Board of Governors of the Federal Reserve System

Annual Report of Holding Companies—FR Y-6

AMENDED
AUG 08 2016

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

This Report is required by law: Section 5(c)(1)(A) of the Bank Holding Company Act (12 U.S.C. § 1844 (c)(1)(A)); Section 8(a) of the International Banking Act (12 U.S.C. § 3106(a)); Sections 11(a)(1), 25 and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); Section 211.13(c) of Regulation K (12 C.F.R. § 211.13(c)); and Section 225.5(b) of Regulation Y (12 C.F.R. § 225.5(b)) and section 10(c)(2)(H) of the Home Owners' Loan Act. Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

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

NOTE: The *Annual Report of Holding Companies* must be signed by one director of the top-tier holding company. This individual should also be a senior official of the top-tier holding company. In the event that the top-tier holding company does not have an individual who is a senior official and is also a director, the chairman of the board must sign the report.

I, Christopher C. Doyle
Name of the Holding Company Director and Official

President, CEO
Title of the Holding Company Director and Official

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

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

Signature of Holding Company Director and Official

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 1103878
C.I.

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

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

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

3232 Palmer Highway
(Mailing Address of the Holding Company) Street / P.O. Box

City	State	Zip Code
Texas City	TX	77590

Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

Name	Title
Catherine O. Potter	Advisory Director

409-7664314
Area Code / Phone Number / Extension

409-948-6219
Area Code / FAX Number

kitty.potter@texasfirstbank.com
E-mail Address

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

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

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

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

☒ No

Public reporting burden for this information collection is estimated to vary from 1.3 to 101 hours per response, with an average of 5.25 hours per response, including time to gather and maintain data in the required form and to review instructions and complete the information collection. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551, and to the Office of Management and Budget, Paperwork Reduction Project (7100-0297), Washington, DC 20503.

For Use By Tiered Holding Companies

Top-tiered holding companies must list the names, mailing address, and physical locations of each of their subsidiary holding companies below.

Legal Title of Subsidiary Holding Company

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

City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

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

City State Zip Code

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Legal Title of Subsidiary Holding Company

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

City State Zip Code

Physical Location (if different from mailing address)

Results: A list of branches for your holding company: TEXAS INDEPENDENT BANCSHARES, INC. (1103878) of TEXAS CITY, TX.
The data are as of 12/31/2015. Data reflects information that was received and processed through 01/07/2016.

Reconciliation and Verification Steps

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

Actions

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

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

Submission Procedure

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

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

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

Data Action	Effective Date	Branch Service Type	Branch ID_RSSD*	Popular Name	Street Address	City	State	Zip Code	County	Country	FDIC UNINUM*	Office Number*	Head Office	Head Office ID_RSSD*	Comments
OK		Full Service (Head Office)	473266	TEXAS FIRST BANK	3232 PALMER HIGHWAY	TEXAS CITY	TX	77590	GALVESTON	UNITED STATES	16636	0	TEXAS FIRST BANK	473266	
OK		Full Service	3532481	BAYTOWN BRANCH	519 ROLLINGBROOK DRIVE	BAYTOWN	TX	77521	HARRIS	UNITED STATES	419138	9	TEXAS FIRST BANK	473266	
OK		Full Service	2461762	FANNETT BRANCH	16831 HIGHWAY 124	BEAUMONT	TX	77705	JEFFERSON	UNITED STATES	243652	8	TEXAS FIRST BANK	473266	
OK		Full Service	3370982	DEER PARK BRANCH	102 WEST PASADENA BLVD.	DEER PARK	TX	77536-48	HARRIS	UNITED STATES	492908	23	TEXAS FIRST BANK	473266	
OK		Full Service	3532454	DICKINSON BRANCH	4301 HIGHWAY 3	DICKINSON	TX	77539	GALVESTON	UNITED STATES	254558	13	TEXAS FIRST BANK	473266	
OK		Full Service	3532463	FRIENDSWOOD BRANCH	111 WEST PARKWOOD AVENUE	FRIENDSWOOD	TX	77546-54	GALVESTON	UNITED STATES	254557	12	TEXAS FIRST BANK	473266	
OK		Full Service	1829628	BROADWAY BRANCH	2401 BROADWAY STREET	GALVESTON	TX	77550	GALVESTON	UNITED STATES	253801	3	TEXAS FIRST BANK	473266	
OK		Full Service	436252	GALVESTON BRANCH	6501 STEWART ROAD	GALVESTON	TX	77551	GALVESTON	UNITED STATES	484683	6	TEXAS FIRST BANK	473266	
OK		Full Service	2358200	PIRATES BEACH BRANCH	13701 FM 3005	GALVESTON	TX	77554	GALVESTON	UNITED STATES	253802	5	TEXAS FIRST BANK	473266	
OK		Full Service	70450	HITCHCOCK BRANCH	8128 HWY 6	HITCHCOCK	TX	77563	GALVESTON	UNITED STATES	12363	15	TEXAS FIRST BANK	473266	
OK		Full Service	3806472	HOUSTON WEST LOOP BRANCH	1535 WEST LOOP SOUTH, SUITE 120	HOUSTON	TX	77027	HARRIS	UNITED STATES	481131	21	TEXAS FIRST BANK	473266	
OK		Full Service	914956	HULL BRANCH	100 WALNUT STREET	HULL	TX	77564	LIBERTY	UNITED STATES	7110	24	TEXAS FIRST BANK	473266	
OK		Full Service	2349169	KEMAH BRANCH	1100 HWY 146	KEMAH	TX	77565	GALVESTON	UNITED STATES	256722	1	TEXAS FIRST BANK	473266	
OK		Full Service	2129101	LA MARQUE BRANCH	3000 FM 1764	LA MARQUE	TX	77568	GALVESTON	UNITED STATES	245447	16	TEXAS FIRST BANK	473266	
OK		Full Service	2890380	LA MARQUE BRANCH	407 OAK STREET	LA MARQUE	TX	77568	GALVESTON	UNITED STATES	357187	2	TEXAS FIRST BANK	473266	
OK		Full Service	3399303	LEAGUE CITY BRANCH	111 SOUTH HIGHWAY 3	LEAGUE CITY	TX	77573	GALVESTON	UNITED STATES	254559	14	TEXAS FIRST BANK	473266	
OK		Full Service	807553	LIBERTY BRANCH	2103 NORTH MAIN STREET	LIBERTY	TX	77575	LIBERTY	UNITED STATES	35868	25	TEXAS FIRST BANK	473266	
OK		Full Service	783965	PASADENA BRANCH	6731 SPENCER HIGHWAY	PASADENA	TX	77505-17	HARRIS	UNITED STATES	17201	22	TEXAS FIRST BANK	473266	
OK		Full Service	3651391	PEARLAND BRANCH	2343 NORTH MAIN STREET	PEARLAND	TX	77581	BRAZORIA	UNITED STATES	453316	18	TEXAS FIRST BANK	473266	
OK		Full Service	4147855	PORT ARTHUR MID COUNTY BRANCH	10607 HIGHWAY 69	PORT ARTHUR	TX	77640-15	JEFFERSON	UNITED STATES	510016	10	TEXAS FIRST BANK	473266	
OK		Full Service	703954	CRYSTAL BEACH BRANCH	2385 HIGHWAY 87	PORT BOLIVAR	TX	77650	GALVESTON	UNITED STATES	32681	4	TEXAS FIRST BANK	473266	
OK		Full Service	417859	SANTA FE BRANCH	12402 STATE HWY 6	SANTA FE	TX	77510	GALVESTON	UNITED STATES	15619	11	TEXAS FIRST BANK	473266	
OK		Full Service	439860	WINNIE BRANCH	210 HIGHWAY 124	WINNIE	TX	77665-07	CHAMBERS	UNITED STATES	522187	20	TEXAS FIRST BANK	473266	

Texas Independent Bancshares, Inc.
FR Y-6
Annual Report of Bank Holding Companies
As of 12/31/15

8/2/2016

AMENDED
AUG 08 2016

Report Item 1: Annual Report to Shareholders - Exhibit A
Note: Independent audit is Exhibit B

Report Item 2(a): Organization Chart:

Texas Independent Bancshares, Inc.
Incorporated in Texas
Texas City, TX 77590

No LEI available

|

Texas First Bank - 100%
Incorporated in Texas
Texas City, TX 77590

Rust, Ewing, Watt & Haney, Inc. - 100%
Incorporated in Texas
Texas City, TX 77591

No LEI's available

Report Item 3: Securities Holders

		% Owned	Shares-Common	Purchase	Total	New %
Texas Independent Bancshares, Inc. Voting Trust		85.97%	433,713			
Texas City, Texas (United States)						
Mitchell Chuoke, Jr., Trustee						
Gaddis Wittjen, Trustee						
Charles T. Doyle, Trustee						
Christopher C. Doyle, Trustee						
Matthew T. Doyle, Trustee						
T.I.B. Employees' 401-K Plan		13.94%	70,302			
Texas City, Texas (United States)						
Dennis Bettison, Trustee						
Doyle Family Children's Trust		11.92%	60,136			
Texas City, Texas (United States)						
Matthew T. Doyle, Trustee						
Christopher C. Doyle, Trustee						
Lawrence J. Del Papa Estate - USA		6.83%	34,467			
Lawrence J. Del Papa, Jr. Trustee						
Texas City, Texas (U.S. Citizen)						
		Current		**Purchase**	**Total**	**New %**
Laura Del Papa Murray		8.44%	42,577	17,242	59,819	11.86%
Wichita Falls, Texas (U.S. Citizen)						
Lawrence J. Del Papa, Jr.						
Lawrence J. Del Papa, Jr., Trustee	**Bancshares Trust USA**	3.96%	20,000	12,420	32,420	6.43%
Caitlyn Del Papa		0.65%	3,271			
Lawrence J. Del Papa, III		0.45%	2,287			
Lawrence J. Del Papa, Jr.	**Personal**	3.99%	20,118	4,822	24,940	4.94%
Texas City, Texas (U.S. Citizen)						
Olivia Ann Estrada						
Houston, Texas (U.S. Citizen)	**Personal**	5.32%	26,861			
Estrada Family Trust (USA)	**Family Trust, Trustee**	3.80%	19,192			
Olivia Ann Estrada Trust (USA)	**Personal Trust, Trustee**	1.42%	7,155			
	TOTAL	10.55%	53,208			

TEXAS INDEPENDENT BANCSHARES, INC. (TIB)

AMENDED
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Report Item 2(b): Branches Submitted electronically, revised 3/1/16

Report Item 3(2): Other Holders None as of 12/31/15

Report Item 4 (a): Insiders

Name & Address Principal Occupation	Title or Position	Percent Owned
Charles T. Doyle Texas City, TX USA Banker VOTING TRUST - Trustee	Director, Chairman of the Board: - TIB Dir., Chrmn. Emeritus - Texas First Bank T.I.B. Voting Trust (USA) - Trusttee	 2.14% 85.97%
	U.S. Management Corp. (Director)	100.00%
Matthew T. Doyle Texas City, TX USA Banker VOTING TRUST - Trustee	Director & Vice Chairman - TIB Texas First Bank - Chairman, Director T.I.B. Voting Trust (USA) - Trusttee	3.07% 11.92% 85.97%
	Director, EVP,Secretary United States Management Director, Chairman of the Board Rust,Ewing, Watt & Haney, Inc.	 0.00%
Christopher C. Doyle Texas City, TX USA Banker VOTING TRUST - Trustee	President, CEO, Director - TIB President, CEO and Director: Texas First Bank - Texas City T.I.B. Voting Trust (USA) - Trusttee Director - Rust,Ewing, Watt & Haney, Inc. Director, United States Management	 0.41% 11.92% 85.97% 0.00%
Lawrence J. Del Papa Estate	Estate to be settled.	6.83%
Gaddis P. Wittjen Hitchcock, TX USA Property Management VOTING TRUST - Trustee	Director - TIB, Texas First Bank T.I.B. Voting Trust (USA) - Trusttee	3.57% 85.97%
Texas Independent Bancshares, Inc. Voting Trust	Texas City, Texas (United States) Mitchell Chuoke, Jr., Trustee Gaddis P. Wittjen, Trustee Charles T. Doyle, Trustee Christopher C. Doyle, Trustee Matthew T. Doyle, Trustee	85.97%
T.I.B. Employees' 401-K Plan	Texas City, Texas (United States) Dennis Bettison, Trustee	 13.94%
Doyle Family Children's Trust	Texas City, Texas (United States) Matthew T. Doyle, Trustee Christopher C. Doyle, Trustee	11.92%

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Olivia. Estrada, + Estrada Estate		
Houston, TX USA	Personal	5.48%
Business, Employment - N/A	Family Trust (USA) - Olivia Estrada - Trustee	3.91%
	Olivia Estrada Trust (USA) - O. Estrada - Ttee	1.46%
	TOTAL (TIB)	10.55%
Mitchell Chuoke, Jr.	Director - T.I.B.	
Texas City, TX	T.I.B. Voting Trust (USA) - Trusttee	85.97%
Plumbing Contractor	Director - Texas First Bank	1.19%
VOTING TRUST - Trustee	TOTAL (TIB)	87.16%
	President, Mitchell Chuoke Plumbing	36.50%

Other Officers:

Dennis R. Bettison, Attorney	Advisory Director - Texas First Bank	0.78%
Advisory Director - TIB	Trustee, Employee 401-K Plan	13.94%
Trustee, TIB 401-K Plan	Bettison, Doyle, Appfel & Guarino (BDAG)	
Attorney	Galveston, TX USA	
Timothy R. O'Brien	CFO - Texas First Bank	0.00%
Advisory Director - TIB	Texas City, TX USA	
Banker	Advisory Director - Texas First Bank	
Catherine O. Potter	Advisory Director - Texas First Bank	0.23%
Advisory Director - TIB	Texas City, TX USA	
Banker	Director - Rust,Ewing, Watt & Haney, Inc.	
	Director - United States Management, Inc.	
A. Pat Plaia, Jr.	Regional President - Texas First Bank	0.00%
Advisory Director - TIB	Texas City, TX USA	
Banker	Advisory Director - Texas First Bank	
David R. Doyle	SVP & CIO, Brinker International	0.37%
Advisory Director - TIB	Plano,TX USA	
CPA	Advisory Director - Texas First Bank	
	Director - U S Management	
	Director - Rust,Ewing, Watt & Haney, Inc.	
Patrick F. Doyle, Attorney	Bettison, Doyle, Appfel & Guarino	1.34%
Advisory Director - TIB	Galveston, TX USA	
Attorney	South Land Title, Galveston County	
	U S Management -Director	0.00%
Joseph Blackshear	President - Rust-Ewing Insurance	
Advisory Director - TIB	Galveston, TX USA	0.40%
Insurance		
RADM Robert Smith, III (Ret'd.)	President - Texas A&M University Galveston	
Advisory Director - TIB	Galveston, TX USA	0.10%
Education	Director - Texas First Bank	

Signature & Title

Christopher C. Doyle, President **August 2, 2016**

TEXAS INDEPENDENT BANCSHARES, INC.
Texas City
Helping Texans Build Texas

March 1, 2016

TO: Shareholders of Texas Independent Bancshares, Inc.

SUBJECT: **Annual Meeting of the Shareholders**
Wednesday, March 23, 2016, 11:00 A.M.

Dear Fellow Shareholder:

We are pleased to invite you to attend the Thirty-Seventh Annual Meeting of our Corporation at 11:00 A.M. on Wednesday, March 23, 2016, at the Offices of Rust-Ewing Insurance Agency, located at:

7900 Emmett F. Lowry Expressway
Texas City, Texas 77591.

Attached are the Notice of Annual Meeting and a Proxy Statement. You are requested to complete the Proxy Statement in accordance with the instructions and return it as soon as possible in the self-addressed, stamped envelope, in order that we may be assured of a quorum for our Annual Meeting. Should you attend the meeting in person, the Proxy may be canceled, and you will be permitted to vote your shares in person.

Enclosed are the financial statements (unaudited) as of December 31, 2015. Representatives from the accounting firm of WhitleyPenn, LLP, will be available to answer any questions regarding the audit or the K-1s. You are free to contact our auditors at any time during business hours if you have questions:

Randy Gregg, (214) 393-9430, randy.gregg@whitleypenn.com
Kyle Willey, (214) 393-9502, kyle.willey@whitleypenn.com
Elizabeth Iles, (tax) (409) 948-4406, elizabeth.iles@whitleypenn.com.

Upon its completion, a copy of the audit report is maintained at the TIB offices in Texas City. Any shareholder desiring to review the report in detail may do so by contacting Kitty Potter at (409) 948-1990. Financial information will be reviewed as part of the Operations Report at the Annual Meeting.

(Continued on reverse side.)

The Year 2015 had its challenges, but we are extremely pleased that our community bank and insurance agency met those challenges and completed another outstanding year. Our great staff and their hard work allowed the company to exceed its goals again. The employees were able to achieve their earnings goal and receive the designated incentive for the year. Our partners, both at the Bank and Insurance Agency, continued to build upon the fantastic relationships we have with our clients. Exceeding their expectations is job number one!

Our Houston Banking Center was the recipient of the Chairman's Award during the annual Employee Rally in January 2016. The Houston Banking Center was recognized as a result of their overall growth and profit. Houston Banking Center increased its deposits over $8 million, a 23.5% increase, and increased its loans nearly $12 million, a 22.5% increase from previous year end. In addition to this growth, they had a record contribution toward the Bank profits, exceeding $1million for the first time.

Listed below are financial highlights for the year ending December 31, 2015:

Texas First Bank	**2015**	**2014**	**$ variance**	**% variance**
Total Assets	949,087,766	915,375,009	33,712,757	3.7%
Total Deposit	855,411,465	825,867,337	29,544,128	3.6%
Total Loans	463,279,746	433,384,290	29,895,456	6.9%
Total Stockholder's Equity	91,324,941	85,153,597	6,171,344	7.2%
Net Income *	12,001,232	11,463,019 *	538,213	4.7%
Tier 1 Capital to Average Assets	9.14%	8.69%	0.45%	5.2%
Tier 1 Capital to Risk Weighted Assets	14.65%	14.02%	0.63%	4.5%
Total Capital to Risk Weighted Assets	15.61%	15.28%	0.33%	2.2%

Rust, Ewing, Watt & Haney, Inc.	**2015**	**2014**	**$ variance**	**% variance**
Total Assets	6,985,811	6,160,243	825,568	13.4%
Total Stockholder's Equity	5,437,082	4,258,376	1,178,706	27.7%
Gross Revenues	8,886,570	8,585,891	300,679	3.5%
Net Income	1,858,895	1,879,730	(20,835)	-1.1%

Texas Independent Bancshares, Inc. (Consolidated)	**2015**	**2014**	**$ variance**	**% variance**
Total Assets	971,751,406	936,727,581	35,023,825	3.7%
Total Deposit	847,186,090	819,891,363	27,294,727	3.3%
Total Loans	463,279,746	433,384,290	29,895,456	6.9%
Total Stockholder's Equity	119,383,255	109,422,392	9,960,863	9.1%
Net Income	16,021,075	14,312,477	1,708,598	11.9%
Earnings per share (basic)	31.87	28.54	3.33	11.7%
Tier 1 Capital to Average Assets	12.09%	10.17%	1.92%	18.9%
Tier 1 Capital to Risk Weighted Assets	18.28%	16.03%	2.25%	14.0%
Total Capital to Risk Weighted Assets	19.48%	17.26%	2.22%	12.9%

*for compartive purposes, 2014 Net Income is shown as Net Income before tax

(Continued on next page.)

This past year, TIB made $5,156,981 in distributions to our shareholders. The Board generally distributes funds to our shareholders to cover their potential tax liability associated with TIB, a Sub S company under IRS code. The following guideline was used by the Board in declaring these distributions:

Ordinary Income	43.4%
Capital Gains Income	23.4%
Municipal Tax-Free Income	0.0%

You will find enclosed copies of the Minutes of our Annual Meeting held on April 14, 2015, and we ask you to review them carefully for any amendments or corrections prior to this year's meeting. Nominations to the Board are posted at each banking facility, in accordance with our By-Laws. **Gaddis P. Wittjen is the Director nominated for re-election**, with Mitchell Chuoke, Jr.; Charles T. Doyle; Matthew T. Doyle; and Christopher C. Doyle continuing unexpired terms as Directors.

We encourage each of our shareholders and their spouses to join in the business session of our Annual Meeting. Should you have any questions regarding our reports, please feel free to call us or submit them in writing in advance of our meeting. Food and refreshments will be served. We look forward to seeing you at 11:00 a.m. on Wednesday, March 23, at the Offices of Rust-Ewing Insurance Agency, 7900 Emmett F. Lowry Expressway, Texas City, Texas.

Sincerely yours,

Charles T. Doyle	Matthew T. Doyle	Christopher C. Doyle
Chairman	Vice Chairman	President

CTD:MTD:CCD:csl

Enclosures: Notice of Shareholders Meeting
Proxy Statement with self-addressed, stamped envelope
Financial Statement - December 31, 2015
Minutes of the Annual Meeting of April 14, 2015

March 1, 2016

* NOTICE OF ANNUAL SHAREHOLDERS MEETING *
TEXAS INDEPENDENT BANCSHARES, INC.

Notice is hereby given that the Annual Meeting of the Shareholders of TEXAS INDEPENDENT BANCSHARES, INC., Texas City, Texas, will be held at the **Rust-Ewing Insurance Agency, 7900 Emmett F. Lowry Expressway, Texas City, Texas, on Wednesday, March 23, 2016, at 11:00 A.M.** for the election of Directors and the transaction of such other business as may properly come before the meeting.

Below is a Proxy Statement which you are requested to please sign and return in the envelope provided. In the event that you are able to be present at the meeting and desire to vote in person, you may withdraw your proxy and do so.

Respectfully,

CHARLES T. DOYLE
CHAIRMAN OF THE BOARD

✂ -

* PROXY STATEMENT *

KNOW ALL MEN BY THESE PRESENTS that the undersigned Shareholder of TEXAS INDEPENDENT BANCSHARES, INC., of Texas City, Texas, hereby constitutes and appoints CHARLES T. DOYLE or ______________________________ the true and lawful attorney and proxy of the undersigned at the ANNUAL MEETING OF TEXAS INDEPENDENT BANCSHARES, INC., to be held at the **Offices of Rust-Ewing Insurance Agency, 7900 Emmett F. Lowry Expressway, Texas City, Texas, on Wednesday, March 23, 2016, at 11:00 A.M.**, and for and on behalf of the undersigned to vote on any question, proposition, or resolution, or any other matter or thing that may come before said meeting, or any adjournment or adjournments thereof, according to the number of shares of stock of said corporation which the undersigned would be entitled to vote if personally present, and the undersigned hereby gives and warrants unto said attorney and proxy full power of substitution and revocation, thereby confirming all that said attorney and proxy shall do in the premise.

IN WITNESS WHEREOF, I have hereunto set my hand this the _____ day of _______________, 2016.

SIGNED IN THE PRESENCE OF:	SIGNED:
______________________________	______________________________
WITNESS (Signature)	SHAREHOLDER (Signature)

Shareholder's Name - Printed: ______________________________

Home Phone Number: (   ) ______________ Cell Phone Number: (   ) ______________

E-Mail Address : ______________________________

TEXAS INDEPENDENT BANCSHARES, INC AND SUBSIDIARES
CONSOLIDATED BALANCE SHEET

unaudited

	December 31,			
		2015		2014
Assets				
Cash and cash equivalents:				
Cash and due from banks	$	55,486,284	$	62,660,943
Federal funds sold		5,125,000		1,079,000
Total cash and cash equivalents		60,611,284		63,739,943
Investments:				
Securities available for sale		59,649,330		82,336,076
Securities to be held to maturity		336,243,700		313,032,185
Other investments (nonmarketable equity securities)		6,738,143		2,586,139
Total investments		402,631,173		397,954,400
Loans		463,279,746		433,384,290
less Allowance for loan losses		8,580,016		7,980,383
Net Loans		454,699,730		425,403,907
Premises and equipment, net		21,139,155		22,321,391
Accrued interest receivable		4,094,877		3,576,314
Goodwill, net		10,699,542		10,699,542
Core deposit intangibles, net		540,590		724,303
Other assets		17,335,055		12,307,781
Total Assets	**$**	**971,751,406**	**$**	**936,727,581**
Liabilities and stockholders' equity				
Liabilities:				
Deposits:				
Non-interest bearing	$	339,705,346	$	297,458,100
Interest bearing		507,480,744		522,433,263
Total deposits		847,186,090		819,891,363
Accrued Interest payable		95,419		107,762
Notes payable		181,693		1,772,476
Due to shareholders		-		-
Other Liabilities		4,904,949		5,533,588
Total liabilities		852,368,151		827,305,189
Stockholders' equity				
Common Stock		584,755		584,755
Additional paid-in capital		283,210		164,530
Retained earnings		129,153,114		118,424,702
Accumulated other comprehensive income		5,304,825		6,976,668
Treasury stock, at cost		(15,942,649)		(16,728,263)
Total stockholders' equity		119,383,255		109,422,392
Total liabilities and stockholders' equity	**$**	**971,751,406**	**$**	**936,727,581**

TEXAS INDEPENDENT BANCSHARES, INC AND SUBSIDIARES
CONSOLIDATED STATEMENT OF INCOME

unaudited

	December 31, 2015	December 31, 2014
Interest income:		
Loans, including fees	$ 26,838,540	$ 26,807,944
Debt securities:		
Taxable	5,181,830	5,531,084
Tax-exempt	3,291,842	2,057,508
Interest -bearing deposits	61,434	96,956
Federal funds sold	8,005	18,608
Dividend income	60,396	60,396
Other interest	2,160	24,955
Total interest income	35,444,207	34,597,451
Interest expense		
Deposits	1,634,861	1,675,753
Fed funds purchased	7,015	633
Notes payable	16,825	123,667
Total interest expense	1,658,701	1,800,053
Net interest income	33,785,506	32,797,398
Provision for loan losses	738,140	707,767
Net interest income after provision for loan losses	33,047,366	32,089,631
Non-interest income		
Fees and service charges	6,353,990	6,287,742
Gain on sale of assets	595,423	337,403
Gain on sale of securities	3,435,775	411,915
Insurance commissions	6,279,267	6,031,082
Other income	253,000	311,133
Total non-interest income	16,917,455	13,379,275
Non-interest expense		
Salaries and related expenses	15,055,610	13,976,812
Profit sharing and other employee benefits	3,210,663	3,394,651
Occupancy and premises expense, net	4,649,507	4,797,069
Other operating expense	11,027,966	10,103,917
Total non-interest expense	33,943,746	32,272,449
Income before income tax (benefit)	16,021,075	13,196,457
Income tax expense (benefit)	-	(1,116,020)
Net Income	**$ 16,021,075**	**$ 14,312,477**

TEXAS INDEPENDENT BANCSHARES, INC.
ANNUAL MEETING OF THE SHAREHOLDERS
APRIL 14, 2015

DRAFT

The 36th Annual Meeting of the Shareholders of Texas Independent Bancshares, Inc. (TIB), was convened at 12:00 noon on Tuesday, April 14, 2015, at the offices of Rust-Ewing Insurance Agency, 7900 Emmett F. Lowry Expressway, Texas City, Texas 77591. Chairman Charles T. Doyle introduced himself, welcomed everyone, and called the meeting to order.

Chairman Doyle remarked that this meeting was a sad one due to the loss of founding Director Lawrence J. Del Papa, Sr., on March 17, 2015. Mr. Del Papa had joined Chairman Doyle in business not long after Dr. William J. Estrada, who passed away in 2007. Mr. Del Papa and Dr. Estrada had grown up together in Galveston and enjoyed teasing and playing pranks on each other as Directors. Over many years, the two of them provided this organization with a lot of humor, loyalty, and wisdom and are sorely missed. Chairman Doyle observed that Dr. Estrada and Mr. Del Papa would be pleased with the report on TIB which would be presented at this meeting.

Chairman Doyle stated that Dr. Doug Stiernberg passed away on January 20, 2015. He joined the Board of Directors of Gulf National Bank (now Texas First Bank) in 1986, becoming a Member of the Central Advisory Board of Directors in 2004, and continuing to serve in that capacity until December of 2014.

The invocation was given by Sam Dell'Olio. Chairman Doyle announced that he would be serving as Chairman and Cathy Logan would be serving as Secretary for purposes of this meeting.

Chairman Doyle stated that the shareholders' meetings require a great deal of preparation, and he thanked the employees who helped to make the meeting happen, including Kathy Cruse, Tamara Bluntson, Jennifer Murdoch, and their committee, and also recognized Jordan Huggins for putting together the slide show.

Chairman Doyle confirmed that the Notices of Annual Meeting of the Shareholders were duly mailed to all shareholders of record on March 27, 2015, along with copies of the Minutes of the Annual Shareholders Meeting held on April 24, 2014; the proxy statement; the Unaudited Financial Statement as of December 31, 2014; and the letter to the shareholders dated March 14, 2015. Upon motion duly made by Warren T. Longmire, Jr., M.D., seconded by Lee Ardell, and unanimously carried, the Shareholders accepted the Affidavit of Notice of Annual Meeting of the Shareholders **[Exhibit "A"]**.

Beau Yarbrough reported that there were 475,642 shares, constituting 94.73 percent of the shareholders represented by proxy/presence out of a possible 502,128 shares issued and outstanding, with 82,627 shares held as Treasury Stock. Upon motion duly made by Warren T. Longmire, Jr., M.D., seconded by Lee Ardell, and unanimously carried, the Report on the Certified Alphabetical List of Shareholders was accepted as presented. Chairman Doyle declared that the proxies were filed with the Secretary, legal notice had been duly given, a quorum was present, and the meeting was lawfully convened to transact business.

Upon motion duly made by Warren T. Longmire, Jr., M.D., seconded by Gaddis Wittjen, and unanimously carried, Lee A. Sander, Tanner Bailey, and Roy Starr were elected to serve as Inspectors of the Election. The Oath of the Inspectors was administered, as shown in the attached **Exhibit "B."**

Upon motion duly made by Gaddis Wittjen, seconded by Lee Ardell, and unanimously carried, the Minutes of the Annual Meeting of the Shareholders of Texas Independent Bancshares held on April 24, 2014, were approved with the following correction to Paragraph 4 on Page 2: "...Texas Independent Bancshares was $850 million strong and growing" should read, "...Texas First Bank was $850 million strong and growing."

Chairman Doyle explained the system of governance whereby the holding company, Texas Independent Bancshares, Inc., has five Directors. The three inside Directors are Charles T. Doyle, Matthew T. Doyle, and and Christopher C. Doyle; and the two independent Directors are Mitchell Chuoke, Jr., and Gaddis Wittjen, Wittjen, who was elected by the Board to fill the unexpired term of Lawrence J. Del Papa, Sr. Matthew T.

Doyle was the Director standing for re-election for a four-year term, with the remaining Directors having unexpired terms – Gaddis P. Wittjen, one year; Charles T. Doyle, two years; Mitchell Chuoke, Jr., three years; years; and Christopher C. Doyle having a permanent position on the Board as President and CEO. He noted noted that Chris Doyle was unable to attend the meeting as he was in Washington, D.C., for training to serve serve on the Board of Directors of the Federal Reserve Bank of Dallas, following his recent election to that position.

Chairman Doyle introduced the independent Directors present: Lee Ardell; Mitchell Chuoke, Jr.; Warren T. Longmire, Jr., M.D.; Carlos Peña; RADM Robert Smith, III, USN (Ret.); and Gaddis Wittjen. David R. Doyle, Carlos Garza, Travis Hardwick, and Stephen Holmes were unable to attend.

Requests for nominations had been properly posted in the lobbies of the Banks, and no shareholder had submitted a written nomination as called for in the bylaws to fill the open seat. Chairman Doyle called for any nominations to fill the position which Matthew T. Doyle had held for the previous four years, and there were none. Upon motion duly made by Mitchell Chuoke, Jr., seconded by Gaddis Wittjen, and unanimously carried, Matthew T. Doyle was nominated for re-election to serve a four-year term on the Board of Directors of TIB. Upon motion duly made by Warren T. Longmire, Jr., seconded by Lee Ardell, and unanimously carried, Matthew T. Doyle was re-elected to serve a four-year term on the Board of Directors of TIB.

Upon motion duly made by Warren T. Longmire, Jr., M.D., seconded by Mitchell Chuoke, Jr., and unanimously carried, the actions of the Directors and Officers during 2014 were approved.

Kitty Potter introduced the Audit Committee: Gaddis Wittjen; Lee Ardell; Warren T. Longmire, Jr., M.D.; and Carlos Peña. The other Committee Member, Travis Hardwick, was unable to attend this meeting. She stated they had worked another year with the Whitley Penn firm of CPAs and have received some good comments about the internal and external audit program. She introduced Audit Committee Chairman Gaddis Wittjen, who stated he was happy to have the outside auditors present at this meeting. He introduced Randy Gregg of the firm of Whitley Penn and asked him to introduce his team.

Randy Gregg stated that he serves as the Audit Partner, and he introduced Elizabeth Iles and Kyle McFatridge. He stated that the audit had gone very well, the Bank continues to grow, and Whitley Penn is available to help however they can.

Next, Vice Chairman Matt Doyle introduced the inside Directors present: Dennis Bettison, Mike Burkhart, Dickey Campbell, David Daspit, Pat Plaia, and Beau Yarbrough. Pat Doyle was unable to attend. Matt Doyle thanked Debra Matthews and Debbie Popovich for assisting Beau Yarbrough with obtaining the number of shares represented and observed that was the highest percentage of shares by proxy or presence TIB had ever had at an annual meeting. He remarked it was good to have participation by the shareholders. He stated that Mitchell Chuoke, Jr., is the Chairman of the L&D Committee; Lee Ardell is Chairman of the Asset/Liability Committee; Gaddis Wittjen is Chairman of the Audit Committee; and Carlos Peña is Chairman of the new Regulatory Compliance Committee, which is a growing part of the banking business and has a great deal of risk. He stated that, when one speaks of the Fed, the FDIC, and Congress, the regulatory burden is the greatest risk. Mortgage lending and home ownership are what made America great. The results of a recent survey of 90 mortgage lenders reported that 9 of the 90, 10 percent, completely got out of the mortgage business and 75 altered and lessened their participation in the mortgage business. Home ownership has always been the American dream; so, we have a lot of work to do as citizens, as shareholders, and as bank depositors to pay attention to our regulatory burdens on us now.

Matt Doyle stated that TIB had a record year and was able to pay a bonus of $1,000 to each of the employees as a reward for $12 million in earnings. Rust-Ewing had its fourth consecutive year of record earnings and was expected to break $2 million this year. He remarked that it was nice that the organization can be efficient and productive, but it requires a lot of hard work.

Next, Matt asked CFO Beau Yarbrough to review the operations for 2014 and the plans for 2015. Beau Yarbrough stated that the confidence of the shareholders is appreciated, and the Board and Management do not take that responsibility lightly. Impact to shareholder value is always a consideration.

The first slide in the presentation showed the ownership of TIB. 99 percent of the shares are owned by Texas residents, so we truly are a Texas community bank. All of our locations are in Texas, and the majority of our business resides in Texas. The next slide showed the location of all 23 banking centers. Two additional banking centers were added with the purchase of the Hull and Liberty locations. The third slide showed the history of growth. 2014 was a great year, and we saw tremendous growth. Loans were at $425 million, assets $915 million, and deposits $826 million as compared to 2013 when loans were at $389 million, assets $828 million, and deposits $725 million. For the Bank to continue to grow in 2014 required a lot of hard work by the staff in the markets in which we operate as well as the acquisition of the First State Bank of Hull. After-tax earnings in 2014 were $10,835,273 for the Bank and $1,755,264 for Rust-Ewing, a record year.

Beau Yarbrough stated that, to continue to see growth was good, but we need to ensure we continue growing earnings and putting those assets to work. 2014 was great, and the first quarter of 2015 was also great and, hopefully, it would be another great year. With regard to the audited book value in 2013, it was $194.19 per share, and in 2014 it was $219.27 per share. The appraised value in 2013 was $228.00 per share, and in 2014 it was $245.00 per share. We saw a $17 increase in value and 7.5 percent increase in price. Asset growth continued earnings and increased shareholder value. We found more efficient ways to deliver our products and services to our customer base.

A new service which will become available in 2015 is the Texas First Loan E-Signature. Consumer and commercial loan customers will have the opportunity to sign for their loans via E-Signature on a signature pad at the banking center, or for more convenience, they can have a signature section through a secure email and password to sign documents from their home or business and never have to come into the banking center. For more complex transactions, the officer would load the documents onto an iPad, go out to the commercial customer, answer any questions, and have the signing ceremony via the iPad. This is a project which the Doyles have wanted for more than ten years that is now coming to fruition in 2015.

The second will become available the last week in May, the TFB Mobile App and Online updates. There will now be a unified user experience, which means whether it is on a computer, a tablet, or a cell phone, the screen will be adjusted to the user's device. With Mobile Deposit, customers can now use remote deposit capture to deposit a check from their iPhone or Android phone or tablet. Customers can also make ACH payments, receipts, or wires through the Mobile App. The Mobile App will also have GPS capabilities to provide directions to the nearest banking center or ATM. The online banking functions will now be able to be done through the Mobile App, with the exception being commercial customers cannot perform wire or ACH payments through the Mobile App. Moving forward, that capability will be given to them.

The last new product he discussed was EMV (Europay, MasterCard, and Visa), which is also known as Chip-Card technology. The Texas First Bank credit cards were expected to be available with Chip-Card Technology beginning in September 2015, with the debit cards following shortly thereafter. For point-of-sale, card-present transactions, this will reduce fraud where information is being skimmed when the card is being swiped and the need for reissuing cards due to that fraud. Additionally, the liability for the fraudulent transactions will be shifted from the Bank to the merchant.

In closing, Matt Doyle stated that 2014 ended with $915 million in total assets. As of the morning of April 14, 2015, total assets were $950 million, with April 15th being the usual reason for the upsurge in deposits this time of year, but deposits usually do not drop all the way back down. Loans at the end of 2014 were $425 million and were currently $450 million. March 2015 was a record month without any extraordinary issues. This organization is working hard for its shareholders, and we really appreciate your support.

Chairman Doyle stated that a friend of Matt Doyle's in Austin who has marketed technology to small banks banks started a new company a few years back, and TIB invested in that company which is called Q2. Matt Doyle was on the board of Q2 for a while, and Charles Doyle is currently on the board. Q2 went public in March of 2014, and the investment TIB made has actually made over a million dollars and would make a second million if TIB were to sell its shares. That is a non-recurring profit. TIB had to sell some of its shares shares when the public offering was made, as did the other owners at the time, and they had a second offering

offering on it as well. Texas First Bank uses their services, and Q2 continues to produce a lot of ideas like the the ones Beau Yarbrough had just reviewed.

Additionally, Chairman Doyle stated that the employees have a rally each year to make them feel like a big family, and that is when the goal for the incentive bonus is set. The employees each received a $1,000 bonus for the 2014 performance. This year's goal is $1,500 each for $15 million in profit, so that really gives them all a reason to really get out and hustle and, hopefully, reach the goal. So far this year, it has been a good start.

Chairman Doyle referenced an article in *American Banker* magazine which referenced Jamie Dimon, CEO of JP Morgan Chase Bank, telling his shareholders that small banks are not a good model, but that small banks are needed, and he referenced the fact that over five hundred small banks failing since the downturn in 2008. Chairman Doyle agreed that those small banks failed, but stated that none of those banks caused the recession. It was the big banks that the Federal Government had to bail out because they were "too big to fail." He asked the shareholders to speak with their legislators and urge them to lighten the regulatory burdens which have been placed on the small banks. Small banks were in almost every community, but, as a result of the bailouts and actions by the larger banks on the banking industry, many of the small banks have been forced to merge with other banks because of the increased regulatory burdens placed on them. The battle goes on to make the banking industry one in which small banks can continue to serve the people of their communities.

Chairman Doyle remarked that normally the Howard O. Payne Award would be given at this time. However, now that the governance structure of the corporation had changed to Subchapter S, the format for this award presentation was also changed. The Howard O. Payne Award winner would be announced and publicized in the following month. The award would continue to be presented annually to a recipient within the Bank's market area.

Chairman Doyle thanked everyone for their attendance at this meeting. There being no further business to come before the Shareholders at this time, upon motion duly made by Gaddis Wittjen, seconded by Warren T. Longmire, Jr., M.D., and unanimously carried, the meeting was adjourned at 12:42 p.m.

____
Charles T. Doyle, Chairman

____
Cathy S. Logan, Acting Secretary

Exhibit B

TEXAS INDEPENDENT BANCSHARES, INC.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

Years Ended December 31, 2015 and 2014

TEXAS INDEPENDENT BANCSHARES, INC.
TABLE OF CONTENTS

whitleypenn

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REPORT OF INDEPENDENT AUDITORS

Board of Directors and Shareholders
Texas Independent Bancshares, Inc. and Subsidiaries

We have audited the accompanying consolidated financial statements of Texas Independent Bancshares, Inc. and subsidiaries (the "Company") which comprise the consolidated balance sheets as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

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

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Whitley Penn LLP

Texas City, Texas
March 10, 2016

CONSOLIDATED FINANCIAL STATEMENTS

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TEXAS INDEPENDENT BANCSHARES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	December 31, 2015	December 31, 2014
Assets		
Cash and cash equivalents:		
Cash and due from banks	$ 55,386,284	$ 62,560,943
Federal funds sold	5,125,000	1,079,000
Total cash and cash equivalents	60,511,284	63,639,943
Interest-bearing time deposits in other banks	100,000	100,000
Investments:		
Securities available for sale	59,649,330	82,336,076
Securities to be held to maturity (fair value of $336,960,940 in 2015 and $312,875,708 in 2014)	336,243,700	313,032,185
Total investments	395,893,030	395,368,261
Loans receivable (net of allowance for loan losses of $8,580,016 in 2015 and $7,980,383 in 2014)	454,699,730	425,403,907
Accrued interest receivable	4,094,877	3,576,314
Premises and equipment, net	21,139,155	22,321,391
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Goodwill	10,699,542	10,699,542
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Total assets	$ 971,751,406	$ 936,727,581
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Interest bearing	507,480,744	522,433,263
Total deposits	847,186,090	819,891,363
Accrued interest payable	95,419	107,762
Notes payable	181,693	1,772,476
Other liabilities	4,904,949	5,533,588
Total liabilities	852,368,151	827,305,189
Commitment and contingencies		
Stockholders' equity:		
Common stock - $1 par value; 2,000,000 shares authorized, 504,478 and 499,022 shares issued and outstanding, respectively	584,755	584,755
Additional paid-in capital	283,210	164,530
Retained earnings	129,153,114	118,424,702
Accumulated other comprehensive income	5,304,825	6,976,668
Treasury stock, at cost, 80,277 and 85,733 shares, respectively	(15,942,649)	(16,728,263)
Total stockholders' equity	119,383,255	109,422,392
Total liabilities and stockholders' equity	$ 971,751,406	$ 936,727,581

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

TEXAS INDEPENDENT BANCSHARES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	Year Ended December 31, 2015	2014
Interest income		
Loans, including fees	$ 26,838,540	$ 26,807,944
Debt securities:		
Taxable	5,177,950	5,531,084
Tax-exempt	3,291,842	2,057,508
Interest-bearing deposits	65,314	96,956
Federal funds sold	8,005	18,608
Dividend income	60,396	60,396
Other interest	2,160	24,955
Total interest income	35,444,207	34,597,451
Interest expense		
Deposits	1,634,861	1,675,753
Federal funds purchased	7,015	633
Notes payable	16,825	123,667
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Non-interest income		
Fees and service charges	6,353,990	6,287,742
Gain on sale of assets	595,423	337,403
Gain on sale of securities	3,435,775	411,915
Insurance commissions	9,013,463	8,585,789
Other income	253,021	311,127
Total non-interest income	19,651,672	15,933,976
Non-interest expense		
Salaries and related expenses	17,789,827	16,531,513
Profit sharing and other employee benefits	3,210,663	3,394,651
Occupancy and premises expense, net	4,649,507	4,797,069
Other operating expense	11,027,966	10,103,917
Total non-interest expense	36,677,963	34,827,150
Income before income tax benefit	16,021,075	13,196,457
Income tax benefit	-	(1,116,020)
Net income	$ 16,021,075	$ 14,312,477
Earnings per share - basic	$ 31.87	$ 28.54

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

TEXAS INDEPENDENT BANCSHARES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31, 2015	2014
Net income	$ 16,021,075	$ 14,312,477
Other comprehensive (loss) income		
Unrealized gains on securities:		
Unrealized gains on securities available-for-sale	1,763,932	6,446,927
Reclassification adjustment for realized gains included in net income	(3,435,775)	(411,915)
Total other comprehensive (loss) income	(1,671,843)	6,035,012
Comprehensive income	$ 14,349,232	$ 20,347,489

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

TEXAS INDEPENDENT BANCSHARES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

For the Years Ended December 31, 2015 and 2014

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Total Stockholders' Equity
	Shares	Par Value					
Balances, January 1, 2014	584,755	$ 584,755	$	$ 110,263,755	$ 941,656	$ (16,466,450)	$ 95,323,716
Net income	-	-	-	14,312,477	-	-	14,312,477
Total other comprehensive income	-	-	-	-	6,035,012	-	6,035,012
Stock options exercised	-	-	44,930	(639,964)	-	1,345,131	750,097
Purchase of treasury stock	-	-	-	-	-	(1,606,944)	(1,606,944)
Restricted stock issued	-	-	119,600	-	-	-	119,600
Cash dividends	-	-	-	(5,511,566)	-	-	(5,511,566)
Balances, December 31, 2014	584,755	584,755	164,530	118,424,702	6,976,668	(16,728,263)	109,422,392
Net income	-	-	-	16,021,075	-	-	16,021,075
Total other comprehensive loss	-	-	-	-	(1,671,843)	-	(1,671,843)
Stock options Exercised	-	-	-	(135,782)	-	636,004	500,222
Sale of treasury stock	-	-	189,839	-	-	320,986	510,825
Purchase of treasury stock	-	-	-	-	-	(265,335)	(265,335)
Restricted stock issued	-	-	(71,159)	-	-	93,959	22,800
Cash dividends	-	-	-	(5,156,881)	-	-	(5,156,881)
Balances, December 31, 2015	584,755	$ 584,755	$ 283,210	$ 129,153,114	$ 5,304,825	$ (15,942,649)	$ 119,383,255

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

TEXAS INDEPENDENT BANCSHARES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2015	2014
Net income	$ 16,021,075	$ 14,312,477
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on sale of assets	(2,810)	(63,139)
Gain on sale of other real estate owned	(592,613)	(274,264)
Gain on sale of securities	(3,435,775)	(411,915)
Depreciation	1,483,765	1,573,119
Amortization	336,817	147,037
Provision for loan losses	738,140	707,767
Write-down of other real estate owned	300,101	426,270
Stock based compensation	22,800	119,600
(Increase) decrease in accrued interest receivable	(518,563)	278,663
Decrease in accrued interest payable	(12,343)	(33,541)
(Increase) decrease in prepaid federal income tax	(177,611)	919,536
Decrease in deferred tax	-	(1,162,250)
Increase in other assets	(5,997,249)	(356,814)
Decrease in other liabilties	(451,026)	(390,338)
Amortization of premium on securities	2,842,533	2,053,991
Accretion of discounts on securities	(136,290)	(97,864)
Net cash provided by operating activities	10,420,951	17,748,335
Cash flows from investing activities:		
Purchase of fixed assets	(644,991)	(974,127)
Proceeds from sale of fixed assets	298,853	115,397
Purchase of nonmarketable equity securities	(4,152,004)	(289,539)
Proceeds from nonmarketable equity securities	-	493,000
Activity in Available For Sale Securities:		
Sales	3,646,610	465,465
Maturities, prepayments and calls	39,575,606	43,131,478
Purchases	(23,069,434)	(41,031,290)
Activity in Held To Maturity Securities:		
Maturities, prepayments and calls	57,095,687	114,479,433
Purchases	(78,715,448)	(150,605,934)
Proceeds from sale of other real estate owned	1,644,370	1,815,607
Cash and cash equivalents acquired in purchase of bank	-	8,733,723
Cash paid in acquisition of bank	-	(5,187,120)
Net increase in customer loans	(30,521,632)	(19,019,886)
Net cash used in investing activities	(34,842,383)	(47,873,793)

TEXAS INDEPENDENT BANCSHARES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2015	2014
Cash flows from financing activities:		
Net increase in non-interest bearing deposits	42,247,246	12,614,904
Net (decrease) increase in interest bearing deposits	(14,952,521)	38,909,579
Repayment of debt	(1,590,783)	(2,607,173)
Proceeds from debt	-	4,000,000
Dividends paid	(5,156,881)	(5,511,566)
Proceeds from stock options	500,222	750,097
Purchase of treasury stock	(265,335)	(1,606,944)
Sale of treasury stock	510,825	-
Net cash provided by financing activities	21,292,773	46,548,897
Net (decrease) increase in cash and cash equivalents	(3,128,659)	16,423,439
Cash and cash equivalents, beginning of year	63,639,943	47,216,504
Cash and cash equivalents, end of year	$ 60,511,284	$ 63,639,943
Supplemental disclosure of cash flow information:		
Interest paid	$ 1,671,044	$ 1,814,365
Supplemental discosure of non cash investing activities:		
Net acquisition of real estate through foreclosure	$ 487,667	$ 446,894

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

Note 1 - Summary of Significant Accounting Policies and Events

Nature of Operations and History

Texas Independent Bancshares, Inc. is a holding company whose principal activity is the ownership and management of its wholly owned subsidiaries Texas First Bank and Rust, Ewing, Watt & Haney, Inc. (collectively the "Company"). Texas First Bank generates commercial, mortgage and consumer loans and receives deposits from customers located primarily in Chamber, Galveston, Harris, Jefferson, Brazoria and Liberty counties and the surrounding areas. Texas First Bank operates under applicable bank charters and provides full banking services and is subject to regulation by the State Banking Department of Texas and the Federal Reserve Bank. Rust, Ewing, Watt & Haney, Inc. sells various types of insurance policies.

Effective July 16, 1979, the offering for exchange of stock between stockholders of Texas First Bank - Hitchcock and the Company was completed. In June 2000, directors of the Company approved the merger of its wholly owned subsidiaries, Texas First Bank - Hitchcock and Texas First Bank - Santa Fe.

Effective April 14, 1982, the Company acquired all of the outstanding shares of stock of Texas First Bank. Texas First Bank began operations as a newly chartered national bank April 23, 1982.

Effective May 31, 1983, the offering for exchange of stock between stockholders of Texas First Bank - Galveston and the Bank was completed.

Effective July 6, 1985, the Company acquired all of the outstanding shares of stock of Gulf Shores Bank. Gulf Shores Bank began operations as a newly chartered state bank on July 6, 1985. Gulf Shores Bank merged with Texas First Bank - Galveston during the year ended December 31, 1994.

At a special stockholder meeting held on December 16, 1999, shareholders unanimously approved an Agreement and Plan of Merger dated October 21, 1999 which provided for the merger of American Independent Bancshares, Inc. with and into the Company pursuant to a share exchange agreement. The merger, effective January 1, 2000 received all necessary regulatory approvals.

On August 3, 2000, a declaration of intent to become a financial holding company was filed by the Company with the Federal Reserve Bank of Dallas.

Effective September 1, 2000, the Company acquired 80% of the outstanding stock of Rust, Ewing, Watt & Haney, Inc. Subsequently, in 2013 the remaining stock of Rust, Ewing, Watt & Haney, Inc. was acquired from non-controlling shareholders by the Company resulting in the ownership of 100 percent of the subsidiary's outstanding stock as of December 31, 2013.

Effective November 1, 2004, Texas First Mortgage Company was formed to facilitate bank customers who are interested in obtaining mortgage loans.

At a meeting of the Board of directors held on January 19, 2006, the Board unanimously approved the stock purchase agreement between the Company and Southeast Bancorp of Texas, Inc. for the purchase of Gulf Coast Bank. The closing date of the purchase was March 31, 2006.

Note 1 - Summary of Significant Accounting Policies and Events (continued)

Nature of Operations and History (continued)

In October 2008, directors of the Company approved the merger of its wholly owned subsidiaries, Texas First Bank – Galveston and Texas First Bank.

Effective April 9, 2009, the Company acquired 51.2% of the outstanding shares of Houston Business Bank which was a state chartered bank incorporated on July 9, 2008, under the laws of the State of Texas, commenced operations on May 15, 2009 and was chartered by the Texas Department of Banking. Houston Business Bank's principal location was in Houston, Texas and provided financial services to the greater Houston area. In 2011, the Company acquired an additional 30,000 shares increasing its ownership percentage to 54.2%. On July 20, 2012, the Company acquired the remaining non-controlling interest in Houston Business Bank and merged it into Texas First Bank.

In June 2009, directors of the Company approved the merger of its wholly owned subsidiaries, Texas First Bank - Winnie and Texas First Bank.

Effective May 13, 2011, Texas First Bank – Santa Fe merged into Texas First Bank.

Effective August 17, 2012, the Company acquired 100% of the outstanding stock of Texas Coastal Bank and simultaneously merged it into Texas First Bank with both the Pasadena and Deer Park locations of Texas Coastal Bank becoming Texas First Bank banking center locations.

Effective January 31, 2014, the Company acquired 100% of the outstanding stock of Hull State Bank and simultaneously merged it into Texas First Bank with both the Hull and Liberty locations of Hull State Bank becoming Texas First Bank banking center locations.

Basis of Accounting and Principles of Consolidation

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") and conform with practices within the banking industry. The consolidated financial statements include the accounts of Texas Independent Bancshares and its wholly owned subsidiaries, Texas First Bank and Rust, Ewing, Watt & Haney, Inc. All intercompany accounts and transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the consolidated financial statements, cash and cash equivalents are balances due from banks and federal funds sold, all of which have original maturities of 90 days or less.

Interest-Bearing Deposits in Banks

Interest-bearing deposits in banks mature within one and two years and are carried at cost.

Note 1 - Summary of Significant Accounting Policies and Events (continued)

Investment Securities

The Company's investments in securities are classified in three categories and are accounted for as follows:

- ***Securities Available for Sale.*** Securities available for sale consist of bonds, notes, debentures, and certain equity securities not classified as trading securities or securities to be held-to-maturity. Securities available-for-sale are carried at fair value with unrealized gains and losses reported in other comprehensive income. Realized gains (losses) on securities available-for-sale are included in other income (expense) and, when applicable, are reported as a reclassification adjustment in other comprehensive income. Gains and losses on sales of securities are determined on the specific-identification method.

- ***Securities to Be Held-to-Maturity.*** Bonds, notes and debentures for which the Company has the positive intent and ability to hold to maturity. Securities held-to-maturity are carried at amortized cost. The amortization of premiums and accretion of discounts are recognized in interest income using methods approximating the interest method over the period to maturity.

Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Declines in the fair value of held-to-maturity and available-for-sale securities below their cost that are deemed to be other than temporary are reflected in earnings as realized losses. In determining whether other-than-temporary impairment exists, management considers many factors, including (i) the length of time and the extent to which the fair value has been less than cost, (ii) the financial condition and near-term prospects of the issuer, and (iii) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Loans

Loans are stated at the amount of unpaid principal, reduced by unearned income, net deferred fees, and an allowance for loan losses. Interest on loans is recognized using the simple-interest method on the daily balances of the principal amounts outstanding. Loan origination fees are deferred, while direct loan origination costs, are recognized and expensed as incurred and not deferred and amortized in accordance with U.S. GAAP. For the years ended December 31, 2015 and 2014, management believes that not deferring such costs and amortizing them over the life of the related loans does not materially affect the financial position or results of operations of the Company.

Loans are considered impaired when, based on current information and events, it is probable the Company will be unable to collect all amounts due in accordance with the original contractual terms of the loan agreement, including scheduled principal and interest payments. If a loan is impaired, a specific valuation allowance is allocated, if necessary, so that the loan is reported net, at the fair value of collateral if repayment is expected solely from the collateral or estimated future cash flows using the loan's existing rate. Interest payments on impaired loans are typically applied to principal unless collectability of the principal amount is reasonably assured. Impaired loans, or portions thereof, are charged off when deemed uncollectible.

Note 1 - Summary of Significant Accounting Policies and Events (continued)

Loans (continued)

The accrual of interest on loans is discontinued when there is a clear indication that the borrower's cash flow may not be sufficient to meet payments as they become due, which is generally when a loan is 90 days past due. When a loan is placed on nonaccrual status, all previously accrued and unpaid interest is reversed. Interest income is subsequently recognized on a cash basis as long as the remaining book balance of the asset is deemed to be collectible. If collectability is questionable, then cash payments are applied to principal. A loan is placed back on accrual status when both principal and interest are current and it is probable that the Company will be able to collect all amounts due (both principal and interest) according to the terms of the loan agreement.

From time to time, the Company modifies its loan agreement with a borrower. Current economic conditions have forced many borrowers and lenders to renegotiate the terms of existing loans. Borrowers unable to meet the current terms of the loan may request a lower interest rate, a reduction of principal, a payment deferral or a longer term to maturity. If an agreement is made to restructure the debt, the modified loan is considered a troubled debt restructuring when two conditions are met: (i) the borrower is experiencing financial difficulty and (ii) concessions are made by the Company that would not otherwise be considered for a borrower with similar credit risk characteristics.

The Company has certain lending policies and procedures in place that are designed to maximize loan income with an acceptable level of risk. Management reviews and approves these policies and procedures on a regular basis and makes changes as appropriate. Management receives weekly reports related to loan originations, quality, concentrations, delinquencies, nonperforming and potential problem loans. Diversification in the loan portfolio is a means of managing risk associated with fluctuations in economic conditions, both by type of loan and geography.

Agricultural Loans

Agricultural loans are subject to underwriting standards and processes similar to commercial loans. Agricultural loans are primarily made based on the identified cash flows of the borrower and, secondarily, on the underlying collateral provided by the borrower. Most agricultural loans are secured by the agriculture related assets being financed, such as farm land, cattle or equipment, and include personal guarantees.

Real Estate Loans

Real estate loans represent the greatest concentration of loans. At December 31, 2015, the majority of the Company's real estate loans were collateralized by properties located in the Company's market areas. Approximately $309,000,000, or 86.8%, of the approximately $356,000,000 in real estate loans represent loans collateralized by commercial dwellings. Of those commercial real estate loans, approximately $198,000,000 are owner occupied, $37,000,000 are non-owner occupied and the remaining $74,000,000 are other construction loans. These loans are underwritten primarily based on projected cash flows and, secondarily, as loans secured by real estate. Generally, the repayment of real estate loans is largely dependent on the successful operation of the property securing the loans or the business conducted on the property securing the loan. Real estate loans may be more adversely affected by conditions in the real estate markets or in the general economy. The properties securing the Company's real estate portfolio are generally diverse in terms of type and geographic location within the Company's service area. This diversity helps reduce the exposure to adverse economic events that affect any single market or industry. Generally real estate loans are owner occupied which further reduces the Company's risk.

Note 1 - Summary of Significant Accounting Policies and Events (continued)

Loans (continued)

Real estate loans are divided into residential, commercial, and construction loans. Residential loan originations are generated by our loan officers, in-house origination staff, marketing efforts, present customers, walk-in customers and referrals from real estate agents and builders. Residential loans primarily include origination of loans secured by first mortgages on owner-occupied, 1-4 family residences. The Company also originates home equity loans, which are included in the residential loan portfolio.

Commercial real estate loans primarily include commercial office buildings, retail and offices, warehouse facilities, hotels and churches. In determining whether to originate commercial real estate loans, the Company generally considers factors such as the financial condition of the borrower and the debt service coverage of the property.

Commercial Loans

Commercial loans are underwritten after evaluating and understanding the borrower's ability to operate profitably and effectively. Underwriting standards are designed to determine whether the borrower possesses sound business ethics and practices and to evaluate current and projected cash flows to determine the ability of the borrower to repay their obligations as agreed. Commercial loans are primarily made based on the identified cash flows of the borrower and, secondarily, on the underlying collateral provided by the borrower. Most commercial loans are secured by the assets being financed or other business assets, such as accounts receivable or inventory, and include personal guarantees.

Consumer Loans

Substantially all consumer loan originations are made to consumers in the Company's market areas. The Company utilizes methodical credit standards and analysis to supplement its policies and procedures in underwriting consumer loans. The Company's loan policy addresses types of consumer loans that may be originated and the collateral, if secured, which must be perfected. The relatively smaller individual dollar amounts of consumer loans that are spread over numerous individual borrowers also minimize the Company's risk.

Allowance for Loan Losses

The allowance for loan losses is established through a provision for loan losses charged to expense. Loan losses are charged against the allowance when management believes the collectability of the principal is unlikely. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is an amount that management believes will be adequate to absorb estimated losses relating to specifically identified loans, as well as probable credit losses incurred in the balance of the loan portfolio, based on an evaluation of the collectability of existing loans and prior loss experience. This evaluation also takes into consideration such factors as changes in the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans, concentrations and current economic conditions that may affect the borrower's ability to pay. While management uses the best information available to make its evaluation, future adjustments to the allowance may be necessary if there are significant changes in economic conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for loan losses, and may require the Company to make additions to the allowance based on their judgment about information available to them at the time of their examinations.

Note 1 - Summary of Significant Accounting Policies and Events (continued)

Loans (continued)

The allowance consists of specific, general and qualitative components. The specific component relates to impaired loans. For such loans, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers nonclassified loans and is based on historical loss experience adjusted for qualitative factors. A qualitative component is maintained to cover uncertainties that could affect management's estimate of probable losses. The qualitative component of the allowance reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific and general losses in the portfolio.

Premises and Equipment

Premises and equipment consists of land, buildings and equipment. Land is carried at cost. Other premises and equipment are carried at cost net of accumulated depreciation. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets. Maintenance and repairs are expensed as incurred while major additions and improvements are capitalized. Gains and losses on dispositions are included in current operation.

Other Real Estate Owned

Other real estate owned represents properties acquired through or in lieu of loan foreclosure and are initially recorded at fair value less estimated costs to sell and are grouped with other assets on the consolidated balance sheet. Any write-down to fair value at the time of transfer to other real estate owned is charged to the allowance for loan losses. Costs of improvements are capitalized, whereas costs relating to holding other real estate owned and subsequent adjustments to the value are expensed. Revenues from operations are included in current earnings and collection and operating expenses are included in collection and other real estate owned expense in the accompanying consolidated statement of income.

Nonmarketable Equity Securities

Other investments consist of limited partnership interests in private investment funds qualifying as Small Business Investment Company's (SBIC) by the U.S. Small Business Administration (SBA). The investments are carried at cost and periodically evaluated for impairment. The Company has subscription commitments of approximately $3,900,000.

The Company invested in TIB – The Independent Bankers Bank's holding company, Independent Bankers Financial Corporation (IBFC). IBFC stock is carried at cost, and periodically evaluated for impairment based on ultimate recovery of par value. Both cash and stock dividends are reported as income.

The Company is a member of its regional Federal Reserve Bank. FRB stock is carried at cost, classified as restricted security, and periodically evaluated for impairment based on ultimate recovery of par value. Both cash and stock dividends are reported as income.

Stock-Based Compensation

The Company issues stock options and restricted stock awards on a periodic basis. Stock-based compensation cost is measured at the grant date based on the fair value of the award and recognized as expense over the vesting period of the stock award using the straight-line method.

Note 1 - Summary of Significant Accounting Policies and Events (continued)

Goodwill and Intangible Assets

Goodwill represents the excess of cost over fair value of assets of businesses acquired. Goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but instead are tested for impairment at least annually. Intangible assets which consist of core deposits are amortized over their estimated life, and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

An impairment loss is recognized to the extent that the carrying amount exceeds the asset's fair value. For goodwill, the impairment determination is made at the reporting unit level and consists of two steps. First, the Company determines the fair value of a reporting unit and compares it to its carrying amount. Second, if the carrying amount of a reporting unit exceeds its fair value, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the implied fair value of that goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation. The residual fair value after this allocation is the implied fair value of the reporting unit goodwill.

Management has determined that there has been no impairment of goodwill during 2015 or 2014.

Income Taxes

The Company has elected to file a consolidated federal income tax return whereby the results of operations of the subsidiaries are included in the Company's income tax return.

Effective January 1, 2014, the Company and its shareholders elected to be treated as an "S Corporation" for federal income tax purposes under the provisions of the Internal Revenue Code. Under such provisions, the taxable income of the Company flows through to the shareholders to be taxed at the individual level rather than at the corporate level.

Prior to January 1, 2014, the Company previously accounted for income taxes with two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Company determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in the tax rates and laws are recognized in the period in which they occur.

Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are recognized if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term "more likely than not" means a likelihood of more than 50%; the terms examined and upon examination also include resolution of the related appeals or litigation process, if any. A tax position that meets the more likely than not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more likely than not recognition threshold considers the facts, circumstances, and information available at the reporting date and is subject to management's judgment. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more likely than not that some portion or all of a deferred tax asset will not be realized.

Note 1 - Summary of Significant Accounting Policies and Events (continued)

Income Taxes (continued)

U.S. GAAP clarifies the accounting for uncertainty in income taxes, by providing a recognition threshold and a measurement attribute for financial statement recognition of a tax position taken or to be taken. The recognition applies to tax positions that have more than a 50% likelihood of not being sustained during an examination. As of December 31, 2015, the Company does not have any uncertain tax positions that fall within the guidelines to record.

Earnings per Share

Earnings per share of common stock are computed by dividing net income attributable to Texas Independent Bancshares, Inc., by the weighted average number of shares outstanding during the year.

Off-Balance-Sheet Financial Instruments

In the ordinary course of business, the Company has entered into off-balance-sheet financial instruments consisting of commitments to extend credit, commitments under credit card arrangements, commercial letters of credit, and standby letters of credit. Such financial instruments are recorded in the financial statements when they become payable.

Treasury Stock

Treasury stock is the Company's own stock, which has been issued and reacquired but not canceled or retired. The stock is stated at cost, and no cash dividends are paid on this stock.

Reclassification

Certain amounts in 2014 have been reclassified to conform with the 2015 presentation.

Recently-Issued Authoritative Accounting Guidance

In 2014, the FASB issued Accounting Standards Update No. 2014-14, Receivables – Troubled Debt Restructurings by Creditors regarding reclassification of residential real estate collateralized consumer mortgage loans upon foreclosure. The amendments clarify that if an in substance repossession or foreclosure occurs, and a creditor is considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan, upon either (i) the creditor obtaining legal title to the residential real estate property upon completion of a foreclosure or (ii) the borrower conveying all interest in the residential real estate to the creditor to satisfy that loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. Additionally, the amendments require interim and annual disclosure of both (i) the amount of foreclosed residential real estate property held by the creditor and (ii) the recorded investment in consumer mortgage loans collateralized by residential real estate that are in the process of foreclosure according to local requirements of the applicable jurisdiction. The guidance became effective for the Company on January 1, 2015 and did not have a significant impact on the Company's financial statements.

Note 1 - Summary of Significant Accounting Policies and Events (continued)

In 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606) implementing a common revenue standard that clarifies the principles for recognizing revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract and (v) recognize revenue when (or as) the entity satisfies a performance obligation. ASU 2014-09 was originally going to be effective for us on January 1, 2018; however, the FASB recently deferred the effective date of ASU 2014-09 by one year to January 1, 2019. Management is currently evaluating the potential impact of ASU 2014-09 on the Company's financial statements.

In 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-01, Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities. ASU 2016-1, among other things, (i) requires equity investments, with certain exceptions, to be measured at fair value with changes in fair value recognized in net income, (ii) simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment, (iii) eliminates the requirement for public business entities to disclose the methods and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost on the balance sheet, (iv) requires public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes, (v) requires an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option for financial instruments, (vi) requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset on the balance sheet or the accompanying notes to the financial statements and (viii) clarifies that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale. ASU 2016-01 will be effective for the Company on January 1, 2019 and is not expected to have a significant impact on the Company's financial statements.

Note 2 - Cash and Due from Banks

	December 31, 2015	December 31, 2014
Cash and cash items	$ 19,953,484	$ 16,178,286
Federal Reserve Bank	18,753,020	26,496,686
Other Banks	301,360	3,299,923
Texas Independent Bank, Dallas	1,605,446	5,103,394
Frost Bank	14,772,974	11,582,654
	$ 55,386,284	$ 62,660,943

Note 3 - Investments

The amortized cost and fair value of securities available for sale with gross unrealized gains and losses, follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities available for sale:				
December 31, 2015:				
U.S. Government agencies	$ 10,029,784	$ 36,650	$ 8,334	$ 10,058,100
State and Municipal securities	11,772,321	169,467	-	11,941,788
Mortgage-backed securities	31,458,922	531,678	750,599	31,240,001
Equity	740,144	5,669,297	-	6,409,441
	$ 54,001,171	$ 6,407,092	$ 758,933	$ 59,649,330
Securities available for sale:				
December 31, 2014:				
U.S. Government agencies	$ 40,671,716	$ 24,559	$ 165,767	$ 40,530,508
State and Municipal securities	16,701,861	350,099	-	17,051,960
Mortgage-backed securities	16,549,756	787,653	18,781	17,318,628
Equity	950,979	6,484,001	-	7,434,980
	$ 74,874,312	$ 7,646,312	$ 184,548	$ 82,336,076

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities held to maturity:				
December 31, 2015:				
U.S. Government agencies	$ 14,996,332	$ 100	$ 77,832	$ 14,918,600
State and Municipal securities	198,891,555	1,941,338	1,408,918	199,423,975
Mortgage-backed securities	122,355,813	1,153,371	890,819	122,618,365
	$ 336,243,700	$ 3,094,809	$ 2,377,569	$ 336,960,940
Securities held to maturity:				
December 31, 2014:				
U.S. Government agencies	$ 39,988,131	$ 24,661	$ 517,292	$ 39,495,500
State and Municipal securities	126,705,707	887,062	1,428,698	126,164,071
Mortgage-backed securities	146,338,347	1,824,144	946,355	147,216,136
	$ 313,032,185	$ 2,735,867	$ 2,892,345	$ 312,875,707

Note 3 - Investments (continued)

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

At December 31, 2015 and 2014, securities with a carrying value of $153,006,855 and $136,368,484, respectively, were pledged to secure public deposits and for other purposes required or permitted by law.

The amortized cost and estimated fair value of debt securities at December 31, 2015, by contractual maturity, are shown below. Maturities of mortgage-backed securities and collateralized mortgage obligations will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Therefore, these securities are not included in the maturity categories below. Equity securities are shown separately since they are not due at a single maturity date.

	Securities available for sale		Securities to be held to maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	$ 3,688,845	$ 3,701,205	$ 10,075,727	$ 10,082,791
Due in one to five years	18,113,260	18,298,683	62,890,325	62,934,338
Due from five to ten years	-	-	83,109,810	83,505,031
Due after ten years	-	-	57,812,025	57,820,415
	21,802,105	21,999,888	213,887,887	214,342,575
Mortgage-backed securities	31,458,922	31,240,001	122,355,813	122,618,365
Equity	740,144	6,409,441	-	-
Total	$ 54,001,171	$ 59,649,330	$ 336,243,700	$ 336,960,940

Gross realized gains on sales of securities available for sale were:

	2015	2014
Proceeds from the sale of securities	$ 3,646,610	$ 465,465
Gross realized gains:		
Equity	$ 3,435,775	$ 411,915

There were no gross realized losses on sales of securities available for sale for the years ended December 31, 2015 and 2014.

Note 3 - Investments (continued)

The following table summarizes securities with unrealized losses at December 31, 2015 and 2014, aggregated by major security type and length of time in a continuous unrealized loss position:

	Less than 12 Months		More than 12 Months		Total	
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
December 31, 2015:						
Available for Sale:						
U.S. government and agency securities	$ 4,989,800	$ (8,334)	$ -	$ -	$ 4,989,800	$ (8,334)
Mortgage-backed securities	15,435,287	(582,167)	4,585,985	(168,432)	20,021,272	$ (750,599)
Total	$ 20,425,087	$ (590,501)	$ 4,585,985	$ (168,432)	$ 25,011,072	$ (758,933)
Held to Maturity:						
U.S. government and agency securities	$ 4,973,950	$ (25,800)	$ 4,944,550	$ (52,032)	$ 9,918,500	$ (77,832)
State and Municipal securities	81,546,195	(914,093)	12,437,079	(494,825)	93,983,274	$ (1,408,918)
Mortgage-backed securities	24,208,181	(190,654)	25,046,723	(700,165)	49,254,904	$ (890,819)
Total	$ 110,728,326	$ (1,130,547)	$ 42,428,352	$ (1,247,022)	$ 153,156,678	$ (2,377,569)
December 31, 2014:						
Available for Sale:						
U.S. government and agency securities	$ 29,936,198	$ (165,767)	$ -	$ -	$ 29,936,198	$ (165,767)
Mortgage-backed securities	2,713,358	(18,296)	79,930	(485)	2,793,288	(18,781)
Total	$ 32,649,556	$ (184,063)	$ 79,930	$ (485)	$ 32,729,486	$ (184,548)
Held to Maturity:						
U.S. government and agency securities	$ 19,971,350	$ (29,393)	$ 14,507,850	$ (487,899)	$ 34,479,200	$ (517,292)
State and Municipal securities	34,438,227	(630,058)	28,147,776	(798,640)	62,586,003	(1,428,698)
Mortgage-backed securities	14,595,223	(81,585)	33,216,500	(864,770)	47,811,723	(946,355)
Total	$ 69,004,800	$ (741,036)	$ 75,872,126	$ (2,151,309)	$ 144,876,926	$ (2,892,345)

The number of investments in this unrealized loss position totaled 330 and 217 at December 31, 2015 and 2014, respectively. The Company does not believe these unrealized losses are "other than temporary" as (i) the Company does not have the intent to sell investment securities prior to recovery and (ii) it is more likely than not that the Company will not have to sell these securities prior to recovery. The unrealized losses noted are interest rate related due to the level of interest rates at December 31, 2015 and 2014. The Company has reviewed the ratings of the issuers and has not identified any issues related to the ultimate repayment of principal as a result of credit concerns on these securities.

During 2014, with the conversion from a C Corporation to a S Corporation, the Company recognized disproportionate tax effects related to the unrealized gains from its investment portfolio in other comprehensive income. The Company has elected to clear the disproportionate effects on an item by item basis.

Note 4 - Loans Receivable

Loans at year-end were as follows:

	December 31,			
	2015		2014	
	Amount	% of Total	Amount	% of Total
Agriculture	$ 3,042,975	0.66%	$ 1,820,354	0.42%
Real Estate	356,091,355	76.86%	329,866,062	76.11%
Commercial	86,063,741	18.58%	82,895,862	19.13%
Consumer	17,951,008	3.87%	18,591,781	4.29%
Overdrafts	130,667	0.03%	210,232	0.05%
Subtotal	463,279,746	100.00%	433,384,291	100.00%
Allowance for loan losses	(8,580,016)		(7,980,384)	
	$ 454,699,730		$ 425,403,907	

Nonaccrual and Past Due

The accrual of interest income shall be terminated on all loans which are delinquent 90 days or more and are not well secured and in the process of collection. Loans which are not 90 days or more past-due shall be placed on non-accrual if it is determined that the source(s) of repayment does not provide adequate coverage of principal, accrued and unpaid interest, and estimated future interest accrual.

A nonaccrual loan will be restored to an accrual status only when no interest or principal is due and unpaid and it is determined that the collateral value and/or other sources of repayment are sufficient to cover principal, previously accrued uncollectable interest, and estimated future interest accrual.

Nonaccrual loans totaled $2,684,580 at December 31, 2015, and $4,375,829 at December 31, 2014. Had nonaccrual loans performed in accordance with their original contract terms, the Company would have recognized additional interest income of $218,914 in 2015 and $302,716 in 2014.

Accruing loans past due more than 90 days totaled approximately $289,000 at December 31, 2015, and approximately $21,000 at December 31, 2014.

Loans are segregated into classes based upon the nature of the collateral and the borrower. These classes are used to estimate the credit risk component in the allowance for loan losses.

The following table is a summary of amounts included in nonaccrual loans, segregated by class of loans as of December 31:

	2015	2014
Real Estate	$ 2,661,142	$ 4,055,365
Commercial	23,438	320,464
	$ 2,684,580	$ 4,375,829

Note 4 - Loans Receivable (continued)

Past Due Loans

The following table represents an aged past due loans, segregated by class of loans (in thousands of dollars):

	30 - 89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans Receivable	Recorded Investment > 90 days and accruing
December 31, 2015:						
Agriculture	$ -	$ -	$ -	$ 3,043	$ 3,043	$ -
Real estate	1,776	1,257	3,033	353,058	356,091	287
Commercial	45	-	45	86,019	86,064	-
Consumer	69	2	71	17,880	17,951	2
Overdrafts	31	-	31	100	131	-
Total	$ 1,921	$ 1,259	$ 3,180	$ 460,100	$ 463,280	$ 289
December 31, 2014:						
Agriculture	$ -	$ -	$ -	$ 1,820	$ 1,820	$ -
Real estate	3,933	21	3,954	325,912	329,866	21
Commercial	71	-	71	82,825	82,896	-
Consumer	209	-	209	18,383	18,592	-
Overdrafts	31	1	32	178	210	-
Total	$ 4,244	$ 22	$ 4,266	$ 429,118	$ 433,384	$ 21

Impaired Loans

The following table presents impaired loans, segregated by class of loans as of December 31, 2015. No interest income was recognized on impaired loans subsequent to their classification as impaired.

	Unpaid Principal Balance	Recorded Investment with no Allowance	Recorded Investment with Allowance	Total Recorded Investment	Related Allowance	Average Recorded Investment
December 31, 2015:						
Agriculture	$ -	$ -	$ -	$ -	$ -	$ -
Real Estate	9,548,336	8,258,441	659,426	8,917,867	173,804	7,838,835
Commercial	29,323	23,438	-	23,438	-	171,951
Consumer	8,951	-	8,951	8,951	8,951	4,476
Overdrafts	-	-	-	-	-	-
Total	$ 9,586,610	$ 8,281,879	$ 668,377	$ 8,950,256	$ 182,755	$ 8,015,262
December 31, 2014:						
Agriculture	$ -	$ -	$ -	$ -	$ -	$ -
Real Estate	6,759,804	6,529,457	230,347	6,759,804	37,421	6,057,115
Commercial	320,464	26,572	293,892	320,464	74,806	204,430
Consumer	-	-	-	-	-	3,010
Overdrafts	-	-	-	-	-	-
Total	$ 7,080,268	$ 6,556,029	$ 524,239	$ 7,080,268	$ 112,227	$ 6,264,555

Note 4 - Loans Receivable (continued)

Troubled Debt Restructuring

A loan is accounted for as a troubled debt restructuring ("TDR") if the Company, for economic or legal reasons related to the borrower's financial difficulties, grants a concession to the borrower that it would not otherwise consider. A troubled debt restructuring typically involves a modification of terms such as a reduction of the stated interest rate or face amount of the loan, a reduction of the accrued interest, or an extension of the maturity date(s) at a stated interest rate lower than the current market rate for a new loan with similar risk.

During the years ended December 31, 2015 and 2014, the terms of certain loans were modified as troubled debt restructurings. The following tables present modifications of loans that the Company considers to be troubled debt restructured loans:

	Loan Modifications			
	Number of loans	Adjusted interest rate	Payment deferral	Combined rate and payment deferral
December 31, 2015				
Real estate	2	$ 1,566,032	$ 1,539,909	$ -
	2	$ 1,566,032	$ 1,539,909	$ -

	Loan Modifications			
	Number of loans	Adjusted interest rate	Payment deferral	Combined rate and payment deferral
December 31, 2014				
Real estate	3	$ -	$ 2,170,713	$ -
	3	$ -	$ 2,170,713	$ -

There were no troubled debts restructuring within the previous twelve months that have subsequently defaulted during the years ended December 31, 2015 and 2014.

Note 4 - Loans Receivable (continued)

Credit Risk Monitoring and Loan Grading

The Company employs several means to monitor the risk in the loan portfolio including volume and severity of loan delinquencies, nonaccrual loans, internal grading of loans, historical loan loss experience and economic conditions.

Loans are subject to an internal risk grading system which indicates the risk and acceptability of that loan. The general characteristics of the risk grades are as follows:

Quality Loans (11) – Loans that have good sources of repayment, with no identifiable risk of collection, and conform in all respects to the Company policy and applicable regulations.

Acceptable Loans (12) – Loans that have adequate sources of repayment, with little identifiable risk of collection and conform to Bank policy and applicable regulations.

Pass Watch (01) – Loans with the potential for future deterioration which, if continued, would result in criticism and/or classification.

Special Mention (02) – Loans that have emerging weaknesses and are requested to be placed on the Company's watch list to receive special attention. Loans of this quality would exhibit some deteriorating trends in margin, leverage, and performance.

Substandard (03) – Loans that are inadequately protected by current sound net worth, paying capacity of the borrower, or pledged collateral. These loans would typically have one or more well-defined weakness that could jeopardize the repayment of debt.

Doubtful (04) – Loans with inherent weaknesses which collection or liquidation in full is questionable.

Loss (05) – Loans which are considered uncollectable and of such little value their continuance as an active Bank asset is not warranted. This does not mean that the asset has no recovery or salvage value, but, rather, that the asset should be charged off now, even though partial or full recovery may be possible in the future.

The classification judgment will rely upon the factual evidence available and the extent and nature of the variable factors.

Note 4 - Loans Receivable (continued)

The following table presents internal loan grading by class of loans as of December 31, 2015 and 2014:

Credit Quality	Agriculture	Real Estate	Commercial	Consumer	Overdrafts	Totals
11 - Quality Loan / 12 - Acceptable Loan	$ 3,042,975	$ 334,737,202	$ 85,374,499	$ 17,757,659	$ 130,667	$ 441,043,002
01 - Pass Watch	-	4,007,765	245,244	96,574	-	4,349,583
02 - Special Mention	-	902,031	231,567	-	-	1,133,598
03 - Substandard	-	16,444,357	212,431	96,775	-	16,753,563
04 - Doubtful	-	-	-	-	-	-
05 - Loss	-	-	-	-	-	-
	$ 3,042,975	$ 356,091,355	$ 86,063,741	$ 17,951,008	$ 130,667	$ 463,279,746

Credit Quality	Agriculture	Real Estate	Commercial	Consumer	Overdrafts	Totals
11 - Quality Loan / 12 - Acceptable Loan	$ 1,820,354	$ 306,942,691	$ 81,127,214	$ 18,429,045	$ 210,232	$ 408,529,536
01 - Pass Watch	-	723,441	210,163	-	-	933,604
02 - Special Mention	-	5,662,648	1,174,751	101,282	-	6,938,681
03 - Substandard	-	16,537,282	383,734	61,453	-	16,982,469
04 - Doubtful	-	-	-	-	-	-
05 - Loss	-	-	-	-	-	-
	$ 1,820,354	$ 329,866,062	$ 82,895,862	$ 18,591,780	$ 210,232	$ 433,384,290

Note 4 - Loans Receivable (continued)

Allowance for Loan Loss

The following tables detail the activity in the allowance for loan losses by portfolio segment (in thousands of dollars):

	Beginning Balance	Provision for Loan Loss	Charge-offs	Recoveries	Ending Balance	Period end amounts allocated to loans evaluated for impairment: Individually	Period end amounts allocated to loans evaluated for impairment: Collectively
December 31, 2015:							
Agriculture	$ 35	$ 4	$ -	$ -	$ 39	$ -	$ 39
Real Estate	6,049	490	158	147	6,528	174	6,354
Commercial	1,564	119	-	5	1,688	-	1,688
Consumer	319	25	98	76	322	9	313
Overdrafts	13	100	165	55	3	-	3
	$ 7,980	$ 738	$ 421	$ 283	$ 8,580	$ 183	$ 8,397

	Beginning Balance	Provision for Loan Loss	Charge-offs	Recoveries	Ending Balance	Period end amounts allocated to loans evaluated for impairment: Individually	Period end amounts allocated to loans evaluated for impairment: Collectively
December 31, 2014:							
Agriculture	$ 30	$ 5	$ -	$ -	$ 35	$ -	$ 35
Real Estate	5,378	418	144	397	6,049	37	6,012
Commercial	1,358	173	2	35	1,564	75	1,489
Consumer	298	35	76	62	319	-	319
Overdrafts	4	76	138	71	13	-	13
	$ 7,068	$ 707	$ 360	$ 565	$ 7,980	$ 112	$ 7,868

The Company's recorded investment in loans related to the balance in the allowance for loan losses on the basis of the Company's impairment methodology is as follows:

	December 31,			
	2015		2014	
	Loans evaluated for impairment		Loans evaluated for impairment	
	Individually	Collectively	Individually	Collectively
Agriculture	$ -	$ 3,042,975	$ -	$ 1,820,354
Real estate	8,917,867	347,173,488	6,759,804	323,106,258
Commercial	23,438	86,040,303	320,464	82,575,398
Consumer	8,951	17,942,057	-	18,591,780
Overdrafts	-	130,667	-	210,232
	$ 8,950,256	$ 454,329,490	$ 7,080,268	$ 426,304,022

Note 5 - Premises and Equipment

Major classifications of these assets are summarized as follows:

	December 31, 2015	December 31, 2014
Land	$ 4,134,749	$ 5,272,598
Building	28,879,991	27,481,072
Equipment	8,244,974	8,309,952
	41,259,714	41,063,622
Accumulated depreciation	(20,120,559)	(18,742,231)
	$ 21,139,155	$ 22,321,391

Depreciation expense of $1,483,765 in 2015 and $1,573,119 in 2014 is included in occupancy and premises expense, net.

Note 6 - Nonmarketable Equity Securities

The Company, as a member of both the Federal Reserve Bank of Dallas, is required to maintain an investment in capital stock. The Company also owns stock in the Independent Bankers Financial Corporation, the parent company of TIB – The Independent Bankers Bank. No ready market exists for such stock, and they have no quoted market values. For reporting purposes, this stock is assumed to have a market value equal to cost. Other nonmarketable equity securities are carried at cost, which approximates fair value. Nonmarketable equity securities are assessed periodically for impairment.

The Company's investments in nonmarketable equity securities are as follows:

	December 31, 2015	December 31, 2014
Federal Reserve Bank of Dallas	$ 1,006,600	$ 1,006,600
Independent Bankers Financial Corporation	3,576,867	1,060,000
Other nonmarketable equity securities	2,154,676	519,539
	$ 6,738,143	$ 2,586,139

Note 7 - Acquisitions

Effective January 31, 2014 the Company acquired 100% of the outstanding stock of Hull State Bank for $5,187,120 and simultaneously merged it into Texas First Bank with the Hull and Liberty locations of Hull State Bank becoming Texas First Bank banking center locations. Goodwill is expected to be deducted for income tax purposes.

The following table summarizes the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition.

Cash	$ 8,733,723
Investments	11,354,010
Loans, net	25,971,202
Goodwill	287,246
Core deposits	421,785
Fxed assets	1,102,301
Other assets	702,808
Deposits	(43,351,266)
Other liabilities	(34,689)
Net assets acquired	$ 5,187,120

Note 8 - Deposits

The following table summarizes deposits by category at December 31:

	2015	2014
Non-interest bearing:		
Demand	$ 339,705,346	$ 297,458,100
Interest bearing:		
Interest bearing demand	159,748,625	163,194,171
Money market	25,380,211	20,466,282
Savings	154,658,282	146,814,432
Time Deposits less than $250,000	108,368,887	122,935,376
Time Deposits $250,000 and over	59,324,739	69,023,002
Total interest bearing	507,480,744	522,433,263
Total deposits	$ 847,186,090	$ 819,891,363

At December 31, 2015, the scheduled maturities of time deposits were as follows:

Year Ended December 31,	Amount
2016	$ 142,890,624
2017	19,772,069
2018	1,110,224
2019	2,215,246
2020	1,696,384
2021 and thereafter	9,079
	$ 167,693,626

Note 9 - Notes Payable

The Company secured a line of credit with Frost Bank in the amount of $9,000,000 in 2014. The line of credit bears interest at the prime rate and is secured by the stock of Texas First Bank. The line matured on December 31, 2015 and has been renewed and increased to $10,000,000. The renewed line of credit will mature on February 28, 2017. There were no advances on the line as of December 31, 2015 and $1,487,677 as of December 31, 2014.

The Company assumed a loan from Alexander Hamilton Life Insurance Company of America for the purchase of a building in Pearland, Texas. The loan bears interest at a rate of 8.375% per annum with payments due monthly and matures in 2017.

A summary of notes payable at December 31, 2015, is as follows:

	Balance December 31, 2014	Additions	Retirements	Balance December 31, 2015
Alexander Hamilton Life Insurance Co. note	$ 284,799	$ -	$ (103,106)	$ 181,693
Frost line of credit	1,487,677	-	(1,487,677)	-
	$ 1,772,476	$ -	$ (1,590,783)	$ 181,693

Note 9 - Notes Payable (continued)

As of December 31, 2015, maturities of notes payable are as follows:

2016	112,081
2017	69,612
Thereafter	-
	$ 181,693

Note 10 - Income Taxes

Effective January 1, 2014, the Company and its shareholders elected to be treated as an "S Corporation" for federal income tax purposes under the provisions of the Internal Revenue Code. Under such provisions, the taxable income of the Company flows through to the shareholders to be taxed at the individual level rather than at the corporate level. Accordingly, all deferred tax assets and liabilities are written off and recognized in the statement of income for the fiscal year 2014.

The reason for the difference between the statutory federal income tax rate and the effective tax rates are summarized as follows:

	2014
Disallowed deductions and other	$ 46,230
Conversion to S-Corporation	(1,162,250)
Total	$(1,116,020)

The Company is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2012.

Note 11 - Profit Sharing Plan

Full time regular employees of the Company are covered by profit sharing plans. The employer's contribution for each fiscal year is allocated among the employees in proportion to the compensation paid each employee for that fiscal year. Employees are vested in the plan at the rate of 20% per each full year of continuous employment. Contributions to the plan totaled $973,944 and $933,347 during the years ended December 31, 2015 and 2014, respectively, which is included in profit sharing and other employee benefits in the accompanying consolidated statement of income.

Note 12 - Deferred Benefit Compensation

The Company sponsors Deferred Compensation Plans and Salary Continuation Plans (the Plans) for the benefit of certain officers and directors of the Company. The plans are indirectly funded by purchases of Bank-owned life insurance contracts. The benefits payable under the Plans commence on the date or retirement, or death if earlier and continue over defined periods. The benefits payable are accrued monthly in an amount whereby the accrual at the date of participant's retirement will equal the present value of the future benefits payable.

Assets, liabilities and expenses related to the plans are summarized as follows:

	2015	2014
Approximate cash surrender value of life insurance policies associated with the plans	$11,700,788	$ 7,470,137
Accrued benefits in connection with the plans (included as a component of other liabilities)	$ 279,093	$ 240,000
Expense recognized in connection with the plans (included as a component of salaries and employee benefits)	$ 279,093	$ 240,000

Note 13 - Commitments and Contingencies

Financial Instruments with Off-Balance-Sheet Risk

In the normal course of business, the Company has outstanding commitments and contingent liabilities, such as commitments to extend credit and standby letters of credit, which are not included in the accompanying consolidated financial statements. The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instruments for commitments to extend credit and standby letters of credit is represented by the contractual or notional amount of those instruments. The Company uses the same credit policies in making such commitments as it does for instruments that are included in the consolidated balance sheets.

As of December 31, 2015 and 2014 financial instruments whose contract amount represents credit risks were as follows (in thousands of dollars):

	2015	2014
Unfunded commitments under lines of credit	113,529	93,302
Standby letters of credit	6,224	3,954
	$ 119,753	$ 97,256

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation. Collateral held varies but may include accounts receivable, inventory, property and equipment, and income-producing commercial properties.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Standby letters of credit generally have fixed expiration dates or other termination clauses

Note 13 - Commitments and Contingencies (continued)

and may require payment of a fee. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Company's policies for obtaining collateral, and the nature of such collateral, are essentially the same as those involved in making commitments to extend credit.

Concentrations of Credit Risk

Principally all of the Company's loans, commitments to extend credit and standby letters of credit have been granted to customers in our market area. The concentrations of credit by type of loan are set forth in Note 4. The distribution of commitments to extend credit approximates the distribution of loans outstanding. Standby letters of credit were granted primarily to commercial borrowers.

Contingencies

The Company is subject to claims and lawsuits which arise in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a materially adverse effect on the consolidated financial position of the Company.

Note 14 - Treasury Stock

At December 31, 2015 and 2014, the Company has acquired 80,277 and 85,733 shares, respectively, of its own stock. The stock is carried at a range of cost from $104.21 to $275.00 per share for stock acquired during the years 2006 to 2015. Subsequent sales of treasury stock are accounted for using the first-in, first-out method of accounting.

Note 15 - Book Value per Share of Common Stock

	December 31,	
	2015	2014
Total stockholders' equity (net of treasury stock)	$ 119,383,255	$ 109,422,392
Book value per share of common stock	$ 236.65	$ 219.27
Number of shares outstanding	504,478	499,022

Note 16 - Dividends

The Boards of Directors of the Company may, subject to statutory limitations, declare quarterly, semiannually, or annually dividends of so much of the net profits of the Company as they may judge expedient. No dividends may be declared that would impair the capital of the Company. Dividends in the amount of $5,156,881 and $5,511,566 were declared and paid during the years ended December 31, 2015 and 2014, respectively.

Note 17 – Share Base Compensation

Stock Options –Texas Independent Bancshares, Inc.

On May 27, 2004, the Board of Directors granted senior management options to purchase 60,833 shares of the stock of Texas Independent Bancshares, Inc. at $80.92 per share, which was equal to the fair value on the date of grant. The options vested immediately, and are exercisable until the officers attain the age of sixty-five (65). Between the years 2007 and 2010, an additional 40,674 options were granted at fair value, a range between $118.81 and $169.84 per share. During 2015 and 2014, 3,854 and 8,521 stock options were exercised, respectively. Stock options of 53,626 and 57,480 were outstanding and fully vested as of December 31, 2015 and 2014, with a weighted average exercise price of $129.34 and $128.24 respectively. The aggregate intrinsic value of options exercised during the years 2015 and 2014 was approximately $1,011,000 and $1,400,000 respectively. The aggregate intrinsic value of options outstanding as of December 31, 2015 and 2014 was approximately $7.8 million and $6.7 million, respectively.

Restricted Stock Awards

The Company periodically issues common stock grants to key employees. These awards of stock are measured at their fair value at the date of grant and amortized to expense over the vesting period of ten years. During 2015 1,950 shares were granted at a fair value of $228 per share; 10,000 shares were granted in previous years. Additionally, 600 and 500 shares vested in 2015 and 2014, respectively. Total unvested shares as of December 31, 2015 were 1,792. Compensation expense for the years ended December 31, 2015 and 2014 was $22,800 and $119,600, respectively. During 2015, a key employee terminated employment with the Company which reduced current and future compensation expense. As of December 31, 2015, there was $408,576 of total unrecognized compensation cost related to nonvested shares granted.

Note 18 - Fair Value Disclosure

U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability. The price in the principal (or most advantageous) market used to measure the fair value of the asset or liability shall not be adjusted for transaction costs. An orderly transaction is a transaction that assumes exposure to the market for a period prior to the measurement date to allow for marketing activities that are usual and customary for transactions involving such assets and liabilities; it is not a forced transaction. Market participants are buyers and sellers in the principal market that are (i) independent, (ii) knowledgeable, (iii) able to transact and (iv) willing to transact.

U.S. GAAP requires the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The income approach uses valuation techniques to convert future amounts, such as cash flows or earnings, to a single present amount on a discounted basis. The cost approach is based on the amount that currently would be required to replace the service capacity of an asset (replacement costs). Valuation techniques should be consistently applied. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. In that regard, the authoritative guidance establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

The fair value hierarchy is as follows:

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

- Level 2 –These include quoted prices Inputs other than quoted prices included in Level 1 that are observable for the asset and liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (for example, interest rates, volatilities, prepayment speeds, loss severities, credit risks and default rates) or inputs that are derived principally from or corroborated by observable market data by correlation or other means. Level 2 investments consist primarily of obligations of U.S. government sponsored enterprises and agencies, obligations of state and municipal subdivisions, corporate bonds and mortgage backed securities.

- Level 3 – Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing as asset or liability.

In general, fair value is based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally developed models that primarily use, as inputs, observable market based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. While management believes the Company's valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. A description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

Note 18 - Fair Value Disclosure (continued)

Financial Assets and Financial Liabilities

Financial assets and financial liabilities measured at fair value on a recurring and nonrecurring basis include the following:

Investment Securities Available-for-sale. Investment securities classified as available-for-sale are reported at fair value utilizing Level 2 inputs. For these securities, the Company obtains fair value measurements from an independent pricing service. The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, live trading levels, trade execution data, market consensus prepayments speeds, credit information and the bond's terms and conditions, among other things.

Impaired Loans. Impaired loans are reported at the estimated fair value of the underlying collateral. Collateral values are estimated using Level 2 inputs based on observable market data or independent appraisals using Level 3 inputs.

There were no transfers between Level 2 and Level 3 during the year ended December 31, 2015.

The following table summarizes financial assets and financial liabilities measured at fair value on a recurring and nonrecurring basis, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	Fair Value Measurements			
Description	**Level 1 Inputs**	**Level 2 Inputs**	**Level 3 Inputs**	**Total Fair Value**
December 31, 2015:				
Investment securities available-for-sale (1)	$ -	$ 59,649,330	$ -	$ 59,649,330
Impaired loans (2)	-	-	8,767,501	8,767,501
December 31, 2014:				
Investment securities available-for-sale (1)	$ -	$ 82,336,076	$ -	$ 82,336,076
Impaired loans (2)	-	-	6,968,041	6,968,041

(1) Securities are measured at fair value on a recurring basis, generally monthly.
(2) Impaired loans are measured on a nonrecurring basis and have been measured for impairment at the fair value of the loan's collateral.

Nonfinancial Assets and Nonfinancial Liabilities

Nonfinancial assets measured at fair value on a nonrecurring basis during the years ended December 31, 2015 and 2014, include certain foreclosed assets which, upon initial recognition, were remeasured and reported at fair value through a charge-off to the allowance for loan losses and certain foreclosed assets which, subsequent to their initial recognition, were remeasured at fair value through a write-down included in current earnings. The fair value of a foreclosed asset is estimated using Level 2 inputs based on observable market data or Level 3 inputs based on customized discounting criteria.

Note 18 - Fair Value Disclosure (continued)

	Fair Value Measurements		
Description	**Level 1 Inputs**	**Level 2 Inputs**	**Level 3 Inputs**
December 31, 2015:			
Foreclosed real estate	$ -	$ -	$ 1,946,956
December 31, 2014:			
Foreclosed real estate	$ -	$ -	$ 2,811,147

The following table presents foreclosed assets that were remeasured and recorded at fair value:

	2015	**2014**
Balance, beginning of period	$ 2,811,147	$ 4,331,867
Additions	487,667	446,894
Cash settlements	(1,644,370)	(1,815,607)
Write downs	(300,101)	(426,270)
Realized gain included in other non interest income	592,613	274,263
Balance, end of period	$ 1,946,956	$ 2,811,147

The estimated fair value amounts of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, considerable judgment is required to interpret data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

In addition, reasonable comparability between financial institutions may not be likely due to the wide range of permitted valuation techniques and numerous estimates that must be made given the absence of active secondary markets for many of the financial instruments. This lack of uniform valuation methodologies also introduces a greater degree of subjectivity to these estimated fair values.

Financial instruments with stated maturities have been valued using a present value discounted cash flow with a discount rate approximating current market for similar assets and liabilities. Financial instrument assets with variable rates and financial instrument liabilities with no stated maturities have an estimated fair value equal to both the amount payable on demand and the carrying value.

The carrying value and the estimated fair value of the Company's contractual off-balance sheet commitments to extend credit and standby letters of credit, which are generally priced at market at the time of funding, were not material to the Company's consolidated financial statements.

Note 18 - Fair Value Disclosure (continued)

Nonfinancial Assets and Nonfinancial Liabilities (continued)

The book and fair values of financial instruments at December 31, 2015 and 2014 are presented in the table below (in thousands of dollars):

	2015			2014		
	Carrying Amount	Fair Value	Fair Value Level	Carrying Amount	Fair Value	Fair Value Level
Financial assets:						
Cash and cash equivalents	$ 60,511,284	$ 60,511,284	1	$ 63,639,943	$ 63,739,943	1
Securities available for sale	59,649,330	59,649,330	2	82,336,076	82,336,076	2
Securities held to maturity	336,243,700	336,960,940	2	313,032,185	312,875,707	2
Loans, net of allowance	454,699,730	448,527,730	3	425,403,907	422,054,907	3
Nonmarketable securities	6,738,143	6,738,143	2	2,586,139	3,592,739	2
Accrued interest receivable	4,094,877	4,094,877	2	3,576,314	3,576,314	2
Total financial assets	$ 921,937,064	$ 916,482,304		$ 890,574,564	$ 888,175,686	
Financial liabilities:						
Deposits	$ 847,186,090	$ 847,366,090	2	$ 819,891,363	$ 820,346,363	2
Notes payable	181,693	181,693	2	1,772,476	1,772,476	2
Accrued interest payable	95,419	95,419	2	107,762	107,762	2
Total financial liabilities	$ 847,463,202	$ 847,643,202		$ 821,771,601	$ 822,226,601	

Note 19 - Related Party Transactions

The Company has entered into transactions with certain directors, executive officers, significant stockholders, and their affiliates. Such transactions were made in the ordinary course of business on substantially the same terms and conditions, including interest rates and collateral, as those prevailing at the same time for comparable transactions with other customers, and did not, in the opinion of management, involve more than normal credit risk or present other unfavorable features. The aggregate amount of loans to such related parties was $28,009,225 at December 31, 2015 and $26,668,278 at December 31, 2014. New loans made to such related parties amounted to $2,350,801 and $9,445,462 for 2015 and 2014, respectively; and repayments amounted to $1,009,854 and $965,089 for 2015 and 2014, respectively.

Deposits from related parties held by the Company at December 31, 2015 and 2014, amounted to $19,587,486 and $24,194,027, respectively.

Note 20 - Operating Leases

The Company and its subsidiary, Texas First Bank, leases various branch locations and other facilities from other lessors generally over periods ranging up to ten years.

At December 31, 2015, the required future minimum rental payments are as follows:

2016	$	142,569
2017		143,492
2018		142,915
2019		103,093
2020		31,023
	$	563,092

Rental expense incurred under the operating leases was $146,552 and $298,776 for years ended December 31, 2015 and 2014, respectively.

The Company and its subsidiary, Texas First Bank, leases office space to tenants under operating leases with terms of five to ten years. The following is a schedule by years of future minimum rental income under the leases at December 31, 2015:

2016		152,870
2017		144,870
2018		91,644
2019		36,634
2020		6,000
	$	432,018

Rental income earned under the leases was $174,570 and $122,736 for years ended December 31, 2015 and 2014.

Note 21 - Regulatory Matters

The Company is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum regulatory capital requirements can initiate certain mandatory, and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the consolidated financial statements. Under the regulatory capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company must meet specific capital guidelines that involve quantitative measures of the Company's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Company's capital amounts and classification under the prompt corrective action guidelines are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Company to maintain minimum amounts and ratios (set forth in the table below) of total risk-based capital and Tier I capital (as defined in the regulations) to risk-weighted assets (as defined in the regulations), and Tier I capital to adjusted total assets (as defined in the regulations). Management believes, as of December 31, 2015, that the Company meets all capital adequacy requirements to which they are subject.

Note 21 - Regulatory Matters (continued)

As of December 31, 2015, the most recent notification from the FDIC categorized the Company as adequately capitalized under the regulatory framework for prompt corrective action. To remain categorized as well capitalized, the Company must maintain minimum total risk-based, Tier I risk-based, and Tier I leverage ratios as disclosed in the table below. There are no conditions or events since the most recent notification that management believes have changed the Company's prompt corrective action category.

In July 2013, the Federal Reserve published final rules for the adoption of the Basel III regulatory capital framework (the "Basel III Capital Rules"). The Basel III Capital Rules, among other things, (i) introduce a new capital measure called "Common Equity Tier 1", (ii) specify that Tier 1 capital consist of Common Equity Tier 1 and "Additional Tier 1 Capital" instruments meeting specified requirements, (iii) define Common Equity Tier 1 narrowly by requiring that most deductions/adjustments to regulatory capital measures be made to Common Equity Tier 1 and not to the other components of capital and (iv) expand the scope of the deductions/adjustments as compared to existing regulations. The Basel III Capital Rules became effective for us on January 1, 2015 with certain transition provisions fully phased in on January 1, 2019.

The Company's actual and required capital amounts and ratios are also presented in the tables below (presented in thousands):

	Actual		For Capital Adequacy Purposes:		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2015:						
Total Capital						
(to Risk-Weighted Assets)						
Consolidated	$ 121,003	19.48%	≥ $ 49,681	≥ 8.0%	N/A	N/A
Texas First Bank	$ 93,338	15.61%	≥ $ 47,850	≥ 8.0%	≥ $ 59,812	≥ 10.0%
Tier I Capital						
(to Risk-Weighted Assets)						
Consolidated	$ 113,513	18.28%	≥ $ 37,261	≥ 6.0%	N/A	N/A
Texas First Bank	$ 85,848	14.35%	≥ $ 35,887	≥ 6.0%	≥ $ 47,850	≥ 8.0%
Common Tier I Capital						
(to Risk-Weighted Assets)						
Consolidated	$ 113,513	18.28%	≥ $ 27,946	≥ 4.5%	N/A	N/A
Texas First Bank	$ 85,848	14.35%	≥ $ 26,916	≥ 4.5%	≥ $ 38,878	≥ 6.5%
Tier I Capital						
(to Average Assets)						
Consolidated	$ 113,513	12.09%	≥ $ 37,563	≥ 4.0%	N/A	N/A
Texas First Bank	$ 85,848	9.14%	≥ $ 37,563	≥ 4.0%	≥ $ 46,954	≥ 5.0%

Note 21 - Regulatory Matters (continued)

	Actual		For Capital Adequacy Purposes:		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2014:						
Total Capital						
(to Risk-Weighted Assets)						
Consolidated	$ 97,890	17.26%	≥ $ 45,381	≥ 8.0%	N/A	N/A
Texas First Bank	$ 85,111	15.28%	≥ $ 44,570	≥ 8.0%	≥ $ 55,712	≥ 10.0%
Tier I Capital						
(to Risk-Weighted Assets)						
Consolidated	$ 90,913	16.03%	≥ $ 22,690	≥ 4.0%	N/A	N/A
Texas First Bank	$ 78,134	14.02%	≥ $ 22,284	≥ 4.0%	≥ $ 33,427	≥ 6.0%
Tier I Capital						
(to Average Assets)						
Consolidated	$ 90,913	10.17%	≥ $ 35,760	≥ 4.0%	N/A	N/A
Texas First Bank	$ 78,134	8.69%	≥ $ 35,957	≥ 4.0%	≥ $ 44,946	≥ 5.0%

Note 22 - Material Subsequent Events and Contingencies

In preparing the consolidated financial statements, the Company has evaluated all subsequent events and transactions for potential recognition and disclosure through March 10, 2016, the date on which the consolidated financial were available for issuance. During this period there have been no material events that would require recognition or disclosure in these financial statements.

SUPPLEMENTAL INFORMATION

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FINANCIAL STATEMENTS

CONSOLIDATING SCHEDULES

TEXAS INDEPENDENT BANCSHARES, INC. AND SUBSIDIARIES

Consolidating Balance Sheets
December 31, 2015

	Texas Independent Bancshares, Inc. (Parent Only)	Texas First Bank	Rust, Ewing, Watt, and Haney, Inc.	Eliminations Debit	Eliminations Credit	Consolidated
ASSETS						
Cash and cash equivalents:						
Cash and due from banks	$ 4,376,433	$ 55,356,889	$ 3,052,430	$ -	$ 7,399,468	$ 55,386,284
Federal funds sold	-	5,125,000	-	-	-	5,125,000
Total cash and cash equivalents	4,376,433	60,481,889	3,052,430	-	7,399,468	60,511,284
Interest bearing time deposits in other banks	-	-	450,000	-	350,000	100,000
Investments:						
Securities available for sale	6,409,441	53,239,889	-	-	-	59,649,330
Securities to held to maturity	-	336,243,700	-	-	-	336,243,700
Total Investments	6,409,441	389,483,589	-	-	-	395,893,030
Loans receivable, net	-	454,699,730	-	-	-	454,699,730
Premises and equipment	5,258,864	14,223,609	1,656,682	-	-	21,139,155
Nonmarketable equity securities	1,000,000	5,738,143	-	-	-	6,738,143
Accrued interest receivable	-	4,094,877	-	-	-	4,094,877
Goodwill	4,937,786	5,625,384	136,372	-	-	10,699,542
Core deposit intangibles, net	-	540,590	-	-	-	540,590
Other assets	1,920,661	14,199,956	1,690,327	-	475,889	17,335,055
Investment in consolidated subsidiaries	96,762,279	-	-	-	96,762,279	-
Total assets	$ 120,665,464	$ 949,087,767	$ 6,985,811			$ 971,751,406
LIABILITIES AND STOCKHOLDERS' EQUITY						
Deposits:						
Non-interest bearing	$ -	$ 347,456,804	$ -	$ 7,751,458	$ -	$ 339,705,346
Interest bearing	-	507,954,661	-	473,917	-	507,480,744
Total deposits	-	855,411,465	-	8,225,375	-	847,186,090
Accrued interest payable	-	95,419	-	-	-	95,419
Notes payable	181,693	-	-	-	-	181,693
Other liabilities	1,100,512	2,255,941	1,548,729	233	-	4,904,949
Total liabilities	1,282,205	857,762,825	1,548,729	8,225,608	-	852,368,151
Stockholders' equity:						
Common stock	584,755	750,000	12,250	762,250	-	584,755
Additional paid-in capital	283,210	32,801,951	-	32,801,951	-	283,210
Retained earnings	129,153,118	58,137,462	5,424,832	63,562,298	-	129,153,114
Accumulated other comprehensive income	5,304,825	(364,471)	-	-	364,471	5,304,825
Treasury stock	(15,942,649)	-	-	-	-	(15,942,649)
Total stockholders' equity	119,383,259	91,324,942	5,437,082			119,383,255
Total liabilities and stockholders' equity	$ 120,665,464	$ 949,087,767	$ 6,985,811			$ 971,751,406

TEXAS INDEPENDENT BANCSHARES, INC. AND SUBSIDIARIES

Consolidating Statements of Income
December 31, 2015

	Texas Independent Bancshares, Inc. (Parent Only)	Texas First Bank	Rust, Ewing, Watt, and Haney, Inc.	Eliminations		Consolidated
				Debit	Credit	
Interest income:						
Loans, including fees	$ -	$ 26,838,540	$ -	$ -	$ -	$26,838,540
Debt securities:						
Taxable	-	5,177,950	-	-	-	5,177,950
Tax-exempt	-	3,291,842	-	-	-	3,291,842
Interest-bearing deposits	-	61,434	3,880	-	-	65,314
Federal funds sold	-	8,005	-	-	-	8,005
Dividend income	-	60,396	-	-	-	60,396
Other interest	2,160	-	-	-	-	2,160
Total interest income	2,160	35,438,167	3,880	-	-	35,444,207
Interest expense:						
Deposit accounts	-	1,634,860	-	-	-	1,634,860
Federal funds purchased	-	7,015	-	-	-	7,015
Notes payable	16,825	-	-	-	-	16,825
Total interest expense	16,825	1,641,875	-	-	-	1,658,700
Net interest income	(14,665)	33,796,292	3,880	-	-	33,785,507
Provision for loan losses	-	738,140	-	-	-	738,140
Net interest income after provision	(14,665)	33,058,152	3,880	-	-	33,047,367
Noninterest income:						
Fees and service charges	-	6,353,990	-	-	-	6,353,990
Gain on sale of assets	-	595,423	-	-	-	595,423
Gain on sale of securities	3,435,775	-	-	-	-	3,435,775
Insurance commissions	126,893	-	8,886,570	-	-	9,013,463
Other noninterest income	727,306	253,021	-	727,306	-	253,021
Total noninterest income	4,289,974	7,202,434	8,886,570	727,306	-	19,651,672
Noninterest expense:						
Salaries and related expenses	519,729	12,126,048	5,373,054	-	727,306	17,291,525
Profit sharing and other employee benefits	507,939	2,483,871	717,155	-	-	3,708,965
Net occupancy expense	303,087	3,905,174	441,246	-	-	4,649,507
Other noninterest expense	783,602	9,744,261	500,104	-	-	11,027,967
Total noninterest expense	2,114,357	28,259,354	7,031,559	-	727,306	37,405,270
Income before income taxes	2,160,952	12,001,232	1,858,891			16,021,075
Dividends and Equity in undistributed earnings of subsidiary	13,860,127	-	-	13,860,127	-	-
Net income	$ 16,021,079	$ 12,001,232	$ 1,858,891			$16,021,075

TEXAS INDEPENDENT BANCSHARES, INC. AND SUBSIDIARIES

Consolidating Balance Sheets
December 31, 2014

	Texas Independent Bancshares, Inc. (Parent Only)	Texas First Bank	Rust, Ewing, Watt, and Haney, Inc.	Eliminations Debit	Eliminations Credit	Consolidated
ASSETS						
Cash and cash equivalents:						
Cash and due from banks	$ 3,028,399	$ 62,531,504	$ 2,175,091	$ -	$ 5,174,051	$ 62,560,943
Federal funds sold	-	1,079,000	-	-	-	1,079,000
Total cash and cash equivalents	3,028,399	63,610,504	2,175,091	-	5,174,051	63,639,943
Interest bearing time deposits in other banks	-	-	450,000	-	350,000	100,000
Investments:						
Securities available for sale	7,434,980	74,901,096	-	-	-	82,336,076
Securities to held to maturity	-	313,032,185	-	-	-	313,032,185
Total Investments	7,434,980	387,933,281	-	-	-	395,368,261
Loans receivable, net	-	425,403,907	-	-	-	425,403,907
Premises and equipment	5,428,973	15,212,683	1,679,735	-	-	22,321,391
Nonmarketable equity securities	-	2,586,139	-	-	-	2,586,139
Accrued interest receivable	-	3,576,314	-	-	-	3,576,314
Goodwill	4,937,785	5,625,385	136,372	-	-	10,699,542
Core deposit intangibles, net	-	724,303	-	-	-	724,303
Other assets	2,740,213	10,702,493	1,719,045	-	2,853,970	12,307,781
Investment in consolidated subsidiaries	89,410,973	-	-	-	89,410,973	-
Total assets	$ 112,981,323	$ 915,375,009	$ 6,160,243			$ 936,727,581
LIABILITIES AND STOCKHOLDERS' EQUITY						
Deposits:						
Non-interest bearing	$ -	$ 302,445,386	$ -	$ 4,987,286	$ -	$ 297,458,100
Interest bearing	-	523,421,951	-	988,688	-	522,433,263
Total deposits	-	825,867,337	-	5,975,974	-	819,891,363
Accrued interest payable	-	98,435	9,327	-	-	107,762
Notes payable	1,772,476	-	-	-	-	1,772,476
Other liabilities	1,786,455	4,255,640	1,893,540	2,402,047	-	5,533,588
Total liabilities	3,558,931	830,221,412	1,902,867	8,378,021	-	827,305,189
Stockholders' equity:						
Common stock	584,755	750,000	12,250	762,250	-	584,755
Additional paid-in capital	164,530	32,801,951	-	32,801,951	-	164,530
Retained earnings	118,424,702	51,108,979	4,245,126	55,354,105	-	118,424,702
Accumulated other comprehensive income	6,976,668	492,667	-	492,667	-	6,976,668
Treasury stock	(16,728,263)	-	-	-	-	(16,728,263)
Total stockholders' equity	109,422,392	85,153,597	4,257,376			109,422,392
Total liabilities and stockholders' equity	$ 112,981,323	$ 915,375,009	$ 6,160,243			$ 936,727,581

TEXAS INDEPENDENT BANCSHARES, INC. AND SUBSIDIARIES

Consolidating Statements of Income
December 31, 2014

	Texas Independent Bancshares, Inc. (Parent Only)	Texas First Bank	Rust, Ewing, Watt, and Haney, Inc.	Eliminations		Consolidated
				Debit	Credit	
Interest income:						
Loans, including fees	$ -	$ 26,807,944	$ -	$ -	$ -	$26,807,944
Debt securities:						
Taxable	-	5,531,084	-	-	-	5,531,084
Tax-exempt	-	2,057,508	-	-	-	2,057,508
Interest-bearing deposits	-	96,956	-	-	-	96,956
Federal funds sold	-	18,608	-	-	-	18,608
Dividend income	-	60,396	-	-	-	60,396
Other interest	10,036	6,076	8,843	-	-	24,955
Total interest income	10,036	34,578,572	8,843	-	-	34,597,451
Interest expense:						
Deposit accounts	-	1,675,753	-	-	-	1,675,753
Federal funds purchased	-	633	-	-	-	633
Notes payable	118,561	-	5,106	-	-	123,667
Total interest expense	118,561	1,676,386	5,106	-	-	1,800,053
Net interest income	(108,525)	32,902,186	3,737	-	-	32,797,398
Provision for loan losses	-	707,767	-	-	-	707,767
Net interest income after provision	(108,525)	32,194,419	3,737	-	-	32,089,631
Noninterest income:						
Fees and service charges	-	6,287,742	-	-	-	6,287,742
Gain on sale of assets	-	361,832	(24,429)	-	-	337,403
Gain on sale of securities	411,915	-	-	-	-	411,915
Insurance commissions	98,547	-	8,585,789	98,547	-	8,585,789
Other noninterest income	3,678,788	311,025	102	3,678,788	-	311,127
Total noninterest income	4,189,250	6,960,599	8,561,462	3,777,335	-	15,933,976
Noninterest expense:						
Salaries and related expenses	2,755,370	11,859,463	5,092,537	-	3,777,335	15,930,035
Profit sharing and other employee benefits	841,026	2,508,692	646,533	-	-	3,996,251
Net occupancy expense	362,898	3,989,387	444,784	-	-	4,797,069
Other noninterest expense	267,723	9,334,457	501,615	-	-	10,103,795
Total noninterest expense	4,227,017	27,691,999	6,685,469	-	3,777,335	34,827,150
Income before income taxes	(146,292)	11,463,019	1,879,730			13,196,457
Income tax (benefit) expense	(1,868,232)	627,746	124,466	-	-	(1,116,020)
Dividends and Equity in undistributed earnings of subsidiary	12,590,537	-	-	12,590,537	-	-
Net income	$ 14,312,477	$ 10,835,273	$ 1,755,264			$14,312,477