Board of Governors of the Federal Reserve System

Annual Report of Holding Companies—FR Y-6

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

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

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

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

I, Jay D Jenkins
Name of the Holding Company Director and Official

President & CEO
Title of the Holding Company Director and Official

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

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

Signature of Holding Company Director and Official

03/07/2019
Date of Signature

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

December 31, 2018
Month / Day / Year

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

Reporter's Name, Street, and Mailing Address

Carlsbad BanCorporation, Inc
Legal Title of Holding Company

P. O. Box 1359
(Mailing Address of the Holding Company) Street / P.O. Box

Carlsbad	NM	88220
City	State	Zip Code

202 W Stevens St
Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

Chris A Bird	EVP-Operations
Name	Title

575-234-2519
Area Code / Phone Number / Extension

575-234-2592
Area Code / FAX Number

Chris.Bird@ourcnb.com
E-mail Address

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

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

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

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

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

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

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

For Federal Reserve Bank Use Only

RSSD ID

C.I.

For Use By Tiered Holding Companies

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

Legal Title of Subsidiary Holding Company

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

City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

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

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Physical Location (if different from mailing address)

Form FR Y-6

Carlsbad Bancorporation, Inc
Carlsbad, New Mexico
Fiscal Year Ending December 31, 2017

Report Item

1: Carlsbad Bancorporation, Inc. does prepare an annual report for its shareholders.

2: Organizational Chart

Carlsbad Bancorporation, Inc.
Carlsbad, NM
A New Mexico Corporation
LEI: N/A

CNB Bank
Carlsbad, NM
100%
LEI: N/A

Report Item 3: Shareholders
(1)(a)(1)(b)(1)(c) (2)(a)(2)(b)(2)(c)

Current Shareholders with ownership, control or holdings of 5% or more with power to vote as of 12/31/18					Shareholders not listed in (3)(1)(a) through 3(1)(c) that had ownership,control or holdings of 5% or more with power to vote during the fiscal year ending 12/31/18		
(1)(a) Name & Address (City,State, Country)	(1)(b) Country of Citizenship or Incorporation	(1)(c) Number of Percentage of each class of voting securities			(2)(a) Name & Address (City,State, Country)	(2)(b) Country of Citizenship or Incorporation	(2)(c) Number of Percentage of each class of voting securities
Richard Forrest, Sr. Carlsbad, NM, USA	USA	63,524	10.785%	Common Stk	N/A		
Robert H Forrest Carlsbad, NM, USA	USA	49,177	8.349%	Common Stk			
Michael D Garringer Carlsbad, NM, USA	USA	34,538	5.864%	Common Stk			
Don E Brewer Alto, New Mexico , USA	USA	34,067	5.784%	Common Stk			

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

Name & Address (City, State, Country)	(2) Principal Occupation if other than w/ Bank Holding Company	(3) Title & Position w/Bank Holding Company	(3)(b) Title & Position w/ subsidiaries (include names of subsidiaries)	(3)(c) Title & Position w/ other Businesses (include names of other businesses)	(4)(a) Percentage of Voting shares in Bank Holding Company	(4)(b) Percentage of Voting Shares 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)	
Jay D Jenkins Carlsbad, NM, USA	Banker	Director, President & CEO	President & CEO CNB Bank	Casa de Cabillo, LLC President	0.342%	N/A	Casa de Cabillo, LLC	100%
George Dunagan Carlsbad, NM, USA	Real Estate Agent & Insurance Broker	Secretary/Treasurer and Director	Chairman CNB Bank	President Dunagan & Assoc	4.712%	N/A	Dunagan Associates	74%
Robert H Forrest Carlsbad, NM, USA	Hotel Owner	Director	N/A	Carlsbad Area Retarded Citizens Farm, President Stevens Inn,Inc, President X Bar Ranch, President	8.349%	N/A	Stevens Inn, Inc X Bar Ranch	50% 100%
Richard Forrest, Sr. Carlsbad, NM, USA	Retired Tire Co, Owner	Principal Shareholder	N/A	Stevens Inn, Vice President	10.785%	N/A	Stevens Inn	50%
Michael D Garringer Carlsbad, NM, USA	Property/Investment Manager	Chairman	N/A	Southeast Royalties, Inc President	5.864%	N/A	Southeast Royalties, Inc	100%

Results: A list of branches for your depository institution: CNB BANK (ID_RSSD: 219651).
This depository institution is held by CARLSBAD BANCORPORATION, INC. (1131527) 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	12/31/2018	Full Service (Head Office)	219651	CNB BANK	202 W. STEVENS	CARLSBAD	NM	88220	EDDY	UNITED STATES	Not Required	Not Required	CNB BANK	219651	
OK	12/31/2018	Full Service	634553	NORTH BRANCH	1509 W PIERCE ST	CARLSBAD	NM	88220	EDDY	UNITED STATES	Not Required	Not Required	CNB BANK	219651	
OK	12/31/2018	Full Service	3008856	WALMART SUPER CENTER BRANCH	2401 S CANAL ST	CARLSBAD	NM	88220	EDDY	UNITED STATES	Not Required	Not Required	CNB BANK	219651	

Carlsbad Bancorporation, Inc.

2018 Annual Report

CNB Bank

202 W Stevens
Northgate Shopping Center
Wal-Mart Supercenter

www.ourcnb.bank

Dear Shareholder,

Your bank had an outstanding year in 2018 and has continued a record performance from last year! The bank assets experienced a 7.4% growth ending the year topping an all-time high at $414,538,073. Net income was $6,609,274 or $11.22 per share, a new record and above the prior year of $5,555,214 and $9.43 per share, representing a year over year increase of 19%. We consistently delivered a quarterly dividend payment to the shareholders totaling $7.75 per share during 2018, a 10.7% increase over the prior year! Our loan team has managed to grow the loan portfolio to $185,914,448 (net of reserves) representing a 20% increase from the prior year and finishing at another record high and maintaining one of the best performances in the state. Our Shareholder Equity grew 1.7% to $30,057,584 from $29,560,608 the year prior. The bank is well capitalized and a leader in many areas of its peer group nationally and a top performer in the State of New Mexico. Additionally, the big project of the year was converting the bank charter from a national to state charter. The board and management evaluated this measure for over two years and we officially completed the conversion on December 1, 2018. Our current growth and future vision prompted this change to make the most efficient use of our capital and strategic planning for the bank.

On the local front, Carlsbad and Southeast New Mexico continues to grow and personally, I believe we are the busiest place in the state on a per capita basis. Infrastructure of roads, new homes and lack of work force –having more job openings than workers, continues to be the "good" problems that everyone is working on. We have actually had service businesses cut back hours due to lack of workers. This is in contract to what is happening in the rest of the state as they struggle with creating jobs and attracting new business.

As we move into 2019, I am optimistic about the year and the industry in which we operate. Our strategic plan at the bank is reviewed and evaluated monthly for the short and long term. We have demonstrated a successful track record over the past several years and will continue to do our best to do so in the years ahead. We have a great staff and management team coupled with a diverse and experienced Board of Directors all active in the performance of the bank. As a whole, the banking industry continues to shrink year after year, much of which is driven by mergers and acquisitions and we are threatened by non-bank lenders expanding and rapid technology changes. Our team recognizes our value through strong personal relationships, great customer service and a continued process of change to meet the needs of our core customers in relation to the services we offer.

Thank you for the trust and confidence you have placed in me and the CNB Bank team. Should you have any questions, do not hesitate to contact or stop by and see me.

Sincerely,

Jay D. Jenkins
President & CEO

CARLSBAD BANCORPORATION, INC. AND SUBSIDIARY
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YEARS ENDED DECEMBER 31, 2018 AND 2017

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Carlsbad Bancorporation, Inc. and Subsidiary
Carlsbad, New Mexico

We have audited the accompanying consolidated financial statements of Carlsbad Bancorporation, Inc. and Subsidiary, which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

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 of 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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Board of Directors
Carlsbad Bancorporation, Inc. and Subsidiary

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Carlsbad Bancorporation, Inc. and Subsidiary as of December 31, 2018 and 2017, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
February 18, 2019

CARLSBAD BANCORPORATION, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
Cash and Due from Financial Institutions	$ 15,212,260	$ 43,837,520
Interest-Bearing Time Deposits in Banks	5,000,000	5,000,000
Investment Securities Available-for-Sale at Fair Value, Amortized cost of $198,682,588 in 2018 and $172,547,143 in 2017	194,762,941	170,106,540
Loans, Net of Allowance for Loan Losses of $1,904,205 in 2018 and $1,643,231 in 2017	185,914,448	154,333,263
Bank Owned Life Insurance	5,425,067	5,261,053
Premises and Equipment, Net	2,020,196	2,249,442
Accrued Interest Receivable	1,521,761	1,334,431
Mortgage Servicing Rights, Net	407,269	365,852
Restricted Stock, at Cost	1,069,800	1,200,800
Other Assets	3,204,331	2,108,854
Total Assets	$ 414,538,073	$ 385,797,755
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits:		
Noninterest-Bearing	$ 182,464,285	$ 165,703,853
Interest-Bearing	201,476,855	190,111,159
Total Deposits	383,941,140	355,815,012
Accrued Interest Payable	46,091	42,953
Accrued Expenses and Other Liabilities	493,258	379,182
Total Liabilities	384,480,489	356,237,147
STOCKHOLDERS' EQUITY		
Common Stock, No Par Value, 1,000,000 Shares Authorized, 591,000 Issued, 588,996 and 589,800 Shares Outstanding as of December 31, 2018 and 2017, Respectively	4,774,482	4,774,482
Treasury Stock, 2,004 and 1,200 shares in 2018 and 2017, at Cost	(141,650)	(77,330)
Retained Earnings	29,344,399	27,304,059
Accumulated Other Comprehensive Loss	(3,919,647)	(2,440,603)
Total Stockholders' Equity	30,057,584	29,560,608
Total Liabilities and Stockholders' Equity	$ 414,538,073	$ 385,797,755

See accompanying Notes to Consolidated Financial Statements.

CARLSBAD BANCORPORATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
INTEREST AND DIVIDEND INCOME		
Loans, Including Fees	$ 9,088,471	$ 8,338,995
Investment Securities	3,968,002	2,866,392
Federal Funds Sold and Other	472,932	223,024
Total Interest and Dividend Income	13,529,405	11,428,411
INTEREST EXPENSE		
Deposits	550,201	363,378
Borrowed Funds	75,697	84,639
Total Interest Expense	625,898	448,017
NET INTEREST INCOME	12,903,507	10,980,394
PROVISION FOR LOAN LOSSES	300,000	300,000
NET INTEREST INCOME, AFTER PROVISION FOR LOAN LOSSES	12,603,507	10,680,394
NONINTEREST INCOME		
Service Charges on Deposit Accounts	685,979	750,834
Trust Fees	842,162	790,708
Loan Servicing	372,497	358,855
Net Gain on Investment Securities	-	18,742
Discount Fees	279,335	427,773
ATM/Debit Card Interchange Fees	658,737	495,024
Other	272,099	301,892
Total Noninterest Income	3,110,809	3,143,828
NONINTEREST EXPENSES		
Compensation and Employee Benefits	4,585,743	4,083,684
Occupancy and Equipment	1,218,328	1,098,483
Insurance and Bonds	210,135	224,265
Professional Services	439,375	328,980
Postage and Supplies	240,512	246,879
Directors Fees	255,693	269,498
ATM and EFT Service Expense	285,954	286,003
Mortgage Servicing Rights Amortization	107,017	139,327
Other	1,762,285	1,591,889
Total Noninterest Expenses	9,105,042	8,269,008
NET INCOME	6,609,274	5,555,214
Other Comprehensive Income (Loss):		
Unrealized Gains (Losses) on Available-for-Sale Securities	(1,479,044)	387,436
Reclassification Adjustment for Gains Realized in Income	-	(18,742)
Total Other Comprehensive Income (Loss)	(1,479,044)	368,694
Total Comprehensive Income	$ 5,130,230	$ 5,923,908

See accompanying Notes to Consolidated Financial Statements.

CARLSBAD BANCORPORATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2018 AND 2017

	Common Stock Shares	Treasury Stock Shares	Common Stock	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total
BALANCE - DECEMBER 31, 2016	591,000	-	$ 4,774,482	$ -	$ 25,881,045	$ (2,809,297)	$ 27,846,230
Net Income	-		-	-	5,555,214	-	5,555,214
Other Comprehensive Income	-		-	-	-	368,694	368,694
Stock Repurchased	(1,200)	1,200	-	(77,330)	-	-	(77,330)
Distributions to Shareholders ($6.99 per share)	-	-	-	-	(4,132,200)	-	(4,132,200)
BALANCE - DECEMBER 31, 2017	589,800	1,200	4,774,482	(77,330)	27,304,059	(2,440,603)	29,560,608
Net Income	-		-	-	6,609,274	-	6,609,274
Other Comprehensive Loss	-		-	-	-	(1,479,044)	(1,479,044)
Stock Repurchased	(804)	804	-	(64,320)	-	-	(64,320)
Distributions to Shareholders ($7.76 per share)	-	-	-	-	(4,568,934)	-	(4,568,934)
BALANCE - DECEMBER 31, 2018	588,996	2,004	$ 4,774,482	$ (141,650)	$ 29,344,399	$ (3,919,647)	$ 30,057,584

See accompanying Notes to Consolidated Financial Statements.

CARLSBAD BANCORPORATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$ 6,609,274	$ 5,555,214
Adjustments to Reconcile Net Income to Net		
Cash Provided by Operating Activities:		
Provision for Loan Losses	300,000	300,000
Depreciation and Amortization	431,855	379,510
Net Amortization (Accretion) of Securities Discount	1,798,585	1,879,937
Realized (Gain) Loss on Disposal of Premises and Equipment	(242)	1,923
Realized Gain on Sales of Available-for-Sale Securities	-	(18,742)
Realized Gain on Sale of Other Real Estate	-	(96,489)
Loss on Sale/Write-down of Other Real Estate	20,000	-
Amortization of Mortgage Servicing Rights	107,017	139,327
Bank Owned Life Insurance	(164,014)	(172,571)
Net Change in:		
Accrued Interest Receivable and Other Assets	(1,281,007)	(1,445,203)
Accrued Interest Payable and Other Liabilities	117,214	97,451
Net Cash Provided by Operating Activities	7,938,682	6,620,357
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investment Securities	(57,745,891)	(57,332,631)
Proceeds from Sales, Maturities and Calls of Investment Securities	29,811,861	47,955,079
(Purchase) Sale of Restricted Stock	131,000	(506,900)
Net Increase in Loans	(32,111,785)	(16,222,310)
Purchases of Premises and Equipment	(202,367)	(376,935)
Proceeds from Sales of Other Real Estate	60,366	821,712
Net Cash Used by Investing Activities	(60,056,816)	(25,661,985)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Increase in Deposits	28,126,128	27,302,396
Repurchase of Stock	(64,320)	(77,330)
Cash Dividends Paid on Common Stock	(4,568,934)	(4,132,200)
Net Cash Provided by Financing Activities	23,492,874	23,092,866
NET CHANGE IN CASH AND CASH EQUIVALENTS	(28,625,260)	4,051,238
Cash and Cash Equivalents - Beginning of Year	43,837,520	39,786,282
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 15,212,260	$ 43,837,520
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Noncash Investing Activities:		
Transfer of Loans to Foreclosed Assets	$ 230,600	$ 390,527
Interest Paid on Deposits and Borrowed Funds	$ 622,760	$ 435,738

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Carlsbad Bancorporation, Inc. (the Company) is a bank holding company whose principal activity is the ownership and management of its wholly owned subsidiary, CNB Bank (the Bank). The Bank provides a variety of financial services to individuals and businesses including the origination of commercial, mortgage, and consumer loans and receipt of deposits from customers located primarily in Carlsbad, New Mexico and the surrounding areas.

On December 1, 2018, the Bank changed its name from Carlsbad National Bank to CNB Bank. In addition to changing its name, the Bank also changed its charter from a national charter to a state charter. The Bank continues to provide full banking services under their state charter and is subject to regulation by the Financial Institutions Division of the New Mexico Regulation and Licensing Department, and the Federal Deposit Insurance Company.

Principles of Consolidation

The consolidated financial statements include the amounts of Carlsbad Bancorporation, Inc. and its wholly owned subsidiary, CNB Bank. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

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

Material estimates that are particularly susceptible to significant change in the near term include the classification and valuation of securities, determination of the allowance for loan losses, and valuation of mortgage servicing rights.

Concentrations of Credit Risk

Most of the Company's activities are with customers located within the Eddy, Chaves, and Lea counties of New Mexico. Note 2 discusses the types of investment securities that the Company invests in. Note 3 discusses the types of lending that the Company engages in. The Company does not have any significant concentrations in any one industry or customer.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, cash and cash equivalents include cash and balances due from banks which have an original maturity within 90 days. Cash flows from loans and deposits are reported net.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest-Bearing Time Deposits in Banks

Interest-bearing time deposits in banks are carried at cost with a maturity schedule as follows:

Year Ending December 31,	2018	2017
2018	$ -	$ 1,000,000
2019	1,000,000	1,000,000
2020	1,000,000	1,000,000
2021	1,000,000	1,000,000
2022	1,000,000	1,000,000
2023	1,000,000	-
Total	$ 5,000,000	$ 5,000,000

Investment Securities

Debt securities are classified as available-for-sale and are carried at fair value with unrealized gains and losses reported in other comprehensive income (loss). Realized gains and losses on securities available-for-sale are included in noninterest income and, when applicable, are reported as a reclassification adjustment, in other comprehensive income (loss). Gains and losses on sales of securities are determined using the specific identification method on the trade date. The amortization of premiums and accretion of discounts are recognized in interest income using methods approximating the interest method over the period to maturity.

Declines in the fair value of individual available-for-sale securities below their cost that are other than temporary result in write-downs of the individual securities to their fair value. The Company monitors the investment security portfolio for impairment on an individual security basis and has a process in place to identify securities that could potentially have a credit impairment that is other than temporary. This process involves analyzing the length of time and the extent to which the fair value has been less than the amortized cost basis, the market liquidity for the security, the financial condition and near-term prospects of the issuer, expected cash flows, and the Company's intent and ability to hold the investment for a period of time sufficient to recover the temporary loss. The ability to hold is determined whether it is more likely than not that the Company will be required to sell the security before its anticipated recovery. A decline in value due to a credit event that is considered other than temporary is recorded as a loss in noninterest income.

Restricted Stock, at Cost

The Bank is a member of the Federal Home Loan Bank of Dallas. Members are required to own a certain amount of stock based on the level of borrowings and other factors, and may invest in additional amounts. Restricted stock is carried at cost and periodically evaluated for impairment. Because this stock is viewed as a long-term investment, impairment is based on ultimate recovery at par value. Both cash and stock dividends are reported as income. Stock ownership with the Federal Reserve Bank was discontinued in 2018.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off generally are reported at their outstanding unpaid principal balances adjusted for charge-offs, the allowance for loan losses, any deferred fees, or costs on originated loans, and premiums or discounts on purchased loans.

Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, as well as premiums and discounts, are deferred and recognized as an adjustment of the related loan yield using the interest method. Amortization of deferred loan fees is discontinued when a loan is placed on nonaccrual status.

The accrual of interest on mortgage and commercial loans is discontinued at the time the loan is 90 days past due unless the credit is well secured and in process of collection. Past due status is based on contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged-off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. The cash-basis is used when a determination has been made that the principal and interest of the loan is collectible. If collectability of the principal and interest is in doubt, payments are applied to loan principal. The determination of ultimate collectability is supported by a current, well-documented credit evaluation of the borrower's financial condition and prospects for repayment, including consideration of the borrower's sustained historical repayment performance and other relevant factors. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current, the borrower has demonstrated a period of sustained performance, and future payments are reasonably assured. A sustained period of repayment performance generally would be a minimum of six months.

Allowance for Loan Losses

The allowance for loan losses (allowance) is an estimate of loan losses inherent in the Company's loan portfolio. The allowance is established through a provision for loan losses which is charged to expense. Additions to the allowance are expected to maintain the adequacy of the total allowance after loan losses and loan growth. Loan losses are charged off against the allowance when the Company determines the loan balance to be uncollectible. Cash received on previously charged off amounts is recorded as a recovery to the allowance.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Loan Losses (Continued)

The allowance consists of three primary components, general reserves, specific reserves related to impaired loans, and unallocated reserves. The general component covers nonimpaired loans and is based on historical losses adjusted for current factors. The historical loss experience is determined by portfolio segment and is based on the loss history experienced by the Company. While no formal calculation of the historical loss rate occurs due to minimal historical loss history, an estimated loss percentage is determined by management based on the most recent 5 years. This actual loss experience is adjusted for economic factors based on the risks present for each portfolio segment. These economic factors include consideration of the following: lending policies and procedures; national, regional and local economic and business conditions; variations in the nature and volume of the portfolio; experience, ability and depth of lending management; changes in volume and severity of adversely classified loans; changes in the quality of their loan review system; concentrations within the loan portfolio; and competition or legal risk inherent in the portfolio. These factors are inherently subjective and are driven by the repayment risk associated with each portfolio segment.

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Loans determined to be impaired are individually evaluated for impairment. When a loan is impaired, the Company measures impairment based on the present value of expected future cash flows discounted at the original contractual interest rate, except that as a practical expedient, it may measure impairment based on an observable market price, or the fair value of the collateral if collateral dependent. A loan is collateral dependent if the repayment is expected to be provided solely by the underlying collateral.

Allowance allocations other than general and specific are included in the unallocated portion. While allocations are made for loans and leases based upon historical loss analysis, the unallocated portion is designed to cover the uncertainty of how current economic conditions and other uncertainties may impact the existing loan portfolio. Factors to consider include national and state economic conditions such as increases in unemployment and the real estate lending crisis. The unallocated reserve addresses inherent probable losses not included elsewhere in the allowance for loan and lease losses.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Loan Losses (Continued)

Under certain circumstances, the Company will provide borrowers relief through loan restructurings. A restructuring of debt constitutes a troubled debt restructuring (TDR) if the Company for economic or legal reasons related to the borrower's financial difficulties grants a concession to the borrower that it would not otherwise consider. Restructured loans typically present an elevated level of credit risk as the borrowers are not able to perform according to the original contractual terms. Loans that are reported as TDRs are considered impaired and measured for impairment as described above in the calendar year of the restructuring. In subsequent years, a restructured loan may cease being classified as impaired if the loan was modified at a market rate and is performing according to the modified terms. TDR concessions can include reduction of interest rates, extension of maturity dates, forgiveness of principal or interest due, or acceptance of other assets in full or partial satisfaction of the debt. Restructured loans can involve loans remaining on nonaccrual, moving to nonaccrual, or continuing on accrual status, depending on the individual facts and circumstances of the borrower. Nonaccrual restructured loans are included and treated with other nonaccrual loans.

The Company assigns a risk rating to all loans and periodically performs detailed internal reviews of all such loans over a certain threshold to identify credit risks and to assess the overall collectibility of the portfolio. These risk ratings are also subject to examination by the Company's regulators. During the internal reviews, management monitors and analyzes the financial condition of borrowers and guarantors, trends in the industries in which the borrowers operate and the fair values of collateral securing the loans. These credit quality indicators are used to assign a risk rating to each individual loan. The risk ratings can be grouped into five major categories, defined as follows:

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

PassWatch: A PassWatch loan is a below-average credit that has identifiable risk development requiring action by management to correct. Will likely improve to the Pass status or be downgraded to the Special Mention or Substandard in the near future.

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

Substandard: Loans classified as substandard are not adequately protected by the current net worth and paying capacity of the borrower or of the collateral pledged, if any. Loans classified as substandard have a well-defined weakness or weaknesses that jeopardize the repayment of the debt. Well-defined weaknesses include a borrower's lack of marketability, inadequate cash flow, or collateral support, failure to complete construction on time, or the failure to fulfill economic expectations. They are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Loan Losses (Continued)

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

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

The Company maintains a separate general valuation allowance for each portfolio segment. These portfolio segments include commercial and industrial, commercial real estate, real estate construction, residential real estate, and consumer and other with risk characteristics described as follows:

Residential Real Estate: The degree of risk in residential mortgage lending depends primarily on the loan amount in relation to collateral value, the interest rate, and the borrower's ability to repay in an orderly fashion. These loans generally possess a lower inherent risk of loss than other real estate portfolio segments. Economic trends determined by unemployment rates and other key economic indicators are closely correlated to the credit quality of these loans. Weak economic trends indicate that the borrowers' capacity to repay their obligations may be deteriorating.

Commercial and Industrial: Commercial and industrial loans generally possess a lower inherent risk of loss than real estate portfolio segments because these loans are generally underwritten to existing cash flows of operating businesses. Debt coverage is provided by business cash flows and economic trends influenced by unemployment rates and other key economic indicators are closely correlated to the credit quality of these loans.

Commercial Real Estate: Commercial real estate loans generally possess a higher inherent risk of loss than other real estate portfolio segments, except land and construction loans. Adverse economic developments or an overbuilt market impact commercial real estate projects and may result in troubled loans. Trends in vacancy rates of commercial properties impact the credit quality of these loans. High vacancy rates reduce operating revenues and the ability for the properties to produce sufficient cash flow to service debt obligations.

Real Estate Construction: Real estate construction loans generally possess a higher inherent risk of loss than other real estate portfolio segments. A major risk arises from the necessity to complete projects within a specified cost and time line. Trends in the construction industry significantly impact the credit quality of these loans, as demand drives construction activity. In addition, trends in real estate values significantly impact the credit quality of these loans, as property values determine the economic viability of construction projects.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Loan Losses (Continued)

Consumer and Other: The consumer, equity lines of credit and other loan portfolios are usually comprised of a large number of small loans. Most loans are made directly for consumer purchases. Economic trends determined by unemployment rates and other key economic indicators are closely correlated to the credit quality of these loans. Weak economic trends indicate the borrowers' capacity to repay their obligations may be deteriorating.

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

Off-Balance-Sheet Credit Related Financial Instruments

In the ordinary course of business, the Company has entered into commitments to extend credit, including commitments under credit arrangements, commercial letters of credit, and standby letters of credit. Such financial instruments are recorded when they are funded. Management estimates anticipated losses using historical data and utilization assumptions.

Foreclosed and Repossessed Assets

Assets acquired through, or in lieu of, loan foreclosure and repossession are held for sale and are initially recorded at fair value less estimated selling cost at the date of foreclosure, establishing a new cost basis. Any write-downs based on the asset's fair value at the date of acquisition are charged to the allowance for loan losses. Subsequent to foreclosure, valuations are periodically performed by management and the assets held for sale are carried at the lower of the new cost basis or fair value less cost to sell. This evaluation is inherently subjective and requires estimates that are susceptible to significant revisions as more information becomes available. Due to potential changes in conditions, it is at least reasonably possible that changes in fair values will occur in the near term and that such changes could materially affect the amounts reported in the Company's consolidated financial statements. These balances are recorded in other assets on the balance sheet.

Impairment losses on assets to be held and used are measured at the amount by which the carrying amount of a property exceeds its fair value. Costs of significant asset improvements are capitalized, whereas costs relating to holding assets are expensed. Revenue and expenses from operations and changes in the valuation allowance are included in net expenses from foreclosed assets.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Premises and Equipment

Land is carried at cost. Other premises and equipment are carried at cost net of accumulated depreciation. Depreciation is computed on the straight-line method based principally on the estimated useful lives of the assets. Maintenance and repairs are expensed as incurred while major additions and improvements are capitalized. Gains and losses on dispositions are included in current operations.

Impairment of Long-Lived Assets

The Company tests long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or fair value less estimated costs to sell.

Mortgage Servicing Rights

Mortgage servicing rights are recognized as separate assets when rights are acquired through sale of mortgage loans. For sales of mortgage loans, a portion of the cost of originating the loan is allocated to the servicing right based on relative fair value. Fair value is based on market prices for comparable mortgage servicing contracts, when available, or alternatively, is based on a valuation model that calculates the present value of estimated future net servicing income. The valuation model incorporates assumptions that market participants would use in estimating future net servicing income, such as the cost to service, the discount rate, the custodial earnings rate, an inflation rate, ancillary income, prepayment speeds, and default rates and losses. Capitalized servicing rights are reported in other assets and are amortized into noninterest income in proportion to, and over the period of, the estimated future servicing income of the underlying loans.

Mortgage servicing rights are evaluated for impairment based upon the fair value of the rights as compared to amortized cost. Impairment is determined by stratifying rights by predominant characteristics, such as interest rates and terms. Impairment is recognized through a valuation allowance for an individual tranche, to the extent that fair value is less than the capitalized amount for the tranche. If the Company later determines that all or a portion of the impairment no longer exists for a particular tranche, a reduction of the allowance may be recorded as an increase to income.

Servicing fee income is recorded for fees earned for servicing loans. The fees are based on a contractual percentage of the outstanding principal, or a fixed amount per loan, and are recorded as income when earned. The amortization of mortgage servicing rights is netted against loan servicing fee income.

Bank Owned Life Insurance

The Company has purchased life insurance policies on certain key executives. Bank owned life insurance is recorded at its cash surrender value, or the amount that can be realized, if lower.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transfers of Financial Assets and Participating Interests

Transfers of an entire financial asset or a participating interest in an entire financial asset are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

The transfer of a participating interest in an entire financial asset must also meet the definition of a participating interest. A participating interest in a financial asset has all of the following characteristics: (1) from the date of transfer, it must represent a proportionate (pro rata) ownership interest in the financial asset, (2) from the date of transfer, all cash flows received, except any cash flows allocated as any compensation for servicing or other services performed, must be divided proportionately among participating interest holders in the amount equal to their share ownership, (3) the rights of each participating interest holder must have the same priority, (4) no party has the right to pledge or exchange the entire financial asset unless all participating interest holders agree to do so.

Advertising Costs

Advertising costs are expensed as incurred.

Income Taxes

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

The Company files consolidated federal and state income tax returns and is not subject to federal or state income tax examinations for taxable years prior to 2015.

The Company follows the guidance for accounting for uncertainty in income taxes. The Company can recognize in financial statements the impact of a tax position taken, or expected to be taken, if it is more likely than not that the position will be sustained on audit based on the technical merit of the position. The Company recognizes both interest and penalties as components of other operating expenses.

Comprehensive Income

Recognized revenue, expenses, gains, and losses are included in net income. Certain changes in assets and liabilities, such as unrealized gains and losses on securities available-for-sale, are reported as a separate component of the equity section of the consolidated balance sheet, such items, along with net income, are components of comprehensive income.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassification

Certain amounts in the 2017 consolidated financial statements have been reclassified to conform to the 2018 presentation.

New Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU implements a common revenue standard that clarifies the principles for recognizing revenue. The core principle of the ASU is that an entity should recognize revenue to depict 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. The ASU is effective for the Company for the fiscal year beginning after December 15, 2018, and interim periods within the fiscal year beginning after December 15, 2019. Early adoption is permitted. The Company is currently evaluating the impact of ASU 2014-09 on the consolidated financial statements.

In June 2016, the FASB approved ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The main objective of the ASU is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in the ASU replace the incurred loss impairment methodology in current accounting principles generally accepted in the United States of America with a methodology that reflects expected credit losses and require consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The ASU is effective for the Company for the fiscal year and interim periods beginning after December 15, 2021. Early adoption is permitted for the fiscal year beginning after December 15, 2018, including interim periods within this fiscal year. The Company is currently evaluating the impact of ASU 2016-13 on the consolidated financial statements.

In March 2017, the FASB approved ASU 2017-08, *Receivables – Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchased Callable Debt Securities*. The guidance requires an entity to shorten the amortization period for certain purchased callable debt securities held at a premium to the earliest call date. The standard will be effective for the Bank for annual reporting periods beginning after December 15, 2019. Early adoption is permitted. Management believes that this standard will not have a material impact on the Bank's financial statements.

Subsequent Events

In preparing these consolidated financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through February 18, 2019, the date the consolidated financial statements were available to be issued.

NOTE 2 INVESTMENT SECURITIES

The amortized cost of securities and their fair values, with gross unrealized gains and losses as of December 31, 2018 and 2017 are as follows:

	2018			
Securities Available-for-Sale	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government and Federal Agency	$ 22,236,619	$ 6,036	$ (382,720)	$ 21,859,935
State and Municipal	24,340,795	46,230	(323,896)	24,063,129
Corporate Securities	5,608,716	-	(115,365)	5,493,351
GSE Residential Mortgage-Backed	118,785,228	75,194	(2,501,422)	116,359,000
Collateralized Mortgaged Obligations	27,711,230	11,911	(735,615)	26,987,526
Total	$ 198,682,588	$ 139,371	$ (4,059,018)	$ 194,762,941

	2017			
Securities Available-for-Sale	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government and Federal Agency	$ 18,087,414	$ -	$ (184,252)	$ 17,903,162
State and Municipal	20,460,942	3,746	(262,102)	20,202,586
Corporate Securities	4,571,773	-	(27,846)	4,543,927
GSE Residential Mortgage-Backed	103,665,634	47,594	(1,332,441)	102,380,787
Collateralized Mortgaged Obligations	25,761,380	-	(685,302)	25,076,078
Total	$ 172,547,143	$ 51,340	$ (2,491,943)	$ 170,106,540

The amortized cost and fair value of securities as of December 31, 2018, by contractual maturity, are as follows:

	Amortized Cost	Fair Value
Available-for-Sale Securities Maturing in:		
One Year or Less	$ 2,061,959	$ 2,054,282
After One Year Through Five Years	38,653,084	38,020,096
After Five Years Through Ten Years	8,514,759	8,361,855
After Ten Years	2,956,328	2,980,182
	52,186,130	51,416,415
Mortgage-Backed Securities	146,496,458	143,346,526
Total	$ 198,682,588	$ 194,762,941

Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

Securities with a carrying value of $39,088,174 and $39,754,453 were pledged at December 31, 2018 and 2017, respectively, to secure public deposits, repurchase agreements, and for other purposes required or permitted by law.

NOTE 2 INVESTMENT SECURITIES (CONTINUED)

Sales of securities available-for-sale were as follows for the years ended December 31, 2018 and 2017:

	2018	2017
Proceeds from Sale	$ -	$ 21,689,439
Gross Realized Gains	-	40,147
Gross Realized Losses	-	(21,405)

Information pertaining to securities with gross unrealized losses that are not deemed to be other than temporarily impaired at December 31, 2018 and 2017 aggregated by investment category and length of time that individual securities have been in a continuous loss position, follows:

	Less than Twelve Months		Over Twelve Months	
December 31, 2018	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
U.S. Government and Federal Agency	$ -	$ -	$ 19,853,899	$ (382,720)
State and Municipal	-	-	18,171,169	(323,896)
Corporate Securities	2,031,838	(39,115)	3,461,513	(76,250)
GSE Residential Mortgage-Backed	13,582,650	(71,626)	84,863,523	(2,429,796)
Collateralized Mortgaged Obligations	1,366,652	(5,653)	20,334,512	(729,962)
Total	$ 16,981,140	$ (116,394)	$ 146,684,616	$ (3,942,624)

	Less than Twelve Months		Over Twelve Months	
December 31, 2017	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
U.S. Government and Federal Agency	$ 15,033,621	$ (97,721)	$ 5,413,468	$ (86,531)
State and Municipal	12,010,257	(110,813)	7,550,614	(151,289)
Corporate Securities	4,543,927	(27,846)	-	-
GSE Residential Mortgage-Backed	36,150,066	(255,116)	58,301,626	(1,077,325)
Collateralized Mortgaged Obligations	4,721,220	(62,756)	20,354,858	(622,546)
Total	$ 72,459,091	$ (554,252)	$ 91,620,566	$ (1,937,691)

At December 31, 2018, 198 securities have an unrealized loss, with an aggregate depreciation of less than three percent of the Company's amortized cost basis for such securities. These unrealized losses are a result of expected fluctuations in the bond market. In analyzing an issuer's financial condition, management considers whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred, and industry analysts' reports. The decline in value of these securities is deemed to be temporary.

NOTE 3 LOANS

Loans are summarized as follows:

	2018	2017
Residential 1-4 Family	$ 60,348,351	55,882,932
Commercial	51,506,230	32,231,407
Commercial Real Estate	51,261,239	48,335,919
Construction	740,449	889,465
Equity Lines of Credit	1,578,154	1,778,252
Consumer and Other	23,089,050	17,388,069
	188,523,473	156,506,044
Deferred Loan Fees	(704,820)	(529,550)
Allowance for Loan Losses	(1,904,205)	(1,643,231)
Loans, Net	$ 185,914,448	$ 154,333,263

The allowance for loan losses and recorded investment in loans for the years ended are as follows:

December 31, 2018	Residential 1-4 Family	Commercial	Commercial Real estate	Construction	Equity Lines of Credit	Consumer	Unallocated	Total
Allowance for Loan Losses:								
Balance at Beginning of Year	$ 671,174	$ 245,661	$ 417,856	$ 2,547	$ 5,335	$ 176,795	$ 123,863	$ 1,643,231
Provision for Loan Losses	(54,790)	219,367	45,890	(79)	978	6,333	82,301	300,000
Loans Charged-Off	-	(45,900)	-	-	-	(28,278)	-	(74,178)
Recoveries of Loans Previously Charged-Off	-	-	-	-	-	35,152	-	35,152
Balance at End of Year	$ 616,384	$ 419,128	$ 463,746	$ 2,468	$ 6,313	$ 190,002	$ 206,164	$ 1,904,205
Ending Balance: Individually Evaluated for Impairment	$ -	$ -	$ -	$ -	$ -	$ -		$ -
Ending Balance: Collectively Evaluated for Impairment	$ 616,384	$ 419,128	$ 463,746	$ 2,468	$ 6,313	$ 190,002	$ 206,164	$ 1,904,205
Loans:								
Ending Balance: Individually Evaluated for Impairment	$ 108,418	$ 115,178	$ 711,250	$ 35,354	$ -	$ 4,249		$ 974,449
Ending Balance: Collectively Evaluated for Impairment	$ 60,239,933	$ 51,391,052	$ 50,549,989	$ 705,095	$ 1,578,154	$ 23,084,801		$ 187,549,024

NOTE 3 LOANS (CONTINUED)

December 31, 2017	Residential 1-4 Family	Commercial	Commercial Real estate	Construction	Equity Lines of Credit	Consumer	Unallocated	Total
Allowance for Loan Losses:								
Balance at Beginning of Year	$ 766,999	$ 233,614	$ 395,048	$ 24,599	$ 51,682	$ 51,668	$ -	$ 1,523,610
Provision for Loan Losses	(95,825)	171,348	22,808	(22,052)	(46,347)	146,205	123,863	300,000
Loans Charged-Off	-	(159,301)	-	-	-	(44,124)	-	(203,425)
Recoveries of Loans Previously Charged-Off	-	-	-	-	-	23,046		- 23,046
Balance at End of Year	$ 671,174	$ 245,661	$ 417,856	$ 2,547	$ 5,335	$ 176,795	$ 123,863	$ 1,643,231
Ending Balance: Individually Evaluated for Impairment	$ -	$ -	$ -	$ -	$ -	$ -		$ -
Ending Balance: Collectively Evaluated for Impairment	$ 671,174	$ 245,661	$ 417,856	$ 2,547	$ 5,335	$ 176,795	$ 123,863	$ 1,643,231
Loans:								
Ending Balance: Individually Evaluated for Impairment	$ 120,544	$ 415,550	$ 757,300	$ 40,403	$ -	$ 38,912		$ 1,372,709
Ending Balance: Collectively Evaluated for Impairment	$ 56,826,045	$ 30,366,997	$ 37,897,750	$ 780,996	$ 1,861,657	$ 11,681,931		$ 139,415,376

The following tables show the loans allocated by management's internal risk ratings:

December 31, 2018	Commercial Credit Risk Profile by Risk Rating						
Risk Rating:	Residential 1-4 Family	Commercial	Commercial Real estate	Construction	Equity Lines of Credit	Consumer	Total
Pass	$ 58,670,860	$ 51,142,290	$ 50,132,056	$ 705,095	$ 1,578,154	$ 23,084,801	$ 185,313,256
Pass/Watch	208,202	-	-	-	-	-	208,202
Substandard	1,469,289	363,940	1,129,183	35,354	-	4,249	3,002,015
Total	$ 60,348,351	$ 51,506,230	$ 51,261,239	$ 740,449	$ 1,578,154	$ 23,089,050	$ 188,523,473

December 31, 2017	Commercial Credit Risk Profile by Risk Rating						
Risk Rating:	Residential 1-4 Family	Commercial	Commercial Real estate	Construction	Equity Lines of Credit	Consumer	Total
Pass	$ 53,799,162	$ 30,833,015	$ 47,150,435	$ 849,062	$ 1,778,252	$ 17,349,157	$ 151,759,083
Pass/Watch	-	700,925	-	-	-	-	700,925
Substandard	2,083,770	697,467	1,185,484	40,403	-	38,912	4,046,036
Total	$ 55,882,932	$ 32,231,407	$ 48,335,919	$ 889,465	$ 1,778,252	$ 17,388,069	$ 156,506,044

NOTE 3 LOANS (CONTINUED)

The following tables show the aging analysis of the loan portfolio by time past due:

December 31, 2018	Accruing Interest				
	Current	30-89 Days Past Due	More Than 90 Days Past Due	Total Nonaccrual	Total Loans
Residential 1-4 Family	$ 59,121,233	$ 1,081,271	$ 37,429	$ 108,418	$ 60,348,351
Commercial	50,920,679	470,373	-	115,178	51,506,230
Commercial Real Estate	50,291,996	89,355	168,638	711,250	51,261,239
Construction	705,095	-	-	35,354	740,449
Equity Lines of Credit	1,542,151	36,003	-	-	1,578,154
Consumer and Other	22,700,631	384,170	-	4,249	23,089,050
Total	$ 185,281,785	$ 2,061,172	$ 206,067	$ 974,449	$ 188,523,473

December 31, 2017	Accruing Interest				
	Current	30-89 Days Past Due	More Than 90 Days Past Due	Total Nonaccrual	Total Loans
Residential 1-4 Family	$ 54,749,925	$ 959,039	$ 53,424	$ 120,544	$ 55,882,932
Commercial	31,728,649	87,208	-	415,550	32,231,407
Commercial Real Estate	47,307,328	107,759	163,532	757,300	48,335,919
Construction	849,062	-	-	40,403	889,465
Equity Lines of Credit	1,760,616	17,636	-	-	1,778,252
Consumer and Other	17,126,316	222,841	-	38,912	17,388,069
Total	$ 153,521,896	$ 1,394,483	$ 216,956	$ 1,372,709	$ 156,506,044

There was interest income foregone on nonaccrual loans of approximately $103,617 and $12,947 for the years ended December 31, 2018 and 2017, respectively.

NOTE 3 LOANS (CONTINUED)

The following tables present information related to impaired loans:

December 31, 2018	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
Loans With No Related Allowance Recorded:					
Residential 1-4 Family	$ 108,418	$ 108,418	$ -	$ 115,874	$ -
Commercial	115,178	115,178	-	141,740	-
Commercial Real Estate	711,250	711,250	-	737,382	459
Construction	35,354	35,354	-	38,230	-
Consumer and Other	4,249	4,249	-	7,110	-
Total Loans With No Related Allowance Recorded	$ 974,449	$ 974,449	$ -	$ 1,040,336	$ 459

December 31, 2017	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
Loans With No Related Allowance Recorded:					
Residential 1-4 Family	$ 120,544	$ 120,544	$ -	$ 123,332	$ 5,920
Commercial	415,550	415,550	-	535,941	43,240
Commercial Real Estate	757,300	757,300	-	719,988	27,263
Construction	40,403	40,403	-	41,670	25,333
Consumer and Other	38,912	38,912	-	54,037	3,530
Total Loans With No Related Allowance Recorded	$ 1,372,709	$ 1,372,709	$ -	$ 1,474,968	$ 105,286

The Company had no loans modified in trouble debt restructurings during the years ended December 31, 2018 and 2017. There was one loan that had been modified in years prior to our audit period which defaulted in the amount of $373,696 during 2017. The loan did not experience a default during 2018. As of December 31, 2018, the remaining restructured loan had a balance of $612,169.

The Company does not have material commitments to lend additional funds to borrowers with loans whose terms have been modified in troubled debt restructurings or whose loans are on nonaccrual.

NOTE 4 PREMISES AND EQUIPMENT

Components of premises and equipment as of December 31, 2018 and 2017 are as follows:

	2018	2017
Land	$ 175,329	$ 175,329
Premises and Improvements	4,570,472	4,528,174
Furniture, Fixtures, and Equipment	3,685,566	3,853,254
	8,431,367	8,556,757
Less: Accumulated Depreciation	(6,411,171)	(6,307,315)
Total	$ 2,020,196	$ 2,249,442

Depreciation expense for the years ended December 31, 2018 and 2017 amounted to $431,855 and $379,510, respectively.

The Company leases a branch under an operating lease which expires on June 30, 2020. The Company and landlord, subject to the landlord's consent, have the option to extend the lease for one five-year term, which both parties are expected to execute. In addition, the Company has entered into leases for branch operations and ATM space fees, which expire at the end of 2018. Rent expense was $70,033 and $65,893 for 2018 and 2017, respectively.

The future minimum rental commitments under the operating leases referred to above are as follows:

Year Ending December 31,	Amount
2019	$ 72,809
2020	37,741
Total	$ 110,550

NOTE 5 MORTGAGE SERVICING RIGHTS

Loans serviced for others are not included in the accompanying consolidated balance sheets. The unpaid principal balances of loans serviced for others totaled $93,245,596 and $93,922,485 at December 31, 2018 and 2017, respectively. The activity in mortgage servicing rights and the related valuation allowance is summarized as follows:

	2018	2017
Mortgage Servicing Rights at Beginning of Year	$ 365,852	371,123
Mortgage Servicing Rights Capitalized	148,434	134,056
Amortization	(107,017)	(139,327)
Mortgage Servicing Rights at End of Year	$ 407,269	$ 365,852
Estimated Fair Value	$ 1,023,425	$ 880,865

Fair values of mortgage servicing rights are determined using the present value of estimated future cash flows, using assumptions that market participants would use in their estimates of values. The following table indicates the estimated future amortization expense for mortgage servicing rights:

Year Ending December 31,	Amount
2019	$ 75,312
2020	86,091
2021	72,677
2022	63,359
2023	46,141
Thereafter	63,689
Total	$ 407,269

NOTE 6 DEPOSITS

Deposits at December 31, 2018 and 2017 are summarized as follows:

	2018	2017
Demand Deposits	$ 182,464,285	$ 165,703,853
Interest Bearing Demand Deposits	174,711,133	157,945,481
Time Deposits	26,765,722	32,165,678
Total	$ 383,941,140	$ 355,815,012

NOTE 6 DEPOSITS (CONTINUED)

At December 31, 2018, the scheduled maturities of certificates of deposit are as follows:

Year Ending December 31,	Balance	Weighted Average Rate
2019	$ 17,345,183	0.98%
2020	3,232,460	0.86%
2021	3,083,650	1.13%
2022	2,413,312	1.22%
2023	691,117	1.56%
Total	$ 26,765,722	1.02%

Time deposits that meet or exceed FDIC insurance coverage of $250,000 were approximately $7,576,000 and $9,670,000 at December 31, 2018 and 2017, respectively.

NOTE 7 RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Bank has granted loans to executive officers, directors, and their affiliates (collectively, insiders). The Company has loans to insiders aggregating $3,467,196 and $7,552,538 at December 31, 2018 and 2017, respectively.

Deposits from related parties held by the Bank at December 31, 2018 and 2017 amounted to approximately $15,485,113 and $7,912,258, respectively.

NOTE 8 FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

In the normal course of business, the Bank has outstanding commitments and contingent liabilities, such as commitments to extend credit and standby letters of credit, which are not included in the accompanying financial statements. The Bank's exposure to credit loss in the event of nonperformance by the other party to the financial instruments for commitments to extend credit and standby letters of credit is represented by the contractual or notional amount of those instruments. The Bank uses the same credit policies in making such commitments as it does for instruments that are included in the statements of financial condition.

At December 31, 2018 and 2017, the following financial instruments whose contract amount represents credit risk were approximately as follows:

	2018	2017
Unused Lines of Credit	$ 19,835,020	$ 15,561,757
Standby Letters of Credit	504,190	504,190
	$ 20,339,210	$ 16,065,947

NOTE 8 FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK (CONTINUED)

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, is based on management's credit evaluation. Collateral held varies but may include accounts receivable, inventory, property and equipment, and income producing commercial properties.

Standby letters-of-credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. Standby letters-of-credit generally have fixed expiration dates or other termination clauses and may require payment of a fee. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Bank's policy for obtaining collateral, and the nature of such collateral, is essentially the same as that involved in making commitments to extend credit.

The Bank was not required to perform on any financial guarantees and did not incur any losses on its commitments during the past two years.

NOTE 9 LEGAL CONTINGENCIES

The Company may be subject to claims and lawsuits which may arise primarily in the ordinary course of business. It is the opinion of management, if such claims are made, that the disposition or ultimate resolution of the claims and lawsuits will not have a material adverse effect on the financial position of the company.

NOTE 10 401(K) PLAN

The Company has a 401(k) plan for its employees. A participant may elect to make pre-tax contributions up to the maximum amount allowed by the Internal Revenue Service. The Company makes contributions up to 3% of the employees' compensation per pay period, with the ability to make an additional discretionary contribution. The Company made contributions of $291,666 and $175,000 in 2018 and 2017, respectively.

NOTE 11 REGULATORY MATTERS

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Bank's consolidated financial statements. These capital requirements were modified in 2013 with the Basel III capital rules, which establish a new comprehensive capital framework for U.S. banking organizations. The Bank became subject to the new rules on January 1, 2015, with a phase-in period for many of the new provisions.

NOTE 11 REGULATORY MATTERS (CONTINUED)

Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measure of its assets, liabilities, and certain off balance sheet items as calculated under regulatory accounting practices. The capital amounts and the classifications are also subject to qualitative judgment by the regulator in regards to components, risk weighting, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the following table) of Common Equity Tier 1, Tier 1 and total capital (as defined in the regulations) to risk weighed assets (as defined) and of Tier 1 capital (as defined) to average assets (as defined). Management believes as of December 31, 2018 and 2017, the Bank meets all of the capital adequacy requirements to which it is subject.

As of December 31, 2018, the most recent notification from the Federal Deposit Insurance Corporation, categorized the Bank is well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since the notification that management believe have changed the Bank's category.

NOTE 11 REGULATORY MATTERS (CONTINUED)

The Bank's actual capital amounts and ratios as of December 31, 2018 and 2017 are presented in the following table (in thousands).

	Actual		Minimum Capital Requirement		Minimum to be Well Capitalized	
December 31, 2018	Amount	Ratio	Amount	Ratio	Amount	Ratio
Common Equity Tier 1 Capital to Risk Weighted Assets:						
Bank	$ 33,881	15.65%	$ 9,741	4.50%	$ 14,071	6.50%
Total Capital to Risk Weighted Assets:						
Bank	35,814	16.54%	17,318	8.00%	21,647	10.00%
Tier I Capital to Risk Weighted Assets:						
Bank	33,881	15.65%	8,659	4.00%	12,988	6.00%
Tier I Capital to Average Assets:						
Bank	33,881	8.32%	16,288	4.00%	20,360	5.00%

	Actual		Minimum Capital Requirement		Minimum to be Well Capitalized	
December 31, 2017	Amount	Ratio	Amount	Ratio	Amount	Ratio
Common Equity Tier 1 Capital to Risk Weighted Assets:						
Bank	$ 31,898	18.10%	$ 7,931	4.50%	$ 11,456	6.50%
Total Capital to Risk Weighted Assets:						
Bank	33,570	19.05%	14,100	8.00%	17,625	10.00%
Tier I Capital to Risk Weighted Assets:						
Bank	31,898	18.10%	7,050	4.00%	10,575	6.00%
Tier I Capital to Average Assets:						
Bank	31,898	9.15%	13,946	4.00%	17,432	5.00%

The Bank is subject to certain restrictions on the amount of dividends that it may pay without prior regulatory approval. The Bank normally restricts dividends to a lesser amount.

NOTE 12 FAIR VALUE MEASUREMENTS

The Company categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

Subsequent to initial recognition, the Company may remeasure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

Professional standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis. The Company adopted the policy to value certain financial instruments at fair value. The Company has not elected to measure any existing financial instruments at fair value; however, it may elect to measure newly acquired financial instruments at fair value in the future.

NOTE 12 FAIR VALUE MEASUREMENTS (CONTINUED)

Recurring Basis

The Company uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Company measures fair value refer to Note 1 – Summary of Significant Accounting Principles to the Consolidated Financial Statements. The following table presents the balances of the assets and liabilities measured at fair value on a recurring basis as of December 31, 2018 and 2017:

	Level 1	Level 2	Level 3	Total
December 31, 2018				
U.S. Government and Federal Agency	$ -	$ 21,859,935	$ -	$ 21,859,935
State and Municipal	-	24,063,129	-	24,063,129
Corporate Securities	-	5,493,351	-	5,493,351
GSE Residential Mortgage-backed	-	116,359,000	-	116,359,000
Collateralized Mortgaged Obligations	-	26,987,526	-	26,987,526
Total	$ -	$ 194,762,941	$ -	$ 194,762,941

	Level 1	Level 2	Level 3	Total
December 31, 2017				
U.S. Government and Federal Agency	$ -	$ 17,903,162	$ -	$ 17,903,162
State and Municipal	-	20,202,586	-	20,202,586
Corporate Securities		4,543,927		
GSE Residential Mortgage-backed	-	102,380,787	-	102,380,787
Collateralized Mortgaged Obligations	-	25,076,078	-	25,076,078
Total	$ -	$ 170,106,540	$ -	$ 165,562,613

Investment Securities

When available, the Company uses quoted market prices to determine the fair value of securities; such items are classified in Level 1 of the fair value hierarchy. For the Company's securities for which quoted prices are not available for identical securities in an active market, the Company determines fair value utilizing vendors who apply matrix pricing for similar bonds for which no price is observable or may compile prices from various sources. These models are primarily industry-standard models that consider various assumptions, including time value, yield curve, 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. Fair values from these models are verified, where possible, against quoted market prices for recent trading activity of assets with similar characteristics to the security being valued. Such methods are generally classified as Level 2. However, when prices from independent sources vary, cannot be obtained, or cannot be corroborated, a security is generally classified as Level 3.

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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors
Carlsbad Bancorporation, Inc. and Subsidiary
Carlsbad, New Mexico

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2018 and 2017 parent company balance sheet and income statement on pages 32 and 33 are presented for the purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
February 18, 2019

CARLSBAD BANCORPORATION, INC. AND SUBSIDIARY
PARENT BALANCE SHEETS
DECEMBER 31, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS	2018	2017
Cash and Due from Financial Institutions	$ 106,141	$ 135,175
Investment in Banking Subsidiary	29,961,445	29,457,648
Total Assets	$ 30,067,586	$ 29,592,823
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accrued Expenses and Other Liabilities	$ 10,002	$ 32,215
Stockholders' Equity	30,057,584	29,560,608
Total Liabilities and Stockholders' Equity	$ 30,067,586	$ 29,592,823

CARLSBAD BANCORPORATION, INC. AND SUBSIDIARY
PARENT STATEMENTS OF INCOME
DECEMBER 31, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	2018	2017
Dividends from Banking Subsidiary and Other Income	$ 4,568,934	$ 4,132,200
Other Expenses	550	300
Income Before Undistributed Subsidiary Income	4,568,384	4,131,900
Equity in Undistributed Subsidiary Income	2,040,890	1,423,314
Net Income	$ 6,609,274	$ 5,555,214

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