Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2016

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A This return/report is for:
- ☐ a multiemployer plan
- ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.)
- ☒ a single-employer plan
- ☐ a DFE (specify) ____

B This return/report is:
- ☐ the first return/report
- ☐ the final return/report
- ☐ an amended return/report
- ☐ a short plan year return/report (less than 12 months)

C If the plan is a collectively-bargained plan, check here. . . . . ▶ ☐

D Check box if filing under:
- ☒ Form 5558
- ☐ automatic extension
- ☐ the DFVC program
- ☐ special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
INDUSTRY STATE BANK 401(K) EMPLOYEE STOCK OWNERSHIP PLAN

1b Three-digit plan number (PN) ▶ 002

1c Effective date of plan 12/31/1996

2a Plan sponsor's name (employer, if for a single-employer plan)
Mailing address (include room, apt., suite no. and street, or P.O. Box)
City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions)
INDUSTRY BANCSHARES, INC.

7910 ERNST PARKWAY, PO BOX 87
INDUSTRY, TX 78944

2b Employer Identification Number (EIN) 74-2679367

2c Plan Sponsor's telephone number 979-357-4437

2d Business code (see instructions) 522110

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	08/01/2017	JANE POE
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

Preparer's name (including firm name, if applicable) and address (include room or suite number)

Preparer's telephone number

3a	Plan administrator's name and address [X] Same as Plan Sponsor	**3b**	Administrator's EIN
		3c	Administrator's telephone number
4	If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:	**4b**	EIN
a	Sponsor's name	**4c**	PN

5	Total number of participants at the beginning of the plan year	**5**	333
6	Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines **6a(1), 6a(2), 6b, 6c,** and **6d**).		
a(1)	Total number of active participants at the beginning of the plan year	**6a(1)**	293
a(2)	Total number of active participants at the end of the plan year	**6a(2)**	371
b	Retired or separated participants receiving benefits	**6b**	11
c	Other retired or separated participants entitled to future benefits	**6c**	18
d	Subtotal. Add lines **6a(2)**, **6b**, and **6c**.	**6d**	400
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	**6e**	0
f	Total. Add lines **6d** and **6e**.	**6f**	400
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	323
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	9
7	Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:

2E 2F 2H 2J 2K 2P 2T 3I

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:

9a Plan funding arrangement (check all that apply)

- **(1)** [ ] Insurance
- **(2)** [ ] Code section 412(e)(3) insurance contracts
- **(3)** [X] Trust
- **(4)** [ ] General assets of the sponsor

9b Plan benefit arrangement (check all that apply)

- **(1)** [ ] Insurance
- **(2)** [ ] Code section 412(e)(3) insurance contracts
- **(3)** [X] Trust
- **(4)** [ ] General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- **(1)** [X] **R** (Retirement Plan Information)
- **(2)** [ ] **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- **(3)** [ ] **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- **(1)** [X] **H** (Financial Information)
- **(2)** [ ] **I** (Financial Information – Small Plan)
- **(3)** [ ] **A** (Insurance Information)
- **(4)** [X] **C** (Service Provider Information)
- **(5)** [ ] **D** (DFE/Participating Plan Information)
- **(6)** [ ] **G** (Financial Transaction Schedules)

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ..... ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ..... ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2016 Form M-1 annual report. If the plan was not required to file the 2016 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code_____

SCHEDULE C (Form 5500)	Service Provider Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ **File as an attachment to Form 5500.**	**2016** **This Form is Open to Public Inspection.**

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A Name of plan
INDUSTRY STATE BANK 401(K) EMPLOYEE STOCK OWNERSHIP PLAN

B Three-digit plan number (PN) ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500
INDUSTRY BANCSHARES, INC.

D Employer Identification Number (EIN)
74-2679367

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. . . . . [X] Yes [ ] No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

ASCENSUS
200 DRYDEN ROAD
DRESHER, PA 19025

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

ASCENSUS

11-3665754

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
15 37 60	RECORD KEEPER	1050	Yes [X] No [ ]	Yes [X] No [ ]		Yes [X] No [ ]

(a) Enter name and EIN or address (see instructions)

COKER, WOMMACK & CO.

74-2323205

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
10	AUDITOR	7974	Yes [X] No [ ]	Yes [X] No [ ]		Yes [X] No [ ]

(a) Enter name and EIN or address (see instructions)

NEWPORT,INC

27-2037969

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
15	TPA	18465	Yes [X] No [ ]	Yes [X] No [ ]		Yes [X] No [ ]

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	**(c)** Relationship to employer, employee organization, or person known to be a party-in-interest	**(d)** Enter direct compensation paid by the plan. If none, enter -0-.	**(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	**(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	**(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	**(h)** Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	**(c)** Relationship to employer, employee organization, or person known to be a party-in-interest	**(d)** Enter direct compensation paid by the plan. If none, enter -0-.	**(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	**(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	**(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	**(h)** Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	**(c)** Relationship to employer, employee organization, or person known to be a party-in-interest	**(d)** Enter direct compensation paid by the plan. If none, enter -0-.	**(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	**(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	**(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	**(h)** Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

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(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)

(complete as many entries as needed)

a Name:	**b** EIN:
c Position:	
d Address:	**e** Telephone:

Explanation:

a Name:	**b** EIN:
c Position:	
d Address:	**e** Telephone:

Explanation:

a Name:	**b** EIN:
c Position:	
d Address:	**e** Telephone:

Explanation:

a Name:	**b** EIN:
c Position:	
d Address:	**e** Telephone:

Explanation:

a Name:	**b** EIN:
c Position:	
d Address:	**e** Telephone:

Explanation:

SCHEDULE H (Form 5500)

Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2016

This Form is Open to Public Inspection

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A Name of plan
INDUSTRY STATE BANK 401(K) EMPLOYEE STOCK OWNERSHIP PLAN

B Three-digit plan number (PN) ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500
INDUSTRY BANCSHARES, INC.

D Employer Identification Number (EIN)
74-2679367

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a	0	
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	2012	0
(2) Participant contributions	1b(2)		
(3) Other	1b(3)	0	
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	480992	316981
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	265083	207610
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	12116649	13754851
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	**1d(1)**	10132306	10853589
	(2) Employer real property	**1d(2)**		
e	Buildings and other property used in plan operation	**1e**		
f	Total assets (add all amounts in lines 1a through 1e)	**1f**	22997042	25133031
	Liabilities			
g	Benefit claims payable	**1g**	222957	97834
h	Operating payables	**1h**		
i	Acquisition indebtedness	**1i**	2800000	2100000
j	Other liabilities	**1j**	13779	10989
k	Total liabilities (add all amounts in lines 1g through1j)	**1k**	3036736	2208823
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	**1l**	19960306	22924208

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

	Income		(a) Amount	(b) Total
a	**Contributions:**			
	(1) Received or receivable in cash from: **(A)** Employers	**2a(1)(A)**	991099	
	(B) Participants	**2a(1)(B)**	1305807	
	(C) Others (including rollovers)	**2a(1)(C)**	445234	
	(2) Noncash contributions	**2a(2)**		
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	**2a(3)**		2742140
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	**2b(1)(A)**	2221	
	(B) U.S. Government securities	**2b(1)(B)**		
	(C) Corporate debt instruments	**2b(1)(C)**		
	(D) Loans (other than to participants)	**2b(1)(D)**		
	(E) Participant loans	**2b(1)(E)**	9458	
	(F) Other	**2b(1)(F)**		
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	**2b(1)(G)**		11679
	(2) Dividends: **(A)** Preferred stock	**2b(2)(A)**		
	(B) Common stock	**2b(2)(B)**		
	(C) Registered investment company shares (e.g. mutual funds)	**2b(2)(C)**		
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	**2b(2)(D)**		
	(3) Rents	**2b(3)**		
	(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	**2b(4)(A)**		
	(B) Aggregate carrying amount (see instructions)	**2b(4)(B)**		
	(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	**2b(4)(C)**		
	(5) Unrealized appreciation (depreciation) of assets: **(A)** Real estate	**2b(5)(A)**		
	(B) Other	**2b(5)(B)**	721283	
	(C) Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)**	**2b(5)(C)**		721283

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		785338
c Other income	2c		178603
d Total income. Add all **income** amounts in column (b) and enter total	2d		4439043
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	1356421	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines **2e(1)** through **(3)**	2e(4)		1356421
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		89863
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	28857	
(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	2i(5)		28857
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		1475141
Net Income and Reconciliation			
k Net income (loss). Subtract line **2j** from line **2d**	2k		2963902
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified **(2)** ☐ Qualified **(3)** ☒ Disclaimer **(4)** ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: COKER, WOMMACK & COMPANY, PC **(2)** EIN: 74-2323205

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. **(2)** ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

		Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	4a		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	4b		X	

			Yes	No	Amount
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	X		7800000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3	4n			
o	Defined Benefit Plan or Money Purchase Pension Plan Only: Were any distributions made during the plan year to an employee who attained age 62 and had not separated from service?	4o			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? If "Yes," enter the amount of any plan assets that reverted to the employer this year ☐ **Yes** ☒ **No** **Amount:**

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	**5b(2)** EIN(s)	**5b(3)** PN(s)

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (See ERISA section 4021.)? ..... ☐ Yes ☐ No ☐ Not determined
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year_____. (See instructions.)

Part V Trust Information

6a Name of trust	**6b** Trust's EIN

6c Name of trustee or custodian	**6d** Trustee's or custodian's telephone number

SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Retirement Plan Information

This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2016

This Form is Open to Public Inspection.

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A Name of plan
INDUSTRY STATE BANK 401(K) EMPLOYEE STOCK OWNERSHIP PLAN

B Three-digit plan number (PN) ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500
INDUSTRY BANCSHARES, INC.

D Employer Identification Number (EIN)
74-2679367

Part I Distributions

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions **1** 0

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 45-0404698

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year **3**

Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

If the plan is a defined benefit plan, go to line 8.

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.

6 **a** Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived) **6a**

b Enter the amount contributed by the employer to the plan for this plan year **6b**

c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) **6c**

If you completed line 6c, skip lines 8 and 9.

7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

Part III Amendments

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box. ..... ☐ **Increase** ☐ **Decrease** ☐ **Both** ☐ **No**

Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ **Yes** ☒ **No**

11 **a** Does the ESOP hold any preferred stock? ..... ☐ **Yes** ☒ **No**

b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... ☐ **Yes** ☒ **No**

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☒ **Yes** ☐ **No**

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

14 Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	**14a**	
b The plan year immediately preceding the current plan year	**14b**	
c The second preceding plan year	**14c**	

15 Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	**15a**	
b The corresponding number for the second preceding plan year	**15b**	

16 Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	**16a**	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	**16b**	

17 If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

18 If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

19 If the total number of participants is 1,000 or more, complete lines (a) through (c)

a Enter the percentage of plan assets held as:
Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

Part VII IRS Compliance Questions

20a Is the plan a 401(k) plan? If "No," skip b	☐ Yes ☐ No
20b How did the plan satisfy the nondiscrimination requirements for employee deferrals under section 401(k)(3) for the plan year? Check all that apply:	☐ Design-based safe harbor ☐ "Prior year" ADP test ☐ "Current year" ADP test ☐ N/A
21a What testing method was used to satisfy the coverage requirements under section 410(b) for the plan year? Check all that apply:	☐ Ratio percentage test ☐ Average benefit test ☐ N/A
21b Did the plan satisfy the coverage and nondiscrimination requirements of sections 410(b) and 401(a)(4) for the plan year by combining this plan with any other plan under the permissive aggregation rules?	☐ Yes ☐ No

22a If the plan is a master and prototype plan (M&P) or volume submitter plan that received a favorable IRS opinion letter or advisory letter, enter the date of the letter _____/_____/_____ and the serial number _____.

22b If the plan is an individually-designed plan that received a favorable determination letter from the IRS, enter the date of the most recent determination letter _____/_____/_____.

INDUSTRY STATE BANK 401(K) PROFIT SHARING PLAN

FINANCIAL STATEMENTS

AND SUPPLEMENTAL INFORMATION

AS OF DECEMBER 31, 2016 AND 2015

TOGETHER WITH INDEPENDENT AUDITORS'

REPORT THEREON

CONTENTS

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COKER, WOMMACK & COMPANY
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

ANTHONY L. WOMMACK,
PRESIDENT
THERESA S. BLUM
TODD E. CLEMMER

BURL D. COKER
STEPHEN E. SPENCER
GREG A. HOEFT

INDEPENDENT AUDITORS' REPORT

Board of Directors
Industry State Bank 401(k) Profit Sharing Plan
Industry, Texas

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Industry State Bank 401(k) Profit Sharing Plan, which comprise the statements of net assets available for benefits as of December 31, 2016 and 2015, and the related statement of changes in net assets available for benefits for the year ended December 31, 2016, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audits in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 11, which was certified by Industry State Bank and Ascensus Trust Company, the trustees of the Plan, except for comparing the information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustees as of and for the years ended December 31, 2016 and 2015, that the information provided to the plan administrator by the trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

The supplemental schedule of assets held for investment purposes at end of year as of December 31, 2016, is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedule referred to above.

Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustees, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Coker, Wommack & Company, P.C.

Waco, Texas
July 21, 2017

INDUSTRY STATE BANK 401(K) PROFIT SHARING PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2016 and 2015

	2016		
	Allocated	Unallocated	Total
Assets			
Investments:			
Cash	$ 316,981	$ -	$ 316,981
Industry Bancshares, Inc., common stock - non-participant directed, at estimated fair value	8,297,571	2,556,018	10,853,589
Mutual funds - participant directed, at fair value	13,754,851	-	13,754,851
	22,369,403	2,556,018	24,925,421
Receivables:			
Participant contributions	-	-	-
Employer contributions	-	-	-
Receivables from participants	207,610	-	207,610
	207,610	-	207,610
Total Assets	22,577,013	2,556,018	25,133,031
Liabilities			
Notes payable	-	2,100,000	2,100,000
Other liabilities	-	10,989	10,989
Total Liabilities	-	2,110,989	2,110,989
Net assets available for benefits	$ 22,577,013	$ 445,029	$ 23,022,042

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

2015		
Allocated	Unallocated	Total
$ 480,992	$ -	$ 480,992
6,898,089	3,234,217	10,132,306
12,116,649	-	12,116,649
19,495,730	3,234,217	22,729,947
-	-	-
2,012	-	2,012
265,083	-	265,083
267,095	-	267,095
19,762,825	3,234,217	22,997,042
-	2,800,000	2,800,000
-	13,779	13,779
-	2,813,779	2,813,779
$ 19,762,825	$ 420,438	$ 20,183,263

INDUSTRY STATE BANK 401(K) PROFIT SHARING PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
For the Year Ended December 31, 2016

	Allocated	Unallocated	Total
Additions to net assets attributed to:			
Investment income			
Net appreciation in fair value of investments			
Non-participant directed	$ 689,523	$ 31,760	$ 721,283
Participant directed	785,338	-	785,338
	1,474,861	31,760	1,506,621
Interest	11,679	-	11,679
Dividends	178,603	-	178,603
	1,665,143	31,760	1,696,903
Contributions			
Participants	1,305,807	-	1,305,807
Participant rollovers	445,234	-	445,234
Employer	-	991,099	991,099
	1,751,041	991,099	2,742,140
Allocation of 28,747 shares of common stock of Industry Bancshares, Inc., at estimated fair value	908,405	-	908,405
Total additions	4,324,589	1,022,859	5,347,448
Deductions from net assets attributed to:			
Benefits paid to participants	1,481,544	-	1,481,544
Interest expense	-	89,863	89,863
Administrative expenses	28,857	-	28,857
Allocation of 28,747 shares of common stock of Industry Bancshares, Inc., at estimated fair value	-	908,405	908,405
Total deductions	1,510,401	998,268	2,508,669
Net increase in net assets	2,814,188	24,591	2,838,779
Net assets available for benefits			
Beginning of year	19,762,825	420,438	20,183,263
End of year	$ 22,577,013	$ 445,029	$ 23,022,042

The accompanying notes are an integral part of these financial statements

1. Description of Plan

The following brief description of the Industry State Bank 401(k) Profit Sharing Plan (the Plan) is provided for general information purposes only. Participants should refer to the Plan agreement for complete information.

Industry Bancshares, Inc. (the Company) established the Plan effective as of December 31, 1996. As of December 9, 2009, the Plan was amended and operates, in relevant part, as a leveraged employee stock ownership plan (ESOP), and is designed to comply with Section 4975(e)(7) and the regulations thereunder of the Internal Revenue Code of 1986, as amended (IRC) and is subject to the applicable provisions of the Employee Retirement Income Security Act of 1974, (ERISA). The Plan is administered by Industry Bancshares, Inc. Industry State Bank and Ascensus Trust Company are the Plan's trustees.

The Plan purchased Company common stock using the proceeds of a bank borrowing (see Note 8) guaranteed by the Company, and holds the common stock in a trust established under the Plan. The borrowing is to be repaid over a period of five years by fully deductible Company contributions to the trust fund. Based upon principal and interest payments, an appropriate percentage of stock will be allocated annually to eligible employee's accounts in accordance with applicable regulations under the IRC. Shares vest fully upon allocation.

The borrowing is collaterialized by the unallocated shares of common stock and is guaranteed by the Company. The lender has no rights against shares of common stock once they are allocated to participants in accordance with the terms of the ESOP. Accordingly, the financial statements of the Plan as of December 31, 2016 and 2015, and for the year ended December 31, 2016, present separately the assets and liabilities and changes therein pertaining to

a. the accounts of employees with vested rights in allocated common stock (allocated) and

b. common stock not yet allocated to employees (unallocated).

Eligibility

Employees of the Company and its participating subsidiaries are generally eligible to participate in the Plan after one year of service providing they worked at least 1,000 hours during such Plan year.

Payment of Benefits

Participants may choose to receive account distributions either in the form of a lump sum payment or installments over a period of time as defined in the Plan Agreement. However, if the participant's vested balance does not exceed $ 1,000, the Plan may distribute funds in the form of a lump sum payment without the consent of the participant. Withdrawals by a participant while employed are limited to those requested due to event of financial hardship as defined by the Plan.

Under the provisions of the Plan, the Company is obligated to repurchase participant shares which have been distributed under the terms of the Plan as long as the stock cannot be readily sold. No shares have been repurchased.

Voting Rights

The trustee of the Plan will vote all Company stock held as a part of the Plan assets except for certain exceptions.

1. Description of Plan

Plan Termination

Although it has not expressed any intent to do so, the Company has the right to modify or terminate the Plan at any time, subject to the provisions of ERISA and the Plan agreement. In the event of termination, the Plan provides that all affected participants' interests will become fully vested and nonforfeitable.

Contributions

The Company is obligated to make contributions in cash to the Plan which equal the amount necessary to enable the Plan to make its regularly scheduled payments of principal and interest due on its notes payable.

Participants may elect to defer not less than 1% nor more than 50% of compensation, as defined in the Plan, subject to Internal Revenue Service limitations. The Company can make additional discretionary matching contributions to the Plan in amounts determined annually by the Board of Directors. For the year ended December 31, 2016, the Company matching contributions totaled 100% of each participant's contribution, up to a maximum of 7% of the participant's compensation. The Plan also allows the Company to make discretionary profit sharing contributions. There were no discretionary profit sharing contributions for the year ended December 31, 2016.

Participant Accounts

The Plan is a defined contribution plan under which a separate individual account is established for each participant. Each participant's account is credited with the participant's contribution and allocations of the Company's contribution, plus a proportionate interest in the investment earnings or losses of the funds in which the contributions are invested. In addition, participant's accounts are credited with an allocation of shares of the Company's common stock released by the trustee from the unallocated account and forfeitures of terminated participants' nonvested accounts. Allocations are based upon the participant's earnings or account balances as defined by the Plan agreement. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

Vesting

Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Company's matching and discretionary profit sharing contributions plus earnings thereon is based upon years of service. A participant is 100% vested after six years of credited service. In the event of death, disability, normal retirement age (65), or if the Plan is discontinued, participants become 100% vested in all account balances.

Put Option

Under Federal income tax regulations, the employer stock that is held by the Plan and its participants and is not readily tradable on an established market, or is subject to trading limitations, includes a put option. The put option is a right to demand that the Company buy any shares of its stock distributed to participants for which there is no market. The put price is representative of the fair market value of the stock. The Company can pay for the purchase with interest over a period of five years. The purpose of the put option is to ensure that the participant has the ability to ultimately obtain cash.

1. Description of Plan

Diversification

Diversification is offered to participants close to retirement so that they may have the opportunity to move part of the value of their investment in Company common stock into investments that are more diversified. Participants who are at least age 55 with at least 10 years of participation in the Plan may elect to diversify a portion of their account. Diversification is offered to each eligible participant over a six year period. In each of the first five years, a participant may diversify up to 25 percent of the number of post-1986 shares allocated to his or her account, less any shares previously diversified. In the sixth year, the percentage changes to 50 percent. Participants who elect to diversify are given a choice of at least three distinct investment options.

Forfeitures

If an employee terminates before his or her matching and discretionary contribution accounts have become fully vested, such portion of the account is forfeited. Participant forfeitures are used to reduce future employer matching contributions. Forfeitures totaled $ 44,260 and$ 4,710 in 2016 and 2015, respectively.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan are prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Allocations

The financial statements of the Plan present separately the assets and liabilities and changes therein pertaining to (a) the accounts of employees with rights in allocated stock ("allocated") and (b) stock not yet allocated to employees ("unallocated"), including shares that are committed to be released. Shares are released from collateral and become allocated generally in the period in which debt service is actually paid.

Investment Valuation and Income Recognition

Industry Bancshares, Inc. common stock and investments in the mutual funds (common collective trust funds) are valued at estimated fair value. See Note 5 for discussion of fair value measurements. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Participant loans are valued at their outstanding balances, which approximate fair value.

Benefit Payments

Benefit payments to participants are recorded upon distribution.

2. Summary of Significant Accounting Policies

Subsequent Events

Subsequent events were evaluated through July 21, 2017, which is the date the financial statements were available to be issued.

3. Tax Status

The Internal Revenue Service has determined and informed the Company by a letter dated February 14, 2015 that the Plan is qualified and the trust established under the Plan is tax-exempt, under the appropriate sections of the Code.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the plan and recognize a tax liability if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2013.

4. Investments

The following presents investments that represent five percent or more of the Plan's net assets:

Industry Bancshares, Inc. common stock:

December 31, 2016

	Allocated	Unallocated	
Number of shares	262,581	80,887	
Cost	$ 4,014,809	$ 2,030,255	
Fair value	$ 8,297,571	$ 2,556,018	$ 10,853,589

December 31, 2015

	Allocated	Unallocated	
Number of shares	233,834	109,634	
Cost	$ 3,293,251	$ 2,751,813	
Fair value	$ 6,898,089	$ 3,234,217	$ 10,132,306

	2016	2015
Oppenheimer Rising Dividends Fund; 86,552 and 84,744 shares, respectively	$ 1,576,976	$ 1,568,603
MFS Moderate Allocation Fund; 85,804 and 81,861 shares, respectively	1,376,298	1,266,389
Metlife Stable Value Fund; 157,183 and 142,721 shares, respectively	2,732,744	2,441,460

5. Fair Value Measurements

The Plan's investments are reported at fair value in the accompanying statement of net assets available for benefits. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to measure the fair value of certain financial instruments could result in a different fair value at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs are unobservable and have the lowest priority. The Plan used appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were used only when Level 1 and Level 2 inputs were not available.

Level 1 Fair Value Measurements

The fair value of mutual funds is based on quoted net asset values of the shares held by the Plan at year-end.

Level 3 Fair Value Measurements

The fair value of the Company common stock is determined by an annual independent appraisal. This appraisal was based on a combination of the market and income valuation approaches consistent with prior years. The appraiser took into account historical and projected cash flow and net earnings, weighted average cost of capital, market comparables, and applicable discounts and premiums.

The Employee Benefits Administration Committee, under the supervision of the Company's Board of Directors, determines the fair value measurement policies and procedures in consultation with the Company's chief financial officer. Those policies and procedures are reassessed at least annually to determine if the current valuation techniques are still appropriate. At that time, the unobservable inputs used in the fair value measurements are evaluated and adjusted, as necessary, based on current market conditions and other third-party information.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2016 and 2015:

Assets at Fair Value

	Level 1	Level 2	Level 3	Total
December 31, 2016				
Industry Bancshares, Inc. common stock	$ -	$ -	$ 10,853,589	$ 10,853,589
Mutual Funds	13,754,851	-	-	13,754,851
Total Assets at Fair Value	$ 13,754,851	$ -	$ 10,853,589	$ 24,608,440
December 31, 2015				
Industry Bancshares, Inc. common stock	$ -	$ -	$ 10,132,306	$ 10,132,306
Mutual Funds	12,116,649	-	-	12,116,649
Total Assets at Fair Value	$ 12,116,649	$ -	$ 10,132,306	$ 22,248,955

5. Fair Value Measurements

Level 3 Gains and Losses

The following tables reconcile the beginning and ending balances of fair value measurements using significant unobservable inputs (Level 3) for the Industry Bancshares, Inc. common stock for the years ended December 31, 2016 and 2015.

	Industry Bancshares, Inc. Common Stock	Total
December 31, 2016		
Balance – beginning of year	$ 10,132,306	$ 10,132,306
Realized gains or losses	-	-
Unrealized gains or losses relating to assets still held at the reporting date	721,283	721,283
Purchases, sales, issuance, and settlements, net	-	-
Balance – end of year	$ 10,853,589	$ 10,853,589
December 31, 2015		
Balance – beginning of year	$ 9,818,278	$ 9,818,278
Realized gains or losses	11,260	11,260
Unrealized gains or losses relating to assets still held at the reporting date	332,208	332,208
Purchases, sales, issuance, and settlements, net	(29,440)	(29,440)
Balance – end of year	$ 10,132,306	$ 10,132,306

6. Administration of Plan Assets

The Plan's assets, which consist primarily of Company stock and mutual funds, are held by the trustees of the Plan.

Company contributions are held and managed by the trustees, which invest cash received, interest, and dividend income and make distributions to participants. The trustees also administer the payment of interest and principal of the loan, which is reimbursed to the trustees through contributions as determined by the Company.

Certain administrative functions are performed by officers or employees of the Company. No such officer or employee receives compensation from the Plan. Certain expenses incurred in the administration of the Plan are paid by the Company.

7. Receivables from Participants

Participants may borrow the lesser of $ 50,000 or 50% of their vested account balance and must borrow a minimum of $ 1,000. Loan repayment periods range from one to five years. The loans are collateralized by the balance in the participant's account and bear interest at a rate commensurate with the Wall Street Journal prime rate plus 1%. As of December 31, 2016, interest rates on loans to participants range from 4.25% to 4.75%. Principal and interest is repaid ratably through payroll deductions.

8. Long-Term Debt

The Plan's long-term debt at December 31, 2016 and 2015 consisted of the following:

	2016	2015
Note payable to a bank, bearing interest at Wall Street Journal Prime Plus .05% (3.755 percent at December 31, 2016), due in annual installments of $ 700,000 plus interest through November, 2019, secured by stock	$ 2,100,000	$ 2,800,000

Repayment of existing long-term debt is scheduled as follows:

Year Ending December 31,	Amount
2017	$ 700,000
2018	700,000
2019	700,000

Interest expense totaled $ 89,863 for the year ended December 31, 2016.

The Company is obligated to make contributions in cash to the Plan which equal the amount necessary to enable the Plan to make its regularly scheduled payments of principal and interest due on its loan.

9. Risks and Uncertainties

The Plan invests in various investments including the Company's common stock. Investments are exposed to various risks such as interest rate, market and credit risks, as well as valuation assumptions based on earnings, cash flows and/or other such techniques. Due to the level of risk associated with these investments and to uncertainties inherent in the estimates and assumptions process, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect participant's account balances and the amounts reported in the statement of net assets available for benefits.

10. Reconciliation of Financial Statements to Schedule H of Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2016, to Schedule H of Form 5500:

Net assets available for benefits per financial statements	$ 23,022,042
Amounts allocated to withdrawing participants	(97,834)
Net assets available for benefit per Schedule H of Form 5500	$ 22,924,208

The following is a reconciliation of benefits paid to participants per the financial statements for the year ended December 31, 2016, to Schedule H of Form 5500:

Benefits paid to participants per the financial statements	$ 1,481,544
Add: Amounts allocated to withdrawing participants at December 31, 2016	97,834
Deduct: Amounts allocated to withdrawing participants at December 31, 2015	(222,957)
Benefits paid to participants per Schedule H of Form 5500	$ 1,356,421

Amounts allocated to withdrawing participants are recorded on Schedule H of Form 5500 for benefit claims that have been processed and approved for payment prior to year end, but not paid.

11. Related Party Transactions

The Company provides the Plan with certain management and administrative services for which no fees are charged.

The Plan investments include interests in common stock of Industry Bancshares, Inc. managed by Industry State Bank. Industry State Bank is custodian and, therefore, these investments and related investment transactions qualify as party-in-interest.

12. Information Prepared and Certified by Trustees

The following information included in the accompanying financial statements and supplemental schedule was obtained from data that has been prepared and certified to as complete and accurate by the trustees.

	2016	2015
Cash	$ 316,981	$ 480,992
Investments, at fair value:		
Non-participant directed	10,853,589	10,132,306
Participant directed	13,754,851	12,116,649
Receivables from participants	207,610	265,083
Investment income:		
Net appreciation in fair value of assets	1,506,621	263,205
Interest	11,679	14,281
Dividends	178,603	151,125

SUPPLEMENTAL SCHEDULE

INDUSTRY STATE BANK 401(K) PROFIT SHARING PLAN
SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR
EIN: 74-2679367 / PLAN NUMBER: 002
December 31, 2016

(a)	(b)(c) Identity of Issue/Description	(e) Current Value
	Common stock	
*	Industry Bancshares, Inc.	$ 10,853,589
	Common/collective trust funds	
	The Collective Investment Funds of Oppenheimer Funds Services:	
	Oppenheimer Global Strategic Income Fund	312,500
	Oppenheimer Gold & Special Minerals Fund	141,242
	Oppenheimer International Growth Fund	158,633
	Oppenheimer International Small-Mid Company Fund	334,663
	Oppenheimer Developing Markets Fund	28,269
	Oppenheimer Rising Dividends Fund	1,576,976
	Oppenheimer International Diversified Fund	277,432
	Oppenheimer Equity Income Fund	515,456
	MFS Conservative Allocation Fund	122,020
	MFS Moderate Allocation Fund	1,376,298
	MFS Growth Allocation Fund	248,833
	MFS Aggressive Growth Allocation Fund	82,938
	MFS Diversified Income Fund	58,088
	PIMCO Total Return Fund	624,215
	American Century Heritage Fund	244,489
	American Funds Europacific Growth Fund	402,625
	American Funds Fundamental Investors Fund	435,377
	American Funds Growth Fund of America	876,490
	American Funds Income Fund of America	353,276
	BlackRock Global Small Cap Fund	419,958
	BlackRock High Yield Bond Portfolio Fund	852,628
	BlackRock Global Allocation Fund	13,617
	(CL) Invesco Select Companies Fund	309,374
	Columbia Mid Cap Index Fund	303,302
	Columbia Large Cap Index Fund	200,011
	Columbia Small Cap Index Fund	286,409
	Goldman Sachs Growth Opportunity Fund	466,988
	Metlife Stable Value Fund	2,732,744
		13,754,851
	Receivables from participants	
	Participant loans, interest rates ranging from 4.25% to 4.75%	207,610
	Total assets held for investment purposes at end of year	$ 24,816,050

* Party-in-interest

See auditors' report.

Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b), and 6058(a) of the Internal Revenue Code (the Code).

► **Complete all entries in accordance with the Instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2016

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A This return/report is for:
- ☐ a multiemployer plan;
- ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.)
- ☒ a single-employer plan;
- ☐ a DFE (specify) ____

B This return/report is:
- ☐ the first return/report;
- ☐ the final return/report;
- ☐ an amended return/report;
- ☐ a short plan year return/report (less than 12 months).

C If the plan is a collectively-bargained plan, check here . . . . . ► ☐

D Check box if filing under:
- ☒ Form 5558;
- ☐ automatic extension;
- ☐ the DFVC program;
- ☐ special extension (enter description)

Part II Basic Plan Information --- enter all requested information

1a Name of plan
Industry State Bank 401(k) Employee Stock Ownership Plan

1b Three-digit plan number (PN) ► 002

1c Effective date of plan 12/31/1996

2a Plan sponsor's name (employer, if for a single-employer plan)
Mailing address (include room, apt., suite no. and street or P.O. Box)
City or town, state or province, country, and ZIP or foreign postal code (If foreign, see instructions)

Industry Bancshares, Inc.

7910 Ernst Parkway, PO Box 87

US Industry TX 78944

2b Employer Identification Number (EIN)
74-2679367

2c Plan Sponsor's telephone number
(979) 357-4437

2d Business code (see instructions)
522110

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Jane Doe	8/1/17	Jane Doe
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	James Lindemann		James Lindemann
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

Preparer's name (including firm name, if applicable) and address (include room or suite number)
Skip this question

Preparer's telephone number
Skip this question

3a Plan administrator's name and address [x] Same as Plan Sponsor	**3b** Administrator's EIN	
	3c Administrator's telephone number	
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:	**4b** EIN	
a Sponsor's name	**4c** PN	
5 Total number of participants at the beginning of the plan year	**5**	333
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines **6a(1), 6a(2), 6b, 6c,** and **6d**).		
a(1) Total number of active participants at the beginning of the plan year	**6a(1)**	293
a(2) Total number of active participants at the end of the plan year	**6a(2)**	371
b Retired or separated participants receiving benefits	**6b**	11
c Other retired or separated participants entitled to future benefits	**6c**	18
d Subtotal. Add lines **6a(2), 6b,** and **6c**.	**6d**	400
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	0
f Total. Add lines **6d** and **6e**	**6f**	400
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	323
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	9
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:

2E 2F 2H 2J 2K 2P 2T 3I

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:

9a Plan funding arrangement (check all that apply)		**9b** Plan benefit arrangement (check all that apply)	
(1)	[ ] Insurance	(1)	[ ] Insurance
(2)	[ ] Code section 412(e)(3) insurance contracts	(2)	[ ] Code section 412(e)(3) insurance contracts
(3)	[x] Trust	(3)	[x] Trust
(4)	[ ] General assets of the sponsor	(4)	[ ] General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules		**b General Schedules**	
(1)	[x] **R** (Retirement Plan Information)	(1)	[x] **H** (Financial Information)
(2)	[ ] **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary	(2)	[ ] **I** (Financial Information - Small Plan)
		(3)	[ ] **A** (Insurance Information)
		(4)	[x] **C** (Service Provider Information)
(3)	[ ] **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	(5)	[ ] **D** (DFE/Participating Plan Information)
		(6)	[ ] **G** (Financial Transaction Schedules)

Part III **Form M-1 Compliance Information (to be completed by welfare benefit plans)**

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) . . . . . ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) . . ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2016 Form M-1 annual report. If the plan was not required to file the 2016 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

INDUSTRY STATE BANK 401(k)
EMPLOYEE STOCK OWNERSHIP PLAN
DECEMBER 31, 2016
EIN: 74-2679367
PLAN NUMBER: 002

The required Schedule of Assets (Held at End of Year) is included in the Accountant's audit report attachment.