

Western Commerce Bancshares of Carlsbad, Inc.

January 29, 2019

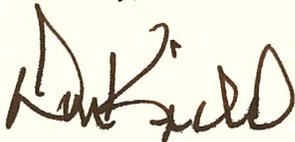
Federal Reserve Bank of Dallas
Banking Supervision Department
NIC Unit
P. O. Box 655906
Dallas, Texas 75265-5906

Dear Sir or Madam:

Enclosed is the Bank Holding Company Annual Report F.R. Y-6. Our filing consists of the following:

- Report item 1a: The BHC is not required to prepare form 10K with the SEC.
- Report item 1b: We are submitting parent only bank holding company financial statements for Western Commerce Bancshares of Carlsbad, Inc. These are distributed to all shareholders at the annual meeting.
- Report item 2a: We are submitting an organization chart.
- Report item 2b: We are submitting the Structure Verification List.
- Report item 3(1): We are submitting a schedule of shareholders owning or controlling 5% or more of Western Commerce Bancshares of Carlsbad, Inc.
- Report item 3(2): We are submitting a schedule of shareholders owning or controlling 5% or more during the year but who are not listed in Report Item 3(1) of Western Commerce Bancshares of Carlsbad, Inc.
- Report item 4: We are submitting a schedule of principal shareholders, directors and officers.

Sincerely,



Don Kidd
President/Director

Board of Governors of the Federal Reserve System



Annual Report of Holding Companies—FR Y-6

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

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

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

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

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

December 31, 2018

Month / Day / Year

NONE

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

Reporter's Name, Street, and Mailing Address

WESTERN COMMERCE BANCSHARES OF CARLSBAD, INC.

Legal Title of Holding Company

P O BOX 1358

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

CARLSBAD NM 88221-1358

City State Zip Code

212 N CANAL ST., CARLSBAD, NM 88220

Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

KATHLEEN SLATE EVP/SEC/TREASURER

Name Title

575-887-6686

Area Code / Phone Number / Extension

575-628-0276

Area Code / FAX Number

kslate605@windstream.net

E-mail Address

NA

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

I, DON KIDD

Name of the Holding Company Director and Official

PRESIDENT/DIRECTOR

Title of the Holding Company Director and Official

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

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

Signature of Holding Company Director and Official

01/29/2019

Date of Signature

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

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

For Federal Reserve Bank Use Only

RSSD ID _____
 C.I. _____

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

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

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

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

WESTERN COMMERCE BANCSHARES OF CARLSBAD, INC.

FORM - F.R. Y-6

REPORT ITEM 1a: NONE

REPORT ITEM 1b: Bank Holding Company Financial Statements.
See pages 4 and 5.

REPORT ITEM 2: Organization Chart and Branch Structure Verification.
See page 6 and 7..

REPORT ITEM 3: Shareholders.
See pages 8 and 9

REPORT ITEM 4: Directors and Officers.
See pages 10 and 11.

For Use By Tiered Holding Companies

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

Legal Title of Subsidiary Holding Company

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

City State Zip Code

Physical Location (if different from mailing address)

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City State Zip Code

Physical Location (if different from mailing address)

WESTERN COMMERCE BANCSHARES OF CARLSBAD, INC.
(PARENT ONLY)
BALANCE SHEET
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

| <u>A S S E T S</u> | <u>12/31/2018</u> | <u>12/31/2017</u> |
|---|----------------------|----------------------|
| CASH | \$ 2,272,199 | \$ 1,385,491 |
| PREPAID LIFE INSURANCE | 0 | 0 |
| CASH SURRENDER VALUE LIFE INSURANCE | 0 | 0 |
| INVESTMENT IN SUBSIDIARY-28 shares 100% of Western Commerce Bank common stock (at equity in net assets) | 39,501,139 | 37,623,080 |
| WESTERN COMMERCE BANCSHARES TRUST I | 464,000 | 464,000 |
| GOODWILL-Net of accumulated amortization of \$1,731,313 | 2,116,062 | 2,116,062 |
| | <hr/> | <hr/> |
| TOTAL ASSETS | <u>\$ 44,353,400</u> | <u>\$ 41,588,633</u> |

LIABILITIES AND
SHAREHOLDERS' EQUITY

LIABILITIES:

| | | |
|-----------------------------------|------------|------------|
| CSV Life Insurance Liability | 0 | 0 |
| Trust Preferred Debenture | 15,464,000 | 15,464,000 |
| Interest Payable | 26,181 | 22,974 |
| Deferred Comp Liab. (Phantom Stk) | 0 | 0 |
| State Withholding Payable | 101,776 | 64,574 |
| | <hr/> | <hr/> |
| TOTAL LIABILITIES | 15,591,957 | 15,551,548 |

SHAREHOLDERS' EQUITY:

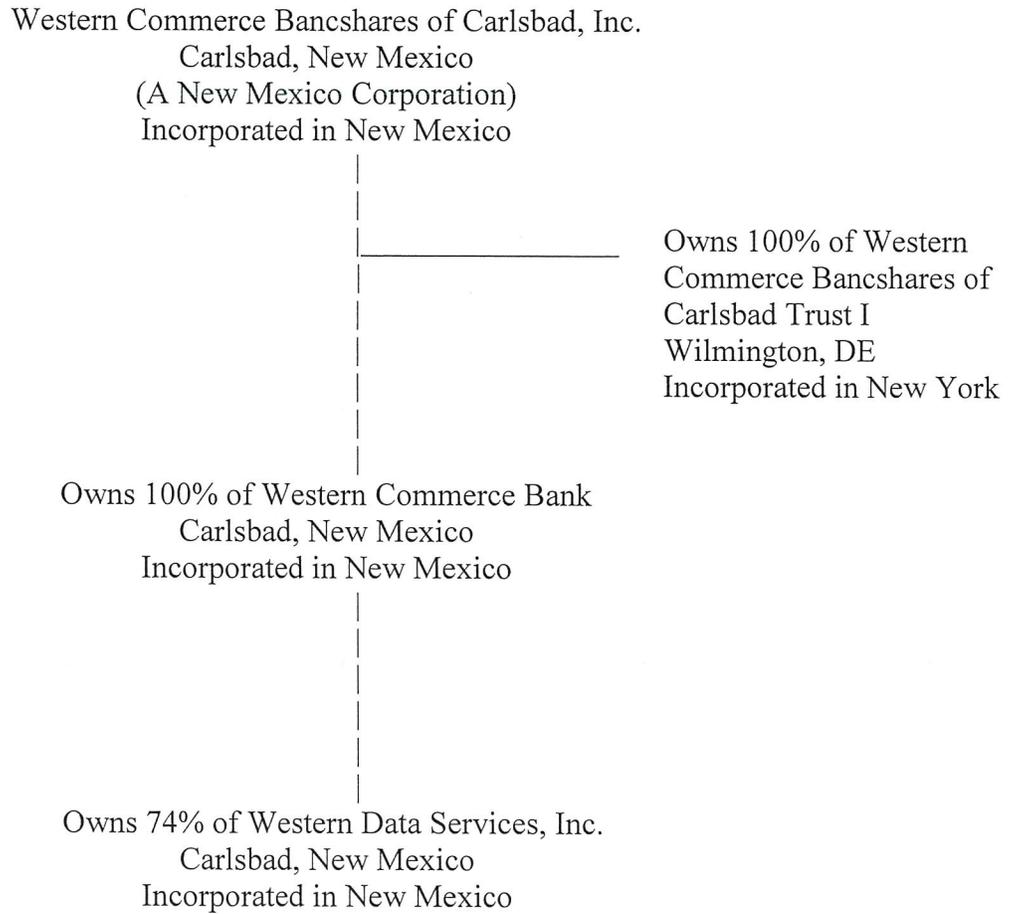
| | | |
|--|----------------------|----------------------|
| Common Stock-\$4.00 par value, 200,000 shares authorized, 141,326 issued and outstanding | 565,304 | 565,304 |
| Paid-in capital in excess of par | 5,961,680 | 5,961,680 |
| Retained earnings | 45,586,726 | 42,750,014 |
| Less: Unrealized Gain/Losses in Subsidiary | (655,349) | (551,181) |
| | <hr/> | <hr/> |
| Subtotal | 51,458,361 | 48,725,817 |
| Less 71,785.016 shares held in Treasury | (22,696,918) | (22,688,732) |
| | <hr/> | <hr/> |
| Total Shareholder's Equity | 28,761,443 | 26,037,085 |
| | <hr/> | <hr/> |
| TOTAL LIABILITIES AND SHAREHOLDERS EQUITY | <u>\$ 44,353,400</u> | <u>\$ 41,588,633</u> |

WESTERN COMMERCE BANCSHARES OF CARLSBAD, INC.
(Parent Only)
STATEMENT OF INCOME AND EXPENSE
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

| | <u>12/31/18</u> | <u>12/31/17</u> |
|--|-----------------|-----------------|
| INCOME: | | |
| Distribution Income | \$ 7,538,746 | \$ 5,099,242 |
| Interest Income | 17,977 | 13,482 |
| Other Income | 0 | 0 |
| | 7,556,723 | 5,112,724 |
| EXPENSES: | | |
| Interest on notes payable | 602,327 | 453,421 |
| Amortization of Goodwill | 0 | 0 |
| Deferred Compensation Expense | 40,000 | 0 |
| Legal and Accounting | 9,173 | 8,750 |
| Administrative expense | 14,422 | 10,604 |
| Consulting fees | 45,211 | 45,176 |
| Insurance Premiums | 0 | 0 |
| Tax-other | 75 | 50 |
| Miscellaneous | 0 | 1,100 |
| | 711,208 | 519,101 |
| NET INCOME (LOSS) BEFORE CREDIT FOR INCOME TAX AND EQUITY IN UNDISTRIBUTED EARNINGS OF SUBSIDIARY | | |
| | 6,845,515 | 4,593,623 |
| CREDIT FOR INCOME TAX | | |
| | 0 | 0 |
| NET INCOME (LOSS) BEFORE EQUITY IN UNDISTRIBUTED EARNINGS OF SUBSIDIARY | | |
| | 6,845,515 | 4,593,623 |
| EQUITY IN UNDISTRIBUTED EARNINGS OF SUBSIDIARY | | |
| | 1,982,227 | 1,048,506 |
| NET INCOME (LOSS) | | |
| | \$ 8,827,742 | \$ 5,642,129 |

FORM F.R. Y-6
REPORT ITEM 2

WESTERN COMMERCE BANCSHARES OF CARLSBAD, INC.
ORGANIZATION CHART
AS OF DECEMBER 31, 2018



NO ENTITY HAS A LEI

Results: A list of branches for your depository institution: WESTERN COMMERCE BANK (ID_RSSD: 169756). This depository institution is held by WESTERN COMMERCE BANCSHARES OF CARLSBAD, INC. (1109227) of CARLSBAD, NM. The data are as of 12/31/2018. Data reflects information that was received and processed through 01/06/2019.

Reconciliation and Verification Steps

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

Actions

OK: If the branch information is correct, enter 'OK' in the Data Action column.

Change: If the branch information is incorrect or incomplete, revise the data, enter 'Change' in the Data Action column and the date when this information first became valid in the Effective Date column.

Close: If a branch listed was sold or closed, enter 'Close' in the Data Action column and the sale or closure date in the Effective Date column.

Delete: If a branch listed was never owned by this depository institution, enter 'Delete' in the Data Action column.

Add: If a reportable branch is missing, insert a row, add the branch data, and enter 'Add' in the Data Action column and the opening or acquisition date in the Effective Date column.

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

Submission Procedure

When you are finished, send a saved copy to your FRB contact. See the detailed instructions on this site for more information.

If you are e-mailing this to your FRB contact, put your institution name, city and state in the subject line of the e-mail.

Note:

To satisfy the FR Y-10 reporting requirements, you must also submit FR Y-10 Domestic Branch Schedules for each branch with a Data Action of Change, Close, Delete, or Add.

The FR Y-10 report may be submitted in a hardcopy format or via the FR Y-10 Online application - <https://y10online.federalreserve.gov>.

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

| Data Action | Effective Date | Branch Service Type | Branch ID_RSSD* | Popular Name | Street Address | City | State | Zip Code | County | Country | FDIC UNINUM* | Office Number* | Head Office | Head Office ID_RSSD* | Comments |
|-------------|----------------|----------------------------|-----------------|---------------------------|-------------------------|-------------|-------|----------|------------|---------------|--------------|----------------|-----------------------|----------------------|----------|
| OK | | Full Service (Head Office) | 169756 | WESTERN COMMERCE BANK | 127 S. CANYON STREET | CARLSBAD | NM | 88220 | EDDY | UNITED STATES | Not Required | Not Required | WESTERN COMMERCE BANK | 169756 | |
| OK | | Full Service | 3598003 | ALBUQUERQUE BRANCH | 1910 WYOMING BLVD NE | ALBUQUERQUE | NM | 87112 | BERNALILLO | UNITED STATES | Not Required | Not Required | WESTERN COMMERCE BANK | 169756 | |
| OK | | Full Service | 1010556 | NORTH CANAL BRANCH | 501 N CANAL | CARLSBAD | NM | 88220 | EDDY | UNITED STATES | Not Required | Not Required | WESTERN COMMERCE BANK | 169756 | |
| OK | | Full Service | 696650 | SECURITY BRANCH | 217 N CANAL | CARLSBAD | NM | 88220 | EDDY | UNITED STATES | Not Required | Not Required | WESTERN COMMERCE BANK | 169756 | |
| OK | | Full Service | 773555 | SOUTH BRANCH | 3010 NATIONAL PARKS HWY | CARLSBAD | NM | 88240 | LEA | UNITED STATES | Not Required | Not Required | WESTERN COMMERCE BANK | 169756 | |
| OK | | Full Service | 962452 | HOBBS BRANCH | 2224 N TURNER | HOBBS | NM | 88240 | LEA | UNITED STATES | Not Required | Not Required | WESTERN COMMERCE BANK | 169756 | |
| OK | | Full Service | 3923986 | HOBBS DOWNTOWN BRANCH | 209 WEST TAYLOR | HOBBS | NM | 88240 | LEA | UNITED STATES | Not Required | Not Required | WESTERN COMMERCE BANK | 169756 | |
| OK | | Full Service | 4108379 | HOBBS NORTH GRIMES BRANCH | 3970 NORTH GRIMES | HOBBS | NM | 88240 | LEA | UNITED STATES | Not Required | Not Required | WESTERN COMMERCE BANK | 169756 | |
| OK | | Full Service | 825557 | LOVING BRANCH | 313 WEST CEDAR | LOVING | NM | 88256 | EDDY | UNITED STATES | Not Required | Not Required | WESTERN COMMERCE BANK | 169756 | |
| OK | | Full Service | 657552 | ADAMS BRANCH | 18 W ADAMS | LOVINGTON | NM | 88260 | LEA | UNITED STATES | Not Required | Not Required | WESTERN COMMERCE BANK | 169756 | |
| OK | | Full Service | 658054 | TATUM BRANCH | 102 S AVENUE A | TATUM | NM | 88267 | LEA | UNITED STATES | Not Required | Not Required | WESTERN COMMERCE BANK | 169756 | |

FORM F.R. Y-6
WESTERN COMMERCE BANCSHARES OF CARLSBAD, INC.
FISCAL YEAR ENDED DECEMBER 31, 2018
SHAREHOLDERS OWNING OR CONTROLLING 5% OR MORE
REPORT ITEM 3(1)

| NAME/ADDRESS | COUNTRY OF CITIZENSHIP OR INCORP. | # OF SHARES OWNED, CONTROLLED OR HELD WITH POWER TO VOTE | % OF SHARES OWNED CONTROLLED OR HELD WITH POWER TO VOTE |
|---|---|--|---|
| LIBNAB & Co. Trustees: Don Kidd and Twilla Thomason Carlsbad, NM 88221 | United States | 12,665.8594 * | 18.21% |
| Saul Skoler 2002 Living Trust dated May 28, 2002 Saul Skoler, Trustee Coconut Grove, FL 33133 | United States | 5,653.040 | 8.13% |
| Sylvia J. Wechter El Paso, TX 79912 | United States | 6,204.58 | 8.92% |
| Jack and Frankie White Irrevocable Trust A Beverly M. White, Trustee Carlsbad, NM | United States | 697.5886 ** | 1.00% |
| Jack and Frankie White Irrevocable Trust B Beverly M. White, Trustee Carlsbad, NM | United States | 3,762.4114 ** | 5.41% |
| Jack H. White, Jr. and Beverly M. White Irrevocable Trust B Beverly M. White, Trustee Carlsbad, NM | United States | 600 ** | 0.86% |

* Don Kidd holds 1,652.88 shares (2.38%) of common stock in his name personally and votes the 12,665.8594 shares (18.21%) in the name of LIBNAB & Co. As Trustee.

** Beverly M. White is trustee of the Jack and Frankie White Irrevocable Trust A which holds 697.5886 shares (1.00%) and Trust B which holds 3,762.4114 shares (5.41%) , she also votes as trustee of the Jack White, Jr. and Beverly M. White Irrevocable Trust B which holds 600 shares (0.86%).

FORM F.R. Y-6
 WESTERN COMMERCE BANCSHARES OF CARLSBAD, INC.
 FISCAL YEAR ENDED DECEMBER 31, 2018
 SHAREHOLDERS NOT LISTED IN THE YEAR-END LIST,
 OWNING OR CONTROLLING 5% OR MORE OF
 REPORT ITEM 3(2)

| NAME/ADDRESS | COUNTRY OF CITIZENSHIP OR INCORP. | # OF SHARES OWNED, CONTROLLED OR HELD WITH POWER TO VOTE | % OF SHARES OWNED CONTROLLED OR HELD WITH POWER TO VOTE |
|----------------------------------|---|--|---|
| Beverly M. White Carlsbad, NM | United States | 1,413.26* | 2.03% |

* Beverly M. White transferred the 1,413.26 shares (2.03%) of common stock back into her daughter's name, Jill Mullen White.

WESTERN COMMERCE BANCSHARES OF CARLSBAD, INC.
 Carlsbad, New Mexico
 Fiscal Year Ending December 31, 2018

| (1) Names & Address (City, State, Country) | (2) Principal Occupation if other than with holding company | (3)(a) Title & Position with holding company | (3)(b) Title & Position with Subsidiaries (include names of subsidiaries) | (3)(c) Title & Position with Other Businesses (include names of other businesses) | (4)(a) Percentage of Voting Securities in holding company | (4)(b) Percentage of Voting Securities in Subsidiaries (include names of subsidiaries) | (4)(c) List names of other companies (includes partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held) |
|--|--|---|--|--|--|---|---|
| M. Don Kidd Carlsbad, NM, USA | Banker | President/Director | Western Commerce Bank (Chairman) | Western Bancshares of Alamogordo, Inc. (President/Director) | * 20.59% | Western Commerce Bank - 0% | Bank Consultants, Inc. - 100% |
| Jason Wyatt Carlsbad, NM, USA | Banker | Vice President/Director | Western Commerce Bank (President) | Western Bancshares of Clovis, Inc. (Vice President/Director) | 0.14% | Western Commerce Bank - 0% | None |
| Twilla Thomason (Trustee) LIBNAB & Co. (nominee name) Western Commerce Bank Trust Department Lovington, NM, USA | Trust Officer | NA | Western Commerce Bank (Trust Officer) | None | 18.21% | Western Commerce Bank - 0% | None |

WESTERN COMMERCE BANCSHARES OF CARLSBAD, INC.
 Carlsbad, New Mexico
 Fiscal Year Ending December 31, 2018

| Report Item 4: Insiders (1)(a)(b)(c) and (2)(a)(b)(c) | | | | | | | |
|--|---|---------------------------------------|--|--|--|---|---|
| (1) | (2) | (3)(a) | (3)(b) | (3)(c) | (4)(a) | (4)(b) | (4)(c) |
| Names & Address (City, State, Country) | Principal Occupation if other than with holding company | Title & Position with holding company | Title & Position with Subsidiaries (include names of subsidiaries) | Title & Position with Other Businesses (include names of other businesses) | Percentage of Voting Securities in holding company | Percentage of Voting Securities in Subsidiaries (include names of subsidiaries) | List names of other companies (includes partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held) |

| | | | | | | | |
|---------------------------------------|--------|-----------------------------|---|---|-------|----------------------------|-----------------------------|
| Kathleen Slate Carlsbad, NM, USA | Banker | EVP/Secretary/ Treasurer | Western Commerce Bank (Investment Officer) | Western Bancshares of Clovis, Inc. (EVP/Secretary/Treasurer/ Director) | 0.08% | Western Commerce Bank - 0% | None |
| Saul Skoler Coconut Grove, FL, USA | NA | Director | Western Commerce Bank (Director) | EJB Associates, Inc. | 8.13% | Western Commerce Bank - 0% | EJB Associates, Inc. - 100% |
| Kenneth J. Fadke Irving, TX, USA | NA | Director | Western Commerce Bank (Director) | None | 1.38% | Western Commerce Bank - 0% | None |
| Vicky Faulk Carlsbad, NM, USA | Farmer | Director | Western Commerce Bank (Director) | Western Bancshares of Alamogordo, Inc. (Shareholder) Western Bancshares of Clovis, Inc. (Shareholder) | 0.00% | Western Commerce Bank - 0% | K&W Farms - 49% |

*Don Kidd votes 1,652.88 shares (2.38%) that are in his name and 12,665.8594 shares (18.21%) that are held in his Trust under the nominee name LIBNAB & Co.