Annual 2015 Report

JD BANK

LOUISIANA'S COMMUNITY BANK™

President's Message to Shareholders:

The year 2015 was a challenging year for our subsidiary; JD Bank. Enhanced regulatory related requirements have continued to add non-interest expense to our income statement. Almost $300,000 in increased expense due to growth of our Compliance area as well as audit expense was realized in 2015. The regulatory requirements on Community banks such as JD Bank is costly and burdensome.

Overall, our Board of Directors and Management made a strategic decision to absorb the growth we have experienced over the past two years and create some efficiencies to increase the profitability of the company. We did open, as the final leg of our previous expansion and growth, two new offices on February 1st; our full service branch locations in Lafayette and New Iberia. These two offices took the place of the Loan Production Office that the Bank had opened in Lafayette in June of 2014. No new branches or acquisitions are planned at this time. Since our Opelousas location is only a Loan Production Office, this will probably be our next full service location. However, construction of a branch in Opelousas will not begin until 2017 at the earliest.

The growth from our hire of the Acadiana lenders in Lafayette, Opelousas and New Iberia has proven to be successful to the Bank as the New Iberia Branch, which opened on February 1st has become profitable in the first year of operations. Also, Opelousas, although an LPO, is projected to be profitable for 2016, with the Lafayette Branch not far behind. This compares favorably to the normal timeframe of three to four years for an office to breakeven and contribute to the bottom line. We do expect to see a slowdown in growth in these offices due to the downturn of the oil industry in the Acadiana area.

The Lake Charles market, which makes up the majority of our retail branch locations continues to experience tremendous growth due to the expansion of the petro-chemical factories and the abundance of cheap natural gas. Several new liquefied natural gas export facilities are being built in the Lake Charles market creating thousands of temporary construction jobs as well as a couple thousand permanent jobs. This market upturn is projected to last anywhere from five to eight years. JD Bank is well positioned to take advantage of this economic opportunity with the human resources as well as the branch offices that we have in the marketplace.

We did complete the sale of our book of business from JD Bank Insurance Agency to The Firm of Louisiana Property and Casualty Agency in the spring of 2015. This decision was made to allow Management to focus its efforts and resources on creating efficiencies in the banking aspect of our business.

Total Assets for our company on December 31, 2015 were $799,067,666 as compared to $777,403,093 at year end 2014. This represents a growth rate of approximately 3% over 2014 total assets. Our total net loans increased from $495,469,449 at year end 2014 to $582,605,590 on December 31, 2015. Total loan growth for 2015 was 17.59%.

Net income for 2015 was $5,772,754, down 18% from the 2014 level of $7,040,023. The primary reason for the decrease was because of non-interest expenses increasing $2,417,329 over 2014 levels, as mentioned earlier, and an increased allowance for loan losses of $1,166,050 over 2014 levels, due to loan growth as well as the write down of a single large credit.

Once again, we are pleased to have the financial strength to have paid over $3.4 million in dividends in 2015 to our shareholders. These dividends to our owners continue our strong tradition of paying a return for their confidence and investment in our Company. Of course, any future declarations and payment of dividends will be based on the required capital levels and the cash flow needs of the company as well as future earnings.

Although 2015 was a down year profit wise for our Company, I firmly believe we are well positioned in the markets that we serve to take advantage of the opportunities that await us in 2016 and beyond. Our Board of Directors and Executive Management team have shown the ability to be flexible enough, yet conservative in seeking opportunities that have resulted in growth to benefit our company and our shareholders for years to come.

Again, we thank you for the confidence in Jeff Davis Bancshares and our Bank; JD Bank, and we will continue to strive to provide a return on your investment in our company. As **"Louisiana's Community Bank"**, we hope to continue to earn your business.

Boyd R Boudreaux

Boyd R. Boudreaux
President & CEO

JEFF DAVIS BANCSHARES, INC.
CONSOLIDATED FINANCIAL HIGHLIGHTS (in thousands)

	2015	2014	Change
Deposits and Repurchase Agreements	$ 699,264	$ 698,562	0.10%
Loans (Net)	582,606	495,469	17.59%
Net Income	5,773	7,040	-18.00%
Equity Capital	75,636	73,583	2.79%
Dividends Declared	3,421	3,395	0.77%

FIVE YEAR FINANCIAL REVIEW (in thousands, except per share amounts)

	2015	2014	2013	2012	2011
Assets and Liabilities at Year End					
Total Assets	$ 799,068	$ 777,403	$ 729,420	$ 718,518	$ 547,152
Loans (Net)	582,606	495,469	403,310	385,055	273,472
Investments Available-for-Sale (AFS) (Fair Value)	104,277	148,305	230,755	202,815	186,040
Investments Held-to-Maturity (HTM) (at Amortized Cost)	23,540	27,452	0	0	0
Other Stocks, at Cost	7,510	5,880	5,901	5,905	5,693
Stockholders' Equity					
Common Stock	$ 9,750	$ 9,750	$ 9,750	$ 9,750	$ 9,750
Surplus	3,598	3,598	3,598	3,598	3,598
Undivided Profits	59,749	57,398	53,753	50,650	47,529
Accumulated Other Comprehensive Income (Loss)	2,762	3,060	1,304	6,347	5,555
Note Receivable on Commmon Stock	-	-	(29)	(58)	(87)
Treasury Stock	(223)	(223)	(223)	(17)	(17)
Total Stockholders' Equity	$ 75,636	$ 73,583	$ 68,153	$ 70,270	$ 66,328
Earnings for the Year					
Consolidated Net Income	$ 5,773	$ 7,040	$ 6,409	$ 6,303	$ 6,542
Net Interest Income	31,156	28,151	26,825	21,997	20,242
Non Interest Income	9,902	10,730	7,228	7,079	7,126
Non Interest Expense	31,716	29,299	25,743	20,872	18,759
Cash Dividends	3,421	3,395	3,307	3,182	3,057
Per Share Data					
Net Income	$ 3.71	$ 4.52	$ 4.12	$ 4.04	$ 4.19
Cash Dividends	2.20	2.18	2.12	2.04	1.96
Book Value at Year-end	48.48	47.17	43.69	45.04	42.52
Return on Average Assets	0.70 %	0.93 %	0.91 %	1.13 %	1.24 %
Return on Equity	7.63 %	9.57 %	9.40 %	8.97 %	9.86 %

INDEPENDENT AUDITORS' REPORT

To the Stockholders and Board of Directors of
Jeff Davis Bancshares, Inc. and Subsidiaries
Jennings, Louisiana

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Jeff Davis Bancshares, Inc. and its Subsidiaries which comprise the consolidated balance sheets as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income, changes in stockholders' equity, and cash flows for each of the years during the three year period ended December 31, 2015, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors’ Responsibility

Our responsibility is to express an opinion on these 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 audits 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 auditors’ judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, 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.

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Opinion

In our opinion, the consolidated financial statements referred to on the previous page present fairly, in all material respects, the consolidated financial position of Jeff Davis Bancshares, Inc. and its Subsidiaries as of December 31, 2015 and 2014, and the consolidated results of their operations and their cash flows for each of the years during the three year period ended December 31, 2015, in accordance with accounting principles generally accepted in the United States of America.

Postlethwaite & Netterville

Baton Rouge, Louisiana
March 8, 2016

JEFF DAVIS BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2015 AND 2014

A S S E T S

	2015	2014
ASSETS		
Cash and due from banks	$ 29,986,906	$ 25,012,988
Interest bearing deposits in other banks	1,175,000	25,300,000
Securities available-for-sale	104,276,956	148,305,282
Securities held to maturity	23,539,872	27,451,910
Other stocks, at cost	7,510,429	5,880,134
Loans, less allowances for loan losses of $4,795,775 and $5,413,684 at December 31, 2015 and 2014, respectively	582,605,590	495,469,449
Accrued interest receivable	3,086,912	3,326,046
Bank premises and equipment, net	27,405,688	26,299,582
Other real estate owned	272,650	177,593
Goodwill and other intangibles	4,821,895	4,982,491
Life insurance contracts	12,454,782	12,132,621
Other assets	1,930,986	3,064,997
Total Assets	$ 799,067,666	$ 777,403,093

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

LIABILITIES AND STOCKHOLDERS' EQUITY

	2015	2014
LIABILITIES		
Deposits		
Deposit accounts, non-interest bearing	$ 236,622,496	$ 229,695,421
Deposit accounts, interest bearing	461,491,695	465,843,193
	698,114,191	695,538,614
Securities sold under repurchase agreements	1,149,709	3,022,178
Other borrowed funds	18,944,646	1,000
Accrued interest payable	84,109	148,684
Accrued expenses and other liabilities	4,283,083	4,254,442
Dividends payable	855,336	855,336
Total liabilities	723,431,074	703,820,254
COMMITMENTS AND CONTINGENCIES	-	-
STOCKHOLDERS' EQUITY		
Common stock; $6.25 par value; 3,072,000 shares authorized; 1,560,000 shares issued and outstanding at December 31, 2015 and 2014	9,750,000	9,750,000
Additional paid-in-capital	3,598,000	3,598,000
Retained earnings	59,749,150	57,397,740
Accumulated other comprehensive income	2,762,147	3,059,804
	75,859,297	73,805,544
Less: 4,844 shares held in treasury at December 31, 2015 and 2014, at cost	(222,705)	(222,705)
Total stockholders' equity	75,636,592	73,582,839
Total Liabilities and Stockholders' Equity	$ 799,067,666	$ 777,403,093

JEFF DAVIS BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014, AND 2013

	2015	2014	2013
INTEREST INCOME			
Interest and fees on loans	$ 29,289,036	$ 24,620,020	$ 23,536,241
Investment securities:			
Taxable	1,861,096	2,582,463	2,437,722
Non-taxable	2,623,939	3,582,297	3,512,510
Federal funds sold and interest bearing deposits in other banks	11,793	39,623	78,426
Total interest income	33,785,864	30,824,403	29,564,899
INTEREST EXPENSE			
Interest on deposits	2,617,678	2,670,498	2,735,735
Interest on federal funds purchased and securities sold under repurchase agreement	12,332	3,148	4,362
Total interest expense	2,630,010	2,673,646	2,740,097
NET INTEREST INCOME	31,155,854	28,150,757	26,824,802
Provision for loan losses	2,057,800	891,750	390,420
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	29,098,054	27,259,007	26,434,382
NONINTEREST INCOME			
Service charges and fees on deposit accounts	7,755,428	7,274,330	7,007,883
Trust department income	886,876	881,456	861,364
Other income (loss)	1,259,384	2,574,355	(641,488)
	9,901,688	10,730,141	7,227,759

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

JEFF DAVIS BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014, AND 2013

	2015	2014	2013
NONINTEREST EXPENSES			
Salaries and employee benefits	$ 16,925,846	$ 15,643,255	$ 13,717,196
Occupancy expenses	2,332,953	2,100,080	1,697,055
Other operating expenses	12,457,348	11,555,483	10,329,135
	31,716,147	29,298,818	25,743,386
INCOME BEFORE INCOME TAX EXPENSE	7,283,595	8,690,330	7,918,755
Income tax expense	1,510,841	1,650,307	1,509,647
NET INCOME	$ 5,772,754	$ 7,040,023	$ 6,409,108
Per common share data:			
Earnings	$ 3.71	$ 4.52	$ 4.12
Average number of shares outstanding	1,557,443	1,557,443	1,557,443

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

JEFF DAVIS BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014, AND 2013

	2015	2014	2013
NET INCOME	$ 5,772,754	$ 7,040,023	$ 6,409,108
OTHER COMPREHENSIVE INCOME (LOSS)			
Unrealized gains on securities:			
Unrealized holdings gains (losses) arising during the period, net of tax of $50,782, $1,349,381, and ($2,588,634) respectively	53,877	2,809,626	(5,024,995)
Less: reclassification adjustments for gains included in net income, net of tax of $181,094, $547,702 and $9,222 respectively	(351,534)	(1,053,480)	(17,903)
Total other comprehensive income	(297,657)	1,756,146	(5,042,898)
TOTAL COMPREHENSIVE INCOME	$ 5,475,097	$ 8,796,169	$ 1,366,210

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

JEFF DAVIS BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014, AND 2013

	Treasury Stock		Common Stock	
	Shares	Amount	Shares	Amount
Balance at December 31, 2012	(270)	$ (16,875)	1,560,000	$ 9,692,000
Net income	-	-	-	-
Collection of stock for a loan	(4,574)	(205,830)	-	-
Forgiveness of note receivable for common stock	-	-	-	29,000
Other Comprehensive Income	-	-	-	-
Dividends on common stock, $.52 per share	-	-	-	-
Dividends on common stock, $.54 per share	-	-	-	-
Balance at December 31, 2013	(4,844)	(222,705)	1,560,000	9,721,000
Net income	-	-	-	-
Forgiveness of note receivable for common stock	-	-	-	29,000
Other Comprehensive Income (Loss)	-	-	-	-
Dividends on common stock, $.54 per share	-	-	-	-
Dividends on common stock, $.55 per share	-	-	-	-
Balance at December 31, 2014	(4,844)	(222,705)	1,560,000	9,750,000
Net income	-	-	-	-
Other Comprehensive Income (Loss)	-	-	-	-
Dividends on common stock, $.55 per share	-	-	-	-
Balance at December 31, 2015	(4,844)	$ (222,705)	1,560,000	$ 9,750,000

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

Additional Paid-in-Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
$ 3,598,000	$ 50,650,416	$ 6,346,556	$ 70,270,097
-	6,409,108	-	6,409,108
-	-	-	(205,830)
-	-	-	29,000
-	-	(5,042,898)	(5,042,898)
-	(1,622,119)	-	(1,622,119)
-	(1,684,508)	-	(1,684,508)
3,598,000	53,752,897	1,303,658	68,152,850
-	7,040,023	-	7,040,023
-	-	-	29,000
-	-	1,756,146	1,756,146
-	(1,684,508)	-	(1,684,508)
-	(1,710,672)	-	(1,710,672)
3,598,000	57,397,740	3,059,804	73,582,839
-	5,772,754	-	5,772,754
-	-	(297,657)	(297,657)
-	(3,421,344)	-	(3,421,344)
$ 3,598,000	$ 59,749,150	$ 2,762,147	$ 75,636,592

JEFF DAVIS BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014, AND 2013

	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 5,772,754	$ 7,040,023	$ 6,409,108
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	2,332,953	2,099,864	1,697,055
Provision for loan losses	2,057,800	891,750	390,420
Non-cash change in cash surrender value of life insurance	(322,161)	(296,981)	(198,964)
Write-down of other real estate	22,719	-	27,479
Write-down of investment in Sulphur Inn Acquisition, LLC	-	-	1,056,206
Premium amortization, net	1,055,979	1,869,573	2,344,972
Amortization of core deposit intangible	160,596	160,596	177,845
Deferred income taxes	53,723	(233,098)	(730,132)
Loss (Gain) on sales of other real estate and property	(17,787)	109,446	(6,129)
Gain on the sale of securities	(522,008)	(1,588,723)	(26,411)
Net change in operating assets and liabilities:			
Other operating assets and liabilities	1,239,240	(1,064,783)	2,481,343
Interest receivable	239,134	257,854	(137,429)
Interest payable	(64,575)	(64,798)	(149,721)
Net cash provided by operating activities	12,008,367	9,180,723	13,335,642
CASH FLOWS FROM INVESTING ACTIVITIES			
Maturities/sales of available-for-sale securities	43,285,142	88,437,103	60,794,875
Maturities/sales of held to maturity securities	7,201,966	-	-
Purchases of available-for-sale securities	(1,630,295)	(31,326,886)	(98,689,462)
Purchases of held to maturity securities	(3,508,683)	-	-
Loan originations, net of principal repayments	(89,487,509)	(93,356,278)	(18,646,034)
Net decrease (increase) in interest bearing deposits in other banks	24,125,000	(2,750,000)	36,775,000
Investment in life insurance contracts	-	(4,000,000)	-
Proceeds from life insurance contracts	-	446,789	-
Decrease (increase) in investment in Sulphur Inn Acquisition, LLC	-	-	78,139
Purchases of bank premises and equipment	(3,493,486)	(3,468,745)	(6,236,293)
Proceeds from sales of other real estate and property	248,006	111,620	163,000
Proceeds from sales of investment in Sulphur Inn Acquisition, LLC	-	-	1,789,919
Net cash used in investing activities	(23,259,859)	(45,906,397)	(23,970,856)

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

JEFF DAVIS BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014, AND 2013

	2015	2014	2013
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase in deposits	$ 6,927,075	$ 59,280,071	$ 13,954,415
Net increase (decrease) in other borrowed funds and repurchase agreements	12,719,679	(17,545,060)	934,465
Forgiveness of note receivable	-	29,000	29,000
Payment of dividends	(3,421,344)	(3,382,098)	(2,464,373)
Net cash provided by financing activities	16,225,410	38,381,913	12,453,507
Net increase in cash and cash equivalents	4,973,918	1,656,239	1,818,293
Cash and cash equivalents - beginning of year	25,012,988	23,356,749	21,538,456
Cash and cash equivalents - end of year	$ 29,986,906	$ 25,012,988	$ 23,356,749

Supplemental disclosures of cash flow information:

	2015	2014	2013
Cash paid for interest	$ 2,694,585	$ 2,738,444	$ 2,889,818
Cash paid for income taxes	$ 1,413,253	$ 1,700,187	$ 2,300,128

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of significant accounting policies

The accounting and reporting policies of Jeff Davis Bancshares, Inc. (the Company) and its Subsidiaries conform to the accounting principles generally accepted in the United States of America and the prevailing practices within the banking industry. A summary of significant accounting policies is as follows:

Basis of presentation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, JD Bank (the "Bank") and JD Bank Insurance, LLC (formerly JD Prime Financial Services, LLC), the owner of an insurance agency. The Bank also has a wholly-owned subsidiary, Sulphur Inn Acquisition, LLC, that was created to own and manage other real estate until the disposition of the real estate in 2013. All significant intercompany accounts and transactions have been eliminated. Assets held in an agency or fiduciary capacity are not assets of the Bank and, accordingly, are not included in the accompanying consolidated financial statements. The Company operates as a community bank in southern Louisiana.

Acquisition accounting

Acquisitions are accounted for under the purchase method of accounting. Purchased assets and assumed liabilities are recorded at their respective acquisition date fair values, and identifiable intangible assets are recorded at fair value. If the consideration given exceeds the fair value of the net assets received, goodwill is recognized. Fair values are subject to refinement for up to one year after the closing date of an acquisition as information relative to closing date fair values becomes available.

Purchased loans acquired in a business combination are recorded at estimated fair value on their purchase date and prohibit the carryover of the related allowance for loan losses. When the loans have evidence of credit deterioration since origination and it is probable at the date of acquisition that the Bank will not collect all contractually required principal and interest payments, the difference between contractually required payments at acquisition and the cash flows expected to be collected at acquisition is referred to as the non-accretable difference. The Bank must estimate expected cash flows at each reporting date. Subsequent decreases to the expected cash flows will generally result in a provision for loan losses. Subsequent increases in cash flows result in a reversal of the provision for loan losses to the extent of prior charges and adjusted accretable yield which will have a positive impact on interest income.

Nature of operations

The Bank provides a variety of banking services to individuals and businesses primarily in and around Southwest Louisiana. The Bank's primary deposit products are demand deposits, savings deposits, and certificates of deposits, and its primary lending products are commercial, business, real estate, and consumer loans.

Comprehensive income

Comprehensive income includes net earnings and other comprehensive income which, in the case of the Company, includes only unrealized gains and losses on securities available-for-sale, net of tax.

1. Summary of significant accounting policies (continued)

Use of estimates

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

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

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

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

Other estimates that are susceptible to significant change in the near term relate to the determination of the valuation of deferred tax assets, other-than-temporary impairments of securities, and the fair value of financial instruments.

Interest bearing deposits in other banks

Interest bearing deposits in other banks mature within one year and are carried at cost, which approximates market.

Securities

Securities are accounted for in accordance with applicable guidance contained in the Accounting Standards Codification (ASC) which requires the classification of securities into one of three categories: trading, available-for-sale, or held-to-maturity.

Management determines the appropriate classification of debt securities at the time of purchase and re-evaluates this classification periodically. Trading account securities are held for resale in anticipation of short-term market movements. Debt securities are classified as held-to-maturity when the Company

1. Summary of significant accounting policies (continued)

Securities (continued)

has the positive intent and ability to hold the securities to maturity. Securities not classified as held-to-maturity or trading are classified as available-for-sale. The Company had no significant trading account securities during the three years ended December 31, 2015. Held-to-maturity securities are stated at amortized cost. Available-for-sale securities are stated at fair value, with unrealized gains and losses, net of income taxes, reported as other comprehensive income until realized.

The Financial Accounting Standards Board (FASB) issued accounting guidance related to the recognition and presentation of other-than-temporary impairment. The accounting guidance specifies that (a) if a Company does not have the intent to sell a debt security prior to recovery and (b) it is more likely than not that it will not have to sell the debt security prior to recovery, the security would not be considered other-than-temporarily impaired unless there is a credit loss. When an entity does not intend to sell the security, and it is more likely than not, the entity will not have to sell the security before recovery of its cost basis, it will recognize the credit component of an other-than-temporary impairment of a debt security in earnings and the remaining portion in other comprehensive income. For held-to-maturity debt securities, the amount of an other-than-temporary impairment recorded in other comprehensive income for the noncredit portion of a previous other-than-temporary impairment should be amortized prospectively over the remaining life of the security on the basis of the timing of future estimated cash flows of the security.

The amortized cost of debt securities classified as held-to-maturity or available-for-sale is adjusted for amortization of premiums and accretion of discounts to maturity or, in the case of mortgage-backed securities, over the estimated life of the security. Amortization, accretion, and interest are included in interest income on securities. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific-identification method.

Derivative instruments

The Company recognizes all derivatives as either assets or liabilities in the Company's balance sheets and measures those instruments at fair value. If certain conditions are met, a derivative may be specially designated as a hedge. The accounting for changes in the fair value of a derivative depends on the intended use of the derivative and the resulting designation. The Company is not currently engaged in any activities with derivatives.

Loans

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

1. Summary of significant accounting policies (continued)

Loans (continued)

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are reported at their outstanding principal adjusted for any charge-offs, the allowance for loan losses, and any unamortized deferred fees or costs on originated loans. Unearned discount relates principally to consumer installment loans. Interest on loans is credited to operations based on the unpaid principal amount outstanding using methods that approximate the interest method.

The Company follows the accounting guidance on sales of financial assets, which includes participating interests in loans. For loan participations that are structured in accordance with this guidance, the sold portions are recorded as a reduction of the loan portfolio. Loan participations that do not meet the criteria are accounted for as secured borrowings. Application of this guidance also delays the accounting recognition for sales of the guaranteed portions of SBA loans for 90 days.

Certain loan origination fees and certain direct origination costs are deferred and recognized as an adjustment to the yield on the related loan. Interest on loans is recorded to income as earned. The accrual of interest on impaired loans is discontinued when, in management's opinion, the borrower may be unable to meet payments as they become due. Past due status is based on the contractual terms of the loan. All unpaid accrued interest is reversed and payments subsequently received are applied first to principal. Interest income is recorded after principal has been satisfied and as payments are received. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

The Company considers a loan to be impaired when, based upon current information and events, it believes it is probable that the Company will be unable to collect all amounts 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. The Company's impaired loans include troubled debt restructurings, and performing and non-performing major loans for which full payment of principal or interest is not expected. Non-major homogenous loans, which are evaluated on an overall basis, generally include all loans under $100,000. The Company calculates an allowance required for impaired loans based on the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's observable market price or the fair value of its collateral. If the recorded investment in the impaired loan exceeds the measure of fair value, a valuation allowance is required as a component of the allowance for loan losses. Changes to the valuation allowance are recorded as a component of the provision for loan losses.

Allowance for loan losses

The allowance for loan losses is a valuation allowance available for losses incurred on loans. All losses are charged to the allowance for loan losses when the loss actually occurs or when a determination is made that a loss is likely to occur. Recoveries are credited to the allowance at the time of recovery. Periodically, during the year, management estimates the likely level of existing losses to determine whether the allowance for loan losses is adequate to absorb reasonably anticipated losses in the existing portfolio. Management also evaluates the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and prevailing economic conditions.

1. Summary of significant accounting policies (continued)

Allowance for loan losses (continued)

This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. Based on these estimates, an amount is charged to the provision for loan losses and credited to the allowance for loan losses in order to adjust the allowance to a level determined to be adequate to absorb existing losses. It should be understood that estimates of loan losses involve an exercise of judgment. While it is possible that in particular periods the Bank may sustain losses which are substantial relative to the allowance for loan losses, it is the judgment of management that the allowance for loan losses reflected in the consolidated balance sheets is adequate to absorb probable losses in the existing loan portfolio.

The allowance consists of allocated and general components. The allocated component relates to loans that are classified as impaired. For these loans that are impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers non-classified loans and is based on historical loss experience adjusted for qualitative factors.

Troubled Debt Restructurings

In situations where, for economic or legal reasons related to a borrower's financial difficulties, the Bank grants a concession for other than an insignificant period of time to the borrower that the Bank would not otherwise consider, the related loan is classified as a troubled debt restructuring (TDR). The Bank strives to identify borrowers in financial difficulty early and work with them to modify to more affordable terms before their loan reaches nonaccrual status. These modified terms may include rate reductions, principal forgiveness, payment forbearance and other actions intended to minimize the economic loss and to avoid foreclosure or repossession of the collateral. In cases where the Bank grants the borrower new terms that provide for a reduction of either interest or principal, the Bank measures and records any impairment on the restructuring as previously noted for impaired loans.

Bank premises and equipment

Bank premises and equipment are stated at cost less accumulated depreciation, which is computed using straight-line and accelerated methods over the estimated useful lives of the assets, which range from 3 to 32 years.

Other real estate owned

Other real estate owned is reported at the lower of cost or fair value at the date of foreclosure. Any write-downs based on the asset's fair value at the date of acquisition are charged to the allowance for loan losses. After foreclosure, valuations are periodically performed by management and the real estate is carried at the lower of carrying amount or fair value less cost to sell. Real estate and other property acquired in lieu of loan balances, net of an appropriate reserve for possible losses, are included in the accompanying consolidated balance sheet. Operating expenses of such properties, net of related income, are included in other operating expenses. Gains and losses on their disposition are included in other operating income.

1. Summary of significant accounting policies (continued)

Intangible Assets

The Company has no intangible assets having indefinite lives other than goodwill. Intangible assets, such as core deposit intangibles, with determinable useful lives are amortized over their respective useful lives. Goodwill does not require amortization, but it is subject to a periodic impairment test. The Company has performed impairment tests on its goodwill and determined that the there is no impairment at December 31, 2015 or 2014.

Credit related financial information

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.

Statements of cash flows

The Company has defined cash equivalents as the amount in the consolidated balance sheet caption “Cash and Due from Banks” and “Federal Funds Sold,” if any exist at year-end.

Life insurance contracts

Life insurance contracts represent single premium life insurance contracts on the lives of certain officers of the Company. The Company is the owner of these policies, which were purchased in 2007 for $1,725,000, 2003 for $4,000,000, 2010 for $1,000,000 and in 2014 for $4,000,000 as a vehicle to fund split dollar endorsement plans. These contracts are reported at their cash surrender value and changes in the cash surrender value are included in other income and amounted to $322,160, $296,981 and $198,964 in 2015, 2014, and 2013, respectively.

Income taxes

Provisions for income taxes are based on taxes payable or refundable for the current year based on taxable income and deferred taxes on temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements. Deferred tax assets and liabilities are included in the financial statements at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

The Company follows the 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.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of significant accounting policies (continued)

Income taxes (continued)

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-than-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 that some portion or all of deferred tax asset will not realized.

The Company recognizes interest and penalties on income taxes as a component of income tax expense.

Earnings per share

Basic earnings per share represents income available to common shareholders divided by the weighted-average number of common shares outstanding during the period.

Postretirement Benefits

The Company adopted accounting guidance related to postretirement benefits for certain employees. The Company has effectively agreed to maintain a life insurance policy during the employees' retirement.

Reclassification

Certain amounts in the prior year consolidated financial statements have been reclassified to conform with the current year presentation.

2. Acquisition activity

On December 31, 2012, Jeff Davis Bancshares Inc. acquired Guaranty Bank, a full service commercial bank headquartered in Evangeline Parish with four locations in Eunice, Ville Platte, Vidrine and Mamou. The Company acquired Guaranty Bank in order to further expand its banking operating in Southwest Louisiana, increase its liquidity and increase its Tier 1 capital for future growth and expansion. The acquisition was accounted for under the purchase method of accounting. Both the purchased assets and liabilities assumed were recorded at fair value as of December 31, 2012. The Company acquired all of the outstanding common stock of the former Guaranty Bank shareholders for a total consideration of $20,918,452 in cash, as shown in the table on the following page.

2. Acquisition activity (continued)

	Amount
Cash Purchase	$ 20,918,452
Fair Value of Net Assets Assumed including Identifiable Intangible Assets	(18,803,489)
Goodwill	$ 2,114,963

Identifiable intangible assets, including core deposit intangible assets, were recorded at fair value. Because the consideration paid was greater than the net fair value of the acquired assets and liabilities, the Bank recorded goodwill as part of the acquisition.

Subsequent to the purchase of Guaranty Bank, Jeff Davis Bancshares Inc. transferred the fair value of the assets and liabilities to JD Bank ("the Bank").

The Bank's consolidated financial statements as of December 31, 2012 do not include the operating results or the acquired assets and assumed liabilities due to the timing of the acquisition.

3. Cash and due from banks

The Bank is required to maintain certain cash balances relating to its deposit liabilities. This requirement is ordinarily satisfied by cash on hand.

4. Investment securities

Debt and equity securities have been classified in the balance sheets according to management's intent. The amortized cost and estimated fair value of securities classified as available-for-sale at December 31, 2015, consisted of the following:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. treasury securities	$ 2,094,760	$ -	$ (24,604)	$ 2,070,156
Mortgage-backed securities	44,975,037	2,023,813	(274,037)	46,724,813
U.S. agencies	13,046,523	691	(15,332)	13,031,882
States and political subdivisions	40,196,081	2,260,841	(6,817)	42,450,105
Totals	$ 100,312,401	$ 4,285,345	$ (320,790)	$ 104,276,956

At December 31, 2015, the Company held no securities of any single issuer (excluding the U.S. government and federal agencies) with a book value that exceeded 10% of stockholders' equity.

Securities classified as held-to-maturity at December 31, 2015, consisted of the following:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
States and political subdivisions	$ 23,539,872	$ 244,135	$ (23,620)	$ 23,760,3867

4. Investment securities (continued)

Securities classified as available-for-sale at December 31, 2014, consisted of the following:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. treasury securities	$ 9,172,916	$ 2,216	$ (40,248)	$ 9,134,884
Mortgage-backed securities	57,604,562	2,405,300	(920,723)	59,089,139
U.S. agencies	25,168,969	370,342	(39,477)	25,499,834
States and political subdivisions	52,011,011	2,595,079	(24,665)	54,581,425
Totals	$ 143,957,458	$ 5,372,937	$ (1,025,113)	$ 148,305,282

During 2014, the Company transferred securities with a fair value of approximately $27,452,000 from the available-for-sale category to the held-to-maturity category. As of December 31, 2015 and 2014, approximately $220,500 and $288,000, respectively, of unrealized gains are included in other comprehensive income and will be amortized over the remaining life of the security as an adjustment of yield.

Securities classified as held-to-maturity at December 31, 2014, consisted of the following:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
States and political subdivisions	$ 27,451,910	$ 345,614	$ (57,371)	$ 27,740,153

The amortized costs and estimated market values of debt securities at December 31, 2015, by contractual maturity, are shown below. Actual maturities may differ from contractual maturities because borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

Available-for-Sale:	Amortized Cost	Fair Value
Within one year	$ 14,349,719	$ 14,334,038
Greater than one but within five years	7,016,128	7,232,829
Greater than five but within ten years	16,464,484	17,283,899
Greater than ten years	62,482,070	65,426,190
	$ 100,312,401	$ 104,276,956

Held-to-Maturity:	Amortized Cost
Within one year	$ 1,865,637
Greater than one but within five years	6,511,221
Greater than five but within ten years	6,979,707
Greater than ten years	8,183,307
	$ 25,539,872

4. Investment securities (continued)

Investment securities with carrying values of approximately $5,827,000 and $90,292,000 at December 31, 2015 and 2014, respectively, were pledged to secure public deposits and securities sold under repurchase agreements and for other purposes as required or permitted by law. At December 31, 2015, JD Bank also has a $75,000,000 fluctuating balance letter of credit with Federal Home Loan Bank of Dallas for the purpose of securing public funds, of which, $71,200,000 was pledged.

Information pertaining to securities with gross unrealized losses at December 31, 2015, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, follows:

Available-for-sale:

	Less than twelve months			Over twelve months		
	Number of Securities	Gross Unrealized Losses	Fair Value	Number of Securities	Gross Unrealized Losses	Fair Value
U.S. treasury Securities	1	$ (1,226)	$ 1,005,156	1	$ (23,377)	$ 1,065,000
Mortgage-backed Securities	3	(22,232)	4,228,635	4	(251,805)	7,427,589
U.S. agencies	9	(15,332)	11,024,715	-	-	-
State and political Subdivisions	3	(4,026)	461,975	3	(2,792)	203,406
Totals	16	$ (42,816)	$ 16,720,481	8	$ (277,974)	$ 8,695,995

Held-to-maturity:

	Less than twelve months			Over twelve months		
	Number of Securities	Gross Unrealized Losses	Fair Value	Number of Securities	Gross Unrealized Losses	Fair Value
State and political Subdivisions	-	$ -	$ -	21	$ (23,620)	$ 2,113,636

4. Investment securities (continued)

Information pertaining to securities with gross unrealized losses at December 31, 2014, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, follows:

Available-for-sale:

	Less than twelve months			Over twelve months		
	Number of Securities	Gross Unrealized Losses	Fair Value	Number of Securities	Gross Unrealized Losses	Fair Value
U.S. treasury Securities	2	$ (40,248)	$ 2,081,172	-	$ -	$ -
Mortgage-backed Securities	9	(920,723)	13,471,707	-	-	-
U.S. agencies	12	(39,477)	14,139,544	-	-	-
State and political Subdivisions	31	(24,665)	4,005,739	-	-	-
Totals	54	$ (1,025,113)	$ 33,698,162	-	$ -	$ -

Held-to-maturity:

	Less than twelve months			Over twelve months		
	Number of Securities	Gross Unrealized Losses	Fair Value	Number of Securities	Gross Unrealized Losses	Fair Value
State and political Subdivisions	31	$ (57,371)	$ 3,127,592	-	$ -	$ -

Most of these unrealized losses result from securities which were purchased at a premium in anticipation of a more stable interest rate environment. Management and the Asset/Liability Committee are continually monitoring the securities portfolio. Accordingly, management is able to effectively measure and monitor the unrealized loss position on these securities and because the Company does not intend to sell the securities 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, the Company does not consider these securities to be other-than-temporarily impaired at December 31, 2015. Additionally, the Company believes that its premium amortization policies are appropriate and will result in a reasonable return on these investments being recorded in the statements of operations.

5. Loans and allowance for loan losses

The components of loans in the consolidated balance sheets at December 31, 2015 and 2014 were as follows (in thousands):

	2015	2014
Commercial loans	$ 89,186	$ 84,989
Commercial real estate loans	232,078	176,579
Consumer loans	47,553	46,535
Residential loans	218,585	192,780
	587,402	500,883
Allowances for loan losses	(4,796)	(5,414)
Loans, net	$ 582,606	$ 495,469

5. Loans and allowance for loan losses (continued)

The Bank has an established methodology to determine the adequacy of the allowance for loan losses that assesses the risks and losses inherent in the Bank's portfolio. For purposes of determining the allowance for loan losses, the Bank segments loans in its portfolio by class code. The models and assumptions the Bank uses to determine the allowance are reviewed internally to ensure that their theoretical foundation, assumptions, data integrity, computational processes, reporting practices, and end-user controls are appropriate and properly documented.

The Bank's Estimation Process

The Bank estimates loan losses using a 5 year weighted average historical loss percentage for all loans, which are based on historical loss percentage and estimated losses on individually evaluated impaired loans. Management then applies judgment to develop its own view of loss probability using external and internal parameters with the objective of establishing an allowance for the losses inherent for these portfolios as of the reporting date.

Substantially all of the Bank's consumer loans are secured by collateral. In order to track and measure the risk of nonperformance for these loans, the Bank periodically obtains updates of the credit scores for all loans and considers local economic factors which may affect collateral values.

Reflected in the portions of the allowance previously described is an amount for uncertainty inherent in estimates used for the allowance, which may change from period to period. This amount is the result of management's judgment of risks inherent in the portfolios, economic uncertainties, historical loss experience and other subjective factors, including industry trends, calculated to better reflect the Bank's view of risk in the loan portfolio. No single statistic or measurement determines the adequacy of the allowance for loan loss. Changes in the allowance for loan loss and the related provision expense can materially affect net income.

Loans by Segment

The total allowance reflects management's estimate of loan losses inherent in the loan portfolio at the balance sheet date. The Bank considers the allowance for loan losses of $4,795,775, $5,413,684 and $4,949,932 adequate to cover loan losses inherent in the loan portfolio at December 31, 2015, 2014 and 2013 respectively. The following table presents by loan segment, the changes in the allowance for loan losses and the recorded investment in loans.

5. Loans and allowance for loan losses (continued)

Loans by Segment (continued)

Allowance for Loan Losses and Recorded Investment in Loans
For the Year Ended December 31, 2015

	Commercial	Commercial Real Estate	Consumer	Residential	Total
Allowance for Loan Losses:					
Beginning balance	$ 947,103	$ 1,843,567	$ 134,136	$ 2,488,878	$ 5,413,684
Charge-offs	(1,766,671)	-	(406,788)	(643,826)	(2,817,285)
Recoveries	22,508	-	101,450	17,618	141,576
Provision	1,290,411	-	317,354	450,035	2,057,800
Ending balance	$ 493,351	$ 1,843,567	$ 146,152	$ 2,312,705	$ 4,795,775
Ending allowance balance, individually evaluated for impairment	$ 145,178	$ 15,317	$ 146,152	$ 70,518	$ 377,165
Ending allowance balance, collectively evaluated for impairment	$ 348,173	$ 1,828,250	$ -	$ 2,242,187	$ 4,418,610
Loans (in thousands):					
Ending total loan balance	$ 89,186	$ 232,078	$ 47,553	$ 218,585	$ 587,402
Ending loan balance, individually evaluated for impairment	$ 575	$ 353	$ 578	$ 3,917	$ 5,423
Ending loan balance, collectively evaluated for impairment	$ 88,611	$ 231,725	$ 46,975	$ 214,668	$ 581,979

5. Loans and allowance for loan losses (continued)

Loans by Segment (continued)

Allowance for Loan Losses and Recorded Investment in Loans
For the Year Ended December 31, 2014

	Commercial	Commercial Real Estate	Consumer	Residential	Total
Allowance for Loan Losses:					
Beginning balance	$ 894,967	$ 1,474,194	$ 300,028	$ 2,280,743	$ 4,949,932
Charge-offs	(99,685)	-	(309,662)	(145,003)	(554,350)
Recoveries	510	55,000	60,921	9,921	126,352
Provision	151,311	314,373	82,849	343,217	891,750
Ending balance	$ 947,103	$ 1,843,567	$ 134,136	$ 2,488,878	$ 5,413,684
Ending allowance balance, individually evaluated for impairment	$ 896,653	$ 8,723	$ 4,761	$ 105,710	$ 1,015,847
Ending allowance balance, collectively evaluated for impairment	$ 50,450	$ 1,834,844	$ 129,375	$ 2,383,168	$ 4,397,837
Loans (in thousands):					
Ending total loan balance	$ 84,989	$ 176,579	$ 46,535	$ 192,780	$ 500,883
Ending loan balance, individually evaluated for impairment	$ 2,550	$ 302	$ 73	$ 1,897	$ 4,822
Ending loan balance, collectively evaluated for impairment	$ 82,439	$ 176,277	$ 46,462	$ 190,883	$ 496,061

Allowance for Loan Losses and Recorded Investment in Loans
For the Year Ended December 31, 2013

	Commercial	Commercial Real Estate	Consumer	Residential	Total
Allowance for Loan Losses:					
Beginning balance	$ 644,355	$ 1,353,794	$ 456,153	$ 2,172,441	$ 4,626,743
Charge-offs	(21,858)	(630)	(299,703)	(85,327)	(407,518)
Recoveries	213,907	-	100,632	25,748	340,287
Provision	58,563	121,030	42,946	167,881	390,420
Ending balance	$ 894,967	$ 1,474,194	$ 300,028	$ 2,280,743	$ 4,949,932
Ending allowance balance, individually evaluated for impairment	$ 650,601	$ 34,245	$ 24,869	$ 241,659	$ 951,374
Ending allowance balance, collectively evaluated for impairment	$ 244,366	$ 1,439,949	$ 275,159	$ 2,039,084	$ 3,998,558
Loans (in thousands):					
Ending total loan balance	$ 61,887	$ 138,958	$ 44,588	$ 162,827	$ 408,260
Ending loan balance, individually evaluated for impairment	$ 2,515	$ 620	$ 151	$ 2,341	$ 5,627
Ending loan balance, collectively evaluated for impairment	$ 59,372	$ 138,338	$ 44,437	$ 160,486	$ 402,633

5. Loans and allowance for loan losses (continued)

Credit Quality Information

All loans are subject to individual risk assessments using the following factors: ability of borrower to pay, financial condition of borrower, management ability of the borrower, collateral and guarantors, loan structure, and industry and economics. The Bank uses the following risk rating definitions to assess risk within the commercial loan portfolio.

Grade A – High quality loans are characterized by liquid collateral adequately margined and/or supported by a strong financial statement of recent date that is unquestionably reliable. Character of endorsers or guarantors is unquestionable. The business or individual is consistently above its peers. The borrower is characterized by liquidity, minimum risks, significant earning capacity and low handling costs (reflect no loss under any conceivable situation).

Grade B – Reflects strong, current financial statements and/or secured by collateral that is adequately margined to cover total debt plus any collection costs incurred in foreclosure if necessary. Primary, as well as secondary, source of repayment is evident. A defined agreed upon repayment schedule over a reasonable period exists.

Grade C – Satisfactory loans of average strength, having some deficiency or vulnerability to changing economics or industry conditions but currently collectible. Secured loan lacking in margin and/or liquidity. Assets supporting loans are generally non liquid and/or some form of documentation of support and/or repayment ability may be deficient or lacking.

Grade D – First classification that has relevance to Regulator classification. This is a warning classification which portrays one or more deficiencies that has potential weakness that may result in deterioration of repayment prospects for the asset or in the Bank's credit position at some future date. This is not adversely classified. Apparent deterioration in financial condition of credit is evident and deserves immediate attention and correction of its causes by the lending staff in order to prevent further deterioration of the Bank's position.

Grade E – Loans in this category are comprised of loans that have undue and unwarranted credit risk, may be inadequately protected by current sound worth and/or collection or liquidation in full is questionable, but because of certain reasonably specific pending factors which may strengthen the credit, its classification of a loss is deferred until a more exact status can be determined.

The Bank uses the following risk rating definitions to assess risk within the consumer and residential loan portfolio.

Pass – loans not meeting the special mention, doubtful, and substandard ratings are considered to be pass rated loans.

Special Mention – loans which are superior in quality to those classified substandard, doubtful, or loss but which are believed to warrant more than usual management attention. Loans in this category are not considered to be classified because they are currently protected but are potentially weak. They constitute an undue and unwarranted credit risk. Economic or market conditions may affect the borrower in the future. Adverse trends or an unbalanced financial position have not reached a point where liquidation of the debt is jeopardized, but that point could be reached in the future if trends continue.

Credit Quality Information (continued)

Substandard – loans that are inadequately protected by current sound worth and paying capacity of the borrower, or pledged collateral, if any, or represents a protracted workout. These loans must have well defined weaknesses that are characterized by the distinct possibility that the Bank will sustain a loss if the deficiencies are not corrected.

Doubtful – loans that have all the weaknesses inherent in a substandard loan plus their collection or liquidation in full is highly questionable. The possibility of loss is extremely high, but because of certain reasonably specific pending factors which may strengthen the credit, its classification as a loss is deferred until a more exact status can be determined.

Loss – loans that are considered uncollectible in full within a reasonable length of time and are of such little value that their continuance as an active asset is not warranted. This classification does not mean that there is no possibility of recovery or salvage value, but rather it is not practical to defer writing off the asset even though a partial recovery may be made in the future.

Performing – loans not meeting the non-performing criteria are considered to be performing.

Non-performing – loans which are past due greater than 90 days and still accruing interest and loans on nonaccrual.

The table below presents classes of outstanding loans by risk category (in thousands):

Credit Quality Indicators
Credit Risk Profile by Creditworthiness Category by Class of Loan
December 31, 2015

	Commercial Loans	Commercial Real Estate	Residential Loans	Consumer Loans
Grade A	$ 5,670	$ 19,021	$ -	$ -
Grade B	66,122	159,923	-	-
Grade C	13,408	38,897	-	-
Grade D	71	13,459	-	-
Grade E	3,915	778	-	-
Pass	-	-	212,803	-
Special Mention	-	-	872	-
Substandard	-	-	4,910	-
Doubtful	-	-	-	-
Performing	-	-	-	47,050
Non-performing	-	-	-	503
Total	$ 89,186	$ 232,078	$ 218,585	$ 47,553

5. Loans and allowance for loan losses (continued)

Credit Quality Information (continued)

Credit Quality Indicators
Credit Risk Profile by Creditworthiness Category by Class of Loan
December 31, 2014

	Commercial Loans	Commercial Real Estate	Residential Loans	Consumer Loans
Grade A	$ 8,412	$ 9,405	$ -	$ -
Grade B	59,844	143,068	-	-
Grade C	14,319	19,128	-	-
Grade D	5	181	-	-
Grade E	2,409	4,797	-	-
Pass	-	-	188,964	-
Special Mention	-	-	-	-
Substandard	-	-	3,770	-
Doubtful	-	-	46	-
Performing	-	-	-	46,450
Non-performing	-	-	-	85
Total	$ 84,989	$ 176,579	$ 192,780	$ 46,535

Troubled Debt Restructurings

The following table includes loans modified as TDRs by portfolio class at December 31, 2015:

	Number of Loans	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
Troubled Debt Restructurings:			
Consumer - other	1	$ 6,472	$ 5,367
Consumer - real estate	2	333,720	326,395
Commercial - real estate	2	131,355	120,208
Commercial - C&I	2	67,667	62,082
Total	7	$ 539,214	$ 514,052

5. Loans and allowance for loan losses (continued)

Troubled Debt Restructurings (continued)

The following table includes loans modified as TDRs by portfolio class at December 31, 2014:

	Number of Loans	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
Troubled Debt Restructurings:			
Consumer - other	1	$ 6,472	$ 5,763
Consumer - real estate	1	213,092	208,618
Commercial - real estate	1	49,205	39,223
Commercial - C&I	2	84,555	62,935
Total	5	$ 353,324	$ 316,539

The modification of the terms of such commercial loans performed during the year ended December 31, 2015 and 2014 included an extension to the maturity of the loans. The modification of the commercial real estate loans performed during the year ended December 31, 2015 and 2014 included an extension of the maturity date at a stated rate of interest lower than the current market rate and a permanent reduction of the recorded investment in the loans. The modification of the consumer real estate loans during the year ended December 31, 2015 and 2014 included a permanent reduction of the recorded investment in the loans and a stated rate of interest lower than the current market rate. The modification of the consumer – other loan during December 31, 2015 and 2014 included an extension to the maturity of the loan. The extensions were for periods ranging from 36 months to 20 years.

Age Analysis of Past Due Loans by Class

Following is a table which includes an aging analysis of the recorded investment of past due loans as of December 31, 2015.

Credit Quality Information
Age Analysis of Past Due Loans by Class of Loan
As of December 31, 2015
(in thousands)

	30-89 Days Past Due	Greater than 90 Days & still accruing	Total Past Due	Nonaccruals	Current	Total Receivables
Commercial	$ 3,580	$ -	$ 3,580	$ 336	$ 85,270	$ 89,186
Commercial Real Estate	648	124	772	226	231,080	232,078
Consumer	1,389	63	1,452	381	45,720	47,553
Consumer Real Estate	4,894	174	5,068	2,942	210,575	218,585
Ending balance	$ 10,511	$ 361	$ 10,872	$ 3,885	$ 572,645	$ 587,402

5. Loans and allowance for loan losses (continued)

Age Analysis of Past Due Loans by Class (continued)

Following is a table which includes an aging analysis of the recorded investment of past due loans as of December 31, 2014.

Credit Quality Information
Age Analysis of Past Due Loans by Class of Loan
As of December 31, 2014
(in thousands)

	30-89 Days Past Due	Greater than 90 Days & still accruing	Total Past Due	Nonaccruals	Current	Total Receivables
Commercial	$ 1,746	$ 113	$ 1,859	$ 253	$ 82,877	$ 84,989
Commercial Real Estate	576	263	839	247	175,493	176,579
Consumer	1,112	136	1,248	62	45,225	46,535
Consumer Real Estate	3,609	1,349	4,958	1,077	186,745	192,780
Ending balance	$ 7,043	$ 1,861	$ 8,904	$ 1,639	$ 490,340	$ 500,883

Nonaccrual Loans

Generally, consumer loans not secured by real estate or autos are placed on nonaccrual status only when part of the principal has been charged off. These loans are charged off or charged down to the net realizable value of the collateral when deemed uncollectible, due to bankruptcy or other factors.

The Bank places a loan on nonaccrual status, until it qualifies for return to accrual status. Generally the Bank returns a loan to accrual status when (a) all delinquent interest and principal become current under the terms of the loan agreement or (b) the loan is both well-secured and in the process of collection and collectability is no longer doubtful.

The Bank has determined that the entire balance of a loan is contractually delinquent for all classes if the minimum payment is not received by the specified due date on the borrower's statement. Interest and fees continue to accrue on past due loans until the date the loan goes into nonaccrual status, if applicable.

Impaired Loans

The Bank considers a loan to be impaired when, based on current information and events, the Bank determines that the Bank will not be able to collect all amounts due according to the loan contract, including scheduled interest payments. Determination of impairment is treated the same across all classes of loans. When the Bank identifies a loan as impaired, the Bank measures the impairment based on the present value of expected future cash flows, discounted at the loan's effective interest rate, except when the sole (remaining) source of repayment for the loan is the operation or liquidation of the collateral. In these cases, the Bank uses the current fair value of the collateral, less selling costs when foreclosure is probable, instead

5. Loans and allowance for loan losses (continued)

Impaired Loans (continued)

of discounted cash flows. If the Bank determines that the value of the impaired loan is less than the recorded investment in the loan (net of previous charge-offs, deferred loan fees or costs and unamortized premium or discount), the Bank recognizes impairment through an allowance estimate or a charge-off to the allowance.

When the ultimate collectability of the total principal of an impaired loan is in doubt and the loan is on nonaccrual status, all payments are applied to principal, under the cost recovery method. When the ultimate collectability of the total principal of an impaired loan is not in doubt and the loan is on nonaccrual status, contractual interest is credited to interest income when received, under the cash basis method.

The amount of interest not accrued on impaired loans did not have a significant effect on earnings in 2015, 2014 or 2013. The Bank is not committed to lend additional funds to debtors whose loans have been modified.

The following table includes the recorded investment and unpaid principal balances for impaired loans with the associated allowance amount, if applicable. The Bank determined the specific allowance based on the present value of expected future cash flows, discounted at the loan's effective interest rate, except when the remaining source of repayment for the loan is the operation or liquidation of the collateral. In those cases, the current fair value of the collateral, less selling costs was used to determine the specific allowance recorded.

Impaired loans information
Impaired loans by class with no related allowance recorded
As of December 31, 2015
(in thousands)

	Recorded Investment	Unpaid Principal balance	Related allowance	Interest income recognized
Commercial Loans	$ 285	$ 285	$ -	$ 23
Commercial R/E Loans	270	270	-	14
Consumer Loans	232	232	-	24
Residential Loans	3,163	3,163	-	144
	$ 3,950	$ 3,950	$ -	$ 205

Impaired loans information
Impaired loans by class with an allowance recorded
As of December 31, 2015
(in thousands)

	Recorded Investment	Unpaid Principal balance	Related allowance	Interest income recognized
Commercial Loans	$ 290	$ 290	$ 145	$ 14
Commercial R/E Loans	83	83	15	2
Consumer Loans	346	346	146	25
Residential Loans	754	754	71	39
	$ 1,473	$ 1,473	$ 377	$ 80

5. Loans and allowance for loan losses (continued)

Impaired Loans (continued)

Impaired loans information
Impaired loans by class with no related allowance recorded
As of December 31, 2014
(in thousands)

	Recorded Investment	Unpaid Principal balance	Related allowance	Interest income recognized
Commercial Loans	$ 207	$ 207	$ -	$ 7
Commercial R/E Loans	225	225	-	13
Consumer Loans	68	68	-	6
Residential Loans	1,198	1,198	-	66
	$ 1,698	$ 1,698	$ -	$ 92

Impaired loans information
Impaired loans by class with an allowance recorded
As of December 31, 2014
(in thousands)

	Recorded Investment	Unpaid Principal balance	Related allowance	Interest income recognized
Commercial Loans	$ 2,343	$ 2,343	$ 896	$ 83
Commercial R/E Loans	77	77	9	4
Consumer Loans	5	5	5	4
Residential Loans	699	699	106	46
	$ 3,124	$ 3,124	$ 1,016	$ 137

5. Loans and allowance for loan losses (continued)

Impaired Loans (continued)

Impaired loans information
Impaired loans by class with no related allowance recorded
As of December 31, 2013
(in thousands)

	Recorded Investment	Unpaid Principal balance	Related allowance	Interest income recognized
Commercial Loans	$ 7	$ 7	$ -	$ -
Commercial R/E Loans	212	212	-	3
Consumer Loans	110	110	-	23
Residential Loans	1,164	1,164	-	51
	$ 1,493	$ 1,493	$ -	$ 77

Impaired loans information
Impaired loans by class with an allowance recorded
As of December 31, 2013
(in thousands)

	Recorded Investment	Unpaid Principal balance	Related allowance	Interest income recognized
Commercial Loans	$ 2,508	$ 2,508	$ 651	$ 139
Commercial R/E Loans	408	408	34	22
Consumer Loans	41	41	25	4
Residential Loans	1,177	1,177	251	79
	$ 4,134	$ 4,134	$ 951	$ 244

6. Core deposit intangibles

At December 31, 2015 and 2014, the Bank had core deposit intangibles of $642,350 and $802,946, respectively related to the acquisition of Guaranty Bank. Intangible assets with a determinable useful life are amortized over their useful lives. The Bank's core deposit intangibles have a 7 year life. Estimated amortization expense for the seven succeeding years beginning with December 31, 2013 is $160,596 in each year.

7. Bank premises and equipment

Components of Bank premises and equipment included in the consolidated balance sheets at December 31, 2015 and 2014, were as follows:

	2015	2014
Buildings and leasehold improvements	$ 25,293,314	$ 23,167,516
Equipment	16,472,966	15,222,356
Land	5,219,286	5,219,286
Construction-in-progress	4,673	404,337
	46,990,239	44,013,495
Less: accumulated depreciation and amortization	(19,584,551)	(17,713,913)
	$ 27,405,688	$ 26,299,582

Depreciation expense amounted to $2,332,953, $2,099,864 and $1,697,055 during the years ended December 31, 2015, 2014 and 2013, respectively.

8. Time deposits

At December 31, 2015, the scheduled maturities of all outstanding certificates of deposit and IRA's were as follows:

Year ending December 31st	Amount
2016	$ 99,842,821
2017	24,422,661
2018	9,154,464
2019	6,489,506
2020	-
Thereafter	9,307,678
	$ 149,217,130

Included in deposits are $46,630,719 and $54,262,000 of certificates of deposit and IRA accounts greater than or equal to $250,000 at December 31, 2015 and 2014, respectively.

Total interest expense on certificates of deposit and IRA accounts was $1,000,662, $1,320,780, and $1,618,998 for the years ended December 31, 2015 2014, and 2013, respectively.

9. Other operating expenses

Other operating expenses for the years ended December 31, 2015, 2014 and 2013 were as follows:

	2015	2014	2013
Advertising and public relations	$ 1,883,077	$ 1,560,783	$ 1,308,759
Equipment and computer expenses	4,380,815	4,031,233	3,460,013
Professional fees and expenses	492,820	340,779	289,326
Regulatory assessments	518,061	486,213	434,351
Stationary and supplies	415,571	444,203	500,189
Other	4,767,004	4,692,272	4,336,497
	$ 12,457,348	$ 11,555,483	$ 10,329,135

10. Income taxes

The source and tax effect of items reconciling income tax expense to the amount computed by applying the federal income tax rates in effect to net income before income tax expense for the years ended December 31, 2015, and 2014, and 2013, are as follows:

	2015		2014		2013	
	Amount	Percent	Amount	Percent	Amount	Percent
Income before income taxes	$ 7,283,595	100.0%	$ 8,690,330	100.0%	$ 7,918,755	100.0%
U.S. Federal income tax expense	$ 2,476,423	34.0%	$ 2,954,712	34.0%	$ 2,692,377	34.0%
Municipal income	(862,478)	(11.8)	(1,184,352)	(13.6)	(1,201,592)	(15.2)
Other	(103,104)	(1.4)	(120,053)	(1.4)	18,862	.2
Income tax expense	$ 1,510,841	20.8%	$ 1,650,307	19%	$ 1,509,647	19%

The components of income tax expense (benefit) during the years ended December 31, 2015, and 2014, and 2013, were as follows:

	2015	2014	2013
Current tax expense	$ 1,457,118	$ 1,883,405	$ 2,239,779
Deferred tax expense (benefit)	53,723	(233,098)	(730,132)
	$ 1,510,841	$ 1,650,307	$ 1,509,647

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. Income taxes (continued)

The Company records deferred income taxes on the tax effect of changes in temporary differences. Deferred tax assets are subject to a valuation allowance if their realization is less than 50% probable. The deferred tax assets were comprised of the following at December 31, 2015 and 2014:

	2015	2014
Depreciation and amortization	($ 1,886,063)	($ 1,799,579)
Unrealized gains on available-for-sale securities	(1,422,924)	(1,576,263)
Goodwill amortization	(576,656)	(576,656)
Purchase accounting-securities	(108,535)	(143,508)
Purchase accounting-deposits	(218,433)	(365,832)
Other items	(47,161)	(39,168)
Gross deferred tax liability	(4,259,772)	(4,501,006)
Allowance for loan losses	1,598,151	1,783,931
Deferred compensation	106,792	126,983
Purchase accounting-loans	-	104,040
Other	13,708	167
Gross deferred tax asset	1,718,651	2,015,121
Less: deferred tax valuation allowance	-	-
Net deferred tax liability	($ 2,541,121)	($ 2,485,885)

11. Employee benefits

The Company offers a 401(k) Plan (the "Plan") to all employees who have completed three months of service and who have attained age 20. Plan assets are invested in the Company's securities or several other investment options. Contributions to the Plan are at the discretion of the Board of Directors, with limitations based on a percentage of the participants' compensation. Annual contributions are allocated to each participant's account in an amount equal to each participant's deferred compensation for the year. A participant's interest in his or her account balance becomes fully vested after completion of five years of service. The Company contributed $411,027, $431,521 and $400,808, to the Plan in 2015, 2014, and 2013, respectively. At December 31, 2015 and 2014, the Plan held 31,559 and 31,416 shares in common stock of the Company, respectively.

The Bank also offers a life insurance joint beneficiary plan with some of its executive officers. The Bank is the owner and beneficiary of split-dollar life insurance policies covering the lives of the officers. The plan provides for payment upon death of a calculated amount based primarily on the officer's salary to be paid from the proceeds of the policies to the officers' designated beneficiaries. The benefits have been accrued in the accompanying financial statements.

12. Contingencies

The Company is a party to various legal proceedings arising in the ordinary course of business. In the opinion of management, the ultimate resolution of these legal proceedings will not have a material adverse effect on the Company's financial statements.

13. Financial instruments with off-balance-sheet risk

To meet the financing needs of its customers the Bank is a party to various financial instruments with off-balance sheet risk in the normal course of business. These financial instruments include commitments to extend credit, standby letters of credit, and commercial letters of credit. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amounts recognized in the consolidated balance sheets. The contract or notional amounts of those instruments reflect the extent of the involvement the Bank has in particular classes of financial instruments. The Bank's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit, and commercial letters of credit is represented by the contractual notional amount of those instruments. The Bank uses the same credit policies in making these commitments and conditional obligations as it does for on-balance sheet instruments.

The following is a summary as of December 31, 2015 and 2014, of the various financial instruments entered into by the Bank:

	2015	2014
Commitments to extend credit	$ 108,798,450	$ 108,255,287
Standby letters of credit	2,930,909	2,316,787

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being fully drawn upon, the total commitment amounts disclosed above do not necessarily represent future cash requirements.

The Bank evaluates customers' creditworthiness on a case-by-case basis. The amount of collateral obtained, if considered necessary by the Bank upon extension of credit, is based on management's credit evaluation of the customer.

Standby letters of credit and commercial letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. 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 its customers. The contractual amounts of credit-related financial instruments, such as commitments to extend credit and letters of credit, represent the amounts of potential accounting loss should the contract be fully drawn upon, the customer default, and the value of any existing collateral become worthless.

14. Minimum regulatory capital requirements

Both the Company and the Bank are 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 Company's and the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, both the Company and 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 Bank's and the Company's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weighting, and other factors.

14. Minimum regulatory capital requirements (continued)

Quantitative measures established by regulation to ensure capital adequacy require the Company and the Bank to maintain minimum amounts and ratios (set forth in the table below) 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 Company and the Bank meet all capital adequacy requirements to which they are subject.

In 2014, FDIC adopted final rules implementing the Basel Committee on Banking Supervision's capital guidelines for U.S. banks. Under the final rules, minimum requirements will increase for both the quantity and quality of capital held by the Bank. The rules include a new common equity Tier 1 capital to risk-weighted assets minimum ratio of 4.5%; raise the minimum ratio of Tier 1 capital to risk-weighted assets from 4.0% to 6.0%; require a minimum ratio of Total capital to risk-weighted assets of 8.0%; and require a minimum Tier 1 leverage ratio of 4.0%. A new capital conservation buffer, comprised of common equity Tier 1 capital, is also established above the minimum regulatory capital requirements. This capital conservation buffer will be phased in beginning January 1, 2016 at 0.625% of risk-weighted assets and increases each subsequent year by an additional 0.625% until reaching its final level of 2.5% on January 1, 2019. Strict eligibility criteria for regulatory capital instruments were also implemented under the final rules.

The phase-in period for the final rules began for the Bank on January 1, 2015, with full compliance with all of the final rule's requirements phased in over a multi-year schedule and should be fully phased-in by January 1, 2019. Management believes that the Bank's capital levels will remain characterized as "well-capitalized" under the new rules.

The most recent examination by the Federal Deposit Insurance Corporation (as of December 31, 2014) categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To remain as well capitalized the Bank must maintain the ratios as set forth in the tables below. There are no conditions or events since that notification that management believes have changed the institution's category. The Bank's actual capital amounts and ratios as of December 31, 2015 and 2014, are presented in the table below.

14. Minimum regulatory capital requirements (continued)

The Bank's actual capital amounts and ratios as of December 31, 2015 and 2014, are also presented in the table below:

	Actual		Required For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2015:						
Company:						
Total Regulatory Capital To risk weighted assets	$73,825,000	12.35%	$47,841,000	≥8.0%	N/A	N/A
Tier I Capital to risk weighted assets	69,029,000	11.54%	23,921,000	≥6.0%	N/A	N/A
Tier I Leverage Capital	69,029,000	8.70%	31,721,000	≥4.0%	N/A	N/A
Common Equity Tier 1 capital (to risk weighted assets):	69,029,000	11.54%	26,911,000	>4.5	N/A	N/A
Bank:						
Total Regulatory Capital to risk weighted assets	$73,677,000	12.34%	$47,770,000	≥8.0%	$59,711,900	≥10.0%
Tier I Capital to risk weighted assets	68,880,000	11.54%	35,827,000	≥6.0%	47,770,000	≥8.0%
Tier I Leverage Capital	68,880,000	8.70%	31,685,000	≥4.0%	39,606,000	≥5.0%
Common Equity Tier 1 capital (to risk weighted assets):	68,880,000	11.54%	26,870,000	≥4.5%	38,813,000	≥6.0%

14. Minimum regulatory capital requirements (continued)

	Actual		Required For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2014:						
Company:						
Total Regulatory Capital To risk weighted assets	$ 70,954,000	13.90%	$ 40,831,000	≥8.0%	N/A	N/A
Tier I Capital to risk weighted assets	65,540,000	12.84%	20,415,000	≥4.0%	N/A	N/A
Tier I Leverage Capital	65,540,000	8.71%	30,102,000	≥4.0%	N/A	N/A
Bank:						
Total Regulatory Capital to risk weighted assets	$ 71,180,000	13.99%	$ 40,716,000	≥8.0%	$ 50,895,000	≥10.0%
Tier I Capital to risk weighted assets	65,766,000	12.92%	20,358,000	≥4.0%	30,537,000	≥6.0%
Tier I Leverage Capital	65,766,000	8.73%	30,134,000	≥4.0%	37,668,000	≥5.0%

15. Disclosures about fair value of financial instruments

In accordance with the *Fair Value Measurements and Disclosure* topic of the Accounting Standards Codification, disclosure of fair value information about financial instruments, whether or not recognized in the balance sheets, is required. Fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instruments. Therefore, the aggregate fair value amounts presented do not represent the underlying value of the Company.

The fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

15. Disclosures about fair value of financial instruments (continued)

Fair Value Hierarchy

In accordance with this guidance, the Bank groups its financial assets and financial liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

- Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement, determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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

Investments and Mortgage-Backed Securities – Where quoted prices are available in an active market, the securities are classified within level 1 of the valuation hierarchy. Securities are defined as both long and short positions. Level 1 securities include highly liquid government bonds and exchange-traded equities.

If quoted market prices are not available, fair values are estimated using pricing models and discounted cash flows that consider standard input factors such as observable market data, benchmark yields, interest rate volatilities, broker/dealer quotes, and credit spreads. Examples of such instruments, which would generally be classified within level 2 of the valuation hierarchy, include GSE obligations, corporate bonds, and other securities. Mortgage-backed securities are included in level 2 if observable inputs are available. In certain cases where there is limited activity or less transparency around inputs to the valuation, those securities are classified within level 3.

15. Disclosures about fair value of financial instruments (continued)

Fair Value Hierarchy (continued)

Cash and due from banks – For those short-term instruments, the carrying amount is a reasonable estimate of fair value.

Federal funds sold/purchased and securities sold under repurchase agreements – The carrying amount approximates fair value.

Loans – For variable-rate loans that re-price frequently and with no significant change in credit risk, fair values are based on carrying values. Fair values for certain mortgage loans (for example, one-to-four family residential), credit card loans, and other consumer loans are based on quoted market prices of similar sold in conjunction with securitization transactions, adjusted for differences in loan characteristics. Fair values for other loans such as commercial real estate and investment property mortgage loans, commercial and industrial loans are estimated using discounted cash flow analyses, using market interest rates for comparable loans. Fair values for nonperforming loans are estimated using discounted cash flow analyses or underlying collateral values, where applicable.

Deposit Liabilities – The fair values disclosed for demand deposits (for example, interest and noninterest checking, pass book savings, and certain types of money market accounts) are, by definition, equal to the amount payable on demand at the reporting date (that is, their carrying amounts). The carrying amounts of variable-rate, fixed-term money market accounts and certificates of deposit approximate their fair values at the reporting date. Fair values for fixed-rate certificates of deposit are estimated using a discounted cash flow calculation that applies market interest rates on comparable instruments to a schedule of aggregated expected monthly maturities on time deposits.

Short-Term Borrowings – The carrying amounts of federal funds purchased, borrowings under repurchase agreements, and other short-term borrowings maturing within ninety days approximate their fair values. Fair values of other short-term borrowings are estimated using discounted cash flow analyses based on current market rates for similar types of borrowing arrangements.

Other Borrowed funds – The fair value of advances from the FHLB are based on the discounted value of contractual cash flows, using current rates for discounting purposes.

Accrued Interest – The carrying amounts of accrued interest approximate fair value.

Commitments – The fair value of commitments to extend credit was not significant.

15. Disclosures about fair value of financial instruments (continued)

Fair Value of Assets Measured on a Recurring Basis

Assets and liabilities measured at fair value on a recurring basis are summarized below:

	Level 1	Level 2	Level 3
December 31, 2015,			
U.S. Treasury securities	$ -	$ 2,070,156	$ -
Mortgage-backed securities	-	46,724,813	-
U.S. Agencies	-	13,031,882	-
State & political subdivisions	-	42,450,105	-
Securities available-for-sale	$ -	$ 104,276,956	$ -
December 31, 2014,			
U.S. Treasury securities	$ -	$ 9,134,884	$ -
Mortgage-backed securities	-	59,089,139	-
U.S. Agencies	-	25,499,834	-
State & political subdivisions	-	54,581,425	-
Securities available-for-sale	$ -	$ 148,305,282	$ -

The majority of the Level 3 instruments consist of state political notes and bonds classified as available-for-sale. The following table presents the changes in fair value for the years ended December 31, 2015 and 2014, in Level 3 instruments that are measured at fair value on a recurring basis:

Balance, December 31, 2013	$ 15,980,156
Transfer to held to maturity	(15,980,156)
Balance, December 31, 2014	$ -
Balance, December 31, 2015	$ -

During the year ended December 31, 2014 the Company transferred the assets previously classified as Level 3 instruments to the held-to-maturity category which are no longer measured at fair value on a recurring basis. See Note 4.

Fair Value Assets Measured on a Nonrecurring Basis

The Bank did not record any assets or liabilities at fair value for which measurement of the fair value was made on a nonrecurring basis during the years ended December 31, 2015 or 2014.

15. Disclosures about fair value of financial instruments (continued)

The estimated fair values of the Company's financial instruments at December 31, 2015, were as follows (in thousands):

	Carrying Amount	Fair Value
Financial assets:		
Cash and due from banks and interest bearing deposits in other banks	$ 31,162	$ 31,162
Securities available-for-sale	104,277	104,175
Securities held to maturity	23,540	23,540
Loans, net of allowance	582,606	598,805
Financial liabilities:		
Noninterest bearing deposits	236,622	236,622
Interest bearing deposits	461,492	457,155
Securities sold under repurchase agreements	1,150	1,150
Other borrowed funds	18,955	18,939

The estimated fair values of the Company's financial instruments at December 31, 2014, were as follows (in thousands):

	Carrying Amount	Fair Value
Financial assets:		
Cash and due from banks and interest bearing deposits in other banks	$ 50,313	$ 50,313
Securities available-for-sale	148,305	148,305
Securities held to maturity	27,452	27,452
Loans, net of allowance	495,469	511,026
Financial liabilities:		
Noninterest bearing deposits	229,695	229,695
Interest bearing deposits	465,843	461,520
Securities sold under repurchase agreements	3,023	3,023

16. Other borrowed funds and lines of credit

The Bank has established a federal funds line-of-credit with First National Banker's Bank (FNBB) and Federal Home Loan Bank to provide additional sources of operating funds. The Bank can borrow up to approximately $25,000,000 and $256,789,269, respectively under these agreements at December 31, 2015. There was nothing drawn under the agreement with FNBB at December 31, 2015. There was $18,944,646 in advances outstanding as of December 31, 2015, under the agreement with the FHLB. There was no balance in the federal funds purchased borrowings as of December 31, 2015 and 2014.

17. Related Party Transactions

Loans are made in the normal course of business to its directors, executive officers and their associates on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons. Such loans did not involve more than normal risks of collectability. An analysis of activity during 2015 and 2014 with respect to loans to officers and directors of the Bank is as follows:

	2015	2014
Balance - beginning of year	$ 2,887,046	$ 3,883,856
New loans	2,605,660	3,797,940
Payments	(1,633,683)	(4,794,750)
Balance - end of year	$ 3,859,023	$ 2,887,046

Included in deposits are deposits from directors, officers, their immediate families, and related companies. These accounts totaled approximately $5,962,051 and $8,415,328 at December 31, 2015 and 2014, respectively.

18. Loan Servicing

The Bank entered into an agreement with a customer on February 7, 2013 in which the Bank agreed to service loans owned by the customer. The servicing of these loans began on March 19, 2013. The Bank will collect the note payments and escrow for these loans and deposit into a Jeff Davis Bank account owned by the customer. Jeff Davis will also send past due notices on the loans through the Bank's normal collection procedures. Per the agreement terms, loans that are 90 days past due will be transferred back to the customer for their collection and foreclosure efforts. The total loan balance being serviced at December 31, 2015 and 2014 is $2,383,205 and $2,841,337, respectively, and is properly not recorded on the Bank's financial statements.

19. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued March 8, 2016 and determined that there were no events that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

20. Bank Only Financial Statements

STATEMENTS OF FINANCIAL CONDITION
DECEMBER 31, 2015 AND 2014

ASSETS

	2015	2014
Cash and due from banks	$ 29,986,906	$ 25,012,988
Interest bearing deposits in other banks	1,175,000	25,300,000
Securities available-for-sale	104,276,956	148,305,282
Securities held to maturity	23,539,872	27,451,910
Other stocks, at cost	7,510,429	5,880,134
Loans, less allowances for loan losses of $4,795,775 and $5,413,684 at December 31, 2015 and 2014, respectively	582,605,590	495,469,449
Accrued interest receivable	3,086,912	3,326,046
Bank premises and equipment, net	27,387,321	26,275,257
Other real estate owned	272,650	177,593
Goodwill and other intangibles	4,821,895	4,982,491
Life insurance contracts	12,454,782	12,132,621
Other assets	1,910,670	3,045,366
Total assets	$ 799,028,983	$ 777,359,137

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities:	2015	2014
Deposits		
Demand deposit accounts, non-interest bearing	$ 222,677,527	$ 216,755,660
Demand deposit accounts, interest bearing	148,929,047	144,450,760
Individual retirement accounts	21,226,837	22,276,648
Savings accounts	163,345,518	147,130,837
Certificates of deposit - $100,000 and over	43,713,194	52,682,012
Other certificates of deposit	84,277,099	99,302,936
Other deposit accounts	14,193,608	13,579,133
	698,362,830	696,177,986
Securities sold under repurchase agreements	1,149,709	3,022,178
Other borrowed funds	18,944,646	1,000
Accrued interest payable	84,109	148,684
Accrued expenses and other liabilities	4,143,816	4,147,653
Dividends payable	855,336	855,400
Total liabilities	723,540,446	704,352,901
Commitments and Contingencies	-	-
Stockholder's equity:		
Common stock; $12.50 par value; 1,536,000 shares authorized; 768,000 shares issued and outstanding at December 31, 2015 and 2014	9,600,000	9,600,000
Capital surplus	22,400,000	22,400,000
Undivided profits	40,726,390	37,946,432
Accumulated other comprehensive income	2,762,147	3,059,804
Total stockholder's equity	75,488,537	73,006,236
Total liabilities and stockholder's equity	$ 799,028,983	$ 777,359,137

20. Bank Only Financial Statements (continued)

STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
INTEREST INCOME		
Interest and fees on loans	$ 29,289,036	$ 24,620,020
Investment securities:		
Taxable	1,861,096	2,582,463
Non-taxable	2,623,939	3,582,297
Federal funds sold and interest bearing deposits in other banks	11,793	39,623
Total interest income	33,785,864	30,824,403
INTEREST EXPENSE		
Interest on deposits	2,617,678	2,670,498
Interest on securities sold under repurchase agreements	12,332	3,148
Total interest expense	2,630,010	2,673,646
NET INTEREST INCOME	31,155,854	28,150,757
Provision for loan losses	2,057,800	891,750
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	29,098,054	27,259,007
NONINTEREST INCOME		
Service charges and fees on deposit accounts	7,755,428	7,274,330
Trust department income	886,876	881,456
Other income	706,658	1,888,323
	9,348,962	10,044,109

20. Bank Only Financial Statements (continued)

STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
NONINTEREST EXPENSES		
Salaries and employee benefits	$ 16,818,562	$ 15,249,472
Occupancy expenses	2,326,995	2,093,374
Other operating expenses	12,391,378	11,408,605
	31,536,935	28,751,451
INCOME BEFORE INCOME TAX EXPENSE	6,910,081	8,551,665
Income tax expense	1,383,780	1,592,251
NET INCOME	5,526,301	6,959,414
OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized net holding gain (loss) on available-for-sale securities arising during the period, net of taxes of ($130,311) and $806,679	(297,657)	1,756,146
	(297,657)	1,756,146
COMPREHENSIVE INCOME	$ 5,228,644	$ 8,715,560

21. Parent Only Financial Statements

BALANCE SHEETS
DECEMBER 31, 2015 AND 2014

ASSETS

	2015	2014
Cash in subsidiary bank	$ 68,497	$ 71,410
Dividend receivable	855,336	855,400
Investment in subsidiary bank	75,488,537	73,006,236
Investment in JD Bank Insurance, LLC	79,558	495,268
Income taxes receivable	-	9,861
Total assets	$ 76,491,928	$ 74,438,175

LIABILITIES AND STOCKHOLDERS' EQUITY

	2015	2014
Dividend payable	$ 855,336	$ 855,336
Total liabilities	855,336	855,336
Common stock; $6.25 par value; 3,072,000 shares authorized; 1,560,000 shares issued and outstanding at December 31, 2015 and 2014	9,750,000	9,750,000
Additional paid-in capital	3,598,000	3,598,000
Retained earnings	59,749,150	57,397,740
Accumulated other comprehensive income	2,762,147	3,059,804
	75,859,297	73,805,544
Less: 4,844 shares held in treasury at December 31, 2015 and 2014, at cost	(222,705)	(222,705)
Total stockholders' equity	75,636,592	73,582,839
Total liabilities and stockholders' equity	$ 76,491,928	$ 74,438,175

21. Parent Only Financial Statements (continued)

STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
INCOME		
Dividends from subsidiary bank	$ 2,746,344	$ 3,601,309
Dividends from subsidiary insurance company	675,000	-
	3,421,344	3,601,309
EXPENSES		
Operating expenses	19,775	20,405
Taxes and other expenses	(6,938)	11,639
	12,837	32,044
INCOME BEFORE EQUITY IN UNDISTRIBUTED EARNINGS OF SUBSIDIARIES	3,408,507	3,569,265
Equity in undistributed earnings of subsidiaries and excess distribution of earnings	2,364,247	3,470,758
NET INCOME	5,772,754	7,040,023
OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized net holding gain (loss) on available-for-sale securities arising during the period, net of taxes of ($130,311) and $806,679	(297,657)	1,756,146
	(297,657)	1,756,146
COMPREHENSIVE INCOME	$ 5,475,097	$ 8,796,169

21. Parent Only Financial Statements (continued)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 5,772,754	$ 7,040,023
Adjustments to reconcile net income to net cash provided by operating activities:		
Forgiveness of note receivable	-	29,000
Undistributed earnings of JD Prime	415,710	(112,653)
Undistributed earnings of Bank	(2,779,958)	(3,358,105)
Changes in dividend receivable	64	(13,146)
Changes in other assets	9,861	-
Net cash provided by operating activities	3,418,431	3,585,119
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of dividends	(3,421,344)	(3,382,098)
Purchase of treasury stock	-	(205,830)
Net cash used in financing activities	(3,421,344)	(3,587,928)
Decrease in cash in subsidiary bank	(2,913)	(2,809)
Cash in subsidiary bank - beginning of year	71,410	74,219
Cash in subsidiary bank - end of year	$ 68,497	$ 71,410

Postlethwaite & Netterville

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**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTAL INFORMATION**

To the Stockholders and Board of Directors of
Jeff Davis Bancshares, Inc. and Subsidiaries
Jennings, Louisiana

Our report on the audit of the consolidated financial statements of Jeff Davis Bancshares, Inc. and its Subsidiaries for the year ended December 31, 2015 and 2014 appears on pages 1 and 2. That audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The JD Bank Insurance, LLC financial statements, presented as supplementary information, are not a required part of the basic financial statements, but is supplementary information. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Postlethwaite & Netterville

Baton Rouge, Louisiana
March 8, 2016

8550 United Plaza Blvd., Suite 1001 • Baton Rouge, LA 70809 • Tel: 225.922.4600 • Fax: 225.922.4611

JEFF DAVIS BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

SUPPLEMENTAL SCHEDULE
JD BANK INSURANCE, LLC FINANCIAL STATEMENTS

BALANCE SHEETS
DECEMBER 31, 2015 AND 2014

ASSETS

	2015	2014
Cash in parent bank	$ 180,142	$ 567,962
Furniture and equipment, net	18,367	24,325
Other assets	20,316	9,770
Total assets	$ 218,825	$ 602,057

LIABILITIES AND STOCKHOLDER'S EQUITY

	2015	2014
Deferred income taxes payable	$ 4,286	$ 5,393
Other liabilities	134,981	101,396
Total liabilities	139,267	106,789
Stockholder's equity	685,000	685,000
Retained earnings	(605,442)	(189,732)
Total stockholder's equity	79,558	495,268
Total liabilities and stockholder's equity	$ 218,825	$ 602,057

JEFF DAVIS BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

SUPPLEMENTAL SCHEDULE
JD BANK INSURANCE, LLC FINANCIAL STATEMENTS

STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
INCOME		
Commissions earned	252,635	$ 669,843
Gain on sale of book of business	300,000	-
Other income	91	16,189
	552,726	686,032
EXPENSES		
Insurance expenses	22,874	35,969
Salaries and employee benefits	107,284	393,783
Other operating expenses	163,278	143,627
	293,436	573,379
NET INCOME	$ 259,290	$ 112,653

JEFF DAVIS BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

SUPPLEMENTAL SCHEDULE
JD BANK INSURANCE, LLC FINANCIAL STATEMENTS

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 259,290	$ 112,653
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	5,958	6,706
Net change in operating assets and liabilities:		
Income taxes payable	76,323	42,444
Deferred income taxes payable	(1,107)	(570)
Other assets and liabilities	(53,284)	46,662
Net cash provided by operating activities	287,180	207,895
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of furniture and equipment	-	(2,249)
Net cash used in investing activities	-	(2,249)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of dividends	(675,000)	-
Net cash used in financing activities	(675,000)	-
(Decrease) Increase in cash in subsidiary bank	(387,820)	205,646
Cash in subsidiary bank - beginning of year	567,962	362,316
Cash in subsidiary bank - end of year	$ 180,142	$ 567,962

EXECUTIVE OFFICERS

BOYD R. BOUDREAUX
President and Chief Executive Officer

PAUL E. BRUMMETT, II
Executive Vice President and Chief Financial Officer

BAVO GALL
Executive Vice President and Chief Information Officer

CARLY LEONARDS
Executive Vice President and Chief Operating Officer

KAREN DREWETT
Executive Vice President and Chief Lending Officer

JUDY DUHON
Senior Vice President and Chief Human Resources Officer

RAMONA LOUVIERE
Senior Vice President and Compliance Officer

ELIZABETH C. PARKER
Senior Vice President and Chief Administrative Officer

RANDALL BOUDREAUX
Vice President and Internal Auditor

TYLER WILLIAMS
Vice President and Marketing Director

DIRECTORS

JEFF DAVIS BANCSHARES, INC.
AND
JD BANK

DAN L. DONALD, JR.
Chairman
Jeff Davis Bancshares, Inc.
JD Bank

DAVID B. DONALD
Vice Chairman
Jeff Davis Bancshares, Inc.
JD Bank

SARA A. ROBERTS
Secretary
Jeff Davis Bancshares, Inc.
JD Bank

BOYD R. BOUDREAUX
President and Chief Executive Officer
Jeff Davis Bancshares, Inc.
JD Bank

DR. G. VINCENT BAILEY

CLARENCE A. BERKEN

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ANDREW CORMIER

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RAY HINES

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VICTOR T. STELLY

TERRY J. TERREBONNE