**Board of Governors of the Federal Reserve System**

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# 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, Brady R. Yeary
Name of the Holding Company Director and Official

Director & Vice President
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.*

Brady R. Yeary
Signature of Holding Company Director and Official

3-17-16
Date of Signature

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

- [x] 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 1108707
C.I.

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

549300SXT5ZEGZA5ES98
Reporter's Legal Entity Identifier (LEI) (20-Character LEI Code)

Reporter's Name, Street, and Mailing Address
FirstPerryton Bancorp, Inc.
Legal Title of Holding Company

P.O. Box 929
(Mailing Address of the Holding Company) Street / P.O. Box

| City | State | Zip Code |
|---|---|---|
| Perryton | TX | 79070 |

201 S. Main, Perryton, TX 79070
Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

| Name | Title |
|---|---|
| Debora K. Cowan | Treasurer |

806-434-3420
Area Code / Phone Number / Extension

806-434-3452
Area Code / FAX Number

DeboraCowan@fbsw.com
E-mail Address

www.fbsw.com
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."
- [x] No

# For Use By Tiered Holding Companies

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

Legal Title of Subsidiary Holding Company

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

City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

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

City State Zip Code

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City State Zip Code

Physical Location (if different from mailing address)

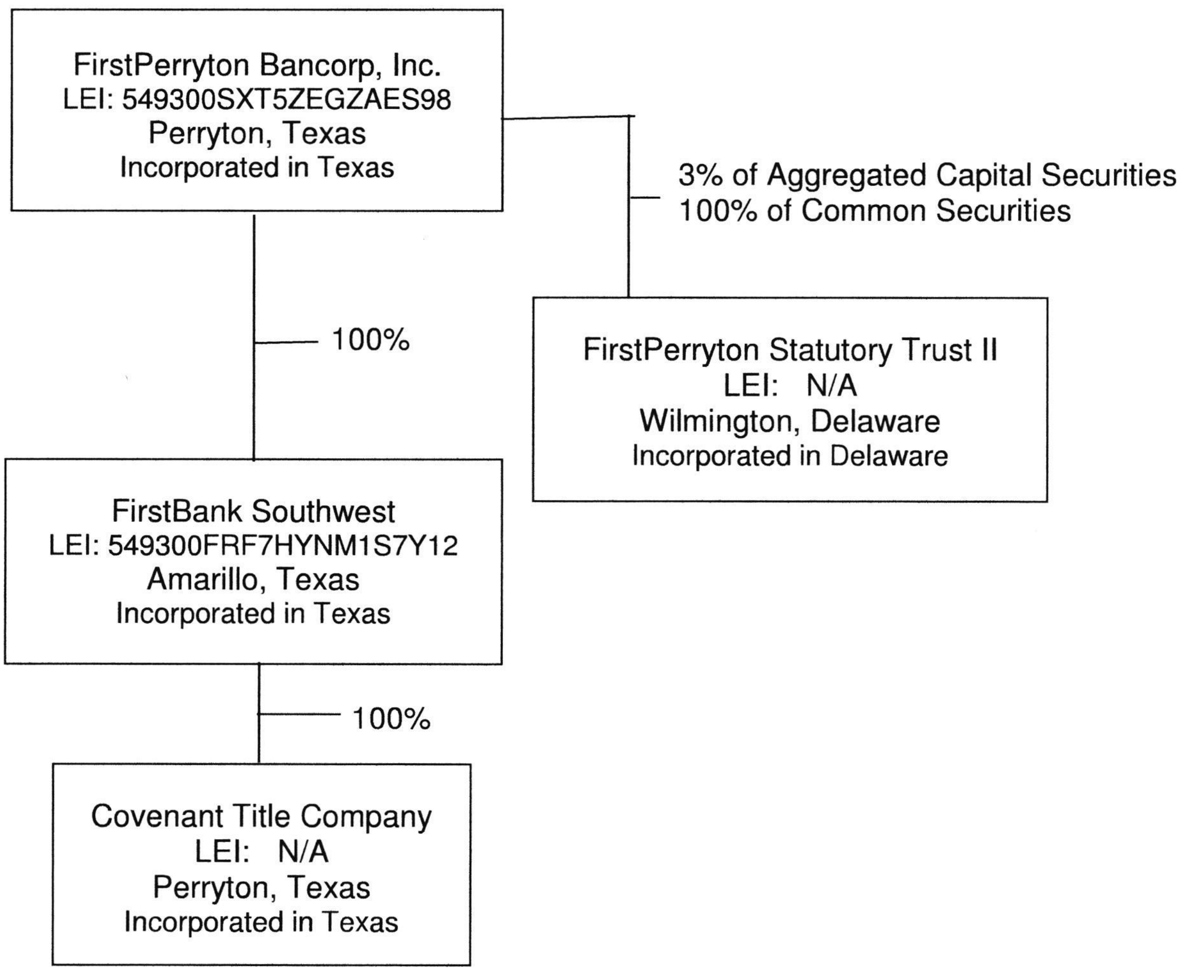
# Form FRY-6

**FirstPerryton Bancorp, Inc.**
Perryton, Texas
Fiscal Year Ending December 31, 2015

Report Item

1: The bank holding company prepares an annual report for its shareholders. Two copies enclosed.

2a: Organizational Chart




2 b: Branch List submitted via e-mail on February 11, 2016.

**Results:** A list of branches for your depository institution: FIRSTBANK SOUTHWEST (ID_RSSD: 840363).
This depository institution is held by FIRSTPERRYTON BANCORP, INC. (1108707) of PERRYTON, 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 ( |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| okay | | Full Service (Head Office) | 840363 | FIRSTBANK SOUTHWEST | 2401 S GEORGIA ST | AMARILLO | TX | 79109-1924 | POTTER | UNITED STATES | 2202 | 0 | FIRSTB |
| okay | | Full Service | 3019290 | CROSSROADS BRANCH | 5701 SW 34TH AVE | AMARILLO | TX | 79109-4105 | RANDALL | UNITED STATES | 196385 | 7 | FIRSTB |
| okay | | Electronic Banking | 4498986 | ELECTRONIC BANKING | 7433 GOLDEN POND PLACE | AMARILLO | TX | 79121 | RANDALL | UNITED STATES | Not Required | Not Required | FIRSTB |
| okay | | Full Service | 3960141 | GEM LAKE BRANCH | 5725 WEST AMARILLO BLVD. | AMARILLO | TX | 79106-4003 | POTTER | UNITED STATES | 494009 | 10 | FIRSTB |
| okay | | Full Service | 356154 | SLEEPY HOLLOW BRANCH | 7420 SW 45TH | AMARILLO | TX | 79119-6494 | RANDALL | UNITED STATES | 334432 | 8 | FIRSTB |
| okay | | Full Service | 484459 | WESTERN BRANCH | 4241 SOUTHWEST 45TH AVENUE | AMARILLO | TX | 79109 | RANDALL | UNITED STATES | 13022 | 9 | FIRSTB |
| okay | | Full Service | 1428843 | BOOKER BRANCH | 115 S MAIN ST | BOOKER | TX | 79005 | LIPSCOMB | UNITED STATES | 7815 | 1 | FIRSTB |
| okay | | Full Service | 58458 | HEREFORD BRANCH | 300 NORTH MAIN | HEREFORD | TX | 79045-5303 | DEAF SMITH | UNITED STATES | 2100 | 6 | FIRSTB |
| okay | | Full Service | 905169 | PAMPA BRANCH | 300 WEST KINGSMILL | PAMPA | TX | 79065-6438 | GRAY | UNITED STATES | 9996 | 4 | FIRSTB |
| okay | | Full Service | 357759 | PERRYTON BRANCH | 201 SOUTH MAIN | PERRYTON | TX | 79070-2660 | OCHILTREE | UNITED STATES | 11458 | 2 | FIRSTB |
| okay | | Full Service | 1214822 | PERRYTON DRIVE-IN BRANCH | 201 S MAIN STREET | PERRYTON | TX | 79070-2660 | OCHILTREE | UNITED STATES | Not Required | Not Required | FIRSTB |

## FORM FR Y-6

FirstPerryton Bancorp, Inc.
December 31, 2015

**Report Item 3: Shareholders**

**3. (1)(a)(b)(c)** | **3. (2)(a)(b)(c)**

| | **Current Shareholders with ownership, control or holdings of 5% or more with power to vote as of fiscal year ending 12-31-15** | | | | **Shareholders 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 12-31-15** | | |
|---|---|---|---|---|---|---|---|
| | **(1)(a) Name & Address (City, State, Country)** | **(1)(b) Country of Citizenship or Incorporation** | **(1)(c) Number and Percentage of Each Class of Voting Securities** | | **(2)(a) Name & Address (City, State, Country)** | **(2)(b) Country of Citizenship or Incorporation** | **(2)(c) Number and Percentage of Each Class of Voting Securities** |
| | Brillhart Family Trust<br>Randy W. Brillhart & Theresa Brillhart, Trustees<br>Perryton, TX USA | USA | 5,719 shs Common Stock<br>10.13% | | None. | | |
| 1 | Benjamin Drew Ellis II<br>Perryton, TX USA | USA | 3,234 shs Common Stock<br>5.73% | | | | |
| 2 | Carl Ellis Separate Property (See Note)<br>Imperial Beach, CA USA | USA | 3,516 shs Common Stock<br>6.23% | | | | |
| 3 | Ellis Family Trust dated 8/29/13<br>Carl & Julie Ellis, Trustees<br>*** Carl controls & votes these shares ***<br>Imperial Beach, CA USA | USA | 2,000 shs Common Stock<br>3.54% | | | | |
| 4 | Lindy Ellis McGarraugh<br>Perryton, TX USA | USA | 3,825 shs Common Stock<br>6.78% | | | | |
| 5 | Scott McGarraugh<br>Perryton, TX USA | USA | 11 shs Common Stock<br>0.02% | | | | |
| 6 | Lindy & Scott McGarraugh<br>Perryton, TX USA | USA | 2,729 shs Common Stock<br>4.83% | Ellis Family 1<br>27.13% | | | |
| 7 | Drew McGarraugh<br>Edmond, OK USA | USA | 41 shs Common Stock<br>0.07% | ♦ See Note at the bottom on Lindy. | | | |
| 8 | Kris McGarraugh Wooten<br>Edmond, OK USA | USA | 41 shs Common Stock<br>0.07% | McGarraugh<br>11.77% | | | |
| 9 | Donald Smith Ellis<br>Amarillo, TX USA | USA | 4,024 shs Common Stock<br>7.13% | | | | |
| 10 | Kenneth Ellis<br>Austin, TX USA | USA | 3,084 shs Common Stock<br>5.46% | | | | |
| 11 | Timothy & Diane Ellis<br>Beach City, TX USA | USA | 3,085 shs Common Stock<br>5.46% | Ellis Family 2<br>18.05% | | | |

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| (1)(a) Name & Address (City, State, Country) | (1)(b) Country of Citizenship or Incorporation | (1)(c) Number and Percentage of Each Class of Voting Securities | | (2)(a) Name & Address (City, State, Country) | (2)(b) Country of Citizenship or Incorporation | (2)(c) Number and Percentage of Each Class of Voting Securities |
|---|---|---|---|---|---|---|
| 12 Jill Griffith<br>Amarillo, TX USA | USA | 2,043 shs Common Stock<br>3.62% | | | | |
| 13 Mark Shaffer<br>Amarillo,TX USA | USA | 3,226 shs Common Stock<br>5.71% | | | | |
| 14 Paige Waide<br>Perryton, TX USA | USA | 1,007 shs Common Stock<br>1.78% | | | | |
| 15 Paige & Steven Waide<br>Perryton, TX USA | USA | 1,158 shs Common Stock<br>2.05% | Ellis Family 3<br>13.17% | | | |
| 16 Terry Caviness<br>Hereford, TX USA | USA | 1,534 shs Common Stock<br>2.72% | | | | |
| 17 Trevor W. Caviness<br>Amarillo, TX USA | USA | 1,055 shs Common Stock<br>1.87% | | | | |
| 18 Regan A. Caviness<br>Hereford, TX USA | USA | 989 shs Common Stock<br>1.75% | Caviness<br>6.34% | | | |
| **Individuals comprising a family as defined in Y-6 Instructions**<br>1,2,3,4,5,6<br>4,5,6,7,8<br>9,10,11 | 12,13,14,15<br>16,17,18 | | | | | |

Unless otherwise stated, all shares listed are held of record by the individual indicated with sole power to vote and dispose of such shares. All percentages are based upon shares of BHC Stock issued and outstanding equaling: 56,456 shares held as of December 31, 2015. Owned 5% or more as of 12/31/15 acting as individuals or families. Also note that although some above are not >5% as individuals, they are over 5% when combined with family members.

Owned 5% or more at any point in the year (including families) not included in Section 3(1)

**** Note**

To those reviewing this report:

It is a little unusual that these family cumulative totals overlap; but, the reason is easily explained.

- We used the family definitions in the FRY-6 reports and you can see who is grouped together in the footnotes.
- Specifically, one of the family members overlaps into two family definitions according to our interpretation of the Y-6 Definition. That member is Lindy McGarraugh . She is a member of a family with her brothers and sisters which pulls in her spouse but not children. She also is a member of her family consisting of her husband and children. The illustration shows by colored boxing how she could go two different ways.
  - ♦ It is important to note that if she were to break away from the Family Members (being her two brothers in the Blue Boxes which is the largest holdings of related parties being 27.13%) – she still retains 11.77% with her husband and children noted in the purple box (which is over the 5% designated in item 3 of the report).

**Carl W. Ellis Separate Property** - Classied as separate property for estate planning purposes. It simply means the stock is Carl's individually and is not a community property asset.

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**Form FR Y-6**
FirstPerryton Bancorp, Inc.
Fiscal Year Ending December 31, 2015

**REPORT ITEM 4: INSIDERS**
(1), (2), (3)(a)(b)(c) and (4)(a)(b)(c)

| | (1) | (2) | (3)(a) | (3)(b) | (3)(c) | (4)(a) | (4)(b) | (4)(c) |
|---|---|---|---|---|---|---|---|---|
| | Name<br>City, State,<br>Country | Principal<br>Occupation<br>if other than BHC | Title & Position with<br>FirstPerryton<br>Bancorp, Inc. (BHC) | Title & Position with<br>FirstPerryton Statutory Trust II<br>(FPST II)<br>FirstBank Southwest (FBSW)<br>Covenant Title Company (CTC) | Title & Position with<br>Other Business<br>Interest | Percentage of<br>Voting Shares<br>in BHC | Percentage of<br>Voting Shares<br>in subsidiaries | Voting Shares in<br>other companies (3)(c)<br>if more than 25% |
| | Brillhart Family Trust<br>Randy W. Brillhart & Theresa Brillhart, Trustees<br>Perryton, TX USA | N/A | None | None | None | 10.13% | 0.00% | N/A |
| | Theresa J Brillhart<br>Perryton, TX USA | Retired Business<br>Person | Principal Shareholder | None | TR Brillhart, LLC<br>Lowrance Properties LLC<br>Brillhart Properties LLC<br>Brillhart Family Trust - Trustee | 10.13%<br>as trustee of<br>Brillhart<br>Family Trust | 0.00% | 50.00%<br>50.00%<br>33.00%<br>50.00% |
| | Randy W Brillhart<br>Perryton, TX USA | Retired Banker | Director<br>Principal Shareholder | Director (FBSW) | G&J Brillhart, Inc. - President<br>TR Billhart, LLC - Co-Owner<br>Brillhart Family Trust - Trustee | 10.13%<br>as trustee of<br>Brillhart<br>Family Trust | 0.00% | 50.00%<br>50.00%<br>50.00% |
| 1 | Benjamin Drew Ellis II<br>Perryton, TX USA | Farmer | Principal Shareholder | None | None | 5.73% | 0.00% | N/A |
| 2 | Carl W. Ellis Separate Property (See Note)<br>Imperial Beach, CA USA | Retired Banker | Director<br>Principal Shareholder | Director (FBSW) | Ellis Family Trust dated 8/29/13. Co-Trustee | 6.23% | 0.00% | 100.00% |
| 3 | Ellis Family Trust dated 8/29/13<br>Carl W Ellis & Julie Ellis, Trustee<br>Imperial Beach, CA USA | Retired Banker | Director (Carl)<br>Principal Shareholder | Director (FBSW) | None | 3.54% | 0.00% | N/A |
| 4 | Lindy & Scott McGarraugh<br>Perryton, TX USA | Farmer / Rancher | Principal Shareholder | None | Maclin, LLC - Partner<br>McGarraugh Investments Partnership | 11.61% | 0.00% | 33.30%<br>33.30% |
| 7 | Drew S. McGarraugh<br>Edmond, OK USA | Certified Financial<br>Planner | Director<br>Principal Shareholder | Director (FBSW) | Ameriprise Financial Franchise - Owner<br>Scott & Lindy McGarraugh Irrev. Trust (w Kris Wooten)<br>Trustee<br>Maclin, LLC - Partner<br>Lindy & Scott McGarraugh Irrev. Trust | 0.07% | 0.00% | 100.00%<br>50.00%<br>33.00%<br>50.00% |
| 8 | Kris McGarraugh Wooten<br>Edmond, OK USA | Business Manager | Principal Shareholder | None | Maclin Oil<br>Scott & Lindy McGarraugh Irrev. Trust - Trustee<br>CDH Properties<br>Wootenwide<br>Oral & Facial Surgery of Oklahoma - Owner & Manager | 0.07% | 0.00% | 33.00%<br>50.00%<br>100.00%<br>100.00%<br>100.00% |
| 9 | Donald Smith Ellis<br>Amarillo, TX USA | Banker | Chairman of the Board<br>Director<br>Principal Shareholder | Administrator (FPST II)<br>Director (FBSW)<br>CEO & President (FBSW) | None | 7.13% | 0.00% | N/A |

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| | (1) | (2) | (3)(a) | (3)(b) | (3)(c) | (4)(a) | (4)(b) | (4)(c) |
|---|---|---|---|---|---|---|---|---|
| | Name<br>City, State,<br>Country | Principal<br>Occupation<br>if other than BHC | Title & Position with<br>FirstPerryton<br>Bancorp, Inc. (BHC) | Title & Position with<br>FirstPerryton Statutory Trust II<br>(FPST II)<br>FirstBank Southwest (FBSW)<br>Covenant Title Company (CTC) | Title & Position with<br>Other Business<br>Interest | Percentage of<br>Voting Shares<br>in BHC | Percentage of<br>Voting Shares<br>in subsidiaries | Voting Shares in<br>other companies (3)(c)<br>if more than 25% |
| 10 | Kenneth Ellis<br>Austin, TX USA | Manager | Principal Shareholder | None | H and K Whitetails - President | 5.46% | 0.00% | 33.33% |
| 11 | Timothy & Diane Ellis<br>Beach City, TX USA | Corporate<br>Engineering<br>Manager | Principal Shareholder | None | 3 Ellis Brothers Ranch - Owner | 5.46% | 0.00% | 100.00% |
| 12 | Jill Griffith<br>Amarillo, TX USA | N/A | Principal Shareholder | None | Shaffer Children's Partnership | 3.62% | 0.00% | 33.33% |
| 13 | Mark E. Shaffer<br>Amarillo, TX USA | Hotelier | Director<br>Principal Shareholder | Director (FBSW) | Ross Osage Hotels, LP - Owner<br>MES Properties, LLC - Managing Member<br>MES Hotel Management, LLC - Managing Member<br>MES Holdings, LLC - Managing Member<br>Shaffer Children's Partnership, LP - Partner | 5.71% | 0.00% | 100.00%<br>100.00%<br>100.00%<br>40.00%<br>33.00% |
| 15 | Paige & Steven Waide<br>Perryton, TX USA | Counselor - Paige<br>Farmer - Steven | Principal Shareholder | None | Shaffer Children's Partnership, LP - Partner<br>Waide Farms - Owner | 3.83% | 0.00% | 33.33%<br>100.00% |
| 16 | Terry W. Caviness<br>Amarillo, TX USA | Business Person | Director | Director (FBSW) | Caviness Packing Company, Inc. - CEO<br>Palo Duro Meat Processing, Inc. - CEO<br>Caviness Beef Packers, Ltd. - Partner<br>Caviness Management, LLC - Member<br>Caviness Beef Packers San Angelo, Ltd - Partner<br>Caviness Management San Angelo, LLC -Member<br>Caviness Development, Ltd. - Partner<br>Caviness Development Management, LLC - Member<br>Caviness Development San Angelo, Ltd - Partner<br>Caviness Development Management San Angelo, LLC -Member<br>Caviness Joint Venture dba 3C Cattle - Co-Venturer<br>Caviness Global Corp. - CEO<br>Caviness BP Idaho, LLC<br>Caviness DEV Idaho, LLC<br>TTR Express, LLC | 2.72% | 0.00% | 99.00%<br>99.00%<br>37.00%<br>100.00%<br>37.00%<br>100.00%<br>37.00%<br>100.00%<br>37.00%<br>100.00%<br>52.00%<br>38.00%<br>38.00%<br>38.00%<br>38.00% |
| | Dennis W. Falk<br>Amarillo, TX USA | Retired Banker | Director | Director (FBSW) | None | 0.97% | 0.00% | N/A |
| | Phillips B. Gentry III<br>Amarillo, TX USA | Retired Banker | Director | Director (FBSW) | None | 0.67% | 0.00% | N/A |
| | Bruce E. Julian<br>Perryton, TX USA | Retired Banker<br>Attorney | Director<br>Vice COB | Director (FBSW) | None | 3.75% | 0.00% | N/A |
| | Will C. Miller<br>Canyon, TX USA | Banker | Director<br>Vice President | Director (FBSW)<br>President / Amarillo &<br>Chief Lending Officer (FBSW) | None | 0.19% | 0.00% | N/A |

| (1) | (2) | (3)(a) | (3)(b) | (3)(c) | (4)(a) | (4)(b) | (4)(c) |
|---|---|---|---|---|---|---|---|
| Name<br>City, State,<br>Country | Principal<br>Occupation<br>if other than BHC | Title & Position with<br>FirstPerryton<br>Bancorp, Inc. (BHC) | Title & Position with<br>FirstPerryton Statutory Trust II<br>(FPST II)<br>FirstBank Southwest (FBSW)<br>Covenant Title Company (CTC) | Title & Position with<br>Other Business<br>Interest | Percentage of<br>Voting Shares<br>in BHC | Percentage of<br>Voting Shares<br>in subsidiaries | Voting Shares in<br>other companies (3)(c)<br>if more than 25% |
| Johnny E. Mize<br>Amarillo, TX USA | Real Estate Investor | Director | Director (FBSW) | Morton Properties, LLC - President<br>Mulberry Properties, LLC - President<br>Jmize/Jevans, LLC - Partner & Manager<br>Big Spring Monticello Homes, LLC - Partner & Manager<br>Maple Properties, LLC - President | 0.89% | 0.00% | 100.00%<br>100.00%<br>50.00%<br>50.00%<br>100.00% |
| Letricia Niegos<br>Amarillo, TX USA | Business Person | Director | Director (FBSW) | HB Realty Co - Treasurer<br>Western Sales & Testing of Amarillo, Inc. - Treasurer<br>P. Leasing, Inc. - Treasurer<br>TEA Technologies, LTD. - Treasurer<br>BKC Industries, Inc. - Treasurer<br>Portersville Sales & Testing, Inc. - Treasurer<br>P&P Investment Holdings, Inc. - Treasurer<br>Western Valve, Inc. - Treasurer<br>KDM Leasing, Inc. - Treasurer<br>Piehl & Piehl, LLC - Member<br>Panache of Amarillo, LLC<br>Choctaw Realty, LLC - Member<br>Crestview Canyon Estates - Partner / Treasurer<br>Piehl Family Partners, LP - Partner / Treasurer<br>Barnes & Sheds Trust LLN - Trustee<br>Bill Piehl & Helen Piehl Irrevocable Trust - Co-Trustee<br>LaDeanna Piehl Irrevocable Trust - Trustee<br>Piehl Children's Trust - Co-Trustee<br>Circle Bar Trust - Co-Trustee<br>LLN Properties, LLC - Member | 0.00% | 0.00% | N/A<br>N/A<br>N/A<br>N/A<br>N/A<br>50.00%<br>50.00%<br>Wholly owned sub of P&P Inv<br>Wholly owned sub of P&P Inv<br>50.00%<br>50.00%<br>50.00%<br>25.00%<br>N/A<br>100% Control<br>50% Control<br>100% Control<br>50% Control<br>50% Control<br>100.00% |
| Larry J. Orman<br>Amarillo, TX USA | Retired banker | Director | Director (FBSW) | None | 3.52% | 0.00% | N/A |
| Mike D. Schueler<br>Hereford, TX USA | Banker | Director | Director (FBSW)<br>President / Hereford (FBSW) | None | 0.74% | 0.00% | N/A |
| Brady R. Yeary<br>Perryton, TX USA | Banker | Director<br>Vice President | Director (FBSW)<br>President / Perryton (FBSW) | Y&A Cattle Co. - Partner<br>DAY Investment Co. - Partner<br>Lucky 7 Arena - Owner<br>Mountain Ventures - Partner<br>North Plains Auto Mart LLC (owned by Y&A above) - Member<br>S.S. Oilfield Services, LLC (owned by Y&A above) - Member | 2.76% | 0.00% | 33.34%<br>50.00%<br>100.00%<br>50.00%<br>33.34%<br>33.34% |
| Marty R. Murry<br>Amarillo, TX USA | Banker | Advisory Director | Advisory Director (FBSW)<br>Executive Vice President<br>(FBSW) | None | 0.73% | 0.00% | N/A |

AMENDED
JUL 19 2016

| (1) | (2) | (3)(a) | (3)(b) | (3)(c) | (4)(a) | (4)(b) | (4)(c) |
|---|---|---|---|---|---|---|---|
| Name<br>City, State,<br>Country | Principal<br>Occupation<br>if other than BHC | Title & Position with<br>FirstPerryton<br>Bancorp, Inc. (BHC) | Title & Position with<br>FirstPerryton Statutory Trust II<br>(FPST II)<br>FirstBank Southwest (FBSW)<br>Covenant Title Company (CTC) | Title & Position with<br>Other Business<br>Interest | Percentage of<br>Voting Shares<br>in BHC | Percentage of<br>Voting Shares<br>in subsidiaries | Voting Shares in<br>other companies (3)(c)<br>if more than 25% |
| Jerry Don Williams<br>Amarillo, TX USA | Banker | Chief Financial Officer<br>Vice President<br>Advisory Director | Administrator (FPST II)<br>Advisory Director (FBSW)<br>Executive Vice President,<br>Chief Financial Officer,<br>Chief Operations Officer<br>Senior Investment Officer,<br>Trust Officer (FBSW) | None | 0.32% | 0.00% | N/A |
| Debora Cowan<br>Balko, OK USA | Banker | Treasurer | Administrator (FPST II)<br>Executive Vice President,<br>Controller (FBSW) | LT Cattle Co. - Spouse of Partner<br>Leland Cowan Farming - Sole Proprietorship (Spouse) | 0.07% | 0.00% | Spouse owns 50.00%<br>Spouse owns 100.00% |
| Debora & Leland Cowan<br>Balko, OK USA | Construction Manager - Leland | Treasurer (Debora) | Administrator (FPST II)<br>Executive Vice President,<br>Controller (FBSW)<br>(Debora on all of the above) | LT Cattle Co. - Leland is a Partner<br>Leland Cowan Farming - Sole Proprietorship (Leland) | 0.05% | 0.00% | Leland owns 50.00%<br>Leland owns 100.00% |
| Lance E. Purcell<br>Amarillo, TX USA | Banker | Secretary | Executive Vice President &<br>Senior Trust Officer (FBSW)<br>President & Sole Director (CTC) | Purcell Law Office - Owner<br>Purcell Ranches - Owner | 0.39% | 0.00% | 100.00%<br>100% with Spouse |

All stock is Common Stock. All percentages are based upon shares of BHC Stock issued and outstanding equaling: 56,456 shares held as of December 31, 2015.

**INSIDERS:** principal securities holders (owns, controls, or has power to vote 10% or more of common stock either directly or indirectly, or acting in concert with one or more persons (including families), directors, trustees, partner, executive officers of FirstPerryton Bancorp, Inc. as of December 31, 2015

**Carl W. Ellis Separate Property** - Classied as separate property for estate planning purposes. It simply means the stock is Carl's individually and is not a community property asset.

**Individuals comprising a family as defined in Y-6 instructions**

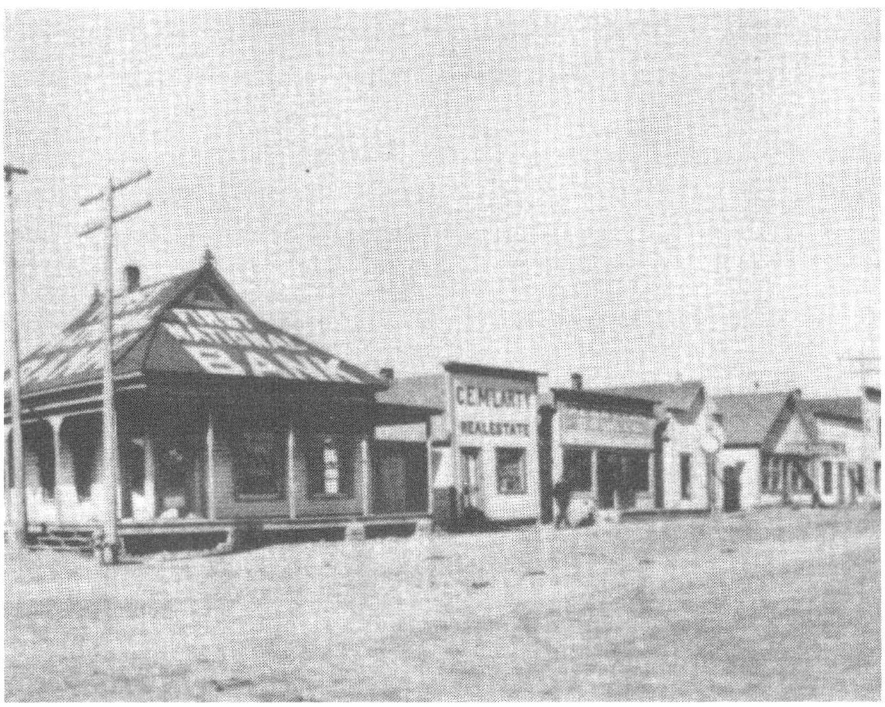
1,2,3,4, 4,7,8 9,10,11 12,13,15

AMENDED
JUL 19 2016

# 2015

FIRSTPERRYTON BANCORP, INC **ANNUAL REPORT**

FirstBank Southwest




First National Bank of Perryton in 1907

# 2015

FIRSTPERRYTON BANCORP, INC **ANNUAL REPORT**

FirstBank Southwest

*FIRSTPERRYTON BANCORP, INC.*
*AND SUBSIDIARY*

**Consolidated Financial Statements**
**and Additional Information**

**December 31, 2015 and 2014**

**(With Independent Auditors' Report Thereon)**

**PAYNE & SMITH, LLC**
Certified Public Accountants

***Independent Auditors' Report***

The Board of Directors
FirstPerryton Bancorp, Inc. and Subsidiary
Perryton, Texas

**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of FirstPerryton Bancorp, Inc. and Subsidiary (Company), which comprise the consolidated balance sheets as of December 31, 2015 and 2014, and the related consolidated statements of income and 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 Financial Statements**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based upon our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of 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 auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. 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 financial position of FirstPerryton Bancorp, Inc. and Subsidiary as of December 31, 2015 and 2014, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

**Report on Other Regulatory Requirements**

In accordance with *Government Auditing Standards*, we have also issued our reports dated February 3, 2016, on our consideration of the Company's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control over financial reporting and compliance.

*Payne & Smith, LLC*

February 3, 2016

5952 Royal Lane • Suite 158 • Dallas, TX 75230 • 214 / 363-9927 • Fax 214 / 363-9980

## *FIRSTPERRYTON BANCORP, INC. AND SUBSIDIARY*

Consolidated Balance Sheets

December 31, 2015 and 2014

(In thousands of dollars)

| | | 2015 | | 2014 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and cash equivalents | $ | 51,059 | $ | 84,501 |
| Securities available for sale | | 333,914 | | 385,210 |
| Securities held to maturity | | 751 | | 851 |
| Loans held for sale | | 1,452 | | 852 |
| Loans | | 510,968 | | 477,659 |
| Bank premises and equipment | | 16,537 | | 16,796 |
| Goodwill | | 2,999 | | 2,999 |
| Cash surrender value of life insurance | | 22,137 | | 21,577 |
| Other assets | | 9,060 | | 8,570 |
| | $ | 948,877 | $ | 999,015 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | | | |
| Deposits: | | | | |
| Noninterest bearing | $ | 304,208 | $ | 330,089 |
| Interest bearing | | 545,201 | | 570,451 |
| Total deposits | | 849,409 | | 900,540 |
| Other borrowings | | 685 | | 1,342 |
| Junior subordinated debentures | | 12,372 | | 12,372 |
| Interest rate swap agreements | | 1,213 | | 1,275 |
| Other liabilities | | 9,199 | | 9,141 |
| Commitments and contingencies | | - | | - |
| Stockholders' equity: | | | | |
| Common stock, $1 par value, 10,000,000 shares authorized, 87,500 shares issued, and 56,456 and 56,238 shares outstanding at December 31, 2015 and 2014, respectively | | 87 | | 87 |
| Paid-in capital | | 38,036 | | 38,003 |
| Retained earnings | | 77,462 | | 76,245 |
| Accumulated other comprehensive loss | | (1,692) | | (1,830) |
| | | 113,893 | | 112,505 |
| Treasury stock, at cost | | (37,894) | | (38,160) |
| Total stockholders' equity | | 75,999 | | 74,345 |
| | $ | 948,877 | $ | 999,015 |

See accompanying notes to consolidated financial statements.

## *FIRSTPERRYTON BANCORP, INC. AND SUBSIDIARY*

Consolidated Statements of Income

For the Years Ended December 31, 2015 and 2014

(In thousands of dollars)

| | 2015 | 2014 |
|---|---|---|
| Interest income: | | |
| Interest and fees on loans | $ 22,325 | $ 21,008 |
| Interest on investment securities | 4,830 | 4,279 |
| Other | 175 | 205 |
| Total interest income | 27,330 | 25,492 |
| Interest expense: | | |
| Interest on deposit accounts | 1,239 | 1,416 |
| Interest on borrowings | 692 | 727 |
| Total interest expense | 1,931 | 2,143 |
| Net interest income | 25,399 | 23,349 |
| Provision for loan losses | 720 | 600 |
| Net interest income after provision for loan losses | 24,679 | 22,749 |
| Noninterest income: | | |
| Service charges and fees | 1,945 | 1,913 |
| Net income from cash surrender value of life insurance | 560 | 575 |
| Net gain on sale of loans | 685 | 360 |
| Income from trust department | 896 | 752 |
| Other | 2,425 | 2,922 |
| Total noninterest income | 6,511 | 6,522 |
| Noninterest expense: | | |
| Salaries and employee benefits | 12,696 | 12,070 |
| Occupancy expense | 3,566 | 3,465 |
| FDIC insurance assessment | 500 | 507 |
| Other | 4,600 | 4,779 |
| Total noninterest expense | 21,362 | 20,821 |
| Net income | $ 9,828 | $ 8,450 |

See accompanying notes to consolidated financial statements.

*FIRSTPERRYTON BANCORP, INC. AND SUBSIDIARY*

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2015 and 2014

(In thousands of dollars)

| | 2015 | 2014 |
|---|---|---|
| Net income | $ 9,828 | $ 8,450 |
| Other comprehensive income (loss): | | |
| Change in net unrealized gain/loss on securities available for sale | 76 | 1,410 |
| Change in fair value of interest rate swap | 62 | (315) |
| Total other comprehensive income | 138 | 1,095 |
| Total comprehensive income | $ 9,966 | $ 9,545 |

See accompanying notes to consolidated financial statements.

# *FIRSTPERRYTON BANCORP, INC. AND SUBSIDIARY*

Consolidated Statements of Changes in Stockholders' Equity

For the Years Ended December 31, 2015 and 2014

(In thousands of dollars)

| | Common Stock | Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive (Loss) Income | Treasury Stock | Total |
|---|---|---|---|---|---|---|
| Balance January 1, 2014 | $ 86 | $ 36,058 | $ 75,347 | $ (2,925) | $ (38,160) | $ 70,406 |
| Sale of common stock | 1 | 1,945 | - | - | - | 1,946 |
| Net income | - | - | 8,450 | - | - | 8,450 |
| Other comprehensive income | - | - | - | 1,095 | - | 1,095 |
| Dividends | - | - | (7,552) | - | - | (7,552) |
| Balance December 31, 2014 | 87 | 38,003 | 76,245 | (1,830) | (38,160) | 74,345 |
| Sale of treasury stock | - | 33 | - | - | 266 | 299 |
| Net income | - | - | 9,828 | - | - | 9,828 |
| Other comprehensive income | - | - | - | 138 | - | 138 |
| Dividends | - | - | (8,611) | - | - | (8,611) |
| Balance December 31, 2015 | $ 87 | $ 38,036 | $ 77,462 | $ (1,692) | $ (37,894) | $ 75,999 |

See accompanying notes to consolidated financial statements.

## *FIRSTPERRYTON BANCORP, INC. AND SUBSIDIARY*

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2015 and 2014

(In thousands of dollars)

| | 2015 | 2014 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net income | $ 9,828 | $ 8,450 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 1,367 | 2,555 |
| Provision for loan losses | 720 | 600 |
| Increase in cash surrender value of life insurance | (560) | (575) |
| Originations of loans held for sale | (44,609) | (23,022) |
| Proceeds from sale of loans held for sale | 44,694 | 23,289 |
| Gain on sale of loans | (685) | (360) |
| Gain on sale of other real estate owned | (8) | - |
| Writedown of other real estate owned | 14 | - |
| Decrease in other assets | 678 | 3,121 |
| (Decrease) increase in other liabilities | (1,217) | 1,529 |
| Net cash provided by operating activities | 10,222 | 15,587 |
| Cash flows from investing activities: | | |
| Proceeds from maturities, calls and paydowns of securities available for sale | 379,587 | 369,034 |
| Purchases of securities available for sale | (328,322) | (382,200) |
| Proceeds from maturities of securities held to maturity | 100 | 106 |
| Net change in loans | (34,048) | (55,336) |
| Net additions to bank premises and equipment | (897) | (498) |
| Proceeds from sale of land | 3 | - |
| Proceeds from sale of other real estate owned | 13 | - |
| Net cash provided by (used in) investing activities | 16,436 | (68,894) |
| Cash flows from financing activities: | | |
| Net (decrease) increase in demand, NOW and savings deposits | (50,360) | 44,801 |
| Net decrease in certificates of deposit | (771) | (13,265) |
| Repayment of advances from the Federal Home Loan Bank | (657) | (620) |
| Net proceeds from sale of common stock | - | 1,946 |
| Net proceeds from sale of treasury stock | 299 | - |
| Cash dividends paid to stockholders | (8,611) | (7,552) |
| Net cash (used in) provided by financing activities | (60,100) | 25,310 |
| Net decrease in cash and cash equivalents | (33,442) | (27,997) |
| Cash and cash equivalents at beginning of year | 84,501 | 112,498 |
| Cash and cash equivalents at end of year | $ 51,059 | $ 84,501 |

See accompanying notes to consolidated financial statements.

## 1. Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies used by FirstPerryton Bancorp, Inc. and Subsidiary (together referred to as Company) in the preparation of its consolidated financial statements. The accounting policies conform to generally accepted accounting principles and practices generally followed within the banking industry. A description of the more significant of these policies follows.

### Business

The accompanying consolidated financial statements include the accounts of FirstPerryton Bancorp, Inc. (Bancorp) and its wholly owned subsidiary, FirstBank Southwest (Bank). The Bank provides real estate title insurance services through its wholly owned subsidiary Covenant Title. (Covenant). All material intercompany accounts and transactions have been eliminated in consolidation.

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America and to general practices within the banking industry.

### Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles 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 valuation of other real estate owned. While management uses available information to recognize losses on loans and other real estate owned, future provisions may be necessary based on changes in local economic conditions. In addition, banking regulators, as an integral part of their examination process, periodically review the Company's allowance for loan and other real estate losses. They may require the Company to record additional provisions for losses based on their judgment about information available to them at the time of their examination.

A significant portion of the Company's loans are secured by real estate and related assets located in local markets. Accordingly, the ultimate collectibility of this portion of the Company's loan portfolio is susceptible to changes in local market conditions.

### Cash and Cash Equivalents

For the purposes of reporting cash flows, cash and cash equivalents include cash on hand, amounts due from banks, other short-term investments and federal funds sold. All highly liquid investments with an initial maturity of less than 90 days are considered to be cash equivalents.

### Securities

Certain debt securities that management has the positive intent and ability to hold to maturity are classified as held to maturity and recorded at amortized cost. Trading securities are recorded at fair value with changes in fair value included in earnings. Securities not classified as held to maturity or trading, including equity securities with readily determinable fair values, are classified as available for sale and recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income.

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

**Federal Home Loan Bank**

The Bank, as a member of the Federal Home Loan Bank (FHLB) system, is required to maintain an investment in capital stock of the FHLB in an amount equal to the greater of 1% of its outstanding home loans or 5% of advances from the FHLB. No ready market exists for the FHLB stock, and it has no quoted market value.

**Loans Held for Sale**

The Company originates mortgage loans both for sale and for investment purposes. The designation of mortgage loans is made by management at the time of origination. Mortgage loans designated as held for sale are stated at the lower of aggregate cost, net of discounts or premiums, or estimated fair market value. Market value is based on the contract prices at which the mortgage loans will be sold or, if the loans are not committed for sale, the current market price. Net unrealized losses, if any, are recognized in a valuation allowance by charges to income.

Gain or loss on the sale of mortgage loans held for sale is generally determined by the difference between the carrying amounts of the related loans sold and the net proceeds thereof. Since the Company does not retain servicing on the sold loans, proceeds from loans typically include a service release premium.

**Loans**

The Company grants commercial, real estate, agricultural, and consumer loans to customers. The ability of the Company's debtors to honor their contracts is dependent upon the real estate and general economic conditions in the area.

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay off generally are reported at their outstanding unpaid principal balances adjusted for charge offs, the allowance for loan losses, and any deferred fees or costs on originated loans. Interest income is accrued on the unpaid principal balance. Fees associated with originating loans to the extent they exceed the direct loan origination costs are generally deferred and recognized over the life of the loan as an adjustment of yield.

Loans are considered past due if the required principal and interest payments have not been received as of the date such payments were due. Loans are placed on nonaccrual status when, in management's opinion, the borrower may be unable to meet payment obligations as they become due, as well as when required by regulatory provisions. In determining whether or not a borrower may be unable to meet payment obligations for each class of loans, the Company considers the borrower's debt service capacity through the analysis of current financial information, if available, and/or current information with regards to the Company's collateral position. Regulatory provisions typically require the placement of a loan on nonaccrual status if (i) principal or interest has been in default for a period of 90 days or more unless the loan is both well secured and in the process of collection or (ii) full payment of principal and interest is not expected. Loans may be placed on nonaccrual status regardless of whether or not such loans are considered past due. When interest accrual is discontinued, all unpaid accrued interest is reversed against interest income. Interest on nonaccrual loans is accounted for on the cash basis or cost recovery method until qualifying for return to accrual status. A loan may be returned to accrual status when all the principal and interest amounts contractually due are brought current and future principal and interest amounts contractually due are reasonably assured, which is typically evidenced by a sustained period (at least six months) of repayment performance by the borrower.

**Impaired Loans**

Loans are considered impaired when, based on current information and events, it is probable the Company will be unable to collect all amounts due in accordance with the original contractual terms of the loan agreement, including scheduled principal and interest payments. Impairment is evaluated in total for smaller balance loans of a similar nature and on an individual loan basis for other loans. If a loan is impaired, a specific valuation allowance is allocated, if necessary, so that the loan is reported net, at the present value of estimated future cash flows using the loan's existing rate or at the fair value of collateral if repayment is expected solely from the collateral. Large groups of smaller balance homogeneous loans are collectively evaluated for impairment based on historical loss experience, current economic conditions, and performance trends.

Interest payments on impaired loans are typically applied to principal unless collectibility of the principal amount is reasonably assured, in which case interest is recognized on a cash basis. Impaired loans, or portions thereof, are charged off when deemed uncollectible.

**Troubled Debt Restructured (TDR) Loans**

A TDR 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 TDR loan would generally be considered impaired in the year of modification and will be assessed periodically for further impairment.

**Allowance for Loan Losses**

The allowance for loan losses is 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 provide for estimated loan losses inherent in the loan portfolio. The allowance for possible loan losses includes allowance allocations calculated in accordance with ASC Topic 310, *Receivables* and allowance allocations calculated in accordance with ASC Topic 450, *Contingencies*. 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. 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 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 allowance consists of specific and general allocations. The specific allocation relates to loans that are impaired. For such loans, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general allocation is calculated using loss rates delineated by risk rating and product type. Factors considered when assessing loss rates include the value of the underlying collateral, the industry of the obligor, the obligor's liquidity, and other financial and qualitative factors. These statistical models are updated regularly for changes in economic and business conditions. Included in the analysis of these loan portfolios are reserves, which are maintained to cover uncertainties that affect the Company's estimate of probable losses including economic uncertainty and large single defaults.

**Bank Premises and Equipment**

Land is carried at cost. Premises, furniture and equipment, and leasehold improvements are carried at cost, less accumulated depreciation and amortization computed principally by the straight-line method over the estimated useful lives of the related property.

**Foreclosed Assets**

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value less cost to sell at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations and changes in the valuation allowance are included in net expenses from foreclosed assets.

**Goodwill**

Goodwill resulting from business combinations is generally determined as the excess of the fair value of the consideration transferred over the fair value of the net assets acquired and liabilities assumed as of the acquisition date. Goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but tested for impairment at least annually or more frequently if events and circumstances exists that indicate that a goodwill impairment test should be performed. The Company performs an annual impairment test. Intangible assets with definite useful lives are amortized over their estimated useful lives to their estimated residual values.

**Income Taxes**

The Company has elected S Corporation status. Earnings and losses are included in the personal income tax returns of the Company's stockholders and taxed depending on personal tax strategies. Accordingly, the Company does not anticipate incurring additional federal income tax obligations.

Because the Company's stockholders are obligated to pay federal income taxes on the earnings of the Company, the Company expects to declare cash dividends sufficient to fund stockholders' tax payments as they become due.

Accounting principles generally accepted in the United States of America require Company management to evaluate tax positions taken by the Company. Management evaluated the Company's tax positions and concluded that the Company had maintained its S Corporation status and had taken no uncertain tax positions that require recognition or disclosure in the consolidated financial statements. Therefore, no liability for tax penalties has been included in the consolidated financial statements.

With few exceptions, the Company is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for years before 2012.

**Derivative Financial Instruments**

All derivatives are recognized on the consolidated balance sheet at their fair value. On the date the derivative contract is entered into, the Company designates the derivative as a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability. Changes in the fair value of a derivative that is highly effective as, and that is designated and qualifies as a cash-flow hedge, are recorded in other comprehensive income until earnings are affected by the variability of cash flows (e.g., when periodic settlements on a variable-rate asset or liability are recorded in earnings).

The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk-management objective and strategy for undertaking various hedged transactions. This process includes linking all derivatives that are designated as cash flow hedges to specific assets and liabilities on the consolidated balance sheet or forecasted transactions. The Company also formally assesses both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedge items. When it is determined that a derivative is not highly effective as a hedge or that it has ceased to be a highly effective hedge, the Company discontinues hedge accounting prospectively, as discussed below.

The Company discontinues hedge accounting prospectively when (i) it is determined that the derivative is no longer effective in offsetting changes in the cash flows of a hedged item (including forecasted transactions); (ii) the derivative expires or is sold, terminated, or exercised; (iii) the derivative is no longer designated as a hedge instrument because it is unlikely that a forecasted transaction will occur; or (iv) management determines that designation of the derivative as a hedge instrument is no longer appropriate.

If the cash flow hedge were discontinued because it is probable that the original forecasted transaction will not occur by the end of the originally specified time period or within an additional two-month period of time thereafter, the gains and losses that are accumulated in other comprehensive income would be recognized immediately in earnings. Otherwise, in those situations where the hedge is re-designated or simply discontinued and the variability of future cash flows will occur as expected, gains and losses that are accumulated in other comprehensive income will not be affected.

**Advertising**

Advertising consists of the Company's advertising in its local market area. Advertising is expensed as incurred. Advertising expense was approximately $324,000 and $262,000 for the years ended December 31, 2015 and 2014, respectively.

**Comprehensive Income (Loss)**

Comprehensive income (loss) includes both net income and other comprehensive income (loss), which includes the change in unrealized gains and losses on securities available for sale and the change in the fair value of the interest rate swap.

**Off-Balance Sheet Credit Related Financial Instruments**

In the ordinary course of business, the Company has entered into commitments to extend credit, including commercial letters of credit and standby letters of credit. Such financial instruments are recorded when they are funded.

**Fair Values of Financial Instruments**

ASC Topic 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and requires certain disclosures about fair value measurements. In general, fair values of financial instruments are 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. These adjustments may include amounts to reflect counterparty credit quality and the Company's creditworthiness, among other things, as well as unobservable parameters. Any such valuation adjustments are applied consistently over time.

**Transfers of Financial Assets**

Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (i) the assets have been isolated from the Company, (ii) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (iii) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

**Loss Contingencies**

Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated.

**Treasury Stock**

Treasury stock is recorded at cost. At December 31, 2015 and 2014, the Company had 31,044 and 31,262, of shares held in treasury, respectively.

**Subsequent Events**

The Company has evaluated events and transactions for potential recognition or disclosure through February 3, 2016, the date the consolidated financial statements were available to be issued.

**Reclassification**

Certain amounts previously reported have been reclassified to conform to the current format.

## 2. Recent Accounting Pronouncements

In January 2015, the FASB issued Accounting Standards Update 2015-1, *Income Statement-Extraordinary and Unusual Items (Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items.* The update eliminates from GAAP the concept of extraordinary items. Although the amendments will eliminate the requirements for companies to consider whether an underlying event or transaction is extraordinary, the presentation and disclosure guidance for items that are unusual in nature or occur infrequently will be retained and will be expanded to include items that are both unusual in nature and infrequently occurring. The amendments in this Update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted provided that the guidance is applied from the beginning of the fiscal year of adoption. This statement is not expected to have a material impact on the Company's consolidated financial statements.

In February 2015, the FASB issued Accounting Standards Update 2015-2, *Consolidation (Topic 810): Amendments to the Consolidation Analysis.* The update implements changes to both the variable interest consolidation model and the voting interest consolidation model. ASU 2015-02 (i) eliminates certain criteria that must be met when determining when fees paid to a decision maker or service provider do not represent a variable interest, (ii) amends the criteria for determining whether a limited partnership is a variable interest entity and (iii) eliminates the presumption that a general partner controls a limited partnership in the voting model. The amendments in this Update are effective for fiscal years beginning after December 15, 2016, and for interim periods within fiscal years beginning after December 15, 2017. Early adoption is permitted. This statement is not expected to have a material impact on the Company's consolidated financial statements.

In April 2015, the FASB issued Accounting Standards Update 2015-3, *Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs.* The amendments in this Update require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The amendments in this Update are effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within fiscal years beginning after December 15, 2016. Early adoption is permitted for financial statements that have not been previously issued. This statement is not expected to have a material impact on the Company's consolidated financial statements.

In April 2015, the FASB issued Accounting Standards Update 2015-4, *Compensation-Retirement Benefits (Topic 715): Practical Expedient for the Measurement Date of an Employer's Defined Benefit Obligation and Plan Assets.* For an entity with a fiscal year-end that does not coincide with a month-end, the amendments in this Update provide a practical expedient that permits the entity to measure defined benefit plan assets and obligations using the month-end that is closest to the entity's fiscal year-end and apply that practical expedient consistently from year to year. The amendments in this Update are effective for financial statements issued for fiscal years beginning after December 15, 2016, and interim periods within fiscal years beginning after December 15, 2017. Earlier application is permitted. This statement is not expected to have a material impact on the Company's consolidated financial statements.

In April 2015, the FASB issued Accounting Standards Update 2015-5, *Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement.* The update addresses accounting for fees paid by a customer in cloud computing arrangements such as (i) software as a service, (ii) platform as a service, (iii) infrastructure as a service and (iv) other similar hosting arrangements. ASU 2015-05 provides guidance to customers about whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. The amendments will be effective for annual periods beginning after December 15, 2015, and interim periods in annual periods beginning after December 15, 2016. Earlier application is permitted. This statement is not expected to have a material impact on the Company's consolidated financial statements.

In September 2015, the FASB amended existing guidance Accounting Standards Update 2015-16, *Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments.* The amendments require that an acquirer recognize adjustments to estimated amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. The amendments require that the acquirer record, in the same period's financial statements, the effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the change to the estimated amounts, calculated as if the accounting had been completed at the acquisition date. The amendments also require an 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 estimated amounts had been recognized as of the acquisition date. The amendments will be effective for fiscal years beginning after December 15, 2015 including interim periods within those fiscal years. Earlier application is permitted. This statement is not expected to have a material impact on the Company's consolidated financial statements.

## 3. Statement of Cash Flows

The Company reports on a net basis its cash receipts and cash payments for time deposits accepted and repayments of those deposits, loans made to customers and principal collections on those loans.

The Company uses the indirect method to present cash flows from operating activities. Other supplemental cash flow information for the years ended December 31, 2015 and 2014 is presented as follows (in thousands):

| | 2015 | 2014 |
|---|---|---|
| Cash transactions: | | |
| Interest expense paid | $ 1,952 | $ 2,154 |
| Noncash transactions: | | |
| Net dispositions of other real estate owned | $ 19 | $ - |

## 4. Debt and Equity Securities

Debt and equity securities have been classified in the consolidated balance sheet according to management's intent. The carrying amount of securities and their approximate fair values at December 31, 2015 and 2014 are as follows (in thousands):

| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
|---|---|---|---|---|
| **Securities Available for Sale** | | | | |
| December 31, 2015: | | | | |
| U.S. Treasury Notes | $ 65,152 | $ 143 | $ 47 | $ 65,248 |
| U.S. Government Agency obligations | 207,957 | 18 | 426 | 207,549 |
| Mortgage-backed securities | 41,582 | 425 | 263 | 41,744 |
| Municipal securities | 19,702 | 20 | 349 | 19,373 |
| | $ 334,393 | $ 606 | $ 1,085 | $ 333,914 |
| December 31, 2014: | | | | |
| U.S. Treasury Notes | $ 9,886 | $ 20 | $ - | $ 9,906 |
| U.S. Government Agency obligations | 328,644 | 7 | 855 | 327,796 |
| Mortgage-backed securities | 37,756 | 623 | 285 | 38,094 |
| Municipal securities | 9,479 | 12 | 77 | 9,414 |
| | $ 385,765 | $ 662 | $ 1,217 | $ 385,210 |
| **Securities Held to Maturity** | | | | |
| December 31, 2015: | | | | |
| U.S. Treasury Notes | $ 290 | $ 21 | $ - | $ 311 |
| Mortgage-backed securities | 461 | - | 4 | 457 |
| | $ 751 | $ 21 | $ 4 | $ 768 |
| December 31, 2014: | | | | |
| U.S. Treasury Notes | $ 288 | $ 25 | $ - | $ 313 |
| Mortgage-backed securities | 563 | - | 5 | 558 |
| | $ 851 | $ 25 | $ 5 | $ 871 |

Securities with recorded values of approximately $124,528,000 and $195,203,000 at December 31, 2015 and 2014, respectively, were pledged to secure public fund deposits.

There were no sales of securities during the years ended December 31, 2015 and 2014.

The amortized cost and estimated fair value of debt securities at December 31, 2015 by contractual maturity are shown below (in thousands). Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

| | **Securities Available for Sale** | | **Securities Held to Maturity** | |
|---|---|---|---|---|
| | Amortized Cost | Fair Value | Amortized Cost | Fair Value |
| Due in one year or less | $ 3,101 | $ 3,099 | $ - | $ - |
| Due from one year to five years | 285,284 | 284,779 | 17 | 17 |
| Due from five years to ten years | 8,737 | 8,874 | 693 | 711 |
| Due after ten years | 37,271 | 37,162 | 41 | 40 |
| | $ 334,393 | $ 333,914 | $ 751 | $ 768 |

Unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, as of December 31, 2015 and 2014, are summarized as follows (in thousands):

| | Less than 12 Months | | 12 Months or More | | Total | |
|---|---|---|---|---|---|---|
| **Securities Available for Sale** | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses |
| December 31, 2015: | | | | | | |
| U.S. Treasury Notes | $ 34,835 | $ 47 | $ - | $ - | $ 34,835 | $ 47 |
| U.S. Government Agency obligations | 142,604 | 406 | 9,980 | 20 | 152,584 | 426 |
| Mortgage-backed securities | 17,080 | 78 | 8,029 | 185 | 25,109 | 263 |
| Municipal securities | 13,111 | 304 | 3,343 | 45 | 16,454 | 349 |
| | $ 207,630 | $ 835 | $ 21,352 | $ 250 | $ 228,982 | $ 1,085 |
| December 31, 2014: | | | | | | |
| U.S. Government Agency obligations | $ 203,837 | $ 622 | $ 31,962 | $ 233 | $ 235,799 | $ 855 |
| Mortgage-backed securities | 489 | 1 | 17,326 | 284 | 17,815 | 285 |
| Municipal securities | 3,338 | 6 | 3,153 | 71 | 6,491 | 77 |
| | $ 207,664 | $ 629 | $ 52,441 | $ 588 | $ 260,105 | $ 1,217 |
| **Securities Held to Maturity** | | | | | | |
| December 31, 2015: | | | | | | |
| Mortgage-backed securities | $ - | $ - | $ 452 | $ 4 | $ 452 | $ 4 |
| December 31, 2014: | | | | | | |
| Mortgage-backed securities | $ - | $ - | $ 551 | $ 5 | $ 551 | $ 5 |

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (i) the length of time and the extent to which the fair value has been less than cost, (ii) the financial condition and near-term prospects of the issuer, and (iii) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

As of December 31, 2015, management does not have the intent to sell any of the securities classified as available for sale in the table above and believes that it is more likely than not that the Company will not have to sell any such securities before a recovery of cost. The unrealized losses are largely due to increases in market interest rates over the yields available at the time the underlying securities were purchased. The fair value is expected to recover as the bonds approach their maturity date or repricing date or if market yields for such investments decline. Management does not believe any of the securities are impaired due to reasons of credit quality. Accordingly, as of December 31, 2015 and 2014, management believes the impairments detailed in the table above are temporary and no impairment loss has been recorded in the Company's consolidated statement of income.

## 5. Loans and Allowance for Loan Losses

Loans at December 31, 2015 and 2014 consisted of the following (in thousands):

| | | 2015 | | 2014 |
|---|---|---|---|---|
| Real estate: | | | | |
| Construction, land development, land | $ | 25,301 | $ | 22,808 |
| Farmland | | 20,012 | | 22,459 |
| 1-4 family residential properties | | 68,285 | | 66,967 |
| Multi-family residential | | 21,831 | | 20,482 |
| Nonfarm nonresidential owner occupied | | 46,514 | | 39,860 |
| Nonfarm nonresidential other | | 75,091 | | 70,602 |
| Total real estate | | 257,034 | | 243,178 |
| Commercial | | 129,438 | | 122,025 |
| Agricultural | | 87,287 | | 76,560 |
| Consumer | | 27,060 | | 26,720 |
| Other | | 15,596 | | 13,853 |
| | | 516,415 | | 482,336 |
| Allowance for loan losses | | (5,447) | | (4,677) |
| | $ | 510,968 | $ | 477,659 |

At December 31, 2015 and 2014, the Company had total commercial real estate loans of $168,737,000 and $153,752,000 respectively. Included in these amounts, the Company had construction, land development, and other land loans representing 28% of total risk-based capital at December 31, 2015 and 2014. The Company had non-owner occupied commercial real estate loans representing 136% and 141%, respectively, of total risk based capital at December 31, 2015 and 2014. Sound risk management practices and appropriate levels of capital are essential elements of a sound commercial real estate lending program (CRE). Concentrations of CRE exposures add a dimension of risk that compounds the risk inherent in individual loans. Interagency guidance on CRE concentrations describe sound risk management practices which include board and management oversight, portfolio management, management information systems, market analysis, portfolio stress testing and sensitivity analysis, credit underwriting standards, and credit risk review functions. Management believes it has implemented these practices in order to monitor its CRE. An institution which has reported loans for construction, land development, and other land loans representing 100% or more of total risk based capital, or total non-owner occupied commercial real estate loans representing 300% or more of the institution's total risk-based capital and the outstanding balance of commercial real estate loan portfolio has increased by 50% or more during the prior 36 months, may be identified for further supervisory analysis by regulators to assess the nature and risk posed by the concentration.

The Company extends commercial and consumer credit primarily to customers in the state of Texas. At December 31, 2015 and 2014, the majority of the Company's loans were collateralized with real estate. The real estate collateral provides an alternate source of repayment in the event of default by the borrower, and may deteriorate in value during the time the credit is extended. The weakening of real estate markets may have an adverse effect on the Company's profitability, and asset quality. If the Company were required to liquidate the collateral securing a loan to satisfy the debt during a period of reduced real estate values, earnings and capital could be adversely affected. Additionally, the Company has loans secured by inventory, accounts receivable, equipment, marketable securities, or other assets. The debtors' ability to honor their contracts on all loans is substantially dependent upon the general economic conditions of the region.

### *Allowance for Loan Losses*

An analysis of the allowance for loan losses for the years ended December 31, 2015 and 2014 is as follows (in thousands):

| | Beginning Balance | Provision | Charge offs | Recoveries | Ending Balance |
|---|---|---|---|---|---|
| December 31, 2015: | | | | | |
| Real estate: | | | | | |
| Construction, land development, land | $ 144 | $ 99 | $ - | $ - | $ 243 |
| Farmland | 247 | (88) | - | - | 159 |
| 1-4 family residential properties | 519 | 90 | (10) | 2 | 601 |
| Multi-family residential | 156 | 11 | - | - | 167 |
| Nonfarm nonresidential owner occupied | 320 | 82 | - | - | 402 |
| Nonfarm nonresidential other | 726 | 17 | - | - | 743 |
| Total real estate | 2,112 | 211 | (10) | 2 | 2,315 |
| Commercial | 1,463 | 479 | (49) | 39 | 1,932 |
| Agricultural | 730 | 88 | - | - | 818 |
| Consumer | 267 | (6) | (10) | 5 | 256 |
| Other | 105 | (52) | (62) | 135 | 126 |
| | $ 4,677 | $ 720 | $ (131) | $ 181 | $ 5,447 |
| December 31, 2014: | | | | | |
| Real estate: | | | | | |
| Construction, land development, land | $ 214 | $ (70) | $ - | $ - | $ 144 |
| Farmland | 213 | 34 | - | - | 247 |
| 1-4 family residential properties | 368 | 149 | - | 2 | 519 |
| Multi-family residential | 180 | (24) | - | - | 156 |
| Nonfarm nonresidential owner occupied | 325 | (5) | - | - | 320 |
| Nonfarm nonresidential other | 754 | (28) | - | - | 726 |
| Total real estate | 2,054 | 56 | - | 2 | 2,112 |
| Commercial | 1,092 | 338 | - | 33 | 1,463 |
| Agricultural | 615 | 115 | - | - | 730 |
| Consumer | 201 | 98 | (47) | 15 | 267 |
| Other | 2 | (7) | (44) | 154 | 105 |
| | $ 3,964 | $ 600 | $ (91) | $ 204 | $ 4,677 |

The Company's individual ALLL allocations are established for probable losses on specific loans. The Company's general ALLL allocations are established based upon historical loss experience for similar loans with similar characteristics and on economic conditions and other qualitative risk factors both internal and external to the Company. Further information pertaining to the allowance for loan losses (ALLL) at December 31, 2015 and 2014 is as follows (in thousands):

| | Loan Evaluation | | | ALLL Allocations | | | |
|---|---|---|---|---|---|---|---|
| | | | | | General | | |
| | Individually | General | Total loans | Individually | Historical | Other | Total ALLL |
| December 31, 2015: | | | | | | | |
| Real estate: | | | | | | | |
| Construction, land development, land | $ 681 | $ 24,620 | $ 25,301 | $ - | $ - | $ 243 | $ 243 |
| Farmland | - | 20,012 | 20,012 | - | - | 159 | 159 |
| 1-4 family residential properties | 675 | 67,610 | 68,285 | 84 | - | 517 | 601 |
| Multi-family residential | - | 21,831 | 21,831 | - | - | 167 | 167 |
| Nonfarm nonresidential owner occupied | - | 46,514 | 46,514 | - | - | 402 | 402 |
| Nonfarm nonresidential other | 88 | 75,003 | 75,091 | 13 | - | 730 | 743 |
| Total real estate | 1,444 | 255,590 | 257,034 | 97 | - | 2,218 | 2,315 |
| Commercial | 1,019 | 128,419 | 129,438 | 204 | 9 | 1,719 | 1,932 |
| Agricultural | - | 87,287 | 87,287 | - | - | 818 | 818 |
| Consumer | - | 27,060 | 27,060 | - | 42 | 214 | 256 |
| Other | - | 15,596 | 15,596 | - | 33 | 93 | 126 |
| | $ 2,463 | $ 513,952 | $ 516,415 | $ 301 | $ 84 | $ 5,062 | $ 5,447 |
| December 31, 2014: | | | | | | | |
| Real estate: | | | | | | | |
| Construction, land development, land | $ - | $ 22,808 | $ 22,808 | $ - | $ - | $ 144 | $ 144 |
| Farmland | - | 22,459 | 22,459 | - | - | 247 | 247 |
| 1-4 family residential properties | 249 | 66,718 | 66,967 | - | 1 | 518 | 519 |
| Multi-family residential | - | 20,482 | 20,482 | - | - | 156 | 156 |
| Nonfarm nonresidential owner occupied | 1 | 39,859 | 39,860 | - | - | 320 | 320 |
| Nonfarm nonresidential other | 105 | 70,497 | 70,602 | 13 | 4 | 709 | 726 |
| Total real estate | 355 | 242,823 | 243,178 | 13 | 5 | 2,094 | 2,112 |
| Commercial | 149 | 121,876 | 122,025 | 3 | 45 | 1,415 | 1,463 |
| Agricultural | - | 76,560 | 76,560 | - | - | 730 | 730 |
| Consumer | - | 26,720 | 26,720 | - | 58 | 209 | 267 |
| Other | 1 | 13,852 | 13,853 | - | 18 | 87 | 105 |
| | $ 505 | $ 481,831 | $ 482,336 | $ 16 | $ 126 | $ 4,535 | $ 4,677 |

### *Impaired Loans*

Impaired loans include loans modified in troubled debt restructurings where concessions have been granted to borrowers experiencing financial difficulties. Average impaired loans during 2015 and 2014 were approximately $873,000 and $460,000 respectively. No significant interest income was recognized on impaired loans during 2015 and 2014. Approximately $39,000 and $21,000 of additional interest would have been recognized if the loans had been on accrual status during 2015 and 2014, respectively. The following is a summary of information pertaining to impaired loans at December 31, 2015 and 2014 (in thousands):

| | Unpaid Principal Balance | Recorded Investment With No Allowance | Recorded Investment With Allowance | Recorded Investment Total | Related Allowance |
|---|---|---|---|---|---|
| December 31, 2015: | | | | | |
| Real estate: | | | | | |
| Construction, land development, land | $ 681 | $ 681 | $ - | $ 681 | $ - |
| Farmland | - | - | - | - | - |
| 1-4 family residential properties | 675 | 491 | 184 | 675 | 84 |
| Multi-family residential | - | - | - | - | - |
| Nonfarm nonresidential owner occupied | - | - | - | - | - |
| Nonfarm nonresidential other | 88 | - | 88 | 88 | 13 |
| Total real estate | 1,444 | 1,172 | 272 | 1,444 | 97 |
| Commercial | 1,019 | 101 | 918 | 1,019 | 204 |
| Agricultural | - | - | - | - | - |
| Consumer | - | - | - | - | - |
| Other | - | - | - | - | - |
| | $ 2,463 | $ 1,273 | $ 1,190 | $ 2,463 | $ 301 |
| December 31, 2014: | | | | | |
| Real estate: | | | | | |
| Construction, land development, land | $ - | $ - | $ - | $ - | $ - |
| Farmland | - | - | - | - | - |
| 1-4 family residential properties | 249 | - | 249 | 249 | - |
| Multi-family residential | - | - | - | - | - |
| Nonfarm nonresidential owner occupied | 1 | - | 1 | 1 | - |
| Nonfarm nonresidential other | 105 | 105 | - | 105 | 13 |
| Total real estate | 355 | 105 | 250 | 355 | 13 |
| Commercial | 149 | 65 | 84 | 149 | 3 |
| Agricultural | - | - | - | - | - |
| Consumer | - | - | - | - | - |
| Other | 1 | - | 1 | 1 | - |
| | $ 505 | $ 170 | $ 335 | $ 505 | $ 16 |

### *Past Due Loans*

The following is a summary of past due and nonaccrual loans at December 31, 2015 and 2014 is as follows (in thousands):

| | 30-89 Days Past Due | Past Due 90 Days or More Still Accruing | Nonaccrual | Total Past Due and Nonaccrual |
|---|---|---|---|---|
| December 31, 2015: | | | | |
| Real estate: | | | | |
| Construction, land development, land | $ - | $ - | $ 681 | $ 681 |
| Farmland | - | - | - | - |
| 1-4 family residential properties | 317 | - | 675 | 992 |
| Multi-family residential | - | - | - | - |
| Nonfarm nonresidential owner occupied | - | - | - | - |
| Nonfarm nonresidential other | - | - | 88 | 88 |
| Total real estate | 317 | - | 1,444 | 1,761 |
| Commercial | 364 | - | 1,019 | 1,383 |
| Agricultural | - | - | - | - |
| Consumer | 184 | - | - | 184 |
| Other | 82 | 55 | - | 137 |
| | $ 947 | $ 55 | $ 2,463 | $ 3,465 |
| December 31, 2014: | | | | |
| Real estate: | | | | |
| Construction, land development, land | $ - | $ - | $ - | $ - |
| Farmland | - | - | - | - |
| 1-4 family residential properties | 218 | - | 249 | 467 |
| Multi-family residential | - | - | - | - |
| Nonfarm nonresidential owner occupied | 42 | - | 1 | 43 |
| Nonfarm nonresidential other | - | - | 105 | 105 |
| Total real estate | 260 | - | 355 | 615 |
| Commercial | 85 | - | 149 | 234 |
| Agricultural | - | - | - | - |
| Consumer | 142 | - | - | 142 |
| Other | 12 | - | 1 | 13 |
| | $ 499 | $ - | $ 505 | $ 1,004 |

***Troubled Debt Restructurings***

The restructuring of a loan is considered a troubled debt restructuring (TDR) if both the borrower is experiencing financial difficulties and the creditor has granted a concession. Concessions may include interest rate reductions or below market interest rates, principal forgiveness, restructuring amortization schedules and other actions intended to minimize potential losses. The Company had no significant TDR's during the periods ending December 31, 2015 and 2014.

***Credit Quality Information***

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt, including: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Company analyzes loans individually by classifying the loans as to credit risk. The Company uses the following definitions for risk ratings:

**Pass**

Loans classified as pass are loans with low to average risk.

**Special Mention**

Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the Company's credit position at some future date.

**Substandard**

Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected.

**Doubtful**

Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

As of December 31, 2015 and 2014, based on the most recent analysis performed, the risk category of loans by class of loans is as follows (in thousands):

| | Pass | Special Mention | Substandard | Doubtful | Total |
|---|---|---|---|---|---|
| December 31, 2015: | | | | | |
| Real estate: | | | | | |
| Construction, land development, land | $ 24,619 | $ - | $ 682 | $ - | $ 25,301 |
| Farmland | 19,718 | - | 294 | - | 20,012 |
| 1-4 family residential properties | 66,700 | - | 1,585 | - | 68,285 |
| Multi-family residential | 21,487 | - | 344 | - | 21,831 |
| Nonfarm nonresidential owner occupied | 46,231 | - | 283 | - | 46,514 |
| Nonfarm nonresidential other | 74,604 | - | 487 | - | 75,091 |
| Total real estate | 253,359 | - | 3,675 | - | 257,034 |
| Commercial | 115,980 | 8,489 | 4,969 | - | 129,438 |
| Agricultural | 84,596 | - | 2,691 | - | 87,287 |
| Consumer | 26,984 | - | 76 | - | 27,060 |
| Other | 15,596 | - | - | - | 15,596 |
| | $ 496,515 | $ 8,489 | $ 11,411 | $ - | $ 516,415 |
| December 31, 2014: | | | | | |
| Real estate: | | | | | |
| Construction, land development, land | $ 22,756 | $ - | $ 52 | $ - | $ 22,808 |
| Farmland | 22,347 | - | 112 | - | 22,459 |
| 1-4 family residential properties | 66,159 | - | 808 | - | 66,967 |
| Multi-family residential | 20,120 | - | 362 | - | 20,482 |
| Nonfarm nonresidential owner occupied | 39,859 | - | 1 | - | 39,860 |
| Nonfarm nonresidential other | 70,050 | - | 552 | - | 70,602 |
| Total real estate | 241,291 | - | 1,887 | - | 243,178 |
| Commercial | 120,931 | - | 1,094 | - | 122,025 |
| Agricultural | 76,115 | - | 445 | - | 76,560 |
| Consumer | 26,670 | - | 50 | - | 26,720 |
| Other | 13,853 | - | - | - | 13,853 |
| | $ 478,860 | $ - | $ 3,476 | $ - | $ 482,336 |

## 6. Bank Premises and Equipment

Bank premises and equipment at December 31, 2015 and 2014 consisted of the following (in thousands):

| | 2015 | 2014 |
|---|---|---|
| Land | $ 3,897 | $ 3,900 |
| Buildings and improvements | 20,885 | 20,645 |
| Furniture and equipment | 6,164 | 6,160 |
| Construction in progress | 256 | 119 |
| | 31,202 | 30,824 |
| Accumulated depreciation | (14,665) | (14,028) |
| | $ 16,537 | $ 16,796 |

Depreciation expense was approximately $1,106,000 and $1,123,000 for the years ended December 31, 2015 and 2014, respectively.

The Company leases office space and various equipment under noncancelable operating lease agreements. Pursuant to the terms of the leases in effect at December 31, 2015, future minimum rent commitments are as follows (in thousands):

| Year | Amount |
|---|---|
| 2016 | $ 88 |
| 2017 | 75 |
| 2018 | 75 |
| 2019 | 16 |
| 2020 | - |
| | $ 254 |

Certain operating leases provided for renewal options. In the normal course of business, operating leases are generally renewed or replaced by other leases. Rental expense for the year ended December 31, 2015 and 2014 was approximately $100,000 and $102,000, respectively.

## 7. Deposits

Deposits at December 31, 2015 and 2014 are summarized as follows (in thousands):

| | 2015 | | 2014 | |
|---|---|---|---|---|
| | Amount | Percent | Amount | Percent |
| Noninterest bearing demand accounts | $ 304,208 | 35.8 | $ 330,089 | 36.7 |
| Interest bearing demand accounts | 153,270 | 18.1 | 164,388 | 18.2 |
| Savings accounts | 46,626 | 5.5 | 45,433 | 5.0 |
| Limited access money market accounts | 202,701 | 23.9 | 217,255 | 24.1 |
| Individual retirement accounts | 15,462 | 1.8 | 15,844 | 1.8 |
| Certificates of deposit, $100,000 or less | 35,903 | 4.2 | 39,595 | 4.4 |
| Certificates of deposit, greater than $100,000 | 91,239 | 10.7 | 87,936 | 9.8 |
| | $ 849,409 | 100.0 | $ 900,540 | 100.0 |

The Company had no brokered deposits at December 31, 2015 and 2014.

At December 31, 2015, scheduled maturities of certificates of deposit and individual retirement accounts are as follows (in thousands):

| | Amount |
|---|---|
| Less than one year | $ 123,485 |
| One to three years | 15,490 |
| Over three years | 3,629 |
| | $ 142,604 |

## 8. Other Borrowings

### *Federal Home Loan Bank*

At December 31, 2015 and 2014, the Company had Federal Home Loan Bank advances of $685,000 and $1,342,000, respectively. The Federal Home Loan Bank advances had fixed interest rates ranging from 5.74% to 6.01% and mature beginning March 1, 2016 through October 1, 2018. The FHLB advances are secured by a blanket lien on certain single family residential loans. At December 31, 2015 the Company has additional unused borrowing capacity with the FHLB of approximately $393,976,000.

### *Other*

Additionally, the Company has unused federal funds lines available from commercial banks of approximately $20,000,000 at December 31, 2015.

## 9. Junior Subordinated Debentures

Junior subordinated debentures in the amount of $12,372,000 are due to FirstPerryton Statutory Trust II (Trust), a 100% owned nonconsolidated subsidiary of FirstPerryton Bancorp, Inc. The debentures were issued in conjunction with the Trust's issuance of Company Obligated Mandatorily Redeemable Preferred Securities (Preferred Securities). With certain exceptions, the amount of the principal and any accrued and unpaid interest on the debentures is subordinated to all senior indebtedness of the Company. The interest is deferrable on a cumulative basis for up to five consecutive years following a suspension of dividend payments on all other capital stock. The debentures bear the same interest rate and terms as the preferred securities, (See Note 11).

## 10. Interest Rate Swap Agreements

The Company maintains an interest rate risk management strategy that uses derivative instruments to minimize significant, unanticipated earnings fluctuations caused by interest rate volatility. The Company's specific goal is to convert floating interest rate payments on the trust preferred debt, (See Note 9), to a fixed rate through its first scheduled call date.

On June 15, 2011, the Company entered into an interest rate swap agreement related to certain of its outstanding trust preferred debentures. The interest rate swap agreement effectively fixes the interest rate on the trust preferred debt from a variable rate of 1.837% and 1.734% at December 31, 2015 and 2014, respectively, to a fixed rate of 5.136%. The swap agreement has a notional amount of $12,000,000 and a termination date of June 15, 2021. The swap is designated as a highly effective cash flow hedge.

A liability of $1,213,000 and $1,275,000, respectively, is included in the accompanying consolidated balance sheets at December 31, 2015 and 2014; and a gain of $62,000 and a loss of $335,000, respectively, is included in the consolidated statements of comprehensive income, related to the change in the fair value of the interest rate swap agreement at December 31, 2015 and 2014.

## 11. Trust Preferred Securities

In June 2006, the Company, in a private placement, issued $12,000,000 (12,000 shares with a liquidation amount of $1,000 per share) of Floating Rate Cumulative Trust Preferred Securities (TruPS) through a newly formed, wholly-owned non-consolidated subsidiary, FirstPerryton Statutory Trust II (Trust). The Company has an investment in 100% of the common shares of the Trust totaling $372,000. The Trust invested the total proceeds from the sale of the TruPS in floating rate Junior Subordinated Debentures (Debentures) issued by the Company. The terms of the Debentures are such that they qualify as Tier I capital under the Federal Reserve Board's regulatory capital guidelines applicable to bank holding companies. Interest on the TruPS is payable quarterly at a rate equal to 6.99% through June 2011, then at 3 month LIBOR plus 1.5% for the remaining term. The rate at December 31, 2015 and 2014 was 2.012% and 1.734%, respectively. Principal payments are due at maturity in June 2036. The TruPS are guaranteed by the Company and are subject to redemption. The Company may redeem the debt securities, in whole or in part, on or after the redemption date of June 2011 at an amount equal to the principal amount of the debt securities being redeemed plus any accrued and unpaid interest.

## 12. Financial Instruments with Off-Balance Sheet Risk

The Company is a 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 instruments include commitments to extend credit and standby letters of credit. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheet.

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments. At December 31, 2015 and 2014, the approximate amounts of these financial instruments were as follows (in thousands):

| | 2015 | 2014 |
|---|---|---|
| Financial instruments whose contract amounts represent credit risk: | | |
| Commitments to extend credit | $ 118,157 | $ 118,299 |
| Standby letters of credit | 2,285 | 3,215 |
| | $ 120,442 | $ 121,514 |

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 may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Management evaluates each customer's credit-worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation of the counterparty.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Standby letters of credit generally have fixed expiration dates or other termination clauses and may require payment of a fee. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Company's policy for obtaining collateral and the nature of such collateral is essentially the same as that involved in making commitments to extend credit.

Although the maximum exposure to loss is the amount of such commitments, management currently anticipates no material losses from such activities.

## 13. Significant Group Concentrations of Credit Risk

Most of the Company's business activity is with customers located within Texas. The distribution of commitments to extend credit approximates the distribution of loans outstanding. Commercial and standby letters of credit were granted primarily to commercial borrowers.

The contractual amounts of credit related financial instruments such as commitments to extend credit and letters of credit represent the amounts of potential accounting loss should the contract be fully drawn upon, the customer default, and the value of any existing collateral become worthless.

At December 31, 2015 and 2014, the Company had a concentration of funds on deposit at various correspondent banks. The nature of the Company's business requires that it maintain amounts at due from banks which, at times, may exceed federally insured limits. The Company has not experienced any losses from such accounts.

## 14. Employee Benefits

The Company has a defined contribution plan covering substantially all of its employees. Employees may contribute up to 100% of their salary to the plan up to the annual IRS limitation. The Company matches up to 5% of the employee's salary at the rate of 100%. The Company may also make discretionary contributions to the plan upon the approval of the board of directors. The Company made total contributions to the plan of approximately $329,000 and $300,000 in 2015 and 2014, respectively.

The Company has a partially self-insured health benefit plan which covers substantially all of its employees and provides for hospital, surgical, and major medical coverage. Eligible claims under the plan are covered by the insurance company to the extent they exceed $60,000 per employee or $1,000,000 in the aggregate. Expenses under the plan were approximately $1,596,000 and $1,496,000 for 2015 and 2014, respectively.

The Company has a salary continuation plan for the benefit of certain officers. The Company is funding the agreements with life insurance policies. Accrued salary continuation payable of $6,140,000 and $6,198,000 at December 31, 2015 and 2014, respectively, is included in other liabilities. Expenses related to this plan were approximately $536,000 and $592,000 in 2015 and 2014, respectively.

The Company also has a deferred compensation plan for the benefit of certain officers and directors. The Company is funding the plan with life insurance policies on the individuals and officer and director contributions. The Company matches 35% of the officer contributions. Expense related to this plan was approximately $293,000 and $265,000 in 2015 and 2014, respectively. Deferred compensation payable of approximately $2,374,000 and $2,124,000 is included in other liabilities at December 31, 2015 and 2014, respectively.

## 15. Related Party Transactions

In the ordinary course of business, the Company has and expects to continue to have transactions, including borrowings, with its employees, officers, directors and their affiliates. In the opinion of management, such transactions are on the same terms, including interest rates and collateral requirements, as those prevailing at the time for comparable transactions with unaffiliated persons. At December 31, 2015 and 2014, the aggregate amounts of such loans were approximately $2,458,000 and $5,570,000, respectively. During 2015, approximately $2,029,000 of new loans were made and repayments totaled approximately $5,141,000.

## 16. Fair Value Disclosures

The fair value of an asset or liability is the price that would be received to sell that asset or paid to transfer that liability in an orderly transaction occurring in the principal market (or most advantageous market in the absence of a principal market) for such asset or liability. In estimating fair value, the Company utilizes valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Such valuation techniques are consistently applied. Inputs to valuation techniques include the assumptions that market participants would use in pricing an asset or liability. ASC Topic 820, *Fair Value Measurements and Disclosures*, 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 might 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 (such as interest rates, volatilities, prepayment speeds, credit risks, etc.) or inputs that are derived principally from or corroborated by market data by correlation or other means.
- *Level 3 Inputs* - Unobservable inputs for determining the fair values of assets or liabilities that reflect an entity's own assumptions about the 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. These adjustments may include amounts to reflect counterparty credit quality and the Company's creditworthiness, among other things, as well as unobservable parameters. Any such valuation adjustments are applied consistently over time. The Company's valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. 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. Furthermore, the reported fair value amounts have not been comprehensively revalued since the presentation dates, and therefore, estimates of fair value after the balance sheet date may differ significantly from the amounts presented herein.

Assets and liabilities measured at fair value on a recurring basis at December 31, 2015 and 2014 are as follows (in thousands):

| | Fair Value Measurements Using | | |
|---|---|---|---|
| | Level 1 | Level 2 | Level 3 |
| December 31, 2015: | | | |
| Available for sale securities (1) | $ - | $ 333,914 | $ - |
| Interest rate swap agreements (2) | - | (1,213) | - |
| December 31, 2014: | | | |
| Available for sale securities (1) | $ - | $ 385,210 | $ - |
| Interest rate swap agreements (2) | - | (1,275) | - |

(1) Securities are measured at fair value on a recurring basis, generally monthly.
(2) Fair values of interest rate swap agreements are measured at fair value, generally monthly using significant observable inputs.

Certain financial and non-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 and non-financial assets, measured at fair value on a non-recurring basis as of December 31, 2015 and 2014, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value (in thousands):

| | Level 1 Inputs | Level 2 Inputs | Level 3 Inputs | Total Fair Value |
|---|---|---|---|---|
| December 31, 2015: | | | | |
| Financial assets - impaired loans | $ - | $ - | $ 2,162 | $ 2,162 |
| December 31, 2014: | | | | |
| Financial assets - impaired loans | $ - | $ - | $ 489 | $ 489 |

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 possible loan losses based upon the fair value of the underlying collateral. For the years ended December 31, 2015 and 2014, impaired loans with a carrying value of $2,463,000 and $505,000, respectively, were reduced by specific valuation allowance allocations totaling $301,000 and $16,000, respectively, to a total reported fair value of $2,162,000 and $489,000, respectively, based on collateral valuations utilizing Level 3 valuation inputs.

Foreclosed assets are valued at the time the loan is foreclosed upon and the asset is transferred to other real estate owned. The value is based primarily on third-party appraisals, less estimated costs to sell. Appraisals based upon comparable sales result in a Level 2 classification while appraisals based upon expected cash flows of the property result in a Level 3 classification. The appraisals are generally discounted based on management's historical knowledge, changes in market conditions from the time of valuation, and/or management's expertise and knowledge of the customer and customer's business. Other real estate owned is reviewed and evaluated on at least an annual basis for additional impairment and adjusted accordingly, based on the same factors identified above. During the years ended December 31, 2015 and 2014, there were no acquisitions or write-downs of other real estate owned.

Those financial instruments not subject to the initial implementation of this guidance, are required to have their fair value disclosed, both assets and liabilities recognized and not recognized in the consolidated balance sheets, for which it is practicable to estimate fair value. 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.

Following is a table that summarizes the carrying values and estimated fair values of all financial instruments of the Company at December 31, 2015 and 2014, followed by methods and assumptions that were used by the Company in estimating the fair value of the classes of financial instruments not covered by FASB ASC Topic 820 (in thousands):

| | | Total Estimated Fair Value | | |
|---|---|---|---|---|
| | Carrying Amount | Level 1 Inputs | Level 2 Inputs | Level 3 Inputs |
| December 31, 2015: | | | | |
| Financial assets: | | | | |
| Cash and cash equivalents | $ 51,059 | $ 51,059 | $ - | $ - |
| Securities available for sale | 333,914 | - | 333,914 | - |
| Securities held to maturity | 751 | - | 768 | - |
| Loans held for sale | 1,452 | - | 1,475 | - |
| Loans | 510,968 | - | - | 505,928 |
| Accrued interest receivable | 3,270 | 3,270 | - | - |
| Financial liabilities: | | | | |
| Deposits | 849,409 | - | - | 849,688 |
| Advances from the Federal Home Loan Bank | 685 | - | 690 | - |
| Junior subordinated debentures | 12,372 | - | - | 12,372 |
| Interest rate swap agreements | 1,213 | - | 1,213 | - |
| Accrued interest payable | 139 | 139 | - | - |
| Unrecognized financial instruments: | | | | |
| Commitments to extend credit | - | - | - | - |
| Standby letters of credit and financial guarantees | - | - | - | - |
| December 31, 2014: | | | | |
| Financial assets: | | | | |
| Cash and cash equivalents | $ 84,501 | $ 84,501 | $ - | $ - |
| Securities available for sale | 385,210 | - | 385,210 | - |
| Securities held to maturity | 851 | - | 871 | - |
| Loans held for sale | 852 | - | 865 | - |
| Loans | 477,659 | - | - | 477,749 |
| Accrued interest receivable | 3,055 | 3,055 | - | - |
| Financial liabilities: | | | | |
| Deposits | 900,540 | - | - | 900,930 |
| Advances from the Federal Home Loan Bank | 1,342 | - | 1,354 | - |
| Junior subordinated debentures | 12,372 | - | - | 12,372 |
| Interest rate swap agreements | 1,275 | - | 1,275 | - |
| Accrued interest payable | 160 | 160 | - | - |
| Unrecognized financial instruments: | | | | |
| Commitments to extend credit | - | - | - | - |
| Standby letters of credit and financial guarantees | - | - | - | - |

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

***Cash and cash equivalents***

The carrying amounts of cash and short-term instruments approximate their fair value.

***Securities***

Fair values for securities excluding restricted equity securities, are based on quoted market prices. The carrying values of restricted equity securities approximate fair values.

***Loans held for sale***

Fair values are based on quoted prices of similar loans sold on the secondary market.

***Loans***

For variable-rate loans that reprice frequently and have no significant changes in credit risk, fair values are based on carrying values. Fair values for fixed-rate commercial real estate, mortgage, consumer and commercial loans are estimated using discounted cash flow analyses, using interest rates currently being offered for loans with similar terms to borrowers of similar credit quality. Fair values for impaired loans are estimated using discounted cash flow analyses or underlying collateral values, where applicable.

***Deposits***

The fair values disclosed for demand deposits are, by definition, equal to the amount payable on demand at the reporting date (that is, their carrying amounts). The carrying amounts of variable-rate certificates of deposit (CD's) approximate their fair values at the reporting date. Fair values for fixed-rate CD's are estimated using a discounted cash flow calculation that applies interest rates currently being offered on certificates to a schedule of aggregated expected monthly maturities on time deposits.

***Advances from the Federal Home Loan Bank***

The carrying amounts of short-term borrowings maturing within 90 days approximate their fair values. Fair values of other borrowings are estimated using discounted cash flow analyses based on the Company's current incremental borrowing rates for similar types of borrowing arrangements.

***Junior subordinated debentures***

The estimated fair value approximates the carrying value due to the variable interest rate.

***Interest rate swap agreements***

Interest rate swap agreements are carried at fair value in the consolidated balance sheet. Fair values of interest rate swap agreements are primarily based on quoted market prices for the sale of individual securities with similar terms as those represented by the swap agreements.

***Accrued interest***

The carrying amounts of accrued interest approximate their fair values.

***Off-balance sheet instruments***

Fair values for off-balance sheet lending commitments are based on fees currently charged to enter into similar agreements taking into account the remaining terms of the agreements and the counterparties' credit standings.

## 17. Stockholders' Equity and Regulatory Matters

The Bank is subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and prompt corrective action regulations, involve quantitative measures of assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Failure to meet capital requirements can initiate regulatory action. The final rules implementing Basel Committee on Banking Supervision's capital guidelines for U.S. banks (Basel III rules) became effective for the Bank on January 1, 2015 with full compliance with all of the requirements being phased in over a multi-year schedule, and fully phased in by January 1, 2019. The net unrealized gain or loss on available for sale securities is not included in computing regulatory capital. Management believes as of December 31, 2015, the Bank meets all capital adequacy requirements to which it is subject.

Prompt corrective action regulations for banking institutions provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required. At December 31, 2015, the most recent regulatory notifications categorized the Bank as well-capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the Bank's category.

Actual and required capital amounts and ratios at December 31, 2015 are presented below (in thousands):

| | Actual | | Minimum Required for Capital Adequacy Purposes | | Minimum to be Well Capitalized under Prompt Corrective Action Provisions | |
|---|---|---|---|---|---|---|
| | Amount | Ratio | Amount | Ratio | Amount | Ratio |
| Total capital to risk weighted assets | $ 90,030 | 14.29% | $ 50,395 | 8.00% | $ 62,993 | 10.00% |
| Tier 1 (core) capital to risk weighted assets | 84,583 | 13.43% | 28,347 | 4.50% | 40,946 | 6.50% |
| Common Tier 1 (CET1) | 84,583 | 13.43% | 37,796 | 6.00% | 50,395 | 8.00% |
| Tier 1 (core) capital to average assets | 84,583 | 9.06% | 37,329 | 4.00% | 46,661 | 5.00% |

During 2015, the Federal Reserve Bank issued a final rule that increased the asset threshold to qualify as a small bank holding company from $500 million to $1 billion. Accordingly, at December 31, 2014, the Company was considered a large bank holding company and was subject to the consolidated capital requirements by regulation.

Actual and required capital amounts and ratios at December 31, 2014 (prior to the implementation of the Basel III Capital Rules and the change in definition of a small bank holding company) are presented below (in thousands):

| | Actual | | Minimum Required for Capital Adequacy Purposes | | Minimum to be Well Capitalized under Prompt Corrective Action Provisions | |
|---|---|---|---|---|---|---|
| | Amount | Ratio | Amount | Ratio | Amount | Ratio |
| Total capital to risk weighted assets: | | | | | | |
| Company | $ 89,853 | 15.13% | $ 47,510 | 8.00% | N/A | N/A |
| Bank | 80,789 | 13.59% | 47,551 | 8.00% | 59,438 | 10.00% |
| Tier 1 capital to risk weighted assets: | | | | | | |
| Company | 85,176 | 14.34% | 23,755 | 4.00% | N/A | N/A |
| Bank | 76,112 | 12.81% | 23,775 | 4.00% | 29,719 | 6.00% |
| Tier 1 capital to average assets: | | | | | | |
| Company | 85,176 | 8.66% | 39,330 | 4.00% | N/A | N/A |
| Bank | 76,112 | 7.75% | 39,294 | 4.00% | 49,117 | 5.00% |

PAYNE & SMITH, LLC
Certified Public Accountants

## *Independent Auditors' Report*

## *On Additional Information*

The Board of Directors
FirstPerryton Bancorp, Inc. and Subsidiary

We have audited the consolidated financial statements of FirstPerryton Bancorp, Inc. and Subsidiary as of and for the year ended December 31, 2015, and have issued our report thereon dated February 3, 2016, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 34 and 35 is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Payne & Smith, LLC

February 3, 2016

5952 Royal Lane • Suite 158 • Dallas, TX 75230 • 214 / 363-9927 • Fax 214 / 363-9980

## *FIRSTPERRYTON BANCORP, INC. AND SUBSIDIARY*

Consolidating Balance Sheet

December 31, 2015

(In thousands of dollars)

| | FirstPerryton Bancorp, Inc. | FirstBank Southwest | Eliminations | | Consolidated |
|---|---|---|---|---|---|
| ASSETS | | | | | |
| Cash and cash equivalents | $ 1,830 | $ 51,059 | $ (1,830) | (a) | $ 51,059 |
| Securities available for sale | - | 333,914 | - | | 333,914 |
| Securities held to maturity | 290 | 461 | - | | 751 |
| Investment in subsidiary | 87,103 | - | (87,103) | (b) | - |
| Loans held for sale | - | 1,452 | - | | 1,452 |
| Loans | - | 510,968 | - | | 510,968 |
| Bank premises and equipment | - | 16,537 | - | | 16,537 |
| Goodwill | - | 2,999 | - | | 2,999 |
| Cash surrender value of life insurance | - | 22,137 | - | | 22,137 |
| Other assets | 373 | 9,900 | (1,213) | (c) | 9,060 |
| | $ 89,596 | $ 949,427 | $ (90,146) | | $ 948,877 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | | | |
| Deposits: | | | | | |
| Noninterest bearing | $ - | $ 306,038 | $ (1,830) | (a) | $ 304,208 |
| Interest bearing | - | 545,201 | - | | 545,201 |
| Total deposits | - | 851,239 | (1,830) | | 849,409 |
| Other borrowings | - | 685 | - | | 685 |
| Junior subordinated debentures | 12,372 | - | - | | 12,372 |
| Interest rate swap agreements | 1,213 | - | - | | 1,213 |
| Other liabilities | 12 | 10,400 | (1,213) | (c) | 9,199 |
| Commitments and contingencies | - | - | - | | - |
| Stockholders' equity: | | | | | |
| Common stock | 87 | 1,500 | (1,500) | (b) | 87 |
| Paid-in capital | 38,036 | 40,240 | (40,240) | (b) | 38,036 |
| Retained earnings | 77,462 | 45,842 | (45,842) | (b) | 77,462 |
| Accumulated other comprehensive loss | (1,692) | (479) | 479 | (b) | (1,692) |
| Treasury stock, at cost | (37,894) | - | - | | (37,894) |
| Total stockholders' equity | 75,999 | 87,103 | (87,103) | | 75,999 |
| | $ 89,596 | $ 949,427 | $ (90,146) | | $ 948,877 |

See description of consolidating entries on page 36 and accompanying independent auditors' report on additional information.

## *FIRSTPERRYTON BANCORP, INC. AND SUBSIDIARY*

Consolidating Statement of Income and Comprehensive Income

For the Year ended December 31, 2015

(In thousands of dollars)

| | FirstPerryton Bancorp, Inc. | FirstBank Southwest | Eliminations | Consolidated |
|---|---|---|---|---|
| Interest income: | | | | |
| Interest and fees on loans | $ - | $ 22,325 | $ - | $ 22,325 |
| Interest on invesment securities | 10 | 4,820 | - | 4,830 |
| Other | - | 175 | - | 175 |
| Total interest income | 10 | 27,320 | - | 27,330 |
| Interest expense: | | | | |
| Interest on deposit accounts | - | 1,239 | - | 1,239 |
| Interest on borrowings | 634 | 58 | - | 692 |
| Total interest expense | 634 | 1,297 | - | 1,931 |
| Net interest (expense) income | (624) | 26,023 | - | 25,399 |
| Provision for loan losses | - | 720 | - | 720 |
| Net interest (expense) income after provision for loan losses | (624) | 25,303 | - | 24,679 |
| Noninterest income: | | | | |
| Service charges and fees | - | 1,945 | - | 1,945 |
| Net income from cash surrender value of life insurance | - | 560 | - | 560 |
| Net gain on sale of loans | - | 685 | - | 685 |
| Income from Trust Department | - | 896 | - | 896 |
| Dividends from subsidiary | 2,000 | - | (2,000) (d) | - |
| Equity in undistributed earnings of subsidiary | 8,471 | - | (8,471) (d) | - |
| Other | 7 | 2,418 | - | 2,425 |
| Total noninterest income | 10,478 | 6,504 | (10,471) | 6,511 |
| Noninterest expense: | | | | |
| Salaries and employee benefits | - | 12,696 | - | 12,696 |
| Occupancy expense | - | 3,566 | - | 3,566 |
| FDIC insurance assessment | - | 500 | - | 500 |
| Other | 26 | 4,574 | - | 4,600 |
| Total noninterest expense | 26 | 21,336 | - | 21,362 |
| Net income | 9,828 | 10,471 | (10,471) | 9,828 |
| Other comprehensive income: | | | | |
| Change in net unrealized gain/loss on securities available for sale | 76 | 76 | (76) (e) | 76 |
| Change in fair value of interest rate swap | 62 | - | - | 62 |
| Total other comprehensive income | 138 | 76 | (76) | 138 |
| Total comprehensive income | $ 9,966 | $ 10,547 | $ (10,547) | $ 9,966 |

See description of consolidating entries on page 36 and accompanying independent auditors' report on additional information.

Description of Consolidating Entries

For the Year Ended December 31, 2015

(a) To eliminate intercompany cash and deposits.

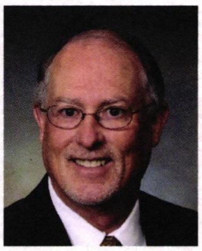
(b) To eliminate investment accounts against the stockholder's equity of the consolidated subsidiary.

(c) To eliminate intercompany assets and liabilities.

(d) To eliminate dividends from and equity in undistributed earnings of subsidiary.

(e) To eliminate the change in other comprehensive income.

# Panhandle Roots Run Deep



**Donald Smith Ellis**

Chairman of the Board, Chief Executive Officer and President FirstPerryton Bancorp, Inc. and FirstBank Southwest

We have made a nice recovery over the past two years. In 2015, your company made almost $1.5 million more in net income than it did in 2014. Our loan to deposit ratio has grown to be in excess of 60%. This is the highest level I have seen at the bank since I became a board member in 1996. Our efficiency ratio has improved and hovers in the low to middle 60's. This ratio measures the amount of expenses it takes to generate a dollar of revenue. In this instance, the lower the efficiency ratio the better.

We had our annual exam in early January 2016, and the results prove that you have made a wise investment in a very safe and well-run institution. Striving to maintain high ratings has many benefits including lower costs and reduced oversight. We have been trying very hard to keep our assets below the $1 billion mark. Exceeding this mark increases overall costs and regulation by the federal and state regulators.

The year 2016 could turn out to be a difficult one. Since June, the markets have roiled and commodity prices, primarily oil and gas, have reversed their gains. Some of our customers are going to find it more difficult to make a profit in 2016. This means that FirstBank Southwest is going to work harder in the communities that we serve in an effort to support our long time customers.

The Federal Open Market Committee's Monetary Policy has not had the desired effect. Globally, some central banks are talking about 'negative interest rates'. And to top it all off, we are having a very entertaining Presidential race.

My point is that these are very uncertain times, and your bank and its employees continue to strive for excellence in the face of adversity. Your company has been through all of the downturns and upturns in the economy since 1907, and I am pleased to say that we are still a survivor. Just a few years ago, there were over 600 banks in the State of Texas; today there are just 479.

I am very positive about the future of this company. When I arrived to work at the bank in 2004, I was the youngest member of the executive management team. Now, I look around, and I am the "Old Guy." It can be a little un-nerving to realize you are going the way of the dinosaur. However, what gives me the greatest comfort is the quality of the executive management team that has emerged, and I can attest that they are very good at what they do for you.

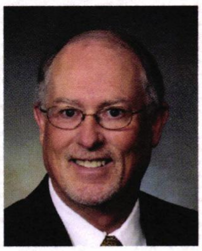
Lastly, I want to recognize the directors that serve you. In my experience, I have never worked with a group of individuals who have put as much effort into their service as your Board of Directors. Many serve on multiple committees, and they are not afraid to ask questions and challenge all of us to do a better job. They are representing your interests, and from the youngest to the oldest, they are doing an admirable job.

Sincerely,

Smith Ellis

Smith Ellis

# Our Directors

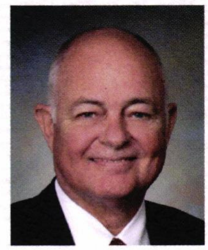


**Donald Smith Ellis**

Chairman of the Board,
Chief Executive Officer
and President
FirstPerryton Bancorp, Inc.
and FirstBank Southwest

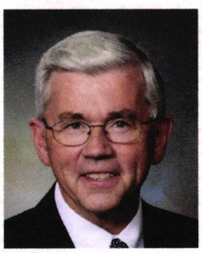
**Bruce E. Julian**

Vice Chairman
Retired Banker
and Attorney



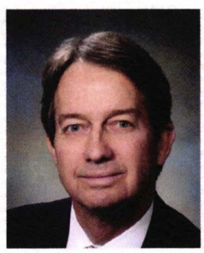
**Carl W. Ellis**

Retired Banker



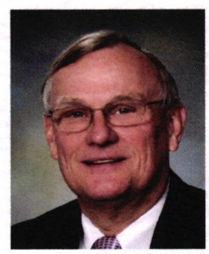
**Randy W. Brillhart**

Retired Banker



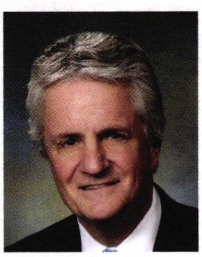
**Terry W. Caviness**

Chief Executive Officer,
Caviness Beef Packers, Ltd.



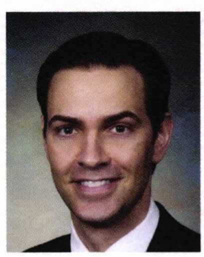
**Dennis W. Falk**

Retired Banker



**Phillips B. Gentry III**

Retired Banker

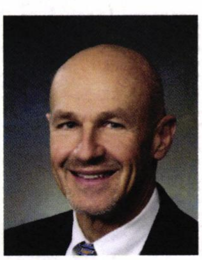


**Drew S. McGarraugh**

Certified Financial Planner

**Will C. Miller**

President / Amarillo
and Chief Lending Officer

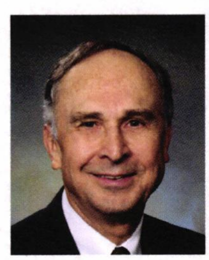


**Johnny E. Mize**

Retired Executive
and Community Volunteer

**Letricia "Puff" Niegos**

Treasurer
and Chief Financial Officer,
Western Sales
& Testing of Amarillo

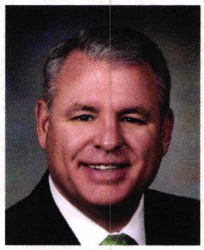


**Larry J. Orman**

Retired Banker

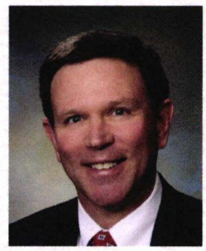
**Mike D. Schueler**

President / Hereford



**Mark E. Shaffer**

Hotel Owner/Operator



**Brady R. Yeary**

President / Perryton

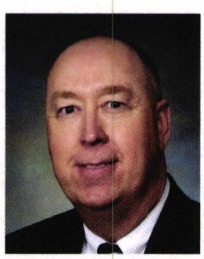

Commemorative whetstone gift celebrating $40,000 in Capital and Surplus.


This First National Bank of Perryton national currency note was issued until 1929.

# Advisory Directors

**Jerry D. Williams**

Executive Vice President, Chief Operations Officer and Chief Financial Officer



**Marty R. Murry**

Executive Vice President

# By the Numbers

**Jerry D. Williams**

Executive Vice President, Chief Operations Officer and Chief Financial Officer

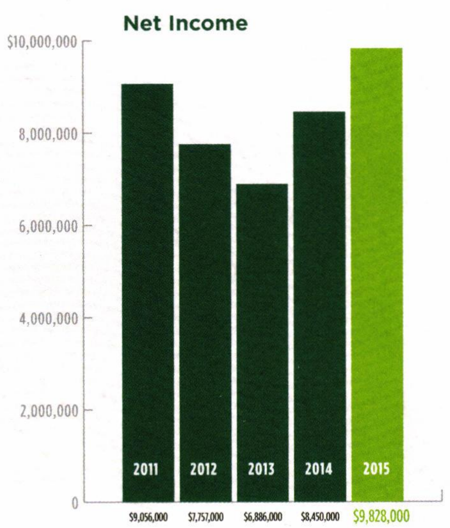
FirstPerryton Bancorp, Inc. ("FirstPerryton") and its subsidiary bank, FirstBank Southwest ("FirstBank"), had another successful year in 2015 due mainly to increased loan volume and improving interest rates. FirstPerryton realized net income of $9,828,000, resulting in earnings per common share of $174. Stockholders' equity ended the year at $75,999,000, providing a return on stockholders' equity of 12.93%.

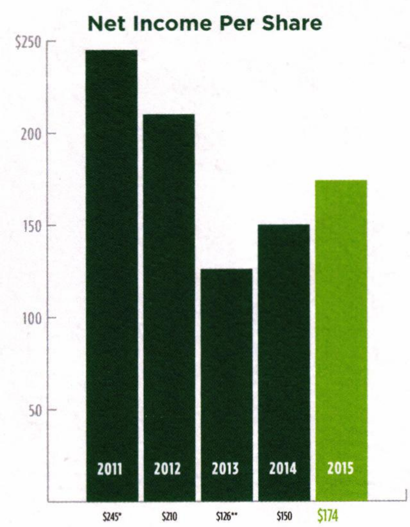
During 2015, FirstBank experienced a decline in total assets, ending the year at $949 million. The decline in assets is attributable to reduced deposits in the public funds and oil-related sectors. Total deposits dropped $51 million in 2015, ending the year at $849 million. FirstBank also experienced loan growth of $34 million during 2015, ending the year with gross loans and leases of $512 million. In 2015, FirstBank recorded net income of $10,471,000, resulting in a bank-level return on equity of 12.02%.

As we move into 2016, the directors and employees of FirstPerryton and FirstBank are prepared for the challenges facing our local economies. We are working hand-in-hand with our customers as they deal with volatile commodity and oil markets. Staying true to our core values, our directors and employees are committed to working as partners with our customers and communities through this turbulent period. We will remain focused on managing our costs and capital spending with the intent of increasing earnings, margins, and returns to our shareholders.

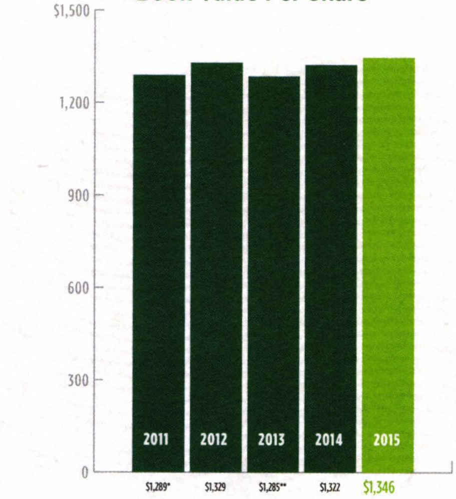
Sincerely,

Jerry D. Williams

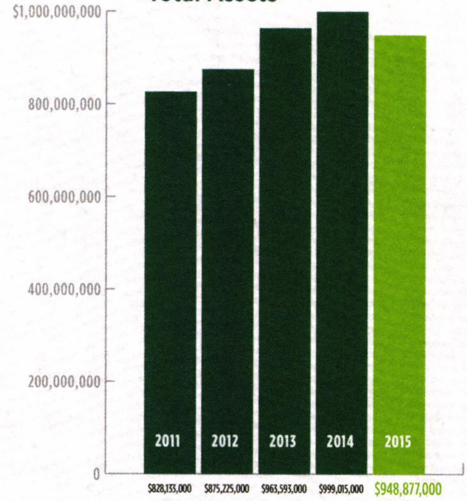


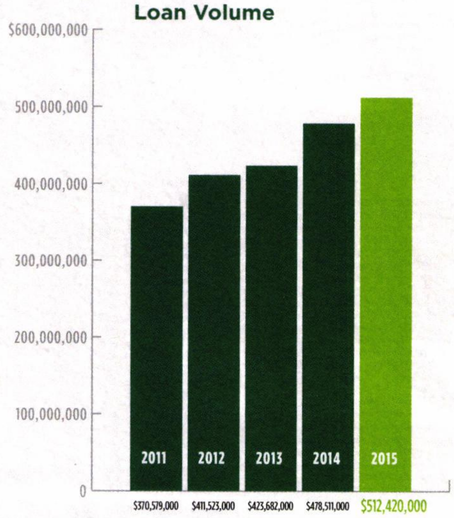
### Book Value Per Share



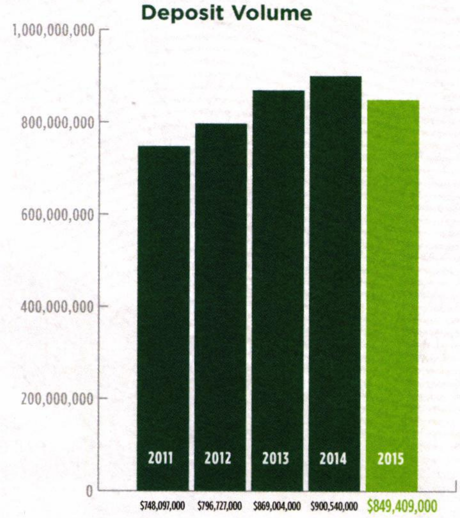

### Total Assets



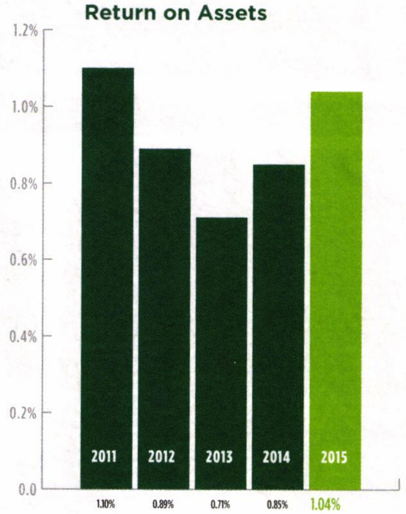

### Loan Volume



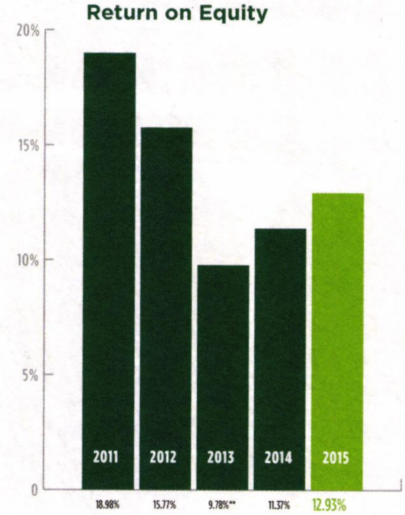

### Deposit Volume



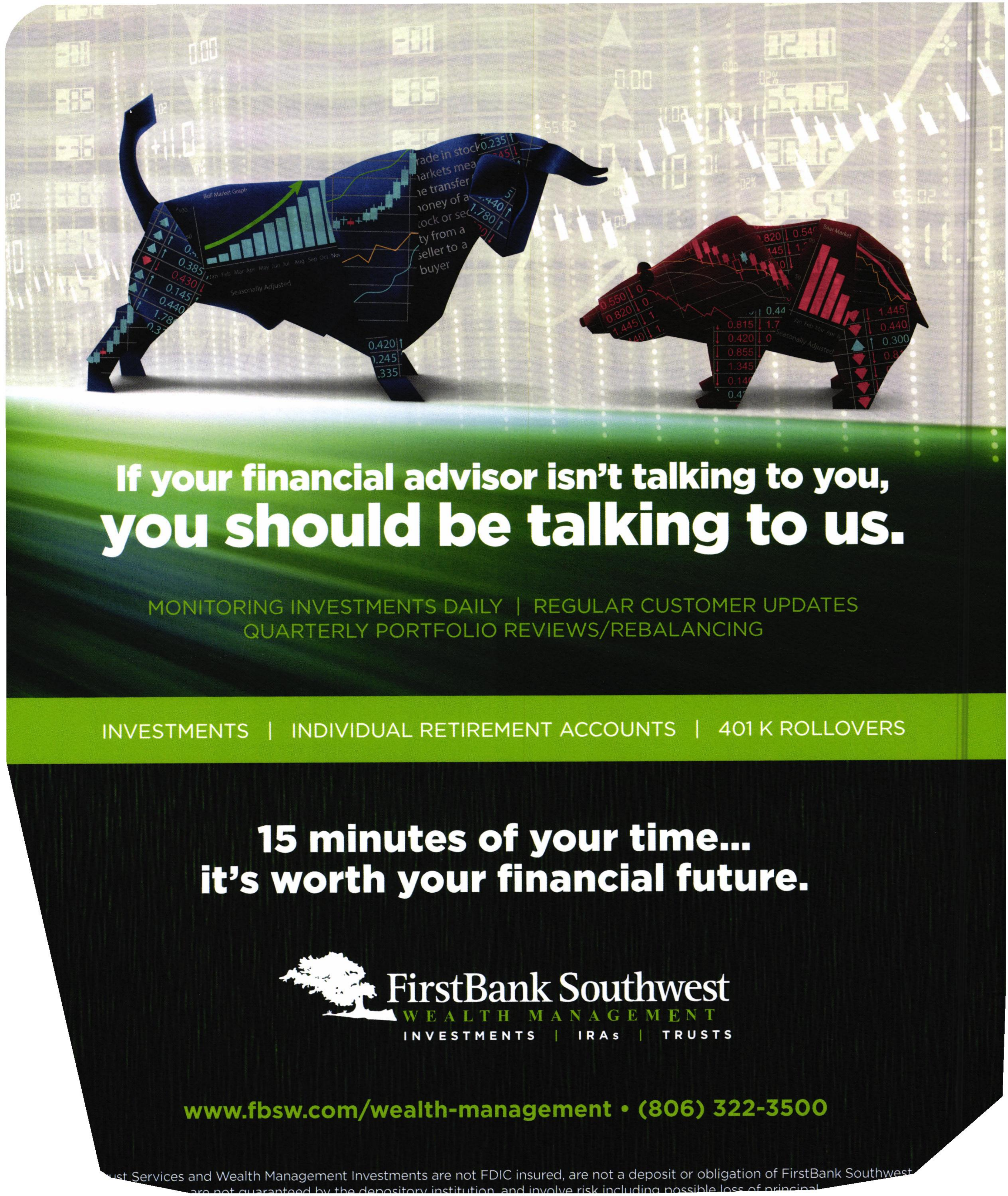

### Return on Assets




### Return on Equity




*Company executed a 10 for 1 stock split in 2011. **Company raised approximately $24 Million in capital in 2013.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are not guaranteed by the depository institution, and involve risk including possible loss of principal

# Business Banking

FirstBank Southwest is a leading Texas bank, committed to meeting the financial needs of businesses in the greater Texas Panhandle. We have the financial strength, lending specialists and loan capacity to finance growth in the communities we serve.

Our Commercial Loan Officers are conveniently located in nine full-service bank locations. With so many industries across the Panhandle, our Officers accommodate every type and size of business, from small and medium-sized companies to large corporations.

FirstBank Southwest is pleased to offer loans, deposit services and special services to your business. Contact our Officers at the location nearest you to learn more about these services.

# Small Businesses

- Remote deposit capture
- Wire transfer of funds
- Merchant credit card processing
- Business credit cards
- Direct deposit, electronic payments and transfers
- Online Banking, Premier Bill Pay and eStatements
- FirstBankLine - bank by phone
- Imaged bank statements
- Commercial drive-up windows
- Commercial night deposits

# Deposits

### For Commercial Checking Accounts

- Small business checking
- Analyzed business checking
- Business interest checking

### For Deposit Accounts

- Business Savings account
- Money Market account
- Certificates of Deposit

# Loans

### Commercial, Professional and Retail Businesses

- Business operating and working capital loans
- Equipment financing and commercial leases
- Seasonal inventory financing
- Accounts receivable financing
- Truck, fleet and company vehicle financing
- Small Business Administration (SBA) loans

### Oil & Gas Businesses

- Business operating and working capital loans
- Equipment financing and leasing
- Truck and fleet vehicles

### Agriculture

- Farm operating and production loans
- Livestock loans, including stocker cattle, feedlot cattle, cow/calf operations
- Farm and ranch equipment financing and leasing
- Agriculture vehicles, machinery and fixed asset financing
- Farm and ranch real estate loans
- Personal real estate loans for rural property

### Commercial Real Estate

- Commercial development loans
- Long-term financing for commercial buildings and sites
- Builder and contractor financing
- Interim construction financing on commercial projects
- Permanent commercial real estate loans on owner-occupied or tenant/lease property

### Residential Real Estate

- Residential development and construction loans
- Interim construction financing on residences
- Permanent residential mortgages (Conventional, VA, FHA)

### Personal Loans to Business Owners and Managers

- Personal investment loans
- Vehicle (new and used) loans for family members
- Boat and recreational vehicle loans
- Mortgage loans for homes and vacation/second homes
- Home equity loans & home equity lines of credit
- Home improvement loans
- Personal loans for travel & special needs

# Our Officers

## Amarillo

**Donald Smith Ellis**
Chairman of the Board, Chief Executive Officer and President FirstPerryton BanCorp Inc. / FirstBank Southwest

**Will C. Miller**
President / Amarillo and Chief Lending Officer

**Jerry Don Williams**
Executive Vice President, Chief Operations Officer, Chief Financial Officer, Senior Investment Officer and Trust Officer

**Marty R. Murry**
Executive Vice President

**David L. Ellis**
Executive Vice President

**Lance E. Purcell**
Executive Vice President and Senior Trust Officer

**Kevin L. Cantrell**
Senior Vice President, Loan Operations Specialist and Security Officer

**Kevin L. Kuehler**
Senior Vice President and Retail Banking Manager

**Judy Whiteley**
Senior Vice President

**Wendy L. Curry**
Senior Vice President and Risk Manager / Compliance Officer

**Angela C. Garcia**
Senior Vice President

**Janice L. Trew**
Senior Vice President, Human Resources Director and Secretary to the Board

**Annette M. Asencio**
Senior Vice President, BSA Officer and Bank Operations Manager

**Bryan E. Noggle**
Senior Vice President and Chief Information Officer

**Matthew T. Sanders**
Senior Vice President / Credit Administration

**James E. Wells**
Vice President

**Lorana N. Peoples**
Vice President

**Terri B. Vinson**
Vice President and Trust Officer

**Anita Perez**
Gem Lake Banking Center Manager and Assistant Vice President

**Sheri L. Davidson**
Assistant Vice President

**Stacey D. Edwards**
Crossroads Banking Center Manager and Assistant Vice President

**Bonnie K. Lasher**
Sleepy Hollow Banking Center Manager and Assistant Vice President

**Christy C. Christian**
Assistant Vice President

**Mandy K. Rea**
Assistant Vice President

**Gail D. Malacara**
Western Banking Center Manager and Assistant Vice President

**Martha Del Toro**
Assistant Vice President and Marketing Director

**Lance R. Green**
Assistant Vice President

**Marsha R. Baptiste**
Banking Officer

**Diane Daniels**
Banking Officer

**Nicholas A. Pigott**
Banking Officer

**Melissa A. Ortega**
Banking Officer

**Mike R. Boston**
Banking Officer

**Tucker D. Lee**
Banking Officer

**Laura E. Johnston**
Banking Officer

**Patricia A. Campbell**
Banking Officer

**Rhonda J. Hernandez**
Banking Officer

**Sally Jennings**
Banking Officer


70th Anniversary Coin, 1976

# Booker

**Pam R. Sanders**
Vice President

**Kim E. Harper**
Banking Officer

# Hereford

**Mike D. Schueler**
President

**David D. Barnett**
Senior Vice President

**Judith Hernandez**
Assistant Vice President

**Carmela R. Brock**
Banking Officer

**Wade H. Hawkins**
Banking Officer

**Luz Villarreal**
Banking Officer

**Adriana Fernandez**
Banking Officer

**Carina Zambrano**
Banking Officer

# Pampa

**Kim A. Hill**
President

**Jeri S. Joiner**
Vice President

**Donna L. Crawford**
Assistant Vice President

# Perryton

**Brady R. Yeary**
President

**Debora K. Cowan**
Executive Vice President and Controller

**Lance E. Purcell**
Executive Vice President and Senior Trust Officer

**Treva L. Custer**
Senior Vice President and Cashier

**Ryan L. Littau**
Senior Vice President

**Stephanie J. Tarvin**
Vice President

**Lesa A. Noggle**
Senior Vice President and Trust Officer

**Claudia R. Barton**
Vice President

**Rhonda J. Culwell**
Vice President

**Pamela L. Chisum**
Assistant Vice President

**Teresa J. Siewert**
Mortgage Loan Officer

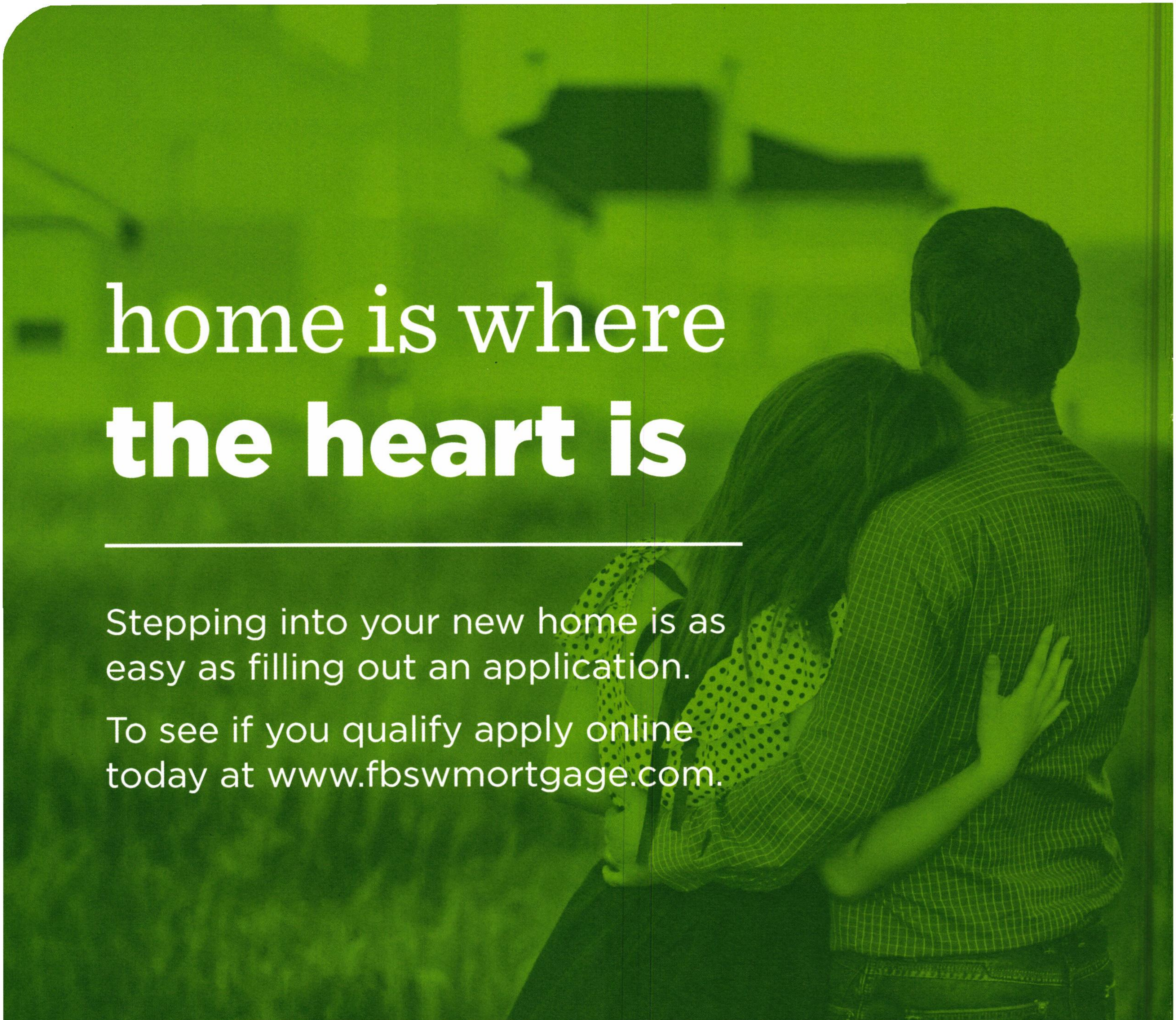
**Rachelle R. (Shelli) Blackburn**
Assistant Vice President

**Margaret S. Bouchard**
Trust Officer

**Betsy Sena**
Banking Officer

**Nina Medina**
Banking Officer

**Kelly C. Brown**
Banking Officer

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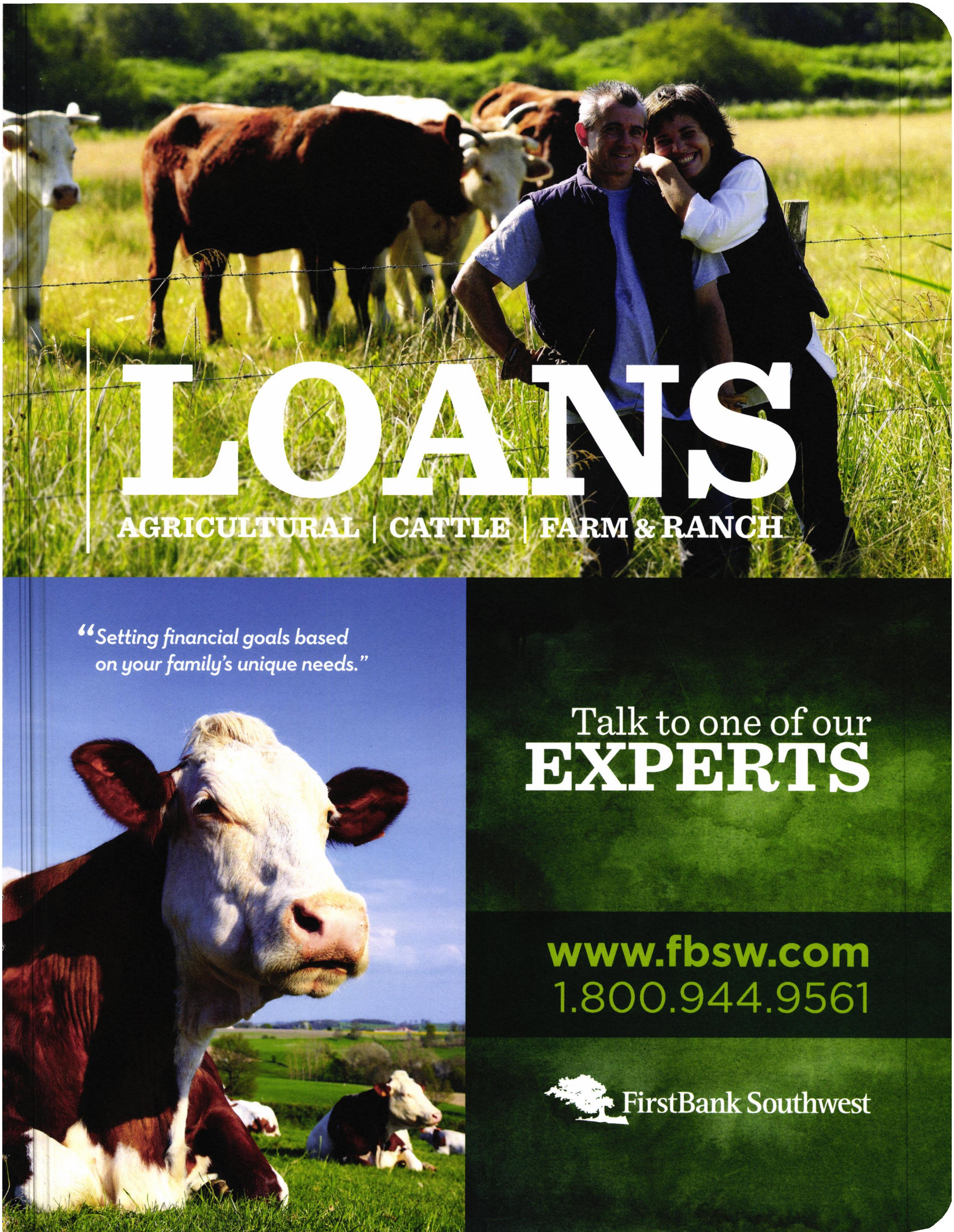
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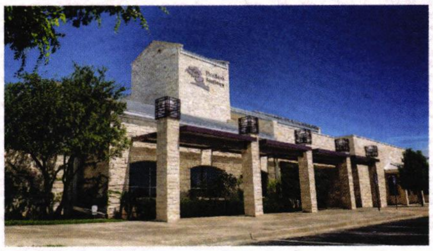
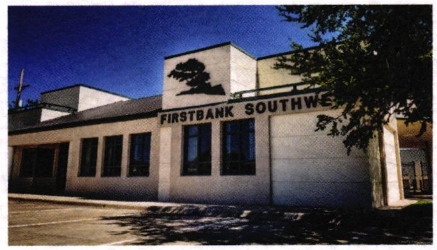
FirstBank Southwest

# Banking Center Locations



**Wolflin / Main Banking Center**
2401 S. Georgia | Amarillo, TX | (806) 355-9661

**Sleepy Hollow Banking Center**
7420 SW. 45th | Amarillo, TX | (806) 354-7900




**Crossroads Banking Center**
5701 SW. 34th | Amarillo, TX | (806) 354-5201

**Western Banking Center**
4241 W. 45th | Amarillo, TX | (806) 355-9641


**Gem Lake Banking Center**
5725 W. Amarillo Blvd. | Amarillo, TX | (806) 322-7210

**Booker Banking Center**
115 S. Main | Booker, TX | (806) 658-4551

**Hereford Banking Center**
300 N. Main | Hereford, TX | (806) 364-2435

**Pampa Banking Center**
300 W. Kingsmill | Pampa, TX | (806) 665-2341

**Perryton Banking Center**
201 S. Main | Perryton, TX | (806) 435-3676