Independent Auditor's Report

McGladrey & Pullen - Certified Public Accountants

To the Shareholders and Board of Directors
Independent Bankers Financial Corporation and Subsidiaries
Irving, Texas

We have audited the accompanying consolidated balance sheets of Independent Bankers Financial Corporation and Subsidiaries (the Corporation) as of December 31, 2005 and 2004, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Independent Bankers Financial Corporation and Subsidiaries as of December 31, 2005 and 2004, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

McGladrey & Pullen Certified Public Accountants
Dallas, Texas
February 3, 2006

McGladrey & Pullen, LLP is an independent member firm of RSM International, an affiliation of independent accounting and consulting firms.

Independent Bankers Financial Corporation and Subsidiaries

Consolidated Balance Sheets
December 31, 2005 and 2004
(Dollar Amounts in Thousands, Except Per Share Amounts)

ASSETS	2005	2004
Cash due from banks (Note 1)	$ 69,248	$ 118,808
Interest-bearing deposits	160	59
Federal funds sold and securities purchased under agreements to resell (Note 1)	283,107	157,833
Total cash equivalents	352,515	276,700
Interest-bearing time deposits	500	499
Securities available for sale (Note 2)	444,981	360,546
Loans held for sale	7,727	30,380
Loans, net (Note 3)	556,549	567,768
Premises and equipment, net (Note 4)	4,846	5,335
Other real estate owned, net (Note 5)	2,569	4,267
Mortgage servicing rights (Note 6)	19,923	15,103
Accrued interest receivable	6,988	6,211
Due from broker	2,284	2,223
Cash surrender value of life insurance	20,836	20,066
Other assets (Note 10)	31,684	30,119
Total assets	$ 1,451,402	$ 1,319,217
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits (Note 7):		
Noninterest-bearing	$ 210,526	$ 288,760
Interest-bearing	241,301	117,994
Total deposits	451,827	406,754
Federal funds purchased and securities sold under agreements to repurchase (Note 1)	785,335	703,804
Accrued interest payable and other liabilities	19,294	18,861
Other borrowings (Note 8)	100,000	100,000
Junior subordinated debentures (Note 9)	20,620	20,000
Total liabilities	1,377,076	1,249,419
Commitments and contingencies (Note 14)	-	-
Shareholders' equity (Notes 16 and 17):		
Common stock, par value $10 per share, 5,000,000 shares authorized, 1,060,074 and 1,028,857 shares issued and outstanding in 2005 and 2004	10,600	10,288
Capital surplus	19,167	17,069
Retained earnings	50,598	44,151
Accumulated other comprehensive loss	(6,039)	(1,737)
Total shareholders' equity	74,326	69,798
Total liabilities and shareholders' equity	$ 1,451,402	$ 1,319,217

See Notes to Consolidated Financial Statements.

Independent Bankers Financial Corporation and Subsidiaries

Consolidated Statements of Income
Years Ended December 31, 2005 and 2004
(Dollar Amounts in Thousands)

	2005	2004
Interest income:		
Loans, including fees	$ 41,466	$ 31,963
Securities - taxable	14,155	10,058
Federal funds sold and repurchase agreements	13,534	4,300
Other	168	59
Total interest income	69,323	46,380
Interest expense:		
Deposits	6,438	2,250
Federal funds purchased and repurchase agreements	30,257	9,199
Junior subordinated debentures and other borrowings	4,140	3,796
Total interest expense	40,835	15,245
Net interest income	28,488	31,135
Provision for loan losses (Note 3)	3,359	6,436
Net interest income after provision for loan losses	25,129	24,699
Noninterest income (Note 12)	54,005	46,171
Noninterest expense:		
Salaries and benefits	26,070	23,226
Occupancy	1,636	1,318
Furniture and equipment	1,113	961
Software maintenance	1,383	1,363
Credit card expenses	18,557	14,052
Net loss on derivative transactions	1,306	-
Item processing expense	2,329	2,115
Write-downs of investments and other real estate owned	235	650
Professional fees	1,216	1,702
Other operating expenses	15,008	13,593
Total noninterest expense	68,853	58,980
Income before income taxes	10,281	11,890
Federal income taxes (Note 10):		
Current expense	2,056	440
Deferred expense	400	2,406
	2,456	2,846
Net income	$ 7,825	$ 9,044

See Notes to Consolidated Financial Statements.

Independent Bankers Financial Corporation and Subsidiaries

Consolidated Statements of Changes in Shareholders' Equity
Years Ended December 31, 2005 and 2004
(Dollar Amounts in Thousands, Except Per Share Amounts)

	Common Stock	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance at December 31, 2003	$ 9,962	$ 14,847	$ 36,342	$ 1,784	$ 62,935
Comprehensive income:					
Net income	-	-	9,044	-	9,044
Change in fair value of securities available for sale, net of reclassification adjustment of $834 and tax effect of $1,813	-	-	-	(3,521)	(3,521)
Total comprehensive income					5,523
Purchase and retirement of common stock (18,021 shares)	(180)	(705)	-	-	(885)
Sale of common stock (50,650 shares)	506	2,954	-	-	3,460
Common stock dividend declared ($1.20 per share)	-	-	(1,235)	-	(1,235)
Balance at December 31, 2004	10,288	17,096	44,151	(1,737)	69,798
Comprehensive income:					
Net income	-	-	7,825	-	7,825
Change in fair value of securities available for sale, net of reclassification adjustment of $174 and tax effect of $2,217	-	-	-	(4,302)	(4,302)
Total comprehensive income					3,523
Purchase and retirement of common stock (10,179 shares)	(102)	(562)	-	-	(664)
Sale of common stock (41,396 shares)	414	2,633	-	-	3,047
Common stock dividend declared ($1.30 per share)	-	-	(1,378)	-	(1,378)
Balance at December 31, 2005	**$ 10,600**	**$ 19,167**	**$ 50,598**	**$ (6,039)**	**$ 74,326**

See Notes to Consolidated Financial Statements.

Independent Bankers Financial Corporation and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended December 31, 2005 and 2004
(Dollar Amounts in Thousands)

	2005	2004
Cash flows from operating activities:		
Net income	$ 7,825	$ 9,044
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,518	3,351
Amortization of mortgage servicing rights	3,708	3,085
Provision for loan losses	3,359	6,436
Deferred taxes	400	2,406
Deferred compensation expense	1,259	1,381
Decrease in valuation allowance for mortgage servicing rights	(1,029)	(830)
Net gain on sale of securities available for sale	(174)	(834)
Net loss on disposal of equipment	8	-
Write-downs of other real estate owned	279	650
Net gain on sale of loans	(2,273)	(2,345)
Change in unrealized depreciation on derivative securities	1,306	(1,441)
Increase in cash surrender value of life insurance	(770)	(778)
Changes in operating assets and liabilities, net of effects of acquisition	-	-
Loans held for sale	24,336	(3,542)
Accrued interest receivable	(777)	(603)
Other assets	(495)	(5,983)
Accrued interest payable and other liabilities	(968)	3,552
Net cash provided by operating activities	39,512	13,549
Cash flows from investing activities:		
Securities available for sale:		
Purchases	(210,010)	(220,346)
Proceeds from sales	14,392	61,460
Proceeds from maturities, calls and principal repayments	102,333	71,826
Purchases of mortgage servicing rights	(7,102)	(4,927)
Net increase in loans	7,241	(87,959)
Proceeds from sales of OREO	2,229	-
Purchases of premises and equipment	(532)	(1,255)
Acquisition of business, net of cash acquired (Note 13)	-	(3,476)
Net cash used in investing activities	(91,449)	(184,677)
Cash flows from financing activities:		
Net change in deposits	45,073	(114,435)
Net change in federal funds purchased and securities sold under agreements to repurchase	81,531	115,299
Net change in other borrowings	-	93,833
Repurchase and retirement of common stock	(664)	(885)
Net proceeds from issuance of common stock	3,047	3,460
Dividends paid	(1,235)	(1,096)
Net cash provided by financing activities	127,752	102,176
Net increase (decrease) in cash equivalents	75,815	(68,952)
Cash equivalents at beginning of year	276,700	345,652
Cash equivalents at end of year	$ 352,515	$ 276,700
Supplemental cash flow information:		
Cash paid for interest	$ 40,479	$ 14,970
Cash paid for taxes	-	2,664
Real estate acquired in foreclosure or in settlement of loans	809	2,775

See Notes to Consolidated Financial Statements.

Note 1 Summary of Significant Accounting Policies

The consolidated financial statements of Independent Bankers Financial Corporation and Subsidiaries (Corporation) have been prepared in accordance with accounting principle generally accepted in the United States of America. The consolidated financial statements include the accounts of Independent Bankers Financial Corporation (IBFC), IBFC Nevada Corporation, its banking subsidiary, TIB-The Independent BankersBank (Bank), and other nonbanking subsidiaries, including IBFC Capital Trust 1, ALX Consulting, Inc., Bankers Bank Card Services Company and TIB Service Company. The Bank is an entity which is defined by statute as a "bankers' bank". The statute requires all of the shareholders of the Bank to be depository institutions or holding companies for depository institutions and that the Bank provide services only for depository institutions or at the request of depository institutions. In this context, the Bank provides various banking and banking-related services to financial institutions primarily in Texas, New Mexico, Oklahoma, Louisiana and California, many of which are shareholders of the Corporation.

All significant intercompany transactions and balances between IBFC and its subsidiaries have been eliminated in consolidation.

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 the 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 these estimates. The allowance for loan losses, allowance for mortgage servicing rights, fair values of financial instruments, and the status of contingencies are particularly subject to change.

Cash Flow Reporting

Cash equivalents include cash items, amounts due from banks, deposits with other financial institutions that have an initial maturity under 90 days when acquired by the Corporation, federal funds sold, and securities purchased under agreements to resell. Net cash flows are reported for loans, loans held for sale, deposit transactions and short-term borrowings.

Repurchase/Resell Agreements

The Corporation purchases certain securities under agreements to resell. The amounts advanced under these agreements represent short-term loans and are reflected as assets in the consolidated balance sheet. The securities underlying these agreements are book-entry securities. At December 31, 2005 and 2004, resell agreements outstanding were $4,900 and $0, respectively, and mature within 30 days. The Corporation also sells certain securities under agreements to repurchase. The agreements are treated as financings, and the obligations to repurchase securities sold are reflected as a liability in the consolidated balance sheet. The dollar amount of securities underlying the agreements remains in the asset accounts. At December 31, 2005 and 2004, repurchase agreements outstanding were $11,543 and $6,853, respectively, and matured within 90 days.

Securities

Securities are classified as held to maturity and carried at amortized cost when management has the positive intent and ability to hold them to maturity. Securities are classified as available for sale when they might be sold before maturity. Securities available for sale are carried at fair value, with unrealized holding gains and losses reported in other comprehensive income. Trading securities are carried at fair value, with changes in unrealized holding gains and losses included in income. Management determines the appropriate classification of securities at the time of purchase.

Interest income includes amortization of purchase premiums and discounts. Gains and losses on sales of securities are recorded on the trade date and are determined using the specific identification method. Declines in the fair value of held-to-maturity and available-for-sale securities below their cost that are deemed to be other than temporary are reflected in earnings as realized losses. In estimating other-than-temporary impairment losses, management considers (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Corporation to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

Loans Held for Sale

The Corporation originates mortgage and student loans for portfolio investment or sale in the secondary market. During the period of origination, mortgage loans are designated as held either for sale or investment purposes. Mortgage and student loans held for sale are carried at the lower of cost or market value, determined on a net aggregate basis. Gains or losses recognized upon the sale of loans are determined on a specific identification basis.

Loans

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 unpaid principal balances adjusted for charge offs and the allowance for loan losses. Interest income is accrued on the unpaid principal balance.

The accrual of interest is discontinued when, in management's opinion, the borrower may be unable to meet payments as they become due. All interest accrued but not collected for loans that are placed on non-accrual or charged off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for Loan Losses

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

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

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

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

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

Premises and Equipment

Land is carried at cost. Building and improvements, and furniture and equipment are carried at cost, less accumulated depreciation computed principally by the straight-line method based on the estimated useful lives of the related properties.

Other Real Estate Owned

Other real estate acquired through or instead of loan foreclosure is initially recorded at fair value when acquired, establishing a new cost basis. Costs after acquisition are expensed. If the fair value of the property declines, a valuation allowance is recorded through expense. The valuation of other real estate owned is subjective in nature and may be adjusted in the future because of changes in economic conditions or review by regulatory examiners.

Mortgage Servicing Rights

Servicing assets are recognized as separate assets when rights are acquired through purchase or through sale of financial assets. Generally, purchased servicing rights are capitalized at the cost to acquire the rights. For sales of mortgage loans, a portion of the cost of originating the loan is allocated to the servicing right based on relative fair value. Fair value is based on market prices for comparable mortgage servicing contracts, when available, or alternatively, is based on a valuation model that calculates the present value of estimated future net servicing income. The valuation model incorporates assumptions that market participants would use in estimating future net servicing income, such as the cost to service, the discount rate, the custodial earnings rate, an inflation rate, ancillary income, prepayment speeds and default rates and losses. Capitalized servicing rights are amortized into non-interest expense in proportion to, and over the period of, the estimated future net servicing income of the underlying financial assets.

Servicing assets are evaluated for impairment based upon the fair value of the rights as compared to amortized cost. Impairment is determined by stratifying rights into tranches based on predominant risk characteristics, such as interest rate, loan type and investor type. Impairment is recognized through a valuation allowance for an individual tranche, to the extent that fair value is less than the capitalized amount for the tranche. If the Corporation later determines that all or a portion of the impairment no longer exists for a particular tranche, a reduction of the allowance may be recorded as an increase to income.

Servicing fee income is recorded for fees earned for servicing loans. The fees are based on a contractual percentage of the outstanding principal or a fixed amount per loan, and are recorded as income when earned.

Long-Lived Assets

Intangible assets, premises and equipment and other long-lived assets are tested for impairment whenever events or changes in circumstances indicate the carrying amount of the assets may not be recoverable from future undiscounted cash flows. If impaired, the assets are recorded at fair value.

Income Taxes

Deferred taxes are provided on the liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and the tax credit carry forwards, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates or the date of enactment.

Federal Funds Transactions as Agent

The Corporation acts as an agent for customer banks to sell and purchase federal funds. The Corporation acts as an intermediary for the receipt and disbursement of funds but is not otherwise obligated by the transactions. These transactions are not reflected in the Corporation's financial statements except for fees earned. At December 31, 2005 and 2004, the Corporation was agent for total federal funds transactions of $1,398,661 and $885,175, respectively.

Derivative Financial Instruments

The Corporation's hedging policies permit the use of various derivative financial instruments to manage interest rate risk or to hedge specified assets and liabilities. All derivatives are recorded at fair value on the Corporation's balance sheet. To qualify for hedge accounting, derivatives must be highly effective at reducing the risk associated with the exposure being hedged and must be designated as a hedge at the inception of the derivative contract. If derivative instruments are designated as hedges of fair values, both the change in the fair value of the hedge and the hedged item are included in current earnings. Fair value adjustments related to cash flow hedges are recorded in other comprehensive income and reclassified to earnings when the hedged transaction is reflected in earnings. Ineffective portions of hedges are reflected in earnings as they occur. During the life of the hedge, the Corporation formally assesses whether derivatives designated as hedging instruments continue to be highly effective in offsetting changes in the fair value or cash flows of hedged items. If it is determined that a hedge has ceased to be a highly effective, the Corporation will discontinue hedge accounting prospectively.

Fair Values of Financial Instruments

Fair values of financial instruments are estimated using relevant market information and other assumptions. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect the estimates. The fair value estimates of existing on- and off-balance sheet financial instruments do not include the value of anticipated future business or the value of assets and liabilities not considered financial instruments.

Loss Contingencies

Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated.

Dividend Restriction

Banking regulations require the maintenance of certain capital and net income levels that may limit the amount of dividends that may be paid. Approval by regulatory authorities is required if the effect of dividends declared would cause the regulatory capital of the Bank to fall below specified minimum levels. Regulatory capital requirements are more fully disclosed in a separate note.

Restrictions on Cash

The Corporation was required to have $12,905 and $19,516 of cash on hand or on deposit with the Federal Reserve Bank to meet regulatory reserve and clearing requirements at December 31, 2005 and 2004, respectively. Deposits with the Federal Reserve Bank do not earn interest.

Comprehensive Income

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available for sale securities, are reported as a separate component of the equity section of the balance sheet, such items, along with net income, are components of comprehensive income. Gains and losses on available for sale securities are reclassified to net income as the gains or losses are realized upon sale of the securities. Other-than-temporary impairment charges are reclassified to net income at the time of the charge.

Reclassifications

Some items in prior financial statements have been reclassified to conform to the current presentation. Such reclassifications had no effect on net income or shareholders' equity.

Note 2 Securities Available for Sale

Year-end securities available for sale consisted of the following:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
December 31, 2005:				
U.S. government agencies	**$ 231,890**	**$ -**	**$ 5,164**	**$ 226,726**
Mortgage-backed securities	**222,233**	**50**	**4,052**	**218,231**
Other equity securities	**9**	**15**	**-**	**24**
	$ 454,132	**$ 65**	**$ 9,216**	**$ 444,981**
December 31, 2004:				
U.S. government agencies	$ 223,488	$ 126	$ 2,085	$ 221,529
Mortgage-backed securities	139,683	297	995	138,985
Other equity securities	7	25	-	32
	$ 363,178	$ 448	$ 3,080	$ 360,546

Mortgage-backed securities are backed by pools of mortgages that are insured or guaranteed by the Federal Home Loan Mortgage Corporation ("FHLMC"), the Government National Mortgage Corporation ("GNMA") or the Federal National Mortgage Corporation ("FNMA").

At December 31, 2005, there were no holdings of securities of any one issuer, other than the U.S. government and its agencies, in an amount greater than 10% of shareholders' equity.

Unrealized losses and fair value and length of time that individual securities have been in a continuous unrealized loss position as of December 31, 2005 and 2004 are summarized as follows:

	Continuous Unrealized Losses Existing for Less than 12 Months		Continuous Unrealized Losses Existing for Greater than 12 months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2005:						
U.S. government agencies	**$ 63,885**	**$ 992**	**$ 162,841**	**$ 4,172**	**$ 226,726**	**$ 5,164**
Mortgage-backed securities	**154,511**	**2,501**	**48,045**	**1,551**	**202,556**	**4,052**
	$ 218,396	**$ 3,493**	**$ 210,886**	**$ 5,723**	**$ 429,282**	**$ 9,216**
December 31, 2004:						
U.S. government agencies	$ 191,357	$ 2,085	$ -	$ -	$ 191,357	$ 2,085
Mortgage-backed securities	75,911	682	27,582	313	103,493	995
	$ 267,268	$ 2,767	$ 27,582	$ 313	$ 294,850	$ 3,080

For those securities with unrealized losses at December 31, 2005 and 2004 the losses are generally due to changes in interest rates and, as such, are considered by management to be temporary.

Securities with estimated fair values of $85,292 and $66,255 at December 31, 2005 and 2004, respectively, were pledged to secure securities sold under agreements to repurchase or lines of credit as permitted by law.

The amortized cost and estimated fair value of securities available for sale at December 31, 2005, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations. Mortgage-backed securities and equity securities are shown separately since they are not due at a single maturity date.

	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 50,085	$ 49,438
Due from one year to five years	181,805	177,288
Mortgage-backed securities	222,233	218,231
Equity securities	9	24
	$ 454,132	$ 444,981

Sales of securities available for sale were as follows:

	2005	2004
Proceeds from sales	$ 14,392	$ 61,460
Gross realized gains	$ 174	$ 834
Gross realized losses	-	-
	$ 174	$ 834

Note 3 Loans and Allowance For Loan Losses

Year-end loans consisted of the following:

	2005	2004
Bank stock loans	$ 77,007	$ 84,899
Real estate loans	228,933	240,674
Credit card and personal loans	97,161	90,176
Commercial loans	42,933	43,773
Agricultural loans	8,990	10,320
Leases, net of unearned income	4,095	4,753
Bank qualified municipal loans	97,223	89,595
Guaranteed student loans	10,112	12,705
	566,454	576,895
Allowance for loan losses	(9,905)	(9,127)
	$ 556,549	$ 567,768

As detailed in the table above, the Corporation has a diversified loan portfolio from customers primarily throughout the state of Texas and parts of New Mexico, Oklahoma, Louisiana and California. Accordingly, the ultimate collectibility of a substantial portion of the Corporation's loan portfolio is particularly susceptible to changes in market conditions in these states.

The Corporation's officers, directors and their associates, including companies and firms of which they are officers or in which they and/or their families have an ownership interest, are customers of the Corporation. Loans to officers, directors and their associates totaled $3,813 and $4,856 at December 31, 2005 and 2004, respectively. During 2005, $0 of new loans were originated and repayments totaled $1,043. These loans were made on substantially the same terms including interest rates and collateral, as those prevailing at the time for comparable transactions with unrelated persons and do not involve more than normal risk of collectibility.

Activity in allowance for loan losses was as follows:

	2005	2004
Balance at beginning of year	$ 9,127	$ 7,748
Provision for losses charged to operations	3,359	6,436
Provision from acquired loan portfolios	325	298
Charge-offs	(3,352)	(5,745)
Recoveries	446	390
Balance at end of year	$ 9,905	$ 9,127

Impaired loans were as follows:

	2005	2004
Year-end impaired loans with a valuation allowance	$ 740	$ 9,046
Year-end impaired loans without a valuation allowance	-	-
	$ 740	$ 9,046
Valuation allowance related to impaired loans	$ 104	$ 980
Average investment in impaired loans during the year	$ 4,893	$ 6,248

No interest income was recognized on impaired loans in 2005 and 2004.

Loans on which the accrual of interest has been discontinued totaled $740 and $9,046 at December 31, 2005 and 2004, respectively. Loans, contractually delinquent over ninety days, which continued to accrue interest totaled $534 and $880 at December 31, 2005 and 2004, respectively.

Note 4 Premises and Equipment

Year-end premises and equipment was as follows:

	2005	2004
Land	$ 582	$ 582
Building	4,896	4,818
Equipment	8,253	7,866
Leasehold and tenant improvements	207	207
	13,938	13,473
Less accumulated depreciation and amortization	(9,092)	(8,138)
	$ 4,846	$ 5,335

Note 5 Other Real Estate Owned

Year-end other real estate owned was as follows:

	2005	2004
Construction and land development property	$ -	$ 180
Residential property	202	238
Commercial property	2,367	3,849
	$ 2,569	$ 4,267

Recovery of the carrying amount of other real estate owned is particularly susceptible to changes in market conditions in Texas.

Note 6 Mortgage Servicing Rights

Transactions affecting mortgage servicing rights were as follows:

	2005	2004
Balance at beginning of year	$ 15,103	$ 11,985
Purchased mortgage servicing rights	7,102	4,927
Originated mortgage serving rights	397	446
Amortization charged to operations	(3,708)	(3,085)
Change in valuation allowance	1,029	830
Balance at end of year	$ 19,923	$ 15,103

Loans serviced for others are not included in the accompanying consolidated balance sheets. The unpaid principal balances of mortgages serviced for others was $1,508,923 and $1,209,711 at December 31, 2005 and 2004, respectively. At such dates, the Corporation held borrowers' escrow balances related to these loans totaling $6,473 and $5,011, respectively.

The Corporation has purchased various 10-year treasury puts, calls and futures contracts with a fair value of $(555) and $(641) at December 31, 2005 and 2004, respectively, and are included in accrued interest payable and other liabilities. The contracts are designated as hedging instruments in a fair value hedge of the Corporation's mortgage servicing rights portfolio.

Note 7 Deposits

Year-end deposits consisted of the following:

	2005		2004	
	Amount	Percent	Amount	Percent
Noninterest-bearing demand	$ 210,526	46.6 %	$ 288,760	71.0 %
NOW and money market accounts	66,472	14.7 %	8,023	2.0 %
Certificates of deposit:				
Less than $100,000	213	0.1 %	176	- %
$100,000 and greater	174,616	38.6 %	109,795	27.0 %
	$ 451,827	100.0 %	$ 406,754	100.0 %

At December 31, 2005, all time deposits have scheduled maturities during the year ending December, 31 2006.

Note 8 Other Borrowings

The other borrowing at December 31, 2005 represented two $50,000 advances received by the Bank from the Federal Home Loan Bank (FHLB) on January 14, 2005 with interest at 2.54% and 3.04% and maturity dates on January 16, 2007 and January 14, 2008.

Note 9 Junior Subordinated Debentures

On January 31, 2001, IBFC, through a private placement, issued $20,000 (2,000,000 shares with a liquidation amount of $10 per security) of Floating Rate (prime plus 0.25%) Cumulative Junior Subordinated Debentures through a newly formed, wholly owned subsidiary, IBFC Capital Trust 1 (the Trust). IBFC made a required equity contribution of $620 to form the Trust. The Trust invested the total proceeds from the equity contribution and the securities sale in Floating Rate Junior Subordinated Debentures (the Debentures) issued by IBFC. The net proceeds from the sale of the Debentures were used to repay a portion of IBFC's debt and for general corporate purposes, including capital investments in the Bank. The Trust's obligations under the Trust Preferred Securities are fully and unconditionally guaranteed by IBFC.

With certain exceptions, the amount of the principal and any accrued and unpaid interest on the Debentures are subordinated in right of payment to the prior payment in full of all senior and subordinated indebtedness of IBFC. Interest on the Debentures is payable quarterly at prime plus 0.25%, commencing March 31, 2001. The interest is deferrable on a cumulative basis for up to 20 consecutive quarters. No principal payments are due until maturity on January 31, 2031.

On or after December 28, 2005 and prior to maturity, the Debentures are redeemable, in whole or in part, at the option of IBFC. In the event the Debentures are redeemed, a like amount of Trust Preferred Securities will be redeemed at the redemption price of $10 per share, plus accrued interest to the date of redemption.

The Corporation accounts for the Trusts in accordance with Financial Accounting Standards Board Interpretation No. 46(R), *Consolidation of Variable Interest Entities, an Interpretation of Accounting Research Bulletin No. 51* ("FIN 46(R)"). FIN 46(R) establishes accounting guidance for consolidation of variable interest entities ("VIEs") that function to support the activities of the primary beneficiary. The primary beneficiary of a VIE is the entity that absorbs a majority of the VIE's expected losses, receives a majority of the VIE's expected residual returns, or both, as a result of ownership, controlling interest, contractual relationship, or other business relationship with the VIE. Prior to the implementaion of FIN 46(R), VIEs were generally consolidated by an enterprise when the enterprise had a controlling financial interest through ownership of a majority of voting interest in the entity. FIN 46(R) requires the Corporation to deconsolidate its investment in trust subsidiaries because the Corporation is not the primary beneficiary. The Corporation adopted FIN 46(R) on January 1, 2005.

Note 10 Federal Income Taxes

Actual income tax expense differed from the amounts computed by applying the U.S. federal income tax rate of 34% to pretax accounting income as follows:

	2005	2004
Income tax expense computed at statutory rate	$ 3,495	$ 4,042
Increase in cash value of life insurance	(262)	(264)
Tax-exempt interest	(1,203)	(1,101)
Other	426	169
Actual income tax expense	$ 2,456	$ 2,846

Year-end deferred taxes were as follows:

	2005	2004
Deferred tax assets:		
Loans	$ 2,863	$ 2,870
Accrued expense and other liabilities	2,051	1,844
Premises and equipment	78	-
Securities available for sale	3,111	894
Other real estate owned	130	707
Write-down of investment	221	-
Other	339	-
Total deferred tax assets	8,793	6,315
Deferred tax liabilities:		
Premises and equipment	-	117
Mortgage servicing rights	5,334	4,588
FHLB stock	157	123
Other	-	2
Total deferred tax liabilities	5,491	4,830
Net deferred tax asset	$ 3,302	$ 1,485

Note 11 Employee Benefits

The Corporation maintains a savings plan for its employees. Employees are eligible to participate after completion of six months of service. Maximum employer and employee contributions to the plan are limited to $42 or 80% of an employee's gross earnings, whichever is less. The Corporation may make contributions in an amount necessary to match up to a maximum of 5% of the employee's annual compensation. The Corporation's contributions were $797 and $654 in 2005 and 2004, respectively.

The Corporation has nonqualified deferred compensation plans which provide death and retirement benefits to certain officers. Benefits under the plans are payable over a 15 year period following death or retirement. Deferred compensation expense of $686 was recorded both in 2005 and 2004. Deferred compensation payable totaled $4,387 and $4,084 at December 31, 2005 and 2004, respectively. The Corporation has purchased life insurance policies to fund future plan obligations. These policies had an aggregate cash surrender value of $20,836 and $20,066 at December 31, 2005 and 2004, respectively.

During 2001, the Corporation adopted a Phantom Stock Ownership and Long-Term Incentive Plan under which eligible employees may be granted phantom shares from an initial pool of 108,000 shares. Holders of the phantom shares have no rights as a shareholder of the Corporation, but may redeem vested, non-expired phantom shares held for cash in an amount equal to the increase in the book value of the Corporation's common stock subsequent to their grant date.

Information regarding phantom shares is as follows:

	2005	2004
Phantom shares outstanding at beginning of year	**69,390**	58,934
Grants	**11,571**	11,554
Exercised	**5,894**	-
Expired or canceled	**-**	1,098
Phantom shares outstanding at end of year	**75,067**	69,390
Available for grant at end of year	**27,039**	38,610
Exercisable at end of year	**56,367**	44,957

Compensation expense related to phantom shares is accrued over the vesting period of the award; however, the ultimate measurement of the aggregate compensation is based on the value of the award on the date of exercise. Accrued compensation payable under the Plan totaled $1,846 and $1,273 at December 31, 2005 and 2004, respectively. Compensation expense recognized under the Plan totaled $700 in 2005 and $650 in 2004.

Note 12 Noninterest Income

Noninterest income consisted of the following for the years ended December 31, 2005 and 2004:

	2005	2004
Credit card fees	$ **32,210**	$ 22,792
Item processing fees	**2,108**	2,682
Net gain on derivative transactions	**-**	1,441
Mortgage loan servicing fees	**3,627**	3,051
Customer security transaction fees	**2,075**	2,258
Audit and loan review fees	**2,294**	2,296
Gain on sales of loans	**2,273**	2,346
Gain on sale of securities, net	**174**	834
Federal fund agency fees	**942**	992
Safekeeping fees	**868**	1,174
Operating lease	**886**	517
Other	**6,548**	5,788
	$ **54,005**	$ 46,171

Note 13 Acquisition of Southeast Bankcard Association, Inc. (SEBA)

Effective December 31, 2004, the Bank purchased 100% of the outstanding shares of SEBA's common stock, the only stock currently outstanding for a total cash purchase price of approximately $7,382. The acquisition of SEBA will significantly increase the Bank's card processing volumes, in turn creating economies that will allow the Bank to provide improved efficiencies, service levels and product offerings for customer banks across the country. The acquired entity will be known as "BankersBank Card Services Company".

The intangible asset is assigned to customer contracts renewed for five years just prior to acquisition. The asset will be amortized over 5 years.

Immediately following the acquisition, BankersBank Card Services Company's condensed balance sheet was as follows:

Cash	$ 3,906
Intangible asset	2,741
Other assets	1,250
Total assets acquired	7,897
Other liabilities	(515)
Allocated purchase price	$ 7,382

Note 14 Commitments and Contingencies

Financial Instruments With Off-Balance Sheet Risk

The Corporation is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, credit card line commitments and standby letters of credit and involve, to varying degrees, elements of credit risk and interest rate risk in excess of the amount recognized in the consolidated balance sheet. The contract or notional amounts of those instruments reflect the extent of involvement the Corporation has in particular classes of financial instruments.

The Corporation's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit, credit card line commitments and standby letters of credit is represented by the contractual amount of those instruments. The Corporation uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments. At December 31, 2005 and 2004, the amounts of these financial instruments were as follows:

	2005	2004
Commitments to extend credit	$ 293,998	$ 272,646
Standby letters of credit	6,197	4,671
Credit card lines	436,355	397,510
	$ 736,550	$ 674,827

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. Such commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Corporation evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Corporation upon extension of credit, is based on managements' credit evaluation of the counterparty. Collateral held varies but may include accounts receivable, inventory, single and multi-family residences, property and equipment and income-producing commercial properties.

Standby letters of credit are conditional commitments issued by the Corporation to guarantee the performance of a customer to a third party. The Corporation's policies generally require that letter of credit arrangements contain security and debt covenants similar to those contained in loan arrangements. The amount of collateral obtained, if deemed necessary by the Corporation upon extension of credit, is based on managements' credit evaluation of the counterparty. Collateral held varies but may include accounts receivable, inventory, single and multi-family residences, property and equipment and income-producing commercial properties. In the event the customer does not perform in accordance with the terms of the agreement with the third party, the Corporation would be required to fund the commitment. The maximum potential amount of future payments the Corporation could be required to make is represented by the contractual amount shown in the table above. If the commitment is funded, the Corporation would be entitled to seek recovery from the customer. As of December 31, 2005 and 2004, no amounts have been recorded as liabilities for the Bank's potential obligations under these guarantees.

Credit card commitments are unsecured.

The Corporation has a revolving line of credit payable with a third party. During 2005 and 2004, the note had a maximum advanceable amount of $15,000. The line of credit accrues interest at the Wall Street Journal prime interest rate, contains certain financial covenants and is secured by the stock of the Bank and IBFC. There was no balance outstanding at any time during 2005 or 2004.

Lease Commitments

The Corporation leases certain office facilities and office equipment under operating leases that expire at various dates through 2010. The Corporation has renewal options for most of its operating leases. Rent expense for all operating leases totaled $661 in 2005 and $451 in 2004. Total rents paid under escalating lease agreements are expensed over the life of the lease on a straight-line basis. The rental payments on operating leases are based on a minimum rental plus a percentage of operating costs, some of which are restricted as to the maximum annual increase.

Future minimum lease payments under all noncancelable operating leases as of December 31, 2005 are as follows:

2006	$ 425
2007	362
2008	361
2009	372
2010	62
	$ 1,582

Contingencies

Various other contingent liabilities are not reflected in the financial statements, including claims and legal actions arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, the ultimate disposition of these matters is not expected to have a material effect on the Corporation's financial condition or results of operations.

Note 15 Fair Value of Financial Instruments

The estimated fair value approximates carrying value for financial instruments except those described below:

Securities and Derivatives: Fair values for securities and derivatives are based on quoted market prices or dealer quotes. If a quoted market price is not available, fair value is estimated using quoted market prices for similar instruments.

Loans Held for Sale: Fair values are based on quoted market prices of similar loans sold on the secondary market.

Loans: The fair value of fixed-rate loans and variable-rate loans which reprice on an infrequent basis is estimated by discounting future cash flows using the current interest rates at which similar loans with similar terms would be made to borrowers of similar credit quality. Credit card receivables were valued based on the estimated premium to book value the Corporation would expect to obtain for a sale of the entire portfolio given its size, terms and other characteristics.

Deposits: The fair value of fixed-rate deposit liabilities with defined maturities is estimated by discounting future cash flows using the interest rates currently offered for deposits of similar remaining maturities.

Other Borrowings: The fair value of fixed rate borrowings is estimated based on the present value of expected cash flows using current interest rates for similar financial instruments.

Off-Balance-Sheet Instruments: The fair values of these items are not material and are therefore not included on the following schedule.

	2005		2004	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Financial assets:				
Cash equivalents	$ 352,515	$ 352,515	$ 276,700	$ 276,700
Interest-bearing time deposits	500	506	499	499
Securities	444,981	444,981	360,546	360,546
Loans held for sale	7,727	7,727	30,380	30,380
Loans, net	556,549	560,850	567,768	569,767
Mortgage servicing rights	19,923	19,923	15,103	15,103
Accrued interest receivable	6,988	6,988	6,211	6,211
Due from broker	2,284	2,284	2,223	2,223
Financial liabilities:				
Deposits	451,827	453,076	406,754	406,729
Federal funds purchased and securities sold under agreements to repurchase	785,335	785,335	703,804	703,804
Other borrowings	100,000	95,807	100,000	94,607
Trust preferred securities	20,620	20,620	20,000	20,000
Derivatives	555	565	641	641
Accrued interest payable	750	750	394	394

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time the Corporation's entire holdings of a particular financial instrument. These estimates are subjective in nature and require considerable judgment to interpret market data. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Corporation could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts. The fair value estimates presented herein are based on pertinent information available to management as of the respective balance sheet date. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued since the presentation dates, and therefore, estimates of fair value after the balance sheet date may differ significantly from the amounts presented herein.

Note 16 Shareholders' Equity

The Corporation has 1,000,000 authorized shares of $1 par value convertible preferred stock (Series B, C and D) with a liquidation value of $20 per share. No shares were outstanding at December 31, 2005 or 2004.

The Corporation maintains a Dividend Reinvestment and Share Purchase Plan whereby shareholders may elect to: (1) reinvest common stock dividends in the common stock of the Corporation, and (2) make optional cash payments to purchase additional common stock of the Corporation. The purchase price of common shares issued under the Plan is the book value of the stock as of the month ended immediately preceding the reinvestment date. During 2005 and 2004, 4,635 and 4,092 shares of common stock were issued under the Plan with an average issue price of $69.53 and $63.17 per share, respectively.

Note 17 Regulatory Matters

Banks and bank holding companies are subject to various regulatory capital requirements administered by federal and state 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 Corporation's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, specific capital guidelines that involve quantitative measures of the Corporation's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices must be met. The Corporation's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulations to ensure capital adequacy require the maintaining of 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).

As of December 31, 2005 and 2004, the Bank met the level of capital necessary to be categorized as "well capitalized" under prompt corrective action regulations. To be categorized as "well capitalized," the Bank must maintain minimum total risk-based, Tier I risk-based, and Tier I leverage ratios as set forth in the table. As of December 31, 2005 and 2004, the Corporation met all capital requirements under the regulatory framework specified by the Federal Reserve Board. Management is not aware of any conditions subsequent to December 31, 2005 that would change the Corporation's or the Bank's capital category.

The Corporation's and the Bank's actual capital amounts and ratios are presented in the following table.

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2005:						
Total capital to risk weighted assets:						
Consolidated	$ 105,867	12.5 %	$ 67,742	8.0 %	N/A	N/A
Bank only	104,413	12.4 %	67,471	8.0 %	$ 84,339	10.0 %
Tier I capital to risk weighted assets:						
Consolidated	95,955	11.3 %	33,871	4.0 %	N/A	N/A
Bank only	94,501	11.2 %	33,736	4.0 %	50,603	6.0 %
Tier I capital to average assets:						
Consolidated	95,955	5.6 %	68,443	4.0 %	N/A	N/A
Bank only	94,501	5.7 %	66,156	4.0 %	82,695	5.0 %
December 31, 2004:						
Total capital to risk weighted assets:						
Consolidated	96,243	11.7 %	65,807	8.0 %	N/A	N/A
Bank only	94,434	11.5 %	65,610	8.0 %	82,012	10.0 %
Tier I capital to risk weighted assets:						
Consolidated	87,105	10.6 %	32,887	4.0 %	N/A	N/A
Bank only	85,296	10.4 %	32,805	4.0 %	49,207	6.0 %
Tier I capital to average assets:						
Consolidated	87,105	6.1 %	57,285	4.0 %	N/A	N/A
Bank only	85,296	6.0 %	57,235	4.0 %	71,544	5.0 %

Note 18 Parent Company Only Financial Statements

Balance Sheets

	December 31, 2005	2004
ASSETS		
Cash due from subsidiary bank	$ 1,906	$ 2,264
Investment in subsidiaries	93,526	88,643
Other assets	2,747	2,027
Total assets	$ 98,179	$ 92,934
LIABILITIES AND SHAREHOLDERS' EQUITY		
Dividends payable	$ 1,378	$ 1,235
Junior subordinated debentures	20,620	20,620
Other liabilities	1,855	1,282
Total liabilities	23,853	23,137
Commitments and contingencies	-	-
Shareholders' equity:		
Common stock, par value $10 per share, 5,000,000 shares authorized;		
1,060,074 and 1,028,857 shares issued and outstanding in 2005 and 2004	10,600	10,288
Capital surplus	19,167	17,096
Retained earnings	50,598	44,150
Accumulated other comprehensive loss	(6,039)	(1,737)
Total shareholders' equity	74,326	69,797
Total liabilities and shareholders' equity	$ 98,179	$ 92,934

Note 18 Parent Company Only Financial Statements (Continued)

Statement of Income

	Year Ended December 31, 2005	2004
Dividend income	$ -	$ 980
Interest income	41	29
Interest expense	(1,353)	(967)
	(1,312)	42
Write-down of investment	-	(650)
Other expenses	(749)	(715)
Loss before income taxes and equity in undistributed income of subsidiaries	(2,061)	(1,323)
Federal income taxes:		
Current benefit	701	784
Loss before equity in undistributed income of subsidiaries	(1,360)	(539)
Equity in undistributed income of subsidiaries	9,185	9,583
Net income	$ 7,825	$ 9,044

Note 18 Parent Company Only Financial Statements (Continued)

Statement of Cash Flows

	Year Ended December 31, 2005	2004
Cash flows from operating activities:		
Net income	$ 7,825	$ 9,044
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Equity in undistributed income of subsidiaries	(9,185)	(9,583)
Write down of investment	-	650
Deferred compensation expense	573	650
Changes in operating assets and liabilities:		
Accrued interest receivable and other assets	(719)	(183)
Accrued interest payable and other liabilities	-	(62)
Net cash provided by (used in) operating activities	(1,506)	516
Cash flows from financing activities:		
Purchase and retirement of common stock	(664)	(885)
Net proceeds from issuance of common stock	3,047	3,460
Cash dividends paid on common stock	(1,235)	(1,096)
Net cash provided by financing activities	1,148	1,479
Net increase (decrease) in cash equivalents	(358)	1,995
Cash equivalents at beginning of year	2,264	269
Cash equivalents at end of year	$ 1,906	$ 2,264
Supplemental cash flow information:		
Cash paid during the year for interest	$ 1,353	$ 967
Cash paid during the year for taxes	-	2,664