Board of Governors of the Federal Reserve System

Annual Report of Holding Companies—FR Y-6

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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, JAMES H HERLOCKER, III
Name of the Holding Company Director and Official

PRESIDENT/CEO / CHAIRMAN OF THE BOARD
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 3/16/16

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

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

For Federal Reserve Bank Use Only

RSSD ID 3619720
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
MINEOLA COMMUNITY MUTUAL HOLDING COMPANY
Legal Title of Holding Company

P O BOX 410
(Mailing Address of the Holding Company) Street / P.O. Box

MINEOLA	TX	75773
City	State	Zip Code

215 W BROAD ST MINEOLA, TX 75773
Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

JULIE YARBROUGH	CFO
Name	Title

903-569-2602
Area Code / Phone Number / Extension

903-569-6969
Area Code / FAX Number

jyarbrough@mineolacb.com
E-mail Address

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

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

- [ ] Yes Please identify the report items to which this request applies:
  - [ ] In accordance with the instructions on pages GEN-2 and 3, a letter justifying the request is being provided.
  - [ ] The information for which confidential treatment is sought is being submitted separately labeled "Confidential."
- [x] No

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.

MINEOLA COMMUNITY FINANCIAL GROUP, INC
Legal Title of Subsidiary Holding Company

P O BOX 410
(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City	State	Zip Code
MINEOLA	TX	75773

215 W BROAD ST MINEOLA, TX 75773
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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Physical Location (if different from mailing address)

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

City State Zip Code

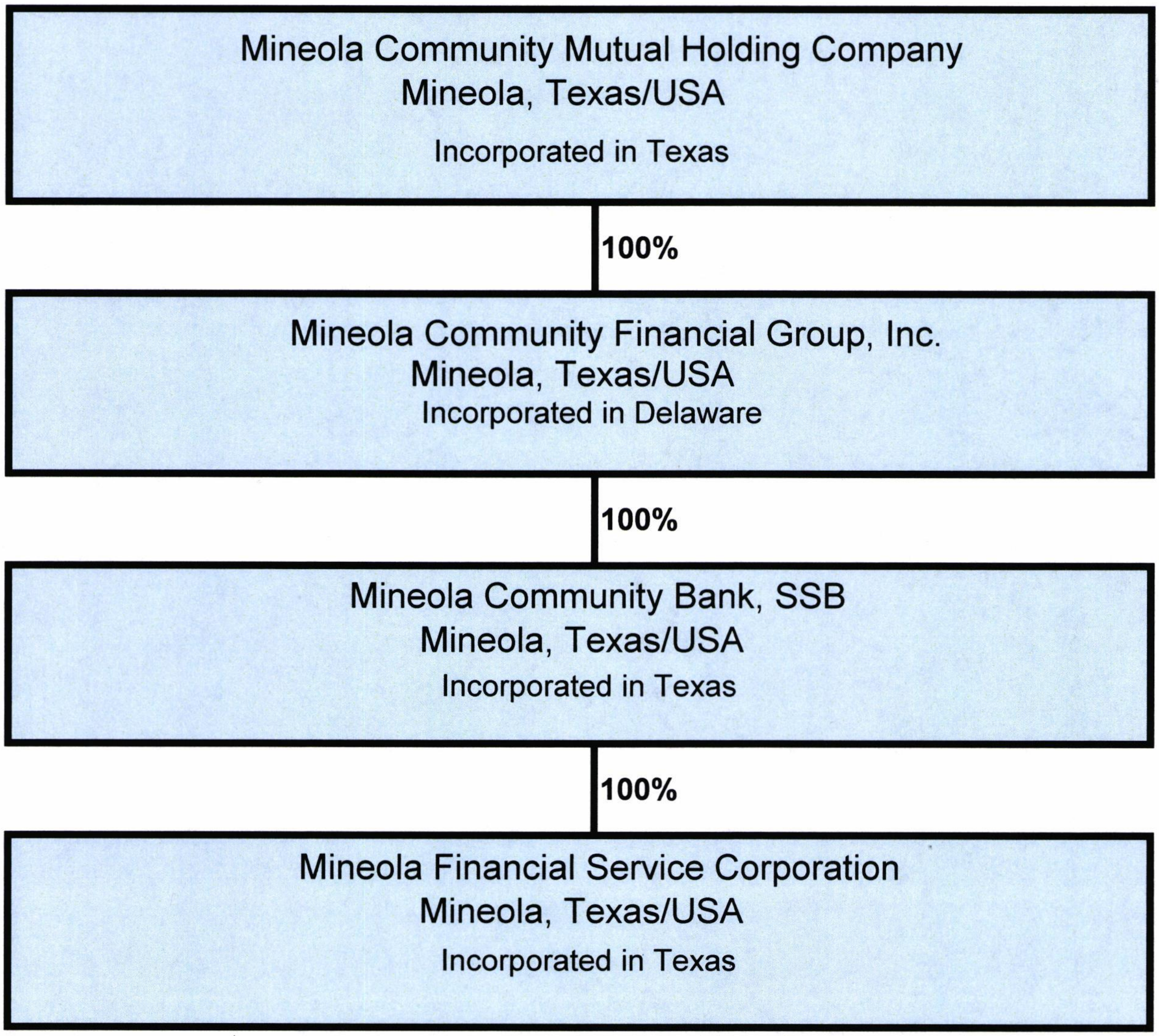
Physical Location (if different from mailing address)

AMENDED
SEP -8 2016

Form FR Y-6
Mineola Community Mutual Holding Company
Fiscal Year Ending December 31, 2015

1. An annual audit report has been prepared and is enclosed with this package.

2. Organizational Chart



No entity in the organization has a LEI number.

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

Results: A list of branches for your depository institution: MINEOLA COMMUNITY BANK, SSB (ID_RSSD: 279).
This depository institution is held by MINEOLA COMMUNITY MUTUAL HOLDING COMPANY (3619720) of MINEOLA, TX.
The data are as of 12/31/2015. Data reflects information that was received and processed through 01/07/2016.

Reconciliation and Verification Steps

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

Actions

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

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

Submission Procedure

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

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

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

Data Action	Effective Date	Branch Service Type	Branch ID_RSSD*	Popular Name	Street Address	City	State	Zip Code	County	Country	FDIC UNINUM*	Office Number*	Head Office	Head Office ID_RSSD*	Comments
OK		Full Service (Head Office)	279	MINEOLA COMMUNITY BANK, SSB	215 W BROAD	MINEOLA	TX	75773	WOOD	UNITED STATES	41702	0	MINEOLA COMMUNITY BANK, SSB	279	
OK		Full Service	2527882	GRAND SALINE BRANCH	415 WEST FRANK	GRAND SALINE	TX	75140	VAN ZANDT	UNITED STATES	271204	1	MINEOLA COMMUNITY BANK, SSB	279	
OK		Full Service	2851260	BROOKSHIRE BRANCH	1224 NORTH PACIFIC	MINEOLA	TX	75773-102	WOOD	UNITED STATES	271207	101	MINEOLA COMMUNITY BANK, SSB	279	
OK		Full Service	2527873	WINNSBORO BRANCH	500 SOUTH MAIN	WINNSBORO	TX	75494	WOOD	UNITED STATES	271205	2	MINEOLA COMMUNITY BANK, SSB	279	

Form FR Y-6
Mineola Community Mutual Holding Company
Fiscal Year Ending December 31, 2015

Report Item 3: Securities Holders
(1)(a)(b)(c) and (2)(a)(b)(c)

Current Securities Holders with ownership, control or holdings of 5% or more with power to vote as of fiscal year ending 12-31-2015

(1)(a) Name, City, State, Country	(1)(b) Country of Citizenship or Incorporation	(1)(c) Number and Percentage of Each Class of Voting Securities
None		

This is a mutual holding company – our account owners in Mineola Community Bank are shareholders. No one individual or entity has a 5% interest.

Securities Holders not listed in 3(1)(a) through 3(1)(c) that had ownership, control or holdings of 5% or more with power to vote during the fiscal year ending 12-31-2015

(2)(a) Name, City, State, Country	(2)(b) Country of Citizenship or Incorporation	(2)(c) Number of Percentage of each Class of Voting Securities
None		

AMENDED
SEP -8 2016

Form FR Y-6
Mineola Community Mutual Holding Company
Fiscal Year Ending December 31, 2015

Report Item 4: Insiders
(1), (2), (3)(a)(b)(c), and (4)(a)(b)(c)

(1) Name, City, State, Country (All USA)	(2) Principal Occupation if other than with Bank Holding Company	(3)(a) Title & Position with Bank Holding Company	(3)(b) Title & Position with Subsidiaries	(3)(c) Title & Position with Other Businesses	(4)(a) Percentage of Voting Securities in Bank Holding Company	(4)(b) Percentage of Voting Securities in Subsidiaries	(4)(c) List names of other companies if 25% or more of voting securities are held
Terri Baucum Mineola, Texas	N/A	Chief Lending Officer	Chief Lending Officer (MCFG, MCB, & MFSC)	Member Baucum Investments, LLC Mineola, Texas	None	None	Baucum Investments, LLC (50%)
Clifton Bradshaw Mineola, Texas	Veterinarian	Director	Director (MCFG, MCB & MFSC)	Owner Lake Country Animal Clinic Mineola, Texas	None	None	N/A
James Harder Mineola, Texas	Retired	Director	Director (MCFG, MCB & MFSC)	President Texas Auto Marketing Corp. Mineola, Texas	None	None	Texas Auto Marketing Corp (100%) Lake Country Land Co. (25%)
James Herlocker, III Mineola, Texas	N/A	Director, Chairman & President/CEO	Director, Chairman & President/CEO (MCFG, MCB & MFSC)	Director & Vice President Jeb Sales Company Winnsboro, Texas	None	None	Jeb Sales Company 33%

**MCFG = Mineola Community Financial Group, Inc. **MCB = Mineola Community Bank **MFSC = Mineola Financial Service Corporation

Form FR Y-6
Mineola Community Mutual Holding Company
Fiscal Year Ending December 31, 2015
Continued

(1)	(2)	(3)(a)	(3)(b)	(3)(c)	(4)(a)	(4)(b)	(4)(c)
Sheree Mize Mineola, Texas	N/A	Director & Corporate Secretary	Director & Corporate Secretary (MCFG, MCB & MFSC)	N/A	None	None	N/A
Jerry Presswood Lindale, Texas	Retired	Director	Director (MCFG, MCB & MFSC)	N/A	None	None	N/A
K. Nan Saucier Winnsboro, Texas	Middle School Principal --Retired 2011--	Director	Director (MCFG, MCB & MFSC)	N/A	None	None	N/A
Johnny Sherrill Lindale, Texas	Commercial Construction	Advisory Director	Advisory Director (MCFG, MCB, & MFSC)	President Sherrill Construction, LLC Tyler, Texas	None	None	Sherrill Construction, LLC (100%)
Monty J. Small Tyler, Texas	Retired	Director	Director (MCFG, MCB & MFSC)	N/A	None	None	N/A
Robert L. Smith III Mineola, Texas	Auto Dealer	Director	Director (MCFG, MCB &MFSC)	Owner Bob Smith Auto Sales Corner Village Rentals & GEMCO Auto Sales all in Mineola, Texas	None	None	N/A

** = Mineola Community Financial Group, Inc. ** MCB = Mineola Community Bank **MFSC = Mineola Financial Service Corporation

Form FR Y-6
Mineola Community Mutual Holding Company
Fiscal Year Ending December 31, 2015
Continued

(1)	(2)	(3)(a)	(3)(b)	(3)(c)	(4)(a)	(4)(b)	(4)(c)
Haskell Strange Mineola, Texas	N/A	Chief Operations Officer	Chief Operations Officer (MCFG, MCB & MFSC)	N/A	None	None	N/A
Glen Thurman Mineola, Texas	Builder/Real Estate Developer	Director	Director (MCFG, MCB & MFSC)	Manager LTL Construction, LLC Mineola, Texas President Glen Thurman Builder, Inc. Mineola, Texas	None	None	LTL Construction, LLC (100%) Glen Thurman Builder, Inc (90%)
Julie Yarbrough Grand Saline, Texas	N/A	Chief Financial Officer	Chief Financial Officer (MCFG, MCB & MFSC)	N/A	None	None	N/A

MCFG = Mineola Community Financial Group, Inc .MCB = Mineola Community Bank **MFSC = Mineola Financial Service Corporation

Form FR Y-6
Mineola Community Financial Group, Inc.
Fiscal Year Ending December 31, 2015

Report Item 3: Securities Holders
(1)(a)(b)(c) and (2)(a)(b)(c)

Current Securities Holders with ownership, control or holdings of 5% or more with power to vote as of fiscal year ending 12-31-2015

(1)(a) Name, City, State, Country	(1)(b) Country of Citizenship or Incorporation	(1)(c) Number and Percentage of Each Class of Voting Securities
Mineola Community Mutual Holding Co. Mineola, Texas	USA	10,000 – 100% Common Stock

Securities Holders not listed in 3(1)(a) through 3(1)(c) that had ownership, control or holdings of 5% or more with power to vote during the fiscal year ending 12-31-2015

(2)(a) Name, City, State, Country	(2)(b) Country of Citizenship or Incorporation	(2)(c) Number of Percentage of each Class of Voting Securities
None		

Form FR Y-6
Mineola Community Financial Group, Inc.
Fiscal Year Ending December 31, 2015

Report Item 4: Insiders
(1), (2), (3)(a)(b)(c), and (4)(a)(b)(c)

(1) Name, City, State, Country (All USA)	(2) Principal Occupation if other than with Bank Holding Company	(3)(a) Title & Position with Bank Holding Company	(3)(b) Title & Position with Subsidiaries	(3)(c) Title & Position with Other Businesses	(4)(a) Percentage of Voting Securities in Bank Holding Company	(4)(b) Percentage of Voting Securities in Subsidiaries	(4)(c) List names of other companies if 25% or more of voting securities are held
Terri Baucum Mineola, Texas	N/A	Chief Lending Officer	Chief Lending Officer (MCB & MFSC)	Member Baucum Investments, LLC Mineola, Texas	None	None	Baucum Investments, LLC (50%)
Clifton Bradshaw Mineola, Texas	Veterinarian	Director	Director (MCB & MFSC)	Owner Lake Country Animal Clinic Mineola, Texas	None	None	N/A
James Harder Mineola, Texas	Retired	Director	Director (MCB & MFSC)	President Texas Auto Marketing Corp. Mineola, Texas	None	None	Texas Auto Marketing Corp (100%) Lake Country Land Co. (25%)
James Herlocker, III Mineola, Texas	N/A	Director, Chairman & President/CEO	Director, Chairman & President/CEO (MCB & MFSC)	Director & Vice President Jeb Sales Company Winnsboro, Texas	None	None	Jeb Sales Company (33%)

**MCB = Mineola Community Bank **MFSC = Mineola Financial Service Corporation

Form FR Y-6
Mineola Community Financial Group, Inc.
Fiscal Year Ending December 31, 2015
Continued

Report Item 4: Insiders

(1)	(2)	(3)(a)	(3)(b)	(3)(c)	(4)(a)	(4)(b)	(4)(c)
Sheree Mize Mineola, Texas	N/A	Director & Corporate Secretary	Director & Corporate Secretary (MCB & MFSC)	N/A	None	None	N/A
Jerry Presswood Lindale, Texas	Retired	Director	Director (MCB & MFSC)	N/A	None	None	N/A
K. Nan Saucier Winnsboro, Texas	Middle School Principal --Retired 2011--	Director	Director (MCB & MFSC)	N/A	None	None	N/A
Johnny Sherrill Lindale, Texas	Commercial Construction	Advisory Director	Advisory Director (MCB & MFSC)	President Sherrill Construction, LLC Tyler, Texas	None	None	Sherrill Construction, LLC (100%)
Monty J. Small Tyler, Texas	N/A	Director	Director (MCB & MFSC)	N/A	None	None	N/A
Robert L. Smith III Mineola, Texas	Auto Dealer	Director	Director (MCB & MFSC)	Owner Bob Smith Auto Sales Corner Village Rentals GEMCO Auto Sales all in Mineola, Texas	None	None	N/A

**MCB = Mineola Community Bank ** MFSC = Mineola Financial Service Corporation

Form FR Y-6
Mineola Community Financial Group, Inc.
Fiscal Year Ending December 31, 2015
Continued

Report Item 4: Insiders

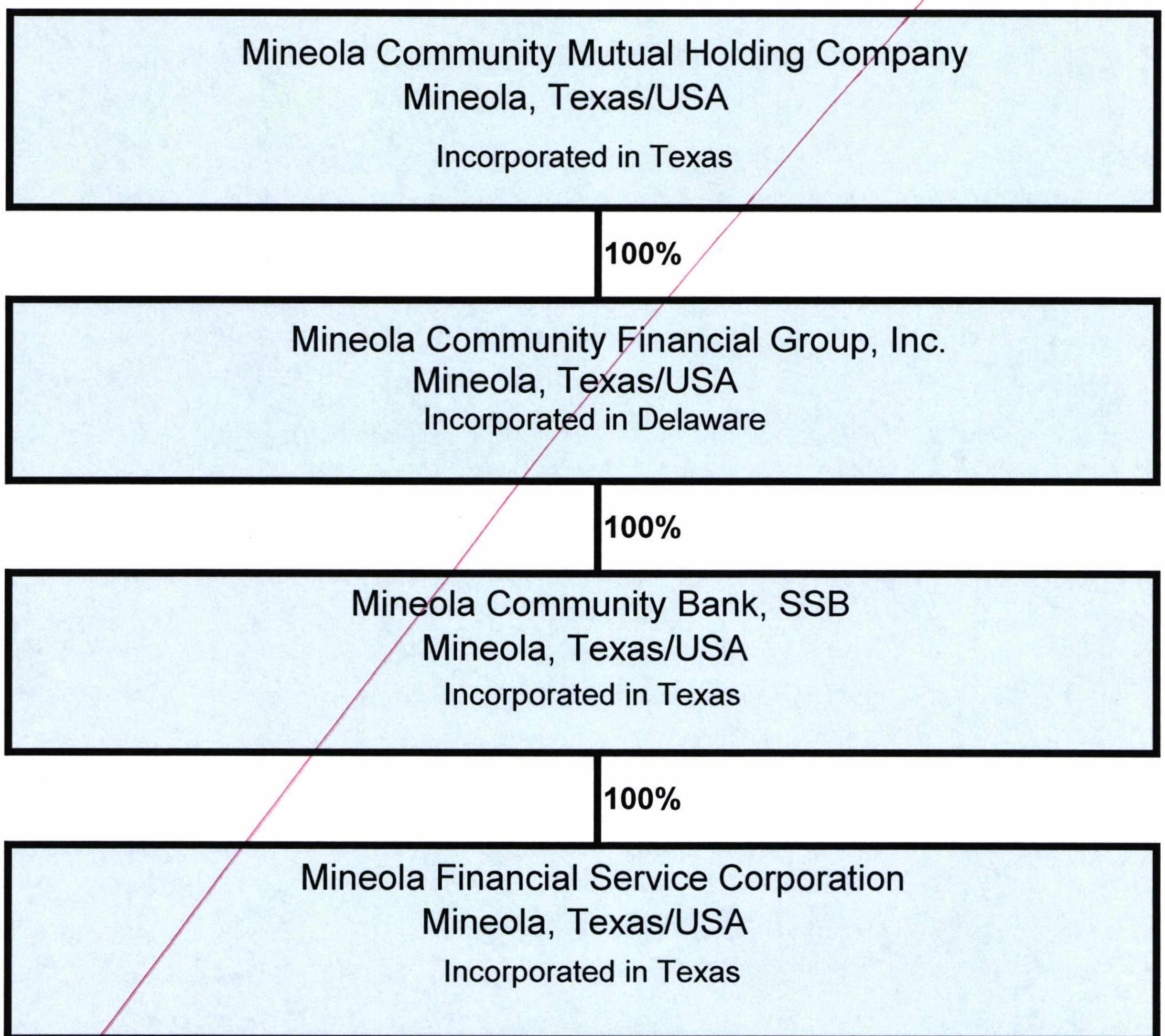
(1)	(2)	(3)(a)	(3)(b)	(3)(c)	(4)(a)	(4)(b)	(4)(c)
Haskell Strange Mineola, Texas	N/A	Chief Operations Officer	Chief Operations Officer (MCB & MFSC)	N/A	None	None	None
Glen Thurman Mineola, Texas	Builder/Real Estate Developer	Director	Director (MCB & MFSC)	Manager LTL Construction, LLC Mineola, Texas President Glen Thurman Builder, Inc Mineola, Texas	None	None	LTL Construction, LLC (100%) Glen Thurman Builder, Inc (90%)
Julie Yarbrough Grand Saline, Texas	N/A	Chief Financial Officer	Chief Financial Officer (MCB & MFSC)	N/A	None	None	N/A
Mineola Community Mutual Holding Co. Mineola, Texas	N/A	N/A	N/A	N/A	100%	None	None

**MCB = Mineola Community Bank   **MFSC = Mineola Financial Service Corporation

Form FR Y-6
Mineola Community Mutual Holding Company
Fiscal Year Ending December 31, 2015

1. An annual audit report has been prepared and is enclosed with this package.

2. Organizational Chart



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

Form FR Y-6
Mineola Community Mutual Holding Company
Fiscal Year Ending December 31, 2015

Report Item 3: Securities Holders
(1)(a)(b)(c) and (2)(a)(b)(c)

Current Securities Holders with ownership, control or holdings of 5% or more with power to vote as of fiscal year ending 12-31-2015

(1)(a) Name, City, State, Country	(1)(b) Country of Citizenship or Incorporation	(1)(c) Number and Percentage of Each Class of Voting Securities

This is a mutual holding company – our account owners in Mineola Community Bank are shareholders. No one individual or entity has a 5% interest.

Securities Holders not listed in 3(1)(a) through 3(1)(c) that had ownership, control or holdings of 5% or more with power to vote during the fiscal year ending 12-31-2015

(2)(a) Name, City, State, Country	(2)(b) Country of Citizenship or Incorporation	(2)(c) Number of Percentage of each Class of Voting Securities

MINEOLA COMMUNITY MUTUAL HOLDING COMPANY AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

together with

REPORT OF INDEPENDENT AUDITORS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

MINEOLA COMMUNITY MUTUAL HOLDING COMPANY AND SUBSIDIARIES

CONTENTS

Davis Kinard & Co, PC
CERTIFIED PUBLIC ACCOUNTANTS
Quality. Integrity. Knowledge.

First Financial Bank Building
400 Pine Street, Ste. 600, Abilene, TX 79601
325.672.4000 / 800.588.2525 / f: 325.672.7049
www.dkcpa.com

Report of Independent Auditors

To the Board of Directors of
Mineola Community Mutual Holding Company and Subsidiaries

We have audited the accompanying consolidated financial statements of Mineola Community Mutual Holding Company and Subsidiaries (the Company) which comprise the consolidated statements of financial condition as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, retained earnings, 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Mineola Community Mutual Holding Company and Subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Davis Kinard & Co, PC
Certified Public Accountants

Abilene, Texas
February 18, 2016

MINEOLA COMMUNITY MUTUAL HOLDING COMPANY AND SUBSIDARIES

Consolidated Statements of Financial Condition

December 31, 2015 and 2014

Assets		2015		2014
Cash and due from banks	$	2,301,055	$	5,264,188
Federal funds sold		1,784,000		1,495,000
Cash and cash equivalents		4,085,055		6,759,188
Interest bearing deposits in banks		3,963,790		4,889,045
Securities available for sale		7,296,592		10,322,071
Securities held to maturity (fair value approximates $27,164,920 in 2015 and $32,062,486 in 2014)		26,534,575		31,273,613
Loans receivable, net of allowance for loan losses of $892,535 in 2015 and $733,346 in 2014		150,536,056		118,331,234
Accrued interest receivable		843,892		769,479
Premises and equipment		5,417,763		5,594,395
Bank-owned life insurance		4,353,338		4,230,513
Restricted investments carried at cost		1,697,600		1,445,300
Mortgage servicing rights, net		29,885		33,824
Deferred income taxes		366,621		216,978
Other assets		124,415		130,663
	$	205,249,582	$	183,996,303
Liabilities and Retained Earnings				
Noninterest bearing	$	11,947,021	$	11,193,532
Interest bearing		135,385,292		120,491,598
Total deposits		147,332,313		131,685,130
Advances from Federal Home Loan Bank		29,548,401		24,752,012
Accrued expenses and other liabilities		619,145		543,656
Total liabilities		177,499,859		156,980,798
Retained Earnings				
Retained earnings-substantially restricted		27,622,936		26,829,510
Net unrealized appreciation on available for sale securities, net of taxes of $65,314 in 2015 and $95,816 in 2014		126,787		185,995
Total shareholders' equity		27,749,723		27,015,505
	$	205,249,582	$	183,996,303

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

MINEOLA COMMUNITY MUTUAL HOLDING COMPANY AND SUBSIDIARIES
Consolidated Statements of Income
Years Ended December 31, 2015 and 2014

	2015	2014
Interest income		
Loans, including fees	$ 6,796,451	$ 5,589,167
Debt securities:		
Taxable	518,576	641,951
Non taxable	524,088	563,783
Dividends on restricted investments	18,499	27,481
Federal funds sold	5,778	6,723
Deposits with banks	45,659	38,727
Total interest income	7,909,051	6,867,832
Interest expense		
Deposits	1,013,884	792,639
Advances from Federal Home Loan Bank	414,663	364,943
Other	11,494	10,532
Total interest expense	1,440,041	1,168,114
Net interest income	6,469,010	5,699,718
Provision for loan losses	235,900	50,467
Net interest income after provision for loan losses	6,233,110	5,649,251
Noninterest income		
Service charges on deposit accounts	446,001	484,286
Other service charges and fees	475,335	452,015
Net gain on sale of investment securities	84,184	14,540
Net gain on sale of loans	30,829	-
Appreciation on bank-owned life insurance	156,907	141,642
Other income	120,161	88,099
Total noninterest income	1,313,417	1,180,582
Noninterest expenses		
Salaries and employee benefits	3,968,720	3,236,152
Occupancy and equipment expense	676,410	667,111
Data processing	440,777	459,374
Contract services	365,796	325,622
Director fees	226,200	195,000
Other expense	921,115	711,107
Total noninterest expenses	6,599,018	5,594,366
Income before income taxes	947,509	1,235,467
Income tax expense	154,083	269,799
Net income	$ 793,426	$ 965,668

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

MINEOLA COMMUNITY MUTUAL HOLDING COMPANY AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2015 and 2014

	2015	2014
Net income	$ 793,426	$ 965,668
Other items of comprehensive income		
Change in unrealized appreciation on investment securities available for sale, before tax	(173,894)	(124,527)
Reclassification adjustment for realized gain on sale of investment securities included in net income	84,184	14,540
Total other items of comprehensive income	(89,710)	(109,987)
Comprehensive income before tax	703,716	855,681
Income tax benefit related to other items of comprehensive income	30,502	37,395
Comprehensive income	$ 734,218	$ 893,076

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

MINEOLA COMMUNITY MUTUAL HOLDING COMPANY AND SUBSIDIARIES

Consolidated Statements of Retained Earnings

Years Ended December 31, 2015 and 2014

	Retained Earnings	Net Unrealized Appreciation on Available for Sale Securities, Net of Taxes	Total Shareholders' Equity
Balance at January 1, 2014	$ 25,863,842	$ 258,587	$ 26,122,429
Net income for 2014	965,668	-	965,668
Net changes in unrealized appreciation on available for sale securities, net of taxes of $37,395	-	(72,592)	(72,592)
Balance at December 31, 2014	26,829,510	185,995	27,015,505
Net income for 2015	793,426	-	793,426
Net changes in unrealized appreciation on available for sale securities, net of taxes of $30,502	-	(59,208)	(59,208)
Balance at December 31, 2015	$ 27,622,936	$ 126,787	$ 27,749,723

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

MINEOLA COMMUNITY MUTUAL HOLDING COMPANY AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Years Ended December 31, 2015 and 2014

	2015	2014
Cash flows from operating activities		
Net income	$ 793,426	$ 965,668
Adjustments to reconcile net income to net cash provided by operating activities		
Provision for loan losses	235,900	50,467
Net amortization of securities	202,747	254,225
Depreciation	301,335	295,625
Net realized gain on sale of investment securities	(84,184)	(14,540)
Net gain on sale of loans	(30,829)	-
Appreciation on bank-owned life insurance	(122,825)	(141,642)
Deferred income tax	(119,142)	(115,846)
Net change in		
Accrued interest receivable	(74,413)	(93,107)
Mortgage servicing rights	3,939	11,479
Other assets	6,248	374,819
Accrued expenses and other liabilities	75,489	87,286
Net cash provided by operating activities	1,187,691	1,674,434
Cash flows from investing activities		
Net change in interest bearing deposits in banks	925,255	(949,730)
Activity in available for sale securities		
Purchases	(32,003,189)	(3,700,816)
Sales	3,485,358	322,127
Maturities, prepayments and calls	31,531,753	1,556,530
Activity in held to maturity securities		
Maturities, prepayments and calls	4,542,322	4,389,654
Net change in restricted investment carried at cost	(252,300)	(375,800)
Loan originations and principal collections, net	(32,409,893)	(26,189,813)
Additions to premises and equipment	(124,702)	(70,241)
Net cash used in investing activities	(24,305,396)	(25,018,089)
Cash flows from financing activities		
Net increase in deposits	15,647,183	16,178,557
Net increase in advances from Federal Home Loan Bank	4,796,389	8,678,497
Net cash provided by financing activities	20,443,572	24,857,054
Net change in cash and cash equivalents	(2,674,133)	1,513,399
Cash and cash equivalents at beginning of year	6,759,188	5,245,789
Cash and cash equivalents at end of year	$ 4,085,055	$ 6,759,188

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

NOTE 1: Summary of Significant Accounting Policies

Nature of Operations

Mineola Community Mutual Holding Company (the Company) is a Texas state-chartered mutual holding company owned by its members. The Company wholly owns Mineola Community Financial Group, Inc. (MCFGI), which is a Delaware corporation. MCFGI wholly owns Mineola Community Bank, S.S.B. (the Bank), which is a Texas corporation. The Bank wholly owns Mineola Financial Services Corporation, which is a Texas corporation. In 2014, the Mineola Financial Services Corporation began doing business as Community Financial and provides mortgage loan services to its customers.

Members of the Company are all holders of deposit accounts and borrowers of the Bank. Each member is allowed one vote per every $100 or fraction thereof on account up to a maximum of 1,000 votes.

The Bank's primary source of revenue is providing loans and banking services to consumers and commercial customers in Mineola, Texas and surrounding area and the Dallas Fort Worth Metroplex. The accounting and reporting policies of the Company conform with U.S. generally accepted accounting principles 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:

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

In preparing consolidated financial statements in conformity with U.S. generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statement of financial position and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses, the valuation of foreclosed real estate, and deferred tax assets.

Significant Group Concentration of Credit Risk

Most of the Company's activities are with customers located within the Wood County area and the Dallas Fort Worth Metroplex. Note 2 discusses the types of securities in which the Company invests. Note 3 discusses the types of lending in which the Company engages. Approximately 95% and 93% of the loan balance at December 31, 2015 and 2014, respectively, is secured by real estate. The Company does not have any other significant concentrations to any one industry or customer.

NOTE 1: Summary of Significant Accounting Policies – continued

The Company carries certain assets with other financial institutions which are subject to credit risk by the amount such assets exceed federal deposit insurance limits. At December 31, 2015 and 2014, the deposits (including time deposits), as reported by the banks, were $6,448,508 and $6,585,220, respectively. Management monitors the financial stability of correspondent banks and considers amounts advanced in excess of FDIC insurance limits to present no significant additional risk to the Company.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, cash and cash equivalents include cash, balances due from banks and federal funds sold, all of which mature within ninety days.

The Company is required to maintain average balances on hand or with the Federal Reserve Bank. As of December 31, 2015 and 2014 the Company was not required to maintain any amounts in excess of required reserves.

Interest-Bearing Deposits in Banks

Interest bearing deposits in banks mature within one year and are carried at cost.

Securities

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

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

Investments in other equity securities are carried at cost. Any changes to the cost basis of these investments are recorded in the income statement. These investments are reviewed annually to determine if an impairment charge is necessary.

As of December 31, 2015 and 2014, no impairment charges were recorded for any impairment.

NOTE 1: Summary of Significant Accounting Policies – continued

Loans

The Company grants mortgage, commercial and consumer loans to customers. A substantial portion of the loan portfolio is represented by loans secured by real estate throughout the Wood county area. The ability of the Company's debtors to honor their contracts is dependent upon the general economic conditions in this area.

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off which are measured at historical cost are generally reported at their outstanding unpaid principal balances net of any unearned income, charge-offs, and unamortized deferred fees and costs on originated loans. Loan origination fees and certain direct origination costs are deferred and recognized as adjustments to interest income over the lives of the related loans. Unearned income is amortized to interest income using a yield methodology.

The Company makes disclosures of loans and other financing receivables and the related allowance in accordance with ASC Topic 310, *Receivables.* The accounting guidance defines a portfolio segment as the level at which an entity develops and documents a systematic methodology to determine the allowance for credit losses, and a class of financing receivables as the level of disaggregation of portfolio segments based on the initial measurement attribute, risk characteristics and methods for assessing risk. The Company's portfolio segments are real estate, agriculture, commercial, and consumer. The classes of financing receivables within the real estate segment are Construction and Land, Farmland, 1-4 Residential, Multifamily, and Commercial Real Estate. The remaining portfolio segments contain a single class of financing receivables. Under this accounting guidance, the allowance is presented by portfolio segment.

Allowance for Loan Losses

The allowance for credit losses, which includes the allowance for loan losses and the reserve for unfunded lending commitments, represents management's estimate of probable losses inherent in the Company's lending activities. The allowance for loan losses does not include amounts related to the accrued interest receivable as any accrued interest receivable is reversed when a loan is placed on nonaccrual status.

The allowance for loan losses represents the estimated probable credit losses in funded consumer and commercial loans while the reserve for unfunded lending commitments, including standby letters of credit and binding unfunded loan commitments, represents estimated probable credit losses on these unfunded credit instruments based on utilization assumptions. Credit exposures deemed to be uncollectible are charged against these accounts. Cash recovered on previously charged off amounts is recorded as a recovery to these accounts.

Management evaluates the adequacy of the allowance for loan losses based on the combined total of these two components. The Company performs periodic and systematic detailed reviews of its lending portfolios to identify credit risks and assess the overall collectability of those portfolios. The allowance on certain homogenous loan portfolios is based on aggregated portfolio segment evaluations. Loss forecast models are utilized for these portfolios which consider a variety of factors including, but not limited to, historical loss experience, estimated defaults or foreclosures based on portfolio trends, delinquencies, bankruptcies, economic conditions and credit scores.

NOTE 1: Summary of Significant Accounting Policies – continued

Allowance for Loan Losses – continued

The Company's real estate portfolio segment is comprised primarily of homogenous loans secured by residential and commercial real estate. The amount of losses incurred in the homogenous loan pools is estimated based upon how many of the loans will default and the loss in the event of default. Using modeling methodologies, the Company estimates how many of the homogenous loans will default based on the individual loans' attributes aggregated into pools of homogenous loans with similar attributes. The attributes that are most significant to the probability of default and are used to estimate default include the loan-to-value, borrower credit score, months since origination, geography, and present collection status. The estimate is based on the Company's historical experience with the loan portfolio. The estimate is adjusted to reflect an assessment of environmental factors that are not reflected in the historical data, such as changes in real estate values, local and national economies, underwriting standards and the regulatory environment.

The allowance on the remaining portfolio segments (agriculture, commercial loans, and consumer) is calculated using loss rates delineated by risk rating and product type. Factors considered when assessing loss rates include the value of the underlying collateral, the industry of the obligor, the obligor's liquidity and other financial and qualitative factors. These statistical models are updated regularly for changes in economic and business conditions. Included in the analysis of these loan portfolios are reserves which are maintained to cover uncertainties that affect the Company's estimate of probable losses including economic uncertainty and large single defaults.

Nonperforming loans are reviewed in accordance with applicable accounting guidance on impaired loans and troubled debt restructurings (TDRs). If necessary, a specific allowance is established for these loans if they are deemed to be impaired. A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of 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 the circumstances surrounding the loan and the borrower, including the length of delay, the reason 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.

For such loans that are 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 the 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.

NOTE 1: Summary of Significant Accounting Policies – continued

Allowance for Loan Losses – continued

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

In addition to the allowance for loan losses, the Company also estimates probable losses related to unfunded lending commitments, such as letters of credit and financial guarantees, and binding unfunded loan commitments. Unfunded lending commitments are subject to individual reviews and are analyzed and segregated by risk according to the Company's internal risk rating scale. These risk classifications, in conjunction with an analysis of historical loss experience, utilization assumptions, current economic conditions, performance trends within the portfolio and any other pertinent information, result in the estimation of the reserve for unfunded lending commitments.

The allowance for loan losses related to the loan portfolio is reported as a part of loans in the consolidated statement of condition whereas the reserve for unfunded lending commitments is reported on the consolidated statement of condition in accrued expenses and other liabilities. Provision for credit losses related to the loan portfolio and unfunded lending commitments is reported separately in the consolidated statement of income.

Nonperforming Loans, Charge-Offs and Delinquencies

Nonperforming loans generally include loans that have been placed on nonaccrual status including nonaccrual loans whose contractual terms have been restructured in a manner that grants a concession to a borrower experiencing financial difficulties.

The entire balance of a loan is contractually delinquent if the minimum payment is not received by the specified due date on the customer's billing statement. Interest and fees continue to accrue on past due loans until the date the loan goes into nonaccrual status, if applicable.

The outstanding balance of real estate secured loans, including all classes of financing receivables within the real estate portfolio segment, that is in excess of the estimated property value, less estimated costs to sell, is charged off no later than the end of the month in which the account becomes 180 days past due. The estimated property value, less costs to sell, is determined utilizing appraisals or broker price opinions of the fair value of the collateral.

The outstanding balance of loans within the remaining loan segments (agriculture, commercial loans, and consumer) are charged off no later than the end of the month in which the account becomes 120 days past due. For secured loans, accounts are written down to the collateral value.

The fair value of the collateral is estimated by management based on current financial information, inspections, and appraisals. For unsecured loans, the outstanding balance is written off.

NOTE 1: Summary of Significant Accounting Policies – continued

Nonperforming Loans, Charge-Offs and Delinquencies – continued

Loans within all portfolio segments are generally placed on nonaccrual status and classified as nonperforming at 90 days past due. Accrued interest receivable is reversed when a loan is placed on nonaccrual status. Interest collections on nonaccruing loans for which the ultimate collectability of principal is uncertain are applied as principal reductions; otherwise, such collections are credited to interest income when received. These loans may be restored to accrual status when all principal and interest is current and full repayment of the remaining contractual principal and interest is expected, or when the loan otherwise becomes well-secured and is in the process of collection.

Loans whose contractual terms have been modified in a TDR and are current at the time of the restructuring remain on accrual status if there is demonstrated performance prior to the restructuring and repayment in full under the restructured terms is expected. Otherwise, the loans are placed on nonaccrual status and reported as nonperforming until there is sustained repayment performance for a reasonable period, generally six months. TDRs that are on accrual status are reported as performing TDRs through the end of the calendar year in which the restructuring occurred or the year in which the loans are returned to accrual status. In addition, if accruing TDRs bear less than a market rate of interest at the time of modification, they are reported as performing TDRs throughout the remaining lives of the loans.

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 uncollectibility 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 collectibility 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 revisions as more information becomes available.

Financial Instruments

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

Foreclosed Assets

Assets acquired through, or in lieu of, loan foreclosure are initially recorded at fair value less estimated cost to sell at the date of foreclosure. All write-downs based on the asset's fair value at the date of acquisition are charged to the allowance for loan loss. After foreclosure, property held for sale is carried at the lower of the new cost basis or estimated fair value less cost to sell.

NOTE 1: Summary of Significant Accounting Policies – continued

Foreclosed Assets - continued

Impairment losses on property to be held and used are measured at the amount by which the carrying amount of a property exceeds its fair value. Costs of significant property improvements are capitalized, whereas costs related 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 the property to lower of its costs or fair value less costs to sell.

Banking Premises and Equipment

Land is carried at cost. Buildings and equipment are carried at cost, less accumulated depreciation computed on the straight-line method over the estimated useful lives of the assets or the expected terms of the leases, if shorter.

Mortgage Servicing Rights

Mortgage servicing rights are recognized as separate assets when rights are acquired through purchase or through sale of financial assets. Mortgage servicing rights are capitalized and amortized into income in proportion to, and over the period of, the estimated future net servicing income of the underlying financial assets. Mortgage servicing rights are evaluated for impairment based upon the fair value of the rights as compared to amortized cost. Impairment is determined by stratifying rights by predominant characteristics, such as interest rates and terms. Fair value is determined by using prices for similar assets with similar characteristics, when available, or based upon discounted cash flows using market-based assumptions. Impairment is recognized through a valuation allowance for an individual stratum, to the extent that fair value is less than the capitalized amount for the stratum.

Income Taxes

On January 1, 2009, the Company adopted the recent accounting guidance related to accounting for uncertainty in income taxes, which sets out a consistent framework to determine the appropriate level of tax reserves to maintain for uncertain tax positions.

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

NOTE 1: Summary of Significant Accounting Policies – continued

Income Taxes – continued

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

During the year ended December 31, 2015 the Company recognized no interest and penalties. Based on management's analysis, the Company did not have any uncertain tax positions at December 31, 2015 and 2014.

The Company files income tax returns in the U.S. federal jurisdiction and the State of Texas. The Company's income tax returns are subject to examination by relevant taxing authorities as follows: U.S. federal income tax return for the tax years 2012 and forward; Texas income and margin tax return for tax years 2011 and forward.

In May of 2006, the State of Texas implemented a new tax on taxable margin, effective for years ended after December 31, 2006. For the Company, taxable margin is revenue less interest expense. The margin tax was insignificant for the year ended December 31, 2015. The deferred tax component of this tax is insignificant.

Advertising

Advertising costs are expensed as incurred. Advertising expenses for the years ended December 31, 2015 and 2014 amounted to $104,108 and $80,511, respectively.

Troubled Debt Restructured Loans

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

NOTE 1: Summary of Significant Accounting Policies – continued

Federal Home Loan Bank Stock

The Company's investment in Federal Home Loan Bank (FHLB) stock is a restricted investment carried at cost ($100 per share par value), which approximates its fair value. As a member of the FHLB system, the Company is required to maintain a minimum level of investment in FHLB stock based on specific percentages of its outstanding FHLB advances. The Company may request redemption at par value of any stock in excess of the amount it is required to hold. Stock redemptions are made at the discretion of FHLB. There were no sales during the years ended December 31, 2015 and December 31, 2014. There were $597,800 and $372,800 of shares purchased during the years ended December 31, 2015 and 2014, respectively.

Derivative Loan Commitments

Mortgage loan commitments that relate to the origination of a mortgage that will be held for sale upon funding are considered derivative instruments under the derivatives and hedging accounting guidance (FASB ASC 815, *Derivatives and Hedging*). Loan commitments that are derivatives are recognized at fair value on the consolidated statement of condition in other assets and other liabilities with changes in their fair values recorded in noninterest income.

Forward Loan Sale Commitments

The Company carefully evaluates all loan sales agreements to determine whether they meet the definition of a derivative under FASB ASC 815 as facts and circumstances may differ significantly. If agreements qualify, to protect against the price risk inherent in derivative loan commitments, the Company uses "best efforts" forward loan sale commitments to mitigate the risk of potential decreases in the values of loans that would result from the exercise of the derivative loan commitments. Accordingly, forward loan sale commitments are recognized at fair value on the consolidated statement of condition in other assets and liabilities with changes in their fair values recorded in other noninterest income.

The Company estimates the fair value of its forward loan sales commitments using a methodology similar to that used for derivative loan commitments.

Cash Surrender Value of Bank-owned Life Insurance

Life insurance policies are initially recorded at cost at the date of purchase. Subsequent to purchase, the policies are periodically adjusted for changes in contract value. The adjustment to contract value increases or decreases the carrying value of the policies and is recorded as income or expense on the consolidated statements of income.

NOTE 1: Summary of Significant Accounting Policies – continued

Recent Accounting Pronouncements

In January 2014, the FASB issued Accounting Standards Update No. 2014-4, Receivables – Troubled Debt Restructuring by Creditors (Subtopic 310-40) related to residential real estate to clarify that an in substance repossession or foreclosure occurs, and a creditor is considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan, upon either (1) the creditor obtaining legal title to the residential real estate property upon completion of a foreclosure or (2) the borrower conveying all interest in the residential real estate property to the creditor to satisfy that loan through completion of a deed in lieu of foreclosure or through a similar legal agreement.

Additionally, the amendment requires interim and annual disclosure of both (1) the amount of foreclosed residential real estate property held by the creditor and (2) the recorded investment in consumer mortgage loans collateralized by residential real estate property that are in the process of foreclosure according to local requirements of the applicable jurisdiction. The new guidance is effective for the Bank on January 1, 2015 and did not have a significant impact to the Bank's financial statements.

In August 2014, the FASB issued Accounting Standards Update No. 2014-14, Receivables—Troubled Debt Restructuring by Creditors (Subtopic 310-40) — Classification of Certain Government-Guaranteed Mortgage Loans upon Foreclosure a consensus of the FASB Emerging Issues Task Force. The amendment changes the accounting for foreclosed home loans with government backed guarantees. The amendment requires lenders to measure the unpaid principal and interest they expect to recover through the loan guarantee. The loan should be removed from the lender's asset total and added to the balance sheet as a new receivable. The amendments will become effective for fiscal years ending after December 15, 2014. The guidance did not have a significant impact on the consolidated financial statements.

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

NOTE 2: Securities

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

	December 31, 2015			
Available for Sale	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
Debt Securities:				
Mortgage-backed	$ 1,235,004	$ 68,453	$ -	$ 1,303,457
State and municipal	2,204,870	56,082	(1,677)	2,259,275
U.S. Government and agency	3,500,000	-	(4,970)	3,495,030
Total debt securities	6,939,874	124,535	(6,647)	7,057,762
Marketable equity	164,617	74,213	-	238,830
Total securities available for sale	$ 7,104,491	$ 198,748	$ (6,647)	$ 7,296,592
Held to Maturity				
Mortgage-backed	$ 12,704,690	$ 266,432	$ (35,501)	$ 12,935,621
State and municipal	13,829,885	439,659	(40,245)	14,229,299
Total securities held to maturity	$ 26,534,575	$ 706,091	$ (75,746)	$ 27,164,920

	December 31, 2014			
Available for Sale	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
Debt Securities:				
Mortgage-backed	$ 3,740,988	$ 137,405	$ (1)	$ 3,878,392
State and municipal	3,140,216	98,700	(7,889)	3,231,027
U.S. Government and agency	2,997,854	-	(5,999)	2,991,855
Total debt securities	9,879,058	236,105	(13,889)	10,101,274
Marketable equity	161,202	59,595	-	220,797
Total securities available for sale	$ 10,040,260	$ 295,700	$ (13,889)	$ 10,322,071
Held to Maturity				
Mortgage-backed	$ 16,663,830	$ 412,575	$ (40,521)	$ 17,035,884
State and municipal	14,609,783	524,708	(107,889)	15,026,602
Total securities held to maturity	$ 31,273,613	$ 937,283	$ (148,410)	$ 32,062,486

NOTE 2: Securities – continued

For the years ended December 31, 2015 and 2014, proceeds from sales of securities available for sale amounted to $3,485,358 and $322,127, respectively. For the year ended December 31, 2015 gross realized gains amounted to $84,184 and gross realized losses amounted to $0. For the year ended December 31, 2014, gross realized gains amounted to $14,783 and gross realized losses amounted to $243.

During the years ended December 31, 2015 and 2014, the Bank did not sell any held to maturity securities.

At December 31, 2015 and 2014, securities with a carrying value of $648,404 and $643,445 respectively, were pledged to secure public deposits and for others purposes required or permitted by law.

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

	Available for Sale		Held to Maturity	
	Amortized Cost	Estimated Market Value	Amortized Cost	Estimated Market Value
Due in one year	$ -	$ -	$ -	$ -
Due from one to five years	4,049,850	4,067,167	1,595,296	1,640,508
Due in five to ten years	794,019	798,061	5,787,091	5,892,935
After ten years	861,001	889,077	6,447,498	6,695,856
Marketable equity	164,617	238,830	-	-
Mortgage-backed	1,235,004	1,303,457	12,704,690	12,935,621
Total	$ 7,104,491	$ 7,296,592	$ 26,534,575	$ 27,164,920

NOTE 2: Securities – continued

The following table shows the gross unrealized losses and fair value of the Company's investments with unrealized losses aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position for twelve months or more:

	December 31, 2015			
	Less than 12 months		12 months or longer	
Category (number of securities)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Mortgage-backed (7)	$ -	$ -	$ 2,479,948	$ (35,501)
State and municipal (7)	-	-	2,607,408	(41,922)
U.S. Government and agency (2,1)	1,995,060	(4,940)	1,499,970	(30)
Total	$ 1,995,060	$ (4,940)	$ 6,587,326	$ (77,453)

	December 31, 2014			
	Less than 12 months		12 months or longer	
Category (number of securities)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Mortgage-backed (8)	$ -	$ -	$ 3,057,440	$ (40,522)
State and municipal (8)	-	-	3,106,584	(115,778)
U.S. Government and agency (2)	2,991,855	(5,999)	-	-
Total	$ 2,991,855	$ (5,999)	$ 6,164,024	$ (156,300)

Mortgage-backed securities

The unrealized losses on the Company's investment in mortgage-backed securities were caused by interest rate increases and increases in prepayment speeds. The Company purchased those investments at a discount relative to their face amount, and the contractual cash flows of those investments are guaranteed by agencies of the U.S. government. Accordingly, it is expected that the securities would not be settled at a price less than the amortized cost bases of the Company's investments. Because the decline in market value is attributable to changes in interest rates and increases in prepayment speeds and not credit quality, and because the Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost bases, which may be maturity, the Company does not consider those investments to be other-than-temporarily impaired at December 31, 2015 and 2014.

NOTE 2: Securities – continued

U.S. Government and agency

The unrealized losses on the Company's investment in agency securities were caused by interest rate increases. Accordingly, it is expected that the securities would not be settled at a price less than the amortized cost bases of the Company's investments. Because the decline in market value is attributable to changes in interest rates and not credit quality, and because the Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost bases, which may be maturity, the Company does not consider those investments to be other-than-temporarily impaired at December 31, 2015 and 2014.

State and municipal

The unrealized losses on the Company's investment in state and municipal securities were caused by interest rate increases. Accordingly, it is expected that the securities would not be settled at a price less than the amortized cost bases of the Company's investments. Because the decline in market value is attributable to changes in interest rates and not credit quality, and because the Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost bases, which may be maturity, the Company does not consider those investments to be other-than-temporarily impaired at December 31, 2015 and 2014.

Other-than-temporary impairment

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) evaluation by the Company of (a) its intent to sell a debt security prior to recovery and (b) whether it is more likely than not the Company will have to sell the debt security prior to recovery. As of December 31, 2015 and 2014, no investment securities were other-than-temporarily impaired.

NOTE 3: Loans

A summary of the balances of loans follows:

	December 31, 2015	December 31, 2014
Real estate	$ 143,916,349	$ 110,937,345
Agriculture	530,425	333,506
Commercial	3,016,439	3,148,321
Consumer	3,965,378	4,645,408
Subtotal	151,428,591	119,064,580
Less: Allowance for loan losses	(892,535)	(733,346)
Loans, net	$ 150,536,056	$ 118,331,234

The following tables set forth information regarding the activity in the allowance for loan losses for the years ended December 31, 2015 and 2014 (in thousands):

	December 31, 2015				
	Real estate	Agriculture	Commercial	Consumer	Total
Allowance for credit losses:					
Beginning balance	$ 570	$ 2	$ 115	$ 46	$ 733
Charge-offs	(2)	-	-	(95)	(97)
Recoveries	-	-	18	2	20
Provision	226	1	(90)	99	236
Ending balance	$ 794	$ 3	$ 43	$ 52	$ 892
Ending balance allocated to loans individually evaluated for impairment	$ -	$ -	$ 20	$ -	$ 20
Ending balance allocated to loans collectively evaluated for impairment	$ 794	$ 3	$ 23	$ 52	$ 872
Loans receivable					
Loans individually evaluated for impairment	$ 2,449	$ -	$ 425	$ 7	$ 2,881
Loans collectively evaluated for impairment	141,467	530	2,592	3,958	148,547
Ending balance	$ 143,916	$ 530	$ 3,017	$ 3,965	$ 151,428

NOTE 3: Loans – continued

	December 31, 2014				
	Real estate	Agriculture	Commercial	Consumer	Total
Allowance for credit losses:					
Beginning balance	$ 421	$ 4	$ 191	$ 84	$ 700
Charge-offs	-	-	(6)	(38)	(44)
Recoveries	-	-	8	19	27
Provision	149	(2)	(78)	(19)	50
Ending balance	$ 570	$ 2	$ 115	$ 46	$ 733
Ending balance allocated to loans individually evaluated for impairment	$ -	$ -	$ 80	$ 8	$ 88
Ending balance allocated to loans collectively evaluated for impairment	$ 570	$ 2	$ 35	$ 38	$ 645
Loans receivable					
Loans individually evaluated for impairment	$ 1,136	$ -	$ 375	$ 98	$ 1,609
Loans collectively evaluated for impairment	109,801	334	2,773	4,547	117,455
Ending balance	$ 110,937	$ 334	$ 3,148	$ 4,645	$ 119,064

The Company monitors credit quality within its portfolio segments based on primary credit quality indicators. All of the Company's loans are evaluated using pass rated or reservable criticized as the primary credit quality indicator. The term reservable criticized refers to those loans that are internally classified or listed by the Company as special mention, substandard, doubtful or loss. These assets pose an elevated risk and may have a high probability of default or total loss.

The classifications of loans reflect a judgment about the risks of default and loss associated with the loan. The Company reviews the ratings on credits quarterly. Ratings are adjusted to reflect the degree of risk and loss that is felt to be inherent in each credit as of each quarterly reporting period.

NOTE 3: Loans – continued

The methodology is structured so that specific allocations are increased in accordance with deterioration in credit quality (and a corresponding increase in risk and loss) or decreased in accordance with improvement in credit quality (and a corresponding decrease in risk and loss).

Credits rated special mention show clear signs of financial weaknesses or deterioration in credit worthiness; however, such concerns are not so pronounced that the Company generally expects to experience significant loss within the short-term. Such credits typically maintain the ability to perform within standard credit terms and credit exposure is not as prominent as credits rated more harshly.

Credits rated substandard are those in which the normal repayment of principal and interest may be, or has been, jeopardized by reason of adverse trends or developments of a financial, managerial, economic or political nature, or important weaknesses exist in collateral. A protracted workout on these credits is a distinct possibility. Prompt corrective action is therefore required to strengthen the Company's position, and/or to reduce exposure and to assure that adequate remedial measures are taken by the borrower. Credit exposure becomes more likely in such credits and a serious evaluation of the secondary support to the credit is performed.

Credits rated doubtful are those in which full collection of principal appears highly questionable, and which some degree of loss is anticipated, even though the ultimate amount of loss may not yet be certain and/or other factors exist which could affect collection of debt. Based upon available information, positive action by the Company is required to avert or minimize loss. Credits with this classification have often become collateral dependent and any shortage in collateral or other likely loss amount is recorded as a specific valuation allowance. Credits rated doubtful are generally also placed on nonaccrual.

Credits rated loss are those 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 that it is not practical or desirable to defer writing off this basically worthless asset even though partial recovery may be affected in the future.

Pass rated refers to loans that are not considered criticized. In addition to this primary credit quality indicator, the Company uses other credit quality indicators for certain types of loans.

NOTE 3: Loans – continued

The following table sets forth information regarding the internal classification of the loan portfolio (in thousands):

	December 31, 2015					
	Pass	Special Mention	Substandard	Doubtful	Loss	Total
Real estate:						
Construction and Land	$ 9,131	$ -	$ 34	$ -	$ -	$ 9,165
Farmland	2,521	430	-	-	-	2,951
1-4 Residential	111,252	315	2,536	-	-	114,103
Multifamily	182	-	-	-	-	182
Commercial real estate	16,952	-	563	-	-	17,515
Agriculture	530	-	-	-	-	530
Commercial	2,396	-	621	-	-	3,017
Consumer	3,849	29	87	-	-	3,965
Total	$ 146,813	$ 774	$ 3,841	$ -	$ -	$ 151,428

	December 31, 2014					
	Pass	Special Mention	Substandard	Doubtful	Loss	Total
Real estate:						
Construction and Land	$ 7,230	$ 1	$ 38	$ -	$ -	$ 7,269
Farmland	482	437	-	-	-	919
1-4 Residential	83,946	504	2,684	-	-	87,134
Multifamily	196	-	-	-	-	196
Commercial real estate	14,797	39	583	-	-	15,419
Agriculture	334	-	-	-	-	334
Commercial	2,713	-	435	-	-	3,148
Consumer	4,458	57	130	-	-	4,645
Total	$ 114,156	$ 1,038	$ 3,870	$ -	$ -	$ 119,064

NOTE 3: Loans – continued

The following table sets forth information regarding the credit risk profile based on payment activity of the loan portfolio (in thousands):

	December 31, 2015			December 31, 2014		
	Performing	Nonperforming	Total	Performing	Nonperforming	Total
Real estate:						
Construction and Land	$ 9,131	$ 34	$ 9,165	$ 7,231	$ 38	$ 7,269
Farmland	2,951	-	2,951	919	-	919
1-4 Residential	112,528	1,575	114,103	86,906	228	87,134
Multifamily	182	-	182	196	-	196
Commercial real estate	17,515	-	17,515	15,419	-	15,419
Agriculture	530	-	530	334	-	334
Commercial	3,017	-	3,017	3,148	-	3,148
Consumer	3,958	7	3,965	4,547	98	4,645
Total	$ 149,812	$ 1,616	$ 151,428	$ 118,700	$ 364	$ 119,064

The following table sets forth information regarding the delinquencies within the loan portfolio (in thousands):

	December 31, 2015					
	30-89 Days Past Due	90 Days and Greater	Total Past Due	Current	Total Loans	Recorded Investment > 90 Days and Still Accruing
Real estate:						
Construction and Land	$ 234	$ -	$ 234	$ 8,931	$ 9,165	$ -
Farmland	-	-	-	2,951	2,951	-
1-4 Residential	393	32	425	113,678	114,103	32
Multifamily	-	-	-	182	182	-
Commercial real estate	-	-	-	17,515	17,515	-
Agriculture	-	-	-	530	530	-
Commercial	5	-	5	3,012	3,017	-
Consumer	147	9	156	3,809	3,965	9
Total	$ 779	$ 41	$ 820	$ 150,608	$ 151,428	$ 41

NOTE 3: Loans – continued

The following table sets forth information regarding the delinquencies within the loan portfolio (in thousands):

	December 31, 2014					
	30-89 Days Past Due	90 Days and Greater	Total Past Due	Current	Total Loans	Recorded Investment > 90 Days and Still Accruing
Real estate:						
Construction and Land	$ 405	$ -	$ 405	$ 6,864	$ 7,269	$ -
Farmland	-	-	-	919	919	-
1-4 Residential	744	-	744	86,390	87,134	-
Multifamily	-	-	-	196	196	-
Commercial real estate	-	-	-	15,419	15,419	-
Agriculture	-	-	-	334	334	-
Commercial	83	38	121	3,027	3,148	38
Consumer	168	16	184	4,461	4,645	16
Total	$ 1,400	$ 54	$ 1,454	$ 117,610	$ 119,064	$ 54

The following table sets forth information regarding the nonaccrual status within the loan portfolio as of December 31, 2015 and 2014 (in thousands):

	2015	2014
Real estate:		
Construction and Land	$ 34	$ 38
Farmland	-	-
1-4 Residential	1,575	228
Multifamily	-	-
Commercial real estate	-	-
Agriculture	-	-
Commerical	-	-
Consumer	7	98
Total	$ 1,616	$ 364

A loan is considered impaired when based on current information and events; it is probable that the Company will be unable to collect all amounts due from the borrower in accordance with the contractual terms of the loan. Impaired loans include nonperforming loans but also include loans modified in troubled debt restructurings when concessions have been granted to borrowers experiencing financial difficulties. These concessions could include a reduction in the interest rate on the loan, payment extensions, forgiveness of principal, forbearance or other actions intended to maximize collection. No interest income was recognized on a cash basis on impaired loans for the years ended December 31, 2015 and 2014, respectively.

NOTE 3: Loans – continued

The following table sets forth information regarding impaired loans as of December 31, 2015:

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance:					
Real estate:					
Construction and Land	$ 33,536	$ 33,536	$ -	$ 35,769	$ -
Farmland		-	-	-	-
1-4 Residential	1,852,484	1,852,484	-	1,183,837	22,543
Multifamily	-	-	-	-	-
Commercial real estate	562,917	661,218	-	572,839	28,897
Agriculture	-	-	-	-	-
Commerical	49,981	49,981	-	24,991	-
Consumer	6,557	6,557	-	10,288	-
With a related allowance:					
Real estate:					
Construction and Land	-	-	-	-	-
Farmland	-	-	-	-	-
1-4 Residential	-	-	-	-	-
Multifamily	-	-	-	-	-
Commercial real estate	-	-	-	-	-
Agriculture	-	-	-	-	-
Commerical	374,851	374,851	20,000	374,959	26,607
Consumer	-	-	-	42,008	-
Total:					
Real estate:					
Construction and Land	33,536	33,536	-	35,769	-
Farmland	-	-	-	-	-
1-4 Residential	1,852,484	1,852,484	-	1,183,837	22,543
Multifamily	-	-	-	-	-
Commercial real estate	562,917	661,218	-	572,839	28,897
Agriculture	-	-	-	-	-
Commerical	424,832	424,832	20,000	399,950	26,607
Consumer	6,557	6,557	-	52,296	-
	$ 2,880,326	$ 2,978,627	$ 20,000	$ 2,244,689	$ 78,047

NOTE 3: Loans – continued

The following table sets forth information regarding impaired loans as of December 31, 2014:

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance:					
Real estate:					
Construction and Land	$ 38,001	$ 38,001	$ -	$ 40,245	$ -
Farmland	-	-	-	-	-
1-4 Residential	515,185	515,185	-	473,905	19,244
Multifamily	-	-	-	-	-
Commercial real estate	582,761	681,062	-	599,227	18,554
Agriculture	-	-	-	-	-
Commerical	-	-	-	-	-
Consumer	14,019	14,019	-	21,290	139
With a related allowance:					
Real estate:					
Construction and Land	-	-	-	-	-
Farmland	-	-	-	-	-
1-4 Residential	-	-	-	-	-
Multifamily	-	-	-	-	-
Commercial real estate	-	-	-	-	-
Agriculture	-	-	-	-	-
Commerical	375,067	375,067	80,000	360,838	24,634
Consumer	84,015	84,015	8,000	42,008	-
Total:					
Real estate:					
Construction and Land	38,001	38,001	-	40,245	-
Farmland	-	-	-	-	-
1-4 Residential	515,185	515,185	-	473,905	19,244
Multifamily	-	-	-	-	-
Commercial real estate	582,761	681,062	-	599,227	18,554
Agriculture	-	-	-	-	-
Commerical	375,067	375,067	80,000	360,838	24,634
Consumer	98,034	98,034	8,000	63,298	139
	$ 1,609,048	$ 1,707,349	$ 88,000	$ 1,537,513	$ 62,571

NOTE 3: Loans – continued

The following information sets forth information regarding troubled debt restructurings at December 31, 2015:

Modifications
As of December 31, 2015

	Number	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
Troubled Debt Restructuring			
Commercial	1	$ 601,131	$ 444,736
Consumer	2	68,062	13,857
1-4 Family	1	107,855	98,445
	4	$ 777,048	$ 557,038

Modifications
As of December 31, 2014

	Number	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
Troubled Debt Restructuring			
Commercial	1	$ 601,131	$ 456,476
	5	152,437	102,771
Consumer	1	107,855	106,662
	7	$ 861,423	$ 665,909

There have been no subsequently defaulted troubled debt restructurings. The Company has no commitments to loan additional funds to borrowers whose loans have been modified.

NOTE 4: Loan Servicing

Mortgage loans serviced for others are not included in the accompanying statements of financial condition. The unpaid principal balances of these loans are summarized as follows:

	2015	2014
Mortgage loan portfolio serviced for FHLMC	$ 3,345,729	$ 3,522,679

Custodial escrow balances maintained in connection with the foregoing loan servicing were approximately $8,282 and $8,592 at December 31, 2015 and 2014, respectively.

The following is an analysis of the changes in loan servicing rights, capitalized:

	2015	2014
Balance, beginning of year	$ 33,824	$ 45,303
Additions	-	-
Amortization	(3,939)	(11,479)
Balance, end of year	$ 29,885	$ 33,824

NOTE 5: Foreclosed Assets

The Company has a remaining deferred gain on sale of foreclosed assets of $13,711 and $14,379 for the years ended December 31, 2015 and 2014, respectively.

Expenses applicable to foreclosed assets include the following:

	December 31,	
	2015	2014
Net gain on sales of real estate	$ (668)	$ (701)
Operating expenses, net of rental income	1,397	2,093
Loss on other repossessed assets	2,750	-
	$ 3,479	$ 1,392

NOTE 6: Premises and Equipment

A summary of the cost and accumulated depreciation of premises and equipment follows:

	December 31, 2015	December 31, 2014
Land	$ 585,648	$ 585,648
Buildings and improvments	6,249,574	6,249,573
Furniture, fixtures and equipment	2,269,560	2,144,858
	9,104,782	8,980,079
Accumulated depreciation	(3,687,019)	(3,385,684)
	$ 5,417,763	$ 5,594,395

Depreciation expense for the years ended December 31, 2015 and 2014 amounted to $301,335 and $295,625 respectively.

NOTE 7: Deposits

The aggregate amount of time deposits in denominations of $100,000 or more at December 31, 2015 and 2014 was $42,775,000 and $38,294,000, respectively. At December 31, 2015, the scheduled maturities of time deposits are as follows:

2016	$ 41,517,080
2017	17,971,930
2018	12,234,488
2019	1,546,779
2020	824,775
Total	$ 74,095,052

NOTE 8: Advances from Federal Home Loan Bank

The Company had outstanding advances from Federal Home Loan Bank totaling $29,548,401 and $24,752,012 at December 31, 2015 and 2014, respectively. Such advances had a weighted average interest rate of 1.40% and 1.44% at December 31, 2015 and 2014, respectively, and are secured by substantially all of the Company's real estate loans. Scheduled maturities of the advances at December 31, 2015 are as follows:

2015	$ -
2016	15,134,513
2017	-
2018	-
2019	3,465,399
Thereafter	10,948,489
Total	$ 29,548,401

Under these agreements, the Company had unused lines of credit amounting to $47,149,219 at December 31, 2015. Pursuant to a blanket collateral agreement with FHLB, advances were secured by all stock and deposit accounts with FHLB, mortgage collateral, securities collateral, and other collateral. No securities were specifically pledged as of December 31, 2015 or 2014.

NOTE 9: Income Taxes

Allocation of income taxes between current and deferred portions is as follows:

	Years ended December 31,	
	2015	2014
Current federal income tax expense	$ 212,484	$ 362,243
Current state income tax expense	60,741	23,402
Deferred federal income tax benefit	(124,544)	(121,248)
Deferred state income tax expense	5,402	5,402
Total provision	$ 154,083	$ 269,799

NOTE 9: Income Taxes – continued

Income tax expense, as a percentage of pretax earnings, differs from the statutory federal income tax rate at December 31, 2015 and 2014 is as follows:

	2015	2014
Income tax expense at the statutory rate	34.00 %	34.00 %
State income taxes	6.41	1.93
Nontaxable earnings	(25.51)	(19.85)
Nondeductible expenses	1.73	1.06
Other	(0.37)	4.70
Total provision	16.26 %	21.84 %

As the method for computing Texas margin tax is derived from an income-based measure, the Company has determined that the margin tax is an income tax and, therefore, the provisions of FASB ASC 740, *Income Taxes,* apply. House Bill (H.B.) 3928 created a temporary credit which can be used to offset tax due on taxable margin. The amount of credit is computed by determining the amount of business loss carryforwards on the last report filed under the old franchise tax system, multiplied by 4.5%. The utilization of the credit is limited to 2.25% per year for 2008 through 2017, and 7.75% for 2018 through 2027. The annual credit is further limited to the margin tax computed for each year. Any unused credit expires after 2027.

NOTE 9: Income Taxes – continued

Income exempt from federal income tax is the primary reason the effective tax rate differs from statutory federal income tax rates. The components of the net deferred tax asset, included in other assets, are as follows:

	December 31, 2015	December 31, 2014
Deferred tax assets		
Allowance for loan losses	$ 303,462	$ 249,338
Foreclosed assets	4,662	4,889
Non accrual loan interest	17,350	2,085
Organization costs	24,728	28,261
Deferred compensation	78,819	42,788
State income tax	4,760	4,080
State income tax credit	126,365	129,930
Alternative minimum tax credit	100,490	70,076
Other	-	8,249
	660,636	539,696
Deferred tax liabilities		
Depreciable assets	(214,761)	(215,403)
Mortgage servicing rights	(10,161)	(11,500)
Unrealized gain on securities available for sale	(65,314)	(95,815)
Other	(3,779)	-
	(294,015)	(322,718)
Net deferred tax asset	$ 366,621	$ 216,978

No valuation allowance for deferred tax assets was recorded as of December 31, 2015 and 2014, as management believes the amounts representing future deferred tax benefits will more likely than not be recognized since the Company is expected to have sufficient taxable income of an appropriate character within the carryback and carryforward periods as permitted by the tax law to allow for utilization of the future deductible amounts.

Retained earnings at December 31, 2015 and 2014, includes $2,604,064, for which no deferred federal income tax liability has been recognized. This amount represents an allocation of income to bad debt deductions for tax purposes only. Reduction of amounts so allocated for purposes other than tax bad debt losses or adjustments arising from carryback of net operating losses would create income for tax purposes only, which would be subject to the current corporate income tax rate. The unrecorded deferred income tax liability on the above amount was $885,382 at December 31, 2015 and 2014.

NOTE 10: Off-Balance-Sheet Activities

The Company is a party to credit related financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheets. The Company's exposure to credit loss is represented by the contractual amount of these commitments. The Company follows the same credit policies in making commitments as it does for on-balance-sheet instruments.

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

	Contract Amount	
	2015	2014
Commitments to extend credit	$ 2,852,000	$ 8,081,000

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. The commitments for equity lines of credit may expire without being drawn upon. Therefore, the total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained, if it is deemed necessary by the Company, is based on management's credit evaluation of the customer.

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

The Company is party to an agreement with the Federal Reserve Bank of Boston that provides the Company with a federal funds line of credit in an amount tied to securities on deposit with that bank. The Company pays no fees for this line of credit and has not drawn upon it. The Company is party to agreements with its correspondent banks that provide the Company with lines for up to $15,000,000 federal funds line of credit to support overnight funding needs. The Company pays no fees for this line of credit and has not drawn upon it. The lines renew annually.

At December 31, 2015, the Company had no commitments to purchase securities.

The Company has no other off-balance-sheet arrangements or transactions with unconsolidated, special purpose entities that would expose the Company to liability that is not reflected on the face of the financial statements.

NOTE 11: Legal Contingencies

Various legal claims also arise from time to time in the normal course of business which, in the opinion of management, will have no material effect on the Company's consolidated financial statements.

NOTE 12: Employee Benefit Plan

The Company sponsors a defined contribution 401(k) retirement plan covering substantially all of its employees. The plan provides for the Company to match employees' contributions up to five percent of an employee's annual salary. In addition, during the year ended December 31, 2008, the Company added a profit-sharing component to the 401(k) plan under which the Company may contribute an equal amount to the account of each employee. The amount of the profit-sharing contribution is discretionary and determined annually by the board of directors. The employees are 100% vested after six years of service. Prior to full vesting, the employees are vested from 20% to 80% depending on the length of service. The Company's contributions for the years ended December 31, 2015 and 2014 were $111,638 and $93,422, respectively.

The Company has a deferred compensation plan with a member of its board of directors that permits that director to defer a portion of his compensation and earn a guaranteed interest rate on the deferred amounts. The portion of the director's compensation that is deferred has been accrued and the only other expense related to this plan is the interest on the deferred amounts. Interest expense during the years ended December 31, 2015 and 2014, included $11,494 and $10,532 related to this plan. The Company has included $137,342 and $125,848 of deferred compensation payable at December 31, 2015 and 2014, which is included in accrued expenses and other liabilities.

To fund this plan, the Company has purchased a corporate-owned whole-life insurance contract on the director. The Company has included $91,871 and $87,812 in bank-owned life insurance at December 31, 2015 and 2014, which represents the cash surrender value of this policy.

Effective January 1, 2013, the Company adopted a deferred compensation incentive plan for five key employees. The plan provides for an individually agreed upon percentage of net income for the plan year to be deferred and vested over five years. The deferred compensation will earn interest over the vesting period. The vested benefit is to be paid within 90 days of the end of each plan year. The plan will continue each year unless terminated by the Company prior to the beginning of each plan year. The Company recorded compensation expense related to this program in the amount of $94,478 and $63,576 for the years ended December 31, 2015 and December 31, 2014, respectively. The remaining amount of bonus to be paid out before interest is $346,112 and is expected to be fully expensed by the year ended December 31, 2019. The amount is included in accrued expenses and other liabilities.

NOTE 13: Obligations under Facility License Agreement

During 2000, the Company opened a branch location in a grocery store in Mineola, Texas, under the terms of a facility license agreement. The term of the agreement is 15 years and requires monthly payments which began in September 2000. In October 2014, a new agreement began and the term is 5 years with an annual license fee of $50,000 a year. License expense under the agreement was $50,000 for 2015 and $49,250 for 2014 and is included in occupancy expense.

NOTE 14: Related Party Transactions

In the ordinary course of business, the Company has granted loans to principal officers and directors and their affiliates.

Annual activity consisted of the following:

	December 31,	
	2015	2014
Beginning balance	$ 2,650,445	$ 3,375,657
Additions	631,171	721,045
Repayments	(1,088,319)	(1,446,257)
Ending balance	$ 2,193,297	$ 2,650,445

Deposits from related parties held by the Company at December 31, 2015 and 2014 amounted to $3,180,951 and $2,951,046, respectively.

NOTE 15: Supplemental Cash Flow Information

Supplemental disclosure of cash flow information is as follows:

	December 31,	
	2015	2014
Cash paid for:		
Interest on deposits	$ 1,000,493	$ 775,837
Interest on FHLB advances	409,763	357,987
Other interest	11,494	10,532
Income taxes	150,000	-

NOTE 16: Minimum Regulatory Capital Requirements

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 the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of their assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk-weightings and other factors. Prompt corrective action provisions are not applicable to bank holding companies.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the following table) of total and Tier I capital (as defined in the regulations) to risk weighted assets (as defined) and of Tier I capital (as defined) to average assets (as defined). Management believes, as of December 31, 2015 and 2014, that the Bank met all capital adequacy requirements to which they are subject.

As of December 31, 2015, the most recent notification from the FDIC 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 I risk-based and Tier I leverage ratios as set forth in the following tables. There are no conditions or events since the notification that management believes have changed the Bank's category.

Beginning January 1, 2015, community banking organizations became subject to a new regulatory rule recently adopted by federal banking agencies (commonly referred to as Basel III). The new rule establishes a new regulatory capital framework that incorporates revisions to the Basel capital framework, strengthens the definition of regulatory capital, increases risk-based capital requirements, and amends the methodologies for determining risk-weighted organizations. Basel III includes a multiyear transition period from January 1, 2015 through December 31, 2019.

Management believes that as of December 31, 2015, the Bank would meet all capital requirements under the Basel III Capital rules on a fully phased-in basis as if such requirements were currently in effect; however, final rules are subject to regulatory discretion and could result in the need for additional capital levels in the future.

NOTE 16: Minimum Regulatory Capital Requirements – continued

There are no conditions or events since the notification that management believes have changed the Bank's category. The Bank's actual capital amounts and ratios as of December 31, 2015 are presented in the following table (in thousands).

	Actual		Minimum Capital Requirement		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2015						
Total Capital to Risk Weighted Assets						
Bank	$ 28,450	23.2 %	$ 9,827	8.0 %	$ 12,283	10.0 %
Common Equity Tier I Capital (CETI) to Risk Weighted Assets						
Bank	27,557	22.4	4,913	4.5	7,370	6.5
Tier I Capital to Risk Weighted Assets						
Bank	27,557	22.4	4,913	6.0	7,370	8.0
Tier I Capital to Average Total Assets						
Bank	27,557	13.7	8,024	4.0	10,030	5.0
December 31, 2014						
Total Capital to Risk Weighted Assets						
Bank	$ 27,465	26.4 %	$ 8,330	8.0 %	$ 10,412	10.0 %
Tier I Capital to Risk Weighted Assets						
Bank	26,732	25.7	4,165	4.0	6,247	6.0
Tier I Capital to Average Total Assets						
Bank	26,732	15.1	7,092	4.0	8,864	5.0

NOTE 17: Fair Value Measurements

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

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

The fair value hierarchy is as follows:

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

- Level 2 Inputs - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (for example, interest rates, volatilities, prepayment speeds, loss severities, credit risks and default rates) or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

- Level 3 Inputs - Significant unobservable inputs that reflect an entity's own assumptions that market participants would use in pricing the assets or liabilities.

A description of the valuation methodologies used for assets and liabilities measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth on the next page.

NOTE 17: Fair Value Measurements – continued

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

Available for Sale Securities - Securities classified as available for sale are reported at fair value utilizing Level 1 and Level 2 inputs. For these securities, the Company obtains fair value measurements from an independent pricing service. The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, the U. S. Treasury yield curve, live trading levels, trade execution data, market consensus prepayments speeds, credit information and the bond's terms and conditions, among other things.

Impaired Loans - Impaired loans are reported at the fair value of the underlying collateral if repayment is expected solely from the collateral. Collateral values are estimated using Level 3 inputs based on internally customized discounting criteria.

NOTE 17: Fair Value Measurements – continued

The following table summarizes financial assets and financial liabilities measured at fair value on a recurring basis as of December 31, 2015 and 2014, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	December 31, 2015			
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
Financial assets:				
Investment securities				
Mortgage-backed	$ -	$ 1,303,457	$ -	$ 1,303,457
State and municipal securities	-	2,259,275	-	2,259,275
U.S. Government and agency	-	3,495,030		3,495,030
Marketable equity	238,830	-	-	238,830
Total financial assets	$ 238,830	$ 7,057,762	$ -	$ 7,296,592

	December 31, 2014			
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
Financial assets:				
Investment securities				
Mortgage-backed	$ -	$ 3,878,392	$ -	$ 3,878,392
State and municipal securities	-	3,231,027	-	3,231,027
U.S. Government and agency	-	2,991,855		2,991,855
Marketable equity	220,797	-	-	220,797
Total financial assets	$ 220,797	$ 10,101,274	$ -	$ 10,322,071

Certain financial assets and financial liabilities are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment).

NOTE 17: Fair Value Measurements – continued

The following table summarizes financial assets and financial liabilities measured at fair value on a nonrecurring basis as of December 31, 2015 and 2014, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	December 31, 2015			
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
Financial assets:				
Impaired loans	$ -	$ -	$ 2,860,326	$ 2,860,326

	December 31, 2014			
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
Financial assets:				
Impaired loans	$ -	$ -	$ 1,521,048	$ 1,521,048

During the years ended December 31, 2015 and 2014, certain impaired loans were remeasured and reported at fair value through a specific valuation allowance allocation of the allowance for possible loan losses based upon the fair value of the underlying collateral. At December 31, 2015, impaired loans with a carrying value of $2,880,326 were reduced by specific valuation allowance allocations totaling $20,000 to a reported fair value of $2,860,326. At December 31, 2014, impaired loans with a carrying value of $1,609,048 were reduced by specific valuation allowance allocations totaling $88,000 to a reported fair value of $1,521,048. The fair value of impaired loans is determined based on collateral valuations utilizing Level 3 valuation inputs. $0 and $8,000 was charged to the provision for loan losses as a result of the valuation allowance for the years ended December 31, 2015 and 2014, respectively.

NOTE 17: Fair Value Measurements – continued

Quantitative Information about Significant Unobservable Inputs Used in Level 3 Fair Value Measurements – The following table represents the Company's Level 3 financial assets and liabilities, the valuation techniques used to measure the fair value of those financial assets and liabilities, and the significant unobservable inputs and the ranges of values for those inputs:

Instrument	Fair Value at December 31, 2015	Principal Valuation Technique	Significant Unobservable Inputs	Range of Significant Input Values
Impaired loans	$ 2,860,326	Appraisal of collateral (1)	Appraisal adjustment	10-25%

Instrument	Fair Value at December 31, 2014	Principal Valuation Technique	Significant Unobservable Inputs	Range of Significant Input Values
Impaired loans	$ 1,521,048	Appraisal of collateral (1)	Appraisal adjustment	10-25%

(1) Fair value is generally determined through independent appraisals of the underlying collateral, which generally include various Level 3 inputs which are not identifiable, less associated allowance.

Those financial instruments subject to FASB ASC Topic 825 are required to disclose the fair value of financial instruments, both assets and liabilities recognized and not recognized in the statement of financial condition, for which it is practicable to estimate fair value. Below are tables that summarize the fair market values of all financial instruments of the Company at December 31, 2015 and 2014, followed by methods and assumptions that were used by the Company in estimating the fair value of the classes of financial instruments.

NOTE 17: Fair Value Measurements – continued

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

December 31, 2015	Carrying Value	Total Estimated Fair Value: Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Financial assets				
Cash and cash equivalents	$ 4,085	$ 4,085	$ -	$ -
Interest bearing deposits in banks	3,964	3,964	-	-
Securities held to maturity	26,535	-	27,165	-
Loans receivable	147,656	-	-	142,002
Accrued interest receivable	844	844	-	-
Mortgage servicing rights	30	-	-	30
Restricted investment held at cost	1,698	1,698	-	-
Bank-owned life insurance	4,353	4,353	-	-
Financial liabilities				
Deposit liabilities	147,332	11,947	-	135,683
Advances from FHLB	29,548	-	-	29,531
Accrued interest payable	122	122	-	-

December 31, 2014	Carrying Value	Total Estimated Fair Value: Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Financial assets				
Cash and cash equivalents	$ 6,759	$ 6,759	$ -	$ -
Interest bearing deposits in banks	4,889	4,889	-	-
Securities held to maturity	31,274	-	32,062	-
Loans receivable	116,722	-	-	114,211
Accrued interest receivable	769	769	-	-
Mortgage servicing rights	34	-	-	34
Restricted investment held at cost	1,445	1,445	-	-
Bank-owned life insurance	4,231	4,231	-	-
Financial liabilities				
Deposit liabilities	131,685	11,194	-	120,720
Advances from FHLB	24,752	-	-	25,122
Accrued interest payable	104	104	-	-

NOTE 17: Fair Value Measurements – continued

The following methods and assumptions were used by the Company in estimating the fair value of the above classes of financial instruments.

Cash and Cash Equivalents, Interest Bearing Deposits in Banks, Accrued Interest Receivable, and Accrued Interest Payable - The carrying amounts approximate fair value due to the relatively short period of time between the origination of these instruments and their expected realization.

Securities Held to Maturity - Fair value estimates are based on quoted market prices, if available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar instruments.

Loans Receivable - Fair values are estimated by stratifying the loan portfolio into groups of loans with similar financial characteristics. Loans are segregated by type such as real estate, commercial, and consumer, with each category further segmented into fixed and adjustable rate interest terms.

For mortgage loans, the Company uses the secondary market rates in effect for loans that have similar characteristics. The fair value of other fixed rate loans and direct financing leases is calculated by discounting scheduled cash flows through the anticipated maturities adjusted for prepayment estimates. Adjustable interest rate loans are assumed to approximate fair value because they generally reprice within the short term.

Fair values are adjusted for credit risk based on assessment of risk identified with specific loans, and risk adjustments on the remaining portfolio based on credit loss experience.

Assumptions regarding credit risk are judgmentally determined using specific borrower information, internal credit quality analysis, and historical information on segmented loan categories for non-specific borrowers.

Mortgage servicing rights - The fair value of mortgage servicing rights is determined using applicable discount rates and prepayment speeds depending on the stratification of the specific right adjusted for the effect of potential past dues and foreclosures.

Restricted Investments Carried at Cost - The carrying value of these investments approximates fair value based on the redemption provisions contained in each.

Cash surrender value of bank-owned life insurance - The carrying amount for cash surrender value of life insurance approximates fair value as polices are recorded at redemption value.

Deposits and time certificates of deposit - The fair value of deposits with no stated maturity, such as checking, passbook, and money market, is equal to the amount payable on demand. The fair value of time certificates of deposit is based on the discounted value of contractual cash flows. The discount rate is estimated using the rates currently offered for deposits of similar maturities.

Advances from FHLB - The fair value of the Company's advances are estimated using discounted cash flow analysis based on the interest rate that would be effective December 31, 2015 and December 31, 2014, respectively, if the borrowings repriced according to their stated terms.

NOTE 17: Fair Value Measurements – continued

Off-balance-sheet instruments - Fair values for off-balance-sheet, credit-related financial instruments are based on fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the counterparties' credit standing. The fair values of these financial instruments are considered insignificant. Additionally, these financial instruments have no carrying value.

NOTE 18: Subsequent Events

The Company has evaluated all subsequent events through February 18, 2016, the date the consolidated financial statements were available to be issued.

Davis Kinard & Co, PC
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First Financial Bank Building
400 Pine Street, Ste. 600, Abilene, TX 79601
325.672.4000 / 800.588.2525 / f: 325.672.7049
www.dkcpa.com

Report of Independent Auditors On Supplementary Information

To the Board of Directors
Mineola Community Mutual Holding Company and Subsidiaries

We have audited the consolidated financial statements of Mineola Community Mutual Holding Company and Subsidiaries as of and for the years ended December 31, 2015 and 2014 and our report thereon dated February 18, 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 financial statements are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Davis Kinard & Co, PC
Certified Public Accountants

Abilene, Texas
February 18, 2016

SUPPLEMENTARY INFORMATION – CONSOLIDATING

Mineola Community Bank, S.S.B. and Subsidiary	Eliminations	Consolidated
$ 2,301,055	$ (93,028)	$ 2,301,055
1,784,000		1,784,000
4,085,055	(93,028)	4,085,055
3,963,790		3,963,790
7,296,592		7,296,592
26,534,575		26,534,575
	(55,356,418)	-
150,536,056		150,536,056
843,892		843,892
5,417,763		5,417,763
4,353,338		4,353,338
1,697,600		1,697,600
29,885		29,885
366,621		366,621
124,415		124,415
$ 205,249,582	$ (55,449,446)	$ 205,249,582
$ 12,040,049	$ (93,028)	$ 11,947,021
135,385,292		135,385,292
147,425,341	(93,028)	147,332,313
29,548,401		29,548,401
619,145		619,145
177,592,887	(93,028)	177,499,859
1,000	(1,100)	-
	(49,900)	-
27,528,908	(55,051,844)	27,622,936
126,787	(253,574)	126,787
27,656,695	(55,356,418)	27,749,723
$ 205,249,582	$ (55,449,446)	$ 205,249,582

Mineola Community Bank, S.S.B. and Subsidiary	Eliminations	Consolidated
$ 6,796,451	$	$ 6,796,451
518,576		518,576
524,088		524,088
18,499		18,499
5,778		5,778
45,659		45,659
7,909,051	-	7,909,051
1,013,884		1,013,884
414,663		414,663
11,494		11,494
1,440,041	-	1,440,041
6,469,010		6,469,010
235,900		235,900
6,233,110	-	6,233,110
446,001		446,001
475,335		475,335
84,184		84,184
30,829		30,829
-	(1,587,822)	-
156,907		156,907
120,161		120,161
1,313,417	(1,587,822)	1,313,417
3,968,720		3,968,720
676,410		676,410
440,777		440,777
365,796		365,796
226,200		226,200
920,145		921,115
6,598,048	-	6,599,018
948,479	(1,587,822)	947,509
154,083		154,083
$ 794,396	$ (1,587,822)	$ 793,426

Mineola Community Bank, S.S.B. and Subsidiary	Eliminations	Consolidated
$ 794,396	$ (1,587,822)	$ 793,426
235,900		235,900
202,747		202,747
301,335		301,335
(84,184)		(84,184)
(30,829)		(30,829)
(122,825)		(122,825)
(119,142)		(119,142)
	1,587,822	-
(74,413)		(74,413)
3,939		3,939
6,248		6,248
75,489	-	75,489
1,188,661	-	1,187,691
925,255		925,255
(32,003,189)		(32,003,189)
3,485,358		3,485,358
31,531,753		31,531,753
4,542,322		4,542,322
(252,300)		(252,300)
(32,409,893)		(32,409,893)
(124,702)		(124,702)
(24,305,396)		(24,305,396)
15,646,213	970	15,647,183
4,796,389		4,796,389
20,442,602	970	20,443,572
(2,674,133)	970	(2,674,133)
6,759,188	(93,998)	6,759,188
$ 4,085,055	$ (93,028)	$ 4,085,055