Board of Governors of the Federal Reserve System

AMENDED
AUG 08 2016

Annual Report of Holding Companies—FR Y-6

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

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

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

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

I, R Sidney Cauthorn
Name of the Holding Company Director and Official

President & Director
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

08/02/2016
Date of Signature

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

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

For Federal Reserve Bank Use Only

RSSD ID 1105014
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

Westex Bancorp, Inc.
Legal Title of Holding Company

P O Box 4010
(Mailing Address of the Holding Company) Street / P.O. Box

City	State	Zip Code
Del Rio	TX	78841-4010

1200 Veterans Blvd, Del Rio, Texas 78840
Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

Blanca Perez
Name / Title

830-768-4039
Area Code / Phone Number / Extension

830-768-4023
Area Code / FAX Number

bperez@thebankandtrust.com
E-mail Address

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

Physical Location (if different from mailing address)

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City State Zip Code

Physical Location (if different from mailing address)

Form FR Y-6

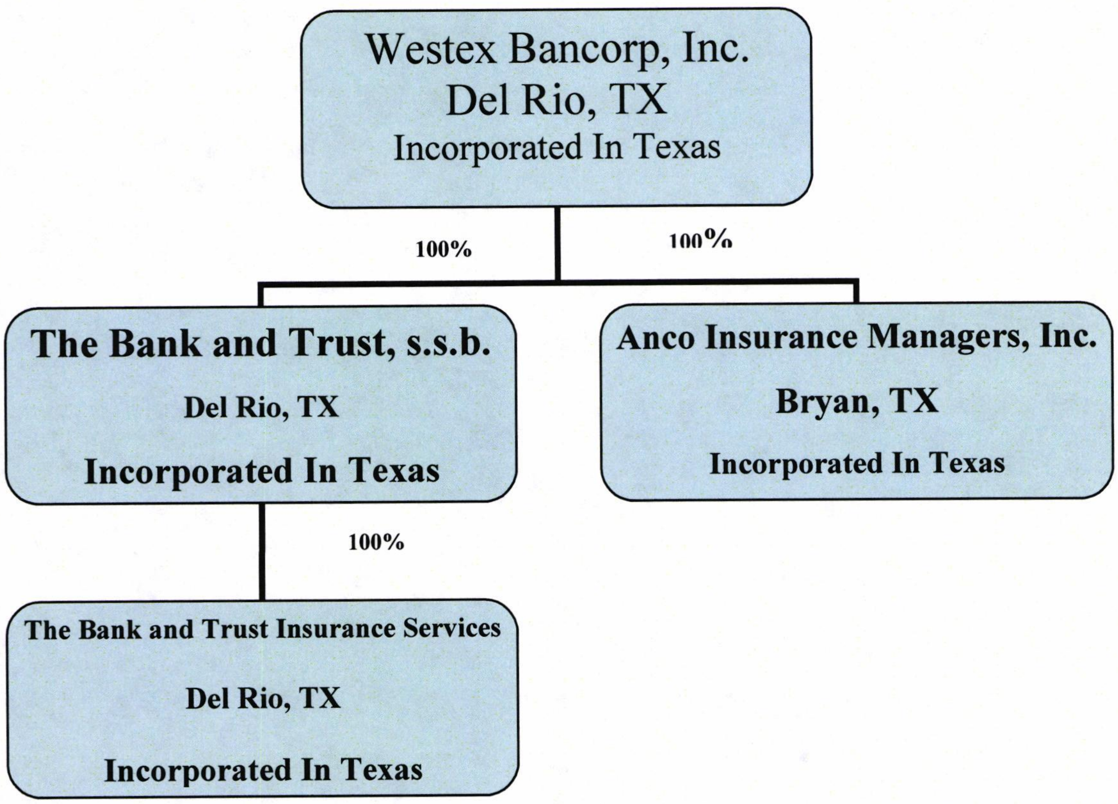
AMENDED
AUG 08 2016

Westex Bancorp, Inc.
Del Rio, Texas
Fiscal Year Ending December 31, 2015

Report Item

1: The savings and loan holding company prepares an annual report for its securities holders and is not registered with the SEC. As specified by the responsible Federal Reserve, a copy will be forwarded to the Federal Reserve Bank as soon as it becomes available.

2a: Organization Chart



LEI – N/A for all entities.

2b: Domestic branch listing provided to the Federal Reserve Bank.

Submitted via email on March 9, 2016.

Results: A list of branches for your depository institution: BANK AND TRUST, SSB, THE (ID_RSSD: 623454).
This depository institution is held by WESTEX BANCORP, INC. (1105014) of DEL RIO, 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)	623454	BANK AND TRUST, SSB, THE	1200 VETERANS BOULEVARD	DEL RIO	TX	78840-397	VAL VERDE	UNITED STATES	812	0	BANK AND TRUST, SSB, THE	623454	
OK		Full Service	296054	BRACKETTVILLE BRANCH	102 NORTH STREET	BRACKETTVILLE	TX	78832	KINNEY	UNITED STATES	7616	2	BANK AND TRUST, SSB, THE	623454	
OK		Full Service	3601378	BEDELL AVENUE BRANCH	2399 BEDELL AVENUE	DEL RIO	TX	78840	VAL VERDE	UNITED STATES	463401	6	BANK AND TRUST, SSB, THE	623454	
OK		Full Service	557353	MAIN BANK BRANCH	1200 VETERANS BOULEVARD	DEL RIO	TX	78840	VAL VERDE	UNITED STATES	430146	4	BANK AND TRUST, SSB, THE	623454	
OK		Full Service	3335516	SAN ANGELO BRANCH	1460 KNICKERBOCKER ROAD	SAN ANGELO	TX	76904	TOM GREEN	UNITED STATES	439306	5	BANK AND TRUST, SSB, THE	623454	
OK		Full Service	263467	SONORA BRANCH	229 HIGHWAY 277 NORTH	SONORA	TX	76950	SUTTON	UNITED STATES	16901	3	BANK AND TRUST, SSB, THE	623454	

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Westex Bancorp, Inc.
Del Rio, Texas
Fiscal Year Ending December 31, 2015

Report Item 3: Securities Holders

Current Securities Holders with ownership, control or holdings of 5% or more with power to vote as of fiscal year ending 12-31-2015			Securities Holders not listed in 3(1)(a) through (3)(1)(c) that had ownership, control or holdings of 5% or more with power to vote during the fiscal year ending 12-31-2015		
(1)(a)	(1)(b)	(1)(c)	(2)(a)	(2)(b)	(2)(c)
Name & Address (City, State, Country)	Country of Citizenship or Incorporation	Number and Percentage of Each Class of Voting Securities	Name & Address (City, State, Country)	Country of Citizenship or Incorporation	Number and Percentage of Each Class of Voting Securities
Cauthorn Family			N/A		
SW or Kay Cauthorn Del Rio, TX	USA	4,432 - 2.74% Common Stock			
Robert Sidney Cauthorn Del Rio, TX	USA	17,798 - 11.02% Common Stock			
Kim Cauthorn Del Rio, TX	USA	580 - 0.36% Common Stock			
Robert Abb Cauthorn Del Rio, TX	USA	112 - 0.07% Common Stock			
Hattie Kay Cauthorn Del Rio, TX	USA	112 - 0.07% Common Stock			
William Mills Cauthorn Del Rio, TX	USA	112 - 0.07% Common Stock			
James Guy Cauthorn Austin, TX	USA	12,780 - 7.91% Common Stock			
Ed H Esquivel Dallas, TX	USA	698 - 0.43% Common Stock			
Alice Esquivel Dallas, TX	USA	1,620 - 1.00% Common Stock			
Drew Cauthorn	USA	600 - 0.37% Common			

San Antonio, TX		Stock
Elder Family		
Norman Elder San Antonio, TX	USA	16,000 - 9.90% Common Stock
Joe D Elder Uvalde, TX	USA	1,000 - 0.62% Common Stock
Dana Elder Moore Llano, TX	USA	100 - 0.06% Common Stock
Letty R Elder San Antonio, TX	USA	100 - 0.06% Common Stock
Moore Family		
Deborah Ann Flores Kerrville, TX	USA	8,160 - 5% Common Stock
Joanie V Sorensen-Weeks Boerne, TX	USA	8,162 - 5% Common Stock
Westex 2012 Trust Kerrville, TX	USA	5,678 - 3.51% Common Stock
Altizer Family		
Minnie Altizer Del Rio, TX	USA	6,602 - 4.09% Common Stock
Jim Bob Altizer Family Del Rio, TX	USA	3,362 - 2.08% Common Stock
Sherry Altizer Ingham Sonora, TX	USA	680 - 0.42% Common Stock
Jim Bob Special Marital Sonora, TX	USA	3,658 - 2.26% Common Stock
Olin Smith Sonora, TX	USA	176 - 0.11% Common Stock
Jim Clark Smith Sonora, TX	USA	176 - 0.11% Common Stock
Steely Ingham Sonora, TX	USA	140 - 0.09% Common Stock
Stella Ingham Sonora, TX	USA	140 - 0.09% Common Stock

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Westex Bancorp, Inc.
Del Rio, Texas
Fiscal Year Ending December 31, 2015

Report Item 4: Insiders
(1)(a)(b)(c) and (2)(a)(b)(c)

(1) Names & Address (City, State, Country)	(2) Principal Occupation if other than with Bank Holding Company	(3)(a) Title & Position with Bank Holding Company	(3)(b) Title & Position with Subsidiaries (include names of subsidiaries)	(3)(c) Title & Position with Other Businesses (include names of other businesses)	(4)(a) Percentage of Voting Securities in Bank Holding Company	(4)(b) Percentage of Voting Securities in Subsidiaries (include names of subsidiaries)	(4)(c) List names of other companies (includes partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held)
R Sidney Cauthorn Del Rio, TX	Investment Officer/CFO	Director & President	Director - The Bank & Trust, Anco Insurance Managers	Director - The Bank & Trust of Bryan / College Station	11.02%	None	N/A
Kim Cauthorn Del Rio, TX	N/A	None	None	None	0.36%	None	N/A
Robert Abb Cauthorn Del Rio, TX	N/A	None	None	None	0.07%	None	N/A
Hattie Kay Cauthorn Del Rio, TX	N/A	None	None	None	0.07%	None	N/A
William Mills Cauthorn Del Rio, TX	N/A	None	None	None	0.07%	None	N/A
James Guy Cauthorn Austin, TX	Insurance Agent	None	Director - Anco Insurance Managers	None	7.91%	None	N/A
Ed Equivel Dallas, TX	N/A	None	None	None	0.43%	None	N/A

Alice Esquivel Dallas, TX	N/A	None	None	None	1.00%	None	N/A
Drew Cauthorn San Antonio, TX	Attorney	None	Director - Anco Insurance Managers	None	0.37%	None	N/A
S W Cauthorn Del Rio, TX	N/A	Director	Director - Anco Insurance Managers	Advisory Director - The Bank & Trust of Bryan / College Station	2.74%	None	N/A
Norman Elder San Antonio, TX	N/A	Director	Director - Anco Insurance	N/A	9.90%	None	N/A
Joe Elder Uvalde, TX	N/A	None	None	N/A	0.62%	None	N/A
Dana Elder Moore Llano, TX	N/A	None	None	N/A	0.06%	None	N/A
Letty R Elder San Antonio, TX	N/A	None	None	N/A	0.06%	None	N/A
T J Moore Kerrville, TX	N/A	Director	N/A	N/A	None	None	N/A
Deborah Ann Flores Kerrville, TX	N/A	None	N/A	N/A	5%	None	N/A
Joanie V Sorensen-Weeks Boerne, TX	N/A	None	N/A	N/A	5%	None	N/A
Westex 2012 Trust Kerrville, TX	N/A	None	N/A	N/A	3.51%	None	N/A
Jay Taylor Del Rio, TX	Rancher	Director	Director - The Bank and Trust	N/A	3%	None	N/A
David Wallace Del Rio, TX	Attorney	Director	Director - The Bank and Trust	N/A	2%	None	N/A
Minnie Altizer Del Rio, TX	N/A	None	N/A	N/A	4.09%	None	N/A

Jim Bob Altizer Family Del Rio, TX	N/A	None	N/A	N/A	2.08%	None	N/A
Sherry Altizer Ingham Sonora, TX	Rancher	None	N/A	N/A	0.42%	None	N/A
Jim Bob Special Marital Trust Sonora, TX	N/A	None	N/A	N/A	2.26%	None	N/A
Olin Smith Sonora, TX	N/A	None	N/A	N/A	0.11%	None	N/A
Jim Clark Smith Sonora, TX	N/A	None	N/A	N/A	0.11%	None	N/A
Steely Ingham Sonora, TX	N/A	None	N/A	N/A	0.09%	None	N/A
Stella Ingham Sonora, TX	N/A	None	N/A	N/A	0.09%	None	N/A

WESTEX BANCORP, INC. AND SUBSIDIARIES

AUDITED CONSOLIDATED
FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

FISHER, HERBST & KEMBLE

CERTIFIED PUBLIC ACCOUNTANTS

WESTEX BANCORP, INC.
P.O. Drawer 4010, Del Rio, Texas 78841 830-774-2555

To the Shareholders of Westex Bancorp, Inc:

Westex's total gain in net worth* during 2015 was $4,591,000. Including shareholder distributions that were over and above the paid-out tax liability of the Company, the total return on book value for the year was 12.6%. By contrast, the S&P 500 increased 1.4% for the year (including dividends). Over the last 19 years Westex's cumulative per-share book value has grown from $68.86 to $358.39 for a 9.1% annualized return. The same $68.86 invested in the S&P 500 for the past 19 years would be worth $272.51 today (including dividends).

I believe a comparison of how Westex has performed compared to the S&P 500 over the course of the current economic cycle is appropriate. Since December 31, 2007 Westex's annualized return on book value has been 9.6%. By comparison, the S&P 500 has returned an average of 6.5% over the same period. I believe that, over a complete economic cycle, Westex's financial performance should compare favorably to the S&P 500. We'll outperform the index (sometimes by a lot) in years when the market is down or grows moderately and we will underperform (sometimes by a lot) when the market has great years. Over long periods of time, however, we expect to do well compared to the index because we generate a consistent level of core earnings.

Our Primary Goals

As we begin each new year I take some time to determine what, I believe, are the primary objectives of Westex for the coming year. There should be no surprise that our holding company goals for 2016 are essentially unchanged from 2015. We intend to:

1. Pay Off Debt: On December 31st we owed $7,000,000 in subordinated debentures. As of March 17th that balance has been reduced to $6,000,000. For several years we have reserved $500,000 per quarter for the primary purpose of being able to fully redeem this debt. I'm happy to report that, by the end of 2016, we will have reserved a sufficient amount to accomplish this goal. We will let economic conditions inform how we proceed.
2. Build Cash: We continue to build cash balances at the holding company level. As the old saying goes: "Cash is like oxygen. When it's plentiful you don't notice it at all. When it's scarce, that's all you notice." We are building cash so we will always have sufficient resources to withstand an adverse economy and to take advantage of investment opportunities as they arise.
3. Protect the Golden Goose: As Dad has said on many occasions through the years, "The Bank & Trust is the Golden Goose." Dad's lessons stick.

Although our structure is corporate, our perspective is partnership. As I write this letter every year I try to communicate to you the things that I would want to know if our positions were reversed. I also attempt to summarize my thoughts about the value of the different components of our company and to inform you about the economic and political events that I believe affect our prospects for the future.

* Prior to 2010 I reported Westex's gain in net worth including the unrealized gain/loss of our investment securities portfolio. While this method accurately reflects the "liquidation value" of the company I believe, as an ongoing operation, a more accurate reporting of capital excludes unrealized gain/loss in the bond portfolio caused by changes in interest rates. See Note 3 in the "Notes to the Consolidated Financial Statements" for detail on the market value of investment securities. Beginning in 2010, I have reported our performance based on "book value less unrealized gain/loss in the bond portfolio") which is a more accurate reflection of our performance as a going concern.

Westex consists of three segments including wholly owned companies (The Bank & Trust and Anco Insurance Managers, Inc.), investments in closely held companies where we don't own a controlling interest (The Bank & Trust of Bryan/College Station and First State Bank of Uvalde), and publicly traded equities. Each segment is summarized in more detail below:

Westex's Wholly Owned Operating Subsidiaries

The Bank & Trust, ssb

The Bank & Trust had a good year with pre-tax earnings of $6,031,000 versus $5,275,000 in 2014. Loan loss provisions exceeded the 2014 level by $160,000 and gains on sale of securities were higher by $111,000. During the year we sold a parcel of land in San Angelo that was originally intended to be a branch location for a gain of $510,000. We also wrote down $107,000 in fixed assets that were on our books but were taken out of service during the year. Operating expenses declined by $164,000 compared to 2014.

There were only modest changes to the bank's balance sheet. Loans increased by $6,675,000 and were largely funded by a decrease in cash of $1,814,000 and a decrease in investment securities of $5,186,000. Deposits increased by only $453,000. Capital remains strong.

Asset quality is strong. Past dues and adversely classified assets remain low. Oil prices continue to be problematic in Texas and it appears there's no end in sight to sub $50.00 oil. We monitor our exposure to a variety of credit concentrations and, I'm pleased to report, that The Bank & Trust has very little direct oil exposure. This doesn't mean, however, that we have no exposure to volatility in oil prices. Oil industry layoffs can affect our loan clients who borrow to finance cars and mortgages but we believe our risk and exposure is small. We don't have a substantial volume of auto loans on the books and we believe that, to some extent, the year-long oil price slide will delay (perhaps for several years) an aggressive inflationary real estate price spiral in San Angelo. We originate a large volume of mortgage loans in San Angelo and have been concerned about the effect high oil prices would have on real estate asset values in that market. Oil bubbles and real estate bubbles seem to present themselves together with devastating consequences. We see the recent decline in oil prices as having a stabilizing effect on real estate values in our markets which enhances our willingness to lend.

Westex Investment Services (WIS) continues to be a great part of our business. On a cash basis (after adjusting out intangible amortization) WIS earned $818,000 in 2015. All purchase intangible assets have been written down and, going forward, we get to mark the real earnings power of our investment services group to our income statement. In addition to using profitability to measure the performance of WIS, we also gauge our prospects for the future by looking at growth in "assets under management" (AUM). We finished 2008 with $375,309,000 in AUM and, by year-end 2015, our AUM was $841,509,000. This represents an annual percentage growth rate of 12.2%.

Economic policy of the Obama administration, and politicians of his ilk, are bad for small business and community banks. Commonly used terms for these policies are "liberal", "progressive" and "socialist". At the end of the day it doesn't matter what you call it. All of these terms have the same underlying meaning which reflects a general disdain for the capitalist and free enterprise principles that have made America great. The Affordable Care Act and Dodd-Frank banking legislation have acted as a choke collar on American small business. This won't change until we elect people that fundamentally believe that free enterprise is the foundation of economic greatness. We understand that the malaise that's gripped the American economy won't last forever. We understand that the people who make every effort to subvert America's greatness won't be around forever. One of these days the people that despise American capitalist values will be out of power. We see it as our role, during this cycle, to preserve the quality of our balance sheet, manage expenses, make good loans when we can, and prepare for the day when economic and political conditions turn in our favor.

For 2016 we have three primary growth goals for The Bank & Trust:

1. During 2016 we will introduce a revolving line of credit secured by our Westex Investment Services client's investment accounts. This line will provide our clients easy access to cash without having to sell their holdings and without having to pay capital gains taxes on sales. Our goal is to add $40 million in loans of this type over time.
2. We intend to focus much of our energy in 2016 on doing a better job of growing from within. We primarily intend to make sure that our traditional banking clients know about Westex Investment Services and Westex Insurance Services and the other way around.
3. We are seeking opportunities to grow Westex Investment Services through acquisition. During 2015 we had discussions with a couple of prospects but, in the end, we couldn't make either work. We already have a couple of leads for 2016.

Anco Insurance Managers, Inc.

Anco had an excellent 2015 with net income before tax of $2,890,000 versus $2,481,000 in 2014 for a $409,000 (or 16.5%) increase. This represents another record year for Anco and is substantially improved from 2014 due to two primary factors:

1. Anco's profit-sharing income for 2015 increased by $253,000 (31.4%) due to lower loss claims on policies written during the year. At the end of each year insurance companies review the loss ratio on claims by agencies who represent them. Based on their assessment of an agency's loss ratio the company determines whether to pay the agency a bonus. Anco's "bonus" during 2015 was much higher than in 2014 and was in line with the historical level. We also expect the bonus for 2015 to be consistent with the historical level.

2. Anco's commission income increased $479,000 (2.8%) while total compensation expense increased only $236,000 (2.0%). Life & Health insurance lines saw an 8.2% increase in commission income and Commercial lines saw a 2.1% increase. Life & Health continues to be a primary growth driver for the company. Personal line commissions were down 8.9% due to the loss of some third party agents who began writing their policies directly through insurance companies rather than through Anco.

3. Premium Finance income was $109,000 versus $29,000 in 2014. Kathy and her management team renegotiated Anco's Premium Finance contract during 2014 which resulted in an $80,000 revenue increase that, we expect, will be consistently at this level well into the future.

4. Finally, the amortization of intangibles related to the purchase of various insurance books of business through the years was down $74,000 compared to 2014. These intangibles should fully burn off in 2016 unless we purchase any more agencies. Interest expense was down $49,000 as we've paid down debt associated with our purchase of the remaining minority shareholders in 2013. Operating expenses increased only $150,000 for the year.

Investments Where We Don't Own A Controlling Interest

We are always seeking opportunities to invest your capital wisely and, through the years, we've been able to invest substantial amounts in some great closely held companies. Generally, I consider the change in book value of a financial company (like a bank or insurance company) to be a reliable proxy for the annual change in value over time. However, due to the way accounting rules work, this metric under-accounts for the value created on investments where we hold a minority interest in a private company. Below is a summary of the financial performance and my estimation of value in the two companies where we own a minority interest:

The Bank & Trust of Bryan/College Station

Our investment in The Bank & Trust of Bryan/College Station (BCS) continues to be Westex's most significant investment in a company we don't control. Westex has invested $2,303,000 in BCS (approximately 8.29% ownership in the bank) and we continue to be very pleased with the progress that our partners in Bryan/College Station are making. During 2015, BCS's net loan portfolio grew $29,457,000 (9.9%), deposits grew $33,303,000 (8.7%), and net income for the year was $6,080,000 (an increase of 28.2%). Capital is strong at 10.0%.

During 2015 Westex was issued an additional 20,169 shares in BCS at zero cost. These new shares were issued under a provision in the original Purchase Agreement. When BCS purchased Texas Enterprise Bank (TEB) there was some disagreement between the purchaser and seller as to the adequacy of TEB's loan loss reserve. The buyer and seller agreed that, to the extent that actual loan losses exceeded TEB's estimates on the fifth anniversary of the transaction, the new shareholders would be issued additional stock to account for any difference. Everyone was happy that the variance was modest.

As I pointed out earlier, you won't see our investment in BCS appreciate on Westex's books but substantial value is being created nonetheless. BCS's compound return on book value since our purchase is 8.53%. In addition, the Board of BCS approved a share repurchase program during 2015 which priced BCS shares at $14.91 each as of December 31st. Our cost per share, after inclusion of the new "zero cost" shares, is $5.71 resulting in an annualized return of 17.67%. We couldn't be happier with our investment in BCS and really appreciate being a part of the bank's success.

The First State Bank of Uvalde

We purchased 60 additional shares of The First State Bank of Uvalde (FSB) during 2015. Our investment, while relatively small (now $130,000), is a real gem in our portfolio. FSB's compounded return on book value since our purchase is 17.7%. As with BCS, you won't see this investment appreciate on Westex's books. We are excited to be a part of FSB's shareholder group and we look forward to purchasing more stock if it becomes available. With regard to FSB's value, our total investment amounts to $130,000 but, by my estimation, is worth approximately $217,000. Neither of these increases in value are reflected in Westex's total return numbers nor do we recognize our pro rata share of their earnings on our books. Nevertheless, the gain in value is real but won't be realized until we sell our positions (which we have no intention of doing any time soon).

Other Equity Investments

It became apparent to us in 2008 that it would serve Westex well to have substantial liquid resources available in the event of a substantial bank-level capital concern or significant holding company investment opportunity presented itself. Since then we have slowly and steadily been growing Westex's cash position and equity portfolio. Cash held at the holding company has grown from $673,000 in 2008 to $7,090,000 in 2015. In the same period of time we've also increased the level of publicly traded equities owned by Westex from $234,000 to $1,959,000. We intend to continue to grow the level of both cash and marketable securities over time.

The instability in the economy over the last several years has given us opportunity to invest in some great companies. Our investment philosophy is quite simple and conservative. We look for companies that we believe are underpriced or fairly priced, have historically strong returns on equity, strong returns on total capital, consistently increasing earnings and earnings per share, a low level of long-term debt, strong management, resilient products, a durable competitive advantage and pricing power. The final ingredient is patience. Below are the publicly traded investments that we held as of December 31, 2015:

Shares	Company	Cost	Market
6,680	Berkshire Hathaway (B Shares)	$561,436	$882,027
2,335	IBM	409,450	321,343
3,000	American International Group	148,550	185,910
1,535	Deere & Company	137,068	117,074
3,000	Fastenal	126,866	122,460
1,000	Schlumberger	82,148	69,750
1,120	Walmart	73,951	68,656
1,500	Coca Cola Company	58,841	64,440
1,125	Cullen Frost Bankers	53,593	67,500
1,000	Aflac, Inc	45,722	59,900
	Totals	**$1,697,625**	**$1,959,060**
	Cash Available for Investment		$823,193

Accounting rules only allow us to report in earnings the dividends we receive from companies that we do not control. These rules ignore the value of earnings that a company retains over time. Taking into account our investment in The Bank & Trust of Bryan/College Station, First State Bank, Uvalde, and the publicly traded stocks that we own, and assuming we held these investments for all of 2015, our share of undistributed earnings of these investees during the year was $626,830. The details of this are summarized below:

Shares	Company	($) Retained Earnings per Share, (Basic)	Total Retained Earnings
403,007	The Bank & Trust of Bryan/College Station	1.24	$499,729
6,680	Berkshire Hathaway (B Shares)	9.77	65,264
586	The First State Bank of Uvalde	37.33	21,875
2,335	IBM	8.66	20,221
1,535	Deere & Company	3.41	5,235
1,000	Aflac, Inc.	4.30	4,300
3,000	American International Group	0.88	2,640
1,125	Cullen Frost Bankers	2.21	2,486
3,000	Fastenal	0.65	1,950
1,500	The Coca Cola Company	0.37	555
1,120	Walmart	2.63	2,946
1,000	Schlumberger	(0.37)	(370)
	Total Retained Earnings		$626,830*

* This figure is **not** included in the growth in book value presented at the beginning of this report.

These retained earnings are very important. Essentially, every dollar retained is reinvested at the company's average return on equity. As an example, a company that averages 15% return on equity will earn that return on every dollar retained. Market returns can, however, be very bumpy so you won't necessarily see stock prices reflect the value of retained earnings in a straight line. We believe that the market will recognize the value of these retained earnings over time but there will be bumps along the way due to the occasional craziness of the market.

This is a key reason why we pay such close attention to the historical average return on equity of our investees. We must also, however, make judgments about how reliable this history is as a predictor of the future. This is where other factors come into play like making sure that the company has a low level of long-term debt, earnings per share should be increasing over time, they should have resilient products, and pricing power. If a prospective investment meets all of these standards it is likely that the historical return on equity is a viable predictor of future results. From there, the main consideration left is to determine an appropriate price to pay. Our intention is to build the value of this portfolio over time.

The Sales Pitch

Most of you are already clients of The Bank & Trust, Westex Investment Services and Anco Insurance and many of you already do 100% of your banking, investing and insuring with us. We appreciate your business and we'd love the opportunity to serve other family members, friends and neighbors. We are always available to serve you through our 1-800 number, cell phones, internet banking, mobile banking and remote deposit capture. We are competitive on price and first in quality service. There's no better time than now to bank with your bank, invest with your investment company, and insure with your insurance agency. Please call us at 800-833-5746 to arrange a meeting with one of our financial professionals.

In Closing

Our asset quality is very good and the earnings of both The Bank & Trust and Anco are sound. We have great people who understand who we are and are committed and dedicated to those principles. Dad and I are satisfied with the Company's progress during 2015 and feel very good about our prospects for the future. We appreciate your continued support.

Sid Cauthorn
President

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REPORT OF INDEPENDENT AUDITORS

To the Stockholders and Board of Directors
Westex Bancorp, Inc. and Subsidiaries
Del Rio, Texas

We have audited the accompanying consolidated financial statements of Westex Bancorp, 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, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; 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 U.S. generally accepted auditing standards. 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 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 Westex Bancorp, 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 accordance with U.S. generally accepted accounting principles.

Report of Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information 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, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Fisher, Herbst + Kemble, P.C.

Fisher, Herbst & Kemble, P.C.
San Antonio, Texas
March 8, 2016

WESTEX BANCORP, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31,	2015	2014
ASSETS		
Cash and due from banks	$ 10,428,114	$ 12,025,952
Interest bearing deposits in other banks	13,209,140	14,155,147
Total cash and cash equivalents	23,637,254	26,181,099
Securities available-for-sale, at estimated market value	151,348,534	156,269,330
Loans, net	237,438,804	230,693,470
Accounts receivable, net of allowance for doubtful accounts	2,309,632	2,417,761
Accrued interest receivable	1,956,405	1,779,799
Other real estate owned	578,000	-
Investment in the Bank & Trust - Bryan/College Station	2,302,709	2,302,709
Premises and equipment, net	12,556,708	13,866,530
Restricted stock	2,392,900	1,671,100
Cash surrender value	8,246,330	8,098,404
Intangibles, net	7,373	169,034
Goodwill	5,949,044	5,949,044
Other assets	1,315,887	1,470,615
Total assets	$ 450,039,580	$ 450,868,895
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Non-interest bearing	$ 110,665,435	$ 109,802,348
Interest bearing	251,473,503	254,400,686
Total deposits	362,138,938	364,203,034
Accounts payable and accrued liabilities	3,863,149	4,879,923
Accrued interest payable	144,246	170,554
Dividends payable	847,756	1,083,094
Capital lease obligations	231,006	350,220
Borrowings	8,959,452	9,535,668
Advances from Federal Home Loan Bank	20,000,000	20,000,000
Other liabilities	3,525,753	3,093,618
Total liabilities	399,710,300	403,316,111
Stockholders' Equity		
Common stock - $.50 par value; 500,000 shares authorized; **161,580** outstanding shares in 2015 and 2014	80,790	80,790
Treasury stock **1,619** shares in 2015 and 1,719 shares in 2014	(512,305)	(543,305)
Retained earnings	48,821,355	44,261,349
Accumulated other comprehensive income	1,939,440	3,753,950
Total stockholders' equity	50,329,280	47,552,784
Total liabilities and stockholders' equity	$ 450,039,580	$ 450,868,895

See notes to the consolidated financial statements.

WESTEX BANCORP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

Years Ended December 31,	**2015**	2014
INTEREST INCOME		
Loans, including fees	**$ 11,961,980**	$ 11,973,613
Investment securities:		
Taxable	**2,210,832**	2,159,617
Non-taxable	**1,285,740**	1,337,648
Interest on deposits in banks	**29,285**	39,646
Other interest income	**4,794**	4,497
Total interest income	**15,492,631**	15,515,021
INTEREST EXPENSE		
Deposits	**777,323**	963,473
Borrowings	**1,539,061**	1,674,041
Total interest expense	**2,316,384**	2,637,514
NET INTEREST INCOME	**13,176,247**	12,877,507
PROVISION FOR LOAN LOSSES	**400,000**	240,000
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	**12,776,247**	12,637,507
NON-INTEREST INCOME		
Insurance commissions and fees	**18,570,396**	17,808,604
Service charges and fees	**1,209,892**	1,149,289
Gain on sale of securities	**126,019**	53,867
Gain on sale or disposal of fixed assets	**422,150**	21,115
Westex investment service revenues	**2,943,159**	2,919,501
Other operating income	**1,710,825**	1,686,040
Total non-interest income	**24,982,441**	23,638,416
NON-INTEREST EXPENSE		
Salaries and employee benefits	**18,018,057**	17,630,970
Commissions paid to others	**3,144,020**	3,061,952
Occupancy and equipment	**3,067,202**	3,160,484
Amortization of intangibles	**161,661**	493,673
Loss on sale of other real estate	**21,668**	13,611
Other operating expenses	**5,296,891**	4,915,667
Total non-interest expense	**29,709,499**	29,276,357
INCOME BEFORE INCOME TAXES	**8,049,189**	6,999,566
INCOME TAXES (BENEFIT)	**159**	(289)
NET INCOME	**$ 8,049,030**	$ 6,999,855

See notes to the consolidated financial statements.

WESTEX BANCORP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years Ended December 31,		2015		2014
NET INCOME	$	**8,049,030**	$	6,999,855
OTHER ITEMS OF COMPREHENSIVE INCOME				
Adjustment for loss (gain) on sale of available-for-sale securities		**(126,019)**		(53,867)
Unrealized holding gain (loss) arising during period		**(1,688,491)**		1,319,264
Total other items of comprehensive income		**(1,814,510)**		1,265,397
Comprehensive income	$	**6,234,520**	$	8,265,252

See notes to the consolidated financial statements.

WESTEX BANCORP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Years Ended December 31, 2015 and 2014

	Common Stock	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity
Balance at December 31, 2013	$ 80,790	$ (303,595)	$ 40,158,687	$ 2,488,553	$ 42,424,435
Net income	-	-	6,999,855	-	6,999,855
Net change in available-for-sale securities	-	-	-	1,265,397	1,265,397
Shareholder distributions	-	-	(2,917,714)	-	(2,917,714)
Treasury stock purchased	-	(480,685)	-	-	(480,685)
Treasury stock sold	-	240,975	20,521	-	261,496
Balance at December 31, 2014	80,790	(543,305)	44,261,349	3,753,950	47,552,784
Net income	-	-	**8,049,030**	-	**8,049,030**
Net change in available-for-sale securities	-	-	-	**(1,814,510)**	**(1,814,510)**
Shareholder distributions	-	-	**(3,489,759)**	-	**(3,489,759)**
Treasury stock sold	-	**31,000**	**735**	-	**31,735**
Balance at December 31, 2015	**$ 80,790**	**$ (512,305)**	**$ 48,821,355**	**$ 1,939,440**	**$ 50,329,280**

See notes to the consolidated financial statements.

WESTEX BANCORP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31,	2015	2014
OPERATING ACTIVITIES		
Net income	$ 8,049,030	$ 6,999,855
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,115,695	1,495,791
Provision for loan losses and uncollectible accounts receivable	400,000	257,853
Net premium (accretion) of securities	520,264	177,247
Write-downs of other real estate	100,000	3,280
Gain on sale of available-for-sale securities	(126,019)	(53,867)
Loss on sale of other real estate	21,668	13,611
Net gain on sale or disposal of fixed assets	(422,150)	(21,115)
Net changes in:		
Accounts receivable	108,129	145,839
Accrued interest receivable	(176,606)	(101,163)
Cash surrender value	(147,926)	(171,232)
Other assets	170,328	77,656
Accrued interest payable	(26,308)	(37,462)
Accounts payable and accrued liabilities	(1,016,774)	1,581,580
Other liabilities	432,135	242,630
Net cash provided by operating activities	9,001,466	10,610,503
INVESTING ACTIVITIES		
Activity in securities available-for-sale:		
Sales	25,370,557	1,074,684
Maturities, prepayments an calls	210,273,278	179,856,122
Purchases	(232,931,794)	(218,415,539)
Purchase of Federal Reserve stock	-	(660,000)
Purchase of First State Bank Uvalde stock	(15,600)	(34,650)
(Purchase) redemption of Federal Home Loan Bank stock	(721,800)	400
Net change in loans	(7,504,652)	(1,218,663)
Proceeds from the sale of other real estate and insurance	156,650	339,509
Proceeds from the sale of premises and equipment and vehicles	1,142,770	31,500
Purchase of premises and equipment	(861,832)	(666,477)
Net cash used by investing activities	(5,092,423)	(39,693,114)
FINANCING ACTIVITIES		
Net change in deposits	(2,064,096)	19,433,368
Shareholder distributions	(3,725,097)	(2,205,004)
Purchase of treasury stock	-	(480,685)
Proceeds from the sale of treasury stock	31,735	261,496
Proceeds from issuance of borrowings	105,217	124,954
Payments on borrowings and capital leases	(800,647)	(1,784,347)
Net cash provided (used) by financing activities	(6,452,888)	15,349,782
DECREASE IN CASH AND CASH EQUIVALENTS	(2,543,845)	(13,732,829)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	26,181,099	39,913,928
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 23,637,254	$ 26,181,099

See notes to the consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The accounting and reporting policies of Westex Bancorp, Inc. ("Westex") and Subsidiaries, referred to collectively as the Company, conform to U.S. generally accepted accounting principles ("GAAP") and to general practices within the banking and insurance industries. The Company is organized under a Unitary Thrift charter and engages in the banking and insurance businesses through its operations and those of its subsidiaries.

Consolidation – The consolidated financial statements include the accounts of Westex and its wholly-owned subsidiaries, the Bank & Trust, SSB (the "Bank") and Anco Insurance Managers, Inc. ("Anco"). All significant intercompany balances and transactions have been eliminated in the above-mentioned consolidations.

Business – The Company through its banking subsidiary provides a variety of financial services including banking and investment services to individuals and small businesses through its offices in Del Rio, Sonora, San Angelo and Brackettville, Texas. Its primary deposit products are non-interest bearing, interest-bearing and term certificate accounts and its primary lending products are real estate, commercial and installment loans.

The Company through its Anco subsidiary provides personal and commercial insurance policies in the state of Texas.

Use of Estimates – The preparation of consolidated financial statements in conformity with 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses and doubtful accounts, the valuation of other real estate owned, accruals for life and group commission receivables, other receivables based on amounts billed directly by the carrier, and the liability for deferred compensation.

Variable Interest Entities (VIE) – The Company determines whether it has a controlling financial interest in an entity by first evaluating whether the entity is a voting interest entity or a variable interest entity ("VIE") under U.S. generally accepted accounting principles. Voting interest entities are entities in which the total equity investment at risk is sufficient to enable the entity to finance itself independently and provides the equity holders with the obligation to absorb losses, the right to receive residual returns and the right to make decisions about the entity's investments. The Company consolidates voting interest entities in which it has all, or at least a majority of, the voting interest. As defined in applicable accounting standards, VIEs are entities that lack one or more of the characteristics of a voting interest entity. A controlling financial interest in a VIE is present when an enterprise has both the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and an obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. The enterprise with a controlling financial interest, known as the primary beneficiary, consolidates the VIE. As of December 31, 2015, the Company did not have a controlling interest in any entity that should be treated as a VIE.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant Group Concentrations of Credit Risk – Most of the Company's banking activities are with customers located within the southwest region of Texas and the adjacent border of Mexico. Note 3 discusses the types of securities in which the Company invests. Note 4 discusses the types of lending in which the Company engages. The Company's insurance activities through its Anco subsidiary are with customers throughout Texas.

Cash and Cash Equivalents – For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents include cash, balances due from banks, and federal funds sold. The Company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant risk on cash and cash equivalents and it monitors the conditions of its correspondent banks quarterly under Regulation F. The FDIC Deposit Insurance coverage limit is $250,000.

The majority of cash and cash equivalents of the Company are maintained with major financial institutions in the United States. As such, interest bearing, non-transaction account deposits with these financial institutions may exceed the amount of insurance provided on such deposits; however, these deposits typically may be redeemed upon demand and therefore, bear minimal risk. As of December 31, 2015, the maximum credit risk exposure is **$2,411,832**. In monitoring this credit risk, the Company periodically evaluates the stability of the financial institutions with which it has deposits.

The Bank is required to maintain average cash reserve balances with the Federal Reserve Bank or depository banks thereof. The reserve required at December 31, 2015 was approximately **$3,680,000**.

Interest Bearing Time Deposits in Banks – Interest bearing deposits in banks mature within one year and are carried at cost.

Securities – The Company's investments in securities are classified and accounted for as follows:

Securities Available-for-Sale – Securities available-for-sale are recorded at fair value and consist of bonds, notes, and debentures not classified as trading securities nor as securities to be held-to-maturity.

Securities Held-to-Maturity – Securities held-to-maturity are securities that management has the positive intent and ability to hold to maturity and are classified as "held-to-maturity" and are recorded at amortized cost.

Unrealized holding gains and losses on securities available-for-sale are excluded from earnings and reported in accumulated other comprehensive income (loss). Premiums and discounts are recognized in interest income using the interest method. Gains and losses on the sale of securities are determined using the specific-identification method and are included in earnings. Declines in the fair value of individual held-to-maturity and available-for-sale securities below their cost that are other than temporary, if any, would result in write-downs of the individual securities to their fair value. The related write-downs, if any, would be included in earnings as realized losses.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Mortgage-backed securities represent participating interests in pools of long-term first mortgage loans originated and serviced by the issuers of the securities. Market interest rate fluctuations can affect the prepayment speed of principal and the yield on the security.

Loans – Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at their outstanding principal adjusted for any charge-offs and the allowance for loan losses.

Loan origination fees are recognized as income and loan origination costs are expensed as incurred, as management has determined that capitalization of these items would be immaterial to the consolidated financial statements.

Interest on loans is recognized on a daily basis on balances outstanding. The accrual of interest on real estate and commercial loans is discontinued at the time the loan is 90 days delinquent unless the credit is well secured and in process of collection. Installment loans and other personal loans are typically charged off no later than 120 days past due. In all cases, loans are placed on nonaccrual or charged-off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on non-accrual or charged-off is reversed against interest income. The interest on these loans is accounted for on the cash basis or cost recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Troubled Debt Restructured Loans – A troubled debt restructured loan is a loan which the Company, for reasons related to a borrower's financial difficulties, grants a concession to the borrower that the Company would not otherwise consider. The loan terms which have been modified or restructured due to a borrower's financial difficulty, include but are not limited to a reduction in the stated interest rate; an extension of the maturity at an interest rate below current market; a reduction in the face amount of the debt; a reduction in the accrued interest; or re-aging, extensions, deferrals, renewals and rewrites. A troubled debt restructured loan would generally be considered impaired in the year of modification and will be assessed periodically for continued impairment.

Allowance for Loan Losses – The allowance for loan losses is a reserve established through a provision for loan losses charged to expense, which represents management's best estimate of probable losses that have been incurred within the existing portfolio of loans. The allowance, in the judgment of management, is necessary to reserve for estimated loan losses inherent in the loan portfolio. The level of the allowance reflects management's continuing evaluation of industry concentrations, specific credit risks, loan loss experience, current loan portfolio quality, present economic, political and regulatory conditions and unidentified losses inherent in the current loan portfolio, as well as trends in the foregoing. Portions of the allowance may be allocated for specific credits; however, the entire allowance is available for any credit that, in management's judgment, should be charged off. The evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collection of scheduled principal and interest payments when due. Loans that experience insignificant delays and payment shortfalls generally are not classified as impaired.

Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

Impairment is measured on a loan-by-loan basis by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral-dependent.

Allowance for Doubtful Accounts – The allowance for doubtful accounts is based on past experience and other factors which, in management's judgment, deserve current recognition in estimating bad debts. Such factors include growth and composition of accounts receivable, the relationship of the allowance for doubtful accounts to accounts receivable, and current economic conditions. The allowance for doubtful accounts totaled **$13,926** and $15,554 as of December 31, 2015 and 2014, respectively.

Premises and Equipment – Land is carried at cost. Buildings and equipment are stated at cost, net of accumulated depreciation. Depreciation is recognized on straight-line and accelerated methods over the estimated useful lives of the assets. The estimated useful lives range from 1 to 40 years. When an asset is sold, retired, or otherwise disposed of, cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in current operations. Repairs and maintenance are charged to expense as incurred and expenditures for renewals and betterments are capitalized.

Foreclosed Assets – Assets acquired through, or in lieu of, loan foreclosure are held-for-sale and are initially recorded at fair value less estimated costs to sell at the date of foreclosure. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less costs to sell. Revenue and expenses from operations and changes in the valuation allowance are included in other operating income and other operating expenses, respectively.

Restricted Stock – Federal Home Loan Bank and Federal Reserve Bank of Dallas are considered to be restricted stock with limited marketability and is carried at cost. Federal Home Loan Bank stock had a carrying value of **$1,732,900** and $1,011,100 as of December 31, 2015 and 2014, respectively. Federal Reserve Bank of Dallas stock had a carrying value as of **$660,000** as of December 31, 2015.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash Surrender Value of Life Insurance – The Company has purchased life insurance policies on certain executives. Life insurance policies are initially recorded at cost at the date of purchase. Subsequent to purchase, the policies are periodically adjusted for changes in the contract value. The adjustment to contract value increases or decreases the carrying value of the policies and is recorded as income or expense on the consolidated statement of income.

Goodwill and Other Intangible Assets – Goodwill is recorded in business combinations under the purchase method of accounting when the purchase price is higher than the fair value of the net assets, including identifiable intangible assets. Goodwill is assessed for impairment annually, and more frequently in certain circumstances.

Various valuation methodologies are applied to compare the estimated fair value to the carrying value. If the fair value is less than the carrying amount, a second test is required to measure the amount of impairment. The Company recognizes impairment losses as a charge to noninterest expense and an adjustment to the carrying value of the goodwill asset. Subsequent reversals of goodwill impairment are prohibited.

The intangibles are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Impairment is indicated if the sum of undiscounted estimated future net cash flows is less than the carrying value of the asset. Impairment is permanently recognized by writing down the asset to the extent that the carrying value exceeds the estimated fair value.

Goodwill is comprised of the following amounts as of December 31, 2015:

Anco acquisition in 2001	$ 3,476,373
Concho Investment Advisors, Inc. acquisition in 2007	2,195,995
Uvalde investment advisor acquisition in 2008	276,676
Goodwill	$ 5,949,044

No impairment of goodwill was noted in 2015 and 2014.

Investment in The Bank & Trust – Bryan/College Station ("TB&T") – In 2009, the Company purchased its investment in TB&T for $2,000,138 for an initial 9.11% ownership. In 2010, the Company purchased an additional interest in TB&T totaling $302,571. The Company owns **8.29%** and 8.02% of TB&T as of December 31, 2015 and 2014, respectively, and is carried at cost.

Employee Benefit Plans – Westex and Anco have employee benefit plans covering substantially all employees who meet age and service requirements. Costs are charged to salaries and benefits expense and are funded as accrued.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

Anco – In 2013, Anco elected to be treated as a Qualified Sub-Chapter S Subsidiary. Under those provisions, the Company's income, deductions, losses, and credits flow directly to the stockholders.

Westex – Westex elected to be taxed as a Sub-Chapter S Corporation under the Internal Revenue Code, effective in 2007. Under those provisions, Westex's income, deductions, losses, and credits flow directly to the stockholders. Westex does pay franchise taxes, which are considered income taxes on the consolidated statements of income.

U.S. generally accepted accounting principles require the Company management to evaluate tax positions taken by the Company and recognize a tax liability (or asset) if the Company has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Company's management has analyzed the tax positions taken by the Company, and has concluded that as of December 31, 2015 and 2014, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Company's management believes it is no longer subject to income tax examinations for years prior to 2012.

Dividends from Subsidiary – Westex is primarily dependent upon dividends from the Bank and Anco to provide funds for the payment of dividends to stockholders and other cash requirements. The amount available to be declared as dividends by the Bank in any calendar year is limited, as regulatory authorities consider the adequacy of the Bank's total capital in relation to its assets and other factors. Historically, the Company has not allowed the Bank to pay dividends in such a manner as to impair the Bank's capital adequacy.

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 and standby letters of credit. Such financial instruments are recorded in the consolidated financial statements when they are funded or related fees are incurred or received.

Advertising – Advertising costs are expensed as incurred. Advertising expense totaled **$682,767** and $656,755, respectively for the years ended December 31, 2015 and 2014.

2. STATEMENT OF CASH FLOWS

The Company reports on a net basis its cash receipts and cash payments for certificates of deposit accepted and repayments of those deposits, loans made to customers and principal collections on those loans, and interest bearing time deposits in other banks.

2. STATEMENT OF CASH FLOWS (continued)

The Company uses the indirect method to present cash flows from operating activities. Supplemental information on cash flows and non-cash transactions for the years ended December 31, 2015 and 2014 is as follows:

	2015	2014
Cash transactions:		
Interest expense paid	**$ 2,342,692**	$ 2,674,926
Noncash transactions:		
Purchases of capital leases	**$ -**	$ 216,768
Cancelled capital leases	**$ -**	$ (163,145)
Net acquisition of other real estate	**$ 359,318**	$ -
Transfer of land to other real estate	**$ 497,000**	$ -

3. INVESTMENT SECURITIES

Investment securities available-for-sale consisted of the following:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
December 31, 2015				
Mortgage-backed securities	**$ 46,894,813**	**$ 495,114**	**$ 87,668**	**$ 47,302,259**
Collateralized mortgage obligations	**48,756,884**	**161,349**	**557,070**	**48,361,163**
State and municipal securities	**52,059,773**	**1,751,641**	**85,362**	**53,726,052**
Equity investments	**1,697,624**	**391,636**	**130,200**	**1,959,060**
Total	**$ 149,409,094**	**$ 2,799,740**	**$ 860,300**	**$ 151,348,534**
December 31, 2014				
Corporate securities	$ 517,260	$ 6,110	$ -	$ 523,370
Mortgage-backed securities	54,235,393	832,029	85,403	54,982,019
Collateralized mortgage obligations	49,915,963	336,909	387,167	49,865,705
State and municipal securities	46,595,858	2,641,435	33,125	49,204,168
Equity investments	1,250,906	480,908	37,746	1,694,068
Total	$ 152,515,380	$ 4,297,391	$ 543,441	$ 156,269,330

3. INVESTMENT SECURITIES (continued)

Investment securities carried at **$81,955,446** and $76,675,316 at December 31, 2015 and 2014, respectively, were pledged to secure public funds, federal funds purchased and for other purposes required or permitted by law.

Sales proceeds and respective gross gains (losses) for the years ended December 31, 2015 and 2014 were as follows:

	2015	2014
Sales proceeds	**$ 25,370,557**	$ 1,074,684
Gross gains	**$ 282,014**	$ 53,867
Gross losses	**$ (155,995)**	$ -

The scheduled maturities of securities **available-for-sale** at December 31, 2015 were as follows:

	Amortized Cost	Estimated Market Value
Due in one year or less	**$ 3,784,418**	**$ 3,845,026**
Due in one to five years	**8,191,383**	**8,537,527**
Due in five to ten years	**23,680,053**	**24,736,922**
Due in over ten years	**16,403,919**	**16,606,577**
Total	**52,059,773**	**53,726,052**
Mortgage-backed securities & collateralized mortgage obligations	**95,651,697**	**95,663,422**
Equity investments	**1,697,624**	**1,959,060**
Total	**$ 149,409,094**	**$ 151,348,534**

3. INVESTMENT SECURITIES (continued)

The following table shows the Company's investments gross unrealized losses and fair value, aggregated by investment category and length of time that individual available-for-sale securities have been in a continuous unrealized loss position, at December 31, 2015.

	Less than 12 months		12 months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Available-for-sale						
Mortgage-backed securities (10)	$ 8,343,935	$ 73,888	$ 5,695,357	$ 13,780	$ 14,039,292	$ 87,668
Collateralized mortgage obligations (34)	27,333,429	287,978	8,340,555	269,092	35,673,984	557,070
State and municipal securities (15)	9,152,861	85,362	-	-	9,152,861	85,362
Equity securities (5)	260,866	22,099	438,417	108,101	699,283	130,200
Total	$ 45,091,091	$ 469,327	$ 14,474,329	$ 390,973	$ 59,565,420	$ 860,300

Mortgage-backed Securities – The unrealized losses on the Company's investment in mortgage-backed securities were caused by interest rate changes. The Company purchased some of these investments at a premium relative to its face amount. At December 31, 2015, the outstanding premium related to the mortgage-backed securities in a loss position is **$878,986**. Accordingly, it is expected that the securities with premiums could be settled at a price less than the amortized cost of the Company's investment. Because the decline in market value is attributable to changes in interest rates and not credit quality and because the Company has the ability and intent to hold these investments until a recovery of fair value, which may be at maturity, the Company does not consider these investments to be other-than-temporarily impaired at December 31, 2015.

Collateralized Mortgage Obligations Securities – The unrealized losses on the Company's investment in collateralized mortgage obligations securities were caused by interest rate changes. The Company purchased some of these investments at a premium relative to their face amount. At December 31, 2015, the outstanding premium related to the collateralized mortgage obligations securities in a loss position is **$276,518**. Accordingly, it is expected that the securities with premiums could be settled at a price less than the amortized cost of the Company's investment. Because the decline in market value is attributable to changes in interest rates and not credit quality and because the Company has the ability and intent to hold these investments until a recovery of fair value, which may be at maturity, the Company does not consider these investments to be other-than-temporarily impaired at December 31, 2015.

3. INVESTMENT SECURITIES (continued)

State and Municipal Securities – The unrealized losses on the Company's investments in state and municipal securities were caused by interest rate changes. The contractual terms of these investments do not permit the issuer to settle the securities at a price less than the amortized cost of the investment. The Company purchased some of these investments at a premium relative to their face amount, and the contractual cash flows of these investments are mostly guaranteed by local, state and political subdivisions. At December 31, 2015, the outstanding premium related to the state and municipal securities in a loss position is **$881,216**. Because the decline in market value is attributable to changes in interest rates and not credit quality and because the Company has the ability and intent to hold these investments until a recovery of fair value, which may be at maturity, the Company does not consider these investments to be other-than-temporarily impaired at December 31, 2015.

Other-than-temporary Impairment – Management evaluates securities for other-than-temporary impairment at least quarterly, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) evaluation by the Company of (a) its intent to sell a debt security prior to recovery and (b) whether it is more likely than not the Company will have to sell the debt security prior to recovery. As of December 31, 2015, no investment securities were other-than-temporarily impaired.

4. LOANS AND ALLOWANCE FOR LOAN LOSSES

Loans consisted of the following at December 31, 2015 and 2014:

	2015	2014
Commercial	**$ 53,964,175**	$ 54,409,501
Real estate	**176,339,463**	169,297,007
Installment and other	**8,945,222**	8,524,308
Total loans	**239,248,860**	232,230,816
Less: Allowance for loan losses	**(1,810,056)**	(1,537,346)
Total	**$ 237,438,804**	$ 230,693,470

Loan Origination/Risk Management – The Company has certain lending policies and procedures in place that are designed to maximize loan income within an acceptable level of risk. The intent of management is to make loans to borrowers of good character and integrity. Management reviews and approves these policies and procedures on a regular basis. A reporting system supplements the review process by providing management with frequent reports related to loan production, loan quality, concentrations of credit, loan delinquencies and non-performing and potential problem loans. Diversification in the loan portfolio is a means of managing risk associated with fluctuations in economic conditions.

4. LOANS AND ALLOWANCE FOR LOAN LOSSES (continued)

Commercial loans are underwritten after evaluating and understanding the borrower's ability to repay the loan through operating profitably and effectively growing its business. The Company's management examines 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 credit quality and cash flows of the borrower and secondarily on the underlying collateral provided by the borrower. The cash flows of borrowers, however, may not be as expected and the collateral securing these loans may fluctuate in value.

Most commercial loans are secured by the assets being financed or other business assets such as accounts receivable or inventory and may incorporate a personal guarantee to add strength to the credit and reduce the risk on a transaction to an acceptable level; however, some short-term loans may be made on an unsecured basis to the most credit worthy borrowers. In the case of loans secured by accounts receivable, the availability of funds for the repayment of these loans may be substantially dependent on the ability of the borrower to collect amounts due from its customers. Due to the nature of accounts receivable and inventory secured loans, the Company closely monitors credit availability and collateral through the use of various tools, including but not limited to borrowing-base formulas, periodic accounts receivable agings, periodic inventory audits, and/or collateral inspections.

Real estate (commercial real estate or consumer real estate) loans are subject to underwriting standards and processes similar to commercial loans. Commercial real estate lending typically involves higher loan principal amounts and the repayment of these loans is generally largely dependent on the successful operation of the property securing the loan or the business conducted on the property securing the loan. Commercial real estate loans may be more adversely affected by conditions in the real estate markets or in the general economy. Management monitors and evaluates commercial real estate loans based on collateral and risk grade criteria. As a general rule, the Company avoids financing special use projects unless strong secondary support is present to help mitigate risk.

With respect to loans to developers and builders, the Company generally requires the borrower to have a proven record of success and an expertise in the building industry. Construction loans are underwritten utilizing feasibility studies, independent appraisal reviews, sensitivity analysis of absorption and lease rates and financial analysis of the developers and property owners. Construction loans are generally based upon estimates of costs and value associated with the complete project. These estimates may be inaccurate.

Construction loans often involve the disbursement of substantial funds with repayment substantially dependent on the success of the ultimate project. Sources of repayment for these types of loans may be pre-committed permanent loans from approved long-term lenders, sales of developed property or an interim loan commitment from the Company until permanent financing is obtained. These loans are closely monitored by on-site inspections and are considered to have higher risks than other real estate loans due to their ultimate repayment being sensitive to interest rate changes, governmental regulation of real property, general economic conditions and the availability of long-term financing. Due to the nature of the real estate industry, the Company evaluates the borrower's ability to service the interest of the debt from other sources other than the sale of the constructed property.

4. LOANS AND ALLOWANCE FOR LOAN LOSSES (continued)

The Company's non-real estate installment loans are based on the borrower's proven earning capacity over the term of the loan. The Company monitors payment performance periodically for installment loans to identify any deterioration in the borrower's financial strength. To monitor and manage installment loan risk, policies and procedures are developed and modified, as needed, jointly by management and staff. This activity, coupled with a relatively small volume of installment loans, minimizes risk.

The Company engages its auditors to complete an independent loan review that reviews and validates the credit risk program on a periodic basis. Results of these reviews are presented to management. The loan review process complements and reinforces the risk ratings and credit quality assessment decisions made by lenders and credit personnel, as well as the Company's policies and procedures.

In the ordinary course of business, the Company makes loans to executive officers and directors. These loans are made on substantially the same terms, including interest and collateral, as those prevailing at the time for comparable transactions with other customers.

Loans to these related parties, including companies in which they are principal owners are as follows:

	2015	2014
Principal outstanding, beginning of year	**$ 10,175,968**	$ 11,719,635
New loans made in current year	**3,827,532**	3,118,938
Repayments	**(2,517,028)**	(4,662,605)
Principal outstanding, end of year	**$ 11,486,472**	$ 10,175,968

An age analysis of past due loans, segregated by class of loans, as of December 31, 2015 and 2014 were as follows:

	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans	Recorded Investment > 90 Days and Still Accruing
December 31, 2015							
Commercial	**$ 19,610**	**$ -**	**$ -**	**$ 19,610**	**$ 53,944,565**	**$ 53,964,175**	**$ -**
Real estate	**843,757**	**320,380**	**31,943**	**1,196,080**	**175,143,383**	**176,339,463**	**-**
Installment and other	**-**	**-**	**-**	**-**	**8,945,222**	**8,945,222**	**-**
Total	**$ 863,367**	**$ 320,380**	**$ 31,943**	**$ 1,215,690**	**$ 238,033,170**	**$ 239,248,860**	**$ -**

4. LOANS AND ALLOWANCE FOR LOAN LOSSES (continued)

	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans	Recorded Investment > 90 Days and Still Accruing
December 31, 2014							
Commercial	$ 104,793	$ 8,968	$ -	$ 113,761	$ 54,295,740	$ 54,409,501	$ -
Real estate	1,014,983	346,617	345,732	1,707,332	167,589,675	169,297,007	-
Installment and other	13,869	6,684	-	20,553	8,503,755	8,524,308	-
Total	$ 1,133,645	$ 362,269	$ 345,732	$ 1,841,646	$ 230,389,170	$ 232,230,816	$ -

Impaired loans, segregated by class of loans, as of December 31, 2015 and 2014 are set forth in the following tables.

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
December 31, 2015					
With no related allowance:					
Commercial	$ -	$ -	$ -	$ -	$ -
Real estate	-	-	-	-	-
Installment and other	-	-	-	-	-
With a related allowance:					
Commercial	$ -	$ -	$ -	$ **8,501**	$ -
Real estate	**31,943**	**36,512**	**639**	**247,592**	**1,433**
Installment and other	-	-	-	-	-
Total:					
Commercial	$ -	$ -	$ -	$ **8,501**	$ -
Real estate	**31,943**	**36,512**	**639**	**247,592**	**1,433**
Installment and other	-	-	-	-	-
Total	$ **31,943**	$ **36,512**	$ **639**	$ **256,093**	$ **1,433**

4. LOANS AND ALLOWANCE FOR LOAN LOSSES (continued)

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
December 31, 2014					
With no related allowance:					
Commercial	$ -	$ -	$ -	$ -	$ -
Real estate	-	-	-	-	-
Installment and other	-	-	-	-	-
With a related allowance:					
Commercial	$ 17,001	$ 31,760	$ 16,000	$ 20,601	$ -
Real estate	431,298	448,756	82,000	215,649	12,431
Installment and other	-	-	-	8,951	-
Total:					
Commercial	$ 17,001	$ 31,760	$ 16,000	$ 20,601	$ -
Real estate	431,298	448,756	82,000	215,649	12,431
Installment and other	-	-	-	8,951	-
Total	$ 448,299	$ 480,516	$ 98,000	$ 245,201	$ 12,431

The effect of not recognizing interest income on nonaccrual loans in accordance with the original terms was approximately **$1,603** and $2,263 during the years ended December 31, 2015 and 2014, respectively.

At December 31, 2015 and 2014, there were no commitments to lend additional funds to borrowers whose loans are classified as impaired.

Credit Quality Indicators – As part of the on-going monitoring of the credit quality of the Company's loan portfolio, the Company utilizes a risk grading system to assign a risk grade to each of its loans. Accurate and timely credit grading is a primary component of an effective loan review system. Loans are graded on a scale of pass to loss. A description of the general characteristics of the risk grades are as follows:

Pass – Loans underwritten using current industry standard guidelines with satisfactory payment history and normal associated risk.

Special Mention – This is a warning grade that indicates one or more deficiencies exist, but potential loss is considered to be normal and remote. One or more factors adversely affecting positive, steady or favorable trend exist. Further deterioration could lead to potential loss situation. Management considers loans graded as Special Mention Loans to be Pass credits. However, monthly monitoring by Management and the Servicing Loan Officer is required to properly administer credits of this nature.

4. LOANS AND ALLOWANCE FOR LOAN LOSSES (continued)

Substandard – This grade includes "Substandard" loans, in accordance with regulatory guidelines, for which the accrual of interest has not been stopped. These loans tend to have more than normal risk due to financial condition, unfavorable record of the obligor, insufficiency of the collateral, and other factors that impact unfavorably on the credit.

Doubtful – This grade includes loans which ultimate collection or value of which is doubtful and substantial loss is probable, but not yet ascertainable in amount. At least one factor has deteriorated to such a level that some loss to the bank is imminent.

Loss – This grade includes "Loss" loans in accordance with regulatory guidelines. Such loans are to be charged-off or charged-down when payment is acknowledged to be uncertain or when the timing or value of payments cannot be determined. "Loss" is not intended to imply that the loan or some portion of it will never be paid, nor does it in any way imply that there has been a forgiveness of debt.

Nonperforming loans for the disclosure below are loans thirty days past due or greater.

Credit Risk Profile by Internally Assigned Grade

	Commercial	Real Estate	Installment and other	Total
December 31, 2015				
Grade:				
Pass	$ 53,083,411	$ 171,064,598	$ 8,901,596	$ 233,049,605
Special Mention	677,050	2,416,190	-	3,093,240
Substandard	203,714	2,858,675	43,626	3,106,015
Doubtful	-	-	-	-
Loss	-	-	-	-
Total	$ 53,964,175	$ 176,339,463	$ 8,945,222	$ 239,248,860

Credit Risk Profile Based on Payment Activity

	Commercial	Real Estate	Installment and other	Total
Performing	$ 53,944,565	$ 175,143,383	$ 8,945,222	$ 238,033,170
Nonperforming	19,610	1,196,080	-	1,215,690
Total	$ 53,964,175	$ 176,339,463	$ 8,945,222	$ 239,248,860

4. LOANS AND ALLOWANCE FOR LOAN LOSSES (continued)

Credit Risk Profile by Internally Assigned Grade

	Commercial	Real Estate	Installment and other	Total
December 31, 2014				
Grade:				
Pass	$ 54,116,254	$ 163,150,493	$ 8,396,190	$ 225,662,937
Special Mention	-	1,838,538	-	1,838,538
Substandard	293,247	4,307,976	128,118	4,729,341
Doubtful	-	-	-	-
Loss	-	-	-	-
Total	$ 54,409,501	$ 169,297,007	$ 8,524,308	$ 232,230,816

Credit Risk Profile Based on Payment Activity

	Commercial	Real Estate	Installment and other	Total
Performing	$ 54,295,740	$ 167,589,675	$ 8,503,755	$ 230,389,170
Nonperforming	113,761	1,707,332	20,553	1,841,646
Total	$ 54,409,501	$ 169,297,007	$ 8,524,308	$ 232,230,816

Allowance for Loan Losses – The allowance for loan losses is a reserve established through a provision for loan losses charged to expense, which represents management's best estimate of probable losses that have been incurred within the existing portfolio of loans. The allowance, in the judgment of management, is necessary to reserve for estimated loan losses and risks inherent in the loan portfolio. The Company's allowance for loan loss methodology includes allowance allocations calculated in accordance with ASC Topic 310, "Receivables" and allowance allocations calculated in accordance with ASC Topic 450, "Contingencies." Accordingly, the methodology is based on historical loss experience by type of credit and internal risk grade, changes in the composition and volume of the portfolio, and specific loss allocations, with adjustments for current events and conditions. The Company's process for determining the appropriate level of the allowance for loan losses is designed to account for credit deterioration as it occurs.

4. LOANS AND ALLOWANCE FOR LOAN LOSSES (continued)

The provision for loan losses reflects management's periodic evaluation of individual loans and changes to the required allowance for specific loans, economic factors, past loan loss experience, loan quality trends, including the levels of and trends related to non-accrual loans, past due loans, potential problem loans, criticized loans and net charge-offs or recoveries, among other factors.

The level of the allowance reflects management's continuing evaluation of industry concentrations, specific credit risks, loan loss experience, current loan portfolio quality, present economic, political and regulatory conditions and unidentified losses inherent in the current loan portfolio. Portions of the allowance may be allocated for specific credits; however, the entire allowance is available for any credit that, in management's judgment, should be charged-off. While management utilizes its best judgment and information available, the ultimate adequacy of the allowance is dependent upon a variety of factors beyond the Company's control, including, among other things, the performance of the Company's loan portfolio, the economy, changes in interest rates and the view of the regulatory authorities toward loan classifications.

The Company's allowance for loan losses consists of three elements: (i) specific valuation allowances determined in accordance with ASC Topic 310 based on probable losses on specific loans; (ii) historical valuation allowances determined in accordance with ASC Topic 450 based on historical loan loss experience for similar loans with similar characteristics and trends, adjusted, as necessary, to reflect the impact of current conditions; and (iii) general valuation allowances determined in accordance with ASC Topic 450 based on general economic conditions and other qualitative risk factors both internal and external to the Company.

The allowances established for probable losses on specific loans are based on a regular analysis and evaluation of problem loans. Loans are classified based on an internal credit risk grading process that evaluates, among other things: (i) the borrower's ability to repay; (ii) the underlying collateral, if any; and (iii) the economic environment and industry in which the borrower operates. The initial analysis is performed by the relationship manager and credit rating is reviewed and approved by the Chief Lending Officer.

Specific valuation allowances are determined by analyzing the borrower's ability to repay amounts owed, collateral deficiencies, the relative risk grade of the loan and economic conditions affecting the borrower's industry, among other things. Historical valuation allowances are calculated based on the historical loss experience of specific types of loans and the internal risk grade of such loans at the time they were charged-off. The Company calculates historical loss ratios for classifications of similar loans based on the proportion of actual charge-offs experienced to the total population of loans in the category. The historical loss ratios are periodically updated based on actual charge-off experience.

The Company's categories of similar loans include similarly risk-graded groups of commercial loans, commercial real estate loans, consumer real estate loans and installment and other loans. General valuation allowances are based on general economic conditions and other qualitative risk factors both internal and external to the Company.

4. LOANS AND ALLOWANCE FOR LOAN LOSSES (continued)

In general, such valuation allowances are determined by evaluating, among other things: (i) the experience, ability and effectiveness of the Company's lending management and staff; (ii) the effectiveness of the Company's loan policies, procedures and internal controls; (iii) changes in asset quality; (iv) changes in nature and loan portfolio volume; (v) the composition and concentrations of credit; (vi) the effectiveness of the loan review function; (vii) the impact of national and local economic business conditions; and (viii) the impact of external factors, such as competition or legal and regulatory requirements. The results are then input into a "general allocation matrix" to determine an appropriate general valuation allowance. Loans identified as losses by management, external loan review and/or bank examiners are charged-off. Furthermore, installment loan accounts are charged-off automatically based on regulatory requirements.

The following table details activity in the allowance for loan losses by portfolio segment for the years ended December 31, 2015 and 2014. Allocation of a portion of the allowance to one category of loans does not preclude its availability to absorb losses in other categories.

Allowance for Loan Losses (ALLL)

	Commercial	Real Estate	Installment and other	Unallocated	Total
December 31, 2015					
Beginning balance	$ 507,258	$ 780,084	$ 177,004	$ 73,000	$ 1,537,346
Charge-offs	(14,601)	(132,572)	(28,194)	-	(175,367)
Recoveries	2,578	40,403	5,096	-	48,077
Provision	(207,157)	586,849	51,766	(31,458)	400,000
Ending balance	$ 288,078	$ 1,274,764	$ 205,672	$ 41,542	$ 1,810,056
Ending balance allocated to loans individually evaluated for impairment	$ 44,888	$ 190,929	$ 8,725	$ -	$ 244,542
Ending balance allocated to loans collectively evaluated for impairment	243,190	1,083,835	196,947	41,542	1,565,514
Total ALLL at December 31, 2015	$ 288,078	$ 1,274,764	$ 205,672	$ 41,542	$ 1,810,056

4. LOANS AND ALLOWANCE FOR LOAN LOSSES (continued)

	Commercial	Real Estate	Installment and other	Unallocated	Total
December 31, 2014					
Beginning balance	$ 248,964	$ 775,106	$ 156,386	$ 81,146	$ 1,261,602
Charge-offs	(671)	(9,353)	(10,538)	-	(20,562)
Recoveries	5,447	40,917	9,942	-	56,306
Provision	253,518	(26,586)	21,214	(8,146)	240,000
Ending balance	$ 507,258	$ 780,084	$ 177,004	$ 73,000	$ 1,537,346
Ending balance allocated to loans individually evaluated for impairment	$ 58,100	$ 393,800	$ 36,500	$ -	$ 488,400
Ending balance allocated to loans collectively evaluated for impairment	449,158	386,284	140,504	73,000	1,048,946
Total ALLL at December 31, 2014	$ 507,258	$ 780,084	$ 177,004	$ 73,000	$ 1,537,346

The Company's recorded investment in loans as of December 31, 2015 and 2014 related to each balance in the allowance for loan losses by portfolio segment and disaggregated on the basis of the Company's impairment methodology was as follows:

Loans Receivable

	Commercial	Real Estate	Installment and other	Total
December 31, 2015				
Ending balance of loans individually evaluated for impairment	**$ 203,714**	**$ 2,858,675**	**$ 43,626**	**$ 3,106,015**
Ending balance of loans collectively evaluated for impairment	**53,760,461**	**173,480,788**	**8,901,596**	**236,142,845**
Ending balance	**$ 53,964,175**	**$ 176,339,463**	**$ 8,945,222**	**$ 239,248,860**

4. LOANS AND ALLOWANCE FOR LOAN LOSSES (continued)

	Commercial	Real Estate	Installment and other	Total
December 31, 2014				
Ending balance of loans individually evaluated for impairment	$ 293,247	$ 4,307,976	$ 128,118	$ 4,729,341
Ending balance of loans collectively evaluated for impairment	54,116,254	164,989,031	8,396,190	227,501,475
Ending balance	$ 54,409,501	$ 169,297,007	$ 8,524,308	$ 232,230,816

5. OTHER REAL ESTATE OWNED

A summary of transactions in other real estate for the years ended December 31, 2015 and 2014 were as follows:

	2015	2014
Balance at beginning of year	$ -	$ 356,400
Property acquired through foreclosure	**359,318**	-
Property sold	**(163,493)**	(353,120)
Transfer of property from fixed assets	**497,000**	-
Insurance proceeds received	**(14,825)**	-
Write-down on other real estate	**(100,000)**	(3,280)
Balance at end of year	**$ 578,000**	$ -

During 2015, the Company sold other real estate for a total sales price of **$156,650**, which resulted in a net loss of **$21,668**.

During 2014, the Company sold other real estate for a total sales price of $339,509, which resulted in net loss of $13,611.

6. PREMISES AND EQUIPMENT

Premises and equipment consisted of the following at December 31, 2015 and 2014:

	2015	2014
Land	**$ 2,574,589**	$ 3,670,650
Buildings and leasehold improvements	**12,073,076**	12,054,806
Furniture, fixtures and equipment	**9,855,643**	10,183,504
Construction in process	**423,156**	43,889
	24,926,464	25,952,849
Less: accumulated depreciation	**(12,369,756)**	(12,086,319)
Total	**$ 12,556,708**	$ 13,866,530

Depreciation expense is included in occupancy and equipment expense on the consolidated statements of income, and consists of the following for the years ended December 31, 2015 and 2014:

	2015	2014
Depreciation expense	**$ 954,034**	$ 1,002,117

In 2015, the Company sold land, three vehicles and disposed of premises and equipment for **$1,142,770**, which resulted in a net gain of **$422,150**.

In 2014, the Company sold two vehicles and disposed of premises and equipment for $31,500, which resulted in a net gain of $21,115.

7. INTANGIBLES

In 2015, intangibles consisted of purchases of renewals and expirations and investment company relationships of **$9,740,651** less accumulated amortization of **$9,733,278**. Intangibles are amortized on a straight-line basis over their estimated lives. Amortization expense for the years ended December 31, 2015 and 2014 amounted to **$161,661** and $493,674, respectively.

The estimated amortization expense in future years is as follows:

Year ending December 31,	
2016	$ 7,373

8. DEPOSITS

Deposits at December 31, 2015 and 2014 are summarized as follows:

	2015		2014	
	Amount	**Percent**	Amount	Percent
Non-interest bearing demand accounts	**$ 110,665,435**	**30.6%**	$ 109,802,348	30.1%
Interest bearing demand accounts	**97,469,597**	**26.9%**	99,896,426	27.4%
Savings accounts	**31,468,849**	**8.7%**	27,216,097	7.5%
Limited access money market accounts	**55,615,638**	**15.4%**	56,406,523	15.5%
Certificates of deposit, less than $100,000	**20,909,765**	**5.7%**	23,213,743	6.4%
Certificates of deposit, $100,000 and greater	**46,009,654**	**12.7%**	47,667,897	13.1%
Total	**$ 362,138,938**	**100.0%**	$ 364,203,034	100.0%

	2015	2014
Time deposits greater than $250,000	$ 19,606,952	$ 19,328,118

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

2016	$ 55,780,824
2017	7,026,548
2018	2,217,095
2019	733,206
2020	1,161,746
Total	$ 66,919,419

9. ADVANCES FROM FEDERAL HOME LOAN BANK

Prior to 2013, the Company received four advances from the Federal Home Loan Bank with fixed interest rates ranging from 6.19% and 6.32%, totaling $20,000,000 all of which mature in 2018. The notes are secured by one-to-four family residential mortgages. Interest payments are due monthly and principal is due at maturity. Additional secured borrowings of approximately $91,276,802 can be made from the Federal Home Loan Bank when requested by the Company.

10. BORROWINGS AND CONTINGENT PAYABLES

Anco Notes Payable

Building Note Payable – On February 25, 2011, Anco entered into a note payable for $2,146,250 with a bank to purchase a commercial office building in which Anco relocated its corporate offices in December 2011. The interest rate is variable (changes every 5 years, next adjustment February 2016) at the 5-year treasury rate plus 3.00% with a floor of 5.50% (**5.50%** at December 31, 2015) for the term of the note with interest payments due monthly through February 2012 and principal and interest payments of $17,092 due monthly thereafter. The note matures in February 2026 and the balance as of December 31, 2015 and 2014 was **$1,701,592** and $1,808,547, respectively. The note is secured by commercial real estate and guaranteed by Westex. As of December 31, 2015 and 2014, **$850,796** and $921,400, respectively, was eliminated in consolidation.

Insurance Premium Note Payable – On October 7, 2014, Anco entered into a note payable for $124,954 with a premium finance company to finance its annual insurance premiums. The interest rate is fixed at 3.85% for the term of the note with principal and interest payments of $12,717 due monthly. The note matured in August 2015 and the balance as of December 31, 2014 was $100,463. The note was unsecured.

On October 7, 2015, the Company entered into a note payable for $105,217 with a premium finance company to finance its annual insurance premiums. The interest rate is fixed at 3.85% for the term of the note with principal and interest payments of $10,708 due monthly. The note matures in August 2016 and the balance as of December 31, 2015 was **$84,623**. The note is unsecured.

Anco Treasury Stock Purchase – In 2012, Anco entered into notes payable totaling $2,472,715 with the remaining minority shareholders to redeem their outstanding shares. The interest rates are fixed at 5.00% for the term of the notes. Principal and interest is due monthly. The notes mature in December 2017. The total outstanding balance as of December 31, 2015 and 2014 was **$1,024,033** and $1,548,058, respectively.

Trust Preferred Securities Debt

On December 17, 2003, the Trust issued $8,000,000 in Floating Rate Junior Subordinated Debentures ("2003 Trust Preferred Securities") to private market investors and the Trust in turn issued Debentures totaling $8,000,000 to Westex on the same terms as the 2001 Trust Preferred Securities. The debentures bear interest at a floating rate equal to the three-month LIBOR, plus 2.65% (**3.18%** at December 31, 2015); however, the calculated interest rate will not exceed the maximum rate permitted by New York law. As of December 31, 2015 and 2014, the balance outstanding for the 2003 Trust Preferred Securities was **$7,000,000**. The debentures are due and payable on December 17, 2018.

Issuance costs were **$471,000**. Total amortization of these issuance costs totaled **$438,097** as of December 31, 2015. The balance of the issuance costs is included in other assets on the consolidated balance sheets. Amortization of the costs totaled **$15,333** and $21,882 in 2015 and 2014, respectively.

10. BORROWINGS AND CONTINGENT PAYABLES (continued)

Westex issued Trust Preferred Securities as a method of increasing regulatory capital though it has no specific regulatory guidance for the capital requirements, as its assets do not exceed $500 million. The Trust Preferred Securities are includable in regulatory capital as allowed by the Federal Reserve Board. Under the BASEL III Capital Rules, the trust preferred securities are grandfathered in Tier 1 capital subject to specific limits, as these capital instruments were issued prior to May 19, 2010 and the Company had less than $15 billion in consolidated assets as of December 31, 2009. BASEL III Capital rules still limit the aggregate amount of restricted core capital elements (which includes trust preferred securities, among other things) that may be included in the Tier 1 capital to 25% of all core capital elements, including restricted core capital elements, net of goodwill less any associated deferred tax liability. Amounts of restricted core capital elements in excess of these limits generally may be included in Tier 2 capital. The Company does not expect that the quantitative limits will preclude it from including the $7,000,000 in trust preferred securities outstanding in Tier 1 capital. However, under U.S. generally accepted accounting principles trust preferred securities are recorded as debt.

Revolving Line of Credit with First Financial

Westex has a $2,000,000 revolving line of credit that is occasionally used for operating expenses and shareholder repurchases. This line has not been funded since 2009. The line matures July 10, 2016, and has an interest rate of Wall Street prime plus 0.50%. The line of credit is guaranteed with 100% of Bank Stock.

Following are the maturities of borrowings and contingent payables for each of the next five years and thereafter:

	Anco Notes Payable	Trust Preferred Debt	Total
Year ending December 31,			
2016	$ 708,386	$ -	$ 708,386
2017	631,480	-	631,480
2018	125,172	7,000,000	7,125,172
2019	132,333	-	132,333
2020	139,714	-	139,714
Thereafter	1,073,163	-	1,073,163
Less: amount eliminated	(850,796)	-	(850,796)
	$ 1,959,452	$ 7,000,000	$ 8,959,452

11. CAPITAL LEASES

Capital Lease Obligations – Included on the balance sheet are capital leases as follows:

Class of Property		2015
Computer equipment	$	573,682

Future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of December 31, 2015:

Year ending December 31,		
2016	$	128,831
2017		56,907
2018		32,933
2019		21,955
		240,626
Less amount representing interest		9,620
Present value of net minimum lease payments	$	231,006

12. LETTER OF CREDIT/FED FUNDS PURCHASED

		Amount	Expiration Date
Federal Reserve	$	1,331,263	None
Frost	$	4,000,000	May 2016

There was no balance outstanding as of December 31, 2015 and 2014.

13. OFF-BALANCE SHEET ACTIVITIES AND COMMITMENTS

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

The Company's exposure to credit loss is represented by the contractual amount of these commitments. The Company follows the same credit policies in making commitments as it does for on-balance sheet instruments.

13. OFF-BALANCE SHEET ACTIVITIES AND COMMITMENTS (continued)

The following financial instruments were outstanding whose contract amounts represent credit risk at December 31, 2015 and 2014:

	Contract Amount	
	2015	2014
Unfunded loan commitments to extend credit	**$ 7,404,704**	$ 6,019,716
Standby letters of credit	**549,273**	326,578
Total	**$ 7,953,977**	$ 6,346,294

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 it is deemed necessary by the Company upon extension of credit, is based on management's credit evaluation of the counterparty. Collateral held varies but may include accounts receivable; inventory; property, plant, and equipment; and income-producing commercial properties.

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

Operating Lease Commitments

The Company leases office space and equipment used in the performance of its business under operating leases with terms expiring through 2020. Minimum future lease payments are as follows:

Year ending December 31,	
2016	$ 330,235
2017	271,569
2018	176,881
2019	75,672
2020	29,400
Thereafter	52,800
	$ 936,557

Rent expense was **$250,516** and $245,412 and telecommunication expense was **$73,500** and $104,256 for the years ended December 31, 2015 and 2014, respectively and is included in occupancy expense.

14. CONTINGENCIES

The Company is party to litigation arising in the normal course of business. Management, after consultation with legal counsel, believes that the liabilities, if any, arising from such litigation and claims will not be material to the Company's financial position.

15. RELATED PARTY TRANSACTIONS

Deposits from related parties held by the Company at December 31, 2015 and 2014 amounted to **$1,761,519** and $1,953,537, respectively.

The Company purchased loan participations from TB&T with outstanding balances totaling **$1,099,481** as of December 31, 2015 which includes a loan to Anco for **$850,796** which has been eliminated in consolidation.

Included in other liabilities are amounts due to Anco employees for salaries earned and not paid of **$671,512** and $504,952 at December 31, 2015 and 2014, respectively.

Anco leases their Mart, Texas branch office from a former employee on a month-to-month basis for $1,000 per month. The Company paid the former employee $8,000 in 2014. The lease was terminated in August 2014.

16. EMPLOYEE BENEFIT PLANS AND AGREEMENTS

Westex and Anco have established voluntary 401(k) savings plans for the benefit of their employees. Contributions to the plans are made by both the eligible employees and the companies as provided in the plan documents and as permitted by Internal Revenue Service regulations.

Employee benefit plan costs for the years ended December 31, 2015 and 2014 totaled:

	2015	2014
Westex employee benefit plan costs	**$ 467,508**	$ 456,744
Anco employee benefit plan costs	**$ 236,498**	$ 225,657

Anco has employment agreements of one to three years with certain key officers that provide for annual base salaries and bonuses. Anco also has deferred compensation agreements with certain employees. At December 31, 2015 and 2014, Anco has recorded **$1,032,682** and $1,022,980, respectively relating to the deferred compensation agreements and commissions which are included in other liabilities.

17. STOCK OPTIONS

The 2013 Stock Option Plan (2013 Plan) was adopted in April 2013 for the benefit of certain key employees. The Board of Directors grants options to purchase stock of the Company to key employees and directors of the Company. The length of time before the options expire due to death, disability or for any other reason is at the discretion of the Board of Directors, but will not exceed ten years from the date of grant and five years from the date of the grant if an individual owns 10% of the total combined voting power of all classes of stock. Stock options are granted with an exercise price determined by the Board of Directors at the time the option is granted, and ISOs will not be less than 100% of the fair market value of a share of common stock. Options for a total of 5,000 shares of common stock may be granted under the 2013 Plan. During 2014, the Company granted options for 1,750 shares of common stock. No additional options were granted in 2015.

The following schedule summarizes the pertinent information with regard to options to purchase shares of the Company's common stock for the years ended December 31, 2015 and 2014:

	Number of Shares	Weighted Average Exercise Price
Balance at December 31, 2013	-	$ -
Granted	1,750	317.35
Exercised	-	-
Terminated	-	-
Balance at December 31, 2014	1,750	317.35
Granted	-	-
Exercised	-	-
Terminated	-	-
Balance at December 31, 2015	**1,750**	**$ 317.35**

The fair value of each stock option granted is estimated on the date of grant using the Black-Scholes stock option valuation model with the following assumptions: dividend yield of 0.00%; risk-free interest rate of 0.11% and the expected life of the options are nine years. There was not a material option expense for 2015 and 2014.

18. MINIMUM REGULATORY CAPITAL REQUIREMENTS OF THE BANK

Banks are subject to various regulatory capital requirements administered by state and federal banking agencies. Capital adequacy guidelines and prompt corrective action regulations, involve quantitative measures of assets, liabilities, and certain off-balance-sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators about components, risk weighting and other factors.

18. MINIMUM REGULATORY CAPITAL REQUIREMENTS OF THE BANK (continued)

The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Prompt corrective action provisions are not applicable to bank holding companies.

The Basel III Capital Rules became effective for the Bank on January 1, 2015 (subject to a phase-in period for certain provisions). Quantitative measures established by the Basel III Capital Rules to ensure capital adequacy require the maintenance of minimum amounts and ratios (set forth in the table below) of Common Equity Tier 1 capital, Tier 1 capital and Total capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier 1 capital to adjusted quarterly average assets (as defined).

The Bank's Common Equity Tier 1 capital consists of common stock and related paid-in capital, net of treasury stock (if any), and retained earnings. In connection with the adoption of the Basel III Capital Rules, the election was made to opt-out of the requirement to include most components of accumulated other comprehensive income in Common Equity Tier 1. Common Equity Tier 1 for the Bank is reduced by goodwill (if any) and other intangible assets (if any), net of associated deferred tax liabilities (if any) and subject to transition provisions.

Tier 1 capital includes Common Equity Tier 1 capital and additional Tier 1 capital as allowed by regulation. The Bank did not have any additional Tier 1 capital beyond Common Equity Tier 1 as of December 31, 2015. Total capital includes Tier 1 capital and Tier 2 capital. Tier 2 capital for the Bank includes a permissible portion of the allowance for loan losses.

Prior to January 1, 2015, the Bank's Tier 1 capital consisted of total shareholders' equity excluding accumulated other comprehensive income, goodwill (if any) and other intangible assets (if any). The Bank's total capital was comprised of Tier 1 capital plus a permissible portion of the allowance for loan losses.

The Common Equity Tier 1 (beginning in 2015), Tier 1 and Total capital ratios are calculated by dividing the respective capital amounts by risk-weighted assets. Risk-weighted assets are calculated based on regulatory requirements and include total assets, excluding goodwill (if any) and other intangible assets (if any), allocated by risk weight category, and certain off-balance-sheet items, among other things. The leverage ratio is calculated by dividing Tier 1 capital by adjusted quarterly average total assets, which exclude goodwill (if any) and other intangible assets (if any), among other things.

When fully phased in on January 1, 2019, the Basel III Capital Rules will require the Bank to maintain (i) a minimum ratio of Common Equity Tier 1 capital to risk-weighted assets of at least 4.5%, plus a 2.5% "capital conservation buffer" (which is added to the 4.5% Common Equity Tier 1 capital ratio as that buffer is phased in, effectively resulting in a minimum ratio of Common Equity Tier 1 capital to risk-weighted assets of at least 7.0% upon full implementation), (ii) a minimum ratio of Tier 1 capital to risk-weighted assets of at least 6.0%, plus the capital conservation buffer (which is added to the 6.0% Tier 1 capital ratio as that buffer is phased in, effectively resulting in a minimum Tier 1 capital ratio of 8.5% upon full implementation), (iii) a minimum ratio of Total capital (that is, Tier 1 plus Tier 2) to risk-weighted assets of at least 8.0%, plus the capital conservation buffer (which is added to the 8.0% total capital ratio as that buffer is phased in, effectively resulting in a minimum total capital ratio of 10.5% upon full implementation) and (iv) a minimum leverage ratio of 4.0%, calculated as the ratio of Tier 1 capital to average quarterly assets.

18. MINIMUM REGULATORY CAPITAL REQUIREMENTS OF THE BANK (continued)

The implementation of the capital conservation buffer will begin on January 1, 2016 at the 0.625% level and be phased in over a four-year period (increasing by that amount on each subsequent January 1, until it reaches 2.5% on January 1, 2019). The Basel III Capital Rules also provide for a "countercyclical capital buffer" that is applicable to only certain covered institutions and does not have any current applicability to the Bank.

The aforementioned capital conservation buffer is designed to absorb losses during periods of economic stress. Banking institutions with a ratio of Common Equity Tier 1 capital to risk-weighted assets above the minimum but below the conservation buffer (or below the combined capital conservation buffer and countercyclical capital buffer, when the latter is applied) will face constraints on dividends, equity repurchases and compensation based on the amount of the shortfall.

The following table presents actual and required capital ratios as of December 31, 2015 for the Bank under the Basel III Capital Rules. The minimum required capital amounts presented include the minimum required capital levels as of December 31, 2015 based on the phase-in provisions of the Basel III Capital Rules and the minimum required capital levels as of January 1, 2019 when the Basel III Capital Rules have been fully phased-in. Capital levels required to be considered well capitalized are based upon prompt corrective action regulations, as amended to reflect the changes under the Basel III Capital Rules.

	Actual		Required - Basel III Phase-In		Required - Basel III Fully Phase-In		Required to be Considered Well Capitalized	
	Capital Amount	Ratio	Capital Amount	Ratio	Capital Amount	Ratio	Capital Amount	Ratio
Common Equity Tier 1 Capital Ratio (to Risk-Weighted Assets)	**$ 37,635,146**	**19.83%**	**$ 8,540,502**	**4.50%**	**$ 13,285,226**	**7.00%**	**$ 12,336,281**	**6.50%**
Tier 1 Capital Ratio (to Risk-Weighted Assets)	**$ 37,635,146**	**19.83%**	**$ 11,387,336**	**6.00%**	**$ 16,132,060**	**8.50%**	**$ 15,183,115**	**8.00%**
Total Capital Ratio (to Risk-Weighted Assets)	**$ 39,445,202**	**20.79%**	**$ 15,178,529**	**8.00%**	**$ 19,921,819**	**10.50%**	**$ 18,973,161**	**10.00%**
Tier 1 Leverage Ratio	**$ 37,635,146**	**8.75%**	**$ 17,204,638**	**4.00%**	**17,204,638**	**4.00%**	**$ 21,505,798**	**5.00%**

18. MINIMUM REGULATORY CAPITAL REQUIREMENTS OF THE BANK (continued)

The following table presents actual and required capital ratios as of December 31, 2014 for the Bank under the regulatory capital rules then in effect.

	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 (Tier I + Tier II) (to Risk-Weighted Assets)	$ 38,052,477	18.10%	$ 16,818,774	8.00%	$ 21,023,468	10.00%
Tier I Capital (to Risk-Weighted Assets)	$ 36,515,131	17.30%	$ 8,442,805	4.00%	$ 12,664,207	6.00%
Tier I Capital (to Average Assets)	$ 36,515,131	8.50%	$ 17,183,591	4.00%	$ 21,479,489	5.00%

As of December 31, 2015, capital levels at the Bank exceed all capital adequacy requirements under the Basel III Capital Rules on a fully phased-in basis. Based on the ratios presented above, capital levels as of December 31, 2015 at the Bank exceed the minimum levels necessary to be considered "well capitalized."

The Bank is subject to the regulatory capital requirements administered by the federal banking agencies. Regulatory authorities can initiate certain mandatory actions if the Bank fails to meet the minimum capital requirements, which could have a direct material effect on the financial statements. Management believes, as of December 31, 2015, that the Bank meets all capital adequacy requirements to which it is subject.

Dividend Restrictions. In the ordinary course of business, Westex is dependent upon dividends from the Bank to provide funds for the payment of dividends to shareholders and to provide for other cash requirements. Banking regulations may limit the amount of dividends that may be paid.

19. FAIR VALUE DISCLOSURES

The authoritative guidance on fair value measurements 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.

19. FAIR VALUE DISCLOSURES (continued)

The authoritative guidance on fair value measurements 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 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 Inputs – 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 Inputs – Inputs other than quoted prices included in Level 1 that are observable for the asset or 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 3 Inputs – Significant unobservable inputs that reflect an entity's own assumptions that market participants would use in pricing the assets or liabilities.

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 assets and liabilities measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

19. FAIR VALUE DISCLOSURES (continued)

Financial Assets and Financial Liabilities

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

Securities Available-for-Sale – Securities classified as available for sale are reported at fair value utilizing Level 1 and 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 – A loan may be considered impaired when it is determined that it is probable that payment of interest and principal will not be made in accordance with the contractual terms of the loan agreement. Once a loan is identified as individually impaired, management measures for impairment using the practical expedients permitted by applicable authoritative accounting guidance, at the fair value of the loans collateral, if the loan is collateral dependent. If a loan is determined to be collateral dependent, the fair value of the collateral is determined by independent appraisals or valuations adjusted for costs related to the liquidation of the collateral and are classified as Level 3.

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

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
December 31, 2015				
Mortgage-backed securities	$ -	$ **47,302,259**	$ -	$ **47,302,259**
Collateralized mortgage obligations	-	**48,361,163**	-	**48,361,163**
State and municipal securities	-	**53,726,052**	-	**53,726,052**
Equity investments	**1,959,060**	-	-	**1,959,060**
December 31, 2014				
Corporate securities	$ -	$ 523,370	$ -	$ 523,370
Mortgage-backed securities	-	54,982,018	-	54,982,018
Collateralized mortgage obligations	-	49,865,705	-	49,865,705
State and municipal securities	-	49,204,168	-	49,204,168
Equity investments	1,694,068	-	-	1,694,068

19. FAIR VALUE DISCLOSURES (continued)

Certain financial assets are measured at fair value on a non-recurring basis; that is, the instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment). The following table summarizes financial assets measured at fair value on a non-recurring basis, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
December 31, 2015				
Impaired loans	**$ -**	**$ -**	**$ 31,304**	**$ 31,304**
December 31, 2014				
Impaired loans	$ -	$ -	$ 350,299	$ 350,299

During the years ended December 31, 2015 and 2014, certain impaired loans were remeasured and reported at fair value through a specific valuation allowance allocation of the allowance for loan losses based upon the fair value of the underlying collateral based on collateral valuations utilizing Level 3 valuation inputs.

	2015	2014
Carrying value of impaired loans	**$ 31,943**	$ 448,299
Specific valuation allowance allocations	**(639)**	(98,000)
Fair value of impaired loans	**$ 31,304**	$ 350,299

Non-Financial Assets and Non-Financial Liabilities

Application of authoritative accounting guidance to non-financial assets and non-financial liabilities became effective January 1, 2009. Certain non-financial assets and non-financial liabilities measured at fair value on a non-recurring basis include the following:

Other Real Estate – Certain foreclosed properties, upon initial recognition and subsequent remeasurement were valued and reported at fair value through charge-offs to the allowance for loan losses and writedowns included in current period earnings. The fair value of such other real estate owned, upon initial recognition and subsequent remeasurement, is estimated utilizing Level 3 inputs. Fair values were based primarily on third party appraisals; however, based on the current economic conditions, comparative sales data typically used in the appraisals may be unavailable or more subjective due to the lack of real estate market activity. See Note 5, for the activity that occurred in Other Real Estate for the years ended December 31, 2015 and 2014.

19. FAIR VALUE DISCLOSURES (continued)

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

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
December 31, 2015				
Other real estate	$ -	$ -	$ **578,000**	$ **578,000**
December 31, 2014				
Other real estate	$ -	$ -	$ -	$ -

Fair Value of Financial Instruments

The Company is required under current authoritative guidance to disclose the estimated fair value of its financial instrument assets and liabilities including those subject to the requirements discussed above. For the Company, as for most financial institutions, substantially all of its assets and liabilities are considered financial instruments as defined. Many of the Company's financial instruments, however, lack an available trading market as characterized by a willing buyer and willing seller engaging in an exchange transaction.

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 fixed rates and 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 amounts of financial instruments with a relatively short period of time between their origination and their expected realization approximate fair value.

19. FAIR VALUE DISCLOSURES (continued)

The carrying value and the estimated fair value of the Company's contractual off-balance-sheet unfunded lines of credit, loan commitments and letters of credit, which are generally priced at market at the time of funding, are not material.

The estimated fair values and carrying values of all financial instruments under current authoritative guidance at December 31 were as follows:

	December 31, 2015		December 31, 2014	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Level 2 Inputs:				
Cash and cash equivalents	**$ 23,637,254**	**$ 23,637,254**	$ 26,181,099	$ 26,181,099
Securities available-for-sale	**151,348,534**	**151,348,534**	156,269,330	156,269,330
Accounts receivable	**2,309,632**	**2,309,632**	2,417,761	2,417,761
Accrued interest receivable	**1,956,405**	**1,956,405**	1,779,799	1,779,799
Cash surrender value of life insurance	**8,246,330**	**8,246,330**	8,098,404	8,098,404
Level 3 Inputs:				
Loans receivable, net	**$ 237,438,804**	**$ 237,420,389**	$ 230,693,470	$ 233,178,246
Financial Liabilities				
Level 2 Inputs:				
Non-interest bearing deposits	**$ 110,665,435**	**$ 110,665,435**	$ 109,802,348	$ 109,802,348
Interest bearing deposits	**251,473,503**	**251,593,086**	254,400,686	256,325,516
Accrued interest payable	**144,246**	**144,246**	170,554	170,554
Advances from Federal Home Loan Bank	**20,000,000**	**21,027,196**	20,000,000	21,515,555
Borrowings	**8,959,452**	**8,959,452**	9,535,668	9,535,668
Capital lease obligations	**231,006**	**231,006**	350,220	350,220

20. SUBSEQUENT EVENTS

The Company has performed a review of subsequent events through the date of the opinion, which is the date the financial statements were available for issuance, and concludes there were no events or transactions occurring during this period that required recognition or disclosure in the financial statements. Any events occurring after this date have not been factored into the financial statements being presented.

21. RECENTLY ISSUED AUTHORITATIVE GUIDANCE

In February 2016, the FASB amended its authoritative guidance regarding leases. The amended guidance affects all entities with leases and includes both lessees and lessors with the primary changes impacting lessees. An accounting policy election can be made to exclude leases with terms of 12 months or less. Lessees will be required to recognize a lease liability and a right-of-use asset measured at the present value of the lease payments required and reasonably certain (as defined) lease options. The right-of-use asset represents the lessee's right to control the use of the asset for the specified lease term. For finance leases (as defined), a lessee is required to separately recognize interest on the lease liability and amortization of the right-of-use asset on the statement of income. For finance leases (as defined) the repayments of the principal portion of the lease liability is recognized in financing activities and payments of interest on the lease liability and variable lease payments within the operating activities on the statement of cash flow. For operating leases (as defined), a lessee is required to recognize interest on the lease liability and amortization of the right-of-use asset on the statement of income as a single lease cost on a straight line basis and as operating activities on the statement of cash flows. The new authoritative guidance will be effective for annual reporting periods beginning after December 15, 2020. Early application is permitted for all entities. In transition the Company is permitted to elect a modified retrospective approach for existing leases and will be allowed to account for leases under previous GAAP unless the leases are modified. At the date of application, the lease liability and a right-of-use asset will be recognized based on the remaining present value of lease payments. Management is evaluating the amended guidance but expects the adoption will have a significant impact on the Company's consolidated financial statements.

In 2016, the FASB amended its authoritative guidance related to equity investments which requires equity investments (except those accounted for under the equity method of accounting, or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income and requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset. Early adoption is permitted. The amendment will be effective for annual reporting periods beginning after December 15, 2018 and is not expected to have a significant impact on the Company's consolidated financial statements.

In 2015, the FASB amended its authoritative guidance related to the presentation of deferred taxes. The amendment eliminates the current requirement for entities to present deferred tax liabilities and assets as current and noncurrent in a classified balance sheet. Instead, the entity will be required to classify all deferred tax assets and liabilities as noncurrent. Early adoption is permitted for financial statements that have not been issued. The amendment will be effective for annual reporting periods beginning after December 15, 2018 and is not expected to have a significant impact on the Company's consolidated financial statements.

21. RECENTLY ISSUED AUTHORITATIVE GUIDANCE (continued)

In 2015, the FASB amended its authoritative guidance related to business combinations. The amendments require adjustments to provisional amounts that are identified during the measurement period, including the cumulative effect of changes in depreciation, amortization, or other income effects to be recognized in the current-period financial statements. Prior periods should no longer be adjusted. Lastly, the amendment requires the entity to present separately on the face of the income statement or disclose in the notes the portion of the amount recorded in current-period earnings by line item that would have been recorded in previous reporting periods if the adjustment to the provisional amounts had been recognized as of the acquisition date. The amendment will be effective for annual reporting periods beginning after December 15, 2016 and is not expected to have a significant impact on the Company's consolidated financial statements.

In 2015, the FASB issued authoritative guidance regarding debt issuance costs which requires entities to present debt issuance costs related to a recognized debt liability be presented within the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendment. The new authoritative guidance will be effective for financial statements issued for fiscal years beginning after December 15, 2015 and is not expected to have a significant impact on the Company's consolidated financial statements.

In 2015, the FASB amended its authoritative guidance regarding inventory. The amendment requires an entity to measure inventory at the lower of cost and net realizable value. The amendments do not apply to inventory that is measured using last-in, first-out ("LIFO") or the retail inventory method. The amendments apply to all other inventory, which includes inventory that is measured using first-in, first-out ("FIFO") or average cost. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. Subsequent measurement is unchanged for inventory measured using LIFO or the retail inventory method. The amendment will be effective for annual reporting periods beginning after December 15, 2015 and is not expected to have a significant impact on the Company's consolidated financial statements.

In 2015, the FASB amended its authoritative guidance for disclosures for investments in certain entities that calculate net asset value ("NAV") per share. The amendment eliminates the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the NAV practical expedient. Additionally, the amendment removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the NAV practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. The amendment will be effective for annual and interim reporting periods beginning after December 15, 2016, and is not expected to have a significant impact on the Company's consolidated financial statements.

21. RECENTLY ISSUED AUTHORITATIVE GUIDANCE (continued)

In 2015, the FASB amended its authoritative guidance regarding accounting for a cloud computing arrangement. If a cloud computing arrangement includes a software license, then the entity should account for the software license element of the arrangement consistent with the acquisition of other software licenses that are capitalized. Otherwise, an entity should account for the arrangement as a service contract, which would usually be expensed. The amendment will be effective for annual periods beginning after December 15, 2015 and is not expected to have a significant impact on the Company's consolidated financial statements.

In 2015, the FASB amended its authoritative guidance for consolidations for legal entities such as limited partnerships and their equivalents, as well as structured vehicles such as issuers of collateralized debt obligations. The amendment modifies the evaluation of whether limited partnerships and their equivalents are variable interest entities ("VIEs") or voting interest entities, eliminates the presumption that a general partner should consolidate a limited partnership, and modifies the consolidation analysis of reporting entities that are involved with VIEs, particularly those with fee arrangements and related party relationships. The amendment will be effective for annual reporting periods beginning after December 15, 2016 and is not expected to have a significant impact on the Company's consolidated financial statements.

In 2015, the FASB amended its authoritative guidance to eliminate the concept of extraordinary items from U.S. GAAP. Items that are either unusual in nature or infrequently occurring will continue to be reported as a separate component of income from continuing operations. Alternatively, these amounts may still be disclosed in the notes to the financial statements. The amendment will be effective for annual and interim reporting periods beginning after December 15, 2015 and is not expected to have a significant impact on the Company's consolidated financial statements.

In 2014, the FASB amended its authoritative guidance regarding business combinations and accounting for identifiable intangible assets. The amendment allows a private company to elect to not recognize separately from goodwill certain assets arising from customer relationships and non-competition agreements upon recognition. Alternatively, these assets would be subsumed into goodwill and goodwill would then be amortized. The election is intended to reduce cost and complexity for private companies. Early adoption is permitted for annual financial statements that have not been made available for issuance. The effective date of the adoption depends on the timing of the first transaction. The amendment can be adopted upon the occurrence of the first transaction for annual reporting periods beginning after December 15, 2015 and is not expected to have a significant impact on the Company's consolidated financial statements.

21. RECENTLY ISSUED AUTHORITATIVE GUIDANCE (continued)

In 2014, the FASB amended its authoritative guidance to provide a definition as to when and how companies are required to disclose going concern uncertainties. The guidance is intended to guide management to determine whether substantial doubt exists regarding the going concern presumption. If a substantial doubt exists and cannot be mitigated, disclosure indicating a going concern exists will be included in the financial statements, as well as the principal conditions/events that raise substantial doubt, management's evaluation of the significance of the events in relation to the company's ability to meet its obligations and management's plan to mitigate the conditions/events. Early adoption is permitted for financial statements which have not been previously issued. The amendment will be effective for annual and interim reporting periods beginning after December 15, 2016 and is not expected to have a significant impact on the Company's consolidated financial statements.

In 2014, the FASB amended its authoritative guidance regarding stock based compensation. The amendment requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. Therefore, the performance target should not be reflected in estimating the grant-date fair value of the award and compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved. The total amount of compensation cost recognized during and after the requisite service period should reflect the number of awards that are expected to vest and should be adjusted to reflect those awards that ultimately vest. The requisite service period ends when the employee can cease rendering service and still be eligible to vest in the award if the performance target is achieved. Early adoption is permitted. The amendment will be effective for annual reporting periods beginning after December 15, 2015 and is not expected to have a significant impact on the Company's consolidated financial statements.

In 2014, the FASB issued a comprehensive new revenue recognition standard that will supersede substantially all existing revenue recognition guidance. The new standard's core principle is that an entity will recognize revenue when it transfers 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. In doing so, entities will need to use more judgment and make more estimates than under existing guidance. These may include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. Early adoption is permitted for annual reporting periods beginning after December 15, 2016. The new authoritative guidance will be effective for annual and interim reporting periods ending after December 15, 2019, and is not expected to have a significant impact to the Company's consolidated financial statements.

SUPPLEMENTARY INFORMATION

WESTEX BANCORP, INC. AND SUBSIDIARIES

CONSOLIDATING BALANCE SHEET

December 31, 2015

	Westex Bancorp, Inc.	Anco Insurance Managers, Inc.	Bank & Trust, SSB	Eliminations	Consolidated Westex Bancorp, Inc. and Subsidiaries
ASSETS					
Cash and due from banks	$ 7,090,275	$ 3,525,857	$ 6,746,149	$ (6,934,167)	**$ 10,428,114**
Interest bearing deposits in other banks	-	-	13,209,140	-	**13,209,140**
Total cash and cash equivalents	7,090,275	3,525,857	19,955,289	(6,934,167)	**23,637,254**
Securities available-for-sale, at estimated market value	1,959,060	-	149,389,474	-	**151,348,534**
Loans, net	-	-	238,289,600	(850,796)	**237,438,804**
Accounts receivable, net of allowance for doubtful accounts	-	2,309,632	-	-	**2,309,632**
Accrued interest receivable	-	-	1,956,405	-	**1,956,405**
Other real estate owned	-	453,000	125,000	-	**578,000**
Investment in the Bank & Trust - Bryan/College Station	2,302,709	-	-	-	**2,302,709**
Premises and equipment, net	36,272	2,552,659	9,967,777	-	**12,556,708**
Restricted stock	-	-	2,392,900	-	**2,392,900**
Cash surrender value	94,003	-	8,152,327	-	**8,246,330**
Intangibles, net	-	7,373	-	-	**7,373**
Goodwill	3,476,373	-	2,472,671	-	**5,949,044**
Other assets	283,408	168,664	931,100	(67,285)	**1,315,887**
Investment in subsidiary - Anco	1,005,191	-	-	(1,005,191)	-
Investment in subsidiary - Bank & Trust	41,785,821	-	-	(41,785,821)	-
Inter-company receivables	428,967	-	-	(428,967)	-
Total assets	$ 58,462,079	$ 9,017,185	$ 433,632,543	$ (51,072,227)	**$ 450,039,580**
LIABILITIES AND STOCKHOLDERS' EQUITY					
Deposits:					
Non-interest bearing	$ -	$ -	$ 117,599,602	$ (6,934,167)	**$ 110,665,435**
Interest bearing	-	-	251,473,503	-	**251,473,503**
Total deposits	-	-	369,073,105	(6,934,167)	**362,138,938**
Accounts payable and accrued liabilities	-	3,863,149	-	-	**3,863,149**
Accrued interest payable	8,645	7,624	127,977	-	**144,246**
Dividends payable	847,756	67,285	-	(67,285)	**847,756**
Capital lease obligations	-	231,006	-	-	**231,006**
Borrowings	7,000,000	2,810,248	-	(850,796)	**8,959,452**
Advances from Federal Home Loan Bank	-	-	20,000,000	-	**20,000,000**
Other liabilities	276,398	1,032,682	2,216,673	-	**3,525,753**
Inter-company payables	-	-	428,967	(428,967)	-
Total liabilities	8,132,799	8,011,994	391,846,722	(8,281,215)	**399,710,300**
Stockholders' Equity					
Common stock	80,790	199,223	2,990,000	(3,189,223)	**80,790**
Surplus	-	-	19,010,000	(19,010,000)	-
Treasury stock	(512,305)	-	-	-	**(512,305)**
Retained earnings	48,821,355	805,968	18,107,817	(18,913,785)	**48,821,355**
Accumulated other comprehensive income	1,939,440	-	1,678,004	(1,678,004)	**1,939,440**
Total stockholders' equity	50,329,280	1,005,191	41,785,821	(42,791,012)	**50,329,280**
Total liabilities and stockholders' equity	$ 58,462,079	$ 9,017,185	$ 433,632,543	$ (51,072,227)	**$ 450,039,580**

See notes to the consolidated financial statements.

WESTEX BANCORP, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF INCOME

Year Ended December 31, 2015

	Westex Bancorp, Inc.	Anco Insurance Managers, Inc.	Bank & Trust, SSB	Eliminations	Consolidated Westex Bancorp, Inc. and Subsidiaries
INTEREST INCOME					
Loans, including fees	$ -	$ -	$ 12,074,987	$ (113,007)	$ **11,961,980**
Investment securities:					
Taxable	-	-	2,210,832	-	**2,210,832**
Non-taxable	-	-	1,285,740	-	**1,285,740**
Interest on deposits in banks	-	-	29,285	-	**29,285**
Other interest income	-	4,794	-	-	**4,794**
Total interest income	-	4,794	15,600,844	(113,007)	**15,492,631**
INTEREST EXPENSE					
Deposits	-	-	777,323	-	**777,323**
Borrowings	208,916	184,111	1,259,041	(113,007)	**1,539,061**
Total interest expense	208,916	184,111	2,036,364	(113,007)	**2,316,384**
NET INTEREST INCOME	(208,916)	(179,317)	13,564,480	-	**13,176,247**
PROVISION FOR LOAN LOSSES	-	-	400,000	-	**400,000**
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	(208,916)	(179,317)	13,164,480	-	**12,776,247**
NON-INTEREST INCOME					
Insurance commissions and fees	-	18,399,998	170,398	-	**18,570,396**
Service charges and fees	-	108,704	1,101,188	-	**1,209,892**
Gain on sale of securities	-	-	126,019	-	**126,019**
Gain on sale or disposal of fixed assets	-	-	422,150	-	**422,150**
Westex investment service revenues	-	-	2,943,159	-	**2,943,159**
Other operating income	28,700	39,427	1,642,698	-	**1,710,825**
Dividend income	5,133,150	-	-	(5,133,150)	-
Net earnings of subsidiary - Anco	1,694,184	-	-	(1,694,184)	-
Net earnings of subsidiary - Bank & Trust	2,094,025	-	-	(2,094,025)	-
Total non-interest income	8,950,059	18,548,129	6,405,612	(8,921,359)	**24,982,441**
NON-INTEREST EXPENSE					
Salaries and employee benefits	193,538	9,720,742	8,103,777	-	**18,018,057**
Commissions paid to others	-	3,144,020	-	-	**3,144,020**
Occupancy and equipment	13,066	852,644	2,201,492	-	**3,067,202**
Amortization of intangibles	-	7,373	154,288	-	**161,661**
Loss on sale of other real estate	-	-	21,668	-	**21,668**
Other operating expenses	485,509	1,749,412	3,061,970	-	**5,296,891**
Total non-interest expense	692,113	15,474,191	13,543,195	-	**29,709,499**
INCOME BEFORE INCOME TAXES	8,049,030	2,894,621	6,026,897	(8,921,359)	**8,049,189**
INCOME TAXES (BENEFIT)	-	4,314	(4,155)	-	**159**
NET INCOME	$ 8,049,030	$ 2,890,307	$ 6,031,052	$ (8,921,359)	$ **8,049,030**

See notes to the consolidated financial statements.