



STATEMENT OF

FINANCIAL CONDITION

2019

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First American Bank

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CHAIRMAN'S LETTER

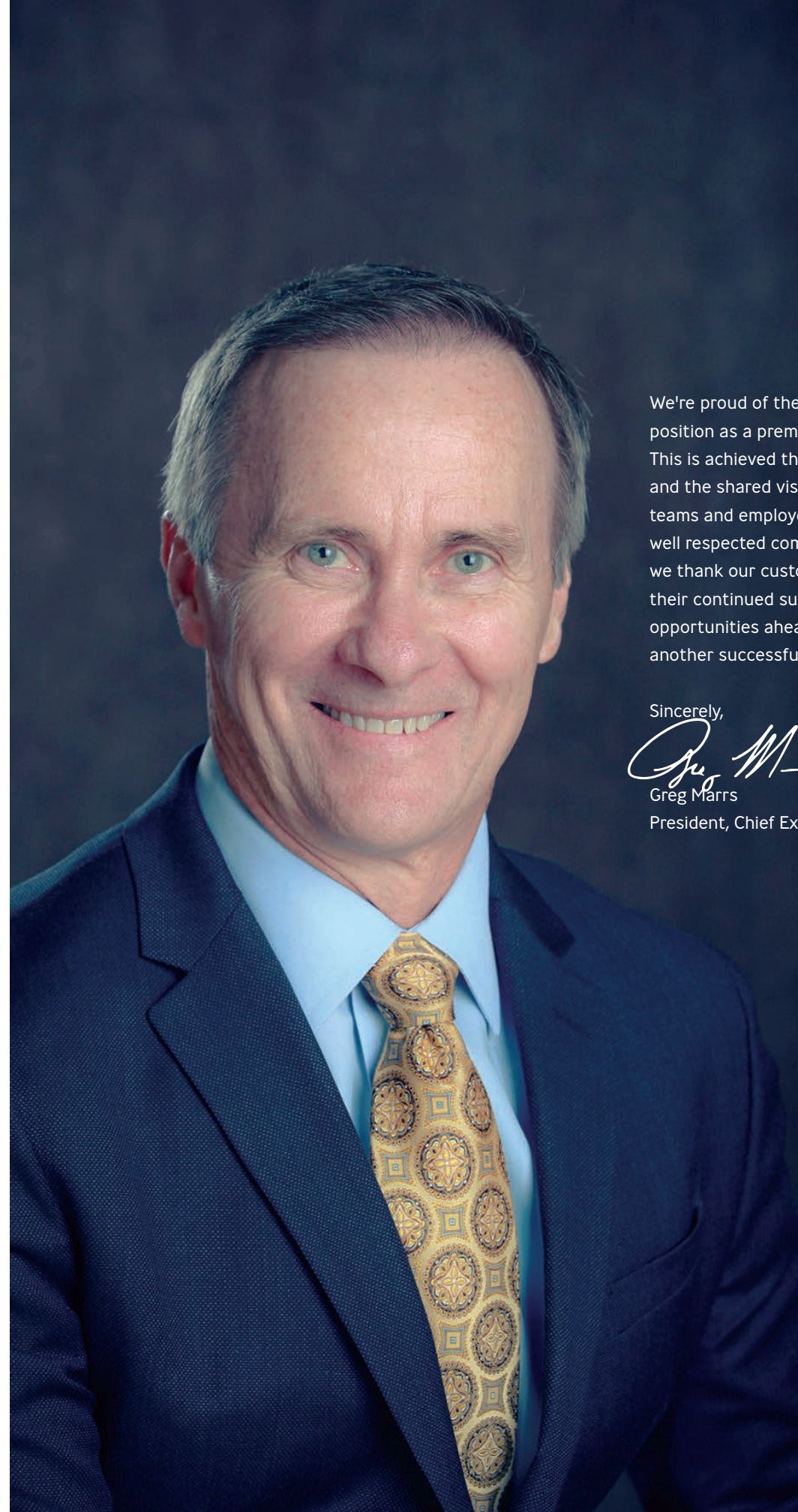
GREG MARRS

Our trend of consecutive years of record performance continued in 2019 and proved to be both exciting and challenging. We maintained our pattern of record earnings while enduring an unprecedented decline in our loan portfolio. Taking into account that loans are the economic engine that drives bank earnings, this was a true “stress test” of the strategic vision and business model we have implemented over the past few years. The core of our strategy is to position the bank away from a singular focus so we are better equipped to handle unexpected challenges without disrupting high performance.

In order to stay on course we adopted a disciplined approach to overhead and efficiencies throughout the organization combined with strong earnings from non-interest income areas which allowed us to work through loan production challenges and keep earnings strong. Our lenders regrouped and recaptured momentum previously lost to finish the year on an upswing of growth and with loans on a positive growth trajectory. Despite a decline in loans we still finished the year with record earnings.

I contribute our ability to recover this year in part to our strategic planning process. We previously identified improving our corporate culture and strengthening our team as an opportunity. We have devoted a considerable amount of time and resources focusing on identifying weakness and building on our strengths. A strong culture and outstanding employees are critical to being a great and resilient company and this past year was a testament to our progress as a team. It was also validation on the effectiveness of our mission and vision.

The mission statement of First American Bank, ‘building relationships that last,’ is our guiding principle from which our strategic vision is built. The successful implementation of our mission and vision has resulted in solid performance where our total assets grew to \$1.22 billion as of year end. This is an increase of \$75 million over the previous year. Net profits were \$26.7 million, an increase of 16.5% over last year. These earnings resulted in a return on assets (ROA) of 2.26% and a return on equity (ROE) of 21.24%. First American Bank is in the top 10% of peer banks* in terms of ROA and 14% of peer banks in ROE. Our capital position was strong at 10.54% ensuring our customers and their assets are in good hands with First American Bank.



We're proud of the progress we've made to earn our position as a premier independent community bank. This is achieved through hard work, long hours and the shared vision of our lenders, management teams and employees. As one of the strongest and well respected community banks in New Mexico we thank our customers and shareholders for their continued support. We are excited for the opportunities ahead of us and look forward to another successful year in 2020!

Sincerely,

A handwritten signature in white ink, appearing to read 'Greg M.', written over a dark blue background.

Greg Marrs

President, Chief Executive Officer and Chairman





MARY FEATHERSTONE &
KRIS HOLLOWAY
ROSWELL

“

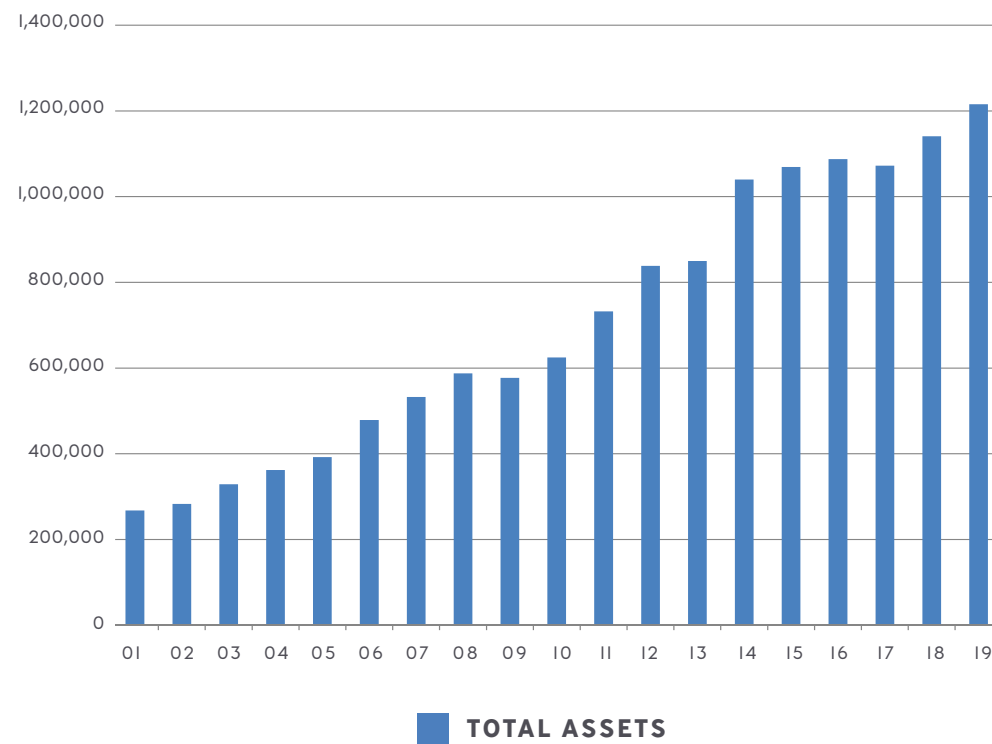
Our capital position was strong at 10.54% ensuring our customers and their assets are in good hands with First American Bank.

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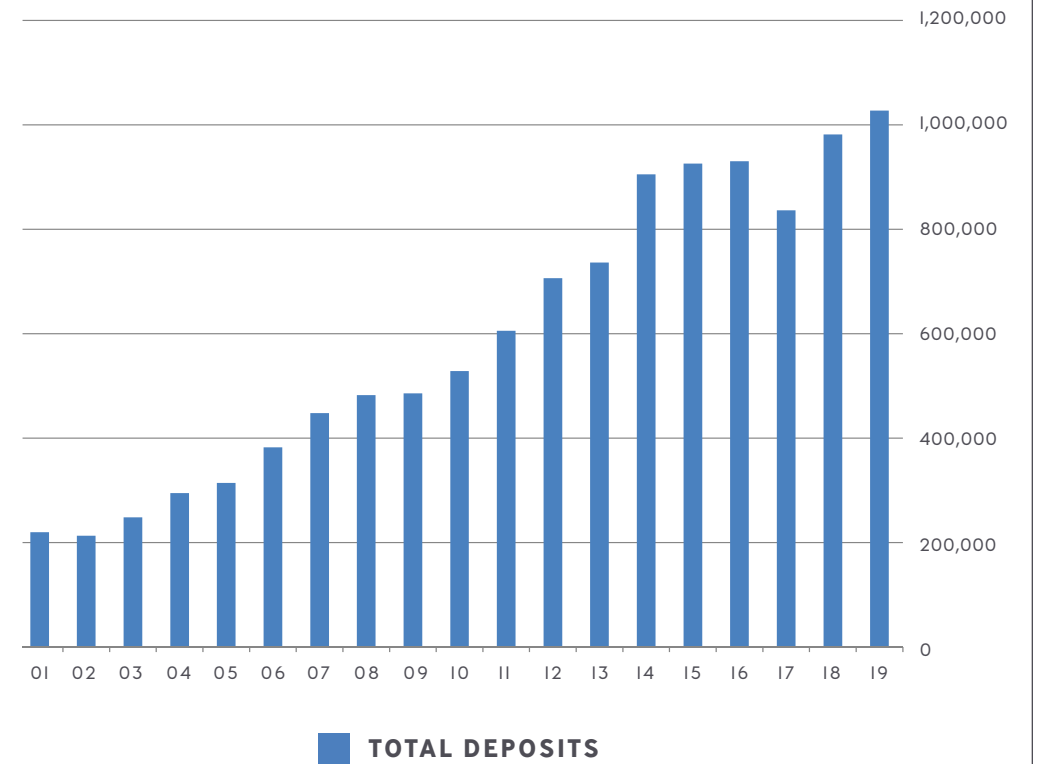
SUMMARY OF GROWTH

2019

TOTAL ASSET GROWTH



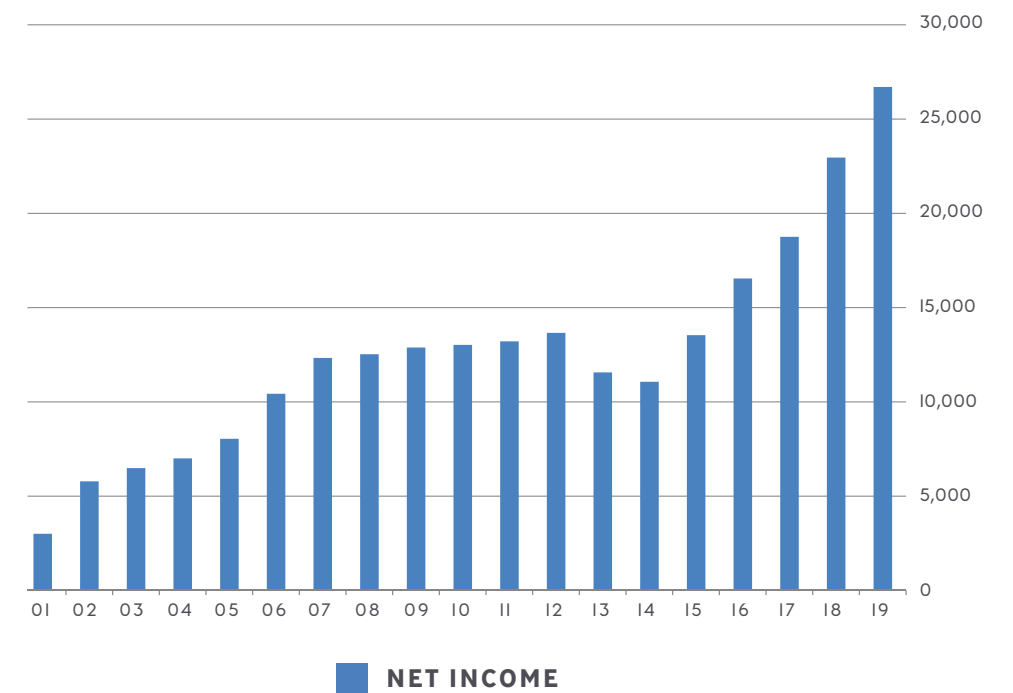
TOTAL DEPOSIT GROWTH



TOTAL LOAN GROWTH



TOTAL INCOME GROWTH





JOEL SCHRAM &
MELANIE GOMEZ
GRANT COUNTY



JOHN BAIN
ARTESIA & ROSWELL

STATEMENT OF
FINANCIAL CONDITION

2019

“
The successful implementation of our mission and vision has resulted in solid performance where our total assets grew to \$1.22 billion as of year end.
”

STATEMENT OF FINANCIAL CONDITION

YEAR ENDED DECEMBER 31ST

Assets		
Cash and Cash Equivalents	2019	2018
Cash and due from banks	16,995,191	21,531,254
Interest bearing deposits	4,323,114	35,914,370
Total cash and cash equivalents	21,318,305	57,445,624
Securities		
Available for sale	430,763,949	265,699,811
Restricted stock	1,794,381	1,298,481
Held to maturity	53,565,412	58,366,254
Loans held for sale	4,814,431	3,550,560
Loans, net	645,136,723	695,056,754
Bank premises & equipment, net	25,442,763	26,880,375
Accrued interest receivable	4,336,174	4,443,329
Other assets	28,407,464	28,128,972
TOTAL ASSETS	1,215,579,602	1,140,870,160
Liabilities & Stockholder's Equity		
Liabilities		
Deposits		
Demand	355,097,258	329,739,709
Interest bearing		
Savings, NOW and Money Market deposits	585,039,449	562,316,338
Certificates of deposit	87,244,584	89,372,668
Total deposits	1,027,381,291	981,428,715
Federal funds purchased and securities sold under agreement to repurchase	18,883,615	22,647,782
Other borrowed funds	15,000,000	-
Accrued interest payable and other liabilities	19,621,794	16,327,366
Total liabilities	1,080,886,700	1,020,403,863
Commitments and Contingencies		
Stockholder's Equity		
Common stock: \$188.44 par value; 20,000 shares authorized, issued and outstanding	3,768,750	3,768,750
Capital surplus	55,997,338	55,997,338
Retained earnings	73,286,927	66,129,679
Accumulated other comprehensive income (loss)	1,639,887	(5,429,470)
Total stockholder's equity	134,692,902	120,466,297
TOTAL LIABILITIES & STOCKHOLDER'S EQUITY	1,215,579,602	1,140,870,160

STATEMENT OF INCOME

YEAR ENDED DECEMBER 31ST

Interest Income	2019	2018
Loans	43,706,281	42,256,252
Securities available for sale	8,607,231	5,944,579
Securities held to maturity	1,576,078	1,372,737
Federal funds sold and deposits	1,099,837	880,187
Total interest income	54,989,427	50,453,755
Interest Expense		
Deposits	3,580,162	2,427,592
Federal funds purchased and securities sold under agreement to repurchase	98,483	59,537
Other borrowed funds	1,890	281,984
Total interest expense	3,680,535	2,769,113
Net Interest Income	51,308,892	47,684,642
Provision for loan losses	1,544,330	2,458,103
Net interest income after provisions for loan losses	49,764,562	45,226,539
Non Interest Income		
Service charges & fees on deposit accounts	4,150,076	4,073,567
Income from fiduciary activities	3,524,904	3,456,362
Other service charges and fees	241,077	230,469
Other	1,432,621	985,091
Total non interest income	9,348,678	8,745,489
Non Interest Expense		
Salaries and employee benefits	18,456,170	18,219,618
Occupancy and equipment expense	3,088,110	3,205,762
Data processing	3,785,255	2,908,277
Professional services	1,987,605	1,739,047
Advertising and promotional	683,195	685,863
FDIC Assessment	360,000	360,000
Net gain on sale and write-downs of other real estate owned	(75,283)	(76,695)
Other	4,124,986	3,974,264
Total non interest expense	32,410,038	31,016,136
NET INCOME	26,703,202	22,955,892



“

A strong culture and outstanding employees are critical to being a great and resilient company and this past year was a testament to our progress as a team.

”

**DIRECTORS,
EXECUTIVES
AND OFFICERS**

2019

**BARB ARMIJO, BRET MOODY
& DAVID WIBERG**
HOBBS



FIRST ARTESIA BANCSHARES, INC.

BOARD OF DIRECTORS



Left to right: Russell Smith, Raymond Welborn, Vicky Townley, Mike Casabonne, Greg Marrs, Brett Mills, William Mershon, Raye Miller

WILLIAM MERSHON
Chairman

MIKE CASABONNE
Director

GREG MARRS
Director

RAYE MILLER
Director

RUSSELL SMITH
Director

BRETT MILLS
Advisory Director

RAYMOND WELBORN
Advisory Director

VICKY TOWNLEY
Secretary to the Board



FIRST AMERICAN BANK

BOARD OF DIRECTORS



Front Row: Alaric "Buck" Buckner, Russell Smith
Second Row: Nancy Tadic, John Hummer, Mike Casabonne, Daniel Johncox, Greg Marrs, William Mershon, Joel Miller, Bryan Bartlett. Not pictured Laura Conniff

GREG MARRS
Chairman

BRYAN BARTLETT
Director

ALARIC "BUCK" BUCKNER
Director

MIKE CASABONNE
Director

LAURA CONNIFF
Director

JOHN HUMMER
Director

DANIEL JOHNCOX
Director

WILLIAM MERSHON
Director

JOEL MILLER
Director

RUSSELL SMITH
Director

GILBERT GOMEZ
Director Emeritus

CRAWFORD CULP
Director Emeritus

NANCY TADIC
Secretary to the Board



FIRST AMERICAN BANK

CORPORATE EXECUTIVE TEAM



Left to right: Vicky Townley, Brett Mills, Greg Marrs, Raymond Welborn, Zane Bergman

GREG MARRS
President
Chief Executive Officer
Chairman

ZANE BERGMAN
Executive Vice President
Chief Credit Officer

BRETT MILLS
Executive Vice President
Chief Financial Officer

VICKY TOWNLEY
Executive Vice President
Chief Administration Officer

RAYMOND WELBORN
Executive Vice President
Chief Information Officer



FIRST AMERICAN BANK

OFFICERS - ADMINISTRATION

GREG MARRS
President
Chief Executive Officer
Chairman

ZANE BERGMAN
Executive Vice President
Chief Credit Officer

BRETT MILLS
Executive Vice President
Chief Financial Officer

VICKY TOWNLEY
Executive Vice President
Chief Administration Officer

RAYMOND WELBORN
Executive Vice President
Chief Information Officer

AURORA SANCHEZ
Senior Vice President
Chief Operations Officer

TIM ALTAMIRANO
Senior Vice President
Treasury Management

KEITH BIRD
Senior Vice President
Loan Administration

MIKE CHENEY
Senior Vice President
Special Projects

BRENT HAMMETT
Senior Vice President
Loan Review

SANDRA MEAD
Senior Vice President
Marketing

MANNY MORALES
Senior Vice President
Operations

PEGGY SCOTT
Senior Vice President
Comptroller

J. KEVIN BALLARD
Vice President
Employee Development

JACK CLARKE III
Vice President
Operations

RUSSELL DILLON II
Vice President
Commercial Loans

BARBARA EVANS
Vice President
Compliance Manager

ELVA MURILLO
Vice President
Operations

RAUL SANCHEZ
Vice President
IT Manager

KRISTINA AGUIRRE
Assistant Vice President
Human Resources

DORIS GARCIA
Assistant Vice President
Compliance

CRYSTAL KLOPFER
Assistant Vice President
Credit Analysis

BETTY LOMELI
Assistant Vice President
Special Assets

SUZETTE MCFATRIDGE
Assistant Vice President
Compliance

JULIAN SALAZAR
Assistant Vice President
Treasury Management

ANGELICA TORRES
Assistant Vice President
Marketing

IRENE VALENZUELA
Assistant Vice President
Compliance

APRIL CARRASCO
Deposit Operations Officer

JONATHON HERRERA
Credit Analysis Officer



**DAVID MEDINA &
FARRAH MARQUEZ**
LAS CRUCES



**PHILLIP GUTIERREZ
& DOREEN PADILLA**
ALAMOGORDO



GEOFF WAGNER
ALBUQUERQUE METRO



FIRST AMERICAN BANK

OFFICERS - BRANCHES & DIVISIONS

ALBUQUERQUE METRO

GEOFF WAGNER
Market President

ARTESIA & ROSWELL

JOHN BAIN
Market President

ARTESIA

RAY WITHERS
Senior Vice President
Commercial Loans

AREN DADE
Commercial Loan Officer

ANGELICA RODRIGUEZ
Branch Manager

ROSWELL

MARY FEATHERSTONE
Senior Vice President
Commercial Loans

KRIS HOLLOWAY
Vice President
Commercial Loans

MANUELA RAMIREZ
Branch Manager

CARLSBAD

MARJO PACE
Market President

EL PASO, TX

ARMANDO MORENO
Senior Vice President
Commercial Loans

GRANT COUNTY

JOEL SCHRAM
Market President

MELANIE GOMEZ
Assistant Vice President
Commercial Loans

GERALDINE CASTILLO
Branch Manager

DIANE TORREZ
Branch Manager

HOBBS

BRET MOODY
Market President

DAVID WIBERG
Senior Vice President
Commercial Loans

VANESSA BARNES
Branch Manager

LAS CRUCES

FARRAH MARQUEZ
Senior Vice President
Managing Officer

PAUL FIERRO
Vice President
Senior Operations Officer

DAVID MEDINA
Vice President
Commercial Loans

ANA MANGINO
Vice President
Business Development

BILLIE HOOD
Branch Manager

LOVINGTON

DAVID CAMPBELL
Market President

PASHA MYRICK
Branch Manager

OTERO COUNTY

JOE BULLOCK
Market President

ALAMOGORDO

PHILLIP GUTIERREZ
Vice President
Commercial Loans

DOREEN PADILLA
Assistant Vice President
Branch Manager

CHAPARRAL

IMELDA QUINTANA
Assistant Vice President
Branch Manager

MORTGAGE

CHRIS SANDERS
Vice President
Division Manager

FIRST AMERICAN BANK

OFFICERS - BRANCHES & DIVISIONS

TRUST & WEALTH MANAGEMENT

JUDE GLEASON
Vice President
Senior Portfolio Manager

CYNTHIA GREEN
Vice President
Senior Trust Manager

GAYATHRY ABRAHAM
Vice President
Operations Manager

JOHN ATTWOOD
Vice President
Trust Officer

MARIANNE GILLESPIE
Vice President
Trust Officer

DIANA MASON
Vice President
Trust Officer

SUE MCGEE-CHIODINI
Vice President
Trust Officer

MIDHAT QUADRI
Vice President
Portfolio Manager



FIRST AMERICAN BANK

COMMUNITY ADVISORY BOARDS

ALAMOGORDO

ROBERT MARTINEZ

President
Desert Sun Motors

CHARLES MAULDIN

Owner
Alamo Apartments

RICHARD MCWHIRTER

Owner
One Stop Auto Services

MOLLIE GLASS

Agent/Owner Farmers Insurance

STAN RICHARDSON

Director
Southern NM Outreach

CARLSBAD

STEVEN MCCUTCHEON II

MHAT, LLC & Dagger Draw, LLC

SCOTT GOODALE

WAG Disposals

VALERIE MURRILL

Murrill Electric

TOMMY WILSON

Investor

DEEPESH KHOLWADWALA

President
Sun Capital Investments

CHAPARRAL

JOHN COLQUITT

Owner
Hueco Bolson Realty
Lake Section Water Co.

ALEXANDER WRIGHT

Owner
DeLara Estates

HOBBS & LOVINGTON

KEN BROMLEY

President
Nova Mud

KENNY FADKE

Owner
McFadke, dba McDonalds

DERIC GRAY

Owner/Operator
Permian Auto Group

DR. PATRICK HOMER

Physician
Nor Lea General

LEE ROBERSON

Owner
Hobbs Anchor, Inc./Farmer

LAS CRUCES

MIKE BECKETT

Owner
Coas Bookstores

WANDA BOWMAN

Owner
Ashley Furniture

JERRY GRANDLE

Owner
Spotted Dog Brewery

DAVE HOOKER

Owner
Austy, LLC

STEVE LYLES

President
Steve Lyles Farms, Inc.

CINDY TORRES

Vice President
Torres Welding, Inc.

ROSWELL

SAUL AGUILAR

Owner
Restaurateur/Real Estate
Investor

MARK MCCLELLAN

Owner
McClellan Oil Corporation

ANGEL SALAZAR

Owner
United Drilling

JIM WAIDE

Owner
Waide Construction
Waide Sand & Gravel



DAVID CAMPBELL &
PASHA MYRICK
LOVINGTON



MARJO PACE
CARLSBAD