**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, Hyman D. Sauer
Name of the Holding Company Director and Official

Director/Chairman
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.*

Hyman Sauer
Signature of Holding Company Director and Official

02/23/2021
Date of Signature

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

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

**For Federal Reserve Bank Use Only**

RSSD ID ______
C.I. ______

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

**December 31, 2020**
Month / Day / Year

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

Reporter's Name, Street, and Mailing Address

First Eldorado Bancshares, Inc
Legal Title of Holding Company

100 Main Street / PO BOX 737
(Mailing Address of the Holding Company) Street / P.O. Box

| City | State | Zip Code |
|---|---|---|
| Eldorado | TX | 76936 |

100 Main Street
Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

| Name | Title |
|---|---|
| Chelsey Castillo | Teller |

325-853-2561 EXT 141
Area Code / Phone Number / Extension

325-853-3458
Area Code / FAX Number

ccastillo@fnbeldorado.com
E-mail Address

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

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."

Public reporting burden for this information collection is estimated to vary from 1.3 to 101 hours per response, with an average of 5.50 hours per response, including time to gather and maintain data in the required form and to review instructions and complete the information collection. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551, and to the Office of Management and Budget, Paperwork Reduction Project (7100-0297), Washington, DC 20503.

# 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.*

First Eldorado Delaware Bancshares, Inc
Legal Title of Subsidiary Holding Company

15 E. North Street / PO Box 899
(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

| City | State | Zip Code |
|---|---|---|
| Dover | DE | 19901 |

15 E. North Street
Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

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

City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

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

City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

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

City State Zip Code

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City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

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

City State Zip Code

Physical Location (if different from mailing address)

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)

**Form FR Y-6**

**First Eldorado Bancshares, Inc.**
**Eldorado, Texas**
**Fiscal Year Ending December 31, 2020**

**Report Item**

**1:** **The bank holding company prepares an annual report for its shareholders. Copy enclosed.**

**2:** **Organization Chart**

**FIRST ELDORADO BANCSHARES, INC.**
**ELDORADO, TEXAS**
**Incorporated in Texas**

|
|

**Owns 100% of:**

**FIRST ELDORADO DELAWARE BANCSHARES, INC.**
**DOVER, DELAWARE**
**Incorporated in Delaware**

|
|

**Owns 100% of:**

**THE FIRST NATIONAL BANK OF ELDORADO**
**ELDORADO, TEXAS**
**Incorporated in United States**

|
|

**No Entity has a LEI**

**Results:** A list of branches for your depository institution: FIRST NATIONAL BANK OF ELDORADO, THE (ID_RSSD: 665258).
This depository institution is held by FIRST ELDORADO BANCSHARES, INC. (2234863) of ELDORADO, TX.
The data are as of 12/31/2020. Data reflects information that was received and processed through 01/05/2021.

**Reconciliation and Verification Steps**

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

**Actions**

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

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

**Submission Procedure**

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

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

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

| Data Action | Effective Date | Branch Service Type | Branch ID_RSSD* | Popular Name | Street Address | City | State | Zip Code | County | Country | FDIC UNINUM* | Office Number* | Head Office | Head Office ID_RSSD* | Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| OK | | Full Service (Head Office) | 665258 | FIRST NATIONAL BANK OF ELDORADO, THE | 100 MAIN STREET | ELDORADO | TX | 76936 | SCHLEICHER | UNITED STATES | Not Required | Not Required | FIRST NATIONAL BANK OF ELDORADO, THE | 665258 | |

**Form FR Y-6**
**First Eldorado Bancshares, Inc.**
**Fiscal Year Ending December 31, 2020**

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

| Current Shareholders with ownership, control or holdings of 5% or more with power to vote as of fiscal year ending 12-31-2020 | | | Shareholders not listed in 3(1)a through 3(1)c that had ownership, control of 5% or more with power to vote during the fiscal year ending 12-31-2020 | | |
|---|---|---|---|---|---|
| (1)(a) Name & Address (City, State, Country) | (1)(b) Country of Citi-zenship or Incorporation | (1)( c) Number and Percentage of Each Class of Voting Securities | (2)(a) Name & Address (City, State, Country | (2)(b) Country of Citi-zenship or Incorporation | (2)( c) Number and Percentage of Each Class of Voting Securities |
| Martha Sue Oliver<br>San Angelo, TX USA | USA | 12,734 - 10.00% Common Stock | N/A | N/A | N/A |
| Larry J Kerr<br>San Angelo, TX USA | USA | 10,917 - 8.57% Common Stock | N/A | N/A | N/A |
| Mason Vaughan<br>Eldorado, TX | USA | 6,399 - 5.03% Common Stock | N/A | N/A | N/A |

Form FR Y-6
First Eldorado Delaware Bancshares, Inc.
Fiscal Year Ending December 31, 2020

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

| Current Shareholders with ownership, control or holdings of 5% or more with power to vote as of fiscal year ending 12-31-2020 | | | Shareholders not listed in 3(1)a through 3(1)c that had ownership, control of 5% or more with power to vote during the fiscal year ending 12-31-2020 | | |
|---|---|---|---|---|---|
| (1)(a) Name & Address (City, State, Country) | (1)(b) Country of Citizenship or Incorporation | (1)( c) Number and Percentage of Each Class of Voting Securities | (2)(a) Name & Address (City, State, Country | (2)(b) Country of Citizenship or Incorporation | (2)( c) Number and Percentage of Each Class of Voting Securities |
| First Eldorado Bancshares, Inc. Eldorado, TX, USA | USA | 1000 - 100% Common Stock | N/A | N/A | N/A |

Form FRY-6
First Eldorado Delaware Bancshares, Inc.
Fiscal Year Ending December 31, 2020

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

| (1) Names & Address (City, State, Country) | (2) Principal Occupation if other than Bank Holding Company | (3)(a) Title & Position with Bank 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 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 |
|---|---|---|---|---|---|---|---|
| Hyman D. Sauer<br>Eldorado TX USA | N/A | Director, Chairman | Chairman, Director- FNB Eldorado | Divide Water Co,LLC Partner | N/A | N/A | Divide Water Co., LLC 50% |
| Shirley J. Joiner<br>Eldorado TX USA | Homemaker | Director | Director-FNB, Eldorado | N/A | N/A | N/A | N/A |
| Angela Redish<br>Eldorado TX USA | N/A | Treasurer | Cashier, Vice President-FNB, Eldorado | N/A | N/A | N/A | N/A |
| Mason B. Vaughan<br>Eldorado TX USA | N/A | President, Director | President<br>Director-FNB, Eldorado | N/A | N/A | N/A | N/A |
| Martha S. Oliver<br>San Angelo TX USA | Homemaker | Director | Director-FNB, Eldorado | N/A | N/A | N/A | N/A |

| (1) | (2) | (3)a | (3)b | (3)c | (4)a | (4)b | (4)c |
|---|---|---|---|---|---|---|---|
| Lynn E. Meador<br>Eldorado TX USA | Rancher/<br>Real Estate | Director | Director-FNB, Eldorado | Lynn Meador & Co.<br>-Owner<br>X Bar Ranch, LTD<br>-Limited Partner | N/A | N/A | Lynn Meador & Co.<br>100% |
| Jeanne J. Snelson<br>Eldorado TX USA | Homemaker | Director | Director-FNB, Eldorado | N/A | N/A | N/A | N/A |
| First Eldorado Bancshares, Inc.<br>Eldorado, TX USA | N/A | Principal Securities Holder | N/A | N/A | 100 | N/A | N/A |

Form FRY-6
First Eldorado Bancshares, Inc.
Fiscal Year Ending December 31, 2020

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

| (1) Names & Address (City, State, Country) | (2) Principal Occupation if other than Bank Holding Company | (3)(a) Title & Position with Bank 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 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 |
|---|---|---|---|---|---|---|---|
| Martha S Oliver<br>San Angelo TX USA | Homemaker | Director | Director-First Eldorado Delaware Bancsharers<br>Director-FNB,Eldorado | N/A | 10.00 | N/A | N/A |
| Hyman D. Sauer<br>Eldorado TX USA | N/A | Director, Chairman | Director,Chairman-First Eldorado Delaware Bancshares; Director, Chairman-<br>FNB, Eldorado | Divide Water Co,LLC<br>Partner | 3.73 | N/A | Divide Water Co., LLC<br>50% |
| Shirley J. Joiner<br>Eldorado TX USA | Homemaker | Director | Director<br>First Eldorado Delaware Bancshares;<br>Director-FNB, Eldor | N/A | 2.04 | N/A | N/A |
| Angela Redish<br>Eldorado TX USA | N/A | Treasurer | Treasurer-First Eldorado Delaware Bancshares;<br>Cashier,V-Pres.-FNB, Eldorado | N/A | N/A | N/A | N/A |
| Mason B. Vaughan<br>Eldorado TX USA | N/A | President<br>Director | President<br>Director,First Eldorado Delaware Bancshares;<br>President,<br>Director,FNB, Eldorado | N/A | 5.03 | N/A | N/A |
| Lynn E. Meador<br>Eldorado TX USA | Rancher/<br>Real Estate | Director | Director-First Eldorado Delaware Bancshares;<br>Director-FNB, Eldorado | Lynn Meador & Co.<br>-Owner<br>X Bar Ranch, LTD<br>-Limited Partner | 2.67 | N/A | Lynn Meador & Co.<br>100% |
| Jeanne J. Snelson<br>Eldorado TX USA | Homemaker | Director | Director-First Eldorado Delaware Bancshares;<br>Director-FNB, Eldorado | N/A | 3.16 | N/A | N/A |

CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

**FIRST ELDORADO BANCSHARES, INC.
AND SUBSIDIARIES**

December 31, 2020 and 2019

**FIRST ELDORADO BANCSHARES, INC. AND SUBSIDIARIES**

December 31, 2020 and 2019

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HAMBY &
HENGELI LLC
accountants and advisors

# INDEPENDENT AUDITOR'S REPORT

Board of Directors
First Eldorado Bancshares, Inc.
Eldorado, Texas

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of First Eldorado Bancshares, Inc. and Subsidiaries which are comprised of the consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

## Management's Responsibility for the Consolidated Financial Statements

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

## Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, 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 financial statements.

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

## Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of First Eldorado Bancshares, Inc. and Subsidiaries as of December 31, 2020 and 2019 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.

Certified Public Accountants
2909 Sherwood Way, Suite 204, San Angelo, TX 76901
325.949.2567 | www.HambyHengeli.com

**Report on Consolidating Information**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules on pages 27 through 30 are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual companies, and are not a required part of the consolidated financial statements. The supplemental consolidating schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. The supplemental consolidating schedules have been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling the information directly to the underlying accounting records used to prepare the consolidated financial statements and 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, the supplemental consolidating schedules are fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Hamby & Hengeli LLC

San Angelo, Texas
January 22, 2021

## FIRST ELDORADO BANCSHARES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| ASSETS | | |
| Cash and due from banks | $ 2,209,148 | $ 1,803,594 |
| Federal funds sold | 14,000,000 | 7,000,000 |
| Cash and cash equivalents | 16,209,148 | 8,803,594 |
| Debt securities available for sale | 13,781,388 | 16,493,606 |
| Equity securities | 23,063 | 24,589 |
| Loans, net | 33,547,877 | 32,684,419 |
| Premises and equipment, net | 597,677 | 664,242 |
| Bank owned life insurance | 2,547,259 | 2,481,227 |
| Accrued interest receivable | 409,496 | 419,416 |
| Restricted stock | 56,650 | 56,350 |
| Other assets | 91,952 | 76,245 |
| | $ 67,264,510 | $ 61,703,688 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Liabilities | | |
| Deposits | | |
| Noninterest-bearing | $ 21,913,843 | $ 19,731,115 |
| Interest-bearing | 33,818,098 | 31,195,944 |
| Total deposits | 55,731,941 | 50,927,059 |
| Advances from Federal Home Loan Bank | 139,845 | 150,020 |
| Accrued interest payable | 3,924 | 7,266 |
| Other liabilities | 186,163 | 158,483 |
| Total liabilities | 56,061,873 | 51,242,828 |
| Commitments (Notes G and I) | | |
| Stockholders' equity | | |
| Common stock - 1,000,000 shares $1 par value stock authorized; 127,338 shares issued and outstanding in 2020 and 2019 | 127,338 | 127,338 |
| Surplus | 1,767,451 | 1,767,451 |
| Retained earnings | 8,910,945 | 8,365,813 |
| Accumulated other comprehensive income | 396,903 | 200,258 |
| Total stockholders' equity | 11,202,637 | 10,460,860 |
| | $ 67,264,510 | $ 61,703,688 |

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

**FIRST ELDORADO BANCSHARES, INC. AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF INCOME

| | Years ended December 31, 2020 | 2019 |
|---|---|---|
| Interest income | | |
| Loans, including fees | $ 2,918,832 | $ 2,885,525 |
| Debt securities: | | |
| Taxable | 20,497 | 47,322 |
| Tax-Exempt | 284,127 | 329,979 |
| Other interest and dividends | 35,578 | 124,854 |
| Total interest income | 3,259,034 | 3,387,680 |
| Interest expense | | |
| Deposits | 87,251 | 106,239 |
| Borrowed funds and other | 4,633 | 4,951 |
| Total interest expense | 91,884 | 111,190 |
| Provision for loan losses | 130,810 | 40,000 |
| Net interest income after provision for loan losses | 3,036,340 | 3,236,490 |
| Noninterest income | | |
| Service charges on deposit accounts | 185,928 | 230,345 |
| Net gain on sale of assets | - | 11,376 |
| Other income | 91,841 | 95,687 |
| Total noninterest income | 277,769 | 337,408 |
| Noninterest expense | | |
| Salaries and employee benefits | 1,097,805 | 1,100,825 |
| Occupancy and equipment | 274,733 | 237,165 |
| Data processing | 201,673 | 171,923 |
| Regulatory fees and assessments | 34,500 | 44,867 |
| Other general and administrative | 396,238 | 402,646 |
| Total noninterest expense | 2,004,949 | 1,957,426 |
| NET INCOME | $ 1,309,160 | $ 1,616,472 |

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

**FIRST ELDORADO BANCSHARES, INC. AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| | Years ended December 31, 2020 | Years ended December 31, 2019 |
|---|---|---|
| Net income | $ 1,309,160 | $ 1,616,472 |
| Other comprehensive income | | |
| Gross unrealized gains on available for sale securities | 196,645 | 256,609 |
| Total other comprehensive income | 196,645 | 256,609 |
| TOTAL COMPREHENSIVE INCOME | $ 1,505,805 | $ 1,873,081 |

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

**FIRST ELDORADO BANCSHARES, INC. AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Years Ended December 31, 2020 and 2019

| | Common Stock | Surplus | Retained Earnings | Accumulated Other Comprehensive Income | Total |
|---|---|---|---|---|---|
| Balance at December 31, 2018 | $ 127,338 | $ 1,767,451 | $ 7,513,369 | $ (56,351) | $ 9,351,807 |
| Net income | - | - | 1,616,472 | - | 1,616,472 |
| Other comprehensive income | - | - | - | 256,609 | 256,609 |
| Cash dividends paid | - | - | (764,028) | - | (764,028) |
| Balance at December 31, 2019 | 127,338 | 1,767,451 | 8,365,813 | 200,258 | 10,460,860 |
| Net income | - | - | 1,309,160 | - | 1,309,160 |
| Other comprehensive income | - | - | - | 196,645 | 196,645 |
| Cash dividends paid | - | - | (764,028) | - | (764,028) |
| Balance at December 31, 2020 | $ 127,338 | $ 1,767,451 | $ 8,910,945 | $ 396,903 | $ 11,202,637 |

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

**FIRST ELDORADO BANCSHARES, INC. AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Years ended December 31, 2020 | 2019 |
|---|---|---|
| Cash flows from operating activities | | |
| Net income | $ 1,309,160 | $ 1,616,472 |
| Adjustments to reconcile net income to cash provided by operating activities | | |
| Net amortization of premium on investment securities | 209,649 | 258,891 |
| Provision for loan losses | 130,810 | 40,000 |
| Depreciation and amortization expense | 85,938 | 78,876 |
| Gain on disposition of premises and equipment | - | (11,376) |
| Federal Home Loan Bank stock dividend | (300) | (600) |
| Increase in cash surrender value of bank owned life insurance | (66,032) | (66,603) |
| Net change in: | | |
| Accrued interest receivable and other assets | (4,261) | 3,232 |
| Accrued interest payable and other liabilities | 24,338 | 31,800 |
| Cash provided by operating activities | 1,689,302 | 1,950,692 |
| Cash flows from investing activities | | |
| Proceeds from maturities, calls and paydowns of securities available for sale | 21,760,000 | 14,145,000 |
| Purchases of securities available for sale | (19,060,786) | (10,899,760) |
| Proceeds from sale of assets | - | 50,156 |
| Loans originated, net of principal collections | (994,268) | (3,828,079) |
| Additions to premises and equipment | (19,373) | (129,067) |
| Cash provided by (used for) investing activities | 1,685,573 | (661,750) |
| Cash flows from financing activities | | |
| Net change in deposits | 4,804,882 | 17,676 |
| Principal payments on Federal Home Loan Bank borrowings | (10,175) | (9,857) |
| Cash dividends paid on common stock | (764,028) | (764,028) |
| Cash provided by (used for) financing activities | 4,030,679 | (756,209) |
| Net change in cash and cash equivalents | 7,405,554 | 532,733 |
| Cash and cash equivalents, beginning of year | 8,803,594 | 8,270,861 |
| Cash and cash equivalents, end of year | $ 16,209,148 | $ 8,803,594 |
| Supplemental disclosure of cash flow information | | |
| Cash paid during the period for: | | |
| Interest on deposits and borrowed funds | $ 95,226 | $ 107,379 |

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

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of First Eldorado Bancshares, Inc. and Subsidiaries conform to accounting principles generally accepted in the United States of America and to general practice within the banking industry. The following is a summary of the significant accounting and reporting policies:

### Nature of Operations and Principles of Consolidation

First Eldorado Bancshares, Inc. is a bank holding company which owns 100% of the common stock of First Eldorado Delaware Bancshares, Inc. which in turn owns 100% of the common stock of The First National Bank of Eldorado ("the Bank"). The entities are collectively referred to as "the Company". Intercompany accounts and transactions have been eliminated in consolidation.

The Company provides a variety of banking services to individuals and businesses through their location in Eldorado, Texas. Their primary deposit products are checking, savings and term deposit accounts. Their primary lending products are agricultural, commercial, real estate and installment loans. The Bank is subject to competition from other financial institutions and to regulation by certain federal agencies. The Bank undergoes periodic examinations by these regulatory authorities.

### Use of Estimates

To prepare financial statements in conformity with accounting principles generally accepted in the United States of America management makes estimates and assumptions based on available information. These estimates and assumptions affect the amounts reported in the financial statement and the disclosures provided and actual results could differ.

### Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Company has defined cash equivalents as those amounts included in the balance sheet caption "Cash and due from banks" and "Federal funds sold". Cash and cash equivalents include cash, deposits with other financial institutions with maturities fewer than 90 days, and federal funds sold. Net cash flows are reported for customer loan and deposit transactions, interest bearing deposits in other financial institutions, and federal funds purchased.

Balances in transaction accounts at other financial institutions may exceed amounts covered by federal deposit insurance. Management regularly evaluates the credit risk associated with other financial institutions and believes that the Company is not exposed to any significant credit risks on cash and cash equivalents.

### Debt Securities

Debt securities are classified as held to maturity and carried at amortized cost when management has the positive intent and ability to hold them to maturity. Debt securities are classified as available for sale when they might be sold before maturity. Debt securities available for sale are carried at fair value, with unrealized holding gains and losses reported in other comprehensive income.

Interest income includes amortization of purchase premium or discount. Premiums and discounts on securities are amortized on the level-yield method without anticipating prepayments, except for mortgage backed securities where prepayments are anticipated. Gains and losses on sales are recorded on the trade date and determined using the specific identification method.

Management evaluates securities for other-than-temporary impairment ("OTTI") on at least a quarterly basis, and more frequently when economic or market conditions warrant such an evaluation. For debt securities in an unrealized loss position, management considers the extent and duration of the unrealized loss, and the financial condition and near-term prospects of the issuer. Management also assesses whether it intends to sell, or it is more likely than not that it will be required to sell, a debt security in an unrealized loss position before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the entire difference between amortized cost and fair value is recognized as an impairment charge to earnings. For debt securities that do not meet the aforementioned criteria, the amount of impairment is split into two components as follows: 1) OTTI related to credit loss, which is recognized as an impairment charge to earnings, and 2) OTTI related to other factors, which is recognized in other comprehensive income. The credit loss is defined as the difference between the present value of the cash flows expected to be collected and the amortized cost basis.

Equity Securities

Marketable equity securities with readily determinable fair values are measured at fair value and changes in fair value are recognized in other income. Equity securities without readily determinable fair values are carried at cost, minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment. For the years ended December 31, 2020 and 2019, the Company maintained an investment in the capital stock of TIB – The Independent BankersBank. This is the only investment carried under the balance sheet line item "Equity Securities" and management determined it does not have a readily determinable fair value.

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, net of deferred loan fees and costs and the allowance for loan losses. Interest income is accrued on the unpaid principal balance.

Interest income on agricultural and commercial loans is discontinued and placed on non-accrual status at the time the loan is 90 days delinquent unless the loan is well-secured and in process of collection. Real estate and consumer loans are put on non-accrual at the time the loan is 120 days past due. Past-due status is based on the contractual terms of the loan. In all cases, loans are placed on non-accrual or charged-off at an earlier date if collection of principal or interest is considered doubtful.

When placing a loan on nonaccrual status, interest accrued to date is generally reversed and is charged against the current year's interest income. Interest received on such loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Under the cost-recovery method, interest income is not recognized until the loan balance is reduced to zero. Under the cash-basis method, interest income is recorded when the payment is received in cash. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Concentration of Credit Risk

The Company grants real estate, commercial, agricultural and consumer loans to customers. A substantial portion of the loan portfolio is represented by real estate and commercial loans principally in the Schleicher County area. Substantially all loans are secured by specific items of collateral including business assets, consumer assets, and commercial and residential real estate. Commercial loans are expected to be repaid from cash flow from operations of businesses. There are no significant concentrations of loans to any one industry or customer. However, the customer's ability to repay their loans is dependent on the real estate and general economic conditions in the area.

Allowance for Loan Losses

The allowance for loan losses is a valuation allowance for probable incurred credit losses, and is established through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. Management estimates the allowance balance required using past loan loss experience, the nature and volume of the portfolio, information about specific borrower situations and estimated collateral values, economic conditions and other factors. Allocations of the allowance may be made for specific loans, but the entire allowance is available for any loan that, in management's judgement, should be charged off.

The allowance consists of specific and general components. The specific component relates to loans that are classified as impaired when, based on current information and events, it is probable that the Company will not collect all amounts due according to the contractual terms of the loan agreement. Loans for which the terms have been modified resulting in a concession, and for which the borrower is experiencing financial difficulties, are considered troubled debt restructurings (TDRs) and are classified as impaired.

Factors considered by management in determining whether a loan is impaired include payment status, collateral value, the probability of collecting scheduled principal and interest payments when due and the borrower's financial condition and overall loan quality as determined by an internal loan grading system. Included in impaired loans are all nonaccrual loans and all accruing troubled debt restructurings. Loans that experience insignificant payment delays or payment shortfalls generally are not considered impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record and the amount of the shortfall in relation to the principal and interest owed. When the measure of the impaired loan is less than the recorded investment in the loan, the impairment is recorded by allocating a portion of the allowance to the impaired loan.

Troubled debt restructurings are individually evaluated for impairment and included in the separately identified impairment disclosures. TDRs are measured at the present value of estimated future cash flows using the loan's effective rate at inception. If a TDR is considered to be a collateral dependent loan, the loan is reported, net, at the fair value of the collateral. For TDRs that subsequently default, the Company determines the amount of the allowance on that loan in accordance with the accounting policy for the allowance for loan losses on loans individually identified as impaired.

The general component covers loans that are collectively evaluated for impairment. The general component relates to non-impaired loans, and is based on historical loss experience adjusted for the effects of economic factors that are likely to cause estimated credit losses as of the evaluation date to differ from the portfolio's historical loss experience. The historical loss experience is determined by portfolio segment and is based on the actual loss history experienced by the Company. This actual loss experience is supplemented with other economic factors based on the risks present for each portfolio segment. These economic factors include consideration of the following: economic conditions; industry conditions; changes in lending policies and procedures; trends in the volume and terms of loans; the experience, ability and depth of lending staff; levels and trends in delinquencies and impaired loans; levels and trends in charge-off and recovery activity; levels and trends of loan quality as determined by an internal loan grading system; national and local economic trends and conditions; and effects of changes in credit concentrations.

Determination of the allowance is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance. Such agencies may require the Company to recognize additional losses based on their judgments about information available to them at the time of their examination.

Premises and Equipment

Land is carried at cost. Premises and equipment are carried at cost, less accumulated depreciation computed on the straight-line method over the estimated useful lives of the assets. Maintenance and repairs, which do not extend the useful lives of buildings and equipment, are charged to expense as incurred.

Bank Owned Life Insurance

The Bank has purchased life insurance policies on certain key executives. Bank owned life insurance is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement.

Restricted Stock

The Company is a member of its regional Federal Reserve Bank. The stock is carried at cost, classified as a restricted security and periodically evaluated for impairment based on ultimate recovery of par value. At December 31, 2020 and 2019, the Company had $15,750 in Federal Reserve Bank stock. Both cash and stock dividends are reported as income.

The Company is a member of the Federal Home Loan Bank(FHLB) system. 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. The stock is carried at cost, classified as restricted security and periodically evaluated for impairment based on ultimate recovery of par value. At December 31, 2020 and 2019, the Company had $40,900 and $40,600 in FHLB stock respectively. Both cash and stock dividends are reported as income.

Revenue Recognition

For revenue not associated with financial instruments, guarantees and lease contracts, the Company follows the framework established by Accounting Standards Codification Topic 606 (ASC 606) *Revenue from Contracts with Customers*. All of the Company's revenue from contracts with customers in the scope of ASC 606 is recognized within Non-Interest Income. The following items fall within the scope of ASC 606:

Service Charges on Deposit Accounts - The Company earns fees from its deposit customers for transaction-based, account maintenance, and overdraft services. Transaction-based fees, which include services such as ATM use fees, stop payment charges, statement rendering, and ACH fees, are recognized at the time the transaction is executed as that is the point in time the Company fulfills the customer's request. Account maintenance fees, which relate primarily to monthly maintenance, are earned over the course of a month, representing the period over which the Company satisfies the performance obligation. Overdraft fees are recognized at the point in time that the overdraft occurs. Service charges on deposits are withdrawn from the customer's account balance.

Interchange Income - The Company earns interchange fees from debit/credit cardholder transactions conducted through the Visa/Mastercard payment network. Interchange fees from cardholder transactions represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services provided to the cardholder. Interchange income is included in "Other income" on the Statement of Income.

Gains (Losses) on Sale of OREO - The Company records a gain or loss from the sale of OREO when control of the property transfers to the buyer, which generally occurs at the time of an executed deed. When the Company finances the sale of OREO to the buyer, the Company assesses whether the buyer is committed to perform their obligations under the contract and whether collectibility of the transaction price is probable. Once these criteria are met, the OREO asset is derecognized and the gain or loss on sale is recorded upon the transfer of control of the property to the buyer. In determining the gain or loss on the sale, the Company adjusts the transaction price and related gain (loss) on sale if a significant financing component is present. For the years ended December 31, 2020 and 2019, the Company did not have any OREO sales activity.

Income Taxes

The Company, with the consent of its shareholders, elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Under those provisions, the Company neither pays corporate income taxes on its taxable income nor is allowed a net operating loss carryover or carryback as a deduction. Instead, the shareholders of the Company include their respective shares of the Company's net operating income or loss in their individual income tax returns. Accordingly, no income taxes are reflected in the consolidated financial statements.

Because the Company's stockholders will be obligated to pay income taxes on the earnings of the Company, the Company expects to declare cash dividends sufficient to fund the stockholders' tax payments as they come due.

The Company is no longer subject to examination by taxing authorities for years before 2017.

Retirement Plans

Employee 401(k) and profit sharing plan expense is the amount of matching contributions. Deferred compensation and supplemental retirement plan expense allocates the benefits over years of service.

Loan Commitments and Related Financial Instruments

Financial instruments include off-balance sheet credit instruments, such as commitments to make loans and commercial letters of credit, issued to meet customer financing needs. The face amount for these items represents the exposure to loss, before considering customer collateral or ability to repay. Such financial instruments are recorded when they are funded.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales when control over the assets has been relinquished. Control over transferred assets is deemed to be relinquished when the assets have been isolated from the Company, 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 the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Loss Contingencies

Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. Management does not believe there now are such matters that will have a material effect on the financial statements.

Restrictions on Cash

Cash on hand or on deposit with the Federal Reserve Bank was required to meet regulatory reserve and clearing requirements.

Dividend Restrictions

Banking regulations require maintaining certain capital levels and may limit the dividends paid by the bank to the holding company or by the holding company to shareholders.

Fair Value Measurements

Fair values of financial instruments are estimated using the relevant market information and other assumptions, as more fully disclosed in a separate note. Fair value estimates involve uncertainties and matters of significant judgement regarding interest rates, credit risk, prepayments and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect these estimates.

Comprehensive Income

Components of comprehensive income are net income and other comprehensive income. The only component of other comprehensive income consists of net unrealized holding gains and losses on available-for-sale securities.

Newly Issued and Not Yet Effective Accounting Standards

The following paragraphs provide a description of newly issued but not yet effective ASUs that could have a material effect on the Company's consolidated financial statements.

*ASU 2016-13 "Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments" (Topic 326).* In June 2016, FASB issued guidance to replace the incurred loss model with an expected loss model, which is referred to as the current expected credit loss (CECL) model. The CECL model requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions and other organizations will now use forward-looking information to better inform their credit loss estimates. Many of the loss estimation techniques applied today will still be permitted, although the inputs to those techniques will change to reflect the full amount of expected credit losses. In addition, the guidance amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. The Company will adopt Topic 326 in the first quarter of 2023, as required for non-public business entities. The Company may recognize a one-time cumulative effect adjustment to the allowance for loan losses as of the beginning of the first reporting period in which the new standard is effective. The cumulative-effect adjustment will be recognized in retained earnings as of the beginning of the first reporting period in which the guidance is effective. At this time, the impact to the allowance for loan losses balance is being evaluated.

Subsequent Events

The Company has evaluated subsequent events for recognition and disclosure through January 22, 2021 which is the date the financial statements were available to be issued.

Reclassification

Certain reclassifications have been made to the prior year financial statement amounts to conform to the current year presentation. Reclassifications had no effect on prior year net income or stockholders' equity.

## NOTE B – DEBT SECURITIES

The following presents information related to the Company's portfolio of debt securities:

| | December 31, 2020 | | | |
|---|---|---|---|---|
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
| Securities available for sale | | | | |
| State and municipal | $ 13,384,485 | $ 398,127 | $ (1,224) | $ 13,781,388 |

| | December 31, 2019 | | | |
|---|---|---|---|---|
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
| Securities available for sale | | | | |
| U.S. Agency | $ 250,032 | $ 186 | $ - | $ 250,218 |
| State and municipal | 16,043,316 | 207,456 | (7,384) | 16,243,388 |
| | $ 16,293,348 | $ 207,642 | $ (7,384) | $ 16,493,606 |

The amortized cost and estimated market value of debt securities at December 31, 2020, by contractual maturity are as follows:

| | Available for Sale | |
|---|---|---|
| | Amortized Cost | Fair Value |
| Due in one year or less | $ 1,914,322 | $ 1,931,599 |
| Due after one year through five years | 10,246,259 | 10,551,216 |
| Due after five years through ten years | 1,223,904 | 1,298,573 |
| Due after ten years | - | - |
| | $ 13,384,485 | $13,781,388 |

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

At December 31, 2020 and 2019, securities with carrying values of $10,507,340 and $12,447,030, respectively, were pledged to secure public deposits, repurchase agreements and for other purposes.

At year-end 2019, the Company had holdings of $1,104,577 in securities issued by the City of Houston. This amounts exceeds 10% of Tier 1 Capital and are the only significant concentrations in the investment portfolio, other than securities issued by the U.S. government and its agencies. There were no concentrations at December 31, 2020.

During 2020 and 2019, there were no gross realized gains and no gross realized losses on the sale of securities.

Information pertaining to securities with gross unrealized losses, at December 31, 2020 and 2019 aggregated by investment category and length of time that individual securities have been in a continuous loss position, follows:

| | December 31, 2020 | | | |
|---|---|---|---|---|
| | Less than 12 months | | Over 12 months | |
| | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses | Fair Value |
| Securities available for sale | | | | |
| State and municipal | $ - | $ - | $ 1,224 | $ 100,244 |

| | December 31, 2019 | | | |
|---|---|---|---|---|
| | Less than 12 months | | Over 12 months | |
| | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses | Fair Value |
| Securities available for sale | | | | |
| State and municipal | $ 6,912 | $ 1,162,292 | $ 472 | $ 287,036 |

Management evaluates securities for other-than-temporary impairment on a periodic basis. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

## NOTE C - LOANS

Major classifications of loans are as follows:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Real Estate | $ 18,985,433 | $ 17,957,536 |
| Agricultural Production | 2,863,803 | 3,382,054 |
| Commercial | 10,702,835 | 10,186,639 |
| Consumer and Other | 2,045,567 | 1,939,742 |
| | 34,597,638 | 33,465,971 |
| Less: Deferred Loan Fees | (139,190) | - |
| Allowance For Loan Losses | (910,571) | (781,552) |
| Total Loans | $ 33,547,877 | $ 32,684,419 |

Transactions in the allowance for loan losses are as follows:

| Year Ended December 31, 2020 | Real Estate | Agricultural Production | Commercial | Consumer and Other | Total |
|---|---|---|---|---|---|
| Balance at December 31, 2019 | $ 345,068 | $ 62,644 | $ 317,765 | $ 56,075 | $ 781,552 |
| Provision for loan losses | 120,014 | 743 | 992 | 9,061 | 130,810 |
| Charge-offs | - | - | - | (11,015) | (11,015) |
| Recoveries | - | - | - | 9,224 | 9,224 |
| Net (charge-offs) recoveries | - | - | - | (1,791) | (1,791) |
| Balance at December 31, 2020 | $ 465,082 | $ 63,387 | $ 318,757 | $ 63,345 | $ 910,571 |

| Year Ended December 31, 2019 | Real Estate | Agricultural Production | Commercial | Consumer and Other | Total |
|---|---|---|---|---|---|
| Balance at December 31, 2018 | $ 314,687 | $ 59,624 | $ 308,188 | $ 60,013 | $ 742,512 |
| Provision for loan losses | 30,381 | 3,020 | 9,577 | (2,978) | 40,000 |
| Charge-offs | - | - | - | (1,242) | (1,242) |
| Recoveries | - | - | - | 282 | 282 |
| Net (charge-offs) recoveries | - | - | - | (960) | (960) |
| Balance at December 31, 2019 | $ 345,068 | $ 62,644 | $ 317,765 | $ 56,075 | $ 781,552 |

Components of the allowance for loan losses, and the related carrying amounts of loans for which the allowance is determined, are as follows:

| | Year Ended December 31, 2020 | | | | |
|---|---|---|---|---|---|
| | Real Estate | Agricultural Production | Commercial | Consumer and Other | Total |
| **Allocation of Allowance To:** | | | | | |
| Impaired loans - evaluated individually | $ - | $ - | $ - | $ - | $ - |
| Impaired loans - evaluated collectively | - | - | - | - | - |
| Total impaired loans | - | - | - | - | - |
| Unimpaired loans - evaluated collectively | 465,082 | 63,387 | 318,757 | 63,345 | 910,571 |
| | $ 465,082 | $ 63,387 | $ 318,757 | $ 63,345 | $ 910,571 |
| **Recorded Investment In:** | | | | | |
| Impaired loans - evaluated individually | $ 303,894 | $ - | $ 266,082 | $ 53,171 | $ 623,147 |
| Impaired loans - evaluated collectively | - | - | - | - | - |
| Total impaired loans | 303,894 | - | 266,082 | 53,171 | 623,147 |
| Unimpaired loans - evaluated collectively | 18,681,539 | 2,863,803 | 10,436,753 | 1,992,396 | 33,974,491 |
| | $ 18,985,433 | $2,863,803 | $10,702,835 | $ 2,045,567 | $34,597,638 |

| | Year Ended December 31, 2019 | | | | |
|---|---|---|---|---|---|
| | Real Estate | Agricultural Production | Commercial | Consumer and Other | Total |
| **Allocation of Allowance To:** | | | | | |
| Impaired loans - evaluated individually | $ - | $ - | $ - | $ - | $ - |
| Impaired loans - evaluated collectively | - | - | - | - | - |
| Total impaired loans | - | - | - | - | - |
| Unimpaired loans - evaluated collectively | 345,068 | 62,644 | 317,765 | 56,075 | 781,552 |
| | $ 345,068 | $ 62,644 | $ 317,765 | $ 56,075 | $ 781,552 |
| **Recorded Investment In:** | | | | | |
| Impaired loans - evaluated individually | $ - | $ - | $ - | $ - | $ - |
| Impaired loans - evaluated collectively | - | - | - | - | - |
| Total impaired loans | - | - | - | - | - |
| Unimpaired loans - evaluated collectively | 17,957,536 | 3,382,054 | 10,186,639 | 1,939,742 | 33,465,971 |
| | $ 17,957,536 | $ 3,382,054 | $10,186,639 | $ 1,939,742 | $ 33,465,971 |

Information relative to impaired loans is as follows:

| | December 31, 2020 | | | | Year Ended December 31, |
|---|---|---|---|---|---|
| | Recorded Investment In Impaired Loans With No Valuation Allowance | Recorded Investment In Impaired Loans With A Valuation Allowance | Total Impaired Loans | Valuation Allowance on Impaired Loans | Average Impaired Loans |
| Real Estate | $ 303,894 | $ - | $ 303,894 | $ - | $ 124,283 |
| Agricultural Production | - | - | - | - | - |
| Commercial | 266,082 | - | 266,082 | - | 66,521 |
| Consumer and Other | 53,171 | - | 53,171 | - | 13,293 |
| Total Loans | $ 623,147 | $ - | $ 623,147 | $ - | $ 204,097 |

The recorded investment in loans excludes accrued interest receivable and loan origination fees, net, due to immateriality. There were no impaired loans at December 31, 2019. Interest income recognized on impaired loans for the year ended December 31, 2020 was immaterial.

The Company did not have any troubled debt restructurings at December 31, 2020 and 2019. The Company is working with borrowers impacted by COVID-19 and providing modifications to include principal and interest deferral for thirty and sixty day time periods. These modifications are excluded from troubled debt restructuring classification under Section 4013 of the CARES Act or under applicable interagency guidance of the federal banking regulators. During 2020, the Company modified 20 loans made up of real estate, commercial and consumer loan types with outstanding balances of $2,076,550 at December 31, 2020.

In order to determine whether a borrower is experiencing financial difficulty, an evaluation is performed of the probability that the borrower will be in payment default on any of its debt in the forseeable future without the modification. This evaluation is performed under the Company's internal underwriting policy.

The carrying amounts of loans by performance status are as follows:

| | December 31, 2020 | | | | |
|---|---|---|---|---|---|
| | Accruing Loans | | | | |
| | Current | 30-89 Days Past Due | 90 Days or More Past Due | Nonaccrual Loans | Total Loans |
| Real Estate | $ 18,198,454 | $ 483,085 | $ - | $ 303,894 | $ 18,985,433 |
| Agricultural Production | 2,863,803 | - | - | - | 2,863,803 |
| Commercial | 10,436,753 | - | - | 266,082 | 10,702,835 |
| Consumer and Other | 1,991,077 | 1,319 | - | 53,171 | 2,045,567 |
| Total | $ 33,490,087 | $ 484,404 | $ - | $ 623,147 | $ 34,597,638 |

| | December 31, 2019 | | | | |
|---|---|---|---|---|---|
| | Accruing Loans | | | | |
| | Current | 30-89 Days Past Due | 90 Days or More Past Due | Nonaccrual Loans | Total Loans |
| Real Estate | $ 17,885,320 | $ 11,321 | $ 60,895 | $ - | $ 17,957,536 |
| Agricultural Production | 3,382,054 | - | - | - | 3,382,054 |
| Commercial | 9,919,404 | 267,235 | - | - | 10,186,639 |
| Consumer and Other | 1,926,965 | 12,777 | - | - | 1,939,742 |
| Total | $ 33,113,743 | $ 291,333 | $ 60,895 | $ - | $ 33,465,971 |

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information and current economic trends, among other factors. The company uses the following definitions for risk ratings:

*Pass* Loans classified as pass are those loans with minimal identified credit risk.

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

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

*Doubtful* Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable. Loans rated doubtful are generally also placed on nonaccrual and considered impaired.

The carrying amounts of loans by credit quality indicator are as follows:

| | December 31, 2020 | | | |
|---|---|---|---|---|
| | Pass | Special Mention | Substandard | Total Loans |
| Real Estate | $ 18,681,538 | $ - | $ 303,895 | $ 18,985,433 |
| Agricultural Production | 2,863,803 | - | - | 2,863,803 |
| Commercial | 10,182,551 | - | 520,284 | 10,702,835 |
| Consumer and Other | 1,992,396 | - | 53,171 | 2,045,567 |
| Total Loans | $ 33,720,288 | $ - | $ 877,350 | $ 34,597,638 |

| | December 31, 2019 | | | |
|---|---|---|---|---|
| | Pass | Special Mention | Substandard | Total Loans |
| Real Estate | $ 17,896,641 | $ - | $ 60,895 | $ 17,957,536 |
| Agricultural Production | 3,382,054 | - | - | 3,382,054 |
| Commercial | 9,634,400 | - | 552,239 | 10,186,639 |
| Consumer and Other | 1,939,742 | - | - | 1,939,742 |
| Total Loans | $ 32,852,837 | $ - | $ 613,134 | $ 33,465,971 |

## NOTE D – PREMISES AND EQUIPMENT

Premises and equipment are as follows:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Land | $ 93,418 | $ 93,418 |
| Buildings and improvements | 1,528,808 | 1,528,808 |
| Furniture, fixtures and equipment | 857,746 | 838,373 |
| | 2,479,972 | 2,460,599 |
| Accumulated depreciation | (1,882,295) | (1,796,357) |
| | $ 597,677 | $ 664,242 |

## NOTE E - DEPOSITS

Time deposits that meet or exceed the FDIC Insurance limit of $250,000 at December 31, 2020 and 2019 was $1,137,151 and $292,634, respectively.

At December 31, 2020, the scheduled maturities of time deposits are as follows:

| Year Ending December 31, | |
|---|---|
| 2021 | $ 6,393,218 |
| 2022 | 1,445,652 |
| 2023 | 142,157 |
| 2024 | - |
| 2025 | - |
| Thereafter | - |
| | $ 7,981,027 |

## NOTE F - BORROWINGS

Advances from the Federal Home Loan Bank

FHLB advances amounting to $139,845 and $150,020 were outstanding at December 31, 2020 and 2019, respectively. The interest rate on fixed rate, long-term debt was 3.19%. At December 31, 2020 and 2019, the weighted average interest rate was 3.19%. The advances were collateralized by $13,700,090 and $13,111,779 of first mortgage loans under a blanket lien agreement at December 31, 2020 and 2019, respectively. Based on this collateral and the Company's holdings of FHLB stock, the Company is eligible to borrow up to a total of $13,560,245 at December 31, 2020.

At December 31, 2020, future scheduled principal payments on Federal Home Loan Bank borrowings are as follows:

| Year Ending December 31, | |
|---|---|
| 2021 | $ 10,504 |
| 2022 | 10,845 |
| 2023 | 11,195 |
| 2024 | 11,557 |
| 2025 | 11,930 |
| Thereafter | 83,814 |
| | $ 139,845 |

Line of Credit

The Company maintains a short-term line of credit with The Independent BankersBank at a rate to be determined by the lender at the time the funds are borrowed. At December 31, 2020, the Company was eligible to borrow $2,000,000. No amounts were outstanding under this line at December 31, 2020 and 2019.

## NOTE G – LOAN COMMITMENTS AND OTHER RELATED ACTIVITY

Some financial instruments, such as loan commitments, credit lines, letters of credit and overdraft protection, are issued to meet customer financing needs. These are agreements to provide credit or to support the credit of others, as long as conditions established in the contract are met, and usually have expiration dates. Commitments may expire without being used. Off-balance sheet risk to credit loss exists up to the face amount of these instruments, although material losses are not anticipated. The same credit policies are used to make such commitments as are used for loans, including obtaining collateral at exercise of the commitment.

The contractual amounts of financial instruments with off-balance sheet risk at December 31, 2020 and 2019, were as follows:

| | 2020 | 2019 |
|---|---|---|
| Unfunded commitments to extend credit | $ 9,578,810 | $11,558,822 |
| Commercial and standby letters of credit | 689,124 | 1,390,927 |

## NOTE H – MINIMUM REGULATORY CAPITAL REQUIREMENTS

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 effect on the Company's and the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of their assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. The net unrealized gain or loss on available for sale securities is not included in computing regulatory capital. Management believes, as of December 31, 2020, that the Company meets all capital adequacy requirements to which it is subject.

Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required. At year-end 2020 and 2019, the most recent regulatory notification categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the Bank's category.

In 2019, the federal banking agencies jointly issued a final rule that provides for an optional, simplified measure of capital adequacy, the community bank leverage ratio framework (CBLR framework), for qualifying community banking organizations, consistent with Section 201 of the Economic Growth, Regulatory Relief and Consumer Protection Act. The final rule became effective on January 1, 2020 and was elected by the Bank as of December 31, 2020. In April 2020, the federal banking agencies issued an interim final rule that makes temporary changes to the CBLR framework, pursuant to section 4012 of the Coronavirus Aid, Relief and Economic Security (CARES) Act, and a second interim final rule that provides a graduated increase in the community bank leverage ratio requirement after the expiration of the temporary changes implemented pursuant to section 4012 of the CARES Act.

The community bank leverage ratio removes the requirement for qualifying banking organizations to calculate and report risk-based capital but rather only requires a Tier 1 to average assets (leverage) ratio. Qualifying banking organizations that elect to use the community bank leverage ratio framework and that maintain a leverage ratio of greater than required minimums will be considered to have satisfied the generally applicable risk based and leverage capital requirements in the agencies' capital rules (generally applicable rule) and if applicable, will be considered to have met the well capitalized ratio requirements for purposes of section 38 of the Federal Deposit Insurance Act. Under the interim final rules the community bank leverage ratio minimum requirement is 8% as of December 31, 2020, 8.5% for calendar year 2021 and 9% for calendar year 2022 and beyond. The interim rule allows for a two-quarter grace period to correct a ratio that falls below the required amount, provided that the bank maintains a leverage ratio of 7% as of December 31, 2020, 7.5% for calendar year 2021 and 8% for calendar year 2022 and beyond.

Under the final rule, an eligible banking organization can opt out of the CBLR framework and revert back to the risk-weighting framework without restriction. As of December 31, 2020, both the Company and Bank were qualifying community banking organizations as defined by the federal banking agencies and elected to measure capital adequacy under the CBLR framework.

Actual and required capital amounts and ratios under the CBLR framework as of December 31, 2020 are presented in the following table:

| | Amount | | To Be Well Capitalized Under Prompt Correction Action Regulations (CBLR Framework) | |
|---|---|---|---|---|
| | Amount | Ratio | Amount | Ratio |
| | (dollars in thousands) | | | |
| Tier 1 (Core) Capital to average total assets | $10,791 | 16.5% | $ 5,243 | 8% |

The Bank's actual and required capital amounts and ratios as of December 31, 2019 are presented in the following table.

| | Actual | | Minimum capital requirement | | Minimum to be well capitalized under prompt corrective action provisions | |
|---|---|---|---|---|---|---|
| | Amount | Ratio | Amount | Ratio | Amount | Ratio |
| | | | (dollars in thousands) | | | |
| As of December 31, 2019 | | | | | | |
| Total capital (to risk weighted assets) | $ 10,735 | 27.7% | $ 3,102 | 8.0% | $ 3,877 | 10.0% |
| Tier 1 capital (to risk weighted assets) | 10,247 | 26.4% | 2,326 | 6.0% | 3,102 | 8.0% |
| Common Tier 1 capital (to risk weighted assets) | 10,247 | 26.4% | 1,745 | 4.5% | 2,520 | 6.5% |
| Tier 1 capital (to average assets) | 10,247 | 16.8% | 2,437 | 4.0% | 3,047 | 5.0% |

## NOTE I – EMPLOYEE BENEFIT PLANS

Safe Harbor 401(k) Plan

The Company has a 401(k) plan in which substantially all eligible employees participate. Employees may contribute up to 100% of their compensation subject to certain limits based on federal tax laws. Under the safe harbor plan, employer contributions will be 3% of the employee's annual salary that vests immediately. The Company can also make a discretionary profit sharing or matching contribution to the plan that vests over 6 years. For the years ended December 31, 2020 and 2019, the Company's expense related to the plan was $80,468 and $79,224, respectively.

Deferred Compensation Plan

The Company has a deferred compensation plan that covers one executive officer. Under the plan, the Company pays the participant, or their beneficiary, an annual benefit of $30,000 over 15 years beginning with the individual's termination of service, death, disability or change in control. A liability is accrued for the obligation under this plan. The expense incurred for the deferred compensation plan for the years ended December 31, 2020 and 2019 was $6,961 and $6,656, respectively. This resulted in a deferred compensation liability of $33,264 and $26,303 as of December 31, 2020 and 2019, respectively that is included in other liabilities.

Split Dollar Life Insurance Agreements

The Company has a split dollar insurance program for certain employees and directors. Under this program, the Bank has purchased and owns the life insurance policies on the participants; the cash surrender value of policies has been classified as "Bank owned life insurance." The Company has entered into separate agreements with the participants that split the policy benefits between the Company and the employees. A liability is accrued for the obligation under these agreements. At December 31, 2020 and 2019, the Company had $76,904 and $69,139, respectively accrued for the benefit, which is included in other liabilities. In addition, the agreements stipulate a reimbursement to the employees for imputed income and the associated tax cost incurred during the postretirement period. A liability is accrued over the employee's expected service period for the present value of the reimbursements expected to be paid during the postretirement period. At December 31, 2020 and 2019, the Company had $24,005 and $19,187 respectively accrued for the postretirement reimbursement, which is included in other liabilities.

## NOTE J – RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Company has granted loans to executive officers, principal shareholders and directors and parties affiliated with those persons (collectively, "insiders"). The Company has loans to insiders aggregating $99,678 and $154,030 at December 31, 2020 and 2019, respectively. At December 31, 2020 and 2019, deposits from insiders totaled $1,049,199 and $782,627, respectively.

## NOTE K – FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, excluding transaction costs. When measuring fair value, entities should maximize the use of observable inputs and minimize the use of unobservable inputs. The following describes the three levels of inputs that may be used to measure fair value:

- *Level 1 Inputs* - Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

- *Level 2 Inputs* - Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

- *Level 3 Inputs* - Unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing the assets or liabilities.

The Company used the following methods and significant assumptions to estimate fair value:

*Securities Available for Sale* – Securities are recorded at fair value on a recurring basis based upon measurements obtained from an independent pricing service. The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, market consensus prepayment speeds, credit information and the bonds' terms and conditions, among other things (Level 2).

*Impaired Loans* – The Company does not record loans at fair value on a recurring basis. However, from time to time, fair value adjustments are recorded on these loans to reflect (1) partial write-downs that are based on the current appraised or market-quoted value of the underlying collateral or (2) the full charge-off of the loan carrying value. In some cases, the properties for which market quotes or appraised values have been obtained are located in areas where comparable sales data is limited, outdated, or unavailable. Fair value estimates for collateral-dependent impaired loans are obtained from real estate brokers or other third-party consultants (Level 3).

The following table provides the hierarchy and fair value for each major category of assets and liabilities recorded at fair value on a recurring basis:

| | December 31, 2020 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Securities available for sale | | | | |
| State and municipal | $ - | $ 13,781,388 | $ - | $13,781,388 |

| | December 31, 2019 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Securities available for sale | | | | |
| U.S. Agency | $ - | $ 250,218 | $ - | $ 250,218 |
| State and municipal | - | 16,243,388 | - | 16,243,388 |
| | $ - | $ 16,493,606 | $ - | $16,493,606 |

During 2020 and 2019, there were no Level 3 assets or liabilities measured at fair value on a recurring basis.

Assets and liabilities recorded at fair value on a non-recurring basis are summarized below.

| | December 31, 2020 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Impaired loans | $ - | $ - | $ 623,147 | $ 623,147 |

There were no assets and liabilities recorded at fair value on a non-recurring basis as of December 31, 2019. Impaired loans, which are measured for impairment using the fair value of collateral for collateral dependent loans, had a carrying amount of $623,147, with no valuation allowance at December 31, 2020.

# SUPPLEMETAL CONSOLIDATING SCHEDULES

**FIRST ELDORADO BANCSHARES, INC. AND SUBSIDIARIES**

SUPPLEMENTAL CONSOLIDATING BALANCE SHEET

December 31, 2020

| | The First National Bank of Eldorado | First Eldorado Delaware Bancshares, Inc. | First Eldorado Bancshares, Inc. | Eliminations | Consolidated |
|---|---|---|---|---|---|
| ASSETS | | | | | |
| Cash and due from banks | $ 2,208,217 | $ 931 | $ 13,497 | $ (13,497) | $ 2,209,148 |
| Federal funds sold | 14,000,000 | - | - | - | 14,000,000 |
| Cash and cash equivalents | 16,208,217 | 931 | 13,497 | (13,497) | 16,209,148 |
| Debt securities available for sale | 13,781,388 | - | - | - | 13,781,388 |
| Equity securities | 23,063 | - | - | - | 23,063 |
| Investment in First National Bank of Eldorado | - | 11,188,209 | - | (11,188,209) | - |
| Investment in First Eldorado Delaware Bancshares, Inc. | - | - | 11,189,140 | (11,189,140) | - |
| Loans, net | 33,547,877 | - | - | - | 33,547,877 |
| Premises and equipment, net | 597,677 | - | - | - | 597,677 |
| Bank owned life insurance | 2,547,259 | - | - | - | 2,547,259 |
| Accrued interest receivable | 409,496 | - | - | - | 409,496 |
| Restricted stock | 56,650 | - | - | - | 56,650 |
| Other assets | 91,952 | - | - | - | 91,952 |
| | $ 67,263,579 | $ 11,189,140 | $ 11,202,637 | $(22,390,846) | $ 67,264,510 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | | | |
| Liabilities | | | | | |
| Deposits | | | | | |
| Noninterest-bearing | $ 21,927,340 | $ - | $ - | $ (13,497) | $ 21,913,843 |
| Interest-bearing | 33,818,098 | - | - | - | 33,818,098 |
| Total deposits | 55,745,438 | - | - | (13,497) | 55,731,941 |
| Advances from Federal Home Loan Bank | 139,845 | - | - | - | 139,845 |
| Accrued interest payable | 3,924 | - | - | - | 3,924 |
| Other liabilities | 186,163 | - | - | - | 186,163 |
| Total liabilities | 56,075,370 | - | - | (13,497) | 56,061,873 |
| Stockholders' equity | | | | | |
| Common stock | 150,000 | 1,000 | 127,338 | (151,000) | 127,338 |
| Surplus | 375,000 | 4,690,836 | 1,767,451 | (5,065,836) | 1,767,451 |
| Retained earnings | 10,266,306 | 6,100,401 | 8,910,945 | (16,366,707) | 8,910,945 |
| Accumulated other comprehensive income | 396,903 | 396,903 | 396,903 | (793,806) | 396,903 |
| Total stockholders' equity | 11,188,209 | 11,189,140 | 11,202,637 | (22,377,349) | 11,202,637 |
| | $ 67,263,579 | $ 11,189,140 | $ 11,202,637 | $(22,390,846) | $ 67,264,510 |

**FIRST ELDORADO BANCSHARES, INC. AND SUBSIDIARIES**

SUPPLEMENTAL CONSOLIDATING INCOME STATEMENT

Year ended December 31, 2020

| | The First National Bank of Eldorado | First Eldorado Delaware Bancshares, Inc. | First Eldorado Bancshares, Inc. | Eliminations | Consolidated |
|---|---|---|---|---|---|
| Interest income | | | | | |
| Loans, including fees | $ 2,918,832 | $ - | $ - | $ - | $ 2,918,832 |
| Debt securities: | | | | | |
| Taxable | 20,497 | - | - | - | 20,497 |
| Tax-Exempt | 284,127 | - | - | - | 284,127 |
| Other interest and dividends | 35,578 | - | - | - | 35,578 |
| Total interest income | 3,259,034 | - | - | - | 3,259,034 |
| Interest expense | | | | | |
| Deposits | 87,251 | - | - | - | 87,251 |
| Borrowed funds and other | 4,633 | - | - | - | 4,633 |
| Total interest expense | 91,884 | - | - | - | 91,884 |
| Provision for loan losses | 130,810 | - | - | - | 130,810 |
| Net interest income after provision for loan losses | 3,036,340 | - | - | - | 3,036,340 |
| Noninterest income | | | | | |
| Service charges on deposit accounts | 185,928 | - | - | - | 185,928 |
| Dividends from subsidiary | - | 765,000 | 765,000 | (1,530,000) | - |
| Other income | 91,841 | - | - | - | 91,841 |
| Total noninterest income | 277,769 | 765,000 | 765,000 | (1,530,000) | 277,769 |
| Noninterest expense | | | | | |
| Salaries and employee benefits | 1,097,805 | - | - | - | 1,097,805 |
| Occupancy and equipment | 274,733 | - | - | - | 274,733 |
| Data processing | 201,673 | - | - | - | 201,673 |
| Regulatory fees and assessments | 34,500 | - | - | - | 34,500 |
| Other general and administrative | 395,427 | 811 | - | - | 396,238 |
| Total noninterest expense | 2,004,138 | 811 | - | - | 2,004,949 |
| Income before equity in undistributed net income of subsidiaries | 1,309,971 | 764,189 | 765,000 | (1,530,000) | 1,309,160 |
| Equity in undistributed net income of subsidiaries | - | 544,971 | 544,160 | (1,089,131) | - |
| NET INCOME | $ 1,309,971 | $ 1,309,160 | $ 1,309,160 | $ (2,619,131) | $ 1,309,160 |

# FIRST ELDORADO BANCSHARES, INC. AND SUBSIDIARIES

## SUPPLEMENTAL CONSOLIDATING BALANCE SHEET

December 31, 2019

| | The First National Bank of Eldorado | First Eldorado Delaware Bancshares, Inc. | First Eldorado Bancshares, Inc. | Eliminations | Consolidated |
|---|---|---|---|---|---|
| ASSETS | | | | | |
| Cash and due from banks | $ 1,801,850 | $ 1,744 | $ 12,522 | $ (12,522) | $ 1,803,594 |
| Federal funds sold | 7,000,000 | - | - | - | 7,000,000 |
| Cash and cash equivalents | 8,801,850 | 1,744 | 12,522 | (12,522) | 8,803,594 |
| Debt securities available for sale | 16,493,606 | - | - | - | 16,493,606 |
| Equity securities | 24,589 | - | - | - | 24,589 |
| Investment in First National Bank of Eldorado | - | 10,446,594 | - | (10,446,594) | - |
| Investment in First Eldorado Delaware Bancshares, Inc. | - | - | 10,448,338 | (10,448,338) | - |
| Loans, net | 32,684,419 | - | - | - | 32,684,419 |
| Premises and equipment, net | 664,242 | - | - | - | 664,242 |
| Bank owned life insurance | 2,481,227 | - | - | - | 2,481,227 |
| Accrued interest receivable | 419,416 | - | - | - | 419,416 |
| Restricted stock | 56,350 | - | - | - | 56,350 |
| Other assets | 76,245 | - | - | - | 76,245 |
| | $ 61,701,944 | $ 10,448,338 | $ 10,460,860 | $(20,907,454) | $ 61,703,688 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | | | |
| Liabilities | | | | | |
| Deposits | | | | | |
| Noninterest-bearing | $ 19,743,637 | $ - | $ - | $ (12,522) | $ 19,731,115 |
| Interest-bearing | 31,195,944 | - | - | - | 31,195,944 |
| Total deposits | 50,939,581 | - | - | (12,522) | 50,927,059 |
| Advances from Federal Home Loan Bank | 150,020 | - | - | - | 150,020 |
| Accrued interest payable | 7,266 | - | - | - | 7,266 |
| Other liabilities | 158,483 | - | - | - | 158,483 |
| Total liabilities | 51,255,350 | - | - | (12,522) | 51,242,828 |
| Stockholders' equity | | | | | |
| Common stock | 150,000 | 1,000 | 127,338 | (151,000) | 127,338 |
| Surplus | 375,000 | 4,690,836 | 1,767,451 | (5,065,836) | 1,767,451 |
| Retained earnings | 9,721,336 | 5,556,244 | 8,365,813 | (15,277,580) | 8,365,813 |
| Accumulated other comprehensive income | 200,258 | 200,258 | 200,258 | (400,516) | 200,258 |
| Total stockholders' equity | 10,446,594 | 10,448,338 | 10,460,860 | (20,894,932) | 10,460,860 |
| | $ 61,701,944 | $ 10,448,338 | $ 10,460,860 | $(20,907,454) | $ 61,703,688 |

**FIRST ELDORADO BANCSHARES, INC. AND SUBSIDIARIES**

SUPPLEMENTAL CONSOLIDATING INCOME STATEMENT

Year ended December 31, 2019

| | The First National Bank of Eldorado | First Eldorado Delaware Bancshares, Inc. | First Eldorado Bancshares, Inc. | Eliminations | Consolidated |
|---|---|---|---|---|---|
| Interest income | | | | | |
| Loans, including fees | $ 2,885,525 | $ - | $ - | $ - | $ 2,885,525 |
| Debt securities | | | | | |
| Taxable | 47,322 | | | | 47,322 |
| Tax-Exempt | 329,979 | | | | 329,979 |
| Other interest and dividends | 124,854 | - | - | - | 124,854 |
| Total interest income | 3,387,680 | - | - | - | 3,387,680 |
| Interest expense | | | | | |
| Deposits | 106,239 | - | - | - | 106,239 |
| Borrowed funds and other | 4,951 | - | - | - | 4,951 |
| Total interest expense | 111,190 | - | - | - | 111,190 |
| Provision for loan losses | 40,000 | - | - | - | 40,000 |
| Net interest income after provision for loan losses | 3,236,490 | - | - | - | 3,236,490 |
| Noninterest income | | | | | |
| Service charges on deposit accounts | 230,345 | - | - | - | 230,345 |
| Dividends from subsidiary | - | 769,000 | 769,000 | (1,538,000) | - |
| Net gain on sale of assets | 11,376 | - | - | - | 11,376 |
| Other income | 95,687 | - | - | - | 95,687 |
| Total noninterest income | 337,408 | 769,000 | 769,000 | (1,538,000) | 337,408 |
| Noninterest expense | | | | | |
| Salaries and employee benefits | 1,100,825 | - | - | - | 1,100,825 |
| Occupancy and equipment | 237,165 | - | - | - | 237,165 |
| Data processing | 171,923 | - | - | - | 171,923 |
| Regulatory fees and assessments | 44,867 | - | - | - | 44,867 |
| Other general and administrative | 398,336 | 810 | 3,500 | - | 402,646 |
| Total noninterest expense | 1,953,116 | 810 | 3,500 | - | 1,957,426 |
| Income before equity in undistributed net income of subsidiaries | 1,620,782 | 768,190 | 765,500 | (1,538,000) | 1,616,472 |
| Equity in undistributed net income of subsidiaries | - | 851,782 | 850,972 | (1,702,754) | - |
| NET INCOME | $ 1,620,782 | $ 1,619,972 | $ 1,616,472 | $ (3,240,754) | $ 1,616,472 |