	$ -	$ 1,210
Installment Real Estate	-	-	-	-	-	-
Residential Mortgage	-	-	-	-	-	-
Residential Home Equity	-	-	-	-	-	-
	1,224	507	-	-	-	1,210
Commercial:						
Agriculture	537	187	-	187	-	2,607
Energy	22,588	5,318	9,267	14,585	2,274	20,048
Retail	5,430	4,049	577	4,626	286	2,608
Other Commercial	3,833	917	2,372	3,289	380	4,045
	32,388	10,471	12,216	22,687	2,940	29,308
Installment:						
Autos	1,336	1,336	-	1,336	-	1,660
Credit Cards/Other	167	167	-	167	-	390
	1,503	1,503	-	1,503	-	2,050
Totals	$ 35,115	$ 12,481	$ 12,216	$ 24,190	$ 2,940	$ 32,568

NOTE 3 - LOANS (continued)

Impaired loans as of December 31, 2019 are included in the following table (in thousands). Interest income of approximately $2,639,000 was recognized on impaired loans in 2019 subsequent to their impairment determination.

	Unpaid Principal Balance	Recorded Investment With No Allowance	Recorded Investment With Allowance	Total Recorded Investment	Related Allowance	Average Recorded Investment
Real Estate:						
Commercial Non-Owner Occupied	$ 1,673	$ 441	$ 1,471	$ 1,912	$ 449	$ 3,159
Installment Real Estate	-	-	-	-	-	-
Residential Mortgage	-	-	-	-	-	-
Residential Home Equity	-	-	-	-	-	-
	1,673	441	1,471	1,912	449	3,159
Commercial:						
Agriculture	4,550	4,011	1,016	5,027	131	5,493
Energy	24,938	4,562	20,950	25,511	5,467	15,756
Retail	3,885	186	404	590	202	2,312
Other Commercial	2,795	1,838	2,963	4,801	1,650	3,185
	36,168	10,597	25,333	35,929	7,450	26,746
Installment:						
Autos	1,984	1,984	-	1,984	-	1,616
Credit Cards/Other	613	613	-	613	-	1,274
	2,597	2,597	-	2,597	-	2,890
Totals	$ 40,438	$ 13,635	$ 26,804	$ 40,438	$ 7,899	$ 32,795

At December 31, 2020 and 2019, loans of approximately $2,250,000 and $11,411,000, respectively, were classified as troubled debt restructurings and are included in impaired loans. The unpaid principal balance represents the recorded balance prior to any partial charge-offs. The recorded investment represents balances net of any partial charge-offs recognized on the loans.

The Bank assigns a risk rating to all loans except pools of homogeneous loans and maintains an independent loan review department to periodically perform detailed internal reviews of all such loans over a certain threshold to identify credit risks and to assess the overall collectability of the portfolio. The loan review process complements and reinforces the risk identification and assessment decisions made by lenders and credit personnel, as well as the Bank's policies and procedures. These risk ratings are also subject to examination by the Bank's regulators. During the internal reviews, management monitors and analyzes the financial condition of borrowers and guarantors, trends in the industries in which the borrowers operate and the fair values of collateral securing the loans. These credit quality indicators are used to assign a risk rating to each individual loan. The Bank utilizes a risk grading matrix to assign a risk grade, on a scale of 1 to 9, to each of its real estate and commercial loans. The risk ratings can be grouped into five major categories, defined as follows:

Pass: A pass loan is a credit with no existing or known potential weaknesses deserving of management's close attention.

NOTE 3 - LOANS (continued)

Special Mention: Loans classified as special mention have a potential weakness that deserves management's close attention. The weakness is generally a result of insufficient information on hand to support a credit decision or perform a loan review. If left uncorrected, this potential weakness may result in deterioration of the repayment prospects for the loan or of the Bank's credit position at some future date. Special mention loans are not adversely classified and do not expose the Company to sufficient risk to warrant adverse classification.

Substandard: Loans classified as substandard are not adequately protected by the current net worth and paying capacity of the borrower or of the collateral pledged, if any. Loans classified as substandard have a well-defined weakness or weaknesses that jeopardize the repayment of the debt. Well defined weaknesses include a borrower's lack of marketability, inadequate cash flow or collateral support, failure to complete construction on time, or the failure to fulfill economic expectations. 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 repayment in full, on the basis of currently existing facts, conditions, and collateral values, highly questionable and improbable. These loans are no longer accruing interest.

Loss: Loans classified as loss are considered uncollectible and charged off against the allowance immediately.

The following tables present risk ratings, grouped by the five major categories described above, by class of real estate and commercial loans, as of December 31, 2020 (in thousands):

	Pass	Special Mention	Substandard	Doubtful	Totals
Commercial and Consumer Credit Exposure by Risk Rating:					
Real Estate:					
Commercial Non-Owner Occupied	$ 326,139	$ -	$ 13,087	$ -	$ 339,227
Installment Real Estate	283	-	-	-	283
Residential Mortgage	196,579	-	-	-	196,579
Residential Home Equity	55,394	-	-	-	55,394
	578,395	-	13,087	-	591,483
Commercial:					
Agriculture	635,441	-	1,491	-	636,932
Energy	499,954	43,367	32,860	-	576,181
Retail	860,129	4,285	43,571	-	907,985
Other Commercial	1,363,053	6,287	127,878	-	1,498,745
SBA-PPP	252,672	-	-	-	252,672
	3,611,249	53,939	205,800	-	3,872,515
Totals	$ 4,189,644	$ 53,939	$ 218,887	-	$ 4,463,998

Consumer Credit Exposure by Risk Attribute:	Performing	Nonperforming	Totals
Installment:			
Autos	$ 643,409	$ 1,502	$ 644,911
Credit Cards/Other	74,640	168	74,808
Totals	$ 718,049	$ 1,670	$ 719,719

NOTE 3 - LOANS (continued)

The following tables present risk ratings, grouped by the five major categories described above, by class of real estate and commercial loans, as of December 31, 2019 (in thousands):

Commercial and Consumer Credit Exposure by Risk Rating:	Pass	Special Mention	Substandard	Doubtful	Totals
Real Estate:					
Commercial Non-Owner Occupied	$ 527,769	$ 8,991	$ 5,960	$ -	$ 542,720
Installment Real Estate	547	-	-	-	547
Residential Mortgage	169,496	-	-	-	169,496
Residential Home Equity	53,920	-	-	-	53,920
	751,732	8,991	5,960	-	766,683
Commercial:					
Agriculture	664,144	-	18,955	-	683,100
Energy	470,671	36,986	51,807	7,866	567,331
Retail	667,378	-	18,433	344	686,156
Other Commercial	1,059,362	841	25,801	497	1,086,501
	2,861,555	37,827	114,996	8,707	3,023,088
Totals	$ 3,613,287	$ 46,818	$ 120,956	$ 8,707	$ 3,789,771

Consumer Credit Exposure by Risk Attribute:	Performing	Nonperforming	Totals
Installment:			
Autos	$ 646,993	$ 1,984	$ 648,977
Credit Cards/Other	79,312	676	91,170
Totals	$ 726,305	$ 2,660	$ 740,147

Although the Bank's loan portfolio is diversified, there is a relationship in this region between the agricultural economies and the economic performance of loans made to nonagricultural customers. The Bank's lending policies for both agricultural and nonagricultural customers require loans to be well-collateralized and supported by cash flows. Loans to agricultural customers also often require margin requirements, periodic inspections, loan agreements and borrowing base certificates. Credit losses from loans related to the agricultural economies are consistent with credit losses experienced in the loan portfolio as a whole and are taken into consideration in the determination of the allowance for loan losses.

Included in total agriculture production loans outstanding at December 31, 2020 and 2019 were cattle loans due from cattle producers, cattle feedlot operations and milk dairy operations of approximately $527,833,000 and $567,720,000, respectively. Commercial automotive and transportation loans due from automotive and construction equipment dealers of approximately $724,665,000 and $663,212,000 were included in other commercial loans at December 31, 2020 and 2019. Also included in total commercial loans outstanding at December 31, 2020 and 2019 were energy loans secured by oil and gas properties and ethanol facilities and operations of approximately $576,181,000 and $567,331,000, respectively.

NOTE 3 - LOANS (continued)

The Bank also has a concentration of commercial real estate loans outstanding in its loan portfolio as of December 31, as follows (in thousands):

	2020	2019
Agriculture and farmland real estate	$ 178,746	140,874
Commercial real estate (primarily owner occupied)	907,201	778,484
Construction and interim financing	266,581	216,493
Totals	$ 1,352,528	$ 1,135,851

The Bank holds less than one percent in its total loan portfolio of “sub-prime” below market loans and holds no option adjustable rate mortgage loans that may expose borrowers to future increase in repayments in excess of changes resulting solely from increases in the market rates of interest (i.e., loans subject to negative amortization). In this special program mortgage loan category, the amounts held by the Bank are primarily to comply with the Community Reinvestment Act regulatory guidelines.

The allowance for loan losses (allowance) is an estimate of loan losses inherent in the Bank’s loan portfolio. The allowance is established through a provision for loan losses which is charged to expense. Additions to the allowance are expected to maintain the adequacy of the total allowance after loan losses and loan growth. Loan losses are charged off against the allowance when the Bank determines the loan balance to be uncollectible. Consumer loan accounts are charged-off automatically based on regulatory requirements. Cash received on previously charged off amounts is recorded as a recovery to the allowance. The allowance consists of two primary components, general reserves and specific reserves related to impaired loans.

The general reserve component covers non-impaired loans and is based on historical losses adjusted for current factors. The historical loss experience is determined by portfolio segment and is based on the actual loss history experienced by the Bank over the most recent five years. The Bank places more emphasis, or weight, on the more current quarters in the loss history period. This actual loss experience is adjusted for economic factors based on the risks present for each portfolio segment. These economic factors include consideration of the following: levels of and trends in delinquencies and impaired loans; levels of and trends in charge-offs and recoveries; trends in volume and terms of loans; effects of any changes in risk selection and underwriting standards; other changes in lending policies, procedures, and practices; experience, ability, and depth of lending management and other relevant staff; changes in asset quality; the composition and concentrations of credit; the impact of competition on loan structuring and pricing; and the impact of rising interest rates on portfolio risk. Management evaluates the degree of risk that each one of these components has on the quality of the loan portfolio on a quarterly basis. These factors are inherently subjective and are driven by the repayment risk associated with each portfolio segment.

The allowances established or probable losses on specific loans are based on a regular analysis and evaluation of problem loans. The internal loan review department analyzes the loan to determine whether the loan is impaired and, if impaired, the need to specifically allocate a portion of the allowance for possible loan losses to the loan. Specific valuation allowances are determined by analyzing the borrower's ability to repay amounts owed, collateral deficiencies, the relative risk grade of the loan and economic conditions affecting the borrower's industry, among other things.

NOTE 3 - LOANS (continued)

Although management believes the allowance to be adequate, ultimate losses may vary from its estimates. At least quarterly, the Board of Directors reviews the adequacy of the allowance, including consideration of the relevant risks in the portfolio, current economic conditions and other factors. If the Board of Directors and management determine that changes are warranted based on those reviews, the allowance is adjusted. In addition, the Bank's primary regulator reviews the adequacy of the allowance. The regulatory agencies may require additions to the allowance based on their judgment about information available at the time of their examination.

The following tables detail activity in the allowance for possible loan losses by portfolio segment for the years ended December 31, 2020 and 2019. Allocation of a portion of the allowance to one category of loans does not preclude its availability to absorb losses in other categories. The following table also details the Bank's recorded investment in loans related to each balance in the allowance for loan losses by portfolio segment and disaggregated on the basis of the Bank's impairment methodology (in thousands):

	December 31, 2020			
	Real Estate	**Commercial**	**Installment**	**Totals**
Allowance for Credit Losses:				
Balance at beginning of year	$ 8,982	$ 28,967	$ 11,646	$ 49,595
Provision for credit losses	5,696	29,918	6,186	41,800
Charge-offs	(4,403)	(22,066)	(10,388)	(36,857)
Recoveries	220	991	2,966	4,177
Balance at end of year	$ 10,495	$ 37,810	$ 10,410	$ 58,715
Ending allowance on loans individually evaluated for impairment	$ 257	$ 2,559	$ 124	$ 2,940
Ending allowance on loans collectively evaluated for impairment	10,238	35,251	10,286	55,775
	$ 10,495	$ 37,810	10,410	$ 58,715
Loans and Leases:				
Ending balance individually evaluated for impairment	$ 507	$ 22,687	$ -	$ 23,193
Ending balance collectively evaluated for impairment	590,977	3,849,829	719,719	5,160,525
Totals	$ 591,484	$ 3,872,516	$ 719,719	$ 5,183,718

NOTE 3 - LOANS (continued)

	December 31, 2019			
	Real Estate	**Commercial**	**Installment**	**Totals**
Allowance for Credit Losses:				
Balance at beginning of year	$ 8,121	$ 24,411	$ 11,487	$ 44,019
Provision for credit losses	1,001	6,685	8,339	16,025
Charge-offs	(166)	(3,349)	(11,056)	(14,571)
Recoveries	26	1,220	2,876	4,122
Balance at end of year	$ 8,982	$ 28,967	$ 11,646	$ 49,595
Ending allowance on loans individually evaluated for impairment	$ 449	$ 7,450	$ -	$ 7,899
Ending allowance on loans collectively evaluated for impairment	8,533	21,517	11,646	41,696
	$ 8,982	$ 28,967	11,646	$ 49,595
Loans and Leases:				
Ending balance individually evaluated for impairment	$ 15,896	$ 33,906	$ 35	$ 49,837
Ending balance collectively evaluated for impairment	1,439,992	2,193,883	846,205	4,480,080
Totals	$ 1,455,888	$ 2,227,789	$ 846,240	$ 4,529,917

NOTE 4 - MORTGAGE LOAN SERVICING

The Bank sells the majority of its originated mortgage loans each year to certain U.S. Government-sponsored agencies and others, while generally retaining the servicing rights. Mortgage loans serviced for others are not included in the accompanying consolidated balance sheets. As of December 31, 2020 and 2019 the principal balance of mortgage loans being serviced by the Bank follows (in thousands):

	2020	**2019**
FNMA	$ 1,112,120	$ 911,628
FHLMC	13,324	16,673
	$ 1,125,444	$ 928,301

Custodial principal, interest and escrow balances maintained in connection with the foregoing loan servicing, and included in deposits, were approximately $5,798,000 and $4,722,000 at December 31, 2020 and 2019, respectively.

Changes in recorded mortgage servicing rights for the year ended December 31 are as follows (in thousands):

	2020	**2019**
Beginning of the year	$ 3,676	$ 3,791
Additions	6,146	891
Amortized to expense	(2,144)	(1,006)
	$ 7,678	$ 3,676

NOTE 4 - MORTGAGE LOAN SERVICING (continued)

The estimated fair values of servicing rights at year-end 2020 and 2019 were $8,297,000 and $8,477,000, respectively. Fair value of mortgage servicing rights was estimated as the present value of the expected future cash flows. For 2020, a discount rate of 4.7% and a weighted average life of 6.2 years was used. For 2019, a discount rate of 5.8% and a weighted average life of 8.3 years was used. Other fair value assumptions include estimated industry servicing costs, earnings on escrows, expected default rates and various loan prepayment factors derived from Bloomberg Consensus tables published by MIAC Analytics. Fair values were determined based upon the stratification of the specific rights, primarily by rates and maturities.

NOTE 5 - PREMISES AND EQUIPMENT

Major classifications of premises and equipment are summarized as follows at December 31 (in thousands):

	2020	2019
Land	$ 15,704	$ 15,704
Buildings	106,609	101,273
Parking lot improvements	8,501	4,914
Equipment	40,913	38,616
Bank automobiles	654	613
Construction in progress	621	8,526
Total premises and equipment	173,002	169,646
Less accumulated depreciation	(89,456)	(85,079)
Premises and equipment, net	$ 83,546	$ 84,567

Depreciation and amortization of premises, equipment and certain other assets recognized during 2020 and 2019 was approximately $5,429,000 and $3,515,000, respectively.

NOTE 6 - OTHER ASSETS

Other assets are summarized as follows at December 31 (in thousands):

	2020	2019
Accrued interest receivable on loans	$ 18,953	$ 16,274
Accrued interest receivable on investments	925	1,770
Repossessed automobiles and other assets	1,562	1,802
Valuation allowance on repossessions	(662)	(872)
Prepaid expenses	5,768	7,668
Various transit, collection, and clearing items	4,393	5,806
Computer software, net of accumulated amortization	790	1,009
Cash surrender value of life insurance	21,194	20,723
Other assets	10,967	7,959
Total other assets	$ 63,888	$ 62,139

NOTE 7 - DEPOSITS

Major classifications of deposits are as follows at December 31 (in thousands):

	2020	2019
Checking accounts, non-interest-bearing	$ 1,694,028	$ 1,216,090
Interest-bearing checking accounts	1,410,854	940,963
Money market accounts	1,511,662	1,341,987
Savings	516,801	384,345
Certificates of deposit less than $250,000	619,149	640,006
Total core deposits	5,752,494	4,523,391
Certificates of Deposit of $250,000 or More	393,561	380,249
Total deposits	$ 6,146,055	$ 4,903,640

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

2021	$ 897,135
2022	70,996
2023	26,445
2024	10,956
2025 and over	7,178
	$ 1,012,710

At December 31, 2020 and 2019, overdraft demand deposits reclassified to loans totaled approximately $2,311,000 and $3,521,000 respectively.

The following table presents additional information about the Company’s year-end deposits (in thousands):

	2020	2019
Deposits obtained through brokers:		
Interest-bearing checking accounts	$ 3,085	$ 13,884
Money market accounts	53,082	34,575
Certificates of deposit	197,826	186,092
	$ 253,993	$ 234,551

Included in brokered deposits are $190,079,985 and $179,341,748 of reciprocal deposits as of December 31, 2020 and 2019, respectively. Reciprocal deposits (primarily CDARS) are deposits that an institution receives through a deposit placement network on a reciprocal basis, such that: 1) for any deposit received, the institution (as agent for depositors) places the same amount with other insured depository institutions through the network; and 2) each member of the network sets the interest rate to be paid on the entire amount of funds it places with other network members.

NOTE 8 - OTHER BORROWINGS

Other borrowings consist of the following at December 31 (in thousands):

		2020		2019
FHLB	$	6,000	$	6,000
Subordinated debentures		-		9,897

The note payable due to the Federal Home Loan Bank (FHLB) is secured by a blanket floating lien on the Bank's real estate loan portfolio. These borrowings bear interest at a fixed rate of 3.72% and mature in January 2028.

On March 30, 2004 Commerce National Talkington Statutory Trust I, a trust formed by Commerce National Financial Services Inc. (CNFSI), the acquired entity on March 4, 2019 described in Note 19, closed a pooled private offering of 9,600 trust preferred securities with a liquidation amount of $1,000 per security. CNFSI issued $9,897,000 of subordinated debentures to the trust in exchange for ownership of all of the common security of the trust and the proceeds of the preferred securities sold by the trust. The Company is not considered a primary beneficiary of the trust; therefore the trust is not consolidated in the Company's financial statements, but rather the subordinated debentures are shown as a liability. The Company's investment in the common stock of the trust was $297,000 at December 31, 2020 and is included in other assets.

The subordinated debentures may be included in Tier I capital (with certain limitations applicable) under the current regulatory guidelines and interpretations. The subordinated debentures have a variable rate of interest equal to the three-month London Interbank Offered Rate (LIBOR) plus 2.75% which was 4.65% at year-end 2020. On March 17, 2020, the Company retired 100% of the outstanding subordinated debentures in the amount of $9,897,000 plus interest and fees of $117,000.

At December 31, 2020, the Bank had approximately $816,046,000 of total credit under a separate advance agreement with the FHLB, secured by a blanket floating lien on the Bank's real estate loan portfolio. At December 31, 2020 under this advance credit agreement, the Bank had outstanding advances of approximately $96,000,000 of notes payable and letters of credit. The remaining net available credit to the Bank under this agreement was $720,046,000 at December 31, 2020.

Also at December 31, 2020, the Bank had available various federal fund credit lines of approximately $240,000,000 with various other institutions. These lines are unsecured and include variable interest rates, funding limitations, and approval conditions by each individual institution.

The Bank also had unused borrowing capacity with the Federal Reserve Bank secured by consumer auto loans. This unused capacity was approximately $398,855,000 as of December 31, 2020.

NOTE 9 - COMMON STOCKS

Each share of $1.00 par value common stock of Amarillo National Bancorp, Inc. is entitled to one vote. The holders have preemptive rights, based on the voting rights presented by such shares. Total authorized shares are 45,826,552, of which 24,068,435 shares were issued and outstanding at December 31, 2020 and 2019.

Each share of $10.00 par value common stock of Amarillo National Bank is entitled to one vote. All 500,000 authorized shares were issued and outstanding at December 31, 2020 and 2019.

NOTE 10 - OTHER COMPREHENSIVE INCOME

Balances of the components comprising accumulated other comprehensive income (loss), included in stockholders' equity, at December 31, 2020, and 2019, are as follows (in thousands):

	Unrealized Gain/(Loss) on Securities	Post-Retirement Healthcare Benefits	Accumulated Other Comprehensive Income/(Loss)
Balance at December 31, 2018	(245)	1,217	972
Change for 2019	6,464	(119)	6,345
Balance at December 31, 2019	$ 6,219	$ 1,098	$ 7,317
Impact of ASU 2016-01 as of January 1, 2020	(3,479)	-	(3,479)
Change for 2020	1,317	(119)	1,198
Balance at December 31, 2020	$ 4,057	$ 979	$ 5,036

NOTE 11 - RETIREMENT PLAN

The Bank has a noncontributory defined contribution profit sharing plan for its employees. In order to be eligible for this plan, an employee must have been a full-time salaried employee for at least one year and be at least 21 years of age, at their one-year anniversary date. Substantially all employees are thus eligible for this benefit. Vesting is set at 20% after 2 years, with a 20% increase for each additional year of service, to reach 100% vesting after 6 years. The Bank annually contributes an amount equal to 3% of each eligible employee's eligible annual compensation, resulting in cost of approximately $1,121,000 for 2020 and $1,160,000 for 2019.

The plan also has a salary reduction feature as defined by Section 401(k) of the Internal Revenue Code, which generally provides that employee contributions under such a plan are deferred for income tax purposes until withdrawn. All employees eligible for the defined contribution retirement plan as described above are eligible for this plan. Under its provisions, eligible employees may contribute amounts (limited by IRC guidelines) of their eligible annual compensation, with contributions being matched by the Bank at a rate of 50% of the employees' contributions up to a maximum of 5% of each employee's compensation, as defined. Participants are immediately vested in their salary deferral contributions and employer matching contributions. The Bank's cost under this feature of the plan during 2020 and 2019 was approximately $807,000 and $925,000, respectively.

NOTE 12 - COMMITMENTS, CONTINGENT LIABILITIES AND CONCENTRATIONS

In the normal course of business, the Bank makes various commitments, and incurs certain contingent liabilities, which are not reflected in the accompanying consolidated financial statements. Commitments include various guarantees, commitments to extend credit, and letters of credit. The Bank uses the same credit policies in making these commitments as it does for on-balance sheet instruments. The amount of collateral obtained, if deemed necessary, is based on management's credit evaluation. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The exposure to credit loss in the event of nonperformance by the other parties to the commitments to extend credit is represented by the contractual amount.

NOTE 12 - COMMITMENTS, CONTINGENT LIABILITIES AND CONCENTRATIONS (continued)

A summary of financial lending commitments with off-balance sheet credit risk is as follows at December 31 (in thousands)

	2020	2019
Amarillo Advance commitments	$ 3,189	$ 3,117
Personal & business credit card commitments	29,539	25,668
Installment loan dealer floor plans	5,531	2,604
Commercial revolving, master notes, and credit lines	1,495,181	1,376,775
Performance standby letters of credit	59,793	61,091
Commitments to fund, secured by real estate	157,113	144,817
Totals	1,750,346	1,614,072

A reserve for credit losses for certain unfunded lending commitments outstanding as of December 31, 2020 and 2019 was approximately $2,000,000 and $1,900,000, respectively, and is included in other liabilities. The Bank does not anticipate any material losses as a result of these commitments.

Performance 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, including bond financing and similar transactions. At December 31, 2020 and 2019 approximately 5.79% and 7.69% of the standby letters of credit were collateralized, respectively.

The Bank enters into sales of securities with simultaneous agreements to repurchase (repurchase agreements) that are generally accounted for as collateralized financing transactions. Amounts received under these agreements represent short-term borrowings and are reflected as a separate item in the consolidated balance sheet. The amount outstanding at December 31, 2020 and 2019 was approximately $58,660,000 and $30,170,000, respectively, which represents sales of part of the Bank's investment securities. Repurchase agreements principally mature the next business day with interest accrued at rates ranging from 0.02% to 0.05% at December 31, 2020. The related investment securities sold were primarily U.S. Government and Agency obligations classified as available for sale.

Various legal proceedings, arising in the normal course of business, are pending against the Bank. Management, after reviewing these matters with legal counsel, believes that the aggregate liability, if any, resulting from them will not be material.

On January 30, 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak a Public Health Emergency of International Concern and on March 10, 2020, declared it to be a Global Pandemic. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Company operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Company.

Certain types of mortgage loans are sold in the secondary market under normal repurchase requirements that usually expire ninety days to one year after the purchase date. During 2020, the Bank was required to repurchase one loan with a principal balance of $239,000.

NOTE 12 - COMMITMENTS, CONTINGENT LIABILITIES AND CONCENTRATIONS (continued)

The Bank has a concentration of funds with various other financial institutions at December 31, respectively, as follows (in thousands):

	2020	2019
Non-interest bearing accounts	$ 66,055	$ 66,386
Interest bearing accounts	1,320,178	599,500
Total	$ 1,386,233	$ 665,886

Included in these amounts are balances with the Federal Reserve Bank of Dallas in the amount of $1,312,748,000 and $596,222,000 as of December 31, 2020 and 2019, respectively.

NOTE 13 - BUILDING LEASES AND RENT INCOME

The Bank leases office space and parking in Amarillo and Borger to various individuals, businesses and firms under non-cancelable operating leases. These facilities have a net carrying value (excluding land costs) of approximately $31,627,000 as of December 31, 2020. Minimum future rentals expected to be received on non-cancelable leases are as follows (in thousands):

2021	$ 3,164
2022	2,797
2023	2,359
2024	1,546
2025 and after	2,981
Totals	$ 12,847

Many of the above leases provide the tenants with one to five-year additional renewal options, some with the same terms and conditions. Lease, rental and parking fee income recognized during 2020 and 2019 was approximately $3,836,000 and $3,644,000 respectively, and is netted against premises and equipment expenses in the consolidated statements of income.

NOTE 14 - OPERATING LEASES AND RENT EXPENSE

The Bank leases certain premises and various types of equipment under non-cancelable operating leases. Minimum future lease payments under non-cancelable leases are as follows (in thousands):

2021	$ 1,450
2022	1,185
2023	919
2024	777
2025 and after	2,092
Total	$ 6,423

Many of the above premises and equipment leases provide the Bank with one to five-year additional renewal options, some with the same terms and conditions. Lease and rental expense incurred during 2020 and 2019 was approximately $2,223,000 and $2,108,000, respectively.

NOTE 15 - SELF-INSURANCE

The Bank has elected to self-insure for certain employee health benefits for employees and their covered dependents to the extent of the first $125,000 of covered claims of each individual per calendar year, with an approximate $7,506,000 minimum annual aggregate deductible during 2020. The Amarillo National Bank Health Insurance Trust is maintained to hold all net assets, employer and employee contributions and to fund most health benefits and costs.

At December 31, 2020 and 2019 the Bank Health Insurance Trust had an ending market value of approximately $2,778,000 and $2,884,000, respectively, that exceeded estimated health claims payable and claims incurred but not reported at year end. The net assets of the Health Insurance Trust are not recorded in the consolidated financial statements. Expense recognized for employee health benefits was approximately $6,703,000 in 2020 and $6,331,000 in 2019.

NOTE 16 - RELATED PARTY TRANSACTIONS

In the ordinary course of business, related parties, such as certain executive officers, directors and principal shareholders are also customers of the Bank, either personally or through corporations or firms of which they are officers or have an ownership interest. At December 31, 2020 and 2019 loans of approximately $3,829,000 and $2,608,000, respectively, were made directly and indirectly to related parties. Deposits from related parties held by the Bank at December 31, 2020 and 2019 amounted to approximately $24,185,000 and $19,204,000, respectively.

The Company has entered into three agreements with American Land Title, LLC, for the lease of office space. The terms of the lease require monthly payments of approximately $12,000 and expired in 2020. Upon expiration, the leases became month-to-month. Total lease payments to American Land Title, LLC during 2020 and 2019 were $218,000 and $180,000, respectively.

NOTE 17 - REGULATORY MATTERS

Banks and bank holding companies are subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and, additionally for banks, prompt corrective action regulations, involve quantitative measures of assets, liabilities, and certain off-balance-sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators. Failure to meet capital requirements can initiate regulatory action. Net unrealized gain or loss on available for sale securities, is not included in computing regulatory capital. Management believes as of December 31, 2020, the Company and the Bank meet all capital adequacy requirements to which they are subject.

Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. At year-end 2020, the most recent notification from the Office of the Comptroller of the Currency categorized Amarillo National Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since the notification that management believes have changed the Bank's classification.

NOTE 17 – REGULATOY MATTERS (continued)

The Company's and Bank's actual capital amounts and ratios are also presented in the table (in thousands):

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
As of December 31, 2020	**Amount**	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
Total Capital (to Risk-weighted Assets)						
Consolidated	$ 690,017	12.5%	$ 442,771	8%	$ 553,463	10%
Bank Only	$ 670,516	12.1%	$ 442,537	8%	$ 553,171	10%
Tier I Capital (to Risk-weighted Assets)						
Consolidated	$ 629,302	11.4%	$ 332,078	6%	$ 442,771	8%
Bank Only	$ 609,801	11.0%	$ 331,903	6%	$ 442,537	8%
Common Tier I (CET1)						
Consolidated	$ 629,302	11.4%	$ 249,058	4.5%	$ 359,751	6.5%
Bank Only	$ 609,801	11.0%	$ 248,927	4.5%	$ 359,561	6.5%
Tier I Capital (to Average Assets)						
Consolidated	$ 629,302	9.6%	$ 266,488	4%	$ 333,110	5%
Bank Only	$ 609,801	9.3%	$ 265,436	4%	$ 331,794	5%
As of December 31, 2019	**Amount**	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
Total Capital (to Risk-weighted Assets)						
Consolidated	$ 617,732	11.8%	$ 418,484	8%	$ 523,106	10%
Bank Only	$ 597,112	11.5%	$ 416,804	8%	$ 521,006	10%
Tier I Capital (to Risk-weighted Assets)						
Consolidated	$ 564,672	10.8%	$ 313,863	6%	$ 418,484	8%
Bank Only	$ 544,363	10.4%	$ 312,603	6%	$ 416,804	8%
Common Tier I (CET1)						
Consolidated	$ 555,072	10.6%	$ 235,397	4.5%	$ 340,019	6.5%
Bank Only	$ 544,363	10.4%	$ 234,452	4.5%	$ 338,654	6.5%
Tier I Capital (to Average Assets)						
Consolidated	$ 564,672	9.9%	$ 230,539	4%	$ 288,174	5%
Bank Only	$ 544,363	9.6%	$ 229,613	4%	$ 287,016	5%

NOTE 18 - FAIR VALUE DISCLOSURES

The FASB's authoritative guidance on fair value measurements establishes a framework for measuring fair value and expands disclosure about fair value measurements. This guidance enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. Under this guidance, assets and liabilities carried at fair value must be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

NOTE 18 - FAIR VALUE DISCLOSURES (continued)

In determining the appropriate levels, the Company performs a detailed analysis of the assets and liabilities that are measured and reported on a fair value basis. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

The following methods, assumptions, and valuation techniques were used by the Company to measure different financial assets and liabilities at fair value and in estimating its fair value disclosures for financial instruments.

Investment securities available for sale
Carrying value has been adjusted to fair value based upon quoted market prices, where available, with unrealized gains or losses reported as a separate component of accumulated other comprehensive income.

Investment securities held to maturity
Fair values for securities held to maturity are based upon quoted market prices, where available. If quoted market prices were not available, fair values are based upon quoted market prices of comparable instruments.

Other investments
Carrying value for other investments approximates fair value based on the redemption provisions of the Federal Reserve Bank and Federal Home Loan Bank stock. Carrying value for unrelated bank holding company stocks approximates fair value based on review of current financial statements and recent capital transactions.

Mortgage loans held for sale
Mortgage loans held for sale are carried at the lower of cost or estimated market value. Estimated fair value or market values are based on quoted prices at year end from FNMA.

Mortgage loan commitments
Fair value for commitments to fund mortgage loans (rate lock commitments) are based on quoted prices at year end from FNMA, based on the lock rate price quotes.

Interest rate swap agreement
The fair value of the interest rate swap agreement has been determined by the lead participant bank based on current and anticipated future interest rates.

Loan servicing rights
On a quarterly basis, loan servicing rights are evaluated for impairment based upon the fair value of the rights as compared to carrying amount. If the carrying amount of an individual tranche exceeds fair value, impairment is recorded on that tranche so that the servicing asset is carried at fair value. Fair value is determined at a tranche level, based on a valuation model that calculates the present value of estimated future net servicing income. The valuation model utilizes interest rate, prepayment speed, and default rate assumptions that market participants would use in estimating future net servicing income and that can be validated against available market data.

NOTE 18 - FAIR VALUE DISCLOSURES (continued)

In determining the appropriate levels, the Company performs a detailed analysis of the financial assets and liabilities that are subject to fair value disclosures. The following table summarizes the financial assets and liabilities measured at fair value on a recurring basis at December 31, 2020 (in thousands):

	Fair Value Measurements Using			
Assets	**Totals**	**Level 1**	**Level 2**	**Level 3**
Investment securities available for sale:				
U.S. Treasury securities	$ 25,118	$ 25,118	$ -	$ -
U.S. Agency securities	125,281	-	125,281	-
Mortgage-backed securities	42,830	-	42,830	-
Municipal securities	56,648	-	56,648	-
Equity securities	7,148	7,148	-	-
Total investment securities	257,025	32,266	224,759	-
Derivatives – Interest rate swap agreement	$ 155	$ -	$ 155	$ -
Liabilities				
Derivatives – Interest rate swap agreement	$ (4,983)	$ -	$ (4,983)	$ -

The following table summarizes the financial assets and liabilities measured at fair value on a recurring basis at December 31, 2019 (in thousands):

	Fair Value Measurements Using			
Assets	**Totals**	**Level 1**	**Level 2**	**Level 3**
Investment securities available for sale:				
U.S. Treasury securities	$ 69,993	$ 49,936	$ 20,057	$ -
U.S. Agency securities	105,115	-	105,115	-
Mortgage-backed securities	43,865	-	43,865	-
Municipal securities	-	-	-	-
Equity securities	6,513	6,513	-	-
Other	4,589	-	4,589	-
Total investment securities	230,075	56,449	173,626	-
Derivatives – Interest rate swap agreement	$ 47	$ -	$ 47	$ -
Liabilities				
Derivatives – Interest rate swap agreement	$ (1,651)	$ -	$ (1,651)	$ -

NOTE 18 - FAIR VALUE DISCLOSURES (continued)

Certain financial assets and liabilities are measured at fair value on a nonrecurring basis, that is, the instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment). Adjustments to the fair market value of these assets usually result from the application of lower-of-cost-or-market accounting or write-downs of individual assets.

The following table summarizes financial assets and liabilities measured at fair value on a nonrecurring basis at December 31, 2020 (in thousands):

	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Gains (Losses)
Assets				
Mortgage loans held for sale	$ -	$ 22,760	$ -	$ -
Loan servicing rights	$ -	$ -	$ 7,678	$ -
Impaired loans (1)	$ -	$ -	$ 24,697	$ (2,940)

(1) Amounts represent the fair value of collateral for impaired loans allocated to the allowance for loan and lease losses

The following table summarizes financial assets and liabilities measured at fair value on a nonrecurring basis at December 31, 2019 (in thousands):

	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Gains (Losses)
Assets				
Mortgage loans held for sale	$ -	$ 23,494	$ -	$ -
Loan servicing rights	$ -	$ -	$ 3,676	$ -
Impaired loans (1)	$ -	$ -	$ 40,438	$ (7,899)

(1) Amounts represent the fair value of collateral for impaired loans allocated to the allowance for loan and lease losses

Impaired loans are reported at the fair value of the underlying collateral if repayment is expected solely from the collateral. Collateral values are estimated using Level 2 inputs based on observable market data or Level 3 input based on the discounting of the collateral.

Loans held for sale are reported at the lower of cost or fair value. In determining whether the fair value of loans held for sale is less than cost when quoted market prices are not available, the Company considers investor commitments/contracts. These loans are considered Level 2 of the fair value hierarchy.

NOTE 19 - BUSINESS COMBINATION

Effective March 4, 2019, the Company acquired 100% of the outstanding stock of Commerce National Financial Services, Inc., for $180,335,000 in cash, plus assumption of certain debts. Under the terms of the acquisition, common shareholders received $179,335,000 in cash with $1,000,000 segregated into escrow for expenses related to pending litigation. CSFSI shareholders will receive any remaining funds when the litigation is resolved. This acquisition expands the market footprint of the Company and its subsidiary, Amarillo National Bank in Lubbock, Texas and opens new opportunities in the Texas markets of Austin, Bryan/College Station and Fort Worth.

All of the assets acquired and liabilities assumed were recognized at their acquisition-date fair value, while transaction costs and restructuring costs associated with the business combination are expensed as incurred. Determining the fair value of assets and liabilities is a complicated process involving significant judgement regarding methods and assumptions used to calculate estimated fair values. The excess of the acquisition consideration over the fair value of assets acquired and liabilities assumed, if any, is allocated to goodwill.

The following table summarizes the consideration paid for CNFSI and the amounts of the assets acquired and liabilities assumed recognized at the acquisition date (in thousands):

Assets acquired:	
Cash and cash equivalents	$ 13,298
Investment securities	257,350
Loans	703,375
Premises and equipment	19,965
Cash surrender value of life insurance	19,872
Other real estate owned	-
Core deposit intangible	47,140
Other assets	12,123
Total assets acquired	1,073,123
Liabilities assumed:	
Deposits	911,318
Fed funds purchased and borrowed money	18,723
Accrued expenses and other liabilities	10,363
Total liabilities assumed	940,404
Net assets acquired	$ 132,719
Consideration paid:	
Cash	$ 180,335
Goodwill resulting from acquisition	$ 47,615

NOTE 19 - BUSINESS COMBINATION (continued)

For the acquisition accounting, the fair value analysis of the loan portfolio was performed with segregated loan pools using estimated cash flows, prepayment speeds and credit risk. The total accretable discount on acquired loans was $10,816,000 with $606,000 related to $2,144,000 of identified impaired loans.

Fair value adjustments of $11,510,000 were recorded to premises and equipment. The Company used third party appraisals in the determination of the higher fair value compared to the book value of these acquired assets.

A core deposit intangible asset of $47,140,000 was recorded and is being amortized using an accelerated method over the estimated useful lives of the related deposits of 10 years. The core deposit intangible value is a function of the difference between the cost of the acquired core deposits and the alternative cost of funds. These cash flow streams were discounted to present value. The fair value of other deposit accounts acquired were valued by estimating future cash flows to be received or paid from individual or homogenous groups of assets and liabilities and then discounting those cash flows to a present value using rates of return that were available in financial markets for similar financial instruments on or near the acquisition date.

Direct costs related to the acquisition was expensed as incurred. The Company recorded acquisition costs of $1,047,000 during the year ended December 31, 2019. Acquisition costs included legal and professional fees and data processing expenses incurred related to the acquisitions.

NOTE 20 - PARENT COMPANY ONLY INFORMATION

The condensed financial statements of Amarillo National Bancorp, Inc., prepared on a parent company unconsolidated basis are as follows (in thousands). Investments in subsidiaries are stated using the equity method of accounting.

Condensed Balance Sheets as of December 31:

	Amarillo National Bancorp, Inc.			
	2020		2019	
Assets				
Cash in bank	$	14,012	$	17,387
Investments securities available for sale		2,372		2,348
Loans		3,416		1,354
Goodwill		13,744		13,744
Other assets		69		298
Equity in net assets of subsidiary		680,556		624,559
Due from related affiliate		11,426		8,953
Total Assets	$	725,595	$	668,643
Liabilities and Stockholders' Equity				
Accounts Payable	$	-	$	115
Trust Preferred Securities		-		9,897
Due to subsidiary		-		-
Due to shareholders		11,792		8,925
Total Liabilities		11,792		18,937
Total Stockholders' Equity		713,803		649,706
Total Liabilities and Stockholders' Equity	$	725,595	$	668,643

NOTE 20 - PARENT COMPANY ONLY INFORMATION (continued)

Condensed Statements of Income for Years Ended December 31:

	Amarillo National Bancorp, Inc.	
	2020	2019
Equity in earnings of subsidiary	$ 94,121	$ 97,062
Interest and fee income	255	572
Interest Expense	(98)	(476)
Unrealized Gain(Loss) on Securities	24	-
Other Expense	(48)	(111)
Net Income	$ 94,254	$ 97,047

Condensed Statements of Cash Flows for Years Ended December 31:

	Amarillo National Bancorp, Inc.	
	2020	2019
Reconciliation of Net Income to Net		
Cash Provided by Operating Activities		
Net Income	$ 94,253	$ 97,047
Adjustments to reconcile net income to		
net cash provided by operating activities		
Net (increase)/decrease in accounts payable	(140)	(30)
(Gain)/Loss on sale of investments	-	-
Change in balance with affiliates	(2,472)	(1,468)
Undistributed earnings of subsidiary	(54,800)	115,530
Net Cash Provided by Operating Activities	36,841	211,079
Cash Flows from Investing Activities		
Proceeds from sales of available for sale securities	-	-
Change in other investments, net	-	-
Outlays for business acquisitions		(180,335)
Net change in loans	(2,130)	76
Net Cash Provided by/(Used for) Investing Activities	(2,130)	(180,259)
Cash Flows from Financing Activities		
Repayment of long-term debt	(9,600)	(4,000)
Distributions paid to shareholders	(28,486)	(39,216)
Net Cash Provided by/(Used for) Financing Activities	(38,086)	(43,216)
Net Change in Cash in Bank	(3,375)	(12,396)
Cash in Bank, beginning of year	17,387	29,783
Cash in Bank, end of year	$ 14,012	$ 17,387

NOTE 21 - RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers, establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts to provide goods or services to customers. The core principle requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to receive in exchange for those goods or services recognized as performance obligations are satisfied. The new revenue recognition standards became effective for the Company on January 1, 2019.

The majority of the Company's revenue-generating transactions are not subject to ASC 606, including revenue generated from financial instruments, such as loans, guarantees, derivatives and investment securities, as well as revenue related to mortgage servicing activities, as these activities are subject to other GAAP discussed elsewhere within our disclosures. ASC 606 is applicable to non-interest revenue streams such as wealth management income, brokerage service commissions, service charges on deposit accounts, interchange and other fees. The recognition of these revenue streams did not change significantly upon the adoption of ASC 606. Substantially all of the Company's revenue is generated from contracts with customers. Management determined that, based on the modified retrospective method, a cumulative-effect adjustment to opening retained earnings as a result of adopting this standard was not needed. Descriptions of revenue-generating activities that are within the scope of ASC 606 and are recorded in noninterest income on the consolidated statements of income are discussed below:

Asset Management Fees – The Company offers wealth management products and services through our asset management division located in several of our markets. Revenue from wealth management represents fees to manage assets for investment and/or to transact on their account. These fees are primarily earned over time as the Company provides the contracted monthly or quarterly services and are generally assessed based on a tiered scale of the market value of assets under management at month-end. Fees that are transaction based, including trade execution services, are recognized at the point in time that the transaction is executed, i.e., the trade date. Asset management fees were $14,801,000 and $15,184,000 for the years ended December 31, 2020 and 2019, respectively.

Brokerage Commissions and Fees – The Company earns fees from investment brokerage services provided to its customers by a third-party service provider. Revenue from investment brokerage services represents fees to manage assets for investment and/or to transact on their account. These fees are primarily earned over time as the Company provides the contracted monthly or quarterly services and are generally assessed based on a tiered scale of the market value of assets under management at month-end. Fees that are transaction based, including trade execution services, are recognized at the end of the month in which the transaction is executed. Brokerage commissions and fees were $5,415,000 and $5,359,000 for the years ended December 31, 2020 and 2019 respectively.

Service Charges on Deposit Accounts – Revenue from service charges consists of service charges and fees on deposit accounts under depository agreements with customers to provide access to deposited funds and, when applicable, pay interest on deposits. Service charges on deposit accounts may be transactional or non-transactional in nature. Transactional service charges occur in the form of a service or penalty and are charged upon the occurrence of an event (e.g., overdraft fees, ATM fees, wire transfer fees). Transactional service charges are recognized as services are delivered to and consumed by the customer, or as penalty fees are charged. Non-transactional service charges are charges that are based on a broader service, such as account maintenance fees and dormancy fees, and are recognized on a monthly basis representing the period over which the Company satisfies the performance obligation. Service Charges on Deposit Accounts were $7,725,000 and $8,884,000 for the years ended December 31, 2020 and 2019, respectively.

NOTE 21 - RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS (continued)

Interchange Fees – Revenue from debit and credit card fees includes interchange fee income from cards processed through card association networks. Interchange fees from cardholder transactions represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services provided to the cardholder. Interchange and ATM fees were $10,512,000 and $9,578,000 for the years ended December 31, 2020 and 2019, respectively.

In 2020, the Company adopted FASB Accounting Standards Update No. 2016-01*, Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, which affects current U.S. GAAP primarily as it relates to the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. ASU No. 2016-01 also supersedes the guidance that requires (1) classification of equity securities with readily determinable fair values into different categories (i.e., trading or available-for-sale), and (2) recognition of changes in fair value of available-for-sale securities in other comprehensive income. The standard was adopted through a cumulative effect adjustment to retained earnings and is reflected in the statement of stockholders' equity.

NOTE 22 - RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases.

The standard is effective on January 1, 2022, with early adoption permitted. The Company is in the process of evaluating the impact of this new guidance. A modified retrospective transition approach is required. An entity may adopt the guidance either (1) retrospectively to each prior reporting period presented in the financial statements with a cumulative-effect adjustment recognized at the beginning of the earliest comparative period presented or (2) retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment. The Company expects to adopt the guidance retrospectively at the beginning of the period of adoption, January 1, 2022, through a cumulative-effect adjustment, and will not apply the new standard to comparative periods presented.

The new standard provides a number of practical expedients. Upon adoption, the Company expects to elect all the practical expedients available. While the increase to consolidated total assets resulting from the right-of-use assets recorded will increase the Company's risk-weighted assets, management does not expect the impact to capital ratios to be material. The adoption of this guidance is not expected to result in a material change to lessee expense recognition. Management will continue to evaluate the impact of this guidance on our consolidated financial statements.

NOTE 22 – RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS (continued)

ASU 2016-13, *"Financial Instruments- Credit Losses (Topic 326)."* In June 2016, the FASB issued new accounting guidance that will require the earlier recognition of credit losses on loans and other financial instruments based on an expected loss model, replacing the incurred loss model that is currently in use. Under the new guidance, an entity will measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions and reasonable and supportable forecasts. The expected loss model will apply to loans and leases, unfunded lending commitments, held-to-maturity (HTM) debt securities and other debt instruments measured at amortized cost. The impairment model for available for sale (AFS) debt securities will require the recognition of credit losses through a valuation allowance when fair value is less than amortized cost, regardless of whether the impairment is considered to be other-than-temporary. The ASU is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Company is in the process of identifying and implementing required changes to loan loss estimation models and processes and evaluating the impact of this new accounting guidance, which at the date of adoption is expected to increase the allowance for credit losses with a resulting negative adjustment to retained earnings.

In August 2019, the FASB issued ASU 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*. The new guidance is intended to more closely align hedge accounting with entities' hedging strategies, simplify the application of hedge accounting, and increase the transparency of hedging programs. The amendments in ASU 2017-12 are effective for the Company beginning on January 1, 2021. For cash flow and net investment hedges existing at the date of adoption, ASU 2017-12 must be applied through a cumulative-effect adjustment. The amended presentation and disclosure guidance is required only prospectively. The adoption of ASU 2017-12 is not expected to have a material impact on the consolidated financial statements.

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Amarillo National Bancorp., Inc.

Board of Directors
Amarillo National Bancorp, Inc. and Consolidated Affiliates
Amarillo, Texas

MANAGEMENT REPORT REGARDING INTERNAL CONTROL AND COMPLIANCE WITH DESIGNATED LAWS AND REGULATIONS

Statement of Management's Responsibilities
The Management of Amarillo National Bank (a wholly owned subsidiary of Amarillo National Bancorp, Inc.) (the Company) is responsible for preparing the Company's annual financial statements in accordance with accounting principles generally accepted in the United States of America; for establishing and maintaining an adequate internal control structure and procedures for financial reporting, including controls over the preparation of regulatory financial statements in accordance with the instructions for the Consolidated Reports of Condition and Income (Call Report Instructions); and for complying with the federal laws and regulations pertaining to insider loans and the federal and, if applicable, state laws and regulations pertaining to dividend restrictions. The following subsidiary institutions of the Company that are subject to Part 363 are included in this statement of management's responsibilities: Amarillo National Bank.

Management's Assessment of Compliance with Designated Laws and Regulations
The Management of Amarillo National Bank has assessed the Bank's compliance with the federal laws and regulations pertaining to insider loans and the federal and, if applicable, state laws and regulations pertaining to dividend restrictions during the fiscal year that ended on December 31, 2020. Based upon its assessment, management has concluded that the Bank complied with the federal laws and regulations pertaining to insider loans and the federal and, if applicable, state laws and regulations pertaining to dividend restrictions during the fiscal year that ended on December 31, 2020. The following subsidiary institutions of the Company that are subject to Part 363 are included in this assessment of compliance with these designated laws and regulations: Amarillo National Bank.

Management's Assessment of Internal Control over Financial Reporting
The Company's internal control over financial reporting is a process effected by those charged with governance, management and other personnel, designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America and financial statements for regulatory reporting purposes, i.e., Call Reports. The Company's internal control over financial reporting includes those policies and procedures that (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and financial statements for regulatory reporting purposes, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (c) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Management is responsible for establishing and maintaining effective internal control over financial reporting including controls over the preparation of regulatory financial statements. Management assessed the effectiveness of the Company's internal control over financial reporting, including controls over the preparation of regulatory financial statements in accordance with the instructions for the [Specify the regulatory report], as of December 31, 2020, based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control—Integrated Framework* in 2013. Based upon its assessment, management has concluded that, as of December 31, 2020, Amarillo National Bank's internal control over financial reporting, including controls over the preparation of regulatory financial statements in accordance with the instructions for the Call Report, is effective based on the criteria established in *Internal Control—Integrated Framework* issued in 2013. The following subsidiary institutions of the Company that are subject to Part 363 are included in this assessment of the effectiveness of internal control over financial reporting: Amarillo National Bank.

The effectiveness of internal control over financial reporting, including controls over the preparation of regulatory financial statements in accordance with the instructions for the Call Report, as of December 31, 2020, has been audited by Johnson & Sheldon, PLLC, an independent public accounting firm, as stated in their report dated March 24, 2021.

Patrick Ware
President and CEO of Amarillo National Bancorp, Inc.

Ross Kerns
CFO of Amarillo National Bancorp, Inc
and Amarillo National Bank

William Ware
President and CEO of Amarillo National Bank

JOHNSON & SHELDON, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
Amarillo National Bancorp, Inc. and Consolidated Affiliates
Amarillo, Texas

Independent Auditor's Report

Report on Internal Control Over Financial Reporting

We have audited Amarillo National Bank's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013.

Management's Responsibility for Internal Control Over Financial Reporting

Management is responsible for designing, implementing and maintaining effective internal control over financial reporting, and for its assessment about the effectiveness of internal control over financial reporting, included in the accompanying Management Report Regarding Internal Control and Compliance with Designated Laws and Regulations.

Auditor's Responsibility

Our responsibility is to express an opinion on the entity's internal control over financial reporting based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

An audit of internal control over financial reporting involves performing procedures to obtain audit evidence about whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risks that a material weakness exists. An audit includes obtaining an understanding of internal control over financial reporting and testing and evaluating the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Definition and Inherent Limitations of Internal Control Over Financial Reporting

An entity's internal control over financial reporting is a process affected by those charged with governance, management and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America. Because management's assessment and our audit were conducted to meet the reporting requirements of Section 112 of the Federal Deposit Insurance Corporation Improvement Act (FDICIA), our audit of Amarillo National Bank's internal control over financial reporting included controls over the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and with the instructions to the Federal Financial Institutions Examination Council (FFIEC) Instructions for Consolidated Reports of Condition and Income. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that the receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction, of unauthorized acquisition, use or disposition of the entity's assets that could have a material effect on the financial statements.

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Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion
In our opinion, Amarillo National Bank maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based upon the criteria established in *Internal Control—Integrated Framework* issued by COSO in 2013.

Report on Financial Statements
We also have audited, in accordance with auditing standards generally accepted in the United States of America, the Consolidated Financial Statements of Amarillo National Bank, and our report dated March 24, 2021 expressed an unqualified opinion.

Restriction on Use
This report is intended solely for the information and use of the Board of Directors and management of Amarillo National Bank and Office of the Comptroller of the Currency and is not intended to be, and should not be, used by anyone other than these specified parties.

Johnson & Sheldon, PLLC

Johnson & Sheldon, PLLC
Amarillo, Texas
March 24, 2021

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SUPPLEMENTAL INFORMATION

AMARILLO NATIONAL BANCORP, INC. AND CONSOLIDATED AFFILIATES
BALANCE SHEET CONSOLIDATION SCHEDULE
December 31, 2020
(with Comparative Totals for 2019)
(in 000's)

Assets	Consolidated Totals 2019	Consolidated Totals 2020	Eliminations	Amarillo National Bancorp, Inc.	Amarillo National Bank
Cash and due from banks	$ 110,926	$ 116,337	$ (14,012)	$ 14,012	$ 116,337
Interest-bearing deposits at other banks	599,500	1,340,296	-	-	1,340,296
Investment securities available for sale	283,424	257,026	-	2,372	254,654
Investment securities held to maturity	50	33	-	-	33
Other investments	4,607	4,636	-	-	4,636
Mortgage loans held for sale	23,494	22,760	-	-	22,760
Loans, net of allowance for loan losses	4,456,828	5,102,244	-	3,416	5,098,828
Premises and equipment, net	84,567	83,546	-	-	83,546
Accrued interest receivable and other assets	64,043	63,889	-	69	63,820
Loan servicing rights	3,676	7,678	-	-	7,678
Other Intangible Assets	39,701	31,849	-	-	31,849
Goodwill	47,615	47,615		13,744	33,871
Equity in net assets of subsidiary	-	-	(680,556)	680,556	-
Balance due from subsidiary	-	-	(11,426)	11,426	-
Total Assets	$ 5,718,431	$ 7,077,909	$ (705,994)	$ 725,595	$ 7,058,308
Liabilities and Stockholders' Equity					
Liabilities					
Deposits:					
Non-interest-bearing demand deposits	$ 1,216,089	$ 1,693,900	(132)	$ -	$ 1,694,032
Interest-bearing deposits	3,687,550	4,452,155	(13,880)	-	4,466,035
Total deposits	4,903,639	6,146,055	(14,012)	-	6,160,067
Federal funds purchased	86,625	117,100	-	-	117,100
Securities sold under repurchase agreements	30,170	58,660	-	-	58,660
Accrued interest and other liabilities	23,469	24,499	-	-	24,499
Other borrowings	6,000	6,000	-	-	6,000
Subordinated Debentures	9,897	0	-	-	-
Distributions due to shareholders	8,925	11,792	-	11,792	-
Balance due to parent	-	-	(11,426)	-	11,426
Total Liabilities	5,068,725	6,364,106	(25,438)	11,792	6,377,752
Stockholders' Equity					
Common stock	24,068	24,068	(5,000)	24,068	5,000
Additional paid-in capital	4,113	4,113	(50,000)	4,113	50,000
Retained earnings	614,209	680,586	(620,521)	680,586	620,521
Accumulated other comprehensive income (loss)	7,316	5,036	(5,036)	5,036	5,036
Total Stockholders' Equity	649,706	713,803	(680,557)	713,803	680,557
Total Liabilities and Stockholders' Equity	$ 5,718,431	$ 7,077,909	$ (705,995)	$ 725,595	$ 7,058,309

See independent auditor's report

AMARILLO NATIONAL BANCORP, INC. AND CONSOLIDATED AFFILIATES

STATEMENT OF INCOME CONSOLIDATION SCHEDULE
Year Ended December 31, 2020
(with Comparative Totals for 2019)
(in 000's)

	Consolidated Totals 2019	Consolidated Totals 2020	Eliminations	Amarillo National Bancorp, Inc.	Amarillo National Bank
Interest and Fee Income					
Loans, including fees	$ 232,304	$ 228,495	$ -	117	$ 228,378
Interest-bearing deposits at other banks	10,356	2,503	-	-	2,503
Interest-bearing accounts	-	-	(90)	90	-
Investment securities	7,592	5,800	-	-	5,800
Dividend income on securities	297	234	-	48	186
Federal funds sold and other	12	-	-	-	-
	250,561	237,032	(90)	255	236,867
Interest Expense					
Deposits	52,964	29,623	(90)	-	29,713
Federal funds purchased	1,494	333	-	-	333
Borrowed funds	729	321	-	98	223
Securities sold under agreements to repurchase	396	82	-	-	82
	55,583	30,359	(90)	98	30,351
Net Interest Income	194,978	206,673	-	157	206,516
Provision for Loan Losses	16,025	41,800	-	-	41,800
Net Interest Income After Provision for Loan Losses	178,953	164,873	-	157	164,716
Non-interest income					
Asset management fees	15,184	14,800	-	-	14,800
Service charges on deposit accounts	8,884	7,725	-	-	7,725
Gains on sales of loans	7,380	25,647	-	-	25,647
Brokerage commissions and fees	5,359	6,591	-	-	6,591
Other income	18,865	19,241	-	24	19,217
Equity in earnings of subsidiary	-	-	(94,121)	94,121	-
Total non-interest income	55,672	74,004	(94,121)	94,145	73,980
Non-interest expenses					
Salaries and employee benefits	78,695	85,152	-	-	85,152
Premises and equipment expense, net of rental income	11,061	12,134	-	-	12,134
Advertising	10,166	10,182	-	-	10,182
Data processing and license expense	10,182	10,399	-	-	10,399
Other expenses	27,474	26,756	-	48	26,708
Total non-interest expense	137,578	144,623	-	48	144,575
Net Income	$ 97,047	$ 94,254	$ (94,121)	$ 94,254	$ 94,121

See independent auditor's report

AMARILLO NATIONAL BANCORP, INC. AND CONSOLIDATED AFFILIATES

STATEMENT OF CASH FLOWS CONSOLIDATION SCHEDULE

Year Ended December 31, 2020

(with Comparative Totals for 2019)

(in 000's)

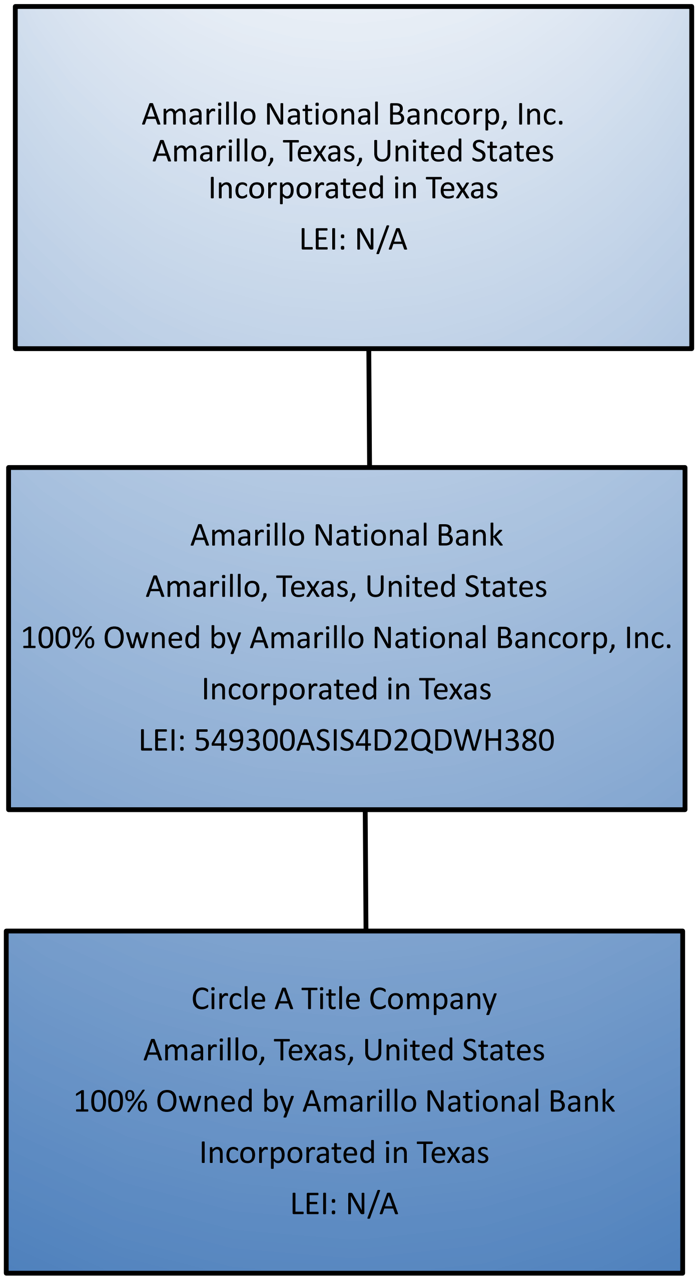
	Consolidated Totals 2019	Consolidated Totals 2020	Eliminations	Amarillo National Bancorp, Inc.	Amarillo National Bank
Cash Flows from Operating Activities					
Net income	$ 97,047	$ 94,254	$ (94,121)	$ 94,254	$ 94,121
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	12,315	5,429	-	-	5,429
Provision for loan losses	16,025	41,800	-	-	41,800
Amortization of Intangibles	0	8,089	-	-	8,089
Amortization of mortgage servicing rights	1,006	2,144	-	-	2,144
Net (gain) loss on sales of investments	(40)	(93)	-	-	(93)
Net amortization (accretion) of premium (discount) on investment securities	(182)	301	-	-	301
Net gains on sales of loans	(6,489)	(19,501)	-	-	(19,501)
Net gains on other assets sold	(891)	(6,146)			(6,146)
Change in accrued interest receivable and other assets	(12,424)	(1,648)	-	(140)	(1,508)
Change in accrued interest payable and other liabilities	(3,225)	888	-	0	888
Change in balances with affiliates	-	-	-	(2,474)	2,472
Undistributed earnings of subsidiaries	-	-	54,800	(54,800)	-
Net Cash Provided by Operating Activities	103,142	125,517	(39,321)	36,840	127,996
Cash Flows from Investing Activities					
Proceeds from maturities/sales of:					
Investment securities available for sale	2,715,331	2,994,489	-	-	2,994,489
Investment securities held to maturity	440	17	-	-	17
Purchases of:					
Investment securities available for sale	(2,589,779)	(2,966,959)	-	-	(2,966,959)
Investment securities held to maturity	-	-	-	-	-
Change in other investments, net	(433)	(29)	-	-	(29)
Change in federal funds, net	31,550	30,475	-	-	30,475
Outlays for business acquisitions	(180,335)	-	-	-	-
Net change in loans	(420,965)	(666,934)	-	(2,130)	(664,804.00)
Proceeds from sales of other real estate	107	735	-	-	735.00
Purchases of premises and equipment	(22,555)	(3,924)	-	-	(3,924.00)
Net Cash Provided by (Used for) Investing Activities	(466,639)	(612,130)	-	(2,130)	(610,000)

AMARILLO NATIONAL BANCORP, INC. AND CONSOLIDATED AFFILIATES

STATEMENT OF CASH FLOWS CONSOLIDATION SCHEDULE
Year Ended December 31, 2020
(with Comparative Totals for 2019)
(in 000's)

(continued)	Consolidated Totals 2019	Consolidated Totals 2020	Eliminations	Amarillo National Bancorp, Inc.	Amarillo National Bank
Cash Flows from Financing Activities					
Net change in checking accounts, NOW accounts and savings accounts	298,365	1,249,962	3,376	-	1,246,586
Net change in certificates of deposit	40,071	(7,545)	-	-	(7,545)
Net change in securities sold under agreements to repurchase	(4,661)	28,490	-	-	28,490
Cash acquired from LNB	175,082	-	-	-	-
Repayments on other borrowings	(14,000)	(9,600)	-	(9,600)	-
Distributions paid to shareholders	(39,216)	(28,486)	39,320	(28,486)	(39,320)
Net Cash Provided by (Used for) Financing Activities	455,641	1,232,821	42,696	(38,086)	1,228,211
Net Change in Cash and Due From Banks	92,143	746,208	3,375	(3,375)	746,207
Cash and Due From Banks, beginning of year	618,283	710,426	(17,387)	17,387	710,426
Cash and Due From Banks, end of year	$ 710,426	$ 1,456,634	$ (14,012)	$ 14,012	$ 1,456,633
Supplemental Disclosures of Cash Flow Information					
Interest paid	$ 53,743	$ 33,024	$ (90)	$ -	$ 33,114
Supplemental Disclosures of Noncash Investing Activities					
Other real estate acquired through foreclosure	$ 756	$ 95	$ -	$ -	$ 95
Mortgage servicing rights allocated on sold loans	$ 891	$ 6,146	$ -	$ -	$ 6,146

Annual Report of Holding Companies FR Y-6
Amarillo National Bancorp, Inc.
Report Item 2a: Organization Chart



G:\Holding Companies\FR Y-6\2020\Bancorp 12.2020.xlsx

Results: A list of branches for your depository institution: AMARILLO NATIONAL BANK (ID_RSSD: 353555).
This depository institution is held by AMARILLO NATIONAL BANCORP, INC. (1107205) of AMARILLO, TX.
The data are as of 12/31/2020. Data reflects information that was received and processed through 01/05/2021.

Reconciliation and Verification Steps
1. In the **Data Action** column of each branch row, enter one or more of the actions specified below
2. If required, enter the date in the **Effective Date** column

Actions
OK: If the branch information is correct, enter 'OK' in the **Data Action** column.
Change: If the branch information is incorrect or incomplete, revise the data, enter 'Change' in the **Data Action** column and the date when this information first became valid in the **Effective Date** column.
Close: If a branch listed was sold or closed, enter 'Close' in the **Data Action** column and the sale or closure date in the **Effective Date** column.
Delete: If a branch listed was never owned by this depository institution, enter 'Delete' in the **Data Action** column.
Add: If a reportable branch is missing, insert a row, add the branch data, and enter 'Add' in the **Data Action** column and the opening or acquisition date in the **Effective Date** column.

If printing this list, you may need to adjust your page setup in MS Excel. Try using landscape orientation, page scaling, and/or legal sized paper

Submission Procedure
When you are finished, send a saved copy to your FRB contact. See the detailed instructions on this site for more information
If you are e-mailing this to your FRB contact, put your institution name, city and state in the subject line of the e-mail

Note:
To satisfy the **FR Y-10 reporting requirements**, you must also submit FR Y-10 Domestic Branch Schedules for each branch with a **Data Action** of Change, Close, Delete, or Add.
The FR Y-10 report may be submitted in a hardcopy format or via the FR Y-10 Online application - https://y10online.federalreserve.gov

* FDIC UNINUM, Office Number, and ID_RSSD columns are for reference only. Verification of these values is not required.

Data Action	Effective Date	Branch Service Type	Branch ID_RSSD*	Popular Name	Street Address	City	State	Zip Code	County	Country	FDIC UNINUM*	Office Number*	Head Office	Head Office ID_RSSD*	Comments
OK		Full Service (Head Office)	353555	AMARILLO NATIONAL BANK	410 SOUTH TAYLOR STREET	AMARILLO	TX	79101	POTTER	UNITED STATES	Not Required	Not Required	AMARILLO NATIONAL BANK	353555	
OK		Full Service	1831087	BELL AT 45TH	4501 BELL STREET	AMARILLO	TX	79109	RANDALL	UNITED STATES	Not Required	Not Required	AMARILLO NATIONAL BANK	353555	
OK		Full Service	1419065	COULTER BRANCH	2401 COULTER	AMARILLO	TX	79106	POTTER	UNITED STATES	Not Required	Not Required	AMARILLO NATIONAL BANK	353555	
OK		Limited Service	3541072	DRIVE UP PLAZA BRANCH	1001 SOUTH TAYLOR STREET	AMARILLO	TX	79101	POTTER	UNITED STATES	Not Required	Not Required	AMARILLO NATIONAL BANK	353555	
OK		Full Service	2245364	GEORGIA BRANCH	3101 SOUTH GEORGIA	AMARILLO	TX	79109	RANDALL	UNITED STATES	Not Required	Not Required	AMARILLO NATIONAL BANK	353555	
OK		Full Service	2996330	HILLSIDE BRANCH	6000 BELL	AMARILLO	TX	79109	RANDALL	UNITED STATES	Not Required	Not Required	AMARILLO NATIONAL BANK	353555	
OK		Full Service	5490615	MEDICAL CENTER BRANCH	1500 COULTER STREET	AMARILLO	TX	79106	POTTER	UNITED STATES	Not Required	Not Required	AMARILLO NATIONAL BANK	353555	
OK		Full Service	2049991	NORTH BRANCH	712 NORTH TAYLOR	AMARILLO	TX	79107	POTTER	UNITED STATES	Not Required	Not Required	AMARILLO NATIONAL BANK	353555	
OK		Full Service	1445804	NORTHEAST BRANCH	3507 N.E. 24TH STREET	AMARILLO	TX	79107	POTTER	UNITED STATES	Not Required	Not Required	AMARILLO NATIONAL BANK	353555	
OK		Full Service	2996321	SONCY BRANCH	3390 SONCY	AMARILLO	TX	79124	RANDALL	UNITED STATES	Not Required	Not Required	AMARILLO NATIONAL BANK	353555	
OK		Full Service	4036212	SOUTHEAST BRANCH	2401 SOUTH GRAND STREET	AMARILLO	TX	79103	POTTER	UNITED STATES	Not Required	Not Required	AMARILLO NATIONAL BANK	353555	
OK		Full Service	4971377	SUMMIT FINANCIAL CENTER	7304 SW 34TH, SPACE #1	AMARILLO	TX	79121	RANDALL	UNITED STATES	Not Required	Not Required	AMARILLO NATIONAL BANK	353555	
OK		Full Service	3250383	TASCOSA ROAD BRANCH	550 TASCOSA RD	AMARILLO	TX	79124	POTTER	UNITED STATES	Not Required	Not Required	AMARILLO NATIONAL BANK	353555	
OK		Full Service	2996349	UNITED BRANCH	2530 S GEORGIA	AMARILLO	TX	79109	POTTER	UNITED STATES	Not Required	Not Required	AMARILLO NATIONAL BANK	353555	
OK		Limited Service	2318138	WESTERN DRIVE BRANCH	4501 SOUTH WESTERN	AMARILLO	TX	79109	RANDALL	UNITED STATES	Not Required	Not Required	AMARILLO NATIONAL BANK	353555	
OK		Full Service	3541081	WWW ANB COM BRANCH	400 SOUTH TAYLOR STREET	AMARILLO	TX	79101	POTTER	UNITED STATES	Not Required	Not Required	AMARILLO NATIONAL BANK	353555	
OK		Full Service	2994756	AUSTIN BRANCH	5300 BEE CAVE RD, BLDG 2	AUSTIN	TX	78746	TRAVIS	UNITED STATES	Not Required	Not Required	AMARILLO NATIONAL BANK	353555	
OK		Full Service	37958	BORGER BRANCH	301 W SIXTH	BORGER	TX	79007	HUTCHINSON	UNITED STATES	Not Required	Not Required	AMARILLO NATIONAL BANK	353555	
OK		Full Service	3969434	VILLA MARIA BRANCH	601 EAST VILLA MARIA, SUITE 200	BRYAN	TX	77802	BRAZOS	UNITED STATES	Not Required	Not Required	AMARILLO NATIONAL BANK	353555	
OK		Full Service	4844305	CANYON BRANCH	1700 4TH AVENUE	CANYON	TX	79015	RANDALL	UNITED STATES	Not Required	Not Required	AMARILLO NATIONAL BANK	353555	
OK		Full Service	2994765	COLLEGE STATION BRANCH	1221 UNIVERSITY DR E	COLLEGE STATION	TX	77840	BRAZOS	UNITED STATES	Not Required	Not Required	AMARILLO NATIONAL BANK	353555	
OK		Full Service	3816127	WELSH BRANCH	1800 HARVEY MITCHELL PARKWAY, SUITE A	COLLEGE STATION	TX	77845	BRAZOS	UNITED STATES	Not Required	Not Required	AMARILLO NATIONAL BANK	353555	
OK		Full Service	4268488	WILLAIM D. FITCH BRANCH	1198 WILLIAM D. FITCH PARKWAY	COLLEGE STATION	TX	77845	BRAZOS	UNITED STATES	Not Required	Not Required	AMARILLO NATIONAL BANK	353555	
OK		Full Service	3486490	19TH STREET BRANCH	4420 19TH ST	LUBBOCK	TX	79407	LUBBOCK	UNITED STATES	Not Required	Not Required	AMARILLO NATIONAL BANK	353555	
OK		Full Service	2994747	DOWNTOWN BRANCH	1001 MAIN ST	LUBBOCK	TX	79401	LUBBOCK	UNITED STATES	Not Required	Not Required	AMARILLO NATIONAL BANK	353555	
OK		Full Service	766258	LUBBOCK BRANCH	4811 50TH ST.	LUBBOCK	TX	79414	LUBBOCK	UNITED STATES	Not Required	Not Required	AMARILLO NATIONAL BANK	353555	
CLOSE	11/15/2019	Full Service	4463751	MIRA VISTA BRANCH	5905 82ND STREET	LUBBOCK	TX	79424	LUBBOCK	UNITED STATES	Not Required	Not Required	AMARILLO NATIONAL BANK	353555	
OK		Limited Service	4104586	RAIDER RANCH BRANCH	6548 43RD STREET, SUITE 1	LUBBOCK	TX	79407	LUBBOCK	UNITED STATES	Not Required	Not Required	AMARILLO NATIONAL BANK	353555	
OK		Full Service	4814643	RUSH BRANCH	4206 19TH STREET, SPACE #700	LUBBOCK	TX	79407	LUBBOCK	UNITED STATES	Not Required	Not Required	AMARILLO NATIONAL BANK	353555	
OK		Full Service	3294949	SLIDE ROAD BRANCH	9604 SLIDE RD	LUBBOCK	TX	79424	LUBBOCK	UNITED STATES	Not Required	Not Required	AMARILLO NATIONAL BANK	353555	
OK		Full Service	2142342	SOUTHWEST OFFICE	4006 82ND STREET	LUBBOCK	TX	79423	LUBBOCK	UNITED STATES	Not Required	Not Required	AMARILLO NATIONAL BANK	353555	
OK		Full Service	5152762	TEXAS AVENUE BRANCH	1936 TEXAS AVENUE	LUBBOCK	TX	79411	LUBBOCK	UNITED STATES	Not Required	Not Required	AMARILLO NATIONAL BANK	353555	
ADD	9/8/2020	Full Service	5152762	UNITED PARKWAY BRANCH	2630 PARKWAY DRIVE	LUBBOCK	TX	79403	LUBBOCK	UNITED STATES	Not Required	Not Required	AMARILLO NATIONAL BANK	353555	

Form FR Y-6
Amarillo National Bancorp, Inc.
December 31, 2020
Report Item 3-1: Securities Holders

Current Securities holders with ownership, control or holdings of 5% or more with power to vote.

(1)(a)	(1)(b)	(1)(c)		
Name & Address (City, State, Country)	Country of Citizenship or Incorporation	Class of Stock	Number Shares	Percent
Richard C. Ware II	USA	Common	2,549,226	10.592%
Amarillo, Texas				
Richard C. Ware II	Amarillo, TX, USA		1,979,506	8.224%
Richard Ware Exempt Trust	Amarillo, TX, USA		300,000	1.246%
Richard C. Ware II 76 Trust	Amarillo, TX, USA		269,720	1.121%
Anne-Clayton Ware Vroom	USA	Common	2,050,916	12.834%
Dallas, Texas				
Anne-Clayton Ware Vroom	Dallas, TX, USA		1,353,599	5.624%
Benjamin T. Ware III IDGT	Amarillo, TX, USA		232,439	0.966%
Patrick O. Ware IDGT	Amarillo, TX, USA		232,439	0.966%
William J. Ware IDGT	Amarillo, TX, USA		232,439	0.966%
Benjamin T. Ware III 2009 Trust	Amarillo, TX, USA		354,604	1.473%
William J. Ware 2009 Trust	Amarillo, TX, USA		341,728	1.420%
Patrick O. Ware 2009 Trust	Amarillo, TX, USA		341,728	1.420%
Patrick O’Neill Ware	USA	Common	3,089,715	17.003%
Amarillo, Texas				
Patrick O'Neill Ware	Amarillo, TX, USA		2,147,000	8.920%
Richard Ware GRAT 2016 - Pat	Amarillo, TX, USA		245,398	1.020%
Anne-Clayton Ware Parra IDGT	Amarillo, TX, USA		232,439	0.966%
Benjamin T. Ware III IDGT	Amarillo, TX, USA		232,439	0.966%
William J. Ware IDGT	Amarillo, TX, USA		232,439	0.966%
Benjamin T. Ware III 2009 Trust	Amarillo, TX, USA		354,604	1.473%
William J. Ware 2009 Trust	Amarillo, TX, USA		341,728	1.420%
Anne Clayton Ware Parra 2009 Trust	Amarillo, TX, USA		306,307	1.273%
William James Ware	USA	Common	4,208,502	21.651%
Amarillo, Texas				
William James Ware	Amarillo, TX, USA		2,058,297	8.552%
Richard Ware GRAT 2010	Amarillo, TX, USA		1,207,490	5.017%
Richard Ware GRAT 2016 - William	Amarillo, TX, USA		245,398	1.020%
Anne-Clayton Ware Parra IDGT	Amarillo, TX, USA		232,439	0.966%
Benjamin T. Ware III IDGT	Amarillo, TX, USA		232,439	0.966%
Patrick O. Ware IDGT	Amarillo, TX, USA		232,439	0.966%
Benjamin T. Ware III 2009 Trust	Amarillo, TX, USA		354,604	1.473%
Patrick O. Ware 2009 Trust	Amarillo, TX, USA		341,728	1.420%
Anne Clayton Ware Parra 2009 Trust	Amarillo, TX, USA		306,307	1.273%
Benjamin T. Ware III	USA	Common	2,298,483	13.662%
Amarillo, Texas				
Benjamin T. Ware III	Amarillo, TX, USA		1,601,166	6.653%
Anne-Clayton Ware Parra IDGT	Amarillo, TX, USA		232,439	0.966%
Patrick O. Ware IDGT	Amarillo, TX, USA		232,439	0.966%
William J. Ware IDGT	Amarillo, TX, USA		232,439	0.966%
William J. Ware 2009 Trust	Amarillo, TX, USA		341,728	1.420%
Patrick O. Ware 2009 Trust	Amarillo, TX, USA		341,728	1.420%
Anne Clayton Ware Parra 2009 Trust	Amarillo, TX, USA		306,307	1.273%

Form FR Y-6
Amarillo National Bancorp, Inc.
December 31, 2020
Report Item 3-1: Securities Holders

Current Securities holders with ownership, control or holdings of 5% or more with power to vote.				
(1)(a)	(1)(b)	(1)(c)		
Name & Address (City, State, Country)	Country of Citizenship or Incorporation	Class of Stock	Number Shares	Percent
Mary Savannah Singleton	USA	Common	7,589,984	31.535%
Amarillo, Texas				
Mary Savannah Singleton	Amarillo, TX, USA		2,742,278	11.394%
Paige Ware Spousal Trust No. 2	Amarillo, TX, USA		2,406,843	10.000%
Mary Savannah Singleton Non-Exempt ANB Stock Trust	Amarillo, TX, USA		849,102	3.528%
William Taliaferro Ware Non-Exempt ANB Stock Trust	Amarillo, TX, USA		849,101	3.528%
Mary Savannah Singleton 2010 IDGT ANB Stock Trust	Amarillo, TX, USA		269,808	1.121%
William Taliaferro Ware 2010 IDGT ANB Stock Trust	Amarillo, TX, USA		269,808	1.121%
Mary Savannah Singleton 2011 GST ANB Stock Trust	Amarillo, TX, USA		101,522	0.422%
William Tol Ware 2011 GST ANB Stock Trust	Amarillo, TX, USA		101,522	0.422%
William Tol Ware	USA	Common	7,591,184	31.540%
Amarillo, Texas				
William Tol Ware	Amarillo, TX, USA		2,743,478	11.399%
Paige Ware Spousal Trust No. 2	Amarillo, TX, USA		2,406,843	10.000%
Mary Savannah Singleton Non-Exempt ANB Stock Trust	Amarillo, TX, USA		849,102	3.528%
William Taliaferro Ware Non-Exempt ANB Stock Trust	Amarillo, TX, USA		849,101	3.528%
Mary Savannah Singleton 2010 IDGT ANB Stock Trust	Amarillo, TX, USA		269,808	1.121%
William Taliaferro Ware 2010 IDGT ANB Stock Trust	Amarillo, TX, USA		269,808	1.121%
Mary Savannah Singleton 2011 GST ANB Stock Trust	Amarillo, TX, USA		101,522	0.422%
William Tol Ware 2011 GST ANB Stock Trust	Amarillo, TX, USA		101,522	0.422%
George Raffkind	USA	Common	4,847,706	20.141%
Amarillo, Texas				
Paige Ware Spousal Trust No. 2	Amarillo, TX, USA		2,406,843	10.000%
Mary Savannah Singleton Non-Exempt ANB Stock Trust	Amarillo, TX, USA		849,102	3.528%
William Taliaferro Ware Non-Exempt ANB Stock Trust	Amarillo, TX, USA		849,101	3.528%
Mary Savannah Singleton 2010 IDGT ANB Stock Trust	Amarillo, TX, USA		269,808	1.121%
William Taliaferro Ware 2010 IDGT ANB Stock Trust	Amarillo, TX, USA		269,808	1.121%
Mary Savannah Singleton 2011 GST ANB Stock Trust	Amarillo, TX, USA		101,522	0.422%
William Tol Ware 2011 GST ANB Stock Trust	Amarillo, TX, USA		101,522	0.422%

Form FR Y-6
Amarillo National Bancorp, Inc.
December 31, 2020
Report Item 3-2: Securities Holders

Securities holders not listed in 3(1)(a) through 3(1)(c) that had ownership, control or holdings of 5% or more with power to vote during the fiscal year.				
(2)(a)	(2)(b)	(2)(c)		
Name & Address (City, State, Country)	Country of Citizenship or Incorporation	Class of Stock	Number Shares	Percent
N/A				

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(1)	(2)	(3)(a)	(3)(b)	(3)(c)	(4)(a)	(4)(b)	(4)(c)
Name & Address (City, State)	Principal Occupation if other than with Bank Holding Company	Title & Position with Bank Holding Company	Title & Position with Subsidiaries	Title & Position with Other Businesses	Percentage of Voting Shares in Bank Holding Company	Percentage of Voting Shares in Subsidiaries	Names of other companies if 25% or more of voting securities are held
Richard C. Ware II Amarillo, Texas	N/A	Chairman of the Board & Director	Chairman of the Board & Director Amarillo National Bank	Board Member - Atmos Energy Board Member - Harrington Foundation Board Member - Engler Foundation President - Ware Production Co. Trustee - Mary E. Bivins Trust Trustee - Ware Foundation Partner - Ware Brothers, LP Partner - R2B2, LLC	10.592%	None	R2B2, LLC - 50% Ware Brothers, LP - 50%
Anne-Clayton Ware Vroom Dallas, Texas	Homemaker	Principal Securities Holder	None	None	12.834%	None	N/A
Patrick O'Neill Ware Amarillo, Texas	N/A	President & Director	Vice Chairman, Secretary & Director Amarillo National Bank	None	17.003%	None	N/A
William James Ware Amarillo, Texas	N/A	Vice President, Secretary-Treasurer, & Director	President, Asst. Secretatry & Director Amarillo National Bank	Director Lone Star State Bancshares, Inc. Member Dubs Development, LLC	21.651%	None	Dubs Development, LLC - 50%
Benjamin T. Ware III Amarillo, Texas	Banker	Principal Securities Holder	Assistant to the Chairman Amarillo National Bank	None	13.662%	None	N/A
Mary Savannah Singleton Amarillo, Texas	Banking Officer	Principal Securities Holder	Banking Officer Amarillo National Bank	Co-Owner Boo-Boo Fish, LLC	31.535%	None	Boo-Boo Fish, LLC - 50%
William Tol Ware Amarillo, Texas	Banking Officer	Principal Securities Holder	Assistant Vice President Amarillo National Bank	Director Lone Star State Bancshares, Inc. Member Dubs Development, LLC	31.540%	None	Dubs Development, LLC - 50%

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(1) Name & Address (City, State)	(2) Principal Occupation if other than with Bank Holding Company	(3)(a) Title & Position with Bank Holding Company	(3)(b) Title & Position with Subsidiaries	(3)(c) Title & Position with Other Businesses	(4)(a) Percentage of Voting Shares in Bank Holding Company	(4)(b) Percentage of Voting Shares in Subsidiaries	(4)(c) Names of other companies if 25% or more of voting securities are held
George Raffkind Amarillo, Texas	Retired - Retail	Principal Securities Holder	None	Board Member Amarillo Business Foundation	20.141%	None	N/A
Lawrence Pickens Amarillo, Texas	Certified Public Accountant	Director Member of the Audit Committee	None	None	None	None	N/A
Wes Savage Dallas, Texas	N/A	Director Chairman of the Audit Committee	None	None	0.004%	None	N/A