

Board of Governors of the Federal Reserve System



Annual Report of Holding Companies—FR Y-6

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

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

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

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

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

December 31, 2020

Month / Day / Year

N/A

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

Reporter's Name, Street, and Mailing Address

Industry Bancshares, Inc.

Legal Title of Holding Company

P O Box 87

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

Industry Texas 78944

City State Zip Code

7910 Ernst Parkway

Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

James Doak Hartley President

Name Title

979 357 1903

Area Code / Phone Number / Extension

979 357 4736

Area Code / FAX Number

bschulz@isbtx.com

E-mail Address

N/A

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

I, James E. Lindemann

Name of the Holding Company Director and Official

Chairman of the Board

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.

James E. Lindemann
 Signature of Holding Company Director and Official

02/14/2021

Date of Signature

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

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

For Federal Reserve Bank Use Only

RSSD ID _____
 C.I. _____

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

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

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

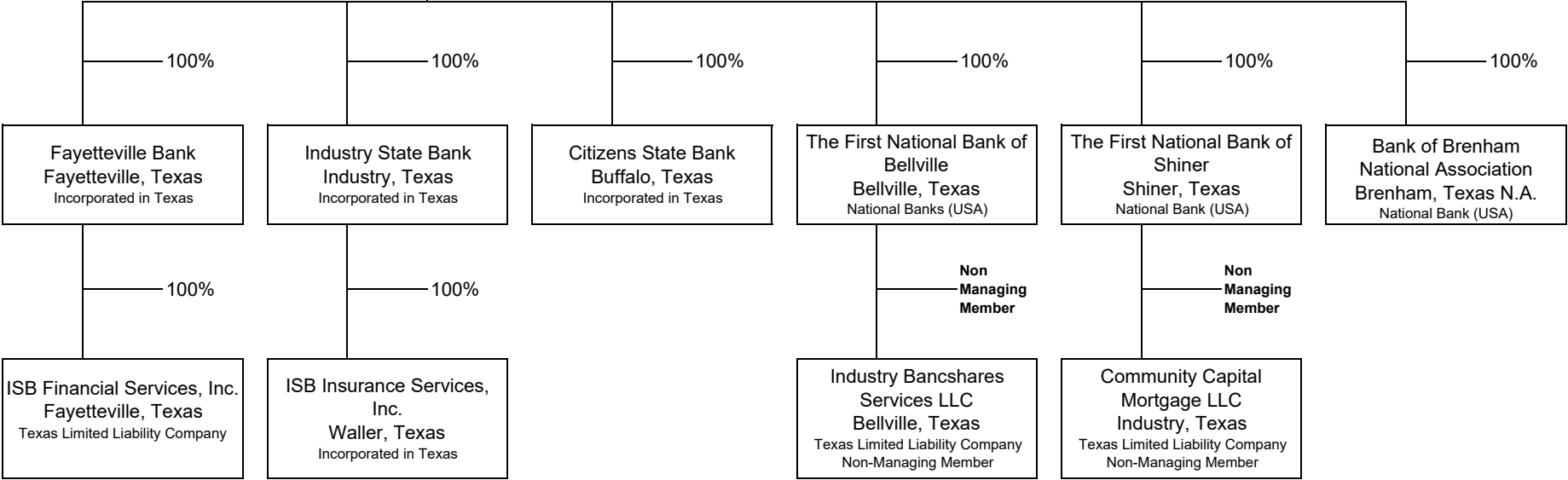
NOTE: Information for which confidential treatment is being requested must be provided separately and labeled as "confidential."

**Industry Bancshares, Inc.
Organizational Chart**

Common Stockholders

**Industry Bancshares, Inc.
Industry, Texas**
Incorporated in Texas

100% of Common Securities



No legal entity identifier(LEI) for the above

Results: A list of branches for your holding company: **INDUSTRY BANCSHARES, INC. (2112439) of INDUSTRY, TX.**
The data are as of 12/31/2020. Data reflects information that was received and processed through 01/05/2021.

Reconciliation and Verification Steps

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

Actions

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

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

Submission Procedure

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

Note:

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

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

Data Action	Effective Date	Branch Service Type	Branch ID_RSSD*	Popular Name	Street Address	City	State	Zip Code	County	Country	FDIC UNINUM*	Office Number*	Head Office	Head Office ID_RSSD*	Comments
OK		Full Service (Head Office)	3042234	BANK OF BRENHAM, NATIONAL ASSOCIATION	501 SOUTH AUSTIN	BRENHAM	TX	77833	WASHINGTON	UNITED STATES	Not Required	Not Required	BANK OF BRENHAM, NATIONAL ASSOCIATION	3042234	
OK		Full Service (Head Office)	54656	CITIZENS STATE BANK	1330 WEST COMMERCE STREET	BUFFALO	TX	75831-9705	LEON	UNITED STATES	Not Required	Not Required	CITIZENS STATE BANK		54656
OK		Full Service	3492192	CENTERVILLE BRANCH	400 EAST SAINT MARY'S	CENTERVILLE	TX	75833	LEON	UNITED STATES	Not Required	Not Required	CITIZENS STATE BANK		54656
OK		Full Service	4353553	CLIFTON BRANCH	505 WEST FIFTH STREET	CLIFTON	TX	76634	BOSQUE	UNITED STATES	Not Required	Not Required	CITIZENS STATE BANK		54656
OK		Full Service	552657	DAWSON BRANCH	109 NORTH MAIN STREET	DAWSON	TX	76639	NAVARRO	UNITED STATES	Not Required	Not Required	CITIZENS STATE BANK		54656
OK		Full Service	276355	GROESBECK BRANCH	409 SOUTH ELLIS STREET	GROESBECK	TX	76642-1898	LIMESTONE	UNITED STATES	Not Required	Not Required	CITIZENS STATE BANK		54656
OK		Full Service	3395088	HUBBARD BRANCH	101 NORTHWEST 2ND STREET	HUBBARD	TX	76648	HILL	UNITED STATES	Not Required	Not Required	CITIZENS STATE BANK		54656
OK		Full Service	2526205	ITASCA BRANCH	201 EAST MAIN STREET	ITASCA	TX	76055	HILL	UNITED STATES	Not Required	Not Required	CITIZENS STATE BANK		54656
OK		Full Service	4198183	TEAGUE BRANCH	722 MAIN STREET	TEAGUE	TX	75860-1630	FREESTONE	UNITED STATES	Not Required	Not Required	CITIZENS STATE BANK		54656
OK		Full Service	494168	WEST BRANCH	100 NORTH MAIN STREET	WEST	TX	76691	MCLENNAN	UNITED STATES	Not Required	Not Required	CITIZENS STATE BANK		54656
OK		Full Service	3202010	WHITNEY BRANCH	305 S BOSQUE	WHITNEY	TX	76692-2736	HILL	UNITED STATES	Not Required	Not Required	CITIZENS STATE BANK		54656
OK		Full Service (Head Office)	450753	FAYETTEVILLE BANK	107 WEST FAYETTE STREET	FAYETTEVILLE	TX	78940	FAYETTE	UNITED STATES	Not Required	Not Required	FAYETTEVILLE BANK		450753
OK		Full Service	4433099	LA GRANGE BRANCH	366 WEST TRAVIS STREET	LA GRANGE	TX	78945-2625	FAYETTE	UNITED STATES	Not Required	Not Required	FAYETTEVILLE BANK		450753
OK		Full Service	2802374	SCHULENBURG BRANCH	200 NORTH KESSLER	SCHULENBURG	TX	78956	FAYETTE	UNITED STATES	Not Required	Not Required	FAYETTEVILLE BANK		450753
OK		Full Service (Head Office)	91754	FIRST NATIONAL BANK OF BELLVILLE, THE	100 E. MAIN	BELLVILLE	TX	77418-1524	AUSTIN	UNITED STATES	Not Required	Not Required	FIRST NATIONAL BANK OF BELLVILLE, THE		91754
OK		Full Service	3733363	WALLER BRANCH	31384 FM 2920	WALLER	TX	77484	HARRIS	UNITED STATES	Not Required	Not Required	FIRST NATIONAL BANK OF BELLVILLE, THE		91754
OK		Full Service	4782050	WALLIS BRANCH	6207 COMMERCE STREET	WALLIS	TX	77485	AUSTIN	UNITED STATES	Not Required	Not Required	FIRST NATIONAL BANK OF BELLVILLE, THE		91754
OK		Full Service (Head Office)	342362	FIRST NATIONAL BANK OF SHINER, THE	103 WEST 7TH STREET	SHINER	TX	77984	LAVACA	UNITED STATES	Not Required	Not Required	FIRST NATIONAL BANK OF SHINER, THE		342362
OK		Full Service	4288570	CUERO BRANCH	1800 NORTH ESPLANADE	CUERO	TX	77954	DEWITT	UNITED STATES	Not Required	Not Required	FIRST NATIONAL BANK OF SHINER, THE		342362
OK		Full Service	4445010	FLATONIA BRANCH	114 NORTH LA GRANGE STREET	FLATONIA	TX	78941	FAYETTE	UNITED STATES	Not Required	Not Required	FIRST NATIONAL BANK OF SHINER, THE		342362
OK		Full Service	4767909	GOLIAD BRANCH	1402 US HWY 59 N	GOLIAD	TX	77963	GOLIAD	UNITED STATES	Not Required	Not Required	FIRST NATIONAL BANK OF SHINER, THE		342362
OK		Full Service	4901084	GONZALES BRANCH	1622 E SARAH DEWITT DRIVE	GONZALES	TX	78629	GONZALES	UNITED STATES	Not Required	Not Required	FIRST NATIONAL BANK OF SHINER, THE		342362
OK		Full Service (Head Office)	733054	INDUSTRY STATE BANK	16886 FORDTRAN BLVD.	INDUSTRY	TX	78944	AUSTIN	UNITED STATES	Not Required	Not Required	INDUSTRY STATE BANK		733054
OK		Full Service	4255068	COLUMBUS BRANCH	2015 MILAM STREET	COLUMBUS	TX	78934	COLORADO	UNITED STATES	Not Required	Not Required	INDUSTRY STATE BANK		733054
OK		Limited Service	3546273	MESSSENGER SERVICE	16886 FORDTRAN BOULEVARD	INDUSTRY	TX	78944	AUSTIN	UNITED STATES	Not Required	Not Required	INDUSTRY STATE BANK		733054
OK		Full Service	1393062	NEW ULM BRANCH	1210 FM 109	NEW ULM	TX	78950-2325	AUSTIN	UNITED STATES	Not Required	Not Required	INDUSTRY STATE BANK		733054

Form FR Y-6
Industry Bancshares, Inc.
 Industry, TX
 Fiscal Year Ending December 31, 2020

Report Item 3: Securities Holders

Current Securities Holders with ownership, control or holdings of 5% or more with power to vote as of fiscal year ending 12-31-2020			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 12-31-2020		
(1)(a) Name & Address (City, State, Country)	(1)(b) Country of Citizenship or Incorporation	(1)(c) Number and Percentage of Each Class of Voting Securities	(2)(a) Name & Address (City, State, Country)	(2)(b) Country of Citizenship or Incorporation	(2)(c) Number and Percentage of Each Class of Voting Securities
N/A	N/A	N/A	N/A	N/A	N/A

Form FR Y-6

Industry Bancshares, Inc.

Industry, TX
Fiscal Year Ending December 31, 2020

Report Item 4: Insiders

(1)(a)(b)(c) and (2)(a)(b)(c)

(1)	(2)	(3)(a)	(3)(b)	(3)(c)	(4)(a)	(4)(b)	(4)(c)
Names & Address (City, State, Country)	Principal Occupation if other than with holding company	Title & Position with holding company	Title & Position with Subsidiaries (include names of subsidiaries)	Title & Position with Other Businesses (include names of other businesses)	Percentage of Voting Securities in holding company	Percentage of Voting Securities in Subsidiaries (include names of subsidiaries)	List names of other companies (includes partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held)
James Lindemann Industry, TX, USA	N/A	CEO & Chairman of the Board	Chairman of the Board (Industry State Bank)	General Partner (Lindemann Holdings, Ltd.)	4.38%	N/A	
			Chairman of the Board (Citizens State Bank, Buffalo)	Vice President (Lindemann Vintage Properties)			Lindemann Vintage Properties (50%)
			Chairman of the Board (Fayetteville Bank)	Industry State Bank 401K-ESOP Trustee			
			Chairman of the Board (The First National Bank of Bellville)				
			Chairman of the Board (The First National Bank of Shiner)				
			Chairman of the Board (Bank of Brenham)				
			President (ISB Insurance Services, Inc.)				
			President/Secretary/Treasurer (Industry Bancshares Services, LLC.)				

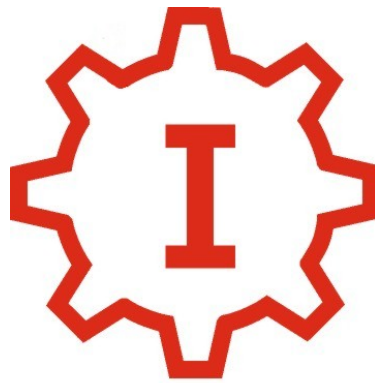
Bradley Lindemann Brenham, TX, USA	N/A	Secretary & Advisory Director	Advisory Director (Industry State Bank)	N/A	0.05%	N/A	N/A
			Advisory Director (Citizens State Bank, Buffalo)				
			Advisory Director (Fayetteville Bank)				
			Advisory Director (The First National Bank of Bellville)				
			Advisory Director (The First National Bank of Shiner)				
			Advisory Director (Bank of Brenham)				
			Secretary (ISB Insurance Services, Inc.)				
W. T. Byler Chappell Hill, TX, USA	Rancher	Director	Director (The First National Bank of Bellville)	General Partner (WTB Ltd.)	0.15%	N/A	
				General Partner (WTB II Ltd.)			
				General Partner (WTB III, Ltd.)			
				Chief Operating Officer (W T Byler Co.)			
				Owner (Byler Cattle Co.)			Byler Cattle Co. (100%)

Burnie Galle New Ulm, TX, USA	Bldg Construction	Director	Director (Industry State Bank)	General Partner (Galle Construction)	0.92%	N/A	Galle Construction (50%) New Bremen Ranch, Ltd (27%) Walnut Management (27%)
Thomas E. Harcrow, Jr. Buffalo, TX, USA	Accountant	Director	Director (Citizens State Bank, Buffalo)	President Harcrow & Harcrow PC	0.11%	N/A	Harcrow-Harcrow PC (100%)
Stephen T. James Brenham, Tx, USA	Retired Corp Sales	Director	Director (Bank of Brenham, Brenham,)	Ownder (Millennium LLC)	0.11%	N/A	Millennium LLC (33.3%)
Arno W. Krebs, Jr. Bryan, TX, USA	Retired Attorney	Director	Director (Bank of Brenham, Brenham,)	N/A	1.27%	N/A	N/A
Ronald L. Rudloff Cypress, TX, USA	Business Executive	Director	Director (Industry State Bank) Sr Vice President (ISB Insurance Services, Inc.)	N/A	0.69%	N/A	N/A
Richard L. Schilling Fayetteville, TX, USA	Business Executive	Director	Director (Fayetteville Bank)	President (Addicks Fire & Safety, Inc.) President (Fayette Fire & Safety, Inc.)	0.51%	N/A	Addicks Fire & Safety, Inc. (33%) Fayette Fire & Safety, Inc. (50%)
David W. Schulz New Ulm, TX, USA	Businessman	Director	Director (Industry State Bank)	General Partner (David & Bonnie Schulz Equity Partnership, Ltd.) General Partner (David & Bonnie Schulz Real Estate Partnership, Ltd.) General Partner (David & Bonnie Schulz Ranch Partnership, Ltd.) General Partner (Schulz Services Partnership,	0.81%	N/A	Schulz Services Partnership, Ltd. (97%)

Ltd.)

Sandra Schmidt Industry, TX, USA	Businesswoman	Director	Director (Industry State Bank)	Secretary (P&S Building Supply, Inc.)	0.33%	N/A	N/A
James Doak Hartley Columbus, TX. USA	N/A	President & Director	Director-Vice Chairman Board (Industry State Bank) Director-Vice Chairman Board (Citizens State Bank, Buffalo) Director-Vice Chairman Board (Fayetteville Bank) Director-Vice Chairman Board (The First National Bank of Bellville) Director-Vice Chairman Board (The First National Bank of Shiner) Director-Vice Chairman Board (Bank of Brenham) Director (ISB Insurance Services, Inc.)	NA	0.17%	NA	N/A
Kelly Minear Katy, Tx. USA	Businessman	Director	Director (The First National Bank of Shiner)	General Partner 4-M Limited Vice President (Minear Bros) Board (Welhausen Land & Cattle, Co.)	2.70%	N/A	4-M Limited (25%) Minear Bros (25%)

INDUSTRY BANCSHARES, INC.



ANNUAL SHAREHOLDER REPORT

YEAR ENDED DECEMBER 31, 2020

INDUSTRY BANCSHARES, INC.

2020 ANNUAL REPORT

TABLE OF CONTENTS

Industry Bancshares, Inc.....	4
• Letter from James Doak Hartley, President	
• Graphs	
• Financial Statements	
Industry State Bank.....	11
• Letter from Lisa Moeller, President	
• Financial Statements	
Citizens State Bank.....	15
• Letter from Brent Jones, President	
• Financial Statements	
Fayetteville Bank	18
• Letter from Kyle Holloway, President	
• Financial Statements	
First National Bank of Bellville.....	21
• Letter from Mike Mueller, President	
• Financial Statements	
First National Bank of Shiner	24
• Letter from Michael Kalina, President	
• Financial Statements	
Bank of Brenham	26
• Letter from Jim Kruse, President	
• Financial Statements	
ISB Insurances Services, Inc.....	29
• Letter from Paul Saims, President	
• Financial Statements	



Industry Bancshares, Inc.

PO Box 87
Industry, TX 78944
979-357-4400

January 28, 2021

Dear Shareholder,

It goes without saying that 2020 was a very difficult year by all measures. A novel virus called COVID-19 invaded and spread across our country and our state resulting in death and suffering, job losses, business collapses, and an economic slowdown not seen since the great depression. Our country appears more divided now than in recent memory by social issues and political discord. All of us have had to adapt to a new way of living and communicating. Through all of this and with the hard work and dedication of over 400 employees, our company not only survived but also prospered, having reached \$5 billion in assets and the most profitable year in company history.

Community Banking was never more important to the communities we serve than during the past year. The leadership of the Board of Directors and the dedication of our employees to continue to provide services and support to our customers was on full display. We have overcome the challenges of virus quarantines, lobby closures, family and friend work and schedule disruption, and daily uncertainties. Through it all, we remained strong and united in our mission to continue to provide the banking services our customers have come to expect, the results of which are evident in our growth and net income performances.

Community Support – Like most community banks across the country, we were not prepared for the onslaught of requirements thrust upon us by the SBA and Treasury Department’s initial declaration that Paycheck Protection Program (PPP) funds were available to all in need. Like most government programs, the PPP loan program was a maze of program rules and guidance was difficult to follow and implement. Our employees teamed up and put in extra hours to understand and implement. The result of that hard work benefited 628 businesses with over \$51 million in lifeline business loans, which we estimate helped save or retain over 5,500 jobs. These loans will be paid in full and are 100% guaranteed by the SBA. In many markets that we serve, our bank was the only institution offering these essential loans and we have retained a significant number of new customers because of our efforts.

New Products and Services – The pandemic necessitated reduced customer in-person contact and lobby closings, the demand for on-line and mobile banking applications came to the forefront. These products were not necessarily new this year, in fact, we had instituted plans to offer expanded on-line products, but the aforementioned situation accelerated the demand and we met those needs. Our banks have new and more user friendly websites, offer on-line and mobile deposit account opening, on-line and mobile loan applications, and on-line and mobile appointment scheduling for our customers and potential

customers. These new services will be increasingly important as our customer base becomes more reliant on convenience banking applications.

Loans and Investments – Our investment portfolio in 2020 grew 13.7% from \$3.4 billion to \$3.9 billion and remains the bedrock of our revenue stream. Our Investment Department lead by Kara Sodolak works closely with each bank to manage available liquidity, targets high quality bonds, and executes purchases that consistently maximize yield without sacrificing credit quality. Our loan portfolio increased from \$862.5 million to \$897.1 million, an increase of \$34.6 million or 4%. Consistent with our conservative philosophy, we added \$6.0 million to our Reserve for Loan Loss, increasing our ratio to gross loans from 1.39% to 2.01% by year-end while still maintaining a very low non-current loan ratio of 0.78%. Each bank continues to monitor different segments of their loan portfolio for indications of weakness during this slow economic period and although no signs of significant loan problems have been uncovered, we pledge to continue to be diligent in our credit analysis efforts and responsive to issues that may arise.

Record Year – Major milestones were reached this year in both the balance sheet size and the final net income amount for the year. We began the year 2020 with total assets of \$4.57 billion and ended the year with \$5.1 billion in assets, an 11.4% increase amounting to \$521 million. Even more impressive was our net income for 2020 totaling \$82 million. As our core income remained consistently strong and as market rates declined significantly, our Investment Department in concert with Management took advantage of profits on bonds while maintaining our high quality and high yielding portfolio. We cannot predict if that scenario will present opportunities similar in the future, but we are very pleased that we took advantage of some gains in 2020 and will continue to analyze opportunities in the future.

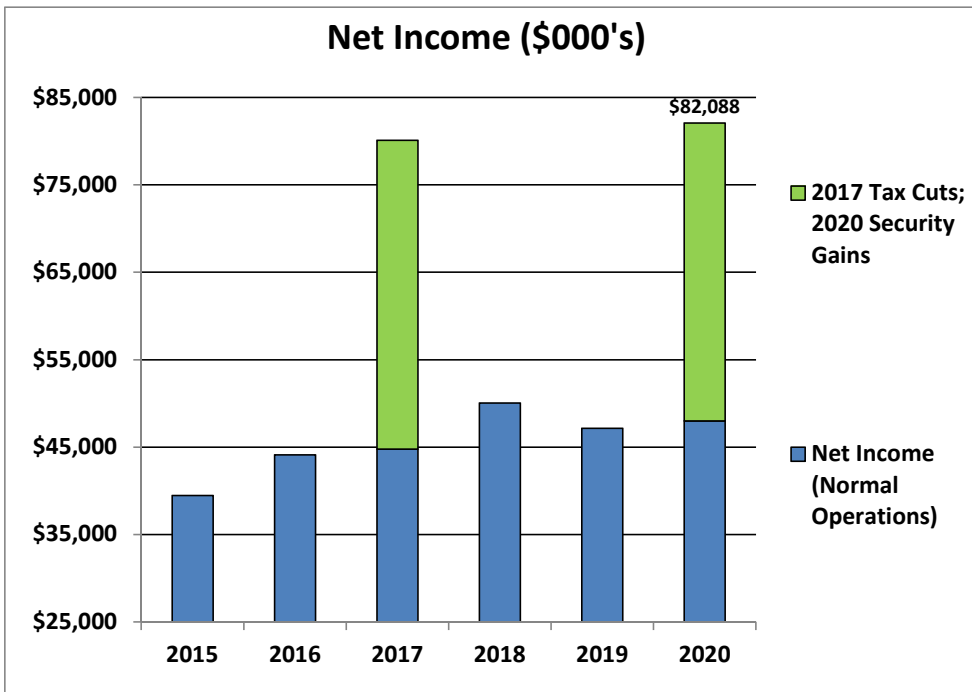
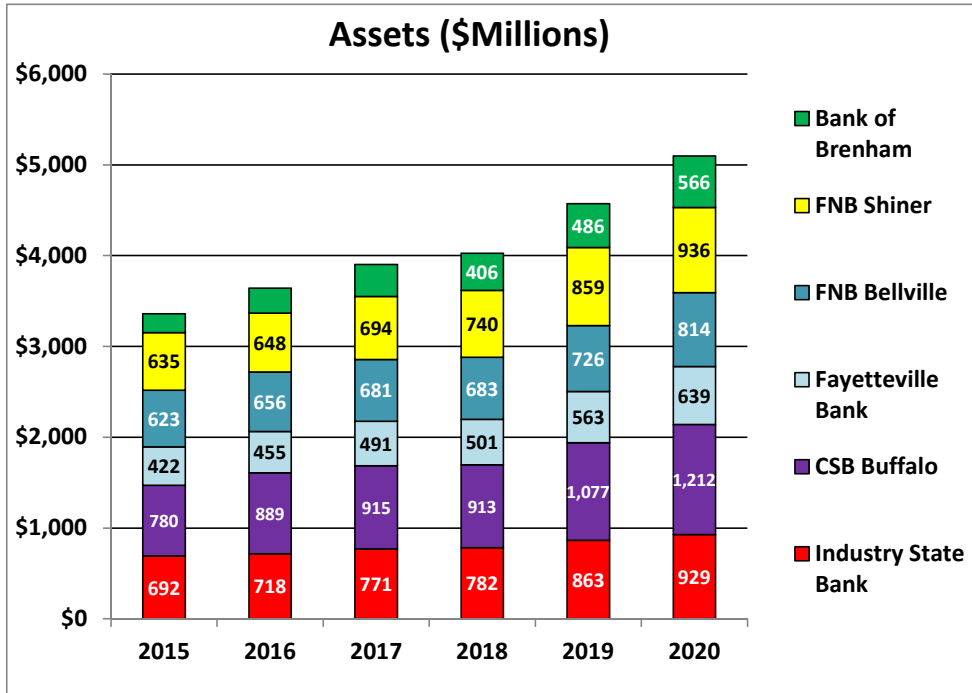
Industry Bancshares has continued to grow and will continue to seek opportunities to expand our footprint across Texas. While some large mega banks are exiting smaller communities, we are constantly seeking opportunities to fill the community banking needs in those areas across Texas. We believe our philosophy of being leaders in our markets, supporting the communities, providing the best customer service, and offering banking products that meets the needs of all of our customers is a formula for success. We thank the almost 800 shareholders and over 400 employees for their support and dedication in helping Industry Bancshares be recognized as one of the top banking organizations in the State. Our core earnings remain strong as we continue our goal of increasing shareholder value. We are expecting another very good year in 2021.

Sincerely,

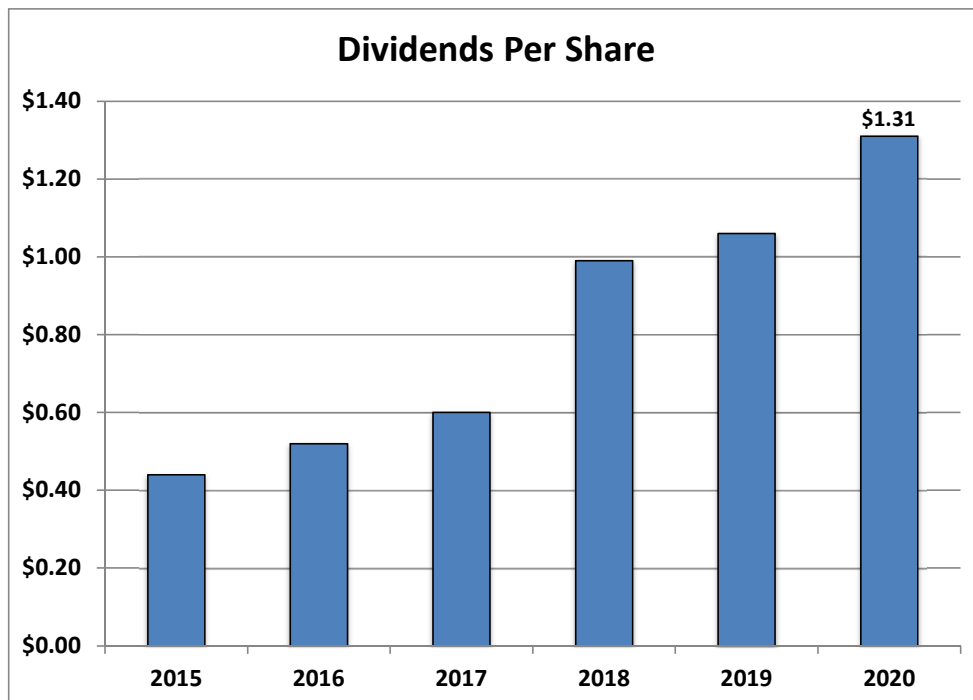
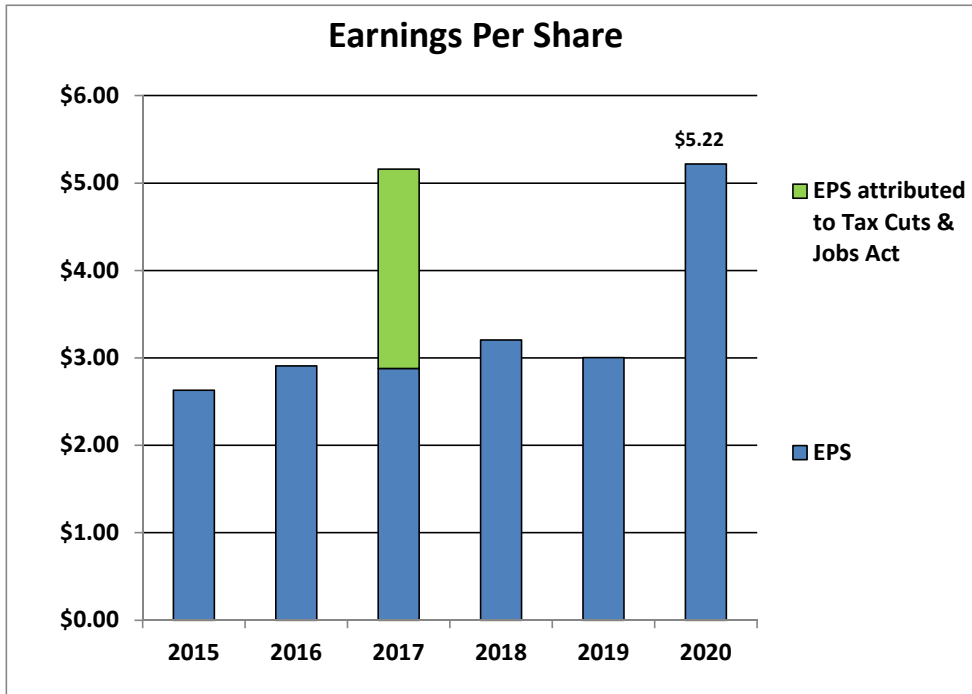


J. Doak Hartley, President
Industry Bancshares, Inc.
Industry, Texas

Industry Bancshares, Inc. - Graphs



Industry Bancshares, Inc. - Graphs



INDUSTRY BANCSHARES, INC.

AND SUBSIDIARIES CONSOLIDATED FINANCIAL STATEMENTS

(Not Audited)

P O BOX 87
INDUSTRY, TX 78944

BALANCE SHEET As of December 31

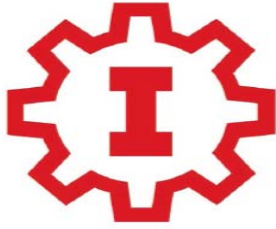
	2019	2020
Assets		
Cash and Due from Banks	\$70,453,594	\$110,073,458
Net Loans	850,488,171	879,168,797
Fed Funds	53,326,750	118,694,529
Investment Securities	3,369,351,705	3,774,139,706
Net Property and Equipment	41,323,772	40,616,580
Accrued Interest Receivable	33,772,543	36,779,365
Prepaid Expenses	1,695,521	1,737,625
Other Assets:		
Goodwill and Intangible Assets	45,495,315	44,132,408
Other	112,784,952	94,583,265
Total Assets	\$4,578,692,323	\$5,099,925,733
Liabilities and Equity Capital		
Liabilities		
Deposits	\$3,944,933,185	\$4,334,856,494
Other Borrowings	99,832	59,899
Accrued Interest Payable	17,242,995	8,334,880
Other Liabilities	30,719,403	47,155,283
Total Liabilities	\$3,992,995,415	\$4,390,406,556
Equity Capital		
Common Stock, \$1 par value, 25,000,000 shares authorized, 15,698,309 and 15,765,059 shares issued and outstanding, respectively	\$15,842,767	\$15,842,767
Additional Paid-in Capital	122,618,016	123,467,743
Treasury Stock	(3,072,622)	(1,652,849)
Unearned ESOP shares	0	0
Retained Earnings	384,368,363	445,852,523
Unrealized Gain(Loss) on Available for Sale Securities	65,940,384	126,008,993
Total Stockholders Equity	\$585,696,908	\$709,519,177
Total Liabilities and Stockholders Equity	\$4,578,692,323	\$5,099,925,733

INCOME STATEMENT
For Years Ended December 31

	2019	2020
Interest Income	\$141,290,753	\$144,799,643
Interest Expense	60,017,165	46,994,273
Net Interest Income	<u>\$81,273,588</u>	<u>\$97,805,370</u>
Other Income	24,197,141	51,330,833
Salaries and Benefits	36,013,895	37,402,991
Occupancy Expense	5,305,314	5,520,274
Other Operating Expenses	16,192,330	16,038,343
Provision for Loan Losses	870,353	6,623,444
Total Expenses	<u>\$58,381,892</u>	<u>\$65,585,052</u>
Net Income Before Income Tax	47,088,837	83,551,151
Income Tax	(1,297,580)	(1)
Net Income Before Amortization of Intangibles	48,386,417	83,551,152
Amortization of Intangibles	<u>1,255,236</u>	<u>1,462,907</u>
Net Income	<u><u>\$47,131,181</u></u>	<u><u>\$82,088,245</u></u>

STATEMENT OF CHANGES IN EQUITY CAPITAL
For Years Ended December 31

	2019	2020
Equity Capital January 1	\$445,794,065	\$585,696,908
Net Earnings	47,131,181	82,088,245
Changes in Unrealized Gain(Loss) on Available for Sale Securities	108,040,125	60,068,609
Treasury Stock Purchased and Sold	419,997	2,269,500
Unearned ESOP shares	646,225	0
ESOP market value adjustment	292,273	0
Issuance of Common Stock	0	0
Less: Dividends Paid Shareholders	<u>16,626,958</u>	<u>20,604,085</u>
Equity Capital December 31	<u><u>\$585,696,908</u></u>	<u><u>\$709,519,177</u></u>



Industry State Bank

Traditional Banking that's here to stay!

January 28, 2021

Dear Shareholders of Industry Bancshares, Inc.:

The year of 2020 began to be very strong and business as usual. We were very hopeful to have some good growth within all the areas of the bank. As it began that way, the second quarter began to slow down significantly. As the world was changing rapidly due to the pandemic it began to affect our customers and businesses in our local areas. As various businesses were restricted from normal operations and customer capacity, patrons being furloughed, schools changing to alternative teaching methods it began to change our everyday way of life. Industry State Bank did our best to continue to meet the needs of the customers. New online products were implemented such as appointment scheduling, online account opening for consumer deposit accounts and most recently online consumer loans and real estate applications. Industry State Bank participated in the Paycheck Protection Program, also known as PPP, and we were able to successfully help 94 of our customers continue their businesses as usual.

As the prime rate dropped in March 2020, deposits and loans were put under pressure with area competition and rates have fallen drastically. Deposit rates are now at all-time lows making savings a lot less desirable in this low rate environment. The pressure is tough; however, we remain competitive in our markets that we serve.

In 2020 our strategy emphasized growth, asset quality, and strong capital. Here are a few highlights:

- Assets ended the year at \$929.7 million, an increase of \$66.1 million over the prior year
- Deposits ended the year at \$791.2 million, an increase of \$41.8 million over the prior year
- Gross loans ended the year at \$198.5 million, a decrease of \$3.4 million
- Net Income for the year was strong at \$16.1 million
- Core Capital increased to \$104.3 million with a corresponding capital ratio of 11.26%

Phone: 979-357-4437
Fax: 979-357-4735

www.isbt.com
industrycontact@isbt.com



16886 Fordtran Blvd.
P. O. Box 66
Industry, TX 78944

- Funded \$9.3 million to 94 customers in the Paycheck Protection Program
- Branch locations continue to excel with total assets as follows:
 - New Ulm Branch \$203.3 Million
 - Columbus Branch \$219.4 Million

In these trying times and despite many obstacles, we are very pleased with our outcome in 2020. We will continue to strive for steady growth and earnings in 2021 as well as maintaining our expenses.

We continue to research new products and services that continue to meet the needs of our customers all the while maintaining our local hometown atmosphere.

We thank each of you for your continued support of our bank and we look forward to another successful year in 2021.

Sincerely,



Lisa Moeller
President
Industry State Bank

Phone: 979-357-4437
Fax: 979-357-4735

www.isbt.com
industrycontact@isbt.com
Member
FDIC

16886 Fordtran Blvd.
P. O. Box 66
Industry, TX 78944

INDUSTRY STATE BANK

(Not Audited)

P O BOX 66
INDUSTRY, TX 78944

BALANCE SHEET As of December 31

	2019	2020
Assets		
Cash and Due from Banks	\$10,269,140	\$8,568,360
Net Loans	199,023,318	194,492,966
Fed Funds	13,955,000	25,995,000
Investment Securities	595,353,768	659,076,769
Net Property and Equipment	5,068,063	5,093,356
Accrued Interest Receivable	6,123,052	6,515,184
Prepaid Expenses	81,576	108,276
Other Assets:		
Goodwill and Intangible Assets	590,717	484,917
Advances due from ISB Insurance Services	4,885,000	3,885,000
Investment in ISB Insurance	1,556,591	2,006,067
Other	26,659,625	23,503,307
Total Assets	<u>\$863,565,850</u>	<u>\$929,729,202</u>
Liabilities and Equity Capital		
Liabilities		
Deposits	\$749,366,118	\$791,164,702
Other Borrowings	0	0
Accrued Interest Payable	3,123,318	1,512,316
Other Liabilities	7,142,652	11,222,070
Total Liabilities	<u>\$759,632,088</u>	<u>\$803,899,088</u>
Equity Capital		
Capital Stock	\$1,600,000	\$1,600,000
Additional Paid in Capital	21,174,283	21,174,283
Retained Earnings	69,396,699	81,557,599
Unrealized Gain (Loss) on Available for Sale Securities	11,762,780	21,498,232
Total Stockholders Equity	<u>\$103,933,762</u>	<u>\$125,830,114</u>
Total Liabilities and Stockholders Equity	<u>\$863,565,850</u>	<u>\$929,729,202</u>

INCOME STATEMENT For Years Ended December 31

	2019*	2020*
Interest Income	\$28,280,896	\$28,064,497
Interest Expense	11,869,107	9,049,169
Net Interest Income	<u>\$16,411,789</u>	<u>\$19,015,328</u>
Other Income	2,695,580	7,347,706
Salaries and Benefits	3,360,069	3,594,738
Occupancy Expense	509,319	533,927
Other Operating Expenses	3,078,492	3,349,964
Provision for Loan Losses	111,000	1,399,312
Total Expenses	<u>\$7,058,880</u>	<u>\$8,877,941</u>
Net Income Before Income Tax	\$12,048,489	\$17,485,093
Income Tax	(190,191)	1,217,868
Net Income Before Amortization of Intangibles	\$12,238,680	\$16,267,225
Amortization of Intangibles	<u>105,800</u>	<u>105,800</u>
Net Income	<u>\$12,132,880</u>	<u>\$16,161,425</u>

* excludes ISB Insurance income



CITIZENS STATE BANK

January 28, 2021

To the Shareholders of Industry Bancshares, Inc.:

Citizens State Bank enjoyed a very successful 2020. However, with the successes came many challenges. The COVID 19 pandemic tested our ability to adapt and evolve while accommodating our customers and our employees. We learned to work remotely with limited staff and still provide excellent financial services to our communities. We restructured departments and assembled an SBA lending program with the advent of the PPP loan product initiated to support those struggling with commercial shutdown. We adjusted schedules to allow parents to spend time at home with school-age children, and many times our boardrooms became makeshift classrooms. Although it has been extremely challenging, this year made Citizens State Bank a better financial institution. With the support of the holding company, CSB was again able to post some very impressive numbers.

Citizens State Bank continues to rank number one in deposits in two of the counties we serve and is gaining market share in the other five counties. Currently, we have 10 locations in 7 counties including: Leon, Freestone, Limestone, Navarro, Hill, Bosque, and McLennan counties. Citizens State Bank is firmly established as a community partner in all of our markets.

Highlights for 2020: steady growth in Groesbeck and West offices, total assets continue to rise above one billion dollars, increased community involvement, improved asset quality, stable core capital growth, increased utilization of social media, enhanced on-line banking and bill-pay products, and increased utilization of technology to work remotely. The results of the above-mentioned highlights are summarized in the data for 2020:

- Total Deposits - \$1,037,071,259
- Net Income - \$16,652,627
- Gross Loans - \$195,484,508
- Total Assets - \$1,212,746,287
- Branch locations continued to perform well posting total assets as follows:

Buffalo -	\$371,485,161	Teague -	\$93,912,568	Dawson -	\$50,679,563
Whitney -	\$142,197,269	Groesbeck -	\$112,531,171	Itasca-	\$104,440,887
Centerville -	\$149,571,873	Hubbard -	\$45,218,257	Clifton -	\$58,558,969
West -	\$84,150,568				

As evidenced by the numbers, 2020 was a good year for Citizens State Bank as well as Industry Bancshares. The challenges will continue and possibly intensify in 2021. The knowledge gained during the last twelve months will be a valuable asset in addressing the predicted volatility ahead.

Sincerely,

A handwritten signature in blue ink, appearing to read "JB Jones", is positioned above the typed name.

J. Brent Jones
President
Citizens State Bank

CITIZENS STATE BANK

(Not Audited)

P O BOX 278
BUFFALO, TX 75831

BALANCE SHEET As of December 31

	2019	2020
Assets		
Cash and Due from Banks	\$13,951,273	\$28,842,557
Net Loans	192,573,868	191,662,411
Fed Funds	15,496,000	18,046,000
Investment Securities	810,591,484	932,366,592
Net Property and Equipment	8,761,073	8,293,269
Accrued Interest Receivable	8,254,950	9,363,154
Prepaid Expenses	269,942	295,646
Other Assets:		
Goodwill and Intangible Assets	7,523,597	7,220,083
Other	19,879,559	16,656,575
Total Assets	<u>\$1,077,301,746</u>	<u>\$1,212,746,287</u>
Liabilities and Equity Capital		
Liabilities		
Deposits	\$934,132,680	\$1,037,071,259
Other Borrowings	0	0
Accrued Interest Payable	4,202,958	2,450,367
Other Liabilities	5,959,280	10,097,999
Total Liabilities	<u>\$944,294,918</u>	<u>\$1,049,619,625</u>
Equity Capital		
Capital Stock	\$390,000	\$390,000
Additional Paid in Capital	26,075,485	26,075,485
Retained Earnings	91,146,042	104,448,669
Unrealized Gain(Loss) on Available for Sale Securities	15,395,301	32,212,508
Total Stockholders Equity	<u>\$133,006,828</u>	<u>\$163,126,662</u>
Total Liabilities and Stockholders Equity	<u>\$1,077,301,746</u>	<u>\$1,212,746,287</u>

INCOME STATEMENT For Years Ended December 31

	2019	2020
Interest Income	\$32,247,427	\$34,052,166
Interest Expense	13,147,335	11,245,362
Net Interest Income	<u>\$19,100,092</u>	<u>\$22,806,804</u>
Other Income	3,951,880	9,879,913
Salaries and Benefits	7,020,395	7,839,684
Occupancy Expense	1,500,528	1,540,585
Other Operating Expenses	6,118,751	6,162,867
Provision for Loan Losses	165,353	1,405,508
Total Expenses	<u>\$14,805,027</u>	<u>\$16,948,644</u>
Net Income Before Income Tax	\$8,246,945	\$15,738,073
Income Tax	(434,369)	(1,218,068)
Net Income Before Amortization of Intangibles	\$8,681,314	\$16,956,141
Amortization of Intangibles	<u>159,503</u>	<u>303,514</u>
Net Income	<u>\$8,521,811</u>	<u>\$16,652,627</u>

(979) 378-4261

(979) 378-2934 (fax)

January 28, 2021

Dear Shareholders of Industry Bancshares, Inc.:

2020 was a year for the record books. With the combination of our hardworking and dedicated staff, along with our strong Board of Directors, I am pleased to report Fayetteville Bank had another strong year. Our fundamentals of commitment to the communities we serve and common sense lending were key to our financial results in 2020, which are highlighted below:

Deposits increased \$58.3 million, ending the year with total deposits of \$552 million and maintaining our Fayette County market share of 34%.

Earnings for 2020 were strong at \$10 million.

We ended the year with gross loans totaling \$89.2 million and our asset quality remains strong.

Our branch locations did well in 2020. The Schulenburg Branch ended the year with deposits of \$170 million, a \$10 million increase. The La Grange Branch ended the year with deposits of \$81 million, an increase of \$8 million.

Our Core Capital position remains strong at \$65 million.

Total Assets at year end were \$640 Million, an increase of \$77 million from 2019.

With all the uncertainty of the upcoming year, the economy and the regulatory burden will remain challenging. We will hold true to our plan of efficiency, cost control, credit quality, and deposit and loan growth. We look forward to a new year in 2021 and pray that it is just as successful as 2020.

Sincerely,



Kyle Holloway
President
Fayetteville Bank

FAYETTEVILLE BANK

(Not Audited)

P O BOX 9

FAYETTEVILLE, TX 78940

BALANCE SHEET As of December 31

	2019	2020
Assets		
Cash and Due from Banks	\$3,804,295	\$6,496,077
Net Loans	86,192,267	87,537,501
Fed Funds	3,450,000	24,700,000
Investment Securities	443,141,949	496,026,749
Net Property and Equipment	5,291,882	5,065,897
Accrued Interest Receivable	4,100,213	4,382,567
Prepaid Expenses	112,467	111,659
Other Assets:		
Goodwill and Intangible Assets	0	0
Other	17,224,842	15,244,723
Total Assets	<u>\$563,317,915</u>	<u>\$639,565,173</u>
Liabilities and Equity Capital		
Liabilities		
Deposits	\$494,039,745	\$552,355,552
Other Borrowings	0	0
Accrued Interest Payable	1,995,536	840,596
Other Liabilities	3,699,201	5,985,242
Total Liabilities	<u>\$499,734,482</u>	<u>\$559,181,390</u>
Equity Capital		
Capital Stock	\$350,000	\$350,000
Additional Paid in Capital	21,083,942	21,083,942
Retained Earnings	35,209,453	43,742,762
Unrealized Gain(Loss) on Available for Sale Securities	6,940,038	15,207,079
Total Stockholders Equity	<u>\$63,583,433</u>	<u>\$80,383,783</u>
Total Liabilities and Stockholders Equity	<u>\$563,317,915</u>	<u>\$639,565,173</u>

INCOME STATEMENT For Years Ended December 31

	2019	2020
Interest Income	\$16,605,095	\$16,670,337
Interest Expense	8,007,892	6,106,650
Net Interest Income	<u>\$8,597,203</u>	<u>\$10,563,687</u>
Other Income	1,848,897	5,619,050
Salaries & Benefits	2,840,596	2,908,389
Occupancy Expenses	518,253	500,845
Other Operating Expenses	2,317,646	2,424,389
Provision for Loan Losses	0	557,806
Total Expenses	<u>\$5,676,495</u>	<u>\$6,391,429</u>
Net Income Before Income Tax	\$4,769,605	\$9,791,308
Income Tax	(233,655)	(292,001)
Net Income Before Amortization of Intangibles	\$5,003,260	\$10,083,309
Amortization of Intangibles	0	0
Net Income	<u>\$5,003,260</u>	<u>\$10,083,309</u>



FIRST NATIONAL BANK OF BELLVILLE
"Serving the Community Since 1890"

January 28, 2021

Dear Shareholders of Industry Bancshares, Inc:

First and foremost, thank you very much for your support, trust and loyalty that all of you have shown us during this past year. One thing is certain, 2020 was a very challenging and difficult year for us all. There are many words to describe all the events of this past year; however, the one that packs the most punch is "COVID-19."

Despite all of the many challenges we have faced in 2020, the First National Bank of Bellville is pleased to report another outstanding year. We are happy to report a year in which the bank experienced both loan and deposit growth in addition to outstanding earnings. As a result of our earnings, our bank was able to increase its loan loss reserve by over \$1 million. Furthermore, First National has added to its capital throughout the year, therefore placing the bank in an excellent capital position.

Our tremendous success at First National continues despite the fact that the competition has been fierce and yields continue to be very difficult to obtain in our investment and loan portfolios. We will continue to focus on growth, asset quality, our bank customers, and the communities in which we serve. As always, these will be the keys to continue moving First National Bank forward.

As I stated earlier, we have faced a great many obstacles and stumbling blocks throughout the past year. I would like to thank our dedicated and loyal employees, officers and directors who have shown a tremendous amount of leadership and hard work throughout the year.

To illustrate our successful year, I would like to point out some of the key statistics from 2020.

- Net Income for the year was strong, ending with earnings after tax of \$13.5 million.
- Deposits increased \$73.2 million over the previous year.
- Gross loans ended the year at \$183.7 million, an increase of 4.13%. We continue to believe that the quality of our loan portfolio remains very good.
- Year-end total assets were \$814.8 million. This is an increase of \$88.3 million over year-end 2019 and represents an approximate 12.15% increase.
- Our Capital position within the bank continues to remain very strong with a balance of \$119.6 million and a corresponding capital ratio of 10.58% at year-end 2020.

WALLIS BRANCH

PO Box 220
6207 Commerce St.
Wallis, Texas 77485
(979) 478-6900

MAIN OFFICE

PO Box 128
100 E.Main St.
Bellville, Texas 77418-0128
(979) 865-3181

WALLER BRANCH

PO Box 1367
31384 FM 2920 Suite A
Waller, Texas 77484
(936) 372-2330

- All of our three locations in Bellville, Waller and Wallis continue to excel and perform extremely well with total assets as follows:
 - Bellville \$534.9 million
 - Waller \$197.9 million
 - Wallis \$82.0 million

Finally, we are very excited to introduce several new services to our customers. These will include online account opening and online consumer and real estate loan applications. We continue to look for ways to meet the needs and expectations of our customers and our community that we serve.

Once again, I want to thank the shareholders, employees, management, and Board of Directors for the privilege of allowing me to serve as president of this bank. We pray for health, happiness and a bright future ahead in 2021 and beyond.

Sincerely,



Mike Mueller
President
First National Bank of Bellville

FIRST NATIONAL BANK OF BELLVILLE

(Not Audited)

**P O BOX 128
BELLVILLE, TX 77418**

BALANCE SHEET As of December 31

	2019	2020
Assets		
Cash and Due from Banks	\$6,947,050	\$7,286,699
Net Loans	173,703,038	179,992,249
Fed Funds	15,302,750	37,046,529
Investment Securities	476,479,999	538,981,027
Net Property and Equipment	8,354,415	8,143,757
Accrued Interest Receivable	4,722,224	5,136,189
Prepaid Expenses	994,883	943,823
Other Assets:		
Goodwill and Intangible Assets	20,174,896	20,174,896
Other	19,794,463	17,047,153
Total Assets	\$726,473,718	\$814,752,322
Liabilities and Equity Capital		
Liabilities		
Deposits	\$612,762,940	\$685,950,075
Other Borrowings	0	0
Accrued Interest Payable	2,502,841	1,238,973
Other Liabilities	5,075,454	7,977,234
Total Liabilities	\$620,341,235	\$695,166,282
Equity Capital		
Capital Stock	\$487,780	\$487,780
Certified Surplus	0	0
Additional Paid in Capital	36,265,079	36,265,079
Retained Earnings	60,168,830	65,653,413
Unrealized Gain(Loss) on Available for Sale Securities	9,210,794	17,179,768
Total Stockholders Equity	\$106,132,483	\$119,586,040
Total Liabilities and Stockholders Equity	\$726,473,718	\$814,752,322

INCOME STATEMENT For Years Ended December 31

	2019	2020
Interest Income	\$24,117,892	\$23,998,154
Interest Expense	9,953,604	7,266,109
Net Interest Income	\$14,164,288	\$16,732,045
Other Income	5,072,522	10,208,742
Salaries and Benefits	5,484,750	5,682,034
Occupancy Expense	961,817	1,075,176
Other Operating Expenses	4,414,386	4,872,772
Provision for Loan Losses	60,000	1,068,668
Total Expenses	\$10,920,953	\$12,698,650
Net Income Before Income Tax	\$8,315,857	\$14,242,137
Income Tax	(187,202)	707,555
Net Income Before Amortization of Intangibles	\$8,503,059	\$13,534,582
Amortization of Intangibles	0	0
Net Income	\$8,503,059	\$13,534,582



FIRST NATIONAL BANK

OF SHINER

Traditional banking that's here to stay!

WWW.FNBESHINER.COM

103 WEST 7TH STREET - PO BOX 607 - SHINER, TX 77984-0607 - PHONE 361-594-3317 - FAX 361-594-4392 - FNBESHINER@FNBESHINER.COM

January 28, 2021

To the Shareholders of Industry Bancshares, Inc.:

Behind the leadership of Industry Bancshares, Inc., and our local Board of Directors, First National Bank of Shiner achieved an extremely successful 2020. Since being acquired by Industry Bancshares, Inc. in October 2010, total assets have grown from \$122 million to a remarkable \$937 million. Given the rural markets we service, this is an impressive accomplishment.

2020 Financial Highlights

- ❖ Net income \$16.4 million.
- ❖ Assets grew to \$937 million from \$859 million in 2019 which is an increase of \$78 million.
- ❖ Loan portfolio increased \$21.9 million to \$150.7 million which is an increase of 16.97%, while our credit quality remained good. Total loans include \$7.4 million in outstanding PPP loans.
- ❖ Deposits increased \$55.3 million, up from \$747.9 million to \$803.2 million, which is a 7.40% increase.

Year-end Deposits and Loans by Branch

Location	Deposits	Loans
Shiner	\$287.7 million	\$72.2 million
Cuero	\$279.1 million	\$20.4 million
Flatonia	\$ 81.6 million	\$15.3 million
Goliad	\$ 98.8 million	\$30.1 million
Gonzales	\$ 56.0 million	\$12.7 million

The year 2020 proved to be a very challenging year. Besides the growing competition for customers from banks, online lenders and financial technology companies, Covid-19 was thrown into the mix. We were forced to adapt and approach banking from different avenues while staying competitive, providing great products and exceptional customer service. 2021 is promising to be just as challenging. We are committed to maintaining a strong presence in our communities and remaining a leader in community banking. With continuity in the progression of bank technology forging on, we are committed to being prepared for future changes. With high standards for our bank and employees in place, we are set to achieve great results in 2021.

I would like to extend my sincere thanks to the shareholders and directors of Industry Bancshares, Inc., the directors of First National Bank of Shiner, and loyal and dedicated employees for their contribution to our success. It is my privilege to have the opportunity to continue this successful tradition and I am looking forward to 2021.

Respectfully,

Michael D. Kalina
President
First National Bank of Shiner



FIRST NATIONAL BANK OF SHINER

(Not Audited)

P O BOX 607
SHINER, TX 77984

BALANCE SHEET As of December 31

	2019	2020
Assets		
Cash and Due from Banks	\$32,190,838	\$53,956,766
Net Loans	127,108,671	147,708,991
Fed Funds	0	0
Investment Securities	663,978,366	701,892,207
Net Property and Equipment	8,793,778	8,464,138
Accrued Interest Receivable	6,938,580	7,155,766
Prepaid Expenses	117,491	124,940
Other Assets:		
Goodwill and Intangible Assets	1,914,806	1,914,806
Other	18,142,449	15,454,614
Total Assets	<u>\$859,184,979</u>	<u>\$936,672,228</u>
Liabilities and Equity Capital		
Liabilities		
Deposits	\$747,881,338	\$803,193,890
Other Borrowings	0	0
Accrued Interest Payable	3,222,655	1,408,826
Other Liabilities	5,679,525	8,596,930
Total Liabilities	<u>\$756,783,518</u>	<u>\$813,199,646</u>
Equity Capital		
Capital Stock	\$1,200,000	\$1,200,000
Certified Surplus	0	0
Additional Paid in Capital	28,314,847	28,314,847
Retained Earnings	59,017,830	69,630,557
Unrealized Gain(Loss) on Available for Sale Securities	13,868,784	24,327,178
Total Stockholders Equity	<u>\$102,401,461</u>	<u>\$123,472,582</u>
Total Liabilities and Stockholders Equity	<u>\$859,184,979</u>	<u>\$936,672,228</u>

INCOME STATEMENT For Years Ended December 31

	2019	2020
Interest Income	\$25,633,066	\$26,359,930
Interest Expense	10,008,958	8,138,516
Net Interest Income	<u>\$15,624,108</u>	<u>\$18,221,414</u>
Other Income	2,458,007	8,259,683
Salaries and Benefits	4,750,813	4,645,558
Occupancy Expense	849,399	849,910
Other Operating Expenses	3,427,245	3,256,820
Provision for Loan Losses	510,000	1,362,795
Total Expenses	<u>\$9,537,457</u>	<u>\$10,115,083</u>
Net Income Before Income Tax	\$8,544,658	\$16,366,014
Income Tax	(260,683)	(46,713)
Net Income Before Amortization of Intangibles	\$8,805,341	\$16,412,727
Amortization of Intangibles	0	0
Net Income	<u>\$8,805,341</u>	<u>\$16,412,727</u>



January 28, 2021

Dear Shareholders of Industry Bancshares,

Bank of Brenham's (BoB's) directors, officers, and staff overcame an overwhelming amount of challenges in 2020 and are to be commended for their leadership, hard work, and high level of customer service. 2020 was a record year for Bank of Brenham in many ways.

In 2020, Bank of Brenham's deposits, market share, loans, and profit all grew to record levels. Deposits increased \$63.3 million or 15.2% from \$415.8 million in 2019 to \$479.1 million in 2020. The Bank's deposit market share (reported as of June 30th) in Washington County increased from 32.9% to 33.26%. Bank of Brenham continues to remain the number one banking institution in deposit market share in Washington County.

Loans at Bank of Brenham increased \$6.7 million or 9.2% from \$72.8 million in 2019 to \$79.5 million in 2020. Commercial and home loan lending contributed mostly to the increase and BoB's mortgage program closed and sold a record \$21.1 million in mortgages in 2020. Bank of Brenham also supported the community by participating in the SBA's PPP program. \$8.5 million in loans were made to 131 local businesses.

Net profits set a record in 2020 at \$9.3 million, ahead of budgeted earnings of \$7.6 million and ahead of last year's earnings of \$3.98 million. Investments and loans increased, interest expense decreased, and capital gains helped contribute \$3.7 million to a record earnings year.

In 2021, Bank of Brenham must continue to grow deposits, loans, and control expenses. The cost of funds and investment returns on securities are expected to decrease and there will be downward pressure on the net interest margin. Long-term treasury rates will continue to be volatile and ultimately fall due to high public and private debt to GDP.

Bank of Brenham will continue to focus on safe and profitable growth through acquisition or via branches. The bank will also continue to invest in technology and its online presence. In 2020, the bank's online account opening and online mortgage application debuted and have made it convenient for customers to open an account or start the loan process online.

Thank you for your trust, loyalty, and support. "Like" and "Follow" Bank of Brenham on Instagram and Facebook. Bank with BoB!

Respectfully,

Jim Kruse,
President, Bank of Brenham

BANK OF BRENHAM

(Not Audited)

P O BOX 606
BRENHAM, TX 77834

BALANCE SHEET As of December 31

	2019	2020
Assets		
Cash and Due from Banks	\$3,274,411	\$4,890,750
Net Loans	71,887,009	77,774,679
Fed Funds	5,123,000	12,907,000
Investment Securities	379,806,139	445,796,362
Net Property and Equipment	1,899,780	2,505,076
Accrued Interest Receivable	3,633,525	4,226,505
Prepaid Expenses	48,511	54,270
Other Assets:		
Goodwill and Intangible Assets	9,920,004	9,770,004
Other	10,657,026	8,324,893
Total Assets	<u>\$486,249,405</u>	<u>\$566,249,539</u>
Liabilities and Equity Capital		
Liabilities		
Deposits	\$415,761,988	\$479,059,153
Other Borrowings	0	0
Accrued Interest Payable	2,195,689	883,803
Other Liabilities	3,080,148	5,010,029
Total Liabilities	<u>\$421,037,825</u>	<u>\$484,952,985</u>
Equity Capital		
Capital Stock	\$2,268,000	\$2,268,000
Certified Surplus	0	0
Additional Paid in Capital	38,344,826	38,344,826
Retained Earnings	15,836,066	25,099,499
Unrealized Gain(Loss) on Available for Sale Securities	8,762,688	15,584,229
Total Stockholders Equity	<u>\$65,211,580</u>	<u>\$81,296,554</u>
Total Liabilities and Stockholders Equity	<u>\$486,249,405</u>	<u>\$566,249,539</u>

INCOME STATEMENT For Years Ended December 31

	2019	2020
Interest Income	\$14,399,487	\$15,654,559
Interest Expense	6,786,520	5,188,468
Net Interest Income	<u>\$7,612,967</u>	<u>\$10,466,091</u>
Other Income	735,346	4,232,596
Salaries and Benefits	1,984,557	2,169,971
Occupancy Expense	240,118	246,113
Other Operating Expenses	2,050,874	2,267,599
Provision for Loan Losses	24,000	829,355
Total Expenses	<u>\$4,299,549</u>	<u>\$5,513,038</u>
Net Income Before Income Tax	\$4,048,764	\$9,185,649
Income Tax	(84,711)	(227,784)
Net Income Before Amortization of Intangibles	4,133,475	9,413,433
Amortization of Intangibles	<u>150,000</u>	<u>150,000</u>
Net Income	<u>\$3,983,475</u>	<u>\$9,263,433</u>



January 28, 2021

Dear Shareholders:

ISB Insurance Services, Inc., a wholly owned subsidiary of Industry State Bank, has just completed its twentieth year of operation. In 2020, ISB and its four subsidiaries generated combined revenues of \$8,774,415.

ISB is an all lines retail independent insurance agency located in Waller, TX. With twelve employees including our Washington County Insurance Agency in Brenham, ISB contracts with numerous standard insurance carriers and brokers to provide quality insurance products at competitive rates. ISB completed the year with revenue production of \$1,649,757.

ISB Insurance in Huntsville, TX joined the ISB Group in 2006 and provides personal and business lines of coverage to customers in Huntsville and surrounding areas. Managed by Tracy Smith, our Huntsville branch currently has five full time and two part time employees and had 2020 annual revenues of \$953,051.

Lynn, Kieke, Lackey and Eason Insurance Group, a local retail insurance agency providing personal and business insurance products, joined the ISB Group in 2008 and is managed by Garrett Dornon and Matt Sodolak. They currently have twenty two employees and with locations in Bellville, Sealy, Hubbard, and Industry, TX. LKL finished the year with \$2,871,045 in revenue.

Spring Insurance Agency provides personal and business lines of coverage in north Houston and surrounding areas. Spring has sixteen employees and is being managed by Dean Schafer who assumed his leadership role this past December. Spring Insurance completed 2020 with annual revenues of \$2,068,784.

From office locations in El Campo, Needville and Georgetown, Texas Insurance and their Crop Insurance subsidiary Traditions Insurance completed their first full year of production with combined revenues of \$1,192,616. Texas Insurance also partnered with the Central Mutual Client Connection team on their Beekeeper program. ISB is now licensed in 47 states and a national marketing campaign targeting over 28,000 Beekeeping Association members will commence in 2021.

The strength of our agency continues to be our experienced employees and our direct access to many insurance companies including Travelers, Germania, Hochheim, Texas Mutual, Central Mutual, Union Standard, Liberty Mutual/Safeco, CNA, Hartford, United Fire, Utica and Philadelphia. In 2020, we also landed a direct contract with Vault Insurance for their high value Homeowners, Collections, Auto and Umbrella offerings.

In 2020, ISB Insurance converted from an accrual to a cash accounting basis to allow carriers to directly download commissions into our Agency Management System without manual input. This is leap forward in accounting efficiency. As part of this conversion, approximately \$900,000 of previously booked accrual income was reversed in 2020 to accommodate the change to cash accounting. ISB Insurance Services finished 2020 with net income from operations of \$766,052. After application of the amortization (\$903,593) the net profit recorded was \$(93,757). A dividend of \$1,000,000 was also paid to Industry State Bank.

COVID-19 and the uncertainty in oil prices did have an effect on many of our customers. 2020 was a year of working hard to provide the best insurance solutions for all of our customers. Whether our staff was working remotely or in their offices, our response, service and commitment to our customers did not waiver.

ISB Insurance Services, Inc. is proud to be a part of Industry State Bank and we greatly appreciate the shareholders, directors, and especially our dedicated employees. Thanks to all of you for your hard work and continued support contributing to our success.

Sincerely,

A handwritten signature in cursive script that reads "Paul A. Saims".

Paul A. Saims

ISB INSURANCE SERVICES

(Not Audited)

31384 FM 2920, Suite B
WALLER, TX 77484

BALANCE SHEET As of December 31

	2019	2020
Assets		
Cash	\$1,489,144	\$910,433
Net Property and Equipment	597,492	585,051
Prepaid Expenses	37,946	74,208
Other Assets:		
Goodwill and Intangible Assets	5,371,295	4,567,702
Other	27,320	87,857
Total Assets	<u>\$7,523,197</u>	<u>\$6,225,251</u>
Liabilities and Equity Capital		
Liabilities		
Advances due Industry State Bank	\$4,885,000	\$3,885,000
Other Borrowings	99,831	59,899
Accrued Interest Payable	0	0
Other Liabilities	532,299	368,042
Total Liabilities	<u>\$5,517,130</u>	<u>\$4,312,941</u>
Equity Capital		
Capital Stock	\$100	\$100
Additional Paid in Capital	1,847,816	1,847,816
Retained Earnings	158,151	64,394
Total Stockholders Equity	<u>\$2,006,067</u>	<u>\$1,912,310</u>
Total Liabilities and Stockholders Equity	<u>\$7,523,197</u>	<u>\$6,225,251</u>

INCOME STATEMENT For Years Ended December 31

	2019	2020
Commission Income	\$8,635,332	\$7,478,323
Profit Sharing Income	1,137,701	1,296,092
Total Income	<u>\$9,773,033</u>	<u>\$8,774,415</u>
Salaries and Commissions	6,953,605	6,608,869
Occupancy Expenses	514,931	551,053
Other Operating Expenses	877,912	848,441
Interest Expense	0	0
Total Expenses	<u>\$8,346,448</u>	<u>\$8,008,363</u>
Net Income Before Income Tax	\$1,426,585	\$766,052
Income Tax	137,177	(43,784)
Net Income Before Amortization of Intangibles	\$1,289,408	\$809,836
Amortization of Intangibles	839,933	903,593
Net Income	<u>\$449,475</u>	<u>(\$93,757)</u>

