Board of Governors of the Federal Reserve System

Annual Report of Holding Companies—FR Y-6

AMENDED
AUG 16 2016

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

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

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

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

I, Dan Neff
Name of the Holding Company Director and Official

CEO
Title of the Holding Company Director and Official

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

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

Signature of Holding Company Director and Official

08/12/2016
Date of Signature

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

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

For Federal Reserve Bank Use Only

RSSD ID 1246926
C.I. _____

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

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

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

P.O. Box 2019
(Mailing Address of the Holding Company) Street / P.O. Box

Albany	TX	76430
City	State	Zip Code

100 South Main Street
Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

DeVona Davis	None
Name	Title

325-762-2222
Area Code / Phone Number / Extension

325-762-3913
Area Code / FAX Number

fnbalbany@fnbab.com
E-mail Address

www.fnbab.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."

☒ No

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

For Use By Tiered Holding Companies

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

Albany Bancshares Nevada Financial Corporation
Legal Title of Subsidiary Holding Company

P.O. Box 2019
(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

Albany | TX | 76430
City | State | Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

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

City | State | Zip Code

Physical Location (if different from mailing address)

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

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City | State | Zip Code

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City | State | Zip Code

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City | State | Zip Code

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City | State | Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

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

City | State | Zip Code

Physical Location (if different from mailing address)

AMENDED
AUG 12 2016

ALBANY BANCSHARES, INC.
FR Y-6 REPORT ITEMS
FOR YEAR ENDED DECEMBER 31, 2015

REPORT ITEM 1: ANNUAL REPORT TO SHAREHOLDERS

ENCLOSED

REPORT ITEM 2a: ORGANIZATION CHART

ALBANY BANCSHARES, INC.
ALBANY, TEXAS
a TEXAS corporation
LEI: N/A
(100% VOTING CONTROL)

|

ALBANY BANCSHARES
NEVADA FINANCIAL CORPORATION
RENO, NEVADA
a NEVADA corporation
LEI: N/A
(100% VOTING CONTROL)

|

FIRST NATIONAL BANK of
ALBANY/BRECKENRIDGE
ALBANY, TEXAS
LEI: N/A
a TEXAS corporation

REPORT ITEM 2b: OFFICE/BRANCH VERIFICATION

EMAILED Tuesday, March 22, 2016

Results: A list of branches for your holding company: ALBANY BANCSHARES, INC. (1246926) of ALBANY, TX.
The data are as of 12/31/2015.

Reconciliation and Verification Steps

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

Actions

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

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

Submission Procedure

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

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

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

Data Action	Effective Date	Branch Service Type	Branch ID_RSSD*	Popular Name	Street Address	City	State	Zip Code	County	Country	FDIC UNINUM*	Office Number*	Head Office	Head Office ID_RSSD*	Comments
OK		Full Service (Head Office)	340751	FIRST NATIONAL BANK OF ALBANY/BRECKENRIDGE	100 SOUTH MAIN STREET	ALBANY	TX	76430	SHACKELFORD	UNITED STATES	1953	0	FIRST NATIONAL BANK OF ALBANY/BRECKENRIDGE	340751	
OK		Full Service	1394210	BRECKENRIDGE BRANCH	101 EAST WALKER	BRECKENRIDGE	TX	76424	STEPHENS	UNITED STATES	8741	3	FIRST NATIONAL BANK OF ALBANY/BRECKENRIDGE	340751	
OK		Full Service	1394911	GORDON BRANCH	104 SOUTH MAIN	GORDON	TX	76453	PALO PINTO	UNITED STATES	2078	1	FIRST NATIONAL BANK OF ALBANY/BRECKENRIDGE	340751	
OK		Full Service	1407549	STRAWN BRANCH	CENTRAL & HOUSELEY	STRAWN	TX	76475	PALO PINTO	UNITED STATES	3764	2	FIRST NATIONAL BANK OF ALBANY/BRECKENRIDGE	340751	

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Albany Bancshares, Inc.
Albany, Texas
Fiscal Year Ending December 31, 2015

Report Item 3: Securities Holders

Current Securities Holders with ownership, control or holdings of 5% or more with power to vote as of fiscal year ending 12-31-2015			Securities Holders not listed in 3(1)(a) through (3)(1)(c) that had ownership, control or holdings of 5% or more with power to vote during the fiscal year		
(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
Lynne Jacobs Teinert Albany, Texas	USA	606 Shares 12.22%	N/A		
SMJ Trust V Stephen M Jones, Trustee Austin, Texas	USA	432 Shares Trustee with 8.71% voting power			
Jon Rex Jones Dynasty Trust Ann Jones, Trustee Albany, Texas	USA	871 Shares Trustee with 17.57% voting power			
JRJ Jr. Dynasty Trust Brenda Jones, Trustee Austin, Texas	USA	298 Shares Trustee with 6.01% voting power			
JAJ Trust V Julie Ann Jarvis, Trustee Aledo, Texas	USA	432 Shares Trustee with 8.71% voting power			
DLJ Trust V Debora Jones, Trustee Mills Valley, California	USA	433 Shares Trustee with 8.73% voting power			

AMENDED
AUG 15 2016

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Albany Bancshares, Inc.

Albany, Texas

Fiscal Year Ending December 31, 2015

Report Item 4: Insiders

(1) Names & Address (City, State, Country)	(2) Principal Occupation if other than with Bank Holding Company	(3)(a) Title & Position with Bank Holding Company	(3)(b) Title & Position with Subsidiaries (include names of subsidiaries)	(3)(c) Title & Position with Other Businesses (include names of other businesses)	(4)(a) Percentage of Voting Securities in Bank Holding Company	(4)(b) Percentage of Voting Securities in Subsidiaries (include names of subsidiaries)	(4)(c) List names of other companies (includes partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held)
James H. Cotter Albany, Texas USA	Certified Public Accountant	Director	Director of First National Bank Albany/Breckenridge	N/A	1.39%	N/A	Buckeye Investment Company - 100%
Jon Rex Jones Albany, Texas USA	Oil Producer	Director	Director of Albany Bancshares Nevada Financial Corporation Director of First National Bank Albany/Breckenridge	Managing Partner/ Director/Trustee/ Principal Officer of Jones Family Entities	0.02%	N/A	The Albany Foundation - 50%
Harold G. Cox Albany, Texas USA	Bank Consultant	Director	Vice President of Albany Bancshares Nevada Financial Corporation Director/Vice President/Consultant of First National Bank Albany/Breckenridge	N/A	0.02%	N/A	N/A
James C. Shelton Breckenridge, TX USA	Bank Consultant	Director	Director/Executive Vice President of Albany Bancshares Nevada Financial Corporation Director/Breckenridge Consultant of First National Bank Albany/Breckenridge	President JS Land & Cattle Company, Inc.	0.48%	N/A	JS Land & Cattle Company Inc - 100%
Robert B. Arnot Breckenridge, TX USA	Oil Production Petroleum Engineer	Director	Director of First National Bank Albany/Breckenridge	Partner Paloma Exploration WG Arnot Oil & Gas	0.10%	N/A	Arnot Oil Company LLC - 100% Paloma Exploration Co. - 41.48%
Jimmy Dye Breckenridge, TX USA	Manufacturer	Director	Director of First National Bank Albany/Breckenridge	President & CEO RE Dye Mfg Corp	0.06%	N/A	RE Dye Mfg Corp - 90%

AMENDED
AUG 15 2016

Form FR Y-6

Albany Bancshares, Inc.

Albany, Texas

Fiscal Year Ending December 31, 2015

Report Item 4: Insiders (continued)

(1) Names & Address (City, State, Country)	(2) Principal Occupation if other than with Bank Holding Company	(3)(a) Title & Position with Bank Holding Company	(3)(b) Title & Position with Subsidiaries (include names of subsidiaries)	(3)(c) Title & Position with Other Businesses (include names of other businesses)	(4)(a) Percentage of Voting Securities in Bank Holding Company	(4)(b) Percentage of Voting Securities in Subsidiaries (include names of subsidiaries)	(4)(c) List names of other companies (includes partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held)
J. Randall Palmore Albany, Texas USA	Banker	Director	Director/Secretary-Treasurer Albany Bancshares Nevada Financial Corporation Director/Albany President of First National Bank Albany/Breckenridge	N/A	0.42%	N/A	N/A
Dan A. Neff Albany, Texas USA	Certified Public Accountant	Director/CE	Director/CEO of First National Bank Albany/Breckenridge	Partner James H Cotter, Neff & Co., CPAs	0.71%	N/A	DANPCO, Inc. - 100% Albany Royalty LLC - 50% Neff, Inc. - 25%
K. Kevin Simmons Breckenridge, TX USA	Banker	Director	Director/Breckenridge President of First National Bank Albany/Breckenridge	N/A	0.42%	N/A	N/A
John Connally Breckenridge, TX USA	Oil Producer & Investor	Director	N/A	President Breck Operating Corp	0.02%	N/A	CD Partnership - 50%
Glenn A. Picquet Albany, Texas USA	Oil Producer & Investor	Director	N/A	President CE Jacobs Company	0.02%	N/A	Picquet Management LLC - 100% CE Jacobs Company - 45% Jacobs Development LTD - 25% Jacobs Exploration LTD - 25% Zulu Sports LTD - 25%
Lynne Jacobs Teinert Albany, Texas USA	Oil Producer & Investor	Director & Principal Sharehold	Director of First National Bank Albany/Breckenridge	N/A	12.22%	N/A	N/A
Stephen Jones Austin, Texas USA	Oil Producer	Director	Director of First National Bank Albany/Breckenridge	Chairman Jones Villalta Asset Management	Trustee of 8.71%	N/A	SMJ Capital Partners - 100%
Ann Jones Albany, Texas USA	N/A	N/A	N/A	Trustee Jon Rex Jones Dynasty Trust	* 17.57%	N/A	The Albany Foundation - 50%

* Owner of the shares belongs to Jon Rex Jones Dynasty Trust, but voted on by it's trustee, Ann Jones.

AMENDED
AUG 12 2016

Form FR Y-6

Albany Bancshares Nevada Financial Corporation
Reno, Nevada
Fiscal Year Ending December 31, 2015

Report Item 3: Securities Holders

Current Securities Holders with ownership, control or holdings of 5% or more with power to vote as of fiscal year ending 12-31-2015			Securities Holders not listed in 3(1)(a) through (3)(1)(c) that had ownership, control or holdings of 5% or more with power to vote during the fiscal year		
(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
Albany Banchares, Inc. Albany, Texas	USA	1,000 Shares 100%	**N/A**		

AMENDED
AUG 15 2016

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Albany Bancshares Nevada Financial Corporation

Reno, Nevada

Fiscal Year Ending December 31, 2015

Report Item 4: Insiders

(1)	(2)	(3)(a)	(3)(b)	(3)(c)	(4)(a)	(4)(b)	(4)(c)
Names & Address (City, State, Country)	**Principal Occupation if other than with Bank Holding Company**	**Title & Position with Bank Holding Company**	**Title & Position with Subsidiaries (include names of subsidiaries)**	**Title & Position with Other Businesses (include names of other businesses)**	**Percentage of Voting Securities in Bank Holding Company**	**Percentage of Voting Securities in Subsidiaries (include names of subsidiaries)**	**List names of other companies (includes partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held)**
Albany Banchares Inc. Albany, Texas USA	N/A	N/A	N/A	None	100%	N/A	None
Jon Rex Jones Albany, Texas USA	Oil Producer	Director	Director of First National Bank Albany/Breckenridge	Managing Partner/ Director/Trustee/ Principal Officer of Jones Family Entities	N/A	N/A	The Albany Foundation - 50%
Harold G. Cox Albany, Texas USA	Bank Consultant	Vice President	Director/Vice President/Consultant of First National Bank Albany/Breckenridge	N/A	N/A	N/A	N/A
James C. Shelton Breckenridge, TX USA	Bank Consultant	Director/ Executive Vice President	Director/Breckenridge Consultant of First National Bank Albany/Breckenridge	President JS Land & Cattle Company, Inc.	N/A	N/A	JS Land & Cattle Company Inc - 100%
J. Randall Palmore Albany, Texas USA	Banker	Director/ Secretary-Treasurer	Director/Albany President of First National Bank Albany/Breckenridge	N/A	N/A	N/A	N/A

Supporting Schedule
FR Y-6 Report Item 3
Jones Family Trusts

Trusts	A. V. Jones	Jon Rex Jones	Jean Jones Tucker	Jon Rex Jones, Jr	K. C. Jones	Stephen M Jones	Debora L Jones	Julie Ann Jarvis	W. E. Tucker	Janet T Scully	W. E. Tucker Jr	Gordon V Tucker	Ann M Jones	Brenda Jones
Shares held personally by ttee	1	1			119									
Jon Rex Jones Jr Tr V				134										
Stephen M Jones Tr V						432								
JAJ Trust V								432						
Debora Lynn Jones Tr V							433							
W E & Jean Tucker Loyal Tr			209						209					
JTS Loyal Tr										70				
WET Jr Loyal Tr											70			
GVT Loyal Tr												70		
Jon Rex Jones Dynasty Trust													871	
Jon Rex Jones Jr Dynasty Trust														298
	1	1	209	134	119	432	433	432	209	70	70	70	871	298
% of voting power due to personal shares	0.02%	0.02%	0.00%	0.00%	2.40%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
% of voting power due to being trustee for various trusts	0.00%	0.00%	4.22%	2.70%	0.00%	8.71%	8.73%	8.71%	4.22%	1.41%	1.41%	1.41%	17.57%	6.01%
% of voting power- combined	0.02%	0.02%	4.22%	2.70%	2.40%	8.71%	8.73%	8.71%	4.22%	1.41%	1.41%	1.41%	17.57%	6.01%

# of shares	5000
less treasury stock	42
# of shares issued & outstanding	4958

ALBANY BANCSHARES, INC.

SHAREHOLDERS' MEETING

TO THE HOLDERS OF SHARES OF COMMON STOCK:

NOTICE IS HEREBY GIVEN that pursuant to the call of it's Directors, the regular Annual Meeting of Shareholders of ALBANY BANCSHARES, INC., of Albany, Texas, will be held at the Banking House, First National Bank Albany/Breckenridge, Albany, Texas, on Thursday, April 21, 2016, at 2:00 p.m. for the purpose of considering and voting upon the following matters:

1. ELECTION OF DIRECTORS: Fixing the number of Directors to be elected at 13, and the election of 13 persons as Directors.

2. Whatever other business may be brought before the meeting or any adjournment thereof.

Only those shareholders of record at the close of business on March 31, 2016, shall be entitled to notice of the meeting and to vote at the meeting.

JAMES H. COTTER, NEFF & CO.

CERTIFIED PUBLIC ACCOUNTANTS
172 MAIN STREET - BOX 2650
ALBANY, TEXAS 76430-8030

TELEPHONE 325-762-3388
FAX 325-762-2861

JAMES H. COTTER, CPA
DAN A. NEFF, CPA
MICHAEL J. COTTER, CPA

Member of American Institute
Of Certified Public Accountants

To the Board of Directors
Albany Bancshares, Inc.
Albany, Texas 76430

We have compiled the accompanying balance sheet of Albany Bancshares, Inc.(Parent Only), (a S Corporation)as of December 31, 2015, and 2014 the related statement of income, changes in capital accounts, and cash flows for the year ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to Albany Bancshares, Inc.

James H Cotter Neff & Co

1-9-16

ALBANY BANCSHARES, INC.
(PARENT ONLY)
BALANCE SHEETS
DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS		
Current Assets		
Cash in Bank	32,365	110,881
Total Current Assets	32,365	110,881
Other Assets		
Stock-Albany Bancshares Nevada Financial Corporation		
Equity Investment - 1000 Shares	63,624,977	58,606,802
Organization Cost - Net of Amortization-		
2015 - $109,773, 2014 - $109,773	0	0
	63,624,977	58,606,802
	63,657,342	58,717,683
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current Liabilities		
Accounts Payable	1	1
Dividends Payable	0	0
	1	1
Stockholders Equity		
Capital Stock-Common-1.00 Par Value		
5000 Shares authorized and issued of which		
2015-42, 2014-34 shares are in treasury	5,000	5,000
Paid in Capital in Excess of par	7,217,513	7,217,513
Unrealized Gain (Loss)	11,465,370	10,044,907
Retained Earnings	45,560,256	41,901,060
Less: Treasury Stock at Cost		
2015 - 42 shares, 2014 - 34 shares	(590,798)	(450,798)
	63,657,341	58,717,682
	63,657,342	58,717,683
Book Value per Common Share outstanding:		
Stockholders Equity per Share	12,839	11,824

See Accountant's Compilation Report

ALBANY BANCSHARES, INC.
(PARENT ONLY)
STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
Income		
Dividends from Albany Bancshares Nevada Financial Corporation	5,531,800	5,462,600
Interest	0	0
Total Income	5,531,800	5,462,600
Operating Expenses		
Accounting & Legal	8,515	3,307
Income (Loss) before Income Tax and before Undistributed Income of Subsidiary	5,523,285	5,459,293
Income Tax	0	0
Income (Loss) before Undistributed Income of Subsidiary	5,523,285	5,459,293
Income in Excess of Dividends of Subsidiary- Albany Bancshares Nevada Financial Corporation	3,597,712	3,613,257
Net Income (Loss)	9,120,997	9,072,550
Earnings per Common Share:		
Net Income per Share	1,839	1,827

See Accountant's Compilation Report

ALBANY BANCSHARES, INC.
(PARENT ONLY)
STATEMENTS OF CHANGES IN CAPITAL ACCOUNTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
Capital Stock		
Balance at Beginning of Year	16,816,622	7,601,691
Add:		
Mark to Market Adjustment	1,420,462	9,214,931
Treasury Stock	0	0
Less:		
Mark to Market Adjustment	0	0
Treasury Stock	140,000	0
Balance at End of Year	18,097,084	16,816,622
Retained Earnings		
Balance at Beginning of Year	41,901,060	38,291,110
Add:		
Net Income	9,120,997	9,072,550
Rounding	0	0
Less:		
Dividends	5,461,800	5,462,600
Balance at End of Year	45,560,257	41,901,060
Total Balance in Capital Accounts at End of Year	63,657,341	58,717,682

See Accountant's Compilation Report

ALBANY BANCSHARES, INC.
(PARENT ONLY)
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015
AND 2014

	2015	2014
Cash Flows from Operating Activities:		
Net Income	9,120,997	9,072,550
Items not affecting Cash:		
Rounding	(1)	0
Increase, (Decrease) in Accounts Payable	0	0
Excess of Equity in Subsidiary Earnings over Dividend Distribution	(3,597,712)	(3,613,257)
Excess of Dividend Distribution over Equity in Subsidiary Earnings	0	0
Net Cash Provided by Operating Activities	5,523,284	5,459,293
Cash Flows from Financing Activities		
Treasury Stock Sold (Purchased)	(140,000)	0
Dividends Paid	(5,461,800)	(5,462,600)
Net Cash Provided, (Used) by Financing Activities	(5,601,800)	(5,462,600)
Net Increase (Decrease) in Cash	(78,516)	(3,307)
Cash at Beginning of Year	110,881	114,188
Cash at End of Year	32,365	110,881

See Accountant's Compilation Report

JAMES H. COTTER, NEFF & CO.

CERTIFIED PUBLIC ACCOUNTANTS
172 MAIN STREET - BOX 2650
ALBANY, TEXAS 76430-8030

TELEPHONE 325-762-3388
FAX 325-762-2861

JAMES H. COTTER, CPA
DAN A. NEFF, CPA
MICHAEL J. COTTER, CPA

Member of American Institute
Of Certified Public Accountants

To the Board of Directors
Albany Bancshares Nevada Financial Corporation
Reno, Nevada 89501

We have compiled the accompanying balance sheet of Albany Bancshares Nevada Financial Corporation(Parent Only),(a S Corporation) as of December 31, 2015, and 2014 the related statement of income, changes in capital accounts, and cash flows for the year ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to Albany Bancshares Nevada Financial Corporation.

James H. Cotter Neff & Co

1-9-16

ALBANY BANCSHARES NEVADA FINANCIAL CORPORATION
(PARENT ONLY)
BALANCE SHEETS
DECEMBER 31, 2015
AND 2014

	2015	2014
ASSETS		
Current Assets		
Cash in Bank	24	24
Total Current Assets	24	24
Other Assets		
Stock - First National Bank, Albany/Breckenridge Equity Investment - 5000 Shares	63,624,953	58,606,778
Excess of Book Value over Cost-Net of Amortization/ Impairment 2015 - $131,658 and 2014 - $131,658	0	0
Organization Cost - Net of Amortization- 2015 - $8,099 and 2014 - $8,099	0	0
	63,624,953	58,606,778
	63,624,977	58,606,802
LIABILITIES AND STOCKHOLDER'S EQUITY		
Stockholders Equity		
Capital Stock-Common-1.00 Par Value 1000 Shares issued & outstanding	1,000	1,000
Paid in Capital in Excess of par	13,013,148	13,013,148
Unrealized (Loss), Gain	11,465,370	10,044,908
Retained Earnings	39,145,459	35,547,746
	63,624,977	58,606,802
	63,624,977	58,606,802
Book Value per Common Share:		
Stockholders Equity per Share	63,625	58,607

See Accountant's Compilation Report

ALBANY BANCSHARES NEVADA FINANCIAL CORPORATION
(PARENT ONLY)
STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2015
AND 2014

	2015	2014
Income		
Dividends from Bank Subsidiary-		
First National Bank Albany/Breckenridge	5,531,800	5,462,600
Amortization of Equity carrying Value over Cost	0	0
	5,531,800	5,462,600
Operating Expenses		
Travel	0	0
Accounting & Office	0	0
	0	0
Income (Loss) before Income Tax and before Undistributed Income of Subsidiary and before cumulative effect of change in accounting principle	5,531,800	5,462,600
Income Tax	0	0
Income (Loss) before Undistributed Income of Subsidiary and before cumulative effect of change in accounting principle	5,531,800	5,462,600
Income in Excess of Dividends of Subsidiary- First National Bank Albany/Breckenridge	3,597,712	3,613,257
Net Income (Loss)	9,129,512	9,075,857
Earnings per Common Share:		
Net Income	9,130	9,076

See Accountant's Compilation Report

ALBANY BANCSHARES NEVADA FINANCIAL CORPORATION
(PARENT ONLY)
STATEMENTS OF CHANGES IN CAPITAL ACCOUNTS
YEARS ENDED DECEMBER 31, 2015
AND 2014

	2015	2014
Capital Stock		
Balance at Beginning of Year	23,059,056	13,844,125
Add:		
Mark to Market Adjustment	1,420,462	9,214,931
Less:		
Mark to Market Adjustment	0	0
Balance at End of Year	24,479,518	23,059,056
Retained Earnings		
Balance at Beginning of Year	35,547,746	31,934,489
Add:		
Net Income	9,129,512	9,075,857
Rounding	1	
Less:		
Dividends	5,531,800	5,462,600
Balance at End of Year	39,145,459	35,547,746
Total Balance in Capital Accounts at End of Year	63,624,977	58,606,802

See Accountant's Compilation Report

ALBANY BANCSHARES NEVADA FINANCIAL CORPORATION
(PARENT ONLY)
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
Cash Flows from Operating Activities:		
Net Income	9,129,512	9,075,857
Items not affecting Cash:		
Increase, (Decrease) in Tax Benefit Receivable	0	0
Rounding	0	0
Amortization-Net	0	0
Goodwill - Change in accounting principle	0	0
Excess of Equity in Subsidiary Earnings over Dividend Distribution	(3,597,712)	(3,613,257)
Excess of Dividend Distribution over Equity in Subsidiary Earnings	0	0
Net Cash Provided by Operating Activities	5,531,800	5,462,600
Cash Flows from Financing Activities		
Dividends Paid	(5,531,800)	(5,462,600)
Net Cash Provided, (Used) by Financing Activities	(5,531,800)	(5,462,600)
Net Increase (Decrease) in Cash	0	0
Cash at Beginning of Year	24	24
Cash at End of Year	24	24

See Accountant's Compilation Report

FIRST
NATIONAL
BANK
Albany / Breckenridge

Member FDIC

FIRST NATIONAL BANK ALBANY/BRECKENRIDGE
Albany, Texas

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

December 31, 2015 and 2014

FOUNDED ON PRINCIPLE

FOCUSED ON SERVICE

FIRST NATIONAL BANK ALBANY/BRECKENRIDGE
Albany, Texas

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December 31, 2015 and 2014

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March 16, 2016

To the Board of Directors
First National Bank Albany/Breckenridge
Albany, Texas

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of First National Bank Albany/Breckenridge (the "Bank") which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of income, comprehensive income, changes in stockholder's equity and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of First National Bank Albany/Breckenridge 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.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Cordley and Company, L.L.P.

Certified Public Accountants

FIRST NATIONAL BANK ALBANY/BRECKENRIDGE
Albany, Texas

BALANCE SHEETS

ASSETS	December 31, 2015	December 31, 2014
Cash and due from banks:		
Noninterest-bearing balances and currency and coin	$ 7,242,066	$ 7,230,658
Interest-bearing balances	14,461,081	19,758,668
Federal funds sold	4,000,000	4,000,000
Investment securities:		
Securities available-for-sale	222,437,370	188,782,542
Securities held-to-maturity	0	49,744,278
Loans receivable, net of allowance for credit losses of $4,570,418 in 2015 and $3,753,724 in 2014	239,482,121	209,093,819
Accrued interest receivable	3,399,916	3,265,444
Premises and equipment, net of accumulated depreciation of $3,426,094 in 2015 and $3,316,981 in 2014	1,027,601	937,868
Other assets	299,053	478,194
Life insurance - cash surrender value	3,506,114	3,407,639
TOTAL ASSETS	$ 495,855,322	$ 486,699,110

The accompanying notes are an integral part of the financial statements.

LIABILITIES AND STOCKHOLDER'S EQUITY	December 31, 2015	December 31, 2014
LIABILITIES:		
Demand deposits	$ 142,028,990	$ 147,265,719
Savings and NOW deposits	149,399,889	162,124,362
Other time deposits	137,592,114	116,524,565
Total Deposits	429,020,993	425,914,646
Repurchase agreement	764,434	32,365
Accrued interest payable	101,964	92,751
Accrued salary continuation	1,633,932	1,451,466
Other liabilities	709,046	601,104
Total Liabilities	432,230,369	428,092,332
STOCKHOLDER'S EQUITY:		
Common stock - $20 par value; 5,000 shares authorized, issued, and outstanding	100,000	100,000
Capital surplus	1,783,800	1,783,800
Retained earnings	50,275,783	46,678,070
Accumulated other comprehensive income	11,465,370	10,044,908
Total Stockholder's Equity	63,624,953	58,606,778
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	$ 495,855,322	$ 486,699,110

FIRST NATIONAL BANK ALBANY/BRECKENRIDGE
Albany, Texas

STATEMENTS OF INCOME

	Year Ended December 31, 2015	Year Ended December 31, 2014
INTEREST INCOME:		
Loans, including fees:		
Taxable	$ 12,263,483	$ 11,375,886
Non-taxable	42,177	20,618
Investment securities:		
Taxable	1,497,242	612,681
Non-taxable	3,800,557	4,369,324
Federal funds sold	1,161	1,294
Other	41,850	100,225
Total Interest Income	17,646,470	16,480,028
INTEREST EXPENSE:		
Deposits	1,203,072	1,195,593
Repurchase agreement	988	2,082
Total Interest Expense	1,204,060	1,197,675
NET INTEREST INCOME	16,442,410	15,282,353
Provision for loan losses	1,160,000	725,000
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	15,282,410	14,557,353
NON-INTEREST INCOME:		
Service charges on deposits	1,157,149	1,147,002
Gain on sale of securities, net	50,201	0
Other income	473,625	430,362
Total Other Income	1,680,975	1,577,364
NON-INTEREST EXPENSES:		
Salaries and employee benefits	4,464,311	3,827,365
Occupancy expense	643,239	640,278
Regulatory assessments and fees	387,607	381,516
Depreciation expense	115,883	99,559
Taxes other than income taxes	108,853	81,498
Loss on sale of securities, net	0	135,122
Other expense	2,113,979	1,893,523
Total Other Expenses	7,833,872	7,058,861
INCOME BEFORE INCOME TAXES	9,129,513	9,075,856
Income tax expense	0	0
NET INCOME	$ 9,129,513	$ 9,075,856

The accompanying notes are an integral part of the financial statements.

FIRST NATIONAL BANK ALBANY/BRECKENRIDGE
Albany, Texas

STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended December 31,	
	2015	2014
NET INCOME	$ 9,129,513	$ 9,075,856
Other items of comprehensive income (expense):		
Unrealized holding gains (losses) arising during the period	1,470,663	9,079,809
Less: reclassification adjustment for (gains) losses included in net income	(50,201)	135,122
Total other items of comprehensive income	1,420,462	9,214,931
Comprehensive income before tax	10,549,975	18,290,787
Income tax expense related to other items of comprehensive income	0	0
Comprehensive income after tax	$ 10,549,975	$ 18,290,787

The accompanying notes are an integral part of the financial statements.

FIRST NATIONAL BANK ALBANY/BRECKENRIDGE
Albany, Texas

STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY

Years Ended December 31, 2015 and 2014

	Common Stock	Capital Surplus	Retained Earnings
BALANCE AT DECEMBER 31, 2013	$ 100,000	$ 1,783,800	$ 43,064,814
Net income for 2014			9,075,856
Net change in unrealized gain on available-for-sale securities			
Cash dividends paid			(5,462,600)
BALANCE AT DECEMBER 31, 2014	100,000	1,783,800	46,678,070
Net income for 2015			9,129,513
Net change in unrealized gain on available-for-sale securities			
Cash dividends paid			(5,531,800)
BALANCE AT DECEMBER 31, 2015	$ 100,000	$ 1,783,800	$ 50,275,783

The accompanying notes are an integral part of the financial statements.

Accumulated Other Comprehensive Income (Loss)	Total Stockholder's Equity
$ 829,977	$ 45,778,591
	9,075,856
9,214,931	9,214,931
	(5,462,600)
10,044,908	58,606,778
	9,129,513
1,420,462	1,420,462
	(5,531,800)
$ 11,465,370	$ 63,624,953

FIRST NATIONAL BANK ALBANY/BRECKENRIDGE
Albany, Texas

STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2015	Year Ended December 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 9,129,513	$ 9,075,856
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	115,883	99,559
Amortization and accretion, net	2,794,691	3,229,304
Provision for loan losses	1,160,000	725,000
(Gain) Loss on sale of securities	(50,201)	135,122
Increase in accrued interest receivable	(134,472)	(9,436)
Increase (Decrease) in accrued interest payable	9,213	(11,858)
(Increase) Decrease in other assets	51,877	(124,609)
Increase (Decrease) in other liabilities	1,022,477	(584,571)
Net cash provided by operating activities	14,098,981	12,534,367
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net increase in loans	(31,519,513)	(11,725,886)
Purchases of available-for-sale securities	(46,944,691)	(89,054,829)
Proceeds from sales and maturities of available-for-sale securities	54,980,891	81,216,766
Purchases of held-to-maturity securities	(5,000,000)	(8,583,729)
Proceeds from maturities of held-to-maturity securities	11,729,222	2,794,496
Proceeds from sale of other real estate	0	21,730
Purchases of premises and equipment	(205,616)	(59,867)
Net cash used in investing activities	(16,959,707)	(25,391,319)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase (decrease) in non-interest bearing demand, savings, NOW deposit accounts, and time deposits	3,106,347	(18,709,898)
Proceeds from federal funds purchased	91,000,000	0
Repayments of federal funds purchased	(91,000,000)	0
Dividends paid	(5,531,800)	(5,462,600)
Net cash used in financing activities	(2,425,453)	(24,172,498)
Net decrease in cash and cash equivalents	(5,286,179)	(37,029,450)
Cash and cash equivalents at January 1	30,989,326	68,018,776
CASH AND CASH EQUIVALENTS AT DECEMBER 31	$ 25,703,147	$ 30,989,326
SUPPLEMENTARY INFORMATION:		
Interest paid	$ 1,194,847	$ 1,209,533
NONCASH AND FINANCING ACTIVITIES:		
Other assets acquired in settlement of loans	$ 0	$ 22,283
Other assets transferred to loans	$ 28,789	$ 0

The accompanying notes are an integral part of the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of First National Bank Albany/Breckenridge (the "Bank") conform with accounting principles generally accepted in the United States and to general practices of the banking industry. Policies and practices which materially affect the determination of financial position, results of operations, and cash flows are summarized as follows:

Nature of Operations

The Bank conducts operations in the West Texas communities of Albany, Breckenridge, Gordon, and Strawn. The Bank is a wholly-owned subsidiary of Albany Bancshares Nevada Financial Corporation, which is a wholly-owned subsidiary of Albany Bancshares, Inc. Effective January 1, 1997, the Bank elected to become a Subchapter S Corporation for federal income tax purposes.

Cash and Cash Equivalents

See **NOTE 2** for definition of cash and cash equivalents for purposes of the Statements of Cash Flows.

Interest-bearing Deposits in Banks

Interest-bearing balances represent deposits with financial institutions that are carried at cost.

Trading Securities

Securities held for sale in the near term are classified as trading account securities and recorded at their fair values. Unrealized gains and losses on trading account securities are included immediately in other income. No trading securities were owned by the Bank during the years 2015 and 2014 or at December 31, 2015 and 2014.

Securities Held-to-Maturity

Securities for which the Bank has the positive intent and ability to hold to maturity are reported at cost, adjusted for premiums and discounts that are recognized in interest income using the interest method over the period to maturity. There was one sale of a held-to-maturity investment during the year ended December 31, 2014 due to a significant deterioration in credit quality that was not determined to taint the securities held-to-maturity portfolio. During the year ended December 31, 2015 all held-to-maturity securities were transferred into the Available-for-Sale category. As of December 31, 2015 there were no held-to-maturity securities.

Securities Available-for-Sale

Available-for-sale securities consist of securities not classified as trading securities nor as held-to-maturity securities.

Unrealized holding gains and losses on available-for-sale securities are reported as a net amount in a separate component of stockholders' equity until realized.

Gains and losses on the sale of available-for-sale securities are determined using the specific-identification method.

Declines in the fair value of individual held-to-maturity and available-for-sale securities below their cost, that are other than temporary, result in write-downs of the individual securities to their fair value. The related write-downs are included in earnings as realized losses. The Bank had no write-downs other than temporary in 2015 and 2014.

Premiums and discounts are recognized in interest income using the interest method over the period to maturity.

Loans Held for Sale

Loans held for sale are those loans the Bank has the intent to sell in the foreseeable future. They are carried at the lower of aggregate cost or market value. Net unrealized losses, if any, are recognized through a valuation allowance by charges to income. Gains and losses on sales of loans are recognized at settlement dates and are determined by the difference between the sales proceeds and the carrying value of the loans. The Bank had no loans held for resale during the years ended December 31, 2015 and 2014.

Loans Receivable

The Bank generally originates single-family residential loans within its primary lending area in Albany, Breckenridge, Gordon and Strawn, Texas. The Bank's underwriting policies generally require such loans to be 80% loan to value based upon appraised values. These loans are secured by the underlying properties. The Bank is also active in originating a variety of other secured consumer loans to its customers.

Loans receivable that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are stated at the amount of unpaid principal, reduced by an allowance for loan losses. Interest is accrued daily on the outstanding balances.

Accounting principles generally accepted in the United States of America require that loan origination fees and certain direct origination costs be capitalized and recognized as an adjustment of the yield of the related loan. The Bank has not done this to date as these fees and costs are not material to the financial statements.

Discounts and premiums on purchased residential real estate loans are amortized to income using the interest method over the remaining period to contractual maturity, adjusted for anticipated prepayments. Discounts and premiums on purchased consumer loans are recognized over the expected lives of the loans using methods that approximate the interest method. The Bank had no residential real estate or consumer purchased loans during the years ended December 31, 2015 and 2014.

For impaired loans, accrual of interest is discontinued on a loan when management believes, after considering collection efforts and other factors, that the borrower's financial condition is such that collection of interest is doubtful. Cash collections on impaired loans are credited to the loan receivable balance, and no interest income is recognized on those loans until the principal balance has been collected.

A loan is considered to be delinquent when payments have not been made according to contractual terms, typically evidenced by nonpayment of a monthly installment by the due date. The accrual of interest on loans is discontinued at the time the loan is 90 days delinquent unless the credit is well-secured and in the process of collection.

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

Each segment of loans has specific risks associated based on the nature of the loan. Loans secured by real estate are influenced by real estate market conditions in the area in which the property is located as well as the type of property the loan is secured by. Agriculture loans are subject to market prices as well as the local weather conditions in determining future repayment and value of collateral. Commercial and consumer loans are also subject to the local and national economic atmosphere, and the industry in which the entity conducts business.

Allowance for Loan Losses

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

The allowance is an amount that management believes will be adequate to absorb estimated losses related to specifically identified loans, as well as probable credit losses inherent in the balance of the loan portfolio, based on an evaluation of the collectability of existing loans and prior loss experience. This evaluation also takes into consideration such factors as changes in the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans, and current economic conditions that may affect the borrower's ability to pay. This evaluation does not include the effects of expected losses on specific loans or groups of loans that are related to future events or expected changes in economic conditions. While management uses the best information available to make its evaluation, future adjustments to the allowance may be necessary if there are significant changes in economic conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the Bank's allowance for loan losses, and may require the Bank to make additions to the allowance based on their judgment about information available to them at the time of their examination.

The allowance consists of specific, general, and unallocated components. The specific component relates to loans that are classified as either special mention, substandard, or doubtful. For such loans that are also classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers non-classified loans and is based on historical loss experience adjusted for qualitative factors. An unallocated component is maintained to cover uncertainties that could affect management's estimate of probable losses. The unallocated component of the allowance reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific and general losses in the portfolio. This methodology is consistent among all classes of loans.

A loan is impaired when it is probable, based on current information and events, the Bank will be unable to collect all contractual principal and interest payments due in accordance with the terms of the loan agreement. Impaired loans are measured on an individual basis for commercial and construction loans based on the present value of expected future cash flows discounted at the loan's effective interest rate or, as a practical expedient, at the loan's observable market price or the fair value of the collateral if the loan is collateral dependent. The amount of impairment, if any, and any subsequent changes are included in the allowance for loan losses.

Large groups of smaller balance homogenous loans are collectively evaluated for impairment. Accordingly, the Bank does not separately indentify individual consumer and residential loans for impairment disclosures.

The Bank has not made any significant changes in accounting policies from December 31, 2014 to December 31, 2015.

Loan-Servicing Rights

The cost of loan-servicing rights acquired is amortized in proportion to, and over the period of, estimated net servicing revenues. When participating interests in loans sold have an average contractual interest rate, adjusted for normal servicing fees, that differs from the agreed yield to the purchaser, gains

or losses are recognized equal to the present value of such differential over the estimated remaining life of such loans. The resulting "excess servicing fees receivable" or "deferred servicing revenue" is amortized over the estimated life using a method approximating the interest method.

The unamortized cost of loan-servicing rights purchased, the excess servicing fees receivable, and the amortization thereon is periodically evaluated in relation to estimated future net servicing revenues, taking into consideration changes in interest rates, current prepayment rates, and expected future cash flows. The carrying value of the servicing portfolio should be evaluated by estimating the future net servicing income of the portfolio based on management's best estimate of remaining loan lives. The Bank had no loan servicing rights at December 31, 2015 and 2014.

Foreclosed Assets

Assets acquired through foreclosure or other proceedings are initially recorded at fair value at the date of foreclosure less estimated costs of disposal, which establishes a new cost. After foreclosure, valuations are periodically performed by management and foreclosed assets held for sale are carried at the lower of cost or fair value less estimated costs of disposal. Any write-down to fair value at the time of transfer to foreclosed assets is charged to the allowance for loan losses. Property is evaluated regularly to ensure the recorded amount is supported by its current fair value and valuation allowances to reduce the carrying amount to fair value less estimated costs to dispose are recorded as necessary. Revenue and expense from the operations of foreclosed assets and changes in the valuation allowance are included net expenses from foreclosed assets.

Transfers of Assets

The Bank accounts for transfers of financial assets by recognizing the financial assets it controls and the liabilities it has incurred, derecognizes financial assets when control has been surrendered, and derecognizes liabilities when extinguished. The statement also distinguishes transfers of financial assets that are sales from transfers of financial assets that are secured borrowings.

Premises and Equipment

Land is carried at cost. Premises and equipment are stated at cost less accumulated depreciation. Depreciation for financial reporting and income tax purposes is computed primarily on the modified accelerated cost recovery system, which approximates results from methods using accounting principles generally accepted in the United States of America.

The estimated useful lives of property and equipment are:

Bank premises	7-39 years
Furniture and equipment	5-7 years
Automobiles	10 years

Federal Home Loan Bank and Federal Reserve Bank Stock

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. The stock is carried at $198,000 as of December 31, 2015 and 2014, and is included in "Other assets."

The Bank also holds Federal Reserve Bank stock totaling $56,550 as of December 31, 2015 and 2014. There is no readily determinable fair value and there are contractual restrictions on the sale or transfer of the stocks. The stocks are carried at cost in "Other assets".

401(k) Plan

In June 2000, the Bank adopted the First National Bank Albany/Breckenridge 401(k) Plan (the "Plan"), to help supplement employee income upon retirement. The Plan is a defined contribution plan covering substantially all employees of the Bank. A participant in the Plan may elect to contribute up to the maximum percentage allowed by law each Plan year. The Bank may make discretionary contributions to the Plan each year, to be determined by the Board of Directors, for those participants who have completed a year of service. A participant becomes 100% vested in the employer discretionary contribution after completing seven years of service. During 2015 and 2014, the Bank contributed $69,105 and $59,066, respectively, in discretionary contributions.

Accumulated Other Comprehensive Income (Loss)

Unrealized gains or losses on the Bank's available-for-sale securities are included in accumulated other comprehensive income (loss).

Income Taxes

The Bank elected by unanimous consent of its stockholders to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Under such election, the Bank's federal taxable income or loss is passed through to the individual stockholders. Since the Bank has maintained its subchapter S status, management has not identified any instances where an adjustment to the financial statements would be necessary in order to comply with ASC 740-10, *Accounting for Uncertainty in Income Taxes.* With few exceptions, the Bank is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2012. Franchise tax totaling $20,000 is included in "Taxes other than income taxes" as of December 31, 2015 and not as an income tax expense due to the immaterial balance.

Financial Instruments

Interest-Rate Exchange Agreements. Interest-rate exchange agreements (swaps) used in asset/liability management activities are accounted for using the accrual method. Gains or losses on the sales of swaps used in asset/liability management activities are deferred and amortized into interest income or expense over the maturity period of the swap. Net interest income (expense) resulting from the differential between exchanging floating and fixed-rate interest payments are recorded on a current basis. The Bank did not enter into any such agreements during the years ended December 31, 2015 and 2014.

Financial Futures. Interest-rate futures contracts may be entered into by the Bank as hedges against exposure to interest-rate risk and not for speculation purposes. Changes in the market value of interest-rate futures contracts are deferred and amortized into interest income or expense over the maturity period of the hedged assets or liabilities. The Bank did not enter into any such contracts during the years ended December 31, 2015 and 2014.

Financial Options. Option premiums received for writing puts and calls are recorded as a liability representing the market value of the option. The liability is to be subsequently marked to market at each balance-sheet date. The Bank did not receive any financial options during the years ended December 31, 2015 and 2014.

Other Off-Balance Sheet Instruments. In the ordinary course of business the Bank has entered into off-balance sheet financial instruments consisting of commitments to extend credit, commercial letters of credit, and standby letters of credit. Such financial instruments are recorded in the financial statements when they are funded or related fees are incurred or received.

Fair Values of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and short-term investments

For those short-term instruments, the carrying amount is a reasonable estimate of fair value.

Investment securities and trading account assets

For securities and derivative instruments held for trading purposes (which include bonds, interest rate futures, options, interest rate swaps, securities sold not owned, caps and floors, foreign currency contracts, and forward contracts) and marketable equity securities held for investment purposes, fair values are based on quoted market prices or dealer quotes. For other securities held for investments, fair value equals quoted market price, if available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

Loan receivables

For certain homogeneous categories of loans, such as some residential mortgages, credit card receivables, and other consumer loans, fair value is estimated using the quoted market prices for securities backed by similar loans, adjusted for differences in loan characteristics. The fair value of other types of loans is estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities.

Foreclosed assets

Fair value is based on periodic valuations performed by management or an outside appraiser with significant unobservable inputs. Foreclosed assets are initially reported at fair value at the date of foreclosure less estimated costs of disposal which establishes a new cost. After foreclosure, valuations are periodically performed by management and foreclosed assets held for sale are carried at the lower of costs or fair value less estimated costs of disposal.

Deposit liabilities

The fair value of demand deposits, savings accounts, and certain money market deposits is the amount payable on demand at the reporting date. The carrying amounts of variable rate, fixed-term money market accounts and certificates of deposit approximate their fair value at the reporting date. Fair values of fixed-rate certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently being offered on certificates to a schedule or aggregated expected monthly maturities on time deposits.

Long-term debt and other borrowings

Rates currently available to the Bank for debt with similar terms and remaining maturities are used to estimate fair value of existing debt.

Commitments to extend credit, standby letters of credit, and financial guarantees written

The fair value of commitments is estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed-rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates. The fair values of the guarantees and letters of credit is based on fees currently charged for similar agreements or on the estimated costs to terminate them or otherwise settle the obligations with the counterparties at the reporting date. Estimating the fair values of the commitments and letters of credit is not practical when considering the preceding factors.

Subsequent Events

The Bank has evaluated subsequent events through March 16, 2016, the date the financial statements were available to be issued.

Recent Accounting Pronouncements

ASU 2014-09 and ASU 2015-14
In May 2014, the Financial Accounting Standards Board (FASB) and International Accounting Standards Board (IASB) issued substantially converged final standards on revenue recognition. The FASB's Accounting Standards Update *(ASU) 2014-09, Revenue from Contracts with Customers*, was issued in three parts: (1) Section A, "Summary and Amendments That Create Revenue from Contracts with Customers and Other Assets and Deferred Costs – Contracts With Customers"; (2) Section B, "Conforming Amendments to Other Topics and Subtopics in the Codification and Status Tables"; and (3) Section C, "Background Information and Basis for Conclusions". In August 2015, *ASU 2015-14 Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date* was issued.

ASU 2014-09 provides a robust framework for addressing revenue recognition issues and, upon its effective date, replaces almost all existing revenue recognition guidance, including industry-specific guidance, in current U.S. generally accepted accounting principles (GAAP). This standard will help with improved comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets. Given the broad applicability and potentially significant ramifications of the guidance in the ASU a deferral of the effective date was made with ASU 2015-14, and the ASU will not be effective until 2018 for calendar end public entities, which includes not-for-profit entities that have issued, or are conduit bond obligors for, securities that are traded, listed or quoted on an exchange or an over the count market and in 2019 for all other entities.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force) and the American Institute of Certified Public Accountants did not or are not believed by management to have a material impact on the Bank's present or future financial statements.

Use of Estimates

The Bank's financial statements are prepared in conformity with accounting principles generally accepted in the United States which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. A material estimate that is particularly susceptible to significant change in the near term relates to the determination of the allowance for loan losses.

Reclassifications

The accompanying financial statements for the year ended December 31, 2014 reflect reclassifications of certain balances or amounts from one category to another to conform to classifications in the fiscal year ended December 31, 2015. The reclassifications do not affect net income or stockholder's equity.

NOTE 2: CASH AND CASH EQUIVALENTS

For purposes of the statements of cash flows, the Bank considers all highly liquid investments with an initial maturity less than three months to be cash equivalents. The composition of cash and cash equivalents at December 31, 2015 and 2014 includes noninterest-bearing balances, currency and coin, cash items in the process of clearing, and interest-bearing balances with original terms less than three months, and federal funds sold under agreement to resell.

The components of cash and cash equivalents for the purposes of the statements of cash flows at December 31, were as follows:

	2015	2014
Noninterest-bearing balances and currency and coin	$ 7,242,066	$ 7,230,658
Interest bearing balances with original terms less than three months	14,461,081	19,758,668
Federal funds sold under agreement to resell	4,000,000	4,000,000
Total cash and cash equivalents	$ 25,703,147	$ 30,989,326

NOTE 3: DEBT AND EQUITY SECURITIES

Debt and equity securities have been classified in the balance sheets according to management's intent. The carrying amount of securities and their approximate fair values at December 31 were as follows:

	2015			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale securities:				
Obligations of state and political subdivisions	$ 115,342,156	$ 6,690,156	$ (133,238)	$ 121,899,074
Obligations of United States government agencies	31,928,893	160,886	(146,183)	31,943,596
Mortgage-backed securities	58,700,951	5,067,229	0	63,768,180
United States corporate debt securities	5,000,000	0	(173,480)	4,826,520
	$ 210,972,000	$ 11,918,271	$ (452,901)	$ 222,437,370

	2014			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale securities:				
Obligations of state and political subdivisions	$ 101,113,407	$ 6,035,612	$ (122,336)	$ 107,026,683
Obligations of United States government agencies	6,926,205	120,495	0	7,046,700
Mortgage-backed securities	55,697,823	4,039,987	(27,800)	59,710,010
United States treasury securities	5,000,199	0	0	5,000,199
United States corporate debt securities	10,000,000	107,550	(108,600)	9,998,950
	$ 178,737,634	$ 10,303,644	$ (258,736)	$ 188,782,542

	2014			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Held-to-maturity securities:				
Obligations of state and political subdivisions	$ 19,153,417	$ 1,040,844	$ (87,134)	$ 20,107,127
Obligations of United States government agencies	30,533,324	189,656	(416,562)	30,306,418
Mortgage-backed securities	57,537	1,602	0	59,139
	$ 49,744,278	$ 1,232,102	$ (503,696)	$ 50,472,684

The Bank had $50,201 in net realized gains and $135,122 in net realized losses on securities in 2015 and 2014, respectively.

The Bank sold one investment classified as held-to-maturity with a carrying value of $250,150 during the year ended December 31, 2014. This security was sold due to evidence of a significant deterioration in the issuer's creditworthiness. This sale was not determined to taint the held-to-maturity securities portfolio in accordance with *ASC 320, Investments – Debt and Equity Securities.* All securities were transferred to the available-for-sale category during the year ended December 31, 2015 in order to provide for additional liquidity for the Bank. The carrying value of the held-to-maturity securities at the time of the transfer was $43,027,682. The unrealized gain at the time of transfer was $947,799.

The amortized cost and fair value of securities as of December 31, 2015 by contractual maturity are shown below. Maturities may differ from contractual maturities in mortgage-backed securities because the mortgages underlying the securities may be called or repaid without any penalties.

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

	Available-for-Sale Securities	
	Amortized Cost	Fair Value
Due in one year or less	$ 12,332,805	$ 12,471,734
Due from one year to five years	22,196,734	22,848,737
Due from five years to ten years	34,883,705	35,525,174
Due after ten years	141,558,756	151,591,725
	$ 210,972,000	$ 222,437,370

Securities carried at $34,713,984 and $36,505,357 at December 31, 2015 and 2014, respectively, were pledged to secure public deposits and for other purposes required or permitted by law.

The Bank held the following investments with a continuous unrealized loss position at December 31:

	2015			
	Less than 12 months		12 months or longer	
	FMV	Unrealized Loss	FMV	Unrealized Loss
Obligations of state and political subdivisions	$ 5,490,410	$ (20,055)	$ 6,106,163	$ (113,183)
United States government agency securities	1,991,820	(6,463)	12,857,400	(139,720)
United States corporate debt securities	1,998,420	(1,580)	2,828,100	(171,900)
Total temporarily impaired securities	$ 9,480,650	$ (28,098)	$ 21,791,663	$ (424,803)

	2014			
	Less than 12 months		12 months or longer	
	FMV	Unrealized Loss	FMV	Unrealized Loss
Obligations of state and political subdivisions	$ 0	$ 0	$ 14,425,216	$ (209,470)
United States government agency securities	0	0	17,579,530	(416,562)
United States corporate debt securities	2,891,400	(108,600)	0	0
Mortgage-backed securities	3,052,840	(5,846)	1,898,810	(21,954)
Total temporarily impaired securities	$ 5,944,240	$ (114,446)	$ 33,903,556	$ (647,986)

The above tables disclose the Bank's investment securities that have been in a continuous unrealized loss position. The investment securities in the above tables are investments believed by management to be normal investments for the banking industry. The Bank does not believe the unrealized loss position securities are "other than temporary" as (i) the Bank has the ability to hold the investments to maturity, (ii) it is not probable that the Bank will be unable to collect the amounts contractually, and (iii) no decision to dispose of the investments was made prior to the balance sheet date. The unrealized loss position securities noted above are interest rate related and no credit issues have been identified.

Investment Securities Structure

Included within the Bank's investment securities are investment notes issued by a federal government agency that feature variable rates. These investments contain a coupon step up feature where the coupon increases on predetermined dates and are callable at any time. The carrying value of these investments at December 31, 2015 was $4,975,050. Also included within the Bank's investment securities are mortgage-backed securities with variable interest rates with a carrying value of $6,539,077.

NOTE 4: LOANS RECEIVABLE

The components of loans in the balance sheets at December 31 were as follows:

	2015	2014
Commercial	$ 67,787,855	$ 71,326,813
Agriculture	18,417,858	17,899,862
Real estate	130,787,157	97,619,776
Consumer	27,041,373	25,981,043
Overdrafts	18,296	20,049
Subtotal	244,052,539	212,847,543
Allowance for loan losses	(4,570,418)	(3,753,724)
Loans receivable (net)	$ 239,482,121	$ 209,093,819

The Bank purchased participations in loan agreements during 2015 with a total outstanding balance at December 31, 2015 of $5,833,309, of which $1,295,383 is considered to be for "commercial – commercial and industrial", $3,065,097 considered to be "real estate – construction", and $1,472,829 is considered "real estate - non-farm, non-residential." Total outstanding participations purchased totaled $19,056,862 at December 31, 2015.

Allowance for loan losses

An analysis of the change in the allowance for loan losses follows:

	2015	2014
Balance at January 1,	$ 3,753,724	$ 3,793,180
Loans charged off	(427,145)	(810,413)
Recoveries	83,839	45,957
Provision for loan losses	1,160,000	725,000
Balance at December 31,	$ 4,570,418	$ 3,753,724

A roll forward of the allowance for loan losses by type as of December 31, 2015 follows:

	Beginning Balance	Charge-Offs	Recoveries	Provision	Total
Commercial	$ 2,263,320	$ (49,483)	$ 1,535	$ 134,381	$ 2,349,753
Consumer	769,003	(308,010)	49,344	836,464	1,346,801
Real estate	635,859	(69,652)	32,960	189,155	788,322
Agriculture	85,542	0	0	0	85,542
Total	$ 3,753,724	$ (427,145)	$ 83,839	$ 1,160,000	$ 4,570,418

A roll forward of the allowance for loan losses by type as of December 31, 2014 follows:

	Beginning Balance	Charge-Offs	Recoveries	Provision	Total
Commercial	$ 2,283,356	$ (191,483)	$ 145	$ 171,302	$ 2,263,320
Consumer	797,471	(618,930)	36,764	553,698	769,003
Real estate	626,811	0	9,048	0	635,859
Agriculture	85,542	0	0	0	85,542
Total	$ 3,793,180	$ (810,413)	$ 45,957	$ 725,000	$ 3,753,724

The allowance for loan losses consists of the following components as of December 31, 2015:

	Ending Balance	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Acquired with Deteriorated Credit Quality
Commercial	$ 2,349,753	$ 0	$ 2,349,753	$ 0
Consumer	1,346,801	0	1,346,801	0
Real estate	788,322	0	788,322	0
Agriculture	85,542	0	85,542	0
Total	$ 4,570,418	$ 0	$ 4,570,418	$ 0

The allowance for loan losses consists of the following components as of December 31, 2014:

	Ending Balance	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Acquired with Deteriorated Credit Quality
Commercial	$ 2,263,320	$ 0	$ 2,263,320	$ 0
Consumer	769,003	0	769,003	0
Real estate	635,859	0	635,859	0
Agriculture	85,542	0	85,542	0
Total	$ 3,753,724	$ 0	$ 3,753,724	$ 0

Financing receivables were evaluated for the allowance for loan losses as of December 31, 2015 as follows:

	Ending Balance	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Acquired with Deteriorated Credit Quality
Commercial	$ 67,787,855	$ 0	$ 67,787,855	$ 0
Agriculture	18,417,858	0	18,417,858	0
Real estate	130,787,157	0	130,787,157	0
Consumer	27,041,373	0	27,041,373	0
Overdrafts	18,296	0	18,296	0
Total	$ 244,052,539	$ 0	$ 244,052,539	$ 0

Financing receivables were evaluated for the allowance for loan losses as of December 31, 2014 as follows:

	Ending Balance	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Acquired with Deteriorated Credit Quality
Commercial	$ 71,326,813	$ 0	$ 71,326,813	$ 0
Agriculture	17,899,862	0	17,899,862	0
Real estate	97,619,776	0	97,619,776	0
Consumer	25,981,043	0	25,981,043	0
Overdrafts	20,049	0	20,049	0
Total	$ 212,847,543	$ 0	$ 212,847,543	$ 0

Certain credit quality indicators as used to develop the Bank's allowance for loan losses by class of financing receivables as of December 31, 2015 is as follows:

	Pass	Watch	Substandard	Total Financing Receivables
Real Estate:				
Construction	$ 8,258,000	$ 0	$ 0	$ 8,258,000
Farmland	18,874,233	98,723	432,044	19,405,000
Residential	43,934,291	326,270	595,439	44,856,000
Non-farm, non-residential	56,022,573	369,987	467,597	56,860,157
Multi family	1,232,027	61,440	114,533	1,408,000
Agriculture	17,739,923	8,647	669,288	18,417,858
Commercial:				
Commercial & industrial	62,363,589	2,725,882	1,302,384	66,391,855
State & political	1,396,000	0	0	1,396,000
Consumer:				
Automobiles	12,924,819	50,443	374,111	13,349,373
Other	13,262,422	172,274	257,304	13,692,000

	Pass	Watch	Substandard	Total Financing Receivables
Other	18,296	0	0	18,296
Total	$ 236,026,173	$ 3,813,666	$ 4,212,700	$ 244,052,539

Certain credit quality indicators as used to develop the Bank's allowance for loan losses by class of financing receivables as of December 31, 2014 is as follows:

	Pass	Watch	Substandard	Total Financing Receivables
Real Estate:				
Construction	$ 7,257,000	$ 0	$ 0	$ 7,257,000
Farmland	3,219,968	113,188	67,844	3,401,000
Residential	41,177,002	388,843	415,155	41,981,000
Non-farm, non-residential	43,141,009	201,046	162,721	43,504,776
Multi family	1,311,589	21,171	143,240	1,476,000
Agriculture	17,104,709	111,683	683,470	17,899,862
Commercial:				
Commercial & industrial	68,711,507	596,005	1,200,301	70,507,813
State & political	819,000	0	0	819,000
Consumer:				
Automobiles	13,803,510	36,102	310,431	14,150,043
Other	11,126,580	295,844	408,576	11,831,000
Other	20,049	0	0	20,049
Total	$ 207,691,923	$ 1,763,882	$ 3,391,738	$ 212,847,543

The Bank utilizes an asset quality rating system in order to assess credit quality. The following ratings are used for criticized and classified assets. All remaining assets are referred to as "Pass".

Pass/Watch – Credits which may have one or some of the following characteristics: collateral documentation deficiencies, marginal collateral support, weak or unsupported collateral valuations, lack of current or complete financial data and/or analysis, needs additional monitoring, recent changes in management or operations, terms beyond policy guidelines, variations in balance sheet or cash flow/operating components or trends from prior periods or forecasts, past credit problems, high leverage, or untested performance under repayment terms, among others.

Special Mention – Credits which have potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the institution's credit position at some future date. Special Mention assets are not adversely classified and do not expose an institution to sufficient risk to warrant adverse classification.

Substandard – Credits that are inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Assets so classified must have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected.

Doubtful – Credits that have all of the weaknesses inherent in one classified 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.

Loss – Credits that are considered uncollectible and of such little value that their continuance as bankable assets is not warranted. This classification does not mean that the asset has absolutely no recovery or salvage value, but rather it is not practical or desirable to defer writing off this basically worthless asset even though practical recovery may be affected in the future. Amounts classified Loss should be promptly charged off.

The Bank had no "Special Mention," "Loss," or "Doubtful" assets as of December 31, 2015 and 2014; therefore, they were not included in the detail above.

The Bank had the following investments in impaired loans as of December 31, 2015:

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Quarterly Recorded Investment	Interest Income Recognized
Real Estate:					
Farmland	$ 67,844	$ 67,844	$ 0	$ 67,961	$ 0
Residential	130,077	130,077	0	74,269	5,218
Non-farm, non-residential	51,360	51,360	0	51,090	0
Agriculture	207,093	207,093	0	207,023	0
Consumer:					
Automobile	8,477	8,477	0	8,477	693
Commercial:					
Commercial & industrial	304,238	304,238	0	328,560	0
Total	$ 769,089	$ 769,089	$ 0	$ 737,380	$ 5,911

The Bank had the following investments in impaired loans as of December 31, 2014:

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Quarterly Recorded Investment	Interest Income Recognized
Real Estate:					
Farmland	$ 67,844	$ 67,844	$ 0	$ 67,961	$ 0
Residential	55,706	55,706	0	55,927	0
Non-farm, non-residential	69,000	69,000	0	17,250	6,412
Agriculture	207,093	207,093	0	294,523	0
Consumer:					
Automobile	1,795	1,795	0	3,265	183
Commercial:					
Commercial & industrial	369,614	369,614	0	412,154	146
Total	$ 771,052	$ 771,052	$ 0	$ 851,080	$ 6,741

Loans on non-accrual status totaled $769,089 at December 31, 2015, of which $8,477 is considered "Consumer – Automobile", $67,844 is considered "Real Estate - Farmland", $130,077 is considered "Real Estate - Residential", $51,360 is considered "Real Estate - Non-farm, non-residential", $207,093 is considered "Agriculture", and $304,238 is considered "Commercial - Commercial and Industrial". Loans on non-accrual status totaled $771,052 at December 31, 2014, of which $1,795 is considered "Consumer – Automobile", $67,844 is considered "Real Estate - Farmland", $55,706 is considered "Real Estate - Residential", $69,000 is considered "Real Estate - Non-farm, non-residential", $207,093 is considered "Agriculture", and $369,614 is considered "Commercial - Commercial and Industrial". Loans past due over 90 days totaled $95,295 and $103,912 at December 31, 2015 and 2014, respectively. Loans transferred to foreclosed assets were $0 and $22,283 in 2015 and 2014, respectively. The Bank is not committed to lend additional funds to debtors whose loans have been modified.

The age analysis of past due financing receivables as of December 31, 2015 is as follows:

	Days Past Due					
	30-59 Days	60-89 Days	Greater than 90 Days[1]	Total Past Due	Current	Total Financing Receivables
Real Estate:						
Construction	$ 0	$ 0	$ 0	$ 0	$ 8,258,000	$ 8,258,000
Farmland	0	0	0	0	19,405,000	19,405,000
Residential	347,757	30,281	20,311	398,349	44,457,651	44,856,000
Non-farm, non-residential	0	0	51,360	51,360	56,808,797	56,860,157
Multi family	38,917	0	0	38,917	1,369,083	1,408,000
Agriculture	12,451	0	0	12,451	18,405,407	18,417,858
Commercial:						
Commercial & industrial	33,555	5,278	0	38,833	66,353,022	66,391,855
State & political	0	0	0	0	1,396,000	1,396,000
Consumer:						
Automobiles	301,976	26,244	16,329	344,549	13,004,824	13,349,373
Other	15,931	1,661	7,295	24,887	13,667,113	13,692,000
Other	0	0	0	0	18,296	18,296
Total	$ 750,587	$ 63,464	$ 95,295	$ 909,346	$ 243,143,193	$ 244,052,539

[1] $35,458 past due in excess of 90 days and still accruing interest. $1,386 is included in "Consumer – Other," $13,761 is included in "Consumer – Automobiles" and $20,311 is included in Real Estate - Residential."

The age analysis of past due financing receivables as of December 31, 2014 is as follows:

	Days Past Due					
	30-59 Days	60-89 Days	Greater than 90 Days[1]	Total Past Due	Current	Total Financing Receivables
Real Estate:						
Construction	$ 0	$ 0	$ 0	$ 0	$ 7,257,000	$ 7,257,000
Farmland	0	0	0	0	3,401,000	3,401,000
Residential	194,732	85,700	25,173	305,605	41,675,395	41,981,000
Non-farm, non-residential	0	0	0	0	1,476,000	1,476,000
Multi family	0	0	69,000	69,000	43,435,776	43,504,776
Agriculture	0	0	0	0	17,899,862	17,899,862
Commercial:						
Commercial & industrial	30,000	0	0	30,000	70,477,813	70,507,813
State & political	0	0	0	0	819,000	819,000

	30-59 Days	60-89 Days	Greater than 90 Days[1]	Total Past Due	Current	Total Financing Receivables
Consumer:						
Automobiles	91,558	63,768	0	155,326	13,994,717	14,150,043
Other	104,928	23,821	9,739	138,488	11,692,512	11,831,000
Other	0	0	0	0	20,049	20,049
Total	$ 421,218	$ 173,289	$ 103,912	$ 698,419	$ 212,149,127	$ 212,847,543

[1] $34,912 past due in excess of 90 days and still accruing interest. $9,739 is included in "Consumer - Other" and $25,173 is included in Real Estate - Residential."

NOTE 5: PREMISES AND EQUIPMENT

Components of premises and equipment included in the balance sheets at December 31 were as follows:

	2015	2014
Cost:		
Land	$ 153,063	$ 153,063
Bank premises	3,093,916	2,888,300
Furniture and equipment	1,046,136	1,052,906
Automobiles	160,580	160,580
Total Cost	4,453,695	4,254,849
Less accumulated depreciation	(3,426,094)	(3,316,981)
Net Book Value	$ 1,027,601	$ 937,868

Depreciation expense for the years ended December 31, 2015 and 2014, totaled $115,883 and $99,559, respectively.

NOTE 6: DEPOSITS

Interest-bearing time deposits outstanding totaling $137,592,114 as of December 31, 2015, have a stated maturity of $135,738,314, $1,045,900, and $807,900, in 2016, 2017, and 2018, respectively.

Interest-bearing time deposits of $100,000 or more at December 31, 2015 and 2014, totaled $68,165,189 and $67,530,111, respectively. Interest expense related to these deposits was $437,358 in 2015 and $454,383 in 2014.

The Bank entered into a Deposit Reclassification Program (the "Program") effective August 4, 2009, in order to reduce Federal Reserve cash requirements. The Program software analyzes customer activity on transaction accounts and previous history to determine the amount needed in the transaction account to handle expected activity. The remaining balance is transferred into a savings subaccount not subject to reserve requirements. The reclassification amount as of December 31, 2015 and 2014 was $154,065,348 and $147,962,464, respectively, and was reflected in regulatory reporting. No reclassification was made in the accompanying balance sheets in accordance with accounting principles generally accepted in the United States. See **NOTE 11** for minimum reserve requirements.

The Bank began utilizing a brokered deposit program during the year ended December 31, 2015. As of December 31, 2015 the Bank had $24,123,097 outstanding in brokered deposits.

NOTE 7: BORROWING AGREEMENTS

The Bank had a line of credit of $3,960,000 available at the FHLB at December 31, 2015. Subject to the purchase of additional stock from the FHLB, the Bank would have total funding capacity of approximately $94,622,473. Unsecured lines in the amount of $8 million with JPMorgan Chase, and $10 million with The Independent Banker's Bank are also available for liquidity purposes as of December 31, 2015.

NOTE 8: OFF-BALANCE SHEET RISK, COMMITMENTS AND CONTINGENCIES

The Bank is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers and to reduce its own exposure to fluctuations in interest rates. These financial instruments include commitments to extend credit and standby letters of credit. They involve, to varying degrees, elements of credit risk in excess of the amount recognized in the balance sheets. The contract or notional amount of those instruments reflect the extent of involvement the Bank has in particular classes of financial instruments.

The Bank's exposure to credit losses 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 Bank uses the same credit policies in making commitments and conditional obligations as they do for on-balance sheet instruments.

Financial instruments whose contract amounts represent off-balance sheet credit risk are as follows at December 31:

	Contractual or Notional Amounts	
	2015	2014
Commitments to extend credit	$ 30,354,363	$ 37,829,213
Standby letters of credit	6,746,180	6,107,282

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

Standby letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements including commercial paper, bond financing and similar transactions. The majority of the guarantees are considered short-term (one year or less). The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. Collateral held varies as specified above and is required in instances which the Bank deems necessary.

Contingencies

In the normal course of business, the Bank is involved in various legal proceedings. In the opinion of management, any liability resulting from such proceedings would not have a material adverse affect on the Bank's financial statements.

NOTE 9: FAIR VALUE MEASUREMENTS

The estimated fair value amounts of the financial instruments have been determined by using available market information and appropriate valuation methodologies. However, considerable judgment is required to interpret data to develop estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Bank could realize in a current market exchange.

The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

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

The estimated fair values of the Bank's financial instruments are as follows at December 31:

	2015	
	Carrying Amount	Fair Value
Cash, cash equivalents, and interest-bearing balances	$ 25,703,147	$ 25,703,147
Investment securities:		
Available-for-sale	222,437,370	222,437,370
Loans, net	239,482,121	241,904,000
Life insurance – cash surrender value	3,506,114	3,506,114
Impaired loans	769,089	769,089
Deposits	429,020,993	411,025,000
Repurchase agreement	764,434	764,434

	2014	
	Carrying Amount	Fair Value
Cash, cash equivalents, and interest-bearing balances	$ 30,989,326	$ 30,989,326
Investment securities:		
Available-for-sale	188,782,542	188,782,542
Held-to-maturity	49,744,278	50,472,684
Loans, net	209,093,819	210,942,000
Life insurance – cash surrender value	3,407,639	3,407,639
Foreclosed assets	40,460	40,460
Impaired loans	771,052	771,052
Deposits	425,914,646	409,188,000
Repurchase agreement	32,365	32,365

The Bank has commitments to extend credit in the amount of $30,354,363 and standby letters of credit in the amount of $6,746,180 as of December 31, 2015. The fair value of commitments is estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed-rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates. The fair values of the guarantees and letters of credit is based on fees currently charged for similar agreements or on the estimated costs to terminate them or otherwise settle the obligations with the counterparties at the reporting date. Estimating the fair values of the commitments and letters of credit is not practical when considering the preceding factors.

ASC 820-10, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). ASC 820-10 applies to all financial instruments that are being measured and reported on a fair value basis.

As defined in ASC 820-10, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Bank uses various methods including market, income, and cost approaches. Based on these approaches, the Bank often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Bank utilized valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques the Bank is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs to the limited market activity of the instrument.

For fiscal years ended December 31, 2015 and 2014, the application of valuation techniques applied to similar assets has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value.

Municipal, mortgage-backed, U.S. government agencies, and U.S. corporate debt: valued at the close price reported on the active market on which the individual securities are traded. If listed prices or quotes are not available, fair value is based upon externally developed models from a pricing service that use unobservable inputs to the limited market activity of the instrument.

Foreclosed assets: reported at fair value at the date of foreclosure less estimated costs of disposal, which establishes a new cost. After foreclosure, valuations are periodically performed by management and foreclosed assets held for sale are carried at the lower of cost or fair value less estimated costs of disposal. Unobservable inputs include estimated selling costs of the properties, which are valued by an appraiser or tax appraisal listing.

Impaired loans: reported at fair value of the underlying collateral if repayment is expected solely from the collateral. Collateral values are estimated using Level 3 inputs based upon internally discounted criteria.

The table below presents the balances of assets measured at fair value:

		Fair Value Measurements at Reporting Date Using		
Description	12/31/2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Recurring fair value measurements:				
Available-for-sale securities:				
Municipals:				
State	$ 40,071,188	$ 0	$ 40,071,188	$ 0
Local	2,655,000	0	2,655,000	0
Out of state	79,172,886	0	79,172,886	0
U.S. government agency securities:				
FNMA	10,986,880	0	10,986,880	0
FFCB	6,922,550	0	6,922,550	0
FHLM	3,949,360	0	3,949,360	0
FHLB	10,084,806	0	10,084,806	0
Mortgage-backed securities:				
FHLMC	3,227,941	0	3,227,941	0
FNMA	8,746,147	0	8,746,147	0
GNMA	9,263,576	0	9,263,576	0
FNR	3,818,408	0	3,818,408	0
FHR	5,869,715	0	5,869,715	0
SBA	30,998,910	0	30,998,910	0
Other	1,843,483	0	1,843,483	0
U.S. corporate debt:				
Financial	4,826,520	0	4,826,520	0
Nonrecurring fair value measurements:				
Impaired loans	769,089	0	0	769,089
Total	$ 223,206,459	$ 0	$ 222,437,370	$ 769,089

Description	12/31/2014	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Recurring fair value measurements:				
Available-for-sale securities:				
Municipals:				
State	$ 35,983,456	$ 0	$ 35,983,456	$ 0
Out of state	71,043,227	0	71,043,227	0
U.S. government agency securities:				
FNMA	5,094,200	0	5,094,200	0
FHLB	1,952,500	0	1,952,500	0
Mortgage-backed securities:				
FHLMC	2,989,463	0	2,989,463	0
FNMA	11,006,623	0	11,006,623	0
GNMA	15,694,240	0	15,694,240	0
FNR	5,845,768	0	5,845,768	0
FHR	6,248,634	0	6,248,634	0
SBA	15,951,626	0	15,951,626	0
Other	1,973,656	0	1,973,656	0
U.S. treasuries	5,000,199	0	5,000,199	0
U.S. corporate debt:				
Financial	6,956,560	0	6,956,560	0
Conglomerates	3,042,390	0	3,042,390	0
Nonrecurring fair value measurements:				
Impaired loans	771,052	0	0	771,052
Foreclosed assets	40,460	0	0	40,460
Total	$ 189,594,054	$ 0	$ 188,782,542	$ 811,512

There were no transfers between levels during the years ended December 31, 2015 and 2014.

The changes in Level 3 assets measured at fair value on a non-recurring basis are as follows for the year ended December 31:

	2015	
	Foreclosed Assets	Impaired Loans
Beginning balance	$ 40,460	$ 771,052
Additions	0	69,936
Sales, issuances and settlements, net	(40,460)	(71,899)
Ending balance	$ 0	$ 769,089

	2014	
	Foreclosed Assets	Impaired Loans
Beginning balance	$ 39,907	$ 1,134,030
Additions	22,283	432,705
Sales, issuances and settlements, net	(21,730)	(795,683)
Ending balance	$ 40,460	$ 771,052

Any resulting gain or loss on foreclosed assets will generally be included in "Other expenses" and any resulting gain or loss on impaired loans will generally be included as an adjustment to the allowance for loan losses or "Provision for loan losses".

NOTE 10: SIGNIFICANT GROUP CONCENTRATIONS OF CREDIT RISK

Substantially all of the Bank's loans and commitments have been granted to customers in the Bank's market area. Although the Bank's loan portfolio is diversified, there is dependence in this region on the agricultural and oil and gas economy. Letters of credit were primarily granted to commercial borrowers. The Bank has a concentration of funds on deposit at correspondent banks in excess of insured amounts at December 31, as follows:

Concentrations over insured limits:	2015	2014
Due from banks:		
Chase Bank	$ 2,232,043	$ 2,396,632
Texas Capital Bank	750,000	750,000
Texas Independent Bankers Bank	8,618	0
Federal funds sold:		
Frost National Bank	2,000,000	2,000,000
Texas Independent Bankers Bank	2,000,000	2,000,000
Total	$ 6,990,661	$ 7,146,632

The nature of the Bank's business requires that it maintain amounts due from banks which, at times, may exceed federally insured limits. The Bank has not experienced any losses in such accounts. The Bank held deposits with the Federal Reserve Bank of Dallas in the amount of $14,119,927 and $19,418,006 as of December 31, 2015 and 2014, respectively. These deposits are backed by the full faith of the United States government and are not subject to federal deposit insurance.

The Bank did not hold deposits from one depositor in excess of 5% of total deposits as of December 31, 2015. The Bank did not hold deposits from one depositor in excess of 5% of total deposits as of December 31, 2014.

NOTE 11: REGULATORY RESTRICTIONS

The Bank is required to maintain a minimum balance of cash and noninterest-bearing deposits with the Federal Reserve System based on regulatory guidelines. At December 31, 2015 and 2014, this required balance was $0.

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

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below) of Total and Tier 1 Capital (as defined in the regulations) to Risk-Weighted Assets (as defined) and of Tier 1 Capital (as defined) to Average Assets (as defined). Management believes, as of December 31, 2015, the Bank meets all capital adequacy requirements to which it is subject.

As of December 31, 2015 and 2014, the most recent notification from the OCC categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain minimum Total risk-based, Tier 1 risk-based and Tier 1 leverage ratios as set forth in the table. There are no conditions or events since the notification that management believes have changed the Bank's category.

	Actual		For Capital Adequacy Purposes:		To Be Well Capitalized Under Prompt Corrective Action Provisions:	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2015:						
Total Capital (to Risk-Weighted Assets)	$ 56,046	18.07%	$ 24,815	≥ 8%	$ 31,019	≥ 10%
Tier 1 Capital (to Risk-Weighted Assets)	$ 52,160	16.82%	$ 12,407	≥ 4%	$ 18,611	≥ 6%
Tier 1 Capital (to Average Assets)	$ 52,160	10.71%	$ 19,489	≥ 4%	$ 24,361	≥ 5%

	Actual		For Capital Adequacy Purposes:		To be Well Capitalized Under Prompt Corrective Action Provisions:	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2014:						
Total Capital (to Risk-Weighted Assets)	$ 51,911	19.41%	$ 21,398	≥ 8%	$ 26,748	≥ 10%
Tier 1 Capital (to Risk-Weighted Assets)	$ 48,562	18.16%	$ 10,699	≥ 4%	$ 16,049	≥ 6%
Tier 1 Capital (to Average Assets)	$ 48,562	9.74%	$ 19,940	≥ 4%	$ 24,924	≥ 5%

The amount of the Bank's retained earnings available for the payment of dividends without regulatory approval, at December 31, 2015 and 2014, was approximately $10,549,016 and $9,917,899, respectively.

NOTE 12: SALARY CONTINUATION PLAN

In 1998, the Bank entered into a non-qualified salary continuation plan in which the Bank agreed to pay certain executives future retirement income benefits. In conjunction with the salary continuation plan, the Bank purchased life insurance for the covered executives to offset the Bank's contractual obligation to pay pre-retirement death benefits and to recover the Bank's cost of providing the contractual future retirement income benefits. The Bank is the sole owner and beneficiary of the life insurance policies. The salary continuation benefits vest over the period of future services provided to the Bank by the executives. At December 31, 2015 and 2014, the accrued salary continuation payable is $1,633,932 and $1,451,466, respectively, and the cash surrender value of the life insurance is $3,506,114 and $3,407,639, respectively.

NOTE 13: RELATED PARTIES

The Bank has had, and may be expected to have in the future, banking transactions in the ordinary course of business with directors, significant stockholders, principal officers, their immediate families and affiliated companies in which they are principal stockholders (commonly referred to as related parties). In management's opinion, these loans and transactions were on the same terms as those for comparable loans and transactions with non related parties.

Aggregate loan transactions with related parties for years ended December 31, were as follows:

	2015	2014
Balance, beginning	$ 5,592,537	$ 6,071,551
New loans	2,517,671	3,937,355
Repayments	(1,015,489)	(4,416,369)
Balance, ending	$ 7,094,719	$ 5,592,537

NOTE 14: PENSION PLAN

The Bank has a noncontributory defined benefit pension plan covering substantially all employees. The Bank adopted the recognition provisions of ASC 715 as of December 31, 2007, which requires the funded status of defined benefit pension and other postretirement plans be fully recognized in the balance sheet. The implementation of ASC 715 is not material to the financial statements; therefore, it was not recorded on the balance sheet. The status of the Bank's pension plan and the effect if ASC 715 entries were made, based on the latest actuarial valuation dated and extrapolated to December 31, 2015 and 2014, is as follows:

	2015	2014
Obligations and Funded Status		
Obligations and funded status at end of years:		
Fair value of plan assets	$ 2,666,157	$ 2,533,150
Projected benefit obligations	(2,883,304)	(2,663,253)
Funded status	(217,147)	(130,103)
Accumulated other comprehensive loss *	(807,324)	(644,633)
Net amount recognized on balance sheet	(807,324)	(644,633)
Aggregate accumulated benefit obligation for defined benefit pension plan	2,615,821	2,434,023
Assumptions		
Weighted-average assumptions used:		
Discount rate	4.20%	3.82%
Rate of compensation increase	2.00%	2.00%
Expected long-term rate of return of plan assets	4.00%	4.00%
Average remaining service (years)	13.76	14.25
Plan Assets		
Common Trust - Equity	0%	0%
Common Trust – Mutual Funds	90.99%	94.63%
Common Trust - Debt securities	9.00%	5.29%
Cash	0.01%	0.08%

*The transition asset totaled $0 and $0 in 2015 and 2014, respectively. The net loss totaled $807,324 and $644,633 in 2015 and 2014, respectively.

Investment decisions are determined based on consultations between management and the broker assigned to the account. For the year ended December 31, 2015 and 2014, plan assets in the amount of $2,211 and $2,180, respectively were invested in cash, and $229,032 and $133,885, respectively and are considered to be Level 1 investments in accordance with ASC 820-10. The remaining investments in the amount of $2,397,085 and $2,434,930 were considered to be Level 2 investments in accordance with ASC 820-10 for the years ended December 31, 2015 and 2014, respectively. Level 2 investments were invested within common trust funds that are valued on the basis of the relative interest of each participating investor in the fair value of the underlying assets which are valued based on the net asset value as provided by the investment account manager. All plan assets are held in funds of one investment firm representing a concentration of credit risk.

The Bank contributed $200,000 and $0, in 2015 and 2014, respectively to the defined benefit pension plan. The plan paid $55,725 and $123,476 in benefits during the year ended December 31, 2015 and 2014, respectively. Minimum contribution required for the plan year ending December 31, 2016 is $0.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid during the year ended December 31,:

2016	$ 657,097
2017	126,456
2018	235,833
2019	44,163
2020	25,441
2021-2025	951,485

SUPPLEMENTARY INFORMATION

FIRST NATIONAL BANK ALBANY/BRECKENRIDGE
Albany, Texas

STATISTICAL INFORMATION

	As of and Year Ended December 31,:		
	2015	**2014**	**2013**
Net interest income	$ 16,442,410	$ 15,282,353	$ 14,846,291
Net income	$ 9,129,513	$ 9,075,856	$ 8,800,647
Net income per common share	$ 1,826	$ 1,815	$ 1,760
Average common shares outstanding	5,000	5,000	5,000
Return on average assets	1.86%	1.85%	1.83%
Return on average stockholder's equity	14.94%	17.39%	18.54%
Net book value per common share at year-end	$ 12,725	$ 11,721	$ 9,156