AMENDED
AUG 23 2016

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)); Section 8(a) of the International Banking Act (12 U.S.C. § 3106(a)); Sections 11(a)(1), 25 and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); Section 211.13(c) of Regulation K (12 C.F.R. § 211.13(c)); and Section 225.5(b) of Regulation Y (12 C.F.R. § 225.5(b)) and section 10(c)(2)(H) of the Home Owners' Loan Act. 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 and top-tier savings and loan 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.

I, Randy Harris
Name of the Holding Company Director and Official

Director & President & CEO
Title of the Holding Company Director and Official

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

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

Randy Harris
Signature of Holding Company Director and Official

08/18/2016
Date of Signature

For holding companies not registered with the SEC–
Indicate status of Annual Report to Shareholders:
- ☒ is included with the FR Y-6 report
- ☐ will be sent under separate cover
- ☐ is not prepared

For Federal Reserve Bank Use Only

RSSD ID ______
C.I. ______

Date of Report (top-tier holding company's fiscal year-end):
December 31, 2015
Month / Day / Year

None
Reporter's Legal Entity Identifier (LEI) (20-Character LEI Code)

Reporter's Name, Street, and Mailing Address
Clovis Bancshares Inc.
Legal Title of Holding Company

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

Clovis	NM	88101
City	State	Zip Code

N/A
Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

Jennifer Whitlock	Secretary
Name	Title

5757699000
Area Code / Phone Number / Extension

5757690050
Area Code / FAX Number

jwhitlock@bankofclovis.com
E-mail Address

www.bankofclovis.com
Address (URL) for the Holding Company's web page

Does the reporter request confidential treatment for any portion of this submission?

☐ Yes Please identify the report items to which this request applies:

______

- ☐ In accordance with the instructions on pages GEN-2 and 3, a letter justifying the request is being provided.
- ☐ The information for which confidential treatment is sought is being submitted separately labeled "Confidential."

☒ No

Form FR Y-6

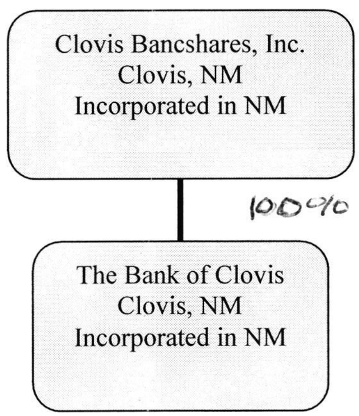
Clovis Bancshares, Inc.
Clovis, New Mexico
Fiscal Year Ending December 31, 2015

AMENDED
AUG 23 2016

Report Item

1. The bank holding company prepares an annual report for its shareholders. One copy is enclosed.

2a. Organizational Chart



No entity has a LEI number

2b. Domestic branch listing provided to the Federal Reserve Bank on March 17, 2016.

Results: A list of branches for your holding company: CLOVIS BANCSHARES, INC. (3324387) of CLOVIS, NM.
The data are as of 12/31/2015. Data reflects information that was received and processed through 01/07/2016.

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)	2948423	BANK OF CLOVIS, THE	300 N MAIN ST	CLOVIS	NM	88101	CURRY	UNITED STATES	294967	0	BANK OF CLOVIS, THE	2948423	
OK		Full Service	3531055	PRINCE STREET BRANCH	2211 NORTH PRINCE STREET	CLOVIS	NM	88101	CURRY	UNITED STATES	431726	1	BANK OF CLOVIS, THE	2948423	

Form FR Y-6

Clovis Bancshares, Inc.
Clovis, New Mexico
Fiscal Year Ending December 31, 2015

3. Securities Holders

Current securities holders with ownership, control or holdings of 5% or more with power to vote as of fiscal year ending 12/31/2015.

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**
Stephen H. Haynes Clovis, NM, USA	USA	93,073 –12.82% Common Stock
Alva L. Wilson Clovis, NM, USA	USA	83,703 –11.44% Common Stock
Plateau Telecommunications Inc. Clovis, NM, USA	USA	40,000 – 5.46% Common Stock
Randy Harris Clovis, NM, USA	USA	29,000 – 3.96% Common Stock 26,200 – 3.58% Options on Common Stock

Securities holders not listed in 3(1)(a) through 3(1)(c) that had ownership, control or holdings of 5% or more with power to vote during the fiscal year ending 12/31/2015.

2(a) Name & Address (City, State)	**2(b) Country of Citizenship or Incorporation**	**2(c) Number and Percentage of Each Class of Voting Securities**
None		

AMENDED
AUG 23 2016

AMENDED
AUG 23 2016

Form FR Y-6

Clovis Bancshares, Inc.
Clovis, New Mexico
Fiscal Year Ending December 31, 2015

4. Insiders

(1) **Name** **City, State, Country**	**(2)** **Principal Occupation if other than with 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**
Randy Harris Clovis, NM, USA	N/A	Director & President & CEO	Director & President & CEO (The Bank of Clovis)	N/A	3.96%	None	N/A
Jacob Moberly Clovis, NM, USA	Dentist	Director & Chairman	Director & Chairman (The Bank of Clovis)	N/A	4.25%	None	Moberly Estates – 35%
Alva L. Wilson Clovis, NM, USA	Commercial Construction	Director	Director (The Bank of Clovis)	President – Newt & Butch's Roofing & Sheet Metal Inc.	11.44%	None	N/A
Stephen H. Haynes Clovis, NM, USA	Physician	Director	Director (The Bank of Clovis)	President – Associated Physicians and Practitioners LLC	12.82%	None	Associated Physicians and Practitioners LLC-100% Associated Physicians and Surgeons -100%
Ribble Holloman Clovis, NM, USA	N/A	Director	Director (The Bank of Clovis)	N/A	2.83%	None	N/A

Board of Governors of the Federal Reserve System

Annual Report of Holding Companies—FR Y-6

RECEIVED
MAR 23 2016
NIC UNIT

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)); Section 8(a) of the International Banking Act (12 U.S.C. § 3106(a)); Sections 11(a)(1), 25 and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); Section 211.13(c) of Regulation K (12 C.F.R. § 211.13(c)); and Section 225.5(b) of Regulation Y (12 C.F.R. § 225.5(b)) and section 10(c)(2)(H) of the Home Owners' Loan Act. 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 and top-tier savings and loan 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.

I, Randy Harris
Name of the Holding Company Director and Official

Director & President & CEO
Title of the Holding Company Director and Official

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

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

Signature of Holding Company Director and Official

03/21/2016
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 3324387
C.I.

Date of Report (top-tier holding company's fiscal year-end):
December 31, 2015
Month / Day / Year

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

Reporter's Name, Street, and Mailing Address
Clovis Bancshares Inc.
Legal Title of Holding Company

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

City	State	Zip Code
Clovis	NM	88101

Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

Name	Title
Jennifer Whitlock	Secretary

5757699000
Area Code / Phone Number / Extension

5757690050
Area Code / FAX Number

jwhitlock@bankofclovis.com
E-mail Address

www.bankofclovis.com
Address (URL) for the Holding Company's web page

Does the reporter request confidential treatment for any portion of this submission?

- [ ] Yes Please identify the report items to which this request applies:
  - [ ] In accordance with the instructions on pages GEN-2 and 3, a letter justifying the request is being provided.
  - [ ] The information for which confidential treatment is sought is being submitted separately labeled "Confidential."
- [x] No

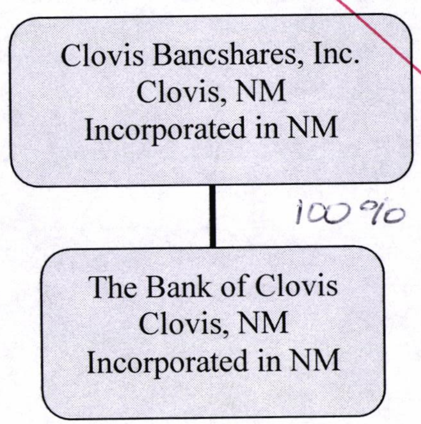
Form FR Y-6

Clovis Bancshares, Inc.
Clovis, New Mexico
Fiscal Year Ending December 31, 2015

Report Item

1. The bank holding company prepares an annual report for its shareholders. One copy is enclosed.

2a. Organizational Chart



2b. Domestic branch listing provided to the Federal Reserve Bank on March 17, 2016.

Form FR Y-6

Clovis Bancshares, Inc.
Clovis, New Mexico
Fiscal Year Ending December 31, 2015

3. Securities Holders

Current securities holders with ownership, control or holdings of 5% or more with power to vote as of fiscal year ending 12/31/2015.

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**
Stephen H. Haynes Clovis, NM, USA	USA	93,073 –12.82% Common Stock
Alva L. Wilson Clovis, NM, USA	USA	83,703 –11.44% Common Stock
Plateau Telecommunications Inc. Clovis, NM, USA	USA	40,000 – 5.46% Common Stock
Randy Harris Clovis, NM, USA	USA	29,000 – 3.96% Common Stock 26,200 – 3.58% Options on Common Stock

Securities holders not listed in 3(1)(a) through 3(1)(c) that had ownership, control or holdings of 5% or more with power to vote during the fiscal year ending 12/31/2015.

2(a) **Name & Address** **(City, State)**	**2(b)** **Country of Citizenship or Incorporation**	**2(c)** **Number and Percentage of Each Class of Voting Securities**
None		

Form FR Y-6

Clovis Bancshares, Inc.
Clovis, New Mexico
Fiscal Year Ending December 31, 2015

4. Insiders

(1) Name City, State, Country	(2) Principal Occupation if other than with 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
Randy Harris Clovis, NM, USA	N/A	Director & President & CEO	Director & President & CEO (The Bank of Clovis)	N/A	3.96%	None	N/A
Jacob Moberly Clovis, NM, USA	Dentist	Director & Chairman	Director & Chairman (The Bank of Clovis)	N/A	4.25%	None	Moberly Estates – 35%
Alva L. Wilson Clovis, NM, USA	Commercial Construction	Director	Director (The Bank of Clovis)	President – Newt & Butch's Roofing & Sheet Metal Inc.	11.44%	None	N/A
Stephen H. Haynes Clovis, NM, USA	Physician	Director	Director (The Bank of Clovis)	President – Associated Physicians and Practitioners LLC	12.82%	None	Associated Physicians and Practitioners LLC-100% Associated Physicians and Surgeons -100%
Ribble Holloman Clovis, NM, USA	N/A	Director	Director (The Bank of Clovis)	N/A	2.83%	None	N/A

CLOVIS BANCSHARES, INC.

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

December 31, 2015, and 2014

CLOVIS BANCSHARES, INC.

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

December 31, 2015, and 2014

TABLE OF CONTENTS

ROSTER OF OFFICERS AND DIRECTORS

Dr. Jacob Moberly	Chairman
Mr. Randy Harris	President and CEO
Dr. Stephen Haynes	Board Member
Mr. Alva L. Wilson	Board Member
Mr. Ribble Holloman	Board Member
Mrs. Jennifer Whitlock	Secretary

R. Kelly McFarland
Certified Public Accountant
A Professional Corporation

CPA
America Counts on CPAs®

314 South 2nd Street • Post Office Box 1044 • Tucumcari, New Mexico 88401
Voice (575) 461-1195 • Fax (575) 461-1198 • Web: www.mcfarlandcpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders of
Clovis Bancshares, Inc.
Clovis, New Mexico

I have audited the accompanying consolidated statements of financial condition of Clovis Bancshares, Inc. and its bank subsidiary as of December 31, 2015, and 2014, and the related consolidated statements of income, changes in stockholders' equity, comprehensive income, cash flows, related notes to the financial statements, and Schedules I through IV for the years then ended.

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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Clovis Bancshares, Inc. and its bank subsidiary as of December 31, 2015, and 2014, and the consolidated results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

My audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The Supplementary Information of Book Value per Share on page 57 is presented for the purposes of additional analysis and is not part of the basic 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 my opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

R Kelly McFarland

Certified Public Accountant

March 10, 2016

Clovis Bancshares, Inc.
Consolidated Statement of Financial Condition
December 31, 2015, and 2014

	2015	2014
ASSETS		
Cash and due from banks (Note 1)	$ 12,221,607	$ 59,339,871
Fed funds sold	300,000	0
Total cash and cash equivalents	12,521,607	59,339,871
Held-to-maturity investment securities at amortized cost (Fair Value for 2015 of $16,798,289 and 2014 of $16,811,086)	16,603,620	16,774,744
Available-for-sale investment securities (amortized cost of $81,995,983 in 2015 and of $55,162,545 in 2014) (Note 1, 4)	82,556,996	56,109,863
Total investment securities	99,160,616	72,884,607
Loans, net of general loan loss allowance of $1,797,919 in 2015 and $1,209,988 in 2014 (Note 1,3)	88,204,160	87,956,456
Premises and equipment, net (Note 1, 2)	1,905,801	2,034,796
Accrued interest receivable	1,064,054	825,040
Federal Home Loan Stock	91,400	75,100
Prepaid federal and state income tax	106,637	0
Deferred tax asset (Note 9)	642,998	110,229
Repossessed assets and foreclosed real estate (Note 1, 3)	663,962	2,004
Cash value of life insurance (Note 20)	5,087,541	4,935,187
SBA loan guarantee receivable	323,873	0
Other assets	541,711	625,846
Total Assets	$ 210,314,360	$ 228,789,136

See Notes 5 and 6 for pledges of assets.

Clovis Bancshares, Inc.
Consolidated Statement of Financial Condition
December 31, 2015, and 2014

	2015	2014
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Deposits (Note 1,5)	$ 182,082,693	$ 184,352,902
Securities sold under agreements to repurchase	4,886,926	21,080,975
Other liabilities	248,023	279,649
Escrow payable	11,381	4,817
Accrued income taxes payable	0	251,183
Post retirement benefit obligation	739,255	476,975
Total Liabilities	187,968,278	206,446,501
Stockholders' Equity		
Common stock, $4.50 par value, 2,000,000 shares authorized and 807,454 shares issued: 75,613 shares held in treasury in 2015; 731,841 shares outstanding in 2015; and 50,177 shares are held in treasury in 2014; 757,277 shares outstanding in 2014.	3,633,543	3,633,543
Additional paid-in capital	8,731,868	8,728,981
Treasury Stock, at cost	(1,841,414)	(1,168,846)
Retained earnings	11,484,916	10,578,482
Accumulated other comprehensive income	337,169	570,475
Total Stockholders' Equity	22,346,082	22,342,635
Total Liabilities and Stockholders' Equity	$ 210,314,360	$ 228,789,136

See accompanying notes to the consolidated financial statements.

Clovis Bancshares, Inc.
Consolidated Statement of Income
December 31, 2015, and 2014

	2015	2014
Net interest income	6,396,864	6,014,021
Provision for loan losses	(745,000)	(375,000)
Net interest income, after provision for loan losses	5,651,864	5,639,021
Noninterest income *	972,069	1,314,095
Noninterest expense *	5,110,423	4,882,611
Income before income taxes	1,513,510	2,070,505
Current income taxes (Note 9)	(541,002)	(647,613)
Deferred income taxes (Note 9)	379,770	233,481
Net current and deferred income taxes	(161,232)	(414,132)
Net income (loss)	$ 1,352,278	$ 1,656,373
Earnings per share (Note 25)		
Basic	$ 1.83	$ 2.18
Diluted	$ 1.81	$ 2.16

* For additional detail see Schedules I, II, III and IV

See accompanying notes to the consolidated financial statements.

Clovis Bancshares, Inc.
Consolidated Statement of Comprehensive Income
December 31, 2015, and 2014

	2015	*2014*
Net income	$ 1,352,278	$ 1,656,373
Net unrealized holding gains (loss) on securities arising during the year	(462,397)	374,058
Reclassification adjustments included in net income	76,092	(173,269)
Other comprehensive income (loss) before deferred income tax (benefit)	(386,305)	200,789
Deferred income tax benefit (expense)	152,999	(82,535)
Other comprehensive income (loss), net of deferred income tax benefit	(233,306)	118,254
Comprehensive income	$ 1,118,972	$ 1,774,627

See accompanying notes to the consolidated financial statements.

Clovis Bancshares, Inc.
Consolidated Statement of Changes in Stockholders' Equity
December 31, 2015, and 2014

	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income	Total Stockholders' Equity
BALANCES, JANUARY 1, 2014	$ 3,633,543	$ 8,738,903	$ 9,340,931	$ (1,125,204)	$ 452,221	$ 21,040,394
COMMON STOCK						
Purchase of 4,217 treasury shares at $26 per share				(109,642)		(109,642)
Sale of 3,000 treasury shares at $13.63 per share (exercise of stock option)		(25,110)		66,000		40,890
DIVIDENDS			(418,822)			(418,822)
STOCK OPTIONS		15,188				15,188
COMPREHENSIVE INCOME						
Net Income (loss)			1,656,373			1,656,373
Other comprehensive income	0	0	0	0	118,254	118,254
TOTAL COMPREHENSIVE INCOME	0	0	1,656,373	0	118,254	1,774,627
BALANCES, DECEMBER 31, 2014	3,633,543	8,728,981	10,578,482	(1,168,846)	570,475	22,342,635
COMMON STOCK						
Purchase of 14,204 treasury shares at $26 per share				**(369,304)**		**(369,304)**
Purchase of 11,232 treasury shares at $27 per share				**(303,264)**		**(303,264)**
DIVIDENDS			**(445,844)**			**(445,844)**
STOCK OPTIONS		**2,887**				**2,887**
COMPREHENSIVE INCOME						
Net Income (loss)			**1,352,278**			**1,352,278**
Other comprehensive income	**0**	**0**	**0**	**0**	**(233,306)**	**(233,306)**
TOTAL COMPREHENSIVE INCOME	**0**	**0**	**1,352,278**	**0**	**(233,306)**	**1,118,972**
BALANCES, DECEMBER 31, 2015	**$ 3,633,543**	**$ 8,731,868**	**$ 11,484,916**	**$ (1,841,414)**	**$ 337,169**	**$ 22,346,082**

See accompanying notes to the consolidated financial statements.

Clovis Bancshares, Inc.
Consolidated Statement of Cash Flows
December 31, 2015, and 2014

	2015	2014
Cash flows from operating activities:		
Net income (loss)	$ 1,352,278	$ 1,656,373
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation	205,178	205,356
Amortization and accretion of premiums/discounts on securities, net	96,124	510,874
Increase (decrease) in income taxes currently payable and deferred income taxes	(890,588)	26,298
(Increase) decrease in cash value of life insurance	(152,354)	(157,240)
Stock option compensation	2,887	15,190
(Gain) loss on sale of OREO	(5,979)	0
(Gain) loss on sale of securities	54,390	(288,301)
Net change in:		
(Increase) decrease in prepaid expenses	(61,345)	29,752
Increase (decrease) in accrued interest payable	(11,367)	12,505
Increase (decrease) in accounts payable	674	(65,063)
Increase in employee supplemental executive retirement plan payable	262,277	322,750
Increase (decrease) in insurance proceeds for hail damage	(13,319)	(96,786)
(Increase) decrease in recoverable service provider cost (net)	45,480	(486,960)
(Increase) decrease in other assets	100,000	(99,852)
(Increase) decrease in accrued interest receivable	(245,607)	13,982
Net cash provided (used) by operating activities	738,729	1,598,878
Cash flows from investing activities:		
Purchase of Federal Home Loan Bank Stock	(16,300)	(75,100)
Purchase of available-for-sale securities	(46,070,398)	(19,581,270)
Proceeds from calls and maturities of available-for-sale securities	2,755,000	1,330,000
Proceeds from repayments of available-for-sale securities	12,569,732	8,360,105
Proceeds from sale of available-for-sale securities	4,017,431	6,051,210
Proceeds from maturities of held-to-maturity securities	75,000	75,000
Loan originations, net of principal collections	(1,642,591)	(87,674)
Recoveries of loan losses	136,506	101,503
Proceeds from sale of repossessed assets and OREO	278,529	446,042
Purchases of building, premises, equipment and land	(76,183)	(110,904)
Net cash provided (used) by investing activities	(27,973,274)	(3,491,088)

Clovis Bancshares, Inc.
Consolidated Statement of Cash Flows
December 31, 2015, and 2014

	2015	2014
Cash flows from financing activities:		
Net increase (decrease) in deposits	$ (2,270,209)	$ 38,216,378
Net increase (decrease) in securities sold under agreement to repurchase	(16,194,049)	1,519,684
Payment of cash dividends	(445,844)	(418,822)
Acquisition of treasury stock	(672,568)	(109,642)
Increase (decrease) in escrow payable	6,564	(204,445)
Payments on loan on purchase of building	(7,613)	(7,206)
Sale of treasury stock	0	40,890
Net cash provided (used) by financing activities	(19,583,719)	39,036,837
Net change in cash and cash equivalents	(46,818,264)	37,144,627
Cash and cash equivalents at beginning of year	59,339,871	22,195,244
Cash and cash equivalents at end of year	$ 12,521,607	$ 59,339,871
Supplementary cash flow information:		
Cash paid for:		
Interest on deposits and borrowed funds	$ 1,080,177	$ 1,115,012
Income taxes	$ 693,480	$ 396,440
Noncash transactions:		
Other real estate owned	$ 642,500	$ 178,631
Repossessed assets (net repossessions)	$ 3,500	$ 0
SBA loan guarantee receivable	$ 323,873	$ 0

See accompanying notes to the consolidated financial statements.

Note 1 Summary of Significant Accounting Policies

Organization. Clovis Bancshares, Inc., a one bank holding company, is the sole shareholder of The Bank of Clovis, an independent community bank, which began operations on October 16, 2000. The Company provides a variety of banking services to individuals, small businesses and agricultural enterprises concentrated in the local community through its two locations in Clovis, New Mexico. The Company's deposit products include checking, savings, IRA's and certificates of deposits. Lending products include consumer, business, real estate and agricultural loans. The Company also provides investment services through a separate department. The trust services were terminated in 2015.

Principles of Consolidation. The consolidated financial statements include the accounts of Clovis Bancshares, Inc. and its wholly owned subsidiary. All significant intercompany balances and transactions have been eliminated in consolidation.

The accounting and reporting policies of the Company conform to generally accepted accounting principles in the United States of America and general practices of community banks. The more significant accounting policies are summarized below.

Use of Estimates. In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and reported amounts of revenues 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 relate to the determination of the allowance for loan losses. Management uses information as it becomes available to assess the likelihood of loan losses. In addition, regulatory agencies periodically review the allowance and may require further additions to the allowance.

Significant Group Concentrations of Credit Risk. Most of the Company's activities are with customers located within the Clovis, New Mexico area. The types of securities which the Company invests are reflected in Note 4 and the types of lending which the Company underwrites are reflected in Note 3. The Company policy is to diversify both the types of investments and loans as well as maturities to avoid concentrations in any one type of financial instrument.

Cash and Cash Equivalents. For purposes of the Statement of Cash Flows, cash and cash equivalents include cash and balances due from banks and federal funds sold, all with original maturities when purchased of three months or less. Deposit accounts in other financial institutions, other than Fed Funds, amounting to $4,027,002 and $3,818,809 at December 31, 2015, and 2014, respectively, are held in non-interest bearing accounts that do not require compensating balances. Investments in interest bearing deposits in other banks are separately classified and are carried at cost, of which there were none in 2015 and none in 2014. The Company had $7,704,180 and $54,875,762 of interest bearing deposits in the Federal Reserve Bank of Dallas at December 31, 2015, and 2014, respectively. The Company had $4,163 and $45 of interest bearing deposits in the Federal Home Loan Bank of Dallas at December 31, 2015, and 2014, respectively. There were $300,000 invested in Fed Funds at December 31, 2015, and none at December 31, 2014.

Note 1 Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents (continued)

The Federal Reserve Bank is the Central Bank of the United States and provides banking services to banks. Deposits with the Federal Reserve are implicitly guaranteed as are deposits to the Federal Home Loan Bank.

Noninterest and interest bearing transaction accounts in other financial institutions of $250,000 are guaranteed by the FDIC. Total deposits in other financial institutions of $3,377,002 are not insured by the FDIC in 2015 and $3,168,854 in 2014.

Fed Funds are considered debt and are not covered by FDIC insurance.

Securities. The Company classifies as available-for-sale investments in debt securities that it intends to hold for an indefinite period of time, but not necessarily until maturity. These securities are carried at fair value. Unrealized holding gains and losses are reported in an amount, net of tax effects, in other comprehensive income and are excluded from earnings. (See Note 4)

Purchase premiums and discounts are recognized in interest income using the interest method over the maturity or expected maturity for which prepayments are probable and can be reasonably estimated.

The estimated fair value of securities is discussed in Note 15. Declines in value of securities that are considered other than temporary are recorded in noninterest income as a loss on securities, of which there were none in 2015 and 2014. Realized gains and losses, as well as reclassifications out of accumulated other comprehensive income into earnings, are recorded in noninterest income using the specific identification method.

Securities classified as held-to-maturity are debt securities that the Company has the ability and the positive intent to hold until maturity. These securities are recorded at amortized cost. Sales of held-to-maturity securities within three months of maturity are treated as if held to maturity.

Federal Home Loan Bank Stock. As a member of the FHLB system, the Company maintains a required level of investment in FHLB stock. Because ownership of the stock is restricted to member institutions, it lacks marketability. The stock may only be sold back at par to the FHLB or another institution. The carrying value of the FHLB stock is at cost. Regulations of the FHLB require member institutions to purchase minimum levels of stock. The most recent regulatory computation established the minimum stock level at $91,400.

Loans. The Company grants real estate, agricultural, business and consumer loans to customers. The ability of the Company's debtors to honor their contracts is dependent, in part, upon the real estate or other collateral, borrower cash flows, and general economic conditions in this area.

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 and any deferred fees or costs on originated loans. Interest income is accrued and reported as income on the unpaid principal balance.

A loan is considered past due for all loan classes when contractual payments of principal and/or interest are not timely paid.

Note 1 Summary of Significant Accounting Policies (continued)

Loans (continued)

Certain loan origination fees, net of underwriting costs, are deferred and amortized to interest income using the interest method over the contractual life of the loan.

Nonaccrual Loans

A loan is classified as nonaccrual (for all loan classes) when it becomes 90 days or more past due, unless the loan is both well secured and in the process of collection, or earlier if management determines full payment of principal or interest is not expected. All interest income accrued is reversed by charging interest income and crediting accrued interest receivable. All payments collected while the loan is on nonaccrual status are credited to loan principal. Accrual of interest on such loans is resumed when: 1) principal and interest are no longer due and are fully paid; 2) there is a sustained period of timely payment performance; 3) when reasonable doubt no longer exists as to the borrower's ability to meet future contractual obligations; or 4) the loan becomes both well secured and in the process of collection.

Impaired loans in which management has determined cash flows are sufficient to continue making timely payments of interest and have proven the ability to pay interest when due may not be placed on nonaccrual.

Troubled Debt Restructuring

Troubled debt restructuring occurs when the Company elects to modify the contractual terms of a loan to provide for a reduction of either interest or principal as a result of the deterioration of the financial condition of the borrower. Concessions granted by the Company would not otherwise be considered except for the financial difficulties of the borrower. A loan is no longer reported as a troubled debt restructuring when the interest rate is consistent with market rates at the time of restructure, the loan is in compliance with the modified terms for a reasonable period of time, and the loan is on accrual status.

Allowance for Loan Losses. The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

Consumer loans are typically charged-off no later than 60 days past due. Other secured loans are charged-off or partially charged-off when the fair value of the loan collateral no longer supports the amount of the loan and in the judgment of management, cash flows are insufficient to timely pay scheduled loan payments.

The allowance for loan losses is evaluated monthly by management and is based on management's periodic review of the collectability of the loans. Management selects certain loans considering the size, internal grade of loan, industry and payment status for a loan-by-loan analysis for possible impairment pursuant to Financial Accounting Standard ASC 310. All other loans, including loans individually evaluated for impairment, determined not to be impaired under Financial Accounting Standard ASC 310, are included in groups of loans with similar risk characteristics and evaluated for loss pursuant to Financial Accounting Standard ASC 450 based on historical losses for the previous 2 years.

Note 1 Summary of Significant Accounting Policies (continued)

Loans (continued)

Allowance for Loan Losses (continued)

Additionally, in developing the appropriate level of the allowance for loan losses, management considers other factors to include: trends in classified loans, past due and nonaccrual loans as well as charged-off loans, local economic conditions to include the moisture conditions and federal crop insurance on the agriculture economy and the impact of economic and local housing market, and, finally the effect of growth in the loan portfolio, as well as, loan administration policies and regulatory examinations.

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. Factors considered by management in determining impairment include payment status, collateral value and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as 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. Impairment is measured on a loan-by-loan basis for all loans by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price or, most typically, the fair value of the collateral, if the loan is collateral dependent.

Management is of the opinion that the present allowance is sufficient to absorb reasonably foreseeable loan losses. Determination of the allowance is inherently subjective and is susceptible to significant revision as more information becomes available. Additionally, the Company's regulator may require additions to the allowance as a part of the examination process.

Financial Instruments. Credit related financial instruments - In the ordinary course of business, the Company has entered into commitments to extend credit including business letters of credit. Such financial instruments are recorded when they are funded.

The Company does not presently invest in derivative financial instruments to include hedges, swaps and option contracts or futures contracts; however, the Company does invest in certain derivative instruments in which the underlying securities are mortgage-backed securities guaranteed by U.S. Government Agencies.

Banking Premises and Equipment. Land is carried at cost. Buildings and equipment are carried at cost less accumulated depreciation computed on the straight-line method over the estimated useful lives of the assets. Buildings and improvements have a range of estimated useful lives from 15 to 39 years, furniture, fixtures and equipment have a range of estimated useful lives from 5 to 7 years, and software and computer equipment have a range of estimated useful lives from 3 to 5 years.

Note 1 Summary of Significant Accounting Policies (continued)

Deposits. Management recommends interest rate changes to the investment committee of the Board of Directors. Management bases the decision of changes on nationally published rates, the local economy and the competitive environment.

Income Taxes. Provisions for currently payable income taxes are provided based on taxable income of the current year. Deferred income tax assets and liabilities are determined using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of the temporary differences between the book and tax basis of the various balance sheet assets and liabilities and gives current recognition to changes in tax rates and laws.

Other Taxes. The Company records the New Mexico Gross Receipts Tax, a revenue based tax, as an expense, rather than netting against revenue.

Foreclosed and Repossessed Assets. Repossessed assets include personal property carried at fair value less costs to sell at the date of repossession. Subsequent to repossession, management periodically evaluates the property and adjusts its' value, if necessary, to reflect declines in value. Repossessed assets are written down to 75% of wholesale value which management has determined approximates fair value less cost to sell. The Company had no repossessed assets at December 31, 2015, and $2,004 at December 31, 2014. The Company did not have an allowance for repossessed assets for either year.

Real estate acquired in settlement of loans results when property collateralizing a loan is foreclosed upon or received in lieu of foreclosure for satisfaction of debt. Real estate acquired in settlement of loans is recorded at fair value of the assets received at the time of acquisition less estimated costs to sell, establishing a new cost basis. Subsequent to acquisition, management carries the real estate at the lower of cost or fair value less estimated cost to sell. Management provides an allowance for losses by a charge to operations based on the valuation of individual properties. Losses realized on sales are charged against earnings when sold. Gains from sales are recognized only when the criteria of Financial Accounting Standard ASC 360, "*Accounting for Sales of Real Estate*" is met. The Company's intent is to hold such real estate for sale. The Company had acquired real estate in the amount of $663,962 at December 31, 2015, and none at December 31, 2014. The Company did not have an allowance for acquired real estate at December 31, 2015, or at December 31, 2014.

Comprehensive Income. Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. In addition to net income, other components of comprehensive income, such as unrealized gains and losses on available-for-sale securities, are reported as a separate component of the equity section of the balance sheet. Such items, along with net income, are components of comprehensive income.

Earnings-Per-Share. The Company has voluntarily elected to report earnings-per-share which is not required for non-public companies. Basic earnings-per-share excludes dilution and is computed by dividing income available to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted earnings-per-share reflects the potential dilution that could occur if employee stock options were exercised. Diluted earnings-per-share is computed by dividing net income by the total weighted-average number of shares outstanding plus the effect of outstanding employee stock options.

Note 2 Premises and Equipment

A summary of the cost and accumulated depreciation of premises and equipment is presented below.

Depreciation expense for the year ended December 31, 2015, and 2014, was $205,177 and $205,356, respectively.

	2015	2014
Building	**$ 2,025,576**	$ 2,013,229
Furniture and Equipment	**991,448**	952,238
Software	**329,597**	304,971
Land	**171,534**	171,534
	3,518,155	3,441,972
Less: Accumulated Depreciation	**(1,612,354)**	(1,407,176)
	$ 1,905,801	$ 2,034,796

Note 3 Loans

The schedule presented below reflects the type of loans extended to the Company's customers.

	2015	2014
Real Estate Loans		
Real estate – construction residential 1-4	$ 1,977,853	$ 2,100,273
Real estate – construction other	1,359,596	1,893,104
Real estate – farm land	4,013,510	2,940,754
Real estate – residential 1-4	10,937,802	10,767,730
Real estate – residential 1-4, lines of credit	1,993,322	2,136,478
Real estate – residential 1-4, junior lien	243,813	291,218
Real estate – residential, 5 or more	529,782	562,578
Real estate – non-farm, non-residential	3,859,747	4,277,111
Real estate – non-farm, non-residential government guarantee	8,226,997	9,597,253
Real estate – non-farm, non-residential other	3,785,154	3,209,855
Real estate – non-farm, non-residential other government guarantee	11,131,557	11,456,959
Total Real Estate Loans	48,059,133	49,233,313
Agriculture Loans		
Loans to Finance Ag Production	12,695,810	11,327,653
Total Agriculture Loans	12,695,810	11,327,653
Commercial Loans		
Commercial loans	19,300,073	17,868,881
Commercial loans - government guarantee	3,314,056	4,501,341
Total Commercial Loans	22,614,129	22,370,222
Consumer Loans		
Consumer	6,650,139	5,973,766
Consumer, line of credit	6,500	8,221
Overdraft protection	26,287	30,827
Total Consumer Loans	6,682,926	6,012,814
Total Loans, gross	90,051,998	88,944,002
Overdrafts	6,555	64,135
Deferred loan fees	(56,474)	(56,213)
Unposted items	0	214,520
Allowance for loan losses	(1,797,919)	(1,209,988)
Total Loans, net	$ 88,204,160	$ 87,956,456

Note 3 Loans (continued)

The Company periodically sells loan participations to other financial institutions at par, which is considered fair value at the time. Servicing charges, if any, to the purchaser, do not exceed the cost of servicing. Gains or losses on the sale of participations or servicing assets of liabilities are not recorded as such amounts would not be material to the financial statements. The Company serviced one loan participated to others sold in the amount of $3,259,218 in 2015 and $3,341,732 in 2014.

Past Due Loans

The following table presents an age analysis of past due loans.

Age Analysis of past due loans by loan class

		Past Due		
Loan class	Current	30-89 days	90 days or more	Total
2015				
Real Estate	**$ 47,805,656**	**$ 253,477**	**$ 0**	**$ 48,059,133**
Agricultural	**12,562,798**	**133,012**	**0**	**12,695,810**
Commercial	**22,329,079**	**0**	**285,050**	**22,614,129**
Consumer	**6,633,693**	**49,233**	**0**	**6,682,926**
	$ 89,331,226	**$ 435,722**	**$ 285,050**	**$ 90,051,998**
2014				
Real Estate	$ 48,162,983	$ 380,397	$ 689,933	$ 49,233,313
Agricultural	11,193,514	134,139	0	11,327,653
Commercial	22,061,409	308,813	0	22,370,222
Consumer	5,923,369	89,445	0	6,012,814
	$ 87,341,275	$ 912,794	$ 689,933	$ 88,944,002

A loan is past due if loan payments are not timely paid on the contractual due date. Borrowers are sent a notice after 10 days delinquency and another notice after 20 days delinquency. Telephone contact is made no later than 30 days after a loan becomes past due. Loans 30 days past due are reported to the Board of Directors. For real estate loans, the Board may institute foreclosure proceedings after 90 days past due if determined necessary.

Note 3 Loans (continued)

Nonaccrual loans by loan class are as follows:

Loans on non-accrual by loan class

Loan class	Non-accrual	Loans past due 90 days or more
2015		
Real Estate	**$ 0**	**$ 0**
Agricultural	**0**	**0**
Commercial	**285,050**	**285,050**
Consumer	**0**	**0**
	$ 285,050	**$ 285,050**
2014		
Real Estate	$ 689,933	$ 689,933
Agricultural	0	0
Commercial	285,050	0
Consumer	0	0
	$ 974,983	$ 689,933

Interest not collected on nonaccrual loans was $132,407 and $75,994 at December 31, 2015, and 2014, respectively. Interest income has not been recognized on these loans.

Loan Origination/Risk Management

Management has adopted lending policies and procedures designed to provide for lending to borrowers within an acceptable level of risk. The Board of Directors approves and reviews policy revisions on a regular basis. The Company maintains a reporting system to provide frequent reports of loan delinquencies, loan quality, concentrations of credit and non-performing loans.

Management regularly reviews and classifies loans by quality. Additionally, the Company engages an independent loan review firm to evaluate management's quality ratings and lending processes which is reported to the Board of Directors.

Management considers the relevant risk characteristics of each segment of the loan portfolio in estimating the adequacy of the allowance for loan losses. The Company's loan underwriting and monitoring polices are designed to mitigate the significant risks. The major risk characteristics of the loan portfolio segments are as follows:

Real Estate – These loans include construction loans, residential mortgages, as well as guaranteed loans and certain other real estate. Management considers the major risks as timely completion of the construction project as budgeted, declines in value of real estate resulting from lack of market demand and continued employment of the residential borrower.

Note 3 Loans (continued)

Loan Origination/Risk Management (continued)

Agriculture Loans – Major risks include weather related risks to crops and livestock and commodity market volatility.

Commercial Loans – Management considers the ability of the commercial borrower to operate profitability and prudently to generate projected cash flows to repay obligations as agreed. Cash flows of the borrower are the primary source of repayment for commercial loans with secondary collateral, the value of the real estate or other collateral. Major risks are, therefore, the continued cash flows of the borrowers.

Consumer Loans – The Company employs credit scores by national credit rating agencies and other factors (debt to income, loan to collateral value) to evaluate risk in consumer loans. Other major risks evaluated are declines in the value of the security of the loans at a faster rate than the borrower repayments, as well as, continued employment of the borrower.

Credit Quality Indicators

The Company follows regulatory guidelines in classifying the quality of the loan portfolio on a monthly basis. Loans classified as "pass" are of satisfactory quality; "special mention" loans have a potential weakness or risk that may result in deterioration of future repayment if left uncorrected; "substandard loans" are inadequately protected by the current sound worth and paying capacity of the borrower or by collateral pledged and have a well-defined weakness that the Company will sustain some loss if uncorrected; "doubtful loans" have all the weaknesses of substandard loans with added characteristics that make collection or liquidation in full highly questionable and improbable. Management evaluates the quality of its loan portfolio on a monthly basis in conjunction with consideration of the adequacy of the allowance for loan losses.

The evaluation of the loan portfolio by loan class is as follows (see Note 1 for criteria used by management employees in measuring loans for possible impairment):

2015	Total	Real Estate	Agriculture	Commercial	Consumer
Loans individually evaluated for impairment	**$ 6,817,919**	**$ 1,915,007**	**$3,566,794**	**$ 1,299,166**	**$ 36,952**
Allowance for loan losses allocated based on evaluation	**$ 1,692,000**	**$ 190,839**	**$1,196,000**	**$ 290,161**	**$ 15,000**
2014					
Loans individually evaluated for impairment	$ 8,003,595	$ 2,715,743	$ 953,047	$ 4,273,632	$ 61,173
Allowance for loan losses allocated based on evaluation	$ 550,000	$ 70,000	$ 20,000	$ 435,000	$ 25,000

Note 3 Loans (continued)

Credit Quality Indicators (continued)

The following table presents loan quality by loan class.

Loan quality by loan class

Loan class	Pass	Special Mention	Substandard	Doubtful	Total
2015					
Real Estate	**$ 45,069,689**	**$ 775,471**	**$ 2,213,973**	**$ 0**	**$48,059,133**
Agricultural	**7,125,125**	**1,965,378**	**3,605,307**	**0**	**12,695,810**
Commercial	**18,791,493**	**2,249,943**	**1,572,693**	**0**	**22,614,129**
Consumer	**6,620,043**	**15,031**	**47,852**	**0**	**6,682,926**
	$ 77,606,350	**$ 5,005,823**	**$ 7,439,825**	**$ 0**	**$90,051,998**
2014					
Real Estate	$ 46,517,570	$ 739,671	$ 1,976,072	$ 0	$49,233,313
Agricultural	10,374,606	911,469	41,578	0	11,327,653
Commercial	18,096,590	2,271,875	2,001,757	0	22,370,222
Consumer	5,951,641	20,082	41,091	0	6,012,814
	$ 80,940,407	$ 3,943,097	$ 4,060,498	$ 0	$88,944,002

Impaired loans by loan class are as follows:

Impaired loans by loan class

Loan class	Recorded investment in loans impaired	Charge-offs	ALLL Allocation
2015			
Real Estate	**$ 1,915,007**	**$ 0**	**$ 190,839**
Agricultural	**3,566,794**	**0**	**1,196,000**
Commercial	**1,299,166**	**0**	**290,161**
Consumer	**36,952**	**0**	**15,000**
	$ 6,817,919	**$ 0**	**$ 1,692,000**
2014			
Real Estate	$ 254,735	$ 0	$ 70,000
Agricultural	41,578	0	20,000
Commercial	1,403,649	0	435,000
Consumer	51,924	0	25,000
	$ 1,751,886	$ 0	$ 550,000

Note 3 Loans (continued)

Credit Quality Indicators (continued)

Interest on impaired loans collected was $263,931 and $163,486 for the year ending December 31, 2015, and 2014, respectively. Average investment in impaired loans was $3,398,143 and $1,482,482 at December 31, 2015, and 2014, respectively.

Allowance for Loan Losses

The following table presents an analysis of the allowance for loan losses and off-balance sheet loan loss with the loans' charge-offs and recoveries by loan class.

Allowance for Loan Loss

2015	Total	Real Estate	Agriculture	Commercial	Consumer	Unallocated
Beginning balance, December 31, 2014	**$ 1,209,988**	**$ 241,998**	**$ 120,999**	**$ 241,998**	**$ 241,998**	**$ 362,995**
Loans charged-off	**(293,575)**	**(30,000)**	**(8,798)**	**(102,167)**	**(152,610)**	**0**
Recoveries	**136,506**	**0**	**22,900**	**30,155**	**83,451**	**0**
Provision for loan losses and allocation adjustment	**745,000**	**25**	**1,071,491**	**141,358**	**(136,655)**	**(331,219)**
Balance, December 31, 2015	**1,797,919**	**212,023**	**1,206,592**	**311,344**	**36,184**	**31,776**
Off-balance sheet loan loss allocation	**25,000**	**5,000**	**2,500**	**5,000**	**5,000**	**7,500**
Total	**$ 1,822,919**	**$ 217,023**	**$ 1,209,092**	**$ 316,344**	**$ 41,184**	**$ 39,276**
2014						
Beginning balance, December 31, 2013	$ 945,286	$ 194,057	$ 97,029	$ 194,057	$ 194,058	$ 266,085
Loans charged-off	(211,801)	(13,320)	(122,638)	(33,354)	(42,489)	0
Recoveries	101,503	13,509	0	48,328	39,666	0
Provision for loan losses and allocation adjustment	375,000	47,752	146,608	32,967	50,763	96,910
Balance, December 31, 2014	1,209,988	241,998	120,999	241,998	241,998	362,995
Off-balance sheet loan loss allocation	25,000	5,000	2,500	5,000	5,000	7,500
Total	$ 1,234,988	$ 246,998	$ 123,499	$ 246,998	$ 246,998	$ 370,495

Note 3 Loans (continued)

Allowance for Loan Losses (continued)

Off-balance sheet loan loss allocation is as follows:

	2015	2014
Balance, at beginning of year	**$ 25,000**	$ 25,000
Additions (reclassification)	**0**	0
Balance, at the end of the year	**$ 25,000**	$ 25,000

Note 4 Investments

The carrying amount and fair values of the Company's investments in securities at December 31, 2015, and 2014, are summarized as follows:

Debt Securities available-for-sale

December 31, 2015	Amortized cost	Gross unrealized gains	Gross unrealized (losses)	Fair value
US Government Agency	**$ 12,966**	**$ 43**	**$ 0**	**$ 13,009**
Municipals	**26,525,145**	**687,167**	**(6,488)**	**27,205,824**
Residential Mortgage-Backed Securities	**30,622,673**	**250,627**	**(167,207)**	**30,706,093**
Collateralized Residential Mortgage Obligations	**24,835,199**	**27,050**	**(230,179)**	**24,632,070**
	$ 81,995,983	**$ 964,887**	**$ (403,874)**	**$ 82,556,996**

At December 31, 2015, the effective yield of Collateralized Mortgage Obligations was 1.866%.

Net unrealized gains and losses of $561,013 were included in other comprehensive income.

December 31, 2014	Amortized cost	Gross unrealized gains	Gross unrealized (losses)	Fair value
US Government Agency	$ 116,598	$ 2,830	$ 0	$ 119,428
Municipals	14,721,677	560,259	0	15,281,936
Residential Mortgage-Backed Securities	24,814,223	391,344	(43,792)	25,161,775
Collateralized Residential Mortgage Obligations	15,510,047	56,612	(19,935)	15,546,724
	$ 55,162,545	$ 1,011,045	$ (63,727)	$ 56,109,863

At December 31, 2014, the effective yield of Collateralized Mortgage Obligations was 1.886%.

Net unrealized gains and losses of $947,318 were included in other comprehensive income.

Note 4 Investments (continued)

Debt Securities held-to-maturity:

December 31, 2015	Amortized cost	Gross unrealized gains	Gross unrealized (losses)	Fair value
US Government Agency	**$ 0**	**$ 0**	**$ 0**	**$ 0**
Municipals	**16,603,620**	**311,783**	**(117,114)**	**16,798,289**
Residential Mortgage-backed Securities	**0**	**0**	**0**	**0**
Collateralized Residential Mortgage Obligations	**0**	**0**	**0**	**0**
	$ 16,603,620	**$ 311,783**	**$ (117,114)**	**$ 16,798,289**

December 31, 2014	Amortized cost	Gross unrealized gains	Gross unrealized (losses)	Fair value
US Government Agency	$ 0	$ 0	$ 0	$ 0
Municipals	16,774,744	243,143	(206,801)	16,811,086
Residential Mortgage-backed Securities	0	0	0	0
Collateralized Residential Mortgage Obligations	0	0	0	0
	$ 16,774,744	$ 243,143	$ (206,801)	$ 16,811,086

No sales or transfers of held-to-maturity securities to available-to-sale securities were made in 2015 or 2014. There were maturities of held-to-maturity securities in 2015 and 2014 in the amount of $75,000 and $75,000, respectively.

Note 4 Investments (continued)

The scheduled maturities of US Government Agency, Mortgaged-Backed and Municipals securities at December 31, 2015, were as follows:

	Available-for-sale Amortized Cost	Available-for-sale Fair Market Value
Due in one year or less	$ 1,501,779	$ 1,526,304
Due from one to five years	59,521,623	59,600,775
Due from five to ten years	10,202,056	10,450,512
Due after ten years	10,770,525	10,979,405
	$ 81,995,983	$ 82,556,996

	Held-to-maturity Amortized Cost	Held-to-maturity Fair Market Value
Due in one year or less	$ 50,000	$ 50,236
Due from one to five years	1,839,622	1,872,168
Due from five to ten years	6,880,543	6,996,461
Due after ten years	7,833,455	7,879,424
	$ 16,603,620	$ 16,798,289

Securities may be subject to earlier call and, therefore, experience prepayment prior to maturity.

Note 4 Investments (continued)

The following table reflects those available-for-sale investments in a continuous unrealized loss position for less than 12 months and for 12 months or longer at December 31, 2015.

December 31, 2015	Less than 12 Months		12 Months or longer		Total	
Description of Securities	Fair Value	Unrealized (Loss)	Fair Value	Unrealized (Loss)	Fair Value	Unrealized (Loss)
Collateralized Residential Mortgage Obligations (24 positions)	$ 21,725,399	$ (208,294)	$ 0	$ 0	$ 21,725,399	$ (208,294)
Municipals (7 positions)	2,470,270	(6,489)	0	0	2,470,270	(6,489)
Residential Mortgage-Backed Securities (14 positions)	16,263,105	(155,588)	0	0	16,263,105	(155,588)
Collateralized Residential Mortgage Obligations (1 position)	0	0	$554,057	($21,885)	554,057	(21,885)
Residential Mortgage-Backed Securities (1 position)	0	0	664,045.00	(11,619.00)	664,045	(11,619)
Total	$ 40,458,774	$ (370,371)	$ 1,218,102	$ (33,504)	$ 41,676,876	$ (403,875)

The following table reflects those available-for-sale investments in a continuous unrealized loss position for less than 12 months and for 12 months or longer at December 31, 2014.

December 31, 2014	Less than 12 Months		12 Months or longer		Total	
Description of Securities	Fair Value	Unrealized (Loss)	Fair Value	Unrealized (Loss)	Fair Value	Unrealized (Loss)
Collateralized Residential Mortgage Obligations (2 positions)	$ 1,798,631	$ (5,600)	$ 0	$ 0	$ 1,798,631	$ (5,600)
Municipals (3 positions)	0	0	0	0	0	0
Residential Mortgage-Backed Securities (5 positions)	3,694,594	(15,291)	0	0	3,694,594	(15,291)
Collateralized Residential Mortgage Obligations (1 position)	0	0	668,468	(14,335)	668,468	(14,335)
Residential Mortgage-Backed Securities (3 positions)	0	0	1,838,301	(28,501)	1,838,301	(28,501)
Total	$ 5,493,225	$ (20,891)	$ 2,506,769	$ (42,836)	$ 7,999,994	$ (63,727)

Note 4 Investments (continued)

The following table reflects those held-to-maturity investments in a continuous unrealized loss position for less than 12 months and for 12 months or longer at December 31, 2015.

December 31, 2015	Less than 12 Months		12 Months or longer		Total	
Description of Securities	Fair Value	Unrealized (Loss)	Fair Value	Unrealized (Loss)	Fair Value	Unrealized (Loss)
Municipals (3 positions)	$ 1,932,082	$ (12,073)	$ 0	$ 0	$ 1,932,082	$ (12,073)
Municipals (5 positions)	0	0	2,623,539	(105,041)	2,623,539	(105,041)
Total	$ 1,932,082	$ (12,073)	$ 2,623,539	$ (105,041)	$ 4,555,621	$ (117,114)

The following table reflects those held-to-maturity investments in a continuous unrealized loss position for less than 12 months and for 12 months or longer at December 31, 2014.

December 31, 2014	Less than 12 Months		12 Months or longer		Total	
Description of Securities	Fair Value	Unrealized (Loss)	Fair Value	Unrealized (Loss)	Fair Value	Unrealized (Loss)
Municipals (3 positions)	$ 756,148	$ (2,829)	$ 0	$ 0	$ 756,148	$ (2,829)
Municipals (12 positions)	0	0	5,614,556	(203,972)	5,614,556	(203,972)
Total	$ 756,148	$ (2,829)	$ 5,614,556	$ (203,972)	$ 6,370,704	$ (206,801)

In estimating other-than-temporary losses, management considers (1) the length of time and the extent to which fair value has been less than cost, (2) the financial condition and near-term prospect 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 anticipated recovery in fair value.

Management does not believe any of the individual unrealized losses as of December 31, 2015, represents an other-than-temporary impairment. The Company has the intent and ability to hold these securities until such time as the value recovers or the securities mature. Management further believes the value is attributable to changes in market interest rates and not the credit quality of the issuer.

The Company uses the specific identification method for determining amortized cost. Gross proceeds from the disposition of available-for-sale securities from sales, maturities and calls during 2015 and 2014 amounted to $6,772,431 (sales of $4,017,431 and calls, pre-refunded and maturities of $2,755,000) and $7,456,210 (sales of $6,051,210 and calls and maturities of $1,330,000), respectively, not including repayments of mortgage-backed securities.

The Company had realized gains (losses) on available-for-sale securities during 2015 of ($54,390) and $288,301 during 2014 which was reclassified out of other comprehensive income.

Note 5 Deposits and Securities Sold under Agreement to Repurchase

Deposits

A schedule of the types and amounts of deposits held by the Company is shown below.

	2015	2014
Non-interest bearing checking	**$ 29,693,518**	$ 20,592,405
Interest bearing checking	**13,886,738**	11,331,488
State and public funds	**23,575,814**	32,843,966
Time Deposits State and public funds	**5,787,008**	6,040,584
Money market	**58,164,285**	50,235,959
Savings	**6,532,299**	4,921,236
CD's over $250,000	**7,951,254**	14,855,509
CD's over $100,000 and less than $250,000	**9,815,239**	14,480,115
CD's less than $100,000	**14,038,022**	16,287,582
IRA's	**9,507,600**	9,673,373
Sweep accounts	**3,130,916**	3,090,685
	$ 182,082,693	$ 184,352,902

The time deposit types include the following:

	2015
3 months or less	**$ 6,741,282**
3 months to 12 months	**18,335,635**
One year through three years	**8,178,128**
Three years through five years	**13,844,077**
	$ 47,099,122

	2014
3 months or less	$ 6,002,642
3 months to 12 months	29,767,585
One year through three years	18,943,625
Over three years	6,623,310
	$ 61,337,162

Information for the time deposit maturities by individual years for five year increments is not available. The above information is substituted. The weighted average rate by time is not available. The cost/yield percentage rate, at December 31, 2015, for CD's and IRA's was 1.3292% - 1.8120% and 1.7132% - 2.600%, respectively. The cost/yield percentage rate, at December 31, 2014, for CD's and IRA's was 1.4857% - 1.7679% and 1.9812% - 2.5999%, respectively.

Note 5 Deposits and Securities Sold under Agreement to Repurchase (continued)

Deposits (continued)

At December 31, 2015, and 2014, the Company held deposits in accounts with balances over $100,000 of $135,930,048 and $39,478,813, respectively. At December 31, 2015, the Company held deposits in accounts with balances over $250,000 of $99,195,321.

Securities Sold under Agreement to Repurchase. The Company has entered into contractual agreements with certain depositors in which customer deposits in excess of target amounts at the end of each banking day are invested in an interest in securities sold to the customer by the Company. The securities are repurchased by the Company at the opening of the following banking day. The repurchase price is equal to the selling price. The agreements are generally for one year. Securities sold under agreements to repurchase are classified as secured borrowings. The agreements establish the interest rates to be received on the repurchase agreements at 1%.

Pledged Securities. At December 31, 2015, the Company had available securities with a fair value of $99,355,286 of which $12,303,632 secures private deposits and $30,053,860 secures municipal deposits, leaving $56,997,794 available for other purposes. At December 31, 2014, the Company had available securities with a fair value of $72,920,950 of which $553,736 secures the lines of credit, $9,807,262 secures private deposits and $24,926,228 secures municipal deposits, leaving $37,633,724 available for other purposes. The agreements appoint The Bank of Clovis Safekeeping Department or its designee as the customers' custodian of the underlying securities as they pertain to the agreements. All securities are held in the name of the Company by a third party custodian. The Company provides each customer with a report of securities pledged.

The Company has pledged both available-for-sale and held-to-maturity securities at December 31, 2015 and 2014. The allocation between available-for-sale and held-to-maturity securities is not available.

Note 6 Short-term Borrowings and other Debt

The Company has established secured lines of credit from the Federal Reserve Bank. Securities with a book value of $3,275,221 at December 31, 2015, are held in safekeeping with the Federal Reserve which are available for pledging, but are not pledged at December 31, 2015, in the event the Company requests an advance. The Company also has an unsecured Federal Funds Line of $5,000,000 from a correspondent bank. The correspondent bank may, in its sole and absolute discretion, require security, upon terms satisfactory to the correspondent bank, prior to selling fed funds to the Company. At December 31, 2015, the Company does not have any securities pledges to the correspondent bank. At December 31, 2015, and 2014, the Company had not drawn on the lines of credit.

The Company has established credit lines with the Federal Home Loan Bank (FHLB). Advances are secured by granting to the FHLB a security interest in first mortgage loans, other qualified loans, deposit accounts, other real estate related collateral, securities and FHLB stock. Under FHLB guidelines, the Company's total available credit line at December 31, 2015, was $40,318,600 of which $40,318,600 was available at December 31, 2015. The Company had not drawn on the line of credit at December 31, 2015.

Note 6 Short-term Borrowings and other Debt (continued)

The Federal Home Land Bank (FHLB) holds a blanket lien that does not require segregating or delivery of collateral, so long as the Company complies with the statutory and regulatory capital standards and all underwriting standards as determined by the FHLB. Sale or encumbrance of pledged assets in the ordinary course of business are automatically released, so long as the Company maintains the required level of collateral. Pledged collateral has not been separately identified on the Consolidated Statement of Financial Condition.

The Company is obligated for a mortgage secured by real estate contiguous to its main banking facility. Mortgage payable at December 31, 2015, at an interest rate of 5.5% is as follows:

	Principal	Interest
2016	$ 8,042	$ 2,758
2017	8,496	2,304
2018	8,975	1,825
2019	9,482	1,318
2020	10,016	784
2021	8,778	222
	$ 53,789	$ 9,211

Note 7 Restrictions on Dividends, Loans and Advances

The Company's primary source of cash is dividends from the Bank. Federal and state banking regulations place certain restrictions on dividends paid and loans or advances made by the Bank to the Company. The payment of dividends is limited by the requirement to maintain adequate capital pursuant to the capital adequacy guidelines.

The Company paid dividends of $445,844 to its shareholders in 2015 and $418,822 in 2014.

Loans or advances to one borrower are generally limited to 35 percent of the Bank's capital stock and surplus on a secured basis.

Note 8 Commitments and Legal Contingencies

In the ordinary course of business, the Company has various outstanding commitments that are not reflected in the accompanying financial statements. Among these commitments are certain restrictions agreed to by the Company with the FDIC to secure insurance of deposit accounts to include: maintenance of certain capital ratios, an adequate allowance for loan losses, maintenance of adequate fidelity coverage, and to notify the FDIC of any material changes in the operation of the Company.

In the normal course of business, the Company is at all times subject to various pending and threatened litigation. Management presently believes the ultimate resolution of such issues that might arise will not have an adverse effect on the financial condition or the results of operations.

Note 9 Income Taxes

Income taxes at December 31, 2015, and 2014, are as follows:

		2015	2014
Current Provision	Federal income taxes	**$ 444,573**	$ 530,766
	State income taxes	**96,429**	116,847
		541,002	647,613
Deferred Income Taxes	Federal	**(323,614)**	(199,556)
	State	**(56,156)**	(33,925)
		(379,770)	(233,481)
	Total	**$ 161,232**	$ 414,132

The Company files a consolidated income tax return. Current and deferred income taxes are allocated to members of the group based on the income tax liability or benefit as if each company filed a tax return on its separate income. Intercompany transaction amounts of $69,680 for income taxes reflected as receivable by the Parent Company, from the Bank Subsidiary, are eliminated for purposes of consolidated financial statements in 2015.

Income Tax Positions. The Company adopted Financial Accounting Standards Board ASC 740-10 *Accounting for Uncertainty in Income Taxes*. The Company believes that it has appropriate support for the income tax positions to be taken on its tax returns and that its accrual for tax liabilities are adequate for open years based on an assessment of many factors, including past experience and interpretation of the tax law.

The Company's federal and state of New Mexico income tax returns for the most recent 3 years are routinely subject to examination by the tax authorities. The Company has not been notified of any pending examination.

Deferred Income Taxes. Deferred income tax assets and liabilities at December 31, 2015, and 2014, reflect the temporary differences between the amount of assets and liabilities for financial reporting purposes and the basis of such assets and liabilities measured by current enacted tax laws.

Note 9 Income Taxes (continued)

Deferred Income Taxes (continued)

The components of the net deferred tax asset included in other assets are as follows:

	2015	2014
Deferred Tax Assets:		
Bad debt deduction	**$ 643,661**	$ 405,144
Non-qualified stock option plan	**21,318**	21,206
Unrealized loss on AFS securities	**47,764**	0
SERP retirement plan	**294,961**	189,741
Total Deferred Tax Assets	**1,007,704**	616,091
Deferred Tax Liabilities		
Depreciation differences	**93,098**	129,019
Unrealized gain on AFS securities	**271,608**	376,843
Total Deferred Tax Liabilities	**364,706**	505,862
Net Deferred Tax Asset (Liabilities)	**$ 642,998**	$ 110,229

Differences in Effective Tax Rates. The total income tax expense for 2015 and 2014 were different than the amounts computed by applying the statutory federal income tax rates as follows:

	2015	2014
Income taxes (refundable) at statutory rate	**$ 643,715**	$ 790,454
Increases and (decreases) resulting from:		
Effect of New Mexico income taxes	**(32,788)**	(39,728)
Permanent differences:		
Municipal bond interest	**(325,083)**	(293,024)
Other differences	**2,200**	2,386
Life insurance	**(51,800)**	(53,022)
20% Disallowed Municipal Interest	**14,150**	13,604
Timing differences:		
Depreciation differences	**30,939**	6,513
Bad debt deduction	**202,206**	85,741
Post retirement benefit plan	**89,174**	97,948
Stock options	**982**	(5,417)
Deferred income tax	**(129,122)**	(74,695)
Federal income taxes	**444,573**	530,760
New Mexico income taxes	**96,429**	116,853
Total current income taxes	**$ 541,002**	$ 647,613

Note 10 Related Party Transactions

In the ordinary course of business, the Company has granted loans to current Officers and Directors and their affiliates with the same terms as other borrowers. Loans to current Officers and Directors and their affiliates are as follows:

	2015	2014
Balance, beginning of year	**$ 546,362**	$ 461,570
New loans	**284,762**	146,775
Repayments	**(215,359)**	(61,983)
Balance, end of year	**$ 615,765**	$ 546,362

Deposits from current Officers and Directors and their affiliates held by the Company at December 31, 2015, and 2014, amounted to $5,885,694 and $7,464,756, respectively.

A director had deposits in excess of 5% of capital totaling $4,012,328 on December 31, 2015.

No directors had loans in excess of 5% of capital on December 31, 2015.

Other Related Party Transactions

The Company required roof repairs and hired a company that is owned by an immediate family member of a director. Payments of $96,786 were made to this company during the 2014 year and none in 2015.

Note 11 Treasury Stock

The Company's stock is subject to a restrictive stock agreement which requires shareholders desiring to sell their shares to first offer the shares to the Company. The Board of Directors establishes a market in the Company's shares through a standing offer to redeem shares. The Board reviews the offering price, based on a ratio of the book value, each quarter. The offering price was $27 per share at December 31, 2015, and $26 per share at December 31, 2014. Treasury shares are accounted for on the first-in, first-out basis at cost. The Company is not obligated to repurchase shares.

Note 12 Stock Option Plans

The Company provides an incentive and non-qualified stock option plan for certain key employees which was approved by the stockholders in 2000 and amended in 2011 and a separate, non-qualified stock option plan for its' Directors which was approved by the shareholders in 2005.

The incentive stock option plan limits the total options which may be granted to a total of 80,915 shares. The exercise price is determined by a committee of outside Directors, but may not be less than the fair market value of the shares on the date of the grant (110% in the case of grants to a 10% shareholder). Incentive stock options are exercisable no more rapidly than in consecutive annual installments of 20% of the total number of shares originally covered by the grant.

Note 12 Stock Option Plans (continued)

The non-qualified stock option plan provides options for 12,000 shares to the Company Directors (all of which have been exercised as of December 31, 2014). The option price is determined by a Committee of the Board of Directors and may not be less than the fair market value of the shares on the date of the grant.

All options are granted for a maximum period of 10 years. The options are nontransferable, except by laws of descent and subject to other restrictions.

No options were granted in 2015 or 2014. The fair value of options granted is estimated on the date of the grant using the Black-Scholes option pricing model and the following assumptions: the expected term to exercise is 10 years; the expected volatility has been estimated at 4%; the risk-free rate of return, based on US Treasury's zero coupon rate. Because these derived values cannot be substantiated by independent markets, values may vary.

The Company recognizes stock based compensation pursuant to Accounting Standards Codification (ASC) topic 718-10, *Compensation - Stock Compensation.*

A summary of the option activity as of December 31, 2015, is as follows:

Options	Incentive Options Shares	Non-Qualified Option Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)
Outstanding, December 31, 2014	42,296	29,404		
Granted	0	0		
Forfeited	0	0		
Exercised-Incentive	0	0		
Exercised-Non-qualified	0	0		
Outstanding, December 31, 2015, Incentive	42,296		$ 25.22	7.0
Outstanding, December 31, 2015, Nonqualified		29,404	$ 20.25	3.8

The aggregate intrinsic value of 52,500 shares exercisable at December 31, 2015, is $253,976 and the weighted-average exercise price is $22.19.

Note 12 Stock Option Plans (continued)

A summary of the status of the Company's nonvested shares as of December 31, 2015, is as follows:

Nonvested Options	Option Shares
Nonvested, January 1, 2015	29,200
Granted	0
Vested	10,300
Forfeited or expired	0
Nonvested, December 31, 2015	18,900

Aggregate intrinsic value of nonvested shares at December 31, 2015, was $19,764.

Compensation was recognized in 2015 and 2014 of $2,887 and $5,522, respectively. The Company does not recognize a tax benefit from incentive stock options except for premature dispositions of exercised options by employees. In 2014, exercise of nonqualified stock options resulted in a benefit, net of tax, of $12,264.

In 2014, 3,000 option shares were exercised for $40,890. The intrinsic value of options exercised was $31,110.

At December 31, 2015, $2,015 had not been recognized as compensation cost related to nonvested share-based compensation plans. That cost is expected to be recognized over a 3 year period. The fair value of shares vested during the years ended 2015 and 2014 was $278,100 and $293,800, respectively. The total fair value of all vested shares for years ending December 31, 2015, and 2014, was $1,425,600 and $1,105,000, respectively.

Note 13 Minimum Regulatory Capital Requirements

The Company is subject to various regulatory capital requirements administered by the federal agencies (banking regulations require the determination of regulatory capital for the bank subsidiary, rather than the holding company until assets exceed $500 million). 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 Company's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company 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.

To ensure the adequacy of the Company's capital, minimum amounts and ratios, as reflected in the accompanying schedule, are defined in the regulations. Failure to meet the minimum capital requirements can initiate actions by the regulators that could have a material effect on the financial statements. Management believes that the Company meets all capital adequacy requirements at December 31, 2015.

Note 13 Minimum Regulatory Capital Requirements (continued)

The most recent notification from the FDIC categorized the Company as well capitalized under the regulatory requirements for prompt corrective action. There are no conditions or events since that notification that management believes have changed the Company's category.

Effective January 1, 2015, the FDIC adopted changes to its existing risk-based and leverage capital rules and the measurement of risk-weighted assets. Key changes in the capital requirements are as follows:

- Revision of regulatory capital definitions and minimum ratios
- Changes in the definition of Tier 1 capital to include two components:
  - Common equity Tier 1 capital
  - Additional Tier 1 capital
- Adds a new common equity Tier 1 capital ratio
- Implements a capital conservation buffer
- Revises the Prompt Correction Action (PCA) amounts and adds the new ratio to the PCA framework
- Changes the risk weighting for certain assets and off-balance sheet items

The Company's actual capital amounts and ratios are presented in the accompanying table along with the requirements for adequate capital.

Note 13 Minimum Regulatory Capital Requirements (continued)

			Capital Requirements			
(in thousands)	**Actual**		**Adequately Capitalized**		**Well Capitalized**	
December 31, 2015	**Capital Amount**	**Ratio**	**Capital Amount**	**Ratio**	**Capital Amount**	**Ratio**
Total capital (to risk weighted assets)	**$ 23,020**	**24.8%**	**$ 7,430**	**≥ 8%**	**$ 9,287**	**≥ 10%**
Tier 1 capital (to risk weighted assets)	**$ 21,851**	**23.5%**	**$ 5,572**	**≥ 6%**	**$ 7,429**	**≥ 8%**
Tier 1 leverage ratio capital (to average assets)	**$ 21,851**	**10.3%**	**$ 8,452**	**≥ 4%**	**$ 10,565**	**≥ 5%**
Common Equity Tier 1 risk-based capital (to risk weighted assets)	**$ 21,851**	**23.5%**	**$ 4,179**	**≥ 4.5%**	**$ 6,037**	**≥ 6.5%**

	Actual		Minimum capital requirement		Minimum to be well capitalized under prompt corrective action provisions	
December 31, 2014	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital (to risk weighted assets)	$ 22,469	25.9%	$ 6,934	≥ 8%	$ 8,668	≥ 10%
Tier 1 capital (to risk weighted assets)	$ 21,384	24.7%	$ 3,467	≥ 4%	$ 5,201	≥ 6%
Tier 1 capital (to average assets)	$ 21,384	9.9%	$ 8,664	≥ 4%	$ 10,830	≥ 5%

Note 13 Minimum Regulatory Capital Requirements (continued)

Capital Ratio Phase-in

The following table reflects the phase-in of capital requirements over the next five years:

Year, as of January 1,	2015	2016	2017	2018	2019
Common equity Tier 1 capital conservation buffer	N/A	0.625%	1.25%	1.875%	2.5%
Minimum common equity Tier 1 capital ratio	4.5%	4.5%	4.5%	4.5%	4.5%
Minimum common equity Tier 1 capital ratio plus capital conservation buffer	4.5%	5.125%	5.75%	6.375%	7.0%
Minimum Tier 1 capital ratio	6.0%	6.0%	6.0%	6.0%	6.0%
Minimum Tier 1 capital ratio plus capital conservation buffer	N/A	6.625%	7.25%	7.875%	8.5%
Minimum total capital ratio	8.0%	8.0%	8.0%	8.0%	8.0%
Minimum total capital ratio plus capital conservation buffer	N/A	8.625%	9.25%	9.875%	10.5%

Capital Conservation Buffer

In addition to the minimum risk-based capital requirements, a new capital conservation buffer of least 2.5 percent of total risk-weighted assets is included in the regulatory capital requirements beginning in 2016. The capital conservation buffer of common equity Tier 1 capital in an amount greater than 2.5 percent of total risk-weighted assets is required to avoid limits on dividends and discretionary bonus payments to executive officers.

Note 14 Off-Balance Sheet Activities, Commitments and Contingencies

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

Note 14 Off-Balance Sheet Activities, Commitments and Contingencies (continued)

Credit-Related Financial Instruments (continued)

The Company's exposure to credit loss is represented by the contractual amount of these commitments. The Company follows the same credit policies in making commitments as it does for on-balance sheet instruments. Because commitments to extend credit are generally subject to expiration within one year, management believes any market risk is minimal. Management provides an allowance for off-balance sheet risk using similar methods as discussed in Note 1 to the financial statements for the allowance for loan losses.

At December 31, 2015, the following financial instruments were outstanding whose contract amounts represent credit risk:

Unfunded commitments under lines of credit	$ 7,124,649
Commercial letters of credit	0
Allowance for off-balance sheet loss allocation	(25,000)
	$ 7,099,649

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. Commitments may be negotiated at fixed or variable rates. The commitments for equity lines of credit may expire without being drawn upon. Therefore, the total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained, if it is deemed necessary by the Company, is based on management's credit evaluation of the customer.

Commercial letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those letters of credit are primarily issued to support borrowing arrangements. Essentially, all letters of credit issued have expiration dates within one year. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loans to customers. The Company generally holds collateral supporting those commitments if deemed necessary.

Concentrations of Credit Risk. The majority of the Company's loans, commitments to extend credit and standby letters of credit are within the lending area of Clovis, New Mexico, and surrounding communities. A major economic driver of the lending area is Cannon Air Force Base. The ability of borrowers, directly or indirectly, associated with contracts from the Base to satisfy their obligations may be dependent upon continued funding of the Base. The Company maintains a diverse loan portfolio as reflected in Note 3 to the financial statements.

Other Concentrations. At December 31, 2015, and 2014, the Company held withdrawable deposits of a local government in the amount of $15,976,850 and $26,976,492, respectively.

Note 15 Fair Value of Assets and Liabilities

Statement of Financial Accounting Standards Codification ASC 820, *Disclosures about Fair Value Measurements and Disclosures,* defines fair value, sets out a framework for measuring fair value and requires certain disclosures about fair value measurements, even when those fair values are not recognized in the financial statements.

Fair Value Measurement. Fair value measurement is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 provides for a hierarchy of grouping assets and liabilities based on the best information available for discovery of the price or measurement in the market. The hierarchy will group assets and liabilities into three levels based on the markets in which assets and liabilities are exchanged and the reliability of the assumptions used to determine fair value. Greater reliance is placed on observable inputs than on other methods of price discovery. The fair value hierarchy is defined as follows:

Level 1 - Valuation is based on quoted prices for identical instruments traded in active markets.

Level 2 - Valuation is based on quoted market prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 - Valuation is generated from significant assumptions not observable in the market. Unobserved assumptions reflect management's judgment of estimates of assumptions that market participants would use in pricing the assets or liability. Valuation techniques include primarily assumptions about market values of similar properties or securities, typically based on prior appraisals, particularly as related to foreclosed real estate held for sale. Discounted cash flow models and similar methods may also be used.

Management's policy is to use observable market prices whenever possible; however, unobservable methods are necessary when market prices are not available. The present value techniques used when market prices are not available are significantly affected by assumptions of the discount rate and estimates of future cash flows. Independent sources for market valuations are used whenever possible. While management believes the Company's valuation methods are appropriate, derived values which may be necessary for unobservable methods cannot be substantiated by independent markets and may not be realized in immediate settlement of the instruments.

Financial Assets Recorded at Fair Value on a Recurring Basis. The following is a description of the valuation methodologies used for assets and liabilities recorded at fair value in the books of account on both a recurring and nonrecurring basis. There were no transfers between measurement levels during the year.

Securities available-for-sale

Securities available-for-sale are carried at fair value using the Level 2 methodology on a recurring basis. Fair value is determined by Interactive Data Corporation's and Bloomberg's valuation services, independent firms nationally recognized by the financial services industry, whose methods and assumptions are reasonable in the judgment of management.

Note 15 Fair Value of Assets and Liabilities (continued)

Financial Assets Recorded at Fair Value on a Nonrecurring Basis, continued

Impaired Loans

When management determines a loan is impaired, an allowance for loan losses is provided, typically based on the appraisal of collateral when the loan was originated or a current appraisal, if available. Management may obtain a new appraisal or estimate the collateral value using available market information and observations of the condition of collateral, as well as other factors. For the current year, all impaired loans were classified as Level 3, as current appraisals were not readily available and, therefore, fair value was based on management's best judgment using available information.

Foreclosed Assets and Repossessed Assets

Foreclosed assets are adjusted to fair value upon transfer of the loans to foreclosed assets and are, subsequently, carried at the lower of carrying value or fair value requiring adjustments on a nonrecurring basis.

Foreclosed commercial properties and business loans often present unique valuation situations even when appraisals are available. While the Company generally has appraisals of the properties, management also uses their best judgment from all available information, including the condition of the property, the estimated market opportunities for sale of the property, within management's time frame as well as the appraisal in determining fair value. Management generally intends to sell foreclosed properties within one year. These assets are, therefore, classified as Level 3.

Fair value of repossessed property is based on independent market appraisals or referral to market pricing services for tangible personal property, if available. Repossessed personal property is, therefore, classified as Level 2.

Note 15 Fair Value of Assets and Liabilities (continued)

Assets measured at fair value on a recurring basis at December 31, 2015, and 2014, are as follows:

December 31, 2015

	Total	Level 1	Level 2
Assets:			
Securities available-for-sale			
US Government Agency	**$ 13,009**	**$ 0**	**$ 13,009**
Municipals	**27,205,824**	**0**	**27,205,824**
Residential Mortgage-Backed Securities	**30,706,094**	**0**	**30,706,094**
Collateralized Residential Mortgage Obligations	**24,632,070**	**0**	**24,632,070**
	$ 82,556,996	**$ 0**	**$ 82,556,996**

December 31, 2014

	Total	Level 1	Level 2
Assets:			
Securities available-for-sale			
US Government Agency	$ 119,428	$ 0	$ 119,428
Municipals	15,281,936	0	15,281,936
Residential Mortgage-Backed Securities	25,161,775	0	25,161,775
Collateralized Residential Mortgage Obligations	15,546,724	0	15,546,724
	$ 56,109,863	$ 0	$ 56,109,863

Note 15 Fair Value of Assets and Liabilities (continued)

Financial Assets Recorded at Fair Value on a Nonrecurring Basis

Assets measured at fair value on a nonrecurring basis at December 31, 2015, and 2014, are as follows:

	Total	Level 1	Level 2	Level 3
December 31, 2015				
Assets:				
Impaired loans	**$ 6,817,919**	**$ 0**	**$ 0**	**$ 6,817,919**
Less: Allowance for loan loss	**(1,692,000)**	**0**	**0**	**(1,692,000)**
Net impaired loans	**5,125,919**	**0**	**0**	**5,125,919**
Foreclosed properties	**663,962**	**0**	**0**	**663,962**
Repossessed properties	**0**	**0**	**0**	**0**
Total Assets	**$ 5,789,881**	**$ 0**	**$ 0**	**$ 5,789,881**
December 31, 2014				
Assets:				
Impaired loans	$ 1,751,886	$ 0	$ 0	$ 1,751,886
Less: Allowance for loan loss	(550,000)	0	0	(550,000)
Net impaired loans	1,201,886	0	0	1,201,886
Foreclosed properties	0	0	0	0
Repossessed properties	2,004	0	$ 2,004	0
Total Assets	$ 1,203,890	$ 0	$ 2,004	$ 1,201,886

The following table represents changes in nonrecurring fair value for Level 3 assets.

	Total	Impaired Loans	Foreclosed Assets
December 31, 2015			
Balance at December 31, 2014	**$ 1,201,886**	**$ 1,201,886**	**$ 0**
Gains or (losses) included in earnings	**0**	**0**	**0**
Increase (decrease) in allowance for loan loss	**(1,142,000)**	**(1,142,000)**	**0**
Gross reductions	**(355,750)**	**(355,750)**	**0**
Gross additions	**6,085,745**	**5,421,783**	**663,962**
Balance at December 31, 2015	**$ 5,789,881**	**$ 5,125,919**	**$ 663,962**
December 31, 2014			
Balance at December 31, 2013	$ 1,229,217	$ 898,078	$ 331,139
Gains or (losses) included in earnings	0	0	0
Increase (decrease) in allowance for loan loss	(235,000)	(235,000)	0
Gross reductions	(922,409)	(591,270)	(331,139)
Gross additions	1,130,078	1,130,078	0
Balance at December 31, 2014	$ 1,201,886	$ 1,201,886	$ 0

No transfers of Level 3 financial assets were made to or from other Levels.

Note 15 Fair Value of Assets and Liabilities (continued)

Financial Assets Recorded at Fair Value on a Nonrecurring Basis (continued)

Disclosures about Fair Value of Financial Instruments Not Reported on a Recurring or Non-recurring Basis

ASC 825 requires disclosure of the fair value of financial instruments. The accompanying schedule presents disclosure of the fair value of financial assets and financial liabilities, including those financial assets and financial liabilities that are not measured and reported at fair value on a recurring basis or non-recurring basis. The total fair values presented do not represent the underlying value of the Company.

Assumptions and methods used by the Company in estimating fair values of its other financial instruments are as follows:

Cash and cash equivalents, accrued interest receivable and payable

These assets and liabilities are carried at historical cost which approximates fair value because of the relatively short time between the origination of the instruments and expected realization and are classified as Level 1. These assets include cash, due from banks and federal funds sold.

Loans

Loans are not recorded at fair value on a recurring basis, but are recorded as discussed in Note 1 to the financial statements. For purposes of fair value disclosures, fair value was determined by an independent firm using present value techniques management believes to be sound. These techniques differentiate loans based on the type of loan (i.e. real estate, commercial, etc.), maturity, fixed and variable rates, and current rate of the loans using discount rates that reflect current rates for loans with similar characteristics and remaining maturity and are classified as Level 3.

Deposits and Securities Sold Under Agreements to Repurchase

Fair value of demand and time deposits of less than one year and daily sales of securities under agreements to repurchase are reflected at carrying values and valued as Level 1. For purposes of disclosure of fair value of financial instruments, present value techniques were employed by an independent firm using techniques management believes are sound. Deposits with similar characteristics (with maturities of more than one year), including maturity, interest rate and type of deposit, are grouped in which discount rates are applied that reflect current rates for similar deposits to determine fair value at Level 2.

Held-to-Maturity Securities

Held-to-maturity securities are carried at amortized cost, adjusted for other than temporary impairment, if any. For purposes of fair value disclosure of financial instruments, securities are measured by an independent firm using methods and assumptions that are reasonable in the judgment of management. Held-to-maturity securities are classified as Level 2.

Note 15 Fair Value of Assets and Liabilities (continued)

Financial Assets Recorded at Fair Value on a Nonrecurring Basis (continued)

Fair value of Financial Instruments

The carrying amount and estimated fair values of financial instruments at December 31, 2015, and 2014, are summarized as follows (fair values reflect financial instruments of the banking subsidiary only, fair values of financial instruments of the parent corporation are not available):

December 31, 2015	**Carrying Cost (in thousands)**	**Estimated Fair Value (in thousands)**	**Level 1**	**Level 2**	**Level 3**
Financial Instruments, not recorded on a recurring or nonrecurring basis					
Cash and due from banks	**$ 12,521**	**$ 12,521**	**$ 12,521**	**$ 0**	**$ 0**
Held-to-maturity securities	**16,604**	**16,798**	**0**	**16,798**	**0**
Loans and SBA loan guarantee receivable	**90,326**	**95,411**	**0**	**0**	**95,411**
Less: Loan Loss Reserve and unearned income	**(1,798)**	**(1,798)**	**0**	**0**	**(1,798)**
Net Loans	**88,528**	**93,613**	**0**	**0**	**93,613**
Total Financial Instruments	**$ 117,653**	**$ 122,932**	**$ 12,521**	**$ 16,798**	**$ 187,226**
Financial Liabilities					
Demand Deposits	**$ 53,185**	**$ 53,185**	**$ 53,185**	**$ 0**	**$ 0**
Savings and Certificates of Deposit	**128,966**	**130,021**	**0**	**130,021**	**0**
Securities sold under Agreement to Repurchase	**4,887**	**4,887**	**4,887**	**0**	**0**
Total Financial Liabilities	**$ 187,038**	**$ 188,093**	**$ 58,072**	**$ 130,021**	**$ 0**

December 31, 2014					
Financial Instruments, not recorded on a recurring or nonrecurring basis					
Cash and due from banks	$ 59,047	$ 59,047	$ 59,047	$ 0	$ 0
Held-to-maturity securities	16,775	16,811	0	16,811	0
Loans	89,166	94,219	0	0	94,219
Less: Loan Loss Reserve and unearned income	(1,210)	(1,210)	0	0	(1,210)
Net Loans	87,956	93,009	0	0	93,009
Total Financial Instruments	$ 163,778	$ 168,867	$ 59,047	$ 16,811	$ 186,018
Financial Liabilities					
Demand Deposits	$ 53,249	$ 53,249	$ 53,249	$ 0	$ 0
Savings and Certificates of Deposit	131,104	132,392	0	132,392	0
Securities sold under Agreement to Repurchase	21,081	21,081	21,081	0	0
Total Financial Liabilities	$ 205,434	$ 206,722	$ 74,330	$ 132,392	$ 0

Note 16 Transfers of Financial Assets

Transfers of financial assets 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.

Note 17 Other Comprehensive Income

The components and changes to other comprehensive income at December 31, 2015, and 2014, are as follows:

Unrealized Gains on Securities:	***2015***		
Securities Available-for-Sale:	**Before tax**	**Tax effect (benefit)**	**Net of tax**
Unrealized gains (loss) Agencies	**$ 2,786**	**$ (1,108)**	**$ 1,678**
Unrealized gains (loss) Municipals	**(120,420)**	**48,719**	**(71,701)**
Unrealized gains (loss) Mortgage-Backed Securities	**264,132**	**(104,970)**	**159,162**
Unrealized gains (loss) Collateralized Mortgage Obligations	**239,806**	**(95,639)**	**144,167**
Net unrealized gains (loss) on Securities	**$ 386,304**	**$ (152,998)**	**$ 233,306**

	2014		
	Before tax	Tax effect (benefit)	Net of tax
Unrealized gains (loss) Agencies	$ 2,781	$ (1,107)	$ 1,674
Unrealized gains (loss) Municipals	(33,148)	11,071	(22,077)
Unrealized gains (loss) Mortgage-Backed Securities	231,217	(92,392)	138,825
Unrealized gains (loss) Collateralized Mortgage Obligations	(61)	(107)	(168)
Net unrealized gains (loss) on Securities	$ 200,789	$ (82,535)	$ 118,254

Note 17 Other Comprehensive Income (continued)

The cumulative components of other comprehensive income for available-for-sale securities measured at Level 2 are as follows:

	Agencies	Municipals	Mortgage-Backed Securities	Collateralized Mortgage Obligations	Total
Net unrealized (gains) losses (net of tax), December 31, 2013	$ 29	$ 359,464	$ 70,472	$ 22,256	$ 452,221
Transfers of realized (gains) losses to net income (net of tax)	0	(168,751)	(4,518)	0	(173,269)
Increase in net unrealized (gains) losses, (net of tax)	1,675	146,675	143,342	(169)	291,523
Net Change	1,675	(22,076)	138,824	(169)	118,254
Net unrealized (gains) losses (net of tax), December 31, 2014	**1,704**	**337,388**	**209,296**	**22,087**	**570,475**
Transfers of realized (gains) losses to net income	**0**	**1,883**	**74,209**	**0**	**76,092**
Increase in net unrealized (gains) losses, (net of tax)	**(1,678)**	**69,817**	**(233,370)**	**(144,167)**	**(309,398)**
Net Change	**(1,678)**	**71,700**	**(159,161)**	**(144,167)**	**(233,306)**
Net unrealized (gains) losses (net of tax), December 31, 2015	**$ 26**	**$ 409,088**	**$ 50,135**	**$ (122,080)**	**$ 337,169**

Net realized gain from available-for-sale securities measured at Level 2 reclassified to net income (loss) was ($54,390) for December 31, 2015, and was $288,301 for 2014.

Note 18 Trust Department

During 2002, the Company began providing trust services. As of May 31, 2015, the Trust Department was closed. Revenues and expenses of the Trust Department are recognized on the Company's financial statements through the closing date. Income from the Trust Department was $3,457 and $6,466 for the years 2015, and 2014, respectively. New Mexico law governing Trust Companies require a minimum capital of $150,000. The capital of the Company exceeds the minimum requirement.

,

Note 19 Employee Benefits

The Company has established a 401(K) plan covering substantially all employees who meet minimum age and service requirements. Contributions to the plan were $93,547 in 2015, and $76,886 in 2014.

The Company provided a high deductible ($5,000) health insurance policy for participating employees for a portion of 2014. Out-of-pocket medical costs of participating employees for in-network covered medical costs, other than certain deductibles and co-pays, are reimbursed by the Company. Medical costs reimbursed to employees was $45,969 during 2014. The plan was terminated during 2014.

The Company also provides substantially all of its full-time employees a "flexible spending account". The Company contributes $100 per month per employee into an account which may be accumulated and used by the employee for reimbursement of qualified health expenses, not otherwise covered by health insurance. The cost to the Company for 2015, and 2014, respectively, was $28,892 and $28,780.

In 2013, the Company adopted nonqualified defined contribution and defined benefit plans to attract and retain key officers. The nonqualified defined contribution plan provides post-retirement benefits at normal retirement age of 65. Benefits vest at 10% per year which may be payable upon separation of service before age 65. Company contributions to the defined contribution plan for 2015 and 2014, net of the deferred taxes, was $120,753 and $169,342, respectively. Contributions to the plan are based on annual financial performance criteria established by the Board of Directors. Participants do not make contributions. The defined benefit plan provides a fixed benefit of $640,000, at normal retirement age of 65, payable over 20 years. Benefits vest based on an accrued benefit formula. Contributions to the plan for 2015 and 2014, net of deferred income taxes, were $37,192 and $25,019, respectively. The discount rate used to estimate the present value of future pension obligations is 3.74%, based on the Citibank Pension Discount Curve as of December 1, 2014. The nonqualified plans are unfunded and are reflected as a liability of the Company in the financial statements. No benefits were paid from the plan in 2014 or 2015, nor does the Company anticipate paying benefits over the next 5 years. Benefits payable beyond 5 years have not been determined.

Note 20 Bank Owned Life Insurance

The Company has invested in key man life insurance policies on the lives of certain officers and key bank employees, to recognize the contributions of the key employees to the Company and to retain their services. The life insurance policies are also investments, which provide a tax deferred return to the Company. In the event of the death of an insured employee, the employee's beneficiaries receive the proceeds of the policy, less the cash surrender value of the policy which is paid to the Company. The Company has the right at any time to surrender the policy for its cash value. The annual cost of the insurance is shared by the Company and the employee which management anticipates will be paid from the investment earnings. Earnings from the policies recognized in other income for 2015 and 2014 amounted to $152,354 and $157,240, respectively.

Note 21 Foreclosed and Repossessed Assets

Change in foreclosed and repossessed assets:

December 31, 2015	Total	Repossessed Assets	Commercial Foreclosed Assets
Balance at December 31, 2014	**$ 2,004**	**$ 2,004**	**$ 0**
Sale of assets	**(316,014)**	**(69,014)**	**(247,000)**
Additions	**977,972**	**67,010**	**910,962**
Balance at December 31, 2015	**$ 663,962**	**$ 0**	**$ 663,962**
December 31, 2014			
Balance at December 31, 2013	$ 332,704	$ 1,565	$ 331,139
Sale of assets	(624,674)	(1,565)	(623,109)
Additions	293,974	2,004	291,970
Balance at December 31, 2014	$ 2,004	$ 2,004	$ 0

The Company has obtained physical possession of all foreclosed and repossessed assets. There is no allowance for loss on repossessed assets and other real estate owned.

Note 22 Service Organization Conversion Costs Recoverable

Prior to 2014, the Company used a service organization and three other vendors to provide technology services for bookkeeping software, internet banking and other services. For some time, management had concerns regarding the four vendors' coordination of their services and maintaining current technology to meet the increasing complexity of the banking industry to better serve customers in the competitive banking environment. As a result of these concerns, the Company had been considering other alternatives. However, because of significant fees required to terminate current vendor agreements, the Company chose not to engage another service provider.

In 2014, after an extensive selection process, the Company selected a single vendor who was capable of providing all the services the Company required, and whom management and the Board believed offered the latest technology to enable the Company to comply with regulatory requirements and to provide industry leading services to its customers. In addition to the capabilities of the service provider and the service provider's software, a critical factor in management's decision to convert to a new system remained the cost of termination fees. Management did not believe a conversion was possible until the expiration of current contracts.

However, the vendor selected agreed to reimburse the Company for termination fees incurred with the other vendors, through a combination of cash payment and discounted costs in consideration for a 10 year contract.

Note 22 Service Organization Conversion Costs Recoverable (Continued)

Termination fees paid by the Company in 2014 to all terminated vendors amounted to $605,574, all of which the selected vendor agreed to reimburse to the Company through cash payment and discounted software and service costs over the 10 year life of the contract. The fair value of the discounted software and services was discounted to present value by application of the risk-free 10 year US Treasury rate of 2.53% over the 10 year period of the contract.

The Company has recorded the transaction as the present value of the contractual recoverable fees receivable of $605,574. The recoverable fees receivable, net of current cash amounts receivable, have been amortized using the risk-free rate initially used to measure receivable. Amortization for 2015 and 2014, amounted to $45,480 and $18,613, respectively. Recoverable fees at December 31, 2015, and 2014, were $441,481 and $486,961, respectively.

Note 23 SBA Loan Guarantee Receivable

In 2015, the Company foreclosed a loan guaranteed by the Small Business Administration (SBA) and filed a claim for the amount of the loss expected to be recovered from the guaranty. The Company charged-off the unguaranteed portion in the amount of $30,000. Foreclosed property related to the foreclosed loan in the amount of $663,692 continues to be held by the Company at the request of the SBA. If the foreclosed real estate is unable to be liquidated at the recorded amount, the Company will file further claims pursuant to the loan guarantee agreement. Therefore, depending on the ultimate realization of the foreclosed real estate, the Company's claim, and further losses of any unguaranteed portion of liquidation proceeds will be assessed by management as more information becomes available.

Note 24 Parent Company Financial Information

Condensed financial information related to Clovis Bancshares, Inc. as of December 31, 2015, and 2014, and for the year ended December 31, 2015, and 2014, is as follows:

Condensed Balance Sheet

	2015	*2014*
ASSETS		
Cash	**$ 67,969**	$ 292,960
Investment in subsidiary	**22,188,880**	21,954,511
Due from subsidiary	**69,680**	81,340
Land	**21,600**	21,600
Building, net	**77,410**	66,946
Total Assets	**$ 22,425,539**	$ 22,417,357
LIABILITIES		
Accounts payable	**$ 25,660**	$ 0
Deferred insurance proceeds	**0**	13,317
Note payable	**53,789**	61,400
Total Liabilities	**79,449**	74,717
STOCKHOLDERS' EQUITY		
Common stock and additional paid-in capital	**13,829,566**	13,851,789
Retained earnings	**10,020,768**	9,114,331
Treasury stock	**(1,841,413)**	(1,193,955)
Accumulated other comprehensive income	**337,169**	570,475
Total Stockholders' Equity	**22,346,090**	22,342,640
Total Liabilities and Stockholders' Equity	**$ 22,425,539**	$ 22,417,357

Note 24 Parent Company Financial Information (continued)

Condensed Statement of Income	2015	2014
Cash dividends received from subsidiary bank	**$ 1,000,000**	$ 850,000
Rental income	**6,800**	10,200
Interest expense	**(3,187)**	(3,594)
Operating expense	**(185,802)**	(196,578)
Net income before provision of income tax	**817,811**	660,028
Income tax benefit net deferred tax expense	**69,680**	81,340
Equity in undistributed earnings of subsidiary	**464,787**	915,005
Net income, before dividends paid	**1,352,278**	1,656,373
Retained earnings, beginning of the year	**9,114,331**	7,876,780
Dividends	**445,844**	418,822
Retained earnings, end of the year	**$ 10,020,765**	$ 9,114,331

Statement of Comprehensive Income	2015	2014
Net income	**$ 1,352,278**	$ 1,656,373
Net unrealized holding gains (loss) on securities arising during the year	**(462,397)**	374,058
Reclassification adjustments included in net income	**76,092**	(173,269)
Other comprehensive income (loss) before deferred income tax (benefit)	**(386,305)**	200,789
Deferred income tax benefit	**152,999**	(82,535)
Other comprehensive income (loss), net of deferred income tax benefit	**(233,306)**	118,254
Comprehensive income	**$ 1,118,972**	$ 1,774,627

Note 24 Parent Company Financial Information (continued)

Condensed Statement of Cash Flow	***2015***	*2014*
Cash flows from operating activities:		
Net Income	**$ 1,352,278**	$ 1,656,373
Adjustments to reconcile net income to net cash provided by operating activities:		
(Increase) decrease in undistributed earnings of subsidiary	**(234,369)**	(1,038,780)
Stock option compensation	**2,887**	23,632
(Increase) decrease in income taxes currently payable and deferred income taxes	**11,660**	(4,221)
Depreciation	**1,883**	1,870
Increase (decrease) in other comprehensive income	**(233,306)**	118,254
Insurance proceeds (use) of proceeds	**(13,317)**	(96,786)
Increase (decrease) in accounts payable	**25,663**	0
Net cash provided by operating activities	**913,379**	660,342
Cash flows from investing activities:		
Purchase of building improvements	**(12,347)**	0
Net cash provided by investing activities	**(12,347)**	0
Cash flows from financing activities:		
Payments of dividends	**(445,844)**	(418,822)
Principal payments on loan to purchase building	**(7,611)**	(7,206)
Sale of common stock, net	**0**	0
Sale of treasury stock, net of acquisition of treasury stock	**(672,568)**	(68,752)
Net cash (used) in financing activities	**(1,126,023)**	(494,780)
Net increase (decrease) in cash and cash equivalents	**(224,991)**	165,562
Cash and cash equivalents at beginning of year	**292,960**	127,398
Cash and cash equivalents at end of year	**$ 67,969**	$ 292,960

Note 25 Earnings Per Share

The computation of basic and diluted earnings per share is as follows:

	2015	2014
Net income	$ 1,352,281	$ 1,656,373
Weighted-average shares outstanding	738,288	760,707
Weighted-average effect of dilutive stock options	745,881	766,531
Basic earnings per share	$ 1.83	$ 2.18
Diluted earnings per share	$ 1.81	$ 2.16

Note 26 Subsequent Events

Subsequent events have been evaluated through March 10, 2016, which is the date financial statements were available to be issued.

Clovis Bancshares, Inc.
Schedules I, II, III and IV
December 31, 2015, and 2014

	2015	2014
Schedule I		
Interest income		
Loans	$ 5,496,318	$ 5,530,784
Investments	2,062,697	1,679,493
Total Interest income	$ 7,559,015	$ 7,210,277
Schedule II		
Interest expense		
Savings	$ 1,157,789	$ 1,135,876
Repurchase agreement	39,391	56,786
Other interest	3,187	3,594
Total Interest expense	$ 1,200,367	$ 1,196,256
Schedule III		
Noninterest income		
Fees	$ 443,352	$ 454,748
Service charges	399,876	378,880
Life insurance - cash value increase	152,354	157,240
Miscellaneous income	18,098	24,726
Rent income	6,800	10,200
Realized gain on sale of OREO	5,979	0
Realized gain (loss) on sale of available-for-sale securities (Note 17)	(54,390)	288,301
Total Noninterest income	$ 972,069	$ 1,314,095
Schedule IV		
Noninterest expense		
Director, Officer and employee benefits and compensation	$ 2,935,748	$ 2,806,106
Other general and administrative expenses	693,114	677,247
Data support, ATM, deposits and check processing	461,500	487,482
Advertising and promotion	279,917	226,791
Director fees	236,800	234,400
Depreciation	205,177	205,356
FDIC and exam fees	176,469	112,467
Occupancy expense	121,698	132,762
Total Noninterest expense	$ 5,110,423	$ 4,882,611

Clovis Bancshares, Inc.
Historical Schedule of Book Value and Dividends
December 31, 2015 through 2000

	Total Stockholders' Equity	Common Shares Outstanding	Book Value per Common Share	Dividends Paid
2015	**$ 22,346,082**	**731,841**	**$ 30.53**	**$ 445,844**
2014	22,342,635	757,277	29.50	418,822
2013	21,040,394	758,494	27.74	0
2012	20,650,405	773,299	26.70	778,252
2011	20,455,714	783,204	26.12	253,390
2010	12,247,518	507,784	24.12	260,124
2009	12,329,353	522,454	23.60	209,301
2008	10,593,521	499,188	21.22	150,154
2007	9,335,134	506,162	18.44	101,377
2006	8,032,166	508,274	15.80	25,519
2005	7,055,295	516,549	13.66	
2004	6,692,059	521,064	12.84	
2003	6,223,155	521,064	11.94	
2002	5,635,788	510,824	11.03	
2001	3,925,929	409,150	9.60	
2000	3,945,999	409,150	9.64	

See accompanying notes to the consolidated financial statements.

December 31, 2015

This statement has not been reviewed, or confirmed for accuracy or relevance, by the Federal Deposit Insurance Corporation.

Randy Harris

The Bank of Clovis
Randy Harris, President

Please direct all inquiries to:

The Bank of Clovis
Attn: Jennifer Whitlock
300 Main Street
Clovis, NM 88101
(575)769-9000