

TIB-The Independent BankersBank

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Farmers Branch, TX 75234
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Website: www.mybankersbank.com

BHC Name: Independent Bankers Financial Corp
BHC State: TX

Primary Regulator: FRB
Public Enforcement Action: No



Correspondent Banking Risk Policy Compliance

CORRESPONDENT BANKING RISK POLICY

| | TIB | LIMIT | RESULT |
|-------------------------|--------|-------|--------|
| PRIMARY RATIOS | | | |
| Leverage Ratio | 8.57% | 5.0% | Pass |
| CET1 Ratio | 16.03% | 7.0% | Pass |
| Tier 1 Capital Ratio | 16.03% | 8.5% | Pass |
| Total Capital Ratio | 16.94% | 10.5% | Pass |
| SECONDARY RATIOS | | | |
| Texas Ratio | 0.18% | 90.0% | Pass |
| ALLL/Loans | 1.25% | 1.0% | Pass |
| ROAA | 0.69% | 0.0% | Pass |

| Financial Highlights (%) | 12/31/2016 | 12/31/2015 | 12/31/2014 | 12/31/2013 |
|---------------------------|------------|------------|------------|------------|
| ROAA | 0.69 | 0.85 | 0.80 | 0.90 |
| ROAE | 7.80 | 8.61 | 8.31 | 9.44 |
| Net Interest Margin (FTE) | 1.67 | 1.74 | 1.72 | 1.52 |
| Efficiency Ratio (FTE) | 78.08 | 76.59 | 77.83 | 77.13 |
| Provision/AA | 0.04 | 0.05 | 0.01 | 0.08 |
| Interest Income / AA | 2.07 | 1.99 | 2.01 | 1.92 |
| Interest Expense / AA | 0.60 | 0.48 | 0.52 | 0.61 |
| Net Interest Income/AA | 1.47 | 1.51 | 1.49 | 1.31 |
| Non Interest Income / AA | 3.71 | 4.34 | 4.17 | 4.58 |
| Non Interest Expense / AA | 4.18 | 4.63 | 4.56 | 4.68 |

Balance Sheet Ratios (%)

| | | | | |
|---------------------------------|-------|-------|-------|-------|
| Equity Capital / Assets | 9.20 | 9.39 | 10.62 | 9.74 |
| Tangible Equity / Tangible Asst | 9.01 | 9.14 | 10.28 | 9.47 |
| Total Securities / Assets | 15.26 | 16.42 | 21.24 | 24.01 |
| Cash & Equivalents / Assets | 38.50 | 42.88 | 34.11 | 40.62 |
| Loans / Deposits | 52.01 | 44.44 | 47.97 | 38.31 |
| Loans / Assets | 41.30 | 35.98 | 39.51 | 30.44 |
| Goodwill & Other Intang / Asse | 0.22 | 0.27 | 0.37 | 0.30 |
| Deposits / Liabilities | 87.47 | 89.36 | 92.14 | 88.04 |
| Pledged Securities / Securities | 60.90 | 65.88 | 71.91 | 68.31 |

Growth Rates (%)

| | | | | |
|---------------------|-------|-------|-------|--------|
| Asset Growth Rate | 4.53 | 17.64 | -0.16 | -15.57 |
| Loan Growth Rate | 19.99 | 7.15 | 29.56 | -0.65 |
| Deposit Growth Rate | 2.53 | 15.66 | 3.46 | -9.25 |

Regulatory Capital (%)

| | | | | |
|--------------------------------|-------|-------|-------|-------|
| Tier 1 Leverage Ratio | 8.57 | 9.08 | 9.91 | 9.95 |
| Common Equity Tier 1 Ratio | 16.03 | 18.35 | 18.73 | 22.88 |
| Tier 1 Risk Based Ratio | 16.03 | 18.35 | 18.73 | 22.88 |
| Total Risk Based Capital Ratio | 16.94 | 19.52 | 19.98 | 24.13 |

Asset Quality (%)

| | | | | |
|-------------------------------|-------|-------|--------|--------|
| Texas Ratio | 0.18 | 0.19 | 1.23 | 3.63 |
| NPAs/Total Assets | 0.01 | 0.01 | 0.13 | 0.37 |
| NPAs+(Lns 90+PD)/Tot Assets | 0.02 | 0.02 | 0.15 | 0.38 |
| NPAs/Loans + Frclsd RE | 0.03 | 0.02 | 0.34 | 1.20 |
| NCOs/Avg Loans | 0.24 | 0.19 | 0.24 | 0.27 |
| ALLL/Loans | 1.25 | 1.63 | 1.81 | 2.57 |
| Reserves/NPAs | NM | NM | 532.86 | 213.35 |
| LLP/NCOs | 48.51 | 68.06 | 12.11 | 106.84 |
| Lns 90+ Days Past Due/Tot Ln | 0.01 | 0.04 | 0.03 | 0.04 |
| Nonaccrual Loans/Total Loans | 0.02 | 0.01 | 0.08 | 0.64 |
| Total Noncurrent Loans/ Loans | 0.04 | 0.05 | 0.11 | 0.68 |
| NPLs/Total Loans | 0.03 | 0.01 | 0.32 | 1.10 |
| NPAs/Total Loans | 0.03 | 0.02 | 0.34 | 1.20 |
| Reserves/ NPAs + Lns 90 PD | NM | NM | 488.22 | 206.13 |

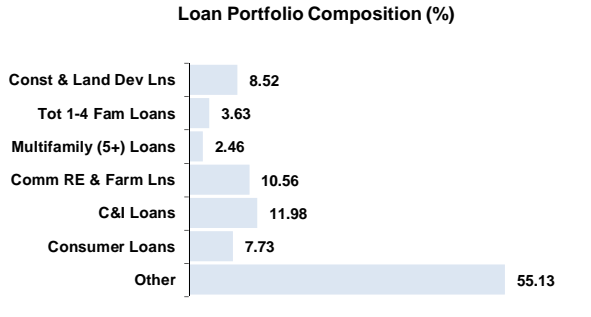
Yield / Cost Detail (%)

| | | | | |
|-------------------------------|------|------|------|------|
| Yield on Earning Assets | 2.17 | 2.10 | 2.13 | 2.04 |
| Cost of Int Bearing Deposits | 0.99 | 0.87 | 0.79 | 0.83 |
| Cost of Borrowings | 0.38 | 0.07 | 1.42 | 1.66 |
| Cost of Interest Bearing Liab | 0.89 | 0.79 | 0.88 | 1.02 |
| Cost of Funds | 0.69 | 0.57 | 0.60 | 0.69 |
| Yield/ Cost Spread | 1.28 | 1.31 | 1.26 | 1.02 |

| Balance Sheet (\$000) | 12/31/2016 | 12/31/2015 | 12/31/2014 | 12/31/2013 |
|-------------------------|------------|------------|------------|------------|
| Cash & Equivalents | 1,032,525 | 1,100,059 | 743,915 | 887,352 |
| Total Securities | 409,342 | 421,268 | 463,192 | 524,470 |
| Total Cash & Secs | 1,441,867 | 1,521,327 | 1,207,107 | 1,411,822 |
| Total Loans & Leases | 1,107,665 | 923,143 | 861,543 | 664,996 |
| Total Reserves | 13,841 | 15,083 | 15,618 | 17,070 |
| Net Loans & Leases | 1,093,824 | 908,060 | 845,925 | 647,926 |
| Other Real Estate Owned | 0 | 90 | 197 | 708 |
| Goodwill & Intangibles | 5,800 | 6,949 | 8,104 | 6,466 |
| Total Assets | 2,681,854 | 2,565,602 | 2,180,805 | 2,184,373 |
| Total Deposits | 2,129,839 | 2,077,355 | 1,796,044 | 1,735,903 |
| FFunds Purchased | 87,154 | 101,737 | 132,839 | 210,432 |
| Commercial Paper | 0 | 0 | 0 | 0 |
| FHLB Advances | 200,000 | 125,000 | 0 | 0 |
| Other Borrowings | 0 | 0 | 0 | 0 |
| Total Liabilities | 2,435,041 | 2,324,753 | 1,949,252 | 1,971,670 |
| Total Equity Capital | 246,813 | 240,849 | 231,553 | 212,703 |
| Common Equity Tier 1 | 242,675 | 235,963 | 221,609 | 217,715 |
| Tier 1 Capital | 242,675 | 235,963 | 221,609 | 217,715 |
| Total Capital | 256,516 | 251,046 | 236,409 | 229,675 |
| Assets for Leverage | 2,832,588 | 2,597,811 | 2,236,521 | 2,188,980 |
| Risk Weighted Assets | 1,514,056 | 1,285,960 | 1,183,165 | 951,670 |

Income Statement (\$000)

| | | | | |
|----------------------------------|---------|---------|---------|---------|
| Total Interest Income | 56,649 | 48,042 | 46,565 | 42,994 |
| Total Interest Expense | 16,459 | 11,543 | 12,029 | 13,624 |
| Net Interest Inc Before Provisio | 40,190 | 36,499 | 34,536 | 29,370 |
| Provisions for Loan Losses | 1,170 | 1,140 | 200 | 1,750 |
| Net Interest Inc After Provisio | 39,020 | 35,359 | 34,336 | 27,620 |
| Fiduciary Activities Charges | 0 | 0 | 0 | 0 |
| Deposit Service Charges | 1 | 28 | 4 | 0 |
| Trading Revenue | 0 | 0 | 0 | 0 |
| Other Charges and Fees | 101,542 | 104,821 | 96,558 | 102,689 |
| Total Noninterest Income | 101,543 | 104,849 | 96,562 | 102,689 |
| General & Administrative | 43,545 | 42,325 | 40,222 | 40,472 |
| Intangible Amortization | 1,043 | 1,061 | 1,265 | 953 |
| Other Expenses | 69,799 | 68,462 | 64,123 | 63,424 |
| Total Noninterest Expense | 114,387 | 111,848 | 105,610 | 104,849 |
| Gain (Loss) on Securities | -3 | 0 | 419 | 2,723 |
| Gain (Loss) on Other Assets | 0 | 2,371 | 51 | 12 |
| Net Income before Taxes | 26,173 | 28,360 | 25,707 | 28,183 |
| Income Tax | 7,161 | 7,914 | 7,130 | 8,113 |
| Minority Interest | 0 | 0 | 0 | 0 |
| Extraordinary Items | 0 | 0 | 0 | 0 |
| Net Income | 19,012 | 20,446 | 18,577 | 20,070 |
| Dividends Declared | 12,000 | 10,500 | 13,000 | 12,000 |



CRE Portfolio (\$) and Limit 12/31/2016 12/31/2015 12/31/2014 12/31/2013

| | | | | |
|------------------------------|---------|---------|---------|---------|
| 1-4 Fam Const Lns | 16,458 | 11,891 | 4,453 | 1,964 |
| Other Const & Dev Lns | 77,873 | 42,694 | 21,902 | 30,220 |
| Multifamily (5+) Const Lns | 27,213 | 30,682 | 15,418 | 10,104 |
| NFNR Loans Other | 83,723 | 64,408 | 70,508 | 59,747 |
| CRE fincd not secured RE | 0 | 0 | 0 | 0 |
| Total Commercial Real Estate | 205,267 | 149,675 | 112,281 | 102,035 |
| Tot Const&Dev / RBC (<100%) | 36.77 | 21.74 | 11.15 | 14.01 |
| Tot CRE / RBC (<300%) | 80.02 | 59.62 | 47.49 | 44.43 |

Deposit Composition (\$000)

| | | | | |
|---------------------|---------|---------|---------|---------|
| Reciprocal Deposits | 0 | 0 | 0 | 0 |
| Brokered Deposits | 385,775 | 306,614 | 342,011 | 305,020 |