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, William D. Hogan
Name of the Holding Company Director and Official

Director, President & CEO
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.

Signature of Holding Company Director and Official

7/22/2021
Date of Signature

Date of Report (top-tier holding company's fiscal year-end):
December 31, 2020
Month / Day / Year

5493001I1Z4E8M3WJ546
Reporter's Legal Entity Identifier (LEI) (20-Character LEI Code)

Reporter's Name, Street, and Mailing Address

Century Next Financial Corporation
Legal Title of Holding Company

505 North Vienna Street
(Mailing Address of the Holding Company) Street / P.O. Box

City	State	Zip Code
Ruston	LA	71270

Same
Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

Name	Title
Alan (Trey) Roberson	VP-Controller

318-232-1469
Area Code / Phone Number / Extension

318-232-1466
Area Code / FAX Number

troberson@cnext.bank
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:

- [x] 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

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City State Zip Code

Physical Location (if different from mailing address)

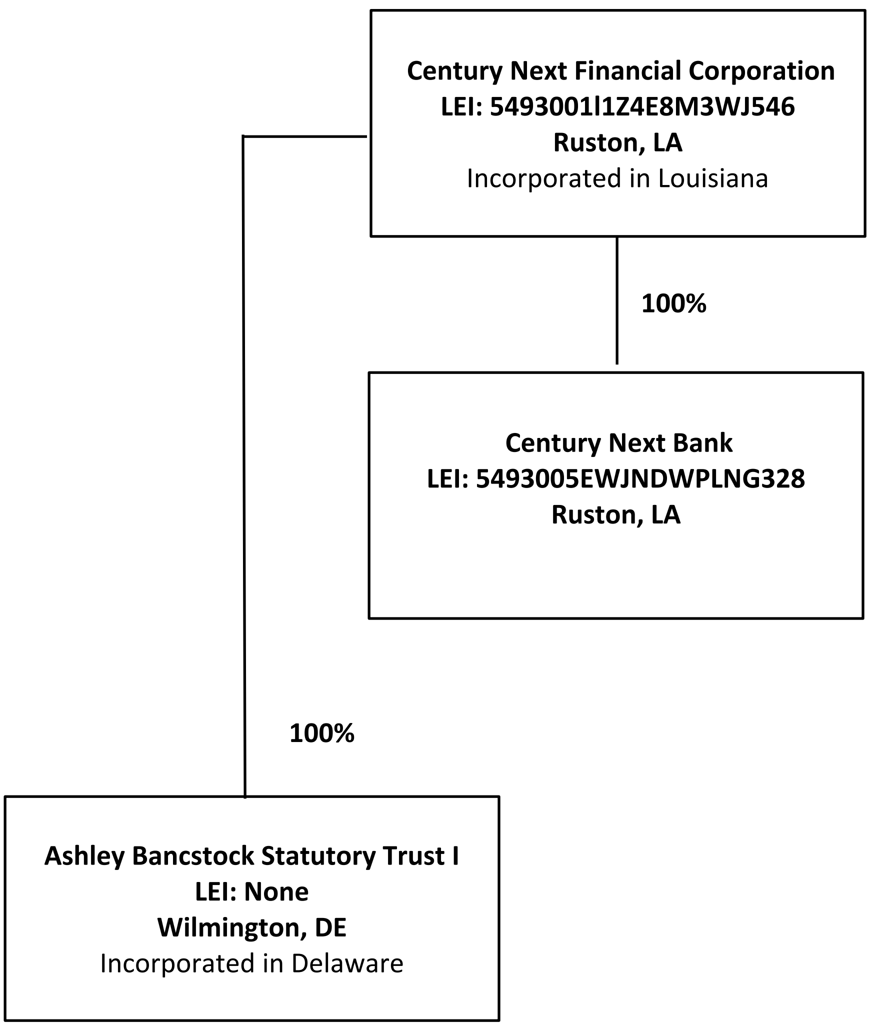
Form FR Y-6

Century Next Financial Corporation
Ruston, Louisiana
Fiscal Year Ending December 31, 2020

Report Item

1: The covered savings and loan holding company prepares an annual report for its securities holders. As specified by the Federal Reserve Bank of Dallas, one copy of our annual report is included with this report.

2a: Organizational Chart



2b: Domestic branch listing provided to the Federal Reserve Bank.

Results: A list of branches for your depository institution: CENTURY NEXT BANK (ID_RSSD: 345877).
This depository institution is held by CENTURY NEXT FINANCIAL CORPORATION (4211831) of RUSTON, LA.
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)	345877	CENTURY NEXT BANK	505 NORTH VIENNA STREET	RUSTON	LA	71270	LINCOLN	UNITED STATES	Not Required	Not Required	CENTURY NEXT BANK	345877	
OK		Full Service	514440	CROSSETT BRANCH	218 MAIN STREET	CROSSETT	AR	71635	ASHLEY	UNITED STATES	Not Required	Not Required	CENTURY NEXT BANK	345877	
OK		Full Service	638841	FOUNTAIN HILL BRANCH	105 HIGHWAY 160	FOUNTAIN HILL	AR	71642	ASHLEY	UNITED STATES	Not Required	Not Required	CENTURY NEXT BANK	345877	
OK		Full Service	2646934	HAMBURG BRANCH	603 NORTH MAIN STREET	HAMBURG	AR	71646	ASHLEY	UNITED STATES	Not Required	Not Required	CENTURY NEXT BANK	345877	
OK		Full Service	516547	NORTH BRANCH	1218 HIGHWAY 133	NORTH CROSSETT	AR	71635	ASHLEY	UNITED STATES	Not Required	Not Required	CENTURY NEXT BANK	345877	
OK		Full Service	5011430	MONROE BRANCH	2450 TOWER DRIVE	MONROE	LA	71201	OUACHITA	UNITED STATES	Not Required	Not Required	CENTURY NEXT BANK	345877	
OK		Full Service	4462307	FARMERVILLE HIGHWAY BRANCH	2109 FARMERVILLE HIGHWAY	RUSTON	LA	71270	LINCOLN	UNITED STATES	Not Required	Not Required	CENTURY NEXT BANK	345877	
OK		Full Service	5476196	WEST MONROE BRANCH	1701 NORTH 7TH STREET	WEST MONROE	LA	71291	OUACHITA	UNITED STATES	Not Required	Not Required	CENTURY NEXT BANK	345877	

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Century Next Financial Corporation
Fiscal Year Ending December 31, 2020

Report Item 3: Securities holders
(1)(a)(b)(C) and (2)(a)(b)(c)

Current securities holders with ownership, control of holding of 5% or more with power to vote as of fiscal year ending 12-31-2020

(1)(a) Name, City, State, Country	(1)(c) Country of Citizenship or Incorporation	(1)(c) Number and Percentage of Each Class of Voting Securities		
William Hogan Ruston, LA, USA	USA	90,042	5.2%	Common Stock
		21,945	1.3%	Options on Common Stock
		111,987	6.5%	Total
Frank Cordaro Ruston, LA, USA	USA	110,000	6.5%	Common Stock

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 ending 12-31-2020

(2)(a) Name, City, State, Country	(2)(b) Country of Citizenship or Incorporation	(2)(c) Number and Percentage of Each Class of Voting Securities
N/A	N/A	N/A

* The Trustee shall vote all shares of the Company Stock held by it in the same manner that the majority of the shares of Company Stock which have been already been voted.

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Century Next Financial Corporation
Fiscal Year Ending December 31, 2020

Report Item 4: Insiders
(1),(2),(3)(a)(b)(c), and (4)(a)(b)(c)

(1) Name, City, State, Country	**(2) Principal Occupation if other than with Holding Company**	**(3)(a) Title & Position with Holding Company**	**(3)(b) Title & Position with Subsidiaries (include names of subsidiaries)**	**(3)(c) Title & Position with Other Businesses (include names of other businesses)**	**(4)(a) Percentage of Voting Share in Holding Company**	**(4)(b) Percentage of Voting Shares in Subsidiaries (include names of subsidiaries)**	**(4)(c) List name of other companies (includes partnerships) if 25% or more of voting securi-ties are held (List names of companies and percentage of voting securities held)**
Michael S. Coyle, Esq. Ruston, LA, USA	Attorney	Director	Director Century Next Bank	N/A	0.0%	None	N/A
J. Brandon Ewing Ruston, LA, USA	Entrepreneur	Director	Director Century Next Bank	Ewing Timber Owner	2.5%	None	Ewing Timber, LLC -100% Punkin Center Chip Co. -33% Topper Corp.-25% Area Land Investments, LLC-100% Holy Wings, LLC 37.5%
Dan E. O'Neal, III Ruston, LA, USA	Entrepreneur	Director	Director Century Next Bank	NW-4, LLC Owner Westwind Property, LLC Owner Ruston Exterminating, Inc. Owner O-5, LLC Owner	1.3%	None	NW-4, LLC-25% Westwind Property, LLC-100% Ruston Exterminating, Inc. - 100% O-5, LLC-100% North-4, LLC-33.3% Park Avenue Plaza, LLC-50% O'Neal & Walker, LLC-33% T.D.O., LLC-50% Log Cabin Minerals, LLC-100% MOH, LLC 33.3% OMC, LLC-33.3% JP O'Neal, LLC 33%
Dr. Daniel D. Reneau Choudrant, LA, USA	Retired College Administrator	Director	Director Century Next Bank	N/A	1.2%	None	Think Tank 50, LLC - 100%
Scott R. Thompson Ruston, LA, USA	Contractor	Director	Director Century Next Bank	STC, LLC Owner	2.5%	None	STC, LLC-100% North-4, LLC-33% T-Bar-C, LLC - 50% 3 T's LLC - 33% Cotton Socks, LLC - 25% NW-4, LLC - 25%

Form FR Y-6
Century Next Financial Corporation
Fiscal Year Ending December 31, 2020

Report Item 4: Insiders
(1),(2),(3)(a)(b)(c), and (4)(a)(b)(c)

(1) Name, City, State, Country	(2) Principal Occupation if other than with Holding Company	(3)(a) Title & Position with Holding Company	(3)(b) Title & Position with Subsidiaries (include names of subsidiaries)	(3)(c) Title & Position with Other Businesses (include names of other businesses)	(4)(a) Percentage of Voting Share in Holding Company	(4)(b) Percentage of Voting Shares in Subsidiaries (include names of subsidiaries)	(4)(c) List name of other companies (includes partnerships) if 25% or more of voting securi- ties are held (List names of companies and percentage of voting securities held)
Neal Walpole Ruston, LA, USA	Tire Service	Director	Director Century Next Bank	Walpole Tire Service, LLC President	1.7%	None	Walpole Tire Service, LLC -100% Walpole Tire of Ouachita, LLC - 40%
Bartlett H. Dugdale Ruston, LA, USA	General Insurance	Director	Director Century Next Bank	McIntyre & Associates, Inc. Partner	0.2%	None	Muddy Mallard, LLC-25% Trey's Landscape Service, LLC-100% GC Land Improvement, LLC - 100% McIntyre & Associates, Inc. - 50%
Jeffery P. McGehee Ruston, LA, USA	Entrepreneur	Director	Director Century Next Bank	N/A	0.2%	None	2GM, LLC-25% Jane Marie, LLC-100% Running Wild, LLC-50% Going Yard, LLC-25% McGehee Hotels, LLC-100%
William Hogan Ruston, LA, USA	N/A	President & CEO Director	President & CEO Director Century Next Bank	N/A	6.5%	None	MAC 4 Production, LLC - 50% Stogan Development, LLC - 50% SH Capital, LLC - 50%
Herb R. Hutchison Crossett, LA, USA	Retired Restaurant Owner	Director	Director Century Next Bank	N/A	0.8%	None	O.B.O. Properties, LLC 33.3% Brothers Beverages Co., LLC 33.3% Pick's Boathouse & Cottages, LLC 33.3%
Charles M. Pope Crossett, LA, USA	Retired Entrepreneur	Director	Director Century Next Bank	Pope Auto Supply, Inc. President	0.1%	None	Pope Auto Supply, Inc. 70%
Michael F. Webb Crossett, LA, USA	President	Director	Director Century Next Bank	Vice President-Pulpmill Services Partner-Crossett Mini-Warehouse President-Ideal Construction	0.9%	None	Crossett Mini-Warehouse Partnership-50% Webb Partnership-33% Ideal Construction, Inc.-100% Pulpmill Services, LLC-40% Three W Partnership - 100% Mike Webb Holdings - 100% Mike Webb Rental-100%

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Century Next Financial Corporation
Fiscal Year Ending December 31, 2020

Report Item 4: Insiders
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Michael DuBos Monroe, LA, USA	Attorney	Director	Director Century Next Bank	Partner Breithaupt, DuBos, Wolleson Law Firm	0.2%	None	Michael L. DuBox, APLC - 100% Breithaupt, DuBox & Wollenson, LLC - 33% DuBos Properties, LLC - 100%
Mark A. Taylor, CPA, CGMA Ruston, LA, USA	N/A	Executive Officer	Executive Vice - President & CFO Century Next Bank	N/A	1.0%	None	N/A
David L. Weeks Ruston, LA, USA	N/A	Executive Officer	Executive Vice - President & CCO Century Next Bank	N/A	1.2%	None	N/A
William G Brannon Crossett AR, USA	N/A	Executive Officer	Arkansas Market President Century Next Bank	N/A	0.0%	None	N/A
Lorie R. Hamlin Ruston, LA, USA	N/A	Executive Officer	Executive Vice - President & COO Century Next Bank	N/A	0.3%	None	N/A
William E Willson Ruston, LA LA, USA	N/A	Executive Officer	Ouachita Parish Market President Century Next Bank	N/A	0.1%	None	Keirn Properties - 67% W. E. Rental - 100%

CNFC
CENTURY NEXT
FINANCIAL CORPORATION

2020 Annual Report

CENTURY NEXT
FINANCIAL CORPORATION

Report to Shareholders

On behalf of the Board of Directors, management team and staff of Century Next Financial Corporation (the Company), and its wholly-owned subsidiary, Century Next Bank (the Bank), we are proud to provide the 2020 annual report. As you are well aware, 2020 was a year not easily forgotten. Nevertheless, our board and staff rose to the occasion and the results were another year with strong earnings, assets and deposit growth in spite of enormously challenging circumstances.

For the year ended December 31, 2020, net income was $5.2 million. This was slightly down from $5.6 million in 2019, but nevertheless a strong year in an uncertain economic environment. Earnings per share were $3.18 basic and $3.14 diluted compared to $3.43 basic and $3.36 diluted in 2019. Both loans and deposits were each up 4.6% year over year.

Two areas that contributed to our overall strong performance were the mortgage refinance market, due to lower interest rates, and the Paycheck Protection Program (PPP) provided by the CARES Act of 2020.

In Louisiana, our customer base in Lincoln and Ouachita Parishes and the surrounding areas expanded with loans growing by 6.7% or $19.3 million and deposits growing by 0.6% or $1.9 million. Commercial non-real estate and real estate loans were the strongest growth areas. Deposit growth was primarily from both noninterest-bearing and interest-bearing checking and savings accounts.

In Arkansas, loans were down slightly by 0.4% or $506,000 and deposits grew a robust 13.1% or $17.3 million. Commercial real estate loans contributed the majority of the growth in loans while noninterest-bearing and interest-bearing checking and savings accounts were the largest growth areas in deposits. We continue to see great success in the Arkansas market.

Century Next Bank, our subsidiary bank, is celebrating 115 years of serving the Ruston Community and Lincoln Parish. Ouachita parish continues to be a growth market with strong expansion opportunities. In February of 2020, we opened our newest branch location in West Monroe and were very pleased to see $9.0 million in new loans and $3.0 million in new deposits by year-end.

We are also pleased with solid market share growth in Arkansas, while continuing the traditional focus on serving the Ashley County area as has been the case for over 116 years. Our three full-service branches and one drive through location continue to provide us a very strong presence in the region.

As we move into 2021, our Company focus will remain on strong asset quality, expanding our customer base, and strategic growth opportunities in North Louisiana and Southeast Arkansas. We will expand our marketing efforts in 2021 to attract new customers while remaining laser-focused on our most important task of meeting the needs of our existing customers.

Thank you for allowing us to service you, our shareholders, and for supporting us as we look for more opportunities to build and strengthen our growing regional presence in the year ahead.

Bill Hogan

William D. Hogan
President and Chief Executive Officer
Century Next Financial Corporation

Board of Directors

Michael S. Coyle, Esq.	Has served as a director since 2015. Mr. Coyle is an attorney in private practice since October 1976 in Ruston, Louisiana. Mr. Coyle brings significant knowledge of the local legal community and serves as Bank legal counsel.
Bartlett H. Dugdale	Has served as a director since 2016. Mr. Dugdale is a principal in a managing general insurance agency located in Ruston, Louisiana. He currently holds his certified public accountant designation and is a licensed producer for property and casualty insurance in the state of Louisiana. Mr. Dugdale brings both knowledge of the community and business management expertise.
J. Brandon Ewing	Has served as a director since 2006. Mr. Ewing is the owner of Ewing Timber L.L.C., located in Jonesboro, Louisiana. Mr. Ewing brings significant business, management and financial expertise to the Board as the owner of a family operated business.
William D. Hogan	Has served as a director since 1996, President & CEO of Century Next Financial and Century Next Bank since July, 2013, President of the Bank since May 2011, Executive Vice President of Century Next Financial Corporation since September 2010, and Executive Vice President-Business Development of the Bank from 2008 to 2011. Prior thereto, he was a co-owner and Senior Vice President of Sales at Hogan Hardwoods, located in Ruston, Louisiana from 2001 to 2008. Mr. Hogan brings over 25+ years of business expertise to the Board.
Herb R. Hutchison	Has served as director since November 2018. Mr. Hutchison previously served on the board of Ashley Bancstock Company and First National Bank of Crossett for over 25 years. He also served as Chairman as part of his tenure as a board member of both companies. He retired from the restaurant industry in 2016 where he owned businesses in both Arkansas and Louisiana. He also manages real estate holdings in Alabama, Ohio, Louisiana and Arkansas.
Jeffrey P. McGehee	Has served as a director since 2016. Mr. McGehee is an entrepreneur and owns a wholesale distribution business and has some real-estate interests located in Ruston, Louisiana. Mr. McGehee brings to the Board business management and marketing experience as well as knowledge of the local business community.
Dan E. O’Neal, III	Has served as a director since 2011. Mr. O’Neal is the owner of Ruston Exterminating, Inc., located in Ruston, Louisiana since 1993. Mr. O’Neal brings to the Board significant business and management expertise as well as knowledge of the local real estate market as a developer of numerous housing subdivisions and the owner of a local service company.
Charles M. Pope	Has served as director since November 2018. Mr. Pope previously served on the board of Ashley Bancstock Company and First National Bank of Crossett from 1986 to October 2018. He also served as Chairman as part of his tenure as a board member of both companies. He is a retired business owner in Crossett, Arkansas and has served on the board of various entities including the local school board, Rotary Club, and a scholarship foundation.
Dr. Daniel D. Reneau	Has served as a director since 1982. Dr. Reneau was President of Louisiana Tech University, located in Ruston, Louisiana, from July 1987 to June 2013. Dr. Reneau brings significant leadership and management expertise to the Board as the President of a major Louisiana research university. Dr. Reneau serves as the Chairman of the Board.
Scott R. Thompson	Has served as a director since 2005. Mr. Thompson is the owner of STC, LLC, located in Ruston, Louisiana. Mr. Thompson brings to the Board significant business and management expertise as well as knowledge of the local real estate market as the owner of a local construction company. Mr. Thompson serves as Chairman of the Compensation Committee.
J. Neal Walpole	Has served as a director since 2003. Mr. Walpole is President of Walpole Tire Service, located in Ruston, Louisiana and has served in such capacity for over 30 years. Mr. Walpole brings significant business and management expertise and knowledge of the local business community from his years of service as President of a local service company. Mr. Walpole serves as Chairman of the Audit Committee.

Board of Directors, continued

Michael F. Webb	Has served as director since November 2018. Mr. Webb previously served on the board of Ashley Bancstock Company and First National Bank of Crossett from 1996 to October 2018. He also served as Chairman as part of his tenure as a board member of both companies. He is currently President of Ideal Construction Company, a local general contracting firm, where he joined in 1980.
Michael L. DuBos, Esq.	Has served as director since October 2020. Mr. DuBos is a partner in the Breithaupt, DuBos, Wolleson law firm in Monroe, Louisiana. He is a veteran of the United States Air Force and earned his Bachelor of Science from the University of Maryland and graduated magna cum laude from Loyola University School of Law. He has practiced law in Louisiana since 1997.
Benjamin L. Denny *(Director Emeritus)*	Has served as director emeritus of Century Next Bank since July 2013. Prior to July 2013, he served as a director and President and Chief Executive Officer of Century Next Financial from September 2010 until June 2013. He also served as Chief Executive Officer of Century Next Bank from 1981 to June 2013. Mr. Denny has over 40 years of service in the financial institutions industry and has long-standing ties to the local business and legal community in the Ruston area.
James H. Hall *(Director Emeritus)*	Has served as director emeritus of Century Next Bank since July 2013. Prior to July 2013, he served as Chief Credit Officer of Century Next Bank from March 2000 to his retirement in June 2013. Mr. Hall has over 40 years of service as a commercial lender in the local banking industry and has long-standing ties to the local business community in the Ruston area.

Ashley County-Bank Advisory Board

Philip E. Barnes	Began serving as an advisory member in November 2018. Mr. Barnes is a part owner of Timber Producers Company. He previously served as a board member of First National Bank of Crossett from June 2017 to October 2018. He has also served as a member on local civic organizations.
W. Gary Brannon	Began serving as an advisory member in November 2018. Mr. Brannon is currently the Market President for Arkansas. He has extensive experience in banking and financial services. He previously served as board member of First National Bank of Crossett from March 2015 to October 2018.
Crystal G. Marshall	Began serving as an advisory member in November 2018. Mrs. Marshall is a principal or owner of a Marshall Crude Oil. She previously served as a board member of Ashley Bancstock Company and First National Bank of Crossett from March 2017 to October 2018. She also currently serves as a member of the Arkansas Municipal League Public Safety Advisory Council, Crossett City Council, Crossett Parks and Recreation Commission, Junior Auxiliary of Crossett, and the Crossett Elementary School PTO and Parental Involvement Committee.
John E. McGoogan	Began serving as an advisory member in November 2018. Mr. McGoogan is a graduate of Oklahoma University in mathematics. He served as an officer in the US Navy before a long career with Lucent Technologies in information systems design and development. He previously served as a board member of Ashley Bancstock Company and First National Bank of Crossett from September 2014 to October 2018. He is active in the United Methodist Church and has served on the Board of Grace UMC Foundation.
Douglas W. Reed	Began serving as an advisory member in November 2018. Mr. Reed is currently retired. In the past, he was involved in Convoy Logistics, LLC in Crossett with his two sons. He previously served as a board member of Ashley Bancstock Company and First National Bank of Crossett from May 1995 to October 2018.
Dr. Benjamin J. Walsh	Began serving as an advisory member in November 2018. Dr. Walsh is a staff physician at the Family Clinic of Ashley County. He previously served as a board member of Ashley Bancstock Company and First National Bank of Crossett from 2003 to October 2018. He is also a member of the Board of Directors of Ashley County Medical Center.
Lori B. Walsh	Began serving as an advisory member in November 2018. Mrs. Walsh is currently a Vice President and Senior Consultant for MedAxiom, a healthcare consulting firm specializing in Cardiovascular medicine. She previously served as a board member for First National Bank of Crossett from July 2015-October 2018. Mrs. Walsh also serves on the Crossett Economic Development Board and is the Chairman of the Ashley County Medical Center Foundation Board.
Dane A. Weindorf	Began serving as an advisory member in 2019. Mr. Weindorf was a former board member of First National Bank of Crossett from 2003 through 2016. He is currently serving in his third term as Mayor of Hamburg. He has also served as past President of Hamburg and Crossett Rotary Club, President of both Crossett and Hamburg Chamber of Commerce's and President of the Hamburg School District Board. He is the retired owner of retail grocery stores and is an active member of First Baptist Church, serving as Trustee.

CENTURY NEXT
FINANCIAL CORPORATION

Ouachita Parish-Bank Advisory Board

Wes Bass

Began serving as an advisory member in 2019. Mr. Bass is the owner and founder of WL Bass Construction Company. He is a graduate of Louisiana Tech University.

Toni Estis

Began serving as an advisory member in 2019. Mrs. Estis is a co-owner and Chief Financial Officer of Southern Industrial Contractors, LLC, a private equity construction firm started in 2001, primarily focused on constructing complex industrial facilities throughout the U.S. for Fortune 500 companies. Southern Industrial has helped create thousands of new direct and indirect jobs during the construction of the DRAX Biomass and German Pellets facilities in Beekman and Urania, the Roseburg Forest Products facility in Simsboro, and most recently the new $115 million Lasalle Lumber Mill, a partnership between Ruston-based Hunt Forest Products and Canadian-based Tolko Industries Ltd.

David Sorrell

Began serving as an advisory member in 2016. Mr. Sorrell plays a key role with the Holyfield Construction a decades-old real estate development company headquartered in Monroe. Prior to joining Holyfield, He held top positions with non-profits for over fifteen years. He also owns Sorrell Consulting and Relee Properties a real estate development and management company.

Misti Cordell

Began serving as an advisory member in 2020. Mrs. Cordell currently serves as a Physician Liaison and Accounts Manager at St. Francis Medical center in Monroe. She graduated from Louisiana Tech University with a degree in Human Resource Management. She currently serves as president of the Ouachita Parish Women's Republican club and as an elected member of the Republican State Central Committee and Republican Parish Advisory Council. She had been a long-standing board member for numerous community organizations.

Dr. Mark Napoli

Began serving as an Advisory member in 2020. Dr. Napoli is a private practice cardiologist in Monroe. He is the business principal for the Complete Cardiovascular Center of Monroe. He has served as the chairman of the board of directors for Specialty Management Services or Ouachita, LLC, since 2019. Dr. Napoli founded Cor Medical in 2010. He is a graduate of Northeast Louisiana University, now ULM. He received his medical degree from Louisiana State University Medical Center in New Orleans.

CENTURY NEXT
FINANCIAL CORPORATION

Executive Management

William D. Hogan	President and Chief Executive Officer
Lorie R. Hamlin	Executive Vice President and Chief Operations Officer
Mark A. Taylor, CPA CGMA	Executive Vice President and Chief Financial and Chief Risk Officer
David L. Weeks	Executive Vice President and Chief Credit Officer
W. Gary Brannon	Arkansas Market President-Century Next Bank
William E. Willson	Ouachita Parish Market President-Century Next Bank

Officers of Century Next Bank

Angela Carpenter	Senior Vice President-Operations/Marketing
Courtnie Beach	Senior Vice President-Commercial Lending
Mitsy Huffstetler, CRCM	Senior Vice President-Compliance Officer
Toni Bacon	Senior Vice President-Commercial Lending
Tammy Walsworth	Senior Vice President-Loan Administration
Nicholas Austin	Vice President-Commercial Lending
Terry Burns	Vice President-Lending Compliance
Sheri Burt	Vice President-Lending
Lee Denny	Vice President-Lending
Carla Raborn	Vice President-Human Resources
Alan Roberson	Vice President-Controller
Amanda Taunton	Vice President-Information Technology
Mallory Taylor	Vice President-Finance
John Tompkins	Vice President-Lending/Administration
Matt Winkelpleck	Vice President-Mortgage Lending Administrator
Christy Bishop	Vice President-Relationship Banking
Johnathan Canley	Vice President-Lending
Sarah Cantley	Vice President-Mortgage
Corbitt Holloway	Vice President-Credit Review
Connie Kelley	Vice President-Retail Lending
Michael Wilkes	Vice President-Lending and Branch Manager

Officers of Century Next Bank-Continued

Charles Young	Vice President-Compliance
Christy Martin	Vice President-Branch Manager/Retail Lender
Angie Johnson	Vice President- Commercial Lender
Gretchen Tiser	Vice President-Credit Services

CENTURY NEXT
FINANCIAL CORPORATION

Community Involvement

Century Next Bank is committed to serving our community and enhancing the quality of life locally. We are proud to serve alongside our community partners in North Central Louisiana & Southeast Arkansas.

Lincoln Parish Involvement
Louisiana Tech University
Grambling State University
Lincoln Parish Schools
Cedar Creek School
AE Phillips Laboratory School
Montessori School of Ruston
Lincoln Achieve
Louisiana Methodist Children's Home
United Way-Lincoln
Lincoln Health Foundation
Christian Community Action
Life Choices Pregnancy Resource Center
Karl Malone Foundation for Kids
Teach One to Lead One
Young Life
Buddy Ball
Boys & Girls Club
Pine Hills Children's Advocacy
Med Camps of Louisiana
DART
St. Jude's Research Hospital
Ruston-Lincoln Community Foundation
Ruston-Lincoln Chamber of Commerce
City of Ruston
City of Grambling
North Louisiana Medical Center
Lincoln Parish First Responders
Dixie Center For The Arts
North Central LA Arts Council
Ruston Community Theatre
Ruston Cultural District
Ross Lynn Charitable Foundation
Ruston Farmers Market
Storytellers
Ducks Unlimited
Rotary Clubs of Ruston
Kiwanis International
Lions Club
Quota Club
Lincoln Parish Senior Expo
4PAWS
Lincoln Parish 4-H Foundation
North Louisiana Military Museum
Lincoln Parish Museum & Historical Society
Autism Society of North LA
Junior Auxiliary of Ruston
NAMI Ruston
Society of LA Certified Public Accountants - Northeast Chapter
Northeast Louisiana Association of Realtors
Weekend of the Cross

Ouachita Parish Involvement
ULM Athletic Foundation
St. Francis
Monroe Symphony Orchestra
Louisiana Delta Ballet
Strauss Theatre
KEDM Public Radio
Rotary of Monroe
Monroe Chamber of Commerce
West Monroe/West Ouachita Chamber of Commerce
United Way-Ouachita
Keep Ouachita Beautiful
LA Baptist Children's Home
Children's Coalition of Northeast LA
Living Well Foundation
ULM Golf Team
CCA Louisiana
West Monroe High School
Carroll High School
Sterlington High School
Good Hope Middle School
Food Bank of North Louisiana
NOVA Workforce Institute
North LA Economic Partnership
Monroe Surgical Hospital
DeSiard St. Shelter
Cancer Foundation League
Caring for Kids
Broaden Horizons
Coastal Conservation Association
Northeast Master Gardeners
Twin Cities Krewe de Riviere
Twin City Marathon

Crossett Community Involvement
Crossett Area Chamber of Commerce
Crossett School District
Crossett Education Alliance
Boys and Girls Club
Crossett Riding Club/ Rodeo Support
Crest Swim Team
Crossett City Pool
Kiwanis
Rotary
Food Pantry
Buddy Bass Tournament
Lions Club
Armor Up
Picnic with the Arts
Christmas in Crossett

Hamburg Community Involvement
Hamburg Area Chamber of Commerce
Serve for Hamburg 50-year Club
Hamburg Sports Banquet
Hamburg School District
Hamburg Foundation
Hamburg Booster Club
Hamburg Softball & Baseball Fields

Ashley County Involvement
Go Red of Ashley County
UAM Job Fair
UAM Career Camp- 9th Grade
ACMC Health Foundation
Ashley County Cares Banquet
American Legion Ladies Aux
American Cancer Society- Relay for Life
Ashley County Fair
John 3:16 Ministries
LAW Publications
Prairie Benefit Trail Ride
SEARK Concert Series

And many, many more!

CENTURY NEXT
FINANCIAL CORPORATION

Company Information

Century Next Financial Corporation is the holding company for Century Next Bank (the “Bank”) which conducts business from its main office in Ruston, Louisiana. The Company was formed in 2010 and is subject to the regulatory oversight of the Board of Governors of the Federal Reserve System. The Bank is a wholly-owned subsidiary and is an insured federally-chartered covered savings association subject to the regulatory oversight of the Office of the Comptroller of the Currency. The Bank was established in 1905 and is headquartered in Ruston, Louisiana. The Bank is a full-service bank with four locations in Louisiana including two banking offices in Ruston, one banking office in Monroe, one banking office in West Monroe, and four locations in Arkansas including two banking offices in Crossett, one banking office in Hamburg, and one drive-through location with limited services in Fountain Hill. The Bank emphasizes professional and personal banking service directed primarily to small and medium-sized businesses, professionals, and individuals. The Bank provides a full range of banking services including its primary business of real estate lending to residential and commercial customers.

The corporate headquarters are located at 505 North Vienna Street, Ruston, Louisiana 71270.

The common stock of Century Next Financial Corporation publicly trades on the OTC Markets Group’s OTCQX Best Market under the symbol CTUY.

CENTURY NEXT BANK

BANKING LOCATIONS

LOUISIANA
505 North Vienna Street
Ruston, Louisiana 71270
(318) 255-3733

2109 Farmerville Highway
Ruston, Louisiana 71270
(318) 255-3733

2450 Tower Drive
Monroe, Louisiana 71201
(318) 812-2265

1701 North 7th Street
West Monroe, LA 71291
(318)460-1960

ARKANSAS
218 Main Street
Crossett, Arkansas 71635
(870) 364-1300

1218 Hwy 133 North
Crossett, Arkansas 71635
(870) 364-2125

603 N. Main Street
Hamburg, Arkansas 71646
(870) 853-8200

105 Hwy 160
Fountain Hill, Arkansas 71642
(870) 853-5201

Website: www.cnext.bank

CENTURY NEXT
FINANCIAL CORPORATION

Financial Highlights

Selected Financial Data: *(data in thousands)*	**At December 31,** 2020	2019	2018
Total Assets	$ 515,070	$ 489,606	$ 462,128
Cash and cash equivalents	61,426	54,100	54,454
Securities available-for-sale	265	314	351
Securities held-to-maturity	334	333	685
FHLB stock and other investments	1,959	1,942	1,922
Total net loans	420,397	402,033	375,342
Total deposits	441,075	421,855	383,320
Short-term borrowings including FHLB Advances	-	41	22,000
Long-term borrowings including FHLB Advances	14,454	14,454	8,542
Total equity	55,520	50,137	44,851

	For the Year Ended December 31, 2020	2019	2018
Selected Operating Data:			
Interest income	$ 24,437	$ 25,534	$ 16,067
Interest expense	3,847	5,913	3,295
Net interest income before provision for loan losses	20,590	19,621	12,772
Provision for loan losses	1,448	1,203	780
Net interest income after provision for loan losses	19,142	18,418	11,992
Non-interest income	4,167	3,977	1,958
Non-interest expense	16,690	15,343	9,789
Income before income taxes	6,619	7,052	4,161
Income taxes	1,405	1,499	851
Net income	$ 5,214	$ 5,553	$ 3,310

Financial Highlights (continued)

	At or For the Year Ended December 31, 2020	2019	2018
Select Operating Ratios:(1)			
Average yield on interest-earning assets	5.09%	5.70%	5.08%
Average rate on interest-bearing liabilities	0.98%	1.56%	1.24%
Average interest rate spread (2)	4.11%	4.14%	3.84%
Net interest margin (2)	4.29%	4.38%	4.04%
Average interest-earning assets to average interest-bearing liabilities	122.27%	118.03%	118.98%
Net interest income after provision for loan losses to non-interest expense	114.69%	120.04%	122.50%
Total non-interest expense to average assets	3.25%	3.17%	2.91%
Efficiency ratio(3)	67.42%	65.02%	66.46%
Return on average assets	1.01%	1.15%	0.98%
Return on average equity	9.84%	11.71%	9.76%
Average equity to average assets	10.31%	9.80%	10.08%
Asset Quality Ratios:(4)			
Non-performing loans as a percent of total net loans(5)	0.96%	0.84%	0.27%
Non-performing assets as a percent of total assets(5)	0.92%	0.84%	0.43%
Allowance for loan losses to total loans	1.07%	0.84%	0.68%
Allowance for loan losses as a percent of non-performing loans	112.57%	101.15%	250.40%
Net charge-offs to average total loans	0.08%	0.09%	0.06%
Capital Ratios:(6)			
Total Capital	15.16%	14.75%	13.68%
Tier 1 Capital	14.03%	13.82%	12.94%
Common Equity Tier 1 Capital	14.03%	13.82%	12.94%
Leverage Capital	11.14%	10.28%	9.76%
Asset Growth	5.2%	5.9%	62.9%
Loan Growth	4.6%	7.1%	58.1%
Deposit Growth	4.6%	10.1%	68.2%
Net Income Growth	-6.1%	67.8%	40.6%
Other Data:			
Banking offices	8	7	7

(1) With the exception of end of period ratios, all ratios are based on average monthly balances during the indicated periods.

(2) Average interest rate spread represents the difference between the average yield on interest-earning assets and the average rate paid on interest-bearing liabilities, and net interest margin represents net interest income as a percent of average interest-earning assets.

(3) The efficiency ratio represents the ratio of non-interest expense divided by the sum of net interest income and non-interest income.

(4) Asset quality ratios are end of period ratios, except for net charge-offs to average net loans.

(5) Non-performing loans consist of all loans 90 days or more past due and all non-accruing loans. Non-performing assets consist of non-performing loans and other repossessed assets.

(6) Capital ratios for all years are reported under the 'Basel III Capital Rule'. Total Capital is Total Capital divided by Total Risk-Weighted Assets. Tier 1 Capital is Tier 1 Capital divided by Total Risk-Weighted Assets. Common Equity Tier 1 Capital is Common Equity Tier 1 Capital divided by Total Risk-Weighted Assets. Leverage Capital is Tier 1 Capital divided by Total Average Assets and is the same as calculated under the new Community Bank Leverage Ratio Framework adopted by the Bank in 2020.

CENTURY NEXT

FINANCIAL CORPORATION

Contents

Heard, McElroy, & Vestal
LLC

Certified Public Accountants

333 Texas Street, Suite 1525
Shreveport, Louisiana 71101
318-429-1525 Phone • 318-429-2070 Fax

The Board of Directors and Stockholders
Century Next Financial Corporation

Independent Auditor's Report

We have audited the accompanying consolidated financial statements of Century Next Financial Corporation and Subsidiary, which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Century Next Financial Corporation and Subsidiary as of December 31, 2020 and 2019, and the consolidated results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Heard, McElroy & Vestal, LLC

March 17, 2021
Shreveport, Louisiana

HMV
A Professional Services Firm
Shreveport · Monroe · Delhi
hmv@hmvcpa.com E-mail
www.hmvcpa.com Web Address

CENTURY NEXT

FINANCIAL CORPORATION

CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)	December 31 2020		December 31 2019	
ASSETS				
Cash and balances due from banks	$	4,358	$	9,819
Interest-bearing deposits in banks		57,068		44,281
Total cash and cash equivalents		61,426		54,100
Debt securities:				
Available-for-sale		265		314
Held-to-maturity (including $335 and $335 at fair value)		334		333
Total Debt Securities		599		647
Federal Home Loan Bank stock		1,530		1,513
Other equity investments		429		429
Loans:				
Loans, net of unearned income		422,089		403,628
Loans held for sale		2,853		1,827
Allowance for loan losses		(4,545)		(3,422)
Net Loans		420,397		402,033
Accrued interest receivable		2,390		2,062
Premises and equipment, net of accumulated depreciation of $4,754 and $4,136		9,549		9,619
Other foreclosed assets		685		732
Intangible assets		4,153		4,398
Other assets		13,912		14,073
TOTAL ASSETS	$	515,070	$	489,606
LIABILITIES AND STOCKHOLDERS' EQUITY				
Liabilities:				
Deposits				
Noninterest-bearing	$	70,303	$	46,855
Interest-bearing		370,772		375,000
Total Deposits		441,075		421,855
Advances from borrowers for insurance and taxes		89		74
Short-term borrowings		-		41
Long-term borrowings		14,454		14,454
Accrued interest payable		81		214
Other liabilities		3,851		2,831
Total Liabilities		459,550		439,469
Stockholders' equity:				
Common Stock, $.01 par value – 9,000,000 shares authorized; 1,687,381 and 1,662,530 issued and outstanding		17		17
Additional paid-in capital		30,900		30,287
Unearned shares held by Recognition and Retention Plan (23 shares in 2019)		-		-
Unearned ESOP Shares (37,557 and 41,409 shares)		(325)		(359)
Retained earnings		24,923		20,182
Accumulated other comprehensive income (loss)-net of taxes, $2 and $3		5		10
Total Stockholders' Equity		55,520		50,137
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	515,070	$	489,606

The accompanying notes are an integral part of these consolidated financial statements.

CENTURY NEXT
FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except share data)	Years Ended December 31 2020	2019
INTEREST INCOME		
Loans (including fees)	$ 24,190	$ 24,374
Debt securities:		
Taxable	16	24
Tax-exempt	8	20
Other	223	1,116
Total Interest Income	24,437	25,534
INTEREST EXPENSE		
Deposits	3,530	5,056
Short-term borrowings	1	462
Long-term debt	316	395
Total Interest Expense	3,847	5,913
Net Interest Income	20,590	19,621
Provision for loan losses	1,448	1,203
Net Interest Income After Loan Loss Provision	19,142	18,418
NON-INTEREST INCOME		
Service charges on deposit accounts	1,147	1,633
Loan servicing release fees	2,036	1,229
Net loss on sale of loans	(217)	(131)
Net gain (loss) on sale of foreclosed assets	(78)	1
Other	1,279	1,245
Total Non-interest Income	4,167	3,977
NON-INTEREST EXPENSE		
Salaries and employee benefits	10,233	8,642
Occupancy and equipment	1,241	1,120
Data processing	930	1,568
Directors' expense	223	216
Advertising	746	428
Legal and professional	189	73
Audit and examination fees	215	341
Office supplies	128	163
FDIC deposit insurance	185	73
Foreclosed assets	140	271
Amortization of Intangibles	246	246
Other operating expense	2,214	2,202
Total Non-interest Expense	16,690	15,343
Income Before Taxes	6,619	7,052
Income Taxes	1,405	1,499
NET INCOME	$ 5,214	$ 5,553
Basic Earnings per Share	$ 3.18	$ 3.43
Diluted Earnings per Share	$ 3.14	$ 3.36

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)	Years Ended December 31 2020	2019
Net income	$ 5,214	$ 5,553
Other comprehensive income gain (loss), net of tax*		
Unrealized gains (losses) on securites:		
Unrealized holding gain (losses) arising during the period	(5)	1
Less: reclassification adjustments for gains (losses) included in net income	-	-
Net change in unrealized gains (losses) on securities	(5)	1
Other comprehensive income gain (loss), net of tax*	(5)	1
Comprehensive income	$ 5,209	$ 5,554

The accompanying notes are an integral part of these consolidated financial statements.
**All other comprehensive amounts are shown net of tax.*

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(In thousands)	Common Stock Amount	Additional Paid-In Capital	Unearned RRP Shares	Unearned ESOP Shares	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
Balance, December 31, 2018	$ 17	$ 30,117	$ (2)	$ (392)	$ 9	$ 15,102	$ 44,851
Comprehensive income:							
Net income	-	-	-	-	-	5,553	5,553
Unrealized gains (losses) on securities							-
available for sale, net of tax	-	-	-	-	1	-	1
Total comprehensive income							5,554
Shares vested and issued for RRP	-	(2)	2	-	-	-	-
ESOP shares released	-	90	-	33	-	7	130
Cash out of stock options (4,361 shares)	-	(15)	-	-	-	(73)	(88)
Exercise of stock options (7,891 shares)	-	102	-	-	-	-	102
Amortization of awards under RRP	-	4	-	-	-	-	4
ESOP share repuchase (984 shares)	-	(9)	-	-	-	(25)	(34)
Cash dividends	-	-	-	-	-	(382)	(382)
Balance December 31, 2019	$ 17	$ 30,287	$ -	$ (359)	$ 10	$ 20,182	$ 50,137
Comprehensive income:							
Net income	-	-	-	-	-	5,214	5,214
Unrealized gains (losses) on securities							
available for sale, net of tax	-	-	-	-	(5)	-	(5)
Total comprehensive income							5,209
ESOP shares released	-	75	-	34	-	6	115
Cash out of stock options (2,916 shares)	-	(10)	-	-	-	(45)	(55)
Exercise of stock options (12,669 shares)	-	164	-	-	-		164
Amortization of awards under RRP	-	4	-	-	-	-	4
401k share repurchase (1,800 shares)	-	(56)	-	-	-	-	(56)
ESOP shares repurchased (571 shares)		(5)				(15)	(20)
Issuance of common shares to 401k (14,399 shares)	-	441	-	-	-	-	441
Cash dividends	-	-	-	-	-	(419)	(419)
Balance, December 31, 2020	$ 17	$ 30,900	$ -	$ (325)	$ 5	$ 24,923	$ 55,520

The accompanying notes are an integral part of these consolidated financial statements.

CENTURY NEXT

FINANCIAL CORPORATION

-

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Years Ended December 31 2020	2019
Cash flows from operating activities:		
Net income	$ 5,214	$ 5,553
Adjustments to reconcile net income		
to net cash provided (used) by operating activities:		
Provision for possible loan losses	1,448	1,203
Depreciation and amortization	619	556
Amortization of purchase accounting valuations	(490)	(562)
Stock-based compensation expense, net of tax benefits	249	203
ESOP shares released	34	33
Writedowns of foreclosed assets	40	236
Net loss on sale of loans	217	131
Net loss (gain) on sale of foreclosed assets	78	(1)
Income from change in cash surrender value of life insurance	(218)	(223)
Deferred income tax expense (benefit) -Current Year	271	(15)
Net amortization (accretion) of premium (discount) and fair value adjustments to investments	3	(1)
Increase in loans held for sale	(1,243)	(755)
(Increase) decrease in foreclosed assets	(896)	226
Increase in interest receivable and other assets	(356)	(729)
Increase (decrease) in accrued interest payable and other liabilities	887	(305)
Total adjustments	643	(3)
Net cash provided by operating activities	5,857	5,550
Cash flows from investing activities:		
Proceeds from sales and maturities of investment securities	45	390
Net purchase of FHLB stock and other equity investments	(17)	(20)
Proceeds from sales of foreclosed assets	865	-
Proceeds from life insurance claims	90	-
Purchase of fixed assets	(549)	(1,805)
Net increase in loans	(18,050)	(26,386)
Net cash used by investing activities	(17,616)	(27,821)
Cash flows from financing activities:		
Net increase in demand deposits and savings accounts	44,954	32,142
Net (decrease) increase in time deposits	(25,898)	6,215
Increase in advances from borrowers for insurance and taxes	15	9
Net decrease in FHLB advances and other borrowings	(41)	(16,047)
Proceeds from issuance of common stock to 401k particpants	441	-
Expenditures for repurchase of 401k shares from participants	(56)	-
Expenditures from cash out of stock options	(55)	(88)
Proceeds from exercise of stock options, including tax benefit	164	102
Cash dividends paid on common stock	(419)	(382)
Expenditures for repurchase of ESOP shares from participants	(20)	(34)
Net cash provided by financing activities	19,085	21,917
Net increase (decrease) in cash and cash equivalents	7,326	(354)
Cash and cash equivalents, at beginning of period	54,100	54,454
Cash and cash equivalents, at end of period	$ 61,426	$ 54,100
Supplemental disclosures of cash flow information		
Cash paid during the period for:		
Interest on deposits and borrowed funds	$ 3,980	$ 6,019
Income taxes	$ 1,185	$ 1,565

The accompanying notes are an integral part of these consolidated financial statements

1. Summary of Significant Accounting Policies

a. Investments in securities

The Bank's investments in securities are classified in two categories and accounted for as follows:

- *Securities Held to Maturity*. Bonds, notes and debentures for which the Bank has the positive intent and ability to hold to maturity are reported at cost, adjusted for amortization of premiums and accretion of discounts, which are recognized in interest income using the straight-line method over the period to maturity.

- *Securities Available for Sale*. Securities available for sale consist of bonds, notes, debentures, and certain equity securities not classified as trading securities nor as securities held to maturity.

Declines in the fair value of individual held-to-maturity and available-for-sale securities below cost, that are other than temporary, result in write-downs of the individual securities to their fair value. The related write-downs are included in earnings as realized losses. No such write-downs were made in fiscal 2020 or fiscal 2019.

Unrealized gains and losses, net of income taxes, on securities available for sale are accounted for in accumulated other comprehensive income as part of stockholders' equity. Changes in unrealized gains and losses on these securities are separately reported as components of other comprehensive income.

Gains and losses on the sale of securities available for sale are determined using the specific-identification method.

b. Use of estimates

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

Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for losses on loans and the valuation of real estate acquired in connection with foreclosures or in satisfaction of loans. In connection with the determination of the allowances for losses on loans and foreclosed real estate, management obtains independent appraisals for significant properties.

Most of the Bank's business activity is with customers located within the North Louisiana and South Arkansas areas. The loan categories are detailed in Note 3. The economies of these areas are diversified but depend on timber, agriculture, and oil and gas. Although these areas of the economy and the economy in general in the area are doing well, they could decline in the future.

While management uses available information to recognize losses on loans, future additions to the allowances may be necessary based on changes in local economic conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the Bank's allowances for losses on loans and foreclosed real estate. Such agencies may require the Bank to recognize additions to the allowances based on their judgments about information available to them at the time of their examination. Because of these factors, it is reasonably possible that the allowance for losses on loans may change materially in the near future.

c. Business Combinations

Assets and liabilities acquired in business combinations are recorded at their fair value. In accordance with ASC Topic 805, *Business Combinations*, the Company generally records provisional amounts at the time of acquisition based on the information available to the Company. The provisional estimates of fair values may be adjusted for a period of up to one year ("measurement period") from the date of acquisition if new information is obtained. Subsequently, adjustments recorded during the measurement period are recognized in the current reporting period.

1. <u>Summary of Significant Accounting Policies</u> (Continued)

d. Loans and allowance for loan losses

Loans are stated at the amount of unpaid principal, reduced by deferred loan fees and an allowance for loan losses. Deferred loan fees are generally recognized as income under the effective yield method. Interest on loans is calculated by using the simple interest method on daily or monthly balances of the principal amount outstanding. Loans held for sale are reported at the lower of cost or market, with market value determined on the aggregate method.

Loans acquired in business combinations are initially recorded at fair value. The fair value of the acquired loan portfolio includes two components: (1) an estimate of the interest rate premium or discount on the loans calculated as the difference between the contractual rate of interest on the loans and prevailing interest rates referred to as the “interest rate mark”, and (2) an estimate of expected credit losses referred to as the “credit mark”. The interest rate mark and credit mark on purchased performing loans are fully amortized on a straight-line basis to net interest income over the weighted-average life of the portfolio. For purchased credit impaired loans, expected cash flows will be reevaluated periodically to determine the need for adjusting the associated credit mark. The interest rate mark is amortized into net interest income on a straight-line basis over the effective life of the loan.

The allowance for loan losses is established through a provision for loan losses charged to expense. Loans are charged against the allowance for loan losses when management believes that the collectability of the principal is unlikely. The allowance is an amount that management believes will be adequate to absorb possible losses on existing loans that may become uncollectible, based on evaluations of the collectability of loans and prior loan loss experience. The evaluations take into consideration such factors as changes in the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans, and current economic conditions that may affect the borrowers' ability to pay. No allowance for loan losses is recorded at the date of acquisition for loans acquired in a business combination because those loans are recorded at fair value which includes an expected credit loss component.

Accrual of interest is discontinued on a loan after it is 90 days or more past due and when management believes, after considering economic and business conditions and collection efforts, that the borrowers' financial condition is such that collection of interest is unlikely. Past due status is based on contractual terms of the loan. However, loans may be placed on nonaccrual or charged off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual or charged off are reversed against interest income. The interest on these loans is accounted for on the cash basis or cost recovery method, until qualifying 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 held for sale are disposed of within sixty days of origination; consequently, cost approximates fair value.

Coronavirus 2019 (COVID-19) Pandemic

On March 11, 2020, the World Health Organization declared COVID-19, the disease caused by the novel coronavirus, a pandemic as a result of the global spread of the coronavirus illness. The COVID-19 pandemic has adversely affected, and may continue to adversely affect economic activity globally, nationally and locally. In response to the outbreak, federal and state authorities in the United States introduced various measures to try to limit or slow the spread of the virus, including travel restrictions, nonessential business closures, stay-at-home orders, and strict social distancing. The full impact of the COVID-19 pandemic is unknown and rapidly evolving. It has caused substantial disruption in international and U.S. economies, markets, and employment. The COVID-19 pandemic may continue to have a significant adverse impact on certain industries the Bank serves, including consumer spending, restaurants, hotels, retail and the auto industry.

Because of the significant uncertainties related to the ultimate duration of the COVID-19 pandemic and its potential effects on customers and prospects, and on the national and local economy as a whole, there can be no assurances as to how the crisis may ultimately affect the Bank’s loan portfolio. It is unknown how long the adverse conditions associated with the COVID-19 pandemic will last and what the complete financial effect will be to the Bank. It is reasonably possible that estimates made in the financial statements could be materially and adversely impacted in the near term as a result of these conditions, including expected credit losses on loans and off-balance sheet credit exposures.

1. Summary of Significant Accounting Policies (Continued)

Paycheck Protection Program (PPP) Loans

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act), a stimulus package intended to provide relief to businesses and consumers in the United States struggling as a result of the pandemic, was signed into law. A provision in the CARES Act included a $349 billion fund for the creation of the Paycheck Protection Program (PPP) through the Small Business Administration (SBA) and Treasury Department. The PPP is intended to provide loans to small businesses to pay their employees, rent, mortgage interest and utilities. PPP loans are forgivable, in whole or in part, if the proceeds are used for payroll and other permitted purposes in accordance with the requirements of the PPP. If not forgiven, in whole or in part, these loans carry a fixed rate of 1.00% per annum with payments deferred until the date the SBA remits the borrower's loan forgiveness amount to the lender (or, if the borrower does not apply for loan forgiveness, ten months after the end of the borrower's loan forgiveness covered period). Originally, the loans carried a term of two years under SBA rules implemented by the CARES Act, but a June 5, 2020 amendment to the CARES Act provided for a five-year minimum loan term for loans made beginning as of such date, and permitted lenders and borrowers to mutually agree to amend existing two-year loans to have terms of five years. The loans are 100% guaranteed by the SBA. The SBA pays the originating bank a processing fee ranging from 1.0% to 5.0%, based on the size of the loan. The SBA stopped accepting applications for PPP loans on August 8, 2020. Total origination fees earned by the Bank for these loans in 2020 approximated $602,000 and is included in loan income on the consolidated statement of income. On December 27, 2020 the Consolidated Appropriations Act of 2021 was signed into law and, among other things, allows a second PPP loan to small businesses which meet certain qualifications.

At December 31, 2020, the Bank had outstanding 138 PPP loans totaling $15.2 million. These loans were included in Loans, net of unearned income, in the accompanying consolidated balance sheet and in the non-real estate commercial loans category in Note 3. The PPP loans are fully guaranteed by the SBA; therefore, no additional allowance for credit losses was estimated for these loans.

e. Premises and equipment

Premises and equipment are carried at cost less accumulated depreciation. Depreciation of premises and equipment is provided over the estimated useful lives of the respective assets using straight-line and accelerated methods. Expenditures for major renewals and betterments of premises and equipment are capitalized and those for maintenance and repairs are charged to expense as incurred.

f. Bank owned life insurance

The Bank has purchased insurance policies on the lives of certain directors and executive officers of the Bank. The Bank purchased the policies to insure the lives of certain key executives and provide additional benefits for their beneficiaries. The Bank also acquired certain split-dollar life insurance policies in a business combination. These policies provide death benefits to the Bank and designated beneficiaries of certain current and former employees of the acquired entity. The cash surrender value of the insurance policies, up to the total amount of premiums paid, is recorded as an asset in the balance sheets and included in other assets. At December 31, 2020 and 2019, the cash surrender value amounted to $11.6 million, and $11.2 million, respectively. The Bank's total holdings of bank owned life insurance measured as the cash surrender value of all combined policies is limited to an aggregate of 25 percent of its Tier I Capital unless the Board and management determine a justifiable reason to exceed the policy limit. The bank-owned life insurance provides an attractive tax-exempt return to the Bank.

1. **Summary of Significant Accounting Policies (Continued)**

g. ***Goodwill and other intangible assets***
Goodwill represents the excess of the purchase price over the fair value of the net identifiable assets acquired in a business combination. Goodwill and other intangible assets deemed to have an indefinite useful life are not amortized but instead are subject to review for impairment annually, or more frequently if deemed necessary.

Intangible assets with estimable useful lives are amortized over their respective estimated useful lives and reviewed for impairment. The asset is written down to its estimated fair value as deemed necessary based on the impairment analysis. Core deposit intangibles representing the value of the acquired core deposit base are generally recorded in connection with business combinations involving financial institutions or banks. The Company amortizes core deposit intangibles on a straight-line basis over their estimated useful life of 10 years. Core deposit intangibles are tested for impairment whenever events or changes in circumstances indicate the carrying amount of the assets may not be recoverable from future undiscounted cash flows.

h. ***Income taxes***
Deferred income taxes are recognized for the tax consequences of differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. Such differences arise primarily from differences in computing the provision for possible loan losses, and differences in recognizing interest expense.

i. ***Cash and cash equivalents***
For purposes of the statement of cash flows, the Bank considers all cash on hand and demand deposits with other banks to be cash equivalents. The Bank is required to maintain balances on hand or with the Federal Reserve Bank. At December 31, 2020 there was no reserve requirement. For December 31, 2019, the reserve requirement amounted to $5.5 million.

j. ***Comprehensive income (loss)***
Generally accepted accounting principles ("GAAP") generally require that recognized revenues, expenses, gains, and losses be included in net earnings. Although certain changes in assets and liabilities, such as unrealized gains and losses on available for sale securities, are reported as a separate component of the equity section of the balance sheets, such items, along with net earnings, are components of comprehensive income. The Company presents comprehensive income in its consolidated statements of comprehensive income.

k. ***Revenue Recognition***
The Bank's interest income is derived from loans, securities and other investments. The Bank recognizes interest income in accordance with the applicable guidance in U.S. GAAP for these assets. Non-interest income is composed of the following:

- Customer service fees, which consist primarily of monthly service charges on deposit accounts, transaction-based fees (such as overdraft fees and wire transfer fees), and other deposit account-related charges. The Bank's performance obligations for consumer deposit account service charges are typically satisfied over time while performance obligations for transaction-based fees are typically satisfied at a point in time. Revenues are recognized when or as the services are provided to the customer. Payments are typically collected from the customer directly from the related deposit account at the time the transaction is processed and/or at the end of the customer's statement cycle (customarily monthly).

- Other income primarily includes rentals and other miscellaneous revenues. For these fees, the Bank's performance obligations are generally satisfied when the transactions generating the revenue are completed.

l. ***Reclassifications***
Certain reclassifications have been made to prior period balances to conform to the current period presentation.

1. **Summary of Significant Accounting Policies (Continued)**

m. Recent accounting pronouncements

Accounting Standards Updates

In February 2016, the FASB issued ASU 2016-02, Leases. From the lessee's perspective, the new standard establishes a right-of-use (ROU) model that requires a lessee to record ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting pattern of expense recognition in the income statement for a lessee. For public business entities, the new standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the consolidated financial statements, with certain practical expedients available. The adoption of this standard did not have a material effect on the Company's consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326). The amendments in this Update replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. This ASU was updated with ASU 2019-10 and changed the effective dates for certain entities. For non-SEC filer public business entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements.

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers, to replace a wide range of industry-specific rules with a broad, principles-based framework for recognizing and measuring revenue from contracts with customers. The guidance is codified at FASB ASC 606. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. The Company's revenue is composed of net interest income and noninterest income. The scope of the guidance explicitly excludes net interest income as well as many other revenues for financial assets and liabilities including loans, leases, securities, and derivatives. Accordingly, the majority of the Company's revenues were not affected. The Company's services that fall within the scope of ASC 606 are presented within other operating income and are recognized as revenue as the Company satisfies its obligation to the customer. Adoption of ASU 2014-09, which was effective for the Company on January 1, 2019, did not have a material impact on the Company's financial statements.

2. Investment Securities

The carrying amounts (in thousands) of investment securities and their approximate fair values at December 31, 2020 and 2019 are as follows:

(In thousands)

December 31, 2020	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
Securities Available-for-Sale:				
Mortgage-backed securities	$ 258	$ 7	$ -	$ 265
Total Available-for-Sale Securities	258	7	-	265
Securities Held-to-Maturity:				
State and municipal	334	1	-	335
Total Held-to-Maturity Securities	334	1	-	335
Total Debt Securities	$ 592	$ 8	$ -	$ 600

(In thousands)

December 31, 2019	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
Securities Available-for-Sale:				
Mortgage-backed securities	$ 301	$ 13	$ -	$ 314
Total Available-for-Sale Securities	301	13	-	314
Securities Held-to-Maturity:				
State and municipal	333	2	-	335
Total Held-to-Maturity Securities	333	2	-	335
Total Debt Securities	$ 634	$ 15	$ -	$ 649

There were no securities with continuous loss positions for December 31, 2020 and 2019.

Management evaluates securities for other-than-temporary impairment on at least a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

Market changes in interest rates and market changes in credit spreads will cause normal fluctuations in the market value of securities and the possibility of temporary unrealized losses. The Company has determined that there was no other-than-temporary impairment associated with these securities at December 31, 2020 and 2019.

2. Investment Securities (Continued)

The scheduled maturities of debt securities at December 31, 2020 are as follows:

December 31, 2020

(In thousands)	Available-for-Sale Amortized Cost	Available-for-Sale Fair Value
1 year or less	$ -	$ -
Over 1 year to 5 years	22	22
Over 5 years to 10 years	45	49
Over 10 years	191	194
Total	$ 258	$ 265

(In thousands)	Held-to Maturity Amortized Cost	Held-to Maturity Fair Value
1 year or less	$ -	$ -
Over 1 year to 5 years	334	335
Over 5 years to 10 years	-	-
Over 10 years	-	-
Total	$ 334	$ 335

The following table summarizes investment activities for the periods ending December 31, 2020 and 2019:

	For the Years Ended December 31,			
	2020		2019	
(In thousands)	Held to Maturity	Available for Sale	Held to Maturity	Available for Sale
Purchases of securities	$ -	$ -	$ -	$ -
Sales and maturities of securities	$ (1)	$ 46	$ 352	$ 38
Gross realized gains on sales	$ -	$ -	$ -	$ -
Gross realized losses on sales	$ -	$ -	$ -	$ -
Net tax expense applicable to net gains	$ -	$ -	$ -	$ -

The Bank holds other restricted investments with fair values that are not readily determinable and are carried at cost.

Other investments consist of the following at December 31, 2020 and 2019: (Carried at Cost)

(In thousands)	2020	2019
Federal Home Loan Bank of Dallas	$ 1,530	$ 1,513
First National Bankers Bankshares, Inc.	429	429
Total	$ 1,959	$ 1,942

First National Bankers Bankshares, Inc. is the parent company of the Bank's correspondent bank, First National Bankers Bank, used for clearing daily cash letter transactions. Stock membership in the above organizations affords certain discounts for services and dividends to members.

3. Loans

Loans at December 31, 2020 and 2019, consist of the following:

(In thousands)	December 31 2020	December 31 2019
Loans secured by real estate:		
Residential 1-4 family - held for sale	$ 2,853	$ 1,827
Residential 1-4 family	132,479	140,563
Commercial	128,279	123,159
Multi-family	26,184	22,623
Agricultural	1,847	3,761
Land	28,572	19,752
Residential construction	6,367	10,365
Home equity lines of credit	2,564	3,614
Total loans secured by real estate	329,145	325,664
Commercial loans	81,857	63,224
Agricultural loans	482	488
Consumer loans, including overdrafts of $189 and $257	13,458	16,079
Total loans	424,942	405,455
Less: Allowance for loan losses	(4,545)	(3,422)
Loans, net	$ 420,397	$ 402,033

The Company acquired loans in the acquisition of Ashley Bancstock Company and its subsidiary First National Bank of Crossett. These loans are recorded at the estimated fair value at the date of acquisition. The total amount of loans recorded at fair value on the date of acquisition on November 1, 2018 was $93.2 million consisting of $92.9 million of purchased performing loans and $313,000 in purchased credit impaired loans. As of December 31, 2020, the estimated fair value of the purchased credit impaired loans outstanding was $102,000.

The Bank is obligated to repurchase those mortgage loans sold which do not have complete documentation or which experience an early payment default. At December 31, 2020 and 2019, loans sold for which the Bank is contingently liable to repurchase amounted to approximately $26.0 million and $4.6 million, respectively. The Bank also is committed to sell loans approximating $2.9 million and $1.8 million at December 31, 2020 and 2019, respectively.

The following table details loans individually evaluated for impairment at the respective dates:

(In thousands)	December 31 2020	December 31 2019
Loans secured by real estate:		
Residential 1-4 family	$ 2,562	$ 2,243
Commercial	985	386
Land	-	144
Residential construction	-	213
Total loans secured by real estate	3,547	2,986
Commercial loans	148	283
Consumer loans	125	114
Total loans	$ 3,820	$ 3,383

All other loans were evaluated collectively.

3. Loans (Continued)

Impaired Loans
For the Periods Ended,

(In thousands)	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
December 31, 2020					
With no related allowance recorded:					
Commercial real estate-other	$ 985	$ 985	$ -	$ 1,300	$ -
Residential-prime	$ 2,562	$ 2,562	$ -	$ 3,063	$ -
Commercial non-real estate	148	148	-	709	-
Consumer	125	125	-	272	-
Total:					
Commercial real estate-other	$ 985	$ 985	$ -	$ 1,300	$ -
Residential-prime	$ 2,562	$ 2,562	$ -	$ 3,063	$ -
Commercial non-real estate	$ 148	$ 148	$ -	$ 709	$ -
Consumer	$ 125	$ 125	$ -	$ 272	$ -
December 31, 2019					
With no related allowance recorded:					
Commercial real estate-other	$ 386	$ 386	$ -	$ 582	$ -
Residential-prime	$ 2,600	$ 2,600	$ -	$ 2,783	$ -
Commercial non-real estate	283	283	-	929	-
Consumer	114	114	-	237	-
Total:					
Commercial real estate-other	$ 386	$ 386	$ -	$ 582	$ -
Residential-prime	$ 2,600	$ 2,600	$ -	$ 2,783	$ -
Commercial non-real estate	$ 283	$ 283	$ -	$ 929	$ -
Consumer	$ 114	$ 114	$ -	$ 237	$ -

At December 31, 2020, purchased credit impaired loans included in the balance of unpaid principal was $102,000.

The following table presents the carrying amount of the purchased credit impaired loans accounted for under ASC 310-30 for the periods presented.

(In thousands)	2020	2019
Commercial	$ 102	$ 193
Consumer	-	120
Outstanding balance	$ 102	$ 313
Allowance from credit mark	-	(72)
Carrying amount, net of allowance	$ 102	$ 241

3. Loans (Continued)

Troubled Debt Restructurings

	December 31, 2020		
(In thousands)	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
Consumer loans	1	$ 4	$ 3
Total loans	1	$ 4	$ 3

The Company had no TDRs to report as of December 31, 2019.

Cares Act

On March 27, 2020, the CARES Act, a stimulus package intended to provide relief to businesses and consumers in the United States struggling as a result of the pandemic, was signed into law. Section 4013 of the CARES Act also addressed COVID-19-related modifications and specified that COVID-19 related modifications executed between March 1, 2020 and the earlier of (i) 60 days after the date of termination of the national emergency declared by the President and (ii) December 31, 2020, on loans that were current as of December 31, 2019 are not TDRs. Additionally, under guidance from the federal banking agencies, other short-term modifications made on a good faith basis in response to COVID-19 to borrowers that were current prior to any relief are not TDRs under ASC Subtopic 310-40, "Troubled Debt Restructuring by Creditors." These modifications include short-term (e.g., up to six months) modifications such as payment deferrals, fee waivers, extensions of repayment terms, or delays in payment that are insignificant. Borrowers considered current are those that are less than 30 days past due on their contractual payments at the time a modification program is implemented.

On December 27, 2020, the Consolidated Appropriations Act, 2021, was signed into law and, among other things, extended the relief of classifying COVID-19 modifications to the earlier of January 1, 2022 or 60 days after the national emergency terminates. The Bank modified 1,451 individual loans, including some with multiple extensions, during 2020 with aggregate principal balances at December 31, 2020 totaling $148.2 million without treating such modifications as TDRs. Concessions were primarily either interest only for 90 days or full payment deferrals for 90 days.

4. Allowance for Loan Losses and Credit Quality

Allowance for Loan Losses

The allowance for loan losses is established through a provision charged to earnings. Loan losses are charged against the allowance when management determines that the collection of the loan balance outstanding is unlikely. Subsequent recoveries, if any, are credited to the allowance. Allowances for impaired loans are generally determined based on collateral values or the present value of estimated cash flows. Changes in the allowance related to impaired loans are charged or credited to the provision for loan losses.

The allowance for loan losses is maintained at a level which, in management's opinion, is adequate to absorb credit losses inherent in the portfolio. The Company utilizes an historical analysis of the Company's portfolio to validate the overall adequacy of the allowance for loan losses. In addition to these objective criteria, the Company subjectively assesses the adequacy of the allowance for loan losses with consideration given to current economic conditions, changes to loan policies, concentrations of credit, the level of classified and criticized credits, and other factors.

4. <u>Allowance for Loan Losses and Credit Quality</u> (Continued)

A summary of changes in the allowance for loan losses is as follows:

(In thousands)	December 31 2020	December 31 2019
Beginning balance	$ 3,422	$ 2,567
Provision for loan losses	1,448	1,203
Loans charged-off	(824)	(462)
Recoveries of loans previously charged-off	499	114
Ending balance	$ 4,545	$ 3,422

The following tables detail the balance in the allowance for loan losses by portfolio segment at the respective dates:

	For the Year Ended December 31, 2020				
(In thousands)	Beginning Balance	Chargeoffs	Recoveries	Provision	Ending Balance
Loans secured by real estate:					
Residential 1-4 family	$ 1,516	$ (373)	$ 78	$ 435	$ 1,656
Commercial	1,000	(363)	383	380	1,400
Multi-family	169	-	-	82	251
Agricultural	28	-	-	(10)	18
Land	164	-	-	134	298
Residential construction	82	(18)	-	-	64
Home equity lines of credit	27	-	-	(2)	25
Totals by loans secured by real estate	2,986	(754)	461	1,019	3,712
Commercial loans	252	(5)	24	331	602
Agricultural	4	-	-	1	5
Consumer loans	180	(65)	14	97	226
Totals for all loans	$ 3,422	$ (824)	$ 499	$ 1,448	$ 4,545

4. Allowance for Loan Losses and Credit Quality (Continued)

	For the Year Ended December 31, 2019				
(In thousands)	Beginning Balance	Chargeoffs	Recoveries	Provision	Ending Balance
Loans secured by real estate:					
Residential 1-4 family	$ 1,296	$ (94)	$ 3	$ 311	$ 1,516
Commercial	753	(114)	80	281	1,000
Multi-family	78	-	-	91	169
Agricultural	46	-	-	(18)	28
Land	131	(116)	-	149	164
Residential construction	71	(32)	-	43	82
Home equity lines of credit	36	-	-	(9)	27
Totals by loans secured by real estate	2,411	(356)	83	848	2,986
Commercial loans	52	-	17	183	252
Agricultural	4	-	14	(14)	4
Consumer loans	100	(106)	-	186	180
Totals for all loans	$ 2,567	$ (462)	$ 114	$ 1,203	$ 3,422

At December 31, 2020 and 2019, the Company had no allowance for loan losses for loans individually evaluated for impairment.

Credit Quality

Loans are categorized into risk categories based on relevant information about the ability of borrowers to service their debt, such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The following definitions are utilized for risk ratings, which are consistent with the definitions used in supervisory guidance:

Special Mention – Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.

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

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

Loss - This classification includes those loans which are considered uncollectible and of such little value that their continuance as loans is not warranted. Even though partial recovery may be possible in the future, it is not practical or desirable to defer writing off these loans. Accordingly, these loans are charged-off before period end.

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

4. Allowance for Loan Losses and Credit Quality (Continued)

The table below illustrates the carrying amount of loans by credit quality indicator at December 31, 2020 and 2019:

(In thousands)	Pass	Special Mention	Substandard	Doubtful	Loss	Total
December 31, 2020						
Loans secured by real estate:						
Residential 1-4 family	$ 130,927	$ -	$ 4,405	$ -	$ -	$ 135,332
Commercial	127,294	-	985	-	-	128,279
Multi-family	26,184	-	-	-	-	26,184
Agricultural	1,847	-	-	-	-	1,847
Land	28,572	-	-	-	-	28,572
Residential construction	6,367	-	-	-	-	6,367
Home equity lines of credit	2,564	-	-	-	-	2,564
Totals by loans secured by real estate	323,755	-	5,390	-	-	329,145
Commercial loans	81,709	-	148	-	-	81,857
Agricultural loans	482	-	-	-	-	482
Consumer loans	13,333	-	125	-	-	13,458
Totals for all loans	$ 419,279	$ -	$ 5,663	$ -	$ -	$ 424,942
December 31, 2019						
Loans secured by real estate:						
Residential 1-4 family	$ 135,950	$ 4,197	$ 2,243	$ -	$ -	$ 142,390
Commercial	122,774	-	385	-	-	123,159
Multi-family	22,623	-	-	-	-	22,623
Agricultural	3,761	-	-	-	-	3,761
Land	19,607	-	145	-	-	19,752
Residential construction	10,152	-	213	-	-	10,365
Home equity lines of credit	3,614	-	-	-	-	3,614
Totals by loans secured by real estate	318,481	4,197	2,986	-	-	325,664
Commercial loans	62,935	6	283	-	-	63,224
Agricultural loans	488	-	-	-	-	488
Consumer loans	15,966	-	114	-	-	16,079
Totals for all loans	$ 397,870	$ 4,203	$ 3,383	$ -	$ -	$ 405,455

Interest income on impaired loans, other than non-accrual loans, is recognized on an accrual basis. Interest income on non-accrual loans is recognized only as collected. Loans on which the accrual of interest has been discontinued amounted to approximately $3.8 million and $3.4 million at December 31, 2020 and 2019, respectively. If the non-accrual loans had been accruing interest at their original contracted rates, related income would have been $226,000 for 2020 and $170,000 for 2019.

4. Allowance for Loan Losses and Credit Quality (Continued)

A summary of current, past due, and non-accrual loans at December 31, 2020 and 2019 is as follows:

(In thousands)	Past Due 30-89 Days	Past Due Over 90 Days Accruing	Non-Accruing	Total Past Due and Non-Accruing	Current	Total Loans
December 31, 2020						
Loans secured by real estate:						
Residential 1-4 family	$ 1,110	$ 217	$ 2,562	$ 3,889	$ 131,443	$ 135,332
Commercial	160	-	985	1,145	127,134	128,279
Multi-family	-	-	-	-	26,184	26,184
Agricultural	-	-	-	-	1,847	1,847
Land	1,135	-	-	1,135	27,437	28,572
Residential construction	-	-	-	-	6,367	6,367
Home equity lines of credit	-	-	-	-	2,564	2,564
Totals by loans secured by real estate	2,405	217	3,547	6,169	322,976	329,145
Commercial loans	-	-	148	148	81,709	81,857
Agricultural loans	-	-	-	-	482	482
Consumer loans	44	-	126	170	13,288	13,458
Totals for all loans	$ 2,449	$ 217	$ 3,820	$ 6,487	$ 418,455	$ 424,942
December 31, 2019						
Loans secured by real estate:						
Residential 1-4 family	$ 4,647	$ -	$ 2,243	$ 6,890	$ 135,500	$ 142,390
Commercial	184	-	385	569	122,590	123,159
Multi-family	-	-	-	-	22,623	22,623
Agricultural	-	-	-	-	3,761	3,761
Land	-	-	145	145	19,607	19,752
Residential construction	-	-	213	213	10,152	10,365
Home equity lines of credit	-	-	-	-	3,614	3,614
Totals by loans secured by real estate	4,831	-	2,986	7,817	317,847	325,664
Commercial loans	167	-	283	450	62,774	63,224
Agricultural loans	-	-	-	-	488	488
Consumer loans	85	-	114	199	15,880	16,079
Totals for all loans	$ 5,083	$ -	$ 3,383	$ 8,466	$ 396,989	$ 405,455

The Bank grants consumer, commercial and residential loans to customers in North Central Louisiana and Southeast Arkansas. Although the Bank has a diversified loan portfolio, a substantial portion of loan repayment is dependent upon the general economic sector.

5. Premises and Equipment

Premises and equipment are summarized as follows at the respective dates:

(In thousands)	Estimated Useful Lives	December 31, 2020	December 31, 2019
Cost:			
Land		$ 1,912	$ 1,749
Building and improvements	15-40 years	8,469	8,534
Furniture and equipment	3-10 years	3,734	3,284
Vehicles	4-5 years	188	188
Total Cost		14,303	13,755
Less: Accumulated depreciation and amortization		(4,754)	(4,136)
Total Premises and Equipment		$ 9,549	$ 9,619

Depreciation expense charged to operations amounted to $619,000 and $556,000 for the years ended in December 31, 2020 and 2019, respectively.

6. Leases

Lease Arrangements

The Company enters into leases in the normal course of business primarily for use of building premises. The lease agreements remaining terms range from three to five years, some of which include renewal or termination options to extend the lease up to five years and some of which include options to terminate the lease within one year.

Leases are classified as operating or finance leases at the lease commencement date. Lease expense for operating leases and short-term leases is recognized on a straight-line basis over the lease term. Right-of-use assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term.

The Company uses the bank prime lending rate plus any applicable premium at lease commencement to calculate the present value of lease payments when the rate implicit in a lease is not known.

Right-of-use assets and lease liabilities by lease type, and the associated balance sheet classifications, are as follows:

(In thousands)	Balance Sheet Classification	December 31, 2020	December 31, 2019
Right-of-use assets:			
Operating leases	Other assets	$ 85	$ 88
Total right-of-use assets		$ 85	$ 88
Lease liabilities:			
Operating leases	Other liabilities	$ 85	$ 88
Total lease liabilities		$ 85	$ 88

6. Leases (Continued)

Lease Expense

The components of total lease cost were as follows for the period ending:

	December 31,	
	2020	2019
Operating lease cost	$ 100,105	$ 47,700

Lease Obligations

Future undiscounted lease payments for operating leases with initial terms of one year or more as of December 31, 2020 are as follows:

	Operating Leases
2021	$ 105,372
2022	105,372
2023	97,191
2024	93,100
2025	62,067
Thereafter	-
Total undiscounted lease payments	$ 463,101

7. Goodwill and Other Intangible Assets

Goodwill was recorded as a result of the acquisition of Ashley Bancstock Company effective November 1, 2018. The carrying amount of goodwill as of December 31, 2020 and 2019 was $2.2 million at each date.

Core deposit intangibles were determined and recorded as part of the acquisition of Ashley Bancstock Company. A summary of the core deposit intangible asset as of December 31, 2020 and 2019 is as follows:

(In thousands)	2020	2019
Gross carrying amount	$ 2,458	$ 2,458
Less: Accumulated amortization	(532)	(287)
Net carrying amount	$ 1,926	$ 2,171

Amortization expense on the core deposit intangible asset recorded in non-interest expense was $246,000 for the year ended December 31, 2020. The following table presents the estimated aggregate amortization expense for the periods indicated:

(In thousands)	Amount
2021	$ 246
2022	246
2023	246
2024	246
2025	246
Thereafter	696
Total core deposit intangible	$ 1,926

8. Regulatory Capital

The Bank is subject to various regulatory capital requirements administered by federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios. Financial institutions are subject to capital adequacy pursuant to the Basel III Capital Rule set forth by the Basel Committee on Banking Supervision. The rule requires minimum capital and adjustments to Prompt Corrective Action (PCA) thresholds. The rule includes common equity tier 1 capital and establishes criteria that instruments must meet in order to be considered common equity tier 1 capital, additional tier 1 capital, or tier 2 capital. The rule maintains the general structure of the current PCA framework while incorporating increased minimum requirements

Management believes, as of December 31, 2020 and 2019, that the Bank meets all capital adequacy requirements to which it is subject.

In 2019, federal banking agencies jointly issued a final rule that provides for an optional, simplified measure of capital adequacy, the community bank leverage ratio (CBLR) framework, for qualifying community banking organizations, consistent with Section 201 of the Economic, Regulatory Relief, and Consumer Protection Act. The final rule became effective on January 1, 2020. Qualifying community banks that maintain a leverage ratio of greater than 9 percent are considered to have satisfied the risk-based and leverage capital requirements of the new capital rule and may elect the reduced reporting requirements. Electing banks will only be required to report a leverage ratio calculated as Tier I capital divided by Average total assets.

In April 2020, the federal banking agencies issued an interim final rule that makes temporary changes to the CBLR framework, pursuant to Section 4012 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and a second interim final rule that provides a graduated increase in the community bank leverage ratio requirement after the expiration of the temporary changes implemented pursuant to Section 4012 of the CARES Act. Under the new provision, the leverage ratio requirement was reduced to greater than 8% for the calendar year 2020, greater than 8.5% for the calendar year 2021, and greater than 9% thereafter.

The Bank elected the reduced reporting under the CBLR in 2020 for regulatory purposes. However, for financial reporting purposes, table information continues to be reported under the Basel III Capital Rule for 2020.

As of December 31, 2020, the most recent notification from the OCC categorized the Bank as well capitalized under the regulatory framework for Prompt Corrective Action. To be categorized as adequately capitalized the Bank must maintain minimum ratios as set forth in the following tables. The Bank's actual capital amounts (in thousands) and ratios are also presented in the tables. There are no conditions or events since that notification that management believes have changed the institution's category.

8. Regulatory Capital (Continued)

The following tables present the capital amounts and ratios for the respective categories as of the dates indicated:

	Basel III Capital Rule Ratios					
	Actual		Minimum Capital Standards		Prompt Corrective Action Well-Capitalized Thresholds	
(Dollars in thousands)	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2020						
Total Capital	$ 61,477	15.16%	$ 32,452	8.00%	$ 40,565	10.00%
Tier 1 Capital	$ 56,932	14.03%	$ 24,339	6.00%	$ 32,452	8.00%
Common Equity Tier 1 Capital	$ 56,932	14.03%	$ 18,254	4.50%	$ 26,367	6.50%
Leverage Capital	$ 56,932	11.14%	$ 20,443	4.00%	$ 25,554	5.00%
December 31, 2019						
Total Capital	$ 54,460	14.75%	$ 29,538	8.00%	$ 36,922	10.00%
Tier 1 Capital	$ 51,038	13.82%	$ 22,153	6.00%	$ 29,538	8.00%
Common Equity Tier 1 Capital	$ 51,038	13.82%	$ 16,615	4.50%	$ 24,000	6.50%
Leverage Capital	$ 51,038	10.28%	$ 19,850	4.00%	$ 24,812	5.00%

The following is a reconciliation of the Bank's equity under GAAP to regulatory capital at the dates indicated:

	December 31,	
(In thousands)	2020	2019
GAAP equity	$ 60,628	$ 55,130
Less: Intangible assets, net of taxes and other adjustments	(3,691)	(4,082)
Unrealized gains on debt securities	(5)	(10)
Allowance for loan losses (allowable portion)	4,545	3,422
Total risk-based Capital	$ 61,477	$ 54,460

The consolidated capital amounts are not significantly different than those for the Bank.

9. Restrictions on Dividends

Banking regulations place certain restrictions on dividends paid by the Bank to the Company. When the Company is dependent upon dividends from the Bank, the funds may be used for the payment of dividends to the Company's shareholders, interest payments on the subordinated debt or other general corporate purposes. The Bank's ability to pay cash dividends directly or indirectly to the Company is governed by federal law, regulations, and related guidance. These include the requirement that the Bank must receive approval to declare a dividend if the total amount of all dividends, including the proposed dividend, declared by the Bank in any current year exceeds the total of the Bank's net income for the current year to date, combined with its retained net income from the previous two years. The term "retained net income" as defined by the federal regulations means the Bank's net income for a specified period less the total amount of all dividends declared in that period.

The Bank may not pay dividends to the Company if, after paying those dividends, it would fail to meet the required minimum levels under risk-based capital guidelines or if the bank regulators have notified the Bank that it is in need of more than normal supervision. Under the Federal Deposit Insurance Act, an insured depository institution such as the Bank is prohibited from making capital distributions, including the payment of dividends, if after making such distribution, the institution would become "undercapitalized" (as such term is used in the Federal Deposit Insurance Act). Payment of dividends by the Bank also may be restricted at any time at the discretion of the appropriate regulator if it deems the payment to constitute an unsafe and unsound banking practice.

For the years ended December 31, 2020 and 2019, the Bank did not pay cash dividends to the Company. During 2020 and 2019, the Company had sufficient funds to pay cash dividends declared and paid to shareholders.

10. Other Comprehensive Income

The following tables show the related tax effects allocated to each component of other comprehensive income for the respective years ended:

(In thousands)	For the Year Ended December 31, 2020 Before-Tax Amount	Tax (Expense) or Benefit at 21%	Net-of-Tax Amount
Unrealized gains(losses) on securities:			
Unrealized holding gains(losses) arising during the period	$ (6)	$ 1	$ (5)
Less: reclassification adjustment for gains(losses) realized in net income	-	-	-
Net unrealized gains(losses)	(6)	1	(5)
Other comprehensive income(loss)	$ (6)	$ 1	$ (5)

	For the Year Ended December 31, 2019 Before-Tax Amount	Tax (Expense) or Benefit 21%	Net-of-Tax Amount
Unrealized gains(losses) on securities:			
Unrealized holding gains(losses) arising during the period	$ 1	$ (0)	$ 1
Less: reclassification adjustment for gains(losses) realized in net income	-	-	-
Net unrealized gains(losses)	1	(0)	1
Other comprehensive income(loss)	$ 1	$ (0)	$ 1

11. Related Party Transactions

At December 31, 2020 and 2019, principal officers, directors, or companies that have 10% or more beneficial ownership were indebted to the Bank in the approximate aggregate amount of $4.9 million and $4.1 million, respectively. Such parties held deposits in the Bank in the approximate amounts of $6.7 million and $5.7 million at December 31, 2020 and 2019, respectively. Total principal additions were $7.2 million and $7.3 million and total principal payments were $6.4 million and $7.3 million for the years ended December 31, 2020 and 2019, respectively.

12. Off-Balance Sheet Activities

Credit-Related Financial Instruments. The Company is a party to credit related financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include standby letters of credit, unfunded commitments under lines of credit, and commitments to extend credit. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheets.

The Company's exposure to credit loss is represented by the contractual amount of these commitments. The Company follows the same credit policies in making commitments as it does for on-balance-sheet instruments.

At December 31, 2020 and 2019, the following financial instruments were outstanding whose contract amounts represent credit risk:

	Contract Amount	
(In thousands)	2020	2019
Standby letters of credit	$ 2,231	$ 1,391
Unfunded commitments under lines of credit	26,025	24,261
Commitments to originate loans	14,090	6,049
Total commitments	$ 42,346	$ 31,701

Unfunded commitments under lines-of-credit are commitments for possible future extensions of credit to existing customers. These lines-of-credit consist of commercial and consumer customers and may be secured or unsecured. All of these commitments have a specified maturity date and ultimately may not be drawn upon to the total extent to which the Company is committed.

Standby letters-of-credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those letters-of-credit are primarily issued to support private borrowing arrangements and have expiration dates ranging from within one year to three years. The credit risk involved in issuing letters-of-credit is essentially the same as that involved in extending loan facilities to customers. The Company generally holds collateral supporting those commitments but can also extend commitments unsecured. Of the standby letters of credit outstanding at December 31, 2020, $924,000 was secured and $1.3 million was unsecured.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The commitments for equity lines of credit may expire without being drawn upon. Therefore, the total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained, if it is deemed necessary by the Company, is based on management's credit evaluation of the customer.

The Bank is party to certain agreements for lease of premises, data processing and imaging services. These agreements' contractual terms vary and with a final expiration or renewal date between January 2021 and August 2025 at approximately $85,000 per month. Certain agreements automatically renew for a successive five-year term at market rates at the end of the current term, if no advance notice of termination is given.

Future estimated minimum payments at December 31, 2020 under these agreements are as follows:

	(In thousands) Amount
2021	$ 807
2022	381
2023	281
2024	97
2025	62
Total	$ 1,628

13. Deposits

Deposits are summarized as follows at:

	December 31, 2020		December 31, 2019	
(Dollars in thousands)	Amount	Weighted Average Rate	Amount	Weighted Average Rate
Demand and Savings				
Noninterest-bearing demand deposits	$ 70,303	-	$ 46,855	-
Interest-bearing demand deposits	152,035	0.21%	128,593	0.88%
Money market	51,595	0.30%	60,582	1.49%
Savings	61,336	0.09%	54,121	0.19%
Total Demand and Savings	$ 335,269		$ 290,151	
Time Deposits				
0.00% to 0.99%	$ 32,638	0.52%	$ 25,700	0.58%
1.00% to 1.99%	18,326	1.52%	33,105	1.70%
2.00% to 2.99%	51,259	2.32%	69,409	2.33%
3.00% to 3.99%	3,583	3.02%	3,490	3.03%
Total Time Deposits	$ 105,806		$ 131,704	
Total Deposits	$ 441,075		$ 421,855	

Scheduled maturities of time deposits at December 31, 2020 are as follows:

2021	$ 61,358
2022	26,723
2023	7,899
2024	8,860
Thereafter	966
Total	$ 105,806

Time deposits more than $250,000 or more amounted to approximately $69.8 million and $89.2 million at December 31, 2020 and 2019, respectively.

14. Income Taxes

Income tax expense is summarized as follows:

(In thousands)	Years Ended December 31 2020	2019
Current:		
Federal	$ 1,134	$ 1,514
Deferred:		
Federal-Current Year	88	(15)
State-Current Year	183	-
Total Provision For Income Taxes	$ 1,405	$ 1,499

A reconciliation of the Company's provision for income taxes and the amount computed by applying the U.S. statutory federal income tax rate of 21% for 2020 and 2019 pretax income is as follows:

(In thousands)	Years Ended December 31 2020	2019
Tax computed at 21%	$ 1,390	$ 1,481
Increases (decreases) in taxes resulting from:		
Prior year tax benefit	10	37
Nontaxable income	(66)	(61)
Other, net	71	42
Total Provision For Income Taxes	$ 1,405	$ 1,499
Effective Tax Rate	21.22%	21.26%

The components of the deferred income taxes included in other assets in the statements of condition are approximately as follows:

(In thousands)	Years Ended December 31 2020	2019
Allowance for loan losses	$ 903	$ 695
Deferred compensation plan	548	460
Net operating loss carryforward	311	657
Nonaccrual interest	49	47
State tax	27	-
Stock compensation plans	16	21
Foreclosed assets	9	111
Acquired loans fair value adjustment	-	203
Subtotal deferred tax asset	1,864	2,194
Core deposit intangible	(529)	(597)
Asset cost basis	(149)	(148)
Accumulated depreciation	(106)	(87)
Other investments basis	(26)	(26)
Unrealized gain on available-for-sale securities	(2)	(3)
State tax	-	(11)
Subtotal deferred tax liability	(812)	(872)
Net deferred tax asset	$ 1,052	$ 1,322

14. <u>Income Taxes</u> (Continued)

Other assets at December 31, 2020 and 2019 included income taxes receivable of $61,000 and $131,000, respectively.

The Bank has reviewed its various tax positions taken or expected to be taken in its tax returns and has determined it does not have unrecognized tax benefits, nor does it expect that position to change significantly over the next twelve months. The Bank recognizes interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. As of December 31, 2020, it has not accrued interest or penalties related to uncertain tax positions.

The Bank files an annual U.S. Federal income tax return. Federal income tax returns for the tax years 2017 and beyond remain subject to examination by the Internal Revenue Service.

Upon review of the 2018 and 2019 tax returns, the Department of Finance and Administration (DFA) of the State of Arkansas has notified the Company of an additional tax liability of $130,792 plus applicable interest and penalty for net operating loss (NOL) carryforward deductions resulting from the 2018 acquisition of Ashley Bancstock Company and its subsidiary bank, First National Bank of Crossett. The DFA has claimed that NOL carryforward deductions are limited under the Arkansas Tax Code. The Company has protested the claim with the DFA and believes that the applicable code pertaining to NOL carryforward deductions clearly state that there is no limitation applicable as long as the Company has sufficient profits apportionable to the State of Arkansas to absorb such NOL carryforwards. The protest is currently under judicial review.

15. <u>Foreclosed Assets</u>

Foreclosed assets, including real estate, represent property acquired through foreclosure or deeded in lieu of foreclosure on loans on which the borrowers have defaulted as to payment of principal and interest. The Bank also transfers to this category those loans meeting the applicable criteria for loans considered repossessions in substance. Amounts are carried at the asset's estimated fair value less estimated costs to sell. Reductions in the balance at the date of transfer are charged to the allowance for loan losses. Any subsequent write downs to reflect current fair value are charged to noninterest expense and credited to a valuation allowance for foreclosed assets. Direct costs incurred in foreclosures are also charged to noninterest expense. Foreclosed assets were $685,000 and $732,000 for December 31, 2020 and 2019 respectively.

16. <u>Retirement Plans</u>

Defined Benefit Plan

Until March 1, 2007, the Bank participated in a multiple employer, noncontributory defined benefit retirement plan sponsored by the Financial Institutions Retirement Fund. This plan covered substantially all the Bank's employees, and provided benefits to employees who worked at least one thousand hours per year. Benefits were based upon each employee's benefit service and average annual compensation, with each employee becoming fully vested upon completion of five years of qualifying service. The Financial Institutions Retirement Fund applied a full funding test on an individual employer basis. This plan is now known as the Pentegra Defined Benefit Plan for Financial Institutions (the "DB Plan").

Effective March 1, 2007, the Bank elected to freeze the benefits provided under the plan to existing participants, to cease future benefit accruals, and to cease eligibility for employees in the Plan. Those participants in the Plan as of March 1, 2007 will receive a benefit equal to the benefit accrued under the Plan as of that date. The Bank incurred pension contribution expense of $100,000 for both the years ending December 31, 2020 and 2019. The Bank has a funding surplus in the Plan of an approximate amount of $329,000 as of July 1, 2020, the most recent valuation date.

The DB Plan is a tax-qualified defined benefit pension plan. The DB Plan's Employer Identification Number is 13-5645888 and the Plan Number is 333. The DB Plan operates as a multiemployer plan for accounting purposes and as a multiple employer plan under the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code. There are no collective bargaining agreements in place that require contributions to the DB Plan.

16. Retirement Plans (Continued)

The DB Plan is a single plan under Internal Revenue Code Section 413(c) and, as a result, all of the assets stand behind all of the liabilities. Accordingly, under the DB Plan, contributions made by a participating employer may be used to provide benefits to participants of other participating employers.

Funded status (Market value of plan assets divided by funding target) as of July 1,

Source: Valuation Report	2020	2019
Bank Plan	120.17%	120.91%

* - Market value of plan assets reflects any contributions received through June 30, 2020.

Employer contributions, meaning all employers participating in the multiple employer plan, made to the DB Plan, as reported on Form 5500, equal $138.3 million and $164.6 million for plan years ending June 30, 2019 and 2018, respectively. The Bank contributions to the DB Plan for the fiscal year ending December 31, 2020 are not more than 5% of the total contributions to the DB Plan for the plan year ending June 30, 2019.

The following contributions were paid by the Bank during the fiscal years ending December 31,

2020		2019		2018	
Date Paid	Amount	Date Paid	Amount	Date Paid	Amount
12/15/2020	$ 100,000	12/12/2019	$ 100,000	11/30/2018	$ 100,000
	-		-		-
Total	$ 100,000		$ 100,000		$ 100,000

401K Plan

The Bank also participates in an employee 401(k) retirement plan. Employees contribute up to 6% of their compensation to the plan, with the Bank matching 75% of such contributions. The Bank's contribution expense to this plan amounted to $197,000 and $195,000 for December 2020 and 2019, respectively.

17. Deferred Compensation Plans

The Bank implemented a deferred compensation plan in late 1993 for certain key employees, and in 1996, for certain directors. The plans generally provide for retirement, death or disability payments, payable over 25 years (20 years for directors). The Bank obtained insurance on these individuals to provide for funding of the plan; however, the policies themselves are not pledged against the benefits. The plan limits the ultimate benefits to the cash surrender value (CSV) in the policies, after a certain return is realized by the Bank from those policies. Thus, based upon this limitation, deferred compensation is recognized to the extent of the CSV increase each year, once the Bank realizes its return. The Bank incurred deferred compensation expense of $161,000 and $127,000 for the years ended December 31, 2020 and 2019, respectively.

In 2018, the Bank acquired certain endorsement split-dollar life insurance policies in a business combination. These policies provide death benefits to the Bank and designated beneficiaries of certain current and former employees of the acquired entity. Upon issuance of the policy, the Bank and the employee executed an endorsement to the policy in favor of the employee (the "Endorsement Plan"). The Endorsement Plan gives the employee the right, upon the employee's death while the split-dollar insurance agreement (the "Agreement") is in force, to designate the beneficiary of the proceeds from the policy in excess of the policy's cash surrender value (the "Endorsement Amount"). The Bank has the right to terminate the Agreement upon proper written notice to the employee subject to the limitation of the employee's completion of 25 years of service with the Bank. The Bank estimates and records the liability for the obligation to the employee and the corresponding expense.

17. Deferred Compensation Plans (Continued)

Following is a summary of changes in deferred compensation payable and the related cash values of the life insurance contracts for the years ended:

	December 31,	
(In thousands)	2020	2019
Cash surrender value of life insurance contracts	$ 11,599	$ 11,174
Earnings of life insurance contracts - directors	22	29
Earnings of life insurance contracts - officers	286	194
Deferred compensation payable - directors	1,827	1,419
Deferred compensation payable - officers	743	732
Deferred compensation paid to retirees	50	27

18. Stock-Based Compensation Plans

The Company has three stock-based compensation plans. These are the 2010 Employee Stock Ownership Plan, the 2011 Recognition and Retention Plan (a restricted stock plan), and the 2011 Stock Option Plan.

The fair value of the options is calculated by using the Black-Scholes option pricing model which assumes that the option exercises occur at the end of the expected term of the option.

Employee Stock Ownership Plan

Under the Employee Stock Ownership Plan (ESOP), employees are generally eligible to participate in the ESOP after completion of one year of service and attaining the age of 21. The ESOP purchased 76,920 shares adjusted for stock dividends paid which were facilitated by a loan from the Company to the ESOP in the amount of $667,040. The loan is secured by a pledge of the ESOP shares. The shares pledged as collateral are reported as unearned ESOP shares in the Consolidated Balance Sheet. The corresponding note is being repaid in 80 quarterly debt service payments of $11,372 on the last business day of each quarter, beginning December 31, 2010, at a rate of 3.25%.

The Company may contribute to the ESOP, in the form of debt service, at the discretion of its board of directors. Cash dividends, if any, on the Company's stock shall either be used to repay the loan, be distributed to the participants in the ESOP, or be retained in the ESOP and reinvested in the Company stock. Shares are released for allocation to ESOP participants based on principal and interest payments on the note. Compensation expense is recognized based on the number of shares allocated to ESOP participants each year and the average fair value of the shares for the current year. Released ESOP shares become outstanding for earnings per share computations.

As compensation expense is incurred, the Unearned ESOP shares account is reduced based on the original cost of the stock. The difference between the cost and the average market price of shares released for allocation is applied to Additional Paid-In Capital. Compensation expense for the year ended December 31, 2020 and 2019 was $103,000 and $118,000, respectively. The total income tax benefit recognized in the income statement was $22,000 and $25,000 for 2020 and 2019, respectively. There were 3,852 shares released in both 2020 and 2019, adjusted for stock dividends paid. At December 31, 2020, 37,557 shares were unreleased with a market value of $976,487.

18. Stock-Based Compensation Plans (Continued)

Restricted Stock Plan

Under the recognition and retention plan (RRP), restricted stock was granted to directors and officer-employees. The objective of the plan is to enable the Company to provide directors and officer-employees with a proprietary interest in the Company and enhance shareholder value by aligning the financial interests of those participants with those of shareholders. The Company will contribute sufficient funds to the RRP Trust (the Trust) so that the Trust can purchase all 42,933 shares of common stock, or 2.6% of the currently outstanding common stock. The shares will be acquired through open market purchases to the extent available with any deficiency fulfilled by the issuance of un-issued shares of the Company. Restricted shares were granted in May of 2011 for 42,933 shares of Company stock allocated under the RRP. Of the shares granted, 2,022 have been forfeited. The plan allows for forfeited shares to be re-granted. In October of 2017, 1,320 additional restricted shares were granted under the plan. During 2020, 176 shares vested. As of December 31, 2020, 352 shares remain unvested. Shares granted will vest at a rate of no more rapid than 20% per year beginning one year from the anniversary date of the grant. As of December 31, 2020, 41,508 shares have been purchased by the Trust and 41,508 shares have been earned and issued. Shares are recorded at cost at the time of purchase and reported in the Consolidated Balance Sheet as unearned shares, which is a contra-equity account. The balance in unearned purchased shares is reduced as shares vest. At December 31, 2020, there were no unearned purchased shares remaining and reported at cost in the Consolidated Balance Sheet. All shares have been adjusted for any stock dividends paid.

The following table represents unearned allocated restricted shares activity for the year ended December 31, 2020:

	Shares	Weighted Average Grant Date Fair Value
Outstanding at January 1, 2020	528	$ 25.68
Granted	-	-
Forfeited	-	-
Vested or earned	(176)	-
Outstanding at December 31, 2020	352	$ 25.68

During 2020, the Company made no restricted share awards. 176 shares were vested and issued to participants as of December 31, 2020. The compensation expense that has been charged against income was $5,000 in both 2020 and 2019. The total income tax benefit recognized in the income statement for each of those years was $1,000. The total remaining unearned compensation related to restricted shares at December 31, 2020 was $9,000.

Compensation expense of restricted shares is based on the fair value of the shares determined at the date of grant and is recognized over the vesting period.

18. Stock-Based Compensation Plans (Continued)

Stock Option Plan

Under the Stock Option Plan (SOP), the Company may grant options to its directors and officer-employees. Stock options may be either Incentive Stock Options or Non-Qualified Stock Options. Incentive Stock Options may be granted only to employees of the Company or any affiliate. Non-Qualified Stock Options may be granted to employees and directors of the Company or its affiliate. The exercise price per share will be determined at the time of grant but will not be less than one hundred percent (100%) of the fair market value on the grant date in the case of Incentive Stock Options. If an Incentive Stock Option is granted to a person who owns 10% or more of the Company's voting stock, the exercise price per share for the common stock covered by such Incentive Stock Option will be not less than one hundred ten percent (110%) of the fair market value on the grant date. No stock option will be exercisable more than ten (10) years after the date of grant. If an Incentive Stock Option is granted to a person who owns 10% or more of the Company's voting stock, the term of such option will be no more than five (5) years from the grant date. Stock options shall become exercisable at such time or times, whether or not in installments, as shall be determined by the Board of Directors or the Committee and set forth in the option agreement evidencing such option. Any portion of an option that is not exercisable on the date of termination of an applicable service relationship shall immediately expire. Once any portion of an option becomes vested and exercisable, it shall continue to be exercisable by the grantee or his or her representatives at any time or times prior to the earliest of (i) the date which is (a) three years following the date on which the grantee's service relationship terminates due to retirement or disability, (b) twelve months following the grantee's death, or (c) six months following the date on which the grantee's service relationship terminates if the termination is due to any other reason, or (ii) the expiration date set forth in the option agreement; provided, however, that the Board or SOP Committee may revoke, rescind and terminate any options if the grantee's service relationship is terminated for cause. The options vest at a rate no more rapid than 20% per year. All options will vest and become exercisable upon death or disability of the grantee or following a change in control of the Company.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions for grants made during the year ended December 31. No grants were made during 2020 and 2019.

The expected dividend yield assumption is based on the Company's historical record of dividend payouts. The Company has elected to use the "simplified" method outlined in SAB 107 (Question 6 of Sub-Section 2, Valuation Methods) to compute the expected life of the options since the options granted are "plain vanilla." The expected volatility is based on annual average volatility of its share price using the standard deviation of the closing price over 10-day trading periods times the square root of the number of days in the year. The risk-free interest rates for periods within the contractual life of the awards are based on the U.S. Treasury yield curve in effect at the time of the grant.

18. Stock-Based Compensation Plans (Continued)

A summary of the status of the Company's stock option plan adjusted for stock dividends paid is presented below for the years ended December 31, 2020 and 2019:

Options	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term in Years	Aggregate Intrinsic Value
Outstanding at January 1, 2020	55,979	$ 12.96		
Granted	-	-		
Exercised	(15,585)	12.93		
Forfeited or expired	-	-		
Outstanding at December 31, 2020	40,394	$ 12.99	0.83	$ 525,597
Exercisable at December 31, 2020	40,394	$ 12.99	0.83	$ 525,597
Outstanding at January 1, 2019	68,231	$ 12.96		
Granted	-	-		
Exercised	(12,252)	12.85		
Forfeited or expired	-	-		
Outstanding at December 31, 2019	55,979	$ 12.97	1.83	$ 1,233,217
Exercisable at December 31, 2019	55,979	$ 12.97	1.83	$ 1,233,217

The aggregate intrinsic value of a stock option in the table above represents the amount by which the current market value of the underlying stock exceeds the exercise price of the option had all option holders exercised their options on December 31, 2020 and 2019. This amount changes as the market value of the Company's stock changes.

There were no non-vested options outstanding at December 31, 2020.

There was no compensation expense charged against income and no income tax benefit recognized in 2020. There was no remaining unearned compensation related to stock options at December 31, 2020 and 2019.

Compensation expense under the SOP is based on the fair value of the options granted determined at the date of grant and is also recognized as the options vest.

19. Short-Term Borrowings

Federal Funds Sold and Federal Home Loan Advances

The Company had an uncollateralized federal funds line of credit with a correspondent bank aggregating $19.3 million and a collateralized Federal Home Loan Bank of Dallas ("FHLB") line of credit totaling $176.7 million at December 31, 2020. The Bank's borrowing availability both short- and long-term with the Federal Home Loan Bank of Dallas at December 31, 2020 was $132.6 million under current terms with the Federal Home Loan Bank. At December 31, 2020, the Company had no short-term advances on its FHLB line of credit. At December 31, 2019, the Company had short-term advances in the amount of $41,000. The average rate on the outstanding FHLB advances were 3.23% for December 31, 2019. These lines of credit generally have interest rates indexed to the Federal Funds rate, short-term U.S. Treasury rates, or LIBOR. FHLB advances are collateralized by loans and investment securities. The Company also had letters of credit guarantees from the FHLB for $38.2 million at December 31, 2020. Of these letters of credit, all $38.2 million were issued to secure public fund deposits. These letters of credit have expiration dates in 2021 or 2022. As of December 31, 2020, $374.9 million in loans and no investment securities were pledged as collateral for FHLB advances. All lines of credit are on an "as available" basis and can be revoked by the grantor at any time.

Securities Sold Under Agreements to Repurchase

There were no securities sold under agreements to repurchase as of December 31, 2020 and 2019.

20. Long-Term Debt

Long-term debt includes advances from the Federal Home Loan Bank of Dallas (FHLB). Such advances are secured by deposit accounts with the FHLB, Bank-owned FHLB capital stock, and investment securities held at the FHLB and a blanket lien on certain loans. At December 31, 2020 and 2019, the Company had long-term advances on its FHLB line of credit in the amount of $6 million. The average rate on the outstanding FHLB advances were 1.67% for both December 31, 2020 and 2019.

At December 31, 2020, all of the Company's subordinated debentures due to the Trust were floating rate securities for which interest resets quarterly at 1.80% above the 3-month LIBOR (2.02% at December 31, 2020). All of the debentures are currently callable, subject to regulatory approval, without penalty and mature in December 2036.

Under the terms of the indenture agreement, the Company may defer interest payments for up to 20 consecutive quarterly periods without causing an event of default. No deferred interest was due at December 31, 2020.

Total long-term debt at the respective dates is summarized as follows:

	Interest	Settlement	Maturity	December 31,	
(In thousands)	Rate	Date	Date	2020	2019
Subordinated note	2.02%	11/7/2006	12/15/2036	$ 8,454	$ 8,454
Federal Home Loan Bank fixed-rate advance	1.67%	9/5/2019	9/6/2023	6,000	6,000
Total Long-Term Debt				$ 14,454	$ 14,454

21. Earnings Per Share

Basic and diluted earnings per share are calculated as follows:

	Years Ended December 31	
	2020	2019
Basic Earnings per Share:		
Net income	$ 5,214,000	$ 5,553,000
Weighted average common shares outstanding	1,639,813	1,616,936
Basic Earnings per Share	$ 3.18	$ 3.43
Diluted Earnings per Share:		
Net income	$ 5,214,000	$ 5,553,000
Weighted average common shares outstanding	1,639,813	1,616,936
Effect of dilutive securities	20,215	35,231
Weighted average common shares outstanding - diluted	1,660,028	1,652,167
Diluted Earnings per Share	$ 3.14	$ 3.36

Earnings per share are based on the weighted-average number of shares outstanding during the year and have been adjusted for stock dividends paid.

22. Fair Value of Assets and Liabilities

Determination of Fair Value

The Company uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Company's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

Fair value accounting guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

22. Fair Value of Assets and Liabilities (Continued)

Fair Value Hierarchy

The Company groups its financial assets and financial liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

- Level 1—Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

- Level 2—Valuation is based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.

- Level 3—Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following methods and assumptions were used by the Company in estimating fair value disclosures for financial instruments:

Cash and Cash Equivalents

The carrying amounts of cash and short-term instruments approximate fair values based on the short-term nature of the assets.

Securities

Where quoted prices are available in an active market, we classify the securities within level 1 of the valuation hierarchy. Securities are defined as both long and short positions. Level 1 securities include highly liquid government bonds and exchange-traded equities.

If quoted market prices are not available, we estimate fair values using pricing models and discounted cash flows that consider standard input factors such as observable market data, benchmark yields, interest rate volatilities, broker/dealer quotes, and credit spreads. Examples of such instruments, which would generally be classified within level 2 of the valuation hierarchy, include GSE obligations, corporate bonds, and other securities. Mortgage-backed securities are included in level 2 if observable inputs are available. In certain cases where there is limited activity or less transparency around inputs to the valuation, we classify those securities in level 3.

Loans Receivable

The fair values for all loans are estimated using discounted cash flow analyses at market interest rates for comparable loans. Fair values for nonperforming loans are estimated using discounted cash flow analyses or underlying collateral values, where applicable.

22. <u>Fair Value of Assets and Liabilities</u> (Continued)

Deposit Liabilities

The fair values for noninterest- and interest-bearing checking, money market, and savings accounts are equal to the amount payable on demand at the reporting date, which is also equal to their carrying amounts. Fair values for certificates of deposit are estimated using a discounted cash flow calculation that applies market interest rates on comparable instruments to a schedule of aggregated expected monthly maturities on time deposits.

Short-Term Borrowings

The carrying amounts of federal funds purchased, borrowings under repurchase agreements, and other short-term borrowings maturing within ninety days approximate their fair values. Fair values of other short-term borrowings are estimated using discounted cash flow analyses based on current market rates for similar types of borrowing arrangements.

Long-Term Borrowings

Current market rates for debt with similar terms and remaining maturities are used to estimate fair value of existing debt. Fair value of long-term debt is based on quoted market prices or dealer quotes for the identical liability when traded as an asset in an active market. If a quoted market price is not available, an expected present value technique is used to estimate fair value.

Accrued Interest

The carrying amounts of accrued interest approximate fair value.

Off-Balance Sheet Credit-Related Instruments

Fair values for off-balance-sheet, credit-related financial instruments are based on fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the counterparties' credit standing.

22. Fair Value of Assets and Liabilities (Continued)

Items Measured at Fair Value on a Recurring Basis

For the Company, items recorded at fair value on a recurring basis are securities available for sale and loans held for sale. These securities consist primarily of mortgage-backed (including Agency) securities. When available, the Company uses quoted market prices of identical assets on active exchanges (Level 1 measurements). Where such quoted market prices are not available, the Company typically employs quoted market prices of similar instruments (including matrix pricing) and/or discounted cash flows to estimate a value of these securities (Level 2 measurements). Level 3 measurements include discounted cash flow analyses based on assumptions that are not readily observable in the market place, including projections of future cash flows, loss assumptions, and discount rates.

The following table presents financial assets measured at fair value on a recurring basis at December 31, 2020 and 2019:

	December 31, 2020			
(In thousands)	Level 1	Level 2	Level 3	Estimated Fair Value
Securities available for sale:				
FHLMC certificates	$ -	$ 65	$ -	$ 65
GNMA certificates	-	1	-	1
FHR certificates	-	4	-	4
FNMA certificates	-	192	-	192
FNR certificates	-	3	-	3
Total securities available for sale	-	265	-	265
Loans held for sale	-	2,853	-	2,853
Total assets at fair value	$ -	$ 3,118	$ -	$ 3,118

	December 31, 2019			
(In thousands)	Level 1	Level 2	Level 3	Estimated Fair Value
Securities available for sale:				
FHLMC certificates	$ -	$ 78	$ -	$ 78
GNMA certificates	-	1	-	1
FHR certificates	-	5	-	5
FNMA certificates	-	226	-	226
FNR certificates	-	4	-	4
Total securities available for sale	-	314	-	314
Loans held for sale	-	1,827	-	1,827
Total assets at fair value	$ -	$ 2,141	$ -	$ 2,141

22. Fair Value of Assets and Liabilities (Continued)

Items Measured at Fair Value on a Non-Recurring Basis

From time to time, certain assets may be recorded at fair value on a non-recurring basis, typically as a result of the application of lower of cost or fair value accounting or a write-down occurring during the period. The only item recorded at fair value on a non-recurring basis is foreclosed assets, which is recorded at the estimated fair value less estimated costs to sell. Fair value is determined by reference to appraisals (performed either by the Bank or by independent appraisers) on the subject property, using market prices of similar real estate assets (Level 2 measurements). The Bank held foreclosed assets with an estimated fair value of $685,000 and $732,000 at December 31, 2020 and 2019 respectively.

Fair value of assets and liabilities measured on a non-recurring basis at the dates presented are as follows:

(In thousands)	Level 1	Level 2	Level 3	Estimated Fair Value
December 31, 2020				
Other foreclosed assets	$ -	$ 685	$ -	$ 685
December 31, 2019				
Other foreclosed assets	$ -	$ 732	$ -	$ 732

The estimated fair values, and related carrying or notional amounts, of the Company's financial instruments are as follows:

	December 31, 2020		December 31, 2019	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Financial assets:				
Cash and balances due from banks	$ 4,358	$ 4,358	$ 9,819	$ 9,819
Interest-bearing deposits in banks	57,068	57,068	44,281	44,281
Securities available for sale	265	265	314	314
Securities held to maturity	334	335	333	335
Federal Home Loan Bank stock	1,530	1,530	1,513	1,513
Other equity investments	429	429	429	429
Loans held for sale	2,853	2,853	1,827	1,827
Loans, net of unearned income	422,089	425,001	403,628	405,122
Accrued interest receivable	2,390	2,390	2,062	2,062
Cash surrender value of bank-owned life insurance	11,599	11,599	11,174	11,174
Total financial assets	$ 502,915	$ 505,828	$ 475,380	$ 476,875
Financial liabilities:				
Deposits	$ 441,075	$ 438,498	$ 421,855	$ 422,920
Short-term borrowings	-	-	41	41
Long-term borrowings	14,454	14,158	14,454	14,660
Accrued interest payable	81	81	214	214
Total financial liabilitites	$ 455,610	$ 452,737	$ 436,564	$ 437,835
Off-balance sheet credit related to financial instruments:				
Standby letters of credit	$ -	$ 23	$ -	$ 16
Commitments to extend credit	$ -	$ 69	$ -	$ 79

23. Subsequent Events

The Bank is required to evaluate events or transactions that may occur after the balance sheet date for potential recognition or disclosure in the financial statements. The Bank performed such an evaluation through the date which the financial statements were available to be issued, and noted no such subsequent events.

24. Parent Company Financial Statements

Financial information pertaining only to Century Next Financial Corporation as of December 31, 2020 and 2019 is as follows:

CENTURY NEXT FINANCIAL CORPORATION
CONDENSED BALANCE SHEETS

(In thousands)	December 2020	December 2019
ASSETS		
Cash and cash equivalents	$ 2,162	$ 2,194
Investment in subsidiary	60,628	55,130
Note receivable-subsidiary for ESOP	379	411
Other assets	813	870
TOTAL ASSETS	63,982	58,605
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Long-term debt	8,454	8,454
Accrued interest payable and other liabilities	8	14
Total Liabilities	8,462	8,468
Stockholders' Equity	55,520	50,137
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 63,982	$ 58,605

CENTURY NEXT FINANCIAL CORPORATION
CONDENSED STATEMENTS OF INCOME

(In thousands)	Years Ended December 31 2020	Years Ended December 31 2019
INCOME		
Interest and dividend income	$ 30	$ 35
Total Income	30	35
EXPENSE		
Interest expense	216	362
Professional expense	50	73
Other noninterest expense	13	41
Total Expense	279	476
Income (loss) Before Taxes	(249)	(441)
Applicable income taxes (benefit)	(80)	(112)
Net Income (loss) before equity in undistributed income of subsidiary	(169)	(329)
Equity in subsidiary earnings	5,383	5,882
NET INCOME	$ 5,214	$ 5,553

24. <u>Parent Company Financial Statements</u> (Continued)

CENTURY NEXT FINANCIAL CORPORATION
CONDENSED STATEMENTS OF CASH FLOWS

(In thousands)	Years Ended December 31, 2020	2019
Cash flows from operating activities:		
Net Income	$ 5,214	$ 5,553
Adjustments to reconcile net income		
to net cash provided (used) by operating activities:		
Equity in undistributed earnings of subsidiary	(5,383)	(5,882)
Net decrease in accrued interest and other liabilities	(6)	(59)
Net decrease in notes receivable and other assets	88	28
Total adjustments	(5,301)	(5,913)
Net cash used by operating activities	(87)	(360)
Cash flows from investing activities:		
Net cash used by investing activities	-	-
Cash flows from financing activities:		
Proceeds from issuance of common stock to 401k particpants	441	-
Expenditures for repurchase of ESOP shares from participants	(20)	-
Expenditures from cash out of stock options	(55)	(88)
Proceeds from exercise of stock options, including tax benefit	164	102
Cash dividends paid on common stock	(419)	(382)
Expenditures for repurchase of ESOP shares from participants	(56)	(34)
Net cash provided (used) by financing activities	55	(402)
Net decrease in cash and cash equivalents	(32)	(762)
Cash and cash equivalents, at beginning of period	2,194	2,956
Cash and cash equivalents, at end of period	$ 2,162	$ 2,194