CENTRAL BANCOMPANY

2018 ANNUAL REPORT

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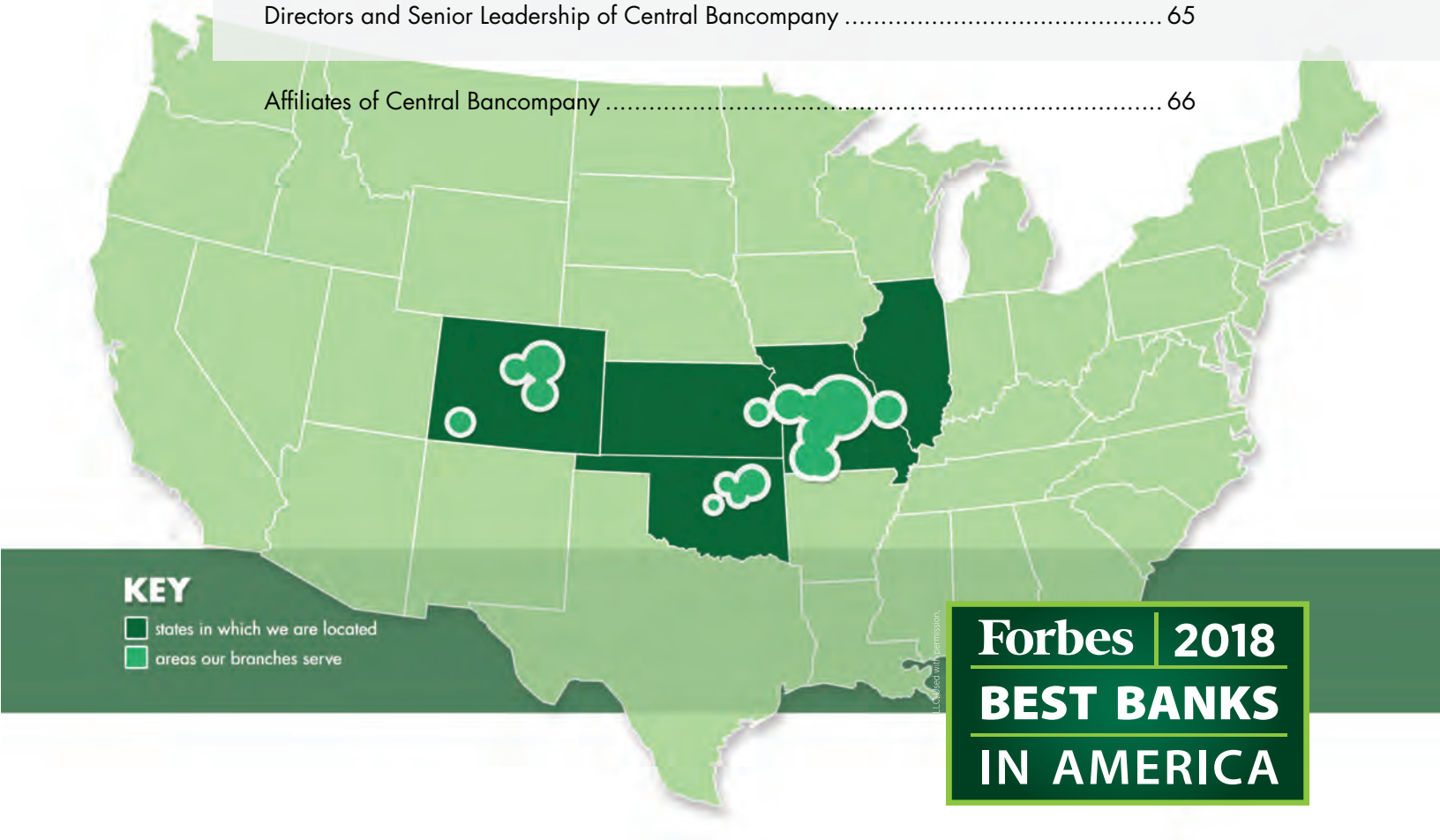
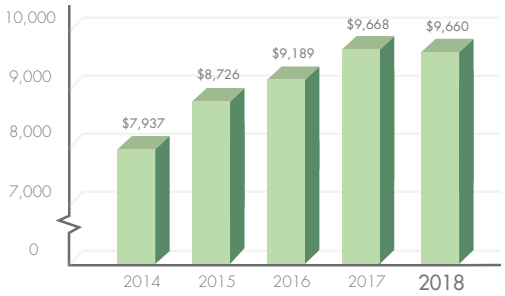


Financial Highlights

GROWTH

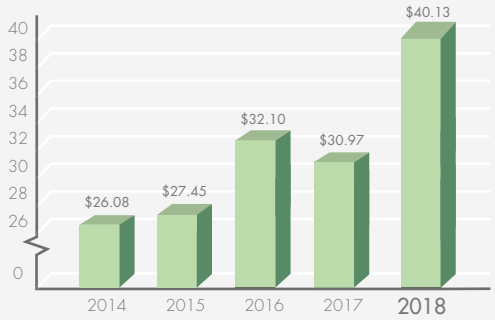
TOTAL AVERAGE ASSETS (in billions)

TOTAL AVERAGE DEPOSITS (in billions)

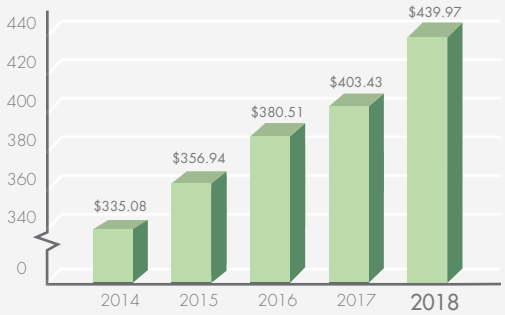


PERFORMANCE

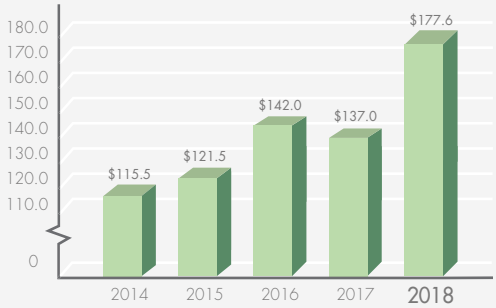
EARNINGS PER SHARE



BOOK VALUE PER SHARE



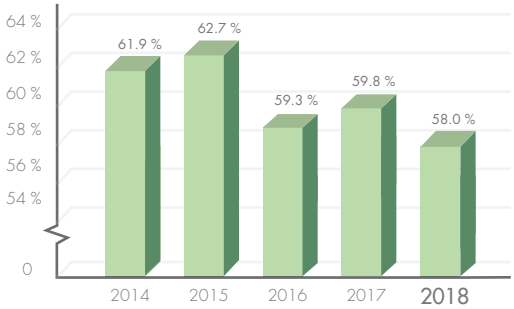
NET INCOME (in millions)



ANNUAL DIVIDENDS PER SHARE

EFFICIENCY

EFFICIENCY RATIO (%)



Year in Review

CENTRAL BANCOMPANY, INC. AND SUBSIDIARIES

For the Year	2018	2017
Interest Income	$470,009,000	425,328,000
Interest Expense	51,479,000	33,378,000
Net Interest Income	418,530,000	391,950,000
Provision for Loan Losses	15,880,000	18,142,000
Non-Interest Income	162,487,000	161,012,000
Non-Interest Expense	339,013,000	335,288,000
Income Taxes	48,548,000	62,505,000
Net Income	177,576,000	137,027,000
Average Daily Assets	12,693,790,000	12,712,673,000
Average Daily Deposits	9,660,186,000	9,668,236,000
Average Daily Loans	8,263,526,000	7,977,585,000
At Year End		
Total Assets	$13,172,605,000	12,876,237,000
Investment Securities	2,893,864,000	3,257,664,000
Loans	8,328,530,000	8,146,437,000
Deposits	10,115,151,000	9,888,818,000
Stockholders' Equity	1,946,883,000	1,785,214,000
Number of Outstanding Shares	4,425,085	4,425,085
Per Share		
Net Income	$40.13	30.97
Dividends	7.00	4.50
Stockholders' Equity	439.97	403.43

To Our Shareholders

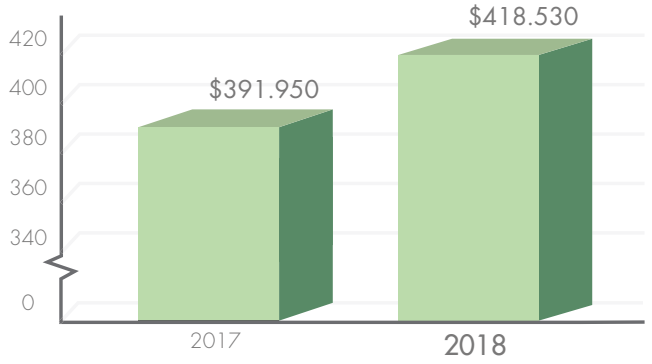
I am pleased to report that 2018 was a record year for our company. For the tenth consecutive year, Central Bancompany was named by *Forbes Magazine* as one of the top banking companies among the largest one hundred banks in America. An honor like this can only come from strong, consistent leadership and employees dedicated to excellence.

Beyond the balance sheet, our employees understand we are in the relationship business. We know our customers and genuinely care about them. We believe that it is our responsibility to help our communities thrive – not just by offering the best banking services, but also by offering our time. The countless hours of community service and monetary donations in 2018 to our collective communities truly define the spirit in which our company was built. I am proud to say that we continue to be a community-first organization.

S. Bryan Cook,
President and Chief Executive Officer

Our success was driven by a healthy increase in net interest income, growth in fee income services, well controlled expenses, and a reduction in the corporate income tax rate. Net income for 2018 was $177.6 million compared to $137.0 million in 2017, an increase of $40.6 million or 29.6%.

NET INTEREST INCOME (in millions)



One of the biggest drivers of earnings in 2018 was our net interest margin, which increased to 3.52% from 3.34% in 2017. This resulted in an increase in net interest income of $26.6 million. We did continue to see increased pressure on deposit and funding costs with interest expenses up $18.1 million over 2017.

Loan growth was steady, but more difficult in 2018. Our year over year loans grew $182 million or 2.2%. We consider this a fair pace, but not as robust as the past few years. Consumer loans were a bright spot this year as they grew $45.4 million or 4.1%. Moreover we continued to fund our loan growth with core deposits.

With four Federal Reserve rate hikes, we were able to increase loan yields in 2018 to 4.73% from 4.44% in 2017. The increase in loan yields and loan volume together improved the overall mix of earning assets and resulted in an increase in net interest income.

Our average deposits grew 2.3%, an increase of $226 million, taking our year-end total to $10.1 billion.

Our investment portfolio decreased $364 million, with these funds redirected to short-term interest-bearing deposits and loan growth. For most of 2018, we experienced further tightening of monetary policy by the Federal Reserve resulting in an increase in interest rates. Further, with the flattening of the yield curve, we saw no incentive to lengthen investment maturities. Despite the shortening of maturities, we did see a slight increase in securities yields to 2.29% from 2.18% in 2017. We should note that in the fourth quarter of 2018, the Federal Reserve monetary policy changed to a neutral position from one of tightening. We have the flexibility to respond to this change in federal policy if it continues.

Our non-interest income continues to improve, excluding all extraordinary one-time items, non-interest income was up $10.4 million or 6.6% over 2017.

For another year, we were effective in controlling our non-interest expenses. While there were a few non-recurring items that mostly offset each other, non-interest expenses were flat from the prior year, up $3.7 million or 1.1%.

We have been following the financial industry's best practices for retirement benefits and observed that many of our peers have moved away from a defined benefit retirement plan to a defined contribution plan. After a good deal of analysis, we made the decision to freeze our defined benefit plan, effective at the end of 2018. Beginning in 2019, we adopted a defined contribution retirement plan where the company contributes 4.0% of salary to our employees' 401k plans. In addition, we kept in place our existing 401k plan in which the company matches 50% of the employee's contributions, up to 6% of salary. We also decided to make additional contributions for employees with more than 10 years of service who were impacted by the unintended consequences of freezing the defined benefit plan. Our retirement benefits remain competitive with other employers in our markets.

"...our employees understand we are in the relationship business. We know our customers and genuinely care about them."

Innovation and Expansion

Last year, we discussed the decline in mortgage originations nationally and decided to expand into another market to increase production. We formed Mortgage Central, headquartered in Colorado Springs, Colorado, one of the fastest growing states in the U. S. This has proven to be a successful venture for the company and allowed for a stronger conversation about out-of-footprint expansion. As a result, and to better serve our customers in Colorado, we gained regulatory approval and converted the Colorado Springs loan center into a full service branch of Central Trust Bank, Jefferson City. Additionally, we strengthened Mortgage Central by adding a loan production office in Denver. Mortgage Central now originates loans in Colorado Springs, Durango, and Denver, Colorado as well as Raleigh, North Carolina.

Colorado Springs, CO.

In 2018, our technology company completed its most challenging and rewarding task to date – the successful deployment of a new online and mobile banking platform. Developed in-house, our customers now have a digital banking platform that rivals any of the largest banks in the country. The deployment of this platform, and the many individuals involved in its continued development and success, is one of the strengths of our company. Today we are better positioned to serve our customers with the technology and experience they demand.

Another significant investment important to our future occurred in our Commercial Banking division. We completed an overhaul of our internal infrastructure to align us more closely with our valued business customers. We now have a much better understanding of our customer's unique cash management needs and can respond with meaningful advice and solutions to help manage their businesses more effectively. With a stronger platform, our sales associates have continued to see meaningful growth in our commercial base and specifically in value-added services, such as commercial payments and cardholder services. Because of this continued investment and increasingly important business banking audience, we re-branded the business banking function and embarked on a footprint-wide advertising campaign where we tell our markets to "Imagine more for your business." This type of positioning and aforementioned technology illustrates the breadth of services and economic impact we have in our communities.

Financial Highlights

Central Bancompany, Inc., has a long history of solid financial performance and 2018 was another great year. The following is a summary of key financial results compared to 2017:

Balance Sheet

- Total assets increased to $13.2 billion at the end of 2018, up from $12.9 billion at the end of 2017. Average assets for the year were essentially flat at $12.7 billion.
- Loans increased $182 million bringing the total to $8.3 billion. Consumer loans led the way with an increase of $45 million.
- Investment securities decreased $364 million to $2.9 billion over year end 2017. This helped to fund the increase in loans and money market assets.
- Total deposits were up $226 million or 2.3% for the year end 2018, with $177 million in demand deposits accounting for most of the increase.
- Stockholder's equity increased from $1.785 billion at the end of 2017 to $1.947 billion at the end of 2018.

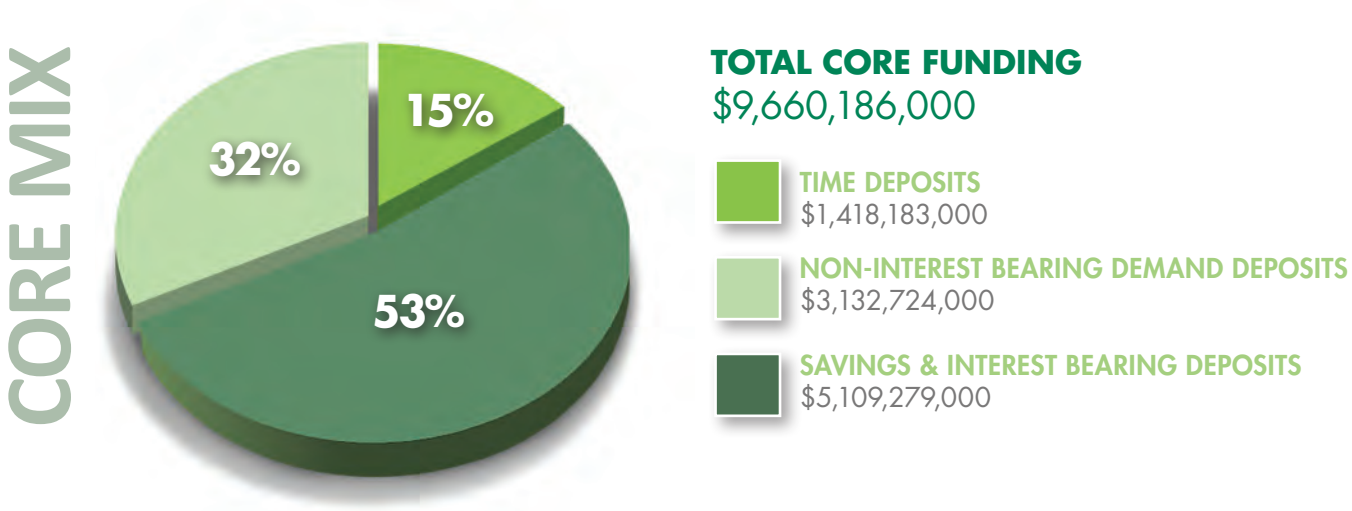
- Book value per share increased from $403.43 at the end of 2017 to $439.97 at the end of 2018, a $36.54 per share increase or 9.1%.
- At the end of the year, both our leverage ratio of 14.21% and total risk-based capital ratio of 19.47% exceeded the regulatory well capitalized guidelines.

Income Statement

- Net income was $177.6 million in 2018, an increase of $40.6 million or 29.6%, compared with the $137.0 million in 2017. These results were in spite of an accounting change resulting in a write-down of our equity securities portfolio of $4.0 million after tax.
- Due to an 18 basis point increase in margin and improvement in our asset mix, net interest income increased $26.6 million or 6.8% to total $418.5 million in 2018.
- Other income was up $10.4 million despite two items: A $5.5 million loss on equity securities resulting from an accounting change that required us to record market value adjustments through earnings and a reversal of a $3.8 million contingency accrual. We did enjoy good gains from deposit service charges in $1.8 million, a trust fee increase of $2.0 million, and a Bankcard income increase of $4.6 million. Gain on sale of originated mortgage loans was relatively flat due to an overall down market.
- Salary and wages were up $4.8 million but a good portion of this was the start-up of Mortgage Central, our Colorado mortgage operation. 2017 salaries were $2.5 million higher because of the special bonus paid to employees as a result of the *Federal Tax Cut and Jobs Act*.
- Our FDIC insurance was down $2.0 million due to rate decreases and better management of our balance sheet.
- Our key efficiency ratio decreased almost 2.0% to 58.0% from 59.8% in 2017, both were favorable to our peers.

Credit Quality

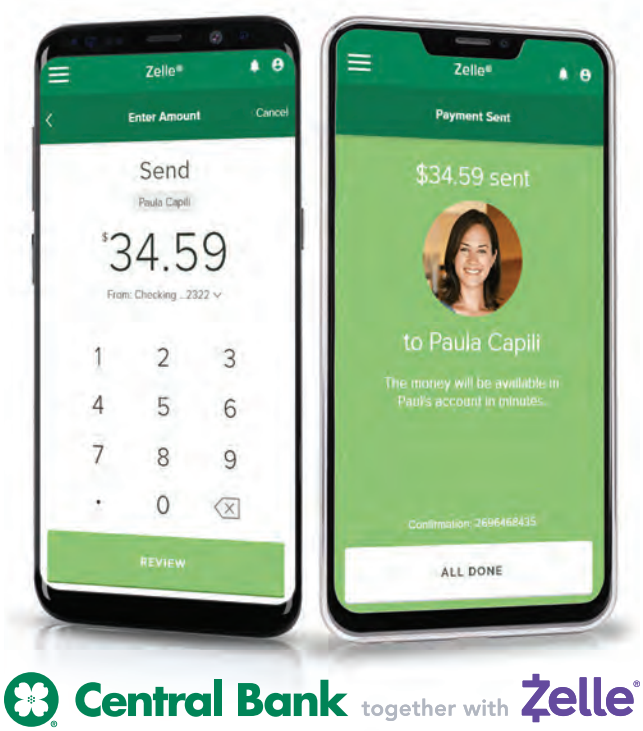
- Our year end allowance for loan losses was flat compared to 2017 at $128 million, and our ratio of allowance to total loans was down slightly to 1.53% compared to 1.57%.
- Credit costs were down $2.2 million compared to 2017 as our provision for credit losses decreased to $15.9 million in 2018 from $18.1 million.
- The ratio of net charge-offs to total loans was 0.19% down slightly from 0.21% in 2017.
- All of our key credit risk indicators remain very strong and favorable compared to industry peers.



Looking Ahead

Last year was an outstanding year for our company with great pre-tax earnings growth and lower tax rates. We also benefited from a robust economy. Looking ahead to 2019, it will be difficult to reproduce the same increase in earnings. Many economists are projecting slower economic growth, flat interest rates, and a flat yield curve. However, even against such headwinds, we are projecting another strong performance in 2019. We are entering the new year in our strongest financial position to date with a dedicated team committed to investing in long-term growth. I am optimistic about the future.

In the product area, as always, our focus will be to develop the best products available to better serve our customers. Our competitors are not standing still and neither are we. But, we have a unique advantage in the communities we serve. We can continue to deliver the best in technology while remaining close to our customers. A specific example of this in 2019 is the launch of Zelle®, a new person-to-person payments platform. This technology provides our customers access to a wider network and real-time movement of money.



For our business customers, we will continue our work from 2018 now turning our attention to the customer interface. The vast majority of customers manage their businesses through our online portal. It is imperative that we provide an exceptional online experience.

To further our position as an innovator in the industry, we will deploy a new online account opening platform as a means to find and acquire new retail and business customers. We have been acquiring customers online for several years, and the demand for this channel continues to grow. When launched, this new platform will streamline our current process, add additional product offerings such as money markets, CDs, and business accounts, and greatly improve our online loan applications.

These digital channels, as both a service standard and acquisition channel, will continue to be important. We have worked hard to provide the digital experience both our retail and business customers demand and we are now positioned to expand our footprint, delivering a superior experience to anyone, anywhere.

In 2019, we will bring up *HSA Central*, offering best in class Health Savings Accounts. Nationally, there is increasing popularity for consumer driven health care and health savings accounts. Projections indicate these accounts will total $64 billion nationally by the end of 2019. We have been in this business since the inception of HSAs and have seen steady growth in both our number of customers and in deposits. Our success with HSAs and the national trend caused us to look more closely at this line of business. As such, we made the decision to heavily invest in technology and upgrade our HSA platform. We are now positioned to compete nationwide as *HSA Central* and to significantly grow this division. This is a great example of the ongoing entrepreneurial spirit that drives our company.

Following are some issues that will impact our performance in 2019:

- One of our challenges is to achieve better loan and deposit growth, and to grow our net interest margin. Our budget is forecasting loans will grow in the 3.5% range or around $280 million, which is slightly better than 2018.

- The banking system remains short of liquidity as the Federal Reserve continued its "Quantitative Tightening" into the fourth quarter of 2018. While it appears the Federal Reserve has made a turn from tightening to neutral, the shortage of liquidity will keep pressures on funding cost.
- Our margin will continue to increase modestly even with the rate environment noted above as we continue to reprice maturing loans and earning assets that were fixed at lower rates over the past few years.
- We anticipate continued growth in non-interest income with a focus on retail deposits and Bankcard lines of business.
- One threat to non-interest income is mortgage originations. Mortgage lending has been at a slower pace the past few years, both nationally and in our markets. We are not optimistic it will improve in the near term. However, we do anticipate our Colorado originations will supplement slower mortgage originations in our existing markets.
- There will continue to be pressure on salaries and benefits as demands for human capital increase. There are not enough qualified applicants for most jobs we post and we are experiencing increasing cost for certain highly skilled positions. This trend will likely continue in the coming months as low unemployment and moderate economic growth continue to push wages higher.
- Our healthcare costs have been well controlled due to the good behavior of our employees, but we expect these costs to rise faster than salaries and other benefits.
- We anticipate other non-interest expenses will have only modest increases as we continue to better use technology to realize efficiencies in many operational areas.
- Our credit costs were down slightly in 2018. Historically, we have been below our peers and we believe we are positioned to be a top performer again in 2019.

In closing, I am optimistic about our future. Central Bank can keep pace with the changing landscape of the financial industry. Innovation and new banking technology shows no sign of slowing down, and while other institutions question their future, we are embracing it. Central Bank was built with an entrepreneurial spirit and we continue to find new ways to compete. Your management team is strong and whether we are addressing the ever-changing economic climate or our industry's digital transformation, we will continue to take advantage of our unique size and position in our communities. We will move quickly and invest in new technology while remaining true to our community banking roots. Our success in 2018 was not an accident. It is our hard-working and dedicated employees, directors, and shareholders that make us successful every single year. For that, I sincerely thank you.

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

Financial Review

Results of Operations

Central Bancompany, Inc., recorded net income of $177,576,000 in 2018, a $40,549,000 increase compared to 2017 net income of $137,027,000. Two key bank performance measures are the return on assets and the return on equity. The Company's return on average assets was 1.40% in 2018 compared to 1.08% in 2017. The return on equity was 9.95% in 2018 and 8.14% in 2017.

Average daily assets for the Company were $12.694 billion in 2018 compared to $12.713 billion in 2017. Consolidated assets of the Company on December 31, 2018 were $13.173 billion. Deposits increased by 2.3% to $10.115 billion on December 31, 2018 and loans increased by 2.2% to $8.329 billion.

Total stockholders' equity increased by 9.1% to $1,946,883,000 as of December 31, 2018. The Company's 2018 year end tangible equity to asset ratio was 14.21% compared to 12.79% in 2017; total dividends paid by the Company in 2018 were $30,976,000 or $7.00 per share compared to $19,913,000 in 2017 or $4.50 per share.

Net Interest Income

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

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

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

In 2018, net interest income was $423.4 million on a taxable equivalent basis, up $20.5 million or 5.1% from 2017. The volume of average earning assets was $12.027 billion in 2018 and $12.013 billion in 2017. Average loans increased by 3.6% to $8.264 billion while average deposits were flat at $9.660 billion. The Company's level of investment securities and short-term investments averaged $3.763 billion in 2018, a 6.9% decrease.

The Company's net interest margin increased from 3.34% in 2017 to 3.52% In 2018.

The loan portfolio yielded 4.73% in 2018 and 4.44% in 2017 while the yield on the investment portfolio was 2.29% in 2018 and 2.11% in 2017. The Company's cost to fund the earning assets was 0.43% in 2018 and 0.27% in 2017..

Allowance for Loan Loss

The Company accounts for losses experienced in its loan portfolio on a reserve basis. The reserve is funded with provisions that are charged to expense, thereby lowering operating earnings. Loan losses represent charges to the reserve at such time that a loan is determined to be uncollectible. The reserve is maintained at a level to cover possible losses in the loan portfolio.

The Company's provision for loan losses was $15.9 million in 2018 compared to $18.1 million in 2017. Net loan charge-offs were $16.1 million in 2018 and $16.8 million in 2017. Net loan charge-offs as a percentage of average loans were 0.19% in 2018 and 0.21% in 2017. The reserve for possible loan losses was $128.0 million on December 31, 2018 or 1.53% of outstanding loans; this compares to a reserve of $128.2 million on December 31, 2017 or 1.57% of loans.

Non-interest Income

Non-interest income is comprised mostly of fees and commissions that are received from the products and services we provide to our customers. For 2018, total non-interest income was $162.5 million compared to $161.0 million in 2017, an increase of 0.9%. The current year includes realized and unrealized investment securities losses of $5.5 million compared to $0.3 million in 2017. Excluding the securities losses, non-interest income increased 4.2%. Following is a comparison of the 2018 non-interest income with 2017.

(In millions)	2018	2017	$ Change	% Change
Service charge and commissions on deposit	$39.0	$37.2	$1.8	4.8%
Bankcard and merchant fees	45.2	40.6	4.6	11.3%
Fees for Fiduciary services	30.7	28.7	2.0	7.0%
Mortgage banking revenues	25.9	25.2	0.7	2.8%
Brokerage fees	13.6	12.6	1.0	7.9%
Investment securities gains (losses)	(5.5)	(0.3)	(5.2)	
Reversal of contingency accrual	0.0	3.8	(3.8)	
Other	13.6	13.2	0.4	3.0%
Total non-interest income	$162.5	$161.0	$1.5	0.9%

Non-interest Expense

Non-interest expense for 2018 was $339.0 million compared to $335.3 million in 2017, an increase of 1.1%. Salaries, wages, employee benefits, and payroll taxes comprise about 59% of our total non-interest expenses. Total salaries and benefits were $200.4 million in 2018 and $197.0 million in 2017, an increase of 1.7%. The following schedule provides details of our non-interest expenses for 2018 and 2017.

(In millions)	2018	2017	$ Change	% Change
Salaries and wages	$159.3	$154.5	$4.8	3.1%
Employee benefits and payroll taxes	41.1	42.5	(1.4)	-3.3%
Occupancy	23.8	23.4	0.4	1.7%
Equipment costs	14.1	13.8	0.3	2.2%
Marketing and business development	9.4	9.0	0.4	4.4%
Computer software and maintenance	11.9	11.4	0.5	4.4%
Bankcard processing and other costs	23.3	21.7	1.6	7.4%
Management and consulting	6.6	5.1	1.5	29.4%
FDIC insurance	2.6	4.6	(2.0)	-43.5%
OMSR amortization	4.7	4.9	(0.2)	-4.1%
Information services	5.0	5.0	0.0	0.0%
Correspondent bank charges	3.2	3.1	0.1	3.2%
FDIC indemnification amortization	3.5	3.4	0.1	2.9%
Loan collection and other real estate costs	2.6	4.8	(2.2)	-45.8%
Travel, meetings, and entertainment	3.8	3.5	0.3	8.6%
Printing, telecommunication, postage	8.1	8.8	(0.7)	-8.0%
Legal fees	1.4	1.4	0.0	0.0%
Other	14.6	14.4	0.2	1.4%
Total non-interest expense	$339.0	$335.3	$3.7	1.1%

The Company's consolidated efficiency ratio for 2018 was 57.96% compared to 59.80% for 2017.

Income Taxes

For 2018, the Company recorded an expense for income taxes of $48.5 million compared to $62.5 million in 2017. The Company's effective tax rate (Federal and State) amounted to 21.5% in 2018 and 31.3% in 2017.

5 YEAR Consolidated Average Balance Sheet

CENTRAL BANCOMPANY, INC. AND SUBSIDIARIES

Assets	2018	2017	2016	2015	2014
Cash & Due From Banks	$167,414,000	178,101,000	189,278,000	168,238,000	168,416,000
Investment Securities	2,949,581,000	3,386,506,000	3,197,151,000	3,066,014,000	2,519,443,000
Money Market Obligations	813,716,000	649,626,000	721,983,000	855,128,000	1,080,233,000
Loans Less Unearned Income	8,263,526,000	7,977,585,000	7,593,567,000	6,992,203,000	6,427,466,000
Allowance for Loan Loss	(129,565,000)	(126,816,000)	(126,391,000)	(127,123,000)	(129,815,000)
Net Loans	8,133,961,000	7,850,769,000	7,467,176,000	6,865,080,000	6,297,651,000
Other Assets	629,118,000	647,671,000	669,523,000	700,854,000	646,452,000
Total Assets	$12,693,790,000	12,712,673,000	12,245,111,000	11,655,314,000	10,712,195,000

Liabilities and Stockholders' Equity

Non-Interest Bearing Demand Deposits	3,132,724,000	3,175,488,000	3,041,476,000	2,831,531,000	2,347,126,000
Savings & Interest Bearing Demand Deposits	5,109,279,000	4,946,129,000	4,574,425,000	4,234,473,000	3,846,370,000
Time Deposits	1,418,183,000	1,546,619,000	1,573,276,000	1,659,896,000	1,743,534,000
Total Deposits	9,660,186,000	9,668,236,000	9,189,177,000	8,725,900,000	7,937,030,000
Federal Funds Purchased & Repurchase Agreements	976,546,000	1,129,666,000	1,240,600,000	1,186,022,000	1,156,240,000
Borrowed Funds	14,000	0	1,175,000	12,986,000	13,379,000
Other Liabilities	196,097,000	193,746,000	183,422,000	194,505,000	128,643,000
Total Liabilities	10,832,843,000	10,991,648,000	10,614,374,000	10,119,413,000	9,235,292,000
Stockholders' Equity	1,860,947,000	1,721,025,000	1,630,737,000	1,535,901,000	1,476,903,000
Total Liabilities and Stockholders' Equity	$12,693,790,000	12,712,673,000	12,245,111,000	11,655,314,000	10,712,195,000

5 YEAR Consolidated Summary of Operations

CENTRAL BANCOMPANY, INC. AND SUBSIDIARIES

	2018	2017	2016	2015	2014
Interest Income	$470,009,000	425,328,000	400,910,000	375,825,000	352,786,000
Interest Expense	51,479,000	33,378,000	22,862,000	20,000,000	19,650,000
Net Interest Income	418,530,000	391,950,000	378,048,000	355,825,000	333,136,000
Provision for Loan Losses	15,880,000	18,142,000	14,982,000	8,588,000	6,823,000
Non-Interest Income	162,487,000	161,012,000	167,972,000	154,091,000	144,983,000
Non-Interest Expense	339,013,000	335,288,000	329,572,000	326,333,000	303,506,000
Income Before Taxes	226,124,000	199,532,000	201,466,000	174,995,000	167,790,000
Income Taxes	48,548,000	62,505,000	59,438,000	53,503,000	52,319,000
Net Income	$177,576,000	137,027,000	142,028,000	121,492,000	115,471,000

Financial Data of Affiliate Banks

As of December 31, 2018

Bank	Total Assets	Loans	Investment Securities	Deposits	Stockholders' Equity
Central Trust Bank, Jefferson City	$2,566,665,000	$1,091,883,000	$1,068,484,000	$1,816,475,000	$179,285,000
Central Bank of Boone County, Columbia	2,047,561,000	1,195,272,000	551,818,000	1,659,508,000	154,082,000
Central Bank of St. Louis, Clayton	1,921,875,000	1,513,896,000	135,797,000	1,424,012,000	226,072,000
Central Bank of the Midwest, Lee's Summit	1,754,287,000	1,213,473,000	210,414,000	1,424,546,000	250,594,000
Central Bank of the Ozarks, Springfield	1,293,171,000	1,014,321,000	159,948,000	1,097,245,000	133,445,000
Central Bank of Lake of the Ozarks, Osage Beach	756,428,000	412,287,000	191,429,000	658,296,000	66,097,000
Central Bank of Oklahoma, Tulsa	697,560,000	607,394,000	13,715,000	527,515,000	130,785,000
Jefferson Bank of Missouri, Jefferson City	585,817,000	437,696,000	67,760,000	486,603,000	57,025,000
Central Bank of Sedalia, Sedalia	403,099,000	304,550,000	75,062,000	343,918,000	37,699,000
Central Bank of Branson, Branson	339,813,000	228,034,000	69,616,000	279,389,000	34,262,000
Central Bank of Warrensburg, Warrensburg	248,455,000	137,019,000	51,962,000	203,387,000	35,765,000
Central Bank of Moberly, Moberly	197,110,000	99,700,000	72,520,000	168,558,000	16,534,000
Central Bank of Audrain County, Mexico	184,813,000	89,065,000	54,926,000	163,826,000	13,850,000

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

Independent Auditors' Report

The Board of Directors
Central Bancompany Inc.:

We have audited the accompanying consolidated financial statements of Central Bancompany Inc. and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; 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.

Auditors' 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 auditors' 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. 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 financial position of Central Bancompany Inc. and its subsidiaries as of December 31, 2018 and 2017, and the results of their operations and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

We also have audited, in accordance with auditing standards generally accepted in the United States of America, the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated March 26, 2019 expressed an unmodified opinion on the effectiveness of the Company's internal control over financial reporting.

KPMG LLP

Kansas City, Missouri
March 26, 2019

CENTRAL BANCOMPANY, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2018 and 2017

Assets		2018	2017
Cash and due from banks	$	242,982,000	191,068,000
Short-term interest-bearing deposits		1,001,146,000	713,622,000
Interest-bearing deposits		39,357,000	74,086,000
Federal funds sold and securities purchased under agreements to resell		194,184,000	1,431,000
Investment securities (note 2):			
Available for sale (AFS)		2,749,410,000	3,030,644,000
Held to maturity (fair value of $79,329,000 and $92,093,000, in 2018 and 2017, respectively)		78,251,000	89,617,000
Equity		66,078,000	137,104,000
Trading		125,000	299,000
Total investment securities		2,893,864,000	3,257,664,000
Loans (note 3)		8,328,530,000	8,146,437,000
Less allowance for loan losses (note 4)		128,045,000	128,242,000
Net loans		8,200,485,000	8,018,195,000
Land, buildings, and equipment, net (note 6)		167,377,000	172,072,000
Deferred tax assets, net (note 8)		9,394,000	20,254,000
Foreclosed assets held for sale		11,354,000	16,020,000
Goodwill (note 7)		258,381,000	258,381,000
Core deposit and other intangibles (note 7)		6,545,000	7,789,000
Mortgage servicing rights (note 5)		20,950,000	19,659,000
Other assets		126,586,000	125,996,000
Total assets	$	13,172,605,000	12,876,237,000

See accompanying notes to consolidated financial statements.

CENTRAL BANCOMPANY, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2018 and 2017

Liabilities and Stockholders' Equity		2018	2017
Deposits:			
Noninterest-bearing demand	$	3,324,466,000	3,147,903,000
Savings and interest-bearing demand		5,354,279,000	5,287,653,000
Time (note 9)		1,436,406,000	1,453,262,000
Total deposits		10,115,151,000	9,888,818,000
Federal funds purchased and securities sold under agreements to repurchase (note 10)		944,148,000	1,009,400,000
Other liabilities (note 11)		166,423,000	192,805,000
Total liabilities		11,225,722,000	11,091,023,000
Stockholders' equity:			
Class A voting common stock, $1 par value. Authorized, 3,993,779 shares; issued, 1,993,779 shares		1,994,000	1,994,000
Class B nonvoting common stock, $1 par value. Authorized, 7,962,278 shares; issued, 3,962,278 shares		3,962,000	3,962,000
Capital surplus		5,250,000	5,250,000
Retained earnings		2,081,588,000	1,905,144,000
Accumulated other comprehensive loss (note 16)		(66,492,000)	(51,717,000)
		2,026,302,000	1,864,633,000
Less treasury stock of 447,682 shares of Class A voting common stock in 2018 and 2017, respectively; 1,083,290 shares of Class B nonvoting common stock in 2018 and 2017, respectively		79,419,000	79,419,000
Total stockholders' equity		1,946,883,000	1,785,214,000
Total liabilities and stockholders' equity	$	13,172,605,000	12,876,237,000

See accompanying notes to consolidated financial statements.

CENTRAL BANCOMPANY, INC. AND SUBSIDIARIES

Consolidated Statements of Income

December 31, 2018 and 2017

		2018	2017
Interest income:			
Loans	$	389,246,000	354,086,000
Investment securities		64,711,000	64,022,000
Federal funds sold and securities purchased under agreements to resell		16,052,000	7,220,000
Total interest income		470,009,000	425,328,000
Interest expense:			
Deposits		39,049,000	24,926,000
Federal funds purchased, securities sold under agreements to repurchase, and borrowed funds		12,430,000	8,452,000
Total interest expense		51,479,000	33,378,000
Net interest income		418,530,000	391,950,000
Provision for loan losses (note 4)		15,880,000	18,142,000
Net interest income after provision for loan losses		402,650,000	373,808,000
Other income:			
Service charges and commissions		48,577,000	45,370,000
Bankcard and merchant service fees		45,246,000	40,609,000
Brokerage services		13,557,000	12,583,000
Fees for fiduciary services		30,704,000	28,730,000
Mortgage banking revenues (note 5)		25,945,000	25,205,000
Other		3,953,000	8,810,000
Investment securities loss, net		(5,495,000)	(295,000)
Total other income		162,487,000	161,012,000
Other expense:			
Salaries and employee benefits (note 11)		198,394,000	197,065,000
Net occupancy (notes 6 and 13)		23,839,000	23,353,000
Equipment (notes 6 and 13)		14,158,000	13,843,000
Computer software and maintenance		11,898,000	11,436,000
Marketing and business development		9,378,000	9,001,000
FDIC insurance		2,550,000	4,583,000
Management and consulting fees		6,607,000	5,135,000
Bankcard		23,306,000	21,692,000
Other		48,883,000	49,180,000
Total other expense		339,013,000	335,288,000
Income before income taxes		226,124,000	199,532,000
Income taxes (note 8)		48,548,000	62,505,000
Net income	$	177,576,000	137,027,000

See accompanying notes to consolidated financial statements.

CENTRAL BANCOMPANY, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

December 31, 2018 and 2017

		2018	2017
Net income	$	177,576,000	137,027,000
Change in unrealized (loss) gain on AFS securities, net of income taxes		(6,394,000)	2,456,000
Change in pension gain (loss), net of income taxes		21,463,000	(18,152,000)
Total comprehensive income	$	192,645,000	121,331,000

See accompanying notes to consolidated financial statements.

CENTRAL BANCOMPANY, INC. AND SUBSIDIARIES

Consolidated Statement of Stockholders' Equity

December 31, 2018 and 2017

		2018	2017
Common stock:			
Balance at beginning and end of year, Class A, voting	$	1,994,000	1,994,000
Balance at beginning and end of year, Class B, nonvoting		3,962,000	3,962,000
Capital surplus:			
Balance at beginning and end of year		5,250,000	5,250,000
Retained earnings:			
Balance at beginning of year		1,905,144,000	1,788,030,000
Adoption of ASU 2016-01		29,844,000	—
Net income		177,576,000	137,027,000
Cash dividends ($7.00 per common share in 2018 and $4.50 per common share in 2017)		(30,976,000)	(19,913,000)
Balance at end of year		2,081,588,000	1,905,144,000
Accumulated other comprehensive loss			
Balance at beginning of year		(51,717,000)	(36,021,000)
Adoption of ASU 2016-01		(29,844,000)	—
Other comprehensive income (loss)		15,069,000	(15,696,000)
Balance at end of year		(66,492,000)	(51,717,000)
Treasury stock:			
Balance at beginning and end of year		(79,419,000)	(79,419,000)
Total stockholders' equity	$	1,946,883,000	1,785,214,000

See accompanying notes to consolidated financial statements.

CENTRAL BANCOMPANY, INC. AND SUBSIDIARIES

Consolidated Statement of Cash Flows

December 31, 2018 and 2017

		2018	2017
Cash flows from operating activities:			
Net income	$	177,576,000	137,027,000
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization		21,129,000	22,132,000
Accretion of discounts and amortization of premiums, net		17,937,000	19,905,000
Deferred income taxes		15,920,000	10,160,000
Provision for loan losses		15,880,000	18,142,000
Gain on sale of loans		(17,683,000)	(17,108,000)
Purchase of trading securities		(3,619,000)	(2,305,000)
Sales of trading securities		3,793,000	2,148,000
Originations of mortgage loans held for sale		(705,311,000)	(654,590,000)
Proceeds from sales of mortgage loans held for sale		717,958,000	667,380,000
(Increase) decrease in other assets		(1,879,000)	13,171,000
Increase (decrease) in other liabilities		2,409,000	(14,608,000)
Net cash provided by operating activities		244,110,000	201,454,000
Cash flows from investing activities:			
Purchase of available-for-sale securities		(2,506,528,000)	(1,331,243,000)
Purchase of equity securities		(3,469,000)	(2,098,000)
Purchase of held-to-maturity securities		—	(166,000)
Proceeds from sales of available-for-sale securities		184,207,000	284,421,000
Proceeds from sales of equity securities		60,930,000	1,034,000
Proceeds from maturities of available-for-sale securities		2,580,641,000	1,104,534,000
Proceeds from maturities of held-to-maturity securities		11,126,000	26,450,000
Net change in interest bearing deposits		34,729,000	34,973,000
Purchase of bank, net of cash acquired		—	11,567,000
Net increase in loans		(193,134,000)	(225,418,000)
Additions to land, buildings, and equipment		(16,142,000)	(13,891,000)
Disposals of land, buildings, and equipment		5,616,000	5,328,000
Net cash provided by (used in) investing activities		157,976,000	(104,509,000)
Cash flows from financing activities:			
Increase in deposits		226,333,000	243,517,000
Decrease in federal funds purchased and securities sold under agreements to repurchase		(65,252,000)	(212,400,000)
Dividends paid		(30,976,000)	(35,361,000)
Net cash provided by (used in) financing activities		130,105,000	(4,244,000)
Net increase in cash and cash equivalents		532,191,000	92,701,000
Cash and cash equivalents at beginning of year		906,121,000	813,420,000
Cash and cash equivalents at end of year	$	1,438,312,000	906,121,000
Cash and due from banks	$	242,982,000	191,068,000
Short-term interest bearing deposits		1,001,146,000	713,622,000
Federal funds sold and securities purchased under agreements to resell		194,184,000	1,431,000
Total cash and cash equivalents	$	1,438,312,000	906,121,000
Supplemental disclosure of cash flow information:			
Interest paid	$	52,792,000	33,867,000
Income taxes paid		36,661,000	52,684,000
Loans transferred to foreclosed assets held for sale		5,336,000	9,348,000

See accompanying notes to consolidated financial statements.

(1) Summary of Significant Accounting Policies

(a) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Central Bancompany, Inc. and its subsidiary banks and companies (the Company). All intercompany accounts and transactions have been eliminated. The Company evaluated subsequent events for recognition or disclosure through March 26, 2019, the date on which the consolidated financial statements were issued.

(b) Use of Estimates

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

(c) Cash and Cash Equivalents

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

(d) Investment Securities

The Company classifies investment securities in one of four categories: equity, trading, available-for-sale, or held-to-maturity. Trading securities are bought and held principally for the purpose of selling them in the near term. Held-to-maturity securities are those that the Company has the positive intent and ability to hold to maturity. All other securities are classified as available-for-sale.

Held-to-maturity securities are recorded at amortized cost. Trading, equity, and available-for-sale securities are recorded at fair value. Unrealized holding gains and losses on equity and trading securities are included in earnings. Unrealized holding gains and losses, net of related tax effect, on available-for-sale securities are excluded from earnings and are reported as a separate component of accumulated other comprehensive income (loss) until realized. Realized gains and losses upon disposition of available-for-sale securities are included in income using the specific-identification method for determining the cost of the securities sold.

Securities are evaluated for other-than-temporary impairments in accordance with guidance provided in Accounting Standards Codification (ASC) 320-10-35, *Investments–Debt Securities–Overall–Subsequent Measurement*. For securities with other-than-temporary impairments, the entire loss in fair value is required to be recognized in current earnings if the Company intends to sell the securities or believes it likely that it will be required to sell the security before the anticipated recovery. If neither condition is met, but the Company does not expect to recover the amortized cost basis, the Company

determines whether a credit loss has occurred, which is then recognized in current earnings. The noncredit-related portion of the overall loss is reported in other comprehensive income (loss).

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

(e) Loans

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

(f) Provision for Loan Losses

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

In compliance with ASC 310-10, individual loans determined to be impaired are reviewed quarterly for impairment. Impaired loans consist of all troubled debt restructurings and most non-accrual loans. To determine the individual impairment on these loans, the Company applies regulatory requirements to either charge the loan down or establish a reserve for any incurred loss. Impaired loans that are collateral dependent are charged down to the fair value of collateral less selling costs.

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

(g) Land, Buildings, and Equipment

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

(h) Goodwill and Other Intangible Assets

Goodwill represents the excess of cost over equity in net assets of subsidiaries acquired. The Company accounts for goodwill in accordance with ASC 350, *Intangibles – Goodwill and Other*. Under ASC 350, goodwill and intangible assets that have indefinite useful lives are not amortized, but rather tested at least annually for impairment. Intangible assets that have finite useful lives continue to be amortized over 7 to 20 years.

(i) Foreclosed Assets

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

(j) Income Taxes

The Company and its subsidiaries file a consolidated federal income tax return. Certain income and expense items are accounted for differently for financial reporting purposes than for income tax purposes. Deferred income taxes are provided in recognition of these temporary differences at rates expected to be in effect when such differences reverse.

(k) Comprehensive Income

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

(l) Mortgage Banking

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

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

(m) Securities Sold under Agreements to Repurchase

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

(n) Recent Accounting Pronouncements

Revenue Recognition – In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which supersedes nearly all existing revenue recognition guidance under generally accepted accounting principles in the United States ("U.S. GAAP"). Subsequently in August 2015, the FASB issued ASU 2015-14, *Deferral of the Effective Date"* which deferred the effective date of ASU 2014-09 to annual reporting periods that begin after December 15, 2017. The ASU's core principle is that an entity will recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The adoption of this pronouncement did not have a material impact on the financial position, results of operations, or cash flows of the Company.

Financial Instruments –In January 2016, the FASB issued ASU 2016-01*, Recognition and Measurement of Financial Assets and Financial Liabilities*, which require all equity investments to be measured at fair value with changes in the fair value recognized through net income, other than those accounted for under the equity method of accounting or those that result in the consolidation of the investee. Additionally, these amendments require presentation in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk for those liabilities measured at fair value. The amendments also require use of the exit price notion when measuring the fair value of financial instruments for disclosure purposes. The ASU is effective for annual periods beginning January 1, 2018. The adoption of this pronouncement on January 1, 2018 resulted in an increase in tangible equity of approximately $30 million with the unrealized gain, net of taxes, moved from accumulated other comprehensive income to retained earnings.

Leases –In February 2016, the FASB issued ASU 2016-02*, Leases,* which requires lessees to present right-of-use assets and lease liabilities on the balance sheet, as well as disclose key information regarding leasing arrangements. The guidance in this standard is effective for interim and annual periods beginning after December 15, 2018. The adoption of this pronouncement did not have a material impact on the financial position, results of operations, or cash flows of the Company.

Credit Losses – In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*. The update replaces the current incurred loss methodology for recognizing credit losses with a current expected loss model, which requires the measurement of all expected credit losses for financial assets held at the report date based on historical experience, current conditions, and reasonable and supportable forecasts. The amendment broadens the information that the entity must consider in developing its expected credit loss estimates. Additionally, the update amends the accounting for credit loss on AFS debt securities. The update requires enhanced disclosures to help investors and other financial statement users better understand significant estimates and judgments used in estimated credit losses, as well as the credit quality and underwriting standards of a company's loan portfolio. The ASU is effective for annual periods beginning January 1, 2021 but may be adopted for annual periods beginning January 1, 2019. The Company is currently evaluating the effects of this pronouncement on its consolidated financial statements.

Cash Flows – In August 2016, the FASB issued ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments.* The amendments provide guidance on eight specific cash flow issues. The ASU is effective for annual periods beginning January 1, 2018. The change did not have a significant effect on the Company's consolidated financial statements.

Goodwill – In January 2017, the FASB issued ASU 2017-04, *Simplifying the Test for Goodwill Impairment.* The ASU simplifies the accounting for goodwill impairments and are effective for financial statements issued for annual periods beginning after December 15, 2020. The Company does not believe the adoption will have a significant effect on its consolidated financial statements.

Retirement Benefits – In March 2017, the FASB issued ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost.* The ASU amends the requirements in ASC 715 related to the income statement presentation of the components of net periodic benefit cost for an entity's sponsored defined benefit pension and other postretirement plans. The ASU is effective for annual periods beginning after December 15, 2017. The change did not have a significant effect on the Company's consolidated financial statements.

Derivatives – In August 2017, the FASB issued ASU 2017-12, *Targeted Improvements to Accounting for Hedging Activities,* which amends the hedge accounting recognition and presentation requirements in ASC815. The ASU is effective for annual periods beginning after December 15, 2018. The Company does not believe the adoption will have a significant effect on its consolidated financial statements.

Comprehensive Income – In February 2018, the FASB issued ASU-2018-02, *"Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income"*. The ASU addresses industry concerns related to the application of ASC 740 to certain provisions of the new tax reform legislation commonly known as the Tax Cuts and Jobs Act. The ASU is effective for fiscal years beginning after December 15, 2018 and the adoption did not have a significant effect on its consolidated financial statements.

(2) Investment Securities

Effective January 1, 2018, ASU 2016-01 "Recognition and Measurement of Financial Assets and Financial Liabilities" was adopted by the Company. Equity securities were segregated from available for sale debt securities. Prior period disclosures have been changed to reflect the new categories. The table below includes the fair value of equity securities as of December 31, 2018 and 2017 including, Federal Home Loan Bank Stock, Federal Reserve Bank Stock, and equity securities with no readily determinable value:

Equity Securities		12/31/2018	12/31/2017
Common and preferred stocks with readily determinable fair value	$	26,953,000	101,268,000
Federal home loan bank stock		14,889,000	14,907,000
Federal reserve bank stock		18,294,000	17,874,000
No readily determinable fair value		5,942,000	3,055,000
Total equity securities	$	66,078,000	137,104,000

Prior to 2018, the change in the fair value of equity securities was recorded in accumulated other comprehensive income. The new guidance requires changes in fair value of equity securities to be recorded in current earnings. As of January 1, 2018, the unrealized gain of approximately $40,000,000 on equity securities was transferred from accumulated other comprehensive income, net of approximately $10,200,000 in taxes, resulting in an increase in retained earnings of $29,800,000.

During 2018, $5,301,000 in losses were recorded on the net decline in market value of the common and preferred stock, consisting of $2,338,000 in losses realized on sales during 2018 and $2,963,000 in net unrealized losses on the portfolio. $69,000,000 of the $101,300,000 in common and preferred stocks were sold in 2018. In 2017, there were no realized gains or losses on equity securities and all unrealized gains and losses were recorded through other comprehensive income.

The following tables show the carrying amount, gross unrealized holding gains, gross unrealized holding losses, and fair value of AFS and HTM securities by security type at December 31, 2018 and 2017.

2018	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair values
Available for sale:				
United States government obligations and government-sponsored enterprises	$ 2,049,378,000	4,427,000	(16,114,000)	2,037,691,000
Obligations of states and political subdivisions	309,320,000	2,992,000	(810,000)	311,502,000
Other securities	406,293,000	595,000	(6,671,000)	400,217,000
	$ 2,764,991,000	8,014,000	(23,595,000)	2,749,410,000
Held to maturity:				
United States government obligations and government-sponsored enterprises	$ 114,000	5,000	—	119,000
Obligations of states and political subdivisions	78,137,000	1,194,000	(121,000)	79,210,000
	$ 78,251,000	1,199,000	(121,000)	79,329,000

2017	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair values
Available for sale:				
United States government obligations and government-sponsored enterprises	$ 2,141,845,000	5,407,000	(14,866,000)	2,132,386,000
Obligations of states and political subdivisions	439,522,000	6,264,000	(987,000)	444,799,000
Other securities	456,389,000	1,419,000	(4,349,000)	453,459,000
	$ 3,037,756,000	13,090,000	(20,202,000)	3,030,644,000
Held to maturity:				
United States government obligations and government-sponsored enterprises	$ 146,000	7,000	—	153,000
Obligations of states and political subdivisions	89,471,000	2,528,000	(59,000)	91,940,000
	$ 89,617,000	2,535,000	(59,000)	92,093,000

The amortized cost and fair value of available-for-sale and held-to-maturity securities at December 31, 2018, by contractual maturity, are shown below:

	United States government obligations and government-sponsored enterprises		Obligations of states and political subdivisions		Obligations of other securities	
	Amortized cost	Fair value	Amortized cost	Fair value	Amortized cost	Fair value
Available for sale:						
Within 1 year	$ 841,950,000	840,820,000	71,787,000	71,708,000	232,460,000	232,265,000
After 1 but within 5 years	35,872,000	35,851,000	153,378,000	153,606,000	98,638,000	95,903,000
After 5 but within 10 years	—	—	83,441,000	85,479,000	34,983,000	31,438,000
After 10 years	—	—	714,000	709,000	2,173,000	2,173,000
Mortgage – and asset-backed securities	1,171,556,000	1,161,020,000	—	—	38,039,000	38,438,000
	$ 2,049,378,000	2,037,691,000	309,320,000	311,502,000	406,293,000	400,217,000
Held to maturity:						
Within 1 year	$ —	—	2,871,000	2,877,000	—	—
After 1 but within 5 years	—	—	35,032,000	35,420,000	—	—
After 5 but within 10 years	—	—	38,670,000	39,431,000	—	—
After 10 years	—	—	1,564,000	1,482,000	—	—
Mortgage – and asset-backed securities	114,000	119,000	—	—	—	—
	$ 114,000	119,000	78,137,000	79,210,000	—	—

Proceeds from sales of available-for-sale securities in 2018 and 2017 were $245,137,000 and $285,455,000, respectively. Net losses of $194,000 and $295,000 were recognized on the sale of available-for-sale securities in 2018 and 2017, respectively.

Other securities consist primarily of corporate bonds. Investment securities and money market obligations with a carrying value of approximately $2,329,000,000 and $2,327,611,000 were pledged to secure public deposits, repurchase agreements, and borrowed funds at December 31, 2018 and 2017, respectively.

Gross unrealized losses on available-for-sale investment securities and the fair value of the related securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2018 and 2017 were as follows:

	Less than 12 months		12 months or more		Total	
2018	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Available for sale:						
United States government obligations and government-sponsored enterprises	$ 710,088,000	(1,176,000)	880,033,000	(14,938,000)	1,590,121,000	(16,114,000)
Obligations of states and political subdivisions and other securities	272,878,000	(1,684,000)	171,962,000	(5,797,000)	444,840,000	(7,481,000)
	$ 982,966,000	(2,860,000)	1,051,995,000	(20,735,000)	2,034,961,000	(23,595,000)

	Less than 12 months		12 months or more		Total	
2017	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Available for sale:						
United States government obligations and government-sponsored enterprises	$ 1,219,007,000	(8,539,000)	545,082,000	(6,327,000)	1,764,089,000	(14,866,000)
Obligations of states and political subdivisions and other securities	349,339,000	(798,000)	141,704,000	(4,538,000)	491,043,000	(5,336,000)
	$ 1,568,346,000	(9,337,000)	686,786,000	(10,865,000)	2,255,132,000	(20,202,000)

Gross unrealized losses on held-to-maturity investment securities and the fair value of the related securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2018 and 2017 were as follows:

	Less than 12 months		12 months or more		Total	
2018	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Held to maturity:						
Obligations of states and political subdivisions and other securities	$ 3,569,000	(11,000)	2,260,000	(110,000)	5,829,000	(121,000)
	$ 3,569,000	(11,000)	2,260,000	(110,000)	5,829,000	(121,000)

	Less than 12 months		12 months or more		Total	
2017	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Held to maturity:						
Obligations of states and political subdivisions and other securities	$ —	—	2,439,000	(59,000)	2,439,000	(59,000)
	$ —	—	2,439,000	(59,000)	2,439,000	(59,000)

For the investments in the tables above, management has determined that the unrealized losses are temporary in nature. A primary factor considered in making that determination is management's intent and ability to hold each investment for a period of time sufficient to allow for an anticipated recovery in fair value. Management has the positive intent and ability to hold each investment until the earlier of its anticipated recovery or maturity. Additional factors considered in determining whether a loss is temporary include:

- The length of time and the extent to which fair value has been below cost
- The severity of the impairment
- The cause of the impairment and the financial condition and near-term prospects of the issuer
- Activity in the market of the issuer, which may indicate adverse credit conditions

Other-than-temporary impairment may arise in future periods, due to further deterioration in the general economy and national housing markets, and changing cash flows, loss severities, and delinquency levels of the securities' underlying collateral, which would negatively affect the Company's financial results.

The Company's impairment policy requires a review of all securities for which fair value is less than amortized cost for a period of 12 months. Special emphasis and analysis is placed on securities whose credit rating has experienced a negative credit rating event. These securities are placed on a watch list, and for all such securities, further credit analysis, research, and rating agency outlook is evaluated for further action considerations. Securities below investment grade with risk of bankruptcy filing or uncertain financial outlook are considered for OTTI impairment. There were no securities on the watch list as of December 31, 2018 and 2017 that were considered other than temporarily impaired.

As of December 31, 2018 and 2017, the Company had no recorded other than temporary impairment. Securities that were temporarily impaired at December 31, 2018 and 2017 are shown above, along with the length of the impairment period. Out of the total available-for-sale securities portfolio, consisting of 3,292 individual securities at December 31, 2018, 1,935 securities were temporarily impaired. Of these securities, 1,271 securities, amounting to 38% of the portfolio value, were temporarily impaired for 12 months or longer.

With respect to United States government and federal agency obligations, the unrealized losses on investments in securities of U.S. government and federal agency obligations were caused by interest rate changes and other market conditions. The contractual terms of these investments do not permit the issuer to settle the securities at a price less than par. Because the Company has the ability and intent to hold these investments until a market price recovery or maturity, these investments are not considered other-than-temporarily impaired. These securities represent 84% of all securities at a loss for greater than 12 months.

With respect to obligations of states and political subdivisions, the unrealized losses on investments in obligations of states and political subdivisions were caused by interest rate changes and other market conditions. The contractual terms of these investments do not permit the issuer to settle the securities at a price less than par.

The unrealized losses related to other securities are to a large extent related to the recent spread widening experienced in corporate bonds. Market rates moved higher year over year, while sector spreads accounted for the remainder of the decline in value. Historical spreads for corporate bonds tend to widen in times of financial distress (resulting in lower market values) and will narrow as markets calm down (market values will recover). The individual bond investments remain investment grade and within policy limits. Because the Company has the ability and intent to hold these investments until a market price recovery or maturity, these investments are not considered other-than-temporarily impaired.

(3) Loans

Loans consisted of the following at December 31, 2018 and 2017:

	2018	2017
Commercial	$ 6,068,715,000	5,883,377,000
Real estate	1,008,318,000	993,371,000
Individual	1,282,976,000	1,301,265,000
	8,360,009,000	8,178,013,000
Less unearned income	22,209,000	18,925,000
Less fair value adjustment	9,270,000	12,651,000
Total loans	$ 8,328,530,000	8,146,437,000

Loans acquired by the company were $0 and $54,700,000 in 2018 and 2017, respectively.

Loans made to officers and directors of the Company, including subsidiary banks and their related businesses are summarized below. They were made in the ordinary course of business at market rates.

	2018
Balance at beginning of year	$ 351,698,000
New loans	214,525,000
Repayments	(85,878,000)
Other changes	(10,585,000)
Balance at end of year	$ 469,760,000

Mortgage loans held-for-sale at December 31, 2018 and 2017 totaled approximately $32,116,000 and $42,324,000, respectively. The Company determines at the time of origination whether mortgage loans will be held for the Company's portfolio or sold to the secondary market. Loans originated and intended for sale in the secondary market are recorded at the lower of aggregate cost or estimated fair value. The loans held for sale are included in loans on the balance sheet of the accompanying consolidated financial statements.

Nonaccruing loans at December 31, 2018 and 2017 totaled approximately $28,003,000 and $48,257,000, respectively. The interest income recorded on nonaccrual loans was approximately $1,012,000 and $739,000 in 2018 and 2017, respectively.

Restructured loans at December 31, 2018 and 2017 totaled $27,657,000 and $37,017,000, respectively. The interest income recognized on restructured loans at December 31, 2018 and 2017 was approximately $762,000 and $978,000, respectively. The Company has entered into commitments to lend additional funds to the borrowers whose loans have been restructured and included in the totals disclosed above of approximately $307,000 at December 31, 2018. The table below shows the outstanding balance of loans classified as troubled debt restructurings (TDR) at December 31, 2018 and 2017. Nonperforming TDRs include all past-due and nonaccrual TDR loans. As of December 31, 2018, the company had 12 TDRs totaling $2,889,000 that were past-due.

	2018			2017		
	Performing TDRs	Nonperforming TDRs	Total TDRs	Performing TDRs	Nonperforming TDRs	Total TDRs
Commercial	$ 13,010,000	5,106,000	18,116,000	13,479,000	12,437,000	25,916,000
Real estate	7,010,000	2,479,000	9,489,000	7,191,000	3,855,000	11,046,000
Individual	52,000	—	52,000	55,000	—	55,000
Total loans	$ 20,072,000	7,585,000	27,657,000	20,725,000	16,292,000	37,017,000

The Company has outstanding commitments to provide loans to customers and also has issued letters of credit. Loan commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. The credit risk involved in issuing letters of credit is essentially the same as is involved in extending loan facilities to customers. At December 31, 2018 and 2017, the company had unfunded loan commitments of $2,368,775,000 and $2,233,159,000, respectively. Outstanding letters of credit as of December 31, 2018 and 2017 amounted to $75,117,000 and $69,324,000, respectively.

The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary, by the Company upon extension of credit is based on management's credit evaluation of the customer. Collateral held varies, but may include accounts receivable, inventory, property, plant, equipment, and income-producing commercial properties. The Company's banking subsidiaries are located throughout the states of Missouri, Kansas, Illinois, and Oklahoma, and the Company's loan portfolio has no unusual geographic concentrations of credit risk beyond its market areas.

(4) Allowance for Loan Losses

The following is a summary of activity in the allowance for loan losses:

	Commercial and commercial real estate	Residential real estate	Individual	Total
At December 31, 2018:				
Balance at beginning of year	$ 86,209,000	23,021,000	19,012,000	128,242,000
Provision for loan losses	7,529,000	(627,000)	8,978,000	15,880,000
Loans charged off	(9,602,000)	(1,071,000)	(11,242,000)	(21,915,000)
Recoveries on loans previously charged off	1,621,000	766,000	3,451,000	5,838,000
Balance at end of year	$ 85,757,000	22,089,000	20,199,000	128,045,000

	Commercial and commercial real estate	Residential real estate	Individual	Total
At December 31, 2017:				
Balance at beginning of year	$ 83,676,000	25,846,000	17,380,000	126,902,000
Provision for loan losses	11,036,000	(2,636,000)	9,742,000	18,142,000
Loans charged off	(13,045,000)	(955,000)	(11,733,000)	(25,733,000)
Recoveries on loans previously charged off	4,542,000	766,000	3,623,000	8,931,000
Balance at end of year	$ 86,209,000	23,021,000	19,012,000	128,242,000

The following table provides the balance in the allowance for loan losses at December 31, 2018, and the related loan balance by impairment methodology. Loans evaluated under ASC 310-10-35, *Receivable–Overall–Subsequent Measurement*, include loans on nonaccrual status, which are individually evaluated for impairment, troubled debt restructurings, and other impaired loans deemed to have similar risk characteristics. All other loans are collectively evaluated for impairment under ASC 450-20, *Loss Contingencies*. Although the allowance for loan losses is comprised of specific and general allocations, the entire allowance is available to absorb credit losses.

	Commercial and commercial real estate	Residential real estate	Individual	Total
At December 31, 2018:				
Allowance for loan losses:				
Individually evaluated for impairment	$ 646,000	44,000	—	690,000
Collectively evaluated for impairment	85,111,000	22,045,000	20,199,000	127,355,000
Total	$ 85,757,000	22,089,000	20,199,000	128,045,000
Loans outstanding:				
Individually evaluated for impairment	$ 26,575,000	5,225,000	—	31,800,000
Collectively evaluated for impairment	6,011,210,000	1,002,677,000	1,282,843,000	8,296,730,000
Total	$ 6,037,785,000	1,007,902,000	1,282,843,000	8,328,530,000

	Commercial and commercial real estate	Residential real estate	Individual	Total
At December 31, 2017:				
Allowance for loan losses:				
Individually evaluated for impairment	$ 3,491,000	99,000	—	3,590,000
Collectively evaluated for impairment	82,718,000	22,922,000	19,012,000	124,652,000
Total	$ 86,209,000	23,021,000	19,012,000	128,242,000
Loans outstanding:				
Individually evaluated for impairment	$ 41,810,000	4,727,000	—	46,537,000
Collectively evaluated for impairment	5,810,393,000	988,391,000	1,301,116,000	8,099,900,000
Total	$ 5,852,203,000	993,118,000	1,301,116,000	8,146,437,000

The following table presents information on impaired loans at December 31:

		2018	2017
Impaired loans with a specific allowance provided			
Commercial and commercial real estate	$	5,715,000	17,007,000
Residential real estate		1,739,000	1,633,000
Individual		—	—
		7,454,000	18,640,000
Impaired loans with no specific allowance provided			
Commercial and commercial real estate		20,860,000	24,803,000
Residential real estate		3,486,000	3,094,000
Individual		—	—
		24,346,000	27,897,000
Total impaired loans	$	31,800,000	46,537,000
Allowance related to impaired loans			
Commercial and commercial real estate	$	646,000	3,491,000
Residential real estate		44,000	99,000
Individual		—	—
Total allowance related to impaired loans	$	690,000	3,590,000

Total average impaired loans during 2018 and 2017 are shown in the table below.

	2018			2017		
	Nonaccrual	Restructured and still accruing	Total	Nonaccrual	Restructured and still accruing	Total
Average Impaired Loans:						
Commercial and commercial real estate	$ 22,779,000	13,298,000	36,077,000	28,806,000	20,304,000	49,110,000
Residential real estate	12,362,000	7,101,000	19,463,000	12,722,000	7,882,000	20,604,000
Individual	2,990,000	54,000	3,044,000	2,955,000	696,000	3,651,000
Total	$ 38,131,000	20,453,000	58,584,000	44,483,000	28,882,000	73,365,000

Age Analysis of Past Due and Nonaccrual Loans

	Current or less than 30 days past due	30 – 89 Days past due	90 Days past due and still accruing	Nonaccrual	Total
At December 31, 2018:					
Commercial and commercial real estate	$ 6,018,156,000	6,423,000	20,000	13,186,000	6,037,785,000
Residential real estate	982,858,000	13,059,000	371,000	11,614,000	1,007,902,000
Individual	1,266,544,000	12,629,000	467,000	3,203,000	1,282,843,000
Total	$ 8,267,558,000	32,111,000	858,000	28,003,000	8,328,530,000

	Current or less than 30 days past due	30 – 89 Days past due	90 Days past due and still accruing	Nonaccrual	Total
At December 31, 2017:					
Commercial and commercial real estate	$ 5,812,490,000	7,314,000	27,000	32,372,000	5,852,203,000
Residential real estate	973,349,000	5,674,000	986,000	13,109,000	993,118,000
Individual	1,285,674,000	12,200,000	466,000	2,776,000	1,301,116,000
Total	$ 8,071,513,000	25,188,000	1,479,000	48,257,000	8,146,437,000

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

	Commercial and commercial real estate	Residential real estate	Individual	Total
At December 31, 2018:				
Watch	$ 88,358,000	12,080,000	648,000	101,086,000
Substandard	68,482,000	15,865,000	2,781,000	87,128,000
Nonaccrual	13,186,000	11,614,000	3,203,000	28,003,000
Total	$ 170,026,000	39,559,000	6,632,000	216,217,000

	Commercial and commercial real estate	Residential real estate	Individual	Total
At December 31, 2017:				
Watch	$ 74,293,000	13,149,000	689,000	88,131,000
Substandard	74,519,000	18,364,000	2,263,000	95,146,000
Nonaccrual	32,372,000	13,109,000	2,776,000	48,257,000
Total	$ 181,184,000	44,622,000	5,728,000	231,534,000

(5) Mortgage Banking Activities

Certain subsidiary banks of the Company originate mortgage loans and sell those loans to the Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), and other private investors. Typically, these loans are sold with servicing retained by the subsidiary banks. Loans sold with servicing retained in 2018 and 2017 aggregated $572,015,000 and $529,840,000, respectively. Loans serviced for investors aggregated $3,390,238,000 and $3,276,608,000 at December 31, 2018 and 2017, respectively. Included in mortgage banking revenues in the accompanying consolidated statements of income are gains on the sale of mortgage loans totaling $17,684,000 and $17,083,000 in 2018 and 2017, respectively. Servicing fees recorded by the banks, which are also recorded in mortgage banking revenues and recorded when collected, aggregated $8,341,000 and $8,122,000 in 2018 and 2017, respectively.

Included in gain on sales of mortgage loans during 2018 and 2017 are capitalized mortgage servicing rights aggregating $5,953,000 and $5,434,000, respectively.

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

	2018	2017
Discount Rate	10.02%	10.02%
Prepayment Speed	10.36%	9.94%
Delinquency Rate	0.19%	0.80%

A summary of the mortgage servicing rights is as follows:

	2018	2017
Balance at beginning of year	$ 19,659,000	19,123,000
Capitalized mortgage servicing rights	5,953,000	5,434,000
Amortization	(4,664,000)	(4,895,000)
Change in valuation allowance	2,000	(3,000)
Balance at end of year	$ 20,950,000	19,659,000

The valuation allowance at December 31, 2018 and 2017 was $1,000 and $3,000 respectively.

The following table shows the estimated future amortization expense based on existing asset balances and the interest rate environment as of December 31, 2018. The Company's actual amortization expense in any given period may be different from the estimated amounts depending upon the addition of new intangible assets, changes in mortgage interest rates, prepayment rates, and other market conditions.

Year:	
2019	$ 3,306,000
2020	2,794,000
2021	2,389,000
2022	2,056,000
2023 and after	10,405,000

(6) Land, Buildings, and Equipment

A summary of land, buildings, and equipment at December 31, 2018 and 2017 is as follows:

	2018	2017
Land	$ 56,077,000	56,591,000
Buildings and improvements	247,325,000	241,868,000
Equipment	78,193,000	74,615,000
	381,595,000	373,074,000
Less accumulated depreciation	214,218,000	201,002,000
	$ 167,377,000	172,072,000

The following table shows the estimated future depreciation expense based on existing asset balances as of December 31, 2018.

Year:	
2019	$ 13,833,000
2020	11,841,000
2021	10,400,000
2022	9,013,000
2023	7,425,000
Thereafter	58,788,000

Depreciation of buildings and equipment charged to operating expense was approximately $15,221,000 and $16,047,000 in 2018 and 2017, respectively, and is included in net occupancy and equipment expense on the consolidated statements of income.

(7) Goodwill and Core Deposit Intangible Assets

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

	2018			2017		
	Gross carrying amount	Accumulated amortization	Net amount	Gross carrying amount	Accumulated amortization	Net amount
Amortizable intangible assets:						
Core deposit intangible assets	$ 17,755,000	(14,749,000)	3,006,000	22,248,000	(18,354,000)	3,894,000
Trust customer intangible asset	6,100,000	(2,561,000)	3,539,000	6,100,000	(2,205,000)	3,895,000
Unamortizable intangible assets:						
Goodwill	$ 258,381,000	—	258,381,000	258,381,000	—	258,381,000

Aggregate amortization expense on core deposit and other intangible assets for the years ended December 31, 2018 and 2017 was $1,244,000 and $1,134,000, respectively. The following table shows the estimated future amortization expense for the next five years based on existing asset balances and the interest rate environment as of December 31, 2018. The Company's actual amortization expense in any given period may be different from the estimated amounts depending upon the addition of new intangible assets and other market conditions.

Year:	
2019	$ 927,000
2020	892,000
2021	830,000
2022	365,000
2023	355,000
Thereafter	3,176,000

(8) Income Taxes

The components of income tax expense on operations for the years ended December 31, 2018 and 2017 are as follows:

	2018	2017
Current income tax expense:		
Federal	$ 37,039,000	49,586,000
State	5,776,000	2,759,000
Total current income tax expense	42,815,000	52,345,000
Deferred income tax expense:		
Federal	4,481,000	8,939,000
State	1,252,000	1,221,000
Total deferred income tax expense	5,733,000	10,160,000
Total income tax expense on operations	$ 48,548,000	62,505,000

In December 2017, the Tax Cuts and Jobs Act ("the Tax Act") was enacted by the U.S. Government. The Tax Act reduced the federal corporate income tax rate from 35% to 21%, effective January 1, 2018.

The reasons for the difference between the effective tax rates of 21.5% and 31.3% for 2018 and 2017, respectively, and the current federal statutory income tax rate of 21% and 35% for 2018 and 2017, respectively, are as follows:

	2018		2017	
	Amount	Percentage	Amount	Percentage
Income tax expense at federal statutory rate	$ 47,486,000	21.0	$ 69,836,000	35.0
Increase (reduction) in income taxes resulting from:				
Tax-exempt interest	(3,501,000)	(1.6)	(6,528,000)	(3.3)
Dividend exclusion	(242,000)	(0.1)	(1,131,000)	(0.6)
State income taxes, net of federal income tax	5,552,000	2.5	2,588,000	1.3
2017 Tax Act rate change	—	0.0	1,321,000	0.7
Nondeductible expenses	394,000	0.2	468,000	0.2
Federal tax credits, net of low income housing tax credit partnership amortization	(852,000)	(0.4)	(1,705,000)	(0.9)
Other, net	(289,000)	(0.1)	(2,345,000)	(1.1)
	$ 48,548,000	21.5	$ 62,504,000	31.3

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2018 and 2017 are presented below:

	2018	2017
Deferred tax assets:		
Loans, principally due to allowance for loan losses	$ 33,000,000	33,299,000
Accrued expenses	25,473,000	24,573,000
Buildings and equipment	3,107,000	2,670,000
Defined benefit plan	18,749,000	26,076,000
Unrealized loss on available-for-sale securities	3,967,000	1,766,000
Total gross deferred tax assets	84,296,000	88,384,000
Deferred tax liabilities:		
Prepaid pension expense	8,499,000	11,454,000
Mortgage servicing rights	5,332,000	5,003,000
Goodwill	25,998,000	24,084,000
Lease financing	26,623,000	16,111,000
Unrealized gain on equity securities	6,751,000	10,187,000
Other	1,699,000	1,291,000
Total gross deferred tax liabilities	74,902,000	68,130,000
Net deferred tax assets	$ 9,394,000	20,254,000

The Company has not recorded a valuation allowance related to the net deferred tax assets at December 31, 2018 or 2017 due to historical and expected future earnings of the bank subsidiaries.

On June 1, 2018, Senate Bill No. 884 ("S.B. 884") was signed into Missouri state law. S.B. 884 reduces the Missouri corporate income tax rate from 6.25% to 4.00%, effective January 1, 2020. A change in tax law is accounted for in the period of enactment. The impact of the Missouri law change did not have a significant impact on the Company's deferred tax balances.

The Company classifies interest and penalties on uncertain tax benefits as income tax expense. In the normal course of business, the Company provides for uncertain tax positions and the related interest and penalties and adjusts its unrecognized tax benefits and related interest and penalties accordingly. Unrecognized tax benefits decreased by $2.1 million during 2018, totaling $1.4 million at December 31, 2018.

The Company's U.S. federal and state income tax returns for years prior to 2015 are no longer subject to examination by the tax authorities.

(9) Deposits

Maturities of time deposits are as follows at December 31, 2018:

Year:	
2019	$ 1,036,474,000
2020	261,860,000
2021	36,899,000
2022	82,651,000
2023	18,091,000
Thereafter	431,000
	$ 1,436,406,000

Time deposits include certificates of deposit of $250,000 and over, totaling approximately $249,813,000 and $203,834,000 at December 31, 2018 and 2017, respectively. Interest expense on such deposits amounted to $4,272,000 and $1,549,000 in 2018 and 2017, respectively.

(10) Securities Sold under Agreements to Repurchase

The Company's obligation to repurchase securities sold at December 31, 2018 and 2017 totaled $784,195,000 and $847,326,000, respectively. These are short-term borrowings that generally have one day maturities. Information concerning securities sold under agreements to repurchase during the year is as follows:

	2018	2017
Average monthly balance during the year	$ 786,583,000	961,342,000
Maximum month-end balance during the year	874,193,000	1,072,829,000
Average interest rate during the year	1.14%	0.70%

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

The table below shows the remaining contractual maturities of repurchase agreements outstanding at December 31, 2018, in addition to the various types of marketable securities that have been pledged as collateral for these borrowings.

	Remaining Contractual Maturity of the Agreements			
	Overnight and continuous	Up to 90 days	Greater than 90 days	Total
December 31, 2018				
Repurchase agreements, secured by:				
U.S. government and federal agency obligations	$ 91,269,000	$ 105,422,000	$ 62,917,000	$ 259,608,000
Government-sponsored enterprise obligations	27,048,000	—	—	27,048,000
Obligations of states and political subdivisions and other securities	—	—	—	—
Mortgage-backed securities	282,323,000	118,771,000	8,949,000	410,043,000
Other	87,496,000	—	—	87,496,000
Total Repurchase agreements, gross amount recognized	$ 488,136,000	$ 224,193,000	$ 71,866,000	$ 784,195,000

(11) Employee Benefit Plans

The Company has a noncontributory defined benefit pension plan, the Central Bancompany, Inc. Retirement Plan (the Plan), available to qualified employees, as defined under the Plan. On November 14, 2018, the Company's Board of Directors approved an amendment to freeze the Central Bancompany, Inc. Retirement Plan, effective December 31, 2018. After December 31, 2018, participants in the Plan will not accrue additional benefits for future service or compensation. Participants will retain benefits accumulated as of December 31, 2018 in accordance with the terms of the Plan. In accordance with applicable accounting standards, the Pension Plan's assets and liabilities were remeasured as of December 31, 2018. This resulted in a reduction of the accrued pension liability of approximately $26,691,000 and a curtailment gain of $2,317,000.

The Company's funding policy is to contribute funds to an account maintained by the pension plan trustee, as necessary, to provide for the normal cost and amortization of the unfunded actuarial accrued liability. Assets held in the Plan are primarily government and government agency obligations, common stock, corporate bonds, mutual funds, and money market accounts. Certain executives also participate in a supplemental pension plan (the CERP) that the Company funds only as retirement benefits are disbursed. The CERP carries no segregated assets.

The Company adopted ASU 2017-07, "Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost", on January 1, 2018 which required that the service cost component of net periodic pension cost be reported in the same income statement line item as other compensation costs, while other components of net periodic pension cost be reported separately from the service cost component. Historically, the Company has reported all components of pension cost in salaries and employee benefits. Beginning in 2018, only the service cost component has been included in this category, and other components have been recorded in other non-interest expense. Prior period financial statements have not been revised because the amount of the reclassification was not significant.

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

		2018	2017
Projected benefit obligation	$	21,365,000	25,319,000
Accumulated benefit obligation		22,433,000	21,412,000

The following items are components of net pension cost for the years ended December 31, 2018 and 2017:

		2018	2017
Service cost benefits earned during the year	$	10,216,000	9,218,000
Interest cost on projected benefit obligation		12,459,000	12,662,000
Expected return on plan assets		(14,299,000)	(15,429,000)
Amortization of prior service cost		(829,000)	(829,000)
Amortization of net loss		8,429,000	6,037,000
Curtailment gain recognized		(2,317,000)	—
Net periodic pension cost	$	13,659,000	11,659,000

The following table sets forth the pension plans' funded status, using valuation dates of December 31, 2018 and 2017:

	2018	2017
Change in projected benefit obligation:		
Projected benefit obligation at prior valuation date	$ 326,661,000	285,039,000
Service cost	10,216,000	9,218,000
Interest cost	12,459,000	12,661,000
Plan amendments	—	10,000
Plan curtailments	(24,163,000)	—
Benefits paid	(11,519,000)	(10,840,000)
Actuarial (gain) loss	(26,647,000)	30,573,000
Projected benefit obligation at valuation date	287,007,000	326,661,000
Change in plan assets:		
Fair value of plan assets at beginning of year	231,796,000	208,824,000
Actual return on plan assets	(13,024,000)	32,860,000
Employer contributions	17,011,000	952,000
Benefits paid	(11,519,000)	(10,840,000)
Fair value of plan assets at end of year	224,264,000	231,796,000
Funded status and net amount recognized at December 31	$ (62,743,000)	(94,865,000)

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

	2018	2017
Prepaid pension cost (asset)	$ 33,380,000	29,007,000
Accrued benefit liability (liability)	(96,123,000)	(123,872,000)
Net amount recognized at December 31	$ (62,743,000)	(94,865,000)

The estimated net loss expected to be amortized from accumulated other comprehensive income into net periodic pension cost in 2019 will be $857,000.

Amounts not yet reflected in net periodic benefit cost and included in accumulated other comprehensive loss, on a pretax basis, at December 31, 2018 are as follows:

Prior service asset	$ —
Accumulated loss	(73,690,000)
Accumulated other comprehensive loss, pretax	(73,690,000)
Cumulative employer contributions in excess of net periodic benefit cost	10,947,000
Net amount recognized on the December 31, 2018 balance sheet	$ (62,743,000)

The following weighted average assumptions have been used at December 31, 2018 and 2017:

	2018	2017
Determination of benefit obligation at year-end:		
Discount rate	4.45%	3.85%
Rate of compensation increase	—	3.12
Determination of net periodic benefit cost for the year ended:		
Discount rate	3.85%	4.50%
Expected long-term rate of return on Plan assets	6.00	7.00
Rate of compensation increase	3.12	3.12

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

The following table shows the Company's benefit cost, employer contributions, and benefits paid for the years ended December 31, 2018 and 2017:

	2018	2017
Benefit cost	$ 10,216,000	9,218,000
Employer contribution	17,011,000	952,000
Benefits paid	11,519,000	10,840,000

The weighted average asset allocations as of December 31, 2018 and 2017, by asset category, are as follows:

	Plan assets as of December 31	
	2018	2017
Equity securities	63%	73%
Fixed income	30%	21%
Real assets	—%	—%
Cash and equivalents	7%	6%
Total	100%	100%

The Plan's Investment Policy focuses on efficient allocation of capital among various asset classes to create a diversified portfolio in order to achieve the Plan's investment return objective of 6.0%. In making capital allocation decisions, the Trustee considers the expected return, standard deviation, and correlation of returns of various asset classes, as well as the current term structure of interest rates and current market conditions. In order to generate returns sufficient to meet actuarial estimates of the Plan's future obligations, the majority of the Plan's assets are typically invested in asset classes with higher expected rates of return, specifically equity securities. In order to limit risk, a lesser allocation is made to fixed income securities. Within strict policy ranges, the Trustee has discretion to increase or decrease the equity and fixed income allocations in response to changing market conditions.

The following benefit payments are expected to be paid:

2019	$ 13,910,000
2020	14,637,000
2021	15,131,000
2022	16,512,000
2023	17,039,000
2024 – 2028	89,597,000

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

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

U.S. government and agency obligations – Federal agencies are priced utilizing industry-standard models that consider various assumptions, including time value, yield curves, volatility factors, prepayment speeds, default rates, loss severity, current market, and contractual prices for the underlying financial instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace, can be derived from observable data, or are supported by observable levels at which transactions are executed in the marketplace. Municipal and corporate securities are valued using a type of matrix, or grid, pricing in which securities are benchmarked against the treasury rate based on credit rating. These model and matrix measurements are classified as Level 2 in the fair value hierarchy.

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

The following table sets forth by level, within the fair value hierarchy, the pension plan's assets at fair value as of December 31, 2018:

		Fair value measurements at report date using		
	December 31, 2018	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other unobservable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Cash equivalents	$ 18,928,000	18,928,000	—	—
U.S. government and agency obligations	29,990,000	7,359,000	22,631,000	—
Common stocks	42,330,000	42,330,000	—	—
Mutual funds	133,016,000	133,016,000	—	—
Total	$ 224,264,000	201,633,000	22,631,000	—

The following table sets forth by level, within the fair value hierarchy, the pension plan's assets at fair value as of December 31, 2017:

		Fair value measurements at report date using		
	December 31, 2017	Quoted prices in active markets for identical assets (Level 1)	Significant other unobservable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash equivalents	$ 16,880,000	16,880,000		
U.S. government and agency obligations	5,766,000		5,766,000	
Common stocks	45,630,000	45,630,000		
Mutual funds	163,520,000	163,520,000		
Total	$ 231,796,000	226,030,000	5,766,000	—

The Company has established a Voluntary Employees Beneficiary Association Trust (VEBA) to fund an employee benefit plan covering medical and dental benefits. For the years ended December 31, 2018 and 2017, the Company contributed $10,766,000 and $13,970,000, respectively, to the VEBA.

The Company has established an employee savings plan under Section 401(k) of the Internal Revenue Code (the Code). Under this plan, employees are allowed to contribute a maximum of 75% of their base pay, subject to certain IRS limitations. The Company's matching contribution is equal to one-half of the employee's contribution up to a maximum of 6% of the employee's base pay. For the years ended December 31, 2018 and 2017, the Company contributed $3,080,000 and $2,916,000, respectively, to the 401(k) plan.

The Company has established a deferred compensation plan. The liability for the plan, aggregating $39,206,000 and $41,414,000 at December 31, 2018 and 2017, respectively, is recorded in other liabilities in the accompanying consolidated balance sheets. Total expense under these arrangements included in salaries and employee benefits was $3,420,000 and $3,216,000 for the years ended December 31, 2018 and 2017, respectively.

(12) Capital Adequacy

Quantitative measures established by regulation to ensure capital adequacy require the banks to maintain minimum amounts and ratios (set forth in the table below on a consolidated basis, amounts in thousands) of total and Tier 1 capital (as defined in the regulations) to risk-weighted assets, and of Tier 1 capital to average assets. At December 31, 2018, the Company met all capital requirements to which it is subject, and the Bank's capital position exceeded the regulatory definition of well-capitalized.

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

A summary of the Company's and its significant subsidiaries' (greater than $1.0 billion in assets) capital ratios at December 31, 2018 and 2017 is as follows:

(in 000's)	Actual		Minimum capital adequacy requirement		Well-capitalized requirement	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2018:						
Total risk-based capital (to risk-weighted assets):						
Company	$ 1,900,782	19.47%	$ 780,908	8.00%	$ —	—%
Central Bank of St. Louis	218,969	13.14	133,283	8.00	166,604	10.00
Central Trust Bank	203,627	13.40	121,528	8.00	151,910	10.00
Central Bank of Boone County	187,929	13.13	114,522	8.00	143,153	10.00
Central Bank of the Midwest	171,870	12.26	112,121	8.00	140,152	10.00
Central Bank of the Ozarks	143,713	12.81	89,778	8.00	112,223	10.00
Tier 1 capital (to risk-weighted assets):						
Company	1,778,672	18.22	585,681	6.00	—	—
Central Bank of St. Louis	198,127	11.89	99,962	6.00	133,283	8.00
Central Trust Bank	187,523	12.34	91,146	6.00	121,528	8.00
Central Bank of Boone County	170,037	11.88	85,892	6.00	114,522	8.00
Central Bank of the Midwest	154,343	11.01	84,091	6.00	112,121	8.00
Central Bank of the Ozarks	129,669	11.55	67,334	6.00	89,778	8.00
Tier 1 common equity capital (to risk-weighted assets):						
Company	1,778,672	18.22	439,261	4.50	—	—
Central Bank of St. Louis	198,127	11.89	74,972	4.50	108,293	6.50
Central Trust Bank	187,523	12.34	68,359	4.50	98,741	6.50
Central Bank of Boone County	170,037	11.88	64,419	4.50	93,049	6.50
Central Bank of the Midwest	154,343	11.01	63,068	4.50	91,099	6.50
Central Bank of the Ozarks	129,669	11.55	50,500	4.50	72,945	6.50
Tier 1 capital (to average assets):						
Company	1,778,672	14.21	510,150	4.00	—	—
Central Bank of St. Louis	198,127	10.85	74,124	4.00	92,655	5.00
Central Trust Bank	187,523	7.89	95,712	4.00	119,640	5.00
Central Bank of Boone County	170,037	8.88	76,726	4.00	95,908	5.00
Central Bank of the Midwest	154,343	9.21	70,946	4.00	88,682	5.00
Central Bank of the Ozarks	129,669	8.70	52,200	4.00	65,251	5.00

(in 000's)	Actual		Minimum capital adequacy requirement		Well-capitalized requirement	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2017:						
Total risk-based capital (to risk-weighted assets):						
Company	$ 1,737,346	17.47%	$ 795,708	8.00%	$ —	—%
Central Trust Bank	220,063	15.19	115,887	8.00	144,859	10.00
Central Bank of St. Louis	214,594	12.83	133,808	8.00	167,260	10.00
Central Bank of Boone County	174,740	12.22	114,418	8.00	143,023	10.00
Central Bank of the Midwest	165,476	11.98	110,503	8.00	138,128	10.00
Central Bank of the Ozarks	137,205	12.33	89,027	8.00	111,284	10.00
Tier 1 capital (to risk-weighted assets):						
Company	1,594,936	16.04	596,781	6.00	—	—
Central Trust Bank	188,523	13.01	86,915	6.00	115,887	8.00
Central Bank of St. Louis	193,662	11.58	100,356	6.00	133,808	8.00
Central Bank of Boone County	157,103	10.98	85,814	6.00	114,418	8.00
Central Bank of the Midwest	148,205	10.73	82,877	6.00	110,503	8.00
Central Bank of the Ozarks	123,273	11.08	66,771	6.00	89,027	8.00
Tier 1 common equity capital (to risk-weighted assets):						
Company	1,594,936	16.04	447,586	4.50	—	—
Central Trust Bank	188,523	13.01	65,187	4.50	94,158	6.50
Central Bank of St. Louis	193,662	11.58	75,267	4.50	108,719	6.50
Central Bank of Boone County	157,103	10.98	64,360	4.50	92,965	6.50
Central Bank of the Midwest	148,205	10.73	62,158	4.50	11,783	6.50
Central Bank of the Ozarks	123,273	11.08	50,078	4.50	72,335	6.50
Tier 1 capital (to average assets):						
Company	1,594,936	12.79	508,074	4.00	—	—
Central Trust Bank	188,523	7.68	98,839	4.00	123,548	5.00
Central Bank of St. Louis	193,662	10.90	72,153	4.00	90,191	5.00
Central Bank of Boone County	157,103	8.96	70,641	4.00	88,302	5.00
Central Bank of the Midwest	148,205	8.84	70,981	4.00	88,727	5.00
Central Bank of the Ozarks	123,273	9.58	51,655	4.00	64,568	5.00

(13) Commitments

The Company leases certain premises and equipment under operating leases extending to various dates through 2043. Rent expense, including equipment rental under short-term cancelable leases, amounted to approximately $2,878,000 and $2,961,000 for 2018 and 2017, respectively, and is included in net occupancy and equipment expense in the consolidated statements of income. Future payments under existing operating lease commitments are as follows:

Year:	
2019	$ 2,982,000
2020	2,560,000
2021	2,433,000
2022	2,337,000
2023	2,288,000
Thereafter	44,376,000
	$ 56,976,000

It is expected that, in the normal course of business, leases that expire will be renewed or replaced by leases on other premises and equipment. It is anticipated that the future minimum lease commitments will not be less than the amounts expensed in 2018.

The company has outstanding commitments to provide loans to customers and also has issued letters of credit. These commitments are discussed in the Loan Footnote (3).

(14) Litigation

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

(15) Fair Value Disclosures

Fair Value Hierarchy

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

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Depending on the nature of the asset or liability, the Company uses various valuation techniques and assumptions when estimating fair value, which are in accordance with ASC 820. ASC 820 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

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

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

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

The following table presents assets and liabilities measured at fair value on a recurring basis (including items that are required to be measured at fair value) at December 31, 2018 and December 31, 2017.

		Fair value measurements at report date using		
	Fair Value December 31, 2018	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Available-for-sale investment securities:				
Money Markets	$ 2,173,000	2,173,000	—	
US treasuries	269,588,000	269,588,000	—	—
Agencies	605,497,000	—	605,497,000	—
Fixed rate MBS pools	287,680,000	—	287,680,000	—
Floating rate and hybrid ARM	—			
MBS pools	361,263,000	—	361,263,000	—
SBA pools	336,313,000	—	336,313,000	—
Fixed rate CMOs	161,517,000	—	161,517,000	—
Floating rate CMOs	15,240,000	—	15,240,000	—
Tax-exempt municipal bonds	273,129,000	—	273,129,000	—
Taxable municipal bonds	38,373,000	—	38,373,000	—
Corporates	398,637,000	—	398,637,000	—
Equity investments	66,078,000	26,953,000	39,125,000	—
Trading securities:				—
Tax-exempt municipal bonds	125,000	—	125,000	—
Total	$ 2,815,613,000	298,714,000	2,516,899,000	—

		Fair value measurements at report date using		
	Fair Value December 31, 2017	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Available-for-sale investment securities:				
Money markets	$ 1,840,000	1,840,000	—	—
US treasuries	37,323,000	37,323,000	—	—
Agencies	743,195,000	—	743,195,000	—
Fixed rate MBS pools	341,177,000	—	341,177,000	—
Floating rate and hybrid ARM MBS pools	489,255,000	—	489,255,000	—
SBA pools	318,394,000	—	318,394,000	—
Fixed rate CMOs	186,198,000	—	186,198,000	—
Floating rate CMOs	16,844,000	—	16,844,000	—
Tax-exempt municipal bonds	398,462,000	—	398,462,000	—
Taxable municipal bonds	46,337,000	—	46,337,000	—
Corporates	451,619,000	—	451,619,000	—
Equity investments	137,104,000	101,268,000	35,836,000	—
Trading securities:				
Tax-exempt municipal bonds	299,000	—	299,000	—
Total	$ 3,168,047,000	140,431,000	3,027,616,000	—

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

Available-for-Sale Investment Securities

Available-for-sale securities are accounted for in accordance with ASC 320, with changes in fair value recorded in accumulated other comprehensive income (loss). This portfolio comprises the majority of the assets the Company records at fair value. Most of the portfolio, which includes federal agency, mortgage-backed, and asset-backed securities, are priced utilizing industry-standard models that consider various assumptions, including time value, yield curves, volatility factors, prepayment speeds, default rates, loss severity, current market and contractual prices for the underlying financial instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace, can be derived from observable data, or are supported by observable levels at which transactions are executed in the marketplace.

Municipal and corporate securities are valued using a type of matrix, or grid, pricing in which securities are benchmarked against the treasury rate based on credit rating. These model and matrix measurements are classified as Level 2 in the fair value hierarchy. Where quoted prices are available in an active market, the measurements are classified as Level 1. Most of the Level 1 measurements apply to exchange-traded equities.

Trading Securities

The majority of the securities in the Company's trading portfolios are priced by averaging several broker quotes for identical instruments, and are classified as Level 2 measurements.

Loans Held for Sale

Loans held for sale are carried at the lower of cost or market value. The portfolio consists primarily of residential real estate loans that are originated with the intent to sell. The Company contracts to sell the loans to the FHLMC, FNMA, and other private investors. Fair value measurements on these loans held for sale are based on quoted market prices for similar loans in the secondary market and are classified as Level 2. No write-down was necessary at December 31, 2018.

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

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

Mortgage Servicing Rights

The Company initially measures its mortgage servicing rights at fair value, and amortizes them over the period of estimated net servicing income. They are periodically assessed for impairment based on fair value at the reporting date. Mortgage servicing rights do not trade in an active market with readily observable prices. Accordingly, the fair value is estimated based on a valuation model, which calculates the present value of estimated future net servicing income. The model incorporates assumptions that market participants use in estimating future net servicing income, including estimates of prepayment speeds, market discount rates, cost to service, float earnings rates, and other ancillary income, including late fees. The fair value measurements are classified as Level 3. A fair value adjustment of $1,000 was recorded on the mortgage servicing rights at December 31, 2018.

Collateral Dependent Impaired Loans

While the overall portfolio is not carried at fair value, adjustments are recorded on certain loans to reflect partial write-downs that are based on the value of the underlying collateral. In determining the value of real estate collateral, the Company relies on external appraisals and assessment of property values by its internal staff. In the case of non-real estate collateral, reliance is placed on a variety of sources, including external estimates of value and judgments based on the experience and expertise of internal specialists.

Because many of these inputs are not observable, the measurements are classified as Level 3. The carrying value of these impaired loans and the allowance related to these loans was $31.8 million and $0.7 million at December 31, 2018, respectively. Impaired loans carried at fair value were $31.1 million at December 31, 2018.

Goodwill and Core Deposit Premium

Valuation of goodwill to determine impairment is performed on an annual basis, or more frequently if there is an event or circumstance that would indicate impairment may have occurred. The process involves calculations to determine the fair value of a reporting unit. That fair value is compared to the carrying amount of the reporting unit, including its recorded goodwill. Impairment is considered to have occurred if the fair value of the reporting unit is lower than the carrying amount of the reporting unit. These measurements are classified as Level 3.

Core deposit premiums are recognized at the time a portfolio of deposits is acquired, using valuation techniques which calculate the present value of the estimated net cost savings attributable to the core deposit base, relative to alternative costs of funds and tax benefits, if applicable, over the expected remaining economic life of the depositors. Subsequent evaluations are made when facts or circumstances indicate potential impairment may have occurred. If the calculated fair value is less than the carrying value, impairment is considered to have occurred. This measurement is classified as Level 3.

Foreclosed Assets

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

Fair Value of Financial Instruments

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

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

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

Time Deposits

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

Investment Securities

The estimated fair value of the Company's debt and equity securities is based on bid prices published in financial newspapers or bid quotations received from security dealers. The fair value of certain state and municipal securities that are not available through market sources is based on quoted market prices of similar instruments.

Loans

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

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

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

Deposits

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

Federal Funds Purchased and Securities Sold Under Agreements to Repurchase

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

Borrowed Funds and Accrued Interest Payable

The estimated fair value of other borrowed funds of the Company is determined by discounting the contractual cash flows using discount rates for similar instruments currently being offered. The estimated fair value of accrued interest payable approximates the carrying value because of the short term nature of the liability.

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

	December 31, 2018			
	Carrying amount	Estimated Fair Value		
		Level 1	Level 2	Level 3
Financial Assets				
Cash and due from banks	$ 1,244,128,000	1,244,128,000	—	—
Time deposits	39,357,000	—	—	39,396,000
Federal funds sold and securities purchased under agreements to resell	194,184,000	194,184,000	—	—
Investment securities (1)				
Available for sale	2,749,410,000	269,587,000	2,479,823,000	—
Held to maturity	78,251,000	—	78,753,000	576,000
Equity	66,078,000	26,953,000	39,125,000	—
Trading	125,000	—	125,000	—
Loans (2)				
Commercial loans	5,951,479,000	—	—	6,039,311,000
Real estate loans	986,229,000	—	—	976,018,000
Individual loans	1,262,777,000	—	—	1,252,093,000
Loans held for sale	32,116,000	—	32,116,000	—
Accrued interest receivable	38,540,000	38,540,000	—	—
Mortgage servicing rights	20,950,000	—	—	34,086,000

	December 31, 2017			
	Carrying amount	Estimated Fair Value		
		Level 1	Level 2	Level 3
Financial Assets				
Cash and due from banks	$ 904,690,000	904,690,000	—	—
Time deposits	74,086,000	—	—	73,976,000
Federal funds sold and securities purchased under agreements to resell	1,431,000	1,431,000	—	—
Investment securities (1)				
Available for sale	3,030,644,000	39,224,000	2,991,420,000	—
Held to maturity	89,617,000	—	91,470,000	623,000
Equity	137,104,000	101,207,000	35,897,000	
Trading	299,000	—	299,000	—
Loans (2)				
Commercial loans	5,765,592,000	—	—	5,692,978,000
Real estate loans	970,350,000	—	—	968,953,000
Individual loans	1,282,253,000	—	—	1,273,834,000
Loans held for sale	42,324,000	—	42,324,000	—
Accrued interest receivable	38,282,000	38,282,000	—	—
Mortgage servicing rights	19,659,000	—	—	29,506,000

	December 31, 2018			
	Carrying amount	Estimated Fair Value		
		Level 1	Level 2	Level 3
Financial Liabilities				
Noninterest-bearing demand	$ 3,324,466,000	3,324,466,000	—	—
Savings and interest-bearing demand	5,354,279,000	5,354,279,000	—	—
Time deposits	1,436,406,000	—	—	1,421,518,000
Total deposits	$ 10,115,151,000	8,678,745,000	—	1,421,518,000
Federal funds purchased and securities sold under agreements to repurchase	$ 944,148,000	944,148,000	—	—
Accrued interest payable	3,337,000	3,337,000	—	—

	December 31, 2017			
	Carrying amount	Estimated Fair Value		
		Level 1	Level 2	Level 3
Financial Liabilities				
Noninterest-bearing demand	$ 3,147,903,000	3,147,903,000	—	—
Savings and interest-bearing demand	5,287,653,000	5,287,653,000	—	—
Time deposits	1,453,262,000	—	—	1,439,662,000
Total deposits	$ 9,888,818,000	8,435,556,000	—	1,439,662,000
Federal funds purchased and securities sold under agreements to repurchase	$ 1,009,400,000	1,009,400,000	—	—
Accrued interest payable	2,024,000	2,024,000	—	—

Limitations

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

(16) Accumulated Other Comprehensive Loss

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

	Unrealized Gains/Losses on AFS Securities	Pension Plan	Total
Balance December 31, 2016	$ 22,211,000	(58,232,000)	(36,021,000)
Other comprehensive loss before reclassifications	(2,981,000)	(13,151,000)	(16,132,000)
Amounts reclassified from accumulated other comprehensive income	(286,000)	5,208,000	4,922,000
Current period other comprehensive loss, before tax	(3,267,000)	(7,943,000)	(11,210,000)
Income tax benefit (expense)	5,723,000	(10,209,000)	(4,486,000)
Current period other comprehensive (income) loss, net of tax	2,456,000	(18,152,000)	(15,696,000)
Balance December 31, 2017	24,667,000	(76,384,000)	(51,717,000)
Reclassification from adoption of ASU 2016-01	(29,844,000)	—	(29,844,000)
Other comprehensive (loss) income before reclassifications	(8,469,000)	23,508,000	15,039,000
Amounts reclassified from accumulated other comprehensive income	(126,000)	5,283,000	5,157,000
Current period other comprehensive (loss) income, before tax	(8,595,000)	28,791,000	20,196,000
Income tax benefit (expense)	2,201,000	(7,328,000)	(5,127,000)
Current period other comprehensive (loss) income, net of tax	(6,394,000)	21,463,000	15,069,000
Balance December 31, 2018	$ (11,571,000)	(54,921,000)	(66,492,000)

(17) Acquisitions

On February 23, 2017, Central Bancompany, Inc. completed its acquisition of the assets and liabilities of four branches of Bank Star One, a Missouri-chartered bank headquartered in Fulton, MO from BancStar, Inc for $13,700,000. Based upon the purchase price allocation, the Company recorded $1,700,000 of core deposit intangible assets to be amortized over 7 years and $2,800,000 of goodwill. Total loans of $54,700,000, investment securities of $4,200,000, and deposits of $76,200,000 were recorded as part of the acquisition of Bank Star One.

(18) Derivative Instruments

The Company's mortgage banking operation makes commitments to extend fixed rate loans secured by 1-4 family residential properties, which are considered to be derivative instruments. These commitments have an average term of 60 to 90 days. The Company's general practice is to sell such loans in the secondary market. During the term of the loan commitment, the value of the loan commitment changes in inverse

proportion to changes in market interest rates. The Company obtains forward sale contracts with investors in the secondary market in order to manage these risk positions. Most of the contracts are matched to a specific loan on a ‘‘best efforts’’ basis, in which the Company is obligated to deliver the loan only if the loan closes. Hedge accounting has not been applied to these activities. The unrealized gain on the forward sales contracts, which has not been recognized in the Company’s consolidated statements of income given its insignificance, amounted to $165,000 and $213,000 for the years ended December 31, 2018 and 2017, respectively.

The Company maintains an overall interest rate risk management strategy that permits the use of derivative instruments to modify exposure to interest rate risk. The Company’s interest rate risk management strategy includes the ability to modify the repricing characteristics of certain assets and liabilities so that changes in interest rates do not adversely affect the net interest margin and cash flows. Interest rate swaps may be used on a limited basis as part of this strategy. The Company also sells interest rate swap contracts to customers who wish to modify their interest rate sensitivity. The Company offsets the interest rate risk of these swaps by purchasing matching contracts with offsetting pay/receive rates from other financial institutions. These Back-to-Back swap contracts comprised a portion of the Company's swap portfolio at December 31, 2018 and 2017 with total notional amounts of $178.4 million and $155.5 million, respectively. The Company’s “Back-to-Back” swaps are accounted for as free-standing derivatives, and changes in their fair value are recorded in current earnings.

The Company also employs the use of “Critical Terms” swaps. While this strategy does not directly involve customers of the banks, they are used to swap the interest rate structure of individual loans. By using Critical Terms, the bank is able to mark-to-market the loan as well. For derivatives designated and that qualify as fair value hedges, the gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in earnings. The Company includes the gain or loss on the hedged items in the same line item as the offsetting loss or gain on the related derivatives. These structures had a notional amount of $13.4 million, with a fair value of $669,000 and $11.4 million, with a fair value of $597,000 at December 31, 2018 and 2017, respectively.

The third interest rate swap structure the Company uses is “Cash Flow” hedging whereby the Company is converting floating rate liabilities tied to a specific index to a fixed rate liability. For derivatives designated and that qualify as cash flow hedges, the effective portion of changes in fair value is recorded in AOCI and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. Any ineffective portion of the change in fair value of the derivatives would be recognized directly into earnings gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in earnings. The Company did not have any positions at December 31, 2018. Total notional value was $9.5 million, with a fair value of $54,000 at December 31, 2017.

Many of the Company’s interest rate swap arrangements with large financial institutions contain contingent features relating to debt ratings or capitalization levels. Under these provisions, if the Company ceases to be “well-capitalized” under risk-based capital guidelines, certain counterparties can require instant settlement of the contracts. The Company maintains capital well above these minimum requirements. All agreements are also bi-lateral agreements with no initial margin requirement.

	Derivative Assets 12/31/2018	Derivative Liabilities 12/31/2018	Derivative Assets 12/31/2017	Derivative Liabilities 12/31/2017
Back to back swaps	$ 2,631,000	(2,631,000)	2,619,000	(2,619,000)
Fair value hedges	669,000	—	597,000	—
Cash flow hedges	—	—	54,000	—

(19) Revenue Recognition

On January 1, 2018, the Company adopted ASU 2014-09, *Revenue from Contracts with Customers*, and its related amendments. The implementation of the new standard did not have a material impact on the measurement or recognition of revenue and a cumulative effect adjustment to opening retained earnings was not considered necessary. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue from financial instruments, including revenue from loans and securities, is not included within this guidance. Of the remaining revenue, those items that are subject to this guidance mainly include fees for bank card, trust, deposit account services, and consumer brokerage services.

The Company has concluded that the new guidance did not require any significant change to its revenue recognition process. Noninterest revenue streams within the scope of this guidance are discussed below and summarized in the table that follows.

Fees for Fiduciary Services

Trust and asset management income is primarily comprised of fees earned from the management and administration of trusts and other customer assets. The Company's performance obligation is generally satisfied over time and the resulting fees are recognized monthly, based up on the month-end market value of the assets under management and the applicable fee rate. Other transactional-based services such as tax return preparation are available. The performance obligation for these services is generally satisfied and related revenue recognized, at the conclusion of each month.

Deposit Accounts and Other Fees

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

The Company provides corporate cash management services to its business customers to meet their various transaction processing needs. Such services include deposit and check processing, lockbox, remote deposit, reconciliation, online banking, and other similar transaction processing services. The Company

maintains unit prices for each type of service, and the customer is billed based on transaction volumes processed monthly.

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

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

Bankcard Transaction Fees

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

Consumer Brokerage Services

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

Other Non-Interest Income from Contracts with Customers

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

	2018	2017
Service charges and commissions		
Deposit account and other fees	$ 38,955,000	37,235,000
Other non-ASC 606 revenue	9,622,000	8,135,000
	48,577,000	45,370,000
Bankcard and merchant service fees		
Bankcard transaction fees	45,246,000	40,609,000
Brokerage services		
Consumer brokerage service fees	13,557,000	12,583,000
Fees for fiduciary services		
Fiduciary service fees	30,704,000	28,730,000
Other		
Gain on sale of bank premises and equipment	501,000	1,553,000
Other non-ASC 606 revenue	3,452,000	7,257,000
	3,953,000	8,810,000

Company History

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

1972 First National Bank of Clayton joins Central Bancompany

1973 Acquired – The Guaranty Trust Company, Clayton, MO

1974 Acquired – Boone County National Bank, Columbia, MO

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

Deployed first automated teller machine

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

1980 Acquired – Empire Bank, Springfield, MO

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

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

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

Launched Credit Card Division

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

Acquired – Ozark Mountain Bank, Branson, MO

1991 Empire Bank acquires Nixa Bank, Nixa, MO

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

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

Added our **50th** Location

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

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

Launched InvestorServices, a full-service brokerage division

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

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

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

Acquired – Farmers & Traders Bank, California, MO

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

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

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

Launched Internet Banking

1999 Acquired – Bank of Jacomo, Blue Springs, MO

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

Central Trust Bank acquires Fulton Savings Bank, Fulton, MO

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

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

Reached **$5 Billion** in Total Assets

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

Expanded into the State of Illinois

Added our **100th** Location

2004 Bank of Jacomo collapses into FNB of Missouri

Acquired – Community Bank and Trust Company, Tulsa, OK

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

Expanded into the State of Oklahoma

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

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

Acquired – Metcalf Bank, Overland Park, KS

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

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

Expanded into the State of Kansas

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

Empire Bank acquires The Greene County Bank, Strafford, MO

First Central Bank acquires Bank of Holden, Holden, MO

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

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

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

2010 Empire Bank acquires Citizens National Bank, Springfield, MO

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

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

Reached **$10 Billion** in Total Assets

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

2014 Metcalf Bank acquires Bank of Belton, Belton, MO

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

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

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

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

Central Trust Bank creates Mortgage Central and opens offices in Colorado

Expanded into the State of Colorado

2018 Full service branch opens in Colorado Springs, CO

Central Bancompany Directors & Senior Leadership

Board of Directors

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

Robert M. Robuck, *Chairman of the Board*

Thomas A. Vetter, *Attorney*, Cook, Vetter, Doerhoff and Landwehr

E. Stanley Kroenke, *President & CEO*, The Kroenke Group

Robert R. Hermann, Jr., *President & CEO*, Hermann Companies, Inc.

Charles E. Kruse, *President*, Charles Kruse Farms, Inc.

Richard H. McClure, *President (Retired)*, UniGroup, Inc.

Michael K. Farmer, *President*, Farmer Companies

Edward D. "Chip" Robertson, Jr., *Attorney*, Bartimus, Frickelton, Robertson & Goza

Charles Digges, Jr., *President*, The Insurance Group - Columbia

Senior Leadership

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

Robert M. Robuck, *Chairman of the Board*

Kenneth W. Littlefield, *Vice Chairman*, Chief Administrative Officer and Chief Financial Officer

Stephen E. Erdel, *Vice Chairman*, Chief Operating Officer

Donald R. Perdue, *Senior Executive Vice President*, Investments

Russell L. Goldammer, *Executive Vice President*, Chief Information Officer

Ronald K. Medin, *Executive Vice President*, Corporate Secretary & General Counsel

David W. Roehl, *Executive Vice President*, Chief Investment Officer

Daniel H. Westhues, *Executive Vice President*, Chief Marketing Officer & Retail Banking

Robert M. Carr, Jr., *Senior Vice President*, Managing Director, Central Investment Advisors

Christine K. Ellinger, *Senior Vice President*, Chief Human Resources Officer

Rick W. Hollenberg, *Senior Vice President*, Mortgage Banking

Scott M. Kellett, *Senior Vice President*, Trust and Asset Management

Paul J. Kleffner, *Senior Vice President*, Managing Director, Auditing

Alan F. Stonum, *Senior Vice President*, Managing Director, Bankcard Services

Shannon M. Thomason, *Senior Vice President*, Compliance

Brad T. Wastler, *Senior Vice President*, Central Investment Advisors

Central Bank's newest location was opened in December of 2018. Located in West Springfield, this branch is complete with the latest Video Teller technology and boasts innovative tablet kiosks, wireless phone charging stations, a customer coffee bar, and an overall sleek and friendly atmosphere.

The Central Trust Bank

Joined Central Bancompany in 1970

President & CEO: David P. Minton • Branches: 13 • Employees: 453

Central Bank continues to be the market leader in Jefferson City and its surrounding communities. In 2018, overall loans grew by 4%, while core deposits grew by 5%. This growth, coupled with strong non-interest income performance and diligent non-interest expense control, helped increase our overall profitability by 17%. Ongoing expansion in Colorado and North Carolina increased mortgage production there by over 50% and revenue by over 200%. In October, Central Bank converted its loan production office in Colorado Springs to a full service branch, adding commercial lending and deposit generation activities. Throughout 2018, our legendary customer service, thoughtful investment in technology, and volunteerism from our almost 460 employees demonstrated our commitment to strong roots and endless possibilities.

Board of Directors

Kenneth W. Littlefield, *Chairman of the Board*
Robert M. Robuck, *Vice Chairman*
Michael L. Kehoe, *Lt. Governor,* State of Missouri
Clyde G. Lear, *Owner (Retired),* Learfield Communications
Jacob L. Vogel, *President,* Jefferson City Coca-Cola Bottling Company
Donald E. Shinkle, *Retailer (Retired)*
Jack S. Sanders, *MD, Physician (Retired)*
Kirk Farmer, *Owner,* Farmer Holding Company
Joseph N. Scheppers, *Owner,* N.H. Scheppers Distributing Company

Callaway, Cole, Miller, and Moniteau Counties

Jefferson Bank of Missouri

Joined Central Bancompany in 1970

President & CEO: L. Kenton Theroff • Branches: 4 • Employees: 112

2018 was an exceptional year for Jefferson Bank with a Return on Assets of 1.9% and a Return on Equity of 19%, ranking us favorably among Missouri banks. An increased net interest margin and the benefit of lower tax rates helped us achieve a record high net income. At Jefferson Bank we want our customers and stakeholders to recognize not only the strength of our financial performance, but also the stability and dedication of our team members. The view from the curb showcases our timeless architecture; a look inside reveals a leadership team with valuable experience and advanced knowledge of the businesses and people in and around mid-Missouri. We are committed to the development of our community through our support of local businesses and involvement in charitable groups and civic organizations. We continue to add value for our customers by providing proactive advice for investing for the future, and offering solutions to better manage all aspects of their finances. Each year, our promise remains the same – to provide exemplary service and a first-class Jefferson Bank experience.

Board of Directors

Harold W. Westhues, *Chairman of the Board, Retired,* Jefferson Bank
Robert L. Bryant, *EVP, CFO and COO,* Jefferson Bank
James R. Baumgartner, *Retired,* McDonald's
Robert P. Wankum, MD, *Retired,* JCMG Ophthalmology
Bernard J. Fechtel, *Owner,* Fechtel Beverage & Sales
C. Roger Schrimpf, *Owner,* Schrimpf Management

Serving the Jefferson City area

Central Bank of St. Louis

Joined Central Bancompany in 1972

Chairman & CEO: S. Bryan Cook • Branches: 15 • Employees: 239

Central Bank of St. Louis produced another successful year in 2018, with operating earnings increasing for the 12th consecutive year. Loan growth coupled with rising interest rates helped increase interest income by $7 million in 2018. Our mortgage team continues to be a top mortgage lender serving the metro area with advanced product platforms and community outreach programs. We proudly provided more than $680,000 in down payment assistance to homebuyers in 2018. Our associates remain committed to providing our customers and community with the legendary service to differentiate ourselves in our competitive market.

Board of Directors

Richard J. Bagy, Jr., *President,* Chief Operating Officer
Daniel G. Stephen, *EVP,* Senior Credit Officer
Wayne R. Baker, *President,* Warrenton Oil Company
Daniel B. Bruns, *President/Owner,* Kienstra Company
Robert C. Byrne, Jr., *Owner,* Byrne & Jones Enterprises, Inc.
Howard L. Chilcutt, *Chairman,* Jones Company of Tennessee
Christopher Chivetta, *President,* Hastings & Chivetta Architects
Jeffrey S. Gershman, *Principal,* Stone, Leyton & Gershman
Daniel L. Human, *Executive Director,* Howard Bend Levee District
Richard H. McClure, *President (Retired),* UniGroup, Inc.

St. Louis City (MO), St. Louis County (MO), St. Charles County (MO), St. Clair County (IL), Monroe County (IL)

Central Bank of Boone County

Joined Central Bancompany in 1974

Chairman & CEO: Stephen E. Erdel • Branches: 15 • Employees: 330

There was much for Central Bank of Boone County to celebrate in 2018. Not only was it a record revenue year, we also ranked #1 in every market we serve according to the FDIC market share report. This is no small feat given the competition we face throughout our footprint. We know that our community bank culture is critical to our success. We support our communities both in monetary gifts as well as volunteer hours, not to mention the many ways we work with private and public customers to create a vibrant hometown. We support our customers with great products and services, great customer service, and the kind of financial expertise they simply can't find anywhere else. And, of course, we support those gifted financial experts with a culture of gratitude for their commitment to the bank. All of this investment in our community bank results in excellent performance for our shareholders.

Board of Directors

Joe T. Henderson, *President,* Central Bank of Boone County
Mark A. Adams, MD, *President,* Columbia Orthopaedic Group
Jason A. Burchfield, *President,* Silver Tree Companies
Charles W. Digges Jr., *President,* The Insurance Group
Robert A. Gerding, *Partner Emeritus,* Gerding, Korte & Chitwood PC CPAs
Jacquelyn K. Jones, *Retired*
Paul T. Land, *Owner,* Plaza Commercial Realty
Rick L. Means, *President/CEO,* Shelter Insurance
Jerry K. Price, *Office Manager,* Suzi Davis Travel
Gary W. Thompson, *President/CEO,* Columbia Insurance Group
Michael T. Vangel, *President,* VANGEL
Dr. Ajay Vinze, *Dean,* MU Trulaske College of Business

Columbia, Ashland, Boonville, Hallsville, Sturgeon, and Centralia

Central Bank of Audrain County

Joined Central Bancompany in 1977

President & CEO: Michael A. Bunge • Branches: 2 • Employees: 23

Our community bank model continues to place the emphasis on the customer. We are committed to creating a positive banking experience for our customers and community. The personal touch of our local staff combined with the high-tech commitment of our holding company resources provide our customers with a high quality, high value banking experience.

Board of Directors

Sterling Oliver, *EVP,* Central Bank of Audrain County
Bill Williams, *Retired,* Crown Linen
Mike Miller, *Miller Tire Company*
Tony Robertson, *Senior Loan Officer*
Jimmie Reading, *Farmer*
Rita Jackson, *Community Development Director,* City of Mexico

Audrain County including Communities of Mexico, Vandalia, Laddonia, Rush Hill, Vandiver Village, Benton City, Middletown, and Auxvasse

Central Bank of Moberly

Joined Central Bancompany in 1979

President & CEO: W. Michael Riffel • Branches: 3 • Employees: 30

Central Bank of Moberly experienced a successful year in 2018 with core deposits growing 5%. This growth, along with rising interest rates and good expense control helped improve profitability by 47%. A dedicated and experienced staff of professionals providing legendary service, coupled with the most current products and technology, allowed our customers to experience outstanding community banking. The bank continues to be a strong partner to the local community with employee participation in a number of committees, boards, and community events.

Board of Directors

John S. Meystrik, *Senior Vice President,* Central Bank of Moberly
K. Mack Hils, *Retired,* Mack Hils Inc.
J. Richard Truesdell, *Retired,* Truesdell Brothers Grain, Inc.
Barbara A. Westhues, *Chief Operating Officer,* Orscheln Industries
Dr. David M. Whitson, *Optometrist,* Moberly Eye Center Inc.

Randolph, Howard, Chariton, and Monroe Counties

Central Bank of the Ozarks

Joined Central Bancompany in 1980

President & CEO: Russell R. Marquart • Branches: 22 • Employees: 260

2018 was a very successful year for Central Bank of the Ozarks with earnings up 20%, and return on assets up 18% compared to 2017. Good loan and deposit growth, along with increased fee income from our Central Trust Company, has helped us remain as one of the top banks in our region. Our Central Connect group, where we focus on a yearlong program for our next generation of bankers, is now in its fourth year, and already paying dividends with an enhanced workforce. We opened our 22nd branch location "Springfield Plaza" on December 26th, further expanding our footprint in West Springfield. We are also anticipating breaking ground on our 23rd location on East Sunshine Street in 2019.

Board of Directors

Michael J. Williamson, *Chairman of the Board*
Chris W. Nattinger, *President,* Skyline Investment Co, LLC
John R. Twitty, *Executive Director,* Transmission Access Policy Study Group
Judi M. Samuel, *Broker,* DEBCO Management, Inc.
J. Mark Cook, *CEO,* Central States Industrial Equipment
Mark M. McNay, *Sr. Vice President,* SMC Packaging Group
Thomas B. Rankin, *Sr. Advisor/Broker,* Sperry Van Ness/Rankin Company

Springfield, Nixa, Ozark, Highlandville, Marshfield, Strafford,
Fair Grove, Pleasant Hope, Republic, and Battlefield

Central Bank of Lake of the Ozarks

Joined Central Bancompany in 1986

CEO: James D. Judas, Jr. • Branches: 8 • Employees: 160

At the Lake of the Ozarks we were pleased to see an increase of 23% in pre-tax income, remain the area leader in both commercial and mortgage lending, and for the sixth year in a row, we have seen improvement in our asset quality. All of this was made possible by the hard work of our officers and employees. We are proud to be a family-oriented place of employment that produces knowledgeable, informed community bankers. With an average tenure of 15 years among our officers, we are able to deliver our promise to serve our customers and our communities as true financial professionals. We actively support a variety of organizations, including more than 75 school, community, civic, and charitable organizations, and contribute countless hours of time to ensure these organizations thrive. We are honored to be the "Best Bank at the Lake" for 18 years in a row by *The Lake Sun* Reader's Choice Awards.

Board of Directors

James W. Mead, *Senior Vice President/Chairman*
Joe Jurgensmeyer, *Owner,* J & M Farms
Joyce Mace, *Owner,* Ozark Opry
Robert E. Mason, *D.O.,* Lake Regional Clinics
Danny D. Opie, *Owner,* Opie's Transport
Belinda K. Phillips, *Owner,* Carls Market
George Stanton, *Owner,* Stanton Manufacturing

Miller, Camden & Morgan Counties
Osage Beach, Lake Ozark, Camdenton, Eldon, and Laurie Communities

Central Bank of Branson

Joined Central Bancompany in 1988

Chairman, President, & CEO: Joseph F. Loth, Jr. • Branches: 5 • Employees: 70

Since 1950, Central Bank of Branson has the pleasure of serving the communities that reside in Stone and Taney Counties. From numerous financial donations by the bank to the 3,700 employee volunteer hours performed in the Ozarks, we believe in leading by example and being model citizens within our community. As a bright spot for 2018, we completely reorganized and restructured the mortgage division. This renewed effort propelled us to the number one mortgage lender in Taney County – an accomplishment we will work to keep every year. In all areas of the bank, we can boast an experienced staff that is dedicated to partnering with customers to invest in their future to give them the banking services they need. We look forward to continue serving our community.

Board of Directors

Brian Burney, *Pharmacist, Assistant Director,* Convenient Care Pharmacy
Patrick Cox, *Co-Owner,* Starboard Marinas, Inc.
Ann M. McDowell, *Owner,* McDowell Consulting
Daniel Ruda, *President,* Thousand Hills Golf Resort
Larry Schmitt, *Retired,* The Track Family Fun Parks
Rick Todd, *Retired,* Herschend Family Entertainment

Stone and Taney Counties

Central Bank of Sedalia

Joined Central Bancompany in 1992

Chairman, President, & CEO: Larry D. Bahr • Branches: 5 • Employees: 81

Central Bank of Sedalia continues to see growth and expansion in our market share. Our dedicated, quality staff has allowed us to remain strong and achieve our goals. The growth in our commercial loan portfolio contributed to an increase in income this year, which lead to our best year on record. Central Bank of Sedalia has many new and useful products which are made available from our holding company. We are very fortunate to be affiliated with Central Bancompany and the support we receive to deliver these products that help us continue to grow.

Board of Directors

Charles G. Kempton, *Owner,* Dugan Paint
David Albrecht, *Retired,* Septagon Construction
Charles G. Marshall, *Owner,* McDonald's
Kenneth D. Weymuth, *Owner,* W-K Chevrolet
Chris Squires, *an Owner,* SMC Electric Supply
Ryan Bross, *EVP,* Central Bank of Sedalia
Ruth Ferguson, *Co-Owner,* Robert Taylor Insurance

Sedalia, Pettis County, and surrounding Counties

Central Bank of the Midwest

Joined Central Bancompany in 1993

President & CEO: Bill Ferguson • Branches: 33 • Employees: 336

Central Bank of the Midwest is built on a strong heritage of community banks with a team that is committed to the customers and communities we serve. Our team is focused on delivering a legendary experience to our customers and associates who helped grow our core deposits by $5 million in 2018. With 5% loan growth over the prior year, we are ranked the fourth largest commercial lender in the Kansas City area. At Central Bank of the Midwest, our associates pride themselves on living our core values and helping each other succeed. Throughout 2018, our team shared the Central Bank spirit, investing in the growth and success of our communities with their time, talent, and dollars. Our focus will continue in 2019 to build lasting relationships with our associates, communities, and customers that strengthen our mission to be the brand of choice.

Board of Directors

Thomas B. Fitzsimmons, *Chairman of the Board*
John T. Carper, *Senior Advisor,* Husch Blackwell Sanders, LLP
James Person, *Chief,* Belton Police Department
James L. Hix, *Retired,* Bossler-Hix Personnel / *Retired,* Overland Park City Council
Robert Rogers, *President,* Mid-State Aerospace, Inc.
Kenneth P. Woodward, *Owner,* Woodward, Hunt & Associates, CPA's
Joseph A. Flannery, *President,* Weaver's, Inc.
Laura Crowley-Coy, *General Manager,* Crowley Furniture

Serving the Greater Kansas City and Lawrence areas.

Central Bank of Warrensburg

Joined Central Bancompany in 1997

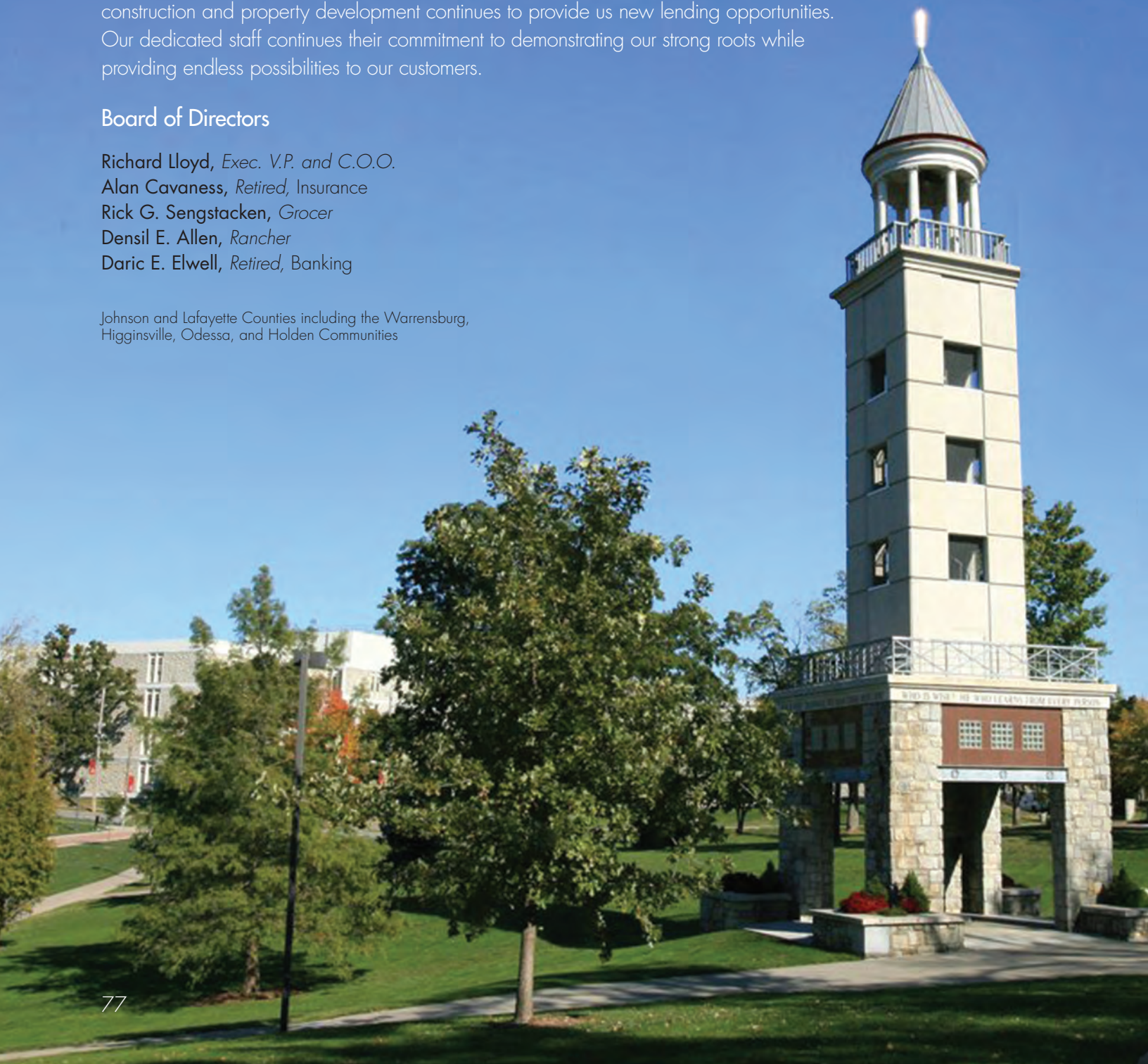
Chairman, President, & CEO: Stephen L. Abney • Branches: 5 • Employees: 56

A 3.5% growth of core deposit account balances, along with a more focused sales approach, resulted in a dramatic improvement in our Retail Scorecard numbers. We continue to be recognized within the community, as we were again named the "Best Bank in Warrensburg" for the third consecutive year. Better than projected employment gains at the new Dollar Tree Distribution Center has led to strong employment results from all the major employers in Johnson County. A continued lack of supply of residential housing maintains a strong demand. New home construction and property development continues to provide us new lending opportunities. Our dedicated staff continues their commitment to demonstrating our strong roots while providing endless possibilities to our customers.

Board of Directors

Richard Lloyd, *Exec. V.P. and C.O.O.*
Alan Cavaness, *Retired,* Insurance
Rick G. Sengstacken, *Grocer*
Densil E. Allen, *Rancher*
Daric E. Elwell, *Retired,* Banking

Johnson and Lafayette Counties including the Warrensburg, Higginsville, Odessa, and Holden Communities



Central Bank of Oklahoma

Joined Central Bancompany in 2004
Chairman, President, & CEO: John B. Allan • Branches: 8 • Employees: 106

Central Bank of Oklahoma celebrated record-setting earnings in 2018. The commercial lending area is the single largest driver of this achievement. Although we remain primarily a commercial bank, we continue to slowly transform by focusing on building retail banking relationships while actively introducing commercial products to our business customers. The strong performance of our bankers in Central Oklahoma has validated our decision to build a new Edmond branch location in 2019. During the past year, the installation of state-of-the-art video teller machines at our main Tulsa location allowed us to provide customers with extended hours of live teller service. Our team remains committed to donating time and talent to local schools, community and civic groups, and five local chambers of commerce. We are encouraged that the economic strength of the metro markets in Oklahoma continues to offer growth opportunities for our company.

Board of Directors

S. Doug Terry, *Executive Vice President and CLO,* CBOK
David Blankenship, *President and CEO,* Tulsa Development, Inc.
James E. Frasier, *Partner,* Frasier, Frasier, & Hickman Attorneys at Law
George S. Sharp, *President,* Sharp Mortgage Co. ALP
Clifton Taulbert, *President and CEO,* The Freemount Corporation
Rick Willhour, Rancher
John Woolman, *President,* McGraw Realtors

Tulsa/Tulsa County, Owasso/Tulsa County, Sapulpa/Creek County, Stillwater/Payne County, Edmond/Oklahoma County

Central Trust Company

President & CEO: Scott Kellett • Locations: 7 • Employees: 110

Central Trust Company, with $6 billion in assets under management in 2018, provides investment management, financial planning, estate planning, trust and estate settlement services, and retirement plan services through its highly experienced and credentialed wealth management professionals. This includes 18 Certified Trust and Financial Advisors, 16 Attorneys, 12 CERTIFIED FINANCIAL PLANNER™ Professionals, and 5 Chartered Financial Analysts. The most important and defining characteristic of Central Trust Company is its adherence, at all times and in all instances, to the Fiduciary Standard; providing investment management solutions and advice on a "fee only" basis and free from conflicts of interest. Central Trust Company generated approximately $31 million in gross revenue, $12.3 million in pre-tax net income, and a 41% profit margin.

Locations: Jefferson City, Columbia, Springfield, St. Louis, Lake Ozark, Kansas City, Lawrence, KS.

Central Investment Advisors

CEO: Don Perdue • Locations: 24 • Employees: 61

Central Investment Advisors (CIA) had another record year in 2018 increasing our assets under management to $2.6 billion. Our gross revenue exceeded $13.5 million resulting in a pre-tax net income of $2.95 million and a profit margin of 22%.

2018 saw a major change as we joined forces with LPL Financial (LPL). LPL, a publicly traded company (trading on NASDAQ, symbol LPLA), is the largest independent broker/dealer in the country[1], supporting more than 16,000 financial advisors.

As we continue to grow, Central Investment Advisors offers investment advice and brokerage services through LPL Financial to our 18,000 customers. CIA is committed to remaining a trusted resource for our clients by providing customized plans through our 37 advisors, and 13 of which are CERTIFIED FINANCIAL PLANNERS™. Independent investment advice, fee-based money management, and traditional brokerage services have never been more important than it is today. The financial services world is rapidly becoming more complex. Now, more than ever, investors seek to partner with advisors who offer guidance and planning services to face today's challenges.

[1]*As reported in Financial Planning magazine June 1996-2018, based on total revenues*

Locations: CIA has offices in all 13 affiliates.

Central Bancompany

Strong roots. Endless possibilities.™

238 Madison Street, Jefferson City, Missouri 65101