

Board of Governors of the Federal Reserve System



Annual Report of Holding Companies—FR Y-6

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

This Report is required by law: Section 5(c)(1)(A) of the Bank Holding Company Act (12 U.S.C. § 1844 (c)(1)(A)); 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.

Date of Report (top-tier holding company's fiscal year-end):

December 31, 2015

Month / Day / Year

n/a

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

Reporter's Name, Street, and Mailing Address

Texas Brand Bancshares, Inc

Legal Title of Holding Company

1919 S. Shiloh Road, Suite 100

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

Garland

TX

75042

City

State

Zip Code

Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

Lance Bigham

SVP / CFO

Name

Title

972-494-9800

Area Code / Phone Number / Extension

469-429-1432

Area Code / FAX Number

lanceb@texasbrandbank.com

E-mail Address

N/A

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

I, Frederic W. Heinke

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

Date of Signature 9/8/16

For holding companies not registered with the SEC—

Indicate status of Annual Report to Shareholders:

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

For Federal Reserve Bank Use Only

RSSD ID

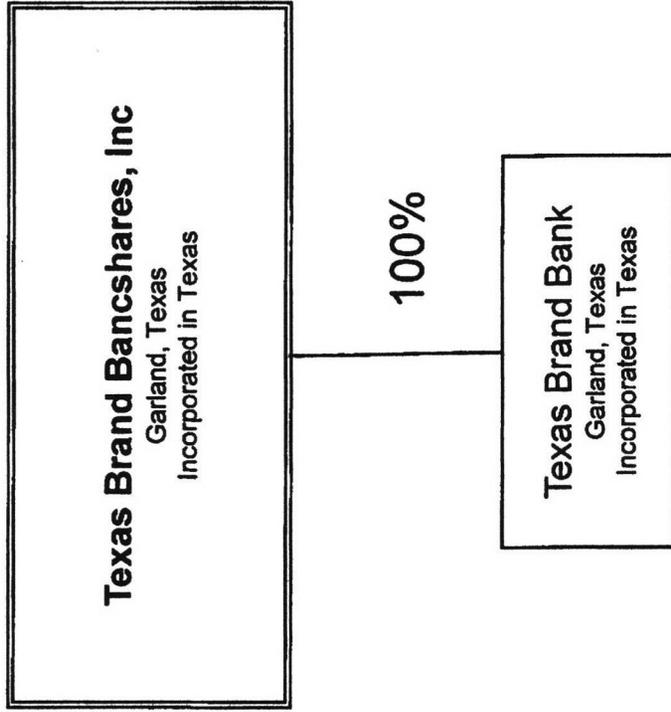
C.I.

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

- Yes Please identify the report items to which this request applies:  
Item 3(1)a, (1)b, (1)c and Item 4(3)c, (4)a, (4)b, (4)c
- 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

# Texas Brand Bancshares, Inc Organization Chart



\* No Entity has a LEI

**AMENDED**  
SEP 28 2016

**Results:** A list of branches for your depository institution: **TEXAS BRAND BANK (ID\_RSSD: 3297490)**. This depository institution is held by **TEXAS BRAND BANCSHARES, INC. (3345234)** of GARLAND, TX. The data are as of **12/31/2015**. Data reflects information that was received and processed through **04/05/2016**.

**Reconciliation and Verification Steps**

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

**Actions**

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

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

**Submission Procedure**

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

**Note:**

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

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

Data Action	Effective Date	Branch Service Type	Branch ID_RSSD*	Popular Name	Street Address	City	State	Zip Code	County	Country	FDIC UNINUM*	Office Number*	Head Office	Head Office ID_RSSD*	Comments
OK		Full Service (Head Office)	3297490	TEXAS BRAND BANK	1919 SOUTH SHILOH ROAD, SUITE 100 LB 30	GARLAND TX	TX	75042-824	DALLAS	UNITED STATES	431421	0	0	TEXAS BRAND BANK	3297490
OK		Full Service	3818112	UPTOWN BRANCH	4161 MCKINNEY AVENUE, SUITE 101	DALLAS TX	TX	75204-824	DALLAS	UNITED STATES	492998	1	1	TEXAS BRAND BANK	3297490

Form FR Y-6

Texas Brand Bancshares, Inc  
Garland, Texas

Fiscal Year Ending December 31, 2015

Report Item 3: Securities Holders Public

Current Securities Holders with ownership, control or holdings of 5% or more with power to vote as of fiscal year ending 12-31-20XX		Securities Holders not listed in 3(1)(a) through (3)(1)(c) that had ownership, control or holdings of 5% or more with power to vote during the fiscal year ending 12-31-20XX	
(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
The Dorvin D. Leis Subtrust, Edward B. Tomlinson II, Charles S. Leis, and Stephen T. Leis TTEE Dallas, Texas	USA	Control - Voting Agreement 605,452 54.95% Common Stock	N/A
James Bowen Texas	Rockwall, USA	384,727 Common Ownership  *Information Filed in Confidential Report	N/A

**AMENDED**  
SEP 16 2016

Form FR Y-6  
Texas Brand Bancshares, Inc.  
Garland, Texas  
Fiscal Year Ending December 31, 2015

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

(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 holding company	Title & Position with 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 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)
The Dorvin D. Leis Subtrist, Edward B. Tomlinson II, Charles S. Leis, and Stephen T. Leis TTEE Garland, Texas, USA	N/A	Shareholder			54.95		
Edward B. Tomlinson, II Rowlett, Texas, USA	Attorney, Real Estate Developer	Chairman / Director	Chairman / Director	* Information Filed in Confidential Report	* Information File * Information Filed * Information Filed in Confidential Report		* Information Filed in Confidential Report
James Bowen Rockwall, Texas, USA	Attorney, Title Company Owner	Director	Director	* Information Filed in Confidential Report	* Information File * Information Filed * Information Filed in Confidential Report		* Information Filed in Confidential Report
Charles Leis Eagle, Idaho, USA	Manager - Family Businesses	Director	Director	* Information Filed in Confidential Report	* Information File * Information Filed * Information Filed in Confidential Report		* Information Filed in Confidential Report
Cecil Williams Garland, Texas, USA	Funeral Director / Executive	Director	Director	* Information Filed in Confidential Report	* Information File * Information Filed * Information Filed in Confidential Report		* Information Filed in Confidential Report
John Shackelford Dallas, Texas, USA	Attorney	Director	Director	* Information Filed in Confidential Report	* Information File * Information Filed * Information Filed in Confidential Report		* Information Filed in Confidential Report
Stan Luckie Garland, Texas, USA	Retired	Director	Director	* Information Filed in Confidential Report	* Information File * Information Filed * Information Filed in Confidential Report		* Information Filed in Confidential Report
Frederic Heinke Dallas, Texas, USA	Banker	CEO / Director	CEO Director Texas Brand Bank	* Information Filed in Confidential Report	* Information File * Information Filed * Information Filed in Confidential Report		* Information Filed in Confidential Report
William E. Lowe Dallas, Texas, USA	Banker	President / Director	President Director Texas Brand Bank	* Information Filed in Confidential Report	* Information File * Information Filed * Information Filed in Confidential Report		* Information Filed in Confidential Report
Lance Bigham Lewisville, Texas, USA	Banker	CFO / Secretary	SVP / CFO Secretary Texas Brand Bank	* Information Filed in Confidential Report	* Information File * Information Filed * Information Filed in Confidential Report		* Information Filed in Confidential Report

**TEXAS BRAND BANCSHARES, INC.  
AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2015 AND 2014**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors and Stockholders  
of Texas Brand Bancshares, Inc.

We have audited the accompanying consolidated financial statements of Texas Brand Bancshares, Inc. and Subsidiary (a Texas corporation), which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of income and comprehensive income, changes in stockholders' 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

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

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

### **Opinion**

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

Dallas, Texas  
February 25, 2016

**TEXAS BRAND BANCSHARES, INC.**

**Consolidated Balance Sheets  
As of December 31, 2015 and 2014**

	Assets	
	<u>2015</u>	<u>2014</u>
Cash and due from banks	\$ <u>2,570,796</u>	\$ <u>3,559,603</u>
Cash and cash equivalents	<u>2,570,796</u>	<u>3,559,603</u>
Interest bearing deposits in other banks	20,200,177	24,429,602
Investment securities - Note 2		
Available-for-sale	7,472,856	6,624,585
Stock of Federal Home Loan Bank	261,200	46,300
Stock of Texas Independent Bank	114,484	111,995
Loans, net - Note 3	115,324,115	103,218,995
Bank premises and equipment, net - Note 4	456,748	399,109
Other real estate owned	-	225,000
Accrued interest receivable	421,812	357,946
Deferred tax asset	258,493	140,000
Other assets	<u>285,588</u>	<u>282,301</u>
Total assets	<u>\$ 147,366,269</u>	<u>\$ 139,395,436</u>

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

TEXAS BRAND BANCSHARES, INC.

Consolidated Balance Sheets  
As of December 31, 2015 and 2014

Liabilities

	<u>2015</u>	<u>2014</u>
<i>Deposits:</i>		
<i>Noninterest-bearing demand</i>	\$ 23,535,924	\$ 27,513,454
<i>Interest-bearing demand</i>	4,866,513	5,968,879
<i>Money market and savings</i>	21,992,481	23,117,789
<i>Time, \$100,000 and over</i>	61,859,611	50,631,018
<i>Other time, less than \$100,000</i>	<u>14,206,832</u>	<u>17,456,856</u>
<i>Total deposits</i>	126,461,361	124,687,996
<i>Accrued interest payable</i>	98,211	84,233
<i>Deferred loan fees</i>	248,237	149,451
<i>FHLB Advances</i>	5,000,000	-
<i>Notes payable</i>	3,050,000	3,000,000
<i>Other liabilities</i>	<u>219,431</u>	<u>192,680</u>
<i>Total liabilities</i>	<u>135,077,240</u>	<u>128,114,360</u>

Stockholders' Equity

<i>Common stock - \$5 par value; authorized 5,000,000 shares; 1,126,801 shares issued and 1,101,801 outstanding in 2015 and 2014, respectively</i>	5,634,005	5,634,005
<i>Additional paid-in capital</i>	6,080,141	6,066,926
<i>Treasury stock - 25,000 shares at cost, as of 2015 and 2014, respectively</i>	(283,800)	(283,800)
<i>Retained earnings</i>	834,318	(144,642)
<i>Unrealized gain on investment securities considered available-for-sale - Note 2</i>	<u>24,365</u>	<u>8,587</u>
<i>Total stockholders' equity</i>	<u>12,289,029</u>	<u>11,281,076</u>
<i>Total liabilities and stockholders' equity</i>	<u>\$ 147,366,269</u>	<u>\$ 139,395,436</u>

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

TEXAS BRAND BANCSHARES, INC.

Consolidated Statements of Income and Comprehensive Income  
For the years ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<i>Interest income</i>		
Interest and fees on loans	\$ 6,407,756	\$ 5,659,024
Interest on investment securities - taxable	33,619	37,805
Interest on investment securities - non taxable	99,472	63,694
Interest on federal funds sold	45	203
Interest on deposit accounts	103,422	137,827
Total interest income	<u>6,644,314</u>	<u>5,898,553</u>
<i>Interest expense</i>		
<i>Interest on deposits</i>		
Money market and savings	78,279	86,534
NOW accounts	7,323	6,323
Time, \$100,000 and over	602,237	545,369
Other time	176,048	207,928
Federal funds purchased	80	194
Other borrowings	135,725	39,013
Total interest expense	<u>999,692</u>	<u>885,361</u>
Net interest income	5,644,622	5,013,192
Provision for loan losses - Note 3	<u>180,000</u>	<u>120,000</u>
Net interest income after provision for loan losses	<u>5,464,622</u>	<u>4,893,192</u>
<i>Other income</i>		
Service fees	183,712	179,083
Gain (loss) on sale of other real estate owned	45	(3,026)
Gain on sale of securities	-	1,215
Rental income on other real estate owned	-	2,000
Other	7,205	8,372
	<u>190,962</u>	<u>187,644</u>
<i>Other expense</i>		
Salaries and employee benefits	2,446,178	2,301,380
Occupancy expense	362,961	362,725
Advertising	144,952	138,671
Furniture and equipment	108,053	116,656
Data processing services	410,400	374,002
Other real estate	24,013	21,677
Other	790,261	767,913
	<u>4,286,818</u>	<u>4,083,024</u>
Income before income taxes	1,368,766	997,812
Income tax expense - Note 1	<u>340,537</u>	<u>235,413</u>
Net income	<u>1,028,229</u>	<u>762,399</u>
<i>Other comprehensive income</i>		
<i>Unrealized change on securities available-for-sale:</i>		
Unrealized change arising during the period	<u>15,778</u>	<u>5,410</u>
Total comprehensive income	<u>\$ 1,044,007</u>	<u>\$ 767,809</u>

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

TEXAS BRAND BANCSHARES, INC.

Consolidated Statements of Changes in Stockholders' Equity  
For the years ended December 31, 2015 and 2014

	Common Stock	Paid-in Capital	Treasury Stock	Retained Earnings	Unrealized Gain on Investment Securities	Total
Balance, December 31, 2013	\$ 5,634,005	\$ 6,027,288	\$ (283,800)	\$ (907,041)	3,177	\$ 10,473,629
Stock options vested	-	39,638	-	-	-	39,638
Comprehensive income						
Current year change in unrealized loss on available-for-sale securities	-	-	-	-	5,410	5,410
Net income	-	-	-	762,399	-	762,399
Total comprehensive income						767,809
Balance, December 31, 2014	5,634,005	6,066,926	(283,800)	(144,642)	8,587	11,281,076
Stock options vested	-	13,215	-	-	-	13,215
Comprehensive income						
Current year change in unrealized gain on available-for-sale securities	-	-	-	-	15,778	15,778
Net income	-	-	-	1,028,229	-	1,028,229
Total comprehensive income						1,044,007
Dividends paid	-	-	-	(49,269)	-	(49,269)
Balance, December 31, 2015	\$ <u>5,634,005</u>	\$ <u>6,080,141</u>	\$ <u>(283,800)</u>	\$ <u>834,318</u>	\$ <u>24,365</u>	\$ <u>12,289,029</u>

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

TEXAS BRAND BANCSHARES, INC.

Consolidated Statements of Cash Flows  
For the years ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Net income (loss)	\$ 1,028,229	\$ 762,399
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
(Gain) loss on sale of other real estate owned	-	5,351
(Gain) loss on sale of securities	-	(1,215)
Depreciation and amortization	154,099	157,010
Amortization and accretion of securities	93,094	137,854
Provision for loan losses	180,000	120,000
Vesting of stock options	13,215	39,638
Change in:		
Accrued interest receivable	(63,866)	(22,799)
Deferred tax asset	(118,493)	(140,000)
Other assets	12,827	(53,630)
Accrued interest payable	13,978	15,158
Deferred loan fees	98,786	149,451
Other liabilities	26,751	14,465
Net cash provided by operating activities	<u>1,438,620</u>	<u>1,183,682</u>
Cash flows from investing activities:		
Net change in interest bearing deposits in other banks	4,229,425	(12,615,205)
Purchase of investment securities	(46,654,070)	(43,649,491)
Sale of FHLB stock	-	121,900
Purchase of FHLB stock	(214,900)	(126,100)
Purchase of Texas Independent Bank stock	(2,489)	(2,346)
Proceeds from principal payments and maturities of investment securities	45,728,483	44,000,469
Net change in loans	(12,354,335)	(13,114,088)
Purchase of premises and equipment	(203,207)	(69,815)
Purchase of software	(24,645)	(6,665)
Capitalized costs related to other real estate owned	(30,785)	-
Proceeds from sale of other real estate owned	325,000	152,849
Net cash used in investing activities	<u>(9,201,523)</u>	<u>(25,308,492)</u>
Cash flows from financing activities:		
Net change in demand and savings deposits	(6,205,204)	11,397,975
Net change in time deposits	7,978,569	11,406,017
Proceeds from borrowings	5,050,000	3,000,000
Payment of dividends	(49,269)	-
Net cash provided by financing activities	<u>6,774,096</u>	<u>25,803,992</u>
Net increase in cash and cash equivalents	(988,807)	1,679,182
Cash and cash equivalents at beginning of year	<u>3,559,603</u>	<u>1,880,421</u>
Cash and cash equivalents at end of year	<u>\$ 2,570,796</u>	<u>\$ 3,559,603</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for:		
Interest	<u>\$ 985,714</u>	<u>\$ 870,203</u>
Income taxes	<u>\$ 514,758</u>	<u>\$ 407,000</u>
Supplemental schedule of noncash investing and financing activities:		
Real estate acquired in foreclosure or settlement of loans	<u>\$ -</u>	<u>\$ 225,000</u>

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

**TEXAS BRAND BANCSHARES, INC. AND SUBSIDIARY**  
*Notes to Financial Statements*

**1. Summary of Significant Accounting Policies**

Nature of Operations

The accounting and reporting policies of Texas Brand Bancshares, Inc. (the Company) and subsidiary conform to U.S. generally accepted accounting principles and to general practices within the banking industry. The consolidated financial statements include the accounts of the Company and Texas Brand Bank (the Bank), the Company's wholly owned subsidiary. Intercompany accounts, transactions and earnings have been eliminated in consolidation.

The Bank generates commercial, mortgage, and consumer loans and receives deposits from customers located primarily in Dallas and Collin Counties, Texas and the surrounding areas. The Bank operates under a state bank charter and provides full banking services. As a state bank, the Bank is subject to regulation by the Texas Department of Banking and the Federal Deposit Insurance Corporation.

Use of Estimates

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

The determination of the adequacy of the allowance for loan losses is based on estimates that are particularly susceptible to significant changes in the economic environment and market conditions. In connection with the determination of the estimated losses on loans, management obtains independent appraisals for significant collateral.

The Bank's loans are generally secured by specific items of collateral including real property, consumer assets, and business assets. Although the Bank has a diversified loan portfolio, a substantial portion of its debtors' ability to honor their contracts is dependent on local economic conditions.

While management uses available information to recognize losses on loans, further reductions in the carrying amounts of loans may be necessary based on changes in local economic conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the estimated losses on loans. Such agencies may require the Bank to recognize additional losses based on their judgments about information available to them at the time of their examination. Because of these factors, it is reasonably possible that the estimated losses on loans may change materially in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

Investment Securities

Debt securities are classified as held-to-maturity when the Bank has the positive intent and ability to hold the securities to maturity. Securities held-to-maturity are carried at amortized cost. The amortization of premiums and accretion of discounts are recognized in interest income using methods approximating the interest method over the period to maturity.

Debt securities not classified as held-to-maturity are classified as available-for-sale. Securities available-for-sale are carried at fair value with unrealized gains and losses reported in other comprehensive income.

Realized gains (losses) on securities available for sale are included in other income (expense) and, when applicable, are reported as a reclassification adjustment, in other comprehensive income. Gains and losses on sales of securities are determined on the specific-identification method.

**TEXAS BRAND BANCSHARES, INC. AND SUBSIDIARY**  
*Notes to Financial Statements*

**1. Summary of Significant Accounting Policies, continued**

*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. In estimating other-than-temporary impairment losses, management considers (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Bank to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.*

Loans

*The Bank grants mortgage, commercial, and consumer loans to customers. A substantial portion of the loan portfolio is represented by real estate loans throughout the Dallas Forth Worth Metroplex. The ability of the Bank's debtors to honor their contracts is dependent upon the real estate and general economic conditions in this area.*

*Loans are stated at unpaid principal balances, less the allowance for loan losses and deferred loan fees. Loan fee income and costs associated with originating loans have been recognized in the period in which the fees were received and the costs were incurred.*

*Interest on loans is calculated by using the simple interest method on daily balances of the principal amount outstanding.*

*The accrual of interest on real estate and commercial loans is discontinued at the time the loan is 90 days past due unless the credit is well-secured and in process of collection. Personal loans are typically charged off no later than 120 days past due. Past due status is based on contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged off at an earlier date if collection of principal or interest is considered doubtful.*

*All interest accrued but not collected for loans that are placed on nonaccrual 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.*

Allowance for Loan Losses

*The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.*

*The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.*

*The allowance consists of specific, general, and unallocated components. The specific component relates to loans that are classified as doubtful, substandard, or special mention. 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.*

**TEXAS BRAND BANCSHARES, INC. AND SUBSIDIARY**  
Notes to Financial Statements

**1. Summary of Significant Accounting Policies, continued**

*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.*

*A loan is considered impaired when, based on current information and events, it is probable that the Bank will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis for commercial and construction loans by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent.*

*Large groups of smaller balance homogeneous loans are collectively evaluated for impairment. Accordingly, the Bank does not separately identify individual consumer and residential loans for impairment disclosures, unless such loans are the subject of a restructuring agreement.*

Premises and Equipment

*Premises and equipment are carried at cost net of accumulated depreciation. Depreciation is computed using the straight-line method based principally on the estimated useful lives of the assets ranging from three to ten years. Maintenance and repairs are expensed as incurred while major additions and improvements are capitalized. Gains and losses on dispositions are included in current operations.*

Other Real Estate Owned

*Real estate properties acquired through or in lieu of loan foreclosure are initially recorded at fair value less estimated selling cost at the date of foreclosure. Any write-downs based on the asset's fair value at the date of acquisition are charged to the allowance of loan losses. After foreclosure, valuations are periodically performed by management and property held for sale is carried at the lower of the new cost basis or fair value less cost to sell. Impairment losses on property to be held and used are measured as the amount which the carrying amount of a property exceeds its fair value. Costs of significant property improvements, if any, are capitalized whereas costs relating to holding property are expensed. Valuations are periodically performed by management, and any subsequent write-downs are recorded as a charge to operations, if necessary, to reduce the carrying value of a property to the lower of its cost or fair value less cost to sell.*

Income Taxes

*Income taxes are provided for the tax effects of the transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets and liabilities are reflected at income tax rates applicable to the period in which the deferred tax assets or liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes. The Company files consolidated income tax returns with its subsidiary.*

**TEXAS BRAND BANCSHARES, INC. AND SUBSIDIARY**  
Notes to Financial Statements

**1. Summary of Significant Accounting Policies, continued**

Income Taxes, continued

The Company adopted Financial Accounting Standards Board Accounting Standard codification (FASB ASC) 740 Accounting for Uncertainty in Income Taxes. FASB ASC 740 allows companies to record an income tax benefit only on those issues that if examined by taxing authorities would more likely than not prevail. The adoption of FASB ASC 740 by the Company had no impact because all of its tax positions meet the more likely than not criteria. In all years prior to 2014, the Company filed its' income tax return as a S Corporation, in 2014 the Company filed as a C Corporation.

The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2012.

Statements of Cash Flows

The Bank considers all cash and amounts due from depository institutions to be cash equivalents for purposes of the statements of cash flows. The Bank maintains balances at financial institutions in excess of federally insured limits.

Accounting for Stock-Based Compensation

The Bank uses the fair value provision of FASB ASC 718 "Share-Based Payment" in accounting for stock options and warrants. FASB ASC 718 requires the recognition of stock-based compensation expense, using a fair-value based method, for costs related to all share-based payments including stock options. FASB ASC 718 requires banks to estimate the fair value of share-based payment awards on the date of grant using an option-pricing model. The Bank accounts for stock-based compensation in accordance with FASB ASC 718 and estimates their fair value based on using the Black-Scholes option pricing model.

Fair Values of Financial Instruments

FASB ASC 825-10-50, Disclosures about Fair Value of Financial Instruments, requires disclosure of fair value information about financial instruments, whether or not recognized in the statement of financial condition. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instruments. FASB ASC 825-10-50 excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Bank.

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

*Cash and cash equivalents:* The carrying amounts reported for cash and cash equivalents approximate those assets' fair values.

*Time deposits:* Fair values for time deposits are estimated using a discounted cash flow analysis that applies interest rates currently being offered on certificates to a schedule of aggregated contractual maturities on such time deposits.

**TEXAS BRAND BANCSHARES, INC. AND SUBSIDIARY**  
*Notes to Financial Statements*

**1. Summary of Significant Accounting Policies, continued**

Fair Values of Financial Instruments, continued

*Investment securities: Fair values for investment securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.*

*Loans: For variable-rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying amounts. The fair values for other loans (for example, fixed rate commercial real estate and rental property mortgage loans and commercial and industrial loans) are estimated using discounted cash flow analysis, based on interest rates currently being offered for loans with similar terms to borrowers of similar credit equity. Loan fair value estimates include judgments regarding future expected loss experience and risk characteristics. The carrying amount of accrued interest receivable approximates its fair value.*

*Deposits: The fair values disclosed for demand deposits (for example, interest bearing checking accounts and savings accounts) are, by definition, equal to the amount payable on demand at the reporting date (that is, their carrying amounts). The fair values for certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently being offered on certificates to a schedule of aggregated contractual maturities on such time deposits. The carrying amount of accrued interest payable approximates fair value.*

*Short-term borrowings and notes payable: The carrying amounts of short-term borrowings and notes payable approximate their fair values.*

*Other liabilities: Commitments to extend credit were evaluated and fair value was estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present credit-worthiness of the counterparties.*

Classification of Prior Year Amounts

*Certain prior period amounts have been reclassified to conform to current year presentation.*

Date of Management's Review of Subsequent Events

*Management has evaluated subsequent events through February 25, 2016, the date which the financial statements were available to be issued.*

**TEXAS BRAND BANCSHARES, INC. AND SUBSIDIARY**  
Notes to Financial Statements

**2. Investment Securities**

The amortized cost of securities and their approximate fair values are as follows:

	<u>Amortized Cost</u>	<u>Gross Unrealized Gain</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Fair Value</u>
<u>Securities Available for Sale</u>				
<i>December 31, 2015</i>				
U.S. government agency obligations	\$ 250,000	\$ -	\$ (2)	\$ 249,998
U.S. treasury securities	-	-	-	-
Mortgage backed securities	923,078	10,562	-	933,640
Tax-exempt municipals	6,275,413	13,805	-	6,289,218
	<u>\$ 7,448,491</u>	<u>\$ 24,367</u>	<u>\$ (2)</u>	<u>\$ 7,472,856</u>
<i>December 31, 2014</i>				
U.S. government agency obligations	\$ -	\$ -	\$ -	\$ -
U.S. treasury securities	-	-	-	-
Mortgage backed securities	1,220,991	22,298	-	1,243,289
Tax-exempt municipals	5,395,007	-	(13,711)	5,381,296
	<u>\$ 6,615,998</u>	<u>\$ 22,298</u>	<u>\$ (13,711)</u>	<u>\$ 6,624,585</u>

The amortized cost and estimated fair value of securities, by contractual maturity, at December 31, 2015 are as follows:

<u>Securities Available for Sale</u>	<u>Amortized Cost</u>	<u>Fair Value</u>
<i>Amounts maturing in:</i>		
One year or less	\$ 911,731	\$ 912,392
After one year to five years	2,410,728	2,421,241
After five years to ten years	3,689,869	3,702,806
After ten years	436,163	436,417
	<u>\$ 7,448,491</u>	<u>\$ 7,472,856</u>

The maturities of the U.S. Government agencies may differ from contractual maturities because borrowers have the right to prepay obligations without penalties.

No securities were pledged at December 31, 2015 and 2014, respectively, to secure a line of credit and other public funds as required or permitted by law.

Net unrealized gains on available for sale securities amounted to \$24,365 and \$8,587 at December 31, 2015, and 2014 respectively, and were recognized as an increase to other comprehensive income.

**TEXAS BRAND BANCSHARES, INC. AND SUBSIDIARY**  
*Notes to Financial Statements*

**3. Loans and Allowance for Loan Losses**

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

	<u>2015</u>	<u>2014</u>
Commercial loans	\$ 19,183,126	\$ 17,349,242
Real estate loans	84,659,152	74,460,721
Interim loans	12,072,055	11,660,110
Consumer loans	726,433	1,052,992
Overdrafts	<u>18,833</u>	<u>29,560</u>
Gross loans	116,659,599	104,552,625
Less:		
Allowance for loan losses	<u>(1,335,484)</u>	<u>(1,333,630)</u>
Net loans	<u>\$ 115,324,115</u>	<u>\$ 103,218,995</u>

**TEXAS BRAND BANCSHARES, INC. AND SUBSIDIARY**  
Notes to Financial Statements

**3. Loans and Allowance for Loan Losses, continued**

An analysis of allowance account as of December 31, 2015 and 2014 is presented as follows:

**Allowance for Loan and Lease Losses (ALLL) activity:**

	<b>December 31, 2015</b>					
	<u>Commercial loans</u>	<u>Real estate loans</u>	<u>Interim loans</u>	<u>Consumer loans</u>	<u>Other loans</u>	<u>Total Allowance</u>
ALLL, January 1	\$ 270,318	\$ 927,450	\$ 110,268	\$ 25,970	\$ (376)	\$ 1,333,630
Charge-offs	-	-	-	-	-	(379,146)
Recoveries	-	-	-	-	-	201,000
Provision for loan and lease losses	-	-	-	-	-	180,000
Net charge-offs, recoveries and provision	(33,318)	29,550	26,732	(21,486)	376	-
ALLL, December 31	<u>\$ 237,000</u>	<u>\$ 957,000</u>	<u>\$ 137,000</u>	<u>\$ 4,484</u>	<u>\$ -</u>	<u>\$ 1,335,484</u>
	<u>Commercial loans</u>	<u>Real estate loans</u>	<u>Interim loans</u>	<u>Consumer loans</u>	<u>Other loans</u>	<u>Total</u>
Impaired loans and troubled debt restructurings						
ALLL	\$ -	\$ -	\$ -	\$ -	\$ -	-
Carrying value	\$ 81,430	\$ -	\$ -	\$ -	\$ -	81,430
Allowance as a percentage of outstanding loans	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Collectively evaluated for impairment						
ALLL	\$ 237,000	\$ 957,000	\$ 137,000	\$ 4,484	\$ -	\$ 1,335,484
Carrying value	\$ 19,101,696	\$ 84,659,152	\$ 12,072,055	\$ 726,433	\$ 18,833	\$ 116,578,169
Allowance as a percentage of outstanding loans	1.24%	1.13%	1.13%	0.62%	0.00%	1.15%
Total						
ALLL	\$ 237,000	\$ 957,000	\$ 137,000	\$ 4,484	\$ -	\$ 1,335,484
Carrying value	\$ 19,183,126	\$ 84,659,152	\$ 12,072,055	\$ 726,433	\$ 18,833	\$ 116,659,599
Allowance as a percentage of outstandings	1.24%	1.13%	1.13%	0.62%	0.00%	1.14%

	<b>December 31, 2014</b>					
	<u>Commercial loans</u>	<u>Real estate loans</u>	<u>Interim loans</u>	<u>Consumer loans</u>	<u>Other loans</u>	<u>Total Allowance</u>
ALLL, January 1	\$ 244,318	\$ 825,733	\$ 100,668	\$ 22,783	\$ 243	\$ 1,193,745
Charge-offs	-	(69,215)	-	(583)	(1,005)	(70,803)
Recoveries	2,000	86,932	-	1,470	286	90,688
Provision for loan and lease losses	24,000	84,000	9,600	2,300	100	120,000
ALLL, December 31	<u>\$ 270,318</u>	<u>\$ 927,450</u>	<u>\$ 110,268</u>	<u>\$ 25,970</u>	<u>\$ (376)</u>	<u>\$ 1,333,630</u>
	<u>Commercial loans</u>	<u>Real estate loans</u>	<u>Interim loans</u>	<u>Consumer loans</u>	<u>Other loans</u>	<u>Total</u>
Impaired loans and troubled debt restructurings						
ALLL	\$ -	\$ 187,655	\$ -	\$ -	\$ -	187,655
Carrying value	\$ -	\$ 740,621	\$ -	\$ -	\$ -	740,621
Allowance as a percentage of outstanding loans	0.00%	25.34%	0.00%	0.00%	0.00%	25.34%
Collectively evaluated for impairment						
ALLL	\$ 270,318	\$ 739,795	\$ 110,268	\$ 25,970	\$ (376)	\$ 1,145,975
Carrying value	\$ 17,349,242	\$ 74,353,582	\$ 11,026,628	\$ 1,052,992	\$ 29,560	\$ 103,812,004
Allowance as a percentage of outstanding loans	1.56%	0.99%	1.00%	2.47%	-1.27%	1.10%
Total						
ALLL	\$ 270,318	\$ 927,450	\$ 110,268	\$ 25,970	\$ (376)	\$ 1,333,630
Carrying value	\$ 17,349,242	\$ 75,094,203	\$ 11,026,628	\$ 1,052,992	\$ 29,560	\$ 104,552,625
Allowance as a percentage of outstandings	1.56%	1.24%	1.00%	2.47%	-1.27%	1.28%

**TEXAS BRAND BANCSHARES, INC. AND SUBSIDIARY**  
*Notes to Financial Statements*

**3. Loans and Allowance for Loan Losses, continued**

**Nonaccrual Loans:**

	Nonaccrual Loans		Accruing Past Due 90 Days or More	
	December 31		December 31	
	2015	2014	2015	2014
Commercial loans	\$ 81,430	\$ -	\$ -	\$ -
Real estate loans	-	740,621	-	-
Interim loans	-	-	-	-
Consumer loans	-	-	-	-
Other loans	-	-	-	-
<b>Total loans</b>	<b>\$ 81,430</b>	<b>\$ 740,621</b>	<b>\$ -</b>	<b>\$ -</b>

**TEXAS BRAND BANCSHARES, INC. AND SUBSIDIARY**  
Notes to Financial Statements

**3. Loans and Allowance for Loan Losses, continued**

**Impaired Loans:**

		December 31, 2015				
		Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
<i>With no recorded allowance</i>						
Commercial loans	\$	-	\$ 81,430	\$ -	\$ 40,715	-
Real estate loans	\$	-	-	-	-	-
Interim loans	\$	-	-	-	-	-
Consumer loans	\$	-	-	-	-	-
Other loans	\$	-	-	-	-	-
<i>With an allowance recorded</i>						
Commercial loans	\$	-	-	-	-	-
Real estate loans	\$	-	-	-	\$ 370,311	-
Interim loans	\$	-	-	-	-	-
Consumer loans	\$	-	-	-	-	-
Other loans	\$	-	-	-	-	-
<i>Total</i>						
Commercial loans	\$	-	\$ 81,430	-	\$ 40,715	-
Real estate loans	\$	-	-	-	\$ 370,311	-
Interim loans	\$	-	-	-	-	-
Consumer loans	\$	-	-	-	-	-
Other loans	\$	-	-	-	-	-

		December 31, 2014				
		Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
<i>With no recorded allowance</i>						
Commercial loans	\$	-	-	-	-	-
Real estate loans	\$	-	-	-	-	-
Interim loans	\$	-	-	-	-	-
Consumer loans	\$	-	-	-	-	-
Other loans	\$	-	-	-	-	-
<i>With an allowance recorded</i>						
Commercial loans	\$	-	-	-	-	-
Real estate loans	\$	-	\$ 740,621	\$ 187,655	\$ 517,418	-
Interim loans	\$	-	-	-	-	-
Consumer loans	\$	-	-	-	-	-
Other loans	\$	-	-	-	-	-
<i>Total</i>						
Commercial loans	\$	-	-	-	-	-
Real estate loans	\$	-	\$ 740,621	\$ 187,655	\$ 517,418	-
Interim loans	\$	-	-	-	-	-
Consumer loans	\$	-	-	-	-	-
Other loans	\$	-	-	-	-	-

**TEXAS BRAND BANCSHARES, INC. AND SUBSIDIARY**  
Notes to Financial Statements

**3. Loans and Allowance for Loan Losses, continued**

**Loan Classification Status:**

<b>December 31, 2015</b>						
	<u>Commercial loans</u>	<u>Real estate loans</u>	<u>Interim loans</u>	<u>Consumer loans</u>	<u>Other loans</u>	<u>Total</u>
Pass	\$ 19,101,696	\$ 84,659,152	\$ 12,072,055	\$ 726,433	\$ 18,833	\$ 116,578,169
Special mention	-	-	-	-	-	-
Substandard	81,430	-	-	-	-	81,430
Doubtful	-	-	-	-	-	-
Loss	-	-	-	-	-	-
<b>Total</b>	<u>\$ 19,183,126</u>	<u>\$ 84,659,152</u>	<u>\$ 12,072,055</u>	<u>\$ 726,433</u>	<u>\$ 18,833</u>	<u>\$ 116,659,599</u>

<b>December 31, 2014</b>						
	<u>Commercial loans</u>	<u>Real estate loans</u>	<u>Interim loans</u>	<u>Consumer loans</u>	<u>Other loans</u>	<u>Total</u>
Pass	\$ 17,349,242	\$ 74,353,582	\$ 11,026,628	\$ 1,052,992	\$ 29,560	\$ 103,812,004
Special mention	-	-	-	-	-	-
Substandard	-	740,621	-	-	-	740,621
Doubtful	-	-	-	-	-	-
Loss	-	-	-	-	-	-
<b>Total</b>	<u>\$ 17,349,242</u>	<u>\$ 75,094,203</u>	<u>\$ 11,026,628</u>	<u>\$ 1,052,992</u>	<u>\$ 29,560</u>	<u>\$ 104,552,625</u>

**TEXAS BRAND BANCSHARES, INC. AND SUBSIDIARY**  
Notes to Financial Statements

**3. Loans and Allowance for Loan Losses, continued**

**Aging of Past Due Loans:**

		<b>December 31, 2015</b>				
		30-89 Days Past Due	90 Days or More Past Due	Total Past Due 30 Days or More	Total Current or Less Than 30 Days Past Due	Total Outstandings
Commercial loans	\$	-	81,430	81,430	19,101,696	19,183,126
Real estate loans		-	-	-	84,659,152	84,659,152
Interim loans		-	-	-	12,072,055	12,072,055
Consumer loans		51,453	-	51,453	674,980	726,433
Other loans		-	-	-	18,833	18,833
Total loans	\$	<u>51,453</u>	<u>81,430</u>	<u>132,883</u>	<u>116,526,716</u>	<u>116,659,599</u>
Percentage of outstandings		<u>0.04%</u>	<u>0.07%</u>	<u>0.11%</u>	<u>99.89%</u>	<u>100.00%</u>

		<b>December 31, 2014</b>				
		30-89 Days Past Due	90 Days or More Past Due	Total Past Due 30 Days or More	Total Current or Less Than 30 Days Past Due	Total Outstandings
Commercial loans	\$	-	-	-	17,349,242	17,349,242
Real estate loans		30,539	-	30,539	75,063,664	75,094,203
Interim loans		157,200	-	157,200	10,869,428	11,026,628
Consumer loans		2,917	-	2,917	1,050,075	1,052,992
Other loans		-	-	-	29,560	29,560
Total loans	\$	<u>190,656</u>	<u>-</u>	<u>190,656</u>	<u>104,361,969</u>	<u>104,552,625</u>
Percentage of outstandings		<u>0.18%</u>	<u>0.00%</u>	<u>0.18%</u>	<u>99.82%</u>	<u>100.00%</u>

**TEXAS BRAND BANCSHARES, INC. AND SUBSIDIARY**  
Notes to Financial Statements

**3. Loans and Allowance for Loan Losses, continued**

**Troubled Debt Restructurings:**

	2015			2014		
	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
Commercial loans	-	\$ -	\$ -	-	\$ -	\$ -
Real estate loans	-	-	-	-	-	-
Interim loans	-	-	-	-	-	-
Consumer loans	-	-	-	-	-	-
Other loans	-	-	-	-	-	-
<b>Total loans</b>	<b>-</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>\$ -</b>

**Troubled Debt Restructurings that Subsequently Defaulted:**

	2015		2014	
	Number of Contracts	Recorded Investment	Number of Contracts	Recorded Investment
Commercial loans	-	\$ -	-	\$ -
Real estate loans	-	-	-	-
Interim loans	-	-	-	-
Consumer loans	-	-	-	-
Other loans	-	-	-	-
<b>Total loans</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>

The Bank had no troubled debt restructures during 2015 and 2014.

**4. Bank Premises and Equipment**

A summary of premises and equipment at December 31, 2015 and 2014 follows:

	2015	2014
Leasehold improvement	\$ 351,043	\$ 322,777
Furniture, fixtures and equipment	748,033	664,530
Computer equipment	276,603	185,165
Gross bank premises and equipment	1,375,679	1,172,472
Less: accumulated depreciation	(918,931)	(773,363)
<b>Net bank premises and equipment</b>	<b>\$ 456,748</b>	<b>\$ 399,109</b>

Total depreciation expense for premises and equipment for 2015 and 2014 was approximately \$146,255 and \$152,499, respectively.

**TEXAS BRAND BANCSHARES, INC. AND SUBSIDIARY**  
Notes to Financial Statements

**5. Deposits**

Year-end deposits consisted of the following:

	2015	2014
Noninterest bearing	\$ 23,535,924	\$ 27,513,454
Interest-bearing demand	4,866,513	5,968,879
Money market and savings deposits	21,992,481	23,117,789
Time deposits, \$100,000 and over	61,859,611	50,631,018
Other time, less than \$100,000	14,206,832	17,456,856
	\$ 126,461,361	\$ 124,687,996

Time deposits mature in the years following as of December 31, 2015:

2016	\$ 48,301,553
2017 to 2018	23,526,776
2019 and thereafter	4,238,113
	\$ 76,066,443

**6. Related Party Transactions**

In the ordinary course of business, the Bank has and expects to continue to have transactions, including borrowings, with its employees, officers, directors, shareholders, and their affiliates. In the opinion of management, such transactions are on the same terms as comparable transactions with unaffiliated persons.

Loans to related parties totaled \$149,874 and \$0 at December 31, 2015 and 2014, respectively. During 2015, \$4,281,510 of new loans were made to such related parties and payments amounted to \$4,131,636. During 2014, \$3,900,000 of new loans were made to such related parties and payments amounted to \$3,900,000.

The Bank held related party deposits of approximately \$5,926,552 and \$14,769,823 at December 31, 2015 and 2014, respectively.

The Bank leases its primary office from a company that is owned by shareholders of the Bank.

**7. Financial Instruments with Off-Balance-Sheet Risk**

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. These financial instruments include commitments to extend credit, standby letters of credit, and financial guarantees. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the balance sheet. The contract amount of those instruments reflects the extent of involvement the Bank has in particular classes of financial instruments. The Bank uses the same credit policies in making such commitments as it does for instruments that are included in the statements of financial condition.

**TEXAS BRAND BANCSHARES, INC. AND SUBSIDIARY**  
Notes to Financial Statements

**7. Financial Instruments with Off-Balance-Sheet Risk, continued**

Financial instruments whose contract amount represents credit risk were as follows:

	2015	2014
Commitments to extend credit on unfunded loans	\$ 19,871,338	\$ 19,443,932
Standby letters of credit and financial guarantees written	\$ 57,500	\$ -

Commitments to extend credit are agreements to lend to a customer if 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 credit worthiness on a case-by-case basis. The amount of the collateral obtained, if deemed necessary by the Bank upon extension of credit, is based on management's credit evaluation of the counter-party. Collateral held varies but may include customer deposits, accounts receivable, inventory, property, plant, and equipment, and income-producing commercial properties.

Standby letters of credit and financial guarantees written 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 credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers.

During 2015, the Bank had a line-of-credit with the Federal Home Loan Bank. The agreement allows the Bank to draw secured advances based upon the amount of one to four single family loans, small business loans and small farms loans provided as collateral allowing secured advances up to approximately \$49,684,950 in 2015. As part of the agreement, the Bank is required to own stock of the Federal Home Loan Bank. The Bank held \$261,200 of stock in 2015. As of December 31, 2015 and 2014, the amount of the outstanding advance was \$5,000,000 and \$0 respectively.

During 2015, the Bank renewed a line-of-credit with TIB Bank. The agreement provides the Bank a discretionary uncommitted Federal Funds line under which the Bank may purchase overnight Fed Funds. The maximum aggregate principal amount that may be outstanding at any one time is \$3,000,000. As of December 31, 2015 and 2014, the Bank had no advances outstanding under the line-of-credit.

During 2015, the Bank had a line-of-credit with Bankers Bank of Oklahoma. The agreement provides the Bank a discretionary uncommitted Federal Funds line under which the Bank may purchase overnight Fed Funds. The maximum aggregate principal amount that may be outstanding at any one time is \$2,609,000. As of December 31, 2015, the Bank had no advances outstanding under the line-of-credit.

During 2015, the Bank renewed a line-of-credit with Texas Capital Bank. The agreement provides the Bank a discretionary uncommitted Federal Funds line under which the Bank may purchase overnight Fed Funds. The maximum aggregate principal amount that may be outstanding at any one time is \$2,500,000. As of December 31, 2015 and 2014, the Bank had no advances outstanding under the line-of-credit.

During 2015, the Company had a loan with Legacy Texas Bank. The maximum aggregate principal amount that may be outstanding for the loan is \$4,250,000. As of December 31, 2015 and 2014, the amount of the outstanding loan was \$3,050,000 and \$3,000,000 respectively.

**TEXAS BRAND BANCSHARES, INC. AND SUBSIDIARY**  
Notes to Financial Statements

**8. Income Taxes**

The net deferred tax asset in the accompanying balance sheet includes the following amounts of deferred tax assets and liabilities at December 31:

	2015	2014
Deferred tax liability	\$ (137,966)	\$ (93,669)
Deferred tax asset	396,459	233,669
Net deferred tax asset	\$ 258,493	\$ 140,000

The deferred tax liabilities result primarily from differences in depreciation expense for financial accounting purposes and the amount allowed under tax law. The deferred tax assets result primarily from differences in bad debts written off and the deferred compensation recognized for financial accounting purposes and the amount allowed under tax law.

The components of income tax expense relating to continuing operations are as follows:

	2015	2014
Federal		
Current	\$ 440,282	\$ 319,774
Deferred	(99,745)	(84,361)
Income tax expense	\$ 340,537	\$ 235,413

The provision for federal income taxes differs from that computed by applying 34% federal statutory rates to income as indicated in the following analysis:

	2015	2014
Statutory rate applied to earnings before income taxes	\$ 465,380	\$ 339,256
Increase (decrease) in income tax expense resulting from:		
Permanent timing differences	(23,113)	(14,912)
Other items	(101,730)	(88,931)
Income tax expense	\$ 340,537	\$ 235,413

**TEXAS BRAND BANCSHARES, INC. AND SUBSIDIARY**  
Notes to Financial Statements

**9. Commitments and Contingent Liabilities**

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

The Bank leases its main facility under an operating lease. The building lease has term of five years beginning February 2010. The lease was renewed for an additional five years in February 2015.

In March 2013, the Bank opened a second branch and assumed the existing lease under an operating lease. The building lease has a term of ten years that began in February 2007.

The following is a schedule as of December 31, 2015 of future minimum lease payments under the leases:

2016	\$	305,005
2017		179,417
2018		168,000
2019		168,000
2020		168,000
	\$	<u>988,422</u>

The Bank recorded building rental expense of \$315,447 and \$298,502 during 2015 and 2014, respectively.

**10. Employee Benefit Plans**

The Bank has a 401(k) profit sharing plan covering its eligible employees. Under the plan, the Bank may, at its discretion, make matching contributions equal to a percentage of the participant's contribution. Additional employer nonmatching contributions may be made at the discretion of the Board of Directors and are allocated based on compensation. Employee 401(k) contributions are vested at all times. The expense related to employer matching and nonmatching contributions was \$64,512 in 2015 and \$63,446 in 2014.

In May 2005, the Company adopted a nonqualified stock option plan covering certain key employees, in which 80,000 options were authorized. In May 2005, the Company granted 63,675 options at an exercise price of \$10 per share. In June 2010, the Company granted 16,325 options at an exercise price of \$9.57 per share. In September 2011, the Company granted 31,175 options at an exercise price of \$11 per share. Under the plan, the options granted vest over five years. In December 2011 the Company repurchased 20,725 options at a price of \$0.25 per option. The plan was amended in April 2012 and the amount of authorized options was changed to 110,000 options. During 2012, 2,000 options were cancelled. The plan was amended on June 30 2014, the amount of authorized options changed to 15% of the outstanding common stock. During 2014, 82,250 were issued and 77,250 options expired or were cancelled. During 2015, 7,500 options were issued. There were 109,750 options and 102,250 options outstanding at December 31, 2015 and December 31, 2014, respectively.

**TEXAS BRAND BANCSHARES, INC. AND SUBSIDIARY**  
Notes to Financial Statements

**11. Regulatory Capital**

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

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios of: total risk-based capital and Tier 1 capital to risk-weighted assets (as defined in the regulations), and Tier 1 capital to adjusted total assets (as defined). Management believes, as of December 31, 2015 and 2014, that the Bank meets all the capital adequacy requirements to which it is subject.

As of December 31, 2015 and 2014, the Bank was categorized as well capitalized under the regulatory framework for prompt corrective action. To remain categorized as well capitalized, the Bank will have to maintain minimum total risk-based, Tier 1 risk-based, and Tier 1 leverage ratios as disclosed in the table below. There are no conditions or events since the most recent notification that management believes have changed the Bank's prompt corrective action category.

Effective January 1, 2015, the Bank was required to adhere to new capital requirements under Basel III. Basel III will require higher minimum capital requirements, redefine Tier 1 capital, require a capital conservation buffer, increase risk weights for certain loans and disallow certain instruments into the Tier 1 capital calculation.

The Bank's actual and required capital amounts and ratios are as follows (dollars in thousands):

	<u>Actual</u>		<u>To Be Adequately Capitalized Under the Prompt Corrective Action Provisions</u>		<u>To Be Well Capitalized Under the Prompt Corrective Action Provisions</u>	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
<u>December 31, 2015</u>						
Total Risk-Based Capital	\$ 16,598	14.60%	\$ 9,094	8.0%	\$ 11,367	10.0%
Tier 1 Capital to Risk-Weighed Assets	\$ 15,263	13.43%	\$ 6,820	6.0%	\$ 9,094	8.0%
Tier 1 Capital to Adjusted Total Assets	\$ 15,263	10.69%	\$ 5,713	4.0%	\$ 7,142	5.0%
<u>December 31, 2014</u>						
Total Risk-Based Capital	\$ 15,388	15.57%	\$ 7,907	8.0%	\$ 9,884	10.0%
Tier 1 Capital to Risk-Weighed Assets	\$ 14,184	14.35%	\$ 3,954	4.0%	\$ 5,930	6.0%
Tier 1 Capital to Adjusted Total Assets	\$ 14,184	10.55%	\$ 5,378	4.0%	\$ 6,722	5.0%

**TEXAS BRAND BANCSHARES, INC. AND SUBSIDIARY**  
Notes to Financial Statements

**12. Fair Value of Financial Instruments**

The following estimated fair value amounts have been determined by the Bank using available market information and appropriate valuation methodologies. However, considerable judgment is necessarily required to interpret market data to develop the 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.

	2015		2014	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
<b>Financial assets:</b>				
Cash and due from banks	\$ 2,570,796	\$ 2,570,796	\$ 3,559,603	\$ 3,559,603
Interest bearing deposits in other banks	20,200,177	20,200,177	24,429,602	24,429,602
Investment securities-available for sale	7,472,856	7,472,856	6,624,585	6,624,585
Stock of Federal Home Loan Bank	261,200	261,200	46,300	46,300
Stock of Texas Independent Bank	114,484	114,484	111,995	111,995
Loans, net	115,324,115	115,017,146	103,218,995	102,925,083
<b>Financial Liabilities:</b>				
Noninterest-bearing demand	23,573,745	23,573,745	27,587,775	27,587,775
Interest-bearing demand	4,866,513	4,866,513	5,968,879	5,968,879
Money market and savings	21,992,481	21,992,481	23,117,789	23,117,789
Time, \$100,000 and over	61,859,611	61,827,132	50,631,018	50,607,184
Other time, less than \$100,000	14,206,832	14,199,928	17,456,856	17,448,588
FHLB Advances	5,000,000	5,000,000	-	-
Notes payable	3,050,000	3,050,000	3,000,000	3,000,000

The carrying amounts in the preceding table are included in the consolidated balance sheet under the applicable captions.

**14. Concentrations of Credit**

Most of the Bank's business activity is with customers located in the Dallas Fort Worth Metroplex. The Bank also maintains deposits with other financial institutions in amounts that exceed FDIC insurance coverage. The Bank has not experienced any losses in such accounts and believes it is not exposed to any significant credit risks on cash and cash equivalents.

*ADDITIONAL INFORMATION*

**INDEPENDENT AUDITORS' REPORT  
ON ADDITIONAL INFORMATION**

*To the Board of Directors and Stockholders  
of Texas Brand Bancshares, Inc.*

*We have audited the consolidated financial statements of Texas Brand Bancshares, Inc. and Subsidiary as of and for the year ended December 31, 2015 and 2014, and our report thereon dated February 25, 2016 which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating balance sheets and consolidating statements of income and comprehensive income 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.*

*Dallas, Texas  
February 25, 2016*

**TEXAS BRAND BANCSHARES, INC.**

**Consolidating Balance Sheet  
As of December 31, 2015**

Assets				
	<u>Texas Brand Bancshares, Inc.</u>	<u>Texas Brand Bank</u>	<u>Eliminating Entries</u>	<u>Consolidated Balance</u>
Cash and due from banks	\$ 37,821	\$ 2,570,796	\$ (37,821)	\$ 2,570,796
Interest bearing deposits in other banks	-	20,200,177	-	20,200,177
Investment securities available-for-sale	-	7,472,856	-	7,472,856
Stock of Federal Home Loan Bank	-	261,200	-	261,200
Stock of Texas Independent Bank	-	114,484	-	114,484
Loans, net	-	115,324,115	-	115,324,115
Bank premises and equipment, net	-	456,748	-	456,748
Other real estate owned	-	-	-	-
Accrued interest receivable	-	421,812	-	421,812
Deferred tax asset	-	258,493	-	258,493
Other assets	22,000	263,588	-	285,588
Investment in Texas Brand Bank	<u>15,286,762</u>	<u>-</u>	<u>(15,286,762)</u>	<u>-</u>
<b>Total assets</b>	<b>\$ <u>15,346,583</u></b>	<b>\$ <u>147,344,269</u></b>	<b>\$ <u>(15,324,583)</u></b>	<b>\$ <u>147,366,269</u></b>

*Liabilities and Stockholders' Equity*

<i>Deposits:</i>				
Noninterest-bearing demand	\$ -	\$ 23,573,745	\$ (37,821)	\$ 23,535,924
Interest-bearing demand	-	4,866,513	-	4,866,513
Money market and savings	-	21,992,481	-	21,992,481
Time, \$100,000 and over	-	61,859,611	-	61,859,611
Other time, less than \$100,000	-	14,206,832	-	14,206,832
Total deposits	<u>-</u>	<u>126,499,182</u>	<u>(37,821)</u>	<u>126,461,361</u>
Accrued interest payable	-	98,211	-	98,211
FHLB Advances	-	5,000,000	-	5,000,000
Notes payable	3,050,000	-	-	3,050,000
Deferred loan fees	-	248,237	-	248,237
Other liabilities	7,554	211,877	-	219,431
Total liabilities	<u>3,057,554</u>	<u>132,057,507</u>	<u>(37,821)</u>	<u>135,077,240</u>
<i>Stockholders' equity</i>				
Common stock	5,634,005	4,245,000	(4,245,000)	5,634,005
Additional paid-in capital	6,080,141	10,169,146	(10,169,146)	6,080,141
Treasury stock	(283,800)	-	-	(283,800)
Retained earnings	834,318	848,251	(848,251)	834,318
Unrealized gain on investment securities	24,365	24,365	(24,365)	24,365
Total stockholders' equity	<u>12,289,029</u>	<u>15,286,762</u>	<u>(15,286,762)</u>	<u>12,289,029</u>
<b>Total liabilities and stockholders' equity</b>	<b>\$ <u>15,346,583</u></b>	<b>\$ <u>147,344,269</u></b>	<b>\$ <u>(15,324,583)</u></b>	<b>\$ <u>147,366,269</u></b>

**TEXAS BRAND BANCSHARES, INC.**

**Consolidating Balance Sheet  
As of December 31, 2014**

Assets

	Texas Brand Bancshares, Inc.	Texas Brand Bank	Eliminating Entries	Consolidated Balance
Cash and due from banks	\$ 74,321	\$ 3,559,603	\$ (74,321)	\$ 3,559,603
Interest bearing deposits in other banks	-	24,429,602	-	24,429,602
Investment securities available-for-sale	-	6,624,585	-	6,624,585
Stock of Federal Home Loan Bank	-	46,300	-	46,300
Stock of Texas Independent Bank	-	111,995	-	111,995
Loans, net	-	103,218,995	-	103,218,995
Bank premises and equipment, net	-	399,109	-	399,109
Other real estate owned	-	225,000	-	225,000
Accrued interest receivable	-	357,946	-	357,946
Deferred tax asset	-	140,000	-	140,000
Other assets	22,000	260,301	-	282,301
Investment in Texas Brand Bank	14,192,311	-	(14,192,311)	-
<b>Total assets</b>	<b>\$ 14,288,632</b>	<b>\$ 139,373,436</b>	<b>\$ (14,266,632)</b>	<b>\$ 139,395,436</b>

Liabilities and Stockholders' Equity

<i>Deposits:</i>				
Noninterest-bearing demand	\$ -	\$ 27,587,775	\$ (74,321)	\$ 27,513,454
Interest-bearing demand	-	5,968,879	-	5,968,879
Money market and savings	-	23,117,789	-	23,117,789
Time, \$100,000 and over	-	50,631,018	-	50,631,018
Other time, less than \$100,000	-	17,456,856	-	17,456,856
<b>Total deposits</b>	<b>-</b>	<b>124,762,317</b>	<b>(74,321)</b>	<b>124,687,996</b>
Accrued interest payable	-	84,233	-	84,233
Notes payable	3,000,000	-	-	3,000,000
Deferred loan fees	-	149,451	-	149,451
Other liabilities	7,556	185,124	-	192,680
<b>Total liabilities</b>	<b>3,007,556</b>	<b>125,181,125</b>	<b>(74,321)</b>	<b>128,114,360</b>
<i>Stockholders' equity</i>				
Common stock	5,634,005	4,245,000	(4,245,000)	5,634,005
Additional paid-in capital	6,066,926	10,155,931	(10,155,931)	6,066,926
Treasury stock	(283,800)	-	-	(283,800)
Retained earnings	(144,642)	(217,207)	217,207	(144,642)
Unrealized gain on investment securities	8,587	8,587	(8,587)	8,587
<b>Total stockholders' equity</b>	<b>11,281,076</b>	<b>14,192,311</b>	<b>(14,192,311)</b>	<b>11,281,076</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 14,288,632</b>	<b>\$ 139,373,436</b>	<b>\$ (14,266,632)</b>	<b>\$ 139,395,436</b>

TEXAS BRAND BANCSHARES, INC.

Consolidating Statement of Income and Comprehensive Income  
For the year ended December 31, 2015

	Texas Brand Bancshares, Inc.	Texas Brand Bank	Eliminating Entries	Consolidated Balance
<i>Interest income</i>				
Interest and fees on loans	\$ -	\$ 6,407,756	\$ -	\$ 6,407,756
Interest on investment securities - taxable	-	33,619	-	33,619
Interest on investment securities - non taxable	-	99,472	-	99,472
Interest on federal funds sold	-	45	-	45
Interest on deposit accounts	-	103,422	-	103,422
Total interest income	-	6,644,314	-	6,644,314
<i>Interest expense</i>				
Money markets and savings	-	78,279	-	78,279
NOW accounts	-	7,323	-	7,323
Time, \$100,000 and over	-	602,237	-	602,237
Other time	-	176,048	-	176,048
Federal funds purchased	-	80	-	80
Other borrowings	127,264	8,461	-	135,725
Total interest expense	127,264	872,428	-	999,692
Net interest income	(127,264)	5,771,886	-	5,644,622
Provision for loan losses	-	180,000	-	180,000
Net interest income after provision for loan losses	(127,264)	5,591,886	-	5,464,622
<i>Other income</i>				
Undistributed income from subsidiary	1,065,462	-	(1,065,462)	-
Distributed income from subsidiary	56,327	-	(56,327)	-
Service fees	-	183,712	-	183,712
Loss on sale of other real estate owned	-	45	-	45
Gain on sale of securities	-	-	-	-
Rental income on other real estate owned	-	-	-	-
Other	-	7,205	-	7,205
Total other income	1,121,789	190,962	(1,121,789)	190,962
<i>Other expense</i>				
Salaries and employee benefits	-	2,446,178	-	2,446,178
Occupancy expense	-	362,961	-	362,961
Advertising	-	144,952	-	144,952
Furniture and equipment	-	108,053	-	108,053
Data processing services	-	410,400	-	410,400
Other real estate	-	24,013	-	24,013
Other	23,611	766,650	-	790,261
Total other expense	23,611	4,263,207	-	4,286,818
Income before income taxes	970,914	1,519,641	(1,121,789)	1,368,766
Income tax expense (benefit)	(57,315)	397,852	-	340,537
Net income	1,028,229	1,121,789	(1,121,789)	1,028,229
<i>Other comprehensive income (loss)</i>				
Unrealized change on securities available-for-sale:				
Unrealized change arising during the period	15,778	15,778	(15,778)	15,778
Total comprehensive income	\$ 1,044,007	\$ 1,137,567	\$ (1,137,567)	\$ 1,044,007

TEXAS BRAND BANCSHARES, INC.

Consolidating Statement of Income and Comprehensive Income  
For the year ended December 31, 2014

	Texas Brand Bancshares, Inc.	Texas Brand Bank	Eliminating Entries	Consolidated Balance
<b>Interest income</b>				
Interest and fees on loans	\$ -	\$ 5,659,024	\$ -	\$ 5,659,024
Interest on investment securities - taxable	-	37,805	-	37,805
Interest on investment securities - non taxable	-	63,694	-	63,694
Interest on federal funds sold	-	203	-	203
Interest on deposit accounts	-	137,827	-	137,827
Total interest income	-	5,898,553	-	5,898,553
<b>Interest expense</b>				
Money markets and savings	-	86,534	-	86,534
NOW accounts	-	6,323	-	6,323
Time, \$100,000 and over	-	545,369	-	545,369
Other time	-	207,928	-	207,928
Federal funds purchased	-	194	-	194
Other borrowings	38,250	763	-	39,013
Total interest expense	38,250	847,111	-	885,361
Net interest income	(38,250)	5,051,442	-	5,013,192
Provision for loan losses	-	120,000	-	120,000
Net interest income after provision for loan losses	(38,250)	4,931,442	-	4,893,192
<b>Other income</b>				
Undistributed income from subsidiary	805,102	-	(805,102)	-
Service fees	-	179,083	-	179,083
Loss on sale of other real estate owned	-	(3,026)	-	(3,026)
Gain on sale of securities	-	1,215	-	1,215
Rental income on other real estate owned	-	2,000	-	2,000
Other	-	8,372	-	8,372
Total other income	805,102	187,644	(805,102)	187,644
<b>Other expense</b>				
Salaries and employee benefits	-	2,301,380	-	2,301,380
Occupancy expense	-	362,725	-	362,725
Advertising	-	138,671	-	138,671
Furniture and equipment	-	116,656	-	116,656
Data processing services	-	374,002	-	374,002
Other real estate	-	21,677	-	21,677
Other	26,453	741,460	-	767,913
Total other expense	26,453	4,056,571	-	4,083,024
Income (loss) before income taxes	740,399	1,062,515	(805,102)	997,812
Income tax expense	(22,000)	257,413	-	235,413
Net income	762,399	805,102	(805,102)	762,399
<b>Other comprehensive loss</b>				
Unrealized change on securities available-for-sale:				
Unrealized change arising during the period	5,410	5,410	(5,410)	5,410
Total comprehensive loss	\$ 767,809	\$ 810,512	\$ (810,512)	\$ 767,809