

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

I, **Kirk D. Dunnam**

Name of the Holding Company Director and Official

**Director and Chief Financial Officer**

Title of the Holding Company Director and Official

**Sandhills Bancshares, Inc.**

Legal Title of Holding Company

**P.O. Box 140**

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

**Monahans**

**TX**

**79756**

City

State

Zip Code

**1405 S. Stockton Avenue**

Physical Location (if different from mailing address)

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.*

Person to whom questions about this report should be directed:

**Kirk D. Dunnam**

**Chief Financial Officer**

Name

Title

**432-943-4230**

Area Code / Phone Number / Extension

**432-943-4532**

Area Code / FAX Number

**kirk.dunnam@mytejasbank.com**

E-mail Address

N/A

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

Signature of Holding Company Director and Official

**03/03/2021**

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."

**Sandhills Bancshares, Inc.**  
**Annual Report to Shareholders**  
**December 31, 2020**

**Report Item 1: Annual Report to Shareholders**



**Sandhills Bancshares, Inc.  
Meeting of the Shareholders**

**February 17, 2021**

**Sandhills Bancshares, Inc.**  
**Shareholders' Meeting**  
**February 17, 2021**

**Agenda**

1. Call meeting to order
2. Welcome
3. Proof of Notice of Meeting
4. Determine quorum is present either in person or by proxy
5. Review minutes of the 2020 Shareholders' meeting
6. Proposal No. 1 – election of Directors
7. Other business
8. Voting
9. Results of voting
10. Adjournment
11. Management presentation
  - Financial report (Kirk Dunnam)
  - 2021 and beyond (Todd Hunt)
  - Concluding comments (Kent McDaniel and Directors)
12. Questions and answers

**SANDHILLS BANCSHARES, INC.**

**Minutes of the Annual  
Meeting of the Shareholders**

**February 26, 2020**

The annual meeting of the shareholders was called to order by Chairman McDaniel at 1:00 p.m. Mr. McDaniel made opening remarks and welcomed the shareholders to the meeting.

Present at the meeting were the Board of Directors of Sandhills Bancshares, Inc, executive officers of Tejas Bank and invited shareholders of Sandhills Bancshares, Inc. (either in person or by proxy). Guests present at the meeting were Roy Richardson and Faith Wilson. Directors Crenshaw and Jordan were absent from the meeting.

Chairman McDaniel appointed Kirk Dunnam as Secretary of the meeting.

Chairman McDaniel appointed Roy Richardson and Faith Wilson to act as Inspectors of Election.

Chairman McDaniel made the following statement regarding Proof of Notice of meeting: The meeting has been called to order on February 26, 2020. A copy of the notice of meeting, related proxy statement and RESOLUTIONS OF THE DIRECTORS OF SANDHILLS BANCSHARES, INC., dated February 6, 2020, will be incorporated into the minutes of this meeting (see attached notice of meeting, proxy statement and resolutions). All shareholders of record at the close of business on February 6, 2020 are entitled to vote at this meeting. A list of shareholders entitled to vote at this meeting has been available, at Tejas Bank 1405 South Stockton, in Monahans, Texas for the past 10 days and is available at the meeting for examination by any shareholder desiring to do so.

Secretary Dunnam informed the Chairman that, based on the number of shares represented at the meeting in person or by proxy, a quorum existed. As a result, Chairman McDaniel declared the meeting to be duly convened for the purposes of transacting business.

Secretary Dunnam made the following motion: I hereby nominate and make a motion for election as directors of Sandhills Bancshares, Inc., to serve for terms expiring on the date of the annual meeting of Sandhills Bancshares, Inc. in 2021 and until their respective successors are duly elected and qualified, the following individuals:

- Kent McDaniel – Chairman
- Bob Crenshaw

Sandhills Bancshares, Inc.  
Minutes of the Annual Meeting of the Shareholders  
February 26, 2020

- Kirk Dunnam – Secretary
- Kenny Dutcher
- Bryan Heflin
- Todd Hunt
- Johnny Jordan
- William Riley
- Calvin Phipps

The nominations and motion were duly seconded by Bryan Heflin. As a result of the motion and second, Chairman McDaniel declared the polls open and for the vote to be tabulated.

Secretary Dunnam reported that, as a result of the voting, each of the 9 director nominees was approved and made the following motion: Mr. Chairman, the Secretary moves that the following resolution be adopted:

**RESOLUTION**

RESOLVED, that the following persons are hereby elected directors of Sandhills Bancshares, Inc. to manage the business and affairs of Sandhills Bancshares, Inc. until the next annual meeting of shareholders and until their successors are duly appointed and qualified unless otherwise removed in accordance with the Certificate of Formation and Bylaws or other applicable laws or regulations:

- Kent McDaniel – Chairman
- Bob Crenshaw
- Kirk Dunnam – Secretary
- Kenny Dutcher
- Bryan Heflin
- Todd Hunt
- Johnny Jordan
- William Riley
- Calvin Phipps

The above motion was duly seconded by Mr. Dutcher and by acclamation of the shareholders (either in person or by proxy) was adopted.

Chairman McDaniel adjourned the meeting at 3:30 p.m.

Sandhills Bancshares, Inc.  
Minutes of the Annual Meeting of the Shareholders  
February 26, 2020

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Kirk Dunnam  
Secretary

APPROVED:

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Kent McDaniel  
Chairman

Date: February 17, 2021

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**SANDHILLS BANCSHARES, INC.  
(PARENT COMPANY ONLY)  
COMPARATIVE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**



**SANDHILLS BANCSHARES, INC.**  
**(PARENT COMPANY ONLY)**  
**BALANCE SHEETS**  
**DECEMBER 31, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
<b>ASSETS</b>		
Cash in bank	\$ 2,531	\$ 2,531
Investment in Tejas Bank	22,760,307	20,726,779
<b>TOTAL ASSETS</b>	<b>\$ 22,762,838</b>	<b>\$ 20,729,310</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Interest payable	\$ 1,802	\$ 2,191
Notes payable to stockholders	1,218,256	1,480,757
<b>TOTAL LIABILITIES</b>	<b>1,220,058</b>	<b>1,482,948</b>
<b>STOCKHOLDERS' EQUITY</b>		
Common Stock, \$1 par value; 7,500,000 shares authorized; 1,036,600 shares issued and outstanding	1,036,600	1,036,600
Additional paid-in capital	8,863,401	8,863,401
Retained earnings	10,811,175	8,971,305
Accumulated other comprehensive gain	831,604	375,056
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>21,542,780</b>	<b>19,246,362</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 22,762,838</b>	<b>\$ 20,729,310</b>

For internal management purposes only.

**SANDHILLS BANCSHARES, INC.**  
**(PARENT COMPANY ONLY)**  
**STATEMENTS OF INCOME AND RETAINED EARNINGS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>OPERATING EXPENSES</b>		
Interest expense	<u>\$ 88,700</u>	<u>\$ 115,748</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>88,700</u>	<u>115,748</u>
<b>(LOSS) FROM OPERATIONS BEFORE EQUITY IN EARNINGS OF SUBSIDIARY</b>	<b>(88,700)</b>	<b>(115,748)</b>
<b>EARNINGS OF TEJAS BANK</b>	<u>3,556,570</u>	<u>4,843,254</u>
<b>NET INCOME</b>	<b>3,467,870</b>	<b>4,727,506</b>
<b>BEGINNING RETAINED EARNINGS</b>	<b>8,971,305</b>	<b>6,730,799</b>
Dividends	<u>(1,628,000)</u>	<u>(2,487,000)</u>
<b>ENDING RETAINED EARNINGS</b>	<u><u>\$ 10,811,175</u></u>	<u><u>\$ 8,971,305</u></u>

For internal management purposes only.

**TEJAS BANK  
COMPARATIVE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**TEJAS BANK**  
**STATEMENTS OF FINANCIAL CONDITION**  
**DECEMBER 31, 2020 AND 2019**

	2020	2019
<b>ASSETS</b>		
<b>CASH AND CASH EQUIVALENTS</b>		
<b>Cash</b>		
Cash on hand	\$ 1,212,561	\$ 1,920,011
ATM cash	100,000	100,000
Cash items	1,940	785
<b>Total Cash</b>	<b>1,314,501</b>	<b>2,020,796</b>
<b>Due From Banks</b>		
Federal Reserve Bank	1,000	1,272,000
The BankersBank	688,575	4,607,302
The IndependentBankers Bank	1,404,058	576,825
<b>Total Due from Banks</b>	<b>2,093,633</b>	<b>6,456,127</b>
<b>Interest-bearing Deposits</b>		
Money market accounts	2,442,980	17,445,323
Certificate of deposit	100,000	100,000
Federal Home Loan Bank	1,606	1,336
<b>Total Interest-bearing Deposits</b>	<b>2,544,586</b>	<b>17,546,659</b>
<b>Federal Funds Sold</b>	<b>20,377,000</b>	<b>14,406,000</b>
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>26,329,720</b>	<b>40,429,582</b>
<b>SECURITIES AVAILABLE FOR SALE</b>		
U.S. government agency securities	-	6,854,523
Mortgage-backed securities	32,860,408	24,945,940
State, county and municipal securities	17,715,783	9,063,552
<b>TOTAL SECURITIES AVAILABLE FOR SALE</b>	<b>50,576,191</b>	<b>40,864,015</b>
<b>EQUITY SECURITIES, AT COST</b>		
Federal Home Loan Bank capital stock	76,400	71,800
The Independent BankersBank capital stock	20,000	20,000
<b>TOTAL EQUITY SECURITIES, AT COST</b>	<b>96,400</b>	<b>91,800</b>

**TEJAS BANK**  
**STATEMENTS OF FINANCIAL CONDITION**  
**DECEMBER 31, 2020 AND 2019**

	2020	2019
<b>LOANS</b>		
Personal	4,271,952	5,019,583
Municipal	-	73,533
Business	40,425,623	33,226,523
Agricultural	8,643,889	9,611,083
Residential real estate	3,297,726	3,835,892
Real estate	44,794,256	47,388,191
Overdrafts	4,996	25,354
	<b>101,438,442</b>	<b>99,180,159</b>
<b>TOTAL LOANS</b>		
	<b>(1,730,014)</b>	<b>(1,552,484)</b>
<b>ALLOWANCE FOR LOAN LOSSES</b>		
	<b>99,708,428</b>	<b>97,627,675</b>
<b>LOANS, NET OF ALLOWANCE FOR LOAN LOSSES</b>		
	<b>1,611,578</b>	<b>4,189,899</b>
<b>BUSINESS MANAGER RECEIVABLES</b>		
	<b>1,385,759</b>	<b>1,393,525</b>
<b>TOTAL PREMISES AND EQUIPMENT, NET</b>		
<b>PREMISES AND EQUIPMENT</b>		
Land	116,737	116,737
Banking house	1,358,772	1,350,381
Furniture, fixtures and equipment	1,055,037	978,440
Accumulated depreciation	(1,144,787)	(1,052,033)
	<b>1,385,759</b>	<b>1,393,525</b>
<b>TOTAL OTHER ASSETS</b>		
Interest receivable investments	292,471	276,183
Interest receivable loans	567,017	572,260
Prepaid expenses	125,909	123,218
Cash surrender value life insurance	2,320,874	2,268,677
Goodwill	2,299,397	2,299,397
Other assets	153,614	300,343
	<b>5,759,282</b>	<b>5,840,078</b>
<b>TOTAL OTHER ASSETS</b>		
<b>TOTAL ASSETS</b>	<b>\$ 185,467,358</b>	<b>\$ 190,436,574</b>

**TEJAS BANK**  
**STATEMENTS OF FINANCIAL CONDITION**  
**DECEMBER 31, 2020 AND 2019**

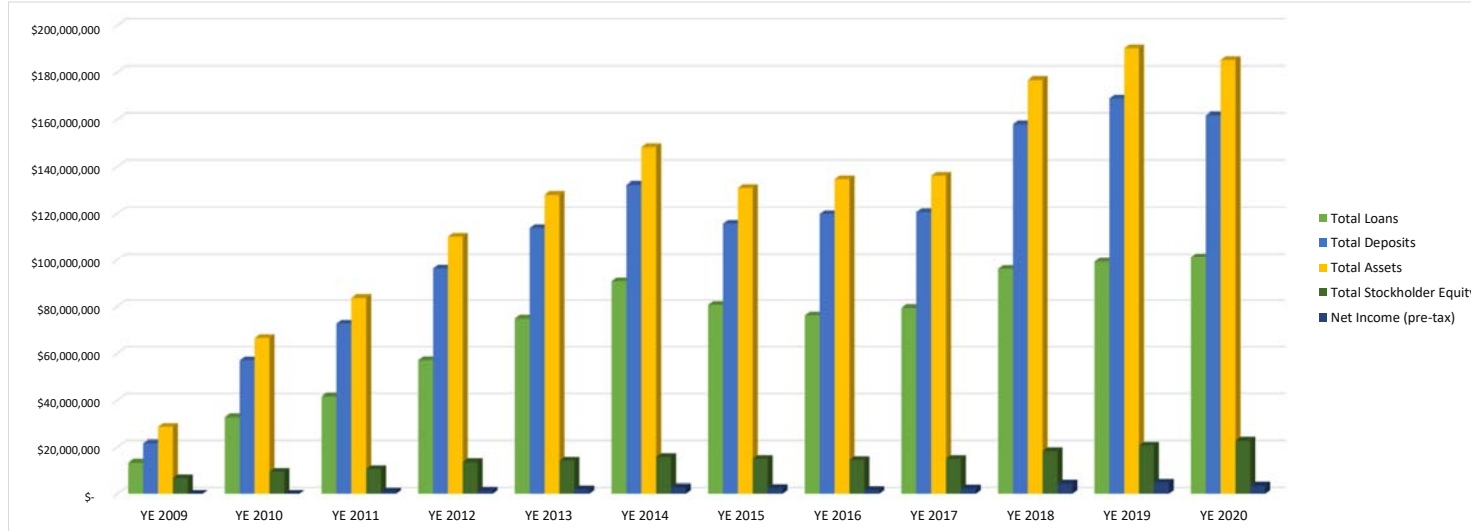
	2020	2019
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>		
<b>DEPOSITS</b>		
<b>Non-interest Bearing Deposits</b>	<b>\$ 74,723,405</b>	<b>\$ 82,470,297</b>
<b>Interest-bearing Deposits</b>		
Checking Plus Interest	42,185,280	44,924,095
Money market	24,561,104	22,618,607
Savings	9,895,127	7,985,885
Time	10,478,461	10,944,286
<b>Total Interest-bearing Deposits</b>	<b>87,119,972</b>	<b>86,472,873</b>
 <b>TOTAL DEPOSITS</b>	 <b>161,843,377</b>	 <b>168,943,170</b>
 <b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
Interest payable deposits	4,195	9,472
Other liabilities	859,479	757,153
 <b>TOTAL ACCRUED EXPENSES AND OTHER LIABILITIES</b>	 <b>863,674</b>	 <b>766,625</b>
 <b>TOTAL LIABILITIES</b>	 <b>162,707,051</b>	 <b>169,709,795</b>
 <b>STOCKHOLDER'S EQUITY</b>		
Common stock	75,000	75,000
Additional paid-in capital	13,446,701	13,446,701
Retained earnings	8,407,002	6,830,022
Accumulated other comprehensive gain	831,604	375,056
 <b>TOTAL STOCKHOLDER'S EQUITY</b>	 <b>22,760,307</b>	 <b>20,726,779</b>
 <b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b>	 <b>\$ 185,467,358</b>	 <b>\$ 190,436,574</b>

**TEJAS BANK**  
**STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>INTEREST AND DIVIDEND INCOME</b>		
Interest on securities available for sale	\$ 899,135	\$ 963,559
Interest and fees on loans	5,689,686	5,503,392
Other interest and dividends	<u>106,254</u>	<u>784,591</u>
<b>TOTAL INTEREST AND DIVIDEND INCOME</b>	<b>6,695,075</b>	7,251,542
<b>INTEREST EXPENSE</b>	<u>221,438</u>	<u>350,577</u>
<b>NET INTEREST INCOME</b>	<b>6,473,637</b>	6,900,965
<b>PROVISION FOR LOAN LOSSES</b>	<u>410,000</u>	<u>-</u>
<b>NET INTEREST INCOME, AFTER PROVISION FOR LOAN LOSSES</b>	<u><b>6,063,637</b></u>	<u>6,900,965</u>
<b>NON-INTEREST INCOME</b>		
Business Manager fees, net	282,924	942,776
Other non-interest income	<u>667,667</u>	<u>892,273</u>
<b>TOTAL NON-INTEREST INCOME</b>	<u><b>950,591</b></u>	<u>1,835,049</u>
<b>NON-INTEREST EXPENSES</b>		
Salaries and employee benefits	1,906,407	1,988,086
Occupancy	208,962	219,903
Other general and administrative	<u>1,342,289</u>	<u>1,684,771</u>
<b>TOTAL NON-INTEREST EXPENSES</b>	<u><b>3,457,658</b></u>	<u>3,892,760</u>
<b>NET INCOME</b>	<u><b>\$ 3,556,570</b></u>	<u><b>\$ 4,843,254</b></u>

**TEJAS BANK SINCE INCEPTION**

	YE 2009	YE 2010	YE 2011	YE 2012	YE 2013	YE 2014	YE 2015	YE 2016	YE 2017	YE 2018	YE 2019	YE 2020
Total Loans	\$ 13,382,406	\$ 32,810,397	\$ 41,667,607	\$ 57,081,736	\$ 74,866,382	\$ 90,833,095	\$ 80,709,951	\$ 76,192,366	\$ 79,422,190	\$ 96,157,142	\$ 99,180,159	\$ 101,438,442
Total Deposits	21,669,958	57,004,829	72,767,234	96,299,483	113,821,118	132,276,849	115,778,669	119,824,932	120,693,075	157,970,051	168,943,170	161,843,377
Total Assets	28,624,239	66,527,343	83,685,237	110,238,773	128,032,199	148,232,567	130,973,316	134,643,980	136,206,334	176,873,475	190,436,574	185,467,358
Total Stockholder Equity	6,824,690	9,435,826	10,656,707	13,631,403	14,166,629	15,861,093	15,017,881	14,461,349	15,030,421	18,270,084	20,726,779	22,760,307
Net Income (Pre Tax)	18,874	71,420	1,073,508	1,475,758	2,099,182	2,905,369	2,680,956	1,788,407	2,496,767	4,451,039	4,843,254	3,556,570





**SANDHILLS BANCSHARES, INC., AND SUBSIDIARY TEJAS BANK  
INVESTMENT ANALYSIS**

**DECEMBER 31, 2020**

**Sandhills Bancshares, Inc.**

**Investment analysis**

**October 16, 2009 (inception) through December 31, 2020**

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Total capital investment from October 16, 2009 (inception) through December 31, 2020      \$      9,900,000      100.00%

Cash distributions (capital recovery) from October 16, 2009 (inception) through December 31, 2020      14,816,000      149.66%

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**Cash distributions (capital recovery) received exceeding total investment at December 31, 2020      \$      4,916,000      49.66%**

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Tejas Bank  
Schedule of distributions  
October 16, 2009 (inception) through December 31, 2020

Period Ending	Tejas Bank		Percent Distributed to Net Income
	Distribution	Net Income	
10/16/2009 (inception) thru 12/31/2009	\$ -	\$ (206,790.59)	0.00%
12/31/2010	-	71,419.69	0.00%
12/31/2011	-	848,507.61	0.00%
12/31/2012	208,000.00	1,075,758.54	19.34%
12/31/2013	861,238.11	2,099,181.67	41.03%
12/31/2014	1,923,238.10	2,905,368.66	66.20%
12/31/2015	3,279,238.10	2,680,955.70	122.32%
12/31/2016	1,655,238.10	1,788,406.96	92.55%
12/31/2017	2,115,238.10	2,496,766.82	84.72%
12/31/2018	3,009,828.18	4,451,039.92	67.62%
12/31/2019	3,171,828.18	4,843,253.27	65.49%
12/31/2020	1,979,590.00	3,556,570.00	55.66%
<b>Total</b>	<b>\$ 18,203,436.87</b>	<b>\$ 26,610,438.25</b>	<b>68.41%</b>

Average distributed to net income of Peer Group for 2020 49.94%

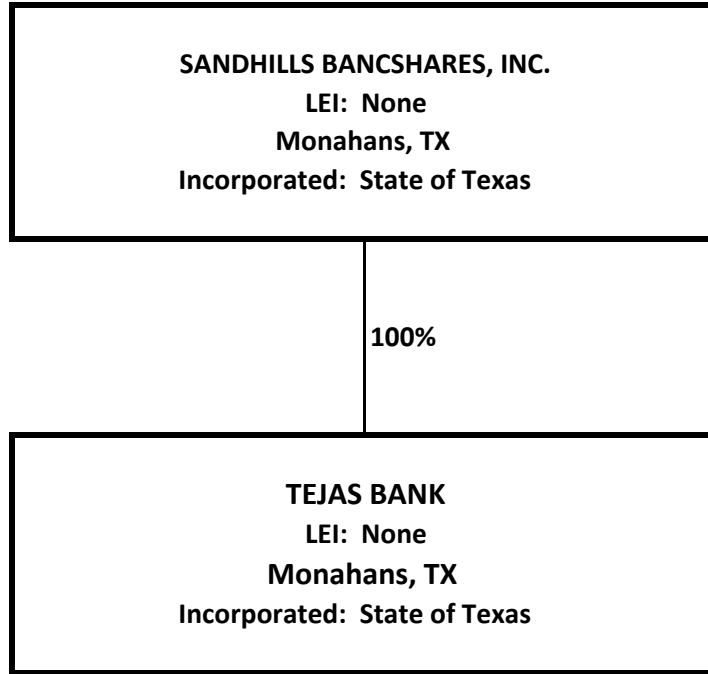
\* Source is the December 31, 2020 "Uniform Bank Performance Report" (UBPR).  
Our peer group is comprised of banks ranging in size between \$100 million through \$300 million, not located in a metropolitan area.

Sandhills Bancshares, Inc.  
Return on Investment Calculation  
October 16, 2009 (inception) thru December 31, 2020

Date	Cash Investment	Cumulative Investment	Total Average Investment	Distributions	Annual Yield
1/9/2009	\$ 475,000	475,000			
1/13/2009	20,000	495,000			
1/14/2009	5,000	500,000			
3/1/2009	199,000	699,000			
4/6/2009	10,000	709,000			
7/1/2009	3,757,500	4,466,500			
7/2/2009	2,833,500	7,300,000			
12/31/2009	-	7,300,000	\$ 4,057,864	\$ -	0.00%
12/20/2010	2,600,000	9,900,000			
12/31/2010	-	9,900,000	5,738,834	-	0.00%
12/31/2011	-	9,900,000	7,137,384	-	0.00%
12/31/2012	-	9,900,000	7,833,746	208,000	2.66%
12/31/2013	-	9,900,000	8,248,816	528,000	6.40%
12/31/2014	-	9,900,000	8,525,023	1,590,000	18.65%
12/31/2015	-	9,900,000	8,722,065	2,946,000	33.78%
12/31/2016	-	9,900,000	8,870,065	1,322,000	14.90%
12/31/2017	-	9,900,000	8,984,747	1,782,000	19.83%
12/31/2018	-	9,900,000	9,151,447	2,325,000	25.41%
12/31/2019	-	9,900,000	9,213,926	2,487,000	26.99%
12/31/2020	-	9,900,000	9,276,194	1,628,000	17.55%
Since inception	<u>\$ 9,900,000</u>		<u>\$ 9,266,913</u>	<u>\$ 14,816,000</u>	<b>12.31%</b>

**Sandhills Bancshares, Inc.  
Organization Chart  
December 31, 2020**

**Report Item 2a: Organization Chart**



**FR Y-6 Report  
December 31, 2020  
Sandhills Bancshares, Inc.  
Monahans, TX**

**Report Item 2b: Office/Branch Verification**

**Results:** A list of branches for your depository institution: **TEJAS BANK (ID\_RSSD: 857455)**.  
 This depository institution is held by **SANDHILLS BANCSHARES, INC. (3951998)** of **MONAHANS, 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)	857455	TEJAS BANK	1405 SOUTH STOCKTON AVENUE	MONAHANS	TX	79756	WARD	UNITED STATES	Not Required	Not Required	TEJAS BANK	857455	

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

**Report Item 3: Securities holders**

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

<b>Current securities holders with ownership, control or holdings of 5% or more with power to vote as of fiscal year ending 12-31-2020</b>			<b>Securities holders not listed in (3)(1)(a) through (3)(1)(c) that had ownership, control or holding of 5% or more with power to vote during the fiscal year ending 12-31-2020</b>		
(1)(a) Name, City, State/Country	(1)(b) Country of Citizenship or Incorporation	(1)(c) Number and Percentage of Each Class of Voting Securities	(2)(a) Name, City, State/Country	(2)(b) Country of Citizenship or Incorporation	(2)(c) Number and Percentage of Each Class of Voting Securities
Melanie Bruns Katy, TX/USA	USA	124,603.5 - 12.020% Common Stock	N/A		
Kent McDaniel Monahans, TX/USA	USA	369,206.5 - 35.617% Common Stock			
G.B & B.R. Heflin Revocable Trust Bryan Heflin, Trustee Monahans, TX/USA	USA	81,537 - 7.866% Common Stock			



**Form FR Y-6**  
**Sandhills Bancshares, Inc.**  
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**Report Item 4: Insiders**

(1), (2), (3)(a)(b)(c), and (4)(a)(b)(c)

(1)	(2)	(3)(a)	(3)(b)	(3)(c)	(4)(a)	(4)(b)	(4)(c)
<b>Name, City, State/Country</b>	<b>Principal Occupation if other than with Bank Holding Company</b>	<b>Title &amp; Position with Bank Holding Company</b>	<b>Title &amp; Position with Subsidiaries (include names of subsidiaries)</b>	<b>Title &amp; Position with Other Businesses (include names of other businesses)</b>	<b>Percentage of Voting Shares in Bank Holding Company</b>	<b>Percentage of Voting Shares in Subsidiaries (include names of subsidiaries)</b>	<b>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)</b>
Todd Hunt Monahans, TX/USA	NA	Director and CEO	Director and CEO (Tejas Bank)	Limited Partner - The Four Hunt Ranch, LP  Partner - LT Cattle Company	3.034%	None	The Four Hunt Ranch, LP (99%)  LT Cattle Company (50%)
Kirk Dunnam Monahans, TX/USA	NA	Director and CFO	Director and CFO (Tejas Bank)	NA	2.550%	None	NA
Bobby Crenshaw San Angelo, TX/USA	Retired banker	Director	Director (Tejas Bank)	NA	0.775%	None	NA

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**Sandhills Bancshares, Inc.**  
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**Report Item 4: Insiders**

(1), (2), (3)(a)(b)(c), and (4)(a)(b)(c)

(1)	(2)	(3)(a)	(3)(b)	(3)(c)	(4)(a)	(4)(b)	(4)(c)
<b>Name, City, State/Country</b>	<b>Principal Occupation if other than with Bank Holding Company</b>	<b>Title &amp; Position with Bank Holding Company</b>	<b>Title &amp; Position with Subsidiaries (include names of subsidiaries)</b>	<b>Title &amp; Position with Other Businesses (include names of other businesses)</b>	<b>Percentage of Voting Shares in Bank Holding Company</b>	<b>Percentage of Voting Shares in Subsidiaries (include names of subsidiaries)</b>	<b>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)</b>
Kenny Dutcher Monahans, TX/USA	Crane operator	Director	Director (Tejas Bank)	Member - Flying Dutchman, LLC  Member - Kenny <3 Amy Properties, LLC	3.615%	None	Flying Dutchman, LLC (100%)  Kenny <3 Amy Properties, LLC (100%)
Bryan Heflin, Trustee Monahans, TX/USA	Manufacturing	Director	Director (Tejas Bank)	Member - Best Made Designs, LLC Monahan, TX/USA  President - Fermin's Restaurant, Inc.  Chief Financial Officer - Blue Ram Group, LLC	7.866%	None	Best Made Designs, LLC (50%)  Fermin's Restaurant, Inc. (43.125%)  Blue Ram Group, LLC (33.33)%
Johnny Jordan Monahans, TX/USA	Retired banker	Director	Director (Tejas Bank)	NA	0.135%	None	NA
Melanie Bruns Katy, TX/USA	Accountant	Principal Securities Holder	None	NA	12.020%	None	NA

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**Sandhills Bancshares, Inc.**  
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**Report Item 4: Insiders**

(1), (2), (3)(a)(b)(c), and (4)(a)(b)(c)

(1)	(2)	(3)(a)	(3)(b)	(3)(c)	(4)(a)	(4)(b)	(4)(c)
<b>Name, City, State/Country</b>	<b>Principal Occupation if other than with Bank Holding Company</b>	<b>Title &amp; Position with Bank Holding Company</b>	<b>Title &amp; Position with Subsidiaries (include names of subsidiaries)</b>	<b>Title &amp; Position with Other Businesses (include names of other businesses)</b>	<b>Percentage of Voting Shares in Bank Holding Company</b>	<b>Percentage of Voting Shares in Subsidiaries (include names of subsidiaries)</b>	<b>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)</b>
Kent McDaniel Monahans, TX/USA	Trucking	Chairman and Director	Director (Tejas Bank)	Pres - Texan Crane and Rigging, Inc.	35.617%	None	Texan Crane and Rigging, Inc. (45%)
				Member - Kent McDaniel, LLC			Kent McDaniel, LLC (100%)
				V. Pres - Fermin's Restaurant, Inc.			Fermin's Restaurant, Inc. (43.125%)
				Member - Brantley Trucking, LLC			Brantley Trucking, LLC (85%)

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**Sandhills Bancshares, Inc.**  
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**Report Item 4: Insiders**

(1), (2), (3)(a)(b)(c), and (4)(a)(b)(c)

(1)	(2)	(3)(a)	(3)(b)	(3)(c)	(4)(a)	(4)(b)	(4)(c)
<b>Name, City, State/Country</b>	<b>Principal Occupation if other than with Bank Holding Company</b>	<b>Title &amp; Position with Bank Holding Company</b>	<b>Title &amp; Position with Subsidiaries (include names of subsidiaries)</b>	<b>Title &amp; Position with Other Businesses (include names of other businesses)</b>	<b>Percentage of Voting Shares in Bank Holding Company</b>	<b>Percentage of Voting Shares in Subsidiaries (include names of subsidiaries)</b>	<b>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)</b>
Calvin Phipps Monahans, TX/USA	Retired principal in a crane company	Director	Director (Tejas Bank)	NA	3.742%	None	Diablo Boat Storage, Inc. (50%)
William Riley Monahans, TX/USA	Chief of Police	Director	Director (Tejas Bank)	NA	2.919%	None	NA